

Independent Evaluation at the IMF: Understanding the Evaluation Cycle

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This chapter describes the processes involved in preparing IEO evaluations, starting with how evaluation topics are selected and ending with how the IMF monitors the implementation of IEO recommendations. It also provides a tentative assessment of some of the main aspects of this process. Other chapters in this volume describe how IEO's evaluation reports have evolved over time, and provide illustrative assessments of the implementation of its recommendations.

The IEO was established in 2001 to conduct independent and objective evaluations of Fund policies and activities. Under its terms of reference (TOR) the "IEO will be independent of Fund management and staff and will operate at arm's-length from the Fund's Executive Board. Its structure and modalities of operation must protect its operational independence—both actual and perceived." The IEO reports regularly on its activities and findings to the IMF Executive Board (the Board) and to the International Monetary and Financial Committee (IMFC).

Given its resources and the IMF's capacity to absorb lessons and effect change, the IEO works on up to three evaluations at any time and, on average, issues fewer than two evaluations per year. During its first decade, through 2011, the IEO completed 18 evaluations (listed in Part IV of this volume). Though the evaluation cycle has changed over time and continues to evolve, it has a number of permanent features, the most salient of which are described below.

The Evaluation Cycle

Typically, the IEO evaluation process comprises the following steps:

- Consultation on work program and topic selection
- Design of evaluation and preparation of an Issues Paper (IP)
- Evaluation research: methods, findings, lessons, and recommendations
- Preparation and issuance of evaluation report

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- Board discussion of evaluation report and Summing Up (SU) of Board discussion
- Management Implementation Plan (MIP) for Board-endorsed IEO recommendations
- Board monitoring of implementation by means of a Periodic Monitoring Report (PMR)
- Post-evaluation activities: dissemination and Evaluation Completion Report (ECR).

Consultation on Work Program and Topic Selection

The IEO's TOR specify that "The Director of IEO will be responsible for the preparation of the Work Program. The content of the Work Program should focus on issues of importance to the Fund's membership and of relevance to the mandate of the Fund. It should take into account current institutional priorities, and be prepared in light of consultations with Executive Directors and Management, as well as with informed and interested parties outside the Fund."

In practice, the IEO continuously discusses possible evaluation topics and priorities with country authorities, Executive Directors (EDs), IMF Management, staff, and external stakeholders. Based on these discussions, the IEO prepares a long list of topics every one or two years that serves as the main tool for consultation on a possible medium-term work program. This list is issued to the Board, Management, and IMF staff for their comments. It is also posted on the IEO website to seek comments from external stakeholders and other interested parties.

IMF Management and staff provide detailed comments on each proposed topic and indicate which would be their priorities. The IEO conducts consultation workshops that have been effective in gathering feedback from external stakeholders. IEO also uses its website to solicit ideas for evaluation topics from external stakeholders.

To ensure broad and detailed consultation with EDs, the IEO Director organizes an Informal Board Seminar, at which most EDs indicate which topics they consider to be a priority and which they might not consider important. While priorities tend to differ across constituencies, usually there are a few topics that receive EDs' broad support.

Following these consultations, the IEO Director decides on topics for the next two or three evaluations. In selecting these topics, the IEO tries to balance stakeholder views and the need to avoid interfering with the Fund's operational activities, as well as basing the decision on an independent assessment of institutional priorities.

Design of the Evaluation Project and Preparation of an Issues Paper

Once a topic is selected, a project leader is named and an evaluation team is put in place. After a few months of research, the evaluation team prepares a concept

note, with a short description of the project design, including the scope, main questions to be addressed, and methods to be used. The concept note is used as the basis for a workshop with external advisors to brainstorm about the focus and methodology of the evaluation.

Based on the initial research and comments received from external advisors at the workshop, the IEO prepares a Draft Issues Paper (Draft IP) that is circulated to the Board, Management, and IMF staff for comment. Board members provide comments in an Informal Board Seminar organized and chaired by the IEO Director. IMF staff provide detailed written comments on the proposed design and methods. To gather feedback from external stakeholders, the IEO organizes workshops with country authorities, academics, and civil society organizations and posts the Draft IP on its website.

