



Independent Evaluation Office  
of the International Monetary Fund

# BACKGROUND PAPER

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## **Ex Post Evaluations and Institutional Learning**

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of the International Monetary Fund

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Contents	Page
Abbreviations _____	iv
Executive Summary _____	v
I. Introduction _____	1
II. Evaluation of EPEs _____	4
III. Institutional Learning _____	18
IV. Findings and Conclusions _____	22
 Box	
1. Key Findings of Goldsbrough (2015) _____	3
 Figures	
1. Program Involvement _____	5
2. Program Design _____	6
3. Implementation and Outturn _____	8
4. Effectiveness of IMF Involvement _____	8
5. Clarity of Lessons _____	15
6. Overall Quality of Report _____	16
 Tables	
1. Basic EPE Facts _____	4
2. EPEs and Successor Arrangements _____	9
 Annex	
I. Country Assessment Matrix for Review of EPEs _____	25
References _____	27

**ABBREVIATIONS**

EA	Exceptional Access
EAC	Exceptional Access Criterion
EAP	Exceptional Access Policy
EC	European Commission
ECB	European Central Bank
EFF	Extended Fund Facility
EPA	Ex Post Assessment
EPE	Ex Post Evaluation
FCL	Flexible Credit Line
ORM	Office of Risk Management
PLL	Precautionary Liquidity Line
SBA	Stand-by Arrangement
SPR	Strategy Policy and Review

## EXECUTIVE SUMMARY

**This paper assesses experience with Ex Post Evaluations (EPEs) of exceptional access arrangements.** As part of the formal procedures for exceptional access arrangements, EPEs aim to provide additional safeguards and accountability by having a fresh look at the effectiveness of the Fund's involvement with a country and drawing relevant lessons. The paper addresses two overarching questions. Did EPEs achieve the objectives and expectations set out in the exceptional access policy (EAP) and thereby strengthen the Fund's accountability? And did they influence the design of successor programs and foster institutional learning by helping to identify common issues across countries and inform the development of Fund policies?

**EPEs are a useful exercise, with the potential to be an important tool for risk mitigation, accountability and learning, but in aggregate they do not meet their full potential.** The quality of EPEs varies, with implications for their effectiveness. There are several high-quality EPEs that meet the objectives and expectations set out in the EAP, demonstrating that their preparation can be a valuable exercise. But a majority fall short in questioning the fundamental assumptions underlying the overall strategy and accept that choices made were appropriate without sufficient examination of trade-offs and alternatives. Additionally, the impact of EPEs on successor programs has been limited and they have played only a supporting role in promoting institutional learning, with the collective wisdom from other avenues playing a larger role. For EPEs to add greater value and meet their full potential, upgrades in their substance, the process for preparing them, and the systems to follow up on conclusions can yield important benefits.

**There is scope to enhance the substance and independence of EPEs to better fulfill the objectives and expectations set out in the EAP.** There are several aspects that warrant attention to achieve this goal.

- EPEs are stronger at assessing consistency with IMF policies and analyzing performance against program objectives. But they are weaker at investigating the appropriateness of program design because there is limited questioning of fundamental assumptions or evaluation of the pros and cons of alternative approaches. For example, most EPEs lack a clear assessment of whether the mix of financing and adjustment was appropriate.
- Although several EPEs meet the objective of providing "critical and frank" assessments, many struggle to meet their full potential because they emphasize "what happened" rather than explain "why" it happened or consider "what if" questions.
- In addition, there is a tendency to avoid second guessing or criticizing big decisions, while less consequential issues get questioned more. For example, in cases where the justification for satisfying an exceptional access criterion was "finely balanced," EPEs give staff the benefit of the doubt and agree that the judgment applied to tip the balance toward the criterion being met was appropriate.

- EPEs are also an inward-looking exercise, with minimal input from the authorities and other stakeholders, limiting the opportunity for broader analysis and debate of potential criticisms of IMF programs.
- The EPE process impedes independence in large part because of the out-sized role played by the home area department in the selection of EPE team leaders, the timing of the EPEs, and the review and clearance of EPEs. In addition, two-thirds of EPE team leaders were at grade A15 seeking to be promoted, with the incentive to do a competent but uncontroversial job to avoid being perceived as critical of more senior staff and poor team players.
- The views of Executive Directors and country authorities support these mixed observations about whether EPEs achieve the objectives and expectations set out in the EAP.

**There is also scope to strengthen the potential for country-specific and institutional learning from EPEs.** Some EPEs stand out for the perceptiveness, clarity, and relevance of suggested lessons. But most EPEs offer conventional lessons and most learning from EPEs takes place as part of a process that is wider than the EPE framework. This wider process draws on the collective wisdom from experience, periodic reviews and analysis done by IMF staff, and IEO reports. Two aspects warrant further attention to strengthen the potential for learning.

- First, there is no formal institutional system to monitor lessons offered in EPEs, to evaluate their importance and relevance, to decide on whether they need to be acted upon, to identify next steps when warranted, and then to enforce follow up. Thus, even when lessons are clear and actionable, there is insufficient follow up resulting in many lessons being repeated and relearned. For example, the impact of EPEs on successor programs has been limited. In country cases with multiple EPEs, lessons from earlier evaluations are often repeated in subsequent evaluations.
- Second, the effectiveness of the Executive Board in supporting key lessons during the discussion of EPEs is limited. Two-thirds of Board meetings to discuss EPEs were combined with other agenda items. On these occasions, the Board discussion of the EPE was eclipsed by the discussion of the combined agenda item, leading to limited engagement by the Board on the substance of the EPE. As a result, staff receive little practical guidance for follow up from the Board.

## I. INTRODUCTION

1. **This paper assesses experience with Ex Post Evaluations (EPEs) of exceptional access arrangements.** The preparation of an EPE is one element of the IMF's exceptional access policy (EAP). The other major EAP elements are the criteria to obtain exceptional access and enhanced decision-making procedures, as explained in Abrams and Arora (2024). As part of the formal procedures for exceptional access arrangements, EPEs provide additional safeguards and accountability by providing a fresh look at the effectiveness of the Fund's involvement with a country and drawing relevant lessons. Such a step is important because the urgency of crises that require exceptional access (EA) can often lead to rushed decision making that may be subject to a greater margin of error.

2. **The content and process for EPEs are specified in a 2010 Guidance Note.**<sup>1</sup> The guidance states that the "aim of an EPE is to determine whether justifications presented at the outset of the individual program were consistent with Fund policies and to review performance under the program." EPEs are thus designed to reinforce incentives for careful and systematic assessment of sustainability in staff reports, and to give more credibility to the judgment about whether the increase in Fund exposure is prudent in view of the exceptional risks involved.

3. **To achieve these broad goals, EPEs are expected to provide a "critical and frank" consideration of two key questions:** (i) whether the macroeconomic strategy, program design, and financing were appropriate to address the country's challenges; and (ii) whether outcomes met program objectives. In answering these questions, EPEs are expected to evaluate key program objectives against the background of policy dilemmas and trade-offs. In addition, they are expected to assess whether program justifications presented were consistent with Fund policies, including EAP. The guidance note states, however, that EPEs would not normally be expected to review the decision-making process that led to the approval of the arrangement as the IEO is better placed to consider the roles of staff, management, and members of the Board.

4. **On process, the aim is for EPEs to provide an independent and fresh perspective.** To help achieve this, the 2010 guidelines require that the EPE team leader be from outside the home area department, which, however, nominates the leader. The inter-departmental staff teams include representatives from the home area department, the Strategy, Policy and Review Department (SPR), and at least one other functional department. The draft report is subject to the normal internal review process, but final decisions are the responsibility of the team leader.<sup>2</sup> Draft

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<sup>1</sup> See [Ex Post Evaluations of Exceptional Access Arrangements—Revised Guidance Note](#) issued in February 2010, which replaced the previous guidance issued in August 2005.

<sup>2</sup> The team leader's responsibility for final decisions is not mentioned in the February 2010 revised guidance note for EPEs cited above. But it is explicit in the concurrently issued in February 2010 [Ex Post Assessments of Members with a Longer-Term Program Engagement—Revised Guidance Note](#), and carried over implicitly for EPEs. The policy requiring Ex Post Assessments (EPAs) for members considered as having long-term IMF program engagement was repealed in April 2015. As the EPA guidance note is more specific and detailed than the EPE guidance note, relevant EPA practices have been applied for EPEs as well.

reports are also to be discussed with the relevant country authorities to get their views, but the analysis and conclusions are not to be subject to negotiation. EPEs are to be completed (which is understood to mean approval by management for Board circulation) within one year of the end of the arrangement, a requirement that is often breached. For countries where successor arrangements are contemplated, the guidance note says, “it would be desirable to complete the EPE prior to discussions on a new arrangement.” The guidance note also indicates a preference for EPE Board meetings to be combined with Article IV consultation or post-program monitoring discussions, but stand-alone Board discussions could be considered if this is not possible. The publication of EPEs is voluntary but presumed and standard IMF transparency policies apply.

5. **EPEs were previously evaluated in a 2015 IEO background paper** (Goldsbrough, 2015) titled [\*Review of Ex Post Assessments of Countries with Longer-Term Program Engagement and of Ex Post Evaluations of Exceptional Access Arrangements\*](#). The findings of Goldsbrough (2015) are summarized in Box 1 and its work is not replicated in this paper. Rather, this paper uses the 2015 paper as its launching point. As Goldsbrough (2015) covered EPEs produced between August 2005 and December 2013, this paper focuses on EPEs published since 2014.

