

2026 Climate Action Statement

Coalition of Finance Ministers for Climate Action

16th Ministerial Meeting, Bangkok, Thailand, 14 October 2026

The Coalition of Finance Ministers for Climate Action (the Coalition) brings together 103 Finance Ministries working to integrate climate considerations into their domestic operations. In its fourth edition, the 2026 Climate Action Statement highlights emerging priorities, practical lessons, and challenges in advancing climate action through economic, regulatory, and financial policies, while identifying areas for further knowledge exchange and capacity building.

Members' climate actions have followed an accelerating trajectory, moving from foundational policy design toward the institutionalization of climate considerations at the core of macroeconomic and financial decision-making, with governance frameworks, debt sustainability analysis, and climate risk modeling becoming increasingly central to informed decision-making.

The direction points toward policy operationalization, integrating climate, nature and biodiversity as macro-critical risks, and strengthening interoperable sustainable finance frameworks and instruments to unlock private investment on a scale. Members are also approaching climate action as a source of economic opportunity, with the potential to drive new investment, create jobs, strengthen competitiveness, and build resilience that protects fiscal space and development gains. While the pace and mix of actions vary considerably across countries, reflecting national and regional contexts, fiscal capacities, development priorities, and evolving geopolitical and macroeconomic tensions, many Finance Ministries are actively refining their approaches through increasingly sophisticated policy instruments.

“
Members' climate actions have followed an accelerating trajectory, moving from foundational policy design toward the institutionalization of climate considerations at the core of macroeconomic and financial decision-making

Building Resilience amid Evolving Macroeconomic, Energy and Climate-Related Pressures

Recent energy price shocks have exposed the economic vulnerabilities associated with dependence on volatile fossil fuel markets through their impacts on inflation, balance of payments, debt sustainability, and interest rates. The transition to low-carbon energy is important not only to address climate change but also to enhance energy security and promote long-term economic competitiveness. Some Finance Ministries are advancing structural reforms to accelerate renewable energy deployment, improve energy efficiency, and reduce dependence on fossil fuels, while also using targeted short-term measures to protect households and businesses from the effects of energy price volatility. Acting early can reduce exposure to future shocks, lower the long-run fiscal costs of both climate impacts and a delayed, more disorderly transition, and support more stable macroeconomic conditions for growth and investment.

Strengthening Sustainable Finance Frameworks and Instruments to Scale Resources

Finance Ministries are strengthening the policy, regulatory, and financial frameworks needed to mobilize investment for sustainable and resilient economies and address climate-related risks. Members are continuing to develop national transition plans and sectoral pathways to support the allocation of finance toward climate and development priorities, using tools such as sustainable finance taxonomies and climate-related financial disclosures. These efforts include alignment, where appropriate, with international standards and regional frameworks, including those covering transition plan disclosures, while promoting interoperability and consistency across reporting frameworks.

National circumstances, regulatory approaches, and institutional capacities can inform what constitutes an appropriate approach. Within financial regulation and supervision, climate-related risks are increasingly recognized as financial risks that regulated entities are expected to identify, assess, and manage within applicable frameworks. However, many countries continue to face data gaps, fragmented regulatory coordination, high upfront costs, and constrained access to external assurance services. Some countries also emphasize that effective implementation entails addressing key structural barriers such as access to affordable and predictable finance, debt and fiscal constraints, technology availability, and institutional capacity gaps.

Some Finance Ministries are aiming to scale climate finance by growing green bond markets, strengthening credit enhancement tools, and building sustainable finance roadmaps. Others are also using blended finance, combining concessional and public resources and enhancing compatibility between vertical climate funds, Multilateral Development Banks and National Development Banks to mobilize private capital and investments by improving efficiency and effectiveness. These efforts also include guarantees, equity investments, risk-sharing facilities, co-investment platforms, foreign exchange hedging instruments, and bond aggregation mechanisms. Scaling up these risk-absorbing instruments remains a priority, particularly to support country-led investment platforms.



Despite this progress, mobilizing capital at the required scale and speed remains a challenge.

Despite this progress, mobilizing capital at the required scale and speed remains a challenge. Members emphasize the need to strengthen domestic financial systems and enabling investment environments, while addressing perceived investment risks through effective risk mitigation and greater transparency, which can help reduce information asymmetries and improve risk assessment and management.

They also highlight the importance of expanding pipelines of bankable projects and strengthening implementation, increasing policy predictability, balancing climate objectives with fiscal responsibility, and better aligning international climate finance with country priorities and development strategies; within context of country-specific financing and debt sustainability considerations.

Mainstreaming Adaptation and Nature into Fiscal Policy to Strengthen Resilience

Finance Ministries are pursuing a range of approaches to integrate climate resilience and nature considerations into economic and fiscal policy. Some countries are advancing disaster risk financing and insurance approaches that combine budgetary instruments, as part of comprehensive risk-layering strategies, like contingency funds and credit lines, and climate-resilient debt clauses, with risk transfer instruments. These include well-designed insurance and reinsurance frameworks based on a multistakeholder approach such as public-private insurance programs and seeking to unlock the full potential of private sector solutions through instruments such as parametric insurance solutions, catastrophe bonds, alongside regional risk pools or other legislative solutions that increase insurance penetration. By combining these approaches, countries can strengthen preparedness and ensure resources are available for faster response and recovery. Some members are also starting to assess how to integrate nature into their economic and financial planning, developing public and private investment frameworks that value natural capital, blue economy strategies that sustainably manages ocean and coastal ecosystems, and approaches to mobilize public and private capital for climate adaptation and nature-positive investments that protect and restore biodiversity. However, some persistent challenges remain, including limited fiscal space, data gaps, risk assessment, difficulties in developing investable adaptation projects, impact verification, and high transaction costs, particularly for investments where financial returns may be limited.

