



THE DELIVERY IMPERATIVE

Making every climate dollar count

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About the authors:

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A Defining Moment for Climate Finance

The world stands at a crossroads in the fight against climate change. At COP29, developed nations pledged to mobilize \$300 billion annually and charted an ambitious path—via the Baku to Belem Roadmap—to scale climate finance to \$1.3 trillion per year by 2035.

But fundraising ambition is not enough. What will define this era is not only how much is pledged, but how well increasingly scarce public funds are delivered and spent. In the fight against climate change, governments' ability to execute their spending plans is as critical as raising the money in the first place.

Transforming financial pledges into tangible climate action is now the defining and urgent challenge – and the key to scaling climate adaptation and mitigation.

The Stakes: The High Costs of Poor Implementation

For many climate-vulnerable nations, weak public spending systems threaten progress:



UNDERSPENDING

Governments underspend budgets by 10–14% on average, with climate and social sectors hardest hit. These unspent funds translate to missed opportunities for adaptation, mitigation and infrastructure—leaving vulnerable communities exposed.



REALLOCATION

Even when public funds are well allocated, they are often redirected mid-year to less urgent areas, such as defence, weakening climate commitments.



DELAYED INVESTMENT

Infrastructure faces underspending rates of 18%, compared to just 4% for recurrent expenditures. This delays critical adaptation and renewable energy transitions.



INEFFICIENCY

The IMF estimates that 30% of public investment is lost to inefficiencies.

These challenges don't just slow progress—they fracture trust, reduce revenues, and deter future financing, undercutting climate goals at every level.

The Opportunity: Better Spending, Greater Impact

When country spending systems are strong, the quantifiable benefits are substantial:



HEALTH GAINS

A one-unit increase in PFM quality can reduce under-five mortality by up to 17 deaths per 1,000 births when health funds flow through public systems.



EFFICIENCY

When governance quality is high, public spending is as effective as private spending.



SCALE AND SUSTAINABILITY

Donor innovations are far more likely to scale when implemented through national systems aligned with government priorities.



INSTITUTIONAL STRENGTHENING

Budget support improves public sector management and enhances institutional performance.

When climate finance is well executed, it initiates a virtuous cycle:

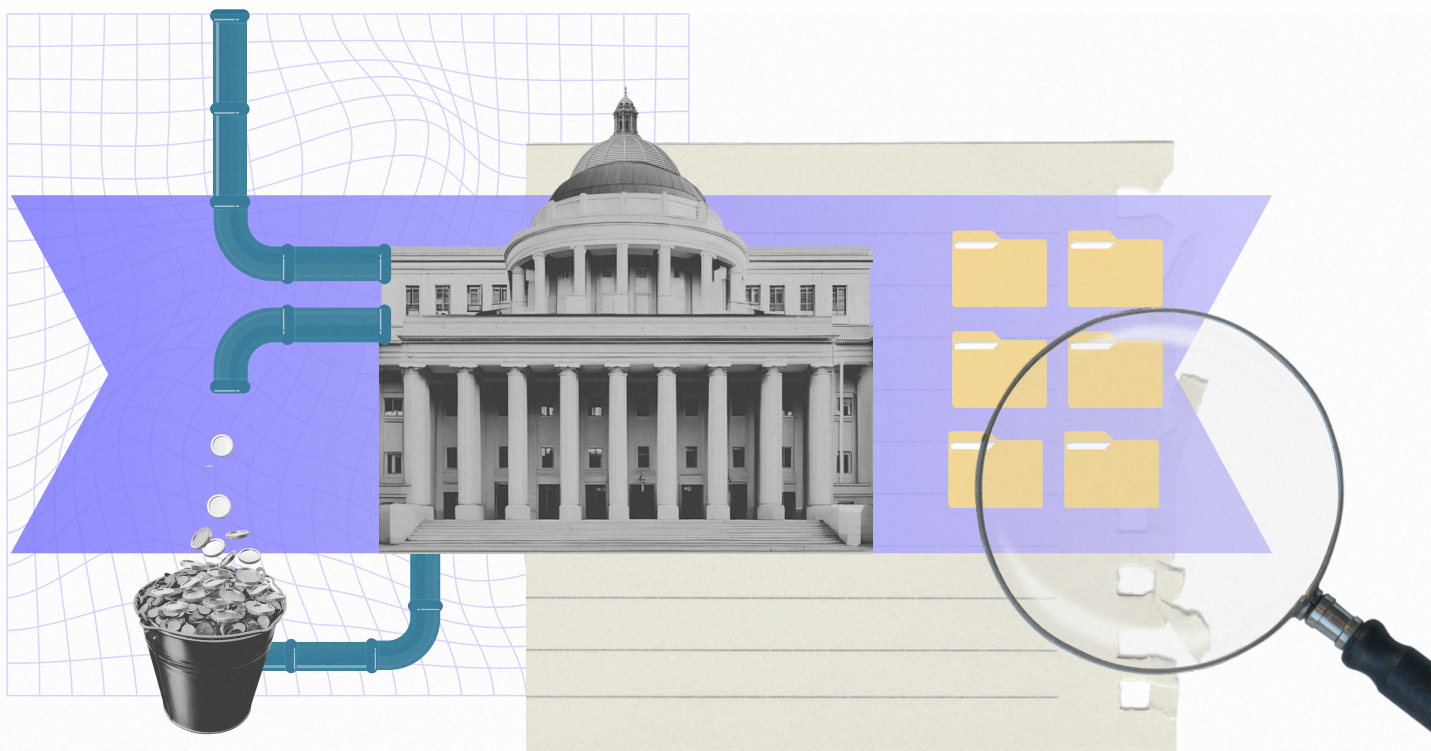
Communities experience real benefits, boosting public support. Governments gain credibility, attracting private capital and unlocking more domestic revenue. Donors gain confidence, leading to more funding. This cycle turns climate finance into a powerful engine of sustained climate action.

