Governance of CC Finance to Benefit the Poor and Vulnerable in Asia-Pacific
Countries in Asia and the Pacific have made significant progress in establishing national climate policies between 2006 and 2015.

- **Bangladesh**: Climate Change Strategic and Action Plan (2009)
- **Cambodia**: Climate Change Strategic Plan 2014-2023 (2013)
- **China**: National Climate Change Program (2007)
- **Indonesia**: RAN-GRK for mitigation (2011), RAN-API for adaptation (2014)
- **Fiji**: National Climate Change Policy (2012)
- **Nauru**: Framework for Climate Change Adaptation and Disaster Risk Reduction (2015)
- **Nepal**: Climate Change Policy, (2011)
- **Pakistan**: National Climate Change Policy, (2012)
- **Samoa**: National Climate Policy, (2008)
- **Thailand**: Draft Climate Change Master Plan
- **Vanuatu**: National Action Plan on Disaster Risk Reduction and Disaster Management 2006-2016 (revised in 2010)
Developing CC Policies is not Enough!

Despite official endorsement of national climate change policy plans, implementation is proving to be a challenge. CC National Policies needs to:

1. Be aligned and feed into national development strategy processes and vice versa.
2. Inform and be integrated into sector policies and vice versa.
3. Inform and be integrated into other cross-cutting issues and vice versa.
4. Inform and be integrated into sub-national policies and vice versa.
5. Be costed and integrated into a country’s medium and long term fiscal and expenditure framework.
6. Translate into concrete allocations in national and sub-national budgets.
7. Monitored and Evaluated.
8. Audited and Overseen.
Medium Term Tools

- National Development Strategy (PRSP)
- Harmonization of policies
- Sector Strategies
- Framework/Ceilings for Resource Allocation
- MTEF

Annual Tools

- Annual Development Action Plan (PRSP)
- Coordination of Implementation
- Consistency of Action + Budget
- Annual Sector Plan
- Consistency of Action + Budget
- The Annual Budget

Integration of Yearly Priorities
Monitoring of Results
Integration of Yearly Priorities
Monitoring of Results
Sector Projection and Yearly Costing
M&E: PBETS; CPEIRs; budget execution reports hearings

e.g. CPEIR; CCFF; Budget hearings in committee discussions; CC advocacy

e.g. Climate Budget marking

Coherence
Predictability
Transparency
Gender Equity
Institutional Implications

This has important institutional implications. CC policy plans are usually prepared by Ministries of Environment.

1. Be aligned and feed into national development strategy processes and vice versa: Involve also the Ministries of Planning.

2. Inform and be integrated into sector policies and vice versa. Involve all sector ministries (e.g. agriculture, public works, water, health, forestry, fisheries etc.).

3. Inform and feed into other cross-cutting issues and vice versa. Involve ministries such as women and children affairs, disaster risk management, social protection agencies etc.

4. Inform and be integrated into sub-national policies and vice versa. Involve Ministries of Home Affairs/Local Government and Sub-national Governments (provinces, districts etc.)

5. Be costed and appraised and integrated into a country’s medium and long term fiscal and expenditure framework. Involve Ministries of Planning, Ministry of Environment, Line Ministries and Ministry of Finance.

6. Translated into concrete allocations in national and sub-national allocations. Involve Ministries of Finance, Ministries of Planning, Ministry of Environment, Ministries of Home Affairs, Sub-national governments and line ministries.

7. Monitored and Evaluated: Involve Ministries of Finance, Ministries of Home Affairs, Sub-national governments and line ministries.

Whole-of-government approach
Integrated package of services for Whole of Government Approach
Climate Public Expenditure and Institutional Review (CPEIR) Diagnostic Tool

- A policy and institutional review of government’s ability to coordinate and translate climate change objectives into the budget (at national level and some at sub-national level);
- A review of the relationships between different climate-related institutions, including decentralised entities;
- A definition and/or typology used to identify climate change relevant expenditures for the review;
- An analysis of recent trends on budget allocations and/or public expenditures that appear relevant to climate change;
- An illustration of trends in external funds flow and potential dependency;
- Recommendations on institutional reforms to mainstream climate change policy in the short- and medium-term;
- Recommendations on improving the relevance and impact of public expenditure for both mitigation and adaptation.
Climate Budget Tagging (CBT)

