

The contents of this document are preliminary and subject to change.

GRAY/21/300

February 1, 2021

**Statement by Mr. Merk and Ms. Koh on IEO Informal Seminar: Possible Topics for
Future IEO Evaluations
(Preliminary)
nonboard
February 2, 2021**

We thank the IEO for the comprehensive and insightful note and would like to reiterate our strong appreciation for the IEO's work including the independent and candid reports. The IEO plays an important role in contributing to an enhanced learning culture of the Fund, and thereby, to an efficient, effective and well-focussed IMF.

Regarding the topics and agenda for the next years, we suggest prioritizing the following topics:

We fully support prioritizing the evaluation of the IMF's Emergency Response. We also agree with the proposed format of a shorter evaluation that focuses on the immediate emergency response providing a prompt assessment of the Fund's actions. *When does IEO intend to start the evaluation on the crisis phase and when could we expect the first results?*

Specific issues, which we would deem especially important within this first report, are the application of governance safeguards, the catalytic role of the Fund, its blending policy and crisis-related procedural adjustments to the Board involvement in decisions.

Against the current backdrop we would also suggest that the design and the application of the emergency financing facilities (RCF, RFI, CCRT) could be analysed as a separate topic or integrated into the analysis of the IMF's emergency response.

Moreover, **transparency and accountability in the use of (emergency) funds remains a top priority** as we head into the recovery phase with new financing needs coming to the fore to rebuild greener, more inclusive and sustainable economies. In this regard, we regret to learn that the internal review of the application of the 2018 governance and corruption framework has been postponed to early 2022. *Could staff and IEO elaborate on the reasons behind this decision? To what extent will this affect the assessment on members' compliance with governance commitments laid out in most of the LOI?*

We furthermore support the proposed evaluation of the design and application of the Exceptional Access Policy (EAP) as a key priority. This evaluation should also examine the even-handedness of the application of the EAP. While we would certainly welcome a timely start and early availability of the analysis, we see merit in a thorough full-scale evaluation that provides a better basis for institutional learning.

We would restrict our **additional suggestions for prioritization** to those topics that appear most relevant with regard to coping with the Covid-crisis, i.e. “**IMF Advice on Fiscal Policy as a Counter-Cyclical Tool**” and “**IMF Lending Toolkit for LICs**”. In addition, the Fund’s emergency response has inevitably resulted in rising financial risks to the Fund. We therefore see a strong case for an additional evaluation on the adequacy of the **Fund’s financial risk management framework** (including adequate safeguards and precautionary balances).

We would offer the following comments on the remaining topics:

We would support an evaluation IMF and Sustainable Development Goals (SDGs) which could focus on the question to what extent Fund lending programmes (and program conditionalities in particular) have been underpinning a more resilient, inclusive and sustainable growth path in member economies. Given the broad range of issues affected, we see merit in splitting the evaluation into shorter evaluations that focus on the most important specific areas (e.g. inequality and inclusive growth or climate change) to allow for more concrete policy proposals.

While we deem the topic of IMF interaction with the member countries an important issue, we think that an evaluation update of the thorough and comprehensive 2009 analysis might be sufficient. It would be especially interesting to learn about the progress achieved with regard to the report’s fundamental findings (e.g. limited interest for the Fund’s assessments and recommendations among large advanced countries, concerns among many (large) emerging countries of insufficient even-handedness, and the profound dissonances observed with regard to the Fund’s role in international policy coordination) and would be interested in more concrete and well-developed reform proposals.

Furthermore, we would generally like to encourage updates of earlier evaluations, in particular, an update on the 2012 evaluation on International Reserves including the role of SDR (holding and “use”), which delivered important insights into the Fund’s analysis and advice on international reserves. Revisiting the recommendations’ implementation would thus be very welcome.

Finally, given that with the **Sudan the last case of protracted arrears to the Fund** seems to move towards a solution and the full clearance of arrears, we see merit in an evaluation of the **Fund's arrears strategy**, to evaluate its effectiveness also with a view to assess whether adjustments to this policy might be useful for potential future arrears cases.