Enhancing Governance to Deliver Whole-of-Economy Transformation

Whole-of-economy approaches require effective coordination mechanisms and durable institutional architecture, as well as political commitment. To strengthen governance, some members are conducting management assessments and establishing interministerial climate committees and councils, whole-of-government transition planning mechanisms, country platforms, and joint Finance Ministry–Central Bank working groups to improve policy coherence across sectors. At the same time, significant institutional challenges remain, where long-lasting silos across ministries, competing fiscal and political priorities, limited specialized capacity within Finance Ministries, institutional pushbacks and weak coordination continue to hinder climate policies' implementation.

Improving Analytical Tools and Evidence to Integrate Climate and Nature into Policy Decisions

Climate change and biodiversity loss are placing growing pressure on public finances. Finance Ministries are increasingly assessing climate- and nature-related risks and their implications for fiscal policy, public finance management, macroeconomic resilience, and economic growth, including potential impacts on revenues and expenditure. Some members are investing in analytical tools and working with partners to quantify fiscal risks and integrate climate considerations into annual budget processes, while others are publishing climate assessments to track progress and inform policy. These efforts can help strengthen fiscal planning and resilience while supporting Finance Ministries' core mandates. Persistent challenges include data gaps, limited expertise, and difficulties adopting new tools and methodologies.

— “ —

Finance Ministries are increasingly aligning fiscal sustainability with climate objectives through integrated policy mixes tailored to national circumstances, development priorities, and economic structures

Leveraging Climate Policy to Support Fiscal Sustainability

Finance Ministries are increasingly aligning fiscal sustainability with climate objectives through integrated policy mixes tailored to national circumstances, development priorities, and economic structures. Some members have strengthened tax expenditure evaluation and tracking methodologies, deepened environmental taxation mechanisms, and channeled carbon levy revenues into national transformation funds. Countries are pursuing a range of policy approaches, including, where appropriate and consistent with domestic circumstances, carbon pricing and other fiscal measures to support climate objectives, fiscal sustainability, and broader economic transformation. Members are also working with partners to assess the leakage and spillover effects of cross-border pricing instruments, including impacts on trade-exposed sectors, export competitiveness, fiscal revenues, administrative capacity, and development prospects. Managing the political economy, uneven public support, and equity implications of a just transition remains a challenge on this agenda. Some members are also addressing inefficient fossil fuel and other environmentally harmful subsidies and developing fiscal incentives to support low-carbon activities, while considering energy security, affordability, national circumstances, and the need for an orderly and just transition. Finance Ministries are working to address the distributional and affordability implications of climate-related taxes and reforms, while considering impacts on competitiveness, economic activity, and vulnerable households and sectors.

Some Finance Ministries are involved in designing, regulating, and integrating carbon markets into national climate and fiscal frameworks. Approaches include voluntary and compliance schemes, links with carbon taxes, and international cooperation on market interoperability. Key challenges include regulatory uncertainty, inconsistent standards, market integrity, and competitiveness concerns.

The Coalition as a Platform for Collaboration and Advancing Sustainable and Resilient Domestic Economies

The Coalition supports Finance Ministries integrating climate and nature considerations into fiscal, financing and macroeconomic decision-making by strengthening institutional capacity, fostering peer learning, promoting international collaboration and supporting efforts to address barriers to climate investment and implementation. Through demand-driven capacity building, practical guidance, knowledge exchange, and dedicated working groups, it helps countries develop coherent domestic frameworks, integrate climate- and nature-related risks into macro-fiscal and debt sustainability analyses, and supports countries in integrating climate and nature considerations into fiscal and economic decision-making, consistent with their national priorities, development strategies and international commitments.. By bringing together Finance Ministries and international partners, the Coalition advances policy coherence, mobilizes public and private investment, and supports resilient, sustainable, and inclusive economic development.

DELIVERY OBJECTIVES 2026-2028



**Accelerating
climate action by
finance ministries**



**Capacity building,
including climate-
informed economic
analysis, data
and tools**

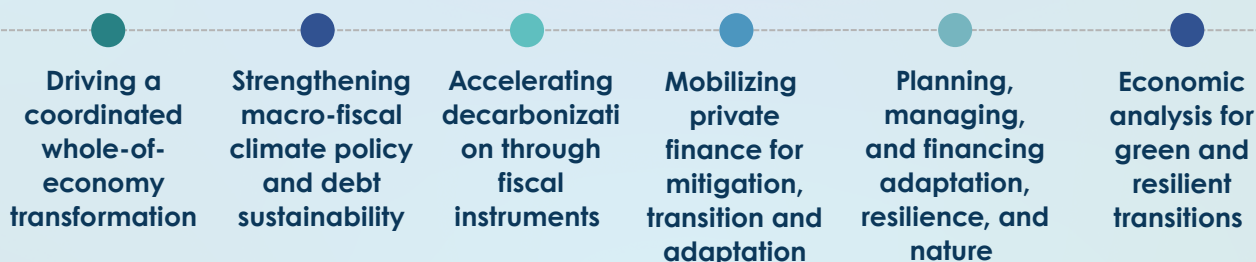


**Supporting
countries with the
development of
practical policies,
tools and levers**



**Facilitating
international
dialogue on
climate among
finance ministries**

WORKSTREAMS



**Strategic Work
Program**



LinkedIn



Website

financeministersforclimate.org

coalitionsecretariat@financeministersforclimate.org

