

**Progress Report to the
International Monetary and Financial Committee
on the Activities of the
Independent Evaluation Office of the IMF**

October 8, 2014

1. Since April 2014, the Independent Evaluation Office of the IMF (IEO) has completed an evaluation of recurring issues from past evaluations and produced an update of two past evaluations on aspects of IMF engagement with low-income countries.
2. **Recurring Issues.** The Executive Board discussed the IEO evaluation report, *Recurring Issues from a Decade of Evaluation: Lessons for the IMF*, on June 11, 2014. The evaluation was prepared in response to the concern, raised by the 2013 External Evaluation of the IEO, that the broader lessons of IEO evaluations tend to be diluted by the current follow-up process. It focused on five areas related to how the IMF carries out its work: clarity and effectiveness of Executive Board guidance and oversight; organizational silos within the IMF; attention to risks and uncertainty in IMF surveillance and program design; country specificity and institutional context in IMF analytical work and policy advice; and evenhandedness in IMF analysis and treatment of member countries. The IMF has made considerable efforts to tackle these issues, in spite of their difficulties. Steps have been taken to strengthen the mechanisms of coordination to integrate work across departments and a number of procedures have been put in place to enhance risk analysis, but more work is still needed. Areas inherent to the Fund's complex governance will likely pose persistent challenges for the institution, in particular the call for greater evenhandedness and clearer Executive Board guidance and oversight.
3. The evaluation noted that it would be useful to establish a framework for reviewing and monitoring recurring issues in order to create incentives for progress, strengthen the Board's oversight, and provide learning opportunities for the IMF. During their discussion of the evaluation, Executive Directors expressed broad support for this idea.
4. **Poverty Reduction Strategy Papers (PRSPs), the Poverty Reduction and Growth Facility (PRGF), and Aid to Sub-Saharan Africa.** The IEO issued a report on *Revisiting the IEO Evaluations of The IMF's Role in PRSPs and the PRGF (2004) and The IMF and Aid to Sub-Saharan Africa (2007)* in August 2014. Since the completion of the two evaluations, the IMF has replaced the PRGF with the Extended Credit Facility. The report found continued progress on most of the challenges identified by the evaluations, including program measures to protect social and other priority spending, and improved external communications. Going forward, the most important strategic issue is to develop new

processes for the Fund to collaborate with the World Bank on low-income countries issues, now that the World Bank has decided to eliminate the requirement for PRSPs—which had been the main organizing process for cooperation.

5. **Crisis Response.** The evaluation of the “IMF Response to the Financial and Economic Crisis: An IEO Assessment” was submitted to the Executive Board on September 19, 2014, and is scheduled to be discussed at the Board after the Annual Meetings. The evaluation assesses the IMF’s contributions since September 2008 to help contain the crisis and navigate a global recovery, assist individual economies in coping with the impact of the crisis, and identify and warn about future risks. Thus it focuses on IMF coordination with multilateral entities, financial support to member countries, and surveillance.

6. **Ongoing work.** The IEO is currently working on two evaluations: on “Statistics for Global Economic and Financial Stability: The Role of the IMF,” examining whether the IMF’s activities regarding data and statistics are adequate for fulfilling the IMF’s objectives amidst a rapidly evolving global economy; and on “Learning from Experience at the IMF,” examining the self-evaluation systems used by the Executive Board, IMF Management, and staff. The IEO is also preparing an update on the findings and recommendations of the 2005 IEO evaluation of *The IMF’s Approach to Capital Account Liberalization*.

7. **Follow-up.** The sixth Periodic Monitoring Report (PMR) on the status of implementation plans in response to Board-endorsed IEO recommendations was approved by the Executive Board in August 2014. This was the first PMR prepared by the Office of Internal Audit and Inspection under the procedure recommended by the external evaluators of the IEO and approved by the Board in February 2013. It reviewed the status of Management Implementation Plans (MIPs) for four IEO evaluations issued during 2011–13 and provided an update of progress on relevant issues related to previous MIPs agreed since 2007. In considering the PMR, the Evaluation Committee noted that it represented an improvement over previous reports but that more could be done to sharpen the focus on whether implementation measures proposed by Management have been effective in achieving the high-level objectives of the Board-endorsed recommendations.