Fiscal Reforms to Support Addressing Climate Change Challenges in Algeria
14 May 2024

Fiscal policy instruments are powerful tools that governments can deploy to respond to climate change challenges. This webinar was based on the IMF Selected Issues Paper discussing (1) the macroeconomic and fiscal implications of climate change in Algeria, (2) risks associated with the global energy transition for Algeria’s economy, and (3) appropriate fiscal policy responses. The webinar gave an overview of the Algerian government’s climate strategy and presented fiscal policy options to achieve Algeria’s greenhouse gas emission reduction goals and build resilience against climate risks.

The webinar was attended by 84 participants. The presentation was followed by a lively Q&A session. The METAC team gives special thanks to the presenter, Mr. Mahmoud Harb from the IMF for taking the extra time to respond to all questions and engaging in the vivid discussion with the audience. Many questions focused on the proposed reform of the universal energy subsidy, which was one of the four presented reform pillars. Participants were especially interested in the reform’s impact on household’s purchasing power, inflation, and investments in renewable energy. The debate covered topics such as (1) the need to cushion the social impact of an energy subsidy removal by an accompanying targeted cash transfer mechanism that supports vulnerable households; (2) the necessity of adequate monetary policy to respond to the supply shock; and (3) the impact of universal subsidies on the commercial viability of investments in renewables.

Mahmoud Harb during his presentation.