

Co-Chairs' Press Release and Meeting Summary

Seventh Ministerial Meeting of The Coalition of Finance Ministers for Climate Action

April 19, 2022

- **At its 7th Ministerial Meeting, the Co-Chairs of the Coalition of Finance Ministers for Climate Action signaled their strong support for fellow member Ukraine following Russia's unprovoked invasion, and emphasized the need to accelerate the global green transition in the face of the current geopolitical and energy crisis.**
 - **Ministers argued that carbon pricing should be considered a key policy lever to address climate change. They discussed carbon pricing reforms in the context of various multilateral and regional carbon pricing proposals, emphasizing that such approaches must be open, collaborative, and inclusive.**
 - **The Coalition welcomed seven new member countries. The Coalition's growing membership—now at 72 countries—reflects the ever-broadening engagement of Finance Ministries in the fight against climate change.**
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WASHINGTON, D.C. – As part of the 2022 Spring Meetings of the World Bank Group and the International Monetary Fund, the Coalition of Finance Ministers for Climate Action held its seventh Ministerial Meeting today under the Co-Chairship of Annika Saarikko, Minister of Finance of Finland, and Sri Mulyani Indrawati, Minister of Finance of Indonesia.

The Coalition Co-Chairs signaled strong support for fellow Coalition member Ukraine and expressed solidarity with the Ukrainian people following Russia's unprovoked invasion. Noting the dire consequences for the global economy—including rising energy prices—the Coalition stands united in its work toward accelerating the green transition and asserts that climate action goes hand-in-hand with supporting countries' energy security.

Ministers stressed that long-term approaches to economic recovery must address climate change head on, even if many countries are currently faced with acute, short-term challenges that could lead to temporary setbacks in the green transition process.

"The ongoing energy crisis underlines the importance of continued action on climate change. As Finance Ministers, we need to work efficiently toward transitioning to a low-carbon and resilient economy. Our job is to ensure that the transformation takes place in an economically and financially

sustainable manner, and that it is socially just,” said **Annika Saarikko, Finance Minister of Finland** and Co-Chair of the Coalition of Finance Ministers for Climate Action.

It was reaffirmed that carbon pricing is a key economic policy tool to address climate change, and various multilateral and regional proposals for the coordination of carbon pricing were discussed. Ministers welcomed these proposals, while emphasizing the need for such initiatives to be open, collaborative, inclusive, and in line with each country's transition strategies. Speakers also urged careful consideration of national and international implications in the design of carbon pricing policies, such as carbon leakage risks, potential negative spillover effects, and distributional impacts, especially on poor and vulnerable communities.

“Putting a price on carbon is an important step forward in advancing low-carbon economy policy. Constructive collaboration and knowledge exchange must be promoted by the Coalition of Finance Ministers for Climate Action to ensure a fair and just transition globally,” said **Sri Mulyani Indrawati, Finance Minister of Indonesia** and Co-Chair of the Coalition of Finance Ministers for Climate Action.

Coalition members also underlined the importance of continued cooperation with its 25 Institutional Partners and with other multilateral bodies, and welcomed seven new member countries—Andorra, Bahamas, Bahrain, Cameroon, Egypt, Eswatini, and Morocco—that joined the Coalition since the 6th Ministerial Meeting in October 2021, bringing the Coalition's membership to 72 countries.

Coalition Members and Institutional Partners also contributed public [video statements](#) as inputs into the meeting's proceedings.

Lastly, Ministers confirmed that Finland will continue to co-chair the Coalition for a final year until April 2023 together with Indonesia.

About the Coalition of Finance Ministers for Climate Action:

The Coalition, launched in April 2019, is a group of Finance Ministries that collaborate on strategies to integrate climate into economic and financial policies. The Coalition's 72 member countries represent different geographic regions and levels of economic development, and collectively account for about 35% of global carbon emissions and 65% of global GDP (based on 2020 data).

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Co-Chairs' Meeting Summary

The Coalition of Finance Ministers for Climate Action convened virtually for our Seventh Ministerial Meeting on April 19, 2022.

The Coalition discussed the implications of Russia's unprovoked invasion of Ukraine on climate action in the context of dire consequences for the global economy and transition to low-carbon economy. The Coalition remains committed to accelerating climate action, and recognizes that climate action goes hand-in-hand with supporting countries' energy security. As the recent IPCC report shows, without immediate and deep emissions reductions across all sectors, limiting global warming to 1.5°C will be beyond reach.

The Coalition will continue to support Members in mainstreaming climate impact parameters into macroeconomic, fiscal, and financial policies. Since climate change is a global concern, collaboration is essential—we remain committed to working collectively through the framework of the Helsinki Principles. Ministers stressed the importance of a comprehensive approach to public financial management that can include, if appropriate, carbon pricing, environmental taxation, and low-carbon technology promotion as possible tools to reduce greenhouse gas emissions and finance a just and inclusive transition given limited fiscal budgets and challenging debt levels. Investment and private finance will play a central role in the transition; the public sector must create an enabling environment for our private sector partners to fulfill their climate commitments made at COP26 in Glasgow, while also engaging with those commitments to support their credibility and accountability.

