The IMF's Resilience and Sustainability Trust: How Conditionality Can Help Countries Build Resilience

JOHN HICKLIN

Abstract

The IMF's Resilience and Sustainability Trust (RST) has been operational for over a year, with the first seventeen countries receiving commitments of financial support. But if lending from the RST is to achieve its objectives, the IMF should make it fitter for purpose by taking a radically different approach in applying conditions to the loans. This paper first gives the background and summarizes the argument; sets out the unique challenges involved in designing best practice conditionality to deal with climate change – the focus of the RST so far; and makes three specific suggestions to address shortcomings in the emerging conditionality to make the most of the IMF's new initiative to help member countries build resilience and sustainability. The IMF has adapted its approach based on initial experience. A forthcoming Executive Board review will allow for further course correction and much-needed greater traction for the RST.

POLICY PAPER 324 • MARCH 2024

The IMF's Resilience and Sustainability Trust: How Conditionality Can Help Countries Build Resilience

John Hicklin
Center for Global Development

The author is grateful for helpful conversations with David Andrews, Sanjeev Gupta, Kathryn McPhail, Mark Plant, and Etienne Romsom, and for comments from two anonymous reviewers; and is responsible for any remaining errors.

John Hicklin. 2024. "The IMF's Resilience and Sustainability Trust: How Conditionality Can Help Countries Build Resilience." CGD Policy Paper 324. Washington, DC: Center for Global Development. https://www.cgdev.org/publication/imfs-rst-how-conditionality-can-help-countries-build-resilience

CENTER FOR GLOBAL DEVELOPMENT
2055 L Street, NW Fifth Floor
Washington, DC 20036

1 Abbey Gardens
Great College Street
London
SW1P 3SE

www.cgdev.org

Contents

List of Boxes

A. Background and summary of argument

The IMF formally established its new Resilience and Sustainability Trust (RST) in April 2022 with its declared purpose "to help countries build resilience to external shocks and ensure sustainable growth, contributing to their long-term balance of payments stability."[1] The focus has so far been exclusively to address the challenge of climate change though pandemic preparedness was identified as another area to be covered, with the possibility of adding other topics at a later stage. In all, 143 countries were deemed eligible in principle. The immediate impetus for the IMF's initiative came in the midst of the global pandemic. The unprecedented allocation in August 2021 of some $650 billion worth of Special Drawing Rights (SDRs) to IMF member countries was accompanied by a pledge from the largest economies – who had no need of the lion's share they received of the additional SDRs – to "recycle" or "re-channel" $100 billion worth of SDRs to countries in greater need of them.[2] Part was envisaged to bolster the IMF's Poverty Reduction and Growth Facility (PRGT) with some scope also to channel through other multilateral institutions. Some $44 billion was targeted for the new RST, of which some $36 billion could be lent out with the remainder set aside to provide against liquidity and credit risk.[3] So far, almost $30 billion is available to lend. The Resilience and Sustainability Facility (RSF) was created as the lending instrument funded by the RST.

Lending operations began in late 2022. By October 2022 the IMF had firmed up sufficient financial contributions from creditors and declared the new Trust operational.[4] Subsequently it negotiated policy programs with the first recipients, setting the conditions that countries must meet to secure loans with unusually long-term (20-year) maturity. By end-February 2024, the IMF Executive Board had approved commitments totaling $7.0 billion to Costa Rica, Barbados, Rwanda, Bangladesh, Jamaica, Kosovo, Seychelles, Senegal, Niger, Kenya, Morocco, Moldova, Cabo Verde, Benin, Mauritania, Paraguay, and Cameroon. The first disbursements were not scheduled to be made for several months after initial approval and depended on subsequent IMF Executive Board review. By end-February 2024, only $1.4 billion had been disbursed to nine countries, with a further $3.4 billion to the seventeen countries so far scheduled for 2024.[5] Nonetheless, getting even this far is an accomplishment and reflects the IMF's ability to adapt its financing instruments to meet new needs of its member countries. The IMF has had to overcome major technical, legal,

1 See IMF statement and policy paper (IMF, April 18, 2022) and Andrews, Plant and Hicklin, "The IMF's RST Has Met Contributors' Wishes – Now It Must Meet Borrowers' Needs!" (CGD blog, May 10, 2022). An Operational Guidance Note was issued in November 2023 (IMF, November 28, 2023).

2 See G20 Rome Leaders' Declaration (G20, 2021).

3 By the end-December 2023, the RST had secured total pledges of SDR 31.9 billion ($42.8 billion), of which SDR 26.3 billion ($35.3 billion) counts toward the SDR 33 billion RST fundraising target ($44 billion at the prevailing exchange rate). See https://www.imf.org/en/Topics/Resilience-and-Sustainability-Trust; and also https://data.one.org/data-dives/sdr/#tracking-sdr-channeling-through-the-rst. With amounts set aside for deposit and reserve accounts, the fundraising target would allow some SDR 27 billion ($36 billion) to be available for loans.

4 See statement by the Managing Director (IMF, October 12, 2022).

5 First disbursements scheduled for 2023 were approved for Rwanda in May; Barbados and Costa Rica in June; Jamaica in August; Kosovo in October; Seychelles, Bangladesh, and Senegal in December; and for Kenya in January 2024. Niger's 2023 disbursement awaits approval. For updated tracking, see https://data.one.org/data-dives/sdr/#tracking-sdr-channeling-through-the-rst.

and financial hurdles as well as find policy consensus amongst shareholders. However, what comes next – including the approach to conditionality – will be crucial to determining whether this initiative is ultimately a success.

A central issue is that the metrics for success are not well specified, making it difficult for the RST to be fully effective until they are made clear and conditions appropriately geared to what the IMF can help deliver. The IMF's approach so far seems to be to hope for the best by providing additional liquidity support and by specifying as conditions various useful country-led policy reforms – some already under consideration – that *plausibly* contribute to tackling long-term structural problems and prospective balance-of-payments problems. This approach blurs three competing though not explicit objectives. The most important is to support substantive policy reform in countries facing climate change. Two others are implicit: to disburse quickly to alleviate liquidity concerns; and to contribute – de facto – to debt reprofiling for developing countries in the years to come, objectives that are easier to pursue at the margin through the RSF than relying solely on regular IMF facilities. However, specifying more clearly the IMF's role in the difficult task of meeting the first objective is the key to the ultimate success of the RST, and the focus of this paper.

For some, a quick disbursement of RSF funds would mark one measure of success. By contrast, no other multilateral institution has yet managed to devise and implement a scheme with sufficient shareholder support to recycle SDRs at all, though the African Development Bank (AfDB) is furthest advanced.[6] A metric of rapid disbursement would be unsurprising given the circumstances under which the RST was created. Many developing countries faced liquidity constraints and lack of fiscal space during the COVID-19 pandemic, in addition to the daunting financing requirements amounting to several trillions of dollars each year to restructure their economies to invest in energy transition while tackling climate change and preparing for future pandemics. Each of these challenges entails present or prospective balance of payments problems, and the RSF funds can be very useful additional resources for individual countries. Nonetheless, the amounts pledged to the RSF are extremely modest compared to the scale of the financing needs, much of which will come from the private sector as well as other official sources, both external and domestic. A key role for rapid disbursement of RSF funds, giving financial support to national policy intent, is therefore the signal it sends that can catalyze much larger resources from other sources.

Besides a desire to disburse quickly, the design of RSF conditionality suggests an additional if unstated purpose to help reprofile a country's debt service obligations. RSF disbursements finance some new upfront budget expenditure but also provide a reserve buffer, so that the RSF tops up access to the resources that are provided by the required regular IMF program. The IMF's approach therefore has the effect of making it easier for countries to service debt that will be due to the IMF and others in the next few years when many RSF-eligible countries face the prospect of debt distress

6 See Plant, "Funding Hybrid Capital at the AfDB Is the Best Deal for SDR Donors." (CGD blog, March 9, 2023). Further impetus was given during the IMF's Annual Meetings in October 2023.

that is heightened by war, pandemic, and climate change, in addition to any policy shortcomings. Since the 20-year maturity of RSF loans exceeds that for regular IMF and PRGT loans, the RSF would in essence allow a partial rescheduling of debt service falling due to the IMF and others. The temptation to pursue this unstated benefit should not, however, distract from trying to maximize the RSF's impact on increasing long-term resilience to climate change (and to other challenges including pandemics).

Fundamentally, the success of the RSF will depend on the strength of the policies that countries undertake to bolster their resilience, and the RSF contribution comes from the link between the availability of IMF financing and the nature and speed of policy action that the RSF loans will help to support. The design of RSF program conditions will therefore be key to whether the new Trust succeeds in its purpose. Arguments over the appropriate design of RSF conditionality are just the latest episode in a long saga of controversies over IMF conditionality policy, and of frequent reviews of it by the IMF itself.[7] In the case of the RSF, the debate over whether conditions – including the 195 Reform Measures (RMs) in the first seventeen programs – are necessary or sufficient, or too lenient or too burdensome, is heightened by the original framing of the desire to recycle SDRs to those most vulnerable as a way to make the 2021 SDR allocation more equitable. The pressure to disburse money quickly might suggest very light conditionality, and there is certainly no shortage of policy actions related to building a country's resilience that could plausibly be used to justify quick disbursements if desired. Moreover, some of the 143 eligible borrowing countries will be put off if they perceive the requirements imposed by creditors to be too stringent, including to have a parallel "regular" IMF program or credit line, given the stigma that any agreement with the IMF evokes. Other countries will struggle to garner the political will to take substantive policy measures on climate mitigation or adaptation that require the time, skill, and support to build consensus for difficult decisions. Creditors are concerned lest too easy RSF conditionality would encourage countries to bypass conditionality usually required under regular IMF programs, and by doing so would weaken the prospects of repaying RSF loans. Applying parallel and therefore tougher conditionality has been one way that creditors argue will preserve the "reserve asset status" of the on-lent SDRs.

