

# LESSONS LEARNED

CONSULTANCY SERVICES TO CONDUCT A FEASIBILITY STUDY FOR  
THE  
IMPLEMENTATION OF THE CLIMATE BUDGET TAGGING (CBT) TOOL IN

NAMIBIA  
5 March 2020



# TALKING POINTS

- INTRODUCTION TO CBT PROJECT IN NAMIBIA
- IMPORTANT DECISIONS FOR CBT DEVELOPMENT IN NAMIBIA
- ARCHITECTURE OF CBT PFM AND CBT MODEL
- TECHNICAL DESIGN
- IMPLEMENTATION DESIGN



# Introduction - Objectives

## 1. Objectives

- To conduct a feasibility study to determine the viability of the CBT in Namibia's fiscus.

## 2. Scope

- Identify the scope, criteria and methodological approaches for implementing the CBT in Namibia, based on the best international practices, develop the model for classification of climate change-related expenditures, validate the proposed CBT model and submit final report.



# Deliverables

1. Inception Report
2. A final report with a developed CBT model for classification and implementation guidelines.
3. Present and validate the proposed CBT model during a workshop with the participation of representatives of the Ministry of Finance, National Planning Commission, and other relevant ministries
4. Adjust the methodology to incorporate comments and feedback received from the key stakeholders
5. Submit a final report model for Climate Budget Tagging for Namibia.
6. Provide on-the-job support to the Ministry of Finance and National Planning Commission in the application of the suggested CBT model, including the preparation of budget reports on climate change finance.



# Important decisions for Namibia CBT development

- Budget and or actual expenditure
- Recurrent and or development budget
- Centralized or decentralized
- Budget and or externally funded activities (loans and or grants)
- Central government, local and regional government, parastatals, private entities (non governmental organizations)
- Standardize with international reporting formats or localize to national policies
- Vote or economic level or programme level or activity level
- Automated or manual system
- Who will tag
- What reports to be produced



# What is Climate Budget Tracking

- What is CBT
- CBT is a budget tool for monitoring and tracking climate-related expenditures in the national budget system. It is a government-led process of identification, measurement, and monitoring of climate-relevant public expenditures
- Budget tagging is also used for tracking poverty, gender, and international development goals.
- Purpose of CBT

To support mobilization of additional external financing

- by identifying the funding gap regularly, and
- demonstrating government commitment and co-financing of programmes. In the development of the proposal for CBT, the options should enable and facilitate the mobilization of resources for climate change management.



# CBT generic model

- Purpose and setting of the model
  - Key objectives
  - CBT and CC objectives
  - Architecture of CBT model
- Technical design
  - CC relevant expenditure
  - Classification methodology
  - Interaction with the Public Financial Management System
- Implementation design
  - Overall implementation modality
  - Tagging procedures
  - Format of reporting tagging outcomes
  - Assignment of stakeholder roles



# CBT and CC objectives

- To provide secure and adequate funding resources for effective adaptation and mitigation investments
- To enhance capacities and synergies at local, regional and national levels
- To integrate climate change effectively into policies, institutional and development frameworks
- To develop action and strategies for climate change mitigation
- To develop and implement appropriate adaptation strategies and actions that will lower the vulnerability





# Architecture of PFM and CBT model

- State finance Act
- Roles and responsibilities for CBT and Budget process
- Budget approach
- Budget and account code structure
- IT systems at the national level
- PFM at the sub national level
- SOE and donor funded CC expenditure



# Guiding Principles (1)

- **CC Relevant Expenditure**

- Consideration for NCCP strategic focus areas
- Define what is climatic change expenditure
- Assess and decide on the budget measures to be tagged
- Develop a classification system for the expenditure
- Identify the outputs / information needs that are expected from the CBT.

## **Classification methodology**

- relate the classification system to international classifications, as this makes it feasible for country to country comparisons
- **Weighing the CC expenditure**



# Guiding Principles (2)

- **Interaction with the Public Financial Management System**

- Chart of accounts considerations
- Level of automation
- Linking to the budget and or to actual expenditure
- Linking to the sources of funding (what is already captured in the PFM?)

## **Namibia**

- The operational budgets are done in Excel, NPC uses database for managing the capital budget. Budgets linked to IFMS system by COA
- IFMS coordinated by the MoF, and uses international COA
- IFMS linked actual expenditure to budgets via similar COA
- No link between central government system and the subnational government PFM
- Same year end for most entities in Public Sector



# Guiding Principles (3)

- **Who gathers the data? (Experts, Line Ministries, Combination?)**
- **Tagging procedures**
  - During planning when activities are developed (by line ministries)
  - After initial budget inputted into the system
  - Tagging expenditure
- **Validation of the CBT can be done by one of the Ministry of finance, the Office of the Auditor General or through Independent peer review**
- **Format of reporting tagging outcomes**
  - Link format to the objectives of setting up CBT and to the recipients of the information



- **Role assignment & clarification**

# Role assignment & clarification

- We need to identify stakeholders for the following:
  - Custodian of CBT
  - Basis of identifying CC expenditure
  - Tagging procedure design
  - Tagging
  - Validation
  - Reporting



# FINAL DESIGN PROPOSAL - responsibilities

<b>Process</b>	<b>Proposed design</b>
Identification of CCRE	Done by line ministries on the PIF/MOF spreadsheets
Classification of CCRE	Done by MEFT assisted by line ministries
Weighting of CCRE	Done by MEFT assisted by line ministries
When are tags done	During budgeting process
Who validates the tags	MoF



# FINAL DESIGN PROPOSAL – GRN COA

<b>Code</b>	<b>Description</b>
03	Indicator
20	Vote
02	Main division
000000	Program / subprogram/ activity
107	Subdivision
0000	Item
008041	Project
000000	Cost center
00	Reporting entity



# FINAL DESIGN PROPOSAL – proposed tag structure

<b>Code</b>	<b>Description</b>
X	not relevant (0) CCRE (1) *
X	Adaptation (1) mitigation (2)
X	Highly relevant (1) Relevant (2) Neutral (3)
Xx	Strategic focus area:





# final design proposal - tagging

Code	Description
03	Indicator
20	Vote
02	Main division
000000	Program / subprogram/ activity
107	Subdivision
0000	Item
008041	Project
000000	Cost center
00	Reporting entity
11119	Highly relevant CCRE, for adaptation, on the strategic focus area of vulnerable groups



# Thank You

