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Statement by the Managing Director on the  
Establishment of an Evaluation Office in the Fund  
Executive Board Meeting  
January 22, 1993

1. Early this year I established a task force to examine the case for setting up an office to evaluate our activities in the Fund and, if it found the case to have merit, to suggest possible organizational and operational features of such a body. The task force concluded that the Fund would, on balance, benefit from a systematic appraisal of its activities by well-qualified people who can stand back from the day-to-day working of the institution. I agree with this basic conclusion and accordingly propose that an Evaluation Office (EVO) be established in the Fund. In formulating my proposals, I have drawn heavily on the task force's report and have also considered the views of the staff, among whom the task force report was circulated. 1/

2. I take evaluation to mean a thorough and critical ex post examination of the principal activities of the organization in an unquestionably independent manner designed to enable decision makers to learn from past experience and thus work more effectively in the future. This effort would clearly be distinct from--though an undoubted complement to--the routine monitoring and review of activities by the staff and management.

3. I am sure Executive Directors will agree that a considerable amount of high-quality evaluation-type work is already done in the Fund and that it could be further improved if more resources were devoted to it. Nevertheless, many of you do not regard evaluations of past experience carried out through the same channels as were responsible for the work under evaluation as sufficiently independent and detached. I recognize this concern. Evaluations of Fund activities will always involve a significant element of judgment and, to carry conviction, must be--and must be seen to be--independent and disinterested. The best response to this concern is the creation of a separate body responsible for evaluating the work of the institution.

4. My specific proposals are guided by the following main considerations:

- To be credible, the EVO must be truly independent in reaching and presenting its findings; and its functioning must be transparent.

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1/ The task force's report will be circulated to Executive Directors as background.

- The organizational status of the EVO must be compatible with the roles of the Executive Board, management, and staff in conducting the business of the Fund.

- In evaluating a given operation or issue, the EVO should cover all relevant aspects of the work of the institution, including the contributions of the staff, management, the Executive Board, and of national authorities.

- While not involved in decision making, the EVO must focus on topics that are of current and future relevance to the Fund. It must be guided by the central objective of drawing lessons from the past and contributing to better performance. While the final responsibility for making changes in the Fund's policies and practices rests with the Executive Board and management, the EVO should, where appropriate, make proposals for this purpose.

- The EVO should not be concerned with assigning blame for past shortcomings.

- Its staff and, in particular, its Director must possess the professional competence, experience, and integrity to carry out high-quality work and to command respect.

5. Regarding the organizational status of an EVO, I propose that:

- The EVO be a separate office reporting to the Managing Director. This arrangement would be in harmony with the provisions in the Articles of Agreement to the effect that the Managing Director shall, under the direction of the Executive Board, be responsible for the conduct of the ordinary business of the Fund. At the same time, my proposals--seen as a whole and including those regarding the appointment of the Director of the EVO, the determination of its work program, and the issuance of its findings--appropriately provide for the Executive Board to play a substantive role in guiding the activities of the Office.

- The appointment of the Director would be for a three-year period. Reflecting the unique character of this Office, I would nominate a candidate for consideration and approval by the Executive Board. Suitable candidates may be found among present or recently retired members of the staff or the Executive Board. However, an outside individual, who is familiar with the Fund's work, could also be considered.

- In consultation with other departments, the EVO would formulate an annual work program which the Managing Director would present to the Executive Board for comment in the same way as applies to the regular work program.

- The Board will need to decide how to organize its own work procedures with respect to matters concerning the EVO. Initially, the full Board will probably want to review the EVO's work program and findings. In

the longer run, it might be more efficient to establish a special committee of Executive Directors, chaired by the Managing Director, for this purpose.

6. With respect to the scope of the EVO's work, I see no reason to preclude it from investigating any substantive issues relating to Fund policies and activities.

Nevertheless, given the staff constraints within which the Office will operate, priorities will have to be set. Executive Directors will have the opportunity periodically to give their views on the work priorities of the EVO in discussing its work program. In the initial years, I believe that the priorities should include evaluation of selected Fund arrangements and technical assistance operations.

I would also expect evaluation of surveillance over both industrial and developing countries to be an important part of the EVO's work.

Over time, the Office could undertake broader studies such as those of the Fund's relations with a country over an extended period or those encompassing the experience of groups of countries. However, I believe the emphasis of the EVO's work should be on specific operations and topics.

7. In the conduct of its work, the EVO would have unrestricted access to all necessary documents and other information, including staff reports issued to the Executive Board, Executive Board minutes, mission briefs and debriefs, internal memoranda, communications, and records of discussions with national authorities. It could hold discussions with national authorities, as well as with staff members, management, and Executive Directors. The EVO and its staff would be bound by existing rules in the Fund regarding confidentiality.

8. Draft EVO reports would be submitted for comment to the relevant departments and national authorities, and to management. The EVO would have the discretion to accept or reject comments; any significant differences of view between the EVO and others would be clearly and fully recorded in its reports.

9. Completed reports would be submitted to management for forwarding to the Executive Board, without change but--if appropriate--with management's supplementary or dissenting comments. I would expect that normally the Board would wish to discuss these reports in meetings at which representatives of EVO and staff from the relevant departments would participate. The reports would be circulated to the staff. An annual report summarizing the EVO's activities could be published from the beginning but I would proceed more gradually with other publications.

10. When endorsed by the Executive Board, the EVO's findings must be taken into account in the Fund's future work. In particular, operational staff must, as part of their work, heed evaluation findings relating to relevant past experience. I do not at this time see the need to institute

formal arrangements for this purpose, but management and senior staff will be responsible for taking the necessary measures to ensure that evaluation findings are taken into account.

11. Establishing the EVO will involve significant costs. I propose that the Office be established with an initial complement of 11 positions, of which at least three (including the Director) would be filled at the B level, and two would be staff assistants. I expect that the majority of positions would be filled on a rotating basis by individuals assigned from the regular staff. However, some of the positions could be filled by outside experts to provide a combination of operational experience in the Fund and outside views. All of these positions will require additional budgetary appropriations; there will be no transfer of staff positions from the rest of the Fund (although there will be redeployment of individual staff members). I do not believe that an Evaluation Office could operate effectively unless endowed with at least the amount of staff resources I have proposed. Even so, an Office staffed on this scale would be able to evaluate only a limited proportion of the relevant Fund activities; this underlines the need for the most careful selection of work priorities.

While I have not tried to quantify it, additional work would certainly be involved for the operational staff who would need to collaborate closely with the EVO in various stages of its work. This is a factor which we will need to take into account in our overall budgetary planning.

12. I propose that the EVO be established on May 1, 1993 and start operations on that date or as soon as possible thereafter. Recruitment of staff to the Office may need to be phased in gradually because of constraints on the availability of suitable staff.

13. We cannot expect an evaluation office to deliver incontrovertible truths and simple answers regarding Fund policies and activities. Nevertheless, and indeed for the very reason that many of the problems we face do not lend themselves to unambiguous answers, the findings of a separate EVO could help clarify analysis of the issues that face us. Of course, we must not overpromise on the results. But if all of us wish to make this new endeavor a success, I am sure we can do so. For its part, management is fully committed to respecting the integrity of the Evaluation Office and to making it an effective instrument in the service of our membership.