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**Abstract**

This paper contributes to the literature on the mechanics of change in global economic governance. By synthesising an empirically driven case study with conceptual insights from the existing literature, I highlight three intervening variables that enabled the Legislative Mandates passed by US Congress in 2009 on the use of social-spending targets (education and health expenditure ring fences) in IMF concessional lending to be rapidly translated into operational change. The intervening variables that stood between US domestic action and rapid operational change are: first, the existence of effective enforcement mechanisms to ensure compliance from the US Executive Director with the Mandate; second, preference congruence between other primary principals and the content of the Mandate, and; third, the existence of effective enforcement mechanisms to ensure compliance from IMF staff with principals’ collectively-sanctioned goal. The outcome observed – the near universal incorporation of social-spending targets into concessional lending arrangements – adds credence to calls for further empirical work to assess the extent of a post-Washington Consensus transition at the IMF.

**Introduction**

In the lead up to the release of around US$100bn from the US to boost IMF lending capacity, a collection of developmentally orientated advocacy groups came together to coordinate their campaigning activities. The aim of ensuring that key lines of government expenditure were protected within IMF arrangements featured at the top of the NGO Working Group on the IMF’s agenda, and following lobbying on Capitol Hill legislation was passed mandating that the US Executive Director use her voice and vote to protect social spending in concessional lending. With the US Executive Director locked in to supporting the incorporation of social-spending targets, in July 2009 the IMF Board issued directives to staff outlining their expectation that targets be routinely used in concessional arrangements. While in the years leading up to these Guidelines the use of social-spending targets had remained a minority practice in the organisation, post-2009 they have become a near universal feature of concessional lending arrangements. Overall I demonstrate that, with key intervening variables in place, the US Congressional action was translated into rapid operational change. The focus of the Congressional intervention – and correspondingly the focus of the paper – is on the Fund’s concessional lending to lower-income members, which is governed by separate protocols to the organisation’s General Resource Account lending to higher- and middle-income members.[[1]](#endnote-1)

Several recent studies of the IMF have suggested that US political dynamics exert influence over IMF operations. Findings from Stone (2008, 2011) demonstrate that ‘informal’ processes can be used by the US to secure its interests during extraordinary times. In a similar vein, Momani (2004) has demonstrated that when strategic interests are perceived to be at stake, US representatives can intervene to secure favourable loan conditions for key allies. Copelovitch (2010) and Clegg (2012) have shown that the US Executive Director, along with the representatives of other advanced-industrialised states, holds particular power over policy reform and operational practice within the organisation. The focus of this paper links most closely in empirical terms with the focus of Lavelle (2011),[[2]](#endnote-2) whose work explores the processes through which US Congress has sought to constrain the international financial institution’s behaviour through the post-War period. In conceptual terms, the model of externally driven rapid operational change developed draws primarily on the principal-agent (PA) literature, and extends insights provided by Kardam (1993). In exploring the conditions under which US domestic actors are able to call the shots at the IMF, the paper also contributes to a wider contemporary literature on the detailed dynamics of change in international organisations (IOs) (e.g. Woods 2006, Broome and Seabrooke 2007, Chwieroth 2008, Weaver 2008, Park 2009, Broome 2010a, Broome 2010b, Chwieroth 2010, Clegg 2010b, Moschella 2010, Park and Vetterlein 2010a, Weaver 2010, Broome and Seabrooke 2012, Clegg 2013, Lütz and Kranke 2013).

The rise of social-spending targets at the IMF represents an intrinsically important case study. Government expenditure has long been a controversial subject at the IMF. While IMF staff and management have long held the view that balanced budgets are vital to the creation of the macroeconomic environment necessary for sustainable growth and external stability, critics have for several decades sought to draw attention to the negative impacts of the cuts implemented during lending arrangements. And although through the course of very recent years demonstrations against ‘IMF-imposed’ austerity measures became a clear manifestation of this tension across several advanced-industrialised economies, it is in relation to the Fund’s concessional lending operations that this issue has historically attracted the greatest controversy. In particular, cuts in real wages and hiring freezes in the education and health sectors in low-income programme countries have attracted much critical comment (e.g. ActionAid 2007, BIC 2007, Oxfam 2003). Whereas a number of analyses have suggested that IMF staff as a whole remain somewhat ambivalent to social issues (Barnett and Finnemore 2004: 64-5, Blackmon 2008: 194-5, Gutner 2010: 277), the overall findings of the paper broadly support the suggestion from Lütz and Kranke (2013) that, in the light of contemporary operational behaviour, there is an increasing need to assess the extent of the Fund’s transition towards a post-Washington Consensus template.

In developing this analysis, I begin in the first section by outlining the methodological approach underpinning the paper, and reviewing insights from IO-focused scholarship in relation to the external and internal determinants of change. Through this section I highlight the three intervening variables that in this case provided the institutional foundations on which Congressional capacity to catalyse rapid operational change was built. Through the second, third, and fourth sections of the paper, I outline in turn the dynamics surrounding each of these variables as manifest through the current case study. Finally, in the concluding section of the paper, I briefly review the implications that follow from the conceptual and empirical insights put forward.

**The Foundations of Externally Driven Rapid Operational Change in IOs**

This paper is motivated by a simple question: with around 16 weeks between an initial Legislative Mandate in March 2009 and a widespread behavioural shift at the IMF, how can we explain the Congressional success in rapidly translating its international intervention into operational reality? The three intervening variables that are highlighted have been generated through a synthesis of insights from the case study materials with conceptual insights from the existing IO literature. Findings are presented in line with George and Bennett’s (2001, 210-11) model of the ‘analytic explanation’ process-tracing method; by positing a symbiotic relationship to exist between theory and observation, established analytic frameworks are used to guide the exploration of the case study, with these findings in turn prompting reflection on conceptual issues.

