



FOREWORD

Helping countries in fragile and conflict-affected situations (FCS) is one of the great challenges facing the international community today. Not only do these countries have enormous needs, but persistent domestic instability has dangerous implications for regional and global stability. With its crisis response and prevention mandate, the IMF has a key role to play in supporting macroeconomic stabilization and building core institutions in these countries, and has been very active over the past two decades through policy advice, financing, and support for capacity development. Notwithstanding these efforts, however, growth in these countries has lagged and progress has often been vulnerable to political and security setbacks, as these countries continue to face deep-seated problems of limited capacity, weak governance and political stresses. The continuing strains in many FCS raise the question of whether the Fund, as well as its international partners, can and should do more to help these countries.

This evaluation finds that the IMF has provided essential services to FCS, playing an important role in which no other institution can take its place, particularly in the period after a country first emerges from conflict. Even though it has provided relatively little direct financing, it has catalyzed donor funding through its support for the sustainable policies and the core institutions needed for macroeconomic stability.

Despite this overall positive assessment, the evaluation concludes that the IMF's overall approach to its FCS work seems conflicted and its impact has fallen short of what could be achieved. Past efforts have often not been sufficiently bold or adequately sustained, and the staff has tended to revert to treating fragile states using IMF-wide norms, rather than as countries needing special attention.

Based on these findings, the report proposes six recommendations focused on building a more robust institutional commitment to FCS work than in the past. These recommendations all received full or qualified support from the Executive Board when it met to discuss the report in March 2018. In supporting the recommendations, the Managing Director and the Executive Board reaffirmed their commitment to the IMF's fragile state members.

I am encouraged by the positive response of the Managing Director and the Executive Board to this report, which indicates their commitment to learn from experience and to align the priorities of the institution to urgent and evolving global circumstances.

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