

The Open Gov Guide

2024

Open
Government
Partnership



Climate and Environment



The Escazú Agreement (adopted in Escazú, Costa Rica) affirms environmental democracy principles and practices as necessary to protect both the environment and human rights defenders. Pictured: Maricela Fernandez, an indigenous community leader in Costa Rica who works to promote gender equality and the protection of the environment.

Climate Finance

Preventing the worst effects of human-induced climate change requires moving finance away from greenhouse gas-intensive activities toward activities that lower environmental and human impacts and build resilience. This shift will require changes in public and private finance, and will need to happen at the international, national, and local levels. Though [progress](#) in increasing climate finance flows has grown over the past decade, they are not yet on track to meet the challenge, and they risk being wasted without adequate safeguards. OGP members can use their action plans to increase funding for climate-related programs and projects across borders and in their own countries. Open government approaches can help shine a light on the nature of the problems and the scale of the solutions. By introducing more public oversight, governments can gain confidence that money is going where it is supposed to, neither [wasted](#) [nor embezzled](#). Introducing more opportunities for participation also helps direct funds to better target public priorities. By making climate financial flows more inclusive, governments can better ensure that the most vulnerable become more resilient to the effects of climate change.

Open Gov Challenge Climate and Environment

With OGP's [2023-2028 Strategy](#), OGP members are set to work toward a number of aspirational thematic reforms through the [Open Gov Challenge](#). This section of the *Open Gov Guide* addresses Climate and Environment.

Challenge prompt: Use open government to strengthen implementation of strategies or agreements on climate and environment.

Actions and reforms could include:

- Implementing provisions in agreements such as the Escazú Agreement, Aarhus Convention, or Paris Agreement.
- Implementing a climate and environment roadmap or strategy, strengthened through open government approaches.
- Ensuring public oversight and transparency for climate finance and greening existing fiscal and planning processes.

Key Terms

- **Climate adaptation:** Adaptation [involves](#) “anticipating the adverse effects of climate change and taking appropriate action to prevent or minimise the damage they can cause, or taking advantage of opportunities that may arise.”
- **Climate finance:** According to the United Nations Framework Convention on Climate Change (UNFCCC), [climate finance](#) is local, national, or transnational financing that “seeks to support mitigation and adaptation actions that will address climate change.” Climate finance aims to address the imbalance between the wealthy, industrialized countries that emit high levels of greenhouse gas (GHG) and the historically low-emission countries that experience the worst impacts of climate change. Examples include [a variety of funds](#) set up by governments under the UNFCCC and the Paris Agreement on climate change, as well as bilateral and multilateral development bank funds.
- **Climate mitigation:** Mitigation specifically [focuses](#) on reducing existing greenhouse gas emission levels and preventing new emissions to make the impact of climate change less severe.

The Evidence

Growing research illustrates the potential of targeted climate finance when carried out transparently and with a focus on civic participation and public accountability, though much work remains to be done.

- Countries should [invest](#) in their institutional capacity to design, implement, and monitor climate change projects to fully access and leverage international climate funds effectively. This incentive to improve national and local systems to manage climate finance has a downstream effect of strengthening the impact of such financing.
- Evidence from an [evaluation](#) of efforts to conserve forests shows that participatory, inclusive, and transparent processes not only help capture GHGs but also benefit communities.
- The Taskforce on Access to Climate Finance carried out a [review of evidence](#) of national climate planning and found that combining public oversight with evidence-based policy-making yielded stronger returns on investment.
- Climate finance systems tend to be opaque and lack meaningful accountability in funding adaptation-related projects and programs. According to the [International Budgeting Partnership](#), even if such funding reaches local communities, ensuring it benefits historically excluded groups is challenging. Improving accountability and inclusion mechanisms, especially through coalition building, is one way to address this issue.

Reform Guidance

Recommended Reforms

The recommendations below represent reforms that national and local governments, representatives of civil society organizations, and others can consider for their action plans and the [Open Gov Challenge](#). The reforms are categorized according to OGP’s principal values: transparency, civic participation, and public accountability. Reforms should be adapted to fit the domestic context, and involve and coordinate with other levels and branches of government.

