



PEFA Climate-Version from November 3, 2023

Matrix of comments and responses

General comments Introductory sections Inception Questionnaire	CRPFM-4 Legislative scrutiny	CRPFM-8 Climate responsive procurement	CRPFM-12 Climate related performance information
CRPFM-1 Alignment	CRPFM-5 Climate responsive public investment management	CRPFM-9 Climate responsive tax administration	CRPFM-13 Climate related evaluation
CRPFM-2 Tracking	CRPFM-6 Climate responsive non-financial assets management	CRPFM-10 Compliance of climate related expenditure	CRPFM-14 Climate related expenditure outturn
CRPFM-3 Budget circular	CRPFM-7 Climate related liabilities	CRPFM-11 Fiscal Decentralization framework	Glossary

#	Institution	Subject	Comment	Response from the PEFA Climate team
General comments				
G-1	World Bank (Gael Raballand)	Dissemination and tailored training to the staff in the regions	Once approved by the SC, we highly recommend the PEFA Secretariat to organize a high-profile event within the bank to widely disseminate the supplementary framework, to be accompanied with more targeted/tailored training so the Bank staff in the regions can use this important CC diagnostic tool.	Thanks for the suggestion.
G-2	World Bank (Gael Raballand)	References and boxes with examples	The compressive list of references is absolutely brilliant, and worth sharing widely, so teams can refer as needed while working on climate change and integrating mainstreaming in the public financial management (PFM) system. Boxes added for each of	Thank you.

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			the indicator is absolutely brilliant ideas, extremely useful for the assessors in the field, but also for us working in the regions.	
G-3	I4CE (Sébastien Postic)		[Initial comment in French : Au delà des changements de fond, le document a très largement gagné en facilité d'accès, pédagogie et convivialité, c'est maintenant un plaisir à lire et j'ai récupéré au passage des références très intéressantes dont j'ignorais l'existence, merci!] Beyond the fundamental changes, the document has greatly improved in terms of ease of access, pedagogy, and user-friendliness. It is now a pleasure to read and I have discovered along the way some very interesting references which I did not know existed. Thanks!	Thank you for the feedback.
G-4	ACCA (Alex Metcalfe)	PEFA Climate data in the Global PFM report	Clearly, significant energy and effort has gone into the development of the framework. There is a broad range of indicators and dimensions, and the framework provides a basis for objective, evidence-based assessment of an individual government's performance. If the framework remains the same, such assessments would be somewhat comparable between governments and over time. As a result, the PEFA Secretariat should consider incorporating more PEFA Climate data into future iterations of the Global PFM report.	Thanks for the suggestion.
G-5	ACCA (Alex Metcalfe)		What ACCA cannot comment on is whether the framework yields the results that are, in absolute terms, a reflection of a government's performance. The PEFA Secretariat and the governments assessed in the pilot programme will have to consider whether the framework yields credible conclusions on the extent of a government's climate responsiveness.	Thanks for the comment. This is well noted.

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G-6	ACCA (Alex Metcalfe)	Overlap CRPFM-2 and 14	The indicators ensure coverage of the main elements of PFM. The Secretariat might benefit from further reflection on the overlap between CRPFM 2 (tracking climate-related expenditure) and CRPFM 14 (expenditure outturn), as there is some cross-over between them.	Thanks for the comment. CRPFM-2 focuses on the existence of the methodology and its characteristics, while CRPFM-14 examines the deviation between amounts initially approved and actuals, both at aggregate and at detailed levels, using the methodology assessed in CRPFM-2.
G-7	ACCA (Alex Metcalfe)	PEFA Climate in a snapshot	It makes sense to have a 4-point assessment scale with A representing the mainstreaming of an issue/policy in the PFM system and C representing a basic level of performance. The creation of a short document that captures the minimum practices in each of the 14 indicators might aid users in engaging the new framework.	Thanks for the suggestion. PEFA Secretariat developed such short document for PEFA Gender and will proceed as well for PEFA Climate.
G-8	ACCA (Alex Metcalfe)	C calibration	Broadly, the minimum practices are effectively captured in the description of the C score. The following table provides additional commentary on specific indicators [see specific indicators].	Thanks for the comment. [Comments on specific indicators are inserted accordingly below].
G-9	ACCA (Alex Metcalfe)	Profile of assessors	On page 20 should it refer to a PFM expert with knowledge in climate response and a climate response expert with knowledge in PFM?	Thanks for the comment. Your suggestion would be the ideal combination. PEFA Climate is not as specific to allow flexibility.
G-10	ACCA (Alex Metcalfe)	Edits	In most places you use “climate responsive” but there are instances of “climate-responsive” on pages 25, 26, 27 and 74.	Thanks for the comment. This has been edited as follows: -a hyphen is used for the compound adjective that precedes the noun (e.g., climate-responsive PFM systems) -there is no hyphen when “climate responsive” follows the noun (e.g., PFM systems are climate responsive).
G-11	ACCA (Alex Metcalfe)	Conclusion of comments	Tackling climate change is critically important for governments, and that means it needs to be a mainstream element of every government’s PFM	Thank you.

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			system. ACCA wishes PEFA every success in deploying this new tool. It will benefit the governments who are assessed, whilst allowing others to learn from the published reports.	
G-12	ZHAW (Antonia Graf)	Objectives and examples in indicators	To include clear explanations for the assessment objectives and the narratives as well as examples and sources for each indicator will support assessors and the assessed country in understanding the benefits of greening certain functions and the usefulness of the particular data set produced. This will be immensely helpful to come up with a credible storytelling which is so important in a reform context. This is instrumental in avoiding the typical trap of changing form over functionality. In some cases, though, the narrative of the “WHY” should be strengthened (see comments in the framework)	Thank you for the comment. We used the feedback you and others provided during the preparation of the revised framework and developed the “ <i>Why it matters</i> ” as well as examples for all indicators. For the “ <i>Why it matters</i> ”, please see the responses under the specific indicators you quoted.
G-13	ZHAW (Antonia Graf)		The structuring of content, particularly at indicator/ dimension level, has greatly improved and is much easier to follow.	Thank you.
G-14	ZHAW (Antonia Graf)	Climate relevance	The PEFA Climate seems to follow a rather narrow interpretation of what is climate relevant, existing guidance/frameworks on Green PFM (from IMF, OECD, UNDP, the EU,..), however, do not really differentiate between climate and green. From a scientific point of view, but also from a practice point of view, this is justifiable, as there are some green solutions that contribute to CO2 reduction, such as ecotaxes, green procurement, green PIM.	Thanks for the comment. As explained in Section 2, PEFA Climate focuses on climate responsive PFM. Figure 1 illustrates the focus of PEFA Climate and the narrative highlights what differentiates PEFA Climate from other approaches. However, as shown throughout the set of indicators, PEFA Climate recognizes that other tools rather focus on green PFM functions and, as you are rightly mentioning, that some (but not all) of the green practices are climate friendly. Such approach accommodates the variety of approaches in countries.

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G-15	ZHAW (Antonia Graf)	PEFA Climate as standard setter	While the PEFA never wanted to be seen as a standard setter, the PEFA Climate implicitly introduces definitions and benchmarks. Also, no definition is provided what “climate-responsive” refers to, which seems to be a concept that includes climate and disaster aspects.	<p>Thanks for the comment.</p> <p>There was little literature to refer to when the pilot version of PEFA Climate was developed. The PEFA Secretariat used their experience with the development of PEFA Gender and closely cooperated with institutions that were already working on climate change and PFM.</p> <p>Section 2 introduces “<i>What is climate responsive PFM</i>” and where PEFA Climate stands (See G-14).</p> <p>As you rightly mentioned, PEFA Climate includes climate induced disasters which proved useful in quite a few pilot assessments (e.g. Samoa, Indonesia).</p>
G-16	ZHAW (Antonia Graf)	Handbook	Due to the complexity and novelty of the subject matter, a handbook/field guide, that has the same level of detail as existing handbooks, including instructions and guidance will be helpful.	<p>Thanks for the comment.</p> <p>We used the feedback you and others provided during the preparation of the revised framework and redesigned PEFA Climate directly as a handbook, rather than having a supplementary framework and a corresponding handbook. In the revised version you commented on, indicators and dimensions are presented as in Volume II of PEFA 2016, with numbered clarifications.</p>
G-17	ZHAW (Antonia Graf)	Guidance on the profile	It is of particular importance that the handbook provides guidance how to derive a sensible intervention logic from the assessment and how to interpret the climate profile in conjunction with assessment results.	<p>Thanks for the comment.</p> <p>PEFA Climate indicates that the questionnaire aims at providing the policy context for the assessment, such context being described in the introduction section of the PEFA Climate report.</p>

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				<p>Section 4 of PEFA Climate explains that the Introduction “ 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”.</p> <p>Whether a country is a GHG emitter or a carbon sink, or/ and prone to climate induced disasters will determine the strategy, action plans, and tools the country will define and put in place, which are country specific. PEFA Climate provides guidance where relevant. It recognizes the variety of profiles and does not intend to be prescriptive.</p> <p>The narrative of PEFA Climate reports provides nuanced explanation on scoring based on the country profile.</p>
G-18	ZHAW (Antonia Graf)	Guidance on the profile	In addition, a handbook should include guidance on how/ which the PEFA 2016 indicators are relevant and provide useful context for the climate assessment.	Thanks for the comment. PEFA Climate is mapping PEFA Climate indicators and dimensions to the corresponding PEFA 2016 indicators and dimensions.

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				Clarifications have been added where relevant.
G-19	ZHAW (Antonia Graf)	PEFA Climate assessment by member countries of the PEFA SC.	SC member countries should conduct a PEFA Climate. To increase ownership and enhance credibility, the country members of the Steering Committee should be encouraged to lead by example and conduct a PEFA Climate (or PEFA++ for that matter) <input type="checkbox"/> this would show not only poor countries perform badly and that everyone has to do their part.	Thanks for the suggestion, which has been shared with the PEFA SC.
G-20	ZHAW (Antonia Graf)		Produce different versions of the framework or supporting material depending on target group. In practice, the framework document is sent out to government counterparts so that they can prepare for the evaluation, but the framework document assumes detailed knowledge in the field of climate change and might be too technical for (national) PFM staff. In preparation of the assessment and to support countries in soliciting the data, a different version of the framework that considers storytelling elements and uses a simpler language, should be prepared.	Thanks for the suggestion. As far as data collection is concerned, a specific list of documents needed prior to the assessment is inserted in Section 5: Sources of information. Based on the feedback received, training sessions prior to the beginning of the assessment is crucial. Such training is delivered by the assessment team and allows to explain what is expected in a simpler language.
G-21	ZHAW (Antonia Graf)	Transparency of the update process	The process of updating the PEFA Climate should be made transparent. As long as Green PFM is still a moving target, feedback should be solicited after every evaluation. The framework should be enhanced/further developed at regular intervals. It should be clear, which feedback is considered and why some other feedback is not considered.	Thanks for the suggestion. To start with, the present matrix of comments with all responses is shared with all peer reviewers.
G-22	Veronica Rodulfo – Municipality of Chihuahua (Mexico)		I have read the document very carefully. Congratulations, what a great job you have done, it is very clear and understandable for users It largely includes all those actions that within the budget cycle promote an adequate evaluation of actions regarding climate change.	Thanks for comments and for the support to the PEFA initiative by sharing the reports and your experience to raise awareness. Thanks as well again for piloting PEFA Climate, Chihuahua will remain the first

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			<p>I consider the inclusion of assessments related to public procurement to be very important, since this is where the correct execution of the budget and support for the implementation of public policies in this matter are born, even strengthening the MAPS Module Sustainable Public Procurement in terms of coverage for climate-related emergency procurement. Additionally, the review of the regulatory framework will surely positively influence awareness of the need for reforms to strengthen public spending, as well as a review of performance evaluation and audit functions.</p> <p>I consider that another great success is the mainstreaming of climate change in PFM, since it is an element that influences throughout the budget cycle. The score assignment is clear and will surely provide an easy-to-interpret result, likewise the incorporation of climate change experts will provide greater certainty to the evaluation carried out.</p> <p>It is also important to highlight that, although it is true, the evaluation is very ambitious in terms of the objectives that are assessed, it also constitutes a baseline on which to build the new PFM models with a transversal and comprehensive approach to containment of climate change.</p> <p>As a user of the tools and since I learned about PEFA and particularly PEFA Climate, I have felt an enormous responsibility for improving the processes carried out by the public sector, for sharing it with different actors from civil society, universities and other governments, raising awareness about the importance of improvement actions, you can count on me to continue doing so. PEFA and PEFA Climate</p>	<p>subnational government that applied the supplementary framework.</p>

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			have been a great tool to raise awareness of what the government can and should do.	
G-23	World Bank (Verena Fritz)		<p>Overall, this is a framework to assess practices of something that is still fairly novel and less codified. This is less of an issue in terms of the processes etc that we would expect to see; but more of an issue in terms of the content and quality of what countries do – i.e. the climate-responsive criteria and methodologies that they use. Can we define some initial minimal criteria that such methodologies would have to meet (and possibly have one dedicated performance indicator)? NDC-alignment seems very broad.</p> <ul style="list-style-type: none"> o The guidance should include a textbox/clarification up front of PFM and the two sides of CC – mitigation and adaptation, and climate risks o Green budgeting versus climate-responsive PFM – note that citizens often care about overall green aspects – e.g. they want cleaner air and water, not just a reduction in GHG emissions. While the module itself focuses on climate responsiveness, it would be good if it encourages governments to also consider wider green issues (and discusses this in Section 2) 	<p>Thanks for the comment.</p> <p>PEFA Climate recognizes in Section 1 that “<i>climate-responsive PFM practices remain relatively nascent</i>”. Two sentences have been added: “ <i>PEFA Climate also recognizes that countries are gradually incorporating climate change considerations into their PFM systems. Some countries may prioritize certain entry points and tools that align with their PFM strategy</i>”.</p> <p>-Regarding initial minimal criteria: PEFA Climate is first a PFM assessment tool. The C score represents the minimal level for each dimension (there are 29) of the 14 PFM indicators where entry points could be found to mainstream climate change into PFM. The only methodology that is assessed by PEFA Climate is the one the government is using to identify, classify, and monitor climate- related expenditure (see CRPFM-2).</p> <p>-Regarding the upfront textbox: thanks for the suggestion. We added visuals in Section 2 to explain the focus of PEFA Climate as you are suggesting.</p> <p>- Regarding green budgeting vs. climate responsive PFM: as explained in Section 2, PEFA Climate focuses on climate-responsive PFM. However, as shown</p>

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				<p>throughout the set of indicators, PEFA Climate recognizes that other tools rather focus on green PFM functions. Such approach accommodates the variety of approaches in countries.</p>
G-24	World Bank (Verena Fritz)	PEFA 2016 and PEFA Climate	<p>Connection between foundational PFM systems and climate responsive PFM: for the most part, CRPFM can only work if at least basic PFM foundations are functioning (e.g. PI I 'basic' elements of the CC PEFA all suppose that a medium-term budget is in place). I would consider guiding assessment teams to reference how key foundational aspects have been rated most recently (e.g. overall budget credibility), and to offer an explanation, especially if ratings for the CR dimension differs from the foundational one. Sometimes, to improve a CR dimension, it will be essential to improve PFM foundations (e.g. on credibility or internal controls) – so making these links explicit</p>	<p>Thanks for the comment. Each dimension of PEFA Climate specifies the main PEFA 2016 indicator or dimension it is derived from.</p> <p>PEFA Climate may be undertaken in combination with PEFA 2016 (and most of the time with PEFA gender as well). In such case, coordination between both assessment teams will ensure consistency in the narrative and possibly scoring between the two reports.</p> <p>When PEFA Climate is undertaken as a standalone assessment, you are correct, the most recent PEFA 2016 report may provide useful information on the PFM functions that are assessed in PEFA Climate. However, PEFA 2016 remains at a high level while PEFA Climate is zooming at a more granular level.</p> <p>Clarifications have been added accordingly in the para "About the assessment". <i>"In addition, coordination between both assessment teams will ensure consistency in the narrative and possibly scoring between the two reports"</i>.</p>

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				And <i>“The assessment team could refer to the most recent PEFA 2016 report. The latter may provide useful information on the PFM functions that are assessed in PEFA Climate. However, PEFA 2016 remains at a high level while PEFA Climate is zooming at a more granular level”.</i>
G-25	World Bank (Verena Fritz)	Institutional and organizational aspects	<ul style="list-style-type: none"> • Institutional and organizational aspects of integrating climate related aspects into PFM systems: a few points on this are now covered as part of the indicators and a short 1 page section (as per the guidance on the report structure – cf section 4/p. 138). I would suggest giving this clearer attention - pulling specific institutional and organizational questions currently interspersed in the indicators together in a proper section, also to ensure that we get comparable information across countries; not to be rated but (i) as a basis to accumulate information over time on what organizational aspects are associated with better performance; and (ii) to help identifying entry points for engagement, and in that way maximize the usefulness of carrying out the assessment. <ul style="list-style-type: none"> o The framework should reference the CCIA – and information on institutional/organizational aspects could draw from a CCIA if that has been done (with potential updates). 	<p>Thanks for the comment. PEFA Climate questionnaire aims at capturing the context under which the assessment is undertaken. A few questions target institutions to better contextualize PFM practices.</p> <p>Reference to the CCIA is added in Section 6.</p>
G-26	World Bank (Verena Fritz)		<p>Does the general approach enable to capture the extent to which climate change is mainstreamed in PFM systems?</p> <ul style="list-style-type: none"> • Yes, with the overall comments provided above (clarity on what that means, the link to PFM foundations, and approach to capturing 	<p>Thanks for the comment. See responses to G-23, 24 and 25.</p>

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			institutional/organizational aspects). Note that in many ways the outlined approach is rather ambitious given that efforts at developing such systems are still at early stages in most countries.	
G-27	World Bank (Verena Fritz)		<p>Is the coverage provided by the set of indicators and dimensions adequate? Are specific subjects missing/ to be removed?</p> <ul style="list-style-type: none"> • Overall, the coverage is quite comprehensive and touches on the relevant aspects of CRPFM. • The team may want to consider a dedicated indicator focused on transparency and public sharing of information. As the table on p. 152 on foundational and CR elements indicates – there is no complement to the general PEFA indicator on public access to information (while some publication requirements are contained in other indicators). This seems quite important for a range of reasons – indirectly to encourage seriousness and credibility of what is being done, and directly, as this is an important policy area for citizens. • Integration and management of climate related aid/external funding – there is some coverage under indicator 7 related to debt – but it doesn't relate to important issues of integrating different funding sources (e.g. as part of indicator 1), and ensuring that funds regardless of sources are reported on. 	<p>Thanks for the comment. PEFA Climate follows the approach of PEFA 2016 where:</p> <ul style="list-style-type: none"> - publication is considered under relevant indicators and dimensions. - funding of policies is not assessed as such.
G-28	IMF		<ul style="list-style-type: none"> • Overall, the climate framework is quite informative, provides some interesting examples and acknowledges contribution from IFIs (including the IMF) on green PFM, infrastructure governance (C-PIMA) and fiscal risks. 	Thank you.
G-29	IMF		<ul style="list-style-type: none"> • We noticed that the climate dimension is not evident for several indicators, namely the (i) 	Thanks for the comment.