Based on the agreed RSF modalities and the evidence from early cases, the aims of relatively rapid financing and facilitating substantive change will be furthered, but modestly: the rate of actual disbursements is slow, and the impact on resilience difficult to quantify. The modalities of the RSF, including the phased nature of disbursements and loan conditions, especially the requirement to have a concurrent IMF program or credit line, met the creditors' requirements and as a result even the committed SDRs will not be disbursed very quickly. For the first RSF-supported reform programs, the first tranche was not made available for some four months (Costa Rica) to nine months (Bangladesh) after Executive Board approval, with full disbursement spread out over three years,

7 The most recent was completed in 2019, see "2018 Review of Program Design and Conditionality" (IMF May 2019). A particularly eventful and contentious period is described in James Boughton, "Silent Revolution: The International Monetary Fund 1979–1989" (IMF, 2001), pp 557–636.

and contingent on performance not only of agreed reform measures under the RSF but also of the accompanying macroeconomic program. With the present limits on a country's access to RSF funds, the approximately $30 billion now available would be disbursed by 2030 only if the early pace of approvals is maintained and if all programs are fully implemented.[8]

The degree of substantive change is in question, and the danger with the current approach is that the IMF will overpromise and underachieve in its bid to bolster countries' long-term resilience and sustainable growth. The initial country programs reflect an enormous amount of technical work and commitment at the national level, and significant cooperation between the IMF staff and partner institutions, including the World Bank. However, there are three concerns about the effectiveness of RSF conditionality. First, since agreement now on Reform Measures is only part of the generation-long process of building consensus and adapting policies sufficient to meet an ever-changing concept of national resilience, existing RSF conditionality does not go as far as it can to mandate greater transparency that could foster broader domestic policy buy-in and external financial support, while increasing accountability of domestic and foreign actors. Second, assessments of early programs are that many of the RMs, while worthwhile and in the right direction, are relatively light or "low-depth" and the question is whether they will contribute enough to help meet the enormous challenge facing the recipient countries.[9] Some of the RMs – an average of twelve so far – would struggle to meet very rigorous tests of materiality and parsimony, with many policy measures of a process nature, not by themselves affecting economic behavior to the extent required to tackle prospective balance of payments problems. Relatedly, there are insufficient metrics to monitor and evaluate the extent of a reform's impact. Moreover, the rationale for coverage of RMs is unclear, especially why some reforms are included in some countries but excluded in others. Third, the early enthusiasm from the first recipients still leaves over a hundred eligible countries that are not yet taking advantage of the policy discussions and potential financial support. These delays are damaging at both the national and global level, as the costs of slow adaptation and mitigation rise sharply, justifying making the RSF more attractive to more countries, including those for whom IMF engagement is stigmatized. Whereas traditional IMF program engagement for immediate balance of payments problems will only involve a minority of member countries at one time, addressing resilience and sustainability to alleviate prospective balance of payments problems is a universal as well as urgent challenge.

8 Limits on individual country access were set initially at the lesser of SDR 1 billion or 150 percent of IMF quota, with a "norm" of 75 percent. The average access for the first seventeen programs was $0.4 billion (on average, 112 percent of quota), with two economies (Bangladesh and Morocco) capped at SDR 1 billion ($1.3 billion) and seven others at the maximum 150 percent of quota. A similar average profile would require more than 50 additional programs to be approved by 2027 to disburse $30 billion by 2030.

9 For critiques, see Gupta and Brown, "How Can the IMF's New Lending Facility for Climate and Pandemic Preparedness Be Made More Effective?" (CGD blog, March 29, 2023); Gupta and Brown, "IMF Lending Under the Resilience and Sustainability Trust: An Initial Assessment." (CGD policy paper 289, March 28, 2023; and Gupta and Brown, "The Resilience and Sustainability Facility's Recent Programs Still Fall Short of Its Ambitious Goals." (CGD blog, August 22, 2023), who focus on the "low-depth" of reform measures so far. See also Citrin and Sembene, "IMF Support for Climate Resilience in Africa Is Helpful, But More Can Be Done." (CGD blog, September 22, 2023) who argue for greater access to financing. Moreover, the early cases have focused only on climate change resilience, not yet on pandemic preparedness that was the other issue highlighted in the Executive Board decision establishing the RST in April 2022.

In part these concerns reflect the urgent and immensely complex challenge that climate change poses for national policies and the system of international cooperation. The fundamental issue is that interactions between the IMF and a country's authorities, even more so than in traditional IMF program contexts, are only one small part of the complex system that can help a country tackle prospective and long-term structural problems related to climate change. The problems require urgent action yet will not yield full benefits for a generation. Policy formulation, implementation, and financing depend on actors beyond the IMF's traditional counterparts, and many necessary national policies are outside the IMF areas of expertise, requiring cooperation between other international organizations, complicating the question of who is responsible for providing advice, and to whom.

A re-evaluation of the nature of RSF conditionality is therefore warranted to examine what more can be done to increase the likelihood that the RSF's objectives are achieved. It would be a mistake to determine the "Goldilocks" degree of conditionality – neither too little nor too much but just right – simply by pragmatic judgments of what might be acceptable to both creditors and borrowers. The appropriate measure, against which such an evaluation could be based, can be expressed as the maximum adaptation of IMF policies and procedures consistent with both the threat to global prosperity and the fundamental purpose and obligations of the IMF's mandate.[10] In deciding how to adapt conditionality, the IMF should reassess its approach to risk, recognizing that *not* taking a bolder approach now to RSF conditionality would by default entail more significant risks – for countries and for the IMF. By contrast, action now would lower the probability of prospective balance of payments problems that the RST is supposed to help alleviate.

Applying this best practice metric in the case of the RSF argues for a radically different *type* of conditionality to meet the RST's goal, with much greater emphasis on clarifying the accountability of the various parties responsible for achieving desirable outcomes over an extended period. No country on its own, and neither the IMF nor any other institution, can solve these systemic problems. The IMF should, however, do much more in order to fulfill its own mandate while playing, through its own policies of transparency and surveillance, a vital role by encouraging greater accountability for the performance of others, both within member countries and by other partner international institutions. The IMF has a unique opportunity, by leveraging its advice and resources, to help countries strengthen domestic processes that foster reform. At the same time, it can help improve the flawed system of international cooperation that is far too slow to address the risks posed by climate change and pandemics. A better-defined role for the IMF would complement a much more active role for the World Bank that is overdue and reflected in the recent proposal to expand its mission statement.[11]

10 The concept of best practice conditionality is further explained in Section C.

11 See "Ending Poverty on a Livable Planet," Report to the Governors of the IMF-World Bank Development Committee, September 28, 2023.

This paper proposes a more ambitious approach, building on what has so far been achieved to increase the chances of achieving the substantive aims of the RST.[12] In sum, the IMF should adapt its RSF conditionality in three ways:

First, as part of its formal RSF conditionality, it would **establish a new mechanism for transparency** that would make central – and give greater traction to – the authorities' statement of policy objectives and actions to achieve them. A new ***Resilience and Sustainability Policy Statement (RSPS)*** would be designed to increase the accountability of domestic and international institutions in their own areas of responsibility; better explain policy direction and help build internal consensus for the actions; and facilitate the IMF's catalytic role in attracting domestic political support and much larger resource flows from official and private sector sources.

Second, the IMF should **focus more clearly on a few critical actions** within its area of expertise that it will help countries design, monitor, and evaluate as RSF loan conditions, separating out these actions from the much broader range of policy actions that countries are taking or need to take. These policies would center on five areas, the first two yielding quantitatively significant local as well as global benefits:

a. **carbon pricing** (or equivalent regulation), including eliminating fossil fuel subsidies;
b. or gas- and oil- producing countries, levying default **penalties on methane emissions**;
c. incorporation into a country's **medium-term budget** the many specific revenue and expenditure measures required to meet climate change mitigation, adaptation, and transition goals, including financial support for those on lower incomes affected by policy change (as well as measures for pandemic preparedness);
d. upgrading **financial sector regulation and supervision** to incorporate climate-related risks;
e. targeting an **additional foreign reserve build-up** to bolster resilience to shocks.

Third, it should allow all RSF-eligible countries to draw a low-access or "first credit tranche" equivalent to 25 percent of IMF quota, without requiring a concomitant IMF program. The aim would be to engage as a matter of urgency with as many countries as possible to support economic policy action to address climate change. Disbursements would be conditioned on publication of an RSPS and on undertaking to consult with the IMF on the country's balance of payments policies and prospects.

And equally importantly, **the IMF should integrate its RSF work into its broader responsibilities by a major initiative to substantially expand its surveillance role.** Meeting the goal of the RST depends greatly on the policy actions of *all* IMF members, especially the largest economies, and not just the recipients of RSF loans. Those countries eligible for the RSF and most vulnerable to climate change would benefit most from whatever influence the IMF can bring to bear on the largest economies to urge much more rapid adherence to mitigation and adaptation pledges. Two aspects of the initiative

12 An earlier outline of this approach has been developed in light of experience and the publication of the IMF's RSF Operational Guidance Note. See Hicklin, "Launching the RST: Country Policies Must Adapt – and So Too Must IMF Conditionality." (CGD blog, February 23, 2023).

are required, relating to substance and procedure. On substance, the IMF should develop a new code of conduct for economic policies related to climate change that all member countries should aspire to. On procedure, the proposed mechanism of the RSPS could also be part of IMF Article IV consultation discussions with *all* member countries, including the largest and richest. As input to the discussions, the IMF should develop with the World Bank, based on existing diagnostic tools, a Resilience and Sustainability Assessment Program (RSAP), akin to the Financial Sector Assessment Program (FSAP), with a piloted then targeted approach to work with the largest economies as well as those most vulnerable. Moreover, a cumulative and regular assessment of the implications for economic policies and consequences of the entire membership's commitments to tackle climate change and pandemic preparedness – a role the IMF can uniquely play – is an integral part of its responsibilities for global economic surveillance.

