



Ministry of Tourism and Environment
Republic of Maldives

Guidelines for Climate Budget Tagging for State Actors

CBIT Maldives

Capacity Building for Improved
Transparency of Climate Change
Mitigation and Adaptation
Actions in the Maldives





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Capacity Strengthening for Improved Transparency
of Climate Change Mitigation and Adaptation
Actions in the Maldives Project



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Ministry of Tourism and Environment



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1 Purpose and Introduction

This document provides guidelines for tagging climate-relevant activities, programmes, and projects within the national budget of the Maldives. It builds on previous work that mapped climate finance reporting in the country and offered recommendations for improvement. The focus is on outlining the essential steps to establish and implement an effective budget tagging system. These guidelines are primarily intended for state actors whose budgets are processed through the Ministry of Finance, to ensure a standardized and consistent approach to tracking climate finance across all government sectors.

The guidelines incorporate best practices from other Small Island Developing States (SIDS) and developing countries. The proposed tagging methodology is designed to complement existing national tools and mechanisms, facilitating the tracking of expenditures aligned with internationally recognized definitions of climate adaptation and mitigation, while maintaining coherence with the Maldives' Nationally Determined Contributions (NDCs).

The Maldives has made significant progress in improving climate finance tracking over the years. A key development was the introduction of a climate change tag within the national budgeting tool. Launched in 2018 and integrated into the 2019 budget cycle, this initiative—led by the Ministry of Finance (MoF) with support from the Ministry of Climate Change, Environment and Energy (MCCEE), now the Ministry of Tourism and Environment (MoTE)—marked an important first step in creating a simplified tracking system. This system enables sectoral ministries to assign the climate change tag to relevant projects and activities during annual budget submissions.

However, while this climate finance tag—used for New Policy Initiative (NPI) applications and public finance tracking (PSIP)—shows promise, it currently lacks sufficient detail and guidance, limiting its accuracy and effectiveness. Therefore, these guidelines aim to provide the necessary direction to enhance the functionality of the existing climate change tag within the national budgetary tool. In cases where budget tagging is not possible—such as for local councils or State-Owned Enterprises (SOEs)—the guidelines also propose measures to formalize data collection and reporting mechanisms, ensuring that all climate-relevant finance is comprehensively captured across the public sector.

2 Structure of the Guidelines

The guidelines are organized as follows:

It begins with a review of the concept of climate budget tagging in various contexts and an assessment of its relevance to the Maldives. Following this, detailed guidance is provided on six key aspects of the budget tagging process:

1. **Methodology:** Distinguishing climate-relevant expenditures from broader development assistance (ODA).
2. **Scope and Coverage:** Identifying the sectors, institutions, and budget categories to be included in the tagging process.
3. **Estimation of Climate-Relevant Expenditure:** Determining whether entire programmes or only specific components qualify as climate-related.

4. **Institutional Roles:** Defining the institutions involved, their responsibilities, and governance structures for managing the tagging process.
5. **Quality Assurance:** Implementing measures to prevent inaccurate or superficial tagging (e.g., greenwashing) of programmes and projects.
6. **Budget Process and Guidance:** Specifying the information required in budget circulars and related documentation.

Finally, the guidelines analyse capacity-building gaps and the needs of key stakeholders and institutions, identifying the support necessary to ensure the sustainable institutionalization of the budget tagging system.

3 What is Climate Budget Tagging?

Climate budget tagging is generally understood as a tool for monitoring and tracking climate-related expenditures within a country's national budget system¹. It enables governments to comprehensively capture data on climate-relevant spending, report on these expenditures effectively, and make more informed decisions. It also helps prioritize climate investments. As such, climate budget tagging is typically a government-led process.

The first climate budget tagging system was introduced in Nepal in 2012². Since then, approximately 19 national and subnational governments have adopted similar methodologies. Early adopters—such as Nepal, Cambodia, Indonesia, and the Philippines—are all developing countries particularly vulnerable to climate change. Despite this progress, climate budget tagging remains an emerging practice, with most countries implementing these systems in the past five years. While many of these initiatives are in developing countries, the initial stock-taking report of this project reveals that there are few examples or best practices in the context of SIDS.