6. **The primary source of evidence is a desk review of the 15 EPEs listed in Table 1.**<sup>3</sup> Consistent with the prescribed content of EPEs summarized above, each EPE is rated on the quality of the assessment covering headings such as: (i) the rationale for IMF program involvement; (ii) program design, including the mix of financing and adjustment and the justification for exceptional access; (iii) effectiveness of IMF involvement, including the appropriateness of conditionality; and (iv) overall judgment of the report, including the discussion of enterprise risks and the extent to which it identifies clear lessons and fosters institutional learning. The detailed set of assessment criteria are shown in Annex I. Like Goldsbrough (2015), each assessment criterion received a rating on a four-point scale: “not discussed,” “weak,” “adequate,” and “very good” to signify how well EPEs performed.<sup>4</sup> The ratings are based on the authors’ judgment, in both absolute and relative terms, based on a qualitative evaluation of the breadth and depth of the issues explored, the quality of supporting analysis, and the clarity of the assessment and conclusions. It is beyond the scope of this paper, however, to assess whether judgments in EPEs are correct.

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<sup>3</sup> At the time of writing this background paper, the EPE for Panama’s January 2021 exceptional access Precautionary Liquidity Line arrangement had not been issued to the Executive Board despite more than a year having elapsed since the end of the program in January 2023. Thus, although Panama is included in the sample of EA programs for this IEO evaluation, it is not included in this background paper.

<sup>4</sup> One author of this paper (Ajai Chopra) was mission chief for Ireland’s 2010 Extended Arrangement. He left the IMF in November 2013 before work on the Ireland EPE started. His only involvement in that EPE was to be interviewed by the EPE team leader. To avoid a conflict of interest, the Ireland EPE was analyzed and rated by his co-author, Jiakun Li.



### Box 1. Key Findings of Goldsbrough (2015)

This box summarizes [Review of Ex Post Assessments of Countries with Longer-Term Program Engagement and of Ex Post Evaluations of Exceptional Access Arrangements](#) (Goldsbrough, 2015), which was prepared as a background paper for an IEO evaluation titled [Self-Evaluation at the IMF: An IEO Assessment \(IEO, 2015\)](#).

Goldsbrough (2015) assessed two types of country-specific self-evaluations within the IMF: Ex Post Assessments (EPAs) of Longer-Term Program Engagements and Ex Post Evaluations (EPEs) of Exceptional Access Arrangements. Despite differing origins and objectives, both exercises shared the same procedures designed to reevaluate the effectiveness of the IMF's involvement in specific arrangements with member countries and drew relevant lessons. A significant difference was that EPEs specifically examined the justification for exceptional access and the IMF's role in managing crises.

**Scope and methodology.** The review covered 23 EPAs, seven EPA Updates, 16 EPEs, and three Joint EPA/EPEs between August 2005 and December 2013. This box focuses on the 16 EPEs and three Joint EPA/EPEs covered in Goldsbrough (2015) as EPAs were discontinued in April 2015. The primary source of evidence was a desk review and structured interviews, an approach also used in the current paper (see paragraphs 7 and 8).

**Key findings.** Goldsbrough (2015) found that EPE reports handled adequately or very well "what happened" during program implementation. However, few reports probed more fundamental questions ("why" and "what if" questions). In consequence, EPEs were of varying quality, with substantial room for improvement, particularly to generate concrete lessons to enhance IMF operations. On average, EPEs were better at addressing "backward-looking" lessons than in identifying forward-looking lessons for the Fund's future engagement with the member country.

Goldsbrough (2015) also put forward the following lessons and areas for improvement, all of which remain relevant based on the findings of the current paper.

**Inward-looking evaluations.** To enhance objectivity, EPEs should seek earlier input from the authorities and explicitly assess any substantive criticisms of the IMF approach they raised.

**Independence.** To promote independence a roster of potential evaluation team leaders with the necessary analytical background and experience should be developed and the system of reviewer sign-off should be eliminated.

**Follow-up on lessons.** If the Executive Board were to continue to be directly involved in considering the evaluation reports, a more systematic and pointed discussion on key lessons arising from the reports would be needed. Additionally, a formal system for recording key lessons/recommendations from the evaluations and for monitoring follow-up should be established.

7. **The desk reviews were supplemented with structured interviews** with all 15 EPE team leaders and with senior IMF staff involved with the EPE exercise. The interviews were based on a standard set of questions sent in advance and covered (i) the usefulness of the exercise; (ii) views on the independence of evaluation teams and the review process; (iii) follow-up on EPE lessons and EPEs as a vehicle to inform institutional learning; (iv) Executive Directors' engagement during Board discussions of EPEs; and (v) areas for improvement. In addition to these interviews, views about EPEs from IEO interviews with Executive Directors, country authorities, and other stakeholders have also been considered, especially views on whether EPEs have helped strengthen the Fund's accountability.

**Table 1. Basic EPE Facts**

Program	EPE Board Date	Months from End of Program	Nature of EPE Board Meeting	Team Leader Grade at EPE Preparation
Ecuador 2020 EFF	November 29, 2023	11.5	Stand alone	A15
Egypt 2020 SBA	June 27, 2022	12	Stand alone	A15
Argentina 2018 SBA	December 22, 2021	17	Stand alone	B4
Ukraine 2015 EFF	June 9, 2020	18	Combined with approval of a new SBA	B1
Morocco 2014 PLL	August 1, 2017	12	Combined with 2nd Review of successor PLL	A15
Romania 2013 SBA	May 22, 2017	20	Combined with Article IV Consultation	A15
Greece 2012 EFF	February 6, 2017	12.5	Combined with Article IV Consultation	B3
Portugal 2011 EFF	September 16, 2016	27.5	Combined with Article IV Consultation	B4
Ukraine 2014 SBA	September 14, 2016	18	Combined with 2nd review of successor EFF	A15
St Kitts & Nevis 2014 SBA	October 21, 2015	15	Stand alone	A15
Jordan 2012 SBA	September 25, 2015	2	Stand alone	A15
Morocco 2012 PLL	July 24, 2015	12	Combined with 2nd review of successor PLL	A15
Ireland 2010 EFF	January 16, 2015	13	Combined with 2nd Post Program Monitoring Report	B4
Romania 2011 SBA	March 26, 2014	9	Combined with 1st and 2nd review of successor SBA	A15
North Macedonia 2011 PCL	January 29, 2014	12	Combined with 2nd Post Program Monitoring Report	A15

Sources: EPEs; authors' calculations.

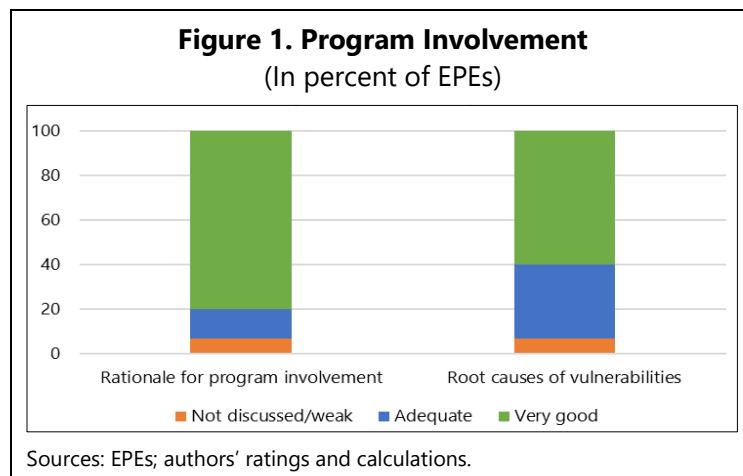
8. **This paper addresses the following overarching evaluation questions.** Did EPEs fulfill the objectives and expectations set out in the EAP and thereby strengthen the Fund's accountability? Did they foster institutional learning by helping to identify common issues across countries, inform the development of Fund policies, and influence the design of subsequent programs? To answer these overarching questions, Section II evaluates several dimensions of EPEs, focusing on how well issues are explored, the quality of supporting analysis, the clarity and relevance of lessons drawn, and the independence of the process. Section III explores the effectiveness of EPEs as a tool to promote institutional learning in the application of the EAP and evenhandedness across EA cases. Section IV presents overall findings and conclusions.

## II. EVALUATION OF EPEs

9. **This section evaluates whether EPEs achieve the objectives and expectations set out in the EAP and thereby strengthen the Fund's accountability.** The focus is on assessing how well EPEs appraise (i) whether the macroeconomic strategy, program design, and financing were appropriate to address the country's challenges; (ii) whether outcomes met program objectives; and (iii) whether program justifications presented were consistent with Fund policies, especially EAP. In addition, the objectivity and independence of EPEs is assessed. The quality of lessons presented in EPEs is also evaluated but a discussion of institutional learning is left for Section III.

## How Well Do EPEs Analyse the Macroeconomic Strategy, Program Design, and Financing?

10. **The assessment of country vulnerabilities prior to the program and the rationale for IMF program involvement is strong in most EPEs.** Two-thirds of EPEs are rated as “very good” in this dimension, with most of the rest rated “adequate” (Figure 1). The better EPEs have a thorough discussion of the build-up of imbalances and crisis triggers, as in the EPEs for Argentina, Ecuador, Egypt, the three euro area cases (Greece, Ireland, and Portugal), Romania (2011 SBA), and North Macedonia.<sup>5</sup> Some go even deeper, analyzing the factors leading to a full-fledged crisis, as in the Ukraine EPE for the 2014 SBA. EPEs for successor programs (such as the 2017 EPEs for Morocco and Romania) tend to focus less on assessing the rationale for continued program involvement, referring to existing vulnerabilities with little elaboration.

