

**Independent Evaluation Office Response to the
Report of the External Evaluation Team
March 18, 2013**

1. We welcome this clear and concise report and its overall positive assessment of the IEO's work.
2. The IEO is pleased to learn that key stakeholders believe that our reports are highly relevant and of high quality, and that the IEO has contributed to strengthening the effectiveness, learning culture, external credibility and accountability of the IMF—the IEO's main goals. We are also encouraged by the recognition of the progress we have made in implementing the recommendations of the previous external evaluation—the Lissaker's Report—and are committed to following through on the current external evaluation's recommendations.
3. While we are pleased to have made positive contributions, we take note of the areas identified for improvement, including with respect to collaboration and engagement with IMF Management and Staff, timing of evaluations, and the follow-up process.
4. We are in agreement with the conclusion that there is room for greater awareness and knowledge of the IEO and its findings and recommendations within the Fund. The IEO intends to increase 'in-reach' activities among Board members and looks forward to working with Management in identifying the most effective way for reaching out to Staff. More generally, we look forward to exploring together with Management and Staff ways to engage constructively and make our working relations more productive.
5. On a related note, as indicated in the evaluation report, during the period under review the IEO was able to gain access to the documents and information it had requested from Staff. We look forward to continuing our cooperative interactions with Staff in this regard.
6. The timing of evaluations is critical to the continued relevance and usefulness of IEO evaluations. We share the external panel's concern that the current constraint on IEO's topic selection, i.e., not to interfere in the 'current operations' of the Fund, is not sufficiently clear.¹ Like the external evaluation report, the IEO believes that it is important to evaluate major issues while they are still relatively 'fresh' and capable of producing lessons for future Fund operations, while at the same time making sure not to complicate the Fund's ability to engage

¹ This was reflected, for example, in the recent discussions with staff on the IEO's proposed work program, where significant differences of view appeared on what constitutes "current operations".

with a country or jeopardize the success of a program. We believe that the constraints proposed by the external evaluation report, i.e., not to evaluate current lending programs, would be adequate to balance these two goals. We look forward to hearing Executive Directors views on the appropriate timing to initiate IEO evaluations.

7. We share the external evaluation's assessment that the follow-up process currently in place has not been working properly, and that it needs to be changed. We believe that the external evaluation's corresponding proposals have the potential to enhance the impact of IEO evaluations and thus strengthen IMF performance. In particular, we see the value of, and are ready to prepare, a biennial "issues-oriented review" of progress made in advancing the main reforms recommended in evaluation reports.

8. A critical element in the follow up process is the preparation of the Summing Up of Board discussions of IEO evaluation reports.² The IEO understands that the external panel's proposal that the Summing Up be prepared by the Chair of the Evaluation Committee is not compatible with the current practice, and that it could create some practical difficulties. But Staff's proposal may also pose practical difficulties and significant weaknesses. For example, the IEO could end up identified with the preparation of a Summing Up that does not conform with its view of what had transpired in the corresponding meeting.

9. The IEO has two suggestions to move this complex issue forward. First, any new process that is adopted should be reviewed by the Evaluation Committee after it has been tried on the preparation of three Summings Up to assess whether it is working as intended and to propose corrective measures. Second, the IEO could prepare the first draft of the Summing Up of the Board discussion, as proposed by the Staff, but under this scenario the IEO would also need to work with the Secretary's Department in preparing the final version after the Board discussion.³

10. Notwithstanding the concerns mentioned above, the IEO is ready to work with the Board, Management and Staff to resolve any practical difficulties that may arise in implementing the proposals of the external evaluation report with respect to all aspects of the follow-up process.

² The preparation of Summings Up for Board discussions of IEO evaluations was not considered by the Board working group established last year to explore how to improve the broader Summing Up process. A particular challenge in the preparation of Summings Up for IEO evaluations is the treatment of the "rule of silence," i.e., how to reflect the views of Executive Directors who do not explicitly take a position on IEO conclusions or recommendations.

³ This parallels the process used for staff reports when relevant departments work with SEC in finalizing the Summing Up.

11. The external evaluation found that the IEO has contributed to strengthening the IMF's learning culture. To further enhance its contribution in this area, and in line with the external evaluation's recommendations, the IEO is prepared to produce a periodic assessment of a sample of EPAs and EPEs, focusing on strategic and cross-cutting issues, with the goal of improving the quality of these internal self-assessments, which may lead to better design of future IMF-supported programs.

12. We agree that the IEO's comparative advantage is to distill recommendations "aimed at the outcomes to be achieved by the IMF, leaving it to Management and the Board to design the appropriate actions to deliver those outcomes". Most IEO evaluations include several such high-level recommendations, while at the same time providing suggestions of ways to implement these high-level recommendations. In fact, Executive Directors often ask for more specific recommendations that could be more readily monitored. We look forward to hearing Directors' views on the relative merits of these alternatives to help us reassess the balance between different types of recommendations in light of the external evaluation report.

13. The external evaluation report points out some of the difficulties the IEO has faced in attracting suitable IMF Staff for temporary assignments. This results largely from the nature of our position in the institution and our mandate. We appreciate the report's suggestions on how to address these problems, including incentives to help convince high-caliber IMF Staff that a stint at the IEO would be a career-enhancing experience. We look forward to Management's and Staff's ideas on how this could be implemented.

14. Finally, the IEO would welcome the opportunity to make a brief presentation to the IMFC during the Annual Meetings, as was the practice in the past. Such a presentation could focus on those major policy issues arising from recent evaluations that would be of concern to Ministers, and not necessarily cover the full gamut of IEO findings and recommendations.

15. In closing, we want to express our appreciation to José Antonio Ocampo, Stephen Pickford, and Cyrus Rustomjee for their excellent report, which will help guide the IEO going forward. This external evaluation and their report provided the IEO with an opportunity to reflect on its work, and suggestions to enhance its effectiveness. The IEO intends to present information about follow-up on key findings and recommendations of the external evaluation in future Annual Reports. The IEO finds the process of periodic external evaluations extremely useful and would welcome a follow-up exercise in five years.