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Independent Evaluation Office
of the International Monetary Fund

EVALUATION REPORT

Research at the IMF
Relevance and Utilization

2011

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BACKGROUND WORK

The following Background Documents and Background Papers are available on the IEO website at www.ieo-imf.org.

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Background Papers

The following conventions are used in this publication:

- In tables, a blank cell or *N/A* indicates "not applicable," ellipsis points (...) indicate "not available," and 0 or 0.0 indicates "zero" or "negligible." Minor discrepancies between sums of constituent figures and totals are due to rounding.
- An en dash (–) between years or months (for example, 2008–09 or January–June) indicates the years or months covered, including the beginning and ending years or months; a slash or virgule (/) between years or months (for example, 2008/09) indicates a fiscal or financial year, as does the abbreviation FY (for example, FY2009).
- "Billion" means a thousand million; "trillion" means a thousand billion.
- "Basis points" refer to hundredths of 1 percentage point (for example, 25 basis points are equivalent to ¼ of 1 percentage point).

As used in this publication, the term "country" does not in all cases refer to a territorial entity that is a state as understood by international law and practice. As used here, the term also covers some territorial entities that are not states but for which statistical data are maintained on a separate and independent basis.

Some of the documents cited and referenced in this report were not available to the public at the time of publication of this report. Under the current policy on public access to the IMF's archives, some of these documents will become available five years after their issuance. They may be referenced as EBS/YY/NN and SM/YY/NN, where EBS and SM indicate the series and YY indicates the year of issue. Certain other documents are to become available 10 to 20 years after their issuance, depending on the series.

Foreword

This study evaluates the relevance and utilization of IMF research to member country authorities, to IMF staff and to other stakeholders. It also examines its technical quality and management.

Research is at the heart of innovation and improving policymaking. At the IMF, research contributes to the development and updating of conceptual models and tools that form the basis for its analysis and policy recommendations. IMF research has played an important role on how country authorities think about policymaking, and on furthering global knowledge. High-quality research also contributes to the IMF's reputation and credibility.

The IMF produces a large body of research, ranging from background studies for bilateral surveillance activities to working papers and external publications dealing with topics of more general interest. This includes a large number of high-quality products, many of which are widely read in member countries and play a significant role in policymaking. This was particularly true for the *WEO* and *GFSR*, but also for other publications. At the same time, the evaluation found that there is significant scope to improve the relevance and quality of IMF research, and enhance its utilization. Early consultation with country authorities on research themes, a greater country and institutional context, and clearer standards for quality control are some of the required measures.

The evaluation found that many studies had conclusions and recommendations that did not appear to flow from the analysis and other studies seemed to be designed with the conclusions in mind. Moreover, there is a widespread view among IMF staff that research findings need to be aligned with current IMF policies. These problems are present across all research types, including in working papers and other academic-style research. Because of this, member country authorities and other stakeholders perceive IMF research as "message-driven." To deal with this problem, IMF Management and its Executive Board need to cultivate an open, independent, and innovative research environment, explicitly encouraging staff to explore differing and alternative views. Creating an environment that encourages candor and diverse and dissenting views, is a recommendation that the IEO put forward previously in its recent evaluation on the *IMF Performance in the Run-Up to the Financial and Economic Crisis*, as such an environment would also enhance the effectiveness of IMF surveillance. This evaluation also recommends greater consultation and cooperation with country authorities, and an enhanced quality review process—reforms that would bring greater diversity of research methods and perspectives, and ensure that conclusions and recommendations in research papers are better linked than is the case today to actual findings.

Conducting high-quality, policy-relevant research at the IMF is essential for its credibility—both in interactions with country authorities and with the international community more generally. IMF research should play its part in facilitating the understanding of the multiple economic uncertainties that lie ahead. Sound and relevant research would assist the Fund in carrying out its activities under increasingly challenging times. We hope that this evaluation will contribute to further improve the relevance, quality, and utilization of the IMF research.

Moises J. Schwartz
Director
Independent Evaluation Office

Research at the IMF: Relevance and Utilization

This report was prepared by an IEO team led by Ruben Lamdany and Hali Edison. The IEO team included Ita Mannathoko, Charan Singh, Scott Standley, Louellen Stedman, Hugh Young, Alisa Abrams, Jennet Hojanazarova, Larissa Leony, Roxana Pedraglio, and Jérôme Prieur. The team was assisted by contributions from Joshua Aizenman, Robin Boadway, Gerald Caprio Jr., Barry Eichengreen, Petra Geraats, Refet Gürkaynak, Christopher Heady, Miguel Kiguel, Henrik Kleven, Kenneth Kuttner, Peter Montiel, Javier Pérez de Azpillaga, Marcelo Selowsky, Marko Škreb, Andrés Solimano, Yi Sun, and Shinji Takagi. The evaluation benefited from discussions with participants at three workshops held in November 2009, April 2010, and August 2010, and from comments from John Hicklin and Joanne Salop. However, the final judgments are the responsibility of the IEO alone. Sarah Balbin, Arun Bhatnagar, Annette Canizares, and Mari Lantin provided administrative assistance. Rachel Weaving, Roxana Pedraglio, and Esha Ray provided editorial and production management assistance. The report was approved by Moises Schwartz.

Abbreviations

ADV	advanced economy
APR	annual performance review
BIS	Bank for International Settlements
CRP	Committee on Research Priorities
DSGE	dynamic stochastic general equilibrium
ECB	European Central Bank
ECF	Extended Credit Facility
EXR	External Relations Department
FAD	Fiscal Affairs Department
FDMD	First Deputy Managing Director
FSAP	Financial Sector Assessment Program
GEM	global economy model
GFSR	*Global Financial Stability Report*
HIC	high-income country
HIPC	Heavily Indebted Poor Countries
HRD	Human Resources Department
ICM	International Capital Markets Department
IEO	Independent Evaluation Office
INS	IMF Institute
IT	information technology
LEM	large emerging market
LIC	low-income country
MAE	Monetary and Exchange Affairs Department
MCD	Middle East and Central Asia Department
MCM	Monetary and Capital Markets Department
MFD	Monetary and Financial Systems Department
MIC	middle-income country
MIP	Management Implementation Plan
OECD	Organization for Economic Cooperation and Development
OEM	other emerging markets
OP	occasional paper
PDP	policy discussion paper
RC	Research Coordinator
REO	*Regional Economic Outlook*
RePEc	Research Papers in Economics
RES	Research Department
SDN	staff discussion note
SIP	selected issues paper
SPN	staff position note
WEO	*World Economic Outlook*
WP	working paper

Executive Summary

This evaluation assesses research produced at the IMF between 1999 and 2008. It focuses on relevance and utilization, but also examines technical quality and management. Research is defined broadly to capture most analytical publications of the IMF, ranging from surveillance-oriented output, for example, selected issues papers (SIPs) prepared for Article IV consultations and the analytical chapters of the *World Economic Outlook (WEO)* and *Global Financial Stability Report (GFSR)*, to more academically-oriented output, for example, working papers (WPs) and publications in external journals. These outputs comprised a large body of research, about 650 publications annually, at a cost of about 10 percent of the IMF budget.

The evaluation finds that IMF research was widely read, that it included a large number of high-quality and very useful publications, and that it was appreciated by country authorities and the research community. This was particularly true for the *WEO* and *GFSR*, but also for many other publications. Nonetheless, several issues merit attention.

First, the relevance of research was often hampered by lack of early consultation with country authorities on research themes and by lack of sufficient country and institutional context. Also, authorities indicated that some important issues, such as macro-financial linkages and aspects of monetary policy, were not adequately covered. To strengthen relevance, the IMF should conduct a periodic strategic review of the function and uses of its research product lines to establish whether they should be strengthened, redesigned, or discontinued. Consultation with authorities on research topics and discussions of results should become standard practice. Increased and earlier interaction with authorities as well as longer country assignments by mission members would enhance the country and institutional context of research.

Second, the technical quality of IMF research publications was quite diverse. The *WEO*, *GFSR*, and external publications were generally of high quality. On the other hand, the quality of SIPs and WPs, which are not subject to a rigorous quality review, was lower and more variable. To enhance quality, adequate time and resources should be allocated to each research project, even if this leads to fewer publications. The review of research products should be strengthened to improve quality and to prevent the publication of low-quality products.

Third, many authorities reported that IMF research was message-driven, and many staff indicated that they often felt pressure to align their conclusions with IMF views. To enhance their quality, reputation, and utilization, working papers should reflect the results of technical analysis even if these are not well aligned with messages in surveillance activities documents.

Finally, there is a need for greater prioritization and coordination of research across the IMF. To this end, Management should designate a senior staff member, the Research Coordinator (RC), to coordinate research activities across the organization, including by setting standards for quality review processes and publication policies, to promote greater openness, and to address other weaknesses identified in this evaluation. The RC should prepare an indicative medium-term research agenda, in consultation with member countries and the Executive Board, and it should report annually to them on its implementation. This medium-term agenda should not be seen as excluding research on other relevant issues.

CHAPTER

I Introduction

1. This evaluation examines the research produced at the IMF between 1999 and 2008.[1] It focuses on the relevance and utilization of the research, particularly as seen by authorities in member countries, and also examines technical quality and the management of research activities. The evaluation identifies ways to improve the relevance, quality, and management of IMF research. Research is defined broadly to capture most analytical publications of the IMF, ranging from surveillance-oriented output—such as selected issues papers (SIPs) prepared for Article IV consultations and the analytical chapters of the *World Economic Outlook (WEO)* and *Global Financial Stability Report (GFSR)*—to more academically-oriented output—such as working papers (WPs) and external journal publications. During the evaluation period these outputs comprised a large body of research, about 650 publications annually, at a cost of about 10 percent of the IMF budget.

2. Research plays an important role in the IMF. It contributes to the development and updating of conceptual models and tools that form the basis for the IMF's analysis. High-quality, relevant research is, therefore, critical to sustain the credibility of IMF policy advice and program design. IMF research also contributes to furthering global knowledge in areas relevant to the IMF's purposes. The possibility of engaging in research activities also helps to attract academically oriented, talented economists and to keep staff skills up to date.

3. This evaluation uses as a reference point the 1999 External Evaluation of Research in the IMF (Mishkin and others, 1999) that was prepared at the request of the Executive Board by a team of outside experts.[2] The focus of that evaluation was on the organization and quality of the research. The Executive Board agreed with its finding that there was "substantial room for improvement in the overall quality of the IMF's research." Directors endorsed many of the report's recommendations, including the need for greater coordination of research activities and that more of the research should be in areas where it could add the most value: namely research on developing and transition economies, a stronger emphasis on the financial sector, and cross-country work. Progress has since been made in many of these areas and Annex 1 describes the status of implementation of the report's recommendations.

4. The following are some of the main questions addressed in this evaluation:

- *How relevant was IMF research to authorities in member countries, IMF staff, and other stakeholders? How was it utilized?* Was the thematic coverage adequate? Was it widely read in member countries? Within the IMF? How familiar were authorities and other stakeholders with its findings and messages? Did it play a role in policy-making? In the dialogue between IMF staff and authorities?
- *What was the technical quality of IMF research?* Did it generate new knowledge or broaden the understanding of policy frameworks? Did it allow for alternative perspectives?
- *How were IMF research activities organized and managed?* How were activities prioritized and coordinated? How was research reviewed? Was dissemination effective?

5. The remainder of the report is organized as follows. Chapter 2 discusses the scope and methods of the evaluation and describes trends in research product lines across IMF units and over time. Chapter 3 discusses the relevance and utilization of IMF research. Chapter 4 presents findings on the technical quality

[1] The evaluation also looked at a sample of publications beyond this period to assess whether there had been major changes (e.g., *REOs* and *GFSRs*) and whether they addressed gaps identified in the earlier period (e.g., staff position notes (SPNs)).

[2] The team consisted of Frederic Mishkin (chair), Francesco Giavazzi, and T. N. Srinivasan.

of research. Chapter 5 describes the management of research activities. Chapter 6 presents the main conclusions and recommendations. This report is accompanied by four background documents providing technical background on how the evidence for this evaluation was gathered (i.e., describing how surveys and interviews were conducted and how their results were integrated into the overall analysis). Seven background papers, summarized in Annex 4, present the assessment of peer review panels on specific research product lines, for example, *WEO/GFSR* and SIPs, as well as a citation analysis.

CHAPTER

2 Evaluation Framework and Background

6. This chapter lists the IMF product lines considered to be part of research for the purpose of this evaluation, and describes the methods and sources of data used in this study. It also provides information on the composition of research by product line, originating IMF department, and coverage.

A. What Is IMF Research?

7. The evaluation adopted an enumerative definition of research to capture the variety of analytical outputs produced across all IMF departments, including the Research Department (RES). For this evaluation, research is defined to cover a wide spectrum of products, ranging from surveillance- and policy-oriented publications (hereafter "surveillance-oriented output") to more academic-oriented publications (hereafter "academic-style output"). Surveillance-oriented output comprises the applied research usually prepared as part of the IMF's operational work, mainly surveillance and program work. Academic-style output refers to work that seeks to generate new knowledge and techniques or to broaden and deepen the understanding of policy frameworks.

8. The following are the main types of IMF publications considered research in this evaluation:

Surveillance-oriented publications

- The *World Economic Outlook (WEO)* is a semiannual flagship publication of the IMF. The *WEO* is produced in the Research Department (RES) with inputs from other departments. It is a key vehicle for communicating the IMF's multilateral surveillance messages and has a wide audience, including among central banks, government officials, financial institutions, think tanks, and academia. The research component of the *WEO* is contained in individual analytical chapters covering economic issues of importance to the world economy.
- The *Global Financial Stability Report (GFSR)* is another semiannual flagship publication of the IMF. The *GFSR* is produced in the Monetary and Capital Markets Department (MCM). It has a wide audience of policymakers, especially in central banks, as well as in financial institutions and academia. The research component of the *GFSR* is contained in individual analytical chapters focused on financial issues of importance to the world economy.
- The five *Regional Economic Outlooks (REOs)* are semiannual publications produced by the five area departments to provide a perspective on the macroeconomic outlook for each region. Policymakers are the *REOs'* main intended audience. Analytical chapters address topics of importance to the corresponding region.
- Selected issues papers (SIPs) are background papers that accompany Article IV consultation documents and are issued by area departments. They contain analytical work and are often used to inform policy discussions between the staff and the authorities. The main audience for SIPs is authorities in the corresponding member countries.
- Occasional papers (OPs) feature nontechnical analyses of economic and financial subjects of current importance to the IMF's work. Topics include broad policy questions and country-specific issues. OPs are often authored by a large team of IMF staff and their intended audience is policymakers.
- Policy discussion papers/staff position notes (PDPs/SPNs) showcase new policy analysis and research by IMF departments. They are nontechnical and aim at a broad audience, including IMF staff involved in mission work and readers outside the IMF who are interested in economic policy issues.

