

Conclusions and Issues for Board Consideration

A. Conclusions

55. This evaluation can be said to have confirmed the usefulness of an occasional exercise to take a strategic view of IEO findings, as the 2013 *External Evaluation of the IEO* proposed. It has identified the following issues as most frequently recurring in the IEO's first 20 evaluations:

- *Executive Board guidance and oversight.* The Executive Board has in some instances fallen short of providing clear guidance and effective oversight of the institution;
- *Organizational silos.* The IMF has in some instances found it difficult to integrate work across different parts of the institution;
- *Attention to risks and uncertainty.* The IMF has in some instances paid insufficient attention to risks and uncertainty in surveillance and program design;
- *Country and institutional context.* The IMF has in some instances provided insufficient country specificity and institutional context in its analytical work and policy advice; and
- *Evenhandedness.* The IMF has in some instances been seen as lacking evenhandedness in its analysis or treatment of member countries.

56. In all of these areas the IMF has made considerable efforts to improve its effectiveness. Though insufficient time has elapsed to allow a definitive assessment of the outcome of these efforts, challenges clearly remain in all of the areas. Similar issues have recurred in different contexts precisely because they are rooted in the IMF's culture, policies, and governance arrangements. To varying degrees, they emanate from the IMF's character as a multilateral institution with multiple objectives and a complex governance structure. This suggests that efforts to address these issues, and to implement Board-endorsed IEO recommendations that

pertain to them, must go beyond the specific contexts in which they have been raised.

57. At the risk of oversimplification, the issues identified in this report might be grouped into the following three categories:

- *Areas where significant efforts have been made and for which some progress is visible:*
 - Organizational silos.* IMF Management has taken steps to address the adverse consequences of organizational silos by strengthening the mechanisms of coordination to integrate work across departments.
 - Attention to risks and uncertainty.* A number of procedures have been put in place to spell out risks and uncertainties in the IMF's analytical work.
- *Areas where action has been taken but for which selecting objective criteria to measure progress is particularly difficult:*
 - Country and institutional context.*
 - Evenhandedness.*
- *An area where difficulty ultimately relates to the governance of the institution:*
 - Executive Board guidance and oversight.*

58. Each of the issues identified here will likely pose persistent challenges for the institution. First, silos are features of any complex organization, and integration of work done in different parts of the institution may not be always feasible or desirable. Second, as regards the IMF's treatment of risks and uncertainty, the world economy is becoming increasingly complex while economics remains imperfect, and there is a natural limit to the willingness of authorities to discuss or acknowledge risks openly. Third, the IMF faces conflicting institutional requirements for broad multi-country expertise

and for country-specific knowledge. Fourth, judgments on evenhandedness will remain a matter of perception, though clearer documentation of the reasons for Fund advice and actions is likely to help reduce charges that it is not evenhanded. Fifth, greater candor in Board documents would help the Board to strengthen its oversight function, yet confidentiality is often seen to be of the essence in a member country's dealings with the IMF. More broadly, many of the difficulties in the Board's conduct of its role stem from ambiguities in that role arising from the Fund's overall governance structure.

59. Even though some of the issues may appear intractable, continuing the efforts to address them is important for enhancing the IMF's effectiveness and credibility. Though the Executive Board and Management have taken a number of successful steps to do so, more can and should be done, especially in terms of broad-based, strategic responses. Given the IMF's increasingly tight resource constraints, trade-offs will need to be managed between making these efforts and achieving the institution's other worthwhile objectives.

B. Issues for Board Consideration

60. The recurring issues identified by the evaluation in five areas—(i) Executive Board guidance and oversight, (ii) organizational silos, (iii) attention to risks and uncertainty, (iv) country and institutional context, and (v) evenhandedness—are to varying degrees inherent to the nature of the IMF and are thus likely to present

ongoing challenges for the institution. This raises the question of how best to address them, going forward, in view of the IMF's overall institutional priorities and resource constraints. Despite their long-term nature, the IMF should try to mitigate their adverse impact while keeping these issues at the forefront of its agenda.

61. This evaluation, given its nature as a stock-taking exercise and in keeping with the suggestion of the 2013 *External Evaluation of the IEO*, does not propose specific recommendations on how to address the five sets of issues reviewed in the report. Nonetheless, after preparing this evaluation, the IEO believes that a framework of reviewing and monitoring recurring issues would be useful in establishing incentives for progress, strengthening the Board's oversight, and providing learning opportunities for the IMF.

62. In light of this conclusion, the IEO recommends that the following reports be prepared for the Board periodically:

- An IEO report, similar to this one, identifying and reviewing important issues that have recurred in its evaluations. This could be done every five years.
- A status report, prepared by staff, to monitor the progress the IMF has made in addressing recurring issues, focusing on the big picture rather than on the implementation of specific IEO recommendations that will continue to be monitored via the PMR. The first staff report could be prepared within two years, followed by similar reports every five years thereafter.