The Solution: Strengthen Country Systems

To improve service delivery, we must invest in strengthening national public financial management (PFM) systems. Yet too often, donors and investors bypass these systems, believing that off-budget flows offer greater transparency and accountability. In reality, fragmented, off-budget projects strain local capacity and even further undermine delivery effectiveness.

While concerns about budget execution - especially in low- and middle-income countries - are valid, the evidence is clear: working through national institutions and systems delivers better long-term outcomes. Donors and financiers should therefore prioritize budget support, even if it means accepting less transparency for a specific project in the short term, to strengthen accountability for ALL public spending over time.

Not all donors can provide full budget support, but alternative instruments - such as sustainability-linked sovereign debt (SLSD) - can both reduce investor risk and support system-building. Expanding and refining these tools through further research is essential to resolving the tension between short-term accountability and long-term institutional development.






The Delivery Imperative: A Framework for Action

By implementing three key strategies, we can ensure that increasingly scarce resources build country systems, thereby transforming the impact of climate spending:





1. CHANNEL CLIMATE FINANCE THROUGH COUNTRY SYSTEMS

-  Scale the proportion of flexible climate finance provided through country budget systems.
-  When full budget support isn't feasible, route funds through large-scale national public climate projects, using existing country information systems for reporting.
-  Embrace innovative tools like sustainability-linked sovereign debt (SLSD) that balance accountability with spending flexibility.

2. STRENGTHEN ACCOUNTABILITY ECOSYSTEMS

-  Tie transparency reforms to access to climate finance.
-  Provide support to legislatures and audit institutions to scrutinize climate spending.
-  Foster partnerships among formal oversight institutions, civil society, media, and executives; as well as between civil society communities.

3. STRENGTHEN ACCOUNTABILITY ECOSYSTEMS

-  Promote diagnostics focused specifically on climate spending systems.
-  Facilitate stakeholder collaboration among government, civil society, and development partners.
-  Ensure reform design is inclusive, integrating citizen voices into planning and monitoring climate finance.
-  Identify and draw on comparable, successful experiences identified by the Public Expenditure and Finance Management (PEFA) budget execution database.