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			<p>legislative scrutiny of audit and evaluation reports CRPFM 4.3 (which could be merged as optional with scrutiny of budgets 4.2.), (ii) tax administration CRPFM-9, (iii) compliance of climate-related expenditure CRPFM-10, (iv) Climate-related evaluation of taxes CRPFM-13.2, and (v) budget outturn CRPFM-14. This issue was discussed in the June 2020 virtual PEFA Secretariat/M1-M2 meeting. For these indicators, the report still lacks sufficient background information or supporting materials to justify their inclusion in the framework, and the glossary is not sufficient. We would encourage the PEFA Secretariat to further substantiate and document these indicators before publishing the framework.</p>	<p>Following the circulation of the first version of PEFA Climate (May 13, 2020), IMF shared their comments on May 28, 2020. As you are mentioning, these comments were discussed with the PEFA Secretariat during the meeting with M1/M2 on June 10, 2020.</p> <p>Following that meeting and the Steering Committee meeting from June 2020, PEFA Secretariat shared the matrix of comments with PEFA Secretariat’s responses.</p> <p>IMF commented: “<i>Climate responsive PFM is still evolving, and it seems not yet clear how some PFM institutions (e.g. debt management, revenue administration and expenditure control) should be adapted to address climate considerations. Thus, we would suggest reconsidering the necessity of developing CRPFM 7 on debt management, CRPFM 9 on revenue administration and CRPFM 10 on expenditure control. The other option is to refocus CRPFM 7 on the management of sovereign green bond and CRPFM 9 on the administration of carbon tax only if they have special issues that cannot be addressed in the general PEFA assessment. [...]</i> [For CRPFM-9], the other option is to refocus CRPFM 9 on the administration of carbon tax only if they have special issues that cannot be addressed in the general PEFA assessment”].</p>

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				<p><i>[For CRPFM-14], This question could create double jeopardy if there is no adequate system for tracking climate-related spending”.</i></p> <p>PEFA Secretariat responded as follows: <i>“Following the suggestion from the IMF and others, another dimension has been inserted on Fiscal risks.</i></p> <p><i>The second remains and has been reformulated to focus on elements very specific to climate change that may require specific attention.</i></p> <p><i>Focusing on green bond only would consider 4% of the scope”.</i></p> <p>Specifically on CRPFM-9, <i>“Even when [the assessment] is done in parallel of the climate module, indicator PI-19 Revenue management is unlikely to cover climate related taxes. Assessors generally take the main revenue streams into account: VAT, income tax, customs. Systems of controls and audits of less significant revenue stream like carbon related taxes are not assessed”.</i></p> <p>On CRPFM-14, at the time, <i>“If there is no adequate system for tracking climate-related spending, both dimensions of CRPFM-14 are not applicable”.</i></p> <p>Since then, PEFA Climate has been piloted in 20 countries with additional assessments already planned. A report on piloting PEFA Climate, which includes the use of all dimensions, has been prepared for the Steering Committee December 2023</p>

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				meeting in which relevance of each indicator is discussed).
G-30	IMF		<ul style="list-style-type: none"> As for scoring, given the big gap between current practices and the ambitions of the framework, the Secretariat could envisage to rely more on the N/A category to avoid giving 2 negative scoring for closely related indicators. For instance, it is logical that a country that has not identified green spending cannot report on it. Rather than a double D in both budget preparation and reporting, this could be D and N/A. 	<p>Thanks for the comment. PEFA Climate follows PEFA 2016 and pays specific attention to double jeopardy, i.e., not assessing the same feature twice or not penalizing the government twice (the case you are describing).</p> <p>Interdependence between indicators and dimensions of PEFA Climate is identified where relevant. For instance, Element I of CRPFM-2 assesses the use of a methodology to track climate expenditure. When such methodology is not in place, it cannot be used to calculate deviation. Clarification 2:1.1 mentions that “-When there is no definition at all, the score of the indicator is D as Element I is not met. In such case, CRPFM-14. Expenditure outturn is considered NA”. There are other dimensions where a similar approach is used.</p>
G-31	IMF	Consistency in the use of terminology	<ul style="list-style-type: none"> The document could benefit from improving consistency in the use of terminology. Terms like climate change policies, climate-sensitive, green PFM, green budgeting, climate-sensitive PFM, climate budgeting should be defined and used consistently to ensure clarity (See our comments in the section “What is climate responsive PFM?”) 	<p>Thanks for the comment. Section 2 introduces “What is climate-responsive PFM” and where PEFA Climate stands. Otherwise, PEFA Climate recognizes that other tools rather focus on green PFM, green budgeting, green procurement and often quotes other tools that indeed use a different terminology.</p>
G-32	IMF	Comments on the concept note:	<ul style="list-style-type: none"> The concept note would benefit from reflecting key lessons from the feedback after conducting the pilot assessments. It would be interesting to understand if the outcomes of these 	<p>Thanks for the comment. The revised PEFA Climate was sent to the Sounding Board on November 3, 2023 along with a cover note (not a concept</p>

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			<p>pilots will prompt any changes to the framework or approach, particularly in the indicators highlighted above.</p> <ul style="list-style-type: none"> The report would benefit from including feedback on the differences observed when conducting a standalone climate PEFA assessment versus conducting it jointly with PEFA gender assessments or with a standard PEFA assessment. It would be beneficial to apply the PEFA climate framework in an advanced economy to evaluate its effectiveness in such contexts, as the original intention of this framework was to be used in OECD or advanced economies too. Additionally, incorporating European countries into our analysis would provide a more comprehensive understanding of its applicability across different regions. 	<p>note). The cover note was meant to provide a few elements of context. A full report on the piloting, the lessons learnt, and the feedback shared by users has been prepared for the December 2023 PEFA Steering Committee meeting.</p> <p>Regarding the last comment: Discussions occurred with Finland and with the European Commission but did not result in any pilots.</p>
G-33	World Bank (Rodrigo Martínez Fernández)	PEFA Climate as part of a PEFA++	<p>The PEFA Climate framework is explicitly designed to capture the extent to which climate change is mainstreamed in PFM Systems. It aims to assess the readiness of a country's PFM system to support and implement government climate change policies, making it "climate responsive." The framework strikes a good balance in assessing the PFM system of a country while also assessing the implementation/operationalization. The PEFA Climate framework is presented as a set of supplementary indicators building upon the traditional PEFA framework. In this regard, we recommend that the PEFA Climate report be done together with the general PEFA report to align the indicators and dimensions. Throughout the development of the Nepal PEFA Climate report</p>	<p>Thanks for the comment and the feedback on PEFA++.</p>

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			(currently under final review), the team leveraged substantially on data gathered by the General PEFA report. The team also leveraged discussions with the government on the scoring of shared indicators with the General PEFA.	
G-34	World Bank (Rodrigo Martínez Fernández)	Scoring – Use of NA	<p>The framework includes specific indicators and dimensions mapped to relevant PEFA indicators across the budget cycle. These indicators cover areas such as budget alignment with climate change strategies, tracking climate-related expenditure, legislative scrutiny, public investment management, non-financial asset management, climate-related liabilities, procurement, revenue administration, compliance of climate-related expenditure, fiscal decentralization, performance information, and evaluation. These phases are well covered in the 14 indicators. In addition, the scoring system and designation of scores are better explained in this latest version, for instance, the meaning of "D" score.</p> <p>An example of the applicability of "N/A" is referenced in the General PEFA framework: "In some cases, a D rating on an indicator or dimension can lead to NA on others. For example, if there is no internal audit function (PI-26.1), the other dimensions of PI-26 are NA because there will be nothing to assess for those dimensions without an internal audit function." I suggest using an example that applies to the Climate PEFA Framework. For instance, many countries worldwide have not adopted Carbon Taxes as measured in CRPFM-9 Climate Responsive Revenue Administration, and it may well be used as an example of "N/A".</p>	<p>Thanks for the comment. Based on your suggestion, we added examples to the description of NA. It now reads "<i>Not applicable (NA)</i>". In some cases, an indicator or dimension may not be applicable to the government system being assessed. In such cases 'NA' is entered instead of a score. For instance, when countries do not have climate related taxes (CRPFM-9), dimension CRPFM-9.1 is NA., In cases where one or more dimensions of a multidimensional indicator are not applicable, the assessor proceeds as if the 'not applicable' dimensions did not exist. In some cases, a D rating on an indicator or dimension can lead to NA on others. For example, if there is no definition of climate-related expenditure (CRPFM-2 Element 1), the score is D for CRPFM-2. All dimensions of CRPFM-14 covering the outturn are NA, because there will be nothing to assess for those dimensions in the absence of a definition.</p>

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G-35	World Bank (Rodrigo Martínez Fernández)		<p>Overall, the additions in the revised version of November 2023 of the PEFA Climate framework provide more informative guidance into PFM systems for those who come in new to PFM understanding and in a less "dry" format. The list of references added will also aid the assessment team in getting up to speed quickly on key-connected documentation.</p> <p>The Dimension guidance and further explanation of elements with Tables to fill in will help better comprehend the framework and may provide for a series of future PEFA Climate reports with a more homogenous structure. Likewise, including a Glossary with standard terms related to climate PFM systems is welcoming.</p> <p>The new examples and cases introduced of PFM systems that are climate-relevant in a list of countries provide valuable insights and things that should be looked for in the assessments.</p>	Thank you.
G-36	World Bank (Rodrigo Martínez Fernández)		<p>The provided set of indicators and dimensions in the PEFA Climate framework is comprehensive, covering various aspects of PFM concerning climate change. Each indicator is associated with specific dimensions that focus on different elements of climate-responsive PFM practices. The alignment of these indicators with relevant performance indicators of the PEFA 2016 framework further integrates climate change considerations into the broader assessment of PFM.</p> <p>However, whether the coverage is adequate depends on the specific context and priorities of the country undergoing the assessment. It's crucial to consider the country's unique circumstances, policy objectives, and</p>	<p>Thanks for the comment.</p> <p>Regarding the regular reviews and updates in the context of emerging practices: We fully agree and will proceed accordingly.</p> <p>Regarding use at subnational level: PEFA Secretariat developed supplementary guidance for the application of PEFA 2016 at the subnational level. While initially developed for central governments only, PEFA 2016 led to reports at subnational level that represents around 45% of the total number of PEFA reports. Building on that experience, and following the advice of</p>

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			<p>the maturity of its climate-related PFM practices. Additionally, the evolving nature of climate-related PFM practices is acknowledged in the framework, indicating that further adaptations may be necessary as practices continue to develop. Considering emerging practices and specific country needs, regular reviews and updates will enhance the framework's relevance and usefulness.</p> <p>Here are some considerations:</p> <p>Comprehensiveness: The set seems comprehensive, covering areas such as budget alignment, tracking climate-related expenditure, legislative scrutiny, climate-responsive public investment management, non-financial asset management, climate-related liabilities, procurement, revenue administration, compliance, fiscal decentralization, and performance information.</p> <p>Adaptability: The acknowledgment that the framework is designed for the national level and the plan for an adapted version for subnational governments implies that the PEFA Secretariat is anticipating more demand for subnational level assessments, which is welcoming from the point of view of climate finance, as a significant number of mitigation measures particularly in the Agriculture, Forestry, and Other Land Uses (AFOLU) sector are implemented in the territory. The challenge for a push towards more subnational assessments will be on the availability and reliability of data from PFM decentralized systems and finance channeled outside the government, which will, in turn, affect the</p>	<p>the PEFA Steering Committee, PEFA Secretariat may develop additional guidance for the use of PEFA Climate at subnational level.</p>

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			<p>accuracy of the performance of the assessments. Thus, considerations for subnational adaptations should account for the diversity of subnational contexts and capacities. However, if flexibility is applied in future versions of the PEFA Climate Framework, concrete and pragmatic indicators should prevail since assessment subjectivity may lead to interpretations or discrepancies in evaluations.</p> <p>Specific Context: The adequacy of coverage depends on the particular needs and priorities of the country. Countries with specific climate-related challenges or objectives may consider additional indicators or dimensions.</p> <p>Monitoring and Evaluation: The framework includes indicators related to the monitoring and evaluating climate-related activities, which is essential for assessing the effectiveness of policies and interventions.</p>	
G-37	World Bank (Rodrigo Martínez Fernández)		Generally, a C score throughout the 14 indicators is a step below a B in a quantitative manner, which can be accepted as a minimum requirement.	Thank you.
G-38	World Bank (Rodrigo Martínez Fernández)		Given the push from the Bank to CCDR development and implementation, it will be essential to think through how to mainstream the findings and make them more visible as analytical inputs to upcoming CCDRs or their implementation. For instance, when strategies in CCDRs are unveiled down to sectoral work plans and budget appropriations, what is the PEFA Climate assessment saying that needs to be done? It will be critically important to see if the	Thank you.

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			assessment results come in a suitable format to be included in CCDRs or as prior actions for Green DPFs.	
G-39	Grace Ntereke – Government of Botswana		<p>I have gone through the document, it is very comprehensive and will be user friendly to all types of users. The contents are very detail hence will make the results easier to understand hence easier to develop reform programme. The framework appears good to be implemented as it is and improvements can be made over time. The small element I have noticed is, somehow the functional ministry appears to be at the same level as the Ministry of Finance. I am missing a precise testing of functional MDAs during budget preparation; budget execution and performance reporting. Somehow MoF appears to be the sole driver or its responsibility be equivalent to MDAs responsible for climate change. This is not a material variance but might limit the reforms or monitoring of the country's performance especially where the functional MDAs is avoiding to take the primary responsibility.</p> <p>Otherwise I am happy with the framework and I will thank PEFA and everybody who was involved for the great work done. It is another exciting output. Well done PEFA Secretariat and all players.</p>	<p>Thanks for your comment. PEFA Climate remains a PFM tool. What is examined is whether PFM systems are ready to take into account climate change issues – and the extent of this readiness. Thus, the main counterpart remains MoF. However, PEFA Climate cannot be undertaken without the involvement of line ministries in charge of climate change issues as they hold data on strategy, policies, and sector priorities. PEFA Climate recommends that the oversight team comprises representatives from such line ministries, and that they should also be involved as peer reviewers of the PEFA climate report.</p>
G-40	Luc Leruth		<p>Thank you for giving me an opportunity to comment on the PEFA Climate Pilot supplementary framework currently under finalization. It is a timely piece that certainly adds a number of useful climate-related indicators to the regular PEFA.</p> <p>That said, I have three observations:</p>	Thank you.

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G-41	Luc Leruth		<ul style="list-style-type: none"> First, the whole document focuses excessively on processes. The two first chapters mention that climate issues are important and stress the key role of PFM in tackling these issues but they remain vague. In fact, it is even a little hard to understand how the PEFA Climate is articulated. Take figures 1.1 and 1.2. I tried to use them to build a parallel with the Climate PIMA, but it is not straightforward besides the obvious (PIMA deals with investment and PEFA with the rest of PFM). If I move on to the questionnaire and guidance on scoring, the various sections do not really give a rationale for selecting these specific additional indicators. Each 'Why it matters' of the CRPFMs states more or less the same thing, e.g. it is very important to know where the money goes, how much of it, and have common definitions. In some cases, the statements can even be debatable. For example, in CRPFM-8, procurements with a climate focus seems to be the way to go. In fact, some strongly argue against that because it overburdens the procurement staff and it is not the most efficient path to follow. 	<p>Thanks for the comment.</p> <p>PEFA Climate builds on PEFA 2016 and uses a set of indicators across a range of PFM institutions, systems, and processes to examine the extent to which they mainstream climate change. As climate-responsive PFM practices are still developing, not every element of the PEFA framework is presented in PEFA Climate. PEFA Climate also recognizes that countries are gradually incorporating climate change considerations into their PFM systems. Some countries may prioritize certain entry points and tools that align with their PFM strategy.</p> <p>Section 2 introduces the focus of PEFA Climate, anchored to the UNFCCC, and the differences with other approaches with a broader scope encompassing two or all three Rio conventions. Such differences explain the nuances in the vocabulary you are referring to.</p> <p>Figure 1.1 (now 2) aims at showing the mapping of PEFA Climate indicators to PEFA 2016 pillars. Text has been added to better explain such mapping.</p> <p>As PEFA 2016, PEFA Climate follows the IMF GFS terminology and definitions. PEFA Climate covers central government and, where relevant, includes assessment and</p>

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				<p>information pertaining to public corporations and subnational governments Figure 3 is extracted from PEFA 2016 to illustrate the institutional coverage. It does not relate to the content of PEFA Climate indicators and dimensions.</p>
G-42	Luc Leruth		<ul style="list-style-type: none"> The second point is somewhat related. There is very little rationale provided about the link between the efforts asked from the authorities in terms of getting good scores and the economic benefits that they (or the environment in general) will draw from it. I will not go through all aspects of this, but let me take the example of tracking expenditure. One of the key benefits from being able to “track” expenditure (tagging) is that these spending items can then be associated with a specific financing instrument (e.g. Green Bonds). It is an idea that comes from the private sector: the company goes to a bank or to the market in order to obtain funds that will be used to undertake a certain, specific project. The same idea is replicated here: the government will need money for the good cause of undertaking green projects. If the tagging system is not good, those offering the financing will be reluctant to go ahead (fearing that the money will be diverted from its original purpose – the green bond in Fiji, for example, essentially boiled down to financing the deficit, in spite of its name). That is an argument that should be emphasized. The link should also be made between tracking and green 	<p>Thanks for the comment. PEFA Climate is not meant to be a tool to access climate finance, even though some governments used it as such (e.g. Samoa).</p> <p>Regarding the institutional coverage, as PEFA 2016, PEFA Climate follows GFS terminology and definitions. PEFA Climate covers central government and, where relevant, includes assessment and information pertaining to public corporations and subnational governments (See Box 2 on operators).</p>

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			<p>bonds on the one hand, and public enterprises on the other. Being enterprises, one could hope that financing for specific projects would be closer to their modus operandi and they would therefore be potentially good recipients of private money for climate change. I am thinking of a public water company for example: clean water is valuable; tariffs can therefore be increased; thereby placing the company in a good financial position; and it will be able to service the bond. Should it not be a good argument to make? At this stage, the additional Element 9 in CRPFM-2 only relates to transfers from the center. More broadly, if it is crucial to involve the private sector in financing the fight against climate change, a bigger effort will be needed to convince the investors that their money will be well spent.</p>	
G-43	Luc Leruth		<ul style="list-style-type: none"> This brings me to the third point. Since climate should be part of the whole of PFM (like gender or any other such topic), regular PEFA indicators are relevant, and some more than others depending on the issue. Let us take again the case of green bonds. In a recent report on tagging (World Bank Group (2021). "Climate Change Budget Tagging: A review of international experience"), the World Bank deplored that even when tagging is introduced in the budget, it rarely translates into a more climate focused implementation as the feedback on implementation is seldom prepared; when it is prepared, it is seldom read; and even when it is read, it is seldom acted upon. These are serious considerations. Which PEFA indicators would this relate to? More generally, would it not add value to the PEFA Climate if the regular indicators were used and combined to help give an assessment of how well 	<p>Thanks for the comment.</p> <p>The regular PEFA provides a high-level overview on how well PFM systems perform. PEFA Climate approaches some of these functions with more granularity at a level that the regular PEFA would not consider.</p> <p>Each dimension of PEFA Climate builds on a dimension of the regular PEFA.</p> <p>In addition, out of 20 pilots, 16 combined PEFA climate with a regular PEFA.</p> <p>Regarding your comment on tracking climate change expenditure, indicator CRPFM-2 examines the different ways such tracking may be approached by a government. PEFA Climate considers it</p>

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			<p>the country under review is ready for each of the important questions related to climate?</p> <p>I realize that addressing these points would require some work but I am afraid that, without moving in that direction, the whole exercise may lose its relevance for those who expect to use it for its intended purpose.</p>	<p>requires first a definition of what constitutes climate expenditure (Element I of CRPFM-2). Such expenditure may then be identified in the budget documents; in in-year budget execution reports; in end-of-year budget execution reports. They may cover activities that are counter to climate policy, or transfers to operators (subnational governments, extrabudgetary units, public corporations). They may be identified using a tag, which is one way of tracking.</p> <p>CRPFM-2 will capture what the government is doing to track such expenditure. It may be that the government has just developed a methodology with the use of a tag, and that it is too early to see what happens beyond the budget preparation where the tag would be used. The next PEFA Climate assessment would then capture the progress from the use of the tag during budget preparation to its use in budget execution and reporting – if progress there is.</p>
G-44	World Bank (Tracey Lane)		The document provides details on how to evaluate and score climate responsive public financial management, similar to guidelines provided for evaluating public financial management as part of a PEFA exercise. As such the document is pretty straight forward for those familiar with the PEFA assessment and does provide a general approach to evaluate the extent to which climate change is mainstreamed in PFM.	Thank you.

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G-45	World Bank (Tracey Lane)		Overall, the coverage provide by the set of indicators and dimensions is adequate to capture how climate change is mainstreaming in PFM systems. A couple of elements could be added to the indicators.	Thank you.
G-46	World Bank (Tracey Lane)		Overall, minimum practices are captured in the document. There are a number of boxes which present some documents for additional information and country examples. . Some of those boxes are not referenced in the main text and not clear what the message is (Box 27, for example, is merely an illustration of the institutional arrangement with no explanations and doesn't appear to support the assessor or reader). This also very different from the PEFA framework which focuses on the assessment rather than introducing other tools, documents or country cases. But the addition of additional information and country cases may be helpful to the assessors.	Thanks for the comment. PEFA Climate follows PEFA Gender where examples of practices are introduced in the guidance. Regarding the boxes, all of them are now referenced in the text.
G-47	AFD (Edyner Siribie)	Boxes	Thank you for adding the boxes in this version. We find it very helpful.	Thank you.
G-48	INTOSAI-IDI (Petra Schirnhofer)	PEFA Gender and PEFA Climate	There is both a separate PEFA Climate and Gender Framework. Maybe it is not possible short-time, but more medium- to long-term one might want to think about bringing those closer together or at least better exploring the links (e.g. within the framework of sustainability). The reason is that while there are advantages to having separate frameworks, we often lose sight of the links, and we create a tunnel vision. The links between climate change and gender equality or equality are obvious and have been explored by many institutions (e.g. it was main theme of the CSW in 2022)	Thank you. We will explore the linkage in due course.

