



*Empowered lives.  
Resilient nations.*

# Annual Progress Report

1<sup>st</sup> April 2018- 31<sup>st</sup> March 2019

**Strengthening the Governance of Climate Change Finance  
to benefit the poor and vulnerable in South Asia (2013-19)**

*1<sup>st</sup> April 2019*

*DFID reference number: 5102006*

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## SECTION 1: INTRODUCTION

This is the 10<sup>th</sup> progress report that provides an annual update from 1<sup>st</sup> April 2018 until 31<sup>st</sup> March 2019 on the results of *Strengthening the Governance of Climate Change Finance to benefit the poor and vulnerable programme*. The report builds on the six monthly report submitted for the period April 2018-September 2018. It introduces highlights and progress during the reporting period and achievements against outcome and output targets. A summary of value for money and risk management is then provided.

## SECTION 2: HIGHLIGHTS IN THE PERIOD OF 1ST APRIL 2018 UNTIL 31ST MARCH 2019

### 1. Regional Dialogue on Climate Change Finance demonstrates the potential for transfer of knowledge and experience within South Asia and South East Asia

The regional dialogue was held in March 2019 in Bangkok which was attended by 150 representatives from 10 countries. This included representatives from the South Asia, South East Asia and Pacific. The dialogue was an opportunity for the governments to inform and learn about the progress made on climate finance reforms under the Governance of Climate Change Finance Programme. Climate Finance Network was also launched on the third day which would be an effective platform for DFID and SIDA supported countries to collaborate on pursuing the climate finance reform agenda.

Sharing of country experiences and knowledge products during the dialogue resulted in initiation of dialogue on South- South exchange not only within South Asia but also beyond, extending outreach to South East Asia and Pacific. There were focused discussions around South- South exchange on i) climate budget tagging between Nepal and Pakistan with Pacific ii) Indonesia with Bangladesh and Pakistan on Green Sukuk and iii) Potential replication of Nepal climate citizen budget in Cambodia. The potential opportunities of knowledge exchange and South- South will be picked up under the Climate Finance Network.

### 2. MTBF of Pakistan Ministry of Water Resources for FY 18-19 includes a climate change allocation of USD 400 million, climate change integration expanded to other sector ministries

*Pakistan's Ministry of Water Resources inclusion of climate change in its Mid-Term Budgetary Framework (MTBF) in FY 2018-19, proved to be catalyst of change.* This year the Ministry of National Food Security and Research has also agreed to integrate climate change in the MTBF. The Government of Khyber Pakhtunkhwa in Pakistan has also moved forward by notifying focal persons in the departments of agriculture and irrigation to mainstream climate change in the medium term budgets of the line departments.

The MTBF for the Ministry of Water has four outputs in total. *One of the outputs is now entirely climate change focused and titled 'Climate resilient water infrastructure development' with a total outlay of 400 million USD to be spent over 3 years.* A climate change specific output in the MTBF is a new addition for any of the climate change related ministries. Two other outputs have climate change related Key Performance Indicators (KPIs). The budget for one output on 'Sustainable water resource management, monitoring & flood mitigation services' has a total outlay of 1.2 billion USD over 3 years and the other output on Research & development / capacity building has a total outlay of 4 million USD over 3 years. The CC related (KPIs) for these two outputs clearly demonstrate that the budgets under these outputs will also be climate change sensitized, the climate change expenditure reports for the ministry will identify the exact amount and proportion of these outputs that were spent on climate change. These targets represent a major step in mainstreaming climate change into the sector budget plan and enable the programme to achieve its outcome and impact-level goals.

Based on the experience of inclusion of climate change in the MTBF for Ministry of Water Resources, the programme provided support to Ministry of National Food Security and Research to include CC in MTBF. The Programme rendered technical assistance in diagnosing gaps in the existing MTBF and in partnership

with the relevant officials of the Ministry, provided an enabling environment for articulating revisions in the existing MTBF to mainstream climate change. In the upcoming budget submissions, the Ministry of Food will pursue the field formations for submission of budget proposals in line with the revised framework. The process is expected to be completed by May 2019.

### **3. Engendered and refined climate budget classification in Nepal lays down a solid foundation for more informed public investments by the government**

Nepal's Ministry of Agriculture and Livestock Development (MoALD) has approved an improved method for climate budget tagging based on refined relevance criteria that introduces a typology/positive list of sectoral climate investments down to the activity level. The improved method will be used while planning annual programme for the fiscal year 2019/20 which has just begun in March. The new method unpacks the existing 11 climate budget coding criteria screen and classify activities identified as climate relevant, based on three parameters: i) ability to address known climate vulnerability, ii) identified target group including gender, and iii) policy relevance.

*The Ministry of Finance (MoF) in the Inter-ministerial Coordination Committee held on 7<sup>th</sup> January 2019 acknowledged the value of the revised, bottom up approach for Ministry of Agriculture and has agreed to make it a model for other sectors which will use the newly developed method of tagging from the fiscal year 20/21. The MoF has also modified the LMBIS data base by including provisions to incorporate activity level coding as developed by MOALD. Orientation trainings to the planning and budget officers of MOALD have been conducted in November 2018 and March 2019, in which MOF gave a hands-on training on how to use modified LMBIS data base.*

### **4. Khyber Pakhtunkhwa amended budget call circular, enabling the sector departments to include climate change in budget submissions**

Subsequent to the launching of the Climate Change Financing Framework the Government of Khyber Pakhtunkhwa in Pakistan was provided support to amend budget call circular to include climate change. The budget call circular (2019-20) issued in Nov 2019 with programme support was amended, mandating the Line Departments to include climate change in their budget submissions from this year onwards. The resultant submissions would determine the fiscal needs for adaptation and mitigation purposes, however, to do so capacity support for the sector departments is vital.

During the reporting period the Government of Khyber Pakhtunkhwa Province (GoKP) in Pakistan has successfully adapted the expenditure tracking system originally developed for the central government to capture climate change relevant expenditure. The programme provided technical support in adapting the system to provincial needs.

### **5. Public scrutiny of climate change investment strengthened as a result of engagement with civil society in Nepal and Parliament and media in Pakistan**

The programme has beyond the stipulated targets also worked with the National Assembly in Pakistan w. The Budget Review Handbook is being adapted in consultation with the Committee on Climate Change to adapt the Budget Review Handbook for the National Assembly (which will be finalized in May). The engagement has already resulted in Assembly questions which not only focus on climate change but also on climate change expenditures. During the review of the public sector development program three questions were tabled by the Legislators to the House requiring response from the Ministry of Climate Change to inform the Parliament on the actions taken by the executive to combat climate change. *One of the question for example was regarding the (a) the total number of saplings planted during the plantation campaign of the Prime Minister; (b) the province-wise expenditures incurred there upon so far; and (c) the steps being taken for their growth along with the expenses to be incurred thereupon?* In response to another question on steps that the government was taking to control emissions the Minister for Climate Change explicitly referred to the expenditure reporting supported by the programme.

The support to CPNE has further pronounced the climate change agenda in the media. A sub committee has been formed within the Council of Newspaper for sustainability. Two capacity building sessions were held with the journalists. The Guidebook on Climate Finance for the journalists has been translated in Urdu and Sindhi.

The programme has updated Nepal's Citizen Climate Budget (CCB) with government's 2018/19 allocations for climate action. Citizen Climate Budget was updated by Freedom Forum and has proven to be an effective tool to facilitate dialogue about climate finance accountability at different levels of government.

## **6. Economic Survey Reports in both the countries included improved reporting on climate change expenditures**

Economic Survey of Pakistan is an annual publication of the Ministry of Finance reflecting on the prior year's performance and the plans for the forthcoming fiscal year and now it includes a chapter on the climate change. The significant improvement of Economic Survey for 2017/18 over the Economic Survey for 2016/17 is that the results on CC expenditures for 17-18 are based on the climate change coding and tracking system, the information is much more detailed also with information on CC related expenditure for different sectors. The Budget in Brief for the fiscal year 2019/20 also includes a chapter on climate change. These two documents have created a mandatory requirement for reporting on expenditure relevant to climate change. The Economic Survey in Nepal 2018/19 contains reference to the CCFF. For 2018/19 the climate change expenditures were tracked by Comptroller General of Accounts. Moreover, the budget speech for FY2018/19 also included reference to climate change. Climate change has continued to be integrated and expanded in reporting requirements by government institutions in both countries increasing sustainability of the programme's interventions.

### **Sustainability & Scaling up**

The recently established Climate Finance Network (CFN) which is a collaboration between DFID and SIDA will be able to provide a sustainable platform for continuing and accelerating progress in implementing climate proofed policies at both national and sub-national levels. An integral part of the network will include successful activities that have been tested and shown positive impact throughout the programme implementation. The network will also provide a broader horizon enabling the governments to explore innovative sources of finance for climate change investments.

Through partnership with with the International Centre for Climate Change and Development (ICCAD) UNDP has been trying to strengthen ICCAD capacity to use the methodologies and experience in delivering training after the programme ends. ICCAD plans to hold a training in Africa on similar pattern and subject which demonstrates the result of partnership between UNDP, ACT and ICCAD.

Lessons and tools of the programme have been linked to other ongoing projects of UNDP and other development partners that can serve to scale up and replicate successes made to date. In Nepal, this includes a newly programme being launched on SDG localization led by the National Planning Commission in coordination with other government institutions including Ministry of Finance. This programme will realign resource flows including fiscal transfers to gaps established on climate-related development programmes. The work done on climate change mainstreaming at the federal and subnational level will be partly taken forward by the component on Poverty and Environment Action (PEA) as part of the SDG project. The PEA proposed areas of work match with the work that GCCF has been doing so this will ensure continuation of the reforms that GCCF has been undertaken. In addition, the tools that have been developed to support climate adaptation planning and budgeting will be integrated into a second phase of the DFID supported NCCSP programme, with approaches and methods shared for replication in future provincial-level programmes. In addition, the programme is working to ensure that common frameworks for climate investment screening and appraisal, climate budgeting tagging and expenditure reporting, and increasing transparency and accountability are incorporated into various existing and potential new

climate finance readiness and NDC support programmes being implemented by UNDP/Nepal funded by Germany/BMUB, GEF, and GCF.

In Pakistan based on the GCCF programme actions and proposed reforms in planning, the Ministry of Planning and World Bank are having provincial level consultations in Pakistan and trying to ensure that climate sensitive planning reforms are aligned with the budget reforms outlined in the CCFF road maps. In Pakistan UNDP has also done consultations with the SDG project within UNDP and the Planning and Development department KP to house the climate finance unit within the SDG unit established in the province. UNDP plans to help the Ministry of Climate Change in continuing the Climate Finance Unit being supported by ACT for continued support to integrating climate change across sectors and for leveraging international resources. The programme building on its partnership with the Council of Pakistan Newspaper Editors (CPNE) has been able to constitute a sub-committee within CPNE which will continue to advocate investment in climate change and more informed reporting on climate change.

This progress report provides evidence and specific examples in line with this articulation of the theory of change and the programme results framework. The report starts by providing a more detail overview of progress against final progress results, risk and mitigation measures and value for money sections as well as detail on programme expenditure through the provision of a financial report

**SECTION 3: OVERALL PROGRESS AGAINST OUTCOME AND OUTPUT INDICATORS AND TARGETS  
(PLEASE SEE ANNEX 1 FOR COMPLETE RESULTS FRAMEWORK)**

**We were able to fully achieve 6 out of the 7 targets for the outcome indicator. The remaining 1 indicator was partially achieved. More than 90%**

OUTCOME INDICATORS AND TARGETS	OUTPUT 1 AND TARGETS	OUTPUT 2 AND TARGETS	OUTPUT 3 AND TARGETS
Total Targets: 7	Total Targets: 7	Total Targets: 11	Total Targets: 5
Fully Achieved: 6	Fully Achieved: 6	Fully Achieved: 8	Achieved: 5
Partially Achieved: 1	Partially Achieved: 1	Over Achieved:3	

**Outcome: Ministries of Finance South Asia have established budget policies and institutional processes to effectively govern climate finance**

Outcome, Indicator 1	Outcome, Indicator 2	Outcome , Indicator 3
Climate change policy is integrated into budget formulation and reporting at national and subnational levels	National Budget Proposals include inputs on climate change from collaborative research with civil society	Government effectively co-ordinating cross ministerial inputs to climate related budget formulation and reporting processes

