

# Views on the IEO from External Stakeholders

This chapter presents the views of external stakeholders. It contains remarks by Joseph Eichenberger, Jo Marie Griesgraber, Michael Hammer, Jin Liqun, and Edwin Truman.

## Remarks by Joseph Eichenberger

I began my job as chief evaluator at the European Bank for Reconstruction and Development (EBRD) quite recently, unburdened by much deep knowledge of the evaluation business, although I have been an avid consumer of evaluation work as a member of management in other multilateral development banks. At EBRD it has fallen to me to do some basic thinking about what we as evaluators are trying to accomplish and what value we bring to our organization. I subscribe entirely to the view that evaluation is only worthwhile insofar as it helps illuminate issues of consequence and helps institutions to improve their performance in carrying out their mandates. In this short comment I will highlight some key aspects of the challenge at EBRD, as I see it, and then suggest some issues for possible consideration by the IEO.

## Experience at EBRD

EBRD is an institution with immense self-confidence and a relatively narrow mandate (much narrower than the mandate of the World Bank, for example). It is a transactions institution with relatively straightforward products. The evaluation function at EBRD seems to have had a kind of symbolic value for many; valued because it existed, but few could say with much conviction or evidence that it had a systemic impact. It had an accountability function, but without much evident traction inside the organization. It had elaborate processes, but little evidence of value added or of infusing the organization with an evaluation perspective. It had high transactions costs—in the sense of negotiating individual papers, generating vastly more heat than light—but was also systematically underperforming relative to expectations. From the Bank's operations staff, it evoked a defensive “circle-the-wagons” mentality.

To begin to assess a way forward, the first thing we did was a client survey. This had never been done before. We asked people inside the organization, “What do

you think about the work of the evaluation department?” The answers were brutal. We asked, “Has a member of your management spoken to you about evaluation in the last 120 days?” “No.” “Do you seek out evaluation work?” “No.” So we found that a great deal of effort was going into a process that was essentially disconnected from the work of the organization.

Our first conclusion was that we needed to change our product mix. The front-line product of our department has been lengthy deep-drilling exercises into individual transactions, which were actually read by very few. We are now moving to produce multiple products for different audiences, including shorter pieces. We hope to see much more uptake, but this will take time, and we have a variety of quite different audiences.

Second, and vitally important, we are trying to find a better balance between the department’s traditional core accountability focus, and a much underserved learning role. How one delivers in each or both of these core areas has deep implications for the way one approaches the evaluation challenge and for the kind of products that evaluation should produce. The accountability focus is typically about ratings, about negotiations, about assigning responsibility. It is typically *ex post*. By contrast, evaluation rooted more in assisting organizational learning must go further upstream. It implies providing a service for the organization, more inclusive processes, and products and guidance that are operationally useful. We feel we need to move more in this direction, and our Board has agreed.

Third, is the critical importance of effective self-assessment to good institutional evaluation—for both accountability and learning. A fully separate *ex post* evaluation process that essentially rates and grades people’s work is inherently divisive. And it has the effect of essentially outsourcing accountability and reflection to the evaluation department. But an evaluation department cannot be the tool for accountability inside the organization. Accountability has to reside with management and the board.

I think our new strategy has largely been welcomed, partly because everybody understood that the old one was not working. It remains to be seen what the buy-in will be. But the approach is giving signs of having greater traction inside the organization.

#### **Four Issues for the IEO and IMF**

In view of our experience, a basic question I would pose to the IEO and the IMF is: what are you asking evaluation to do, and are you asking it to do things that are better suited to other parts of the organization?

Second, I think the evaluation *process* matters hugely. A process that engages operations staff in a collegial way upstream—through, for example, crafting approach papers in advance and discussing them in advance and getting some buy-in, and having people understand what you are trying to do, is much more likely to succeed than an often litigious process that takes place entirely *ex post*.

My third point is that perhaps the IEO should address more topics. My own sense is that releasing only one paper a year simply does not give an evaluation

department a sufficient presence to allow an ongoing conversation with staff and management on the issues of consequence.

