

# The Coalition of Finance Ministers for Climate Action

## Principle 6

World Bank Group

Santiago, Chile

June 04, 2019

# Introduction on Principle 6

**Engage actively in the domestic preparation and implementation of Nationally Determined Contributions (NDCs) submitted under the Paris Agreement.**

Active engagement in NDCs include:

- Taking a leading role in the formulation and update of NDC or supporting the responsible government entities;
- Working with other ministries and financial institutions to ensure that policies are coordinated, coherent and aligned with the NDC;
- Providing technical input relevant to NDC formulation, such as macroeconomic forecasting, least-cost pathways for emissions reduction, and costing guidelines for specific measures;
- Supporting the integration of NDC requirements into climate-informed appraisal and analysis of policies and programs sponsored by other ministries; and
- Coordinating technical assistance and financing provided by international institutions for NDC preparation and the integration of NDCs in government's policies, programs and procedures.

# Taking a leading role in the **formulation and update** of NDC or supporting the responsible government entities.

## Peru

- **Ministry of Economy and Finance** is part of the **Multisectoral Commission**, which was established at the level of Ministers or Deputy Ministers and responsible to develop the technical report containing the proposed NDC.

## UK

- The UK has submitted an NDC formulated jointly with other EU Member States. The EU's NDC is underpinned by a set of key legislation. **HM Treasury works closely with other government departments on the implementation of** the supporting legislation, and other domestic legislation which contribute to the NDC.

## Mexico

- The **Ministry of Finance**, as focal point for the GCF, GEF, and CIFs, **works closely with the Ministry of Environment and Natural Resources to evaluate, endorse and follow up** on climate related projects aligned to international commitments and national priorities. It also coordinates with the Ministry of Foreign Affairs (SRE in Spanish) to establish Mexico's position in international fora, since SRE is the focal point for UNFCCC.

## Key Take-aways:

- Based on the survey, **7 out of 14 countries (50%)**, indicated that the **MoF takes a leading role** in the formulation and update of NDC.
- For most countries, the **Ministry of Environment (MoE)** is leading the NDC planning process, even though in some cases **MoF** takes part in the **inter-ministerial committee**.
- **Not all MoFs of EU States participated in the negotiation process** before the formal submission of the joint EU NDC.
- According to NDCP country engagement, **MoFs of 11 countries** are leading the process of NDC formulation and update.

# Working with other ministries and financial institutions to ensure that **policies are coordinated, coherent and aligned with the NDC.**

## Indonesia

- Coordination and synergy will continuously be enhanced between the Ministry of Environment and Forestry and National Development Planning Agency (BAPPENAS) and **Ministry of Finance** in the context of climate change, national development and finance.

## Colombia

- The **Ministry of Finance led establishment and implementation of nation-wide carbon tax and subsequent regulations**, as well as of other **green financial instruments for NDC Implementation**. The MoF is part of the Intersectoral Climate Change Commission.

## France

- The **Ministry of Finance** is developing a **methodology to assess the impact of budgetary and fiscal policies on its environmental objectives, including climate change mitigation and adaptation**. All relevant ministries are associated to this work. The MoF is also involved in the elaboration of mitigation policies and a member of the Council for Ecological Defence.

### Key Take-aways:

- Based on the survey, **10 out of 14 countries (71%)**, indicate that their **MoF works with other ministries** and financial institutions to ensure that policies are coordinated, coherent and aligned with the achievement of the NDC.
- According to NDCP country engagement, **MoFs of 10 countries** are taking an **active role in coordinating** and ensuring their policies are aligned with other ministries and the NDC.
- Further **coordination and alignment with other ministries and financial institutions** is necessary to further advance NDC implementation.

# Providing **technical input relevant to NDC formulation** (e.g. macroeconomic forecasting, low-emission pathways, and costing guidelines).

