



# Accessing Funds from the National Budget

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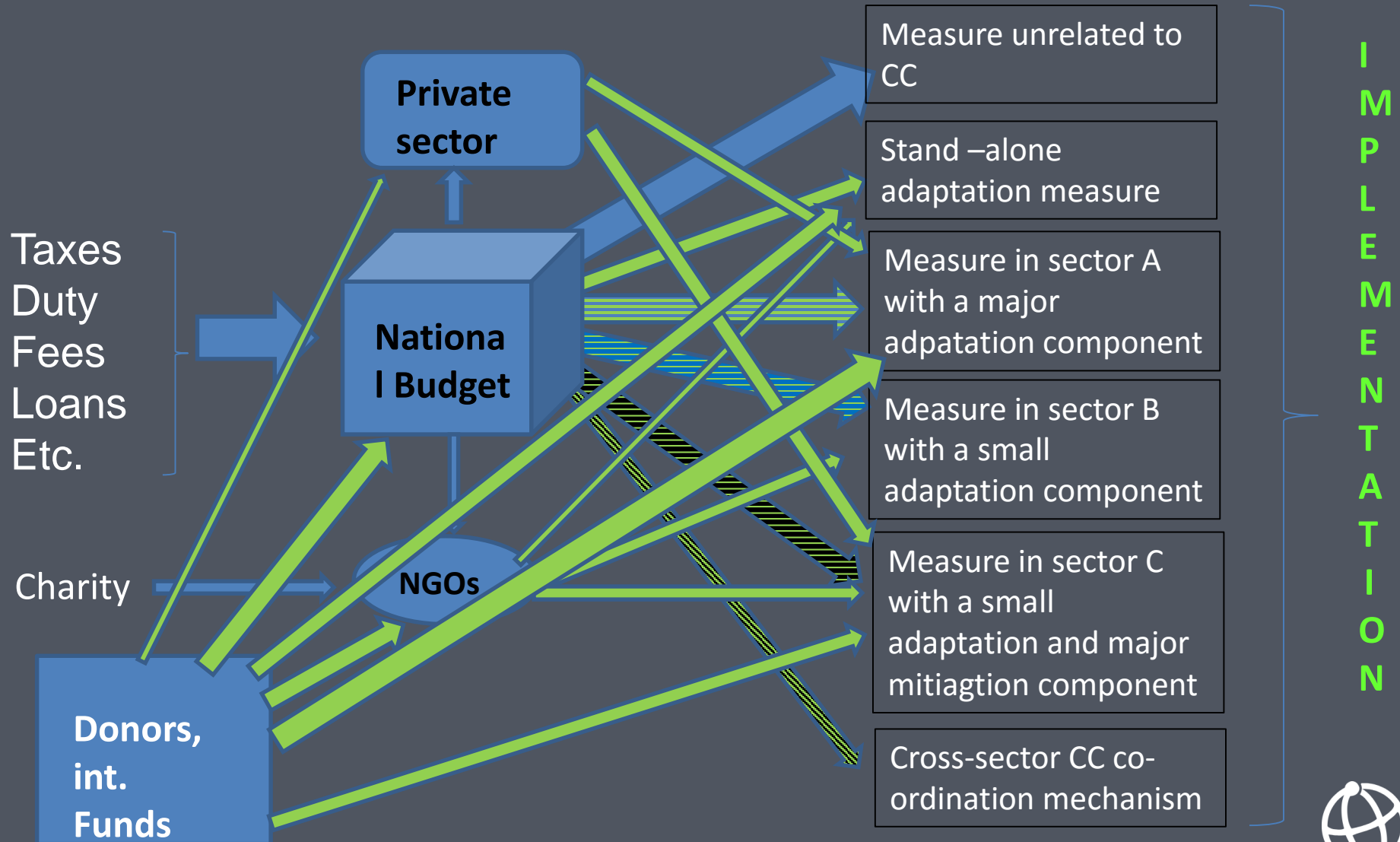


