

IEO

Independent Evaluation Office
of the International Monetary Fund



2018

ANNUAL REPORT

ABOUT THE IEO

Established in 2001, the Independent Evaluation Office (IEO) conducts independent and objective evaluations of the IMF's policies, activities, and products. In accordance with its terms of reference, it pursues three interrelated objectives:

- ▶ To "support the Executive Board's institutional governance and oversight responsibilities" by contributing to accountability.
- ▶ To "enhance the learning culture within the Fund" by increasing the ability to draw lessons and integrate improvements.
- ▶ To "strengthen the Fund's external credibility" through enhanced transparency and better understanding of the work of the IMF.

Independence is the fundamental anchor of the IEO's work: it is completely independent from the IMF's management team and staff, and operates at "arm's length from the Executive Board." Its budget is also independent from the Fund's (it accounts for about 0.5 percent of the institution's total budget), but subject to the same control procedures. The IEO is entitled to access any internal information and documents with very limited exceptions. The office's work is evaluated periodically by external experts.

For further information on the IEO and its ongoing and completed evaluations, please see www.iao-imf.org or contact the IEO at +1 202 6237312 or at iao@imf.org.

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IEO staff.



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MESSAGE FROM THE DIRECTOR

I am pleased to present the fifteenth Annual Report of the Independent Evaluation Office, which outlines the activities of the office over the last year, and sets out our program for the year ahead.

Over the past year, all of us at the IEO have worked hard to maximize our contribution to an open, even-handed and effective IMF. The bedrock remains our evaluation reports, which I believe have maintained a reputation for being high quality, independent, evidence based and readable. In addition, as promised in last year's annual report, we have striven to build up our engagement with our stakeholders, both internal and external, to ensure our work has full impact, and to help the institution learn from experience. The recent Periodic Monitoring Report, which tracks progress by the IMF in implementing planned actions to follow up on our evaluations shows some progress towards an improving record, suggesting these efforts are bearing fruit.

Our flagship report this year was our comprehensive evaluation of *The IMF and Fragile States*. While recognizing that the Fund has done crucial work with these countries, the report also identifies a number of ways in which the IMF can strengthen its impact. I am pleased that the report received broad support from management and the Board and look forward to the implementation of Board-endorsed recommendations that is now getting underway.

I would also like to highlight two updates of past evaluations, on exchange rate policy advice and on structural conditionality. These updates provide a stocktaking of progress made to address issues in the original evaluations from ten years back and flag a number of concerns that may be worth continuing attention.

In June, a panel of external experts completed the third external evaluation of the IEO, commissioned by the Executive Board last year. I am pleased that the external panel affirmed the high quality of IEO reports and concluded that the office has demonstrated independence, both in substance and in perception. The panel also acknowledged and

supported our recent efforts to develop a more interactive approach in working with Board, management and staff. At the same time, the panel highlighted that the IEO could and should have greater traction. It emphasized that achieving this end requires commitment from all parties—management, staff, the Board, and the IEO itself. I look forward to working with our partners to follow-up on the panel’s recommendations.

Under our work program, we plan to complete two full-scale evaluations over the next year—on IMF financial surveillance and IMF advice on unconventional monetary policies—and an update of the 2008 evaluation of IMF governance. We will also soon begin exploring topics for new

evaluations. In doing so, we intend to consult widely with external stakeholders as well as Executive Directors and will aim to be fully transparent about the selection process as recommended by the external panel.

I look forward to engaging actively with IMF management, staff, and Executive Directors, as well as authorities and other stakeholders, as we continue to work to enhance the IEO’s role as an important contributor to good governance at the IMF.

CHARLES COLLYNS

Director, Independent Evaluation Office



OVERVIEW OF RECENT ACTIVITIES

Since the 2017 Annual Report, the IEO has completed one evaluation—*The IMF and Fragile States*—and two evaluation updates—*IMF Exchange Rate Policy Advice* and *Structural Conditionality in IMF-Supported Programs*. In addition, the IEO has continued working on two evaluations, one assessing the Fund’s financial surveillance and the other examining its advice on unconventional monetary policies. The IEO has also launched a new evaluation update, which looks back at the findings and conclusions of the 2008 evaluation of *Governance of the IMF*.



THE IMF AND FRAGILE STATES

The IEO released its report on *The IMF and Fragile States* on April 3, just before the 2018 Spring Meetings. This evaluation assessed the IMF’s engagement with countries in fragile and conflict-affected situations (FCS). Helping these countries has been deemed an international priority because of their own great needs and the dangerous implications of persistent fragility for regional and global stability. With its crisis response and prevention mandate, the IMF has a key role to play in these international efforts. In practice, its contribution has been subject to considerable debate, and critics have called on the Fund to increase its engagement.

