Madame Managing Director, Dean of the Board, Head of the Evaluation Committee, Members of the Board and Management, senior staff, friends and colleagues.

I would like to wish you a warm welcome and thank each of you for attending this event. Some colleagues and Board members could not be here because of prior traveling commitments, but they have overwhelmed us with very encouraging and congratulatory statements of support. I want to take this opportunity to thank them again.

We have organized the celebration of this important milestone for the IEO in true evaluative form – with an event of listening and learning. We look forward to listening to your feedback on our performance so far, and to learning how we can do better in the future. I am totally convinced that a stronger IEO will result in a stronger IMF. Let us take this opportunity to think about ways in which the IEO can better help the IMF to do its job.

Let me start by acknowledging that I have led the IEO for less than two years, and that my two predecessors, Montek Ahluwalia and Tom Bernes had longer tenure and greater influence in making the IEO what it is today. Montek, unfortunately, could not join us for this event.

But we are grateful that Tom is here. Indeed, when Tom was an IMF Executive Director and head of the Board Evaluation Committee, he argued forcefully for the need for an entity such as the IEO, and he was influential in shaping its mandate and modus operandi. We very much look forward to his thoughts on the IEO and its future in the closing session.

A decade ago, the IEO was created to strengthen learning and accountability at the IMF, and to enhance understanding among external stakeholders of how the institution works. These tasks are even more important today, when the legitimacy and trust in the IMF are more critical than ever. I believe that a strong and effective independent evaluation function is critical to IMF’s effectiveness, credibility, and legitimacy.

As you all know, the IEO operates independently from Management and at “arm’s length” from the Board. The IEO decides on the evaluation topics – after consultation with authorities, the Board, management, staff and external stakeholders. But the final decision is ours, based on an independent assessment of institutional priorities, while making sure to avoid interfering with operational activities. Similarly, we share with Management and staff drafts of our reports and ask them to point out any factual errors. But they cannot insist that IEO make any changes to the reports’ conclusions or recommendations.
The value of independent evaluation at the Fund, an institution with highly-skilled individuals, rests on the opportunity it provides to reflect on past efforts to extract lessons for the future in a way that no other department in the Fund can do. We constantly protect this independence, but we also take it with great responsibility, since independence of the IEO is its most precious asset. Independence adds value, enhances the credibility of our reports, and by extension, of the IMF itself.

We have much to celebrate, as the IEO has made significant strides in distilling lessons from experience, in assisting the Board in its oversight, and in providing a credible window for external stakeholders to understand the workings of the IMF. But after ten years of existence, it is opportune to assess the contribution and impact of the IEO, and I hope that you could help us find ways to do better.

We have structured the conversations today around three panels. The EDs panel focuses on IEO’s role in accountability and oversight; the Management and Staff panel focuses on IEO’s contributions to distilling lessons from experience and fostering a learning culture; and the external panel focuses on IEO’s contributions to enhancing transparency and in making lessons from IMF experience available to the membership and others.

There is some tension among these objectives as well as between what different stakeholders are most interested in from an evaluation. But there are also complementarities. Greater transparency contributes to both, accountability and learning. An effective accountability framework provides incentives for staff to learn and to change in response to lessons from experience. Therefore, we will not be surprised if panelists speak to all aspects of the IEO mandate.

The IEO has produced 18 reports since its inception in 2001, and we are currently working on three additional evaluations. Each evaluation had multiple audiences and goals, and was focused to different degrees on IEO’s main mandates.

For example, the evaluations of The IMF and Argentina, Aid to Sub-Saharan Africa, Exchange Rate Policy Advice, and the Crisis were mostly aimed to support accountability and oversight. On the other hand, the evaluations on TA, FSAP, and Research tried to glean lessons from IMF activities to support learning. The evaluation of Prolonged Use of Fund Resources, addressed more or less equally accountability and learning, and the studies on PRSP and Governance helped external audiences better understand the workings of the IMF.

On the whole these reports have been very well received by the Board, and by external audiences. In fact, for the most part IMF management and staff have also appreciated our work, even if they sometimes become defensive as evaluations are based on 20/20 hindsight. But this is the nature of our work – it is our mandate to try to distill lessons after the fact, and it is natural for staff to sometimes respond by defending their actions based on what they knew at the time.
The IEO work of the past five years has been greatly influenced by the “Lissakers Report”, the report of the first External Evaluation of the IEO, which was issued in 2006 and led by Karin Lissakers, a former ED centrally involved in creating the IEO.

The external evaluation concluded that the IEO had served the IMF well and that it had earned strong support across a broad range of stakeholders. At the same time, the report was concerned that the IEO tended to shy away from some sensitive evaluation topics, that IEO reports failed to analyze in depth the reasons behind problems, and that IMF Management and the Executive Board had paid insufficient attention to follow-up. The report of the external evaluation recommended that IEO issue shorter, more focused reports with more pointed recommendations. It also proposed that the Executive Board create a framework to engage staff and Management on the follow-up of IEO reports. We look forward to hearing from all of you about how the IEO has done in incorporating these lessons.

