Overall, IMF collaboration with the FSB, both as a member and as a partner, has served the whole IMF membership well. At the same time, authorities and analysts have raised questions about the impact that this partnership has had on the IMF’s willingness and ability to examine and discuss certain financial sector issues. Preserving the IMF’s actual and perceived independence while working with and within other organizations is difficult and requires that the IMF’s roles and accountabilities be clarified in advance.

C. The IMF and the Vienna Initiative

The Vienna Initiative was launched in January 2009 to establish a coordinated framework for financial sector crisis management in the EMEs of Central, Eastern, and Southeastern Europe. This effort involved multinational banks with exposure to the region, their home and host authorities, and several multilateral institutions, including the IMF. While the focus has evolved over time, its main goal remains to prevent foreign banks from withdrawing from the region so as to avoid a financial collapse (see De Haas and others, 2012).

The IMF was an important partner in the Vienna Initiative, providing financial support for country programs and policy advice. Authorities and other stakeholders credited the IMF with having played a key role in the efforts to convince banks to maintain exposures in emerging Europe, thereby avoiding a large capital flight. They appreciated the IMF’s use of analytical approaches to bridge differences, particularly in the early years of the crisis. While both creditor and debtor country authorities felt that at times the IMF had pressured them too much, overall they viewed it as a trusted and independent arbiter. Staff from other international organizations were appreciative of the good collaboration with the IMF, noting that this had been better than in the pre-crisis period. One interviewee perceived that a new “humility” on the part of IMF staff had facilitated this improvement in collaboration.

D. Working with the EC and the ECB

As the euro area crisis erupted, the IMF was called upon to provide both policy and technical support and eventually to assist in providing financing to advanced economies in Europe. The institutional arrangement that emerged involved a Troika including the EC, ECB, and IMF. This was a novel coordination arrangement in that the monetary authority of the member country in crisis was formally seated on the same side of the table as the IMF. Moreover, there was an understanding that disagreements would not be raised publicly. This arrangement raises questions as to whether it afforded greater traction of the IMF’s policy advice, or whether it increased the pressure on the IMF to compromise its positions. Ultimately, such questions can only be answered by examining the context of individual country program negotiations—a task that goes beyond the scope of this evaluation.

Most authorities from G20 countries considered that the arrangement was a pragmatic and flexible response to a crisis that could have become systemic at a time of great fragility in the global economy. European authorities believed the IMF was well placed to put crisis-response programs together—a role for which the EC and the ECB lacked experience. Other authorities, however, thought it inappropriate, from a governance perspective, for the IMF to be seated at the negotiating table alongside the monetary authority of a member country. In their view, this implicitly took certain policy actions “off the table” and constituted bad governance. Some authorities also mentioned that this partnership could compromise IMF surveillance of the euro area, including on issues related to countries that did not need IMF financial support. Authorities from EMEs and many other countries asked whether the exceptional access that was provided in support of programs in the context of the Troika would be available in future crises and for member countries in other regions.

A full assessment of the effectiveness of the Troika arrangement is outside the scope of this study, but the arrangement has clearly raised concerns regarding the IMF’s independence and the principle of uniform treatment of member countries.

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8 By late 2008, the IMF had already supported Iceland with a Stand-By Arrangement (SBA), the first such financing arrangement for an advanced country in decades.