The IEO revises the Draft IP in light of all comments received and issues a final Issues Paper (IP) that is posted on the IEO website. The IP describes the scope of the evaluation, main questions, and evaluation methods, as well as a general work plan.

Evaluation Research: Methods, Findings, Lessons, and Recommendations

In its research, the IEO uses many of the methods common in evaluation. The starting point is a review of published and unpublished IMF documents, previous IEO reports, documents found in internal repositories, and documents requested from selected IMF departments.¹ The IEO also conducts surveys, structured and semi-structured interviews, focus groups, and statistical analyses. Each of these techniques has been used in different forms and to different extents in each evaluation.² Also, background papers addressing evaluation issues are prepared by IEO staff and/or external consultants. Background papers undergo extensive quality assurance checks, but the views and judgments presented in these papers are those of the author and do not necessarily reflect the views of the IEO, the IMF, or the evaluation team.³

¹The IEO has the right to obtain all information except to the extent the information is covered by attorney-client privilege or falls in the “zone of privacy” with respect to confidential communications of the Managing Director and Deputy Managing Director’s office with persons or institutions outside the Fund and within and between their immediate offices or between Executive Directors and their authorities and within and between their offices. The Director of the IEO is also to be granted access to side letters on the same terms as those that apply to the Executive Board.

²See Joanne Salop, “IEO Retrospective: Ten Years of Independent Evaluation at the IMF,” Chapter 8 in this volume.

³Part of the evidence supporting the findings and conclusions of an evaluation is included in the corresponding evaluation report or in background documents that accompany the report. Some of the evidence can also be found in background papers that are published around the time that the evaluation report is issued. On the other hand, evidence and supporting information obtained from member country authorities or other stakeholders with the understanding that the source and sometimes the information will remain confidential is not published in any form. Instead, this information is filed by the IEO, and its location is recorded in a corresponding Evaluation Completion Report (ECR) (see below).

Once the evaluation team is ready to draw initial conclusions and lessons, the IEO organizes a workshop to discuss emerging messages and recommendations. The workshop on emerging messages is chaired by the IEO Director; and participants usually include former country officials, former IMF Management and staff, academics, relevant civil society stakeholders, and IEO evaluators. The evaluation team presents the evidence it has gathered; discusses main findings, emerging messages, and potential recommendations; and usually reviews an outline for the evaluation report. In turn, the team receives feedback. In most cases, these workshops lead to new evaluation questions that require a few months of additional research and gathering of evidence.

Preparation and Issuance of Evaluation Report

Once the IEO Director is satisfied that all issues raised at the workshop on emerging messages have been addressed, the evaluation team prepares a draft evaluation report. Under the leadership of the IEO Director, the draft report is discussed within the IEO and reviewed by selected advisors. Comments are incorporated and messages are clarified. Also, recommendations are scrutinized to make sure that they address the main issues found by the evaluation. Since 2006, following the recommendations of the “Report on the External Evaluation of the IEO,”⁴ IEO Directors have emphasized the need for shorter evaluation reports, with more focused assessments and recommendations.⁵

The draft report package, including background papers, is circulated to IMF staff, who are usually given three or four weeks to provide written comments. IEO carefully reviews these comments, although neither Management nor staff may insist on any changes beyond factual corrections. At this time, when appropriate, relevant country authorities are also given the opportunity to provide comments. The IEO revises the evaluation report in light of all the comments received.⁶

After additional careful review, the IEO Director approves the final evaluation report package (including background papers) for circulation to the Evaluation Committee (EVC). The report is issued to the EVC, and copied to other EDs for information. It is also sent to IMF Management for comment.⁷ The Board Secretary sets a date for a Board discussion of the evaluation, which must be held

⁴“Report of the External Evaluation of the Independent Evaluation Office” (Lissakers Report), March 2006. Available at www.iew-imf.org/ieo/files/evaluationofieo/032906.pdf.

⁵Also following the recommendations of the Lissakers Report, there has been an attempt to link the evaluation conclusions and recommendations more closely to the levels in the IMF organizational structure (e.g., Board, Management, staff) that are best placed to implement the corresponding changes.

