

Progress Report on the Activities of the Independent Evaluation Office (IEO)

April 22, 2004

1. The IEO work program for FY2003/04 consisted of three projects. Of these, the first two, an evaluation of the PRSP/PRGF experience and an evaluation of the Argentina crisis up to the collapse of convertibility, are close to completion. The final evaluation report on the PRSP/PRGF project will be sent to management for their comments, and simultaneously circulated to Executive Directors, in early May, and the report on Argentina will follow thereafter. Work on the third project on IMF technical assistance, which commenced in October 2003, is underway and the final report is expected to be available in September 2004.

2. The IEO work program for FY 2004/05, formulated after consultation with the Executive Board and other stakeholders, has been announced. It consists of the following four projects.

- (i) Financial Sector Assessment Program (FSAP) and Financial Sector Stability Assessments (FSSA)
- (ii) The IMF's approach to capital account liberalization
- (iii) The role of multilateral surveillance
- (iv) A single country case study

The IEO has also announced that an evaluation of structural conditionality will be part of the work program for FY 2005/06, and work on this project will commence in the course of FY2004/05.

3. Preparatory work on (i) and (ii) above has begun and draft issues papers related to these projects will be published sometime in May. The country to be chosen for the single country case study will be decided shortly and the issues paper for this evaluation will be published in June. Work on the role of multilateral surveillance will commence only later in the year and an issues paper will be published in December 2005.

4. The IEO has engaged in a number of outreach activities to make each evaluation report, and the Board's decisions on it, available to a wider audience. A "mid-pipeline" outreach workshop for the PRSP/PRGF evaluation was organized in Addis Ababa in January 2004, to seek the views of a range of stakeholders on the emerging messages from the evaluation.

5. The need to evolve mechanisms for following up on implementation of those recommendations of the IEO which have been accepted by the Executive Directors has come

up in discussions with Executive Directors and has also been raised by external stakeholders. The IEO Annual report contains Appendices which list each recommendation made in the first three evaluation reports, the Board decision on these recommendations, and the implementation status as indicated by management to the IEO. However, it does not present any substantive assessment of the quality of implementation. The IEO will consider the matter further and submit a note to the Evaluation Committee of the Board indicating what further role the IEO could play in this area, consistent with the IEO's terms of reference.

6. Copies of the first Annual Report of the IEO are being circulated to the IMFC for information.