The primary material that informs the case study is drawn from interviews, and the analysis of both paper-based and electronic records from the IMF Archive. In total 15 interviews were undertaken during multiple research visits to the IMF Headquarters in Washington DC. The majority of interview partners were IMF members of staff. These partners were selected on the basis of their institutional location: in particular, the input of senior staff from within the Fiscal Affairs Department, the Strategy, Policy, and Review Department, and staff engaged with the design of country programmes incorporating social-spending targets was sought. In addition, two individuals with a close involvement with the NGO Working Group on the IMF were interviewed (see Annex 1 for a full list of interview partners). I have endeavoured to triangulate interviewees’ accounts with other sources of primary or secondary data, although on occasion single sources are relied upon for background information. The electronic archival material drawn upon covers Executive Board discussions of policy issues relating to the use of social-spending targets. The discussions that were examined included the periodic reviews of relevant lending facilities, and discussions of Staff Papers that were focused on both poverty reduction and expenditure-related issues. Finally, the paper-based archival sources that provide insight into the case study were located through an exploration of the Fiscal Affairs Department *fonds*, which included a particular focus on the Fiscal Affairs Department Immediate Office and the Government Expenditure Analysis Division *sous-fonds*. Taken together, data gathered from these three sources have enabled a ‘thick’ qualitative description of the case study to be established, from which insights in the existing IO literature can be extended. In order to further establish the plausibility of the model advanced, counterfactual reasoning is introduced into the discussion.

Within the IO literature, there is an established line of scholarship that aims to explore the contextual factors shaping actors’ ability to influence outcomes. Following Krasner (1983: 185), here I adopt the term ‘intervening variables’ to refer to these contextual properties ‘standing between causal factors on the one hand and outcomes and behaviour on the other’. As was recently noted by Moschella and Vetterlein (2013), the existing literature tends towards the presentation of change as a dichotomous variable that either occurs or does not occur: through this study, I contribute to efforts to build a more nuanced conceptualisation. In this context, I define externally driven rapid operational change as occurring when the initial causal action is followed, with a minimal time lag, by the adoption of the desired practice as the predominant form of operational behaviour.[[3]](#endnote-3) The model of externally driven rapid operational change developed from this case study is presented schematically in Figure 1. There is a sequential relationship between the intervening variables, with the presence of the prior variable forming a necessary condition for the existence of the subsequent factor.

**Figure 1 here**

In order for externally driven attempts to shape IO behaviour to stand any chance of resulting in rapid operational change, it is necessary for the initial action to be transmitted into the organisation. It is common for the relationship between external actor and IO to be characterised as stage one of a ‘two stage’ delegation process, through which an actor with no direct capacity to influence organisational outcomes attempts to control the behaviour of the ‘proximate principal’ that does possess the necessary formal authority (Nielson and Tierney 2003: 249-50, Lyne et al 2009: 414). It is suggested in the broader principal-agent literature that when tasks are presented in a clearly defined and readily observable manner, they are more amenable to being effectively passed down a chain of delegation. In line with earlier insights from PA modelling in Economics (e.g. Ouchi 1978, Dye 1986), applications of the framework have demonstrated that where outputs have been effectively aligned to quantitative indicators, timely agent compliance can be secured (Lane 2005: 68-72, Gould 2006: 304-6). Through the use of appropriate performance management systems, the external actor is able to both monitor proximate principal compliance, and to draw on incentive-based mechanisms to secure changed behaviour. I identify the effective enforcement of the proximate principal’s compliance with the wishes of the external agent as the first intervening variable in the model presented; without this condition being met, and with other factors remaining equal, the organisation will continue with pre-existing practices rather than embarking on rapid operational change.

The principal-agent framework was originally developed in the field of Economics to explore problems surrounding the issue of delegated choice, with early work seeking to bring analytic clarity to situations in which one actor (the agent) was contracted to take decisions that were supposedly in the interests of one or more others (the principal(s)) (Rees 1985). When transposed to the analysis of issues of public policy, in which many different groups and individuals have a legitimate interest in outcomes and credible means with which to influence them, the model was expanded to allow for principals’ coordination problems to be explored. In policy contexts characterised by multiple principals with divergent goals, principals were found to either fail to communicate clear goals to the agent, or, by presenting competing goals, to provide the agent with the opportunity to play principals off against each other (Moe 1987, Wood and Waterman 1993, Waterman and Meier 1998). Conversely, where principals’ preferences align, the potential for successful control increases (Nielson and Tierney 2003, Lyne et al 2006). Where institutional rules allow for majoritarian decisions to be taken by principals, the potential for effectively managing the issue of competing preferences is further increased. Majoritarian decision-making allows for relevant actors to function as a ‘collective principal’, presenting a unified front to the agent even *in lieu* of unanimous agreement on the desirability of a given outcome (Tierney 2008: 296-7). I highlight the existence of a high level of congruence between the preferences of primary principals (the principals whose agreement is needed in order for a collectively-sanctioned directive to be issued to the agent) and the operational shift being promoted by the external agent as the second intervening variable whose presence is necessary to enable rapid operational change. Without sufficient consensus among the primary principals, the second stage of the delegation process will not be activated. While the proximate principal in such a context would be pushed to agitate for operational shifts on an *ad hoc* basis and may secure incremental change, with other factors remaining equal a wholesale and rapid alteration of practices is unlikely to occur.

A founding assumption of the PA approach is that conflicts of interest are an inherent feature of the relationship between principals and agent, with the latter holding a strong tendency toward ‘shirking’ tasks and minimising effort. Following from this assumption, the act of contract writing is held to represent a vitally important means of ensuring that the desired efficiency gains are secured through the delegation. The setting of clear, output-oriented goals for the principal constitutes one necessary condition of ensuring effective compliance (Bergman and Lane 1990: 345, Whynes 1993: 444-5, Hawkins et al 2006: 24). By creating regularised reporting procedures through which relevant information on performance is collated, principals are able to reduce the magnitude of ‘information asymmetries’ (uncertainty about the activities being undertaken by the agent) between themselves and agents (Mitnick 1975, Strausz 1997, Levitt and Synder 1998, Waterman and Meier 1998). Beyond these monitoring techniques, principal influence over promotions and appointments can also be used to keep the bureaucratic agent ‘on task’ (Moe 1990, McCubbins and Schwartz 1984, Epstein and O’Halloran 1999).

The structures identified in the PA literature in this regard correspond closely to the ideal type of hierarchical bureaucracy laid out by Max Weber (1978: 963-5), in which the authority to give commands is distributed in a stable manner, bureaucratic behaviour is guided more or less exhaustively by written guidelines, established patterns of super- and sub-ordination exist with supervision of the lower offices by the higher, and fixed career lines exist with promotion dependent on performance of an organisation role. I highlight the existence of such hierarchical structures as the third intervening variable whose presence enables the achievement of externally driven rapid operational change. Where such structures are not present, the desired reform will remain contingent on internal alliance building processes in support of the operational shift. The success of such processes will be influenced by factors including the degree to which the reform coheres with staffs’ perceptions of the appropriateness of the goal, and whether it involves an alteration in peripheral or core operational practices (cf. Kardam 1993, Neumann 2007, Hopf 2010, Moschella and Vetterlein 2013). Given that through these non-hierarchical networks behavioural change will rely on the incremental dissemination of institutional adaptation or learning, resulting changes will occur over an extended time period relative to hierarchically coordinated change.

