



**RESEARCH AT THE IMF:
RELEVANCE AND UTILIZATION**

**ISSUES PAPER
FOR AN EVALUATION BY THE
INDEPENDENT EVALUATION OFFICE (IEO)**

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The IEO will undertake an evaluation of research activities at the IMF. The evaluation will focus on the relevance and utilization of IMF research, particularly by member countries, and the quality of that research. This issues paper describes the scope and main questions to be addressed, and outlines the methods to be used to conduct the evaluation and the background studies that will inform it.

I. INTRODUCTION

1. Research is critical to the IMF's successful operations because it contributes to the development and updating of analytical tools needed to discharge its responsibilities. Research also affects the perceptions of policymakers and others about the quality of IMF policy advice, and thus contributes to the organization's effectiveness. The Research Department defines the main objectives of IMF research as follows: "to improve the analytical quality of the Fund's work and, thereby, the advice provided to member countries, as well as to contribute to research in areas that are relevant to the IMF's purposes as defined in the Articles of Agreement."¹
2. This evaluation will adopt a broad definition of research, capturing the variety of output generated across the organization, including functional and area departments, in addition to the Research Department. Some of these departments undertake basic and technically sophisticated research while others have a more applied orientation, focusing on policy analysis.
3. In 1999, a group of outside experts evaluated the IMF's research activities, at the request of the Executive Board. They measured the relevance of research against the mandate of the IMF, evaluated the quality of research, and appraised its utility by country authorities.² At that time, the Executive Board agreed with the group's finding that there was "substantial room for improvement in the overall quality of the IMF's research." Among other conclusions, Directors endorsed the recommendation that the mix of research conducted at the IMF should be directed more to areas where research could add the most value, namely research on developing and transition economies, the financial sector, and cross-country work.
4. The remainder of this note is organized as follows. Section II describes the scope of the evaluation and presents illustrative questions to be addressed. Section III discusses the methods to be used and lists background studies that will serve as building blocks for the overall evaluation. Annex 1 lists the main findings and recommendations of the Mishkin

¹ "Research at the IMF" available via the Internet at www.imf.org/research.

² The outside experts produced the "Report of the External Evaluation Committee on the IMF's Economic Research Activities," also known as the Mishkin Report (1999). Their main findings and recommendations are listed in Annex 1.

evaluation, and Annex 2 describes recent evaluations of research prepared in other international organizations and central banks.

II. SCOPE AND EVALUATION QUESTIONS

5. The evaluation will cover research conducted across the IMF.³ A practical definition of research will be adopted based on a list of outputs produced by the IMF. These outputs will be divided into two broad categories: “surveillance and policy oriented output” and “research oriented output”, reflecting the different objectives. “Surveillance and policy oriented” output refers to work that focuses on policy analysis and includes Selected Issues Papers (SIPs) associated with the Article IV consultations, the analytical chapters of the World Economic Outlook (WEO)/Regional Economic Outlook (REO) and the Global Financial Stability Report (GFSR), Occasional Papers (OP), and Policy Discussion Papers. “Research oriented output” refers to work that focuses on generating new knowledge or by broadening the understanding of policy frameworks. It includes Working Papers (WPs), IMF Staff Papers, books and conference volumes, and publications in academic journals. The evaluation period will cover 1999–2008, the decade since the Mishkin Report. The IEO estimates that during this period the IMF produced about 7,000 research outputs.

6. The evaluation will focus on the relevance and utilization of IMF research. It will also assess the technical quality of the research and will examine the management of research activities. Finally, the study will describe the implementation of recommendations from the 1999 evaluation.⁴ Aspects of these issues are inter-related and, therefore, will be assessed jointly, e.g., utilization is a direct indication of relevance; high quality and relevance are indications of a well-run research program.

7. **Relevance** refers to whether IMF research is viewed as important to the needs of member countries and/or pertains to the core mandate of the IMF—thus enhancing the IMF’s capabilities to perform its duties. Coverage is an important aspect of the relevance of the program; it addresses the questions of whether some important research topics have been omitted and whether some areas of research undertaken were not well aligned with the Fund’s priorities.

