

Five Evaluations Underway

The IEO is currently working on five evaluations, four ongoing and one launched over the summer.

Two evaluations are well advanced. “An Assessment of IMF Self-Evaluation Systems” examines the systems used by IMF Management and staff to learn from experience. The evaluation on “IMF Forecasts: Process, Quality, and Country Perspectives” aims to help make the forecast process better known outside the IMF and to identify areas for improvement. The evaluation will describe the process of generating *World Economic Outlook* and other forecasts within the IMF, take stock of what is known about the quality of IMF forecasts, and determine how users of the forecasts within the IMF and among member country officials perceive the usefulness of IMF forecasts.

Three other evaluations are at an earlier stage. The evaluation of “Statistics at the IMF: Opportunities and Challenges” will assess the IMF’s activities regarding data and statistics, including data collection, management, policies, and practices. The IEO expects to post a Draft Issues Paper on its website for public comment by end-2013.

The IEO is also launching an evaluation of “The IMF Response to the Global Financial Crisis.” This evaluation will assess IMF performance in the period since September 2008, considering the role of the IMF in coordinating the international response, the IMF’s macroeconomic and financial sector advice, the upgrading of early warning mechanisms in the crisis aftermath, the IMF’s efforts to boost its lending resources, the revamping of lending facilities, and



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IMF programs, particularly in support of Central and Eastern European countries. A Draft Issues Paper for this evaluation will be posted on the IEO website for public comment early in 2014.

In addition, the IEO has initiated a review of “Recurring Issues from a Decade of Evaluation: Lessons for the IMF.” This evaluation will review the more generic and substantive issues that have recurred in past IEO evaluations, in response to the concern raised in the second external evaluation of the IEO, and endorsed by the Board, that the broader lessons of IEO evaluations tend to be diluted by the current follow-up process. A Draft Issues Paper with the terms of reference for this evaluation is currently posted on the IEO website for public comment.

Second External Evaluation of the IEO

As reported in the April *Dialogue*, the second external evaluation of the IEO was completed in early 2013 and discussed by the Executive Board in March. The panel found that the IEO had contributed to strengthening the effectiveness, learning culture, external credibility, and accountability of the IMF—the IEO’s main goals. The report also concluded that the IEO has been a successful institution and is viewed as the most independent evaluation office among international financial institutions. The Executive Board welcomed the report’s findings about the IEO’s contributions and independence, as well as many of the recommendations made by the panel.

Among the areas identified for improvement, the external evaluation report highlighted the importance of enhancing the process for following up on IEO evaluations. IMF Management and staff are working on an implementation plan for the report’s recommendations.

Follow-Up on Past Evaluations

On June 6, 2013, the Executive Board agreed to the Management Implementation Plan proposed for the IEO evaluation of *The Role of the IMF as Trusted Advisor*.

Past IEO Evaluation Findings Still Relevant

During the last year, the IEO undertook a pilot project to revisit two of its initial evaluations in order to assess whether the conclusions and recommendations remain relevant. Looking back at the *Evaluation of Prolonged Use of IMF Resources* (2002) and *Fiscal Adjustment in IMF-Supported Programs* (2003), the IEO found substantial progress since the evaluations were issued but also determined that the conclusions and recommendations remained relevant. These reviews were published in the 2013 IEO *Annual Report*.

Evaluation of Prolonged Use of IMF Resources

At the time of the 2002 evaluation, prolonged use was extensive and persistent, and there were concerns about its impact on domestic ownership of policymaking, as well as program design, IMF credibility, and the availability of resources. The 2002 evaluation found that various program design and implementation problems had contributed to prolonged use and that the desire of international donors and creditors to have an IMF “seal of approval” of country policies had contributed to reliance on IMF programs.

Since the time of the evaluation, the IMF has adopted a definition for longer-term program engagement (LTPE), put in place systematic ex post assessments of all LTPE cases, launched the Policy Support Instrument as an alternative “seal of approval” instrument, and strengthened program design and implementation in some areas. LTPE is now confined to a relatively small group of low-income countries with longer-term macroeconomic issues to be addressed, and for which longer-term IMF engagement is more widely accepted as appropriate. Nonetheless, in view of the recent increase in IMF-supported programs, the review suggests that it would be opportune for the IMF to reflect on the circumstances and modalities that make such engagement appropriate, and to consider program arrangements for prolonged users in a longer-term framework.



Dr. Pisit Leeahtam, Chiang Mai University, and Sargon Nissan, The Bretton Woods Project, at the August 2013 BMZ/DEval/IEO workshop in Berlin.

Fiscal Adjustment in IMF-Supported Programs

The 2003 evaluation assessed the design of fiscal adjustment in a sample of IMF-supported programs during 1993-2001. The evaluation found evidence of faster-than-anticipated adjustment of the current account and buildup of reserves in the context of IMF-supported programs. Moreover, the arguments justifying the fiscal targets were often not clear.

In its recent review, the IEO found considerable progress in analyzing and articulating the rationale for fiscal adjustment in IMF-supported programs, and improvement in the discussion of structural reform priorities in the fiscal area in both program and surveillance documents. However, the recent discussion on fiscal multipliers has underscored the need to strengthen IMF analysis of the links between the economic and policy environment, the proposed magnitude and pace of fiscal adjustment, and associated private sector responses in the context of IMF-supported programs, as emphasized in the 2003 evaluation.

New reviews

The IEO is now preparing two additional reviews of past evaluations. One will revisit two IEO evaluations addressing issues for low-income countries: the *Evaluation of the IMF's Role in Poverty Reduction Strategy Papers and the Poverty Reduction and Growth Facility* and *The IMF and Aid to Sub-Saharan Africa*. The other review will look back at the evaluation of *IMF Technical Assistance*.

Periscope

April - Washington, D.C.

The IEO presented the findings of its evaluation on *The Role of the IMF as Trusted Advisor* at a seminar for participants in the IMF-World Bank Spring Meetings.

May - Singapore

The IEO presented the findings of its evaluation on *International Reserves: IMF Concerns and Country Perspectives* to an audience of officials, academics, and financial market representatives at Singapore Management University.

June - Budapest, Hungary

The IEO discussed lessons from its past evaluations at a meeting of the IMF/World Bank Central and Eastern European constituency.

July - Jerusalem, Israel

The IEO conducted a seminar on the evaluation of *Research at the IMF: Relevance and Utilization* at the Bank of Israel.

August - Berlin, Germany

The IEO discussed the role of evaluation in international organizations and presented the findings of the evaluation of *The Role of the IMF as Trusted Advisor* at a workshop organized by the Federal Ministry for Economic Cooperation and Development (BMZ), the German Institute for Development Evaluation (DEval) and the IEO.



Panelists at the BMZ/DEval/IEO Seminar in August 2013.