

# Time for a reboot at a critical time for multilateralism

## **The Third External Evaluation of the IEO**

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## Acknowledgements

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## List of abbreviations

<b>AED</b>	Alternate Executive Director
<b>BIS</b>	Bank for International Settlements
<b>CSO</b>	Civil Society Organization
<b>ED</b>	Executive Director
<b>EVC</b>	Evaluation Committee of the IMF Executive Board
<b>FSB</b>	Financial Stability Board
<b>GFC</b>	Global Financial Crisis
<b>IEG</b>	Independent Evaluation Group of the World Bank
<b>IEO</b>	Independent Evaluation Office of the IMF
<b>IFI</b>	International Financial Institution
<b>IMFC</b>	International Monetary and Financial Committee
<b>MDB</b>	Multilateral Development Bank
<b>MIP</b>	Management Implementation Plan
<b>OIA</b>	Office of Internal Audit of the IMF
<b>PMR</b>	Periodic Monitoring Report
<b>SPR</b>	Strategy and Policy Review Department
<b>SU</b>	Summing Up of Executive Board discussion

## EXECUTIVE SUMMARY

This is the third external evaluation of the Independent Evaluation Office (IEO) of the IMF. This Panel has carefully reviewed and built on the previous two external evaluation reports' findings, bearing in mind current global developments. We review the work of the IEO during the period 2013-2017.

### The IEO has too little impact in the Fund

The Panel's main conclusion is that there is a lack of traction of the work of the IEO – surveys of country authorities and the IMF Executive Board reveal substantial goodwill towards the IEO but a subdued rating of its impact. The lack of traction in a broad sense cannot be attributed to a single factor or stakeholder; the Panel believes there has been a missed opportunity for the Board, management and staff, and for the IEO itself. The Board has missed the opportunity to effectively use the IEO as an oversight and governance tool, and management as a learning channel.

The IEO can play an important role in promoting accountability and learning, and thereby also the credibility of the IMF. In order to do so, the IEO has to be more than a watchdog, it has to be an effective change agent. Notwithstanding the credibility that the IEO has built up, the Panel finds that there is more to be done for independent evaluation to fully contribute to the success of the IMF.

### The context the IEO operates in has changed

Since its creation seventeen years ago, the IEO has firmly cemented its independence, both substantive and perceived; it has built up a body of credible evaluations and an external reputation as the Fund's watchdog; and support among the membership and the Executive Board for its mandate remains high. At the same time, the IEO of today operates in quite a different environment than that of seventeen years ago when it was established.

The IMF has changed; it has become much more transparent and it is easier for the outside world to scrutinize its work. It has also demonstrated an ability to learn from its experiences and made significant changes to its surveillance and lending toolkit following the Global Financial Crisis. This has raised the bar for the IEO.

The Fund is now also facing new challenges. The global community is at a critical juncture for multilateral cooperation at a time of weakening trust in both domestic and international institutions. Political support for institutions like the IMF cannot be taken for granted. Trust is a variable that needs maintenance in order to be a constant. It is therefore critically important for the IMF to strengthen the trust among its diverse membership. Mechanisms of governance and accountability should be reinforced. More than ever, the IMF needs to demonstrate that it is open to look at itself critically, hear different views, and to learn from them.

### The IEO risks becoming "routinized and bureaucratized"

A survey conducted of IMF staff reveals low awareness of the IEO's work, and interviews with senior staff generally report little learning value or relevance in IEO reports (with some exceptions). The large number of management actions in response to Board-endorsed recommendations with delayed implementation also suggest a low level of ownership. There is a real risk, therefore, of the independent evaluation process becoming "routinized and bureaucratized", as warned in the Lissakers

report. Learning is not embedded into the organization. Change is only at the level of measured activity – and even on this, the record shows substantial delays in implementation.

The Panel's work commenced shortly after the IEO report *The IMF and the crises in Greece, Ireland, and Portugal*. There were different views, both inside and outside the IMF, about the findings of the report, and even on whether such an evaluation interfered with "operational activities, including current programs" which are outside the scope of the IEO. The Panel commends the Board and management for taking the right decisions in such a situation of flux, noting in particular, management's reminder to staff to cooperate fully with the IEO. Nevertheless, the wording of the scope remains ambiguous in our view, and should be reviewed by the Board.

#### The root causes of the lack of traction are three-fold

**The Board** has not consistently demonstrated to management and the IEO the importance it attaches to independent evaluation. After discussing IEO recommendations, the Board has not given sufficient attention to the progress in implementation, and has not adequately held management and staff to account for poor implementation progress.

**Management** has not instilled the importance and value of the IEO's work in the IMF's senior staff, nor given incentives to shape desired behavior. As a result, amidst a high workload, staff has typically not accorded high priority to learning from IEO reports (with some exceptions).

**The IEO** has not engaged sufficiently with management and staff at each stage of the evaluation to ensure understanding of each other's viewpoints so that the learning value of the evaluation can be maximized. There have been improvements recently, but the IEO has not done enough to "sell" its work and messages. How the evaluation topics are eventually selected is not transparent enough, and reports tend to be too long without enough demonstration of how the proposed solutions are practical and actionable. There is also a "key person risk" at work, in that the IEO's engagement is not sufficiently institutionalized and varies with the personal approach of the Director of the IEO.

#### A "reboot" of commitment is needed

For the IEO to reach its full potential, new commitment is needed from all three parties.

- **The Board** needs to set the tone and demonstrate clearly and explicitly to both management and to the IEO the importance that it attaches to independent evaluation and the implementation of Board-endorsed recommendations.
- **Management** needs to be more supportive of the IEO's work and clearly signal that it is an integral part of IMF governance. While it recognizes the important role that the IEO plays, it needs to walk the talk.
- **The IEO** can increase its efforts to be relevant and gain more traction. It has the advantage of being inside the IMF with ready access to the Board, management, and staff. The IEO has to be more than a watchdog, it has to be an effective change agent. There is no silver bullet, but staying relevant and engaging with stakeholders is key.

Seventeen years after the formation of the IEO, it is time for the Board, management, and the IEO to reboot their commitment to effective independent evaluation.

## The Panel's recommendations:

### **The Board should**

- Send a strong signal across the institution that it will reinforce the ownership of the IEO as a tool for learning, accountability, and governance.
- Hold management accountable for slow progress in implementation. The Periodic Monitoring Report should be discussed in a formal Board meeting.
- Review the IEO's Terms of Reference to a) set out expectations for the IEO to engage and consult regularly with management and staff in the course of its work, and b) ensure that the scope of "operational activities, including current programs" does not restrict the IEO from conducting useful evaluations of ongoing activities of the Fund.
- The EVC should enforce clear expectations for Management Implementation Plans to meet the "SMART test" (Specific, Measurable, Attainable, Relevant, Timely).
- Discontinue the Implementation Status Report prepared by staff one year after a MIP.
- Comprehensively address the backlog of open management actions on the basis of an enhanced Periodic Monitoring Report containing recommendations to deal with each category of open action items.

### **Management should**

- Clearly signal to staff, in words and in actions, that the work of the IEO is core to the learning and governance of the IMF.
- Task the Secretary's department to prepare the draft Summings Up for IEO reports and allow the IEO to provide its comments on the draft to Board members before it is finalized.
- Review HR practices that disincentivize staff from working at IEO.
- Take on a more active role in suggesting evaluation topics where the IEO can bring value to and be directly relevant to current management concerns.
- Hold staff accountable for timely and substantive implementation of management actions.

### **The IEO should**

- Institutionalize regular engagement with management as well as extensive consultation processes with management and staff at each stage of the evaluation process to avoid surprises.
- In consultation with the EVC, establish transparent criteria for the selection of evaluation topics and clearly explain to the Board the reasons for the selection.
- Aim for shorter reports written in "plain English", with recommendations that are SMART.
- In consultation with the Board or the EVC, consider shorter evaluation products that can be done more quickly as an input into current topics being discussed by the Board.
- Seek to meet with the IMFC Chair regularly and brief the IMFC Deputies on evaluation work with policy implications.

## Contents

1. Introduction .....	1
2. General observations .....	3
3. More traction needed .....	6
4. More effective implementation and follow-up .....	15
5. Scope and staffing of the IEO .....	19
6. Conclusions and recommendations .....	21
Annex I. The Terms of Reference for the Panel .....	23
Annex II. Biographical notes of the Panelists .....	25
Annex III. Description of the work of the IEO .....	26
Annex IV. The main recommendations from the Lissakers and Ocampo reports .....	29
Annex V. Survey results .....	31
Annex VI. Board attendance in IEO related meetings .....	56
Annex VII. Length of IEO reports .....	57
Annex VIII. Recommendations and implementation status of IEO reports 2013-2017 .....	58
Annex IX. List of interviewees .....	67

## 1. INTRODUCTION

It has been seventeen years since the establishment of the IMF's Independent Evaluation Office (IEO). The IEO came about after extensive reviews of evaluation in the Fund and when it became clear that there was a need for an internal, yet independent, evaluation function at the IMF. The Executive Board tasked the IEO with the objectives to enhance the learning culture within the Fund, strengthen the Fund's external credibility, and to support the Executive Board's institutional governance and oversight responsibilities.<sup>1</sup> The IEO began operations in 2001 and its Terms of Reference stated that it should be independent of Fund management and staff and operate at arms-length from the IMF Executive Board. When the IEO was created it was also decided that it should be evaluated by an external panel periodically.

We, the External Evaluation Panel (hereafter, the Panel), were appointed by the Executive Board to undertake the third external evaluation of the IEO. This follows two prior external evaluations - the "Lissakers report" of 2006 and the "Ocampo report" of 2013. Our task is to evaluate how successful the IEO has been in meeting its objectives since the time of the last review. In doing so we are taking stock of the findings and recommendations of the Lissakers and Ocampo reports.<sup>2</sup> We undertake this evaluation in accordance with our Terms of References and assess the IEO's independence, objectives, selection of topics, recommendations, and traction. We also review the implementation process, the backlog of recommendations, and the staffing and resourcing of the IEO.

Some of the areas where we see scope for improvement have indeed been noted in earlier evaluations, although we have also made new observations of a fundamental nature. We seek to understand the reasons and root causes for our observations and provide recommendations to address them. The Panel's hope is that this report will prompt deeper discussion in the Fund about how the Board, Fund management and staff, and the IEO each have to step up to make independent evaluation more meaningful and effective so that the IEO fully lives up to its objectives.

### Approach and methodology of the evaluation

When conducting this external evaluation of the IEO, we have sought to find wide-ranging sources of information, input, and data points. On three occasions (October and December 2017, and April 2018), the Panel convened in Washington DC to engage in extensive consultations with the Evaluation Committee of the Board, individual Executive Director offices, country authorities, IMF management and staff, the IEO, former IMF management and Fund watchers, academics, and civil society organizations. Apart from the meetings in Washington DC, the Panel held interviews in London and Tokyo in March 2018.<sup>3</sup> The Panel conducted a survey of the IMF membership and Executive Directors about the IEO, and made use of a staff survey that the IEO carried out in March 2017.

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<sup>1</sup> Initially, the IEO had a fourth mandate to promote greater understanding of the work of the Fund throughout the membership. This mandate was dropped in 2014 following a recommendation of the Ocampo report which assessed it to be redundant given the increased transparency of the Fund's policies and operations.

<sup>2</sup> See Annex IV for a summary of the recommendations of the Lissakers and Ocampo reports.

<sup>3</sup> For a complete list of interviewees, see Annex IX.



We have reviewed the five-year period of 2013-2017 and our report presents the findings and conclusions of this third external evaluation. The Panel has formed its opinions taking into account survey results, its own assessment of the IEO's work, and its many consultations with stakeholders. The views in this report are the views of the Panel alone and do not necessarily reflect the views of the IEO, Fund staff and management, or the Executive Board.

### Structure of the report

Following this introduction, the Panel presents its general observations in chapter 2. Chapter 3 presents the findings that more traction is needed and chapter 4 addresses the need for more effective implementation and follow-up. In chapter 5, the Panel discusses the scope and staffing of the IEO and finally, chapter 6, offers the Panel's conclusions and recommendations.

## 2. GENERAL OBSERVATIONS

The benefits of independent evaluation for accountability and learning in International Financial Institutions (IFIs) have long been recognized. Evaluation contributes to good governance by promoting learning, transparency, and accountability, which in turn enhance the legitimacy of the institution among its stakeholders. Giving the outside world an opportunity to look into the inner workings of an institution should always be welcomed as such reviews cast light on things that should be altered, that otherwise may not be seen, or where status quo is taken for granted.

The IEO is one of the younger of the evaluation units among IFIs/MDBs. In the late 1990s and early 2000s, the shortcomings of the Fund's reliance on external evaluations were acknowledged. Not only did it take a long time to agree on subjects for evaluation, external evaluators did not always fully understand the Fund's approach and operations, limiting the evaluations' impact. Another concern was that as the evaluators did not remain in place after the report was discussed by the Board there was no one to monitor the implementation.<sup>4</sup> These were the main reasons for the creation of the IEO in 2001.

Much has happened at the Fund since the IEO was launched. The Fund has become much more transparent.<sup>5</sup> Greater transparency has allowed the membership, civil society organizations, researchers, and the media to subject the IMF to more scrutiny and accountability. The IMF has also shown that it is capable of learning from past mistakes, and a number of measures have been taken since the Global Financial Crisis (GFC). The Fund has, for example, undertaken major initiatives to strengthen its surveillance of financial systems and their interconnectedness, as well as of spillovers. It has also instituted new channels of learning, including, for example, staff's own self-assessment instruments. The IEO's evaluation of self-evaluation at the Fund found useful self-evaluation activities across lending programs and cross-cutting issues. The IEO's evaluation work has also contributed to greater transparency and accountability of the Fund's activities.

These positive developments in the Fund have raised the bar for the IEO. The IEO is sometimes described in the media or by external stakeholders as a watchdog. In the digital age, with easy access to a vast amount of information, however, there are many watchdogs. Given its privileged position inside the Fund with full access to information, including non-public information, and its close contact with the Board, management and staff, and the membership, the IEO should also be an effective change agent that contributes more to the success of the IMF.

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<sup>4</sup> See for example Thomas Bernes, "IEO: The Initial Vision and a Vision for the Future" in (2010) [Independent Evaluation at the IMF: The First Decade](#)

<sup>5</sup> Up until the mid-1990s hardly any of the documents prepared for the Board were published, but thereafter the Fund started to authorize publication of certain reports, and in 2001 the Fund adopted a publication policy allowing more documents to be published with the consent of the Board and, where applicable, member countries (see [2005 Review of the Fund's Transparency Policy](#)). In 2016, 92 percent of all documents considered by the Executive Board were published (see [2017 Key Trends in Implementing the Fund's Transparency Policy](#)). In parallel with increased transparency and more public access to information, communication efforts have been stepped up and the IMF actively engages with the media and Fund stakeholders. As a result, the IMF is viewed as more open, more attentive, and engaging in real dialogue (see [2014 Review of the IMF's Communications Strategy](#) and [The Role of the IMF as Trusted Advisor](#)).

This is even more important against a global context that has become increasingly complex, with greater multi-polarity among the Fund's membership and shareholding structure, greater polarization of political views globally, and the clear gaps in understanding of the global economy and international financial system exposed in the GFC and its aftermath. Actors such as other IFIs and international organizations, regional bodies, civil society organizations, and the private sector are more important than before as sources of ideas, support, social mobilization, and financing. While the IFIs continue to be crucial guardians of global public goods and in upholding international standards and principles, confidence in multilateral institutions has ebbed and political support for IFIs as the IMF cannot be taken for granted. Regional and bilateral financial arrangements have grown in scope and size in recent years, also raising questions of the changing role of the IMF in the International Monetary and Financial System.

The IMF is not subject to the same level of scrutiny that national finance ministries or central banks are in some countries where there is direct Parliamentary or Congressional accountability. To maintain a high level of trust with its membership, the Fund needs to continue to assure its members and external stakeholders that it has sufficient checks and balances in place, that its work is put to scrutiny and that there are adequate channels for accountability. Equally important is to demonstrate that it is a dynamic learning organization that is robustly evidence-based and open to considering diverse views. Any perception that the IMF is inward-looking and resistant to alternative views will negatively impact trust. Without the two components – learning and accountability – the Fund will lose credibility.

The IEO is often described as a crucial pillar of IMF governance. The IEO has a credible record of achievement in its seventeen years. It has come a long way in fulfillment of its mandate and a number of areas have improved since the previous external evaluation reports. Notably, the IEO has demonstrated independence, and the feedback from the membership about the quality and relevance of the IEO's work is broadly positive.

The IEO enjoys a high degree of structural independence. It reports directly to the IMF Board, and not to management. The Terms of Reference for the IEO clearly states that the structures and modalities of the IEO must protect its operational independence – both actual and perceived. The view that the IEO is independent is shared by many and confirmed in surveys to the Board, membership, and staff.<sup>6</sup> This Panel's assessment is that the IEO has demonstrated independence, both in substance and in perception. We have assessed independence from different perspectives: operational independence – independence to determine how to best achieve its goals; management independence – independence to run its operations; and legal independence – independence in the terms of having the correct reporting lines. Our judgment is that the IEO enjoys independence on all these dimensions. However, independence is not static, it needs to be continuously reassured, and in the

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<sup>6</sup> In a survey of IMF staff conducted by the IEO in March 2017, staff were asked of their opinion of how independent the IEO is of staff and management. On a scale of 1 to 5 where 1 is "not independent" and 5 is "very independent", 76 percent of the respondents chose 4 or 5. In our survey, we asked the membership and Executive Directors about the satisfaction of the IEO's independence. Fifty-six percent of member countries are "very satisfied" that the IEO is independent (34 percent "fairly satisfied"), the same number among Executive Directors is 92 percent. See all survey responses in Annex V.

case of the IEO, independence should not be interpreted as isolation – it needs engagement to be fully successful.

The IEO has much value to offer the Fund. It has a good vantage point from which to take an independent whole-system view across IMF departments and help propose more coherent frameworks. Such a perspective should be useful and relevant to management as they seek to strengthen the coherence of the disparate parts of a large organization. It also has the ability to solicit candid and diverse views from the membership and external stakeholders and to channel this into the organization. The IEO's channels can complement staff's own sources of external input.

However, the IEO has yet to reach its full potential. The lack of traction is the core problem. Although there are signs of improvement recently, work is needed on many fronts to further this progress. For the IEO to be able to reach its full potential it must continue to strive to improve its traction by being more engaged with stakeholders and to demonstrate its relevance to the Board, membership, and Fund management and staff. And while doing so, it must also respond to demands of a changing global context and a dynamically evolving Fund. Management and senior staff need to seek opportunities to learn from the IEO's work and more effectively follow through on the implementation of evaluation recommendations. And, finally, the Panel thinks that the Board needs to strengthen its ownership of and support for the IEO.

The review period of this external evaluation of the IEO, 2013-2017, has to some extent been colored by the tensions related to the IEO evaluation *The IMF and the crises in Greece, Ireland, and Portugal*. Not only were there different views whether such an evaluation interfered with "operational activities, including current programs" which are outside the scope of the IEO, but also about the findings of the report. This report prompted management to – to their credit – issue a note to staff reminding them to fully cooperate with the IEO. This development underscores the importance of engagement and clarity of the IEO's mandate and scope.

### 3. MORE TRACTION NEEDED

The main and most important finding of our evaluation is the lack of traction. Too few stakeholders read the IEO's evaluation reports – some do not even know about their existence, too few find them very useful and too many recommendations remain open for too long. From the IEO's own 2017 survey of IMF staff and this Panel's survey of member countries and the Executive Board, we find that:

- Staff awareness and perception of the impact of the IEO is low;
- The IEO is seen as having moderate rather than high impact;
- The IEO is seen as doing better in terms of its institutional oversight and credibility objectives, but weaker in terms of its learning objective.

In addition, interviews with senior staff generally reveal that they report little learning value or relevance in IEO reports (with some exceptions), and the large number of management actions in response to IEO recommendations with delayed implementation suggest a low level of ownership among staff. These findings are detailed below.

The Panel believes there has been a missed opportunity for the Board, management and staff, and for the IEO themselves. The lack of traction in a broad sense cannot be attributed to a single factor or stakeholder. From our interviews with management and staff, the Board, the membership, and outside IMF watchers, we find that the root causes are several. Topic selection, content and recommendations of the reports, the evaluation process, the "selling" and the "buy-in", the follow-up process, and, finally, the Board and management's attention and signals are all factors that influence the outcome of traction.

