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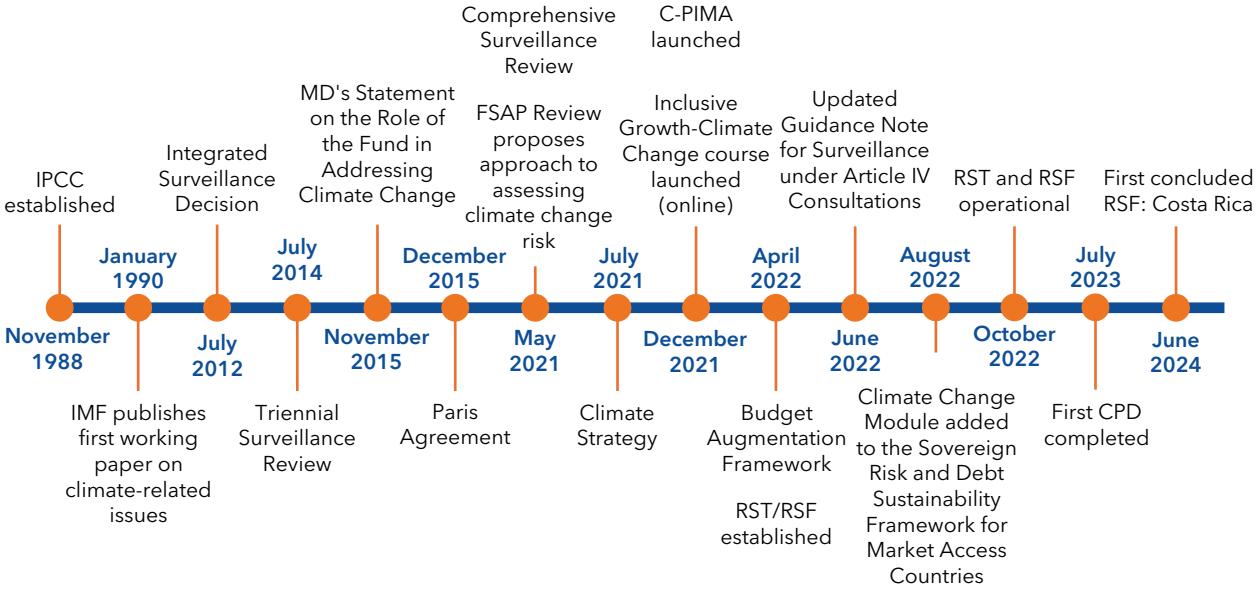
THE FUND'S APPROACH TO CLIMATE-RELATED ISSUES

The IMF has paid attention to the macroeconomic implications of climate change for many years. The Fund has been analyzing the impact of climate-related shocks and the policies implemented to address it for decades (Figures 1 and 2). Attention to climate-related issues at first grew slowly and was ad hoc and often tangential. The adoption of the Paris Agreement in 2015 contributed to an increase in the Fund's climate-related activities, but it was not until 2021–22, with the adoption of a more formal and systematic approach to climate, that this work expanded at scale to support members' needs.

LEGAL FRAMEWORK

The IMF's engagement on climate-related issues derives from its Articles of Agreement and is anchored on four main pillars. Articles I and IV enable the Fund to oversee members' economic policies, extend financial assistance, and offer policy advice (IMF 2020). While they do not explicitly refer to climate change, they provide a flexible legal foundation to address macroeconomic and financial risks arising from global challenges. The interpretation of the mandate and legal basis for climate-related work has evolved gradually in line with the shifting priorities and broadening consensus among its membership (IEO 2024) and rests on four main pillars.