Targets to be achieved by 31 <sup>st</sup> March 2019	Targets to be achieved by 31 <sup>st</sup> March 2019	Targets to be achieved by 31 <sup>st</sup> March 2019
<p>At least 1.5 Billion Rupees [USD 13.92 million] worth in MOAD's Annual Budget Proposal reflects climate and gender-responsive programme design as part of upstream programme appraisal. <i>For the fiscal year 2018/19, MoALD has Rs. 1.6 billion as highly climate relevant budget in federal budget. Gender wasn't earlier part of classification, but it will be included for the next year as it stands notified as one of the parameters.</i></p> <p><i>Status: Achieved</i></p> <p>In Nepal, allocations to the sub-national level have increased by at least 5% in line with climate priorities, and contributing to the achievement of the 80% target</p> <p><i>There has been a change in reference because of the federalisation process. However, the ministry of Agriculture transferred significant resources to the LGs, Rs. 9.8 billion (4.4 for province and 5.4 for local governments) from its annual budget of Rs. 32 billion to the provincial and local governments, who implement most of climate related projects. The change in the reference has made it difficult to compare total climate budget in MOALD's annual budget proposal.</i></p> <p><i>Status: Partially Achieved</i></p> <p>By 2019, in both Nepal and Pakistan budget documents present information on the climate change policy financing gap and priorities for the budget period.</p> <p><i>Pakistan MTBF for Ministry of Water- collaborative research provides policy financing gaps- and budget policy brief includes climate change.</i></p> <p><i>Nepal the Finance minister budget speech takes note of the</i></p>	<p>Evidence from collaborative research with CSOs reflected in at least 2 budget proposals including analysis of gender equality in Pakistan and Nepal</p> <p><i>The findings of the collaborative research are being fed into the medium-term plan of Ministry of Agriculture in Nepal and the budget for the ministry that will be announced in June 2019.</i></p> <p><i>The collaborative research in Pakistan conducted with the Ministry of Water findings will feed into the MTBF for FY19-20.</i></p> <p><i>Status: Achieved</i></p>	<p>New central CC functions are institutionalized and made operational in both Nepal and Pakistan (e.g. a system is operationalized to validate climate relevance, a Climate Budget Code database is updated regularly, and CC budget proposals are consolidated as part of the budget process</p> <p><i>Budget Call Circular in KP amended to include climate change.</i></p> <p><i>Climate Change Information System updated for KP province and climate relevant data updated.</i></p> <p><i>In Nepal, LMBIS data base used by the Ministry of Finance for budget formulation has been updated to accurately track climate budget. An inter-ministerial coordination committee has been established to coordinate climate actions and budget among sector ministries.</i></p> <p><i>In Nepal, improved method of tagging has been approved by the MOALD and is applied in the planning process for next year's programme and budget. The improved method uses gender as one of the parameters for tagging.</i></p> <p><i>Sub-committee in the MoCC formed in Pakistan to validate climate relevance. Database being updated regularly.</i></p> <p><i>Status: Achieved</i></p>

Targets to be achieved by 31 <sup>st</sup> March 2019	Targets to be achieved by 31 <sup>st</sup> March 2019	Targets to be achieved by 31 <sup>st</sup> March 2019
<p><i>need to consider climate change seriously.</i></p> <p><i>Status: Achieved</i></p> <p>Nepal and Pakistan produce CC expenditure reports as part of the annual budget process</p> <p><i>Expenditure Reports produced and included in the latest Economic Surveys.</i></p> <p><i>Status: Achieved</i></p> <p>Nepal CCI score increased to at least 56; Pakistan CCI score increased to at least 53</p> <p><i>Nepal CCI score increased to at least 59 and Pakistan Score increased to 58</i></p> <p><i>Status: Achieved</i></p>		

#### Outcome Indicator 1

*The programme has succeeded in achieving its targets at the outcome level and in supporting actions that lead to sustainability of the programme objectives. In the final year of programme implementation the programme focus was to achieve the target of influencing public investment and seeing an increase in CC related allocations. In Nepal this was achieved at the sectoral level i.e the Ministry of Agriculture but at the sub national level the budget process has significantly altered. In Pakistan this was done for the water sector. In addition to the improvement in budget allocation we wanted to see systems reforms in the budget policy so that the reforms sustain even when the programme ends. The systemic and process reforms have been drawn and implemented in both the countries which will be explained in the later part. Finally, we wanted to see an increase in the Climate Change Budget Integration Index- both the countries have been able to achieve this target comfortably.*

**At least 1.5 Billion Rupees [USD 13.92 million] worth in MOAD's Annual Budget Proposal reflects climate and gender-responsive:** The climate change relevant budget has increased for the Ministry of Agriculture. For the fiscal year 2018/19, MoALD has Rs. 1.6 billion as highly climate relevant budget in federal budget. The medium and low relevance would push the number even higher. Gender wasn't earlier part of classification, but it will be included now as it stands notified as one of the parameters.

**In Nepal, allocations to the sub-national level have increased by at least 5% in line with climate priorities, and contributing to the achievement of the 80% target:** With the federalization process advancing in Nepal, most of the local level agriculture programmes are implemented by provincial and the local governments (LGs); a substantial part of the agriculture budget that is allocated to field work goes directly to the local government, as conditional grant. The baseline for measuring progress against the project target has as a result changed. Nevertheless, the 80% target for local spending on climate related budget remains as national target. The budget of MOALD for 2018/19 was NPR 32 billion (around 275 million USD), out of which 4.4 billion or 37 million USD (13.4%) was sent to provincial government and 5.4 billion or 46 million USD (16.4%) was sent to local governments as conditional grants to be spent on agriculture programmes. Since the LGs are independent to plan and implement their development activities, it is difficult at this stage to assess what part of the conditional budget has been spent on climate relevant works. Earlier, the Ministry of Finance (MoF) had used a compatible accounting software – the SUTRA at



the provincial level. However, considering the complication involved in tracking expenditure with SUTRA, the MoF has changed the policy of introducing SUTRA and has started using LMBIS at the provinces and Local municipalities. The local rural municipalities will still be using SUTRA, however, the ultimate aim of the MoF is to use LMBIS at all local level. It will help get expenditure figures from federal to the local levels in real time. Currently, LMBIS is used only at federal, provincial and local municipal government level.

**By 2019, in both Nepal and Pakistan budget documents present information on the climate change policy financing gap and priorities for the budget period:** The programme in Nepal helped Ministry of Agriculture and Livestock Development (MoALD) with integration of climate change into budget formulation and reporting. *The programme organised two consultative workshops with the officials of Ministry of Agriculture to refine the classification criteria and on how to increase the share of highly-relevant climate activities in the overall budget for significant projects to strengthen their effectiveness in reaching climate vulnerable populations. The revision in classification criteria is going to substantively improve the quality of sector wide reporting; the inter-ministerial committee has already asked for application of activity level reporting to other ministries. The success of this activity is built on findings from the collaborative research on “Impact of Climate Change Finance on the Climate vulnerable poor population”<sup>1</sup> as well as ongoing collaboration with the UNDP/FAO NAP-Ag programme whose technical assessments shall be used as an evidence basis for MoALD’s annual budget formulation starting in November 2018.*

In Pakistan the key reforms to the budget formulation and reporting process have continued to include and expand on climate change considerations into dialogue and negotiations over budget prioritization across sectors and Ministries of Finance, Planning and Environment and Climate Change. Climate Change has already been integrated in the medium term budget for the Ministry of Water and is also expected to be included for the Ministry of Food Security. *Climate Change integration in the budget in brief is also institutionalized, the last budget in brief was the 3<sup>rd</sup> year in running that included climate change. The budget in brief for the fiscal year 2019/20 that will be presented to the Parliament will also include climate change relevant budget and expenditure position. The KP budget call circular issued for the budget year 2019-20 now incorporates climate change.*

**Nepal and Pakistan produce CC expenditure reports as part of the annual budget process:** In Pakistan the reporting through the economic survey is now institutionalized with the level of reporting and detail progressively increasing. Economic Survey for 2017/18 included a statement of government estimates of climate finance needs and more details on climate-related expenditures, compared to FY 2016/17. In the year 2018-19, the programme will provide inputs in April to MOF to include the climate relevant actual expenditure, variance analysis and greater details of qualitative analysis.

*In Nepal, the Economic Survey (2017/18) contains a section on climate change, including the total climate change related expenditures and the sectoral trends therein. For 2018/19 the climate change expenditures continued to be published by the Comptroller General of Accounts. Moreover, the budget speech for FY2018/19 included reference to climate change. The inter-ministerial coordination committee established within the Ministry of Finance coordinates climate budget among the climate related sectors for coordinated budget planning and to ensure building possible synergy among the ministries while making climate investment.*

**Nepal CCII score increased to at least 56; Pakistan CCII score increased to at least 53:** Climate Change Integration Index (CCII) has proved useful for measuring periodic progress on the extent of CC mainstreaming. The climate change integration index has been updated to capture the developments and the reform measures rolled out by the governments at the national and subnational levels. The CCII reports

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<sup>1</sup>The Ministry has officially posted the research on its website (<http://moad.gov.np/en/publication>).

present evidence of greater CC integration with public finance systems and practices. *Pakistan score gradually improved from 36 (CCII report 2017) to 52 in 2018 and finally to 58 (CCII report 2019)- the target was 53.* This demonstrates the overall progress made by the Governments of Pakistan and Nepal in mainstreaming climate change in the governance and public financial management system.

*Nepal score has improved from 56 in 2017 to 59 in 2018 against the final target of 56.* The Ministry of Forest and Environment, the focal ministry for climate, is currently reviewing change climate change policy of 2011. Public consultation has been completed and is expected to go the cabinet within a month for approval. When the updated policy is approved the score will reach 60.

### **Outcome Indicator 2**

**Evidence from collaborative research with CSOs reflected in at least 2 budget proposals:** The research commissioned in both the countries has provided evidence for feeding into budget formulation. The programme supported *research in the Ministry of Water Resources in collaboration with M/S LEAD (Not for Profit Research Institute) which will help in more informed MTBF for the coming year. This will also support evidence-based planning and budget allocations and management of climate change resources.* The study besides conducting desk review of the sector studies to identify the needs and gaps, assessed the ongoing and new projects of the Ministry of Water Resources and provided recommendations on evidence based planning and climate proofing of the infrastructure projects. The report also provided recommendations in project preparation, prioritization and appraisal mechanism and revision of the budget KPIs for more robust results of climate change outputs while ensuring greater predictability and allocative efficiency of budget allocations.

*Similarly, in Nepal findings from the collaborative research on “Impact of Climate Change Finance on the Climate vulnerable poor population”<sup>2</sup> are being used for inputs into the formulation of current five year medium term plan for Agriculture sector.* The collaborative research used gender, which had already been used in the budget database as gender responsive budget for more than a decade, as a key variable in evaluating climate investment. However, the study found that it was difficult to establish linkages between the gender responsive budget and agriculture budget in order to evaluate the effectiveness of the investment in reducing vulnerability of gender-based beneficiaries.

### **Outcome Indicator 3**

**New central CC functions are institutionalized and made operational in both Nepal and Pakistan (e.g. a system is operationalized to validate climate relevance, a Climate Budget Code.....):** *Systemic and capacity reforms have finally enabled to provide a good institutional base for continuing the reform actions across the government. The Ministry of Finance Nepal held the Inter-ministerial committee meeting in January 2019 which enabled a cross ministerial ownership and institutionalisation of climate change reforms.* The committee recommended the refinement of climate classification in the Ministry of Agriculture to other ministries as well. The climate finance unit has also been established in the Nepal Ministry of Finance which brings together both the mandate on access to international climate change finance and climate related budget reforms to better manage both international and domestic public finance. The institutionalisation of this more integrated approach to managing climate change finance is testament to the programme’s advocacy and technical assistance for climate finance reform.

In addition to the systemic and process reforms which has provided a solid institutional framework the programme has been able to connect the Ministry of Finance, Ministry of Climate Change, Controller General of Accounts and sector ministries on climate change reforms. The programme has also provided support at the federal level in Pakistan to the Ministry of Climate Change to build their capacity to engage with the Ministry of Finance and other on key reforms as outlined in the Ministry of Finance led Climate

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<sup>2</sup>The Ministry has officially posted the research on its website (<http://moad.gov.np/en/publication>).

Change Financing Framework. The committee to overlook the climate change expenditures is already notified. UNDP Pakistan in order to further strengthen the institutional base plans to help the Ministry of Climate Change in partially supporting the Climate Finance Unit, earlier being supported by ACT for continued support to integrating climate change across sectors and for leveraging international resources. KP province has in principle agreed to establishment of Climate Change Finance Unit in the Planning and Development Department.

*Expenditure reporting in Pakistan has been scaled with one subnational government adopting the climate change expenditure tracking system.* In addition, based on the prior experience, work in both countries on coding and tracking has led to further refinement and accuracy of climate change expenditures creating more transparency and better-informed decisions.