The evaluation recognized the important contributions that the IMF has made in fragile states, including helping to restore macroeconomic stability, build core macroeconomic policy institutions, and catalyze donor support. In these areas, the IMF has provided unique and essential services, playing a critical role in which no other institution can take its place. Though the progress made by many FCS to escape fragility has been disappointingly slow and subject to reversal, it must be recognized that work on fragile states is inherently challenging, given their generally limited capacity, weak governance, and often unstable political and security environment. Moreover, the outcome of any IMF intervention is critically influenced by political, military, and security decisions including by international actors outside the Fund’s control. Against these challenges, the IMF on balance has performed its various roles quite effectively, particularly in years soon after countries first emerged from periods of violence and isolation.

Despite this overall positive assessment, the evaluation concluded that the IMF’s approach to fragile member states seems conflicted and its impact falls short of what could be achieved. Even though the IMF has declared in several pronouncements that work on FCS would receive priority, it has not consistently made the hard choices necessary to achieve full impact from its engagement. FCS typically require long-term, patient modes of engagement that do not fit well with the IMF’s standard business model. Efforts have been made in the past to adapt IMF policies and practices to FCS needs, but initiatives have not been sufficiently bold or adequately sustained, leaving questions about the credibility of the Fund’s commitment in this area.

“....the IMF has provided unique and essential services [to fragile states], playing a critical role in which no other institution can take its place...”



Shinji Takagi, IEO Assistant Director, participates in the IEO workshop for the evaluation of The IMF and Fragile States.

Particularly, the evaluation identified a number of concerns.

- ▶ *The adequacy of existing financing instruments:* The short-term focus of IMF facilities is not well suited for the long-term needs of FCS. There seems to be a gap between emergency facilities, with limited conditions, and upper credit tranche conditionality arrangements, with much higher policy standards. Further, the application of conditionality seems to have differed little for FCS from that applied to non-FCS, and the completion rate of IMF-supported programs has been much lower.
- ▶ *Capacity development in fragile states:* IMF technical assistance faces large obstacles to its effectiveness in FCS and appears in more recent years to have plateaued despite large unmet needs, reflecting concerns about its limited impact in countries with low absorptive capacity and competition from other IMF priorities.
- ▶ *Country-specificity of IMF advice and conditionality in fragile states:* While the 2012 Staff Guidance Note on the IMF's engagement with FCS aims at recognizing the special characteristics of FCS, the IMF internal processes seem to push for too much uniformity across countries, regardless of fragile circumstances, with the result that FCS are too often treated like any other country rather than as requiring distinctive and flexible treatment.
- ▶ *Collaboration with development partners in fragile states:* Beyond information sharing, the experience with collaboration has been mixed, given the differing institutional mandates, priorities, and budget cycles.
- ▶ *Management of human resources:* While IMF mission chiefs and resident representatives are generally appreciated as dedicated, resourceful, and effective, the IMF teams working on FCS have often been relatively inexperienced and subject to high turnover. The Fund has had difficulties in attracting experienced staff to FCS assignments, in part due to a widespread perception of a stigma attached to such work, and has not allocated additional staff resources to this work despite its labor-intensive nature.
- ▶ *Handling of security issues in high-risk locations:* While the nature of IMF work makes on-the-ground presence somewhat less essential than for other development partners, the Fund's impact in FCS is limited by its risk-averse security policy and travel restrictions. Pragmatic solutions could help to increase IMF field presence, while still giving paramount importance to preserving staff safety.

“...Despite this overall positive assessment, the IMF’s approach to fragile member states seems conflicted... Efforts have been made in the past to adapt IMF policies and practices to FCS needs, but initiatives have not been sufficiently bold or adequately sustained...”

MAIN RECOMMENDATIONS

- ▶ The IMF should prepare a statement on the importance of work on fragile states for the IMF that could be endorsed by the International Monetary and Financial Committee (IMFC).
- ▶ The IMF should establish an effective institutional mechanism to better coordinate the work by the IMF and other stakeholders.
- ▶ The IMF should develop forward-looking and holistic strategies for each FCS country.
- ▶ The IMF should consider modifications to the IMF lending toolkit in the context of the 2018 review of facilities for low-income countries.
- ▶ The IMF should take practical steps to strengthen the impact of IMF capacity development support to FCS.
- ▶ The IMF should provide robust incentives for high-quality and experienced staff to work on FCS.

The evaluation concluded that for the IMF to increase its impact on FCS, it will need to be prepared to make meaningful adjustments to its approaches for how it engages with these countries on a bolder and more sustained basis than it has in the past. Six broad recommendations were offered in the report –see box above.