Our discussion today focused on the current challenges of climate policy, various climate change mitigation and adaptation approaches, and the role of carbon pricing—including multilateral approaches to carbon pricing and various applications of carbon taxes and emissions trading schemes (ETSs)—from the experience of Member countries pursuing a combination of climate change mitigation policies.¹ On adaptation, the discussion revolved around climate action financing for developing countries based on the doubling of adaptation financing as agreed during COP26. We reaffirmed carbon pricing as a key economic policy tool to address climate change, and noted that it can be part of each country's policy mix (depending on each country's circumstances and transition strategies), which might also include regulatory measures, energy market reforms, and reforms of inefficient and regressive fossil fuel subsidies.

Coalition Members discussed various multilateral and regional approaches to climate mitigation policies and ways to assess carbon leakage risks, and highlighted the need for these initiatives to be open, collaborative, and inclusive, while also carefully considering national and international implications (such as carbon leakage and potential negative spillover effects) and distributional

¹ This discussion was informed by a series of preparatory workshops and a pre-Ministerial Meeting seminar. The outcomes of these events were reported to Ministers.

impacts, especially on the poorest and most vulnerable communities. We also stressed the importance of focusing on ensuring adequate and effective global greenhouse gas emissions reduction through best practice sharing among countries, taking into account different climate and mitigation policy implementation approaches, international trade obligations, and other country-specific factors.

The political challenges of introducing carbon pricing and subsidy reforms, as shared by Member countries, underlined the importance of a comprehensive and adaptive approach, the need for different tools to be taken into account in designing reforms, and the importance of analyzing distributional and equity impacts involving relevant stakeholders.

The Coalition's objective is to facilitate good practice sharing on the design of reforms, as well as to inform, raise awareness, and facilitate discussions among Ministers on how policy tools can help meet climate goals. Throughout 2022, the Coalition plans to hold follow-up meetings with economic and fiscal policymakers to analyze the mitigation impacts of different policy tools—and their interactions—in more detail. We intend to explore the evolution of ETS compliance markets and their links to voluntary carbon markets, which is aligned with the Article 6 rules of the Paris Agreement. The Coalition is also eager to learn from many promising initiatives including the Energy Transition Mechanism and the Glasgow Financial Alliance for Net Zero.

The Coalition continues to seek to provide Member countries with peer support and technical advice in implementing climate and green transition policies. To this end, the Coalition today also announced the launch of a training programme to enhance Members' and Institutional Partners' competencies and knowledge of the Helsinki Principles for mainstreaming climate matters into Finance Ministries' competencies. This program responds to Members' capacity needs to further integrate climate change mandates and functions into their work, and builds on a number of current initiatives, including the World Bank's whole-of-economy capacity building program, the IMF's training course on the macroeconomics of climate change, the World Resource Institute's resilience and adaptation mainstreaming program, and UNDP's platform for capacity building and knowledge exchange on climate change integration in fiscal policy and management.

The Coalition underlined the importance of close collaboration with partners, and welcomed the enhanced collaboration with the G20, particularly on the topics of private capital mobilization, common approaches to aligning investments with the goals of the Paris Agreement and 2030 Agenda, green transition, carbon pricing, and other relevant climate-related economic policy areas. These topics, covered in the Coalition's 2022 Work Programme, correspond to the G20 Finance Track objectives and the Sustainable Finance Roadmap action items. In line with the Glasgow Declaration with the Network for the Greening of Financial Systems (NGFS), the Coalition plans to cooperate closely with the NGFS in several areas, including on the assessment of climate and nature-related risks, macro-modelling, and research and training programs. The Coalition also acknowledges the simultaneous shocks that developing and vulnerable Member countries continue to experience. We look forward to engaging with the Vulnerable Twenty ("V20") group to discuss their specific circumstances and related economic policy challenges.

Several important research reports were published by the Coalition in preparation for the Seventh Ministerial Meeting, including “Fiscal Impacts of Long-term Climate Action” under Helsinki Principle 1, and “Driving Climate Action through Economic and Fiscal Policy and Practice” under Helsinki Principle 4. We look forward to hosting in-depth discussions on these topics in the coming months.

Because the need for financing the green transition is pressing and large, we intend to focus the next Ministerial meeting—which is to be held during the week of October 10, 2022—on finance mobilization. This will include the topics of transition and adaptation finance, on which work will be launched in the coming months.

The Coalition stands ready to contribute to a successful COP27 in November 2022, where we plan to launch initial findings of our work on the enhanced role that Ministries of Finance will have to play in the face of the climate crisis.

Lastly, Ministers confirmed that Finland will continue to co-chair the Coalition for a final year until April 2023 together with Indonesia.