



# IEO

Independent Evaluation Office  
*of the* International Monetary Fund

DRAFT ISSUES PAPER

# THE IMF AND CLIMATE CHANGE

SEPTEMBER 30, 2024



**ABBREVIATIONS**

|        |   |
|--------|---|
| BOP    | Balance of Payments                                   |
| CD     | Capacity Development                                  |
| CPAT   | Climate Policy Assessment Tool                        |
| C-PIMA | Climate-Public Investment Management Assessment       |
| CD     | Capacity Development                                  |
| COP    | Conference of the Parties                             |
| CSR    | Comprehensive Surveillance Review                     |
| FSAP   | Financial Sector Assessment Program                   |
| RSF    | Resilience and Sustainability Facility                |
| RST    | Resilience and Sustainability Trust                   |
| SDR    | Special Drawing Right                                 |
| UNFCCC | United Nations Framework Convention on Climate Change |

## I. INTRODUCTION

1. **Purpose of the evaluation.** This early-stage evaluation aims to examine how the Fund has adapted its surveillance, lending, and capacity development (CD) activities to help member countries address the challenges created by climate change;<sup>1</sup> and to draw early lessons from the experience of the IMF's engagement on climate change that could enhance the efficiency and effectiveness of the institution's response. These lessons also may inform planned staff reviews, including the next Comprehensive Surveillance Review (CSR), currently foreseen for May 2026, and the full review of the Resilience and Sustainability Trust (RST) (2026–27).
2. **Scope of the evaluation.** This evaluation will assess the IMF's approach to climate change, focusing on the period between January 2021 and June 2025. It will focus on five key areas: (i) the Fund's efforts to adapt its bilateral and multilateral surveillance, particularly following the 2021 Climate Strategy<sup>2</sup>; (ii) the Fund's lending operations, particularly the design of the RST and initial implementation of the Resilience and Sustainability Facility (RSF); (iii) the Fund's efforts to adapt its CD work to support members' efforts to address climate change; (iv) the Fund's institutional responses to reorient its human and financial resources to implement the climate strategy and climate-related lending; and (v) the Fund's current and perceived role in the global climate governance and financial architecture. In addressing these five key areas, the evaluation will integrate coverage of relevant aspects of the Fund's engagement with partners, country evidence, and evidence from surveys.
3. **Structure of the issues paper.** Section II describes key elements of the Fund's recent efforts to expand its role in helping members address climate change. Section III elaborates on the objective, scope, and work plan for the evaluation.

## II. THE IMF AND CLIMATE CHANGE

4. **Fund engagement on climate issues has evolved gradually over the past three decades, through two parallel channels.** These have comprised: (i) the establishment of a legal and institutional framework, allowing for the integration of climate considerations in Fund surveillance, CD, and lending; and (ii) the operationalization of this framework, reflected in a considerable scaling up of Fund engagement, notably in the past decade (IEO, 2024).
5. **A legal and institutional framework for engagement commenced in 2012 and evolved over the ensuing decade** (Gallagher, Rustomjee, and Arevalo, 2024). The 2012

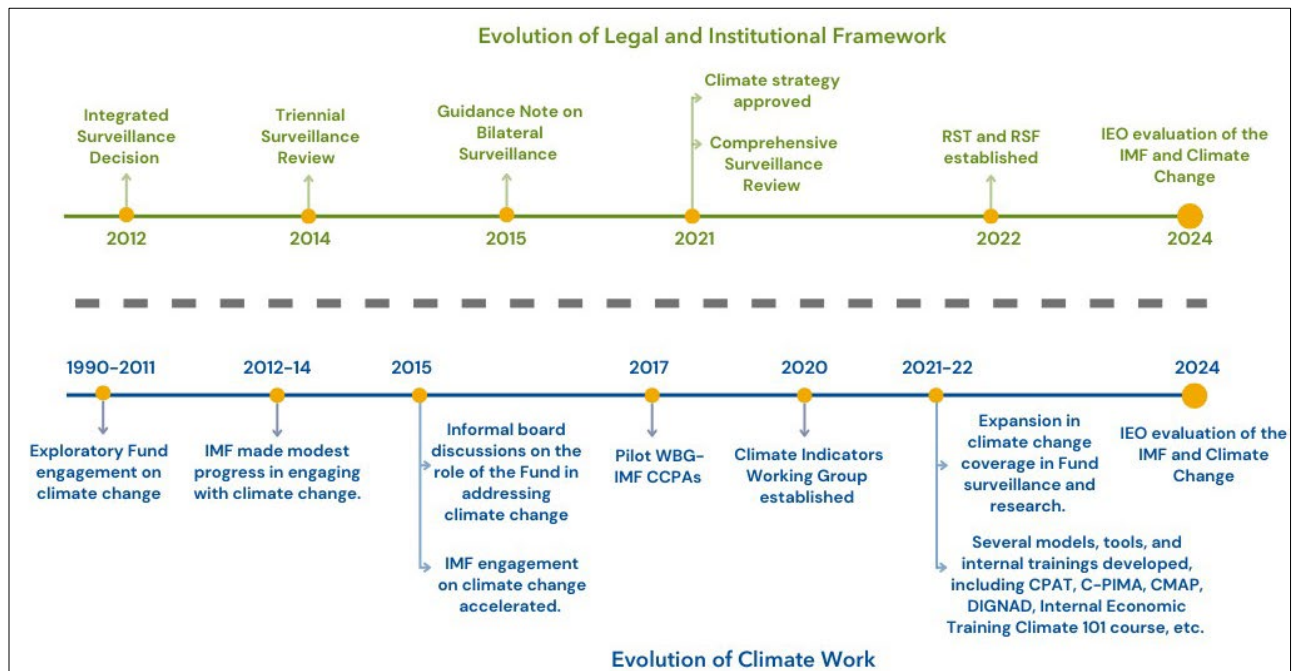
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<sup>1</sup> Early-stage evaluations (ESEs) are conducted either during or early after implementation and focus on the quality of implementation and likely outcomes. They can inform both the implementation of the later stages of the policy and draw preliminary insights on its outcomes but, given their timing, they cannot assess final outcomes. ESEs combine formative and summative elements, in contrast to ex post evaluations, which are purely summative (IEO, 2023). Undertaking ESEs is in line with the Board endorsed recommendation of the Fourth External Evaluation of the IEO.

