

Coalition of Finance Ministers for Climate Action

Frequently Asked Questions (REVISED MAY 28, 2019)

1. What is the background of the Coalition?

At the 2018 WBG-IMF Annual Meetings in Bali, Indonesia, governments from 39 countries came together to discuss the role that Finance Ministers and Finance Ministries play in driving climate action and what could be done to strengthen these efforts. Several governments expressed support for the development of a Coalition of Finance Ministers that would promote domestic and global action on climate change.

2. Why are Finland and Chile co-chairing the Coalition?

Minister Orpo from Finland gave strong impetus to the Coalition in Bali when he served as the Chairman of the Annual Meetings of the WB and IMF, and Minister Larrain from Chile was motivated as he strongly supports the role of Finance Ministers in climate action and as Chile will be hosting COP25 in November 2019.

3. What is the purpose of the Coalition?

The Coalition serves as a forum to promote shared principles and facilitate the exchange of experience and information on climate change-related fiscal and economic policies and practices. The Coalition will foster peer learning, disseminate knowledge, and encourage members to test and adopt innovative policies and practices to mitigate and manage climate change.

4. Will the Coalition subject its members to monitoring?

The Coalition is a voluntary group and members have no formal obligation to take action and are not subject to external monitoring. The Coalition will rely on a process of self-reporting and documenting of progress over time.

5. How will the Coalition organize itself?

The Coalition is a voluntary association of interested members, based on a simple organizational structure consisting of members, co-chairs, and secretariat. The Coalition members comprise Finance Ministers. The Coalition will also endorse two of its members to serve as co-chairs for a term of 2-years. The co-chairs will host and convene meetings of Coalition members. The World Bank, as Coalition secretariat, will support the co-chairs, Coalition meetings, and development and review of the work program. Various institutions and research institutions will be welcome to contribute to the work.

6. What decisions will the Coalition take?

The Coalition sets the vision and strategy that informs the work program. The Coalition may decide to review its overall objectives and working arrangements, agree on work programs and priorities, contribute to the knowledge sharing aspect of the work program, review progress of the Coalition's work. The Coalition will consider studies and reports, and release statements. Possible changes to governance and working arrangements of the Coalition may be proposed by members.

7. How does the Finance Minister become a member?

By signing a form endorsing the Coalition’s principles.

8. Who are the current members?

Twenty-nine Finance Ministers have signed on to the Helsinki Principles. We would like to thank the World Bank and the IMF for their unwavering support. Our membership now consists of Austria, Chile, Colombia, Costa Rica, Cote d’Ivoire, Denmark, Dominican Republic, Ecuador, Finland, France, Fiji, Germany, Guatemala, Iceland, Ireland, Kenya, Luxembourg, Marshall Islands, Mexico, The Netherlands, Nigeria, Norway, Paraguay, Philippines, Poland, Spain, Sweden, Uganda, and United Kingdom.

9. What are the Helsinki Principles?

The Helsinki Principles set out the objectives of the Coalition. They reflect members’ engagement to work towards common goals. The Principles are aspirational in nature. An *explanatory note* clarifies terms used in the document and illustrates the principles with selected policies and practices.

Nineteen Finance Ministries appointed sherpas and attended the Helsinki meeting from Feb 21-22, 2019. They are Finland (co-chair and host), Chile (co-chair), Canada, Cote d’Ivoire, Denmark, Indonesia, Estonia, France, Germany, Ireland, Kenya, Malaysia, Mexico, The Netherlands, Norway, Poland, Sweden, Tanzania, United Kingdom. The World Bank served as the secretariat. Institutions that participated as observers were: International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), UNFCCC Secretariat, UN Development Program (UNDP), European Commission (EC), and the NDC Partnership, and the Nordic Investment Bank (NIB).

10. How did the Helsinki Principles come about?

They were prepared at the Sherpa meeting in Helsinki, based on comprehensive set of information presented in seminar sessions on relevant policy areas for Finance Ministers. The Principles were developed from these discussions and inputs from participants.

11. Who will sign the Helsinki Principles?

The signatories will be ‘Ministers of Finance’ as described in the Explanatory Note.