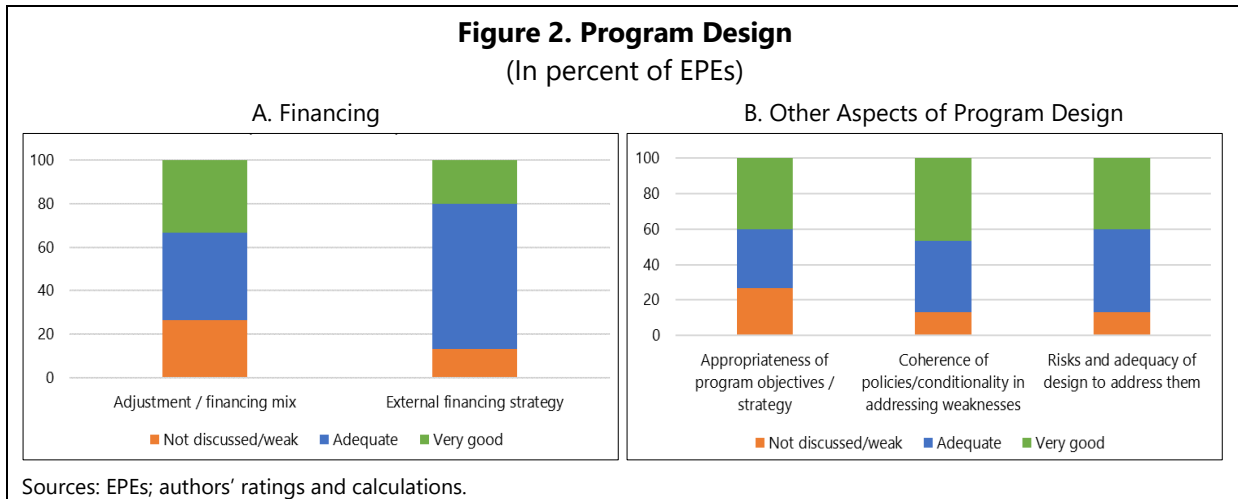


11. **How well EPEs analyse program design is judged across four dimensions:** (i) the objectives and strategy of the program; (ii) the coherence of policies and conditionality to address macroeconomic and structural weaknesses; (iii) the external financing strategy and the mix of financing and adjustment; and (iv) the adequacy of program design to address risks. The EPEs that perform better in these dimensions ask pointed questions about program design and the trade-offs involved, together with an attempt to provide answers based on a combination of evidence and judgment, even if definitive answers remain elusive. The majority of EPEs, however, fall short in raising questions about objectives and major aspects of program design, accepting that choices made were appropriate without providing sufficient supporting analysis of the tensions and dilemmas involved (Figure 2). The assessment of the four dimensions of program design is discussed in the following paragraphs.

12. **On the analysis of program objectives and strategy, seven out of 15 EPEs are rated “very good.”** The Ecuador EPE, for example, notes that greater granularity of the program’s main goals ex ante, particularly the fiscal strategy and objectives, would have helped with program design

<sup>5</sup> For this and other assessment criteria examined in this paper, there is no discernable pattern to the ratings. This issue, which has implications for the even-handedness of EPEs, is discussed further in paragraph 42.

and execution amid a difficult political environment and limited institutional capacity. The Egypt EPE discusses the appropriateness of the program’s objective to maintain macroeconomic stability balanced against the need to address the crisis related to the COVID-19 pandemic. And the Greece EPE has a superior discussion of trade-offs in establishing objectives because of constraints on financing and concerns about Grexit. The remaining eight EPEs in the sample are evenly split between ratings of “adequate” or “weak” in their assessment of program objectives and strategy. The weaker cases generally have a description of objectives without sufficient assessment of their suitability in view of the inevitable trade-offs.



13. **On the analysis of the coherence of policies and conditionality to address macroeconomic and structural weaknesses, 6 out of 15 EPEs are rated “very good.”** Eight are rated “adequate” and the remaining two were “weak.”

- Strong EPEs adopt a questioning approach, exploring critical program design issues and then providing rich answers to those questions. For example, the Portugal EPE covers questions such as should a larger economic downturn have been expected? Were the size and pace of fiscal adjustment appropriate? Should debt have been restructured? Was the competitiveness strategy realistic? Should the strategy for banks have been more proactive? Was ownership adequate? The Argentina EPE takes a similar approach to assess the fragility of the program and its flaws. It asks if the IMF diagnosed the problem correctly and why was the program not successful. The 2016 Ukraine EPE asks whether the length and scope of the program was appropriate, whether the macroeconomic framework was too optimistic, and whether downside risks were sufficiently factored into the assessment of debt sustainability. The Greece EPE questions whether political economy considerations were given sufficient weight in program design, and whether the program was too optimistic about the payoff from structural reform. The EPE for St. Kitts and Nevis, a microstate, has an insightful discussion of whether program design was sufficient to save windfalls and whether more progress on adjustment was possible.

- Some EPEs with an “adequate” rating for this dimension also take a questioning approach, but either the answers are less discerning and analytical than the better EPEs or the issues explored are less pertinent. The coverage in a few EPEs is also unbalanced, with deeper discussion of structural issues than macroeconomic issues, often getting into the weeds with excessive descriptive detail. The discussion of program design in EPEs for Precautionary and Liquidity Line (PLL) arrangements tend to be on the weaker side. If PLL qualification criteria are met, the approach in PLL EPEs seems to be that there is little value to questioning program design.
- The discussion of conditionality in most EPEs focuses on whether quantitative performance criteria, structural benchmarks, and indicative targets were adequate for monitoring purposes, and whether they were sufficiently streamlined.<sup>6</sup> The Ecuador EPE, for example, assesses conditionality against the backdrop of weak institutions and the need for adjustments to save oil revenue windfalls. These discussions often draw upon recent IMF conditionality reviews and comparisons with other exceptional access arrangements. The Greece EPE, for example, notes that structural conditionality in the 2012 EFF was more detailed than comparators, including greater use of prior actions because of weak ownership. Overall, most EPEs conclude that conditionality was appropriate, but in several cases the justification provided for this view is thin.

14. **Only a few EPEs have a head on assessment of the appropriateness of mix of adjustment and financing** (Figure 2.A). Only four EPEs are rated “very good” in this dimension, including prominent cases (Ecuador’s 2020 EFF and Greece’s 2012 EFF) and smaller cases (North Macedonia and St. Kitts and Nevis). These better EPEs provide an analysis of the constraints on adjustment and financing, and an assessment of whether the resulting mix was reasonable and appropriate. Other EPEs have a superficial discussion of the mix of adjustment and financing without an assessment. In a few cases, the mix of adjustment and financing is not examined. On the external financing strategy in isolation, most EPEs have an adequate discussion or better, even if the mix with adjustment gets insufficient attention. The discussion typically covers the projected external financing gap and its evolution, the sources of financing, the adequacy of financing, and whether the phasing of IMF financing was appropriate.

15. **EPEs assess debt restructuring in detail when it is a part of the program** (Ecuador, Greece’s 2012 EFF, St. Kitts and Nevis, and Ukraine’s 2015 EFF). EPEs for programs where a public debt restructuring might have been a consideration, as in Argentina, Portugal, and Ukraine’s 2014 SBA, also evaluate whether an early debt operation might have delivered a more robust program. Similarly, the Ireland EPE assessed the pros and cons of the controversial decision not to impose losses on unsecured creditors of failed banks.

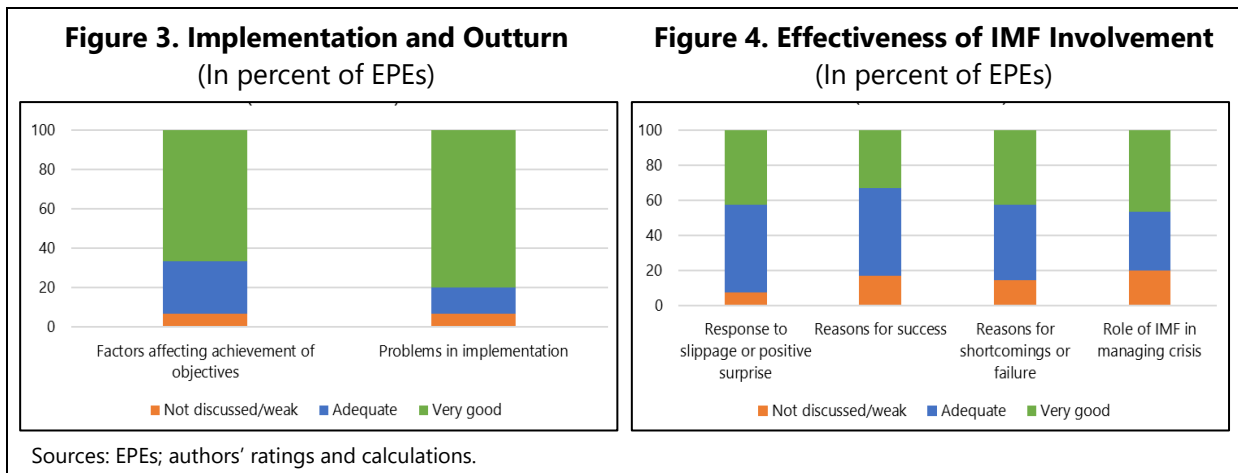
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<sup>6</sup> Montiel, Cohen-Setton, and Li (2024) further discuss exceptional access program design and outcomes.

