Strengthening the Role of Ministries of Finance in Driving Climate Action

A Framework and Guide for Ministers and Ministries of Finance

Accelerating financing for climate action: Progress across the Asia-Pacific region

TCS80 MPFD Side Event, Thursday, 25 April 2024, 12.45-13.45 hrs

Pekka Morén, Special Representative of the Finance Ministry, Finland, and Co-founder of the CFMCA
Confirm as used in Agenda
Roohi Abdullah, 2024-04-01T03:33:35.008
The Coalition of Finance Ministers for Climate Action is a global initiative established in 2019.

- **90+ members** (and observers)
- **26 Institutional Partners**
- Representing 40% of global CO₂ emissions and 65% of global GDP
- Co-chairs from Netherlands and Indonesia
- The World Bank Group/International Monetary Fund host the Secretariat
- Regular Ministerial, Deputy and Expert level events
Ministries of Finance key actors in mobilizing green finance and investments

1. Economic policy and shaping national strategies and investment plans
2. Fiscal policy with overseeing government expenditure and revenues
3. Financial policy and debt management instruments
4. Shaping markets for sustainable finance as regulator (with CBs)
5. State-ownership policy steering as shareholders in enterprises, in development banks, sovereign wealth funds, etc.
6. Active engagement in the international network of Finance Ministries shaping the global and regional economy

$100 trillion +
Size of global economy
(MoF policies shape economy-wide incentives and investment)

$30 trillion +
Government expenditure under purview of Ministries of Finance
Ministries of Finance are stepping up...

There are a growing number of examples of visionary leadership by Finance Ministers, including 100+ featured in the guide.
...but Ministries of Finance face many barriers to engage in climate action, especially:

1. Limited **awareness and willingness** to engage on climate change
2. Lack of specific **mandates and weak institutional basis** for proactive involvement in the government’s climate agenda
3. Limited **expertise, technical capacity and tools**
4. Lack of **strategic vision** of the impacts of climate change and transition to public finances and the economy

The guide presents a **framework** that Ministries of Finance can use to **overcome barriers** to action and inspire and inform mainstreaming climate action within core functions and capabilities.
A Framework Guide for Climate Action

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<tr>
<th>Mainstreaming Climate Action into Ministry of Finance Core Functions and Capabilities</th>
<th>HPs</th>
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<tbody>
<tr>
<td><strong>Three Functions</strong></td>
<td><strong>Fiscal policy</strong>&lt;br&gt;Reforming tax, pricing and budget instruments to transform the economy</td>
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<td><strong>Economic strategy and vision</strong>&lt;br&gt;Shaping national development and climate plans, including investment strategies</td>
<td><strong>Leadership capability</strong>&lt;br&gt;Strengthening governance, mandates, institutional set-up and senior leadership</td>
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<td><strong>Leadership capability</strong>&lt;br&gt;Strengthening governance, mandates, institutional set-up and senior leadership</td>
<td><strong>Human and analytical capability</strong>&lt;br&gt;Building staffing, expertise and enhanced economic decision-making tools</td>
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<td><strong>Three Capabilities</strong></td>
<td><strong>Crosscutting</strong></td>
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HPs = Helsinki Principles. Read more at: [www.financeministersforclimate.org/](http://www.financeministersforclimate.org/)
The actions set out in the guide will be supported by scaling up wide-ranging initiatives and programs to build the capability and capacity of Coalition members.

The Coalition will disseminate the guide and support its members through:

- **Presentation Events and Ambassador Network**
- **Capacity Building and Technical Support**
- **Knowledge and Research**
- **Dialogue with Ministers and Senior Stakeholders**

**Update of the Guide by 2025 in close co-operation with members and IPs**
# Capacity Building and enhanced Knowhow in 2024-2025: avenues to access support, best expertise and research networks

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<tr>
<th><strong>Support</strong></th>
<th><strong>Delivery Approach</strong></th>
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<tr>
<td><strong>1. CFMCA Capacity Building Catalogue</strong>&lt;br&gt;Suite of established climate-related capacity building programs provided by IPs</td>
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<td>• African Development Bank&lt;br&gt;• Asian Development Bank&lt;br&gt;• The Commonwealth&lt;br&gt;• European Commission&lt;br&gt;• Grantham Research Institute&lt;br&gt;• Green Climate Fund&lt;br&gt;• Inter-American Development Bank&lt;br&gt;• IMF&lt;br&gt;• NDC Partnership&lt;br&gt;• World Bank&lt;br&gt;• World Resources Institute&lt;br&gt;• UNDP, UNEP</td>
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<td><strong>2. Coalition for Capacity Creation on Climate Action (C3A)</strong>&lt;br&gt;Tailor-made demand-driven capacity building to build bespoke analytical toolkits</td>
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<td>• Program pays particular attention to initial needs assessment&lt;br&gt;• Regional and thematic hubs play an essential role in connecting specific capacity-building needs to knowledge providers across regions.&lt;br&gt;• Based on demand, leverages targeted material from an independent Knowledge Network for Climate Action to develop analytical tools for Ministries of Finance.</td>
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<td><strong>3. NDC Partnership Mechanism (For EMDEs)</strong>&lt;br&gt;Matchmaking between country needs and technical/financial support from partners</td>
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<td>• Countries submit support request through NDC Partnership mechanism&lt;br&gt;• Requests go out to over 80+ implementing and development partners from the network, such as:&lt;br&gt;  • Support for MoFs in NDC/LTS process&lt;br&gt;  • Climate risk modelling&lt;br&gt;  • Incorporating climate actions in PFM&lt;br&gt;  • Carbon pricing and fossil fuel subsidy phase-out&lt;br&gt;  • Greening central banks&lt;br&gt;  • Regulations to protect financial stability and align finance with Paris Agreement&lt;br&gt;  • Other climate-related needs from MoFs</td>
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Thank you!

available here: www.financeministersforclimate.org/reports