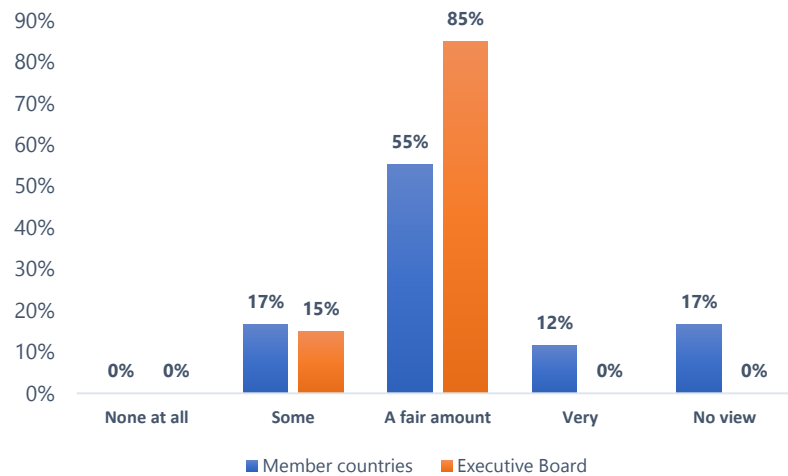
As noted earlier, awareness and perception of the impact of the IEO is low among staff. The Panel interviewed a number of present and former senior staff and appreciated the candor of those conversations. The general impression revealed from those discussions was that they saw only limited learning value from IEO reports in general, and could only point to a few IEO reports as being truly impactful (e.g. the 2011 IEO evaluation *The Fund's Performance in the Run-Up to the Financial and Economic Crisis*). The IEO's 2017 survey of staff painted a similar picture. First, it had a response rate of only 26 percent. Second, we note that a quarter of the respondents report a low level of awareness. Third, a growing number of staff members are not sure about the impact of the IEO's work on the Fund's activities, and almost two thirds of them think the IEO has little influence on their individual work.<sup>7</sup>

Member countries and Board members see the IEO as having moderate rather than high impact. The Panel's survey of the membership and the Board revealed that while many are satisfied with the quality of the IEO's reports, they mostly rate the IEO as having "a fair amount" of impact. Only a very small minority think they have "very much" impact.

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<sup>7</sup> See Annex V

Chart 1. Member countries' and the Executive Board's views on how much traction they think that the IEO's evaluations and recommendations have



The Ocampo report viewed the two key mandates of the IEO to be enhancing the learning culture within the Fund and supporting the Board's institutional governance and oversight responsibilities. Its third mandate, to strengthen the external credibility, was largely the result of the two former. This Panel agrees that credibility can only be achieved when both accountability and learning take place.

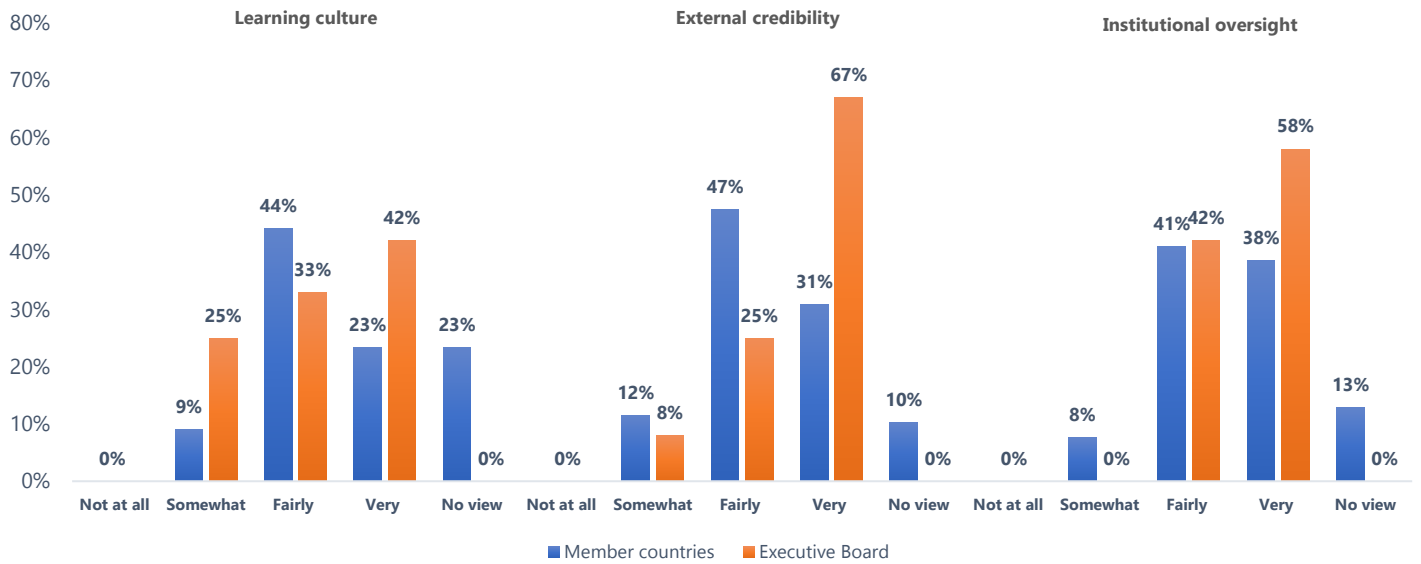
The IEO's evaluation reports contain a mix of both accountability-weighted and learning-weighted recommendations. However, the Panel finds that, overall, the weight of recommendations has been tilted towards accountability and less on learning. In his book *The International Monetary Fund and the Learning Organization*, the former IEO Director, Moises Schwartz, notes that on average, since the creation of the IEO to 2015, just over a half of all findings in the IEO's evaluation reports were accountability findings, and learning findings accounted for less than one fifth.<sup>8</sup>

All three objectives are important to the IEO, if it is to be an effective change agent and contribute to making the Fund better. Its task is to balance between the three objectives without skewing towards one. If the IEO is too focused on accountability with little learning, this may cause defensiveness in the organization and inhibit learning. On the other hand, if the IEO focused on learning at the expense of accountability, this may mean that both the IEO and the IMF were dodging the hard issues. Balancing these roles is not unlike how the Fund seeks to be both an evenhanded truth-teller in its surveillance role and a trusted advisor to country authorities to achieve traction of its policy advice.

In our survey, we asked member countries and Executive Directors how well the IEO has achieved its three objectives.

<sup>8</sup> See [The International Monetary Fund and the Learning Organization: The Role of Independent Evaluation](#)

Chart 2. Member countries' and the Executive Board's views on how well the IEO has achieved each of its three objectives



The broad interpretation is that the views on credibility and institutional oversight are positive, but on learning a little less so; this view was also reflected in IEO's survey to staff.<sup>9</sup> Improvement is needed in the IEO's efforts to enhance learning in the Fund.

We next consider the issue of traction at each stage of the evaluation process.

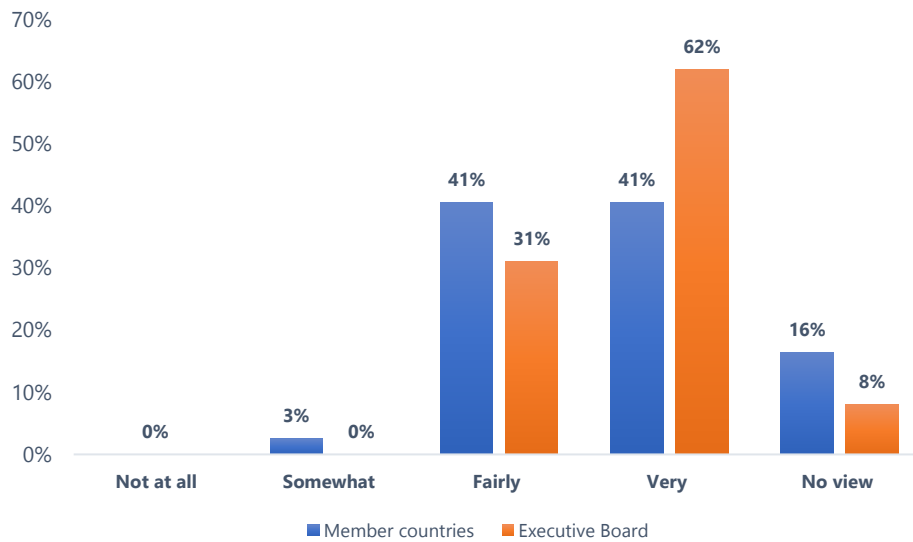
### 3.1 Relevance of topics and design of reports

#### Relevance of evaluation topics has been uneven

Choosing the most relevant topics to evaluate, and having well-designed recommendations is crucial to impact and traction. The Executive Board and IMF management are most likely to carefully study evaluation reports if they speak to the issues that they consider most important. The Ocampo report found that the IEO's selection of topics had been broadly appropriate and also pointed out that it is important that topics are always central to the Fund's mandate.

<sup>9</sup> IEO's survey to staff asked how effectively the IEO had performed its three objectives. On a scale from 1 ("not at all effective") to 5 ("very effective"), 46 percent of the respondents chose 4 or 5 when assessing external credibility, and 47 percent when assessing institutional oversight. For learning culture, the same numbers were 19 percent.

Chart 3. Member countries' and the Executive Board's satisfaction with the relevance of the IEO's topics for evaluation



The Panel's assessment when reviewing the eight evaluation reports completed between 2013 and 2017 is that the topics have been broadly appropriate and central to the Fund's mandate, and most of them dealt with cross-cutting issues relevant to a broad section of the Fund's work. Our survey also showed general satisfaction among Board members and the membership with the topics selected. However, from our survey and interviews, respondents among staff, Executive Directors and country authorities only mentioned few reports as impactful or useful. The Panel's impression is that while all the reports were broadly appropriate, the relevance and importance of the reports to the Board varies. This is also reflected in the variability in senior level participation in Board meetings of IEO evaluation reports. For important policy and country items discussed at the Board, the average participation ratio of Executive Directors and Alternate Executive Directors is at well over 80 percent. For the eight IEO reports between 2013 and 2017, the range of participation ratios of Executive Directors and Alternate Executive Directors was from 58 percent to 96 percent with only two reports seeing high-level participation above 80 percent.<sup>10</sup>

#### All IEO reports must matter and contribute to change

While the IEO is free to select what topics to evaluate, it has become more important for the IEO, as a key part of the Fund governance structure, to strengthen its relevance to the Board and membership. This in turn helps to foster an IMF that continues to be relevant and responsive to its membership in meeting the challenges of the new environment outlined earlier. When formulating its work program, the IEO has an inclusive process where it seeks input from the Board, member country authorities, Fund staff and management, and external stakeholders. The Panel endorses this process of seeking input. However, while the IEO should retain autonomy over the selection of topics for evaluation, there is room for improved transparency and inclusiveness in the interest of strengthening relevance and traction.

<sup>10</sup> See Annex VI.



The IEO should more clearly explain why a topic was chosen rather than another. **The Panel proposes that the IEO, in consultation with the Evaluation Committee, formalizes the criteria and metrics used for selecting topics and make these criteria transparent.** Examples of suitable criteria include relevance to the Fund's core mandates, relevance to the Fund's ongoing work, views of the Board and membership, cross-cutting issues that are of interest to the Board and membership and the degree to which the Fund will benefit from diverse and alternative views, and, last but not least, issues with big balance sheet effects for the Fund. After the IEO has selected its evaluation topics, it should describe to both the Board and management why they have selected some topics over others against the set of selection criteria.

[The IEO could be useful in evaluating current topics and strengthen self-evaluation](#)

**The Panel is of the view that the IEO, together with Board or the EVC, should consider shorter evaluation products that can be produced more quickly as an input into current topics being discussed by the Board.** These shorter evaluation reports could draw on previous evaluation work and identify the lessons that are still relevant for the current discussion. For example, in a future Board discussion on social protection or fragile states, the IEO could be asked to provide inputs drawing on its work done in 2017 and 2018. Such reports will be in addition to the full evaluation reports, which can take up to eighteen months or more to prepare. Shorter reports in response to current needs would mean that the IEO can respond more nimbly to be relevant to the current concerns of the Board.

In an environment where global governance of international financial institutions is facing challenges and is even more important than before, the IEO can consider joint evaluations of the IMF's collaboration with other international and regional institutions to deliver global goods. Examples include provision of country assessments to MDBs, the design of social protection and other such safeguards and the degree to which they conform to international standards, leveraging comparative advantages vis-à-vis FSB and BIS in delivering financial stability outcomes.

Self-evaluation is another area the IEO could seek to help strengthen. The IEO has rather limited resources and can only cover two topics for full evaluation each year, but there might be room for the IEO to, say every three years, conduct an evaluation of self-evaluation. Rather than focusing on process issues, the IEO could review a sample of self-evaluation reports and comment on their quality so that the Board, management, and staff can draw lessons and raise the standards of self-evaluation over time.

[Recommendations need to be practical and SMART<sup>11</sup>](#)

A well-researched and well-founded evaluation report will have limited effectiveness if the recommendations are not impactful. While we found several IEO recommendations that have been impactful, the record on the whole is mixed. Some recommendations in the past have been too general and hard to implement. Overall, the Panel also thinks that many reports place their focus on

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<sup>11</sup> Specific, Measurable, Attainable, Relevant, and Timely

documenting current work and practices and pointing out gaps and shortcomings. More efforts should be spent on explaining the usefulness and effect of the recommendations or “selling” why the recommendations are necessary, useful, and practical within the operating context. The *Role of the IMF as a Trusted Advisor* report provides an example of this unbalanced approach.

**The Panel proposes that the IEO put greater efforts into designing impactful recommendations that are practical and SMART and which have the following features:**

- Deal with cross-cutting issues like policies and culture so that lessons can be drawn for a broad area of IMF work;
- Good not just in concept or theory, but fully appropriate in the operating context;
- Take account of the trade-offs, tensions, and practical constraints that limit the solution set;
- Set out sufficiently broad directions to give management room to find the best way to implement;
- Yet provide adequate guidance for the development of Management Implementation Plans (MIPs) and are specific, measurable, and actionable enough to facilitate implementation and monitoring.

The Panel thinks the IEO can make its recommendations go further if it develops them more fully and checks that they contain the above features. From our review of the evaluation reports, we also find that there are two groups of recommendations. One group of recommendations relate to cultural change, which are likely more long-term and success in implementation is less directly measurable. The other group of recommendations is more specific and actionable with a shorter time perspective. It may be useful to separate the two groups of recommendations in the ways that they are followed-up. The specific and actionable recommendations should be easier to track and close in the Periodic Monitoring Reports (PMR) and hence no change in process is needed. However, the more qualitative recommendations aimed at changing culture would benefit from a different follow-up process.

First, the IEO could present examples of proxy or qualitative measures on tracking progress of recommendations. Those measures could be further refined in the MIP. Second, such recommendations would not be tracked as open or closed but assessed qualitatively for progress over a number of years. Examples of possible ways to make these assessments is to track activities conducted to promote the culture change, conduct interviews and surveys on changing attitudes, and seek evidence of indirect impact in the work of the Fund. A separate section in the PMR that reports on these long-term culture change recommendations could be considered. Success in implementing these recommendations is not in whether they are closed, but whether progress continues to be made year after year.

[Reports need to be more concise](#)

**The Panel is of the view that the IEO reports could benefit from being more consistently concise and written in “plain English”.** The IMF has come further in this area. It has developed very specific guidelines for document length of staff reports. The length limit for a regular Article IV report is 6,000 words and for an Article IV report of a G20 country or a financial center it is 9,500 words. The

IEO reports in our review period average around 19,400 words.<sup>12</sup> Without compromising the quality of the analysis, or the assumptions underlying the analysis, the IEO evaluations could aim for shorter and more concise reports to enhance readability and make sure key messages are communicated clearly.

### 3.2 Process and relations

As mentioned previously, to promote learning in the Fund, the learning objective needs to be embedded in the creation of the IEO work program, through the selection of topics and then continue into the design of the evaluation, the phrasing of the recommendations and how dissemination activities are carried out. At every stage, the IEO should promote learning by demonstrating the relevance of its message and have effective two-way communication so that the message is accepted and owned by stakeholders. The seed of learning cannot be planted without mutual understanding of the differences. The more controversial the evaluation topic, the more engagement is needed; neither party should be surprised by the other's perspective. It does not mean agreement or even compromise. It means each side should seek to understand the other's perspective before providing a considered response. Such a process would also likely generate the most useful and valuable output from an evaluation.

Our survey and our consultations indicate that the relationship between the IEO and management and senior staff needs improvement. The Panel is aware that there have been improvements during the last year when it comes to interactions between the IEO and management and staff. We endorse this development and propose that the IEO continues on this path and institutionalizes an approach of close engagement. There is a "key person risk" at work, in that the IEO's engagement is not sufficiently institutionalized and varies with the personal approach of the Director of the IEO. We note that the Terms of Reference of the IEO sets out its role and the obligations of the staff to cooperate with the IEO; it does not however set out expectations of how the IEO should conduct its work towards management and staff. **The Panel recommends that the IEO's Terms of Reference be reviewed and additions be made to set out expectations for the IEO to engage and consult regularly with management and staff in the course of its work in order to build constructive relationships and foster better understanding of each other's perspectives.** Equally, management and staff needs to engage, and be seen to extend its full cooperation with the IEO. The updated *Management's Guidance Note on Staff Cooperation with the Independent Evaluation Office* is a welcome demonstration of cooperation. It affirms staff's responsibility in providing information requested by the IEO on a timely basis and clarifies that staff is expected to cooperate and speak freely with the IEO.

More specific examples of further engagement activities that could be pursued are more workshops and informal seminars with staff, management and Board members during the preparation of a report and after its conclusion to explain the IEO's findings and views, and to take feedback. For reference, the World Bank's Independent Evaluation Group (IEG) has a communication strategy for each evaluation they do, and an overall strategy for outreach and dissemination. The Panel is aware that

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<sup>12</sup> The Panel's own calculations, see Annex VII.

the IEG has much more resources than the IEO, but its strategy and activities<sup>13</sup> can serve as reference and inspiration for the IEO.

### The Board and management needs to engage more

Traction is not only about relevance of topics, quality of recommendations, and a well-working evaluation process, it is also a clear responsibility of the Board and management. The Board must make better use of the IEO as a tool for governance and oversight. There can be improvements in its engagement on topic selection, engagement during an evaluation, and certainly in promoting and making use of the outcomes of the reports. Specifically, the Panel suggests that the Board seeks to improve consistency of senior participation in Board meetings of IEO reports and at IEO seminars, directly discusses the Periodic Monitoring Report, and holds management accountable for poor or delayed implementation.

When responding to IEO recommendations, management should set the tone for staff to be constructive and actively help identify learning points and not allow staff to simply take an agree/not agree approach. There needs to be a form of sponsorship from management. Management must, in turn, also hold senior staff to account for poor or delayed implementation of actions in Management Implementation Plans. Finally, management has a role in promoting the importance of the IEO and its work with staff, by holding joint seminars with the IEO to discuss evaluation lessons for staff.

The Panel saw a disconnect between the supportive statements we heard from management and the views of senior staff – many of whom reported that they found limited relevance and learning value of IEO reports. It seems that staff has typically not accorded high priority to learning from IEO reports and in some instances, regard it as an unproductive imposition with little relevance to their everyday work. While it is the IEO's responsibility to deliver relevant and useful evaluation reports, the Panel's view is that there also has to be greater receptivity on the part of staff towards learning from the IEO and its work. It takes two to tango. Both management/staff and the IEO need to do their part to support effective, relevant, and useful independent evaluation.

## 3.3 Outreach and in-reach

### "Market" the work of the IEO effectively

The IEO work process cannot merely be to work independently in order to publish a report. Its work does not end there. The IEO has to be an advocate for its recommendations and demonstrate why they are relevant and why the Board and management need to give them attention. Interacting extensively with management and staff throughout the evaluation process does not weaken the actual, nor the perceived, independence of the IEO. The IEO of course recognizes this and conducts

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<sup>13</sup> For example, the IEG has conversations and Q&A series on its external website, often short transcripts from IEG events, to effectively disseminate its evaluations to external audiences. They also write internal and external blog posts, showcase stories about the IEG on the World Bank intranet, have internal launching events, participate in the annual learning weeks organized by the World Bank Global Practices, and organize internal 'Brown bag lunch' seminars on IEG work targeted at operational staff and mid-level managers.

both pre-evaluation and post-evaluation in-reach and outreach activities. Recently, the IEO has done more in-reach, hosting seminars for staff on the findings of a report and plans to host a follow-up seminar together with staff. In addition to this, the office hosted an open-house event inviting staff to come learn more about the evaluation office. These recent activities are very much welcome, and needed, in the Panel's view. The Panel suggests the IEO continue to do more in marketing of its findings and recommendations, perhaps by hosting "learning days" together with management and senior staff to provide an opportunity for staff to learn more about and discuss findings of the IEO.

#### Strengthen engagement with member countries through the IMFC

Among the many important stakeholders of the IEO is also the IMF member-country authorities. The Panel sees scope for increasing the visibility and relevance of the IEO among the IMF membership and further enhancements are needed in the relationship between the membership and the IEO. This was also a clear wish of member countries responding to our survey. Reaching out bilaterally to the IMF's wide membership is difficult given the IEO's limited resources, but a more direct link to the IMFC would be appropriate. In the early years of the IEO, the IEO Director was one of the presenters during the IMFC meeting and the IEO was mentioned in the IMFC communique. When the IMFC meetings were streamlined, to focus more on discussion, the IEO presentation was discontinued.