Reforms across policy areas are also tagged by the estimated degree of difficulty in implementation. Though progress is often not linear, the recommendations have been categorized using these labels to give the reader a sense of how different reforms can work together to raise the ambition of open government approaches.

- **Foundational:** This tag is used for reforms that are the essential building blocks of a policy area. “Foundational” does not mean low ambition or low impact. These recommendations often establish basic legal and institutional structures.
- **Intermediate:** This tag is used for reforms that are more complex and often involve more coordination and outreach, such as with the public, between branches, agencies, and levels of government, or between countries.
- **Advanced:** This tag is used for reforms that close important loopholes to make existing work more effective and impactful. They are often about linking multiple databases or ensuring that oversight authorities can receive complaints from members of the public.

INTERNATIONAL CLIMATE FINANCE REPORTING

- Publish regularly updated data:** [Publish](#) climate finance-related data regularly, at minimum once a year.
- Standardize reporting methods:** [Apply](#) a consistent, clean, and complete finance reporting method in concert with other major finance providers to ensure coherence across donors and international financial actors.
 - According to ONE Campaign, [donors](#) should also implement “transparent and replicable methodologies for how they calculate their climate finance contributions as well as more detailed, timely, and project-level data.”
- Introduce independent audits:** [Introduce](#) independent audits on reported climate finance spending data to improve data quality and validation. Consider adding elements of social auditing, tip submission, and whistleblower protection to enhance auditing.

Transparency
Executive
Legislature
Foundational
Transparency
Executive
Intermediate
Transparency
Civic Participation
Public Accountability
Executive
Legislature
Intermediate

CLIMATE FINANCE

- Report climate finance data on a project-by-project basis:** Make data public, including counting the actual climate portions of projects on a project-by-project basis. Records should include:
 - the climate-specific share of projects;
 - accurate reports of both commitments and actual disbursements; and
 - disaggregated data to prevent mixing Official Development Assistance and other official aid flows with climate finance projects.

Transparency

Executive

Legislature

Advanced

STRENGTHENING PUBLIC FINANCIAL SYSTEMS

- Create a whole-of-government coordinating body for climate finance:** [Create](#) a coordinating body to ensure climate finance policy coherence across levels of government. Such a body should have the mandate to oversee the publication of climate finance-related data, as well as national and sectoral planning documents related to budgets, revenue, and spending, to allow public scrutiny and deliberation.
- Evaluate financial risk through a climate perspective:** [Evaluate](#) financial risk through a climate perspective in public financial management systems. Such financial risk management practices and reporting should be carried out in a participatory and inclusive manner, subject to parliamentary scrutiny.
 - Governments such as [Fiji](#) are going beyond merely describing potential climate or nature-related risks to develop cost estimates and financial plans to address them.
- Ensure that climate finance follows open budget principles, including “green” budgeting practices:** [Adopt](#) open budget principles in line with the “[Open Budgets](#)” chapter of the *Open Gov Guide*. As governments move to respond to the threat of climate change, open budgets can support their work to not only improve public budgeting systems generally, but also to ensure that budget planning clearly identifies climate-targeted actions and expenditures.
- Ensure equitable and inclusive climate finance practices:** [Ensure equitable and inclusive](#) climate finance practices, from budget planning to prioritizing who should be able to access such funds. As with [non-climate-related expenditures](#), [gender-responsive budgeting principles](#) apply to climate finance. In addition, historically excluded communities and those facing pollution (such as those seeking [environmental justice](#)) should be prioritized in accessing finance instruments.
 - The United States has adopted a participatory process for identifying and supporting historically underserved or over-polluted communities through the [Energy Justice Initiative](#).

Transparency

Civic Participation

Executive

Foundational

Transparency

Civic Participation

Executive

Legislature

Inclusion

Foundational

Transparency

Civic Participation

Public Accountability

Executive

Legislature

Foundational

Transparency

Civic Participation

Public Accountability

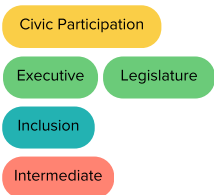
Executive

Legislature

Inclusion

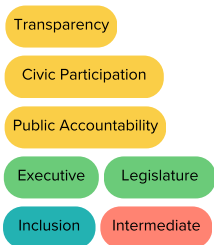
Intermediate

☐ **Strengthen the role of citizens and civil society:** Ensure that organizations, particularly those representing historically marginalized communities, have the resources, capacity, and space to play a stronger role in setting priorities for and monitoring climate finance. This may include identifying funding sources and opportunities for public education, and ensuring open processes for public input on policy.