## OUTPUT PROGRESS:

### Output 1: Climate Change is integrated into budget formulation at national and subnational levels

<b>Output 1, Indicator 1.1.</b> Number of comprehensive climate public expenditure and institutional reviews establishing baselines for strengthening budget formulation and reporting at national and subnational levels	<b>Output 1 Indicator 1.2</b> Number of climate change related policy briefs informing budget formulation	<b>Output 1, Indicator 1.3</b> Number of countries/ states with budget policies at national and subnational levels that systematically address climate change
<p><b>Targets to be achieved by 31st March 2019</b></p> <p>Output 1 Target 1</p> <p>China: 1 CPEIR and cost-effectiveness analysis</p> <p><i>Nepal: Already Achieved</i></p> <p><i>Pakistan: Already Achieved</i></p>	<p><b>Targets to be achieved by 31st March 2019</b></p> <p>Output 1 Target 2:</p> <p>State of Climate Finance reports and policy briefs</p> <p>Nepal target: 1 State of Climate Finance report; 2 policy briefs <i>Status: Achieved</i></p> <p><i>State of climate finance report completed before the reporting period.</i></p> <p><i>Policy brief: Achieved</i></p> <p>Pakistan Target: 1 State of Climate Finance Report; 3 policy briefs <i>1 State of Climate Finance Report completed.</i> <i>1 Policy Brief on Fiscal Transfer</i></p> <p><i>Status: Partially Achieved. The required briefs could not be developed because of increased commitment of Ministry of Finance in Pakistan due to elections.</i></p>	<p><b>Targets to be achieved by 31st March 2019</b></p> <p>Output 1 Target 3:</p> <p>Nepal target: CCFF Is endorsed and Implemented</p> <p><i>Status: Achieved</i></p> <p>Pakistan Target:</p> <p>Climate Change Financing Framework produced that contributes toward or is integrated in the MTEF. 1 CCFF implementation plan operationalized in KP. <i>Climate Change integrated in MTEF CCFF for KP approved and launched in July 18.</i> <i>Status: Achieved</i></p>

### **Output indicator 1.1**

As reported in the Annual report, CPEIRs are completed for both countries and State of the Climate Finance briefs were developed and shared among government participants before the Regional Dialogue on Climate Resilient Growth that took place in Bangkok in February 2018.

### **Output indicator 1.2**

Policy briefs were developed both in Nepal and Pakistan for supporting the government on policy issues for pursuance of climate reforms. During the reporting period 2 policy briefs were developed for Nepal. *One policy brief was developed and issued by the Ministry of Agriculture and Livestock Development in Nepal on promoting stronger sectoral climate budgeting, including the need for improved guidelines and methods for coding and tracking.* In conjunction with this brief a workshop was organized to improve existing classification tracking of budgetary allocations and expenditures to the activity level. This has resulted in the development of an improved method of tracking for more effective climate-responsive planning and budgeting.

In Nepal the programme also developed a policy brief on the need to involve CSOs in the planning and monitoring. It will help the officials to consider involving CSOs in evaluating effectiveness of the climate investment in the years ahead.

*Another policy brief was developed on incorporating the findings from collaborative research on “Impact of Climate Change Finance on the Climate vulnerable poor population” conducted with Ministry of Agriculture in Nepal has been completed.* The findings from collaborative research are being used as a basis for budget process formulation. The Ministry has officially posted the research on its website (<http://moad.gov.np/en/publication>).

In Pakistan a policy brief is at final stage of being developed to provide rationale for amending the intergovernmental fiscal equalization scheme in Pakistan. The policy brief will provide rationale for including factors with externalities in the revenue sharing mechanism. The Adviser to the Prime Minister has already expressed interest in using climate change as a criterion and may take forward the findings to the highest level as part of the ongoing dialogue for revenue sharing mechanism by the National Finance Commission. The other two policy briefs could not be developed because of Ministry of Finance increased commitment with the new government which resulted in presentation of the budget twice followed by another supplementary budget.

### **Output indicator 1.3**

*The Government of Pakistan expanded to integrate climate change in budget formulation for the Ministry of Food in addition to the Ministry of Water Resources, which had already included climate change in its Mid-Term Budgetary Framework (MTBF) last year.* The Programme provided support to Ministry of Food Security in diagnosing the gaps in the existing MTBF and the National Food Security policy. Subsequently two workshops were organized for the Ministry officials to help articulate the recommendation for integrating climate change with its MTBF and with the end objective of aligning it with the Sector policy. In the upcoming budget submissions the sector ministries will after getting inputs from field formations will integrate CC in budget proposals in line with the revised framework.

As earlier stated the MTBF for the Ministry of Water has a dedicated output on climate change and titled ‘Climate resilient water infrastructure development’ with a total outlay of 400 million USD to be spent over 3 years. There are two other outputs that have climate change related Key Performance Indicators (KPIs) meaning thereby that a proportion of the budgets under these outputs will also be climate change sensitized. The KPIs have clear targets for 3 years under the MTBF which includes mainstreaming climate change aspects in the design and implementation of projects. The programme is providing technical support for implementation of MTBF and for development of MTBF for the next year.

The Programme facilitated research and review of the Ministry of Water’s public investments that aided in refining the KPIs for climate-resilient water infrastructure in line with the revised scope and structure of

the Ministry. The research analyzed major investment projects that were selected on the basis of- size (cost), classification (mitigation and adaptation), the source of its financing (donor and own source), and project status (Greenfield and ongoing projects). The research concluded with recommendations on refining the KPIs for climate change related outputs and climate-proofing of infrastructure projects.

*During the last six months of reporting period medium and long-term roadmap for climate change related budget reforms have been institutionalized in the KP province through revision of budget call circular, putting in place a climate change expenditure tracking system and headway in integration of climate change in MTBF for sector departments.* These reforms have resulted from the Government of Khyber Pakhtunkhwa (KP) approval of the Climate Change Financing framework (CCFF) in July 2018. The citizens' budget 2018-19 published by GoKP for the first time recognizes in the budgeting framework climate change as a threat and identifies it as a priority investment area.

*Medium-Term Budget Estimates for Service Delivery* report (FYs 2018-21) published by KP Department of Finance includes reference to climate change management and some specific initiatives to be budgeted. The Programme conducted onsite and offsite coaching sessions to enable the Line Departments in amending the MTBF to integrate climate change. In addition, the field formations were engaged to prepare the government officials to utilize the amended budgeting framework in the upcoming budget submissions. In Nepal the Ministry of Agriculture was identified in consultation with the government to pilot climate change mainstreaming in the budgeting process. *The process has been initiated by developing a more effective methodology for climate change expenditure tracking which will bring more transparency and efficiency providing a foundation for embedding climate change in the Annual Budget FY 19-20 of the Ministry of Agriculture.* The coding refinement work has involved extensive dialogue with the senior management and planning and budgeting officers of Ministry of Agriculture which has also strengthened their capacity and helped in better implementation of the CCFF. The classification criteria has been refined and currently is pending formal approval by the Ministry of Agriculture.

*Guidelines and new methods developed and approved by the MoALD in March 2019 shall serve as guidance to the other line ministries for mainstreaming climate change in their sectoral budgets.* This will, for now on, change the planning and budgeting within MOALD and continue to be rolled out into the agriculture sector in province and local governments. It must be stressed that MoF has already taken the tagging method developed by MOALD as a pilot, which will be communicated to the other ministries through the inter-ministerial-coordination committee at the MoF. The other ministries will use the method from next year. The improved method will form a basis for required changes in the planning processes of the MOALD this year and the other ministries from the next year.

**Output 2: Strengthened institutions track and report on climate change expenditures as part of the budget process at national and sub-national levels.**

<b>Output 2 Indicator 2.1</b>	<b>Output 2 Indicator 2.2</b>	<b>Output 2 Indicator 2.3</b>	<b>Output 2 Indicator 2.4</b>
Number of country/state systems in place to track climate change expenditures	Number and quality of public expenditure reports including climate change expenditures as part of budget reporting process	Number of reports and/or dialogue on the relationship between the budget and climate change, produced collaboratively by government and non-government actors.	CSO reports and/or public dialogue on budget policy and expenditure that include climate change dimensions
Targets to be achieved by 31st March 2019  Nepal target: Refined climate relevance criteria is operational, and	Targets to be achieved by 31st March 2019  MoF financial statements/ reports on CC relevant expenditures	Targets to be achieved by 31st March 2019 Nepal target: At least one discussion/debate on climate change finance is led by parliamentarians.	Targets to be achieved by 31st March 2019  Nepal target: 1. One public dialogue/briefing on Annual State of

<p>applied in at least one sector.</p> <p><i>Refinement of classification done and notified by the MOALD in consultation with MoF.</i></p> <p><i>Status: Achieved</i></p> <p>Pakistan target: The Climate Budget Code database is operational</p> <p><i>In addition to operationalisation of database at the federal level it has also been developed for KP government.</i></p> <p><i>Status: Over Achieved (as reported in an Annual report)</i></p>	<p>(1 in Nepal and 1 in Pakistan)</p> <p><i>Ministry of Finance in Nepal and Pakistan include financial statement consecutively for the last 3 years.</i></p> <p><i>Status: Achieved (already reported in the last Annual report)</i></p>	<p><i>Status: Achieved (reported in the progress report April-September 2017)</i></p> <p>Pakistan target: At least one discussion/debate on climate change finance is led by parliamentarians.</p> <p><i>In addition to the question reported in the earlier report this year 3 additional questions were tabled.</i></p> <p><i>Status: Over Achieved</i></p>	<p>Climate Finance Report</p> <p><i>Status: completed (already reported in an Annual report)</i></p> <p>Pakistan target:</p> <ol style="list-style-type: none"> <li>1. Two public dialogues / briefing on Annual State of Climate Finance Report</li> <li>2. One CSO - Government Dialogue</li> <li>3. One media engagement activity</li> <li>4. One Pakistan citizen budget at KP</li> </ol> <p><i>Status: completed (also reported in Annual report)</i></p> <p><i>Status: completed (also reported in last Annual report)</i></p> <p><i>Status: Over achieved (also reported in last Annual report)</i></p> <p><i>Status: Achieved</i></p>
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### Output indicator 2.1

The programme has been able to institutionalise the expenditure tracking system by not only providing the design and configuration but also through hands on support and capacity building of the government which will continue to use it in future. In continued support to the Government of Pakistan and Nepal in tracking and reporting on climate change expenditures at both national and sub-national levels climate budget code database for both countries is operational in Ministry of Climate Change in Pakistan.

Nepal's Ministry of Agriculture and Livestock Development (MoALD) has refined sectoral climate relevance criteria and approved an improved method for tagging climate budget in agriculture sector. The improved method has unpacked the existing 11 criteria of coding by introducing a set of 7 typology for agriculture sector that helped define climate activities in agriculture. *The activities identified as climate relevant are screened for their level of relevance, for which it uses three parameters of i) climate vulnerability, ii) identified target group including gender, and iii) policy relevance.* The improved tagging method has taken this into consideration and used gender as a major factor to evaluate the level of relevancy of the budget to climate change. This year budget for the Ministry of Agriculture is expected to have climate relevant budget with additional information about the gender-based beneficiaries. *The refined method has been agreed by the Ministry of Finance (MoF), which has planned to use it as a model for other sectors through the Inter-ministerial Coordination committee formed within the Programme and budget division of the MoF.*

The meeting was held in January 2019 before the budget formulation for 2019 began. The meeting also agreed to modify the LMBIS data base to include a provision for activity tagging, which was improvement made by MOALD in the tagging method. The MoF will provide access to newly updated LMBIS database to tag at the activity level to MOALD this year and based on the experience it will continue to provide access to other ministries to tag activities for climate change. The change has initiated a cycle of change that will

lead from one ministry (currently MOALD) to the rest with MOF taking the central role in guiding and coordinating, which is a significant achievement in climate finance front in Nepal.

*In Khyber Pakhtunkhwa in Pakistan the programme worked with the Finance Department KP and Controller General of Accounts to adapt the expenditure tracking system to the provincial requirements. Subsequently the data for current year was classified through programmatic technical support. Capacity building support was provided to the officials of Ministry of Climate Change for managing the tracking system put in place in the Ministry.*

### **Output indicator 2.2**

The Ministries of Planning and Finance in Pakistan use the expenditure reports of the climate budget tracking system for the Economic Survey 2017-18. This also demonstrates the ownership and efficacy of the expenditure tracking system. Also there has been a progressive increase in the nature and extent of climate change reporting in the economic survey of Pakistan. In FY15-16 the CPEIR information was included in the chapter on Environment; in FY16-17 the chapter on environment was replaced by a chapter on climate change but there was no detailed CC expenditure information with regards to different sectors. The FY 17-18 now provides a more detailed analysis of CC expenditures.

The Economic Survey in Nepal 2018/19 contains reference to climate change and the CCFF. For 2018/19 the climate change expenditures were tracked by Comptroller General of Accounts. Moreover, the budget speech for FY2018/19 included reference to climate change.

### **Output indicator 2.3**

The programme has over achieved on this output by investing in strengthening the oversight role of Parliament which is crucial in holding the government accountable for its actions and making sure that the government implement policies in accordance with laws and budget passed in the Assembly. The programme has continued to work with Parliaments in both countries to build their capacity and provide specific tools to ensure that Parliamentarians can more effectively scrutinize the budget from the climate change lens. The indicators for this target have been achieved and reported in progress report that covered the period from April-September 2017.

