



Greening Public Financial Management (PFM)

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Delphine MORETTI

Regional Advisor for Southeast Asia, PFM
International Monetary Fund (IMF)

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Why Does Green PFM Matter?

GREEN FISCAL POLICIES

Support governments' integrated strategies to combat climate change

Put in place a carbon tax

Reform energy subsidies

Invest in resilient infrastructure

Ensure that green policies are effective and funded within fiscal constraints

Set analytical requirements for the green impact of new policies

Ensure accountability for the climate impact of fiscal policy choices

Integrate climate change considerations in infrastructure project appraisal and selection

GREEN PUBLIC FINANCIAL MANAGEMENT (PFM)

Provide credibility to
GREEN BONDS

What the IMF's Green PFM framework?



- ❖ Amending existing PFM laws to include climate elements
- ❖ Enacting specific climate action laws



- ❖ Climate objectives / targets
- ❖ Climate-responsive macro-fiscal framework
- ❖ LT sustainability analysis



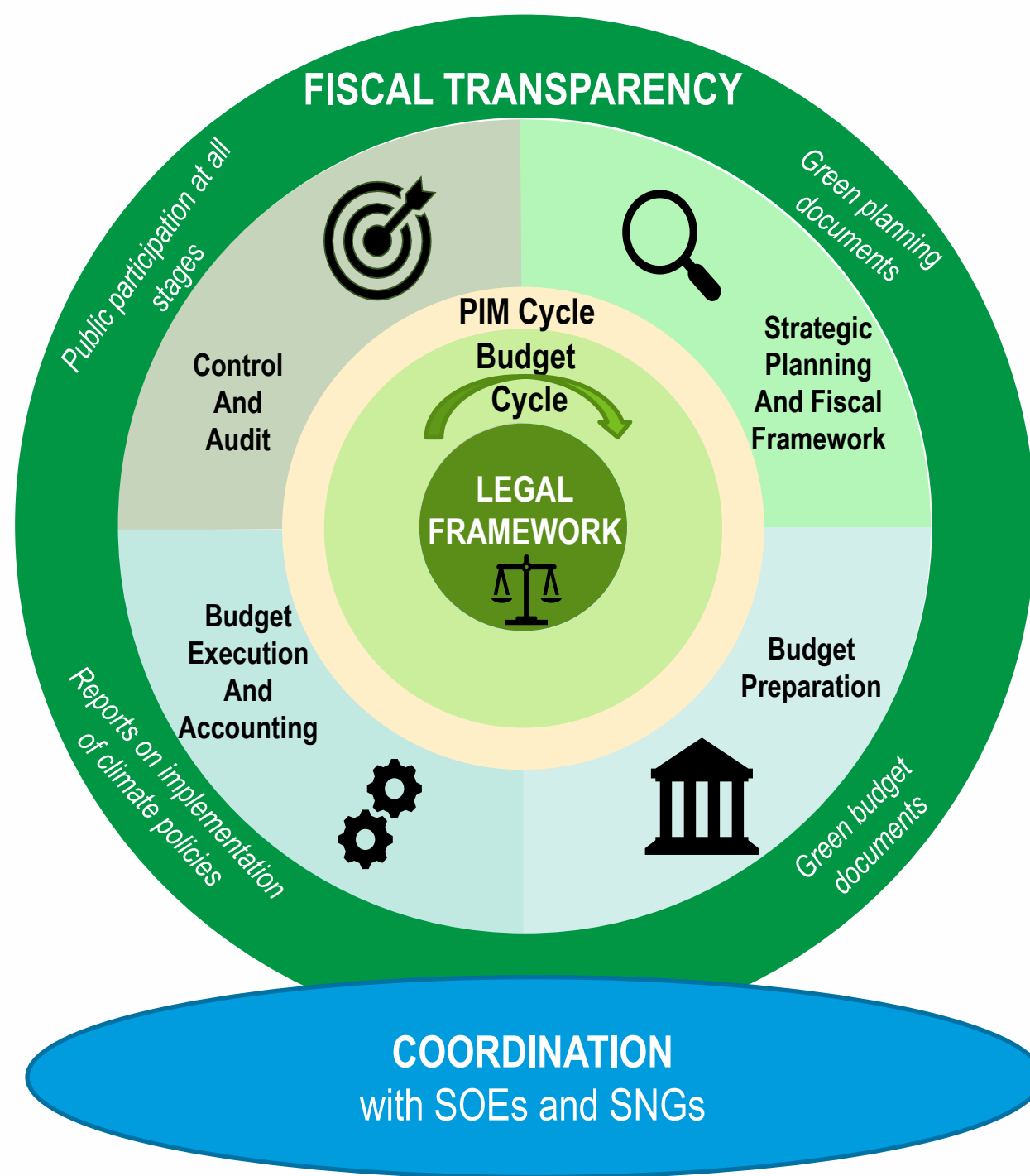
- ❖ Climate impact assessments / CBA
- ❖ Green / climate spending reviews
- ❖ Climate budget circular
- ❖ Green-responsive program budget



- ❖ Tagging climate expenditure
- ❖ Green trackers
- ❖ Green performance monitoring



- ❖ Ex-post climate / green audits
- ❖ Climate watchdogs
- ❖ Parliamentary oversight



How to integrate Climate Into Public Investment Management

FAD's Public Investment Management Assessment (PIMA)



PIMA Climate Change Module



- **Planning** sustainable investment across the public sector
- **Allocating** investment to the right sectors and projects
 - **Implementing** projects on time and on budget

Are there already best practices to learn from?

