

June 29, 2018

**Statement by the Managing Director on the
External Evaluation of the Independent Evaluation Office
Executive Board Meeting
July 6, 2018**

I welcome the report and would like to thank the external evaluation panel for their thorough analysis and recommendations. The work of the IEO has been highly relevant, helping to strengthen the IMF's learning culture and supporting institutional governance and oversight. I look forward to stronger engagement with the IEO and stand ready to improve the implementation of Board-endorsed IEO recommendations.

As recognized by the panel, the IEO has a valuable role in promoting accountability and learning, thus strengthening the IMF's external credibility. I also welcome the panel's finding that the IEO has firmly established its independence and reputation as the IMF's watchdog and contributed to enhancing the IMF's learning culture. I am particularly heartened that staff's views of the IEO's contributions to the IMF have improved and staff interactions with the IEO have strengthened compared with five years ago. Looking forward, I agree with the panel that the IEO will be important in helping the IMF deal with a challenging external environment.

The evaluation report contains useful suggestions to further improve the IEO's relevance and effectiveness. With many of the panel's recommendations already being addressed, I would like to focus on three main themes.

First, I support a rebalancing of the IEO's dual learning and accountability role toward more learning. The IMF is continuously reinforcing its learning culture, including by conducting regular reviews and evaluations of its policies. In this context, greater interaction between the IEO and staff throughout the evaluation process, beginning from the selection of topics, is welcome, as this will help further embed the IEO's work into the IMF's learning processes. Stronger IEO engagement with staff could also help the IEO sharpen its analysis and recommendations, including by "test-driving" its findings. I have regular meetings with the IEO Director and understand that there are similar engagements at the senior staff level. I have also asked staff to seek opportunities to showcase how the work of the IEO contributes to our learning and governance, such as through the forthcoming joint IEO-staff seminar on social protection that will be chaired by management.

Second, there are long-established roles for the Board and management in guiding the IMF's operational activities. Some of the panel's recommendations will need to be carefully considered to reflect these roles and avoid compromising the IEO's role as independent evaluator.

- The terms of reference (ToR) of the IEO grant a very broad mandate for the IEO to evaluate issues relevant to the IMF. The recommendation of “ensuring the scope of operational activities, including current programs does not restrict the IEO from conducting useful evaluations of ongoing activities of the Fund” would not only require a change to the ToR, but would also imply a reconsideration of the mandate of the IEO. Under the current ToR, the evaluation work of the IEO is meant to be retrospective as to “improve the institution’s ability to draw lessons from its experience.” Allowing the IEO to evaluate “ongoing activities including current programs” and involving the IEO in the high-frequency work of the Board appears to go counter the panel’s intention to have a stronger role of the IEO in the learning of the institution. Moreover, it could encroach on the IMF’s operational activities and compromise the IEO’s role as an “independent” evaluator. As the current ToR have not restricted the IEO from conducting relevant and useful evaluations, I therefore do not see a strong case for revision.
- Management and staff are best placed to find the best and most appropriate way to implement Board-endorsed IEO recommendations. I agree that shorter IEO reports could help in further increasing traction. At the same time, IEO recommendations that are too specific and operational could impinge on management’s responsibility of conducting the ordinary business of the IMF. Tensions between the role of management and the IEO could also arise with the proposals of “shorter and faster evaluation products serving as input into current topics being discussed by the Board” and “the IEO providing comments on Board papers that are follow-ups to MIP items.”

Third, I support strengthening the implementation of Board-endorsed IEO recommendations, while being mindful of the multi-faceted root causes of outstanding management actions. The Ninth Periodic Monitoring Report (PMR) already provides more clarity on the latter, and I have asked staff to identify actions for which stronger enforcement of accountability is needed. In this context, the recommendation of holding a formal Board meeting on the PMR is welcome. I also appreciate the engagement of the panel with the OIA, which has been working on approaches for long-standing management actions that are broadly consistent with the evaluators’ suggestions and look forward to discussing this work with the Board to strengthen staff accountability. Moreover, the OIA is already working with staff and providing inputs to ensure that actions for future management implementation plans are “SMART.”

Regarding the remaining recommendations:

- I can go along with the recommendation that SEC drafts the summing-up (SU) for IEO meetings, but I have strong reservations on the IEO providing comments to the Board before the SU is finalized. This recommendation would imply changes to the IMF’s current governance framework and practice that management is the chair of Board meetings and only Executive Directors comment on the SU after the meeting.

The SU reflects the views expressed by the Executive Directors as interpreted by the Chair and should not include any additional substantive discussion after the meeting as, when the Board meeting is concluded, its record is sealed and cannot be reopened.

- With respect to the recommendation of further IEO interaction with the IMFC, it will be up to the IMFC Chair or his Deputy, in consultation with the IMFC membership, to decide whom to invite to IMFC Deputies meetings ([see Ocampo report, EBAP/14/10](#)). However, these meetings are typically short and very focused, mainly on current global outlook and risks. These meetings may not provide a productive way for IEO representatives to engage and may possibly distract from the close relation between the Board and the IEO.
- The recommendation on HR practices and IEO staffing needs will be assessed and addressed in the context of the ongoing comprehensive HR strategy work.
- Lastly, while not a recommendation, the report suggests possible joint evaluations with other international financial institutions (IFIs). This would go beyond IEO's current mandate and could also have far-reaching implications to the IMF's and other IFIs' legal frameworks.

In summary, despite a divergence in views on a few specific items, I broadly support the panel's recommendations and remain committed to guide the IMF toward greater engagement with and learning from the IEO.