



Supplementary Framework for Assessing Climate-responsive Public Financial Management (PEFA Climate)

Adjustments to the set of indicators and dimensions First Edition from May 2024 compared to Version from August 4, 2020 after Samoa

The present document aims at highlighting the main changes introduced to the set of indicators and dimensions of the First Edition of PEFA Climate, compared to the pilot version from August 4, 2020 after Samoa.

The set of indicators and dimensions in the First Edition is now presented using:

- Clarifications comparable to Volume 2 of the PEFA Handbook (or Fieldguide).
- A table presenting coverage, time period, data requirements, data sources, and related PEFA 2016 indicator/ dimension.
- Reference documents.
- Examples mostly drawn from PEFA Climate pilot assessments.

The other main changes introduced to the set of indicators and dimensions are highlighted below in red for easier reference:

- Features removed are crossed.
- Features added are indicated in red.
- Further explanation is provided in red and italic.

CRPFM-1.1. BUDGET ALIGNMENT WITH CLIMATE CHANGE

4. Climate related expenditure policy proposals in the approved medium-term budget estimates align with sector ~~costed~~ medium-term strategic plans.

CRPFM-2.1. TRACKING CLIMATE-RELATED EXPENDITURE

3. Climate related expenditure is disclosed by the Ministry of Finance or the budgetary units in budget documents.
4. Climate related expenditure is disclosed by the Ministry of Finance or the budgetary units in end-of-year budget execution reports.

Now split in two elements, Elements 3 and 4. Used to be one element, Element 4: Climate related expenditure is disclosed by the Ministry of Finance or the budgetary units in budget document and in end-of-year budget execution reports.

7. Expenditure related to activities that are counter to climate policy objectives is disclosed in budget documents or in end-of-year budget execution reports.

Used to be basic element, Element 3, became an additional element instead – Element 7.

CRPFM-3.1. CLIMATE-RESPONSIVE BUDGET CIRCULAR

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	<p>The budget circular 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. The guidance refers to a methodology to identify climate related expenditure. It also refers to the national climate change strategies.</p> <p><i>Was</i> <i>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.</i></p>
B	<p>The budget circular contains guidance on how to factor climate change mitigation and adaptation planned expenditure into budget proposals. The guidance refers to a methodology to identify climate related expenditure. It also refers to the national climate change strategies.</p> <p><i>Was</i> <i>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.</i></p>
C	<p>The budget circular contains guidance on how to factor climate change mitigation or adaptation planned expenditure into budget proposals.</p>
D	<p>Performance is less than required for a C score.</p>

CRPFM-4.2. LEGISLATIVE SCRUTINY OF AUDIT AND EVALUATION REPORTS

3. Removal of Element 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*”.

Clarification 4.2:3 now explains that Element 3 is met when the legislature reviews audit and/or evaluation reports on the climate change impacts of the executed budget.

- *This includes audit and/or evaluation reports on the performance of climate change programs or activities in line with planned outputs and outcomes as defined in CRPFM-12.2. Climate-related information in performance reports (see example in Box 18: Effective parliamentary oversight informed by performance audit in Ethiopia).*

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	<p>The legislature’s scrutiny of audit and evaluation reports meets four criteria.</p> <p><i>Was five</i></p>
B	<p>The legislature’s scrutiny of audit and evaluation reports meets three criteria.</p> <p><i>Was four</i></p>
C	<p>The legislature’s scrutiny of audit and evaluation reports meets two criteria.</p>
D	<p>Performance is less than required for a C score.</p>

CRPFM-5.2. CLIMATE-RESPONSIVE RELATED PROVISIONS FOR PROJECT APPRAISAL (was CRPFM-5.3). Requirements unchanged.

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 or adaptation measures in the project design to address climate risks.
D	Performance is less than required for a C score.

CRPFM-5.3. CLIMATE-RESPONSIVE PROVISIONS FOR PROJECT SELECTION

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	Projects are selected using published criteria that include climate-related aspects. Such criteria align with national climate change policy or NDC targets.
B	Projects are selected using criteria that include climate-related aspects. Such criteria align with national climate change policy or NDC targets.
C	Projects are selected using criteria that include climate-related aspects.
D	Performance is less than required for a C score.