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G-49	EC (INTPA)	General assessment of PEFA Climate	<ul style="list-style-type: none"> PEFA Climate Framework is very well structured and instrumental for a correct understanding of the status of any country in relation to its public efforts on climate change. Supported by robust measurement guidance, and a comprehensive set of elements to collect the necessary quantitative data, the Framework can become a valuable tool for DG-INTPA to efficiently assess the quality of Climate Financial Management (CFM) of any which country. 	Thank you.
G-50	EC (INTPA)	Relevance	<ul style="list-style-type: none"> Excluding the CRPFM-7.1 (Fiscal risks) dimension, all indicators and corresponding dimensions are considered relevant, and all are relevant for a complete and coherent assessment of the CFM. 	Thank you. For CRPFM-7.1, see response #7.9
G-51	EC (INTPA)	Ambition	<ul style="list-style-type: none"> All indicators and corresponding dimensions are considered as ambitious, with all of them resulting relevant for a complete and consistent CFM's assessment. 	Thank you.
G-52	EC (INTPA)	Applicability	<ul style="list-style-type: none"> The Framework's applicability for a limited number of dimensions can encounter some challenges, due to non-measurable factors falling beyond the climate indicators' scope [CRPFM-4, CRPFM-13.1, CRPFM-9, CRPFM-13.2, CRPFM-11.3]. 	Thank you. See detailed response under specific indicators.
Introductory sections				
I-1	World Bank (Urska Zrinski)		It will be important to clearly communicate that the climate framework does not assume the use of PFM tools throughout the entire budget cycle to prioritize climate change. This is important because people often tend to focus solely on scores rather than thoroughly reading the report. Most countries only utilize a few tools to mainstream climate change. I recommend including this message during the framework's launch and subsequent rollout to	Thanks for the comment. The PEFA Secretariat repeatedly conveys the message on choosing entry points consistent with the country policy and existing PFM systems – but the message needs to be reinforced in PEFA Climate framework. PEFA Climate now mentions that:

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			potentially mitigate any criticism regarding the perception of the PEFA climate framework.	<i>“PEFA Climate also recognizes that countries are gradually incorporating climate change considerations into their PFM systems. Some countries may prioritize certain entry points and tools that align with their PFM strategy.”.</i> [under “Purpose” right after the mention that climate-related PFM practices are nascent]
I-2	World Bank (Patrick Kabuya)	Institutions in charge	<p>Institutions responsible of climate change in public sector.</p> <p>The introduction section of the PEFA should reflect on PFM-related institutions responsible of climate-change in the country. The team should consider making reference to the Climate change institutional assessment toolkit to develop guidance that would assist assessment teams to identify the institutions (responsible of climate change) and extract information that would impact the various PFM-related climate-change dimensions.</p>	Thanks for the comment. Like PEFA 2016, PEFA Climate focuses on PFM processes rather than institutions. However, the suggestion to make reference to the World Bank CCIA is well taken. This is now added to a list of useful resources in an Annex.
I-3	World Bank (Gael Raballand)	Scoring system 2	The framework document defines C score as “Initial efforts have taken place to mainstream climate change issues and the policy response in the relevant PFM institutions, processes, or systems”, which corresponds to the basic level of performance. We were wondering whether the wording could be further streamlined to define “initial efforts” or simply leave as the basic level of performance. This is an important notation as sets the bar for the calibration of the higher scores B and C.	<p>Thanks for the comment.</p> <p>The current formulation for PEFA 2016 is <i>“a score of C reflects the basic level of performance for each indicator and dimension, consistent with good international practices”.</i></p> <p>Climate-responsive PFM practices are nascent (see Section 1) as demonstrated by current trend and practices (see Section 2). The formulation <i>“Initial efforts”</i> reflects the basic level of performance, and also the fact that such level is still under construction.</p>

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				<p>Pilot testing did confirm such level for most indicators.</p> <p>The wording is the same as the one used for PEFA Gender.</p>
I-4	World Bank (Gael Raballand)	Peer review process/PEFA Check	Assessments applying PEFA 2016 (at both national and subnational level), along with PEFA+ (meaning 2016 and climate) to comply with the PEFA check requirements should go through a thorough review process by requiring at least four peer-reviewers. In case of a stand-alone C-PEFA assessment, at least three peer-reviewers are required as per PEFA Check. Considering the importance and engagement of a significant number of ministries and agencies in the climate change agenda (both adaptation and mitigation), the team might consider applying the same approach for stand-alone CPEFA assessments as for PEFA 2016 and PEFA+.	<p>Thanks for the comment.</p> <p>The suggested adjustment has been incorporated. The peer review process now involves at least four peer reviewers for both the standalone and the bundled approach.</p>
I-5	World Bank (Gael Raballand)	Resources required to conduct CPEFA assessments	The framework document states “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 process. While for a stand-alone assessment (page 21) refers to 40 to 50 persons days. These estimates will be confirmed during piloting”. Have these estimates been confirmed? What did we learn from the pilot testing of the supplementary framework in 20 countries. Please clarify and advise accordingly as this is an important	<p>Thanks for the comment. The estimates have been clarified and reference to piloting removed. For a PEFA+, we adjusted to thirty to forty days based on the feedback received during the interviews with development partners and assessment teams.</p>

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			information with budgetary implications for the assessments.	
I-6	I4CE (Sébastien Postic)	Section 2	Reformulate “reduce greenhouse gas (GHG) emissions to net zero by 2050” to “Net GHG emissions to zero”.	Thanks for the comment. This has been reformulated.
I-7	I4CE (Sébastien Postic)	Box 3	The figures here may be updated.	Thanks for the comment. This has been updated. Figures have also been inserted for LT-LEDS. It now reads “As at November 2023, 168 NDCs are available from 195 parties, and 68 LT-LEDS, representing 75 parties to the Paris Agreement”.
I-7	ACCA (Alex Metcalfe)		The definition of climate responsive PFM on page 26 is helpful.	Thank you.
I-8	ZHAW (Antonia Grafl)	Section 2	The provision of an evidence-based and theory-driven justification for the choice of indicators and the inclusion of references making the case for Green PFM in section 2 will increase credibility and ownership of the tool. However, reference should be made to all seminal papers/ frameworks (such as by the OECD, UNDP, the EU,..) and not only to the IMF “How to” note.	Thanks for the comment. We used the feedback you and others provided during the preparation of the revised framework regarding the need for a theory-driven justification to increase credibility of the tool. We used papers and frameworks that were developed after the pilot version of PEFA Climate to confirm the orientations initially made: -in Section 1 where we introduced an explanation related to the choice of indicators -in Section 2 with the clarification regarding the scope of PEFA Climate, which explains the focus on UNFCC and the differences with broader approaches referring to “green” - throughout PEFA Climate supplementary framework where we included references

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				that were the most relevant to the specific topic.
I-9	ZHAW (Antonia Graf)	Resources required to conduct PEFA++ assessments	The framework underestimates the resources needed for the assessment, e.g., 20-30 additional working days if conducted concurrently with regular PEFA <input type="checkbox"/> this is based on the assumption that there are synergies to be leveraged in a PEFA ++, which is not really the case in practice.	Thanks for the comment. This has been adjusted to 30-40 based on the feedback received. See also the response #I-4. Most assessment teams indicate there were synergies between PEFA 2016 and PEFA Climate.
I-10	ZHAW (Antonia Graf)	Resources required to conduct standalone PEFA Climate assessments (assessors)	Experience shows, that a standalone assessment will probably require 50-60 working days rather than 40-50.	Thanks for the comment. Feedback received confirmed 50 days with all standalone assessments undertaken with travel restrictions due to COVID-19.
I-II	ZHAW (Antonia Graf)	Resources required to conduct standalone PEFA Climate assessments (government)	Not least, resources needed for the core team. 10 person days will probably not suffice.	Thanks for the comment. We think half a day for each indicator provides sufficient time to cover all the issues. Half day of meeting for each indicator would lead to seven days. Some of the indicators do not require such amount of mobilization while others will.
I-12	IMF	Section I- Figure I.I	The graph is somewhat hard to understand because the numbering/sequence of pillars and indicators seems inconsistent.	Thanks for the comment. The graph uses PEFA 2016 pillars, where the numbering of indicators follows the numbering of pillars. PEFA Climate comprises 14 indicators instead of 31. In addition to the number of indicators, other factors explain the break in sequence.

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				<p>For instance, CRPFM-14 follows PEFA 2016 PI-1 and PI-2. While it could have come first in the set of PEFA Climate indicators, its use is linked to the existence of a methodology to track climate expenditure as assessed in CRPFM-2. Thus, the calculation of deviation does not come first contrarily to PEFA 2016.</p> <p>Another example is legislative scrutiny. In PEFA 2016, ex-ante is covered by PI-18 in Pillar 4 and ex-post in PI-31 in Pillar 7. PEFA Climate is combining ex-ante and ex-post scrutiny as two dimensions of the same indicator, CRPFM-4.</p>
I-13	IMF	Section I-Box I	If CRPFM 2 is included for the contribution of operators, shouldn't CRPFM 14 also be included?	<p>Thanks for the comment. Element 1 of CRPFM-2 assesses the use of a methodology to track climate expenditure. When such methodology is not in place, it cannot be used to calculate deviation. Clarification 2:1.1 mentions that “-When there is no definition at all, the score of the indicator is D as Element 1 is not met. In such case, CRPFM-14. Expenditure outturn is considered NA”.</p> <p>Inclusion of CRPFM-2 in Box 2 is linked to Element 9 “Budgeted climate related transfers to extrabudgetary units and public corporations in charge of implementing climate change actions, and outturn, are identified”. This has no link with CRPFM-14.</p>
I-14	IMF	Resources	This paragraph should include the most relevant highlights from the pilot rather than estimates.	Thanks for the comment.

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			Is it still relevant now that piloting has been done?	This has been adjusted with the relevant figures, and the reference to piloting has been removed.
I-15	IMF	Figure I.3	How do you define "stream"? What does it refer to?	Thanks for the comment. "Stream" designates subjects to be covered.
I-16	IMF	Box 2 and Box 3	Both boxes with text cut off. Could be a formatting issue.	Thanks for the comment. This has been adjusted.
I-17	IMF	Box 3	Update these figures now that we are in late 2023	Thanks for the comment. This has been updated. Figures have also been inserted for LT-LEDS. It now reads "As at November 2023, 168 NDCs are available from 195 parties, and 68 LT-LEDS, representing 75 parties to the Paris Agreement".
I-18	IMF	Acronym	Already used and defined before. Should use the acronym henceforth.	Thanks for the comment. This has been reflected. There was a previous reference to NDCs before the one you pointed to – this has been corrected accordingly.
I-19	IMF	Section 2	Suggest adding a reference to the definition from the Green PFM note. "Public financial management (PFM) consists of all the government's institutional arrangements in place to facilitate the implementation of fiscal policies. In response to the growing urgency to fight climate change, "green PFM" aims at adapting existing PFM practices to support climate-sensitive policies". https://www.imf.org/en/Publications/staff-climate-notes/Issues/2021/08/10/Climate-Sensitive-Management-of-Public-Finances-Green-PFM-460635	Thanks for the comment. There is a reference in the section on What is climate responsive PFM. This view is reflected by Gonguet et al. (2021), who explain "green PFM" as "the integration of an environment- and/or climate friendly perspective into PFM practices, systems, and frameworks—especially the budget process—with the objective to promote fiscal policies that are responsive to environmental and/or climate concerns." The suggested definition has been added.

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I-20	IMF	Section 2	<p>You cover the difference between PFM and budgeting.</p> <p>It would be good to also conclude something on green vs climate sensitive, i.e. green is environmental concerns more widely, not all of which is climate related (ex: pollution of rivers, toxic waste management, etc.).</p> <p>This is a bit of a matrix: you can do budgeting or PFM more widely, you can do climate or environment more widely.</p>	<p>Thanks for the comment.</p> <p>In Section 2, we added an explanation on the focus of PEFA Climate: -on climate change, building on the UNFCCC – and how it differs from other approaches considering “green. This clarifies why climate change, mitigation, and adaptation while others use a different vocabulary based on their own approach. -on PFM rather than “budgeting”.</p>
I-21	IMF	Section 2	<p>Suppression of not the formulation “<i>to differentiate it from other terminologies, but</i>”. Not necessary (but do further clarify difference between green and climate above)</p>	<p>Thanks for the comment. PEFA Secretariat prefers maintaining the formulation to emphasize the difference in definition.</p>
I-22	IMF	Section 2	<p>CC: climate change?</p>	<p>Thanks for the comment. This has been spelled out.</p>
I-23	IMF	References	<p>About IMF: Blog Quantifying Climate Change Fiscal Risks. Could probably better link to the published TA report. The Armenia report at Armenia: Technical Assistance Report-Quantifying Fiscal Risks from Climate Change (imf.org) uses more updated analysis than the Georgia report. But here is the Georgia one too: Georgia: Technical Assistance Report-Updating the Balance Sheet and Quantifying Fiscal Risks From Climate Change (imf.org).</p>	<p>Thanks for the comment. The reference has been adjusted.</p>
I-24	AFD (Edyner Siribie)	About the assessment	<p>Since PEFA Climate Assessment is a diagnostic intended to be a tool for improvement. Countries could be informed that they may have many D score when conducting a PEFA Climate assessment for the first time. This could prevent reluctances to finalize (or publish) a PEFA climate assessment carried out for the first time.</p>	<p>Thanks for the comment.</p> <p>We added a box (Box 1) on PEFA Climate and entry points, where the narrative refers to the fact that “<i>Scores may show that systems are not ready yet</i>”.</p>

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I-25	AFD (Edyner Siribie)	Public transparency and accountability	Considering the importance of public accountability as a leverage to the climate change debate, it could have been relevant to have a specific indicator referring to public transparency and accountability (PI-9)	<p>Thanks for the comment. PEFA Climate follows the approach of PEFA 2016 where publication is considered under relevant indicators and dimensions.</p> <p>PEFA Climate also approaches transparency and accountability in CRPFM-4.1 Legislative scrutiny of budgets in Element 5: “A public consultation that includes a specific focus on climate. A report on the feedback received during public consultation is published”. Clarification 4:1.5 explains that “Element 5 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 multiannual investment plan, summary of medium-term and/or annual climate change related budget proposals”.</p>
I-26	AFD (Edyner Siribie)	Resources	May be useful to mention that these estimates are for a first assessment, as there is no subsequent assessment as for now; and the required resources may be less.	<p>Thanks for the comment. A sentence has been added. “For both types of assessment, estimates cover an assessment undertaken for the first time. Resources required may be less in subsequent assessments”.</p>
I-27	AFD (Hélène Ehrhart)	Resources	“These estimates will be confirmed during piloting” Sentence to be removed since the piloting phase is almost over?	<p>Thanks for the comment. This has been adjusted with the relevant figures, and the reference to piloting has been removed.</p>

#	Institution	Subject	Comment	Response from the PEFA Climate team
I-28	AFD (Edyner Siribie)	Figure I.3 standalone PEFA Climate	Thank you for adding this point	Thank you.
I-29	AFD (Edyner Siribie)	References	<p>This AFD publication could also serve as an useful complimentary reference on this subject of Green PFM with country examples for each of the PFM function. It is available in English, French and Spanish at these links:</p> <ul style="list-style-type: none"> • [La transition budgétaire verte] [AFD] • [The Green Budgeting Transition] [AFD] • [La transición presupuestaria verde] [AFD] 	Thanks for the comment. These are now added.
I-30	Slovak Republic- Ministry of Finance (MoF)	Figure I.1	Figure I.1 is hard to read due to the low quality of the image. Moreover, it is not particularly useful to understand the connection between indicators and budget cycle better. The organizational structure appears disorderly, possibly exacerbated by the non-consecutive numbering of pillars and indicators.	<p>Thanks for the comment. Figure I.1 (now2) has been inserted to provide the same level of information as PEFA 2016 (see page 3) and PEFA Gender (see page 24).</p> <p>Based on your comment, Figure 2 has been adjusted.</p> <p>As all other PEFA publications, PEFA Climate will be sent for professional design.</p>
I-31	Slovak Republic- MoF	Table I.2	On Page 15, the last paragraph incorrectly references Figure I.3 instead of the accurate reference to Figure I.2.	Thanks for the comment. This has been corrected.
I-32	Slovak Republic- MoF	D*	On Page 16, the first paragraph would benefit from a more explicit and substantive explanation of why D* is treated equivalently to D, unlike NA or NU. A presumed explanation is that the absence of sufficient data likely indicates the non-existence of	<p>Thanks for the comment. The guidance on scoring, including the explanation related to the use of D*, is the exact same as PEFA 2016 (see page 7) and PEFA Gender (see page 23).</p>

#	Institution	Subject	Comment	Response from the PEFA Climate team
			the relevant institution, guideline, or procedure. If this is the case, this should be explicitly stated.	
I-33	Slovak Republic-MoF	Conversion table	Table 1.3 reveals discrepancies in the conversion table, with inconsistent aggregation. Notably, the DDB combination results in a D+ score, while the CCA combination yields a B score. Similarly, DCCC results in D+, CBBB in B, and BAAA in A. Presumably, this implies that the distinction between D and C is considered more significant than that between C and B. While potentially justifiable, this discrepancy requires explanation in the text.	Thanks for the comment. The guidance on scoring, including the conversion table, is the exact same as PEFA 2016 (see page 10) and PEFA Gender (see page 26 – PEFA Gender only uses a combination of up to two dimensions). The conversion table was elaborated and agreed on for the first version of PEFA in 2005 and carried over since then.
I-34	Slovak Republic-MoF	2/3 of indicators/ Compliance of 85% with the PEFA methodology	On Page 22, in the last paragraph, the connection between the 85% rule and the 66% rule on page 16 is unclear. Specifically, it is uncertain if there is any correlation between the two or if they are unrelated.	Thanks for the comment. There is no link between the rules you are referring to. A report may not be called a PEFA report if it does not cover at least 2/3 of the indicator set. A report will be granted the PEFA Check if, among other rules, scoring is fully compliant with the PEFA methodology for 85% of the set of indicators and the corresponding dimensions.
I-35	Slovak Republic-MoF	Contribution to climate change	Page 25's third paragraph would benefit from acknowledging that tax and government spending not only address climate change but, under certain circumstances, may contribute to climate change. In recent decades, this impact has arguably been more pronounced than the effects of adaptation and mitigation	Thanks for the comment. The para refers to a specific research paper.
I-36	Slovak Republic-MoF	Visual representation	Regarding Page 26, the discussion on green budgeting and PEFA climate is insightful. However, providing a visual representation, such as a Venn diagram, comparing the attributes unique to green	Thanks for the comment.