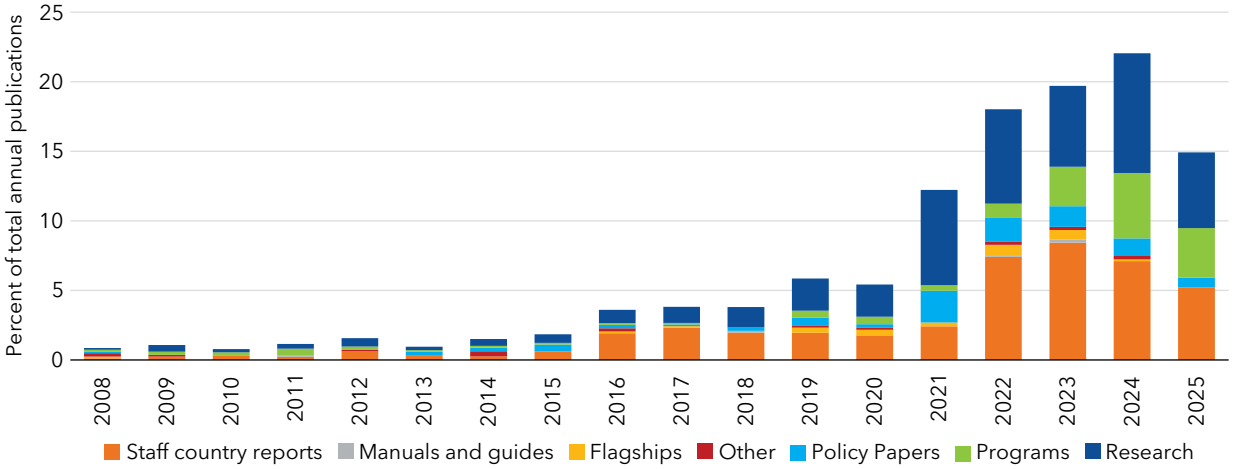
FIGURE 1. SELECTED TIMELINE OF THE IMF'S ENGAGEMENT ON CLIMATE-RELATED ISSUES



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.

FIGURE 2. EVOLUTION OF THE IMF'S CLIMATE-RELATED PUBLICATIONS



Sources: IMF (2025a); IEO staff calculations.

Note: Climate-related publications are classified across seven categories: (i) staff country reports: Article IV reports, Financial Sector Assessment Programs (FSAPs), and Selected Issues Papers (SIPs); (ii) manuals and guides: How-to Notes, technical notes, manuals, and guides; (iii) flagships: External Sector Report, Fiscal Monitor (FM), Global Financial Stability Report (GFSR), World Economic Outlook (WEO), and Regional Economic Outlook (REO); (iv) Policy Papers; (v) program documents; (vi) research: books, staff position and technical notes, and Departmental, Working, and Occasional Papers, and (vii) other publications. Technical assistance (TA) reports are excluded from the analysis due to their limited availability and their infrequent publication as most are confidential and not publicly released. See the Online Statistical and Methodological Appendix for more details.

First, the 2012 Integrated Surveillance Decision (ISD) anchored the IMF's bilateral surveillance on the macrocriticality criterion and incorporated multilateral surveillance in Article IV consultations.[1] The ISD stated that the Fund's bilateral surveillance "will focus on those policies of members that can significantly influence present or prospective balance of payments (BOP) and domestic stability," which has come to be known as the macrocriticality criterion (IMF 2012). The ISD established that exchange rate, monetary, fiscal, and financial sector policies—both their macroeconomic aspects and macroeconomically relevant structural aspects—will "always" be relevant for bilateral surveillance. The coverage of other policies would be examined when they meet the macrocriticality criterion. Additionally, the ISD established Article IV consultations as a vehicle for multilateral surveillance covering policies of member countries that impact the effective operation of the international monetary system (IMS).

Second, the 2021 Comprehensive Surveillance Review (CSR) provided guidance on the time horizon of surveillance and clarified coverage of climate change. The 2021 CSR introduced economic sustainability as a surveillance priority and considered that it could be affected by conditions such as steadily rising global temperatures.[2] This implied extending the time horizon of the Fund's surveillance beyond its traditional focus on short- to medium-term stability (i.e., one to five years), coinciding with political cycles and the typical length of Fund programs.[3] On coverage, the CSR centered

[1] The formal term for the ISD is the 2012 Decision on Bilateral and Multilateral Surveillance. For a more detailed discussion of the ISD and the macrocriticality criterion, see IEO (2024).

[2] Together with economic sustainability, the CSR established three other priorities: (i) confronting risks and uncertainties; (ii) preempting and mitigating adverse spillovers; and (iii) adopting a more unified approach to policy advice "that better accounts for the tradeoffs and synergies among different policy combinations" in the face of limited policy space and overlapping priorities (IMF 2021d).

[3] This extension of the time horizon was particularly important for the coverage of climate-related issues, where the traditional focus was creating blind spots in the Fund's analysis and advice. The IEO (2024) found a lack of clarity among Fund staff regarding the time frame to which economic sustainability should be applied; thus, further steps are needed to support consistency in its application.

on three types of climate-related policy challenges: (i) global mitigation; (ii) adaptation; and (iii) managing the transition to a low-carbon economy. The latter two were deemed domestic policy challenges subject to bilateral surveillance, when macrocritical. Consistent with the ISD, coverage of global mitigation was warranted through multilateral surveillance to the extent that it impacts the effective operation of the IMS.[4] The CSR determined that, collectively, the global mitigation policies of individual members could impact the effective operation of the IMS; thus, coverage of such policies was warranted in flagship reports. While mitigation policies of individual members did not meet this standard, the CSR strongly encouraged covering such policies in Article IV consultations of the largest emitters of greenhouse gases. Notably, the Fund's climate-related terminology differs from those of the broader international community, which has sometimes led to misinterpretations by internal and external stakeholders.[5]