The above model of externally driven rapid operational change in IOs is presented as an exercise in inductive theory building. Indeed, as the model advanced shares significant features with Kardam’s (1993) findings on the conditions under which IOs respond to new issues, this contribution is best viewed as an extension of Kardam’s work.[[4]](#endnote-4) In particular, Kardam’s focus on ‘external pressure’ and ‘degree of independence’ broadly parallels the intervening variables noted above relating to control of proximate principals and principals’ preference congruence. However, whereas Kardam also focuses on fit with existing procedures and effectiveness of internal advocacy when explaining what drives the *extent* of change, I suggest that in processes of *rapid* operational change these factors are necessarily bypassed by hierarchical institutional structures. Given that social-spending targets constitute one of around 170 operational areas at the IMF or World Bank that are targeted by Congressional Legislative Mandates, there is significant scope for refinement of this model through further empirical work on the interaction between Congressional-led interventions and rapid operational change. The empirical material reviewed below expands upon the interplay of the three intervening variables in the case of the Congressional intervention on the use of social-spending targets in IMF concessional lending.

**Intervening Variable I: Effective Enforcement of Proximate Principal Compliance**

Within the International Monetary Fund, the Executive Board acts as the key decision-taking body on policy issues. While a Board of Governors and the International Monetary and Financial Committee formally stand above the Board, the Fund’s Articles of Agreement situate the Board as the primary location of day-to-day decision-making authority. The US Executive Director, who represents the US Treasury at the Fund, is the proximate principal through whom Congress attempts to transmit operational reform into the organisation. Lavelle (2011) has explored this relationship in depth, demonstrating that throughout the post-1945 period an elaborate system of checks has been established through which Congress has sought to shape IMF operations. At the heart of these efforts has been the practice of enacting Legislative Mandates, legally binding resolutions that compel the US Director to use her voting power in the Fund in support of a given end (Cohn 2001). At present, around 170 Legislative Mandates are in force in relation to the US Executive Directors of the IMF and World Bank (US Treasury 2010b). As a consequence of their prevalence, institutionalised processes exist to monitor and enforce the Director’s compliance with the content of these Legislative Mandates. The Government Accounting Office and Treasury both conduct annual reviews of IMF performance relative to the stipulations of Legislative Mandates, and in addition staff from the Treasury’s International Affairs Division (IAD) and the US Executive Directorate of the IMF meet on a regular basis to reach agreed positions on forthcoming lending arrangements. In the paragraphs below I outline events surrounding the passage of the social-spending target Legislative Mandates, and review the operation of related monitoring and enforcement processes.

The story of the emergence of the Legislative Mandates on social-spending targets is closely tied to the G20 response to the Global Financial Crisis through 2008-09, which was used by US domestic political actors as an opportunity to leverage operational change (via Congress and the US Executive Director) from the IMF. The prospect of increasing the IMF’s lending base was introduced by G20 leaders through the Washington Summit of November 2008, with the London Summit of April 2009 serving to clarify the extent of the resource transfers involved and associated burden sharing arrangements (G20 2008, G20 2009). With a major injection of capital from the US to the IMF looking increasingly likely through this period, a collection of Washington-based NGOs with an interest in Fund-related matters began to coordinate their activities. An umbrella group – the NGO Working Group on the IMF – was formed at this time, which brought together 11 NGOs behind a reform agenda.[[5]](#endnote-5) In line with the established goals of core members, the proposal that education and health expenditures be protected in IMF concessional lending arrangements featured high on the Working Group’s agenda.[[6]](#endnote-6) Key moments in the campaign to hook legislative power behind the social-spending target agenda occurred in March and then through May to June of 2009. The events of March 2009 were the lower-profile of the two periods of action on Capitol Hill. With members of the NGO Working Group lobbying key figures in the lead up to the Omnibus Appropriations Bill, particular attention was paid to the offices of Representative David Obey and Senator Sherrod Brown (the Congressmen responsible for introducing the Bill to their respective chambers) (Interview O). Given that no request for a release of resources to the IMF was contained in this Bill, the insertion of the relevant clause attracted relatively little comment. The Bill, signed into law by President Obama on 11th March, 2009 contained a clause calling on the US Executive Director to use the ‘voice and vote’ of the US to oppose any loan arrangement with a low-income member that did not allow for increasing levels of education and health expenditure (US Public Law 111-8-7030(c)). With this, Congress became engaged in the push to integrate social-spending targets into concessional lending arrangements. However, it was during May and June 2009 that the NGO Working Group undertook a particularly intensive period of lobbying. The Supplemental Appropriations Bill was at the heart of these activities.

The passage of a bill into law in the US commonly involves complex negotiations between the House of Representatives, the Senate, and the President. A version of the Supplemental Appropriations Bill was passed by the House of Representatives on 14th May, 2009. At this point in its life, the Bill did not contain clauses relating to IMF spending; the request that US$100 billion of resources be released to the IMF was inserted by the Democrat-controlled Senate in their review of the Bill on 21st May, 2009. In response to this amendment the NGO Working Group picked up its activities, launching a ‘no blank cheque’ campaign to ensure that if the US was to provide new capital to the IMF, then appropriate conditions should be attached. The Group joined forces with Democratic Representative Maxine Waters, who was both dissatisfied with the original version of the Bill and had a history of engaging on IMF-related themes. With the Representative, the NGO Working Group co-wrote a letter calling on the House and Senate leaders involved in reconciliation negotiations to add provisions relating, amongst other matters, to the protection of education and health expenditure in IMF arrangements. With the letter receiving the support of 41 fellow Representatives, and the Democratic majority in the House standing at 79, leaders were forced to take note of the call for a focus on social-spending targets.[[7]](#endnote-7)

Beyond this letter, the NGO Working Group’s lobbying efforts through May and June sought to engage directly with strategically important Senators and Representatives. In these communications two closely linked lines of argument were used to promote the reform agenda. Along one track, the protection of education and health expenditure was framed as a means of realising the G20 commitment that IMF support be used to finance counter-cyclical spending. Lobbying material from the NGO Working Group sought to outline to members of Congress that:

If the IMF uses resources provided by the US taxpayer to promote recessionary policies, the public will rightly ask why the money was provided. To avoid this political backlash, it is essential that the Fund be directed to use new money to promote stimulative policies.[[8]](#endnote-8)

Along the second track, the broader ‘no blank cheque’ rhetoric was incorporated into the communications strategy. Together, these strands aimed to gather support from both a wide range of Democrats and Republican members of Congress with relatively well-established anti-IMF views (Interview O).