16. **On the discussion of risks to the program and the adequacy of program design to address them, 6 of the 15 EPEs are rated “very good.”** Most of the EPEs with higher ratings in this area conclude that program design was inadequate to address emerging risks. For example, the Argentina EPE notes the lack of contingency plans to deal with policy reversals or deviations from baseline assumptions in the program. The Ireland EPE points out that euro area wide risks did not feature initially, leaving the program vulnerable when they ignited. The Greece EPE has a detailed discussion of risks, including political instability and fragile ownership, concluding that “any program, no matter how well designed, could have failed in such difficult circumstances” (IMF Country Report No. 17/44, p. 37). Most of the other EPEs describe known risks but did not take a critical approach to assess whether program design was adequate to tackle these risks.

### How Well Do EPEs Analyze Program Implementation and Outcomes?

17. **The discussion of program implementation and outcomes is strong in most EPEs.** Two-thirds of the EPEs in the sample are rated “very good” for their coverage of problems encountered in the implementation of programs and the factors that affected the achievement of objectives (Figure 3). These EPEs go beyond describing the outcomes by investigating what contributed to these outcomes. The coverage is comprehensive, methodically analysing projections and outcomes for the relevant range of macroeconomic variables and structural issues. The better EPEs avoid getting into the weeds in this enquiry, but some provide excessive detail that hinders assessing the implications of the analysis. Weaker EPEs tend to describe program performance and outcomes, focusing on what happened not analyzing why it happened.



18. **EPE guidance does not require a discussion of the rationale for continued IMF involvement or the priorities for future engagement.**<sup>7</sup> It is therefore understandable that a discussion of the forward-looking strategy gets little attention in EPEs, resulting in ratings of “adequate” or “weak” for all but two EPEs in the sample. Forward-looking coverage typically includes a brief discussion of the unfinished agenda and possible modifications in the formulation

<sup>7</sup> By contrast, such a discussion was required for EPAs prepared for longer-term program engagement.

of performance criteria or structural benchmarks. Yet, it is notable that 8 out of the 15 cases reviewed involved a successor arrangement either immediately or within a year or two of the expiration of the arrangement under review (Table 2).

Program	Program End	EPE Board	Approval Date of Successor Arrangement(s)
Ecuador 2020 EFF	December 16, 2022	November 29, 2023	May 31, 2024
Egypt 2020 SBA	June 25, 2021	June 27, 2022	December 16, 2022
Argentina 2018 SBA	July 24, 2020	December 22, 2021	March 25, 2022
Ukraine 2015 EFF	December 18, 2018	June 9, 2020	December 18, 2018 and June 9, 2020
Morocco 2014 PLL	July 22, 2016	August 1, 2017	July 22, 2016
Romania 2013 SBA	September 26, 2015	May 22, 2017	...
Greece 2012 EFF	January 15, 2016	February 6, 2017	...
Portugal 2014 EFF	June 30, 2014	September 16, 2016	...
Ukraine 2014 SBA	March 11, 2015	September 14, 2016	March 11, 2015
St Kitts & Nevis 2014 SBA	July 26, 2014	October 21, 2015	...
Jordan 2012 SBA	August 2, 2015	September 25, 2015	August 24, 2016
Morocco 2012 PLL	July 28, 2014	July 24, 2015	July 28, 2014
Ireland 2010 EFF	December 15, 2013	January 16, 2015	...
Romania 2011 SBA	June 30, 2013	March 26, 2014	December 27, 2013
North Macedonia 2011 PCL	January 18, 2013	January 29, 2014	[November 21, 2022]

Sources: MONA; authors' calculations.

19. **The effectiveness of IMF involvement is rarely addressed directly in EPEs, but it can be inferred from an assessment of factors that contribute to effectiveness.** The factors examined are the role of the IMF in managing the crisis, the IMF's response to slippage or positive surprises, and the reasons for success or failure. Just under half the EPEs in the sample are rated "very good" for the appraisal of these issues (Figure 4). A common theme in several of these EPEs (for example, Ecuador, Portugal, Ukraine, St. Kitts and Nevis) is that macroeconomic stabilization was largely achieved under the arrangement, but that vulnerabilities remained and the role of the IMF in promoting structural goals was more qualified. The EPEs for PLL cases (Morocco and North Macedonia), highlighted the role the IMF played to provide insurance and signal good policies. Some of the EPEs for programs that failed or had serious shortcomings received lower ratings because they typically focused more on the constraints the IMF faced and less on assessing the choices the IMF made because of these constraints. Some of these EPEs, however, do raise the question of "when should the IMF pull the plug?"

### **How Well Do EPEs Assess the Justification for Observance of the Four Exceptional Access Criteria?**

20. **An essential component of EPEs is the assessment of the justification in program documents for satisfying the criteria to receive exceptional IMF financing.** The specifics of these criteria and their evolution are discussed in greater detail in Abrams and Arora (2024). In summary, the first exceptional access criterion (EAC1) is that the member must be facing

exceptionally large balance of payments needs. The second (EAC2) is that there is a “high probability” that the country’s public debt is sustainable. The third (EAC3) is that the country has a prospect to gain or regain access to private capital markets. And the fourth (EAC4) is that the country has the commitment and institutional and political capacity deliver planned adjustment leading to success of the IMF-supported program.

21. **The evaluation of EAC1 is typically straightforward and all EPEs present a good assessment of the justification for its observance.** This justification often relies on an actual large balance of payments need due to some combination of an elevated current account deficit, pressure on the capital account, and low level of reserves. In PLL cases, EPEs note that countries did not face an actual balance of payments need in the baseline scenario, but that adverse scenarios illustrate how a potential financing gap at exceptional access levels could arise. Two EPEs (Ecuador and Morocco 2015) have mild criticism of the appraisal of EAC1, remarking that the assessment could have been better justified in reviews after the approval of the program.

22. **The EPEs in the sample cover programs approved before and after the 2016 modification of EAC2 and these periods are considered separately.**<sup>8</sup>

- For the period before the 2016 modification, the coverage of EAC2 in EPEs falls into four groups. First, the EPEs for North Macedonia, Romania, and Morocco agree with staff’s assessment that public debt would remain sustainable over the medium term and resilient to shocks. Second, Ukraine’s 2015 EFF involved a successful debt restructuring operation at the outset of the arrangement and its 2020 EPE supported the justification provided for observance of EAC2. Third, the EPEs for Jordan, Ukraine (2016 EPE for the 2014 SBA), and St. Kitts and Nevis (which benefitted from a restructuring of its debt) note that staff assessed debt to be sustainable with high probability but are critical of the justification provided, remarking that they either fall short of the required “rigorous and systematic analysis,” or rely on a baseline outlook with benign elements. And fourth, the EPEs for the programs with Greece (2012 EFF), Ireland, and Portugal, whose debts were assessed to be sustainable but not with high probability, are critical of the application of the systemic exemption because of insufficient justification to invoke the exemption.
- For the period after the 2016 modification, the coverage of EAC2 in the remaining three EPEs in the sample falls into two groups. Ecuador’s 2020 EFF involved a successful debt restructuring operation at the outset of the arrangement and its EPE supported the justification provided for observance of EAC2. By contrast, for Argentina’s 2018 SBA and Egypt’s 2020 SBA, debt was categorized as sustainable but not with high probability, that is in the so-called “gray zone” identified in the 2016 modification of the exceptional access framework. Being in the gray zone called for these two EPEs to explore the application of the debt sustainability analysis and the safeguards to IMF resources. Both EPEs have a

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<sup>8</sup> The creation of the so-called “systemic exemption” for EAC2 in 2010 and its removal in 2016 to create a so-called “gray zone” is discussed in detail in Abrams and Arora (2024).



detailed description of these issues, concluding that EAC2 was “deemed to be” satisfied based on finely balanced judgment. This judgment, however, is not independently assessed in either EPE.

23. **EPE’s discussion of the justification for satisfying EAC3 falls into two groups,** depending on whether the country had access to private capital markets when the program was approved, or whether access had been lost and needed to be regained.

- At the time of their arrangements, Egypt, Morocco (two PLL arrangements), North Macedonia, and Romania (two SBAs) had not lost market access and they maintained this access for the duration of their arrangements. The six EPEs for these countries therefore agreed with the justification for the observance of EAC3.
- The remaining nine EPEs for countries where access needed to be regained have a more complete assessment of the justification for the observance of EAC3. To highlight a few examples, the Argentina EPE notes that prospects of regaining market access were mixed, but on balance EAC3 was judged to be met; the EPE does not question this judgment. The EPE for Ukraine’s 2014 SBA notes that the assumptions underlying the expectation that Ukraine would regain access proved “highly optimistic,” and a debt operation was needed before the next program. The EPE for Greece’s 2012 EFF concluded that the judgment that market access could be retained by the end of the program “appears reasonable” as it assumed that the program would be implemented. It goes on to discuss why market access was not restored in the post-program period. With the intensification of the euro area crisis during the Ireland EFF, the country’s EPE stressed that without area-wide actions to stabilize the euro, there was little prospect of regaining market access at sustainable rates, thus questioning the justification for observing EAC3 in the absence of such actions.