<sup>2</sup> The "Update of the Climate Strategy" is currently scheduled for Board discussion in May 2025.

Integrated Surveillance Decision (IMF, 2012), 2014 Triennial Surveillance Review (IMF, 2014), and 2015 Surveillance Guidance Note (IMF, 2015) clarified the Fund's legal framework for addressing climate change in surveillance based on its macrocriticality, i.e. focusing on its influence on members' balance of payments (BOP) and domestic stability (Figure 1). The macrocritical nature of climate change evolved organically during this time, owing to its significant influence on present or prospective BOP and domestic stability, as did interest by a critical mass of the membership (Gallagher, Rustomjee, and Arevalo, 2024). In 2021, two further initiatives, the Comprehensive Surveillance Review (CSR) and a Board-endorsed Climate Strategy provided a more comprehensive institutional framework for Fund engagement.

**Figure 1. Evolution of the Fund's Climate Work and Operationalization of its Legal Framework**



Source: IEO (2024).

Notes: CCPAs = Climate Change Policy Assessments; CMAP = Climate Macroeconomic Assessment Program; CPAT = Climate Policy Assessment Tool; C-PIMA = Climate-Public Investment Management Assessment; DIGNAD = Debt-Investment-Growth and Natural Disasters toolkit; IMF = International Monetary Fund; and WBG = World Bank Group.

6. **The 2021 CSR proposed updating guidance on climate-related surveillance and modernizing the Fund's engagement.** It recognized climate change as a major global trend (IMF, 2021a); and included a background paper outlining the integration of climate change into Article IV consultations, which clarifies that climate change adaptation and management of the transition to a low-carbon economy should be discussed wherever the associated policy challenges are deemed macrocritical (IMF, 2021b). The CSR also proposed fostering economic sustainability as one of four surveillance priorities, facilitating Fund engagement with its members on a broader set of long-term economic and non-economic trends and issues that could impact stability.

7. **A climate strategy also was approved in 2021** (IMF, 2021d). It reiterated the macrocriticality of climate change and acknowledged that the Fund's ad hoc approach to climate change had reached its limits and required a more systematic and strategic integration into the Fund's activities. The strategy set out specific objectives for coverage of climate issues in Fund's bilateral and multilateral surveillance and in CD—including specific targets for bilateral and multilateral surveillance reports (such as Article IVs and Financial Stability Assessment Programs (FSAPs), to mention a few) and policy papers. It also offered limited guidance on lending, but it did not incorporate a lending component.

8. **Fund engagement on climate issues precedes the evolution of the legal and institutional framework, with an extended period of exploration and modest progress, accelerating in the lead up to and following the 2015 Paris Agreement** (Gallagher, Rustomjee, and Arevalo, 2024). Over three decades, the Fund's approach to climate change evolved from ad hoc initiatives to structured engagement, with limited coverage in bilateral surveillance. From 2012–14, the Fund developed tools for assessing the impacts of fossil fuel subsidies and carbon pricing, while emphasizing the unique challenges faced by small developing states (SDS). In 2015, the macrocriticality of climate change was reaffirmed and following the Paris Agreement, the Fund intensified its efforts. Attention to the macroeconomics of climate change mitigation policies and the physical risks of climate shocks increased. Other initiatives that helped advance the Fund's climate work were the Climate Change Policy Assessments (CCPAs), a collaborative effort with the World Bank initiated in 2017, as well as a broader examination of climate-related financial risks, and the exploration of the relationship between climate change, natural disasters, and debt sustainability.