Academic-style publications

- Working papers (WPs) feature original research by IMF staff, consultants, and guest scholars, and are generally more technical than other research products. Their intended audience includes academics as well as policymakers.
- External publications feature original research in refereed journals, including the IMF's own journal, *IMF Staff Papers*. Typically this research is published in some different form before being submitted for external publication.
- Books and conference volumes are usually based on conferences and seminars held or sponsored by the IMF and cover a wide variety of topics. The intended audience varies, but it includes the wide academic community, as well as country authorities.

9. The two categories of research output were assessed along the same dimensions of relevance and utilization, technical quality, and management. But for each category the evaluation used somewhat different methods and metrics, given their different goals and that they were directed to different audiences. In practice, the evaluation found that the distinction between the two types of outputs was not sharp. Most WPs and other academic-style outputs dealt with policy-relevant issues, even if they were not specifically written for surveillance activities. Similarly, many surveillance-oriented outputs, particularly *WEO* chapters, generated new knowledge and introduced significant innovations. In fact, there was significant overlap between these two categories, for example, some papers first issued as SIPs were later converted into WPs and eventually published in academic journals.

10. Country authorities and many other audiences typically viewed research products, especially surveillance-oriented publications, as broadly representing the views of the IMF. This was the case even though all research outputs contained disclaimers explaining whose views they reflected, and clearly stating that they did not necessarily reflect the views of the IMF, its Executive Board (the Board), or its member countries.[3]

B. Methods and Sources of Data

11. The evaluation used a variety of methods of analysis and several sources of evidence, which allowed for triangulation of findings and contributed to the robustness of conclusions.[4] The main sources of information for this report were:

- Document review—mainly reflected in six background papers presenting the assessment of peer review panels on specific product lines, for example, *WEO/GFSR* and SIPs (Annex 4 presents the abstracts of the background papers);
- Interviews—more than 350 semi-structured and open interviews of authorities, staff, and other stakeholders (Background Document IV explains the selection of interviewees, presents the interview templates, and describes how the results were aggregated by type of country);
- Surveys—two surveys were conducted—one of authorities and one of staff (see Background Document I available at www.ieo-imf.org); and
- Technical and statistical work, including a citation analysis (presented in Background Paper BP/11/01).

12. In brief, the assessment of relevance and utilization focused on the views expressed by authorities, staff, and other stakeholders. It also drew on findings of several previous IEO evaluations, which covered the relevance and utilization of research in specific areas or issues.[5] The evidence on technical quality was mainly

[3] Different research outputs have different levels of institutional clearance and include different disclaimers. Surveillance products are "approved" for publication at the level responsible for reviewing them—IMF Management for the *WEO* and *GFSR,* and departmental management for *REOs* and SIPs. The *WEO* and *GFSR* carry disclaimers indicating that they reflect the views of IMF staff, not the IMF as a whole or the Executive Board, although they include a summary of the corresponding Board discussion. *REOs* and SIPs typically include a statement that they reflect the views of the authors or staff team involved in their preparation. In addition, SIPs are made public only with the consent of member country authorities who also may ask for deletions or modifications of sensitive material. On the other hand, WPs and other academic-style publications are "authorized for distribution" by the manager of the author's unit and usually state that they only reflect the views of the author. (See Annex 3 for examples of disclaimers.)

[4] The methods and sources of data utilized are similar to those used in the 1999 external evaluation of IMF research (Mishkin and others, 1999), as well as in evaluations of research conducted at other multilateral organizations and central banks. See, for example, Banerjee and others (2006) for the World Bank; the Office of Evaluation and Oversight, Inter-American Development Bank (2006); Goodfriend and others (2004) for the European Central Bank; and Meyer and others (2008) for the Bank of Canada. A key difference is that the present evaluation focused much more on gathering the views of authorities, staff, and other stakeholders.

[5] For instance, *The IMF and Aid to Sub-Saharan Africa* (IEO, 2007, p. 20) found that analysis by functional departments was used in the design of Poverty Reduction Growth Facility programs, whereas work by the Research Department was not. IEO's evaluation of *Multilateral Surveillance* (IEO, 2006) discussed the extent to which the *WEOs* and *REOs* had been utilized in surveillance. The evaluation of *The IMF's Approach to Capital Market Liberalization* (IEO, 2005) contained a full appendix on research findings, and concluded that there was considerable synergy between staff research and multilateral surveillance. The *Evaluation of the IMF's Role in Poverty*

Table 1. IMF Research Output by Departments, 1999–2008

	RES	FAD	MCM[1]	Other Functional Departments	Area Departments	Total
Surveillance- and policy-oriented output	**97**	**27**	**65**	**22**	**2,532**	**2,743**
Selected issues papers[2]	…	…	…	…	2,402	2,402
Analytical chapters of						
World Economic Outlook	62	…	…	…	…	62
Regional Economic Outlook	…	…	…	…	55	55
Global Financial Stability Report[3]	8	…	31	…	…	39
Occasional papers	14	14	17	10	38	93
Policy discussion papers/staff position notes	13	6	16	8	23	66
Others[4]	…	7	1	4	14	26
Academic-style output	**897**	**436**	**389**	**792**	**1,166**	**3,680**
Working papers	500	293	307	492	878	2,470
External publications	395	131	73	284	262	1,145
Of which						
IMF Staff Papers	68	14	17	112	62	273
Books and conference volumes	2	12	9	16	26	65
All publications	**994**	**463**	**454**	**814**	**3,698**	**6,423**

Source: IEO estimates.
[1] MCM includes ICM, MFD, and MAE.
[2] Each analytical chapter of a SIP is counted as an individual research output.
[3] Prior to August 2001, this refers to the analytical chapters of the *International Capital Markets Report*.
[4] Includes the pamphlet series and IMF special issues.

based on peer reviews by panels of external experts and a study of citations of IMF WPs at peer institutions. This was complemented with views on technical quality from authorities, IMF staff, academics, and economists in other international organizations. Evidence on management of IMF research was gathered from interviews of senior staff and budget officers; surveys and semi-structured interviews of country authorities and staff; a review of IMF budget documents, including departmental budgets and business plans; and data from IMF time reporting systems.

C. Patterns in IMF Research

13. During 1999–2008, the IMF issued an average of 650 research pieces annually.[6] This represents a vast body of research, at an annual cost of about 10 percent of the IMF budget.

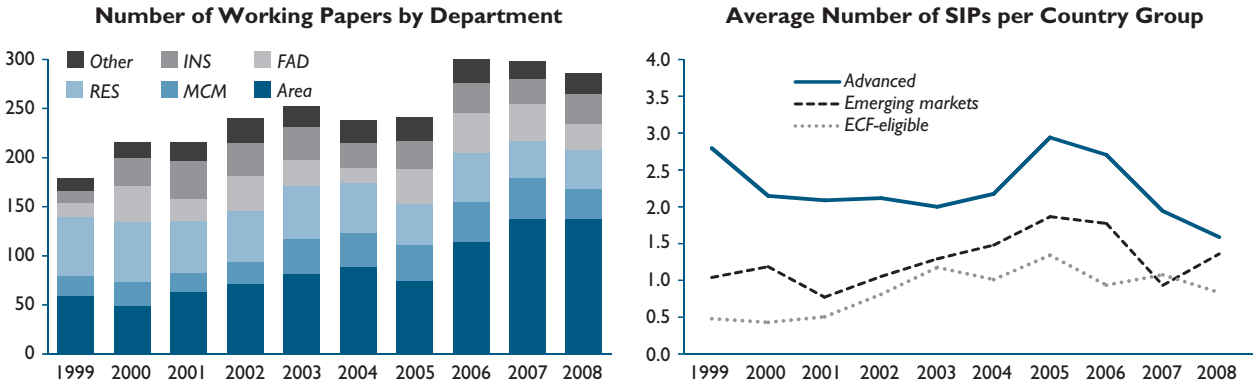
14. WPs and SIPs represented about 40 percent each of the overall research output. All SIPs were issued by area departments in the context of bilateral surveillance, although some of them were prepared by staff from functional departments contributing to the corresponding country work. About two-thirds of the WPs were produced by functional departments. External publications accounted for more than 15 percent of the total research output and were mostly produced by functional departments. The Research Department produced only 15 percent of the total research output, but more than 30 percent of the external publications.

15. The volume and mix of research products changed over the evaluation period. The number of SIPs rose sharply in 2005–06, before declining by the end of the evaluation period to 1999 levels. The number of SIPs per country declined for advanced countries and increased for emerging market and ECF-eligible countries, yet the number of SIPs prepared

Reduction Strategy Papers and the Poverty Reduction and Growth Facility (IEO, 2004, p. 10) noted that "there should be more systematic explorations of country-specific macro-micro linkages—both through the IMF's own analysis and research activities and by drawing more systematically on the work of others."

[6] IEO estimates that about 500 of these pieces represent original unpublished research. The rest had appeared earlier in other forms. For example, most external publications appeared first as a WP or some other internal publication, and about 15 percent of WPs in the latter part of the evaluation period were derived from SIPs.

Figure 1. Working Papers and Selected Issues Papers



Source: IEO estimates.

for ECF-eligible countries remained significantly below those for the other country groups.[7] The number of WPs increased considerably during the review period, and in particular those issued by area departments more than doubled. Table 1 and Figure 1 above and Background Document II—"IMF Research: Taking Stock" (see www.ieo-imf.org) present details on the composition of research and trends over time.

[7] The Extended Credit Facility (ECF) is the IMF's concessional lending facility for low-income countries that replaced the Poverty Reduction and Growth Facility (PRGF) in January 2010. Eligibility is principally linked to a country's eligibility for World Bank concessional lending (International Development Association), with a cut-off per capita national income of about US$1,100.

CHAPTER

3 Relevance and Utilization

16. This chapter examines the relevance and utilization of different IMF research products to country authorities and IMF staff, as well as other stakeholders, mainly based on interviews and surveys. It assesses whether the coverage of IMF research met the expectations and needs of the intended users and whether the research was utilized. A brief description of thematic coverage and patterns of use of IMF research across country groupings is followed by a discussion of each of the research product lines. The chapter concludes by examining factors that need to be addressed to enhance the relevance and utilization of IMF research.

17. To be relevant, research must address important topics and be adequately informed about country context and institutional setup. There are different degrees of utilization of a research product, ranging from awareness, to reading it, to using it in policy discussions and in decision making. The evaluation explored whether authorities read IMF research products and the extent to which they were familiar with their findings and messages. It also considered how these findings and messages entered the policy analysis done by authorities and IMF staff, as well as surveillance and program discussions. It examined the extent to which the research products were used in the work of academics, think tanks, and other international organizations. In practice it is difficult to evaluate the relevance of research separately from its utilization, since potential users must have read or at least be aware of a publication before they can conclude whether it is relevant. Therefore, the evaluation assessed these two dimensions jointly.

A. Thematic Coverage and Patterns of Use Across Country Groupings

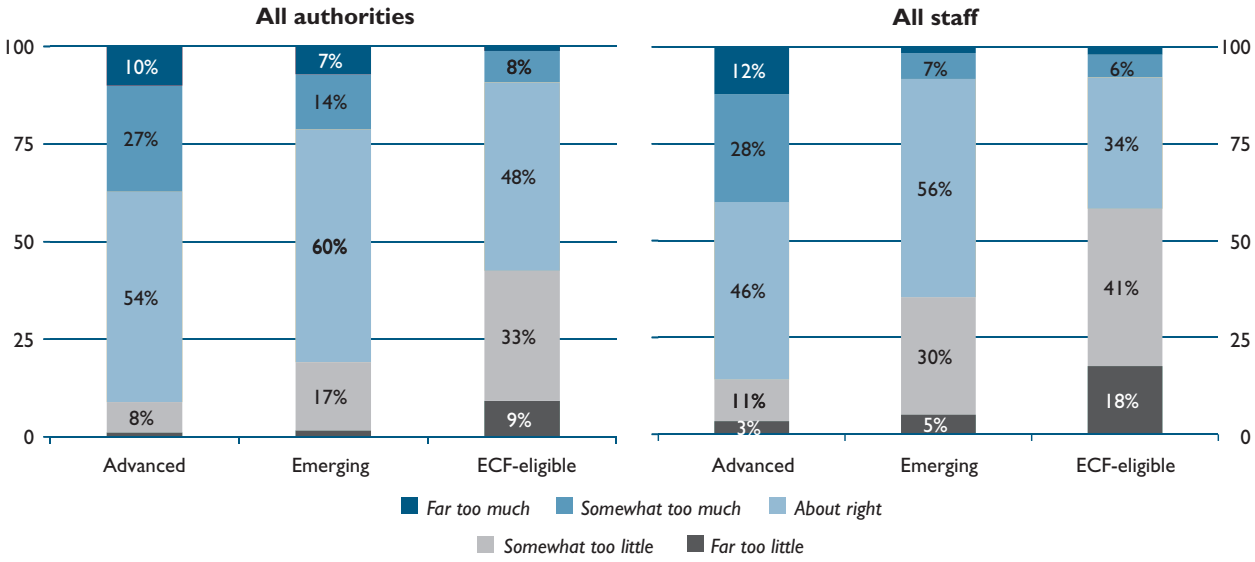
18. Most country authorities reported a high degree of familiarity with IMF research and considered that it was relevant for their needs and interests. They valued the unique cross-country comparative features of IMF research, particularly when research provided case-study lessons and best practices on policies and programs from other countries. Overall, they were satisfied with how IMF research covered global and core macroeconomic issues, especially fiscal policy. Many authorities, however, identified important research gaps that they would have liked the IMF to address, among them macro-financial linkages[8] and aspects of monetary policy—topics that had assumed renewed significance in the context of the global financial crisis.[9] They suggested that consultations on a medium-term research agenda could help IMF staff to identify priorities and gaps, which could help direct research efforts towards these issues.

