



Public Expenditure and Financial Accountability

Climate Responsive Public Financial Management Framework (PEFA Climate)

Version from August 4, 2020

DISCLAIMER

This document is the **PEFA Climate Framework dated August 4, 2020**.

This version is used for piloting starting July 1, 2020 for at least one full year.

The piloting phase aims to:

- (i) Refine the calibration of indicators and dimensions;
- (ii) Collect countries' practices in order to include the most relevant examples of good practices in developed and developing countries for each key subject; and
- (iii) Gather information to describe the steps to be undertaken for improvement, and reference relevant technical tool kits and implementation guidance.

Final guidance will be issued once findings from piloting and additional comments received are incorporated.

**Questions and comments on the present document can be sent to the PEFA Secretariat:
services@pefa.org**

ABOUT PEFA

PEFA (Public Expenditure and Financial Accountability) is a partnership program of the European Commission, the International Monetary Fund, the World Bank, and the governments of France, Luxembourg, Norway, Slovak Republic, Switzerland, and United Kingdom.

The PEFA program provides a framework for assessing and reporting on the strengths and weaknesses of public financial management (PFM) using quantitative indicators to measure performance. PEFA is designed to provide a snapshot of PFM performance at specific points in time using a methodology that can be replicated in successive assessments, giving a summary of changes over time.

The PEFA framework provides an overview of the PFM system and evidence-based measurement against 31 performance indicators. It also provides an assessment of the implications for overall system performance and desirable PFM outcomes. It provides a foundation for planning reform, discussing strategy and priorities, and monitoring progress.

PEFA is a tool that helps governments to achieve sustainable improvements in PFM practices by providing a means to measure and monitor performance against a set of indicators across the range of important PFM institutions, systems, and processes.

In addition to governments, other users of PEFA include civil society organizations and international development institutions. PEFA scores and reports allow users to gain a quick overview of the strengths and weaknesses of a country's PFM system. Users also see the implications of the overall performance results for the key goals of fiscal discipline, strategic resource allocation, and efficient service delivery. The PEFA analysis thereby contributes to dialogue on the need and priorities for improving PFM.

The PEFA methodology draws on international standards and good practices on crucial aspects of PFM, as identified by experienced practitioners. PEFA incorporates a PFM performance report for the subject government that presents evidence-based indicator scores and analyzes the results based on existing evidence. It emphasizes a country-led approach to improve performance and align stakeholders around common goals.

In addition to guidance for analysis and reporting, the PEFA program provides support, monitoring, and analysis of PEFA assessments.

For more information on PEFA, see the PEFA website, www.pefa.org.

ABOUT THIS DOCUMENT

This document provides PEFA users with guidance on the application of the PEFA framework for assessing climate responsive PFM (PEFA Climate).

Section 1 provides information on the background against which PEFA Climate is developed. It introduces PEFA Climate (definition, scope and coverage) and describes the objectives of the framework.

Section 2 deals with the PEFA Climate assessment.

It provides detailed information on the inception questionnaire to be used to establish the country climate profile. The questionnaire enables to highlight the main aspects of the climate policies or/and climate actions in place and the corresponding fiscal policy instruments to implement the national climate change policies and strategies and the Nationally Determined Contributions (NDCs).

Section 2 also explains the scoring methodology including the aggregation method.

Section 2 provides detailed guidance on how to score a set of key indicators and dimensions used to assess the extent of which PFM systems, processes and institutions are climate responsive. Where relevant, the guidance explains how enabling factors can be described in the narrative part of the assessment when the requirements for scoring do not cover them (e.g. capacity building).

After piloting, Section 2 will also provide guidance on how to use the findings to improve the climate responsiveness of PFM systems. In that spirit, for each indicator, the guidance will include examples from various countries and regions around the world and links to relevant reference documentation and tools for further improvements of how PFM systems embed climate change.

Section 3 presents the report template that assessment teams will use to present the findings from the assessment of indicators and dimensions. The report will highlight the possible areas of improvements in the light of the inputs from the inception questionnaire.

Section 4 presents data required to support the score of each dimension.

A glossary of terms, **to be added**, will be presented in Annex.

The guidance will be updated to reflect feedback from users and to incorporate references to good practices and useful case studies. Each new edition will include a summary of changes from the previous versions and will be dated at the time of release.

Users are reminded that, before commencing a PEFA assessment, they should refer to the PEFA website (www.pefa.org) to ensure that they are using the most current version of the guidance.

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Section I: About the Climate responsive public financial management Framework (PEFA Climate)

BACKGROUND

Adaptation to the impacts of a changing climate and the decarbonization of the economy pose significant challenge for all countries. Governments will take the lead in planning and implementing climate action, using information, regulation, taxation and public expenditure to guide and support households, businesses and local authorities. Adaptation and decarbonization will require significant resources, but most importantly clear political leadership and shifts in public policy for a smart allocation of resources. Public expenditure can complement and incentivize households' and businesses' investments in climate resilient and low carbon technologies and infrastructure, shifting resources from declining, carbon-intensive technologies and thereby reducing the risk of stranded assets and future carbon liabilities. Adaptation and decarbonization will bring significant development benefits in terms of employment creation, pollution reduction, competitiveness, access to energy and energy security. A just transition toward low carbon and resilient economic activities will require measures to protect the vulnerable and ensure social equity.

Consideration of climate risks and opportunities should be integrated at every stage of the policy process and across planning, program design, implementation, maintenance, and evaluation. This requires a systematic whole-of-government approach which encompasses the PFM cycle including climate-informed macroeconomic analysis and planning, revenue, public investment, procurement and expenditure management. It also includes mechanisms for promoting institutional collaboration across ministries for sectoral planning, project design, and implementation.

Recognizing the key role of central finance agencies in addressing climate change impacts and building upon pilot/incipient activities led during the past ten years, finance ministers launched a coalition in April 2019 aimed at driving stronger collective action on climate change and its impacts. The Coalition of Finance Ministers for Climate Action¹ endorsed the 'Helsinki Principles'² that promote national climate action, especially through fiscal policy and the use of public financial management (PFM) systems. More than fifty Ministries of Finance have committed themselves to playing an active role in formulating, mobilizing support for, and implementing policies and plans that tackle the trajectory and impact of climate change. The Coalition recognizes that national budget processes, budget planning, public investment management, procurement practices, and intergovernmental fiscal relations have a critical role to play in meeting the challenge of climate change.

¹ Comprising 52 members as of April 2020

² <https://www.financeministersforclimate.org/sites/cape/files/inline-files/FM%20Coalition%20-%20Principles%20final.pdf> and <https://www.financeministersforclimate.org/node/273>

Goal 13 of the Sustainable Development Goals (SDGs) calls for urgent action to tackle climate change and its impact. SDG 13 presents five targets:

- Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries;
- Integrate climate change measures into national policies, strategies and planning;
- Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning;
- Implement the UN Framework Convention on Climate Change; and
- Promote mechanisms to raise capacity for planning and management.

While singled out as a specific goal, SDG 13 spans all other SDGs. Progress made towards limiting global temperature increase would significantly ease the path towards many other SDGs, among others those related to poverty, hunger, access to water, terrestrial and ocean ecosystems, forests, health, gender equality and the empowerment of women and girls. Many of the SDG goals and targets can also be achieved in ways that would enable adaptive responses to climate change, for example those related to resilience and disaster risk reduction in SDGs 1 on poverty eradication, 9 related to infrastructure and 11 on urban settlements.

The Paris Agreement, adopted in 2015 within the United Nations Framework Convention on Climate Change, has committed countries to keep a global temperature rise this century below 2 degrees Celsius. The agreement also commits countries to pursue efforts to limit the temperature increase to 1.5 degrees Celsius, recognizing that this would substantially reduce the risks and impacts of climate change. Implementation of the Paris Agreement is essential for the achievement of the SDGs, and provides a roadmap for climate actions that will reduce emissions and build climate resilience. In that context, countries agreed to submit commitments on Nationally Determined Contributions (NDCs) for climate change mitigation and adaptation action post-2020. As of April 2020, 186 parties have submitted their first NDCs, reflecting their ambition for reducing emissions, considering their domestic circumstances and capabilities; 3 submitted their second NDCs. Countries are also invited to formulate and communicate mid-century, long-term low greenhouse gas emissions development strategies.

The Paris Agreement has also acknowledged that to respond to climate change, public spending and decision making in countries need to address the climate change impacts.

PURPOSE

The Public Expenditure and Financial Accountability (PEFA) framework for assessing climate responsive public financial management (PFM)—the *PEFA Climate framework*—is a set of supplementary indicators that builds on the PEFA framework to collect information on the extent to which a country’s PFM system is ready to support and foster the implementation of government climate change policies, i.e. is “climate responsive”.

The purpose of a good PFM system is to ensure that the policies of governments are implemented as intended and achieve their objectives. The PEFA Climate assessment informs on whether laws and regulations, institutions, systems, procedures and processes contribute to the implementation of climate change activities throughout the budget cycle, including the planning and design of budgetary policies considering climate, the budget allocations needed to implement them, the tracking of these allocations to ensure that policies are implemented as intended, and the monitoring and evaluation of the efficiency and effectiveness of these policies and investments.

The PEFA Climate indicators are aligned with the existing PEFA framework³ for assessing PFM performance and are intended to mirror the mapping of PFM practices and assessment of PFM institutions, processes, and systems typically carried out during a standard PEFA assessment process.

The PEFA Climate framework will be piloted from July 1, 2020 for at least a year. Piloting will provide the opportunity to adjust and refine the suggested guidance and to collect examples of good practices in developed and developing countries for each key subject. In addition to the tools for assessment, the final version of the PEFA Climate framework will (i) include the most relevant examples of good practices in developed and developing countries for each key subject; (ii) building on the examples, highlight the steps to be undertaken for improvement, and (iii) reference relevant technical tool kits and implementation guidance.

Thus, the PEFA Climate assessment report will provide a benchmark of performance, highlight where progress has been made, and identify the opportunities for countries to make their PFM more climate responsive.

ABOUT THE ASSESSMENT

The decision to undertake a PEFA Climate assessment is at the discretion of country authorities. The PEFA Climate assessment is intended to be conducted on a voluntary basis concurrently with a PEFA assessment. This would allow countries to efficiently capitalize on data already collected during the PEFA assessment process and result in cost and resource efficiency gains.

The PEFA Climate assessment can also be carried out as a stand-alone activity.

³. The PEFA framework assesses the status of a country’s public financial management. It measures the extent to which PFM systems, processes, and institutions contribute to the achievement of desirable budget outcomes: aggregate fiscal discipline, strategic allocation of resources, and efficient service delivery. PEFA identifies seven key pillars of PFM performance (1) budget reliability, (2) transparency of public finances, (3) management of assets and liabilities, (4) policy-based fiscal strategy and budgeting; (5) predictability and control in budget execution, (6) accounting and reporting, and (7) external scrutiny and audit spread throughout the budget cycle. It defines 31 specific performance indicators, disaggregated into 94 individual dimensions, that focus on key aspects of the PFM system. Since the launch of the PEFA framework in 2005, PEFA has been used in 152 countries.

Section 2: How to apply PEFA Climate

Inception questionnaire

While the PEFA Climate framework does not assess the national climate change policies and strategies of a country, the specifics of these policies and strategies need to be captured to contextualize the findings of the assessment. PFM systems should generate the information needed to report against the implementation of national climate change policies. The policies will describe how the government intends to reduce greenhouse gas emissions, decarbonize the economy and build resilience against the physical impacts of a changing climate. These policies should be aligned with the country's Nationally Determined Contributions.

Unless otherwise stated and explained in the Introduction of the PEFA Climate report, PEFA Climate assessment will focus on the implementation of climate change national policies and strategies. Such policies may be designed to address either 'climate change mitigation' OR 'climate change adaptation'⁴ only, or BOTH mitigation and adaptation. Different policy approaches will result in differentiated scores.

The identification and specification of climate policies will be captured through an inception questionnaire that will establish the 'country climate change profile'. In particular, the questionnaire asks the country to present what constitutes "climate change expenditure" based on the policies in place. Some countries may have defined "climate change mitigation expenditure", "climate change adaptation expenditure", and "climate change cross-cutting expenditure". The terms will be used throughout the assessment. The results of the questionnaire will be described in the introduction as explained in the PEFA report guidance presented under Section 4.

The questionnaire is inserted right before the set of indicators.

Definitions gathered from the questionnaire will guide the assessment and highlight the findings of the PEFA Climate assessment.

The list of terms to be contextually defined using the questionnaire comprises:

- National climate change policies in place and if none, NDC targets as submitted in the latest version of the country's NDC, and/or Long Term Strategy
- Mitigation as defined and referred to in the national strategies, policies and regulation
- Adaptation as defined and referred to in the national strategies and policies
- What constitutes "climate change expenditure"
- What constitutes "climate change mitigation expenditure" when a country refers to such expenditure
- What constitutes "climate change adaptation expenditure" when a country refers to such expenditure

A set of indicators and dimensions

The PEFA Climate framework is presented in the form of questions and indicators, mapped to relevant PEFA indicators across the budget cycle, that are intended to capture current practices in mainstreaming

⁴ Or 'physical impacts' and 'transitional impacts'

climate change into PFM. As the latter are still evolving, the PEFA Climate framework does not cover every element of the PEFA methodology.

The PEFA Climate framework is designed to be applied at the national level only at this time. An adapted version of PEFA Climate will be developed later for application by subnational governments.

PEFA Climate indicators and related dimensions are presented in Table 1.1 below. Each of the selected climate responsive PFM (or CRPFM) indicators is aligned with the relevant performance indicator of the PEFA 2016 framework.

Table 1.1 PEFA CRPFM indicators and dimensions

INDICATORS	DIMENSIONS
CRPFM-1 Budget alignment with climate change strategies	CRPFM-1.1 Budget alignment with climate change strategies
CRPFM-2 Tracking climate related expenditure	CRPFM-2.1 Tracking climate related expenditure
CRPFM-3 Budget circular	CRPFM-3.1 Budget circular
CRPFM-4 Legislative scrutiny	CRPFM-4.1 Legislative scrutiny of budget CRPFM-4.2 Legislative scrutiny of audit and evaluation reports
CRPFM-5 Climate responsive public investment management	CRPFM-5.1 Climate related provisions in regulatory framework for public investment management CRPFM-5.2 Climate related project selection CRPFM-5.3 Climate related provisions for project appraisal CRPFM-5.4 Reporting from entities in charge of implementation
CRPFM-6 Climate responsive non-financial asset management	CRPFM-6.1 Climate responsive non-financial asset management
CRPFM-7 Climate related liabilities	CRPFM-7.1 Climate related fiscal risks CRPFM-7.2 Climate related debt and guarantees
CRPFM-8 Climate responsive procurement	CRPFM-8.1 Climate responsive procurement framework CRPFM-8.2 Climate responsive public procurement operations CRPFM-8.3 Climate responsive public procurement monitoring CRPFM-8.4 Climate responsive public procurement reporting

INDICATORS	DIMENSIONS
CRPFM-9 Climate responsive revenue administration	CRPFM-9.1 Climate related tax management, audit and investigation CRPFM-9.2 Climate related tax arrears
CRPFM-10 Compliance of climate related expenditure	CRPFM-10.1 Effectiveness of the systems of controls CRPFM-10.2 Compliance of transactions
CRPFM-11 Climate responsive fiscal decentralization framework	CRPFM-11.1 Climate responsive fiscal decentralization arrangements CRPFM-11.2 Climate responsive fiscal transfers CRPFM-11.3 Climate responsive PFM arrangements applied by subnational governments
CRPFM-12 Climate related performance information	CRPFM-12.1 Climate related information in performance plans CRPFM-12.2 Climate related information in performance reports
CRPFM-13 Climate related evaluation	CRPFM-13.1 Climate related evaluation of expenditure CRPFM-13.2 Climate related evaluation of taxes
CRPFM-14 Expenditure outturn for climate activities	CRPFM-14.1 Aggregate climate related expenditure outturn CRPFM-14.2 Climate related expenditure composition outturn

The purpose of a good PFM system is to ensure that the policies of governments are implemented as intended and achieve their objectives. As described in the PEFA Framework, PEFA assesses whether the PFM system in place enables to reach the three main budgetary outcomes:

- **Aggregate fiscal discipline** requires effective control of the total budget and management of fiscal risks.
- **Strategic allocation of resources** involves planning and executing the budget in line with government priorities aimed at achieving policy objectives.
- **Efficient service delivery** requires using budgeted revenues to achieve the best levels of public services within available resources.

