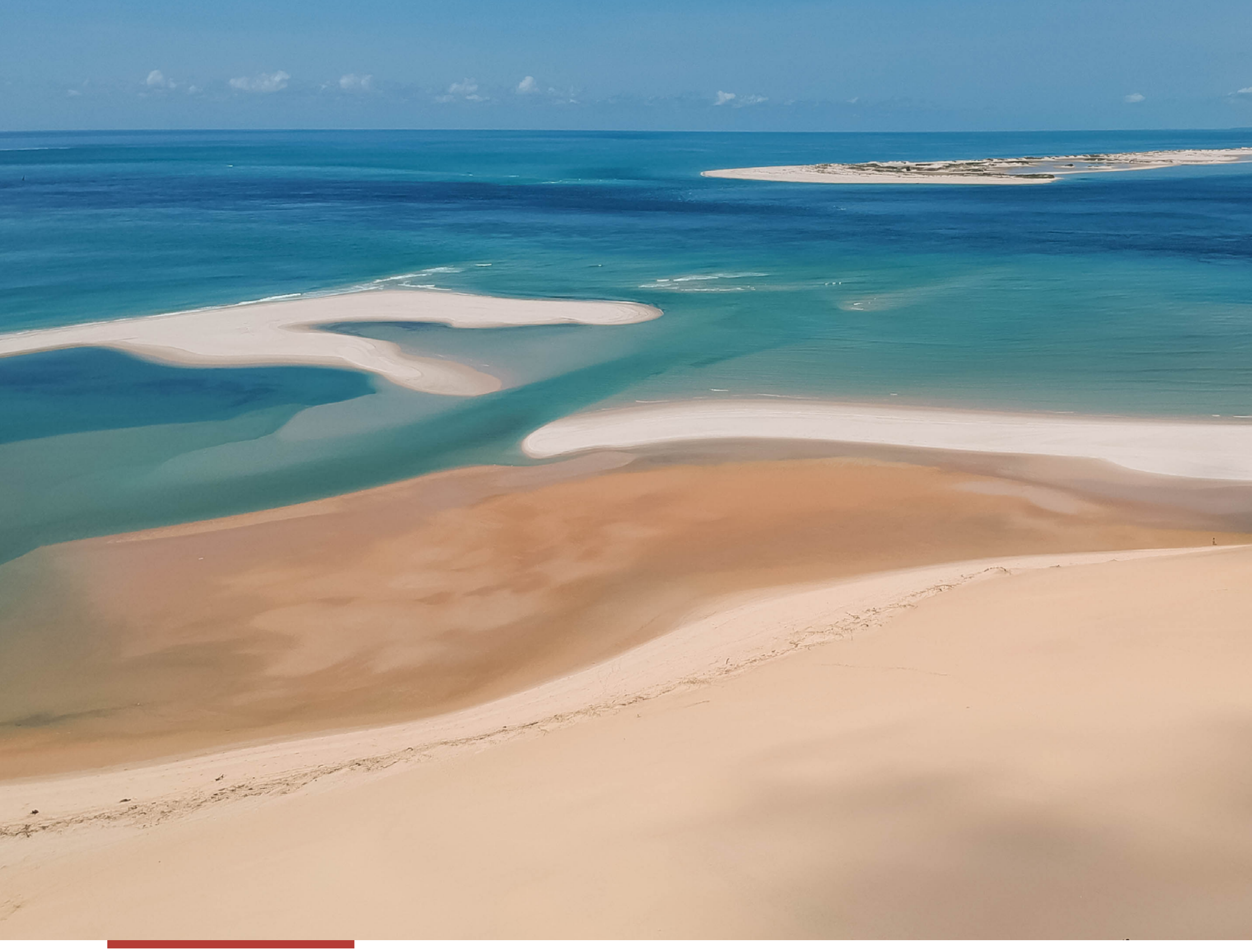

Primer for Climate-related Engagement with the IMF

Realizing the potential of the Resilience and Sustainability Facility

April 2025

CLIMATE POLICY INITIATIVE

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ABOUT CPI

Climate Policy Initiative (CPI) is an analysis and advisory organization with deep expertise in finance and policy. Our mission is to help governments, businesses, and financial institutions drive economic growth while addressing climate change. CPI has six offices around the world in Brazil, India, Indonesia, South Africa, the United Kingdom, and the United States.

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EXECUTIVE SUMMARY

The Resilience and Sustainability Trust (RST) of the International Monetary Fund (IMF) has the potential to help low- and middle-income countries (LMICs) enhance long-term economic resilience to climate change and other structural challenges. It was established in 2022 to help countries[1] integrate climate considerations into their macroeconomic policies and create an enabling environment for the mobilization of climate finance. The RST's operational arm—the Resilience and Sustainability Facility (RSF)—provides affordable, long-term loans to help countries strengthen fiscal buffers and make structural reforms that advance the RST's objectives.

The global climate crisis demands major reform of the international financial architecture to mobilize finance for emissions reduction and global resilience. The IMF is evolving its role in this broader finance system through instruments like the RST.

RSF programs require collaboration among a broad set of stakeholders, as they involve reforms in policy areas beyond the IMF's traditional focus. While the IMF has been incorporating climate considerations into its analysis and programming for years (see Figure ES1), its primary mandate is to support global macroeconomic and financial stability. It is still evolving its operational frameworks to accommodate avenues for collaboration with ministries responsible for sectors affected by climate change and the low-carbon transition, as well as with development partners that can finance macro-critical climate investments.

This paper outlines recommendations to enable the IMF, national authorities, and development partners to leverage their distinct expertise to strengthen macroeconomic stability while addressing climate risks. While finance ministries will lead on RSF implementation, they will require meaningful input from other institutions, including sectoral ministries and development partners.

This primer has three objectives:

1. Identify the central mechanisms through which the RSF coordinates with key domestic and international actors.
2. Assess how these mechanisms contribute to the RSF's effectiveness in addressing climate-related challenges.
3. Identify opportunities to improve these mechanisms to fully realize the RSF's potential.

By providing guidance on improving these coordination mechanisms, this paper aims to empower recipient countries to leverage their engagement with the RSF to implement macroeconomic policy frameworks that are truly suited to addressing climate change.

This study focuses on a critical but often overlooked question: How can effective stakeholder coordination improve RSF implementation and impact?[2]

1 The RSF is available to 143 eligible IMF member countries; however, only LMICs have applied so far. To access the RSF, a country must have a concurrent Upper Credit Tranche (UCT) IMF program.
2 For detailed analyses of the reforms and program design of the RSF-RST, we refer readers to publications by policy think tanks such as the Center for Global Development (CGD) and the Taskforce on Climate, Development and the IMF (Taskforce)

KEY FINDINGS ON COORDINATION

NATIONAL AUTHORITIES

Stronger engagement between finance ministries, sectoral ministries, and the RSF can maximize its impact. While the IMF primarily engages with finance ministries and central banks, RSF programs require collaboration across sectoral ministries to integrate climate risks and goals into macroeconomic reforms.

However, misalignment with national climate plans, limited sectoral ministry involvement, and overlapping climate initiatives can impede RSF implementation. Governments can use the following engagement tools to help address these challenges:

- **Institutionalizing inter-ministry platforms** can engage sectoral ministries in the design and implementation of national RSF programs. Structured coordination enhances policy alignment, reform implementation, and monitoring, as demonstrated by examples including Bangladesh's National Committee for Environment and Climate Change, the Barbados Blue Green Bank, and Senegal's Green Taxonomy initiative (see Box 1).
- **Aligning RSF-supported reforms with national climate plans** can embed national priorities in RSF measures and drive deeper structural reforms. This was the case with Bangladesh's National Adaptation Plan, Barbados's Economic Recovery Plan, and Senegal's development strategy (see Box 2).
- **Leveraging the IMF and World Bank's diagnostic tools** can complement national climate strategies and enhance the design of well-integrated climate resilience policies.

DEVELOPMENT PARTNERS

Stronger collaboration among the RSF, World Bank, regional development banks (RDBs), and bilateral development finance institutions (DFIs) can increase program impacts. These development partners support RSF design and implementation by (1) providing complementary sectoral expertise, (2) capacity building, and (3) financing for long-term climate projects. **However, inconsistent coordination, weak engagement with RDBs, and uneven implementation of the World Bank-IMF Enhanced Framework**—particularly in the use of joint diagnostic tools—hinder RSF implementation. **To address these challenges:**

- **Development partners can adopt standardized collaboration frameworks**, especially in regions with weak RDB-IMF cooperation.
- **National governments should promote IMF–World Bank alignment and joint diagnostics by securing technical assistance (TA) for policy integration**, coordinating diagnostics between the IMF and the World Bank, and advocating for joint reporting.