Following the Ocampo report, that recommended increased interactions between the IEO and the IMFC, the Board decided<sup>14</sup> that if the IEO Director wishes to brief IMFC Deputies and/or meet with the IMFC Chair to appraise him/her on recent activities, the Secretary could convey such message to the IMFC Chair for consideration. This Panel welcomes that decision but notes that this has not always been acted on very substantively. **The Panel recommends that the IEO Director seeks to meet with the IMFC Chair regularly and brief the IMFC Deputies to discuss findings of its evaluations that has policy implications.** The IEO's engagement with Deputies and the IMFC Chair should be focused on governance and policy issues arising from its evaluation work, as these are the issues likely to be of greatest interest to them.

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<sup>14</sup> For reference, see *External Evaluation of the Independent Evaluation Office – Follow Up* EBAP/14/10

#### 4. MORE EFFECTIVE IMPLEMENTATION AND FOLLOW-UP

The Panel is of the view that if relevant topics are chosen, recommendations are relevant, well-anchored and actionable, and the evaluation process inclusive so that all different views have been heard, it will facilitate ownership and traction. But there also needs to be an efficient structure for implementation. After the critique from the Lissakers report that the IMF lacked a systematic monitoring of follow-up to IEO reports, the Board took action to ensure better follow-up, and the framework for Management Implementation Plans (MIP) and an annual Periodic Monitoring Report (PMR) were approved by the Board in 2007. The follow-up process was further improved following the Ocampo report, for example when the Office of Internal Audit (OIA) took over the preparation of the PMR from the Strategy and Policy Review Department (SPR) to avoid potential conflicts of interest.

In this chapter we address the specific issue of implementation of the Management Implementation Plans and the backlog of open action items highlighted to us by the Evaluation Committee.

##### Improving the process for preparing Summings Up

The implementation process begins with the Summing Up of the Board discussion of an evaluation report. The Ocampo report recommendation to place the responsibility for the preparation of Summings Up with the Chair of the Evaluation Committee was not adopted by the Board. There are different views about the Summing-Up issue. One is that the preparation of the Summings Up has to remain the responsibility of the Chair of the Board, consistent with all other issues and papers formally discussed by the Board. A different view is that IEO reports pose an element of conflict as the Chair is also responsible for management which may not agree with IEO recommendations. We do not see the problem of conflict as so large as to require the responsibility of Summings Up to be placed on another party. The Summing Up should faithfully reflect the Board discussion, and it is the Chair's responsibility to ensure its accuracy and balance. There is also substantial engagement by Executive Directors on the Summing Up to ensure that this is so.

However, the Panel does think that there is room for improvement in the current process. Currently, the preparation of the draft Summing Up is typically done by SPR, in consultation with other relevant departments for a particular evaluation. An alternative is to let the IEO prepare it, as this would be consistent with Board practice that the department responsible for the Board paper being discussed, i.e. the originating department, also prepares the draft Summing Up. The Panel agrees that for Board discussions on IEO reports and recommendations, special care has to be given to address potential conflicts. The responsibility for drafting Summings Up for Board discussions of IEO reports should be given to a party charged with the responsibility of ensuring fair, accurate, and balanced reflection of a Board discussion. That responsibility lies neither with the department that is the subject of the IEO's report, nor the IEO, both of which are interested parties; it lies with the Chair and the Secretary.

**We recommend that the responsibility for preparing the draft Summing Up be placed on the Secretary's department.** Further, as the IEO best understands the nuance and intent of its recommendations, we propose that the IEO should be allowed to provide comments on the draft to Board members before it is finalized.

### More effective Management Implementation Plans

Following an IEO evaluation, staff proposes a Management Implementation Plan, responding to the recommendations the Board endorsed, which is discussed in the Evaluation Committee. The IEO also has the opportunity to give its input on the MIP to the EVC as to how well it implements the IEO recommendations. The Panel thinks this is a good process, but greater effectiveness is needed for the MIP. Among the stock of implementation items being monitored in the Periodic Monitoring Report are those which are insufficiently specific and measurable (see next section). **To improve the MIPs, the Panel proposes that the EVC sets down and enforces clear expectations for MIPs that meet the SMART test, drawing on inputs from the IEO.** The OIA has, through its experience in monitoring progress of the MIPs, a good understanding of the features an MIP should have that enables it to be substantive and measurable, and should thus be able to offer useful advice to the EVC about the desirable features of a successful MIP. In addition to this, the Panel thinks the Board or the EVC should be able to request comments from the IEO on Board papers that are follow-ups to MIP items.

### Strengthening the implementation and monitoring process

The PMRs, produced by the OIA, are detailed, and professionally prepared, and candor and usefulness has continued to improve over the last few years. From the Panel's review of the 8th and 9th PMR, it is clear that too many items have remained open for too long. The 9th PMR covers 96 management actions, whereof 42 actions remain open and 32 of these face challenges that require management or Board intervention.<sup>15</sup> While the numbers have changed slightly, the proportion of open actions are roughly the same as in the previous PMR.

There are a range of reasons for why action items remain open. Some are too broadly phrased, making it difficult to assess whether a recommendation has been fully achieved. Some may be difficult to measure and close because they are general calls to strengthen culture and achieve continuous improvement, as "strengthening incentives to speak truth to power"<sup>16</sup>, "enhance the value-added of Article IV consultations for country authorities" or "strengthening the continuity of the relationship between the Fund and member countries"<sup>17</sup>. Some action items remain open simply due to poor enforcement and insufficient accountability. There may also be other cases, for example where there is lag because the proposed actions have been overtaken by events and therefore are no longer relevant in the current form.

As mentioned in Chapter 3, **the Panel recommends that the Board take a direct role in holding management and staff accountable for timely and substantive implementation of MIPs; and that the PMRs should be tabled at formal Board meetings with management and staff present.**

The current practice is for the EVC to discuss the PMRs, but to the Panel's understanding, neither management nor the staff responsible for the implementation of open items have been required to explain the delays in person to the EVC; instead it has been the OIA, charged with monitoring

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<sup>15</sup> See Annex VII

<sup>16</sup> From *IMF Performance in the Run-Up to the Financial and Economic Crisis*, 2011

<sup>17</sup> Both from *The Role of the Fund as Trusted Advisor*, 2013

implementation, and SPR, that have been in attendance. In our view, the current process gives insufficient attention and importance to the implementation progress.

For the Board to perform its role of reviewing the PMRs more effectively, **the Panel is of the view that the PMR needs to sharply categorize open action items into several categories**, such as:

- a. Well-defined action items where there has been progress and which are expected to be closed in reasonable time.
- b. Well-defined action items where there has been insufficient progress without good reasons. These merit increased Board and management attention.
- c. Not well-defined action items for which progress is difficult to measure and assess. These will require a process involving staff, IEO and OIA to redefine the action items so that they are specific and actionable for approval by the EVC.
- d. Action items that are no longer a priority or relevant because circumstances have changed. For these items, a recommendation to drop them from monitoring should be made by management or staff, supported by the OIA and IEO, to the EVC and Board for approval.
- e. Culture-change or continuous improvement type of action items for which the "open/closed" classification is unsuitable and a different monitoring process is needed. The OIA could assess the progress made over a number of years by referencing activities done towards these goals, surveys of stakeholders and other proxy indicators of impact.

In the Panel's discussions with the OIA, we understand that improvements along the lines of our thinking above are currently being made to the upcoming PMR. This will strengthen the implementation and monitoring process by focusing Board and management attention on it. **The Board and the EVC should, on the basis of an improved format for the PMR containing recommendations for dealing with open action items, make the needed decisions to comprehensively address the backlog of open management actions.**

With an improved PMR, **we also recommend that the Implementation Status Report prepared by staff one year after a MIP following an IEO evaluation be discontinued** as it duplicates the comprehensive work done in the PMR.

### Measuring success

Even though the Panel firmly emphasizes that it is important that the Board and management support the IEO, the IEO's success cannot be judged by how often they agree with and endorse the IEO's recommendations. One could argue that such a "hit rate" measure could be an indicator of well-crafted recommendations. On the other hand, it could deter the IEO from surfacing important and relevant issues and recommendations that do not enjoy broad support from the Board. Therefore, we suggest that apart from the "hit rate", there should be another equally important measure of whether the IEO has brought new thinking, perspectives, and active discussion to the Board and management. This can only be assessed qualitatively, for example by subsequent External Evaluation Panels. Another measure of success and indirect indicator of how relevant and impactful its reports have been would be staff and country authority awareness of IEO reports. The Terms of Reference for subsequent External Evaluation Panels could include a review of the success indicators of independent evaluation,



not as a performance indicator of the IEO alone, but of the combined efforts of the Board, management and staff, and the IEO.

If the External Evaluation Panel is to review the success of the IEO in the preceding years, it may make sense for the Panel to conduct its work near the end of the term of each IEO Director, at 6-7-year intervals. The External Evaluation report and its assessment of the performance of the IEO can then be discussed at the Board. That Board discussion can be an accountability platform for the IEO over the term of office of the Director. We consider that such a "performance review" at the end of the term of the Director would not compromise his/her independence as that position is not eligible for re-appointment. At the same time, such a form of accountability will help provide incentives for meeting the broad measures of success discussed here.

## 5. SCOPE AND STAFFING OF THE IEO

### The scope of the IEO

The Terms of Reference of the IEO restricts what topics the IEO can evaluate only on one point – it should avoid interfering with operational activities, including current programs. The Ocampo report suggested that the Board should narrow the scope to define ‘current operations’ as ‘current lending programs’ and that the IEO should be free to evaluate any other Fund operation, whether current or not. Following the Ocampo report, the Board decided to clarify that current programs should be prohibited from evaluation; hence the current wording “operational activities, including current programs”. The Panel’s work commenced shortly after the publication of the evaluation of the euro area crisis programs. We heard different views from staff on whether the IEO should have done the evaluation on a live or semi-live program and whether it constituted “operational activities, including current programs” which are outside the scope of the IEO. Following discussions between the Board, staff and the IEO, it was agreed that the evaluation could proceed. Nevertheless, the scope of the IEO’s mandate remains insufficiently clear and should be reviewed by the Board. Disagreements over the IEO’s scope at the Board or among staff could cause tensions that undermine the traction of its work. **The Panel recommends that the Board review the scope of “operational activities, including current programs” to ensure that it does not restrict the IEO from conducting useful evaluations of ongoing activities of the Fund, such as technical assistance and shorter evaluations on current issues of interest to the Board.**

### Staffing and budget of the IEO

The Lissakers and Ocampo reports both considered the issue of having appropriate diversity of IEO staff and a balance between Fund insiders and staff with external experience. The Ocampo report highlighted that the IEO had difficulties recruiting from inside the Fund. Both the Ocampo survey and IEO’s survey to staff in 2017 show that only a few (10 percent in 2012, 8 percent in 2017) considered rotation to the IEO as enhancing their career prospects. Although this Panel’s assessment is that the current mix of experience among IEO staff is satisfactory<sup>18</sup>, this cannot be taken for granted and continued efforts must be made so that staff perceives having IEO experience as helpful to their career in the Fund. We note that, in the World Bank, staff has a positive view of gaining experience in the IEG.

The IMF’s Human Resources Department has been supportive of the IEO and has taken efforts to increase attractiveness of the IEO to Fund staff. It has facilitated placement of IEO staff back to Fund staff, agreed that – promotions from A14 to A15 or promotions within the B grade – gained in the IEO should be valid for one year upon return to IMF staff, and that working for the IEO is to be recognized and given credit as external work experience. This is a step in the right direction, but more is needed for staff to see the IEO as an attractive employer and for the IEO to be placed on a level playing field

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<sup>18</sup> The IEO currently has fifteen non-contractual employees, including the Director, three B-level staff, six A-level evaluators, three research assistants, the office manager and one assistant. IEO defines an ‘IMF insider’ as someone who has a re-entry guarantee to the IMF, since that option is what could create a conflict of interest. Using this definition, the IEO currently has three insiders.

with IMF departments. **The Panel recommends that management reviews HR practices that disincentivize staff from working a few years at the IEO, such as the uncertainty over promotions.**

Furthermore, the Panel's impression is that the current environment at the Fund does not encourage staff to take a step in their careers to work for the IEO. At the Bank of England, every year two staff members are seconded to work at the Bank's Independent Evaluation Office for a year. The Panel thinks there are merits to this model which essentially serves two purposes – increasing network among staff while doing an evaluation, and building greater traction of the evaluation office's work when seconded staff go back. There is no silver bullet here, and in the end, it comes down to attitudes, not only rules. The IEO's own efforts to improve staff awareness of its work will help. Equally important is that management and senior staff need to demonstrate in action and in words that the work of the IEO is valued.

In addition to its regular staff, the IEO hires a significant number of external consultants with different areas of expertise to provide input to evaluations. The Panel's consultations showed general satisfaction with the external consultants, but there were some concerns that there had not been sufficient safeguards in place as to whether the consultants had independent views on the subject for evaluation, and some issues were raised regarding external consultants' participation in Board meetings, especially on country items. The Panel thinks that there is an appropriate process in place to deal with participation in Board meetings.<sup>19</sup> The IEO should seek to eliminate the risk of hiring external consultants viewed as not having independent views. Even if only in a few cases, a consultant that is seen to have had preconceived views, such incidences could damage trust and undermine findings and recommendations of the evaluation reports. The IEO has terms and conditions for appointments of non-contractual staff, but no written guidelines for hiring external consultants. While the Panel finds that the IEO is seeking to strike a good balance between 'insider' and 'outsider' consultants and to find high-quality experts without preconception of the Fund, the Panel sees merit in the IEO formalizing these informal guidelines.

The Panel's assessment is that the current resource envelope for the IEO remains appropriate for its existing scope of activities. However, the Panel has recommended consideration of some expansion in the IEO's work (e.g. shorter evaluations, joint evaluations with other International Financial Institutions, and evaluation inputs to management) that it can discuss with the EVC and the Board. If undertaking some of these new reports require additional resources, the Panel recommends that the Board consider modestly expanding the resource envelope of the IEO. Its budget is modest, corresponding to 0.5 percent of the IMF's administrative budget, and it is cost effective.

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<sup>19</sup> Attendance of the IEO external consultants at Board meetings must be requested and approved by the Board, normally in a Lapse-of-Time procedure, prior to the meeting concerned. In addition to these rules, Secretary's department has also clarified that it has put in place a new procedure to inform the Executive Director(s) involved about the IEO's request for attendance.

## 6. CONCLUSIONS AND RECOMMENDATIONS

Reviewing the IEO over the period 2013-2017, the Panel's assessment is that the IEO has played a useful role in contributing to the improvement of the IMF. At the same time, there has in our view been a missed opportunity for the Board, management and staff, and for the IEO themselves. There has been too little traction. The Board has not effectively used the IEO as an oversight and governance tool and management has not fully used the IEO as a vehicle for learning, and in many instances, has not implemented Board-endorsed recommendations in a timely manner. The IEO has not done enough to engage with management and staff and "sell" its recommendations, and in general has not been an effective change agent.

Joint action by the Board, management and the IEO is needed. We have presented a number of recommendations for all three parties. Our aim is that the IMF as an institution reaps the full benefits of independent evaluation. Transparency, accountability and improving the work of the IMF by learning from mistakes are all key to credibility.

All three of the IEO's objectives are important and relevant. However, in order to be more effective, both the IEO and IMF management and senior staff should embrace the learning aspect further. The IEO's ultimate role is to strengthen the IMF. The IEO has not fully utilized the fact that it is placed within the IMF, and it has not engaged enough with internal stakeholders. Closer engagement and improved relations between the IEO, the Board, and management and staff will contribute to more effective independent evaluation. The desired outcome of closer engagement and a constructive relationship between the IEO and management/staff is a good and open debate and a better understanding of each other's perspectives. It will also contribute positively to relevant topic selection, SMART recommendations, ownership, and change.

With just two evaluation reports on average per year, the IEO needs to make sure the reports count and make an impact. The IEO is successful when; i) it has been relevant to the concerns of the Board and management, and persuasive to them; ii) it reaches key stakeholders, both internal and external, to explain the importance and usefulness of its report; and iii) when the reports are concise and easy to read, and the recommendations and MIPs are focused, specific, and actionable. Achieving these three objectives is not a success only to the IEO but to the Fund as whole as it would mean the benefits of having an internal, yet independent, evaluation office are fully attained.

It has now been seventeen years since the establishment of the IEO. It is time for recommitment, from all parties – the Board, management and staff, and the IEO – to step up their efforts towards effective independent evaluation.

## The Panel's recommendations

### **The Board should**

- Send a strong signal across the institution that it will reinforce the ownership of the IEO as a tool for learning, accountability, and governance.
- Hold management accountable for slow progress in implementation. The Periodic Monitoring Report should be discussed in a formal Board meeting.
- Review the IEO's Terms of Reference to a) set out expectations for the IEO to engage and consult regularly with management and staff in the course of its work, and b) ensure that the scope of "operational activities, including current programs" does not restrict the IEO from conducting useful evaluations of ongoing activities of the Fund.
- The EVC should enforce clear expectations for Management Implementation Plans to meet the "SMART test" (Specific, Measurable, Attainable, Relevant, Timely).
- Discontinue the Implementation Status Report prepared by staff one year after a MIP.
- Comprehensively address the backlog of open management actions on the basis of an enhanced Periodic Monitoring Report containing recommendations to deal with each category of open action items.

### **Management should**

- Clearly signal to staff, in words and in actions, that the work of the IEO is core to the learning and governance of the IMF.
- Task the Secretary's department to prepare the draft Summings Up for IEO reports and allow the IEO to provide its comments on the draft to Board members before it is finalized.
- Review HR practices that disincentivize staff from working at IEO.
- Take on a more active role in suggesting evaluation topics where the IEO can bring value to and be directly relevant to current management concerns.
- Hold staff accountable for timely and substantive implementation of management actions.

### **The IEO should**

- Institutionalize regular engagement with management as well as extensive consultation processes with management and staff at each stage of the evaluation process to avoid surprises.
- In consultation with the EVC, establish transparent criteria for the selection of evaluation topics and clearly explain to the Board the reasons for the selection.
- Aim for shorter reports written in "plain English", with recommendations that are SMART.
- In consultation with the Board or the EVC, consider shorter evaluation products that can be done more quickly as an input into current topics being discussed by the Board.
- Seek to meet with the IMFC Chair regularly and brief the IMFC Deputies on evaluation work with policy implications.

## ANNEX I. THE TERMS OF REFERENCE FOR THE PANEL

### **2017/2018 External Evaluation of the Fund's Independent Evaluation Office (IEO) Terms of Reference August 4, 2017**

#### **1. Purpose of the Evaluation**

To maintain the practice of conducting external evaluations of the Independent Office on a five-year cycle, the Executive Board has decided to initiate a third external evaluation of the IEO. The first external evaluation was concluded in April 2006, and in the resulting summing up Executive Directors considered it appropriate to conduct another external evaluation in five years. The second evaluation was concluded in March 2013. Both evaluations have had a major impact on the IEO, and many changes in IEO policy and IMF follow-up procedures have been made as a result of their recommendations.

Sixteen years after its inception, the IEO is a well-established and important element of the Fund's governance structure. The purpose of the third external evaluation is to re-assess the effectiveness of the IEO and to consider possible improvements to its structure, mandate, operational modalities, and terms of reference.

#### **2. Focus of the 2017/2018 Evaluation**

*The central objective for the upcoming evaluation will be to assess how successfully the IEO has continued to meet its goals: to serve as a means to enhance the learning culture within the Fund, strengthen the Fund's external credibility, and support the Executive Board's institutional governance and oversight responsibilities.*

Without limiting the choices of the evaluation team within this broad contour, the external evaluation could assess the IEO's effectiveness along several dimensions, including:

- i. The appropriateness, independence, and selection of the IEO's evaluation topics;
- ii. The interactions between the IEO, management and staff and the Executive Board;
- iii. How IEO recommendations are endorsed by the Board and the follow up process, including how to strengthen implementation of Board-endorsed recommendations and streamline implementation monitoring;
- iv. How to handle the stock of past recommendations which have not yet been implemented;
- v. IEO resourcing, including its human capital.

#### **3. Evaluators**

The evaluation will be carried out by a panel of three experts with a mix of professional backgrounds, including experience gained working with the Fund: Donald Kaberuka, Chairperson, Pernilla Meyersson, and Der Jiun Chia. They shall conduct their work freely and objectively and shall render impartial judgment and make recommendations to the best of their professional abilities. As noted in the IEO's terms of reference, an important element of the external evaluation would be the solicitation of inputs from a broad range of stakeholders, both from the official as well as the nongovernmental community.

#### **4. Access to Confidential Information and Protection of Confidentiality**

The evaluators will have unrestricted access to interview staff, management, and Executive Board members, as well as to access all relevant Fund and IEO documents, minutes, and internal staff memoranda needed to carry out their task.

The evaluators undertake not to disclose, deliver, or use for personal gain or for the benefit of any person or entity without the consent of the Fund, any restricted or confidential information in possession of the Fund that they receive in the course of the evaluation. The Chairman of the Evaluation Committee may request an appropriate officer of the Fund to review the draft evaluation report with the purpose of pointing out to the evaluators any inadvertent disclosure of restricted or confidential information. The evaluators are free to request information from country authorities and other sources outside the Fund as they deem appropriate.

