HOW WELL HAS THE IMF COLLABORATED WITH DEVELOPMENT PARTNERS?

The need for collaboration and coordination among development partners in FCS work is well recognized throughout the international donor community; it was highlighted by both the 2007 OECD Principles and the 2011 New Deal Principles. Given the limited capacity of many fragile states, all bilateral donors and multilateral agencies need to collaborate and coordinate, but the need is particularly relevant for the IMF, which is a relatively minor player both as a source of financing and as a provider of technical assistance. Moreover, cooperation to form a unified position can in some instances be the most effective way of engaging with FCS over the highly politically charged issues of corruption and governance-related institutional reform. Among the interviewees for this evaluation, virtually every mission chief or resident representative assigned to a fragile state was keenly aware of the need to collaborate with development partners in order to increase the effectiveness of IMF engagement.

Collaboration occurs at multiple levels—on the ground, at headquarters, and at the institutional or global level. Wherever a resident representative is assigned, a good deal of collaboration takes place on the ground, at least in the area of information exchange. In these countries, IMF resident representatives meet regularly with the local representatives of other multilateral institutions and bilateral donors, and in almost all cases there exists a formal or informal mechanism of information exchange, with or without host government involvement. The IMF is regularly invited to brief development partners whenever a mission visits the country. Where a resident representative cannot be located in the country (for example, for security reasons), some form of collaboration takes place in a third location or at headquarters, but this modality can be challenging because the operational staffs of multilateral development banks (MDBs) and bilateral donors are more likely than the IMF to be “on the ground” in the country. Information exchanges with World Bank staff, both on the ground and at headquarters, are particularly close, but exchanges with the staffs of regional development banks (RDBs) and bilateral donor agencies are much less so. While this is understandable in view of the fact that these agencies are primarily involved in sector work outside the core competence of the IMF, there is still scope for strengthening cooperation with RDBs and donor agencies in FCS.

Beyond information exchange, the depth of collaboration among development partners is quite varied. Collaboration typically works better where the host government’s capacity is well developed, allowing the government to identify needs and set priorities, help to coordinate donors, and request specific assistance from development partners as it sees fit. In the many fragile states that lack these

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45 All but six countries on the 2015 fragile states list currently have an IMF resident representative or a regional representative (see Appendix 1).

46 Even in a low-capacity country, effective collaboration can still take place when the head of a ministry or an agency is an exceptionally qualified person. In such instances, collaboration often ceases to be effective once the person leaves the office.
conditions, the question is how to coordinate technical and financial assistance among partners so that the needed support can be given without duplicating efforts, crossing purposes, or overwhelming the authorities’ limited capacity. The evaluation found a fair amount of duplication and wasted effort in the delivery of TA, where both IMF teams and teams from other agencies were involved in the areas of public finance and financial sector regulation; in one instance, ineffective coordination led to a serious oversight in financial supervision.\(^\text{47}\) In the IEO staff survey, 59 percent of the respondents considered that coordination with partners on the delivery of TA was either strong or adequate, while 30 percent considered it weak (de Las Casas, 2018).

Ideally, effective collaboration on TA delivery involves broad agreement among development partners on the objectives, tasks, and responsibilities of each provider, but such collaboration has been rare in fragile states. The exceptions are, perhaps, instances of collaboration at an immediate post-conflict stage,\(^\text{48}\) and to a lesser extent, in the case of multi-donor topical trust funds (TTF), in which IMF TA is supported by several donors.\(^\text{49}\) Often medium-term development plans are drawn up, but they lack the requisite details and are therefore insufficient to guide collaboration.

To be sure, effective collaboration is difficult. First, it is often not clear which donor should assume the leadership or coordinating role in a country. In the view of most stakeholders, the IMF is not the right organization to play that role, given its limited mandate, except perhaps in capacity building in the areas of its core competence. Second, development partners have different budget cycles and planning horizons. Third, each donor has its own mandate and agenda. For these reasons, collaboration and coordination have rarely gone much beyond information sharing, and donors have continued to work separately even though in principle they have agreed to work together.\(^\text{50}\)

Much of the collaboration that takes place on the ground depends on good personal relationships, and IMF resident representatives typically play a critical role in the process. It needs to be emphasized that given the unique individual circumstances of each country, no general rules can be designed at headquarters to apply to all countries. This makes it important to assign staff members qualified in terms of experience, technical competence, and diplomatic skills as resident representatives to a fragile state. Country officials were by and large pleased with the collaborative skills of IMF resident representatives assigned to their countries.