Third, the 2021 Strategy outlined the IMF's surveillance and CD activities. Shortly after the 2021 CSR, and in response to the membership's growing demands for climate-related work that could no longer be covered on an ad hoc basis, the Executive Board endorsed the Strategy (IMF 2021a) and in doing so recognized climate change as "a global existential threat that poses critical macroeconomic and financial policy challenges for the whole Fund membership in the coming years and decades." The Strategy outlined how climate change and related policies—specifically for adaptation, domestic and global mitigation, and transition challenges—could be covered in bilateral and multilateral surveillance. The Executive Board endorsed increasing the Fund's engagement on climate-related issues, including the development of climate-related analytical tools and models, but specific details (e.g., resource allocations) were to be discussed at a later stage in budget discussions (see the section in Chapter 2 on Operationalization and Chapter 3). While the Strategy decision set the path for surveillance and CD, the Board remained divided on the integration of climate-related issues into lending (see Chapter 4).

Fourth, the 2022 RST and its associated RSF introduced a major innovation in IMF lending. The RST and its RSF complemented the Fund's lending framework and were designed to help eligible members address prospective BOP risks from long-term structural challenges. A dedicated trust provided flexibility, enabling the Fund to facilitate financing for longer-term structural transformations, without compromising the integrity of the General Resources Account lending framework (see Chapter 4).[6] The RST funding was secured through bilateral contributions, which were largely covered through the channeling of Special Drawing Rights (SDRs).[7]

[4] The Fund differentiates between achieving domestic emissions targets (which we label "domestic mitigation") and contributing to the global mitigation effort (which we label "global mitigation"). The former is considered a domestic policy challenge related to the transition to a low-carbon economy and thus warrants coverage when macrocritical (bilateral surveillance). The latter is not primarily a domestic policy challenge and thus warrants coverage when member's policies, individually or collectively, may significantly influence the effective operation of the IMS (multilateral surveillance). These labels differ from the Strategy, which used the term "mitigation" to refer to both types in some instances and only to the "global public goods character" in others.

[5] For instance, in the Fund, adaptation refers to "policies [to] deal with and/or prepare for the economic and social consequences of climate change" (IMF 2021c), which is narrower than the scope applied by the United Nations Framework Convention on Climate Change (UNFCCC), where it "refers to changes in processes, practices and structures to moderate potential damages or to benefit from opportunities associated with climate change" (UNFCCC, n.d.). Meanwhile, the Fund's mitigation terminology differs from that used by the broader international community, where "mitigation" generally refers to actions aimed at reducing or preventing greenhouse gas emissions and enhancing carbon sinks to limit the magnitude of future warming. See also IEO (2024).

[6] The Trust ensured that the financial risk was borne by contributors and maintained voluntary participation. The RST was designed to address longer term structural challenges and, while it included the possibility of expanding its coverage beyond climate change and pandemic preparedness, no additions to the list of qualifying structural challenges were proposed in the 2024 RST Interim Review (IMF 2024b). Until end-2025, only Jordan, out the 26 approved RSF arrangements, has included a pandemic preparedness objective.

[7] As part of the response to the COVID-19 pandemic, the Fund had approved a historically large $650 billion general SDR allocation in August 2021. As SDRs are allocated proportionally to each member's quota, the RST (and the Poverty Reduction and Growth Trust (PRGT)) provided an avenue for rechanneling SDRs from major advanced and emerging economies to the members most in need of them.

OPERATIONALIZATION[8]

Budget Planning and Execution

The Strategy provided a number of operational targets and estimated the resource allocation needs accordingly. It noted targets for coverage of climate-related issues in Article IV consultations, Financial Sector Assessment Programs (FSAPs), flagships, Regional Economic Outlooks (REOs), Policy Papers, the new Staff Climate Notes, TA, and training. It recognized that these would require resources, both reallocated and additional, but the Executive Board did not decide on the amount (see Annex 3). Overall, staff estimated that, in the steady state to be achieved in three years, these deliverables required an additional 115 full-time equivalents (FTEs), 95 of which could be covered by the Fund's internal budget resources and an additional 20 that could be covered by donor funds dedicated to CD activities. This estimate did not include any resource needs associated with the RST and its RSF.

The subsequent 2021 Budget Augmentation Framework reduced the Strategy's ambition. The Executive Board discussed the Budget Augmentation Framework (hereafter the Augmentation) in December 2021, further operationalizing the Strategy. However, the Augmentation covered 70 internally financed FTEs for climate-related work, which was below the 95 foreseen in the Strategy.[9] This, in turn, led to a parallel reduction in targeted outputs (see Annex 3). The resources allocated for climate-related work under the Augmentation amounted to 2.3 percent of the Fund's overall budget. These additional resources were formally reflected in the FY2023–25 medium-term budget (IMF 2022c).

