



IEO

Independent Evaluation Office
of the International Monetary Fund

2024 Work Program

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INDEPENDENT EVALUATION OFFICE—2024 WORK PROGRAM

January 10, 2024

Ongoing Evaluations

The IEO is currently working on the evaluations of: (i) [The Evolving Application of the IMF's Mandate](#); and (ii) [The IMF's Exceptional Access Policy](#).

New Evaluation

In the process of selecting the topics for its evaluations, the IEO conducts a series of consultations with the Executive Board of the International Monetary Fund (IMF), the Fund's management and staff, external experts, and civil society, and elaborates a menu of "[Possible Topics for Future IEO Evaluations](#)" taking into account their preferences.

Following a seminar with the Executive Board and further consultations with staff and external stakeholders on the menu of topics, the IEO has decided to launch a new evaluation on **IMF Advice on Fiscal Policy** considering its relevance and timeliness and its wide support among stakeholders. The attachment provides a preliminary description of the background and anticipated format and scope of the evaluation. During the first quarter of 2024, an IEO team will work on a more detailed issues paper for this evaluation, which will be consulted with the Executive Board, management, staff, and external stakeholders and posted on the [IEO website](#) for general comments.

The IEO will continue consultations and further evaluations will be launched as current evaluations are completed, drawing on the menu of "[Possible Topics for Future IEO Evaluations](#)" (IEO, 2023).

ATTACHMENT¹**IMF Advice on Fiscal Policy**

Context. The Fund's fiscal policy advice has evolved since the Global Financial Crisis (GFC), with this crisis and the COVID-19 pandemic marking a break with the traditional type of fiscal discipline advice. The Fund pushed for a strong global fiscal stimulus to help offset the contractionary impact of the GFC, before pivoting to support consolidation. Following the outbreak of the COVID-19 pandemic, the Fund supported further fiscal stimulus and warned against the danger of premature withdrawal, while also cautioning about the need to find room for meeting crisis-related needs in fiscally constrained economies. The Fund's advice has been informed by considerable technical work by staff, including on refining fiscal multiplier effects, assessing the availability of fiscal space and risks to debt sustainability, revenue mobilization, targeted expenditures, and the design of growth-friendly fiscal reforms.

Further, the Fund's fiscal advice has become more nuanced and granular in a context of increasing challenges for fiscal policy among members and an intense debate in the research community. Fiscal challenges have included: the need to support demand in a world with persistent large output gaps, ensuring medium-term fiscal sustainability amidst higher debt levels, finding a consistent policy mix to tackle inflation, increasing resilience, protecting the vulnerable and responding to inequality, supporting the green transition to a low carbon emission economy, addressing fragmentation challenges and the industrial policy in some countries, and the need for stronger medium-term fiscal frameworks and institutions.

Evaluation focus. This evaluation would focus on fiscal advice in the surveillance context, covering the period since the GFC, including advice to members during the COVID-19 pandemic and the subsequent resurgence in inflation. It would look at how Fund fiscal advice has evolved, how it has been tailored to country-specific circumstances, as well as its evenhandedness. It would seek to selectively examine how the advice has dealt with key issues such as the balance between short-term cyclical considerations versus medium- and long-term fiscal and debt sustainability, integration of fiscal and monetary policy advice, cross-border spillovers, and the implementation of measures related to revenue mobilization, targeted expenditures, fiscal institutions and rules, and other aspects.

Format and timing. Given the breadth and relevance of this topic, it would seem well suited for a **full-scale evaluation**. An evaluation of Fund fiscal policy advice seems timely, given the significant changes in recent years and the challenges faced by the membership. While the IEO has relatively recently conducted evaluations or updates of the IMF's exchange rate policy (IEO, 2017), structural conditionality (IEO, 2018), financial surveillance (IEO, 2019a), unconventional monetary policy advice (IEO, 2019b), and growth and adjustment (IEO, 2021), the last evaluation dedicated to fiscal policy was conducted in 2003 (IEO, 2003).

¹ Extracted from "[Possible Topics for Future IEO Evaluations](#)" (IEO, 2023).

REFERENCES

Independent Evaluation Office of the International Monetary Fund (IEO), 2003, *Fiscal Adjustment in IMF-Supported Programs* (Washington: International Monetary Fund).

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