PEFA identifies seven pillars of performance that are essential to achieving these objectives and thereby define the key elements of a PFM system. PEFA Climate uses the exact same objectives and pillars to examine whether climate change policies of governments are implemented as intended and achieve their objectives.

Thus, the PEFA Climate framework highlights relevant climate responsive PFM practices in line with the key stages of the budget cycle, and relevant pillars of PFM performance as described in the PEFA framework: policy-based fiscal strategy and budgeting (budget planning, pillar 4), predictability and control in budget execution (budget execution, pillar 5), accounting and reporting (pillar 6), and external scrutiny

and audit (pillar 7) - as well as two cross-cutting themes: transparency of public finances (pillar 2) and management of assets and liabilities (pillar 3). The PEFA Climate Framework also considers the climate related outturn of the PFM system as measured under Budget reliability (pillar 1).

Table 1.2 presents how PEFA Climate indicators are split between the PEFA pillars and contribute to the implementation of the three main budgetary outcomes. Table 1.2 can be used in the PEFA Climate report to analyze how each pillar performs and contributes to the three budgetary outcomes (i) in the planning and implementation of the whole budget while considering climate change objectives and constraints and (ii) in the planning and implementation of specific expenditures with climate change objectives.

Some elements of CRPFM-2, 4, 7 and 10 related to Pillar VI while the latter is not inserted in Table 1.2 below.

Table 1.2 PEFA Climate indicators and pillars and how they contribute to the three budgetary outcomes

PEFA Climate Indicator	Dimension	Aggregate fiscal discipline	Strategic allocation of resources	Efficient service delivery
Pillar IV. Policy-based fiscal strategy and budgeting				
The fiscal strategy and the budget are prepared with due regard to government fiscal policies, strategic plans, and adequate macroeconomic and fiscal projections.				
CRPFM-1 Budget alignment with climate change strategies	1.1			
CRPFM-3 Climate responsive budget circular	3.1			
CRPFM-4 Legislative scrutiny	4.1			
Pillar II. Transparency				
Information on PFM is comprehensive, consistent, and accessible to users. This is achieved through comprehensive budget classification, transparency of all government revenue and expenditure including intergovernmental transfers, published information on service delivery performance and ready access to fiscal and budget documentation.				
CRPFM-2 Tracking climate related expenditure	2.1			
CRPFM-11 Climate responsive fiscal decentralization framework	11.1			
	11.2			
	11.3			
CRPFM-12 Climate related performance information	12.1			
	12.2			
CRPFM-13 Climate related performance evaluation	13.1			
Pillar III. Management of assets and liabilities				
Effective management of assets and liabilities ensures that public investments provide value for money, assets are recorded and managed, fiscal risks are identified, and debts and guarantees are prudently planned, approved, and monitored.				
CRPFM-5 Climate responsive public investment management	5.1			
	5.2			
	5.3			
	5.4			
CRPFM-6 Climate responsive asset management	6.1			

PEFA Climate Indicator	Dimension	Aggregate fiscal discipline	Strategic allocation of resources	Efficient service delivery
CRPFM-7 Climate related liabilities	7.1			
	7.2			
Pillar V. Predictability and control in budget execution				
The budget is implemented within a system of effective standards, processes, and internal controls, ensuring that resources are obtained and used as intended.				
CRPFM-8 Climate responsive procurement	8.1			
	8.2			
	8.3			
	8.4			
CRPFM-9 Climate responsive revenue administration	9.1			
	9.2			
CRPFM-10 Compliance of climate related expenditure	10.1			
	10.2			
Pillar VII. External scrutiny and audit				
Public finances are independently reviewed and there is external follow-up on the implementation of recommendations for improvement by the executive.				
CRPFM-4 Legislative scrutiny	4.2			
CRPFM-13 Climate related performance evaluation	13.2			
Pillar I. Budget reliability				
The government budget is realistic and is implemented as intended. This is measured by comparing actual revenues and expenditures (the immediate results of the PFM system) with the original approved budget.				
CRPFM-14 Expenditure outturn for climate activities	14.1			
	14.2			

About scoring

Assessment teams score the questions mapped to selected PEFA indicators on a four-point ordinal scale from D to A, in line with the PEFA framework. To justify a score, every aspect specified in the scoring requirements must be fulfilled. A score of C reflects the basic level of performance for each indicator. A score of D means that the feature being measured is present at less than the basic level of performance or absent altogether or that there is insufficient information to score the indicator. A score of D due to insufficient information is distinguished from a score of D due to low-level performance by using an asterisk—that is, D*. In cases where the question is not applicable to a country’s circumstances, the assessment team should respond “NA.”

Table 1.3 presents the proposed calibration in line with the four-point ordinal scale and adjusted to fit the needs of Climate responsive PFM assessments and corresponding to existing Climate responsive PFM practices.

Table 1.3 Levels of CRPFM practice on a four-point ordinal scale

Score	Level of practice
A	Climate change issues and the policy response are mainstreamed in the relevant PFM institutions, processes, or systems
B	Climate change issues and the policy response are partially mainstreamed in the relevant PFM institutions, processes, or systems
C	Initial efforts have taken place to mainstream climate change issues and the policy response in the relevant PFM institutions, processes, or systems
D	Performance is less than the basic level of performance

A few indicators have two or more separate dimensions, each of which must be assessed separately. The overall score for an indicator is based on the scores for the individual dimensions. The scores for multiple dimensions are combined into an overall score for the indicator using a method based on an approximate average of the scores for the individual dimensions of an indicator, as specified in the conversion table. Use of this method is prescribed for multidimensional indicators where a low score on one dimension of the indicator does not necessarily undermine the impact of a high score on another dimension of the same indicator. Although all dimensions of an indicator fall within the same area of the PFM system, progress on some individual dimensions can be independent of the others in certain areas. The steps in determining the aggregate indicator score are as follows:

- Assess each dimension separately and give it a score on the four-point calibration scale
- Refer to the conversion table for indicator scores using the averaging method below
- Identify the row in the table that matches the scores for each dimension of the indicator; the ordering of the dimension scores does not matter
- Enter the corresponding overall score for the indicator.

Table 1.4 Conversion table for indicator scores with two or more dimensions

Dimension scores			Overall M2 (AV) score	Dimension scores				Overall M2 (AV) score
2-DIMENSIONAL INDICATORS				4-DIMENSIONAL INDICATORS				
	D	D	D	D	D	D	D	D
	D	C	D+	D	D	D	C	D
	D	B	C	D	D	D	B	D+
	D	A	C+	D	D	D	A	D+
	C	C	C	D	D	C	C	D+
	C	B	C+	D	D	C	B	D+
	C	A	B	D	D	C	A	C
	B	B	B	D	D	B	B	C
	B	A	B+	D	D	B	A	C+
	A	A	A	D	D	A	A	C+
3-DIMENSIONAL INDICATORS				D	D	C	C	D+
D	D	D	D	D	C	C	C	D+
D	D	C	D+	D	C	C	B	C
D	D	B	D+	D	C	C	A	C+
D	D	A	C	D	C	B	B	C+
D	C	C	D+	D	C	B	A	C+
D	C	B	C	D	C	A	A	B
	D	B	B	D	B	B	B	C+

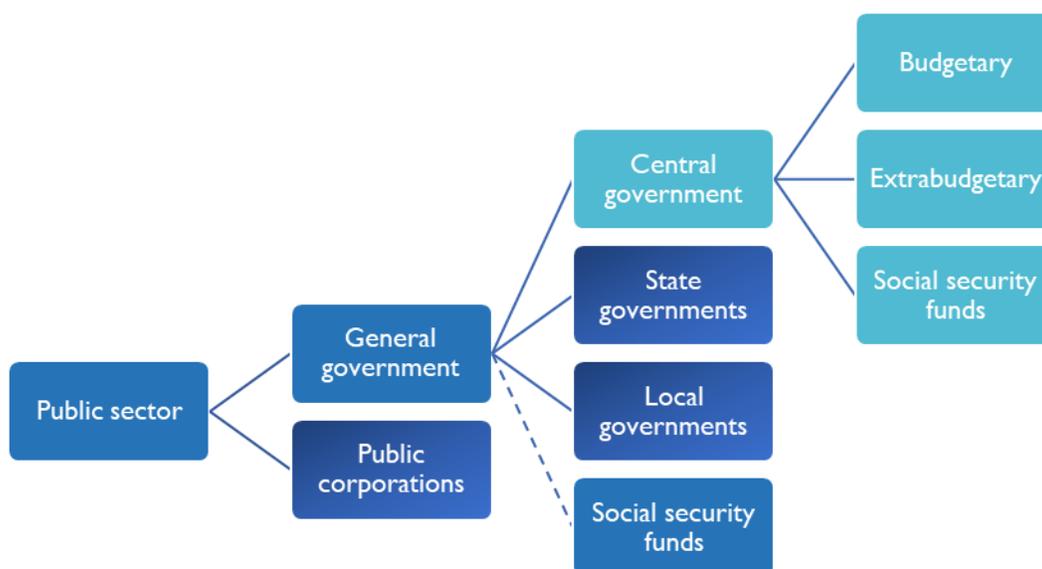
D	C	A	C+	
D	B	B	C+	
D	B	A	B	
D	A	A	B	
C	C	C	C	
C	C	B	C+	
C	C	A	B	
C	B	B	B	
C	B	A	B	
C	A	A	B+	
B	B	B	B	
B	B	A	B+	
B	A	A	A	
A	A	A	A	
NOTE: Dimension scores can be counted in any order. It is only the quantities of each score that are important for aggregation.				
D	B	B	A	B
D	B	A	A	B
D	A	A	A	B+
C	C	C	C	C
C	C	C	B	C+
C	C	C	A	C+
C	C	B	B	C+
C	C	B	A	B
C	C	A	A	B
C	B	B	B	B
C	B	B	A	B
C	B	A	A	B+
C	A	A	A	B+
B	B	B	B	B
B	B	B	A	B+
B	B	A	A	B+
B	A	A	A	A
A	A	A	A	A

The PEFA Climate assessment introduces the same coverage and time periods of assessment as the PEFA framework.

The core PEFA methodology focuses on the central government, which is defined based on the classification structure developed by the IMF for Government Finance Statistics (GFS); for an overview of public sector coverage, see figure I.1.

Time periods for assessing each of the questions are set forth in the specifications for each question. As a general rule, the assessment is based on the situation at the time of data collection or, in the case of periodic events, on the basis of the relevant and completed events during the most recent or ongoing budget period. Certain questions require data for more than one fiscal year or budget period. In these cases, the relevant period on which performance should be assessed, and therefore for which evidence should be sought, is specified for the relevant question.

Figure I.1 The main components of the public sector, as defined in Government Finance Statistics and referred to in PEFA



Assessment teams are required, as with other PEFA performance indicators, to present the evidence collected for each of the proposed CRPFM questions. As in other parts of the PEFA assessment report, the PEFA Secretariat reviews the findings of the PEFA CRPFM assessment to ensure quality.

Resources required to conduct a PEFA Climate assessment

Based on initial estimates, a PEFA Climate assessment conducted **concurrently** with a regular PEFA assessment may require around twenty to thirty additional working days split among two experts to collect and analyze the evidence, triangulate it with different sources of information and stakeholders, and draft an initial version of the report as well as an updated version based on inputs from the peer review process⁵. These estimates will be confirmed during piloting. Consulting the same sources of information for selected indicators is recommended, as in the guidance for a PEFA 2016 assessment (this recommendation is also explained and presented in this guidance). The ideal team to conduct the PEFA Climate assessment would comprise a PFM expert with knowledge in climate change and a climate change expert with knowledge in PFM. PFM experts typically have enough knowledge and expertise to carry out a PEFA assessment by following the guidance presented in the present guidance document but will need the expertise of a climate change specialist to make sure the assessment captures the most relevant information to highlight the practices in place. Estimates related to a standalone PEFA Climate assessment are provided further down.

⁵ Three to five additional days are required for PEFA Gender based on pilot testing. The nature of PEFA Gender and PEFA Climate is quite different, explaining the difference in number.

Figure 1.2 How to undertake a standalone PEFA Climate assessment

The assessment is undertaken by an Assessment Team.

At least two assessors

With PFM and climate change expertise

Can be government officials, recruited externally, or mixed

Estimates: 40 to 50 person-days



- Meets government officials and key stakeholders
- Collects information and data
- Drafts the PEFA Climate report
- Coordinates the peer review
- Addresses the peer reviewers' comments
- Finalizes the PEFA Climate report

The assessment involves a Government Team.

A focal point

Estimates: Up to 10 person-days



- Facilitates the assessment: meetings coordination, access to information and data, ...

A core team

10 person-days
(1 day per stream)



- Meets with the assessment team
- Provides information and data
- Provides comments to the PEFA Climate report

An oversight committee

Estimates: 5 person-days
(1 day per member for 5 members)



- Oversees the PEFA Climate assessment process
- Validates the PEFA Climate report

Quality assurance of the PEFA report requires Peer Reviewers.

Government
(See Core team)



- Checks information accuracy and completeness
- Makes sure that scores and conclusions reflect reality



- Verifies that the PEFA methodology is applied correctly

At least one additional independent reviewer



- Checks credibility and reality of data and evidence provided to support scoring



Quality review of the PEFA Climate report

The decision to carry out a PEFA Climate assessment should be requested by the government, as documented in a request letter from the relevant authority and communicated to the PEFA Secretariat. PEFA Climate assessments carried out as part of a regular PEFA assessment will undergo the same review process in place for PEFA assessments necessary to qualify for a PEFA Check (the PEFA Secretariat's quality assurance process). The guidelines are presented on the PEFA website (www.pefa.org).

In order for a standalone PEFA Climate assessment report to qualify for a PEFA CRPFM Check, the assessment report will need to meet the following requirements:

1. The draft and updated report incorporating peer reviewers' comments needs to be reviewed by at least three independent PFM institutions, including (a) the government assessed, (b) one peer reviewer with knowledge of the country, and (c) the PEFA Secretariat. The assessment team's responses to peer review comments that have not been reflected in the final report need to be documented and shared with the PEFA Secretariat.
2. The report needs to meet an 85 percent compliance threshold regarding (a) report content (in line with the proposed report template) and (b) documentation of scores and compliance with the PEFA methodology.

Questionnaire: Preparing the PEFA Climate assessment in [insert country name] - Climate Change Policy Context

This questionnaire is part of the data collection conducted before the PEFA Climate assessment field work starts.

It aims at providing the policy context for the PEFA Climate assessment of [insert country name].

This questionnaire may be filled in by the designated agency overseeing and coordinating the implementation of the climate change activities (if applicable) or the Ministry of Finance with the support of the main line ministries in charge of implementing climate change policies.

Section I: International Commitments for Climate Change Mitigation and Adaptation

1. Has the country ratified the United Nations Framework Convention on Climate Change?

Yes, when: _____ No

2. Has the country ratified the Paris Agreement?

Yes, when: _____ No

3. Has the country submitted Nationally Determined Contributions (NDCs)?

a. First NDCs Yes, when: _____ No

b. Revised NDCs⁶ yes, when: _____ No

4. If “Yes” to Question 3:

a. What aspects of climate change do the submitted NDCs address?

Climate change mitigation Climate change adaptation Both

b. How does the country plan to meet its greenhouse gas (GHG) emission reduction targets as described in the NDCs?

