



**RESEARCH AT THE IMF:
RELEVANCE AND UTILIZATION**

**PRELIMINARY DRAFT ISSUES PAPER
FOR AN EVALUATION BY THE
INDEPENDENT EVALUATION OFFICE (IEO)**

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I. INTRODUCTION

1. The IEO will undertake an evaluation of the research activities in the IMF, focusing on relevance and utilization. This draft issues paper describes the scope and main questions to be addressed, and outlines the methods to be used to conduct the evaluation and the background studies that will inform it.
2. Research is critical to the IMF's successful operations because it contributes to the development and updating of analytical tools needed to discharge its operational responsibilities. Research also affects the perceptions of policymakers and others about the quality of the IMF's policy advice, and thus contributes to the organization's effectiveness. The Research Department defines the main objectives of IMF research as follows: "to improve the analytical quality of the Fund's work and, thereby, the advice provided to member countries, as well as to contribute to research in areas that are relevant to the IMF's purposes as defined in the Articles of Agreement."¹
3. This evaluation will adopt a broad definition of research that covers a variety of outputs generated across the organization, including functional and area departments, in addition to the Research Department. Some of these departments undertake basic and technically sophisticated research while others have a more applied orientation, focusing on policy analysis and technical assistance activities. The products that will be reviewed involve developing new or improved theoretical and empirical frameworks and databases, or making use of existing frameworks to provide a better analytical basis for decision making and policy advice.
4. In 1999, a group of outside experts evaluated the IMF's research activities, at the request of the Executive Board. They assessed the organization's research activities, measured the relevance of research against the mandate of the IMF, evaluated the quality of research, and appraised its utility by country authorities.² At that time, the Executive Board agreed with the group's finding that there was "substantial room for improvement in the overall quality of the IMF's research." Among other conclusions, Directors endorsed the recommendation that the mix of research conducted at the IMF should be directed more to areas where research could add the most value, namely research on developing and transition economies and on the financial sector, and in particular cross-country work.
5. The remainder of this note is organized as follows. Section II describes the scope of the evaluation and presents illustrative questions to be addressed. Section III discusses the

¹ "Research at the IMF" available via the Internet at www.imf.org/research.

² They produced the "Report of the External Evaluation Committee on the IMF's Economic Research Activities," also known as the Mishkin Report (1999). Their main findings and recommendations are listed in Annex 1.

methods to be used in this study and lists background studies that will serve as building blocks for the overall evaluation. Annex 1 lists the main findings and recommendations of the Mishkin evaluation, and Annex 2 lists recent evaluations of research prepared in other international organizations and central banks.

II. SCOPE AND EVALUATION QUESTIONS

6. The IEO evaluation will cover the research conducted across the IMF.³ It will include publications in academic journals, books and conference volumes, IMF Staff Papers, the analytical chapters of the World Economic Outlook (WEO)/Regional Economic Outlook (REO) and Global Financial Stability Report, Selected Issues Papers, Working Papers, Occasional Papers, and Policy Discussion Papers. The evaluation period will cover the decade since the Mishkin Report (1999–2008). It is estimated that during this period the IMF produced over 3,000 research products.

7. The evaluation will focus on two issues: the relevance and utilization of the research program. The evaluation will also assess the technical quality of the research and will examine the management of research activities. Finally, the study will describe any implementation of recommendations from the 1999 evaluation.⁴ Aspects of these issues are inter-related in substance and in practice, and therefore will be assessed jointly, e.g., utilization is a direct indication of relevance; high quality and relevance are indications of a well-run research program.

8. **Relevance** refers to the extent to which the research pertains to the core mandate of the IMF and enhances the IMF's capabilities to perform its duties. Coverage is an important aspect of the relevance of the program; it addresses the questions of whether some important research topics have been omitted and whether some areas of research undertaken were not well aligned with the Fund's priorities.

