

The views expressed in this presentation are the views of the author/s and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this presentation and accepts no responsibility for any consequence of their use. The countries listed in this presentation do not imply any view on ADB's part as to sovereignty or independent status or necessarily conform to ADB's terminology.

Workshop Session 2: On Climate and Disaster Resilience

Climate and DRM Tagging in National Budgets



Dayna Connolly
Disaster Risk Financing Specialist,
Disaster Risk Management Division,
ADB



Jean T. de Pano
Disaster Risk Management Officer,
Disaster Risk Management Division, ADB

ADB

Emerging Macroeconomic and Governance Challenges and Opportunities

Workshop | 20–23 April 2026 | Manila, Philippines

Post-lunch warmup

Where does your country sit?

	Climate budget tagging	Disaster Risk Management tagging
System in place		
Exploratory		
Not yet started		

Why tag?

You can't manage what you can't measure - but tagging is a means, not an end



Accountability & transparency

Report on how much government is spending on climate and disaster resilience



Identify gaps

Understand the balance between risk reduction, response, and recovery spending



Align budget allocations with policy

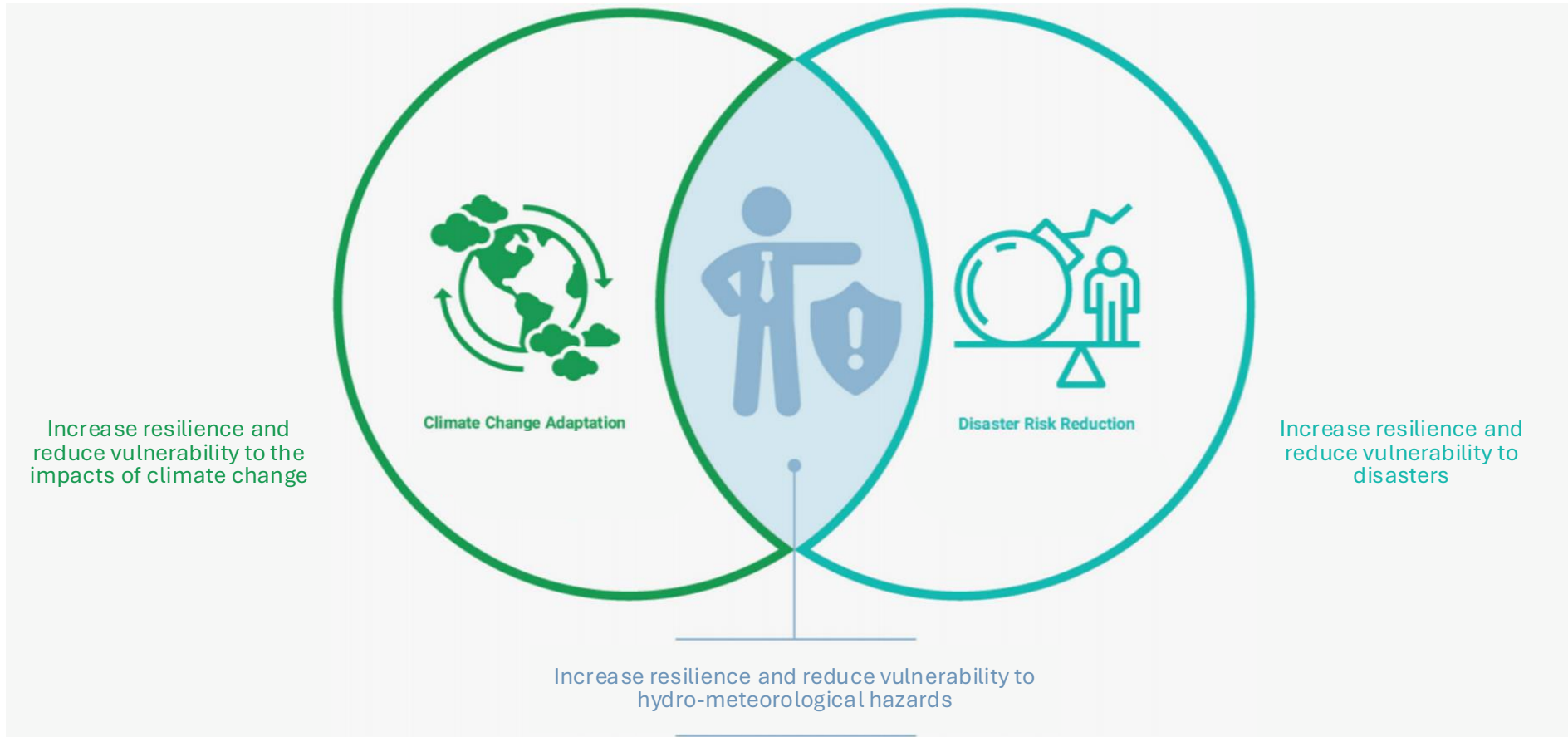
Identify whether allocations match stated climate and DRM priorities