CATALYZING CLIMATE FINANCE

The IMF can mobilize climate finance through two key channels: (1) Macro-critical climate reforms and (2) IMF Climate Finance Roundtables. By helping countries to integrate climate risks into fiscal planning, public financial management, and financial sector resilience, the RSF improves investment conditions and catalyzes private sector participation. It also leverages the IMF's convening power through Climate Finance Roundtables, which provide a platform for governments, development partners, and private actors to align investments with national priorities to scale up climate finance. **However, the following challenges limit its effectiveness:**

- RSF reforms often focus on procedural rather than structural changes, limiting their impact on investment conditions. It is unclear whether RSF arrangements drive additional public investment beyond existing commitments.
- The inconsistent implementation of Climate Finance Roundtables weakens the ability to shape policy and mobilize private capital. Only ten of the 21 RSF recipient countries have held roundtables. Limited country ownership, weak stakeholder engagement, and resource constraints also reduce impact.

To maximize the RSF's catalytic role, the IMF, national governments, and development partners should leverage Climate Finance Roundtables by adopting structured approaches to coordination financing mobilization and long-term institutionalization. Case studies from Barbados, Bangladesh, and Rwanda demonstrate how improved coordination can attract additional financing from multilateral development banks, the Green Climate Fund, and private investors.

Table ES1. Key recommendations for enhancing coordination for RST effectiveness

Recommendations	Actions	Lead Actors	Policy benefits
Institutionalize inter-ministry platforms	Strengthen inter-ministry coordination and anchor RSF reforms in national plans with clear macroeconomic relevance.	National governments, IMF	Stronger country ownership and implementation effectiveness.
Align RSF-supported reforms with national climate plans	Formalize the integration of national plans (e.g., National Adaptation Plans, NDCs) as the foundation for RSF reform measures.	National governments, IMF	Stronger negotiations, greater country ownership, and deeper, lasting structural reforms.
Leverage the IMF and World Bank's diagnostic tools	Conduct alignment reviews between CCDRs and CPDs; expand diagnostic coverage and consistency.	National governments, IMF, World Bank	Better targeted reforms and improved integration of macro and sectoral strategies.
Standardize collaboration with DFIs	Formalize collaboration and reporting frameworks with DFIs and clarify roles using coordination matrixes.	National governments, IMF, RDBs (e.g., AfDB, IDB, ADB)	Clear accountability, reduced overlap of efforts, and enhanced implementation support.
Promote IMF-World Bank alignment and diagnostics	Request joint IMF-World Bank joint TA mission during RSF design and make use of World Bank Assessment Letters.	National governments, IMF, World Bank	Coherent reform packages and reduced duplication between institutions.
Leverage Climate Finance Roundtables for coordination and financing mobilization	Use roundtables to align RSF reforms with financing and implementation support from partners.	IMF, National governments, development partners	Increased climate finance and improved coordination across actors.

CONTENTS

1. INTRODUCTION

The IMF is evolving its role in the global financial system to address the climate crisis, including through the RST and its lending arm, the RSF. Fostering greater coordination among national and external stakeholders will help the RSF meet its catalytic potential to strengthen macroeconomic stability and mobilize climate finance.

The global climate crisis necessitates significant reform of the international financial architecture to mobilize finance for reducing emissions and building global resilience. Low- and middle-income countries (LMICs) face particularly intense challenges in accessing long-term, affordable capital for low-carbon and resilience investments. These challenges are often compounded by macroeconomic headwinds, including limited fiscal capacity, high and rising debt, inflation, and volatile exchange rates. As the primary multilateral institution focused on fostering global macroeconomic and financial stability, the International Monetary Fund (IMF) has a crucial role to play in helping countries achieve climate resilience and meet their climate finance needs.

The IMF is mandated to promote global macroeconomic and financial stability. It provides economic surveillance, policy advice, financial assistance, and capacity development to countries facing balance of payments challenges. Given the profound expected impact of climate change on global macroeconomic stability, the IMF is integrating climate considerations across its lending programs. A key step in this direction was the creation of the Resilience and Sustainability Trust (RST) in 2022.

Figure ES1. The IMF's role and climate engagement before the RST

2010

The IMF begins recognizing climate change as a macro-critical risk to economic and financial stability.

2012

The 2012 Integrated Surveillance Decision formally expands IMF surveillance to cover climate risks that affect a country's macroeconomic stability.

2021

The IMF identifies climate change as a key macroeconomic threat in its Comprehensive Surveillance Review. It recommends integrating climate adaptation and low-carbon transition policies into Article IV consultations where climate is macro-critical.

The IMF also launches its first Climate Strategy, embedding climate in surveillance and capacity building, and outlining needed resources.

2022

RST was established to help LMICs build resilience to shocks and address the long-term economic challenges posed by pandemics and climate change.

1.1 OVERVIEW OF THE RST AND RSF

The RST was established to help LMICs build resilience to shocks and address the long-term economic challenges posed by pandemics and climate change. It was created in response to growing calls from LMICs and key global stakeholders such as the G20 (IMF, 2020).

The RST is a trust fund that collects voluntary contributions from donor countries. As of April 2025, the RST has disbursed USD 9.5 billion (SDR 7.1 billion) to 23 countries out of a total pledged amount of USD 46.8 billion (SDR 35.8 billion)(IMF, 2022a).

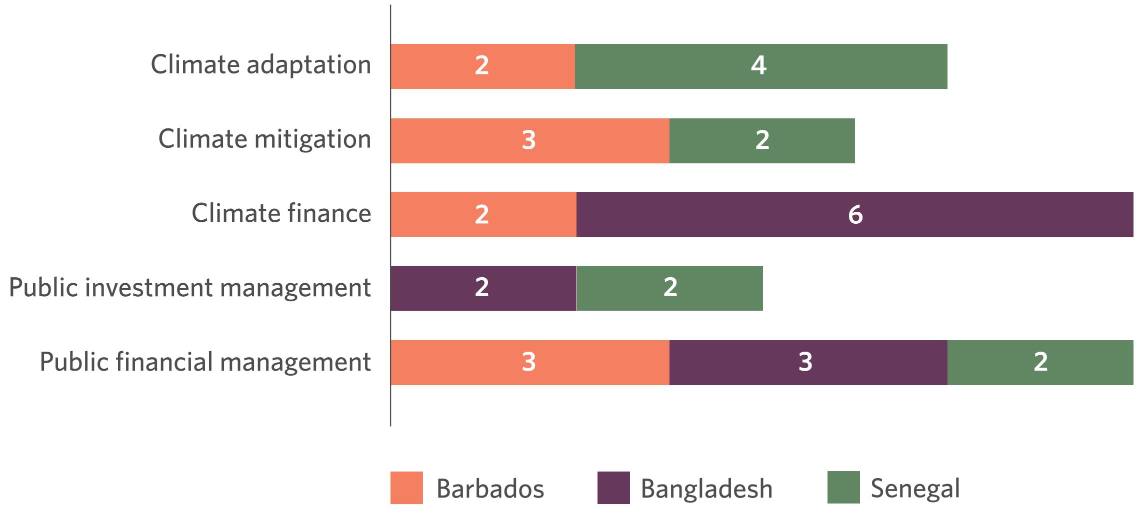
RST funds are disbursed via the Resilience and Sustainability Facility (RSF), which provides long-term, concessional financing to countries undertaking reforms that advance RST objectives. The RSF aims to help countries strengthen long-term economic resilience and sustainability by (i) supporting policy reforms that reduce macroeconomic risks associated with climate change and pandemics, and (ii) increasing policy space and financial buffers available to mitigate such risks (IMF, 2022b). Although the RST is intended to address both pandemic and climate change risks, thus far, every RSF program has focused on climate change (IMF, 2024d).

To access the RSF, a country must have a concurrent upper credit tranche (UCT) IMF program. This usually indicates that it has recently experienced some degree of instability in the balance of payments due to macroeconomic imbalances. UCT programs[3] require countries to implement credible policy reforms to address balance of payments challenges and strengthen macroeconomic stability. Reform requirements under UCT programs may include fiscal consolidation, monetary policy adjustments, and/or structural changes to support long-term stability.