Outreach can be an important part of broader cooperation efforts on the ground. Observers in a number of fragile states (e.g., the Democratic Republic of the Congo, Haiti) urged that the IMF staff including mission chiefs be prepared, with the support of the authorities, to play a more active role in communicating with parliament, the media, and civil society. In a fragile state where political power is contested, such outreach efforts may need to be conducted despite some reluctance on the part of the authorities, requiring the staff to exercise great care and sensitivity, possibly in consultation with development partners. The role of the IMF—and especially how its mandate differs from those of other external partners—is often quite poorly understood outside of a small circle within the government. Greater outreach by the IMF could help build a consensus among stakeholders as to needed actions. Again, such activities, apart from demanding additional time, require seasoned and experienced staff with appropriate tact and diplomatic skills.

Some donor representatives expressed concern that collaboration was hindered because communication with the IMF tended to be one-way and not sufficiently interactive; the IMF would brief them on the outcome of negotiations but showed less interest in an open discussion of strategy. These representatives thought that there was much more they could do to assist the IMF—for example, in identifying sources of political resistance to reforms, advising on realistic structural reforms, and, in the

\(^{47}\) See Afghanistan case study on the Kabul Bank crisis (Chapter 1 in Takagi and others, 2018b).

\(^{48}\) In Afghanistan, for example, steering committees among donors were created, with the appointment of a high-level independent project manager, to coordinate donor efforts. In Bosnia and Herzegovina, the IMF played a leading role in developing the overall strategy for rebuilding fiscal institutions, with a substantial amount of support provided for implementation by major bilateral donors (Gupta and others, 2005). In Timor-Leste, the responsibility to manage a multi-donor trust fund for development purposes was given to the World Bank and the Asian Development Bank.

\(^{49}\) Each TTF involves a steering committee that meets regularly where IMF staff provides an update of the progress being made and consensus decisions are made. However, this does not solve the problem of coordination between TTF-funded IMF TA and TA provided by other agencies in similar areas.

case of bilateral donors, mobilizing the political connections of their ambassadors in pushing for reforms. Part of the reluctance of the IMF staff to engage fully with development partners reflects the privileged access the IMF enjoys to confidential information, and the caution with which the IMF staff handles that information. Some suggested to the IEO that such reluctance stemmed from the centralized nature of the IMF’s decision-making process. Resident representatives or mission chiefs may hold back from giving their candid views, which might subsequently be overruled by their superiors in Washington. A solution to this problem must involve having on the ground sufficiently senior staff with independence and judgement.

Although most collaboration takes place on the ground, a framework for effective collaboration at a higher level may be necessary at times when global or regional strategies are being developed for a country, when fundamental differences in priorities and budget cycles need to be reconciled at the institutional level, or when a significant increase in donor support is being sought. Despite the rhetoric to that effect repeated over the past decade, the international community has not yet firmly established a robust mechanism of cooperation in FCS. Whatever the faults of the existing architecture, the International Network on Conflict and Fragility is the only forum in which issues of collaboration and cooperation among development partners are routinely discussed at the general level, but the IMF has withdrawn as an active participant, considering the forum to be of little operational value.

Part of the reason for this outcome is that the Fund has no dedicated unit to liaise with development partners on fragile state issues at the institutional level. Instead, a handful of senior staff has from time to time taken on related tasks. These individuals may well develop personal interest in the topic, but when they retire or move to another assignment, institutional contact or memory may be jeopardized.

HOW HAS THE IMF MANAGED ITS HUMAN RESOURCES FOR FRAGILE STATE WORK?

