

**Most Prolonged Users During 1971–2000<sup>1</sup>**

	Years Under IMF Arrangements	Number of Arrangements (of Which Precautionary Arrangements) <sup>2</sup>	Years with Outstanding Obligations Greater Than 100 Percent of Quota
Philippines	25	16 (1)	24
Panama	21	17 (10)	13
Pakistan	20	15 (0)	13
Haiti	20	15 (5)	5
Senegal	20	13 (0)	13
Guyana	20	14 (4)	12
Kenya	19	13 (1)	13
Uganda	18	9 (0)	8
Madagascar	18	11 (0)	9
Uruguay	18	16 (6)	3
Jamaica	18	12 (0)	19
Mauritania	17	10 (0)	5
Mali	17	9 (0)	4
Malawi	17	9 (0)	11
Togo	17	10 (0)	5
Argentina	16	10 (3)	19
Bolivia	16	8 (0)	5
Côte d'Ivoire	16	8 (0)	10
Ghana	14	8 (0)	8
Guinea	14	3 (1)	0

Sources: IMF Finance Department; and IEO staff calculations.

<sup>1</sup>Fifty-one countries met the definition of prolonged users at some point during the period 1971–2000. The table lists the 20 most prolonged users.

<sup>2</sup>Precautionary arrangements are arrangements where the member country's government has stated in its letter to IMF management that it does not intend to make drawings.

in best practice cases, but there are insufficient systemic incentives to ensure that such an approach is followed generally.

- Surveillance tends to be “crowded out” by program-related issues in prolonged use situations and this means there is insufficient opportunity to take a critical look at the adequacy of program design and to draw lessons from the experience of past programs. This leads to poor design of programs, contributing to repeat programs.
- Political considerations are also at the root of prolonged use in some cases. Political considerations are bound to enter into the decisions made by an institution where ultimate approval rests with shareholder governments, but the blurring of technical judgments and political considerations in such cases contributed to the dilution of accountability and lower credibility of those programs.

**Is prolonged use a problem?**

The report recognizes that prolonged use can be justified in cases where the simultaneous challenges of macroeconomic stabilization, institutional development, and structural reform take considerable time to resolve. That was the case, for example, in many

transition countries that have now “graduated” from IMF financial support and may also be true of many low-income countries. However, the evaluation suggests that prolonged use does involve significant costs that need to be borne in mind when considering the IMF's long-term role. Specifically:

- Prolonged use may hinder the development of robust domestic policy formulation processes over time;
- There is an inherent tension between the quasi-permanent conditionality implicit in prolonged use and country “ownership”;
- Surveillance activities, and the identification of longer-term vulnerabilities, may be “crowded out” by short-term program issues;
- The perception that IMF resources would be available over the long term, despite policy slippages, may have weakened incentives to take decisive action to deal with the underlying adjustment problems; and
- Prolonged use in some cases reflects pressures on the IMF to agree to a series of weak programs. As a result, the effectiveness of these programs will be reduced and the credibility of all IMF-supported programs may suffer.