

# Selection of IEO Evaluation Topics and IEO Product Mix

January 10, 2019

## I. INTRODUCTION

1. Strategic choice of evaluation topics is crucial to ensuring the effectiveness and value-added of the IEO, particularly since the office only takes on a limited number of topics at one time. The 2018 External Evaluation of the IEO (“External Evaluation”) found that while the topics chosen by IEO for evaluation have been generally appropriate, there was room to improve transparency and inclusiveness in topic selection to strengthen relevance and traction. Related to these findings, the External Evaluation made two specific recommendations to the IEO.

- In consultation with the Evaluation Committee (EVC), IEO should establish transparent criteria for the selection of evaluation topics and clearly explain to the Board the reason for the selection.
- In consultation with the Board or the EVC, IEO should consider shorter evaluation products (as opposed to the full evaluations) that can be done more quickly as an input into current topics being discussed by the Board.

2. Most Executive Directors supported the first of these recommendations. A number of Directors also supported the second proposal, while a few raised concerns.<sup>1</sup>

3. This note presents the IEO’s proposals on an approach to addressing these two recommendations. Specifically, after describing current practice, it presents a set of criteria for topic selection and explains the underlying considerations. It then lays out the topic selection process, aimed at ensuring transparency and inclusiveness while avoiding interference with the Fund’s operational activities. Next, it suggests features and procedures for shorter evaluation products that could be followed on a pilot basis, including to ensure that such products are timed well in advance of Board discussions to provide value added, feed constructively into the work program, and not interfere with operational activities. Finally, it discusses implications for the overall IEO work plan, including how to ensure that the IEO’s work plan fits the capacity of the institution to effectively absorb IEO evaluations and within the IEO’s budget envelope, and a review of experience with the shorter evaluation pilot.

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<sup>1</sup> SU/18/105. Concerns related to the value added of shorter evaluation products and potential for interference with current Fund operations.

4. The External Evaluation also recommended that the impact of IEO evaluations could be strengthened by aiming “for shorter reports written in “plain English” with recommendations that are SMART...” The IEO certainly plans to follow this suggestion, which was endorsed by most Directors, while also heeding advice from a number of Executive Directors at the Board discussion who stressed the importance of preserving in-depth analysis underpinning the evaluation. Specific guidelines for report length are provided in Paragraph 19 below.

## **II. SELECTION OF IEO EVALUATION TOPICS**

### **A. Current Practice for Topic Selection**

5. The current practice for topic selection involves a substantive structured consultation. This exercise involves extensive discussions with a wide range of stakeholders including, inter alia, Executive Directors, Fund management, and senior staff. The IEO also actively seeks inputs from country officials, academic and think tank experts, and civil society representatives, as well as from the general audience through its external webpage.<sup>2</sup>

6. Topics identified from consultations and internal discussions are scrutinized and prioritized by their relevance and strategic importance to the Fund’s mandate. Around 10-15 topics are shortlisted for inclusion in the IEO work program and circulated to the EVC and other Executive Directors, and to IMF staff, for comments and suggestions. An informal seminar is held with Board members to discuss the topics.<sup>3</sup> The IEO carefully tracks Directors’ views expressed in that seminar in order to calibrate support and interest in the topics. The list is also posted on the IEO website for transparency and to solicit input.

7. From this list, 1-2 topics are selected each year for new evaluations, as ongoing evaluations are completed, taking account of Board views of relevance and importance, as well as timing and feasibility considerations including the need to avoid overlap with the Fund’s internal reviews/self-evaluations.

### **B. Proposed Criteria for Topic Selection**

8. It should be emphasized at the outset that IEO topic selection ultimately is the responsibility of the IEO Director, as per the IEO terms of reference (TOR), subject to the requirement to avoid interfering with operational activities. In addition, the IEO generally refrains from dedicated evaluations of *individual* country issues since the IEO’s focus is on institutional accountability and learning, which benefits from comparisons of experience across country cases.

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<sup>2</sup> See <http://www.ieso-imf.org/ieso/pages/Future.aspx>.

<sup>3</sup> The most recent set of possible topics for future IEO evaluation was circulated to the Board on May 31, 2017 (EB/EVC/17/13) and discussed on June 19, 2017.

9. The criteria shown below, listed in descending order in terms of importance, are intended to serve as a framework for the IEO to prioritize topics and as a guide in final topic selection.<sup>4</sup> While these criteria have been used in topic selection in the past and would continue to be relevant in most cases, they are not exhaustive, as the IEO Director, if needed, will exercise flexibility in considering other criteria.