In a discussion by the IMF Executive Board on March 22, 2018, Executive Directors welcomed the evaluation report and its findings that the IMF has played a critical role and made important contributions in its work on fragile states. Directors expressed broad support for the evaluation’s recommendations. Of note, they agreed that the IMF should do more to consider the unique circumstances and challenges facing fragile states. They welcomed the MD’s commitment to consider modifications to the lending toolkit in the context of the 2018 Review of Low-Income Countries Facilities. They supported that the Fund should take steps to adapt its human resources (HR) strategy to provide robust incentives for high-quality and experienced staff to work on individual countries in FCS. Directors called on the upcoming IMF staff review of the IMF HR strategy to proactively consider such incentives.

The Managing Director also welcomed the report, noting that the analysis and findings provided a thorough stock-taking and resonated with staff. IMF management will work with staff to implement Board-endorsed recommendations based on a Management Implementation Plan (MIP) to be presented to the Board in September 2018.

The full report, the statement by the Managing Director, the Chairman’s Summing Up of the Executive Board meeting, along with supporting documents, are available on the IEO website at www.ieo-imf.org.

IMF EXCHANGE RATE POLICY ADVICE: EVALUATION UPDATE

In October 2017, the IEO completed an update of its 2007 evaluation of *IMF Exchange Rate Policy Advice*.¹ This update found that, over the last decade, the IMF had substantially overhauled its approach to exchange rate policy advice, including by adopting a more comprehensive approach under the 2012 Integrated Surveillance Decision, developing enhanced analytical tools for assessment of exchange rates and current account balances, and launching an annual External Sector Report in 2012. The update noted that increased attention to spillovers and adoption of an institutional view on capital flow management had also helped enhance IMF work related to exchange rate policy.

Nonetheless, the evaluation update concluded that, despite ongoing efforts, challenges remain for the effectiveness of the IMF's work in an area central to its mandate. The IMF's approach and tools for assessing external balances and exchange rates remain contentious, in part reflecting differing views across the membership about the process of external adjustment. While recognizing staff efforts and progress made in enhancing the IMF's approach and analysis, Executive Directors continue to raise issues with the models being used, as well as consistency and transparency in the process through which IMF staff arrive at their bottom line assessments. Consequently, concerns remain about the evenhandedness and traction of IMF analysis and advice on exchange rates. There are also a number of other ongoing issues in related areas, including considerations for exchange rate regime choice, the adequacy of attention to policy spillovers, the application of the institutional view on the liberalization and management of capital flows, and data availability, particularly on intervention.

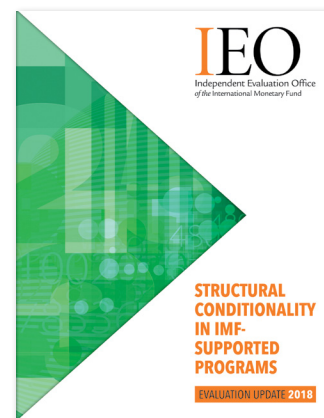
In an innovation to the Evaluation Update series, the IEO presented this update at a Board seminar on October 24, 2017. Given the conclusion that issues persist with respect to IMF exchange rate policy advice, the IEO intends to undertake a full-scale evaluation of the IMF's approach to external sector assessment as part of its medium-term work program, including to examine the results of a methodological review that the staff undertook as part of the 2018 External Sector Report.

The report and the statement by the Managing Director are available on the IEO website at www.ieo-imf.org.

STRUCTURAL CONDITIONALITY IN IMF-SUPPORTED PROGRAMS: EVALUATION UPDATE

The IEO completed an evaluation update revisiting its 2007 evaluation of *Structural Conditionality in IMF-Supported Programs* in May 2018. The update highlighted various important changes to the IMF's structural conditionality framework over the decade, notably the elimination of structural performance criteria in 2009. The report found that there has been some progress in streamlining the use of structural conditionality as well as a modest improvement in compliance over the 2010-17 period

¹ This report as well as the update of the evaluation of Structural Conditionality in IMF Supported-Programs are part of a series of evaluation updates that return to past evaluations ten years after their completion and examine the current status and relevance of the initial evaluation's findings and conclusions.



as compared to 2003-07. The update also found that structural conditions were more focused in areas of IMF core expertise.

At the same time, the update concluded that many of the issues raised in the 2007 evaluation remain salient and merit renewed attention. While the shift towards review-based conditionality is broadly welcome, there are still concerns about authorities' implementation capacity, country ownership and possible stigma effects. The volume of structural conditions has shown some signs of rising in recent years while impact remains a question. Further, there are ongoing challenges related to: cooperation with the World Bank and other partners in areas outside of the IMF's core expertise; the adequacy of IMF documentation to explain why structural conditions are justified and critical; and the quality and usability of MONA, the IMF's database on IMF-supported programs.

This update was discussed at an informal Board seminar on May 10, 2018. The IEO will assess the need for a full evaluation related to program design and conditionality focusing on structural aspects, after considering the findings of the 2018 Conditionality Review.

The report and the statement by the Managing Director are available on the IEO website at www.ieo-imf.org.