With strong Congressional support, the relevant amendment to the Bill was introduced by Senator Sherrod Brown. The inserted text read:

The Secretary of the Treasury shall instruct the United States Executive Director of the International Monetary Fund to use the voice and vote of the United States to oppose any loan, project, agreement, memorandum, instrument, plan, or other program of the Fund to a Heavily Indebted Poor Country that imposes budget caps or restraints that do not allow for the maintenance of or an increase in government health care or education’.

This language mirrors the ‘proposed legislative language to address needed IMF reforms’ that had been circulated by the NGO Working Group in their lobbying communications.[[9]](#endnote-9) The amendment was included in the version of the Bill finally approved by the House on 16th June, the Senate on 18th June, and signed in to law by President Obama on 24th June, 2009. With the passage of the Bill, the release of additional capital from the US to the IMF was made conditional on the US Executive Director working to ensure that no concessional lending arrangement served to curtail education or health expenditure on the part of the borrowing country government. The passage of these Legislative Mandates through the course of mid-2009 served to activate the monitoring network linking Congress (via the US Treasury) to the US Executive Director of the IMF.

Upon the enactment of the March Legislative Mandate, the mechanisms through which domestic oversight of the US Executive Director is maintained were immediately set in train. Indeed, within a matter of days of the passage of the 11th March Omnibus Appropriations Bill the Treasury’s International Affairs Division moved to enforce its provisions. On 27th March IAD issued a request for information from IMF staff over the projected levels of social spending in the Côte d’Ivoire Poverty Reduction and Growth Facility arrangement, in order to evaluate whether the US Executive Director could legitimately approve the programme. By the time of the passage of the Supplemental Appropriations Bill a further four reviews of low-income country arrangements had taken place. Each programme was judged to comply with the Legislative Mandate on the grounds that the programme ‘allowed for an increase in health and education expenditures… in nominal terms and as a percentage of GDP under the IMF program’ (US Treasury 2010a: 1-2), thereby enabling the US representative to support disbursals of funds. With the readily observable nature of the goals laid out in the Legislative Mandates, and the available access to the data on disaggregated government spending needed to evaluate compliance,[[10]](#endnote-10) the Congressional action on social-spending targets was effectively transmitted into the IMF.

**Intervening Variable II: Primary Principal Preference Congruence**

The IMF Board is composed of 24 Executive Directors. Five of these Directors are appointed by individual member states, while constituency groups elect the remainder. Given sufficient levels of consensus amongst Directors, the Board can issue collectively sanctioned goals to staff and senior management. In the paragraphs below I draw on interview and archival data to demonstrate that, by the time of the Congressional actions of 2009, a high level of preference congruence existed amongst primary principals regarding the desirability of the use of social-spending targets in concessional lending. Indeed, available data suggests that by the mid-2000s the US Director remained the only one of the Fund’s primary principals that continued to oppose this development. Given that under the Board’s ‘consensus-based’ approach to decision making votes are rarely taken, considerable debate remains over the processes through which Directors are able to realise their preferences (cf. van Houten 2002, Leech 2003, Mountford 2008). However, owing to the high proportion of voting power held by the five single-country Directors,[[11]](#endnote-11) and in line with the findings from previous studies demonstrating the extent of these Directors’ influence in the organisation (Copelovitch 2010, Clegg 2012), I take the French, German, Japanese, US, and UK Directors to constitute the Fund’s primary principals, and focus on these actors when reviewing shifting preferences.

The emergence of the idea of including social-spending targets in concessional lending programmes can be traced back to the early 1980s, from which time staff within the IMF Fiscal Affairs Department (FAD) began to devote significant analytic resources to the issue. Through a combination of the personal leadership of the Fund’s Managing Director and a nudge from the US Congress, ‘social issues’ had begun to enter the IMF by the start of the 1980s. As Vetterlein’s (2010: 102-3) detailed history has demonstrated, the impact of H. Johannes Witteveen’s request in 1977 for research into the social implications of Fund lending was accelerated by Congressional threats to withhold funding unless progress was seen on the issue. This led to the publication of a 1980 staff paper outlining income distribution as an appropriate indicator in this regard. And following this same pattern of staff using requests from the Managing Director as an opportunity to frame the institutional understanding of a policy issue, FAD staff through the mid-1980s moved to lock ‘social spending’ in as a central component of the Fund’s operationalisation of ‘pro-poor growth’. Key developments in this regard took place in 1984 and 1985, with evidence of Board support emerging through the late 1980s and through the 1990s.

In the face of increasingly vocal criticism of the impact of the Fund’s programmes on the prospects for sustainable development in borrowing countries (Amuzegar 1986), Jacques de Larosière, Witteveen’s successor, called in late 1984 on FAD staff to examine ways of improving the impact of Fund programmes on income inequality (IMF 1984a). In his outline to colleagues of the Department’s response, FAD Deputy Director Alan Tait suggested that a number of existing work programmes be framed as addressing de Larosière’s request. The work on ‘expenditure incidence’ being undertaken by the newly formed Government Expenditure Analysis Division (GEAD) attracted particular mention in this regard (IMF 1984b). Peter Heller, GEAD Chief, was keen to take up this task of exploring the links between expenditure and income distribution, seeing the opportunity to report back to the Board as a means of challenging the ‘disturbing’ view of key Executive Directors and senior management figures that capital expenditure presented *the* obvious candidate for ring-fencing (IMF 1985a). A similar dynamic again occurred in relation to US Secretary of the Treasury James Baker’s criticism of IMF operations, whereby Tait and Heller explicitly sought to frame their ongoing expenditure analysis to the Fund’s Managing Director as contributing to the institution’s efforts to – in line with Baker’s injunction – become more ‘growth friendly’ (IMF 1985b, IMF 1985c, IMF 1986).

Through these actions, then, a focus on the links between disaggregated spending patterns and the impact of Fund concessional lending arrangements had by the mid-1980s began to gain traction in the organisation. It was in 1988 that the level of Boardroom support for these developments can first be observed. During the Board’s inaugural discussions of the implications of Fund-supported programmes for poverty reduction, a FAD staff paper introduced proposals to protect social spending in concessional lending. Drawing directly on the Department’s Baker-related work programme, FAD’s 1988 paper outlined the benefits of protecting education and health expenditure. In the *précis* of their research findings, FAD staff suggested that:

Cuts in health and education expenditures… adversely affected poverty groups, both in the short and long run. In the short run, the cuts reduced consumption benefits. In the long run, they may have hurt the productive capacity of the poor (IMF 1988a: 20).

