

IEO

Independent Evaluation Office
of the International Monetary Fund



2017

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.ieso-imf.org or contact the IEO at +1 202 6237312 or at ieso@imf.org.

ISBN: 978-1-48431-380-0



IEO staff.



CONTENTS

MESSAGE FROM THE DIRECTOR	2
1. OVERVIEW OF RECENT ACTIVITIES	4
The IMF and the Crises in Greece, Ireland, and Portugal	4
The IMF and Social Protection	6
Multilateral Surveillance: Revisiting the 2006 IEO Evaluation	8
The International Monetary Fund and the Learning Organization: The Role of Independent Evaluation	8
Outreach and Communication	9
Budget and Staffing	9
2. FOLLOW-UP ON IEO EVALUATIONS	10
Key Points of the New Guidance Note	10
Management Implementation Plan Status	11
3. ONGOING EVALUATIONS AND IEO WORK PROGRAM	12
Completed and Ongoing IEO Work Program	13
ADMINISTRATIVE BUDGET	14
OUTREACH ACTIVITIES	15
REFERENCES	16



MESSAGE FROM THE DIRECTOR

I am pleased to present the fourteenth Annual Report of the Independent Evaluation Office, which covers the work of the office from May 1, 2016 through July 31, 2017, and outlines our work program for the year ahead. A significant part of the past activities described in this report were undertaken under the leadership of my predecessor Moisés Schwartz, before I assumed the Director position on February 1, 2017.

In my view, the IEO's work over the past year has reinforced its reputation as a crucial pillar of IMF governance. The evaluation of the Fund's role in the euro area crisis—completed under my predecessor's watch— demonstrated the IEO's capacity to take on a highly contentious issue and produce a thoughtful, well-balanced assessment. This evaluation has clearly supported Board oversight, helped the Fund to learn from a challenging experience, and underpinned its external credibility by demonstrating a willingness to be open about how difficult decisions are made. It is welcome that the Fund is now moving forward to address a number of issues raised in the report.

The recently completed evaluation of the IMF's work on social protection focuses on an area that lies outside the IMF's traditional mandate but where the Fund has been paying increasing attention given the realization that protection of vulnerable groups can often be key to sustaining macroeconomic stability. The report finds that since the global financial crisis the Fund has significantly stepped up its work in this area, working in collaboration with development partners like the World Bank. The depth of attention is found to vary quite considerably across countries. To some extent this is justified by differences in country circumstances and the availability of expertise outside the Fund. But there are also variations that seem more idiosyncratic, where attention may depend on staff preferences and interest, and country officials raised concern that IMF value added was sometimes limited. The evaluation concludes by recommending a clearer strategic framework for deciding on the extent of IMF involvement and adequate attention to ensure true value added where the IMF does get involved.

As we approach our current work agenda, it is crucial that we are independent, impartial, and at arm's length from the Board. At the same time, the IEO cannot afford to be isolated in an ivory tower; we must interact with all stakeholders. First, the IEO needs to maintain a constant dialogue with Fund staff to understand

how they see the issues and to discuss solutions. Similarly, external credibility depends on good two-way communication, and one of my priorities since I took on this role has been reaching out to civil society and academics. This provides me with the opportunity to hear their concerns, help them learn more about how the Fund operates, and explain how they can support the IEO in strengthening the Fund's overall governance. Finally, our most important stakeholders are the member countries of the Fund. It is paramount to have a close relationship with the Executive Board and country officials.

Ultimately, the goal of the IEO is to increase the effectiveness of the Fund in meeting its mandate and to make sure that it is serving the interests of its member countries. This means not just preparing excellent reports but also striving to have an impact

by strengthening IMF operations. We need to make an appropriate diagnosis but also to contribute to finding solutions that will gain support from a broad range of key stakeholders. It will then be important to ensure appropriately vigorous follow-up by IMF management and staff to implement Board-endorsed recommendations. This is an area where in my view there is still room for improvement. I therefore welcome the Executive Board's recent decision to launch a new external evaluation of the IEO itself, which can provide a vehicle to assess and strengthen the effectiveness of the process for follow-up on IEO recommendations.