OUTREACH AND COMMUNICATION

Outreach is critical to achieving the IEO's objectives. The IEO has continued to increase outreach to authorities and civil society in member countries, as well as the Board, management and IMF staff, over the last year. These activities are critical to fostering institutional learning, supporting Board oversight, and strengthening the IMF's external credibility — the IEO's key mandates. Outreach is also important for publicizing and encouraging discussion of the IEO's work, thereby increasing its impact, and for receiving feedback and gathering information on evaluation issues that are interesting to a broad range of stakeholders. To this end, the IEO organized or participated in numerous events during the period under review, with a particular focus on the completed evaluation of *The IMF and Social Protection* and *The IMF and Fragile States*. These events are listed on pages 17-18.



Joint BMF/BMZ/GIZ-IEO seminar in Berlin on the evaluation of *The IMF and Fragile States*.

The IEO actively uses its website, along with email communication with subscribers, to publicize its work and to solicit public comments on ongoing, future and completed evaluations. Currently, the IEO is revamping its website to provide more user-friendly access to completed evaluations, issues papers for ongoing evaluations, the IEO work program, and other IEO publications. The website (www.ieo-imf.org) serves as a repository for all IEO work.

BUDGET AND STAFFING

In FY2018, the IEO spent \$6.35 million, around 95 percent of its total budgetary resources, including the approved budget amount and the resources carried forward from FY2017 as authorized (see “Administrative Budget” below for details about the IEO’s budget and expenditures). The IEO hired an additional B-level staff member prior to the expected retirement of two long-serving B-level staff to help avoid disruptions to the implementation of its work program. To cover the costs of this overlap, the IEO received a one-time transfer from the contingency budget of the IMF. This transfer broadly reversed an earlier transfer in the opposite direction, which took place in FY2017, when the IEO delayed hiring replacements for two staff positions pending the arrival of the new Director.

In April 2018, the Executive Board approved the IEO FY2019 budget proposal of \$6.35 million, representing zero real growth over FY2018. This budget, along with a carryover of unspent funds from FY2018 of up to 5 percent of the authorized FY2018 budget, will allow the IEO to meet the demands of its FY2019 work program. The FY2019 work program includes the completion of two ongoing evaluations, initiation of work on two new evaluations, and the completion of an update of one past IEO evaluation. The IEO also presented indicative budgets for FY2020 and FY2021, also based on zero real growth.

In July 2018, there were fifteen staff positions (including the Director) at the IEO. Several staff members moved on and new ones were recruited during the period under consideration. The IEO maintains a diverse group of professionals, of whom more than half come from outside the Fund. In addition, the IEO continues to rely extensively on external consultants to bring expertise and fresh perspectives to its evaluation work.



Charles Collyns, IEO Director, Radha Rajkoti, Senior Technical Director, International Rescue Committee, and Daouda Sembene, IMF Executive Director, participate in the Civil Society Organization session during the 2018 Spring meetings.



Ruben Lamdany, IEO Deputy Director, speaks at an IEO workshop on the ongoing evaluation of IMF Financial Surveillance.

FOLLOW-UP ON IEO EVALUATIONS

Effective follow-up is critical to ensure that the IMF gets full benefit from IEO evaluations. For this purpose, since 2006, management has been required to present to the Board for its approval, soon after the Board discussion, a forward-looking Management Implementation Plan (MIP) that explains how it expects to implement Board-endorsed recommendations. Progress in implementing these MIPs is reviewed each year by the Board based on a Periodic Monitoring Report (PMR) prepared by the Office of Internal Audit.

In January 2018, the Executive Board approved a MIP prepared by IMF staff to follow up on the 2017 evaluation of *The IMF and Social Protection*. As the anchor of this plan, IMF staff will prepare, for Board consideration in February 2019, a paper laying out a clear strategic framework to guide IMF involvement in social protection. This framework will discuss how to assess the macro-criticality of social protection, highlighting the relevance of both the affordability and efficiency of social protection systems, the potential forms that the Fund's engagement might take, and the form of collaboration and engagement with other institutions. It will underscore the IMF's commitment to tailor its advice to country conditions and provide guidance on how to do so, as well as lay out more effective approaches to program design for both concessional and non-concessional lending to mitigate adverse impacts of program measures on the most vulnerable.

Staff will present to the Board in September 2018 the MIP for the evaluation of *The IMF and Fragile States*. Follow-up to this evaluation is already occurring in the context of the 2018 Review of Low-Income Facilities and the new HR strategy.