The forthcoming IMF Executive Board review of the RST will provide the opportunity to modify RSF conditionality policy. Lessons from the first country cases will also inform the development and review of IMF surveillance policy. The rest of this paper sets out in Section B the unique challenges posed by climate change, underscoring the very different type of need that the RST should help countries address. Section C explains the nature of the mismatch between emerging RSF conditionality and best practice, and proposes adaptations to conditionality and related policies.

B. The exceptional policy challenges posed by climate change

The IMF conditionality framework that has been adapted over the decades faces its most extreme challenge when dealing with the "prospective" balance of payments problems that the IMF's RSF aims to address, especially climate change.[13] Designing appropriate RSF conditionality must deal with five main difficulties, reflecting above all the inherent complexity of the underlying policy problem facing country authorities and the world as a whole, with significant implications for the role of the IMF:

a. the enormity of the economic challenge posed by climate change, and the limited time horizon to address it to minimize risk to the global economy;
b. the magnitude of the financing needs to address the global challenges of mitigation, adaptation, and transition;
c. the complexity of the goal-setting, and of the design, coordination, and implementation of policies in each country that are macro-critical but stray beyond the IMF's usual focus;

13 This section focuses on the challenge posed by climate change. Though pandemic preparedness was a topic, along with climate change, initially included as a focus of the RST, it has not yet featured in the early RSF programs.

d. the weakness of domestic accountability for climate change policies, underscoring the need for greater efforts to build consensus through parliamentary and civil society involvement; and
e. the major shortcomings in the existing system of global cooperation, especially the gaps and lack of clarity over which international institution is accountable for what.

The urgency to address the exceptional risks of climate change

Climate change poses the greatest global economic threat over the next generation, and this systemic challenge justifies pushing the IMF to its "policy possibility frontier". The IMF takes as given the collective view taken by its member governments – under the auspices of the UNFCCC – of climate risks, and for the need for urgent action this decade to avoid the worst outcomes. Delivering the required economic policy advice and support in such a short timeframe necessitates a radical and rapid shift in the IMF policy framework. The magnitude of the economic impact – both globally and nationally – will be enormous even if the present efforts to mitigate and adapt are successful and if global warming is limited to 1.5 degrees Celsius above pre-industrial levels. The magnitude will be very much greater if – as now seems likely – these efforts are insufficient. The scale of the problem requires the utmost urgency of policy action since the option is not available to play a "repeated game", as has been the case in dealing with traditional economic problems and with meeting longer-term development goals. The nature of the risks can be thought of under three broad categories, with escalating economic costs (Box 1).

BOX 1. The escalating risks and costs of climate change

First, on the optimistic assumption that mitigation efforts and technological change are successful in limiting the extent of global warming, **the costs of the energy transition away from fossil fuels are huge, as are the costs of adaptation to increased climate volatility** with higher incidence of severe weather, and attendant floods, droughts, and fires already evident and likely to get worse. The costs are especially significant for those countries most susceptible to the impact of global warming, with a disproportionate effect for countries closer to the equator and for smaller economies. To this must be added the consequences for the financial sector of stranded assets, increasingly costly incidence of damaging climate events affecting both public and private finances, and the loss of insurance markets. The required investment to restructure the economies of emerging market and developing countries alone is estimated to cost some $2 trillion each year until 2030, and to this must be added the huge investments required to rapidly scale up existing as well as some unproven technologies such as for carbon capture and storage (CCS).[14]

14 See "The Triple Agenda: Strengthening Multilateral Development Banks" (G20 Independent Experts Group, CGD June 2023) and the UNFCCC global stocktake report (September 2023).

Second, in the absence of effective mitigation and adaptation the shock to the global economy is potentially catastrophic. The global effort is off-track to meet its target to substantially reduce atmospheric emissions by 2030 and to reach "net zero" carbon dioxide emissions by mid-century that is judged probable to limit global warming to just 1.5 degrees Celsius above pre-industrial levels. (It is now about 1.1 degrees higher). As has been explained by the IPCC,[15] large parts of the globe could become unlivable given the high temperatures, increased volatility of weather, and loss of agricultural production as well as access to water and clean air. Besides the devastation for lives and livelihoods, and spread of disease, the macroeconomic impact through the disruptions to production, income, trade, migration, capital flows, and financial stability will be very costly to alleviate. Moreover, the potential for conflict – and the economic harm that generates – will arise from increasing desperation, competition for water, food, and scarce minerals, as well as migration in search of safer and cooler places to live. All aspects of economic policy will be challenged, including on monetary and exchange rate issues, fiscal revenues and expenditures, trade and capital flows, and financial sector stability, testing national governments as well as the IMF with its global responsibilities.

Third, and even more serious, is the risk that global warming and its impact could spiral out of control of policy responses. This "existential threat" increases each year that the call for action is not heeded and arises if global warming triggers accelerated release into the atmosphere of carbon now captured in natural sinks in the permafrost and the oceans. As the earth warms further as a result, the increasingly hostile climate threatens the ability of a significant share of the world's population to survive. Moreover, the process would become irreversible for all practical purposes. The probability and timing of such an apocalyptic outcome are uncertain, but the non-zero risk demands urgent action in the same way that action is required to avert the danger of nuclear war.

The nature of the problem is therefore of a quite different *type* than those economic challenges faced since the Second World War. The recognized set of policy challenges have included resolving global or individual country financial crises, trade imbalances, or bouts of inflation; reducing poverty; and generating sustainable growth that can in turn help meet other Sustainable Development Goals. In each of these short- or medium-term tasks the adverse consequences of failing to meet a target by a certain year falls heavily on the current generation but the possibility remains to adapt the policy response and try again. The repeated efforts at the national level to achieve targets for macroeconomic stability, growth, poverty reduction and better health are examples, as are those of external support such as the IMF's recurrent attempts to support prolonged users of IMF resources. Each of these attempts is in essence a repeated game, played by successive teams at the national and international level when windows of opportunity for reform arise. Being able to play this game is a luxury compared to the one-shot opportunity for the world to face climate change within one generation, a challenge that requires a very substantial policy effort over the next decade.

15 See the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC, 2023), https://www.ipcc.ch/report/ar6/syr/.

A contributing factor to the present lack of urgency is an unfortunate framing of the mitigation targets that encourages complacency. The focus on a flow measure of success – the reduction in annual atmospheric emissions by a certain year – is deceptive since the immediate problem is the *stock* of greenhouse gases (GHGs) in the atmosphere. In the case of atmospheric carbon dioxide, the stock is now at 421 parts per million (ppm), very close to the maximum of 430 ppm that is considered consistent with limiting global warming to 1.5 degrees Celsius above historic levels.[16] The timing of the breach of that maximum is therefore sensitive to each annual amount of the net flows, not just on whether they will be halved by 2030 and reach zero by mid-century that the Paris Accord process focuses on.[17] For example, continuing with business as usual until 2030 with then, hypothetically, a sudden halving of emissions in the final year will result in a very bad outcome relative to making sizeable reductions in the early years and maintaining them because the remaining "carbon budget" will be spent much more quickly. As an analogy for all those who have experience with IMF conditionality on a country's external borrowing, imagine if in 2024 the IMF, in its attempts to apply limits to a country's debt stock, agreed to set a flow limit on new borrowing only for the year 2030, but with no intermediate limits! The country's debt stock would not be determined, with potentially disastrous results. Yet this is the dangerous approach the world is taking on an issue of much greater consequence than a debt crisis.

The exceptional size of the financing requirements

IMF loans constitute only a miniscule contribution to the enormous bill that countries face to restructure large parts of their economies. IMF direct financial contribution through the RSF is a drop in the ocean for the total financing requirements for developing and vulnerable countries, estimated to be in the order of $2 trillion a year until 2030. If the initial $30 billion for the RST were disbursed quickly it would represent only about 0.2 percent of total financing requirements through 2030, though a more significant proportion for smaller economies. To an even greater extent than usual, therefore, the IMF's role is essentially a catalytic one. The IMF's impact must rely heavily on the quality of policy advice and on the signals it sends – through advocating for adjustment through price mechanisms, for example carbon pricing and ending fuel subsidies, as well as appropriate

16 The pre-industrial (1750) level of atmospheric CO2 is benchmarked at 278 ppm. It increased by 25 percent to reach 348 ppm by 1986 and by 50 percent of pre-industrial levels to reach 417 in 2021. By June 2023 the seasonally-adjusted measurement was 421 ppm (see https://gml.noaa.gov/webdata/ccgg/trends/co2/co2_mm_mlo.txt, accessed July 15, 2023). Keeping the level at no more than 430 ppm has been estimated to prevent overshooting a 1.5 degree Celsius temperature increase over pre-industrial levels and thereby avoid the most catastrophic effects of global warming. See https://climate.mit.edu/ask-mit/what-ideal-level-carbon-dioxide-atmosphere-human-life and Intergovernmental Panel on Climate Change: "Special Report on Global Warming of 1.5° C" (Report). By 2023, the Intergovernmental Panel on Climate Change (IPCC) stated that in the near term (2021–2040) global warming is more likely than not to reach 1.5 degrees Celsius even under the lowest GHG emission scenario, see IPCC Synthesis Report, Summary for Policymakers, paragraph B.1.1, https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_SPM.pdf.

17 Though IPCC reports explain the importance of the desirable limit on present and future ***cumulative*** net flows (the remaining carbon budget), national targets are most often stated as an annual flow target to attain by 2030 and mid-century, with no intermediate targets.

public sector and financial system management – that are important in altering the incentives for consumers, producers, and investors. It provides signals through its engagement that a country is worthy of much broader financial support from official bilateral and multilateral creditors and the private sector as well as from domestic revenue mobilization. However, there is no formal mechanism that links the IMF's signaling on the appropriateness of climate change policies to trigger adequate funding for a country's mitigation and adaptation plans.