19. Most authorities were able to identify examples of IMF research that had been helpful in policy discussions in their countries. They were almost universally aware of the main messages in the outlook chapter of the *WEO*, and they also thought that the coverage of the analytical chapters was relevant to their needs. In advanced countries and large emerging market economies, most authorities were also aware of the wide range of research products, including *GFSRs*, WPs, and SIPs prepared for their own countries as well as of SIPs produced for a few other countries. The influence of IMF research on policymaking was greatest in the ECF-eligible countries and least in advanced

[8] IMF staff recognized that insufficient attention was paid to the interaction between the financial sector and the domestic economy before 2008. Since then, the staff has been trying to address this gap and the number of studies on this topic has increased across all research product lines. At the same time, staff pointed out that significant research had been conducted on the global aspects of this interaction, for example, capital account liberalization, and on the long run impact of financial development on growth.

[9] Other areas where authorities wanted more research included pension reform, fiscal rules, capital flows, and intervention policies. Also, euro adoption and the transition were mentioned in Eastern Europe and transition countries, while in South Asia there was interest in research on financial inclusion and fiscal sustainability.

Figure 2. Country Authorities' and Staffs' Views on Resource Allocation
(Percent of respondents)



Source: IEO Survey.
Survey question: How would you describe the amount of IMF research output that focuses on advanced economies, emerging economies, and ECF-eligible countries?

economies: in ECF-eligible countries around two-thirds of the authorities indicated that IMF research had influenced policy, compared with about one-third in advanced economies. In addition to the ECF-eligible countries' lower local capacity for research, this finding may reflect the fact that during the review period many of these countries had IMF-supported programs.

20. In light of the IMF research greater influence in ECF-eligible countries, it is not surprising that 40 percent of country authorities and 60 percent of staff indicated that too little research focused on these countries (Figure 2). Similarly, 40 percent of authorities and staff thought that too many resources had been dedicated to research on advanced economies, while most of them thought the amount of work on emerging market economies had been about right.

21. Country authorities, IMF staff, and others used IMF research on global issues, comparative country studies, and fiscal issues. In particular, authorities appreciated IMF publications drawing cross-country lessons, based on in-depth country studies, which helped them delineate policy options.

22. IMF staff also found IMF research to be relevant to their work, including in their dialogue with authorities, though there were significant differences among the staff in satisfaction with coverage across themes. While the majority of staff found that fiscal issues were "very well" covered, only one-quarter found this to be true for financial sector issues. Staff pointed to macro-financial linkages, monetary policy and transmission mechanisms, and capital account liberalization as key topics requiring further research. Most of the staff were not aware of research that had been produced on macro-financial linkages, pointing to a need for better internal dissemination in addition to more research in this area (see Caprio, 2011).

23. Academics and think tanks in most countries read and cited IMF publications, and many international organizations used IMF research as a reference point for their work on macroeconomic-related issues.

B. Relevance and Utilization by Product Line

World Economic Outlook

24. The *WEO*, one of the two IMF flagship publications, was widely utilized and it was, overall, the most influential publication in terms of the reach of its analysis, findings, and messages. Almost all country authorities reported that they paid regular attention to the *WEO* and said that it was widely read. While the almost-universal use of the *WEO* was driven in part by the extensive use of the outlook chapters, the interviews showed that there was also significant use

and appreciation of the analytical chapters.[10] Authorities mentioned that *WEO* findings and messages often influenced policy discussions with IMF staff.

25. Almost all IMF staff indicated that they regularly read the *WEO*, partly because it was often an integral part of their work. They reported paying close attention to the *WEO*'s analysis of global developments and forecasts as well as the insights and references to research from the analytical chapters. In line with authorities' statements, staff mentioned that *WEO* messages were often featured in surveillance conversations, as a result of having stimulated additional country-specific analysis.

26. In all interviews of staff in other international organizations and think tanks, interviewees reported reading the *WEO* and said that its messages entered policy debates in their organizations. Academics interviewed reported using the *WEO* in their research and in classroom teaching. In ECF-eligible countries, however, some academics thought that the usefulness of the *WEO* was undermined by a perception that its analytical results were sometimes influenced by institutional perspectives.

Global Financial Stability Report

27. The *GFSR* and its analytical chapters were widely read by authorities in advanced and emerging markets—more by officials in central banks and in regulatory agencies than in ministries. *GFSRs* were also widely read in ECF-eligible countries, but their content was less relevant for policymaking in these countries. Most IMF staff also indicated that they read the *GFSR*, but they sometimes felt that the analysis had little policy relevance and that it did not lead to country-specific insights. During the earlier part of the evaluation period, *GFSRs* were quite descriptive and served many authorities and staff as a primer on developments in financial markets and instruments. More recently, as they became more analytical, the *GFSRs* increasingly began serving as a vehicle for staff and authorities to engage in discussion on financial policies. Yet staff sometimes felt that the analysis did not lead to country-specific insights that would have been helpful for their operational work.

[10] The *WEO*, and especially its executive summary and outlook chapters, were the most frequently downloaded output from the IMF website.

Regional Economic Outlook

28. In almost all interviews—except in Africa—authorities said that they did not consider the *REO* and its analytical chapters very useful or insightful and that they were less interested in the *REOs* than in other research products.[11] This was partly because authorities had very limited need for generic regional analysis, especially since most *REOs* cover countries with very different circumstances and institutional settings. The authorities also indicated concerns about the quality of the analysis. In most African countries, on the other hand, authorities and academics reported reading the *REO* with great interest because it was one of the few available sources of regional economic research.[12] Staff noted that often the policy questions in the analytical chapters were not well defined and as a result did not lead to useful insights.

Selected issues papers

29. SIPs were prepared as part of the IMF staff bilateral surveillance work, and they often played an important role in policy discussions between the authorities and the IMF in the course of Article IV consultations and program negotiations. Among government officials, SIPs were read mostly by those directly working with the IMF. Among staff of central banks, SIPs had a wider audience, mainly in research units. Beyond discussions with IMF staff, SIPs were utilized more by authorities in countries where there was little other country-specific research—emerging economies and ECF-eligible countries—than they were by authorities in advanced economies.[13]

[11] The *REO* was initiated in 2003 by the African Department. Gradually, other area departments also started publishing *REOs* for their respective regions. The initial reports focused mainly on recent developments and economic prospects; later reports featured an overview chapter along with two or three analytical chapters that focused on issues of topical importance for the region in question. In commenting on an earlier draft of this report, IMF staff, particularly from area departments, explained that *REOs* have other goals besides carrying out or reporting on regionally specific research, principally as an outreach vehicle to engage in a dialogue with regional policymakers. In fact, country authorities and others explained that *REOs* had limited value added over the *WEO* as a vehicle for such purpose.

[12] Also, more authorities across all country groups in the survey compared with the interviews reported reading the *REO*.

[13] Between 20 and 25 percent of emerging economy and ECF-eligible authority survey respondents said they used SIPs "very frequently," while 8 percent of advanced country authority respondents reported the same.

30. Most authorities welcomed having analytical papers to underpin policy discussions with the IMF. In fact, many authorities identified instances in which SIPs had informed policy discussion with IMF missions. They indicated, however, that relevance would be further enhanced by better consultation on research topics, more country and institutional context, and more exposure to alternative perspectives. Authorities in some countries were more interested in SIPs (and other IMF research) prepared on other countries than on their own. This was mostly the case for authorities from advanced economies who were interested in information on ECF-eligible and emerging market countries.

31. Most area department staff regularly read SIPs written within their own teams. On the other hand, staff noted that use of SIPs beyond those prepared in their own units was hampered by difficulties in searching the IMF website for titles of individual chapters and themes in SIP publications. These difficulties were also cited as a key reason for the limited reach of SIPs among other international organizations and academics.

Working papers

32. The evaluation found that WPs were widely read in central banks and, to a lesser degree, by government officials. In advanced and emerging market economies almost all authorities reported reading at least a couple of WPs each year and sometimes many more. Similarly, two-thirds of the respondents from ECF-eligible countries used IMF WPs frequently. Officials in some advanced economies noted that IMF WPs were a reference in policy discussions and often influenced their briefs to senior policymakers. They explained, however, that IMF research in general and in WPs in particular was generally seen as the best representation of a specific point of view, and that they consulted other sources for other perspectives. They also pointed to the large variability in technical quality across WPs.

33. Researchers from academia and think tanks reported using WPs on a regular basis. They noted that they used these WPs very selectively because of significant differences in their quality and because many of the papers seemed to have ideological biases.

34. WPs were widely read among IMF staff. They served as a vehicle to disseminate emerging ideas within the institution, to share new types of analysis and new ways of looking at country policies.

Macroeconomic modeling

35. While not a stand-alone product line, macroeconomic modeling was frequently mentioned by country authorities separately from other products. Authorities in several countries indicated that they regularly used macroeconomic models developed at the IMF, in particular the latest dynamic stochastic general equilibrium (DSGE) models (see Box 1). This was mainly the case among authorities who had worked with IMF staff in adjusting these models to their country circumstances. In some other countries where collaboration had not taken place, authorities said that results from these models "seemed to come out of a black box" and they expressed concern that models might have been used in ways that did not fit their own countries' circumstances. A noteworthy limitation of these models (currently being addressed) was the lack of linkages between the macroeconomy and the financial sector.

C. Impediments to Utilization

Lack of country context

36. Despite its usefulness, authorities and external researchers felt that IMF research did not achieve its potential effectiveness, particularly in the case of SIPs. Across all country groups the most frequent reason given by the surveyed authorities was that the analytical framework was not suited to the realities of the country. This finding was confirmed in interviews with authorities and external researchers. Academics from ECF-eligible countries and a few from emerging market economies noted that the relevance and hence utilization of IMF's country-specific research was hampered by its lack of understanding of country context and institutions. Even in advanced economies, authorities stated that IMF research often lacked sufficient institutional context (Box 2).

37. Authorities also considered IMF research to be quite insular—authors tended to cite mostly other IMF research and often failed to cite work written by local researchers, thereby missing important institutional dimensions.[14]

[14] In an extreme example, a SIP for India on the corporate sector contained nine citations from the IMF and a tenth from a work by Goldman Sachs, but none to work produced in India, on a subject where much had been published there.

Box 1. IMF Model Development and Utilization

During the past decade the IMF made several efforts to develop general equilibrium models that could capture behavioral relationships within a clear theoretical framework. The goal was to facilitate the technical dialogue between the IMF and member country authorities, particularly in central banks.

In 2001, the IMF developed a two-country version of the Global Economy Model (GEM), a dynamic stochastic general equilibrium (DSGE) model (Laxton and Pesenti, 2003; Bayoumi, 2004). The GEM was first used in the April 2003 *WEO* to assess the impact of changes in labor and product markets for the euro area and the United States. It was subsequently extended to other research applications including the role of monetary policy, structural reforms in labor and product markets, exchange rate pass-through, current account imbalances, the systemic effect of oil prices, and trends observed in trade.

Building on the GEM project, the IMF developed other DSGE models:

- *Global Fiscal Model.* Developed to study the medium- and long-term implications of fiscal policy (IMF, 2004; Botman and others, 2006). It has been used to examine issues like medium- and long-term multipliers, the crowding out effects of government debt, effects of tax distortion, and spillover effects of domestic fiscal policies to the rest of the world.
- *Global Integrated Monetary and Fiscal Model.* Developed to address issues that involve both monetary and fiscal policy (Kumhof and Laxton, 2007), it has been extensively used in the IMF to analyze the impacts of debt, fiscal stimulus, external shocks, and pension reforms on domestic policies (IMF, 2008a and 2008b; Kumhof and others, 2010).

The widespread application of these models was made possible by the training that the IMF modeling team offered to IMF staff and country officials. Versions of these models have been used within the IMF and at central banks in Canada, France, Hong Kong SAR, Italy, Japan, Norway, Peru, Portugal, and Russia. IMF modelers have also interacted with external researchers, including from Chile, Czech Republic, Hungary, Indonesia, Mexico, New Zealand, Sweden, Turkey, the United States, and Zambia.

These models have been useful, but they have some noteworthy limitations, including that the current version of DSGE lacks linkages between the macroeconomy and the financial sector.

Lack of consultation on topics

38. The evaluation found that little consultation took place with country authorities on research topics. Many authorities across all economic groups indicated that they had had little voice in the selection of SIP topics, with two-thirds stating that they had "not very much" or "no input" (Figure 3); the proportion was even higher for ECF-eligible countries. Two-thirds of IMF staff also reported that such consultations seldom or never took place. Authorities mentioned that often they were unaware of topics being researched by the staff until they received the draft SIP, by which time it was too late to change the topic and sometimes too late to comment on the methodology or on the assumptions regarding the country's institutional setup. Authorities also noted a few instances where SIPs analyzed important policy issues but arrived on their desks too late—after a policy decision had already been made without knowing about the IMF research on the topic.

Aligning research products with their intended goals and audience

39. Some authorities mentioned that they found many WPs too theoretical and mathematical and with little applicability and hence did not use them in policy discussions, and often did not read them. Many country authorities expressed a dislike of cross-country panel regressions, saying the policy advice that emerged from this methodology was not very informative. In this context, authorities mentioned that the relevance of *REOs* was undermined because they pooled data from countries with little in common. Most authorities said that they preferred research based on a smaller number of in-depth case studies of comparator countries.