CHARLES COLLYNS

Director, Independent Evaluation Office





OVERVIEW OF RECENT ACTIVITIES

Since May 2016, the IEO has completed two evaluations—*The IMF and the Crises in Greece, Ireland, and Portugal* and *The IMF and Social Protection*—and one evaluation update—*Multilateral Surveillance: Revisiting the 2006 IEO Evaluation*. The IEO has also launched three new evaluations—which will analyze the Fund’s role on fragile states, its financial surveillance activities, and its advice on unconventional monetary policies—and two evaluation updates—which will look into the Fund’s exchange rate policy advice and structural conditionality. In addition, outside its regular work program, the IEO has published two books: *The International Monetary Fund and the Learning Organization: The Role of Independent Evaluation* (Schwartz and Rist, 2016) and *Background Papers for the IMF and the Crises in Greece, Ireland, and Portugal* (Schwartz and Takagi, 2017).

THE IMF AND THE CRISES IN GREECE, IRELAND, AND PORTUGAL



The IEO released its report on *The IMF and the Crises in Greece, Ireland, and Portugal* on July 28, 2016. The crises that hit several euro area countries between 2010 and 2013, coming so soon after the global financial and economic crisis and occurring in a common currency area comprising advanced and highly integrated economies, posed extraordinary challenges to European and world policymakers. The evaluation examined the effectiveness of the IMF’s surveillance and crisis management in the euro area¹ to draw lessons for the future and to enhance transparency. The evaluation covered the 2010 Stand-By Arrangement with Greece, the 2010 Extended Arrangement with Ireland, and the 2011 Extended Arrangement with Portugal.

The evaluation found that, for the most part, the IMF’s euro area surveillance identified the right issues during the pre-crisis period but did not foresee the magnitude of the risks that would later become paramount. The IMF’s surveillance of the financial regulatory architecture was generally of high quality, but staff, along with most other experts, missed the buildup of banking system risks in some countries. In general, the IMF shared the widely-held “Europe is different” mindset that encouraged the view that large imbalances in national current accounts were little cause for concern and that sudden stops could not happen within the euro area. Following the onset of the crisis, however, IMF surveillance successfully identified many unaddressed vulnerabilities, pushed for aggressive bank stress testing and recapitalization, and called for the formation of a banking union.

The report found several issues with the way decision making was managed by the IMF. In May 2010, the IMF Executive Board approved a decision to provide exceptional access financing to Greece without seeking preemptive debt restructuring, even though its sovereign debt was not deemed sustainable with a high probability. The risk of contagion was an important consideration in coming to this decision. The IMF’s policy on exceptional access to Fund resources, which mandates early Board involvement, was followed only in a perfunctory manner. The 2002 framework for

¹ Previously, the IEO had presented *IMF Response to the Financial and Economic Crisis* (IEO, 2014a) and *IMF Performance in the Run-Up to the Financial and Economic Crisis: IMF Surveillance in 2004–07* (IEO, 2011). See also *Background Papers for the IMF and the Crises in Greece, Ireland, and Portugal* (Schwartz and Takagi, 2017), which collects the extensive background material prepared for this evaluation.

“The IMF’s handling of the euro area crisis raised issues of accountability and transparency.”

exceptional access was modified to allow exceptional access financing to go forward, but the modification process departed from the IMF’s usual deliberative process whereby decisions of such import receive careful review. Early and active Board involvement might or might not have led to a different decision, but it would have enhanced the legitimacy of any decision.

On the collaboration with the European partners, the report’s assessment was mixed. The IMF, having considered the possibility of lending to a euro area member as unlikely, had never articulated how best it could design a program with a euro area country, including conditionality on policies under the control of regional institutions. In the circumstances of these programs, where there was more than one conditional lender, the troika arrangement (in which the Fund worked with the European Commission and the European Central Bank) proved to be an efficient mechanism in most instances for conducting program discussions with national authorities, but the IMF lost its characteristic agility as a crisis manager. And because the European Commission negotiated on behalf of the Eurogroup, the troika arrangement potentially subjected IMF staff’s technical judgments to political pressure from an early stage.