*In the reporting period the programme has gone beyond achieving its target of developing KP Budget Review Guide has worked with the Climate Change Committee of National Assembly in Pakistan and adapting the Review Guide for the national assembly. The review guide will be finalised in May.*

The background discussions with the Climate Change Committee in the National Assembly has already taken place. *The engagement with Parliament led to three assembly questions being asked in the National Assembly during the last six months which demonstrates strengthening of public scrutiny of public investments in climate change.*

### **Output indicator 2.4**

The programme has again overachieved this output and successfully completed activity related to media engagement with Council of Pakistan Newspaper Editors (CPNE) and worked beyond achieved target in the reporting period. The programme has after holding three sessions with the journalists successfully put in place a climate change sub-committee of the Council of Pakistan Newspaper Editors (CPNE) for ensuring continued advocacy for investment in climate change and more informed reporting on climate change. The programme has also completed four seminars for the media. This activity is a follow-up from successful development of Handbook for Climate-Smart reporting and a series of media seminars organized to raise awareness among journalists about climate finance governance. In addition, the handbook for climate smart reporting was translated in 2 regional and the national language to enhance the outreach and its usage in the local media. These activities are envisaged to increase the quality and quantity of media coverage of climate change and climate finance issues and sustain existing knowledge built.

KP Province is being supported to develop Citizen Budget which will include climate change expenditure analysis. This is being led by the finance division and has been in part inspired by work which was undertaken in Nepal with the NGO Freedom Forum.

In the reporting period, the programme has updated Nepal's Citizen Climate Budget (CCB) with government's 2018/19 allocations for climate action. Citizen Climate Budget was updated by Freedom Forum with technical support from the programme and International Budget Partnership. The purpose of CCB is to help citizens, CSO and journalists as well as people's representatives and parliamentarians and other policy makers to understand how the government uses public finances to address climate change. This CCB has proven to be an effective tool to facilitate dialogue about climate finance accountability at different levels of government, and in providing evidence for stakeholders to engage in budgetary discussion and decisions. In terms of the sustainability, the programme has invested in building the capacity of Freedom Forum to develop CCB and it is expected that from next year they will be in position to update CCB on their own.

**Output 3: Knowledge effectively shared within and across countries of the region as well as with key international policy process related to climate finance**

<b>Output 3 Indicator 3.1</b>	<b>Output 3 Indicator 3.2</b>	<b>Output 3 Indicator 3.3</b>
Number of events that showcase and promote knowledge and sharing of experiences based on experiences developed by the regional programme.	Number of South-South initiatives contributing to strengthening climate change budget related reforms	Number of knowledge products developed across country experiences in South and South East Asia
<b>Targets to be achieved by end of March 2019</b>  12 knowledge products and at least two showcase events organized to promote knowledge and sharing of experience <i>Status: Achieved</i>	<b>Targets to be achieved by March 2019</b>  One regional conference on the State of Climate Finance in Asia; 1 Climate Change Finance training i.e. ICCAD; 1 RPLN exchange <i>Status: Achieved</i> <i>ICCAD training held in November. Participants from Government of Nepal and other SIDA Countries. Experience of reforms in Nepal and Pakistan shared.</i> <i>RPLN exchange reported in the previous reports.</i>	<b>Targets to be achieved by March 2019</b>  One revised Climate Change Financing Framework guidance note with stronger guidance on strengthening impact and effectiveness, including in relation to gender equality  <i>Status: Achieved</i> <i>Budget Tagging Note that includes climate change and gender for Nepal developed and shared in the Regional Conference.</i>

This output has already been successfully completed and we have gone beyond our target to ensure that the knowledge and good practice garnered from the programme's work in South Asia continued to be shared across the region through events and global processes. The events such as regional dialogues and regional climate finance courses organized by ICCAD, ACT and UNDP on climate finance have fostered south-south cooperation and have proven to be an incubator for innovation and sharing of best practices in the region.

In March 2019 Regional Dialogue on Climate Change Finance was held in Bangkok. This event provided an opportunity to both South Asia and South East Asian countries to share their experience on climate change reforms. The governments and civil society from DFID supported countries in particular shared the key system and process reforms which have been instrumental in mainstreaming climate change in the governance and public financial management system. For example, inclusion of gender in the climate



budget tagging in Nepal and integration of climate change in the MTBF in Pakistan paving the way for integration of CC in the medium-term financial planning evoked a lot of interest.

The innovative work on Citizen Climate Budget developed by the programme in Nepal was presented both at climate finance course last year and regional dialogue in March, 19. It has generated great interest from other countries in the region and as a result Climate Citizen Budget has been developed in Pakistan, Cambodia and Bangladesh. The development of Climate Citizen Budgets in the region leads to improved accountability around climate finance and promote the dialogue between governments and citizens about more effective management of financial resources for climate actions.

Pakistan and Nepal have been leading the work on budget tagging and throughout the process of improvement and refinement of the criteria and methodology, both countries have been learning and supporting each other. Bangladesh has started working on budget tagging after it was presented at climate finance course in Dhaka and is using experiences and lessons learned from Nepal, Pakistan and Indonesia. UNDP supported government of Indonesia to leverage around 1.25 billion USD in 2018 for green sukuk (Islamic bond) using budget tagging system. The green bonds use 100% of the proceeds to finance or re-finance green projects that contribute to climate change. Due to programme interventions, Bangladesh is in the process of launching its green Sukuk, building on budget tagging experience from Indonesia, Pakistan and Nepal. In its pursuit of capturing the best practices on climate finance, the programme has reached out to Kenya which has made a considerable progress in implementing its climate finance policy and pursuing related opportunities such as the green bond. The CFN will provide a huge potential for south-south cooperation and exchanges on learning on climate change finance and budget reforms for country exchanges across the regions.

The third ICCAD training was held in October 2018 in Dhaka. This was a collaborative effort of UNDP and ACT and was attended by the government officials from Nepal, Afghanistan and India and SIDA supported countries including Cambodia, Indonesia, Thailand and Pacific. These trainings have been a regular annual feature which have focused on the theoretical underpinnings of climate change mainstreaming in public finance with practical examples on climate finance reforms in the South and South East Asian countries. A *stronger emphasis on promoting gender integration into climate budgets* and international climate finance proposals was being designed into the curriculum.

In the reporting period, the programme contributed to three important regional/global fora. From 10-11 September, programme staff contributed to UNFCCC Standing Committee on Finance meeting, interacted with country delegates, *and provided feedback on the 2018 Biennial Assessment Report, including on how to better track and report on domestic climate finance flows as basis for informing global climate action.* According to information from UNFCCC, nine countries have submitted information on domestic financial flows and co-funding as part of their Biennial Update Reports. Lessons on how to better target and mobilize climate finance to the vulnerable emerging from programme results were also *shared with Central Bankers at the 4<sup>th</sup> Pacific Islands High Level Forum on 6-8 June, co-sponsored by the Alliance for Financial Inclusion with a focus on how climate change could be better included in digital financial innovation to build resiliency at the bottom of the pyramid.*

From 25-27 April, at the *Climate Integrity Talks held in Bangkok organized by Transparency International chapters in South Asia, programme experts informed participants on ways in which budget transparency tools and mechanisms can support overall accountability* and how civil society actors were playing a constructive role to deliver results that advance the interest of the most vulnerable.

The programme has continued to build regional capacities on climate finance and support the transition to the *establishment of a Climate Finance Network (CFN), in partnership with Action on Climate Today/OPM.* The programme will make a smooth transition towards a more integrated regional platform where countries will capitalize on exchanges of country experience and cross-country advisory support as well as the benefits of the regional dialogue opportunities to bring together various stakeholders to share good practices. This will also provide an opportunity to the DFID and SIDA supported countries to work in a more

integrated manner on climate change finance. The Regional Dialogue in Bangkok provided an opportunity to share the concept and initiate a dialogue on the six proposed workstreams.

#### SECTION 4: RISK ASSESSMENT AND MITIGATION STRATEGY

Risk	Mitigation Strategy
Elections slowed down the pace of programme implementation	The decision-making in the government of Pakistan did slow down during the reporting period due to general elections that took place on 25 July 2018. The change in the government also led to the staff turnover, particularly in the Ministry of Climate Change. However the momentum of reforms was maintained because of the institutional strengthening that the programme has been working on and its wider engagement. The team from Bangkok also provided support to plan for completing the remaining programme activities.
Establishment of new Federal structure in Nepal could lead to delay in our support to Ministry of Finance in supporting sub-national planning and budgeting process	The programme continues to work closely with the Ministry of Finance in supporting the two sub-national pilot provinces (1 and 6) in planning and budgeting process. The programme also pushed for the Inter-ministerial as its role could be critical in coordinating the government on climate change finance reforms.

#### SECTION 5: VALUE FOR MONEY

The programme remains consistent in strengthening its value for money through efficiency acceleration (using programme cost-sharing scheme) and cost effectiveness in unit cost reduction. In the reporting period, the programme has demonstrated value for money in: 1) Transformational effect on other governments(2) High level government access as secured through UNDP long term programmatic engagement through country office; (3) Programme Management and Advisory Support, (4) Transactional cost for programme implementation; (5) Engagement for Technical Advisory Services and (6) Integration of activities and their co-financing through other UNDP programmes.

##### 1) Transformational Effect on other governments:

The federal government and KP has demonstrated transformational effect in two other provinces, Punjab and Sindh, both provinces have revised their budget call circular to include reference to climate change. This is an example of triggering reforms without any additional investment.

##### 2) High-level government access as secured through UNDP long-term programmatic engagement through country office

The programme has partnered with Ministries of Finance, Planning, Environment and sectoral ministries, creating a high-level access to climate relevant institutions. Working on the ground with UNDP Country Offices, the programme has been able to access senior government officials based on existing relationships built up over the years between UNDP and the government. This has saved significant time in implementation as well as enabled a stronger traction on systemic reforms than would have been the case if the programme was not being implemented through an inter-governmental entity like UNDP.

##### 3) Programme Management and Advisory Support

By sharing costs of staff across the DFID and SIDA support programming costs for DFID have been significantly reduced both at regional and national levels. At regional level, the advisory support cost of the Climate Change and Finance Specialist and Gender Specialist were cost shared with Sida. Moreover, the

programme continued to have cost saving from a replacement of a full-time staff position for Governance and Public Finance Specialist with a consultancy contract.

#### **4) Transactional cost for programme implementation**

UNDP Bangkok Regional Hub implemented the programme through its country offices in Nepal and Pakistan. With support from the UNDP Country Offices, the transactional cost for programme implementation was substantively reduced.

Moreover, the unit cost reduction is exercised where UNDP helped organizing trainings and workshops. Long Term Agreements (LTA) with high quality meeting facilities both at the regional and national levels helped reducing a unit cost per head for at least 3 national meetings and trainings both in Nepal and Pakistan. The approach was also proved at the successful regional dialogue in Bangkok which will be replicated for the CPGD closing event in February 2019.

#### **5) Engagement for Technical Advisory Services**

The programme continued to benefit from the high quality and cost-effective procurement processes at UNDP. During the reporting period, the programme has engaged at least three individual consultants, one civil society organization through procurement processes conducted in a transparent and cost-effective manner. Through this approach the high quality of goods and services were attained at the most competitive market prices.

#### **6) Integration of activities and their co-financing through other UNDP programmes.**

The programme has benefited from implementation arrangements that have allowed small amounts of resource from DFID to leverage implementation through larger UNDP country programmes including for example working with National Adaptation Plan project and GCF readiness project in Nepal.

### **SECTION 6: MONITORING PROGRESS**

The programme continued to use the Result Monitoring Matrix and theory of change as tools to monitor the programme progress in achieving its outcome. The BRH provided technical support on developing linkages with the NAP-AG works at MoALMC in Nepal, support in development of refined classification criteria in the Ministry of Agriculture in Nepal. Technical support has also been provided in quality assurance of the communication material and in development of the Policy Briefs

Other regular programme monitoring visits were completed in April, August, November, January and April in Nepal and Pakistan to review programme progress, address risks and provide technical support to the national staff to review the status of the programme results. The field monitoring visits were used to discuss sustainability plan, to ensure impact beyond programme duration. In addition to the visits the programme maintained contacts twice a month with the focal points in the two countries through skype calls.

### **SECTION 7: PROVISIONAL EXPENDITURES AND FINANCIAL MANAGEMENT REPORT**

With reference to DFID-UNDP cost-sharing agreement amendment No. 4 dated 5 November 2018, cumulative total contribution amount as of March 2019 is **GBP 4,588,269 or USD 6,478,351**. Payment details are summarized below:

- The 1<sup>st</sup> payment of £500,000 [\$814,332] received in December 2013
- The 2<sup>nd</sup> payment of £302,728 [\$491,442] received in November 2014
- The 3<sup>rd</sup> payment of £500,000 [\$763,359] received in May 2015
- The 4<sup>th</sup> payment of £613,388 [\$933,619] received in December 2015
- The 5<sup>th</sup> payment of £500,000 [\$663,130] received in July 2016
- The 6<sup>th</sup> payment of £583,587 [\$729,484] received in December 2016
- The 7<sup>th</sup> payment of £300,000 [\$393,701] received in August 2017
- The 8<sup>th</sup> payment of £400,000 [\$536,913] received in December 2017
- The 9<sup>th</sup> payment of £350,000 [\$465,426] received in April 2018

- The 10<sup>th</sup> payment of 538,566 [\$686,946] received in December 2018.

