

Finance Ministers at the Forefront: Driving Economic Prosperity, Sustainable Development and Climate Action Amid Constrained Fiscal Environments

Wednesday 23 April 2025, 8:00-9:00 AM

Shihata Conference Room - MC13-121, World Bank Main Complex, Washington DC

Summary: The Coalition of Finance Ministers for Climate Action ('the Coalition') will host its 13th Ministerial Meeting as a high-level plenary meeting at the World Bank's Spring Meetings on Wednesday 23 April 2025. The discussion will center on the crucial role of Finance Ministries in delivering ambitious climate action and sustained economic prosperity within conditions of limited fiscal space and a complex and shifting geopolitical landscape.

Participants: Ministers of Finance, Vice Ministers, State Secretaries, senior leadership of the World Bank and the International Monetary Fund.

Format: This year's Spring Ministerial Meeting will feature a ministerial roundtable, opening with scene-setting remarks from the Co-Chair Ministers (Finance Ministers of Indonesia, The Netherlands and Uganda as incoming Co-Chair), and followed by formal handover of the Co-Chairmanship from Indonesia to Uganda. The main plenary session will feature interventions from Ministers of Finance (only) from member countries, with the World Bank and the IMF senior leadership to conclude the plenary discussion with their reflections on the ministerial discussion.

Discussion Question: What can be learned from the concrete experiences, solutions and actions your Finance Ministry is undertaking to drive climate action, economic prosperity, and sustainable development goals within limited fiscal space and in a complex and shifting geopolitical landscape?

Theme: Governments worldwide face rising costs of living, lingering inflation concerns, sluggish economic growth, and high debt levels – affecting jobs, incomes and overall livelihoods. In many parts of the world, Finance Ministers are preoccupied with energy security, trade and defense-related concerns. As global tensions rise and economic uncertainties persist, finance ministries must balance short-term macro-economic stability with long-term fiscal sustainability. Though overshadowed in the current macroeconomic and geopolitical landscape, climate change remains a structural force as its risks rapidly materialize, shape long-term economic trajectories and create policy imperatives. Delaying climate action will only increase long-term costs, strain public finances, and deepen inequalities. Decisive climate action requires large upfront investments, the High-Level Expert Group on Climate Finance (IHLEG) estimates around 2 \$6.3–6.7 trillion per year by 2030, of which \$2.7–2.8 trillion is high-income countries (HICs), and \$2.3–2.5 trillion in emerging markets and developing countries (EMDCs) other than China. Problematically, many countries – whether EMDCs facing liquidity crises or HICs grappling

with debt and high interest rates – have limited fiscal space and competing spending priorities.

Finance Ministers play a pivotal role in addressing these mounting challenges, ensuring that climate action and economic prosperity are mutually reinforcing while operating within fiscal constraints. Yet, climate risks and investment opportunities vary significantly across countries due to differences in exposure, institutional frameworks, economic conditions, and adaptive capacities, among other factors. Indeed, while HICs primarily face significant challenges in mitigation, EMDCs primarily grapple with adaptation. Though both aspects remain important across all regions, tailored fiscal strategies will be needed to address these challenges. To be effective, these policies must also be designed with a clear understanding of the current macro-economic environment, their impact on key strategic industries and the broader social fabric, ensuring that transitions are not only fiscally sound but also equitable and inclusive.

There is a significant opportunity and pressing need to scale up private sector investment for mitigation and adaptation action, given the fiscal constraints and the dynamism the private sector brings in driving prosperity, resilience, and the low-carbon transition. Across all countries, private finance must increase significantly. This transformation will require finance ministries to play a pivotal part in forging a new partnership with the private sector—developing policies, incentives, and regulatory frameworks that de-risk investments, enhance market confidence, strengthen the enabling environment, improve data availability, and align financial flows with climate and development priorities.

Private sector finance will need to be complemented with public investment in the climate transition. This applies notably to EMDCs, as the private sector is neither equipped nor incentivized to take on this role at the scale and speed required in these countries — particularly as the needs in EMDCs focus on adaptation investments, which typically generate no direct financial returns, face high uncertainty, and are concentrated in vulnerable regions where market-based solutions are least viable. Meeting this challenge will likely require finance ministries in EMDCs to make difficult trade-offs in allocating scarce public resources—balancing immediate social and economic needs with long-term climate resilience. Consequently, finance ministries will need to develop innovative policy instruments, mobilize domestic public revenues, and strategically direct scarce public resources toward climate initiatives that drive economic prosperity, create jobs, and advance broader development priorities.

Outcomes: The Co-Chair Ministers propose to conclude the high-level discussion with a ministerial outcome statement on behalf of the Coalition, reaffirming members' commitment to climate action and the Coalition's founding principles. The statement would contribute to the narrative that climate action and economic prosperity go hand in hand, recognizing that climate change poses a macroeconomic risk to countries and the global economy. It also emphasizes the key role that finance ministries play, as shown by the examples from members. This aims to provide an important contribution to discussions that will follow during the Spring Meetings and on the road to COP30.

Time	Agenda Item
08:00 – 08:15	High-level opening plenary by Co-Chairs <ul style="list-style-type: none"> • H.E. Eelco Heinen, Minister of Finance, the Netherlands • H.E. Sri Mulyani Indrawati, Minister of Finance, Indonesia • Hon. Matia Kasaija, Minister of Finance, Planning and Economic Development, Uganda Handover of Co-Chairmanship with a ceremonial photo
08:15 – 08:50	Plenary discussion High-level remarks by Member Ministers <i>Facilitated by the Co-Chair Ministers</i>
08:50 – 08:56	Closing remarks <ul style="list-style-type: none"> • Mr. Axel van Trotsenburg, Senior Managing Director, World Bank • Mr. Bo Li, Deputy Managing Director, International Monetary Fund
08:56 – 09:00	Meeting conclusion with ministerial outcome statement <ul style="list-style-type: none"> • H.E. Eelco Heinen, Minister of Finance, The Netherlands • Hon. Matia Kasaija, Minister of Finance, Planning and Economic Development, Uganda