The RSF is available to 143 eligible IMF member countries, including some high-income but climate-vulnerable nations; however, only LMICs have applied so far. The reform measures included in RSF programs to date generally fall into four categories: (1) green public financial management, (2) financial sector reforms, (3) fiscal policy reforms, and (4) sectoral measures aimed at enhancing economic resilience in areas such as water, power, and transportation. Approximately 75% of measures to date focus on the first three categories, which are areas where the IMF has significant expertise. While sectoral measures addressing mitigation, adaptation, and transition are also included, they are typically supported by collaboration with the World Bank and regional multilateral development banks (MDBs)(BU GDP, 2025).

3 To be deemed Upper Credit Tranche (UCT), a country must have one of the following: a concurrent IMF lending program, such as an Extended Fund Facility or Stand-By Arrangement; a precautionary credit line, such as a Flexible Credit Line or Precautionary and Liquidity Line; or a formal IMF monitoring arrangement, such as a Policy Coordination Instrument.

Figure 1. Key climate action areas in five RST-supported programs



***Sources**:*

CGD, 2023. IMF Lending Under the Resilience and Sustainability Trust.

IMF, 2023. Senegal: First Reviews under the extended fund facility, the extended credit facility, and the extended credit facility, and the RSF.

1.2 RSF'S ROLE IN CLIMATE FINANCE FOR LMICS

The RSF presents a transformative opportunity for LMICs to enhance their macroeconomic stability while mitigating climate risks. While the RSF does not directly provide climate-related investment capital, it provides fiscal space for countries to implement reforms that improve macroeconomic stability, thereby creating an enabling environment for climate finance. These reforms—such as comprehensively integrating climate considerations into fiscal, monetary, and financial sector policy frameworks—can help lower the cost of capital for climate-related investments and attract private finance in line with LMICs' development goals.

In its Managing currency risk to catalyze climate finance report (2024), CPI examined how a lack of robust macroeconomic policies and shallow domestic financial markets can expose LMICs to currency volatility, which significantly increases the cost of capital for climate investments. Through an RSF program, LMICs can access the IMF's technical expertise and the RST's financial resources to address these barriers to climate finance.

While the IMF has long worked with its member countries to enhance macroeconomic stability, the RSF is an important development for two reasons:

1. The RSF's focus on resilience to climate change (and pandemics) offers an opportunity for countries to tailor their macroeconomic policies to the specific needs of the climate crisis.
2. The long-term nature of RSF financing —a 20-year maturity and a 10½-year grace period—enables countries to pursue reforms that will yield benefits over decades rather than months or years.

However, realizing the RSF's full potential depends upon effective coordination among a wider range of domestic and international stakeholders than for traditional IMF programs. To incorporate climate considerations into macroeconomic policy, fiscal and monetary authorities—the IMF's traditional counterparts—will rely heavily on the expertise and plans of ministries responsible for sectors that will be affected by climate change (e.g., transportation, agriculture, and natural resources). Sectoral ministries, in turn, may require support from MDBs, development finance institutions (DFIs), and other development partners to address climate risks. Additionally, several of these partners have deep expertise in reform areas that are directly relevant to the RSF's core objectives, such as the development of domestic financial sectors in LMICs. Coordination among all stakeholders, including private actors, can help maximize the effectiveness of a country's RSF program.

This paper examines how the IMF engages with relevant stakeholders through RSF programs and how these stakeholders can coordinate to fully realize the RSF's potential. In doing so, CPI aims to familiarize LMIC stakeholders with the benefits of engaging with the RST/RSF, and identify tools and mechanisms to pursue such engagement. More broadly, we aim to help all stakeholders coordinate effectively to design, implement, and sustain macro-critical reforms that enable larger climate finance flows, thereby enhancing the long-term climate resilience of LMICs.

CONTENT

The remainder of this report is structured in four sections:

- **Section 2:** Coordination with national authorities discusses how the RSF works with national authorities, assesses the effectiveness of these efforts in achieving its objectives, and identifies opportunities for improvement.
- **Section 3:** Coordination with development partners focuses on the main channels of coordination with development partners, focusing on their contributions to climate change mitigation and adaptation in LMICs.
- **Section 4:** Catalyzing climate finance examines how the IMF is indirectly influencing both public and private finance through RSF reforms. While indirect capital mobilization is outside the IMF's mandate, the long-term success of the RSF depends on its ability to help countries stabilize their macroeconomic performance in response to climate challenges, including by attracting climate finance.
- **Section 5:** Areas for further research on strengthening coordination with non-traditional IMF national stakeholders, including national development banks (NDBs), non-governmental organizations (NGOs), civil society organizations (CSOs), and specialized agencies.

ANALYTICAL APPROACH

This analysis of RSF coordination mechanisms is informed by quantitative and qualitative data collected through in-depth interviews with representatives from the IMF, the World Bank, and external experts with country-specific knowledge. These experts are from the Center for Global Development (CGD), the Taskforce on Climate, Development and the IMF (the Taskforce), the Glasgow Financial Alliance for Net Zero (GFANZ), and the Vulnerable 20 (V20) ministers of finance. It also draws on case studies and desk research.

To explore how these mechanisms are applied in various settings, we provide three country examples, as shown in Table 1.

Table 1. Case studies used throughout this report

Countries	Reasons for selection
Bangladesh	With an ambitious RSF program and significant involvement of development partners, this case highlights the effectiveness of coordinated efforts among key stakeholders.
Barbados	This small island developing state's high climate vulnerability and limited fiscal capacity to absorb climate shocks highlight the challenges in managing economic and environmental vulnerabilities, as well as strategies for enhancing climate resilience.
Senegal	With a balance between climate goals and fossil fuel dependence for fiscal consolidation and energy access, Senegal has committed to significant climate reforms under the RSF. This highlights a balance between different stakeholder interests for RST implementation.

These cases, complemented by insights from RST applications elsewhere, highlight different approaches to implementing climate initiatives, the challenges of balancing climate goals with economic dependencies, and the complexities of IMF coordination with key actors in the RSF context.

2. NATIONAL AUTHORITIES

National authorities involved in designing and implementing RSF programs can align RSF-supported reforms with national climate plans, and involve sectoral ministries and other key stakeholders in all phases of the program.

While the IMF has historically engaged with finance ministries and central banks, the RSF's climate focus necessitates more work with sectoral ministries. This has introduced coordination challenges, as many countries' sectoral ministries have limited experience with the IMF. Governments may seek to institutionalize inter-ministry cooperation and engage both government and non-government actors in designing and implementing tailored macroeconomic policy frameworks under the RSF.

2.1 RELEVANT NATIONAL STAKEHOLDERS

Finance ministries typically lead the design and oversight of RSF programs, and the involvement of sectoral ministries varies—both in negotiating and implementing reform measures. IMF missions to RSF countries typically include meetings with finance ministers, central bank governors, and senior officials from public financial institutions. IMF staff and finance ministry officials engage in negotiations and technical discussions during Article IV consultations, program review missions, and country visits to agree on the macroeconomic justification for climate-related reform measures.[4] Finance ministries play a key role in defining macro-critical climate reforms within their countries' fiscal frameworks and broader economic plans. They coordinate the implementation of RSF programs, working closely with central banks and sectoral ministries. Finance ministries also conduct regular program reviews, monitor progress, and request adjustments in targets and timelines as needed (CGD, 2023).

The RSF has begun incorporating sectoral ministry inputs into its discussions. These include ministries responsible for the environment, planning, energy, labor, transportation, and health, as well as other national stakeholders.

4 Article IV consultations are annual assessments conducted by the IMF to evaluate and make recommendations on a country's economic policies. These consultations cover fiscal, monetary, exchange rate, and financial policies, aiming to support economic and financial stability and identify potential risks.

2.2 KEY CHALLENGES

Our interviews revealed two key challenges to collaboration between finance and sectoral ministries, with issues varying according to countries' institutional contexts:

1. **LIMITED ENGAGEMENT OF SECTORAL MINISTRIES IN RSF IMPLEMENTATION**

   The IMF has found that 45% of mission chiefs and 33% of national authorities have faced difficulties in coordinating across ministries and agencies (IMF 2024d). To achieve its desired systemic impact, the RSF and national authorities should involve sectoral ministries throughout the entire process. This can promote co-ownership of reforms across government, improve accountability and monitoring, and help establish long-term coordination channels that extend beyond the RSF to support a country's ongoing climate efforts.

2. **OVERLAPPING CLIMATE INITIATIVES**

   Without clear coordination mechanisms, climate policy initiatives in RSF recipient countries may overlap, resulting in duplication of implementation and increased strain on public institutions.