My final point concerns the roles of the Board and Management. In the end the IMF Board itself has to decide what it wants from evaluation. But, as I said above, you cannot ask evaluation departments to accomplish what boards and managements themselves are not willing to accomplish—including on matters such as quality assurance.

## Remarks by Jo Marie Griesgraber

I salute the Independent Evaluation Office for 10 years of exceptional academic research and intellectual integrity. This is truly an excellent record. I have been working on the IMF—not *in* the IMF—for 22 years, and I can attest that change is very slow.

With a view to the future, I shall discuss three main points below for consideration by the IEO and the IMF. First, though, I should note that the IEO does indeed need an external monitoring group and I am happy to be part of that group. On behalf of New Rules for Global Finance I commit this organization to work with you at each phase: when you are looking for new ideas, when you have a draft issues paper, and when you publish a new report.

## Several Aspects of the Current Evaluation Process Raise Concerns

- Reading examples of the implementation plans for IEO recommendations and the Board responses to these plans, I found them as dry as dust and so repetitive they are just not credible. I do not believe that any institution that writes in this language is telling the truth. On a certain level, it is technically accurate, but scarcely the truth.
- Why does the IEO not write its own Summing Up of Board discussions for the Board, as any other originating unit would do? If the Secretary of the Board answers to the Managing Director, and is therefore part of Management and therefore under the scrutiny of the IEO, why should the Secretary write the Summing Up document? This practice interferes with the appearance of independence, if not the actual independence, of the discussion of the report. This should be changed. The Board should have its own secretary or hire one for the occasion.
- Why are there distinct responses from Management and staff? What is the distinction between IMF staff and Management? Surely staff answers to Management?
- A clear conflict of interest is for Management to chair the discussion of IEO reports that are directed to the Board. Instead of the Managing Director or a Deputy Managing Director chairing the Board discussion of an IEO report, should not the Dean of the Board or the head of the Evaluation Committee chair the discussion?

- Who leads the discussion of IEO reports and “helps reach a consensus view”? If someone were writing my evaluation, I would be glad to help them reach a consensus view. Clearly having Management leading the discussion of an evaluation of Management performance is not appropriate.
- Footnote 7 on pages 5 and 6 of the note “Independent Evaluation at the IMF: Understanding the Evaluation Cycle” (December 6, 2011) reveals a stunning discrepancy: “According to accepted Board procedures, the Board operates under the assumption that silence of an Executive Director on an issue reflects his or her consent with a report’s view.”<sup>1</sup> By itself, this is fine. But based on past experience, the footnote continues, in the case of IEO reports, Management and the Board actually employ the opposite assumption: that silence by an Executive Director on a recommendation is interpreted as *disagreement* with such a proposed change. Certainly changing the assumptions in this way is not playing fair.

### Does the IEO Have an External Fan Club?

Are there civil society organizations that know about the IEO, follow its work, and care about it? The sad, succinct answer is, No. If you want an external audience to be really engaged in your work, if you want civil society to be engaged, you must be aware that the timelines of civil society organizations are really short. You must be fast on your feet—and have shorter timelines and products that are quicker to produce. You also need to publicize your activities more extensively and intensively. And perhaps most important, at present, very few foundations are funding nongovernmental organizations to work on the IMF. Those nongovernmental organizations that can pay attention to the IMF need to have a signal from the IEO saying, “Pay attention to me now” whenever you issue a new report, when you are looking for new ideas, or when you have a draft issues paper, so that they know this is happening and can respond.

