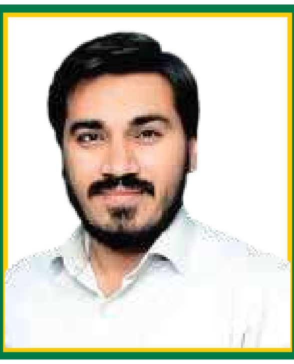
Climate Finance Transparency in Pakistan



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Introduction

Today, Pakistan stands at a critical point in its history. While Pakistan accounts for less than 1% of global emissions, it is among the most affected countries by climate change (Geo News). It also experienced floods in 2024 and 2025 after the catastrophic floods of 2022. The floods in 2022 had damages and losses of more than USD 30 billion (World Bank). In light of these climate disasters, the Pakistani Government decided to make climate finance one of its priorities. Some of these initiatives were the establishment of the Climate Finance wing inside the Ministry of Climate Change and Environmental Coordination. Furthermore, a climate budget tagging system was also established. Also, green financing initiatives were undertaken, and a Climate Public Investment Management Assessment (CPIMA) framework was also established. These local and international initiatives were undertaken; however, proper governance and transparency initiatives were ignored. These initiatives were incapable of identifying that, instead of more funding, Pakistan needed a better system of allocation, disbursement, procurement, implementation, and audit. This inability resulted in weak monitoring, under-deployment of funds, and loss of funds to mismanagement. An example of this is the Ten Billion Tree Tsunami Program; a later audit revealed that this initiative lost around Rs 5.2 billion due to mismanagement (Ali). Despite these setbacks, Pakistan has continued to invest in climate finance in light of the COP and the Paris Agreement, and many international and local private agencies have joined this cause.

Current Climate Finance Landscape

Currently, we can divide climate finance in Pakistan into three categories. Climate finance at the government level, the international level, and the private sector level. At the government level, Pakistan has a fragmented climate finance architecture, where responsibilities are spread across ministries, provinces, donors, public-sector entities, and private-sector instruments. This segmentation resulted in lower transparency and scattered data. Most international projects by GCF and other bodies are somewhat transparent, having a lot of data available. While the private sector is growing its relevance through green bonds, sukuks, and carbon market initiatives. The enforcement of climate policy frameworks is limited in the private sector, which compromises on transparency.

Why Transparency Matters in Climate Finance

Climate finance has become a global priority. Nations are taking charge and investing heavily, but most of the projects involved are large, which involves higher risks. Higher risks coupled with technical difficulty, procurement, and monitoring issues, multi-year donor-linked projects, and political visibility make these projects high-profile and important. Hence, if mismanagement is discovered in such projects, the backlash is more intense, and the damage is greater. Furthermore, reducing climate change is a national and human task and requires collaboration from the people. Better transparency develops trust and more opportunities for the general public to take part in this cause.

Transparency Gaps

Transparency is one of the major issues Pakistan faces. To completely grasp transparency at each level, climate finance projects can be divided into the following parts: Planning, Allocation, Disbursement, Procurement, Implementation, Evaluation, and public access.

Project Planning involves the process of project selection and consultation. This phase has moderate to weak transparency. This is because these documents are available on the sites of international bodies and the Government, but when these documents are sent to the ministries, they are not binding, for example, the National Adaptation Plan. UNEP and GCF backed it, and the cabinet even approved it; however, the implementation lacked the necessary regulatory mechanisms like Statutory Regulatory Orders, which prevented the dedicated budget allocation according to NAP by ministries (Sheikh).

Allocation refers to budget disclosure and the criteria for classifying projects as Adaptation, Mitigation, and Supporting areas. After the establishment of the Climate budget tagging system, transparency in allocation is improved; however, still, this tagging is mostly being done at a federal level, and at the provincial level, the climate budget tagging is minimal. Furthermore, Sindh, despite being most affected by floods and climate change, the Sindh Environment sub-department reportedly spent only Rs336.56 million against allocations of Rs3.419 billion, less than 10 per cent (Imran).

Disbursement refers to the tracking of funds and their timelines. Transparency appears to be weakest here. In 2023, at the “International Conference on Climate Resilient Pakistan” in Geneva, around USD 10.987 billion were promised by the international community, and around only USD 2.8 billion were disbursed by 2024 (Government of Pakistan Ministry of Economic Affairs). After that, no further information regarding this was made public, which shows the lack of transparency here. The information should have been made public in machine-readable form.

Procurement and Implementation also have weak transparency and require audit, monitoring, procurement controls, and outcome verification. A prime example of this is the Ten Billion Tree Tsunami Program. The audits of this program revealed that in procurement, there were around Rs 109.365 million losses due to uncertified and ungraded seeds obtained from unauthentic sources, nurseries were not vetted, and more than 23 million plants were unrecorded and not found (Malik). Furthermore, in the Implementation phase, there were numerous cases of over-reporting and weak oversight, which compromised the transparency of the project.