#	Institution	Subject	Comment	Response from the PEFA Climate team
			budgeting and PEFA, as well as common attributes, could enhance clarity.	A visual representation has been inserted in Section 2, with an adjusted narrative to explain the focus of PEFA Climate.
Inception Questionnaire				
Q-1	World Bank (Ryan Rafaty)	Inception Questionnaire Section I	<p>Given that PEFA Climate does not directly assess national climate policies and strategies but must capture their core elements vis-à-vis the queries in the questionnaire, we think there are several elements that could be added to the questionnaire that would provide further indication of important climate-related aspects of PFM and the underlying policy context in each country.</p> <p>Under Section I of the questionnaire, question 4, there is a question asking how the country plans to meet its GHG emission reduction targets from its NDC. Currently, it asks whether different types of policy instruments or mechanisms are used (financial support, regulation, taxation, subsidies, transfers, capacity building, technology transfers, or others). It would be useful to go into further details here regarding taxes and subsidies. Does the country currently levy a tax on the carbon content of fuels? Similarly, does the country currently subsidize fossil fuel consumption? Are there plans to phase out fuel subsidies as part of an environmental fiscal reform? More details here would be useful, as currently many countries provide green subsidies but are simultaneously providing fuel subsidies that partly or wholly counteract the climate-related goals of fiscal policy. MTI has forthcoming work on green and other subsidies which will include data that's highly relevant to some aspects of greening PFM. It may therefore be useful to aggregate existing data where possible so that PEFA Climate does not need to rely exclusively</p>	<p>Thanks for the comments and suggestions.</p> <p>PEFA Climate does not rely exclusively on a questionnaire. As for the regular PEFA, a PEFA Climate assessment relies on data provided by the government during data collection. The questionnaire must be filled in by the government and is part of data collection. It aims capturing the policy context in the specific country. Data collection enables to determine a preliminary scoring validating during the PEFA field mission.</p> <p>Regarding subsidies, Element 6 (Budgeted annual climate related expenditure) in CRPFM-1 already “<i>includes negative climate expenditure, such as fossil fuel subsidies</i>” (see clarification 1:1.6). Based on your comment, we added a clarification to ask for additional information on such negative expenditure when available. We did the same for tax expenditure for Element 5 and again Element 6.</p> <p>Information on subsidies is also available in CRPFM-14.2.</p> <p>Regarding tax, PEFA Climate is not prescriptive. CRPFM-9 defines climate-</p>

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			<p>on a questionnaire. [The Climate Policy Database, managed by the NewClimate Institute, provides information on climate-related policies and strategies at the national and sectoral level and thus may also be worth referring to, perhaps after the questionnaire has already been conducted, in order to cross-validate the answers received against other sources.]</p>	<p>related tax (see clarification 9:2 “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, border carbon adjustments. Other environmental taxes (on waste, water, non-climate related chemical pollutants) are not covered by this indicator”).</p> <p>The Climate Policy Database managed by the New Climate Institute is now added to a list of useful resources in Section 6.</p>
Q-2	World Bank (Ryan Rafaty)	Inception Questionnaire Section 2	<p>Under Section 2 of the questionnaire, question 9, it would be useful to include an additional query that asks about whether the country has a national development bank, and if so, do climate change considerations factor into its policy mandate. In many countries, national development banks play (or will in the future play) an outsized role in financing climate change mitigation and adaptation activities. questionnaire does not currently include a question on national development banks. In addition to asking about whether climate mitigation and adaptation is included in their policy mandate, the questionnaire could ask whether its monitoring and evaluation practices for screening projects include climate considerations.</p> <p>An additional element that would be useful to add to Section 2 of the questionnaire is whether the country has any state-owned enterprises and whether they have climate mitigation and/or adaptation goals written into its policy mandate. In many countries the</p>	<p>Thanks for the comments and suggestions.</p> <p>As the regular PEFA, PEFA Climate follows GFS terminology and definitions. PEFA Climate covers central government and, where relevant, includes assessment and information pertaining to public corporations and subnational governments.</p> <p>GFS refers to “public corporations” rather than “state owned enterprises”. The questionnaire and selected indicators capture information related to public corporations.</p>

#	Institution	Subject	Comment	Response from the PEFA Climate team
			investments and medium-term strategies of SOEs are not currently aligned with climate mitigation and adaptation goals under the Paris Agreement. It would therefore be helpful if the questionnaire would specifically ask about how SOEs are or are not responsive to climate considerations in their mandates. Relatedly, many SOEs will require an extensive low-carbon transition plan given the high carbon intensity of their current capital stock, and it would be useful to ask whether they have an explicit detailed decarbonization plan currently or in the works	
Q-3	World Bank (Ryan Rafaty)	Links with other sources of information on climate policies	Lastly, the questionnaire includes several types of questions that go beyond PFM and closely resemble the type of questions included in the Bank's Climate Change Institutional Assessment (CCIA). It would be good to refer to the CCIA tool then. The updated CCIA guidance cross-references all relevant tools to make it easier for teams that need to apply them. It would be good if PEFA Climate does the same.	Thanks for the comment and suggestion. PEFA Climate questionnaire aims at capturing the context under which the assessment is undertaken. A few questions target institutions to better contextualize PFM practices. Reference to the CCIA will be added.
Q-4	World Bank (Gael Raballand)		Country's Climate Change Policy Context-Questionnaire: The questionnaire is comprehensive and well designed. Some minor comments for the team to consider. For instance, adding in section 2 some questions to better understand the process of developing/preparing the related long-term/sectoral etc. strategies and documents, who is leading, and which actors are participating in the policy making process. The process of policy making is as equally important as the implementation side. Lastly, the extent to which these important policy documents/strategies, etc. are aligned (in general terms although assessed in detail in CRPFM—I.I. The	Thanks for the comment. The issues you are raising are essential, however they are beyond the purview of PEFA Climate. PEFA Climate focuses on the administration of climate policies into the PFM systems. Regarding the alignment, this is the objective of CRPFM-I as the comment rightly points to.

#	Institution	Subject	Comment	Response from the PEFA Climate team
			latter is coming as an important issue from the completed CCDRs and CCAs.	
Q-5	ACCA (Alex Metcalfe)		<p><i>Does the questionnaire provide enough elements to start with?</i></p> <p>This question will be best answered by the individuals who carried out the pilot assessments. However, from ACCA's perspective, we think that it does provide sufficient information to make a start on an assessment.</p>	Thanks for the comment.
Q-6	OECD (Margaux Lelong)	Additional topics	<p>This part focuses on adaptation and mitigation. Don't you want to add a question on other objectives such as circular economy, water, pollution, biodiversity?</p> <p>Moreover it could also be interesting to understand if the country/client have priority budgeting system in place including other priorities such as gender</p>	<p>Thanks for the comment.</p> <p>Section 2 now explains the focus of PEFA Climate stemming from UNFCCC – which excludes the two other Rio Conventions.</p>
Q-7	OECD (Margaux Lelong)	Institutional arrangements	It could be interesting to know if the MoF has a regular and institutionalized link with other line ministries (e.g. MoE) or if a working group is in place to deal with this issue (coordination mechanisms)	<p>Thanks for the comment.</p> <p>Institutional arrangements are covered by the questionnaire and CRPFM-I:</p> <ul style="list-style-type: none"> -Questionnaire 9b: <i>“Is there a designated agency overseeing and coordinating the implementation of the climate change activities?”</i> -Questionnaire 9c: <i>“Does the ministry of Finance have a specific mandate in the implementation of climate change activities?”</i> - CRPFM-I-Element I, for the coordination of sectoral strategies: <i>“While not assessed, the narrative of the report may briefly refer to the coordination in place and describes how this role ensures synergies between sectoral strategies (see clarification 1:1.1)</i> - CRFM-I-Element 12, at the operational level: <i>There is an operational body, unit, or</i>

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				<i>team in charge of fostering coordination on climate change activities in line with climate change policies.</i>
Q-8	World Bank (Verena Fritz)		<p>While the PEFA Climate framework does not assess the national climate change policies and strategies of a country, the specifics of these latter need to be captured to highlight the findings of the assessment. Does the questionnaire provide enough elements to start with?</p> <ul style="list-style-type: none"> The questionnaire covers quite a lot, so that seems adequate. That said, assessing the CC policies and strategies of a country in a short questionnaire is challenging. Some questions seem very broad, but then the answers are very simple ('yes'/'no' responses) – e.g. Q17 - Has the country conducted activities to mainstream its climate change plans or NDCs into its PFM systems? This is a question for which more detailed information would be essential to be reflected. Otherwise, some very minor activities could be used to justify a yes. Generally, ensuring that assessments reference CCIA's (especially where these are published) and what other assessments may have been carried out would be important to avoid duplication of efforts. 	<p>Thanks for the comment. When filled in, questionnaires are inserted as an Annex in PEFA Climate reports. They are usually quite developed, beyond the yes/no – exactly for the reasons you are mentioning.</p> <p>The reference to the CCIA will be added.</p>
Q-9	IMF		Has this questionnaire been reviewed after conducting the pilot?	<p>Thanks for the question. The inception questionnaire has been updated. Question 9.a. Which sectors and institutions are involved in the implementation of the national climate change strategies and policies now captures types of funding (own, others) and amount covering such implementation.</p>

#	Institution	Subject	Comment	Response from the PEFA Climate team
				The same approach is used for question 18. Which public entities (operators) are involved in the implementation of the country's climate change strategies and policies? For each category of operators, it now captures types of funding (own, BCG, others) and amount.
Q-10	IMF	Question 4a	Not sure if this question is needed as a NDC is supposed to cover both adaptation and mitigation.	Thanks for the comment. The question aims at confirming that NDCs actually cover both mitigation and adaptation as they are supposed to.
Q-11	IMF	Question 7	For clarification - would climate change identified in a country as a "cross cutting" issue qualify as a "key issue"? Might need to clarify what is meant by key issue as one could also argue that everything included in the NDP is a key issue.	Thanks for the comment. National Development Plans highlight issues the country is focusing on, regardless of the vocabulary used. A cross-cutting issue may or may not be a key issue. This will depend on the emphasis in the specific National Development Plan. It seems the terminology "key issue" in PEFA Climate was clear enough as no assessor nor government official asked for clarification during piloting.
Q-12	IMF	Question 8	This question includes a mix of questions regarding CC, and more PFM-related questions (letters e and f). Maybe these issues could be addressed later, when dealing with PFM/budget topics.	Thanks for the comment. Questions 8e and 8f are inserted under Section 2 as they relate to regulation.
Q-13	IMF	Question 8f	If instructions are included in the budget call circular, would this qualify as "regulation/law"?	Thanks for the comment. If a circular belongs to regulation in a country, this will qualify.
Q-14	IMF	Question 14	On "Has the country conducted an assessment of the macroeconomic impacts of climate change?". Maybe "forecasting" instead of conducting an assessment?	Thanks for the comment.

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				The intent is to cover the assessment of the macroeconomic impact before forecasting accordingly.
Q-15	IMF	Question 15	Could another operator be included for social security funds (or other and ask to specify) as these would have large financial assets that they could potentially invest in climate sensitive assets.	<p>Thanks for the comment.</p> <p>Box I indicates that “PEFA Climate considers activities from public entities involved in the implementation of the country’s climate change strategies and policies. The entities, designated as “operators”, include subnational governments, public corporations and extrabudgetary units”.</p> <p>As the comment refers to climate sensitive assets, the coverage of CRPFM-6 is budgetary central government – which would not encompass social security funds.</p>
Q-16	World Bank (Rodrigo Martínez Fernández)		<p>The provided questionnaire gathers detailed information essential for understanding a country's policy context of climate change. The questionnaire is structured into three sections, each focusing on different aspects of climate change policy:</p> <ul style="list-style-type: none"> • International commitments for climate change mitigation and adaptation • National-level strategies • Implementation of climate change policies by the government <p>The questionnaire provides a good overview of the country's climate change policy landscape. The information gathered can be crucial for assessing the readiness of the Public Financial Management (PFM) system to support and foster the implementation of government climate change policies, as outlined in the PEFA Climate framework. It helps contextualize</p>	<p>Thanks for the comment.</p> <p>The issue you are raising are essential. However, they are beyond the scope of PEFA Climate as time horizons for LTS and for medium-term for PFM are quite different (25 years vs. 3 to 5 years).</p>

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			<p>the assessment findings and provides a basis for understanding the broader policy environment in which climate-related financial management occurs.</p> <p>As the Bank, through its to be launched at COP28 LTS Program, supports countries in developing LTSs and enhancing existing ones with new modeling and better accuracy of numbers, it may well be worth that Question number 6 of the questionnaire also asks about the costs of the different mitigation and adaptation scenarios (with existing measures and with additional measures) to mid-century. The Climate PEFA assessors will benefit from learning the scope and reach of the funds needed to reach mid-century decarbonization targets, which are pretty substantial in the vast majority of countries, and how PFM systems can pre-empt the required system capacities to cope with the projected amount of funding needed in the coming next decades.</p> <p>The questions on: How does the country plan to meet its GHG emission reduction and adaptation targets as described in the mid-century strategies? It's open, and a PEFA assessor may benefit more from the numbers involved in reaching the targets.</p>	
Q-17	Slovak Republic-MoF	User-friendliness	Concerning the questionnaire on Page 32, enhancing user-friendliness for data input is crucial, especially considering reported difficulties in filling it out. Notably, for the Ethiopia case, the questionnaire was copied and pasted as text, which compromised readability.	Thanks for the comment. Once the final version of PEFA Climate is launched, we will examine ways of enhancing the user-friendliness following the approach we used for PEFA 2016 scores automated tables.
Q-18	Slovak Republic-MoF	4b	Question 4b appears overly broad, especially for states with numerous policies like Ethiopia. The	Thanks for the comment.

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			question should be either excluded or significantly narrowed down for greater relevance and usability.	4b identifies categories of activities aiming at reducing GHG – some of which (finance, capacity building and technology transfers) are identified by the Paris Agreement. The question was kept as is as there was no feedback from assessors or countries about non usability.
Q-19	Slovak Republic-MoF	8a	Question 8a is to a large extent a repetition of question 4b. The same reservations apply.	Thanks for the comment. 8a specifies 4b for some but not all categories.
Q-20	Slovak Republic-MoF	8e	Question 8e - the authors of the reports should be very careful in answering the question as it stands, which is often not the case. For example, Kenyan Climate PEFA only provided the name of the law.	Thanks for the comment. As indicated at the beginning of the questionnaire, “ <i>This questionnaire must be filled in by the government. 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</i> ”. The questionnaire is inserted as an Annex to the PEFA Climate report. “ <i>Authors of the report</i> ” may not be government officials who filled in the questionnaire.
Q-21	Slovak Republic-MoF	9	Questions 9 and 9a appear duplicative; clarity is needed on whether both should be completed or if 9 serves as an introduction to 9a-9c.	Thanks for the comment. 9 is broad and allows for a narrative answer. 9a, 9b, and 9c narrow down the approach and aim at capturing more specific information.

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Q-22	Slovak Republic-MoF	10	Question 10 should prompt authors to answer only the given question, preventing the inclusion of additional measures unrelated to the query. Kenyan Climate PEFA included more than 5 measures, some of which were not measures at all, but rather broader governmental goals.	Thanks for the comment. See answer to Q-20
Q-23	Slovak Republic-MoF	18	Question 18. Some of the questions are not answered in the questionnaires (in this case, Kenya). It is not clear why is this a case – is it because there are no public entities involved (which sounds unlikely) or the author overlooked this question?	Thanks for the comment. PEFA Secretariat may not know why the question was not answered unless the report provides an explanation. A few PEFA Climate reports include questionnaires that are not filled in at all as the government did not provide answers. To date, filling in the questionnaire is not mandatory.
INDICATORS				
CRPFM-1 Alignment				
I-1	World Bank (Bonnie Sirois)		The linkage between Climate Budget Tagging (CRPFM 2) and Budget Alignment with CC Strategies (CRPFM 1) could be strengthened. The information generated from CBT is not an end in itself but should be used to inform climate change policy, planning and budgeting decisions. It can be used in completing public expenditure or spending reviews, program evaluations and other analysis in determining the efficiency and effectiveness of the budget to inform budgeting decisions. Deviations from budgets should be disclosed. As such, I suggest that the evaluation and scoring criteria CRPFM 1 include consideration of CBT information.	Thanks for the comment. CRPFM-2 is not exclusively focused on climate budget tagging, rather on the ability of the country to identify its climate-related expenditure. CBT is one way of identifying such expenditure, which has been confirmed by the pilot testing. For instance, a country could use results from a recent CPEIR and the list of climate-related expenditure identified during the exercise to confirm that budgeted annual climate related expenditure estimates align with the approved medium-term budget estimates for the first year (part of Element 6 of CRPFM-1).

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				<p>As CRPFM-2 does not support exclusively CBT, CRPFM-1 would not refer to CBT.</p> <p>Regarding the deviation, CRPFM-14 is specifically focusing on that matter.</p>
I-2	World Bank (Gael Raballand)		<p>Whether elements 2 and 4 with the requirement “sector-medium-term strategic plans” and the costing could potentially introduce double jeopardy. The lack of costed sector medium-term strategic plans would lead to both elements not to be met. Excellent news that some countries have received B and C score. Hopefully, all the CPEFA reports will be publicly available, so we can learn more from the current and/or emerging practices in the countries, in terms of which basic + additional have been met.</p>	<p>Thanks for the comment.</p> <p>Element 4 now reads without “costed”.</p> <p>Regarding publication, PEFA Secretariat does not publish without prior authorization from the government. Hopefully such authorizations come soon for all reports to be accessible.</p>
I-3	ACCA (Alex Metcalfe)		<p>A C is scored for having in place 3 of 6 basic elements, and an A could be scored with only 4 of the 6 basic elements in place. This seems at odds with the notion that a C reflects minimum practices, and an A is for climate responsiveness to be mainstreamed into PFM. Should the basic elements be reduced to a shorter list of 3 (or 4) items? By comparison, CRPFM 8.1 is specific about exactly how scores A to C is achieved.</p> <p>Should the time period refer to the last budget approved by the legislature rather than the budget submitted to it?</p>	<p>Thanks for the comments.</p> <p>Regarding the number of basic elements, CRPFM-1 and 2 in PEFA Climate work like PI-5 and PI-9 in PEFA 2016. For all of them, the score is granted based on a total number of elements, of which a minimum number of basic ones. For instance:</p> <p>For PI-5 A requires 10 elements, including every basic element (1–4). B, 7 elements, including at least 3 basic elements (1–4). C, at least 3 basic elements (1–4).</p> <p>For PI-9 A requires 8 elements, including all 5 basic elements, in accordance with the specified time frames.</p>

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				<p>For B, 6 elements, including at least 4 basic elements, in accordance with the specified time frames.</p> <p>For C, 4 basic elements in accordance with the specified time frames.</p> <p>CRPFM-1 and 2 are the only ones in PEFA Climate using basic and additional elements. Basic elements are those without which the feature would not function in a proper way.</p> <p>Other indicators are using a list that considers all elements as equal (i.e., not basic + additional), e.g. CRPFM-8.</p> <p>Regarding the time period, CRPFM-1 in PEFA Climate is mapped to PI-16.3 in the regular PEFA which covers the last budget submitted to the legislature.</p>
I-4	OECD (Margaux Lelong)		It could be good to integrate the concept of carbon budgets (e.g. Ireland - carbon ceilings by sectors) and the spending reviews.	<p>Thanks for the comment.</p> <p>The concept of carbon budget has been added in the Questionnaire- Question 8c (<i>Is there a national climate change strategic plan or a low carbon strategy (which may include carbon budgets)?</i>).</p> <p>Spending reviews are referred to in CRPFM-2 as public expenditure reviews.</p>
I-5	World Bank (Verena Fritz)		Element I2 - having an organizational unit in MOF that coordinates on climate policies is considered as an additional element; I would suggest moving that to the background mapping to give this issue greater prominence (see overall comments)	<p>Thanks for the comment.</p> <p>The formulation does not indicate the unit should be hosted in MoF – it is not prescriptive.</p> <p>See response to #G-25.</p>

#	Institution	Subject	Comment	Response from the PEFA Climate team
I-6	IMF	Element 2	Assuming climate related strategic plans have accurate costing and include identified sources of funding but a gap remains for which funding needs be identified, would the dimension still be met? This would likely be the situation in many low income developing economies as there is a funding gap for which funding sources have not been identified.	Thanks for the comment. The requirement would be met as identification of funding gaps is covered by Element 8 (no double jeopardy).
I-7	IMF	Element 7	See also comment on question I8 in the inception questionnaire on whether there would be merits to include social security funds among operators.	Thanks for the comment. See response to #Q-15.
I-8	IMF	Element I2	The link with the indicator is not self-evident. Wouldn't the mere existence of a NDC focal point with a general role of coordinating preparation of the NDC / climate action plan be enough to score positively here, even though it does little to guarantee budget alignment with CC priorities? ==> would suggest to make this more specific to ensure that the coordination role has a clear mandate with respect to "greening" budget / fiscal choices, or would leave this element I2 outside this indicator completely.	Thanks for the comment. PEFA Climate is not as specific as you are suggesting when it comes to the content and extent of the mandate.
I-9	IMF	Box 6	Maybe specify what is the second Helsinki principle for those less familiar with the work of the coalition. The explanation is in the graph below but is not immediately intuitive.	Thanks for the comment. The graph is directly extracted from the Coalition website – which means it is supposed to explain what each principle is about.
I-10	INTOSAI-IDI (Petra Schirnhofner)		One question is whether the issue of subsidies to fossil fuels and tax exemptions should take an even more prominent place in the framework. This is a crucial issue for policy coherence.	Thanks for the comment. Regarding subsidies, Element 6 (Budgeted annual climate related expenditure) in CRPFM-I “includes negative climate expenditure, such as fossil fuel subsidies” (see clarification I:1.6). We added a clarification

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				<p>to ask for additional information on such negative expenditure when available. We did the same for tax expenditure for Element 5 and again Element 6.</p> <p>Information on subsidies is also available in CRPFM-14.2.</p>
I-11	Slovak Republic-MoF		Page 38, 1:1.6. Element 6 appears to duplicate Element 14:1.1.	<p>Thanks for the comment. Element 6 of CRPFM-1 examines whether “Budgeted annual climate related expenditure and tax estimates align with the approved medium-term budget estimates for the first year.”</p> <p>CRPFM-14 examines the deviation between what was approved by the legislature before or at the beginning of the fiscal year and the actuals at the end of the fiscal year – for the last three completed fiscal years. The first dimension focuses on the aggregate level while the second dimension examines the composition of expenditure.</p> <p>There is no duplication.</p>
I-12	EC (INTPA)	Merging CRPFM-1, 2 and 3	Given the links between CRPFM-1, 2 and 3, the Framework can reorganize them into dimensions for a single indicator.	<p>Thanks for the comment.</p> <p>Scores for CRPFM-1, 2 and 3 are the highest of the full set: 50% of pilots scored at least C for CRPFM-1 and 3, and 21% for CRPFM-2.</p> <p>Combining all three indicators in one would result in bringing down the scores</p>

