



THE IMF'S MULTILATERAL SURVEILLANCE

DRAFT ISSUES PAPER FOR AN EVALUATION BY THE INDEPENDENT EVALUATION OFFICE (IEO)

June 14, 2005

I. INTRODUCTION

1. The IEO is launching a project to evaluate the IMF's multilateral surveillance. Surveillance is a core activity of the Fund, which employed 510 staff years of IMF resources in FY2003, and has been addressed in a number of past and ongoing IEO evaluations in the context of specific programs, countries or initiatives, such as prolonged use of IMF resources, Argentina, and the Financial Sector Assessment Program (FSAP). The proposed evaluation, however, is the first IEO project to assess an area of IMF surveillance in its own right. It is, therefore, proper that this issues paper should not only provide the terms of reference for the evaluation but also be explicit in defining surveillance for evaluation purposes and spelling out what an evaluation can or cannot be expected to achieve.

2. This paper is organized as follows. Section II discusses what surveillance is and suggests an operational definition of multilateral surveillance for purposes of the evaluation. Section III defines the parameters of this evaluation by reviewing what previous evaluations have said about multilateral surveillance. Section IV presents the conceptual framework of the evaluation by identifying the links between key surveillance activities and their outputs, proposes an overarching evaluation question to be asked for each of these links and the associated outputs, and sets out the objectives and scope of this evaluation. Section V unbundles the overarching questions into a set of specific issues for which evidence is to be collected. Finally, Section VI outlines the methodology and timeline of the evaluation.

II. DEFINING THE SUBJECT OF EVALUATION

A. What is Surveillance?

3. Article I of the IMF Articles of Agreement proclaims, among the purposes of the Fund, the promotion of "international monetary cooperation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems" and the facilitation of "the expansion and balanced growth of international trade," thereby contributing "to the promotion and maintenance of high levels of employment and real income." Surveillance, as an activity of the Fund designed to achieve this broad mandate, was only implicit until the Second Amendment of the Articles in 1978, which recognized the right of a member country to choose an exchange rate arrangement of its own liking. With this amendment, "the responsibilities of the IMF changed from those of a guardian of member countries' observance of exchange rate rules to those of an overseer of individual country exchange rate policy" (Guitian, 1992). Surveillance thus became "a central pillar of IMF activities and responsibilities in the modern era" (Boughton, 2001; also Mussa, 1997).¹

¹ Boughton (2001) further notes that the term surveillance was used for the first time in an IMF document in 1974.

4. Article IV of the amended Articles of Agreement endowed the Fund with the responsibility to “exercise firm surveillance over the exchange rate policies of members,” in order to oversee the compliance of each member with its obligations under the article, namely, to “collaborate with the Fund and other members to assure orderly exchange arrangements and to promote a stable system of exchange rates.” The Executive Board decision of 1977 (Decision No. 5392, as amended), which took effect when the Second Amendment entered into force in 1978, clarifies the principles underlying this surveillance responsibility:

“The Fund’s appraisal of a member’s exchange rate policies....shall be made within the framework of a comprehensive analysis of the general economic situation and economic policy strategy of the member, and shall recognize that domestic as well as external policies can contribute to timely adjustment of the balance of payments. The appraisal shall take into account the extent to which the policies of the member, including its exchange rate policies, serve the objectives of the continuing development of the orderly underlying conditions that are necessary for financial stability, the promotion of sustained sound economic growth, and reasonable levels of employment.”

5. The meaning of surveillance within the Fund, however, has expanded somewhat over time and now seems to cover more than an appraisal of policies. The broader meaning of the term is captured by the report of a 1999 external evaluation of IMF surveillance (the so-called Crow Report), which defined surveillance as “all aspects of the Fund’s analysis of, scrutiny over, and advice concerning, member countries’ economic situations, policies, and prospects.”² We take this as a reasonable definition of IMF surveillance. The Crow Report then goes on to argue that IMF surveillance aims to pursue the following six overlapping but conceptually distinct objectives or functions:³

