Tracking Integration of Climate Change into Budgeting - Pakistan

ASAD ABBAS MAKEN
UNDP PAKISTAN
Context

• Ministry of Climate Change
• Directorate General of Environment- Climate Change Units
• 18th Amendment
• National Climate Change Policy
• Pakistan completed its first CPEIR only in 2015
• The CPEIR covers the federal and 1 subnational level government
• CPEIR recommendations are yet to be implemented
• Pakistan is one of the two countries to pilot the Climate Change Integration Index (CCII)
## Results at a Glance

<table>
<thead>
<tr>
<th>Category</th>
<th>Points by category</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1. Policy</td>
<td>5</td>
</tr>
<tr>
<td>P2. Requirements</td>
<td>1</td>
</tr>
<tr>
<td>P3. Priorities</td>
<td>1</td>
</tr>
<tr>
<td>S1. Reporting</td>
<td>3</td>
</tr>
<tr>
<td>S2. Coding</td>
<td>0</td>
</tr>
<tr>
<td>S3. Calculation</td>
<td>8</td>
</tr>
<tr>
<td>A1. Performance</td>
<td>4</td>
</tr>
<tr>
<td>A2. Parliament</td>
<td>2</td>
</tr>
<tr>
<td>A3. CSO</td>
<td>1</td>
</tr>
<tr>
<td>D1. Donors</td>
<td>4</td>
</tr>
<tr>
<td><strong>CCII</strong></td>
<td><strong>29 (out of 100)</strong></td>
</tr>
</tbody>
</table>
Climate Change Integration Index
Dimension: Policy

1. Policy and Strategic Planning Context for CC
   ◦ Existence of National Climate Change Policy (NCP) approved by Cabinet
   ◦ Vision 2025 Implementation Framework
     *Ranking: Medium (5)*

2. Requirements: Legislative and procedural
   ◦ Absence of system development
   ◦ Budget and Planning system do not require climate specific information
     *Ranking: Weak (1)*

3. Priorities: Climate Change as a Priority in the budget system
   ◦ Development Projects- CC due diligence check, CC reference in EIA lean
   ◦ Climate Change not defined as a priority by the MoF
     *Ranking: Weak (1)*
Climate Change Integration Index
Dimension: System

1. Reporting: Climate Change Expenditure Reporting
   ◦ Detailed analysis of budget is missing particularly with reference to climate change
   ◦ CPEIR 2015 is a critical starting point for expenditure reporting
   ◦ CPEIR carried out under the guidance of an Advisory board consisting of MoF and Ministry of Climate Change
     
     *Ranking: Weak (3)*

2. Coding: CC budget coding (FMIS)
   ◦ CC budgeting and subsequent coding and tracking is not formalized
     
     *Ranking: Weak (0)*

3. Calculation: Methodology on calculating CC finance
   ◦ Accuracy of CC Accounting and criteria
   ◦ Categorization of expenditures in terms of their relevance to climate change
     
     *Ranking: Strong (8)*
Climate Change Integration Index
Dimension: Accountability

1. Performance: CC performance information
   ◦ MTBF defines outputs and targets for Ministry of Climate Change and CC relevant sector ministries
   ◦ Economic Survey of Pakistan has a section on environment which also contains information on climate change
   ◦ Performance audit not being practiced
     *Ranking: Medium (4)*

2. National Parliament: Parliament’s engagement in the CC budget discussions
   ◦ Parliamentary Standing Committee on Climate Change
   ◦ Weak coordination between Standing Committee on Climate Change and Standing Committee on Budget
     *Ranking: Weak (2)*

3. CSO: CSO participation in CC finances
   ◦ Work on climate change particularly climate change finance sporadic
   ◦ Linkages between the CSO and the government stays fragile
     *Ranking: Weak (1)*
Climate Change Integration Index
Dimension: Development Partners

1. Donors: Integration of CC activities of Development Partners in the national PFM systems
   ◦ Procedural requirements of reflection of donor supported projects with local funding in the Public Sector Development Programme and the budget.
   ◦ There is no CC filter for the donor supported programme.

*Ranking: Medium (4)*
## Summary Findings

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Points by dimension</th>
<th>Category</th>
<th>Points by category</th>
</tr>
</thead>
<tbody>
<tr>
<td>P. Policy</td>
<td>7</td>
<td>P1. Policy</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>P2. Requirements</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>P3. Priorities</td>
<td>1</td>
</tr>
<tr>
<td>S. System</td>
<td>11</td>
<td>S1. Reporting</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>S2. Coding</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>S3. Calculation</td>
<td>8</td>
</tr>
<tr>
<td>A. Accountability</td>
<td>7</td>
<td>A1. Performance</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A2. Parliament</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A3. CSO</td>
<td>1</td>
</tr>
<tr>
<td>D. DPs</td>
<td>0</td>
<td>D1. Donors</td>
<td>4</td>
</tr>
<tr>
<td>CCII</td>
<td></td>
<td></td>
<td>29</td>
</tr>
</tbody>
</table>
Pakistan may not rank strong but has a solid ground for building a climate change integrated PFM system.

Policy and strategic component is strong

Systems and procedures that are necessary for institutionalizing the climate change finance there the country looks weak

A formal system for CC expenditure reporting is absent but the CPEIR in 2014-15 has helped provide a benchmark

Existing Accountability mechanism is weak but Standing Committee on CC can provide a useful basis for strengthening accountability mechanisms
Measures that can improve the integration of Climate Change in PFM

- Develop the CCFF for integrating CC into budgetary and planning processes
- Identify, prioritize and synthesize sectoral activities with budgets and MTBF frameworks of selected relevant ministries.
- Develop a coding and classification system which enables climate tracking
- Strengthen role of Parliament and CSOs in tracking climate investments to strengthen their oversight
- Development Partners to institutionalise climate change related projects/ funding through public finance system