

## 2021 Work Programme

### The Coalition of Finance Ministers for Climate Action

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The Coalition’s Work Programme for 2021 specifies the key priorities under each Helsinki Principle. It builds on the Santiago Action Plan and takes into account the guidance provided by Finance Ministers at the Coalition’s Fourth Ministerial Meeting held on October 12, 2020, the survey conducted among Members and Institutional Partners, and discussions among Members.

While this Work Programme sets out key work priorities for 2021, activities and deliverables may be adjusted and prioritized during implementation, reflecting evolving circumstances and country-specific factors, as well as further guidance from Finance Ministers. Every effort will be made to build synergies from close coordination and collaboration with Institutional Partners and ensure efficient use of resources.

#### Green Recovery

The importance of green recovery was one of the priorities raised by Ministers at the Fourth Ministerial Meeting. Ministers called for further analysis of policy options in the areas of the Helsinki Principles based on work carried out by Institutional Partners as well as a stock take of actions carried out by Members. The objective is to provide information and guidance to Ministers on actions taken to date to achieve green recovery, and to analyze the challenges of designing policy measures that support the transformation to low-carbon and climate-resilient economies in the short- and long-term. As a first step, in early 2021, a stocktaking of measures and experiences among Members shall be carried out.

#### Deliverable:

- **By April 2021:** Launch a second report on green recovery policies as a follow-up to the “Better Recovery, Better World” report published in July 2020.

#### Helsinki Principle 1

Ministries of Finance and Economy play an important role in the formulation and implementation of long-term strategies for climate change. A Long-Term Strategy (LTS) can be understood as an overall development strategy and a set of required measures—including sectoral or cross-cutting policies—toward achieving climate resilience and net-zero greenhouse gas emissions by 2050, specific to each country.

The Coalition has identified three priorities in this area: 1) developing transition strategies with the assistance of Institutional Partners and facilitating knowledge sharing between countries; 2) deepening analysis through accessible modelling tools and developing additional tools, especially for fiscal analysis of transition strategies; and 3) identifying good practices, reviewing new country cases, and mapping the status of LTSs among Members.

The Coalition will support good practices through workshops and/or guidance notes, in different areas of the Helsinki Principles, taking into consideration institutional and legislative aspects.

**Deliverables:**

- **By April 2021:** With Institutional Partners, produce a note reviewing the key tools for developing LTSs (such as modelling), linking to the planned Helsinki Principle 4 workshop (see page 4).
- **By October 2021:** Present the first results of a research project on the Fiscal Impacts of Carbon Neutrality based on a plan to be launched by March 2021.
- **By October 2021:** Publish a report broadening the review of LTSs to a new set of countries.
- **In 2021:** Identify key areas where skills could be developed to support LTS work, including a training programme for the Coalition as a whole and more targeted technical support to individual countries.

**Helsinki Principle 2**

On October 12, some Ministers called for evidence-based research to support economic policy design, a stock take of good practices for introducing climate change considerations into finance ministry strategies, and efforts to enhance expertise and know-how. The research objectives are to: 1) identify relevant areas of work; 2) map existing efforts; 3) coordinate further activities; 4) develop networks of partners within Member countries and connect with Institutional Partners; and 5) review good institutional practices to integrate research into economic policy designs.

In close cooperation with Institutional Partners, a training programme shall be designed to build capacity and competencies on a continuous basis. A mapping of existing programmes shall be carried out to avoid parallel work and to coordinate with similar efforts. A workshop shall be organized to identify good practices and concrete ways forward to work collectively towards agreed objectives. In this regard, it is important to take into account the complementary themes of different Helsinki Principles.

**Deliverables:**

- **By June 2021:** Prepare a report reviewing good practices on finance ministries' strategies, governance, and research capacities to support the mainstreaming of climate considerations in economic policies and to identify key research areas. A workshop will be organized in preparation of this report during the first quarter of 2021.

- **By October 2021:** Launch a training programme based on a mapping of ongoing training programmes (Institutional Partners) and the identification of key areas where competencies and expertise should be supported. The training programme will explore concrete ways to collaborate with academia and Institutional Partners and will also identify donors to finance this programme.

### Helsinki Principle 3

At the Fourth Ministerial Meeting, Ministers underlined the importance of carbon pricing instruments in addressing climate change as one of the main priorities of the Coalition. The Coalition would like to further enhance its understanding of the effects of such instruments and how they can be implemented while taking into account different country circumstances. In light of the fiscal challenges and economic impacts of the COVID-19 pandemic, the design of tax and/or subsidy reforms in different and changing political economy contexts and fiscal circumstances will be examined. The work will study technical and political aspects of carbon pricing to enable the consideration of various policy options.

The objective is to support Members in their efforts to improve carbon pricing and/or rationalize the use of fossil fuel subsidies. This work will include identifying technical requirements for introducing carbon pricing (such as the measurement, design and content of reforms), the use of revenues from carbon pricing, and ways to compensate segments of the population most affected by carbon pricing reforms.

