INTERNATIONAL BUDGET PARTNERSHIP
Open Budgets. Transform Lives.

Empowered lives.
Resilient nations.

BUDGETING FOR A GREENER PLANET

AN ASSESSMENT OF CLIMATE CHANGE FINANCE ACCOUNTABILITY IN BANGLADESH, INDIA, NEPAL, AND THE PHILIPPINES









Budgeting for a greener planet: An assessment of climate change finance accountability in Bangladesh, India, Nepal, and the Philippines

The views expressed in this publication are those of the author(s) and do not necessarily represent those of the United Nations, including UNDP, or the UN Member States.

UNDP partners with people at all levels of society to help build nations that can withstand crisis, and drive and sustain the kind of growth that improves the quality of life for everyone. On the ground in more than 170 countries and territories, we offer global perspective and local insight to help empower lives and build resilient nations.

Design by Inís Communication – www.iniscommunication.com

The research for this project was led by the International Budget Partnership and conducted by a team of climate change finance and public finance experts, including Delaine McCullough, International Budget Partnership; Alta Fölscher and Kit Nicholson, Principal Consultants, Mokoro Ltd.; Dr. Saleemul Huq, Director, and Mohammad Feisal Rahman, Research Coordinator, International Centre for Climate Change and Development, Independent University, Bangladesh (Bangladesh assessment); and Divya Singh, Fmr. Program Manager, Centre for Climate Change and Sustainable Studies, Tata Institute of Social Sciences (India assessment). This report was prepared by Alta Fölscher, Delaine McCullough, and Kit Nicholson.

The coordination, quality assurance and peer-review process of the report was led by Kevork Baboyan, Governance and Public Finance Specialist at the UNDP Bangkok Regional Hub.

A summary version of the full report was prepared by Debbie Budlender and is available at: https://www.climatefinance-developmenteffectiveness.org/.

The UNDP and IBP would like to thank the following reviewers for their insightful feedback and invaluable suggestions as well as support in the implementation of the report:

Khurshid Alam, Assistant Country Director UNDP Bangladesh, Ranjit Kumar Chakraborty, Project Manager, Inclusive Budgeting and Financing for Climate Resilience Program, Finance Division, Bangladesh; Aarjan Dixit, Regional Climate Change Focal Point at Care International; Bianca Gutierrez, Advisor at Deutsche Gesellshaft für Internationale Zusammenarbeit (GIZ) GmbH supporting the Philippines People's Survival Fund; Sven Harmeling, Advocacy Coordinator for Climate Change at Care International; Seung Hee Kim, Environmental Adviser at UNDP Bangkok Regional Hub, Asad Maken, Regional Public Finance Expert with UNDP Pakistan; Sumaiya Sharmin Kabir, Climate Change Finance and Gender Programme Coordinator with UNDP Bangladesh; A.K.M Mamunur Rashid, Climate Change Specialist with UNDP Bangladesh; Md. Abu Sumon, Climate Change Specialist, Inclusive Budgeting and Financing for Climate Resilience Program, Finance Division, Bangladesh; Imee Manal Inclusive and Sustainable Development Specialist with UNDP Philippines; Shaikh Moniruzzaman, Macroeconomics Specialist, Inclusive Budgeting and Financing for Climate Resilience Program, Finance Division, Bangladesh; Sujala Pant, Governance and Climate Finance Specialist at UNDP Bangkok Regional Hub, Mark Robinson, Global Director, Governance, World Resources Institute; Clare Shakya, Director of Climate Change Group, International Institute for Environment and Development; Vijaya Singh, Assistant Country Director for Energy, Environment, Climate and Disaster Risk Management with UNDP Nepal, Isaac Shapiro, Senior Fellow, Center on Budget and Policy Priorities; Preeti Soni, Climate Change Advisor at UNDP India and Madhukar Upadhya, Regional Climate Change finance expert with UNDP Nepal.

Contents

Acronyms iv

Introduction 1

Assessment scope and audience 3

Assessment methodology 4

Report structure 4

Chapter 2: Climate change finance accountability 6

2.1 Climate change and accountability 6

2.2 Accountability in public finance 7

2.3 A framework for climate change finance accountability 15

Chapter 3: Climate change finance accountability systems in four countries: A comparative description and analysis 23

3.1 Case study countries in the global climate change context 24

3.2 Institutional, legal, and policy environment 26

3.3 Public finance management context 31

3.4 Specific national measures to manage climate change funds 33

3.5 Pillars of climate change finance accountability in the case study countries 38

3.6 Role and engagement of non-state accountability actors 49

Chapter 4: The "Accountability Ecosystem" findings and recommendations 61

4.1 Defining and demarcating climate change financing 61

4.2 Transparency on climate change finance 63

4.3 Civil society participation and media engagement for climate change finance accountability 68

4.4 Formal oversight institutions in climate change finance accountability 73

Annex 1: Summaries of the climate change finance accountability ecosystem assessments for Bangladesh, India, Nepal, and the Philippines 78

Acronyms

AA	Accountability Actor
AFAI	Adaptation Finance Accountability Initiative
APPG	All Party Parliamentary Group (Bangladesh)
BAU	Business as Usual
BCCRF	Bangladesh Climate Change Resilience Fund
BCCSAP	Bangladesh Climate Change Strategy Action Plan
BCCTF	Bangladesh Climate Change Trust Fund
BSP	Budget Strategy Paper
CAG	Comptroller and Auditor General (India)
CBMP	Community-Based Monitoring and Planning
CBO	Community-Based Organization
CC	Climate Change
CCC	Climate Change Commission (Philippines)
CCET	Climate Change Expenditure Tag (Philippines)
CBGA	Centre for Budget and Governance Accountability
CCFU	Climate Change Finance Unit (India)
CEN	Clean Energy Nepal
COA	Commission on Audit (Philippines)
CODE NGO	Caucus of Development NGOs
CPEIR	Climate Public Expenditure and Institutional Review
CSO	Civil Society Organization
DBM	Department of Budget Management (Philippines)
DPP/TPP	Development Project Pro-format/Technical Project Pro-format (Philippines)
ECCC	Executive Committee on Climate Change (India)
FAiTH	Foreign Aid Transparency Hub (Philippines)
FMIS	Financial Management Information System
FOI	Freedom of Information
GHG	Greenhouse Gas
GIFT	Global Initiative for Fiscal Transparency
GiZ	Deutsche Gesellschaft für Internationale Zusammernarbeit (German Association for International Cooperation)
IBFCR	Inclusive Budgeting and Financing for Climate Resilience
IBP	International Budget Partnership
ICESDF	Intergovernmental Expert Committee on Sustainable Development Financing
iCSC	Institute on Climate and Sustainable Cities
IFMR	Institute of Financial Management and Research

IMF	International Monetary Fund
INDCs	Intended Nationally Determined Contributions
LAPA	Local Adaptation Plan of Action (Nepal)
LGU	Local Government Unit
LM	Line Ministry
LMBS/BMIS	Line Ministry Budget System/Budget Management Information System
MCCICC	Multi-stakeholder Climate Change Initiatives Coordinating Committee (Nepal)
MDAs	Ministries, Departments, and Agencies
MDB	Multilateral Development Bank
MoEFCC	Ministry of Environment, Forestry and Climate Change (India)
MOF	Ministry of Finance
MP	Minister of Parliament
NAF	National Adaptation Fund (India)
NAP	National Action Plan
NAPA	National Adaptation Plan of Action (Nepal)
NAPCC	National Action Plan on Climate Change (India)
NCCAP	National Climate Change Action Plan
NCEF	National Clean Energy Fund (India)
NDCs	Nationally Determined Contributions
NEDA	National Economic and Development Authority (Philippines)
NGO	Nongovernmental Organization
NITI Ayog	National Institution for Transforming India
NPC	National Planning Commission
OAGN	Office of the Auditor General Nepal
OBI	Open Budget Index
OBS	Open Budget Survey
OCAG	Office of the Comptroller and Auditor General (Bangladesh)
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD-DAC	Organisation for Economic Co-operation and Development-Development Assistance Committee
PAP	Participatory Audit and Planning
PCCC	Parliamentary Climate Change Committee
PCIJ	Philippines Center for Investigative Journalism
PEFA	Public Expenditure and Financial Accountability

PETS	Public Expenditure Tracking Survey
PFM	Public Finance Management
PMCCC	Prime Minister's Council on Climate Change (India)
PSF	People's Survival Fund (Philippines)
SAI	Supreme Audit Institution
SAPCC	State Action Plans on Climate Change (SAPCC)
SDGs	Sustainable Development Goals
UNDP	United Nations Development Program
UNFCCC	United Nations Framework Convention on Climate Change
WRI	World Resources Institute



Introduction

Through the Paris Agreement, adopted in December 2015 by the parties to the United Nations Framework Convention on Climate Change (UNFCCC), 195 countries committed to dramatically reducing greenhouse gas emissions (referred to as "mitigation") and protecting communities and vulnerable people from the impacts of climate change (referred to as "adaptation"). As countries prepare for comprehensive climate action, they are also increasing funding to implement actions. Estimates of the new funds that need to be mobilized globally for an adequate response to climate change amount to hundreds of billions of dollars per year.[1] Given the scope of the challenge and the funds needed to address it, we must ensure that governments use climate change financial resources (from both internal and external sources) efficiently and effectively to implement their climate response commitments — and to ensure the sustainable growth of local economies and the well-being of local populations in the world's developing economies in the face of climate change.

Although funds will be coming from both international and domestic private and public sources, national and subnational governments will be managing most of the climate change efforts, particularly for adaptation, through their domestic budgeting systems. This could prove problematic. The International Budget Partnership's Open Budget Survey has found that many of the countries that will manage large shares of climate change funds have some of the least transparent and accountable public finance systems, with limited effective engagement by oversight actors and civil society. This raises the distinct possibility that climate change funds will not be allocated toward the highest priorities and used in the desired manner.

1 See, for example, World Bank, "Generating the Funding needed for Mitigation and Adaptation," in the World Development Report 2010 (Washington, D.C.: World Bank, 2010), p. 257.

Thus the successful use of climate change-related funds will require countries to build and sustain strong public finance accountability systems of institutions, policies, and practices. In addition, there is growing evidence around the positive impact civil society efforts can have on budget policies, execution, and outcomes, indicating that strong climate finance accountability is most likely when there is a range of civil society actors (i.e., policy think tanks, sector-based advocates, community-based organizations, networks, and social movements) that engage with one another and with other state and non-state actors, such as legislatures and auditors, and the media.[2] Such "accountability ecosystems" require civil society organizations (CSOs) and oversight institutions to have both the ability and opportunities to monitor the amount and use of climate change funds and participate in decision making and oversight of policies, programs, and activities.

Robust accountability systems are necessary whether climate change funds are allocated through the standard budget process or through other mechanisms. Indeed, it would be unwise to conclude that channeling climate change financial resources through dedicated funds or directly to projects, thus bypassing the regular budget process, would lead to the effective use of climate change resources. These "off-budget" funds generally follow separate formulation, implementation, and reporting procedures, straining domestic budget management systems, and often are subject to even less transparency and scrutiny. Managing climate change funds outside the regular planning and budget process also undermines efforts to integrate the country's climate change response into the overall social and economic development plan.

While there have been efforts to assess the formal accountability systems of countries that will receive, generate, and manage substantial climate change funds — the UNDP's Climate Public Expenditure and Institutional Reviews (CPEIR) stand out in this regard — there has been little work to date that assesses the full climate finance "accountability ecosystems," including the roles, relationships between and among, and interactions of the range of state and non-state actors.[3] In response, the UNDP's Governance of Climate Change Finance Team partnered with the International Budget Partnership (IBP) to assess the accountability ecosystems for climate change finance in four countries (Bangladesh, India, Nepal, and the Philippines) in the Asia-Pacific region, with an emphasis on CSOs and media. The aims of the assessment are to understand progress to date in establishing accountability systems for climate change finance, draw lessons, and guide actors — both global and domestic — on entry points to strengthen systems.

Though building and strengthening such systems is a complex task, the time to take it on is now. Under the Paris Agreement, signatory countries commit to achieving nationally determined contributions (NDCs) to reductions in greenhouse gas emissions, while at the same time facing the urgent need to address the impacts of climate change. As countries are working to build their mitigation and adaptation planning and finance systems within the UNFCCC framework, which emphasizes transparency, public engagement, and accountability, there is a substantial opportunity to improve the overall budgeting system within countries and the capacity of accountability actors.

---

2 The International Budget Partnership has produced over 30 case studies that collect and analyze evidence of the impact of civil society advocacy on government budget practices and policies in countries around the world, which are available at: http://www.internationalbudget.org/data-evidence/case-studies/; and J. Larsen, "You Cannot Go It Alone: Learning from Cooperative Relationships in Civil Society Budget Campaigns," International Budget Partnership, May 2016, available at: http://www.internationalbudget.org/publications/learning-from-cooperative-relationships-civil-society-budget-campaigns/

3 For more information on more comprehensive climate finance system assessments and to access country databases of such assessments, visit: http://climatefinance-developmenteffectiveness.org/about/what-cpeir

Assessment scope and audience

The primary purpose of the assessment is to better understand the current climate finance accountability landscape, with a focus on how climate resources are managed through government budgets and with particular emphasis on the role of various state and non-state actors (e.g., CSOs, media, and academia) in decision making, implementation, and accountability — and their capacity to play those roles. Specifically, the country assessments examined:

- **Public accountability**: the capability of actors outside of the executive (primarily formal oversight institutions, civil society organizations and citizens, and media) to engage one another and the executive to ensure that climate funds are managed effectively and with full accountability in order to create sustainable futures, especially for poor and marginalized people. The assessment of "capability" encompasses both the *capacity* of state and non-state accountability actors to play an effective role in budgetary decision making and oversight processes and whether the *policy and political environment* in which climate resources are managed (e.g., public access to climate finance information, willingness of government to engage with accountability actors, and formal opportunities for public participation in the budget process) allows them to deploy this capacity toward accountability.
- **Domestic climate change budget expenditures**: the primary focus of the assessment is on climate change finance, whether from domestic or external sources, that is managed through domestic budget systems. The assessment did not engage with accountability for official development assistance (ODA) or private flows that are managed outside of country systems. Nor did it have a particular focus on additional measures to safeguard ODA flows that are managed through country systems beyond the accountability measures that would apply for expenditures financed by domestic revenues.
- **Expenditures**: while it is recognized that tax and regulatory policies and their implementation are important arenas for climate change action accountability, at this point there has been greater emphasis and engagement by international and country-level stakeholders on accountability for the volume, allocation, and use of climate change expenditure. Thus, though revenue and regulatory issues are integrated into the overall conceptual framework for climate change finance accountability developed for this project (see section 2.4), the decision was to focus the assessments on ordinary budget expenditures.

Finally, the assessment aims to identify future interventions by international organizations and institutions that could help ensure that accountability actors in countries — particularly CSOs, journalists, parliamentarians, and government auditors — have the information, opportunities for participation, and capacity needed to contribute to more effective and accountable use of climate change funds. The assessment was initially undertaken by UNDP and IBP to better understand what was happening in countries to ensure climate change finance accountability in order to inform how they might best support public finance accountability actors in efforts to strengthen the management of climate change finance in countries. Thus, UNDP and IBP were the primary audiences for the findings of the assessment and the resulting recommendations. However, there is a much wider range of audiences that would benefit from the lessons that emerged from this research, including:

other external, international organizations, as well as those at the regional, national, or subnational level, that support state and non-state actors in efforts to improve public finance governance, climate change/environmental policy, natural resource management, and actions to address vulnerability of people and the economy;

- domestic CSOs within countries that are, or will, manage substantial climate change financial resources;
- journalists and media organizations;
- and officials from the executive, legislature, and supreme audit institutions.

Assessment methodology

The UNDP-IBP assessment project was undertaken by IBP through a core research team that included IBP staff and consultants with both climate change and public finance management expertise and that was supported in two countries by local civil society researchers.

The assessment used a case-study approach, selecting four countries in the region (Bangladesh, India, Nepal, and the Philippines) with divergent economic, social, and climate change circumstances. The assessments used a combination of desk research and fieldwork, which involved interviews with various state and non-state climate change finance actors at the national level in each country, to examine:

1. the role that accountability actors are playing in budget formulation, monitoring, and reporting on budget execution, and accountability processes that evaluate whether climate-related budget policies have been executed as intended;
2. the capacity of formal oversight institutions and informal accountability actors, particularly CSOs and the media, to effectively monitor climate finance and policy implementation;
3. the government institutions, mechanisms, processes, and systems for the management and oversight of climate adaptation policy and finance; and
4. the state of publicly available information about climate finance.

In addition to these primary focal points, the assessment will report on views on the benefits and challenges of "mainstreaming" external and domestic climate resources into the budget process.

The assessments were guided by the conceptual and research framework presented in section 2.4 and were undertaken in August and September 2016. However, significant efforts have been made to capture the key developments that have been taking place in 2017 in terms of climate change finance mainstreaming in the countries reviewed.

The core team undertook the Nepal and Philippines case studies directly, while the fieldwork in Bangladesh and India was conducted by local civil society researchers under the supervision of IBP. This report synthesizes the findings and recommendations from the four assessments, and a summary of each country's consultation report is provided in Annex 1.

Report structure

This report is aimed at providing evidence-based recommendations for improving climate change finance public accountability in countries. To this end it assesses the demand for and capability of state and non-state accountability actors to hold the executive to account for the volume, allocation, use, and performance of climate change funds.

This report is structured as follows:

- Chapter 2 presents a discussion of climate change finance accountability.
- Chapter 3 presents a descriptive analysis of the accountability systems for climate change finance in each of the four case studies, including a legal, institutional, and policy overview; a

discussion of the overall public finance context; and a discussion of climate change-specific finance measures and accountability mechanisms.

- Chapter 4 presents findings and conclusions on the status of public accountability systems relating to climate change finance in the four country case studies, and associated recommendations.

It is important to note that this paper is a qualitative study, based on just four country cases. While the cases include two least-developed and two lower middle-income countries, thereby offering a basis for comparison, the findings are still very much qualified by the limitations of the sample size, and context specificity of the countries. For instance, all four countries are highly vulnerable to climate change, but the political priority given to climate change varies. Nevertheless, the key findings across the four cases reveal very similar themes, suggesting that the study results do provide a first basis for recommendations, as was the intent.



Chapter 2: Climate change finance accountability

By the deadline of 7 October 2016 the required minimum of 55 country Parties to the UNFFCCC, that represent a required total contribution of at least 55 percent of the world's greenhouse gas emissions, had submitted their instruments of ratification, acceptance, approval, or accession, allowing the Paris Agreement to enter into force as an international treaty. Implementing the treaty will require significant increases in the flow of resources to mitigation and adaption actions for developing countries, from both external and domestic sources. It will also require most developing and middle-income countries to increase their own expenditure on adaptation and mitigation.

2.1 Climate change and accountability

At Copenhagen in 2009, developed country Parties to the UNFCCC committed to a goal of jointly mobilizing $100 billion a year by 2020 from public and private sources to support climate action in developing countries.[4] In the run-up to the Paris Agreement, countries, including developing countries, publicly outlined Intended Nationally Determined Contributions (INDCs) that identified what post-2020 climate actions they intended to take under the new international agreement. The climate actions communicated in these INDCs — which convert to NDCs once a country ratifies the Agreement — will largely determine whether the global community achieves the long-term goals of the Paris Agreement: to hold the increase in global average temperature to well below 2°C, but to pursue efforts to limit the increase to 1.5°C, and to achieve net zero

4 M. Westphal, P. Canfin, A. Ballesteros, and J. Morgan, "Getting to $100 Billion," World Resources Institute, May 2015.

emissions in the second half of this century. Many developing countries have also articulated their adaptation targets and needs in their INDCs/NDCs.

Furthermore, the adaptation funds promised by both international and local actors, can help countries invest in climate resilience, from improved public services that help reduce climate-induced losses to livelihoods and limit the growing health burden related to climate change impacts to the infrastructure that will protect communities from climate-induced disasters, as well as the development of alternative income-earning opportunities for the poor. These adaptation benefits, however, will only be ensured if countries are required to be open about the realization of their commitments, and if they have systems in place to manage climate change finance in a transparent, participatory, and accountable manner. A lack of transparent, effective public finance systems and state and non-state actors who systematically contribute to and monitor the flow, management, and effective use of resources will, at best, allow avoidable waste and duplication to occur, and at worst create opportunities for deliberate reallocation or misuse of funds.

Getting systems in place to ensure accountability for climate change finance is therefore urgent.

2.2 Accountability in public finance

It is important to note at the outset that the accountability of governments for climate change finance management is no different to accountability for public moneys used for any other public policy objective. As is the case for expenditure on all government objectives, programs, goods, and services, climate change finance accountability requires:

- the government to make publicly available information on the raising and collecting, allocation, use, and performance of resources;
- legal frameworks, institutions, processes, and systems of accountability;
- state and non-state accountability actors to have the capacity, agency, and opportunity to use the information to hold executive actors accountable; and
- the actions of accountability actors to have consequences for executive actors.

While strengthening climate change finance accountability may entail some technical and legal challenges, much of the progress that needs to be made depends on the political will of the government to address these challenges and engage with accountability actors.[5]

Gaventa points out that the top-down government efforts to ensure accountability must be matched by bottom-up strategies of mobilization, pressure, and vigilance from CSOs, citizens, and the media, among others, for full accountability.[6] The model of climate change finance

5 While government capacity challenges with regard to budget transparency cannot be ignored, the Open Budget Survey 2015 finds that political will to make information publicly available is a significant factor. For instance the OBS 2015 found that governments in the survey failed to publish one-third of the budget documents that should be published according to international standards. Of these, the governments were actually producing one in three but not publishing them (see "Open Budget Survey 2015: Open Budgets. Transform Lives." International Budget Partnership, September 2015, pp. 21-22, at http://www.internationalbudget.org/opening-budgets/open-budget-initiative/open-budget-survey/publications-2/full-report/ . Likewise with regard to public participation, the climate change finance accountability assessment finds that while each of the governments has established consultation/engagement requirements into some of the structures and processes set up to manage planning and public finance, in general, and climate funds, in particular, there are few instances of where this is happening is a deep or sustained way.

6 J. Gaventa. Foreword to P Newell, and Joanna Wheeler (ed.), Rights, Resources and the Politics of Accountability (London: Zed Books, 2006), p. xiv.

accountability that underlies this assessment rests on the three pillars of accountability that IBP has identified for all public finance management systems: transparency, public participation, and strong public oversight institutions.[7] It very much reflects the growing body of research that indicates that formal, accountability systems with meaningful checks and balances within the state are more likely to set and implement effective policies when they are complemented by a broad accountability ecosystem of CSOs, citizens, and media engaging on issues, thereby helping to ensure that public moneys are used well to finance their stated objectives.[8]

Pillars of public finance accountability: transparency, participation, and oversight

At the heart of strong public finance accountability, including climate change finance, is **transparency**. Broad public access to comprehensive, timely, and useful information on all climate-relevant revenues and expenditures will be essential in all countries, rich and poor. Yet while true public accountability without transparency is nearly impossible, access to information alone is not enough to ensure that climate funds will be managed efficiently, effectively, and as intended. The second pillar therefore is that governments must also provide opportunities for **participation** in decision making and oversight throughout the budget planning, formulation, execution, and audit cycle for citizens, CSOs, the media, and other accountability actors. By providing both informal and formal spaces for the public to influence budget processes, the government benefits from a diversity of views on policies and priorities and from engaged monitoring of how budget decisions are actually being implemented on the ground.[9] Government providing these spaces in a meaningful way, however, does not guarantee that there will be adequate participation for accountability. This type of participation requires that citizens, CSOs, the media, and other actors have the capacity to take up these opportunities.

---

7 For a more in-depth discussion of the International Budget Partnership's model of strong public finance accountability, which incorporates widely accepted international standards from the International Monetary Fund, the Organization for Economic Co-operation and Development, the Public Expenditure and Financial Accountability Program, and IBP, and its latest assessment of how countries around the world perform against this standard, see "Open Budget Survey 2015: Open Budgets. Transform Lives." International Budget Partnership, September 2015, at http://www.internationalbudget.org/opening-budgets/open-budget-initiative/open-budget-survey/publications-2/full-report/

8 See, for example, J. Gaventa and R. McGee, "The Impact of Transparency and Accountability initiatives," Development Policy Review, 31: pp. 3-28; and P. De Renzio and J. Wehner, "The Impacts of Fiscal Openness," Global Initiative for Fiscal Transparency, 2015.

9 The Global Initiative for Fiscal Transparency (GIFT) has drafted a set of principles that should govern public participation in public finance, which is available at: http://fiscaltransparency.net/PP_Approved_in_General_13Dec15.pdf

Box 1. Civil Society Organizations as Accountability Catalysts

Legislatures and supreme audit institutions are formal oversight actors and have mandated roles in public finance decision making and accountability that are generally understood, though the strength of such institutions to play their roles varies across countries. In contrast, the contribution that civil society can make to effective and accountable budgeting is not always recognized. This is beginning to change as evidence is building that transparent and inclusive budgets help to ensure equity, effectiveness, and efficiency in the raising, allocation, and spending of scarce public funds.[10] And, that civil society organizations can play a catalytic role in improving the quality of governance by:

- engaging in/influencing the planning and policy process by informing decision makers about the needs of people and communities and making evidence-based recommendations to improve the allocation and use of funds;
- being an ally to governments and oversight institutions (i.e., connect them with what is happening on the ground, provide analytical support);
- monitoring the implementation of policies, programs, and projects and feeding their findings on what is and is not working back into the policy and accountability process;
- raising awareness and building the capacity of communities and other organizations to participate in planning, implementation, and oversight processes;
- advocating for specific policies, like increasing taxes to mobilize domestic revenues for adaption, and processes that would integrate mitigation and adaptation funds into the budget system in ways that are transparent and accountable; and
- generating qualitative evidence that helps to "humanize" the use of climate funds to ensure that those who will be most impacted by climate change are kept front-and-center.

The third pillar on which climate finance accountability will stand is the presence of **strong formal oversight institutions**, primarily legislatures and supreme audit institutions (SAIs), that have the authority, independence, and capacity to fulfill their formal mandates to ensure that public funds are collected and spent as intended.[11]

It is the presence and integration of transparency, public participation, and strong oversight institutions that form a robust public finance accountability system. If any of these core elements are not present, or are weak, it can undermine the entire system, making it less likely that government will raise and spend public funds, including those intended for climate change mitigation and adaptation, effectively and in line with its goals, and more likely that such funds will be subject to leakages from mismanagement and corruption. Box 2 provides an overview of key requirements for each pillar to be functional.

10 For example, see "Creating Incentives for Budget Accountability and Good Financial Governance Through an Ecosystem Approach: What Can External Actors Do?" International Budget Partnership and GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), May 2016, available at: http://www.internationalbudget.org/publications/creating-incentives-for-budget-accountability-through-ecosystem-approach/ ; and J. Larsen, op cit.

11 The terms "legislatures" and "parliaments" are used interchangeably throughout.

Box 2: Core Elements in the Three Pillars of Budget Accountability

Transparency

- Comprehensive information publicly available on recurrent and development expenditure, including sufficient detail to allow understanding of how climate change relevance is classified in the budget and the assumptions behind the classification
- Information published in a timely way so that it can be used by accountability actors to effectively participate throughout the decision making, execution, and audit processes
- Information presented in language and formats that can be widely understood by those with little or no technical knowledge
- Information available in easily used, machine-readable formats

Participation

- Formal opportunities/mechanisms for direct engagement between the public and the government (includes the executive, legislatures, and SAI) throughout the budget process, such as legislative hearings at which the public can testify on budgets of government ministries, departments, and agencies that administer climate-related resources; online mechanisms for gathering public input on the executive's proposals for climate expenditure and revenue policies, and hotlines for submitting potential audit subjects for the supreme audit institution
- Sufficient notification of the opportunities to participate and accommodations for those with impediments to full participation
- Feedback on how public inputs are reflected in decisions
- Accountability actors who are able and willing to take up opportunities for participation

Formal Oversight Institutions

- Legislatures should have:
  - Adequate time to examine proposals for revenues and expenditures, including those around climate classifications;
  - Appropriate authority to amend budget proposals;
  - Internal research capacity to inform deliberations; and
  - Approval of or input into shifts between administrative units and how excess revenues or contingency funds are spent with regard to supplementary budgets.
- Supreme audit institutions should have:
  - Adequate independence and resources to effectively scrutinize the use of public funds, diagnose potential problems, and propose solutions in order to ensure that funds are managed in accordance with the law and, when possible, in ways that add value;
  - Authority to determine the audit plan; and
  - Quality control systems to assess their Audit Reports.

Challenges of climate change finance accountability

Despite the accountability for climate change finance requiring the same actors to be capacitated and actively engaged using similar information as for all public funds, holding public decision makers accountable for climate change finance presents its own particular challenges. The challenges are associated with three aspects of countries' responses to climate change: multiple sources and channels of financing, multiple actors implementing activities across multiple sectors, and the fact that some activities that might be climate change relevant would be undertaken in any case as part of ongoing government or development partner investments. The latter complicates clearly identifying just what is being invested in climate change and for what actions, much as efforts to monitor investments in such key development areas as improving nutrition and gender equity, among others.

Demarcating climate change expenditure in budgets as a starting point for accountability and transparency

A significant factor that makes climate-related financial accountability challenging is that, while there are specific climate change-related projects that a country undertakes, most actions around mitigation and adaptation are incorporated into a country's overall development plans and activities. In other words, a development project for a road intended to improve transport to markets for farmers may include a climate-specific component, so to be able to monitor the volume and effectiveness of climate-related investments, and strengthen accountability for these investments, identifying that component will be critical. Approaches to identify the percentage of spending that is specific to climate include efforts to develop "tags" or budget codes for mitigation and adaptation and expenditure weighting schemes. Two issues arise with these schemes: first, how climate change activities are defined and classified, and second, the basis on which actors would identify climate change-relevant programs and activities.

There is some international guidance on the definition of climate change activities. Two approaches prevail, both of which were developed to help international development partners identify the components of their portfolio of programs and projects that could be reported as climate change finance: the Organisation of Economic Co-operation and Development-Development Assistance Committee (OECD-DAC) "Rio Markers" and the Joint Multilateral Development Bank (MDB) approaches, set out in 0.

Table 1: Identifying Climate Change Expenditure		
Approach	**Mitigation**	**Adaptation**
OECD-DAC Definitions	An activity contributes to the objective of stabilization of greenhouse gas (GHG) concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system by promoting efforts to reduce or limit GHG emissions or to enhance GHG sequestration.	An activity intends to reduce the vulnerability of human or natural systems to the impacts of climate change and climate-related risks by maintaining or increasing adaptive capacity and resilience.
MDB Joint Approach	Activities are labeled as Mitigation if they promote "efforts to reduce or limit GHG emissions or enhance GHG sequestration."	A project activity must fulfill three design process criteria for finance to be reported as adaptation: • include a statement of purpose or intent to address or improve climate resilience; • set out a context of climate vulnerability (climate data, exposure, and sensitivity); and • link project activities to the context of climate vulnerability, reflecting at least one of the following categories: addressing current drivers of climate vulnerability; building resilience to current and future climate risks; incorporating climate risks into investments, especially for infrastructure with a long lifespan; incorporating management of climate risk into plans, institutions, and policies.