### Is the IEO a Substitute for an External Complaint Mechanism?

Civil society organizations hope that the IEO will respond to external complaints these organizations hear repeatedly from their partners in developing countries. Such an external complaint mechanism would be a useful addition to the IMF’s structure, enhancing its accountability enormously. Regrettably, handling external complaints does not seem to be within the IEO’s mandate. As an interim feature perhaps the IEO could receive complaints, direct them to the responsible party within the IMF, and make sure to provide the complainant with a prompt response. In addition to strengthening the IEO as described above, the Fund

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<sup>1</sup>“Independent Evaluation at the IMF: Understanding the Evaluation Cycle,” December 6, 2011, a note prepared by Alisa Abrams and Ruben Lamdany with Hali Edison and Louellen Stedman.

needs to further strengthen its accountability infrastructure through a formal external complaints mechanism.

## Remarks by Michael Hammer

A few years ago I saw a cartoon in *Le Monde*. A man sitting behind a desk was saying to his son, “I don’t mind if you put my latest book or document online, but you could at least wait until I’ve finished writing it.” I think that displays where the tension is for evaluation work in our age of immediacy. Many people want the IEO to evaluate and communicate its findings quickly, yet for reasons either self-imposed or externally imposed, evaluators may not be able to deliver so speedily. In fact the different stakeholders of the work of the IEO have different ideas about how close to the point in time evaluators should be working, and for the IEO this poses the question of how to prioritize stakeholder relationships and demands.

I will first review some of the IEO’s strengths and then highlight some current challenges, returning to the question of the need to reconcile the demands of different stakeholders. My perspective is shaped by the comparative review and assessment work that we do at the One World Trust about global organizations overall. From that perspective, evaluation is part of the IMF’s toolbox of instruments and mechanisms for accountability.

### Strong Points in the IEO’s Record

Against its terms of reference, the IEO is doing an excellent job. It is an innovative and in some ways even courageous piece of accountability equipment for the IMF. It enhances credibility. It is productive and rigorous in its work and it displays a very critical stance on some issues, coupled with political sensitivity.

Some of the IEO’s strong points are that:

- In formal terms, the IEO satisfies good accountability principles in that it reports to the IMF Board and not to Management.
- It uses a very consultative approach. Its semi-insider role allows it to go into depth on a number of things.
- There is transparency about final evaluation reports, including about how key internal stakeholders have responded to evaluation findings. We all know how mediated and edited the final products are, but the evaluation follow-up process is more than many organizations attempt to do. While the process involves key internal stakeholders, there are also many external stakeholders and it would be interesting to obtain their feedback and to make that public, too.
- A formal Board response is published as part of the final output of evaluations, adding to transparency.
- With a few boundaries, the IEO has access to IMF data and documentation. Such access would be closed to many other institutions of the same kind.
- The IEO develops recommendations for reform, and there is a learning orientation.

## Challenges

Today the IEO faces several challenges:

*External and internal stakeholders have different perceptions and expectations of the IEO's role.* External stakeholders generally look to the IEO to address political rather than technical or work process issues, although that preference may not be necessarily the most productive or even the most legitimate. And they tend to value the IEO more for its accountability and reform function than for its learning function. Programmatically, many external stakeholders view the IEO's way of working as largely ex post, and focused on serving IMF internal stakeholders rather than balancing their needs with those of external stakeholders. And often it is not clear to external stakeholders why the IEO is communicating certain of its findings in a particular way to the Board; a little more explanation around those choices would be beneficial.

*A complaints mechanism?* Quite a strong stream of thinking outside the Fund contends that the IEO should have a review and adjudication mechanism or a complaints handling function, focusing on substantive issues or on the way that the Management responds to evaluation results are being implemented. This is not currently part of the IEO's mandate but is clearly perceived as useful by external stakeholders.

*How effective are the recommendations made by the IEO?* Arguably, the IEO does not have powers to enforce compliance; essentially it exercises its influence through persuasion. This lack of enforcement capacity is particularly relevant in view of the pressures I have just mentioned for the IEO to adopt more of an adjudicational, complaints-handling role. It also raises the question of whom you want to persuade, about what issues.

