

2021

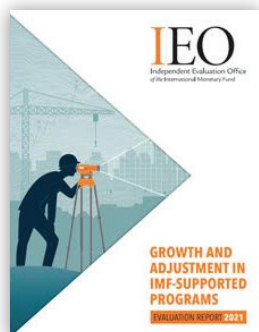
FALL ISSUE

IEO DIALOGUE



Building the Fund's Culture of Learning through Independent Evaluation

GROWTH AND ADJUSTMENT IN IMF-SUPPORTED PROGRAMS



In August 2021, the Executive Board discussed the IEO's evaluation of *Growth and Adjustment in IMF-Supported Programs*. The evaluation assessed how well IMF-supported programs have helped to sustain economic growth while delivering adjustment needed for external viability, focusing on programs in the period 2008–19.

The evaluation found that, overall, programs have yielded growth benefits relative to a counterfactual of no Fund engagement and boosted growth post-program; it did not find evidence of a consistent Fund bias towards excessive austerity. However, at the same time, program growth outcomes consistently fell short of program projections. To shed light on how to meet the challenge of achieving growth outcomes more in line with program goals, the evaluation assessed the role of different policy instruments in the program context. It found that pro-growth fiscal policies had mixed success and structural reforms were too shallow and not sufficiently growth oriented. Use of the exchange rate as a policy tool to support growth and external adjustment during programs was quite limited, while use of market debt operations to restore public debt sustainability was sometimes too little, too late.

The evaluation concluded that the IMF should consider a number of actions to further enhance programs' capacity to support activity during and beyond programs, while achieving needed adjustment. To this end, the report set out three recommendations.

- ▶ First, attention to growth implications of IMF-supported programs should become more thorough, systematic, realistic, and sensitive to social and distributional consequences.
- ▶ Second, greater attention should be paid to supporting deep, more growth-oriented structural reforms with more effective capacity development support and collaboration with the World Bank and other relevant partners.
- ▶ Third, there should be continued investment in building a toolkit of models and monitors that can be applied in the program context to assess growth-related developments, including social and distributional implications.

In discussing the evaluation, Executive Directors broadly supported all the recommendations, welcomed the Managing Director's supportive statement, and looked forward to the implementation plan. IMF management will work with staff to propose a follow-up implementation plan in coming months.

MESSAGE FROM THE DIRECTOR



It's now been a year and a half since the IEO like the rest of the IMF shifted to working from home in the face of the COVID-19 pandemic. While this shift has led to organizational challenges, the IEO has been able to sustain its core evaluation role that is a key component of IMF governance and to ensure that its work is squarely focused on issues of current relevance to the IMF's work.

Over the past six months, we have completed a major evaluation on growth and adjustment in IMF-supported programs, an issue that is particularly timely as many members are seeking Fund support to close external gaps exacerbated by the pandemic while building sustainable growth. We have also launched a new evaluation on the Fund's emergency response to the crisis, as well as continuing to progress on two other evaluations.

Just as important, the follow-up work on completed evaluations has regained momentum, with two new implementation plans approved by the Board. A recently completed report by the Office of Internal Audit found that the recent record of implementation has actually improved, despite pandemic-related work pressures on staff.

Finally, we look forward to hosting a major conference in November to celebrate our 20th anniversary. This conference builds on our active virtual outreach program.

The IEO has scheduled a virtual conference for November 16–17 to mark the 20th anniversary of the opening of the IEO in 2001, a successor to a tenth anniversary conference in 2011. The conference will provide an occasion to discuss lessons from the experience with IEO evaluation over the past ten years and consider the challenges to independent evaluation at the IMF going forward. Confirmed speakers at the conference include a high-level group of experts who have worked at the IEO or with the IEO over the years and will bring wide-ranging perspectives:

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|----------------------|---------------------|
| Masood Ahmed | Bessma Momani |
| Jim Boughton | Pablo Moreno |
| Nadia Daar | Ceyla Pazarbasioglu |
| Alison Evans | Moises Schwartz |
| Kristalina Georgieva | Siddharth Tiwari |
| Sean Hagan | Alexandre Tombini |
| John Hicklin | Ngair Woods |
| Harold James | |



For further information on the IEO's work, please visit ieo.imf.org

GAINING TRACTION – FOLLOW UP ON PAST EVALUATIONS

Two management implementation plans (MIPs) for recent evaluations have been completed since April 2021. Under the MIP on the IEO's evaluation of *IMF Advice on Capital Flows*, approved by the Board in May, the findings from the evaluation for the Fund's institutional view on capital flows (IV) will be considered in the context of the review of the IV scheduled by end-2021. Staff are also advancing work to deepen and extend monitoring and research on capital account issues and strengthen multilateral cooperation.