Source: K. Baboyan and H. Le, "Climate Budget Tagging: Country Driven Initiative in Tracking Climate Expenditure," United Nations Development Fund, Bangkok, 2015.

While these definitions are in place, they are not straightforward to apply. The main challenge is that most of what is considered climate change expenditure is primarily spending related to investments in economic development and there are many large expenditures that are marginally influenced by climate change.[12] Climate change adaptation components are especially difficult to distinguish compared to mitigation initiatives where GHG emission reductions may be calculated. Applying a binary tag that signifies whether an expenditure is or is not climate change relevant therefore involves applying a arbitrary judgement about these marginal items. Though there is no perfect solution, if countries are to be able to identify, monitor, and report on their climate change efforts, they will need to adopt a method of defining the degree of climate change relevance that is seen as legitimate by the range of stakeholders.

12 Such expenditures can include capital outlay/infrastructure projects as well as current expenditures for supporting economic actors (e.g., farmers, fisher folk, etc.), providing health services, ensuring food security, and delivering livelihood programs. There are methodological challenges to identify the climate relevance of such expenditures, particularly the current expenditures.

Two main approaches have been adopted for identifying climate change relevance. The first involves assessing the importance of climate change in the explicit and implicit *objectives* of the expenditure. This approach is relatively easy to apply and has been used in many of the CPEIRs that have been done to date. However, the judgements are subjective and there is a tendency to overstate the importance of climate change in the objectives. In order to improve on this approach, many of the Climate Change Financing Frameworks countries have based the scoring of climate change relevance on the extent to which climate change affects the expected net *benefits* of the expenditure in question. This can involve rigorous cost-benefit analysis, if appropriate, or much simpler techniques based on expert opinion. There is also a substantial gray area between the objectives-based approach and the benefits-based approach, where classification involves subjective judgements but is based on a structured assessment of the relative importance of adaptation/mitigation benefits, compared to development benefits (i.e., including economic, social, and environmental development).

Gradually improving understanding and evidence about how climate change affects benefits will lead to greater agreement over time on how to classify climate change expenditure. CSOs can and should play an important role in helping build that agreement, in partnership with government bodies.

The classification of climate change expenditure can only be meaningful if public expenditure data is available at a relatively detailed level of organizational unit, where all the activities of the unit are similarly affected by climate change. In most cases, this will need to be at least two levels below that of a ministry or agency, and often three or four levels below. For budget structures that recognize projects separately, the project unit is likely to be an appropriate unit for classification, even though the project classification may require a weighted average to reflect several components with different degrees of climate change relevance. In budget structures that identify programs (whether or not aligned with organizational units), these averages for projects within the program may help with classification. Functional budgets are usually prepared at a relatively high level and so are less useful for climate change classification. The economic classification of the budget (i.e., into salaries, operating costs, interest, etc.) cannot be used for classification as all the various economic categories of expenditure for a particular organizational unit have the same climate change classification. In budget structures where salaries are accounted for under as a single ministerial item, it will not be possible to undertake any meaningful climate change classification.

Countries therefore need a process by which ministries, departments, and agencies (MDAs) can classify each of their activities according to the extent of the implications of climate change for the effectiveness of the activity. This will allow them to prepare companion tables that show the degree of climate change relevance of each action and, hence, the total climate change relevance of their operations. They need to record and present how this classification has been done so that it can be reviewed and discussed both by the central economic ministries and by accountability actors. As the process of classification throws light on the extent to which ministries and agencies have adequately integrated climate change into their planning and budgeting, the review of their classification provides an opportunity for partners to help improve the resilience of their activities and their contribution to GHG emissions reduction. This process needs trained and informed people and, given the limited skills available within line ministries, the executive can benefit greatly from any skills available in civil society, academia, and other non-state actors.

Finally, a concern for climate change advocates that has implications for identifying the climate change relevance of expenditures is accountability for promises of "additionality" — i.e., whether government claims of increased volumes of expenditure represent real growth in resources available for climate change mitigation and adaptation, or whether such claims are based on expenditure that would have occurred in any case. Because of calls at the global and country levels to mobilize new funds to tackle climate change, donors, governments, and private sector

actors have a strong incentive to claim as much expenditure as possible as climate change relevant. The use of the benefits-based approach aims to provide an objective method for defining the extent to which the expenditure responds to climate change.

Multiple sources, channels, and spenders

The funds available to address climate change within any one country generally come from multiple external (e.g., bilateral and multilateral aid and overseas private investments provided as grants and loans) and internal sources (e.g., public revenues generated domestically and local private sector investments); are likely to flow through various channels, including the government's annual budget, special "off budget" funds, and direct project funding; and are typically managed by various government ministries, departments, and administrative units at both the national and subnational level, as well as by private companies or nongovernmental organizations at the project level. This means that information to track climate change finance would rarely be available in one place. It would also not always be clear who should be held accountable if funds do not materialize, projects are not started, or not completed to specification. Widely accessible information sources, such as online data portals, that aggregate this information in one place, making it easier for CSOs, citizens, and the media to get a comprehensive picture of climate change action in the country, can significantly enhance accountability of climate change finance, as well as development finance.

Climate finance accountability is not just about budget formats and codes

It is important to note that while the technical issues are daunting, there is a lot of experience and knowledge from other sectors and other efforts to improve public finance management to draw from in order to resolve them.[13] In addition to the technical challenges to transparent and accountable climate finance systems that governments face, there is also the political one — the ability, and willingness, of state and non-state accountability actors to work through the budget process to ensure that governments make and execute decisions that prioritize climate (and gender and poverty) considerations.

While coding/tagging or other systems of identifying climate change allocations in the budget can provide for accountability around whether the overall level of investment in the government's response is adequate and whether it is invested in the right programs and activities, this information is insufficient for full accountability. To ensure that allocations actually result in expenditures that are managed properly and effectively to achieve the intended results, which is where CSOs, media, and other accountability actors can play an incredibly useful role in monitoring spending on the ground and identifying problems in project/activity implementation, service delivery, or even misuse of funds — and then feeding that information back into formal oversight and decision-making processes. Highly aggregated climate change tracking or other budget data is inadequate to this oversight task; detailed project-level budget data is what is required. As well as opportunities for these accountability actors to feed their findings back into accountability processes.

13 For example, there are lessons to be learned from gender budgeting efforts. See D. Budlender, "Tracking Climate Change Funding: Learning from Gender-Responsive Budgeting," International Budget Partnership, August 2014, at: http://www.internationalbudget.org/publications/tracking-climate-change-funding-learning-from-gender-responsive-budgeting/

2.3 A framework for climate change finance accountability

0 provides a concise conceptual framework against which the accountability of country climate change finance systems can be assessed. It is anchored in the generic cycle through which nearly all countries develop policies; prepare and implement budgets; and report, audit, and evaluate their financial and non-financial performance against mandates and objectives but takes into account the specificities of climate change finance.

The framework lays out a model for accountability in climate finance that includes actors, institutions, and processes. It defines 16 components of climate budgeting (or the management of climate change finance in national budgeting) and then considers the transparency requirements and potential roles of each accountability actor (AA) in each stage through both formal and public accountability mechanisms.[14] The framework also organizes the roles according to whether they are primarily about enhancing the information flow on climate change finance, external actors participating in processes to hold the executive to account, or are related to formal oversight processes.

Table 2: Framework for Accountability in Climate Budgeting

Climate change budgeting components	Transparency requirements	Potential roles of accountability actors
Planning and policy institutions underlying budgets		
Inserting climate change (CC) mitigation and adaptation considerations in strategies (e.g., a CC strategy, or development, sector or institutional strategies that incorporate CC), including budget implications that would be reflected in a budget strategy paper (BSP) and/or other pre-budget documents	• National, sector, and climate change strategies are publicly available, accessible, and set out in formats that are useful for identifying CC mitigation and adaptation issues and actions • Financing chapters of strategies and plans are sufficiently disaggregated and/or include assessment of cost of climate change measures	**Participation** • CSOs (including those with CC or public finance expertise and those representing CC vulnerable populations, communities, and sectors) and citizens participate in strategy preparation around the degree to which CC considerations are included in strategies (this participation can include being on planning commission boards or project approval forums) • Media & CSOs review and raise awareness of CC strategies and their inclusion in pre-budget documents **Oversight institutions** • Parliamentary CC committee* (PCCC) and budget/finance committee debates and comments on CC strategy and BSP/pre-budget documents • Parliament reviews and comments on CC strategies and BSP/pre-budget documents

14 The framework was developed based on IBP's knowledge of and international systems for transparency and accountable public finance systems, as well as work done around CPEIRS and climate change financing frameworks.

Macro-fiscal institutions		
CC risks are incorporated into macro-fiscal forecasts, policies, and sensitivity analyzes (Off-budget CC financing and expenditures are included in fiscal framework forecasts, policies, and analysis)	• CC parameters and assumptions underlying macro-fiscal forecasts and their use in forecasting models are public • Outcomes from macro-fiscal sensitivity analyzes are public and available in pre-budget papers and/or the Executive's Budget Proposal • Timely and comprehensive information is available on off-budget CC financing and expenditures	**Transparency** • Academic institutions/CSOs undertake and publish work on fiscal space and fiscal impact of CC factors to support accountability actors' assessments of CC and fiscal frameworks **Participation** • Academic institutions/CSOs comment and engage finance ministry or equivalent on how CC is incorporated into macro-fiscal models / forecasts and policies **Oversight Institutions** • PCCC and budget/finance committee debates implications of CC for fiscal policy and vice versa, and robustness of inclusion of CC risks in macro-fiscal processes
Revenue institutions		
Tax/revenue policies support CC mitigation, and CC-linked tax measures are fair, efficient, and effective, and administered fairly	• Public information is available on total body of cumulative tax/revenue measures • Tax/revenue policy proposals are published before enactment • In-year Reports include disaggregated revenue and tax data to enable monitoring of implementation • Audit reports include assessment of the reliability of on-budget CC-linked revenue accounts	**Transparency and Information** • Academic institutions/CSOs undertake and publish work on fairness and efficiency of CC-linked tax measures and CC impact of tax system and proposals to support parliament and other accountability actors to hold government to account for decisions **Participation** • CSOs scrutinize and analyze In-Year, Year-End and Audit Reports on CC-linked revenue and include findings in engagement with finance ministry and other public actors • CSOs/media/academic institutions monitor implementation and raise awareness of tax policy impacts, and media reports on unfair application of CC-linked tax measures **Oversight Institutions** • PCCC and budget/finance committee debates CC impact of tax measures and proposals, and of CC-linked tax proposals

Revenue institutions (con)		
Off-budget CC revenue flows are transparent to the finance ministry and the public and monitored	• In-year and year-end revenue reports include information on off-budget CC revenue flows • Audit reports include assessment of the reliability of off-budget CC revenue accounts	• Relevant parliamentary committees scrutinize In-Year, Year-End and Audit Reports on CC-linked revenue **Participation** • CSOs scrutinize and analyze In-Year, Year-End and Audit Reports on off-budget revenue and include findings in engagement with finance ministry and other public actors • CSOs/media/academic institutions monitor management of off budget revenue flows and raise awareness of impacts and problems
Intergovernmental institutions (where relevant)		
Intergovernmental grant system and rules for subnational borrowing include due attention to CC considerations, including the weighting of intergovernmental grants for CC relevance consideration of CC issues in conditions for subnational borrowing	• Rules and conditions for and approvals of subnational borrowing are transparent • Intergovernmental grant budgets and realization are public, including conditions and an analysis of CC relevance	**Transparency and Information** • Media reports on and publicizes CC-financing issues arising out of intergovernmental grant system **Participation** • CSOs assess intergovernmental grant system design, budgets, and implementation for CC relevance, particularly with regard to CC commitments, and include their findings as evidence in their engagement with relevant executive institutions and parliament **Oversight Institutions** • PCCC and/or budget/ finance committees includes intergovernmental system in its system and annual review and accountability processes
Public Expenditure Institutions		
Ministry of Finance (MOF) issues guidelines to line ministries (LMs) on incorporating CC into their budget submissions, including regulations and technical instructions Budget submission requirements include request for information on LM CC interventions financed off-budget (including through donor financing in developing countries)	• Budget guidelines are made available on MOF websites	**Participation** • CSOs available to provide input into guidelines/instructions • CSOs review guidelines/instructions to ensure that CC issues are included, adequate, and appropriate **Oversight Institutions** • PCCC and/or budget/finance committees debates guidelines

Public Expenditure Institutions (con)		
LMs respond to CC guidelines in their program design work and budget submissions	• No direct transparency dimension	**Transparency and Information** • Media report on proposed CC programs **Participation** • CSOs support LMs in integrating CC into program design and budget submissions
Classifying CC relevance (i.e., the percentage of a project or program that relates to CC) and "real-time" monitoring of CC weighted expenditure during budget negotiations	• Approach to and methodology to weight expenditure for CC relevance is publicly available	**Transparency and Information** • Media and CSOs monitor and report on CC expenditure trends during budget negotiations **Participation** • CSOs support and validate LM work to define CC percentages • CSOs testify on CC priorities, proposed CC expenditures and weights **Oversight Institutions** • PCCC and/or budget/finance committees reviews and comments on weighted expenditure trends
Budget approval includes commitment to weighted CC expenditure targets	• Pre-Budget Statement sets out aggregate proposed expenditure for CC • Executive's Budget Proposal sets out details of proposed expenditure and expected results for CC	**Transparency and Information** • CSOs and media help public understand CC aspects of the Enacted Budget (e.g., including accessible non-technical presentations of CC in articles, broadcasts, and Citizens Budgets) **Oversight Institutions** • PCCC and/or budget/finance committees holds hearings and debates CC provisions in budget, and parliament approves CC provisions in budget **Participation** • CSOs participate in budget hearings on CC

Public Expenditure Institutions (con)		
LMs and subnational governments execute CC-related expenditure in Enacted Budget	• Systems to enable tracking of CC weighted expenditure, either ex post or through real-time mechanisms, such as tagging and coding through the expenditure management and accounting system	**Transparency and Information** • CSOs and media publicize progress on execution, including mismanagement and misuse of CC funds
LMs and subnational governments execute CC-related expenditure in Enacted Budget (con)	• Performance information systems to track effectiveness and efficiency of CC weighted expenditure	**Participation** • CSOs use public budgets and publicly available information on budget execution at the subnational level to monitoring spending and service delivery on CC projects and programs • CSOs engage local officials, parliamentarians, and government officials on issues related to execution and performance of CC funds
In-Year Reports, including monthly accounts, include CC-weighted spending In-year reports are available on off-budget CC expenditure, particularly for dedicated and off-budget climate change funds	• Public and accessible In-Year Reports with sufficient disaggregation and/or reporting against CC commitments • Public and accessible In-Year Reports on dedicated and off-budget climate change funds.	**Transparency and Information** • Parliament, CSOs, and media publicize their comments on In-Year Reports **Participation** • CSOs and media monitor In-Year Reports and investigate variance between budgeted and actual expenditures and revenues • CSOs support parliamentary in-year review processes, for example by participating in hearings or sharing analysis with committees **Oversight Institutions** • PCCC and/or budget/finance committees monitor and debate In-Year Reports (on and off budget) and investigate variance between budgeted and actual expenditures and revenues

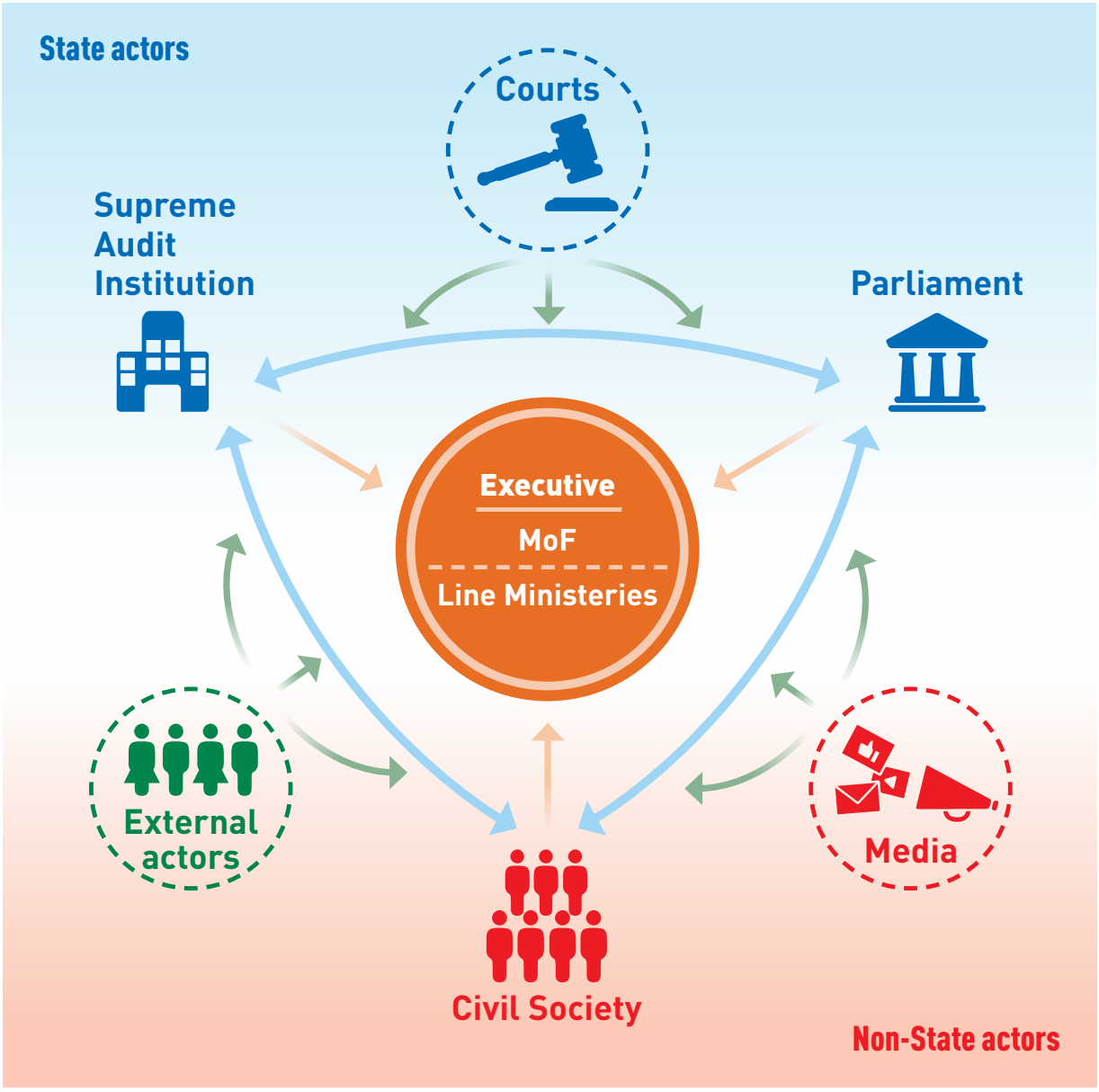
Public Expenditure Institutions (con)		
Mid-year supplementary budgets	• Explanatory documentation submitted with the mid-year supplementary budgets sets out revised aggregate and detailed CC expenditure and financial and nonfinancial performance to date	**Transparency and Information** • Media analyzes and reports on options for CC priorities **Participation** • CSOs participate in parliamentary hearings and advise finance ministry on revised financing of CC priorities and performance to date, based on policy/trends, with the aim of ensuring that significant resources are not diverted away from CC-relevant activities **Oversight Institutions** • PCCC and/or budget/finance committees and parliament debates/approves CC relevance of supplementary budget proposals
Year-End Report includes CC-weighted expenditure Year-End reports include information on off-budget CC expenditure, including expenditure funded by donors	• Ministry, department, and agency and/or aggregate Year-End Report provides information on CC-weighted expenditure and performance and off-budget CC expenditure and performance	**Transparency and Information** • CSOs and media review and comment on annual accounts **Participation** • CSOs participate in any hearings by parliament on Year-End Reports **Oversight Institutions** • PCCC, budget/finance committees and/or sector committees reviews Year-End Reports and interrogate public officials on expenditure and performance
CC expenditure weighting is audited, and audited financial statements include audited CC weighted expenditure Off-budget CC expenditure is routinely audited as part of supreme audit institution (SAI) mandate Public accounts committee recommendations include attention to CC weighted expenditure	• Audit Reports for general government are submitted to parliament and public • Audit Reports include section on reliability of information in public accounts on CC weighted expenditure	**Transparency and Information** • CSOs and media analyze and publicize – SAI audit findings; – social audit findings; – public accounts committee recommendations on CC expenditure and progress on government responses to recommendations; and – performance information on CC expenditure

Public Expenditure Institutions (con)		
CC expenditure weighting is audited, and audited financial statements include audited CC weighted expenditure Off-budget CC expenditure is routinely audited as part of supreme audit institution (SAI) mandate Public accounts committee recommendations include attention to CC weighted expenditure (con)	• Public accounts committee (or equivalent) recommendations are public • Government responses to public accounts committee recommendations are public	**Participation** • CSOs undertake social audits of CC-related expenditure • SAIs engage civil society as part of risk assessment of public expenditure and public institutions for auditing **Oversight Institutions** • SAI audit CC weighted accounts and performance information • In cases where SAI has policy/ performance auditing capacity, SAI comments on methods used to produce the weighted expenditure
Comprehensive (annual) CC monitoring report is undertaken, including information on and analysis of the flows and performance of CC-linked tax measures; CC weighted budget expenditure; and CC off-budget expenditure	• Annual CC monitoring report is publicly available	**Transparency and information** • CSOs and media comment on report **Participation** • CSOs participate in preparation of report, bringing information from expenditure and service delivery monitoring and social auditing activities **Oversight Institutions** • PCCC and/or budget/finance committees scrutinize report, hold hearings, and call government officials to account for flow of funds and performance
Occasional evaluation/ program review reports by the government and/ or SAIs updating evidence on policy, program, and project effectiveness, efficiency, economy, and impact, and CC weightings	• Evaluation TORs and report are public	**Transparency and Information** • Media reports on evaluations **Participation** • CSOs involved in evaluations, including by providing technical expertise, evidence, and viewpoints and/or acting as evaluators • CSOs provide independent assessment of evaluations **Oversight Institutions** • PCCC debates evaluations and calls for wider parliamentary debate, if necessary

- In the absence of a Parliament Committee dedicated to Climate Change, this oversight role could be/is performed by the Environment Protection Committee.

While the framework lays out a complete model for climate change finance accountability, and while it provides the benchmarks against which systems in the four case study countries were assessed, the scope of the assessment did not cover all the columns in the framework. The primary focus of the assessment was on whether, and how, those outside the executive, primarily CSOs and media but also formal oversight institutions, engage with the executive and one another throughout the budget process to improve policy choices and ensure that those policies are implemented as intended (generally speaking, the third column of the table). The assessment also did not cover all the rows of the framework. It paid full attention to the expenditures financed and managed through the state, and did not fully assess accountability for climate change in macro-fiscal or revenue decisions. Finally, the assessment then went beyond the framework to assess what these accountability actors need, in terms of skills/capacity, opportunities, and information, to play their roles in ensuring accountability for sound policy choices and the effective implementation of those choices.

Figure 1: The Public Finance Accountability Ecosystem



Source: What Are We Learning About Systems and Social Change? Albert Van Zyl and Paolo De Renzio, Open Budget Initiative-June 2016. For more information, please refer to: https://www.internationalbudget.org/2016/06/budget-ecosystems-and-social-change/



Chapter 3: Climate change finance accountability systems in four countries: A comparative description and analysis

As described above, the primary aim of the case studies of the four assessment countries was not to evaluate the formal climate change finance systems; rather, it was to examine the accountability ecosystem associated with the formal finance systems. The climate change finance system and the overall public financial management (PFM) system, however, are the foundation of the ecosystem. While public transparency on budget execution, for example, is a pillar of accountability, as access to this information is necessary for CSOs and other accountability actors to monitor and report on implementation on the ground, this access depends on the ability of the core PFM system to produce reliable, timely, and useful information on actual expenditure. Full accountability also requires there to be formal mechanisms for participation to ensure that the evidence from the monitoring can be fed into formal oversight processes and acted on by strong oversight institutions. This section provides an overview of the climate change context, institutions, and specific finance measures underlying the four countries' climate change finance ecosystems, as well as of the overall PFM systems. It also describes how the state and non-state accountability actors engage in those systems.

3.1 Case study countries in the global climate change context

Three of the four case study countries — Bangladesh, India, and Nepal — had submitted their instruments to the UNFCCC by the 7 October 2016 Paris Agreement deadline, namely, converting their INDCs to actual commitments, or NDCs. While the Philippines had not submitted its instrument by this date, it had signed the Agreement and submitted an INDC. The Climate Change Commission is currently working to develop and finalize the NDC by 2019.[15] These documents, summarized in 0, set out the mitigation and adaptation actions to which the four countries committed themselves, and for which their governments will be accountable.

Table 3: Case Study Country Climate Change Commitments (INDCs/NDCs)

Country	Percent of Global GHG Emissions	Commitments
Bangladesh (Least developed country)	0.41 percent	**Mitigation (GHG baseline scenario target):** Unconditionally reduce GHG emissions by 5 percent from "Business as Usual" levels by 2030 in power, transport, and industry sectors; conditionally by 15 percent. Actions include invest in clean energy; shifting from road to rail transport, invest in underground metro-systems and bus rapid transport systems, and traffic management; energy audits; invest in cleaner household energy use; more energy-efficient construction; agricultural interventions, including reducing draft cattle; and reforestation. **Adaptation**: Interventions in food security, livelihoods, and health; comprehensive disaster management; coastal zone management; flood control and erosion protection; building climate change-resilient infrastructure; increased rural electrification; urban resilience; ecosystem adaptation; community-based conservation of wetlands and coastal areas; and policy and institutional capacity building.
India (Lower middle income country)	6.27 percent	**Mitigation (GHG intensity target and non-GHG targets):** Reduce the emissions intensity of its GDP by 33 to 35 percent by 2030 from 2005 level; generate 40 percent of electric power capacity from non-fossil fuel by 2030; additional carbon sink of 2.5-3 tons of CO_2 equivalent through additional forest cover. Actions include the adopting cleaner technologies in power generation; reducing emissions from the transport sector; promoting energy efficiency in industry, transportation, buildings, and appliances; reducing emissions from waste; and full implementation of afforestation programs. **Adaptation:** Estimates it will need $206 billion for the period 2015-2030 for implementing adaptation actions in agriculture, forestry, fisheries, water resources and ecosystems, with additional investments needed for disaster management

15 For more information on the stages of the NDC development in the Philippines, http://climate.gov.ph/advocacy/nationally-determined-contributions

Table 3: Case Study Country Climate Change Commitments (INDCs/NDCs)		
Nepal (Least developed country)	0.09 percent	**Mitigation (non-GHG targets):** Nepal's policy targets include developing forest management systems to enhance forest carbon stock by 5 percent by 2025 compared to 2015 and decrease deforestation by 0.05 percent; expand renewable energy generation by 20 percent; reduce emissions from transport sector, including by increasing share of electric vehicles by 20 percent by 2020. In addition, Nepal commits to developing a low-carbon economic development strategy; achieving 80 percent electrification through renewable energy sources by 2050, and reducing its dependency on fossil fuels by 50 percent. **Adaptation:** Commitments to strengthen actions under the national adaptation plans, and the implementation of the environment-friendly governance framework at local level; undertake scientific approaches to deal with the impact of climate change in Nepal's varying topographical landscape, and develop adaptation strategies.
Philippines (Lower middle income country)	0.34 percent	**Mitigation (GHG baseline scenario targets):** Reduction of 70 percent by 2030 relative to "Business as Usual" scenario. Actions include reducing emissions from the energy, transport, waste management, forestry, and industry sectors. **Adaptation:** Commitment to mainstream climate change adaptation and disaster risk reduction into the country's plans and programs at all levels of government; roll out science-based climate/disaster risk assessment process; develop climate and disaster-resilient ecosystem(s); enhance climate and disaster-resilience of key sectors like agriculture, water, and health; systematic transition to a climate and disaster-resilient social and economic growth; and research and development on climate change, extremes, and impacts for improved risk assessment and management.

Source: World Resources Institute, CAIT Climate Data Explorer Paris Contributions Map, http://cait.wri.org/indc/ accessed on 4 October 2016.

All four countries are highly vulnerable to climate change effects. In the Global Climate Risk Index, the Philippines was the fifth most affected country between 1996 and 2015 with 862 fatalities per year on average from climate change-related factors and events, and Bangladesh was the sixth most affected with 679 deaths.[16] India ranked 14th with 3,590 fatalities, and Nepal was 24th with 235 fatalities per year on average. In all four countries climate change has resulted in extreme temperatures, erratic rainfall, floods, drought, landslides, and soil erosion, all of which affect livelihoods, food security, access to clean water, sanitation, and the safety of households. Bangladesh, India, and the Philippines are affected further by the impact of climate change on oceans, including rising sea levels, tidal surges, salinity intrusion, and ocean

16 S. Kreft, D. Eckstein, L. Dorsch, and L. Fischer, Global Climate Risk Index 2017 (Berlin: Germanwatch, 2017) at https://germanwatch.org/en/download/16411.pdf

acidification. In their INDCs/NDCs all four countries — as least developed and lower middle-income countries — note the impact of climate change on poverty reduction and development, and the shift in challenges as populations urbanize.

3.2 Institutional, legal, and policy environment

This section provides a description of the overall and climate change-related public finance management systems in each of the four countries. The information presented is not intended to be read as a comparative assessment, particularly because the contexts for climate change finance accountability differ significantly across countries. For example, whereas Bangladesh and Nepal (currently) are more centralized states, India and the Philippines are federal states in which subnational units have significant taxing, spending, and borrowing powers and expenditure competences (see Annex 1) for a brief reflection of the key features of the structure of the state in each of the case study countries).

Climate change legal and policy environment

Legal framework: While all four countries have laws regulating specific climate-change relevant sectors, the Philippines and Bangladesh also have overarching acts that set institutional frameworks for the governance of climate change action. In both cases the laws establish a separate special fund to finance climate change measures: the Philippines' People's Survival Fund, which was established in a subsequent amendment to the Climate Change Act of 2009 in 2012, and the Bangladesh Climate Change Trust Fund which was established following the Bangladesh Climate Change Trust Act of 2010. In both countries, these funds manage a small portion of total climate change expenditure. The overarching acts also establish the institutional context for climate change governance and set the framework for identifying and responding to mitigation and adaption needs.

