

**PEFA ASSESSMENT OF CLIMATE-RESPONSIVE PUBLIC FINANCIAL MANAGEMENT**

|  |
| --- |
| **NAME OF COUNTRY** |

*Below is the complete template for the PEFA report preparation.*

*Guidance to help assessors in preparing the report is provided in red italic font. It is not part of the final report structure.*

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*If the report is eligible, the PEFA Check endorsement as provided by the PEFA Secretariat will be inserted as full page certification here.*

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**Abbreviations and acronyms**

# **INTRODUCTION**

[1/2—1 page]

*Purpose*

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

*Background*

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

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

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

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

# **ASSESSMENT FINDINGS AND WAY FORWARD**

[1 page]

*Main findings*

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

*The section may include charts highlighting key assessment findings, similar to the ones presented below. Automated charts can be generated from an automated tool accessible here*

[*https://www.pefa.org/sites/default/files/ENG-Automated%20Excel%20Charts\_Scores\_PEFA\_Climate.xlsm*](https://www.pefa.org/sites/default/files/ENG-Automated%20Excel%20Charts_Scores_PEFA_Climate.xlsm)

**Figure I- Overview of assessment findings**

 

CRPFM 1

CRPFM 1

CRPFM 2

CRPFM 2

CRPFM 9

CRPFM 9

CRPFM 3

CRPFM 3

CRPFM 4

CRPFM 4

CRPFM 5

CRPFM 5

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CRPFM 8

CRPFM 8

CRPFM 10

CRPFM 10

CRPFM 11

CRPFM 11

CRPFM 12

CRPFM 12

CRPFM 13

CRPFM 13

CRPFM 14

CRPFM 14

**Table 1: Overview of the scores of the PEFA Climate indicators**

*In the table below, “insert…” should be replaced by the corresponding score where indicated. When scores are indicated here, they will be automatically reflected in the summary table of scores for each indicator and in Annex 1. If a score is adjusted in any of these tables, the change will be automatically reflected in other related tables.* ***This works only if the XML mapping behind the automation is not removed.***

| **CRPFM performance indicator** | **Scoring method** | **Dimension score** | **Overall score**  |
| --- | --- | --- | --- |
|  **1** | **2** | **3** | **4** |
| 1 | Budget alignment with climate change strategies | - | Insert 1.1 score |  |  |  | **Insert aggregated CRPFM-1** |
| 2 | Tracking climate-related expenditure | - | Insert 2.1 score |  |  |  | **Insert aggregated CRPFM-2** |
| 3 | Climate-responsive budget circular | - | Insert 3.1 score |  |  |  | **Insert aggregated CRPFM-3** |
| 4 | Legislative scrutiny | M2 | Insert 4.1 score | Insert 4.2 score |  |  | **Insert aggregated CRPFM-4** |
| 5 | Climate-responsive public investment management | M2 | Insert 5.1 score | Insert 5.2 score | Insert 5.3 score | Insert 5.4 score | **Insert aggregated CRPFM-5** |
| 6 | Climate-responsive non-financial asset management | M2 | Insert 6.1 score |  |  |  | **Insert aggregated CRPFM-6** |
| 7 | Climate-related liabilities | M2 | Insert 7.1 score | Insert 7.2 score |  |  | **Insert aggregated CRPFM-7** |
| 8 | Climate-responsive public procurement | M2 | Insert 8.1 score | Insert 8.2 score | Insert 8.3 score | Insert 8.4 score | **Insert aggregated CRPFM-8** |
| 9 | Climate-responsive tax administration | M2 | Insert 9.1 score | Insert 9.2 score |  |  | **Insert aggregated CRPFM-9** |
| **III. Management of assets and liabilities**  |
| 10 | Compliance of climate-related expenditure | M2 | Insert 10.1 score | Insert 10.2 score |  |  | **Insert aggregated CRPFM-10** |
| 11 | Climate-responsive fiscal decentralization | M2 | Insert 11.1 score | Insert 11.2 score | Insert 11.3 score |  | **Insert aggregated CRPFM-11** |
| 12 | Climate-related performance information | M2 | Insert 12.1 score | Insert 12.2 score |  |  | **Insert aggregated CRPFM-12** |
| 13 | Climate-related evaluation | M2 | Insert 13.1 score | Insert 13.2 score |  |  | **Insert aggregated CRPFM-13** |
| 14 | Expenditure outturn for climate actions | M2 | Insert 14.1 score | Insert 14.2 score |  |  | **Insert aggregated CRPFM-14** |

# **DETAILED ASSESSMENT OF CLIMATE-RESPONSIVE PUBLIC FINANCIAL MANAGEMENT**

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

* 1. **CRPFM-1. Budget alignment with climate change strategies**

| **CRPFM-1. Budget alignment with climate change strategies** | **Score** |
| --- | --- |
| 1.1. Budget alignment with climate change strategies | Insert 1.1 summary | Insert 1.1 score |