The objectives of introducing climate budget tagging vary across countries. However, for most developing nations, the primary goal is to ensure the effective mobilization of resources. Common objectives typically include a combination of the following: raising awareness and communicating climate change policy; aligning budget allocations with climate priorities by integrating climate change into planning and budgeting processes; enhancing accountability and transparency through reporting on climate-related expenditures; identifying financing gaps and investment opportunities; mobilizing both domestic and international finance; and reporting on climate finance in line with international commitments (World Bank 2014; UNDP 2015a).

The World Bank³ summarises the evidence on the efficacy of climate budget tagging observed in countries where it has been implemented thus far as follows:

¹ [https://ndcpartnership.org/knowledge-portal/climate-toolbox/climate-budget-tagging#:~:text=Climate%20Budget%20Tagging%20\(CBT\)%20is,in%20the%20national%20budget%20system.](https://ndcpartnership.org/knowledge-portal/climate-toolbox/climate-budget-tagging#:~:text=Climate%20Budget%20Tagging%20(CBT)%20is,in%20the%20national%20budget%20system.)

² <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/744081613708537156/main-report>

³ <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/744081613708537156/main-report>

- Climate tagging does increase awareness of climate change issues in central finance and line agencies – this has been observed in several countries.
- Climate tagging helps communicate a government’s commitment to climate change action, enhances transparency, and enables accountability.
- It is unclear to what extent climate tagging informs and has an impact on program design.
- There is mixed evidence on the impact of climate tagging on resource allocation – there can be significant variation in the way the tagging is applied across different years in countries, making it difficult to make definitive statements at this point.
- The identification of climate-relevant programs can help mobilize funding from external sources – this has been observed in the Philippines, Indonesia and Kenya.

Hence, by further enhancing the functionality of the existing climate change tag within the Maldives' national budget, the country would be able to better align budget allocations with climate change policy initiatives. This would also integrate climate change into planning and budgeting processes, streamline climate change policies across all sectors, and enhance accountability and transparency in the reporting and tracking of climate-related expenditures. Moreover, it would help identify financing gaps and investment opportunities, mobilize both domestic and international finance, and improve reporting on climate finance in the context of international commitments.

4 Budget Tagging Guidance

Based on a review of existing budget tagging initiatives, the World Bank identifies three key design features for an effective budget tagging system: the definition of climate-relevant expenditure, the definition of appropriate coverage, and the estimation of climate-relevant spending. In addition to these core elements, a successful system requires clear institutional arrangements that must be defined and formalized. Furthermore, quality assurance mechanisms and detailed guidance must be provided in the budget process to ensure all stakeholders can effectively tag climate finance. This section elaborates on the six essential design features of an effective budget tagging system, alongside practical guidance on how to operationalise those in the context of the Maldives.

4.1 Methodology

Methodology refers to the definition or the taxonomies used in the distinguishing climate relevant activities and expenditure from other development purposes or ODA. This distinction is not always clear; many activities, such as agricultural extension, flood protection, reforestation, and renewable electricity generation, for instance, may serve both development and climate change policy purposes. Tagging methodologies have sought to distinguish between climate-relevant and development expenditures following two approaches.

Objective-based definitions: distinguish climate-relevant activities on the basis of the intended impact of the activity. Most of the methodologies following this approach have applied the definitions used in the Rio markers

Policy-based definitions: limit climate-relevant activities to those that are specifically referenced in national climate change policy documents (i.e. could be aligned with the NDC of the country).

Some countries have adopted a mixed approach, and some have used indicative, prescriptive, and negative lists of climate-relevant activities to complement definitions.

4.1.1 Climate Relevant Activities

While there is no internationally agreed definition of what constitutes climate finance, this guideline draws on the guidance provided by the UNFCCC's Standing Committee on Finance (SCF) and integrates emerging best practices from international climate finance negotiations in the context of SIDS.

