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of the International Monetary Fund

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IEO Releases an Update to its 2007 Evaluation of IMF Exchange Rate Policy Advice

The Independent Evaluation Office (IEO) of the International Monetary Fund (IMF) today released an Evaluation Update Report revisiting its 2007 evaluation of *IMF Exchange Rate Policy Advice*. The report was published along with a statement by the Managing Director. This report is the seventh in a series of evaluation updates that return to past evaluations ten years after their completion and examine the current status and relevance of the initial evaluation's findings and conclusions.

The report finds that the IMF has substantially overhauled its approach to exchange rate policy advice since 2007. Key steps taken include: adoption of a more comprehensive approach to exchange rate surveillance under the 2012 Integrated Surveillance Decision; development of enhanced analytical tools for assessment of exchange rates and current account balances; and introduction of the annual External Sector Report setting out an integrated picture of the external balances of major economies. Increased attention to spillovers and adoption of an institutional view on capital flow management have also helped enhance IMF work.

Nonetheless, the report concludes that, despite these ongoing efforts, challenges remain that impact the effectiveness of the IMF's work in an area central to its mandate. The approach for assessing external balances and exchange rates continues to be contentious, in part reflecting differing views across the membership about the process of external adjustment. Consequently, questions persist about the evenhandedness and traction of IMF analysis and advice. There are also a number of other ongoing issues in related areas, including the adequacy of attention to policy spillovers, the application of the institutional view on the liberalization and management of capital flows, and data availability.

The report and the Statement by the Managing Director are available at <http://www.ieo-imf.org>.

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