Over the last year, the IMF has taken significant actions to follow up on earlier evaluations. In February 2018, as recommended in the 2016 evaluation of *The IMF and the Crises in Greece, Ireland, and Portugal*, the Executive Board approved general guidance on Fund engagement with currency unions when the policies of union-level institutions are critical to the success of Fund-supported programs. The Executive Board also approved an "Overarching Strategy on Data and Statistics at the Fund in the Digital Age" that sets a course for the IMF to better respond to the challenges and opportunities of digitalization. Directors welcomed the strategy's six priorities, which include: an integrated approach to prioritizing the Fund's evolving data needs; establishment of the global data commons; the use of Big Data and other innovations; seamless access and sharing of data within the Fund; the production of data that are comparable across countries; and addressing weaknesses in official data. This strategy acts on recommendations of the 2016 IEO evaluation *Behind the Scenes with Data at the IMF*.

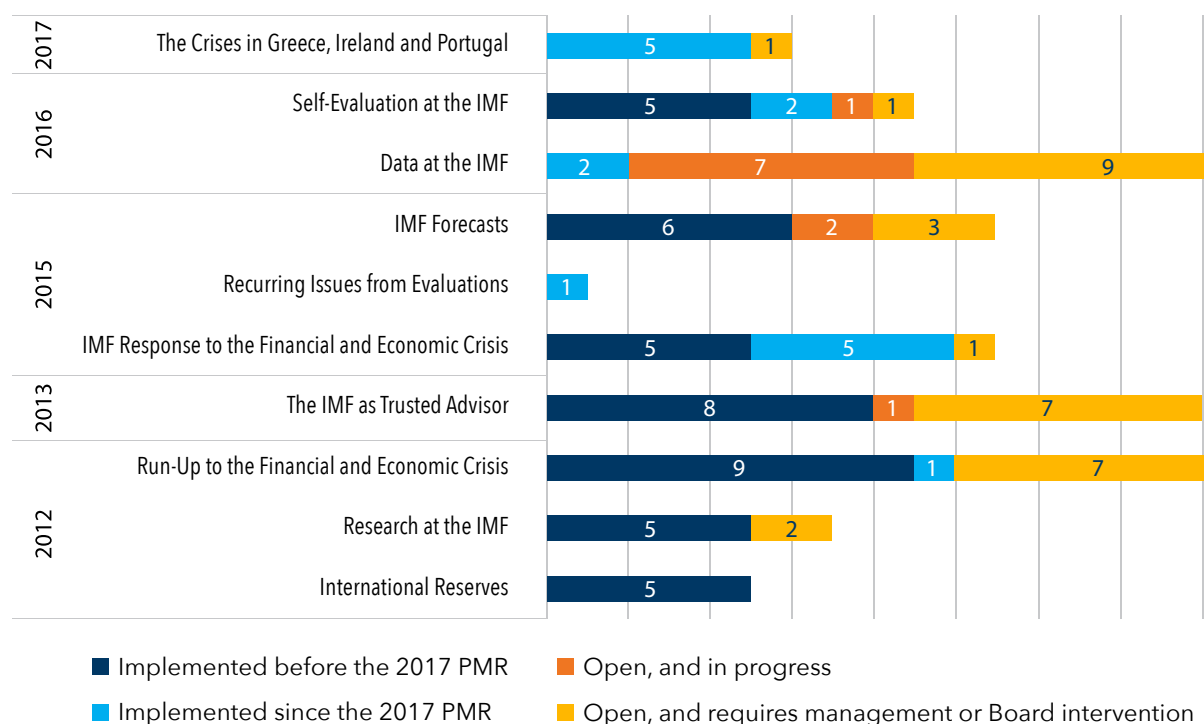
The Ninth Periodic Monitoring Report (PMR) on the Status of Implementation Plans in Response to Board-Endorsed IEO Recommendations was issued by staff on June 7, 2018 and discussed by the Evaluation Committee on June 19. The report

recognized that improvements in the follow-up process approved by the Board in October 2015 have contributed to speedier implementation of recent actions.

Overall, 70 percent of the actions in the most recent MIPs have been completed or are on track (figure below). At the same time, however, the PMR emphasized that some challenges remain, particularly with respect to implementation of long-standing actions. The PMR introduced new indicators to help identify the reasons that actions may remain outstanding and thereby highlight actions that may require management or Board intervention to facilitate implementation, including in some cases by redefining or dropping actions that may be duplicative or obsolete.

The Executive Board's Evaluation Committee (EVC) broadly endorsed the Ninth PMR's assessment and recommended that the Board approve its conclusions that progress on implementing the actions envisaged in the MIPs continues to be uneven. The Committee agreed on a follow-up meeting of the EVC in the second half of 2018, after the Board discussion of the third external evaluation of the IEO, to consider how to reinvigorate progress towards implementation of long-standing actions that remain a priority for the institution.

STATUS OF MANAGEMENT ACTIONS



Sources: IMF, *Ninth Periodic Monitoring Report* and IEO.



