May 20, 2026

**Statement by the Managing Director on the Independent Evaluation Office Report on the IMF and Climate Change
Executive Board Meeting
May 27, 2026**

I welcome the IEO's comprehensive evaluation, which finds that the Fund's work on climate has had high value for our members. The report provides a well-structured assessment of the Fund's climate-related engagement across surveillance, lending, and capacity development, highlighting how this work has been anchored in members' macroeconomic and financial frameworks. To follow up on the IEO's three main recommendations—which I support, with some qualifications—a Management Implementation Plan (MIP) will be developed, consistent with resource constraints and closely aligned with existing workstreams, including the ongoing CSR, ROC, and FSAP reviews.

Findings

I welcome the IEO's positive assessment of the Fund's work on climate. The evaluation highlights major innovations in IMF lending, important contributions to the global climate architecture, highly cited analytical work, and increasingly tailored policy advice to members. As the IEO notes, the initial phase of implementing the climate strategy and lending through the RST involved upfront investment costs and significant institutional learning. As the Fund entered a second phase, however, strengthened capabilities, improved organization, and better coordination helped contain pressures, enhance efficiency, and address many of the early challenges.

As the report highlights, the Fund's climate work is faced with some challenges that are also common across many of our workstreams, including how to assess macro-criticality, as well as how to improve the links between capacity development and surveillance. I would also underscore that the Fund's climate work is still relatively young, and that important further progress has been made since the end of the evaluation period in sharpening our focus and deepening the quality of analysis and policy advice. As noted by the IEO, fully and efficiently mainstreaming new areas of work requires time, and this evaluation—along with discussions on the Comprehensive Surveillance Review (CSR), Review of Program Design and Conditionality (ROC), and FSAP Review—helps inform a continuous process of improvement as we decide how to move forward with, and mainstream, our climate work.

Recommendations

I broadly support the report's key recommendations, with some qualifications regarding specific suggestions to internalize both implementation tradeoffs and the broad range of stakeholder views. Importantly, though, I must respectfully disagree with the report's assertion that its recommendations will be largely budget neutral. My assessment is that most recommendations could have a significant budget cost, and prioritization will thus be important.

Below is my proposed response to each of the IEO's three recommendations.

Recommendation 1. Surveillance: Article IV staff reports should more explicitly assess macrocriticality and enhance the tailoring of climate-related coverage.

Recommendation 1: Specific Suggestions

- *Assessment of macro-criticality.* In line with the 2022 Guidance Note, Article IV staff reports should provide a more explicit assessment—quantitative or qualitative, depending on data availability and/or sufficient input from external partners—of the macrocriticality of climate-related issues and justification of policy advice, adjusting its depth and frequency. This could include an analysis of potential impacts and key risks, links to BOP or macroeconomic stability, and greater consistency among the main text, RAM, and DSA. The set of standardized climate panel charts developed by FAD, SPR, and STA could support this effort if they are more systematically incorporated in Article IV staff reports.
- *Tailoring coverage.* To enhance the traction of climate-related bilateral and multilateral surveillance, the Fund's analysis and policy advice should be adapted further to country-specific circumstances. This could include calibrating the coverage of mitigation policies in line with countries' emissions profiles, a greater focus on adaptation and transition issues where relevant, additional coverage of non-pricing mitigation policies, and a more explicit articulation of the trade-offs and distributional impact of climate policies. As climate-related issues are better integrated, a reallocation of relevant expertise between functional and area departments, as called for by the latter, could help in this regard.
- *Analytical tools and models*. The ongoing refinement of the Fund's analytical tools and models should progressively address remaining gaps. This could include better incorporating the feedback effects of climate onto the economy, improving country-level macroeconomic impact analysis, creating standardized metrics of climate-related financial risks, strengthening tools and models to assess adaptation policies, and enhancing the modeling of financing needs.
- *Communications*. To better manage expectations, the Fund should better align its internal and external communications with the climate-related work it undertakes, articulating more clearly what the Fund is, and is not, expected to do on climate-related issues and policies within its mandate. This would facilitate collaboration with external stakeholders and help bring staff incentives in line with institutional priorities. Additionally, the Fund should clarify

its climate-related terminology facilitating its use across activities, reducing the room for misunderstandings, and enabling comparison with other international organizations.

