

**IMMEDIATE
ATTENTION**

EBAP/01/96

September 26, 2001

To: Members of the Executive Board

From: The Secretary

Subject: **Independent Evaluation Office—Report to the International Monetary and Financial Committee**

Following a meeting of the Evaluation Group on September 21, 2001 at which all Executive Directors were invited to participate, the Chairman of the Evaluation Group, Mr. Cippà, has forwarded a progress report on making the Independent Evaluation Office operational (attached). It is proposed that this report be made available to the International Monetary and Financial Committee (IMFC). In the absence of a request by noon on Wednesday, October 3, 2001 that this matter be brought to the Board's agenda, the attached report will be made available to the IMFC.

Att: (1)

Other Distribution:
Department Heads

Progress in Making the Independent Evaluation Office (IEO) Operational

1. Following an extensive review of earlier experience with evaluation at the IMF, the Executive Board decided to establish an Independent Evaluation Office (IEO) with Terms of Reference (TOR) which provide that the IEO will be “independent of Fund management and staff and will operate at arm’s length from the Fund’s Executive Board.”¹ The TOR were endorsed by the IMFC in its meetings in September 2000. Subsequently, the Executive Board appointed Mr. Montek Singh Ahluwalia as Director of the IEO and he took up his appointment in mid-July. Mr. David Goldsbrough, until recently Deputy Director in the Western Hemisphere Department, has been appointed Deputy Director. Staff for five of the other positions have been identified and are expected to be in place by the end of October. External candidates are being interviewed for the remaining four positions and are expected to be in place by the end of the year, by which stage a majority of the IEO staff will be from outside the Fund.

2. It is proposed to develop the work program through a two-stage process, by first identifying a broad menu of potential topics and then narrowing it down to an actual work program. The menu will be developed by identifying studies relevant for each of the major categories of the Fund’s activities:

- Surveillance
- Fund-supported programs and related issues
- Technical assistance and training
- Internal Fund processing
- Research

The actual work program will then be determined by choosing individual studies from the expanded menu on the basis of explicit criteria. The work program thus defined will be submitted to the Board for review in December.

3. Since the work program of the IEO has to respond to the perceived needs of both internal and external stakeholders, extensive consultation is needed with both groups, before formulating the work program. Informal discussions have been held and are underway with

¹ “Making the IMF’s Independent Evaluation Office Operational: A Background Paper”, August 7, 2000 and “IMF Executive Board Report to the IMFC on the Establishment of the Independent Evaluation Office and its Terms of Reference”, September 12, 2000. See also “Terms of Reference for the Director and Terms and Conditions of Appointment for Director and Employees of the Independent Evaluation Office – Report by Evaluation Group”. (EBAP/01/31, April 17, 2001).

Executive Directors and with staff of area and functional departments. This included an informal meeting of the Evaluation Group of Executive Directors on September 21, at which all Executive Directors were invited to participate in an exchange of views with the Director of the IEO on the broad menu of potential topics. Meetings have also been held with groups of academics, policy analysts and representatives of NGOs in Boston, Washington and London. Consultations with a broad range of representatives from African countries took place at the time of the Dakar conference on the PRSP/PRGF in mid-September. The possibility of arranging similar consultations in Asia and Latin America is being explored. It was also intended to meet with government representatives and groups of NGOs during the Annual Meetings, but as these will not be held in September as planned, alternative arrangements for such contacts will have to be made. Consistent with the independence of the IEO, these consultations are intended only to provide inputs into the formulation of the Work Program. Final decision on the work program, the Terms of Reference for individual studies, and the final reports will rest with the IEO.

4. It is envisaged that approximately 5 projects could be undertaken each year once full capacity is reached, depending upon the availability of budget resources for consulting and other support. The first priority will be to identify 3 to 4 projects on which studies could be initiated during the remainder of FY 2002 and FY 2003. A tentative work program for subsequent years will also be identified, but this will necessarily be modified over time. The work program will consist of a mix of evaluations of specific country cases and evaluations of broader thematic questions across countries.

5. Where an activity undertaken by the Fund is part of a broader multilateral initiative, it may be appropriate for IEO to undertake joint evaluations e.g. with the World Bank's Operations Evaluations Department (OED). Preliminary discussions have been held with OED and there is agreement in principle on undertaking joint evaluation.

6. The time table for preparation of the work program is as follows:

- A status note, including the menu of proposed topics, will be put on IEO's website shortly and comments invited by end-October.
- A draft work program for the next three years will be prepared by early November and submitted to Management for their comments.
- The final work program will go to the Board for review in early December, along with proposals for IEO's revised budget for FY 2002 and projections for the next three years. The statement accompanying the work program will also set out the proposed framework for undertaking consultations with staff, management, and external observers with regard to the individual consultation projects.