Policy frameworks: Besides a national act, the Philippines also has a national climate change strategy, as well as a National Climate Change Action Plan (NCCAP) that sets out both mitigation and adaptation programs (the current version was prepared in 2011). Climate change planning started with a National Adaptation Program of Action (NAPA) in Nepal (2010) and Bangladesh (2005). NAPAs were designed to provide a rapid and early list of priority projects but often had limited strategic context. In Nepal, this was provided by a Climate Change Policy in 2011, which establishes the institutional framework and guiding principles for climate change action. India's National Environment Policy similarly sets the principles for climate change action. In addition to its, NCCAP issued in 2009 and known as the Bangladesh Climate Change Strategy and Action Plan (BCCSAP), Bangladesh also prepared a Climate Change and Gender Action Plan in 2013 that sets out actions to mainstream gender into the programs of the NCCAP. There has been some concern that current climate change action plans have tended to focus on lists of actions, rather than on improved processes and this is being addressed by the preparation of National Adaptation Plans (NAPs) in Bangladesh, India, and Nepal. NAPs focus more on the process of integrating adaptation into planning and budgeting. The standard guidelines for NAP preparation include reference to the importance of a transparent and participatory approach to climate change planning.[17]

17 UNFCCC Least Developed Country Expert Group, "National Adaptation Plans: Technical Guidelines for the NAP Process," 2012. Available at http://unfccc.int/resource/docs/publications/publication_ldc_nap_techguidelines.pdf

India, Nepal, and the Philippines have already institutionalized subnational versions of national action plans: the State Climate Change Action Plans in India, the Local Adaptation Plans of Action in Nepal, and the Local Climate Change Action Plans in the Philippines. While coverage is not yet universal in India and Nepal (though the majority of states in India and districts in Nepal have plans), and very limited in Philippines, the framework to prepare local level plans is underway in all four countries.

Table 4: Structure of Climate Change Policy Frameworks

Instrument	Bangladesh	India	Nepal	Philippines
International Climate Policy Commitments: Nationally Determined Contributions	2016 (signed, ratified and entered in force)	2016 (signed, ratified and entered in force)	2016 (signed, ratified and entered in force)	2016 (signed); 2017 (ratified and entered in force)
Climate Change Laws and/or Trust Acts	2010			2009, amended 2012
Climate Change Policy or Strategy	2008, revised in 2009	2006, within environment policy	2011	2010
National Climate Change Action Plan	2008, revised in 2009	2008, updated in 2016		2011
National Adaptation Program of Action	2005, updated in 2009		2010	
National Adaptation Plan	Ongoing	Drafted in 2016	Ongoing	NAP will be articulated in the NCCAP as the updating process is guided both by the NAP and NDC.
Local-level plans		State Action Plans on Climate Change	Local Adaptation Plans of Action	Local Climate Change Action Plans
Other	Climate Change and Gender Action Plan (2013) Sector-specific laws and policies	Sector-specific laws and policies	Sector-specific laws and policies	Sector-specific laws and policies

Source: Based on the country assessment document reviews and interviews.

Note: The law in the Philippines was initially based on mainstreaming most climate change finance management in the general budget but subsequently was amended to establish a special fund, the People's Survival Fund, whereas in Bangladesh, the law focused on the establishment of the Bangladesh Climate Change Trust Fund.

Executive institutional framework

In all four countries, implementing climate change actions rests with various line ministries, departments, and agencies in the national government and subnational governments (to a higher or lesser degree depending on the fiscal capacity of subnational governments), as well as nongovernmental partners. The countries' institutional frameworks, however, assign specific roles to various institutions. These roles include leading on climate change policy development; representing the country in international forums and bodies; coordinating, planning, financing, monitoring, and evaluating climate change measures; and overseeing climate change-related efforts.

Lead ministry: All four countries have designated the ministry with responsibility for the environment as the lead ministry for overarching climate change policy making. In Bangladesh, Nepal, and the Philippines this ministry is also the focal point for international engagement on climate change with the UNFCCC. In India, this responsibility is shared with the Ministry of Finance's Climate Change Finance Unit, which represents the ministry in international platforms and guides the environment ministry. In addition, the National Bank for Agriculture and Rural Development in India is the national implementing agency for the national adaptation fund established by the government.

Coordination, monitoring, and evaluation functions: All four countries have assigned climate change coordination responsibilities explicitly. India, Nepal, and the Philippines have created bespoke institutions for this responsibility, linked to the highest executive office of central government. In Bangladesh coordination is through the environment ministry, but the approach is explicitly a "whole of government approach" with good engagement by other ministries. Table 5 sets out the key features of these high-level coordinating bodies, which include being chaired by the highest executive office and representation from key ministries and non-state actors, including civil society.

Table 5: Climate Change Coordinating Bodies in India, Nepal, and the Philippines

Body	Responsibility	Representation
India's Prime Minister's Council on Climate Change (PMCCC)	Monitors the implementation of missions (programs) outlined in the NAPCC. The PMCCC is tasked with developing a coordinated national response to issues relating to climate change; providing oversight for the formulation of action plans in the area of assessment, adaptation, and mitigation of climate change; and periodically monitoring key policy decisions. In January 2013 an Executive Committee on Climate Change (ECCC) was constituted to assist the PMCCC.	Chaired by the Prime Minister and comprises key national government ministers and their most senior public officials, as well as representatives from civil society. Recently, civil society membership has been reduced from five to three members.

Table 5: Climate Change Coordinating Bodies in India, Nepal, and the Philippines

Nepal Climate Change Council and Multi-Stakeholder Climate Change Initiatives Coordination Committee	The Climate Change Council's task is to provide high-level policy and strategic oversight and strategically coordinate financial and technical support to climate change-related programs and projects, as well as to benefits for Nepal from climate change-related international negotiations and decisions. The Council is supported by the environment ministry, which acts as a secretariat. In the NAPA, the multi-stakeholder committee is the coordinating body for climate change initiatives, with the chairs of the NAPA's thematic and cross-cutting working groups sitting on the committee.	The Climate Change Council is chaired by the Prime Minister and comprises members from key national, local, and sector ministries. Specifically, the 25 members include 11 ministers and eight technical experts nominated by the government of Nepal. The multi-stakeholder committee is chaired by the environment minister and has representation from the relevant ministries and institutions, international and national CSOs, academia, the private sector, and development partners.
Philippines Climate Change Commission (CCC)	Established by the Climate Change Act (2009) and tasked with overseeing the development, monitoring, and evaluation of climate change action plans, programs, activities, and projects. Supported by a secretariat called the Climate Change Office.	A council of four members, chaired by the President. Supported by a National Panel of Technical Experts, as well as an Advisory Board which in turn is made up of national office bearers, representatives from local government unit (LGU) leagues, civil society, academia, and the private sector.

Source: Based on the country assessment document reviews and interviews.

In Bangladesh, the Climate Change Unit, which falls under the Ministry of Environment, Forests and Climate Change[18], is the key institution for coordinating the implementation of adaptation and mitigation measures. The Unit is tasked with coordinating with the climate change focal points of other ministries to mainstream climate change into national development planning. In addition, the unit is also expected to create awareness, strengthen partnerships and enhance capacity to support the adaptation of local livelihoods in changing conditions.

In India and the Philippines, the high-level coordinating bodies also have monitoring responsibilities. In the Philippines, in addition to the Climate Change Commission (CCC), the Cabinet Cluster on Climate Change Adaptation, Mitigation and Disaster Risk Reduction looks after the delivery of results against the national strategy related to environmental integrity, disaster and climate change resilient development Of particular relevance has been the development of the framework for the domestic "Measurement, Report and Verification" (MRV) system known as the "National Integrated Climate Change Database Information and Exchange System" (NICCDIES). Following Presidential Executive Order No. 24/2017 on the reorganization of the cabinet cluster systems, the cluster was expanded/reorganized and included budget and finance departments[19].

18 The Ministry of Environment and Forests was renamed Ministry of Environment, Forests and Climate Change in August 2017 following a meeting of the National Committee on Environment chaired by the Prime Minister.

19 For more information, please refer to: http://www.officialgazette.gov.ph/downloads/2017/05may/20170516-EO-24-RRD.pdf.

Planning and financing: In all countries the planning bodies and finance ministries play key roles in planning and financing climate change measures. Planning commissions/ministries/bodies have roles related to the approval of plans for national and subnational government units, which include climate change actions.

Role of planning bodies: In Nepal, for example, where climate change is a key component of a national multiyear development plan, all MDAs must mainstream the climate change objectives into their own strategic plans. The planning body which is responsible for planning the capital budget has been playing a key role in the initiation and development of tagging of budget expenditures for climate change relevance[20] and reviewing the quality and identifying the challenges to take it forward[21].

In the Philippines, the National Economic and Development Authority ensures that climate change is mainstreamed into the country's 5-Year Development Plan and the mainstreaming in regional plans is ensured through the Regional planning offices of NEDA.

While in Bangladesh, the Planning Commission mainstreams climate change into the 5-year National Development Strategy and requires line ministries to integrate the climate change dimension into their project proposals through its Development Project Proposal guidelines (known as the Development Project Pro-format/Technical Project Pro-format (DPP/TPP) guidelines).[22]

In India, the National Planning Commission was recently abolished and has been replaced by the National Institution for Transforming India (NITI Aayog) as the premier policy "Think Tank" of the government of India, providing both directional and policy inputs. While designing strategic and long-term policies and programs for the government of India, NITI Aayog also provides relevant technical advice to the central and state governments. NITI Aayog has been entrusted with the role to coordinate "Transforming Our World: the 2030 Agenda for Sustainable Development" (and the related Sustainable Development Goals (SDGs) and will therefore be involved in the climate change policy agenda through the SDGs).

Role of ministries of finance: In Bangladesh the finance division within the Ministry of Finance published a climate fiscal framework in 2014 that provides a roadmap for comprehensive policy reform on climate change-related revenues (e.g., carbon tax), subsidies with negative climate impact, and an overall framework for the mainstreaming of climate change into the general budget cycle, including the creation of a climate change fiscal cell in the budget wing of the Finance Division to lead the mainstreaming effort[23]. The Finance Division is currently supported by the UNDP led Inclusive Budgeting and Financing for Climate Resilience program to implement the recommendations of the climate change framework.

In India, the climate change finance unit under the Department of Economic Affairs in the Ministry of Finance has been tasked with a broad range of tasks and responsibilities, including serving as the nodal point on all climate change financing matters in the ministry and representing the

---

20 For a detailed analysis of the process: http://www.npc.gov.np/images/category/Climate-change-budget-code.pdf.

21 For more details, please refer to https://www.unpei.org/sites/default/files/e_library_documents/Nepal_Climate_Change_Budget_Code_Application_Review_2013.pdf.

22 The DPP/TTP Planning guidelines can be found at the following link: http://www.plancomm.gov.bd/wp-content/uploads/2015/08/DPP-Manual-Part-1.pdf

23 The Climate Fiscal Framework of Bangladesh can be found here: https://www.climatefinance-developmenteffectiveness.org/sites/default/files/publication/attach/Bangladesh%20Climate%20Fiscal%20Framework%202014.pdf

ministry in all climate change and related issues in international and domestic fora.[24] Related to the latter the climate change financing unit provides guidance and inputs to the ministry to feed into climate change negotiations and develops its capacity to analyze emerging issues, including through assessments of submissions on climate change financing made by various national governments that are Parties to the UNFCCC. It also sits on the Intergovernmental Expert Committee on Sustainable Development Financing (ICESDF), set up under the UN Conference on Sustainable Development (Rio+20).

In Nepal, the Ministry of Finance has been managing the reporting on climate relevant budget expenditures and providing the qualitative narrative on them in the Annual Economic Survey. The Philippines Department of Budget Management leads the effort to integrate the country's responses to climate change into the national budget cycle.[25]

Role of ministries and state governments that manage local government affairs: In Nepal, the Ministry of Federal Affairs and Local Government plays a key role in support of the Ministry of Population and Environment, the national coordination bodies, and the planning body in ensuring that climate change concerns are mainstreamed in subnational plans, and in coordinating activities through its environment-friendly local governance framework.

It should be noted that following the adoption by the country of a federal system of governance starting 2017/2018, it is expected that a large part of the development work and particularly climate actions will be dealt with by the newly established and elected local governments, who can work independently of central government in planning and implementing local development programs. Some of the current planning and budgeting processes described in this report might therefore be amended or decentralized.

In India, state governments have substantial financial autonomy, but the central government influences state finances through the financing of national schemes and missions and the criteria for determining transfers from the center to the provinces. These criteria, for example, have recently included a 7.5 percent weight for forestry cover to reflect the public goods provided by forestry, including avoiding GHG emission from deforestation, and the direct and opportunity costs of maintaining forest area.

3.3 Public finance management context

The bulk of financing for climate change measures in each of the countries is managed through the core public finance management system. What this means is that, while specific climate change institutions, funds, and climate change finance accountability mechanisms can make a marginal difference, the core accountability for climate change funds is determined by how well the overall PFM system works. This section looks at the key features of the system in each country. The public finances of each country is managed with different configurations for the distribution of power (responsibilities and authority) and revenue and expenditure competences between the executive branch and the legislature, and levels of government. Despite these differences, the PFM systems share some key characteristics.

24 Information on the climate change finance unit can be found at: http://dea.gov.in/divisionbranch/climate-change-finance-unit.

25 More details on the overall effort led by the DBM can be found at the following link: http://www.dbm.gov.ph/?page_id=13818.

In all four countries, the **budgetary process** follows a standard cycle of preparation of the proposed budget, adoption of the budget by parliament, implementation of budget proposals, and audit of budget execution and, ideally, assessment of achievements against policy goals. At the central level MDAs prepare budget proposals in accordance with the guidelines provided by the finance ministry and the countries' planning bodes. In Nepal the preparation of annual plans and budgets start at the village and municipal level, and these plans are aggregated at district level and submitted to national MDAs. In Bangladesh, the medium-term budget framework compiled and prepared by the Finance Division was identified as a strategic entry point for the inclusion of climate related activities.

The **planning bodies** play budgetary roles in each country, although in India the arrangements are under revision, following the recent abolition of the National Planning Commission and its replacement by NITI Aayog, with reduced responsibilities. In Nepal the Planning Commission annually approves the plans of all government entities before these are forwarded to the finance ministry for compilation prior to the preparation of the annual budget. In the Philippines, the National Economic and Development Authority (NEDA) prepares a public investment program, coordinates donor assistance, and approves projects over a PHP1 billion threshold. In Bangladesh the Planning Commission prepares the development budget, while the finance ministry prepares the operational budget.

While Bangladesh, Nepal, and the Philippines follow a **budget structure and classification** that sets out the budget by administrative unit, followed by a program/sub-unit and economic classification, India has traditionally set out its budget as Plan (i.e., related to the current Five-Year Plan) and Non-Plan expenditure for each ministry and department, followed by five or six levels of administrative subunit, with some variations between states. The system is currently under revision. Bangladesh similarly is revising its budget classification system to make it consistent with the international best practice bearing in mind the dynamics of ongoing public financial management (PFM) reforms. It still has an explicit development budget, planned separately from the operational budget, but it integrates these components in a medium-term budget framework. In Nepal a development budget is presented, but this is an extract of the overall budget. **Medium-term budget frameworks** are in place in Bangladesh, India, Nepal, and the Philippines.

In all four countries, a budget appropriation does not translate into automatic fund transfers/cash releases to spending agencies. **Expenditure warrants/cash releases** are approved by the finance ministries, distributing available cash within the allocation framework set by the budget appropriations and *virement* rules.

The financial management of funds released to line MDAs in Bangladesh, Nepal, and the Philippines is **decentralized**, with accounting officers of MDAs responsible for budget allocation, authorization and control; sanction from authorized officials; record keeping; and reconciliation; and financial reporting. In India, similarly, budget execution and financial management is decentralized, although there are some national expenditure schemes and missions that are significant for climate change. The accounting officers are supported in this task by a delegated financial adviser from the finance ministry.

3.4 Specific national measures to manage climate change funds

The assessment encountered two types of mechanisms in the public finance systems of the four countries that are climate change finance specific: the use of special dedicated climate change funds (Bangladesh, India, and Philippines) and the tagging of expenditures identified as climate change relevant (Nepal and the Philippines).[26]

Dedicated or earmarked climate change funds[27]

Of the four case study countries, Bangladesh, India, and the Philippines have set up earmarked national funds to finance climate change measures, though in all cases these funds manage only a small portion of total expenditure related to climate change. In Bangladesh, the Climate Change Trust Fund (BCCTF) was established to identify climate change adaptation and mitigation needs, particularly those of vulnerable populations; develop plans to meet those needs; and review and fund proposals for mitigation and adaptation projects and activities. The BCCTF is managed and administered by three tiers: 1) Board of Trustees; 2) Technical Committee; and 3) Sub-technical Committees. The Board of Trustees is chaired by the Minister of Environment and Forests (*ex-officio* Minister). Of the 17 members, two are from CSOs and the rest are from government ministries and departments. The Technical Committee consists of 12 members, who are responsible for reviewing proposals and advising the Board of Trustees. The Technical Committee can form sub-technical committees with permission from the Board of Trustees to review the technical feasibility of mitigation and adaptation project proposals. Based on the six thematic areas identified by the Bangladesh Climate Change Strategy Action Plan (BCCSAP), six sub-technical committees have been formed. Each of these sub-technical committees has representatives from government, academia, and civil society.

In the Philippines, the Climate Change Act was amended in 2012 to create the People's Survival Fund (PSF), a special fund within the Treasury with a board chaired by the Department of Finance to provide local government units (LGUs) and communities, including CSOs, with direct access to financial support for adaptation programs, activities, and projects. PHP 1 billion (US$22 million) is allocated annually from domestic resources to the PSF. The PSF is administered by a board that includes representation from the Department of Finance, the Climate Change Commission, other departments, civil society, academia, and business. After two years in existence, the PSF has yet to disburse any fund, with lack of local level capacity to formulate plans that will pass the criteria set by the Board blamed for the lack of progress.

In India, the main earmarked funds are the National Adaptation Fund (NAF) and the National Clean Energy Fund (NCEF), although the central government also set up eight "Missions" to implement the National Climate Change Action Plan. The NAF was launched in 2014 to assist states that are most vulnerable to climate change. It has received US$49 million to date and is managed by the National Bank for Agriculture and Rural Development. Projects submitted by states are funded by the NAF according to a competitive application procedure. The NCEF was created in 2010-11 and is funded by a cess on coal sales, which has recently been increased from Rs200 to Rs400/ton (about US$3 to $6/ton). NCEF funds are available to private or public applicants and provide up to 40 percent of total costs of clean energy investments. Project

26 In Bangladesh, climate expenditure tagging has been recommended in the Climate Fiscal Framework of 2014 through amendments to the integrated Budgeting and Accounting System proposed (iBAS). Implementation is on-going at time of publication.

27 This section excludes national mechanisms to manage international vertical funds, such as the Adaptation Fund or Green Climate Fund, insofar as these are not the focus of this assessment, have common mechanisms across countries, and have already been discussed, albeit briefly, in the institutional section.

selection is done by an inter-ministerial group, and public sector projects are managed by the appropriate line ministries and departments. At the end of the last financial year, the NCEF had about US$2.5 billion for financing projects. The eight missions cover both mitigation and adaptation (e.g., solar, energy, habitat, water, ecosystems, agriculture, knowledge, and green policy) and aim to spend roughly US$1 billion each year.[28] The management of the funds varies and is currently going through reforms, including some decentralization.

In Nepal, the Climate Change Policy raised for discussion the creation of an earmarked fund, but such a fund has not been established to date.

As mentioned earlier, one of the main risks of special funds managed outside of the budget process is that they face less scrutiny. The study found a somewhat mixed picture of external accountability on the funds in the study countries. For instance, the BCCTF is not subject to significant scrutiny from independent non-state accountability actors, even if a lot of information on projects is provided online. Proposals to fund projects are reviewed by the Climate Change Trust, the statutory body established to administer the BCCTF. The trust can scrutinize projects, but reportedly does not have the capacity to do so. The BCCTF board includes some CSO seats, which do provide opportunities to influence decisions directly; however, civil society trustees are a substantial minority on the board so the extent of this direct influence is somewhat limited. Also, the nonprofit entity engaged by the fund to manage and monitor CSO projects, is not completely independent from government either, as the government appoints the chair and other members of the governing body. While the BCCTF board has the authority to audit the projects it funds independently of the Office of the Comptroller and Auditor General (OCAG), a Transparency International Bangladesh report earlier noted that the BCCTF could not conduct evaluations of completed projects due to capacity limitations.[29]

The People's Trust Fund in Philippines, however, appears to be managed more openly and with meaningful engagement by the CSO member of the board. Going forward, CSOs are also expected by some observers to play a key role in supporting the dissemination of accurate information about the Fund to the communities they work with on the ground.

Tagging and reporting of climate change expenditures

Climate change measures are never financed from a single budget source. Even where earmarked funds exist, these comprise only a relatively small proportion of overall expenditure on climate change, for example, in the Philippines an estimated 99 percent of climate change finance is financed through the main budget. Determining which budget heads, and which proportion of expenditure within a budget head, are climate change relevant — and identifying these expenditures consistently in budgeted expenditure and expenditure outturns and from year-to-year — require that expenditures are somehow identified or "tagged" in the budget system.

Tagging is neither necessary nor sufficient for climate change finance accountability — as the information can be put together in other ways, and the information on its own, without opportunities to use it to influence decision making or oversight processes and skilled, engaged accountability actors to do so, is insufficient. However, it can provide a highly useful platform from which such accountability can ensue. It is important to note that expenditure tagging does

28 This estimate was calculated as part of Action on Climate Today's program to development climate change financing frameworks in several countries, including India.

29 Transparency International Bangladesh, "Experts Call for Ensuring Accountability and Transparency in Climate Adaptation Fund," 29 March 2016, accessed on 9 September 2016 at https://www.ti-bangladesh.org/beta3/index.php/en/activities/4922-experts-calls-for-ensuring-accountability-and-transparency-in-climate-adaptation-fund

not refer to a new budget code: rather, as discussed in Section 2.2, it means marking expenditure as climate change relevant, preferably within the budget system, so that a virtual budget and expenditure outturn reports can be drawn that present comprehensive and systematic data on climate change expenditures. Monitoring the volume and distribution of climate change funds, and their use, is made much easier when this information is available, provided that accountability actors are confident that the expenditure tags are correct. This is most likely to be the case if government engages CSOs and other accountability actors in developing the tagging system and in its application during the budget formulation process (e.g., working with MDAs as they apply the tags to budget proposals, or participating in quality review processes).

Nepal and the Philippines already have developed climate change tagging systems and institutionalized their application in their budget systems. Table 6 provides more information on these systems, including their typographies, use, and the public availability of the information. In India tagging is also used in some of the states, including Odisha. Different to the systems in Nepal and Philippines at the central level, however, the system in Odisha is a simple yes/no binary system — i.e., expenditures are either tagged as 100 percent climate change relevant, or 0 percent. Beginning in 2017/18, India is expected to begin accounting for all budgetary measures that support climate change-related actions across the country.[30] Along the lines of gender budgeting, the government will prepare a supplementary budget report on annual investments related to climate change in India. The government preparing to publish a detailed annual greenhouse gas emissions inventory as part of its commitments to transparency under the Paris Agreement.

In Bangladesh, the Ministry of Finance submitted along with the FY 2017-18 national budget a "Climate Protection and Development: Budget Report, 2017-18" on 1 June 2017. The Finance Division published this report with assistance from the Inclusive Budgeting and Financing for Climate Resilience (IBFCR) project, with technical and financial support from UNDP, UKAID and GIZ.[31] Six ministries were part of this pioneering effort: Ministry of Agriculture, Ministry of Environment, Forests and Climate Change, Disaster Management and Relief Ministry, Ministry of Water Resources, Local Government Division, Ministry of Primary and Mass Education. Linking national budgets to climate change-related policy objectives and targeted results is one of the broad objectives of the project.

The report is intended to shed light on climate-related spending as a share of total public expenditure and draw attention to the government's commitment to address the adverse impacts of climate change. The analyses presented in the report also present the distribution of climate spending across six thematic areas set out in Bangladesh Climate Change Strategy and Action Plan (BCCSAP). The FY 2017-2018 report with its limited coverage will pave the way for presenting a comprehensive report using more robust methodology in the next fiscal year.

30 Nitin Sethi, "India to Have a Climate Change Budgetary Supplement from Next Year," Business Standard, 22 February 2017, downloaded on 4 September 2017 from: http://www.business-standard.com/article/economy-policy/india-to-have-a-climate-change-budgetary-supplement-from-next-year-117022100996_1.html.

31 https://www.mof.gov.bd/en/budget1/17_18/climate/en/Climate%20Security%20and%20Development_English_final.pdf.

Table 6: Nepal and Philippines Climate Change Tagging Systems		
Development and Use	**Philippines Climate Change Expenditure Tags (CCET)**	**Nepal Climate Change Allocation Tags**
What guidance is available? How was the system developed?	The Department of Budget Management (DBM) has issued guidance that sets out the tagging typologies and criteria. The Climate Change Commission (CCC) holds an annual sensitization and capacity-building program to support MDAs in applying the tags. The Guidelines were developed by the CCC and the DBM. No external accountability actors were involved in the development of the system.	The Guidelines were developed by the National Planning Commission in coordination with the Ministry of Finance, and officials from other key climate change ministries. Eleven criteria were developed that together comprise a list of key climate change activities, such as climate resilient infrastructure, or preventing climate-induced health hazards. No external accountability actors were involved.
What are key features of the tagging typology?	The tags identify the NCCAP programs that expenditures are aligned with, and whether an expenditure is mitigation or adaption. If a program is considered wholly climate change relevant, it is tagged as 100 percent; or if only a component of a larger program component is climate change relevant, then only the portion of the program's total expenditure that is for the component is tagged as 100 percent.	There are three levels of climate change-relevance: highly relevant, relevant, or neutral. Programs, activities, or projects for which more than 50 percent (previously 60 percent) of its budget is allocated for climate change-related activities are categorized as "highly relevant," while those with 20-50 percent (previously 20-60 percent) are coded as "relevant" to climate change, and those below 20 percent are considered "neutral." The tagging applies to both mitigation and adaptation efforts.
Who tags?	MDAs identify which programs, projects, and activities (or components of these) are climate change relevant against the criteria when preparing their budget submissions. Only the expenditures of relevant components are tagged.	MDAs tag during the annual budget preparation process, identifying the relevance percentage of each budget head.
What quality review process is in place?	MDAs complete a quality review and assurance form, which is submitted to a technical committee with representation from the CCC for review.	The climate change relevance percentages proposed by each MDA are reviewed by the Planning Commission.

Table 6: Nepal and Philippines Climate Change Tagging Systems		
Are the tags embedded in the system and what financial data are tagged currently?	The DBM manually enters the codes into the Unified Accounts Code Structure, which allows the codes to be incorporated into the National Expenditure Plan that is submitted to the legislature, and for outturn reports to be drawn against the budgeted expenditure.	The tags are embedded in the budget preparation system, but for the 2015 budget were not yet linked to the integrated financial management system that accounts for actual expenditure. In 2017 the MOF, with UNDP support and informed by stakeholder consultation, modified the database structures, forms, and systems of the Line Ministry Budget System/Budget Management Information System (LMBS/BMIS) and the Financial Management Information System (FMIS) to capture climate indicators and also disaggregate climate change budget and expenditure (e.g., mitigation, adaptation). The system is now capable of generating the required reports. Only the budgets of national MDAs are tagged, including transfers to subnational governments.
Public availability of tagging information	The DBM and the Climate Change Commission publishes the People's Climate Budget, which informs the public on the findings from the CCET, including the identification of areas that have been prioritized and areas where further support may be required to support the implementation of the NCCAP: http://climate.gov.ph/images/CCET/FY-16-PCBD.pdf The government publishes the comprehensive data set on the Open Data Philippines website at the following link (note that as of publication the data provided are aggregated at the MDA level): https://www.gov.ph/data/dataset/climate-change-expenditure-tagging-ccet	The Budget Speech, which is published on the finance ministry website, includes an annex that provides the relevance score by budget head. The detailed estimates of allocations also provides this information.

Table 6: Nepal and Philippines Climate Change Tagging Systems		
What are future plans?	LGUs are in the early stages of tagging their Annual Investment Program submissions. Comprehensive guidelines have been issued jointly by the Department of Budget and Management, the Climate Change Commission and the Department of Interior and Local Government. The guidelines can be found at the following link: http://www.dilg.gov.ph/PDF_File/reports_resources/dilg-reports-resources-2016418_4e6ff64e9b.pdf	To extend the tagging to village, municipality, and district allocations, and to expenditure outturns.

In Nepal, the tagging system did not resolve issues around accountability for additionality. Over three years of implementation the amount of resources tagged had grown, but respondents said that they were not clear on whether this growth is on account of a real resource increase for climate change measures, a lag in MDAs identifying their full portfolio of measures applying the criteria, or whether it is because existing expenditures are being tagged inappropriately, given the incentives in place for MDA heads to show higher climate change expenditures.

In Bangladesh, the Finance Division has also started to work on the tagging of the climate change relevant programs as per the recommendations of the climate fiscal framework with support from UNDP. This will require among other things amending the Government Financial Management Information System known as iBAS to integrate the proposed Climate Expenditure Tracking Framework module as per the design and parameters recommended.

3.5 Pillars of climate change finance accountability in the case study countries

While governments can establish systems, processes, and practices for managing climate change finance, for there to be true accountability the three pillars of accountability — transparency, participation, and strong formal oversight institutions — must be in place. In this section, we turn to the extent to which these pillars are present and functioning in the assessment countries.

Transparency and participation

Though access to budget information alone is not enough for full accountability, it is essential for state and non-state accountability actors to have access to comprehensive, timely, and useful information on budget information, including climate change-related information. The International Budget Partnership's biennial Open Budget Survey (OBS) measures the level to which the three pillars of accountability are present in over 100 countries around the world. From a subset of OBS questions that assess whether governments make budget information publicly available, the Open Budget Index (OBI) is calculated and each country receives an OBI score between 0 and 100. The OBI 2015 shows that, while the Philippines provide substantial budget information to the public in each of the phases of the budget cycle, the information provided by India and Bangladesh is limited, and Nepal provides minimal information (Table 7). Nepal's low OBI 2015 score was on account of the Executive's Budget Proposal being published late, the absence of a Pre-Budget Statement and Citizens Budget, and lack of detail in the Year-End Report.

