

IMF Publication

Progress Report to the IMFC on the Activities of the Independent Evaluation Office of the IMF

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

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1. **Overview.** Over the past six months, a key theme has been ensuring strong follow-up to IEO evaluations, a priority stressed by the recently completed External Evaluation of the IEO. Of particular note, the Managing Director has issued a statement highlighting actions planned to strengthen the IMF's engagement with fragile states following our recent evaluation, and this statement is being presented to the IMFC for endorsement. In addition, the IEO has completed two updates of past evaluations, advanced work on two ongoing evaluations (on IMF financial surveillance and on IMF advice related to unconventional monetary policies), and is now considering its future work program in light of the External Evaluation.
2. **Fragile states.** The IMF has followed up on the IEO's *Fragile States* evaluation by preparing an ambitious implementation plan of interlinked actions to further strengthen the effectiveness of IMF engagement and to underline the importance of its work on countries in fragile and conflict situations. A key feature is the creation of an institutional mechanism to coordinate IMF work in these countries. The plan also includes: development of country engagement strategies; consideration of options to provide more sustained financial support; practical steps to increase the impact of IMF capacity development; and consideration of human resources policies to ensure that the IMF has appropriate staff expertise and experience to work effectively in fragile and conflict situations. The Managing Director's statement on this plan is now being presented to the IMFC for endorsement in its October meeting, providing the opportunity for the Committee to further underscore the importance of IMF support for fragile and conflict-affected states as a global priority that affects all members.
3. **Structural conditionality.** The IEO completed an evaluation update revisiting its 2007 evaluation of *Structural Conditionality in IMF-Supported Programs* in May. The update highlighted a number of important changes to the IMF's structural conditionality framework over the last decade, including the elimination of structural performance criteria in 2009. It found that the IMF had made progress in streamlining the use of structural conditionality and focusing such conditions in areas of IMF core expertise. However, while the shift towards review-based conditionality is broadly welcome, some concerns remain, for instance with respect to authorities' implementation capacity, country ownership, and possible stigma effects. Further, the volume of structural conditions has shown some signs of rising in recent years while impact remains a question. In discussing this update at an informal seminar on May 10, 2018, Executive Directors called on staff to consider its findings in the upcoming Conditionality Review.
4. **IMF governance.** The IEO presented an evaluation update looking back at the findings of its 2008 evaluation of IMF governance in an informal seminar for the Executive Board in September. The update documented a number of steps taken to strengthen IMF governance in