PEA Public Financing and Planning Tools

Webinar
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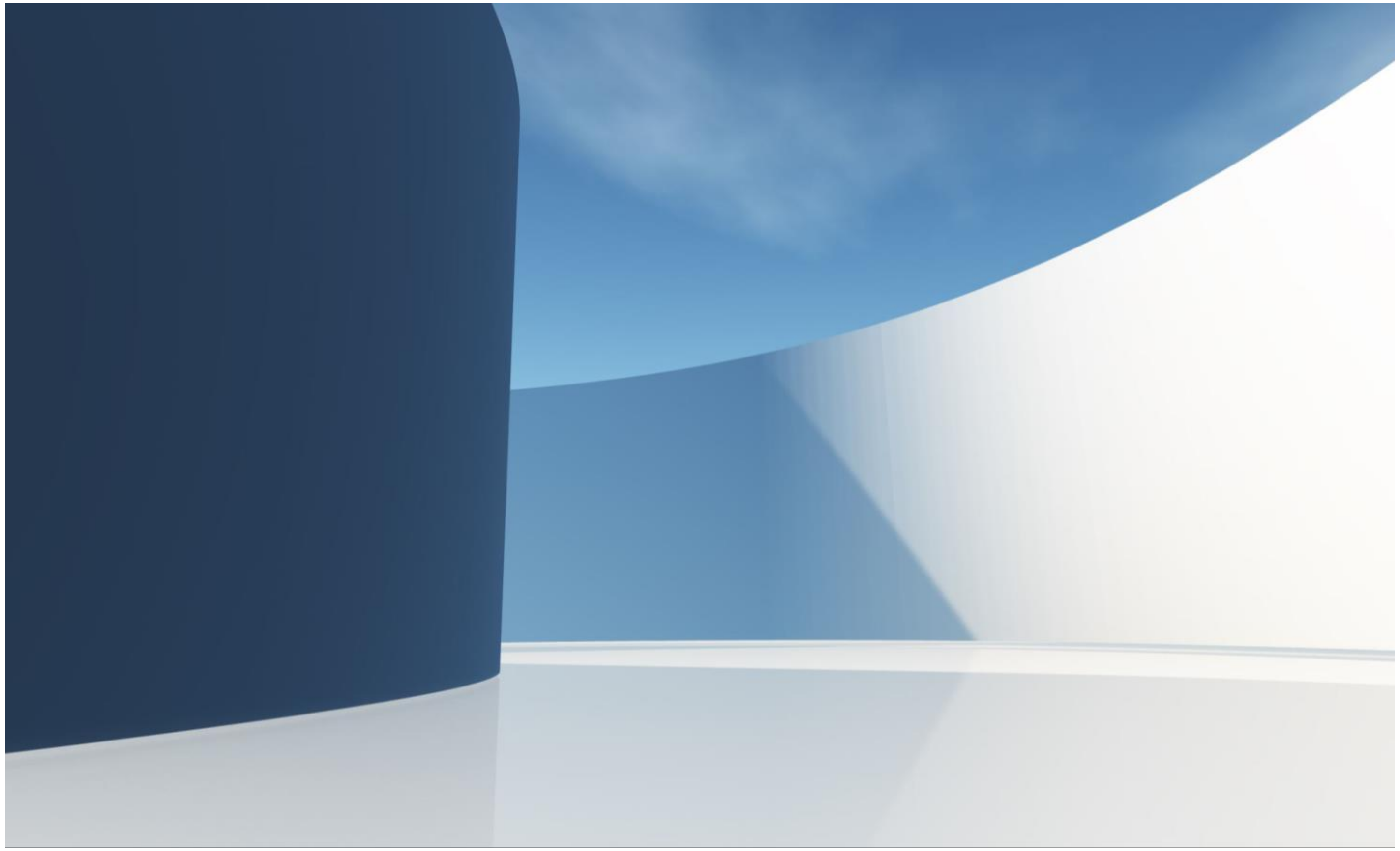

