

## Future IEO Evaluations Identified

With a new Director on board and its two current evaluations in their concluding stages, the IEO has identified topics for its next three evaluations: international reserves—IMF advice and country perspectives; confidential advice and transparent surveillance—the IMF's dual role; and bilateral surveillance.

These topics were among those on the list of *Possible Topics for Evaluation over the Medium Term* made available in late August by the IEO ([http://www.ieso-imf.org/pub/pdf/Possible\\_Topics\\_Med\\_Term\\_Aug\\_2010.pdf](http://www.ieso-imf.org/pub/pdf/Possible_Topics_Med_Term_Aug_2010.pdf)). The list reflected the many suggestions received from country authorities, Executive Directors, management, staff and outside stakeholders. Topics included were judged to be consistent with the IEO's objectives of enhancing the learning culture within the Fund; strengthening the Fund's external credibility; promoting greater understanding of the work of the Fund throughout the membership; and supporting the Executive Board's institutional governance and oversight responsibilities.

Work will begin on the first two topics in coming months; the third evaluation will be initiated in 2011.

- **International reserves—IMF advice and country perspectives:** This evaluation will examine IMF advice on countries' reserve levels, both in Article IV and program

contexts. It will review and compare the perspectives of authorities in member countries and IMF staff with respect to reserve holdings. The evaluation will examine whether IMF advice reflected country conditions and was well-explained and backed by analysis. It will also consider if this advice was consistent across member countries.

- **Confidential advice and transparent surveillance—the IMF's dual roles:** The evaluation will assess whether and in what circumstances country authorities seek confidential advice from the IMF. It will try to identify factors that may make authorities reluctant to do so. It will further examine the balance between the IMF's surveillance obligations, which carry with them enhanced disclosure requirements, and the attractiveness of the Fund as a source of advice on sensitive issues, which depends on a high degree of confidentiality.
- **Bilateral surveillance:** The evaluation will assess the effectiveness of bilateral surveillance in influencing national policies and in informing the wider membership. It will consider the impact the 2007 Surveillance Decision has had to date, and examine, inter alia, whether the current design, focus, and implementation of bilateral surveillance remain appropriate.



Moises Schwartz, IEO Director

Once the current financial and economic crisis has subsided, the IEO may also consider taking up topics related to the IMF's response to the crisis, including the IMF's contributions to crisis management through policy coordination, advice, and lending.

Any comments and further suggestions on the IEO's work program can be sent to [feedback@ieso-imf.org](mailto:feedback@ieso-imf.org).

## Monitoring Implementation of IEO Recommendations: An Update

As noted in past newsletters, follow-up on IEO recommendations endorsed by the Executive Board is fundamental to establishing accountability and completing the cycle of learning to which evaluation contributes.

As part of the current follow-up process established by Executive Directors in 2007, IMF staff prepares a Management Implementation Plan (MIP) for each IEO evaluation after it is discussed by the Board. The MIP is then considered by the Executive Board and

published, along with the Board's views on the plans to implement IEO recommendations that the Board had endorsed. IMF staff produced a MIP for the most recent IEO evaluation—*IMF Interactions with Member Countries*. The MIP was discussed informally by the Evaluation Committee in September. It will be published after being considered by the Board.

Concerns remain among Executive Directors about the system for following up on IEO evaluations. The Evaluation Committee

last spring pointed out weaknesses both in monitoring the implementation of IEO recommendations endorsed by the Executive Board and in ensuring follow through on broader policy issues raised by IEO evaluations that are of concern to the Board but that go beyond those recommendations endorsed by the Board. In the recent discussion of possible new evaluation topics, Executive Directors again raised these concerns. Consideration was given to having the next external evaluation of the IEO take up this issue.

## Work Continues on Crisis Evaluation

Work on the IEO evaluation of *IMF Performance in the Run-Up to the Current Financial and Economic Crisis* will be completed later this year. The evaluation will examine the IMF's performance in identifying and alerting the membership about the factors that brought about the crisis and will consider the IMF's policy advice on how to prevent or mitigate the impact of crises. It will explore whether the IMF could have done better in this regard and will discuss impediments that might have hindered the IMF's effectiveness. Finally, it will consider what might be done to enable the IMF to be more effective in the future.

