

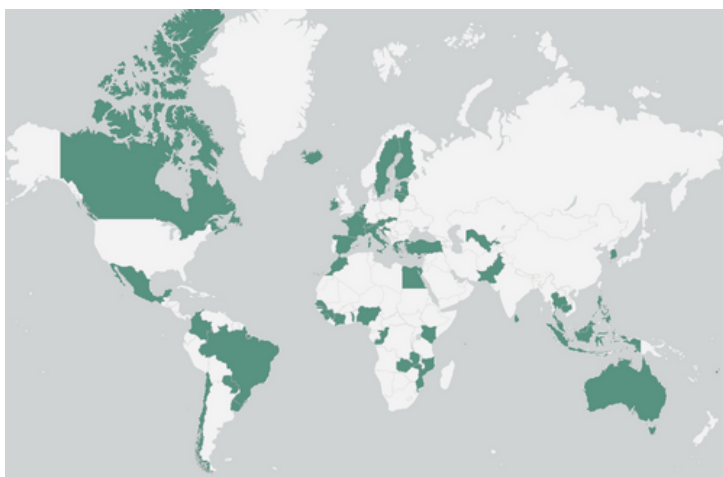
# 2025 Climate Action Statement

## Coalition of Finance Ministers for Climate Action

14<sup>th</sup> Ministerial Meeting, Washington D.C., 15 October 2025

The Coalition of Finance Ministers for Climate Action (the Coalition) unites **100 Finance Ministries to advance climate adaptation and mitigation actions through economic planning and financial policy tools**. Through collaborative leadership, the Coalition empowers Finance Ministries to better integrate climate considerations into the core of macroeconomic and financial decision-making. The Climate Action Statement 2025, **featuring over 500 climate policy actions from nearly 70 countries**, reflects how members are not only safeguarding macroeconomic and fiscal stability, but also positioning themselves as leaders in leveraging the opportunities of the transition to low-carbon, climate-resilient economies, while navigating a rapidly evolving global landscape. By investing in green, climate-resilient solutions and aligning economic policy with climate goals, governments can unlock new engines of growth, boost competitiveness, create jobs, enhance productivity, strengthen energy and food security, and build social resilience.

Together, these efforts reveal emerging trends, shared priorities, and new opportunities for collaboration, highlighting the critical role of Finance Ministries in shaping the global, regional, and national climate and macroeconomic agendas. The impacts of climate change and biodiversity loss continue to exacerbate economic challenges, including inflationary pressures, reduced fiscal space, elevated debt vulnerabilities, economic stagnation, and trade frictions. These interconnected risks further impact economic growth and sustainable development, underscoring the urgent need for climate action. The scale and complexity of the climate crisis, therefore, demand sustained ambition, greater innovation, and strengthened international cooperation. The Coalition reaffirms its commitment to driving systemic change and supporting climate-aligned economic transformation by serving as a platform for peer learning and capacity building, while supporting regional priorities and strengthening leadership, institutional capabilities, and collective impact.



# 82%

**of countries reported new  
or ongoing Institutional  
and Governance Actions**

*The largest share of new and ongoing actions (168) falls under Institutional Frameworks and Governance Structures, placing an emphasis on building robust climate governance.*

## **Advancing Financial Instruments, Carbon Markets, and Regulatory Frameworks to Catalyze Climate Investment**

Finance Ministries are playing a leading role in shaping the investment landscape through fiscal measures, providing responsive investment strategies and adequate financial frameworks, and improving the effectiveness of public funding. Through the development of national transition plans and sector-specific pathways, the optimization of reporting frameworks and transparency measures, and the establishment of taxonomies, we are creating an enabling environment to attract private climate investment. These efforts aim to align financial flows with climate goals by reducing policy uncertainty while fostering economic growth. Members have developed new regulations on carbon markets, introduced market-based policy tools such as emissions trading systems (ETS), enhanced impact through domestic sustainability projects, and strengthened governance frameworks. Members are also directly mobilizing finance for climate action, including by issuing green and sustainability-linked bonds, enhancing credit guarantee systems, partnering with Multilateral Development Banks (MDBs), Vertical Climate and Environmental Funds (VCEFs), Development Finance Institutions (DFIs), and the broader international finance ecosystem, and leveraging public-private partnerships and blended finance. Members are pursuing innovative strategies to finance in local currency, while incorporating risk-sharing tools to reduce borrowers' exposure to exchange rate volatility and currency mismatches. These measures may help to overcome persistent barriers to private investment.

The Coalition aims to support members in scaling up such mechanisms and expanding their application to adaptation and resilience. Continued progress in developing effective interoperable carbon markets could also increase finance flows for climate-positive projects. Collaboration across sectors, backed by innovative and transparent financial instruments, can build inclusive systems that protect vulnerable communities, enhance investor confidence, and drive a low-carbon, climate-resilient future.

## **Enhancing Adaptation Efforts to Build Climate-Resilient Economies**

Finance Ministries have prioritized investment to build climate-resilient economies and mitigate the rising cost of inaction. In many countries, where physical climate risks increasingly threaten economic and financial stability, governments are developing and deploying scalable adaptation initiatives and nature-based solutions. Ministries are working to embed climate risk assessments into decision-making, promote a structured approach to disaster risk management and early warning systems, and develop financial components of National Adaptation Plans (NAPs) and Nationally Determined Contributions (NDCs), allowing for strategic allocation of resources.

