Recurring Issues from a Decade of Evaluation: Lessons for the IMF

Issues Paper for an Evaluation by The Independent Evaluation Office (IEO)

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I. INTRODUCTION

1. The proposed evaluation seeks to identify recurring issues from the IEO’s 20 completed evaluations and to assess what has been done by the IMF to address them. The fact that multiple IEO evaluations have found similar issues in different contexts suggests that some issues are difficult for the IMF to fully resolve.

2. The evaluation is prepared in response to the proposal made by the 2013 external evaluation of the IEO that the office should periodically prepare a review of “generic and substantive issues” that are not “encapsulated in specific recommendations” but deserve monitoring (Ocampo and others, 2013, p. 26). The external panel further noted that the review “should focus on major generic issues identified by the IEO rather than an exhaustive review of specific actions” (Ibid., p. 28). The proposal received broad support from the Executive Board, Management, and staff, when the report was discussed by the Board in March 2013.

3. The idea of preparing such a review was raised in the context of strengthening the follow-up process for IEO recommendations. At present, the formal follow-up process includes (i) Management Implementation Plans (MIPs) for those IEO recommendations endorsed by the Board and (ii) Periodic Monitoring Reports (PMRs) to track implementation of those recommendations. In the external panel’s view, this process has become a “box-ticking” exercise, in which the IEO’s recommendations are turned into “a series of specific actions” that tend to dilute their substance; there is no monitoring of broad policy conclusions and concerns raised in IEO reports.¹ As a result, “recommendations deemed by the Fund to have been met or on track for completion tend to be raised again in subsequent IEO reports” (Ibid., pp. 23–24).

4. This report focuses on key issues that have recurred in IEO evaluations over time, rather than on specific IEO recommendations and their implementation. IEO recommendations, even when endorsed by the Board, do not preclude the IMF addressing the identified issues in an alternative way. By bringing recurring issues to the table, this report aims to contribute to the overall effort to enhance the follow-up process. This approach also accords with the suggestion made by the Managing Director, in her response to the External Evaluation, that it would be useful to “refocus the follow-up process …on the broader policy

¹ As Stedman (2012) notes, the implementation of an IEO recommendation is no longer tracked once IMF staff judges, and the Board concurs, that they have met the benchmarks, many of which consist of activities staff plans to undertake. The third through fifth PMRs, from 2009 to 2012, all concluded that there were no outstanding performance benchmarks to be reviewed in the next PMR.
II. IDENTIFYING ISSUES FOR THE EVALUATION

5. The observation that a number of issues identified by the IEO have a recurring character should come as no surprise. The issues identified in past IEO evaluations are often rooted in the fundamental constitution of the organization, which is shaped by history and tradition. Previous IEO authors have identified several issues of recurring character in terms of key high-level findings (Lamdany and Edison, 2012; Salop, 2012). This evaluation will therefore focus on such recurring issues. To be considered for this review, issues must not only be recurrent but also be sufficiently important. The issues that meet the criteria of recurrence and importance are presumed to be “generic” and “substantive” in the language of the external evaluation.

6. The IEO has already identified some 350 findings about aspects of the IMF that are not topic-specific. These findings naturally share common themes, which we classify as recurring issues. There are 15 such recurring issues, as follows:

- Accountability and monitoring frameworks
- Corporate governance
- Executive Board effectiveness
- Executive Board guidance

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3 Lamdany and Edison (2012) identify: (i) in order to strengthen its governance, the IMF needs to clarify the respective roles and responsibilities of the Board, Management, and senior staff; (ii) many IMF policies lack sufficient clarity to allow staff to implement them in an effective and consistent manner; (iii) greater evenhandedness is needed in the IMF’s application of policies and framing of advice across the membership; (iv) IMF staff has been reluctant to raise difficult issues with country authorities, particularly those of large advanced economies; (v) there is a significant degree of “groupthink” and insularity among IMF staff, Management, and, to a lesser extent, even at the Board; (vi) the IMF needs to develop a monitoring and evaluation framework that links goals to policies and instruments, and specifies benchmarks that would allow it to measure outcomes and impacts and take corrective actions; (vii) in many instances, the IMF missed important developments because it did not adequately “connect the dots” from analysis that was done in different parts of the institution; and (viii) there is a large amount of “blueprinting” and one-size-fits-all approaches. Likewise, Salop (2012) identifies: (i) ambiguity and confusion (among IMF stakeholders and staff) about the IMF’s governing policies or mandates; (ii) lack of candor in IMF staff reports; (iii) limited coordination between the Fund’s macroeconomic and financial sector analysis and, relatedly, limited IMF coverage of macro-financial sector linkages.
Broadly, these can be grouped together as: (i) institutional and organizational concerns (first five issues), (ii) analytical shortcomings (next four issues), cognitive and cultural problems (next three issues), and (iv) concerns related to relationship with member countries (last three issues). Some of these issues are closely related to each other, so that a clear demarcation is not always possible.

7. Guided by the extent of recurrence, the degree of importance attached to the above issues by the authors of past evaluations, and the comments received on the draft issues paper from staff and members of the Executive Board, the evaluation intends to focus on the following six issues:

- Executive Board effectiveness
- Executive Board guidance
- Silos
- Country and institutional context

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4 Many of the staff and Board comments urged the IEO to focus on a few “bigger” issues, including the role of the Board. They also noted the importance of recognizing the interconnectedness across different issues.
• Risks and uncertainty
• Evenhandedness

Some recurring issues (e.g., operational practices) will not be covered because they are typically narrow, process-related issues; likewise, some important issues (e.g., mindset) will not be covered because they did not recur as frequently in past IEO evaluations. Even so, because many issues are related to each other, the evaluation is in fact covering much wider ground than these specific issues may imply.

III. The Evaluation Framework

Evaluation questions

8. For each issue selected for the review, the evaluation will explore the following questions:

• In what manner and in what context has the issue surfaced in the IMF’s work, as identified by successive IEO evaluations? Did the IEO make a recommendation to address the issue? If so, what were the responses of the Executive Board and Management?

• What, if anything, has been done by the IMF to address the issue?

• If action has been taken, has it resolved the issue? What, if any, are the areas of the IMF’s work where the issue has not been adequately addressed and remains outstanding? To what extent is the issue so inherent to the nature of the IMF or what the IMF does that it will likely remain recurring and not fully solvable?

Sources of evidence

9. In order to explore these questions, the evaluation will gather evidence by relying on existing sources, including:

• IEO evaluations and background papers
• IEO Annual Reports
• IEO mini-reviews of previous evaluations
• IMF Annual Reports
• Management Implementation Plans (MIPs)
- Periodic Monitoring Reports (PMRs)
- The Managing Director’s periodic work programs and statements to the IMFC
- Recent Board decisions
- Latest periodic staff reviews of surveillance, conditionality, and technical assistance, as well as other relevant staff policy papers submitted to the Executive Board; and Board summing up on these
- Reports of Management or Board working groups
- Staff guidance notes
- Staff surveys
- Governors’ statements to the IMFC

In addition, the IEO intends to interview members of the Executive Board, Management, and senior staff to obtain additional insights.
REFERENCES


