

2017

FALL ISSUE

IEO DIALOGUE



Building the Fund's Culture of Learning through Independent Evaluation

THE IMF AND SOCIAL PROTECTION

Over the past decade, the IMF has stepped up its attention to social protection as it dealt with the aftermath of the global financial crisis and addressed concerns about the impact of food and fuel price shocks and broader stresses on low-income groups and the most vulnerable. The IEO examined this work in its just-released evaluation: *The IMF and Social Protection*.



The evaluation found widespread IMF involvement in social protection across countries, although the extent of engagement varied. The variation sometimes responded appropriately to differences in country circumstances and the availability of external expertise but sometimes reflected more idiosyncratic factors, especially in surveillance. In the program context, the IMF invariably emphasized the need to mitigate potential adverse effects of program measures on the most vulnerable and generally worked well with development partners to address social protection concerns, albeit with mixed success.

IMF-World Bank cooperation on social protection generally worked well, allowing the Fund to draw effectively on Bank expertise in this area, but the Fund's approach of targeting social protection to the poor and vulnerable meshed less well with the rights-based approach espoused by some other UN agencies. Efforts by the IMF's external communications to emphasize the Fund's "human face" did not always convince stakeholders, especially civil society, in part because of heightened expectations.

The evaluation recommended that the IMF establish a clear strategic framework to guide its involvement in social protection among multiple competing priorities at a time when budgetary resources are tight. It called for clarity on the scope, objectives, and boundaries of Fund involvement in social protection to set appropriate expectations—internally and externally—of the IMF's role and responsibilities. Given limits on the Fund's capacity and expertise, the report emphasized the importance of ensuring productive relations with development partners, including institutions with different mandates and policy priorities.

In their discussion of the report, Executive Directors welcomed that the Fund has built up its attention to social protection in response to the needs of the membership. Directors recognized scope for further progress and joined the Managing Director in supporting all the evaluation's recommendations. At the same time, Directors underscored the need to be mindful of the Fund's mandate to engage only in macro-critical areas while bearing in mind resource constraints and comparative expertise. Management will present an Implementation Plan to the Executive Board by early 2018.

ON THE HORIZON – IEO'S WORK PROGRAM

The IEO continues work on two evaluations and two updates of past evaluations, and has just begun work on a new evaluation. The evaluation of IMF engagement in fragile states is expected to be completed by Spring 2018. The evaluation assessing the IMF's continuing efforts to strengthen financial surveillance is targeted for completion by Fall 2018. Updates of the 2007 evaluation of *IMF Exchange Rate Policy Advice* and the 2007 evaluation of *Structural Conditionality in IMF-Supported Programs* should both be complete by Spring 2018.

Following consultations with stakeholders, the IEO has just initiated work on an evaluation of the IMF's advice on unconventional monetary policies. This evaluation will assess IMF advice to advanced economies implementing unconventional monetary policies in recent years and to a selection of advanced and emerging market economies heavily impacted by such policies, as well as examine advice on dealing with potential problems from exiting. A draft issues paper for this evaluation is available for public comment on the IEO website.



IEO workshop on the newly-launched evaluation of the IMF and unconventional monetary policies.

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.

For further information on the IEO's work, please visit www.iao-imf.org

GAINING TRACTION – FOLLOW UP ON PAST EVALUATIONS

The IMF has taken action to address a number of issues raised in the 2016 evaluation of *The IMF and the Crises in Greece, Ireland, and Portugal*. The Executive Board discussed a staff paper on cooperation with regional financing arrangements in July, and a staff paper on program design in currency union members was circulated to the Board in August. In addition, IMF management and the IEO have agreed on a protocol for information sharing, clarifying the importance of staff's cooperation and the principle of open communication.

INFORMATION SHARING BETWEEN IMF STAFF AND THE IEO

The new protocol for information sharing between IMF staff and the IEO reiterates that IMF Management and the Executive Board place great value on the contributions of the IEO. The protocol emphasizes that IMF staff cooperation with the IEO is critical to the success of the IEO in fulfilling its mandate. The protocol states that staff are obliged to provide relevant information requested by the IEO and are required to accept interviews with the IEO and share views openly and freely. The protocol has been posted on the IEO website and circulated in a guidance note for IMF staff.

RECENT IEO PUBLICATIONS

- ▶ *The IMF and Social Protection*, July 2017
- ▶ *Background Papers for the IMF and the Crises in Greece, Ireland, and Portugal*, June 2017
- ▶ *The International Monetary Fund and the Learning Organization: The Role of Independent Evaluation*, January 2017

EVALUATING THE EVALUATORS

The Executive Board has launched the third external evaluation of the IEO to be conducted by a panel composed of Donald Kaberuka (chair), Pernilla Meyersson, and Der Jiun Chia. In the five years since the last external evaluation, a number of steps have been taken to improve the follow-up process to IEO evaluations, but there remains room to further strengthen the IEO's contributions to IMF learning culture, transparency, and operational effectiveness. The IEO looks forward to the panel's findings and recommendations.

OUTREACH

MAY

Roundtable discussion on "How to Improve the Effectiveness of the IMF" at the Peking University's National School of Development 88th Policy Talk in Beijing, China.

Presentations on "Independent Evaluation at the IMF: Role, Impact, and Future Agenda" and "IMF—Adapting to New Realities" at the University of Tokyo, in Tokyo, Japan.

SEPTEMBER

Presentation on findings and recommendations of the recently completed evaluation of *The IMF and Social Protection* during the Asian Evaluation Week in Hangzhou, China.

Seminar in Amman, Jordan to engage stakeholders in discussing the ongoing evaluation of the IMF and Fragile States.

Seminar in London, organized jointly with DFID, on the ongoing evaluation of the IMF and Fragile States.

Workshop with external experts in Washington, D.C., to seek input on the design of its evaluation of IMF advice on unconventional monetary policies.

OCTOBER

Seminar on the findings and recommendations of the IEO evaluation of *The IMF and Social Protection* during the civil society policy forum at the Annual Meetings.



Sudarno Sumarto (left), Senior Research Fellow, SMERU Research Institute, was a panelist, and Anjali Kumar (right), Lead Economist, IEG, World Bank, moderated a session on "Evaluating the International Monetary Fund's Involvement in Social Protection" during the 2017 Asian Evaluation Week held in Hangzhou, China.



Charles Collins (left), IEO Director, and Hiroshi Watanabe (right), President, Institute for International Monetary Affairs and former Vice Minister of Finance for International Affairs, speak at the University of Tokyo.