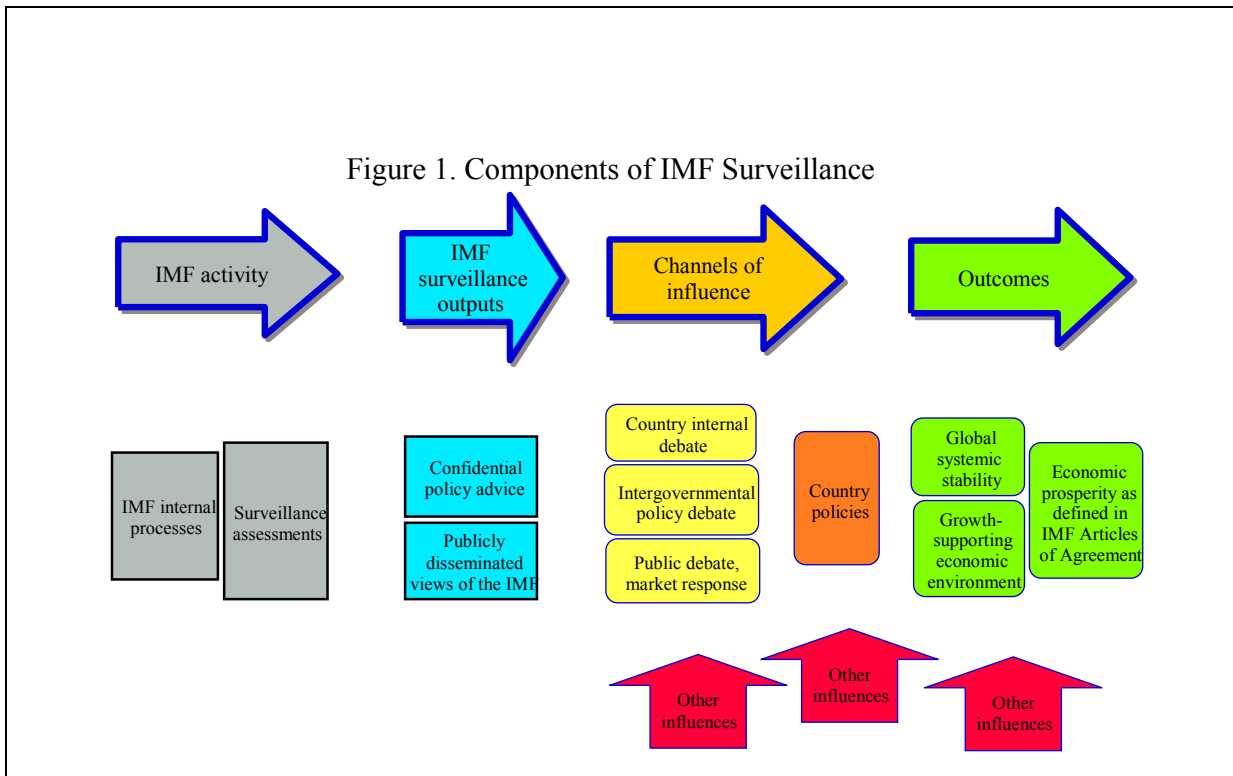
- Policy advice
- Policy coordination and cooperation
- Information gathering and dissemination
- Technical assistance and aid
- Identification of vulnerabilities
- Delivering the message

² “External Evaluation of IMF Surveillance—Report by a Group of Independent Experts” (EBAP/99/86), July 15, 1999.

³ In commenting on the report, IMF management expressed broad agreement with the report’s characterization of these objectives and stated that the first and third objectives were primary while the others were “implied by the policy advice and information roles.”

Except for the third objective (“technical assistance and aid”), which is more relevant in the case of bilateral surveillance, these objectives or functions of surveillance are also applicable to multilateral surveillance.

6. For evaluation purposes, surveillance can be considered to involve activity, output, and impact (see Figure 1). Activity refers to the IMF’s internal processes and analytical work geared to assessing economic developments and policies in individual countries and their global and regional interactions. Output refers to both its confidential policy analysis and advice and its publicly disseminated views. Impact deals with the influence that may be exerted on the policies of sovereign governments through one or more of the three channels of influence, namely, country internal debate (or domestic decision making process), intergovernmental policy debate, and public debate or market response. In terms of evaluation, our ability to make judgments on the IMF’s surveillance diminishes as we move along the results chain of Figure 1, because a higher stage “event” is subject to a greater number of influences beyond the IMF. When it comes to the final outcome, it is simply not possible to determine whether an activity of the IMF had any—let alone positive—
influence.⁴



⁴ For a discussion of pitfalls to be avoided in evaluating IMF surveillance, see Duignan and Bjorksten (2005). Attempting to attribute the highest stage outcome to IMF activity, for example, would amount to a “pseudo-outcome evaluation.”

