



Ministry of Finance



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# Joint Call to Action: Finance Ministries are Key to Accelerated Climate Action through Ambitious NDCs

Date: 17 April 2024

Location: Preston Auditorium, World Bank, Washington DC

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## ***Finance Ministries hold the keys to unlocking the transformative potential of new national climate plans according to global finance leaders and the United Nations\****

With escalating climate impacts taking place around the world, we are increasingly facing the devastating consequences of the climate crisis, impacting our economies, livelihoods and ecosystems. The results of the first Global Stocktake clearly show that the world is not on track to achieve the critical climate goals as set out in the Paris Agreement. We must therefore urgently curb greenhouse gas emissions, take ambitious adaptation measures, and direct economic development towards more sustainable pathways.

Over the next year, countries have the opportunity to turn the tide of the climate crisis through the submission of their new Nationally Determined Contributions (NDCs), countries' national climate plans under the Paris Agreement framework, to the United Nations Climate Change Secretariat in 2025. As we are presented with this unique moment to define the 2035 climate targets, the next round of NDCs must be ambitious, follow a whole-of-society approach, be informed by the Global Stocktake from COP28, and re-align global efforts with the goals set out in the Paris Climate Agreement. The window of opportunity is rapidly closing, and we cannot afford to miss it. Therefore, all stakeholders need to step up, including the finance community with Finance Ministers as important champions.

Well-designed NDCs will not just enhance climate resilience and help countries protect their citizens from the worst effects of climate change. They provide a strategic avenue for countries to improve the livelihoods of people, families and local communities. A low-carbon economy can contribute to eradicate poverty and eliminate hunger while promoting good health and wellbeing. NDCs provide significant benefits and opportunities to countries and to the economic and fiscal objectives of Finance Ministries. For future generations, the social, environmental, and financial cost of delayed inaction will far outweigh the costs of bold actions required today.

Finance Ministries hold the keys to unlocking the potential of NDCs, thereby safeguarding and improving the wellbeing of their citizens. At the heart of successful NDCs, lie robust financing and investment plans. As key coordinators of the economic, fiscal and financial policies, Finance Ministries have a critical role to play in designing these plans to ensure that NDCs are ambitious, realistic, and economically viable. Finance Ministries are crucial in mobilizing public and private financial resources, allocating investment and expenditures, providing guidance on effective costing practices, developing sound macroeconomic forecasts, designing measures to mitigate potentially adverse distributional impacts of climate policies, and aligning NDC planning with national development planning and budget cycle.

As a Coalition of Finance Ministers for Climate Action with over 90 members from all regions of the world facing distinct but shared challenges, we recently launched a dedicated NDC support initiative together with the NDC Partnership at COP28. This support initiative assists Finance Ministries in developing, financing, and implementing NDCs for strengthened climate action, benefiting from the support, experience and expertise of the Partnership's over 220 members.



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With the 2025 NDC deadline rapidly approaching, we are calling on Finance Ministries to rise to the occasion by proactively engaging with the development of their country's new NDCs. Finance Ministries can particularly focus on their pivotal role in steering climate action through the strategic elimination of harmful financial incentives for carbon-intensive activities, mobilizing fiscal space, attracting private sector investment, and enhancing coordination with other government ministries. The Coalition network stands ready to support this effort, including through strengthening climate capacities of Finance Ministries, sharing knowledge, best practices and country experiences, as well as connecting members' needs with Institutional Partners.

We are also calling on Ministries of Environment and Climate Change, generally the leading coordinators for NDCs, to proactively engage Finance Ministries from an early stage to develop robust NDC financing plans and support their implementation. We look forward to promoting a joint dialogue to keep the drumbeat going for concerted climate action on the road to 2025.

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\*At the 11th Ministerial Meeting of the Coalition of Finance Ministers for Climate Action on 17 April 2024 in Washington DC, building on the momentum generated by its fifth anniversary, the Co-Chairs of the Coalition of Finance Ministers for Climate Action (Minister of Finance of the Netherlands, Steven van Weyenberg, and Minister of Finance of Indonesia, Sri Mulyani Indrawati), the Co-Chairs of the NDC Partnership (Jeanine Munyeshuli, Minister of Environment of Rwanda, Jeanne d'Arc Mujawamariya, Dan Jørgensen, and Minister of Finance of Denmark, Nicolai Wammen), and high-level representatives of the UN system (UNFCCC Executive Secretary Simon Stiell and UNDP Administrator Achim Steiner) made a joint call to actively involve and engage as Finance Ministries in developing, implementing and financing the new Nationally Determined Contributions (NDCs) under the Paris Agreement ahead of the 2025 submission deadline at COP30.