EXTERNAL EVALUATION OF THE IEO

Every five years, the Board commissions a group of outside experts to do an external evaluation of the IEO. This exercise provides a very helpful stocktaking of the IEO's relevance and impact, and provides useful recommendations for the IEO itself and the broader framework for independent evaluation at the Fund.

The Board approved the terms of reference for the third external evaluation of the IEO in August 2017, and appointed a high-level panel in October 2017.² Building on the two previous exercises, the evaluation aimed to assess how successfully the IEO had met its goals to serve as a means to enhance the learning culture within the Fund, strengthen the Fund's external credibility, and support the Executive Board's institutional governance and oversight responsibilities. In carrying out the evaluation, the panel conducted a survey of the membership and Executive Directors, used a staff survey carried out by the IEO in March 2017, and consulted widely with country authorities, Executive Directors, current and former IMF management and staff, academics, civil society organizations, and the IEO. The panel completed its work in June 2018 and submitted a report to the Executive Board.

The *Third External Evaluation of the Independent Evaluation Office* concluded that the IEO has firmly cemented its reputation for high-quality and independent reports, which are the foundations for the IEO to fulfill its mandate of strengthening accountability, institutional learning, and the Fund's external credibility. Furthermore, the evaluation broadly endorsed steps taken over the last year by the IEO to engage more closely with staff and management as well as the Board. This approach represented a step forward to strengthen both the quality and focus of the evaluations and the buy-in from the institution that is crucial for impact.

The evaluation argued that traction of IEO work remains a serious concern and that greater commitment is required from all parties—management, staff, the Board, and the IEO itself—to increase the IEO's capacity to act as a change agent for the institution. In this regard, the report recommended that the IEO take the following steps to enhance its full impact:

- ▶ The report suggested the IEO to institutionalize regular engagement with management and extensive consultation with management and staff at each stage of the evaluation process to avoid surprises and better sell IEO evaluation findings and recommendations.
- ▶ The report called on the IEO to be more transparent in selecting evaluation

² The panel comprised Donald Kaberuka (chair), currently a Special Envoy: Financing the African Union and the Peace Fund and former President of the African Development Bank (2005-15); Chia Der Jiun, Assistant Managing Director at the Monetary Authority of Singapore; and Pernilla Meyersson, Deputy Chief of Staff at the General Secretariat of Sveriges Riksbank. The report is posted on the IEO website.

topics, including to establish criteria for the selection of evaluation topics and careful explanation for the reasons for selection.

- ▶ The report emphasized the value of concise reports written in plain English with well-focused and deliverable recommendations.
- ▶ The report proposed shorter evaluation products that can be done more quickly to provide timely inputs into topics being discussed by the Board.
- ▶ The report advocated that the IEO Director seek regular meetings with the IMFC Chair, as well as the opportunity to brief IMFC Deputies on evaluation work with policy implications.

The panel highlighted the importance of building on progress made to improve the process for following up on IEO evaluations, as part of enhancing the traction. The two previous external evaluations of the IEO also identified major problems with the follow-up process and, while subsequent changes were helpful, the panel pointed out that more needs to be done in this area. In this regard, the report proposed specific recommendations for the Board and management:

- ▶ The evaluation suggested that the EVC should enforce clear expectations for MIPs to meet the SMART test (specific, measurable, attainable, relevant, and timely).
- ▶ The report considered that the Board or EVC should be able to request comments from the IEO on Board papers that follow up MIP items, offering an opportunity for the IEO to provide views to Board members on the extent to which the Board paper meets the deliverable in the MIP and addresses the objectives in Board-endorsed recommendations in the original evaluation.
- ▶ The panel recommended to further strengthen the Periodic Monitoring Report (PMR) as a follow-up mechanism by putting forward two proposals. First, the PMR should be discussed in a formal Board meeting and second, the backlog of open actions identified in the recent enhanced PMR should be comprehensively addressed.
- ▶ The evaluation called on the Secretary's Department to prepare the draft Summings Up for IEO reports and allow the IEO to provide its comments on the draft to Board members before it is finalized.

The Executive Board discussed the report on July 6, 2018. Directors welcomed the findings about IEO's contribution and its firmly established independence, and supported many of the recommendations made by the panel. They agreed that improving IEO's traction is the responsibility of all parties involved and concurred on the need to strengthen the follow-up process on IEO evaluations. They supported the proposal for the IEO to engage more closely with management, staff, and the Board and endorsed IEO's recent experience in working closely with management and staff on the two latest evaluations – *The IMF and Social Protection* and *The IMF and Fragile States*. Concrete proposals on the External Evaluation's recommendations will be considered in the coming months.

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ONGOING EVALUATIONS AND IEO WORK PROGRAM

The IEO is currently working on two evaluations and one update.