⁶At this point, the report is also reviewed for readability and presentation, often involving a professional editor.

⁷From this point onward, the report may not be changed other than to correct factual errors or to improve its readability. In fact, the IEO needs to inform the Board of any factual changes, but it is very unlikely that additional factual errors would be found at this stage, since the draft report would have already benefited from IMF staff scrutiny. In practice, IEO rarely makes additional changes beyond editing for presentational purposes.

within six weeks of the issuance of the report. The IMF staff issues a response to the IEO evaluation report and the Managing Director issues a statement reflecting on its findings and recommendations. These statements are to be issued no later than two weeks prior to the Board discussion. The Managing Director's Statement and the Staff Response become part of the official record and are included, along with any IEO responses, in the final version of the evaluation report, which is then issued to the Board no later than two weeks prior to the Board discussion.⁸

Board Discussion and Summing Up

The Board discussion of an IEO evaluation is chaired by IMF Management (usually the Managing Director or the First Deputy Managing Director), as is the case with all formal Board meetings. The Chair facilitates the discussion, and helps reach a consensus view whenever this is possible.

Executive Directors may submit written preliminary statements (Grays) and questions up to 48 hours prior to the Board meeting. EDs discuss their views at the Board meeting, focusing on the findings, conclusions, and recommendations. They may also seek clarification or ask questions of IMF staff or the IEO. The IEO Director usually makes a brief introduction, and responds to specific questions with the assistance of the team leader for the corresponding evaluation and other relevant IEO staff.

At the conclusion of the discussion, the Chair reads a draft Summing Up (SU) reflecting the Board's overall views and explicitly or implicitly stating which IEO recommendations it endorses. The draft SU is prepared in advance of the meeting by IMF staff, typically from the Strategy, Policy, and Review Department. They, together with staff from the Secretary's Department, modify the draft during the Board meeting as necessary to reflect the discussion. The SU is subsequently circulated to EDs for approval on a 48-hour lapse-of-time basis during which time Directors may ask for changes.⁹

The manner in which the Board endorses recommendations varies. Recommendations range from calls for changes in broad IMF policies or practices to detailed suggestions which are sometimes presented as an illustration. In some

⁸Procedures regarding the scheduling of Board discussions and deadlines for submission of the Managing Director's Statement and the Staff Response for IEO evaluations were agreed by Management and the Board following the 2006 "Report of the External Evaluation of the IEO." In the event specific circumstances require a departure from this norm, Management must explain the reasons to the Executive Board in a Board meeting and in a timely fashion following consultation with the Chairman of the EVC (EBAP/07/4).

⁹The process of summarizing the Board's views on IEO reports is different in many important ways from the process of summarizing the Board's views on reports prepared by IMF staff. First, in the case of IMF staff reports, the draft SU is usually prepared by the "originating" unit, that is, the unit that prepared the report being discussed. In this case, IEO prepares the report being discussed but is not involved in preparing the draft SU or in modifying it during the Board discussion. Second, according to accepted Board procedures, the Board operates under the assumption that silence of an ED on an issue reflects his/her consent with a report's views. Past experience suggests that this procedure is not applied in the case of IEO reports, at least not in a systematic way.

cases, the Board endorses a policy or operational change, but not a specific IEO suggestion on how to implement the change. In other cases, the Board endorses a specific suggestion but not the recommended broader underlying reform. In practice, the Board also endorses statements on general goals or objectives of IMF policies or programs.

As a result, most SUs are written in very general terms, and do not contain clear-cut statements on which aspects of an endorsed recommendation are considered critical by the Board or which aspects are considered to be suggestions on possible approaches to implementation. This often leads to a lack of clarity that is problematic, given that the SU is used as the basis for the Management Implementation Plan.¹⁰

After the approval of the SU, IEO discloses the report package along with a Press Release (initially by posting it on its website and eventually by publishing the report). In parallel with IEO's disclosure of the report, the IMF issues a Press Release containing the Managing Director's Statement, the Staff Response and a Public Information Notice (which incorporates the SU).

