



# IMF POLICY PAPER

## IMPLEMENTING BOARD-ENDORSED RECOMMENDATIONS FROM THE 2024 EXTERNAL EVALUATION OF THE FUND'S INDEPENDENT EVALUATION OFFICE (IEO)

October 2024

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## IMPLEMENTING BOARD—ENDORSED RECOMMENDATIONS FROM THE 2024 EXTERNAL EVALUATION OF THE FUND'S INDEPENDENT EVALUATION OFFICE

### EXECUTIVE SUMMARY

The Fourth External Evaluation of the IEO (*The Garcia-Silva Report*) recognized the IEO's solid reputation inside and outside the institution and its capacity to deliver high-quality evaluations. During the Executive Board discussion, Management and Executive Directors welcomed the report's finding that the IEO has established a high degree of credibility and is recognized for its rigor and independence.

The *Garcia Silva Report* brought recommendations in six areas to further improve the IEO's relevance and effectiveness: (i) Undertaking Early-Stage Evaluations, (ii) Review the IEO's HR Policy, (iii) Topic Selection, (iv) IEO Product Line, (v) Follow-up process, and (vi) Joint evaluations with other International Financial Institutions (IFI) evaluators.

While this paper describes implementation steps related to all recommendations, Management and staff only need to take action in response to recommendation (v). Recommendations (i-iv) fall under the IEO's purview, and recommendation (vi) was not endorsed by the Executive Board. Accordingly, this paper focuses on staff's proposals to enhance the ownership in implementation and the follow-up of Board-endorsed recommendations (recommendation v).

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## BACKGROUND: EXTERNAL EVALUATIONS OF THE IEO

1. **The IEO's terms of reference (ToR) includes provisions for the launch of periodic external evaluations of the IEO.** These evaluations, launched by the Executive Board, aim to assess the IEO's effectiveness and to consider possible improvements to its structure, mandate, operational modalities, or Terms of Reference. In line with the ToR, four external evaluations have been undertaken since the IEO's creation: the "*Lissakers Report*," completed in 2006; the "*Ocampo Report*," completed in 2013; the "*Kaberuka Report*," completed in 2018; and the fourth and most recent evaluation, the "*Garcia-Silva Report*," completed on July 15, 2024.
2. **Management and Executive Directors welcomed the fourth external evaluation of the Independent Evaluation Office (IEO).** They welcomed the assessment that the IEO has established a high degree of credibility and a reputation for rigor. They noted that the work of the IEO has been fundamental to strengthen the IMF's learning culture, support its institutional governance and oversight, and enhance its external credibility. They generally considered these objectives to be equally important.
3. **The report offered 6 recommendations to further improve the IEO's relevance and effectiveness.** These recommendations cover (i) Undertaking Early-Stage Evaluations, (ii) Review the IEO's HR Policy, (iii) Topic Selection, (iv) IEO Product Line, (v) Follow-up process, and (vi) Joint evaluations with other International Financial Institutions' evaluators. The recommendations are summarized in the next section together with the responses from Executive Directors and the planned follow-up to those endorsed by the Executive Board.

## IMPLEMENTATION PLAN

**Recommendation 1:** The IEO should consider undertaking **early-stage evaluations**, for timely course correction. This is essential for achieving the stated objectives of supporting oversight and governance by the Board, as well as fostering learning and supporting external credibility of the Fund's work. The recent example of the Evaluation on the Emergency Response to the Covid Crisis provides a good blueprint on the utility of early-stage evaluations, without interfering with ongoing programs.

4. **Executive Board Response:** "Most Directors supported the suggestion for the IEO to consider undertaking early-stage evaluations as a means of providing timely feedback and insight on emerging issues to the Board and Management while respecting the principle of non-interference. They considered that the non-interference clause provides sufficient flexibility to accommodate early-stage evaluations of a targeted set of topics when warranted but recommended being judicious in undertaking these evaluations. A few Directors cautioned that early-stage

evaluations should be avoided in general to avoid interfering with ongoing operational activities and blurring the respective mandates of the Board and the IEO.”

