

**PROGRESS REPORT TO THE  
INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE (IMFC)  
ON THE ACTIVITIES OF THE  
INDEPENDENT EVALUATION OFFICE OF THE IMF**

September 13, 2011

1. Since its last report to the IMFC in April 2011, the Independent Evaluation Office (IEO) completed the evaluation of *Research at the IMF: Relevance and Utilization*. The IEO continues its work on the evaluations of “International Reserves: IMF Advice and Country Perspectives” and of “The Role of the IMF as Trusted Advisor,” announced last spring. Draft issues papers on these two evaluations, as well as on a new study, “Learning from Experience at the IMF: An IEO Assessment of Self-Evaluation Systems,” were circulated to the Executive Board and posted on the IEO website for public comment.
  
2. **Research Evaluation.** The Executive Board discussed the IEO evaluation of *Research at the IMF: Relevance and Utilization* on June 13, 2011. This evaluation found that the vast body of research produced by the IMF includes high-quality products, many of which are widely read in member countries and play a significant role in policy making; this was particularly true for the *World Economic Outlook* and *Global Financial Stability Report*, but also for other publications. At the same time, the evaluation identified a number of shortcomings in IMF research. Of particular importance, there is a widespread perception that Fund research is message-driven. In addition, the evaluation found that the relevance of research suffered from lack of consultation with authorities on research topics and inadequate country and institutional context; it also found insufficient quality control.
  
3. To enhance the relevance of IMF research, the evaluation recommended greater consultation with country authorities on research topics and a periodic strategic review of the function and uses of its research product lines. The IEO also emphasized the need to cultivate an open, independent, and innovative research environment, and to explicitly encourage staff to explore differing and alternative views. To enhance the quality of research, the evaluation recommended a more systematic review process and that more time and resources be devoted to each research project, even if this would require reducing the overall number of publications. Finally, the evaluation recommended that IMF staff report annually to member countries and the Executive Board on research priorities and achievements.
  
4. The Executive Board welcomed the report and broadly endorsed its main recommendations. Executive Directors saw scope for enhancing the relevance and technical quality of analytical work, openness to alternative points of view, and coordination of research activities across the institution. Management and staff will prepare a Management Implementation Plan to detail how recommendations endorsed by the Board will be pursued.

5. **Follow-Up on IEO Evaluations.** The Evaluation Committee of the Executive Board met on July 26, 2011, to discuss the Fourth Periodic Monitoring Report on the Status of Implementation Plans in Response to Board-Endorsed IEO Recommendations (PMR). This report focused on implementation of the IEO evaluation of *IMF Involvement in International Trade Policy Issues*. The Committee broadly endorsed the report, which was then approved by the Board on a lapse of time basis. In discussing the Fourth PMR, however, the Committee noted that further work is needed to improve the process for monitoring follow-up on recommendations endorsed by the Board. In particular, Committee members were concerned about the lack of a mechanism to monitor the implementation of recommendations from earlier IEO evaluations.

6. The follow-up on more recent IEO evaluations is pending. A Management Implementation Plan for the IEO evaluation of the *IMF Performance in the Run-Up to the Financial and Economic Crisis: IMF Surveillance 2004–07* will be presented for Board approval after the completion of the Triennial Surveillance Review. IEO believes it is critical to take action promptly to address issues raised in the evaluation. There has been no report on the status of implementation of Board-endorsed recommendations arising from the evaluation of *IMF Interactions with Member Countries* which was discussed by the Board at the end of 2009. Currently, there is no mechanism to follow up on IEO's evaluation of *Governance of the IMF* (2008).

7. **External Evaluation of the IEO.** A second External Evaluation of the IEO is due to be launched during 2011.<sup>1</sup> Over the 10 years since its creation, the IEO has produced 18 evaluations, aimed at contributing to a more transparent and effective IMF. Nonetheless, much still can be done to improve the effectiveness of IEO's evaluations. In particular, the IEO and others have identified weaknesses in the process for follow-up on IEO's conclusions and recommendations that have been endorsed by the Executive Board. This issue could be taken up by the upcoming External Evaluation.

8. On December 6, 2011, the IEO will hold a conference to mark the tenth anniversary of its creation. The conference will focus on what can be done to further enhance IEO's effectiveness in supporting the Executive Board's institutional governance and oversight responsibilities, and in enhancing the IMF's learning culture.

9. Completed evaluations, issues papers for ongoing evaluations, IEO Annual Reports, and other documentation are available on the IEO website at [www.imo-imf.org](http://www.imo-imf.org).

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<sup>1</sup> The report for the first External Evaluation, issued in 2006, can be found on the IEO website. The evaluation was conducted by a team headed by Karin Lissakers (former IMF Executive Director) and including Ngaire Woods (Oxford University) and Ishrat Husain (former Governor, State Bank of Pakistan).