

**Progress Report to the
International Monetary and Financial Committee
on the Activities of the
Independent Evaluation Office of the IMF**

October 9, 2013

1. This report summarizes the activities of the Independent Evaluation Office of the IMF (IEO) in the period since April 2013.
2. **Ongoing evaluations.** The IEO is currently working on five evaluations.
 - “An Assessment of IMF Self-Evaluation Systems” examines the systems used by the Executive Board, IMF Management, and staff to learn from experience.
 - The evaluation of “IMF Forecasts: Process, Quality, and Country Perspectives” aims to help make the forecast process better known outside the IMF and to identify areas for improvement.
 - The evaluation of “Statistics at the IMF: Opportunities and Challenges” will assess the IMF’s activities regarding data and statistics, including data collection, management, policies, and practices.
 - The evaluation of “The IMF Response to the Global Financial Crisis” will assess IMF performance in the period since September 2008. The evaluation will consider the role of the IMF in coordinating the international response, the IMF’s macroeconomic and financial sector advice, the upgrading of early warning mechanisms in the crisis aftermath, the IMF’s efforts to boost its lending resources, the revamping of lending facilities, and IMF programs, particularly in support of Central and Eastern European countries.
 - An evaluation of “Recurring Issues from a Decade of Evaluation: Lessons for the IMF” is also now underway. This review responds to a concern expressed in the second external evaluation of the IEO, and endorsed by the Board, that the broader lessons of IEO evaluations tend to be diluted by the current follow-up process. A Draft Issues Paper with the terms of reference for this evaluation is currently posted on the IEO website for public comment.
3. **Follow-up on previous IEO evaluations.** On June 6, 2013, the Executive Board agreed to the Management Implementation Plan proposed for the IEO evaluation of *The Role of the IMF as Trusted Advisor*.

4. On March 29, 2013, the Executive Board discussed the second external evaluation of the IEO. The evaluation team concluded that the IEO had contributed to strengthening the effectiveness, learning culture, external credibility, and accountability of the IMF. The evaluation report highlighted the need to improve the process for follow-up on IEO evaluations. IMF Management and staff are working on an implementation plan for the report's recommendations.

5. **Revisiting past evaluations.** A decade after their issuance, the IEO has revisited the *Evaluation of Prolonged Use of IMF Resources* and *Fiscal Adjustment in IMF-Supported Programs*. In both cases, the IEO found substantial progress on the issues raised by the evaluations but also determined that their main conclusions and recommendations remain relevant. These reviews were published in the 2013 IEO *Annual Report*.

- Longer-term program engagement is currently confined to a relatively small group of low-income countries with longer-term macroeconomic issues to be addressed, and for which longer-term IMF engagement is more widely accepted as appropriate. Nonetheless, in view of the recent increase in IMF-supported programs, the review suggests that it would be opportune for the IMF to reflect on the circumstances and modalities that make such engagement appropriate, and to consider program arrangements for prolonged users in a longer-term framework.
- The IMF has made considerable progress in analyzing and articulating the rationale for fiscal adjustment, and in the discussion of structural reform priorities in the fiscal area in both program and surveillance documents. However, the recent discussion on fiscal multipliers has underscored the need to strengthen IMF analysis of the links between the economic and policy environment, the proposed magnitude and pace of fiscal adjustment, and associated private sector responses in the context of IMF-supported programs, as emphasized in the 2003 evaluation.

6. The IEO is preparing two additional reviews of past evaluations. One will revisit two IEO evaluations addressing issues for low-income countries: the *Evaluation of the IMF's Role in Poverty Reduction Strategy Papers and the Poverty Reduction and Growth Facility* and *The IMF and Aid to Sub-Saharan Africa*. The other will look back at the evaluation of *IMF Technical Assistance*.