

**Independent Evaluation Office (IEO) Response to the
Report of the External Evaluation of the IEO
Executive Board Meeting
July 6, 2018**

We welcome this report and thank the authors for their hard work, careful analysis and many constructive suggestions. This evaluation provides useful guidance to us in the IEO on how we can strengthen our own work and also makes a number of broader recommendations on how to enhance the overall framework for independent evaluation at the IMF which we believe will have a positive impact.

We are pleased by the assessment in the evaluation that the IEO has firmly cemented its reputation for high quality and independent reports. These are the foundations for the IEO to fulfill its mandate of strengthening accountability, institutional learning, and the Fund's external credibility.

We are also pleased that the evaluation broadly endorses steps taken over the last year by the IEO aimed at engaging more closely with staff and management as well as the Board. We agree with the authors that moving in this direction should help to strengthen both the quality and focus of our evaluations and the buy-in from the institution that is crucial for impact.

The evaluation's main message is that the traction of IEO work remains a serious concern, and that greater commitment is required from all parties—management, staff, Board, and the IEO itself—in order to increase the IEO's capacity to act as a change agent for the institution.

This focus for the report is the right one. Our perception is that there has been some, at least modest, improvement in traction in recent years, but overall impact remains less than it should be. The recent 9th Periodic Monitoring Report (PMR) (completed after the External Evaluation) did find that progress in implementing the last four management implementation plans has been somewhat better than for the previous five. The IEO's experience in engaging with staff on the two most recent evaluations—on Social Protection and Fragile States—not covered in the recent PMR has also been quite positive. Nevertheless, we have no doubt that the IEO's impact still falls well short potential, and any recent progress needs to be consolidated and extended.

The report makes many helpful recommendations on how to build greater traction, which we broadly support. We would like to comment first on what steps we in the IEO are considering to respond to suggestions about our own policies and practices and then add some broader thoughts on what could usefully be done to strengthen the overall framework for the IEO's work in the Fund.

In terms of the IEO's own work:

- We agree with the suggestion to institutionalize regular engagement with management and extensive consultation with management and staff at each stage of the evaluation process to avoid surprises and better sell our evaluation findings and recommendations. This has been the approach we have tried to follow over the past year.
- We agree with the advice to be more transparent in selecting evaluation topics—including to establish criteria for the selection of evaluation topics and careful explanation for the reasons for selection. As part of this process, the IEO is planning to schedule meetings with Directors on a more frequent basis—at least once a year—to discuss the work program and next topics, and to arrange the next such meeting in the months ahead.
- We agree with the merit of making sure that reports are concise and written in plain English with well-focused and deliverable recommendations. We would just add the qualifier that while readability is clearly critical to persuasion, we believe that a balanced and evidence-based report is also important to ensure credibility and buy-in.
- We agree that we should consider preparing some shorter, narrower evaluation products that can be done more quickly to provide timely inputs into topics being discussed by the Board. To this end, we could apply the more streamlined approach used in preparing recent evaluation updates—with less reliance on external consultants and more focused topics. We plan to make some suggestions the next time we come to Directors for guidance on topic selection. Having said this, we believe that the broader, in-depth evaluations should remain the bread and butter of our work.
- We agree with the suggestion of regular meetings with the IMFC chair and would like to take up the suggestion of briefing IMFC Deputies on evaluation work with policy implications on at least a trial basis. The next IMFC deputies meeting in September could provide a suitable opportunity.

On the panel's specific recommendations for the Board and management, we would put particular importance on those that relate to the follow-up process to our evaluations and could have the greatest impact on IEO traction. Follow-up was also a major issue for previous external evaluations of the IEO and while subsequent changes were helpful, we certainly concur that more needs to be done in this area.

- We agree with the importance given to ensuring that management implementation plans (MIPs) meet the SMART test (specific, measurable, attainable, relevant, and timely). The IEO can help by making concrete and deliverable recommendations, as

suggested by the external panel, although we should also avoid trying to micromanage staff by giving too detailed a blueprint.

- We agree with the suggestion that the Board or EVC should be able to request comments from the IEO on Board papers that follow up MIP items, offering an opportunity for the IEO to provide views to Board members on the extent to which the Board paper meets the deliverable in the MIP and addresses the objectives in Board-endorsed recommendations in the original evaluation. The World Bank Independent Evaluation Group already follows a similar practice.
- We agree with the need to further strengthen the Periodic Monitoring Report as a follow-up mechanism. Here the report makes two relevant suggestions. First, it proposes that the PMR should be discussed in a formal Board meeting. We agree with the panel that this could provide an opportunity for management to respond directly to the Board where there are major concerns about slow progress in implementation of key deliverables, and would also offer a channel for management in turn to hold staff accountable for timely and substantive implementation, or to propose any necessary modifications. Second, the report suggests that the backlog of open actions identified in the recent PMR should be addressed. We are pleased that the recent EVC meeting embraced this idea and will consider a triage process to divide open actions between those that are on track, those that require additional attention, and those that could be dropped or monitored elsewhere.
- We agree that the process for preparing summings-up for Board discussions of IEO reports could be revised to make sure these provide a clear expression of Board guidance on how management and staff should respond to IEO recommendations, including by providing a channel for the IEO to provide input as authoring departments normally have for other Board papers.
- On the terms of reference for the IEO, we do not feel strongly that any change is needed at this point, but a review could be warranted depending on Board reactions to the report's recommendations.

Turning to a couple of organizational issues:

- We agree that HRD could look at staff incentives for working in the IEO for a temporary assignment, to help us ensure that IEO can continue to attract a talented diverse group balancing outside perspective and insider understanding of how the IMF works. Our own perspective is that an overall approach of making sure that the IEO is engaging constructively with staff in its work and that management, staff, and the Board show commitment to the importance of the IEO's contribution, as recommended in the report, are key to bringing strong performers to the IEO from staff. We would also observe that there is a general issue, not specific to working at

the IEO but that does impact us, that the IMF career ladder tends not to give adequate weight to the value of an external assignment.

- Regarding the IEO budget, we agree with the panel's judgement that the current budget remains adequate for the existing scope of activities, but some modest increase could be needed if the Board would like to see an expansion of the IEO deliverables. It's worth noting that the current allocation—1/2 percent of the IMF administrative budget—is quite modest relative to evaluation offices in other IFIs (e.g., World Bank well over 1 percent).

Finally, we would reiterate our thanks to the panel for their excellent report, which should provide the basis for further strengthening the role of independent evaluation at the Fund. We look forward to the Board's discussion of the report and are fully committed to doing our part in following through with agreed actions.