

# How Ministries of Finance Can Build Capabilities for Economic Analysis and Modeling to Drive Green and Resilient Transitions: Taking stock of challenges, strategies, and lessons learned

A report of the Coalition of Finance Ministers for Climate Action Helsinki Principle 4 Economic Analysis for Green and Resilient Transitions initiative



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## Summary and Key Messages

Throughout the Coalition of Finance Ministers for Climate Action's Helsinki Principle 4 initiative 'Economic Analysis for Green and Resilient Transitions', a clear message emerges: Ministries of Finance are engaged, interested, and aware of the transition—but many still lack the analytical capabilities they need to lead it.

The HP4 Capabilities Report provides an overview of strategies, options, and recommendations for how Ministries of Finance can practically enhance their analytical capabilities to drive green and resilient transitions. Among the report's **key messages** are:

- Capability is about more than having access to suitable tools and models. It is about being able to identify, use and maintain tools and conduct (or commission) analysis to answer relevant policy questions, communicating results (and limitations), and ensuring integration into decision-making processes.
- Ministries of Finance have different levels of analytical capabilities. These have a substantial impact on the type of analysis that could be most suitable and worth investing in, and the priorities and next steps for strengthening local capabilities. Approaches for building capabilities should be pragmatic and build on existing capabilities. It is better to 'start simple' and refine the analysis throughout than to wait for more expertise to arrive.
- Ministries of Finance can build or improve their capabilities over time. This typically requires:
  - **Skills:** Building analytical capabilities requires ensuring dedicated staffing resources with the right mix of skills for conducting or interpreting modeling and analysis are present in the Ministry.
  - **Collaboration:** Ministries of Finance cannot address their capability gaps alone. They may require support from a broader analytical ecosystem, including line ministries and government agencies willing to share models, data, and experience; universities and research institutes with climate expertise; and technical assistance providers and the wider international community, which can help build expertise and improve access to tools and data.
  - **Governance:** Clear roles, responsibilities, and institutional structures are crucial for ensuring that climate-related economic modeling and analysis are effectively integrated into the Ministry of Finance's decision-making.

There is a strong demand for technical assistance providers to ramp up and reform existing offers and training provision to help Ministries of Finance develop and maintain internal capabilities. This will require working with universities, research institutions, and partners across government.

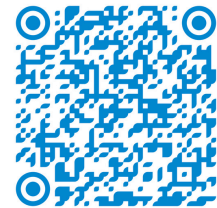
# HOW MINISTRIES OF FINANCE CAN BUILD CAPABILITIES FOR ECONOMIC ANALYSIS AND MODELING TO DRIVE GREEN AND RESILIENT TRANSITIONS

Taking stock of challenges,  
strategies, and lessons learned



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## A GLOBAL SURVEY OF MINISTRIES OF FINANCE

The pressing policy questions  
Ministries of Finance face in driving  
green and resilient transitions and their  
use of analytical tools to address them



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## ECONOMIC ANALYSIS AND MODELING TOOLS TO ASSIST MINISTRIES OF FINANCE IN DRIVING GREEN AND RESILIENT TRANSITIONS

Summary Report from a  
Global Compendium of Practice



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## HOW MINISTRIES OF FINANCE CAN ASSESS AND MANAGE PHYSICAL CLIMATE RISKS AND ADAPTATION

Available analytical tools and  
emerging good practice



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## HOW MINISTRIES OF FINANCE CAN ASSESS THE FISCAL CHALLENGES AND OPPORTUNITIES FROM GREEN AND RESILIENT TRANSITIONS

Available analytical tools and  
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