

2020

SPRING ISSUE

IEO DIALOGUE



Building the Fund's Culture of Learning through Independent Evaluation

IMF INVOLVEMENT IN INTERNATIONAL TRADE POLICY ISSUES



In December 2019, the IEO released an Evaluation Update Report revisiting its 2009 evaluation of *IMF Involvement in International Trade Policy Issues*. The report highlighted that the IMF had responded

impressively to fundamental changes in the international trade policy environment since 2009, particularly the rise in trade tensions that clouded the economic outlook. The Fund's attention to trade policy issues expanded significantly in bilateral and particularly multilateral surveillance during the ten-year period, notably for countries with the largest shares of global trade. The Fund also became

a leading champion of an open, rules-based multilateral trading system.

Notwithstanding these efforts, the global trade environment remains under stress. The update concluded that the Fund should sustain its current high level of attention to trade policy issues and consider how to increase the overall impact of this work.

The Managing Director expressed appreciation for the report and welcomed the finding that the IMF's trade work remains generally well-aligned with the Fund's mandate and comparative advantage. She agreed that remaining challenges in the Fund's work need continued attention and collective commitment. The Executive Board also welcomed the report and asked staff to consider its conclusions as part of the upcoming review of trade developments.

GAINING TRACTION - FOLLOWING UP ON PAST EVALUATIONS

The IMF has taken important steps in following up on past evaluations over the past few months. In February, the Executive Board discussed the 10th Periodic Monitoring Report (PMR), which assesses progress with actions included in Management Implementation Plans (MIPs) following IEO evaluations, and a second report on Categorization of Open Actions in

MIPs based on a framework agreed in 2019. The PMR was discussed by the full Board, following through on a recommendation of the Third External Evaluation of the IEO to give this report greater profile. Directors endorsed the assessment in the PMR and welcomed in particular the strong progress in implementing actions to follow up on recent IEO evaluations, particularly on *The IMF and Social Protection* (2017) and *The IMF and Fragile States* (2018). Directors noted, with concern, however, that 24 actions from earlier evaluations

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IEO workshop for the evaluation of *IMF Advice on Capital Flows*.

MESSAGE FROM THE DIRECTOR

The world is experiencing a grave crisis triggered by the Coronavirus pandemic and like everyone else we in the IEO must adapt to new realities. The five months following last October's annual meetings were highly productive ones, with an update on IMF trade work completed, an evaluation on Bank-Fund collaboration sent to the Executive Board and good progress on the rest of our work agenda. Moreover, much was achieved to follow up on past IEO evaluations, including a new Management Implementation Plan for our evaluation of *IMF Advice on Unconventional Monetary Policies* and a triage exercise to deal with the overhang of incomplete and off-track actions in earlier implementation plans. Now, however, the IEO must work remotely like the rest of the IMF, and the Fund's work agenda is dominated by the urgent need to support member countries in need of emergency financial support. The IEO will continue to advance our work program as best we can while working within new constraints such as limits on travel for country visits and our regular outreach program. Our strong hope is that there will be a return to a more normal situation over the months ahead, so that the next edition of this newsletter at the time of the annual meetings will be able to reflect a return to "full speed ahead" on the IEO's work agenda.

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

ON THE HORIZON – IEO'S WORK PROGRAM

The IEO has a full work program, but our work schedule is now being impacted by the Covid-19 crisis, making scheduling hard to predict for already completed, ongoing and new evaluations.



Antoinette Sayeh, formerly of the Center for Global Development and current IMF Deputy Managing Director and Mark Sobel of the Center for Strategic and International Studies participate in an IEO Workshop on IMF Collaboration with the World Bank on Macro-Structural Issues.

The IEO has completed its evaluation of IMF Collaboration with the World Bank on Macro-Structural Issues—the first pilot for our new shorter evaluation series prepared with an abbreviated timetable. This evaluation assessed how effective the IMF has been in collaborating with the World Bank—focusing in particular on IMF pilot initiatives to enhance coverage of inequality, gender, energy/climate, and macro-structural reform in Article IV surveillance. The evaluation findings and recommendations, which are intended to feed into the staff's work on the Comprehensive Surveillance Review will be discussed by the Executive Board when normal Fund operations resume.

The evaluation of IMF Advice on Capital Flows, which will assess the value added and influence of Fund work on capital flows for its member countries and for the global monetary system, is now in its final stages. This evaluation looks at IMF engagement both on handling volatile capital flows and at long-term capital account opening based on a number of country case studies as well as thematic papers on key issues. Its conclusions should complement the IMF staff's ongoing work to develop an Integrated Policy Framework.

Work continues on the evaluation of adjustment and growth in IMF-supported programs, which will assess how well IMF-supported programs have helped to sustain economic growth while delivering necessary adjustment for external viability.



Jo Marie Griesgraber, New Rules for Global Finance and Fekitamoeloa Katoo 'Utoikamanu, the United Nations High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States participate in an IEO Workshop on The IMF and Small States.

The IEO is also launching an evaluation of IMF engagement with small states. A draft issues paper outlining the motivation, themes and scope for this evaluation is being prepared for discussion and feedback.



IEO Workshop on The IMF and Small States.

GAINING TRACTION – FOLLOWING UP ON PAST EVALUATIONS (CONTINUED)

faced implementation challenges and were considered to be off-track.

The categorization paper included staff proposals to address the backlog of off-track actions and was broadly supported by Executive Directors. The Board agreed that nine actions would be retained for monitoring under the PMR, of which eight would be reformulated with new MIPs to be submitted to the Board within six months. Fifteen actions were removed from PMR monitoring either because they involved long-term technical or cultural change, or had been superseded by broader workstreams or more recent MIPs. Directors stressed that most of these actions remain highly relevant for the Fund and looked forward to further progress in their implementation through other channels that still provided for robust Board oversight.



Eduardo Borensztein, IEO consultant, and John Lipsky, Johns Hopkins University School of Advanced International Studies participate in an IEO workshop on IMF Advice on Capital Flows.

The Executive Board approved a new implementation plan to follow up on the IEO evaluation of *IMF Advice on Unconventional Monetary Policies* in March 2020. The MIP includes a wide-ranging set of initiatives, many of which are already underway. The identified actions aim to: strengthen in-house expertise on monetary policy; deepen research and external consultations on unconventional monetary policies and related issues; further strengthen spillover analysis; and explore ways to strengthen traction of IMF policy advice in these areas as part of the Comprehensive Surveillance Review.

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.