**5. Implementation.** The IEO plans to develop an Evaluation Policy, which—in consultation with staff—will formulate proposals to address this recommendation. Management and staff will continue close coordination with the IEO as opportunities arise for the IEO to conduct early evaluations while ensuring adherence to the non-interference clause in the IEO’s ToR. In conducting its work, the IEO should avoid interfering with operational activities, including current arrangements. Close coordination will continue to be facilitated through regular interactions between Management, staff, and the IEO at the various stages of the evaluation cycle, including when the IEO seeks feedback on its plans for possible evaluation topics.

**Recommendation 2:** There is room for improvement in the **HR policy** at the IEO. A broader look at this issue is warranted, to relax these rigidities and achieve a better balance between objectives that at times appear contradictory. The IEO should undertake a process of consultation to propose to the Board such a review in the HR policy, following the principle that the IEO Director’s be given significant leeway, always within the budgetary envelope, in choosing the right mix for the contractual/permanent staff composition. Within the IMF, proper budgeting of Staff work as evaluations are being conducted should be considered.

**6. Executive Board Response:** “Directors broadly welcomed the Panel’s recommendation to eliminate rigidities and better balance objectives in the IEO’s HR policy within the budgetary envelope. They noted that changes in this direction would help the IEO alleviate staffing pressures, preserve institutional memory, and address recruitment and retention challenges that the office has faced for some time. They encouraged the IEO to work with the Evaluation Committee (EVC) to review the IEO’s HR policy in collaboration with HRD. A number of Directors, nonetheless, cautioned against creating unnecessarily bespoke HR policies for the IEO separate from those of the Fund that would conflict with the streamlining and harmonization requested by the Board.”

**7. Implementation.** In parallel to this paper, the IEO has presented a proposal to increase flexibility in some of the IEO’s HR policies, which is expected to be considered by the EVC on October 9, 2024.

**Recommendation 3:** The process for **topic selection** can be significantly enhanced by implementing a more structured and transparent strategy. The IEO Director should explicitly spell out the criteria for topic choices and methodologies within an Evaluation Policy and Strategy document early in the tenure. As part of this process, we see merit in Management suggesting issues where an IEO evaluation could be useful. The dissemination of criteria for topic and methodology selection will enhance understanding and trust in the IEO’s work, as well as improve clarity and accountability.

**8. Executive Board Response:** “Directors welcomed the finding that topics selected during the evaluation period have been appropriate and relevant, as well as the Panel’s recognition of a more strategic focus of IEO evaluation topics relative to findings from past external evaluations. They broadly supported the recommendation to enhance the process for topic selection, including by making it more structured, transparent, and informed by Management’s and the Executive Board’s suggestions, while preserving the IEO’s independence in the final decision on the topics to pursue. Some Directors expressed reservations about Management suggesting topics to the IEO. Some other Directors did not see a need to set explicit criteria for topic selection, which might limit flexibility.”

**9. Implementation.** The IEO’s planned Evaluation Policy will include specific proposals to address this recommendation. Management and staff will continue to maintain close relations with the IEO and use these interactions as opportunities to suggest topics of institutional interest. In addition, Management may suggest topics to the IEO at the time when the IEO requests feedback on their annual paper on possible topics for evaluations.

**10. Executive Board Response:** “Directors saw merit in simplifying the IEO’s product line to short and full-scale evaluations, with the latter completed within 18 months to support timeliness and relevance. Many Directors, nonetheless, saw a need to preserve flexibility to better adapt evaluations including the number of recommendations to the characteristics and complexity of different topics. A few Directors, while supportive of shorter evaluations when needed, cautioned against a proliferation of evaluations, given their resource and staff workload implications, as well as their impact on the IMF’s absorptive capacity. Directors agreed that ownership of IEO recommendations could be further strengthened through early and informal engagement of the IEO with the Executive Board, Management, and staff, while preserving the IEO’s independence. They emphasized the importance of these engagements being flexible and informal. Many Directors did not see merit in introducing an “interim findings report,” which could risk locking the IEO into findings and conclusions prematurely and increase demands on IEO and Fund staff; a few other Directors were open to such reports to enhance prioritization.”