## Sources of adaptation financing

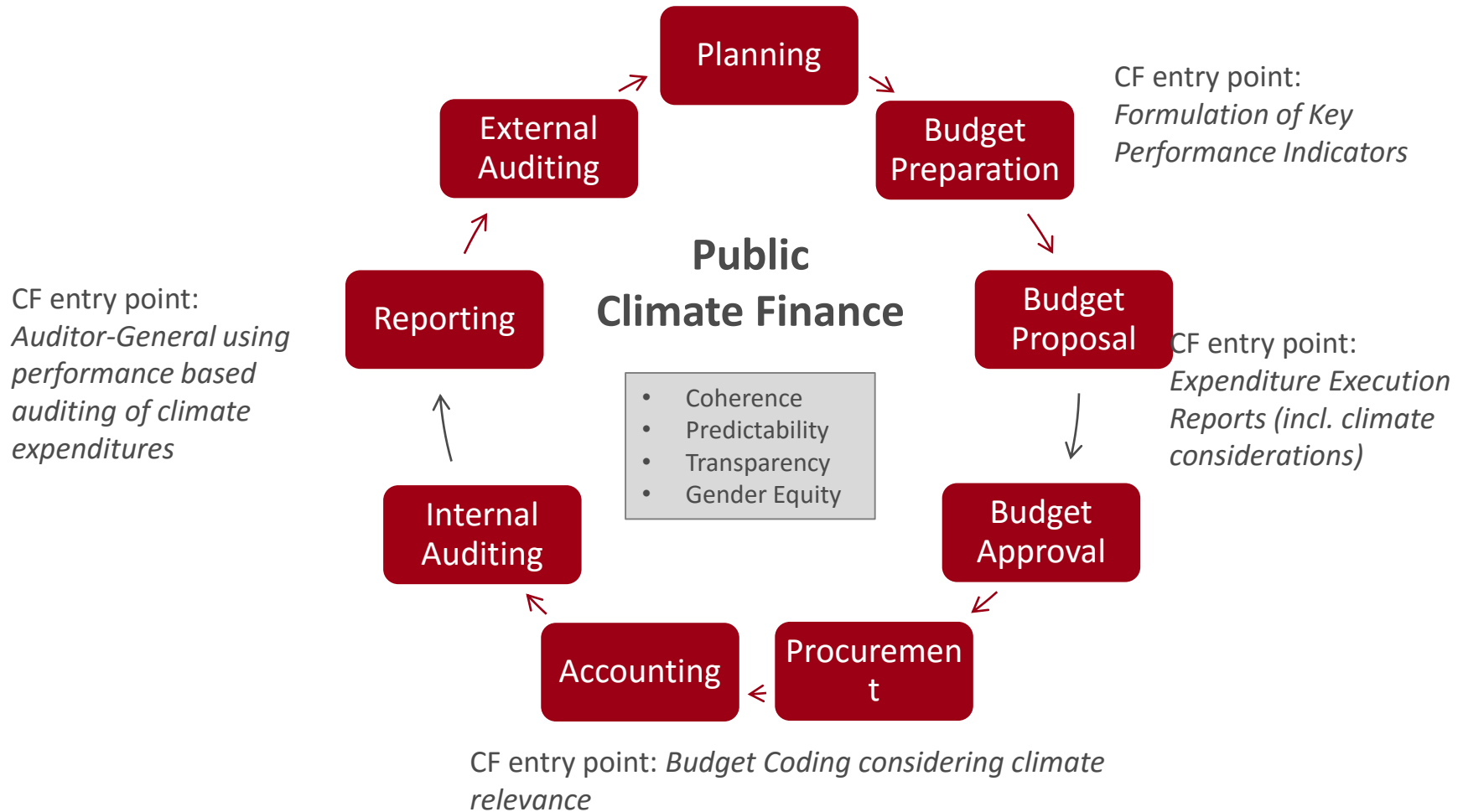
International	<ul style="list-style-type: none"><li>• Grant resources &amp; concessional finance – bilateral ODA, GCF, GEF, LDCF, SCCF, AF, etc.</li><li>• Philanthropy</li><li>• Development banks</li></ul>	<ul style="list-style-type: none"><li>• Private commercial finance<ul style="list-style-type: none"><li>• Foreign direct investment</li></ul></li><li>• Private funds mobilized<ul style="list-style-type: none"><li>• Public co-financing</li></ul></li></ul>
	<ul style="list-style-type: none"><li>• Public-Private Partnerships</li></ul>	
Domestic	<ul style="list-style-type: none"><li>• Domestic budget revenues<ul style="list-style-type: none"><li>• Taxes</li><li>• Non-tax: rents, fees, fines</li></ul></li><li>• Other fiscal instruments<ul style="list-style-type: none"><li>• Subsidies, Gov't bonds</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Private commercial finance<ul style="list-style-type: none"><li>• Microfinance</li></ul></li><li>• Market based<ul style="list-style-type: none"><li>• Debt financing: green bonds</li><li>• Insurance</li></ul></li></ul>
	Public	Private

