

**IMMEDIATE  
ATTENTION**

EB/EVC/03/2

March 26, 2003

**To:** Members of the Evaluation Committee (Mr. Callaghan, Chairman;  
Ms. Jacklin, Mr. Kremers, Mr. Ondo Mañe, Mr. Padoan, Mr. Shaalan,  
Mr. Zurbrügg)

**From:** Michael DaCosta, Committee Secretary

**Subject:** **Independent Evaluation Office—Progress Report to the International  
Monetary and Financial Committee (IMFC)**

On behalf of the Chairman of the Evaluation Committee, Mr. Callaghan, attached for the information of Committee members is the Progress Report to the IMFC on The Activities of the Independent Evaluation Office (IEO).

In the absence of a request by **5:30 p.m. on Thursday, March 27, 2003**, that this matter be discussed by the Committee, the attached report will be forwarded to the Executive Board.

Att: (1)

Other Distribution:  
Members of the Executive Board

## **PROGRESS REPORT ON THE ACTIVITIES OF THE INDEPENDENT EVALUATION OFFICE (IEO)**

1. The work program for FY 2002/2003 consisted of three evaluation projects: (i) the prolonged use of IMF financial resources and its implications; (ii) the role of the IMF in three recent capital account crisis cases (Brazil, Indonesia, and Korea); and (iii) fiscal adjustment in IMF-supported programs in a group of low and middle-income countries. The evaluation report for the first project on prolonged use was discussed and broadly endorsed by the Executive Board in September 2002 and was subsequently made public. The report offered a series of recommendations designed to minimize prolonged use and its adverse consequences. These recommendations covered the rationale for IMF-supported programs (including the need for alternative methods of signaling an IMF "seal of approval" to other donors and creditors); program design; and strengthening political information and analysis, and human resource management. A Task Force was set up by IMF management to make proposals on how best to address issues raised by the evaluation. IEO also provided the Task Force with comments received through its process of external outreach. The report of the Task Force was discussed by the Executive Board on March 7, and a specific set of follow-up steps was agreed.
2. The evaluation report on the three capital account crisis cases will be sent to management for comments, and simultaneously to the Evaluation Committee of the Executive Board, by early April 2003. The evaluation report on fiscal adjustment in IMF-supported programs will be circulated in May.
3. The work program for FY 2004 was finalized by the Director, IEO following an extensive program of consultation with a broad range of internal and external stakeholders and was subsequently reviewed and welcomed by the Executive Board. The work program consists of the following projects: (i) Evaluation of the IMF's experience with Poverty Reduction Strategy Papers and the Poverty Reduction and Growth Facility (PRSP/PRGF); (ii) an evaluation of the IMF's role in Argentina, assessing the 2000 and 2001 programs but also taking a longer view of the IMF's involvement from 1991 onwards; and (iii) an evaluation of IMF technical assistance. It is also expected that the IEO will be able to make a start on a fourth project in the latter part of FY 2004, for completion in FY 2005.
4. The PRSP/PRGF evaluation is already under way. It is being conducted along with a parallel evaluation of the World Bank's experience by the Operations Evaluation Department. The final terms of reference have been posted on the IEO website, following a process of consultation with internal and external stakeholders on an earlier issues paper. The country case studies and other evaluation work have commenced. Issues papers for the other two evaluation projects will be posted on the website for comments early in FY 2003-04.
5. The IEO has undertaken wide-ranging outreach efforts, including building ties with the academic and aid evaluation communities and representatives of civil society. A series of seminars were organized to disseminate the results of the first evaluation project on prolonged use, which was generally received by external stakeholders as a candid and constructive assessment. The IEO website is now being used by a wide range of subscribers, and significant efforts have been made to ensure that key outputs of the Office are available in languages other than English.