The complexity of the domestic policy challenge

Climate change poses an enormously complex challenge for any national government, reflecting the nature of the technical and political issues of goal setting, as well as policy formulation, coordination, and implementation. In addition, the aptness of domestic goals and the impact of domestic actions are contingent on the goals and actions of other actors in a global system over which any one country has limited influence at best and no voice at worst. The complexity of the domestic policy challenge makes the equivalent challenge of dealing with an economic or financial crisis seem relatively straightforward, and the IMF's approach to conditionality must adjust accordingly. There are several elements.

The **long-term objective** of strengthening resilience is much more difficult to define and measure than a short-term turnaround in a country's balance of payments. The metric for success is hard to pin down: at what point, for example, does a country become resilient to climate change and to the policies that other countries adopt to deal with it, as well as become compliant with the country's own mitigation commitments? Which of the many scenarios of global temperature rise and policy response should a country plan for? What is the appropriate level of flood, drought, or disaster prevention? What is the appropriate degree of risk tolerance? None of this is precise or the same across countries. Besides the technical difficulties in making judgments on objectives that will be subject to revision in light of new information, new technology, and new assessment of risks over several decades, setting goals for resilience and sustainability to be consistent with other economic and social objectives will require trade-offs that are politically difficult. Building resilience to a variety of potential threats must tie in with traditional economic objectives such as economic growth, poverty reduction, and macroeconomic stability; a very broad array of Sustainable Development Goals (SDGs); and a series of crucial ingredients, for example ensuring adequate supply and access to energy, water, and food to underpin the broader objectives, and sufficient budgetary expenditure to support them.

Short-term objectives on a path to long-term resilience and sustainability also appear difficult to specify and monitor. For example, country commitments to climate mitigation through their Nationally Determined Commitments (NDCs) and adaptation through their National Adaption Plans (NAPs) have not been converted to operational year-by-year targets, making it very difficult to monitor and assess whether medium- and long-term targets are on track. In the absence of greater transparency and accountability, the predictable outcome is therefore that the longer-term targets become increasingly unrealistic.

Translating goals into a medium-term program specifying annual economic policy actions is even more difficult. Policy coordination is challenging because of the inherent difficulty of establishing what policies are required to meet various policy goals, especially given the tradeoffs between them, and because of the number of government departments involved. The "model" that links specific economic policy instruments to resilience objectives is subject to far greater uncertainty and is less amenable to quantification than traditional – though uncertain – estimates made of relationships the IMF and member governments usually discuss, for example between credit expansion or exchange rate change and a desired increase in foreign exchange reserves. Identifying the set of policies for resilience and sustainability requires an extraordinary degree of inter-departmental coordination that extends far beyond traditional coordination for budget and medium-term planning purposes where the finance ministry acts at the center of a "whole-of-government" approach.

The weakness of domestic accountability for climate change policies

Gaining political consensus for a program of policy action is particularly challenging when the benefits of adaptation may not be fully realized for many years, the timing and extent of climate risks are subject to uncertainty, and the benefits of climate mitigation policies are disparate. The uncertainty of the outcomes and their timing makes political commitment in any country in any one political cycle very challenging, given the policy tradeoffs politicians face, the upfront costs involved, and the need to monitor the implementation of commitments and progress in outcomes over at least a generation and multiple political cycles. Tackling this "time-inconsistency" problem requires several approaches: increased accountability of policymakers to the younger generation who will face the consequences of inaction; more deliberate efforts to compensate those who are least able to bear the costs of necessary policy action; and greater focus on the incentives for action that are beneficial at both the local as well as global level, including saving lives through cleaner air and increasing energy access. The lack of sufficient accountability mechanisms is evident not only in many developing countries, where the imperative is to raise living standards that involve greatly increased energy demand, but also in advanced economies. For example, the UK, which was a pioneer in forming structures to coordinate action across government departments and hold them accountable, was criticized in the latest report of its own Committee on Climate Change for not following through on earlier commitments, which are seen as at the whim of short-term political priorities.[18] Greater accountability for government action requires greater transparency, parliamentary scrutiny, involvement of civil society, and possible legal redress. Outside agencies such as the IMF have a limited role but can do more to facilitate these domestic efforts by providing greater transparency and encouraging accountability.

18 See Rutter, "The Committee on Climate Change." (Institute for Government blog, June 2023) and the UK's Committee on Climate Change report (June 2023).

The failures in the global system of accountability

The existing framework of international cooperation is a patchwork with serious deficiencies to deal with the challenges of climate change (Box 2). It is also cumbersome with many institutional players and unclear accountability.[19] In turn, insufficient transparency and accountability at the global level poses a major challenge to any country formulating a policy program to increase resilience and sustainability since the required set of national policies is contingent on the actions of all other countries. The systemic weaknesses also pose problems for the IMF as it plays its role in meeting its own obligations to its member countries, individually and globally.

BOX 2. Accountability gaps in the framework of international cooperation

First, **there is no mechanism to ensure that the sum of pledges to curb GHG emissions, when aggregated from all NDCs, are sufficient to meet the ambitions to limit global warming** that emerge from the regular conferences of the parties (COP) under the auspices of the UNFCCC. Estimates are made and updated by experts of the extent to which country commitments fall short collectively of what would be required to achieve various scenarios for global temperature rise, but the system relies on diplomacy and peer pressure to close the gap.

Second, **there is no formal international assessment of the extent to which national policies are sufficient ex-ante to meet their declared commitments for mitigation (the NDCs) or plans for adaptation (NAPs) and no formal monitoring of whether these policy commitments are implemented.** As noted, there is also no requirement to show the year-by-year mitigation commitments en route to achieving flow reductions by 2030 and mid-century, rendering indeterminate each country's projected use of the remaining carbon budget (the estimated remaining increase in the level of atmospheric GHGs that can be accommodated without triggering global warming above target). In addition, though 140 developing countries have embarked on the process of formulating NAPs, to date only 46 developing countries have submitted them, underscoring the huge policy challenge as well as the difficulty of assessing country efforts.

Third, **the architecture established under the auspices of the UNFCCC relies on consensus amongst some 200 countries that leaves untransparent what practical policies are needed globally.[20] As a result, countries lack clarity on the policy framework adopted by others that will impact their own.**

19 No fewer than 50 organizations were identified in a non-exhaustive "rough road map of the global energy governance architecture" identified in Sovacool and Florini (2012). Neither the UNFCCC nor the IMF was included in the list.

20 The United Nations Framework Convention on Climate Change (UNFCCC) launched in 1992 gives responsibility for the collation of expert analysis and views to the Intergovernmental Panel on Climate Change (IPCC) that forms working groups and reports back to the Conference of the Parties (COP). The IPCC was established in 1988 by the World Meteorological Office (WMO) and the United Nations Environmental Programme (UNEP) and was later endorsed by the UN General Assembly (see MacDonald, 2023, pp8–22 for a brief explanation). A series of multiyear and comprehensive Assessment Reviews (AR) allows for updated measurements, analysis, and projections, often indicating assessed probabilities.

Controversial issues are spelled out less clearly as the views of technical working groups progress to synthesis reports for policy makers and – from 2023 – a stocktake report where the pen is with country representatives.[21] Examples include the speed with which – and by whom – oil and gas production will be phased out and nuclear power and CCS expanded to help meet ambitious goals for global warming and economic prosperity. In addition, specific measures adopted by one country (for example, subsidies and rules of origin in the US, and carbon border adjustment mechanisms in the EU) will have policy implications for others.

The set of challenges posed by climate change set out in this section implies the need for a radical adaptation of IMF conditionality to best help member countries. The existing policy responses of national governments and international agencies including the IMF are woefully inadequate at the aggregate level and not commensurate with the urgency of the challenge. The IMF should therefore take all possible steps – including through design of RSF conditionality – to encourage the membership to act extremely quickly on mitigation and in investing in early adaptation to alleviate even higher costs later. It can also help countries confront the complexity of policy making and consensus building at the national level, and the systemic shortcomings at the level of international cooperation. The conditionality design must recognize that the IMF's role – for policy advice and financing – is only one small part within the overall system of domestic and multinational forces that is engaged in efforts for each member country to become resilient and achieve sustainable growth. As a result, the IMF's responsibility should aim for maximum impact in areas it can influence and assess, heeding the UN Secretary-General's call for "all hands on deck".[22]

C. A more ambitious approach to RSF conditionality

How can the IMF best adapt RSF conditionality policy to meet the daunting set of challenges described above that are faced by country authorities, and in light of the systemic global threat? This section describes the metric against which the emerging conditionality should be judged, identifies shortcomings in the approach so far, and proposes three specific changes.

The emerging approach to RSF conditionality is flawed as it lacks the necessary ambition – in terms of urgency and focus on key reforms and processes – to best help countries meet the enormous challenges they face. This verdict may seem harsh: the RST's stated purpose is "to *help* countries build resilience to external shocks and ensure sustainable growth, contributing to their balance of payments stability" (emphasis added), and taken literally the metric to "help" countries is a low bar and it would be difficult for the IMF not to achieve it. Twenty-year RSF financing and the useful conditions attached to policy actions to build resilience are unquestionably helpful. The promising

21 See, for example, Hausker, "A Deep Dive into the IPCC Workgroup III Mitigation Report", (WRI, November 10, 2023).

22 See https://www.un.org/sg/en/content/sg/statement/2021-11-11/secretary-generals-remarks-global-climate-action-high-level-event-delivered.

early demand from countries is evidence of a general need and the policy engagement a success. The real issue is that the existing design of conditionality is not helpful *enough* to maximize the beneficial impact of the RSF programs for existing and potential recipients, and in that broader sense it is not yet fit for purpose. It applies the wrong metric to judge success. Though attempts are being made to reduce the very high number of "low-depth" RMs (i.e., those that do not bring about a change in themselves but are steps toward a change with implementation to follow), more progress is needed, together with more consistent application or explanation across countries.[23] It is not clear, for example, whether processes to tag climate-related expenditures will actually lead to higher budget allocations; or why some programs envisage implementation of carbon pricing or reduction of subsidies, while others do not. The present design is insufficient to achieve all that the IMF can and should do to help countries and the world at large meet the formidable challenges, especially of climate change.