## Japan

- The **Ministry of Finance** is responsible for **producing forecasts for greenhouse gas emissions**, which use the same assumptions (population, prices of oil, gas and electricity etc.) as macroeconomic forecasts. We also use macroeconomic models explore the costs of reducing greenhouse gas emissions.

## Rwanda

- The **Ministry of Finance** provides **climate macro-economic analysis and research** for development planning.

## Uganda

- The **Ministry of Finance** has embarked on preparation of **adjusted macroeconomic indicators that take into account climate change issues**. The MoF is monitoring domestic spending on climate change to better identify funding gaps, forecasting and other.

### Key Take-aways:

- Based on the survey, **8 out of 14 countries (57%)**, indicated that their MoF is providing technical input to NDC formulation.
- According to NDCP country engagement, **MoFs of 4 countries** participate and provide technical input to NDC formulation.
- The **upcoming round of NDCs provides an opportunity for MoFs** to actively engage in the process of NDC formulation and implementation.

# Supporting the integration of NDC requirements into **climate-informed appraisal and analysis of policies and programs** sponsored by other ministries.

## Gambia

- The integration of climate change in all policies, strategies, plans and programmes and projects will be necessary for mainstreaming climate change. Gambia's NDC has committed **to the integration of climate change into the public budgeting system** under the **Ministry of Finance and Economic Planning**.

## Côte d'Ivoire

- The **Ministry of Planning** engages in developing indicators for climate change and environment integration into investments and projects.

## UK

- **Her Majesty's Treasury (HMT)** issues guidance for all departments on integration of **climate change considerations into appraisal and analysis of policies and programs**, including through tools such as a target-consistent shadow carbon price. This approach supports achievement of our domestic and international commitments.

## Key Take-aways:

- Based on the survey, **10 out of 14 countries (71%)**, indicated that the MoF supports the integration of NDC requirements into the appraisal and analysis of policies sponsored by other ministries.
- According to NDCP country engagement, **MoFs of 7 countries** are facilitating the integration of climate requirements into the appraisal of policies and programs of other ministries.
- MoF should promote and encourage the integration of NDC requirements into the assessment of private sector and public sector projects, for example, **the integration of the shadow price of carbon or cost per ton of CO2 avoided in cost-benefit analyses**.

# Coordinating technical assistance and financing provided by international institutions for NDC preparation and implementation.

## Uganda

- As indicated in NDC, the implementation of the National Climate Change Policy (NCCP, 2015) is to be monitored annually by the **Ministry of Finance**, Planning and Economic Development.

## Mexico

- The **Ministry of Finance** is the focal point for international climate-related funds and supports the relevant stakeholders on national climate action with grants.