Evaluation refers to the independent audits and performance assessments. Even though the Auditor General of Pakistan conducted a special audit for TBTTP, a routine system for audits does not exist for both local and co-financed projects by organizations like GCF.

Public Access to data is limited. Pakistan lacks a unified government data source where every project's data is publicly available at all times and is updated regularly, so that the general public can track the projects. It will improve accountability and reduce the risk of leakage of funds.

Global Climate Finance Transparency Practices

Globally, countries such as the UK, Germany, and Bangladesh have developed robust transparency mechanisms. The UK manages its International Climate Finance really well and publishes an annual report tracking the 15 KPI’s and has independent reviews of its portfolios by ICAI (UK Foreign, Commonwealth & Development Office et al.). Similarly, in Germany, at the institutional level, KFW’s transparency portal and project database exist (KFW). In Bangladesh, after it successfully implemented the climate budget tagging system, the Citizens' Climate Budget Report is published every year, making the climate data easily accessible to the citizens. Each of these initiatives contributed to better governance and transparency. Pakistan needs an integrated model that combines budget tagging with public dashboards, citizen-friendly reporting, independent audit, and project-level outcome disclosure, to do effective climate finance.

Pakistan’s Current Direction

Today, Pakistan is facing the global climate crisis and is developing systems to counter these; however, the operational inefficiencies in governance and transparency are preventing the benefits of these initiatives from reaching the people and having a larger impact on reducing climate change. Furthermore, in the recent 2026 budget, the PSDP allocation for the Ministry of Climate Change and Environmental Coordination has been reduced from Rs 14.3 billion in FR 2021-22 to Rs 2.48 billion in FY 2026-2027. Furthermore, the environment budget has been reduced from Rs5.952 billion to Rs5.032 billion. However, the disaster allocations have reached Rs116.2 billion, a 132 per cent increase over the previous year (Naeem). This highlights the government's focus on disaster recovery rather than disaster resilience.

Pakistan requires about USD 348 billion by 2030 to meet its climate-resilience and low-carbon development goals (Dawn). This cost can be even greater because of the weak transparency system of Pakistan. Weak transparency may not change the financing requirement, but it can reduce the impact of every rupee spent by increasing the risk of leakage, underutilization, duplication, and poor project targeting.

Suggestions and Recommendations

To have better climate finance transparency, Pakistan must do the following:

1) Make a **Unified Climate Finance** portal. This portal should be legally binding, and data, instead of being scattered in documents, should be machine-readable and comprehensive, highlighting the number of disbursements, where they were allocated, and what impact they led to.
2) **Quarterly or Semiannual funds disbursement reports'** publication. As funds are heavily underutilized, quarterly and semiannual reports will lead to faster utilization of funds and more initiatives.
3) **Annual Citizen Climate reports.** These reports will enable the general public to access and understand climate finance data, which is currently only understandable by technical professionals.
4) System for **routine Climate Audits by AGP.** Currently, audits are not routine; rather, they are of a special nature. This system, if implemented, will reduce losses and leakages due to mismanagement.
5) Mandatory **Independent Monitoring and Reporting of Nature-based projects.** Independent Monitoring systems use satellite data, regular on-site visits, and mechanisms to verify that reporting is accurate.
6) Make **frameworks** like NAP and others legally binding and implementable at small levels by issuing relevant paperwork like SROs. This will increase the implementation rate of such frameworks.
7) Enact a **Climate Finance Transparency Act.**

Recommendations for Chartered Management Accountants

For Pakistan to become a global leader in climate finance governance and transparency, the Chartered Management Accountants carry prime importance. They can improve transparency and governance in climate finance by the following methods:

- CMAs can help classify expenditure into adaptation, mitigation, loss and damage, and supporting activities, making the classification process more streamlined.
- They can design dashboards showing pledged, allocated, released, utilized, and unspent funds. This will help with effective decision making.
- They can link spending with output and outcomes to create more accurate reports.
- They can help design controls to reduce overbilling, duplicate claims, procurement irregularities, ghost activities, and weak documentation. This will reduce mismanagement.
- They can also support reporting and assurance for green bonds, sukuk, climate funds, and carbon-market projects to reduce greenwashing.

Conclusion

Investing in climate finance is a remarkable first step; however, we need to understand that climate finance without transparency will be incapable of producing remarkable outcomes. Effective climate finance requires collaboration more than secrecy. A better climate is not only the government's responsibility, but it is a collective responsibility of every citizen. To foster this joint effort, transparency is of prime importance because investing without outcomes dies down. Pakistan cannot afford to lose its funds for an environmentally resilient Pakistan, and it cannot lose the people's trust. Finally, stopping climate change is a joint human effort, and better transparency is pivotal for its success.

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