

Advocating for financial justice at the International Monetary Fund




A toolkit prepared by Eurodad



european network on
debt and development

What does the IMF do?

The International Monetary Fund (IMF) is a key part of the international financial architecture and wields huge influence over the domestic economic policies of impoverished countries. This toolkit aims to support civil society advocacy towards the IMF, particularly those working on development finance issues in the context of the 2030 Agenda for Sustainable Development. This is the abridged version of a longer toolkit. Headings and hyperlink signs  are linked to longer descriptions for those needing more in-depth information.*

Lending with conditionality

Provision of loans to countries facing current or likely (short-term) problems with their balance of payments (essentially the difference in a country's export income and the cost of its imports). This is often the trigger for a financial crisis.

Lends through a number of different instruments, depending upon a country's level of development and the nature of the crisis it is facing. Loans can be provided at market rates (non-concessional lending) or at low or zero interest (concessional lending).

In 2015, the IMF made more money available for low-income countries, widening their possibilities to access funds at zero per cent interest rates: this was subsequently framed as a contribution to supporting the Financing for Development (FfD) agenda.

Surveillance of economic developments

Regular monitoring of the economic and financial health of its 189 member countries, and of regional and global economic trends. Biannual country assessments are known as 'Article IV consultation reports', which include IMF policy recommendations and advice to national authorities. Also issues a World Economic Outlook, and corresponding regional reports which gather its national level monitoring and policy advice together in so-called 'multilateral' surveillance work. Much of the data gathered through surveillance is published by the IMF in some of the most important public databases on international finance and debt.

Technical assistance to public authorities

Includes advice, practical support, or training to government authorities to build up a country's economic and financial management capacity. The IMF is the largest worldwide provider of this type of assistance, and it is often delivered in conjunction with lending or surveillance work. In 2016, almost 50 per cent of technical assistance was directed towards low-income countries, with Sub-Saharan Africa the largest recipient.

KEY SOURCES OF INFORMATION



Who decides at the IMF?

The Board of Governors

Highest decision-making body. Made up of a Governor and alternate from every IMF member country – usually finance ministers or heads of central banks. Most powers are delegated to the Executive Board, but the Board of Governors is responsible for key issues such as electing the members of the Executive Board and deciding on quota increases. Meets every autumn to carry out its main work. Power balance skewed in favour of richer nations: combined voting share of OECD countries is over 63%, with US holding effective veto on major decisions.

The Executive Board – based in Washington

Currently made up of 24 Executive Directors (EDs) representing the Fund's 189 member countries, who are elected for 2-year terms. Chaired by the IMF Managing Director. Responsible for undertaking the day-to-day work of the Fund and meets almost daily. Signs off on the Fund's policies and all lending decisions. Eight of the world's largest economies, including three EU member states, effectively hold permanent, single seats on the Board. Other states grouped in constituencies of between 4 and 24 countries.

The Managing Director

Heads the institution's staff and is also (non-voting) chair of the Executive Board. Can attend Board of Governors' meetings and is responsible for the organisation and recruitment of staff. In practice, is often the 'public face' of the Fund. By convention, is always European.

THE IMF QUOTA SYSTEM AT A GLANCE



The International Monetary and Financial Committee (IMFC)

Advises the Board of Governors, with responsibilities including oversight of the global economic and monetary system – and dealing with sudden disruptions to it – and reviewing proposed changes to the IMF articles of agreement. Meets twice a year at the Spring and Annual Meetings, and although it has no formal powers, takes no decisions, and doesn't hold votes, it is the political powerhouse of the Fund, effectively driving its strategic direction and giving ministerial-level sign off to the Executive Board's work.

The Development Committee

Formally, the Joint Ministerial Committee of the Boards of Governors of the World Bank and the IMF on the Transfer of Real Resources to Developing Countries. Advisory body to the boards of governors of both institutions. Meets biannually – at the Spring and Annual Meetings – and focuses on urgent matters related to the economic development of the world's poorest countries, including international trade and payments; the flow of capital; investment; and official development assistance.

The EU's role in IMF decision-making

EU Member States are overrepresented in IMF decision-making but don't speak with one voice. Despite holding one-third of Board seats, and more than 30% of vote share, they are spread over seven constituencies and three single seats, with no common EU or Eurozone representation, and several are in constituencies mainly composed of non-EU countries. The European Central Bank (ECB) is the only EU institution to have observer status at the Board, in view of its monetary policy functions, and can participate in meetings on specified topics of relevance to its mandate.