24. **Most EPEs in the sample take a skeptical view of the justification for the fulfilment of EAC4.** Several of these EPEs highlight that the authorities were given the benefit of the doubt, including by taking an optimistic view of commitments despite a weak track record or lack of ownership. On the one hand, this approach suggests that ex-ante the IMF has been inclined to recognize possible changes in the authorities’ intentions by not tying judgment of future policy implementation capacity too tightly to previous weak track records. On the other hand, however, the ex-post skepticism in evaluation reports suggests that the bar to meet EAC4 may have been set too low (Ukraine 2020 and 2016 EPEs; Romania 2017 and 2014 EPEs; Greece; and Portugal). Notably, the Ukraine 2016 EPE concludes that “in hindsight, ... the uncertain political preconditions cast some doubt on whether the ‘strong prospects for success’ underpinning EA4 were met ...” (IMF Country Report No. 16/320, page 26). In other cases, the Argentina EPE expresses concern about the light commitments sought from the authorities and suggests that stronger assurances could have been sought. The EPEs for Morocco (2014 PLL), St. Kitts and Nevis, and Jordan note that there should have been deeper discussion of issues such as previous policy reversals, the potential for political stress, and the soundness of institutional frameworks. As in the case of EAC3, the Ireland EPE underscores that commitments from the Irish authorities alone

would not be sufficient and that euro-area wide commitments to stabilize the euro would also be critical for program success. The EPE noted that such assurances were not sought. The Ecuador EPE describes steps taken to mitigate political risks (prior actions, dialog with stakeholders, seeking input from political groups), but points out that political constraints nevertheless led to important deviations from the program.

25. **Overall, a majority of EPEs in the sample adopt an enquiring approach when assessing the justification for satisfying the EAC but staff presumptions still prevail.** When the assessment was finely balanced, EPEs agree that the judgment applied to tip the balance toward the criteria being observed was appropriate. In other words, EPEs give staff the benefit of the doubt. The most forthright critical conclusion was in the 2016 Ukraine EPE, which concluded that “the case for concluding that the exceptional access criteria were met was not compelling” (IMF Country Report No. 16/320, page 2). A small number of EPEs, however, just described the justification for meeting the EAC, accepting the staff’s rationale instead of probing its adequacy.

### **How Well Do EPEs Assess Enterprise Risks?**

26. **Only a minority of EPEs assess the treatment of enterprise risks in programs.**<sup>9</sup> Specifically, the EPEs for Argentina, Ecuador, Egypt, Greece, and Ukraine (both programs) go beyond issues related to program design and the criteria for exceptional access and include a focused discussion of how programs treated broader risks for the IMF. Most of these EPEs have good coverage of financial risks, including issues related to frontloaded access and ways in which the assessment of the capacity to repay the Fund could be improved. Some discuss reputational and credibility risks for the IMF, including because of repeated programs or delays in completing reviews and declaring a program to be off track. The lack of an integrated assessment of overall enterprise risk and limited involvement of the Office of Risk Management (ORM) is noted in some EPEs. Two examples from high-profile cases are worth highlighting. The Argentina EPE recommends revisiting the IMF’s internal processes for assessment and mitigation of broader risks, with the goal of bringing sufficient information to the Board to facilitate a robust discussion before a program is approved. The EPE for Greece’s 2012 EFF notes that the Board was presented with a “frank and explicit” assessment of risks and that the decision to approve the program despite these risks revealed a high tolerance for risk by the institution because of Greece’s circumstances and risks for the euro area.

27. **The majority of EPEs, however, focus only on program-related risks and do not discuss enterprise risks.** For precautionary programs, even program-related risks get insufficient attention.

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<sup>9</sup> The 2010 EPE Guidance Note does not call for an assessment of enterprise risks. Furthermore, the IMF’s Risk Management Unit was created in 2014, later evolving into the Office of Risk Management (ORM) and the establishment of risk tolerances. These factors explain the limited coverage of these issues in older EPEs and program documents. Nevertheless, the question is being asked in this paper to obtain a picture of EPEs’ implications for the enterprise risk management framework.

## Do EPEs Incorporate the Views of the Authorities and Other Stakeholders?

28. **None of the EPEs in the sample incorporate the views of the authorities, except to address factual points.** Instead, the authorities' views are presented separately, typically in a self-contained annex.<sup>10</sup> The annex is drafted by the authorities in less than half the EPEs (Argentina, Ecuador, Egypt, Greece, Ireland, and Portugal). For the other nine EPEs, the drafting is done by the EPE team to convey the main points made when the team met the authorities. In most cases, the authorities expressed broad agreement with the views in EPEs. When disagreement is expressed, it is to provide alternative perspectives and explanations for specific points rather than to dispute fundamental ideas. In two cases, however, disagreement with the EPEs is wider and deeper. Notably, the new set of Argentine authorities when the EPE was prepared state that the 2018 SBA was a "political loan" to support the administration incumbent at the time of the arrangement. And the Governor of the Bank of Greece at the time wrote that the EPE "misses the opportunity to be fair to history since it criticizes everybody else except the IMF."

29. **Many EPE team leaders interviewed expressed frustration about the process of obtaining the authorities' views.** They found the guidance note to be ambiguous and unhelpful on procedures.<sup>11</sup> The practice is to prepare the draft report without much interaction with the authorities. Then once a draft is completed, staff travel to the country to present the report to the authorities, keeping in mind the injunction against negotiating the conclusions. This means that valid perspectives from the authorities that may be material to the EPE are not adequately addressed. In cases when contacts with the authorities take place before completing the draft, discussions focus on fact finding. In addition, interviewees said that many country authorities were perplexed by the procedure that drafts are almost final when they are discussed. One interviewee paraphrased the authorities' reaction as "if we cannot change anything, why are you wasting our time discussing this draft?" A few interviewees also said that some country authorities were uninterested in the EPE as their focus was on successor programs that were underway.

30. **Only the rare EPE addresses views of other stakeholders, and the extent to which their views are incorporated appears to be minor if at all.** These rare cases typically involve European institutions (especially the European Commission) and the World Bank when they are program partners and their expertise was critical for the structural component of programs, as in Romania. The EPEs for the three euro area countries in the sample also discuss collaboration with the EC and ECB, but the views of these partners are not considered. For some prominent EA programs, there is considerable external commentary from academics, market analysts, think tanks, or other commentators, but the assessment and integration of such views in EPEs is limited, making these evaluations an inward-looking exercise.

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<sup>10</sup> All but two EPEs in the sample have been published. The two exceptions are North Macedonia (2011 PLL) and Jordan (2012 SBA), where the authorities did not consent to publication.

<sup>11</sup> The relevant passage of the EPA guidance note, which also applies to EPEs, states: "The draft [EPE] report is discussed with the authorities. Although its analysis and conclusions should not be subject to negotiation with the authorities, factual corrections and other revisions as appropriate could be made before the report is circulated to the Board, subject to the usual review process."

## Does the EPE Process Promote Objectivity and Independence?<sup>12</sup>

31. **Views about the independence of the evaluation exercise are mixed.** Most EPE team leaders said they had sufficient independence to state their opinions in the EPE. But several noted that they had to “fight for independence” when views were highly polarized and attempts to influence conclusions were strong, which resulted in some conclusions being toned down. To paraphrase one interviewee, “everybody had the sense that the EPE should not rock the boat and hence the approach was to put down markers rather than be critical.” Almost all interlocutors complained that the EPE process impedes independence, making it harder to maintain an objective stance.

32. **The major role played by the area department whose program is being evaluated is seen as hindering the independence of EPEs because of a conflict of interest.** First, although the guidelines make clear that the EPE team leader cannot be from the area department being evaluated, it is the area department that selects the EPE team leader. In some cases, the selection of EPE team leaders was perceived as being done with a view to select a person who was seen to be compliant. Second, the area department controls the timing of the EPE’s preparation, review, and Board discussion. This often results in undue delays that affect the impact of the EPE, especially when there is a successor program. And third, although in most cases the review process was constructive, with EPE teams receiving beneficial feedback without pressure to change opinions, in some cases the review process was heavy-handed with area department reviewers defending positions taken in programs and resisting alternative views. Overall, the overwhelming view among interviewees was that the area department’s role in EPEs should be curtailed, including by eliminating the dual sign-off by the area department and SPR before EPEs are sent to management for approval.

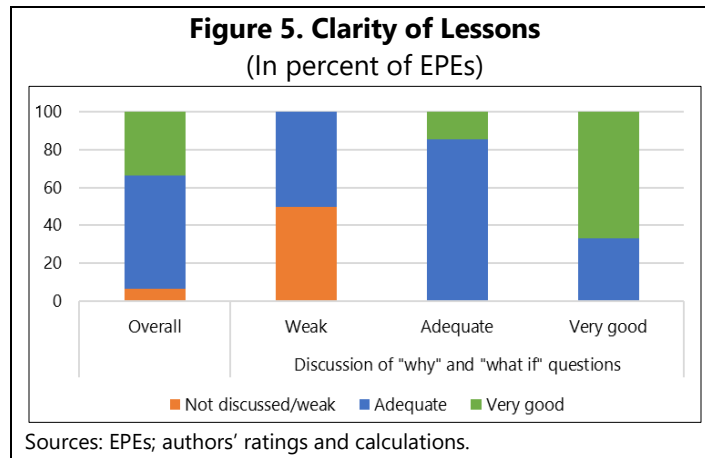
33. **The grade of the EPE team leader matters.** Two-thirds of EPE team leaders in the sample were at grade A15 (see Table 1) and were seeking leadership experience to enhance prospects for promotion. Not only did they have less experience and feel constrained to criticize more senior staff, but their incentives were seen to be to do a competent but uncontroversial job to avoid being perceived as poor team players by selection committees for promotion. In addition, some A15 EPE team leaders said that it was difficult to assemble a high-quality team, which affected the ability to conduct the analytical work needed to underpin EPE conclusions. EPEs led by staff at grade B3-B4, responsible for high profile and controversial cases, tend to do a better job at critically exploring issues. That said, some EPEs led by A15 staff are first rate, with superior analytics and conclusions. At all grade levels, EPE team leaders were satisfied with the size and skill set of their teams but were often less satisfied about the amount of time they and team members could devote to the exercise because EPE work was additional to their regular work.