## Recommendations

*More needs to be done to map out the external stakeholder environment and to achieve a common view on this with the Board and the other internal stakeholders, including Fund members.* I would suggest that the IEO probably has a more open view than the IMF overall does of who the external stakeholders are for IEO work. It is important to open up that debate and to create a consensus about who is taking a real interest in evaluation work, partly as an accountability tool for the IMF. For example, I think very few people on the outside would see IMF staff as stakeholders in the IEO's work, either because they do not see staff as separate from Management, or because they do not see the IEO's work as a learning tool. I am not suggesting that IMF staff are not stakeholders, but simply emphasizing that there is no consensus around that view, and that the lack of consensus creates difficulties in communicating and making more visible the role of the IEO as an organizational learning and improvement mechanism for the IMF, to external stakeholders. That said, I think that for external stakeholders the IEO has played an important role in building confidence in the Fund.

*The IEO should engage more with external stakeholders and use more of their input about the priorities for evaluation topics.* It should introduce reporting and

dialogue on the external responses to evaluation results, before these results are finalized. And it should give the Board an opportunity to see what external observers think of evaluation results. Civil society organizations are dealing with topics in a very fast-paced way, and they also tend to be very reactive. This implies that the IEO needs to try to work with a constituency whose attention is hard to keep and which often faces challenges in maintaining a consistent engagement. But the onus is on the IEO to make the relationship work. Using more targeted communications for strategically important stakeholder groups is important—and particularly so for groups that are vital to the legitimacy of the IMF. These would be people who are outside the privileged relationship with treasuries, finance ministries, and central banks, including for instance parliamentarians and civil society organizations.

To conclude, it is good that the IMF had the courage to set up the IEO. Maybe the next step is to see whether the IEO should have more powers around compliance, tracking, and public reporting about Management's implementation successes or failures.

## Remarks by Jin Lique

I was involved in the IEO's evaluation of the IMF's performance in the run-up to the global financial crisis of 2008. This very important work documents the decision-making process and operational issues that were dealt with in the IMF. To my knowledge the final report<sup>2</sup> was very well received by the IMF Executive Directors and by all of the governments across the membership. The IEO had courage to pick such a topic for evaluation, and the result is a prime example of how the IEO can contribute to the IMF's transparency and its operations. The Fund's own willingness to face the consequences of its failure to predict the crisis speaks volumes about the importance of transparency and will enhance the public's confidence in the IMF as a learning organization. Drawing on this experience, I offer three points below for consideration by the IEO and IMF.

### The IEO Needs Full Access to Information

First I want to highlight the nexus between evaluators' independence and their access to information. Normally attention focuses on the former, without adequate attention to the latter. But, for an evaluation unit, independence does not make a lot of sense without full access to all of the information in the institution concerned. I am very happy to see that the IEO in principle has access to all the necessary information. But I still find some restrictions in practice. There are probably some memos or e-mails from Management that will not be made available to the IEO. I do not understand why there should be such restrictions, because by the time the IEO evaluates an IMF-supported program, it is a fait

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<sup>2</sup>IEO, *IMF Performance in the Run-Up to the Financial and Economic Crisis: IMF Surveillance in 2004–07*, 2011.

accompli, a done deal. Once a program is finished, disclosure of information to the IEO should not be considered harmful, and so everything should be transparent. In this regard, I would just like to urge IMF Management to provide whatever information needed to the IEO, with minimum restrictions, if any, on information access.

### **Evaluating Both “How” and “Why” Is Important**

In my view, the crucial importance of IEO’s evaluation report on the run-up to the crisis lies in its analysis of not just *how* the IMF failed to provide timely information, but also *why* it failed in this responsibility. Frankness is important about the IMF’s effectiveness in discharging its duty, about its success or failure in varying degrees in supporting particular countries. But it is necessary to go a step further—to understand *why* this has been the case. This requires analyzing the workings of the IMF, understanding its governance, the relationships among the staff, the relationship between the staff and Management, and the relationship between Management and the Board.