The SCIMF (in Brussels)

IMF issues are formally dealt with by the Economic and Financial Affairs configuration (Ecofin) of the Council of the EU, and work is mandated to its Economic and Finances Committee (EFC).

An EFC sub-committee on the IMF (SCIMF) was set up in 2001 to allow for a permanent monitoring of IMF matters. Composed of two representatives per Member State, and two each from the European Commission and ECB. Generally meets twice a year.

Much of the work of the SCIMF focuses on longer-term, strategic policy issues (such as IMF resources and quota redistribution), and it also produces common messages regularly on various issues. These are transmitted to EU Member State representatives at the IMF, but do not bind their positions in Board discussions.

The EURIMF (in Washington)

More informal, but arguably more influential than the SCIMF. The EURIMF gathers EU Member State representatives in Washington at least once a week.

Follows the day-to-day work of the Executive Board and works to build common EU positions – looking mainly at Article IV consultations for EU states, as well as all major Board agenda items.

Prior to each Board meeting, each constituency prepares a (non-public) common statement – known as a 'gray' – setting out its views on each agenda item.

The lead EU country from each constituency presents their respective grays at the EURIMF and effort is made to develop a common EU gray: if achieved, the EURIMF President presents this to the Executive Board.

In practice, coordination tends to be limited in the absence of an agreed common position at the political level (principally via a SCIMF common message).

Finding out what the IMF is saying and doing [1]

COUNTRY SPECIFIC DOCUMENTS

Economic assessments: Article IV reports

Regular monitoring of the economic health of every IMF member country, generally on an annual basis. If you are engaging in country-specific advocacy and campaigning in relation to the IMF, then Article IV reports are an essential reference to know what the Fund is recommending to a particular government.

Debt Sustainability Analyses

Debt Sustainability Analyses (DSAs) look at outstanding debt levels and set out different scenarios for debt servicing based on a country's growth projections, providing recommendations for a borrowing strategy. They assign a 'risk rating' of external debt distress: low, medium, high, or in debt distress. Done regularly for low-income countries.

Conditionality: Letters of intent and Memoranda of Economic and Financial Policies

The policies to which a government commits in order to secure an IMF loan are known as 'conditionalities'. These are set out in loan-related documents. They are the place to learn more about a country's economic program and whether, for example, it is being steered towards domestic austerity – with adverse impacts on health, education or social spending – in order to release IMF financing.



EXECUTIVE BOARD DOCUMENTS

Executive Board documents are not published in advance of Board meetings. Public Information Notices (PINs) or press releases summarising key Board discussions are generally released after meetings, but don't reveal individual ED positions. Finding out about the level of agreement is often limited to decoding specific phrases that are used in these so-called 'summings up'.

The Board Work Program (published twice a year, and setting out a 12 month plan) gives an idea of the key policy issues that the Board will be looking at and when.

**MAKING SENSE OF AN
EXECUTIVE BOARD DISCUSSION**



**MAKING SENSE OF LOAN-RELATED
DOCUMENTS**



Finding out what the IMF is saying and doing [2]

IMF Policy

The IMFC guides the strategic policy direction of the Fund and issues a public communiqué after each of its biannual meetings.

Since 2012, the IMF Managing Director has released a Global Policy Agenda (GPA) in advance of each regular IMFC meeting (and by extension, the Annual and Spring Meetings), which draws on the Fund's economic assessments to lay out the challenges facing the global and national economies.

Fund staff also regularly produce proposals and reports related to how the IMF undertakes its work, known as policy papers.



IMF Monitoring

Alongside regular country-specific assessments (Article IV consultations, see above), the Fund also issues regular regional and global macroeconomic assessments such as the flagship World Economic Outlook. These documents receive wide media attention, and often reflect strategic IMF research findings, rather than IMF policy per se.

IMF Research

Volumes of IMF staff research is put out each year. Research does not necessarily reflect official IMF policy. Reviewing specific papers can help you to identify contradictions in what the Fund is doing with respect to what its research is telling it.

The IMF-World Bank Annual and Spring Meetings

Twice a year, the IMF and World Bank host a week of policy discussions and events on national and global macro-economic issues. The Annual Meetings traditionally take place in September/October, and are anchored around the joint meetings of the Boards of Governors of the two institutions, and the meetings of the IMFC and Development Committee. The two advisory committees also convene at the Spring Meetings. The gatherings take place in Washington DC, where the institutions are headquartered. Every third year, the Annual Meetings are held in a member country outside the USA.

