

Joint Ministerial Statement

The Coalition of Finance Ministers for Climate Action

October 12, 2020

1. We, the Coalition of Finance Ministers for Climate Action, acting under the Chairmanship of Ignacio Briones, Minister of Finance of Chile, and Matti Vanhanen, Minister of Finance of Finland, convened virtually in our annual plenary meeting with our institutional partners on October 12, 2020.
2. The Coalition reaffirms its commitment to the Helsinki Principles (*see Annex 1*) and, in that framework, has discussed the fiscal, economic and financial policies to tackle climate change amidst the challenges posed by the COVID-19 pandemic. We reviewed progress made to date and agreed on key work priorities going forward.
3. The human suffering from the unfolding COVID-19 crisis shocks us all. We are taking all measures at our disposal to address the most urgent needs of our citizens and economies, while working to ensure an inclusive, low-emission, resilient and sustainable economic recovery, including through mainstreaming climate change in our decisions. We note that the allocation of the announced \$12 trillion of fiscal global economic recovery measures creates a unique window for aligning our economies and policies to the challenge of climate change.
4. The Coalition is considering economic and climate policies that can support the recovery phase, taking into account countries' different circumstances. We welcome the timely report produced for the Coalition by the Institutional Partners on "Better Recovery, Better World: Resetting Climate Action in the Aftermath of the COVID-19 Pandemic", which provides a helpful mapping of possible economic policy options from the perspective of Finance Ministers across all of the Helsinki Principles. We will, together with our institutional partners, further analyze policy options as guided by our discussion today, to support actions by the Coalition Members*.
5. In seeking to translate the above into concrete action, we will be guided by the six Helsinki Principles and the Santiago Action Plan, tailored to each Member's circumstances as appropriate:

Helsinki Principle 1

We remain mindful that long-term strategies need to be consistent with a just transition and the Paris Agreement, and this should be reflected in recovery efforts. We have reviewed the first set of experiences on long-term strategies, and the Coalition will build on these efforts. We reiterate our commitment to the preparation of transition strategies. In our future work, we will deepen the analysis, work on the modelling tools, develop good practices and broaden the review of new country cases.

Helsinki Principle 2

We will benefit from the Coalition's work in supporting the enhancement of our national procedures and continue to share our experience and expertise with each other. We will take stock of best practices on introducing climate change into the strategies of Finance Ministries and utilizing academic research in mainstreaming climate change mitigation and adaptation into economic policy-making.

Helsinki Principle 3

Carbon pricing instruments are key to addressing climate change. We need to improve further our understanding of how we can implement such instruments whilst taking into account diverging challenges of our industries and countries. In light of the fiscal challenges and economic impacts of the pandemic, it will be important to examine how to design effective tax and subsidy reform according to different and changing political economy contexts and fiscal circumstances. We continue to analyze both the technical and political challenges of carbon pricing, with a view to adequately consider our policy options.

Helsinki Principle 4

Climate change will be considered in macro-fiscal planning, budgeting, public investment and procurement, and public financial management to underpin recovery efforts in the deteriorated economic and fiscal circumstances caused by the COVID-19 pandemic. The Coalition will continue to work towards common tools and guidance on green budgeting to support our Members. We will strive to integrate consideration of climate change into the management of public finances, explore ways to integrate climate in economic modelling and analyze options to support solutions towards sustainable recovery in the changed fiscal circumstances.

Helsinki Principle 5

We will continue to underscore the importance of mobilizing all sources of climate finance and facilitating a climate-conscious financial sector. We have shared a range of experiences, including on climate-related financial disclosure, blended finance, green bonds, green taxonomies and financial preparedness against disasters. We will

work towards financial systems that incorporate consideration of climate change in financial decisions, in close co-operation with our partners in central banks and regulatory agencies, and with the Multilateral Development Banks (MDBs). We also recognize the increasing financing needs for a sustainable recovery and climate action, especially in emerging and developing economies, and stand ready to co-operate with the MDBs to address these challenges.

Helsinki Principle 6

We welcome the growing engagement of Finance Ministries in the Nationally Determined Contributions (NDC) process, reflected also in the recent Coalition report: *Ministries of Finance and NDCs "Stepping up for Climate Action"*. We underscore the need for high ambition in the formulation of member's NDCs in support to the Paris Agreement. The Coalition will further analyze and share the experiences of working towards the implementation of our NDCs, including their integration into COVID-19 recovery measures.

6. We also agreed on strengthened governance arrangements through a new Charter aimed at increasing the Coalition's effectiveness in supporting Members' efforts to mainstream climate change in economic policies.
7. We will continue to work towards these goals and look forward to engaging in dialogue with our Institutional Partners and other key stakeholders to better understand the technical and political challenges of implementing the Helsinki Principles. We also stand ready to support strong, inclusive and climate-friendly recoveries, and contribute to a successful COP 26 in 2021.

*Coalition members are countries that have endorsed the Helsinki Principles and the Santiago Action Plan. They are: *Argentina, Austria, Bangladesh, Canada, Chile, Colombia, Costa Rica, Côte d'Ivoire, Cyprus, Denmark, Dominican Republic, Ecuador, Equatorial Guinea, Ethiopia, Finland, Fiji, France, Germany, Ghana, Greece, Guatemala, Iceland, Indonesia, Ireland, Italy, Jamaica, Kenya, Latvia, Lithuania, Luxembourg, Madagascar, Maldives, Marshall Islands, Mexico, Monaco, Netherlands, New Zealand, Nigeria, Norway, Panama, Paraguay, Philippines, Poland, Portugal, Spain, Sri Lanka, Sweden, Switzerland, Tonga, Uganda, the United Kingdom, and Uruguay.*

Annex 1: The Helsinki Principles

	<u>Align</u> our policies and practices with the Paris Agreement commitments
	<u>Share</u> our experiences and expertise with each other in order to provide mutual encouragement and promote collective understanding of policies and practices for climate action
	<u>Promote</u> measures that result in effective carbon pricing
	<u>Mainstream</u> climate change in macroeconomic policy, fiscal planning, budgeting, public investment management, and procurement practices
	<u>Mobilize</u> private sources of climate finance by facilitating investments and the development of a financial sector which supports climate mitigation and adaptation
	<u>Engage</u> actively in the domestic preparation and implementation of Nationally Determined Contributions (NDCs) submitted under the Paris Agreement