12. Does signature oblige a government to act on the Helsinki Principles?

Although there is no formal obligation to act, the signature of Finance Ministers can be viewed as political support from governments to work actively to tackle climate change nationally and internationally through fiscal and economic policies and practices. The Coalition could also help mobilize country-focused technical assistance to support Ministries of Finance and provide opportunities for peer learning among Coalition countries.

13. Is the material of the Helsinki meeting publicly available?

Yes, see: <https://www.cape4financeministry.org/events/finance-minister-coalition-climate-action-sherpa-meeting>

The Coalition website is https://www.cape4financeministry.org/coalition_of_finance_ministers

14. What are the key areas of work?

The Helsinki Principles cover the areas under Finance Minister's direct remit, such as taxation, fiscal planning and management, budgeting, policies on public investment, procurement and climate finance aspects, including through development of the financial sector and role of the International Financial Institutions.

15. Why should Finance Ministers join the Coalition?

Joining the Coalition helps Finance Ministers in signaling greater climate ambition both nationally and globally. Signatories to the Coalition become members and active participants at Coalition meetings and stand to benefit from its work to promote knowledge exchange and climate-fiscal engagement.

16. Who may attend Coalition meetings?

Participation in Coalition meetings will be limited to the Minister or their deputy, plus one official. Countries that are still deliberating may participate as Observers at Coalition meetings for a limited time.

17. Can countries get technical help to deliver on the Principles?

The Coalition will provide a forum for exchange of experience and knowledge. The Coalition can help identify expertise through Coalition members and observer organizations. These include the World Bank's CAPE program and NDC Support Facility, the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), UNFCCC Secretariat, UN Development Program (UNDP), European Commission (EC), UNEP FI, and the NDC Partnership. Information on these institutions has been compiled into a resource document for Coalition members.

Dialogue and exchange between members will encourage policy action. At the same time the Coalition needs analytical tools and research to support policy reform, which can be provided by institutions and academia. Some institutions and regional entities have the capacity to convene governments and organize events. The Coalition will need strong partnerships with academia and institutions to advance its work, such as with the World Bank and other development banks, IMF, OECD, and UN agencies, as well as regional bodies like the European Union. We are also calling on institutions to make their offers of technical support or to hold events.

Activities will include technical seminars, compilation of technical resources and case studies, mapping of Member countries' baseline status vis-à-vis the Helsinki Principles and priorities for going further. Institutions could support in most of these areas, plus being part of a roster of experts available to support countries.

CAPE works with Finance Ministries on climate change matters, providing country-focused technical assistance and holding regional technical workshops. The World Bank also manages the NDC Support Facility which provides analytical support on NDC formulation and implementation on issues such as national and sectoral policy making, macroeconomic and fiscal planning.

18. Is there a financial cost involved for countries joining the Coalition?

No. Coalition members are not required to pay subscription fees or other financial contributions as a condition for joining.

19. How is the Coalition funded?

In the interim, secretariat functions are financed by the World Bank. Voluntary financial support for the work of the Coalition is welcome at any time. The work of individual institutions whose work supports the Coalition may be receiving financial support from donors. For instance, the CAPE for Finance Ministry program is a beneficiary of support from the German government (through the NDC SF trust fund), the World Bank, and the South-South Knowledge Exchange Trust Fund.

20. What other key appearances might the Coalition make in 2019?

Besides the WB-IMF Spring Meetings in April 2019, the Coalition is expected to be invited to the UN Secretary General's Climate Summit in September 2019. The Coalition also has the opportunity to meet at the WB-IMF Annual Meetings in October 2019 and is expected to contribute to the COP25 in Chile in November 2019. The Coalition will also have the opportunity to make appearances at events of the Asia Pacific Economic Council (APEC) through the invitation of Chile who is both Coalition co-chair and APEC chair for 2019

21. Who else is involved in this initiative?

The Climate Action Peer Exchange (CAPE) Secretariat housed at the World Bank is supporting the launch of the Coalition and will serve as secretariat for the Coalition. CAPE receives funding from the NDC Support Facility, in support of the NDC Partnership. Institutional partners of the Coalition so far include the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), UN Framework Convention for Climate Change Secretariat (UNFCCC), UN Development Program (UNDP), UNEP FI, European Commission (EC) and the NDC Partnership, all of which have expressed in interest in supporting policies and practices under consideration by the Coalition. The Coalition is also forming partnerships with other networks such as the Network for Greening the Financial System (NGFS) that consists central banks and market regulators; and other technical bodies and research institutes to support the work of the Coalition.