Best practice conditionality

Assessing any mismatch between the emerging RSF conditionality and greater ambition requires identifying what would constitute "best practice". The appropriate measure can be expressed as the maximum adaptation of IMF policies and procedures consistent with both the systemic threat to global prosperity and the fundamental purpose and obligations of the IMF's mandate. Best practice RSF conditionality therefore incorporates two concepts:

- It should adhere to the original principle of IMF conditionality, namely to give confidence to a country by providing financial support when it takes actions likely to overcome specified balance of payments problems, thereby also adequately safeguarding the IMF's resources by enabling the borrowing country to repay the loan.[24]
- Applying this broad principle should take into account the extraordinary nature of the challenges facing countries and of the global risks by adapting conditionality and expanding the IMF's efforts as much as possible – reaching the IMF's "policy possibility frontier" – in areas of the IMF's comparative advantage.[25]

This definition implies that the IMF should be seeking to maximize the effectiveness of its role, with appropriate staffing and allocation of responsibilities between partners, especially the World Bank. Set against this view of what constitutes best practice, future evaluations should also be able to measure to what the extent RSF recipients have been able to increase their resilience and

23 Gupta and Brown (2023) estimate that in early RSF programs, low-depth reforms constituted 76 percent of fiscal RMs and 88 percent of non-fiscal RMs.

24 Article I (v) of the Articles of Agreement: "To give confidence to members by making the general resources of the Fund temporarily available to them under adequate safeguards, thus providing them with opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity". See also Guitián 1981, p1.

25 For other issues judged less pressing than this threat to global prosperity, the IMF may decide not to devote resources and extend its policy efforts to the "frontier" maximum.

sustainability and assess the extent to which – or the stages at which – the IMF's involvement will have been instrumental in whatever improvement is observed.

Main features of RSF conditionality so far

The unique legal structure of the IMF allows it to develop its own policy framework and adapt it – sometimes quite radically- to changing circumstances. In the case of the RSF, conditionality policy has built on the basic principles of IMF conditionality, augmented by Guidelines on Conditionality (GoC) and periodic reviews.[26] RSF conditionality policy follows most of the key principles underlying the Guidelines on Conditionality (GoC) that apply to all IMF lending. In the present context, **the most important principles are the emphasis on national ownership of reforms, tailoring to a member's circumstances, parsimony in the application of conditions and clarity in their specification, effective coordination with other multilateral institutions, and the idea that the program is reviewed by the IMF's Executive Board.**[27] Cooperation with other institutions is of particular importance given the need to avoid "cross-conditionality" (the idea that the use of IMF resources would be directly subjected to the rules or decisions of other organizations) and since the views of other institutions, particularly in non-core areas for the IMF, would be an important input, especially in assessing completion of the RSF program measures.

The IMF has made several innovations in establishing the RST. Importantly it required a new trust instrument with unique characteristics that allows the IMF to help a subset of members most vulnerable to prospective balance of payments problems. The bespoke aims are "to enhance economic resilience and sustainability – by (i) supporting policy reforms that reduce macro-critical risks associated with select longer-term structural challenges, and (ii) augmenting policy space and financial buffers to mitigate the risks arising from such longer-term structural challenges – thereby contributing to *prospective balance of payments (BoP) stability*". In addition by linking phased disbursements to conditions set out as Reform Measures (drawn from a very wide list of possibilities) and making disbursements conditional on having a regular IMF program, credit line, or monitoring arrangement in place and on track, the RSF adheres to the creditors' requirement that conditions meet the relatively high bar of "upper-credit tranche conditionality (UCT)".[28] A Reform Measure "would be a single policy action or a set of very closely related actions constituting a single reform", in this respect similar to structural conditionality under regular IMF programs; they would need to be "objectively monitorable", "clearly linked to addressing qualifying longer-term structural challenges" and make a "meaningful contribution toward strengthening the member's prospective balance of payments (BoP) stability".[29]

26 See IMF 2022: IMF Policy Paper "Proposal to Establish a Resilience and Sustainability Trust", April 11, 2022, and IMF 2023 "Resilience and Sustainability Trust: Operational Guidance Note", November 2023.

27 See IMF 2022: IMF Policy Paper "Proposal to Establish a Resilience and Sustainability Trust", April 11, 2022, p26.

28 For an explanation of this term, see Andrews and Plant, "The IMF's New Resilience and Sustainability Trust: Demystifying the Debate over Upper Credit Tranche Conditionality." (CGD, December 22, 2021).

29 See IMF 2022: IMF Policy Paper "Proposal to Establish a Resilience and Sustainability Trust", April 11, 2022, p25.

Addressing the shortcomings of RSF conditionality

The evidence from the documents on RSF policy and for the first seventeen RSF programs suggests shortfalls from best practice RSF conditionality (as defined above) in three respects. First, there is a missed opportunity to bolster RSF effectiveness by attaching conditions to enhance transparency and accountability given the systemic shortfalls in accountability for action at both the national and international level. Second, more needs to be done to ensure that the structural conditions meet the tests of parsimony and materiality, including by making clear what constitutes success of an RSF program and how progress is measured and monitored for each RM. Third, the existing requirement to have a regular IMF program or monitoring in all cases fails to meet the urgent need to engage with a much broader range of member countries than the keen first applicants to increase action on mitigation and adaptation before it is too late. To overcome these shortcomings, the IMF should adapt its RSF conditionality in three ways, as described below.

Issue 1. Maximizing RSF effectiveness through greater transparency and accountability

The role of the IMF in helping countries must adapt to reflect the sequence between policy action and outcome (sometimes called the "results chain") in RSF programs. Increased effectiveness requires putting conditions not just on policy actions but also on the process to seek consensus, increase accountability, and attract financing.

The sequence is strikingly different when the goal is not traditional near-term and measurable macroeconomic stability but greater resilience and sustainable growth in the context of climate change. The traditional approach is quite narrowly focused on helping to design specific policy actions that will in aggregate address the specified balance of payments problems within a given time period and on helping to provide finance in the interim. In the traditional case, the tasks of building consensus and implementing policies lie largely with the ministry of finance and central bank, and, given the relatively short time horizon between policy action and expected impact, periodic reviews (including at the IMF Executive Board) assess whether the program is on track to meet its objectives, and how to address issues of program design, implementation or shocks affecting outcomes. By contrast, the more complex process for a policy program supported by an RSF (with a longer time horizon, imprecise objectives and means to achieve them, shifting assumptions, and diffuse accountability) implies less traction for the IMF in supporting substantive reform and for including adequate safeguards for the eventual repayment of the IMF loans.

The approach taken by the IMF so far does incorporate some aspects of a broader systemic approach to recognizing who is accountable for what. For example, the IMF takes as given the NDCs and NAPs for each country (leaving to the UNFCCC to assess whether in aggregate they are sufficient to meet global warming targets) though documents could be clearer in spelling out whether the economic policy actions the authorities are taking are sufficient to meet their voluntary commitments.

Documentation submitted to the IMF Executive Board describes partnerships with other institutions, especially the World Bank, which has provided an assessment attached to each RSF loan application as well as a great deal of analysis and detail of their involvement. Moreover, since the release of the November 2023 Operational Guidance Note, the most recent country cases (including Cabo Verde, Benin, Mauritania, and Paraguay) have included a more standardized RSF Policy Matrix that lists key policy challenges, associated RMs, expected outcomes, capacity support from the IMF and details of partner institution involvement.[30] A separate table shows "Other Country and Development Partner Efforts" for areas where the IMF is not directly involved. Some cases, including Jamaica, include detailed costing of projects. These are welcome steps toward standardization and broader coverage. However, the policy matrices so far presented still vary widely in format and content, and are contained amongst more than 100 pages of dense documentation, sometimes repeated in the staff report and as part of the authorities' request, raising the question of how accessible is the material to a broader audience. It is not clear what role they play in the process of internal discussion and consensus building, and in seeking financing for the policy actions that are described. For example, evidence from the early cases of Costa Rica and Rwanda suggests that "Country-ownership appears to be strong, but there is a lack of evidence regarding the involvement of civil society and other stakeholders outside government".[31]

Proposal 1. Establish a new mechanism for transparency and accountability

As part of its formal RSF conditionality the IMF should establish a new mechanism for transparency and accountability that makes central – and give greater traction to – the authorities' policy objectives and actions to achieve them. The new mechanism would build on the recent efforts to standardize a policy matrix. However it would be centered on a **Resilience and Sustainability Policy Statement (RSPS)** that would be completed and updated by country authorities. It would be designed to increase the accountability of domestic and international institutions in their own areas of responsibility; better explain policy direction and help build internal consensus for the actions; and facilitate the IMF's catalytic role in attracting domestic political support and much larger resource flows from official and private sector sources. This proposal differs in important respects from existing requirements and guidance included in the November 2023 RST Operational Guidance Note.

This proposal would fit into existing arrangements and add value in the following ways: First, the traditional policy memorandum signed by the country authorities – a regular part of any IMF conditionality – would remain and, as usual, enumerate the policy goals and specific actions that constitute the conditions for an RSF drawing. The traditional policy memorandum would also include a formal and standard commitment as a condition for an RSF loan – to complete ex ante the first RSPS, periodically update it, subject it to parliamentary and civil society consultation, and

30 See the RST Operational Guidance Note (November 2023), paragraph 35 for an illustrative example of a RSF Reform Measure Matrix and a supplementary table showing "Other Country and Development Partner Efforts".