#### **5. Evaluation Report: Publication, Executive Board Consideration, and Comments**

The Fund reserves the exclusive right to publish the report, and the evaluators undertake not to publish any part of the report separately. The staff, management, the Executive Board, and the IEO will have the opportunity to respond to relevant parts of the evaluation report in draft form, as well as in final form. Evaluators are free to take account of any comments on the draft evaluation report.

Comments on the final evaluation report will be considered part of the official record. There is a strong presumption that the Executive Board will decide to publish the evaluation report, any comments thereon, as well as the conclusions of the Executive Board consideration of the report.

#### **6. Resources and Timing**

The budget for the external evaluation of the IEO will cover the costs of the evaluation, including honoraria and travel costs. Within this budget, and in consultation with the Chairman of the Evaluation Committee, the evaluators may arrange for research assistant support. The Fund will provide administrative support for the external evaluation.

The evaluators shall be provided with a letter of engagement, setting forth the terms and conditions approved by the Chairman of the Evaluation Committee. The "Terms of Reference of the External Evaluation of the Independent Evaluation Office," dated August 4, 2017 shall be attached to the letter and acceptance of the engagement by the evaluators shall also mean acceptance of the "Terms of Reference." The engagement will expire with delivery of the evaluation report and its consideration by the Executive Board, or if the Executive Board determines that the engagement should be terminated for any reason.

Evaluators will begin work in October 2017; completion of the evaluation report is expected for mid-2018. The evaluators will keep the Chairman of the Evaluation Committee informed of the progress of the work.

## ANNEX II. BIOGRAPHICAL NOTES OF THE PANELISTS

### Donald Kaberuka

Donald Kaberuka is currently a Special Envoy of the African Union on Sustainable Financing for the Union African and funding for Peace Africa, appointed in early 2017. He also serves on the Board of the Rockefeller Foundation, the Mo Ibrahim Foundation, the Centre for Global Development and is a Senior Advisor to the global Private Equity firm, TPG-Satya, promoting investment on the African Continent. He is also a member of several international panels on global finance and development issues. Mr. Kaberuka was the 7th President of the African Development Bank and Chairman of the Board of Director served for two successive five year terms (2005-2015). Prior to joining the African Development Bank, Dr. Kaberuka was Finance Minister of Rwanda for eight years (1997-2005) leading the economic team with the Government of Rwanda. In that capacity, he served as Governor for Rwanda for the International Monetary Fund and the World Bank. Dr. Kaberuka is an alumnus of the University of Glasgow in Scotland and was Hauser Leader in Residence at Harvard Kennedy School.

### Pernilla Meyersson

Ms. Meyersson is the deputy chief of staff at the General Secretariat of Sveriges Riksbank. In her career at Sveriges Riksbank, Ms. Meyersson held a number of senior positions varying from Director of Communication (2006-2012), head of the Financial Market Analysis Division (2004-2006), among others. During her period at the Riksbank, Ms. Meyersson participated in many technical assistance missions on central bank governance, monetary policy and communication for other central banks around the world. She was also a Member of the Euro system ESCB ECCO committee and the Chair of the FSPOS Communication committee. Prior to her assignment as deputy chief of staff at the Riksbank, Ms. Meyersson was the Alternate Executive Director in the Office of the Nordic Baltic Constituency at the IMF (2013-2015). Ms. Meyersson started her career as an economist in the mid-80s working for various private sector's entities. Ms. Meyersson holds Postgraduate Studies in Economics (University of Stockholm) and in International Relations and Political Economy (London School of Economics).

### Chia Der Jiun

Mr. Chia Der Jiun is Assistant Managing Director at the Monetary Authority of Singapore. He oversees the monetary operations and reserve management functions and is a member of the Executive Committee of MAS. Mr. Chia has previously headed the Banking, Macroeconomic Surveillance and Prudential Policy departments in MAS. From May 2011 to April 2013, he served as Southeast Asia's Executive Director on the International Monetary Fund Executive Board.



## ANNEX III. DESCRIPTION OF THE WORK OF THE IEO

### **The IEO's role, mandate, and purpose**

The IEO became operational in 2001 and its Terms of Reference stated that it should be "independent of Fund management and staff will operate at arms-length from the Fund's Executive Board". IEO's mission is to evaluate the Fund's policies and activities and it has three objectives:

- To serve as a means to enhance learning culture within the Fund;
- Strengthen the Fund's external credibility; and
- Support the Executive Board's institutional governance and oversight responsibilities

Initially, the IEO also had a fourth mandate: to promote greater understanding of the work of the IMF throughout the membership. The Ocampo report concluded that this objective was important at time of the creation of the IEO, but as time evolved the IMF has become more open and transparent about its operations and policies, and that it was no longer needed, and in 2014, the Board agreed to remove this mandate.

### **Legal status**

The IEO is an independent body within the IMF in the sense that it is independent from IMF management and staff. The IEO reports directly to the Executive Board, but works at arm's length from it. The Board appoints the Director of the IEO for a period of six years, this a non-renewable single term and the Director is not allowed to be appointed or reappointed as IMF staff after the termination of his/her term. The Director's term can, however, in exceptional circumstances be extended by no more than one year, following a decision by the Executive Board.

The IEO Director, who is an IMF official but not a member of IMF staff, is free to manage the resources and personnel of the office. The final decision on selecting topics for evaluation lies with the Director and the Terms of Reference of the IEO Director clearly states that the Director has the right to obtain information from management and staff to carry out the work program of the IEO (unless information is subject to attorney-client privilege). The decision to publish IEO reports rests with the Executive Board.

### **Budget, staff and number of reports**

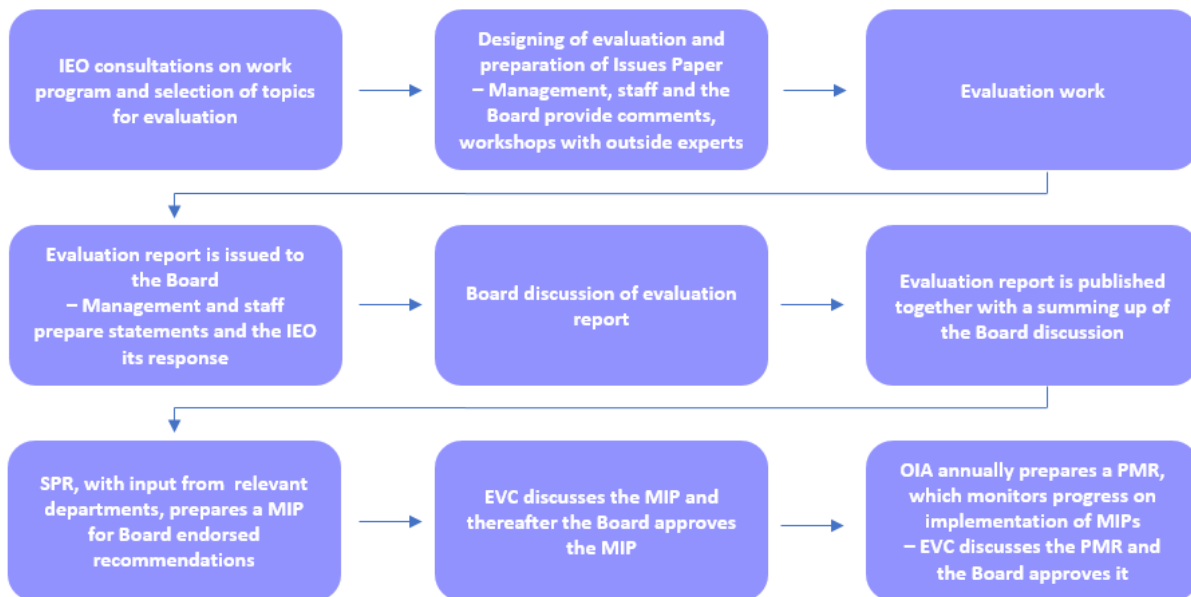
The IEO operates with an annual budget of \$6.2 million (for FY 2018), corresponding to 0.5 percent of the IMF's total annual administrative budget. The office comprises a total of fifteen staff positions, including the Director. A majority of the staff is recruited from outside the IMF. On average, the IEO presents two evaluations per year together with evaluation updates and an Annual Report.

### **How the IEO works**

Normally, the IEO has three evaluations ongoing at any one time and, on average, issues two evaluation reports per year. The issues for evaluation may vary, but the evaluation cycle follows the same pattern and processes and starts with selection of topics for evaluation. For the IEO, this process starts with the office brainstorming among themselves and discussing with country authorities, members of the Executive Board, IMF management and staff, and external stakeholders. Every two years, the IEO prepares a list of possible topics for evaluation based on these discussions, this list is

distributed to the IMF Board, management and staff who provide detailed comments on each potential topic. The list is also posted on the IEO’s webpage for external stakeholders to provide input and comments. Typically, the IEO invites Executive Directors to an informal seminar to discuss the suggested possible evaluation topics. Following these consultations, the Director of the IEO – seeking to balance views from different stakeholders – selects two or three topics for upcoming evaluation.

Figure 1. The evaluation cycle



A couple of months after an evaluation is launched, and after consultations with external advisors are held, the evaluation team prepares a draft Issues Paper describing the scope of the evaluation, the main issues to be addressed and methods to be used. Once again, IMF Management, staff, and the Board are asked to provide comments. The IEO also holds workshops with country authorities, academics and civil society organizations. The final Issues Paper is posted on the IEO webpage. All throughout the work with an evaluation report the IEO consults with relevant country authorities, academics, former members of IMF management and staff, and stakeholders from the civil society. Before the final version of the evaluation report is issued to the Board it has been checked for factual corrections and it has been circulated to the Evaluation Committee, IMF management and staff. The Managing Director issues a statement regarding the IEO report’s findings and recommendations, and IMF staff provides its response to the report, both of which are included in the final evaluation report.

The evaluation report is discussed by the Executive Board at a formal meeting. At the conclusion of the meeting the Chair reads a draft Summing Up that should reflect the Board’s views and state which recommendations are endorsed by the Board. This Summing Up is typically prepared by the SPR, when needed in consultation with relevant departments, and then adjusted by the Secretary’s department and the SPR to reflect Executive Directors’ gray statements and their interventions during the meeting. After the meeting the SU is circulated to Executive Directors for comments and to the

IEO for information. The final version of the Summing Up, that has been approved by the Board, is published by the IMF together with the Managing Director's statement and staff's response in conjunction to the IEO issuing the final evaluation report on its webpage. No later than six months after Board discussion, Management is required to present a Management Implementation Plan (MIP) setting out the details for how the recommendations endorsed by the Board should be implemented. The MIP is based on the recommendations endorsed, stated in the Summing Up, and includes a timetable of actions and estimates of costs. The MIP is discussed by the EVC and approved by the Board, often of a lapse-of-time basis (i.e. approved without a formal Board discussion), and made public by the IMF.

The Executive Board monitors implementation of recommendations with the help of the Periodic Monitoring Report (PMR), a report that management presents to the Board annually. Upon recommendation from the Ocampo report and since a few years back, the PMR is prepared by the Fund's Office of Internal Audit and Inspection (OIA). The PMR reports on the status of implementation of recommendations from MIPs, including new ones from the year that has passed, on actions pending, and on any difficulties implementing any MIPs. The PMR is approved by the Board, via lapse-of-time, upon recommendation from the EVC.

After finalization of an evaluation report, the IEO engages in dissemination activities among member country authorities, IMF staff, and other external stakeholders. The IEO also prepares an Evaluation Completion Report (ECR) after each evaluation. The aim of the ECR is to analyze the process for the evaluation, identify lessons to be learned and give guidance to future evaluation teams. These reports are not made public due to the confidentiality of the information they may contain. In addition to this, the IEO every five years reviews key issues that have recurred in previous IEO evaluations. In response to this report, IMF staff prepares a separate report which includes actions to address these recurring issues. Ten years after an evaluation, the IEO produces an Evaluation Update which reviews developments on the topic since the evaluation was conducted and assesses the current relevance of the findings and recommendations of the evaluation and determine whether there are new issues that merit continued attention. The Evaluation Update does not include any new recommendations.

## ANNEX IV. THE MAIN RECOMMENDATIONS FROM THE LISSAKERS AND OCAMPO REPORTS

### **The Lissakers report<sup>20</sup>**

The first external evaluation of the IEO was presented in the Lissakers report in 2006. Lissakers concluded that the IEO had served the Fund well and that an institution like the IMF needed to live up to modern principles of good governance and accountability. There were, however, some weaknesses and trends that were a cause for concern and the report noted that the IEO's biggest challenge was to avert tendencies, pressures, and practices that may push it in the direction of the IEO becoming "bureaucratized, routinized, and marginalized".

Given its limited capacity, and in order to be effective, the IEO needed to choose the right targets for evaluation. The Lissakers report was clear on the point that the IEO should address issues fundamental to how effectively the IMF fulfils its mandate and recommended that the IEO's Terms of Reference be sharpened to make that clear and reduce the risk of the IEO being too inwardly focused and undifferentiated from other IMF departments and functions.

The report noted that the IEO enjoyed strong support from the IMF membership, Executive Board, many members of staff, and by NGOs, but support among IMF management and department heads was much weaker. To ensure that the IEO was perceived as independent, it needed to diversify its staff and have more people from the outside with limited IMF exposure lead evaluation teams to bring fresh perspectives. It also needed to be granted full access to information.

IEO recommendations were not systematically followed up by senior management and the Board. The Board was active when it came to selection of topics for evaluation, but was deemed passive thereafter and Lissakers suggested that the Board and its Evaluation Committee play a more active role in following up the IEO's work and recommendations. After all, the IEO is supposed to facilitate the Board's institutional oversight.

Upon creation, the IEO was also tasked with the mission to enhance broad public understanding of the IMF as an institution. Lissakers found that the IEO's public outreach had been unsatisfying and concluded that the dissemination and outreach activities needed a complete overhaul, particularly to raise the IEO's profile in developing and emerging economies where the IMF's role was considered most contentious.

The Lissakers report summarized its main conclusions by saying that the IMF will reap the full benefits of a strong IEO if the Board plays an active role and senior management takes a constructive and open stance toward the evaluation office. The IEO in turn must be bold - about what it evaluates, how it evaluates, and who it hires to do the job.

### **The Ocampo report<sup>21</sup>**

In 2013, the second external evaluation of the IEO was concluded with the Ocampo report. The Ocampo panel's broad assessment was that the IEO had been a successful institution that had helped improve transparency and oversight and contributed to enhancing the Fund's learning culture and

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<sup>20</sup> The full report can be found here: <http://www.ieo-imf.org/ieo/files/evaluationofieo/032906.pdf>

<sup>21</sup> The full report can be found here: [http://www.ieo-imf.org/ieo/files/evaluationofieo/IEO\\_Second\\_External\\_Evaluation.pdf](http://www.ieo-imf.org/ieo/files/evaluationofieo/IEO_Second_External_Evaluation.pdf)

thereby making the Fund more open to discuss policy alternatives. There was no doubt that the IEO was regarded to be fully independent and there was broad consensus that the IEO had strengthened the IMF's external credibility.

Ocampo viewed the IEO's core mandates to be enhancing the learning culture of the IMF and supporting institutional governance and oversight. The third mandate, to strengthen the Fund's external credibility, was more to be seen as an outcome of the proper exercise of the two core mandates. The report recommended that the IEO's fourth mandate, to promote greater understanding of the work of the Fund throughout the membership, be dropped as it was deemed less important since the Fund itself had become more transparent since the creation of the IEO and because it could be inconsistent with the independence and oversight function of the IEO.

Concluding that the IEO had become a valuable component of the IMF, the Ocampo report identified some areas with room for improvement. The process for follow-up of the IEO's recommendations was too bureaucratized and needed to be revamped to increase the Board's ownership and reduce the risk of conflict of interest for management. Ocampo suggested, for example, that the draft Summings Up of the Board discussion of IEO reports be prepared by the Chair of the Board's Evaluation Committee, that management should present a Management Implementation Plan (MIP) within one to three months following the Board discussion, and that the Periodic Monitoring Reports (PMR) should be prepared by the Fund's Office of Internal Audit and Inspection (OIA).

The choice of topics for evaluation was generally good, but while concluding that cross-cutting issues were more appropriate, Ocampo suggested that the IEO more systematically evaluate select country programs, and that current operations be defined as current lending programs. Ocampo also recommended that the IEO focus more on issues related to policy and the culture of the Fund, rather than on processes, which was the direction in which the IEO had gone in their review period.

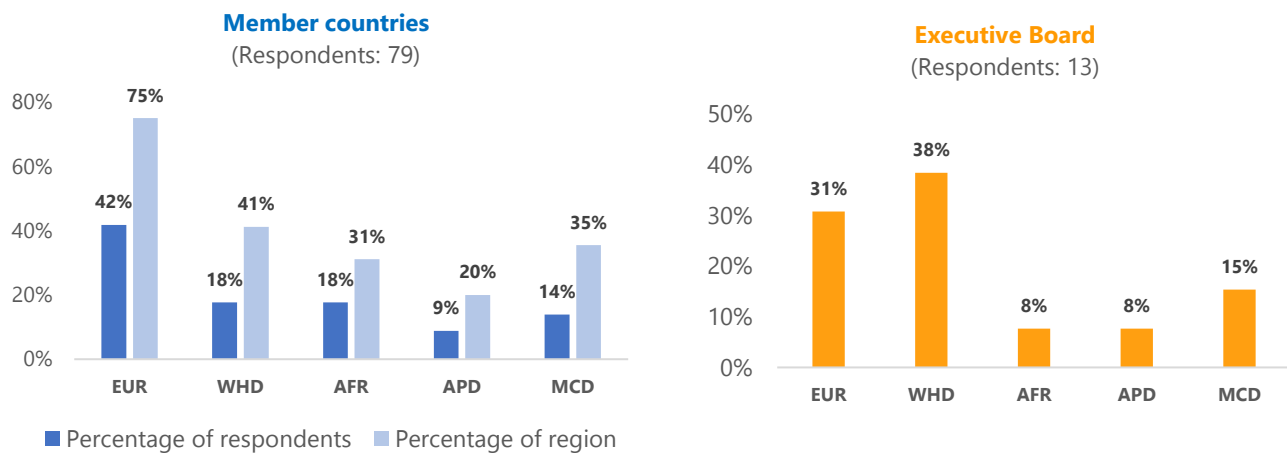
The Ocampo report found that the awareness and knowledge of the IEO among staff was surprisingly low and recommended raising the profile of the IEO within the Fund through increasing in-reach activities. It also recommended enhancing the two-way dialogue between the IEO and management and staff, and especially between the Strategy and Policy Review Department (SPR) and the IEO, to build mutual trust. This was essential to ensure that the IEO analyses and recommendations gain traction internally. That management more regularly and actively stress the importance of the IEO for enhancing the Fund's credibility and learning culture was deemed essential to maintain the effectiveness of the IEO.

## ANNEX V. SURVEY RESULTS

The Panel’s survey was distributed, via offices of Executive Directors, to the Fund’s 189 member countries and to the 24 Directors in the Executive Board. The Panel received 80 responses from country authorities, representing 71 countries (some countries have provided survey responses from both its ministry and central bank). Seventy-one countries equal nearly 38 percent of the membership. In addition to that, we received 13 responses from Executive Directors and Alternate Executive Directors.

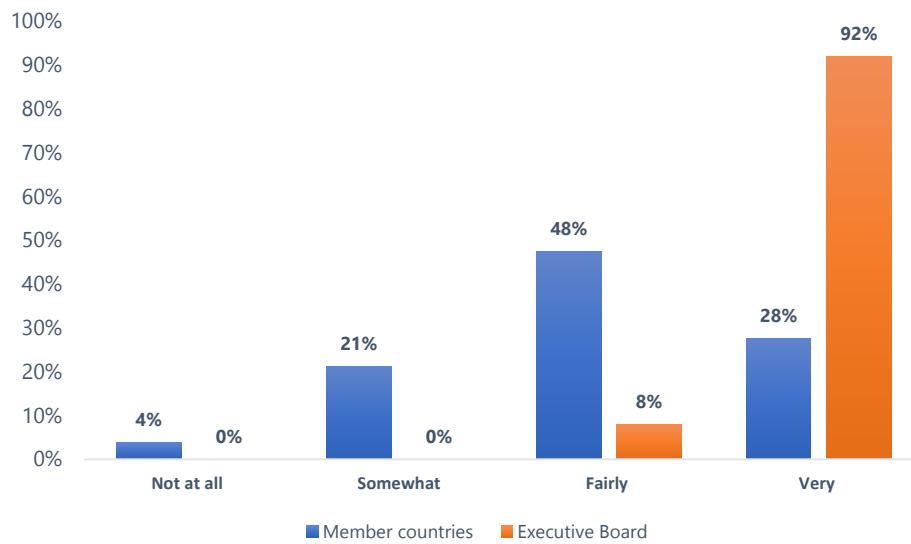
Responses from country authorities and from Executive Directors are presented separately, and the number of respondents to each question is noted below the charts since not everyone has responded to every question. Responses to the open-ended questions are summarized in bullets, seeking to capture the overall trends of the authorities and Board members’ responses.

