

IEO

Independent Evaluation Office
of the International Monetary Fund

IEO
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of the International Monetary Fund

THE IMF AND
CLIMATE CHANGE
EVALUATION REPORT 2026

IEO
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of the International Monetary Fund

2026 WORK PROGRAM
UPDATE

JANUARY 6, 2025

IEO
Independent Evaluation Office
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IMF ADVICE ON
FISCAL POLICY
EVALUATION REPORT 2025

IEO
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DRAFT ISSUES PAPER
IMF ENGAGEMENT
ON DEBT ISSUES
IN LOW-INCOME
COUNTRIES

May 15, 2025

IEO
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EVALUATION POLICY
OF THE INDEPENDENT
EVALUATION OFFICE
SEPTEMBER 2025

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THE IMF'S
EXCEPTIONAL
ACCESS POLICY
EVALUATION REPORT DEC 2024

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THE EVOLVING
APPLICATION
OF THE IMF'S
EXCEPTIONAL
ACCESS POLICY

2026

ANNUAL REPORT

ABOUT THE IEO

Established in 2001, the Independent Evaluation Office (IEO) conducts independent and objective evaluations of the IMF's policies, activities, and products. In accordance with its terms of reference, it pursues three interrelated objectives:

- ▶ To support the Executive Board's institutional governance and oversight responsibilities, thus contributing to accountability.
- ▶ To enhance the learning culture within the Fund by increasing the ability to draw lessons from experience.
- ▶ To strengthen the Fund's external credibility by enhancing transparency and improving understanding of the work of the IMF.

Independence is the fundamental anchor of the IEO's work. The IEO is independent from the IMF's management team and staff and operates at arm's length from the Executive Board. Its budget, which has been flat in real terms since 2010, is separate from the Fund's, but subject to the same control procedures. The IEO is entitled to access any internal information and documents with very limited exceptions and the office's work is evaluated periodically by external experts.

For further information on the IEO and its ongoing and completed evaluations, please visit our website IEO.IMF.org or contact the IEO at IEO@IMF.org.

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IEO Team in September 2025.



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MESSAGE FROM THE DIRECTOR

This Annual Report provides an overview of the recent activities for the Independent Evaluation Office (IEO) of the International Monetary Fund (IMF or the Fund) from October 2025 through end-September 2026, outlining the work program for the year ahead. The report highlights the completion of evaluations of *The IMF and Climate Change* and *IMF Advice on Fiscal Policy*, the final stages of the evaluation of IMF Engagement on Debt Issues in Low-Income Countries, and the launching of two new evaluations of IMF Advice on Monetary Policy and Political Economy in IMF-Supported Programs.

The evaluation of *The IMF and Climate Change* assessed the IMF's climate-related work following the approval of its climate strategy in 2021. The Fund has effectively adapted its surveillance, lending, and capacity development (CD) activities, integrating climate considerations into the analysis of its traditional core policy areas—primarily through fiscal policy advice—in a process that has required both adaptation and learning. We welcome the Executive Board's endorsement of the IEO's recommendations, including the operationalization of macrocriticality and better tailoring policy advice in surveillance; revisiting elements of the Resilience and Sustainability Facility and exploring the role of the broader lending framework in supporting members' climate-related needs; and enhancing follow-up in CD while improving its alignment with surveillance and lending.

The evaluation of *IMF Advice on Fiscal Policy* assessed how the IMF's multilateral and bilateral fiscal advice has evolved since the Global Financial Crisis amid recurring shocks, shifting priorities, and growing fiscal challenges, including aging populations, climate change, inequality, and geopolitical tensions. Grounded in extensive fiscal research, the Fund adapted its advice and promoted a more active fiscal policy role. However, the rapid evolution and expanding scope of this advice led to uneven implementation across countries and periods. We welcome the Executive Board's endorsement of the IEO recommendations, including providing clearer guidance on fiscal stance and policy mixes; strengthening analytical tools and research on debt, liquidity risks, and distributional effects; enhancing advice on debt management and fiscal risks; and better articulating trade-offs between long-term spending needs, fiscal sustainability, growth, debt dynamics, and equity considerations.

Looking ahead, we are at different stages in three ongoing evaluations. The evaluation of IMF Engagement on Debt Issues in Low-Income Countries (LICs), expected to be completed in December 2026, examines the IMF's debt-related engagement in LICs through surveillance, lending, and CD. The recently launched evaluation of IMF Advice on Monetary Policy, scheduled for completion in mid-2027, will assess the appropriateness, coherence, and effectiveness of the Fund's monetary policy advice across country groups and policy frameworks. The evaluation of Political Economy in IMF-Supported Programs, to be completed in the second half of 2027, will assess how political economy considerations were incorporated into the design and implementation of Fund-supported programs. As the IEO advances its work, I am confident it will continue to help the Fund learn from experience and adapt to evolving challenges, drawing on the expertise and diversity of its staff—its greatest asset.