Management Implementation Plan

Since 2006, Management has been required to present to the Board soon after the Board discussion a forward-looking Management Implementation Plan (MIP) that explains how it expects to implement Board-endorsed recommendations. MIPs are supposed to include a timetable of actions and an estimate of their costs (EBAP/07/4). To date, staff has produced seven MIPs that set implementation benchmarks for Board-endorsed IEO recommendations. They cover the following IEO evaluations: *The IMF and Aid to Sub-Saharan Africa*, *IMF Exchange Rate Policy Advice*, *Structural Conditionality in IMF-Supported Programs*, *IMF Involvement in International Trade Policy Issues*, *IMF Interactions with Member Countries*, *IMF Performance in the Run-Up to the Financial and Economic Crisis: IMF Surveillance in 2004–07*, and *Research at the IMF: Relevance and Utilization*.¹¹

As mentioned above, at times SUs have not been clear about what the Board has endorsed—for example, a goal, a policy change, a strategy, or a practical suggestion. While it is incumbent upon staff to issue a forward-looking implementation plan, in practice MIPs seem to address IEO recommendations only as part of ongoing or planned processes or initiatives. This approach of embodying staff's proposed actions within ongoing activities may have the benefit of strengthening ownership of the MIP, but it poses the risk that the IEO recommendation itself will be lost within the wider process or initiative. Another problem created by the lack of clarity of SUs is that MIPs sometimes propose actions that address goals that only indirectly respond to those IEO recommendations actually endorsed by the Board.

¹⁰SUs play a key role in ensuring Board guidance and oversight over the IMF. In its evaluation of IMF Governance (2008), IEO pointed to several aspects in the preparation of SUs that need reforms to ensure greater accuracy and clarity. The Board has agreed on the need to reform aspects of the SU process, including those reflecting the discussion of IEO reports.

¹¹The annex presents the timeline for the preparation and approval of these MIPs.

The MIP is discussed at an EVC meeting.¹² In the past, for most MIPs the EVC has recommended Board approval on a lapse-of-time basis. In rare instances, however, the EVC has asked Management to revise the MIP—in which case the MIP has had to be resubmitted for EVC consideration—or recommended a full Board discussion.

The approved MIP is disseminated externally by the IMF through a Public Information Notice (PIN) which may include a Board assessment of the report recommendations and/or a link to the MIP.

Periodic Monitoring Report: The Board's Tool to Monitor Implementation of IEO Recommendations

Implementation of IEO recommendations is tracked by means of a Periodic Monitoring Report (PMR) which Management is required to present to the Board on an annual basis. Monitoring the follow-up on IEO recommendations endorsed by the Board is vital to establishing accountability and completing the cycle of learning to which independent evaluation contributes. Each PMR summarizes the status of implementation of actions from new MIPs agreed since the last report, as well as the actions that are pending from prior reports. PMRs are also supposed to indicate any difficulties in implementing MIPs and to propose remedial or substitute actions wherever appropriate.¹³

The PMR is reviewed at a meeting of the EVC. As with the MIP, the EVC has usually recommended that the Board approve the PMR on a lapse-of-time basis. The Chairman also issues an assessment and proposed decision to the Board regarding implementation performance and benchmarks to be reviewed in the following PMR. Once approved by the Board, the PMR is disseminated externally by the IMF through a PIN.

IMF staff has produced four PMRs to date since 2007. The first of these included a summary of the Executive Board discussion, a summary of the monitoring status and, in some instances, a staff assessment of the implementation of selected endorsed recommendations to date. To avoid overloading the monitoring process with large numbers of recommendations, the Board agreed with staff that there was no need for additional reporting on recommendations that were deemed implemented or on track for timely implementation.

In practice, this sometimes has meant that the monitoring of recommendations has been discontinued after the implementation of one-off actions that fell short of achieving the broader goals endorsed by the Board. As a consequence, the broader recommendation has been dropped from the next PMR, leaving no vehicle for Directors to track implementation.

The Third and Fourth PMRs concluded that all key performance benchmarks from related MIPs had been met or were on track for timely completion, and that

¹²As with all IMF Board committees, nonmembers may also attend and speak at committee meetings. In practice, representatives of all constituencies participate in most MIP discussions.

