



International Monetary Fund

Overview on IMF Involvement in Climate Change

Introduction

The International Monetary Fund's (IMF's) mandate is to promote macroeconomic and fiscal stability and high quality sustainable growth. Long-term climate degradation and changes in the severity and frequency of extreme weather events, together with any policy responses, is likely to impose costs on the economies and budgets of many countries. As such, within the resources available and working in close conjunction with the World Bank and the relevant UN and other agencies, the IMF seeks to contribute to analysis of the macroeconomic and fiscal implications of climate change.

Fund Work

The IMF can provide advice, through its discussions with member countries, and through its technical assistance work, on appropriate fiscal and other macroeconomic policies to mitigate climate change and adapt to its consequences. In addition, the Fund can provide financial assistance to member countries in response to a range of macroeconomic disturbances, including natural disasters, for example, through the exogenous shock facility for low-income countries.

The IMF has undertaken a range of research in this field. A few recent examples include:

- ☞ An Appendix in the Fall 2007 World Economic Outlook summarizing the state of knowledge and policy debate on the key macroeconomic aspects of climate change. (<http://www.imf.org/external/pubs/ft/weo/2007/02/index.htm>)
- ☞ "Fiscal Policies to Promote Energy Efficiency and Renewable Energies in the G7" (forthcoming IMF working paper)
- ☞ Strand, Jon (2007), "Importer and Producer Petroleum Taxation: A Geo-Political Model," (forthcoming IMF working paper)
- ☞ Strand, Jon (2007), "Technology Treaties and Fossil-Fuels Extraction," (forthcoming IMF working paper)
- ☞ Michael, Keen and Jon Strand (2006), "Indirect Taxes on International Aviation," IMF Working Paper No. 06/12 (<http://www.imf.org/external/pubs/cat/longres.cfm?sk=18941.0>)

Further, significant future work on the macroeconomic and fiscal aspects of climate change is already under way at the IMF. This comprises, among other things, preparations for a chapter on the implications of climate change for the global economy for the Spring 2008 issue of the World Economic Outlook, which will analyze in greater depth the macroeconomic implications of climate change and policy responses to it—both in terms of mitigation and adaptation.

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