9. To assess relevance, the evaluation will classify research outputs by topic and address the following questions:

- Was there the right balance between different types of research, e.g., empirical versus more basic-theoretical, country versus cross-country, on global issues versus country

³ The Mishkin evaluation estimated that about one-quarter of IMF research (measured by number of research products) was undertaken by the Research Department, another quarter was undertaken by other functional departments, and one-half of all research was undertaken by area departments (including research in Selected Issues Papers associated with Article IV consultations).

⁴ In March of 2000, the Research Department prepared an Information Note on Follow-Up to the External Evaluation of Research, but it seems that no formal reporting on monitoring of the evaluation recommendations has been issued since then.

or regional specific? Is the balance between advanced economy and other emerging market or developing country research appropriate?⁵

- What topics received the most attention? Were these the topics that the respective authorities believed were most needed? Or perhaps the IMF research contributed to eliciting policy discussions that would not have otherwise taken place?
- Were there systematic differences in terms of content and technical level across different types of output, as well as across different types of countries? Did the type and focus of research change over time?

10. **Utilization** refers to the extent by which IMF’s research influences its operational work, dialogue with the authorities, program design and the authorities’ policymaking, and the global policy agenda. Assessing utilization is difficult because there are lags and many channels through which a particular piece of research (or a cluster of studies) may influence policies and the policy dialogue. Still, given the nature of IMF research and the pace of change in economic circumstances and thinking, it is unlikely for studies to take longer than a couple of years to start having an impact. Thus, in general, it should be possible to assess utilization within the ten-year period covered by this evaluation.

11. The issue of utilization is most pertinent for research that is not prepared as part of operational work. For such work it is necessary to check whether it influenced internal IMF documents and discussions, as well as the thinking outside the IMF. The issue of utilization also pertains to research prepared in the context of operational work. The relevant issue for such work is whether the research influences the dialogue with the authorities, and this would depend on the relevance of the topic and the technical quality.

12. Several previous IEO evaluations covered the utilization of research. For instance, the evaluation report on “The IMF and Aid to Sub-Saharan Africa” found that analysis of functional departments was used in Poverty Reduction Growth Facility design, whereas work of the Research Department was not used.⁶ The evaluation of multilateral surveillance discussed the extent to which the WEO and REOs have been utilized, and it contained scattered references to other research.⁷ The Poverty Reduction Strategy Papers evaluation noted that “there should be more systematic explorations of country-specific macro-micro linkages—both through the IMF’s own analysis and research activities and by drawing more

⁵ The appropriate balance between different types of research depends also on their utilization and technical quality.

⁶ “The IMF and Aid to Sub-Saharan Africa,” (IEO, 2007), Box 3.2, p. 20.

⁷ “Multilateral Surveillance,” (IEO, 2006).

systematically on the work of others.”⁸ The evaluation of capital market liberalization contained a full appendix on research findings, and concluded that there was considerable synergy between staff research and multilateral surveillance.⁹

13. The evaluation will assess utilization of a sample of individual studies, but it will focus on clusters of research studies particularly on topics that were important to the policy agenda of the IMF (e.g., inflation targeting, particular taxation issues, and banking regulation). The following questions illustrate the issues that will be addressed:

- How frequently do area department economists make use of work developed by the staff in the research department or elsewhere in the IMF? Do research findings make their way into Article IV documents? Do they add value to the policy dialogue with country authorities or program documents and design?
- How frequently do country authorities and civil society make use of research developed by staff at the IMF? How influential is IMF research among country groupings such as the G-7, G-20, and G-24?
- How is research disseminated internally? Are sufficient attention and resources devoted to outreach?

14. In addition to techniques and theory, components of **technical quality** include adequate country and institutional knowledge and an understanding of what research questions are relevant and which recommendations are implementable. Some of the quality-related questions that the evaluation will seek to answer are:

- Has the Fund’s research kept pace with the latest developments in academia? What contributions did it make to corresponding fields? Did it challenge consensus position?
- Have IMF researchers adapted cutting-edge research (produced both by the IMF and elsewhere) to the needs of policy makers?
- How did research quality vary across departments?