Source: GCF

# Finance flows



# Simplified Budget Cycle and Climate Finance (CF)





## Budget cycle – preparation phase

**Budget  
execution**

**1. Resource Projections  
prepared by MoF and  
approved by Cabinet**

**2. Budget Guidelines  
and  
Expenditure Limits  
circulated by MoF**

**7. Budget appropriations  
voted by Parliament**

**6. Budget approved by  
Cabinet and submitted  
to Parliament**

**3. Line ministry  
Expenditure Proposals  
prepared and  
submitted to MoF**

**5. State Budget  
prepared by MoF**

**4. Proposals appraised  
by MoF and negotiations  
with line ministries**

Source: GCF

# Togo: Guidebook for planning officers

Background: Togo recently started to introduce **program-based budgeting**

- Overall goal: Link planning and budgeting to priorities from nat. development strategy

**Guidebook** on how to integrate climate change in different steps of planning and budgeting cycle under development

- Target group: planning officers in different ministries
- Collaboration Ministries of Env & Planning

Also: **Sensitization** of department responsible for budgeting (Ministry of Finance)





## Development of a **public budget programme for sustainable urban transport**

- Underlying budget process: Results Based Budgeting
- Initial idea: creating a „programme“ for adaptation – but adaptation is transversal
- Second approach: identifying relevant sectors and integrate adaptation into the targets and performance indicators;
- Starting with integrating CCA in urban transport programme (high awareness of need for CCA in this sector); formulation of new targets, funding criteria and indicators;
- More difficult in sectors with more complex stakeholder structure – many stakeholders have to be convinced of value of CCA and decision is needed who is responsible for CCA