The establishment of the RST in 2022 led to additional demands on resources not considered in the Augmentation. The Executive Board and staff recognized during consideration of the Augmentation that the creation of a new lending facility would entail both set-up and ongoing operational costs, but these costs were not accounted for until the proposal to establish the RST (IMF 2022f). The RST proposal estimated gross steady-state costs at $15 million, including $5–6 million in trust management costs.[10] The proposal acknowledged that RST-associated costs in FY2022 had been funded through reallocation and overtime and, starting in FY2023, those costs would be funded through annual reallocations of the medium-term budget envelope.[11]

Implementation under the Augmentation was broadly as envisaged, with higher-than-expected spending early on that subsided by the end of the period, reflecting a learning process. Underestimated workloads associated with surveillance, analytical work, and the launch of and unanticipated high demand for the RSF were the main drivers of the initial spending pressures, which were unevenly distributed across departments and decreased by the end of the evaluation period. Total climate spending, as a percentage of total Fund-financed spending, amounted to 3.5 percent in FY2023, 4.3 percent in FY2024 and 4.3 percent in FY2025. In FY2023 and FY2024, the first two years of the Augmentation, internal estimates indicate that departments receiving augmentation resources for climate-related work overspent by about 44 percent (excluding donor-funded spending), an excess of $16.6 million in FY2023 and $18.1 million in FY2024; i.e., an average of 2.0 and 2.1 percentage points of area and functional departments' combined Fund-financed budget in FY2023 and FY2024, respectively (IMF 2025b). In FY2025, the final year

[8] This section draws on the evaluation background paper by Citrin and Rollins (2026).

[9] The Augmentation was approved in dollar terms (rather than FTEs) with the intention of having the final allocation of FTEs reflect departments' needs over the three-year implementation period. It established a 6 percent increase in the Fund's net administration budget over FY2023 through FY2025 to cover work on five areas: climate, digital money, macro-financial surveillance, support to fragile and conflict-affected states, and gender and inclusion. Thirty-seven percent of the augmentation resources were devoted to climate.

[10] The overall net administrative budget was $1,214 million for FY2022 and $1,295 million for FY2023.

[11] In particular, (i) set-up costs would be covered through room in existing departmental budgets supplemented by transitional resources; (ii) ongoing trust management costs, through a management fee charged to the Trust; and (iii) other ongoing operational costs, through the regular budget process.

of the Augmentation, spending pressures moderated significantly, reducing overspending to 13 percent, or $7 million, an excess spending of 0.8 percentage point of the total Fund-financed spending budget.

The expansion of climate-related work led to some reprioritization that did not significantly compromise the quality of the IMF's work. The Fund's expanding climate-related work initially raised concerns about potential trade-offs, including the risk of crowding out other areas. Indeed, the increase in actual climate-related spending above the additional budget provided by the Augmentation, without a corresponding increase in overtime, suggests some reallocation from other activities.[12] Authorities perceived little crowding-out effect and prioritized the importance of integrating climate-related considerations in the Fund's analyses. For their part, staff highlighted more the opportunity cost of such integration, in a context of constrained resources, limited length of reports, and competing priorities. Many of them considered that in the early stages of the Augmentation they had limited flexibility and felt pressure to prioritize climate-related issues, most intensely in area departments and RSF countries. However, they described displacements as temporary and modest, not compromising the quality of the Fund's work, and emphasized that climate change was a macrocritical issue deserving appropriate attention. Over time, pressures eased across the institution, and there appears to have been better and more efficient integration of climate-related considerations into the Fund's broader work, reducing concerns about displacement of other priorities.

Human Resources Management

To maximize effectiveness and coherence, the IMF concentrated expertise in functional departments, creating Climate Change Knowledge Hubs (Climate Hubs). There were 52 external climate-related hires, representing three-fourths of those envisaged. The remaining staff resources came from the Fund's existing pool and normal intake of economists and technical experts who were trained to participate in various aspects of climate-related work. Roughly 85 percent of the new climate-related hires were placed in functional departments. This model was designed to ensure that climate-related work had a strong technical foundation, with functional departments serving as Climate Hubs for developing analytical tools, policy frameworks, and guidance, while area departments would adapt expertise to country work.[13] More recently, as functional departments have developed foundational expertise and analytical tools, and climate-related considerations are better integrated, some area departments have called for a reallocation of expertise toward them, which could strengthen country tailoring and traction.

The HR plan encompassed both external climate-related hires and training to enhance staff's climate expertise. Climate-related hires' contributions are highly regarded, notwithstanding a natural adaptation process to the Fund's culture and operations. They were mostly hired on fixed-term contracts and, as the Fund's work on climate matured, questions arose on how to best manage their career paths, especially for those considered specialists.[14] Supervisors and colleagues interviewed believed that most of the climate-related hires have a role to play given persistent demand and, if necessary, would be able to transition to more general roles, particularly within functional departments. The Fund has also trained employees, including through its flagship "Climate Change 101" course, which has reached almost two-thirds of Fund employees.[15] While most staff in area and functional departments

[12] Overtime for most operational departments was high between FY2021 and FY2023, reflecting work pressures associated with the COVID-19 pandemic, which later combined with the initial implementation of the climate approach. Pressures generally moderated in the subsequent two fiscal years, with FY2025 levels closer to the prepandemic levels of FY2019. Notably, Fund staff tend to underreport overtime.