The quality of staff working on FCS, especially economist staff at the grade levels of A11–A15 and B1–B3 who perform the bulk of operational work, is crucial in determining the quality of support the IMF provides to FCS and hence the effectiveness of its engagement. Senior country officials interviewed for the evaluation generally gave high marks for the caliber of the IMF mission chiefs and resident representatives assigned to their countries. These staff members were typically regarded as dedicated, resourceful, and sensitive to country-specific conditions. Some concerns were expressed about the lack of interpersonal or diplomatic skills displayed by a distinct minority of them, but never about their technical competence. By contrast, serious complaints were uniformly expressed about the high turnover of mission teams and a lack of experience and country-specific knowledge of team members. Two aspects of the IMF’s human resources (HR) policy merit further discussion in this context: (i) deployment of staff resources to individual fragile states; and (ii) staff incentives to work on these countries.

In discussing these aspects of the IMF’s HR policy and practice, the diversity of countries and country experiences represented by FCS work at the IMF must be kept in mind. Some fragile states are small states, whose economies are not diversified (e.g., Kiribati, Solomon Islands), while others are larger economies with appreciable complexity (e.g., Angola, the Democratic Republic of the Congo). Yet other fragile states might be just emerging from conflict and receiving a lot of attention from the international community at the highest political level (e.g., Afghanistan and Iraq in the early 2000s; Bosnia and Herzegovina in the late 1990s). Many FCS have IMF lending arrangements, requiring close engagement, while others have less close involvement centered on Article IV surveillance.

It has been the practice of IMF area departments to assign senior (B-level) staff to head missions to higher-profile fragile states and more junior (A14/A15) staff to lower-profile fragile states, but most mission chief positions are currently staffed at the A15 level. Staff incentives clearly differ between high-profile and lower-profile fragile states, while security considerations can also be an important factor.

51 Within the IMF, the B1–B5 designations are for senior managerial staff, while the A11–A15 designations are for other professional staff; B5 (department director) and B4 (deputy director) are the designations for senior supervisors.

52 At the end of 2017, work on 10 of the 39 countries on the fragile states list was led at the B level, 25 at A15, and 4 at A14 (see Appendix 1). For economist careers in area departments and most functional departments, A14 refers to senior economist, A15 to deputy division chief, and B1 to division chief/advisor.
Deployment of staff resources

High staff turnover on country assignments has been a long-standing issue within the IMF and is not unique to fragile states (Kim, 2018a; see also IEO, 2002; IMF, 2016b). Even so, it is arguably more problematic for countries with weak capacity. For example, a senior official of a fragile state complained to the IEO that a new junior economist in the Economist Program was assigned to his country every year to work on multiple complex fiscal issues, which in his view should have required the work of two experienced economists; another official described what he had to do every year to teach the new IMF staff as “reverse TA.” The problem seems particularly severe in small FCS, where 50 percent of teams at the end of FY 2016 were “short-tenured” (i.e., had been in the current assignment for less than one year), compared to 27 percent for small non-fragile states (Figure 13).

Another deployment issue relates to the resources provided to different country missions. The poor data quality, weak implementation capacity, quickly shifting local conditions, and the greater need to consider the political economy context make FCS work particularly labor-intensive. In the IEO staff survey, 79 percent of respondents who had worked on fragile states agreed or strongly agreed that FCS work was time-consuming; 52 percent considered the work to be “frustrating” (de Las Casas, 2018). Some mission chiefs who were interviewed told the IEO that they had to construct their own price indices; others had to engage with military generals or rebel leaders with limited economic background as part of their mission work; others noted that, back in Washington, they constantly received telephone calls from the authorities even on weekends. Twenty-three percent of the IEO staff survey respondents who did not want to accept another FCS assignment listed intensity of work as the reason.