*The narrative provides an explanation of assessment findings.*

**Table 1.1: Budget alignment with climate strategies (Last completed fiscal year)**

| **Element/ Requirements** | **Criteria met** **(Y/N)** | **Explanation and source of evidence** |
| --- | --- | --- |
| **Basic elements** |  |  |
| 1. Sectoral medium-term strategic plans are prepared. They reflect priorities from national climate change policy and strategy - and in their absence, NDC targets. |  |  |
| 2. Climate-related projects and initiatives are costed in sector medium-term strategic plans. |  |  |
| 3. Climate-related projects are accounted for in public investment plans. |  |  |
| 4. Climate-related expenditure policy proposals in the approved medium-term budget estimates align with sector medium-term strategic plans. |  |  |
| 5. Climate-related tax policy proposals in the approved medium-term budget estimates align with the national climate change strategy. |  |  |
| 6. Climate-related annual expenditure and tax estimates align with the approved medium-term budget estimates for the first year. |  |  |
| **Additional elements** |  |  |
| 7. Climate change policy and strategies cover subnational governments, public corporations and other operators in charge of implementation |  |  |
| 8. Climate change strategies or climate-related medium-term budget estimates identify funding gaps and funding sources. |  |  |
| 9. Medium-term fiscal strategy refers to climate targets. |  |  |
| 10. Medium-term fiscal strategy refers to climate-related fiscal risks. |  |  |
| 11. If there is a gap between climate-related annual expenditure and tax estimates and the approved medium-term budget estimates for the first year, the annual budget document provides the underlying explanation. |  |  |
| 12. There is an operational body, unit, or team in charge of fostering coordination on climate change activities in line with climate change policies. |  |  |

* 1. **CRPFM-2. Tracking climate-related expenditure**

| **CRPFM-2. Tracking climate-related expenditure** | **Score** |
| --- | --- |
| 2.1. Tracking climate-related expenditure | Insert 2.1 summary | Insert 2.1 score |

*The narrative provides an explanation of assessment findings.*

**Table 2.1: Tracking climate-related expenditure (Last completed fiscal year)**

| **Element/ Requirements** | **Criteria met** **(Y/N)** | **Explanation and source of evidence** |
| --- | --- | --- |
| **Basic elements** |  |  |
| 1. The government uses a methodology that defines what constitutes “climate change expenditure”. |  |  |
| 2. The government applies the same methodology across all BCG entities to identify climate-related expenditure. |  |  |
| 3. Climate-related expenditure is disclosed by the Ministry of Finance or the budgetary units in budget documents. |  |  |
| 4. Climate-related expenditure is disclosed by the Ministry of Finance or the budgetary units in end-of-year budget execution reports. |  |  |
| 5. The methodology applied by the government to identify climate-related expenditure is reviewed by an entity other than the preparing entity. |  |  |
| **Additional elements** |  |  |
| 6. Expenditure related to activities that are counter to climate policy objectives is disclosed in budget documents and in end-of-year budget execution reports. |  |  |
| 7. Climate-related expenditure is identified using specific budget expenditure line items, program codes, elements in the government’s chart of accounts or markers such as Rio markers. |  |  |
| 8. Climate-related expenditure is disclosed in in-year budget reports, including in-year budget adjustments. |  |  |
| 9. Budgeted climate-related transfers to subnational governments and outturn are identified. |  |  |
| 10. Budgeted climate-related transfers to extrabudgetary units and public corporations in charge of implementing climate change actions, and outturn, are identified. |  |  |

* 1. **CRPFM-3. Climate-responsive budget circular**

| **CRPFM-3. Climate-responsive budget circular**  | **Score** |
| --- | --- |
| 3.1. Climate-responsive budget circular | Insert 3.1 summary | Insert 3.1 score |

*The narrative provides an explanation of assessment findings.*

* 1. **CRPFM-4. Legislative scrutiny**

| **CRPFM-4. Legislative scrutiny (M2)** | **Insert aggregated CRPFM-4** |
| --- | --- |
| 4.1. Legislative scrutiny of budgets | Insert 4.1 summary | Insert 4.1 score |
| 4.2. Legislative scrutiny of audit and evaluation reports | Insert 4.2 summary | Insert 4.2 score |

*The narrative provides an explanation of assessment findings.*

* 1. **Climate-responsive public investment management**

| **CRPFM-5. Climate-responsive public investment management (M2)** | **Insert aggregated CRPFM-5** |
| --- | --- |
| 5.1. Climate-responsive provisions in regulatory framework for PIM | Insert 5.1 summary | Insert 5.1 score |
| 5.2. Climate-responsive provisions for project appraisal | Insert 5.2 summary | Insert 5.2 score |
| 5.3. Climate-responsive provisions for project selection | Insert 5.3 summary | Insert 5.3 score |
| 5.4. Reporting from entities in charge of implementation | Insert 5.4 summary | Insert 5.4 score |