This is a provisional financial report covering the period of 1 April 2018 – 31 March 2019. The tables below were prepared based on UNDP interim financial information as of 1 April 2019.

Description	1 Dec.13 – 30 Sep.14	1 Oct.14 - 30 Apr.15	1 May.15 – 31 Oct.15	1 Nov.15 - 30 Apr.16	1 May – 31 Oct.16	1 Nov.16 – 31 Mar.17	1 Apr – 31 Mar.18	1 Apr.18–11 Mar.19	1 Apr.18–11 Mar.19
	(10 months)	(7 months)	(6 months)	(6 months)	(6 months)	(5 months)	(12 months)	(12 months) -provisional	(12 months) - provisional
New Budget received	\$814,332	\$491,442	\$763,359	\$933,619	\$663,130	\$729,484	\$930,614	\$1,152,372	£880,412
Roll-over from previous workplan	\$0	\$500,772	\$541,693	\$677,069	\$860,079	\$843,588	\$783,371	\$287,390	£219,566
Combined Disbursed & committed expenditure	\$750,781	\$775,996	\$1,177,982	\$1,337,835	\$1,085,824	\$1,119,337	\$1,633,501	\$1,439,763	£1,099,979
Disbursed expenditure	\$313,560	\$450,521	\$627,982	\$750,610	\$679,621	\$789,701	\$1,426,595	\$1,335,296	£1,020,166
Committed expenditure	\$437,221	\$325,475	\$550,000	\$587,225	\$406,203	\$329,637	\$206,906	\$104,468	£79,813
Planned but not yet committed (Balance)	\$63,551	\$216,208	\$127,069	\$272,854	\$437,385	\$453,734	\$80,484	\$0	£0
All commitments will be disbursed/ spent by	Jul-15	Oct-15	Apr-16	Oct-16	Mar-17	Sep-17	Jul-18	May-19	May-19

From the table above, the total budget for this reporting period at **USD 1,439,763** or GBP1,099,979 (using UN exchange rate as of April 2019 at USD 1: GBP 0.764). This budget amount is a combination of the two *contributions received* in June (payment #9) and December 2018 (payment #10) respectively. Total fund received in 2018 was at USD 1,152,372. This also includes the *roll-over* from the previous workplan at **USD287,390**.

Due to the foreign exchange loss, the actual contribution received in June (\$465,426) and December 2018 (USD 686,946) were lower than the estimated amount as per initial approved budget workplan in May at **USD28,277** and October 2018 at **USD20,762**. Total cumulative foreign exchange loss at **USD48,989** required an approval for the use of approved contingency fund at USD 20,543 and the reallocation of the unutilized M&E budget line at USD 8,030 to cover of budget loss. The remaining budget loss was absorbed through programme cost efficiency savings.

There was a miscalculation of the GMS in the approved workplan which was calculated at 4% of the overall workplan budget while the approved rate is at 8% while the ISS was calculated at 1% rather than 2-3% as the approved approximate rate. Total underestimated GMS and ISS amounted USD 69,757. Through programme cost efficiency saving, the budget from Activity 1.2 and 1.3, along with Activity 2.1, 2.2 and 2.3 were secured to cover the necessary budget for GMS and ISS.

Total disbursed expenditure for the current reporting period i.e. April 1,2018 - March 31, 2019 amounted **USD 1,335,296** or GBP1,020,166 (using UN exchange rate as of April 2019 at USD 1: GBP 0.764). The total disbursed expenditure was equivalent to 93% of total budget available for the period. **Commitments** as of 31 March 2019 at **USD104,468/** GBP79,813 (using UN exchange rate as of April 2018 at USD 1: GBP 0.764). These commitments were equivalent to 7% of total budget available for the period. **Total disbursed expense and commitments** for this reporting period was concluded at **USD 1,439,763 /**GBP1,099,979 or **100% utilization rate** of the approved budget. This leaves “zero” fund balance while the list of the consultants indicating a roll-over as committed fund is provided as Table 1 at the end of this section.

**Summary of the provisional 6 months expenditure broken down by output**

Due to exceeding expense for the regional dialogue and the support for the regional training with ICCCAD, minor adjustment is required across Output 1-3.

- **Output 1:** total budget for the reporting period was **USD 66,066**. From this budget, **USD47,350 / GBP48,712** was spent. There are commitments for Output 1 at USD 16,409. The total reported expense and commitments at **USD 63,759** are equivalent to 97% of fund utilization rate against the budget. The budget balance at USD 2,307 was reallocated to cover the exceeding expenditure under Output 3.
- **Output 2:** total budget for the reporting period is **USD 564,753**. From this budget, **USD 514,784/GBP 393,295** was spent. Commitments for Output 2 are at **USD 22,499**. Combined commitments and expenditure for Output2 amounted **USD 537,284 / GBP 410,485** (using UN Exchange rate of April 2019). The amount is therefore equivalent to 95% budget utilization rate. The budget balance at USD 27,470 was reallocated to cover the exceeding expenditure under Output 3.
- **Output 3:** total budget for the reporting period is **USD 542,378**. From this budget, **USD 506,594 /GBP 387,038** was spent. Commitments for Output 3 are at **USD 65,559/GBP 49,235**. Total expenses and commitments combined amounted USD 572,154 / GBP 437,125 (using UN Exchange rate of April 2019) are equivalent to 105% budget utilization rate. The budget deficit at USD -29,776 was covered by the budget balance from Output 1 and 2.
- **Staffing and programme implementation:** total budget for the reporting period was **USD 116,974**. All the budget available has been spent with no commitment remains. Total fund utilization rate was at 100%.
- **GMS & ISS:** GMS and ISS fee was allocated as per UNDP corporate rules and regulations at the amount not exceeding 8% for GMS and 3% for ISS.

**Financial status of DFID-UNDP Strengthening Governance of Climate Change Finance in South Asia by Output  
1 April, 2018 to 31 March 2019 (12 months)**

No.	Description	REVISED Budget Workplan for Apr.18 - Mar.19	Cumulative Disbursed Expenditure (USD) 1 April 2018 - 31 March 2019	Cumulative Disbursed Expenditure (GBP) 1 Apr 2018 - 31 March 2019	Committed Fund (USD) as of 1 April 2019	Committed Fund (GBP) as of 1 April 2019	Total Disbursed and Committed Expenditure (USD)	Total Disbursed and Committed Expenditure (GBP)	Budget Discrepancy / Reallocation amount	Budget Utilization %
1	Output 1: Climate Change is integrated into budget formulation at national and sub-national levels.	66,066	47,350	36,176	16,409	12,536	63,759	48,712	2,307	97%
2	Output 2. Strengthened institutions track and report on climate change expenditures as part of the budget process at national and sub-national levels.	564,753	514,784	393,295	22,499	17,190	537,284	410,485	27,470	95%
3	Output 3: Knowledge effectively shared across countries of the region as well as with key international policy process related to climate finance.	542,378	506,594	387,038	65,559	50,087	572,154	437,125	(29,776)	105%
4	Staffing and Programme Implementation	116,974	116,974	89,368	0	0	116,974	89,368	(0)	100%
5	GMS & ISS	149,592	149,592	114,289	0	0	149,592	114,289	(0)	100%
<b>Total (USD)</b>		<b>1,439,763</b>	<b>1,335,296</b>	<b>1,020,166</b>	<b>104,468</b>	<b>79,813</b>	<b>1,439,763</b>	<b>1,099,979</b>	100%	<b>0</b>

REMARK: UN EXCHANGE RATE as of April 2019 at USD 1: GBP 0.764

**Financial summary of DFID-UNDP Strengthening Governance of Climate Change Finance programme in South Asia by Country for 1 April, 2018 to 31 March 2019 (12 months)**

	A	B	B	C	C	D=B+C	D=B+C	E=A-D	G=E/A
Description	REVISED Budget Workplan for Apr.18 - Mar.19	Cumulative Disbursed Expenditure (USD) 1 April 2018 - 31 March 2019	Cumulative Disbursed Expenditure (GBP) 1 April 2018 - 31 March 2019	Committed Fund (USD) as of 12 March 2019	Committed Fund (GBP) as of 12 March 2019	Total Disbursed and Committed Expenditure (USD)	Total Disbursed and Committed Expenditure (GBP)	Budget Discrepancy / Reallocation amount	Budget Utilization %
Nepal	188,276	172,003	131,411	0	0	172,003	131,411	16,273	91%
Pakistan	386,369	333,957	255,143	38,908	29,726	372,865	284,869	13,504	97%
Regional	598,552	562,769	429,955	65,559	50,087	628,328	480,042	-29,776	105%
Staff costs and Programme Management Support	266,566	266,567	203,657	0	0	266,567	203,657	0	100%
<b>Total</b>	<b>1,439,763</b>	<b>1,335,296</b>	<b>1,020,166</b>	<b>104,468</b>	<b>79,813</b>	<b>1,439,763</b>	<b>1,099,979</b>	<b>0</b>	<b>100%</b>

**REMARK**

UN Exchange Rate@ April 2019: USD1: GBP0.764

## Summary Expenditure by Locations

### Pakistan

From total available budget of **USD386,369**, total expenditure for the reporting period was at USD 333,957/GBP 255,143. The current commitments at USD 38,908 is detailed in the consultant list in Annex1. The combined expenditure and commitments is equivalent to 97% utilization rate of the total budget. The remaining budget at USD 13,504 was reallocated to cover the exceeding expenditure under Output 3.

REVISED Budget Workplan for Apr.18 - Mar.19	Spent / disbursed expenditure (USD)	Spent / disbursed expenditure (GBP)	Committed expenditure (USD)	Committed expenditure (GBP)	Budget Reallocation
386,369	333,957	255,143	38,908	29,726	13,504
	<b>372,865</b>				
	<b>97%</b>				

### Nepal

From total available budget of **USD 188,276**, total expenditure for the reporting period was at USD 172,003/GBP 131,411 while there is no commitment remained in Nepal workplan. The combined expenditure and commitments are equivalent to 91% utilization rate of the total budget. The remaining budget at USD 16,273 was reallocated to cover the exceeding expenditure under Output 3.

REVISED Budget Workplan for Apr.18 - Mar.19	Spent / disbursed expenditure (USD)	Spent / disbursed expenditure (GBP)	Committed expenditure (USD)	Committed expenditure (GBP)	Budget Reallocation
188,276	172,003	131,411	0	0	16,273
	<b>172,003</b>				
	<b>91%</b>				

**Table 1 Commitments List**

Payee Name (Vendor Name)	PO Balance	To be disbursed by
Arsalan Haneef	10,055	30 May 2019
BINOD BHATTARAI	6,500	30 April 2019
Chaudhry Qamar Uz Zaman	7,653	30 May 2019
DARKO PAVLOVIC	5,329	30 April 2019
DUARTE NUNO LOPES NUNES CORREIA BRANCO	12,444	30 June 2019
MADHUKAR UPADHYA	28,956	30 May 2019
MIAN ASIF SHAH	24,774	30 May 2019
MUHAMMAD SABIR	3,605	30 April 2019
Sardar Mohazzam	5,151	30 April 2019
<b>Grand Total</b>	<b>104,468</b>	



## ANNEX 1: LIST OF KNOWLEDGE PRODUCTS, PRESENTATIONS MADE, AND OUTREACH AT REGIONAL/GLOBAL EVENTS

### Publications:

- Khyber Pakhtunkhwa Province Climate Change Financing Framework “, <https://www.climatefinance-developmenteffectiveness.org/sites/default/files/KP-CCFF.pdf> August 2018
- “Climate Budget Review Guide Khyber Pakhtunkhwa Assembly”, <https://www.climatefinance-developmenteffectiveness.org/sites/default/files/ClimateBudget-Review-Guide-Khyber-Pakhtunkhwa-Assembly.pdf>

April 2018

- Green Climate Fund Handbook for Nepal, <https://www.climatefinance-developmenteffectiveness.org/content/government-nepal-initiates-systematic-reform-process-climate-finance> March 2018
- Budgeting for a Greener Planet, <https://www.climatefinance-developmenteffectiveness.org/sites/default/files/IBP-LONG-FINAL.pdf> , March 2018
- Guidelines for climate budget tagging at activity level for Ministry of Agriculture and Livestock Development (in Nepali), approved on March 21, 2019 by the secretary.
- Nepal’s Citizen Climate Budget 2019 (English and Nepali version)
- Collaborative research with CSOs to improve effectiveness of climate investments in agriculture sector
- [Policy Brief: SDG Localization through Integration of Climate Change in Agricultural Planning and Budgeting at the National and Sub-national Levels](#)