- Virtually no countries have comprehensive “Green PFM” system but...
- ...several countries have rolled-out a few or several components of such a system.
- **Good practices abound in the Asia-Pacific region** with several countries leading the way on for example on:
 - Legal foundations for Green PFM (e.g., New Zealand)
 - Climate targets in National Development Plan (e.g., Sri Lanka)
 - Transparency and reporting (e.g., Indonesia)
 - Tagging of green expenditures (e.g., Bangladesh)
 - External oversight (e.g., the Philippines)

How is the IMF integrating Green PFM Into Country Work?

Assistance to country teams in the context of surveillance missions

- ✓ To provide ideas and examples of good practices that can feed into the dialogue with the country – e.g., at the request of EUR, contribution to the Austria Article IV mission to discuss green PFM topics

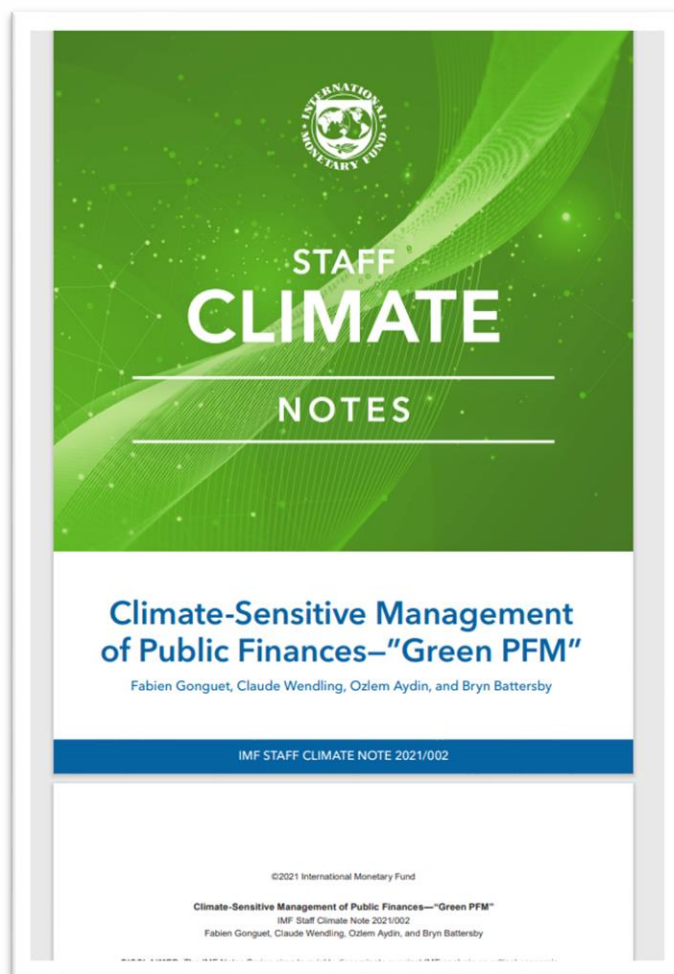
Country-specific technical assistance

- ✓ **Green PFM** – To assess the readiness of PFM systems for green PFM; produce diagnostic; and propose country-specific action plan.
- ✓ **Climate change module PIMA**

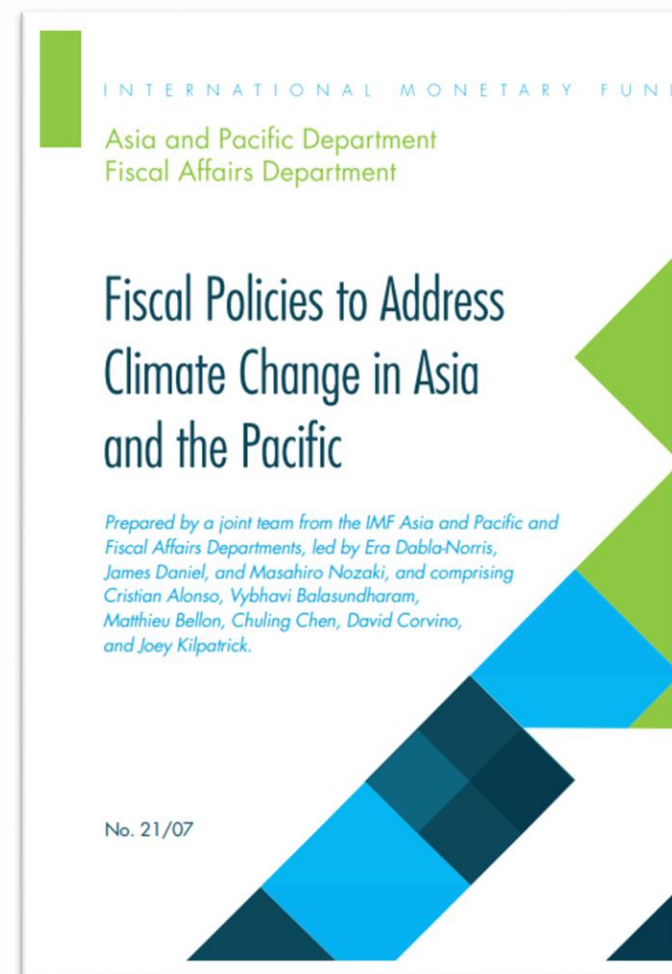
Regional seminars and trainings

- ✓ Virtual seminar on “**Addressing Climate Change in Asia: What Role for Ministries of Finance?**” on **October 25 – 28, 2021**, organized jointly by the IMF’s Fiscal Affairs Department (FAD), Capacity Development Office in Thailand (CDOT) and South Asia Regional Training and Technical Assistance Center (SARTTAC).

Key IMF references



[Read here](#)



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Contact:
dmoretti@imf.org
fgonguet@imf.org
cwendling@imf.org