**Recommendation 4:** In addition to simplifying the **product line** to short and full-scale evaluations, we recommend that the IEO remain focused in completing full-scale evaluations within 18 months, to support timeliness and relevance. Shorter evaluations should also be considered, along with a limited number of recommendations, to reflect priorities without excessive delay. Prioritization could be enhanced by an interim and informal engagement process between the IEO, staff, and management focused on preliminary findings before drafting recommendations. Stronger ownership of IEO recommendations could be facilitated by more active engagement by the IEO with Management and staff, without affecting the independence of the evaluation office in this process.

**11. Implementation.** The IEO's Evaluation Policy will consider this recommendation. With regards to early and informal engagements, Management and staff will continue to collaborate closely with the IEO, including through frequent informal interactions starting early in the evaluation cycle.

**Recommendation 5:** To enhance the ownership in implementation and improve the **follow-up process**, SMART criteria should also explicitly apply to implementation plans. The IEO should have a voice on whether implementation plans, both in general and in specific follow-up actions remain aligned with the recommendations endorsed by the Board. The accountability of implementation plans would be enhanced by management issuing brief BUFF statements ahead of discussions of periodic monitoring reviews and including a short reference to the pace of implementation within the GPA.

**12. Executive Board Response:** "Directors broadly supported the recommendation to enhance ownership in implementation and improve the follow-up process. In particular, they generally agreed that a Management Buff on the Periodic Monitoring Report (PMR) could be considered even though the PMR is already endorsed by Management when circulated to the Board. They also concurred that actions in the Management Implementation Plan (MIP) should be SMART while keeping the IEO recommendations more general, and generally agreed that the Global Policy Agenda could reference the implementation of IEO recommendations. Directors supported having the IEO participate and issue statements in Board meetings on the MIP and PMR and noted that the EVC is also an appropriate venue for the IEO to advise the Board on matters relating to evaluations."

**13. Implementation.** Management Implementation plans (MIP) already adhere to the SMART principle and Management will ensure this practice continues in forthcoming MIPs. While the Periodic Monitoring Report (PMR) is already endorsed by Management when circulated to the Executive Board, Management will consider issuing a Buff statement when it is expected to add value to the Board discussion of the PMR. Management will also leverage the Global Policy Agenda to refer broadly on progress on implementation of IEO recommendations when relevant. The IEO can advise the Executive Board on matters related to evaluations through the EVC, including participating and issuing statements in EVC meetings considering MIPs and having the option to also do so in Executive Board meetings discussing the PMR.

**Recommendation 6:** There is scope for simultaneous work on common themes between the IEO and other IFI evaluators, particularly the World Bank's Independent Evaluation Group (IEG). While simultaneous evaluations and a collaborative approach to information and sharing of methodologies present many advantages, **joint evaluations** should only be considered for topics that have reached a high degree of maturity in each institution. The differing institutional mandates and procedures, both at the IFIs and their evaluation offices, implies significant complexities in devising joint evaluation work in other areas.

**14. Executive Board Response:** “Many Directors saw the potential for joint evaluations by the IEO and other IFI evaluators in common areas and noted the need for careful coordination. They stressed the importance of a structured but practical approach, mindful of resource constraints. Some other Directors were skeptical of the merits of joint evaluations, given their practical challenges. Directors saw value in concurrent but separate evaluations and agreed that there are benefits to be gained from a collaborative approach to sharing information, methodologies, and best practices.”

**15. Implementation.** While many Directors saw potential for joint evaluations by the IEO and other IFI evaluators in common areas, the Executive Board did not endorse this recommendation. Directors saw value in concurrent but separate evaluations.

## COSTING

**16. Resource implications of the above actions pertaining Management and staff are expected to be manageable.** Actions pertaining Management and staff envisaged in this MIP are not expected to give rise to significant new or additional costs as they largely reflect the continuation of current practices and thus can be accommodated under the current budget envelope. Recommendations under the IEO’s purview may entail additional costs.