

**STATEMENT BY THE MANAGING DIRECTOR  
ON THE INDEPENDENT EVALUATION OFFICE REPORT ON  
RECURRING ISSUES FROM A DECADE OF EVALUATION:  
LESSONS FOR THE IMF**

**Executive Board Meeting  
June 11, 2014**

*I would like to thank the Independent Evaluation Office (IEO) for preparing this helpful report, which provides an update of the progress made in addressing major recurring issues from past evaluations. I broadly agree with the findings of the report, including that the identified recurrent issues are to varying degrees inherent to the nature of the IMF and represent ongoing challenges. Addressing these issues is a continuing task to which management and staff remain fully committed.*

I welcome the IEO's novel report, which identifies recurring issues from past evaluations and assesses progress in addressing them. The report's focus on organizational silos, attention to risks and uncertainty, country and institutional context, evenhandedness, and Executive Board guidance and oversight is appropriate given their relevance and importance for the effectiveness and credibility of IMF operations.

As the IEO rightly points out, some of the recurrent issues identified in the report are perennial, difficult to fully resolve, and intrinsically hard to measure. Notwithstanding these challenges, I am pleased that the evaluation found that considerable efforts have been made in addressing these issues and that progress is visible in several areas.

Breaking down *organizational silos* and promoting interdepartmental coordination has been a major focus of IMF management. In addition to the initiatives listed in the report, I would like to point out the increased use of interdepartmental task forces, including for the production of spillover and pilot external sector reports, and the introduction of a structured review process for all policy papers that involves interdepartmental discussions at the concept note and (in many cases) the mid-point stage, in addition to the customary interdepartmental review of the final paper. These steps are promoting greater collaboration and cross-fertilization within the institution. The introduction of the accountability

framework for department heads has afforded management another tool to foster greater collaboration across the IMF. Indeed, nearly half of all policy items in the work program of the Executive Board are now being authored jointly by two or more departments. The forthcoming *Triennial Surveillance Review* (TSR) will explore ways to further strengthen interdepartmental coordination to support integrated surveillance.

Efforts to ensure that IMF operations pay due attention to *risks and uncertainty* are continuing. As the report notes, assessments of risks and uncertainty in program design and surveillance are now routine and we are currently focused on ensuring the consistent application by staff of the tools that have been developed for this purpose. We have also strengthened operational support to member countries that are identified as high risk/priority countries in our periodic vulnerability exercises. As part of our ongoing efforts to enhance the risk culture within the institution, we recently established a dedicated risk management unit. Directors will soon have the opportunity to discuss management's broader approach for the Fund's overall risk management architecture, which will be elaborated upon in the context of the forthcoming Board discussion of the *2014 Risk Report* of the Advisory Committee on Risk Management.

Measuring progress in providing greater *country and institutional context* is a difficult task as the report acknowledges. Steps have been taken to ensure greater staff continuity, including by moving toward a three-year tenure for country assignments. This should facilitate the acquisition of more country-specific knowledge by economists and mission chiefs. Ongoing efforts to enhance diversity in the IMF, which are described in my last *Global Policy Agenda*, should also help broaden the perspectives of staff teams dealing with our member countries. More generally, tailoring policy advice to the specific circumstances of our member countries remains

a key objective for the institution and will be a main theme in the forthcoming *TSR*.

As the IEO notes, *evenhandedness* is a concept that is not easy to define and measure. Despite these practical challenges, the Fund takes concerns about lack of evenhandedness (real or perceived) very seriously. Ensuring evenhandedness is a continuous task that requires attention by management and staff. The forthcoming *TSR* will again analyze the nature and extent of any lack of evenhandedness in Fund surveillance, and we are committed to continue undertaking periodic reviews of this issue in program design. The Fund will also continue to strengthen its communication and outreach to the public to preempt misperceptions, especially in the context of Fund programs.

Transparency and governance reforms can also help address perceptions about evenhandedness and the lack thereof. The most recent *Review of the IMF's Transparency Policy* in 2013 further strengthened accountability by extending a stronger publication regime to all staff reports on the use of Fund resources and by setting incentives for faster publication. In addition, the monitoring of staff report modifications was enhanced to provide added comfort that the related policy is applied in an evenhanded manner. With regard to governance reforms, the IMF remains fully committed to support the completion of the 2010 governance reform agenda. These reforms should also help strengthen the *guidance and oversight role of the Executive Board*, which—as

the IEO report notes—is ultimately linked to the governance of the institution.

While the findings of the report are in many ways comforting, management and staff are committed to continue monitoring and addressing the recurring issues identified by the evaluation, taking into account trade-offs that may arise from competing institutional mandates and resource constraints.

On the specific issues raised by the IEO for Board consideration, I very much support repeating every five years a similar report identifying major recurrent issues from past evaluations and assessing progress in resolving them. Such a periodic stock-taking exercise will help orient management's and staff's efforts to address recurrent issues that have arisen from IEO evaluations.

At the same time, I do not support the preparation of a separate status report by staff. Establishing progress toward addressing these complex, longstanding issues is best done through an evaluation of results, which the proposed five-yearly evaluation by the IEO is well placed to deliver. A status report only two years after the IEO evaluation would yield few new insights and would thus not justify the relatively high associated resource cost, particularly in the tight current budget environment. That said, the Board will continue to be informed through policy reviews and administrative papers about specific actions that are being taken to address the recurrent issues that have been identified in the IEO report.