### Regional representation of respondents



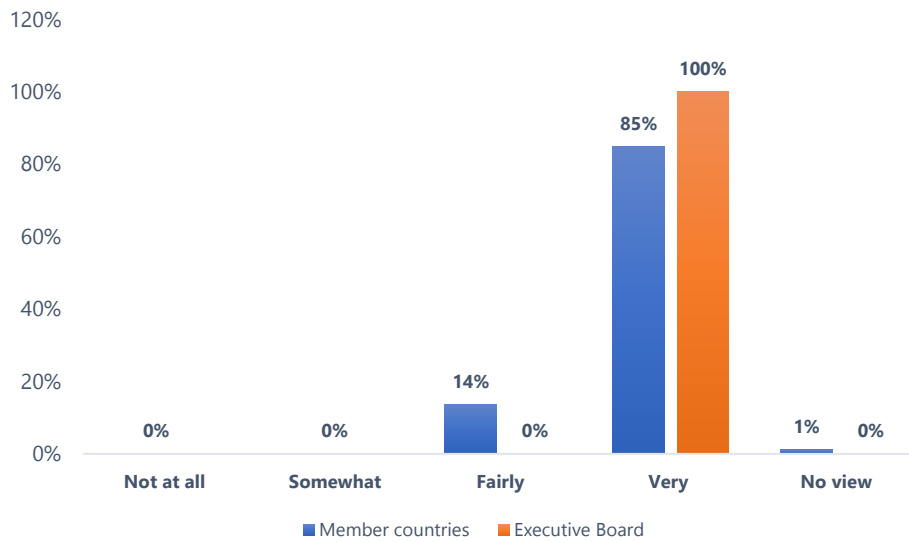
Note: The geographical grouping is the same as the Fund’s area departments: Africa (AFR), Asia and Pacific (APD), Europe (EUR), Middle East and Central Asia (MCD), and Western Hemisphere (WHD).

## 1. How familiar are you with the Independent Evaluation Office's (IEO) work?



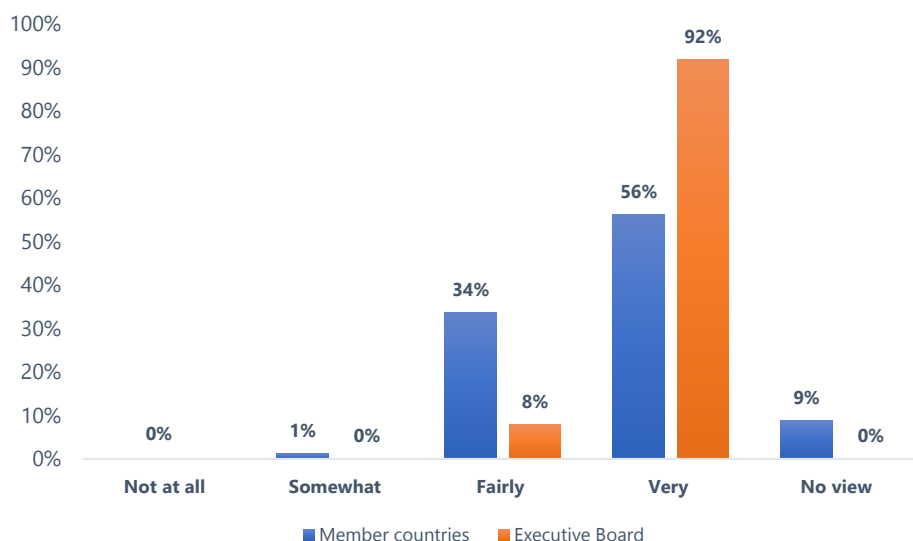
Note: Member country respondents: 80, Executive Board respondents: 13

## 2. How important is it that the IMF has an Independent Evaluation Office?



Note: Member country respondents: 80, Executive Board respondents: 13

### 3. How satisfied are you that the IEO is independent?



Note: Member country respondents: 80, Executive Board respondents: 13

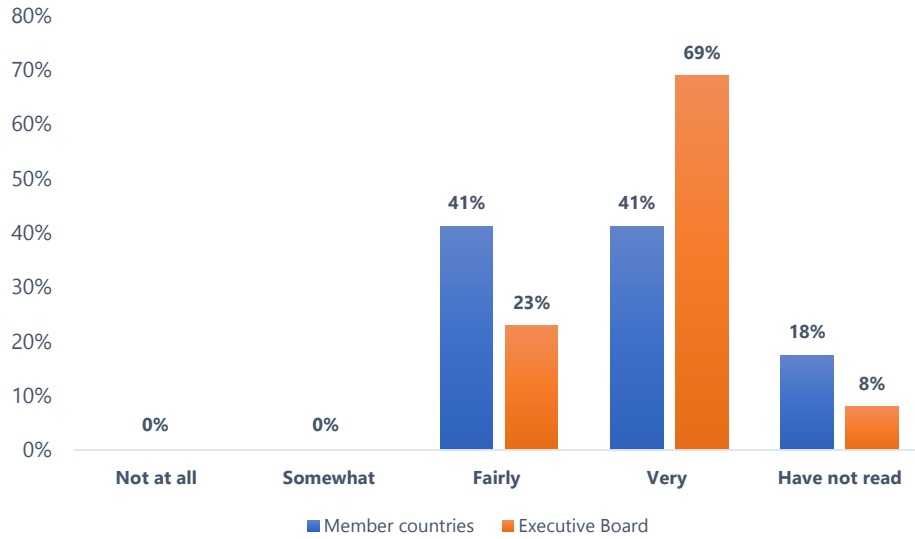
### 4. Which report(s) between 2013 and 2017 was/were relevant and useful?

(Respondents were able to name as many or few reports as they wished)

Evaluations	Membership	EDs	Total
IMF Response to the Financial and Economic Crisis (2014)	36	4	<b>40</b>
The IMF and the Crises in Greece, Ireland, and Portugal (2016)	25	4	<b>29</b>
The IMF and Social Protection (2017)	11	8	<b>19</b>
IMF Forecasts: Process, Quality, and Country Perspectives (2014)	11	4	<b>15</b>
The Role of the IMF as Trusted Advisor (2013)	10	3	<b>13</b>
Recurring Issues from a Decade of Evaluation: Lessons for the IMF (2014)	3	3	<b>6</b>
Behind the Scenes with Data at the IMF: An IEO Evaluation (2016)	3	0	<b>3</b>
Self-Evaluation at the IMF: An IEO Assessment (2015)	3	0	<b>3</b>
Evaluation updates	Membership	EDs	Total
IMF Exchange Rate Policy Advice – Evaluation Update (2017)	7	0	<b>7</b>
The IMF's Approach to Capital Account Liberalization: Revisiting the 2005 IEO Evaluation (2015)	6	0	<b>6</b>
Multilateral Surveillance: Revisiting the 2006 IEO Evaluation (2017)	4	0	<b>4</b>
Prolonged Use of IMF Resources: Revisiting the 2002 IEO Evaluation (2013)	3	0	<b>3</b>
Revisiting the 2004 IEO Evaluation of the IMF's Role in PRSPs and the PRGF and the 2007 IEO Evaluation of the IMF and Aid to Sub-Saharan Africa (2014)	0	0	<b>0</b>
IMF Technical Assistance: Revisiting the 2005 IEO Evaluation (2014)	0	0	<b>0</b>
Fiscal Adjustment in IMF-Supported Programs: Revisiting the 2003 IEO Evaluation (2013)	0	0	<b>0</b>

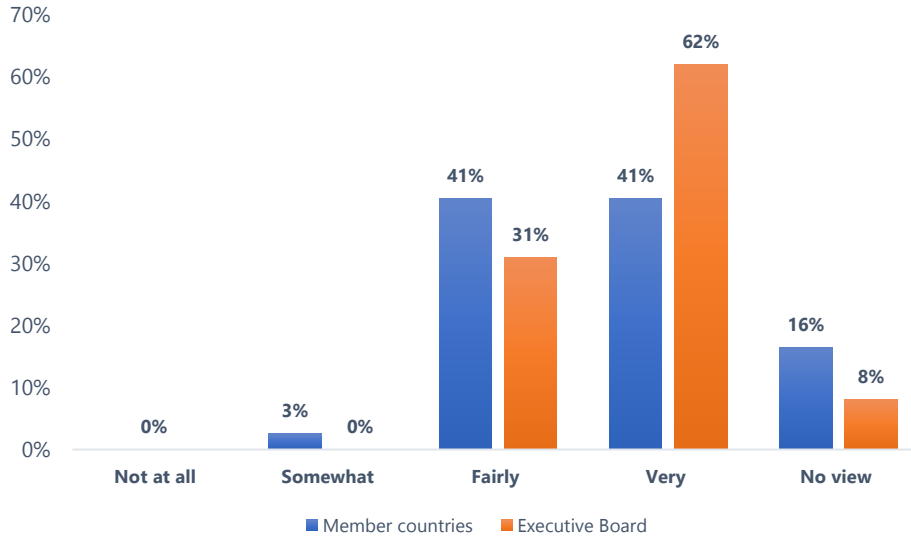


**5. How satisfied are you with the quality of the IEO's reports?**



Note: Member country respondents: 80, Executive Board respondents: 13

**6. How satisfied are you that the topics the IEO has selected to evaluate are relevant?**



Note: Member country respondents: 79, Executive Board respondents: 13

**7. Do you have any suggestions for improving the selection of topics and the quality of the IEO’s reports?**

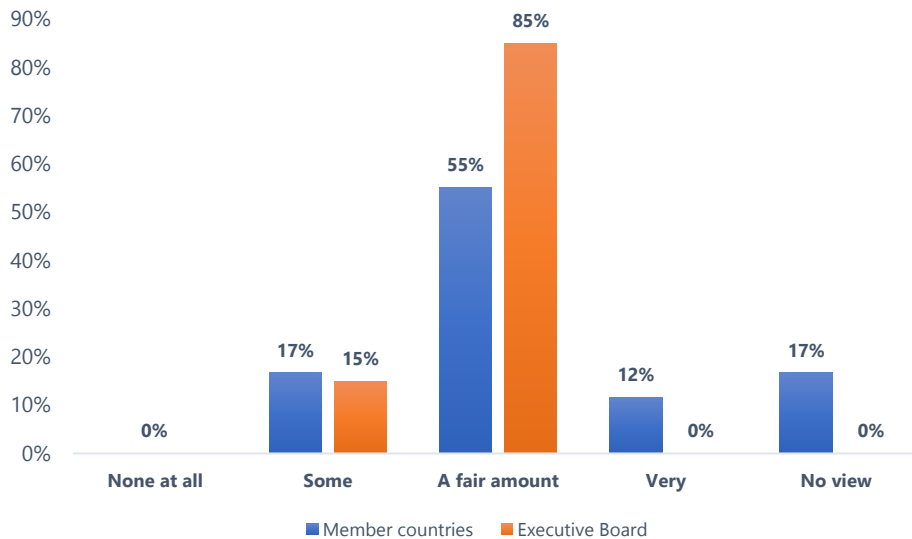
Member countries

- Involve member countries more in the topic selection process, although the IEO needs to have the final say in selecting topics. Improve transparency of topics selection process, how final decision is taken.
- Improve communication with member states to increase awareness about the IEO, seek input from membership also during the evaluations through outreach activities. Some suggested IEO reports be distributed to Governors and translated into other languages, such as French.
- IEO should focus on long-term issues of overall membership interest, core business of the IMF. More focus on policy issues rather than process. Balance issues of strategic importance and burning topics that can create controversy. Also, good if IEO work can feed into regular IMF periodical reviews
- Reports and annexes would benefit from streamlining and having more focused messages for the IMF Board
- “Independent evaluations constitute an important opportunity to draw lessons for the future, and in what concerns the IMF, the IEO has an important role to play”. Effective engagement/dialogue with relevant authorities and IMF staff.
- Suggested topics for future IEO evaluations include: The consistency of the IMF lending toolkit; IMF collaboration with external partners; Monetary transmission mechanisms in developing economies; Impact of structural reforms in Fund supported programs; IMF recommendations to oil exporting countries; and Efficiency and relevance of IMF capacity development activities

Executive Board

- Improvements in more focused papers from the IEO, sharper recommendations recently
- Appropriate process for outreach when selecting topics, but could be more transparency
- Core business, and risk report relevant topics

**8. How much traction do you think that the IEO’s evaluations and recommendations have?**



Note: Member country respondents: 78, Executive Board respondents: 13

## **9. Please elaborate on your response and provide any suggestions to improve the IEO's traction**

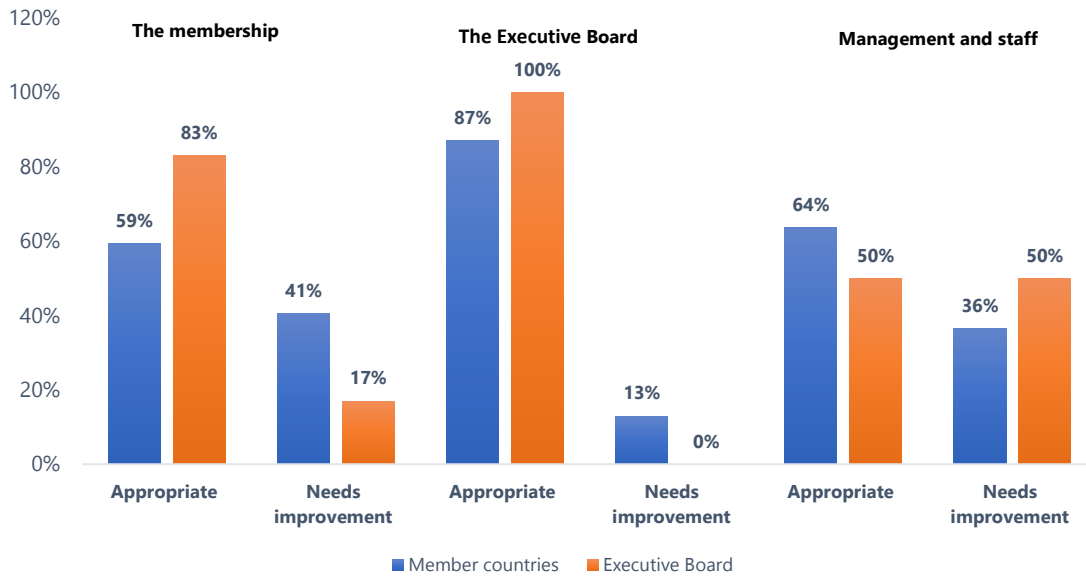
### Membership

- Appropriate selection of topics best way to ensure traction, aligning IEO evaluations with IMF WP could increase attention from staff and EDs, and produce high-quality report. Also, timing the IEO evaluations ahead of IMF general reviews.
- Make IEO recommendations more immediately operational, not too high-level. The reports could have more visibility, be more readily publicized, c.f. WEO/GFSR.
- Need to do more outreach to discuss results with capitals. The IEO should make presentations during Spring/Annual meetings.
- Continuous trust-based interaction with staff, management, and the Board. The IEO should do an internal "road show" to discuss its findings when an evaluation is completed. IEO could invite IMF staff and relevant member countries.
- Important to raise the profile of the IEO within the IMF, management should demonstrate to staff that IEO is an important part of the institutional architecture of the Fund and that staff should be aware of its analyses and recommendations.
- Strong and coherent follow-up is a critical component of traction. Traction has performed adequately during this period of reference, but the Fund should avoid the risk of "bureaucratizing the follow-up mechanism.

### Executive Board

- IEO evaluations and recommendations generate a fair amount of traction overall, further strengthening the follow-up framework might improve traction further. Management and senior staff should be held accountable to the Board for timely and effective implementation of MIPs.
- The IEO should do more outreach to membership, and more "in-reach" to staff. Ensure engagement of all parties involved at all stages of the evaluation process. Continue to improve the relation to staff, be more of a trusted advisor than a fault seeker.
- Prioritizing recommendations and making recommendations and management actions more actionable could help reduce outstanding issues.
- "We would define good traction as the IEO being embedded as part of the continuous improvement and learning process of the Fund"

**10. How do you assess the relationship of the IEO, between 2011 and 2017, with:**



Note: Member country respondents regarding membership: 69, the Executive Board: 54, Management and staff: 55. Executive Board respondents in all categories: 12

**11. Please elaborate on your response regarding relationships**

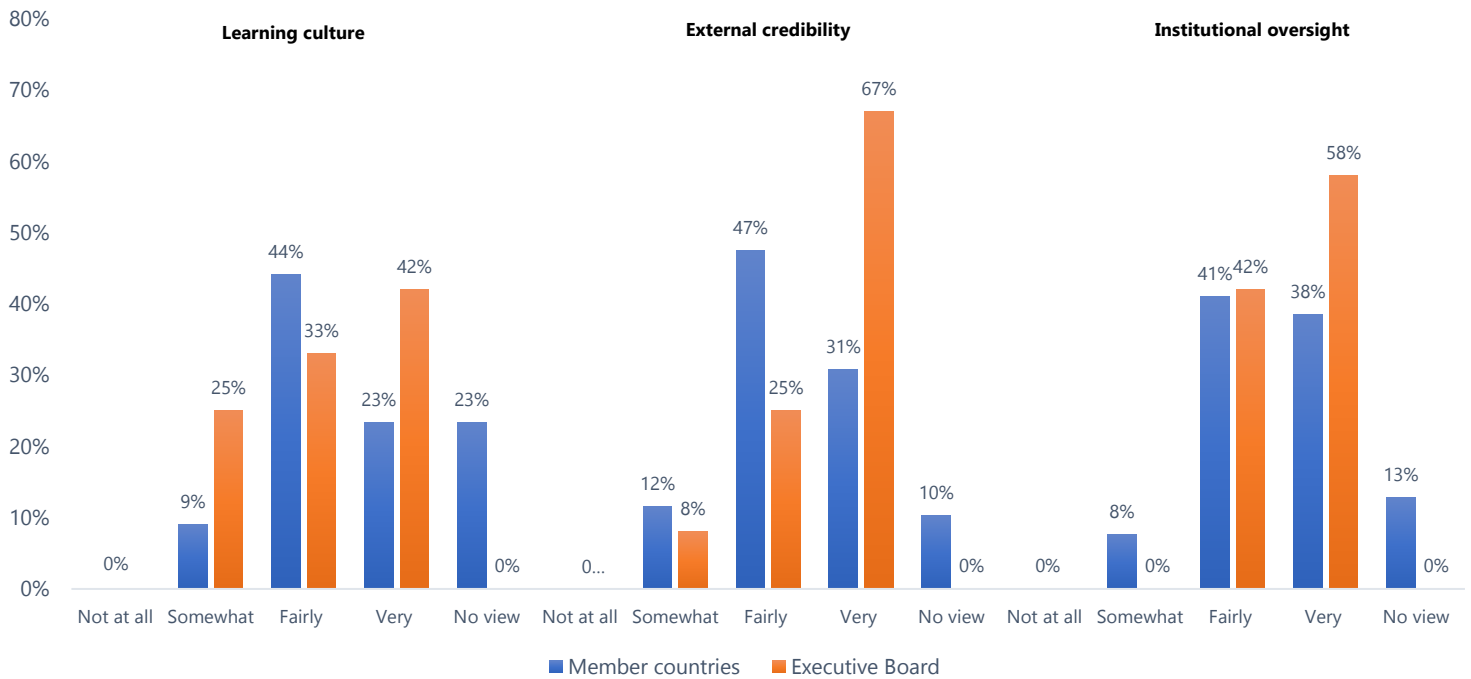
Member countries

- Increase membership awareness of the IEO’s work and more frequent outreach and interactions with capitals and other stakeholders is needed. The IEO could organize seminars. IEO could also explore to enhance the relationship with the IMFC beyond the semiannual progress reports.
- More efforts to make management and staff more conscious that the work of the IEO is useful for the credibility of the IMF. There is room for improvement from both sides (IEO and IMF staff) to be more objective and not take criticism too personally.
- The Board should monitor implementation of MIPs in response to Board endorsed recommendations.

Executive Board

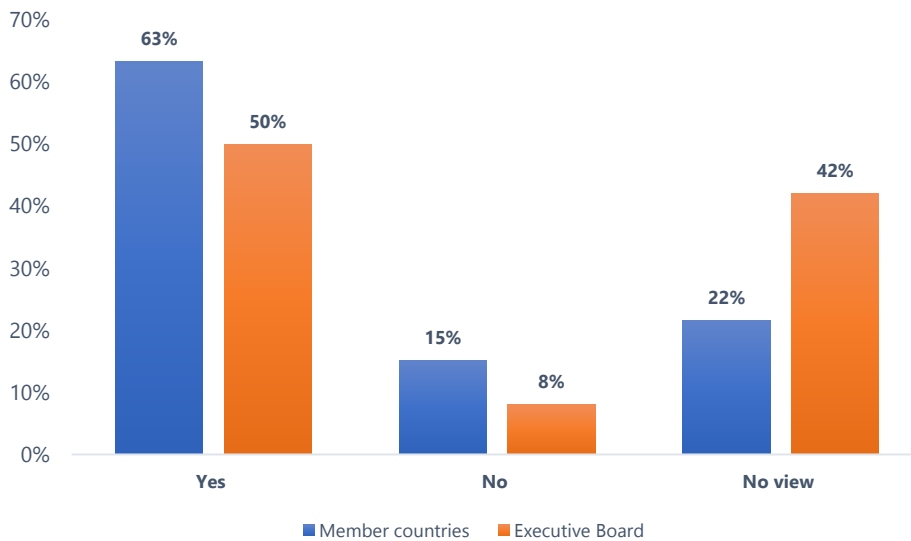
- The relationship between the IEO and management and staff needs improvement, has been too confrontational. There have been signs of improvements in relations with staff recently, this is welcome
- Ensure timely delivery of information requested by the IEO

**12. Please score how well the IEO has achieved each of its three objectives:**



Note: Member country respondents regarding learning culture: 77, external credibility: 78, institutional oversight: 78. Executive Board respondents in all categories: 12.