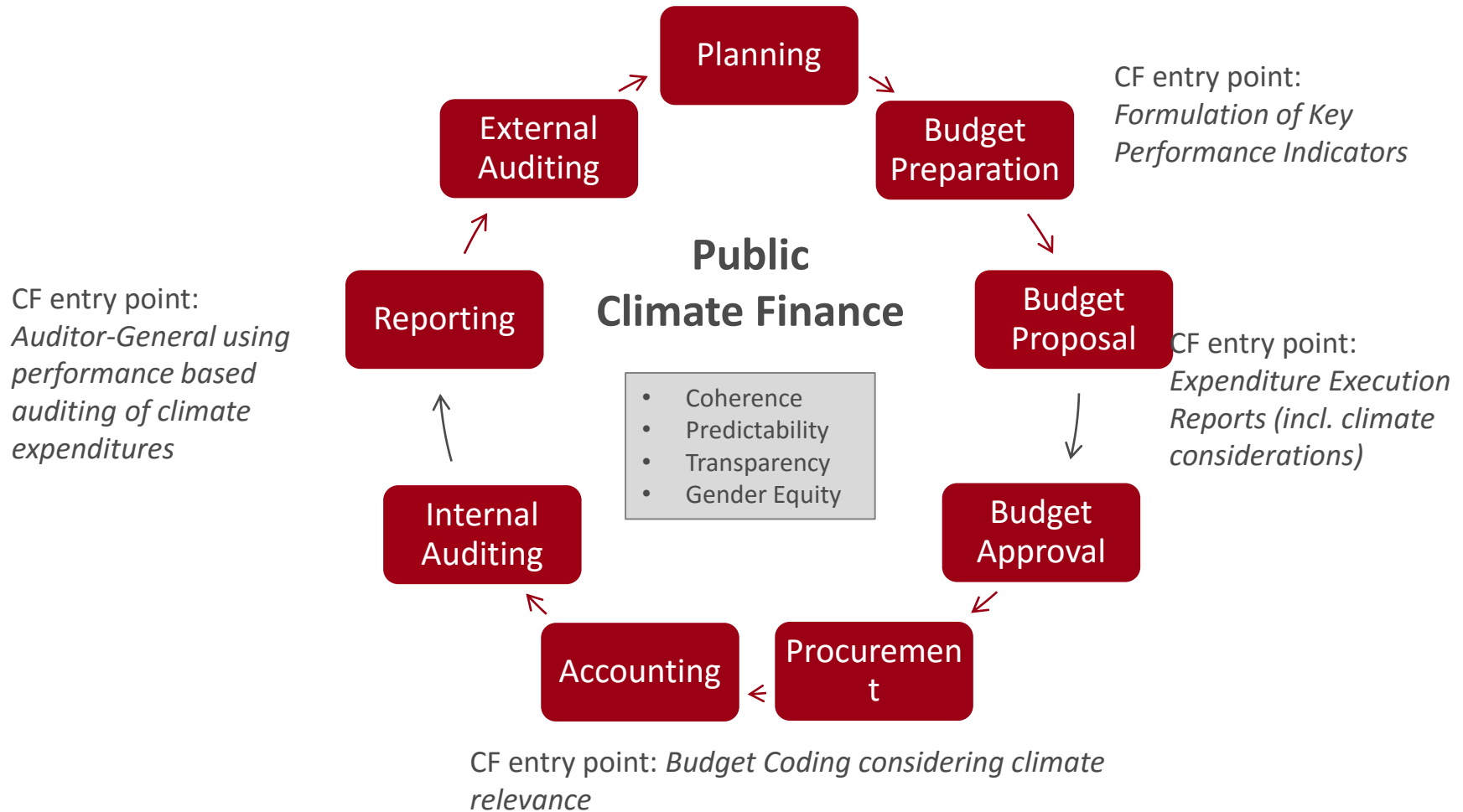


## Integration of CCA into the risk assessment of public investment projects

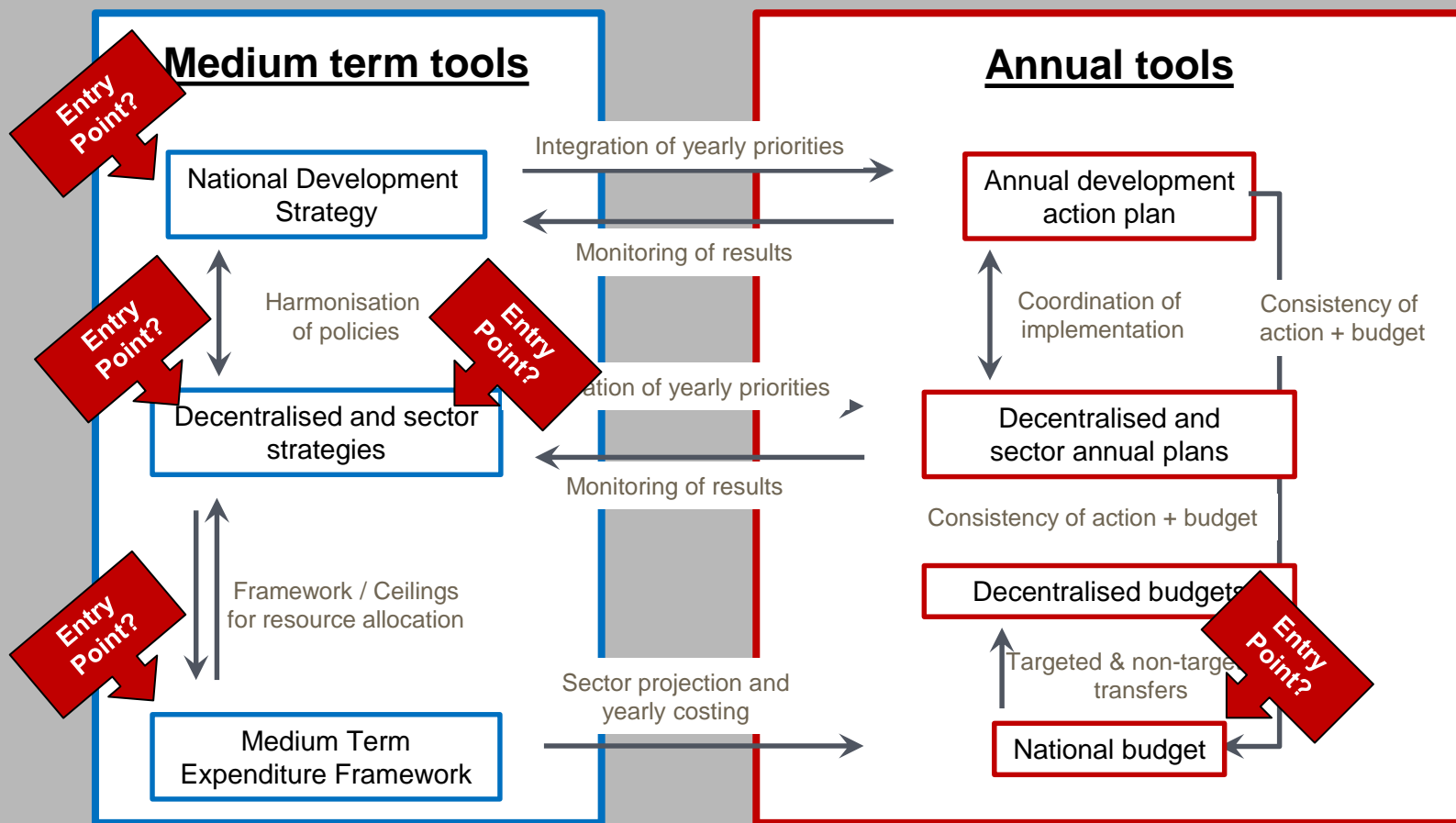
- Catastrophe risk management system as entry point – system aimed at preventing catastrophies and protecting public investment;
- including CCA (climate risks) into the system, argument for inclusion: cost-benefits for prevented damage to public investment, which overrun the initial extra costs. = **adding a risk to an existing risk assessment**
- Initiated by the MoF, development of guidelines for project planners on „How to integrate CC risks in project planning?“
- Challenge: additional work for project developpers on the local level (where sometimes, the concept of climate risks is not understood) = awareness measures and support of local developpers necessary
- Accompanying measure: improve availablity of climate information



# Simplified Budget Cycle and Climate Finance (CF)



# Entry points for the NAP process





# CPEIR classification of climate change relevant activities

## Climate Public Expenditures and Institutional Review (CPEIR):

- A systematic qualitative and quantitative analysis of a country's public expenditures and how they relate to climate change
- Methodology developed by UNDP and ODI in 2012
- CPEIR reviews and examines the linkages between:
  - national climate change policy,
  - the institutional structures through which policy is channelled; and
  - the resource allocation processes of the public sector towards the implementation of relevant projects.
- CPEIRs have been completed in the following countries among others:
  - Cambodia
  - China
  - Fiji
  - Indonesia
  - Nepal
  - Pakistan
  - Philippines
  - Samoa
  - Thailand
  - Vanuatu
  - Vietnam
  - Tanzania
  - Uganda

**>> Follow up: CPEIR Quiz**

**Exercise**

Source: <http://www.climatefinance-developmenteffectiveness.org/about/what-cpeir>