- Financial support (*Specify*) _____
- Regulation (*Specify*) _____
- Taxation (*Specify*) _____
- Subsidies (*Specify*) _____
- Transfers (*Specify*) _____
- Capacity building (*Specify*) _____
- Technology transfers (*Specify*) _____
- Others (*Specify*) _____

c. Specify the proportion in % of total of

- conditional contributions _____
- unconditional contributions _____

⁶ If revised NDCs have not been submitted yet, first NDCs will be used for the PEFA Climate assessment

d. **How does the country plan to meet its adaptation objectives as described in the NDCs?**

(Specify) _____

5. **Has the country formulated and communicated a mid-century, long-term, low greenhouse gas emission development strategy?**

Yes, when: _____ No

6. **If “Yes” to Question 5:**

a. **What aspects of climate change do mid-century strategies address?**

Climate change mitigation Climate change adaptation Both

e. **How does the country plan to meet its GHG emission reduction targets as described in the mid-century strategies?**

(Specify) _____

f. **How does the country plan to meet its adaptation objectives as described in the mid-century strategy?**

(Specify) _____

Section 2: National Level Strategies

7. **Is climate change identified as a key issue in the national development plan or strategy for economic growth (or equivalent)?**

8. **What is the climate change national framework?**

a. **What laws and regulations exist to support implementation of climate change related mitigation and adaptation actions?**

b. **Has the government developed a detailed action/implementation plan for achieving the country’s climate change goals (e.g. National Action Plan)?**

Yes No

c. **Is there a national climate change strategic plan or a low carbon strategy?**

Yes, specify _____ No

d. **Is there a strategic document that establishes the country’s adaptation objectives (e.g. National Adaptation Plan in developing countries)?**

Yes, specify _____ No

e. **How does regulation define what constitutes “climate change expenditure”? Does it provide further refinement of the definition?⁷ (Specify)**

⁷ Climate change mitigation expenditure, climate change adaptation expenditure, climate change cross cutting expenditure

f. Does regulation instruct how the budget should integrate climate change considerations? *(Specify)*

9. What are the institutional arrangements for executing climate change related policies and actions? *(Specify)*

a. Which sectors and institutions are involved in the implementation of the national climate change strategies and policies?

Sector	Institutions (line ministries and agencies)	Sectoral strategic plan that covers climate change		Climate related Budget for the last FY	
				Submitted to MoF	Adopted by the legislature
		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
		<input type="checkbox"/> Yes	<input type="checkbox"/> No		

b. Is there a designated agency overseeing and coordinating the implementation of the climate change activities?

Yes, specify _____ No

c. Does the ministry of Finance have a specific mandate in the implementation of climate change activities?

Yes, specify _____ No

Section 3: Implementation of climate change policies by the government

10. What are the top five most important measures currently being implemented by the government to reduce the country's generation of GHG emissions? *(Specify)*

11. What are the top five most important measures currently being implemented by the government to adapt to climate change impacts? *(Specify)*

12. Does the country have an operational monitoring and evaluation framework to track the implementation of its NDCs and climate actions?

Yes No

13. In the last five years, were there any independent assessments⁸ of the country's achievements in terms of climate change objectives and targets?

Yes, specify _____ No

14. Has the country conducted an assessment of the macroeconomic impacts of climate change?

Yes No

15. If "Yes" to Question 14

- a. Which sectors were considered? (Specify)
- b. What methodology was used? (Specify)

16. Has the country assessed the macro-fiscal implications of implementing its climate change plans or NDCs?

Yes No

17. Has the country conducted activities to mainstream its climate change plans or NDCs into its PFM systems?

Yes No

18. Which public entities (operators) are involved in the implementation of the country's climate change strategies and policies?

Type of operator	Number of entities	Type of funding		Total Climate related Budget for the last FY
		From BCG ⁹	Other sources	
Extrabudgetary units				
Public corporations				
Subnational governments				

⁸ Independent would refer to an assessment undertaken by a body that is separate from and not subordinate to the government. This could involve an NGO.

⁹ Budgetary Central Government

CRPFM I-BUDGET ALIGNMENT WITH CLIMATE CHANGE STRATEGIES

GUIDING QUESTIONS

Are climate related sector medium-term strategic plans, medium-term budgets and annual budget aligned with climate change strategies?

DESCRIPTION

This indicator measures the extent to which long and medium-term climate change strategies are reflected in costed sector medium-term strategic plans and mid- and short-term budgets. It contains one dimension.

DIMENSIONS AND SCORING

CRPFM—I.1. BUDGET ALIGNMENT WITH CLIMATE CHANGE STRATEGIES

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	The system in place fulfills 8 elements, including at least 4 basic elements (1-6).
B	The system in place fulfills 6 elements, including at least 3 basic elements (1-6).
C	The system in place fulfills at least 3 basic elements (1-6).
D	Performance is less than required for a C score.

Basic elements

1. Sectoral medium-term strategic plans are prepared. They reflect priorities from national climate change policy and strategy - and in their absence, NDC targets.
2. Climate related projects and initiatives are costed in sector medium-term strategic plans.
3. Climate related projects are accounted for in public investment plans.
4. Climate related expenditure policy proposals in the approved medium-term budget estimates align with sector costed medium-term strategic plans.
5. Climate related tax policy proposals in the approved medium-term budget estimates align with the national climate change strategy.
6. Climate related annual expenditure and tax estimates align with the approved medium-term budget estimates for the first year.

Additional elements

7. Climate change policy and strategies cover subnational governments, public corporations and other operators in charge of implementation.
8. Climate change strategies or climate related medium-term budget estimates identify funding gaps and funding sources.
9. Medium-term fiscal strategy refers to climate targets.
10. Medium-term fiscal strategy refers to climate-related fiscal risks.
11. If there is a gap between climate related annual expenditure and tax estimates and the approved medium-term budget estimates for the first year, the annual budget document provides the underlying explanation.
12. There is an operational body, unit or team in charge of fostering coordination on climate change activities in line with climate change policies.

RELATED PEFA INDICATOR/DIMENSION

PI-16.3. Alignment of strategic plans and medium-term budgets

COVERAGE

Budgetary central government.

TIME PERIOD

Last budget and budget documentation submitted to the legislature.

MEASUREMENT

The present indicator measures the extent to which the annual budget allocated to climate change actions is resulting from an alignment of all strategic and operational planning instruments starting from the national climate change policy and strategy - and in their absence, from NDCs targets.

This indicator is assessed based on the number of elements actually in place that show the extent to which sector strategies and budgets are aligned with climate change strategies. The full specification of the information benchmark must be met to be counted in the score.

The assessment includes six basic elements of fiscal information that are considered the most important to show alignment. Six additional elements are considered to be good practice. The elements captured by this indicator are as follows:

Priorities from national climate change policy and strategy need to be reflected in strategic plans of the relevant sectors, as assessed in Element 1. The latter examines the extent to which priorities are taken into account. This includes priorities pertaining to the level of energy produced from polluting sources maintained during the transition period. It does not consider the nature or quality of the priorities.

Element 1 requires identifying the priorities in the national climate change strategy; determining what are the relevant sectors - often mentioned in the priorities; checking the main elements of the medium-term strategic plans of identified sectors.

While not assessed, the narrative of the report may briefly refer to the coordination in place¹⁰ and describes how this role ensures synergies between sectoral strategies.

Climate related strategic plans should identify resources required to achieve medium- to long-term objectives and planned outputs and outcomes, as examined in Element 2. Sectors are the ones defined under Element 1. Cost information should include recurring expenditures, capital costs, and future recurrent cost implications of investment commitments, as well as every source of funding. While sector plans tend to be aspirational, cost implications should be realistic. They should take into account the government's fiscal policy objectives and the fiscal constraints these objectives impose on expenditure decision making.

Alignment between strategic plans and budget estimates will occur when they cover the same or similar policy objectives, initiatives, activities, or programs. As covered by Elements 4, 5 and 6, plans should identify the cost implications of current policy commitments, including any funding gaps, as well as prioritize new expenditure policy proposals consistent with government policy objectives. Expenditure policy decisions have multiyear implications and should be aligned with the availability of resources in the

¹⁰ Introduced by #7 in the inception questionnaire and further described in the country climate profile established in the Introduction of the report

medium-term perspective. They also need to be consistent with revenue projections and ongoing expenditure policy budgetary requirements.

To be consistent with the scope of Element 1, Element 6 includes negative climate expenditure, such as fossil fuel subsidies.

Countries that have introduced multiannual program or performance-based budgeting may use different terminology and methods for developing, costing, and implementing medium-term plans. Therefore, assessors should substitute references to medium-term programs, or other performance-based budget categories, in place of strategic and sectors plans in this indicator, where appropriate.

Element 7 examines whether plans include all operators in charge of implementing climate change strategies and benefitting from resources from the national budget to do so.

Element 10 focuses on the integration of climate-related fiscal risks in the medium-term fiscal strategy. Climate change represents significant risks to public finances and should be taken into account when determining fiscal policies.

Element 12 examines how institutional collaboration across ministries in the implementation of climate change policies is set up. While regulation may provide for the role of each individual structure, this specific element focuses on the existence and role of a specific structure in charge of coordinating climate action. The body, unit or team should be operational, which means that the element is not considered met if the structure does not perform the tasks defined in its mandate.

CRPFM 2-TRACKING CLIMATE RELATED EXPENDITURE

GUIDING QUESTION

Does the government have the capacity to track climate related expenditure?

DESCRIPTION

This indicator measures the extent to which the government is able to track climate related expenditure. It contains one dimension.

DIMENSIONS AND SCORING

CRPFM—2.1. TRACKING CLIMATE RELATED EXPENDITURE

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	The system in place to track climate related expenditure fulfills 7 elements, including Element 1 and at least 3 other basic elements (2-5).
B	The system in place to track climate related expenditure fulfills 5 elements, including Element 1 and at least 3 other basic elements (2-5).
C	The system in place to track climate related expenditure fulfills at least 3 basic elements, including Element 1 (2-5).
D	Performance is less than required for a C score.

Basic elements

1. The government uses a methodology that defines what constitutes “climate change expenditure”.
2. The government applies the same methodology across all ministries, departments and agencies to identify climate related expenditure.
3. Expenditure related to activities that are counter to climate policy is disclosed in budget documents and in end-of-year budget execution reports (as in Element 4). This covers spending explicitly or implicitly linked to climate change.
4. Climate related expenditure is disclosed by the Ministry of Finance or the budgetary units in budget documents and in end-of-year budget execution reports (as in Element 3).
5. The methodology applied by the government to identify climate related expenditure is reviewed by an entity other than the preparing entity.

Additional elements

6. Climate related expenditure is identified using specific budget expenditure line items, program codes, elements in the government’s chart of accounts or markers such as Rio markers.
7. Climate related expenditure is disclosed in in-year budget reports, including in-year budget adjustments.
8. Budgeted climate related transfers to subnational governments and outturn are identified.
9. Budgeted climate related transfers to extrabudgetary units and public corporations in charge of implementing climate change actions, and outturn, are identified.

RELATED PEFA INDICATOR/DIMENSION

PI-4. Budget classification

COVERAGE

Budgetary central government.

TIME PERIOD

Last completed fiscal year

MEASUREMENT GUIDANCE

Assessment of this indicator is based on the number of elements in place that enable the government to track climate related expenditure. The assessment includes five basic elements of fiscal information that are considered the most important to track climate related expenditure. Four additional elements are considered to be good practice. The full specification of each element must be met to be counted in the score.

For the purpose of this indicator, **tracking** refers to the ability to identify, classify and monitor climate related expenditure. Assessors will describe the methodology applied by the country in the narrative of the PEFA report. This methodology may be applied at any stage of the budget cycle; use manual or/ and automated systems; be partially or fully developed. Methodologies for tracking climate expenditure vary and are not comparable across countries.

The PEFA Climate methodology recognizes that countries use different methodologies to track their climate related expenditure. There is no need to have a tagging system in place in order to meet the requirements for CRPFM 2, except for Element 6 focusing specifically on the tag. The PEFA Climate assessment can be performed on the basis of a list of climate related expenditure established by a country after a review even without the use of a tag - as long as the same list is used throughout the PFM cycle. Such a list of climate related expenditure could be, for example, a group of programs or projects ex ante assessed to have high climate change impact and to be monitored and ex post reviewed on such impact.

For the purpose of this indicator, the **definition** of what constitutes “*climate change expenditure*” is provided by the country in the inception questionnaire and applied throughout the assessment. Element 1 examines whether this definition is provided in the methodology applied by the government. Assessors will use the list of climate change expenditure as defined under Element 1 and check whether requirements for Elements 3 to 9 are met against this list. Elements are considered met when at least 75% of the amount represented by climate expenditure are covered. The narrative of the PEFA Climate report will indicate when the country uses a refined approach and defines “*climate change mitigation expenditure*” and “*climate change adaptation expenditure*”.

Element 2 examines whether the methodology used to identify climate-related expenditure is consistent across all budgetary central government units: ministries, departments and agencies. This means that the same methodology is used for all ministries.

When the list of climate change expenditure is too long, assessors may consider using a sampling methodology. If sampling is used, they should then explain the reason and justify the sampling approach adopted. It would be preferable that assessors and government agree on the sampling approach.

A comprehensive approach to climate responsive PFM requires to identify and track **potentially harmful budget measures**. Element 3 assesses whether the methodology covers such measures. Examples are investment projects and tax expenditures for coal-based electricity and the fossil fuel industry in general, and expenditures for fossil fuel subsidy schemes. While not assessed by Element 3, the narrative of the report may comment on consideration given to activities or technologies that reduce emissions in the

near-term that may result in a prolonged use of high-emitting infrastructure and an increase in net emissions in the long term.

Identification and classification of climate expenditure require an expenditure review and analysis. The typology used for expenditure classification will depend on the country needs (e.g. mitigation only; adaptation only; and both mitigation and adaptation). In addition, the climate relevance weight may be considered. This may be based on an assessment of the primary objective of the specific expenditure (e.g. 100% for fully relevant to climate change; 50% for partially relevant; and 0% for neutral). Alternatively, it may be based on an estimation of the costs of activities that support climate change objectives including costs of activities that may not have climate change as their primary objective (climate co-benefits).

For monitoring purpose, some countries apply a tag to climate expenditure using budget classifications, elements of the chart of accounts or statistical markers. The tag may be implemented by using already existing item (e.g. thematic such as “other cross-cutting expenditures”) or be incorporated by adding a new segment in the chart of accounts. The tag may be implemented in the Integrated Financial Management Information System (allowing real time information) or used offline.

Other countries establish a list of climate expenditure (a positive list, and sometimes a positive list and a negative list) against which they monitor budget implementation or/ and budget execution - without tagging.

To ensure objectivity and robustness, the methodology should be reviewed by an entity other than the preparing entity. The criterion of review by an entity other than the preparing entity is also met if (i) substantive consultation of relevant stakeholders take place; or (ii) the methodology is prepared by a committee of separate institutions with a process involving substantive review. This may be difficult for the assessor to determine, but it is important to seek information on how the process is conducted and what happens when there are differences of view between the participating bodies.

Resch et al. (2017, p.11) points out: *“Whatever the expenditure tracking methodology, it should be recognized that, unless the information resulting from the tag, analysis or review is used to inform climate change policy, planning or budgeting, or to strengthen accountability around climate change commitments, it will remain an academic exercise of limited operational value.”* The PEFA Climate report should discuss how the tracking system has impacted policy design, resource allocation and policy results.

CRPFM 3- BUDGET CIRCULAR

GUIDING QUESTIONS

Does the budget circular take the climate change policies into consideration?

DESCRIPTION

This indicator measures the extent to which the budget circular takes climate change into consideration by referring to the national climate change strategy, providing clear guidance on how the budgetary units should propose climate change mitigation and adaptation measures, defining a methodology for tracking climate change related expenditure, and setting expenditure target. It contains one dimension.

DIMENSIONS AND SCORING

CRPFM—3.1. BUDGET CIRCULAR

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	The budget circular provides a methodology to track climate change related expenditure, as well as expenditures that are counter to climate policy. It contains guidance on how to factor climate change mitigation and adaptation planned expenditure into budget proposals, and on how to limit expenditures that are counter to climate. It refers to the national climate change strategies.
B	The budget circular provides a methodology to track climate change related expenditure. It contains guidance on how to factor climate change mitigation and adaptation planned expenditure into budget proposals and refers to the national climate change strategies.
C	The budget circular contains guidance on how to factor climate change mitigation or adaptation planned expenditure into budget proposals.
D	Performance is less than required for a C score.

RELATED PEFA INDICATOR/DIMENSION

PI-17.2. Guidance on budget preparation

COVERAGE

Budgetary central government.

TIME PERIOD

Last completed fiscal year.

MEASUREMENT

The budget circular is the primary guidance from the Ministry of Finance for budgetary units on how to prepare budget submissions. The guidance provided in the circular or circulars should cover the budget for the entire year (and relevant subsequent years for medium-term budget systems).