   Our interviews revealed limited communication between key institutional actors—including the central bank, ministry of finance, sectoral ministries, and international partners—undermining efforts to harmonize reforms. Without a structured coordination mechanism to connect ministries working on macro-fiscal policy, energy transition, and climate finance, reforms risk being implemented in silos, reducing opportunities for synergy across national climate initiatives.

   For example, Senegal launched its Just Energy Transition Partnership and the RSF program in parallel. Despite their complementary climate objectives, weak coordination between these large-scale initiatives created challenges in aligning them with Senegal's national priorities, according to CPI's interviews with stakeholders.

2.3 TOOLS OF ENGAGEMENT

Various coordination mechanisms can facilitate engagement between national authorities and the RST/RSF, as highlighted in our interviews. Section 4 provides details on the "roundtable" mechanism and explores ways to maximize its effectiveness in strengthening inter-ministry cooperation.

2.3.1 INSTITUTIONALIZING INTER-MINISTRY PLATFORMS

Some RSF countries have established inter-ministry platforms and collaborative mechanisms to improve policy alignment, implementation, and monitoring. For instance, Bangladesh employs a programmatic approach that involves multiple ministries under a broader national strategy. Barbados's Blue Green Bank initiative and Senegal's Green Taxonomy initiative suggest emerging forms of project-level coordination. While these efforts are encouraging, they may not yet reflect fully integrated cross-ministry processes. In this context, additional TA from the IMF could help to support more sustained inter-ministry collaboration to strengthen the integration of macroeconomic and sectoral climate policies.

Box 1: Examples of inter-ministry coordination

- **Bangladesh—Institutionalized Inter-ministerial Coordination:** Bangladesh's government has taken strong ownership of RSF implementation, led by the Ministry of Finance and supported by the Ministry of Environment, Forest and Climate Change (MoEFCC) and the Ministry of Power. To enhance inter-ministry coordination, the MoEFCC established the National Committee for Environment and Climate Change in 2023, chaired by the Prime Minister. This committee guides and tracks progress on the design and implementation of national climate change strategies. This supports the RSF program by promoting holistic reform measures and fosters a cross-ministry understanding of macroeconomic and physical climate impacts, laying the foundation for sustainable resilience beyond the RSF (IMF, 2023).
- **Barbados—Project-Driven Coordination through the Blue Green Bank:** Barbados leveraged the fiscal space created by RSF funding to help capitalize its Blue Green Bank, a mechanism that integrates climate resilience into the country's economic framework. The government coordinated with development banks and sectoral ministries—such as energy, agriculture, and tourism—to align investment strategies for sustainable infrastructure and climate projects (GCF, 2023).
- **Senegal—Early-Stage Inter-Ministerial Cooperation on a Green Taxonomy:** In Senegal, the Ministry of Finance and the Ministry of Environment, with support from the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), are collaborating to develop a green finance taxonomy, a promising opportunity for strong inter-ministry collaboration. This taxonomy will help classify and prioritize activities essential to the country's green transition, ensuring alignment between fiscal policies and environmental goals. Expanding this initiative could also serve as a basis for developing a national sustainable finance strategy, further integrating climate considerations into economic planning (CPI stakeholder interviews).

2.3.2 LEVERAGING NATIONAL CLIMATE PLANS

National climate plans help guide the selection of RSF reforms and should continue to inform program design, promoting country ownership. These plans identify priority reforms across sectors—such as energy, infrastructure, and disaster risk management—many of which fall outside the IMF's traditional expertise.

Accordingly, national authorities and the IMF should collaborate to identify and implement reforms with clear macroeconomic implications, where the IMF, alongside ministries of finance and central banks, can take a leading role. For sectoral reform areas that have macroeconomic relevance, such as those addressing acute physical climate risks, the IMF should continue to support development partners and sectoral ministries on design and implementation.

Existing national climate plans can be useful inputs for RSF design, reinforcing country ownership. As these plans are often developed with inputs from multiple ministries and stakeholders, they are more likely to secure broad support across the government.

Box 2: Examples of countries' use of national plans in RSF engagement

Bangladesh is using its well-established National Adaptation Plan to approach RSF negotiations with clearly defined priorities that align with national capacities. One of the country's adaptation goals is to strengthen institutional coordination among ministries and improve knowledge sharing on climate change, which supports the integration of RSF reforms in sectors such as water resources, agriculture, and transport. This alignment can help ensure that RSF-supported reforms are not only fiscally and macroeconomically viable, but also strategically embedded in Bangladesh's long-term climate and development agenda (UNDP, 2024).

The Barbados Economic Recovery and Transformation Plan 2022 (BERT 2022) laid the foundation for both its UCT program and RSF measures. The plan's first pillar focuses on the green transition, with others on resilient growth and development. This structured approach helps align RSF-supported reforms with broader economic and environmental goals and demonstrates how national plans can help integrate climate considerations into macroeconomic planning.

Senegal's national development strategy, the Plan Sénégal Émergent (PSE),[5] has been confirmed, forming one of the country's RSF reform measures. While still in the development phase, priorities from the PSE, which includes Senegal's National Adaptation Plan and Nationally Determined Contributions (NDCs), were a key reference for designing reforms in the absence of a formalized climate and development plan (IMF, 2023a).

Countries without national climate plans may face difficulties in identifying RSF reform measures that are backed by a broad coalition of ministries and stakeholders. The lack of a well-articulated climate strategy to align to poses challenges for both the design and implementation of RSF programs (CPI stakeholder interviews, 2024).

Even in countries with robust climate plans, these are not always integrated into RSF negotiations. The responsibility typically falls on national authorities to advocate for these priorities during discussions with the IMF. However, ministries often operate in silos, and inter-ministry coordination mechanisms may be underdeveloped. In many cases, there are no clear accountability structures to ensure that national priorities are reflected across agencies and carried through during implementation. This can result in misalignment between RSF reforms and broader national climate strategies, undermining country ownership and effective implementation (CPI stakeholder interviews, 2024).

2.3.3 LEVERAGING DIAGNOSTIC TOOLS

While national plans set the overarching framework for RSF reform measures, IMF diagnostic tools offer complementary insights into macroeconomic conditions and reform priorities. Diagnostic tools are integral to IMF programming, providing structured assessments of economic vulnerabilities, policy gaps, and reform priorities to guide policy advice, program design, and TA. They help identify macroeconomic risks, inform reform design, enhance climate assessments, and facilitate coordination with institutions such as the World Bank.

5 Implemented through five-year Priority Action Plans (PAPs) and currently in its third phase (2023-2027)

In the RSF context, diagnostic tools help assess macroeconomic and sectoral climate vulnerability and enable policymakers to design targeted reform measures that integrate fiscal, financial, and monetary stability considerations into climate policy. Macroeconomic insights are particularly important, as national climate plans may focus on sectoral targets without fully accounting for broader economic implications. RST countries should utilize these diagnostic tools to enhance the macroeconomic robustness of their climate change strategies and to identify and sequence reforms that are well-suited to RSF support.

RSF-RELEVANT DIAGNOSTIC TOOLS

Climate Public Investment Management Assessment (C-PIMA): An extension of the IMF's PIMA diagnostic tool, C-PIMA helps countries assess climate resilience for public investment planning, covering areas including budgeting, risk management, and inter-ministry coordination. Most RSF countries have undergone C-PIMAs to support negotiations with the IMF. C-PIMA, which is available to any IMF member upon request as part of the IMF's TA, is used at different stages. Bangladesh used a desk-based C-PIMA prior to RSF approval to inform reforms, while Jamaica conducted it after approval to refine implementation.

Climate Macroeconomic Assessment Program (CMAP): The CMAP is designed to assess the macroeconomic implications of climate change, including risks to fiscal policy, economic growth, and financial stability. It was developed following the conclusion of the Climate Change Policy Assessment (CCPA)—a joint IMF–World Bank pilot initiative conducted from 2017 to 2022. After six CCPA pilots, the institutions decided to develop separate tools: the World Bank launched CCDRs (described below), while the IMF introduced CMAPs. However, an internal review of two CMAP pilots found significant overlap with CCDRs (IMF, 2023d). As a result, the IMF opted to streamline the tool and apply it only on a selective basis. No new CMAPs have been produced since.