Program design and implementation were not ideal. The IMF-supported programs in Greece and Portugal incorporated overly optimistic growth projections. More realistic projections would have made clear the likely impact of fiscal consolidation on growth and debt dynamics, and allowed the authorities to prepare accordingly or persuaded European partners to consider additional—and more concessional—financing while preserving the IMF’s credibility as an independent, technocratic institution. Lessons from past crises were not always applied, for example when the IMF underestimated the likely negative response of private creditors to a high-risk program. The IMF’s performance was uneven although there were instances where IMF staff shone technically and made an important overall contribution.

Finally, the IMF’s handling of the euro area crisis raised issues of accountability and transparency, which helped create the perception that the IMF treated Europe differently. Moreover, conducting the evaluation proved challenging. Some documents on sensitive issues were prepared outside the regular, established channels; the IEO faced a lack of clarity in its terms of reference on what it could or could not evaluate; and there was no clear protocol on the modality of interactions between the IEO and IMF staff. The IMF did not complete internal reviews involving euro area programs on time, as mandated, which led to missed opportunities to draw timely lessons.



Shinji Takagi, IEO Assistant Director, speaks at Peking University.

MAIN RECOMMENDATIONS

- ▶ The Executive Board and management should develop procedures to minimize the room for political intervention in the IMF’s technical analysis;
- ▶ The Executive Board and management should strengthen the existing processes to ensure that agreed policies are followed and that they are not changed without careful deliberation;
- ▶ The IMF should clarify how guidelines on program design apply to currency union members;
- ▶ The IMF should establish a policy on cooperation with regional financing arrangements;
- ▶ The Executive Board and management should reaffirm their commitment to accountability and transparency and the role of independent evaluation in fostering good governance.

The Executive Board discussed the report on July 19, 2016. Executive Directors welcomed the report and appreciated the accompanying statement by the Managing Director. They agreed that the evaluation's findings provided valuable insights and lessons for handling crises in members of currency unions. Directors underscored that the work of the IEO continues to play a vital role in enhancing the learning culture within the Fund, strengthening the Fund's external credibility, and supporting the Executive Board's oversight responsibilities.

Directors broadly shared the general thrust of the IEO's main findings and broadly endorsed its recommendations, with some caveats. Directors recognized that, while the Fund needs to learn from the experience of the three euro area crisis programs, it was important to acknowledge the difficult and unprecedented circumstances prevailing at the time. Directors also noted that the uncertainty and fear of contagion were acute given the backdrop of the global financial crisis. They emphasized that the Fund's performance in these crisis cases must be assessed in this broader context as it navigated uncharted territory. Against this background, Directors considered that the Fund-supported programs had succeeded in buying time to build European firewalls, preventing the crisis from spreading, and restoring growth and market access in Ireland and Portugal. They observed that the political economy of the Greek crisis was unique and complex. Directors generally viewed the unprecedented troika arrangement as efficient overall, while the need to coordinate and reach common ground with the European partners might have affected the Fund's agility as a crisis manager, and gave rise to criticism that its decision-making process lacked transparency.

The full IEO report, along with a statement by the Managing Director and the Acting Chair's Summing Up, is available on the IEO website at www.ieo-imf.org.

THE IMF AND SOCIAL PROTECTION



The IEO released its evaluation of *The IMF and Social Protection* on July 24, 2017, following the Executive Board's discussion of the report on July 19. The IMF has stepped up its attention to social protection over the past decade as it has dealt with the aftermath of the global financial crisis and addressed concerns from the impact of food and fuel price shocks and broader stresses on low-income groups and the most vulnerable. The evaluation examined the IMF's involvement in social protection across the membership, in the context of surveillance, programs, and technical assistance, as well as its collaboration with other institutions in this area.

The report found widespread IMF involvement in social protection across countries although the extent of engagement varied—with high-quality work in some cases, but more limited treatment in others. This cross-country variation to some degree reflected an appropriate response to country-specific factors, in particular an assessment of whether social protection policy was “macro-critical,” and the availability of expertise from development partners or in the country itself. However, idiosyncratic factors also seem to have played a part, as staff had different views on what kind of work they were expected to do in this area, as well as varying degrees of interest in these issues. At times it seemed that attention to social protection in surveillance devolved into a box-ticking exercise as staff tried to pay due attention to an increasingly broad range of policy issues.

