

PROGRESS REPORT ON THE ACTIVITIES OF THE INDEPENDENT EVALUATION OFFICE (IEO)

April 1, 2005

1. Since its September 2004 Status Report, the IEO has completed, or is close to completing, several additional evaluations. Work is well underway on the remaining items on the existing work program. Final decisions on the FY2006 work program will be made after the appointment of a new IEO Director, but the size of the work program will remain at about four projects a year. It is expected that a new Director will be selected by the time of the Spring 2005 meetings of the IMFC.
2. The Evaluation of Technical Assistance Provided By the IMF was discussed by the Executive Board in February 2005 and published shortly thereafter. Directors agreed that the report provided a balanced assessment of the strengths and weaknesses of the Fund's TA and considered it to represent a valuable input into the ongoing strategic review of the Fund. They agreed on the report's identification of the need to: (i) introduce a more medium-term perspective for setting TA strategy and priorities (including through greater reliance, where possible, on PRSPs in low-income countries,); (ii) strengthen the tracking and evaluation of TA implementation and results; (iii) enhance country ownership of TA by having authorities participate more fully in the design of, and follow up to, TA activities. While the Fund has already taken steps in these areas, Directors believed that the acceptance of the IEO's recommendations could help further improve the effectiveness of TA. IMF management has appointed a staff task force to make concrete proposals on how to implement the recommendations.
3. The IEO's Evaluation of the Fund's Approach to Capital Account Liberalization will be circulated to the Executive Board in April and is scheduled for discussion in May 2005. The evaluation report assesses the nature of the Fund's policy advice on capital account liberalization and the use of capital controls; how this advice has changed over time (especially since the East Asian crisis); as well as the clarity and consistency of this advice across different countries. The report on the Evaluation of IMF Assistance to Jordan will be circulated to the Executive Board by early May. The Evaluation of the Financial Sector Assessment Program (FSAP)—which is being conducted in parallel with a review by the World Bank's Operations Evaluation Department—is expected to be ready for Executive Board consideration in the final quarter of 2005.
4. Work continues on the IEO's Evaluation of Structural Conditionality. Preliminary terms of reference have been posted on the IEO website for public comment. IEO staff are also working on the terms of reference for an evaluation of IMF Multilateral Surveillance and an Issues Paper will be made available for public comment in the next few months.
5. The 2004 Annual Report was posted on IEO's website in December 2004. It summarizes the results of evaluations undertaken in FY 2004, reports on the status of ongoing projects, and discusses a number of themes that have begun to emerge in IEO evaluations to date, including the need for greater clarity in specifying the intermediate

objectives of various IMF initiatives. The report also includes, in matrix form, a summary of the status of follow-up on recommendations from all past evaluations.

6. In accordance with the terms of reference for the IEO, it is expected that the IEO itself will be evaluated towards the end of 2005.

7. Completed evaluations, issues papers for ongoing evaluations, the IEO Annual Report and other documentation on the IEO work program are all available on the IEO website at (www.imf.org/ieo).