Country Climate & Development Reports (CCDRs): The World Bank launched CCDRs were launched in 2022 to assess climate risks and policy reform priorities for short-, medium-, and long-term horizons. They are typically aligned with the World Bank's 5–7-year Country Partnership Framework and are publicly available. As of March 2025, CCDRs cover 72 countries, primarily LMICs. These reports offer comprehensive climate guidance across sectors and have become key inputs for the design of RSF programs, helping fill gaps in the IMF's sectoral expertise. The integration of CCDRs into the RSF process has been a central area of IMF–World Bank collaboration and will be explored further in Section 3.

Climate Policy Diagnostic (CPD): To strengthen its climate-focused assessments, the IMF has introduced the CPD tool to analyze national mitigation and adaptation efforts over a shorter time period than CCDRs. The CPD complements existing diagnostics by assessing policy gaps and structural climate reform priorities. It covers similar areas to the World Bank's CCDRs, with a short-term focus. The CPD was designed to support RSF program design by identifying institutional and legal reforms that can be implemented within the RSF's 18–24 month program window. While CPDs are useful for aligning near-term reforms with RSF timelines, Section 2 explores the synergies and challenges of using both tools in parallel.

Other IMF climate diagnostics: The IMF is integrating climate into its debt sustainability assessments, macroeconomic modeling, and fiscal policy evaluations to help governments better understand the long-term economic implications of climate risks.

Table 2. Coverage of climate diagnostics tools across RSF countries

RSF Country	Preliminary Agreement on RST Program	World Bank (WB)	IMF	
		CCDR	C-PIMA	CPD
Costa Rica	Nov 2022			
Barbados	Dec 2022			
Bangladesh	Jan 2023			
Jamaica	Mar 2023			
Kosovo	May 2023			
Seychelles	May 2023			
Senegal	Jun 2023			
Niger	Jul 2023			
Kenya	Jul 2023			
Morocco	Sep 2023			
Moldova	Dec 2023			
Cabo Verde	Dec 2023			
Rwanda	Dec 2023			
Benin	Dec 2023			
Mauritania	Dec 2023			
Paraguay	Dec 2023			
Cameroon	Jan 2024			
Cote d'Ivoire	Mar 2024			
Tanzania	Jun 2024			
Madagascar	Jun 2024			
Papa New Guinea	Dec 2024			
Democratic Republic of the Congo	Jan 2025			

2.4 RECOMMENDATIONS TO IMPROVE INTER-MINISTRY COORDINATION

Countries can adopt the following actions to reinforce inter-ministry coordination and national ownership, thereby supporting the continuity of high-impact, macro-critical climate reforms.

Table 3. Recommendations to improve inter-ministry coordination

Recommendations	Actions	Lead actors	Policy benefits
Develop comprehensive national plans before engaging with the RSF	National authorities should develop robust national plans before engaging with the RSF, utilizing IMF diagnostic tools to identify knowledge gaps. If technical and institutional challenges exist, a dedicated technical assistance (TA) mechanism could support national climate plan development.	Sectoral and finance ministries	Strengthening sustainability of reforms and aligning them with national priorities. Improving readiness for RSF engagement.
Institutionalize national plans for RSF reforms	National authorities should formalize the integration of national plans (e.g., National Adaptation Plans, NDCs) as the foundation for RSF reform measures.	Sectoral and finance ministries	Strengthening negotiations and improving implementations.
Leverage IMF diagnostic tools	Actively request and use IMF tools like C-PIMA, particularly when national plans lack macroeconomic integration. These tools are country-driven and completed by the IMF's Fiscal Affairs Department.	Finance ministries	Facilitating integration of fiscal, financial, and monetary stability considerations into climate policy, leading to more effective reform measures.
Establish stronger climate linkages between sectoral ministries and finance ministries	Governments of RSF countries can establish formal mechanisms that bring together ministries of finance, central banks, and sectoral ministries for climate policy coordination. These platforms should be chaired at a high political level (e.g., by the prime minister or a committee of ministers), as is the case for Bangladesh's National Committee for Environment and Climate Change.	Sectoral and finance ministries	Supporting cross-ministry accountability.
Support long-term commitment	RSF reforms should be part of policy planning cycles to integrate climate priorities into fiscal decision-making.	Finance ministries	Making reform measures a core component of a country's economic strategy rather than a standalone short-term initiative.

3. DEVELOPMENT PARTNERS

LMIC governments can maximize the effectiveness of RSF programs by aligning them with World Bank climate initiatives. This includes securing TA for policy integration, coordinating diagnostics from both the World Bank and IMF, and advocating for joint reporting. Other development partners, such as regional development banks (RDBs) and bilateral DFIs, can strengthen engagement with the RSF by adopting standardized collaborative frameworks that are modeled on successful examples.

While the IMF is increasingly integrating climate considerations into its surveillance, its core mandate remains macroeconomic and financial stability. Some of a country's highest climate priorities may be central to national climate plans but fall outside of the IMF's expertise. In these cases, the IMF can help integrate such priorities into the broader fiscal framework, while MDBs and other partners lead on financing, implementation, and technical support. This division of labor enables each institution to contribute according to its strengths, supporting more coherent and effective climate reforms.

Development partners can support RSF programs in multiple ways, including:

- **Providing complementary expertise to support the IMF's capacity** to integrate climate considerations into macroeconomic policy and surveillance and to make policy recommendations more informed by sectoral realities beyond the IMF's scope.
- **Providing TA and capacity building to national governments,** particularly to identify and implement sectoral reforms and mobilize climate finance.
- **Providing financing support** by leveraging MDBs' ability to finance long-term development and climate projects, complementing RSF-supported reforms (see also sections 3.1 and 3.2).

3.1 LEVERAGING DEVELOPMENT PARTNERS: THE WORLD BANK'S CRITICAL ROLE

The World Bank is a key partner of the IMF on climate change, and the two institutions have worked toward a more formalized approach to such collaboration. In May 2024, the IMF and the World Bank announced an enhanced framework to help countries scale up climate finance, with the RSF serving as the IMF's core mechanism for supporting climate-related policy reforms, complemented by the World Bank's deep expertise. The framework focuses on three key areas: (1) joint climate diagnostics, (2) enhanced coordination with development partners, and (3) support for the development of country-led platforms (IMF, 2024e).

While the framework is a new initiative, the IMF and World Bank have been collaborating since 2022 on several components of RSF programs, with varying levels of standardization and success. These RSF programs offer insights into how both institutions can strengthen the operationalization of the enhanced framework for new countries.

3.1.1 SUPPORT THE DESIGN OF RSF REFORMS THROUGH DIAGNOSTIC TOOLS

World Bank CCDRs complement IMF macroeconomic diagnostics by providing sector-specific insights that shape climate-related fiscal and structural reforms. While the IMF's diagnostic tools assess fiscal constraints and macroeconomic risks, CCDRs provide assessments and recommendations for adaptation and mitigation reforms, bridging macroeconomic assessments and climate-related sectoral measures. Together, these tools can help national governments to design and implement comprehensive climate policies.

CCDRs are often the most readily available and comprehensive diagnostic tool to inform sectoral reform areas under RSF programs. In Bangladesh, six of the country's eleven RSF reform measures are directly based on CCDR recommendations. The remaining five cite World Bank analysis—outside of the CCDR—as the "analytical underpinning," often alongside IMF diagnostics. As the IMF continues to build its capacity to produce CPDs, CCDRs will remain a critical input, especially as newer RSF arrangements tend to include broader sectoral reforms than earlier programs (IMF, 2024d).

CCDRs and CPDs are resource-intensive assessments, making it impractical to conduct both for all countries that could benefit from them. Due to capacity constraints, it may not be realistic for a country to complete both a CCDR and a CPD. However, since the IMF's deployment of CPDs remains limited—with only three conducted as of March 2025—CCDRs can continue to serve as the primary sectoral diagnostic to inform RSF-supported reforms until the IMF has the capacity to provide its own diagnostic assessments to all RSF countries.

However, CCDRs are not always available at the time of RSF program design. Less than half of RSF recipient countries had a CCDR when their RSF arrangement was approved (see Table 4), which limited the availability of sector-specific analysis and weakened the foundation for program design and implementation.

Instead of selecting countries for CCDRs or CPDs on an ad hoc basis, the IMF and World Bank could create a joint prioritization process to decide where full diagnostics are most needed. This would enhance transparency, improve resource utilization, and strengthen accountability. Since CCDRs often include short-term, actionable reforms, they can offer a strong foundation for RSF program design—even without a CPD.

