

International Monetary Fund (IMF)

Organisational Information

The International Monetary Fund (IMF) is an inter-governmental organisation that was established to promote international monetary cooperation, exchange stability, and orderly exchange arrangements; to provide temporary financial assistance to countries to help ease balance of payments adjustment; and thereby to foster economic growth and high levels of employment. The IMF promotes economic stability through conducting surveillance of member states' economies, which includes monitoring and consulting member states on their economic policies and their consequences. The IMF also offers financial and technical assistance to member states and advises member states in various areas of economic policy—particularly exchange rate, monetary, fiscal, and financial sector policies.

The IMF was born out of the 1944 Bretton Woods conference as an institution to oversee the international monetary system. With the collapse of the par value system in the 1970s, the need grew for monitoring of the international monetary system, with growing emphasis on financial and capital market issues. Since its foundation, the IMF's membership has reflected these trends and increased from the founding 44 countries to the present 185.

The IMF is headquartered in Washington D.C. and employs 2,716 people. Its 2006 operating income was approximately US\$2.7 billion.¹

The IMF actively engaged in the data collection process for the 2006 Global Accountability Report. They completed a questionnaire, provided access to internal documentation, and representatives of the organisation were interviewed as part of the research.

Transparency | Participation | Evaluation | Complaint and Response

Organisational Structure

The IMF's governing body is the Board of Governors. Each of the 185 member states has representation on the Board of Governors through a Governor, usually a country's finance minister or central banker. The IMF's executive body is the Executive Board which is composed of 24 Executive Directors, each of whom is either appointed or elected by the members. The Executive Board is tasked with conducting the business of the organisation.

The Board of Governors has appointed two committees, the International Monetary and Financial Committee and the Development Committee. The former advises and reports to the Board of Governors with respect to the functions of the Board of Governors in supervising the management and adaptation of the international monetary and financial system. The latter is a joint committee of the IMF Board of Governors and the World Bank Board of Governors, and maintains an overview of the development process and advises and reports to the two Boards of Governors on all aspects of the transfer of real resources to developing countries. Managing the IMF staff and chairing the Executive Board is the Managing Director, who has traditionally been a European.

Member voting power in the IMF broadly reflects the size of a member state's economy and is based on each member's quota specified in Special Drawing Rights (SDRs). A member's quota is established and changed by the Board of Governors, with the member's consent, after considering such economic factors as GDP, current account transactions, and official reserves. A member's quota determines their voting power as votes are distributed on a one vote per 100,000 SDRs on top of the 250 basic votes every country receives.

At the end of 2006, the country with the largest quota was the United States with 371,743 votes, constituting 16.83 percent of the vote. The country with the smallest number of votes was Palau with 281, constituting 0.01 percent of the vote. Over 50 percent of the voting power of the IMF's membership is concentrated in the hands of less than 5 percent of the member states.

¹ IMF, 2006 Annual Report, Appendix VII, Financial Statements April 30, 2006, p172.
<http://www.imf.org/external/pubs/ft/ar/2006/eng/pdf/file12.pdf>

Transparency Dimension

The IMF ranks third among the ten assessed IGOs for their transparency capabilities, with a score of 58 percent.

The IMF's Transparency Policy defines the key elements of its publication policies. As the policy is focused on publication policies, it does not address key good practice principles such as making a commitment to respond to all requests and providing a timeframe for responding to information requests. Instead of embodying a presumption of disclosure, the Policy stipulates a member's consent to disclosing documents is 'voluntary but presumed.' This allows member states to reject the publication of a document. Access to documents such as country reports is thus, limited by the fact that the Fund's members have decided that the publication of country reports should be kept voluntary, i.e., must be agreed by the member concerned.

As part of the management systems that support the implementation of the Transparency Policy Decision, the Director of the Policy Development and Review department has broad oversight of the policy. The IMF issues guidance and trains staff on the transparency policy, including transparency policy modules in staff orientations. The IMF also makes the information disclosure policy accessible to the public, disseminating it through more than one medium, and translating it into French and Spanish.

Participation Dimension

With inequitable member control and no formal policy on external stakeholder engagement, the IMF ranks eighth among IGOs for their participation capabilities with a score of 34 percent.

External Stakeholder Engagement

The document that guides engagement with external stakeholders in the IMF is called the Guide for Staff Relations with Civil Society Organisations. While this is one of the more developed stakeholder engagement documents from among the assessed IGOs, it leaves significant room for improvement. The policy meets a number of good practice principles, such as identifying the conditions under which external stakeholders should expect to be engaged (either in public outreach, policy inputs or ownership), and committing the organisation to communicate the purpose of engagement and how much stakeholders can influence final outcomes. However, its contribution to strengthened accountability in the IMF is undermined by the fact that it has not been adopted as policy. It remains a set of recommendations only. This gives considerable discretion to staff and management on if and how the guidelines are used, thereby undermining the consistency of engagement. The policy also fails to commit the IMF to changing policy or practice as a result of engagement else providing an explanation.

The Fund supports external stakeholder engagement with a relatively strong set of management systems that include oversight by the Director of External Relations as well as training for staff members involved with external stakeholders. The Fund also disseminates engagement best practice by producing guides that summarise lessons learnt. One example of this is the Guide for Staff Relations with Civil Society Organisations itself, which, in essence, is a document that consolidates stakeholder engagement best practice in the IMF into a 'how to' guide. The IMF disseminates and translates such documents for internal and external use.

Another area in which the IMF could improve its stakeholder engagement systems is by institutionalising external stakeholder engagement in corporate decision-making. Although the IMF seeks views from stakeholders, it has no mechanisms in place enabling key external stakeholders such as NGOs to consistently feed into high level decision-making.

