IEO
Independent Evaluation Office
of the International Monetary Fund

DIALOGUE

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through Independent Evaluation

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Executive Board to Discuss IEO Evaluation on International Reserves

The IEO evaluation report on *International Reserves: IMF Concerns and Country Perspectives* was circulated to the Board on August 15, 2012. The evaluation examines the IMF's focus, beginning in 2009, on reserve accumulation as a risk for the international monetary system and as an alternative approach to addressing global imbalances. The evaluation conveys the views of country officials about this focus on reserves and how it affected the IMF's attention to other developments in the international monetary system. It also reviews the IMF's assessments and discussions of international reserves in bilateral surveillance, including whether country-specific circumstances were sufficiently incorporated. In this context, the evaluation considers the new reserve adequacy metric produced by IMF staff and how it was viewed by country authorities.

The evaluation will be discussed by the Executive Board, and then it will be released along with the responses from IMF Management and staff, and the Summing Up of the Board discussion.

IEO Seeks Input on New Evaluation Topics

Following broad-based consultations, the IEO Director has shared with Executive Directors a list of possible topics for evaluation over the medium term. The potential topics fall into five categories: crisis management; surveillance and program design; forecasting and data management; advice on specific issues and circumstances; and partnerships and governance. The list has also been posted on the IEO website for public comment. The Executive Board will discuss the list after the Annual Meetings. Based on these consultations, the IEO Director will decide on the topics for the next two or three evaluations.

Participants at an IEO seminar in September 2012. From left: Biagio Bossone, former President of the Central Bank of the Republic of San Marino; Alberto Carrasquilla, former Minister of Finance for Colombia; Peter Gakunu, former IMF Executive Director; and Shyamala Gopinath, former Deputy Governor of the Reserve Bank of India.

Two Evaluations in Concluding Stages

The IEO report on its evaluation of "The Role of the IMF as Trusted Advisor" will be submitted for discussion by the IMF Executive Board after the Annual Meetings. This evaluation considers whether and in what circumstances the Fund is viewed as a trusted advisor, focusing on the period since the onset of the global crisis in 2007. The evaluation examines the demand for Fund advice and also considers internal practices and incentives that could affect the IMF's functioning in the role of trusted advisor.

The IEO is nearing the final stages of work on "An Assessment of IMF Self-Evaluation Systems." This evaluation examines how the IMF learns from experience. The IEO expects to submit the evaluation report to the Executive Board in early 2013.

Second External Evaluation Underway

The second external evaluation of the IEO is now underway. The Executive Board approved terms of reference and appointed a panel of evaluators: José Antonio Ocampo, chair; Stephen Pickford; and Cyrus Rustomjee. The panel held its first round of discussions in Washington, D.C., on August 2-3.

Follow-Up on Past Evaluations

To set the path for implementation of IEO recommendations endorsed by the Executive Board, IMF staff and Management prepare Management Implementation Plans (MIPs) for Board consideration. Two such plans have been considered in the last six months and are discussed below. In addition, IMF staff have prepared a Fifth Periodic Monitoring Report on the Status of Implementation Plans in Response to Board-Endorsed IEO Recommendations, which will be discussed by the Board Evaluation Committee on a date to be determined.

Financial and Economic Crisis Evaluation

Consideration of a MIP for the IEO evaluation of *IMF Performance in the Run-Up to the Financial and Economic Crisis—IMF Surveillance in 2004–07* was delayed to allow for conclusion of the IMF's 2011 Triennial Surveillance Review. The Board Evaluation Committee discussed the proposed MIP in January 2012. At that time, Directors emphasized that further steps were needed to address the conclusions of the evaluation and also expressed a desire for more information about Management's strategic vision on internal reforms. They called for a discussion by the full Executive Board.

The Board discussed the MIP on May 12, along with a statement from the Managing Director. During this discussion, Executive Directors emphasized that a comprehensive long-term approach is needed to tackle the shortcomings highlighted in the IEO report. They concluded that, together, the MIP and the action plan for the Triennial Surveillance Review should help enhance the effectiveness of Fund surveillance. Directors also welcomed the Managing Director's agenda to break down silos and promote diverse views and candor. Directors encouraged Management and staff to continue to build on the steps laid out and, where appropriate, engage the Board in the process.

Directors stressed the importance of monitoring and verifying progress on reforms in the context of future Periodic Monitoring Reports. They noted that changing the institutional culture is a continuous, long-term process and looked forward to revisiting this issue in one year. The Managing Director also recognized that some Directors believed that the incremental steps already underway and proposed may still not fully address remaining concerns or more fundamental problems—including governance reforms. She pledged that the institution would monitor progress and adapt over time.

The MIP and a summary of the Board discussion are available on the IMF website.

Research Evaluation

The Executive Board discussed the IEO evaluation of *Research at the IMF: Relevance and Utilization* on June 13, 2011. At that time, Directors endorsed the IEO findings that that there is room for improvement in the relevance and technical quality of IMF research, and that parts of it are perceived to be message driven. The Board Evaluation Committee discussed the MIP for this evaluation on September 11, 2012. The MIP provides for a strategic review of research after eighteen months. It also includes measures to step up consultation with authorities and to share best practices for quality review across departments. The MIP relies on the recent statement of workplace values to help promote openness to alternative perspectives in research.

Participants at an IEO seminar in June 2012. From left: Shinji Takagi, Osaka University; Karen Johnson, former Director of the Division of International Finance at the U.S. Federal Reserve Board; Jose De Gregorio, former Governor of the Central Bank of Chile; and Jeffrey Frankel, Harvard University.

Challenges in the Follow-Up Process

Concerns remain about follow-up on IEO evaluations. The IEO believes that the follow-up system needs to provide for accurate documentation of lessons learned and recommendations endorsed by the Board; clear articulation of implementation actions, directly linked to the goals identified by the Board; and mechanisms for monitoring results and initiating corrective measures when there are shortfalls in implementation.

Periscope

The IEO presented the results of the evaluation of *Research at the IMF—Relevance and Utilization* at the Australian Treasury in Canberra and at the Reserve Bank in Sydney; the Bank of Japan and the Asian Development Bank Institute in Tokyo; and at the People's Bank of China in Beijing and the Hong Kong Monetary Authority in Hong Kong SAR.

The IEO will release later this year a volume describing the IMF's experience with independent evaluation over the past 10 years, including proceedings of the December 2011 conference to mark its 10-year anniversary and several self-evaluative papers discussing the IEO's history, the nature and utilization of its reports, and the implementation of Board-endorsed IEO recommendations.

Dean of the Board Shakour Shaalan, IEO Director Moises Schwartz, Managing Director Christine Lagarde, and Board Evaluation Committee Chairman Moeketsi Majoro at the 10-Year Anniversary Conference.