

Evaluation of euro area crisis programs

The IEO concluded its evaluation of *The IMF and the Crises in Greece, Ireland, and Portugal* in June. The evaluation assessed the effectiveness of engagement with these countries—covering the 2010 Stand-By Arrangement with Greece, the 2010 Extended Arrangement with Ireland, and the 2011 Extended Arrangement with Portugal—in order to draw lessons and to enhance transparency.

While recognizing the unprecedented challenges posed by the crises in these countries, the evaluation concluded that the IMF's overall performance was uneven and that its engagement in the euro area crisis raised issues of accountability and transparency, which helped create the perception that the IMF treated Europe differently. To address the issues identified, the report recommended steps to enhance IMF governance and operational effectiveness, in particular to protect technical analysis from political influence; assure careful deliberation before changes in policy; clarify how guidelines on program design apply to currency union members; establish a policy on cooperation with regional financing arrangements;

and reaffirm Management's and the Board's commitment to accountability, transparency, and the role of independent evaluation in fostering good governance.

In responding to the evaluation, the Managing Director committed to strive to improve and refine the IMF's work in preventing and managing crises, and learning from the past. During their discussion of the report in July, Executive Directors agreed that the report's findings provided valuable insights and lessons for handling crises in members of currency unions in the future. Directors supported the principles that the IMF's technical analysis should remain independent and that policies should not be changed without careful deliberation by the Board. They also endorsed the need to clarify application of program design guidelines to currency union members and to spell out a policy on cooperation with regional financing arrangements. Further, Directors agreed to reaffirm their commitment to accountability and transparency, and underscored their strong support for independent evaluation and the IEO's critical role in the Fund.



Moises Schwartz, IEO Director

About the IEO

The Independent Evaluation Office (IEO) was established in 2001 to conduct independent and objective evaluations of IMF policies and activities. Under its Terms of Reference, the IEO is fully independent from the Management of the IMF and operates at arm's length from the Board of Executive Directors. The IEO's mission is to enhance the learning culture within the Fund, strengthen the IMF's external credibility, and support institutional governance and oversight.

Follow up on past IEO evaluations

In June 2016, the Executive Board approved the Management Implementation Plan (MIP) to follow up on the IEO assessment of *Self-Evaluation at the IMF*. During the Board discussion of the evaluation, Executive Directors underscored the benefits of taking a strategic approach to self-evaluation in light of its importance in guiding the institution's efforts and promoting a learning culture. The MIP accordingly introduces a statement of principles describing the goals, scope, outputs, utilization, and follow-up of self-evaluation at the IMF. The plan also:

- emphasizes that country authorities will be given opportunities to

express their views on program design and results, and IMF performance, both at the time of the subsequent Article IV consultation and during the Board meeting;

- states that current best practices with respect to self-evaluation will be applied more consistently in policy and thematic reviews; and
- lays out modalities for improving dissemination of lessons, including a new effort to identify and disseminate examples of good practices in Article IV staff reports.

An implementation plan for the evaluation of *Behind the Scenes with Data at the IMF* is expected soon. This

evaluation examined whether the IMF's policies and practices with respect to data and statistics were adequate for fulfilling the institution's mandate in a rapidly evolving global economy. The evaluation concluded that problems with data and data practices have, at times, left the IMF less than fully equipped to play its critical role of helping to secure global macro-financial stability. Among the recommendations endorsed by the Executive Board was development of a long-term strategy for data and statistics that provides a common institutional objective and acknowledges data as a strategic asset for the IMF.

On the horizon: IEO's work program

The evaluation of IMF work on social protection issues is ongoing. This evaluation will take stock of the main social protection issues the IMF has addressed as part of its program, surveillance and technical assistance work. The evaluation will assess in greater depth areas such as pension reforms and social assistance measures to mitigate the impact of food and energy subsidy reform and public expenditure rationalization more broadly.

Preliminary work has begun on two evaluations, focusing on IMF engagement with fragile states and aspects of financial surveillance. Draft issues papers for these evaluations will be presented to Directors and posted for public comment on the IEO website in coming months.

Periscope

June 2016, London, UK

Participated in the Evaluation Cooperation Group meetings.

September 2016, Xian, China

Participated in the 2016 Asian Evaluation Week hosted by the Chinese Ministry of Finance and the Asian Development Bank.

September 2016, Maastricht, Netherlands

Participated in the 12th Biennial

Conference of the European Evaluation Society on panels entitled "Evaluating the mirror: self-evaluation systems in the multilateral development banks" and "Evaluation Functions in Central Banks."

September 2016, Luxembourg, Luxembourg

Presented the findings and conclusions of the report on *Self-Evaluation at the IMF* at the European Stability Mechanism and at the European Investment Bank.



IEO staff