In the program context, the report noted that the IMF invariably emphasized the need to mitigate potential adverse effects of program measures on the most vulnerable and generally worked well with development partners to address social protection concerns. However, authorities sometimes found the IMF to be insufficiently attuned to local conditions, and the

IMF's efforts to incorporate social protection concerns in program design and conditionality in some cases met with implementation challenges due to local capacity constraints and differences in country commitment.

The report found that IMF-World Bank cooperation on social protection generally worked well, allowing the Fund to draw effectively on Bank expertise in this area. However, while the IMF's preferred approach of targeting social protection to the poor and vulnerable was aligned with the World Bank's approach, it meshed less well with the rights-based approach to social protection espoused by the International Labour Organization and UN agencies which emphasizes universal benefits and targeting by category (e.g., demographic group) rather than income. This difference in viewpoints posed a challenge to IMF collaboration with such agencies and the report pointed out that it could complicate Bank-Fund collaboration going forward as the World Bank moves to adopt the goal of universal social protection.

The difference in viewpoints also affected how civil society organizations perceived the IMF's commitment to social protection and the UN Sustainable Development Goals. The report observed that efforts by the IMF's external communications to emphasize the Fund's "human face" did not always convince stakeholders, especially civil society, in part because of heightened expectations.

MAIN RECOMMENDATIONS

- ▶ The IMF should establish a clear strategic framework to guide its involvement in social protection among multiple competing priorities;
- ▶ The IMF should provide tailored policy advice based on in-depth analysis (ideally drawing on work by development partners or country authorities) when social protection is determined to be a strategic priority;
- ▶ The IMF should find more realistic and effective approaches to program design and conditionality to ensure that adverse impacts of program measures on the most vulnerable are mitigated;
- ▶ The IMF should realistically explain its approach to social protection issues in external communications;
- ▶ The IMF should engage actively in inter-institutional cooperation on social protection.

Executive Directors welcomed the report. They agreed with the need to refine the Fund's approach to social protection and joined the Managing Director in supporting all the evaluation's recommendations. At the same time, Directors underscored the need to be mindful of the Fund's mandate to engage only in macro-critical areas while bearing in mind its resource constraints and comparative expertise. IMF management will work with staff to implement the recommendations based on a Management Implementation Plan anticipated to be presented to the Board within six months.

The full IEO report, along with a statement by the Managing Director and the Acting Chair's Summing Up, is available on the IEO website at www.ieo-imf.org.

“...widespread IMF involvement in social protection...with high-quality work in some cases, but more limited treatment in others.”



Ling Hui Tan, IEO Advisor, participates at a workshop.

MULTILATERAL SURVEILLANCE: REVISITING THE 2006 IEO EVALUATION

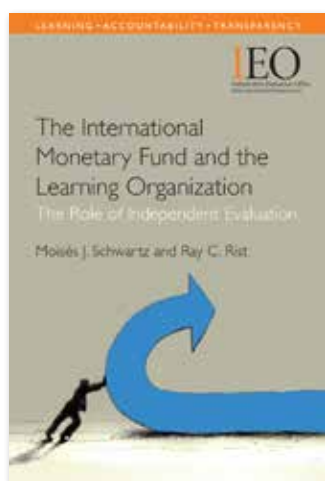


On March 8, 2017, the IEO published the report *Multilateral Surveillance: Revisiting the 2006 IEO Evaluation*.² The 2006 IEO evaluation of IMF *Multilateral Surveillance* commended many aspects of the IMF's work, but was concerned about the absence of an overall strategy that rendered the whole less than the sum of the parts. International policy linkages and spillovers were not sufficiently explored, dedicated analysis of exchange rate issues was too limited, forecasts and policy advice were excessively country-driven, and there was insufficient integration, both between multilateral and bilateral surveillance, and between macroeconomic and financial sector analyses. The potential to influence countries' policies was not fully exploited, and using the same publications to reach multiple audiences had undermined communication and limited readership.