PABLO MORENO

Director, Independent Evaluation Office

OVERVIEW OF RECENTLY COMPLETED ACTIVITIES

This report provides an overview of the IEO's activities from October 2025 through end-September 2026. The main evaluation activities during this past year include the completion of the evaluations of *The IMF and Climate Change* and *IMF Advice on Fiscal Policy*, the ongoing progress of the evaluations of IMF Engagement on Debt Issues in Low-income Countries, and the launching of two new evaluations of IMF Advice on Monetary Policy and Political Economy in IMF-Supported Programs, respectively.

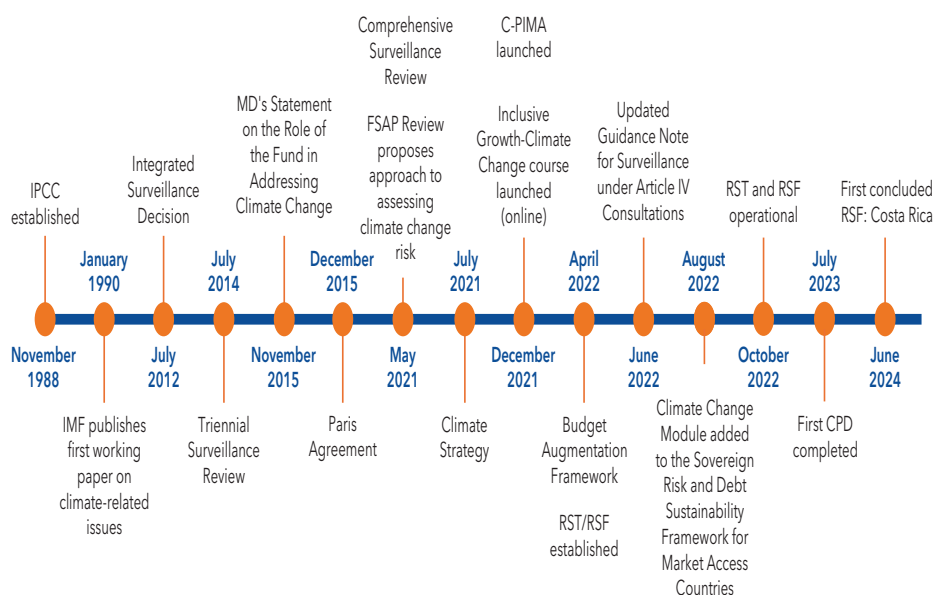


Evaluation team: Miguel de Las Casas (project leader), Andrea Arevalo Arroyo, Kelsie Gentle, Carmen Rollins, and Joshua Wojnilower.

THE IMF AND CLIMATE CHANGE

Scope. The IEO's evaluation of *The IMF and Climate Change* (IEO 2026b) was discussed by the Executive Board in May 2026. The evaluation assessed the IMF's new approach to its climate-related work since 2021 when, following demand from the Fund's membership, the Executive Board endorsed a new Strategy to Help Members Address Climate Change-Related Policy Challenges, and later established the Resilience and Sustainability Trust (RST) and its associated instrument, the Resilience and Sustainability Facility (RSF) in 2022. The adoption of this new and more systematic approach to climate-related work built on years of the Fund's analysis of the impact of, and risks associated with, climate change (Figure 1).

FIGURE 1. SELECTED TIMELINE OF THE IMF'S ENGAGEMENT ON CLIMATE-RELATED ISSUES



Source: IEO staff.

Note: CPD = Climate Policy Diagnostic; C-PIMA = Climate-Public Investment Management Assessment; FSAP = Financial Sector Assessment Program; IPCC = Intergovernmental Panel on Climate Change; MD = Managing Director; RSF = Resilience and Sustainability Facility; RST = Resilience and Sustainability Trust.

The IMF's post-2021 climate approach has been demand driven and has provided significant value added, although implementation was hampered by gaps in strategic clarity and required learning by doing.

Overall findings. The evaluation finds that the IMF’s climate-related work has been demand driven, effectively incorporated across surveillance, lending, and CD, and integrated into the Fund’s traditional core policy areas—mainly through fiscal policy advice—and it has delivered significant value added to member countries. The Fund has also managed to position itself as a key international institution, staying within its mandate and operating at the intersection of its members’ climate-related needs and their macroeconomic and financial frameworks. At the same time, the integration of climate-related work has required a process of institutional learning and adaptation, including spending exceeding initial budget allocations, a proliferation of activities, and increased workload pressures. In addition, the lack of clarity in communication around the Fund’s role contributed to elevated expectations and affected internal incentives. These issues, however, were largely addressed by mid-2025.