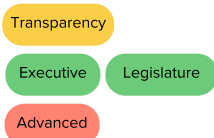


☐ The International Budget Partnership (IBP) conducted a pilot program to increase citizen participation in this policy area in [Nepal](#). Led by ForestAction, a national CSO, the pilot expanded upon existing, successful mechanisms, such as the use of public hearings at the local level, to demand accountability on climate finance. As a result, local governments committed to replicating public hearings and possibly institutionalizing them. ForestAction also helped create multi-stakeholder, inclusive Climate Justice Action Groups to serve as climate finance watchdogs.

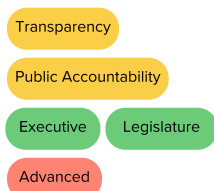
☐ **Implement a transparent carbon-pricing standard:** [Implement](#) a transparent [carbon-pricing standard](#), with the methodology and other details of how prices are set made publicly available. Carbon pricing is used to hold polluters responsible for adding greenhouse gas emissions to the atmosphere at the local, national, and/or international levels. This can be done in several ways, such as levying a tax for every ton of carbon emitted.



☐ **Empower financial regulators to mandate climate-related risk reporting:** [Empower](#) financial regulators to mitigate climate-related financial risk and protect the public financial system, particularly through [increased oversight](#) of financial institutions such as commercial banks, insurance companies, and investors. For one, the executive branch can establish or expand the mandate of a regulatory body to enforce disclosure requirements for financial institutions and corporations. In another example, regulatory bodies can pass rules to include climate risk considerations in fiduciary requirements and require investment advisers to develop and implement sustainable investment policies.



☐ **Ensure that incentives to encourage private sector climate finance are subject to public scrutiny and oversight:** The market for sustainable finance is growing, and governments, such as [Uruguay](#), are borrowing money in a way that promises improved environmental and governance performance. Financial regulators in major lending markets can ensure that [standards for sustainability-linked finance](#) are credible and help accelerate good practice. Regulators can ensure that such lending instruments are under public scrutiny and oversight in their terms and results.



☐ National governments and the European Union (EU) are developing a variety of tools to signal to investors that they should invest in climate change mitigation and adaptation. These include [blended finance](#), [sustainability bonds](#), [green lending facilities](#), and “[green interest rates](#).” These instruments often require specific disclosures by borrowers to ensure that risk is minimized.

- Publish harmful subsidies and financing methods and report on the phaseout of these subsidies:** [Publish](#) harmful subsidies and financing methods, such as subsidies to heavily polluting activities, and report on the phaseout of these subsidies. For details, consult the “[Energy Transition](#)” chapter of the *Open Gov Guide*.

Transparency

Executive

Legislature

Advanced

Examples of Reforms from OGP and Beyond

The following examples are commitments previously made within or beyond OGP that demonstrate elements of the recommendations made above. Climate finance represents a new area of work for OGP members in terms of action plan commitments, with members in Latin America and the Caribbean as pioneers.