*The narrative provides an explanation of assessment findings.*

* 1. **Climate-responsive non-financial asset management**

| **CRPFM-6. Climate-responsive non-financial asset management** | **Score** |
| --- | --- |
| 6.1. Climate-responsive non-financial asset management | Insert 6.1 summary | Insert 6.1 score |

*The narrative provides an explanation of assessment findings.*

* 1. **Climate-related liabilities**

| **CRPFM-7. Climate-related liabilities (M2)** | **Insert aggregated CRPFM-7** |
| --- | --- |
| 7.1. Fiscal risks arising from climate-related contingent liabilities | Insert 7.1 summary | Insert 7.1 score |
| 7.2. Climate-related debt and guarantees | Insert 7.2 summary | Insert 7.2 score |

*The narrative provides an explanation of assessment findings.*

* 1. **Climate-responsive public procurement**

| **CRPFM-8. Climate-responsive public procurement (M2)** | **Insert aggregated CRPFM-8** |
| --- | --- |
| 8.1. Climate-responsive public procurement framework | Insert 8.1summary | Insert 8.1 score |
| 8.2. Climate-responsive public procurement operations | Insert 8.2 summary | Insert 8.2 score |
| 8.3. Climate-responsive public procurement monitoring | Insert 8.3 summary | Insert 8.3 score |
| 8.4. Climate-responsive public procurement reporting | Insert 8.4 summary | Insert 8.4 score |

*The narrative provides an explanation of assessment findings.*

* 1. **Climate-responsive tax administration**

| **CRPFM-9. Climate-responsive tax administration (M2)** | **Insert aggregated CRPFM-9** |
| --- | --- |
| 9.1. Climate-related tax management, audit, and investigation | Insert 9.1summary | Insert 9.1 score |
| 9.2. Climate-related tax arrears | Insert 9.2 summary | Insert 9.2 score |

*The narrative provides an explanation of assessment findings.*

* 1. **Compliance of climate-related expenditure**

| **CRPFM-10. Compliance of climate-related expenditure (M2)** | **Insert aggregated CRPFM-10** |
| --- | --- |
| 10.1. Effectiveness of the system of controls | Insert 10.1 summary | Insert 10.1 score  |
| 10.2. Audit of the compliance of payments | Insert 10.2 summary | Insert 10.2 score |

*The narrative provides an explanation of assessment findings.*

* 1. **Climate-responsive fiscal decentralization**

| **CRPFM-11. Climate-responsive fiscal decentralization (M2)** | **Insert aggregated CRPFM-11** |
| --- | --- |
| 11.1. Climate-responsive fiscal decentralization arrangements | Insert 11.1 summary | Insert 11.1 score |
| 11.2. Climate-responsive fiscal transfers | Insert 11.2 summary | Insert 11.2 score |
| 11.3. Climate-responsive PFM arrangements applied by subnational governments | Insert 11.3 summary | Insert 11.3 score |

*The narrative provides an explanation of assessment findings.*

* 1. **Climate-related performance information**

| **CRPFM-12. Climate-related performance information (M2)** | **Insert aggregated CRPFM-12** |
| --- | --- |
| 12.1. Climate-related information in performance plans | Insert 12.1 summary | Insert 12.1 score |
| 12.2. Climate-related information in performance reports | Insert 12.2 summary | Insert 12.2 score |

*The narrative provides an explanation of assessment findings.*

* 1. **Climate-related evaluation**

| **CRPFM-13. Climate-related evaluation (M2)** | **Insert aggregated CRPFM-13** |
| --- | --- |
| 13.1. Climate-related evaluation of expenditure | Insert 13.1 summary | Insert 13.1 score |
| 13.2. Climate-related evaluation of revenue | Insert 13.2 summary | Insert 13.2 score |

*The narrative provides an explanation of assessment findings.*

* 1. **Expenditure outturn for climate actions**

| **CRPFM-14. Expenditure outturn for climate actions (M2)** | **Insert aggregated CRPFM-14** |
| --- | --- |
| 14.1. Aggregate climate-related expenditure outturn | Insert 14.1 summary | Insert 14.1 score |
| 14.2. Climate-related expenditure composition outturn | Insert 14.2 summary | Insert 14.2 score |