FIGURE 13. SHORT-TENURED TEAMS, END-FY 2016†
(In percent of total in each category)

Source: IEO estimates based on HRD/RMU data.
†Percentage refers to the share of IMF country teams with less than one year of experience on the current assignment (top or orange bar for members only; bottom or blue bar for both members and mission chiefs); fragile states are identified by the 2015 SPR list. AE = advanced economy; EME = emerging market economy.
‡For comparison purposes, fragile states are excluded.
Given the work intensity involved, one might think that more staff resources should be devoted to work on fragile states, not only to minimize the workload of staff for work/life balance purposes but also to make FCS work a more attractive assignment. In practice, this has not been the case. As of the end of FY 2016, non-small fragile states were allocated on average about three full-time staff equivalents (FTEs) of resources per country, compared, for example, to the average of nearly five FTEs of staff resources allocated to G20 countries or the average of four FTEs for all non-fragile program countries (Figure 14). Looking at program cases only, FCS teams received an average of three FTEs, compared to a Fund-wide average of four. Thus, it is not apparent that fragility, and the intensity of work it implies, received specially favorable consideration in resource allocation.

**Staff incentives to work on fragile states**

The IMF has experienced long-standing difficulties in attracting experienced economists to work on FCS. Since mission chief positions, especially at the A15 level, are hard to come by and are a stepping stone to promotion, area departments generally have not found it difficult to recruit capable experienced staff at the mission chief level in recent years. Likewise, recruiting TA experts to work on FCS is reportedly less difficult since working on challenging FCS issues is seen as professionally rewarding. But recruitment of desk economists and other country mission members, including from functional departments, has posed much greater difficulties, depending on the type of country involved. As a result, FCS missions have been routinely staffed with those in the Economist Program, external mid-career economist hires, and even research assistants. Without questioning the innate competence of such staff, their lack of IMF experience diminishes the quality of support the institution can provide to fragile states while increasing the workload of mission chiefs, who can be required to do the work normally performed by other mission team members.

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55 A single A15-level mission chief vacancy can attract dozens of A14 applicants.

56 Fragile state vacancies have thus become a frequent point of entry for mid-career economists seeking positions in the IMF.
The staff offered several reasons to explain why it is so difficult to recruit experienced staff members to work on some FCS. First, most IMF economists have advanced degrees in macroeconomics or finance, with comparatively less interest in development issues. Second, given their professional background, many of them do not find it intellectually interesting or challenging to work on FCS where economic diversity is limited, quality data are not available, or financial markets are not well developed. Third, there is a tendency within the IMF to consider that the mark of a good economist is an ability to do analytical work on complex economies, with less attention paid to the ability to make a difference to countries’ policymaking on the ground. Fourth, conditions in FCS can be personally risky, even dangerous, and typically less comfortable than in other IMF assignments, while workloads and travel requirements are often heavy, as noted above. Fifth, while the potential impact of FCS work can be high, the risks of setbacks are also substantial.

On top of these factors, the great majority of staff members interviewed by the IEO emphasized that fragile state work had developed a certain stigma. Country assignments in the IMF are heavily affected by personal preferences: when a position becomes open, it is advertised and then filled through a competitive process. In this environment, there is a natural tendency for high performers to gravitate toward working on large or advanced economies and away from small or fragile states. The IMF’s HR data confirm that FCS positions have attracted far fewer applicants than have other positions (Kim, 2018a; IMF, 2016b). Moreover, staff members assigned to work on FCS, especially at the A13 level, on average have received a lower than average rating on their annual performance review (APR) during the preceding four years (Figure 15). This may in part reflect the larger share of recent mid-career hires at the A13 level assigned to work on FCS. In contrast, the difference in performance rating between FCS and non-FCS economists is not as pronounced at the A14 or A15 level (Kim, 2018a).

The widely-held perception that assignments to FCS are not career-enhancing and may even be detrimental to one’s career is well reflected in the IEO survey of staff. Forty-eight percent of the respondents who had worked on FCS thought that FCS work was considerably or moderately negative for their career and remuneration, and 78 percent thought that such work was strongly or moderately undervalued. Among those who did not want to accept another FCS assignment, 56 percent and 35 percent listed negative promotion impact and stigma, respectively, as the reasons (de Las Casas, 2018).