Implementation challenges: While the implementation of this new approach to climate went broadly as envisaged, there were shortcomings. The decision on the Climate Strategy left several implementation issues to be addressed by staff and management, and the subsequent budget augmentation effectively scaled back the resources and targets originally envisaged. Internally, many staff felt that they had been asked to deliver urgently in an area of work where they lacked sufficient expertise, in a context of scarce resources and insufficient strategic planning. Additionally, institutional communications were unclear, generating elevated expectations both within and outside the IMF, and the perception by some stakeholders of overreach. Ambitious initial planning and weak monitoring mechanisms led to overspending, triggered by unanticipated workload and members’ demand. Despite some temporary reallocation of resources from other activities, there was no significant crowding-out overall, and the climate-related work did not compromise the quality of the Fund’s operations. As coordination structures matured and internal expertise was developed, pressures declined, and, by the end of the evaluation period, the integration of climate-related issues in Fund operations was smoother and more efficient.

Technical underpinnings: The evaluation also finds there is scope to strengthen the technical underpinnings of the new climate approach. In surveillance, the main issues are the operationalization of macrocriticality, the tailoring of coverage to specific country needs, and the fine-tuning of the IMF’s analytical tools and models. The RSF could be improved by revisiting aspects like the duration of arrangements, the strength and depth of the reform measures, or the frameworks for collaboration with partners and post-program monitoring. More generally, the Fund should further explore the potential role of non-RSF lending in supporting members’ climate-related needs. Finally, CD work could be improved by focusing on the alignment of technical assistance with surveillance and lending, and by addressing issues with implementation and follow-up.

Institutional support: Consolidating the gains of climate-related work and further enhancing its efficiency will require sustained institutional support. The launch and early implementation of the IMF’s new approach to climate enjoyed strong endorsement from the membership. However, variations in institutional priorities

and political support affected staff incentives. Further, towards the end of the evaluation period, reduced support for climate-related work from part of the membership, management’s streamlining exercise, and curtailed institutional signaling have tilted risks toward a scaling back of the Fund’s climate-related work. This could constrain the provision of services that are highly valued and demanded by the membership and affect the integration of climate-related considerations in the traditional core policy areas.

Recommendations. Based on these main findings, the evaluation made three recommendations endorsed by the Executive Board (Box 1). The Managing Director welcomed the evaluation and committed to preparing a Management Implementation Plan (MIP) to address the recommendations. The full evaluation report, the statement by the Managing Director, the Chair’s Summing Up of the Executive Board meeting, along with supporting documents, are available on the IEO website at [IEO.IMF.org](https://ieo.imf.org).

BOX 1. THE IMF AND CLIMATE CHANGE: RECOMMENDATIONS

- ▶ **Surveillance:** Article IV staff reports should more explicitly assess macrocriticality and enhance the tailoring of climate-related coverage.
- ▶ **Lending:** The IMF should strengthen the value that the RSF provides to members—by revisiting its duration, and enhancing the design of reform measures, the collaboration with partners, and post-program monitoring—and, more broadly, clarify how climate-related considerations are to be integrated into the overall lending framework.
- ▶ **Capacity Development:** Staff should strengthen the links between climate-related CD, surveillance, and lending to increase the effectiveness of all three activities.



Evaluation team: Hélène Poirson (project leader), Jantsankhorloo Amgalan, Jérémie Cohen-Setton, Anthony De Lannoy, Lukasz Jannils, and Edda Zoli.