In the accompanying Boardroom discussion the potential use of disaggregated expenditure targets attracted significant comment. Many Directors offered general support while also calling for further data collection and analysis, and closer cooperation with the World Bank on the issue (IMF 1988b). Through the early 1990s, with the Fund becoming increasingly involved in lending to low-income members, support for exploring additional means of increasing the pro-poor impact of concessional lending remained high: in a 1993 review of the operations of the Enhanced Structural Adjustment Facility (ESAF), for example, around half of the Executive Directors present spoke in favour of extending the Fund’s focus on poverty and distributional issues in concessional lending (IMF 1993).

The high profile issue of debt relief helped to keep concessional lending on the IMF agenda through the mid- to late-1990s. In a subsequent Board review of ESAF, FAD staff again floated the idea of protecting social spending levels in programme arrangements (IMF 1997b). Nine Directors (including, with France, a primary principal) provided backing for the proposal as floated in the 1997 FAD background paper; however, the majority were more equivocal (IMF 1997a: 80). While there was insufficient consensus to secure a firm approval of this policy shift, there was sufficient agreement for collectively sanctioned Guidelines on Social Expenditure to be issued to staff. These Guidelines required staff to routinely collect data on health and education expenditure levels, and to comment on trends in country reports (IEO 2003: 53).

A significant convergence of principal preferences in favour of the use of social-spending targets came around the turn of the millennium. Through the closing years of the 1990s, the IMF Board moved to approve increasingly large volumes of debt reduction for low-income countries. At this time, Executive Directors representing donor states – chief amongst whom were the primary principals – were placed under pressure from their political masters to demonstrate that resources committed were being translated into effective poverty reduction (Interview H). With FAD staff informally promoting the idea of using expenditure ring-fences as a means of demonstrating the institution’s contribution to poverty reduction,[[12]](#endnote-12) the Board approved guidelines stipulating that, in order to access debt reduction, the applicant state must develop a Poverty Reduction Strategy Paper outlining pro-poor expenditure streams (Clegg 2010a: 60-1, Vetterlein 2010: 106-10). In the wake of this development, broad support for the protection of social spending levels can be observed in Board discussions through the early 2000s. In a 2003 review of fiscal adjustment under IMF-supported programmes, four of the primary principals provided strong support for including greater measures to protect social spending levels in concessional arrangements.[[13]](#endnote-13) While providing general support that arrangements ‘need to be sensitive to… how social policy issues fit into the fiscal envelope’, the US Director – the one outlier amongst primary principals – suggested that the detail of social issues remained within the remit of the World Bank (IMF 2003: 102-3). This broad-based support is also reflected in a later review of the Poverty Reduction and Growth Facility (PRGF, the successor to ESAF), in which the Board collectively welcomed the finding that in PRGF programmes ‘fiscal targets have become more flexible to accommodate increased expenditures on pro-poor programmes’ (IEO 2004: 127).

In the IMF Boardroom, Directors had by the late 1990s both approved Guidelines on Social Expenditure, and the formation of the Poverty Reduction Strategy Paper initiative through which low-income countries were required to demonstrate that debt reduction was being translated into enhanced social-spending activities. In addition, through discussions in the early- to mid-2000s, all but the US Director amongst the primary principals had expressed support for the greater protection of social spending in concessional arrangements. This low level of incongruence amongst primary principals provided a supportive context in which the Congressionally prescribed shift was translated into reformed operational guidance.

A collectively sanctioned directive on social-spending targets was issued in July 2009, just 16 weeks following the March Legislative Mandate and five weeks following the June Legislative Mandate. On 23rd July 2009, the IMF Board approved ‘A New Architecture of Facilities for Low-Income Countries’ (IMF 2009b: 1). Through this decision, staffs were notified that the Poverty Reduction and Growth Facility would be re-named the Poverty Reduction and Growth Trust (PRGT), and that:

Under the [Trust], social and other priority spending should be safeguarded – and, whenever appropriate, increased. This should be monitored through explicit program targets wherever possible (IMF 2009a: 6).

Moreover, at the insistence of a coalition led by the US Director, new Guidelines on Poverty Reduction and Growth were drafted and distributed to operational staff highlighting the importance of incorporating social-spending targets into programme documents (IMF 2009a: 6, Interview H). With these actions, mechanisms associated with the third intervening variable were set in motion.

**Intervening Variable III: Effective Enforcement of Staff Compliance**

Existing scholarship on the IMF has characterised the institution as being ‘hierarchical’ by virtue of the effectiveness of the internal mechanisms of bureaucratic control (Momani 2007, Vetterlein 2010). Indeed, in a 2006 internal survey, IMF staffs themselves reiterated this conclusion (IEO 2006). These mechanisms have enabled the July 2009 collectively sanctioned directive on social-spending targets in concessional lending arrangements to be rapidly transformed from being a minority to a near-universal practice. After reviewing the central features of the Fund’s internal hierarchy, I outline their operation through the current case study.

For rules to be followed, they must be known by relevant actors. At the IMF, the communication of collectively sanctioned rules made by the Board occurs through well-established formal and informal channels. In formal terms, the content of agreements reached after Directors’ discussions of policy matters are recorded in the *Selected Decisions and Selected Documents of the IMF* compendium, an annual publication prepared by the Legal Department and distributed to staff. In addition, Executive Directors can request that Guidelines be formulated and distributed to operational staff to clarify expectations in a given policy area. Beyond these formal processes, more informal channels are also used to communicate decisions staff. This is done by Department Directors present at Board Meetings cascading information down to their Division Chiefs, who in turn channel these reports to other senior management figures, and finally to lower-ranking staff. In addition to sharing synopses of the Managing Director’s Summing Up, points of emphasis made by particular Directors are also on occasion commented on through both written and verbal communications.[[14]](#endnote-14)