The evaluation will answer a number of specific questions, including:

- whether and how far the IMF probed regarding emerging risks and vulnerabilities during the period prior to the crisis, especially in systemic financial centers;
- to what degree the IMF examined the potential interactions between the real economy and the financial sector (i.e., macro-financial linkages);
- what type of analyses and warnings were given by the IMF to countries facing crisis as well as to the broader membership;
- whether the IMF paid sufficient attention to spillovers (both inward and outward) and contagion risks and gave appropriate advice to mitigate such risks;
- what were/are the difficulties the IMF faces in conveying tail risks and other difficult messages; and
- what factors might have hindered the IMF's performance.

To answer these questions, the evaluation will examine the Fund's performance in both multilateral surveillance and bilateral surveillance, focusing on systemically important advanced economies, as well as emerging market economies and other advanced member economies most affected by the crisis. The evaluation will draw on a review of internal and external documents, interviews with country authorities and staff, workshops on emerging findings, findings from past IEO evaluations, and background papers prepared by IEO staff and external consultants.

The final *Issues Paper*, which defines the scope, main questions and methodology, is available at [http://www.imo-imf.org/eval/ongoing/Crisis\\_Final\\_Issues\\_Paper\\_Web.pdf](http://www.imo-imf.org/eval/ongoing/Crisis_Final_Issues_Paper_Web.pdf)

## 2010 Annual Report Now Available

The IEO's seventh Annual Report summarizes the findings of IEO's most recent evaluation of *IMF Interactions with Member Countries* and the discussion of this evaluation by the Executive Board. The report also discusses the Management

Implementation Plan for the IEO report of the *IMF Involvement in International Trade Policy Issues*. The full report is available at <http://www.imo-imf.org/pub/annualreports.html>.

## Research Evaluation Being Finalized

The IEO evaluation on *Research at the IMF: Relevance and Utilization* is in its concluding stages. The evaluation focuses on the relevance and utilization of the IMF's research program, especially by member countries, in the period 1999-2008 and also assesses the technical quality and management of research.

The evaluation covers all analytical publications produced across the IMF, covering a wide spectrum of topics from more theoretical to more applied. In carrying out the evaluation, the IEO compiled an inventory of the vast quantity of research produced in this ten-year period. Research output totaled over 6,000 products, ranging from the analytical chapters of the flagship *World Economic Outlook* (WEO) and *Global Financial and Stability Report* and *Regional Economic Outlooks*, to working papers and selected issues papers prepared in the context of the IMF bilateral surveillance of its member countries. About 250 working papers and selected issues papers each were published annually. Area departments produced more than half of all research, including all selected issue papers, while the Research Department produced about 16 percent of all output, including working papers, external journal publications, and the analytical chapters of the WEO.

The evaluation also gathered evidence by conducting surveys of IMF country authorities and IMF



(From left) Moises Schwartz, IEO Director, Hali Edison, IEO Lead Evaluator, and Ruben Lamdany, IEO Deputy Director, participate in a workshop for the evaluation of "Research at the IMF: Relevance and Utilization."

staff economists; reviewing internal documents; and interviewing staff, country authorities, and representatives of academia and think tanks. A number of background papers were also prepared, including peer reviews of the technical quality of the different IMF research outputs.

The evaluation report will be issued to the Executive Board this fall. The report will be posted on the IEO website after the corresponding Board discussion, along with management and staff comments, a summary of the Board discussion and a number of background papers commissioned by IEO.

## Periscope

In April: Moises Schwartz, IEO Director, attended meetings of the Evaluation Cooperation Group in Washington, DC.

In May: John Hicklin, former IEO Deputy Director, reported on the findings of the IEO evaluation of *IMF Interactions with Member Countries* to UK authorities and conducted outreach on this report at universities in Asia.

In June: As part of the ongoing evaluations of *Research at the IMF* and *IMF Performance in the Run-Up to the Current Financial and*

*Economic Crisis*, IEO Deputy Director Ruben Lamdany, along with lead evaluators Hali Edison and Nancy Wagner, met for consultations with authorities and BIS officials.

In September: Mr. Schwartz and Ms. Wagner met with Chinese authorities to consult for the *Crisis* evaluation. IEO hosted a workshop with several outside experts to discuss emerging conclusions from the evaluation of *Research at the IMF*. IEO participated in the 4th Annual Evaluation Week in Washington, D.C. at the World Bank.