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				<p>for some countries based on how the aggregation of scores method M2 works.</p> <p>For example:</p> <ul style="list-style-type: none"> - For Ethiopia, combination of (B, D, C) would result in a C. - For Kenya, combination of (D, C, C) would result in a D+.
I-13	EC (INTPA)	CRPFM-1	First of 3 complementary indicators addressing climate financial management, CRPFM-1 represents the most relevant and ambitious indicator of PEFA Framework. The suggested indicator measurement guidance is well-designed to cover all necessary qualitative/quantitative information.	Thanks for the comment.
CRPFM-2 Tracking				
2-1	World Bank (Bonnie Sirois)	Climate Budget Tagging	The linkage between Climate Budget Tagging (CRPFM 2) and Budget Alignment with CC Strategies (CRPFM 1) could be strengthened. The information generated from CBT is not an end in itself but should be used to inform climate change policy, planning and budgeting decisions. It can be used in completing public expenditure or spending reviews, program evaluations and other analysis in determining the efficiency and effectiveness of the budget to inform budgeting decisions. Deviations from budgets should be disclosed. As such, I suggest that the evaluation and scoring criteria CRPFM 1 include consideration of CBT information.	<p>Thanks for the comment.</p> <p>See response to #I-1</p>
2-2	World Bank (Bonnie Sirois)	Climate Budget Tagging	CRPFM 2 Climate Budget Tagging and CRPFM 3 Climate Responsive Budget Circular appear to encourage to tag at the expenditure level and to set targets. I encourage the team to revisit these principles (or the wording around these criterion if this is not the intent.)	Thanks for the comment. There is no intent at all to encourage tagging. PEFA Climate is not prescriptive either on the level at which the country identifies and monitors their climate related expenditure. For both, PEFA Climate rather recognizes the variety

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			<ul style="list-style-type: none"> o Level of tagging. CBT inevitably involves estimating expenditure for a specific budget category depending on the nature of the policy, project, program or activity to which the expenditure relates. Tagging at the expenditure level requires a level of granularity that is both labor intensive and difficult to estimate, which will impact the quality of the estimate. Instead, assessing CC relevance and tagging at the level of program, project, or project elements (component ,activity, output) depending on how the government structures its budget, provides a more appropriate basis for estimation. o CBT Targets. Referring to comments under the first bullet above, CBT is not an end in itself – instead the information should be used in budget evaluation and to inform climate change policy, planning and budgeting decisions. Establishing targets is not particularly relevant to this exercise and encourages “greenwashing” in order to meet established targets. (Reference can be made to a recent case by the EU Court of Audit.) 	<p>of approaches. Examples provided highlight this diversity.</p> <p>Regarding targets, CRPFM-3 indicator description now reads without mentioning “targets”.</p>
2-3	World Bank (Ryan Rafaty)	Minimum requirements for score C	The key issue we would like to highlight pertains to the indicators and scoring method. The coverage provided by the set of indicators and dimensions are quite thorough and adequately capture the key elements of greening PFM. Common minimum practices are captured under the ‘basic elements’ for a C score, but it may be worth considering whether merely having three of the basic elements is sufficient for a C score. For example, it may be useful if one or more of the basic elements (such as having a clear definition of climate-related expenditure) are designated as a necessary condition for a C score. As it currently stands, a country might lack this basic	<p>Thanks for the comment.</p> <p>For CRPFM-2, the definition (Element 1) is a necessary condition to score higher than a C. When such definition is not in place, be it included in regulation or not, the score of CRPFM-2 is D and CRPFM-14 becomes not applicable.</p> <p>For other indicators and dimensions, PEFA Climate recognizes there might not be a clear definition. Absence of such definition does not prevent countries to have provisions in their laws/ regulations</p>

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			element but because it has three other basic elements, it receives a C score. But if they lack a coherent and robust definition of what 'green' means regarding expenditures, then those other basic elements may not be reasonably sufficient for achieving a C score, given that they would be weakened in their effect. There's a risk that a lot of countries will just get the minimum C score but the variation in the quality among those with a C score is large. Designating a few "necessary conditions" is one possible way around this.	pertaining to climate responsive PIM or public procurement, for instance.
2-4	World Bank (Gael Raballand)		According to the methodology, if element I is not met, the score of the entire indicator is D, even though there are four other basic elements. This would imply that a D score will be given to countries a) if there is no methodology/definition to track climate related expenditures (element I not met) and b) if less than 3 basic elements are not met (so they might meet I and another basic ones). This could be considered a little bit of harsh for countries, which have made efforts in putting together methodology/definition to track climate related expenditures, which would still get a D score. The team might consider a more granular approach for the calibration of this indicator. It would be interesting to see the difference between the 3 countries that got a C score and the remaining countries which all got a D score.	Thanks for the comment. See response to #2-3.
2-5	I4CE	Element 2	I understand this part focuses on BCG, but I guess if e.g. local governments come up with a different methodology, that will not help consistency in internal transfers & subsidies... Maybe leave this unspecified?	Thanks for the comment. This is covered by CRPFM-II Element I which examines whether "CG arrangements for tracking climate related expenditure are applied to SNGs".

#	Institution	Subject	Comment	Response from the PEFA Climate team
2-6	ACCA	Capital vs. operating expenditure	Should capital and operating expenditure be separately identified?	Thanks for the comment. PEFA Climate is not prescriptive. It recognizes that countries use different methodologies to track their climate related expenditure (see clarification 2:6). If, for instance, a country is using a group of programs or projects assessed ex ante to have high climate change impact, such programs could include both capital and operating expenditure.
2-7	ZHAW (Antonia Graf)	Tracking revenue	Green budget tagging in general refers to “budget measures”, which includes revenue, but indicator 2 only assesses whether expenditure is tracked. Given that external climate finance often takes the form of grants, which constitute revenue and is often managed by extra budgetary units, tracking revenue would generate important insights.	Thanks for the comment. PEFA Climate follows PEFA Gender in the approach for tracking, recognizing that practices are still evolving. Thus, for now, tracking focuses on expenditure and on budgetary central government.
2-8	ZHAW (Antonia Graf)	Use of a proxy	On using a proxy: the rationale of this indicator is to examine “the extent to which the government is able to track...”. If the government is not able to, using a proxy would distort the score. The practice is examined, therefore lack of this practice generates a D score, not D*.	Thanks for the comment. Clarification 2:1.1 indicates that: “-When there is no definition at all, the score of the indicator is D as Element 1 is not met. In such case, CRPFM-14. Expenditure outturn is considered NA. - While the score is D , the lack of definition does not prevent assessors from checking the practices in place as assessed by other elements of this indicator. The report will then explain which proxy was used in lieu of a definition.” This is meant to signal that all elements are to be assessed. The score is D because there is no definition. However, for further reference and comparison purpose in the next PEFA Climate assessment, this does

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				not prevent assessors to check whether other elements are met. Clarification 2:1.1 has been updated. A sentence has been added “ <i>Even though the score remains D as there is no definition at this time, assessment of whether other elements are met will help for further reference and comparison purpose in the next PEFA Climate assessment.</i> ”
2-9	ZHAW (Antonia Graf)	Why it matters	Green PFM in general is not only there to implement cc policy, but also to inform cc policy, to create data to be used for evidence based decision making	Thanks for the comment. A sentence has been added at the end of existing formulation: “ <i>This, in turn, will result in the creation of a data set that will inform on the implementation of the policy and provide evidence to decision makers</i> ”.
2-10	OECD (Margaux Lelong)	Refinements	It could be good to ask if the country/client considers all types of expenditures / which % of the budget / is it aligned with the MTEF	Thanks for the comment. Regarding the coverage (all types of expenditure), clarification 2:5 asks that “ <i>Assessors will describe the methodology applied by the country in the narrative of the PEFA report</i> ”. From pilots, such description includes the types of expenditure covered. Regarding the % of the budget, a sentence has been added in clarification 2:2 “ <i>The narrative of the report will indicate the proportion of the budget represented by climate change expenditure for the last completed fiscal year</i> ”. Regarding the alignment, this is covered under CRPFM-I-Element 6.
2-11	OECD	Tracking revenue	And revenues ?	Thanks for the comment.

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	(Margaux Lelong)			PEFA Climate follows PEFA Gender in the approach for tracking, recognizing that practices are still nascent. Thus, for now, tracking focuses on expenditure and on budgetary central government.
2-12	World Bank (Verena Fritz)	Requirements for a C	I'm not quite sure whether the criteria of a C rating – having some elements, but NOT a methodology – really makes sense or is clear. If you mean that relevant ministries self-classify expenditures as climate responsive based (only) on general guidance but no methodology – then it may be better to spell that out as the requirement for a C.	Thanks for the comment. Requirements for a C are as follows: “The system in place to track climate related expenditure fulfills at least 3 basic elements, including Element 1 (2-5)”. Element 1 (The government uses a methodology that defines what constitutes “climate change expenditure”) is a necessary condition to score C and above. If there is no methodology, the score is D. Please see clarification 2:1.1 about the methodology.
2-13	IMF	Clarification 2:3	Reference to Elements 3 to 9: Or 2 to 9 ?	Thanks for the comment. Element 2 assesses whether “The government applies the same methodology across all BCG entities to identify climate related expenditure”. Thus, the formulation 3 to 9 is correct.
2-14	IMF	Dissociate definition from methodology	There should be 2 things, from my point of view: first, clear definitions of CC expenditure and second, a methodology for tracking or recognizing it. Definitions can be common (for example when there is a taxonomy applicable in a group of countries, such as the EU, or the Balkans), but this does not necessarily mean that the country has a methodology in place. For example: in Rwanda, the Feasibility study includes the definitions, but did not include a practical methodology to translate the definition to the budget programs. This methodology was developed afterwards.	Thanks for the comment. As per clarification 2:2, “For the purpose of this indicator, the definition of what constitutes “; the definition of what constitutes “climate change expenditure” is provided by the government in the Inception Questionnaire and applied throughout the assessment. The questionnaire refers to a definition set in regulation”. Clarification 2:1.1 provides further explanation:

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				<ul style="list-style-type: none"> - When there is a definition provided in the regulation as specified in clarification 2:2 above, the report will confirm that the regulation and the methodology refer to the same definition. - When there is no definition set in the regulation, the assessment will refer to the definition provided in the methodology applied by the government. - When there is no definition at all, the score of the indicator is D as Element 1 is not met. In such case, CRPFM-14. Expenditure outturn is considered NA. - While the score is D, the lack of definition does not prevent assessors from checking the practices in place as assessed by other elements of this indicator. The report will then explain which proxy was used in lieu of a definition. <p>Both examples you are mentioning are covered.</p>
2-15	IMF	Element 2	Some countries apply the methodology of tracking climate-related policies using programs, not entities. (i.e. Spain) This definition may need to be reviewed.	<p>Thanks for the comment. The current formulation of Element 2 remains valid for the case you are mentioning. Even if tracking occurs using programs, there are still entities in charge of identifying such programs by applying the methodology.</p>
2-16	IMF	Element 3	Debatable whether this is basic standard - France does it but the majority of LIC that have started with WB support (and others) do not.	<p>Thanks for the comment.</p> <p>This has been reflected.</p>
2-17	IMF	Element 4	This asks for two things - would split budget document and execution reports. Also, because the	<p>Thanks for the comment.</p>

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			second comes later and needs more reform efforts, so a country that starts cannot have it from the beginning.	<p>This may indeed increase the current scores.</p> <p>Element 4 (which becomes Element 3 following the move of expenditure that are counter as an additional element) now reads “<i>Climate related expenditure is disclosed by the Ministry of Finance or the budgetary units in budget documents</i>”. An element is added to the list of basic ones: “<i>Climate related expenditure is disclosed by the Ministry of Finance or the budgetary units in end-of-year budget execution reports</i>”.</p>
2-18	IMF	Element 5	Rather than quality review on the methodology, a basic element would be to have quality controls when budget marking is done, i.e. nor line ministries nor Ministry of Finance can do it on their own without being reviewed by the other. Having significant outside stakeholder implication in reviewing the methodology seems like a further step already, not indispensable at the outset when the methods are first tested.	<p>Thanks for the comment.</p> <p>As per pilots, the requirement is met for Rwanda and Indonesia.</p>
2-19	IMF	Data requirements	Proposal: add definitions to recognize CC in the first place.	<p>Thanks for the comment.</p> <p>This has been inserted.</p>
2-20	AFD (Hélène Ehrhart)	Tax expenditure	One important element that could be highlighted somewhere is whether the analysis is also performed on the tax expenditures? In some countries the perimeter is on “classic” expenditure and forgets to assess the tax expenditures which can have substantial positive or negative effects on climate.	<p>Thanks for the comment.</p> <p>In PEFA 2016, assessment of tax expenditure is included in PI-5 (Budget documentation), as the last additional element: “<i>12. Quantification of tax expenditures. In this element, tax expenditure refers to revenue foregone due to preferential tax treatments such as exemptions, deductions, credits, tax breaks, etc.</i>”.</p>

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				Tax expenditure is included in PEFA Climate in the assessment of a few indicators: CRPFM-1 (Element 5, see clarification 1:1.5), CRPFM-2 (Element 7, see clarification 2:1.7) and CRPFM-13.2 (See clarification 13:2.1).
2-21	Slovak Republic-MoF	Tracking fossil fuel subsidies	On Page 43, 2:2. Throughout the methodology, there is insufficient emphasis on tracking fossil fuel subsidies or environmentally harmful measures. It is advisable to introduce a dimension within CRPFM 2 that assesses whether the tracking covers climate-harming expenditures. Alternatively, the definition should explicitly consider this aspect. The overall methodology would benefit from highlighting environmentally harmful subsidies more frequently.	<p>Thanks for the comment.</p> <p>The current approach specifically refers to fossil fuel subsidies where relevant:</p> <p>-CRPFM-1, Element 6, clarification 1:1.6: <i>“To be consistent with the scope of Element 1 which considers the transition period, Element 6 includes negative climate expenditure, such as fossil fuel subsidies. The report may provide further information on such negative climate expenditure when available”</i>.</p> <p>-CRPFM-2, Element 7 examines whether <i>“Expenditure related to activities that are counter to climate policy objectives is disclosed in budget documents or in end-of-year budget execution reports”</i>. Clarification 2:1.7 specifies that <i>“A comprehensive approach to climate responsive PFM requires to identify and track budget measures potentially harmful to climate. Element 7 assesses whether such expenditure related to activities that are counter to climate policy objectives is disclosed. 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.”</i></p> <p>-CRPFM-13 Dimension 1-Clarification 13:1.3. <i>“This dimension also covers programs</i></p>

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				<p>and activities that undermine climate policy objectives, such as subsidy payments for fossil fuel use. 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)".</p> <p>Regarding "environmental" vs. climate change, Section 2 now explains the focus of PEFA Climate on mitigation and adaptation – and explains that "Countries having a broader green agenda encompassing the environmental objectives of two or all three conventions may apply PEFA Climate, as long as climate mitigation and adaptation are an operational part of such agenda".</p>
2-22	EC (INTPA)	Merging CRPFM-2 with 1 and 3	CRPFM–2 is assessed as complementary to CRPFM-1 and CRPFM-3; Therefore, the indicator may become the second out of three dimensions for a single indicator merging the three initial indicators.	Thanks for the comment. See #1-12
CRPFM-3 Budget circular				
3-1	World Bank (Bonnie Sirois)	Climate Budget Tagging	<p>CRPFM 2 Climate Budget Tagging and CRPFM 3 Climate Responsive Budget Circular appear to encourage to tag at the expenditure level and to set targets. I encourage the team to revisit these principles (or the wording around these criterion if this is not the intent.)</p> <ul style="list-style-type: none"> o Level of tagging. CBT inevitably involves estimating expenditure for a specific budget category depending on the nature of the policy, project, program or activity to which the expenditure relates. Tagging at the expenditure level requires a level of granularity that is both labor intensive and difficult to estimate, which will impact the quality of the estimate. 	Thanks for the comment. See #2-2

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			<p>Instead, assessing CC relevance and tagging at the level of program, project, or project elements (component, activity, output) depending on how the government structures its budget, provides a more appropriate basis for estimation.</p> <ul style="list-style-type: none"> o CBT Targets. Referring to comments under the first bullet above, CBT is not an end in itself – instead the information should be used in budget evaluation and to inform climate change policy, planning and budgeting decisions. Establishing targets is not particularly relevant to this exercise and encourages “greenwashing” in order to meet established targets. (Reference can be made to a recent case by the EU Court of Audit.) 	
3-2	World Bank (Gael Raballand)		The difference in requirement between an A and B score is only on the extent to which the budget circular contains guidance on how to limit expenditures that are counter to climate. Has such calibration supported by the pilot testing, although the distribution of scores is between D and C with no A nor B score.	Thanks for the comment. There has been no opportunity to pilot test.
3-3	OECD (Margaux Lelong)	Link with previous year execution	I really like this part. Very useful for MoF It could be interesting to mention the link between the circular with the previous year execution.	Thanks for the comment. As climate responsive practices are nascent, we will not add requirements at this stage.
3-4	IMF	Terminology	About factor into: identify?	Thanks for the comment. Rather “take into account”. This has been adjusted.
3-5	IMF	Requirements for an A score	<p>It is not clear if letter A means that the country has a methodology in place to tag green and brown components (i.e. France).</p> <p>A budget methodology cannot be expected to explain how to "limit expenditure counter to</p>	Thanks for the comment. Clarifications 3:1.7 and 3:1.8 cover your comment on the requirements for an A score. <i>“In addition, for scores higher than C, budget circulars or their annexes should refer to a methodology that supports the</i>

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			climate" but how to tag specific concepts properly defined. Maybe this could be rephrased to include more specific parameters.	<i>identification of climate change related expenditure, by defining precisely what should be considered as climate change related expenditure and what should not. Such methodology for identifying climate change is assessed in CRPFM-2-Element 1. It should be compliant with the definition provided by the government in the inception questionnaire when regulation defines what constitutes "climate change expenditure".</i>
3-6	EC (INTPA)	Merge CRPFM-3 with 1 and 2	See above comments for CRPFM-2.	Thanks for the comment. See #1-12
CRPFM-4 Legislative scrutiny				
4-1	World Bank (Gael Raballand)		Element 3 on "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" to ensure no harm through the revenue and expenditure programs.	Thanks for the comment. Clarification 4:1.3 now includes "This aims at ensuring that no harm is done through the revenue and expenditure programs".
4-2	ACCA (Alex Metcalfe)	Basic/ additional	Meeting two of the criteria in CRPFM 4.1 would yield a C score. If those two criteria were items 4 and 5, would this truly result in legislative scrutiny of the budget??	Thanks for the comment. PEFA Climate recognizes that climate responsive PFM practices are still nascent. For this dimension, this is reflected in not using the basic/ additional approach referred to in response #1-3.
4-3	ACCA (Alex Metcalfe)	Basic/ additional	Under CRPFM 4.2, should a C score require that criteria 2 and 3 are met?	Thanks for the comment. See response #4-3.
4-4	ZHAW (Antonia Grafl)	Why it matters	Narrative could be strengthened to include the accountability function. The wording is very technical.	Thanks for the comment. An introductory sentence has been added: "Legislative scrutiny is an enabling factor for holding the government accountable for its fiscal and expenditure policies and their implementation".

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4-5	OECD (Margaux Lelong)	CRPFM-4.1 Element 1	Role of fiscal councils and independent fiscal institutions	Thanks for the comment. It confirms how Element 1 is formulated.
4-6	OECD (Margaux Lelong)	CRPFM-4.2 Data sources	The role of civil society could also be part of the planning (e.g. French example for the green budget preparation)	Thanks for the comment. Civil society is part of the data sources in CRPFM-4.1 as well.
4-7	World Bank (Verena Fritz)	Basic/ additional	This is clearly an important dimension – legislative follow up encourages efforts made at climate change budget tagging. That said, I found the system of rating somewhat complex and confusing. Also, by only saying ‘two elements’ or ‘three elements’ have been met, we don’t prioritize what’s most essential, and this could encourage cherry picking of the weakest elements to comply with. I think the two indicators should be clear of what the most essential criteria are for a C rating.	Thanks for the comment. PEFA Climate acknowledges that climate responsive practices are still evolving. For both dimensions of this indicator, this is reflected in not using the basic/ additional approach referred to in response #1-3. For CRPFM-4, all elements are considered of equal importance.
4-8	IMF	CRPFM-4.1 Elements 2 and 3	We do not agree with the use of climate change revenue in these two criteria. It is not clear what CC revenue actually means and it has not been defined earlier (unless we missed it). Moreover, given the strong focus on expenditure side of the budget, it is a very high bar to set.	Thanks for the comment. Based on comments we received, we adjusted the title of CRPFM-9 which now reads “ <i>Climate related tax administration</i> ”. Thus, we adjusted the wording accordingly and replaced “ <i>climate change revenue</i> ” by “ <i>climate change tax</i> ” where relevant. Regarding the bar, CRPFM-4.1 follows PEFA 2016 PI-18.1 (Scope of budget scrutiny) where a C score requires that “ <i>The legislature’s review covers details of expenditure and revenue</i> ”.
4-9	IMF	Clarification 4:1.5	Plenary sessions of the budget presentation in Parliament are public. Would this account for public consultation? What would the public consultation entail and would it involve stakeholders outside of	Thanks for the comment. A clarification is added using the definition from PEFA subnational guidance: “ <i>Public consultation refers to the variety of ways in</i>

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			Parliament (e.g., media, academia, CSO, ...). If so, it would be good to clarify.	<i>which citizens and the general public, including civil society organizations and other non-state actors, interact directly with public authorities by means of face-to-face communication, including using electronic methods of communication, deliberation, or decision making or by written forms of communication using electronic or paper media. Consultation ranges from one-off consultations to ongoing and institutionalized relationships that leave records which are available to the public (GIFT, "Principles of Public Participation in Fiscal Policy," December 2015)".</i>
4-10	IMF	CRPFM-4.2 Element 2	Same doubts on the use of CC revenue. The document has not included information about the ways countries are tagging climate related revenue to understand, and the inclusion of expenditure and revenue can penalize countries conducting climate-execution reports.	Thanks for the comment. See response #4-8.
4-11	IMF	CRPFM-4.2 Element 3	You can add impact assessments here.	Thanks for the comment. As per clarification 4:2.3, <i>"Performance of climate change programs or activities in line with planned outputs and outcomes" is defined in CRPFM-12.2 Climate related information in performance reports. Evaluations are the ones assessed in CRPFM-13-Climate related evaluation".</i>
4-12	IMF	CRPFM-4.2 Elements 3 and 4	It is not clear what the difference between 3 and 4 is. Either way - there is next to no SAI in the world that presently audits CC issues, and SAIs are free to determine their audit programs. Hence, it seems difficult to score a Parliament on reviewing documents that are not produced and even in the	Thanks for the comment. Regarding "score a Parliament on reviewing documents that are not produced": PEFA (2016, Gender, and Climate) does not score an institution, rather focuses on the processes the function is covering.