Mobilise finance

Demonstrate co-financing to unlock international climate funds and green instruments

What to tag?



Source: UNDRR

How: Four design decisions

Definitions & Taxonomy

What counts as climate or disaster-relevant spending?

- National policy framework or International frameworks (Rio markers, Sendai/OECD DRR markers)

Coverage

How wide does the system reach?

- Whole of government or Priority sectors first • Capital only or Recurrent too • Allocations or Expenditure or Both • National only or +Subnational

Institutional Roles

Who tags, who quality-assures, who oversees?

- Line ministries tag, MOF quality-assures or MOF leads centrally

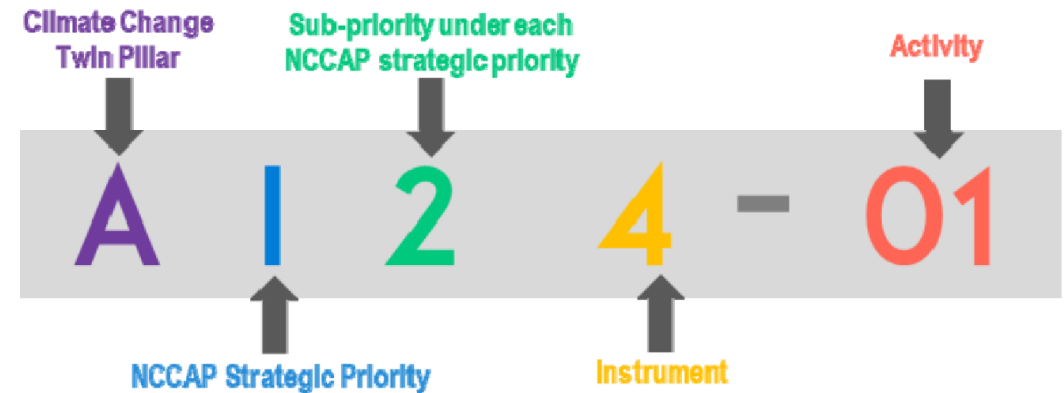
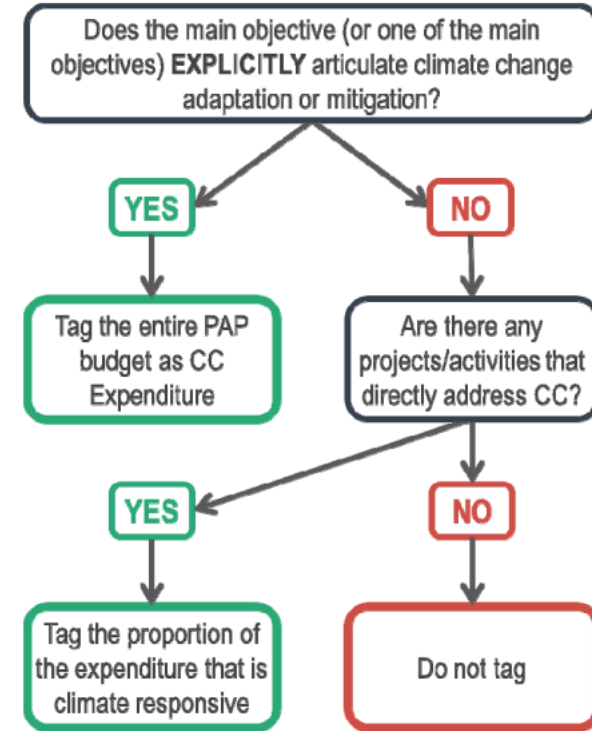
Estimation Methods