IMF ADVICE ON FISCAL POLICY

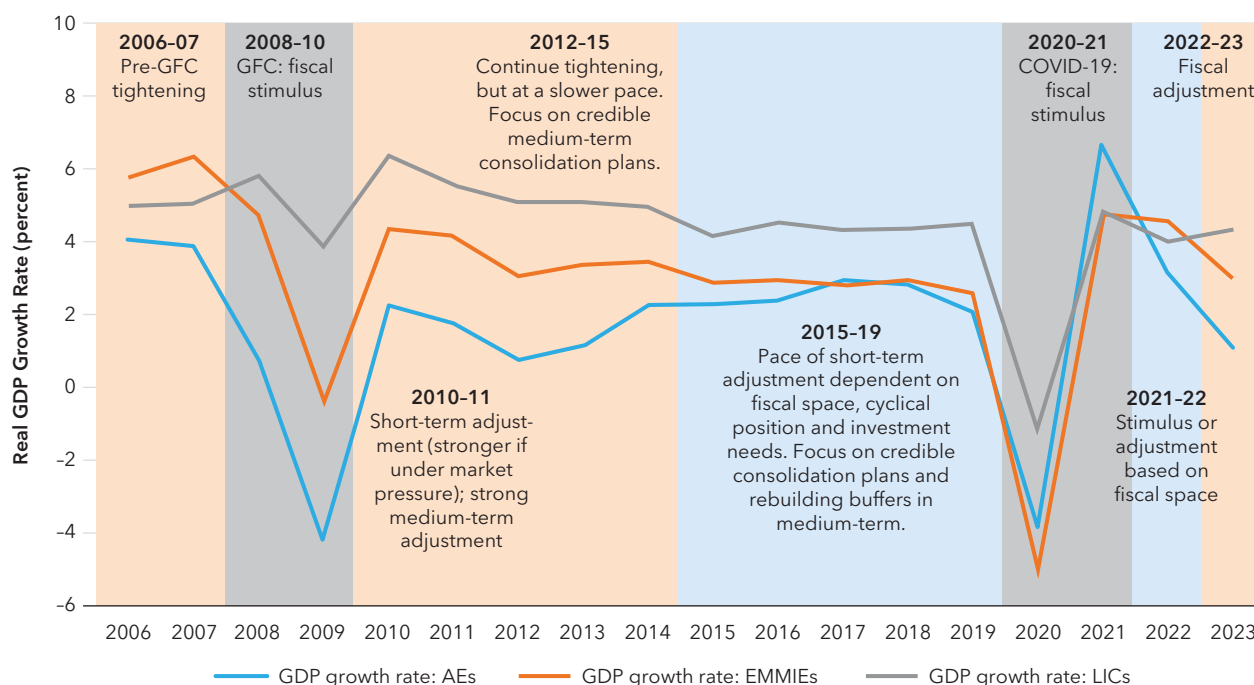
Scope. The IEO’s evaluation of *IMF Advice on Fiscal Policy* (IEO 2025a) was discussed by the Executive Board in December 2025. The evaluation assessed whether the IMF’s fiscal policy advice from 2008 to 2023, provided as part of its surveillance responsibility, has translated into relevant, consistent, and evenhanded advice across advanced economies (AEs), emerging market and middle-income economies (EMMIEs), and LICs. It covers the responsiveness of the Fund’s fiscal policy framework to global priorities and shifting views on fiscal policy; the application of this framework to multilateral and bilateral advice in the context of surveillance activities; and the incorporation of the institutional objective of economic sustainability into the advice. The evaluation assessed the fiscal advice against the Fund’s surveillance framework, and it focuses on the macro-fiscal dimension of the three main objectives of output stabilization, fiscal sustainability, and longer-term economic sustainability through raising potential growth and providing public goods.

IMF fiscal advice has shifted in the right direction toward a more active, multidimensional role—balancing stabilization, sustainability, and long-term development—but key challenges remain.

Overall findings. The evaluation found that the IMF adapted its multilateral surveillance and research well in response to changing global economic circumstances. The Fund played a leading role in advocating for fiscal activism, particularly during the Global Financial Crisis (GFC) and the COVID-19 Pandemic (Figure 2). The Fund also made important progress in acknowledging the trade-offs between fiscal consolidation and short-term growth, bringing greater realism to its advice and often, but not always, flagged spillovers and imbalances in the policy mix. Debt Sustainability Analysis (DSA) tools usefully evolved to place greater emphasis on liquidity risks and vulnerabilities from debt composition and contingent liabilities. The Fund was seen as being at the frontier of how to account for distributional impacts of fiscal policy and produced valuable work on the design and impact of fiscal policies aimed at supporting public investment and other spending priorities. However, the feedback effects of these policies on fiscal sustainability, through higher growth, fiscal revenues, or expenditures, were rarely quantified. There also remains room for improvement in debt data, integration of liquidity risks, approaches to medium-term anchors, and broader distributional analysis.

Output stabilization: In bilateral surveillance, IMF fiscal advice increasingly emphasized countercyclical policy, though staff reports often lacked clear guidance on the appropriate fiscal stance. Advice remained more cautious than high-level recommendations during global crises, reflecting concerns about fiscal sustainability and market access. Fiscal tightening recommendations continued to dominate, particularly outside AEs, and responses to economic slack were stronger in AEs

FIGURE 2. EVOLUTION OF GDP GROWTH AND IMF FISCAL POLICY ADVICE IN FLAGSHIP REPORTS



Sources: WEO; Fiscal Monitor; WEO data; IEO staff calculations.

Note: Green indicates that the dominant fiscal policy advice was fiscal stimulus; red signifies that the dominant advice was fiscal adjustment; and yellow indicates that the dominant advice was qualified fiscal adjustment.

than in EMMIEs and LICs. External imbalances also shaped recommendations, especially for countries with current account deficits. The assessment of fiscal space, trade-offs, and policy impacts varied widely, with quantification of macroeconomic effects common in AEs but rare in EMMIEs and LICs. Differences in analytical depth largely reflected data availability, existing research, and program engagement priorities. Coverage of policy mixes was uneven and focused mainly on fiscal-monetary interactions, while discussion of broader countercyclical policy combinations and spillovers was limited and inconsistent over time.