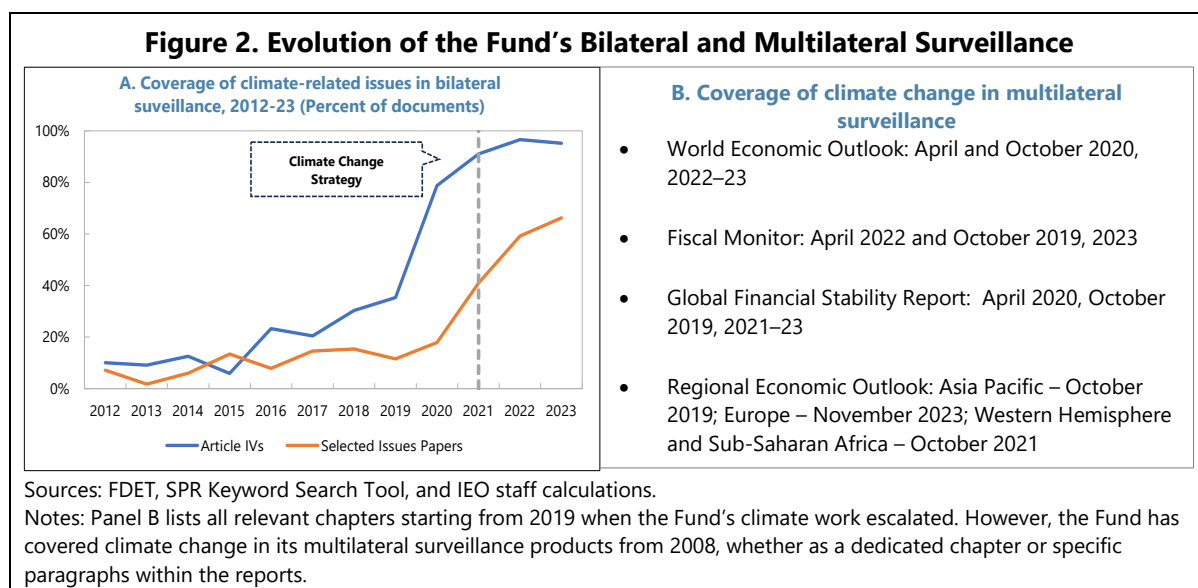
#### **A. Bilateral and Multilateral Surveillance**

9. **The 2021 Climate Strategy addressed several aspects of the Fund's bilateral surveillance on climate change.** It specified that Article IV consultations should cover climate-related policies wherever climate change triggered macrocritical policy challenges; and noted that climate change adaptation and resilience building were potentially relevant for a large proportion of the Fund's membership. The cases of in-depth coverage required an assessment of country-specific climate vulnerabilities, adaptation policies, and financing needs to build resilience, while other Article IVs are required to provide standardized assessments, drawing on work by partners. Article IV consultations would be open to different policy approaches to reach mitigation objectives, and refrain from assessing these per se, while providing relevant context and a comparison of domestic objectives with those of peers. The strategy also noted that all FSAPs would cover physical and transition climate risks in its stress testing conditioned on an assessment of the materiality of climate risk, regulatory and supervisory assessments, data disclosures, and adequacy of regulatory frameworks. Additionally, the strategy described transition management as a macrocritical policy challenge for almost every member, covering domestic policy efforts to achieve a country's nationally determined contributions under the Paris

Agreement, and challenges arising from the global transition to a low-carbon economy, such as managing the transition for fossil fuel exporting countries (IMF, 2021d).

10. **The climate strategy also emphasized the importance of multilateral surveillance on climate change.** It noted that chapters in flagship reports and regional surveillance reports, as well as policy papers, would remain critical outlets for disseminating the Fund’s analytical and policy work on climate change. The special importance of topics with a multilateral component that require policy coordination also was highlighted, as country-level documents allowed only partial coverage of these topics. Examples included cross-country cooperation on mitigation efforts or climate financing. Further, the strategy stipulated that policy papers could cover a wide array of issues, including integration of climate risk into debt sustainability analyses, transition risks for fuel exporters, climate adaptation in disaster-prone countries, international coordination of mitigation policies, and the financial stability implications of climate risks. The strategy also introduced a new series of Staff Climate Notes (IMF, 2021d).