B. What is Multilateral Surveillance?

7. In practice, surveillance is conducted through various vehicles within the IMF. In Fund terminology, it has been customary to use the expressions *bilateral* and *multilateral* to characterize the two broad categories of surveillance activities. Bilateral surveillance is conceptually simple to define: surveillance of individual countries. It is typically conducted through the Article IV consultation process undertaken by all member countries, but it may also take place through program reviews associated with the IMF's financial assistance, the FSAP, technical assistance, or other formal and informal processes directed at individual countries.

8. Multilateral surveillance is more difficult to define. If we think of bilateral surveillance as "country surveillance," its obvious counterpart would be "global surveillance" or surveillance of global linkages. In practice, however, not all countries are equally relevant for this purpose. In the past, multilateral surveillance effectively meant surveillance of large industrial countries (usually G7 countries) because, given their weight in the world economy, most of the global economic developments were driven by their policies. As new countries with global impact have emerged, and systemic financial vulnerability issues have assumed greater importance, the scope of multilateral surveillance has widened. In some cases, the term multilateral surveillance is used to emphasize the peer review aspect of surveillance designed to facilitate policy coordination.⁵ This was the sense in which the term was used, for example, in the context of the G7 framework in the 1980s.⁶

9. For the purpose of this evaluation, it is practical to define multilateral surveillance, not in terms of concept, but in terms of activity. Specifically, for our purpose, multilateral surveillance is understood to mean the processes and procedures involved in producing the following identifiable outputs: the *World Economic Outlook* (WEO) reports, the *Global Financial Stability Reports* (GFSRs), internal World Economic and Monetary Developments (WEMD) exercises, confidential staff vulnerability exercises, and the IMF's inputs into G7 and G20, Working Party 3 of the Organization for Economic Cooperation and Development (OECD), the Financial Stability Forum (FSF), and other intergovernmental fora. Unlike the case of outputs from bilateral surveillance, in which area departments take

⁵ To the extent that surveillance outputs are discussed by the Executive Board consisting of member country representatives, all surveillance activities, including the Article IV process, are multilateral in this sense. In Fund terminology, however, surveillance is bilateral if its focus is on a single country.

⁶ For example, the G7's Tokyo Economic Declaration of May 1986 invited "the Finance Ministers and Central Bankers in conducting multilateral surveillance to make their best efforts to reach an understanding on appropriate remedial measures" and reaffirmed the group's commitment to "cooperate with the IMF in strengthening multilateral surveillance" in which the countries' "individual economic forecasts should be reviewed."

the lead, these outputs are produced by the Research Department (RES), International Capital Markets Department (ICM), Monetary and Financial Systems Department (MFD), and Policy Development and Review Department (PDR), with inputs from area departments and other functional departments. This operational definition of multilateral surveillance has a large overlap with the concept of global surveillance, as the focus of these multilateral surveillance outputs is on identifying global linkages and cross-border vulnerabilities, and also accords well with the usage of the term in previous evaluations of IMF surveillance.

10. It should be noted that not all economic linkages are global. In fact, with increasing cross-border integration of economic and financial activities, regional linkages have assumed greater importance in recent years from the standpoint of individual countries, and regional surveillance has emerged within the Fund as an intermediate concept between bilateral and multilateral surveillance. To the extent that regional surveillance shares with multilateral surveillance the modality of going beyond developments in individual countries to address policy externalities, an examination of it should provide valuable insights and perspectives to some aspects of multilateral surveillance. The evaluation, however, will consider regional surveillance only insofar as it is relevant to multilateral surveillance issues, not only in order to contain the scope of the evaluation within manageable limits but also in view of the fact that internal integration and coordination problems—the most frequent criticism of how multilateral surveillance is organized (see Section III below)—do not arise, at least to the same extent, in the case of regional surveillance because it is conducted by an area department that is also engaged in related bilateral surveillance.⁷

III. PREVIOUS EVALUATIONS ON MULTILATERAL SURVEILLANCE

11. Surveillance may well be the most frequently evaluated subject within the IMF. In fact, it has been under virtually continuous review since the adoption of the 1977 Surveillance Decision, through both regular and ad hoc processes, including periodic (initially annual, now biennial) reviews mandated by the 1977 decision, frequent internal discussions among the staff, and the 1999 external evaluation.⁸ To help define the parameters of the proposed evaluation, it is useful to establish what previous reviews of surveillance have said about multilateral surveillance in the Fund.