As the demand for adaptation finance grows, Finance Ministries must identify insurance protection gaps, investment needs, and opportunities. Financial innovations that catalyze risk-sharing approaches, such as insurance provision and protection, as well as disaster response financing, are particularly urgent. Further support for Finance Ministries, through the Coalition and partners, should ensure approaches are context-specific, aligned with national capacities and priorities, and build on best practices such as disaster risk financing mechanisms and budgeting, debt-for-adaptation swaps, catastrophe bonds, insurance pools – such as public and private insurance partnerships – and benefit-sharing arrangements, to ensure timely relief, early recovery, and sustainable reconstruction, as well as better aligning financial incentives and adaptation policies. The Coalition is prioritizing adaptation efforts through a new training program and publications on managing physical risks.

## Integrating Climate Risks into Public Financial Management and Macroeconomic Planning

Climate change and biodiversity loss are straining public finances, as the increasing frequency and intensity of extreme weather events pressure budgets and disrupt forecasts, complicating planning. As a key priority, Finance Ministries continue to assess climate-related impacts, as appropriate, including their effects on debt sustainability, financial stability, economic growth, and government revenues. These assessments can highlight pro-climate, pro-growth opportunities that can be unlocked through targeted public spending, subsidies, and tax reform, as well as smart regulations and incentives.

The Coalition supports Finance Ministries in enhancing their use of analytical tools and macroeconomic models, including robust data and assessment frameworks, to inform decision-making across public budgets and regulations. We will continue to improve data availability and analytical methodologies to close remaining information gaps. Further work by the Coalition and its partners should focus on enhancing climate-analytical capabilities to inform decision-making better, assessing investment needs, improving granular and asset-level data, incorporating climate and nature considerations into debt sustainability analyses, and conducting detailed assessments of the transmission channels and distributional impacts of climate policies.



**87** Actions on Financial Instruments & Carbon Markets, with 45 countries reporting

**77** Actions on Regulatory & Informational Tools, including disclosure and taxonomies

## Tailoring Carbon Pricing and Fiscal Incentives for a Green Economy

Finance Ministries are aligning fiscal sustainability with climate goals through different policy mixes and measures. This includes pricing externalities and exploring and leveraging tools and instruments such as market-based pricing systems for emissions reductions, targeted fiscal incentives, carbon and environmental taxes, and reform of fossil fuel incentives and other subsidies. These measures create clear price signals to catalyze low and zero-carbon investment, technological change, and sustainable behavioral shifts. Many members are prioritizing the development and expansion of carbon taxes and broader carbon pricing schemes to meet climate and fiscal goals and to respond to the growing use of carbon border adjustment mechanisms. To ensure reforms are effective, socially just, and politically acceptable, many governments are implementing tailored, phased-in climate and energy policy packages that support a clear and stable investment environment, with compensating measures to address distributional impacts. Other fiscal instruments being implemented to support climate action include clean energy incentives and the expansion of climate-related tax benefits.

The Coalition continues to support its members in exploring and introducing carbon pricing mechanisms, and in measuring and repurposing harmful subsidies and fiscal incentives, enabling countries to embark on such reforms while learning from peers' experiences. Opportunities also lie in greater global and regional cooperation for implementing carbon pricing and ETS.

## Strengthening Institutional Frameworks and Governance Structures for Climate Action

Finance Ministries are strengthening institutional and governance frameworks to enable sustained and financially sound climate action. This requires improved coordination between ministries and other public and private stakeholders to design and integrate climate goals into national economic strategies, as well as to build climate-related capacities at all levels. Members are increasingly using country-led coordination mechanisms and country platform models to deliver on climate and development goals and mobilize financing more coherently, efficiently, and transparently. Finance Ministries have a crucial role in shaping investment strategies, overseeing pipeline development, and managing engagement with a range of funders and stakeholders, including the private sector.

The Coalition will continue to support members by sharing best practices and strengthening capacity building programs in designing and implementing these mechanisms, among others, in collaboration with the G20 and the Circle of Finance Ministers for COP30.

## Leveraging Ambition to Accelerate Action

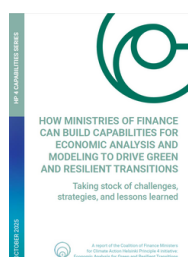
Finance Ministries are leveraging climate finance solutions and delivering policy actions aligned with the Paris Agreement. As we approach COP30, many members are presenting their updated NDCs in line with 1.5°C. Well-designed and effectively implemented NDCs and NAPs, supported by sound financing mechanisms, not only support climate goals but also offer important opportunities for job creation, poverty reduction, and broader development benefits. By effectively mainstreaming climate considerations into fiscal, economic, and regulatory instruments, countries can shift from target-setting and ambition to concrete action, as demonstrated in the interactive digital annex to this year's Climate Action Statement: [financeministersforclimate.org/climateaction-statement-2025](https://financeministersforclimate.org/climateaction-statement-2025).

*In the year ahead, the Coalition will enhance its support for Finance Ministries in making climate-responsive financing and investment decisions, as well as in integrating NDCs and NAPs into this process. The Coalition remains committed to strengthening international collaboration and increasing support to members to take effective action in the global climate response.*

**Explore how Finance Ministries are safeguarding macroeconomic and fiscal stability while positioning themselves as leaders in the transition to low-carbon, climate-resilient economies.**



**Interactive Climate  
Action Statement  
Database (NEW)**



**The Coalition has launched five essential reports in 2025 to help Ministries of Finance integrate climate into economic planning and financial decisions. Explore the reports to discover practical insights, proven strategies and tools.**



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