



Office Memorandum

To: Members of the Executive Board

January 12, 2010

From: Arrigo Sadun, Chairman of the Evaluation Committee

Subject: **Third Periodic Monitoring Report (PMR) on the Status of Implementation Plans in Response to Board-Endorsed IEO Recommendations—Assessment by the Evaluation Committee to the Executive Board**

1. The Executive Board agreed in January 2008 to refer future PMRs to the Evaluation Committee (EVC) for initial consideration and review, and reporting to the full Board. It was expected that, although a full Board discussion could not be ruled out, in most cases the EVC discussion would replace a Board discussion. This procedure, which was intended to make better use of Board Committees and more efficient use of Board time and was applied to the consideration of last year's [PMR](#) has also been followed for the Third PMR.

2. In accordance with this procedure, the EVC has reviewed and considered the Third PMR, and broadly endorses the report's assessment of the status of the performance benchmarks and implementation plans in response to the Board-endorsed IEO recommendations. Accordingly, the EVC recommends Board approval of the Proposed Decision on page 6 of the report on a lapse of time basis.

3. However, the EVC considers that, in some cases, while the specific action in the management implementation plan has been deemed completed or on track to timely completion, progress is still ongoing and more needs to be done to achieve the broader policy objective underlying the specific IEO recommendation. Such cases include the integration of macro and financial surveillance (paragraph 6, table 2, line 7), implementation of the Revised Surveillance Guidance Note (paragraph 6, table 2, line 1), and the review of the stability of system of exchange rates (paragraph 6, table 2, line 2). In this context, the committee notes that monitoring of several Board-endorsed recommendations continues in the context of regular policy reviews. At the same time, the EVC considers that the need for ongoing monitoring should be seen in a realistic timeframe and that the process should not get out of hand.

4. Looking ahead, and given the need to improve implementation of Board-endorsed IEO recommendations, the EVC considers that additional thought could be given to improving the PMR process. It is suggested that, following the Board discussion on an IEO

evaluation, the EVC, and the Board, reflect further on how best to ensure the implementation of the broader policy objectives that go beyond the specific Board-endorsed IEO recommendations. Such an approach would be important also in instances in which the Board endorses the IEO's policy message but not its specific recommendation.

5. In addition, the EVC proposes the following specific issues for further reflection and future work, and looks forward to reviewing progress in future PMRs.

- With regard to the follow up on the MONA database, more work could be done on the system to track goals and strategies and its links to conditions (paragraph 6, table 2, line 6).
- The issue of excessive staff mobility has not been resolved (paragraph 6, table 2, line 8). This issue has also been raised in the recent IEO evaluation of IMF interactions with member countries, and can be discussed further in the context of the implementation of that evaluation's recommendations.

6. With regard to the **treatment of confidential information** in Article IV staff reports, the management implementation plan suggested that further action could be considered following the discussion of the Board's Ad Hoc Committee on Confidential Information on related issues in cases of use of Fund resources, but this Committee has ceased its work. The issue of confidential information and the extent to which it could hamper frankness of staff reports remains topical and should be addressed.

7. With regard to the IEO's **governance evaluation**, it was recognized that follow up on the IEO's recommendations is being undertaken through a separate process outside the PMR. It was suggested that the Joint Steering Committee on Governance Reform should be responsible for producing a monitoring report on the implementation of the IEO recommendations, emphasizing the need for close follow-up.

cc: The Managing Director
The Deputy Managing Directors
The Secretary