In order to ensure that climate funds will be managed efficiently, effectively, and as intended, in addition to publishing budget information governments must also provide opportunities throughout the budget planning, formulation, execution, and audit cycle for citizens, CSOs, the media, and other accountability actors to participate in decision making and oversight. The OBS 2015 found that the governments in Bangladesh, India, and Nepal provided minimal opportunities to participate in budget processes, while the Philippines provided adequate spaces and mechanisms for participation. In addition to measuring whether citizens and CSOs have opportunities to participate in each of the phases of the budget process, the OBS also assesses whether the executive articulates what it hopes to achieve through the participation and provides feedback; and whether it has mechanisms to identify the public's perceptions on priorities and budget execution.

Table 7: Open Budget Survey 2015 Findings on Transparency and Participation (Scores are from 0 to 100)

Country	Open Budget Index (transparency)	Participation Score
Bangladesh	56	23
India	46	19
Nepal*	24	19
Philippines	64	67

*It should be noted that in 2013 when the study was conducted, there was no Parliament to discuss the budget. The government in that year was a provisional government formed to just conduct elections to the Constitution assembly and therefore the enactment procedure was not completed. However, regular processes resumed starting 2014.

Source: International Budget Partnership, Open Budget Survey 2015 Results by Country, available at: http://www.internationalbudget.org/opening-budgets/open-budget-initiative/open-budget-survey/country-info/

The climate change finance systems in the four countries make some information publicly available and provide some opportunities for CSOs, the media, and citizens to participate at different stages of the budget process. These are briefly discussed below.

Transparency: The Executive's Budget Proposals in Nepal and the Philippines include estimates of the volume and distribution across government of climate change-relevant expenditure. In addition, the Philippines also provides information on whether expenditure is for mitigation or adaption and the NCCAP program particular expenditures fall under. The Philippines, in line with its commitment to improving transparency, maintains several online sources of data, including information produced from the climate change expenditure tagging system (see Box 3).

Timely access to budget information supports meaningful engagement by non-state accountability actors. In Nepal the Executive's Budget Proposal was published late, thus limiting the opportunity for CSOs to analyze and comment on proposed climate change expenditure prior to the legislature approving the budget. In the other two case study countries, while the Executive's Budget Proposal is available it has no specific climate change finance content nor is it detailed enough or organized in ways that will allow analysis by accountability actors of public expenditures for climate change relevance of their own agreement. Accountability actors would require significant additional information to undertake such a task.

While the legal frameworks may require more comprehensive information to be available on government websites, these platforms are often not well maintained. For example, in Nepal the study found that while MDAs are supposed to publish information on contract awards and progress on their websites, in practice this does not happen. In India the study found that ministry websites are incomplete, and it is often difficult to find the information sought. Furthermore, in all four countries the study has found that there is much less information available at local levels than at the national level.

Box 3: Access to Climate Change Finance Information in the Philippines

The **National Expenditure Program** is posted on the DBM website (https://www.dbm.gov.ph) and provides top level data on expenditures and allocations to all national governing authorities and LGUs, which includes some data disaggregated by region, sector, and programs. Data categorized by economic classification are also available, as is a staffing summary that presents the numbers of positions and costs for governing authorities.

Budget of Expenditures and Sources of Funding are available that include: multiyear data on the public budget, including that on debt and the fiscal aggregates; national government revenues and expenditures (by governing authority and economic classification), including aggregate information on climate change expenditures (categorized as mitigation and/or adaptation) by department and special purpose fund, and aggregate information on climate change expenditures (categorized as mitigation and/or adaptation) by the NCAAP strategic priorities; LGU revenues and allocations; and data on tax expenditures by investment promotion agency and type.

Guidelines and explanatory documents: On the DBM website, explanations for CCET and the government's two-tier budget approach are available to inform the public about how the government formulates and executes the budget.

Open Data Philippines at https://www.gov.ph/data/ provides access to a variety of sector and department data in machine-readable formats (i.e., .csv and .xls files), including data on appropriations related to climate change adaptation or mitigation. The data are drawn from the CCET process (https://www.gov.ph/data/dataset/climate-change-expenditure-tagging-ccet) and are aggregated by ministry, department, and agency. The publication of this data is an important step forward on the part of the government in informing the public about the total investment in climate-relevant programs, activities, and projects. However, the highly aggregated data does not provide sufficient detail about specific PAPs to enable citizens, CSOs, and the media to monitor spending on the ground and hold the government to account.

The **Open Roads data portal** (www.openroads.gov.ph) was developed with support from the World Bank to allow users to search for specific road projects and see such details as whether the contractor for a project has been selected and whom it is; project start and completion dates; subproject details; and funding amount and source. At this point a lot of the projects accessible through the website do not yet have information available beyond the project name and map.

On DBM website, there is a **Calamity Related Resources Expenditures and Releases page** at http://www.dbm.gov.ph/?page_id=8427 with links to PDF tables of Calamity Fund (an earmarked government fund for all disasters) allocations by government authority. The information is presented by implementing agency, beneficiary (often an LGU), general description of purposes, related disaster, and amount of expenditure.

FAiTH (**Foreign Aid Transparency Hub**, http://www.gov.ph/faith/) is a public data portal for information on external assistance on calamity/disaster response. It presents aggregate data on the pledges and amounts received from bilateral, multilateral, individual, INGO, and private sector donors.

Access to in-year, mid-year, and year-end information on expenditure outturns is also constrained. The Philippines government makes the standard key reports available at each of these times, but there are shortcomings with regard to the comprehensiveness and detail of the data included. In Nepal, also, its In-Year Reports lack the detail that would enable accountability actors to monitor budget execution throughout the year. In India the OBS 2015 identified issues related to the timeliness of reports, and in Bangladesh the timely publication of expenditure outturn reports can be irregular, while audit reports are not publicly available. The most recent PEFA report findings on the limited internal availability within the executive of In-Year Reports

suggests that addressing the relatively weak availability of outturn information is not merely a question of publishing available data, rather there is a more fundamental issue as to whether the data is produced at all.[32] Poor performance in terms of the timeliness of published accounts reconciliation information, quality and timeliness of In-Year Reports to the finance ministry on expenditure, and the timeliness of the Year-End Report were found in all four countries.

Transparency of donor-financed climate change expenditure: Three of the four countries maintain aid management platforms that provide public information on donor programs and projects.[33] India does not maintain such a platform because of the complex relationship between donors at different levels of government and the fact that donor programs are relatively small compared to domestic finance. The platforms typically classify donor finances by donor, type of financing (grant, loan or technical assistance for example), modality, recipient organization, location of the project (if relevant), and whether the financial information relates to commitments or disbursements. The platforms typically also provide filters, including those associated with key national priorities or the functions of government. Where climate change is an explicit theme in the national development plan of the country, this is captured as a filter, as in Nepal. It is important to note, however, that these databases typically only capture information that is provided by donors to the finance or planning ministries, and are not always comprehensive.

Participation: Governments engage CSOs in climate change policy discussions and planning exercises, including in the preparation of plans and proposals in India and Nepal. The NAP process in Bangladesh, India, and Nepal should help to improve participation in climate change planning. Furthermore, CSOs have varying access to planning and budget preparation processes in all four countries, but engagement is often by invitation only or exclusive to capital-based or "elite" CSOs.

Nepal, however, has established village and municipal level planning processes that are participatory, including participation by community-based and local CSOs. These processes are required to include a climate change focus. In the Philippines, the Budget Partnership Agreement initiative requires MDAs to engage with CSOs during budget preparation, although it was reported by the DBM that to date this engagement has not included civil society consultations on MDAs' tagging of proposed spending.[34]

In Nepal village-level committees are required to hold formal annual social audits on the delivery of projects and services that include direct citizen participation. However, planning processes are often coordinated by larger "professional" CSOs, while smaller community-based organizations act as representatives of citizens. In the Philippines and Nepal CSOs also have formal opportunities to participate in government audits.

In most countries, climate change planning at both national and subnational levels has been undertaken with external finance and CSO engagement, following standard practices that encourage strong participation in these processes. This includes India, where external financial support and CSO participation has been a feature of most State Action Plans for Climate Change. However, while such participation is a focus of work on NAPs, integrating similar engagement into the routine annual planning and budget process is less well established. This can be because governments are not aware of the potential benefits of such engagement (see Box 4), lack the capacity to effectively engage with CSOs and other non-state actors, or may resist such engagement. In Nepal, for instance, CSOs have been critical of government in their

32 Public Expenditure and Financial Accountability Program website at https://pefa.org/country/bangladesh

33 See, for example, the Aid Management Platform of Nepal at http://amis.mof.gov.np/portal/ ; the Philippines' FAiTH portal at http://www.gov.ph/faith/ and NEDA's ODA Reviews and consultations http://www.neda.gov.ph/official-development-assistance/oda-portfolio-reviews/; or from Bangladesh, http://aims.erd.gov.bd/.

34 Interview with DBM officials on 11 August 2016.

work as watch dogs and so there is likely some concerns within the bureaucracy over whether collaboration is even possible, let alone something to be sought out.

Box 4: The Benefits of Government and Civil Society Collaboration[35]

Engagement with CSOs—with their knowledge of public needs and priorities and relationships with communities—throughout the budget and planning cycle can strengthen policy choices, increase trust in government, and improve implementation on the ground. In its 20 years of partnering with CSOs in countries around the world, the International Budget Partnership has documented many such examples, including the following.

- In India, SATHI is a CSO that focuses its work on improving public healthcare services. It was designated by the state of Maharashtra as the lead agency in facilitating the Community Based Monitoring and Planning (CBMP) process, a mechanism under the Indian government's National Rural Health Mission initiative that aims to address health needs in underserved rural areas. During 2015, SATHI took the CBMP process one step further and developed and piloted a Participatory Audit and Planning (PAP) tool with Health Welfare Committees in three districts. The PAP tool is being used for both participatory planning of the use of funds and to conduct a social audit of the actual use of funds, which culminates in a public hearing at which key officials and elected representatives attend and take decisions to resolve issues. This has improved supply flows, raised staff attendance, built up the credibility of the primary healthcare facilities, and tripled patient attendance in these districts. The PAP tool's success led the government to conscript SATHI to scale the use of the tool to all 14 districts under CBMP in collaboration with 25 civil society organizations.
- In Egypt, the Ministry of Finance has engaged with the National Council for Disability Affairs and the Coptic Evangelical Organization for Social Services in a series of meetings to discuss funding for disability services. At these meetings the CSOs focused on giving the finance ministry a clearer understanding of disability issues and the need to allocate more funds to address them. In a follow-up meeting with the Head of Budget Sector, the CSOs identified inclusion of students with disabilities in mainstream education and early health interventions as funding priorities. Through their analysis, the groups had identified these both as gaps in implementing government-issued regulations for the inclusion of disabled children. At the end of the frank and friendly meeting, the Ministry of Finance immediately approved earmarking USD 5.1 million (LE 40 million) for these programs: USD 2.55 million (LE 20 million) for broad inclusion of disabled children in mainstream education; and USD 2.55 million (LE 20 million) for early disability detection and health intervention.

Oversight institutions

The **legislatures** in all four assessment countries plays a significant role in the discussion and approval of budget proposals, as per their respective Rules of Procedures. Parliamentary committees also scrutinize the audited accounts of government. However, the Open Budget Survey 2015 found that the strength of the legislature to play its public finance oversight role effectively is weak in all four countries.[36] This is no different for climate change finance. While sector or department-related standing committees examine climate change-related policies and

35 IBP has documented the impact of civil society engagement in budget processes, including cases in which CSOs played an advocacy or watchdog role and examples of more collaborative engagements with government, available at: http://www.internationalbudget.org/data-evidence/case-studies/

36 For this and all references to the Open Budget Survey or Open Budget Index in this section: IBP, Open Budget Survey Results by Country at http://www.internationalbudget.org/opening-budgets/open-budget-initiative/open-budget-survey/country-info/

policy implementation, the assessment finds that legislative committee discussion on climate change finance is rare.

In Nepal and the Philippines specific committees have been set up for climate change. These discuss climate change budgeting issues, although to a limited degree, but the core of budget examination is done by the budget/finance committees — and these may not have a climate change focus. An exception is the Philippines Senate, where the chair of the senate budget committee is also the chair of the climate change committee. This ensures that climate change issues are systematically taken up in legislature budget discussions. However, this combination is not institutionalized so there is no guarantee that it will be sustained when the senate seat turns over. Table. 8 provides more detail on legislative structures, their engagement with climate change finance issues, and their engagement generally and specifically for climate change with civil society.

Table 8: The Legislature and Climate Change Finance Accountability

Country	Open Budget Survey 2015 Score for Strength of Legislature	Legislative structures and engagement with climate change finance	Legislature engagement with civil society
Bangladesh	49 out of 100	The primary committees that are engaged in climate change policy and finance are the Standing Committees on Public Accounts, on the Ministry of Finance, Ministry of Planning, and Ministry of Environment, Forests and Climate Change.	There is very little engagement between parliament and CSOs on climate change.
India	39 out of 100	There are no specific formal climate change committees, although there is an informal group of MPs interested in it. The Estimates Committee examines the budget proposal, and the Public Accounts Committee examines the appropriation accounts, financial statements, and audit reports. Departmentally related standing committees deal mostly with climate change issues.	The legislature has limited engagement with civil society. While there are several CSOs that work closely with legislators and provide research support (in the form of data, evidence, and studies) to legislative deliberations, such as the Parliamentary Legislative Research and the Centre for Legislative Research and Advocacy, very few focus on climate change finance. However, there is engagement and collaboration between MPs and CSOs that is contributing to better climate change policies and implementation.

Table 8: The Legislature and Climate Change Finance Accountability			
India (con)	39 out of 100 (con)	Legislative engagement with climate change finance is nascent. After the UNFCCC Conference of Parties is held, the executive updates the legislature on any developments in India's positions on the international debates and commitments, but this generally has little effect on domestic climate change actions. Outside of this engagement, there is virtually no specific engagement on climate change finance.	For instance, there is important work being done by a CSO called Climate Parliament, on renewable energy incentives and financing.
Nepal	18 out of 100	The Committee for Environmental Protection has both legislative and oversight functions, which includes work on climate change. It has recently formed a climate change working group with the aim to build the capacity of parliamentarians on climate change. The committee has not yet worked with or engaged with the climate-tagged budget that is published as part of the budget speech and the estimates. Other key committees are the Finance Committee and the Public Accounts Committee, which have a budget approval and public accounts oversight mandate, respectively.	CSOs can make representations to the legislature on issues that the legislative committees will take up if a petition is considered to have merit. The Public Accounts Committee holds hearings on a select few audit reports. Otherwise, there is not a practice of formal hearings in which the public can participate in the budget cycle.

Table 8: The Legislature and Climate Change Finance Accountability			
Nepal (con)	18 out of 100 (con)	UNDP Nepal is engaging parliamentary committees on Climate Finance Scrutiny. A draft Climate Budget Review Toolkit for parliamentarians has been shared with members of the Standing Committees on Finance and Environment which have approved it The toolkit is being jointly published by the two committees of the Parliament.	
Philippines	36 out of 100	With regard to climate change policy and finance, the most relevant committees include: Senate Finance Committee and House Appropriations Committee; House and Senate Climate Change Committees and other environment-related committees (Environment and Natural Resources, Reforestation, Land Use, Ecology); and House and Senate Energy Committees. Each senator and representative have access to research staff. The Climate Change Committee of the Senate, for one, has not engaged with or used the climate change tags in the budget.	The primary formal participation mechanism provided by the legislature is holding public hearings on policy and budget deliberations. In addition to these hearings, at least some, if not most, of which are "invitation-only," legislators and their staff meet with CSOs individually to tap the organization's particular issue or sector expertise or in response to a policy proposal or call for reform.

The **Supreme Audit Institution (SAI)** in each of the four countries is independent from the executive and has responsibility for the financial and regulatory audit of all government funds. In Bangladesh, India, Nepal, and the Philippines, the SAIs also undertake performance/value for money audits of select programs and activities. The Open Budget Survey 2015 found that the strength of the SAI in all four countries is adequate to fulfill their oversight role, with the Philippines scoring well at 92 out of 100.

Table 9: The Open Budget Survey 2015 Scores for the Strength of the SAI	
Bangladesh	75 out of 100
India	75 out of 100
Nepal	75 out of 100
Philippines	92 out of 100

Not one of the SAIs have a specific climate change-oriented function, so they treat climate change funds in public budgets on the same basis as all funds. While the Philippines SAI is particularly strong on participation, others have fewer or newly emerging mechanisms. Specifically:

- In **Bangladesh** the Office of the Comptroller and Auditor General (OCAG) is responsible for auditing the accounts of all ministries, governing authorities, and statutory organizations which is mostly geared to compliance and financial audit. It also conducts performance audit on a limited scale to assess whether the best value for money has been achieved in the utilization of resources. The OCAG submits its audit findings to the government and the parliament's Public Accounts Committee for review and follow up on any recommendations. As part of this review and follow up the committee conducts hearings to provide officials from audited ministries an opportunity to respond to the audit findings. The OCAG is independent under the terms of the constitution and has the authority to determine the scope and extent of its audits. The OCAG has stated its intention to increase transparency to ensure that the public and media have access to Audit Reports and other information on its work, compliance, performance and special audit reports are published on its website at the following address http://www.cagbd.org/audit-list/1/Compliance-Audit-Report-Archive) . It has no formal mechanisms to engage CSOs or citizens. In terms of media engagement, the OCAG will conduct press conferences when it submits audit reports to the President and the Prime Minister in order to publicize the findings of audits and generate external pressure on the government to respond to the recommendations[37]. The OCAG has no division or desk charged with oversight of climate change programs, activities, and projects, but it has audited more than 100 climate change projects (with qualified audit findings in each case).[38] It has also recently issued directives to two relevant audit directorates (the Foreign Aided Project Audit Directorate and Civil Audit Directorate) to take up the performance audit of two climate change projects (a BCCTF project and one from BCCRF). The necessary technical support for developing relevant criteria for inclusion of climate dimension in audits is being provided by the Inclusive Budgeting and Financing for Climate Resilience (IBFCR) Project.
- In **India** the Comptroller and Auditor General (CAG) produces financial and performance audit reports on all public sectors, including conservation and protection of the environment, as well as issues related to climate change. The CAG has an advisory committee that includes civil society representation, although actual representation has been intermittent. In practice CSOs have met with CAG officials to submit written recommendations on potential audit subjects, but this is on invitation only. To date there has been little, or no, effort by the CAG to engage CSOs or the public with audit findings related to climate change finance. While the CAG fulfills one of its oversight responsibilities by submitting its audit findings on climate change finance to relevant parliamentary committees, there is little initiative on the part of legislators and CSOs to use these CAG findings to hold the government accountable. An informal symbiotic relationship exists in practice between the CAG and the media. The

37 The Auditor General does not submit his reports to the Public Accounts Committee. Once tabled before the House by Finance Minister, they stand referred to Public Accounts Committee.

38 "CAG Office Finds Audits on Climate Change Fund Authentic," The Financial Express, 30 March 2016, accessed on 9 September 2016 at: http://www.thefinancialexpress-bd.com/2016/03/30/23673

CAG's office regularly scans the press to determine subjects for audits, and media regularly covers CAG reports. Coverage of the more sensational audits, like that on irregularities in the allocation of 2G Spectrum and the Allotment of Coal Blocks, have led to public outcries against corruption, ultimately resulting in electoral repercussions. To date, however, none of the issues covered have been about accountability for climate change funds, although the CAG has provided strongly critical assessments of the effectiveness of government expenditure on flood protection as part of several audit reports at state level.

- In **Nepal** the SAI is the Office of the Auditor General of Nepal. Its responsibility is to audit the accounts of government for both the accuracy of the accounts and the regularity and propriety of the accounts. Since 2013 it also started undertaking performance audits with civil society and citizen participation. The office has worked with a multi-stakeholder group, including civil society partners, to develop the framework for citizen participation in performance audits. Initial audits with such participation have been conducted in health and transport. Topics for performance audits are selected by the SAI, with support from an advisory committee. It has entered agreements with partner CSOs that clarify which groups are working in which sectors. CSOs assist with the implementation of the audits, including organizing focus group discussions with users of services. The findings from the Office of the Auditor General are presented to the President who then sends the report to the Parliament where Public Account Committee discusses the findings of the report and take final actions. Sector committees, such as the Environmental Protection Committee, can also use the audit reports for follow up with MDAs falling under their oversight. The Office of the Auditor General engages with the media through press releases, in order to disseminate findings more widely. Follow up to audit recommendations in Nepal, however, is weak.
- In the **Philippines** the Commission on Audit (COA) undertakes regularity and financial audits, as well as performance audits. It is a well-respected SAI, and its Open Budget Survey 2015 score for SAI strength is 92/100. The COA interacts regularly with the legislature and is generally regarded with respect and credibility by both houses. Having said that, when the COA is auditing the finances of the two houses, relationships can sour. Congress will routinely ask COA officials to appear as resource people before its hearings and inquiries, and the COA submissions are typically given much weight and credence. In addition to maintaining a public hotline and fraud alerts desk through which people can report potential problems with the use of public funds, the COA interacts with the public in general, and CSOs in particular, through the Citizen Participatory Audit. In a Citizen Participatory Audit the COA includes the public, primarily through CSOs, in audit teams to provide inputs into audit objectives, methodology, and scope; gather data; and assist in assessing the data for the audit findings and recommendations. The most recent climate change-related Citizen Participatory Audit assessed how the government managed the funds for the response to the devastation caused by Typhoon Yolanda. The COA also engages with the media, primarily through its website. It is however open to media interviews.

Besides the legislature and the SAI, other actors in the countries also play, or could play, a role in accountability for climate change finance. These are Offices of the Ombudsman, as well as country-specific units within the executive, like the Implementation Monitoring and Evaluation Division in Bangladesh. While this unit plays a key role in formal accountability within the executive – insofar as it reports to the National Economic Council and its executive committee – it could play a role in transparency and contribute to accountability by publishing its reports. Finally, while the assessments did not come across any instances of the courts getting involved in climate change finance accountability, it is not difficult to imagine that this could occur, particularly for example, if constitutions or legislation create obligations in relation to climate change that the executive must fulfill. The 2015 Nepal Constitution includes environmental rights in the bill of rights: this could be the basis of court action, especially given the growing international case law on human rights litigation.

Box 5: Intersection of Climate Change Finance and Gender

The assessments found that in all four countries studied, there were explicit links between climate change action and concerns about vulnerable populations, particularly women and the poor, in policy and legal frameworks.

- In Bangladesh the Climate Change and Gender Action Plan (2013) establishes the framework for mainstreaming gender equality into climate change policies, strategies, and interventions, as well as addresses the need to integrate women into the planning and policy process.
- In India the National Action Plan on Climate Change acknowledges the particular vulnerability of women to the impacts of climate change and calls for special attention to be paid to aspects of gender in all adaptation programs.
- In Nepal the National Adaptation Programme of Action to Climate Change specifies gender as a cross-cutting sector and calls for gender to be taken into account in the development of all adaptation strategies due to women's particular vulnerability to climate change impacts.
- In the Philippines the National Framework Strategy on Climate Change calls for ensuring "equal and equitable" protection of women and other vulnerable groups, and the National Climate Change Action Plan identifies gender mainstreaming as one of the main cross-cutting actions that are to be integrated into the six strategic priorities identified in the plan.

By integrating these commitments to gender equity and ensuring the resilience of women, and other vulnerable populations, into their climate change plans and strategic frameworks, the governments in the four countries have provided a foundation for holding government to account for its commitments around gender and climate. However, just as with climate change finance in general, translating the potential for accountability into real accountability around gender requires there to be a fully functioning formal system of accountability and a fully functioning accountability ecosystem. Advocates for women and gender equity will need the same access to detailed, comprehensive, timely data on how climate change-related expenditures address gender, as well as opportunities to use this information to participate through the budget cycle. Unfortunately, the gender component of climate change-related expenditures is a further layer of detail that the governments of the study countries are currently failing to publish, as it often depends on the preliminary existence and capacity for gender analysis and gender responsive planning and budgeting. Overall, the same weaknesses in the formal systems around participation the assessment found for climate change finance accountability apply to gender, as well.

In terms of the accountability ecosystem, it will be imperative for CSOs that focus on gender equity and women's issues to begin to get engaged in climate change processes. This was not happening significantly, or at all, in any of the four countries, primarily because these groups are not fully aware of the connections between an effective climate change response and efforts to improve the lives of women. However, there are some promising signs of movement toward bringing women's groups into climate change accountability efforts, in particular by CSO networks and coalitions, like Social Watch Philippines, that include in their membership a range of CSOs with particular sector or issue agendas. After its work on tracking the government's response to Typhoon Yolanda, Social Watch has called on its member organizations to apply a climate change lens to their individual agendas. This is a good opportunity to inform gender-focused groups, as well as those working on behalf of other vulnerable people, about how climate change can have particular impacts on women and the poor and to formulate concrete steps (including identifying climate change finance capacity gaps) for ensuring that climate change mitigation and adaptation activities and programs address the needs of the most vulnerable.

Summary: Foundations for climate change action in place but finance accountability lags

The description and analysis of the formal accountability systems here points to a climate change planning and finance system that is still emerging. All four countries have established strong policy and planning frameworks for climate change with the development of policies, strategies, and/or actions plans and substantive efforts to integrate climate change response with national development plans. And, they have supported these frameworks with clear assignment of institutional roles and responsibilities for coordination and monitoring of the mitigation and adaptation measures in the plans. However, mechanisms to manage the financing of these measures and to ensure accountability are still relatively weakly developed. This is not only — or even primarily — because efforts to develop and implement systematic, institutionalized climate change tagging systems are already underway in only two of the four countries but more because the core budgeting systems in all four countries have varying weaknesses relating to the availability of public finance information, the oversight institutions (particularly the legislature), and public participation throughout the budget process. While the assessments found that there is significant room to improve these systems and institutions, there are both internal and external incentives to do so, including the pressure on governments to respond effectively to climate events and resultant impacts on people while ensuring that development plans progress, as well as the global focus on countries collectively addressing the climate change threat. The nascent stages of countries' climate change finance accountability systems also present an opportunity for civil society, media, and other accountability actors to help shape these systems and embed in them space for meaningful engagement of non-state actors in decision making and oversight.

3.6 Role and engagement of non-state accountability actors

Participation from non-state actors in the processes around the budget cycle is a key element of a functioning climate change finance accountability. The potential roles of these accountability actors include both direct and indirect engagement with government actors, formal oversight institutions, and other climate change actors like international development partners.

Direct engagement roles include participating in strategy preparation or lobbying to influence policies, plans, and strategies on climate change; participating in budget processes by engaging and lobbying the finance ministry/planning ministry and delivery ministries on the incorporation of climate change in budget frameworks and allocations; participating in design, management, monitoring, review and evaluation processes of climate change service delivery programs and projects; and engaging audit institutions and parliament as participants in climate change finance oversight processes or informally to lobby on climate change issues. Indirect participation refers to instances when accountability actors raise awareness on climate change financing; undertake workshops; conduct expenditure surveys or social audit processes; undertake research/analysis; and/or publish and publicize information on climate change.

The study looked particularly at participation by civil society organizations and the media on climate change finance in the case study countries to identify emerging good practice, as well as to identify the factors that enable these actors to undertake some of the roles above, or that detract from their capability to do so. This section sets out the key findings in this regard.

Country-by-country: CSO and media engagement in climate change finance Accountability

The teams found examples of CSOs undertaking budget work in some form in each of the four countries. While the specific instances of climate change finance work provide a perspective on the work that is typically done by country, it is not intended to be exhaustive. The team had limited time to track down groups undertaking climate change finance work, especially at the local level, but a number of common themes emerged, including limited collaboration among CSOs — true of CSOs in the environment/climate sector but also across sectors — and limited interaction between CSOs and other accountability actors, as well as external support for climate change finance work that is incomplete (i.e., front-loaded capacity building support without ongoing technical assistance) or not sustained.

The teams also engaged with respondents from government, civil society, the media, academia and donors on the role played by the media in climate change finance accountability. Across the countries the picture that emerged was very similar, with capacity constraints, event-driven approaches to news, and lack of information being common constraints. There were however instances reported in which the media played a significant role in publicizing work, thereby facilitating the impact of the work on accountability.

A brief summary for each of the countries is provided below.

BANGLADESH

Civil society

The Bangladesh fieldwork found that while there are CSOs engaging government on climate change policy and CSOs undertaking budget work, there are very few cases of CSO climate change finance monitoring, tracking, or analysis. There are significant examples of CSOs working on good financial governance issues generally, like the Manusher Jonno Foundation and Unnayan Shamannay, and engaging in climate change work with communities, including BRAC and the Coastal Development Partnership, or lobbying government on climate change (the Climate Change Development Forum).[39]

Indirect engagement with government and accountability actors

Where CSOs do engage on climate change finance, it has been primarily around urging more domestic budget allocations; greater transparency on climate change funds channeled to Bangladesh or allocated by government; and better integration of the NCCAP with the national development plan and the national budget.

- EquityBD, for example, organized a workshop in 2014 to engage the state Minister of Finance on climate change finance in the national budget. The organization presented its keynote paper, which looked at the governance of the Climate Change Trust Fund, and the lack of integration between the NCCAP, the national development plan, and the budget.

39 A more in-depth analysis of the role of international and national CSOs in the delivery of climate change finance can be found in the 2012 Bangladesh Climate Public Expenditure and Institutional Review at: https://www.unpei.org/sites/default/files/e_library_documents/Bangladesh_Climate_Public_Expenditure_and_Institutional_Review_2012_0.pdf.

- The Network on Climate Change, Bangladesh, lists campaigning for climate change financing as one of its objectives and has organized various roundtables and discussions with civil society and government on broad climate change finance topics, but it is not regularly engaging in sustained budget analysis and monitoring.
- Transparency International's Climate Change Governance program in Bangladesh is also focused on improving the governance of climate change finance through research and lobbying focused on improving systems. In 2013 it published an Assessment of Climate Change Finance Governance, which is considered a key reference on the topic.[40] However, TI's program does not undertake systematic monitoring or analysis of financial flows to climate change measures. Transparency International Bangladesh has also been organizing the Dhaka Integrity Dialogues on Climate Finance and Governance in South Asia, with the second dialogue of two happening in September 2017. At the event, government stakeholders, public accountability actors like the SAI, private sector representatives, donor partners, think tanks and CSOs discussed the challenges related to climate change finance definition, mobilization and delivery in South Asia.[41]

Direct engagement with government and accountability actors

The image is mixed when it comes to direct engagement with Government and Accountability Actors.

There are no formal provisions for CSO participation in budget processes as such, and little acceptance for what can be construed as criticism of government.[42] However, it has been the practice of the government to invite several CSOs to participate in the pre-budget consultation meeting held by the Ministry of Finance. This is a promising step, but these invitation-only opportunities for participation should be opened to all who wish to participate in order to better inform decision making with a multiplicity of voices, including those that may be critical.

Engagement with parliament on climate change finance is limited, and nonexistent with the SAI.