Table 4. Countries with/without a CCDR at the time of RSF approval

CCDR at time of RSF approval		No CCDR at time of RSF approval	
• Bangladesh • Benin • Cameroon • Côte D'Ivoire • Democratic Republic of the Congo	• Egypt • Mauritania • Morrocco • Niger • Rwanda	• Barbados • Cabo Verde • Costa Rica • Jamaica • Kenya • Kosovo	• Madagascar • Moldova • Papua New Guinea • Paraguay • Senegal • Seychelles • Tanzania

Note: While Cabo Verde, Kenya, Kosovo, Madagascar, Moldova, Senegal and Tanzania had no CCDRs at the time of RSF approval, the World Bank has since completed CCDRs for these countries

3.1.2 IMPLEMENTATION

The World Bank also plays a key role in implementing RSF programs and supports monitoring and evaluation. As part of the IMF's Article IV reviews, the World Bank provides an assessment letter that reviews the bank's commitment to country-level reforms. This letter supports the IMF's assessment of progress on implementing the RSF, links policy actions to broader climate finance initiatives, and assesses how countries are advancing their commitments under RSF-supported programs.

Box 3: Examples of country engagement

- **In Bangladesh**, the World Bank collaborates with the IMF and development partners through the Bangladesh Climate and Development Platform, focusing on climate-responsive public investment management and stress testing of the financial sector for climate risks. The bank also provides technical guidance on fossil fuel subsidy reform and disaster risk financing, helping to align these efforts with broader economic and environmental policies.

- **In Barbados**, the World Bank contributes to the development of green budget tagging methodologies and climate-sensitive fiscal policies, helping to direct government spending for sustainability goals. This support includes work on the Blue Green Bank, which received USD 10 million in seed capital from the Barbados Government. This funding was made possible by thefiscal space created through the RSF program and is expected to attract over USD 250 million in additional climate finance from private and multilateral sources such as the Green Climate Fund (GCF) and Inter-American Development Bank (IDB)(IMF, 2023c)

- **In Senegal**, the World Bank supports the implementation of climate-related reforms, including reducing emissions in agriculture, phasing out fossil fuel subsidies, and incorporating climate risks into public financial management. It also provides TA for coastal erosion mitigation and sustainable land-use policies, complementing IMF-led macroeconomic reforms.

3.1.3 KEY CHALLENGES

- **Weak coordination:** While the IMF-World Bank enhanced framework lays the ground for more structured coordination between the two entities, the effectiveness of their collaboration has varied to date. There is no formal process to systematically integrate World Bank expertise into RSF-supported reforms, resulting in duplication of efforts and missed opportunities to leverage each institution's comparative advantage.
- **Disconnect in engagement:** The IMF and World Bank tend to engage with different government ministries—the IMF with finance ministries, and the World Bank with sectoral ministries. This can create confusion over ownership of reforms and weaken inter-ministry coordination. In Benin, for example, government agencies lacked clarity on the total RSF funds received and which ministry was responsible for implementation (CPI interviews, 2024).
- **Mismatch in policy instruments and timing:** The IMF and the World Bank tend to employ complementary yet distinct approaches to climate-related economic reforms, reflecting their different tools and mandates. The IMF typically emphasizes fiscal policy levers such as carbon pricing and the removal of fossil fuel subsidies, while the World Bank focuses on investment-led solutions, including concessional and blended finance for clean energy and infrastructure. These approaches can be mutually reinforcing if coordinated effectively. However, in practice, a lack of coordination around timing, sequencing, and the packaging of policy tools has led to fragmented implementation in some RSF countries. For example, in a few cases, the IMF has promoted higher carbon taxes while the World Bank has focused on renewable energy investment, without alignment on how carbon revenues could support the clean energy transition (CPI interviews, 2024).

3.2 RECOMMENDATIONS TO IMPROVE IMF-WORLD BANK COORDINATION

Based on an analysis of the above cases, national climate finance stakeholders—including finance and sectoral ministries, as well as development partners—should take the following actions to maximize the effectiveness of IMF-World Bank collaboration on RSF programs. This will help align macroeconomic reforms with sectoral interventions, minimize policy conflicts, and enhance the mobilization of climate finance.

Table 5. Recommendations to improve IMF-World Bank coordination

Phase	Actions	Lead Actors	Policy benefits
Negotiation prior to RSF reform commitment	Establish inter-ministry climate finance committees with representatives from finance and sector ministries.	National authorities (especially finance ministries)	Aligning IMF macroeconomic policies with World Bank climate investment programs.
	Designate a lead coordinating office within the recipient country as the primary point of contact for both institutions.		Streamlining communication and decision-making.
	Use national climate strategies beyond CCDRs (e.g., NDCs, National Adaptation Plans, Climate Prosperity Plans) as the basis for both IMF and World Bank engagement, where available.		Strengthening national ownership of reform measures .
	Conduct an alignment assessment between CCDRs and CPDs, similar to the CCDR-CMAP review, to prevent duplication of efforts – see Section 2.2.3).		Identifying how CCDRs and CPDs can provide complementary analysis, avoiding duplication of efforts from Bank and Fund staff.
Implementation to deliver reforms	Use IMF Climate Finance Roundtables to align development partners' financing with RST policy objectives (see Section 4).		Improving financial mobilization and stakeholder engagement.
	Request joint IMF-World Bank technical training programs.		Building local institutional capacity to implement climate-related macro-fiscal and sectoral reforms.
	Leverage the World Bank's Assessment Letter process.		Identifying synergies with existing World Bank climate programs and clarifying institutional responsibilities.

3.3 LEVERAGING DEVELOPMENT PARTNERS: ROLES OF REGIONAL AND BILATERAL DFIS

3.3.1 REGIONAL DEVELOPMENT BANKS

RDBs play a critical role in advancing the goals of RSF arrangements. With their deep regional expertise, close relationships with member governments, and capacity to provide TA and concessional finance, these institutions are well-positioned to complement the RSF engagement. While some collaboration is already underway, partnerships between the IMF and RDBs remain uneven—revealing both promising models and missed opportunities.

One example of how RDBs can enable more comprehensive climate finance strategies is the IMF's collaboration with the IDB. The IDB is a key TA partner for RSF arrangements in Latin America and the Caribbean, supporting design and implementation, similar to the World Bank. In July 2024, the IMF and IDB formalized their cooperation on climate initiatives in the region. The collaboration focuses on three areas related to the RSF:

1. Identifying policies that align with IDB member countries' climate objectives under the RSF.
2. Strengthening the capacity of national governments to implement RSF reforms.
3. Developing strategies to attract and scale climate finance.

As an example of climate finance mobilization, the IDB has facilitated the creation of green taxonomies and an enabling environment for public-private partnerships and project preparation for RSF arrangements, including in Paraguay and Barbados. While the IMF-IDB collaboration is a successful model for integrating climate considerations into financial policies and capacity building, the IMF lacks a standardized approach for engaging other RDBs.

In Africa, for example, there is an opportunity to strengthen partnerships between the IMF and RDBs, such as the African Development Bank (AfDB), to enable more effective climate finance interventions. The AfDB has provided limited TA to RSF arrangements in Africa, occasionally in conjunction with the French Development Agency (AFD). Given that half of RSF arrangements operate in sub-Saharan Africa, there is room to leverage the AfDB's regional resources and expertise to increase RST effectiveness. Similar cooperation is lacking from other RDBs. As the number of RSF arrangements grows, formalizing partnerships between the IMF and RDBs will prove valuable.

3.3.2 BILATERAL DFIS

Bilateral DFIs support RSF-related reforms by providing TA in areas such as facilitating project-level climate finance flows, sector-specific reforms, and policy development. They are also involved in mobilizing project-level climate finance. For example, Côte d'Ivoire's USD 1.3 billion RSF arrangement demonstrates how strategic collaboration with development partners can strengthen green bond issuance, improve project preparation, and scale their climate finance strategies (CPI stakeholder interviews)

3.3.3 KEY CHALLENGES

- **Overlapping TA for the same types of reforms**: Bilateral institutions typically operate independently on a country-specific and *ad hoc* basis, rather than via structured partnerships with the IMF. This lack of coordination results in overlapping TA for the same types of reforms, creating gaps in sector support and making implementation less coherent.
- **Limited knowledge sharing**: There is no standardized process for incorporating lessons learned by bilateral DFIs into the design of RSF arrangements or for monitoring progress.
- **Weak coordination**: Additionally, bilateral DFIs primarily mobilize project-level climate finance, while the IMF focuses on macroeconomic and fiscal reforms. Weak coordination between these approaches makes it difficult to translate the RSF's macro-level reforms into an enabling environment for climate investment.