### **Selection criteria for evaluation topics**

- *Strategic importance to the Fund's membership and relevance to the mandate of the Fund:* This criterion is consistent with the TOR of the IEO and the consideration that IEO should focus on areas central to the Fund's work.<sup>5</sup>
- *Current institutional priorities:* This criterion would aim to ensure that evaluations are addressing areas of active IMF engagement, again following the TOR. However, this would not be a fixed requirement since from time to time the IEO might choose a topic that has been relatively neglected in current IMF work.
- *Concerns about current IMF approach:* This criterion would encourage attention to areas where current approaches have raised particular concerns—especially among Executive Directors and country officials, but also management, staff, and external stakeholders—prompting interest in an independent assessment. Topics related to issues posing significant risks to the Fund would be given priority by this criterion.
- *Balance in coverage:* IEO evaluations should over time provide balanced coverage of all the Fund's core activities (e.g., surveillance, lending/program, and capacity development). Similarly, there should be balance in relevance to different country groups. Ensuring balance in coverage would help strengthen inclusiveness of IEO evaluations (the need for which was noted by the External Evaluation), and reduce the risk of missing relevant and important topics. Topics related to cross-cutting issues with potential for widely applicable lessons (as suggested by the External Evaluation) would be supported by this criterion.
- *Timing:* Topic selection would take account of the need to time evaluations to mesh with the broad IMF work agenda. Ideally, IEO evaluations should be timed so that findings can guide or feed into subsequent Fund work such as, for example, surveillance or conditionality reviews. It would usually be less helpful to evaluate a topic where IMF staff is itself in the late stages of developing a new approach or just after approval of a new approach before some experience can be obtained. Moreover, IEO evaluations must be

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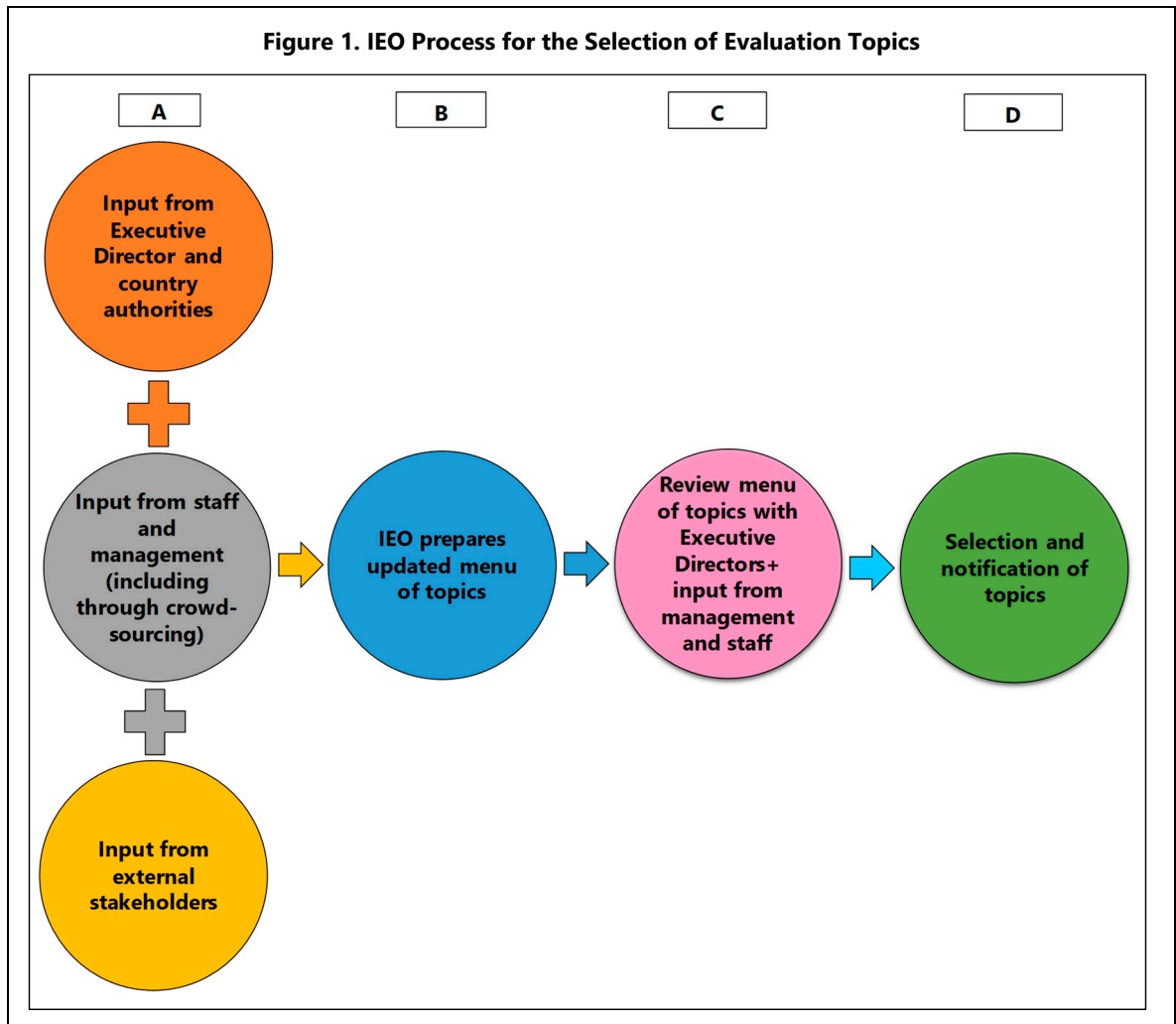
<sup>4</sup> Some additional criteria are considered in Section III for shorter evaluations given their distinctive nature and purpose.

