

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

April 6, 2007

1. Since its last Report to the IMFC in Singapore, the IEO has focused most of its attention on completion of two evaluations; namely the *IMF and Aid to Sub-Saharan Africa* and the *IMF's Advice on Exchange Rate Policy*. In addition work is progressing or has been initiated on a number of new topics identified in the last Report.
2. The IEO publicly released its report on the IMF and aid to sub-Saharan Africa (SSA) on March 12. The report covers 1999–2005, a period of improving performance in much of SSA—due in part to the advice and actions of the IMF, including on debt relief. But the evaluation found “ambiguity and confusion” about IMF policies and practices in important aid-related areas and “miscommunications to external audiences.” The IMF Executive Board, which discussed the report on March 5, supported the report’s recommendations on the need to (i) clarify Fund policy on the mobilization of aid, alternative scenarios, poverty and social impact assessments of macroeconomic policies, and pro-poor and pro-growth budget frameworks; (ii) establish transparent mechanisms for monitoring and evaluating implementation of the clarified policies; (iii) communicate more clearly on what the Fund can and can not do in assisting low-income countries; and (iv) clarify expectations for resident representatives’ and mission chiefs’ interactions with local donors and civil society groups.
3. The evaluation of the IMF’s Advice on Exchange Rate Policy was sent to the Executive Board on March 28<sup>th</sup> and will be considered by them later in April before its public release. The evaluation explores whether the role of the Fund in exchange rate policy advice is clearly defined and understood. It assesses the quality of IMF advice in the light of established policy guidelines and current best practice. Finally it examines the effectiveness of the dialogue with country authorities and the impact of IMF advice on exchange rate policy.
4. The ongoing evaluation of *Structural Conditionality in IMF-Supported Programs* is expected to be completed before the Annual Meetings. The two main evaluation issues that it addresses are how well has IMF structural conditionality helped promote medium-term structural reform in member countries and what has been the impact of the streamlining initiative of 2000.
5. As set out in our last report and following an extensive consultation process, the following four topics have been added to the IEO’s work program for evaluation over the next two years:

- Aspects of IMF Corporate Governance—including the Role of the Board
- The IMF’s Interactions with its Member Countries
- The Fund’s Research Agenda
- The Fund’s Approach to International Trade Issues

Preliminary work has begun on the first two projects and Draft Issues Notes are expected to be issued for comment in the coming months. Draft Issues Notes on the remaining two projects will be issued later this year.

6. Finally, efforts are continuing to follow-up on the recommendations of the external evaluation of IEO completed last year.

7. As part of its efforts to strengthen its outreach and communications strategy, a new website [www.ieo-imf.org](http://www.ieo-imf.org) is being launched on the occasion of this meeting. The new website provides a more user-friendly interface for those seeking to access IEO reports or to follow its activities. Completed evaluations, issues papers for ongoing evaluations, past IEO Annual Reports, the IEO Work Program, and other IEO documentation are all available on this new IEO website.