Recently, there has been some progress in that CSOs like International Centre for Climate Change and Development and the Centre for Climate Change and Environment Research are partnering with the government on capacity development on climate change finance. The International Centre for Climate Change and Development has signed Memorandums of Understandings with quite a number of government institutions, such as the General Economic Division, Economic Relations Division, Sustainable and Renewable Energy Development Authority and Local Government Engineering Department, to develop the officials' ability to deal with climate finance issues efficiently and effectively.

CSO representatives are officially included in the Advisory Committee of Bangladesh's National Designated Authority to Green Climate Fund that screens and gives clearance to project proposals for GCF's funding.

---

40 The detailed report can be found at the following link: https://www.ti-bangladesh.org/beta3/index.php/en/publications/4371-an-assessment-of-climate-finance-government.

41 https://www.ti-bangladesh.org/beta3/index.php/en/cfg/173-climate-events/integrity-dialogue/5307-dhaka-integrity-dialogue-2.

42 Bangladesh made a request for a Citizen Platform for Sustainable Development Goals, as recently as December 2016. The platform is a civil society initiative at the national level to contribute to the implementation of globally adopted 2030 Agenda for Sustainable Development. The Platform was formally launched in June 2016 at the initiative of a group of individuals with the objective of tracking the delivery of the SDGs in Bangladesh and enhancing accountability in its implementation process. The concept of the platform was inspired by the participatory and multistakeholder approach promoted as a vital element for success in the attainment of all the SDGs. The platform currently includes 40 Partner Organizations working on SDG issues across the country.

Challenges

Access to comprehensive, detailed and useful budget information constraints work on climate change financing. This is the same for all policy areas. Climate change financing however faces additional challenges insofar as there is no agreement on what constitutes a climate change-related activity or relevant expenditures. Without clear definitions and accepted methodologies, determining what proportion of funding allocations is climate change related is difficult. And, the lack of agreed upon definitions contributes to confusion as different analysts use different methods and their published conclusions will thus be different. The publication of the Climate Protection and Development Report for the 2017-2018 Budget could, however, help stimulate a much needed conversation on the definition of climate change finance in the Bangladesh context.

The work of national CSOs specifically on climate change financing is constrained by a lack of resources, both financial and human, leading to competition for these resources. While CSOs network, and while there are business associations and CSOs with budgeting expertise working on issues around children or gender budgeting, networking between these groups of CSOs does not occur. Respondents observed that national CSOs compete with international NGOs for financing for work in Bangladesh, and that the international NGOs are better resourced to compete for the funds, and also more likely to access decision makers and processes and be heard by government. A similar dynamic plays out between larger domestic CSOs and small local CSOs working at district level and thus better knowledge of local circumstances. The fieldwork also found that while lack of budget information is a problem, the information that is released is in the form of technical budgets and statements that are too complex for CSOs or journalists to understand. Both journalists and CSOs struggle to make budget discussions and issues accessible to lay people.

Media

Although the constitution provides for freedom of expression, subject to "reasonable restrictions," the press is constrained by national security legislation as well as sedition and criminal libel laws, which are occasionally used to arrest and prosecute journalists. Recently, Bangladesh is considered as not having a free press in practice, due to the murders of bloggers, threats and nonfatal attacks against other writers, continued legal harassment of media outlets and press freedom advocates, government-sanctioned economic pressure on certain outlets, and attempts to censor social media.[43]

Despite these issues, media can and sometimes does play a key role in the accountability ecosystem in Bangladesh. For instance, the *Daily Prothom ALO* broke a story of suspected mishandling of funds in the Bangladesh Climate Change Trust Fund and has since published several articles on the implementation of climate change projects. Other print, radio, and television outlets have done several reports on climate change adaptation and climate change impacts in Bangladesh. However, due to a lack of capacity on the part of journalists and limited editorial commitment, the coverage of climate change finance is weak. Besides the occasional article on a specific case of mismanagement of funds, most coverage about the budget is more about broadcasting government plans and reports than raising accountability questions.

43 Freedom House, Bangladesh summary, 2016, available at: https://freedomhouse.org/report/freedom-press

INDIA

Civil society

As in the other case study countries, there are few CSOs working on climate change finance, though climate change groups do engage in the development of climate change strategies like the NAPCC and in estimating the cost of implementation.

Indirect engagement with government and accountability actors

CSOs such as the Delhi Science Forum, the Centre for Science and Environment, the Vasudha Foundation, Centre for Budget and Governance Accountability (CBGA), the Centre for Policy Research, and the Institute of Financial Management and Research (IFMR) have undertaken some studies that touched on the financing of climate change. However, these are very few and mainly focused on mitigation, with little work on tracking adaptation spending. The exceptions include some efforts to track adaptation spending in the budget by the Centre for Budget Governance Accountability and IFMR (see list below). Otherwise, climate change finance work is mostly costing climate change measures, facilitating dialogue and capacity building, support for applications to climate funds or assessing the systems for climate change financing. For example:

- The Shakti Sustainable Energy Foundation undertakes technical work on the cost benefit of prioritizing low carbon initiatives. It also sponsors dialogue between stakeholders on climate change. However, it does not do work on monitoring or analyzing how existing resources for climate change mitigation are used.
- The Centre for Policy Research has undertaken work with the UK Overseas Development Institute on the institutional arrangements for coordination of climate change financing.
- The international CSO Climate Parliament works with members of parliament to undertake parliamentary campaigns, for example, putting pressure on government to make changes in climate change policies or implement climate change projects in their constituencies and to develop low-carbon development plans and cost these for their constituencies. It hosts workshops with members of parliament at Union and state level to raise awareness and build capacity. Its engagement on climate change finance as such, beyond costing proposals for expanding climate change measures with members of parliament, is limited.
- The Delhi Science Forum reviews and critiques existing climate change response strategies, suggests new or alternative strategies, and assesses the funding requirements of different strategies.
- In 2009 the Centre for Budget and Governance Accountability conducted a study that assessed the Union budget, setting the parameters for evaluating government budgets in the country from the lens of climate change to see how responsive budget policy is to the adaptation needs emerging from climate change.[44]
- The Institute for Financial Management and Research reviewed all public expenditure in the state of Odisha and applied a systematic approach to classifying expenditure. This was used to influence the way in which the state government classifies climate change expenditure and, hence, the virtual budget tables that are produced in the state's annual climate change progress report.
- The Vasudha Foundation has prepared a handbook on climate finance in India.

44 K. Ganguly and G.R. Panda, "Adaptation to Climate Change in India: A Study of Union Budgets," Centre for Budget and Governance Accountability and Oxfam India, 2009.

Direct engagement with government and accountability actors

Respondents also noted that while government is open to engaging civil society on India's positions in international forums, there are fewer opportunities for engagement on how climate change measures will be or are financed through the national budget, and the opportunities for influencing budgetary decisions in the budget process is limited to large, trusted capital city-based CSOs. There is also a lack of opportunities to engage with parliament and the Comptroller and Auditor General. Though there has been limited interaction among CSOs, some with deep public finance expertise, like CBGA, have undertaken efforts to build the capacity of climate change/environmental CSOs to read, analyze, and monitor how the government is financing climate change responses through the budget.

Challenges

There is a serious lack of capacity among CSOs, particularly at the state level, to undertake research and advocacy on climate change finance. Limited financial resources available for the work mean that few CSOs can develop the capacity. Despite good capacity and good practice examples of CSOs undertaking general budget analysis, monitoring, social audits, and budget advocacy work in other sectors, the fieldwork did not find many examples of cases where this expertise is applied to climate change finance (besides the Centre for Budget Governance Accountability). CSOs also reported being severely constrained by not being able to access detailed information on climate change finance, although this varies by state. At the Union level, while the government does make some budget information publicly available, it is not detailed enough or presented in ways that are accessible and user-friendly (i.e., available in machine-readable formats). This is particularly the case with climate change-related expenditures due to the lack of established definitions. In terms of accessibility, ministry websites are not very user friendly and access to hard copies of relevant reports can be challenging, particularly budget data from previous years. Lack of information is even more problematic at the state level, at which around 60 percent of public spending is managed. The experience of civil society and academic analysts and researchers is that, in most states, getting access to information requires personal relationships or Right to Information requests, which can be complex and time consuming. However, there are some states for which public finance data is available online at a level of detail that is sufficient for climate change classification.

Media

India has a vibrant media sector, which is considered to be the most free in South Asia. However, according to Freedom House, journalists reported difficulty in gaining access to government officials and expressed concern over heavy-handed government censorship. Journalists and writers reported receiving threats in connection with their work, and at least one journalist was killed in connection with his reporting in 2015. Violence is encouraged by a prevailing climate of impunity. Other factors are legal actions against journalists and editorial interference by media owners.[45]

On climate change, the quantity and quality, and the frequency, of the media coverage has improved over the years, but it is centered on coverage of events like Paris negotiations and natural disasters. There is much less coverage of the government's management of climate change finances, unless there is a scandal involving corruption or mismanagement. Fieldwork respondents in India felt that most journalists do not have the capacity to present critical analysis of public budget policies and implementation; they tend to rely on public policy experts in civil society think tanks or academia to contribute to this coverage. This is the same with climate change finance, if not more so given the complexities around definitions and tracking discussed

45 Freedom House, India summary, 2015 and 2016, available at: https://freedomhouse.org/report/freedom-press

earlier. The media in India reaches out to civil society and academia as valuable sources, and CSOs and think tanks also regularly engage the media to publicize their research and campaigns. CSOs also undertake capacity building of media, but respondents felt there is an urgent need for capacity building on climate change finance. The media, like CSOs, also struggle with access to information. The formal route for media to contact officials with questions is through the public information bureau officer within each ministry. So there is the appearance of openness to the press, but in reality this is not always the case. Government officers tend to agree to meet the press only when they want to communicate information, not when they are being questioned.

NEPAL

Civil society

A number of CSOs in Nepal are active on climate change issues, including both national and international CSOs. The groups undertake research and both lobby government and support it in the development of climate change policies and responses. There are also a few CSOs working on general budget issues, such as the National Council for Economic and Social Research, which works at the local level, but also prepares a civil society budget each year as an exercise at budget time, and the GoGo Foundation, which works in participatory budgeting and with the SAI on citizen participation in audits. However, very few CSOs undertake work on climate change financing. For the groups that are starting to do work in this area, the catalyst was working on the Nepal leg of the Adaptation Finance Accountability Initiative (AFAI), a joint project launched in 2012 by Oxfam, the World Resources Institute, and the Overseas Development Institute that focused on working with CSOs to understand and track international climate change financial flows in Nepal, Philippines, Uganda, and Zambia. The partner in Nepal was the Clean Energy Nepal, which also engaged other groups. While not all of the examples that follow come out of the AFAI, the respondents to this assessment linked their capacity to now start applying their new finance knowledge and skills to domestic climate change financing to the AFAI experience. The groups were drawn mostly from climate change/environmental backgrounds.

Indirect engagement with government and accountability actors

Beyond their involvement in the development of climate change strategies and plans, representation in the governance of climate change institutions, and involvement in local-level regulated participatory planning, monitoring, and social auditing processes, CSOs appear to mostly take on indirect participation roles and relying on workshops, the media and civic action for influence. Examples of this work include:

- The Prakriti Resource Centre undertakes research and dialogue to bring about improved policies and action on climate change. It is continuing the work started under the AFAI initiative but is now also turning to the domestic budget. It has published on climate change finance governance and is supporting government to access global financing such as through the Green Climate Fund.
- The Digo Bilkas Institute is working on setting up a website that will enable visitors to use open government data to track information on the financing of climate change adaptation, track money from national to local level, and create data visualizations.
- The Nepal Disaster Risk Reduction Center has been working in partnership with the Ministry of Agriculture Development, and with UNDP support, on the Impact of Climate Change Finance in Agriculture on the Poor and Vulnerable. NDRC found that climate finance investments had positive effects on the socioeconomic status of farmers. Increases in climate finance

investment increased household incomes (especially among the poorest 20 percent) and crop yield increases were noted. The investments also led to an increase in crop diversification, which improved food security and livelihood options for farmers. However, the study also found that information on vulnerabilities related to climate, poverty and gender was not always used in government decision making, despite its availability.

- The Freedom Forum is involved in budget work more generally, including as the IBP partner in the Open Budget Survey, by publishing guides to the budget and in a project in which it used right to information law to gather and analyze data on the use of constituency development funds in all the 75 districts of Nepal. With the support of UNDP it tracked a climate change allocation from national to local level through a Public Expenditure Tracking Survey (PETS) of Cooperative farming, Small Irrigation and Transportation of Seeds and Fertilizers program.[46] Subsequent to this project, Freedom Forum again partnered with UNDP to produce and publish a Citizens Climate Budget on 6 August 2017.[47]
- In August 2017 a national consultation was held to disseminate the results of ongoing work on climate finance in Nepal and findings of recently undertaken research on the effectiveness of climate finance in the agriculture sector.[48] Though the consultation was hosted by government, it was attended by a number of CSOs and media. The discussion generated many questions about how this type of research can be scaled up, as these pilot initiatives only give a glimpse of the situation on the ground. It was reiterated that the Inter-Ministerial Committee on the Climate Change Financing Framework will discuss the next areas of research that should be undertaken as it provides the right forum to identify areas where there is an information gap currently.
- The Climate Change Network Nepal is a loose coalition of national and international CSOs and donors. The network was established to raise awareness on climate change at the local and national level, coordinate among the partner organizations, jointly advocate for action for appropriate climate change mitigation and adaptation measures, and establish a strong community-based focus as an information-sharing platform. The forum however has not been active recently, primarily because the funding that allowed it to be formed is ending.

---

46 The PETS was conducted among the beneficiaries associated to 20 farmers' groups/cooperatives that received grants through the District Agriculture Development Office (DADO) in Bardiya and Udayapur for the fiscal years 2013-14 and 2014-15. The PETS has examined the flow of money and status of compliance of the government-enforced Guideline to manage small irrigation special programme. The budget execution rate in both countries was found to be quite high at approximately 90%.

47 See the "Nepal's Citizens Climate Budget: where is Nepal's money being allocated?" which visualizes budget figures and trends in a set of simplified infographics for the public. It uses information from the Ministry of Finance and other government agencies to provide the public with insights into how the national budget is being allocated to address climate change and its effects. The report is found in English and Nepali at: http://www.np.undp.org/content/nepal/en/home/library/environment_energy/nepals-citizen-climate-budget-booklet.html.

48 It was chaired by the Ministry of Agriculture Development, with the Joint Secretary, Budget Division of the Ministry of Finance as the Chief Guest. The event was attended by a mix of other government agencies, CSOs working on climate change, media representatives, as well as universities and research centers. More details can be found at the following link: https://www.climatefinance-developmenteffectiveness.org/sites/default/files/nepalWorkshop.pdf

Direct engagement with government and accountability actors

Respondents noted that there are no meaningful opportunities to participate directly in processes at the national level. The finance ministry does consult formally in the budget process, but the consultation is by invitation and directed more at "traditional" budgetary stakeholders like private sector business associations, professional associations of teachers and health workers, and labor organizations. The finance ministry noted that its doors are always open for consultation, but that few organizations approach it, and none on climate change. Some emerging examples of how CSOs are undertaking more direct climate change finance accountability work include support that Practical Action Nepal, the local office the international NGO, has given to ministries and government entities to integrate climate change into their planning and budgeting frameworks.

While civil society organizations are called on to provide inputs and support to parliamentary committees, this is not systematic or linked to budget processes. A number of individuals working in civil society organizations, and in some cases the organizations themselves, however, are directly involved in executive processes as consultants or contracted support organizations. This is a very direct pathway of influence, but may not necessarily deliver accountability in all cases.

Challenges

Expanding this nascent work on climate change financing will require better, more detailed information on budget expenditures than what is currently available. Information on the financing and expenditure for specific projects and programs is not publicly available, making it difficult for CSOs to monitor and track the financing of climate change measures, particularly those that expenditures that represent marginal expenses on ordinary development projects.

Media

Press freedom in Nepal is guaranteed under the constitution but, in practice, government struggles to uphold this principle.[49] Threats, for example, occur against reporters covering protests.[50] Respondents to this study thought that in Nepal the media has limited internal capacity to engage on both climate change and budget/public finance issues. While there are environmental journalists, as well as journalists covering public finance, the newsrooms tend to be organized by "beats" and the economics/finance beat, where the government budget usually sits, and the environment/climate beat do not consistently connect on climate change finance. The result is that while the media does cover climate change issues, this coverage is rarely about financing, unless publicizing research and findings by researchers/CSOs. This, however, is an important role, given that access to budget processes and decisions for CSOs is mostly indirect. For example, when CSOs campaigned for support from development partners for climate change adaptation measures to be provided as grants rather than loans, as was the original intent, the media took up the issue and was important in generating enough pressure for the campaign to be successful.

49 Freedom House, Nepal summary, 2015, available at: https://freedomhouse.org/report/freedom-press/2015/nepal

50 "Covering Protests Dangerous," The Himalayan Times, 16 April 2016.

THE PHILIPPINES

Civil society

The Philippines has a broad-based, vibrant, and skilled civil society, with a number of CSOs that engage in work to promote transparent, responsive, and accountable public finance management and a number that work on environmental and climate change issues. While there is some overlap, in general the CSOs working on climate change have undertaken very limited work on climate change in budgets, and have limited capacity to do so. At the same time, there are also few "budget groups" currently undertaking climate change-related budget analysis, monitoring, and advocacy. Over the last few years, however, there has been growing interest in and engagement on climate change finance by both environmental and budget groups, and representatives from both have expressed the desire and need for them to deepen this work.

Indirect engagement with government and accountability actors

Much of the indirect engagement around climate change finance monitoring in the Philippines has centered on tracking the use of climate disaster reconstruction funds and supporting other accountability actors, including:

- Social Watch Philippines is a CSO network of over 100 organizations and individuals is committed to helping to strengthen the capacities of poor and vulnerable people to engage in government budget processes, particularly at the local level. It has explicit commitments to social, economic, and gender justice and produces and publishes alternative budget proposals in response to the national and local budget proposals. These alternative budgets are the basis of their advocacy for increased allocations to such critical social services as health, education, and social protection. On climate change specifically its public expenditure tracking surveys of Typhoon Yolanda expenditure is highlighted above.
- The Philippines Center for Investigative Journalism (PCIJ) is a long-time IBP partner. It builds the capacity of journalists to cover budget-related issues, including monitoring and reporting on government budgets and other public finance-related issues, and produces media coverage and online resources focused on public finance governance and accountability. PCIJ, however, despite a strong environmental focus in its early years, has not been deeply engaged in climate change-related finance issues until recently when it worked with journalists of the government's management of funds for the rehabilitation and reconstruction effort after Typhoon Yolanda.
- Caucus of Development NGOs' (CODE NGO) main focus is on social development work but it includes the environment and gender in its agenda and has begun to undertake climate change finance work. Specifically, it was beginning a project around the time of the fieldwork to partner with other CSOs to monitor how disaster relief funds are budgeted and utilized at the local level.

Direct engagement with government and accountability actors

The Philippines has a strong culture of civil society engagement with government and oversight bodies and broad recognition among state actors of the important role of civil society in policy making and accountability. However, it is not clear whether the formal opportunities to engage in climate change-related budget and fiscal processes are open to a wide range of CSOs or allow civil society to substantively influence decisions. Government and formal oversight actors interviewed and scans of relevant policy documents indicated procedural screening processes for the CSOs that would be invited to participate in such spaces as legislative hearings, Citizen's Participatory Audits, and Budget Partnership Agreements (in which line ministries consult with CSOs that are part of the agreement in the budget process). The CSOs most likely to be engaged are those with scientific or technical expertise, which are unlikely to bring into such processes climate change concerns around women and the poor. And, even for those CSOs invited to

participate, the spaces tend to be more on the policy side than the budget. Still, there are some promising examples of CSOs direct engagement, including:

- The Institute on Climate and Sustainable Cities (iCSC), an environmental group taking up monitoring climate change finance, is the research partner for the Philippines for the AFAI. While the work has not been completed due to shifting funding priorities after Typhoon Yolanda, iCSC has continued to develop its understanding of how external and domestic funds for climate change adaptation and mitigation are managed. It is a member of the People's Survival Fund board and has used this position to reach an agreement with government to support LGUs to formulate proposals to the fund. It has also tracked projects at the local level with findings on weak engagement with local communities and lack of accountability around procurement. Importantly, iCSC engages with the legislature, including on budget formulation and oversight. It uses the hearings of the houses of Congress before budget approval to lobby for better climate change policies, and also engages members of the legislature through policy briefings and capacity building.

In addition to the examples of climate change finance accountability work to date presented above, the fieldwork identified several other potential civil society/academia actors that could play accountability roles going forward. These include:

- Aksyon Klima, formed to monitor the UNFCCC negotiations, is seen as one of the main climate change civil society networks in the Philippines. Its 40 domestic and international members are divided among clusters and focus on the themes of finance (to date has been primarily international climate change finance), adaptation, mitigation, and technology transfer. The network is not currently engaged in climate change domestic budget accountability though it potentially could be a platform for expanding such work. However, it faces some challenges in network coordination that could hinder its ability to initiate and support what would be a new line of work for many of its members.
- The Philippine Movement for Climate Justice is a broad civil society movement that comprises 103 national networks and coalitions and local organizations. Its members focus on various public service and environmental sectors, and the movement has a particular focus on vulnerable and marginalized people, including women and indigenous people. Their main climate change finance focus to date has been around advocating for more international assistance on the basis of "climate justice." Though it has not played a substantial role in domestic climate change finance accountability, it has been engaged on the policy side of the country's climate change response.
- The Ateneo School of Government at Ateneo de Manila University is undertakes work on budgets and climate change policy.

Challenges

The fieldwork found that CSOs engaging in climate change finance did not have a good grasp of how the climate change tagging system works to facilitate their climate change financing work. However, even if they were able to use these codes, access to detailed budget information on climate change-related expenditures that includes location and purposed of projects, procurement procedures, timelines, success indicators, and progress is severely limited, constraining budget analysis, monitoring and tracking work.

While some national CSOs are relatively well resourced – taking into account that sustainable financing of their work is an ever-present struggle – the capacity and sustainability of locally based CSOs were noted as an issue in a decentralized context like the Philippines. CSO engagement in climate change accountability is constrained by the capacity and sustainability of Philippines CSOs that are based at the local level, which struggle for funds and from high turnover. Nationally based CSOs have better capacity and are better resourced. There are existing

networks of CSOs however, including Social Watch, which allows local CSOs to participate in initiatives, drawing on network expertise and applying their local knowledge and access.

Media

The media in the Philippines is considered to be one of the most free in the South-East Asia region, and there is a history of a strong, independent, and critical media. Both government and society generally support press freedom, though journalists have faced threats or harm at various points in the past.[51]

On climate change financing, journalists suffer the same access to information challenges as CSOs. As in Nepal, respondents reported that there is a lack of capacity for reporting on climate change finance. While there are reporters covering climate change and reporters covering the budget, they do not cooperate. Reporting is also issue-based, with events and launches covered, but no follow-up on progress unless there is an issue like corruption. With some exceptions, many journalists struggle with political numeracy, including that related to public finance data. At the same time climate change discussions are inundated with scientific/technical language that many journalists struggle to understand and make accessible to the public. Journalists also do not interpret issues like food security, health, and other development challenges to be linked to climate change, with the result that these connections are not commonly made and part of public debates. Local-level reporters are more likely over the long-run to cover mitigation and adaptation impact and measures, but face possibly even greater capacity constraints.

Summary: Climate change finance accountability ecosystem still finding its feet

While there is increasing awareness and action around climate change and how efforts to address its impacts are financed among non-state accountability actors, the assessments found a number of gaps in the "accountability ecosystem" that must be filled for there to be a strong external voice for accountability. This includes gaps in the information and opportunities for non-state actors to participate that the formal climate finance system provides, as well as gaps in the knowledge, skills, and relationships of CSOs, journalists, and others to take up their roles. The next chapter will present findings from across the country assessments on what this means for public accountability of climate change finance, again, from an accountability ecosystem perspective.

51 "Freedom of Expression and the Media: Philippines," Article 19 and the Center for Media Freedom and responsibility, December 2005, available at: https://www.article19.org/data/files/pdfs/publications/philippines-baseline-study.pdf



Chapter 4: The "Accountability Ecosystem" findings and recommendations

In order for there to be full climate change finance accountability, there needs to be a well-functioning "accountability ecosystem" in which state (legislatures and SAIs) and non-state (CSOs, media, academia, and citizens) accountability actors engage with one another and the executive to improve climate change-related budget policies, monitor execution, and contribute to oversight. In this chapter we present findings from the assessment on whether the formal system of institutions, processes, and practices described above are adequate and whether accountability actors have what they need to engage with these formal structures and processes to ensure that climate change funds are used to effectively address climate change threats and pursue a sustainable development agenda. Key recommendations for IBP and the UNDP (or other similar institutions), as well as for country actors, are provided in line with the relevant findings.

4.1 Defining and demarcating climate change financing

"Mainstreaming" climate change into development plans and budgets: Despite the substantial risks climate change poses for all four countries, the need to invest in mitigation and adaptation actions is often seen as competing with other development priorities, such as poverty reduction, health, food security, and job creation. This perspective is derived largely from a lack of understanding from those inside and outside of government of the links between climate change and these and other issues. In all four countries there needs to be greater awareness of how

the impacts of climate change (e.g., extreme weather events like drought and flooding, which can lead to food shortages, spread of illness and other health crises, destruction of homes and shelters, loss of income security for those like fisher folk and farmers, among others) threaten progress on several, if not most, efforts to address these issues. While these impacts would be widespread, they would have particular impact on women, children, and other vulnerable groups. Thus, rather than competing, measures to prevent or respond to the potentially devastating impacts of climate change are in themselves developmental. Indeed, climate change adaptation does nothing more than ensure that development continues to take place, despite the threats from climate change. Responding to climate change is a policy lens through which the design and prioritization of actions in other development policy areas can be adjusted to reflect climate change implications, particularly for highly vulnerable countries. The assessment identified promising examples of how this lens is increasingly being applied.

In Nepal and Bangladesh, for example, climate change is incorporated as a key theme in the periodic national development plans of these countries. In Nepal, furthermore, measures like those under the environmentally friendly local governance framework, which integrate climate change concerns into the subnational planning, budgeting, monitoring, and oversight frameworks, also appear to recognize that climate change is not a separate, additional public priority, but one that underlies many other priorities. Also, the climate change expenditure tagging systems used in the Nepal and the Philippines budgets aim to integrate climate change into all expenditure objectives, and so have prioritized it, along with gender tagging.

Recommendations: Those engaged in climate change both at country and international levels need to raise awareness of the link between climate change and development priorities. Organizations such as ***UNDP and IBP*** *could facilitate country level understanding through integrating this message into all engagements with state and non-state actors but more intensively through convening government, oversight institutions, CSOs, and media to discuss the degree to which climate change is or should be concern of development interventions in the country and is or should be integrated fully into overall accountability mechanisms and systems.*

Country-level actors *could undertake awareness raising activities such as:*

- *briefings by those in civil society and government with knowledge of climate change to various stakeholders, including media, CSOs outside of climate change circles, and formal oversight actors*
- *public education campaigns that might partner government, CSOs, and media*

Lack of a clear definition of climate change actions and financing is a stumbling block for accountability, particularly for adaptation finance accountability: In all the case study countries, the priority focus in climate change finance is adaptation, with India also emphasizing mitigation. The adaptation focus has implications for climate change finance accountability in these countries, relative to countries where mitigation is more of a concern. From one perspective mitigation measures can be seen as highly technical and therefore likely to have fewer accountability actors who can effectively engage the executive than adaptation, which to some degree involves the implementation of more ordinary development projects, such as alternative livelihood programs or climate-resilient infrastructure development. In practice however, the very "ordinariness" of many adaptation measures means that these are less discrete, and therefore more difficult to identify and track.

Accordingly, the Nepal, India, and Philippines case studies found that climate change finance accountability suffers from the lack of a clear and agreed upon definition of what qualifies as climate-change related expenditures, particularly for adaptation. This means that MDAs in the countries with nascent "tagging" systems face difficulties even in the simple task of applying the tagging, let alone the more complex tasks of participating in the effective design of adaptation

measures. Likewise, accountability actors find it difficult to identify what counts as a climate change expenditure and thus needs to be monitored and evaluated as part of climate change finance accountability.

This underscores the importance of the need for governments to develop and get consensus on clear definitions of what constitutes climate change finance, versus development funding, and how this will be assessed. In practice, this will require teasing out of each item of expenditure the portion that is climate change relevant, since this allows the real nature of adaptation to be discussed and agreed for those programs with marginal climate change relevance. It would further be important to ensure that public officials, members of parliament, and their support staff, CSOs, media, and the public are versed in the principles used in scoring expenditure and can participate in verifying those scores. Again, in the four countries there are some good examples of such capacity-building already occurring — e.g., the Climate Change Commission in the Philippines undertakes an annual capacity-building exercise with MDAs during the budget process to ensure that the tags and weights are understood, and there is work in Nepal to sensitize local government structures and citizens at village and municipal level on climate change concepts. However, this kind of engagement needs to be broadened systematically to include state and non-state accountability actors. Thus, for example, engagement with key committees in parliament and with active civil society organizations in agreeing on definitions, criteria, and assessment approaches is important to facilitating legitimacy and buy-in.

While these efforts to "define" public climate change finance, particularly as it relates to expenditures, are complex and challenging, as more countries undertake such exercises the lessons that emerge could help bring the global community closer to agreement on robust and tested definitions. There will always be context-specific factors that countries will need to address for their purposes, but a basic model definition that is widely seen as legitimate could greatly benefit country efforts to develop their own systems for identifying climate change-related revenue and expenditure policies, projects, and programs in order to enhance accountability.

Recommendations: ***National lead agencies*** *on climate change should broaden processes that decide how climate change financing is to be defined, classified, and calculated to include external accountability actors. Once definitions are accepted, these agencies should ensure that accountability actors are fully versed with the framework. It will be essential that any systems for defining and identifying climate change expenditures be presented in clear and accessible terms, as it would be in the interests of the lead agencies to have knowledgeable accountability actors in the landscape who engage all MDAs at national and local levels on climate change financing.*

Organizations such as ***UNDP and IBP*** *can advocate for this broadening and can support/build the capacity of state and non-state actors to participate.*

4.2 Transparency on climate change finance

The paragraphs above set out the importance of agreeing across stakeholders what the definition of climate change should be, the criteria for its identification, and how its shares should be calculated. This section deals with key findings on how to ensure that accountability actors can have access to comprehensive, timely, accurate, and useful information on the financing of climate change that is managed through national budgets.

