

May 3, 2018

Statement by the Managing Director on the Independent Evaluation Office Report on Structural Conditionality in IMF-Supported Programs—Evaluation Update

I thank the Independent Evaluation Office for preparing this informative and timely update on the 2007 report on structural conditionality in Fund-supported programs. I am pleased to note that the Update concludes that some progress was made in streamlining structural conditionality and concur that ongoing challenges need our continued attention.

The period covered by the Update includes the global financial crisis and its aftermath, admittedly a much different environment from the period covered in the 2007 IEO report. The global crisis was an acute and systemic crisis, and its aftermath was characterized by persistent and deep-seated structural challenges, requiring large-scale and long-lasting adjustment. Addressing these problems in a low-growth environment turned out to be particularly difficult. Fund-supported programs increasingly focused on structural reforms to facilitate adjustment and secure more durable growth.

I am pleased with the report's finding that some progress was made in streamlining structural program conditionality and that conditions were more focused in the areas of IMF expertise. Mindful of the fact that each program is tailored to address specific country circumstance, our forthcoming *Review of Conditionality and Program Design of Fund-Supported Programs*, scheduled for late 2018, will attempt a deeper analysis of this topic.

The Fund has already begun to address the challenges highlighted in the report. For example, to further strengthen cooperation with other institutions, the IMF has adopted general guidance on the design of Fund-supported programs in currency unions (2018) and on strengthening cooperation between the IMF and regional financing arrangements (2017). The IMF is also revamping the database on Monitoring Fund Arrangements ("MONA") to improve its usability.

Other recommendations presented in the Update are being considered in ongoing policy reviews. The *Review of Conditionality* will take up issues such as increasing program ownership or reducing the stigma of Fund programs, and improving the mapping of structural conditionality to macroeconomic objectives in program documents. In addition, ways for more effective collaboration with the World Bank and other development partners will be explored in the *Review of Conditionality*, and the *Guidance Note on Social Safeguards and Program Design in PRGT and PSI-Supported Programs* (expected in June 2018).

Let me end by thanking the IEO for this informative and timely report. Its findings will undoubtedly provide useful insights into our work going forward.