# IMF Warns Developing Countries of Need for Diversified Financing for Climate Change Mitigation



The International Monetary Fund (IMF) has issued a warning to governments in developing countries regarding the need for diversified financing strategies for climate change mitigation. In a report published on Friday, the IMF highlighted that these nations, which currently rely heavily on loans and subsidies, require additional funds amounting to about two percent of their GDP annually to achieve net-zero carbon emissions by 2050.

The IMF outlined that continuing the current financing route could lead to government debt escalating to 125 percent of GDP, depending on each country's overall budget and economic conditions. To manage this potential debt burden, the IMF recommended the implementation of carbon pricing, including carbon taxes and carbon credits.

The organization emphasized that existing fiscal policies may need a substantial adjustment, which could undermine current budget credibility. Therefore, a new comprehensive fiscal strategy is necessary to secure broad public support and effectively address the policy tradeoffs required for sustainable climate action.