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IEO Releases Evaluation of Structural Conditionality in IMF-Supported Programs

The Independent Evaluation Office (IEO) of the International Monetary Fund (IMF) is releasing its report on Structural Conditionality in IMF-supported Programs. In releasing the report, Tom Bernes, Director of the IEO, explained “that progress had been made in better aligning IMF conditionality to its core areas of responsibility and expertise, but that about one third of conditions continued to reach outside these areas.” He argued that “overall, the analysis underscores that achieving the objectives of parsimony and criticality remains an important challenge for the Fund—and greater efforts are needed in this direction.”

The study found that the average number of structural conditions in IMF-supported programs remained at about 17 per year, similar to the average number in 2000 when the IMF launched a streamlining initiative aimed at achieving greater “parsimony” and “criticality” in the use of structural conditionality. The report found that conditions tended to be quite detailed and that about one third of them reached outside the areas of core Fund competency.

Only about half of the structural conditions were complied with on time, and an additional fourth were implemented only in part and/or with delay. The bulk of these conditions had limited or no structural depth and there was only a weak correlation between compliance with structural conditions and actual reform. Compliance, structural depth and durability of reform were higher in the areas of core competency of the IMF, such as public expenditure management and tax related issues, and lower in areas such as privatization and reform of the wider public sector.

The report concludes with a series of recommendations to help the Fund achieve parsimony and criticality in the use of conditionality—the main goals of the streamlining initiative. The report, together with IMF management and staff responses, IEO comments, and the Summing Up of the Executive Board meeting, is available at http://www.ieo-imf.org

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