



Independent Evaluation Office
of the International Monetary Fund

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IEO Releases an Update to its 2008 Evaluation of Governance of the IMF

The Independent Evaluation Office (IEO) of the International Monetary Fund (IMF) today released an Evaluation Update Report revisiting its 2008 evaluation of the *Governance of the IMF*. The report is published along with a statement by the Managing Director. This report is the ninth in a series of evaluation updates that revisit the findings of past evaluations ten years after their completion and bring attention to continuing issues and new challenges.

The report highlights improvements to IMF governance over the decade, most notably the 2008 and 2010 “shares and chairs” reforms, which led to a meaningful increase in the voice of emerging market and developing countries. Efforts have also been made to strengthen the Executive Board’s capacity to play its strategic role, to strengthen accountability, and to make the process of MD selection more open.

Despite these improvements, the report finds that the balance of the IMF’s governance structure is still weighed in favor of effectiveness and efficiency, while accountability and representation continue to raise concerns which, if not adequately addressed, may erode the IMF’s legitimacy and effectiveness. The IMF was able to respond quickly and effectively to the global financial crisis and subsequent shocks. But ensuring adequate member country representation remains a work in progress, the Executive Board continues to feel constrained relative to Management in IMF decision-making, and the selection process for Management still delivers outcomes limited by nationality considerations. The rise of the G20 has helped to achieve collective global action when needed but also at times threatened to overshadow the IMFC’s provision of strategic direction to the IMF.

Difficult tradeoffs are involved in addressing IMF governance concerns. These include the challenge of strengthening the role of the Executive Board while preserving Management’s operational latitude; the pressure to consider the IMF Management selection process together with other international financial institutions; and the need to balance effectiveness and representation in any refinements to the relationship between the Fund and the G20. Meeting these challenges will require collective commitment and goodwill across the membership. The 15th General Review of Quotas provides a timely opportunity for further improvements with regards to representation.

The report and the Statement by the Managing Director are available at <http://www.ieso-imf.org>.

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