

**INDEPENDENT EVALUATION OFFICE  
OF THE  
INTERNATIONAL MONETARY FUND**

**IEO REVIEW OF PAST EVALUATIONS: TERMS OF REFERENCE**

November 4, 2013

1. This note discusses IEO's mini-reviews of its past evaluations, a product that the IEO launched in FY2013. These mini-reviews (hereafter referred to as Reviews) re-visit past IEO evaluations five to ten years after they were first issued. The IEO envisions that the Reviews will be brief stocktaking exercises, much more modest in scope than IEO's evaluations. They will summarize the original IEO evaluation, describe follow up, and identify outstanding issues and new challenges. The initial impetus for this product came from repeated inquiries from Board members and authorities from member countries on the status of issues raised in the IEO's earlier evaluations. This was also an area of interest of the 2013 External Evaluation of the IEO. In response, the IEO mentioned in several EVC meetings and announced in its *Annual Report 2012* that it would launch an exercise to revisit some of its early evaluations.

2. The first generation Reviews revisited IEO's evaluations of *Prolonged Use of IMF Resources* (2002) and *Fiscal Adjustment in IMF-Supported Programs* (2003). These two reviews were published as part of IEO's 2013 *Annual Report*, and they were well received by Board members and other stakeholders. The Reviews found substantial progress in the areas addressed by the corresponding evaluations, but they also determined that many of their conclusions and recommendations remained relevant. These first-generation Reviews were conceived as pilot projects, designed to draw lessons on how best to develop this product.

3. Based on this experience, the IEO has decided to continue this initiative and is currently preparing two more Reviews. The first new Review revisits the 2005 evaluation of *IMF Technical Assistance*; the second is a joint Review of two evaluations focused on low-income countries: the 2004 *Evaluation of the IMF's Role in Poverty Reduction Strategy Papers and the Poverty Reduction and Growth Facility* and the 2007 evaluation of *The IMF and Aid to Sub-Saharan Africa*.<sup>1</sup> Before finalizing these second-generation Reviews, the IEO

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<sup>1</sup> The IEO intends to review past evaluations largely in the order in which they were issued. The first-generation reviewed the first and third evaluations, and the second-generation will revisit the fourth and sixth. The IEO skipped the second (*The IMF and Capital Account Crises*) and fifth (*The IMF and Argentina*) evaluations, because issues identified in these evaluations were re-examined in the 2011 evaluation of *IMF Performance in the Run-Up to the Financial and Economic Crisis*, and will be further considered in the upcoming evaluations of the IMF's response to the recent crises. The 2007 evaluation on *The IMF and Aid to Sub-Saharan Africa*

(continued)

would like to share with Board members how the approach to the Reviews is evolving, and explain how it is planning to present and disseminate their findings.

4. The remainder of this note provides a description of the purpose and scope of the Reviews. It then lays out new modalities to engage IMF staff, Management and the Board in this exercise and to disseminate the findings and conclusions.

### **Purpose and scope of the review of past IEO evaluations**

5. The purpose of the Reviews will be (i) to determine whether the main findings and conclusions of the original IEO evaluations remain relevant, and (ii) to identify any outstanding and new issues related to the evaluation topic that merit continued attention. To this end, the Reviews will revisit the questions addressed in the original evaluation, assess progress in the implementation of recommendations, and identify major issues that still remain or that may have arisen since the evaluation was first issued.<sup>2</sup>

6. The intention is to prepare a Review 5-10 years following the original IEO evaluation, sufficient time for IMF Management and Staff to have had the opportunity to reflect and act upon the evaluation's findings. By then, it would also be likely that internal or external developments may have overtaken some of the evaluation's conclusions, and that some original evaluation questions may no longer be relevant, or that new related issues and questions may have arisen. The Review will re-assess the questions raised in the original evaluation, but in a much more limited way as the re-assessment will be largely based on desk-reviews of IMF documents and interviews of IMF staff, i.e., utilizing much more limited resources and sources of evidence than the original evaluation.