22. What is the relationship between the Coalition and the Paris Agreement?

Finance Ministers are not signatories to the Paris Agreement. However, the Coalition seeks to support national efforts to align policies and practices with the Paris Agreement.

23. What were the activities of the Coalition after the Helsinki Meeting?

Co-chairs Minister Larrain of Chile and Minister Orpo of Finland invited other Finance Ministers to sign and join the Coalition. The invited Finance Ministers to attend the Finance Ministerial meeting of the Coalition on April 13 during the World Bank Group-IMF Spring Meetings. The Coalition was officially launched on April 13 during the Spring Meetings.

24. What can we expect after the launch of the Coalition?

We invite Sherpas to a meeting in Santiago, Chile, tentatively scheduled for June 4-5, to take stock of inputs received from Members and Institutions, to engage with countries leading action on the Helsinki Principles, and to organize the work of the Coalition. We will then meet as Ministers during the WBG-IMF Annual Meetings in October to report on progress.

The Coalition stands ready to contribute to the UNSG Climate Summit in New York on September 23 and the COP25 meeting in December in Santiago, Chile. In conjunction with its champion's role for the Coalition, Chile will hold a High-Level Meeting on Sustainable Finance in Santiago, Chile, on December 9, 2019, in the margins of COP25. By then, we expect to assess the progress made during the year and may be able to announce an "Action Plan of the Coalition" in support of COP25 proceedings. The preparatory work for the Action Plan will include surveys and reviews of where Coalition members currently stand with respect to the Helsinki Principles; the issues in the way of policy action; and appropriate targets that the Coalition can set for itself in terms of achieving the principles. For this purpose the Coalition will need country champions for each principle, institutional supporters, and a program of supporting activities.

PROPOSED ESTABLISHMENT AND INTERIM GOVERNANCE

Objective: The *Coalition of Finance Ministers for Climate Action* (the ‘Coalition’) is a Ministerial-level group supporting the use of fiscal policy, public financial management and climate finance to promote domestic and global action on climate change, through mitigation and adaptation measures.

Eligibility: Finance Ministers as defined by the Explanatory Note to the Helsinki Principles. The Coalition is targeted at Finance Ministers, given their mandate over fiscal policy and public financial management. As is common in international fora, ‘Ministers of Finance’ broadly refers to ministers leading government departments with responsibility for fiscal policy and public finance. In some countries the portfolio of Finance Ministers may include other functions, e.g. financial regulations, economic affairs, or planning. Reflecting their portfolio, they may be called Ministers of ‘Finance and Economy’, Ministers of ‘Finance and Planning’, or Ministers of ‘Economy’.

Membership: Membership to the Coalition is signified by a signature from the Finance Minister. Members endorse the Helsinki Principles when becoming a member.

Activities: The Coalition promotes domestic and global action on climate change, through macroeconomic and fiscal policy, public financial management and mobilizing finance. It achieves this by (a) facilitating exchange of experience and insights on relevant policies, and (b) serving as a forum to promote common standards and best practices.

Organizational Structure: A simple organizational structure consisting of members, chairs, and secretariat is deemed adequate for the Coalition to begin its initial activities. The basic responsibilities for each group are:

- **Coalition members** – comprises the members, which will be Finance Ministers, with responsibilities to periodically review the Coalition’s overall objective and setup, endorse and contribute to the work program, review progress of the Coalition’s work. Importantly, the Coalition members endorse the co-chairs and members, and approves reports and statements released by the Coalition.
- **Chairs-in-Office** (or ‘Co-Chairs’) –two members who will host and convene meetings of Coalition members.
- **Secretariat** – the World Bank in its role as the Coalition secretariat will support the chairs-in-office, Coalition meetings, and development and review of the work program.