### **IEO’s Choice of Topics Should Include the Basic Principles Underlying IMF-Supported Programs**

My last point concerns the topics chosen for evaluation. IEO is a window through which the public can see some of what is going on in the institution. But it is only a window, and so the way it opens is very important. A window may open on to a blank wall. Or, like the front door in a Chinese house, it may open on to a screen, and you have to bypass the screen to see what is inside. As regards transparency in the IMF, I believe that evaluating cross-cutting topics is of special significance, because such evaluations allow the public to see the workings within IMF and to understand why things went well or wrong. Reports on such topics can greatly enhance the IEO’s credibility and improve perceptions of the Fund’s transparency.

In particular, I would like to see the IEO evaluate the way the IMF is guided by some of the fundamental macroeconomic theories. I remember what Paul Krugman said at the London School of Economics in June 2009, not long after receiving his Nobel Prize in Economics: “For most of the last 30 years, macroeconomics has been spectacularly useless at best and positively harmful at worst.”

If the IMF is guided by the wrong macroeconomic policies how can we expect it to succeed? Its advice to Asian countries in 1997 is still a fresh memory, and the IMF has yet to refurbish its reputation in this region. Its handling of the recent crises shows much improvement over its handling of the Asian crisis. Because of the very rosy picture painted by the IMF, my government was still talking about keeping down inflation and keeping down the growth rate early in 2008, when the crisis was already looming large in the United States. My government had such great trust in the IMF as the institution providing the final word on the global economy. Within three months’ time, however, China had to reverse its policy. This was a really big lesson for China.

To conclude, I would say that unless the IEO does a good job in analyzing the fundamental guiding principles of IMF reform programs or rescue programs, I do



not think that the IMF will be very successful in implementing its mandate. I believe that evaluating some of the important cross-cutting issues is far more important than evaluating specific country cases.

## Remarks by Edwin Truman

I served at the Federal Reserve and U.S. Treasury during the extensive debates that led up to the establishment of the IEO, though in that enterprise I was only a marginally engaged cheerleader. My perspective at the time was that the IEO's establishment was a victory over those—inside and outside the IMF—who for various reasons had resisted it for a long time. Among international organizations, the IMF was rather late in the external evaluation game. This meant, however, that the IEO's initial structure was more robust and inherently independent than similar entities linked to other organizations. Now I can say, Congratulations.

In this note I will comment on how I see the goals of the IEO and then review four dimensions of the IEO's contribution to IMF transparency over the past 10 years. Lastly, I will offer some recommendations.

### Goals of IEO Establishment: Accountability and Transparency

The IEO's establishment was very much about IMF accountability, though maybe more about accountability within the IMF as an institution than about accountability vis-à-vis those outside, in particular those who do not serve in the governments of members of the IMF. Transparency is an important ingredient of accountability. Curiously, neither word appears in the IEO's terms of reference or in any IEO document (assuming the search engine on the IEO's website is accurate and my use of it was correct, which may not be the case). Nevertheless, those concepts were implicit in the IEO's mandate to "promote greater understanding of the work of the Fund throughout the membership." That language itself, however, implies a somewhat limited and limiting goal. How far does membership extend? Who consequently qualifies as a stakeholder? Perhaps each of us is merely self-nominated. In any case I am just one stakeholder.

What type of a stakeholder am I? What is my perspective? I am a think-tank researcher who is a long-time observer of the IMF and its policies and practices and an advocate for IMF reform. IEO reports inform my work. I regard those reports as focused primarily on the IMF's existing mandate, policies, and practices rather than an independent force for transformational reform.

### Multidimensional Contribution to Transparency

For me, the IEO contributes to IMF transparency in four dimensions: (1) offering clarifications, (2) revealing analytical holes, (3) uncovering inconsistencies, and (4) exposing omissions. I have not read all 18 reports produced by the IEO over the past decade, but I have been involved with or read at least

half of them and have reviewed the comprehensive documents that were produced as background for the IEO's Ten Years Conference. In each of these four dimensions, I can point to positive contributions to IMF transparency via the IEO's work.