11. **Coverage of climate issues in both bilateral and multilateral surveillance has expanded significantly in the past five years (Figure 2).** In bilateral surveillance, while 68 percent of Article IV reports included at least one paragraph on climate policy issues between 2019 and 2021, almost 96 percent included at least one paragraph by 2022–23. In multilateral surveillance, attention to climate change has increased considerably since 2019, with several climate-related chapters in the Fund’s World Economic Outlook, Fiscal Monitor, Global Financial Stability Reports, and Regional Economic Outlooks.



## B. Capacity Development

12. **The climate strategy proposed a substantial scaling up of climate-related CD activities.** Subsequent CD efforts have focused on: (i) fiscal management; (ii) financial sector policy challenges; (iii) data and statistics; (iv) legal frameworks, financial integrity, and anti-corruption; (v) modeling, training, and tools for macroeconomic frameworks; and (vi) supporting surveillance priorities as well as program design and implementation. Coordination with partners also has been important to meet member demand and scale up climate-related CD.

13. **Guided by the climate strategy, the Fund has applied a combination of tools, collaboration, and technical assistance (TA) to mainstream climate change into CD work** (IMF, 2024b). The Climate Policy Diagnostic (CPD) tool provides in-depth analysis of climate policies. It also addresses institutional and legal frameworks with a focus on mitigation and adaptation strategies, providing recommendations to build resilience to climate change. It complements other analytical tools and diagnostic products, such as the Fund's Climate-Public Investment Management Assessment (C-PIMA) tool and green and climate-responsive Public Financial Management (PFM), and utilizes diagnostics from partners, such as the World Bank's Country Climate and Development Reports (CCDRs), to enhance climate policy frameworks. Climate CD also has helped shape the RSF arrangements as well as the development of the Climate Macroeconomic Assessment Programs (CMAPs). Other tools and initiatives have included the (i) Climate Policy Assessment Tool (CPAT), (ii) various training and regional workshops on climate targeted at finance ministries and central banks, and (iii) a Climate Change Indicators Dashboard. Launched in 2021, the dashboard includes a range of climate change-related macroeconomic indicators, including those related to global greenhouse gas emissions, mitigation, adaptation, transition to a low-carbon economy, climate finance, and climate and weather (IMF, 2022b).

14. **A recent review of the Fund's CD Strategy highlighted the Fund's progress in addressing the growing demand for tailored climate-informed CD** (IMF, 2024a). To continue scaling up climate-related CD and meet member demand, the review pointed to the criticality of partnerships and coordination with bilateral and multilateral partners, as well as climate experts and civil society.

## C. Climate-Related Lending

15. **Prior to the establishment of the RST and RSF in April 2022, Fund lending to support members' efforts to address climate change were modest and largely targeted to support short- to medium-term BOP needs.** Few Fund programs included conditionality related to climate change; and Fund resources were allocated to providing emergency financing



for members vulnerable to natural disasters<sup>3</sup> (Gallagher, Rustomjee, and Arevalo, 2024; IMF, 2021c). Notably, the Fund had not provided lending to assist members in addressing risks to future BOP stability from certain long-term structural challenges such as climate change.