[13] Within these Climate Hubs, the Strategy and Policy Review Department (SPR) and most functional TA departments—Fiscal Affairs (FAD), the Institute for Capacity Development (ICD), Monetary and Capital Markets (MCM), and Statistics (STA)—were prioritized, accounting for almost three quarters of all climate-related hires.

[14] The Fund regularly hires specialists (generally economists in specialized career streams), who have more restricted mobility than fungible macroeconomists. Seventy-five percent of climate-related hires are in specialist roles.

[15] The Climate Change 101 course was launched by ICD in collaboration with FAD, MCM, Research Department (RES), Strategy, Policy and Review Department (SPR), and STA. As of end-2025, 1,395 Fund employees had completed at least one module of the course.

felt training was adequate, many expressed concerns that generalist macroeconomists still lack depth on climate-related issues relative to external expectations, particularly in the context of RSF arrangements, thus requiring support from climate-related hires and/or external partners for implementing and monitoring reform measures (RMs).

Structure and Organization

The organization of climate-related work at the IMF has evolved from informal efforts to a more institutionalized structure centered around functional departments. Prior to the Strategy, several climate-related initiatives began on an ad hoc and informal basis through the efforts of the Fiscal Affairs Department (FAD), for example, collaboration with the World Bank on the Climate Change Policy Assessments and the creation of several working groups as well as intra- and interdepartmental collaboration. The Strategy deepened the internal organization, structured around three main elements: (i) the Climate Steering Committee, preceded by the Climate Advisory Group,[16] and created to address high-level operational issues, comprising a Deputy Director and managers from each department; (ii) the Climate Hubs in FAD, ICD, MCM, RES, SPR, and STA, which, in addition to supporting country teams, covered a range of activities including development of analytical tools, policy analysis, multilateral surveillance, CD activities, and outreach; and (iii) the Community of Practice for Climate Models and Macro Frameworks, established in 2023 and open to all Fund employees.

The operationalization of the Strategy and the RSF set the institution on an accelerated learning-by-doing path. Staff faced the challenge of responding very quickly to high volumes of work that required learning, innovation, adoption of new analytical tools and frameworks, and collaboration with external partners beyond the traditional ones. Staff in Climate Hubs sometimes felt overstretched and area departments were not always satisfied with their access to expertise from Climate Hubs. While support for surveillance of the largest economies and RSF recipients was generally adequate, it was sometimes considered insufficient for smaller economies and non-RSF countries. Both area and functional departments expressed concern about the proliferation of, and resources devoted to, publications, with insufficient planning and priority setting. Many staff members noted that much of this work reflected an incentive to gain visibility and strengthen career prospects by producing analytical work in an area perceived as a priority by management. Relatedly, interdepartmental coordination in the development and use of analytical tools was not always straightforward, with departments often placing strong emphasis on the ownership of their respective models.

To facilitate improved coordination across departments, SPR assumed an organizing role. With members' growing demand for RSF engagements, SPR guided an interdepartmental process to set priorities amongst countries. This helped reduce the tensions created by area departments' competing demands for functional departments' support. SPR also developed and reviewed Fund-wide policies and practices, a task entrusted to its Climate Policy Division that was established in 2023. Staff in both area and functional departments agreed that this structure enhanced efficiency and helped align activities with institutional priorities and mitigate enterprise risks (see Annex 4). In the context of management's 2025 streamlining exercise[17] and as climate-related issues became better integrated in Fund operations, in October 2025 this division was merged into a new "Macro-Financial and Structural Policies Division," which integrates the work on broader macrostructural issues, such as climate-related, artificial intelligence, distributional, social, labor, and demographic issues. Similar measures are being adopted by other departments.

[16] The Climate Advisory Group built on previous initiatives such as the Macroeconomic Climate Indicators Dashboard and PortWatch. It coordinated discussion on climate-related work and policies and grew from a small group of staff with climate expertise and managers to more than 100 members at various grade levels.

[17] Management sent an office memorandum on "Streamlining Outputs and Business Processes" to heads of departments and offices in June 2025 (IMF 2025d). The streamlining process sought to address a building tension between the Fund's expanding scope of work, limited resources, and goal of continuing to provide high quality and value-added policy advice, a "trilemma" also highlighted in IEO (2024).