The budget circular will usually provide instructions for budgetary units on how to set out detailed estimates in accordance with their approved ceilings as well as on how to submit proposals for new spending or potential savings in accordance with government policy priorities.

It will normally set out the requirements for budgetary units to provide supporting justification and, if the government is operating a program or a performance- or results-based budgeting system, planned results for both existing and proposed changes in budget allocations.

The climate responsive budget circular includes guidance on how to factor climate change adaptation and mitigation policies into budget proposals. Thus, it is better that the budget circular refers to the national climate change strategy. In particular, assessors should make sure that the budget circular encourages the budgetary units in charge of enforcement of climate related regulations to plan for the corresponding expenditure.

In addition, budget circulars or their annexes should provide the methodology for tracking climate change related expenditure, by defining precisely what should be considered as climate change related expenditure and what should not, and for an A score, they also should define what is considered as an expenditure that is counter to climate policy.

The PEFA Climate report may include a description of the capacity of the budgetary units to address the requirements of the budget circular: the existence of climate change specialist in each budgetary unit, the support by the agency in charge of climate change, etc.

CRPFM 4-LEGISLATIVE SCRUTINY

GUIDING QUESTIONS

How are climate change aspects included in legislature’s scrutiny of budget and audit reports?

DESCRIPTION

This indicator measures how climate change aspects are included in legislature’s scrutiny of budgets and audit reports. It contains two dimensions and uses the conversion table for aggregating dimension scores.

DIMENSIONS AND SCORING

CRPFM—4.1. LEGISLATIVE SCRUTINY OF BUDGETS

SCORE	MINIMUM REQUIREMENTS FOR SCORES
-------	---------------------------------

The legislature’s scrutiny of the proposed budget includes:

- (1) Involvement of support mechanisms such as specialized legislature committees, technical and scientific support, expert advice from climate advocacy groups, independent climate councils, or others. A report on the work and conclusions of the committees or groups is published.
- (2) A performance or impact assessment review of (i) climate change revenue and (ii) climate change programs, including expected results in the future, either through specific impact assessment or information on planned performance.
- (3) A review of the positive, neutral or negative contribution to climate change of (i) revenue and (ii) programs or actions that are not directly related to climate change.
- (4) A review of climate related annual details of expenditure and revenue
- (5) A review of climate related fiscal risks
- (6) A public consultation that includes a specific focus on climate. A report on the feedback received during public consultation is published.

A	The legislature’s scrutiny of the proposed budget meets five criteria.
B	The legislature’s scrutiny of the proposed budget meets four criteria.
C	The legislature’s scrutiny of the proposed budget meets two criteria.
D	Performance is less than required for a C score.

CRPFM—4.2. LEGISLATIVE SCRUTINY OF AUDIT AND EVALUATION REPORTS

SCORE	MINIMUM REQUIREMENTS FOR SCORES
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The legislature’s scrutiny of audit reports includes:

- (1) Involvement of support mechanisms such as specialized legislature committees, technical and scientific support, expert advice from climate advocacy groups, independent climate councils, or others

- (2) A review of climate related executed expenditure and revenue at a level comparable with the approved budget. Specific analysis of the execution of climate related expenditure and revenue is published.
- (3) A review of audit reports or/and evaluation reports on the performance of climate change programs or activities in line with planned outputs and outcomes
- (4) A review of audit reports or/and evaluation reports of climate change impacts of the executed budget
- (5) Recommendations for actions issued by the legislature to be implemented by the executive
- (6) Follow up on their implementation

A	The legislature's scrutiny of audit and evaluation reports meets five criteria.
B	The legislature's scrutiny of audit and evaluation reports meets four criteria.
C	The legislature's scrutiny of audit and evaluation reports meets two criteria.
D	Performance is less than required for a C score.

RELATED PEFA INDICATOR/DIMENSION

PI-18. Legislative scrutiny of budgets

PI-31. Legislative scrutiny of audit reports

COVERAGE

CRPFM-4.1. Budgetary central government

CRPFM-4.2. Central government

TIME PERIOD

CRPFM-4.1. Last budget and budget documentation submitted to the legislature

CRPFM-4.2. Last audit reports or evaluation reports submitted to the legislature. For Element 2: audit report on end-of-year financial report.

MEASUREMENT GUIDANCE

Dimension CRPFM-4.1 assesses the scrutiny of the budget proposal by the legislature. In most countries, the government's authority to spend is awarded by the legislature, through its passage of the annual budget law. If the legislature does not rigorously examine and debate the law, its power is not being effectively exercised, and the government's accountability to the electorate for its fiscal strategy and strategic budget allocation decisions is undermined.

The role of legislature in climate change policies' implementation in the national budget requires that legislature scrutiny has been strengthened by specific technical support intervening in full transparency, as assessed in Element 1. Elements 2 to 5 examine whether relevant documents have been provided for a full scrutiny. Element 6 ensures that the public has been consulted in full transparency.

Element 5 focuses on whether the legislature reviews information on climate related fiscal risks. This information may be included in the summary information on fiscal risks or fiscal risk report provided with the annual budget documentation, or in another report. If information on climate related risks is not

included in the budget documentation but has been made available to the legislature through another official report earlier in the year, this would fulfill the requirement. The assessment of climate related fiscal risks is covered by indicator CRPFM-7.

Element 6 is considered fulfilled when a public consultation covering annual budget documents submitted to the legislature includes a specific focus on climate related issues. This specific focus is facilitated by the availability of information on the climate change related pluriannual investment plan, summary of medium-term and/or annual climate change related budget proposals.

Dimension CRPFM-4.2 assesses the scrutiny of audit and evaluation reports by the legislature. The legislature also plays a key role in exercising scrutiny over the execution of the budget that it approved. The oversight will cover financial compliance (i.e. the budget is executed as authorized by the legislature) and measurement of results (i.e. targets for key performance indicators are reached or the actions implemented through the budget had the intended impact). As for budget scrutiny, legislature may rely on a technical support (Element 1) that examines the external audit reports and evaluation reports, and questions responsible parties about the findings of the reports (Elements 2, 3 and 4). Element 2 covers audit pertaining to end-of-year financial reports.

In addition, the legislature may issue recommendations (Element 5) and follow up on their implementation (Element 6). This could be done by the responsible committee or result from the adoption of the recommendations made by the external auditors. Following up implementation refers to a system for tracking recommendations that is used to record recommendations and action, or lack of action taken on recommendations, and where for every recommendation, the executive and the legislature is notified during subsequent hearings whether recommendations have or have not been implemented.

CRPFM 5-CLIMATE RESPONSIVE PUBLIC INVESTMENT MANAGEMENT

GUIDING QUESTION

Has the government put in place climate responsive public investment management arrangements covering laws and regulations; project selection and prioritization criteria; project appraisal; and reporting from entities in charge of implementing public investment projects?

DESCRIPTION

This indicator measures the extent to which public investment management is climate responsive. It contains four dimensions and uses the conversion table for aggregating dimension scores.

DIMENSIONS AND SCORING

CRPFM—5.1. CLIMATE RELATED PROVISIONS IN REGULATORY FRAMEWORK FOR PUBLIC INVESTMENT MANAGEMENT

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	The legal or regulatory framework describes the objectives and requirements for investment programs or projects in relation to climate change mitigation and adaptation. Requirements include the mandatory assessment of new significant investment projects with an impact on national mitigation targets and climate vulnerabilities. There is a high level of compliance of investment project proposals with the climate related objectives and requirements. The scope of climate related objectives and requirements covers central government and public corporations.
B	The legal or regulatory framework describes the objectives and requirements for investment programs or projects in relation to climate change mitigation or adaptation. There is a high level of compliance of investment project proposals with the climate related objectives or requirements. The scope of climate related objectives and requirements covers central government.
C	The legal or regulatory framework describes the objectives and requirements for investment programs or projects in relation to climate change mitigation or adaptation. The scope of climate related objectives and requirements covers central government.
D	Performance is less than required for a C score.

CRPFM—5.2. CLIMATE RELATED PROJECT SELECTION

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	Published climate assessment and prioritization criteria are used to select new investment projects. Climate assessment criteria cover the climate impact of the project and its exposure to climate risks, based on adequate hazard and exceedance data (OR based on adequate hazard and available data).
B	Climate assessment and prioritization criteria are used to select new investment projects. Climate assessment criteria cover the climate impact of the project or its exposure to climate risks.

C	Climate assessment and prioritization criteria are used to select new investment projects.
D	Performance is less than required for a C score.

CRPFM—5.3. CLIMATE RELATED PROVISIONS FOR PROJECT APPRAISAL

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	National guidelines for projects appraisal require the evaluation of climate change impacts of new investment projects and provide a methodology. They also require adaptation measures in the project design to address climate risks. Climate change impacts are reviewed by an entity other than the sponsoring entity. The appraisal results are published.
B	National guidelines for projects appraisal require the evaluation of climate change impacts of new investment projects. They also require adaptation measures in the project design to address climate risks.
C	Guidelines for projects appraisal recommend the evaluation of climate change impacts of new investment projects and adaptation measures in the project design to address climate risks.
D	Performance is less than required for a C score.

CRPFM—5.4. REPORTING FROM ENTITIES IN CHARGE OF IMPLEMENTATION

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	The government requires extra budgetary units and public corporations in charge of implementing public investment projects to incorporate specific climate objectives, targets and indicators in their performance contracts or statement of corporate intent. All entities report back within six months of the end of the fiscal year. Reporting covers the use of climate related funding they received from the government to implement investment projects and results against objectives, targets and indicators
B	The government requires extra budgetary units and public corporations in charge of implementing public investment projects to incorporate specific climate objectives, targets and indicators in their performance contracts or statement of corporate intent. Most entities report back within six months of the end of the fiscal year. Reporting covers climate related funding they received from the government to implement investment projects and results against these objectives, targets and indicators.
C	The government requires extra budgetary units and public corporations in charge of implementing public investment projects to incorporate specific climate objectives, targets and indicators in their performance contracts or statement of corporate intent. Most entities report back within nine months of the end of the fiscal year. Reporting covers climate related funding they received from the government to implement investment projects and results against these objectives, targets and indicators
D	Performance is less than required for a C score.

RELATED PEFA INDICATOR/DIMENSION

PI-II. Public investment management

COVERAGE

Dimensions 1 to 3: Central government

Dimension 4: Extra budgetary units and controlled public corporations

TIME PERIOD

Last completed fiscal year

MEASUREMENT

For the purpose of this indicator, assessors may wish to consider the use of sampling. If sampling is used, the basis for the sample should be clearly explained and agreed with government prior to the commencement of the fieldwork. The same sample should be applied for dimensions 5.2. and 5.3.

The coverage of the present indicator also includes investments implemented through structured financing instruments such as PPPs.

Dimension CRPFM-5.1 assesses whether the government put in place a climate related legal or regulatory framework. The latter should describe the objectives and requirements for programs or projects in relation to climate change mitigation and/or adaptation to ensure that both public and private infrastructure is appropriate for environmental conditions and aligned with transition policies. This means setting the minimum design standards for resilience to future extreme weather events; for energy and GHG emissions over for the lifecycle of building materials; establishing GHG emissions, energy efficiency, recycling and reuse standards for equipment and appliances. These standards will have to be reflected in procurement policies.

For an A score, requirements of the legal or regulatory framework should include the mandatory assessment of new major projects with an impact on national mitigation targets and climate vulnerabilities.

The high level of compliance of project proposals with the climate related objectives and requirements may be identified by a third party such as internal auditors, Supreme Audit Institution (SAI), experts as referred to under CRPFM-4.1 and 2 (Element 1), etc.

Dimension CRPFM-11.3 assesses whether this climate related legal and regulatory framework covers subnational governments (see Element 2). Element 2 is considered met when at least *“the legal or regulatory framework describes the objectives and requirements for programs or projects in relation to climate change mitigation or adaptation”* for subnational governments. If such report does not exist and there is no other way to ascertain the level of compliance, the score cannot be higher than C.

Dimension CRPFM-5.2 assesses the extent to which the project selection process screens and prioritizes investment projects against clearly defined criteria to ensure that selected projects consider climate assessments and are aligned with government priorities. Criteria should allow to select projects aligned with national climate change policy or NDC targets. This is also valid for projects that are counter to national climate change policy or NDC targets. For example, if the latter foresee an exit strategy for coal-based energy production, coal-related projects should not be approved even if they have a low exposure to climate change risks.

Dimension CRPFM-5.3 assesses the extent to which appraisal methods of major investment projects require the evaluation of climate change impacts. Mitigation impacts can be quantified with ex-ante estimations of net-GHG emissions relative to a baseline scenario. Appraising projects for their resilience against physical impacts involves risk scenarios, which requires extensive data and complex analytical tools. The narrative may refer to climate change adaptation platforms created at the national level when they provide data that can be used to inform impact assessment. The assessment should in essence demonstrate that the project has included design considerations so that it will deliver an acceptable performance and

public benefits under the best- and worst-case scenarios of physical impacts. Metrics to measure adaptation capability and resilience to extreme weather events, such as those being developed by Multilateral Development Banks (MDBs), could serve as appraisal indicators.

For an A score, the results of the appraisal should be published and refer to the estimations of net-GHG emissions and resilience building/ adaptation profile of the project.

Dimension CRPFM-5.4 assesses whether a reporting system is in place within entities in charge of implementing public investment projects. Reporting from Subnational Governments (SNGs) is assessed under CRPFM-11.

Assessors will need to determine the list of extra budgetary units and public corporations in charge of implementing public investment projects and receiving climate related funding from the government. Based on this list:

- “All” refers to 90 percent or more (by value, compared to the total amount of corresponding climate related funds transferred to such entities)
- “Most” refers to 75 percent or more (by value, compared to the total amount of corresponding climate related funds transferred to such entities).

CRPFM 6- CLIMATE RESPONSIVE NON-FINANCIAL ASSET MANAGEMENT

GUIDING QUESTIONS

Does the management of assets ensure that public assets contribute to mitigation and that their sensitivity to climate change is addressed?

DESCRIPTION

This indicator measures the extent to which non-financial assets, in particular lands and buildings, are covered by CC adaptation and mitigation approaches regarding the identification of the risks and potential contribution, their inclusion in the government’s strategies, and the regulation of their use, disposal and transfer. It contains one dimension.

DIMENSIONS AND SCORING

CRPFM—6.1. CLIMATE RESPONSIVE NON-FINANCIAL ASSET MANAGEMENT

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	Exposure and sensitivity of public lands, buildings, and infrastructures to climate variability, extreme weather events and transition risks are identified for the relevant assets. Information is included in the register. Contribution to emission and capture of GHG of relevant non-financial assets is identified. Procedures and rules for the disposal, transfer, and use of lands and subsoils provide climate related arrangements and are complied with.
B	Exposure and sensitivity of public lands, buildings, and infrastructures to climate variability, extreme weather events and transition risks are identified for the relevant assets. Information is included in the register. Procedures and rules on disposal, transfer, and use of lands and subsoils provide climate related arrangements.
C	Exposure and sensitivity of relevant fixed assets to climate variability, extreme weather events and transition risks are identified for the relevant assets.
D	Performance is less than required for a C score.

RELATED PEFA INDICATOR/DIMENSION

- PI-12.2. Non-financial asset monitoring
- PI-12.3. Transparency of asset disposal

COVERAGE

Budgetary central government

TIME PERIOD

Last completed fiscal year

MEASUREMENT

Non-financial assets may arise as outputs of a production process, may occur naturally, or may be constructs of society. Non-financial assets usually provide benefits either through their use in the production of goods and services or in the form of property income.

Management of public non-financial assets, such as lands, buildings, subsoils, production units, infrastructures, transportation systems, and other network infrastructure systems should consider the risks to assets related to climate change. These are physical risks arising from changes in environmental conditions and extreme weather events such as:

- Increased risk of fire for public forests, increased risk of destruction of public buildings due to cyclones, increased risk of odor and pests in waste management plants during warmer summers and winters, erosion of public coastal lands. Physical risks may lead to the damage or loss of assets, loss of asset value, and adversely, affect delivery of public services and economic activities on public lands. Transition risks arise as a result of changes in technology, regulation and market conditions as economies decarbonize. Transition risks may lead to “stranded” assets that can no longer operate economically such as coal-fired plants may no longer be viable when carbon taxes are applied.
- Management of public non-financial assets should also consider the impact of these assets on climate. This requires an understanding of GHG emissions from buildings, equipment and land use and the, capture of GHG in carbon sinks such as forests and wetlands. The way public lands and subsoils are managed can have a impact on GHG emissions.