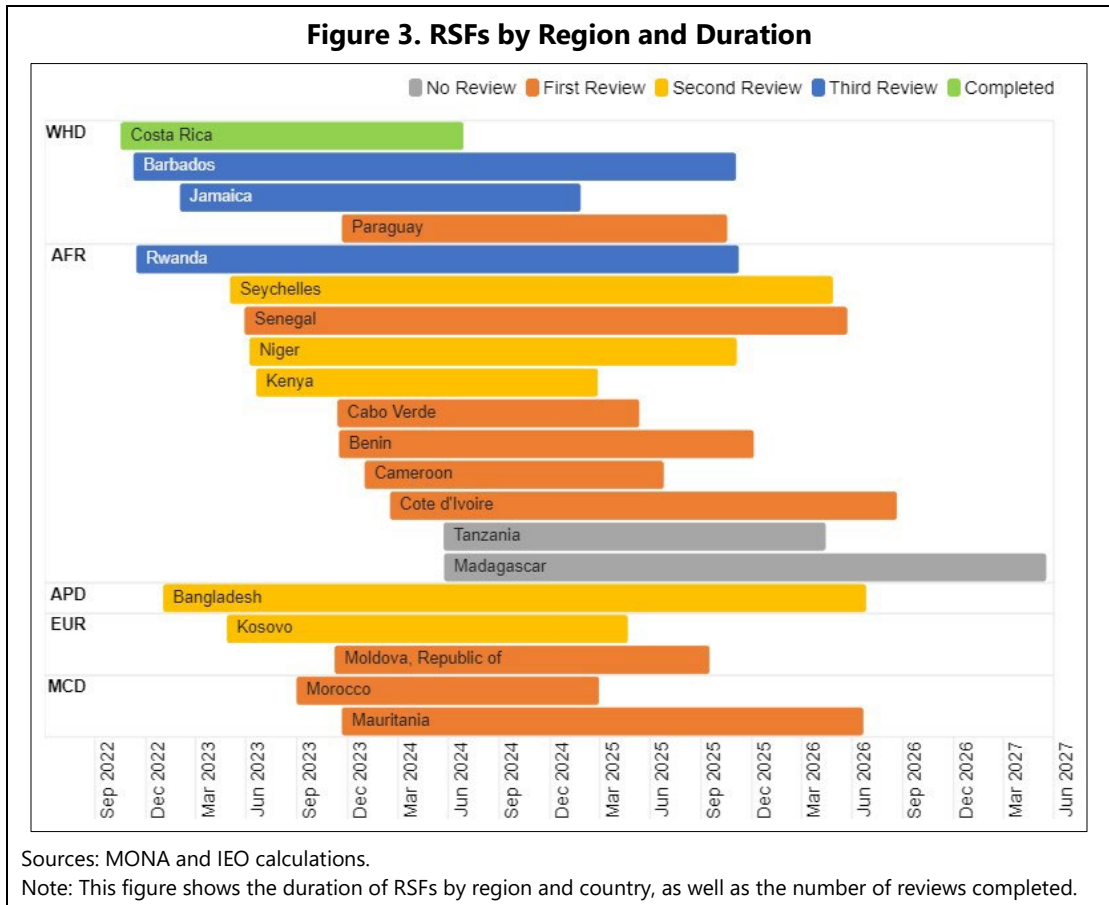
16. **The RST and RSF addressed this gap in the Fund’s lending toolkit.** The RST was created to provide long-term financing to help low-income and vulnerable middle-income countries tackle structural challenges, including those related to climate change and pandemic preparedness. Resources for the RST are predominantly sourced from voluntarily re-channeled Special Drawing Rights (SDR) contributions following the 2021 General SDR allocation, aimed at supporting the RSF. Specifically, the RSF aims to enhance members’ prospective BOP stability by promoting economic resilience and sustainability through (i) support for policy reforms that reduce macro-critical risks associated with longer-term structural challenges, and (ii) augmenting longer-term policy space and financial buffers to mitigate risks arising from such longer-term challenges (IMF, 2022a). To access the RSF, member states are required to have in place an upper credit tranche (UCT)-quality IMF-supported program. As of end-August 2024, all approved RSFs were designed to support climate-change related measures rather than pandemic preparedness.

17. **Since the operationalization of the RST in October 2022 and the Board approval of the first RSF in November 2022, there has been strong demand for the facility (Figure 3).** Five initial “pilot” arrangements<sup>4</sup> were approved for member countries vulnerable to climate change with a track record of robust climate policies and strong implementation capacity, and where adequate diagnostics helped identify relevant reform measures (IMF, 2024c). As of end-August 2024, 20 RSF arrangements had been approved by the Executive Board totaling SDR 7.1 billion (equivalent of US\$9.5 billion), including these pilots, reflecting regional and income level diversity. Of these arrangements, the RSF arrangement for Costa Rica is the only one that has reached completion. Beneficiaries of these facilities have primarily been lower middle-income countries, cumulatively accounting for half of total commitments. Given the nature of these facilities and the need for specific expertise to support the achievement of reform measures, collaboration with partners played a critical role in the rapid rollout of RSF arrangements (IMF, 2024c).

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<sup>3</sup> Notably, the “Large Natural Disaster Window” under the Rapid Financing Instrument (RFI) and the Rapid Credit Facility (RCF), introduced in 2017, was designed to aid countries facing urgent balance of payments (BOP) needs due to natural disasters, specifically when damage was assessed to be equivalent to or exceed 20 percent of member’s GDP. Additionally, the Catastrophe Containment and Relief Trust (CCRT), established in 2015, has offered grants for debt relief to the poorest and most vulnerable countries struck by catastrophic natural or public health disasters. Furthermore, IMF-supported programs have integrated climate-related or “green” measures into their design when these measures have been deemed essential for addressing short- to medium-term BOP issues.

<sup>4</sup> These comprised Costa Rica (November 2022, EFF); Barbados (December 2022, EFF); Rwanda (December 2022, PCI); Bangladesh (January 2023, ECF-EFF); and Jamaica (March 2023, PLL).



#### D. Institutional Aspects of the IMF's Engagement on Climate Change

The operationalization of the climate strategy and the implementation of the RST and RSF have raised several important institutional issues, including:

18. **Staffing and Resources.** As Fund engagement has broadened, the need for specialized climate expertise and additional resources has increased. Until 2020, the Fund relied on the strategic reallocation of existing departmental resources. The climate strategy, which identified the potential need for an additional 95 FTEs to operationalize the Fund's work on climate, together with a subsequent budget augmentation to finance additional human resources—albeit short of the 95 FTEs—marked an important turning point. Yet, a recent update on implementation of the climate strategy indicates that, while good progress has been made in staffing area and functional departments, available resources continue to fall short of meeting the growing demand for climate-related work (IMF, 2024b).