- **Costa Rica Open Public Data on Climate Change:** [Created](#) an open data [portal](#) where climate change-related data is stored and published for public access. Though the country has not yet published its climate financing dataset, its sector-disaggregated inventory of carbon emissions can provide a foundation to calculate carbon pricing.
- **Germany Disclosure of Extractive Industry Data:** [Created](#) a new legal basis, technical infrastructure, and institutional mechanisms to publicly disclose comprehensive reports on revenues and operational information from the extractive sector for the first time, to fulfill Extractive Industries Transparency Initiative membership requirements.
- **Kenya Community Engagement on Climate Finance Transparency:** [Committed](#) to creating multi-stakeholder, community engagement processes to design climate solutions, such as making climate finance data more transparent.
- **Khmelnyskyi, Ukraine Inclusive Green Economy:** [Co-created](#) a Green Course Action Plan to develop an inclusive, climate-neutral economy that ensures growth, which won an OGP Innovation [award](#) in 2021. The municipality consulted a wide range of local stakeholders at each planning stage, from collecting data to identifying policy options.
- **Montenegro Open Data on the Use of EU Funds:** [Committed](#) to creating a national, centralized data portal on available EU funds related to green policies, and the country’s implementation of the European Green Deal priorities and current projects financed by the EU.
- **Plateau State, Nigeria Transparency in the Extractive Sector:** [Committed](#) to setting up the Plateau State Extractive Transparency Forum to ensure transparency in the implementation of Community Development Agreements and Environmental Management Plans. Also committed to disclosing the exact amount of derivation funds earned by the extractive industry in Plateau State.
- **Quintana Roo, Mexico Multi-Stakeholder Roundtable on Sustainable Development:** [Committed](#) to establishing a multi-stakeholder anti-corruption and environment roundtable to co-create sustainable plans to address climate change, protect biodiversity and the environment, and monitor the sustainability of development projects. Includes an [initiative](#) to make environmental budget allocations transparent.

BEYOND OGP ACTION PLANS

- **Amsterdam, Netherlands Multi-Stakeholder Collaboration for a Circular Economy:** [Convened](#) representatives from government, the private sector, academia, and the general public to identify key priorities and opportunities for collaboration to develop a [circular economy](#) as part of its “[Amsterdam Circular 2020-2025 Strategy](#).”
- **Colombia Online Platform to Monitor Climate Finance:** One of the first countries to [develop](#) a Measurement, Reporting, and Verification (MRV) framework to track climate finance actions from public sources both domestically and internationally. Also created an online platform to publish the data—at the time of launch in 2017, the government [registered](#) over US \$6 billion worth of funding actions on the platform.
- **Fiji Climate Finance Analysis and Spending:** Developed a [climate finance strategy](#) to identify investment priorities for climate adaptation and mitigation over the short term (2022-2025) and medium term (2026-2029). The strategy also includes spending priorities and tools for monitoring and evaluation.

The Role of Local Governments

The threats posed by climate change are disproportionately connected to life at the local level. According to the [Cities Climate Finance Leadership Alliance](#), “Cities already account for 70% of global CO2 emissions from energy use; left unaddressed, emissions will continue to rise as urbanization accelerates, especially in developing countries. Cities are also at the forefront of climate change vulnerability: 70% of cities are already experiencing harmful impacts to their citizens and infrastructure as a result of climate change.”

To address these threats, governments throughout the subnational level—such as provinces, states, and municipalities—have already begun to leverage climate finance instruments to support adaptation and mitigation efforts. One example, such as in the [United States](#), is the use of existing grants to invest in making infrastructure more resilient to extreme weather events, mitigating climate-related health risks, and expanding access to clean energy. Another example is the use of investments and incentives to support [household-level spending](#), such as by providing grants or tax breaks to make buildings more energy efficient.

In addition, as local governments invest in fighting climate change, actions such as raising revenue, taxing harmful activities, borrowing, and spending money will need to follow the best practices in transparency and independent *public* accountability mechanisms.

For more information on the progress of local governments in budgeting, collecting revenue, and spending money on climate-related initiatives, visit the OECD’s [Subnational Government Climate Finance Hub](#).

Active OGP Partners

The following organizations have recently worked on this issue in the context of OGP at the national or international level. They may have additional insights on the topic. Please note that this list is not exhaustive. If you are interested in national-level initiatives, please contact research@opengovpartnership.org.

- [International Budget Partnership \(IBP\)](#)
- [ONE Campaign](#)
- [Organisation for Economic Co-operation and Development \(OECD\)](#)
- [World Resources Institute \(WRI\)](#)

Benchmarking Data

The [OGP 2023-2028 Strategy](#) sets out the [Open Gov Challenge](#) and aims to provide clear benchmarks for performance through reliable data.

While benchmarks for individual countries and *Open Gov Guide* recommendations are not yet integrated, for this chapter, interested individuals may rely on the following data sets:

- **WRI** hosts a [website](#) called “Paying for the Paris Agreement” to highlight actions governments can take to finance the agreement’s climate goals, which includes a country-by-country breakdown.
- The **UNFCCC Climate Finance Data Portal** acts as a central clearing house for publicly available government expenditures.
- The **OECD** uses “[Rio Markers](#)” to track climate finance, although this binary marker counts all financing by OECD members as having a climate component. The OECD also maintains the [Subnational Government Climate Finance Hub](#), which tracks regional and city-level progress in meeting the Paris Agreement commitments and other green initiatives through budgeting, revenue collection, and spending.