Fiscal sustainability: In terms of debt accumulation and fiscal sustainability, bilateral recommendations have consistently highlighted the importance of medium-term fiscal consolidation; however, debt vulnerabilities continued to increase. While an increasing number of staff reports clearly identified a medium-term policy anchor, the clarity of the explanations for the recommended fiscal targets was mixed, leading to perceptions of lack of evenhandedness. The reliance on expenditure cuts decreased during the period and staff reports generally discussed the composition of fiscal packages, but the depth of the analysis varied considerably. DSA tools did not always appear to inform staff advice and while the recommendations on debt management increased, the main focus of reports remained on “above-the-line” assumptions. Fiscal risks were typically addressed, though recommendations for mitigating them were not consistently articulated. Appropriately, staff reports paid increasing attention to fiscal rules and councils, but coverage was uneven.

Economic sustainability: Staff reports increasingly emphasized social spending and other public goods alongside long-term growth, although the depth and quality of analysis varied. Advice often supported growth through public investment and structural reforms, but discussion of long-term impacts, implementation sequencing, and quantification of outcomes was frequently limited. The period also saw greater attention to social spending, including in fragile states. However, in other cases, social spending measures were merely listed without discussing their implications for fiscal sustainability, missing an opportunity to clarify trade-offs and enhance the realism of the advice. Staff reports increasingly assessed the distributional effects of fiscal policy, but with uneven depth and specificity. IMF advice related to the Sustainable Development Goals remained limited, while coverage of broader dimensions of economic sustainability expanded, particularly following the Fund’s strategies on climate change and gender.

Recommendations. Based on these main findings, the evaluation made four recommendations, all of which received broad support from Executive Directors (Box 2). The Managing Director welcomed the evaluation and committed to preparing an MIP to address the endorsed recommendations, which was discussed by the EVC on July 16 and subsequently endorsed by the Executive Board. The full evaluation report, the statement by the Managing Director, the Chair’s Summing Up of the Executive Board meeting, along with supporting documents, are available on the IEO website at [IEO.IMF.org](https://www.imf.org/external/ieo).

BOX 2. IMF FISCAL POLICY ADVICE: RECOMMENDATIONS

- ▶ **Output Stabilization:** The IMF should ensure that staff reports typically include clear and specific advice on the fiscal stance, the macroeconomic impact of the recommended fiscal policy, and the policy mix.
- ▶ **Analytical Toolkit:** The IMF should make more use of existing analytical tools and conduct further research on debt data, liquidity risks, medium-term anchors and paths, and distributional effects.
- ▶ **Fiscal Sustainability:** The IMF should enhance the provision of proactive and specific advice on debt and fiscal risks, including debt management and fiscal rules and frameworks.
- ▶ **Potential Growth and the Provision of Public Goods:** The IMF should 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. When financing constraints are binding, it should identify the financing gap and propose options to generate fiscal space.

OUTREACH AND COMMUNICATION

In 2026, the IEO continued with its active outreach activities with the aim of both promoting public awareness and debate about the IEO's work, and, at the same time, receiving feedback to bring in external perspectives from a broad range of stakeholders.

As part of this outreach strategy, the IEO hosted a series of public seminars and webinars, reflecting diverse topics. These included an event presenting the IEO's evaluation of *IMF Advice on Fiscal Policy*, as well as seminars on the dominant reserve currency role of the dollar and the decentralization of finance and how central banks and traditional players should respond. IEO staff also participated in seminars and forums organized by other institutions and organizations, such as the American Economic Association (AEA), Bretton Woods Project, Center for Economic and Policy Research (CEPR), DebtCon8, ODI Global, National Bureau of Economic Research (NBER), Organisation for Economic Co-operation and Development (OECD), Peterson Institute for International Economics, and EU Sub-Committee on IMF Issues (SCIMF). These events featured prominent voices from academia, policy institutions, CSOs, and the IMF itself, and provided valuable forums for exchanging perspectives on key issues relevant to the Fund's work.

IEO Seminar Series

THE DOMINANT RESERVE CURRENCY ROLE OF THE DOLLAR: CHALLENGES AHEAD

Friday, June 20, 2025 | from 11:00AM to 12:00PM EST | Via Zoom



Eric Monnet
Professor
Paris School of Economics

IEO Seminar Series

THE DECENTRALIZATION OF FINANCE AND HOW CENTRAL BANKS AND TRADITIONAL PLAYERS SHOULD RESPOND

Thursday, October 2, 2025 | from 12:00PM to 1:15PM EST | Via Zoom



Jon Frost
Head of Innovation and the Digital Economy
Bank for International Settlements



Gloria Sánchez
Deputy Chief of Staff
Banco Santander

IEO Evaluation Report

IMF ADVICE ON FISCAL POLICY
A Discussion of the IEO Evaluation Report

Thursday, January 22, 2026 | 3:00PM to 4:15PM EST | Zoom



Laura Alfaro
Chief Economist
IDB



Hélène Polivon
Advisor
IEO



Adam Posen
President
PIIE



Rodrigo Valdés
Director
FAD



Pablo Moreno
Director, IEO
(Moderator)

IEO seminar series events.