⁷ Regional surveillance is also an area in which the IMF has become much more effective in recent years through various initiatives, including the greater formalization of regional surveillance in monetary unions and the production of various regional economic outlooks.

⁸ In addition, other stakeholders have also commented on how to strengthen IMF surveillance at various times. Crockett and Goldstein (1987), for example, review the reports issued in 1985 by the Deputies of the Group of Ten and the Deputies of the Group of Twenty-Four on international financial architecture issues, including IMF surveillance.

12. It should be noted, however, that multilateral surveillance is of relatively recent origin⁹ and has received far less—though increasing—resources than bilateral surveillance. As noted in the Crow Report, although multilateral surveillance would have been an obvious task for the Fund, given its near universal membership and its role as a vehicle of international monetary cooperation, the Fund’s focus remained on bilateral surveillance.¹⁰ According to the 2004 Biennial Review, of the 510 staff years of IMF resources devoted to surveillance in FY2003, 83 percent was accounted for by bilateral surveillance and only 17 percent by multilateral surveillance. As expected, previous reviews of surveillance have said far more about bilateral surveillance, and multilateral surveillance as such has received rather limited attention. The focus of the latest Surveillance Guidance Note, issued by PDR in May 2005, also remains on issues related to bilateral surveillance.

13. In preparing this note, we have reviewed the relevant sections of the Crow Report, the 2002 and 2004 Biennial Reviews,¹¹ and two Board papers on surveillance discussed in 2003;¹² the minutes of meetings of the 1989 internal Surveillance Task Force;¹³ and several internal memoranda on surveillance. It is striking how frequently the same core group of concerns are emphasized in documents spanning a period of over 15 years. They can be summarized under the following five themes:

⁹ Its flagship vehicle, the *World Economic Outlook*, originated as a staff paper prepared for Executive Board discussion in June 1969 and remained an internal exercise until 1980 (Boughton, 2001).

¹⁰ This in part followed from the legal basis of bilateral consultations, which derived from Article XIV of the IMF Articles of Agreement that authorized member countries to maintain exchange restrictions subject to the requirement that they held regular consultations with the Fund.

¹¹ “Biennial Review of the Implementation of the Fund’s Surveillance and the 1977 Surveillance Decision” (SM/02/82), March 14, 2002; and “Biennial Review of the Implementation of the Fund’s Surveillance and the 1977 Surveillance Decision” (SM/04/212), July 2, 2004.

¹² “Enhancing the Effectiveness of Surveillance—Operational Response, the Agenda Ahead, and Next Steps” (SM/03/96), March 14, 2003; and “Strengthening Surveillance—Further Considerations” (SM/03/249), July 14, 2003.

¹³ The Task Force was appointed by management to provide inputs into the 1990 Biennial Review and met nine times between August and November. In particular, its 5th meeting, held on September 15, 1989, was exclusively devoted to multilateral surveillance.

- **Insufficient integration of bilateral and multilateral surveillance.** Virtually all documents examined emphasized the need to improve the cross-fertilization between the multilateral surveillance activities of the Fund and the bilateral Article IV consultation process. Although there had been progress over time in integrating the quantitative aspects of bilateral and multilateral analysis—with country data bases feeding into WEO projections and country desks making use of WEO forecasts—the latest Biennial Review noted that there was still “substantial room to strengthen the analysis of regional and global spillovers” and staff reports for Article IV consultations contained very little discussion of the impact of global economic conditions and risks.
- **Limited influence of IMF advice on major countries’ policy decisions.** There was recognition that the Fund had only limited impact on the decisions of members, particularly the large industrial countries, leading some (such as the Crow Report) to suggest that multilateral surveillance should therefore focus just on providing objective policy analysis. More substantive participation in relevant fora or the establishment of ad hoc mechanisms for policy discussion was sometimes advocated, in order to increase the policy impact of multilateral surveillance.
- **Questions about how far the Fund should go beyond its core area of expertise.** There were repeated calls in these documents for maintaining multilateral surveillance activities focused on subjects upon which the Fund has a unique perspective or expertise, e.g., exchange rates, fiscal and monetary policies, and developments in financial markets. The latest Biennial Review in particular emphasized (not just for multilateral surveillance but for surveillance generally) the need for prioritization in the selection of topics in surveillance reports.
- **Need for more frequent analysis and alertness to vulnerabilities.** To keep up with rapidly evolving circumstances, in particular the growth of capital flows and the increased trade and financial linkages among countries, there were increasing calls for exercising continuous vigilance through periodic assessments of vulnerabilities. In this context, the Crow Report suggested more frequent dissemination of WEO or other multilateral surveillance outputs.
- **The appropriate role of the Executive Board.** The external evaluation and several internal memoranda raised questions about the appropriate role of the Board in the multilateral surveillance process. These relate to the issue of how to balance candor and individual country interests, the need for confidentiality, and how to ensure timeliness of surveillance outputs.