Was

CRPFM—5.2. CLIMATE RELATED PROJECT PRIORITIZATION

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	<i>Published climate assessment and prioritization criteria are used to prioritize 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).</i>
B	<i>Climate assessment and prioritization criteria are used to prioritize new investment projects. Climate assessment criteria cover the climate impact of the project or its exposure to climate risks.</i>
C	<i>Climate assessment and prioritization criteria are used to prioritize new investment projects.</i>
D	<i>Performance is less than required for a C score.</i>

CRPFM—6.1. CLIMATE-RESPONSIVE NON-FINANCIAL ASSET MANAGEMENT

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.
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Was

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. <i>Procedures and rules on disposal, transfer, and use of lands and subsoils provide climate related arrangements.</i>
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CRPFM-7.1. FISCAL RISKS ARISING FROM CLIMATE RELATED CONTINGENT LIABILITIES

A	The government publishes a report consolidating <i>fiscal risks arising from climate related contingent liabilities</i> . The report includes a quantitative and qualitative assessment of such fiscal risks. It covers impacts of such fiscal risks on expenditure and revenue.
B	The government produces a report consolidating <i>fiscal risks arising from climate related contingent liabilities</i> . The report includes a qualitative assessment of such fiscal risks. It covers 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.

Was

CRPFM-7.1. CLIMATE RELATED FISCAL RISKS

A	The government publishes a report consolidating <i>climate related fiscal risks</i> . 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 <i>climate related fiscal risks</i> . 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-8. I. CLIMATE RESPONSIVE PUBLIC PROCUREMENT FRAMEWORK

Key features of a climate responsive public procurement framework include the following elements:

- (1) The framework establishes clear criteria to determine what products or services count as climate responsive.
- (2) It establishes the scope of procurement operations subject to climate responsive procurement principles.
- (3) It sets quantitative targets, priorities, and timeframes.
- (4) There is an operational body, unit or team in charge of the development of the framework, and support to the users.

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	Every key element is met.
B	Elements (1), (2) and (3) are met.
C	Element (1) or Element (2) is met.
D	Performance is less than required for a C score.

Was

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	<i>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.</i>
B	<i>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.</i>
C	<i>The framework establishes clear criteria to determine either what products or services count as climate responsive or the scope of procurement operations subject to climate responsive procurement principles.</i>
D	<i>Performance is less than required for a C score.</i>

CRPFM-8.2. CLIMATE-RESPONSIVE PUBLIC PROCUREMENT OPERATIONS

Key features of climate responsive public procurement operations include the following elements:

- (1) Climate responsive standards are used to help determine tender requirements and specifications, or award criteria.
- (2) Climate responsive criteria are included in contract performance clauses.
- (3) Climate responsive procurement examples or templates are included into framework agreements for commonly procured goods.
- (4) Life-cycle costing is included as a cost element at the award stage of a procurement procedure.
- (5) There are simplified procedures and templates to expedite procurement in response to climate induced disasters.

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	Every key element is met.
B	Every key element is met, except (4).
C	Element (1) or Element (5) is met.
D	Performance is less than required for a C score.

Was

CRPFM-8.2. CLIMATE-RESPONSIVE PUBLIC PROCUREMENT OPERATIONS

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	<i>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.</i>
B	<i>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.</i>
C	<i>Climate responsive standards are used to help determine tender requirements and specifications, or award criteria or there are simplified procedures and templates to expedite procurement for response to climate induced disasters.</i>
D	<i>Performance is less than required for a C score.</i>

CRPFM-8.3. CLIMATE-RESPONSIVE PUBLIC PROCUREMENT MONITORING

Key features of climate responsive public procurement monitoring include the following elements:

- (1) The compliance of contract awards and implementation with climate responsive specifications of tenders and contracts is verified.
- (2) An operational system is in place for ensuring the compliance of emergency procedures used in case of climate induced disasters.
- (3) Procurement operations related to climate induced disasters were compliant with emergency procedures.
- (4) Procurement databases or records capture specific information on climate responsive procurement and include emergency procurement.
- (5) Procurement databases or records are complete and accurate.

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	Every key element is met. For (1), it is required that contract awards and implementation are compliant with climate responsive specifications of tenders and contracts.
B	Every key element is met, except (3). For (5) it suffices that the completeness and accuracy of procurement databases or records are verified.
C	Elements (1), (2) and (4) are met.
D	Performance is less than required for a C score.