As envisaged under the Strategy and continuously emphasized by the Executive Board, the IMF leveraged external partnerships to supplement its capacity and increase efficiency. These were operationalized through comprehensive formal agreements (e.g., with the World Bank), flexible memorandums of understanding and terms of reference, and informal staff-level engagements, mainly in the context of RSF arrangements. Most staff viewed collaboration as expansive and generally constructive, reflected in synergies in research and data needs, and, to a lesser extent, joint analytical work and missions. Staff also highlighted that, while external partnerships could enhance the Fund's reach and technical depth, they did not always reduce the internal workload, as they required significant coordination efforts, underscoring the importance of clarifying the respective roles of the Fund and its partners on climate-related work. These findings further reinforce the need for a coherent and best-practice framework for engagement with partners, as proposed by the IEO (2024).[18]

SUPPORT, COMMUNICATIONS, AND INTEGRATION INTO THE GLOBAL CLIMATE ARCHITECTURE

Support and Communications

The institutional framework for climate-related work was adopted with strong support from management and the Executive Board, which had nonetheless weakened by the end of the evaluation period. The leadership of IMF Managing Directors has been instrumental in advancing the Fund's work on climate-related issues both before and after the Strategy.[19] The membership's political support was strong during the early years of the design and implementation of the new climate approach, with members emphasizing the need for collaboration with other institutional partners. However, toward the end of the period, support for the Fund's climate-related policies from some member countries weakened. This left member countries scattered along a spectrum, ranging from those advocating a narrow interpretation of the Fund's climate-related mandate—restricted to assisting members with the effects of natural disasters and with adaptation policies in the most vulnerable countries, mainly small developing states (SDSs)—to those favoring a ramp-up of the Fund's engagement and, in some cases, aligning its operations with the Paris Agreement. Most country authorities consulted by the IEO considered that the Fund should continue to engage on climate-related issues to the same extent or more than in the past five years. By contrast, a smaller group of countries, amounting to about one-third of quota shares, mainly from advanced and some emerging economies, opined that the Fund should scale back its climate-related activities.

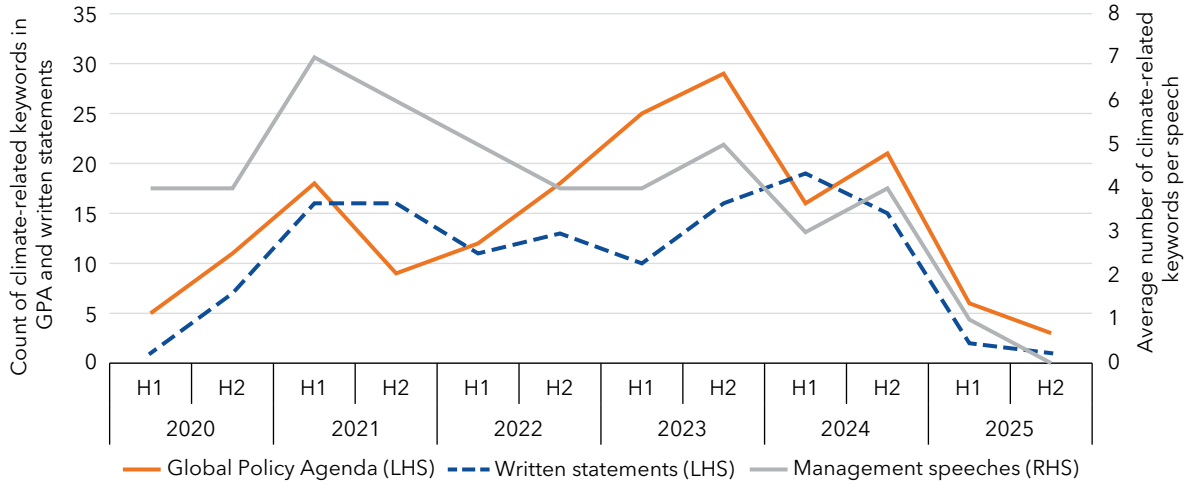
Institutional priorities have also fluctuated, with decreasing emphasis on climate-related issues at the end of the evaluation period. The strategic focus on the Fund's climate-related work diminished at the end of the evaluation period, coinciding with management's streamlining exercise, reduced backing from some members, and emerging geopolitical challenges. These factors had an immediate effect on institutional priorities, with climate-related issues being deemphasized. Interviews among staff revealed significant cuts in the resources devoted to climate-related issues, with ongoing adjustments to internal structures to adapt to the new priorities. The change is also seen in institutional signaling, for example, in the MD's Global Policy Agenda—of the 173 references to climate-related issues in the Agenda between 2020 and 2025, only 9 were made in 2025 (Figure 3).

With the benefit of hindsight, institutional communications have not been sufficiently nuanced. As the new climate approach was launched, both internal and external communications conveyed a strong sense of urgency and ambition, which was justified by the existential threat character of the climate crisis (for example, Lagarde 2018; 2019; IMF 2021a; 2023b) as well as by growing demands from

[18] For a more detailed analysis of the Fund's engagement with partners, see Abrams and Rustomjee (2024).

