



Independent Evaluation Office
of the International Monetary Fund

PRESS RELEASE



IEO Press Release No. 08/02
FOR IMMEDIATE RELEASE

May 28, 2008
Washington, DC, U.S.A.

IEO Calls for Strengthening of Governance at IMF

The Independent Evaluation Office (IEO) of the International Monetary Fund (IMF) today released its evaluation of the Governance of the IMF following its discussion by the Fund's Executive Board on May 21, 2008. In releasing the report, IEO Director Thomas Bernes noted that, "good governance is essential to the legitimacy of the IMF as a public entity and its effectiveness in promoting global financial stability. This evaluation report calls for major changes in the governance of the Fund to strengthen its relevance and accountability and allow it to continue to play a central role in global financial and monetary matters into the future. Institutional change is difficult at the national level, and even more so at the international level. Responding to the challenges identified in this report will therefore require the attention and commitment of all stakeholders – from the Executive Board and Fund Management, to Ministers and Governors, who bear ultimate responsibility".

The evaluation assesses the quality of the Fund's governance from the standpoint of its efficiency, effectiveness, accountability and voice – the extent to which all stakeholders are able to have their concerns considered in the decision-making process. It focuses on three major elements of the IMF's governance structure – the International Monetary and Finance Committee (IMFC), the Executive Board and the Fund's Management. It finds that effectiveness has been the strongest aspect of Fund governance, while accountability and voice have been the weakest. If left unaddressed, these weaknesses would likely undermine effectiveness over time. The evaluation suggests a number of ways to address the main areas in need of reform, including clarifying the respective roles of the various governance bodies within the Fund, and reorienting the Executive Board's activities away from executive day-to-day operational activities towards a supervisory role – thereby enabling it to play a more effective role in formulating strategy, monitoring policy implementation to ensure timely corrective action, and exercising effective oversight of Management. Significant ministerial-level involvement from member countries will be needed to implement these reforms, as well as in the future governance of the Fund, perhaps through the activation of a Council of ministers.

The full evaluation report, including a joint statement by the Executive Board and the IMF Managing Director at the Executive Board discussion of the evaluation's findings and recommendations, is available on the IEO website at www.ieo-imf.org.

Contact

Thomas Bernes [+1 202 623 9980]
Ruben Lamdany [+1 202 623 4156]
E-mail: press@ieo-imf.org
Fax: +1 202 623 9990