Institutional Partners will provide technical expertise to support the Coalition's work in this area. More generally, the work should support Members in responding to general concerns arising from domestic carbon pricing strategies, taking into account the experiences of other Member countries. To achieve this, a series of workshops or seminars, as well as exchanges with stakeholders and interested parties, will be organised in Spring 2021.

#### Deliverables:

- **By March 2021:** Provide key information on carbon pricing tools and their current use with the objective of enhancing understanding of the current state of play, challenges, and key issues.
- **In 2021:** Develop know-how by organizing training on the phasing out of fossil fuel subsidies, tax expenditures, and other support for fossil fuel production/use (see also Helsinki Principle 2).
- **In 2021:** Produce policy briefs, notes, and reports for consideration by the Coalition, including on analysing transition challenges and economic impacts of the introduction of carbon pricing and carbon price floors.

## Helsinki Principle 4

At the Fourth Ministerial Meeting, Ministers emphasized the importance of reflecting climate change in macro-fiscal planning, budgeting, public investment and procurement, and public financial management. This will be essential in underpinning recovery efforts in the deteriorated economic and fiscal circumstances caused by the COVID-19 pandemic. Ministers stressed the need to continue working on tools and guidance on green budgeting, integrating climate change into the management of public finances and economic modelling, and analyzing policy options towards sustainable recovery in the context of changing fiscal circumstances.

Institutional Partners will seek to promote the application of analytical techniques and tools; harmonize concepts, classifications, methodologies, and practices regarding climate change-related economic policies; and enhance macroeconomic forecasting, fiscal planning, and green budgeting.

### Deliverables:

- **By April 2021:** Prepare a report on the political relevance of integrating climate into economic policy tools to: a) support the development of environmental and climate policies, and b) highlight the value of assessing the effects of economic policies. The report will cover considerations of growth and the real economy, public finance and debt, and economic surveillance (such as IMF Article IVs, the IMF / World Bank Financial Sector Assessment Program, and EU reviews), as well as taking into account both short- and long-term aspects, including efforts towards green recovery.
- **In February and March 2021:** Hold workshops on macroeconomic modelling and green budgeting. These workshops will help identify current approaches, develop new ideas, support countries in their efforts to integrate climate into modelling, and contribute to the preparation of the above-mentioned report. These workshops will become a regular practice in 2021, reflecting their importance to mainstreaming climate change considerations in economic policies.
- **In 2021:** Continue working on various reports, toolkits, and guidance notes in the areas of macro-fiscal planning, budgeting, public investment management, procurement, and financial management. These inputs will be considered by the Coalition and included in the training programme being arranged under Helsinki Principle 2 (see page 2).

## Helsinki Principle 5

At the Fourth Ministerial Meeting, Ministers stressed the importance of financial systems incorporating climate change considerations into financial decisions. To further the Coalition's work in this area, the Helsinki Principle 5 workstream will work closely with Institutional Partners and other relevant organizations to develop issue notes, organize workshops and trainings, and facilitate the exchange of experience. This work will be conducted while acknowledging the financing needs of countries—especially developing countries—to achieve a sustainable recovery and make progress on key climate change initiatives.

The Coalition has identified five priority work areas under Helsinki Principle 5: 1) greening of financial system roadmaps; 2) financial stability and supervision; 3) financial guidelines and regulation; 4) green bonds and other financial instruments; and 5) blended finance and adaptation. The Helsinki Principle 5 workstream will explore policy tools and approaches in each of these areas to support Ministries of Finance in greening their financial systems and mobilizing private sources of climate finance. Through its activities, the workstream aims to:

- Engage on the International Financial Reporting Standards sustainability harmonization initiative to enhance awareness and consider policy relevance.
- Deepen collaboration with the Network for Greening the Financial System, the International Platform for Sustainable Finance, and other entities.
- Link with other workstreams, such as Helsinki Principle 4, on green taxonomies and budgeting.

#### Deliverables:

- **By February 2021:** Produce a paper on *Private Sector Commitments and Alignment Methodologies*, with a summary of good practices and key findings to be discussed at a workshop.
- **By April 2021:** Produce a note on climate-related financial risk.
- **By May 2021:** Produce a note on biodiversity-related financial risk.
- **By June 2021:** Produce a paper comparing green financial system roadmaps and present the main policy issues and state of play at a workshop discussing key findings.
- **By October 2021:** Produce a paper on the synergies between the issuance of labelled bonds and green budget tagging (in collaboration with the Helsinki Principle 4 workstream).
- **By October 2021:** Produce a Coalition paper looking at the characteristics of various climate-related financial risk modelling approaches and their applicability for Ministries of Finance (in collaboration with Helsinki Principle 4).