In order to be able to develop adaptation and mitigation strategies¹¹ focusing on existing assets, it is therefore crucial that governments have identified the potential impact of climate change on their non-financial assets. The identification does not have to be comprehensive and fully accurate but partial for a C score and covering relevant non-financial assets, for higher scores. Identification of assets may be individual (particular dam, administrative building or forest) or by category of non-financial assets (school buildings, coastal areas, vehicle fleet). When registers of non-financial assets exist and provide for information on age and usage of the non-financial assets (as assessed by PI-12.2-Non-financial asset monitoring of the PEFA framework), information on climate related risk may easily be included as well.

Contribution to climate change, both positive and negative, of relevant non-financial assets (lands, main buildings, infrastructure) may also be identified, as to inform on their capacity to participate in the mitigation strategy. Characteristics of the relevance are the importance of potential GHG emission/capture.

Transfer, disposal and use of land are usually governed by rules and procedures. In order to avoid that such transfer, disposal and use lead to a negative impact on GHG emission (increase of oil and gas extraction, deforestation, draining of wetlands), procedures and rules should include CC related arrangements. Assessors should make sure that such arrangements are applied.

¹¹ Strategies of climate sensitive management of non-financial assets are not assessed by this indicator.

CRPFM 7- CLIMATE RELATED LIABILITIES

GUIDING QUESTION

Has the government put in place arrangements to handle climate related liabilities, and comply with the specific monitoring and reporting requirements?

DESCRIPTION

This indicator measures the extent to which the government is able to manage climate related liabilities. It contains two dimensions.

DIMENSIONS AND SCORING

CRPFM—7.1. CLIMATE RELATED FISCAL RISKS

A	The government publishes a report consolidating climate related fiscal risks. The report includes a quantitative and qualitative assessment of climate related fiscal risks. It considers impacts of such fiscal risks on expenditure and revenue.
B	The government produces a report consolidating climate related fiscal risks. The report includes a qualitative assessment of climate related fiscal risks. It considers impacts of such fiscal risks on expenditure and revenue.
C	The government produces a report consolidating climate related fiscal risks.
D	Performance is less than required for a C score.

CRPFM—7.2. CLIMATE RELATED DEBT AND GUARANTEES

A	The purposes for which the government can borrow, as specified in the legal framework, allow to cover climate related liabilities. The legal or regulatory framework specifies arrangements for SNGs and public corporations. It also refers to a methodology to identify projects eligible to climate finance. Mandatory climate related reporting is produced in a timely way.
B	The purposes for which the government can borrow, as specified in the legal framework, allow to cover climate related liabilities. The legal or regulatory framework specifies arrangements for SNGs and public corporations. Mandatory climate related reporting is produced in a timely way.
C	The legal or regulatory framework specifies arrangements for SNGs and public corporations. Mandatory climate related reporting is produced.
D	Performance is less than required for a C score.

RELATED PEFA INDICATOR/DIMENSION

PI-10. Fiscal risks reporting
 PI-13. Debt management

COVERAGE

Central government.

TIME PERIOD

Last completed fiscal year

MEASUREMENT GUIDANCE

Dimension CRPFM-7.1 focuses on reporting climate related fiscal risks.

Countries are vulnerable to the impacts of climate change, both short-term physical risks arising from extreme weather events, long-term risks of environmental change and transition risks arising from changes in technology, markets and government policy. Thus, climate change represents significant risks to public finances and should be taken into account when determining fiscal policies.

Climate related fiscal risks include contingent liabilities such as state guarantee for agriculture loans, state insurance schemes such as crop insurance, insurance for increased public assets maintenance costs.

Information on climate related fiscal risks may be included in the summary information on fiscal risks or fiscal risk report provided with the annual budget documentation, financial report, or any other report. The report should cover government's own programs and projects including those of extrabudgetary units. The narrative of the PEFA Climate report may comment on how often fiscal risks are assessed.

Dimension CRPFM-7.2 assesses the arrangements in place to issue climate related debt and guarantees, and manage and report against specific related requirements, regardless of the instruments that are used.

UNFCCC defines climate finance as “*local, national or transnational financing—drawn from public, private and alternative sources of financing—that seeks to support mitigation and adaptation actions that will address climate change*”. UNFCCC indicates that “*Climate finance is needed for mitigation, because large-scale investments are required to significantly reduce emissions. Climate finance is equally important for adaptation, as significant financial resources are needed to adapt to the adverse effects and reduce the impacts of a changing climate*”.

For the purpose of this dimension, debt includes sources originating from public sector (national, bilateral and multilateral development finance institutions and climate funds) and private sector. Instruments range from loans (concessional and non-concessional) to equities. This dimension also covers climate related guaranteed debt. Grants and proceeds from carbon markets are excluded.

Good practices related to debt management require having key provisions in the legal framework. This includes specifying the purposes for which the government can borrow¹². For a B and an A score, this dimension assesses whether climate related liabilities are covered by the purposes for which the government can borrow, as described in the legal framework. The purpose may be general (such as “*finance honoring of triggered guarantees*” or specific (such as “*eliminate the effects caused by natural or environmental disasters*”). The objective is to ensure that, when the law is specific on borrowing purposes, a government is not unduly constrained, especially if some unforeseen climate related financing need emerges.

¹² “The main reason to include borrowing purposes [...] is to safeguard against borrowing for speculative investments or to finance expenditures that have neither been included in the annual budget nor approved by the parliament or congress in some other fashion¹² (The Debt Management Performance Assessment Tool (DeMPA, page 10), World Bank, 2015).

The dimension also examines if the debt legal or regulatory framework mentions that SNGs and public corporations are covered by the same arrangements as the central government. When they are not covered by those arrangements, the framework should clearly state whether SNGs and public corporations are allowed to use the instrument, and when they are, point to the corresponding arrangements¹³.

Climate finance may generate specific needs in terms of reporting. Thus, assessors need to identify whether systems in place can capture the information needed for all types of instruments used in the country. This will enable to determine the comprehensiveness of the reports produced. Systems in place include those used to monitor the costs and physical progress of projects benefitting from the proceeds, in addition to those used to manage debt data (e.g., specialized software; software used for recording both foreign and domestic debt and the government guarantees).

Assessors should mention in the narrative whether such reports are publicly available.

¹³ The specific arrangements may be described under a specific regulation.

CRPFM 8-CLIMATE RESPONSIVE PUBLIC PROCUREMENT

GUIDING QUESTION

Does the government take climate change impacts into account when planning and executing procurement decisions?

DESCRIPTION

This indicator examines the extent to which climate change mitigation and adaptation measures are embedded into key aspects of procurement management. It measures the extent to which the government purchases goods, services and works that cause minimal adverse impacts on climate change. It also evaluates resilience and responsiveness of the procurement system to climate induced risks, and responsiveness of the system to climate induced disasters. It contains four dimensions.

DIMENSION AND SCORING

CRPFM—8.1. CLIMATE RESPONSIVE PUBLIC PROCUREMENT FRAMEWORK

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	The framework establishes clear criteria to determine what products or services count as climate responsive and the scope of procurement operations subject to climate responsive procurement principles. It sets quantitative targets, priorities and timeframes. Quantitative targets have been reached during the last completed fiscal year. There is an operational body, unit or team in charge of the development of the framework, and support to the users.
B	The framework establishes clear criteria to determine what products or services count as climate responsive and the scope of procurement operations subject to climate responsive procurement principles. It sets quantitative targets, priorities and timeframes.
C	The framework establishes clear criteria to determine what products or services count as climate responsive and the scope of procurement operations subject to climate responsive procurement principles.
D	Performance is less than required for a C score.

CRPFM—8.2. CLIMATE RESPONSIVE PUBLIC PROCUREMENT OPERATIONS

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	Climate responsive standards are used to help determine tender requirements and specifications, or award criteria. Climate responsive criteria are included in contract performance clauses. Climate responsive procurement examples or templates are included into framework agreements for commonly procured goods. Life-cycle costing is included as a cost element at the award stage of a procurement procedure. There are simplified procedures and templates to expedite procurement for response to climate induced disasters. Circumstances of their activation are clearly defined.
B	Climate responsive standards are used to help determine tender requirements and specifications, or award criteria. Climate responsive criteria are included in contract performance clauses. Climate responsive procurement examples or templates are included into framework agreements for commonly procured goods. There are simplified

	procedures and templates to expedite procurement for response to climate induced disasters. Circumstances of their activation are clearly defined.
C	Climate responsive standards are used to help determine tender requirements and specifications, or award criteria. There are simplified procedures and templates to expedite procurement for response to climate induced disasters.
D	Performance is less than required for a C score.

CRPFM—8.3. CLIMATE RESPONSIVE PUBLIC PROCUREMENT MONITORING

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	There is a high-level of compliance of contract awards and implementation with climate responsive specifications of tenders and contracts. There is an operational system in place for ensuring the compliance of emergency procedures used in case of climate induced disasters. Procurement operations related to climate induced disasters were compliant with emergency procedures. Procurement databases or records capture specific information on climate responsive procurement and include emergency procurement. There are no material concerns about their completeness and accuracy.
B	Compliance of contract awards and implementation with climate responsive specifications of tenders and contracts is verified. There is an operational system in place for ensuring the compliance of emergency procedures used in case of climate induced disasters. Procurement databases or records capture specific information on climate responsive procurement and include emergency procurement. Their completeness and accuracy are verified.
C	Compliance of contract awards and implementation with climate responsive specifications of tenders and contracts is verified. There is an operational system in place for ensuring the compliance of emergency procedures used in case of climate induced disasters. Procurement databases or records capture specific information on climate responsive procurement and include emergency procurement.
D	Performance is less than required for a C score.

CRPFM—8.4. CLIMATE RESPONSIVE PUBLIC PROCUREMENT REPORTING

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	A report on climate responsive procurement, which includes statistics and refers to the targets and priorities set in the national framework, is published and submitted to the legislature. Benefits and outcomes of climate responsive procurement have been assessed at least once during the last three completed fiscal years. Indicators of performance for public procurement include indicators on climate responsive procurement. A report on emergency procurement operations, which includes an analysis of their implementation, is published.
B	A report on climate responsive procurement, which includes statistics and refers to the targets and priorities set in the national framework, is published and submitted to the legislature. A report on emergency procurement operations is published.
C	A statistical report on climate responsive procurement is produced. Emergency procurement operations are reported.
D	Performance is less than required for a C score.

RELATED PEFA INDICATOR/DIMENSION

PI-24. Procurement

COVERAGE

Central government.

TIME PERIOD

CRPFM-8.1, 8.2. and 8.3. Last completed fiscal year

CRPFM-8.4. Last completed fiscal year (covering the last three completed fiscal years for the assessment of the CC responsive procurement)

MEASUREMENT GUIDANCE

Significant public spending takes place through the public procurement system. Governments can make an important contribution towards GHG emission reduction targets by using their purchasing power to choose goods, services and works with a reduced environmental impact. Climate change adaptation can also be incorporated into public procurement processes to maximize value in long-term public investments and reduce future climate related losses to create a more resilient state. Procurement staff need proper direction and tools to ensure their acquisitions contribute to a more sustainable use of natural resources. A well-functioning climate-friendly procurement system provides this necessary guidance. It ensures that procurement decisions are based on the importance of the circular economy and adaptive procurement to reduce GHG emissions and improve resilience

Although the indicator does not assess the significance of climate responsive procurement in the government's total procurement, assessors may provide some quantitative figures to the extent possible.

Dimension CRPFM-8.1. assesses the features of the climate responsive policy framework. A clear transparent policy framework with understandable definitions, targets and priorities for climate sensitive procurement is instrumental in helping public entities achieve environmental goals. The products, services and works prioritized for green and adaptive procurement should be clearly identified. In addition, the dimension assesses the implementation of the framework by stating whether the quantitative targets set by the framework have been reached. Finally, a specific body, such as a national agency, or other unit or team should be established to maintain and develop the framework, in particular by facilitating innovative procurement, and ensure that green procurement is a strategic tool shared by all budgetary units. Adoption of the framework by all staff in charge of procurements also depend on promotion, capacity-building of staff in charge of procurement, which could be implemented by a specific body responsible for climate responsive procurement.

Assessors may provide information on the nature and content of the climate responsive framework: type of procurement operations, goods, works and services covered, sectors concerned, nature of targets and priorities, etc.

Dimension CRPFM-8.2. assesses the extent to which the government's operating procedures, tools and instruments support green and adaptive procurement elements to achieve optimal value for money in the context of life-cycle analysis. If not carefully implemented, a climate sensitive procurement framework can falter on practical issues such as which procedure to use, what criteria to apply, and how to properly assess and verify environmental claims. Hence, this dimension focuses on inclusion of climate impact factors, to the maximum extent practicable for all applicable procurements, in the planning, award, and execution phases of the acquisition process. It also assesses the existence of emergency procedures which can be used in case of climate induced disasters.

A description of the climate related criteria included in the tenders or the contract would be welcome.

Dimension CRPFM-8.3. measures the extent to which climate responsive operations are monitored. The dimension assesses both the existence of a system ensuring that climate-sensitive requirements are fulfilled by suppliers and that delivered goods and services meet the contract criteria is assessed, and the level of compliance. Similarly, emergency procedures have to comply with their own set of rules. System of monitoring, through databases or records, must provide specific information related to the climate related specificities of the contracts.

Dimension CRPFM-8.4. assesses the reporting on climate responsive procurement. Reports include statistical information and compare the actual results of procurement to the targets and priorities set in the framework assessed by CRPFM-8.1. At least once during the last three completed fiscal years, benefits and outcomes of the climate responsive procurement framework are assessed. This assessment takes into account other policies of the government which might hinder the procurement framework, such as tax, customs or investment policies. Statistics about emergency procurement operations should also be reported during the post-disaster phase. They should include an analysis of the implementation of the emergency procedure. Functional analysis and feedback are key for the improvement of the system in order to better prepare new crisis in the country or elsewhere. In case, there has not been any climate related disaster in the period covered by the assessment, this part of the requirement is not applicable. These reports should be submitted to the legislature and made available to the public.

CRPFM 9- CLIMATE RESPONSIVE REVENUE ADMINISTRATION

GUIDING QUESTION

Are climate change mitigation and adaptation objectives supported by revenue administration systems?

DESCRIPTION

This indicator measures the government’s capacity to implement tax policies aimed at reducing GHG emissions and increase resiliency. It also evaluates the extent to which revenue collection generates arrears. It contains two dimensions and uses the conversion table for aggregating dimension scores.

DIMENSIONS AND SCORING

CRPFM—9.1. CLIMATE RELATED TAX MANAGEMENT, AUDIT AND INVESTIGATION

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	For climate related taxes, a structured and systematic approach for assessing and prioritizing compliance risk, is used. GHG emitters are registered in a database, which is accurate and comprehensive, and linked to the taxpayer database. A documented compliance improvement plan exists comprising mitigation activities in respect of identified high risks covering climate related taxes. Planned audit and investigations have been completed as intended. Penalties for non-compliance exist and are effective.
B	For climate related taxes, a structured and systematic approach for assessing and prioritizing compliance risk, is used. GHG emitters are registered in a database, which is linked to the taxpayer database. Accuracy and completeness of the emitters’ database are regularly controlled. A documented compliance improvement plan exists comprising mitigation activities in respect of identified high risks covering climate related taxes. Planned audit and investigations have been completed as intended.
C	For climate related taxes, a partly structured and systematic approach for assessing and prioritizing compliance risk, is used. GHG emitters are registered in a database, which may not be fully and consistently linked with the taxpayer database. Part of the planned audit and investigations have been completed.
D	Performance is less than required for a C score.

