

**EXECUTIVE
BOARD
MEETING**

SM/19/39
Correction 3

April 2, 2019

To: Members of the Executive Board

From: The Secretary

Subject: **Fiscal Policies for Implementing Paris Climate Strategies—From Principle to Practice**

Board Action: The attached corrections to SM/19/39 (2/19/19) have been provided by the staff:

Evident Ambiguity **Page 42**

Questions: Mr. Keen, FAD (ext. 34442)

goals potentially funded from carbon pricing; as well as reduced economic risks from slowing climate change. Finally, building climate resilience can boost macro performance through limiting expected GDP losses and attracting external finance.

64. Demand for support from the Fund, including capacity development, policy development, program work, and surveillance seems likely to increase in coming years. Future analytical work could include evaluation of potential revisions to mitigation pledges to inform international dialogue; case studies on carbon pricing/broader fiscal reform packages to address political economy challenges; implications of global mitigation for resource-rich countries and their fiscal regimes; and macro policies for mobilizing climate investment needs. Meanwhile, macro-fiscal frameworks fully integrating (near-term) natural disaster and (longer-term) climate risks are being applied to a broadening range of vulnerable countries. Within the areas of its expertise, the Fund might periodically take stock of ~~progress towards the fiscal aspects of progress towards~~ delivering on the Paris commitments and emerging issues. At the same time, bilateral surveillance could integrate (at low resource cost) standardized analyses of mitigation policies that can be regularly updated for multilateral surveillance purposes using the tools set out in this paper.

ISSUES FOR DISCUSSION

65. Directors may wish to discuss the following issues:

- What role do Directors see for carbon pricing in meeting countries' Paris pledges? What role do they see for other mitigation instruments, such as regulations and feebates?
- Do Directors have views on how best to address the political economy challenges in raising momentum for carbon pricing and meeting Paris commitments more generally?
- Do Directors see merit in the suggestion of a carbon price floor at the international level?
- Do Directors believe the macro and fiscal implications of countries' Paris mitigation pledges should feature in bilateral policy discussions?
- Do Directors have views on the desirability and form of mitigation policy in low-income countries?
- Do Directors believe the Fund ~~could usefully might periodically~~ take stock of ~~countries' progress~~ the fiscal aspects of progress towards delivering on their Paris commitments using the kind of methodologies set out in this paper?
- What are Directors' views on how the Fund can best promote climate resilience in vulnerable countries?