

# Budgeting for Pro-Poor Climate and Environment in Asia Pacific



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# Guidance: Audience and Objectives

## Audience:

- *Finance* Ministry, *Planning* Ministry
- *Environment, Agriculture and Sector* Ministries
- Development Partners (UN, World Bank etc)

## Objectives:

- Environment, natural resources & climate into ***Budgets and mainstream economic decision-making***
- Indicators of **success**: institutions, policies, revenues, expenditures, outcomes
- Learning from **gender** mainstreaming
- Focus on the **budget cycle**: formulation, approval, execution, oversight

**Key Budget Documents:**

Audit reports;  
Legislative Audit  
Committee  
reports



**1**

**Budget Formulation:**  
The executive formulates  
the draft budget.

**Key Budget Documents:**

Executive's  
budget proposal;  
Supporting  
budget reports



**4**

**Budget Oversight:**

The budget accounts are audited  
and audit findings are reviewed by  
the legislature, which requires  
action to be taken by the executive  
to correct audit findings.

**2**

**Budget Approval:**

The legislature reviews  
and amends the budget  
– and then enacts it into law.



**Key Budget Documents:**

Budget law;  
Reports of  
legislative budget  
committees

**3**

**Budget Execution:**

The executive collects  
revenue and spends money  
as per the allocations made  
in the budget law.



**Key Budget Documents:**

In-year reports;  
Mid-year report;  
Year-end reports;  
Supplementary  
budgets

- **Five year plans integrate pro-poor ENR and climate:** Lao PDR, Bangladesh
- **Sector strategies integrate pro-poor ENR and climate:** Mining in Bhutan, Myanmar and Mongolia
- **Local government plans integrate pro-poor ENR and climate:** Nepal

- **Natural resource taxation:** Mineral taxation in Myanmar, Mongolia and Bhutan
- **Water and energy subsidy reform:** Indonesia fossil fuel subsidy reduction
- **Donor funds:** Sector wide approach for local government, environment & climate in Nepal
- **Foreign Direct Investment and ENR and climate:** Lao PDR and Myanmar

# Budget formulation: Resource allocation

- **Budget call circulars:** Bhutan and Nepal climate prioritisation in call circular
- **Sector investment plans:** Bhutan's mainstreaming reference group
- **Public investment programme:** Bangladesh poverty and environment checklist
- **Environment and climate expenditure tagging:** Indonesia and Nepal tagging/marking

- **Environment and Climate Committees:**  
Bangladesh parliamentary committee
- **Budget statement:** Nepal's budget with climate annex

- **Recurrent budget shortfalls, Sufficient funds for operation and maintenance:** Climate proofing Nepal rural roads
- **Procurement for pro-poor ENR and climate:** Nepal's environmentally friendly rural road construction, Bhutan's vocational training for green enterprises



- **Value for money and accountability: Auditor General**
- **Environment and climate expenditure reviews: Bhutan, Nepal, Indonesia**

# Conclusions

- **Formulation:** Plans linked to budgets
- **Formulation:** Revenue from natural resources, subsidy reform and FDI
- **Formulation:** Resource allocation through budget call circulars and Public Investment Programme
- **Approval:** ENRC parliament committees
- **Execution:** Maintenance of ENRC
- **Oversight:** Quantity & quality of ENRC
- **PEI move beyond budget formulation**