

Message from the Director



The Independent Evaluation Office (IEO) was established by the Executive Board in 2001 with a view to increasing transparency and accountability and strengthening the learning culture in the International Monetary Fund. This first *Annual Report* summarizes the activities of the IEO from its establishment through the first full year of operation.

The report provides a summary of the main findings and recommendations of the first three evaluation projects on the prolonged use of IMF resources, the role of the IMF in recent capital account crises, and the role of fiscal adjustment in IMF-supported programs. It also indicates the status of ongoing evaluation projects on the IMF's experience with Poverty Reduction Strategy Papers (PRSPs) and the Poverty Reduction and Growth Facility (PRGF); the role of the IMF in Argentina, 1991–2002; and IMF technical assistance. The report also discusses, in Chapter 4, several common themes emerging from these evaluations.

The effectiveness of the IEO in achieving its stated objectives will depend critically upon the quality and credibility of its evaluations and this in turn depends upon the quality of human resources, the independence of the office, and the transparency of its procedures. I believe the IEO has made good progress on all three counts. We have succeeded in assembling a high-quality international team of experts, with the right mix of insiders and outsiders, to undertake the difficult and complex task of evaluating the activities of the IMF. We have been given an exceptional degree of independence, while receiving unfettered access to IMF internal documents and access to staff.

To ensure that our procedures live up to expected standards of transparency, we have developed practices, described in detail in the report, which provide opportunities for interested stakeholders to interact with the IEO at various stages, including defining the work program and determining the detailed terms of reference of individual studies. Opportunities are also provided for submitting substantive inputs on items included in the terms of reference of each study.

The IEO website (www.imf.org/ieo) provides a valuable opportunity to inform interested stakeholders of our work and to receive comments. We welcome feedback from concerned stakeholders on both our ongoing work and our future work program.

A handwritten signature in black ink, which reads "Montek S. Ahluwalia". The signature is written in a cursive style.

Montek S. Ahluwalia