Member Control

Since votes are based on members' quota, voting power is proportionate to economic size. Thus, members with larger economies have more voting power than members with smaller economies.

While each member represents themselves on the Board of Governors and can add items to the governing body's agenda, the IMF reduces equitable member control by allocating votes based on economic power. Additionally, the IMF Articles require the members with the five largest quotas, such

as the US and the UK, to appoint individual Executive Directors on the Executive Board while other members elect Executive Directors by grouping themselves into constituencies. Furthermore, with votes allocated by economic influence, key members such as the US, could use their voting power to block certain types of decisions. For example, the US can block changes to the Articles of Agreement.

As part of the Managing Director's [Medium-Term Strategy](#), the IMF membership is considering changes to the structure of quotas to make it more responsive to economic realities while enhancing the participation and voice of low-income countries in the IMF through increases in basic votes. Unfortunately, altering the quota formula along GDP at market exchange rates while simultaneously trebling the basic vote would actually weaken the voting shares of developing countries.

Evaluation Dimension

Even though it scores above 70 percent, the IMF ranks seventh among assessed IGOs for its evaluation capabilities. The Fund has a tripartite evaluation structure consisting of self-evaluation, other internal evaluation, and independent evaluation. The Independent Evaluation Office (IEO) conducts independent evaluations on issues related to the IMF; it operates independently from the organisation's management and approves its own work program.

The 2006 Global Accountability Report identified the Independent Evaluation Offices' Terms of Reference as a key document guiding evaluation within the IMF and used this as the unit of analysis. Although overall, this document was of a relatively good quality, it lacks key good practice principles such as a commitment to involve external stakeholders in the evaluation processes and a commitment to regularly evaluate the IMF's strategic plan, organisations wide policies, and operations.

The IMF's Independent Evaluation Office has relatively strong management systems that include executive oversight through the Director of the IEO, training for IEO staff, and the dissemination of the evaluation policy documents through more than medium. The IMF however, does not currently translate these policies into other languages.

To ensure learning within the organisation, the IMF disseminates lessons learnt through evaluations by incorporating them into policy and operational guidance and staff training. Only those IEO recommendations that received an endorsement from the Executive Board are actively disseminated.

Complaint and Response Dimension

Despite only scoring 47 percent, the IMF ranks third among the ten assessed IGOs for their complaint and response capabilities. One reason for the low score is that the IMF has no policy or management system in place for handling and responding to complaints from external stakeholders. While the Fund may not be directly involved in development projects like the World Bank, its operations still have a profound affect on countries' financial systems, sometimes with detrimental consequences. With the ability to have such an impact, the IMF needs to have a means of consistently handling and responding to complaints by external stakeholders that have been impacted by its operations.

The Fund makes commitments to handling complaints; however these are spread across multiple documents, including the Ethics Officer's Terms of Reference and the Procedural Guidelines for Conducting Inquiries Related to Allegations of Misconduct. To make it easier for staff to identify policy, the Fund should consolidate its commitments for whistleblower protections in a single, explicitly worded policy. That said, together these documents fulfil almost all the good practice principles, only falling short by not requiring that all negative consequences suffered by victims of proven retaliation are reversed.

The IMF has relatively strong complaint and response management systems with responsibility for compliance with the various complaints policies invested in an Ethics Officer, who is in turn overseen by the Oversight Committee. The Fund also conducts ethics training for all staff at specific 'milestone' in their careers. While the policies are disseminated through more than one medium, they are not translated into other languages.

Conclusion

Over the past 10 years, the IMF has come under considerable pressure from civil society to increase its accountability. While the Fund has responded to some of these demands, many of the reforms do not go far enough. For example, although the Fund has implemented an information disclosure policy it currently lacks the good practice principles that strengthen transparency.

In other areas, the Fund has processes in place but has yet to formalise them. For example, the IMF has reviewed its engagement with external stakeholders in order to develop good practice guidelines for staff to engage with civil society. Yet, these guidelines have not been recognised as policy.

Overall, the Fund has taken steps to improving its accountability, however a number of key accountability reforms both procedural and political remain. The Fund needs to shift their position on information disclosure to making access to information a right rather than a privilege by removing members' say on publication of reports on their economies and identifying a narrowly defined set of conditions for non-disclosure; they need to reform the voting structure within the governing bodies such that developing countries have equal voice in decision making processes; and they need to develop a mechanism through which those external stakeholders impacted by their decision can file complaints. Such changes could only be enacted if the membership supported them; for example, the membership indicated in the last review of the Fund's transparency policy in 2005 that it did not wish to move away from voluntary publication of country reports.

The 2006 Global Accountability Report assessed the accountability of 30 global organisations from the intergovernmental, non-governmental and corporate sectors according to four key dimensions of accountability – transparency, participation, evaluation, and complaint and response mechanisms. The study investigated the extent to which these organisations have in place the capabilities – policies and systems – at headquarters or the global office that foster accountability to communities they affect and to the wider public. At the global level, organisations need to have in place enforceable policies on key dimensions of accountability in order to promote consistency in approach both at different levels throughout the organisation and in relation to their diverse stakeholder groups. The presence of a policy at the global office indicates a public commitment to the dimensions of accountability and enables stakeholders to demand compliance with these policies; yet how these commitments translate into practice is equally important. The project team at the One World Trust is actively seeking innovative ways to assess accountability in practice both at the global office and field levels. Such assessments will help build a more comprehensive understanding of an organisation's accountability.

For a full list of indicators against which each of the 30 organisations were assessed click [here](#) or for further information on the 2006 Global Accountability click [here](#).