**13. Should the IEO do more outreach to member countries?**



Note: Member country respondents: 79, Executive Board respondents: 12

#### **14. How can the IMF contribute to make independent evaluation even more relevant and effective?**

##### Member countries

- By providing a more explicit link between IEO advice and the IMF's actual performance. Ensure timely and effective implementation of endorsed IEO recommendations.
- Improve the follow-up process to Board-endorsed recommendations. The process for monitoring the implementation of IEO recommendations is rather bureaucratic, more interesting implementation reports might contribute to more interest and thus more effectiveness. Raise awareness and deal with recommendations that are left unimplemented for long periods of time and present a solution.
- Increase staff awareness of IEO reports. More constructive engagement between the IEO and IMF staff and management in order to further enhance the IEO's role in helping the Fund reach even higher performance levels. Enhance the learning experience of the evaluations that are to be seen as more useful learning tools rather than only an accountability mechanism.
- Do more outreach to member countries. Have standing public seminars at Spring/Annual meetings covering the most recent IEO findings, including with participation from senior management. The effectiveness of the IEO vis-à-vis the membership is also determined by effective communication, clarity needed, not too lengthy reports.

##### Executive Board

- Ensure all recommendations agreed by the Board and management are implemented fully and in a timely manner. Ensure active involvement from the Board in the follow-up process, the Board needs to feel ownership.
- Maintaining excellent working relationship between management and staff is key for IEO's effectiveness. Management could do more to disseminate IEO findings among members of staff that are not normally involved in the formal IEO processes (SPR, SEC, OIA), the rest of IMF staff do not follow/understand the process. Senior staff and management seen to embracing the IEO process would be a clear signal to the rest of the organization that the IEO is an important and valued part of the Fund's governance structure.
- Good timing of evaluations important. Shorten reports and reduce number of supplements to encourage stakeholders to read, thereby fostering implementation and traction.
- Internal seminars and IEO staff discussions on endorsed recommendations. Seminars at Spring/Annual meetings. Greater engagement with stakeholders

#### **15. Please provide any additional comments on the perception and the work of the IEO**

##### Member countries

- Generally satisfied with the work of the IEO. The IEO should maintain its independence and objectiveness and take into account the perspectives of all its member countries.
- Encourage management and staff to fully cooperate with the IEO in future work.
- The work of the IEO has played a critical role in enhancing the membership perception of the Fund's accountability, thus increasing the credibility of the organization. However, independent evaluation at

the IMF needs to be continuously fostered by all the membership. “The existence of the IEO has over the years contributed to changing the culture within the IMF from secrecy to substantial openness.”

## List of respondents

MEMBER COUNTRIES				OEDs
Argentina	Grenada	Morocco (CB)	Trinidad & Tobago	OEDAF
Armenia	Guatemala	Netherlands	Turkey	OEDAG
Belgium	Guinea	Nicaragua	Ukraine	OEDAG
Benin	Haiti	Norway	United Kingdom	OEDAG
Brazil	Honduras	Oman	Unknown	OEDBR
Bulgaria	Iceland	Panama		OEDCO
Burkina Faso	India	Poland		OEDFR
Burundi	Iraq	Portugal		OEDGR
Canada	Israel	Romania (MoF)		OEDMI
China	Italy	Romania (CB)		OEDMD
Congo	Japan	Russia		OEDNO
Côte d'Ivoire	Jordan	Saint Tome and Principe		OEDST
Croatia	Korea	San Marino		OEDUK
Cyprus	Kuwait	Saudi Arabia		
Czech Republic	Latvia	Senegal (CB)		
Denmark	Macedonia	Senegal (MoF)		
Dominican Republic	Madagascar	Slovenia		
Egypt	Mauritania	Solomon Islands (MoF)		
Ecuador	Mauritius (MoF)	Solomon Islands (CB)		
Finland	Mauritius (CB)	Spain		
France	Mexico (MoF)	Sweden (MoF)		
Gabon	Mexico (CB)	Sweden (CB)		
Georgia	Mozambique	Switzerland (MoF)		
Germany	Montenegro	Switzerland (CB)		
Greece	Morocco (MoF)	Thailand		

# IMF Staff Views of the IEO

## Survey Results, 2012 vs. 2017

This document compares the results of the 2017 IEO survey of IMF staff, conducted in March-April, with those of the 2012 External Evaluation survey. The 2017 survey was sent to 1,647 staff members and the rate of response was 26% (total of 426 responses). The 2012 survey was sent to a larger group of 2,316 staff members including support staff and research assistants (grades A9-A11), and achieved a 39% rate of response (901 total responses). In comparing the results, we only include the responses from A12-B5 staff. The main results can be summarized as follows:

- Staff's familiarity with the IEO has increased, although one quarter of staff still report a low level of awareness.
- Over three quarters of staff believes now that the IEO is highly independent, (increasing by 16pp since 2012).
- Staff's perception of their departments' interaction with the IEO has improved.
- Staff thinks the IMF (the Executive Board, management, and departments) now takes IEO recommendations substantially more seriously than five years ago, and that management is being more efficient in implementing them.
- The IEO is now perceived as being more effective in its main functions. It also seems to be motivating more dialogue within the IMF.
- Staff's perception of IEO reports has improved overall, with higher marks for topic selection and independence, and marginally lower or equal marks on accuracy, technical analysis, and feasibility.
- A growing number of staff members is not sure about the impact of the IEO's work on the Fund's activities, and almost two thirds of them think the IEO has little influence on their individual work.
- Staff continue to consider somewhat negatively the possibility of working at the IEO.

### 1. Where are you located?

Choice	2012 aggregate	2017 aggregate
An office outside Washington, DC	7%	6%
Headquarters in Washington, DC	93%	94%
	100%	100%

### 2. Which category best describes your position in the IMF? \* Removed: A9-A11

Choice	2012 aggregate	2017 aggregate
A12-A13	26%	29%
A14-A15	54%	48%
B1-B5	20%	23%
	100%	100%

### 3. In which office/department do you work?

Choice	2012 aggregate	2017 aggregate
Area departments	41%	37%
Functional and supportive departments	51%	51%
SPR	8%	12%
	100%	100%



#### 4. How long in years have you worked at the IMF?

Choice	2012 aggregate	2017 aggregate
Less than 5 years	28%	19%
From 5 to 10 years	21%	23%
More than 10 years	51%	58%
	100%	100%

#### 5. How familiar are you with the IEO?

Choice	2012 aggregate	2017 aggregate
5. Extremely familiar	8%	10%
4	24%	30%
3	32%	33%
2	22%	15%
1. Not familiar at all	14%	12%
	100%	100%

#### 6. In your opinion how independent is the IEO from IMF management and staff?

Choice	2012 aggregate	2017 aggregate	2017 aggregate *
5. Very independent	15%	38%	42%
4	47%	33%	36%
3	28%	14%	15%
2	8%	5%	5%
1. Not at all independent	2%	1%	1%
Don't know <sup>1</sup>	NA	9%	
	100%	100%	100%

\* Excluding "Don't know"

#### 7. Have you ever worked for the IEO?

Choice	2012 aggregate	2017 aggregate
Yes	1%	3%
No	99%	97%
	100%	100%

#### 8. Would you consider working for the IEO?

Choice	2012 aggregate	2017 aggregate
Yes	38%	37%
No	27%	25%
Not sure	35%	38%
	100%	100%

#### 9. Do you believe that working for the IEO would advance your career?

Choice	2012 aggregate	2017 aggregate
Yes	10%	8%
No	47%	43%
Not sure	43%	49%
	100%	100%

<sup>1</sup>Green color highlights differences between the 2012 and 2017 surveys

\*Excluding I don't know

10. How advantageous or disadvantageous for your career would you rate each of the following if you were to work for the IEO?

	<i>Choice</i>	2012 aggregate	2017 aggregate	2017 aggregate *
<b>Providing broader experience</b>	1. Very advantageous	25%	20%	22%
	2	42%	42%	46%
	3	27%	19%	21%
	4	5%	7%	8%
	5. Very disadvantageous	1%	3%	3%
	Don't know/NA	NA	9%	
		100%	100%	100%

	<i>Choice</i>	2012 aggregate	2017 aggregate	2017 aggregate *
<b>Enhancing analytical skills</b>	1. Very advantageous	11%	8%	9%
	2	30%	21%	24%
	3	44%	35%	40%
	4	12%	18%	21%
	5. Very disadvantageous	3%	5%	6%
	Don't know/NA	NA	13%	
		100%	100%	100%

	<i>Choice</i>	2012 aggregate	2017 aggregate	2017 aggregate *
<b>Providing challenging work</b>	1. Very advantageous	18%	14%	16%
	2	40%	33%	37%
	3	35%	27%	30%
	4	6%	13%	15%
	5. Very disadvantageous	1%	2%	2%
	Don't know/NA	NA	11%	
		100%	100%	100%

	<i>Choice</i>	2012 aggregate	2017 aggregate	2017 aggregate *
<b>Improving promotion prospects</b>	1. Very advantageous	4%	3%	4%
	2	8%	7%	10%
	3	48%	20%	28%
	4	29%	24%	34%
	5. Very disadvantageous	11%	17%	24%
	Don't know/NA	NA	29%	
		100%	100%	100%

11. How would you describe your department's interactions with the IEO?

Choice	2012 aggregate	2017 aggregate	2017 aggregate *
5. Collaborative	16%	20%	31%
4	24%	16%	25%
3	41%	15%	23%
2	13%	9%	14%
1. Defensive	6%	5%	8%
Don't know	NA	35%	
	100%	100%	100%

NEW question: 12. How would you describe IEO information requests? (select all that apply)

Choice	2017 aggregate
Not something I have had to deal with	41%
Reasonable to allow IEO to fulfill its functions	28%
Sometimes hard to meet because of gaps in document management	30%
Unduly burdensome	17%
Excessively intrusive	5%

121%

13. With regards to IEO recommendations please rate the following.

	Choice	2012 aggregate	2017 aggregate	2017 aggregate *
How seriously do you think IMF management takes IEO recommendations?	1. Not at all seriously	4%	2%	2%
	2	11%	13%	15%
	3	29%	16%	18%
	4	42%	37%	42%
	5. Very seriously	14%	21%	24%
	Don't know/NA	NA	11%	
		100%	100%	100%

	Choice	2012 aggregate	2017 aggregate	2017 aggregate *
How seriously do you think your current department head takes IEO recommendations?	1. Not at all seriously	3%	3%	4%
	2	9%	7%	9%
	3	30%	14%	18%
	4	38%	30%	38%
	5. Very seriously	20%	25%	32%
	Don't know/NA	NA	21%	

	Choice	2012 aggregate	2017 aggregate	2017 aggregate *
How seriously do you think the IMF Executive Board takes IEO recommendations?	1. Not at all seriously	3%	3%	4%
	2	9%	7%	9%
	3	31%	16%	20%
	4	40%	30%	38%
	5. Very seriously	17%	23%	29%
	Don't know/NA	NA	21%	
		100%	100%	100%

**14. How effective has IMF Management been in implementing IEO recommendations?**

Choice	2012 aggregate	2017 aggregate	2017 aggregate *
1. Not at all effective	4%	3%	4%
2	14%	8%	12%
3	51%	26%	38%
4	27%	27%	39%
5. Very effective	4%	5%	7%
Don't know	NA	31%	
	100%	100%	100%

**15. Is the IEO changing the IMF's organizational culture?**

Choice	2012 aggregate	Choice	2017 aggregate
Yes	20%	1. Not at all	9%
No	34%	2	24%
Don't know	46%	3	28%
	100%	4	18%
		5. Very much	2%
		Don't know	19%
			100%

**16. Have you ever visited the IEO website?**

Choice	2012 aggregate	2017 aggregate
Yes	46%	52%
No	54%	48%
	100%	100%

**16.1 How useful did you find the IEO website?**

Choice	2012 aggregate	2017 aggregate
1. Not at all useful	2%	2%
2	10%	7%
3	43%	45%
4	37%	39%
5. Very useful	8%	7%

**17. In your opinion, who has the most influence over which topics the IEO selects to evaluate (Rank top 3: 1 being the least influential and 3 being the most influential)**

	Choice	2012 aggregate	2017 aggregate
Senior management	1. Least influential	11%	19%
	2	29%	17%
	3. Most influential	26%	14%
	0	34%	50%
		100%	100%
IEO office	1. Least influential	15%	21%
	2	16%	16%
	3. Most influential	34%	40%
	0	35%	23%
		100%	100%

	<i>Choice</i>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
<b>SPR</b>	<b>1. Least influential</b>	13%	10%
	<b>2</b>	5%	8%
	<b>3. Most influential</b>	2%	4%
	<b>0</b>	80%	78%
		100%	100%

	<i>Choice</i>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
<b>Non-borrowing members</b>	<b>1. Least influential</b>	13%	8%
	<b>2</b>	5%	7%
	<b>3. Most influential</b>	7%	5%
	<b>0</b>	75%	80%
		100%	100%

	<i>Choice</i>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
<b>Borrowing members</b>	<b>1. Least influential</b>	17%	10%
	<b>2</b>	16%	3%
	<b>3. Most influential</b>	17%	2%
	<b>0</b>	50%	85%
		100%	100%

	<i>Choice</i>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
<b>External public pressures</b>	<b>1. Least influential</b>	12%	17%
	<b>2</b>	11%	15%
	<b>3. Most influential</b>	6%	11%
	<b>0</b>	71%	57%
		100%	100%

	<i>Choice</i>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
<b>Executive Board</b>	<b>1. Least influential</b>	20%	16%
	<b>2</b>	16%	33%
	<b>3. Most influential</b>	8%	24%
	<b>0</b>	56%	27%
		100%	100%

**18. How much are staff consulted on IEO evaluations?**

<i>Choice</i>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
<b>1. Not at all</b>	11%	35%
<b>2</b>	26%	19%
<b>3</b>	37%	19%
<b>4</b>	18%	20%
<b>5. Many times/Extensively</b>	8%	7%

**\* 2012 Choices:**  
**1. No involvement**  
**5. Significant involvement**

100% 100%

19. In what areas have you been personally involved in IEO evaluations? (select all that apply)

Choice	2012 aggregate	Choice	2017 aggregate
Preparation of issues paper	4%	Comments on issues paper	29%
Research	5%	Participated in interviews	37%
Reading early draft	12%	Responded to survey	43%
Reading or commenting on final draft	29%	Reading or commenting on drafts	39%
Helping to prepare staff or management response	18%	Helping to prepare staff or management response	29%
Reading proofs	1%	Provided data and/or documents	30%
Never	28%	Never	25%
Topic selection	10%	Topic selection	5%
Other	9%		237%

116%

20. Have you ever used an IEO report in your work?

Choice	2012 aggregate	2017 aggregate
Yes	49%	48%
No	51%	52%

100%

100%

21. Have you discussed an IEO report with

	Choice	2012 aggregate	2017 aggregate
Colleagues?	Yes	72%	77%
	No	28%	23%

100%

100%

	Choice	2012 aggregate	2017 aggregate
Country authorities?	Yes	NA	9%
	No	NA	91%

100%

	Choice	2012 aggregate	2017 aggregate
Others?	Yes	NA	25%
	No	NA	75%

100%

	Choice	2012 aggregate	2017 aggregate
Outside the Fund?	Yes	25%	NA
	No	75%	NA

100%

**22. How much overlap is there between the IEO and the work of the...**

	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>	<b>2017 aggregate *</b>
Strategy, Policy and Review Department's reviews	1. No overlap at all	12%	6%	8%
	2	25%	14%	18%
	3	30%	21%	27%
	4	25%	22%	29%
	5. Significant overlap	8%	14%	18%
	Don't know/NA	NA	23%	
		100%	100%	100%
	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>	<b>2017 aggregate *</b>
Internal departmental evaluations	1. No overlap at all	18%	7%	10%
	2	33%	17%	25%
	3	33%	21%	31%
	4	13%	16%	24%
	5. Significant overlap	3%	6%	9%
	Don't know/NA	NA	33%	
		100%	100%	100%
	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>	<b>2017 aggregate *</b>
Office of Internal Audit	1. No overlap at all	20%	8%	17%
	2	29%	14%	30%
	3	35%	11%	23%
	4	14%	11%	23%
	5. Significant overlap	2%	3%	6%
	Don't know/NA	NA	53%	
		100%	100%	100%

**23. For the key functions of the IEO listed below, please rank each based on your view of which should be the highest priority (1) and which should be of lesser priority (4) (drag and drop to move IEO functions up or down in priority)**

	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
Enhancing the learning culture within the IMF	1. Highest priority	30%	21%
	2	18%	16%
	3	26%	30%
	4. Lesser priority	26%	33%
		100%	100%
	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
Transparency and strengthening the IMF's external credibility	1. Highest priority	31%	30%
	2	47%	38%
	3	17%	22%
	4. Lesser priority	5%	10%
		100%	100%
	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
Supporting institutional governance and oversight of the IMF's work	1. Highest priority	36%	41%
	2	23%	28%
	3	11%	17%
	4. Lesser priority	30%	14%
		100%	100%

	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
Promoting greater understanding of the work of the IMF	1. Highest priority	3%	8%
	2	12%	18%
	3	47%	32%
	4. Lesser priority	38%	42%
		100%	100%

**24. Please rate how effective the IEO has performed on each of the following:**

	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>	<b>2017 aggregate *</b>
Enhancing the learning culture within the Fund	1. Not at all effective	18%	14%	14%
	2	33%	31%	31%
	3	36%	36%	36%
	4	12%	16%	16%
	5. Very effective	1%	3%	3%
	Don't know/NA	NA	0%	
		100%	100%	100%

	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>	<b>2017 aggregate *</b>
Strengthening the IMF's external credibility	1. Not at all effective	6%	4%	4%
	2	18%	15%	15%
	3	35%	35%	35%
	4	34%	39%	39%
	5. Very effective	7%	7%	7%
	Don't know/NA	NA	0%	
		100%	100%	100%

	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>	<b>2017 aggregate *</b>
Promoting greater understanding of the work of the IMF	1. Not at all effective	11%	7%	7%
	2	30%	26%	26%
	3	36%	41%	41%
	4	20%	22%	22%
	5. Very effective	3%	4%	4%
	Don't know/NA	NA	0%	
		100%	100%	100%

	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>	<b>2017 aggregate *</b>
Supporting institutional governance and oversight of the IMF's work	1. Not at all effective	8%	6%	6%
	2	18%	13%	13%
	3	35%	34%	34%
	4	33%	39%	39%
	5. Very effective	6%	8%	8%
	Don't know/NA	NA	0%	
		100%	100%	100%



25. Please rate the following two statements:

	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
The IEO findings have encouraged greater discussion of policy alternatives within the Fund	1. Strongly disagree	7%	7%
	2	23%	16%
	3	35%	36%
	4	29%	34%
	5. Strongly agree	6%	7%

100% 100%

	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
The IEO process has created room for dissent within the Fund	1. Strongly disagree	15%	12%
	2	31%	28%
	3	35%	36%
	4	15%	20%
	5. Strongly agree	4%	4%

100% 100%

26. Have you read or consulted the following IEO publications? (select all that apply)

<b>Choice</b>	<b>2012 aggregate</b>	<b>Choice</b>	<b>2017 aggregate</b>
IMF Performance in the Run-Up to the Financial and Economic Crisis: IMF Surveillance in 2004-07 (2011)	36%	IMF Performance in the Run-Up to the Financial and Economic Crisis: IMF Surveillance in 2004-07 (2011)	42%
Research at the IMF: Relevance and Utilization (2011)	23%	Research at the IMF: Relevance and Utilization (2011)	26%
Financial Sector Assessment Program (2006)	13%	International Reserves: IMF Concerns and Country Perspectives (2012)	13%
Multilateral Surveillance (2006)	15%	The Role of the IMF as Trusted Advisor (2013)	43%
The IMF and Aid to Sub-Saharan Africa (2007)	11%	IMF Forecasts: Process, Quality, and Country Perspectives (2014)	23%
IMF Exchange Rate Policy Advice (2007)	16%	Recurring Issues from a Decade of Evaluation: Lessons for the IMF (2014)	16%
Structural Conditionality in IMF-Supported Programs (2007)	21%	IMF Response to the Financial and Economic Crisis (2014)	43%
Governance of the IMF: An Evaluation (2008)	13%	Self-Evaluation at the IMF: An IEO Assessment (2015)	18%
IMF Involvement in International Trade Policy Issues (2009)	6%	Behind the Scenes with Data at the IMF: An IEO Evaluation (2016)	23%
IMF Interactions with Member Countries (2009)	17%	The IMF and the Crises in Greece, Ireland, and Portugal (2016)	61%
None of the above	15%	None of the above	12%