14. In addition to these recurrent themes, an additional theme has emerged quite strongly in more recent reviews of IMF surveillance, which should also be relevant for this evaluation:

- **How the effectiveness of surveillance could be monitored.** While recognizing that assessing the effectiveness of surveillance was a daunting task, the latest Biennial Review suggested, among other things, that strategic objectives for the period ahead be set out at the end of each review and the priorities for each surveillance exercise be predetermined at a preparation stage. In the summing up of the discussion, Executive Directors “strongly supported setting monitorable strategic objectives in reviews of surveillance [...] which would guide the staff in the period until the next review.”

15. In presenting this overview of the conclusions of previous evaluations on multilateral surveillance, we are not suggesting that no progress has been made to address the recurrent problems.¹⁴ But these are the issues that the institution has been struggling with for a long time and a simple reiteration of earlier recommendations is unlikely to be especially helpful. Rather, this evaluation aims to assess the impact of earlier initiatives in these core areas and, if progress has been limited, to identify the underlying reasons. In this context, it may be worth repeating the recommendation of the 1999 external evaluation that more attention should be given to measuring “the extent to which the specific operational guidance that has been put forward on behalf of the Board is actually followed in Fund consultation reports, and, equally important, if not why not.”

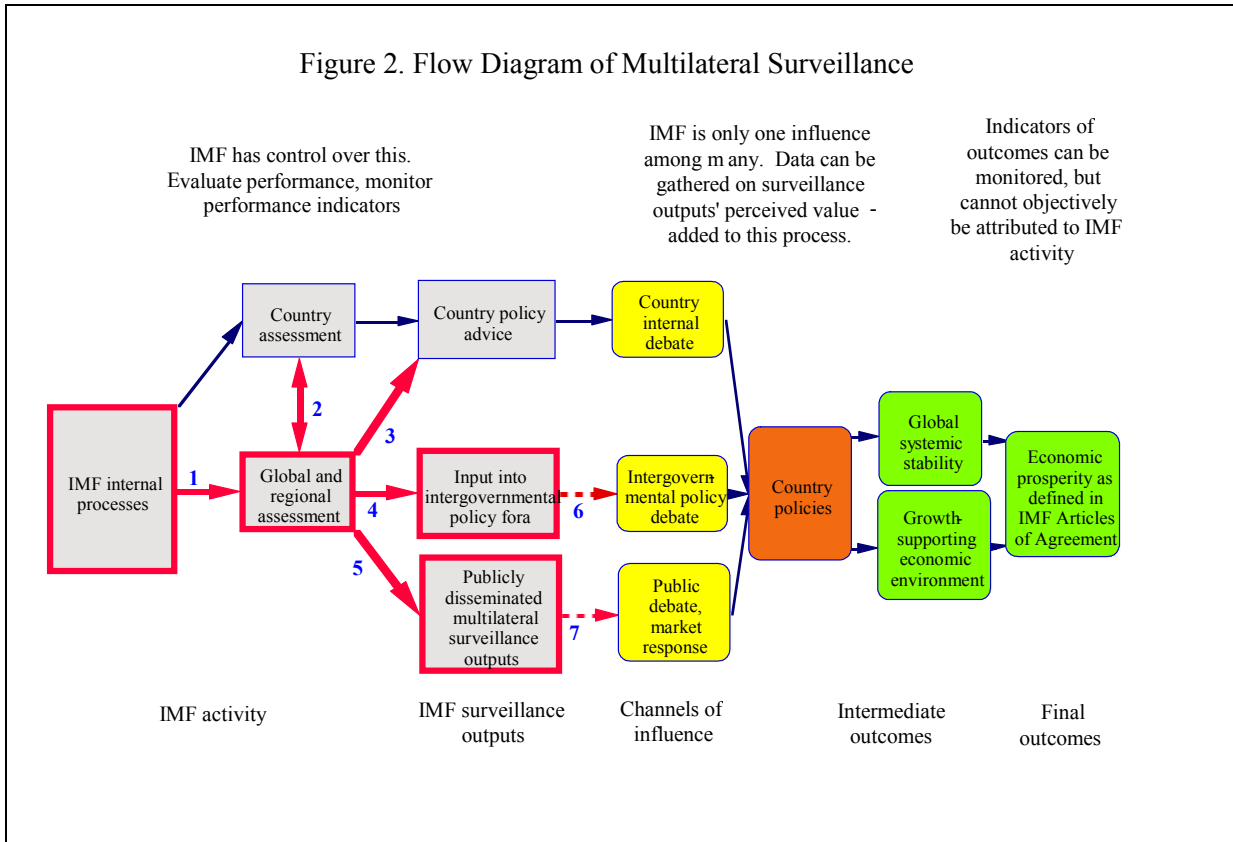
IV. THE CONCEPTUAL FRAMEWORK AND SCOPE OF THE EVALUATION

16. In line with the operational definition of multilateral surveillance, we can identify the links between key surveillance activities and their outputs. For this purpose, it is useful to refer to Figure 2, which presents a flow diagram of key links. This figure is derived from the general schematic representation of IMF surveillance as presented in Figure 1, but is designed to highlight the elements and linkages that are specific to multilateral surveillance.

17. From its operational definition, it naturally follows that multilateral surveillance covers the four boxes in the southwest corner of the chart (as designated in red), namely, IMF internal processes, global and regional assessment, input into intergovernmental policy fora, and publicly disseminated multilateral surveillance outputs. For evaluation purposes, we identify five links (represented by red solid arrows numbered 1-5), which include feedback from bilateral country assessment (which may well be provided through the Article IV process). On this last point, it is important to keep in mind that feedback from bilateral