15. Examining the **management of research activities** consists of looking at how priorities are set, how research topics are selected, how resources are allocated and used, and

⁸ “Evaluation of the IMF’s Role in Poverty Reduction Strategy Papers and the Poverty Reduction and Growth Facility,” (IEO, 2004).

⁹ “The IMF’s Approach to Capital Market Liberalization,” (IEO, 2005).

how research is supervised and vetted across the IMF. These issues will be explored by asking the following questions:

- What were the processes in place to set priorities and to vet studies?¹⁰ Is the vetting of research findings based purely on quality, or was it also aligned with the IMF policy agenda? Were there institution-wide processes, or is this done independently by each department? What is the role of the Board in setting priorities and in vetting? Are there formal consultations with stakeholders?
- How are research topics selected? What is the balance in the resources devoted to supply- and demand-driven studies, and “directed” and “blue-sky research,” respectively?¹¹ What is the balance between in-house and contracted-out research, and what are the criteria used to decide about this distribution?
- Is research properly planned? Is there information about the cost of IMF research? If so, how do costs compare across departments?

16. Finally, the evaluation will document the follow up to the recommendations of the Mishkin report.

III. METHODOLOGY AND WORK PLAN

17. A variety of methods will be applied in this evaluation, broadly similar to those used in the Mishkin evaluation as well as those employed in evaluations of research conducted in other multilateral organizations and at central banks.¹²

18. Evidence will be gathered through descriptive analysis, archival research, surveys, semi-structured interviews, and assessments of quality. Evidence on relevance and utilization will be collected through surveys and semi-structured interviews of staff, country authorities, and representatives of civil society. The survey data will help guide and inform other elements of this evaluation. Quality will be examined using the most common used metrics, e.g., publications and citations, perceptions by relevant stakeholders and peer reviews. Issues will be approached through different and independent perspectives, which will allow for triangulation of the findings.

¹⁰ In response to the Mishkin evaluation, a Committee on Research Priorities was established in November 1999 to identify priority research areas and to decide where such research would be conducted. It appears that the Committee has been dormant since late 2006.

¹¹ “Blue-sky” refers to research where “real-world” applications are not immediately apparent. “Directed” research refers to research chosen by departmental management that is prepared for a specific purpose.

¹² See Annex 2 for details on the objectives and methodology of such evaluations.

19. Background papers will be prepared for each of the five areas of interest: relevance, utilization, technical quality, management of the research process, and a follow-up to the previous external evaluation of IMF research. Based on the results of this work, together with the results of surveys, interviews and other consultations, the evaluation team will prepare a *chapeau* report with the main findings and recommendations. The remainder of this section discusses a tentative list of background papers.

20. The key element of this evaluation will be to examine **relevance and utilization** of IMF research. A series of in-depth case studies will be used to examine whether the research that is undertaken is well aligned with IMF priorities and how well this research is received by its audience. The following studies are being considered:

- *A description of IMF research.* This study will describe and classify the research outputs prepared during the evaluation period. It will investigate whether there were major gaps in coverage of research topics and whether too many resources were devoted to studies on issues marginal to the IMF agenda. In addition, it will examine whether there are systematic differences in terms of content and technical level across different types of output, across different types of countries, and across originating department.
- *Regional Views of Country Authorities: Relevance and Utilization.* The goal of these papers will be to determine the degree of awareness of IMF research and its impact on policies. These papers will be based on interviews of policy makers and academics and policy analysts in academia and “think tanks” in selected countries.
- *Research on low-income countries, with a particular focus on Africa.* A weakness noted in the Mishkin report was the lack of substantive research on developing countries. Therefore, this paper will examine whether the IMF has allocated relatively more resources to research on developing countries. Country cases and interviews of authorities will complement a desk study of how the research resources and output devoted to low-income countries evolved over the past decade.
- *Research as Inputs into Country Work: Case Studies.* Based on a selected sample, this study will trace how research findings are incorporated into Article IV documents, surveillance, and country policy dialogue. In addition, area department staff would be interviewed and surveyed to obtain views on their awareness of research findings.