CRPFM—9.2. CLIMATE RELATED TAX ARREARS

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	The stock of total climate related tax arrears at the end of the last completed fiscal year is below 10 percent of the total climate related tax arrears collection for the year.
B	The stock of total climate related tax arrears at the end of the last completed fiscal year is below 20 percent of the total climate related tax arrears collection for the year.
C	The stock of total climate related tax arrears at the end of the last completed fiscal year is below 40 percent of the total climate related tax arrears collection for the year.
D	Performance is less than required for a C score.

RELATED PEFA INDICATOR/DIMENSION

PI-19 Revenue administration

COVERAGE

Budgetary central government

TIME PERIOD

Last completed fiscal year

MEASUREMENT

Climate related taxes are part of the environmental taxes, defined as taxes whose tax base is a physical unit (or a proxy of it) that has a proven specific negative impact on the environment. They include carbon tax, energy tax, emission tax, carbon border adjustments. Other environmental taxes (on waste, water, non-climate related chemical pollutants) are not covered by this indicator.

When there are no climate related taxes, this indicator is not applicable (NA).

The indicator measures both the management, control and audit and the arrears of climate related tax. The alignment of the tax policy with CC strategies is covered by CRPFM-1. The evaluation of the impact of the whole fiscal policy on climate change is assessed by CRPFM-13 while CRPFM-4 assesses the extent to which the legislature takes this impact into consideration when scrutinizing the budget. Tax expenditure are also excluded from the scope of this indicator but are captured by the indicators above mentioned.

Dimension CRPFM-9.1 assesses the extent to which agencies in charge of collecting climate related taxes ensure the compliance of the system. To ensure compliance, the collecting agencies should put in place a structured and systematic approach for assessing and prioritizing compliance risk. In case of a emission-based tax, the emitters should be comprehensively and accurately registered in a database linked with the taxpayer database. In addition, collecting agencies should implement a program of audits and investigation, on the basis of a documented compliance improvement plan. Penalties for non-compliance must be effective, which means that they are set sufficiently high to act as deterrence and are consistently administered.

Dimension CRPFM-9.2 assesses the extent of proper management of climate related tax arrears within the revenue entity by focusing on the level of revenue arrears. Among other factors, effectiveness of the climate tax depends on the ability of the revenue agency to collect the taxes that are due. A proper management of arrears will ensure that revenue administrations maximize their collection before they become uncollectable, and that the system can hardly be bypassed. Furthermore, the annual level of climate related tax arrears gives an indication of the effectiveness of the collection. The comparison with the average level of revenue arrears as calculated by dimension PI-19.4 of the PEFA framework may give an indication on the extent to which the management of climates related taxes is comparable to the management of the other taxes.

CRPFM 10- COMPLIANCE OF CLIMATE RELATED EXPENDITURE

GUIDING QUESTION

Has the government put in place a system to assess the compliance of expenditure with climate related criteria?

DESCRIPTION

This indicator measures the extent to which efficient control systems are in place to guarantee the compliance of payments with climate change criteria. It contains two dimensions and uses the conversion table for aggregating dimension scores.

CRPFM—10.1. EFFECTIVENESS OF THE SYSTEM OF CONTROLS

A	The legal or regulatory framework provides a system of controls of the climate conditionalities of transactions. Controls are performed at the commitment and payment stage. Evidence shows that the control system is effective, covers all categories of climate related transactions, and that emergency payments are compliant with the procedures. The control system has been audited at least once during the last three completed fiscal years.
B	The legal and regulatory framework provides a system of controls of the climate conditionalities of transactions. Controls are performed at least at payment stage. Evidence shows that the control system is effective, covers the major categories of climate related transactions, and that emergency payments are compliant with the procedures. The control system has been partially audited at least once during the last three completed fiscal years.
C	The legal and regulatory framework provides a system of controls of the climate conditionalities of transactions procedures. Controls are performed at least at payment stage. Evidence shows that the control system is partially effective and provides partial coverage.
D	Performance is less than required for a C score.

CRPFM—10.2. AUDIT OF THE COMPLIANCE OF TRANSACTIONS

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	Audits and fraud investigations are conducted for all categories of climate related transactions to ascertain that public monies have been used for the proper climate objectives. They include the use of climate related monies by receiving entities. There is an effective mechanism for recovering undue transactions.
B	Audits and fraud investigations are conducted for the major categories of climate related transactions to ascertain that public monies have been used for the proper climate objectives. They include the use of climate related monies by receiving entities. There is a mechanism for recovering undue transactions.
C	Audits and fraud investigations are conducted for climate related transactions to ascertain that public monies have been used for the proper climate objectives, but their coverage is partial.
D	Performance is less than required for a C score.

RELATED PEFA INDICATOR/DIMENSION

PI-25. Internal controls on non-salary expenditure

COVERAGE

Budgetary central government.

TIME PERIOD

Last completed fiscal year

MEASUREMENT GUIDANCE

The legal or regulatory framework provides a system of controls of the climate conditionalities of transactions. Controls are done at the commitment and payment stage. Evidence shows that the control system is effective and covers all categories of climate related transactions. The control system has been audited at least once during the last three completed fiscal years.

Dimension CRPFM-I0.1 assesses the extent to which the system of ex-ante control in place ensures that climate related transactions are compliant with their intent. A regular audit, either through internal or external audit, guarantees that the control system is effective. To evaluate this dimension, assessors should refer to the procedures, information management system, the Treasury department records, or any other records of the MoF or line ministries. A sampling approach can be applied, using the three major budgetary units implementing climate change actions as measured by gross expenditure in the last completed fiscal year. If data is not available or is decentralized, assessors could rely on internal or external audit reports or any other studies which could provide the best available estimates.

This dimension focuses on systems in place for budgetary central government. Categories of climate related transactions include subsidies to households, earmarked transfers to extra budgetary units and subnational governments, subsidies to private sector, climate related investment, green procurement.

Reference to systems in place at SNG level, for extra budgetary units and public corporations are covered under CRPFM-11 and CRPFM-5 respectively.

Dimension CRPFM-I0.2 assesses the extent to which there is a system of control of the use of public monies after transactions have been operated. Audits and fraud investigations are crucial to ensure that monies have been used for their climate related purpose. This dimension covers all entities in charge of implementing climate change policies. Thus, assessors will explain in the narrative whether there is a system in place for SNGs, extra budgetary units and public corporations to report back to the budgetary central government against the use of monies allocated by transfers - or refer to CRPFM-11 and CRPFM-5 respectively.

Assessors will need to establish the full list of categories of climate related transactions, before checking which categories were covered by audit and fraud investigations during the last completed fiscal year. An A score requires that categories representing 90% or more of all climate related transactions are covered. A B score requires that categories representing 50% or more of all climate related transactions are covered. There is no materiality required for a C score.

CRPFM II- CLIMATE RESPONSIVE FISCAL DECENTRALIZATION FRAMEWORK

GUIDING QUESTIONS

How does the PFM system enable the subnational governments to contribute to the climate change mitigation and adaptation strategy?

DESCRIPTION

This indicator measures the extent to which fiscal decentralization arrangements factor climate change in order to facilitate and encourage local climate policies conducted by subnational governments (SNGs), ensuring the translation of a vertical integration of climate change objectives. It contains three dimensions.

DIMENSIONS AND SCORING

CRPFM—II.1. CLIMATE RESPONSIVE FISCAL DECENTRALIZATION ARRANGEMENTS

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	The legal and regulatory framework clearly states the competencies and mandates of SNGs related to climate change mitigation and adaptation. Resources allocated to SNGs allow them to implement their competencies and mandates related to climate change. Evaluation of the implementation of these mandates and competencies has been conducted and published at least once during the last three completed fiscal years.
B	The legal and regulatory framework clearly states the competencies and mandates of SNGs related to climate change mitigation and adaptation. Evaluation of the implementation of these mandates and competencies has been conducted at least once during the last three completed fiscal years.
C	The legal and regulatory framework clearly states the competencies and mandates of SNGs related to climate change mitigation and adaptation.
D	Performance is less than required for a C score.

CRPFM—II.2. CLIMATE RESPONSIVE FISCAL TRANSFERS

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	Climate change related conditional transfers are associated with objectives aligned with the national climate change strategy. SNGs report annually to central government on the use of climate related transfers from CG. The horizontal allocation of unconditional transfers is partly based on climate related criteria and/or in case of performance-based transfers, climate change is considered as part of the performance indicators.
B	Climate change related conditional transfers are associated with objectives aligned with the national climate change strategy. SNGs report annually to central government on the use of climate related transfers from central government.
C	Climate change related conditional transfers are associated with objectives aligned with the national climate change strategy.
D	Performance is less than required for a C score.

CRPFM—11.3. CLIMATE RESPONSIVE PFM ARRANGEMENTS APPLIED BY SUBNATIONAL GOVERNMENTS

The fiscal decentralization arrangements satisfy the following criteria:

1. National arrangements for tracking climate related expenditure are applied to SNGs
2. The climate change related investment framework covers SNGs.
3. Procedures and rules for the transfer and disposal of CC sensitive non-financial assets apply to SNGs.
4. The legal or regulatory framework for climate related debt and guarantees specifies arrangements for SNGs.
5. The climate related procurement framework covers SNGs.

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	At least Four of the following elements are fulfilled.
B	Three of the following elements are fulfilled.
C	Two of the following elements are fulfilled.
D	Performance is less than required for a C score.

RELATED PEFA INDICATOR/DIMENSION

PI-7. Transfers to subnational governments

COVERAGE

Central government and the subnational governments which have direct financial relationships with CG.

TIME PERIOD

CRPFM-11.1 At time of assessment covering the last three completed fiscal years

CRPFM-11.2 Last completed fiscal year

CRPFM-11.3 At time of assessment

MEASUREMENT GUIDANCE

Subnational governments are a key stakeholder in the implementation of climate change adaptation and mitigation policies. They are commonly in charge of activities which are crucial for both adaptation and mitigation, such as urban transportation, land management, housing, building of local infrastructures. Hence the decentralization arrangements should facilitate the climate friendly local initiatives, in particular by enabling the SNGs to access the necessary resources (transfers, local taxes, bonds). In addition, SNGs are a major user of public procurement and public investment.

Dimension CRPFM-11.1 assesses the extent to which the fiscal decentralization arrangements take climate change into consideration. The legal and regulatory framework states the mandates and competencies of SNGs regarding activities pertaining to climate change mitigation and adaptation. This provides clarity on what is implemented by CG, on one hand, and by SNGs, on the other hand. It includes the responsibilities of SNGs related to the financial management of climate-related disasters. Resources allocated to SNGs allow them to implement their competencies and mandates related to climate change. These resources include both conditional and unconditional transfers, shared taxes, as well as the right to levy local taxes, or other revenue. In particular, assessors will have a look at whether transfers of climate change related competences have occurred during the last three completed fiscal

years and whether these transfers have been evaluated and the corresponding resources have been discussed.

The way SNGs use their competencies and apply their mandates related to climate change should be regularly evaluated, at least once every three years. This evaluation can be conducted by the SAI, the ministry in charge of climate change, the ministry in charge of subnational governments, or other agencies.

Assessors may mention in the narrative whether SNGs have conducted climate change related activities beyond the mandate devoted (under the general jurisdiction clause) and whether they have adequate resources to conduct such initiatives.

Dimension CRPFM-II.2 assesses the extent to which the transfer system takes climate change into consideration. Climate change related conditional transfers are associated with targets aligned to the national climate change strategy. The objectives may be qualitative or quantitative, and concern either activities, outputs or outcomes. They may be set annually, or for a multi-year period, in a national law or regulation covering the transfer, or in each regulation affecting the transfer for a specific SNG. In any case, the text setting the objectives should refer to the national CC strategy.

SNGs should report annually to CG on the use of climate related transfers from CG. Tracking of climate change related expenditure incurred by SNGs is necessary to get a full picture of the general government action for climate. This entails that SNGs put in place a system to (i) track climate change related expenditure and any related required information and (ii) secure that conditional transfers and financing proceeds are used for the correct intent.

Finally, climate change related criteria could be introduced in the system for the horizontal allocation of unconditional transfers as well as in the performance indicators for performance-based grants.

Dimension CRPFM-III.3 assesses the extent to which some of the CG PFM arrangements also concern subnational governments:

1. Arrangements for tracking climate change related expenditure, as assessed under CRPFM-2, are applied by subnational governments. It covers both expenditures funded through transfers from CG and expenditures funded through own resources (fees, local taxes and grants from other stakeholders than the CG).
2. The climate change related investment framework, as assessed under CRPFM-5 covers SNGs. An explicit legal or regulatory investment framework express the mitigation objectives and the adaptation requirement for investment programs and projects. It means that depending on their nature and/or importance, any public investment should be compliant with adaptation and mitigation targets. Because of the significance of local investments in total public investment, it is crucial that SNGs are covered by such frameworks.
3. Procedures and rules for the transfer and disposal of climate change sensitive non-financial assets, as assessed under CRPFM-6, apply to SNGs. When there is no specific arrangement for climate change sensitive non-financial assets, this element is NA.
4. The legal or regulatory framework for debt and guarantees, as assessed under CRPFM-7, specifies the arrangements for SNGs. When there is no specific arrangement, this element is NA.
5. The green procurement framework, as assessed under CRPFM-8, covers SNGs. When there is no green procurement framework, this element is NA.

Scoring of the dimension will be adjusted depending on the number of elements that are applicable:

SCORE	If 4 applicable elements	If 3 applicable elements	If 2 applicable elements
A	4 criteria met	3 criteria met	2 criteria met
B	2 criteria met	2 criteria met	1 criterion met
C	1 criterion met	1 criterion met	

CRPFM 12- CLIMATE RELATED PERFORMANCE INFORMATION

GUIDING QUESTIONS

Do the executive’s budget proposal or supporting documentation include climate change related information on planned and actual performance of climate related programs and services?

DESCRIPTION

This indicator measures the extent to which information on planned and achieved performance covers the climate change adaptation and mitigation policies and is included in budget documentation. It contains two dimensions and uses the conversion table for aggregating dimension scores.

DIMENSIONS AND SCORING

CRPFM—12.1. CLIMATE RELATED INFORMATION IN PERFORMANCE PLANS

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	Climate related objectives, key performance indicators, outputs AND outcomes are assigned to climate related programs and activities. Indicators are consistent with those established in the national climate change strategy/plan. Performance information is available in the budget or supporting documentation submitted to the legislature and published.
B	Climate related objectives, key performance indicators, outputs OR outcomes are assigned to climate related programs and activities. Performance information is available in the budget or supporting documentation submitted to the legislature and published.
C	Performance targets are assigned to climate related programs and activities. Performance information is available in the budget or supporting documentation submitted to the legislature.
D	Performance is less than required for a C score.

CRPFM—12.2. CLIMATE RELATED INFORMATION IN PERFORMANCE REPORTS

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	Climate related achieved outcomes AND produced outputs are reported for climate related programs and activities. Performance is reported against indicators that are consistent with those established in the national climate change strategy/plan. Reports are submitted to the legislature and published.
B	Climate related achieved outcomes OR produced outputs are reported for climate related programs and activities. Reports are submitted to the legislature and published.
C	Achieved performance is reported for climate related programs and activities. Reports are submitted to the legislature.
D	Performance is less than required for a C score.

RELATED PEFA INDICATOR/DIMENSION

PI-8 Performance information for service delivery

PI-8.1 Performance plans for service delivery (for CRPFM-12.1)

PI-8.2 Performance achieved for service delivery (for CRPFM-12.2)

COVERAGE

Budgetary central government

TIME PERIOD

CRPFM-12.1. Last budget submitted to the legislature

CRPFM-12.2. Last completed fiscal year

MEASUREMENT

Dimensions CRPFM-12.1 and 12.2 assess the extent to which the information on planned and achieved performance covers the climate change related programs and include climate change targets for other programs. Promoting the efficiency and effectiveness of public policies is a core objective of the public financial management system. The inclusion of performance information within budgetary documentation is considered international good practice. It strengthens the accountability of the executive for the planned and achieved outputs and outcomes of government programs and services.

The extent to which information on performance is detailed and comprehensive is captured in the PEFA indicator PI-8. Dimension 8.1 and 8.2 capture the existence of information on activities to be performed, outputs to be produced, planned outcomes, and key performance indicators. Dimensions CRPFM 11.1 and 11.2 do not assess the comprehensiveness of the performance information system but rather if this system is climate responsive.