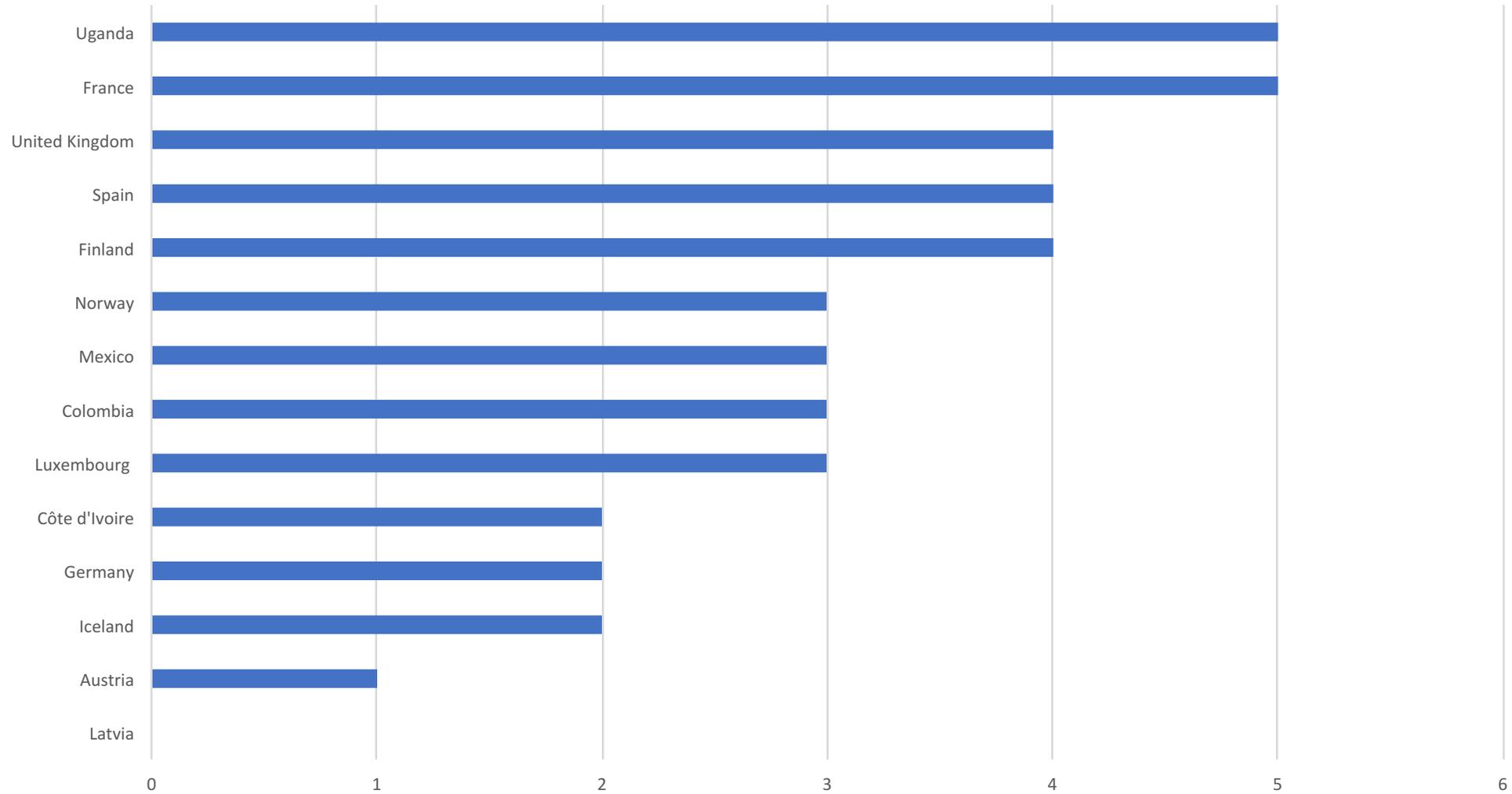
## Uganda

- The **Ministry of Finance** in collaboration with the Ministry of Water and Environment coordinates technical assistance and financing of climate actions, including the green growth strategy.

### Key Take-aways:

- Based on the survey, **6 out of 14 countries (43%)**, indicated that the MoF coordinates technical assistance and financing from international institutions for NDC preparation and implementation.
- According to NDCP country engagement, **MoFs of 7 countries** coordinate together with other ministries, international institutions' TA and financing for NDC implementation.
- **Ministries of Finance could take a more active role in the coordination of international funding** to ensure these are used to bridge gaps, unlock private investment and create markets, to scale up impact.