Message-driven research

40. Many authorities believed IMF research was highly predictable and did not allow for alternative

Box 2. Selected Issues Papers: Relevant But Fall Below Their Potential

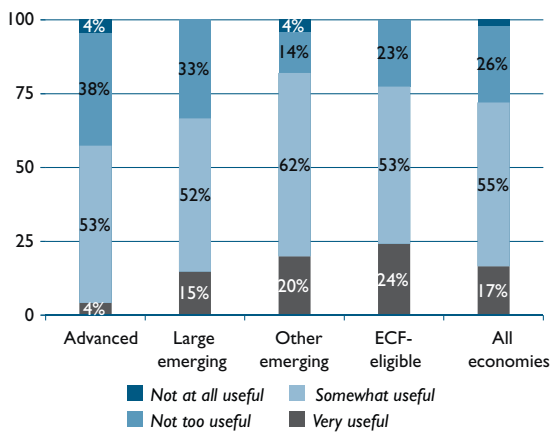
The survey of country authorities included questions regarding the usefulness of SIPs and why these papers may have fallen short of their potential. Specifically, the survey asked:

(i) How useful have SIPs been in informing the policymaking process in your country? The answers ranged from "very useful," "somewhat useful," "not too useful," to "not at all useful."

(ii) In those cases where the answers were below "very useful" the authorities were asked a further question: *When SIPs have fallen short of their potential usefulness what was the reason?*

Seventy-two percent of respondents found SIPs "somewhat" or "very" useful in informing their policymaking (see figure). Views ranged from 80 percent in "other" (nonlarge) emerging market economies that found them useful, to only 57 percent in advanced countries.

Usefulness of SIPs in policymaking
(Percent of respondents)



Source: IEO Survey.

For the 83 percent of respondents whose answer was below "very useful," the survey asked a follow-up question about the reasons why SIPs had fallen below their potential. About 95 percent of this group answered that follow-up question. The answers are summarized below:

When SIPs have fallen short of their potential, what is the reason?
(Percent of respondents)

	Country Groups[1]				
	Adv	LEM	OEM	ECF	All
Authorities who answered "somewhat agree" or "strongly agree" to each reason					
Analysis too late	46	52	61	38	49
Issues not clearly identified	31	30	39	34	34
Analytical framework not suited to realities of your country	70	74	90	77	78
Too theoretical with little practical applicability	53	48	71	66	61
Analysis not on relevant issues	31	43	42	43	40

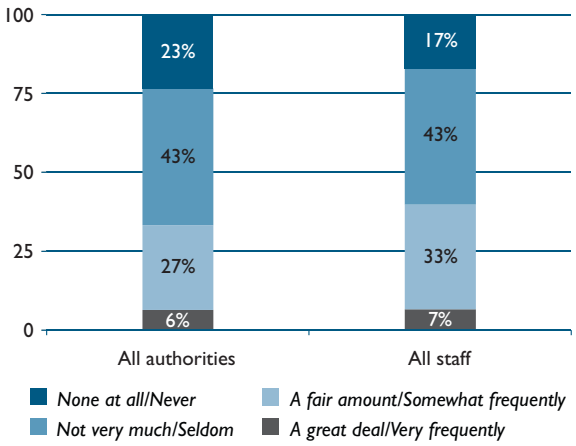
Source: IEO Survey.
[1] Where Adv, LEM, OEM, and ECF denote: advanced, large emerging, "other" emerging, and ECF-eligible economies.

The most frequent reason given across all country groups was that "the analytical framework was not suited to the realities of the country," followed by "too theoretical with little practical applicability." It is interesting that this was the case even for the advanced countries—where data and prior work in the country are probably abundant. These results are consistent with the findings from country visits.

perspectives. This view pertained to the whole spectrum of IMF research products. They reported that the lack of openness to alternative perspectives limited the utilization of IMF research. Almost half of the authorities responding to the survey disagreed "strongly" or "somewhat strongly" that the IMF allowed for alternative perspectives (Figure 4). This perception was particularly strong among authorities in large emerging market economies, around 60 percent of whom responded in this way. A number of the authorities interviewed reported that IMF research seemed to come from a predetermined position and that at times the recommendations did not follow from the analysis conducted.

Figure 3. Country Authorities' and Staffs' Views on Topic Consultation[1]

(Percent of respondents)

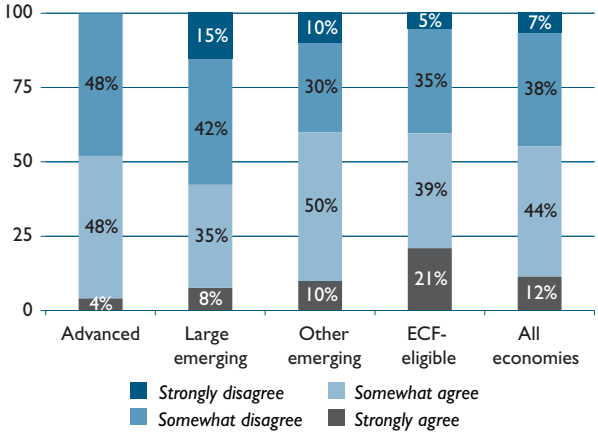


Source: IEO Survey.

[1]The wording of the question was slightly different in the two surveys.

Figure 4. Country Authorities' View: IMF Allows for Alternative Perspectives

(Percent of respondents)



Source: IEO Survey.

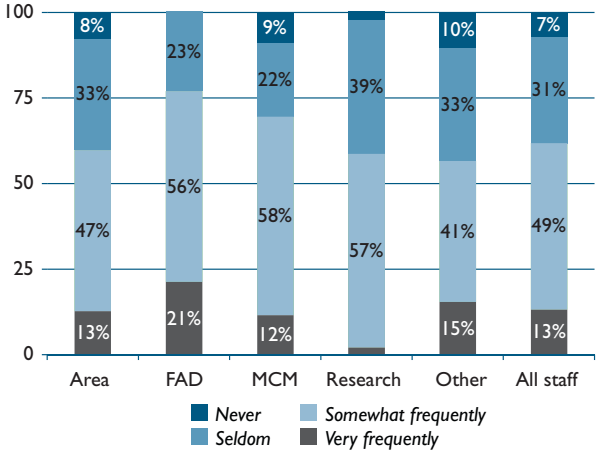
41. Similar views were reported even more sharply by researchers in academia and think tanks. Many of them, especially in ECF-eligible countries, thought that IMF research was biased and that "the IMF was fixated on certain messages and it did not consider alternative views." They observed that a large part of the conclusions and recommendations in WPs and SIPs were not substantiated by the analysis. A few of these researchers mentioned that this was also true of the analytical chapters of the *WEO*.

42. IMF staff also believed that IMF research did not allow for alternative views. The staff survey asked: "*To what extent do you agree that IMF research allows for alternative perspectives and is not driven by pre-set policy prescriptions*?" About 43 percent of the respondents disagreed that IMF research allowed for alternative perspectives. Results varied widely across departments. While about half of the respondents from the Fiscal Affairs Department felt this way, only 25 percent from the Research Department felt likewise.

43. A related survey question was: "*How frequently have you felt that your own research and its conclusions had to be aligned with IMF views?*" Sixty-two percent of all staff respondents reported that their research and its conclusions had to be aligned with IMF views "very frequently" or "somewhat frequently" (Figure 5). This view was reinforced in interviews, in which more than half the staff interviewed said that they had themselves experienced, or knew of instances in which research findings were adjusted to what was perceived as the institutional view on a subject. In follow-up interviews, staff pointed out that it was to be expected that SIPs and *WEO/GFSR/REO* chapters would not contain contrarian perspectives, because those products were perceived as reflecting the IMF's view. They also said that it was easier to present contrarian views in a WP because these papers were understood to reflect the views of their authors (even though many external audiences also perceived WPs as reflecting the IMF's views). Some noted that self-censorship was an easier course and frequently occurred.

Figure 5. Staffs' View: Does Research Need to Be Aligned with IMF Views?

(Percent of respondents)



Source: IEO Survey.

Box 3. Views from Sub-Saharan Africa: Country Specificity and Collaboration

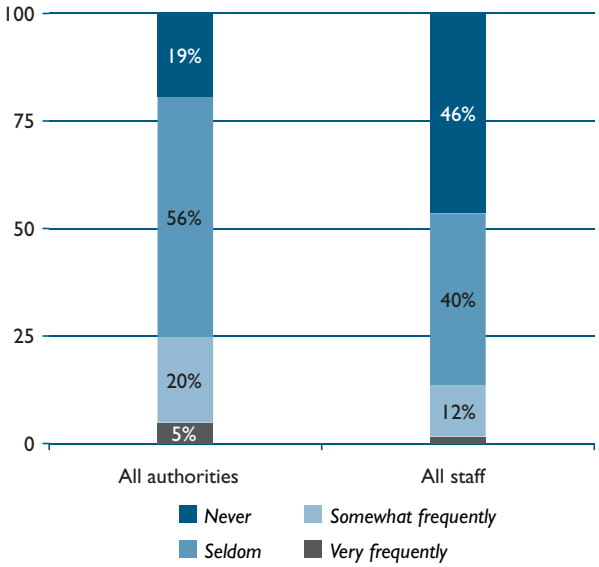
Interviews of officials in ministries of finance and central banks and external researchers showed that in Sub-Saharan Africa (SSA), IMF research was widely read, especially the *WEOs* and SSA *REOs*. Research topics were generally considered relevant and there was interest in enhancing the value of SIPs to SSA countries.

There were four interrelated areas in which stakeholders thought important improvements were needed to increase the relevance and effectiveness of IMF research in the region:

- Incorporate more country context including institutional features and constraints.
- Increase consultation in the identification of research topics, and discuss work in progress.
- Collaborate with local researchers to help capacity building, improve transparency, and promote replication. This collaboration would also enhance the relevance of the research by incorporating country context.
- Focus on relevant in-depth case studies of countries from which lessons could be drawn. Though cross-country comparisons were highly valued, many of these studies had been based on econometric studies pooling data from heterogeneous countries with unclear implication for their own country.

Figure 6. Country Authorities' and Staffs' Views on Frequency of Research Collaboration

(Percent of respondents)



Source: IEO Survey.

Lack of collaboration on research projects between staff and country authorities

44. The evaluation found limited evidence of IMF staff collaboration on research projects with country authorities (Figure 6). Collaboration was most common in emerging markets, and least common in ECF-eligible countries (Box 3). Many interviewed authorities expressed interest in closer collaboration on research projects between their staff and IMF staff. They believed that such collaboration would help to provide country context to IMF research, and that it would heighten its policy impact. They would also welcome the corresponding knowledge transfer.

Dissemination

45. Dissemination is critical for country authorities and others to absorb the policy implications of IMF research. Most authorities were aware of the publication of the *WEO* and the *GFSR,* and a few were also aware of these reports' main messages. But naturally, given its size, this was not the case for most of the research output.

46. A few specific comments on dissemination were quite common. Authorities in 40 percent of the ECF-eligible countries mentioned that utilization had been negatively affected because they no longer received hard copies of publications. Many were unaware that they could register at no charge on the IMF website to receive e-mail notices about WPs and other publications. They and academics in these countries mentioned that searching for documents on the web, while improving, was sometimes difficult. Authorities in a number of emerging market and ECF-eligible countries would welcome more translation of IMF research.

CHAPTER

4 Technical Quality of IMF Research

47. This chapter examines the technical quality of the different types of IMF research. It assesses the soundness of the analysis and policy conclusions in different product lines, as well as the clarity of exposition in relation to their intended audience. The evaluation criteria were adjusted to take into account the different goals and intended audiences of each category (and product line) of research.[15] Surveillance-oriented research was assessed on the basis of how well it explained the relevance of the policy issue being examined, the appropriateness of the analytical framework and data used to address the question posed, and the clarity of the policy conclusions. In addition, academic-style output was judged on the basis of whether it generated new knowledge or broadened the understanding of policy frameworks.

48. Overall, the evaluation found that the analytical chapters of the *WEO* and the *GFSR* as well as external publications were of high quality, while the quality of other product lines was mixed, with great variability within products and across themes. One common weakness was that policy conclusions were not always well linked to specific analysis, giving the impression that the IMF was mechanical in its policy recommendations and that it did not take into account changing circumstances or the features of different country groups. Authorities, staff, and other stakeholders considered the quality of IMF research to be at least as good as that of other international organizations, but views differed on whether it was at par with that of some monetary authorities.[16] All agreed that IMF research was not comparable with research produced in academia because it was much more policy oriented.

A. Surveillance-Oriented Output

World Economic Outlook

49. A peer review was conducted of the *WEOs'* 30 analytical chapters issued between 2004 and 2008 (see Kiguel, 2011). On average, *WEO* chapters were highly rated, particularly for the clarity of presentation and the technical analysis. The topics addressed were judged relevant as they focused on issues that dominated international policy discussions. Specific examples of strong analytical work included the discussions of inflation targeting in emerging market economies (September 2005), global imbalances (September 2005), and decoupling (April 2007). The country coverage achieved a good balance between developed and emerging market economies, but there was little coverage of ECF-eligible countries.

50. Some areas of weakness in the *WEOs* were identified. It was found that policy advice was often vague or too general to be of practical use, for example, arguing in general terms for fiscal adjustment, freer capital flows, and stable and predictable monetary policies. Also, conclusions were not always clearly drawn from the analysis, giving the impression of being message-driven.

[15] The chapter is based on six background papers (summarized in Annex 4) that present the findings on technical quality from peer reviews conducted by external experts on each of the main product lines of research, as well as on a citation review of WPs. In addition, it presents the findings from semi-structured interviews and surveys of authorities, staff, and other stakeholders. The peer reviews focused on major qualitative dimensions of the research: the clarity of the questions posed, the appropriateness and proficiency of the technical analysis, whether the conclusions were firmly grounded in the analysis, and the policy relevance of the conclusions (see Annex 2 for a detailed discussion of the methodology).

[16] Authorities considered the technical quality of IMF research better than that produced at the World Bank and the OECD, but not as good as research from the BIS, the U.S. Federal Reserve, or the ECB. Authorities from ECF-eligible countries rated IMF research favorably compared to institutions in their own countries, but those from advanced and large emerging market economies were more ambivalent. IMF staff considered that its research compared favorably to that of the OECD and World Bank and was at par with that of the BIS and ECB, but was not as good as that of the U.S. Federal Reserve.