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<sup>12</sup> The EPE guidance note does not explicitly refer to the independence of evaluations. But understandings about the independence of EPEs have emerged based on the guidance note’s stipulation that EPEs should provide a “critical and frank” assessment (see paragraph 3 above). In addition, the procedures for EPEs (see paragraph 4) are designed to promote an independent perspective. Notably, although the draft report is subject to the normal internal review process, final decisions are the responsibility of the team leader.

## Do EPEs Identify Clear Lessons?

34. **Five EPEs are rated “very good,” nine are rated “adequate,” and one is rated “weak” on the identification of clear lessons** (Figure 5). The high rated EPEs do a better job of appraising what worked and what did not, including by asking and attempting to answer “why” and “what if” questions. This approach promotes better quality lessons that are relevant for the program being evaluated, for other countries and programs, and for IMF policies and procedures. The adequate EPEs, by contrast, focus more on “what happened” than on “why,” which affects the rationale, specificity, insightfulness, and importance of the lessons drawn. Across the rating spectrum, most EPEs state that the lessons offered have the benefit of hindsight. Some EPEs highlight “lessons relearned,” signifying that they have been identified before in other evaluations. EPEs do not convey priority among the lessons offered and they often use hedged language muting their impact.



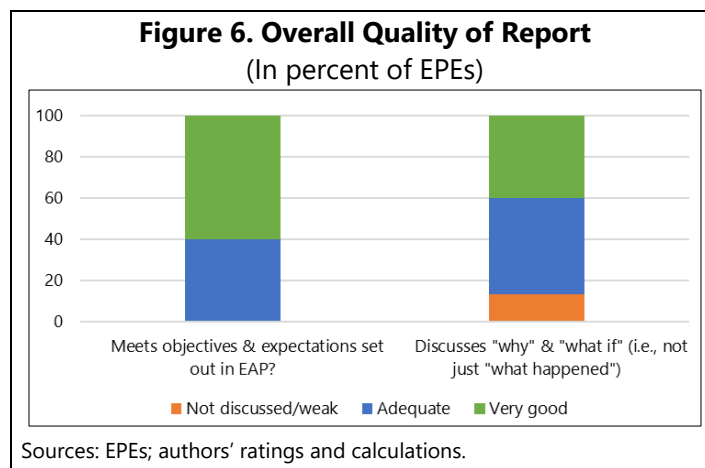
35. **Lessons are similar across a range of EPEs.** A partial list includes using conservative baseline assumptions; avoiding over-ambitious targets and timeframes; making contingency plans based on realistic adverse scenarios; recognizing that detailed conditionality cannot replace strong program ownership; assessing the political economy of reform and balancing ownership against the choice of program policies in ways that build and sustain reform momentum; undertaking early assessments of debt vulnerabilities and moving quickly to restructure debt when sustainability is in question; paying attention to the composition and quality of fiscal adjustment; recognizing that structural reforms take time to bear fruit; and ensuring effective communications.

36. **Lessons related to exceptional access criteria are notable.** Such lessons feature in the EPEs for Argentina, Ecuador, Greece, Ireland, Jordan, Portugal, St. Kitts and Nevis, and Ukraine (both programs). The premise of the lessons is that there are shortcomings in the application of either EAC2, EAC3, or EAC4. Hence these EPEs argue that additional guidance is needed to increase the rigor, even-handedness, and realism of the assessments, including how to proceed if assessments change over the course of the program. The repetition of similar EAC-related lessons

across numerous EPEs over the last several years is striking. Notably, the 2020 Ukraine EPE notes that the same recommendation regarding the need for more guidance for EAC4 in the 2016 Ukraine EPE remained relevant for the country's successor program. The shortcomings of the systemic exemption highlighted in the EPEs for euro area programs, however, was addressed in 2016 when the exemption was eliminated. Issues concerning institutional learning are discussed in greater detail in the next section.

### Do EPEs Fulfill the Objectives and Expectations Set Out in the EAP?

37. **The answer is mixed.** EPEs are expected to assess the appropriateness of the policy response, which requires an evaluation of the vulnerabilities prior to the program, the objectives and policies under the program to address these weaknesses, the mix of financing and adjustment, and the justification for exceptional access. In addition, EPEs are expected to assess program performance and draw lessons about the effectiveness of the Fund's involvement. To do so effectively, it is important for EPEs to raise questions and assess tradeoffs even if definitive answers remain elusive. Although most EPEs meet the minimum objectives and expectations set out in the EAP, less than half go beyond the minimum and ask a rich set of questions and attempt to provide analytical answers (Figure 6). As a result, the majority of EPEs are just adequate or weak because they fall short in questioning the fundamental assumptions underlying the overall strategy and accept that choices made were appropriate without sufficient examination of tradeoffs and alternatives. Thus, although several EPEs meet the objective of providing "critical and frank" assessments by considering the pros and cons of alternative approaches, many struggle to meet their full potential because they emphasize "what happened" rather than "why" and "what if."



38. **EPEs are better in analyzing some aspects of program involvement than others.** They are better at assessing the rationale for IMF engagement and program implementation and outturns, than at evaluating policy dilemmas such as whether the mix of financing and adjustment was appropriate. EPEs are also better at assessing the justification for compliance with IMF policies than at rigorous questioning of the coherence of policies and the adequacy of program design to address risks. That said, all EPEs conclude that programs were consistent with IMF rules and

practices, although some highlight nuances around these views, noting, for example, that the justification provided for meeting exceptional access criteria was “finely balanced.” Furthermore, EPEs for PLL cases focus more on PLL qualification criteria than on EAC, and they question program design less than other EPEs. Only a minority of EPEs have an assessment of how programs treated broader risks to the IMF. Similarly, only a minority of EPEs identify compelling and perceptive lessons, while most are just adequate on this front, typically offering general points such as “pay more attention to program ownership” that could apply to almost any IMF program. More experienced and senior of EPE team leaders prepare higher quality reports, but there are some junior team leaders that took a courageous stance on controversial issues.

39. **As discussed earlier, most EPEs tend to focus more on “what happened” and less on “why” or “what if.”** This shortcoming was highlighted in Goldsbrough (2015) and remains relevant. The tendency to avoid second guessing or criticizing major decisions, while smaller and less consequential issues get questioned more, may contribute to this shortcoming. Furthermore, EPEs by nature look in the rear-view mirror, and couch conclusions as being “in hindsight.” Only the rare EPE asks if there was sufficient “foresight” at the program design phase based on what was known at the time. EPEs are also inward-looking exercises, with minimal input from the authorities and other stakeholders. Although EPE guidance does not expect reports to be outward looking, this approach limits the opportunity for broader analysis and debate of potential criticisms of IMF programs.

40. **The views of Executive Directors and country authorities support these mixed observations about whether EPEs fulfill the objectives and expectations set out in the EAP.** Opinions expressed by IMF Board members and their staff during interviews fall into three broad categories. First, several interviewees did not offer views because of insufficient familiarity with EPEs. Second, of those that did express views, a minority were satisfied with the objectivity, content, and quality of EPEs, noting that they are a helpful learning tool. Third, a large majority, however, expressed doubts about the effectiveness of EPEs. The reasons for these doubts included concerns about the lack of honesty of evaluations because political pressure and “staff judging staff” tends to curtail independence; the narrow scope of EPEs, an example being insufficient attention to political constraints and how this might affect program objectives and policies; and the limited impact on successor programs and IMF policies. There is also greater familiarity with a few high-profile EPEs compared to smaller cases. In a similar vein, IEO interviews of country authorities in Argentina, Ecuador, and Egypt suggest that EPEs have not contributed much to public scrutiny of the IMF as only a small circle of officials have knowledge of these reports and their content.

41. **In sum, the contribution of EPEs to strengthening the IMF’s accountability has been patchy and falls short of potential.** Their main contribution has been to assess compliance with exceptional access criteria and describe program performance. Their contribution to reinforce accountability of program design is weaker because many EPEs fail to question fundamental assumptions underlying program strategy and consider the pros and cons of alternative approaches. The impact EPEs have is a separate question, which is examined in the next section on institutional learning.

42. **The analysis in this section indicates that EPEs are evenhanded as there is no discernible pattern in the ratings for the assessment criteria examined.** Specifically, there is no apparent pattern to the ratings in terms of groupings such as programs that failed versus programs that succeeded, large versus small economies, highly politicized cases versus less politicized cases, different levels of exceptional access, or the IMF facility used. Importantly, there is no indication that EPEs tend to be less critical about programs with more negative outcomes. To the extent that there are patterns, they are: (a) EPEs led by more senior staff are of better quality on average than those led by more junior staff (see paragraph 33); and (b) EPEs for PLL arrangements tend to focus more on PLL qualification criteria and less on program design and exceptional access criteria (see paragraphs 13 and 38).

### III. INSTITUTIONAL LEARNING

43. **EPEs have played only a minor supporting role in promoting institutional learning, with other avenues for learning playing a larger role.** The contribution of EPEs to institutional learning is assessed in terms of their influence on the design of subsequent programs, and how well they identify common issues across countries and inform the development of Fund policies.