27. How would you rate IEO reports in terms of:

	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
Topic Selection	1. Poor	1%	1%
	2	6%	2%
	3	27%	17%
	4	42%	49%
	5. Excellent	13%	19%
	Don't know/NA	11%	12%
		100%	100%
Independence	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
	1. Poor	3%	1%
	2	7%	5%
	3	23%	14%
	4	35%	42%
	5. Excellent	20%	24%
	Don't know/NA	12%	14%
	100%	100%	
Accuracy	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
	1. Poor	3%	2%
	2	9%	7%
	3	29%	32%
	4	34%	33%
	5. Excellent	10%	8%
	Don't know/NA	15%	18%
	100%	100%	
Technically sound analysis of problems	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
	1. Poor	3%	2%
	2	11%	9%
	3	30%	31%
	4	34%	32%
	5. Excellent	10%	10%
	Don't know/NA	12%	16%
	100%	100%	
Feasibility of recommendations	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
	1. Poor	5%	3%
	2	14%	13%
	3	37%	35%
	4	27%	27%
	5. Excellent	5%	5%
	Don't know/NA	12%	17%
	100%	100%	

	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
Overall quality	1. Poor	2%	2%
	2	8%	3%
	3	28%	27%
	4	43%	47%
	5. Excellent	9%	9%
	Don't know/NA	10%	12%
		100%	100%

28. Please rank the three areas in which the IEO reports could be most improved. Rank 3 choices between 1 and 3. (1 = First choice; 2 = Second choice; 3 = Third choice)

	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
Analysis of the problem	1	15%	16%
	2	13%	12%
	3	12%	12%
	0	60%	60%
		100%	100%

	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
Greater objectivity	1	12%	11%
	2	10%	11%
	3	9%	9%
	0	69%	69%
		100%	100%

	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
More consultation with stakeholders	1	8%	13%
	2	8%	8%
	3	11%	10%
	0	73%	69%
		100%	100%

	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
Writing style	1	2%	4%
	2	4%	4%
	3	3%	3%
	0	91%	89%
		100%	100%

	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
Quality of recommendations	1	17%	13%
	2	17%	16%
	3	15%	17%
	0	51%	54%
		100%	100%

	<i>Choice</i>	2012 aggregate	2017 aggregate
<b>Dissemination to a wider public</b>	1	8%	10%
	2	8%	8%
	3	14%	12%
	0	70%	70%
		100%	100%
	<i>Choice</i>	2012 aggregate	2017 aggregate
<b>Implementation of recommendations by management</b>	1	20%	15%
	2	18%	18%
	3	14%	12%
	0	48%	55%
		100%	100%
	<i>Choice</i>	2012 aggregate	2017 aggregate
<b>Staff-Buy in of Recommendations</b>	1	19%	18%
	2	23%	23%
	3	21%	25%
	0	37%	34%
		100%	100%

29. For each of the following, please indicate whether the IEO should do more, about the same or less.

	<i>Choice</i>	2012 aggregate	2017 aggregate
Country case studies	More	33%	28%
	About the same	53%	61%
	Less	14%	11%
		100%	100%
		<i>Choice</i>	2012 aggregate
Investigation of best practices	More	62%	58%
	About the same	30%	37%
	Less	8%	5%
		100%	100%
	<i>Choice</i>	2012 aggregate	2017 aggregate
Policy recommendations	More	30%	27%
	About the same	56%	57%
	Less	14%	16%
		100%	100%
	<i>Choice</i>	2012 aggregate	2017 aggregate
Specific operational recommendations	More	34%	33%
	About the same	47%	46%
	Less	19%	21%
		100%	100%

	<i>Choice</i>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
Specific operational recommendations	More	34%	33%
	About the same	47%	46%
	Less	19%	21%
		100%	100%
	<i>Choice</i>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
Monitoring of follow-up of Board-endorsed recommendations *	More	37%	39%
	About the same	43%	50%
	Less	20%	11%
		100%	100%

\* 2012: Direct follow-up of Board-endorsed recommendations

**30. How would you rate IEO work in promoting the understanding of the Fund's work:**

	<i>Choice</i>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
Inside the Fund	1. No change in understanding	13%	15%
	2	19%	19%
	3	30%	27%
	4	23%	21%
	5. Significantly increased understanding	4%	4%
	Don't know/NA	11%	14%
		100%	100%
	<i>Choice</i>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
Outside the Fund	1. No change in understanding	6%	9%
	2	20%	13%
	3	27%	28%
	4	18%	18%
	5. Significantly increased understanding	8%	5%
	Don't know/NA	21%	27%
		100%	100%

**31. To what extent have IEO findings and recommendations altered:**

	<i>Choice</i>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
The content of IMF policy advice	1. No effect at all	8%	5%
	2	21%	20%
	3	31%	31%
	4	18%	17%
	5. Major effect	3%	1%
	Don't know/NA	19%	26%
		100%	100%

	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
The effectiveness of IMF surveillance	1. No effect at all	10%	6%
	2	21%	18%
	3	29%	33%
	4	19%	15%
	5. Major effect	2%	1%
	Don't know/NA	19%	27%
		100%	100%
The effectiveness of IMF technical assistance	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
	1. No effect at all	13%	9%
	2	21%	22%
	3	25%	22%
	4	8%	8%
	5. Major effect	2%	1%
	Don't know/NA	31%	38%
	100%	100%	
The conditions attached by the Fund to lending	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
	1. No effect at all	11%	8%
	2	19%	18%
	3	22%	24%
	4	17%	11%
	5. Major effect	4%	1%
	Don't know/NA	27%	38%
	100%	100%	
The size of loans by the Fund	<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
	1. No effect at all	25%	15%
	2	16%	19%
	3	15%	18%
	4	6%	3%
	5. Major effect	0%	0%
	Don't know/NA	38%	45%
	100%	100%	

### 32. How much has the work of the IEO influenced your work?

<b>Choice</b>	<b>2012 aggregate</b>	<b>2017 aggregate</b>
<b>1. No influence at all</b>	25%	24%
<b>2</b>	35%	37%
<b>3</b>	30%	28%
<b>4</b>	9%	9%
<b>5. Significant influence</b>	1%	2%

100%

100%

## ANNEX VI. BOARD ATTENDANCE IN IEO RELATED MEETINGS

The Panel has compared Board attendance in formal meetings discussing the IEO's evaluation reports and IEO seminars at the Board with attendance in meetings where other policy, surveillance, or country items have been discussed. The Panel is aware that the meetings selected for reference are "blockbuster" meetings with normally with high-level attendance. The choice of the reference group is intentional as we think attending IEO meetings should be prioritized. In the tables below, high-level attendance means attendance by an ED or AED.

<b>IEO Reports</b>	<b>ED</b>	<b>AED</b>	<b>Sr Advisor /Advisor</b>	<b>Percent of high level attendance</b>
IEO Report: The Role of the IMF as Trusted Advisor (2013)	12	7	5	79%
IEO Report: IMF Forecasts (2014)	8	10	6	75%
IEO Report: Recurring Issues from a Decade of Evaluation (2014)	9	7	8	67%
IEO Report: IMF Response to the Financial and Economic Crisis (2014)	15	8	1	96%
IEO Report: Self-Evaluation at the IMF (2015)	13	4	7	71%
IEO Report: Behind the Scenes with Data at the IMF (2016)	5	9	10	58%
IEO report: IMF and Crises in Greece, Ireland, and Portugal (2016)	16	7	1	96%
IEO Report: Social Protection (2017)	12	7	5	79%
IEO Report: IMF and Fragile states (2018)	9	11	4	83%
<b>Average</b>				<b>78%</b>
<b>IEO Seminars</b>	<b>ED</b>	<b>AED</b>	<b>Sr Advisor /Advisor</b>	<b>Percent of high level attendance</b>
IEO Seminar on Recurring Issues From a Decade of Evaluations: Lessons for the IMF (2013)	12	6	6	75%
IEO Seminar on IMF Response to the Financial and Economic Crisis—An IEO Assessment (2014)	10	9	5	79%
IEO Seminar: Statistics for Global Economic and Financial Stability: The Role of the IMF (2014)	6	4	14	42%
IEO Seminar: Issues Paper for the Evaluation on "The IMF and Euro Area Crisis" (2015)	13	6	5	79%
IEO Seminar: The Independent Evaluation Office of the IMF: A Briefing for Board Members (2015)	4	4	16	33%
IEO Seminar: Possible Topics for IEO Evaluations of the Medium Term: 2015-17 (2015)	9	6	9	63%
IEO Seminar on Draft Issues Paper on the Evaluation of The IMF and Social Protection by IEO (2016)	6	7	11	54%
IEO Seminar on Draft Issues Paper on the Evaluation of "The IMF and Fragile States" (2016)	11	4	9	63%
IEO Board Seminar on "IMF Exchange Rate Policy Advice: Revisiting the 2007 IEO Evaluation" (2017)	10	6	8	67%
IEO Informal Board Seminar: IMF Advice on Unconventional Monetary Policies (2017)	6	14	4	83%
IEO Informal Board Seminar: Possible Future Topics for Evaluations (2017)	14	4	6	75%
IEO Seminar: What Can the IEO Do for You? (2017)	10	7	7	71%
<b>Average</b>				<b>65%</b>
<b>Other Board meetings for reference</b>	<b>ED</b>	<b>AED</b>	<b>Sr Advisor /Advisor</b>	<b>Percent of high level attendance</b>
World Economic Outlook/World Economic and Market Developments; Global Financial Stability Report; Fiscal Monitor	16	7	1	96%
Informal Session (to Engage): 2014 Triennial Surveillance Review—Preliminary Findings and Recommendations (2014)	16	5	3	88%
Informal Session (to Engage): 2014 Pilot External Sector Report (2014)	14	8	2	92%
World Economic Outlook; Global Financial Stability Report; Fiscal Monitor (2015)	16	5	3	88%
Ukraine - Request for Extended Arrangement Under the Extended Fund Facility and Cancellation of Stand-By	13	8	3	88%
Adequacy of the Global Financial Safety Net--Considerations for Fund Toolkit Reform (2016)	16	5	3	79%
Maintaining Access to Bilateral Borrowing and Review of the Borrowing Guidelines (2016)	12	9	3	88%
Mexico - Arrangement Under the Flexible Credit Line and Cancellation of the Current Arrangement (2016)	10	11	3	88%
Informal Session (to Engage): Adequacy of Fund Resources - Preliminary Considerations (2016)	16	4	4	83%
Informal Restricted Session (to Engage): Early Warning Exercise (2017)	21	2	1	96%
World Economic Outlook; Global Financial Stability Report; Fiscal Monitor 2017	14	5	5	79%
<b>Average</b>				<b>88%</b>

## ANNEX VII. LENGTH OF IEO REPORTS

Table 1. The Panel's calculations of word count and pages of IEO reports

<b>Report</b>	<b>Word count<sup>i</sup></b>	<b>Pages<sup>ii</sup></b>
Fragile States	26,920	45
Social Protection	20,817	36
IMF and Crises in Greece, Ireland, and Portugal	27,742	42
Behind the Scenes with Data at the IMF	24,307	41
Self-Evaluation at the IMF	13,016	25
IMF Response to the Financial and Economic Crisis	16,820	28
Recurring Issues from a Decade of Evaluation	9,941	18
IMF Forecasts	20,051	38
The Role of the IMF as Trusted Advisor	15,325	29
<b>Average</b>	<b>19,438</b>	<b>33 ½</b>

i) including textboxes, footnotes, endnotes

ii) from executive summary to the last chapter before annexes



## ANNEX VIII. RECOMMENDATIONS AND IMPLEMENTATION STATUS OF IEO REPORTS 2013-2017

During the period covered in this external evaluation, 2013-2017, the IEO has produced eight evaluation reports and seven evaluation update reports. Only the regular evaluation reports contain recommendations and these are displayed below together with the status of implementation. The information on the status of implementation is collected from the evaluation reports and related Summings Up, the 8<sup>th</sup> and the 9<sup>th</sup> PMR, and the MIP following the Social Protection report. Since the Social Protection report is not included in the 9<sup>th</sup> PMR, the Panel has no information regarding the status of implementation of IEO's recommendations and management's actions. The implementation statuses are defined as follows:

**Implemented** – Action has been implemented (in substance)

**Open** – Action is generally making progress towards full implementation, as intended. This includes instances where the action is progressing on a new track, following an intervention by management or the Board.

**Open (intervention required)** – Action requires an intervention by management or the Board. An intervention is needed to bring the action back on a new track, including decisions to redefine, substitute, or drop the action.

### The Role of the IMF as Trusted Advisor (2013)

<p><b>Recommendation 1:</b> Enhance the value-added of Article IV consultations for country authorities.</p> <ul style="list-style-type: none"> <li>- Consult at an early stage with country authorities on their key areas of interest for upcoming consultations.</li> <li>- Share the major policy issues, the preliminary macroeconomic framework, medium-term projections, and preliminary policy lines with the authorities well before the mission to help facilitate more in-depth discussions.</li> <li>- Foster a more substantive dialogue with country authorities by better explaining the rationale for advice and its relevance to the country.</li> <li>- Draw on relevant cross-country experiences to provide examples of best practices for addressing policy challenges faced by the authorities.</li> <li>- Engage with local analyst and researchers.</li> </ul>	<b><i>Broadly endorsed</i></b>
<p><b>Management action 1:</b> Early consultations with country authorities will now be expected of all teams.</p>	<b>Open (intervention required)</b>
<p><b>Management action 2:</b> Mission teams will be expected to share major policy questions and global assumptions underlying projections at least one week ahead of the mission.</p>	<b>Open (intervention required)</b>
<p><b>Management action 3:</b> Enhance use of cross-country examples by functional department economists.</p>	<b>Open (intervention required)</b>
<p><b>Management action 4:</b> Pilot reports on clustered Article IV consultation, which aimed at broadening the analysis of outward spillovers and encouraging more inter-departmental coordination on topics, will be initiated.</p>	<b>Implemented</b>
<p><b>Management action 5:</b> Mission chiefs will be tasked to better explain rationale for Fund policy advice.</p>	<b>Open (intervention required)</b>
<p><b>Recommendation 2:</b> Strengthen the continuity of the relationship between the Fund and member countries.</p> <ul style="list-style-type: none"> <li>- In close consultation with country authorities, develop a medium term strategic plan which is expected to be actively used as a guidance for subsequent mission teams and would allow Management to monitor continuity as well as progress with key medium-term objectives.</li> <li>- Develop incentives for mission chiefs and resident representatives that make their role as trusted advisor an important part of their performance.</li> </ul>	<b><i>Broadly endorsed</i></b>

<ul style="list-style-type: none"> <li>- Increase the rewards for team work, rather than solely at the individual level, to help ensure a smooth transfer of knowledge when team members change.</li> <li>- Enhance the role of the Fund as a sounding board if the authorities so desire, providing more time and modalities for informal discussions.</li> <li>- Promote an ongoing dialogue and a close working relationship between mission teams and the respective ED offices, so these offices can be a true bridge for communication and understanding between country authorities and Fund staff.</li> </ul>	
<p><b>Management action 1:</b> Target three years average for country assignments to be monitored by HRD</p>	<p>Open (intervention required)</p>
<p><b>Management action 2:</b> Implement measures to raise the share of nationals from underrepresented regions among senior staff and set targets for representation of women at senior levels.</p>	<p>Open (intervention required)</p>
<p><b>Management action 3:</b> Transition steps, including data management will be introduced by July 2013 to support orderly handover.</p>	<p>Implemented</p>
<p><b>Management action 4:</b> Departments will work to prevent simultaneous turnover of mission chiefs, resident representatives, and senior desks.</p>	<p>Implemented</p>
<p><b>Management action 5:</b> Emphasize and monitor the role of OED in liaison processes through an annual survey.</p>	<p>Open</p>
<p><b>Management action 6:</b> Survey of country authorities' views of the Fund's role as trusted advisor will be carried out as part of the TSR.</p>	<p>Implemented</p>
<p><b>Recommendation 3:</b> Incorporate early and openly the views of all countries—particularly those that stand to be most affected by changes in the Fund's policy stance—during the preparation of major policy papers on which analytical debate is still ongoing. Consult early with ED offices on emerging policy frameworks to exchange views and keep them in the loop, so as to facilitate their communication with their authorities.</p>	<p>Limited support</p>
<p><b>Management action:</b> Staff will continue the best practice of extensively consulting authorities and other stakeholders ahead of major policy papers. However, consistent with views of most EDs, it is not proposed that all policy papers will have to present the views of every country.</p>	<p>Implemented</p>
<p><b>Recommendation 4:</b> Reduce unnecessary disclosure concerns that may inhibit authorities from using the Fund as a sounding board for informal advice at an early stage when formulating their policies. To reduce these concerns would require clarifying the intent of what one may call the Fund's Critical Disclosure Principle. Ensure that both staff and country authorities understand what must be reported and to whom—such as a country's policy plans and decisions—and what can be kept off-the-record (e.g., discussions on hypothetical courses of action).</p>	<p>Broadly endorsed</p>
<p><b>Management action:</b> Staff will be expected to inform the authorities of the Fund's policy on the treatment of confidential information. At the same time, staff will be encouraged to have informal/brainstorming discussions with country authorities in the course of policy discussions.</p>	<p>Open (intervention required)</p>
<p><b>Recommendation 5:</b> Work closely with country authorities to design a customized outreach strategy for mission chiefs and resident representatives that is most suited to gaining traction, given country specifics.</p>	<p>Broadly endorsed</p>
<p><b>Management action 1:</b> Mission chiefs should discuss outreach plans/strategy with authorities in the context of mission planning, with support from EXR (COM). In this context, staff will seek to explain to country authorities the benefits of outreach and the management of messages. SPR will follow up in and monitor during PCMs (policy consultation meetings).</p>	<p>Implemented</p>
<p><b>Management action 2:</b> TOR for Resident Representatives will be clarified to underscore the importance of formulating an outreach strategy in collaboration with the country authorities, to be updated on an annual basis. This will be monitored by HRD with support from EXR (COM.)</p>	<p>Implemented</p>
<p><b>Recommendation 6:</b> Implement the Fund's transparency policy in a uniform and fair manner. Strictly adhere to the guidelines on transparency for all countries—large and small, systemic and non-systemic — and have clear line of accountability for deletions and corrections in staff reports and other documents.</p>	<p>Broadly endorsed</p>

**Management action:** The next Review of Transparency expected to be issued to the Board in the second quarter of 2013, will provide updated analysis on the implementation of the policy, including whether it has been applied in an even-handed manner across the membership. To the extent that shortfalls are found, it will provide concrete recommendations on how these may be addressed.

**Implemented**

### IMF Forecast: Process, Quality, and Country Perspectives (2014)

**Recommendation 1:** Maintain the practice of commissioning external evaluations of IMF forecasts by recognized experts in order to help ensure that forecasts are of high quality and that the process follows best practices. In commissioning studies, the following elements should be considered.

**Support**

- Commissioned studies should be undertaken on a regular schedule.
- Recommendations in the studies should be clearly spelled out.
- The IMF should respond formally to the recommendations. These responses should be made public.
- The findings of the studies should be presented formally to the Executive Board.
- An assessment of whether accepted recommendations have been implemented should be included in the subsequent commissioned study.
- Future studies should include an assessment of the forecasting process itself.

**Management action:** Commissioned studies will be undertaken on a regular schedule, every 5-8 years.

**Open**

**Recommendation 2:** Enhance the process and incentives for learning from past forecast performance.

**Support**

In doing so, the following elements should be kept in mind:

- Consider approaches to develop a more systematic review of forecast errors in the forecasting process. Guidance to staff should make clear that forecasting is an important activity to be taken seriously by mission chiefs as well as desk economists.
- Process should be implemented to ensure that crucial country information is preserved when staff members move to new country assignments.
- ICD should review its course offerings in the area of forecasting to ensure that they include courses relevant for the day-to-day needs of country desk economist.

**Management action 1:** RES will share updated reports on forecast errors for real growth, inflation, and current account balances with desks at the beginning of the WEO round.

**Implemented**

**Management action 2:** Policy consultation meetings for Article IV consultations and program reviews will discuss the underlying causes of significant forecast errors (not pertaining to data revisions) for key macroeconomic variables.

**Open**

**Management action 3:** WEO publications will include a discussion of forecast errors regularly, following significant revisions to global growth forecasts.

**Implemented**

**Management action 4:** Issue guidelines establishing minimum requirements and recommending best practices for the handover of country assignments.

**Open (intervention required)**

**Management action 5:** The internal training program (IET) will be revamped to include courses on macroeconomic forecasting and advanced empirical methods of forecasting.