51. Country authorities and staff also rated the *WEO* very highly, consistent with the peer review. These views were echoed by most external researchers interviewed. Staff attributed the higher quality of the *WEO*, relative to other research products, to the greater resources devoted to its production, to the contributions of external consultants, and to the thorough review to which it was subjected.

Global Financial Stability Report

52. A peer review of the *GFSR* examined the 20 analytical chapters written between 2004 and 2008 (see Kiguel, 2011). It found that the quality of the *GFSR* improved over time and that by the end of the evaluation period it was as good as that of the *WEO* chapters, as the content and analytical framework of the report improved. Still, the *GFSR* policy recommendations were often too numerous or not specific enough to be of practical use.

53. Country authorities, staff, and academics also rated highly the technical quality of the analytical chapters of the *GFSR*, only slightly below that of the *WEO*.

Regional Economic Outlooks

54. A peer review of the technical quality of the *REOs* reviewed all 44 of these publications issued from 2003 to 2009, focusing on analytical quality and exposition (see Montiel, 2011). Overall, the technical quality of *REOs* was assessed as being lower than for other publications, although their quality had improved over time. The quality of the analysis suffered because it was often based on pooled data from countries with very different circumstances. While many *REOs* were found to be insightful and well-grounded in empirical work, many more were judged to be too prescriptive and weakened by a tendency to advocate policies with little mention of options and trade-offs. There were also many instances of unsubstantiated claims, and missing or incoherent analysis.

55. Most of the country authorities, staff, and academics interviewed also found the quality of *REOs* to be much lower than that of the *WEOs* and other research outputs.

Selected issues papers

56. A peer review of the technical quality of SIPs examined a sample of 60 papers issued during 2004–08, taking two papers from each of 30 randomly selected countries (see Selowksy and Škreb, 2011). It found that a majority of these papers were good enough for the purpose they served, but that their quality varied widely. A significant number of papers were of high quality, but many were totally unsatisfactory. SIPs for advanced countries were better than those for emerging markets, and quality was lowest for ECF-eligible countries. Good SIPs addressed well-defined and relevant questions and showed familiarity with country context. The weak papers, on the other hand, showed limited knowledge of the country's basic institutional context and seemed to have been hurriedly prepared. Some SIPs applied quantitative techniques without explaining their appropriateness or discussing data-related and other limitations. Many used aggregate cross-country data, even when country-specific analysis would have been more appropriate.

57. The feedback on SIPs from different sources was somewhat inconsistent, partly reflecting the large dispersion in the quality of these papers. In interviews, most authorities said that the quality of SIPs varied widely. Many pointed to insufficient country context, and noted that SIPs tended to cite only other IMF research and did not acknowledge research done by local economists. In the survey, however, a majority of authorities rated the overall quality as "somewhat good" though weaker than for most other IMF research products. Similarly, in the survey a majority of staff rated the quality of SIPs as "somewhat good." But in interviews, staff was much less positive, with some comparing SIPs to "term papers." Staff indicated that the quality was affected by the fact that often SIPs had to be produced very quickly and that they needed to be closely aligned with the timing and policy directions of the bilateral surveillance process of which they were an integral part.

Occasional papers and staff position notes

58. The evaluation team reviewed a small sample of the IMF's other policy-oriented research, which included occasional papers, policy discussion papers, and staff position notes. Generally, these papers were found to be well written, articulating the policy relevance of the findings and providing advice to policymakers in simple, clear language. However, they sometimes lacked the analytical and empirical detail found in WPs and other academic-style products.

B. Academic-Style Output

Working papers

59. The evaluation conducted two peer review assessments of random samples of 60 WPs each, one on monetary frameworks and the other on fiscal revenues (see Kuttner and others, 2011 and Boadway and others, 2011, respectively).[17] These panels found a wide dispersion in the quality of WPs. In both assessments, about 10 percent of the working papers reviewed received the highest rating, while about one-third of the papers was considered to be of low quality and 5 percent was rated unacceptable. The best WPs typically offered original or innovative findings and a critical assessment of the results and their robustness, and drew policy implications. They were well focused, included a thorough literature review, and used appropriate statistical techniques. The weaker WPs were a larger and more diverse group with a range of shortcomings. They lacked a coherent conceptual framework and in some instances used inappropriate empirical approaches. Many were superficial, had poor documentation, and lacked robustness checks. In some, the conclusions were not well grounded in the analysis and lacked appropriate caveats. WPs produced by the Research Department, FAD, and MCM were rated highest, while many of the weakest had previously been issued as SIPs.[18]

60. The evaluation also conducted a study comparing the publication and citation records of IMF WPs with those of a group of central banks and other international organizations (see Aizenman and others, 2011).[19] More than one-third of IMF WPs were subsequently published in professional journals within three years of their issuance—similar to the share of publications in the comparator institutions. On average, 40 percent of IMF WPs received citations within the comparator group and 60 percent received citations overall. The number of citations received by each paper varied widely. Though about 40 percent of the IMF working papers were not cited, some of those cited received a large number of citations—again a pattern similar to that of WPs issued by comparator institutions and academia. Excluding self-citations (i.e., citations in other publications from within the same institution), IMF WPs were cited more often than those of other international organizations, but not as often as those of the various U.S. Federal Reserve banks.[20] During the review period, there was an increase in the number of citations for the most cited IMF working papers.

61. For WPs as for SIPs, the feedback from the surveys and interviews was somewhat inconsistent, once again most likely reflecting the wide dispersion of quality. More than half of the country authorities responding to the survey rated the technical quality of WPs as "very good." However, in interviews both authorities and external researchers expressed much more negative views; both groups reported a significant unevenness of quality. Some observed that it was hard to compare IMF WPs to papers produced by academic researchers because the IMF papers focused on policy issues that are often difficult to model. In some ECF-eligible countries and emerging markets, authorities and local researchers believed that IMF WPs were too technical. At the same time, some academics, especially from advanced economies, noted that the IMF's empirical WPs often lacked a coherent conceptual and theoretical framework. These papers tended to use reduced-form regression analysis where the variables were loosely linked to theory, making the results difficult to interpret.

62. Staff were more critical of the technical quality of WPs. Only 20 percent of survey respondents rated WPs as "very good" while about 15 percent rated them as "very poor" or "somewhat poor." Negative views were also expressed in interviews.

63. Ensuring high and consistent quality of WPs is more important for the IMF than for academic and other institutions because, as mentioned above, most country authorities and other readers saw the IMF's

[17] These topics were selected because they are at the core of the IMF mandate and expertise. Each review was conducted by a panel of three academics with recognized expertise on the corresponding topic.

[18] During the period under review, there was a gradual increase in the number and share of WPs prepared by area departments which was linked to a perception among staff that producing WPs had become an important element for promotion. This increase led to an increase in the quality dispersion of WPs.

[19] Such comparisons are a common tool for measuring the quality of research. Data on the citation of WPs were obtained from the RePEc project and from Google Scholar. All RePEc information is freely available from their website (www.repec.org). The benchmark institutions were: Bank of Canada, U.S. Federal Reserve Board, Federal Reserve Bank of New York, Federal Reserve Bank of San Francisco, Inter-American Development Bank, Organization for Economic Cooperation and Development, and the World Bank. The methodology used in this background study was similar to the Bank of Canada study by St-Amant and others (2005), which investigated the relevance and utilization of central bank research.

[20] The citation count does not include publications in developing countries, particularly in languages other than English, and thus underestimates the citations of research produced by international organizations relative to the U.S. Federal Reserve. Also, the frequency of IMF papers to cite other IMF work was at par with other international organizations, but higher than for the U.S. Federal Reserve.

WPs as final outputs and as broadly representing the views of the IMF. Many IMF staff also reported that they saw WPs as final outputs that they did not intend to revise nor submit for publication in external journals.

IMF Staff Papers and external publications

64. Papers published in *IMF Staff Papers* and external professional journals were of high technical quality—not surprisingly since these papers had undergone a refereed review by the corresponding journals. However, except for studies published in *IMF Staff Papers*, the IMF did not get much recognition among authorities and other stakeholders for the research in these external publications, because most officials did not follow professional journals and often, when they did, they did not focus on the author's affiliation. A majority of these papers had previously appeared as WPs or as *WEO/GFSR* chapters.

CHAPTER

5 Management of IMF Research

65. This chapter examines the organization of research activities at the IMF, looking in particular at resource allocation; prioritization and coordination; collaboration across IMF units and with authorities; the review process for research documents; incentive structure; and dissemination.[21]

A. Resources for Research

66. Research activities accounted for about 10 percent of the IMF's gross administrative budget and about 8 percent of staff time over the evaluation period.[22] Area departments together accounted for nearly a third of the time devoted by the IMF to research, RES for about a fifth, MCM and FAD each accounted for just over 10 percent, and INS accounted for about 5 percent of the overall research time.

67. In RES, where about 55 percent of staff time was devoted to research, nearly 80 percent of staff reported that they found enough time for the research needed for their day-to-day work, and half had enough time to conduct "self-initiated" research. In other departments, a much smaller share of staff time was devoted to research—for example, about 10 percent in INS, MCM, and FAD—and only 40 percent of staff reported that they were given enough time for the research needed for their work (and only 15 percent had enough time for "self-initiated" research). This is consistent with staff's view that in these departments research is considered a residual activity.

B. Prioritization and Coordination

68. There was limited coordination or prioritization across departments (see Box 4), despite the widespread view among staff that priorities for research should be set across departments, if not IMF-wide. Attempts have been made in the IMF to introduce a coordinating mechanism, for instance through the Committee on Research Priorities as recommended in the 1999 Mishkin Report, but none of these has endured. On the other hand, a majority of staff responding to the survey (and nearly 90 percent of the respondents in RES) reported that research priorities were discussed within their division "somewhat frequently" or "very frequently."

C. Collaboration on Research Projects

69. Collaboration on research projects across units within the IMF was infrequent and resulted mostly from informal personal contacts and individual preferences. Occasionally RES or SPR would coordinate interdepartmental research, or an area department sought to have regional units coordinate a study on a cross-country issue. But almost two-thirds of staff reported that there was little incentive to collaborate across the institution. In particular, there was little collaboration between RES and MCM—which may explain, at least in part, why macro-financial linkages did not receive more attention.

70. Collaboration with researchers from outside the IMF was very common among RES economists

[21] For more details see Background Document III: "Management of IMF Research" (www.ieo-imf.org).

[22] These estimates include the full range of research activities considered research by this evaluation, a more comprehensive definition than the one used in IMF budget documents. The evaluation examined the resources dedicated to research by reviewing budgets and reports on the use of staff time. Changes in the IMF's budget and time reporting systems during the evaluation period complicated the analysis of time spent on research. An additional complication was that time reporting practices varied across individuals and departments, and that departments did not explicitly allocate resources for many research activities that were considered intermediate outputs. Calculations of time spent on research include all time reported as spent on the *WEO, GFSR*, and *REOs*, without differentiating between research and other related activities.

Box 4. Views of Current and Former Directors of Research

This box reports the views of four current and former directors of the IMF Research Department.

Main goal of IMF research. Interviewees held the view that the main goal of IMF research was to aid the IMF in surveillance and give credibility to IMF advice to member countries. They thought research needed to be applied and closely linked to the operational work of the Fund. A strong research program was needed to attract and maintain quality researchers. One former director said that IMF research was an important public good.

The setting of research priorities. There was limited coordination on setting research priorities across the institution. Within the Research Department priorities were set in a variety of ways including open-ended brainstorming, top-down decisions, interests of individual researchers, and reaction to current economic developments. In other departments, research priorities were derived from operational needs or determined by Management.

The role of the Research Director as Economic Counsellor to the Managing Director and leader of IMF research. Views varied on how easy it was to perform the dual role of Economic Counsellor and Director of the Research Department. At least two directors said that they faced tension between these roles. One stated that his focus had been mainly on providing advice to the IMF and member countries, and not on research per se. On the other hand, there was a unanimous view that it was not feasible for the Economic Counsellor to coordinate, let alone manage, research across the Fund, because of other demands on the Counsellor's time. Also, it was not clear how the Counsellor could perform this function in the current organizational structure.

The technical quality and the review of working papers. WPs were commended as a good vehicle to transmit the staff's research to the public, even though there was considerable variability in their technical quality. Some noted that the lower quality papers tended to come from area departments, where there was less time to conduct research. One director stated that it is important to recognize the long gestation period needed for research to be produced and then again the lag between its production and its impact. Another stated that he did not read WPs and had no interest in vetting those papers. Most acknowledged that there was little screening of WPs and felt that a reexamination of the review process was timely, but expressed concern that attempts to set quality standards might lead to censorship. One director thought that establishing a standard quality assurance process, such as an early seminar, would allow vetting without censorship.

Quality and review of selected issues papers. Views on SIPs varied widely. One director said that he read SIPs on countries he was visiting and found them informative. This director also noted that SIPs have a very different objective than WPs and hence their review process should differ from that for WPs. Another director said that the quality of SIPs was very mixed, partly because they were prepared under tremendous time pressure. Other directors were less familiar with SIPs, with one admitting to never having read one. One called for re-energizing SIPs, by having them address big issues so that research was used to back the recommendations the Fund was providing.

Diversity in research. The general observation was that IMF research reflected a range of views and approaches. One director, however, noted that this was limited by the lack of diversity in staff's educational backgrounds. Directors also noted that "sometimes Management has its views and this influences research and policy advice."

(64 percent reported collaborating at least "somewhat frequently" with outsiders). The Annual IMF Research Conference is an example of collaboration led by RES with researchers from academia and from other international organizations. Such collaboration was very infrequent in other departments (less than a quarter of economists had ever worked on a research project with non-IMF researchers).[23]

D. Review of Research Documents

71. There was no systematic IMF-wide process to review research products. The review process varied across departments and research products. The *WEO* and *GFSR* were subjected to a formal and structured interdepartmental review process.

