

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

September 14, 2006

1. Since its April 2006 Report, the IEO has continued work on three ongoing evaluations. It has considered and discussed a broad list of possible future evaluations with a wide range of stakeholders and announced its decision to add four of these to the IEO work program in the financial year 2007. IEO has also started to follow up on the recommendations of the report of the independent external evaluation of the IEO.

2. In the past few months the IEO has conducted outreach/held discussions on its recent evaluations involving surveillance topics (the main messages were described in the previous report of the Spring meeting of the IMFC). Work is currently underway on the following three evaluations:
 - The evaluation of *Structural Conditionality in IMF-Supported Programs* will be finalized shortly after the Annual Meetings. It explores how well structural conditionality has helped promote medium-term structural reform in member countries and identifies issues in the design of structural conditionality and the process of interaction with the authorities. It also looks at the effects of the streamlining initiative of 2002 and explores whether the process of setting structural conditionality has become more strategic and focused on program objectives.

 - The evaluation of the *IMF's Role in the Determination of the External Resource Envelope in Sub-Saharan African Countries* is expected to be completed by end-2006. It examines IMF performance in the era of the Millennium Development Goals and the changing international architecture for aid and scaling up. It considers external criticisms that IMF-supported programs have lacked ambition in forecasting and catalyzing aid and in some cases blocked the use of aid. It explores the effectiveness of IMF interactions with key stakeholders and partners in relevant areas.

 - The evaluation of the *IMF's Advice on Exchange Rate Policy* is expected to be completed in early 2007. This evaluation seeks to explore whether the role of the Fund in exchange rate policy advice is clearly defined and understood. It assesses the quality of IMF advice on exchange rate policy in the light of current best practices and structural changes in global capital markets. It also looks at the effectiveness of the dialogue with country authorities and the impact of IMF advice on exchange rate policy.

3. For the future work program, a final decision on new projects was made by the Director of the IEO in June 2006 on the basis of an extensive process of consultation with the Executive Board, management, staff and external stakeholders. As part of this process, IEO had circulated to the Board and published on its website in April 2006 a broad list of 23 possible topics for evaluation, which had been elaborated in consultation with various

stakeholders. Feedback was sought and received from many quarters on both the substance of the suggestions and on priorities of timing, particularly in light of ongoing reviews of many policy issues. In its discussion of the IEO work program, the Evaluation Committee supported the view that three projects should normally be completed on average each year. Nonetheless, for planning purposes and because of overlap between fiscal years, IEO considered it necessary to have a pipeline of more than three projects to manage efficiently the recruitment and redeployment of IEO resources. The following four projects have therefore been added to the IEO's work program for completion over the next two years:

- Aspects of IMF Corporate Governance—including the Role of the Board
 - The IMF's Interactions with its Member Countries
 - The Fund's Research Agenda
 - The Fund's Approach to International Trade Issues
4. The external evaluation of the IEO, which confirmed that the IEO is an important part of good governance at the IMF, was considered by the Executive Board in April. The Report proposed a number of steps by the IEO, the Executive Board, and management/staff, to further strengthen the performance and impact of independent evaluations. In line with the specific recommendation of the report, IEO has initiated reviews with respect to publication policy, human resource issues and its outreach strategy and plans to inform the Board of its conclusions before the end of 2006.
5. Completed evaluations, issues papers for ongoing evaluations, past IEO Annual Reports, the IEO work program, and other IEO documentation are all available on the IEO website at (www.imf.org/ieo).