I support this recommendation, with some qualifications. I agree that more can be done to clarify the macroeconomic risks and impact of the issue at hand and why related policies are macrocritical (though this applies to both climate and other policy topics). We should strive to quantify macrocriticality, but where data limitations exist, more space in reports could be devoted to offering a qualitative explanation for the focus of our coverage. We will aim to strengthen consistency within staff reports but should keep in mind that certain tools, such as the RAM and the DSA, serve different purposes and look at different time horizons, so key findings and messages will reflect these objectives.

I also agree on the importance of keeping our work tailored to specific country circumstances. As the report notes, we have progressively increased our expertise and focus on adaptation issues, which are especially relevant for many of our low-income and vulnerable members. On mitigation we take into account country NDCs (where they exist) and analyze their macroeconomic implications, and consider the constraints our members are facing when discussing available policy instruments. As with other structural policies, our coverage is guided by considerations of macrocriticality. As for the internal allocation of resources, this is a matter squarely within Management's mandate, and we will continue to reflect on this important topic as we move forward.

As the evaluation notes, the Fund's climate-related models have been widely recognized for their high-quality assessment of the macroeconomic effects of climate change and related policies, even as we continue to seek further improvements. We will continue to update and refine our analytical tools and models to ensure that we are delivering consistently high-value and tailored policy advice. But we have to remain cognizant of the costs and be selective on where we want to push, keeping in mind our comparative advantage.

Finally, on communication, I agree that we need to be clear, both internally and externally, about what the Fund can do on climate, and what it cannot and will not do. Our message is simple: we deal with climate to the extent that it has important implications for macroeconomic and financial outcomes and policies for our members. We will revisit our terminology for consistency across workstreams, acknowledging that our use of certain terms will likely be more specific than that in other international organizations and rooted within the Fund's mandate.

Recommendation 2. Lending: The IMF should strengthen the value that the RSF provides to members—by revisiting its duration, and enhancing the design of RMs, 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.

Recommendation 2: Specific Suggestions

- *Duration*. The Fund should consider extending the length of RSF engagement to address the limitations that the short duration imposes on the ambition and applicability of RMs. Longer-term engagement could be facilitated by allowing RSF arrangements to remain active beyond the expiration of the associated UCT arrangement, establishing an annual access limit, and/or increasing the cumulative access limit subject to financial constraints.
- *Design of RMs*. In line with the RSF OGN, effectiveness of RMs could be enhanced through more systematic use of climate change country diagnostics to better tailor and sequence reforms to country priorities and capacity, particularly for adaptation. Assessments of criticality could also be strengthened by more consistently systematizing the explanation of the expected BOP impact of RMs in program requests. Reform implementation, depth, and ambition could be enhanced by greater focus on measures within the Fund's areas of expertise, including sectoral ones for which in-house capacity has been developed, and by more effective leveraging of partner's comparative advantages.
- *Collaboration*. To enhance the efficiency of collaboration, lessons should be drawn from those cases identified as successful, distilling best practices, such as on the ground presence, early identification of, engagement with, and ex ante delineation of responsibilities with the most relevant partners.
- *Monitoring*. To better track progress on RMs and avoid uneven application, staff would benefit from further guidance on the timing and scope of the follow-up and post-program monitoring after an RSF arrangement, beyond the PFA. A template, like the one used in monitoring FSAP recommendations, could be developed.
- Climate policies in non-RSF lending. The Fund should further explore the role non-RSF lending could play in supporting members' critical climate-related policies. The experience with the RSF can help inform how to address long-term climate goals within Fund-supported program objectives or conditionality.

I support this recommendation, with some qualifications. I agree that in some cases, the duration of an RSF arrangement may constrain the depth, ambition and breadth of some reform packages. But duration is limited to some degree by the requirement that an RSF arrangement be underpinned by a UCT-quality program, and that requirement is critical to ensure a strong macroeconomic policy anchor and to provide a key safeguard required by donors making contributions to the Trust. At the time of the interim RST review, we introduced the possibility of continuing an RSF arrangement under back-to-back UCT-quality programs under certain circumstances. This reform effectively allowed substantially longer RSF arrangements, and we see that members are starting to show interest in that option. We will continue to explore further refinements to better take into account capacity constraints in our most vulnerable members, while maintaining evenhandedness and building on our already good integration with CD activities.