¹³The PMR is meant to track status of implementation, not to assess the effectiveness of the recommended actions. Currently, there is no system for assessing the effectiveness of actions. In discussing

no new remedial actions were needed. They essentially left almost no recommendations to be monitored from earlier evaluations.

Though the EVC broadly endorsed this assessment, it noted at the same time that more needs to be done in some cases to achieve the broader policy objectives underlying specific IEO recommendations. The EVC further emphasized the need to improve the implementation of Board-endorsed IEO recommendations, possibly including revisions to the PMR process.

Post-Evaluation Activities: Dissemination and Evaluation Completion Reports

In addition to posting its reports and background documentation on its website, the IEO publishes these reports and distributes them to authorities in member countries and other stakeholders through the channels regularly used by the IMF to distribute its documents. The IEO also conducts dissemination activities among member country authorities, IMF staff, and stakeholders around the world. Given the IEO's limited resources, most of these activities take place around events organized by other parties.

An Evaluation Completion Report (ECR) is prepared after the disclosure of each evaluation report to analyze the process of preparing the evaluation, focusing on good practices and challenges and providing future teams with lessons for improving the way they carry out their work.¹⁴

the Lissakers Report, the Board decided to postpone the establishment of a mechanism to assess the effectiveness of actions until after experience had been gained with the MIP/PMR process.

¹⁴ECRs include a list of interviewees, note the location of confidential information gathered in the evaluation process, and contain information on any changes made to the report after it has been issued to the Board. ECRs are confidential documents because they include the names of interviewees (who are promised confidentiality to ensure that they are candid in their responses) as well as other confidential information (e.g., the location of strictly confidential documents given to the IEO for its work and of disaggregated survey responses). As such, ECRs are shared only with the external evaluators of the IEO.

Annex. Timeline for Consideration of Management Implementation Plans, 2007–12

Report	Board Discussion of Report	Proposed MIP Issued	Board Approval of MIP
<i>The IMF and Aid to Sub-Saharan Africa</i>	March 5, 2007	June 6, 2007	June 29, 2007
<i>IMF Exchange Rate Policy Advice</i>	May 9, 2007	August 17, 2007	September 12, 2007
<i>Structural Conditionality in IMF-Supported Programs</i>	December 12, 2007	April 8, 2008	May 2, 2008
<i>Governance of the IMF: An Evaluation</i>	May 21, 2008	— ¹	
<i>IMF Involvement in International Trade Policy Issues</i>	June 8, 2009	November 13, 2009	December 17, 2009
<i>IMF Interactions with Member Countries</i>	December 14, 2009	June 1, 2010 ² November 19, 2010	December 27, 2010
<i>IMF Performance in the Run-Up to the Financial and Economic Crisis: IMF Surveillance in 2004–07</i>	January 26, 2011	March 29, 2011 ³ December 22, 2011 February 14, 2012	May 25, 2012
<i>Research at the IMF: Relevance and Utilization</i>	June 13, 2011	June 18, 2012	November 27, 2012

¹In light of the distinct nature and content of the evaluation the Board decided that it was not appropriate for Management to prepare a MIP as for other evaluations. Instead, the Board and Management launched processes aimed at preparing follow-up plans. The Dean of the Executive Board established a Working Group of Executive Directors which issued a work plan approved by the Board in September 2008. At that time, the Managing Director established three other entities on IMF governance reform: a committee of eminent external persons (the Manuel Committee), a process to gather civil society views, and a Joint Steering Committee to prepare a report to distill concrete proposals taking into account the views of all four streams. However, the Joint Steering Committee did not issue a report; and in January 2011, the Dean of the Board announced that any follow-up and remaining issues would be taken up by the whole Executive Board. Thus, there has been no MIP-like document for this report.

²The paper was withdrawn to allow the Evaluation Committee to discuss it first. A Supplement report on progress on various issues was issued on December 10, 2010.

³The initial MIP was not approved by the Evaluation Committee. A revised MIP was discussed by the Evaluation Committee and referred for discussion by the full Board. The revised MIP was reissued and discussed at a Board meeting chaired by the Managing Director.