The evaluation of **IMF Financial Surveillance** is well underway and is on track for completion by the end of this year. The report will assess the Fund's efforts to strengthen financial surveillance since the global financial crisis. It will analyze the relevance, quality, and effectiveness of the Fund's financial surveillance products and activities, both at the bilateral and multilateral levels. The IEO expects to present a report to the Executive Board in December 2018.

The evaluation of **IMF Advice on Unconventional Monetary Policies** is also progressing as expected. The report will assess the quality and effectiveness of the Fund's advice, both to the major advanced economies pursuing unconventional monetary policies and to a selection of advanced and emerging market economies dealing with the spillovers from such policies. The draft issues paper was presented at a Board seminar in November 2017, and the report is targeted for completion in early 2019.

Earlier this year, the IEO initiated an **update** of its 2008 evaluation of *Governance of the IMF*. This update will assess the current relevance of the findings and recommendations of the 2008 evaluation in the areas of effectiveness, efficiency, accountability, and voice. The update will focus on the roles of the IMFC, the Executive Board, and management; it will not cover issues related to quotas. This update will be presented at a Board seminar in fall 2018.

Future evaluations will be launched as ongoing evaluations are completed. Following the discussion of the external evaluation in July 2018, the IEO will be working on enhancing the process of selection of **topics for future evaluation**. The IEO is committed to working with the Evaluation Committee in this regard in coming months, with the aim of creating a more transparent framework, including criteria for the selection of the evaluation topics and careful explanation for the reasons for selection while preserving its autonomy.



IEO Senior Economist Jianping Zhou, IEO Assistant Director Prakash Loungani, and IEO Director Charles Collins participate in an IEO workshop on the ongoing evaluation of IMF Advice on Unconventional Monetary Policies.



IEO workshop on the ongoing evaluation update of the 2008 evaluation of Governance of the IMF.

COMPLETED AND ONGOING IEO WORK PROGRAM

EVALUATIONS	STATUS
Evaluation of Prolonged Use of IMF Resources	Completed 08/02
The IMF and Recent Capital Account Crises: Indonesia, Korea, Brazil	Completed 05/03
Fiscal Adjustment in IMF-Supported Programs	Completed 08/03
Evaluation of the IMF's Role in Poverty Reduction Strategy Papers and the Poverty Reduction and Growth Facility	Completed 07/04
The IMF and Argentina, 1991–2001	Completed 07/04
IMF Technical Assistance	Completed 02/05
The IMF's Approach to Capital Account Liberalization	Completed 05/05
IMF Support to Jordan, 1989–2004	Completed 11/05
Financial Sector Assessment Program	Completed 01/06
Multilateral Surveillance	Completed 03/06
The IMF and Aid to Sub-Saharan Africa	Completed 03/07
IMF Exchange Rate Policy Advice	Completed 05/07
Structural Conditionality in IMF-Supported Programs	Completed 12/07
Governance of the IMF: An Evaluation	Completed 05/08
IMF Involvement in International Trade Policy Issues	Completed 06/09
IMF Interactions with Member Countries	Completed 12/09
IMF Performance in the Run-Up to the Financial and Economic Crisis: IMF Surveillance in 2004–07	Completed 01/11
Research at the IMF: Relevance and Utilization	Completed 06/11
International Reserves: IMF Concerns and Country Perspectives	Completed 12/12
The Role of the IMF as Trusted Advisor	Completed 02/13
IMF Forecasts: Process, Quality, and Country Perspectives	Completed 02/14
Recurring issues from a Decade of Evaluation: Lessons for the IMF	Completed 06/14
IMF Response to the Financial and Economic Crisis	Completed 10/14
Self-Evaluation at the IMF: An IEO Assessment	Completed 09/15
Behind the Scenes with Data at the IMF: An IEO Evaluation	Completed 03/16
The IMF and the Crises in Greece, Ireland, and Portugal	Completed 07/16
The IMF and Social Protection	Completed 07/17
The IMF and Fragile States	Completed 03/18
IMF Financial Surveillance	In progress
IMF Advice on Unconventional Monetary Policies	In progress
EVALUATION UPDATES	STATUS
Prolonged Use of IMF Resources: Revisiting the 2002 IEO Evaluation	Completed 07/13
Fiscal Adjustment in IMF-Supported Programs: Revisiting the 2003 IEO Evaluation	Completed 07/13
IMF Technical Assistance: Revisiting the 2005 IEO Evaluation	Completed 03/14
Revisiting the IEO Evaluations of The IMF's Role in PRSPs and the PRGF (2004) and The IMF and Aid to Sub-Saharan Africa (2007)	Completed 08/14
The IMF's Approach to Capital Account Liberalization: Revisiting the 2005 IEO Evaluation	Completed 02/15
Multilateral Surveillance: Revisiting the 2006 IEO Evaluation	Completed 02/17
IMF Exchange Rate Policy Advice: Evaluation Update	Completed 10/17
Structural Conditionality in IMF-Supported Programs: Evaluation Update	Completed 5/18
Governance of the IMF: Evaluation Update	In progress

