CLIMATE BUDGET TAGGING

‘Knowing What You Spend’

Moving towards comprehensive climate finance reforms
Governance of Climate Change Finance (Climate Finance Network) has supported in:

- Development of methodologies and tools for integrating climate change in PFM
  - Climate Financing Framework
  - Climate Public Expenditure and Institutional Analysis
  - **Climate Budget Tagging**- ‘Knowing What you Spend’
  - Climate Budget Integration Index
What have we achieved?

* Pioneering UNDP project to actively engage ministries of finance – opens doors for other initiatives
* Building blocks established for gender-responsive green economy
* Inspired work in other regions

Tools for embedding CC in governance and financial management promoted
- Climate Change Budget Integration Index
- Climate Budget Tagging System
- Guidance for parliamentarians and media

Budget formulation and planning better aligned with climate change
- Medium Term Budgetary Framework Pakistan
- Sectoral ministries budgets in Fiji

Budgets also tap thematic bonds & engage private investors
- Green Sukuk (Indonesia)
CBT part of wider climate finance agenda
What is CBT aiming at!

<table>
<thead>
<tr>
<th>CBT Evidence and Analysis</th>
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<tbody>
<tr>
<td>Spending Efficiency and Accountability</td>
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<tr>
<td>Influence Budget Allocation leading to increased CC share in the Budgetary Allocation</td>
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<tr>
<td>Improved CC Investment Design</td>
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<td>Policy Impact</td>
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Scope of CBT

• **Objective** - Information or influencing budgeting and policy

• **Coverage**
  
  • Breadth of coverage - whether priority areas or wider range
  
  • Depth of coverage - a rapid assessment based on project documents or an in-depth climate screening appraisal
Policy Application of CBT

• Indonesia Green Sukkuk and Climate Public Finance Report 2019
• Pakistan Medium Term Budgetary Framework
• Philippines- tagging information from line ministries is used to produce budget briefs to inform budget hearings
• Citizen Budgets- Cambodia, Nepal, KPK (Pakistan)
• Bangladesh- advocacy for additional international finance
## Demand for CBT is Growing

<table>
<thead>
<tr>
<th>Countries</th>
<th>CPEIR</th>
<th>CBT completed but refinement in process</th>
<th>CBT in pipeline/ Requests</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nepal, Bangladesh, Cambodia, Philippine, Indonesia, Pakistan, Uganda, Thailand, Tanzania, Samoa, Vietnam, Vanuatu, Marshall Island, Morocco, China (Hubei), Benin, Kenya, Bhutan, Philippines, Chile, Columbia, Costa Rica (planned), Ecuador, Elsalvador, Honduras, Peru (planned), Nauru, Kirbat</td>
<td>Nepal, Philippine, Bangladesh, Ghana, Kenya, Indonesia, Pakistan</td>
<td>Cambodia, Tonga, Chile, Fiji, Grenada, Guatemala, Rwanda, Ecuador, Armenia</td>
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</table>
Challenges

• Negative investments/ expenditures are not considered
• Capacity and institutional constraints
• Intergovernmental linkages- sub national governments
• Data Analytics- CBT is not an end in itself
• Broader PFM reforms
THANK YOU