Climate finance aims at:

- reducing emissions and enhancing sinks of greenhouse gases [**mitigation**];
- reducing vulnerability, increasing adaptive capacity, and mainstreaming and increasing resilience of human and ecological systems to negative climate impacts [**adaptation**];
- addressing loss and damage associated with the adverse effects of climate change [**loss and damage**]

...and includes financing for actions identified in a country's nationally determined contribution, adaptation communication, national adaptation plan, plans or programmes for responding to loss and damage, long-term low-emission development strategy or other national plan for implementing and achieving the goals of the Paris Agreement and the objective of the Convention [UNFCCC].

Accordingly, this guideline covers finance linked to the following categories:

- **Mitigation:** Financial flows directed toward activities that contribute to the reduction or avoidance of greenhouse gas emissions or enhance carbon sinks. Examples include renewable energy projects, energy efficiency improvements, low-emission transport, and afforestation or reforestation.
- **Adaptation:** Financial support aimed at reducing the vulnerability of human and natural systems to the impacts of climate change and enhancing their adaptive capacity. Examples include investments in water security, climate-resilient infrastructure, coastal protection, climate-smart agriculture, and early warning systems.
- **Loss and Damage:** Financial support for addressing the negative impacts of climate change that go beyond what can be adapted to. This may include recovery and reconstruction efforts after climate-related disasters, compensation mechanisms, and risk pooling or insurance schemes.
- **Cross-cutting or Enabling Activities:** Finance for actions that support both mitigation and adaptation or serve as foundational enablers of climate action. This includes capacity building, institutional strengthening, technology development and transfer, research and development, and climate finance readiness efforts.

Exclusions:

- Any activity that contribute to the expansion and continuation of fossil fuel production
- Any funding that simply repurposes, substitutes, or diverts ODA without increasing the total volume of resources dedicated to climate action. Climate finance must be new and additional to ODA.

Note: A Climate Finance Classification (typology) under development is provided in Annex 7.1

4.1.2 Types of Finance Covered

The guideline aims to capture all climate-relevant financial flows, including the following instruments and sources.

Financial Instruments

These are tools used to mobilise and allocate resources for climate action.

Grants:

Non-repayable financial support provided by international climate funds, multilateral development banks, bilateral donors, philanthropic organizations, or private sector entities.

Loans and other debt instruments:

To be considered climate finance under this guideline, loans and debt instruments should demonstrate a degree of concessionality, meaning they are offered on terms more favourable than prevailing market conditions. While the framework does not impose fixed thresholds, it acknowledges ongoing international discussions⁴ amongst SIDS regarding what constitutes concessional climate finance. For reference, SIDS have advocated for the following minimum criteria:

- **Interest Rate:** Fixed interest rate of 1% or below
- **Grace Period:** Minimum 5 years from first drawdown
- **Maturity Period:** Minimum 20 years
- **Fees and Charges:** Service, administrative, or commitment fees of 1.5% or below
- **Debt Clauses:** Mandatory inclusion of climate resilience debt clauses, which link debt reduction or suspension to the occurrence of climate-related disasters, subject to no-objection approval by the Government of Maldives

Note: *There is no internationally agreed standards for concessionality and the above presented are for reference only. The guideline remains open to other interpretations of concessionality that fits the national context, recognising the need to avoid excluding major sources of finance.*

⁴ https://unfccc.int/sites/default/files/resource/MAHWP3_Written_Inputs_AOSIS.pdf

Equity Investments:

Direct capital investments in climate-relevant projects or enterprises, particularly those that promote clean energy, nature-based solutions, climate-smart agriculture, or resilient infrastructure.

Gurantees:

Financial instruments where a third party (i.e. development finance institute, MDB) promises to cover a portion of a potential loss for a lender or investor. This is aimed in reducing the risk of a climate related project and encouraging more private investments.

In-kind contributions:

Non-monetary support such as the provision of goods, technical expertise, personnel time, or services that contribute directly to the implementation of climate-related projects.

Other Innovative financing instruments:

Includes emerging financial instruments that can support climate action, including market based mechanisms such as green or blue bonds, carbon pricing and crediting mechanisms and other blended financing and de-risking tools.

Sources of Finance

The guidelines recognizes both domestic and international sources of finance:

- **Public Domestic Sources:**

Finance allocated from the national budget, including through mechanisms such as the Public Sector Investment Programme (PSIP). These funds are generated and spent within the country to support national climate priorities.