The IEO actively updates information on and solicits public comments about its evaluations, webinars, and other initiatives through its website (IEO.IMF.org), along with email communication to subscribers, and its [LinkedIn page](#). Through its outreach approach, the IEO aims to ensure that its work remains accessible and engaging to a global audience.

FOLLOW-UP ON IEO EVALUATIONS

PERIODIC MONITORING REPORT

In November 2025, the Executive Board broadly endorsed the [Fifteenth Periodic Monitoring Report](#) (PMR) on the status of Management Implementation Plans (MIPs) in response to Board-Endorsed IEO recommendations (IMF 2025). Prepared by the IMF's Office of Internal Audit (OIA), the report encompassed 11 MIPs with a total of 48 actions.

In total, of the 48 actions assessed in the Fifteenth PMR, 24 have been fully implemented, including 8 that were previously reported as overdue. The remaining 24 actions are still open, of which 16 are overdue (past their target implementation dates) but continue to progress toward completion. Overall, progress has been broadly sustained since the [Fourteenth PMR](#) (IMF 2024), and four MIPs will be retired from PMR monitoring following the Fifteenth PMR.

MANAGEMENT IMPLEMENTATION PLANS

The MIP for the IEO's evaluation of [IMF Advice on Fiscal Policy](#) (IMF 2026) was discussed by the EVC on July 16, 2026, and subsequently endorsed by the Executive Board. It addresses the four IEO recommendations which aim to (i) ensure more specific advice on stabilization and the policy mix, with clear explanation of the macroeconomic impact and the trade-offs of the advised policy measures; (ii) enhance the use and country-specific calibration of analytical tools; (iii) strengthen advice on fiscal risks, fiscal rules, and debt management; and (iv) improve the articulation of trade-offs between competing long-term spending priorities and fiscal sustainability, including their implications for long-term growth, debt dynamics, and distributional outcomes. Staff will leverage existing and planned workstreams to address the IEO's recommendations. Specifically:

- ▶ The ongoing 2026 Comprehensive Surveillance Review will propose strategic priorities to strengthen the effectiveness of Fund fiscal policy advice in a more shock-prone environment, including through more granular and better integrated fiscal advice, stronger analysis of domestic-external sector linkages, and more agile and risk-focused surveillance. An updated Surveillance Guidance Note will help further operationalize recommendations.
- ▶ The Review of Program Design and Conditionality and the Debt Sustainability Framework for Low-Income Countries (LIC-DSF) Review will strengthen the integration of debt sustainability and fiscal risk analysis into program design and conditionality, including improved treatment

of liquidity and rollover risks in LICs. In parallel, enhancements to the operationalization of the Sovereign Risk and Debt Sustainability Framework will support more robust analysis of financing risks in market-access countries, enabling more realistic financing assumptions and improved contingency planning.

- ▶ The deployment of the IMF's Data Provision to the Fund for Surveillance Purpose Framework and enhanced collaboration with the World Bank Group will support efforts to close key data gaps.
- ▶ Near-term operational actions will proceed in parallel with these reviews, reflecting Executive Directors' call for early implementation where policy changes are not required.



IEO WORK PROGRAM

The current [IEO work program](#) includes three ongoing evaluations (IEO 2026d):

IMF Engagement on Debt Issues in Low-Income Countries. In May 2025, the IEO launched an evaluation of IMF engagement on debt issues in LICs. The [issues paper](#) (IEO 2025b) was discussed in an informal seminar with Executive Board members in May 2025 and posted on the IEO website for comments. The evaluation will focus on debt-related issues in LICs through surveillance, lending, and CD. It will assess, for the period from January 2005 to April 2025, the quality and effectiveness of Fund engagement, including the timely identification of debt vulnerabilities, the provision of advice, and the role of the LIC-DSF in evaluating risks to debt sustainability and how it was used to inform fiscal advice more broadly. It will examine the implications of debt sustainability assessments for LICs' access to Fund resources, as well as issues related to debt transparency and public debt management. The evaluation will also review the Fund's effectiveness in supporting recent debt relief initiatives and multilateral debt restructuring efforts for low-income borrowers, and the Fund's collaboration with the World Bank on debt-related matters. It is targeted for completion and discussion by the Executive Board in December 2026.