#### Lessons and Follow-up

44. **As discussed earlier, most EPEs do a satisfactory job of identifying appropriate lessons, with a handful standing out for perceptiveness and relevance.** The higher rated EPEs draw tangible lessons based on what worked and what did not. Taken together, these lessons are operationally applicable to the individual program being evaluated, across countries and programs, and IMF policies and procedures. Although most EPEs were at least adequate on this front and many lessons are “relearned,” it should be recognized that some cases might yield only limited insights and it is not easy to identify lessons that go beyond the generic. In addition, some EPE team leaders noted that the audience for EPEs is not clear. Is it the staff? Is it the Board and the IMF as an institution? Is it the authorities? Is it the broader public? For whom should the lessons resonate? In view of this ambiguity, they found it difficult to pitch appropriate EPE lessons.

45. **IMF systems to assess and act on identified lessons, regardless of their quality, are deficient.** There is no formal institutional system to monitor lessons offered in EPEs, to evaluate their importance and relevance, to decide on whether they need to be acted upon, to identify next steps when warranted, and then to enforce follow up. EPE team leaders lamented this situation, with some questioning the value of the work they put in on the exercise. With limited follow up, several lessons offered in EPEs are cast as “lessons relearned.” To paraphrase one EPE team leader: “The EPE for country x did not offer new lessons because old ones had been ignored.” As a result, weaknesses in program design can get repeated.

46. **The effectiveness of the Executive Board in supporting key lessons during the discussion of EPEs is limited.** One-third of Board meetings to discuss EPEs were stand-alone with the EPE being the only agenda item (see Table 1). Of the rest, one Board meeting was combined



with the approval of a new arrangement; four were combined with a review of a successor arrangement; three were combined with an Article IV consultation; and two were combined with a post-program monitoring report. Most EPE team leaders observed that the Board discussion of the EPE was a “side show” because it was eclipsed by the discussion of the combined agenda item, resulting in limited engagement by the Board on the substance of the EPE. In a minority of cases, mainly for stand-alone discussions, team leaders observed that there was constructive engagement by the Board. Board summing ups show a similar dichotomy. The summing ups for stand-alone discussions are more detailed than the summing ups for combined discussions, where the EPE is typically covered in a single paragraph. In both cases, however, the summing ups are anodyne, without pointed messages or emphasis on Board priorities. In most cases, summing ups agreed with the conclusions of the EPE, but in two cases (Argentina and Ecuador) a few subtle differences were also noted. As a result, staff receive little practical guidance for follow up from the Board. One EPE team leader suggested that EPEs also need to share responsibility for bland summing ups, because EPEs themselves tend to be bland and gloss over difficult issues.

### **Facilitating Country-Specific Learning**

47. **Overall, the impact of EPEs on successor programs has been limited.** Nine of the 15 EPEs examined were for programs that were soon followed by a successor IMF arrangement (Table 2).

- Of these, there are four cases where the EPE Board discussion preceded the new program—Ecuador (by six months), Argentina (by three months), Egypt (by six months), and Jordan (by a year). For Ecuador, the successor EFF was informed by the EPE and included a more balanced composition of fiscal consolidation, greater focus on the non-oil balance and non-oil revenues, a longer program duration, and a contingency plan to ensure compliance with program fiscal targets if revenues underperform. For Argentina, the successor program was based on more realistic macroeconomic assumptions and stress testing, as recommended by the EPE. For Egypt, the successor EFF incorporated the EPE’s recommendation to enhance exchange rate flexibility, broaden the definition of the net international reserves target, and to include contingencies for upside risks.<sup>13</sup> For Jordan, the lessons in the EPE were generic and evidence that the EPE influenced the successor program, which did not make any reference to the EPE, is hard to find. Beyond these examples, interviewees noted that when work on a new program and the EPE proceeded in parallel, there was pressure on the EPE team not to rock the boat and to be circumspect to avoid constraining the team discussing the successor program.

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<sup>13</sup> The issue of exchange rate flexibility in Egypt has been longstanding and the EPE played only a small role in its promotion. It was not included in the program evaluated in the EPE because the time was not considered to be right due to the COVID-19 shock.

- For the other five cases, EPEs were completed well after the launch of the successor program, providing no opportunity to influence the new program.<sup>14</sup> In some of these cases, the successor program was approved on the same day the previous program expired or was cancelled, which means that even a rushed EPE timetable would not allow lessons to be incorporated in the back-to-back program. In addition, interviewees noted that there have been cases where the area department delayed clearing the EPE to divorce it from the successor program.
- A common view among EPE team leaders was that their reports were largely shelved either because key decisions on a new program had already been made, or because the EPE came too late, or because the lessons were not new. Some EPEs note that successor programs had already addressed certain problematic issues based on experience with previous programs before the issue was highlighted in the EPE.

48. **In country cases with multiple EPEs (Greece, Morocco, Romania, and Ukraine), lessons from earlier evaluations are often repeated in subsequent evaluations.** The EPEs for Greece, Morocco, and Ukraine included a box to summarize the conclusions of previous EPEs. A comparison of EPEs for the same country shows that similar issues tend to be raised in multiple EPEs, again suggesting limited learning. For example, the Greece EPE for the 2012 EFF notes that lessons from the EPE for the 2010 SBA, such as the need for realistic forecasts, the importance of political economy factors, more parsimony in structural reform, and the criticality of sufficient debt relief, remained relevant for the EFF. Similarly, the 2020 Ukraine EPE notes that a comparison with previous EPEs reveals a pattern of halting progress in structural reform and difficulties in addressing weak program ownership and strong vested interests.

### **Facilitating Institutional Learning and Benefitting from such Learning**

49. **EPEs often draw relevant policy lessons, but their traction has been limited.** For example, some EPEs have made the case for additional guidance for a more rigorous assessment of meeting EAC3 on restoring market access. Similarly, EPEs have noted that the IMF has been lenient in judgments related to EAC4 on prospects for success, with a tendency to enumerate the risks but still conclude that the criterion is met. A few EPEs have also raised questions about “when to pull the plug” on programs that are irretrievably off track. EPEs have flagged difficulties that arise when macro-critical reforms are outside the IMF’s core expertise. And EPEs for PLL cases have highlighted issues related to the phasing of access in countries with back-to-back PLL arrangements, and insufficient focus on domestic risks as a reason to draw; these points were not directly addressed in subsequent reviews of the PLL and FCL. The reason these lessons did not resonate is unclear, but the lack of a structured process to follow up and limited Board endorsement does not help. That said, it is also important to recognize that some of these issues are longstanding and neither periodic reviews by staff nor IEO evaluations have managed to put forward solutions, suggesting that the matter goes beyond EPEs.

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<sup>14</sup> The average lag between the end of a program and Board discussion of EPEs in the full sample was 14 months, with a median of 12½ months.

50. **These weaknesses in the EPE process do not mean that EPEs fail to contribute to institutional learning.** They do, but the learning takes place as part of a process that is wider than the EPE framework. This wider process draws on the collective wisdom from experience, periodic reviews and analysis done by IMF staff, and IEO reports. Notable examples include:

- The IMF's 2015 [Crisis Program Review](#) (IMF, 2015e) and the IEO's 2016 evaluation of [The IMF and the Crises in Greece, Ireland, and Portugal](#) (IEO, 2016) flagged issues related to the use of the systemic exemption for EAC2; the difficulty of program design in currency unions; and inadequacies of the IMF's debt sustainability framework. Work to address deficiencies in these areas was underway in the IMF either concurrently or before these issues were flagged in EPEs. As a result of this work, the systemic exemption was eliminated in 2016 and EAC2's approach to assessing debt sustainability was recalibrated.
- Similarly, in February 2018 the Board approved the paper on [Program Design in Currency Unions](#) (IMF, 2018a) to fill the gap in Fund policy. Interviewees noted that although this paper focuses on European institutions, it has also been helpful for programs with members of smaller currency unions in Central Africa and West Africa.
- Furthermore, periodic improvements have been made in the IMF's debt sustainability framework for market access countries ([MAC DSA](#)) to modernize and better align it with the IMF's objectives and lending framework.
- Additional examples of institutional learning—and in many instances re-learning—that cannot be attributed to EPEs alone because of parallel work was already underway in the IMF include:
  - Avoiding over-ambitious targets based on optimistic best-case baseline scenarios, and instead promoting more conservative scenarios to underpin program design.
  - Greater use of contingency planning in program design, with plans either kept internal for IMF staff or discussed with the authorities and the Board.
  - Greater use of quantified downside scenarios in capacity to repay assessments for exceptional access programs, although this is not yet uniform.
  - Better recognition of the benefits of early sovereign debt restructuring or reprofiling because it gets harder and less effective when it is delayed.
  - Modifications to the financing assurances policy to address situations of exceptionally high uncertainty.

- Lengthening program duration through greater use of EFF arrangements as an instrument of exceptional access arrangements to provide more time to address protracted balance of payments needs and extensive structural reform agendas.<sup>15</sup>
- Improvements in the IMF framework for governance reforms informed by the experience with Ukraine’s IMF arrangements.<sup>16</sup>
- Ongoing policy development to help better support countries undertaking capital flow management measures and financial and corporate sector deleveraging.

**51. EPEs have also benefitted from institutional learning to arrive at judgments.**

Two-thirds of the EPEs reviewed are “very good” or “adequate” in incorporating lessons from broader IMF reviews of program experience, but a third are “weak.” EPEs with higher ratings assess programs against the conclusions of items such as (a) the periodic reviews of conditionality; (b) triennial surveillance reviews; (c) the 2015 Crisis Program Review; (d) various IEO evaluations (including growth and adjustment in IMF-supported programs; the role of the IMF in Argentina; the crises in Greece, Ireland, and Portugal; and advice on capital flows); (e) policy papers and TA reports on issues such as energy pricing and energy subsidy reform, conditionality in evolving monetary policy regimes, capital flow management, and small states strategy; (f) analysis in the World Economic Outlook; and (g) the academic literature on a variety of subjects related to the evaluation. The better EPEs also use cross-country experience and comparative metrics to provide valuable perspective. The cross-country comparisons cover issues such as structural benchmarks, the share of frontloaded measures, the nature and number of quantitative performance criteria, external financing, IMF access and its phasing, and the capacity to repay the IMF. Although many EPEs use this approach, the EPEs for Ecuador, Portugal, Ukraine (both programs), and St. Kitts and Nevis stand out for the use of comparative analysis.

