

## Analytical Framework and Data Sources

6. This chapter introduces the analytical framework of the evaluation, briefly describing the tools and methods used and listing the main sources of information.

### A. Analytical Framework

7. The evaluation analyzes the governance of the IMF with reference to four dimensions: effectiveness, efficiency, accountability, and voice. These dimensions are drawn from codes of good governance in the public and private sectors<sup>3</sup> and from academic literature on international organizations and private and public sector management.<sup>4</sup> While these dimensions often complement each other in the exercise of good governance, some of them are also in tension with each other and give rise to difficult trade-offs, which we discuss in the next chapter.

- **Effectiveness** refers to the capacity of Fund governance arrangements to deliver high quality, timely results; specifically, to agree on goals and strategies and to implement them and monitor their results. Effective governance requires that responsibilities are clearly defined, that different parts of the institution work in concert, and that information flows to the right place at the right time, allowing monitoring and evaluation mechanisms to identify problems and trigger corrective processes. Effectiveness-related questions asked

in the evaluation include: Are the responsibilities of the IMFC, the Board, and Management clearly defined? What are the respective roles of the Board and Management in the day-to-day running of the IMF? Do the governance arrangements encourage good strategy formulation, implementation, and oversight? Does the Board operate effectively as a collective? Are the Board's strategic and oversight roles complicated by its executive responsibilities?

- **Efficiency** refers to the costs of IMF governance, both financial as well as in terms of the time of staff, Management, and Board members. Efficient governance requires a clear and coherent division of labor among the organs of governance, avoidance of duplication of effort, and policy-making and implementation processes that involve only as many steps and actors as are strictly necessary.<sup>5</sup> The evaluation thus looks at the costs of operating the Board and Management, as well as the time and amount of documentation that it takes for issues to be discussed by the Board.
- **Accountability** refers to the ability of shareholders (and possibly other stakeholders) to hold the IMF and its decision makers to a set of standards, to judge whether they are meeting those standards, and to set rewards or sanctions accordingly. Accountability requires a set of benchmarks against which to judge performance, good reporting and monitoring mechanisms, clear lines of authority, and the capacity to sanction an agent whose performance does not meet agreed standards. Concerning accountability, the evaluation asks “What instruments does the Board have to monitor and evaluate Management?” and “How are Directors held accountable in their roles as country representatives and as officers of the IMF?”

<sup>3</sup>Milestones in corporate governance include the Recommendations of the Committee on Corporate Governance chaired by Marc Vienót (“Vienót Report,” France, 1999); the Report of the Committee on the Financial Aspects of Corporate Governance (“Cadbury Report,” U.K., 1992); the Report of the Kumar Mangalam Birla Committee on Corporate Governance (India, 2000); the Revised Corporate Governance Principles, Japanese Corporate Governance Committee (2001); German Corporate Governance Code (2002); King II Report on Corporate Governance for South Africa (2002); the OECD Principles of Corporate Governance (2004); and the U.K. Financial Reporting Council’s Combined Code on Corporate Governance (2006).

<sup>4</sup>On effectiveness, see Carter and Lorsch (2003) and Garratt (2003). On efficiency, see Cottarelli (2005). On accountability and voice, see Grant and Keohane (2005); and Blagescu et al. (2005).

<sup>5</sup>Broader definitions of efficiency look at costs relative to benefits. In this study, however, benefits are captured under the three other dimensions, and efficiency deals only with the cost of running the different entities of governance.

- **Voice** refers to the ability of IMF members to have their views considered in the decision-making process, and to the ability of other affected stakeholders, including civil society organizations, to have their views considered by IMF governing bodies. To exercise voice in this sense, stakeholders need channels to have their opinions heard, as well as a culture of openness and appropriate safeguards to protect those expressing views that are controversial or unpopular. In regard to voice, the evaluation asked whether adequate channels are open to member states—including those with little voting power but with intensive financial and policy relations with the IMF—to express their views and to have them considered. Also, we asked whether stakeholders besides the authorities have adequate channels for their views and concerns to be considered.

8. Given the Fund’s unique character, the evaluation used three standards to assess IMF governance.<sup>6</sup> The first is the Fund’s own governing documents and historical record. The second is the governance arrangements and practices at peer intergovernmental organizations. These organizations are the most comparable to the IMF, though they may not necessarily embody good governance practices. The third standard is principles of good governance that have been developed for private and public sector organizations. In this case, we used only those principles that are relevant to the IMF, taking into account the substantial differences with public and private corporations.

## B. Data Sources

9. Team members and consultants prepared 15 background papers that constitute a key part of the evidence base for the evaluation.<sup>7</sup> The first set of

<sup>6</sup>These standards are described in two background papers (Martinez-Diaz, 2008, and Dalberg, 2008), and are available on the IEO website at [www.ieo-imf.org](http://www.ieo-imf.org)

<sup>7</sup>These papers are listed, with abstracts, in Annex 2, and are available on the IEO website at [www.ieo-imf.org](http://www.ieo-imf.org). Though used as inputs for this evaluation, they represent the views of their authors and do not necessarily reflect the views of the IEO or the evaluation team.

papers describes the current governance structure and its historical evolution. The second set examines governance standards in other intergovernmental organizations and in private-sector corporations. The case studies that make up the third set illustrate how IMF governance arrangements have worked in practice in a variety of areas, including strategy formulation, operational work (e.g., surveillance, crisis management, and technical assistance), and oversight and accountability (e.g., financial management and conflict of interest). The evaluation and the papers are based on a review of relevant literature, extensive archival research, workshops, and surveys. Structured and semi-structured interviews were conducted with key stakeholders, including current and former members of the Board of Governors, the Board, Management, staff, and others including Fund counterparts in member countries, civil society organizations, and officials from other intergovernmental organizations.<sup>8</sup>

10. Three surveys, covering member-country monetary and fiscal authorities, Board members, and senior IMF staff, were conducted between November 2007 and February 2008 through an external consultant. To ensure that they provided comparable perspectives on the same issues, the surveys contained identical or similar questions as much as relevant and feasible. Responses were received from monetary and fiscal authorities in 117 countries. The Board survey covered current members of the Board, as well as former Directors and Alternate Directors (Alternates) going back to 2000; the response rate was 57 percent. The survey of all B-level (senior) staff received a 44 percent response. An open-ended questionnaire was sent to civil society organizations to gather their views on Fund governance, particularly on issues of accountability and voice.<sup>9</sup>

<sup>8</sup>The evaluation team conducted workshops, focus groups, and structured interviews with: senior officials from more than 25 countries, 29 current and former Directors and about 25 other current and former members of the Board, 8 current and former members of Management, over 50 current and former staff, 22 representatives of civil society organizations, and 38 officials from other international organizations. The questionnaire used for structured interviews is included in Background Document III.

<sup>9</sup>Background Document I describes the survey and presents its main findings. Background Document II presents the questionnaire sent to civil society organizations, and Annex 4 summarizes their views.