# Number of affirmative responses for Principle 6:



# Demands to Empower MOFs in NDC Formulation and Implementation-NDC Partnership

Country Name	Request for Support Letters (RSLs) Received by the NDC Partnership
<b>Ethiopia</b>	<ul style="list-style-type: none"> <li>• Technical assistance for <b>resource mobilization</b> embedded in MoF - CRGE Facility to support sectors in proposal development.</li> <li>• Technical assistance to MoF– CRGE Facility for improving the <b>budget tracking system</b> and institutional capacity strengthening <b>for tracking climate change financing</b>.</li> </ul>
<b>Zimbabwe</b>	<ul style="list-style-type: none"> <li>• Capacity building in MoF on <b>resource mobilization</b> for climate change.</li> <li>• Technical assistance for <b>national accounting</b> of international support (AID) and climate change expenditure.</li> <li>• Financial and technical assistance to <b>establish a National Climate Fund</b>.</li> <li>• GCF accreditation support to more intuitions.</li> <li>• Peer-to-peer exchange <b>learning and feasibility studies on PPP</b> for climate change.</li> <li>• Financial and technical assistance to conduct <b>economic and cost benefit analysis for climate action, risks and opportunities</b>.</li> <li>• Peer-to-peer learning visits on <b>climate finance mechanisms</b>.</li> <li>• Financial and technical assistance to develop a <b>Climate Finance Strategy</b>.</li> <li>• Financial and technical assistance to conduct <b>national assessment of green jobs</b>.</li> </ul>
<b>Mongolia</b>	<ul style="list-style-type: none"> <li>• Build capacity in the MoF in developing and implementing climate finance tracking and monitoring tools.</li> </ul>

# Demands to Empower MOFs in NDC Formulation and Implementation

Country Name	Request for Support Letters (RSLs) Received by the NDC Partnership
<b>Namibia</b>	<ul style="list-style-type: none"> <li>• Develop <b>market-based economic policy change</b> towards <i>fiscal policy</i> to promote the uptake of low carbon technologies.</li> <li>• Technical assistance to the MoF in developing and implementing <b>climate finance tracking and monitoring tools</b> to effectively <i>track and report</i> on public, PPP and international climate finance flows and expenditure.</li> <li>• Strengthen the technical and coordination capacity of the MoF and National Planning Commission to align <b>development and budget planning</b> to mitigation and adaptation strategies and projects.</li> <li>• Support Development Finance Assessments to improve <b>climate financing mechanisms and policy environment</b>.</li> <li>• Establish a robust <b>national MRV system</b> to track mitigation and adaptation actions together with SDGs action in coordination with the National Planning Commission (NPC), the Namibia Statistics Agency (NSA) and the MoF.</li> </ul>
<b>Dominican Republic</b>	<ul style="list-style-type: none"> <li>• Capacity development on (i) <b>tracking and reporting</b> of climate relevant expenditure and flows through the climate finance budget accounts and; (ii) development of a system for the tracking and reporting <b>off-budget climate change expenditure</b> by non-state actors (private sector, CSOs, NGOs, and others).</li> <li>• Technical assistance to <b>assess the climate change impacts of sectoral development programs (SDPs)</b> in relation with the NDC and the SDGs, identifying <i>needs, gaps and opportunities</i> (includes capacity-development activities involving the National Planning Authority (NPA)).</li> </ul>
<b>Colombia</b>	<ul style="list-style-type: none"> <li>• Strengthened capacity to systematically <b>coordinate and follow up</b> the interaction with donors, implementing partners and across ministries, sectoral and regional agencies on the provision of support for climate change action.</li> <li>• Support the improvement <b>of financial instruments as well as fiscal and non fiscal incentives</b> to promote the uptake of low carbon and energy efficient technologies.</li> </ul>