With respect to *offering clarifications*, a major contribution of several IEO reports has been to narrow the gap between perceptions and reality. For example, the report on capital account liberalization<sup>3</sup> should have laid to rest the view that during the 1990s IMF Management and staff systematically promoted capital account liberalization. Sad to say, appreciation of this reality has not entirely caught up with prior misperceptions, but that report has facilitated the constructive revisiting of these issues over the past two years. Similarly, the report on fiscal adjustment in IMF-supported programs<sup>4</sup> documented that the IMF does not follow a one-size-fits-all approach. In this case, too, perceptions continue to lag behind reality—which is a serious matter. It was important that neither of these reports white-washed IMF policies and practices in these areas even as they clarified extreme misperceptions.

With respect to *revealing analytic holes*, the IEO's work is underappreciated. But the reports sometimes lack balance and perspective about what they reveal. For example, the report on the capital account crises of the late 1990s<sup>5</sup> highlighted the lack of understanding of the balance-sheet effects of crises. However, this was a hole in the profession's analytical apparatus, which has now been partially filled, and not principally a failing of the IMF Management and staff. The report on IMF exchange rate policy advice<sup>6</sup> criticized staff advice on key analytical issues while only indirectly acknowledging that neither economists nor policy-makers agree on many of those issues.

The more recent IEO report on the global economic and financial crisis<sup>7</sup> highlighted the incomplete link between traditional macroeconomic and modern financial analysis, and many IEO reports bemoan the failure to make connections between financial sector vulnerabilities and the performance of the real economy. The simple fact is that we do not have an analytical handle on these issues. This situation argues for humility from the IEO about what the IMF can do and for more analytical work by economists and analysts inside and outside the IMF. Unfortunately, I did not find in the recent IEO report on research at the IMF<sup>8</sup> as much acknowledgement of this situation as I think there should have been. I found a few passing references to inadequate coverage of macro-financial linkages and aspects of monetary policy. Gerard Caprio prepared a background paper<sup>9</sup> on this topic, which I have not had time to read, but nowhere in the report itself did I find the statement that the profession lacks an agreed framework for addressing these issues.

<sup>3</sup>IEO, *The IMF's Approach to Capital Account Liberalization* (2005).

<sup>4</sup>IEO, *Fiscal Adjustment in IMF-Supported Programs* (2003).

<sup>5</sup>IEO, *The IMF and Recent Capital Account Crises: Indonesia, Korea, Brazil* (2003).

<sup>6</sup>IEO, *IMF Exchange Rate Policy Advice* (2007).

<sup>7</sup>IEO, *IMF Performance in the Run-Up to the Financial and Economic Crisis: IMF Surveillance in 2004–07* (2011).

<sup>8</sup>IEO, *Research at the IMF: Relevance and Utilization* (2011).

<sup>9</sup>Gerard Caprio, Jr., "Macro-Financial Linkages in IMF Research," IEO BP/11/07 (2011).

A major contribution of many IEO reports has been to *uncover inconsistencies* in the IMF's work, or a failure to follow established policies. (I am not focusing on so-called "gotcha" revelations.) In my view, one of the most glaring failures uncovered was that for many years prior to 2007, Article IV reports routinely ignored surveillance of members' obligations with respect to their exchange rate policies. I understand the reasons for three decades of neglect; they were grounded in the lack of consensus on the nature of the Article IV obligations when the Article IV compromise was struck in 1976. Consensus is still lacking today among the members of the IMF, but in my view that is no excuse for the IMF Management and staff to ignore these obligations.

Closely related to the exposure of inconsistencies is the fourth dimension of IMF transparency via IEO reports: the *exposure of omissions* in the work of the IMF staff and Management. Examples are the absence of underlying rationales for program designs that was identified in the reports on Jordan<sup>10</sup> and on structural conditionality.<sup>11</sup> The failure to connect bilateral surveillance with multilateral surveillance also is noted in many IEO reports, though that failure is rooted in part in the lack of an established framework for IMF multilateral surveillance, which may be in the process of correction.