Was

CRPFM-8.3. CLIMATE RESPONSIVE PUBLIC PROCUREMENT MONITORING

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	<i>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.</i>
B	<i>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.</i>
C	<i>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.</i>
D	<i>Performance is less than required for a C score.</i>

CRPFM-8.4. CLIMATE RESPONSIVE PUBLIC PROCUREMENT REPORTING

Key features of climate responsive public procurement reporting include the following elements:

- (1) 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.
- (2) Benefits and outcomes of climate responsive procurement have been assessed at least once during the last three completed fiscal years.
- (3) Indicators of performance for public procurement include indicators on climate responsive procurement.
- (4) A report is published on the compliance with procedures and rules requiring emergency procurement operations.

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	Every key element is met. For Element (4), in addition to the above requirements, the report includes an analysis of the implementation of emergency procurement operations.
B	Elements (1) and (4) are met as specified in the requirements above.
C	Elements (1) and (4) are met. For Element (1), it suffices that a statistical report on climate responsive procurement is produced for the requirements to be met. Element (4) is met when the report is produced.
D	Performance is less than required for a C score.

Was

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	<i>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 is published on the compliance with procedures and rules requiring emergency procurement operations and includes an analysis of their implementation.,.</i>
B	<i>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 is published on the compliance with procedures and rules requiring emergency procurement operations.</i>
C	<i>A statistical report on climate responsive procurement is produced.. A report is produced on the compliance with procedures and rules requiring emergency procurement operations.</i>
D	<i>Performance is less than required for a C score.</i>

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

Key features of a climate responsive system for tax management, audit, and investigation include the following elements:

- (1) Compliance risk of climate related taxes is assessed and prioritized using a structured and systematic approach.
- (2) GHG emitters are registered in a database, which is linked to the taxpayer database.
- (3) The GHG emitters database is comprehensive and accurate.
- (4) A documented compliance improvement plan exists comprising mitigation activities in respect of identified high risks covering climate related taxes.
- (5) Planned audit and investigations have been completed as intended.
- (6) Penalties for non-compliance exist and are effective.

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	Every key element is met.
B	Every key element is met, except (6). For Element (3), comprehensiveness and accuracy of the emitters' database are regularly controlled.
C	Elements (1), (2) and (5) are met. For Element (1), the approach may be partly structured. For Element (2), the link between databases may not be full or consistent. For Element (5), part of the planned audit and investigations have been completed.
D	Performance is less than required for a C score.

Was

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	<i>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.</i>
B	<i>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.</i>
C	<i>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.</i>
D	<i>Performance is less than required for a C score.</i>

CRPFM-10.1. EFFECTIVENESS OF THE SYSTEM OF CONTROLS

Key features of the system of controls of climate related expenditure include the following elements:

- (1) the system of controls is defined in the legal or regulatory framework
- (2) controls are performed at the commitment and/or payment stage
- (3) controls cover regular and emergency payments
- (4) the system of controls was audited at least once during the last three completed fiscal years
- (5) the system of controls is effective

A	Every key element is met. Controls are performed at the commitment and payment stages.
B	Every key element is met. Controls are performed at least at payment stage. Audit of the system is partial.
C	Element 1 is met. Controls are performed at least at payment stage. Controls cover either regular or emergency payments. Evidence shows that the control system is partially effective.
D	Performance is less than required for a C score.

Was

CRPFM-10.1. EFFECTIVENESS OF THE SYSTEM OF CONTROLS

A	<i>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.</i>
B	<i>The legal or 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.</i>
C	<i>The legal or 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 partially effective and provides partial coverage.</i>
D	<i>Performance is less than required for a C score.</i>

CRPFM-10.2. AUDIT OF THE COMPLIANCE OF PAYMENTS

SCORE	MINIMUM REQUIREMENTS FOR SCORES
A	Audits and fraud investigations are conducted for all <i>the majority of</i> climate related payments to ascertain that public monies have been used for the stated climate objectives. They include access to information on 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 majority of some climate related payments to ascertain that public monies have been used for the stated climate objectives. They include access to information on 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 payments to ascertain that public monies have been used for the stated climate objectives, but their coverage is partial.
D	Performance is less than required for a C score.