¹⁴ In fact, the latest Surveillance Guidance Note addresses the issue of cross-fertilization between bilateral and multilateral surveillance, suggesting that Article IV reports should highlight the domestic consequences of global developments and that surveillance in large countries should pay close attention to the systemic impact of their policies.

assessment is more important for some countries (e.g., large countries with systemic impact), while feedback from global and regional assessment is more important for others (e.g., small countries that must take global and regional developments as given).



18. The evaluation will look at the processes, analysis, and outputs that are included in these boxes and the links between them. For each of these links and the associated outputs, we may, respectively, ask the following overarching questions:

- Link 1: Is the IMF's internal structure for conducting multilateral surveillance well suited to delivering high quality global assessments?
- Link 2: How well integrated are the IMF's bilateral country assessments with its assessments of global linkages and vulnerabilities?
- Link 3: Do global (and regional) considerations suitably feed into the policy advice that is delivered to individual countries?
- Link 4: Does IMF participation in relevant international and regional policy fora contribute meaningfully to the multilateral policy debate?

- Link 5: Does the Fund’s communications policy allow the delivery of useful messages and information to markets, as well as feed meaningfully into public debate on policy?

19. The evaluation of the effectiveness of multilateral surveillance, however, needs to go beyond the areas strictly under the control of the Fund, notwithstanding the fact that attribution to the IMF becomes increasingly difficult. Therefore, we will also seek to gather evidence, albeit selectively, from two of the three boxes that are further downstream in the outcomes hierarchy (designated in yellow), namely, the effectiveness of IMF inputs into intergovernmental fora (the first dotted red arrow, numbered 6) as well as of its public communications activities in disseminating multilateral surveillance outputs to the public and markets (the second dotted red arrow, numbered 7). We stress that this is an exercise that inevitably involves a high degree of subjectivity and that it is not possible to draw a definitive conclusion about the impact of IMF multilateral surveillance.¹⁵