31 See Andrew Wainer, CGD Policy Paper 301, July 2023, p24.

present it to potential private investors and international partners at donor conferences, arranged in cooperation with the World Bank and the IMF.

Second, and crucially since there is already a plethora of documents setting out government intentions in various formats, the RSPS would focus on summarizing in a standard format the set of *economic* policies (their content, rationale and implications) that would allow easy reference and comparison over time and with the policies of other countries. A standard format does not, however, mean that there is a standard set of policies across countries. Each country will chart its own course, in terms of policy content and sequencing, subject to meeting its mitigation commitments and adaptation plans.

Third, the IMF's role in helping the authorities prepare the RSPS would be limited but essential. It would provide a template and "metadata" guidance on what the RSPS would include – specifying at least some standard policy areas – but would not need to approve the specific entries and language with each country, except where a topic directly related to IMF loan conditions. The process of establishing a suitable template and metadata guidance could be initiated by the IMF (and presented to the Executive Board) in close consultation with the World Bank and other partners and would require a governance structure to approve its evolution, a process that has been adopted in other standard-setting exercises.[32]

Fourth, the template would allow the authorities to describe the timeline of all economic policies to achieve the commitments they have already made in various fora, including country's nationally determined contributions (NDCs) to mitigation of GHG emissions, including contributions to meeting the Global Methane Pledge, national adaptation plans (NAPs), and other resilience strategies, together with their expected macroeconomic implications.[33] The information would be helpful to give reasonable assurance to the IMF and others that the economic policies – conditional on available financing – are sufficient to meet the various commitments made. Since the policy program would be made public, it would allow scrutiny on the realism of the assumptions. (Subsequent reviews would describe the extent to which the financing had been secured). The authorities would have much material to draw on, including their own detailed analyses or those that have been produced for some countries by or with the help of IMF or World Bank such as Climate Change Policy Assessments, Country Climate and Development Reports, Disaster Resilience Strategies, Public Investment Management Assessments, and Financial Sector Stability Assessments. In synthesizing the economic policy steps – including pricing, regulatory, tax, investment and related expenditure

32 Close comparators that vary in their detail would include the standard-setting protocols for various data standards, data dissemination standards, fiscal transparency codes, and monetary and financial policy codes, in all of which the IMF has major responsibility with agreed processes for involvement of other institutions.

33 The examples given here refer to the contributions, pledges, and plans related to climate change that followed the 2015 Paris COP21 and 2021 Glasgow COP26 meetings under the UNFCCC. Similar economic plans for parallel UN frameworks to protect biodiversity and prevent desertification, as well as to bolster pandemic preparedness, could also be included in the RSPS.

measures as well as redistributive transfers – required to achieve the country's objectives, the RSPS would set out the projected implications for government revenue and expenditure, as well as for demand and supply of energy from different sources consistent with projected economic growth. Building on the qualitative information on "expected outcomes" now included as part of the RSF Policy Matrix, quantitative outcomes should be included where possible; without these, it will be impossible to monitor and evaluate the effectiveness of the policy action.

Fifth, a key feature of the RSPS would be its standardized and more accessible format, available on-line, that would allow scrutiny and comment, and greater involvement of parliament and civil society, without whom no long-lasting consensus is possible. The format would indicate which government agency was responsible for each policy action, with relevant contact details, and which international institution, if any, was responsible for supporting the country's efforts in that policy area.[34] Since the content of the RSPS would be the authorities' own views, rather than text fully agreed with the IMF and World Bank, it would convey greater country responsibility and ownership, and the authorities would be answerable both to domestic constituencies and in an external context for meeting their international obligations. The IMF, World Bank, and other institutions would be free to comment on the authorities' RSPS at respective Executive Board meetings, in public, and at planned meetings with donors or private investors. In turn, the roles and views of these of these institutions would also be subject to public scrutiny, making them more accountable. The IMF and World Bank should offer to act as a secretariat for donor and investor conferences – an updated version of the Consultative Group meetings, for which the RSPS would play a facilitating role. The transparency aspect of the mechanism would have two additional advantages over previous models: it would avoid the bureaucratic bottlenecks and misplaced accountability that so bedeviled previous attempts at policy statements that required negotiation and agreement on all elements.[35] More substantively it would give recognition to the idea that the IMF's traction comes in part from facilitating focused internal and external debate over the broad range of desired set of policies that are required to achieve resilience outcomes while providing advice in its own areas of expertise. This mechanism would also lend itself to the surveillance function of the IMF.

Finally, the standardized format would assist work to synthesize analysis of policies and economic implications across countries and to form a global view of impact, an important responsibility of the IMF.

34 See "Resilience and Sustainability Facility - Operational Guidance Note", (IMF, November 2023). The RSF "Reform Policy Matrix" and supporting table showing "Other Country and Development Partner Efforts" contain elements of this idea, though do not show the government contact responsible for implementation; and they are customized for each country rather than following a standard and more comprehensive template that would be completed by the authorities.

35 See "Resilience and Sustainability Facility - Operational Guidance Note", (IMF, November 2023), paragraph 35. The lesson has been heeded since the purpose of the table showing "Other Country and Development Partner Efforts" is "not to agree on a Joint Policy Matrix with the World Bank or other partners, but to illustrate synergies and complementarities with other institutions."

Issue 2. Increasing RSF effectiveness by focus on a few "IMF-focused" critical actions

The design of the RSF magnifies the tensions already evident in applying IMF conditionality to meet structural problems.[36] Conditions are placed on policy instruments rather than targeted outcomes, with an assumed link between the two. In the case of the RSF, the reliance on policy reforms to tackle *long-term* structural problems exacerbates the risk of a weak link between particular measures and their substantive effectiveness (a common criticism of IMF structural conditionality even with a shorter horizon), and the attribution of increased resilience to a specific reform will in any event be very hard to monitor over a twenty-year horizon. It is often very difficult to say with full confidence whether any particular reform is "meaningful", "necessary", still less "sufficient". In practice, countries may adopt a package of policy reform that includes many small steps, or a few large ones, with a trade-off between parsimony and materiality, and a willingness to adapt over time.

One criticism of the first batch of RSF programs has been the large share of "low-depth" RMs, given the need more durable institutional and policy changes in climate transition (and pandemic preparedness).[37] In addition, one area where coverage has improved but is not universal is the introduction of carbon pricing and subsidy reduction, where there can be a large measurable impact for both local and global benefit, even within the short-run, and which is well within the IMF's sphere of expertise. Some countries announced action or plans to consider action. For example, in the case of Bangladesh, one RM includes adoption of a periodic formula-based price adjustment mechanism for petroleum products, and the government committed, with caveat, not to increase subsidies on fossil fuel-based energy as a percentage of GDP while considering different options for reducing them. Senegal, Kenya, Morocco, and Mauritania, for example, also included measures, while some other recipients did not include direct pricing measures even though they maintain fossil fuel subsidies. A more general shortcoming is that the documentation is not consistently clear on the extent to which the planned policies would eliminate subsidies (so that progress could be measured). Similarly, countries with some similar characteristics do not always demonstrate similar policy intent. For example, Niger mentions new oil sector management but nothing explicit on emissions, while Senegal, also a new entrant to the oil and gas sector, does. Mauritania has a RM devoted to emissions reduction in the oil- and gas- sector, as well as one for the introduction of a carbon price mechanism. In key areas of special interest to the IMF that affects both the local as well as global public good, documentation should in every RSF program disclose, for example, standardized estimates of explicit and implicit subsidies and methane emissions, so that the extent of the problem across countries is clear. While allowing countries to select their priorities as conditions, there should at least be a presumption that, for these key IMF-focused areas, there would be some policy content, and certainly discussion of it, and – in rare instances where not – an explanation for exclusion.

36 See, for example, the IMF's update of its earlier evaluation of structural conditionality, (IEO, 2018).
37 See Gupta and Brown, 2023 op.cit.

The RSF policy paper gave many examples of specific structural conditions to tackle the long-term challenge of climate change that could be part of an RSF program, while making clear that the full details were being determined and that policy measures dealing with pandemic preparedness would also be developed. The announced range of possible reforms is already very wide and disparate in nature and the illustrations cover substantive policy measures as well as the transparency of a country's policy intentions, some of which are better left to other institutions to support. The desire to focus on a few reforms each year is laudable – (the number of RMs ranges from 8 to 16, spread over the multiyear program) though it is hard to evaluate the choice and significance of an individual reform from such a long list. Stronger guidance on priority reforms from an IMF perspective makes sense, selecting from an a la carte menu rather than a full buffet.

Proposal 2. Focus more clearly on a few critical actions

The IMF should focus more clearly on a few critical actions that it will help design and monitor (both action and outcome) as RSF loan conditions, and in areas in which it has expertise and responsibility. In doing so it would separate out these actions from the much broader range of policy actions that countries are taking or need to take, and could be supported by other agencies, erasing the specter of unmanageable laundry lists of potential structural measures that accompanied IMF programs in previous decades. The actions should make a "meaningful" contribution to a country's resilience – in accord with RST purpose – by affecting behavior of the public and private sectors to achieve, in the context of climate change action, the country's goals for mitigation, adaptation and transition, while maintaining macroeconomic stability and sustainable growth, and in many cases, promoting the global public good. The IMF-focused actions would most likely be necessary but not sufficient conditions for this broad metric of success. The importance of mitigation as well as adaptation measures for RSF-eligible countries should not be underestimated, even though larger economies remain responsible for the majority of GHG emissions. Not only are some developing countries' emissions significant from forestry and from the oil and gas sector (many super emitter flares are in developing countries), but there are substantial local benefits in terms of better health, increased revenues that can help fund adaptation, and access to global markets.

