Climate Public Expenditure and Institutional Reviews (CPEIRs)
Approaches and Lessons Learned
Climate finance for development effectiveness

Getting money **efficiently** to where it is most needed

In doing so, promoting **coherence**, transparency, predictability

Linking climate policy, institutions and **expenditures**

**CPEIRs completed**: Bangladesh, Cambodia, Nepal, Morocco, Philippines, Samoa, Thailand

**CPEIRs underway**: Indonesia, Vietnam
The CPEIR Methodology

Cross government **steering group** led by Finance & Planning

Based on Public Expenditure Reviews (of World Bank)

Includes review of policies and institutions

Both **quantity and quality** of climate expenditure:
- Review whole budget
- Expert assessment of climate “relevance”
- Expert assessment of climate “impact”

Leads to **action plans** for implementation
An increasing profile

The Economic Times of India:
“As weather patterns get unpredictable, nations must start budgeting for natural disasters” – November 2012

The Japan Times:
“National budgets must take climate into account” – October 2012

South China Morning Post:
“Leaders should budget for climate adaptation” – October 2012
Some recent highlights

**Nov 2012,** Govt of Indonesia applies CPEIR in defining its first climate mitigation fiscal framework

**Jul 2012,** Govt of Bangladesh establishes department order (DO) on a climate budget code

**May 2012,** Government of Nepal establishes climate budget code

**Mar 2012,** Government of Thailand establishes committee on climate finance

**Nov 2011,** Helen Clark chairs discussion on climate finance at the Busan HLF

**Oct 2011,** First CPEIR studies launched in Nepal and Bangladesh

**April 2011,** Government of Philippines establishes cross government climate finance coordination group

**Oct 2010,** The Bangkok Call for Action: Making the most of climate change finance

**Feb 2010,** Seoul meeting on climate finance and aid effectiveness
Policy and institutional recommendations

Link budget to climate policy, so climate is part of budget framework and performance measures.

Link climate policy to budget, so climate strategies are prioritised and costed.

Coordination by finance & planning ministries with technical input from environment ministries.

Large development projects should be made climate resilient.

Local government also a key channel for climate finance.
Expenditure recommendations

The budget is key since much climate expenditure is already in budget

**Sectoral focus:** local government (Bangladesh, Nepal); transport (Cambodia and Samoa); irrigation (Thailand)

**Adaptation** funded more than mitigation

**Too much focus on ‘climate funds’** while local government and social protection expenditures much more significant

Climate budgeting systems should review “dirty expenditures”
Conclusions

CPEIRs important tool in public expenditure management

Help to set a **baseline** against which future expenditures can be measured and monitored – links to NAPs/NAMAs

Budget process led by **finance & planning** ministries

Local Government, Social Protection, Infrastructure are key expenditure areas

Governments should use climate budgeting to review and redirect **dirty expenditures**
Thank you

UNDP helps empower lives and build resilient nations.