[19] See IEO (2024).

FIGURE 3. EVOLUTION OF THE IMF'S CLIMATE-RELATED COMMUNICATIONS



Sources: IMF; IEO staff calculations.

Note: GPA = Global Policy Agenda; H1 = first half of the year; H2 = second half of the year; LHS = left-hand side; RHS = right-hand side; Written statements = Managing Director's written statements to the Development Committee. See Online Statistical and Methodological Appendix for more details.

the membership and international community more generally. However, according to many stakeholders within and outside the Fund, the messaging was not sufficiently nuanced, since it did not explain the Fund's role; it discussed the Fund's contributions toward combating the climate change emergency but did not adequately explain the Fund's focus on the macroeconomic dimensions of climate change within its institutional mandate. These communications created a perception that the Fund was taking on a whole new area of work and generated high expectations about its contribution. As a result, concerns emerged, both internally and externally, about the risks of crowding out work in other areas, in a tight budget context, and the Fund going beyond its mandate. In turn, this diverted attention from the issue of how best to incorporate the macroeconomic implications of climate change in the Fund's work and toward a debate about whether the Fund should engage beyond providing assistance after natural disasters—despite a widely held view that climate-related considerations are necessary for sound policy advice, including in traditional core policy areas.

In this context, staff lacked clarity about the Fund's strategic engagement on climate-related issues. Staff interviews highlighted that guidance on climate-related work was confusing, straining their morale. While most staff welcomed greater engagement on climate-related issues, views have long differed between those favoring deeper Fund involvement—given the risks posed by climate change and the costs of inaction—and those advocating a more limited role, grounded in the Fund's expertise, resource constraints, and the need to safeguard the quality of its advice. Some opined that the Strategy lacked depth and breadth on the macroeconomic implications of climate change and its repercussions on the Fund's work, and that it was too ambitious in terms of both quantitative targets and timing. Compared to previous experiences of integrating complex, substantive policy areas, the expectation to reach a new "steady state" in three years was indeed ambitious—for example, the integration of macroprudential and macrofinancial issues after the Global Financial Crisis was still considered incomplete nearly a decade after the Financial Surveillance Strategy was endorsed (IMF 2021d). Overall, many staff felt that they were rushed to work on these issues and learn on the job, in a context marked by unclear signals, lack of planning and monitoring, and scarce resources.

Toward the end of the evaluation period, staff incentives reflected changes in institutional priorities. The reduced institutional signaling,

the change in support from some capitals, and the institutional reprioritization of climate-related issues were reflected quickly in staff's attitude and incentives, with the views of those more restrictive and those who had grown fatigued by the implementation and learning efforts gaining relative weight. Survey results were split between staff who believed that going forward the Fund should do as much work or more, and those who considered the Fund should do less on climate-related issues, with most interviewees concurring that strategic guidance on climate-related work was still confusing. Many internal stakeholders agreed with the Fund's attempt to rationalize and integrate climate-related issues more effectively, addressing the initial overshooting. At the same time, some expressed concerns that this recalibration may have swung the pendulum too far, with a risk of reversing aspects of the high-quality and unique climate-related work undertaken by the Fund in response to members' demand. Some interviewees reported instances where staff felt constrained or self-censored on climate-related initiatives, including in discussions with authorities on potential RSF arrangements.

Integration into the Global Climate Architecture[20]

While it was a late entrant, the IMF has made important contributions to the Global Climate Architecture (GCA), staying within its mandate. The Fund has reinforced the GCA by focusing on the macroeconomic and financial implications of climate change and members' related policies. The Fund's climate-related work, through its surveillance, lending, and CD activities, can be mapped to the interrelated dimensions of the GCA, including its structures and institutions, legitimacy and authority, scientific basis, implementation, and accountability and transparency (Box 1). The Fund's contributions to the GCA have relied on collaborative initiatives and its unique comparative advantages, namely, near universal surveillance reach, analytical and technical expertise, convening power, and centrality in the global financial safety net.

However, there is still demand for further integration of IMF work in the GCA. On the scientific basis of the GCA, some stakeholders argue that the Fund, as the leading international macroeconomic institution, should contribute to constructing the socioeconomic "foundational assumptions" of the Shared Socioeconomic Pathways of the Intergovernmental Panel on Climate Change (IPCC). On legitimacy, external critics, mainly CSOs, frequently argue that Fund operations' lack of full alignment with the Paris Agreement weakens coherence and legitimacy and call on the Fund to at least adopt a "do-no-harm" pledge. The Fund has not moved in this direction to preserve its operational flexibility and to maintain coherence with its Articles of Agreement.[21] On implementation, many stakeholders argue that the Fund could further exploit its convening power, deepening advocacy and engagement. More generally, the most recent reduction in climate-related activities raises concerns among many stakeholders—including authorities, CSOs, and staff—regarding not only the Fund's own contribution but also the continuity and effectiveness of the climate action of member countries and other institutions.