19. **Organizational aspects.** Prior to the climate strategy, coordination of the Fund's work on climate change occurred through informal processes, including the creation of several working groups as well as intra- and inter-departmental collaboration (Gallagher, Rustomjee, and Arevalo, 2024). As the work on climate increased and became more institutionalized, more formal structures were developed. Following approval of the strategy, climate hubs have been established

in the Fiscal Affairs, Institute for Capacity Development, Monetary and Capital Markets, Research, Statistics, and Strategy, Policy and Review Departments, and each area department has been allocated climate expert positions (IMF, 2024b). Additionally, the Fund has established mechanisms to organize and coordinate its climate work across departments, including a Climate Advisory Group and a Climate Steering Committee, as well as initiatives for knowledge sharing.

20. **Risk considerations.** The deepening of Fund engagement on climate change poses potential risks to the Fund. With the Enterprise Risk Management (ERM) policy adopted in December 2022, it will be important to ensure proper integration and alignment of the policy with the climate strategy, and to understand the risk tolerance and risk levels the Fund is willing to accept when considering its growing engagement in climate. Financial risks may increase to the extent that the Fund accelerates its lending exposure; business and operational risks, including the Fund’s ability to provide the necessary skills and human resources to meet quality objectives and analytical needs, are expected to rise as climate-related Fund surveillance and CD deepens. Environmental, social, and governance risks exist as climate-related work is integrated and mainstreamed in traditional core areas of Fund engagement, including exchange rate, monetary, fiscal, and financial policies. Strategic and reputational risks also may arise, both from the Fund’s expanded attention to climate and from perceived inaction on climate issues. Both scenarios introduce risks to the Fund’s credibility and objectivity related to the Fund’s engagement on climate-related activity, particularly as global climate-related threats and pressures accelerate.

## **E. Global Climate Governance and Financial Architecture**

21. **The global climate governance landscape is characterized by its institutional complexity, centered around the United Nations Framework Convention on Climate Change (UNFCCC) and comprising an array of intergovernmental institutions and transnational actors** (Hickmann, 2017; Coen and others, 2020). Since its inception in 1992, the UNFCCC has served as a key pillar for international climate negotiations, uniting 197 ratifying countries in annual conferences to make decisions through the Conference of the Parties (COP). Two main agreements—the Kyoto Protocol and the Paris Agreement—have arisen from this framework. Beyond the UNFCCC, other players in this landscape at the intergovernmental level include international financial institutions and other “climate hubs.” Meanwhile, transnational actors—consisting of cities, provinces, civil society groups, environmental organizations, and business corporations—have emerged, contributing to the continuous reconfiguration of authority in the global climate governance landscape.

22. **The climate strategy identified the Fund’s global reach, macroeconomic and financial expertise, CD, and convening power as key comparative advantages in playing a role in the global response to climate change.** It noted that “climate change mitigation is a global public good and requires an unprecedented level of cross-country policy cooperation and coordination. As a multilateral institution with global reach, the IMF can assist with coordinating the macroeconomic and financial policy response” (IMF, 2021d).

23. **The Fund has steadily broadened its participation in the global climate landscape, within its areas of expertise and in partnership with other multilateral institutions and international fora.** The Fund participated at the 2023 COP28 jointly with the World Bank and is preparing to participate in COP29, in 2024. It also has increased efforts to collaborate with partners, including by co-hosting the Secretariat for the Coalition of Finance Ministers for Climate Action with the World Bank, providing policy input and analysis to the G20 and G7, and collaborating on several topics such as climate data gaps, standard setting, climate scenario design and supervision of climate-related financial risk with the Network for Greening the Financial System (NGFS), the Climate Data Steering Committee, and the Financial Stability Board (FSB), among others. Recent examples include Fund participation in the Global Capacity Building Coalition, the Climate Data Steering Committee, and the Carbon Pricing Taskforce with the Organization for Economic Co-operation and Development (OECD), UNFCCC, UN Trade and Development (UNCTAD), World Bank, and World Trade Organization (WTO). To help catalyze climate finance in the context of the RSF, the Fund has helped the authorities in convening roundtables with multilateral partners, private investors, and relevant country authorities.