The Annual and Spring Meetings are major events in the global economic and financial calendar, with the Annual Meetings gathering around 13,000 participants in 2017, ranging from government ministers and officials, to representatives from international organisations, financial institutions, the private sector, media, and civil society. The scale of attendance means many country groupings, such as the G7, G20, G24 and G77 also hold meetings during the Annual and Spring Meetings, and like the Fund's advisory committees, use the occasion to issue communiqués setting out key policy priorities. While the main institutional meetings are held behind closed doors, many debates, briefings, or press conferences are organised with high-profile speakers and dealing with topical development finance issues, as part of an official, public programme.

Sources: imf.org; worldbank.org

Civil society engagement with the IMF [1]

ENGAGING AT THE INSTITUTIONAL LEVEL

The Civil Society Team

The Head of the Team is the main contact point for CSOs, and can coordinate relations with other parts of the Fund. A dedicated civil society website, managed by the Team, also provides information to CSOs on public consultations, key IMF outputs (such as new policies on transparency, or research on inequality), and support for participation at the Annual and Spring Meetings.

Consultations

The IMF operates about three public consultations on major policy issues each year. It also organises targeted consultations with specific CSOs working on a particular issue: these organisations are generally selected through outreach by the IMF Civil Society Team to regional networks such as Eurodad or Afrodad, or watchdog organisations such as the Bretton Woods Project, who can disseminate information more widely to specialist groups.

Side events

A Civil Society Policy Forum (CSPF) gathering around 6-700 CSO representatives is organised in parallel to the Spring and Annual Meetings. One of the key ways that CSOs participate in the CSPF is by organising a side event, often in cooperation with partner organisations. This might be to launch a new report or research, to hold a panel debate on a specific aspect of IMF policy, or to strategise with other CSOs. The IMF and WB invite proposals for events about two months in advance of the CSPF.

Advocacy at the Annuals/Springs

Meetings with EDs and IMF staff are best arranged at times other than the Annuals/Springs. But you should still capitalise on the Annuals/Springs to arrange side meetings with key advocacy targets. Here are some tips:

- ▶ Reach out to IMF staff working on your issues: approach them well in advance, to set up face-to-face meetings.
- ▶ Don't underestimate your influence: use the media strategically to highlight your positions in advance, and make sure it is on the IMF's radar. Consider an 'outsider strategy', particularly if the IMF or government authorities don't seem to be open to dialogue: use the Annuals/Springs for public actions or media stunts and mobilise partner CSOs to participate.
- ▶ Reach out to your ED and their advisors: particularly if you are from a developing country, and link your advocacy at the Annuals/Springs with your advocacy at the national level.
- ▶ Reach out to regional EDs/constituency: often, CSO networks may already be organising regular meetings with regional groupings of EDs so get in touch with partner organisations to find out.

TIPS FOR ORGANISING SIDE-EVENTS



Civil society engagement with the IMF [2]

ENGAGING AT THE EU LEVEL

SCIMF

European CSOs are invited to attend SCIMF meetings in advance of the Annual Meetings each year, for an exchange of views. Eurodad coordinates these sessions in cooperation with the SCIMF secretariat, proposing agenda items as suggested by CSO colleagues which reflect their key advocacy priorities towards the Fund.

EURIMF

At the Annual and Spring meetings, CSOs from the Eurodad network and allied organisations hold a regular meeting with EURIMF Executive Directors, chaired by the EURIMF President, and coordinated in cooperation with either Eurodad or the Bretton Woods Project in an alternating CSO liaison role.

The more informal nature of the EURIMF-CSO meeting, and the stability of EURIMF membership, allows for a more interactive discussion than at the SCIMF, and for ongoing advocacy relations to be deepened.

ENGAGING AT THE NATIONAL LEVEL*

There are several key IMF interlocutors that are useful for national level advocacy.

Resident representatives and/or regional offices

IMF country offices are located in many countries, headed by a 'resident representative' – the main contact point for national CSOs. IMF offices are located in six EU states (Bulgaria, Cyprus, Greece, Hungary, Ireland, and Romania). An IMF Europe Office, housed in Paris and Brussels, is meant to serve European CSOs, as well as engaging with the EU institutions and national governments.

Executive Directors and national representatives

TIPS FOR MEETING WITH EXECUTIVE DIRECTORS



Mission chiefs

Country mission chiefs are designated for each member country, but are based in IMF headquarters in Washington DC. They hold more policy influence than a resident representative. A mission chief will normally visit a country 2-3 times a year, so CSOs should use these occasions to meet with them. You can contact the IMF Civil Society Team to ask for their contact details, and those of other IMF staff working on a particular country.



*This guide does not focus on CSO engagement at the national level within an IMF program. A useful resource in this respect is