



**Board Paper Consultation
Conditionality Review and
Report – Online Comments**

Period: March 15, 2011 – May 31, 2011

Comments received: 4

Organization	
Christian Aid	
COMMENT # 1	
<p>Christian Aid welcomes the opportunity to comment on the 2011 Review of Conditionality and the Design of Fund-Supported programs. Christian Aid is the official development and relief agency of 41 churches in the UK and Ireland. We exist to help those in need – regardless of religion, ethnicity or nationality – working in around 50 of the poorest countries in the world as well as some of the emerging economies. We work not only to help those in immediate need but also to challenge the structural constraints to development.</p> <p>The IMF has programs in many of the countries where Christian Aid’s partners operate, and the conditions attached to those programs have a direct impact on the lives of men and women living in poverty. This submission will focus on the design and implementation of programs and the tailoring of programs to the circumstances of countries. In particular it will make suggestions around the Concept Note’s proposals to examine the composition of fiscal adjustment. For full submission please click here</p>	
Organization	
ITUC/Global Unions	
COMMENT # 2	
<p>The IMF’s decision to undertake a review of conditionality and Fund-designed programmes is welcome. The ITUC and the Global Union Federations, along with many other civil society organizations, have frequently criticized IMF loan conditions because they increased unemployment and underemployment, imposed social costs through reduced government services, were pro-cyclical in their economic impact and represented unwarranted intrusion in countries’ policy decision-making. Starting a decade ago, when the IMF undertook a review of its conditionality policy and adopted its <i>2002 Conditionality Guidelines</i>, the Fund partially agreed with the critics and announced its intention to reduce the number of conditions and to limit them to “critical” areas that were in the IMF’s core themes of responsibility. In 2007, the Fund’s Independent Evaluation Office (IEO) undertook a review of IMF conditionality and found that while the focus of loan conditions had shifted over time, the total volume of conditionality had not. The IEO made several recommendations, some but not all of which were subsequently adopted and implemented by the Fund. For full submission please click here</p>	

Organization	
Oxfam	
COMMENT # 3	
<p>Oxfam welcomes the opportunity to provide an input into this review of IMF Conditionality. Oxfam considers that the failure to analyze and prevent negative effects on the world's poor (not just by the IMF but by the world's governments) has been clearly seen in the dramatic rise in fuel and food price protests, leading in many cases worldwide to political instability and the fall of governments. Oxfam believes that in an increasingly resource-constrained world, food and fuel prices will continue to rise and hit the poor hardest. If the IMF does not reform its conditionality much more fundamentally, it will increasingly be seen as responsible for punishing the world's poorest citizens. Oxfam therefore urges the IMF to:</p> <ul style="list-style-type: none"> • Increase fiscal space for spending in LICs, by allowing fiscal deficits to remain in the 3-5% of GDP and inflation to remain in the 5-10% range; • Base its macroeconomic (fiscal and inflation) targets and social spending floors on spending levels which would allow the maximum number of countries to attain the MDGs. <p>Check the full submission here</p>	
Organization	
The Norwegian Forum for Environment and Development	
COMMENT # 4	
<p>I am writing on behalf of The Norwegian Forum for Environment and Development regarding the IMF's ongoing conditionality review. We have seen the concept note and, at this early stage, would like to provide the following comments: As the previous review focused on the number and classification of conditions it is now overdue to assess the <i>content and the social impacts</i> of the conditionality. As you may know, the Norwegian parliament last year provided funds for two of IMF's lending arrangements for the LICs, given that the arrangements are "flexible [...] and that structural conditionality such as privatization and liberalization is limited"¹. Hence, this conditionality review should provide feedback to the Norwegian parliament, demonstrating whether this is the case or not. The social impacts of the IMF conditionality must also be assessed in this review, including the distributional impacts and employment impacts of the Fund's lending programmes. We also believe that the conditionality review must assess the <i>appropriateness of the quantitative targets</i> included in IMF programmes, as it is often through these targets rather than structural conditions, that the greatest negative impact is felt. A number of reports in 2010² have found that the conditionality included in financial crisis and subsequent programmes have been inappropriate – with a particular worry about quantitative conditions requiring reduced spending-to-GDP ratios in 2010 and 2011 budgets. Read full submission here</p>	