The revisit found that IMF multilateral surveillance has undergone significant reforms over the past decade, as the global financial crisis served as a catalyst for many reforms proposed by the 2006 IEO evaluation. The legal framework for surveillance was strengthened by the 2012 Integrated Surveillance Decision, which provides a more comprehensive basis for conducting IMF surveillance. New products and activities closed gaps in pre-crisis analysis in areas such as vulnerabilities and spillovers in advanced economies, while the analysis of exchange rates and their consistency with external positions and economic fundamentals was refined. These new reports and activities were appreciated by authorities in member countries and other stakeholders. Greater IMF involvement in global policy deliberations was aided by the IMF's effective support to the G20, while the Early Warning Exercise enabled a more structured discussion of risks.

At the same time, the report noted that the expansion of overlapping multilateral surveillance products limited policymakers' ability to absorb the information and analysis, and complicated the IMF's efforts to ensure consistency across the various products. Instances of different and sometimes contradictory messages across the expanded menu of reports pointed to the need for stronger interdepartmental cooperation. In this context, recent efforts at consolidation and streamlining offered promise.

THE INTERNATIONAL MONETARY FUND AND THE LEARNING ORGANIZATION: THE ROLE OF INDEPENDENT EVALUATION



This book coauthored by Moisés Schwartz and Ray Rist (2016) reflects on the IEO's mission and institutional relationship with the IMF. Most of all, it focusses on the contributions that the IEO has made, and should be making, to improve the Fund's effectiveness. It concludes that, while the Fund has benefited extensively from the IEO's activities in terms of accountability and credibility, it has not yet exploited the full potential of independent evaluation. In order to achieve that, the Fund should become a learning organization, which would allow it to be more receptive to critical and sometimes unwelcome advice, and recognize the IEO as a true partner. Thus, the Fund needs to perceive independent evaluation as a learning mechanism. Though some progress has been made, the Fund still needs to go some way before a strong evaluation culture is widespread and established within the institution. This is a joint challenge for the Fund and the IEO, but the authors conclude by calling on Fund's management to take a more active role to enable independent evaluation to bring the IMF closer to the ideal of a learning institution.

² This report is part of an IEO series that revisits past evaluations to assess their relevance after about a decade.

OUTREACH AND COMMUNICATION

Outreach is critical to achieving the IEO's objectives. The IEO has increased outreach to authorities and civil society in member countries, as well as the Board, management and IMF staff, in line with the recommendations of the external evaluations of the IEO. These activities are critical to enhancing transparency and a better understanding of the IMF, to fostering institutional learning, and to supporting Board oversight — IEO's key mandates. Outreach is also important for publicizing and encouraging discussion of the IEO's work and thereby increasing its impact. It is also very useful for receiving feedback and gathering information on what issues are more interesting for a broad range of stakeholders. To this end, the IEO organized or participated in numerous events during the period under review. These are listed on page 15.

The IEO also actively uses its website, along with email communication with subscribers, to disseminate its work and to solicit public comments on ongoing, future, and completed evaluations. The website (www.ieso-imf.org) serves as a repository of all IEO work.

BUDGET AND STAFFING

In FY2017, the IEO expended 93.5 percent of its approved budget amount (see "Administrative Budget" below for details about the IEO's budget and expenditures). The decrease in spending was largely attributable to delays in filling vacancies and advancing new projects, in anticipation of the arrival of the new IEO Director. Following a thorough review of its budget implementation and projected temporary reductions in expenditures, at the beginning of the 2017 calendar year the IEO returned \$200,000 of its funds to IMF's central budget.

In March 2017, the Executive Board approved the IEO FY2018 budget proposal of \$6.2 million, representing a zero real growth over FY2017 budget. This budget, along with a carryover of unspent funds from FY2017 of up to 5 percent of the authorized FY2017 budget, will allow the IEO to meet the demands of its FY2018 work program. The foreseen FY2018 work program includes the completion of one ongoing evaluation, continuing work on two new ones, and the completion of two evaluation updates.

On July 31, 2017, 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.



Ruben Lamdany, IEO Deputy Director, speaks at the Civil Society Organizations session during the 2017 Spring Meetings.



IEO workshop on the recently released evaluation of The IMF and Social Protection.