At least, the budget of programs belonging to the climate change related adaptation and mitigation policies, as they are defined in the report, should be assigned with performance targets, accordingly to the national performance system. Targets are aligned to the national climate strategies or plans (or in their absence to the NDCs). When there is no program budgeting, assessors should have a look at the budget of agencies in charge of those policies. For example, a subsidy for insulating public housing may be assigned with a planned output of number of housing units covered while its outcomes would be the decrease of energy consumption and the consequent reduction of GHG emissions. The budget of an agency in charge of enforcing the gas emissions of motor vehicles may have a planned output of number of controls.

Performance indicators should be associated with the budget documents and reports on achieved performance should be submitted to the legislature.

CRPFM 13- CLIMATE RELATED EVALUATION

GUIDING QUESTIONS

Does the government carry out evaluations of its expenditure and revenue climate related measures?

DESCRIPTION

This indicator measures the existence of an evaluation of the climate change related programs as well as the inclusion of climate change in the evaluation of other programs. It covers both expenditure and revenues. It contains two dimensions and uses the conversion table for aggregating dimension scores.

DIMENSIONS AND SCORING

CRPFM-13.1. CLIMATE RELATED EVALUATION OF EXPENDITURE

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	Independent evaluation of climate related programs and activities has been carried out and published at least once in the last three years. Evaluation of programs and activities indirectly contributing to climate change adaptation and mitigation, including programs and activities that undermine climate policy, have included a part devoted to impact on climate.
B	Evaluation of climate related programs and activities has been carried out and published at least once in the last three years.
C	Evaluation of climate related programs and activities has been carried out at least once in the last three years.
D	Performance is less than required for a C score.

CRPFM-13.2. CLIMATE RELATED EVALUATION OF TAXES

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	Independent evaluation of the contribution of the tax policy to climate change has been carried out and published at least once in the last three years. It includes both the climate related taxes and the taxes that are likely to undermine climate policy goals.
B	Evaluation of the contribution of climate related taxes to climate change has been carried out and published at least once in the last three years.
C	Evaluation of the contribution of climate related taxes to climate change has been carried out at least once in the last three years.
D	Performance is less than required for a C score.

RELATED PEFA INDICATOR/DIMENSION

PI-8.4 Performance evaluation for service delivery

COVERAGE

Budgetary central government

TIME PERIOD

Last three completed fiscal years.

MEASUREMENT

Dimension CRPFM-13.1 assesses the extent to which the design of climate related public policies is assessed in a systematic way through evaluations. It also assesses whether the impact on climate of programs and activities which contribute indirectly to CC objectives is evaluated. These programs and activities belong to the sectors of transportation, housing, urban planning, agriculture, among others.

Independent evaluations in this context are those undertaken by a body that is separate from, and not subordinate to, the body that delivers the service. It could be a part of the same unit that has a separate reporting line to the CEO, or a senior management committee. For example, it could be a department with specific responsibilities for independent evaluation or review across the unit, including an internal audit department. Such evaluations may also be undertaken by the government's external auditor and may be called 'performance audits.' The narrative should describe the body in charge of the evaluation, in particular the extent to which it has developed the necessary technical skills to conduct climate related evaluations. Supreme Audit Institutions play an important role as an external oversight body in auditing climate responsive engagement. Finally, policies and programs such as subsidy payments for fossil fuel use should also come under scrutiny. Those payments can directly or indirectly subsidize the consumption of fossil fuel (e.g. conversion premiums to switch cars which are also open to ICE vehicles).

Evaluations of investment projects belong to this indicator. They can be part of the evaluation of a program or specific to an investment project.

Dimension CRPFM-13.2 assesses the extent to which the tax policy can contribute to tackle climate change. Tax policies can have a major impact on climate. Climate related taxes, such as carbon taxes, by increasing the cost of carbon products create incentives for producers and consumers to modify their energy consumption to lower-carbon energy sources. However, there remains tax policies, like tax exemption for certain types of oil products or differentiated taxations, which have an opposite effect. Sometimes these climate harmful tax systems are applied alongside carbon taxes. Therefore, it is crucial that the government carries out an evaluation of the contribution to climate of its tax policy at a whole.

When carbon related taxes are allocated to cover climate related activities, assessors should verify that the use of these resources is also evaluated.

CRPFM 14. EXPENDITURE OUTFURN FOR CLIMATE ACTIONS

GUIDING QUESTION

To what extent does the actual aggregate and detailed climate related expenditures deviate from the originally approved budget?

DESCRIPTION

This indicator measures the extent to which climate related expenditures reflect the amounts originally approved, as defined in government budget documentation and end-of-year reports, both at the aggregate and at the detailed level. It contains two dimensions and uses the conversion table for aggregating dimension scores.

DIMENSIONS AND SCORING

CRPFM—14.1. AGGREGATE CLIMATE RELATED EXPENDITURE OUTFURN

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	Aggregate climate related expenditure outturn was between 95% and 105% of the approved aggregate expenditure for climate actions in at least two of the last three years.
B	Aggregate climate related expenditure outturn was between 90% and 110% of the approved aggregate expenditure for climate actions in at least two of the last three years.
C	Aggregate climate related expenditure outturn was between 85% and 115% of the approved aggregate expenditure for climate actions in at least two of the last three years.
D	Performance is less than required for a C score.

CRPFM—14.2. CLIMATE RELATED EXPENDITURE COMPOSITION OUTFURN

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	Variance in climate related expenditure composition by program, administrative or functional classification was less than 5% in at least two of the last three years.
B	Variance in climate related expenditure composition by program, administrative or functional classification was less than 10% in at least two of the last three years.
C	Variance in climate related expenditure composition by program, administrative or functional classification was less than 15% in at least two of the last three years.
D	Performance is less than required for a C score.

RELATED PEFA INDICATOR/DIMENSION

PI-1.1. Aggregate expenditure outturn and PI.2.1. Expenditure composition outturn by function

COVERAGE

Budgetary central government

TIME PERIOD

Last three completed fiscal years

MEASUREMENT GUIDANCE

In this indicator, “climate related expenditure” is compliant with the definition provided by the government in the inception questionnaire and referred to under CRPFM 2-Tracking climate related expenditure.

CRPFM-14 assesses the extent to which actual climate expenditures deviate from the original, approved budget. This indicator is the exact replication of dimensions 1.1 (Aggregate expenditure outturn) and 2.1 (Expenditure composition outturn by function) of PEFA 2016 Framework, with a specific focus on climate related expenditures. The focus aims at getting an idea on whether the strategic policy priorities are actually implemented – using only two figures.

Dimension CRPFM-14.1 focuses on aggregate expenditure which includes planned expenditures and those incurred as a result of exceptional events—for example, natural disasters. Expenditures on such events may be met from contingency votes. Expenditures financed by windfall revenues, including privatization, should be included and noted in the supporting fiscal tables and narrative. Climate related expenditures financed externally by loans or grants should be included, if reported in the budget, along with contingency vote(s) and interest on debt.

Climate related expenditures include transfers and subsidies of any kind, including to other levels of government. When relevant in the country context, such expenditures also include interest and other costs related to debt but not repayment of the principal.

Dimension CRPFM-14.2 measures the difference between the original, approved budget and end-of-year outturn in expenditure detailed by program, administrative or functional classification, which excludes contingency items and interest on debt.

While a classification by function or program may provide a more useful basis for comparison of the climate policy intent than would an administrative classification, budgets are sometimes adopted and managed on the basis of an administrative classification only. The same basis should be used for comparing the originally approved budget and the budget outturn.

The detailed level of deviation provided by CRPFM-14.2 lays the ground for a deeper analysis and possibly adjustments in priorities when used in the light of CRPFM-1 on Budget alignment with climate change strategies.

Both dimensions can be calculated using either cash-based accounting or accrual-based accounting. The basis chosen should be noted and used consistently in all indicator assessments. In a cash-based accounting system data on payments is required for scoring even with a modified cash accounting system. If payment data is not available, the PEFA Climate report narrative will need to elaborate on the reasons why, and on the most relevant data to be used instead.

The methodology for calculating both dimensions of this indicator is provided in a spreadsheet in Annex. Calculations for the dimensions should be included in the PEFA Climate assessment report as an Annex.

Section 3: Report Structure

About the assessment

The decision to undertake a PEFA Climate assessment is at the discretion of country authorities. The PEFA Climate assessment is intended to be conducted on a voluntary basis concurrently with a PEFA assessment and presented as an add-on to the PEFA report. This would allow to capitalize on data already collected during the PEFA assessment process and result in cost and resource efficiency gains.

The PEFA Climate can also be carried out as a stand-alone activity.

About this section

This section provides guidance on the proposed structure of the report on the PEFA Climate assessment. When conducted as part of a regular PEFA assessment, it is recommended that the findings of the Climate assessment be presented in an annex and summarized in other relevant sections of the PEFA report, for example, the executive summary and the section on the government's reform efforts.

The purpose of the assessment is to provide a snapshot at a certain point of time of climate related institutions, systems and processes observed in PFM by (i) comparing these characteristics to the A-D benchmark introduced by the PEFA assessment; and (ii) highlighting the strengths of the system and the opportunities to make PFM more climate responsive.



PEFA ASSESSMENT OF CLIMATE RESPONSIVE PUBLIC FINANCIAL MANAGEMENT

NAME OF COUNTRY

I. INTRODUCTION

[1/2—1 page]

Purpose

The introductory section presents the purpose of the PEFA Climate assessment and if and how the findings of the assessment are expected to feed discussions on public financial management improvements.

Background

The subsection presents an overview of the current status of mainstreaming climate change into PFM.

It starts with the “**country climate profile**” as drawn from the inception questionnaire, including the government’s strategy, action plans, and climate change initiatives. In particular, the country climate profile highlights **what constitutes for a country “climate change expenditure” based on the policies in place. This definition and the specifics of the climate profile of the country will be used throughout the assessment.**

It also sets the enabling arrangements in place for climate change, that is:

- *Legal and policy framework.* Specific climate related provisions included – or lacking- in key laws and regulations
- *Institutional structures.* Responsibility and roles of key stakeholders involved in climate change mainstreaming in PFM
- *Coordination mechanisms for climate change mainstreaming.* Vertical and horizontal coordination mechanisms, for example, between finance and line ministries, specific climate change agency and relevant line ministries, arrangements in place with subnational governments, extrabudgetary units and public corporations when they are in charge of implementing climate change strategies, relationship with civil society organizations,

including climate change advocacy groups, relationship with development partners, if relevant

- *Capacity of relevant stakeholders to perform climate change mainstreaming in PFM.*

2. ASSESSMENT FINDINGS AND WAY FORWARD

[1 page]

Main findings

This section provides an overview of findings of the assessment of existing practices compared with the PEFA Climate framework. It focuses on key PFM tools and processes in place to support the implementation of climate change policies, and how they contribute to the achievement of the three budgetary outcomes while implementing these policies. This section will also highlight possible areas of improvements on the basis of the inputs from the inception questionnaire. The detailed analysis of findings and evidence to score the indicators is presented in section 3 of the report.

The section may include charts highlighting key assessment findings, similar to the ones presented below. Automated charts can be generated from an automated tool that can be obtained upon request at services@pefa.org.

Figure I- Overview of assessment findings

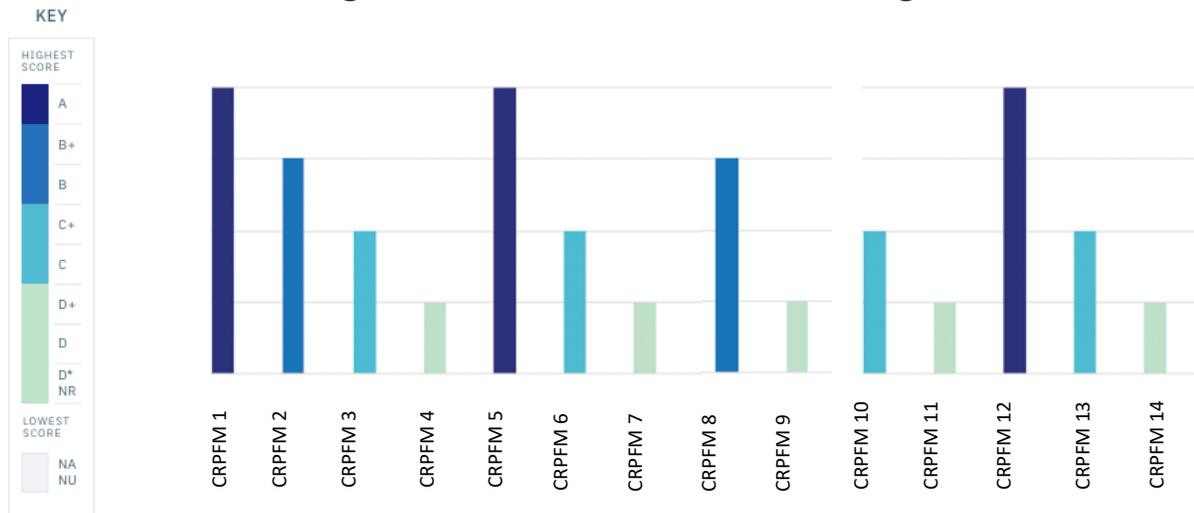
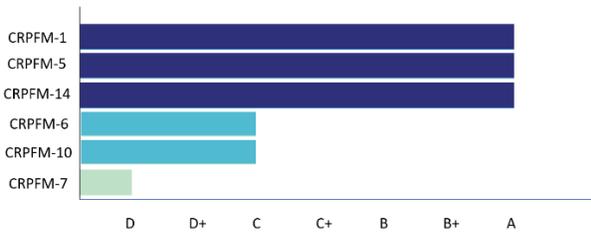
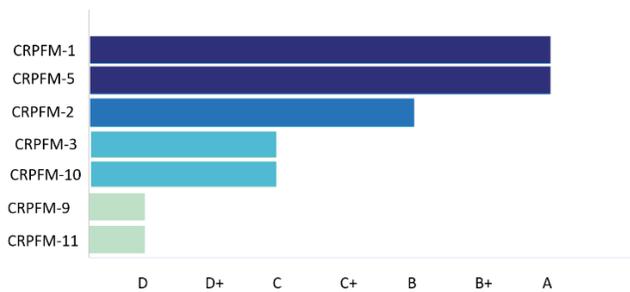


Figure 2-Strengths and areas of improvement

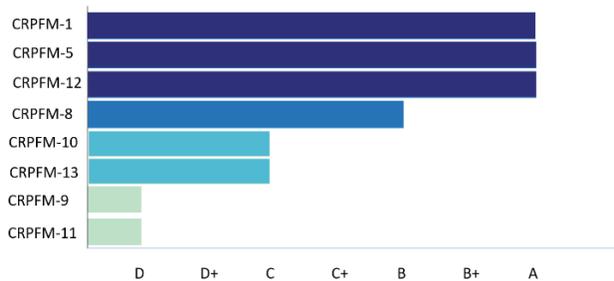
Aggregate fiscal discipline when implementing climate change policies



Strategic allocation of resources for climate change policies



Efficient service delivery when implementing climate change policies



3. DETAILED ASSESSMENT OF CLIMATE RESPONSIVE PUBLIC FINANCIAL MANAGEMENT

The section presents a detailed analysis of each of the indicators or questions by scoring them against the calibration and presenting the evidence to justify the scoring. Where relevant, the section will highlight the possible areas of improvements in the light of the inputs from the inception questionnaire.

CRPFM-1 Budget alignment with climate change strategies

A

The narrative provides an explanation of assessment findings.

CRPFM-2 Tracking climate related expenditure

B

The narrative provides an explanation of assessment findings.

CRPFM-3 Climate responsive budget circular

C

The narrative provides an explanation of assessment findings.

CRPFM-4 Legislative scrutiny

D

The narrative provides an explanation of assessment findings.

CRPFM-5 Climate responsive public investment management

A

The narrative provides an explanation of assessment findings.

CRPFM-6 Climate responsive asset management

C

The narrative provides an explanation of assessment findings.

CRPFM-7 Arrangements for complying with monitoring and reporting on climate related debt and guarantee instruments

D

The narrative provides an explanation of assessment findings.

CRPFM-8 Climate responsive procurement

B

The narrative provides an explanation of assessment findings.

CRPFM-9 Climate responsive revenue administration

D

The narrative provides an explanation of assessment findings.

