Climate Public Expenditure and Institutional Review (CPEIR) - United Nations Development Programme

Objective and features

1. Objective
CPEIR aims to help countries review how their national climate change policy aims are reflected in public expenditures. CPEIR also reviews how institutions may be adjusted to ensure the financing of climate change initiatives is delivered in a coherent way across the government.

2. Institutional coverage
National governments.

3. Technical coverage
The PFM functions assessed by the tool focus on climate public expenditure analysis in areas of:
- budget allocations and outturns;
- climate relevant expenditures; and
- proportional analysis (climate-relevant expenditures as a proportion to total government budgets/expenditures and as a proportion to GDP).

4. Application method
Self-assessment or by external entity. A CPEIR may be conducted by a country’s government, donors (such as WB), and UNDP CPEIR practitioners.

Methodology

5. Methodology
There are three types of analysis undertaken during a CPEIR: policy analysis, institutional analysis, and climate public expenditure analysis.

6. Benchmarking system
Narrative evaluation.

7. Linkage to PEFA framework
PEFA results for the following performance indicators are used in the CPEIR: revenue outturn (PI-3), central government operations outside financial reports (PI-6), fiscal risk reporting (PI-10), public investment management (PI-11), public asset management (PI-12), debt management (PI-13), medium-term perspective in expenditure budgeting (PI-14), internal audit (PI-15), financial data integrity (PI-16), and in-year budget reports (PI-17).

8. Complementarity with PEFA framework
Both PEFA and CPEIR focus on policy-based fiscal strategy and budgeting where the fiscal strategy and the budget are prepared with regard to government strategic plans; however CPEIR is specific to climate change plans.

Development and use

9. Development and coordination
The tool was developed in response to the immediate needs of some countries in the Asia-Pacific region and the discussions with UNDP on how climate change can be integrated into a country’s PFM system. Before this, many of these countries had a series of financing mechanisms and donor-government dialogue on how to address emerging climate change issues. However, these were isolated from other issues such as the government’s role in promoting economic and social development.

10. Assessment management
The methodological guidebook provides information on how to conduct a CPEIR step by step, and information on the methodology and the tools required. The CPEIR process involves six steps (as national circumstances vary by country, these steps can serve as a guide): (1) CPEIR stakeholder and concept initiation, (2) CPEIR institutional arrangement, (3) CPEIR terms of reference development, (4) CPEIR analysis, (5) validation and finalization, and (6) taking recommendations forward.

11. Uses by the government and members of the PFM community
Ministries of Finance and Ministries of Environment use the CPEIR as a starting point to mainstream climate change into the budgeting and planning process. It is a tool for national planning and budgeting in terms of identifying and tracking budget allocations that respond to climate change challenges.

12. Sequencing with other tools

13. PFM capacity building
CPEIR provides recommendations for improvement.

14. Tracking of changes and frequency of assessments
Governments can use successive CPEIRs to track how institutions, policies, and expenditures related to climate change have evolved over time. There is no predefined frequency of assessments, but it is acknowledged in the Lessons Learnt review that CPEIRs should not necessarily be a one-off exercise.

15. Resource requirements
According to the guidebook, the cost is about US$150,000. The time needed for an assessment is six to nine months between the start of the review and the completion of the draft report. Another three months are usually required to validate and finalize the report.

16. Access to methodology
The methodological guidebook and methodological note, which outline the methodology for conducting a CPEIR, including an example of terms of reference, are publicly available.

17. Access to assessment results
CPEIRs can be found on the UNDP website under publications.