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April 14, 2020

To: Members and Associates of the International  
Monetary and Financial Committee

From: The Secretary

Subject: **Progress Report to the IMFC on the Activities of the Independent  
Evaluation Office**

The attached Progress Report to the IMFC on the Activities of the Independent Evaluation Office provides background information for the International Monetary and Financial Committee meeting on April 16, 2020.

Publication: It is expected that this document will be posted on the Fund's external website following its circulation to the members of the IMFC.



**PROGRESS REPORT TO THE IMFC ON THE ACTIVITIES OF THE  
INDEPENDENT EVALUATION OFFICE OF THE IMF**

**April 14, 2020**

- 1. Overview.** Like everyone else, the IEO is now adapting to new realities in the wake of the coronavirus pandemic. During the five months after the 2019 Annual Meetings, the IEO completed two reports, continued work on two ongoing evaluations, and launched one new evaluation. The IMF also made good progress in following up on past IEO evaluations, including completion of a triage exercise aimed at dealing with the backlog of off-track actions. Unfortunately, IEO work plans are now being affected by the current crisis, as the Fund's work is necessarily dominated by the challenge of meeting members' urgent needs. Planned IEO engagement with the Board has been delayed and the schedule for ongoing and new evaluations has to be extended. Nevertheless, the IEO will continue to advance its work program as best it can within the new constraints.
- 2. IMF Involvement in International Trade Policy Issues.** In December 2019, the IEO released an Evaluation Update Report revisiting its 2009 evaluation of *IMF Involvement in International Trade Policy Issues*. The report highlighted that the IMF had responded impressively to fundamental changes to the international trade policy environment since 2009, particularly the rise in trade tensions that clouded the economic outlook. The Fund's attention to trade policy issues expanded significantly in bilateral and particularly multilateral surveillance during the ten-year period, notably for countries with the largest shares of global trade. The Fund also became a leading champion of an open, rules-based multilateral trading system. Notwithstanding these efforts, the global trade environment has remained under stress. The update concluded that the Fund should sustain its current high level of attention to trade policy issues and consider how to increase the overall impact of this work. The Managing Director welcomed the finding that the IMF's trade work remains generally well-aligned with the Fund's mandate and comparative advantage. She agreed that remaining challenges in the Fund's work need continued attention and collective commitment. The Executive Board also welcomed the report and asked staff to consider its conclusions as part of the upcoming review of trade developments.
- 3. Bank-Fund Collaboration.** The IEO has completed its evaluation of IMF Collaboration with the World Bank on Macro-Structural Issues—the first evaluation prepared with an abbreviated timetable as laid out in the January 2019 note on the IEO topic selection process and product mix. This evaluation assessed how effective the IMF has been in collaborating with the World Bank, focusing in particular on IMF pilot initiatives to enhance coverage of inequality, gender, energy/climate, and macro-structural reform in Article IV surveillance. The evaluation found that overall IMF collaboration with the Bank on macro-structural issues had been broad but uneven. While informal consultation was widespread, initial aspirations that the Fund would be able to systematically leverage Bank expertise

proved over-optimistic. The evaluation concluded that collaboration can bring significant benefits to the quality and influence of Fund work but also poses challenges. It recommended that the IMF develop and agree on concrete frameworks to ensure effective collaboration with the World Bank on key macro-structural issues where collaboration is judged to bring the greatest strategic returns (such as climate). The evaluation also recommended that the Fund improve internal incentives; work with the World Bank to improve access to and exchange of information and knowledge; and strengthen the strategic role of the Executive Board in facilitating and supporting external collaboration. The evaluation, which is intended to feed into the Comprehensive Surveillance Review, will be considered by the Executive Board once normal Fund activities resume.

4. **Unconventional Monetary Policy.** The Executive Board has approved a management implementation plan (MIP) to follow up on the IEO evaluation of *IMF Advice on Unconventional Monetary Policies*. The MIP includes a wide-ranging set of initiatives, many of which are already underway. The identified actions aim to: strengthen in-house expertise on monetary policy; deepen research and external consultations on monetary policy issues; further strengthen spillover analysis; and explore ways to strengthen traction of IMF policy advice in these areas.

5. **Addressing the backlog of off-track actions.** In February, the Executive Board discussed the 10th Periodic Monitoring Report (PMR), which assesses progress on actions included in Management Implementation Plans (MIPs), and a second report on Categorization of Open Actions in MIPs based on a framework agreed in 2019. The PMR was discussed by the full Board, following through on a recommendation of the Third External Evaluation of the IEO. Directors welcomed the strong progress in implementing actions to follow up on recent IEO evaluations, but noted that 24 actions from earlier evaluations faced implementation challenges and were considered to be off-track. Directors broadly supported staff proposals in the categorization paper to address this backlog of off-track actions. In this connection, the Board agreed that nine actions would be retained for monitoring under the PMR, of which eight would be reformulated; new MIPs for these actions are to be submitted to the Board within six months. Fifteen actions were removed from PMR monitoring either because they involved long-term technical or cultural change, or had been superseded by broader workstreams or more recent MIPs. Directors stressed that most of these actions remain highly relevant for the Fund and looked forward to further progress in their implementation through other workstreams subject to robust Board oversight.

6. **IEO work program.** The IEO has a full work program, but our schedule is now being impacted by the current crisis, making scheduling hard to plan. The evaluation of IMF advice on capital flows, which will assess the value added and influence of Fund work on capital flows for its member countries and for the global monetary system, is now in its final stages. Work continues on the evaluation of adjustment and growth in IMF-supported programs, which will assess how well IMF-supported programs have helped to sustain economic growth while delivering necessary adjustment for external viability. The IEO has also launched an evaluation of IMF engagement with small states.