7. The Reviews will describe and analyze developments related to the issues covered by the original evaluation, including, but not exclusively, in regards to IEO's recommendations. They will assess the changes in IMF policies and practices, as well as in the external environment, and will highlight those conclusions that remain relevant. The Reviews will also examine changes in IMF policies and practices, even if they were not envisioned by the evaluation. However, the Reviews will refrain from a full assessment of recent initiatives or developments the results of which may still be evolving.

8. For example, the first Review, which revisited the *Prolonged Use of IMF Resources*, while pointing to the progress made in defining and monitoring prolonged use, concluded that many of the evaluation recommendations remained relevant to ensure that any new

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(IEO's eleventh evaluation) is being reviewed together with the 2004 PRSP/PRGF evaluation given the significant subject overlap.

<sup>2</sup> The IEO also uses the process of preparing these Reviews as an opportunity for self-evaluation, e.g., to discuss the framework and methodology of the evaluation report. But these discussions are not reflected in the review report because they are of much more limited interest.

longer-term program engagements are well targeted and more likely to succeed. It argued that the IMF should be vigilant in ensuring that prolonged engagements are aimed at addressing true longer-term macroeconomic challenges, and that deeper analysis of country institutional, political, and ownership issues would be critical for the success of these programs. The review explained that these conclusions were particularly important because the increase since 2008 in the number of new IMF-supported programs suggests that the incidence of prolonged use could rise again in the near future.

9. The second Review, of *Fiscal Adjustment in IMF-Supported Programs*, also concluded that some of the earlier recommendations remained relevant. One important recommendation was the need to deepen the analysis of the impact of fiscal adjustment on private sector behavior. This relationship has a direct bearing on the magnitude of the fiscal multiplier, an issue that has been recently in the forefront of discussions on program design.

10. These Reviews are intentionally limited in scope; in particular, IEO will not consult with member country authorities or other stakeholders as part of their preparation. Therefore, Reviews will explicitly refrain from making new recommendations, even if they identify new challenges or if they find that the earlier recommendations proved difficult to implement or not sufficiently effective.<sup>3</sup> In these cases, the Reviews may flag that it would be advisable to launch a new full-fledged evaluation of the same issues.

### **Consultations and publication**

11. First-generation Reviews were prepared in a couple of months, with very limited resources. They were based largely on desk reviews of IMF documents, complemented with few interviews of IMF staff. For the next generation of Reviews, the IEO is planning to increase significantly the number of interviews with IMF Staff, and to interview Board members and IMF Management when appropriate. The IEO is also planning to request from IMF Staff comments on an early draft, in particular corrections of factual errors. The IEO considers that these additional efforts will enhance the accuracy, quality and usefulness of the Reviews, justifying a slight increase in their cost and preparation time. As in the past, however, the IEO does not envisage contacting member country authorities or other stakeholders as part of these Reviews.

12. Feedback on the first-generation Reviews indicates that relying on the IEO *Annual Report* as the primary dissemination vehicle limits their visibility and utilization. The IEO is, therefore, considering issuing these Reviews to the Board for information, as self-standing

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<sup>3</sup> It is envisioned that Reviews will be 10–15 pages long and, in general, will consist of three main parts: (i) a summary of the original evaluation questions, findings, and recommendations, as well as the Board response and Management Implementation Plan; (ii) a discussion of select related developments since the original evaluation, including (but not limited to) progress in the implementation of the evaluation recommendations; and (iii) the identification of any actual or anticipated significant related issues or challenges for the IMF.

documents, instead of, or in addition to, including them in the IEO *Annual Report*. As part of this new approach to dissemination, the IEO would invite IMF Management and Staff to provide a statement with comments on the final draft, which would be attached to the published Review.

13. Since the Reviews would not include any new recommendations, the IEO would not expect that they would be discussed at the Board. The IEO would stand ready to present a seminar on a Review or cluster of Reviews, if the Evaluation Committee or a group of Directors expresses interest.

14. As with other IEO documents, there would be a strong presumption of publication. Since no Board discussion is envisioned, the Reviews would be issued to the Board six weeks in advance of publication to allow Executive Directors the opportunity to request clarifications and to ensure that no sensitive information is included.

15. The IEO welcomes reactions to this note from Executive Directors in particular on the modalities for engagement with Management, staff, and the Board and on the proposed approach to publication of the Reviews.