### Web story

- Launch of Climate Budget Review Guide for KP Assembly, <https://www.climatefinance-developmenteffectiveness.org/content/launch-climate-budget-review-guide-kp-assembly> , April 2018
- Government of Nepal initiates systematic reform process for climate finance, <https://www.climatefinance-developmenteffectiveness.org/content/government-nepal-initiates-systematic-reform-process-climate-finance> March 2018  
Government of Nepal initiates systematic reform process for climate finance, <https://www.linkedin.com/pulse/government-nepal-initiates-systematic-reform-process-climate-paudyal/> , March 2018
- Pakistan’s first provincial strategy for climate change financing launched <https://www.climatefinance-developmenteffectiveness.org/content/pakistans-first-provincial-strategy-climate-change-financing-launched>

### Press Releases:

- “Government of Nepal initiates systematic reform process for climate finance”, <https://www.climatefinance-developmenteffectiveness.org/content/government-nepal-initiates-systematic-reform-process-climate-finance> March 2018
- “Pakistan’s first provincial strategy for climate change financing launched”, <https://www.climatefinance-developmenteffectiveness.org/content/pakistans-first-provincial-strategy-climate-change-financing-launched> , August 2018
- “First provincial strategy for climate finance launched”, <http://www.pk.undp.org/content/pakistan/en/home/presscenter/pressreleases/2018/first-provincial-strategy-for-climate-finance-launched.html> , August 2018
- Nepal’s Agriculture Sector Reshapes its Budgeting Approach to Tackle Climate Change Impacts <https://www.climatefinance-developmenteffectiveness.org/content/nepals-agriculture-sector-reshapes-its-budgeting-approach-tackle-climate-change-impacts>

### Presentations made:

1. Glenn Hodes. Presentation to the Government for Khyber Pakhtunkhwa officials on ‘strengthening the governance of climate change finance- Progress and Way forward’. July 2018
2. Asif Shah. Presentation to DFID Pakistan, ‘Governance of Climate Change Finance- Reflections and options for future interventions’. August 2018

3. Madhukar Upadhyaya, presentation on Options for Tracking Climate Budget In agriculture to the taskforce members in presence of the Joint Secretary and Secretary of the Ministry of Agriculture and Livestock Development, May, 18-19, 2018, Nagarkot.
4. Madhukar Upadhyaya, presentation to the taskforce members on Improving Budget Accuracy by Shifting Coding from Programme to Activity Level in agriculture, August 25, 2018, Dhukikhel.
5. Madhukar Upadhyaya, presentation to the participants of the Third International Climate Finance Training on Mainstreaming Climate Finance in Sub-national Budget Process, Nepal's Experience. The training was organized by ICCCAD in Dhaka on 29 Oct. - 1<sup>st</sup> Nov, 2018.
6. Madhukar Upadhyaya, presentation to the members of the Inter-ministerial climate Change Coordination Committee (IMCCC) at the Ministry of Finance, on 7<sup>th</sup> January 2019, on the of the role of IMCCC in coordinating national climate budget among the climate-relevant sector ministries.
7. Madhukar Upadhyaya, presentation on 4th March, 2019 at the regional dialogue in Bangkok on the Climate Budget tagging with focus on policies, risks and gender-based beneficiaries.

#### External Coverage

- **9 July 2018** -First provincial strategy for climate finance– ReliefWeb – <https://reliefweb.int/report/pakistan/first-provincial-strategy-climate-finance-launched>
- **1 May 2018** - Fighting climate change with smart finance: Pakistan and Cambodia show the way in Asia - <https://www.cambodiadaily.com/environment/fighting-climate-change-smart-finance-pakistan-cambodia-show-way-asia-136700/>
- **30 April 2018** - Fighting climate change with smart finance: Pakistan and Cambodia show the way in Asia - south China Morning post - <https://www.scmp.com/comment/letters/article/2144023/fighting-climate-change-smart-finance-pakistan-and-cambodia-show-way>

#### Twitter

##### Pakistan

- 31 January 2019 - [https://twitter.com/APRC\\_CF/status/1091201562716758016](https://twitter.com/APRC_CF/status/1091201562716758016)
- 10 January 2019 - [https://twitter.com/APRC\\_CF/status/1083285025599045632](https://twitter.com/APRC_CF/status/1083285025599045632)
- 26 October 2018 - [https://twitter.com/APRC\\_CF/status/1055744808138895360](https://twitter.com/APRC_CF/status/1055744808138895360)
- 17 October 2018 - [https://twitter.com/APRC\\_CF/status/1052750768040636416](https://twitter.com/APRC_CF/status/1052750768040636416)
- 10 July 2018 – [https://twitter.com/APRC\\_CF/status/1016594718350663680](https://twitter.com/APRC_CF/status/1016594718350663680)
- 3 July 2018 - [https://twitter.com/APRC\\_CF/status/1014395819640881154](https://twitter.com/APRC_CF/status/1014395819640881154)
- 26 June 2018 - [https://twitter.com/APRC\\_CF/status/1011797368700669954](https://twitter.com/APRC_CF/status/1011797368700669954)
- 8 June 2018 - [https://twitter.com/APRC\\_CF/status/1005005441116471296](https://twitter.com/APRC_CF/status/1005005441116471296)
- 30 May 2018 - [https://twitter.com/APRC\\_CF/status/1002041888482910208](https://twitter.com/APRC_CF/status/1002041888482910208)
- 23 May 2018 - [https://twitter.com/APRC\\_CF/status/999543889470963712](https://twitter.com/APRC_CF/status/999543889470963712)
- 23 May 2018 - [https://twitter.com/APRC\\_CF/status/999459917214855168](https://twitter.com/APRC_CF/status/999459917214855168)
- 8 May 2018 - [https://twitter.com/APRC\\_CF/status/994066443061907457](https://twitter.com/APRC_CF/status/994066443061907457)
- 30 April 2018 - [https://twitter.com/APRC\\_CF/status/991183558390632450](https://twitter.com/APRC_CF/status/991183558390632450)
- 22 March 2018 - [https://twitter.com/APRC\\_CF/status/977018043590049792](https://twitter.com/APRC_CF/status/977018043590049792)
- 14 March 2018 - [https://twitter.com/APRC\\_CF/status/974115990416928769](https://twitter.com/APRC_CF/status/974115990416928769)

##### Nepal

- 11 January 2019 – [https://twitter.com/APRC\\_CF/status/1083655439881924609](https://twitter.com/APRC_CF/status/1083655439881924609)
- 15 November 2019 - [https://twitter.com/APRC\\_CF/status/1063272517891108865](https://twitter.com/APRC_CF/status/1063272517891108865)
- 29 August 2018 – [https://twitter.com/APRC\\_CF/status/1034715412439736321](https://twitter.com/APRC_CF/status/1034715412439736321)
- 7 June 2018 - [https://twitter.com/APRC\\_CF/status/1004628915879464960](https://twitter.com/APRC_CF/status/1004628915879464960)
- 3 June 2018 - [https://twitter.com/APRC\\_CF/status/1003517477542715393](https://twitter.com/APRC_CF/status/1003517477542715393)
- 9 May 2018 - [https://twitter.com/APRC\\_CF/status/994429894749634560](https://twitter.com/APRC_CF/status/994429894749634560)
- 29 April 2018 - [https://twitter.com/APRC\\_CF/status/990789830660378624](https://twitter.com/APRC_CF/status/990789830660378624)

- 4 April 2018 - [https://twitter.com/APRC\\_CF/status/981720623264092160](https://twitter.com/APRC_CF/status/981720623264092160)
- 27 March 2018 - [https://twitter.com/APRC\\_CF/status/978815647437107200](https://twitter.com/APRC_CF/status/978815647437107200)

## ANNEX 2: Result Framework of the Governance of Climate Change Finance Programme

### Results Framework of the Governance of Climate Change Finance Programme

#### LOGICAL FRAMEWORK

***Revised in May 2016 with additional targets for the extension period (2017-2019)***

*(Previous versions of the Logical Framework were in November 2013, June 2014 and May 2015)*

**Note: All indicators will be disaggregated by country and gender, where appropriate**

OUTCOME (2016)	Outcome Indicator 1		Baseline 2013	Milestone 1 2015	Milestone 2 2016	Milestone 3 2017	Milestone 4 2018	Target By March 2019
Ministries of Finance in South Asia have established budget policies and institutional processes to effectively govern climate finance	Climate change policy is integrated into budget formulation and reporting at national and subnational levels	<b>Planned</b>	Annual budget documents in Nepal present aggregate information on CC allocations. However, there is no process on formulating climate change related budget. Policy decisions on CC are not explicit in budget documents. There is no explicit articulation of CC budget in Pakistan. *(CCII baseline as of October 2015)* Nepal CCII score 45 from possible 100 Pakistan CCII score 31 from possible 100	1 CPEIR completed  A strategy on presenting CC in budget expenditure reports is adopted by MOF in Nepal	1 CPEIRs completed  Government of Nepal has explicit roadmap for integrating 80% target in the budget formulation process  A CCFF model on presenting CC in budget allocations is in adopted in Pakistan	9 CPEIRs completed including 1 CPEIR with effectiveness analysis for China	2 Climate Change Expenditure reports produced as part of national annual budget process (Nepal and Pakistan)	National budget policy documents in Nepal and Pakistan incorporate CCFF road map recommendations (e.g., dedicated section on CC policy, targets and relevant allocations (see Annex C)  USD 13 million (approx. 1.5 billion Nepali Rupee's worth in MOAD's annual budget proposal reflects climate and gender-responsive programme design as part of upstream programme appraisal.  By 2019, in both Nepal and Pakistan budget documents present information

OUTCOME (2016)	Outcome Indicator 1		Baseline 2013	Milestone 1 2015	Milestone 2 2016	Milestone 3 2017	Milestone 4 2018	Target By March 2019
								<p>on the financing gap and priorities for the budgeting period.</p> <p>In Nepal, allocations to the sub-national level have increased by at least 5% in line with climate priorities, and contributing to the achievement of the 80% target</p> <p>2 Climate Change Expenditure reports produced as part of national annual budget process (Nepal and Pakistan)</p> <p>Nepal CCII score increased to at least 56; Pakistan CCII score increased to at least 53</p>
		<b>Achieved</b>		Pakistan CPEIR completed	Nepal District CPEIR launched	5 dCPEIR and one consolidated report completed in Nepal	Nepal Climate Change Report prepared by FCGO for 2017. The report for 2017/18 is	In Nepal, improved method of tagging has been approved by the MOALD and is applied in the planning process for next year's programme and

OUTCOME (2016)	Outcome Indicator 1		Baseline 2013	Milestone 1 2015	Milestone 2 2016	Milestone 3 2017	Milestone 4 2018	Target By March 2019
						<p>Pakistan</p> <p>1. CPEIR completed in 2017 for the national and subnational governments.</p> <p>2. CPEIR carried out for two districts.</p> <p>3. Climate Change Financing Framework for federal government launched.</p> <p>5. CPEIR with effectiveness analysis for China completed</p>	<p>available at FGCO.</p> <p>Pakistan: In second year in a row the Economic Survey of Pakistan (2017-18) provided details on expenditure relevant to climate change in the FY 2017-18 and the proposed programs for the forthcoming year. It also included sector wise interventions and a brief commentary on the results of the Government's interventions on climate change.</p>	<p>budget. The improved method uses gender as one of the parameters for tagging. Expenditure Reports produced and included in the latest Economic Surveys (17-18 for both Nepal and Pakistan).</p> <p>Nepal CCII score increased to at least 59 and Pakistan Score increased to 58</p> <p>In Nepal, improved method of tagging has been approved by the MOALD and is applied in the planning process for next year's programme and budget. The improved method uses gender as one of the parameters for tagging. The findings of the collaborative research are being</p>

OUTCOME (2016)	Outcome Indicator 1		Baseline 2013	Milestone 1 2015	Milestone 2 2016	Milestone 3 2017	Milestone 4 2018	Target By March 2019
								<p>fed into the medium term plan and the budget that will be announced in June 2019.</p> <p>An inter-ministerial coordination committee has been established to coordinate climate actions and budget among sector ministries.</p> <p>Sub-committee in the MoCC formed in Pakistan to validate climate relevance. Database being updated regularly.</p> <p>Climate Change Information System updated for KP province and climate relevant data updated.</p>
<b>Source</b>								

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Outcome Indicator 2		Baseline 2013	Milestone 1 2015	Milestone 2 2016	Milestone 3 2017	Milestone 4 2018	Target By March 2019
<p><i>(Old indicator for 2013 – April 2017)</i> Parliament and civil society engaged in the review of climate change dimensions of the budget and its links with socio-economic development</p> <hr/> <p><i>(New indicator for May 2017 – March 2019)</i> National budget proposals include inputs on climate change from collaborative research with civil society</p>	Planned	<p>The Constituent Assembly is currently preoccupied with drafting the Constitution and therefore there is no space in their agenda for discussion of CC finance</p> <p>There are CSOs in Nepal who work on CC aspects and there are CSOs working on budgets transparency but there is little practice and capacity on working specifically on CC budget monitoring</p> <p>CSOs in Pakistan are perceived primarily as service delivery organizations because the political environment does not allow much role in oversight function. So the engagement in budget formulation and monitoring is limited. However, there is a parliamentary committee on MDGs and budget committee at the Parliament.</p>	Governments agrees to a proposal on engagement with CSOs on CC budget monitoring	<p>A strategy on CC budget scrutiny and parliamentary overview is agreed with the Parliament of Pakistan.</p> <p>1 pilot climate budget analysis exercise by a CSO is launched in Nepal.</p>	<p>Parliament committee in Pakistan produces a document on CC budget reflecting relevant CC policies in the country to feed the budget discussions</p> <p>CSOs Nepal produce annual CC budget monitoring reports.</p> <p>5 CSOs have increased capacity on CC budget monitoring.</p>	1 budget proposal reflects evidence from collaborative research with CSOs	Evidence from collaborative research with CSOs reflected in at least 2 budget proposals including analysis of gender equality in Pakistan and Nepal.