Examples of each of these four dimensions of transparency about the IMF can be found in many IEO reports. But they are by-products of the reports. Like the connection between IEO reports and IMF accountability, the linkage in IEO reports is indirect.

## Recommendations

My main recommendation is that the *IEO should evaluate IMF transparency policies*. These policies include the release of information to various stakeholders, including but not limited to the general public and national and international interest groups.<sup>12</sup> The relevant information includes topics such as votes, documents circulated by Executive Directors, and minutes. It also includes the release of data and documents with respect to ongoing policy discussions, such as on reforming the IMF quota formula. Another example is the recent decision on the Precautionary and Liquidity Line (PLL), replacing the Precautionary Credit Line (PCL). The decision was released on November 22, 2011, but the background documents were not posted on the IMF's website until about 10 days later and the date of actual posting is not recorded, which suggests a manipulation of transparency. Some of these issues were implicit in the IEO report on interactions with member countries.<sup>13</sup> If the IEO were to do a report on IMF hiring and promotional diversity, where I suspect there is a significant gap between perception and reality, the issue of transparency would be very important.

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<sup>10</sup>IEO, *IMF Support to Jordan: 1989–2004* (2005).

<sup>11</sup>IEO, *Structural Conditionality in IMF-Supported Programs* (2007).

<sup>12</sup>The issue of transparency of national data provided to the IMF and policy conversations with the IMF is a related, but separable, topic in my view.

<sup>13</sup>IEO, *IMF Interactions with Member Countries* (2009).

My subsidiary recommendation is that each IEO report in the future should *include a section that directly addresses IMF transparency on the particular topic*. I recognize that this is a delicate subject and that notions of the appropriate degree of transparency differ among IMF members with their different histories and cultures. The IEO can make a positive contribution if it merely identifies some of the issues, even though some of us so-called external stakeholders would prefer more. Of course, as is suggested in several places in Joanne Salop's review,<sup>14</sup> the IEO also must strive to be transparent and self-critical about its own operations.<sup>15</sup>

### Addendum on "Uneven Treatment"

As an addendum, I would like to share my uneasiness about the topic of the IMF's "uneven treatment" of member countries. This issue has been an ongoing theme in many IEO reports, but any examination of these issues must try to distinguish perception from reality. In my view, undocumented passing references in IEO reports can become part of the problem rather than part of the solution to this complex issue.

The general perception is that one's own country receives from the IMF staff and Management tougher criticism in surveillance and harsher conditions in programs than other countries. As a logical proposition, this perception cannot be the universal reality: all countries cannot be below average. Moreover, the evidence in IEO reports is often difficult to interpret. For example, in just one IEO report—the report on research at the IMF—one finds statements that (1) research is too much focused on advanced countries; (2) the view is universal that research is not linked to country realities; and (3) the percentage of respondents from advanced economies that reported that the research does not allow for alternative perspectives is above the overall average though that percentage is less than the percentage for respondents from large emerging market countries. Where is the unevenness?

The more nuanced perception is that smaller and less economically developed countries are treated disproportionately severely, but this perception too needs to be examined carefully. For large, systemically important countries, the IMF is but one of many critical voices. It is not surprising that the IMF's criticisms appear to be less harsh, and no better informed, than those of many others.

In the work of the IEO, the null hypothesis should be that countries are evenly treated, and the tests applied should try to reject that hypothesis. I sometimes have the impression that the IEO and others are testing the opposite hypothesis, which may be easier to describe but more difficult to reject scientifically.

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<sup>14</sup>Joanne Salop, "IEO Retrospective: Ten Years of Independent Evaluation at the IMF" (see Chapter 8 in this volume).

<sup>15</sup>As an aside, but an illustrative example, I was struck that the IEO report on *Research at the IMF* reports that staff read and use in their work the *World Economic Outlook (WEO)* but less so the *Global Financial Stability Report (GFSR)*. This is contrary to the finding in the recent Triennial Surveillance Review. In that review, staff in area departments reported that they rarely drew extensively upon either the *WEO* or the *GFSR* in their work.