On reform measure (RM) design, we have come a long way, and the journey continues. In line with recent practice, we will continue to offer IMF diagnostics ahead of formal discussions on new RSF requests, as this leads to better RM design and sequencing and better calibration to the authorities' implementation capacity.

I agree that it is important to articulate how RMs help mitigate prospective BoP stability risks, and, in response to the Board's feedback, we have already taken important steps in this direction, including by adding annexes that were piloted mostly after the IEO evaluation period cutoff (June 2025). At the same time, quantifying the link can be challenging, and we should avoid holding RMs to a higher standard than structural conditionality under UCT-quality arrangements. I also agree that RMs should focus on areas where the Fund has clear expertise, consistent with the Principles underlying the Guidance on Conditionality.

Close cooperation with other institutions, particularly the World Bank, is critical for the success of the RSF, and we will continue to make our best efforts in this area, including by working with regional development banks. I agree also on the importance of post-RSF monitoring. Beyond the Post Financing Assessment (PFA) monitoring, we will explore using a simple template to cover RM follow-up, when it remains macrocritical, in the context of Article IV consultations. This would enhance clarity in a cost-effective manner.

Finally, in terms of non-RSF lending, I am of the view that climate—like other structural issues—should be incorporated only when instrumental to program success (that is, as appropriate to the lending instrument, resolving or making significant progress toward resolving, the member's BoP problem).

Recommendation 3. Capacity Development: Staff should strengthen the links between climate-related CD, surveillance, and lending to increase the effectiveness of all three activities.

Recommendation 3: Specific Suggestions

- *CD-RSF link.* To increase effectiveness and traction, the Fund should learn from positive experiences, often including early engagement of CD departments and Regional Capacity Development Centers. More focused, better-coordinated, and better-sequenced climate-related TA agendas—especially in multiple partners settings—would also help, as would closer attention to the balance between RSF-linked and non-RSF TA and to how RSF timing affects the depth and realism of TA delivery.
- *CD-surveillance link.* The Fund should better integrate climate-related TA with general TA and surveillance, including through more systematic coverage in staff reports, when confidentiality allows, to increase the effectiveness and rationalization of climate-related TA delivery as well as facilitate more consistent follow-up.

I support this recommendation. I agree with the importance of strengthening the links between CD, surveillance, and lending, as well as the need to help countries fill critical data gaps, in our climate work just as in other areas. I would note, though, that some of the elements highlighted by the IEO are already reflected in Fund practice, particularly in the context of RSF operations.

Climate-related CD is firmly embedded in RSF lending and well-coordinated across departments. Early engagement of CD departments has become a common feature and is institutionalized in the RSF operational guidance note. Staff have rapidly internalized lessons from initial RSF experiences and flexibly adapted CD products to our membership's needs, notably through the introduction of Climate Policy Diagnostics (CPDs), while we have also seen increasing demand for CD related to RM implementation. I endorse the recommendation to strengthen TA agendas but would note that the balance between RSF and non-RSF climate TA ultimately reflects demand, and the growing demand for the latter illustrates the value of our macro/climate expertise across the membership. We have been increasing cooperation with external partners and will continue to do so, recognizing that our comparative advantage derives from the macroeconomic lens we apply to climate policy advice.

On the CD-surveillance link, while there are some tradeoffs, I endorse the recommendation for surveillance to better integrate climate-related CD. Follow-up on macrocritical TA recommendations in bilateral surveillance can improve the traction, implementation, and effectiveness of CD activities. Surveillance can also help identify possible areas for future capacity development activities. We are also working on strengthening national statistical systems in order to fill the data gaps to support climate-related policies. Finally, I agree with the need to further integrate climate-related TA with general TA, while noting that this notion is already reflected in our country-centric and programmatic approach to CD delivery.

Recommendation	**Position**
Recommendation 1. Surveillance: Article IV staff reports should more explicitly assess macrocriticality and enhance the tailoring of climate-related coverage.	**Qualified Support**
Recommendation 2. Lending: The IMF should strengthen the value that the RSF provides to members—by revisiting its duration, and enhancing the design of RMs, 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.	**Qualified Support**
Recommendation 3. Capacity Development: Staff should strengthen the links between climate-related CD, surveillance, and lending to increase the effectiveness of all three activities.	**Support**