

► International Monetary Fund (IMF)

Independent Evaluation Office

Mandate

The International Evaluation Office's (IEO) overarching mission is to improve the IMF's effectiveness by:

- Enhancing the learning culture of the IMF and enabling it to absorb lessons for improvements in its future work better.
- Helping build the IMF's external credibility by undertaking objective evaluations in a transparent manner.
- Providing independent feedback to the Executive board in its governance and oversight responsibilities over the IMF.
- Promoting greater understanding of the work of the IMF.

The IEO has been established to systematically conduct objective and independent evaluations on issues relevant to the mandate of the Fund. It complements the review and evaluation work within the Fund. It thus improves the Fund's ability to draw lessons from its experience and more quickly integrate improvements into its future work.

Independence

The IEO is an independent body of management and operates at "arm's length" from the Executive board, reporting directly to the Executive board. Key features that reinforce independence include that the IEO Director is appointed to act independently according to a terms of reference covering an appointment, limited to one non renewable term. The Director's actions are not subject to the Executive board. Both determination of the work programme and hiring decisions are independent from the board. The Director of the IEO does not participate, either as a member or as an observer, in senior management meetings.

The evaluation budget is approved by the Executive board based on a proposal prepared by the Director of IEO. The budget approval process does not influence the content of the evaluation programme, but determines its overall size.

Quality

To ensure quality, the IEO uses peer review groups and workshops or can also seek advice from outside expertise as needed.

Five years after its creation (2006) an external evaluation of the IEO was carried out, which included a section on the quality of IEO evaluations. The evaluation found the following: "IEO evaluations to date are generally considered of high quality, but several criticisms were repeatedly made to the panel: they do not isolate and analyse in depth the most important questions such as why the IMF misdiagnoses exchange rate trajectories and over-estimates growth, nor do they tackle strategic institutional questions such as the IMF's role in low income countries or why should the IMF (as opposed to other agencies) be engaged in technical assistance. The analyses instead focus heavily on IMF processes

and procedures. The panel recommends a different mix of evaluators, greater use of peer review, and sharpening the IEO's Terms of Reference to make clear its systemic role."

Co-ordination, planning and stakeholder involvement

The annual evaluation programme covers one fiscal year, with potential topics of evaluation for the medium term included. The medium term plan is refreshed every two or three years. The process of setting the work programme begins with the head of IEO developing a long list of possible topics and main issues, which is then shared with staff, management and the board of the IMF for consultation. There is a two to three month long consultation period, including formal meetings held with for example with NGO's, as well as informal discussions. After this consultation period the head of IEO selects the evaluations to be carried out. This final list is posted on IEO's web-site and circulated internally. The board can add to the list but cannot delete anything – it reviews but does not "approve" the work programme.

The IMF does not regularly use other development agencies' evaluations because of the vast differences in interests, mandate and methods between bilateral donors and banks, and even between the IMF and multilateral development banks. Partner country stakeholders are not involved in the evaluation process.

Reporting and use

IEO reports are circulated simultaneously to IMF management and the Evaluation Committee of the Executive board but are not changed in light of comments received (except for factual corrections). IEO may submit its own comments on management's comments for consideration by the board. With board approval, reports are published along with comments of management, staff and – where appropriate – the relevant country authorities. IEO's comments on management comments, and the Chairman's summary of board discussions are also published.

Past reviews found that follow-up to IEO reports was an area of weakness. A new system for tracking follow-up actions and recommendation was recently put in place but it is too early to say how well this system is working.

A number of other outreach activities are managed by the IEO including events specifically organised with civil society and member governments.



* International Monetary Fund, "Report of the External Evaluation of the Independent Evaluation Office" (Washington, 2006).