Climate change tagging is possibly more useful for internal government purposes than public accountability. Public accountability is only served if the tagging occurs within robust overall public finance transparency and right to information systems: It seems obvious that the introduction of climate change finance tagging systems in national budgets has to be good for

transparency. To some degree, this is true. The generation of aggregate information on resource allocation and use for climate change mitigation and adaptation is clearly important for countries to track the implementation of action plans and/or report on international commitments. In the Philippines, for example, the information is crucial for the Climate Change Commission for monitoring and evaluation, a key part of horizontal accountability for climate change finance. The Department of Budget and Management, in fact, initiated the tagging system so that government can track spending against commitments and plans. It is also presumably useful in a very general way, for domestic accountability actors who can far more easily track whether government is fulfilling its commitments and addressing the needs of communities — provided that they have confidence in the accuracy of the tagging. For these reasons the use of these tags in two of the case study countries should be noted as progress.

However, it is arguable that meaningful bottom-up accountability requires different and more information than what is provided in the aggregate, standardized virtual climate change "budgets" resulting from tagging systems. It is by now commonly accepted that transparency does not automatically lead to participation and accountability.[52] It is therefore also notable that in neither Nepal nor the Philippines has the availability of aggregate information on climate change expenditures led to the use of this information by the relevant committees of the legislature, or extensively (or even at all) by civil society organizations interested in climate change financing. In Nepal civil society actors who have been involved in the tracking of international climate change expenditure in the country have written about the design of the tagging system but have not actually used the information to track domestic expenditure. It is, however, often referred to as the mechanism by which the Nepal government will monitor its policy of delivering 80 percent of climate change finance at a local level, which has given credibility to its ability to implement that policy. One reason for the lack of take up by CSOs is that they doubt the reliability of the tags: over the three years that the system has been in place, the amount of resources tagged has increased dramatically. Fieldwork respondents noted that they were doubtful as to whether the increase reflects a real effort to prioritize climate change actions, or rather more because MDAs are incentivized to tag expenditures that should not be tagged. In the Philippines CSOs spoke about pulling the information generated by the country's tagging system into a transparency portal on climate change finance that would bring together various pieces of quite fragmented information to facilitate transparency and accountability.

What kind of information is needed for public accountability?

At the same time however, from the examples the fieldwork found, the few organizations that are engaged in actual tracking and holding the government to account on domestic climate change financing, work at a very different level, and so need different types of information in addition to what the tagging systems might produce. For example:

- In the **Philippines** the Institute on Climate and Sustainable Cities has tracked climate change projects at the local level, where it cited weak engagement with local communities and lack of accountability around procurement as issues in project implementation. Social Watch Philippines has undertaken work at the local level to conduct public expenditure tracking surveys (PETS) of Typhoon Yolanda reconstruction and rehabilitation effort in communities, revealing significant issues in the responsiveness to local needs in the reconstruction efforts.
- In **Nepal** the Freedom Forum has started tracking a climate change adaptation spending project from national to local level, albeit as a consultancy for the Governance of Climate Change Finance program of UNDP. . It hopes to be able to use the methodologies developed in tracking one project to track more climate change resource flows.

52 See, for example, S. Khagram, A. Fung and P. de Renzio, Open Budgets, Washington, D.C.: Brookings Institution Press, 2013.

- In **India** the CBGA conducted the analysis of the climate relevance of the Union Budget described above. This is exactly the kind of study that would have benefitted from a climate change tag in union budgets, provided that the basis for each tag was open to examination.

The examples here point to four findings:[53]

First, in line with proposals by de Renzio and Kosack, useful fiscal information is that which is relevant to the needs and interest of citizens, and which is sufficiently detailed to spur them into action.[54] Fiscal transparency that can support citizens and CSOs in holding decision makers to account, given their time, context, and specific interest and motivation, is very different from the aggregate information in standardized accounting formats and highly aggregated data presented in budgets and expenditure reports.

Second, provided that enough ordinary budget information is available, civil society can undertake at least some work aimed at holding government to account for climate change financing — e.g., monitoring the implementation of projects on the ground, analyzing the adequacy of allocations for particular policies or projects, among others — without government publishing virtual budget tables (i.e., climate change budgets based on tagging or other efforts at identification). The CBGA example from India demonstrates this point.

Third, even if the climate change coded tables are published, CSOs also need to have access to information on the grounds on which each expenditure was tagged, so as to also hold public institutions to account for the tagging. In the Philippines, for example, putting the CCET quality control forms online would make this possible and create incentives for MDAs to code accurately in the first place. This would be in the interest of public climate change coordination institutions, insofar as it would be useful support for their own or finance ministry's internal quality control processes.

A fourth relevant finding is that while three of the four countries have right to information laws (there is no such law in the Philippines, though the president did sign an Executive order in July 2016 requiring all entities within the executive to provide complete access to information), there are issues about the implementation of the acts. If the useful information on climate-related programs and projects CSOs need is detailed and specific, functioning right-to-information systems are often critical to CSOs' ability to access information that is not yet published, or may be too expensive to generate systematically and publish proactively. India has had its FOI law on the books since 2005, Bangladesh since 2009, and Nepal since 2007. Studies show that with regard to the implementation of these acts the governments' response rates are low and slow, although there is evidence that CSOs that are trusted by government can obtain detailed public finance information quickly and easily.[55] An interesting case is Nepal, where regulations under the right to information law require MDAs to provide extensive information online, including

---

53 While it is particularly telling that neither of the Nepal or Philippines legislature has used the codes for oversight, the finding with regards to CSOs needs to be qualified. While there is evidence for the findings based on the case studies, further work is required given the limited number of countries in the study, and the limited number of CSOs that undertake climate change budget work. It would good to understand, for example, how many CSOs use the gender codes that are also part of the Nepal budget, and for what reasons.

54 P. de Renzo, "Research on Incentives for Openness for Governments" Interim synthesis note (think pieces component), Global Initiative for Fiscal Transparency, 2015; and S. Kosak, "On Incentivizing Useful Budget Transparency," Global Initiative for Fiscal Transparency, 2015.

55 Article 19, "Country Report: The Right to Information in Bangladesh," 2015; Article 19, "Country Report: The Right to Information in Nepal," 2015; and M. Surie and Y. Aiyar, "Implementing the Right to Information: A Case study of India, World Bank, 2014.

information on program and project implementation. The fieldwork found, as have studies that have been done, that compliance with this requirement is low.[56]

*Recommendations: At the **country level**, government should provide transparency in climate change programs by integrating climate change into the work of institutions that are involved in transparency for development programs and not by creating new and parallel institutions. Internal accountability and the state's ability to report systematically on climate change funding are good reasons for introducing climate change coding into budget systems, including tags and weights or scores. These codes, however, would only also support domestic public accountability when they are used within a context of general budget transparency and an effective right-to-information system, and when they are developed and agreed upon by a wide range of state and non-state accountability actors. Furthermore, the overall coding system would be strengthened if external accountability actors also have access to MDAs' reasons for tagging individual expenditures. In supporting governments to develop and implement climate change tagging, the UNDP should encourage improvements to overall public finance transparency and right to information improvements.*

*In supporting accountability actors on climate change financing, **IBP** and other organizations engaged in public finance management can develop and/or disseminate good methodologies for monitoring work in the absence of codes, as well as how to interrogate their use in countries where such systems exist. IBP should continue its work through the Open Budget Survey and at the international level to promote fiscal transparency, including initiating efforts to engage environmental/climate change groups in this work, collaborating with various stakeholders through such forums as the Global Initiative for Fiscal Transparency to develop guideline/principles for developing climate change finance definitions and budget tagging systems, and to try to leverage the heightened global focus on climate change to promote open budgeting. The latter could include engaging in the UNFCCC processes to develop measurement, reporting, and evaluation systems for domestic climate change financial management.*

Climate change finance information, particularly on adaptation, is required at the local level but is commonly not available in the case study countries: Good information on national priority setting, available funding, and budget execution not only allows local communities and their organizations to articulate their needs and preferences toward more responsive climate change action but also allows them to hold service providers, local governments, and national MDAs to account for the delivery of budgeted goods and services, on time and to standard. Yet, in all four cases the fieldwork found that both budget and climate change-specific information is more readily available at the central level than local levels. In India the states are an intermediate level, between national and local, and most states provide information in a manner that is more typically associated with the national level.

In terms of the types of information that CSOs and citizens need to monitor spending on climate change-related activities and to hold government to account, financial information alone is not sufficient to catalyze accountability. Information on how needs and priorities were determined (such as how findings from risk assessments were used in determining policies, programs, and projects, particularly with regard to those investments intended to increase the resilience of vulnerable groups and communities); what was supposed to be provided; what the rights are of the community to the service or investment (e.g., drainage system, livelihood program, or relocation program); what the expenditure, inputs, and delivery times in neighboring communities are; and what action can be taken to address issues will be needed alongside the financial information. For most climate change expenditures, accountability for both the expenditure's development contribution and the climate change contribution will require that all

56 Asia Foundation, "Access to Information in South Asia: Synthesis Report," 2014, p25.

the above information be provided, thus improving transparency contributes to both development and adaptation and mitigation. This will involve integrating climate change into the operations of the institutions that provide transparency for development programs.

The fieldwork for this study found a few examples of national governments starting to build better contexts for local level accountability for climate change financing. In both Nepal and the Philippines the intent is to improve the quality of local level information by rolling out systems for climate finance management to local government entities. In Nepal it is a requirement for all infrastructure projects to provide onsite information on the service provider, budget, and timeline. In the Philippines the Climate Change Commission is working on linking financial information from the tagging system to projects, activities, and results, but not yet with a particular focus on the local level. In Bangladesh, building on the available grass root experience, ActionAid and ICCCAD have provided insights into strategies being piloted for incorporating adaptation to climate change into planning and budgeting at the local level and provided recommendations on how the lessons from these initiatives might be used to create a more mainstreamed and effective approach to allocating funding for local and community-based adaptation.[57]

Given the limited scope of the review, no major examples of climate change programs at the local level (i.e., in villages, towns, and districts) that were benefiting from initiatives to improve local accountability could be identified and reviewed for India. However, such is the diversity of circumstances and initiative in that a more comprehensive review of what is happening a local levels would almost certainly reveal some experience on which to build.

From an accountability perspective, the sequence of countries' interventions on climate change finance accountability can arguably be questioned. While it may be easier to first implement institutions at the national level, it may not necessarily be more important or more urgent. It may be in national government's interest to invest equally in building local-level institutions, particularly if significant amounts are spent at local level, given that spending at this level happens far from watchful eyes in capital cities. One such effort to build capacity at the local government level is Nepal's environmentally friendly local governance program, implemented by the Ministry of Federal Affairs and Local Government. However, in the absence of good information at the local level, this effort may fall short, highlighting the complexities of sequencing. Again, integrating climate change into the activities of transparency institutions for broader public accountability has to be primarily about the overall transparency of village, municipal, and district budgets. With the institutions to implement the 2015 Constitution's decentralization provisions being negotiated this year, a good opportunity exists to get the transparency requirements right.

Even if the amounts spent are managed by national government entities, there is still an argument for quickly improving local availability of information in the interest of climate change action.

There are also some civil society initiatives that are relevant. The work of Social Watch Philippines that tracked the financing and implementation of reconstruction and development efforts is a good example of how civil society organizations can compensate for the lack of local level information on climate change financing.

Recommendations: Local-level accountability for climate change finance is important in light of the need to address localized effects of climate change. For this to happen, ***national and subnational governments*** *need to provide accountability actors with the right information — including detailed*

57 Financing Local Adaptation: Ensuring Access for the Climate Vulnerable in Bangladesh, ActionAid Bangladesh (AAB) Action Research for Community Adaptation in Bangladesh (ARCAB) Bangladesh Centre for Advanced Studies (BCAS) International Centre for Climate Change and Development (ICCCAD), 2012. For more information, please refer to: http://www.actionaid.org/sites/files/actionaid/financing_local_adaptation.pdf

information on program and project allocations, implementation data on actual revenues and expenditures throughout the fiscal year, information on project-level procurement, and findings from audits of climate change-related expenditures, etc. — at the right time. And, to avoid fragmentation and improve accountability local climate change responses should be integrated into the work of institutions involved in transparency for development, rather than by setting up new institutions.

*Support for central governments from institutions like **UNDP** to implement climate change finance accountability programs should look at how national and local government interventions are sequenced, and prioritize getting information to local communities, particularly for interventions that can benefit from community engagement.*

4.3 Civil society participation and media engagement for climate change finance accountability

Civil society engagement in climate change finance accountability requires skills and knowledge on both climate change and on public finance and budgeting. There are few CSOs that have both: CSOs that have the capacity to play an effective role in public finance accountability at any point in the budget process are scarce. This requires the technical ability to access and understand available budgetary documents and relate them to needs, events, and outcomes in the real world, within the wider public finance context of government.

There are good examples in the four countries of climate change organizations and experts learning the skills for budget work, and vice versa. At the same time however, there appears to be little cooperation between climate change groups (that do not do budget work) and budget groups (that do not do climate change work). The fieldwork did not find any examples of sustained coalitions or networks between CSOs that bridge this divide. This is a significant gap in the accountability ecosystem and both CSOs and media play critical roles in:

- informing the public of issues and government plans to address them,
- monitoring government action and use of public funds,
- shining the spotlight on problems, and
- contributing to accountability processes.

The roles CSOs and media can play will be especially important in the next few years as governments are setting up their climate change planning and finance management and accountability systems, especially in light of the weakness of the legislatures in all four countries.

*Recommendations: The existing climate change work in the case study countries suggest that once skills and new approaches are learnt, it becomes a catalyst for ongoing work. The **UNDP, IBP, and others** should look at investing in short-term engagements between climate change and budget organizations. This collaboration could be supplemented by a more traditional program of capacity building for both types of organizations that would strengthen their ability to contribute to climate change finance accountability.*

Facilitating collaboration between climate change/environmental CSOs and budget CSOs is one approach to fostering both capacity building and collaborative relationships, but there are others that could be tested, including those that would involve, in addition to CSOs, universities, media, local government groups, etc. The early steps to move climate change finance accountability from the national to the subnational level may generate more opportunities for CSO engagement with other state and non-state actors, as in the example from the Philippines where the iCSC is partnering with

the national local government ministry to support LGU's capacity to incorporate climate change into their development plans and budgets.

CSO climate change finance accountability work is beset by the same constraints as work by the CSO sector in general - limited capacity, poor sustainability, poor access to reliable financing, suspicion by government, and lack of incentives for coordination among CSOs: As both climate change and budget work can be highly technical, requiring more highly skilled and therefore more expensive, because of their scarcity, staff, in some respects these challenges are heightened for climate change budget work. Climate change is also a long-term problem and requires dedicated and sustained accountability capacity.

Financial sustainability

Building sustainable CSOs that are able and willing to take up opportunities that do arise in accountability systems, and the role that organizational financing plays in this, is not unique to climate change. While contexts differ and may add constraints on the CSO sector, sustainability of any climate change finance work that is undertaken and skills developed is vulnerable to changes in financing and staff turnover common to the CSO sector across countries and sectors. For example, an Asian Development Bank study on the results from the opening up of public procurement processes found that CSOs do not have steady funding to sustain their role as observers. As a consequence, staff with expertise move on when funds dry up. This has limited the impact of legislation that has opened up the process on accountability in procurement. [58]

At the same time, while CSOs in developing countries have stated and preferred focus areas, the exact work that they undertake is often determined more by available program financing from donors and the current demand for paid consultancy work from government than by their own agendas. Across the four countries this was evident in at least some of the work done on climate change financing, which was a response to available donor financing and programs. This is good, insofar as it brings CSOs that might not otherwise have entered the space into climate change financing work, but it does raise sustainability questions.

Constrained financing also influences whether CSOs coordinate. An obvious answer to catalyzing work that is both climate change and budget oriented is to get CSOs to work together. CSO coordination will also go a long way to easing government concerns when opening up processes about whether groups are truly representative of people's and communities' needs and priorities, as opposed to groups that might be pursuing narrow political or financial interests. Yet, CSOs have little incentive to coordinate: put simply, the competition for funding and the need to be able to report results that are attributable to the donor-financed CSO in the short term, discourages cooperation and coordination. Funding constraints are not the only factor inhibiting CSO coordination and collaboration; they also face political environments and policy contexts in which there is limited access to decision-making and accountability processes and so those with access seek to protect it.

*Recommendations: Investment by external actors like **UNDP and IBP** in improving climate change finance accountability, and building the capacity of CSOs to engage, should consider the incentives for CSO behavior, and their financial needs. While short-term project financing has merit in building skills, it does not build sustained engagement. To have the greatest impact, technical support for climate change finance work should be accompanied by either direct, or help in securing, longer term core financing so that CSOs can build sustained capacity. Organizations such as **UNDP and IBP** should also encourage and support promising emerging CSO coalitions that can engage the executive, parliament, and the SAI.*

---

58 A. Newham, "Civil Society Organization Contributions Toward Improving Public Procurement in the Philippines," Asian Development Bank, 2013.

Transferable skills

At the same time however, engagement on climate change interventions and their financing is less obscure than what many CSOs may believe, insofar as at least some of the skills required are common to other development projects. Indeed, some the substantive work around analyzing proposals, providing input into policy or programs design, and monitoring implementation is the same whether for a development intervention without a climate change element or for one that contributes jointly to development and adaptation. The basic work is similar for both, and the new challenge is to ensure that climate change is integrated appropriately. Essentially, most adaptation measures are also "ordinary" development measures. Calculating the proportion of the financing that is climate change oriented in the construction of a bridge, for example, can be technical, but monitoring project implementation and reporting on it is one single activity that applies both to the development and adaptation results of the bridge. In many countries there are many organizations with well-practiced relevant skills that have not yet made the link to climate change. An opportunity (and challenge) for the development of domestic climate change finance accountability systems is how to use existing systems and skills, rather than trying to introduce new processes and skills. In India, for example, the question may be what effort it would take to introduce civil society groups that are active in social auditing to climate change concepts so that they can identify relevant budget streams and projects and incorporate this into their existing work.

*Recommendation: Organizations such as **UNDP and IBP** should make an effort to emphasize that climate change accountability and development accountability coincide, and that the former can be incorporated into the work of existing organizations with existing skills. **IBP** and other organizations that partner with CSOs on public finance accountability could consider a workshop that convenes those members of their network of CSOs that focus on public finance accountability that are from the most climate change vulnerable countries to discuss the links between climate change budget work and CSO concerns about poverty, equality, and issues like food security and health. This would be an opportunity for groups to share skills and methods and lay the groundwork for building a small community around climate change finance work.*

CSOs often rely on indirect pathways of influence, disseminating the findings of their work through a variety of channels. The direct influence opportunities that exist are limited and not always in the budget process: There are very few formal opportunities for CSO participation in the budget process in the four countries, whether in executive, parliamentary or audit processes. Exceptions are the line-ministry Budget Partnership Agreements, access to the procurement process, and bottom-up budgeting at local level in the Philippines; the participatory local budget and review processes that are required of public entities in Nepal; and access to audit processes in Nepal and the Philippines.[59] Beyond the participatory audit of Typhoon Yolanda funding, the fieldwork did not find examples of these opportunities being used for climate change finance accountability purposes.

One reason for the lack of formal opportunities in the budget process across the countries is that governments, parliaments, and audit institutions are cautious about providing access to budget processes. Even in the Philippines where this access is formalized at line ministry level, engagement with civil society is based on a vetting process. In Nepal the SAI has also formalized the limitation of access through sector-based agreements with CSOs with which it will cooperate. Local government participatory processes, while more open, are more for citizens than for CSOs. Some of the concerns around open civil society participation may be legitimate, but others are less so. Among the legitimate concerns are those around CSO capture by narrow interest groups and political opposition, calling into question whether the groups are

59 Although fieldwork respondents also speculated that some of the opportunities listed in the Philippines may be rescinded under the new government.

truly representative of citizens and communities. However, in some cases where this concern is raised to justify limiting participation, governments are using it as a smokescreen to avoid accountability. Ultimately it must be recognized that accountability is not possible without broad public and civil society participation, so all efforts must be made to avoid sweeping or unreasonable limits on that participation.

Formal access to climate change policy processes however is more common. In all four countries the formal coordination institutions include civil society representation on councils, boards, or advisory groups. Processes to prepare climate change strategies and plans include participation, and CSOs are also included in various planning and policy working groups. The CSOs/civil society representatives that are invited or take up these opportunities have climate change rather than budgeting expertise. The ability of CSOs to hold governments to account for climate change financing through their representation/participation is limited not only by whether they have the skills and interest to do budget work, or have access to the expertise of CSOs that do, but also by how regularly the relative bodies and institutions with which they engage meet and their actual impact on climate change finance accountability. For example, the Philippines Climate Change Commission appears to be an effective organization, created in law as an autonomous body with its own staff and budget and undertaking systematic, ongoing work to develop coordination mechanisms and coordinate climate change action. The multi-stakeholder coordination body in Nepal, which does not have a foundation in law or its own budget or secretariat, is less active and therefore has less impact on accountability.

There are good emerging examples of CSOs that use their access to these institutions to influence climate change policies and implementation, such as the iCSC in the Philippines, which advocated for the creation of the People's Survival Fund, serves on its board, and is entering an agreement with government to support LGUs. Of course, membership of working groups in climate change planning can be highly effective, as can consultancy contracts to provide support to core processes, provided that the CSOs or individuals concerned use the opportunities to alert government actors to key findings on the availability, distribution, and use of climate change funds.

Overall, the fieldwork scan of work undertaken by CSOs also show that the specific pathway selected is unique to the CSO, its relationships, the timing of work, and the country context. CSOs appear nimble in selecting options that are most effective. The surge of work around Typhoon Yolanda funds in the Philippines, for example, demonstrate well how climate change events can create a good platform to highlight issues of accountability.

Recommendation: The impact of CSOs on accountability is not only dependent on their own capacity but also on the opportunities for influence that open up in the environment. In supporting the development of accountability ecosystems, actors like the ***UNDP and IBP*** *could work on broadening governments' and oversight institutions' understanding of the benefits of engagement and strengthening the will and capacity to open their processes, including suggesting or providing opportunities/practical models. This may be through:*

- *convening governments, including officials from MDAs, and oversight actors to present research and evidence on the benefits of greater public engagement in public finance processes, provide opportunities to share experiences, and brainstorm/collaborate on how to improve participation in different climate change finance processes to strengthen decision making and oversight; and*
- *while there is growing evidence around participation in public finance processes, actors like* ***UNDP and IBP*** *could conduct or commission more research on promising climate change finance participation initiatives and approaches. Such research over time could form the basis of guidance and technical assistance in countries that are the focus of efforts to strengthen climate change finance accountability.*

Given that the best pathway of influence for climate change finance work is often indirect, media and journalists are key players in the climate change finance accountability landscape: Not only do they create pressure on decision makers by setting agendas and exposing issues, they are also important in informing and mobilizing the public. Yet, their capacity on climate change financing is low, both from a climate change and a public finance perspective. Coverage of climate change finance issues in all countries was intermittent, driven by events and scandals. A common factor is that while there are journalists who specialize in environmental issues, and journalists that cover public budgets, these often do not work together or overlap.

Respondents agreed across countries that capacity building of media actors is urgently needed. In two countries, the Philippines and Nepal, there are already media support institutions that are moving into or interested in taking on more climate change financing work. In India and Bangladesh this role is filled on a more *ad hoc* basis.

*Recommendations: organizations such as **UNDP and IBP** can provide support to institutions that build media capacity (either generally, or specifically in climate change or budget work) to develop their own capacity in climate change financing work may pay additional dividends, insofar as it will support media capacity development. If such institutions do not yet exist in countries that are climate change focus countries, alternative means of building media capacity should be developed.*

*Organizations like **UNDP** can consider a pilot around funding a position in key media outlets that is focused on climate change financing, or if this is politically risky, financing a think tank/CSO to deliver a regular column/blog/audio or video input on climate change financing to key media outlets, and brokering an agreement between the media outlets and the CSO to have it published/broadcast.*

*Given examples of CSO and media collaboration around covering public finance issues that were encountered in the Philippines and Nepal, organizations like **IBP and UNDP** should consider initiating and supporting regular platforms for civil society/media information sharing and joint capacity building and actual story generation.*

While not domestic accountability actors in their own right, international NGOs and donors, including multilateral development partners, can play an important role in the climate change finance accountability system, through their support for domestic actors: The fieldwork revealed numerous examples of this. The Adaptation Finance Accountability Initiative (AFAI) introduced key climate change groups to budgeting issues in both Nepal and the Philippines, catalyzing ongoing work. In fact, in Nepal most of the emerging work has its roots in the AFAI's processes. On the supply side, donors have also financed the development of tagging systems and in mainstreaming climate change into local government processes in Nepal. At the very least, they are important financers of climate change finance accountability work.

At the same time, however, there are also examples of donors undermining climate change finance accountability. Key is when they channel financing for climate change mitigation and adaptation through parallel systems (such as the Climate Change Resilience Fund in Bangladesh which is a World Bank-managed trust fund), which draw scarce local capacity into monitoring these systems. (A good counter example is in Nepal, where the key support funds are channeled through government systems: any monitoring of these funds translates into accountability dividends for government's own funds.)

A major challenge therefore for International NGOs and donors is to fund and test work that engages and therefore strengthens accountability ecosystems. Most often donors support projects or streams of work by either a CSO or a media organization or formal accountability institutions. While this builds the capacity of individual accountability actors, it does not contribute to collaboration and stronger relationships between actors. The case studies identified efforts

that brought CSOs together with media (PCIJ's work with journalists around Typhoon Yolanda reconstruction), oversight institutions (Climate Parliament in India), and government (Equity BD's workshop with the Ministry of Finance in Bangladesh and the iCSC work with local government in the Philippines), which contributed to capacity building, as well as trust building.

The long-term dividend of using local organizations for key studies, thereby transferring skills and methodologies, is apparent from the Adaptation Finance Accountability Initiative case. While this required investment in building skills first, the benefit is that these skills are available for many subsequent studies and work.

Recommendations: ***IBP*** *partners with domestic organizations and researchers in its biennial Open Budget Survey, so it could consider climate change finance-related research projects to both support CSOs and allow it to develop transferable methodologies for climate change finance identification, analysis, monitoring, and auditing. Other* ***international organizations*** *similarly, can contribute significantly to the climate change finance accountability landscape by taking a similar approach to cross-country studies, so as to establish the methodologies, capacity, and appetite for climate change finance work.*

Organizations such as ***UNDP and IBP*** *could conceptualize one or two projects that would be relevant to a range of climate change finance accountability actors and dependent on collaboration among these actors, in order to test effective approaches to building strong accountability ecosystems. One such project could be around bringing state and non-state actors into work to review, assess, and improve implementation of tagging systems in Nepal and the Philippines. Another could be around bringing CSOs, government, donors, and journalists together to develop consolidated climate change finance databases that provide one-stop access to comprehensive information on all international and domestic funds available for mitigation and adaptation policies, programs, and activities.*

Organizations like the ***UNDP and IBP*** *can support climate change financing accountability by encouraging donors to channel funds through country systems, and investing in improved, more open budget systems at the same time.*

4.4 Formal oversight institutions in climate change finance accountability

The framework for climate change finance accountability envisages that parliaments should play a central role in the system, by debating and engaging CSOs through formal hearings and other mechanisms on climate change policies and plans, and on the financing of these plans, strategies, and measures through the budget system. In addition, parliaments' role in scrutinizing expenditure, performance and audit reports, the appropriation accounts, and public financial statements is crucial in making executive decision makers account for the allocation and effective and efficient use of climate change funds.

Supreme audit institutions are critical in providing assurance on the quality of financial information in reports and accounts, and on the regularity of public entities' processes to expend and use funding. Increasingly, audit institutions also provide independent reviews of value for money in public programs through performance audits.

In the case study countries legislatures are a weak point in the formal climate change finance accountability system, though some play a stronger role than others: This is not specific to climate change finance, but a common problem affecting all sources and uses of public money. The weak role of legislatures in public finance oversight is most often a result of the broader political context, their constitutional and statutory powers, long-standing informal

practices, weak information flows, and weak capacity. 0 illustrates how these factors affect their role in climate change finance accountability. Key to the discussion here is perhaps the lack of consensus on how to define and interpret climate change finance and the low capacity of relevant committees, and their research support in some cases, to access climate change finance information, undertake analysis and review, and enter into effective discussion with representatives from the executive.

Recommendation: Legislatures are sometimes sidelined in the support ***international actors*** *provide for development interventions in developing countries. Work on climate change finance accountability, however, could easily include components that build capacity in the legislature, for example, to understand the climate change tagging systems used in national budgets, link climate change action plans to budget allocations, or build (formal and informal) relationships between capacitated CSOs and parliamentary committees.*

In all four countries assessed, the SAIs have the capacity and authority to play a strong climate change finance accountability role, but to data this has been limited: The SAIs appear to be in a stronger position and to have received more support for reforms and capacity building. The increasing engagement between SAIs and CSOs, particularly in Nepal and the Philippines, is encouraging for functioning climate change finance accountability ecosystems.

The work of SAIs in the accountability system applies to all expenditure, and does not include a specific climate change finance perspective. Insofar as climate change finance accountability is a function of overall functioning PFM systems, this is desirable.

One climate change finance aspect, though, that may merit SAI attention is auditing whether executive tagging and scoring of expenditures as climate change relevant is reliable. In principle, this would imply that SAIs would be auditing climate change financing in countries that use tagging and scoring. This would extend the SAI role from simple financial audit to performance audit of the quality of the way climate change has been integrated in the design of a program, since that design should provide the evidence for scoring. It is likely that auditing the accuracy of the tagging should be done where there appears to be improprieties, for example, when the climate tagged expenditures of a ministry grows much faster than the bulk of its expenditure without clear new programs and projects starting.

What may be a higher priority focus of SAIs would be to integrate climate change into their routine performance audit functions. For example, the CAG in India have undertaken a number of performance audits of flood protection programs and some of these have referred briefly to the increasing importance of the programs in the light of climate change. At the moment, this work is limited to general comments, but it could extend to comments on the quality of the way climate change has been integrated into the design and management of a program.

Extending the role of SAIs to assess the quality of scoring, as part of their performance audit role, involves an addition to audit protocols that would fit within the mandate of SAIs (i.e., providing assurance to parliament and the public that information provided by governments is reliable). If a government claims that it has spent 19 percent of its resources on climate change, for a SAI to audit that claim would be as compliant with its mandate as auditing the claim that x kilometers of road had been built with x amount of public money.

Recommendation: As a mean to deepen the engagement of SAIs in auditing climate change-related finance, one option could be for ***UNDP****, or similar organizations, to work with the SAI in either Nepal or the Philippines to develop the protocols to audit climate change tagging. While this would be useful in terms of increasing the capacity of the SAI around climate change finance and in building confidence in the tagging system, organizations like* ***UNDP and IBP*** *could consider a related project that engages*

*a much wider range of actors, including government, CSOs, Legislatures, and media to understand, develop review/audit protocols, and use findings to improve implementation of the tagging system. The work of **UNDP and IBP** and other similar organizations on climate change accountability should include encouraging engagement between CSOs and the SAIs. Advocacy can also be undertaken at INTOSAI level to promote the inclusion of auditing budget tags as part of global good practice norms.*

5. The intersection of climate finance accountability and stronger budget ecosystems

Climate change finance accountability formal systems and ecosystems in the case study countries are at best emerging. Signs of good progress are nascent civil society work on climate change financing with the commensurate development of approaches and skills; the establishment of climate change finance policy and governance institutions generally, and the implementation of climate change tags in two countries, which even if still limited in their current form, do provide some initial indication of trends in expenditure, both to the executive and to accountability actors.