How precise does the measurement need to be?

- Binary (yes/no) or Weighted (%)

Tagging in practice

- **Sector:** Climate mitigation, adaptation
- **Definition:** starts from an objective-based definition and then as a second step, aligns programs and activities with specific climate change policies
- **Coverage:** covers recurrent & capital, local government units and SOEs
- **Institutions:** Managed by Climate Change Commission and Department of Budget and Management
- **Estimation Methods:** program element
- **Lesson:** Compliance has proved challenging with the broad coverage



Tagging in practice

- **Sector:** Climate mitigation, adaptation, DRR, response, and recovery in one unified system
- **Coverage:** covers recurrent & capital, integration in the chart of account facilitates both allocations & expenditure
- **Institutions:** Managed by CCC and DBM, coordinated via a joint working group
- **Estimation Methods:** Weighted - 100% (primary objective), 50% (secondary), 20% (indirect benefit)
- **Lesson:** comprehensiveness has a compliance cost in early years



	1- Climate	2- Disaster	Notes
A – Mitigation / transition	1A – Climate Mitigation & Transition		Only includes climate expenditures
B– Adaptation / Resilience	1B – Climate Adaptation	2B – Disaster Risk Management & Reduction	1B and 2B would have some overlap, with some expenditures being counted in both 1B and 2B.
C – Emergency Response		2C – Disaster Emergency Response	Only for immediate disaster response (defined by timing or activity)
D - Recovery / reconstruction		2D – Disaster Recovery & Reconstruction	Only for medium to long- term post-disaster recovery and reconstruction (i.e., not response, defined by timing or activity)
Notes:	1A+1B = Total climate related expenditures No overlap / double- counting, as all climate tagged expenditures will either be classified as 1A (Mitigation) or 1B (Adaptation).	2B+2C+2D = Total disaster related expenditures No overlap / double- counting, as all disaster tagged expenditures will be classified as 2B (DRM), or 2C (Response), or 2C (Reconstruction)	

Country Peer Exchange

Countries with a tagging system

- What was the primary objective when your system was introduced?
- Has the tagging data actually been used to inform budget decisions?
- What is the single biggest implementation challenge you face?
- What would you do differently if starting again?

Countries without (or with nascent systems)

- What would be the most useful objective for a tagging system in your context?
- Which is more important to your context, climate or disaster tagging, or both?
- Is the main barrier technical (PFM system not ready), institutional (no champion), or political (not yet a priority)?
- What do you most want to learn from a country that has done it?

Exercise

Task: Working as a country team, use the handout to sketch your recommended approach to climate and/or disaster budget tagging — or explain why an alternative tool would better serve your objective.

What makes tagging stick - and what makes it stall

What makes it stick ✓

- IFMIS integration — makes it routine rather than an annual burden
- Clear link between tagging data and actual budget decisions - if data is never used, compliance drops
- Annual review and reporting cycle to maintain momentum
- Strong MOF ownership and a named institutional champion, but continuous LMA involvement
- Realistic scope — start narrow, expand as capacity grows

What makes it stall ✗

- Compliance without incentives — line ministries have no reason to tag carefully
- Capacity investment without follow-through — training once is not enough
- Tagging introduced as a donor requirement rather than a genuine government priority
- Tagging only budgeted data, and not following through across the budget cycle
- Over-ambitious scope from the start — system collapses under its own weight

Thank you.