

Coalition of Finance Ministers for Climate Action

Lähienergialiiton seminaari Energiaverotuksesta

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What is that?

- Coalition of currently 52 countries
- Lead by two Co-chairs: Finland and Chile
- Secretariat: World Bank
- Technical support from various institutional partners: WB, OECD, IMF, NDC Partnership, UNDP, UNFCCC, LSE & prof. Nicholas Stern, Sitra, ...
- Countries have committed to Helsinki Principles

What does it do?

- ‘Santiago Action Plan’ guiding the work in practise
- Regular meetings for “Sherpas” and for Finance Ministers
- Workshops and webinars, also at regional level
- Information banks, Technical support, Written analysis, Handbook, Policy recommendations, Peer support in action, etc.
- Currently discussing also Green Corona Stimulus

The current members

ARGENTINA	AUSTRIA	BANGLADESH	CANADA	CHILE	COLOMBIA
COSTA RICA	CÔTE D'IVOIRE	CYPRUS	DENMARK	DOMINICAN REPUBLIC	ECUADOR
EQUATORIAL GUINEA	ETHIOPIA	FINLAND	FIJI	FRANCE	GERMANY
GHANA	GUATEMALA	GREECE	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	UNITED KINGDOM	URUGUAY	

Helsinki principles

Sitra (and WB) support with an analysis of 7 countries long-term climate strategies

1. **Align** our policies and practices with the Paris Agreement commitments;
2. **Share** our experience and expertise with each other in order to provide mutual encouragement and promote collective understanding of policies and practices for climate action;
3. **Work** towards measures that result in effective carbon pricing;
4. **Take** climate change into account in macroeconomic policy, fiscal planning, budgeting, public investment management, and procurement practices;
5. **Mobilize** private sources of climate finance by facilitating investments and the development of a financial sector which supports climate mitigation and adaptation;
6. **Engage** actively in the domestic preparation and implementation of Nationally Determined Contributions (NDCs) submitted under the Paris Agreement.

Santiago Action Plan

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Example from Principle 3

Carbon pricing mechanisms are typically best implemented as part of wider environmental tax reforms, while being mindful of the distributional impacts and using the revenues to support development objectives. Key actions and deliverables under Helsinki Principle 3 include:

- Reviewing the current experience and state of play in carbon pricing, identifying key bottlenecks to achieving the necessary levels of carbon pricing, and developing policies that can be widely accepted and implemented.
- Increasing knowledge on the technical requirements for carbon pricing, including measurement, targeted compensation for vulnerable groups, carbon border adjustments, national and sub-national carbon taxation or charges, and mechanisms for coordinating carbon prices across countries.
- Developing toolkits that allow Finance Ministries to design and assess, adapted to their country context, the effects of carbon pricing reforms. Considering transition challenges and economic impacts so as to enable a better understanding of the benefits of carbon pricing, and ensuring that policies address political economy, distributional, and competitiveness concerns.

7 country case studies on long-term climate strategies

- **Purpose of the study:** To provide examples on long-term climate strategies, some completed while others are under development, and insight on what lessons they offer to other Coalition members
- **Method:** Desk reviews of related strategy documents and interviews with civil servants and academic representatives
- **Countries:** the UK, the Netherlands, Finland, Spain, Uganda, Ethiopia, Fiji (desk study only)
- **Research approach:**
 1. Comparison of steps in the strategies to a general transition planning framework
 2. Analysis of key challenges and bottlenecks to climate action
 3. How countries assess the best policy instruments to deliver the goals?
 4. Other interesting lessons learned and examples from the case studies

Common challenges and bottlenecks







- **Developed, energy-intensive countries** (Finland, Spain, the UK, the Netherlands):
 - Distributional impacts of policies
 - How to get people to change behaviour and to adopt new technologies (e.g. in mobility, housing, diet, consumption)?
 - When will new technologies become available and what is their cost (e.g. new technologies for hard-to-abate sectors and BECCS)?
- **Less-developed countries vulnerable to climate change** (Uganda, Ethiopia, Fiji):
 - Adaptation and resilience the main concern
 - How to limit emissions while maintaining economic growth and reducing poverty?
 - How to finance adaptation and mitigation actions?
 - Information and data requirements, governance and capacity building

How countries assessed the best policy instruments to deliver the goals?

- Many have used “**bottom-up**” **cost-effectiveness analyses** (e.g. integrated energy system models)
- **Impact assessments** of policy packages and selection of best policy measures **complicated**. See e.g. case studies of Spain, the Netherlands, Finland and the UK.
- The **most cost-effective policy measures might not always be selected** if e.g. their distributional impacts are considered unacceptable.
- **More detailed policies for shorter run** (e.g. up to 2030).
- Many have separate policy assessments for different sectors. Also local features might be important. See e.g. Uganda.
- **Cross-cutting issues and policies** (e.g. the Netherlands and Spain)
- Good data essential. See e.g. Ethiopian case.

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SHINE!**



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