- **International Sources:**

Financial flows originating from outside the country, including:

- **Bilateral:** funding provided directly from one country to another, often through official development assistance (ODA) agencies or bilateral cooperation programmes (e.g., USAID, JICA, GIZ).
- **Multilateral:** funding channelled through institutions that are jointly owned by multiple countries, such as the Green Climate Fund (GCF), Adaptation Fund, World Bank, or regional development banks.
- **Contributions from international NGOs, foundations, international financial institutions, and cross-border private investors also fall under this category.**

4.2 Scope or Coverage

Scope or coverage refers to the sectors or the institutions that will participate in the tagging process; the budget categories to covers (i.e. recurrent and capital investments, direct

expenditure, tax expenditures and revenues).; and the off-budget entities to include such as SOEs. The broader the coverage, the more comprehensive the picture of climate-relevant expenditures and the more effectively resources can be aligned with policy objectives.

All relevant government expenditure from sectors identified in the NDC 3.0 of the Maldives must be covered in the tagging process.

It is also recommended that both recurrent (operational) and investment (development) expenditures are considered, as is the case in most tagging methodologies implemented. In all cases currently implemented, tagging focuses exclusively on direct expenditures and excludes tax expenditures and subsidies, and while this may be a significant omission, it is likely sufficient at least as a starting point in the development of a budget tagging methodology.

4.2.1 Donor funding

Under these guidelines, donor funding is assumed to be captured in budget information maintained at MoFP, which can be shared on request with MoTE. However, as climate tags are not currently applied to this data, it is recommended that MoFP be formally requested to share this information with MoTE on an annual basis. Alternatively, a more structured arrangement—such as a legal or institutional agreement—could be established to ensure systematic and regular data exchange.

Where donor funding is implemented separately to any government project, it would generally be implemented in collaboration with a non-state actor in the country and should therefore be captured through the legislation and framework covering non-state actors through this project.

4.2.2 State Owned Enterprises

There is a dedicated department responsible for overseeing financing for SOEs within the MoFP, that manages budget through the national budgeting tool (SAP system), however they do not use or apply the existing climate change tag.

This guideline recommends tracking SOE activities in the next phase of this process. In this next phase, as a way of tracking SOE climate activities, MoFP could tag central government transfers to SOEs as part of this climate finance tracking system. Beyond those, other activities could be tracked through a voluntary reporting (tied to their annual reportings) framework developed for NSA's under this framework. Once the process is finalised for SOE tracking, this guideline may be updated to reflect those processes and include the necessary guidances.

4.2.3 Local Councils

Expenditures by local councils under the Public Sector Investment Programme (PSIP) are tracked through the Ministry of Finance and Planning (MoFP). Local councils submit their individual budgets in the form of Excel spreadsheets to the MoFP, with copies also shared with the Local Government Authority (LGA). In addition, they provide annual reports directly to the LGA. However, internally generated funds (i.e., own-source revenues) may not be captured through this process.

Given these limitations, there is no straightforward mechanism to apply a climate budget tag to local council activities in the same way as for central ministries. To address this gap, it is proposed that in the second phase of this work:

- A simplified reporting mechanism be developed for local councils and incorporated into their annual reporting cycles to LGA.
- A guidance note and voluntary reporting form be shared with all local councils to encourage the identification and submission of climate-relevant expenditures, alongside their annual reports.
- The LGA's support be sought to coordinate and disseminate this guidance, including checking the relevant regulatory requirements.

This approach can serve as a starting point for integrating local-level climate finance data into national tracking systems. However, it is recommended that efforts to establish mechanisms for tracking local council budgets—particularly elements not currently captured through the national budget—be approached in a phased manner at a later stage. At this stage, priority should be given to tagging and tracking expenditures by central government ministries. Once an approach for local council tagging is agreed upon, these guidelines can be updated accordingly to reflect the new processes and provide the necessary guidance.

4.3 Estimation

Estimation refers to the process of determining the climate relevance of programmes and projects. This step is essential because activities designed primarily to achieve climate objectives may include components that are not climate-related, while development-focused programmes may contain elements that deliver important climate co-benefits.