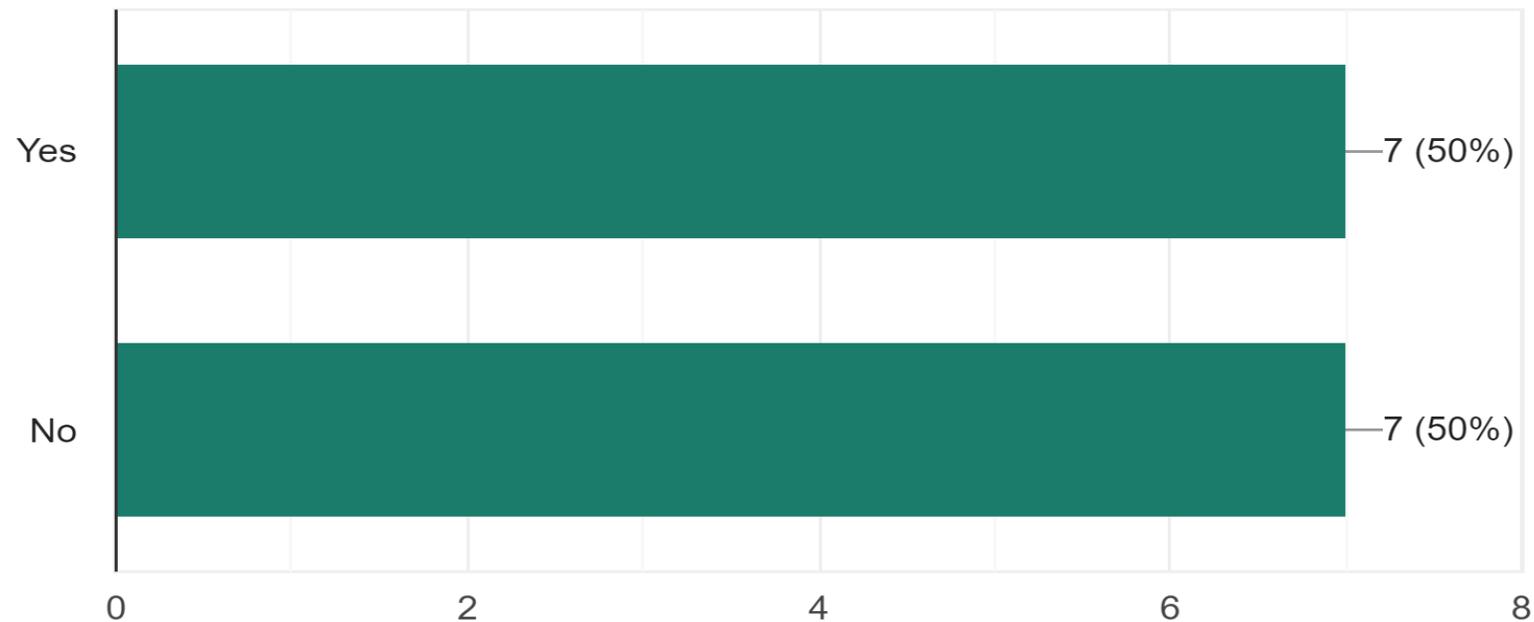
# Action Plan for Principle 6

- Setting targets and milestones
- Leadership of champions
  - Countries and Institutions
- Upcoming events:
  - Global NDC Conference: Break out session on “Green fiscal policies: creating mitigation incentives and mobilizing revenues for climate action through environmental taxes and subsidy reform,” Berlin, June 13 2019.
  - LAC Climate Week
  - UNSGA Climate Summit

# Survey Results on Principle 6

Does the Ministry of Finance (MoF) take a leading role in the formulation and update of NDC or supporting government entities responsible for NDC?