*The narrative provides an explanation of assessment findings.*

**ANNEX 1. QUESTIONNAIRE**

**ANNEX 2. SUMMARY OF PERFORMANCE INDICATORS**

| **COUNTRY NAME:** |  |
| --- | --- |
|  |   |
| **Indicator/Dimension** | **Score** | **Description of requirements met** |
| **1** | **Budget alignment with climate change strategies** | **Insert aggregated CRPFM-1** |  |
|  | 1. Budget alignment with climate change strategies | Insert 1.1 score | Insert 1.1 summary |
| **2** | **Tracking climate-related expenditure** | **Insert aggregated CRPFM-2** |  |
|  | 1. Tracking climate-related expenditure | Insert 2.1 score | Insert 2.1 summary |
| 3   | **Climate-responsive budget circular** | **Insert aggregated CRPFM-3** |  |
| 1. Climate-responsive budget circular | Insert 3.1 score | Insert 3.1 summary |
| **4** | **Legislative scrutiny (M2)** | **Insert aggregated CRPFM-4** |  |
|  | 1. Legislative scrutiny of budgets | Insert 4.1 score | Insert 4.1 summary |
|  | 2. Legislative scrutiny of audit and evaluation reports | Insert 4.2 score | Insert 4.2 summary |
| **5** | **Climate-responsive public investment management (M2)** | **Insert aggregated CRPFM-5** |  |
|  | 1. Climate-responsive provisions in regulatory framework for PIM | Insert 5.1 score | Insert 5.1 summary |
|  | 2. Climate-responsive provisions for project appraisal | Insert 5.2 score | Insert 5.2 summary |
|  | 3. Climate-responsive provisions for project selection | Insert 5.3 score | Insert 5.3 summary |
|  | 4. Reporting from entities in charge of implementation | Insert 5.4 score | Insert 5.4 summary |
| **6** | **Climate-responsive non-financial asset management** | **Insert aggregated CRPFM-6** |  |
|  | 1. Climate-responsive non-financial asset management | Insert 6.1 score | Insert 6.1 summary |
| **7** | **Climate-related liabilities (M2)** | **Insert aggregated CRPFM-7** |  |
|  | 1. Fiscal risks arising from climate-related contingent liabilities | Insert 7.1 score | Insert 7.1 summary |
|  | 2. Climate-related debt and guarantees | Insert 7.2 score | Insert 7.2 summary |
| **8** | **Climate-responsive public procurement (M2)** | **Insert aggregated CRPFM-8** |  |
|  | 1. Climate-responsive public procurement framework | Insert 8.1 score | Insert 8.1summary |
|  | 2. Climate-responsive public procurement operations | Insert 8.2 score | Insert 8.2 summary |
|  | 3. Climate-responsive public procurement monitoring | Insert 8.3 score | Insert 8.3 summary |
|  | 4. Climate-responsive public procurement reporting | Insert 8.4 score | Insert 8.4 summary |
| **9** | **Climate-responsive tax administration (M2)** | **Insert aggregated CRPFM-9** |  |
|  | 1. Climate-related tax management, audit, and investigation | Insert 9.1 score | Insert 9.1summary |
|  | 2. Climate-related tax arrears | Insert 9.2 score | Insert 9.2 summary |
| **10** | **Compliance of climate-related expenditure (M2)** | **Insert aggregated CRPFM-10** |  |
|  | 1. Effectiveness of the system of controls | Insert 10.1 score | Insert 10.1 summary |
|  | 2. Audit of the compliance of payments | Insert 10.2 score | Insert 10.2 summary |
| **11** | **Climate-responsive fiscal decentralization (M2)** | **Insert aggregated CRPFM-11** |  |
|  | 1. Climate-responsive fiscal decentralization arrangements | Insert 11.1 score | Insert 11.1 summary |
|  | 2. Climate-responsive fiscal transfers | Insert 11.2 score | Insert 11.2 summary |
|  | 3. Climate-responsive PFM arrangements applied by subnational governments | Insert 11.3 score | Insert 11.3 summary |
| **12** | **Climate-related performance information (M2)** | **Insert aggregated CRPFM-12** |  |
|  | 1. Climate-related information in performance plans | Insert 12.1 score | Insert 12.1 summary |
|  | 2. Climate-related information in performance reports | Insert 12.2 score | Insert 12.2 summary |
| **13** | **Climate-related evaluation (M2)** | **Insert aggregated CRPFM-13** |  |
|  | 1. Climate-related evaluation of expenditure | Insert 13.1 score | Insert 13.1 summary |
|  | 2. Climate-related evaluation of revenue | Insert 13.2 score | Insert 13.2 summary |
| **14** | **Expenditure outturn for climate actions (M2)** | **Insert aggregated CRPFM-14** |  |
|  | 1. Aggregate climate-related expenditure outturn | Insert 14.1 score | Insert 14.1 summary |
|  | 2. Climate-related expenditure composition outturn | Insert 14.2 score | Insert 14.2 summary |

**ANNEX 3. SOURCES OF INFORMATION**

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