



Independent Evaluation Office
of the International Monetary Fund



PROGRESS REPORT TO THE IMFC ON THE ACTIVITIES OF THE INDEPENDENT EVALUATION OFFICE OF THE IMF

March 25, 2021

Overview. Operating in virtual mode, the IEO has continued to fulfill its evaluation function as the Fund's work program has been directed to meeting the challenges of the COVID-19 pandemic. While there have been some delays in presenting evaluations to the Board and in follow-up due to the heavy operational work pressures on the institution, there has been a welcome Fund-wide commitment to the IEO as a core component of the IMF's governance structure during a particularly difficult period. Since the 2020 Annual Meetings, the delayed evaluation of *IMF Collaboration with the World Bank on Macro-Structural Issues* was discussed at the Board, which also had the opportunity to review a list of possible future topics for IEO evaluation and to discuss an issues paper for a new evaluation of IMF capacity development work. Considerable progress has been made on two other ongoing evaluations. In addition, a new evaluation on the IMF emergency response to the COVID-19 pandemic has just been launched to provide early evidence in an area identified as a top priority by the Board, civil society, and external experts.

Bank-Fund Collaboration—Key Findings. In November 2020, the Executive Board discussed the IEO's evaluation of *IMF Collaboration with the World Bank on Macro-Structural Issues*. This evaluation focused on Bank-Fund collaboration in the context of recent IMF pilot initiatives to enhance coverage of inequality, gender, energy/climate, and macro-structural reform in Article IV surveillance. The evaluation found that: collaboration on these issues was broad but uneven; initial aspirations that the Fund would be able to systematically leverage Bank expertise proved over-optimistic; there were few examples of in-depth collaboration; and there were cases of mixed messages and failures to identify and exploit synergies. Collaboration has been deeper and more effective in other policy areas like debt and finance where there has been agreement on well-defined roles and tailored frameworks for working together.

Bank-Fund Collaboration—Recommendations and Reactions. The report made four broad recommendations to encourage a more strategic approach to ensure more effective collaboration work: first, to develop and agree with the World Bank on concrete frameworks to ensure effective collaboration on issues where Fund and Bank roles are complementary and where collaboration is judged to bring the most strategic returns; second, to seek to improve internal incentives for staff to collaborate with external partners; third, to improve access to and exchange of information and knowledge across the Fund and the Bank; and fourth, to strengthen the Executive Board's strategic role in facilitating and supporting external collaboration. In

discussing the report, Executive Directors emphasized the importance of ensuring effective collaboration as the Fund increasingly engages on a broad range of policy issues including those related to fostering a robust global economic recovery from the pandemic, and they joined the Managing Director in broadly supporting the recommendations. Many Directors underscored that work on climate issues was a strong candidate to develop a more tailored collaboration framework between the Fund and the Bank. Many Directors supported creating a high-level joint Fund-Bank committee to focus on longer-term strategic issues and help institutionalize collaboration. IMF management will work with staff to propose a follow-up implementation plan in coming months.

Follow-up to previous IEO evaluations. The pressure of work in responding to the COVID-19 pandemic has meant some delays in the follow-up process on IEO evaluations but staff are now committed to catching up by the end of this year. The Management Implementation Plan (MIP) in response to the Board-endorsed recommendations from the IEO's evaluation of Fund advice on capital flows is expected to be completed soon after the Spring Meetings and the MIP on Bank-Fund collaboration over the summer. The 2021 Periodic Monitoring Report of progress with MIP implementation prepared by the Office of Internal Audit is scheduled to be presented to the Board in September and the reformulated MIPs to address off-track actions identified in the 2019 report on Categorization of Open Actions should be completed by the end of the year.

IEO work program. The IEO is now at work on four evaluations. It expects to complete an evaluation of growth and adjustment in IMF-supported programs over the summer, an evaluation of the Fund's engagement with small developing states in the winter months, and an evaluation of IMF capacity development work by summer 2022. The latter two evaluations will provide some early evidence on how the Fund adapted to the challenges posed by the COVID-19 pandemic during its initial phase. In addition, after broad consultation on a menu of possible topics for future evaluations, a new evaluation of the IMF's emergency response to the COVID-19 pandemic more broadly has just been launched and an issues paper is now being prepared. This evaluation will be the first part of a two-stage process for evaluating the IMF's response to the pandemic. The follow-up to be prepared at a later stage will provide a more comprehensive assessment of the Fund's response to the pandemic, including during the stabilization and recovery phases.

IEO@20 conference. The IEO is planning a conference to mark the twentieth anniversary of the opening of the IEO in 2001, tentatively scheduled for the end of this year, a successor to a tenth anniversary conference in 2011. The conference will provide the opportunity to draw lessons from the experience with IEO evaluation over the past ten years and consider the challenges to independent evaluation at the IMF going forward.