



With one exception, we found that program projections were good at predicting which way things would move.

—Phillips

LOUNGANI: The IMF must have done well on external sector projections.

PHILLIPS: Well, for both the current and capital accounts of the balance of payments, we didn't find any bias. But accuracy was weak. These balances may be fundamentally difficult to predict. I should mention that we also looked at the directional accuracy of IMF projections. With one exception, we found that program projections were good at predicting which way things would move. The one exception was capital account projections.

LOUNGANI: Is this because, as we discussed earlier, in capital account crises two quite different outcomes may be plausible, and the scenario you pick may be the wrong one?

PHILLIPS: It's possible. By the way, in practice, program projections are revised or updated quite often, so switching scenarios, if necessary, is always possible. But our study only looked at initial projections—that is, the projections made when the programs were first approved by the IMF's Executive Board.

LOUNGANI: Are you worried critics will seize upon these results and say, "there goes the IMF again, making errors"?

PHILLIPS: We found just what a person would expect—a mixed bag of results—some favorable, some pointing to

areas for improvement. If people want to focus only on the latter, they will. And they won't need our results, since the kinds of projections we studied are routinely made public. What would be constructive is if people intrigued by our findings try to build on them and test among competing explanations of why we got the results we did. Really, a useful interpretation of our results requires that.

LOUNGANI: A last word?

PHILLIPS: In the end, what you really want to know is how well IMF-supported programs work. In other words, how do program outcomes compare with what would have happened in the absence of a program or with the implementation of a different program? Of course, we haven't answered that. Our study just compares program outcomes with a set of numbers called projections. Still, I hope that some of the stylized facts we've found may ultimately be useful, at least in providing clues that can be used to fine-tune program design. ■

Copies of IMF Working Paper 01/45, *Comparing Projections and Outcomes of IMF-Supported Programs*, by Alberto Musso and Steven Phillips, are available for \$10.00 from IMF Publication Services (see page 180 for ordering details). Working Papers are also posted on the IMF's website (www.imf.org).

Available on the web (www.imf.org)

Press Releases

- 01/22: First Deputy Managing Director Stanley Fischer to Leave IMF Later in 2001, May 8 (see page 167)
- 01/23: Turkey: Augmentation of Stand-By Credit to \$19 Billion (see page 165)
- 01/24: Chad: Second Review Under PRGF, May 16

News Briefs

- 01/42: IMF Publishes Quarterly *Emerging Market Financing* Report, May 10
- 01/43: Mauritania: \$8 Million under PRGF, May 10

Public Information Notices (PINs)

- 01/41: IMF Executive Board Discusses Money Laundering, April 29
- 01/42: Togo, May 3
- 01/43: IMF Executive Board Discusses Challenge of Maintaining Long-Term External Debt Sustainability of HIPCs, May 4
- 01/44: South Africa, May 9
- 01/45: Sri Lanka, May 14

Speeches

- IMF First Deputy Managing Director Stanley Fischer, "Priorities for the IMF," Annual Meeting of the Bretton Woods Committee, Washington, April 27 (see page 176)
- IMF Managing Director Horst Köhler, "Promoting Stability and Prosperity in a Globalized World," Council of the Americas, Washington, May 7 (see page 165)

Transcripts

- Panel Discussion on Macroeconomic Policies and Poverty Reduction, May 7* (see *IMF Survey*, May 7, page 158)

- Press Briefing, IMF First Deputy Managing Director Stanley Fischer, May 8 (see page 167)
- Press Briefing, Thomas Dawson, IMF External Relations Department Director, May 10*

Poverty Reduction Strategy Papers

Armenia (interim), May 15

Letters of Intent and Memorandums of Economic and Financial Policies*

- Guinea, May 3
- Mauritania, May 10
- Turkey, May 15
- Chad, May 16

IMF Issues Briefs

IMF Lending to Poor Countries—How Does the PRGF Differ from the ESAF? April 30

Other

- Financial Assistance for the IMF's Poorest Members—An Update, May 2
- IMF Financial Activities, May 4
- Financing the Fund's Operations—Review of Issues prepared by the Treasurer's Department (in consultation with the Legal Department), May 4*
- Quarterly Update on the Special Data Dissemination Standard—First Quarter 2001*, May 7*
- Market Access for Developing Countries' Exports*, by the Staffs of the IMF and the World Bank, May 8*
- IMF Financial Activities, May 11
- IMF Financial Activities, May 16

*Date posted