Planning and Budgeting for Adaptive, Low carbon and Gender Responsive Development

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Outline

1. Lessons Learnt from GCCF Actions on the Ground
2. Entry Points for Climate Change and Gender Responsive Planning and Budgeting
5 years of Diagnostics and Stock-Taking-What Have We Learnt?

Weak understanding the linkages between Climate Change, Economic Growth, Poverty, Gender Equality etc.
5 years of Diagnostics and Stock taking - What have we learnt?

Sectoral Approach to Climate Change centered uniquely on Ministry of Environment

Whole of Government Approach to Climate Change integrating CC risk concerns throughout Government Business

Planning & Technical Agencies

Ministry of Finance

Infrastructure Ministries

Social Ministries
5 years of Diagnostics and Stock-Taking - What Have We Learnt?

- CC Planning Landscape
  - CCSP
  - CCSAP
  - NCCAP
  - NAPAs
  - NDCs

- Medium Term National Development & Sectoral Panning
  - NDS
  - Agric/Water
  - Energy
  - Forestry
  - PW/Transport
  - Rural Devpt

- Medium Term & Annual Budgeting Processes
  - Macroeconomic Framework
  - Fiscal Framework
  - Budget Framework
  - Annual Budget
5 Years of Diagnostics and Stock taking - what have we learnt

CC Planning Landscape
- NCCAP
- CCSAP
- NAPs
- NAPAs
- NDCs

Rights-based Planning Landscape
- National Gender Equality Plan
- National Child and Youth Strategy
- Strategy for Disabled People
5 years of Diagnostics and Stock-Taking—What Have We Learnt?

- **National Budget**
  - Fully Dedicated CC projects + Development Projects which integrate CC
  - “Climate Relevant Finance”

- **National Climate Funds**
  - Fully Dedicated CC Projects
  - “Climate Relevant Finance”

- **Overseas Development Assistance**
  - Fully Dedicated CC projects + Development Projects which integrate CC
  - “Climate Relevant Finance”

- **Dedicated International Climate Funds**
  - Fully Dedicated CC Projects
  - “Climate Relevant Finance”

“Climate Relevant Finance” is currently very often delivered in a Fragmented Way through stand alone projects outside government systems.
5 years of Diagnostics and Stock-Taking—What Have We Learnt?

- National Climate Change Policy
- Sub-national Climate Change Policy are often lacking
- National Budgeting for Climate Change
- Sub-national Budgets/FF for CC Change are still rare.

NCCSP/NCCAP/NAPAs
LCCAPs
National Budget
Sub-national Budgets
5 years later—What have we learnt?

• Lack of coherence between climate change policy-making and the budget.

• Demonstrating the socio-economic benefits of CC response, and how related programmes contribute to long term objectives such as inclusive growth...

• Policy coordination between central, thematic and sub-national levels of government. An effective climate change response must be integrated into sectoral and local systems and actions.

• Capacity a challenge at both national and sub-national levels, capacity development programmes have not yet been broadly implemented.

• Oversight institutions such as (SAIs) and Parliamentary Committees have potential to promote accountability over CC finance; however, this function is not yet being carried out.

• Role of Non-State Accountability Actors in CC Finance monitoring and evaluation
A Significant Proportion of Government Spending seeks to address Climate related issues

1. CC Policy Landscape

2. CC Institutional Architecture

3. PFM Systems Responsiveness

- Identify Public Investments with a Climate Dimension
- Map Public Investments Against Thematic Areas of NCCAPs
- If Possible Analyse Donor Funded and Off-Budget Investments Too
- Apply C Relevance Weights to Public Investments using diff methodologies
Expenditure Analysis Findings
Despite these results—national PFM processes are often climate change blind!!!!!!

Geared for the delivery of sectoral policies (health, education, agriculture, …) and to allow treasury control on spending.

Planning and Budgeting for CC?

- Credibility
- Effectiveness
- Efficiency

GRB sister around since the 1980s! But of Unequal Quality!
Bringing CC & GE concerns into National Planning and Budgeting to deliver adaptive, low carbon, Gender Responsive Public Finance
CPEIR and Beyond: Where Is CC Mainstreaming Effort Taking Place?

As well as Afghanistan, Bhutan...

...And Assam, Bihar Chhattisgarh, Kerala, Maharashtra and Odisha

Chile y Ecuador / Low Emission Capacity Building Support Programme (LECB - PNUD)
Colombia y El Salvador / GCF Readiness (PNUD – WRI - UNEP)
Nicaragua y Honduras / Agencia Suiza para el Desarrollo y la Cooperación (COSUDE) y PNUD
Planning: Public Investment Design and Appraisal

Planning Agency prepares Annual Development Plan/Government Investment Plan

- Requires use of CC scenarios/CVAs/Social & GIAs and CC adjusted Cost Benefit Analysis
- Issuance of Planning and Project Appraisal Guidelines
- Submission of Planning Templates

Presents and Analyses how Public Investment is addressing CC risks as well as Social and Gender Impacts from/to the projects

Sector Ministries
Budget Formulation: Budget Circular and Submissions

Ministry of Finance prepares Annual National Budget (Draft)

Identification of Programs that are Adaptive, low Carbon and/or contribute to GE, how link to NCCAP/NDCs, National Gender Equality Plans

Issuance of Budget Circular

Sub mission of Budget Submissions

Budget Submissions explain how programs address CCA, Mitigation, GE, link to plans and show impact through KPIs-ideally forward looking

