

June 10, 1996

Concluding Remarks by the Chairman
Evaluation Function in the Fund - Further Considerations
Executive Board Meeting 96/55
June 7, 1996

I have noted, and share the view expressed by many Executive Directors, that it will be important to build on the existing policies and practices for in-house evaluation, including by this Board and by the Policy Development and Review Department, and from time to time by outsiders. In the period ahead, we must be prepared to experiment and to learn from experience. Executive Directors agreed that we should in general undertake no more than two or three evaluations per year, and that these reviews should be well focused and respond to a need for review. Executive Directors also noted that procedures on follow-up on the findings of reviews must be worked out, given that reviews are intended to identify changes that may be needed. In that regard, management is presently considering the appropriate follow-up to give to the recent review of activities of the Monetary and Exchange Affairs Department, and Directors will be informed of that soon.

On the choice of topics for the evaluations in the period ahead, Directors confirmed their strong interest in a review of the experience with **ESAF-supported programs** from a medium-term perspective (1986-95), and with a specific focus on a few key issues of concern rather than on the basic macroeconomic policy strategies of these programs, along the lines mentioned in my statement. Executive Directors generally agreed that the exact modalities of the involvement of outside experts would need to be worked out. In the process of elaborating and refining the scope of this study, the choice of outside experts, and the setting of their terms of reference, a small group of Executive Directors should be involved. It was also proposed that the review could focus on areas identified in earlier in-house evaluations, for instance, the issue of prolonged use of ESAF resources, and would also address the lessons to be learned by the Fund.

In addition, while Directors were attracted by the study of the issue of **ownership and implementation support**, some Directors invited us to explore whether the ESAF study could not include those aspects. There was also support for an evaluation of the effectiveness of **performance criteria** in Fund programs. Executive Directors provided useful guidance on what they would regard as the appropriate scope of these two studies. Their terms of reference, as well as the nature of involvement of outside experts, would need to be worked out, taking into account Directors' comments, and I will return to the Board with a concrete proposal. We will also involve a small group of Executive Directors in this work.

As regards other possible topics for evaluation, I would note, first, that there was considerable interest in the subject of the Fund's work in assisting in the efforts to promote **banking sector reforms**, including through policy advice and technical assistance, and we will explore that avenue. As indicated, and in light of today's comments, we will explore with our colleagues in the World Bank the issues involved in the activities of the two

institutions. I will come back to the Executive Board with a report on these contacts so that it could then be assessed whether there is a need for an evaluation, and if so, in what form, without ruling out the possibility of a joint evaluation.

Executive Directors also made interesting proposals for other evaluation topics, and we will consider these and come back to the Executive Board about them on a later occasion.

On the procedural aspects, I think we are now well agreed on the general approach to evaluations: management will make proposals to the Executive Board for a choice of topics and the method of carrying them out, including with respect to the participation of outside experts. We will take into account the suggestions made by Executive Directors in the course of the Executive Board's day-to-day work. It was also agreed that the Executive Board would be closely involved in the choice of topics and in establishing the procedures for handling specific evaluations. In that respect, most Executive Directors supported the idea that a small group of Executive Directors be invited to pay particular attention to evaluation issues. Specifically, as I have already mentioned, they would be involved in defining the scope of reviews, the choice of outside experts, and their terms of reference. The possible support by the Office of Internal Audit and Inspection was welcomed, and it was envisaged that the small group would present proposals to management, and that the issues would be brought to the Executive Board for approval. With this in mind, I will make a proposal, in liaison with the dean, for the establishment and composition of such a group, keeping in mind the proposal for some rotation. Interest was also expressed in the publication of reviews, and it was agreed that this issue would be addressed before embarking on specific reviews. It was also agreed that we would review experience with our new approach to the evaluation function after two years, in early 1998.

Finally, I thank Executive Directors for their expressions of support for our recent steps to strengthen the Office of Internal Audit and Inspection, and their endorsement of the role to be played by its new Director. I have noted the views of Executive Directors on these changes, and on the broadening of the mission of this office. As far as its reporting rules are concerned, I would nevertheless hesitate at this stage to agree to an ad hoc change in the organizational rules of the Fund where the staff reports to management. However, you can be sure that we will find the appropriate way for the Executive Board to fully benefit, in the discharging of its responsibilities, from the help of this office. As for the work program established for this office, Executive Directors have formulated several suggestions, including a review of the resident representative program to which I attach great importance. I see the heroic efforts of many resident representatives, but there is, I think, much organizational progress to be made.