Based on international best practices, three main approaches can be considered for estimating climate relevance:

- 1. Tagging only programmes with climate change as a primary objective**
 - This is the simplest method to implement.
 - However, it significantly narrows the scope by excluding climate-relevant components embedded in broader development programmes.
- 2. Assessing all programmes and projects to identify and tag only the climate-relevant components or activities**
 - This is the most commonly used method globally.
 - The level of detail (granularity) varies depending on the country context and budget structure, ranging from entire programmes down to activities, outputs, and inputs.
- 3. Applying climate-relevance weightings to estimate the proportion of expenditure that is climate-relevant**
 - This involves assigning a percentage of a programme or project's total budget to reflect its relevance to climate objectives.
 - Often aligned with the OECD Rio Markers: *not targeted*, *significant*, and *principal*.

- Useful when programme objectives are mixed and budget breakdowns are not sufficiently detailed.

The choice of estimation method should be guided by consultations with budget experts and informed by practical considerations, such as the level of effort required, the structure of the national budget classification system, and the intended purpose of the tagging exercise. For example, if the primary goal is to identify climate-relevant programmes rather than quantify climate-specific expenditures, a detailed breakdown may be unnecessary.

The granularity of tagging is also constrained by the underlying budget classification system. Tagging at the component, activity, or output level is only feasible if the budget structure disaggregates expenditures to that level. Where such breakdowns are not available, the use of weighting based on programme objectives is the only viable option.

Based on consultations with the MoFP, these guidelines recommend: Option three – applying climate relevance weightings, to estimate the proportion of expenditure that is climate-relevant. This will involve assigning a percentage of a programme or project’s total budget to reflect its relevance to climate objectives. Rio markers could be used as a basis to doing so, but has to be further reviewed and adapted to fit the Maldives context.

4.4 Institutional Roles

In line with international good practice, climate tagging methodologies are usually developed by central finance agencies in collaboration with technical institutions. In this context, the MoFP will lead the implementation of the climate tagging guidelines, with close technical support from the MoTE.

Below is a summary of the roles and responsibilities of all key stakeholders involved in the climate tagging process:

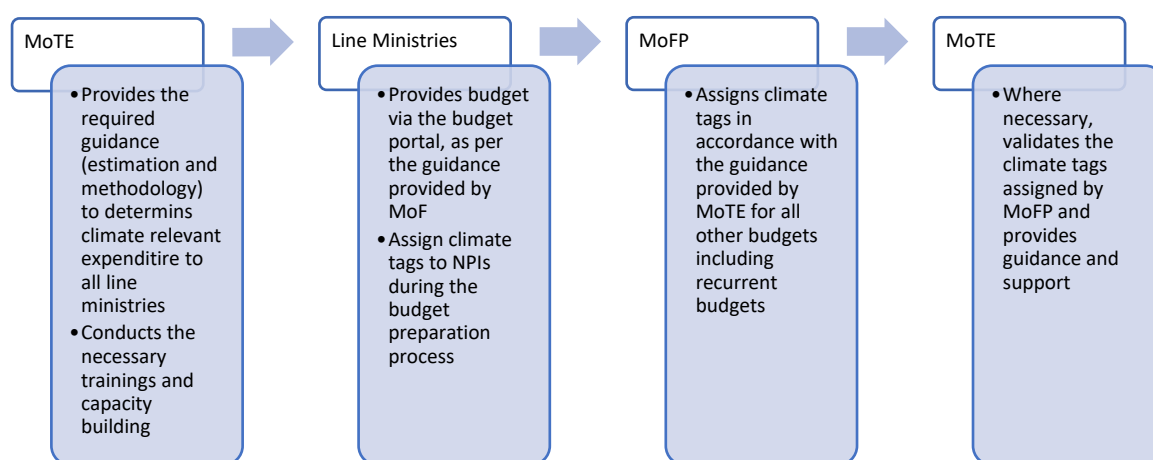
Table 1 Institutional Roles of Stakeholders

Stakeholder	Roles	Tasks
Climate Change Department, Ministry of Tourism and Environment	Coordinator (main oversight)	<ul style="list-style-type: none"> • Overall coordination of final data collection from MoFP and formatting in line with UNFCCC reporting obligations and guidelines • Compiles, verifies and reports data • Validation, capacity building, reporting and analysis of the data generated from the tagging process. • Act as a help desk to advise agencies and local governments when applying the methodology.