These perceptions are reinforced by personnel data on economist promotions from A14 to A15 and from A15 to B1 (Table 6). From FY 2011 to FY 2017, on average only 2.4 percent of FCS economists were promoted from A14 to A15 per year, compared to the average of 8.8 percent for non-FCS economists; this translates to eleven economist promotions (out of 439 economists) over the entire seven-year period (Kim, 2018a). For promotions from A15 to B1, the comparable numbers were 3.1 percent and 7.1 percent, respectively. As a related, but separate, matter, the fact that most missions to fragile states have been headed by A15 economists adds to the adverse incentives of junior staff members who value working with senior staff as career-enhancing.

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57 For the purposes of this analysis, a staff member is considered to have worked on a fragile state if he or she had spent at least 30 percent of total working hours on such a country during a given year.

58 Of the 11 promotions, AFR accounted for 4.
These HR issues, and the need to incentivize staff to work on FCS, have certainly been recognized by the IMF for some time. In 2013, IMF management requested the staff to develop a proposal to increase staff incentives for FCS work. In the absence of a Fund-wide solution, in 2014, AFR and MCD put in place incentive schemes at the departmental level, reducing the expected length of a country assignment from three to two years (though it goes against the need to reduce staff turnover), enhancing opportunities for follow-up non-FCS assignments, ensuring an equitable distribution of APR ratings, and providing additional compensatory leave for mission travel. They also introduced expectations of two years of prior FCS/LIC work for promotion to a B1 position within their departments (IMF, 2014b).

Another IMF-wide attempt was made to tackle the issue in 2015. A staff working group proposed the following measures, among others (Fennell, 2015; IMF, 2015a):

- The A12–A14 economist competency framework to include the need for diverse work experiences across all country types;
- Staff to be guided towards a two-year assignment on FCS/LIC/high-risk locations (HRL);
- Staff to be automatically shortlisted when applying to same-level positions following their FCS/HRL assignment;
- A15 mission chiefs to be required to have two years of prior work experience on FCS/LIC/HRL;
- The [Promotion] Review Committee and the Senior [Promotion] Review Committee to signal the importance of FCS/LIC/HRL work in promotion decisions.

However, a proposal by AFR and MCD for a non-pensionable 5 percent salary adjustment for staff working on FCS did not become part of the working group proposals.

In the event, none of these proposals was formally adopted at the institutional level, although diversity of experience has recently begun to receive more emphasis from the promotion review committees, and apparently in some cases staff members have been explicitly held back from promotion for lack of FCS or LIC experience. However, some of the IEO’s interviewees who had recently been involved with the Senior Review Committee observed that concern about diversity of experience was applied more forcefully in promotion decisions to candidates without advanced or emerging market economy experience.

While AFR and MCD have made some improvements in the way FCS work is rewarded, there is a limit to what individual area departments can do without a consistent IMF-wide approach. Senior area department officials and mission chiefs for fragile states indicated to the IEO that they still experienced recruitment difficulties to staff missions to FCS; the difficulty is multiplied for Francophone African countries, where there is a need for additional language proficiency.

To be sure, partner institutions also experience problems with staffing work on fragile states, but these have been addressed more effectively based on interviews with officials from these agencies. One important difference is that development banks and aid agencies have a different internal culture and HR systems that place much greater value on development work and “making a real difference on the ground,” as one interviewee put it. At such institutions, FCS experience is often a route to boosting one’s reputation and ultimately the chances for promotion. Such institutions have also been less shy about

### Table 6. Promotions of Economists Working on Fragile vs. Non-Fragile States, FY 2011–17

<table>
<thead>
<tr>
<th>Promotion from A14 to A15 (All economists)</th>
<th>Promotion from A15 to B1 (Area department economists only)¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fragile states²</td>
<td>Non-fragile states</td>
</tr>
<tr>
<td>2.4</td>
<td>8.8</td>
</tr>
</tbody>
</table>

Source: IEO estimates based on HRD data.

¹Almost all A15 economists with fragile-state assignments are in area departments.
²Fragile states are identified by the 2015 SPR list.
introducing direct financial incentives and more explicit links between FCS work and attractive future assignments and promotion opportunities (Kim, 2018a).