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			<p>future will be rare, given that SAIs have many other tasks to direct their constrained resources.</p> <p>Suggest merging 3-6. Also this should be N/A if the SAI does not produce these audits.</p>	<p>You may browse here to find audits from SAIs pertaining to climate change issues: https://environmental-auditing.org/audit-database/intosai-wgea-audit-database/</p> <p>Based on your comment, we merged Element 3 and 4. We kept the wording of Element 4 and adjusted the wording accordingly in CRPFM-4,12, and 13.</p> <p>Based on your comment, we added a clarification regarding NA, following clarifications of PEFA 2016 for PI-30 (External audit) and PI-31 (legislative scrutiny of audit reports).</p>
4-13	IMF	CRPFM-4.2 Element 5	This is not clear: Are Parliaments suggesting recommendations after reading a climate execution report in any country? An example or some literature could help.	<p>Thanks for the comment.</p> <p>Element 5 and Element 6 build on PEFA 2016 PI-31.3 (Recommendations on audit by legislature) which assesses the extent to which the legislature issues recommendations and follows up on their implementation.</p>
4-14	EC (INTPA)	CRPFM-4.1	While relevant and ambitious, tracking the quality of legislative scrutiny may be hampered by factors beyond the scope of the identified measurements (e.g., internal political contrasts). The PEFA Framework includes no element to cover these key aspects, whose ex-ante assessment is impossible.	<p>Thanks for the comment.</p> <p>CRPFM-4.1 focuses on the extent of the coverage of the legislative scrutiny. Thus, PEFA Climate follows PEFA 2016 and includes tangible elements to be assessed. It does not include requirements pertaining to political economy or political environment.</p>

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				The narrative of the PEFA Climate report may touch upon such factors when they affect the performance
4-15	EC (INTPA)	CRPFM-4.1	CRPFM-4.2 faces the same challenges as CPRFM-4.1, thus encountering the same limitations in applicability.	Thanks for the comment. See # 4-14
CRPFM-5 Climate responsive public investment management				
5-1	World Bank (Bonnie Sirois)	Reference to GCF	Global Climate Fund. The CGF is not included in the list of references. The CGF's overall objectives are reflected in its investment criteria and appraisal guidance to help countries design climate project proposals for GCF funding. In considering CC initiatives, many countries seek to align projects with CGF investment and appraisal guidance in order to support requests for funding. Considering the CGF criteria in the Climate PEFA may therefore be helpful to countries as they continue their reform efforts.	Thanks for the comment. Reference to GCF will be added to a list of useful resources.
5-2	World Bank (Gael Raballand)		The indicator on climate PIM is very well designed. We welcome the opportunity to have a discussion with the PEFA Secretariat team as we advance our work under the WOE regional TF on the climate smart PIM and its integration into the governance operations.	Thank you.
5-3	ACCA (Alex Metcalfe)	Overlap between CRPFM-5.2 and 5.3	Is overlap between CRPFM 5.2 (project selection) and CRPFM 5.3 (project appraisal)?	Thanks for the comment. CRPFM.3 used to read project appraisal in the piloted version of PEFA Climate. The revised version now follows PEFA 2016, starting with the appraisal (mapping PI-11.1 Economic analyses of investment proposals) and covering right after the selection (mapping PI-11.2 Investment project selection).

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5-4	ACCA (Alex Metcalfe)	Audited reports for CRPFM-5.4	Should the reports used to assess CRPFM 5.4 be subject to audit or another assurance process?	Thanks for the comment. PEFA Climate used the calibration of PI-10.1 Monitoring of public corporations, retaining the progression of calibration for timeframes (6 months for A and B, 9 months for C) and for materiality (all for A and most for B and C). However, as CRPFM-5.4 covers both public corporations and extra budgetary units, PEFA Climate used the C calibration of PI-10.1 for all scores of CRPFM-5.4, allowing for financial reports not to be audited and recognizing that information may be provided by other means than the financial reports (e.g. end-of-year budget execution reports for EBUs).
5-5	ZHAW (Antonia Graf)	Why it matters	The narrative could be strengthened. As it stands now it reads more like a description of the indicator.	Thanks for the comment. PEFA Secretariat read again “ <i>Why it matters</i> ” and adjusted where needed.
5-6	ZHAW (Antonia Graf)	CRPFM-5.2 – C score	Mitigation? risk is to be mitigated.	Thanks for the comment. The formulation is identical as for scores A and B (“ <i>They also require adaptation measures in the project design to address climate risks</i> ”).
5-7	World Bank (Verena Fritz)		This seems overall well taken, and I particularly like the inclusion of implementation of investment projects, which is often less covered. Box 18 referencing the C-PIMA is important – that said, I think there should be some clarity of whether it makes sense to cover this dimension when a C-PIMA has recently been done, whether information could be pulled from one into the other to minimize the assessment burden.	Thanks for the suggestion. As for PEFA 2016, the concept note may highlight that a C-PIMA was done recently and that CRPFM-5 will then not be used (NU) as information has already been collected and the feature assessed.

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5-8	IMF	Clarification 5.1:5	In light of the findings of the C-PIMA institution 4b, this external assurance by a third party will be very hard to get. A score higher than C will henceforth remain largely out of reach.	Thanks for the comment. We will reflect accordingly.
5-9	IMF	Box 18	Please reformat the image, it is currently hard to read.	Thanks for the comment. The document will be professionally edited and formatted.
5-10	IMF	Box 18	Not sure that C4a also corresponds to CRPFM-12 - it does not include / refer to performance information.	Thanks for the comment. We adjusted accordingly and removed the reference.
5-11	IMF	Box 19 – Example of Kenya	Not sure this is correct - we didn't find this to be very strong in the C-PIMA. The project feasibility study template includes an environmental and social assessment module that forms part of the appraisal process, but neither the PIM Regulations nor the economic appraisal manual contain any requirement for climate change-specific analysis of the infrastructure project. The National Environmental Management Authority has updated the 2003 Environmental Impact Assessment regulations, instructing that all project proposals include a climate change vulnerability assessment, relevant adaptation, and mitigation actions, but no specifics are provided.	Thanks for the comment. This is extracted from the final report peer reviewed by institutions with knowledge of the country – PEFA Secretariat does not have such knowledge. The report is available here https://www.pefa.org/node/5187
5-12	World Bank (Tracey Lane)		For climate responsive public investment management it might be interesting in addition to assessing the inclusion of evaluation of climate impacts in project appraisal (which can be a first step), to assess also the extent to which appraisal methodologies encompass consideration of the contribution of a project to both climate change and decarbonization efforts on the one hand, and the potential effects of climate change on a project as part of the SCBA;	Thanks for the comment. CRPFM-5.2 requires that guidelines recommend (for a C) or require (for A and B) adaptation measures in the project design to address climate risk. This is one step further than the potential effects of climate change on a project. Regarding the assessment of “ <i>appraisal methodologies [that] encompass consideration</i> ”

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				<i>of the contribution of a project to both climate change and decarbonization efforts”, this might be too advanced a practice at this stage.</i>
5-13	EC (INTPA)	CRPFM-5.1	CRPFM–5.1 holds relevance and a high degree of ambition. Elements supporting CRPFM–5.1 are assessed to be characterized by high applicability.	Thanks for the comment.
5-14	EC (INTPA)	CRPFM-5.2	CRPFM–5.2 holds relevance and a high degree of ambition. By introducing solid methodologies, elements to assess CRPFM–5.2 holds significance and demonstrates a high degree of ambition. The introduction of robust methodologies in the elements assessing CRPFM–5.2 helps mitigate the risk of asymmetric information from governments.	Thanks for the comment.
5-15	EC (INTPA)	CRPFM-5.3	CRPFM-5.3 is of great relevance in the context of the PEFA Framework. The proposed approach can define the correct application of responsive provisions for project selection.	Thanks for the comment.
5-16	EC (INTPA)	CRPFM-5.4	Assessing the quality of adopted reporting systems is instrumental for a clear understanding of countries’ performances in climate action. Hence, CRPFM–5.4 holds high relevance and ambition. The set of elements established for the assessment’s implementation are deemed capable of providing a clear picture of the reporting systems under evaluation.	Thanks for the comment.
CRPFM-6 Climate responsive non-financial assets management				
6-1	ZHAW (Antonia Grafl)	Scoring requirements	Overall, the indicator requires streamlining in term of definitions, scope and coverage. • The description mentions n-f assets, in particular lands and buildings, however, when it comes to scoring requirements, the dimension differentiates between o C score: “relevant fixed assets”.	Thanks for the comment. As PEFA 2016, PEFA Climate follows GFS terminology and definitions. PEFA Climate covers central government and, where relevant, includes assessment and information pertaining to public

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			<p>o B score: “relevant assets” but really only “public lands, buildings & infrastructure” which is further described as “relevant non-financial assets” in the guidance.</p> <p>o A score: like B but includes explicitly “lands and subsoils” when it comes to disposal etc.</p> <ul style="list-style-type: none"> • No actionable/ operationalizable definition is provided for what constitutes as “relevant”. • The guidance does neither provide a rationale nor justification (e.g based on literature or other guidance) for the differentiated treatment of various types of non-financial assets in terms of scoring. Does this differentiation have a relevant implication for the actual management of assets or the greening of AM? Or was the differing scope only used to differentiate between the scores? • In terms of coverage, it can be assumed that “relevant” assets can also be found in public corporations or extra budgetary units – it would be concise to apply the same coverage as for PIM. • It should also be considered to include financial assets in the assessment, as e.g. public corporations enter balance sheets in the form of shareholding (relevant e.g. in terms of stranded assets). 	<p>corporations and subnational governments (See box I on operators).</p> <p>In addition, CRPFM-6.1. follows PEFA 2016 PI-12.2 (Non-financial assets monitoring) which covers BCG. To date, average score for PI-12.2 considering all countries that applied PEFA 2016 is 1.6, i.e., just above a D+. As climate-responsive PFM practices are nascent, expanding the coverage to CG will likely impact scores negatively for CRPFM-6.1. Thus, the choice is to keep the BCG coverage and not to include information on public corporations either.</p> <p>Clarification 6:1.2 indicates that <i>“For the purpose of this indicator, relevant non-financial assets are identified based on the importance of potential GHG emission/capture. 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). Scores A and B cover relevant non-financial assets, while C only covers relevant fixed assets”</i>.</p> <p>Thus, regarding the requirements, they follow PI-12.2, which considers: -fixed assets only for a C score -fixed assets, lands, and subsoils for A and B scores Only A score covers asset disposal and considers requirements based on PI-12.3.</p>

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				Thanks for the suggestion to include financial assets. As for PEFA Gender, when it was created, the choice was made to include and pilot selected PFM functions, not all, based on the knowledge available at the time. In addition, the example you are referring to pertains to public corporations which are not part of CG (covered by PI-12.1 in PEFA 2016 and would have been used for a dimension assessing financial assets in PEFA Climate).
6-2	World Bank (Verena Fritz)	CRPFM-6 (and 7)	These are both OK, if fairly advanced for most countries. The basic C rating focus of indicator 7 on having a fiscal risk assessment seems important; an alternative approach could be to have a separate indicator on the assessment of fiscal risks from climate change (only) and differentiate more how credibly this is done.	Thanks for the comment. For CRPFM-7, see response #7-4.
6-3	IMF	CRPFM-6 Sampling	Should there not be a register of nonfinancial assets/fixed assets, shouldn't sampling be done for the assets included in the scoring? The dimension measurement guidance could consider such scenario where there is no asset register, and provide guidance on sampling and criteria to use in the sampling.	Thanks for the comment. PEFA Climate follows PEFA 2016 PI-12.2 (Non-financial asset monitoring) for which a C score requires that <i>"the government maintains a register of its holding of fixed assets, and collects partial information on their usage and age"</i> .
6-4	IMF	Box 20 Example of Uganda	Very interesting as good practices with respect to C-PIMA indicator 4c are not that frequent...	Thanks for the comment.
6-5	AFD (Edyner Siribie)	Financial assets	Financial assets Is there any particular reason for not assessing also the financial asset climate responsiveness?	Thanks for the comment. At the time PEFA Climate was developed, as for PEFA Gender, the choice was made

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				<p>to include and pilot selected PFM functions, not all, based on the knowledge – and scarce literature - available at the time.</p> <p>Following the discussion of the Working Group, the PEFA Secretariat submitted a draft proposal for a dimension covering climate responsive financial assets. The Working Group decided to consider such a dimension in the next revision of PEFA Climate.</p>
6-6	EC (INTPA)		While the measurement guidance/scoring with CRPFM-6 deemed important for the general assessment, its measurement guidance is unclear when compared to those of the other indicators. In the scoring, more focus is given on adaptation and less on mitigation.	<p>Thanks for the comment.</p> <p>We will adjust the measurement guidance for better clarity.</p>
CRPFM-7 Climate related liabilities				
7-1	World Bank (Bonnie Sirois)	Coverage of CRPFM-7.1	CRPFM-7 Climate Related Liabilities. The evaluation criteria only considers contingent liabilities. Those climate related liabilities that meet the criteria for recognition (ie: the liability has been incurred and is no longer contingent) should also be considered in the framework.	<p>Thanks for the comment.</p> <p>PEFA Climate follows the approach of PEFA 2016 considering risks that have not materialized yet.</p>
7-2	ACCA (Alex Metcalfe)	Coverage of CRPFM-7.1	The framework discusses contingent liabilities which are, of course, important. However, there could be, for example, actual liabilities for repairs following flood damage. These would be obvious where a government uses accrual accounting, but where there is cash-basis accounting, should the government still recognise the liability and its implications for the budget, etc?	<p>Thanks for the comment.</p> <p>See response to # 7-1.</p>

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7-3	ZHAW (Antonia Grafl)	Coverage of CRPFM-7	<p>The purpose of this indicator is not clear, there is no common denominator other than the word “liabilities”. The following aspects should be clarified:</p> <ul style="list-style-type: none"> • If the focus is on the capacity of governments to mobilize funds, the entire indicator should analyze this aspect and assess climate finance in general - the UNFCCC definition of climate finance covers both, market and non-market-based finance <p>However, dimension 2 only covers market-based funding (e.g. green bonds, guarantees) and non-market-based funding in the form of external and or donor-funded climate finance (e.g. bilateral and other loans), which constitutes debt. But the lion share of donor-funded climate finance is grants, which is accounted for as revenue, not liabilities. This aspect would need to be included somehow. This component could evaluate whether and to what extent these resources are channeled through the PFM system.</p> <ul style="list-style-type: none"> • Considering the system logic and order of processes, the fiscal risk dimension is relevant in the pre-budget phase, as its purpose is to inform the medium-term-fiscal framework and fiscal strategy. See separate comment to introduce an indicator covering the pre-budget phase including macro model aspects. 	<p>Thanks for the comment.</p> <p>There is no intent in PEFA Climate to assess the capacity of governments to mobilize funds. It follows PEFA 2016 where there is not such intent either for any public policies.</p> <p>Regarding fiscal risks arising from contingent liabilities, it follows the same logic as PEFA 2016 PI-10 on fiscal risks reporting in Pillar 3 covering management of assets and liabilities.</p>
7-4	World Bank (Verena Fritz)	CRPFM-7 (and 6)	<p>These are both OK, if fairly advanced for most countries. The basic C rating focus of indicator 7 on having a fiscal risk assessment seems important; an alternative approach could be to have a separate indicator on the assessment of fiscal risks from</p>	<p>Thanks for the comment.</p> <p>Regarding fiscal risks arising from contingent liabilities, it follows the same logic as PEFA 2016 PI-10 on fiscal risks reporting in Pillar 3 covering management of assets and liabilities. With the objective</p>

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			climate change (only) and differentiate more how credibly this is done.	of limiting the number of indicators, fiscal risks and debt are two dimensions of the same indicator.
7-5	IMF	CRPFM-7.2	About “Mandatory climate related reporting is produced in a timely way”: Debt reporting?	Thanks for the comment. Clarification 7:2.1 indicates that “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”.
7-6	IMF	CRPFM-7.2	Would debt reports including climate related liabilities be sufficient for meeting the requirement? Would be worth clarifying, and also including in the list of data requirements the types of report referred to if not debt reports.	Thanks for the comment. Clarification 7:2.7 indicates that “Climate finance may generate specific reporting needs. 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 help assessors 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)”.
7-7	IMF	CRPFM-7.2	Equity is not considered debt.	Thanks for the comment. The suggested adjustment is reflected.
7-8	IMF	CRPFM-7.2 Overlap	Dimension CRPFM-7.1. covers contingent liabilities and guarantees are contingent liabilities, what would be the difference between the two dimensions? It may be worth clarifying that for purposes of guaranteed debt the first dimension assesses climate related fiscal risks reporting while the second	Thanks for the comment. CRPFM-7.1 and 2 examine two different aspects. For guarantees they are complementary rather than overlapping.

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			assesses arrangements to issue guarantees, or any other guidance that would allow making a difference between the two dimensions for guaranteed debt.	
7-9	EC – INTPA	CRPFM-7.1	CRPFM-7.1 appears to be less relevant in comparison with other dimensions/indicators composing PEFA Framework. Moreover, accurately measuring the fiscal risks associated with this dimension proves to be inherently challenging and prone to inaccuracies due to the collection of unreliable information.	Thanks for the comment. CRPFM-7.1 is derived from PEFA 2016 PI-10.3, with a specific focus on fiscal risks arising from climate related contingent liabilities. The dimension recognizes the difficulty around the measurement of such risks: -it refers to quantitative measurement for an A score only -it allows for a C score when the report does not refer to any measurement.
7-10	EC – INTPA	CRPFM-7.2	Different from the previous dimension, CRPFM-7.2 appears to hold a more solid structure. This is because this dimension makes clearer reference to the presence of specific governments' policies.	Thanks for the comment.
CRPFM-8 Climate responsive procurement				
8-1	World Bank (Michael Osborne)	CRPFM-8.1	It may also be useful to assess whether the procurement framework has the mechanisms to implement Climate Responsive Public Procurement. For example ability to use rated criteria, life cycle costing etc.	Thanks for the comment. The first dimension of PEFA Climate focuses on the procurement framework. The implementation is assessed in the second dimension. We understand the question is about existing mechanisms in the procurement framework, but this is broader and not specific to climate related issues.

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				We will reference the guidance on life cycle costing in Section 6 on other useful guidance.
8-2	ACCA (Alex Metcalfe)	CRPFM-8.4	In CRPFM 8.4, the definition of minimum requirements for scores of B and C are the same.	Thanks for the comment. They are not. This has been clarified and now reads. For a B score, it now reads “ <i>Elements (1) and (4) are met as specified in the requirements above</i> ”. C score remains unchanged as the requirements to be met are explained.
8-3	MAPS Secretariat (Jeppe Groot)	Box on MAPS	In fact the MAPS SC decided at our meeting in DC to approve a new version of the module that can also be used as stand-alone. As such, we'd propose to update the text with the one suggested. Replace “ <i>The MAPS SPP module has not been designed as a stand-alone assessment tool. It is heavily dependent on information provided by a MAPS core assessment. Therefore, a comprehensive core MAPS assessment is required before the SPP is applied</i> ” with “ <i>While it was previously a requirement for using the SPP module that it was done in conjunction with or after a core assessment, a new version of the module has been developed that can be used independent of a MAPS core assessment. Starting as a pilot phase in November 2023, this new version is now freely available to any jurisdiction for use as an independent tool or in conjunction with/after a core assessment, as appropriate</i> ”.	Thanks for the comment. The initial text has been replaced by the suggested formulation.
8-4	MAPS Secretariat (Jeppe Groot)	Box on MAPS	Actually, MAPS does cover emergency procurement at the systemic level (emergency procurement must be considered in an assessment as a component of the system at large), so we'd suggest simply deleting this sentence: “ <i>The main difference is that MAPS does not cover climate related emergency procurement</i> ”.	Thanks for the comment. The sentence has been deleted.