20. The evaluation has the dual objectives of (i) contributing to transparency by showing how multilateral surveillance works in practice and (ii) identifying areas, if any, where improvement can be made to make multilateral surveillance more effective. The practice of multilateral surveillance has evolved over time, in part responding to the increasing importance of global linkages and growing financial integration. In light of this fact, as well as the fact that previous evaluations have reviewed multilateral surveillance on a number of occasions, the focus of this evaluation will be placed on the period 2000–05 (following the 1999 external evaluation). In proposing recommendations, moreover, the evaluation will duly address the issues that have already been identified by previous evaluations. Where feasible, the evaluation will also seek to make suggestions on indicators with regard to the effectiveness of multilateral surveillance that could be monitored on a more periodic basis.¹⁶

¹⁵ Previous evaluations have concluded that the IMF’s multilateral surveillance has little impact on the policies of major countries. This is in line with one strand of the economics literature that is skeptical of the impact of international policy coordination in general. For example, Feldstein (1988), referring to the G7’s “multilateral surveillance session” held in conjunction with the IMF Annual Meetings in 1986, noted that “every country said it would go on doing just what it had been doing. And, despite the subsequent pronouncements at the Louvre meeting and the Venice summit, each country continued to pursue what it saw as its own interest, generally unaffected by the ‘international coordination’ process.” On the other hand, another strand of the literature emphasizes the need for international policy *cooperation* (as opposed to *coordination*) and to make it more effective (for example, Kenen et al., 2004).

¹⁶ In suggesting such indicators, it will be important to distinguish between indicators that are directly attributable to IMF activities and those that are not. It is often the case that *strategic* indicators that are relevant to policymakers (such as economic growth) cannot be attributed to the IMF, while *performance* indicators that are directly attributable to the IMF (such as

(continued)

V. SPECIFIC ISSUES FOR THE EVALUATION

21. In order to answer the overarching evaluation questions specified above, we must unbundle each of them into a set of specific issues for which evidence could be collected. Each issue can be written in the form of a question, and the answer to each of these questions constitutes the potential evidence upon which we will base our conclusions and recommendations. During the course of the evaluation, on the basis of feasibility considerations and inputs from various stakeholders, a subset of these issues will be selected for close scrutiny. For example, some of the issues dealing with the linkage between multilateral and bilateral surveillance may be more relevant for one type of surveillance than for the other. Clearly, our focus should be on those which are more relevant for multilateral surveillance. We repeat below the overarching questions and list a set of associated subquestions. It should become obvious that many of these subquestions closely relate to the criticisms of the IMF's multilateral surveillance and other related concerns expressed by previous evaluations.

22. Is the IMF's internal structure for conducting multilateral surveillance well suited to delivering high quality global assessments? In order to answer this question, we must first ask factual questions about how multilateral surveillance is actually organized, including:

- How are multilateral surveillance activities organized across and within departments?
- How are topics for multilateral surveillance selected? How are inputs from various departments coordinated?
- What is the role of the Executive Board in the multilateral surveillance process?
- What are the available resources and how are they allocated among defined tasks?

This information will ultimately be combined with the evidence gathered from the rest of the evaluation.

23. How well integrated are the IMF's bilateral country assessments with its assessments of global linkages and vulnerabilities?

- How have area departments adapted their mode of operations to increasing global (and regional) linkages and growing financial market integration?
- Do references to individual countries in multilateral surveillance analyses properly reflect the analyses in the country documents, such as Article IV staff reports?

frequency of interaction with senior officials) are of little strategic relevance to the policymakers. See Duignan and Bjorksten (2005).