These emerging systems, however, exhibit common constraints or weaknesses, such as: the lack of country-determined definitions of climate change financing and consensus on the criteria to identify, and the approach to quantify it; weak functioning, often due to limited capacity, of the executive and accountability actors; weak linkages between the climate change policies and budgets, and the institutions that manage and account for these; the use of earmarked funds outside of core formal accountability systems without adequate compensating transparency, and so forth.

Key for the study, however, is the degree to which these potential accountability fault lines are not specific to climate change, but a function of the public finance management and accountability ecosystem overall. While some of the knowledge required to undertake climate change finance work is climate change specific, a lot of it is relates to ordinary expenditure that have a climate change aspect to it. Because climate chance expenditure is so closely integrated into development expenditure, the need for specific accountability for climate change finance is limited to a few specific functions, focused on the way in which climate change is integrated into the budget process, including, in particular, the definition and scoring of climate change finance and the dependence of that on sound and consistent integration of climate change into program design, management, evaluation, and audit.

There is no need to establish separate and parallel systems for monitoring the climate change finance itself as this is best done by relying on the routine monitoring of public finance and applying the climate change scores to this evidence. Thus climate change accountability may be best served by strengthening the core system, with appropriate emphasis on open budget mechanisms, and then by making some relatively modest additions to ensure that climate change concerns are included in the strengthened system.

However, when core systems are weak, strengthening them often may take several years, with the implication that in the meantime, there is little that can be done on climate change finance accountability specifically. Such a conclusion would be false: there are good examples in the country case studies that point to work that CSOs undertake with good impact on accountability, even if they do not have good access to processes or to information, such as CSO-initiated public expenditure tracking surveys. These initiatives are helping to build experience with, and consensus on, the approaches to integrating climate change into finance.

Until the core PFM accountability ecosystem is strengthened, this activity will happen mainly on an occasional basis, particularly as much of this CSO-led work depends on external financial

and technical support. However, there are potentially substantial returns on investments in building the field of civil society climate change finance accountability work at this early stage, both in building capacity for ongoing monitoring and oversight and in informing the formal systems that are emerging. As seen from the AFAI example, country CSOs were able to fairly quickly gain capacity in tracking climate change finance flows from developed country donors to their countries, and in some cases like iCSC in the Philippines from national to local levels, and using this information to feed into country and regional discussions about how to ensure climate change finance accountability. The AFAI also created an appetite among its partner CSOs to continue to build their skills and deepen their work to have a stronger impact on ensuring the effective use of climate change financial resources at the country and local level.

A final key point from the case study is that climate change finance accountability ecosystems are weak not only because of capacity, access, and perhaps power imbalances facing individual groups and actors, but perhaps more critically, because in not one of the countries significant examples of collaboration and engagement between actors could be found. Parliaments do not engage with CSOs to boost their own capacity; CSOs engage with other CSOs outside of their direct partners in a very limited way; and while developments in Nepal and the Philippines are positive, there is little engagement between SAIs in India and Bangladesh and CSOs. The media as an important partner also suffers from capacity shortfalls, and is often only weakly connected to other actors, which limits their access to credible sources outside of government and ability to forecast coming issues. A key area for intervention and support is building the collaborative approaches between actors, as much as building capacity in individual institutions. This is where independent (relative to country actors) brokers like the UNDP and IBP can play a significant role.

Next steps for international development and budget transparency organizations

While Chapter 4 presents a number of findings from the assessment along with a number of potential interventions that international development and public finance accountability organizations, such as UNDP and IBP, could take up individually or jointly. As the focus here is to determine the scope of future joint interventions between UNDP and IBP, the first step will be for these organizations to define clear objectives for such collaboration and identify their relative relevant capacities related to those objectives, define time lines for joint work, and identify financial resources to support such work.

In terms of potential collaborations between UNDP and IBP, but also for other international development and public finance accountability organizations, the assessment points to three streams of work with potential activities for each one drawn from the recommendations in Chapter 4. These include:

1. Building the field of CSO climate change finance accountability work
    a. Undertaking further research to document the emerging work of CSOs in climate change accountability. Given that this is a new field, such documentation should cover other regions in addition to the Asia and Pacific region. Such exploration could identify promising models of such work and the skills and relationships needed to implement them, which could serve as models for adaptation/replication among CSOs interested in engaging in climate finance accountability work. Such studies should include analysis of the significance of the work in relation to the country's or communities' needs and priorities and the impact of the efforts. These models can be captured in case studies, guides, or other learning materials.
    b. Jointly or separately establishing a fund for CSO climate finance work to grow the field by sponsoring existing or new CSO efforts to build climate finance accountability work.

Such funding should take into account the recommendations contained in this report, including an understanding that such work takes several years to undertake effectively. In particular, it will be important to support climate change finance accountability work at the local level at which projects are going to be implemented.

c. Supporting collaboration/coordination among CSOs, as well as joint learning, bringing climate change and budget CSOs together to build a common sense of the field by raising awareness of the challenges, identify common ground, share skills and experiences, and plot joint work.

2. Convening the range of stakeholders (i.e., government and/or state and non-state accountability actors) for awareness raising, knowledge sharing, joint work, capacity building, etc.

   a. To broaden governments' and oversight institutions' understanding of the benefits of engagement and strengthening the will and capacity to open their processes to public participation, convening governments, including officials from MDAs, and oversight actors to present research and evidence on the benefits of greater public engagement in public finance processes, provide opportunities to share experiences, and brainstorm/collaborate on how to improve participation in different climate change finance processes to strengthen decision making and oversight.

   b. Convening government, oversight institutions, CSOs, and media in one or more of the countries to discuss the degree to which climate change is connected to other development challenges in the country and is or should be integrated fully into overall development planning and accountability mechanisms and systems. A focus of such a multi-stakeholder workshop could be to design and plan for the implementation of a broader public awareness campaign on the connections between climate change and development that could be implemented by participants.

   c. Supporting institutions that build media capacity (either generally, or specifically in climate change or budget work) to develop their own capacity in climate change financing work, which should pay additional dividends, insofar as it will support media capacity development.

3. Developing and implementing activities that build and strengthen accountability ecosystems for climate change finance

   a. One such project could be around bringing state and non-state actors into work to review, assess, and improve implementation of tagging systems in Nepal and the Philippines.

   b. Bringing CSOs, government, donors, and journalists together to develop a consolidated climate change finance database that provides one-stop access to comprehensive information on all international and domestic funds available for mitigation and adaptation policies, programs, and activities. Partners in Nepal expressed interest in such a project and iCSC in the Philippines is beginning to engage with the Climate Change Commission on a similar project.

   c. Using the CBGA study by which it developed definitions and a methodology to assess climate change responsiveness as a model, undertake a similar research project that is implemented jointly between budget CSOs, climate change CSOs, and CSOs focused on sectors or vulnerable populations like those women and the poor.

   d. Undertaking additional research on the level to which formal oversight institutions are playing a climate finance accountability role, such as a review of the level of dialogue around climate change finance issues in legislatures in a sample of countries, including the frequency and content of such discussions.

Irrespective of the specific activities that are undertaken, it will be critical to incorporate a systematic means of evaluating impact, in order to ensure that any joint work contributes to efforts to replicate and build on the initial collaborations and to inform the efforts of others seeking to improve climate change finance accountability.



Annex 1: Summaries of the climate change finance accountability ecosystem assessments for Bangladesh, India, Nepal, and the Philippines

BANGLADESH: THE CLIMATE CHANGE FINANCE ACCOUNTABILITY ECOSYSTEM

Bangladesh is one of the most vulnerable countries to climate change impacts. The government of Bangladesh has gained substantial knowledge about climate change risks and about the country's mitigation and adaptation needs and priorities, and it has used this information to establish quite a few policy and institutional mechanisms to address climate change. These efforts to define sustainable development goals that integrate the country's response to climate change, and establish the institutions and systems needed to pursue these goals, have resulted in a system laid out in a number of key policy and planning documents, such as the Perspective Plan, Five-year Plans (FYPs), the Bangladesh Climate Change Strategy and Action Plan (BCCSAP), the National Adaptation Program of Action (NAPA), Country Investment Plan (CIP) and the Nationally Determined Contributions (NDCs).

Roles and capacities in climate change financing

Executive

- The **Ministry of Environment, Forests** and Climate Change is the UNFCCC focal point for Bangladesh and leads climate change adaptation and mitigation planning and policy. The **Climate Change Unit**, which falls under the Ministry of Environment and Forests, is the key institution for coordinating the implementation of adaptation and mitigation measures.
- Finance Division of the **Ministry of Finance** is responsible for managing the task of National Budget formulation, in coordination with the relevant agencies. It also provides finances for activities designed to address the vulnerabilities arising from the negative effects of climate change.
- The **Ministry of Planning** is in charge of short-, medium-, and long-term development planning. It has got an outfit called Implementation Monitoring and Evaluation Division (IMED), which is responsible for monitoring the implementation progress (both physical and financial) as well as assessing the impact of development projects, including those relevant to climate change.
- The **Bangladesh Climate Change Trust** (BCCT) was established to identify climate change adaptation and mitigation needs, particularly those of vulnerable populations; develop plans to meet those needs; and review and fund proposals for mitigation and adaptation projects and activities. The BCCT is managed and administered by three tiers: Board of Trustees, Technical Committee; and Technical Subcommittees. The Board of Trustees is chaired by the Minister of Environment and Forests and includes CSO representatives. The technical subcommittees have representatives from government, academia, and CSOs.

As in most countries, most climate change-related expenditures in Bangladesh will be managed at the local level. Local Government Institutions (LGIs) are therefore, expected to play a significant role by embedding climate dimension in their planning and budgeting processes.

- Formal oversight institutions.The **Office of the Comptroller and Auditor General** (OCA) is one the important pillars of national integrity system of the country. It is responsible for auditing the accounts of all public sector entities including government authorities, public enterprises and statutory local authority. Although most of its audit exercise is geared to compliance and financial audit, it also conducts performance audit on a limited scale to assess whether the best value for money has been achieved in the utilization of public resources. As of now, there is no separate outfit within the OCAG charged with oversight of climate change programs, activities, and projects.
- The Parliament of Bangladesh deliberates and approves the national annual budget through an enactment. The parliamentary oversight functions are carried out by the standing committees, the most predominant of which is the Public Accounts Committee. This committee acts upon the audit observations raised by OCAG and provides recommendations to the spending agencies as it deems appropriate. The committees that are engaged in climate change policy and finance are the Standing Committees on Public Accounts, the Ministry of Finance, Ministry of Planning, and Ministry of Environment, Forests and Climate Change.

CSOs

The Bangladesh fieldwork found that while there are CSOs engaging government on climate change policy and CSOs undertaking budget work, there are very few cases of CSO climate change finance monitoring, tracking, or analysis. There are significant examples of CSOs working on good financial governance issues generally, like the Manusher Jonno Foundation, and engaging in climate change work with communities, including BRAC and the Coastal Development Partnership, or lobbying government on climate change (the Climate Change

Development Forum). Where CSOs do engage on climate change finance, it has been primarily around advocating for more domestic budget allocations; better transparency on climate change funds channeled to Bangladesh or allocated by government; and better integration of the NCCAP with the national development plan and the national budget.

- EquityBD, for example, organized a workshop in 2014 to engage the state Minister of Finance and Planning on climate change finance in the national budget. The organization presented its keynote paper, which looked at the governance of the Climate Change Trust Fund, and the lack of integration between the NCCAP, the national development plan, and the budget.
- The Network on Climate Change, Bangladesh lists campaigning for climate change financing as one of its objectives and has organized various roundtables and discussions with civil society and government on broad climate change finance topics, but it is not regularly engaging in sustained budget analysis and monitoring.
- Transparency International's Climate Change Governance program is also focused on improving the governance of climate change finance and takes a route of research and lobbying to improve systems, including through workshops and publicizing its work. It, however, does not undertake monitoring or analysis of financial flows to climate change measures.

Media

The media's interest on the subject of climate change is increasing, though coverage of the issues tends to focus on climate change's impact on weather patterns, vulnerable people and communities, international events like the Paris 2015 negotiations, and less on how the government is responding to climate change and managing that response, including the financial aspects. The media is not yet making a substantial contribution to climate change finance accountability because of both lack of access to detailed budget information and weak capacity to cover public finance issues in general.

Access to climate change finance/budget information

The Executive's Budget Proposal is published after submission to parliament. The Public Money and Budget Management Act 2009 requires the government to publish monthly, quarterly, and annual fiscal reports during execution, but these provisions are not fully enforced. Published budget information (e.g., online disclosures on government websites) is neither frequently updated nor of the required reporting standards. Aid information is made available through government's aid management platform, managed by Economic Relations Division of the Ministry of Finance. There are no specific climate change transparency mechanisms in Bangladesh. The Right to Information legislation could assist with transparency of information, but actual implementation is slow.

Opportunities for public participation in climate change finance

While the government has an explicit interest in effective civil society engagement in policy and budget processes, it excludes CSOs not deemed "of good quality" and there is inadequate political will at the ministerial level for such engagement. Thus in reality there has been little space for CSO participation and the government is perceived as being indifferent to such participation. Although there are some organizations that could be described as "lobby groups" within civil society, their actual interaction with national budget systems have been mainly box-ticking exercises. There are some formal participation opportunities, though, including through the formal consultations that occur in the budget process. The representation by civil society organizations in the governance of the climate change trust fund presents an opportunity, albeit a limited one.

Functioning of the "accountability ecosystem"

While an accountability ecosystem is facilitated formally in law and policy in Bangladesh, in practice it is at best emerging. While the Office of the Comptroller and Auditor General engages with state and non-state accountability actors, this is in a limited way, and though parliament's oversight role exists in law, there has been limited follow up on the recommendations of Public Accounts Committee. There is a strong civil society in Bangladesh, but it has undertaken very little specific work on climate change financing. Proactive disclosure of overall budget information is limited, and right to information practices are slow to develop. Specific challenges include:

CSOs

- Currently there is limited engagement opportunities for civil society in climate change finance decision making and accountability processes, primarily due to a lack of intent on the part of the government and formal oversight institutions to provide opportunities and mechanisms for such engagement.
- Both the BCCTF and BCCRF governing committees include designated positions for CSOs. However, the civil society quotas are much smaller compared to those for government and the CSO representatives are nominated by government. Both these factors reduce the influence of an independent civil society voice on these committees.
- The pre-budget consultation is not properly implemented and therefore not effective as a stakeholder engagement tool. Although there are local-level budgets submitted (from district to union level) there is very little "people's participation" within the process.
- Lack of available and accessible climate change finance information is a big problem. In addition to making inadequate and sufficiently detailed information publicly available, the information that is released, including "technical budgets and statements," is often too technical and complex for CSOs or journalists with limited public finance expertise to be able to understand, analyze, and provide useful inputs within the allocated consultation period or inform the public. Both journalists and CSOs struggle to make budget discussions and issues accessible to lay people.
- While there are CSOs and business associations that participate in budgetary stakeholder consultations, most environmental CSOs to date have focused primarily on policy advocacy and rights-based campaigning and not with influencing or monitoring budget management. The lack of public finance expertise, or even basic understanding of budgets and how to engage in budget processes, limits their ability to play much of a climate change finance accountability role. Also lack of capacity around how to analyze budget information limits CSOs ability to provide the government with specific, evidence-based recommendations.
- Business associations or other CSOs that focus on issues like gender and children have experience in engaging with budget systems but lack knowledge about climate change and how it impacts their interests or the sectors or vulnerable groups for whom they advocate.
- Many CSOs and media outlets face institutional constraints on participating in budget processes. Often, those based at the district level are not able to allocate resources (staff and funding) to properly engage with budgetary consultation activities in the capital. Therefore, only large CSOs tend to engage with pubic finance systems and are not always able to represent local-level concerns and issues related to the implementation of budgeted projects in communities and districts.
- Pre-budget consultations do take place sometimes outside Dhaka, even at the grassroots level. However, the question is, to what extent are the recommendations that emerge from these consultations incorporated in the budget proposals.

- Poor coordination among CSOs and limited skills to engage with government: as there is limited space for contributing to budget policies and proposals and engaging with the government, there is competition among CSOs to establish their own ground within that space, which undermines efforts to collaborate and coordinate over a shared agenda around climate change finance. This is especially true of larger CSOs that do not always see the value of the participation of other small and local-level organizations in the budget process and so are reluctant to collaborate with them.

Media

Due to a lack of capacity on the part of journalists and limited editorial commitment, the coverage of climate change finance is weak. While there are stories like that around the BCCTF that shine a spotlight on potential instances of corruption or mismanagement of climate change finances, most coverage about the budget is more about broadcasting government plans and reports than raising accountability questions.

Formal oversight institutions

- The capacity of the OCAG is growing to undertake audits, but its functioning is still constrained. It has limited capacity to embed climate dimension in its auditing exercise. While the OCAG has been striving for greater transparency as critical to accountability in public finance management, it has been less active on engaging civil society and the public in its audit functions.

The executive

- In carrying out its responsibility for monitoring implementation of the Annual Development Programme, the Implementation Monitoring and Evaluation Division interacts closely with the others in the executive, but it does little to engage those outside government in its oversight activities.
- The Bangladesh Climate Change Trust Fund falls outside of the general budget accountability systems, and is not subject to significant scrutiny from independent non-state accountability actors. The BCCTF has faced criticisms from CSOs over the limited information on project selection process as well as on details of the approved BCCTF projects. Without such information, it is almost impossible to provide feedback on the fund's overall project portfolio or to monitor project implementation. While the Fund's board has the authority to audit the projects it funds independently of the OCAG, a Transparency International Bangladesh report noted that the BCCTF could not conduct evaluations of completed projects due to capacity limitations.
- Definitions for identifying what counts as climate adaptation or mitigation are not clear and not widely agreed upon, leading to weak capacity within government to plan for and track expenditure as part of mainstreamed finance.
- Many of the legal frameworks created for tackling climate change have specific designations for ministries and departments on developing financial plans and management strategies. This has not been carried forward with clear designations within ministries for their responsibilities, undermining effecting evaluation and monitoring of financial management plans and budget implementation.

Recommendations

- Since climate change is relatively new, and there are CSOs that focus on other issues like children's welfare and gender equality that have experience and relevant skills in engaging in budget processes, this provides an opportunity for environmental organizations to learn from them. Environmental organizations could learn how to scrutinize budget items with a

"climate change lens" to ensure that climate change concerns are reflected in the national budget. Environmental institutions could also engage with the government in developing more sustainable development policies and enforcing of green credentials, e.g., LEED certification for buildings.

- Organizations like the UNDP and the IBP could provide formal capacity building interventions for CSOs in understanding and engaging in budget processes with an aim to effectively contribute to strong climate change-related budget policies, implementation, and oversight. These interventions should aim to reach national and local-level CSOS. Government should commit to institutionalize or mainstream CSO participation in processes for determining the budget for climate change adaptation and mitigation and its implementation at the national level
- At the local level, participatory budgeting processes are used in Bangladesh – although the degree to how successful they are does vary. Even when developing climate change/ DRM plans, participatory approaches are often used in risk assessments and planning. Schemes identified in the resulting Risk Reduction Action Plans are taken into the local level development plans – but again not all of them are. It varies from place to place depending on the union's allocated budget. It should be noted that there are no specific or separate 'climate change budget'. A joint monitoring and evaluation framework that includes local CSOs and community-based groups, media, and union parishad (the smallest rural administrative and local government units in Bangladesh) should be established. Under such a framework a forum or network of CSOs, local stakeholders (not just large national and sometimes "elite" organizations), and media could be formed to conduct budget analysis, monitoring, and engagement in accountability processes, also with Comptroller and Auditor General and the Implementation Monitoring and Evaluation Division.
- The Ministry of Finance should should guide the Ministries/Divisions in identifying the climate dimensions of their public investments and track them using relevant criteria.

Respondents

Bangladesh Bank, Dr. Atiur Rahman; Former Governor.
Centre for Budget and Policy, Dr. Abu Eusuf; Chairman, Department of Development Studies, University of Dhaka.
Centre for Participatory Research and Development, Mr. Shamsuddoha; Director.
Channel 24, Mr. G.M. Mustafizul Alam; Senior Reporter.

INDIA: THE CLIMATE CHANGE FINANCE ACCOUNTABILITY ECOSYSTEM

India is extremely vulnerable to the effects of climate change. A large, impoverished population with reliance on government support, as well as weak and uneven national infrastructure, have created an unstable environment in which climate change could have extreme impacts. Developmental issues of health care, water, and sanitation, among others, however, take center stage in the priorities of media and government. Because climate change has not been deeply or widely linked with these issues it appears to be a less pressing issue for Indian society. Government has, however, formulated a National Action Plan on Climate Change (NAPCC) — a comprehensive climate action plan, which outlines how it intends to achieve sustainable development with a special emphasis on climate change. It has also implemented several policies and programs relating to climate change, specifically in the areas of transport, renewable energy, and disaster management. In addition to these there are State Action Plans on Climate Change (SAPCCs) that are created at a local level.

Roles and capacities in climate change financing

Executive

- The **Ministry of Environment, Forests, and Climate Change (MoEFCC)** interacts with various government agencies and departments that undertake related efforts, mainstreaming climate concerns into their policies and programs. It approves the SAPCCs, and it is the National Designated Authority for the Adaptation Fund and the Green Climate Fund.
- The **Prime Minister's Council on Climate Change (PMCCC)** monitors and oversees the implementation of the missions outlined in the NAPCC. The **Executive Committee on Climate Change (ECCC)**, which includes up to three CSO representatives, assists the PMCCC.
- The **Climate Change Finance Unit (CCFU)** in the Department of Economic Affairs (DEA) is responsible for financing all climate-related policies, both nationally and internationally. The CCFU represents the interests of the finance ministry in international forums and analyzes India's international commitments.
- The **Niti Ayog** (National Institution for Transforming India), the premier policy think tank set up in 2015 by the government, has taken over assessment climate change finance requirements for India from the Planning Commission.
- At the **State level**, climate planning and financing is still at an early stage, and there are difficulties in mainstreaming climate concerns into planning and budgeting due to uncertainty about how to do this and limited capacity of the state governments to do so. Twenty-seven out of 29 state governments have prepared State Action Plans on Climate Change (SAPCC) in line with the priorities of the NAPCC and 19 of these have been approved. SAPCCs have been prepared without any clear guidance on how actions will be financed and there are wide differences in the approaches taken by different states. Some states (e.g., Kerala, Maharashtra, and Odisha) realize that most of the funding will have to come from the state budget. Other states (e.g., Assam and Bihar) are hoping to raise significant new finance. Few states have a clear framework for coordinating development and climate objectives in the budget.
- SAPCCs have paid little attention to climate change activities that are managed at the municipal, district, or *panchayat* level. Progress at this level thus is largely limited to projects run by domestic and international CSOs, and there is very little engagement with state or Union government.

Formal oversight institutions

The Office of the Comptroller and Auditor General (OCAG) is responsible for auditing all public sector expenditure, including that pertaining to climate change. The OCAG produces financial and performance audit reports on all public sectors, including conservation and protection of the environment, as well as issues related to climate change. However, there is little, and often no, effort by the OCAG to engage CSOs or the public with audit findings related to climate change finance. While the OCAG fulfills one of its oversight responsibilities by submitting its audit findings on climate change finance to relevant committees, there is little initiative on the part of legislators and CSOs to use these OCAG findings to hold the government accountable. This is a failing on the part of the accountability actors and not the OCAG. Furthermore, there is not a division or desk with the OCAG charged with specific oversight of climate change programs, activities, and projects.

The **Parliament of India** has multiple committees in place to oversee public finance decisions, but none of these deal with climate change financing directly. To date it has had limited engagement on the NAPCC. The departmentally related standing committees (DRSCs) that deal with most climate change issues are those for Chemicals and Fertilizers; Petrochemicals; and Environment, Forests, and Climate Change. Members of Parliament are not capacitated on climate change, and there is little engagement between the legislature and CSOs on climate change.

CSOs

There are few CSOs working on climate change finance, though climate change groups do engage in the development of climate change strategies like the NAPCC and in estimating the cost of implementation. CSOs such as the Delhi Science Forum, the Centre for Science and Environment, the Vasudha Foundation, Centre for Budget and Governance Accountability (CBGA), the Centre for Policy Research, and the Institute of Financial Management and Research (IFMR) have undertaken studies that have touched on the financing of climate change responses. However, these are very few and mainly focused on mitigation, with little work on tracking adaptation spending. The exceptions include some efforts to track adaptation spending in the budget by the Centre for Budget Governance Accountability and IFMR. Otherwise, climate change finance work is mostly costing climate change measures, facilitating dialogue and capacity building, support for proposals to climate funds, or assessing the systems for climate change financing. Specific examples are:

- The Shakti Sustainable Energy Foundation undertakes technical work on the cost/benefit of prioritizing low carbon initiatives. It also sponsors dialogue between stakeholders on climate change. However, it does not do work on monitoring or analyzing how existing resources for climate change mitigation are used.
- The Centre for Policy Research has undertaken work with the UK Overseas Development Institute on the institutional arrangements for coordination of climate change financing.
- The international CSO Climate Parliament works with members of parliament to undertake parliamentary campaigns, for example, putting pressure on government to make changes in climate change policies or implement climate change projects in their constituencies and to develop and cost out low-carbon development plans for their constituencies. It hosts workshops with members of parliament at Union and state level to raise awareness and build capacity. Its engagement on climate change finance, beyond costing proposals for expanding climate change measures with members of parliament, is limited.
- The Delhi Science Forum reviews and critiques existing climate change response strategies, suggests new or alternative strategies, and assesses the funding requirements of different strategies.

- The Institute for Financial Management and Research reviewed all public expenditure in Odisha and applied a systematic approach to classifying expenditure. This was used to influence the way in which the state government classifies climate change.
- The Vasudha Foundation has prepared a handbook on climate finance in India.

Media

The media functions as a tool for stimulating public debate regarding key issues. The quantity and quality, and the frequency, of the media coverage of climate change issues in India has improved over the years. Though there is strong engagement between the media, CSOs, think tanks, and academia in general, even in the field of climate change science and policy, little is currently being reported on the issue of climate change finance. In addition, in practice government determines the terms of its engagement with media, limiting the media's role as an accountability actor.

Access to climate change finance/budget information

Comprehensive information on climate change-related revenues and expenditure is not available at either the national or the state level, which makes monitoring by CSOs extremely difficult and, in many cases, impossible. At the Union level, while the government does make some budget information publicly available, it is not detailed enough or presented in ways that are user-friendly (i.e., available in machine-readable formats), or easy to access. This is particularly the case with climate change-related expenditures due to the lack of definitions. Some states have instituted a climate change financing tagging system, but this does not exist at the national level. The experience of civil society and academic analysts and researchers suggests that comprehensive information on the utilization of public funds is not widely available in the public domain and requires Right to Information requests, which can be complex and time consuming. Currently the most reliable way for CSOs to obtain data is working through media contacts, who in turn access information from government.

Opportunities for public participation in climate change finance

Respondents noted that while government is open to engaging civil society on India's positions in international forums, there are fewer opportunities for engagement on how climate change measures will be or are financed through the national budget. The opportunities for influencing decisions in the budget process is limited to large, trusted, capital city-based CSOs. There is also a lack of opportunities to engage with parliament. While there are several CSOs that work closely with legislators and provide research support (in the form of data, evidence, and studies) to legislative deliberations, such as the Parliamentary Legislative Research (PRS) and the Centre for Legislative Research and Advocacy (CLRA), very few focus on climate change finance. This results in a gap between parliamentarians' need to make climate change finance decisions and their capacity to understand and analyze the issues.

Civil society representation on the Advisory Committee formed by OCAG has been intermittent, which limits the influence of CSOs in deliberations on the selection of audit subjects. Seeking other routes of influence, some CSOs have met with senior OCAG officials to submit written recommendations on potential audit subjects. However, interactions between the OCAG and CSOs on climate change finance have not really happened so far, as relatively few CSOs are working on the issue and the OCAG has restricted space for such engagement to "invitation only."

Limited interaction among CSOs has occurred however: CSOs with deep public finance expertise, like CBGA, have undertaken efforts to build the capacity of climate change and/or environmental

CSOs to read, analyze, and monitor how the government is financing climate change responses through the budget.

Functioning of the "accountability ecosystem"

Generally, there are some elements of an accountability ecosystem in place in India. There are well capacitated CSOs that engage on budget issues and hold the Union and state governments to account. There is good capacity in the OCAG, it engages with the media and with the legislature, and some budget information is made available publicly. India has a large media that play a role in setting agendas and disseminating information. The case study however, found only very limited climate change-specific engagement of accountability actors at the Union level. Some engagement was reported by some states, whereas in other systems are still emerging. Specific challenges identified are set out below.

CSOs

- Except for larger, capital-city based CSOs, there is low capacity in the sector to analyze and interpret climate change financing issues. It is not clear that there is significant interest among CSO is in climate change financing, even if many CSOs are engaged on climate change as a policy area.
- The information and data needed to undertake CSO climate change financing work is not published proactively, and it is difficult and time consuming to access information through Right to Information requests. Informal means exist, but are limited to selected organizations.
- CSOs have limited access to policy and budget processes, and in cases where access is granted, there is a risk that CSO work is too closely integrated with government, affecting the independence of the organizations.
- It is currently very difficult for CSOs to engage with either parliament or the OCAG due to access being by invitation only.
- Although there are formal opportunities for CSOs to comment and have input on climate change policies, these are late in the process and therefore the impact of the input is limited.

Media

- When it comes to writing on public finance issues, most journalists in India do not have the capacity to present critical analysis of public budget policies and implementation; they tend to rely on public policy experts in civil society, think tanks, or academia to contribute to this coverage. This is the same with climate change finance, if not more so given the complexities around definitions and tracking. As there are very few actors engaging on climate change financing as such, media coverage is also limited.
- Generally, there is a lack of financial journalists, and a lack the skills to cover public finance policies.
- It is becoming increasingly difficult for media to be critical of government, undermining its role as an accountability actor.

Formal oversight institutions

In terms of the OCAG, there is little to no engagement with academia on the audit process. Generally, there is a lack of communication and engagement with audit processes between the OCAG and CSOs. Interactions between the CAG and CSOs on climate change finance have not really happened so far, as relatively few CSOs are working on the issue and the OCAG has restricted space for such engagement to "invitation only."