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			<p>It is, however, true, that MAPS does not evaluate the performance of specific emergency procurement procedures (i.e. the results of a particular acquisition), so if you'd like to capture that difference you can do that of course.</p>	
8-5	ZHAW (Antonia Grafl)		<p>There is no definition in the respective literature of “climate responsive PP”.</p> <ul style="list-style-type: none"> • The indicator implicitly mentions sustainable PP (in the “why it matters”), it explicitly refers to both Green PP and climate responsiveness that seems to include disaster elements. • The intention and the focus of this indicator should be clarified. • Moreover, to ensure consistency throughout the framework, a broader approach (including green aspects) should be pursued where suitable (e.g. ecotaxes, Green PIM,...) <p>The indicator could be streamlined and condensed.</p> <ul style="list-style-type: none"> • One idea would be to assess dimension I as it is and replace the other dimensions on the various stages of PP process to only assess whether the government actually buys green, which would determine how effective the system really is and whether there are data available. • In addition, the disaster responsiveness should be assessed in a separate dimension, because, as it stands now, even when the respective government buys green, which is a big achievement already, it can only score above C if it has emergency procedures in place. As a result, the score is distorted. • Ad dimension I: there are scientific evidence and practice examples that GPP works in both 	<p>Thanks for the comments.</p> <p>PEFA Climate focuses on climate responsive PFM. It recognizes the variety of approaches and considers green PFM and green procurement to accommodate country specific situations, even though not all procurement items considered as green are climate friendly.</p> <p>PEFA Climate follows the cycle: procurement operations, monitoring, and reporting.</p> <p>Regarding disaster, if the country is not prone to climate induced disaster as described in the climate change profile, the specific requirement will be not applicable. There is no distortion. Clarifications have been added under 8.2, 8.3 and 8.4 “<i>This dimension covers climate induced disasters. When a country is not prone to such disasters as explained in the country climate profile, requirements assessing emergency procedures are not applicable</i>”.</p> <p>Regarding the operational body, the focus is rather on acknowledging that new</p>

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			organizational forms, centralized and decentralized PP <input type="checkbox"/> the existence of a specific operational body should not be a criterion.	requirements for procurement users, specifically on a subject matter that is quite technical, may need the support from the team that developed the climate responsive procurement framework.
8-6	World Bank (Venera Fritz)	Definition	Here one of the definition problems comes out – are we focusing on climate-relevant only, or also on green more broadly? If it’s only about climate, then really what matters are criteria such as energy efficiency, drawing on renewables, and ensuring that products don’t derive from raw-materials related to deforestation. Green public procurement is a broader concept aiming to reduce waste, ensuring that products can be recycled, etc.	Thanks for the comment. As clarified in Section 2, PEFA Climate focuses on climate responsive PFM. It recognizes the variety of approaches and considers green PFM and green procurement to accommodate country specific situations. Section 2 now indicates that “ <i>countries having a broader green agenda encompassing the environmental objectives of two or all three conventions may apply PEFA Climate, as long as climate mitigation and adaptation are an operational part of such agenda</i> ”.
8-7	World Bank (Venera Fritz)	CRPFM-8.1 - Requirements for C	In terms of the C score threshold, I would focus on element 1 rather than optionally meeting 1 or 2	Thanks for the comment. The alternative reflects current practices and allows more countries to reach C.
8-8	World Bank (Venera Fritz)	Clarification 8:1.2	this one touches on organizational dimensions, which as outlined above, I would suggest pulling into a dedicated section on institutional and organizational arrangements rather than interspersing them with the performance criteria.	Thanks for the comment. See response to #G-25.
8-9	World Bank (Verena Fritz)	CRPFM-8.3	8.3 climate responsive procurement monitoring – I think this is overall good and important; that said, in my view the elements related to post-disaster emergency procurements really need to be treated separately; and doing so requires confirmation of appropriate rules and methodologies that include a requirement for transparency and ‘keeping receipts’.	Thanks for the comment. Regarding disaster, if the country is not prone to climate induced disaster as described in the climate change profile, the specific requirement will be not applicable.

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			There are major lessons learned here from the COVID experience and from the work that the PEFA secretariat has already produced on post-disaster PFM and procurement.	“Keeping receipt” is assessed under CRPFM-8 Element 4 (<i>A report is published on the compliance with procedures and rules requiring emergency procurement operations</i>).
8-10	IMF	Box 26	Please improve the quality of the images. The last one is not complete.	Thanks for the comment. We will proceed accordingly.
8-11	IMF	Box 28	Please format.	Thanks for the comment. We will proceed accordingly.
8-12	World Bank (Rodrigo Martinez Fernandez)	CRPFM-8.4	References to the “green” procurement framework in PI 8.4 may deviate from the intended performance assessment since “green” in a number of legislations include other elements beyond climate, usually biodiversity and natural resources, and climate may or may not be included in “green procurement” administrative norms.	Thanks for the comment. PEFA Climate focuses on climate responsive PFM. It recognizes the variety of approaches and considers green PFM and green procurement to accommodate country specific situations. Section 2 now explains that “ <i>Countries having a broader green agenda encompassing the environmental objectives of two or all three conventions may apply PEFA Climate, as long as climate mitigation and adaptation are an operational part of such agenda</i> ”.
8-13	World Bank (Elizabeth Grandio)	CRPFM-8	In general terms, the indicator covers policies and legislation, level of implementation and reporting of procurement practices towards climate-change, enabling a comprehensive assessment of policies and procedures in place.	Thank you.
8-14	World Bank (Elizabeth Grandio)	CRPFM-8.2	As this sub-indicator is measuring content of the procurement documents/contracts, data sources could include a sample of procurement documents for verification. Currently the indicator lists procurement data publicly available as a source of information, that could normally not provide specific details on the type of clauses that are included in the bidding document and may mislead the analysis.	Thanks for the comment. Reference to “ <i>procurement data publicly available in official websites</i> ” has been removed. We retain your suggestion for a sample but will apply what is defined by PEFA for indicator PI-24 (Public procurement), on which CRPFM-8 builds. We added a clarification that reads “ <i>In decentralized</i> ”

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				<p><i>procurement systems this indicator can be assessed using the five central government units with the highest value of procurement commenced in the last completed fiscal year. If data to identify the central government units with the highest value of procurement are not easily obtained by the assessors, then assessors should choose the central government units with the largest annual gross expenditure that perform a substantial value of procurements. Assessors may be guided by the government in identifying the most relevant central government units, but will make the final decision on which central government units to include in the assessment. The basis of choosing the central government units included in the assessment should be noted in the narrative discussion of this indicator. In other words, the data collection approach should be decided at the country level; assessors should consider issues such as sampling size, qualitative versus quantitative data, and cost-effectiveness. Details of the approach should be disclosed in the assessment report”.</i></p>
8-15	World Bank (Elizabeth Grandio)	CRPFM-8.3	Similarly, in order to capture how the policy is actually implemented in terms of supervision, it would be recommended to include a sample of processes as a source of information to measure this sub-indicator	<p>Thanks for the comment. Based on the response #8-14, we added a clarification which reads: “<i>The same sample as defined in CRPFM-8.2 may be used</i>”.</p>
8-16	World Bank (Elizabeth Grandio)	CRPFM-8 Description	While the indicator is capturing policies and level of implementation of such policies, it does not appear to be assessing the actual impact of the policies. In this context, it would be recommended to review the description of the indicator which states that “It	<p>Thanks for the comment. The description of the indicator now reads “<i>It measures the extent to which the government is prepared to purchase goods,</i></p>

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			measures the extent to which the government purchases goods, services and works that cause minimal adverse impacts on climate change”.	<i>services and works that cause minimal adverse impacts on climate change”.</i>
8-17	Slovak Republic-MoF	CRPFM-8.1	In the third paragraph on Page 87, there is uncertainty regarding whether a climate-responsive public procurement framework necessitates quantitative targets and whether this particular feature holds equal importance compared to others. None of the countries in the pilot program has achieved this so far, and it seems there may be substantive reasons why states do not prioritize it.	Thanks for the comment. For CRPFM-8.1, the score is determined based on: - the number of elements met among the four listed and - which ones are met. Quantitative targets are part of Element (3). They are required for an A or a B score which are considered more advanced practices.
8-18	EU - INTPA	CRPFM-8.1	The complete set of dimensions related to public procurement represents a key aspect to determine the effectiveness of climate-related policies. The CRPFM-8 is deemed ambitious, as well as effective, in all its parts. Indicators and dimensions measurements are substantial and able to guarantee a full understanding of responsive procurement in all its parts.	Thanks for the comment.
8-19	EU - INTPA	CRPFM-8.2	See CRPFM–8.1.	Thanks for the comment.
8-20	EU - INTPA	CRPFM-8.3	See CRPFM–8.1.	Thanks for the comment.
8-21	EU - INTPA	CRPFM-8.4	See CRPFM–8.1.	Thanks for the comment.
CRPFM-9 Climate responsive tax administration				
9-1	World Bank (Bonnie Sirois)	Coverage	CRPFM-9 Climate Responsive Revenue Administration focuses on climate related taxes. I suggest to also consider climate related tax incentives.	Thanks for the comment. If you are referring to tax expenditure, the latter are excluded from CRPFM-9 as mentioned in clarification 9:4 – and covered by other indicators. Please also see response to #Q-1.
9-2	ACCA (Alex Metcalfe)	CRPFM-9.2	In CRPFM 9.2, the definitions for scores A, B and C all refer to a denominator that is “total climate	Thanks for the comment.

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			related tax arrears collection for the year”. Should these refer to the total climate related tax income for the year? Or maybe the total climate related tax collected in the year, if the accounts are cash-basis?	CRPFM-9.2 aims at capturing the specific performance of collection of climate related tax arrears, thus the choice of the denominator. It mimics PI-19.4 in PEFA 2016, without considering the age of arrears.
9-3	ZHAW (Antonia Grafl)	Focus of CRPFM-9	In general, if this is only about taxes and tax administration, the terminology should be clear in this regard. • The description mentions: “...tax policies aimed at reducing GHG emissions and increase resilience...” there is empirical evidence that (at least some) ecotaxes contribute to reducing GHG emission. The narrow scope of carbon taxation should therefore be revised. The narrow focus leads to frustration of countries assessed, moreover, the data from pilots show mostly NA, even in cases where countries did green their tax policies.	Thanks for the comment. Based on your comment, we adjusted the title of the indicator which now reads “ <i>Climate responsive tax administration</i> ”. For CRPFM-9, clarification 9:2 indicates that “ <i>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, border carbon adjustments. Other environmental taxes (on waste, water, non-climate related chemical pollutants) are not covered by this indicator</i> ”. Indeed, as per clarification 9:4, “ <i>When there are no climate related taxes that meet definition set in 9:2, this indicator is not applicable (NA)</i> ”.
9-4	ZHAW (Antonia Grafl)	Why it matters	Better: incentivize	Thanks for the comment. “mobilize” has been replaced by “incentivize”.
9-5	IMF	CRPFM-9	In June 2020, FAD (M divisions) expressed concern with the inclusion of this indicator. The fact that only 5 out of 14 countries could be graded on this indicator underscores previous concerns raised on the relevance of this indicator.	Thanks for the comment. After their PEFA Climate assessment led by PFTAC, Government of Samoa indicated publicly that PEFA Climate “ <i>provides opportunities for designing appropriate policies to streamline tax measures in favor of climate change</i> ”.

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				https://youtu.be/S6LlbSiAeIc [8:46 onwards]. We collected additional feedback on the usefulness of such indicator.
9-6	IMF	Clarification 9:2	<p>It may be worthwhile being much clearer about the types of environmental taxes and which ones would apply for the definition to use in this indicator. The OECD identifies four broad categories of environmental taxes: energy taxes, transport taxes, pollution taxes, and resources taxes. An appropriate definition that can ensure cross country comparability would have a bearing of how the dimension CRPFM-9.2. is measured so it is important to be as clear as possible.</p>	<p>Thanks for the comment. Clarification 9:2 starts with “<i>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</i>”. PEFA Climate examines the objectives related to adaptation and mitigation, rather than the environment, broadly.</p> <p>Cross country comparability is not an objective of PEFA – and neither of PEFA Climate, specifically as climate profiles are not comparable.</p>
9-7	IMF	CRPFM-9	<p>It would be worthwhile to explore including as features under this dimension the extent to which the legal and regulatory framework of tax administration includes provisions for taxing GHG emitters. Also, it would be likely that the compliance, audit and investigation mechanisms in place apply indiscriminately to all forms of taxes levied that if they exist (and they should) would put into question whether there could be mechanism to isolate those for climate related taxes.</p>	<p>Thanks for the comment. We inserted a clarification 9:3 “<i>The report may comment on the extent to which the legal and regulatory framework of tax administration includes provisions for taxing GHG emitters</i>”.</p> <p>Your second comment is likely valid for Element 1. Element 4 specifies that the improvement plan “<i>compris[es] mitigation activities in respect of identified high risks covering climate related taxes</i>”.</p> <p>We specified Element 5 which now reads “<i>Planned audit and investigations related to</i>”.</p>

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				<i>climate taxes have been completed as intended</i> ".
9-8	IMF	CRPFM-9 Elements 2 and 3	This is literally everyone using or owning a machine with a combustion engine, but also all farmers, some of which would not be paying taxes (smallholder/subsistence farmers) or exempted. It is unlikely that there would be countries able to get a score above D.	Thanks for the comment. As per clarification 9:1.2 " <i>The element is considered met when the taxpayer database includes emitters when they are specifically identified as such</i> ". The volume of GHG emission will likely lead to include large emitters, if the database comprises such information (which is the question).
9-9	IMF	Clarification 9:1.3	It is very unlikely that SAIs would identify GHG emitters.	Thanks for the comment. Element 3 reads " <i>The GHG emitters database is comprehensive and accurate</i> ". Identification covers comprehensiveness and accuracy, not GHG emitters.
9-10	IMF	Box 29: Example of Chile	This is more of a tax policy success story, the tax administration dimension seems rather limited at least in the featured box.	Thanks for the comment. The example is a mix of tax policy and tax administration. The narrative refers to " <i>the development of the tax system</i> " and among other things, " <i>tax calculation and payment</i> ".
9-11	World Bank (Tracey Lane)	CRPFM-9	In addition to climate responsive revenue administration, it may be interesting to capture elements of climate financing, such as the existence of climate financing strategies with instruments for mobilizing domestic resources for climate action such as budget allocations, carbon and other taxation, green bonds, auctions and emissions trading systems and the effectiveness of those instruments, and mechanisms in place to mobilize resources from international climate funds, such as GEF, REDD+ or CIF.	Thanks for the comment. PEFA Climate follows the approach of PEFA 2016 where funding of policies is not assessed as such. Thus, climate finance is not assessed in PEFA Climate.
9-12	AFD (Hélène Ehrhart)	Expanding the scope	In the pilot, for 9 evaluations out of 12, this indicator was not applicable. Would it make sense to alleviate	Thanks for the comment.

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			these restrictions to also include in the analysis other environmental taxes or tax expenditures?	PEFA Climate examines the objectives related to adaptation and mitigation, rather than the environment, broadly. Regarding tax expenditure, the latter are excluded from CRPFM-9 as mentioned in clarification 9:4 – and covered by other indicators.
9-13	EU - INTPA	CRPFM-9.1	Climate related tax management represents a fundamental point for an effective implementation of national climate-related policies, working as a tool to internalize externalities in terms of climate impact of taxpayers. Also, tax management can help to set up a recognized carbon pricing instrument. Hence, PEFA Framework addresses a highly relevant point to evaluate countries' climate performances. However, hard-to-assess elements (e.g., tax evasion and socio-economic opposition to fiscal imposition) may significantly hamper the implementation of CRPFM-9.1.	Thanks for the comment. PEFA Climate follows PEFA 2016 and includes tangible elements to be assessed. It does not include requirements pertaining to political economy. The narrative of the PEFA Climate report may touch upon such factors when they affect the performance
9-14	EU - INTPA	CRPFM-9.2	By focusing on non-compliance of taxpayers. arrears collection is complementary to CRPFM-9.1 and shall complete the responsive tax process. However, the arrears collection often presents objective problems impacting the dimension's applicability.	Thanks for the comment. Clarification 9:2.1 indeed refers to “ <i>the annual level of climate related tax arrears gives an indication of the effectiveness of the collection</i> ”.
CRPFM-10 Compliance of climate related expenditure				
10-1	ACCA (Alex Metcalfe)	CRPFM-10.2	For CRPFM 10.2 should the definitions of scores A and B refer to the scope of the auditor's opinion? Where volumes of payments are small it is feasible for an auditor to audit all of them. As the volume grows, they are likely to audit a sample – but it would still be possible for them to design their testing to give an opinion about compliance to a given level of statistical confidence.	Thanks for the comment. PEFA Climate follows PEFA 2016, where there is no reference to the scope of auditor's opinion in the requirements.

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10-2	ZHAW (Antonia Grafl)	CRPFM-10	<p>In general, the object of analysis is not clear and the terminology used should be clarified.</p> <ul style="list-style-type: none"> • “Climate related payments” is not necessarily the same as “climate related expenditure”. • Moreover, it does not seem necessary to assess at expenditure level, as the systems in place at institutional level can be analyzed. <p>The added value of this indicator in terms of climate-sensitivity is not apparent - it looks like a regular control/IA indicator. There is no doubt that this function is highly relevant, but what element needs to be in place that would constitute climate-sensitivity?</p> <p>The intention/ the rationale of dimension 2 is not obvious:</p> <ul style="list-style-type: none"> • The focus is on “payments” made from BCG to entities the implement CC policy - however, the bulk of these entities are to be found at BCG level. • “Payments” as per para 10:1 cover those transfers made to the private sector and households, which are not implementing entities. • There is a variety of organizational forms of IA functions, some are established at entity level only and do not have a mandate to conduct audits in other entities, also, fraud investigation is not typically performed by IA functions. • It is not intuitive which function is to be analyzed: IA, internal controls, SAI, Antifraud- and Corruption Offices,... 	<p>Thanks for the comments.</p> <p>CRPFM-10 borrows the terminology of PEFA 2016 PI-25 (Internal controls on non-salary expenditure) for which dimension PI-25.3 focuses on compliance with payment rules and procedures.</p> <p>Based on your comments, clarification 10:1 has been moved as the first clarification of CRPFM-10.1 and now reads “<i>For this dimension, climate related expenditure cover...</i>”.</p> <p>CRPFM-10.1 follows the approach of PEFA 2016 PI-25 and includes an analysis of the system in place with the legal framework; the controls at the commitment/ payment stage... Previous clarification 10:1.1. (now 10:1.2) explains that “<i>When PEFA Climate is undertaken at the same time as PEFA 2016, assessors will cross reference the performance assessment of PI-25.2 and PI-25.3 from PEFA 2016 framework</i>”.</p> <p>For CRPFM-10.2, the objective is to make sure that public monies have been used as intended by beneficiaries in charge of implementing climate change policies defined by the (budgetary) central government. As mentioned in the table presenting data requirements and data sources, audit reports may be produced by internal or external auditors, but may also result from the work of accountant general,</p>

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				treasury, inspection units or any other oversight body.
10-3	ZHAW (Antonia Grafl)	CRPFM-10.1 – Sampling	...as indicated in the questionnaire - to ensure consistency	Thanks for the comment. A footnote has been added: “ <i>The sample should be consistent with information provided in the Questionnaire – 9.a (Which sectors and institutions are involved in the implementation of the national climate change strategies and policies?)</i> .”
10-4	World Bank (Verna Fritz)		<ul style="list-style-type: none"> I had expected a somewhat clearer reference to internal controls (10.1) and external audit (10.2) here – including clarity about compliance and performance audits done by SAs. This seems to have been left out to some extent. For the core PEFA, only the internal control dimensions are being referenced, not the external audit related ones. To my mind, good performance auditing especially of adaptation focused expenditure will be very important to assess whether scarce funding is well utilized – there are significant risks in this regard. Given increasing awareness and concern about risks of ‘green washing’, I had expected some more detailed guidance on what would be considered fraud and fraud risks specific to climate change. 	<p>Thanks for the comment. As mentioned in the table presenting data requirements and data sources, audit reports may be produced by internal or external auditors, but may also result from the work of accountant general, treasury, inspection units or any other oversight body.</p> <p>Regarding fraud, the requirements indicate that “<i>Audits and fraud investigations are conducted for climate related payments to ascertain that public monies have been used for the stated climate objectives</i>”.</p>
10-5	IMF	CRPFM-10	FAD (M divisions) also expressed doubt in June 2020 about the relevance of this indicator on expenditure controls. There is no real climate-related dimension / specificity in 10.1. and it seems limited in 10.2..	Thanks for your comment. CRPFM-10 borrows the terminology of PEFA 2016 PI-25 (Internal controls on non salary expenditure) for which dimension PI-25.3 focuses on compliance with payment rules and procedures.