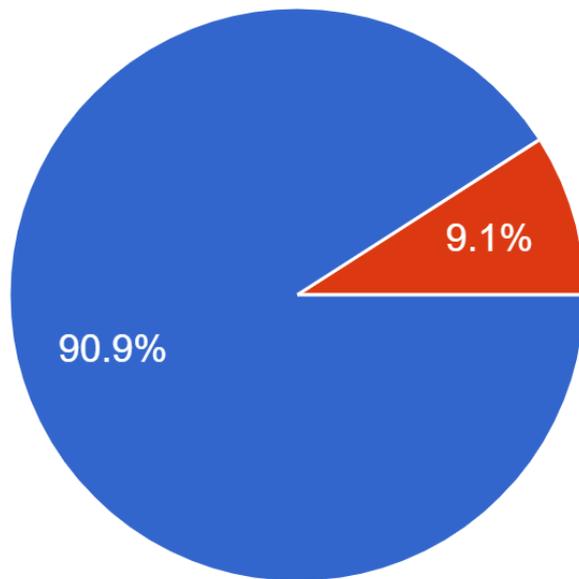
14 responses



# Survey Results on Principle 6

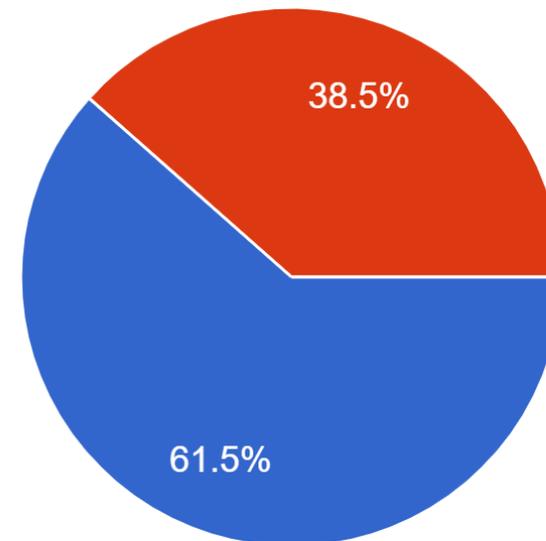
Does the **MoF work with other** ministries and financial institutions to ensure that policies are coordinated, coherent and aligned with the achievement of the NDC?

11 responses



Does the **MoF provide technical input** relevant to NDC formulation, such as macroeconomic forecasting, least-cost pathways for emissions reduction, and costing guidelines for specific measures?

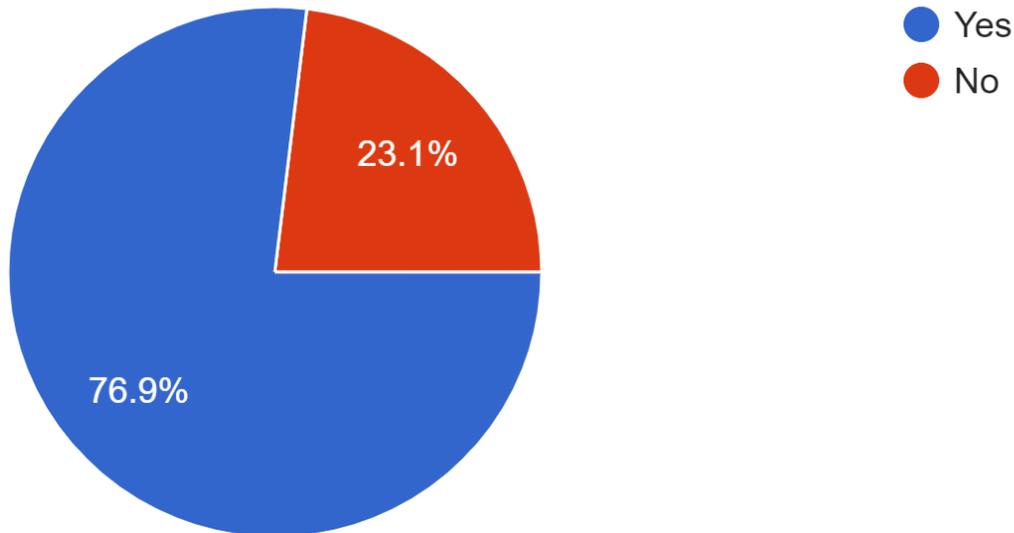
13 responses



# Survey Results on Principle 6

Does the MoF support the integration of NDC requirements into climate-informed appraisal and analysis of policies and programs sponsored by other ministries?

13 responses



Does the MoF coordinate technical assistance and financing provided by international institutions for NDC preparation and the integration of NDCs in government's policies, programs and procedures?

14 responses