#### **IV. FINDINGS AND CONCLUSIONS**

**52. The IMF’s willingness to apply the same scrutiny to itself that it applies to its member countries and the global economy is a major strength.** Such scrutiny contributes to the institution’s learning, credibility, and oversight. Ex-post evaluations of exceptionally large financial commitments by the IMF are a part of such self-evaluation and are an important tool for risk mitigation, accountability, and learning.

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<sup>15</sup> Established practice used to be that the EFF would not normally be used to provide EA financing. The Fund learned from initial crisis programs that it is difficult to deliver ambitious reform goals within SBA timeframes and approved the first ever EA EFF in 2010 for Ireland. EFF arrangements were then used for EA programs with Portugal (2011), Greece (2012), Ukraine (2015), and Ecuador (2020). The chosen EFF program length of Greece and Ukraine was four years, the longest possible for exceptional access cases.

<sup>16</sup> See the 2018 [Guidance Note on Governance – A Proposed Framework for Enhanced Fund Engagement \(IMF, 2018b\)](#), which preceded the 2020 Ukraine EPE but followed the 2016 Ukraine EPE.

53. **There are several strong EPEs in the sample studied.** These stronger EPEs ask a rich set of questions, probe fundamental assumptions, assess trade-offs, and analyze the pros and cons of alternative approaches. This demonstrates that EPEs can be a useful exercise with the potential to add value by enhancing the IMF's credibility, accountability, and learning.

54. **But in aggregate EPEs do not meet their full potential because they vary in effectiveness.** They are stronger at assessing consistency with IMF policies and analyzing performance against program objectives, central elements of the EPE mandate set out in the EAP. By contrast, a majority of EPEs in the sample are weaker at investigating the appropriateness of program design—another key element of EPEs' mandate—because there is insufficient questioning of fundamental assumptions and limited evaluation of the pros and cons of alternative approaches. In addition, most EPEs tend to avoid second guessing or criticizing big decisions, while less consequential issues get questioned more because they are less controversial and the stakes are lower. EPEs are also an inward-looking exercise, limiting the opportunity for broader analysis and debate of potential criticisms of IMF programs. Similarly, EPEs vary in how well they identify common issues across countries, influence the design of subsequent programs, and inform the development of IMF policies and procedures.

55. **Even when lessons are clear and actionable, there is no method for systematic follow up, leading to lessons being repeated and re-learned.** EPEs have thus played only a small supporting role in promoting institutional learning, with the collective wisdom from other avenues playing a larger role. Taken together, these drawbacks suggest that EPEs contribution to strengthen the IMF's accountability and institutional learning has been patchy.

56. **For EPEs to add greater value, upgrades in their substance, the process for preparing them, and the systems for following up on conclusions can yield important benefits.** It is not the role of this review to provide detailed operational recommendations, but the discussion suggests several areas for improvement, many of which were already identified in Goldsbrough (2015) as outlined in Box 1. Areas where the potential payoff from modifications may be particularly high are summarized below.

- The independence of the evaluation team and the team leader's sole responsibility for the contents of the evaluation are essential principles. In terms of actual and perceived independence, however, the current role of the area department in choosing the EPE team leader, controlling the timing of the EPE, and clearing the report before it goes to management for approval is problematic. The role of SPR is also questionable as it clears both the program papers and the EPE, which can create a potential conflict of interest. The area department and SPR, nonetheless, do play an essential role in terms of fact checking and commenting on the report, as do other departments.

- The experience and independence of the EPE team leader plays a large role in the quality of assessments and lessons. A roster of potential EPE team leaders with the necessary analytical background, experience, and seniority would be helpful for choosing team leaders on an objective basis, but such a roster does not yet exist.
- EPEs' objectivity and content suffer from lack of early input from the authorities. This does not mean that the content and views expressed in EPEs should be negotiated with country authorities. But there is little value in presenting authorities with a near-final version of the EPE and then seeking their views to append to the EPE without explicitly assessing the concerns they may express.
- Beyond the appropriate role of the authorities, EPEs are more inward-looking than outward-looking, missing an opportunity to evaluate substantive external commentary about the IMF's approach from academics, market analysts, think tanks, independent commentators, and other stakeholders. Not all EA programs attract such attention, but for those that do an assessment of external analysis would increase the effectiveness of EPEs.
- A formal system to record key lessons and recommendations and to monitor follow-up does not exist. This limits the role of EPEs in promoting institutional learning. A systematic stock taking of cross-cutting findings to assess which issues have been addressed, which will be taken up in the future, and which are not worth taking up would add value to the EPE exercise.
- The role of the Executive Board at present yields only a small benefit compared to the large cost of preparing an EPE because Board discussions rarely provide guidance on priorities, which makes follow-up harder. The 2010 Guidelines state a preference for combining Board discussions of EPEs with Article IV or post-program monitoring discussions because it envisaged that EPE lessons could provide useful input to these meetings. But, in practice, combining EPEs with other items on the Board agenda has diminished systematic discussions of EPE lessons that can provide clear guidance to staff. By contrast, stand-alone Board meetings to discuss EPEs have resulted in more constructive Board engagement and more detailed summing ups. In addition, there is no mechanism to inform the Board periodically about the follow-up to EPE lessons.
- The impact of EPEs on successor programs has been limited, in part because some EPEs came too late. To augment learning when a successor arrangement is in prospect, there should be scope to produce a faster, streamlined internal evaluation that focuses primarily on learning lessons for the design of the successor arrangement. Such an evaluation would not be discussed by the Board.

## ANNEX I. COUNTRY ASSESSMENT MATRIX FOR REVIEW OF EPES

Topic	Rating / Comments
<p><b>I. Process Issues</b></p> <p>(a) Team leader grade (<i>A level = 1; B1-B2 = 2; B3-B4 = 3</i>)</p> <p>(b) Discussion of other views</p> <p><i>(Ratings: 0 = No; 1 = Yes but presented separately without integration; 2 = Yes and integrated into the report)</i></p> <p>(i) Authorities</p> <p>(ii) World Bank</p> <p>(iii) Other stakeholders</p>	
<p><b>II. Program Involvement</b></p> <p><i>(Ratings: 0 = not discussed; 1 = weak; 2 = adequate; 3 = very good)</i></p> <p>(a) Rationale for program involvement</p> <p>(b) Root causes of vulnerabilities</p>	
<p><b>III. Program Design</b></p> <p><i>(Ratings: 0 = not discussed; 1 = weak; 2 = adequate; 3 = very good)</i></p> <p>(a) Appropriateness of program objectives and strategy</p> <p>(b) Mix of adjustment and financing and external financing strategy</p> <p>(c) Coherence of policies and conditionality to address macroeconomic and structural weaknesses</p> <p>(d) Adequacy of program design to address risks</p>	
<p><b>IV. Program Implementation and Outcomes</b></p> <p><i>(Ratings: 0 = not discussed; 1 = weak; 2 = adequate; 3 = very good)</i></p> <p>(a) Issues regarding implementation</p> <p>(b) Factors affecting outcomes and achievement of objectives</p>	
<p><b>V. Effectiveness of IMF Involvement</b></p> <p><i>(Ratings: 0 = not discussed; 1 = weak; 2 = adequate; 3 = very good)</i></p> <p>(a) Response to slippage or positive surprise</p> <p>(b) Reasons for success</p> <p>(c) Reasons for shortcomings or failure</p> <p>(d) Role of IMF in managing crisis</p>	
<p><b>VI. Forward-Looking Strategy</b></p> <p><i>(Ratings: 0 = not discussed; 1 = weak; 2 = adequate; 3 = very good)</i></p> <p>(a) Issues regarding continued IMF involvement</p> <p>(b) Future policy options and tradeoffs</p>	

**VII. Institutional Learning**

*(Ratings: 0 = not discussed; 1 = weak; 2 = adequate; 3 = very good)*

- (a) Did EPE help identify common issues across countries?
- (b) Did EPE attempt to inform development of IMF policies?
- (c) Did EPE attempt to influence the design of successor programs?
- (d) Did EPE assess whether the program adequately reflect lessons from broader reviews of program experience (Review of Conditionality, Review of Crisis Programs, IEO evaluations etc.)
- (e) In cases with multiple EPEs, did the more recent EPE assess whether the program incorporated lessons from earlier EPEs?

**VIII. Overall Judgment on Report**

*(Ratings: 0 = not discussed; 1 = weak; 2 = adequate; 3 = very good)*

- (a) Assessment of program involvement
- (b) Assessment of justification for exceptional access (drawing on the four criteria) and appropriateness of size/phasing of IMF financing
- (c) Discussion of what worked and what did not
- (d) Discussion of enterprise risks
- (e) Identifying clear lessons
- (f) Overall quality of report:
  - (i) Meets objectives & expectations set out in EAP?
  - (ii) Discusses "why" & "what if" (i.e., not just "what happened")

**IX. Agreement / Disagreement on Lessons**

*(Options: 0 = no disagreement; 1 = limited disagreement  
2 = considerable disagreement)*

- (a) With authorities
- (b) Within IMF Board



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