21. The evaluation will also examine the **technical quality** of research. Three complementary studies are being considered:

- *Publications and citations.* Publication in a refereed academic journal is an important indicator of the quality of research, but not a perfect one. Publication in a journal tends to serve as a “stamp of approval”, raising the likelihood that a paper will be read and

ultimately cited by others in the field. This study will look at citations weighted by a relevance factor.¹³

- *Quality of Fund Research: A Case Study.* A panel of internationally recognized researchers will closely examine a small sample of working papers, focusing on selected topics. Assessments of this type tend to elicit concern about subjectivity and for potential competition between peer reviewers and researchers. To mitigate these concerns, a standard set of indicators will be developed and applied consistently across all papers.
- *Views of Country Authorities.* A short paper will summarize the views of country authorities and other stakeholders based on surveys and interviews about the contextual aspects of the research, which is an important component of quality.

22. The **management and organization of research activities** will be studied to assess the effectiveness of the IMF's internal processes. Potential papers include:

- *A description of management and organization of IMF research.* This paper will describe how the IMF organizes its research activities, from the determination of the research agenda through the allocation of resources, vetting of studies, and internal and external dissemination.
- *A review of the conceptual and methodological approaches in IMF research.* Based on a sample of research, this study will examine the different conceptual and methodological approaches applied to selected research topics. It will explore whether the Fund has been open to alternative approaches, and it will investigate whether there are dissemination channels for externally produced research.

23. Finally, a background paper will be prepared documenting the **follow-up** on the 22 recommendations of the 1999 Mishkin evaluation of IMF research (Annex 1).

¹³ See St-Amant, Tkacz, Guerard-Langlois, and Morel (2005) and Goodfriend, Konig, and Repullo (2004).

Annex 1. Main Findings and Recommendations of the Mishkin Report

Main Findings

The main findings of the report were:

- there was scope for improving the overall quality of the IMF's research;
- there was a need for better prioritization of research undertaken;
- there was a need to integrate research into operational work; and
- there was a need to increase the external profile of IMF research and researchers.

In addition to these main findings, the report provided 22 recommendations, Nine key recommendations, and 13 supplementary recommendations. These include:

Key Recommendations

Allocation of the Fund's scarce resources

1. Create a Committee on Research Priorities to assist in strategic planning and to support research activities.
2. Introduce explicit departmental targets for staff time allocated to research activities.
3. Shift the mix of research toward topics that add most value.

Improvements to various aspects of the Fund's incentive structure

4. Create incentives to improve collaboration between departments and to encourage researchers to contribute to policy work.
5. Improve the assessment of research quality in the annual performance evaluation system.
6. Give all staff, no matter how junior, opportunities to present their research products to management and the Executive Board.

Role of the Director of the Research Department in fostering research

7. Give a clear mandate to the Director of Research Department to be both an active research leader and economic counselor to the Fund.
8. Create a more effective performance evaluation system.

9. Consider how to reduce unnecessary internal review of Fund work and avoid formal written comments where informal communications would be adequate.

Supplementary Recommendations

Fund's culture, incentive structure, and accountability

10. Encourage participation in relevant external conferences.
11. Put only the names of significant contributors on Fund publications.
12. Improve collaboration between World Bank and Fund researchers.
13. Introduce more flexibility into the hiring procedures for entry-level economists.
14. Consider streamlining the management structure in the Research Department.

Dissemination of research both within and outside the organization

15. Write and disseminate non-technical summaries of highest quality and most relevant research.
16. Treat working papers as preliminary.
17. Create a new vehicle for non-senior staff to make presentations to Management and the Executive Board.
18. Improve dissemination of research to non-technical audiences outside the Fund.