In preparation for this event, and as learning tools, we are working on three background studies. First, a description and analysis of the evaluation process – from selection of topics to monitoring implementation. Second, a retrospective on how IEO reports have evolved over time in regards to themes, methodologies, presentation and the type and number of recommendations. The third study is an attempt to assess the degree of implementation of IEO’s recommendations. Let me say a few words about the findings of each of these studies.

On the evaluation cycle. The process of preparing IEO evaluations has gradually become more systematic, and perhaps more efficient. In fact, greater uniformity and efficiency may not be possible or desirable since the issues covered by IEO evaluations are very different in nature and scope.

Following the Lissakers Report, a framework was established to ensure that IEO’s recommendations endorsed by the Board are implemented in a timely and effective manner, and to monitor this implementation. This was an improvement from the previous absence of a formal system. But the Board has since determined that this system needs strengthening. This seems to be the weakest link in the evaluation cycle. The Evaluation Committee of the Board has pointed out that certain findings and problems keep arising, indicating that underlying issues in the follow-up process have not been addressed.

The Lissakers report had also an impact on the content and structure of IEO’s evaluations. The retrospective study concluded that the topics have become more focused on big policy issues, and more often than before they target the Board and member country authorities as their main audience. The reports are shorter and they have fewer recommendations. But there is still scope for improvement in making all reports more readable.

Also, the IEO has been struggling with the question of how specific our recommendations should be. Should they deal with broader policy issues, or provide guidance for specific reforms?
One benefit of specific recommendations is that they could help the Board clarify what changes it wants to see, and their implementation is easier to monitor.

On the other hand, the Board may reject a specific IEO recommendation, even if it agrees with its broader goals – making it unclear what reforms staff is supposed to pursue. Moreover, IMF staff may be in a better position than the IEO to identify the specific way forward on broader goals endorsed by the Board. We look forward to hearing the Directors’ and other panelists’ views on this matter.

There are some common themes in IEO evaluations, which document and explain challenges facing the IMF. Four of the most prominent themes are:

1) The need to strengthen IMF governance, including by clarifying roles and responsibilities—all the way from the IMFC and the Board, to Management and senior staff.

2) The importance of greater evenhandedness across the membership in the application of policies and framing of advice.

3) The need for the Board and Management to set incentives for an environment in which staff feels comfortable expressing alternative views in internal debates and feels supported in raising difficult issues with country authorities, even in the largest countries.

4) The need for better integration of analytical and operational work across departments. To this end, the IMF needs to better align organizational incentives with institutional goals so that there is more cooperation, fewer turf battles, and less silo-behavior.

Let me now shift to recommendations in IEO reports. As one way of looking at the impact of IEO evaluations, we have begun a study to examine the extent to which IEO recommendations have been implemented. Preliminary results are encouraging but raise questions on the current framework for follow up and to monitor implementation.

What have we found?

Overall, there are about 350 recommendations and suggestions in the 18 IEO reports. Of these, about 120 are high-level recommendations, and the rest range from examples on how to implement the main ones, to suggestions that sometimes deal with issues that are not as critical.

Of the high-level recommendations, the Board endorsed about half and gave partial support to another third. For most of these, there is no record of the extent of their implementation, beyond an account of initial actions in the periodic monitoring report.
For illustrative purposes, the IEO gathered information on implementation of board endorsed recommendations of a sample of seven evaluations, prepared between 2005 and 2009.

How much was done and how meaningful were the actions taken?

- Our preliminary assessment indicates that about one quarter of the endorsed recommendations has been or is being implemented satisfactorily – that is, they have been implemented in full or are being implemented at an appropriate pace.

- For over half, some actions were taken - but they were either partial or they have stalled.

- For about fifteen percent of the endorsed recommendations there was no or only nominal follow-up.

- And for about ten percent we could not find information to discern action.

While these findings are somewhat positive, they raise concerns about whether the follow-up and monitoring frameworks of IEO’s Board endorsed recommendations are adequate, which may leave the institution exposed to implementation falling short on critical issues.

But measuring the extent to which IEO recommendations have been implemented is not the only way to assess success. The actual benefits from evaluation reports depend on the many uses derived from them. There is no doubt that IEO’s contributions have led to vigorous debate not only outside the Fund, but within the institution. This introspection is an important catalyst for change, and we are glad that the IEO has contributed to this internal debate.

Related to this is the question of whether the IMF has in place a fully developed framework for self-evaluation and learning from experience—a topic that is the subject of an ongoing IEO evaluation.

Let me conclude by thanking all our colleagues who have agreed to serve on our various panels. Especially, I would like to thank my co-panelists. Mr. Shaalan, who has witnessed the evolution of the IEO from its conception to the present, and Mr. Majoro, who as chair of the Evaluation Committee, has been a consistent supporter of the IEO’s work. Finally, I would like to thank and introduce the Managing Director, Madame Lagarde for taking time out from her hectic schedule to help us start this conference. Madame, s’il vous plait…