IMF Advice on Monetary Policy. In June 2026, the IEO launched an evaluation of the IMF's advice on monetary policy. The [issues paper](#) (IEO 2026a) was discussed in an informal seminar with Executive Board members in June and posted on the IEO website for comments. The evaluation will cover the period 2015–25, spanning the “low-for-long” inflation environment, the COVID-19 shock, and the subsequent global inflation surge, providing a natural stress test of the Fund's advice under shifting macroeconomic conditions and heightened uncertainty. It aims to assess the appropriateness, coherence, and effectiveness of the Fund's monetary policy advice across surveillance, programs, and CD. The evaluation will examine monetary policy advice across AEs, emerging markets (EMs), and LICs, and across different monetary and exchange rate regimes. It will focus on four interrelated areas: (i) conjunctural analysis and near-term policy guidance; (ii) risks, uncertainty, and scenario analysis; (iii) monetary policy frameworks and their interaction with exchange rate regimes and macroprudential tools; and (iv) governance and institutional dimensions of central banking, including independence, transparency, and accountability. The evaluation is targeted for completion and discussion by the Executive Board in mid-2027.

Political Economy in IMF-Supported Programs. In August 2026, the IEO launched an evaluation of political economy in IMF-supported programs. The issues paper (IEO 2026c) was discussed in an informal seminar with Executive Board members in August 2026 and posted on the IEO website for comments.

The evaluation will cover the period 2015–mid-2026. It will review and assess General Resources Account (GRA), Poverty Reduction and Growth Trust (PRGT), and Resilience and Sustainability Trust (RST) programs, and include attention to programs with fragile and conflict-affected states and those with small developing states. It will focus on the following interrelated areas: (i) to what extent and how effectively the Fund identified, considered and addressed political economy constraints in its program engagement; (ii) the legal basis and foundations for anchoring and including political economy considerations in Fund engagement as well as definitions and interpretations of “political economy” and how these have evolved and been applied in program engagement; and (iii) how the IMF’s human resource policies and practices supported staff’s ability to engage effectively with members on political economy issues. The evaluation is targeted for completion and discussion by the Executive Board in the second half of 2027.

Possible topics for future evaluations. The IEO regularly updates its list of [topics for possible future evaluations](#), following consultations with the Executive Board of the IMF, Fund management and staff, external experts, and civil society. The most recent update was published in January 2026, and the next update is expected in the course of 2027.

4

IEO ADMINISTRATIVE BUDGET AND STAFFING

The IEO spent \$7.32 million in FY2026, about 6.9 percent below its approved budget (see Administrative Budget table for details about the IEO’s budget and expenditures). The increase in total spending, relative to FY2025, primarily is due to increased staff expenses from a reduction in vacant positions. The FY2026 underrun, meanwhile, largely was due to an ongoing vacancy as well as lower than expected expenses related to consultants and travel.

In March 2026, the Executive Board approved the IEO’s FY2027 budget proposal of \$7.86 million in FY2026 U.S. dollars. This figure is consistent with zero real growth over the FY2026 budget and will allow the IEO to fulfill its FY2027 work program. The IEO also presented indicative budgets for FY2028 and FY2029, again based on zero real growth.

There are now 18 staff positions (including the Director) at the IEO. The IEO team consists of a diverse group of professionals, of whom more than half were hired from outside Fund staff. The IEO also employs research officers and assistants on a contractual basis, as well as benefiting from summer interns. In addition, the IEO continues to rely extensively on external consultants to bring expertise, and fresh and independent perspectives to its evaluation work.

ADMINISTRATIVE BUDGET

(In U.S. dollars)

	FY2024		FY2025		FY2026
Budget	Budget	Outturn	Budget	Outturn	Budget
Total resources including carry-forward	8,007,139	7,179,594	8,237,588	7,316,395	8,531,111
Of which carry-forward ¹	372,673	...	381,723	...	392,793
Administrative resources	7,634,466	7,179,594	7,855,865	7,316,395	8,138,318
Regular staff allocation	5,971,740	5,761,893	7,000,500	6,097,999	7,259,519
Discretionary budget	1,662,726	1,417,701	855,365	1,218,396	878,799

¹ Resources carried forward from the previous year under established rules.

In this Annual Report, we also celebrate the unparalleled contribution to the IEO of our colleague Arun Bhatnagar, the IEO’s Senior Archives, Records and Evaluation Analyst, who will retire in early 2027, following a distinguished career spanning over a quarter of a century of dedicated service to the IEO.