Beyond these mechanisms for communicating rules, the Fund’s institutionalised processes surrounding the production of programme documentation provide an additional important mechanism through which collectively sanctioned directives are translated into operational practice. As is comprehensively catalogued by Harper (1998: 231-59), all country reports are passed around many members of staff in the organisation, often receiving substantial revisions in the process. During these circulations, input is received from staff with relevant expertise across core Functional Departments, including most significantly from the Strategy, Policy, and Review Department (SPRD). A central goal of SPRD is to ensure that programmes are consistent with operational guidelines, and the Department has a reputation for fulfilling this mandate in a robust manner (Momani 2007: 47-8). While Country Reports and other documentation associated with lending programmes are produced by subsequent Mission Teams, they also must ultimately be signed-off by SPRD. Through this process the Department plays a crucial internal enforcement role within the organisation.[[15]](#endnote-15)

In addition to SPRD reviews, a final key institutional check to ensure that lending arrangements are aligned with principal preferences comes through the Boardroom review process. All lending arrangements and subsequent reviews must be approved by the Board, with the relevant Mission Chief presenting the documentation at these review meetings. Mission Chiefs’ concern to avoid personal reputational damage motivates them to ensure that both programme content and Country Reports cohere as far as possible with Directors’ known preferences on particular issues (Interviews A, E, and J). In combination, these rule-making and enforcement processes provide the IMF with its hierarchical character. While the capacity to make and enforce rules is often identified as a defining feature of bureaucratic organisations (Weber 1978: 956-63, Olsen 2005: 4-5), in the case of the IMF these structures function particularly effectively.

The practice of using quantitative social-spending targets in the conditionality packages attached to IMF concessional lending arrangements emerged in the early 2000s. However, the inclusion of a social-spending target in the Indicative Targets and Quantitative Performance Criteria summary table for the Kenyan PRGF arrangement of August 2000 was followed by only a steady trickle. Less than one-fifth of the concessional lending arrangements approved from 2001-08 contained quantitative social-spending targets.[[16]](#endnote-16) The inclusion of social-spending targets through this period typically remained contingent on the coming together of country authorities that had ‘bought in’ to the enhanced poverty-reduction focus that had been introduced through the Poverty Reduction Strategy Paper initiative, and a particularly supportive Desk Economist and Mission Team (Interviews J, M, and N). However, the Fund’s hierarchical structures served to transform the Board’s collectively sanctioned directive on social-spending targets into a widespread operational shift.

Through internal communication of the Board decision and associated Guidelines, news of the steer on social-spending targets was rapidly passed across the institution. The policy shift was of particular relevance for staff in Area Departments with a heavy concentration of developing countries, expenditure-related divisions within FAD, and the Strategy, Policy and Review Department Low-Income Countries Division (SPRD-LIC). In line with the conventional wisdom regarding the effectiveness with which the Department carries out its internal policing role, SPRD-LIC quickly internalised the practice of ‘looking out for’ social-spending targets in programme documentation (Interviews J and K). Beyond SPRD-LIC, a common interpretation among staff is that through internal communications a collective awareness arose within Area and Functional Departments that social-spending targets had become something the Board wanted to see in arrangements, unless there was a strong reason against inclusion (Interviews J, K, M, and N). Evidence of the speed with which the operational shift occurred can be seen from both the re-writing of existing arrangements that occurred immediately after the issuance of Board-endorsed Guidelines in July 2009, and the transformation of the use of social-spending targets from being a minority practice in 2001-08 to a near-universal practice in 2010-11.

In total, six of the concessional lending arrangements that were active when the July 2009 Guidelines were issued were amended through subsequent reviews to include social-spending targets (see Table 1). In addition, with Ghana and Comoros we see that two arrangements approved a number of weeks later – and therefore whose content is likely to have been agreed with country authorities in advance of this point – were also amended during review stages. Through 2010 and 2011, 16 out of the 19 new concessional arrangements approved contained indicative targets on social spending in their overviews of quantitative conditionality. In each of these years, over 80 percent of new programmes contained quantitative ring-fences covering health and education expenditure;[[17]](#endnote-17) this contrasts dramatically to the figure of under 20 percent for 2001-08.[[18]](#endnote-18) When issued with clear orders over reforms to concessional lending practices, IMF staff very rapidly began to toe the line.

**Table 1 here**

The targets included in these arrangements allow for stable or rising levels of social spending, and as such meet the terms laid out by both the Congressional intervention and the Board’s collectively sanctioned goal. To generate an additional source of information on these targets, I have assessed the social-spending targets outlined in programme documents against pre-programme levels of combined government expenditure on health and education (see Table 2). Data relating to all social-spending targets that were active in concessional lending arrangements through 2010-11 are included in these figures; these comprise the 16 targets included in new arrangements approved through 2010-11, and the eight targets inserted into pre-existing programmes following the issuance of the Board’s collectively-sanctioned directive. While this exercise is affected by data limitations, it broadly demonstrates that meaningful targets were incorporated into most programmes.

**Table 2 here**

The majority of programmes contain annual social-spending commitments that were above combined pre-programme annual spending on health and education; this is true when measured in absolute terms (13 of the 21 for which relevant data is available), and as a proportion of total government expenditure (11 of 21). There is an even spread in the relative size of the indicative targets. In six programmes the social-spending target represents 0-9 percent of total government expenditure, five targets are in the 10-19 percent range, six in the 20-29 percent range, and seven in the 30-39 percent range. Despite this spread, these indicative targets represent a significant convergence in expenditure patterns; pre-programme reported spending on health and education extremely low in the majority of cases (13 of 21 were in the 0-9 percent of total government expenditure range), and extremely high in a handful of cases (in four cases, outlays on health and education were in fact higher than total reported government expenditure).[[19]](#endnote-19) In short, all targets comply with the collectively sanctioned goal and the Congressional Legislative Mandates. Additionally, the majority comply with the spirit of the NGO Working Group intervention underlying the Congressional action, which sought to ensure that these expenditures remained at or above their pre-programme levels. With effective enforcement of proximate principal compliance, congruence of primary principals’ preferences with the desired reform, and effective enforcement of IO staff compliance with the collectively sanctioned goal, the Congressional intervention was followed by rapid operational change in the use of social-spending targets in IMF concessional lending.

**Conclusion**

Through the main body of the paper, I have introduced a model that highlights the importance of three intervening variables in enabling externally driven rapid operational change in IOs, and outlined the dynamics surrounding each of these variables in the case study of the Congressional intervention on the use of social-spending targets at the IMF. In these concluding paragraphs, I briefly reflect on some of the broader implications of the empirical and conceptual insights introduced.