		<b>Achieved</b>		Government of Nepal and Pakistan agreed		<p>CSO produced Climate Citizen budget in Nepal. CSO also conducted PETS to monitor CC budget</p> <p>Pakistan: Budget Review Toolkit developed after sensitisation sessions with KP Assembly members. Toolkit will be published in April 2018.</p>	<p>MoAD in Nepal takes collaborative research findings as input to the budget process. Along with refined coding procedure, which is already completed, the findings of collaborative research will be used as a basis for budget process starting in November 2018. Policy brief for this is being finalized.</p> <p>Pakistan: Procurement process completed for the collaborative research for the Ministry of Water Resources.</p> <p>The Budget review guide published in April 2018.</p> <p>The Collaborative research in two</p>	<p>In Nepal, improved method of tagging has been approved by the MOALD and is applied in the planning process for next year's programme and budget. The improved method uses gender as one of the parameters for tagging. The findings of the collaborative research are being fed into the medium term plan and the budget that will be announced in June 2019.</p> <p>The collaborative research in Pakistan conducted with the Ministry of Water findings</p>
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							districts of KP shared with the local government department for utilisation.	will feed into the MTBF for FY19-20.	
			Source						

Outcome Indicator 3		Baseline 2013	Milestone 1 2015	Milestone 2 2016	Milestone 3 2017	Milestone 4 2018	Target By March 2019
<p><i>(Old indicator for 2013 – April 2017)</i> Ministry of Finance effectively co-ordinating and responding to cross ministerial inputs to climate related budget formulation and reporting processes</p> <p>-----</p> <p><i>(New indicator for May 2017 – March 2019)</i> Governments effectively co-ordinating cross</p>	Planned	<p>MCCICC is established in Nepal to oversee CC coordination. A working group chaired by MOF and with other stakeholders has been established for the CPEIR process. Informal working group on CC financing was also established. However, there is no formally designated institutional/functional accountability for CC budgeting in Nepal and Pakistan. CC budgeting has neither a separate functional coding nor is there an institution assigned to coordinate all CC initiatives within the budget. Therefore the budget decisions over CC related allocations are not systematically</p>	-	MOF Nepal agrees on the strategy to strengthen CC budget formulation.	<p>MOF Pakistan agrees on the strategy to strengthen CC budget formulation.</p> <p>Functional accountability on CC budget formulation and monitoring is adopted and employed in Nepal.</p>	Inter-ministerial coordination committee meets at least two times to coordinate climate budget. -	2 new central CC functions are institutionalized and made operational. (Nepal and Pakistan) (e.g. a system is operationalised to validate climate relevance, a Climate Budget Code database is updated regularly and CC budget proposals are consolidated as part of the budget process)

	ministerial inputs to climate related budget formulation and reporting processes		<p>coordinated. The CC budget marking system in Nepal reflects decisions in other sectors that also have CC relevance ex post – the CC marking does not play an explicit role in sector expenditures prioritization process.</p> <p>Advisory Committee on CPEIR and another advisory committee to implement CC policy were established in Pakistan. Also, there was a GEF cell (now Climate Finance cell) within the Climate Change Ministry. However, its functions are not clear.</p>					
		<b>Achieved</b>		N/A		<p>CSOs involved in collaborative research and PETs for increased accountability. Parliament prepared handbook for increased accountability in climate budget formulation.</p> <p>Pakistan: Ministry of Finance includes CC in</p>	<p>The committee has been formed. The meeting is scheduled between end September/first week of October 2018.</p> <p>Pakistan: A committee in Ministry of Climate Change has been formed for refining the classification and</p>	<p>Climate Change coding system operational in Nepal. Classification of climate change budget further improved.</p> <p>Budget Call Circular amended in KP Province Pakistan to</p>

						<p>Budget Call Circular and Budget in Brief.</p>	<p>look at the expenditure analysis. Procurement in process for hiring of MIS expert to train the committee members of the MoCC in expenditure classification per CC and reporting</p>	<p>include climate change.</p> <p>Climate Change Information System operational at federal level and updated for KP province and climate relevant data updated.</p> <p>In Nepal, LMBIS data base used by the Ministry of Finance for budget formulation has been updated to accurately track climate budget. An inter-ministerial coordination committee has been established to coordinate climate actions and budget among sector ministries.</p> <p>Sub-committee in the MoCC formed in Pakistan to</p>
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								validate climate relevance. Database being updated regularly.
			Source					

OUTPUT 1	Output Indicator 1.1		Baseline 2013	Milestone 1 2015	Milestone 2 2016	Milestone 3 2017	Milestone 4 2018	Target By March 2019	Assumption
Climate Change is integrated into budget formulation at national and subnational levels	Number of comprehensive climate public expenditure and institutional reviews establishing baselines for strengthening budget formulation and reporting at national and subnational levels(no change)	<b>Planned</b>	In South Asia, 2 CPEIRs completed at national level (Nepal and Pakistan) and 0 CPEIRs at subnational level.	1 CPEIR	-	9 CPEIRs	9 CPEIRs	9 CPEIRs	
		<b>Achieved</b>		Pakistan CPEIR completed	Nepal District CPEIR launched	5 district CPEIRs and one consolidated report completed.	Consolidated report (in Nepali) printed for distribution to local governments	<i>Already Completed</i>	
		Source							
				Project reports, CPEIR reports					

Output Indicator 1.2		Baseline 2013	Milestone 1 2015	Milestone 2 2016	Milestone 3 2017	Milestone 4 2018	Target By March 2019
Number of climate change related policy briefs informing budget formulation	<b>Planned</b>	Nepal has IIED policy brief on climate finance but no clear link to budget formulation. Pakistan no climate related budgetary brief.  No State of Climate Finance report exists.	2 Policy briefs	7 Policy briefs	12 Policy briefs	2 State of Climate Finance report  12 Policy briefs	12 policy briefs and  2 State of Climate Finance reports for Nepal and Pakistan  1 CCBII report for Nepal
	<b>Achieved</b>		Policy brief on engagement with CSOs has been completed in Nepal and one on CPEIR findings in Pakistan has been drafted.		Nepal: Policy brief on dCPEIR produced as consolidated summary report.  Pakistan:  3 Policy Briefs developed.	Consolidated dCPEIR Nepal distributed to local governments.  The report has been distributed to sub-national government by MoFAGA.  A state of climate finance Nepal report completed and published  Pakistan: State of Climate Finance Report developed	Partially Achieved:  2 State of Climate Finance Reports produced.  During the reporting period:  2 more Policy Briefs produced in Nepal and 1 Policy Brief in Pakistan almost finalised.

								and shared with stakeholders.	CCBII report for Nepal and Pakistan updated.
<b>Source</b>									
				Project reports, Policy briefs generated by the projects and supplier/CSOs etc.					
<b>IMPACT WEIGHTING (%)</b>	<b>Output Indicator 1.3</b>		<b>Baseline 2013</b>	<b>Milestone 1 2015</b>	<b>Milestone 2 2016</b>	<b>Milestone 3 2017</b>	<b>Milestone 4 2018</b>	<b>Target By March 2019</b>	
45% For output 1	Number of countries/states with budget policies at national and subnational levels that systematically address climate change  *Qualitative assessment can be found in page 32.  (no change)	<b>Planned</b>	0  Budget documents include reference only to climate change specific projects and no reference to climate change budgets which are components of broader socio-economic programmes	0	2 draft policies on CCFF system are developed with in Nepal and Pakistan at national level and 1 at the subnational level in Pakistan	3  2 national / federal level Climate Financing Frameworks and 1 sub-national.  To be developed in line with index 3 for measuring progress on CGPD Outcome Indicator 1	2  2 Climate Financing Frameworks and.  1 climate sensitive budget proposal produced by Nepal's agriculture sector	3 Climate Change Financing Framework implementation plans have begun to be operationalised for Nepal and Pakistan (federal and KP)  1 climate sensitive budget proposal produced by Nepal's agriculture sector.	
		<b>Achieved</b>		N/A		National CCFF prepared and approved in Nepal	The established taskforce has completed the task of refining criteria to	3 Climate Change Financing Frameworks approved (Nepal, Pakistan federal	

						<p>Pakistan: Climate Change Financing Framework launched.</p>	<p>improve budget accuracy and include gender in the budget tagging. The MOF has been informed of the improvements to adjust in the national data system</p> <p>Pakistan:</p> <p>Climate Change Financing Framework for KP notified by the GoKP.</p> <p>Ministry of Water Resources integrates CC with its MTBF. MoWR prepared budget estimates (2018-21) including outputs, outcomes and performance indicators relevant to the climate change.</p>	<p>government and KP Province).</p> <p>Climate sensitive budget proposal for Ministry of Agriculture will be finalised in June 2019 but the refined criteria and inclusion of CC in the medium term plan will result in more sensitised budget.</p>	
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		Source							RISK RATING
			Ministry of Finance national reports, National budget policy documents					<b>Medium</b>	
INPUTS (£)	DFID (£)		Govt (£)	Other (£)		Total (£)		DFID SHARE (%)	
INPUTS (HR)	DFID (FTEs)								
OUTPUT 2	Output Indicator 2.1		Baseline 2013	Milestone 1 2015	Milestone 2 2016	Milestone 3 2017	Milestone 4 2018	Target By March 2019	
Strengthened institutions track and report on climate change expenditures as part of the budget process at national and sub-national levels.	Number of country/state systems in place to track climate change expenditures (no change)	<b>Planned</b>	Nepal already has Climate code system however, there is generally limited awareness of climate change finance amongst budget officials. In other countries, Ministry of Finance of India includes a climate finance unit at the federal level but not Nepal.	0	1 country	2 countries and 1 sub-national level system	2 Climate Change budget code database developed.	2 Climate Change budget code database are operational and populated with validated data (1 in Nepal and 1 in Pakistan)	
		<b>Achieved</b>		N/A		Nepal has a climate budget code at national level. The new local	Concept note for improving the coding system at	Over achieved.	

						governments have yet to use it at local level.  Pakistan: Climate Change coding and tracking system developed for the federal government.	sub-national level (as part of CCFF roadmap implementation) has been finalized and pilot province is selected (it will be done in Province 6- Karnali province)  Pakistan: Climate Change Coding system capable of replication:..MIS Expert procurement process in final stage for refining and collating data for sub national government.  Dialogue with second SNG commenced for replication of the budget coding system	Climate Change Budget Code databases developed in Nepal, Pakistan (federal government) and KP Province	
<b>Source</b>									