## Integrating CCA in the budget cycle

- Beyond some non-cost actions („doing things differently“), no achievements without budget!
- Options for integration of CCA into the national budget vary, depending on the structure of the national budget – and various other factors;
- To find good entry points for CCA, the national budget cycle has to be thoroughly studied; there are tools to do so.
- MoF plays a key role, but also actors like line ministries, cabinet, parliament; **budgeting is not only a technical, but a political process**, so finding political support for financing CCA is key.
- If the budgeting process is too imperfect and offers too little options, good prioritisation is even more important;
- If full integration is not possible, it might still be possible to integrate „climate risk assessments“ in national investments;

Source: GCF

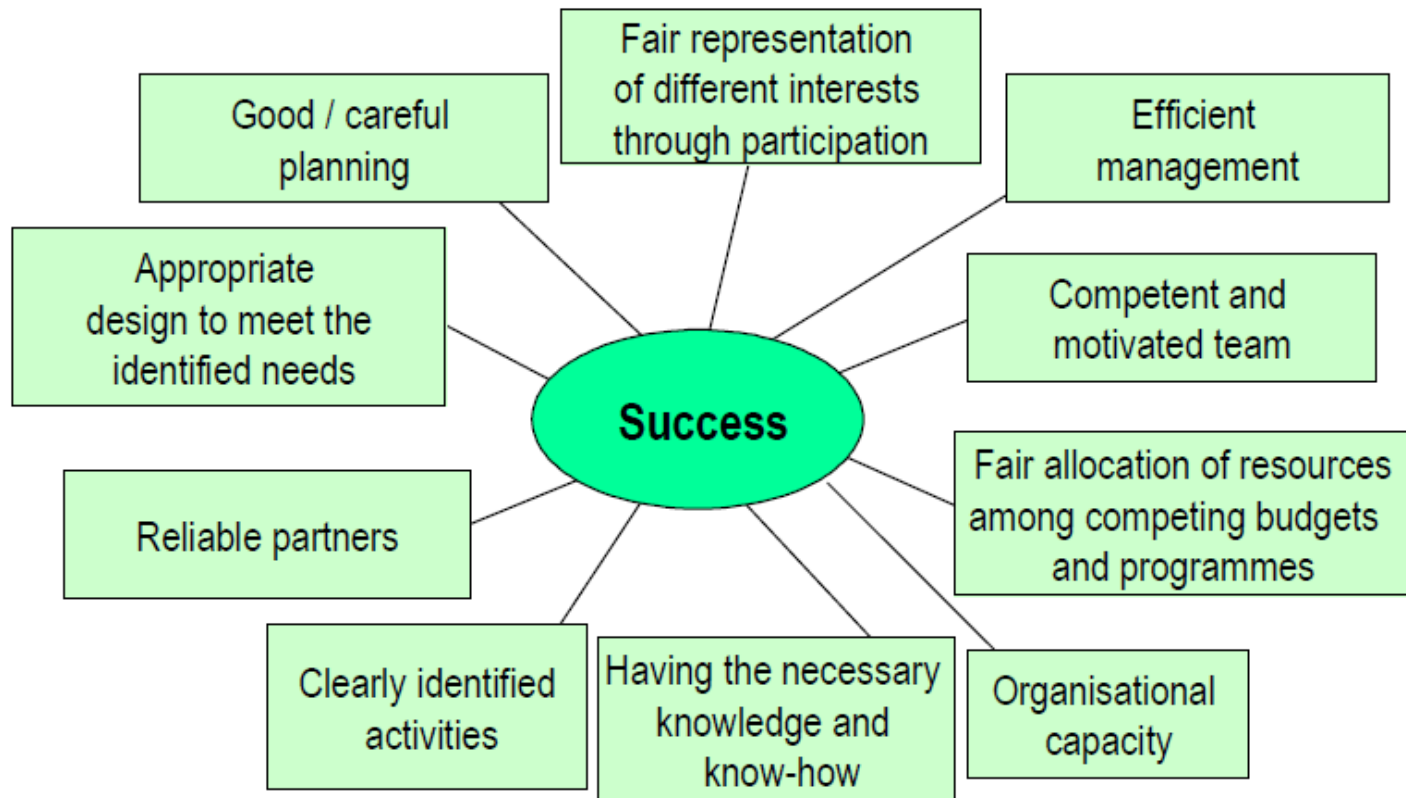


## *Exercise*

1. Planning: a) engaging key actors b) identifying entry points
2. Financing: a) developing/improving cost estimates, b) developing financing strategies for CCA
3. Budgeting: a) engaging key actors b) understanding the budget cycle /tracking of CCA
4. Integration: a) practical strategies for integration b) provide access to CCA finance on subnational level