2

FOLLOW-UP ON IEO EVALUATIONS

Effective follow-up is critical to ensuring that the IMF gets the full benefits of IEO evaluations. The focus is placed on the implementation of evaluation recommendations approved by the Executive Board, as laid out in a Management Implementation Plan (MIP).

In November 2016, the Executive Board approved the MIP for the evaluation *Behind the Scenes with Data at the IMF*. The discussion focused on the timing and procedures for the articulation of a long-term strategy for data and statistics, as proposed by the evaluation. The MIP indicated that this strategy will be drafted by a task force after broad consultations across the IMF and presented to the Executive Board no later than the end of 2017.

The MIP for the evaluation *The IMF and the Crises in Greece, Ireland, and Portugal* was approved by the Executive Board in February 2017. This plan emphasized the IMF's ongoing efforts to strengthen the analytical underpinnings of its work, in order to minimize the room for political intervention in the IMF's technical analysis. It committed staff to prepare Board papers on program design in currency union members (currently under preparation) and cooperation with regional financing arrangements (discussed by the Executive Board on July 26, 2017). It also provided for the preparation of a protocol for information sharing between the IEO and IMF staff, which would clarify the importance of staff's cooperation and the principle of open communication. The protocol was recently agreed and issued to IMF staff for guidance.

Staff cooperation with the IEO is vital to the success of the IEO's mandate. Management issued its first guidance on cooperation with the IEO in 2002, and recently updated it based on 15 years' experience.

KEY POINTS OF THE NEW GUIDANCE NOTE

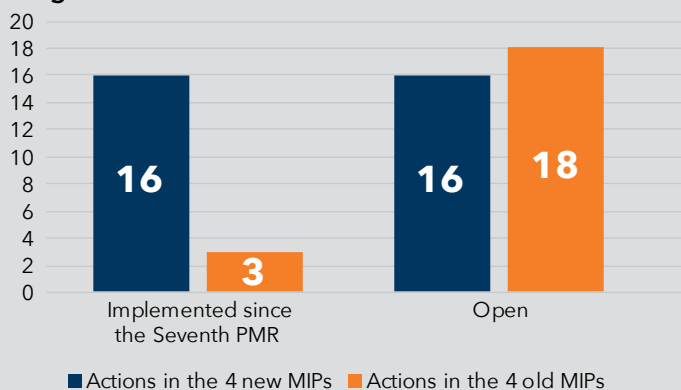
- ▶ Staff are obliged to comply with IEO information requests, which are usually made in writing to department directors. Staff are encouraged to provide the IEO with all information and documents they are aware of that would be pertinent to an evaluation, even if such information is not requested by the IEO.
- ▶ When contacted for an interview with the IEO, staff are required to accept and should share views openly and freely. Staff also are encouraged to participate in IEO staff surveys.
- ▶ Limited exceptions to IEO information requests include: (i) information subject to attorney-client privilege; (ii) documents containing personal information about Fund employees or candidates for employment; and (iii) confidential communications that fall within management's "zone of privacy." If staff are concerned that provision of a strictly confidential document responsive to a request would interfere with the Fund's operations, it should be reported to the Strategy, Policy, and Review Department (SPR), which will seek a resolution with the IEO.
- ▶ At any time, staff can seek confidential clarification from the IEO contact person for the corresponding project, or by contacting the responsible senior staff in SPR who serve as a facilitator between the IEO and staff.

In March 2017, IMF staff presented the Executive Board with a *High Level Status Report to the IEO Evaluation of Fund's Recurring Issues*. The report assessed the progress made in addressing five recurring issues identified by the IEO in its report on *Recurring Issues from a Decade of Evaluation* (IEO, 2014b): (i) Executive Board guidance and oversight; (ii) organizational silos; (iii) attention to risks and uncertainty; (iv) country and institutional context; and (v) evenhandedness. The report concludes that the Fund has made progress, while acknowledging that achieving the related objectives would require taking actions on an ongoing basis for an extended period. The question of the appropriate modality for future monitoring of these issues was left open, to be considered in next external evaluation of the IEO, in the broader context of the mechanisms for monitoring follow-up on IEO recommendations.