In conceptual terms, the primary point of engagement is with literature exploring the processes through which leading states are able to shape outcomes in global economic governance. In particular, the paper contributes to the body of work suggesting that the US remains *primus inter pares* in key arenas of global economic governance. Further empirical work is needed to establish the degree to which Congress functioning as an engine of rapid operational change represents an atypical or typical occurrence, and such additional investigation can be used to refine the model of rapid operational change advanced. In addition, by exploring the determinants of rapid reform, the work hooks in to the recent contributions seeking to explore the relationship between institutional structures and different varieties of operational change in IOs (Moschella and Vetterlein 2013, Park and Vetterlein 2010b). In particular, the findings from this paper suggest, in line with Park and Vetterlein, that the IMF’s hierarchical features provide mechanisms through which ‘top-down’ operational change is facilitated.

In empirical terms, the outcome observed in this case study (the near universal incorporation of social-spending targets into concessional lending arrangements) contributes to ongoing debates as to the extent of the post-Washington Consensus shift in global economic governance. Lütz and Kranke (2013) have recently demonstrated that deficit reduction targets contained in IMF arrangements with Hungary, Latvia, and Romania were lenient relative to corresponding targets in EU-issued conditionality, and that these IMF programmes demonstrated a greater sensitivity to the need to protect core expenditures and to favour a heavier use of revenue-raising measure to address fiscal imbalances. These authors present their findings as highlighting the need to empirically assess the widespread assumptions regarding the correspondence of IMF conditionality with Washington Consensus ideas, and the findings from this paper bolster Lütz and Kranke’s conclusion.

While recent discussion on the post-Washington Consensus has focused on the role of the BRICs in catalysing transformations (e.g. Babb 2013, Ban 2013, Ban and Blyth 2013, Ferchen 2013, Mukherji 2013), here I have demonstrated that the support of US-based actors has played a significant part in advancing the social spending agenda at the IMF. The competition to define the meaning of the post-Washington Consensus, and to assess the extent to which associated dynamics represent a superficial or deep shift in patterns of governance, looks set to remain heated for some time to come (c.f. Williamson 2000, Fine 2003, Stiglitz 2004, Craig and Porter 2006, Birdsall and Fukuyama 2011). While the question of where the use of social-spending targets in concessional lending arrangements at the IMF fits into these debates lies beyond the scope of this paper, the empirical insights advanced have the potential to fruitfully contribute to future iterations of these discussions.

Figure 1: The Foundations of Externally Driven Rapid Operational Change

**Intervening Variable I** Effective enforcement of proximate principal compliance

**Intervening Variable II**

Congruence of primary principals’ preferences with external actor’s goals

**Intervening Variable III**

Effective Enforcement of IO staff compliance with collectively sanctioned goal

Not present

Not present

Present

Present

Table 1: Social-Spending Target Insertions

|  |  |  |
| --- | --- | --- |
| Country | Arrangement Start Date | Insertion Date (Review) |
| Burundi | 13th August, 2008 | 16th February, 2010 (R3) |
| Comoros | 21st September, 2009 | 24th March, 2011 (R2) |
| Congo, Republic of | 2nd March, 2008 | 3rd March, 2011 (R3) |
| Ghana | 14th August, 2009 | 23rd June, 2010 (R1/2) |
| Liberia | 24th March, 2008 | 30th December, 2009 (R3) |
| Mali | 14th August, 2008 | 30th July, 2010 (R4) |
| Niger | 2nd July, 2008 | 27th May, 2010 (R3) |
| Zambia | 4th June, 2008 | 15th January, 2010 (R3) |

Source: Author’s content analysis of Letters of Intent

Table 2: Evaluating Programme Social-Spending Targets

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Country | Indicative Target  (% Total Spending) | Pre-Programme Level  (% Total Spending) | Stable or  Increasing Absolute Level | Stable or  Increasing (Proportional) |
| Afghanistan\* | 18 (7.4) | 28.5 (22.5) | x | x |
| Armenia\*\*\* | 31 (3.4) | 20.8 (4.4) |  | x |
| Benin | 133 (17.9) | 20.4 (3) |  |  |
| Burkina Faso\*\*\* | 275 (24.2) | 24.4 (2) |  |  |
| Burundi | 342 (33.5) | 28.9 (3.9) |  |  |
| Comoros\*\* | 12 (26.7) | 12 (40.7) |  | x |
| Congo, Republic of\*\* | 455 (35.7) | 14.1 (1.1) |  |  |
| Côte d’Ivoire | 840 (33.6) | No data | - | - |
| Ghana | 2 (18.1) | 15.8 (263.3) | x | x |
| Guinea-Bissau | 16 (18.6) | No data | - | - |
| Haiti | 10 (14.5) | No data | - | - |
| Honduras\*\*\* | 3 (3.7) | 38.8 (82.2) | x | x |
| Kenya\*\*\* | 26 (3.4) | 32 (8.8) | x | x |
| Krygyz Republic\*\* | 3 (3.8) | 31 (35.2) | x | x |
| Lesotho | 0.2 (2.2) | 42.1 (452.7) | x | x |
| Liberia | 0.1 (15) | 1 (500) | x | x |
| Mali | 235 (24.2) | 27.3 (3.6) |  |  |
| Mali | 252 (21.7) | 29.6 (3.1) |  |  |
| Mauritania\* | 107 (37.8) | 16.8 (8.1) |  |  |
| Moldova\* | 9 (31) | 32.9 (129) | x | x |
| Niger | 211 (36.1) | 30.4 (6.4) |  |  |
| Sierra Leone | 417 (20.1) | 19.9 (1.6) |  |  |
| Yemen\*\*\* | 631 (30.2) | 16.8 (1.2) |  |  |
| Zambia | 3938 (22.4) | 20.7 (0.2) |  |  |

Source: Author’s analysis of Letters of Intent and IMF World Economic Outlook Database. All values are local currency (bn). Indicative Target value refers to projected social spending during the first programme year. Pre-programme data refers to total expenditure on health and education in the year preceding the beginning of the arrangement. \*Pre-programme data from two years prior to arrangement; \*\*three years; \*\*\*four years.