³ The Mishkin evaluation estimated that about one-quarter of IMF research (measured by the number of research outputs produced) was undertaken by the Research Department, another quarter by other functional departments, and one-half by area departments (including research in Selected Issues Papers associated with Article IV consultations). Preliminary estimates of the distribution of research output during the evaluation period (1999–2008) are broadly consistent with this finding.

⁴ In March of 2000, the Research Department prepared an Information Note on Follow-Up to the External Evaluation of Research, but it seems that no formal reporting on monitoring of the evaluation recommendations has been issued since then.

8. To assess relevance, the evaluation will classify research outputs by topic and address the following questions:

- Has research addressed topics relevant to the IMF policy agenda? Were these the topics that member-country authorities believed were most needed? Did IMF research contribute to eliciting important policy discussions?
- Was there the right balance between different types of research, including empirical versus theoretical, country-specific versus cross-country, global issues versus country or regional specific? Is there an appropriate balance of research on advanced, emerging-market and low-income economies?

9. **Utilization** refers to the extent to which the IMF’s research is used by member countries as well as by the Fund itself, including in the policy debate within the country, in the Fund’s dialogue with the authorities, in the design of IMF-supported programs, and in global policy discussions. Assessing utilization is difficult because there are lags and many channels through which a particular piece of research (or a cluster of studies) may influence policies and the policy dialogue. But given the nature of IMF research, it should be possible to assess utilization within the ten-year period covered by this evaluation.

10. For research prepared in the context of operational work, we will examine whether it was useful for policymaking in the member country and whether it influenced the Fund dialogue with the authorities. For research that is not specifically prepared as part of operational work it is necessary to check whether it influenced internal IMF documents and discussions, as well as thinking outside the IMF.

11. Several previous IEO evaluations covered some aspects of utilization of research. For instance, the evaluation report on aid to sub-Saharan Africa found that analysis of functional departments was used in the design of Poverty Reduction Growth Facility programs, whereas work of the Research Department was not used.⁵ The evaluation of multilateral surveillance discussed the extent to which the WEO and REOs had been utilized.⁶ The evaluation on Poverty Reduction Strategy Papers noted that “there should be more systematic explorations of country-specific macro-micro linkages—both through the IMF’s own analysis and research activities and by drawing more systematically on the work of others.”⁷ The evaluation of capital market liberalization contained a full appendix on

⁵ “The IMF and Aid to Sub-Saharan Africa,” (IEO, 2007), Box 3.2, p. 20.

⁶ “Multilateral Surveillance,” (IEO, 2006).

⁷ “Evaluation of the IMF’s Role in Poverty Reduction Strategy Papers and the Poverty Reduction and Growth Facility,” (IEO, 2004).

research findings, and concluded that there was considerable synergy between staff research and multilateral surveillance.⁸

12. The evaluation will review utilization of IMF research based primarily on a set of case studies on a select group of countries across the membership. In addition, it will examine how staff utilize IMF research in their operational work. The following questions illustrate the issues that will be addressed:

- How frequently do country authorities make use of research developed by staff at the IMF? How useful has IMF research been in the policy making process?
- How frequently do area department economists make use of work developed by the staff in the research department or elsewhere in the IMF? Do research findings make their way into Article IV documents? Do they add value to program design?

13. The evaluation will assess the soundness of the analysis and the value added, which may differ across outputs. Components of **technical quality** also include whether the output displays adequate country and institutional knowledge. Some of the quality-related questions that the evaluation will seek to answer are:

- Has IMF research generated new knowledge or broadened the understanding of policy frameworks?
- Does IMF research allow for alternative perspectives? Or, is it driven by pre-set policy prescriptions?
- How does the overall quality of IMF research compare to research conducted at other similar institutions?

14. The evaluation will examine the **management of research activities** by looking at how priorities are set, how research topics are selected, how resources are allocated and used, and how research is supervised and vetted across the IMF. These issues will be explored by asking the following questions:

- Are research priorities set institution-wide or independently by each department?⁹ What role does the Board play in setting priorities and in vetting studies? Are there formal consultations with stakeholders?