<sup>5</sup> The Terms of Reference of IEO state "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."

timed to avoid interference with operational activities, particularly current lending arrangements or arrangements under negotiation. Topic selection must also be consistent with the IEO's internal resource constraints, bearing in mind the limited size of the office.

### C. Process for Topic Selection

10. The topic selection process laid out below in four stages draws in large part upon the current process and aims to enhance transparency and inclusiveness while preserving the IEO's independence. The current practice of preparing a list of 10-15 topics for future evaluations and selecting 1-2 topics for the upcoming evaluations out of the list (while at the same time updating the list itself) would be retained. The selection process described below is in sequential order (See Figure 1).



### **Stage A. Seek inputs for future evaluation topics through consultations and crowd-sourcing**

- *In-reach and outreach for consultation.* As is current practice, the Director of IEO will meet with Executive Directors and Management on a regular basis to seek their views on topics of interest. Consultations will also be made regularly with SPR, as well as a range of senior staff, to seek suggestions on relevant topics, to be informed of current and upcoming Fund work, and to inform staff about IEO's work plans to minimize any surprises or possible overlap. During the Annual/Spring meetings and other outreach events, the IEO will engage with the authorities, academics, think-tanks, media, civil society, and other evaluators (e.g., the World Bank's Independent Evaluation Group) to seek their views on potential topics.
- *Crowd-sourcing the Fund staff.* While the IEO is in regular contact with SPR and senior staff on the IEO work program, there could be value in adding an additional channel for seeking ideas from staff more broadly. Fund staff are naturally well positioned to provide useful inputs to IEO for topic selection given their familiarity and experience in Fund work. Approaching staff for input on topics would also encourage a sense that the IEO is committed to close collaboration with staff to best learn from their experience and could reinforce a sense of ownership and help to enhance traction of IEO evaluations, as suggested by the External Evaluation. The existing list of future topics would be provided to Fund staff for reference during crowd-sourcing. Staff anonymity would be assured.

### **Stage B. Preparing updated menu of topics**

11. The IEO will shortlist 10-15 topics to be considered for evaluation. Topics will be grouped in several categories with reference to type of Fund work (e.g., surveillance, program engagement, capacity development, etc.). Within each category, topics will be prioritized on a preliminary basis according to the selection criteria discussed above. Each topic will be described to indicate reasons for relevance and to suggest issues for particular attention in a possible evaluation. The list will typically include a number of topics from the existing list that have not yet been selected and a number of new topics. Considerations, such as how to dovetail most effectively with the staff's work program, that could affect possible timing for conducting an evaluation, would also be noted.

### **Stage C. Discussion of selected topics**

12. The updated list of topics will be presented to Executive Directors for discussion in an IEO Board seminar chaired by the IEO Director. In the discussion, each chair would have the opportunity to provide input on priorities and particular issues of interest. Prior to the meeting, management and staff would have the opportunity to circulate their comments on the short list to the Board.

### **Stage D. Selection and notification of topics for upcoming evaluations**

13. Following discussion with Executive Directors, the IEO will select 1-2 topics for new evaluations from the list of topics, reflecting on the selection criteria described above and views expressed by Executive Directors and informed by suggestions from management and staff. To the extent possible, due attention will be paid to ensuring balanced distribution of selected topics over time and across categories. For transparency, the selected topics and reasons for the selection will be explained to the Board and management via a memo from the Director of the IEO. The list of topics would be revised and updated on an annual basis.

