

2022

FALL ISSUE

IEO DIALOGUE



Building the Fund's Culture of Learning through Independent Evaluation

THE IMF AND CAPACITY DEVELOPMENT



In September the Executive Board discussed the IEO evaluation *The IMF and Capacity Development* (CD), which assesses how effective the IMF has been in meeting the CD needs and expectations of recipient countries and the Fund's institutional objectives for CD, over the period 2012–2020. It also provides an initial review of how IMF CD adapted to the challenges of the COVID-19 pandemic. The evaluation found that overall IMF CD was relevant, valued, and broadly effective. Recipients, donors, and the wider membership saw IMF CD as being

of the highest technical quality in the areas of the IMF's core expertise and generally perceived that it had become better tailored to recipient needs and circumstances over the evaluation period.

While recognizing these achievements, the evaluation also identified several challenges in IMF CD work. In particular, the prioritization and the strategic framework for CD could be enhanced further; the Board could be provided more opportunities and information to exercise its strategic oversight; the integration of CD with surveillance and programs needs further attention; country ownership and delivery could be further enhanced including by building the role of regional CD centers; application of the CD monitoring system and evaluation framework needs further work to make them more useful; the CD funding model merits attention to ensure that CD funding is sustainable and flexible; and HR policies and incentives could be further calibrated to sustain high-level expertise in the Fund's core areas and nurture the Fund's CD capacity in emerging areas.

The Executive Board welcomed the overall achievements that the evaluation identified while generally supporting the evaluation's recommendations. There was agreement that the new CD strategy review that is about to be launched provided an excellent opportunity to consider the way forward for many of these issues. An implementation plan will be prepared by early 2023.



IEO staff participate in hybrid meeting.

MESSAGE FROM THE DIRECTOR



Like the rest of the IMF, the IEO is transitioning to a new hybrid work environment that aims to regain the synergies of in-person interaction while continuing to benefit from the convenience and flexibility of working at home. This shift is particularly welcome for the IEO given the

importance for evaluators to be closely aware of the currents in the building, which is hard to achieve remotely. But we will continue to take advantage of the efficiency benefits and opportunities for more pervasive outreach by virtual means.

The summer has provided opportunities to recharge batteries—while continuing to advance an intense work program. We have completed two full-scale evaluations since the spring and moved forward with a third evaluation for completion early next year. As these projects wind down, we have been thinking and consulting with stakeholders on possible new evaluation topics. Please visit our website (ieo.imf.org) to provide your comments and suggestions as well as to put your name on our mailing list.

ON THE HORIZON

The IEO has continued working on an evaluation of the IMF's *Emergency Response to the COVID-19 Pandemic*, which looks at the IMF's response during the first year of the pandemic and is to be completed in early 2023. Given the strong interest, the team provided the Executive Board with a mid-point update on initial findings and tentative lessons in March. The IEO is also finalizing for publication before end-2022 a book presenting material from the IEO's 20th Anniversary Conference in November 2021, which will consider lessons learned from the IEO's past decade and consider challenges for independent evaluation at the Fund going forward.

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

IMF ENGAGEMENT WITH SMALL DEVELOPING STATES



The evaluation of *IMF Engagement with Small Developing States* (SDS) was discussed by the Executive Board in May. The report assesses how effectively the IMF has supported its SDS members and

taken account of these countries' distinctive vulnerabilities and needs during 2010–2020. It concludes that the IMF deserves considerable credit for stepping up its engagement with SDS over this time frame, reflecting efforts to provide specific guidance for work on SDS, increased attention to climate change, and rising resources for CD and particularly regional CD centers. Nevertheless, the evaluation found that Fund work on SDS faced serious challenges that affected overall value added and traction. Key concerns include difficulties in staffing SDS assignments that have contributed to high turnover, questions about whether the lending architecture is well suited for SDS needs and capabilities, and issues about limited institutional capacity in SDS to implement Fund advice.

In discussing the report, Executive Directors broadly agreed that additional actions should be

considered to strengthen the value added and impact of IMF engagement with SDS, although a major overhaul was not needed. Directors broadly supported the IEO recommendations that the IMF pursue a targeted recalibration of the Fund's overall approach for engagement with SDS; take operational steps to enhance focus and traction in the areas of surveillance and CD; and adopt further HR and budgetary commitments to increase continuity of staff's engagement with SDS. Many Directors also broadly supported the IEO recommendation to consider how to use its lending framework in ways that better address the needs and vulnerabilities of SDS, while many others agreed with the Managing Director's partial and qualified support. IMF management will work with staff to propose a follow-up implementation plan in coming months.



Virtual outreach event for the evaluation of *IMF Engagement With Small Developing States*.

SELECTION OF NEW EVALUATION TOPICS

Additional evaluations will be launched as the evaluations currently in train are completed. Following wide consultations with stakeholders, the IEO has drawn up a menu of new topics for evaluation. These include:

- ▶ the Fund's experience with Exceptional Access Policy;
- ▶ the IMF's approach to managing credit risk;
- ▶ IMF engagement on debt issues in low-income countries;
- ▶ applying the Fund's mandate;
- ▶ the Fund's fiscal policy advice for macroeconomic management;
- ▶ the Fund's strategy for addressing climate change;
- ▶ diversity and inclusion at the IMF; and
- ▶ research and forecasting at the Fund.

More information on what could be covered under these possible topics is provided on the IEO's website (IEO.IMF.org). Your comments would be welcome.

IEO SEMINAR PROGRAM

The IEO is running a popular, public webinar series featuring some of the world's top experts on a variety of economic topics that are central to current and potential future IEO evaluations. Since the 2022 Spring Meetings, five webinars have taken place focusing on: the birth of Bretton Woods III, the rise of sanctions as a tool of modern warfare, the implications of the war in Ukraine for global food prices and global food security, and the market for rare metals and implications for phasing out fossil fuels. We also launch our evaluations with virtual outreach events, including most recently for the small states and CD evaluations.



Recent IEO Seminars



MORE SEMINARS ARE PLANNED FOR THE COMING MONTHS

If you are interested in being on our mailing list, please subscribe <https://lp.constantcontactpages.com/su/hw1SI0X/joinieomailinglist>.

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.