⁸ “The IMF’s Approach to Capital Market Liberalization,” (IEO, 2005).

⁹ In response to the Mishkin evaluation, a Committee on Research Priorities was established in November 1999 to identify priority research areas and to decide where such research would be conducted. It appears that the Committee has been dormant since late 2006.

- What is the balance of resources devoted to supply- and demand-driven studies, and to “directed” and “blue-sky research,” respectively?¹⁰
- Is research properly planned? What information is there about costs? How do costs compare across departments and over time?

Finally, the evaluation will document the follow up to the recommendations of the Mishkin report.

III. METHODS AND WORK PLAN

15. A variety of methods will be applied in this evaluation - similar to those used in the Mishkin evaluation as well as those employed in evaluations of research conducted in other multilateral organizations and at central banks.¹¹

16. Evidence will be gathered through descriptive analysis, archival research, surveys, semi-structured interviews, and assessments of quality. Evidence on relevance and utilization will be collected through surveys and semi-structured interviews of staff, country authorities, and representatives of academia and “think tanks”. Quality will be examined using common metrics, including publications and citations, perceptions of relevant stakeholders and peer reviews. Issues will be approached through different and independent perspectives, which will allow for triangulation of the findings. Evidence on management and organization of research activities will be gathered through surveys, semi-structured interviews with staff, and analysis of budget documents.

17. Background papers will be prepared for each of the five areas of interest: relevance, utilization, technical quality, management of the research process, and a follow-up to the previous external evaluation of IMF research. Based on the results of this work, together with the results of surveys, interviews and other consultations, the evaluation team will prepare a *chapeau* report with the main findings and recommendations. The remainder of this section discusses a tentative list of background papers.

18. As described earlier, the key element of this evaluation will be to examine **relevance and utilization** of IMF research. Case studies will be used to examine how well research is perceived by its audiences and whether that research is aligned with IMF priorities. The following studies will be undertaken:

¹⁰ “Blue-sky” refers to research where “real-world” applications are not immediately apparent. “Directed” research refers to research chosen by departmental management that is prepared for a specific purpose.

¹¹ See Annex 2 for details on the objectives and methodology of such evaluations.

- *A description of IMF research.* This study will create an inventory of the research outputs prepared during the evaluation period. SIPs and WPs, which represent over 75 percent of all output, will be cataloged according to seven major topics (external sector, financial sector, monetary sector, fiscal issues, real sector, economic growth issues, and statistical issues). Using this information, the study will also investigate whether there were major gaps in coverage of research topics.
- *Regional Views of Country Authorities: Relevance and Utilization.* A paper will be written based on interviews of policy makers and policy analysts in academia and “think tanks” in selected countries across the membership. The objective of the paper will be to determine the degree of awareness of IMF research, its utilization, and its impact on policies. The paper will also examine the consultative process between IMF staff and country authorities and review their collaboration. Finally, the paper will also explore how research and output devoted to low-income countries have evolved since the Mishkin report.
- *Research Utilization by IMF Staff: Case Studies.* This study will trace how IMF research findings are incorporated into Article IV Staff Reports other surveillance work, and country policy dialogue. Area department staff will be interviewed and surveyed to obtain views on their awareness and use of research findings.

19. The evaluation will also examine the **technical quality** of IMF research. Several complementary studies will be written. Some will focus on the “research-oriented output” and the others will focus on “surveillance and policy oriented output”:

- *Publications and citations.* This study will look at citations of WPs at peer institutions and the citations of research published in refereed academic journals.¹² Both of these measures provide an indicator of the quality of research, but not a perfect one. While citations provide signals about the research value of a paper, they also reflect other factors such as acknowledgment of research impact and research networking. Nonetheless, publication in a journal tends to serve as a “stamp of approval”, raising the likelihood that a paper will be read and ultimately cited by others in the field.
- *Quality of Fund Research: Peer Reviews.* Panels of internationally recognized researchers will closely examine two thematic clusters of IMF WPs (in the general areas of fiscal, and monetary and exchange rate policies). The objective will be to determine whether IMF research added value, such as by generating new knowledge or by broadening the understanding of policy frameworks. In addition to assessing the overall quality of IMF research, this study will identify the characteristics of high and low

¹² See St-Amant, Tkacz, Guerard-Langlois, and Morel (2005) and Goodfriend, Konig, and Repullo (2004).

quality outputs. Assessments of this type tend to elicit concern about subjectivity and for potential competition between peer reviewers and researchers. To mitigate these concerns, a standard set of indicators will be developed and consistently applied.

