

Core Set of Topics for the IEO's Medium-Term Program

1. Fiscal adjustment in IMF-supported programs.
2. A group of three capital account crisis cases, that is, Indonesia, Korea, and Brazil.
3. Repeat use of IMF resources.
4. The experience of the IMF with the Poverty Reduction Strategy Papers (PRSPs) and the associated Poverty Reduction and Growth Facility (PRGF) (to be undertaken jointly with the World Bank's Operations Evaluation Department (OED)).
5. The IMF's advice on financial sector restructuring after a crisis.
6. Structural conditionality in Fund-supported programs.
7. The role of IMF surveillance in crisis prevention.
8. The IMF's advice on exchange rate policy.
9. The experience with Financial Sector Adjustment Programs (FSAPs) and the associated Financial System Stability Assessments (FSSAs).
10. IMF technical assistance.
11. Private sector involvement.
12. The IMF's approach to capital account liberalization.
13. The role of multilateral surveillance.
14. Additional country case (possibly Argentina or Turkey).
15. Low-income country case.

lent to four standard-size evaluations per year with the possibility of increasing the output to five evaluations per year at a later stage being kept open. The approved budget for FY2003 was about \$3.6 million and estimated actual expenditure was about \$3.3 million (Appendix 2). The approved budget for FY2004 is \$3.8 million. These amounts include staff costs, consultants, travel, outreach, and other miscellaneous costs. The IEO's budget is equivalent to 0.5 percent of the IMF's total administrative budget and is much lower than the percentages observed in the evaluation offices of other international financial institutions (IFIs), which average about 1.2 percent.

The IEO currently has 13 full-time staff positions, including the Director, the Deputy Director, nine professionals, and two administrative assistants. The majority of the staff have been recruited from outside the IMF and have wide experience in relevant areas. Since the IEO's evaluation work is expected to involve constantly changing topics, this implies a shifting need for expertise of different types. This requires a greater use of consultants than in other departments of the IMF, which also helps the IEO to maintain its independence and credibility. The budget for consultants is about a quarter of the IEO's full-time staff budget.

The IEO Work Program

The terms of reference provide a very broad mandate for the work program of the IEO: it "should focus on issues of importance to the Fund's membership and of relevance to the mandate of the Fund taking account of current institutional priorities."

Choosing three to four studies per year from the very wide range of issues potentially eligible under the mandate necessarily requires careful prioritization. This has been achieved through extensive consultations with stakeholders inside and outside the IMF, and by using transparent criteria.

Immediately after its establishment in July 2001, a status note that identified a list of 34 possible issues for evaluation (see Appendix 3) was prepared, based on internal discussions within the IEO and some initial consultations with others. The status note was posted on the IEO website for comments and was also used in discussions with members of the Executive Board and other internal and external interested groups. Consultations were also held with representatives of civil society and academics in Washington, London, Paris, and Dakar (see Appendix 4).

On the basis of these discussions, an initial core set of 15 topics was identified (see box) from which the medium-term work program for the next three years could be drawn. The criteria used for selection gave priority to topics that (1) had been the subject of controversy or criticisms, (2) had the greatest interest for the wide range of the membership, and (3) had the greatest learning potential. Three topics were chosen from this list for the FY2003 work program:

- Prolonged use of IMF resources;
- The role of the IMF in three capital account crises: Indonesia, Korea, and Brazil; and
- Fiscal adjustment in IMF-supported programs.

All three reports have now been completed and have been discussed in the Executive Board. A brief