### **III. IEO PRODUCT MIX**

14. At present, the IEO prepares two evaluation products—full evaluations and updates of past evaluations. Full evaluations typically take 18 months–2 years to prepare while updates are more limited exercises that can be completed in 9 months or so.<sup>6</sup> The External Evaluation proposed that the IEO consider shorter evaluation products (in addition to full evaluations) that can be done more quickly as an input into current topics being discussed by the Board. It also suggested that shorter evaluations could draw upon previous evaluation work of the IEO. The IEO supported this recommendation, while reiterating that full, in-depth evaluations should remain the bread and butter of IEO work. A number of Executive Directors also supported this proposal, while a few Directors expressed concern about value added and potential interference with current operations.

#### **A. Basic Considerations for Shorter Evaluations**

15. The IEO sees value in having a more flexible product mix to be able to respond nimbly to the Board's concerns, while being cognizant of the need to ensure value added, to interact constructively with staff, and avoid interfering with operational activities. The IEO now proposes trying an approach for shorter evaluations, on a pilot basis, that learns from experience with evaluation updates, which have been well received by the Board and appreciated by management and staff.<sup>7</sup> For example, the recent evaluation updates on IMF exchange rate policy advice and structural conditionality fed into staff work in revamping the External Balance Assessment (EBA) and into the Conditionality Review well in advance of the completion of staff policy reviews and Board meetings, providing a good illustration of the value than can be derived from timely and focused input from the IEO. The advantages of the proposed shorter evaluation

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<sup>6</sup> Terms of reference for evaluation updates are provided in EB/EVC/13/5.

<sup>7</sup> The pilot scheme could be assessed after experience with two shorter evaluations in consultation with the Evaluation Committee/Executive Board, management, and staff. The criterion for continuation of the product would be value added relative to the IEO's goals relative to resources used.

over the update is that the topic would not be limited to evaluations conducted by the IEO ten years previously and the follow-up process would be more substantive if still parsimonious.

16. Operationalizing the shorter (and quicker) evaluations as a new element of IEO work would be informed by the following broad considerations:

- First, the topics for shorter evaluations would normally be chosen as part of the broader topic selection process described in Section II above. Board, management and staff input on possible topics for shorter evaluation would be sought as part of the regular consultation process. The IEO will retain its full autonomy in making final decisions about shorter evaluations.
- Second, particular care would be needed to ensure that shorter evaluations are timed to feed constructively into the staff work program, and do not run counter to the principle of no interference with operational activities. Accordingly, they should be planned in close coordination with staff and timed to be completed well before staff work on the topic being evaluated is completed and presented to the Board for discussion.<sup>8</sup> Such timing would allow the results of the evaluation to be absorbed by staff and reflected as appropriate in their work.
- Third, care would also be needed to ensure that the introduction of shorter products does not significantly increase the burden on the institution (Executive Board, management, and staff) in preparing and following up on evaluations. It is a clear lesson from the IEO's experience relative to other IFI evaluation offices that value added for the evaluation function can be greater from a limited number of strategically chosen topics that can be fully absorbed than by a multiplicity of topics that overstretches the institution's absorptive capacity.

17. Taken together, these considerations have implications for topic selection, scope of analysis, timeframe and follow-up process of shorter evaluations.

### **B. Selection of Topics for Shorter Evaluations**

18. Particular care would be needed in the selection of topics for shorter evaluations to make sure they can be delivered to a high quality within a shorter time frame and are appropriately timed with Fund staff work in progress, and in particular before staff starts formulating policy proposals for Board consideration. While the topic selection criteria discussed above would apply

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<sup>8</sup> Shorter evaluations completed too close to the Board discussion would potentially interfere with staff work in preparation for the Board discussion.

equally well to shorter evaluations, the following additional selection criteria (arranged in descending order in importance) would be considered for shorter evaluations.<sup>9</sup>

- *Value of timely input:* The Board may value an independent assessment by the IEO on a shorter time frame than would be feasible in a full evaluation taking 18 months to 2 years to prepare. A more nimble approach would be particularly apt when the evaluation is able to explore issues in a way that feeds clearly into the Board’s work program, such as a Surveillance or Conditionality Review, while being mindful of the risks of interfering with ongoing operations. The Board may also find value in an “early look” at experience with a new policy or approach, rather than wait for a full set of experience, although care would be needed to avoid premature conclusions.
- *Focus:* Topics should be specific, narrow, and well defined enough to enable shorter evaluations to be completed with high quality but within a shorter timeframe than full evaluations. The scoping period for shorter evaluations would accordingly be briefer than full evaluations, consistent with narrower and better-defined topics.
- *Availability of relevant previous evaluation work:* Value-added under a quicker production schedule would be easier to achieve for topics for which the new evaluation can draw upon relevant previous evaluation work. In some cases, this could imply that a subsequent evaluation update would be moot.