- Quality of surveillance and policy oriented output. This paper will review the quality of WEO, GFRS, REOs and SIPs. The review of WEO/GFRS/REO will consider the focus of the analytical chapters assessing and whether they reflected the important policy issues at the time and that appropriate methods were used to address those issues. SIPs will be assessed on quality using a simple metric as the working paper with more emphasis on policy relevance.

The **management and organization of research activities** will be examined to assess the effectiveness of the IMF's internal processes. Background papers include:

- *A description of management and organization of IMF research.* This paper will describe how the IMF organizes its research activities, from the determination of the research agenda through the allocation of resources, vetting of studies, and internal and external dissemination. It will also consider the general research environment, the incentive structure for research, inter-departmental collaboration, the trade-offs between doing directed versus independent research, and the cost of doing research.
- *A review of the conceptual and methodological approaches in IMF research.* The study will analyze how successful the IMF has been at integrating financial markets in macroeconomic framework, and benchmarking IMF work relative to others. It will examine the different conceptual and methodological approaches applied to macro-financial research topics. It will also explore whether the Fund has been open to alternative approaches, and it will investigate whether there are dissemination channels for externally produced research.

20. Finally, a background paper will be prepared documenting the **follow-up** on the 22 recommendations of the 1999 Mishkin evaluation of IMF research (listed in Annex 1). While the status of these recommendations will be examined, there is no plan to assess whether they remain valid as circumstances have changed. Also some of the recommendations were directed at Fund processes in general, which is beyond the scope of this study.

Annex 1. Main Findings and Recommendations of the Mishkin Report

Main Findings

The main findings of the report were:

- there was scope for improving the overall quality of the IMF's research;
- there was a need for better prioritization of research undertaken;
- there was a need to integrate research into operational work; and
- there was a need to increase the external profile of IMF research and researchers.

In addition to these main findings, the report provided 22 recommendations, 9 key recommendations, and 13 supplementary recommendations. These include:

Key Recommendations

Allocation of the Fund's scarce resources

1. Create a Committee on Research Priorities to assist in strategic planning and to support research activities.
2. Introduce explicit departmental targets for staff time allocated to research activities.
3. Shift the mix of research toward topics that add most value.

Improvements to various aspects of the Fund's incentive structure

4. Create incentives to improve collaboration between departments and to encourage researchers to contribute to policy work.
5. Improve the assessment of research quality in the annual performance evaluation system.
6. Give all staff, no matter how junior, opportunities to present their research products to management and the Executive Board.

Role of the Director of the Research Department in fostering research

7. Give a clear mandate to the Director of Research Department to be both an active research leader and economic counselor to the Fund.
8. Create a more effective performance evaluation system.

9. Consider how to reduce unnecessary internal review of Fund work and avoid formal written comments where informal communications would be adequate.

Supplementary Recommendations

Fund's culture, incentive structure, and accountability

- 10. Encourage participation in relevant external conferences.
- 11. Put only the names of significant contributors on Fund publications.
- 12. Improve collaboration between World Bank and Fund researchers.
- 13. Introduce more flexibility into the hiring procedures for entry-level economists.
- 14. Consider streamlining the management structure in the Research Department.

Dissemination of research both within and outside the organization

- 15. Write and disseminate non-technical summaries of highest quality and most relevant research.
- 16. Treat working papers as preliminary.
- 17. Create a new vehicle for non-senior staff to make presentations to Management and the Executive Board.
- 18. Improve dissemination of research to non-technical audiences outside the Fund.

Resource allocation in the Fund

- 19. Increase the number of research assistants relative to economists.