		Six-monthly progress reports, DFID annual review mission reports and independent verification in 2016 and 2018.							
<b>Output Indicator 2.2</b>		<b>Baseline 2013</b>	<b>Milestone 1 2015</b>	<b>Milestone 2 2016</b>	<b>Milestone 3 2017</b>	<b>Milestone 4 2018</b>	<b>Target By March 2019</b>		
Number and quality of public expenditure reports including climate change expenditures as part of budget reporting process  *Qualitative assessment of systems outlined in page 35	<b>Planned</b>	0	1	1	3	4	5		
	<b>Achieved</b>		Nepal CPEIR reports on actual expenditures on climate change.		Nepal FCGO produced national climate expenditure in annual report. MoF published narrative in Economic Survey  Pakistan: Expenditure results included in the Economic Survey of Pakistan.	FCGO published its annual report on consolidated expenditure in July 2018.  Pakistan: The Economic Survey 2017-18 includes greater detail of the expenditure as compared to 2016-17.	MoF financial statement on CC relevant expenditures  MoF financial statements/ reports on CC relevant expenditures  (1 in Nepal and 1 in Pakistan)		

								analysis on climate change.	
		Source							
		National and subnational public expenditure reports							
<b>IMPACT WEIGHTING (%)</b>	<b>Output Indicator 2.3</b>		<b>Baseline 2013</b>	<b>Milestone 1 2015</b>	<b>Milestone 2 2016</b>	<b>Milestone 3 2017</b>	<b>Milestone 4 2018</b>	<b>Target By March 2019</b>	
<b>35%</b>	<i>(Old indicator for 2013 – April 2017)</i> Number of parliamentary debates/sessions addressing the climate change dimensions of budget policy and expenditure.  ----- <i>(New indicator for May 2017 – March 2019)</i> Number of reports and/or public dialogue on the relationship between the budget and climate change,	<b>Planned</b>	0	0	1	1	4	4	At least one discussion/debate on climate change finance is led by parliamentarians( 1 for Nepal and 1 for Pakistan)
		<b>Achieved</b>		N/A		One collaborative research report by MOAD and NDRC produced. PETS report produced by MOAD and Freedom Forum  Pakistan: One collaborative report produced on the linkages between Multi-dimensional poverty index and climate	Findings of the collaborative research and PETS will be used to inform planning which will begin in November 2018.Criteria has been improved with introduction of typology for defining climate	3 debates in Pakistan on climate change allocations in the National Assembly.	

	produced collaboratively by government and non-government actors.					change in two districts of KP.  Parliamentary debates, one each in National Assembly, KP Assembly and Senate.	activities in agriculture.  Pakistan: Procurement process for the hiring of the firm to conduct Research to identify the gaps for Ministry of Water Resources completed..		
		<b>Source</b>							
		Project reports, CSO reports, parliament report and public media products					<b>Medium</b>		
	<b>Output Indicator 2.4</b>		<b>Baseline 2013</b>	<b>Milestone 1 2015</b>	<b>Milestone 2 2016</b>	<b>Milestone 3 2017</b>	<b>Milestone 4 2018</b>	<b>Target By March 2019</b>	
	<i>(Old indicator for 2013 – April 2017)</i>	<b>Planned</b>	0	0	3	5	N/A	5	
	CSO reports and/or public dialogue on budget policy and expenditures that include climate change dimensions.	<b>Achieved</b>				Public dialogue on findings of the collaborative research and PETS conducted  Pakistan: Several FGDs held with journalists and media on climate change finance.	Reports on the collaborative research and PETS published for wider dissemination within agriculture sector. The PETS report is posted on the website.	Engage CSO at least in one event during budget formulation in agriculture sector to ensure that findings of the collaborative research are being used as input for planning.	

						3 Sensitisation sessions for the KP Assembly held.	Pakistan:  Dialogue with the officials of Ministry of Water Resources on Climate Finance.  A guidance toolkit developed for the officials of the Ministry of Water Resources which will as per the recommendations of CCFE strengthen capacity of the planning and budgeting officials on how to integrate CC in the planned projects and budget.	Reports on the collaborative research and PETS published for wider dissemination within agriculture sector. The PETS report is posted on the website.  Dialogue between the researcher LEAD and Ministry of Water held. The final research findings to feed into the budget.	
Source									
<b>OUTPUT 3</b>	<b>Output Indicator 3.1</b>		<b>Baseline 2013</b>	<b>Milestone 1 2015</b>	<b>Milestone 2 2016</b>	<b>Milestone 3 2017</b>	<b>Milestone 4 2018</b>	<b>Target By March 2019</b>	<b>Assumptions</b>
Knowledge effectively shared	(Old indicator for 2013 – April 2017)Number of	<b>Planned</b>	1 Global / Regional event in Korea	3 Global (NAP, Addis and COP Paris)	7	9knowledge shared at national level	10 Knowledge products shared at regional level	12 at least two showcase events organized to	

within and across countries of the region as well as with key international policy process related to climate finance	national, regional and global events informed by evidence and products from South Asian countries (e.g. policy briefs, CPEIR reports etc.).  ----- <i>----(New indicator for May 2017 – March 2019)</i> Number of events that showcase and promote knowledge and sharing of experiences based on experiences developed by the regional programme			2 Regional (CFSD and FFD workshops)		and as south-south knowledge exchange		promote knowledge and sharing of experience	
		<b>Achieved</b>		South-Asian countries results and lessons shared at 3global and 2regional events in2015.		Collaborative research findings shared at national level with key stakeholders. CCFE and dCPEIR shared with training participants in Dhaka (Oct-Nov, 2017)  Media toolkit presented and launched with the Minister for Information in chair.  Chinese team working on CPEIR visited Pakistan to learn about the CPEIR experience.  Pakistan expert invited at CPEIR launch in Beijing to share the	CCFF, and the state of climate finance shared at the regional dialogue in Bangkok (Feb 20-22, 2018)  Status: completed  Pakistan: Pakistan government, CSOs and parliament participation in the Regional Conference held in Bangkok.  Budget Review Toolkit launched in April 2018.	Budget Tagging Note that includes Gender Analysis in budget coding shared at the Regional Conference in Bangkok in March 2019.  The Green book on MTBF in Pakistan with climate change integrated also shared in the Regional Conference in Bangkok in March 2019.  Budget Review Toolkit launched in April 2018.	

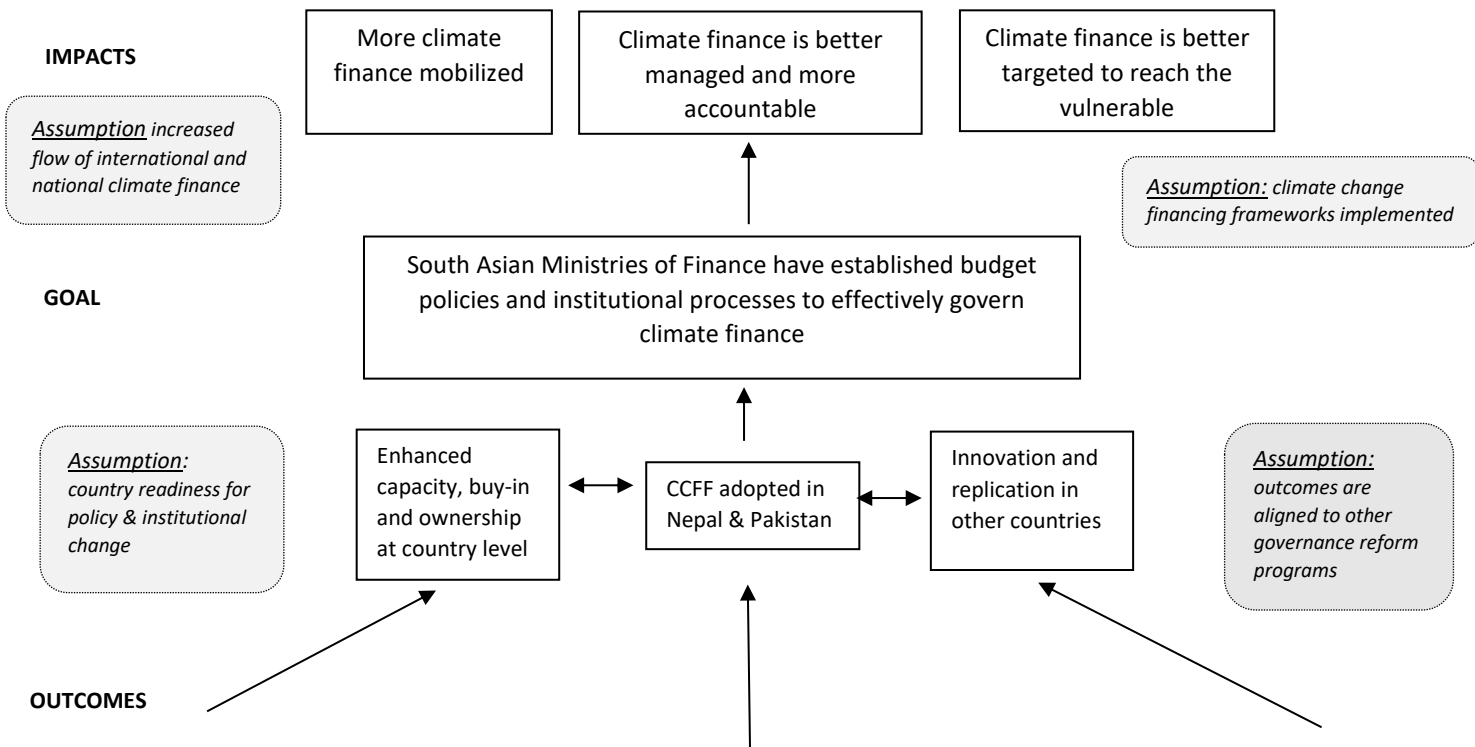
						experience of CPEIR at the sub national level and how to move on after conducting the CPEIR.			
		<b>Source</b>							
		Six-monthly progress reports, DFID annual review missions and independent verification in 2016							
	<b>Output Indicator 3.2</b>	<b>Baseline 2013</b>	<b>Milestone 1 2015</b>	<b>Milestone 2 2016</b>	<b>Milestone 3 2017</b>	<b>Milestone 4 2018</b>	<b>Target By March 2019</b>		
	Number of South - South initiatives contributing to strengthening climate change budget related reforms (no change)	Planned 0	1	2	3	4	6		
		Achieved	Asia-Pacific Technical workshop on Climate Responsive Budgeting 2014, Bangkok	Asia-Pacific CFSD workshop in September 2015 in Jakarta	CCFF and CCBII report shared at the ICCCAD training in Dhaka.	State of climate finance report shared in the regional dialogue in Bangkok Status: completed	Sharing of experience of CCFF implementation in climate finance training.		
		<b>Source</b>							
	(2018; -Climate Finance training with ICCCAD, --RPLN exchange State of Climate Finance--		South-South exchange reports						



	2019 State of Climate Finance report and exchange)							
	<b>Output Indicator 3.3</b>		<b>Baseline 2013</b>	<b>Milestone 1 2015</b>	<b>Milestone 2 2016</b>	<b>Milestone 3 2017</b>	<b>Milestone 4 2018</b>	<b>Target By March 2019</b>
	(New indicator for May 2017 – March 2019) Number of knowledge products developed across country experiences in South and South East Asia	<b>Planned</b>	0	-	-	Nepal : Citizen climate budget, dCPEIR consolidated report, and Collaborative research and PETS reports produced –  Pakistan: Shared via Videocon in the ICCCAD conference the subnational experience of mainstreaming CC and the CCFE developmentat federal level.	Nepal CCFF report published, state of climate finance report prepared and published. -  CCFF published on the website of the MoF. State of the climate finance brief prepared and shared with key stakeholders.  State of Climate Finance report shared in consultative session in Pakistan and later in Bangkok.	1 revised Climate Change Financing Framework guidance note with stronger guidance on strengthening impact and effectiveness, including in relation to gender equality.
		<b>Achieved</b>				Achieved	Achieved	Note on inclusion of climate change and gender developed and approved by the

								Ministry of Agriculture Nepal.	
<b>IMPACT WEIGHTING %</b>		<b>Source</b>							<b>RISK RATING</b>
<b>20%</b>		Six-monthly progress reports, DFID annual review missions and independent verification in 2016							<b>Medium</b>
<b>INPUTS (£)</b>	<b>DFID (£)</b>		<b>Govt (£)</b>	<b>Other (£)</b>	<b>Total (£)</b>			<b>DFID SHARE (%)</b>	
	£8.55 million		-	-	£8.55 million			100	
<b>INPUTS (HR)</b>	<b>DFID (FTEs)</b>						<b>0.45 FTE</b>		

## Annex III: Project Concept / Theory of Change



Pillar 1			Pillar 2			Pillar 3	
Climate change is integrated into budget formulation at national and sub-national levels			Strengthened institutions track and report on climate change expenditures as part of the budget process at national and sub-national levels			Knowledge effectively shared within and across countries of the region as well as with key international policy processes	
CPEIRs conducted at national and sub-national levels [Activity 1.1]	Policy advocacy through briefs, stories, and targeted outreach to galvanize buy-in and consensus on need for reforms, entry points [Activity 1 .2]	CCFF reforms advanced including through new processes, budget circulars and guidelines, and climate-responsive budget proposals [Activity 1 .3]	Climate expenditure tracking and reporting processes established at central level and piloted at sector level [Activity 2.1 and 2.2]	Engagement and capacity building of Parliamentarians, CSOs, and media [Activity 2.3]	Participatory budget analysis and expenditure reports involving CSOs and think tanks to enhance targeting to vulnerable groups (Collaborative Research. [Activity 2.4]	Regional & global outreach events showcasing tools, knowledge products, good practices from the GCCF programme [Activity 3 .1]	South-South knowledge transfer and capacity building to integrate CC into budget cycle & MTEF (e.g. regional training modules, RPLN) [Activity 3.2 and 3.3]

**OUTPUTS**

*Assumption: existing budget cycles and processes can be modified to facilitate climate analysis. Capacity gaps are known and targeted*