



Empowering Ministries of Finance to Drive Low Carbon and Climate Resilient Development

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In recent years, the impacts of climate change have been intensifying and are posing a growing risk to economic and social development. Increasingly, they are exerting pressure on public finances and national development agendas. For example, even an average temperature rise of 1.5 degrees C, the target limit set by the Paris Agreement (Article 2), is projected to reduce global working hours by 2.2% worldwide by 2030, costing the global economy USD 2.4 trillion.¹ In fact, it is estimated that the climate crisis costs the world 12% in GDP for every 1-degree C temperature rise.²

But there are emerging opportunities to promote low carbon technologies and innovative approaches for mobilizing climate finance. According to the International Renewable Energy Agency (IRENA), global renewable energy investments reached USD 332 billion in 2021, with estimates suggesting that the world will need to invest around USD 131 trillion in renewable energy and energy efficiency between 2021 and 2050 to meet global climate goals and avoid the worst impacts of climate change. Additionally, the green bond market has experienced significant growth, with global issuance totaling USD 517 billion in 2022, representing a 23% increase from the previous year and indicating a growing interest in sustainable finance.

As the implications of these challenges and opportunities become more apparent, the role of ministries of finance (MoFs) has become crucial not only for addressing climate-related risks but also for seizing opportunities. MoFs are central to financial and budgetary planning, and as climate risks rise, so too do the opportunities to integrate climate considerations into economic and fiscal policies. Doing so can enhance economic and financial resilience by driving sustainable investments that ensure both economic development and social well-being.

In this context, Nationally Determined Contributions (NDCs) and Long-Term Low Emissions Development Strategies (LT-LEDS) under the Paris Agreement offer frameworks that MoFs can use to assess the financial implications, both positive and negative, of addressing climate change. The Paris Agreement acknowledges the critical link between climate change and MoFs and emphasizes that their involvement and leadership in climate policies and financial planning, especially in the context of NDCs and LT-LEDS, is needed.³ Structuring the climate agenda as a fundamental factor for economic growth and development is essential for ensuring that climate action is integrated into financial decision-making and long-term policy frameworks.

1. Bilal, A., & Känzig, D. R. (2024). The macroeconomic impact of climate change: Global vs. local temperature (NBER Working Paper No. 32450). National Bureau of Economic Research.

2. Kjellstrom, T., Maitre, N., Saget, C., Otto, M., & Karimova, T. (2019). Working on a warmer planet: The effect of heat stress on productivity and decent work. International Labour Organization.

3. Coalition of Finance Ministers for Climate Action & NDC Partnership (2024). Technical Note. Strengthening Finance Ministries' capacity and engagement in the Nationally Determined Contributions (NDCs).

ABOUT THE NDC PARTNERSHIP

The NDC Partnership is a global coalition of over 250 members, including 140 countries and more than 110 institutions, focused on advancing climate action to achieve the Paris Agreement and promote sustainable development. Governments identify their NDC implementation priorities and required support, and the membership offers a tailored package of expertise, technical assistance, and funding. This collaborative response provides developing countries with efficient access to a wide range of resources to adapt to and mitigate climate change and foster more equitable and sustainable development.

The NDC Partnership is uniquely positioned to mobilize coordinated country-driven and tailor-made support for MoFs to better understand and manage risks, develop tools, learn from the experiences of other countries, and seize opportunities associated with a low carbon economy. This collaborative approach allows MoFs to gain valuable insights and improve their capacity to address climate challenges, while also seizing opportunities in the transition toward low carbon and climate resilient development pathways.

What Specific Actions Can Ministries of Finance Take to Strengthen Their Role in Climate Action?

MoFs serve as custodians of macroeconomic stability, drivers of economic growth, and stewards of public finance. In this capacity, their role in ensuring the development of sound climate policies and interventions is essential. The current context presents significant opportunities for MoFs to lead in the following key areas:

- › Making informed decisions about how to manage policies and measures related to NDCs and LT-LEDs by guiding effective costing practices; conducting economic and fiscal feasibility assessments; and assessing transition scenarios that align short-, medium-, and long-term development priorities;
- › Promoting a whole-of-government approach to the development and implementation of climate policies and plans and leveraging MoF's convening power to ensure coordination among public and private stakeholders;
- › Facilitating climate investment planning and finance mobilization efforts by promoting integrated and coordinated efforts that address institutional and regulatory barriers, deploy key financial instruments, and create incentives to attract private sector investment; and
- › Reviewing and adjusting investments and public spending to align climate and development goals.