**Implemented**

**Recommendation 3:** Extend guidance to desk economists about how best to incorporate advances in forecasting methodologies for both short and medium-term forecasts. In doing so,

**Support**

- Attention should focus on how forecasting methods should be adopted to economies with different structural features and data availability.
- As a complement to what it has done for short term forecasts, the IMF should consider developing a process to ensure the consistency of the medium-term growth projections of major regions and economies based on fundamental structural drivers identified in the literature on the determinants of economic growth. This view should be disseminated to desk economists as a guide to their own country-specific analysis.
- The IMF should monitor the consistency of medium-term forecasts across the institution as it does for the short-term outlook.

**Management action 1:** RES will start a pilot process (to be broadened gradually for most major economies and country groups) with top-down guidance for medium-term forecasts in the spirit of the approach used for short-term forecasts. **Open (intervention required)**

**Management action 2:** Develop a multi-country macro-econometric forecasting model to ensure medium-term consistency of forecasts. **Open (intervention required)**

**Recommendation 4:** Prepare a general description of the WEO forecasting process intended for authorities in member countries and other users of these forecasts. The description should be posted on the publicly accessible part of the IMF website and it should be reviewed and revised as needed. In preparing the description, IMF should consider:

- Providing a broad understanding of how the top-down and bottom-up comparison of the forecasts are gathered and combined, and how coordination is achieved within and across area departments.
- Offering information about the assumptions and types of methods used by the IMF to produce country forecasts; which the description should remain general and not country specific, it should provide enough information for readers to understand the IMF's approach to forecasting.

**Support**

**Management action:** A general description of the WEO forecasting process will be posted on the external IMF website. **Implemented**

**Recommendation 5:** Data related to forecasts and outturns that already exist internally should be made available to the public: In particular,

- The part of the WEO database that is open to the public should include current and all past forecasts as well as the corresponding realized outcome.
- The MONA database available externally should include all past forecasts linked to each program review.

**Support**

**Management action 1:** Create a WEO database showing current and past forecasts and outcomes for real GDP growth, CPI inflation, and current account balances. **Implemented**

**Management action 2:** Extend the Monitoring of Fund Arrangements (MONA) database to include all past forecasts linked to each program review. **Implemented**

#### Recurring Issues from a Decade of Evaluation: Lessons from the IMF (2014)

**Recommendation 1:** Prepare the following reports for the Board periodically:

- An IEO report, similar to this one, identifying and reviewing important issues that have recurred in its evaluations. This could be done every five years.
- A status report, prepared by staff, to monitor the progress the IMF has made in addressing recurring issues, focusing on the big picture rather than on the implementation of specific IEO recommendations that will continue to be monitored via the PMR. The first staff report could be prepared within two years followed by similar reports every five years thereafter.

**Support**

**Management action:** Prepare a high-level report to gather evidence to analyze the current status of identified issues from various sources such as surveillance, conditionality, technical assistance, HR, and Executive Directors. **Implemented**

#### IMF Response to the Financial and Economic Crisis (2014)

**Recommendation 1:** Management should work with the IMFC to ensure that the IMF has sufficient resources to contribute to future crisis resolution. Quotas should be sufficient to cover members' needs under likely crisis scenarios, with borrowing arrangements set up to deal with tail risks. **Endorsed**

**Management action 1:** Identify possible interim steps that represent meaningful progress towards the objectives of the 2010 Reforms. **Implemented**

**Management action 2:** Work on additional activations of the existing NAB, and future renewal. **Implemented**

**Management action 3:** Assess the future of the 2012 Borrowing Agreements and review the Borrowing Guidelines. **Implemented**

**Recommendation 2:** The IMF should develop guidelines for structuring engagements with other organizations, whether as a member or as a partner. These guidelines should clarify the IMF's roles and accountabilities in order to protect the institution's independence and to ensure uniform treatment of all members. **General support**

**Management action 1:** Provide some initial considerations towards efforts to better leverage work by other institutions on macro-critical issues. **Implemented**

**Management action 2:** Take stock of the IMF's modalities and engagement with other organizations, including Regional Financing Arrangements, and make any specific proposals for change deemed necessary. **Implemented**

**Recommendation 3:** Management needs to consolidate and simplify the current framework to identify and assess risks and vulnerabilities. In particular, the EWE needs to be made more user-friendly; it should foster greater debate and input by participants, and outreach on its results should aim to reach authorities. **Broadly endorsed**

**Management action 1:** Consider a proposal for a Fund-wide stress test exercise, as a possible tool to rationalize existing risk products and scenario analyses across the Fund within an integrated and common framework, with a view to avoid duplication of work and minimize demands on area departments. **Implemented**

**Management action 2:** Identify efficiencies between the IMF Risk Group, the Tail Risk Group and the EWE team, and other groups working on economic and financial risk assessments. **Implemented**

**Management action 3:** To enhance transparency, publish a note describing the Vulnerability Exercise methodology, presenting the broad contours of the exercise. **Implemented**

**Management action 4:** Management will continue to explore ways to disseminate the EWE information to the Board without compromising candor and access to confidential information, including Board discussions of the Fund's other risk work. **Implemented**

**Recommendation 4:** FSSAs, for the five to seven largest systemic financial centers, should be updated annually in conjunction with IMF's bilateral surveillance. *(Most Executive Directors saw limited merit in the IEO recommendation and instead looked forward to two proposals by management to mainstream macro-financial surveillance and report periodically to the Board)* **Limited support**

**Management action 1:** Introduce measures to fully embed macro financial analysis in Article IV surveillance, including through balance sheet analysis and promoting uptake of user-friendly tools. **Open (intervention required)**

**Management action 2:** Brief the Board periodically on mainstreaming macro financial surveillance. **Implemented**

## Self-Evaluation at the IMF (2015)

**Recommendation 1:** Adopt a broad policy or general principles to establish an explicit institution-wide framework for self-evaluation in the IMF (including its goals, scope, outputs, utilization and follow up). It should then conduct periodic review of this function as a basis to adapt the policy to changing circumstances. **Support**

**Management action:** Develop a high-level statement of principles for self-evaluation. **Implemented**

**Recommendation 2:** Conduct self-assessments for every IMF-supported program. The scope and format to these assessments could vary across programs, but it is critical that country authorities be given the opportunity to express their views on design and results of each program as well as on IMF performance. **Limited support**

**Management action 1:** At the individual country level, at the time of the Article IV consultation immediately subsequent to the end of each program, country teams will be encouraged to discuss with the authorities their views on program design and results, and IMF performance. The lessons learned should be reflected in the staff report where appropriate. **Implemented**

**Management action 2:** Policy and thematic reviews will continue to draw cross-cutting lessons from analysis of programs across countries, as well as from individual country case studies. **Open**

<b>Management action 3:</b> Strengthen monitoring procedures.	<b>Implemented</b>
<b>Recommendation 3:</b> Each policy and thematic review should explicitly set out a plan for how the policies and operations it covers will be self-evaluated going forward.	<b>No support</b>
<b>Management action:</b> Current best practices will be applied more consistently with respect to self-evaluation in policy and thematic reviews.	<b>Implemented</b>
<b>Recommendation 4:</b> IMF management should develop products and activities aimed at distilling and disseminating evaluative findings and lessons in ways that highlight their relevance for staff work and that facilitate learning.	<b>Support</b>
<b>Management action 1:</b> Develop a plan to enhance knowledge management.	<b>Open (intervention required)</b>
<b>Management action 2:</b> Develop a common evaluation framework, including self-evaluation, for IMF capacity development.	<b>Open</b>
<b>Management action 3:</b> Identify and disseminate examples of good practices in Article IV staff reports.	<b>Implemented</b>
<b>Management action 4:</b> Assess the Fund's risk profile at regular intervals, and identify areas for additional risk analysis and mitigation efforts.	<b>Implemented</b>

### Behind the Scenes with Data at the Fund (2016)

<b>Recommendation 1:</b> Develop a long-term strategy for data and statistic in the Fund.	<b>Endorsed</b>
<b>Management action:</b> A long-term strategy for data and statistics at the Fund will be developed to integrate Fund-wide work streams on data provision by member countries, international statistical standards, capacity development, and data management with a common institutional objective. A task-force appointed by Management—including representatives from EDT, STA, SPR, and other relevant departments—will prepare the strategy within one year, measured starting from the time the required resources are in place. The terms of reference of the Task Force will be submitted to Management for approval by early November 2016.	<b>Implemented</b>
<b>Recommendation 2:</b> Define and prioritize the Fund's data needs and support data provision by member countries accordingly.	<b>Support</b>
<b>Management action 1:</b> Comprehensive Surveillance Reviews (previously Triannual Surveillance Reviews, TSR) and its interim reports will continue to guide priorities regarding the Fund's evolving data and statistical needs for bilateral and multilateral surveillance activities. Theses priorities will be operationalized in Reviews of Data Provision to the Fund for Surveillance Purposes (DPF)	<b>Open (intervention required)</b>
<b>Management action 2:</b> The Tenth Review of the IMF's Data Standard Initiatives will seek to further align data provision by member countries to the extent feasible with the broader initiative to promote publication of data required for surveillance by the Fund.	<b>Open (intervention required)</b>
<b>Management action 3:</b> A key objective of the Tenth Review will be to merge the frameworks of the SDDS, SDDS Plus and the e-GDDS, including new technologies for data provision such as open data to expand the provision of relevant, timely, and quality data to Fund economists.	<b>Open</b>
<b>Management action 4:</b> The review of Standards and Codes Initiative will aim to strengthen its integration with Fund surveillance and capacity development activities. In this regard, the new Data ROSC will help guide future capacity development and methodological work with member countries to facilitate data provisioning to the Fund.	<b>Open (intervention required)</b>
<b>Recommendation 3:</b> Reconsider the role and mandate of the Statistic Department.	<b>Support</b>
<b>Management action 1:</b> The role and mandate of STA will be revisited to ensure it is in line with the Fund core operations. The decision on whether to move the new data management structure into STA will be taken in the context of the long-term strategy.	<b>Open</b>

<b>Management action 2:</b> Drawing on ongoing reforms, a time-bound concrete plan will be developed to ensure that STAs' work support data provision by member countries, international statistical standards, data dissemination initiatives, capacity development, and, if relevant, Fund-wide operational data management functions (date to be specified in overall strategy)	<b>Implemented</b>
<b>Management action 3:</b> Review data publications, databases and data sharing within the membership and among international agencies (date to be specified in the overall strategy)	<b>Open</b>
<b>Management action 4:</b> STA will engage in a more pro-active and structure consultation with area departments on methodological work to support surveillance priorities for LICs. Enhance guidance will be provided for compiling data in LIC (date to be specified in the overall strategy)	<b>Open (intervention required)</b>
<b>Management action 5:</b> The ongoing efforts to align capacity development (CD) activities with Fund and membership needs will continue. CD will increasingly be geared toward closing data gaps hampering surveillance, ratcheting up data quality and broadening data dissemination to help detect economic vulnerabilities and risks and improve economic decision making.	<b>Open (intervention required)</b>
<b>Management action 6:</b> Consistent with established Fund priorities, greater attention will be devoted to CD to fragile states and vulnerable program countries, while also fostering greater integration with surveillance and reaping synergies between TA and training. Among other things, STA will work with other departments to continuously adjust its CD product mix, venture into online learning, implement a results-based monitoring framework, broaden and diversify the funding of its CD, participate in the design and implementation of the Fund's new TA evaluation framework, and overhaul its approach to TA documentation so as to enhance understanding and buy-in from senior policy makers in-country and area department teams. (date to be specified in the overall strategy).	<b>Open (intervention required)</b>
<b>Recommendation 4:</b> Reexamine the staff's structure of incentives in the area of data management	<b>Support</b>
<b>Management action 1:</b> Adopt Fund-wide data management standards.	<b>Open</b>
<b>Management action 2:</b> Unify area department data management guidelines.	<b>Open</b>
<b>Management action 3:</b> Undertake metadata cleanup.	<b>Open (intervention required)</b>
<b>Management action 4:</b> Update the Catalogue of Time Series.	<b>Open (intervention required)</b>
<b>Management action 5:</b> Incentivize use of the Common Surveillance Database.	<b>Open (intervention required)</b>
<b>Management action 6:</b> The next DPF (Reviews of Data Provision to the Fund for Surveillance Purposes) will also propose how to incorporate results to the revised ROSCs into a revised statistical issues appendix (SIA) and review the requirement to discuss the SIA in the main body of the Article IV staff report.	<b>Open (intervention required)</b>
<b>Recommendation 5:</b> Make clear the limits of IMF responsibility regarding the quality of disseminated data and clarify the distinction between "IMF data" and "official data".	<b>Support</b>
<b>Management action:</b> Building on the implementation of Recommendation 4, a plan will be developed to clarify the distinction between "official statistic" and data used by area and functional departments in surveillance activities.	<b>Open</b>

### The IMF and the Crisis in Greece, Ireland and Portugal (2016)

<b>Recommendation 1:</b> The Executive Board and Management should develop procedures to minimize the room for political intervention in the IMF's technical analysis.	<b>Broadly support</b>
<b>Management action:</b> Ongoing improvements on the analytical underpinnings of both surveillance and program design, especially in the areas of economic forecast, external sector assessments, and integrated surveillance, as part of regular processes to continuously improve the technical analysis at the Fund.	<b>Open (intervention required)</b>
<b>Recommendation 2:</b> The Executive Board and Management should strengthen the existing processes to ensure that agreed policies are followed and that they are not changed without careful deliberation.	<b>Support</b>



**Management action:** No further action required. (Most Directors considered that checks and balances are adequately in place and the Managing Director is committed to follow existing policies diligently. In that light, no further action is required.) N/A

**Recommendation 3:** The IMF should clarify how guidelines on program design apply to currency union members. **Support**

**Management action:** A Board paper on program design for currency union members will be prepared for staff engagement with the Board. **Implemented**

**Recommendation 4:** The IMF should establish a policy on cooperation with regional financing arrangements. **Support**

**Management action:** A Board paper on "IMF's Cooperation with Regional Financing Arrangements" will be prepared. **Implemented**

**Recommendation 5:** The Executive Board and Management should reaffirm their commitment to accountability and transparency and the role of independent evaluation in fostering good governance. **Support**

**Management action 1:** Staff and Management will continue to follow established procedures to ensure proper record keeping on program-related documents and actions taken/decisions made. **Implemented**

**Management action 2:** The APC discussed in early 2017 (EB/APC/Mtg/17/1) to retain the transcripts of informal Board meetings indefinitely. SEC will explore ways to make these transcripts available to Directors in an expeditious and secure manner, and to reflect newly agreed procedures in the Board Compendium. **Implemented**

**Management action 3:** Develop IEO/Fund staff cooperation protocol by early 2017. **Implemented**

### The IMF and Social Protection (2017)

**Recommendation 1:** The IMF should establish a clear strategic framework to guide its involvement in social protection among multiple competing priorities. **Support**

**Management action 1:** A Board paper on the strategic framework on social protection issues for the Board's consideration by February 2019.

**Management action 2:** A follow-up guidance note by end-2019.

**Management action 3:** An advisory group will be formed after issuance of the guidance note to provide support to country teams in operationalizing work on social protection.

**Recommendation 2:** When social protection is determined to be a macro-critical priority under the strategic framework, the IMF should provide tailored policy advice based on in-depth analysis of the particular country situation. The advice would draw on work by development partners or country authorities where available, but in its absence, the necessary analysis may need to be undertaken in-house. **Broadly support**

**Management action 1:** The Board paper on the strategic framework for the Board's consideration in February 2019 will provide the required direction for staff on their country involvement.

**Management action 2:** A follow-up guidance note by end-2019.

**Management action 3:** Staff training if needed.

**Recommendation 3:** The IMF needs to find more realistic and effective approaches to program design and conditionality to ensure that adverse impacts of program measures on the most vulnerable are mitigated. **Support**

**Management action 1:** The Board paper on the strategic framework (for the Board's consideration in February 2019) will draw on work that is underway.

**Management action 2:** A follow-up guidance note by end-2019.

**Management action 3:** A guidance note on strengthening social safeguards measures in low-income country programs in the first half of 2018

**Management action 4:** The 2018 Review of Conditionality will assess effectiveness of Fund conditionality on social protection (for Board consideration in November 2018).



**Recommendation 4:** In external communications, the IMF should realistically explain its approach to social protection issues, and what it can and cannot do in social protection, given its mandate and limited resources and expertise.

***Support***

**Management action 1:** The Board paper on the strategic framework (for Board consideration in February 2019) will help frame external communications.

**Management action 2:** More staff resources will be allocated to enhance external communications in this area. Appropriate communications products will be developed with departments.

**Recommendation 5:** The IMF should engage actively in inter-institutional cooperation on social protection to find ways to work constructively with development partners, particularly institutions with different mandates and policy priorities.

***Strongly support***

**Management action 1:** The Board paper on the strategic framework will explore ways to strengthen collaboration (for Board consideration in February 2019).

**Management action 2:** IMF senior-level staff will attend SPIAC-B meetings when the issue under discussion is relevant to the Fund's work.

## ANNEX IX. LIST OF INTERVIEWEES

### **IMF Management and staff**

Christine Lagarde	Managing Director
David Lipton	First Deputy Managing Director
Mitsuhiro Furusawa	Deputy Managing Director
Tao Zhang	Deputy Managing Director
Jianhai Lin	Secretary of the Fund
Poul Thomsen	Director, European Department
Mahmood Pradhan	Deputy Director, European Department
Kalpana Kochhar	Director, HR Department
Tobias Adrian	Financial Counsellor and Director, Monetary and Capitals Market Department
Sean Hagan	General Counsel and Director of the Legal Department
Ross Leckow	Deputy General Counsel
Abebe Aemro Selassie	Director, African Department
Martin Mühleisen	Director, Strategy and Policy Review Department
Sanjeev Gupta	Deputy Director, Fiscal Affairs Department
Nancy Asiko Onyango	Director, Office of Internal Audit
Kristina Kostial	Deputy Director, Strategy and Policy Review Department
Staff from the following departments:	
Human Resources Department	
Legal Department	
Office of Internal Audit	
Secretary's Department	
Strategy and Policy Review department	

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### **IEO**

Charles Collins	Director, Independent Evaluation Office, IMF
Ruben Lamdany	Deputy Director, Independent Evaluation Office, IMF

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### **IMF Executive Directors**

Aleksei Mozhin	Executive Director, Russia
Alexandre Tombini	Executive Director, Brazil, and Chair of EVC
Daouda Sembene	Executive Director, Senegal
Edna Villa	Alternate Executive Director, Philippines
Hazem Beblawi	Executive Director, Egypt
Heenam Choi	Executive Director, Korea
Hesham Alogeel	Executive Director, Saudi Arabia
Masaaki Kaizuka	Executive Director, Japan
Mohammed Dairi	Alternate Executive Director, Morocco
Ping Sun	Alternate Executive Director, China
Steffen Meyer	Executive Director, Germany
Steve Fields	Executive Director, UK
The Evaluation Committee of the Board	
EURIMF	

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**Country authorities**

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Andy Baukol	US Treasury
Sara Senich	US Treasury
Rachel Turner	Department for International Development, UK
Caroline Read	HM Treasury, UK
Glenn Hoggarth	Bank of England
Yoshiki Takeuchi	Ministry of Finance, Japan
Linda Ward	The Treasury, Australia
Marcello Estevão	Ministry of Finance, Brazil
Patrick Njoroge	Central Bank of Kenya
Kerstin af Jochnick	Sveriges riksbank
Per Callesen	Danmarks Nationalbank
Jon Nicolaisen	Norges Bank
Arnor Sighvatsson	Sedlabanki (Central bank of Iceland)
Seppo Honkapohja	Bank of Finland
Stefan Ingves	Sveriges riksbank

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**Other external**

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José Antonio Ocampo	Chair of the 2013 External Evaluation Panel
Moises Schwartz	Former Director, Independent Evaluation Office, IMF
Lesetja Kganyago	Chair IMFC and Governor Reserve Bank of South Africa
Ngaire Woods	Dean, Blatavnik School of Government, Oxford
Caroline Heider	Director General, Independent Evaluation Group, World Bank
Sophie Sirtaine	Director for Strategy and Operations, Independent Evaluation Group, World Bank
Daniel Musiitwa	Senior Communications Officer, Independent Evaluation Group, World Bank
Vinod Thomas	Former Director-General IEG, WBG and former Head of IED, Asian Development Bank
John Lipsky	Former First Deputy Managing Director, IMF
Naoyuki Shinohara	Former Deputy Managing Director, IMF
Tharman Shanmugaratnam	DPM Singapore, former IMFC Chair
Ted Truman	Petersen Institute
Marilou Uy	G24 Secretariat
Lea Paterson	Director, Independent Evaluation Office, Bank of England
Audun Grønn	Former Executive Director for Norway at the IMF
Hector Torres	Former Executive Director for Argentina at the IMF
Masood Ahmed	Center for Global Development
Antoinette Monsio Sayeh	Center for Global Development
John Hurley	Center for Global Development
Mark Allen	Center for Global Development
Scott Morris	Center for Global Development
Hans Genberg	SEACEN Centre
Eric LeCompte	Executive Director, Jubilee USA