Guidance and Standards

While the list below is not exhaustive, it aims to provide a range of recommendations, standards, and analysis to guide reform in this policy area.

- The **UNFCCC** has several [resources](#) related to climate finance on its website, including a database on activities funded by implementing countries. Parties to the Paris Agreement are required to report on the support given to developing countries every two years. In addition, the [Action for Climate Empowerment \(ACE\)](#) established at the 2013 UNFCCC meeting aims to establish national focal points of contact to coordinate access to information and public participation in implementing the [Paris Agreement](#). Most OGP countries committed to establishing these offices as part of their Paris Climate Agreement contributions.

- The **ONE Campaign** published a detailed [report](#) on the current obstacles preventing the necessary levels of transparency and oversight of climate finance data. The report also includes specific recommendations to address data gaps and how to accelerate funding for climate-related initiatives.
- The **United Nations Principles for Responsible Investment (UNPRI)** published a [review](#) of trends in reporting of environmental, social, and governance (ESG) indicators for the private sector, including topics such as corruption risks and whistleblower protections. Such reporting is critical to ensuring investments address climate change-related risks effectively. UNPRI also published a [database](#) of sustainable finance regulations across more than 850 policy tools.
- As of 2023, the **International Sustainability Standards Board (ISSB)**, a global standard-setting body, has [published](#) a standard for [Climate-Related Disclosures](#). According to ISSB, the standard “requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity’s cash flows, its access to finance or cost of capital over the short, medium or long term.” The standard draws on the work of the Task Force on Climate-Related Financial Disclosures, which concluded its work and disbanded in October 2023.
- The **multilateral development banks**—such as the World Bank, Inter-American Development Bank, Asian Development Bank, African Development Bank, and European Bank—published a [joint methodology](#) to track climate change adaptation finance that provides guidance on how to carry out such monitoring.
- The **European Union** published a [risk taxonomy](#), which sets performance thresholds for investors, companies, and other private sector actors. For example, the taxonomy set requirements for economic activities, which make a “substantive contribution” to at least one of six defined environmental objectives, and to “do no significant harm” to the other five. The taxonomy also requires adherence to other international standards on [business and human rights](#) and [multinational enterprises](#) to meet minimum safeguards.
- In 2022, the **United States Securities and Exchange Commission (SEC)** [proposed](#) rule changes to require certain climate-related disclosures in their registration statements and regularly submitted reports. Though the rule has not yet been finalized, it could represent important progress in one of the world’s largest financial markets.
- The **United Kingdom** [published](#) a policy paper on sustainable investment that provides guidance for regulators, investors, and ratings agencies on how to ensure that sustainability principles are mainstreamed in emerging financial tools.

- **WRI** has four key areas of work related to [climate finance](#): promoting [sustainable private sector finance](#), strengthening [development finance institutions](#), upholding the role of finance in [international climate negotiations](#), and supporting [governments' capacity to access climate finance](#). In addition, WRI's [Systems Change Lab](#) is another critical resource that offers six key areas to strengthen national financial systems to secure and supervise climate finance. While action will need to take place at all levels, the national system will, by and large, be the locus for most of climate finance. All countries will need to strengthen their finance systems to ensure that public, private, and mixed finance meets its intended goals and is subject to public scrutiny.
- A key area of work for the **International Budget Partnership** (IBP) is [climate finance](#). The organization has conducted research on [lessons learned](#) to improve accountability in this policy area, as well as case studies and other analyses to advance open government approaches on this topic.
- The **Climate Policy Initiative** [created](#) a “Landscape methodology” to track sources and uses of climate finance, which forms the foundation of its [Global Landscape of Climate Finance](#) report. The data analyzed—including by region, level of government, and sector—helps support data collection for UNFCCC and Intergovernmental Panel on Climate Change reporting. The Climate Policy Initiative is also the Secretariat of the [Cities Climate Finance Leadership Alliance](#).