Designating certain actions as IMF-focused priority actions would have important implications. First, some of them would constitute RSF conditions as RMs on which specific RSF disbursements are contingent and would therefore be described in the authorities' policy memorandum. But even if not, they would be deemed sufficiently important that the authorities' policy memorandum – and the proposed RSPS – would make clear what they are planning to do – *or not to do* – in each of these key areas monitored closely by the IMF.

The "IMF-focused" areas should include the following:

- **the path for carbon pricing** (or equivalent regulation), including eliminating subsidies and imposing taxes, to deliver on their national targets and anticipate a world in which higher relative prices of greenhouse gases are set globally that affect the country's trade, investment and consumption patterns. Even though many of the RSF-eligible countries contribute a negligible share of global CO2 emissions, they will need to be prepared and have transitioned to an economic structure for a world trading context that will "internalize the externalities". Moreover, there are substantial local as well as global benefits, including for health outcomes and domestic revenue mobilization. The IMF has advocated for staged increases in carbon prices, with targets it calculates necessary to limit demand for fossil fuels. Moreover, IMF research indicates that explicit and implicit energy subsidies totaled $7 trillion globally (about 7 percent of global GDP) in 2022, and in sixteen RSF recipients, total subsidies ranged from 1.7 to 9.9 percent of GDP, totaling $60 billion, of which $19 billion was explicit subsidies, almost all in just four countries.[38]

There is large scope for reallocating this spending for income transfer and adaptation projects, while improving health outcomes and meeting mitigation pledges.

- as a priority action[39] for all gas- and oil- producing countries (51 are RST-eligible) , levying **default penalties on deemed methane emissions** with the rebates allowed on verifiable satellite-based data. Curtailing methane emissions is urgent, both for local benefits of health, revenue generation, and energy access, as well as for the global benefit of slowing temperature rise. Moreover, the satellite technology and means of capturing wasted gas are now available. Support by the IMF for this innovative approach is a fast, actionable, and affordable way to help save millions of lives and meet the Global Methane Pledge to reduce total methane emissions by 30 percent by 2030 and help shave 0.2 degrees Celsius from the global temperature rise.[40] Many of the world's super-emitting assets are located in developing countries, and the IMF has developed the innovative fiscal advice that can change the incentives for oil-and gas-companies. There is therefore a clear opportunity to increase traction into the reforms contemplated in cases such as Mauritania and Senegal, and to introduce such a measure in all other oil-and gas- producing countries.
- incorporation into **the medium-term budget** (through impact on public sector expenditure and revenue) the many specific actions required to meet the country's NDCs and NAPs and support for the most vulnerable. Adaptation projects to minimize prospective balance of payments shocks from severe weather events or long-term threats, for example to agricultural production, water supply, and energy supply, require substantial investment.

38 See "IMF Fossil Fuel Subsidies Data: 2023 Update" (IMF WP/23/169, August 2023). The RSF program documentation suggests higher figures in some cases. For example, the Morocco staff report mentions subsidies of $2.1 billion (1.5 percent of GDP) for butane, with the IMF database estimating an explicit subsidy of $0.2 billion. The Bangladesh staff report reports a high cost of air pollution (9 percent of GDP), whereas the IMF database estimates explicit and implicit subsidies totaling 6.7 percent of GDP.

39 See Hicklin and McPhail, "A Practical Proposal on Methane for 2022: From Climate Pledges to Action." (CGD blog, February 15, 2022) and Hicklin, "The IMF's 2023 Climate Resolutions – A Modest Idea for a Quick Win on Methane." (CGD blog, April 7, 2023). See also Romsom and McPhail, 2021.

40 See Global Methane Pledge (2021).

Fiscal policy measures feature most often amongst RMs but there is a need to establish monitorable and quantifiable outcomes. To help protect budget resources set aside for adaptation from pressing short-term demands, it would be helpful to explore options to institutionalize such protection through escrow or appropriations policy. (A similar technique could help efforts to protect spending on pandemic preparedness).

- **actions to strengthen financial sector resilience,** including stress-testing of institutions and the overall financial system as well as adoption of guidelines on reporting and disclosure by banks and financial institutions of climate-related risks. Unless a country has already introduced adequate reforms, action in this area should be standard.

The IMF has made explicit the aim under RSF programs to provide a buffer of foreign exchange reserves. The policy memorandum would also make explicit the quantitative target path for a country's reserve buffer to increase resilience to future shocks. (Concurrently, the IMF should continually update its policy advice on the desirable level of reserve cover to increase resilience to shocks.) By providing explanations, the authorities would increase transparency about their actions and spur domestic debate and consensus on what can at times involve difficult policy trade-offs.

One way to better specify the extent to which RMs are "meaningful" would be to measure planned impact against benchmarks that are measured consistently across countries, as in the examples of subsidy reductions and methane emissions. Finally, distinguishing between "strong" RMs ("critical, ambitious, and deep") and less strong RMs will always involve judgment, though these judgments might usefully be reflected in the size of the disbursements attached to each RM. Until now the total RSF loan for each recipient country has almost always been equally divided across all RMs, regardless of the "strength" of each reform.

Issue 3. Increasing the urgency of RSF engagement with as many countries as possible

At creditors' insistence, RSF disbursements can only be made when the borrowing country has a regular IMF program, credit line, or monitoring instrument in place. Moreover, no disbursement will be made on initial approval of the program but only following subsequent implementation of agreed structural reforms and only if the IMF program is on track. The concern is that countries facing *existing* balance-of-payments problems might try to avoid the typical conditions under a regular IMF program by "facility shopping" – accessing RSF resources with conditions aimed solely at dealing with *prospective* balance of payments problems.

The first problem – and with reference to the concept flagged as part of best practice conditionality – is that the required link to an IMF program breaches the basic principle to give assurance to a member country that resources will be made available to them if they make commitments and meet specific conditions aimed at resolving identified balance of payments problems. In the case of the current RSF conditionality, even if a country fulfills the agreed structural policy conditions aimed at tackling a prospective balance of payments problem, it receives no assurance that the IMF will disburse any funds to allow it to offset the costs of implementing those policies and gaining the political support to do so. Unlike a traditional IMF program, there is no initial disbursement upon approval of an RSF loan, and all scheduled tranches are contingent not just on fulfilling the structural conditions, but also on fulfilling the conditions of the accompanying regular IMF program or monitoring arrangement.

The second problem – and with reference to the other concept flagged as part of best practice conditionality – is that this feature disregards the systemically urgent need for countries to engage with the IMF to undertake RSF supported programs. Requiring concurrent programs means countries might delay seeking IMF support to tackle immediate macroeconomic problems, because of stigma or failure to secure political consensus. This would then also delay the urgent task of beginning to tackle the prospective problems of climate change and other major structural challenges, which has both local and global benefits. Financing from the RSF is in any case limited, with the bigger prize coming from the urgent focus on ambitious policy reform that can catalyze much larger private and official investment.

The creditors' desire to demand this requirement was ostensibly to help maintain the "reserve asset status" of the SDRs on-lent through the RST. However, this calculation discounts the idea that the length of time between policy action and full loan repayment – twenty years in the case of the RSF – means that policies might be unwound or changes in circumstances and exogenous shocks overwhelm the effect of initial action, even if carried out faithfully during the short program period. More importantly, the delay in engaging immediately with a broader range of countries entails a far higher risk of higher costs to those countries and the world as a result of delay in undertaking mitigation and adaptation policies. Balancing these risks suggests the sensible approach is to allow some limited RSF exposure – trivially small in a global context – while diminishing the risks of more widespread future losses.

Proposal 3. Introduce a low-access credit tranche to the RSF

To respond to the urgency of the task to scale up the global efforts to build resilience, we have advocated allowing some limited access (25 percent of IMF quota) to the RSF without a concurrent IMF program: an issue that could be revisited at the time of a review of the RST.[41] Countries seeking financial support from the RSF have so far been comfortable to have a regular IMF program, line of

41 See Hicklin, "To Flourish or Fizzle? How to Make Sure the IMF's New Trust Doesn't Miss Its Golden (and Green) Opportunity." (CGD Note, March 20, 2022). This proposal is more stringent than true "first-tranche conditionality", such as that applying to the Trust Fund in 1976. An eligible member country "was required to represent that it faced a balance of payments need for the loan and to demonstrate that it was making a reasonable effort to correct it. Performance criteria, as used in upper-tranche arrangements, did not apply." (James Boughton "Silent Revolution", p639. The conditions attached to drawings under the Oil Facility in 1974 had also been minimal. Besides a balance of payments need, members "were to consult with the Fund on their balance of payments problems and prospects, including the policies aimed at coping with the energy problem; and, in dealing with their difficulties, members were to avoid enacting restrictions on international transactions" (see Manuel Guitián 1981), pp 17–18.

credit, or monitoring instrument. To speed up the adoption of RSF programs by as many countries as possible, allowing some limited access to the RSF without a concurrent IMF program would make sense. There is precedent not to require a concomitant regular IMF program. The introduction of such a "first credit tranche" drawing would be conditioned on an undertaking to consult with the IMF on a country's balance of payments policies and prospects, including through preparation of an RSPS.

