

IEO RESPONSE TO THE STATEMENT BY THE MANAGING DIRECTOR ON THE REPORT ON SELF-EVALUATION AT THE IMF: AN IEO ASSESSMENT

**Executive Board Meeting
September 18, 2015**

The IEO welcomes Management's concurrence on the need to strengthen the IMF's institutional framework for self-evaluation, adapt it over time to changing circumstances, and better disseminate lessons from self-evaluation. However, we note Management's qualified support for adopting a broad policy or general principles that would establish an explicit institution-wide framework for self-evaluation, and its lack of support for conducting self-assessments for every IMF-supported program and for setting out in future reviews how policies and operations would be evaluated going forward.

While acknowledging the need to strengthen the IMF's institutional framework for self-evaluation, Management qualified its support for adoption of a broad *self-evaluation policy*, explaining that a general policy would have limited value-added. The IEO believes that a policy establishing what needs to be evaluated and how, who is responsible for these evaluations, and how they should be followed up, would be very valuable for the IMF and its members. Such a policy would:

- Ensure that self-evaluation practices reflect a strategic assessment of learning and accountability priorities;
- Signal to the membership, Staff, and external stakeholders the IMF's commitment to a culture of learning and transparency;
- Embed self-evaluation in institutional policies and practices, thereby helping to protect self-evaluation from being cut or modified without a debate on the implications on learning, transparency, and accountability; and
- Help ensure that learning from experience is done as an explicit and conscious activity, which is a more effective way of learning.

The IEO emphasizes the importance of a requirement to conduct *self-assessments for every IMF-supported*

program—the usual practice in other IFIs—and that country authorities be given the opportunity to express their views on the design and results of each program as well as on IMF performance. Management did not support this recommendation because of concerns about resource implications. Management also contended that quarterly and semi-annual reviews already have backward-looking components and provide ample opportunities for country authorities to express their views.

IEO's recommendation to assess, at least as part of country team practices, all IMF-supported programs after their completion is based on the following considerations:

- The IEO believes that the benefits—including enhanced effectiveness as well as learning, transparency, and accountability—are substantial relative to the costs of preparing these assessments. Indeed, the evaluation found that the lessons from EPAs and EPEs were taken into account in designing subsequent programs and also were used by Executive Directors in overseeing these programs.
- Self-assessments would help the IMF fulfill its fiduciary responsibility to report to its members, both borrowers and creditors, what has been accomplished with IMF resources. While the IMF's mandate differs from that of other IFIs, the need for IMF transparency and accountability is the same. Moreover, the IMF has the same potential as other organizations for learning lessons and improving on lending programs, policy advice, and capacity-building activities.
- Self-assessments would provide a basis for drawing lessons on how to improve program design, as well as country and IMF performance.
- The IEO maintains that the quarterly and semi-annual reviews of programs are not a substitute to self-evaluation at the completion of a program. The statements of borrowing countries and other

members during these reviews focus on whether the conditions for disbursement have been met and possibly on the need to adjust the targets and conditions for future reviews. These statements and the reviews themselves focus on the country's performance, with little analysis of the performance of the IMF.

- The IEO is also concerned about the risks of not preparing such self-assessments, including the reputational risk in repeating a mistake that would have been highlighted if a prior program would have been evaluated.
- Some mission teams may already reflect in a systematic way on their performance and lessons from completed programs. In those cases, the IEO recommendation would add only a brief documentation of the exercise for the Board and provide an opportunity for authorities from the borrowing country to comment.

There may not be a disagreement regarding *self-evaluation of policies and other institution-wide thematic or operational issues*. Management agrees with the IEO on the need to plan how policies and operations covered by policy and other thematic reviews will be evaluated, while stating that “carving out and

solidifying specific modalities years in advance, irrespective of evolving priorities and changing circumstances that are likely to materially impact on how the evaluation is best conducted is unlikely to be a very useful exercise.” The IEO believes it is essential that the IMF set out what it is trying to achieve by introducing or revising its policies and operational practices, and that it articulate in advance how it will know whether it has been successful. This would require specifying what would constitute success, but not necessarily the methods that would be used in a future evaluation. Beyond its contribution to transparency and accountability, stating the goals and criteria for success of a new or revised policy or practice would add to operational effectiveness by providing Staff a paradigm to adjust its behavior.

Finally, we want to emphasize that we concur with Management that efforts to improve self-evaluation should be continuous and build on the processes and initiatives already underway. Thus, the report's recommendations aim to build on these processes and initiatives while making them more explicit and incorporating them in a more consistent and transparent framework. These recommendations would enhance the IMF's learning culture, provide for greater transparency, and set benchmarks for assessing the institution's effectiveness.