Culture of openness to the outside world

- 20. Create an ongoing external review process for research products.
- 21. Monitor progress on implementing the recommendations in this report.
- 22. Create periodic, general, external reviews of research activities.

Annex 2. List of Recent Evaluations of Research

In recent years, a number of central banks and multilateral organizations have conducted evaluations of their research. Below is a selected list of institutions that have performed evaluations during our review period, followed by a brief summary of the evaluation objectives and methodology.

Central Bank of Canada¹³

The purpose of the evaluation was to appraise the quality of research in comparison with other leading policy institutions and to assess the extent to which this research had a significant impact on economists at other central banks and academic institutions. In addition, this evaluation considered the research environment at the Bank. This evaluation was conducted by an external panel of experts and included a sample desk review, and internal and external interviews. Metrics included: a journal publication count, an analysis of output averages and quality (compared across 12 countries and the U.S. Federal Reserve System).

Central Bank of Finland¹⁴

The focus of the evaluation was to assess the scientific quality of research output and its relevance for the strategic goals of the Bank. This evaluation was conducted by an external panel of experts and based on interviews with Bank staff.

Central Bank of Hungary¹⁵

The objective of the evaluation was to review the technical quality of research and its relevance for the Bank. In addition, the evaluation was to make recommendations to improve the research performance. This evaluation was conducted by an external panel of experts and based on interviews with Bank staff.

European Central Bank¹⁶

This evaluation considered: the focus and organization of economic research conducted at the Bank; its scientific and value added; its relevance for the conduct of monetary policy and other tasks related to the goal of the bank; and its influence within the academic community and in other policy-making institutions. This evaluation was

¹³ Laurence Meyer, Martin Eichenbaum, Douglas Gale, Andrew Levin, and James McAndrews (2008).

¹⁴ Philip R. Lane, Loretta J. Mester, and Juuso Välimäki (2004); Anil Kashyap, Matti Pohjola, and Volker Wieland (2009).

¹⁵ László Halpern and Loretta J. Mester (2008).

¹⁶ Marvin Goodfriend, Reiner König, and Rafael Repullo (2004).

conducted by an external panel of experts. It was based on a sample desk review as well as internal and external interviews. Metrics included: a journal publication count, an impact ratings and rankings assessment, an analysis of output averages and quality, a count of external website downloads, and a count of external presentations.

Inter-American Development Bank¹⁷

The evaluation examined the Bank's efforts in the production, storage, dissemination and utilization of research. The evaluation was conducted internally by the Office of Evaluation and Oversight. The methodology included: a sample desk review, internal and external interviews, and surveys. Metrics included: journal of publication count, citation count, and analysis of output average and quality.

International Monetary Fund¹⁸

The evaluation assessed whether economic research in the IMF contributes successfully to the achievement of the Fund's objectives. It examined the appropriateness of the scale and organization of research activities, the way in which the level of resources are chosen and how they relate to the overall work of the Fund, the quality and the added value of different aspects of the Fund's economic research, as well as appraised its utility in the Fund among its member countries and within the wider economics community. The evaluation was conducted by an external review panel based on a sample desk review, a review of research outputs selected by staff, an abstracts review, and internal and external interviews. Metrics included: journal publication count, and citation count.

World Bank¹⁹

The evaluation reviewed the following: the process of selection of research; the topical coverage and emphasis of that research; the analytic quality and reliability of the findings; the relevance of research reports for Bank operations and its clients; and how future Bank research could best serve the organization's objectives. The evaluation was headed by an external review panel and was supported by a large cadre of academic peer reviewers. The assessment was based on a sample desk review, a selected review of research outputs, and internal and external interviews. Metrics included: journal publication count, and impact ratings assessment.

¹⁷ Office of Evaluation and Oversight, Inter-American Development Bank (2006).

¹⁸ Frederic Mishkin, Francesco Giavazzi, and T.N. Srinivasan (2000).

¹⁹ Abhijit Banerjee, Angus Deaton, Nora Lustig, Ken Rogoff, and Edward Hsu (2006).

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