The parallel need for a major initiative to strengthen Article IV surveillance for all members

Of equal importance as reforms to RSF conditionality, the IMF should integrate its RSF work into its broader responsibilities, especially surveillance with the advisory and monitoring roles it provides, so that it meets head-on the urgency of its global obligations for macro-economic stability as member countries face increasing – and maybe existential – threats to lives and livelihood. Meeting the goal of the RST depends greatly on the policy actions of *all* IMF members, including the largest economies, which produce the major share of GHGs and will provide the bulk of financing the energy transition. Addressing the urgency of its global obligations for macroeconomic stability and prosperity as member countries face increasing threats to lives and livelihood warrants further initiatives. In particular, the proposed mechanism of the RSPS could also be part of IMF Article IV consultation discussions with *all* member countries, including the largest and richest. Crucially, those countries eligible for the RSF and most vulnerable to climate change would benefit most from whatever influence the IMF can bring to bear in urging much more rapid coherence and adherence to mitigation and adaptation pledges by the largest economies. As input to the discussions, the IMF should develop with the World Bank a Resilience and Sustainability Assessment Program (RSAP), akin to the Financial Sector Assessment Program (FSAP), with a piloted then targeted approach to work with the largest economies as well as those most vulnerable. This new program would draw from the World Bank's CCDR and the IMF's CMAP, and the various financial sector and fiscal policy assessments that have been developed.

The IMF's global surveillance over policies to address climate change will become increasingly important and should be formalized. A cumulative and regular assessment of the implications for economic policies and consequences of the entire membership's commitments to tackle climate change (and pandemic preparedness) – a role the IMF can uniquely play – is an integral part of its responsibilities for global economic surveillance. It should convey its findings regularly and formally to other elements of the UN system that have been charged with building consensus and delivering action, in order to strengthen the accountability for the complex existing arrangements for international cooperation. More generally, the collective interest of IMF member countries would benefit from a revisiting of the long-standing code of conduct that underpins the responsibilities of surveillance as well as the IMF's lending instruments, including the RSF.

References

Andrews, David, Mark Plant, and John Hicklin. "The IMF's RST Has Met Contributors' Wishes – Now It Must Meet Borrowers' Needs!" *Center For Global Development Blog Post* (blog), May 10, 2022. https://cgdev.org/blog/imfs-rst-has-met-contributors-wishes-now-it-must-meet-borrowers-needs.

Andrews, David and Mark Plant. "The IMF's New Resilience and Sustainability Trust: Demystifying the Debate over Upper Credit Tranche Conditionality." *Center for Global Development Blog Post* (blog), December 22, 2021. https://www.cgdev.org/blog/imfs-new-resilience-and-sustainability-trust-demystifying-debate-over-upper-credit-tranche.

Black, Simon, Antung A. Liu, Ian Parry, and Nate Vernon. "IMF Fossil Fuel Subsidies Data: 2023 Update," IMF Working Paper WP/23/169, International Monetary Fund, August 2023.

Boughton, James M. *Silent Revolution: The International Monetary Fund, 1979–1989*. Washington, D.C.: International Monetary Fund, 2001.

Citrin, Daniel and Daouda Sembene. "IMF Support for Climate Resilience in Africa Is Helpful, But More Can Be Done." Center For Global Development, September 22, 2023. https://www.cgdev.org/blog/imf-support-climate-resilience-africa-helpful-more-can-be-done.

Development Committee. "Ending Poverty on a Livable Planet: Report to Governors on World Bank Evolution," September 28, 2023. https://www.devcommittee.org/content/dam/sites/devcommittee/doc/documents/2023/Final%20Updated%20Evolution%20Paper%20DC2023-0003.pdf.

G20. "G20 ROME LEADERS' DECLARATION," October 2021. https://www.g20.org/content/dam/gtwenty/about_g20/pdf_leaders_declaration/2021_G20%20Rome%20SummitDECLARATION.pdf.

"Global Methane Pledge," 2021. https://www.ccacoalition.org/sites/default/files/resources//Global%20Methane%20Pledge.pdf.

Guitián, Manuel. *Fund Conditionality: Evolution of Principles and Practices*. Pamplet Series 38. Washington, D.C.: International Monetary Fund, 1981.

———. *The Unique Nature of the Responsibilities of the International Monetary Fund*. Pamplet Series 46. Washington, D.C.: International Monetary Fund, 1992.

Gupta, Sanjeev and Hannah Brown. "How Can the IMF's New Lending Facility for Climate and Pandemic Preparedness Be Made More Effective?" *Center For Global Development Blog Post* (blog), March 28, 2023. https://www.cgdev.org/blog/how-can-imfs-new-lending-facility-climate-and-pandemic-preparedness-be-made-more-effective.

———. "IMF Lending Under the Resilience and Sustainability Trust: An Initial Assessment." *Center For Global Development Policy Paper 289*, March 28, 2023. https://www.cgdev.org/publication/imf-lending-under-resilience-and-sustainability-trust-initial-assessment.

———. "The Resilience and Sustainability Facility's Recent Programs Still Fall Short of Its Ambitious Goals." *Center For Global Development Blog Post* (blog), August 22, 2023. https://cgdev.org/blog/resilience-and-sustainability-facilitys-recent-programs-still-fall-short-its-ambitious-goals.

Hausker, Karl. "A Deep Dive into the IPCC Workgroup III Mitigation Report," November 10, 2023. https://www.wri.org/technical-perspectives/deep-dive-ipcc-workgroup-iii-mitigation-report.

Hicklin, John. "Launching the RST: Country Policies Must Adapt – and So Too Must IMF Conditionality." *Center For Global Development Blog Post* (blog), February 23, 2023. https://cgdev.org/blog/launching-rst-country-policies-must-adapt-and-so-too-must-imf-conditionality.

———. "The IMF's 2023 Climate Resolutions – A Modest Idea for a Quick Win on Methane." *Center For Global Development Blog Post* (blog), April 7, 2023. https://cgdev.org/blog/imfs-2023-climate-resolutions-modest-idea-quick-win.

———. "To Flourish or Fizzle? How to Make Sure the IMF's New Trust Doesn't Miss Its Golden (and Green) Opportunity." *Center For Global Development CGD Notes* (blog), March 30, 2022. https://www.cgdev.org/publication/flourish-or-fizzle-how-make-sure-imfs-new-trust-doesnt-miss-its-golden-and-green.

Hicklin, John and Kathryn McPhail. "A Practical Proposal on Methane for 2022: From Climate Pledges to Action." *Center For Global Development Blog Post* (blog), February 15, 2022. https://cgdev.org/blog/practical-proposal-methane-2022-climate-pledges-action.

Hicklin, John, Kathryn McPhail, and Etienne Romsom. "A Practical Proposal on Methane for 2022: From Climate Pledges to Action (Note)." *Center For Global Development CGD Notes* (blog), February 15, 2022. https://www.cgdev.org/publication/practical-proposal-methane-2022-climate-pledges-action.

IMF. "IMF Executive Board Discusses '2018 Review of Program Design and Conditionality,'" May 20, 2019. https://www.imf.org/en/News/Articles/2019/05/20/pr19174-imf-executive-board-discusses-2018-review-of-program-design-and-conditionality.

———. "IMF Managing Director Kristalina Georgieva Announces Operationalization of the Resilience and Sustainability Trust (RST) to Help Vulnerable Countries Meet Long-Term Challenges." International Monetary Fund, October 12, 2022. https://www.imf.org/en/News/Articles/2022/10/12/pr22348-md-announces-operationalization-of-rst.

———. "Proposal To Establish A Resilience and Sustainability Trust." International Monetary Fund, April 18, 2022. https://www.imf.org/en/Publications/Policy-Papers/Issues/2022/04/15/Proposal-To-Establish-A-Resilience-and-Sustainability-Trust-516692.

———. “Resilience and Sustainability Facility – Operational Guidance Note” International Monetary Fund, November 28, 2023. https://www.imf.org/en/Publications/Policy-Papers/Issues/2023/11/28/Resilience-and-Sustainability-Facility-Operational-Guidance-Note-541867.

Independent Evaluation Office of the IMF. “Structural Conditonality In IMF-Supported Programs,” 2018. https://ieo.imf.org/en/our-work/Evaluations/Updates/Structural-Conditionality-in-IMF-Supported-Programs-Eval.

MacDonald, Lawrence. *Am I Too Old to Save the Planet?* Washington, D.C.: Changemakers Books, 2023.

Plant, Mark. “Funding Hybrid Capital at the AfDB Is the Best Deal for SDR Donors.” *Center For Global Development Blog Post* (blog), March 9, 2023. https://cgdev.org/blog/funding-hybrid-capital-afdb-best-deal-sdr-donors.

“Progress in Reducing Emissions: 2023 Report to Parliament.” Climate Change Committee, June 2023. https://www.theccc.org.uk/wp-content/uploads/2023/06/Progress-in-reducing-UK-emissions-2023-Report-to-Parliament-1.pdf.

Romsom, Etienne, and Kathryn McPhail. “Capturing Economic and Social Value from Hydrocarbon Gas Flaring and Venting: Solutions and Actions”, WIDER Working Paper 2021/6 Helsinki: UNU-WIDER, 2021. https://doi.org/10.35188/UNU-WIDER/2021/940-2.

Rutter, Jill. “The Committee on Climate Change.” Institute for Government, June 29, 2023. https://www.instituteforgovernment.org.uk/explainer/committee-climate-change.

Sovacool, Benjamin K., and Ann Florini. “Examining the Complications of Global Energy Governance” 30, no. 3 (August 2012): 235–63. https://doi.org/10.1080/02646811.2012.11435295.

“The Triple Agenda: Strengthening Multilateral Development Banks.” G20 Independent Experts Group, June 30, 2023. https://www.cgdev.org/sites/default/files/The_Triple_Agenda_G20-IEG_Report_Volume1_2023.pdf.

UNFCCC. “Technical Dialogue of the First Global Stocktake: Synthesis Report by the Co-Facilitators on the Technical Dialogue | UNFCCC.” Accessed December 10, 2023. https://unfccc.int/documents/631600.

Wainer, Andrew. “The Resilience and Sustainability Trust: Early Learning and Challenges from Costa Rica and Rwanda.” Center For Global Development, July 2023. https://www.cgdev.org/publication/resilience-and-sustainability-trust-early-learning-and-challenges-costa-rica-and-rwanda.