The plan for the IEO's evaluation of *IMF Collaboration with the World Bank on Macro-Structural Issues*, approved in September, includes a number of actions aimed at building strategic coordination between the IMF and World Bank climate teams, enhancing incentives for Bank-Fund collaboration via the new HR performance management system, and improving channels for exchange of information and knowledge between the two institutions. It also provides for a Board review of the effectiveness of Bank-Fund collaboration to be completed by FY2025. In addition to the MIP actions, the Executive Board's Liaison Committee is exploring with World Bank counterparts (COGAM) the creation of a joint committee to support collaboration between the Boards of the IMF and World Bank, including on macrostructural issues.

In September, the Executive Board discussed the Eleventh Periodic Monitoring Report (PMR) on the status of MIPs in response to Board-Endorsed IEO recommendations. Overall, the report (prepared by the Office of Internal Audit) provided a positive picture of recent progress in implementing action items contained in MIPs approved over 2012–2020, notwithstanding pressures on the Fund from the urgent needs of responding to the pandemic. It found that 79 actions out of 122 action items in 10 MIPs approved between 2012 and 2019 have been completed, 19 were on track, and 16 were overdue by a year or more. It will be important to complete the planned reformulation of eight long-standing off-track action items identified in the 2019 report on Categorization of Open Actions as now scheduled by the end of the year (a deadline already delayed from 2020).



IEO staff and family.

ON THE HORIZON – IEO'S WORK PROGRAM

The IEO is now at work on three evaluations. It expects to complete an evaluation of the Fund's engagement with small developing states in early 2022, an evaluation of IMF capacity development work in the summer of 2022, and an evaluation of the Fund's emergency response to the pandemic in the winter of 2022, with a mid-point update for the Executive Board on early lessons from the evaluation planned for early 2022. The evaluation of the Fund's pandemic response is being coordinated with the Independent Evaluation Group of the World Bank which is now evaluating the Bank's pandemic response. A subsequent evaluation will provide a more comprehensive assessment of the Fund's response to the pandemic, including during the stabilization and recovery phases. [Click here](#) to read the draft issues papers.



IEO-IEG Roundtable to coordinate work on recent and upcoming evaluations, September 2020.

RECENT IEO SEMINARS

IEO The Independent Evaluation Office Seminar Series

THURSDAY, MAY 13, 2021, FROM 1:00PM TO 2:15PM | VIA WEBEX

CAPITAL FLOWS AND INEQUALITY: DO BENEFITS FLOW MORE TO THE TOP?

Joseph Joyce
Wellesley College

Zheng Liu
San Francisco Federal Reserve

Aasma El-Ghazaly
Institute for Capacity Development, IMF

Zsoka Koczan
European Bank for Reconstruction and Development

and Prakash Loungani (IEO) as Event Chair

IEO The Independent Evaluation Office Seminar Series

THURSDAY, JUNE 24, 2021, FROM 1:00PM TO 2:15PM | VIA WEBEX

THE GLOBAL REAL ESTATE BOOM: IS IT TIME TO WORRY AGAIN?

Deniz Igan
Research Department, International Monetary Fund

Brett House
Scotiabank

Enrique Martinez-Garcia
Federal Reserve Bank of Dallas

Alessandro Rebucci
Johns Hopkins University

and Prakash Loungani (IEO) as Event Chair

IEO The Independent Evaluation Office Seminar Series

TUESDAY, JUNE 8, 2021, FROM 11:00AM TO 12:15PM | VIA WEBEX

THE IMF'S MANDATE: IS IT FIT FOR PURPOSE TO MEET GLOBAL CHALLENGES?

John Hicklin
Center for Global Development

With Comments From:
Sean Hagan
Georgetown University

Harold James
Princeton University

Bessma Momani
University of Waterloo

and Nicolaeta Barin (IEO) as Event Chair

IEO The Independent Evaluation Office Seminar Series

TUESDAY, MAY 25, 2021, FROM 1:00PM TO 2:15PM | VIA WEBEX

LET'S NOT RETURN TO NORMAL: BUILDING A PROSPEROUS POST-GROWTH ECONOMY

Tim Jackson
University of Surrey

With Comments From:
Simon Johnson
MIT

Prakash Loungani
Independent Evaluation Office (IEO)

and Nicolaeta Barin (IEO) as Event Chair

ABOUT THE IEO

The Independent Evaluation Office (IEO) was established in 2001 to conduct independent and objective evaluations of IMF policies and activities. Under its Terms of Reference, the IEO is fully independent from the management of the IMF and operates at arm's length from the Executive Board. The IEO's mission is to enhance the learning culture within the Fund, strengthen the IMF's external credibility, and support the Executive Board's institutional governance and oversight responsibilities.