



Introduction

This report sets out the main findings and recommendations of an independent evaluation of the IMF's role and performance in the determination of the external resource envelope in low-income countries in Sub-Saharan Africa (SSA). The evaluation concentrated on aid—the principal source of external financing for most such countries—and in particular on how the IMF has interfaced with country recipients and donors in shaping the provision and use of aid in the pursuit of poverty reduction and other development goals. It focused on programs supported by the Poverty Reduction and Growth Facility (PRGF)—the IMF's primary instrument for operational work in SSA.

The evaluation focused on 1999–2005—a period of major changes in the external context for IMF activities in SSA. This was a time of improving macroeconomic performance in a number of SSA countries, with increasing growth rates and decreasing inflation rates—but almost no change in the share of the population living in poverty. It was a time when the international community came together on the Millennium Development Goals (MDGs), supported by the Monterrey Consensus on the need for better policies by developing countries and more and better aid and trade opportunities by developed countries. It was a time when aid to SSA recovered from the declines of the early 1990s, and donors began to move to multidonor budget support in many SSA countries. All had implications for the IMF's work.

Within the IMF, the evaluation period begins with the introduction of the PRGF—in the final year of the term of then Managing Director Michel Camdessus—and ends with the launch of the Medium-Term Strategy (MTS). The new millennium was approaching, and pressures were building on IMF shareholders for action on debt forgiveness and poverty reduction. Major topics at the Annual Meetings of September 1999 were the enhanced HIPC Initiative, the Poverty Reduction Strategy (PRS) process, and the transformation of the Enhanced Structural Adjustment Facility (ESAF) into the PRGF. Under the new approach, which was operationalized by the Executive Boards of the IMF and World Bank before end-1999, the roles of the IMF and the Bank closely intertwined through the PRSP and

HIPC processes. The next few years saw much experimentation, with country ownership through the PRS process gaining momentum.

As the above changes unfolded during the period, variations on long-standing criticisms of the IMF's work in SSA emerged, with three providing a point of reference for the evaluation. The first is that IMF-supported programs have blocked the use of available aid to SSA through overly conservative macroeconomic programs. The second is that such programs have lacked ambition in projecting, analyzing, and identifying opportunities for the use of aid inflows to SSA countries, which may in turn have tempered donors' actual provision of aid. The third is that IMF-supported programs have done little to address poverty reduction and income distributional issues despite institutional rhetoric to the contrary.

Board-approved policies underpin the assessment framework used by the evaluation team in examining staff performance in these areas. Such policies summarize what the IMF Executive Directors have decided is to be the IMF's role in these areas, thereby providing the mandate for staff behavior.¹ Also relevant to the assessment framework is management's translation of Board decisions into operational policies for guidance to staff on implementation. IMF communications, through management and senior staff speeches, EXR press releases, articles, and correspondence with newspapers, are germane as well. These communications constitute an important channel for articulating Fund positions and informing external audiences about what the IMF has undertaken to do.

A recurring theme of the evaluation concerned the disconnect in external perceptions between what the IMF committed to do on aid and poverty reduction and what it actually did at the country level. In a number of instances, the Fund's partnership with the World Bank in support of the PRS process, Global Monitoring, and other initiatives—and related communications—has blurred perceptions of Fund accountabilities on aid and

¹As background for the discussion, Annex 1 quotes the Chairman's Concluding Remarks and Summings Up of relevant Board discussions; it also includes a timeline to guide the reader through the evolution of Board thinking. See Annex 1, Table A1.1.

poverty reduction at the country level. To distinguish the Fund's unique role and mandate from that of the World Bank and other partners—and the authorities whom their efforts support—the evaluation team focused narrowly on evidence from programs supported by the PRGF, which is the IMF's instrument for supporting countries in implementing the PRSP approach, and on which 29 SSA countries drew during the 1999–2005 evaluation period.

Against this background, the report distills the main points of the evaluation, focusing on what the IMF actually did on aid and poverty reduction in SSA against what it had committed to do. The remainder of the report is structured as follows. Chapter 2 examines the empirical and documentary evidence on how SSA PRGFs have treated (1) the accommodation of

aid via the design of macroeconomic policies; (2) the forecasting and analysis of aid; and (3) the PRGF pro-poor and pro-growth agenda. Chapter 3 looks at IMF staff interactions with the authorities—the Fund's main client—bilateral and multilateral donors, and civil society on aid and related issues. Chapter 4 looks at drivers of Fund behavior—Board-approved policies, management leadership, communications, guidance, and staff views. Chapter 5 sets out the evaluation's findings and recommendations. Annex 1 summarizes relevant Board conclusions. Annex 2 describes the evaluation's quantitative analysis. Annex 3 profiles the 29 countries in the evaluation sample and discusses the findings of the country desk reviews. Annex 4 examines the case-study results. Annex 5 summarizes the evaluation survey's methodology and results.