

July 2, 2024

**Independent Evaluation Office (IEO) Response to the
Report of the Fourth External Evaluation of the IEO
Executive Board Meeting
July 15, 2024**

1. We thank the external panel for its helpful report and for the constructive and candid engagement with the IEO during the evaluation process. The report provides many valuable suggestions that will serve as useful guidance to strengthen the IEO's work and improve the overall framework for independent evaluation at the IMF.
2. We appreciate the assessment in the report that the IEO has continued to build its reputation, both within and outside the IMF, through sustained independence and methodological rigor. It is also reassuring that the evaluators noted IEO playing a pivotal role and that its evaluations are crucial for enhancing the effectiveness of the Fund, fostering a culture of accountability, and promoting learning within the institution.
3. On the six specific recommendations:
 - *Recommendation 1.* We welcome the suggestion for the IEO to consider undertaking early-stage evaluations. This will increase the flexibility and adaptability of our toolkit, so we can better serve the needs of the IMF. It will also bring us closer to best practices in the evaluation community.
 - *Recommendation 2.* We welcome the recommendation to eliminate rigidities and better balance objectives in the IEO's HR policy. Changes in this direction would help us alleviate staffing pressures, preserve institutional memory, and enhance recruitment and retention that the office has been facing for some time. We stand ready to work expeditiously with the Evaluation Committee (EVC) in the review of the policy, in collaboration with the Human Resources Department (HRD) and Office of Budget and Planning (OBP).
 - *Recommendation 3.* We agree with the recommendation to enhance the process for topic selection, including by making it more structured, transparent, and informed by management's suggestions while preserving the IEO's independence.
 - *Recommendation 4.* We share the objective of focusing on the timeliness and relevance of reports and making them shorter. While we see merit in the proposal to limit the length of the evaluation cycle and the number of recommendations, we would stress the importance of preserving flexibility to better adapt evaluations to the characteristics and complexity of different topics. We also share the recommendation of an interim engagement with Executive Board, staff, and management, on preliminary evaluation findings, while making sure the independence of the IEO is

preserved. We emphasize the importance of these engagements being flexible and informal, such as the informal Executive Board meetings, as an interim formal report would introduce rigidities, curtailing the normal process of ongoing findings and significantly delaying the evaluation cycle (limiting the viability of the proposal to shorten it).

- *Recommendation 5.* We welcome the proposal to strengthen the voice of the IEO, both on the design and follow up of MIPs, specifically on their alignment with Board-endorsed recommendations, but would caution that the IEO does not have the resources to conduct an in-depth monitoring of implementation. We also welcome the proposals more directly related to management on this recommendation to enhance the ownership of implementation plans—SMART Management Implementation Plans (MIPs), management BUFF statements on Periodic Monitoring Reports (PMRs), and references in the Global Policy Agendas (GPAs) to the implementation of IEO recommendations.
- *Recommendation 6.* We share the report's view on both the advantages and complexities of collaborative approaches with peer evaluation offices in other international financial institutions (IFIs), which require careful coordination.

4. We have two main qualifications to the report:

- *IEO objectives.* We understand the three objectives of the IEO—enhance the learning culture within the Fund, strengthen the Fund's external credibility, and support the Executive Board's institutional governance and oversight responsibilities—as equally relevant and mutually supportive. As signaled in the report, the very existence of an independent evaluator is a key institutional setting to foster all three of them, although various stakeholders contribute to their achievements—including the Executive Board, authorities, management, staff, and external stakeholders, such as civil society organizations, academia, and think tanks. Establishing a hierarchy of objectives or giving primacy to the support of the Board's oversight, risks disrupting the balance across objectives and the principle of the IEO operating at arms' length from the Executive Board.
- *IEO Recommendations.* IEO recommendations are strategic in nature and, normally, further elucidated through specific suggestions for implementation. Formally, the Board only endorses the overarching recommendations, while the specific implementation proposals are considered in the context of the MIP, also approved by the Executive Board. Evaluation topics are rarely recurrent, the number of recommendations is usually limited, they stand on their own merit and their implementation is complementary to each other, making it difficult to prioritize them. However, their operationalization is normally sequenced in the MIP by management, considering resource constraints and the Fund's planned workstreams. Further, PMRs provide an opportunity to reconsider the implementation of actions in response to endorsed recommendations, if needed.

5. We welcome the suggestion for the IEO to develop an evaluation policy. All evaluation functions in comparable international institutions have this type of strategic document and it would contribute to the smooth functioning of the IEO. We are ready to work on an evaluation policy that aims to address substantively the evaluation's recommendations, in coordination with the EVC and in consultation with staff, and to present it to the Executive Board for endorsement in 2025.
6. We greatly appreciate the report and look forward to using its findings to further strengthen the IEO.