



Independent Evaluation Office
of the International Monetary Fund



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

March 24, 2023

Overview. Since the 2022 Annual Meetings, good progress has been made in advancing evaluation work at the IMF. The IEO has completed one evaluation and commenced two new evaluations selected from a menu of possible topics previously discussed with the Executive Board. A book drawing from the IEO 20th Anniversary Conference was published in early April. The current IEO Director, Charles Collyns, completes his term in April and will be succeeded by Pablo Moreno in May.

Emergency Response to the Pandemic—Key Areas of Success. The IEO's evaluation of *The IMF's Emergency Response to the COVID-19 Pandemic* (ERP) was discussed by the Executive Board in March. It provided an early assessment of the IMF's work during the emergency phase of the pandemic to identify lessons that could help the Fund better prepare for possible future global crises. The evaluation found that the Fund deserves great credit for its effective and agile response. Key areas of success included the adoption of a pragmatic strategy to provide rapid financing support to a broad range of countries through existing instruments; the provision of extensive and timely policy advice and capacity development; well founded and overall quite accurate economic assessments of the impact of the pandemic despite some sizeable misses at the country level; and numerous HR and budgetary adaptations in response to emergency needs and the abrupt shift to remote work. It also commended IMF staff for their strong dedication to deliver for the membership in very challenging circumstances.

Emergency Response to the Pandemic—Strains and Challenges. Notwithstanding these positive outcomes, the evaluation also pointed to several strains and challenges. Specifically, the evaluation found that emergency financing was not particularly well tailored to countries' needs or circumstances; that in a few cases there was a lack of evenhandedness in decisions on access and prior actions; that the Fund performed only limited early analysis of the increased risks to the Fund's balance sheet from the surge in lending; and that strategic differences emerged with key partners in providing financing in some cases. At the same time, stress on staff remained at high levels as it took considerable time to shift resources to where they were most needed.

Emergency Response to the Pandemic—Recommendations and Follow-Up. The report made two broad recommendations to strengthen the value added and impact of IMF response to future global shocks. First, the Fund should develop a toolkit of special policies and procedures that could be quickly activated to help address the needs and circumstances of a global crisis; and (ii) the Fund should take steps to reinforce institutional preparedness to deal

with global crises and other large shocks. In discussing the report, Executive Directors welcomed the findings and broadly supported the recommendations, while agreeing with the Managing Director's view that overly rigid processes should be avoided. A management implementation plan will now be prepared for discussion by the Board later this year.

New Evaluations. Two new evaluations have recently been launched and are targeted to be completed in 2024. The first, an evaluation of the IMF's Exceptional Access Policy (EAP), aims to review the rationale and evolution of the EAP, its current design and adequacy, and the application of the policy, focusing on the period since 2016 when the policy was last modified. The second, a shorter evaluation of the Application of the IMF's Mandate, will assess the governance and decision-making processes for setting the Fund's work agenda, as well as decisions related to providing budgetary resources and staff expertise for new activities and to collaborating with partner agencies. It will cover the decade from 2012, when the Executive Board approved the Integrated Surveillance Decision. Draft issues papers for these two new evaluations will be discussed with the Board after the Spring Meetings.

Recent Management Implementation Plans (MIPs). In March, the Board endorsed a plan detailing the strategy to implement Board-endorsed recommendations from the IEO's evaluation of *IMF Engagement with Small Developing States (SDS)*. The MIP includes multiple commitments to strengthen the Fund's engagement with SDS, notably: (i) an update to the 2017 staff guidance note; (ii) strengthened staff coordination and accountability mechanisms; (iii) improved reporting to the Board; (iv) attention to SDS experience in the coming review of the Resilience and Sustainability Trust; (v) efforts to reduce staff turnover and increase on-the-ground presence, including a plan to enhance the use of long-term macroeconomic experts; and (vi) a review of progress after five years. An MIP on the IEO's evaluation of *The IMF and Capacity Development* will be discussed by the Board soon after the Spring Meetings.

Other follow-up. The 12th Periodic Monitoring Report (PMR) was discussed by the Board in November 2022, which welcomed its conclusion that significant progress had been made in implementing management actions in response to Board-endorsed recommendations from IEO evaluations. Following the Board's guidance at that meeting, staff is working with the IEO on a framework to assess the enterprise risks stemming from possible slippages in the implementation of such commitments. The ERP evaluation is being used to pilot this new framework. Further information should be provided in the 13th PMR expected for the second half of 2023.

IEO 20th Anniversary Book Launch. In early April 2023, the IEO published a book drawing on material from its 20th anniversary conference, held in November 2021. The book aims at a self-evaluation by its staff of the IEO's approach and impact in its second decade; it also includes reflections from many expert stakeholders who have worked closely with the IEO. The book highlights both areas of success and continuing challenges for independent evaluation at the Fund and suggests some directions for further strengthening the IEO's role that could be considered by the Fourth External Evaluation now about to be launched.