

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

September 21, 2016

1. This report summarizes the outcome of the IEO's evaluation of *The IMF and the Crises in Greece, Ireland, and Portugal*, discussed by the Executive Board on July 19, 2016, and reports on recent follow-up and ongoing IEO work.
2. **Evaluation of euro area crisis programs.** The IEO evaluation of *The IMF and the Crises in Greece, Ireland, and Portugal* assessed the effectiveness of surveillance and program engagement with these countries—covering the 2010 Stand-By Arrangement with Greece, the 2010 Extended Arrangement with Ireland, and the 2011 Extended Arrangement with Portugal—in order to draw lessons and to enhance transparency. While recognizing the unprecedented challenges posed by the crises in these countries, the evaluation concluded that the IMF's overall performance was uneven and that its engagement in the euro area crisis raised issues of accountability and transparency, which helped create the perception that the IMF treated Europe differently. To address the issues identified, the report recommended steps to enhance IMF governance and operational effectiveness.
3. In responding to the evaluation, the Managing Director committed to strive to improve and refine the IMF's work in preventing and managing crises, and learning from the past. During their discussion of the report in July, Executive Directors agreed that the report's findings provided valuable insights and lessons for handling crises in members of currency unions in the future. In regard to IEO recommendations, Directors supported the principles that the IMF's technical analysis should remain independent and that policies should not be changed without careful deliberation by the Board. Directors also endorsed recommendations to: clarify how guidelines on program design apply to currency union members; establish a policy on cooperation with regional financing arrangements; and reaffirm the Board's and Management's commitment to accountability and transparency, as well as the role of independent evaluation in fostering good governance.
4. **Follow up on past IEO evaluations.** In June 2016, the Executive Board approved the Management Implementation Plan (MIP) to follow up on the IEO assessment of *Self-Evaluation at the IMF*. Reflecting the broad support of Executive Directors for a strategic approach to self-evaluation in light of its importance in promoting a learning culture, the MIP sets out a statement

of principles describing the goals, scope, outputs, utilization, and follow-up of self-evaluation at the IMF. The MIP also emphasizes that country authorities will have the opportunity to express their views on program design and results, and on IMF performance, at the time of the subsequent Article IV consultation and during the Board meeting.

5. **Work program.** The IEO evaluation of IMF work on social protection issues is ongoing. Preliminary work has begun on two evaluations, focusing on IMF engagement with fragile states and aspects of financial surveillance. Draft issues papers for these two evaluations will be presented to Directors and posted for public comment on the IEO website in coming months.