### III. OBJECTIVES, SCOPE, AND WORK PLAN

#### Objectives and Scope

24. **This early-stage evaluation aims to assess the IMF’s approach to climate change.** The evaluation will focus on the period from January 2021 through June 2025. It will focus on the initial implementation of the 2021 Climate Strategy, the Fund’s climate-related bilateral and multilateral surveillance, and the design of the RST and early implementation of RSF arrangements. Assessments of RSFs will include those completed in the evaluation period and attention will be given to early insights and lessons that may be discerned from the experience up to the most recent completed review of other RSFs underway.<sup>5</sup> The evaluation will also cover the Fund’s advancing work in climate CD. It will consider earlier information and experience as needed.

25. **The evaluation will consider several strategic issues:**

- **Early lessons from the Fund’s approach to climate change.** The Fund has recently integrated climate change formally in surveillance, lending, and CD. The evaluation will consider how effectively integration has been proceeding and will identify early lessons from recent experience.
- **Rapidly escalating attention to climate change—issues and challenges for the Fund.** This attention poses important strategic challenges, questions, and concerns for the Fund, including the extent to which climate is or should be a preeminent focus among

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<sup>5</sup> In addition, with the early-stage evaluation format for this evaluation, it is not possible to cover several aspects. For instance, only an early assessment of program implementation and reviews will be conducted. Moreover, evaluating program outcomes and impact is outside of the evaluation’s scope. The effectiveness of the recommended measures in policy advice and capacity development is similarly outside of the scope of the evaluation.

macrocritical policy areas, and whether the Fund’s attention and resources are—or may be in the future—spread too thin, given the array of ongoing global policy challenges the Fund is called on to address, including within its traditional core areas. The evaluation will consider whether and how the Fund has addressed these concerns, as engagement on climate policy issues has evolved.

- **Direction of the Fund’s climate work.** As the Fund’s climate policy work escalates, internal and external debates have arisen regarding its future direction. Interviews for the IEO’s evaluation of *The Evolving Application of the IMF’s Mandate* (IEO, 2024), for example, showed that views on the Fund’s current and future engagement on climate change are mixed, both among staff and the Executive Board. Some suggested that the Fund should scale back attention from climate and other newer policy areas except where macrocritical aspects are closely linked to its traditional core policies. Others argued that Fund engagement on climate change has increased precisely because of its growing macrocriticality, and that this emphasis should continue. The evaluation will seek to explore these issues about the future direction of the Fund’s climate work.
- **Addressing risks:** The scale of climate finance required to address global climate adaptation, mitigation, and transition management is very substantial. The evaluation will seek to consider the institutional, financial, human resource, budget, and reputational challenges and risks to the Fund of engaging in this area, including risks of both action and inaction, risks of a reversal in the scale and intensity of Fund engagement, and the risks of inaction in developing durable partnerships. It will also seek to illustrate perspectives on what viable roles the Fund can play within the global financial and governance architecture.

## Evaluation Criteria

26. **The evaluation will assess the Fund’s approach to climate change against the following main criteria:**

- **Relevance.** This will explore whether the objectives and design of the approach to climate change are responding to members’ needs, policies, and priorities. It also would examine if the objectives and design of the approach to climate change were practical and sufficiently tailored to country specificities and capacity constraints.
- **Coherence.** This would explore whether the approach integrates with the Fund’s activities and if other policies support the approach to climate change and vice versa. It also would examine how the approach is interconnected to and what are the synergies with other workstreams; how coherent is the approach to climate change with partners’ activities in similar contexts; and whether there are complementarities and coordination with partners in order to add value and avoid duplication of efforts.

- **Implementation effectiveness.** This would assess whether implementation has been adequate and consistent, in both quantitative and qualitative terms, with the overall objectives sketched in the climate strategy and refined in later documents; and whether lending has been consistent with the objectives set out in RSF arrangements, including climate-related reform measures. The evaluation will not attempt to evaluate the impact nor the outcomes of the Fund's work on climate.
- **Traction.** This would explore how the Fund's policy advice has influenced member countries' policies and their implementation. It would explore the degree to which the Fund's climate advice is seen as useful by the membership in its surveillance, lending, and CD activities.
- **Uniformity of Treatment.** This would explore whether similar advice or conditionality was applied in similar relevant circumstances. This would assess whether the Fund's recommendations manage the trade-off between first- and second-best approaches equally well across countries and country groupings, or did they pay insufficient attention to political economy and capacity considerations.

### **Methodologies, Outputs, and Workplan**

27. **The main sources of evidence will be:** (i) a desk review of internal and external Fund surveillance, lending, and CD documents; (ii) interviews with Fund staff, country authorities, and external stakeholders (e.g., CSOs, think tanks, and other international organizations); (iii) text analysis; (iv) surveys; (v) analyses of Fund and external data, including, but not limited to, global climate finance and climate vulnerability indices; and (vi) relevant findings and conclusions in other IEO evaluations, such as *IMF Collaboration with the World Bank on Macro-Structural Issues* (IEO, 2020); *The IMF and Capacity Development* (IEO, 2022a); *IMF Engagement with Small Developing States* (IEO, 2022b); *The IMF's Emergency Response to the COVID-19 Pandemic* (IEO, 2023) and; *The Evolving Application of the IMF's Mandate* (IEO, 2024).

