



# THE CHAIR'S SUMMING UP

## INDEPENDENT EVALUATION OFFICE—IMF ADVICE ON FISCAL POLICY EXECUTIVE BOARD MEETING 25/100, DECEMBER 4, 2025

Executive Directors welcomed the IEO's report covering fiscal advice provided as part of the Fund's surveillance responsibility during the 2008–23 period that was marked by exceptional circumstances, including the Global Financial Crisis and the global pandemic. They noted that the shift experienced in this period toward greater fiscal activism for both short-run stabilization and long-term goals increased the need for clearer articulation of trade-offs amid competing objectives. Against this background, Directors welcomed the generally positive assessment of the Fund's recent fiscal policy advice and looked forward to the implementation of the IEO's key recommendations.

Directors broadly supported Recommendation 1 to typically include in bilateral surveillance clear, specific, and well-communicated advice on the fiscal stance, the macroeconomic impact of the recommended fiscal policy, the policy mix, and spillovers, while ensuring the Fund's role as a trusted advisor. Directors agreed on the importance of consistency and evenhandedness in providing tailored advice, including to emerging and low-income countries, taking due account of data limitations and binding debt and financing considerations. Directors also generally noted the importance of considering elements of political economy and capacity constraints to increase traction of Fund advice, presenting where appropriate for the authorities' consideration a menu of sound policy options, including in the critical area of domestic revenue mobilization. Pointing to the elevated debt levels in many countries, a number of Directors stressed the need for greater focus of the Fund's advice on fiscal sustainability. Some Directors also underscored the importance of better integration of advice on fiscal policy and external and exchange rate policies.

Directors supported Recommendation 2 to make more use of existing analytical tools and conduct further research on debt data, liquidity risks, medium-term anchors and paths, and distributional effects. While agreeing on the need to find ways to increase staff take-up of existing tools, including realism tools, properly calibrated multipliers, and scenario analysis, they also stressed that these should inform rather than replace economists' judgment. Directors underscored the importance of continuously assessing and aiming to enhance data availability, supported by technical assistance. They welcomed the IEO's acknowledgement that research priorities should also be guided by cost-benefit and budget considerations. Directors also noted the significant advances already made in analyzing liquidity risks.

Directors supported, some of them with some qualifications, Recommendation 3 to enhance the provision of proactive and specific advice on debt and fiscal risks, debt management, and institutional frameworks, including fiscal rules. They stressed the importance of linking findings from debt sustainability analysis to the baseline policy advice, identifying and

mitigating fiscal risks, including through preemptive measures and contingency planning, making more reference to the Fund's work on debt management, and supporting the adoption of fiscal rules. Directors were also mindful of the resource implications of the recommendation, including developing staff expertise on debt financing, and noted that decisions on adopting certain institutional arrangements are ultimately the prerogative of member states.

Directors supported, some of them with some qualifications, Recommendation 4 to strengthen the articulation of trade-offs between competing long-term spending needs and fiscal sustainability, highlighting their effects on long-term growth, debt dynamics, and distributional outcomes, and propose options to generate fiscal space when financing constraints are binding. While welcoming the progress already made in the coverage of long-term spending needs, they looked forward to adequate consideration of the IEO's recommendations in the Comprehensive Surveillance Review (CSR) to further refine the guidance on coverage of long-term issues guided by the principles of macrocriticality and selectivity. Directors generally

emphasized the need for continued and enhanced collaboration with other IFIs in areas with limited Fund expertise, including the detailed costing and financing assessments of long-term development spending pressures.

In line with established practice, Management and staff will give careful consideration to today's discussion in formulating the Management Implementation Plan (MIP) for Board-endorsed recommendations, drawing on the IEO's specific suggestions to enhance fiscal advice in a pragmatic, holistic and efficient manner. The MIP will prioritize and sequence the response to the IEO's recommendations, leveraging key existing workstreams including the CSR, Review of Conditionality and LIC-DSF review to the extent possible, and also considering resource requirements and the risks associated with non-implementation. Management will also reflect on the call of some Directors for early implementation of recommendations on operational aspects that do not require a policy change. Directors generally emphasized the important role of technical assistance in supporting the consistent implementation of the IEO's recommendations.