[23] To improve transparency and facilitate collaboration, both inside and outside the institution, the IMF could consider establishing an online repository for nonproprietary data, thus allowing replication and validation of results by member country officials and other stakeholders.

REOs were reviewed through a structured process in each area department, but these processes varied across departments. There was no systematic and uniform process for reviewing WPs and SIPs. In most departments, division chiefs reviewed WPs and mission chiefs were responsible for reviewing SIPs. Departmental seminars were used in some, but not all, departments as part of the review process and to gather comments.

E. Incentives and Performance Review

72. Research was a criterion for assessing staff performance in most departments, but there was no uniform approach and the weight that it was given often depended on the individual supervisor. Survey results indicate that staff thought that too little weight was given to research and in particular to its quality. In general, performance reviews focused on the number of publications rather than their quality, except in RES.

F. Dissemination

73. Dissemination is critical to ensure impact from research. The dissemination of the *WEO*, the *GFSR*, and a few other key documents was very effective and its messages seemed to have reached the intended audiences. On the other hand, many staff and authorities noted that it was hard to know what had been published recently and that they had difficulties distilling the policy implications of new research. This was in part due to the large number of publications and the lack of a simple search engine. In particular, they noted that there was no searchable database of SIPs.

74. During the evaluation period, the IMF moved towards Internet-based dissemination, reducing the production and distribution of hard copies. At the same time, it started a free email service to inform registered users about the issuance of WPs and some other products. The shift to electronic dissemination facilitated access in most member countries and by staff, but authorities in 40 percent of ECF-eligible countries indicated that it had diminished their usage of IMF publications, partly because of connectivity problems.

CHAPTER

6 Conclusions and Recommendations

75. The IMF produced a vast body of research that included a large number of high-quality and very useful products, which were appreciated by country authorities, staff, and the research community. This was particularly true for the *WEO* and *GFSR*, but also for many other publications. IMF research publications were widely read by authorities in member countries and played a significant role in policymaking and in discussions with IMF staff. IMF research was also influential among other international organizations, academics, and think tanks. At the same time, this evaluation found that there is significant scope to improve the relevance and quality of IMF research, and hence enhance utilization. The remainder of this section focuses on those areas where research activities and products could be improved.

A. Main Findings and Conclusions

76. First, the relevance of research to authorities and its utilization were hampered by the lack of early consultation with country authorities on research themes and by a lack of country and institutional context. Coverage of global issues and most core macroeconomic issues was adequate, but there were some important gaps such as macro-financial linkages and aspects of monetary policy. A majority of country authorities found that SIPs had fallen short of their potential, because they were not consulted on the choice of topics, and because these papers used analytical frameworks poorly suited to their countries' situation and did not reflect a good knowledge of local institutions. Authorities in most countries, except in Africa, did not consider the *REO*s very useful because they had very limited need for generic regional analysis and because the *REO* lacked the type of in-depth comparative or cross-country research that helped them distill lessons and best practices from other countries. Finally, there was little collaboration on research projects between local researchers and the IMF, an area of interest to many country authorities.

77. Second, the technical quality of IMF research products was very uneven. The analytical chapters of the *WEO, GFSR,* and external publications were of high and consistent technical quality. Some WPs made a contribution to the literature and were extensively cited. While the quality of most WPs and SIPs was adequate, the quality of many of them, as well as many analytical chapters of *REOs*, was below satisfactory. This is a serious concern because most country authorities perceived these publications as having been closely reviewed, if not endorsed, by the IMF, and accordingly took their findings and recommendations into account in policy analysis. Also, low-quality publications negatively affect the reputation of all IMF research. A reason for the low quality of some publications is that they were prepared in a very short time and with limited resources (this was particularly the case for SIPs). Also, there were no IMF-wide quality standards or a uniform review process that would prevent low-quality papers from being issued.

78. Third, there is a widely held perception that IMF research is message driven. About half of the authorities held this view, and more than half of the staff indicated that they felt pressure to align their conclusions with IMF policies and positions. Policy recommendations provided in some research publications did not follow from the research results, and a number of country authorities and researchers noted that IMF research tended to follow a pre-set view with predictable conclusions that did not allow for alternative perspectives. This detracted from the quality and credibility of studies and reduced their utilization.[24]

[24] The tendency of IMF publications to conform with prevailing IMF views was also documented in the IEO's recent evaluation of the IMF's performance in the run-up to the crisis (IEO, 2011).

79. Fourth, it was difficult for country authorities and staff to distill relevant findings and policy implications from IMF research, given its large volume and the lack of a simple way to search through the IMF's research output.[25]

80. Fifth, there was no IMF-wide leadership of research. Research activities were highly decentralized, and there was very limited coordination across departments. There was no mechanism to set IMF-wide priorities or quality standards. Collaboration among staff across departments was limited and mostly based on personal relationships. Following similar findings by the 1999 External Evaluation of Research in the IMF (Mishkin and others, 1999), the IMF established an interdepartmental committee to prioritize and coordinate research, and share information across departments. But the committee did not meet systematically and it was not effective. There was broad agreement that there is scope to better prioritize research activities and to improve quality assurance across the IMF.

B. Main Recommendations

81. This section presents four clusters of recommendations aimed at addressing the main shortcomings identified above.

82. **To enhance the relevance of research:**

- The IMF, in consultation with country authorities, should conduct a periodic strategic review of the function and uses of its research product lines to establish whether they should be strengthened, redesigned, or discontinued. Moreover, an indicative medium-term research agenda should be prepared in consultation with member countries and the Executive Board. This agenda should be made publicly available, and should not be seen as excluding research on other themes and areas.
- Staff should consult country authorities on topics for SIPs and other research to be conducted as background for bilateral and regional surveillance, but should also be able to research other relevant topics.
- To enhance the country and institutional context of country studies (particularly of SIPs), preliminary results should be discussed with authorities and other in-country experts. Longer country assignments would also contribute by enabling greater familiarity with country conditions, as would collaboration with country authorities on research projects.

83. **To enhance the technical quality of analytical work:**

- Management and staff need to allocate adequate time and resources to each research project, even if this leads to fewer publications.
- The IMF needs clear standards for technical quality of different research products. To this end, it needs to strengthen quality assurance and review processes.[26] For example, WPs could be subjected to a well structured external peer review, which would contribute to ensure greater openness to new and alternative ideas in addition to weeding out low quality products. Similarly, SIPs could be reviewed by the relevant functional department, in addition to a more thorough review within the issuing area department.
- Incentives to improve the quality of research should be strengthened. For example, Management should clarify that staff annual performance evaluations should assess the quality of research as well as take account of quantity.

84. **To promote openness to alternative perspectives:**

- Researchers should be allowed to explore issues without preconceived conclusions or messages. The Board, Management, and senior staff should actively foster an environment that encourages innovative research and should establish incentives for staff to pursue such research. After a thorough quality review, staff should be able to publish WPs and other academic-style products even when the results of their analysis are not well aligned with messages in surveillance documents.[27] This openness is not simple to implement, given the demands

[25] At the end of the evaluation period, the IMF launched a staff position notes series (later renamed staff discussion notes) aimed at distilling lessons from clusters of research publications and to promote debate on their policy implications. It is too early to assess whether this series will fill the gap mentioned here.

[26] Review processes and quality standards may differ across product lines, given their different objectives, audiences and the time constraints under which they are produced. But these processes and standards should be uniform for the same products across departments.

[27] As WPs become more diverse in their findings and messages, the general public would be less likely to misconstrue any single WP as representing the IMF's views.

for consistency of the operational work, but it is critical to the credibility of IMF research.

85. **To improve the management of IMF research:**

- Management should designate a senior staff member to be the leader and advocate of research activities across the IMF.[28] This leader, the Research Coordinator, would be responsible for coordinating research activities across the IMF—including by setting standards for quality review processes and publication policies, promoting openness to alternative perspectives—and for addressing other weaknesses identified in this evaluation. The research coordinator should report annually to the membership and the Board on research priorities and achievements.

[28] The committee set up following the 1999 Mishkin report to fulfill similar functions was chaired by the First Deputy Managing Director (FDMD). Another natural candidate for the research coordinator position would be the head of RES. But past experience and feedback from current and former heads of RES indicate that it would be difficult for these senior officials to devote sufficient time and attention to these tasks. A practical alternative would be to have the FDMD or the Research Director become the research coordinator but to have a small unit in the Research Department under him/her to fulfill these tasks.

ANNEX I

Status of the Implementation of Recommendations from the 1999 External Evaluation of Research in the IMF[29]

Recommendation	Status
1. Create a Committee on Research Priorities (CRP) to assist in strategic planning and to support research activities.	• The CRP was established in November 1999. It identified priorities, encouraged research in selected topics, facilitated discussion and coordination among departments, and sponsored seminars. • The CRP became inactive after 2001. However, memoranda from the Managing Director on work organization continued to refer to the CRP. • In 2004 the Research Committee was established with broadly the same mission as the CRP but was not sustained beyond 2006.
2. Introduce explicit departmental targets for staff time allocated to research activities.	• No evidence was found of explicit Fund-wide targets for dedicated research time, but resources were allocated for research within some departments. • For example, RES provided notional guidelines for the department, splitting time equally among operational work, "directed" research, and "self-generated" research. There was evidence that staff time was also explicitly allocated to research in some other departments, e.g., IMF Institute and MCD.
3. Shift the mix of research toward topics that add the most value.	• In January 2000, the CRP identified Fund-wide research topics. It also asked relevant departments to take stock of existing work on financial markets and developing or transition countries and to propose new work where gaps existed, with the goal of shifting more resources to research in these areas. • An interdepartmental Committee on Low-Income Country Work chaired by the First Deputy Managing Director was formed in 2004. Its goal was to ensure internal and external coordination of research, policy development, operational practice, communication, and outreach on low-income countries. • During 1999–2008 there was an increase in the coverage of fiscal and financial issues in working papers (WPs) and selected issues papers (SIPs). • There was a shift in the country focus of SIPs toward emerging market economies and a small increase in the number of SIPs on ECF-eligible countries. However, the average number of papers per ECF-eligible country remained lower than that for other income groups.
4. Create incentives to improve collaboration among departments and to encourage researchers to contribute to policy work.	• The Interdepartmental Working Group on Fund Research (WGFR) constituted in 1989 continued to gather and disseminate information on ongoing and planned research projects across the Fund. • Some departments recognized a researcher's service to other departments in the annual performance review (APR). • Collaboration among departments took place on specific issues (e.g., G-20 Surveillance Notes, climate change). • Several departments have established collaboration sites on their internal web pages.
5. Improve assessment of research quality in the annual performance evaluation system.	• Quality of research is not part of the APR process in a uniform manner across the institution. • The decision on whether and how to recognize quality as part of the APR process is made at the divisional level and may vary across departments and divisions.

[29] This annex was prepared by the IEO to assess the status of the 22 recommendations that were contained in the External Evaluation of IMF Research prepared by Mishkin and others (1999).

Annex I *(continued)*

Recommendation	Status
6. Give all staff, no matter how junior, opportunities to present their research products to management and the Executive Board.	• This is not a standard practice at the Fund.
7. Management should give a clear mandate to the Director of the Research Department to be both an active research leader and economic counsellor to the Fund.	• The mandate of the Director of Research and Economic Counsellor remained largely unchanged for the four directors who served during 2001–10. • The Director's mandate continues to include the function of Economic Counsellor, and to lead the research of the Research Department, but not the research conducted in the rest of the IMF.
8. Create a more effective performance evaluation system.	• Overall, changes in the performance evaluation system since 1999 have sought greater differentiation by performance, but in 2008 the system was simplified, limiting performance ratings to four categories.
9. For departments other than Policy Development and Review Department, the Fund should consider how to reduce unnecessary internal review of Fund work and avoid formal written comments where informal communication would be adequate.	• The review of working papers by EXR was reduced. • In most departments research was reviewed primarily by division chiefs. SIPs were reviewed by the mission chiefs. In some cases, internal seminars were used to secure feedback. Inter-departmental reviews occurred mainly with *WEO, GFSR,* and *REOs*. • The Fund-wide review process was examined several times during the evaluation period, including in 2003–04 and more recently in 2007, when the Working Group on Simplifying the Review Process made recommendations that led to the introduction of a new process in 2009.
10. Encourage participation in relevant external conferences.	• In 2000 CRP increased the travel budget for staff attendance at outside conferences. • Performance appraisals in RES took into account participation in important conferences.
11. Put only the names of significant contributors on Fund publications.	• According to interviews of department managers, treatment of authorship was mixed. In some departments, everyone associated with a paper was included as an author. But, in other departments a clear effort was made to only mention key contributors as authors. • A 2007 department self-evaluation stated that RES adhered to this recommendation.
12. Improve collaboration between World Bank and Fund researchers.	• A monthly Bank-Fund research seminar was initiated in November 1999. However for the most part, the papers were not based on joint research. • A 2006–07 review of Bank-Fund collaboration cited joint work on specific products to which collaborative research may have contributed, such as FSAPs, the HIPC Initiative, and debt sustainability analysis.
13. Introduce more flexibility into hiring procedures for entry-level economists.	• The Economist Program selection process was modified to attract some candidates with a strong research interest and demonstrated research abilities. Research submissions were part of the selection process and RES contributed to the selection process of these candidates.
14. Consider streamlining the management structure in the Research Department.	• Management processes and structure in the Research Department were changed several times in the past decade, typically following the appointment of a new department head.
15. Write and disseminate nontechnical summaries of the highest quality and most relevant research.	• In June 2000, the Research Department began publishing a quarterly research newsletter, the *IMF Research Bulletin*. This selectively summarizes key components of research done at the IMF and provides a listing of research documents and other research-related activities, including IMF conferences and seminars.
16. Treat working papers as preliminary documents.	• All papers continued to be authorized by a manager. • The disclaimer used on working papers was adjusted after 1999, but not along the lines proposed in the evaluators' recommendation.