28. **The evaluation will include five thematic background papers which will provide in-depth assessments of the following issues:**

- *Climate Change in IMF Surveillance.* This paper will explore and evaluate the early implementation of the climate strategy and attempt to answer the following questions: (i) To what extent did members find the Fund's analysis of and advice on climate change relevant, timely, of high quality, and tailored to their specific circumstances? (ii) To what extent has the Fund's analysis of and advice on climate change been integrated with its analysis and advice on exchange rate, monetary, fiscal, and financial policies? (iii) To what extent has the Fund's analysis of and advice on climate change been integrated within its multilateral surveillance? (iv) What progress has been made in integrating climate change trends and risks into the baseline macro-framework? (v) To what extent was the Fund's analysis of and advice on climate change consistent across countries?

- *Climate Change in IMF Lending.* This paper will explore how climate considerations have been incorporated in IMF-supported programs and evaluate the overall design of the RST and initial implementation of RSF arrangements. It will attempt to answer the following questions: (i) How do climate considerations fit within the broader lending toolkit of the IMF? How does the RST/RSF fit within the broader IMF lending framework? (ii) Is the current design of the RST/RSF fit for purpose? Is the RSF achieving its objectives and adequately serving the needs of the membership, including in terms of its catalytic effect? (iii) Is the Fund coordinating and collaborating effectively with other relevant partners in the design and implementation phases? (iv) How was the access level determined? Were access levels determined in a consistent manner? (v) What were the views of country authorities on country ownership, parsimony, tailoring, and the uniformity of treatment of program access and conditionality? (vi) Have RSF-supported reform measures been sufficiently country-specific, ambitious, deep, and well-tailored to climate challenges, in particular adaptation, mitigation, and transition risks?
- *Climate Change in IMF Capacity Development.* This paper will explore and evaluate the Fund's CD efforts related to climate change, focusing on how CD is integrated with the Fund's lending and surveillance work. It will attempt to answer the following questions: (i) Were climate CD activities relevant, timely, of good quality, and sufficiently tailored to country needs and the specific circumstances of each case, including absorptive capacity? (ii) Is the Fund coordinating climate change CD efforts effectively with other CD providers to maximize impact as well as minimize overlap and the burden on recipient countries? (iii) How effectively were these activities coordinated and how useful were collaborative CD initiatives?
- *The IMF and Climate Change: Institutional Issues.* This paper will explore and evaluate the Fund's climate change resources (i.e., budget, data, and human) as well as its approach to addressing institutional risks. It will attempt to answer the following questions: (i) How do specific institutional mechanisms and structures established to conduct climate change work function within the broader organizational strategy? (ii) Have budgetary, human, and data resources been appropriately allocated to climate change? (iii) How are enterprise risks associated with resource allocation being considered and mitigated by the Fund?
- *The IMF's Role in the Global Architecture for Combating Climate Change.* This paper will explore and evaluate the Fund's role in the global architecture with respect to climate finance and governance. It will attempt to answer the following questions: (i) What role is the Fund currently playing in the global climate finance architecture and its governance framework? (ii) What are the Fund's comparative advantages and what role should it be playing? (iii) On which dimensions and how are the Fund's convening power and macro expertise beneficial?

29. **Engagement with other evaluation offices.** The climate evaluation will pursue avenues to enhance collaboration with partners. The work of other evaluation offices on climate change dates back to 2007 when the World Bank's Independent Evaluation Group (IEG) published an evaluation brief on Disasters, Climate Change, and Economic Development in Sub-Saharan Africa (IEG, 2007), followed by its three-phase evaluation on: (i) An Evaluation of World Bank Win-Win Energy Policy Reforms (IEG, 2009), (ii) The Challenge of Low-Carbon Development: Climate Change and the World Bank Group (IEG, 2010), and (iii) Adapting to Climate Change: Assessing the WBG Experience (IEG, 2013). Since then, the IEG has focused on several other climate-related country and regional case studies and thematic topics. More recently, the Inter-American Development Bank's Office of Evaluation and Oversight (OVE) has embarked on an evaluation of the IDB's work on climate change adaptation, scheduled for publication in the third quarter of 2024 (OVE, 2023). In a similar vein, the Asian Development Bank's Independent Evaluation Department (IED) is working on a topical paper on the ADB's support for further action on climate change scheduled for end-2024, following an earlier evaluation on climate change in 2021 (IED, 2024).

The IEO's evaluation is targeted for completion and discussion by the Executive Board around December 2025.



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