### Helsinki Principle 6

As part of its 2021 Work Plan, the Helsinki Principle 6 workstream aims to further engage finance ministries in reviewing current NDCs, developing new NDCs, and implementing revised NDCs with speed and at scale, taking into account the current context and COVID-19 economic recovery plans. Specific objectives include: 1) expanding active membership of the workstream; 2) mobilizing the engagement of finance ministries and enhancing their support to other ministries in the preparation of revised NDCs with enhanced ambition that are due in late 2021; 3) evaluating the engagement of finance ministries in revised NDCs and drawing lessons for the future, focusing on macroeconomic modelling, costing, and financial management; and 4) exploring linkages between the engagement of Finance Ministers in NDCs and LTSs.

#### Deliverables:

- **By June 2021:** Brief Members of the Coalition on the state of play of NDC submission.

- **By October 2021:** Present a paper of how Members are engaging in the NDC process, lessons learned from this engagement, and how Members see their role in supporting NDC implementation.
- **By November 2021:** Present a summary of approaches to integrate NDCs and LTSs, including key recommendations.

## Helsinki Principles in Country-Level Activities

The Coalition has brought together several Institutional Partners that contribute to the design and implementation of climate policies in Member countries and regions in multiple ways. These activities and country programmes could reflect the Helsinki Principles, and the Coalition could contribute to improved coordination of such activities in its Member countries.

### Deliverables:

- **By June 2021:** Prepare an Issues Note mapping climate-related activities of Institutional Partners in supporting individual countries and regions in all areas of the Helsinki Principles (including MDBs, IMF, NDCP, and UNDP, among others), and showcasing good practices and, more importantly, the benefits of implementing climate-related activities, in order to enhance countries' demand for Institutional Partner and MDB support . A workshop will explore various ways of strengthening collaboration in this area.

## Institutional Partners

The surveys conducted in 2019 and 2020 helped deepen and specify areas of collaboration with Institutional Partners.

## Dialogue with stakeholders

At the Fourth Ministerial Meeting, Ministers emphasized the importance of dialogue with stakeholders. The Coalition will invite key stakeholders to a Sherpa meeting and explore ways to engage around the Spring Meetings at the Ministerial level. These political dialogues with key external stakeholders and interest groups are aimed at receiving feedback, enhancing knowledge, and identifying policy priorities.

## COP26

The Coalition stands ready to contribute to the successful COP26 in November 2021 in the above areas, showcasing the crucial role of Finance Ministers in delivering action on climate and environment.

## Annex 1: Tentative 2021 Calendar of Meetings

Time (ET)	Event	Tentative Agenda
January 27; 8-9:30 AM	Sherpa Meeting	2021 Work Programme and calendar; organization of workstreams; Co-Chair selection process
February 10; 8-9:30 AM	Sherpa Meeting	Co-Chair selection; potential Ministerial-level event/s in April; full list of activities; Coalition involvement in COP26
March 17; 8-9:30 AM	Sherpa Meeting	Deliverables set 1: HP3 and HP5; launch of member portal
March 31; 8-9:30 AM	Sherpa Meeting	Deliverables set 2: Green Recovery and HP4
April 3-11 (exact date TBD)	<b>Potential Ministerial-level event/s: Details TBD</b>	
<i>April 28; 8-9:30 AM (if needed)</i>	<i>(Sherpa Meeting)</i>	<i>(Follow-up to potential Ministerial-level event/s and reflections on April 22 U.S. Climate Summit)</i>
May 19; 8-9:30 AM	Sherpa Meeting	Deliverables set 3
June 9; 8-9:30 AM	Sherpa Meeting	Deliverables set 4
July 7; 8-9:30 AM	Sherpa Meeting	Deliverables set 5
September 8; 8-9:30 AM	Sherpa Meeting	Preparation for the 5 <sup>th</sup> Ministerial Meeting; governance review
September 29; 8-9:30 AM	Sherpa Meeting	Preparations for the 5 <sup>th</sup> Ministerial Meeting
<i>October 6; 8-9:30 AM (if needed)</i>	<i>(Sherpa Meeting)</i>	<i>(Preparations for the 5<sup>th</sup> Ministerial Meeting)</i>
October 11-17 (exact date TBD)	<b>5<sup>th</sup> Ministerial Meeting</b>	
October 20; 8-9:30 AM	Sherpa Meeting	Preparations for COP26
November 1-12	<b>COP26</b>	
November 24; 8-9:30 AM	Sherpa Meeting	Follow-up to the 5 <sup>th</sup> Ministerial Meeting; Strategic reflection on 2021; Priorities for 2022
December 13; 8-9:30 AM	Sherpa Meeting	2022 Work Programme

### Notes:

- Due to the Coronavirus crisis, no physical meetings will take place until further notice
- Some meeting dates and times may shift to accommodate Members in different time zones and/or to avoid conflicts with other events in the global climate calendar.