



Independent Evaluation Office
of the International Monetary Fund



PROGRESS REPORT TO THE IMFC ON THE ACTIVITIES OF THE INDEPENDENT EVALUATION OFFICE OF THE IMF

April 14, 2017

1. This report describes recent follow-up on past Independent Evaluation Office (IEO) evaluations, summarizes the update of the 2006 evaluation of multilateral surveillance, and outlines the ongoing evaluations. It raises the concern that progress in implementing Board-endorsed IEO recommendations has been quite mixed, suggesting the need for further consideration to reinforcing the follow-up process.
2. **Follow-up on past IEO evaluations.** In November 2016, the Executive Board approved Management's plan to follow up on the evaluation of *Behind the Scenes with Data at the IMF*. As recommended by the IEO, the Implementation Plan set out a road map for developing a long-term strategy for data and statistics at the IMF that provides a common institutional objective and acknowledges data as a strategic asset. In addition, the Plan sets the stage for a comprehensive review of the role of the statistics department and improvements to internal data management.
3. In March 2017, the Executive Board approved Management's plan to follow up on the IEO evaluation of *The IMF and the Crises in Greece, Ireland, and Portugal*. The Executive Board reaffirmed its commitment to accountability and transparency, as well as its strong support for the role of the IEO in fostering good governance in the Fund. Under the Implementation Plan, the IMF staff is preparing Board papers on program design in currency union members and on IMF cooperation with regional financing arrangements. These steps should help alleviate governance and reputational risks for the Fund. Staff is working with the IEO to develop a protocol for information sharing as part of a commitment to ensure smooth collaboration between the IEO and the Fund.
4. Also, in March 2017, the Executive Board approved the Eighth Periodic Monitoring Report, which detailed progress in implementing IEO recommendations endorsed by the Executive Board. The report found that many activities have been substantially completed, especially from recent Implementation Plans. Nonetheless, almost half of the 77 actions in the eight Plans covered by the report remain open. A similar picture was provided by a High-Level Status Report produced by IMF staff in early 2017 to monitor progress on recurring issues—such as organizational silos, attention to risks and uncertainty, country and institutional context, and evenhandedness—that had been identified in the 2014 IEO report on “Recurring Issues from a Decade of Evaluation.” While initiatives are in place in these areas, work to fully address these deep-seated issues remains ongoing.
5. The IEO recognizes that many issues may not be amenable to quick resolution and thus may require many years of sustained effort. However, the IEO is concerned that the follow-up

process to Board-endorsed IEO recommendations may lack force, and suggests that consideration be given to further strengthening the mechanism for Board oversight of implementation actions that remain open. This issue could be taken up by the next external evaluation of the IEO.

6. **Evaluation update: Multilateral Surveillance.** In March 2017, the IEO issued an update of the 2006 evaluation of the *IMF's Multilateral Surveillance*. IMF multilateral surveillance has undergone significant reforms over the past decade, as the global financial crisis served as a catalyst for many reforms proposed by the IEO evaluation. Measures include the 2012 Integrated Surveillance Decision, new products and activities that have closed gaps in pre-crisis analysis in areas such as vulnerabilities and spillovers in advanced economies, and a more structured discussion of macro-financial risks through the Early Warning Exercise. At the same time, the expansion of multilateral surveillance products has led to overlap and instances of contradictory messages. In this context, recent efforts at consolidation and streamlining offer promise. This Update did not attempt to assess the impact of the post-crisis reforms, which would require a full-fledged new evaluation.

7. **Evaluations underway.** The IEO is currently working on three evaluations. The evaluation of IMF work on social protection issues is nearing completion and should be discussed at the Board in mid-2017. This evaluation assesses how the IMF has responded to the increasing attention being paid to social protection amid rising concern about stresses on vulnerable groups. It focuses on the IMF's approach at the institutional level; the IMF's operational work at the country level; and IMF collaboration with other institutions that have a more direct role in designing, financing, and assessing social protection policies.

8. The IEO continues work on the IMF and fragile states, a diverse set of countries. This evaluation should be completed around the end of 2017. The evaluation will assess the effectiveness of the Fund's engagement in helping countries with unstable political and security environments, weak institutions, and limited political capacity to achieve macroeconomic stability and sustained economic development. A draft issues paper was discussed at an informal Board seminar in November.

9. The IEO has also launched an evaluation of IMF financial surveillance, which should be completed in mid-2018. This evaluation will cover a range of issues related to the IMF's continuing efforts to strengthen financial surveillance since the global financial crisis. A draft issues paper for this evaluation will be discussed in an informal Board seminar shortly after the spring meetings, and posted to the IEO website for public comment.

10. **Future work program.** A paper laying out possible topics for future evaluations will be prepared in coming months to serve as the basis for consultations with country authorities, the Executive Board, IMF staff, and outside stakeholders.