

Climate Action Statement by the Coalition of Finance Ministers for Climate Action

10th Ministerial Meeting, Marrakesh, 11 October 2023

We, the Coalition of Finance Ministers for Climate Action (the Coalition), recognize that Finance Ministers and Ministries around the world must and can contribute to the transformative potential of climate policies. We play a pivotal role in accelerating climate mitigation and adaptation action in the public sector and setting the enabling conditions for the private sector to scale up investments in climate and nature solutions.

As our Coalition continues to grow, now boasting over 90 Member countries and 26 Institutional Partners, we are resolute in encouraging cross-country collaboration to achieve impact on the ground. United in purpose to achieve meaningful and impactful climate action towards the Paris Agreement goals, we stand firmly committed to a shared common objective of mainstreaming climate considerations in the domains of Ministries of Finance (MoFs).

In practice, our Coalition brings together MoFs from various countries, irrespective of economic or geographic distinctions, which through peer-to-peer learning and engaging in open collaborative dialogues, strive to tackle common challenges, devise innovative solutions, and help to provide each of us, supported by our Institutional Partners, with the necessary tools and capacity for undertaking climate action through the instruments of MoFs.

In the upcoming year, we are collectively stepping up climate action. Many Coalition members are committed¹ to:

1. Spearheading climate action by building strategic policy roadmaps and coordinating activities both within MoFs and across Ministries.
2. Greening the financial system and aligning financial flows with the Paris Agreement to better manage risks and opportunities through disclosure, reporting, and risk assessment.
3. Designing innovative climate-related financial mechanisms to mobilize private and public finance to bridge the green investment gap.
4. Advancing the implementation of carbon pricing mechanisms to curb emissions and incentivize the transition towards low carbon technology, processes, and practices.
5. Greening public investments and current expenditures, whilst integrating climate risks into macroeconomic modeling and budgetary forecasts and frameworks.

A Year in Perspective: Charting the Coalition's Climate Progress

Over the past year, the Coalition has worked diligently to nurture cross-border learning and mutual knowledge sharing that propels the adoption of tangible policy measures, as well as helping shape the trajectory of the global climate dialogue. The Coalition launched a flagship guide offering concrete steps for MoFs to strengthen their role in driving a just transition towards low carbon and climate-resilient economies. This effort was accompanied by capacity building initiatives to strengthen the capacity of our Ministries to realize sustainable climate action.

¹Note: Not all members commit to identical, or all actions outlined in this statement. For a detailed understanding of specific actions by each member, please refer to the summary table.

Analysis by the Coalition revealed that MoFs play a critical role in driving progress toward private sector net zero commitments. They have levers of influence – through soft and regulatory power – that are effective in incentivizing private financial institutions. The Coalition's stakeholder dialogues assessed the financial ecosystem's ability to provide adequate 'transition finance' for high carbon-emitting industries to decarbonize, and the Coalition worked towards improving definitions of transition activities, along with credible disclosure and reporting frameworks, and harmonization of taxonomies to prevent greenwashing. Facilitated by the Coalition, members have investigated and shared experiences on explicit carbon pricing mechanisms, laying out ways to advance and harmonize cross-border mechanisms proposed across different jurisdictions. The Coalition significantly advanced understanding of mainstreaming climate change in macroeconomic modeling, and elevated best practices on green budgeting.

Moreover, the past year witnessed a heightened interest in understanding how to integrate developments related to adaptation, nature, and a just and green transition, including the socioeconomic implications of climate change policies, showing that MoFs face diverse and complex challenges pertaining to climate action. It is these interactions we see reflected into policy actions members are planning to undertake in the upcoming year.

Forging the Future: Anticipated Climate Actions for the Year Ahead

The Coalition's efforts have paved the way for accelerated and amplified action by MoFs. In the upcoming year, MoFs will spearhead climate action, with many MoFs poised to either significantly shape and jointly implement Nationally Determined Contributions (NDCs) and Long-term Climate Strategies (LTSs). In this spirit, many MoFs are advancing how they **coordinate climate policy actions** within and between Ministries in overarching strategic frameworks and structures. MoFs are playing an increasing role in this area by building **comprehensive strategies** to mobilize finance for the green transition, coordinating policy roadmaps for sustainable development, while strengthening internal climate-related capacities and capabilities.

In the year ahead, as part of efforts to green the financial system and align financial flows with the objectives of the Paris Agreement, Coalition members will focus on better managing the financial risks alongside opportunities of the low-carbon transition. Many of the Coalition's members are taking concrete policy actions to establish **climate-related disclosures** for the whole economy, **develop green and sustainable taxonomies**, and **conduct climate-related financial risk assessments**. Often facilitated by public-private committees, these discussions are charting the way for both mandatory and voluntary implementation, ensuring transparency and adherence to global standards.

Moreover, in the coming year, as members look to bridge the green investment gap, the financial playbook of many MoFs will increasingly feature **climate-related financing mechanisms**. This entails promoting and developing green government loans and green, sustainability, and natural disaster bonds; insurance products and credit guarantees, including deepening coordination with multilateral development banks and developing innovative blended and concessional finance mechanisms through public-private partnerships; and green subsidies and tax incentives.

To bolster green investments, next year will also focus on discouraging greenhouse gas emissions via **implementing carbon pricing**. Recognizing the broad benefits, several MoFs are moving towards implementing these measures, including by establishing broad consultations, to fast-track their countries' shift to low-carbon economies, using tools like carbon taxes, emissions trading systems,

or hybrid forms. The goal is to economically motivate markets for systemic change and reduced emissions, whilst incentivizing the transition towards low carbon technologies, processes, and practices. Due to concerns about equality and growth impacts, there remains a pressing need for international collaboration and exchange on best policy practices tailored to diverse contexts, which the Coalition is at the forefront of.

Mainstreaming climate change mitigation and adaptation policies in macroeconomic and fiscal policy planning is essential to reduce the impacts of the climate crisis. This is why in the upcoming year, many members will take further actions to **green their budgeting, public investment management and public procurement**. Moreover, to inform policy decision-making and shape policy outcomes, several members have already planned to **incorporate climate risks and opportunities into their macroeconomic models**, analytical tools, and budgetary forecasts.

Stepping up Action to Increase the Coalition's Impact

Recognizing the growing urgency of the climate crisis and the strong need for climate action taken by MoFs, we are collaborating through the Coalition to change course. The Coalition will continue its thorough work to support members in advancing these ambitious and impactful policy measures geared towards low-carbon and climate-resilient economies. We will harness the power of collaborative stakeholder dialogues across our diverse countries, increased assistance from Institutional Partners, and the richness of peer-to-peer learning to develop concrete, innovative and practical policy steps that drive climate action through MoFs.

Through our growing catalogue of capacity building initiatives, knowledge products, and concrete demand-driven technical support made available to our members, we will work to amplify and leverage the expertise of our partners to implement effective strategies and to deepen countries' understanding and implementation of transformative policy actions.

The Coalition will increase its collective efforts to inform, support, and mobilize Finance Ministers and Ministries to take an active, constructive, and leading role in mainstreaming climate action. We will step up action both at the country level and in international fora, to increase the impact of our unique Coalition. We encourage others to join this important mission.