CRPFM-10 Compliance of climate related expenditure

C

The narrative provides an explanation of assessment findings.

CRPFM-11 Climate responsive fiscal decentralization framework

D

The narrative provides an explanation of assessment findings.

CRPFM-12 Climate related performance information

A

The narrative provides an explanation of assessment findings.

CRPFM-13 Climate related performance evaluation

C

The narrative provides an explanation of assessment findings.

CRPFM-14 Expenditure outturn for climate activities

B

The narrative provides an explanation of assessment findings.

ANNEX I. SOURCES OF INFORMATION

This section provides a summary of the main sources of information and a list of key stakeholders interviewed.

Section 4: Sources of information

Table 4.1 is designed to help PEFA assessors to collect the data needed to conduct a PEFA Climate assessment. Data should be collected prior to the in-country work and then cross-checked with country authorities, climate advocacy groups, civil society representatives, and other relevant stakeholders.

Table 4.1 Data requirements to conduct a PEFA Climate assessment

PEFA Climate Assessment: Data required and sources			
PEFA Climate Indicator	Data required	Data sources	Time period
CRPFM-1 Budget alignment with climate change strategies			
1.1 Budget alignment	For the last budget and budget documentation submitted to the legislature: <ul style="list-style-type: none"> National climate change strategies NDCs Medium term budget estimates Medium term fiscal strategies and report on their implementation Report of the legislature or the legislative committee Strategic plans or sector strategies Budget proposals In-year and end-of year reports 	<ul style="list-style-type: none"> Ministry of Finance Ministries in charge of implementing climate change policies Corroboration by climate advocacy groups or CSOs 	Last budget and budget documentation submitted to the legislature
CRPFM-2 Tracking climate related expenditure			
2.1 Tracking climate related expenditure	<ul style="list-style-type: none"> Methodology for identifying climate change expenditure Structure of budget classification and chart of accounts Evidence that classification(s) are actually used in the budget documents and the chart of accounts 	<ul style="list-style-type: none"> Relevant legislation and regulations identifying the application of the classification Annual budget document provided by the MoF for the last completed fiscal year Copy of the chart of accounts used for the last completed fiscal year 	Last completed fiscal year
CRPFM-3 Budget circular			
3.1 Budget circular	<ul style="list-style-type: none"> Budget circular 	<ul style="list-style-type: none"> MoF (budget department), corroborated by the cabinet (e.g. memoranda) Budgetary units implementing climate change activities 	Last completed fiscal year
CRPFM-4 Legislative scrutiny			
4.1 Legislative scrutiny of budget	<ul style="list-style-type: none"> Budget and budget documents reviewed by legislature, including report on fiscal risks Details of matters covered by the legislature's review, such as records of meetings, findings and committee reports 	<ul style="list-style-type: none"> Legislature committees, corroborated by advocacy, civil society, and interest groups Budget director, secretary or chair of budget committee(s) of legislature, 	Last budget and budget documentation submitted to the legislature

PEFA Climate Assessment: Data required and sources

PEFA Climate Indicator	Data required	Data sources	Time period
	<ul style="list-style-type: none"> Records of legislative sessions and decisions Report on climate related risks Public consultation and corresponding report 	corroborated by advocacy, civil society, and interest groups	
4.2 Legislative scrutiny of audit and evaluation reports	<ul style="list-style-type: none"> Records of hearings and audit reports for the last three completed fiscal years Records of attendance at hearings, particularly concerning the audited entities and Supreme audit institution 	<ul style="list-style-type: none"> Legislature committees, corroborated by advocacy, civil society, and interest groups Internal and/or external audit reports 	Last audit reports or evaluation reports submitted to the legislature.
CRPFM-5 Climate responsive public investment management			
5.1 Climate related provisions in regulatory framework for public investment management	<ul style="list-style-type: none"> Regulatory framework for public investment management 	<ul style="list-style-type: none"> Ministry of finance/planning Agency in charge of public investments, if any Audit reports 	Last audit reports or evaluation reports submitted to the legislature.
5.2 Climate related project selection	<ul style="list-style-type: none"> List of approved/ongoing investment projects with relevant data to identify them as 'major' Documentation of government's central review of major investment projects before inclusion of projects in the budget Documentation on publication and adherence to standard criteria for project selection Details of standard criteria for project selection 	<ul style="list-style-type: none"> Ministry of finance/planning Line ministries and agencies Agency in charge of public investments, if any 	Last completed fiscal year
5.3 Climate related provisions for project appraisal	<ul style="list-style-type: none"> List of approved/ongoing investment projects with relevant data to identify them as 'major' National guidelines to conduct economic analysis Economic analysis documentation of approved/ongoing major investment projects Documentation of the economic analyses review process by an agency other than the sponsoring agency Documented publication of economic analyses results 	<ul style="list-style-type: none"> Ministry of finance/planning Line ministries and agencies Agency in charge of public investments, if any National guidelines to conduct economic analysis Economic analysis of investment projects 	Last completed fiscal year
5.4 Reporting from entities in charge of implementation	<ul style="list-style-type: none"> Report be fin d'exercice 	<ul style="list-style-type: none"> Department in charge of supervising CRPFM-8 	Last completed fiscal year
CRPFM-6 Climate responsive non-financial asset management			
6.1 Climate responsive non-financial asset management	<ul style="list-style-type: none"> Register(s) of fixed assets, possibly with information on their usage and age Register(s) of land, possibly with information on their usage and age 	<ul style="list-style-type: none"> Asset management agency, if any Agency in charge of land management; agency in charge of subsoils 	Last completed fiscal year.

PEFA Climate Assessment: Data required and sources

PEFA Climate Indicator	Data required	Data sources	Time period
	<ul style="list-style-type: none"> Register of subsoil assets where relevant, possibly with information on their usage and age Published document or set of documents related to one or more nonfinancial asset categories above mentioned Rules and regulations related to transfer or disposal of financial and nonfinancial assets Set of documents submitted to the legislature for information or approval Reports containing details of transfers and disposal of assets 	<ul style="list-style-type: none"> Budget and extrabudgetary units holding nonfinancial assets MoF Treasury Internal audit units SAI 	
CRPFM-7 Climate related liabilities			
7.1 Climate related fiscal risks	<ul style="list-style-type: none"> Reports on contingent liabilities by CG and by individual CG entities. Consolidated report on contingent liabilities and information on the frequency of publication. 	<ul style="list-style-type: none"> Annual financial statements Financial or other reports of budgetary units MoF 	Last completed fiscal year.
7.2 Climate related debt and guarantees	<ul style="list-style-type: none"> Primary and secondary legislation for government debt management, including provisions for approving loans; issuing loan guarantees and undertaking debt related transactions and documented policies; operational procedures and guidelines for approval, management, monitoring and reporting of these transactions and annual borrowing provisions. Documented procedures for undertaking debt management transactions. Evidence of approval by government or the legislature 	<ul style="list-style-type: none"> MoF Debt Management office Debt Management entities Central Bank. 	<i>Last completed fiscal year.</i>
CRPFM-8 Climate responsive procurement			
8.1 Climate responsive procurement framework	<ul style="list-style-type: none"> Legal and regulatory framework for procurement Climate related procurement framework (<i>or Green procurement framework</i>) Information on government procurement plans, bidding opportunities, contract awards, resolution of procurement complaints, and annual procurement statistics 	<ul style="list-style-type: none"> MoF, procurement agency, or entities where the procurement monitoring has been centralized. In decentralized systems, see the five CG units with the highest value of procurement 	
8.2 Climate responsive public procurement operations	<ul style="list-style-type: none"> Annual report on procurement Procurement framework agreements for commonly procured goods or services (oil and gas, office cleaning, etc.) Simplified procedures and templates 	<ul style="list-style-type: none"> MoF, procurement agency, or entities where the procurement monitoring has been centralized. In decentralized systems, see the five CG units with the 	CRPFM-8.1, 8.2. and 8.3. Last completed fiscal year CRPFM-8.4. Last completed fiscal year

PEFA Climate Assessment: Data required and sources

PEFA Climate Indicator	Data required	Data sources	Time period
		highest value of procurement <ul style="list-style-type: none"> • procurement data publicly available in official websites • Corroborations from climate advocacy group, civil society or business associations (e.g., chambers of commerce) 	(covering the last three completed fiscal years for the assessment of the CC responsive procurement)
8.3 Climate responsive public procurement monitoring	<ul style="list-style-type: none"> • Procurement databases or records • External or internal audit reports on procurement • Post emergency compliance reports • Climate responsive criteria are included. 	<ul style="list-style-type: none"> • MoF, procurement agency, or entities where the procurement monitoring has been centralized. In decentralized systems, see the five CG units with the highest value of procurement • Corroborations from climate advocacy group, civil society or business associations (e.g., chambers of commerce) 	CRPFM-1, 2, and 3: Last completed fiscal year
8.4 Climate responsive public procurement reporting	<ul style="list-style-type: none"> • Report on public procurement, and/or on green public procurement • Dates of submission of the green procurement report to the legislature • Report on emergency procedures • Evaluation report on green procurement 	<ul style="list-style-type: none"> • MoF, procurement agency, or entities where the procurement monitoring has been centralized. In decentralized systems, see the five CG units with the highest value of procurement • SAI, internal audit units, procurement agency, agency in charge of disaster management for report on emergency procedures • SAI, internal audit units, procurement agency, agency in charge of climate change for evaluation of green procurement • Corroborations from climate advocacy group, civil society or business associations (e.g., chambers of commerce) 	CRPFM-4:
CRPFM-9 Climate responsive revenue administration			
9.1 Climate related tax management, audit and investigation	<ul style="list-style-type: none"> • Information on the procedures and approach used by entities collecting central government revenues to assess and prioritize compliance risks • Evidence of the accuracy and completeness of emitters database • Data on the extent to which audit and fraud investigations are managed 	<ul style="list-style-type: none"> • Documented risk management approach used by revenue authorities to assess and prioritize compliance risks • Documented compliance improvement plan • Status reports on progress in the implementation of 	Last completed fiscal year

PEFA Climate Assessment: Data required and sources

PEFA Climate Indicator	Data required	Data sources	Time period
	<p>and reported on according to a documented compliance improvement plan</p> <ul style="list-style-type: none"> The completion rate of audit and fraud investigations (i.e., a comparison of those planned and those conducted) 	<p>planned risk-mitigation activities and audit and fraud investigations</p> <ul style="list-style-type: none"> (The best information sources are the entities collecting climate change related taxes, internal audit units and SAIx) 	
9.2 Climate related tax arrears	<ul style="list-style-type: none"> The stock of revenue arrears at the end of the last completed fiscal year. The total revenue collection for the same year. 	<ul style="list-style-type: none"> Revenue collection authority records such as a documented report on (i) the stock of revenue arrears; (ii) collection of climate related taxes 	Last completed fiscal year
CRPFM-10 Compliance of climate related expenditure			
10.1 Effectiveness of the systems of controls	<ul style="list-style-type: none"> List of climate related transactions, and conditionalities Prescribed budget execution procedures, regulations or rules and payment procedures Information on commitment controls and associated compliance and assurance arrangements. Evidence that procedures are complied with Error rates or rejection rates in routine financial transactions as reported by government financial controllers and /or internal or external audit bodies. 	<ul style="list-style-type: none"> MoF (Internal audit) Treasury Accountant General Heads and finance officers of major budgetary units Budget directorate Accounting directorate Treasury Oversight body Internal audit. Regulations and guidance on accounting and payment processing Information system 	Last completed fiscal year
10.2 Compliance of transactions	<ul style="list-style-type: none"> Audit reports (internal or external) Fraud investigations reports 	<ul style="list-style-type: none"> Internal audit. SAI Any other oversight body Accountant General Treasury 	Last completed fiscal year
CRPFM-11 Climate responsive fiscal decentralization framework			
11.1 Climate responsive fiscal decentralization legal framework	<ul style="list-style-type: none"> Legal and regulatory framework pertaining to decentralization Evaluation reports on decentralization 	<ul style="list-style-type: none"> Legislation or rules governing transfers from CG to SNG. Legislative, SAI, or agency in charge of evaluation for evaluation reports on decentralization Annual budget documents MoF, or specific entity in charge of subnational governments 	At time of assessment covering the last three completed fiscal years
11.2 Climate responsive fiscal transfers	<ul style="list-style-type: none"> List of transfers conditioned to climate related activities 	<ul style="list-style-type: none"> Legislation or rules governing transfers from CG to SNG. 	Last completed fiscal year

PEFA Climate Assessment: Data required and sources

PEFA Climate Indicator	Data required	Data sources	Time period
	<ul style="list-style-type: none"> Horizontal rulebased system or other arrangements for determining the horizontal allocation of transfers to subnational governments for each type of transfer. Reports of SNGs on the use of transfers 	<ul style="list-style-type: none"> Annual budget documents MoF, or specific entity in charge of subnational governments Sample of subnational governments 	
11.3 Climate responsive PFM arrangements applied by subnational governments	<ul style="list-style-type: none"> Public investment framework Public procurement framework Procedures and rules for transfer of non-financial assets 	<ul style="list-style-type: none"> Unit in charge of implementing Green recovery. Agency in charge of climate change and/or subnational governments 	At time of assessment
CRPFM-12 Climate related performance information			
12.1 Climate related information in performance plans	<ul style="list-style-type: none"> National climate change strategy/plan Published performance information assigned to climate related programs and activities: planned objectives, outputs and outcomes Budget and supporting documentation 	<ul style="list-style-type: none"> Annual budget document and/or supporting budget documentation. Ministry budget statements and/or performance plans. Other documents on ministry service delivery plans containing performance information 	Last budget submitted to the legislature
12.2 Climate related information in performance reports	<ul style="list-style-type: none"> Published information on actual quantity of outputs produced or delivered, and evidence of measurable progress on outcomes, associated with the programs or services delivered by each ministry for the last completed fiscal year Published information on activities performed in relation to service delivery that are undertaken by each ministry for the last completed fiscal year. 	<ul style="list-style-type: none"> Annual budget document and/or supporting budget documentation. Ministry budget statements and/or performance plans. Other documents on ministry service delivery plans containing performance information 	Last completed fiscal year.
CRPFM-13 Climate related evaluation			
13.1 Climate related evaluation of expenditure	<ul style="list-style-type: none"> For each ministry devoting expenditure on climate change or whose activity impacts climate change, information on the number and coverage of: <ul style="list-style-type: none"> Evaluation reports Performance audit reports Functional reviews Internal audit reports 	<ul style="list-style-type: none"> Line ministries and departments Agency in charge of climate change SAI and/or agency in charge of evaluation Internal audit department MoF 	Last three completed fiscal years.
13.2 Climate related evaluation of taxes	<ul style="list-style-type: none"> Evaluation reports on tax policy Evaluation reports on climate change related taxes Evaluation reports on tax expenditure 	<ul style="list-style-type: none"> Line ministries and departments Agency in charge of climate change SAI and/or agency in charge of evaluation Internal audit department MoF, and/or revenue agency 	Last three completed fiscal years.

PEFA Climate Assessment: Data required and sources

PEFA Climate Indicator	Data required	Data sources	Time period
CRPFM-14: Expenditure outturn for climate actions			
14.1 Aggregate climate expenditure out-turn	<p>For each of the last three completed fiscal years:</p> <ul style="list-style-type: none"> • The aggregate climate expenditure outturn • The approved aggregate climate expenditure budget 	<ul style="list-style-type: none"> • Annual budget law/documentation /estimates approved by the legislature; • Annual budget execution report or Comparative Statement of Budget and Actual Results. 	Last three completed fiscal years.
14.2 Climate related expenditure outturn	<p>For each of the last three completed fiscal years:</p> <ul style="list-style-type: none"> • The climate expenditure composition of the end-of-year outturn • The climate expenditure composition the originally approved budget for each of the main functional classifications or for each of the 20 largest budget heads in the administrative classification • Should the number of main budget heads exceed 20, the composition variance should be assessed against the largest heads that together make up 75% of the budget (a minimum of 20 heads if an administrative classification), with the residual heads (excluding contingency items) aggregated into one line. 	<ul style="list-style-type: none"> • Annual budget law/documentation /estimates approved by the legislature • Annual budget execution report or annual financial statements 	Last three completed fiscal years