Sector Ministries
Ministry of Finance negotiates top-up/new allocations with Ministries at technical then ministerial levels

Issuance of Ceilings/Additional Fiscal Space/Earmarked “virtual” funds

Issuance of Budget Circular

Submission of Budget Submissions

Bid for Additional Allocation to Address extra costs due to integration of CC and GE concerns (if any)

Sector Ministries
Budget Approval: Cabinet

- Increase Domestic Revenues/
  Increase the Deficit/
  External Financing/
  Innovative Financing

- Cabinet Amendments

Ministry of Finance

Sub Mission of Draft National Budget/
Amended Budget

Send to Parliament for Discussion and Enactment
Presentation of Cabinet Approved National Budget/ Budget Speech- CC&GE Allocation Reports

Budget Debate by Parliament
- Opposition leader and all MPs-Question Govt on the mainstreaming of CC and GE into Public Investments and how much these PI are worth.

Ind. Budget Office to Produce Briefs: CC and GE

Hearings in Committees (Committee on Budget, Env&CC/ Women/ Sector Specific Committees)

Amend ment: Usually Cuts or reallocations within Revenue ceilings

Cabinet

Parliament
Budget Execution: Key Challenges Affecting CC/GE Response Delivery

✓ Targets - How are we progressing compared to CC Response/GE spending target (if any)?

✓ Credibility of the Budget - Are budget allocated to Public Investments addressing CC and/or GE Actually Disbursed?

✓ Are these Public Investments actually prioritized compared to other public investments or at least receive the same priority or not?

✓ Is the CC response correctly prioritized i.e. does the CC response reflects the sectoral distribution of the macro-fiscal losses due and expected from CC? Sectors that are more affected by CC should witness and higher level of interventions be allocated more finance.

Importance of “real-time CC/GE expenditure reports” to monitor the actual progress of the response versus the budget allocations and the priorities of the NCCAP and or NGEP.

In order to generate automated reports, a **CC/GE Expenditure Tagging Module** could be developed in the BMIS/FMIS. If the BMIS/FMIS do not capture CC/GE ODA, consolidation has to be done using data extracted from the AIMS and additional information provided by donors.
Monitoring and Evaluation: What is the Impact of a Budget that would integrate CC and GE concerns?

✓ Are Public Investments identified as Climate and/or GE Relevant actually contributing to mitigation and adaptation and/or Gender Equality effectively?

➢ A Monitoring and Evaluation Framework that allows the impact assessment of the expenditures both in terms of GHG reduction and resilience building for both men and women over the medium and long term.

The Framework should allow to identify the contribution budget spending is doing to the implementation of the NDC and any adaptation target included in any plan (NDC, NCCAP, NDS).

➢ The SAI could conduct performance audits on projects claiming CC and/or GE impacts as well as validate the CC/GE expenditure reports and their methodology.

➢ Audits could be submitted to Parliament and discussed in the Public Accounts Committee and inform next round of CC/GE Planning and Budgeting by Government and how to better build synergies between the two.

- Performance Audits/Compliance Audits report to Parliament and/or PAC-PAC conducts sessions to discuss reports Public Programs.

- e.g. Progress reports versus NCCAPs and NGEPs and Targets Climate change and GE expenditure reports.

- e.g allocations and expenditures that integrate CC and/or GE concerns are tagged in budget and information systems (FMIS...)

- Budget Hearings in Committees informed by Budge Briefs on CC Finance and Gender.

- Procurement Law and Guidelines e.g. Green and Climate Change Compatible

- Budget Speech makes reference to CC and Gender.
Enabling Environment for CC and GE Mainstreaming into Planning and Budgeting

- Joint Leadership/Champions between Finance, Planning, Environment/CC Commissions, MoWA,
- Well articulated national climate change and GE priorities that are well linked to sectoral policies (infrastructure and social) and spending,
- Overall PFM Reform Context to make it more Result Oriented,
- Specialized units/dedicated staff within Ministry of Finance,
- Issue Circulars and Guidance by Central Agencies and Technical Ones,
- Desk support available within agencies leading the mainstreaming effort’
- Use concepts and formats already known to officials are more likely to be accepted, will reduce the burden, and will be better quality and,
- Capacity Building for Central and Line Ministries officials to give officials the conceptual and analytical knowledge, practical skills, and experience to produce the analytical budget work.
Some Challenges when it comes to Mainstreaming

- Capacities within Sector Ministries to understand how their sectors are affected by CC, how to access and use CC, gender and other key information produced outside the State need to strengthened.

- Planning and Finance have usually stronger and expanded capacity but they need support if they are to coordinate cross cutting issues such as CC and GE effectively, these are time consuming burdening tasks.

- Ability of Ministry of Environment and/or Met Offices to produce and communicate downscaled CC scenarios, frameworks/information for CVAs and all other technical information needed by sector ministries.

- Ministry of Women Affairs needs to be supported to play their Gender Mainstreaming Roles fully (need just social services and project delivery role).

- Overall ability within governments to use planning tools such as CBA, MCA very limited (except for some islands of excellence).

- Focal points are often at junior level.

- Mainstreaming... so what? Incentives have to be there... carrots and sticks!

- Mainstreaming is a long and complex governance related process that will need sustained support over the right amount of time from donors and UN agencies.
Thank You