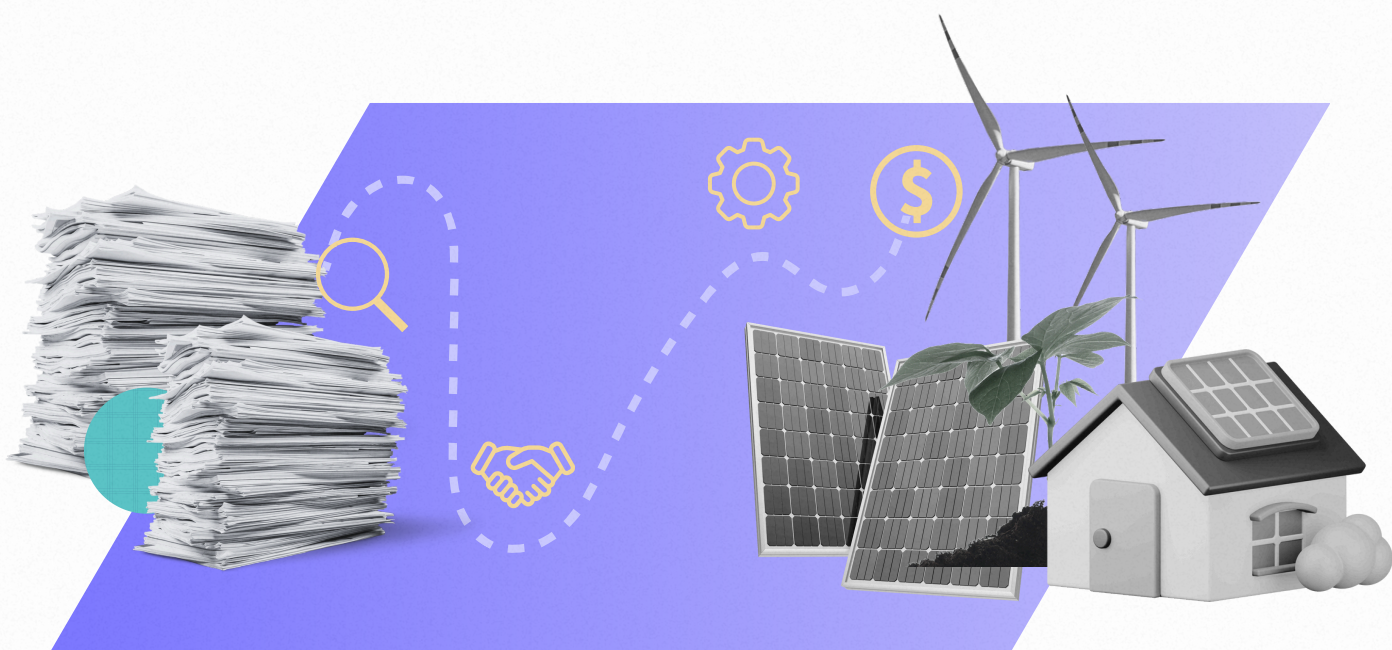
Turning Pledges into Progress: The Time is Now

The climate community faces a clear choice: continue business as usual or elevate delivery as a central pillar of climate action.

This is a moment to harness momentum. Build on progress in transparency and fiscal management. Align with ministries of finance that are already moving the needle. Create broad, winning coalitions leveraging the anti-corruption, open government and service delivery movements. Use upcoming global platforms—IMF/World Bank Spring Meetings, Financing for Development conference, G20, COP30—to cultivate awareness and test campaign ideas.

Climate finance is not just technical—it's moral. Poorly executed budgets fail the very communities most vulnerable to climate change. Strong budget systems in contrast inspire a virtuous cycle of trust, financing and impact that can transform lives, strengthen institutions, and generate lasting impact.

It is urgent that we complement raising climate finance with significant efforts to ensure that every dollar invested counts. Let's turn climate pledges into climate progress—and ensure every investment leaves a legacy of impact.





The Trust, Accountability, and Inclusion Collaborative – Funders for Participatory Governance (TAI) is a platform for donor learning and action. Our members seek to strengthen trust, accountability, and inclusion in societies around the globe (and in their own funding practices) as building blocks for a more just world where democracy, economy, and planet thrive. Learn more at taicollaborative.org and [sign up](#) for the TAI newsletter for updates, insights, and opportunities to get involved in shaping a more just and accountable world.

TAI members are committed to both fiscal and climate accountability. This paper was commissioned for our Fund Fiscal project that is designed to raise awareness of the importance of investing in fiscal issues. Learn more at fiscalspace.org – a resource for philanthropy.