Photo by Jan Rottler / NDC Partnership

How the NDC Partnership Supports Ministries of Finance

To date, the NDC Partnership has provided tailored support to more than 50 MoFs and approximately 20 central banks across a wide range of areas. Examples of this work include:

- › Assessing macroeconomic, fiscal, and distributional impacts of climate action; evaluating the economic- and financial-sector responses to different climate risks; assessing effective green recovery and job creation interventions; and estimating the impact of different measures in advancing low carbon and climate resilient development (e.g., Georgia, Jamaica, Jordan, Rwanda, and Sudan);
- › Mainstreaming climate change into national, sectoral, subnational, and municipal plans and budgeting instruments (e.g., Antigua and Barbuda, Armenia, Burkina Faso, Côte d'Ivoire, Ethiopia, Jordan, Mozambique, Nigeria, Uganda, Rwanda, Saint Lucia);
- › Integrating climate change in public investment management (e.g., Albania, Dominican Republic, Mali, São Tomé and Príncipe, and Zimbabwe);
- › Establishing climate change units in ministries of finance, Prime Ministers' offices, or other high-level offices (e.g., Belize, Liberia, Mozambique, Zimbabwe);
- › Improving sustainable public procurement (e.g., Eswatini, Uganda);
- › Mobilizing climate finance from public and private sources (e.g., AUC, Dominican Republic, Ethiopia, Jordan, Morocco, Nigeria, Uganda, Zimbabwe), including submitting project proposals to funders and hosting investor forums;
- › Identifying and designing fiscal policies and instruments, such as taxes, subsidies, bonds, credit guarantees, insurance instruments and debt-for-nature swaps (e.g., Uganda, Zimbabwe, Fiji);
- › Developing NDC investment plans and pipelines of projects (e.g., Grenada, Indonesia, Jordan, Nigeria, Rwanda);
- › Organizing peer exchanges and skills-sharing programs across countries in multiple geographies; and
- › Addressing other country-driven needs of MoFs.

To support increased engagement of ministries of finance in climate action and promote coherence in the climate finance landscape, the NDC Partnership collaborates closely with the Coalition of Finance Ministers for Climate Action (CFMCA). This strategic collaboration aims to enhance country-driven climate action by providing targeted support to ministries of finance to strengthen institutional capacities, mobilize finance for NDC implementation, and advance the integration of climate priorities into national budgeting and planning. This joint engagement combines the CFMCA's global convening power, robust knowledge generation and sharing platform, in-depth expertise, and specialized networks with the NDC Partnership's global support platform to accelerate progress toward climate resilient, low emission development pathways.⁴

4. Learn more about the NDC Partnership-CFMCA collaboration [here](#).



Photo by Jan Rottler / NDC Partnership

Delivery Mechanisms at the NDC Partnership

The NDC Partnership provides its support through several mechanisms, including:

- **Technical Assistance via NDC Partnership Members:** In response to a request from an MoF, the NDC Partnership mobilizes support from its diverse network of partners across various sectors related to the MoF's action areas. This tailored support helps the MoF address specific technical challenges in implementing NDCs and LT-LEDs, such as integrating climate finance into national budgets, developing climate-related financial policies, and improving financial management for climate projects. NDC Partnership members provide technical expertise in areas such as climate risk assessment, green finance, capacity building, and policy development, all of which are essential to advancing climate action and achieving the goals of the Paris Agreement.
- **Embedding Economic and Finance Advisors:** Embedding advisory support within MoFs builds long-term capacity. By placing economic and finance experts directly within MoFs, the NDC Partnership ensures that climate considerations are integrated into national financial planning and budgeting processes. These embedded advisors help strengthen a given MoF's ability to develop and implement climate-responsive policies, access climate finance, and support sustainable investments. The presence of these experts fosters an exchange of knowledge, enhances institutional capacity, and enables MoF officials to gain hands-on experience in incorporating climate action into economic frameworks, ultimately leading to more effective climate policy implementation and financing solutions.
- **Partnership Action Fund (PAF):** The NDC Partnership's model of collective action catalyzes support from its members. In instances where countries' requests go unanswered, they become eligible for the [PAF](#).

How to Request Support

Ministries of finance in NDC Partnership member countries can request support through the NDC Partnership at any stage and for an array of needs, from knowledge and capacity building to technical assistance tailored to country circumstances. The support is provided by a wide range of institutions, including multilateral development banks, development partners, and other specialized organizations. For further inquiries, please reach out to your established contacts at the NDC Partnership Support Unit (e.g., regional managers and country engagement specialists). If you don't have contacts at the Support Unit, please get in touch with Joaquim Leite (Joaquim.Leite@ndcpartnership.org), Head of Climate Finance, and Adrián Flores Aguilar (Adrian.floresaguilar@ndcpartnership.org), Climate Finance Associate.



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At the bottom of the page, there are four overlapping geometric shapes: a blue parallelogram on the left, followed by an orange parallelogram, a green parallelogram, and a large dark blue triangle on the right that extends towards the top right corner.