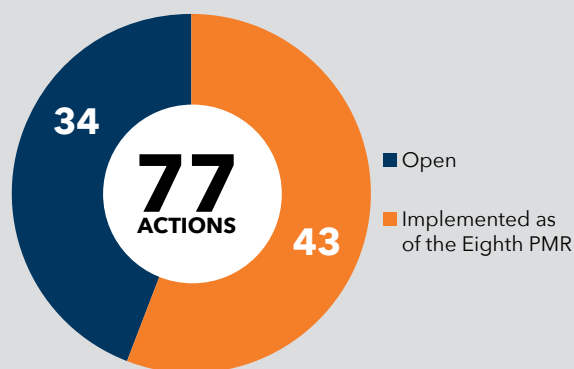
In April 2017, the Executive Board approved the “Eighth Periodic Monitoring Report on the Status of Implementation Plans in Response to Board-Endorsed IEO Recommendations.” The report found that implementation of agreed actions had been somewhat uneven since the last report, with actions from more recent MIPs seeing more progress, while advancement on older ones was slower. Overall, the Executive Board considered that management and staff remained committed to the timely implementation of open actions.

MANAGEMENT IMPLEMENTATION PLAN STATUS

Progress on new vs. old MIPs



All 8 MIPs included in the Eighth PMR



Source: IMF, Eighth Periodic Monitoring Report.



ONGOING EVALUATIONS AND IEO WORK PROGRAM

The IEO is currently working on three new evaluations and two updates.

An evaluation of the work of the IMF in fragile states is well underway. It analyzes the role played by the IMF in countries in post-conflict and other fragile situations through policy advice, program design (with and without financing), and capacity building. It focuses on the general framework for IMF engagement, how the Fund interacts with external stakeholders, the role of the Executive Board, and internal human resource issues. Executive Directors discussed a draft issues paper for this evaluation in November 2017. The IEO expects to present a report to the Executive Board in early 2018.

The IEO is also working on an evaluation of the **IMF's financial surveillance**. The report will examine the Fund's efforts to strengthen financial surveillance since the outbreak of the global financial crisis. It will analyze the relevance, quality, and effectiveness of Fund's financial surveillance products and activities, both at the bilateral and multilateral levels. On May 16, 2017, Executive Directors discussed this evaluation's draft issues paper. The IEO expects to present a report to the Executive Board around mid-2018.

The IEO is starting preliminary work on an evaluation of **IMF advice on unconventional monetary policies**. 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 the advanced and emerging market economies dealing with the spillovers from such policies. It is expected that the draft issues paper will be presented to Executive Directors by end-2017 and the report completed in the second half of 2018.

Finally, the IEO is carrying out two **evaluation updates** to be concluded before the end of FY2017: *IMF Exchange Rate Policy Advice, 1999–2005: Revisiting the 2007 IEO Evaluation* and *Structural Conditionality in IMF-Supported Programs, 2010–16: Revisiting the 2007 IEO Evaluation*.

Future evaluations will be started as ongoing evaluations are completed. **Topics for future evaluation** are considered by the IEO, in consultation with various stakeholders. A list of prospective topics has been posted on the IEO website and discussed with the Executive Board on June 22, 2017.

The Evaluation Committee of the Executive Board met in May 2017 to launch the process for a new periodic **external evaluation** of the IEO. In accordance with the IEO's terms of reference, and following the first two antecedents—the Lissakers Report in 2006, and the Ocampo Report in 2013—a team of external experts will assess the effectiveness of the IEO and consider possible improvements to its structure, mandate, operational modalities, and terms of reference.

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	In progress
IMF Financial Surveillance	In progress
IMF Advice on Unconventional Monetary Policy	In progress
EVALUATION UPDATES	
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, 1999–2005: Revisiting the 2007 IEO Evaluation	In progress
Structural Conditionality in IMF-Supported Programs, 2010–16: Revisiting the 2007 IEO Evaluation	In progress

ADMINISTRATIVE BUDGET

(In U.S. dollars)