- Is a budget tool for monitoring and tracking of climate-related expenditures in the national budget system.
- It provides comprehensive data on climate relevant spending, enabling government to make informed decisions and prioritize climate investments.
- Also encourages planning officers and policy managers to incorporate climate considerations in project design from early stages.
- Assesses whether we are on track to reach our climate change spending targets.
- Further, with the information on climate related expenditure, this tool enables public scrutiny on government and donor spending towards addressing climate change issues.
Climate Change Financing Framework

A Climate Change Financing Framework (CCFF):

- Defines what actually constitutes climate change related activities in a manner that is robust, nationally-determined and commonly agreed by concerned stakeholders,

- Focuses on costing planned climate change response actions in the medium and longer term;

- Measures the actual resources available to address the climate change mitigation and/or adaptation challenges in the medium term and long term including climate change relevant domestic resources, climate change relevant overseas development assistance and additional change climate finance,

- Identifying the institutional entry points to bring public sources of climate change relevant finance (domestic and international) into the national planning, appraisal and prioritization, budgeting formulation, treasury, monitoring and evaluation, auditing and oversight systems, and aligning private sources of climate change related finance with the overall fiscal policy framework;

- Ensuring accountability over the use of climate change related finance, both domestically vis-à-vis the national public and beneficiaries, particularly the most vulnerable, as well as externally, to international donors and development partners.
Whole of Government Approach in Asia

• The CPEIR process started in 2011 has led many ministries to start scale up their involvement in addressing climate change

Finance:

Bangladesh: the Government of Bangladesh (GoB) adopted a Climate Fiscal Framework (CFF) in 2014 which proposes a climate expenditure tracking framework (CETF) which would be applied to all line ministries’ budget submissions and also tag on-budget ODA. The proposed CETF would weigh climate relevance and tag expenditure based on the six thematic priorities under the Bangladesh Climate Change Strategy and Action Plan (BCCSAP) 2009.

Indonesia: Since 2014, Indonesia has introduced mitigation budget tagging (Low Emission Budget Tagging and Scoring System – LESS) in key ministries to track resources spent to achieve the national emission reduction target of 26% by 2020 (RAN-GRK). In 2014, LESS was also implemented in 3 central provinces to pilot mitigation expenditure tagging at the local level. MOF also developed the Green Planning and Budgeting (2014)

Nepal: is one of the first countries to adopt a climate budget tagging. In 2012, Nepal incorporated the climate tag to the budget system, at programme level, classifying expenditures by the level of climate relevance.

Philippines: The Philippines mandated CBT in national budget submissions for all government entities in FY2015 and has piloted climate tagging in Annual Investment Plan for local government units (LGU) before upscaling to all LGUs in FY2016.
Whole of Government Approach in Asia

**Environment:**

**Thailand:**
- Draft Climate Related Appraisal Guidelines (forthcoming 2015)

**Cambodia:**
- Climate Change Financing Framework (2014) covering 9 ministries and the NCDM

**Planning:**

**Bangladesh:**
- Revision of the Project Appraisal Guidelines (DPP) to integrate Climate Change Impact Assessment as a prerequisite for the preparation of the Annual Development Plan,
- Develop and pilot the concept of local climate fiscal framework.

**Indonesia:** Mitigation Fiscal Framework (2013)
Whole of Government Approach in Asia

**Agriculture:**

**Thailand:**
- How to integrate CC into the annual budget prepared MOAC for submission to the BOB?
  - Office of Agricultural Economics
  - Land Development Department
  - Royal Irrigation Department

**Cambodia:**
- How to integrate CC into the annual budget prepared by the MAFF for submission to the MOEF?
  - Fishery Administration
  - Department of Rubber Development
  - Department of Agro-Industry
  - Cambodia Agricultural Research and Development Institute
  - Animal Health and Production Department
  - Department of Planning and Statistics
  - General Directorate of Agriculture
Tools and Resources

• CPEIR Methodological guidance note
• CPEIR Lessons Learned Report
• CPEIR Database
• Climate Budget Tagging Note
• Climate Change Fiscal/Financing Frameworks – How to Note
• LG and CC Finance Delivery Framework (in progress)
• Climate Change Integration Index (CCII)
• Peer to Peer network