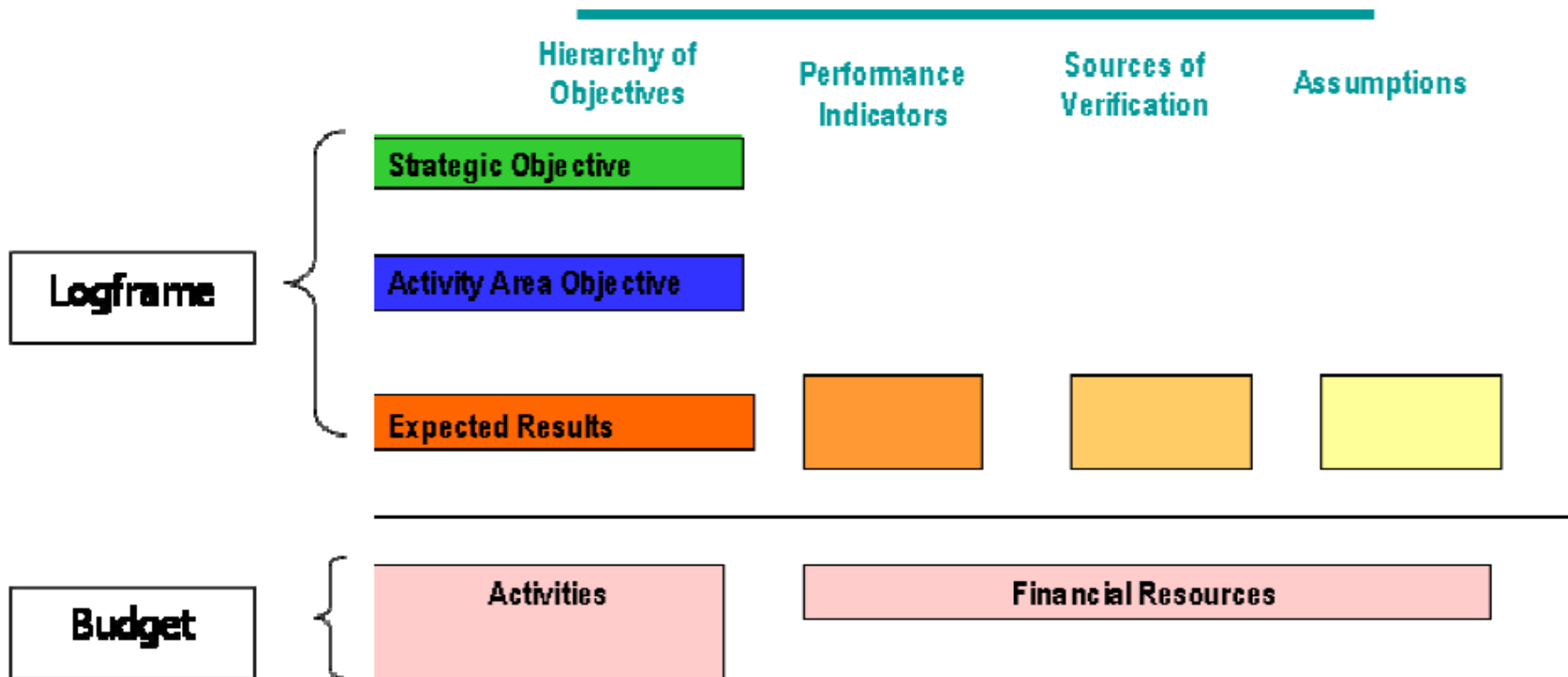
## Budget process – factors of success



Source: GCF



## Budget process: The RBB Logical Framework Matrix



Source: GCF