

# Evaluating the Evaluator

**F**OR MANY years, friends and critics of the IMF urged it to solicit independent assessments of its policies and operations. In the late 1990s, the IMF appointed three groups of outside experts to appraise its programs for low-income countries, its regular surveillance of its members' policies, and its economic research. Those assessments were published, along with staff responses and summaries of the discussions by the Executive Board when it reviewed the assessments.

But the Board soon adopted a different approach—one strongly favored by outsiders. It established the Independent Evaluation Office (IEO) in July 2001 to pursue four objectives: enhance the learning culture of the IMF; strengthen its external credibility; promote understanding of its work; and, most important, provide independent feedback to the Executive Board.

The IEO's terms of reference stipulate that it will be independent of IMF management and staff and will operate at arm's length from the Board. To that end, the Director, who is appointed for a fixed term, is solely responsible for recruiting the IEO staff and for its work program. Montek Singh Ahluwalia of India, the first IEO Director, began by undertaking extensive consultations, inside and outside the IMF, before setting a work program. This process, described in the IEO's first annual report, led to the selection of three topics for the first year's studies: fiscal adjustment in IMF-supported programs, the role of the IMF in three capital

account crises (Indonesia, Korea, and Brazil), and the prolonged use of IMF resources. Those studies have now been published, along with responses by the staff and Board.

The IEO is already working on its second set of studies. Together with its counterpart at the World Bank, it will evaluate the Poverty Reduction Strategy Papers that guide concessional lending to low-income countries from the IMF's Poverty Reduction and Growth Facility, and it will ask how well that facility has met its objectives. The IEO will also study the role of the IMF in Argentina from 1991 through 2002. Finally, it will evaluate the IMF's technical assistance programs.

How well has the IEO met its objectives so far? To find out, *F&D* invited four individuals to offer their own evaluations of this IMF watchdog: Peter Kenen, an academic with a strong background in international economics; two former IMF Executive Directors, Karin Lissakers for the United States and Jean-Claude Milleron for France, who helped set up the office; and Carol Welch, International Policy Analyst at the nongovernmental organization Friends of the Earth. ■