### **C. Scope of Analysis and Production Time**

19. The scope of the analysis in shorter evaluations (and, accordingly, the length of the evaluation report) would need to be sufficiently streamlined to assure high quality despite shorter production time than full evaluations. Specifically, they would normally be expected to be completed in 9-12 months depending on the topic, compared to 18 months to 2 years; the length of the evaluation report is expected to be 8,000–12,000 words in total, similar to recent evaluation updates. This length compares to 20,000–30,000 words in recent evaluation reports).<sup>10</sup> A full and detailed review of past experiences and the use of surveys would be avoided unless it is essential to the analysis. The shorter evaluations would make less extensive use of external consultants to allow for a more efficient workflow.

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<sup>9</sup> Shorter evaluations will follow the well-established practice for full-fledged evaluations; the IEO will prepare an Issues Paper that will be circulated for comments by Fund staff, and discussed in an informal Board seminar. This process will support a collaborative approach and help ensure risks on scope and timing are minimized.

<sup>10</sup> In line with the recommendations from the External Evaluation, IEO will be aiming in future to keep full-scale evaluation reports within a 15,000–25,000 word range.



## D. Follow-up Process

20. Shorter evaluations would be discussed either by the Executive Board in a formal meeting or in an informal Board session to engage. As a general rule, and in view of absorption capacity concerns, the shorter evaluations would present findings and takeaways and not make recommendations or be followed by an MIP; they would therefore be discussed in an informal session to engage. However, a full Board meeting, with an associated Summing Up, would be appropriate on occasion when recommendations are proposed in the evaluation. Overall, the process would be more parsimonious than for a full evaluation, but more substantive than for the evaluation updates, which are discussed at an informal IEO Board seminar and not by the full Board with management present (Table 1). Thus, value added would come from helping the Fund to learn from experience in a way that feeds into the staff's work program without adding an additional layer of process.

	<b>Full Evaluation</b>	<b>Proposed Shorter Evaluation</b>	<b>Evaluation Updates</b>
Content	Comprehensive	Narrow, focused	Update of full evaluations
Prior IEO evaluation	No	No	Yes
Length	15,000-25,000 words	8,000-12,000 words	8,000-12,000 words
Production time	18 months-2 years	9-12 months	9 months
Recommendations	Yes	Generally No	No
Board meeting/ Summing Up	Yes	TBD	No
Management Implementation Plan	Yes	Generally No	No
External Consultants/ Background papers	Yes	Limited	Limited
Frequency	1-2 per year	————— 2 per year (combined) —————	
Recent examples	<ul style="list-style-type: none"> <li>• IMF and Social Protection</li> <li>• IMF and Fragile States</li> </ul>	N.A.	<ul style="list-style-type: none"> <li>• Structural Conditionality</li> <li>• Governance of the IMF</li> </ul>

#### **IV. IMPLICATIONS FOR IEO WORK PLAN**

21. It would be important to ensure that shorter evaluations do not add significant workload for the Fund staff and/or exceed the Fund's capacity to absorb the value from the work. It is proposed to do 1-2 shorter products per year—including evaluation updates—comparable with the recent experience of completing 1-2 evaluation updates per year, as well as continuing to complete 1-2 longer evaluations. On average, the total number of reports would not change, the number of new MIPs would be constrained to 2 at most per year, and the work program could be accommodated within the IEO's current budget.

22. Shorter evaluations would be introduced on a pilot basis. The experience with the shorter evaluations would be reviewed by the Evaluation Committee, on the basis of an independent assessment prepared by an external evaluator engaged by the Evaluation Committee after two such shorter evaluations are completed (expected to be after about two years). Based on the considerations outlined in paragraph 16 and the criteria presented in paragraph 18 above, the review would assess value added from the shorter evaluations as against cost in terms of IEO resources, and the broader burden on the institution, and also evaluate whether issues related to possible interference with operational activities had arisen. Both the IEO and Management would be able to present short statements with their views on key issues to the EVC. At this review, the EVC could recommend to the Executive Board to extend the pilot subject to continued regular external reviews (possibly including as part of the next External Evaluation of the IEO) for as long as judged to be necessary or to drop the shorter evaluation framework altogether. Also, the EVC could recommend modifications to the framework for shorter evaluations in light of experience.