ADMINISTRATIVE BUDGET

(In U.S. dollars)

	FY2017		FY2018		FY2019
	Budget	Outturn	Budget	Outturn	Budget
Total resources including carry-forward	6,234,698	5,635,713	6,615,114	6,298,571	6,804,194
Of which carry-forward ¹	203,894	...	301,540	...	306,047
Administrative resources	6,030,804	5,635,713	6,313,574	6,298,571	6,498,147
Regular staff allocation ²	4,732,770	4,477,054	4,977,710	4,658,903	5,137,260
Discretionary budget	1,298,034	1,158,659	1,335,864	1,639,668	1,360,887
Of which:					
Contractual services (including overtime)	653,819	772,882	673,433	958,227	688,248
Business travel and seminar program	416,482	289,443	420,296	482,714	424,209
Publications	17,099	79,976	26,024	13,409	26,700
Other administrative items	210,634	16,358	216,111	185,318	221,730

¹ Resources carried forward from the previous year under established rules.

² In FY2017, IEO returned \$200,000 of available resources to the central budget. In FY2018 and FY2019, available resources are increased by \$118,300 and \$148,000, respectively, as a one-time augmentation to manage the transition costs related to turnover of B-level staff.



OUTREACH ACTIVITIES

(September 2017 – August 2018)

- ▶ September 2017, Hangzhou, China - Presentation on findings and recommendations of the evaluation of *The IMF and Social Protection* during the Asian Evaluation Week.
- ▶ September 2017, Amman, Jordan - Workshop on the evaluation of *The IMF and Fragile States*.
- ▶ September 2017, London, UK - Workshop organized jointly with DFID on the evaluation of *The IMF and Fragile States*.
- ▶ September 2017, Washington, DC - Workshop with external experts to seek input on the design of the recently launched evaluation of *IMF Advice on Unconventional Monetary Policies*.
- ▶ October 2017, Washington, DC - Presentation of the findings and recommendations of the IEO evaluation of *The IMF and Social Protection* during the civil society policy forum at the 2017 Annual Meetings.
- ▶ December 2017, Frankfurt, Germany - Presentation to the G20 Eminent Persons Group at the Symposium on Global Financial Governance.
- ▶ February 2018, Jakarta, Indonesia - Presentation on independent evaluation at the IMF – jointly organized with the SMERU Research Institute.
- ▶ February 2018, New Delhi, India - Presentation on independent evaluation at the IMF at the Indian Council for Research on International Economic Relations.
- ▶ February 2018, Paris, France - Presentation on independent evaluation at the IMF at the French Center for International Economics (CEPII).
- ▶ March 2018, Santiago, Chile – Presentation on *IMF and Social Protection* at the 30th Regional Seminar on Fiscal Policy at the United Nations Economic Commission for Latin America and the Caribbean.
- ▶ April 2018, Toronto, Canada - Joint IEO-CIGI workshop titled “Monetary and Financial Policies in Canada: Evaluating the IMF’s Role.”

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- ▶ April 2018, Washington, DC - Seminars on the evaluation of *The IMF and Fragile States* during the civil society policy forum at the 2018 Spring Meetings and at the Center for Global Development. IEO presentation on fragile states at the ICD panel discussion on “Capacity Development in Fragile States – Why Some Countries Succeed?” part of the Spring Meetings Capacity Development Events.
 - ▶ May 2018, London, UK - Joint ODI-IEO event titled “Do we need a new approach to support fragile states?”
 - ▶ May 2018, Berlin, Germany - Joint BMF/BMZ/GIZ-IEO seminar on the IEO evaluation of *The IMF and Fragile States*.
 - ▶ July 2018, Washington, DC - IEO Director participated in a Fund-wide event “How to Engage: The IMF and Social Spending” focused on developing a framework for the Fund’s engagement on social spending in response to the recommendations of the IEO evaluation of *The IMF and Social Protection*.
 - ▶ July 2018, Washington, DC - Presentation to IMF staff of main findings and recommendations of the IEO evaluation of *The IMF and Fragile States*.
 - ▶ July 2018, Washington, DC - Presentation of the IEO evaluation of *The IMF and Fragile States* at the World Bank’s Independent Evaluation Group.
 - ▶ July 2018, Beirut, Lebanon – Joint IEO-Les Cercle des Economistes Arabes event on the IEO evaluation of *The IMF and Fragile States* at the American University of Beirut.
 - ▶ August 2018, Sharm El Sheikh, Egypt – Presentation of the IEO evaluation of *The IMF and Fragile States* at the African Caucus meeting.
 - ▶ August 2018, Tokyo, Japan - Seminar on IEO's evaluation of *The IMF and Fragile States* at the Tokyo Foundation for Policy Research.



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