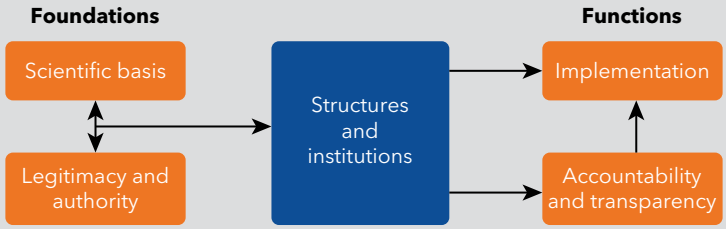
[20] This sub-section draws on the evaluation background paper by Canseco, Gentle, and Pérez Verdía (2026).

[21] The Fund is neither a formal party to the UNFCCC nor a signatory of the Paris Agreement, which are open only to sovereign states (and the European Union). While MDBs have agreed on a joint framework for "Paris alignment" of their activities, the Fund has not formally aligned its operations to the Paris Agreement. Aligning Fund operations with the Paris Agreement would require demonstrating that this alignment is consistent with the Articles of Agreement or amending them.

BOX 1. THE IMF'S CONTRIBUTION TO THE GLOBAL CLIMATE ARCHITECTURE

The Global Climate Architecture (GCA) refers to the structures, institutions, processes, and mechanisms guiding international efforts to mitigate greenhouse gas emissions and adapt to the impacts of a changing climate. It blends formal and informal arrangements, market-based mechanisms, and knowledge-sharing platforms, all aimed at fostering coordinated global climate action, and can be summarized in five interrelated dimensions (Figure B1.1).

FIGURE B1.1. FIVE DIMENSIONS OF THE GLOBAL CLIMATE GOVERNANCE ARCHITECTURE



Structures and institutions. The United Nations Framework Convention on Climate Change (UNFCCC) lies at the heart of the GCA, providing overarching guidance on climate action, while implementation relies on a myriad of actors at the local, national, regional, and global levels. This architecture helps the formulation, alignment, and implementation of policies and strategies, fosters knowledge sharing, and relies heavily on cooperation to streamline operations to reduce overlap and clarify standards. The Mutual Reliance Framework among multilateral development banks (MDBs) is a prominent example of collaboration. The Fund works with its members to help them integrate climate-related challenges and their Nationally Determined Contributions (NDCs) in their macroeconomic and financial policies. The Fund also leverages external partnerships to inform and advance its climate-related work.

Legitimacy and authority. The legal authority of the GCA rests on its formal grounding in international law and its institutional linkages to the UN system, including the UNFCCC process (where the Fund has an observer status as a specialized agency designated under Article 57 of the UN Charter), which influences members' climate commitments, norms, and financial flows. The Fund reinforces the legitimacy of the GCA by integrating the macroeconomic and financial implications of climate change and related members' policies. Both internal and external stakeholders also underscore the importance of the Fund's convening power among ministries of finance and central banks in elevating climate-related issues within national policy agendas.

Scientific basis. The effectiveness of the GCA relies on a robust and widely accepted scientific foundation to guide international action on climate change. This dimension mainly rests on the Intergovernmental Panel on Climate Change (IPCC), which produces periodic comprehensive reviews of the most authoritative scientific studies available across the world, providing the scientific, technical, and socioeconomic foundations that inform UNFCCC decisions. The Fund draws on IPCC findings as the basis of its climate-related activities, while its main contributions to the scientific dimension of the GCA include assessments of the macroeconomic implications of its members' mitigation and adaptation strategies, guidance on the design of pricing and non-pricing climate-related policy instruments, and analyses of the distributional impacts of climate change.

Implementation. Implementation refers to measures relating to mitigation, adaptation, and the enabling environment for the translation of commitments into action (commonly referred to as the means of implementation), including climate finance, capacity development (CD), and access to technology. The Fund has also become a facilitator, contributing to the implementation of its members' climate agendas by supporting access to finance directly and indirectly through its lending instruments, catalytic role, and technical expertise in climate finance-related taxonomies and data standards; strengthening institutional and human capacity through the provision of CD; providing policy advice in bilateral and multilateral surveillance; and participating in international forums, such as the Managing Director's previous co-chairing of the Global Commission on Adaptation and the Fund's leadership in the Secretariat of the Coalition of Finance Ministers for Climate Action.

Accountability and transparency. Accountability and transparency are sought through formal reporting, review, and monitoring mechanisms that track progress toward collective and national commitments. The Fund supports countries in generating macro-relevant climate-related statistics through its own data initiatives—such as the Macroeconomic Climate Indicators Dashboard developed in collaboration with other international institutions—updating its flagship statistical manuals or targeted technical assistance.

Source: Canseco, Gentle, and Pérez Verdía (2026).