This basic structure allows for future expansion if needed as the Coalition evolves, for instance to cater to additional perspectives to be brought into its strategy and work program and to ensure its operations remain efficient.

Finances: At present the Coalition does not manage funds that can be allocated to technical assistance or financing for operations, although it may do so in the future. The Coalition is envisioned to be a forum for exchanging experiences. Its only financial obligation presently is to meet the cost of meetings and of the secretariat.

- The cost of the secretariat is borne by the World Bank;
- The Coalition may consider further financing, if needed, to expand activities
- Individual members may also consider financing the travel and subsistence cost of low-income member countries for attending meetings.

Work concept: The work of the Coalition centers around the Helsinki Principles and implementing policies and practices that support the Principles. Members will voluntarily report their efforts on the Principles, and the secretariat will record the results. The process of self-reporting, documenting of progress over time, and sharing this information across the Coalition, should support countries in making progress. It will also foster an environment of peer learning and comparison, which is important for disseminating knowledge and pushing boundaries. The Coalition may also consider coordinated actions.

Technical Support and Partnerships: The Coalition acts as a platform for finding expertise, and countries requiring technical support for policies can avail to the resources that are brought to the secretariat’s attention. Relevant work of the World Bank, International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), UN Development Program (UNDP), and the NDC Partnership have been compiled into a “Resource Document on Technical Support” for Coalition members. The Coalition engages with these institutions and other relevant partners to avail itself to the best available expertise and competencies and to minimize work duplication.

Public Information and Transparency: All relevant information of the Coalition will be publicly available on the CAPE for Finance Ministry Program website (www.CAPE4financeministry.org). Information on the Sherpa meeting and outcomes is currently located at <https://www.cape4financeministry.org/events/finance-minister-coalition-climate-action-sherpa-meeting>.

It is proposed that the Coalition adopts the following interim rules in order to begin the Coalition’s work:

- (1) Continuation of the existing co-chairs and the term duration of future co-chairs.
It is proposed that Finland and Chile continue in their role as co-chairs until end of 2020. The proposed term of duration of future co-chairs is 24 months, on a rotating basis.
- (2) Rules for decision making.
Where decisions are needed, it is proposed that the Coalition takes decision on a unanimous basis. If full consensus is not achieved, the chairs-in-office may propose a vote and other rules as needed.
- (3) Membership and Endorsement of Principles.
Membership to the Coalition is signified by a signature from the Finance Minister. During the initial establishment of the Coalition, it is proposed that interested countries may attend Coalition meetings as observers for a limited time. As a general rule, Coalition meetings are open only to Coalition members and their deputies (sherpas).
- (4) Frequency and venue of meetings.
The Coalition members (Ministers) meet at least once a year, during the WB-IMF Spring Meetings or Annual meetings. Technical level Sherpa meetings may range from 2-4 a year, depending on the work program. There is the option to combine the second Ministerial meeting with one of the Sherpa meetings if reports or statements are to be released. This can be hosted by the chairs-in-office.
- (5) Delegation.
It is proposed that the Coalition recognize the authority of sherpas to act on behalf of the Minister:

Tasks	Authority recognized by the Coalition
Review the Coalition’s overall objective and setup	Members (Ministers) or Deputies (sherpas)
Endorse and contribute to the work program	Members (Ministers) or Deputies (sherpas)

Review progress of the Coalition's work	Members (Ministers) or Deputies (sherpas)
Endorse the co-chairs and members	Members (Ministers)
Approve reports and statements released by the Coalition	Members (Ministers)

- (6) Revision of Principles. It is proposed that the Coalition agree on rules to allow the Principles to be reviewed or revised periodically.
- (7) Finances. As the Coalition gets underway, it may receive requests for technical support from certain low-income countries or decide to commission reports or projects. It is proposed that the Coalition agrees a financing plan by end of 2019 for its cost of operations for the subsequent 3 years based on its projected work program.