The longest-serving member of the IEO, Arun joined the office at its launch in 2001, as an Administrative Assistant. Working closely with the inaugural IEO Director, Arun quickly set up the IEO’s documentary filing and recording system, and from the early beginnings of the office, established practices for the formatting



and presentation of all IEO evaluation reports, and developed protocols, which are now common practice, for the office's engagement with IMF departments and with the Executive Board. Over his career at the IEO Arun has served under every IEO Director, and has been responsible for the formatting, editing and finalization of all 44 of the IEO's completed and current evaluations and almost 200 evaluation background papers, each immaculately edited and presented. He has been the architect and thereafter the guardian of the IEO's physical and digital archives and historical records and its complex but fully accessible filing system. Arun is the face of IEO, and the go-to person and first port of call for his IEO colleagues whenever any need arises. His calm demeanour, professionalism, courtesy, mastery of operating systems, records management, as well as his historical knowledge of the IEO and the Fund are renowned among long-serving peers in the IMF, many of whom have regularly sought his guidance and counsel.

COMPLETED AND ONGOING IEO WORK PROGRAM

EVALUATIONS	STATUS
Political Economy in IMF-Supported Programs	In progress for completion in second half of 2027
IMF Advice on Monetary Policy	In progress for completion in mid-2027
IMF Engagement on Debt Issues in Low-Income Countries	In progress for completion in second half of 2026
The IMF and Climate Change	Completed 05/26
IMF Advice on Fiscal Policy	Completed 12/25
The IMF's Exceptional Access Policy	Completed 12/24
The Evolving Application of the IMF's Mandate	Completed 06/24
The IMF's Emergency Response to the COVID-19 Pandemic	Completed 03/23
The IMF and Capacity Development	Completed 09/22
IMF Engagement with Small Developing States	Completed 05/22
Growth and Adjustment in IMF-Supported Programs	Completed 09/21
IMF Collaboration with the World Bank on Macro-Structural Issues	Completed 11/20
IMF Advice on Capital Flows	Completed 09/20
IMF Advice on Unconventional Monetary Policies	Completed 06/19
IMF Financial Surveillance	Completed 01/19
The IMF and Fragile States	Completed 03/18
The IMF and Social Protection	Completed 07/17
The IMF and the Crises in Greece, Ireland, and Portugal	Completed 07/16
Behind the Scenes with Data at the IMF: An IEO Evaluation	Completed 03/16
Self-Evaluation at the IMF: An IEO Assessment	Completed 09/15
IMF Response to the Financial and Economic Crisis	Completed 10/14
Recurring Issues from a Decade of Evaluation: Lessons for the IMF	Completed 06/14
IMF Forecasts: Process, Quality, and Country Perspectives	Completed 02/14
The Role of the IMF as Trusted Advisor	Completed 02/13
International Reserves: IMF Concerns and Country Perspectives	Completed 12/12
Research at the IMF: Relevance and Utilization	Completed 06/11
IMF Performance in the Run-Up to the Financial and Economic Crisis: IMF Surveillance in 2004–07	Completed 01/11
IMF Interactions with Member Countries	Completed 12/09
IMF Involvement in International Trade Policy Issues	Completed 06/09
Governance of the IMF: An Evaluation	Completed 05/08
Structural Conditionality in IMF-Supported Programs	Completed 12/07
IMF Exchange Rate Policy Advice	Completed 05/07
The IMF and Aid to Sub-Saharan Africa	Completed 03/07
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Financial Sector Assessment Program	Completed 01/06
IMF Support to Jordan, 1989–2004	Completed 11/05
The IMF's Approach to Capital Account Liberalization	Completed 05/05
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The IMF and Argentina, 1991–2001	Completed 07/04
Evaluation of the IMF's Role in Poverty Reduction Strategy Papers and the Poverty Reduction and Growth Facility	Completed 07/04
Fiscal Adjustment in IMF-Supported Programs	Completed 08/03
The IMF and Recent Capital Account Crises: Indonesia, Korea, Brazil	Completed 05/03
Evaluation of Prolonged Use of IMF Resources	Completed 08/02

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IMF Involvement in International Trade Policy Issues: Evaluation Update	Completed 12/19
Governance of the IMF: Evaluation Update	Completed 11/18
Structural Conditionality in IMF-Supported Programs: Evaluation Update	Completed 5/18
IMF Exchange Rate Policy Advice, 1999–2005: Evaluation Update	Completed 10/17
Multilateral Surveillance: Revisiting the 2006 IEO Evaluation	Completed 02/17
The IMF’s Approach to Capital Account Liberalization: Revisiting the 2005 IEO Evaluation	Completed 02/15
Revisiting the IEO Evaluations of The IMF’s Role in PRSPs and the PRGF (2004) and	Completed 08/14
The IMF and Aid to Sub-Saharan Africa (2007)	Completed 08/14
IMF Technical Assistance: Revisiting the 2005 IEO Evaluation	Completed 03/14
Fiscal Adjustment in IMF-Supported Programs: Revisiting the 2003 IEO Evaluation	Completed 07/13
Prolonged Use of IMF Resources: Revisiting the 2002 IEO Evaluation	Completed 07/13



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