Annex 1 *(concluded)*

Recommendation	Status
17. Create a new vehicle for nonsenior staff to make presentations to Management and the Executive Board.	• There was no evidence that a new vehicle was established.
18. Improve dissemination of research to nontechnical audiences outside the Fund.	• Presentations to authorities of the *WEO* and *GFSR* were increased. In recent years, there were also presentations of *REO*s. • However, dissemination of hard copies of research products declined, following budget cuts and a shift in focus to web-based dissemination.
19. Increase the number of research assistants relative to economists.	• Following the evaluation, the ratio of research assistants to economists initially increased, but it fell back in 2007. • Starting in FY2005, the Fund started hiring information management assistants to help with database management.
20. Create an ongoing external review process for research products.	• No evidence was found of an ongoing Fund-wide external review process for research products. • There were isolated examples of departments seeking external reviews. The most prominent example was an academic panel by FAD, convened annually from 2002 to 2008.
21. Monitor progress on implementing recommendations in this report.	• Eight months after the Board discussion of the 1999 External Evaluation of Research, IMF Management submitted an "Information Note on Follow-Up to the External Evaluation of Research" (EBAP/00/28) to the Board. • The Research Department undertook an internal review of the status of implementation of recommendations pertinent to the Department in 2007.
22. Create periodic, general, external reviews of research activities.	• There was no evidence of an external review of the IMF's research activities.

ANNEX

2 Methodology for Peer Reviews

This annex explains the methodology used in carrying out the peer review of five product lines of IMF research: the *World Economic Outlook* (*WEO*), the *Global Financial Stability Report* (*GFSR*), the *Regional Economic Outlooks* (*REOs*), the selected issues papers (SIPs), and the working papers (WPs).[30] It describes the selection of external experts and the framework for the review, and it includes the rating templates. The findings and conclusions of these reviews are included in five background papers accompanying this report.[31] The reviews assessed the quality of these product lines based on these experts' knowledge of the field, and considering the goals of each type of research product. Each background paper was prepared by an expert or group of experts on the corresponding issues. Experts were selected taking into account their experience in utilizing research and their familiarity with the different products, in addition to their substantive knowledge.

WEOs and GFSRs. All analytical chapters of the WEOs and the GFSRs for the period 2004–08 were assessed. The primary reviewer was a former deputy minister of finance from a large emerging market economy who also had academic and private sector experience. All chapters were reviewed independently a second time by either an academic or an investment banker.

REOs. For the *REOs,* all publicly available *REOs* from 2003 to 2009 were reviewed in their entirety, with an emphasis on the analytical chapters. The primary reviewer was an academic with considerable experience working in international financial institutions.

SIPs. A sample of 60 SIPs from 30 countries was reviewed. The universe of SIPs was divided into three income groups: low-income countries (LICs), 290 papers; middle-income countries (MICs), 472 papers; and high-income countries (HICs), 348 papers. Twelve countries were selected from each of the first two groups and six from the third group, making sure that the selection included countries covered by all area departments in the IMF and deliberately overrepresenting the LIC and MIC groups. After selecting the countries, a random number generator was used to select two SIPs per country. There were two primary reviewers for the SIPs. The first reviewer was a former chief economist at an international financial institution. The second reviewer was a former central bank governor, and currently an academic and investment banker. In addition, a secondary reviewer, an academic with policy experience, contributed to the assessment.

WPs. Two separate peer reviews were conducted for working papers: one for working papers on monetary policy frameworks, and the second on tax and revenue issues. For each theme, 60 working papers were randomly selected from the universe of papers issued during 1999–2008 (between a third and a half of all working papers on these themes). Two independent panels of three academics each were brought together to assess the technical quality of each sample of 60 papers. Each academic was considered an expert in his/her field (including being editors of lead field journals) and had some policymaking experience.

Peer reviews across all product lines followed a similar framework, embodied in the templates presented below. Templates follow some common core concepts, even if wording and syntax differ somewhat reflecting differences in the nature of each product. The four core assessment concepts are: (1) framework, (2) analysis, (3) output, and (4) policy conclusions or policy relevance. A five-point rating scale was used in each review with, again, some changes in the presentation. For example, for working papers the ratings were labeled "superior" (S), "above average" (AA), "average" (A), "below average" (BA), and "unsatisfactory" (U).

[30] Other product lines were reviewed by the evaluation team using a similar framework.

[31] See IEO Background Papers BP/11/02 to BP/11/06 (Kuttner and others, 2011; Boadway and others, 2011; Selowsky and Škreb, 2011; Kiguel, 2011; and Montiel, 2011). Abstracts of these papers are in Annex 4 and the papers are available at www.ieo-imf.org.

A slightly modified labeling of rating scale was used for selected issues papers—among the differences, the rating of 3 was labeled "acceptable" rather than "average." The rating scale for the *WEO* and *GFSR* used numerical ratings only, ranging from 1 to 5, with 1 being the lowest and 5 being the highest.

World Economic Outlook/Global Financial Stability Report

Evaluation criterion	**Rating**[1]				
	5	4	3	2	1
Structure and presentation					
1. The questions are well posed and clearly focused					
2. There is a sound and clear discussion of the analytical framework					
3. There is a good balance between analytical discussions, empirical evidence and policy implications					
4. Writing is clear and well organized					
5. Is the empirical evidence presented in an intuitive and convincing way?					
Choice of topics					
6. The issue is timely and relevant					
7. The issues are important for policy discussions at the time					
Quality and analysis					
8. Does it use appropriate analytical tools and relevant data?					
Policy advice					
9. Would it be useful for policymakers?					
10. Are the policy issues convincing?					
Overall rating chapter					

[1] Kiguel (2011) used numerical ratings of 1–5, with 1 being the lowest and 5 being the highest.

Regional Economic Outlook

Evaluation criterion	**Rating**[1]				
	S	AA	A	BA	U
1. Adequacy of information to form an independent opinion					
2. Provision of a regional framework					
3. Clarity, nonambiguity, and thoroughness of content					
4. Grounding of analytics in the relevant literature					

[1] Montiel (2011) rated *REOs* by product, not by chapter, using a five-point rating scale.

Selected Issues Papers

Evaluation criterion	Rating[1]				
	E	VG	S	MU	U
Framework					
1. Question is clearly posed and its relevance to the country well articulated					
Analysis					
2. Uses an appropriate theoretical/conceptual framework					
3. Uses appropriate data and empirical methods proficiently					
4. Includes critical discussion and/or robustness analysis of results					
Output					
5. Writing is clear and well organized					
6. Conclusions are firmly grounded on the analysis					
7. Articulates clearly the policy relevance of findings for the country					
Overall rating					

[1] Selowsky and Škreb (2011) use a five-scale rating from 5 to 1, using the following labels E = "Excellent," VG = "Very Good," S = "Satisfactory," MU = "Moderately Unsatisfactory," and U = "Unsatisfactory."

Working Papers

Evaluation criterion	Rating[1]				
	S	AA	A	BA	U
Framework					
1. Question is well posed and clearly focused					
2. Places work within the context of existing literature					
3. Specifies contribution to existing literature					
Analysis					
4. Uses an appropriate theoretical/conceptual framework[2]					
5. Uses appropriate data and empirical methods proficiently					
6. Includes critical discussion and/or robustness analysis of results					
Output					
7. Writing is clear and well organized					
8. Adds value relative to existing research					
9. Conclusions are firmly grounded on the analysis					
10. Articulates policy relevance of findings					
Overall rating					

[1] In the two background papers (Kuttner and others, 2011 and Boadway and others, 2011) on working papers, each reviewer assigned ratings.
[2] Includes whether there was excessive use of technique being used relative to the question being posed.

ANNEX

3 Disclaimers on Research Outputs

Research products, including the *WEOs GFSRs*, *REOs*, generally reflect the views of their authors and do not carry the endorsement of the institution or its member country governments. Most research products are "approved," meaning that their content is reviewed and agreed—at the Management level for the *WEO* and *GFSR* and at the departmental level for *REO*s and SIPs. On the other hand, WPs and PDPs/SPNs are "authorized for distribution," a lower bar that does not imply validation of the content. In addition, SIPs are only published with the consent of member country authorities and may reflect deletions or modifications of highly market-sensitive material. All research published externally that cites a particular country is sent to the relevant Executive Director for comments.

The IMF maintains a blanket disclaimer on its website, which applies as a default to all documents, indicating that "except where expressly stated, the findings, interpretations, and conclusions expressed in the Materials on this Site represent views of the authors thereof and are not necessarily those of the IMF, its Executive Board, or its member countries." In addition, a specific disclaimer is generally included within each research publication, varying somewhat depending on the originating unit and the review process to which it was subjected. The *WEO* and the *GFSR* include a summary of Board discussions.

The following are representative texts and descriptions of the text of disclaimers for each research product line, many of which have evolved somewhat over time.

- ***WEO and GFSR.*** "The report benefited from comments and suggestions from staff in other IMF departments, as well as from Executive Directors following their discussion of the report on [specific dates]. However, the analysis and policy considerations are those of the contributing staff and should not be attributed to the Executive Directors, their national authorities, or the IMF."

- ***REOs.*** About half of the *REOs* included a statement in the document itself making clear that the report reflected the views of the authors and not those of the IMF, although the exact content of the statement varied. Of those that did not include any disclaimer in the document itself, several stated that the information reflected the IMF's views, and two stated only that the document reflected comments from other departments and some Executive Directors. Only a third of those *REOs* without a disclaimer within the document had a link on the webpage from which they could be downloaded directing the user to the blanket disclaimer for all IMF documents posted online.

- ***WPs.*** "This WP should not be reported as representing the views of the IMF. The views expressed in this WP are those of the author(s) and do not necessarily represent those of the IMF or IMF policy. WPs describe research in progress by the author(s) and are published to elicit comments and to further debate."

- ***SIPs.*** "This Selected Issues report on [member country] was prepared by a staff team of the IMF as background documentation for the periodic consultation with this member country. As such, the views expressed in this document are those of the staff team and do not necessarily reflect the views of the government of the [member country] or the Executive Board of the IMF." In addition, SIPs are made public only with the approval of member country authorities, and in publication may reflect deletions or modifications, as requested by the authorities, of highly market-sensitive material.[32]

[32] Such highly market-sensitive material includes "mainly the outlook for exchange rates, interest rates, the financial sector, and assessments of sovereign liquidity and solvency." In addition, authorities may request deletion or modification of "material not in the public domain, on a policy the country authorities intend to implement, where premature disclosure of the operational details of the policy would, in itself, seriously undermine the ability of the member to implement those policy intentions." Decision No. 13564-(05/85), as amended most recently by Decision No. 14497-(09/126), December 17, 2009.

- ***OPs.*** Inclusion of a disclaimer in these documents was found to be inconsistent over the evaluation period. Recent OPs contain the following statement: "the opinions expressed in the paper are those of the IMF staff and do not necessarily reflect the views of national authorities or IMF Executive Directors."

- ***PDPs.*** "This PDP should not be reported as representing the views of the IMF. The views expressed in this PDP are those of the author(s) and do not necessarily represent those of the IMF or IMF policy. PDPs describe research in progress by the author(s) and are published to elicit comments and to further debate."

- ***SPNs.*** "The views expressed herein are those of the author(s) and should not be attributed to the IMF, its Executive Board, or its management." (The first SPN, issued in 2008, did not include a disclaimer.)

ANNEX

4 Abstracts of IEO Background Papers[33]

"Evaluating the Quality of IMF Research: A Citation Study," by Joshua Aizenman, Hali Edison, Larissa Leony, and Yi Sun

This study compares the performance of IMF research to that of seven peer institutions in terms of publication in refereed journals and of citations in working papers of the comparator group during 1999–2009. Publication and citations are commonly used as indicators of quality of research. The comparator group is composed of Bank of Canada, the Board of Governors of the Federal Reserve, Federal Reserve Bank of New York, Federal Reserve Bank of San Francisco, Inter-American Development Bank, Organization for Economic Cooperation and Development, and the World Bank. IMF working papers were found to be cited less often than those of the Federal Reserve, but more than those of the other comparators. Citations by the IMF and other international organizations are underestimated because the data used for the analysis excluded publications in developing countries and in languages other than English.

"Review of IMF Research on Monetary Policy Frameworks," by Kenneth Kuttner, Petra Geraats, and Refet Gürkaynak

This study examines the technical quality of a sample of 60 IMF working papers on monetary policy frameworks. It found that the quality and value-added of IMF research on monetary policy frameworks varied considerably. Most of the working papers issued in 1999–2008 posed interesting policy-related questions and many were very skillfully executed. Some were cited extensively and made major contributions to the literature. Yet many of the papers were substandard, raising the possibility that some of the IMF's advice might rest on less than rock-solid research. Many of the flaws in the weaker papers stemmed from a lack of proficiency with empirical methods, or from failure to articulate a well-focused research question within the context of a coherent and appropriate theoretical framework, or from less than full and detailed description of the data and methods used to generate the results. The paper offers recommendations on screening, feedback, and documentation that could help address these weaknesses.

"Review of IMF Research on Tax Policy," by Robin Boadway, Christopher Heady, and Henrik Kleven

This study examines the technical quality of a sample of 60 IMF working papers that focus on revenue and tax policy. It found significant variability in the quality of those papers. The papers were generally well motivated and focused on policy issues that were relevant for many countries. The papers were generally well written and mostly set within the context of the relevant literature. But many fell short in the analytical execution of the research, including the formulation of the model, the innovativeness of the approach, and the empirical or theoretical analysis. This resulted in lower scores for value added than for exposition. Fund researchers' reliance in some areas of research on a limited number of established and sometimes dated approaches may reflect an overly inward-looking approach to research. The study offers recommendations for research program management.

"An Examination of the Quality of a Sample of 60 Selected Issues Papers," by Marcelo Selowsky and Marko Škreb

This study reports on an assessment of the technical quality of a sample of 60 selected issues papers

[33] The Background Papers are available at www.ieo-imf.org.