PEA supports the UN's sustainable finance agenda

- Central to UN Sustainable Development Cooperation Framework
- Increased demand for sustainable finance support from UN country teams
- PEA a model for coordinated UNDP/UNEP support on sustainable finance to UN country teams
- Key to implementing 2030 Agenda for Sustainable Development through increased focus on national integrated financing frameworks
  - Policies to mobilizes public expenditures and private sector investment and better coordinate and focus ODA

PEA offers three types of tools

PEA can also deliver broad suite of UNDP and UNEP tools, together with partners

1. Public financial management
   - Budgeting tools
   - Expenditure review tools
2. Strategic planning tools
3. Capacity building tools

Engaging in the budgeting process

- The budget is the primary political and economic expression of a government. It includes a government's decisions on both expenditure and revenue raising
- Budget allocations can have either positive and/or negative effects on climate and the environment. In addition, fiscal policy decisions can incentivize private sector investment
- "Positive" expenditures support environmental and climate priorities such as sanitation, watershed and forestry management, soil erosion control and climate-proofing infrastructure. Positive fiscal policy includes incentives for clean technology or private forestry plantations
- "Negative" expenditures undermine climate and environmental objectives, such as through government-funded fossil fuel power plants, fossil fuel subsidies or state-led land clearance
- The budget is a complex political and technical exercise, with multiple entry points for pro-poor environmental and climate mainstreaming. The main steps in the budget process are budget planning and formulation, budget execution and implementation, and budget monitoring and accountability.

PEA tools to influence budget formulation

- The purpose of these tools is to ensure P-E-CC and gender objectives are mainstreamed into the public budget formulation processes
- E.g., PEA works with ministries of finance and planning to ensure that budget circulars include environment and climate indicators. These circulars then guide sectors and plans in integrating environment and CC as they develop their plans.
- Planning budget planning tools include: budget call circulars, climate budget tagging, gender-responsive climate budget tagging, climate change budget codes, assessment of climate budget implementation, budget checklists and the interactive budgeting handbook

PEA tools to review public expenditure

- Expenditure review tools are used to assess and track government expenditures, enabling policy makers to make informed decisions
- These reviews can be undertaken on a regular basis or institutionalized within the public financial management process to provide regular data to track expenditures
- PEA’s tools can also track the quality of expenditures in terms of impacts and results
- PEA’s tools strengthen the accountability of climate finance
- Generating information to track climate expenditures effectively and maintaining financial records in the system of national accounts can serve to build a robust environment and climate financing framework
  - PEERs and CPEIRs, combined with economic evaluations of the benefits of pro-poor environmental sustainability and the costs of environmental unsustainability, have proven to be very effective in influencing ministries of finance to attach a higher priority to environmental and natural resources

PEA’s strategic planning tools

- Tools used for medium and long-term planning of P-E-CC actions
- They enable integration of green and climate considerations into development plans
    - E.g., Indonesia blue economy financing framework
- They enable planning officers to consider climate risks and poverty consideration at project development stage
- They help identify green adverse elements in a project

PEA's new capacity building tools

- PEA is engaged in relatively new areas of greening topics
- Through the technical assistance component, the project is engaging in the development of blue economy and green/blue bonds tools
- This includes development of handbook (green bonds in Indonesia and South Africa) as well as conducting analysis of blue economy opportunities for Asia Pacific

An example: Bangladesh blue bond study

- PEA, UNDP's SC4SDG[1] and Bangladesh Planning Commission conducted study on feasibility of launching blue bonds in local bond market
- Three growth scenarios for local blue economy analyzed, with estimate of investment needs for 2021-2035
- Blue bonds identified as ideal tool to fill financing gap, building on country experience with green bonds and sukuks
- Dialogue between Government and private sector established to foster private capital engagement in blue economy

Government embraced study's recommendations, will present to Cabinet

1) UNDP project *Strengthening Institutional Capacity for SDG Achievement in Bangladesh*