Resource allocation in the Fund

19. Increase the number of research assistants relative to economists.

Culture of openness to the outside world

20. Create an ongoing external review process for research products.
21. Monitor progress on implementing the recommendations in this report.
22. Create periodic, general, external reviews of research activities.

Annex 2. List of Recent Evaluations of Research

In recent years, a number of central banks and multilateral organizations have conducted evaluations of their research. Below is a selected list of institutions that have performed evaluations during our review period, followed by a brief summary of the evaluation objectives and methodology.

Central Bank of Canada¹⁴

The purpose of the evaluation was to appraise the quality of research in comparison with other leading policy institutions and to assess the extent to which this research had a significant impact on economists at other central banks and academic institutions. In addition, this evaluation considered the research environment at the Bank. This evaluation was conducted by an external panel of experts and included a sample desk review, and internal and external interviews. Metrics included: a journal publication count, an analysis of output averages and quality (compared across 12 countries and the U.S. Federal Reserve System).

Central Bank of Finland¹⁵

The focus of the evaluation was to assess the scientific quality of research output and its relevance for the strategic goals of the Bank. This evaluation was conducted by an external panel of experts and based on interviews with Bank staff.

Central Bank of Hungary¹⁶

The objective of the evaluation was to review the technical quality of research and its relevance for the Bank. In addition, the evaluation was to make recommendations to improve the research performance. This evaluation was conducted by an external panel of experts and based on interviews with Bank staff.

European Central Bank¹⁷

This evaluation considered: the focus and organization of economic research conducted at the Bank; its scientific and value added; its relevance for the conduct of monetary policy and other tasks related to the goal of the bank; and its influence within the academic community and in other policy-making institutions. This evaluation was conducted by an external panel of experts. It was based on a sample desk review as well

¹⁴ Laurence Meyer, Martin Eichenbaum, Douglas Gale, Andrew Levin, and James McAndrews (2008).

¹⁵ Philip R. Lane, Loretta J. Mester, and Juuso Välimäki (2004).

¹⁶ László Halpern and Loretta J. Mester (2008).

¹⁷ Marvin Goodfriend, Reiner König, and Rafael Repullo (2004).

as internal and external interviews. Metrics included: a journal publication count, an impact ratings and rankings assessment, an analysis of output averages and quality, a count of external website downloads, and a count of external presentations.

Inter-American Development Bank¹⁸

The evaluation examined the Bank's efforts in the production, storage, dissemination and utilization of research. The evaluation was conducted internally by the Office of Evaluation and Oversight. The methodology included: a sample desk review, internal and external interviews, and surveys. Metrics included: journal of publication count, citation count, and analysis of output average and quality.

International Monetary Fund¹⁹

The evaluation assessed whether economic research in the IMF contributes successfully to the achievement of the Fund's objectives. It examined the appropriateness of the scale and organization of research activities, the way in which the level of resources are chosen and how they relate to the overall work of the Fund, the quality and the added value of different aspects of the Fund's economic research, as well as appraised its utility in the Fund among its member countries and within the wider economics community. The evaluation was conducted by an external review panel based on a sample desk review, a review of research outputs selected by staff, an abstracts review, and internal and external interviews. Metrics included: journal publication count, and citation count.

World Bank²⁰

The evaluation reviewed the following: the process of selection of research; the topical coverage and emphasis of that research; the analytic quality and reliability of the findings; the relevance of research reports for Bank operations and its clients; and how future Bank research could best serve the organization's objectives. The evaluation was headed by an external review panel and was supported by a large cadre of academic peer reviewers. The assessment was based on a sample desk review, a selected review of research outputs, and internal and external interviews. Metrics included: journal publication count, and impact ratings assessment.

¹⁸ Office of Evaluation and Oversight, Inter-American Development Bank (2006).

¹⁹ Frederic Mishkin, Francesco Giavazzi, and T.N. Srinivasan (2000).

²⁰ Abhijit Banerjee, Angus Deaton, Nora Lustig, Ken Rogoff, and Edward Hsu (2006).

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