	FY2016		FY2017		FY2018
	Budget	Outturn	Budget	Outturn	Budget
Total resources including carry-forward	6,178,056	5,896,441	6,234,698	5,635,713	6,504,114
Of which carry-forward ¹	286,104	---	203,894	---	301,540
Administrative resources	5,891,952	---	6,030,804	---	6,202,574
Regular staff allocation	4,611,590	4,449,823	4,732,770	4,477,054	4,866,710
Discretionary budget	1,280,362	1,446,618	1,298,034	1,158,659	1,335,864
<i>Of which:</i>					
<i>Contractual services (including overtime)</i>	639,119	928,850	653,819	772,882	673,433
<i>Business travel and seminar program</i>	415,317	459,491	416,482	289,443	420,296
<i>Publications</i>	16,964	26,546	17,099	79,976	26,024
<i>Other administrative items</i>	208,962	31,731	210,634	16,358	216,111

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

OUTREACH ACTIVITIES

- ▶ June 2016, London, UK - Participation in the Evaluation Cooperation Group meetings.
- ▶ September 2016, Xian, China - IEO participation in the 2016 Asian Evaluation Week hosted by the Chinese Ministry of Finance and the Asian Development Bank.
- ▶ September 2016, Maastricht, Netherlands - Participation in the 12th Biennial Conference of the European Evaluation Society on panels entitled “Evaluating the mirror: self-evaluation systems in the multilateral development banks” and “Evaluation Functions in Central Banks.”
- ▶ September 2016, Luxembourg - Presentation of the findings and conclusions of the report on Self-Evaluation at the IMF at the European Stability Mechanism and at the European Investment Bank.
- ▶ November 2016, Abidjan, Côte d’Ivoire - Presentation at the Evaluation Week of the African Development Bank.
- ▶ December 2016, London, UK - Participation in the Evaluation Cooperation Group meetings at the European Bank for Reconstruction and Development; and presentation on “Lessons from the IMF Experience in Recent Crises” at the Bank of England.
- ▶ March 2017, Brussels, Belgium, and London, UK - IEO Director consultations with members of civil society organizations and academics.
- ▶ March 2017, Washington, DC - IEO Director hosted introductory seminar for Executive Directors and their staff entitled “The Role of Evaluation in Enhancing Learning and Accountability at the IEO.”
- ▶ March 2017, Santiago, Chile - Presentation at the meetings of the United Nations Economic Commission for Latin America and the Caribbean.
- ▶ April 2017, Washington, DC - The IEO Director hosted outreach session with civil society organizations during 2017 Spring Meetings.
- ▶ May 2017, Beijing, China - IEO Director was a keynote speaker at a roundtable discussion entitled “How to Improve Effectiveness of IMF” at the Peking University’s National School of Development 88th Policy Talk.
- ▶ May 2017, Tokyo, Japan - IEO Director delivered presentations entitled and “Role, Impact, and Future Agenda” and “IMF—Adapting to New Realities” at the University of Tokyo.
- ▶ June 2017, Washington, DC - IEO Director held “IEO Open House” where IMF staff were able to meet IEO staff and learn about the work of the office.
- ▶ June 2017, Rome, Italy - IEO Director participated in Evaluation Cooperation Group meetings.



REFERENCES

Independent Evaluation Office of the International Monetary Fund (IEO), 2011, *IMF Performance in the Run-Up to the Financial and Economic Crisis: IMF Surveillance in 2004-07* (Washington: International Monetary Fund).

_____, 2014a, *IMF Response to the Financial and Economic Crisis* (Washington: International Monetary Fund).

_____, 2014b, *Recurring Issues from a Decade of Evaluation: Lessons for the IMF* (Washington: International Monetary Fund).

International Monetary Fund (IMF), 2017, “Eighth Periodic Monitoring Report on the Status of Implementation Plans in Response to Board-Endorsed IEO Recommendations” (Washington).

Lamdany, R., and H. Edison, 2012 (eds.), *Independent Evaluation at the IMF: The First Decade* (Washington: International Monetary Fund).

Schwartz, M.J., and R.C. Rist, 2016 (eds.), *The International Monetary Fund and the Learning Organization: The Role of Independent Evaluation* (Washington: International Monetary Fund).

Schwartz, M.J., and S. Takagi, 2017 (eds.), *Background Papers for the IMF and the Crises in Greece, Ireland, and Portugal* (Washington: International Monetary Fund).