3.4 RECOMMENDATIONS TO IMPROVE COORDINATION WITH DFIS

Development partners, including regional and bilateral DFIs, should work with the IMF to establish a structured framework for engaging development partners in a clear, regionally coordinated manner to ensure that TA complements IMF expertise and avoids fragmentation (see Table 6).

Table 6. Recommendations to improve coordination with DFIs

Recommendations	Actions	Lead actors	Policy benefits
Strengthen collaboration frameworks	Leverage the IDB model (see Section 3.2.1) as a blueprint to standardize and expand collaborative frameworks with the IMF, especially in regions where cooperation is weak.	Development partners (e.g., RDBs such as AfDB) & IMF	Developing structured strategies to collaborate with the IMF.
Improve transparency and reporting	Include a coordination matrix in RSF arrangements documents showing how development partners support major reforms and implement standardized reporting mechanisms.	Development partners & IMF	Documenting contributions in RSF design and support through TA, clarifying responsibilities, and avoiding duplication in efforts across institutions.
Facilitate knowledge sharing and learning	Share best practices and lessons learned from RSF arrangements to build a knowledge base that informs future policy and operational decisions.	Development partners & IMF	Strengthening future arrangement design and enabling the scaling of successful interventions across regions.

4. MOVING TOWARD LONG-TERM COORDINATION TO CATALYZE FINANCE

The RSF can facilitate climate finance mobilization through two channels: (1) Promoting high-impact, macro-critical climate reforms; and (2) Leveraging its convening role through Climate Finance Roundtables. National climate actors can seize these opportunities to attract public and private investment for action.

The long-term success of the RSF will depend on its ability to help countries implement policy frameworks that strengthen their macroeconomic stability and fiscal capacity to address climate change. By strengthening macroeconomic conditions through climate-focused reforms—such as integrating climate risks into fiscal planning, enhancing green public finance management, and supporting the resilience of the financial sector—the RSF can help deepen countries' financial markets and lower their cost of capital. This will improve investment conditions and market confidence, ultimately catalyzing private sector participation in climate finance.

4.1 RSF'S CATALYTIC IMPACT: MOBILIZING FINANCE THROUGH CLIMATE REFORMS

Under the RSF, national ministries can access budget support and TA to create an enabling environment for public and private climate finance. The IMF can expand upon this work by engaging in climate finance discussions beyond those countries currently engaged in RSF arrangements, extending the reach of the facility.

4.1.1 KEY CHALLENGES

Despite its potential, the RSF faces the following challenges in delivering reforms that improve the conditions for scaling up climate investment:

- **Limited depth of reforms:** Current RSF arrangements prioritize process-oriented reforms with limited depth, rather than structural, high-impact changes. Approximately 80% of fiscal reforms and 90% of non-fiscal reforms in RSF arrangements have been classed as low depth by the CGD's initial assessment of the RST in March 2023, meaning that they focus on procedural changes rather than substantive policy changes (CGD, 2023).
- **While RSF arrangements have mobilized public financing, their role in engaging the private sector is less clear.** According to an IMF mid-term review survey, authorities and mission chiefs view RSF arrangements as catalysts for additional financing, attracting both public and private funds. The 2024 Taskforce report, however, indicates that the majority of these funds have come from public sources, with limited private investment (Taskforce, 2024a). Many development partners are mandated to invest in climate projects and would likely do

so regardless of IMF initiatives, raising a question over whether the RSF is driving additional public investment beyond existing commitments. Moreover, as the RSF is still in its early stages, it is premature to assess its long-term impact on private investment. Nevertheless, this means that the IMF needs to be transparent about the challenges of mobilizing private climate finance and candidly highlight the potential risks to both the RSF and concurrent IMF arrangements if private climate flows are not catalyzed as anticipated.

4.2 THE IMF CLIMATE FINANCE ROUNDTABLES

Climate Finance Roundtables, led by the IMF, are high-level convenings that bring together national governments, development partners, and private sector actors to coordinate on climate finance, align investments and policy reforms with national priorities, and mobilize additional resources for climate action.

These roundtables are country-driven coordination mechanisms that, to date, have taken place following the approval of an RSF arrangement.

Unlike traditional donor consultative group meetings, which have focused on broader development priorities and have been primarily donor-driven, Climate Finance Roundtables are uniquely focused on aligning macro-critical climate reforms with public and private investment flows. They also aim to avoid coordination challenges by engaging a wider range of actors—especially the private sector—and emphasizing sustained, iterative dialogue rather than one-off pledging sessions.

Expert interviewees indicate that the Climate Finance Roundtables focus on:

- Strengthening collaboration among national and international stakeholders to align strategies for scaling up climate finance.
- Aligning national policy reform measures with investment priorities to attract financing.
- Exploring programmatic approaches to mobilize additional public and private finance, assessing financing needs, and identifying funding gaps.
- Addressing national barriers to climate investment, including capacity building to improve institutional readiness, financial frameworks, project pipelines, and investment strategies.

As of October 2024, 21 RSF agreements had been signed, but only ten roundtables had been held, according to CPI's interviews with stakeholders.[6] The first seven were led by the IMF, and the others were co-convened with the World Bank. Interviewees also said that the IMF, World Bank, and IDB are now strengthening their cooperative framework to jointly coordinate roundtables in five additional countries. Future roundtables will be jointly led by the IMF and the World Bank, with regional MDBs such as the IDB, ADB, and AfDB playing greater roles over time. Stakeholders also indicated that the discussions will be closely aligned with the IMF's Article IV consultations to strengthen the integration of climate-related reforms into national economic strategies and link them to sustainable financing pathways.

6 According to the interviewees, the first ten Climate Finance Roundtables were held in Barbados, Rwanda, Costa Rica, Jamaica, Bangladesh, Kenya, Sénégal, Benin, Côte d'Ivoire, and Paraguay.

Despite having held ten roundtables, RSF arrangements have yet to mobilize meaningful private financing. For example, Bangladesh has mobilized only marginal private capital, while Barbados and Jamaica have secured none (Taskforce, 2024). Given that RSF is still in its early stages, having been operational in most countries for less than three years, it may be premature to view these results as shortcomings. The effects of RSF reform measures on countries' macroeconomic conditions and attractiveness to private sector investment may take time to materialize.

4.2.1 KEY CHALLENGES

While the Climate Finance Roundtables are the primary mechanism for RSF engagement with the private sector, some challenges limit their effectiveness in mobilizing private capital:

- **Limited capacity to sustain and expand discussions:** Interviewees suggested that resource constraints have limited the ability to hold roundtables (annually or biennially) across RST countries, resulting in a more ad hoc approach to their convening and missing opportunities to feedback and adjustments.
- **Need for greater country ownership and involvement of key stakeholders:** The effectiveness of the roundtables has varied across countries, with uneven levels of government engagement and leadership. In some cases, key stakeholders who influence national climate policies and goals—particularly CSOs—have not been included, missing their valuable local knowledge and insights into the climate needs of vulnerable communities.

4.3 INITIATIVES INSPIRED BY THE CLIMATE FINANCE ROUNDTABLES

Various development partners are working with national governments through the Climate Finance Roundtables to adopt a programmatic approach to achieving climate goals and supporting climate finance commitments from public and private sources. These partners include multilateral and NDBs, vertical climate funds, UN agencies, and bilateral development agencies. The IMF and participating institutions anticipate that, once all conditionalities are met, the RSF will help to unlock further green finance—both from international financial institutions and private capital—to support the country's climate policy agenda beyond RSF and IMF mandates. Box 4 presents three examples of how Climate Finance Roundtables can foster stakeholder collaboration.

Box 4: Key stakeholders' coordination via Climate Finance Roundtables

Bangladesh, as of June 2024, had received USD 439 million of the USD 1.4 billion committed funds from the RST in January 2023 (IMF, 2024b)**.** Following RSF implementation and Climate Finance Roundtable, Bangladesh adopted a programmatic approach through its Climate and Development Platform to attract domestic and international climate investments. As a result, the country secured policy-based lending commitments exceeding USD 1.85 billion from development partners, including the ADB, AFD, the World Bank, and the Asian Infrastructure Investment Bank. Additionally, Bangladesh has secured financing worth USD 610 million from the GCF, the International Finance Corporation, and Japan International Cooperation Agency to support private sector climate projects. Notably, a private bank will contribute to Bangladesh's climate adaptation efforts through green bonds and blended finance solutions (IMF, 2023).