Stakeholders expressed a range of views as to what additional steps the IMF could take to incentivize staff to work on FCS. Many representatives of donors—mostly national governments or aid agencies—considered that institutional priorities should play a bigger role in decisions on country assignments. Within the IMF, some urged a more “interventionist” approach involving, for example, more explicit promotion-related incentives, while others argued that, while the staff could be encouraged to work on FCS, it would not serve the Fund’s interests to require everyone to do so, given the different strengths and aptitudes each person brings to the institution. Rather, the type of people needed were those professionals who valued FCS work for its own merits, and not those who were being forced to do such work against their will. Yet others suggested that the IMF did not have the right kind of talent and should therefore broaden its recruitment practices to hire individuals with a skill set suitable for this type of work.

The IMF’s current HR strategy review seeks, inter alia, to find a way to provide greater incentives for working on FCS, including by setting clear expectations that an FCS assignment would be viewed as an important component of a fungible macroeconomist career path. At this point, it is not clear what the new strategy will involve or how effective it will be. It seems that meaningful change will likely require a fundamental change in IMF HR policy towards FCS work, involving some combination of judiciously increasing the influence of institutional needs on country assignments, providing greater financial and non-financial incentives, and paying more attention to hiring individuals with aptitude for and interest in FCS work.

**HOW HAS THE IMF HANDLED SECURITY ISSUES IN HIGH-RISK LOCATIONS?**

The safety of staff must be an overriding interest of any organization. The IMF has been for many years upgrading its security apparatus for enhancing the safety of its staff in high-risk locations (HRLs). Despite these efforts, Wabel Abdallah, the IMF’s Resident Representative in Kabul, lost his life on January 17, 2014, becoming the first IMF staff member to be killed by an act of violence in the line of duty. This tragic incident led to the formation of an interdepartmental working group to review IMF operations in HRLs. Many of its recommendations form the core part of the IMF’s current security policy governing staff traveling to or working in HRLs (IMF, 2014a).

Under the existing policy, the “residual” security risk of all IMF member countries is assessed by IMF Security Services, based on intelligence gathered from various sources and in consultation with area departments. A committee chaired by a deputy managing director meets periodically to review country risk classifications. The countries assessed to be “high risk” are classified into three risk categories: HRL1 (Lower Residual Risk), HRL2 (Medium Residual Risk), and HRL3 (High Residual Risk). Mission travel to and staff deployment in HRL1 countries (currently numbering 17) are routinely approved by area departments, with pre-departure security training and briefings. Any field presence in HRL2 and HRL3 countries must meet higher standards of criticality and requires approval from area departments and management, respectively. As of October 2017, there were six HRL3 and five HRL2 countries (Table 7).

In principle, mission travel to any location is possible with approval from management, who must be satisfied that the business case for a field presence sufficiently outweighs the identified risk. In HRL3 situations, the proposing departments must prepare a memorandum arguing the business case based on (i) “the criticality of the planned activity itself”; and (ii) “the importance of conducting the activity in the field (as opposed to elsewhere).” In practice, no surveillance, program, or TA mission to a HRL3 country has been approved by management since the new system was introduced. The IEO was told that departments now considered the HRL3 classification as equivalent to a de facto travel ban, and staff interactions with country authorities typically took place at headquarters or in safer locations elsewhere in the region. Missions to HRL2 countries, however, take place with appropriate risk-mitigating measures (such as the deployment of specialized equipment and field security consultants).

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36 Residual risk is the risk remaining after all reasonable mitigating measures have been taken.

40 In addition, mission travel can temporarily be suspended to any country in the event of a temporarily elevated security threat, an epidemic, or a natural disaster.
The IMF's security policy has raised some tension with development partners in several cases. Representatives of bilateral aid agencies and MDBs, in their interactions with the IEO, questioned why the IMF was physically absent in countries, including Afghanistan, Iraq, Somalia, and Yemen, where their own people were operating albeit with heightened precautions. Part of the reason offered to the IEO is that the organization has a higher threshold of safety (for instance, two level 4 countries under the five-tier UN Security Level System are designated as HRL3 in the IMF system). Moreover, other agencies often do not have a procedure that strictly relates security risk to travel policy. Security experts indicated to the IEO that the IMF had always been among the most risk-averse global institutions, even before the killing of its resident representative in Kabul. The 2014 staff working group, for example, observed that the IMF had always been among the most risk-averse global institutions, even before the killing of its resident representative in Kabul. The 2014 staff working group, for example, observed that the IMF's binary (HRL/non-HRL) classification system then in use classified more countries as high risk than did the systems at other international financial institutions (IFIs) (IMF, 2014a).