(SIPs), which were prepared as part of IMF Article IV consultations. About one-third of the evaluated papers were found to be better than satisfactory by both readers; they included very good and excellent papers. Good papers addressed well-defined and relevant questions and exhibited knowledge of country context—they made intuitive use of economics and the technique used matched the question. To be effective, these papers need to address policy issues in a way that can be understood by the economic community in the country in question. Approximately half of the papers were judged as satisfactory but exhibited specific elements of weakness. Finally, 12 percent of papers were judged to be unsatisfactory by both readers. SIPs prepared for advanced countries were typically found to be better than those for low-income countries. Common factors were identified in weak papers. They had a cryptic definition of the issue to be addressed and the relevance to the country was often not convincing; they showed a weak knowledge of basic institutional country context and often lacked the minimum data needed to address the issue. They exhibited an excessive eagerness to apply a quantitative technique without a good explanation of the economics behind the technique. These papers seem to have been prepared hurriedly and with authors having spent too little time in the respective country. The evaluation offers recommendations to improve the quality of SIPs.

"An Evaluation of the Research Chapters of the IMF's *World Economic Outlook* and *Global Financial Stability Report*," by Miguel A. Kiguel

This study examines the technical quality of the analytical chapters of the two IMF flagship reports, the *WEO* and the *GFSR*, issued during 2004–08. It found that most of these chapters provided good quality analysis of relevant macroeconomic and financial topics. It found that *WEO* chapters were stronger when they dealt with areas within the core mandate of the Fund, and that the *GFSR* chapters had greatly improved since 2007. The weaker chapters in both reports tended to lack clear analytical frameworks. The policy advice in both reports tended to be predictable and did not always follow from the analysis. Neither the *WEO* nor the *GFSR* chapters achieved an integrated view of macroeconomic and financial developments and neither foresaw the severity of the 2007–08 crisis.

"Review of IMF *Regional Economic Outlook* Reports, 2003–09," by Peter J. Montiel

This study evaluates the semiannual *Regional Economic Outlook*. It covers all 44 *REOs* issued between 2003 and 2009. It found the policy analysis contained in the publications to be uneven—better in the latter years. Many of the analytical chapters were satisfactory, but some were weak. They were undermined by a tendency to advocate very specific, highly prescriptive policies rather than identifying policy options and the trade-offs often involved in conflicting economic objectives. Some reveal specific policy predilections that are not necessarily shared by the profession at large, without justifying these policies. Many of the instances of vagueness, unsubstantiated claims, missing analysis, incoherent analysis, and incorrect analysis found by the evaluation seem to arise from an uncritical acceptance of conventional wisdom. Exposing these documents to outside review before they are issued might help to address this problem.

"IMF Research on Macro-Financial Linkages," by Gerard Caprio, Jr.

This study reviews the research on macro-financial linkages at the IMF since 2005. It found that from 2005 to mid-2007, the amount of IMF research on macro-financial issues was limited and the rather small amount of such research that was potentially relevant was not particularly well integrated with the Fund's operational work. From mid-2007 through 2008, IMF research and operational work began to concentrate more on macro-financial-related issues. Still, even by the end of 2008, the research effort in this area was insufficient relative to its importance to the IMF operational needs. Moreover, the study found that IMF operational work made little use of Fund research on macro-financial linkages, and the main messages from research in this crucial area remained difficult to discern.

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Statement by the Acting Managing Director

Staff Response

The Acting Chair's Summing Up

Statement by the Acting Managing Director on the Evaluation by the Independent Evaluation Office of Research at the IMF—Relevance and Utilization

Executive Board Meeting
June 13, 2011

1. I thank the IEO for an informative report on the IMF's research output through 2008. The report provides a balanced assessment of the quality, relevance, and utilization of Fund research, and I am heartened by the overall finding that research was "*widely read, that it included a large number of high quality and very useful publications, and that it is appreciated by country authorities and the research community*." Nevertheless, the report identifies certain areas of our research work that should be improved, and I welcome the IEO's constructive recommendations. I will not repeat here the points made in the staff response on specific findings and recommendations. Rather, I would urge that Executive Directors also take into account some of the strides made by staff since 2008 in tackling relevant policy issues in their research work. I look forward to the Board discussion.

Staff Response to the Independent Evaluation Office Report on Research at the IMF—Relevance and Utilization

Executive Board Meeting
June 13, 2011

1. The report provides an informative stock-taking on the quality, utilization, and perceptions of Fund research, as well as constructive recommendations. Conducting high-quality, policy-relevant research at the Fund is essential for our credibility—both in interactions with country authorities and with the international community more generally. We therefore welcome the overall finding that much of Fund research has been highly relevant to the membership and has benefited from interactions with academia and national authorities. On advice, suggestions for periodic strategic reviews of research, better allocation of resources to research projects, enhanced review processes, and vigilance against the risk of message-driven research warrant further consideration. We look forward to hearing the Board's views on these and other issues, including taking into consideration potential additional resource costs.

2. Nonetheless, we have concerns about some aspects, notably on the targeting, neutrality, and coordination of research. The report could have been stronger if it better accounted in its analysis for the different purposes and audiences for various Fund research products and could have delved more deeply into how to avoid message-driven research. Also, while it is important to avoid any unnecessary duplication, the IEO recommendation to coordinate IMF research could result in the stifling of individual research efforts.

Main Findings

3. We agree on the need to narrow gaps in IMF research—efforts have been underway and will continue. Since 2008, the end of the period covered by the evaluation, the Fund has increased research in areas cited by the IEO. Topics covered include work on capital controls and macro-prudential policies, fiscal policy and debt sustainability, exchange rate regimes and stability of the international monetary system, monetary and exchange rate policies, optimal reserve holdings, reserves adequacy and country insurance, policy responses to the global financial crisis, fiscal multipliers and counter-cyclical policies, and various aspects of macro-financial linkages.

4. The report makes an important point about message-driven research, and could have delved more into this critical issue. Fund-relevant research will almost inevitably carry policy messages—that is what makes it relevant. But it is troubling if researchers feel that they need to toe a line or tilt empirical results. We support the call for vigilance against these risks and believe the report could do more in proposing concrete solutions.

5. The methodology employed to judge different research product lines would have benefited from taking explicit account of their intended purposes and audiences. For instance, in the discussion of technical quality, the report appears to have misunderstood the purpose of *Regional Economic Outlooks* (*REOs*), which are not simply research products but are also used as outreach tools, including as a means to engage policymakers. While the *REO* style may be narrative, policy recommendations are underpinned by rigorous research and provide analysis and messaging as well as policy advice that is grounded in cross-country and intra-regional analysis. To judge *REOs* by traditional academic metrics and benchmarks alone is therefore inappropriate. However, the report's finding on the relevance and utilization of some *REOs* is well taken, and further efforts need to be made to improve these. The report could have used a more systematic framework for assessing the quality and relevance of Fund research, asking if the Board or Management had identified the goals of different lines of Fund research, and then evaluating outputs against those objectives.

Main Recommendations

6. Periodic strategic reviews of the functions and uses of research products merit further consideration.

Such reviews could also consider how best to allocate time and resources among various research product lines and how best to improve the review process, taking into account budget constraints. If the Board agrees, staff will consider these issues and present proposals in the Management Implementation Plan (MIP). The recommendation to consult with member countries and the Executive Board on an indicative medium-term research agenda, however, raises concerns as it may limit flexibility and may be seen as a bureaucratic step. Notably, there is already consultation with the Board, for example, through periodic discussions of the Managing Director's Work Program.

7. Staff generally support the need to consult more with country authorities on research topics prepared for surveillance. At the same time, staff and authorities will not always agree on which issues are most pressing, and staff will need to remain free to research the issues that they judge to be most important. The report should also recognize that the various research products differ with respect to the desirable degree of involvement of country authorities in the choice of topics. Selected Issues Papers (SIPs), for instance, are designed to provide background for bilateral surveillance, and so teams should normally be encouraged to consult with the authorities in advance on SIPs on a regular basis. This is not necessarily the case for all Fund research, especially on multilateral, theoretical, and/or cross-country work.

8. The recommendation to increase staff tenure is well taken, and knowledge of country specifics for research is clearly important. However, as noted in responses to previous evaluations, striking a balance between mission team stability on the one hand and the desire for cross-country perspectives, along with staff career development needs and department flexibility, on the other remains a complex challenge. An update on this important issue is provided in the *Fourth Periodic Monitoring Report of Board-Endorsed IEO Recommendations.*

9. We agree on the need to improve the ability of stakeholders to distill relevant findings and policy implications. Several initiatives have been undertaken since 2008 to begin to address this issue and more can be done. For example, the "Research at the IMF" website was created in 2009 precisely to promote the dissemination of IMF research, and there has been increased investment in other access channels such as the eLibrary and Google Book Search. The IEO also highlights the creation of the *Staff Position Note/ Staff Discussion Note* series since 2008 to help address this problem, to which we would add enhancements to publications such as the *IMF Survey* and *Finance and Development*.

10. As noted in paragraph 4, we agree on the need to promote openness to alternative perspectives. It is particularly important that researchers not feel that they need to toe a line or tilt empirical results. We will reflect on this issue and present proposals in the MIP.

11. While coordination of research could help avoid duplication—certainly necessary in a constrained budgetary environment—it is also important that individual research efforts are not stifled. As the report itself notes, there have been numerous attempts at coordination of research over the years. We believe there is merit in healthy competition of research efforts across departments and would not want to stifle this. By the same token, departments should not seek to force collaboration for individual pieces of research (e.g., SDNs, and other research outputs that represent the views of the individual authors). Nonetheless, collaboration with the Research Department and/or other functional departments having expertise in the topic should otherwise be expected, especially in Board papers with substantial analytical content. To help researchers across the Fund identify research priorities while avoiding duplication of effort, better information sharing and dissemination is needed within the institution. To achieve this, one possibility would be to resurrect the Committee on Research Priorities (CRP), with the Managing Director or First Deputy Managing Director chairing, and the Director of Research as secretary. The Director of Research could also report to the Executive Board once per year, reviewing major research accomplishments over the past year and laying out identified priorities for the following year.

The Acting Chair's Summing Up

IEO Evaluation of Research at the IMF—Relevance and Utilization

Executive Board Meeting 11/60
June 13, 2011

Executive Directors welcomed the IEO report, noting that it provides a balanced assessment of the quality, relevance, management, and utilization of IMF research. They were particularly encouraged by the overall finding that a large number of IMF analytical papers are of high quality, widely read, and appreciated by country authorities and the research community. Noting that IMF research is of uneven quality and perceived to be message-driven, however, Directors saw scope for enhancing the relevance and technical quality of the analytical work, openness to alternative points of view, and coordination of research activities across the institution. Directors looked forward to considering concrete steps to take forward the IEO recommendations, complementing efforts underway.

Key IEO Findings

Directors broadly shared the main IEO findings. They concurred that, while global and core macroeconomic issues were adequately covered in IMF research, up until 2008, there were some gaps in the coverage of macro-financial linkages and capital account issues. They acknowledged, however, that efforts since then have narrowed these gaps, and urged staff to build on this progress. Directors also noted gaps in country-level research, especially for low-income countries where the influence of IMF research on policymaking is greatest.

Directors expressed concern regarding the finding that the technical quality of the various research products is uneven. Some Directors pointed out that the different purposes and intended audiences of different research outputs call for a differentiated approach to assessing quality.

Directors considered worrisome the finding that there is a widely held perception that IMF research is message-driven, or that policy conclusions do not always follow from the analysis. While recognizing that research produced by the IMF will inevitably carry policy messages—especially surveillance-oriented research—they considered it critical for the credibility of the institution that the conclusions of in-house research are not biased by the IMF's position on the subject or excessively influenced by other work done internally, and, conversely, that its policy advice is grounded on robust analysis. In this context, many Directors underlined the importance of addressing concerns about the internal culture and institutional values—identified in previous IEO evaluations—with a number of Directors regarding staff diversity in terms of academic background and professional experience as critical in this regard. More broadly, Directors stressed that IMF research should aim primarily at improving the analytical tools for the IMF to carry out its core mission.

Directors agreed on the need for improved dissemination of IMF analytical work, allowing a wider group of stakeholders to distill relevant lessons and increasing its contribution to the policy debate. They welcomed the progress made since 2008 on this front, such as the new "*Research at the IMF*" website and the new *Staff Position/Discussion Note* series, and encouraged continued efforts in this area.

IEO Recommendations

Directors broadly endorsed the main recommendations of the IEO, and looked forward to further analysis and discussion in the context of the forthcoming Management Implementation Plan.

Directors generally saw merit in conducting a periodic strategic review of research products. Management and staff were encouraged to focus on how best to allocate resources among the various research product lines, balancing the trade-off between quantity and quality of research products; and to strengthen quality controls, the internal review process, and incentives to enhance the technical

content of research, while taking into account budget constraints. More specifically, some Directors suggested re-examining the value-added of *Regional Economic Outlook* reports, while a few highlighted their usefulness to intended audiences. Most Directors also supported the IEO recommendation to set an indicative medium-term research agenda, possibly in consultation with member countries and the Executive Board, although a few Directors were not in favor of Board involvement in the agenda-setting process. At the same time, Directors underscored the need to retain adequate flexibility for staff to take on independent research projects.

Directors broadly supported the IEO recommendation to consult more with country authorities on research topics prepared for bilateral and regional surveillance, particularly for *Selected Issues Papers.* Recognizing that staff and the authorities do not always agree on the prioritization of issues, Directors agreed that staff should remain free to research the issues that they feel are most important. Longer country assignments for mission members could facilitate collaboration with authorities and enhance familiarity with country-specific conditions.

Directors agreed on the need to improve the management of IMF research and were open to the various proposals to achieve that objective. These include designating a Research Coordinator, or setting up a committee of department heads or department research coordinators chaired by management, tasked with coordinating activities across the IMF and setting standards for quality reviews, as well as addressing other weaknesses identified in the IEO report. A few other Directors cautioned that a centralized approach could undermine innovative thinking. Directors emphasized that, in promoting internal collaboration, efforts should be made to preserve healthy intellectual competition across departments. Before implementing new initiatives, many Directors called for an examination of the reasons behind the failure of similar efforts in the past, including the currently inactive Committee on Research Priorities.

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