In terms of parliament, there is insufficient focus on issues relating to climate change. Legislative engagement with climate change finance is at a nascent stage, and legislators at both the Union and state level have done little to date to influence related policies or decisions.

Parliament does not have specific climate change financing capacity. Furthermore, the ability of parliament to perform its oversight duties sufficiently on climate change financing is not supported well enough through engagement with CSOs. The case study found very few cases of such engagement.

Recommendations

External actors engaged in India can encourage and support the government to:

- Undertake a process to define climate change mitigation and adaptation and develop a system for identifying related revenues and expenditures in the budget. Such a process should be led by the MoEFCC and Ministry of Finance, but should include broad consultation with state and non-state accountability actors.
- Further mainstream climate change throughout the planning, budgeting, tracking, and oversight processes and across ministries and other governing authorities. This will require efforts to inform public officials, formal oversight actors, and CSOs, media, and the public about the connections between climate change and many of the most pressing issues the country faces, such as poverty, food security, health, disaster preparedness and response, and so on.
- Make much more detailed and climate change-specific public finance information available and easily accessible, including detailed information on mitigation and adaptation activity/project allocations, implementation, actual outputs, and outcomes
- Further engage CSOs and the media and other non-state actors in oversight and planning processes, which could include encouraging the OCAG to catalyze greater and more systematic discussion on climate change finance-related audit.
- Build the capacity of state, municipal, and *panchayat* level institutions to develop and implement mitigation and adaptation plans.

To support and help expand CSO and media engagement in climate change finance accountability, external actors should focus on:

- Leveraging the nascent work that is happening, at least at the national level, to build awareness among CSOs at all levels about the importance of engaging in climate change finance accountability. This could include bringing groups together for discussions about the issue and facilitating exchanges between sector groups and budget groups, as well as groups at national and subnational levels.
- Supporting the capacity of CSOs to undertake this work through capacity-building activities, provision of technical assistance, and development of accessible materials (those CSOs currently engaging in climate change finance work could be leveraged for this support).
- Facilitating exchanges and information sharing between CSOs, academia, and journalists, and helping to build the capacity of journalists to more effectively cover climate change finance. One suggestion was to help establish and support a forum anchored by a consortium of CSOs and media persons that meets throughout the year to share information, engage in peer learning, and monitor progress related to climate change finance. The forum could regularly invite government or formal oversight actors like the CAG to provide updates on climate change finance issues and respond to questions.

- Supporting analysis and research projects that examine implementation and resource utilization, particularly at the local level, in order to identify problems/challenges and inform discussions on how to improve the delivery of climate change mitigation and adaptation solutions.
- Supporting more contextually situated research in general on the issue of climate change finance so that more evidence and data is generated. The research should use locally relevant methods and tools and knowledge-sharing mechanisms (in person and online) should be created.

Respondents

Amitabh Mukhopadhyay, Formerly with the CAG office.
Business Standard, Nitin Sethi, Journalist.
CANSA, Nitin Sethi.
Centre Budget and Governance Accountability, Jyotsna Goel, Subrat Das.
Delhi Science Forum, D Raghunandan.
Jyotsna Singh, Free-lance journalist formerly with Down to Earth.
Hindustan Times, Kumar Sambhav Srivastava, Formerly with Down to Earth.
Ladu Kishore Swain, Member of Parliament.
Mukul Sanwal, former civil servant and climate negotiator for India.
Oxfam India, Vanita Suneja and Aditi Sen.
Public Health Foundation of India, Kaushik Ganguly, formerly with CBGA.
Shakti Foundation, Kunal Sharma.
Tata Institute of Social Sciences, Tejal Kanitkar.
TERI, Manish Srivastava.
Vyoma Jha, Formerly with Centre for Policy Research.

NEPAL: THE CLIMATE CHANGE FINANCE ACCOUNTABILITY ECOSYSTEM

Nepal ranks in the top 20 countries that have suffered the most from the impacts of global climate change. The Government of Nepal (GoN) has recognized this risk and has put in place several policy, legislative, and administrative measures, as well as institutions, to address the risks associated with climate change. While Nepal is committed to contributing to worldwide mitigation of climate change impacts, adaptation is its priority. Climate change, however, competes with other policy priorities for national policy and budget space. Key legislative and policy measures are the recognition of the environmental rights of every person in the 2015 Constitution; the Climate Change Policy; the National Adaptation Programme of Action (NAPA); the national framework for Local Adaptation Plans for Action (LAPAs); the Environment Friendly Local Governance Framework; and several sector plans and mitigation policies. Climate change is also embedded in the national development plan.

Roles and capacities in climate change financing

Executive

- The **Climate Change Council** (CCC) is the apex political body responsible for guiding climate change policies. It is chaired by the Prime Minister and comprises members from key national, local, and sector ministries.
- The **Multi-Stakeholder Climate Change Initiatives Coordination Committee** (MCCICC) was formed to coordinate climate change activities and implement collaborative programs between stakeholders. It has representation from the relevant ministries and institutions, international and national civil society organizations (CSOs)/nongovernmental organizations (NGOs), academia, the private sector, and development partners. It is the coordinating body for the NAPA.
- The **Ministry of Population and Environment** is tasked with climate change coordination and is the national climate change focal point for the UNFCCC. It is currently leading the formulation of the NAP update.
- The **Ministry of Federal Affairs and Local Development** the MoFALD plays a key role in the implementation of climate change planning at the local level. It manages key initiatives such as the Local Government Capacity Development Programme; the Poverty and Environment Initiative; and the Environment Friendly Local Governance Framework.
- The **National Planning Commission (NPC)** is responsible for ensuring that plans and programs are climate resilient. In the budget process the NPC is responsible for approving ministry-proposed plans and projects for financing by the finance ministry and reviews the climate-change coding proposed by ministries.
- Programs and budgets for climate change-related programs and projects prepared by sector ministries are submitted to the **Ministry of Finance**. It coordinates foreign aid, and publishes the Aid Management Platform, and it reviews the proposed climate change codes of ministries.
- Various **line ministries and departments** are key to climate change mitigation and adaptation policies and coordination. The ministries and departments are responsible for proposing the coding of their programs and projects for climate change relevance and publishing information on progress for projects and programs online.
- The **Alternate Energy Promotion Centre** (AEPC) and the **National Climate Change and Knowledge Management Centre** (NCCKMC) are specific agencies with climate change responsibilities.

- **Local government structures**, including district and village development committees are responsible for local climate change planning.

Formal oversight institutions

- The new Nepal Constitution, ratified on 20 September 2015, established the national Parliament of Nepal. Current structures include a Committee for Environmental Protection (CEP) with 46 members. It has a mandate both for legislative action and oversight of the implementation of policies. Other key committees are the Finance Committee and the Public Accounts Committee. The Speaker of the House has responsibility for mediating conflicts between recommendations or directives coming from different committees.
- The Office of the **Auditor General of Nepal** (OAGN) audits the accounts of government, for both the accuracy of the accounts and the regularity and propriety of the accounts. The OAGN undertakes regulatory and financial audits, and also has recently started undertaking performance audits, with civil society and citizen participation.
- The Supreme Court and judiciary adjudicate cases in which they must determine whether the executive and the legislature have properly exercised their mandates in accordance with the constitution and relevant laws.

CSOs

Civil society has gained strength in Nepal in the past 25 years. The number of CSOs has increased rapidly due to the emergence of a more favorable environment following the transition to multiparty democracy in 1990. Civil society organizations, however, still face some barriers to operating in Nepal, including requirements for registration. A number of CSOs/NGOs have active climate change initiatives, particularly International NGOs. There are also thousands of community-based organizations (CBOs) in Nepal active at the local level in the annual planning cycle to identify priorities, including for climate change adaptation. Examples of specific climate change finance CSOs and civil society initiatives are:

- Clean Energy Nepal (CEN) through the Oxfam/WRI/ODI Adaptation Finance Accountability initiative analyzed international flows for climate change to Nepal as part of a global study of selected countries. The initiative has published several papers, including one on climate change financing governance ("Minding the Money") and an analysis of the flows of international funding into Nepal ("Finding the Money").
- Practical Action Nepal, the local office of the international NGO is working on technology-driven interventions against poverty and supports several government institutions on climate change issues and activities, including incorporating climate change into planning and budgeting.
- The Prakriti Resource Center undertakes work on climate change financing, including tracking international flows (continuing the AFAI work), working on domestic flows, and advocating for improving the governance of climate change financing.
- The Freedom Forum has a stream of work on public finance management and has published guides on the budget system for use by other CSOs and CBOs in Nepal. It has started tracking climate change adaptation project spending from national to local level as part of a UNDP project.
- The Digo Bilkas Institute is working on setting up a website that will enable users to utilize open data on financing of climate change adaptation action Nepal, track money from national to local level, and create data visualizations.
- The Climate Change Network Nepal is a loose coalition of CSOs and donors established to raise awareness on climate change at the local and national level, and coordinate among the partner organizations. It has not done specific climate change financing work to date.

Media

The media appears to be fundamentally free, with good private ownership and independence. Broadcast media, particularly community radio, is said to be growing fast. While there are initiatives to build media engagement on climate change, these are not directly on climate change financing. The media reports on climate change financing issues as they happen: it was, for example, active in the campaign to ensure that support from multilaterals for adaptation occurs predominantly as grant financing rather than as loans. The media also widely covered the analysis emerging from the AFAI tracking exercise. While there are journalists who specialize on an environmental beat and are active on climate change issues — including participation in government forums for climate change planning — none do independent, continuous, and systemic investigative work on climate change financing, as such.

Access to climate change finance/budget information

The Ministry of Finance in Nepal makes some budget information available online, but not enough for CSOs and the public to fully understand and engage in budget processes and oversight. This includes the Red Book, which provides detail on allocations to national budget holders, as well as reports on actual spending through In-Year Reports, as well as a Mid-Year Review and Year-End Report. The quarterly reports are at a relatively high level of aggregation of the budget.

The Nepal budget formats include the capability to code each allocation in accordance with its policy orientation: since 2013/14 a climate change code has been added. It is a single digit code which indicates the degree of relevance (by volume of resources used for climate change) for every main administrative unit receiving allocations. The code is published in an annex in the Red Book and of the Budget Speech from 2016/17. Ministries code their budgets, using 11 criteria, and the coding is reviewed by the National Planning Commission. The coding means that information is available on the total volume of climate change financing from the main government budget, by budget head, allowing CSOs and other accountability stakeholders to track the total commitment and its sectoral/administrative distribution, as well as the degree of relevance. Key shortcomings noted are that the coding thus far is for budget allocations only, although the finance ministry is currently working on coding actual expenditure as well; only for the national budget; a flat code — it just signifies the total volume of expenditure by ministry; in addition, the information is not available in machine-readable form and is not on performance. Respondents, however, noted that these issues may be addressed in future: it was important to get the code institutionalized in the first place.

Nepal's aid management platform assists in making international flows more transparent, by specifically tagging donor flows for environment and climate change objectives. This is only for donor financing for which donors have provided information to the MoF: this would exclude financing that is not known to the MOF, and would be additional to any analysis done on international aid statistics.

Opportunities for public participation in climate change finance/budgeting

In Nepal there is an established culture of engagement between citizens and the state at the local level of government on the priorities and needs of communities for all development objectives, which may to some degree include engagement on climate change. Access to processes at higher levels of government is more constrained. Below are some of these opportunities for the public to engage.

- The climate change multi stakeholder body – the MCCICC – includes representation from civil society;
- The National Planning Commission's periodic national plans are drafted on a consultative basis through organized workshops and other participatory mechanisms. It also can call experts or organizations at any time for discussions.
- The finance ministry formally consults in the budget process with private sector representatives, professional associations, and trade unions. This year it called for suggestions from individuals and organizations on any issue that mattered to them, via an online platform. Respondents noted that the formal budget process at the national level was nonetheless fairly closed. They did not perceive much opportunity for engaging the Ministry of Finance on budget allocations. Yet the ministry noted that their door is open and organizations can always discuss issues with them (but that few do). The MOF noted that it has difficulty in engaging civil society organizations as it is not clear on which are representative, and the CSOs themselves are not organized.
- The NAP process is built around principles of consultation and participation and uses working groups that include civil society representatives. It also utilizes climate change policy and financing capacity in civil society through consultancy contracts.
- The environment-friendly local governance framework explicitly incorporates environmental concerns, including climate change, into local level participatory processes.
- Formally, the budget cycle ends with annual public hearings/social audits. Respondents have noted that the methodology for these hearings is difficult and they can be compliance-driven, but that in some cases they can be effective.
- The OAGN, with support from the World Bank, has been exploring options for public participation in performance audit processes since 2013 with a multi stakeholder group. The OAG has approved a set of CSO Engagement Guidelines that provide a framework for better engagement. First audits have been conducted in the health and transport sectors. For the OAGN's regular compliance and financial audits, the process is less open.
- CSOs can make representations to the legislature on issues that the legislative committees will take up if a petition is considered to have merit. The Public Accounts Committee holds hearings on a select few audit reports. Otherwise, there is not a practice of formal hearings in which the public can participate in the budget cycle.

The functioning of the "Accountability Ecosystem"

Nepal has put in place formal institutions as part of the executive for governing climate change actions, which allow for civil society participation. It also has taken steps to make climate change financial flows through the national budget more transparent, particularly through coding. There is a dedicated committee in the legislature that can follow up on issues involving non-state actors in the process. These climate change-specific mechanisms operate within a larger system that has some features of a sound accountability ecosystem emerging, including the functionality of the supreme audit institution (which furthermore is establishing participatory performance auditing processes), the publication of some budget information, and some access to processes for non-state actors. At the same time, capacity in civil society is emerging to track climate change financing, with the media functioning as an effective conduit for bringing findings from civil society work to national attention. Some challenges, however, remain.

Formal oversight institutions

- Decades of political conflict have weakened the normal systems of democratic accountability between citizens, their elected representatives, and executive government. Respondents noted the lack of political representation at local level as a key shortcoming. It is not clear that the legislature overall, or the relevant committees, have the capacity to fully take up their role in accountability for climate change finance. The legislature/civil society/citizen interface also appears not to be strong.
- While the Office of the Auditor General is a relatively strong accountability anchor in the system overall, its current practice does not include specific climate change aspects. For example, it does not in any way audit whether the coding done by ministries to identify climate change spending is in accordance with the criteria.

CSOs

- CSO capacity, funding, and cooperation and coordination to engage formal accountability actors and government present challenges. While there is significant capacity to engage on climate change policy issues, the capacity to supplement this with work on financing and budgets (domestic and international) is as yet limited.
- Key information weaknesses and limited access to processes limit the comprehensiveness, scope, and depth of work CSOs can undertake on climate change financing. In short, actors can analyze at the national level how much is allocated for spending on climate change actions overall and in whose budgets the amounts appear, but analysis of how much is realized and the distribution of this actual expenditure, the kinds of climate change priority actions being funded, and whether the funds were used well and with the intended effects and benefits for communities is not possible.
- Civil society has not organized itself in any significant way to facilitate central institutions making participation opportunities available. Officials are still discouraged by fear of processes being captured by narrow and unrepresentative inputs.

Media

There is little evidence that the media is undertaking independent investigative work on climate change financing. As such its coverage is intermittent. This is partly an issue of capacity: while some media houses have environmental journalists, specialization in climate change financing does not exist, and weak general capacity for data journalism was cited. Reporting on public finance and budget issues — mostly around the time of the budget — on the other hand sits with economic and business bureaus, and also not with specialists.

Recommendations

- The climate change coding system should be strengthened by linking it to the NAP and providing information on actual expenditures and results over time.
- UNDP could consider supporting the legislature to develop an annual hearing process around climate change financing
- Another recommendation would be to consider investigating and supporting a biannual joint sector review organized by the MCCIC. Such a review could be organized around key themes and: look at international and domestic financial flows to CC; include a presentation of a biannual NAP report; and provide an opportunity for CSOs to share their research and analysis. Such joint sector reviews could potentially be replicated at the local level around LAPAs.

- Capacity building around budget analysis and monitoring for CSOs at the national level should be considered, using a climate change finance lens.
- Provide tools for CSOs and CBOs to monitor climate change expenditure, possibly including the development of a PETS methodology specifically for climate change financing (not only for projects but for the larger spending programs, too).
- Provide capacity building to journalists on investigative budget-related journalism, using climate change as a hook.
- Develop local CSOs/CBOs and government capacity: for instance, the public hearing/social audit mechanism applied to climate change financing could be an approach to more practical learning.

Respondents

Department of Water-induced Disaster Management, Mr. Noor Mohamad Khan, Deputy Director General, and three others.
Digo Bikas Institute, Sunil Acharya.
Freedom Forum, Krishna Sapkota, Policy Advisor..
Ministry of Federal Affairs and Local Development, Mr. Chakra Pani Sharma, Under Secretary/ Program M. (EFLGP), and Mr. Ek Raj Sigdel, LGCDP officer.
Ministry of Finance, Mr. Ram Sharan Pudasaini, Joint Secretary in Budget Division.
Ministry of Population and Environment, Mr. Naresh Sharma, Undersecretary and NAP team leader.
Oxfam, Prabin Man Singh, Policy and Research Coordinator.
Parliament of Nepal, Mr. Janak Chaudhari, Chairperson of the Environmental Protection Committee.
Practical Action, Krity Shrestha, Climate Change Officer.
Prakriti Resources Centre, Mr. Raju Chhetri.
Tambourine Innovation Ventures, Prajawal Baral, consultant.
UNDP consultant and formerly advisor to the Poverty Environment Initiative, Mr. Madhukar Upadhya.

PHILIPPINES: THE CLIMATE CHANGE FINANCE ACCOUNTABILITY ECOSYSTEM

The Philippines is one of the top 10 countries that have suffered the most from the impacts of global climate change, with the poor being particularly at risk. The government of the Philippines has taken a number of steps to put in place frameworks and structures for setting policies and action plans and mobilizing and managing financial resources, including establishing a Climate Change Commission and the People's Survival Fund through the Climate Change Act; establishing a disaster risk reduction and management framework in law; preparing a national framework strategy on climate change, a National Climate Change Action Plan and a Disaster Risk Management Plan; and putting in place the climate change expenditure tagging system.

Roles and capacities in climate change financing

Executive government

- The **Climate Change Commission** is part of the Office of the President and is the main policy making body responsible for coordinating the development, monitoring, and evaluation of the government's climate change action plans and programs, activities, and projects. The Commissioners are assisted by an Advisory Board, with representation from government institutions as well as academia, the private sector, and civil society.
- The **Cabinet Cluster on Climate Change Adaptation and Mitigation** is chaired by the Secretary of the Department of Environment and Natural Resources and is responsible for strengthening the delivery of climate change-related results in the President's Social Contract.
- The **People's Survival Fund** is financed with PHP1 billion (or USD22 million) per year and is aimed at providing Local Government Units (LGUs), communities, and civil society organizations with direct access to funds for adaptation programs and projects. The PSF is governed by a board and allocates funding on the basis of proposals. At the time of the fieldwork no money had been allocated despite the fund being operational for two years, which is due to a slow start up of the fund and weak local government capacity to develop funding proposals.
- **Department of Finance (DOF)** has overall responsibility for setting and administering fiscal policies and managing the government's financial resources. It also oversees the revenue operations of local government units (LGUs) and approves and manages public sector debt.
- The **Department of Budget and Management (DBM)** is responsible for drawing up the budget. As a cross-cutting issue, climate change is mainstreamed through the budget. One challenge with mainstreaming is tracking what is actually being spent on climate change, and the DBM together with the Climate Change Commission have developed a Climate Change Expenditure Tagging (CCET) system that allows such tracking to be done.
- **Government agencies and departments:** All departments are required to "tag" the proposed line items in their budget submissions that have climate change-related components or relevance.
- **LGUs** are the frontline agencies for planning, formulating, and implementing climate change mitigation and adaption activities.

Formal oversight institutions

The bicameral **legislature** (Senate and House of Representatives) deliberates and approves the budget; exercises oversight during the enactment process and execution phase, and reviews and follow up on audit reports and recommendations. With regard to climate change policy and finance, the most relevant committees include Senate Finance Committee and House

Appropriations Committee; the House and Senate Climate Change Committees and other environment-related committees (Environment and Natural Resources, Reforestation, Land Use, Ecology); and the House and Senate Energy Committees.

The **Commission on Audit's** main role is to determine, in the course of its audit of departments, agencies, or particular programs, whether the government has followed established accounting and auditing rules and relevant laws in executing and implementing the budget.

Civil Society Organizations (CSOs)

The Philippines has a broad-based, vibrant, and skilled civil society, with a number of CSOs that engage in work to promote transparent, responsive, and accountable public finance management and a number that work on environmental and climate change issues. While there is some overlap, in general the CSOs working on climate change policy have undertaken very limited work on climate change in budgets, and have limited capacity to do so. At the same time, there are also few "budget groups" currently undertaking climate change-related budget analysis, monitoring, and advocacy. Over the last few years, however, there has been growing interest in and engagement on climate change finance by both environmental and budget groups. Specific examples of how civil society groups engage with government and oversight institutions, and among themselves, are

- The Institute on Climate and Sustainable Cities (iCSC), an environmental group and the research partner for the Philippines for the Adaptation Finance Accountability Initiative, is taking up monitoring domestic climate change finance, is a member of the People's Survival Fund board, and has tracked projects at the local level. The iCSC also engages with the legislature on some climate change-related budget formulation and oversight issues.
- Social Watch Philippines has undertaken public expenditure tracking surveys of Typhoon Yolanda reconstruction and rehabilitation efforts.
- The Philippines Center for Investigative Journalism has worked with journalists on the government's management of funds for the rehabilitation and reconstruction effort after Typhoon Yolanda.
- CODE NGO was beginning a project around the time of the fieldwork to partner with other CSOs to monitor how disaster relief funds are budgeted and utilized at the local level.
- The Ateneo School of Government at Ateneo de Manila University undertakes work on budgets and climate change policy and was a civil society partner in the COA's participatory audit of Typhoon Yolanda recovery efforts.
- Aksyon Klima and the Philippine Movement for Climate Justice are networks that are active in climate change policy, but have not done specific work on climate change financing accountability to date.

Media

The Philippines has a history of strong, independent, and critical media. Overall, the media in the Philippines has the political space and capacity to play an effective role in informing the public and holding the government to account, though this capacity appears to be weaker when it comes to public finance monitoring and reporting. The media has been intermittent in coverage that scrutinizes climate change finance management. Furthermore, there is little coverage of how the government is financing climate change projects, activities, and programs through the budget process. The exception tends to be when the new budget is enacted, new projects or programs are launched, or when there are instances of ineffective use of climate change-related funds, particularly those for climate-related disaster relief, or corruption.

Access to climate change finance/budget information

The Philippines government provides broad public access to substantial amounts of budget information throughout the budget cycle. The publication of fiscal information is primarily the responsibility of the Department of Budget Management and on its website, CSOs and the general public have easy access to current and prior years' budget data. On the DBM website, explanations for CCET and the government's two-tier budget approach are available to inform the public about how the government formulates and executes the budget. There are a number of additional access portals, including on Calamity Related Resources Expenditure and Releases. Despite substantial information being published, there are a number of areas in which improvements can be made, including making more data available in machine-readable formats, providing more detailed project-level data and bring together data on climate change financing and disaster response and prevention, which is currently fragmented across several data sources.

Both the Department of Budget Management and the Climate Change Commission are actively working to address these issues. Specifically, the Commission is trying to build a tracking and monitoring system, while the DBM is interested in linking the climate-tagged expenditure to progress indicators and actual outcome information.

Opportunities for public participation in climate change finance/budgeting

In the Philippines, there is an established culture of engagement between state and non-state accountability actors, and most in government acknowledge the need for public consultation in policy making and oversight.

The Climate Change Commission conducts quarterly meetings with CSOs;

- The Department of Budget Management runs the Budget Partnership Agreement (BPA) initiative in which government departments enter into a formal agreement with a CSO partner to provide input into the department's plan for programs, activities, and projects and their annual budget submissions (but which has no specific climate change actions), and the "Bottom Up Budgeting" program, which is a participatory budget initiative.
- Special purpose funds like the People's Survival Fund include civil society representatives on their governing boards. Individual departments will also establish partnerships with CSOs to bolster their internal capacity and tap expertise related to certain activities.
- In addition to maintaining a public hotline and fraud alerts desk through which people can report potential problems with the use of public funds, the COA interacts with the public in general, and CSOs in particular, through the Citizen Participatory Audits. In these audits the Commission includes the public, primarily through CSOs, in audit teams.
- The primary formal participation mechanism provided by the legislature is holding public hearings on policy and budget deliberations. In addition to these hearings, at least some, if not most, of which are "invitation-only," legislators and their staff meet with CSOs individually to tap the organization's particular issue or sector expertise or in response to a policy proposal or call for reform.

The functioning of the "Accountability Ecosystem"

The Philippines has in place, or is on its way to putting place, a number of factors needed for strong climate change finance accountability. It has established and maintains institutions, systems, and practices for overall fiscal governance that are transparent, provides some opportunities for citizens and CSOs to participate throughout the budget process, and provides for effective formal

oversight. There are a number of opportunities on the horizon for strengthening the interaction between government, formal oversight institutions, and civil society and thereby improving overall accountability. These include the current process of updating the National Climate Change Adaptation Action Plan, which happens every three years and involves a wide range of stakeholders, including CSOs and the private sector; efforts to expand the tagging system to local government level and linking the tagging to performance targets and indicators; and the recognition of the need to consolidate public data sources on climate change-related finance. Challenges exist, however: it is unclear whether government's commitment to transparent, responsive, and accountability fiscal management will survive political change. With regards to climate change specifically, the fieldwork noted the following challenges:

CSOs

- With one or two notable exceptions, CSOs that focus on climate change and the environment have little or no experience in or capacity to read and analyze budgets or engage in budget advocacy, monitoring, and oversight processes. On the other side of the coin, the CSOs that have this experience and capacity have done little around climate change finance and do not have a solid understanding of the specific features of such budgeting like the tagging system.
- Access to detailed budget information on climate change-related expenditures that include location and purposed of projects, procurement procedures, timelines, success indicators, and progress is severely limited.
- Is not clear whether the formal opportunities to engage in climate change-related budget and fiscal processes are open to a wide range of CSOs or allow civil society to substantively influence decisions.

Media

- Climate change discussions are often buried in scientific/technical language that many journalists struggle to understand, so the issue and the response required in terms of mitigation and adaptation need to be made accessible to journalists so they can make it accessible to the public.
- Journalists suffer the same access to information challenges as CSOs.
- Newsrooms tend to be organized by "beats" and the economics/finance beat, where the government budget usually sits, and the environment/climate beat do not consistently connect on climate change finance.
- With some exceptions, many journalists struggle with political numeracy, including that related to public finance data.
- There is not a universal understanding of the connections between climate change and issues like food security, health, economic security, and other development challenges, and so these links are not consistently made in coverage on climate.
- Media tends to cover the beginning of things related to climate change (e.g., international agreements like the Paris Agreement, launch of new programs or initiatives, the release of new reports, etc.) and then nothing unless there are big problems with projects, corruption, or a natural disaster.
- Local-level reporters are more likely over the long run to cover mitigation and adaptation and how public funds are being managed to support these activities but face possibly even greater capacity issues around budget literacy and reporting than those at the national level.

Formal oversight institutions

- Though the Commission on Audit has sufficient independence and capacity to fulfill its oversight responsibilities, the political environment in which it operates can at times undermine its effectiveness.
- Because of its cross-cutting nature, and the government commitment to "mainstreaming" its climate change response, including through the budget, it is critical that both the COA and the legislature have a clear understanding of the relationship between the goals of the NNCAP and how they are aligned with the budget, including understanding the CCET. While both oversight institutions are aware of the CCET and have a general understanding of its approach, they were not part of its development and lack the substantial knowledge of how the CCET "defines" climate change-related expenditures and how it is applied.
- Though it does not seem to be a debilitating problem for either the COA or legislature, access to timely, comprehensive, and useful data appears to be somewhat challenging at times.

Recommendations

Government

- Should continue to improve public access to comprehensive, detailed, and timely information on climate change finance, in machine-readable formats, and publish more program, activity, and project information.
- Broaden and deepen its engagement with civil society and other non-state actors in such processes as revising the NCCAP and identifying success indicators that will effectively link plans and budgets and oversight.
- Continue to improve the alignment between the tagging system and the NCCAP.
- Ensure that formal oversight institutions understand the tagging system and how it is applied
- Build the capacity of LGUs to develop, finance and implement their climate change action plans and related programs, activities, and projects.

External actors should focus on:

- Providing capacity-building and technical assistance on reading, understanding, and analyzing public budgets, with a focus on climate change finance; using evidence for advocacy; and monitoring implementation.
- Supporting networking and peer-learning among the various climate change/environmental groups, public finance and governance groups, and sector groups that focuses on increasing engagement.
- Supporting CSO climate change finance work through grant making or other means of helping CSOs to fund such work in a sustained way.
- Providing training and other capacity building for national- and local-level journalists, and undertake advocacy with journalists and editors.
- Convening CSOs and journalists to discuss climate change finance issues.
- Making funding available for capacity building and networking of journalists around climate change finance and policy.

Supporting formal oversight institutions to increase and improve their engagement with CSOs and other non-state accountability actors.

Respondents

Ateneo School of Government (ASoG) at Ateneo de Manila University, Antonio (Tony) La Viña, Dean.
Climate Change Commission, Sandee Rebacar, SRS at Climate Change Office of the CCC.
Institute for Climate and Sustainable Cities (iCSC), Kairos de la Cruz and Danica Supner.
Philippines Center for Investigative Journalism (PCIJ), Malou Mahangas, Executive Director, and Karol Ilagan, Sr. Content Producer.
Philippines Department of Budget and Management, Janet Abuel, Undersecretary, Office of the Secretary, and Rolando Toledo, Director, Fiscal Planning Bureau.
Philippines Senate, Senator Loren Legarda, chair of the Senate Climate Change Committee and of the Senate Finance Committee, and Rachel Sibugan Herrera, Chief Legal Officer in the Senator's Office.
Social Watch, Maria Luz Anigan.

GOVERNANCE OF CLIMATE CHANGE FINANCE TO ENHANCE GENDER EQUALITY IN ASIA PACIFIC
www.CFADE.org

IBP INTERNATIONAL BUDGET PARTNERSHIP
Open Budgets. Transform Lives.

The Governance of Climate Change Finance Team for Asia-Pacific is supported by:

Sweden
Sverige

UKaid
from the British people

UNDP
Empowered lives.
Resilient nations.

United Nations Development Programme
Bangkok Regional Hub
3rd Floor United Nations Service Building
Rajdamnern Nok Avenue Bangkok 10200
Tel: +66 (0) 2 304-9100
Fax: +66 (0)2 280-2700
Email: registry.th@undp.org
http://asia-pacific.undp.org I www.ClimateFinance-DevelopmentEffectiveness.org