UNDP initiated the first in-depth analysis of climate public expenditure in Pakistan, as part of an international initiative on climate-related public finance.

**Strengthening the Governance of Climate Change Finance to Benefit the Poor and Vulnerable in South Asia**

Communities are at the heart of efforts to mitigate and adapt to the effects of climate change. To increase resilience in the face of natural calamities, UNDP launched the first in-depth analysis of climate-related public expenditure in Pakistan, as part of an international initiative on climate-related public finance.

The Global Climate Risk Index 1993–2012 has ranked Pakistan 12th in the list of countries most affected by extreme weather events. Vulnerability to climate change is high because of its extreme weather and unpredictable monsoon which causes floods, glacier melting and disturbed cropping patterns. Yet Pakistan’s commitment to mitigating climate change is low. Unlike Bangladesh and some other countries,

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**QUICK FACTS**

*Duration:* May 2015-April 2017  
*Implementing partners:* Government of Pakistan and the Ministry of Finance  
*Funding partner:* The Department for International Development (DFID), United Kingdom  
*Location:* Khyber Pakhtunkhwa and Gilgit-Baltistan  
*Annual budget (2016):* US$600,000  
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Pakistan has not been able to make effective use of Global Climate Finance.

This project mainstreams climate finance and strengthens the institutions involved in planning, budgeting and implementing climate change actions. It helps to integrate climate change into budgets and planning, and works with the Ministry of Finance to develop systems to track climate change expenditure.

On the recommendation of the Ministry of Climate Change, the project held a Climate Public Expenditure Institutional Review (CPEIR) to map patterns of expenditure. The CPEIR found that 5.78–7.57 percent of federal government expenditures relate to climate change. Similar assessments were done for Khyber Pakhtunkhwa (KP), Azad Jammu and Kashmir (AJK), and Gilgit-Baltistan (GB). In KP, the CPEIR found that these expenditures ranged between 5.2 and 7.1 percent of the total budget during the four years under review.

**Objectives**

- Tracking and reporting on public sector climate change related expenditures.
- Integrating climate change finance into the budgetary and planning processes.
- Increasing awareness of how critical climate change finance is for the economy and community resilience.

**Expected results**

- Climate change is integrated into budgets at both national and sub-national levels.
- As part of the budget process, institutions track and report on climate change expenditures.
- Knowledge is shared across countries in the region and with international policy processes.

**Main achievements**

- The CPEIR was carried out with the Ministry of Climate Change, Ministry of Finance, and the Governments of KP, AJK and GB. This was the first attempt to assess and map CCE in Pakistan.
- There is now a new awareness of the need to support climate responsive budgeting and effective spending in Pakistan.
- The Ministry of Finance and the Climate Change division have instituted a stronger budgetary process for climate change spending.

**What’s next?**

In the next two years, the project will assist the Government of Pakistan in implementing reforms on the integration of climate change finance into public finance management systems. Working with the Ministry of Finance and the Department of Finance KP, the project will implement the following initiatives:

- A Climate Change Financial Framework (CCFF) with a reporting mechanism and integrated into existing budgeting processes will be developed.
- The project will help the Ministry of Finance of Pakistan design a reliable climate change budget coding system.
- The project will help to increase public awareness of climate change and a media and communication strategy will be formulated and implemented.
- The project will work with members of parliament and civil society organizations to increase their understanding and improve accountability for climate change expenditure.

**Where we work**

UNDP partners with people at all levels of society to help build nations that can withstand crisis, and drive and sustain the kind of growth that improves the quality of life for everyone. On the ground in more than 170 countries and territories, we offer global perspective and local insight to help empower lives and build resilient nations.