- Do Article IV staff reports (as well as staff's other bilateral work) properly reflect global assessments and market perspectives offered in the work on multilateral surveillance?
 - How are WEO projections produced? How do they incorporate inputs from country desks? Are WEO projections utilized in country work, including discussions with country authorities and preparation of Fund-supported programs? How well are the country and WEO data bases integrated with each other?
24. Do global (and regional) considerations suitably feed into the policy advice that is delivered to individual countries?
- Does multilateral surveillance yield sufficiently candid and pointed policy advice to individual countries?
 - Is the advice consistent with or complementary to advice given bilaterally?
 - Do discussions with country authorities include the global (and regional) spillover effects of their policies?
 - Do discussions with the authorities include the impact of global (and regional) developments on their policies, in the context of both Article IV consultations and program reviews?
25. Does IMF participation in relevant international and regional policy fora contribute meaningfully to the multilateral policy debate?
- How does the IMF participate in the work of international and regional policy fora?
 - Are these arrangements conducive to enhancing the impact of the IMF's multilateral surveillance?
 - Does the IMF provide sufficiently pointed analysis and policy recommendations?
 - Is the presentation of analysis made in such a way as to elicit response?
 - How do the outputs of these intergovernmental deliberations feed back into the IMF's surveillance and country work?
26. Does the Fund's communications policy allow the delivery of useful messages and information to markets, as well as feed meaningfully into public debate on policy?
- Who is the audience of publicly disseminated multilateral surveillance outputs?
 - What are the objectives of these outputs? Are they being met?

- Do the frequency and mode of communications contribute to meeting these objectives?
 - What role, if any, should the Fund play in informing the markets of global developments and cross-border vulnerabilities?
27. In addition, concerning the effectiveness (and impact) of multilateral surveillance, we may ask the following questions:
- Do multilateral surveillance outputs (including WEO forecasts) provide new and useful information?
 - In delivering this information, is the IMF taking advantage of its unique strengths in areas of expertise?

Ultimately, assessing the effectiveness and impact of the IMF's multilateral surveillance would require subjective judgment, based largely on the views of relevant stakeholders. These subquestions, however, address two of the necessary conditions for IMF multilateral surveillance to have impact. Although these same questions can be asked at each stage of the outcomes hierarchy, this is the stage where the answers to these questions count the most.

VI. THE METHODOLOGY AND TIMELINE OF THE EVALUATION

28. The evaluation will be based both on a desk study of published and internal documents and on interviews with staff and other relevant stakeholders. It will also include a statistical analysis of the economic forecasts made by the IMF as part of multilateral surveillance activities. Based on interviews with staff, the evaluation will first establish how multilateral surveillance is currently conducted. It will then examine the content of analyses in written documents and, based on documents and interviews, identify the sources of recurrent concerns expressed by previous evaluations and areas where specific action might be taken to improve the effectiveness of multilateral surveillance.

29. As noted, the documents to be examined will be selected primarily from the 2000–05 period. We will examine such issues as the selection of topics and issues; the linkage between multilateral and bilateral surveillance (focusing on the multilateral surveillance side); the exposition and presentation of analyses; and how the same global developments are treated across various documents. In examining the linkage of multilateral and bilateral surveillance, we will primarily review a sample of the staff reports for Article IV consultations concluded by the Executive Board between April 2004 and May 2005.¹⁷

¹⁷ The choice of this period comes from the fact that the 2004 Biennial Surveillance Review examined the staff reports for the Article IV consultations concluded between January 2003 and early March 2004.

30. In addition to staff, interviews will be sought with members of the Executive Board, officials of regional and international organizations, and market participants, as these stakeholders tend to be more frequent users of the IMF's multilateral surveillance outputs. Our judgment on the impact of IMF multilateral surveillance will be largely based on interviews with current and former senior officials of member countries who participate or have participated in relevant intergovernmental fora.

31. It is worth emphasizing that the evaluation cannot assess the ultimate effectiveness of the IMF's multilateral surveillance—i.e., effectiveness in promoting the adoption of appropriate economic policies by member countries—because of the presence of multiple influences. The focus will be on areas where attribution to the IMF is possible, but even in these areas the conclusions from the evaluation must necessarily involve some subjective judgments about the *quality* of outputs. We will, however, try to be as transparent as possible by spelling out the criteria for our judgments. These criteria will need to be developed during the course of the evaluation, but may include (i) accuracy of analysis, (ii) relevance of issues to policymakers, (iii) candor and frankness of presentation, (iv) freshness and newness of policy advice, (v) timeliness of outputs, and possibly other attributes of analysis and presentation that are likely to contribute to effectiveness and impact.

32. It is expected that the evaluation will commence in earnest in late June and continue through the fall of 2005. The report will be drafted in the latter part of the year and released to the public, following discussion by the IMF Executive Board, toward the end of 2005 or early 2006.

Comments on this paper and inputs relating to the substance of the issues raised therein are welcome and should be submitted through the IEO's website (www.imf.org/ieo) or by email (ieo@imf.org).

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