Barbados, in late 2023, faced a climate finance gap of approximately USD 400 million (40% of its total climate finance needs) (Taskforce, 2024a). As of December 2024, the RSF had disbursed USD 149 million of the USD 189 million committed to Barbados (IMF, 2024a), with an expectation of catalyzing a further USD 810 million in green finance from development partners and the private sector (Taskforce, 2024a). Barbados has secured an additional USD 610 million in financing from MDBs and the GCF, alongside ongoing coordination efforts through the climate finance roundtable.

Rwanda's RSF arrangement, launched in 2022, has built upon efforts by the Rwandan Government and development partners to scale up climate finance (IMF, 2024d). As of October 2024, Rwanda was to have received USD 95.9 million of the USD 319 million committed under its RSF arrangement (IMF, 2024c, 2022). Rwanda has also emphasized the role of private investment in its USD 11 billion climate action plan (Ireme Invest, 2022). The Ministry of Finance and Economic Planning contributed USD 40 million to Ireme Invest, the country's first private green investment facility (IMF, 2023b), which is expected to attract EUR 300 million (USD 326 million) (Ireme Invest, 2023) from development partners to provide project preparation facilities and affordable credit to private enterprises in the context of broader engagement through Rwanda's climate finance roundtable (IMF, 2024d).[7]

4.4 ACTIONABLE ROADMAP FOR CLIMATE FINANCE ROUNDTABLES

Climate Finance Roundtables can serve as effective coordination mechanisms that integrate national perspectives into broader climate finance strategies and align them with the country's climate policy agenda. Rather than shaping the content of the RSF arrangement—which should remain the result of direct negotiations between the IMF and national authorities—roundtables add value by supporting the implementation and financing of national climate strategies, including, where relevant, the RSF.

7 The partners contributing to Ireme Invest are the European Investment Bank, AFD, the Government of Sweden, the UK Commonwealth and Development Office, Global Climate Partnership Fund, and the Development Bank of Rwanda.

Policy alignment can play a catalytic role in attracting additional climate finance—from development partners in the short term and private investors in the long term. To realize this potential, Climate Finance Roundtables should be convened after RSF arrangements are agreed, serving as a platform to mobilize support, gather feedback, and promote coordination across institutions. Over time, they could evolve into regular (e.g., annual or biennial) meetings that track progress, identify financing gaps, and adjust strategies as needed, anchoring climate investments within a sound macroeconomic framework.

The IMF, national governments, and development partners should consider the following roadmap to support the Climate Finance Roundtable process.

Table 7. Recommendation: Actionable roadmap for RSF Climate Finance Roundtables

<table>
<tr><th>Phase</th><th>Recommendations</th><th>Lead actors</th><th>Actions</th></tr>
<tr><td>Phase 1: Initiation & planning (Pre- or post-RSF approval)</td><td>Define the need, scope, and key stakeholders for the roundtable.</td><td rowspan="4">IMF (lead), national authorities, MDBs, DFIs</td><td>Identify relevant actors, including MDBs, DFIs, bilateral donors, private sector representatives, and civil society.</td></tr>
<tr><td>Phase 2: Convening the Roundtable (Pre- or post-RSF approval)</td><td>Facilitate structured dialogue to align RSF reform measures with broader climate finance efforts.</td><td>Dialogue focus:
• Aligning development partners' efforts with RSF reform measures.
• Exploring programmatic approaches to mobilize climate finance.
• Identifying approaches to address barriers to climate investment.</td></tr>
<tr><td>Phase 3: Follow-up (Ongoing, post-Roundtable)</td><td>Follow up on agreed steps related to financing mobilization, reform implementation, and stakeholder coordination.</td><td>• Establish coordination meetings for sustained engagement.
• Support accountability by reinforcing follow-through on commitments.
• Assess the need for additional roundtables or other mechanisms and follow up on financial commitments and reform implementation.</td></tr>
<tr><td>Phase 4: Scaling & institutionalizing the approach (Medium to long term)</td><td>Institutionalizing roundtables to support long-term accountability and help monitor progress on reform commitments beyond initial RSF implementation.</td><td>• Establish a standardized framework so that roundtables are consistently applied across RST countries (e.g., define criteria for when and how roundtables are conducted and integrate them systematically into the RSF process).</td></tr>
</table>

5. CONCLUSIONS AND AREAS FOR FURTHER RESEARCH

Coordination among national authorities, the IMF, and development partners can maximize the impact of RSF-supported climate reforms. While the RSF presents a transformative opportunity for LMICs to advance macro-critical climate reforms and unlock climate finance, its success requires strong government-led coordination.

For the RSF to realize its potential, national governments must go beyond traditional models of IMF engagement. This includes engaging sectoral ministries in macro-fiscal discussions, making strategic use of TA from development partners, and aligning reform efforts with broader investment strategies. Cross-institutional cooperation—especially between the IMF, the World Bank, and DFIs—can strengthen these efforts if effectively coordinated. Climate Finance Roundtables and other emerging platforms offer promising ways to align public and private actors around national priorities.

This is not just a matter of institutional process—it is essential for achieving climate-resilient development in contexts that face tight fiscal constraints and economic volatility. By addressing coordination gaps, national governments can make the RSF a powerful tool for building long-term resilience while strengthening macroeconomic fundamentals.

Future research should continue to examine how RSF arrangements evolve across countries and identify the most effective coordination models for translating climate ambition into sustainable reforms. In addition, we propose three further future research topics below.

5.1 RESOURCING CLIMATE ADAPTATION FOR LDCS

Research is needed to assess how the RSF and the Climate Finance Roundtables can better prioritize and coordinate resources for climate adaptation in least-developed countries (LDCs) in particular. This includes examining the impact of high public debt on mobilizing public finance and private climate investment.

Given private investors' preference for funding mitigation projects, which tend to have more favorable risk-reward profiles, it is essential to explore strategies that can increase focus on adaptation in LDCs. Research should also explore solutions to the challenges of project bankability and high cost of capital, which are exacerbated by underdeveloped financial markets in LDCs. For example, Rwanda's approach to scaling up climate finance through concessional lending to the private sector and offering project preparation support through Ireme Invest (see Box 4) could be applicable to other LDCs.

5.2 BRINGING IN NDBS, NGOS, AND CSOS

Further research should explore how NDBs can enhance the impact of the RSF. These banks have strong institutional and financial ties with MDBs and possess in-depth local market knowledge, as well as the capacity to manage long-term investments and political risk—both essential for catalyzing additional climate finance.

As the IMF consults with additional countries on RSF arrangements, these banks can help to identify and address barriers to accelerating climate finance and ensure that reforms are effective. For example, the Development Bank of Jamaica played a key role in integrating climate considerations into existing public-private partnership frameworks under Jamaica's RSF, demonstrating its value in operationalizing RSF initiatives.

Further research should also focus on the potential for NGOs and CSOs to contribute to the design, implementation, and monitoring of RSFs. In Barbados, for example, the limited engagement of well-established CSOs on issues such as water scarcity in the RSF process may miss an opportunity to harness local knowledge. CSOs could provide important insights into the climate needs of vulnerable communities, complementing the expertise of development partners and sectoral ministries.

5.3 LEVERAGING SPECIALIZED AGENCIES

Research should also focus on leveraging specialized agencies to implement RSF objectives that extend beyond traditional IMF mandates. These entities—ranging from international organizations such as UN agencies to climate and environmental funds like the GCF—can help countries design sector-specific reforms, implement national climate strategies, and mobilize private finance.

They may make technical and financial contributions in three main areas:

- **Policy support for climate reforms:** Specialized agencies can help governments design and implement climate-related reforms by structuring targeted financial mechanisms and integrating climate finance into public policy.
- **Sectoral and adaptation support:** Organizations such as the World Food Program and UN programs for development, environment, and disaster risk reduction provide TA for climate-related sectoral reforms. These agencies focus on critical adaptation topics such as conservation, water management, climate risk assessment, and disaster resilience, which fall outside of the IMF's traditional mandate.
- **Catalyzing private climate finance:** Some agencies also help to mobilize private investment in climate projects. For example, the GCF and the European Investment Bank's financial support for private projects, such as renewable energy facilities in Bangladesh, is expected to attract an additional USD 750 million (IMF, 2024d), illustrating how targeted financing mechanisms can enhance private engagement in climate resilience.

Further research should explore how specialized agencies can be leveraged in the design, roundtables, and implementation of RSFs to support climate-resilient economic reforms, including through TA, sectoral expertise, and mobilization of private finance.

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