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				<p>CRPFM-10.1 follows the approach of PEFA 2016 PI-25 and includes an analysis of the system in place with the legal framework; the controls at the commitment/ payment stage... Previous clarification 10:1.1. (now 10:1.2) explains that “When PEFA Climate is undertaken at the same time as PEFA 2016, assessors will cross reference the performance assessment of PI-25.2 and PI-25.3 from PEFA 2016 framework”.</p> <p>For CRPFM-10.2, the objective is to make sure that public monies have been used as intended by beneficiaries in charge of implementing climate change policies defined by the (budgetary) central government.</p>
10-6	Slovak Republic-MoF	CRPFM-10.2	On Page 104, concerning score A, the first sentence is unclear. It is evident that an audit cannot be conducted on every climate-related payment. A rephrasing is needed.	<p>Thanks for your comment.</p> <p>Adjustments to the calibration of CRPFM-10.2 have been made following the discussions of the Working Group.</p>
10-7	EC (INTPA)	CRPFM-10.1	CRPFM-10 covers a vital aspect for an effective implementation of climate-related policies. The elements set up to measure indicator CRPFM-10 and its dimensions are complete and well-structured, hence enabling effective compliance control.	Thanks for your comment.
10-8	EC (INTPA)	CRPFM-10.2	See above comments to CRPFM-10.1.	Thanks for your comment.
CRPFM-11 Fiscal Decentralization framework				
11-1	ACCA (Alex Metcalfe)	CRPFM-11.2	Has the Secretariat considered the situation where a sub-national government could use its own local income (from taxes, for example) to finance climate related spending?	<p>Thanks for the comment.</p> <p>The entity subject to the assessment is the central government (CG). This specific indicator assesses whether the CG</p>

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				provides the enabling tools and budget to subnational governments (SNGs) while they designate the latter as an operator of public policies CG defines. Thus, SNGs own resources are not included in the scope.
11-2	Slovak Republic (MoF)	Clarification CPRFM-11.3-11:3.5	Page 112, 11:3.5, raises questions about whether the table implies that under two applicable elements, achieving a score of D is not possible. Consideration should be given to this choice, as with many elements already missing, it might be more appropriate to consider zero criteria met (with two applicable elements) as deserving a score of D.	Thanks for the comment. If there are two applicable elements, the score is: - A when two elements are met - B when one element is met - D when no element is met. A line has been added to specify when the score should be D.
11-3	EC (INTPA)	CRPFM-11.1	Assessing fiscal decentralization is a fundamental point to generate efficient responses to climate-related impacts at sub-national level and to better monitor mitigative actions. Given the relevance of the point, PEFA Framework proposes an ambitious dimension's assessment supported by an adequate set of measurement elements.	Thanks for the comment.
11-4	EC (INTPA)	CRPFM-11.2	Complementary to CRPFM-11.1, this second dimension holds all the positive features characterizing the previous one.	Thanks for the comment.
11-5	EC (INTPA)	CRPFM-11.3	In general terms, PFM arrangements applied by subnational governments shall hold a relevance like what assessed for CRPFM-11.1 and CRPFM-11.2. However, the proposed dimension's management appears hampered by an excess of heterogeneity. The proposed assessment's elements aim at assessing a variety of distinct factors whose inclusion in a single dimension may hamper its correct evaluation.	Thanks for the comment. As SNGs may be included as operators in the CG implementation strategy, this dimension aims at assessing whether CG legal or regulatory framework includes provisions pertaining to SNGs for specific features describes in clarifications 11:3.1 to 5.

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				<p>The coverage of this dimension is CG and SNGs with direct financial relationships with CG.</p> <p>Based on your comment, a clarification 11:2 has been added to specify what PEFA Climate considers as “SNG”.</p> <p>“ 11:2. <i>The coverage of this dimension is CG and the subnational governments with direct financial relationships with CG. The scope of the category of “subnational government”, as used in PEFA, is based on the classification structure developed by the International Monetary Fund (IMF) for Government Finance Statistics (GFS) I.</i></p> <p><i>GFS identifies “state” and “local” government units both of which are covered by the term “subnational government” in PEFA. State and local governments have fiscal, legislative and administrative authority over a geographical area that is smaller than the respective central government. They have the authority to own assets, incur liabilities, and/or engage in transactions in their own right. However, the right to borrow is not a requirement for treatment as an SNG in PEFA”.</i></p> <p>Another clarification is also added to differentiate SNGs from deconcentrated units of CG.</p> <p>“11:3. <i>Deconcentrated units of central government are not considered to be SNGs.</i></p>

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				<i>Such units perform functions under direction from a central authority but do not have powers to raise or spend funds on their own initiative. Deconcentrated units should be included in the assessment of the tier of government that has authority over and responsibility for their activities. This will typically be the CG but may be the state government in states that cover large areas and have diverse responsibilities”.</i>
CRPFM-12 Climate related performance information				
12-1	OECD (Margaux Lelong)		<p>It could be interesting to add something on the impact.</p> <p>Moreover, this part could be more developed (maybe in a future guide/paper).</p> <p>Develop key performance indicators (KPIs) that include environmental impact metrics. Assess and report on the environmental performance of government programs. Link with the budget execution</p>	<p>Thanks for the comment. Evaluation is covered by CRPFM-13.</p> <p>Thanks for the suggestion regarding further developments in the future. We will come back to your suggestions in due course.</p> <p>Regarding “environmental metrics”, please see #Q-6 on the focus of PEFA Climate.</p>
12-2	Slovak Republic (MoF)	CRPFM-12.1	Page 116, score A, it is unclear whether it is enough to provide the indicators, outputs and outcomes for the whole climate policy as such or whether these are needed for each climate programme individually.	<p>Thanks for the comment.</p> <p>This dimension is building on PI-8.1 in PEFA 2016. As for PI-8.1, performance plan is considered at the program level as indicated by the first sentence “Climate related objectives, key performance indicators, outputs AND outcomes are assigned to climate related programs and activities”. Clarification 12:1.4. indicates that “When there is no program budgeting, assessors should describe the links between the performance plans and the budgets of agencies in charge of those</p>

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				<i>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”.</i>
12-3	EC (INTPA)	CRPFM-12.1	Given its relevance under many perspectives, including a correct elaboration of Nationally Determined Contributions (NDCs), the dimension represents a high priority for countries. Given this, PEFA Framework has elaborated an extensive assessment plan, so to guarantee an effective evaluation of the dimensions.	Thanks for the comment.
12-4	EC (INTPA)	CRPFM-12.2	The PEFA assessment system for CRPFM-12.2 results is as accurate as the one for CRPFM-12.1.	Thanks for the comment.
CRPFM-13 Climate related evaluation				
13-1	ACCA (Alex Metcalfe)	CRPFM-13.1 calibration	A government could score an A under CRPFM 13.1 because it recently had an independent valuation but that could be a one-off event. Mainstreaming of CRPFM suggests that a government intends to commission such evaluations on a regular basis into the future.	Thanks for the comment. PEFA Climate recognizes that climate responsive PFM practices are still developing. Dimension CRPFM-13.1 follows the approach of PI-8.4 (Performance information for service delivery) in PEFA 2016, for which an A score requires that <i>“Independent evaluations of the efficiency and effectiveness of service delivery have been carried out and published for most ministries at least once within the last three years”</i> .
13-2	ACCA (Alex Metcalfe)	Tax expenditure	Re CRPFM 13.2, did the Secretariat consider how tax expenditures might be used as a policy tool, and how they would be assessed within the PEFA Climate framework?	Thanks for the comment. In PEFA 2016, assessment of tax expenditure is included in PI-5 (Budget documentation), as the last additional element: <i>“12. Quantification of tax</i>

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				<p><i>expenditures. In this element, tax expenditure refers to revenue foregone due to preferential tax treatments such as exemptions, deductions, credits, tax breaks, etc.”.</i></p> <p>Tax expenditure is included in PEFA Climate in the assessment of a few indicators: CRPFM-1 (Element 5, see clarification 1:1.5), CRPFM-2 (Element 3, see clarification 2:1.3) and CRPFM-13.2 (See clarification 13:2.1).</p>
13-3	ZHAW (Antonia Graf)		<p>The description claims this indicator assesses the extent to which the design of climate related public policies (and tax policies) is assessed “in a systematic way”, however, if an “independent” evaluation has been carried out in the last three years is not an implication for a systematic practice.</p> <ul style="list-style-type: none"> • The indicator neither assesses PFM practice, nor processes, frameworks, or institutions, therefore, it cannot be considered a PFM indicator, even with a view to a broad definition of what PFM is □ the score, therefore, does not provide an information base for PFM reform. Its probably better to integrate this into the questionnaire. • However, what should be evaluated is if there actually is a PFM institution (or equivalent), such as a SAI, that has the capacity, ability, and mandate to conduct such evaluations. 	<p>Thanks for the comments.</p> <p>The formulation “<i>in a systematic way</i>” has been removed.</p> <p>Dimension CRPFM-13.1 follows the approach of PEFA 2016 PI-8.4 (Performance information for service delivery) in PEFA 2016, for which an A score requires that “<i>Independent evaluations of the efficiency and effectiveness of service delivery have been carried out and published for most ministries at least once within the last three years</i>”.</p> <p>As for PI-8.4, PEFA Climate does not want to be prescriptive about which institution would perform such evaluation.</p>
13-4	OECD (Margaux Lelong)	External audit	External Audit can also do evaluations	<p>Thanks for the comment.</p> <p>SAI is already listed as a source of information.</p>
13-5	World Bank (Verena Fritz)	Requirement for a C score	I found this rather strongly focused on CC mitigation, but less so on challenges that can arise	Thanks for the comment.

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			related to adaptation expenditures (see comment above on compliance). In terms of ratings - the step from a C to a B rating (done, or done and published) ... I was wondering whether a C-level rating should already comprise publication, with a B level rating requiring greater evidence of the quality of evaluation.	CRPFM-13.1 follows the progression of PEFA 2016 PI-8.4 where publication is required for A and B but not for C.
13-6	IMF	Independent fiscal institutions	Maybe Independent Fiscal institutions can be included too?	<p>Thanks for the comment.</p> <p>Clarification 13:1 indicates that “<i>For this indicator, independent evaluations 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. Regular or periodic spending reviews with relevant objectives and scope related to climate change policy implementation qualify for the purpose of this indicator. 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</i>”.</p> <p>Clarification 13:2 specifically highlights the role of SAIs.</p>
13-7	IMF	CRPFM-13.2 Calibration	Seems very ambitious. Would be interesting to learn more about Niger, which in the 14 pilots was the only country to score a B while all others had D or (for one) N/A.	<p>Thanks for the comment.</p> <p>PEFA Climate report for Niger is public and can be consulted here https://www.pefa.org/node/5253</p>

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13-8	INTOSAI-IDI (Petra Schirnhofer)	CRPFM-13	It could also be interesting to have a more general box on the different roles a SAI can have with regard to auditing climate change in your framework.	Thanks for the comment. We will add such box.
13-9	Slovak Republic-MoF	CRPFM-13.2	Page 121, CRPFM-13.2. it should be considered whether a new dimension for subsidies should not be included. The direct subsidies often exceed the funds allocated for tax expenditures (this was the case in Slovakia). At least, subsidies could be included under CRPFM-13.2.	Thanks for the comment. See response to #2-20
13-10	EC (INTPA)	CRPFM-13.1	While holding high relevance in understanding countries' performance in managing climate-related policies and actions, CRPFM-13.1 correct assessment may result hampered by the same limitations introduced in the analysis of indicator CRPFM-4.	Thanks for the comment. See # 4-14
13-11	EC (INTPA)	CRPFM-13.2	Similarly, to CRPFM-13.1, this dimension results hampered by non-climate risks already discussed when analyzing CRPFM-9. More in general, an evaluation in taxes performances is deemed as less relevant than the evaluations related to most of the dimensions selected in PEFA Framework.	Thanks for the comment. See # 9-13
CRPFM-14 Climate related expenditure outturn				
14-1	ACCA (Alex Metcalfe)		Measuring the variance between budget and outturn does not measure whether money was spent on the actual projects and programmes that were approved. A government could spend 100% of its budget on a completely different, but still climate responsive programme, and be scored an A.	Thanks for the comment. CRPFM-14 follows the same approach as PI-1 and PI-2 in PEFA 2016, measuring the variance at aggregate and detailed level, respectively. CRPFM-14 examines the variance using the scope of climate related expenditure as defined in CRPFM-2 (Element 1). The interdependence established between the two indicators aims at reducing the risk you

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				are mentioning. When there is no such definition in CRPFM-2, CRPFM-14 is not applicable.
14-2	World Bank (Verena Fritz)	CRFM-14 as first indicator	This is quite important given that we often see wide variations between budgets and outturns – and in a range of countries, there is also limited transparency about actual compared to budgeted expenditures. In terms of the logical flow, I would pull this up before the discussion of performance information and evaluation. You first want to know whether funds have actually been spent as intended, before going to assessing performance and evaluation. The C-level threshold seems fine.	Thanks for the comment. CRPFM-14 follows PEFA 2016 PI-1 and PI-2. While it could have come first in the set of PEFA Climate, its use is also linked to the existence of a methodology to track climate expenditure as assessed in CRPFM-2. As it is not first, the alternative was to put it last.
14-3	IMF	CRPFM-14	In 9 out of 14 reports this was rated N/A. Not sure there is a strong climate specificity here - if a country has significant under-execution (or over-execution, or deformation of the structure of expenditure) problems it will face the same difficulties for climate-related expenditures.	Thanks for the comment. CRPFM-14 examines the variance using the scope of climate related expenditure as defined in CRPFM-2 (Element 1). When there is no such definition in CRPFM-2, CRPFM-14 is not applicable – which is the case for the 9 countries you are referring to.
14-4	Slovak Republic-MoF	CRPFM-14.1	Regarding Page 127, under CRPFM-14.1, wider outturn borders would be more appropriate. Particularly in the context of climate change, where countries face a higher frequency of climate-related weather catastrophes, it is understandable that the outturn can vary significantly in individual years for valid reasons. Consequently, states should not face undue penalties due to overly narrow borders.	Thanks for the comment. CRPFM-14.1 (and 14.2) apply the exact same reference intervals as PI-1.1 (and PI-2.1).
14-5	EC (INTPA)	CRPFM-14.1	CRPFM-14 is deemed as one of the most relevant indicators selected for PEFA Framework. Given its relevance and ambition both in 14.1 and in 14.2, the dimensions' assessment and corresponding elements	Thanks for the comment.

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			as defined in the Framework results well-structured and able to properly analyze the entire indicator.	
14-6	EC (INTPA)	CRPFM-14.2	See above comments to CRPFM-14.1.	Thanks for the comment.
Suggestions for other indicators				
O-1	World Bank (Bonnie Sirois)	Public Sector reporting	<p>Climate Reporting. Public Sector reporting around climate is notably absent from the framework. Several Sustainability Reporting frameworks, such as the Global Reporting Initiative (GRI) and standards issued by the International Sustainability Standards Board exist which, although aimed at the private sector, can be applied by governments. The IPSASB has an ongoing project to develop a climate reporting standard for the public sector, but current lack of an established public sector framework should not deter governments that follow IPSAS from including voluntary disclosures around climate related risks and impacts, and to strengthen accountability around climate change commitments. As most countries deviate from full IPSAS compliance to accommodate country specific contextualization, the existing SR frameworks could be considered in country level reporting frameworks.</p>	<p>Thanks for the comments and suggestions. As the regular PEFA, PEFA Climate follows GFS terminology and definitions. PEFA Climate covers central government and, where relevant, includes assessment and information pertaining to public corporations and subnational governments. Neither the regular PEFA nor PEFA Climate cover the full public sector.</p> <p>When it comes to accounting standards used by countries, PEFA Climate aligns with the regular PEFA and is not prescriptive. In the regular PEFA, this is assessed in dimension PI-29.3 Accounting standards which states “<i>Dimension 29.3 assesses the extent to which annual financial reports are understandable to the intended users and contribute to accountability and transparency. This requires that the basis of recording the government’s operations and the accounting principles and national standards used be transparent. Higher scores require that the standards used for accounting are consistent with recognized international standards such as IPSAS. For ‘A’ and ‘B’ scores the assessment report should explain which international standards methodology has been used and</i></p>

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				<p>where the information on compliance with those standards is disclosed”.</p> <p>In PEFA Climate, Elements 3, 4 and 7 of CRPFM-2 assess disclosure of specific climate related elements in budget documents and in end-of-year budget execution reports. Transparency would then be assessed using the regular PEFA as there are no climate specific requirements when it comes to publication of such documents.</p> <p>Suggested references have been added to a list of useful resources in Section 6.</p>
O-2	World Bank (Patrick Kabuya)	Climate reporting	<p>Considering the recent development on climate reporting standards, there is need to include a dimension on climate reporting linking it to the various sustainability or climate reporting standards: e.g Global Reporting Initiative, TCFD, European Sustainability Reporting Standards (ESRS), IFRS2 Climate-related disclosure standard by ISSB. The inclusion of the dimension would serve as a catalyst for countries to accelerate preparation of climate reports.</p>	<p>Thanks for the comment.</p> <p>See response to #O-1</p> <p>Suggested references have been added to a list of useful resources in Section 6.</p>
O-3	ZHAW (Antonia Grafl)	Institutional settings and arrangements	<p>The PEFA Climate was developed when there were hardly any guidance or good practice examples. In the meantime, there is a considerable body of literature available, provided by IMF, OECD, UNDP, the EU. These approaches are overlapping and complement each other, and they provide few more options for entry points which should be reflected in the set of indicators.</p>	<p>Thanks for the suggestion.</p> <p>PEFA Climate follows PEFA 2016 which does not assess PFM legal framework as such. As PEFA 2016, PEFA Climate consider such legal or regulatory framework under the relevant PFM functions.</p>

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			<p>The IMF considers the PFM legal framework as the backbone to any reform endeavor.</p> <ul style="list-style-type: none"> o One dimension should therefore assess, whether and to what extent green consideration are embedded in the PFM legal framework. It could differentiate between primary law, secondary legislation and administrative measures. o This would also include the mandate of the MoF with regard to the climate change agenda. • On a subject as interdisciplinary as climate change, it is essential to coordinate effectively internationally and nationally. o Some form of cross-government coordination that the MoF participates in is considered imperative and a prerequisite to Green PFM reform implementation, it is therefore appropriate to have this aspect assessed separately and not only as an element of indicator I. o This dimension could focus on the existence and effectiveness of such mechanisms. 	<p>Regarding coordination, in addition to Element 12 of CRPFM-I, PEFA climate includes two questions in the questionnaire (see 9b and 9c).</p>
O-4	ZHAW (Antonia Graf)	Pre-budget phase	<p>In the pre-budget phase, important strategic decisions are being taken in preparation of the actual budgeting. The underlying macroeconomic model and fiscal risk analysis both inform the medium-term fiscal framework. How climate considerations are reflected in the medium-term fiscal framework is seen as a critical precondition to ensure budget credibility and viability of short- and medium-term budget planning.</p> <ul style="list-style-type: none"> • One dimension could cover the macroeconomic foundation, focusing on whether the adverse effects of CC and/or positive effects of actions taken are reflected. 	<p>Thanks for the suggestion. PEFA Climate considers medium-term fiscal framework in CRPFM-I.</p> <p>Regarding fiscal risks, see response #6-I.</p>

#	Institution	Subject	Comment	Response from the PEFA Climate team
			<ul style="list-style-type: none"> • One dimension should cover the fiscal risk reporting. It is, from an intervention logic point of view more intuitive the cover this aspect in the pre-budget phase (instead of the climate related liabilities indicator), as a risk is technically not a liability. 	
O-5	ZHAW (Antonia Grafl)	Sustainability reporting/ accounting	<p>The past three years have seen significant progress in the area of sustainability reporting and accounting, furthered by consolidation of efforts under the roof of the IPSASB.</p> <ul style="list-style-type: none"> • When it comes to reporting there are well-established frameworks and standards/ recommended practice guidelines available, e.g., by the TFCF as well the IPSASB (RPG 1 and 3), which focus on disclosing climate-related info to the financial statements, such as the viability of governments business models in the context of CC. • These international frameworks/standards can serve as benchmarks against which an assessment can be conducted. • There is also guidance (e.g., by the IPSASB) on how to use existing standards to report on climate change related aspects. 	Thanks for the suggestions. Please see response #O-1 and O-2.
O-6	ZHAW (Antonia Grafl)	Other	As mentioned above in the section on specific indicators, the aspects of financial asset management, climate finance arrangements, and external audit could also be assessed as indicators.	Thanks for the suggestions. Please see responses under the specific indicators.
O-7	INTOSAI-IDI (Patra Schirnhofner)	Sustainability reporting	The sustainability reporting landscape in the public sector is lagging behind the private sector but it is developing. Many frameworks are floating around but there is no joint guidance. However, this area will develop, and I think it is important to keep an eye on it, also with regard to your framework.	Thanks for the suggestion. Please see response #O-1 and O-2.
Glossary				

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G-1	World Bank (Gael Raballand)		The comprehensive glossary adds value to the supplementary framework.	Thank you.