Several reasons were offered to the IEO to explain why the IMF is an outlier among the IFIs in the apparent degree of its risk tolerance. First, the IMF staff primarily consists of macroeconomists who tend to be more risk averse as they are less attracted by the challenges of working on development issues. In contrast, other IFIs whose work is predominantly concerned with development have on their staffs many who are drawn specifically to work in this area. Second, much of the work the IMF does on the ground is limited to dialogue with senior officials at finance ministries and central banks. There is a presumption within the IMF that, unlike the work of MDBs which often requires staff presence at project sites, field presence is not as critical, and that in-country interactions can, if required, be replaced by dialogue with the authorities in other locations. Third, IMF management has made it clear that they take an extremely cautious approach to putting the safety of staff members at risk.

Some mission chiefs to high-risk countries interviewed for the evaluation suggested that engaging with the country authorities

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**TABLE 7. HIGH-RISK COUNTRIES, OCTOBER 2017**
(HRL2 and HRL3 countries only)

<table>
<thead>
<tr>
<th>IMF RISK CATEGORIES</th>
<th>MISSION APPROVAL LEVEL</th>
<th>COUNTRY</th>
<th>UN SECURITY LEVEL</th>
<th>IN-COUNTRY MISSION STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRL3: High Residual Risk</td>
<td>Management</td>
<td>Afghanistan</td>
<td>4</td>
<td>Suspended in March 2014</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Libya</td>
<td>4</td>
<td>Suspended in September 2014</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Syria</td>
<td>5</td>
<td>Suspended in September 2014</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Iraq</td>
<td>5</td>
<td>Suspended in September 2014</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Somalia</td>
<td>5</td>
<td>Suspended in September 2014</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Yemen</td>
<td>5</td>
<td>Suspended in March 2015</td>
</tr>
<tr>
<td>HRL2: Medium Residual Risk</td>
<td>Area department</td>
<td>Central African Republic</td>
<td>4</td>
<td>Suspension lifted in November 2016</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lebanon</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pakistan</td>
<td>3/4</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>South Sudan</td>
<td>4</td>
<td>Suspended in June 2016</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Venezuela</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

Source: IMF Security Services.

13 for Islamabad; 4 for Karachi.

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61 The Islamic Development Bank continues to maintain some field presence in Somalia and Yemen.
in the safe environment of a third country could actually be more productive than visiting the country, where they would be constantly worried about security threats and where the frequency of meetings was limited by security measures required for in-city travel. They also felt that the authorities themselves, freed from attention to day-to-day operations, could focus more intensively on the substance of discussions. Moreover, IMF recruitment for FCS teams would be even more difficult if such work involved highly risky travel. Likewise, senior officers in TA departments observed that TA delivery in third countries was, though not ideal, still effective.

However, fragile state authorities offered a very different perspective, seeing engagement with the IMF outside the country as disruptive and far less effective. Moreover, in their view, by not visiting the country, the IMF staff became much less attuned to local conditions and political constraints, and much less able to coordinate effectively with other partners on the ground or to play an advocacy role in the broader community. Some former IMF staff with FCS experience agreed, adding that the IMF’s catalytic role would be more effective with field presence. The voices of development partners were also loud and clear: the IMF needs to be on the ground, given the unique and critical role it can play.

Balancing real security concerns with the need to be fully effective in fragile states clearly poses a huge challenge for the IMF. Giving greater weight to the value of at least some in-country interactions, the IMF could look for pragmatic intermediate steps to increase its field presence in HRL3 countries while containing risk, including occasional short visits by senior team members and taking advantage of the secure premises of a foreign embassy or an international airport. The IEO was told that, in one instance, two IMF members had traveled to a country where mission travel was temporarily suspended to engage with senior policymakers for a few days.