



# Office Memorandum

To: Members of the Executive Board

December 12, 2008

From: Thomas Moser, Chairman of the Evaluation Committee

Subject: **Assessment by the Evaluation Committee to the Executive Board on the Periodic Monitoring Report (PMR) on the Status of Implementation Plans in Response to Board-Endorsed IEO-Recommendations**

1. The Executive Board, in its discussion on the first Periodic Monitoring Report (PMR) in January 2008, supported a procedure to refer subsequent PMRs to the Evaluation Committee (EVC) for initial consideration and review, and reporting to the full Board. This procedure would make better use of Board Committees and more efficient use of the Executive Board's time, without derogating from any of the Executive Board's responsibilities.
2. In its first application of this new procedure, the EVC has agreed on the options for conveying the EVC's assessment to the Executive Board. It is the expectation that in most cases the EVC would recommend Board approval of the PMR on a lapse-of-time basis.
3. In accordance with the new procedure, the EVC has reviewed and considered the Periodic Monitoring Report on the Status of Implementation Plans in Response to Board-Endorsed IEO Recommendations and its supplements, and broadly endorses the report's assessment of the status of the performance benchmarks and implementation plans in response to the Board-endorsed IEO recommendations. Accordingly, the EVC recommends Board approval of the Proposed Decision on page 15 of the report on a lapse of time basis.
4. However, the EVC proposes the following issues for further reflection and future work, and looks forward to reviewing progress in future PMRs.
  - The record with the implementation of the 2007 Surveillance Decision has been mixed, and it still remains to be seen whether the procedural and conceptual guidance that has been provided does indeed address the underlying problems (PMR paragraph 13 and Table 1). The EVC looks forward to management's and staff's efforts to continue to strengthen the implementation of the 2007 Decision, especially with regard to the delayed Article IV consultations.
  - On initiatives to increase MCM participation in Article IV missions (PMR paragraph 13 and Table 1), the financial crisis has clearly heightened the importance of strengthening the Fund's advice on financial sector issues. The EVC looks forward to management's and staff's continued attention to this issue.

- Given the greater emphasis being accorded to FSAPs in the context of financial sector surveillance in the present crisis environment, the EVC favors advancing the envisaged review of the FSAP (PMR paragraph 16 and Table 4). These issues were raised in the Work Program Board discussion on November 24, 2008, and management's intention to schedule the FSAP review ahead of the 2009 Annual Meetings and to strengthen its usefulness through the preparation of more focused and modular FSAPs is noted.
- The issue of excessive staff mobility (PMR paragraph 16 and Table 4) should be assessed in the broader context of the increased workload and particular skill needs required for implementing the new strategic directions of the Fund and the newly-initiated global regulatory reform process. Measures taken as part of the Fund's human resource policy would thus need to be suitable for meeting these challenges.

5. As regards the status of the Board-endorsed IEO recommendation that a better understanding on the use of sharing confidential information with the Board in Article IV consultations is needed (PMR Table A.1, IV), management's implementation plan envisages that further actions could be considered as part of the follow up to the work of the Board's Ad Hoc Committee on Confidential information on related issues in cases of use of Fund resources. The EVC looks forward to the Board taking up this topic in an appropriate venue.

6. With regard to the IEO Report on Corporate Governance (PMR paragraph 4), the EVC notes that the IEO recommendations will have to be further discussed in the context of the Joint Steering Committee of Management and Executive Directors to be established shortly. The EVC notes that the steering committee will ensure a collaborative process involving three tracks of the effort to reform the Fund's governance—namely, the follow-up to the work of the IEO governance report and the Executive Directors' Working Group on the IEO report, the work of the Committee on IMF Governance Reform, and the work to engage civil society and other concerned external audiences.

It is also recommended that this memorandum be published, together with the PMR and a PIN.

Attachment

cc: The Managing Director  
The Deputy Managing Directors  
The Secretary