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**Annex I**

|  |  |  |
| --- | --- | --- |
| **Identifier** | **Interviewee Position** | **Date** |
| Interview A | IMF Independent Evaluation Office, Senior Manager | November 4th, 2008 |
| Interview B | IMF External Relations Department, Senior Economist | November 11th, 2008 |
| Interview C | IMF Executive Director, developing-country constituency (with Advisors) | November 13th, 2008 |
| Interview D | IMF Alternate Executive Director, developing-country constituency (with Advisors) | November 13th, 2008 |
| Interview E | IMF Executive Director, advanced-industrialised economy (retired at time of interview) | November 14th, 2008 |
| Interview F | IMF Strategy, Policy, and Review Department, Low-Income Country Division, Senior Manager | November 21st, 2008 |
| Interview G | IMF Executive Director and Alternate Executive Director, advanced-industrialised economy | December 10th, 2008 |
| Interview H | IMF Fiscal Affairs Department, Expenditure Policy Division, Senior Manager | September 16th, 2011 |
| Interview I | Member of NGO Working Group on the IMF | July 9th, 2012 |
| Interview J | IMF Strategy, Policy, and Review Department, Low-Income Country Division, Senior Manager (recent Mission Chief) | July 10th, 2012 |
| Interview K | IMF Strategy, Policy, and Review Department, Senior Manager | July 10th, 2012 |
| Interview L | IMF Fiscal Affairs Department, Economist | July 11th, 2012 |
| Interview M | IMF Africa Department, Desk Economist | E-mail correspondence |
| Interview N | IMF Africa Department, Desk Economist | E-mail correspondence |
| Interview O | Member of NGO Working Group on the IMF | E-mail correspondence |

1. The IMF concessional lending window is now know as the Poverty Reduction and Growth Trust, having previously been the Poverty Reduction and Growth Facility (1999-2009) and the Enhanced Structural Adjustment Facility (1987-1999). [↑](#endnote-ref-1)
2. Gerster (1982: 502-11) also provides an insight into the relationship between Congress and the IMF. [↑](#endnote-ref-2)
3. I have refrained from placing a temporal marker in this definition, but tentatively offer six months as a first-cut figure for the ‘minimal time lag’. Given that a time lag of several years between preference shifts from World Bank principals on environmental issues and the realization of related operational reform is presented as effective IO control (Nielson and Tierney 2003), this figure constitutes an exacting yardstick. [↑](#endnote-ref-3)
4. I am grateful to one of the anonymous reviewers for drawing my attention to this overlap with Kardam’s work. [↑](#endnote-ref-4)
5. These groups were: Health Gap, Results, Jubilee USA Network, Centre for Economic Policy Research, New Rules for Global Finance, Africa Action Essential Action, Gender Action, United Methodist General Board of Church and Society, AFL-CIO, Health Alliance International, and Maryknoll Office for Global Concerns. [↑](#endnote-ref-5)
6. The Working Group had three core aims: first, to avoid restrictions on education and health spending and to use IMF resources as a form of economic stimulus; second, to require that legislatures in borrowing countries approve loan arrangements, and; third, to enhance IMF transparency. These goals appear in this order in the ‘NGO Working Group on the IMF: Reform Proposals’ memo, which was shared with the author by a member of the Working Group (Interview O). [↑](#endnote-ref-6)
7. Interviews I and O. In addition, media reports from this time present similar accounts of these events (e.g. Weissman 2009). [↑](#endnote-ref-7)
8. Email communication from the NGO Working Group lobbyist to members of the Senate Committee on Appropriations, which was shared with the author by a member of the Working Group. [↑](#endnote-ref-8)
9. This proposed text reads: ‘The Secretary of the Treasury shall instruct the United States Executive Director at the International Monetary Fund to oppose any loan, project, memorandum, instrument, plan, or other program of the International Monetary Fund that does not exempt increased government spending on health care or education from national budget caps or restraints, hiring or wage bill ceilings, or other limits sought by the international financial institution’. The Proposed Legislative Language was shared with the author by a member of the Working Group. [↑](#endnote-ref-9)
10. Efforts to expand the effectiveness of the IMF’s functioning as a data-collection hub can be traced back to the mid-1980s, from which time staffs have increasingly sought to promote members’ use of internationally-comparable metadata protocols (Clegg and Moschella 2013, Best 2013). In addition, World Bank and IMF staff have from around 2000 collaborated through the Public Expenditure Working Group to identify areas where technical assistance was required in this area, and to provide the necessary support to developing-country governments. By the mid-2000s, the Working Group’s evaluations demonstrated that the majority of developing country governments were including disaggregated data on education and health expenditure in their budget projections (IMF 2001: 20, IMF 2006: 21). [↑](#endnote-ref-10)
11. As of June 2013, these five Directors controlled almost 40 percent of the total voting power of the Fund. See IMF Official Website, available at <http://www.imf.org/external/np/sec/memdir/eds.aspx>. Accessed 17/06/13. [↑](#endnote-ref-11)
12. Interview H. In addition to utilising informal personal contacts between themselves and staff within Executive Directorates, FAD staff also promoted this idea externally (e.g. IMF 1997c). [↑](#endnote-ref-12)
13. Unambiguous support was presented by the French (IMF 2003: 75), Japanese (IMF 2003: 84), and UK (IMF 2003: 72) Directors, while the German included that caveat that such protection be included providing it did not contradict ongoing efforts to streamline conditionality (IMF 2003: 128-9). [↑](#endnote-ref-13)
14. Archival documentary trails provide fascinating snapshots of this process; memoranda distributed within the Fiscal Affairs Department following Board discussions of conditionality in SAF arrangements, for example, included a copy of the statement made by the US Executive Director at the relevant meeting. Interviews with current Fund staff confirm that similar practices continue to occur. [↑](#endnote-ref-14)
15. For a review of this cycle, see Sembene (2007). [↑](#endnote-ref-15)
16. Author’s analysis of Letters of Intent from programmes approved during 2001-08. In total 72 PRGF arrangements were approved during this time; Letters of Intent related to 68 were analysed (four remain undisclosed). [↑](#endnote-ref-16)
17. 13 new arrangements were approved in 2010 and six in 2011; 11 and five respectively contained indicative targets in their summary tables of quantitative conditionality. Author’s analysis of Letters of Intent. Documentation for three arrangements approved during this time has not been released, and so are excluded from these figures. [↑](#endnote-ref-17)
18. The former figure refers to Poverty Reduction and Growth Facility arrangements, and the latter to Extended Credit Facility (ECF) arrangements within the Poverty Reduction and Growth Trust. The IMF is clear that under the new lending architecture the ECF succeeds the PRGF, and so constitutes the appropriate point of comparison. See IMF Official Website, available at <http://www.imf.org/external/np/exr/facts/ecf.htm>. Accessed 12/03/13. [↑](#endnote-ref-18)
19. This extreme variation is likely to result from a combination of low expenditure tracking capacity, and a high dependence on aid flows. It is probable that in the four latter cases, total expenditure represents the domestically-financed figure, whereas health and education figures contain domestically- and externally-financed expenditures. [↑](#endnote-ref-19)