<p>Ministry of Finance and Planning</p>	<p>Coordinator (budget tagging lead)</p>	<ul style="list-style-type: none"> • Support integration of classification and tagging guidance to formal budget processes and ensure systematic collation and provision of finance data • Provide financial data on climate relevant PSIP and international donor funded projects. • Act as a repository of maintaining all financial support received directly to the government (domestic funding, bilateral and multilateral funding as well as those through MDBs).
<p>Sectoral Ministries</p>	<p>Ministries of:</p> <ul style="list-style-type: none"> • Agriculture and Animal Welfare • Construction and Infrastructure • Health • Economic Development and Trade • Fisheries and Ocean Resources • Housing, Land and Urban Development • Transport and Civil Aviation • National Disaster Management Authority <p>Departments and agencies within MTE (included as applicable):</p> <ul style="list-style-type: none"> • Energy Department, MTE • Waste and Pollution Control Department, MTE • Water and Sanitation Department, MTE • Environmental Management and Conservation Department, MTE • Environmental Protection Agency • Maldives Meteorological Services • Tourism • Utilities Regulatory Authority • Baa Atoll Biosphere Reserve Office 	<ul style="list-style-type: none"> • Apply climate tagging to their budgets and projects using the guidelines • Provide relevant data and documentation for review and validation • Verify relevant data provided from MoFP and help fill in any gaps

4.4.1 Who applies the tagging?

Tagging responsibilities are shared across key institutions involved in the budget process. The MoTE will provide technical guidance and training to ensure consistent application of the climate tagging methodology. Line ministries and sectoral agencies will submit their annual budget information through the planning and budgeting information system (Bandeyri Portal) and in doing so, for all New Policy Initiatives (NPIs), line ministries should assign the climate tag during this process. For all other budgets including recurrent budgets, MoFP will apply the climate tag during the budget review and approval process, based on the information provided and in consultation with MoTE as needed for quality assurance purposes.



Note: This above tagging process is recommended based on international best practices and consultations held. However, the guideline may be reviewed and updated at later stages once the tagging matures and as processes evolve.

4.5 Quality Assurance

As explained in the above section 3.4, while the tagging is done by MoFP, it is critical that MoTE has a role in the validation of the assigned climate tags, as the methodology may not be correctly applied and may lack the required technical expertise in doing so. This is why, MoTE should both validate the tagging applied through the Bandeyri portal in the first step, and supplement the information provided through undergoing the second step.

To support line ministries throughout this process, a detailed climate finance classification has been developed (see Annex 7.1). Climate tags assigned to projects by MoFP may be reviewed by MoTE, and where necessary, additional documentation (e.g., project proposals/documents) may be requested to verify the stated climate objectives.

4.6 Budget process and guidance

According to the Public Finance Act of the Maldives, the Minister of Finance submits the annual budget to parliament two months before the fiscal year starts (January 1- December 31). To guide the process, MoFP issues a Budget Circular around July every year, requesting all ministries and departments to provide past outturns, revised estimates and expenditure

proposals for the coming fiscal year. These budget estimates are submitted via Bandeyri portal, an online platform hosted at MoFP. Currently, the budget circulars do not provide any guidance to line ministries specifically on what programmes or projects may be classified as climate relevant and be assigned the tag.

With the current climate tag introduced in the budget, line ministries are asked to assign the tags to expenditures (NPIs) during the budget preparation stage, as they are best placed to assess the relevance of proposed activities based on their familiarity with project objectives. However, this approach should be periodically reviewed and adjusted to ensure alignment with the Maldives' budgeting processes. In some countries, tagging is applied only after the budget is approved by the Parliament—once cost centres are created and the budget is integrated into the financial management system. Tagging after Parliament approval may be more practical in the Maldivian context, as it will not only reflect any changes made between the proposed and approved budgets but also ensures the budget document has legal status. However, this would represent a significant shift from current practice and may not be feasible for all sectors at the outset. A phased approach—starting with one or two key sectors before moving towards full post-approval tagging—could help ensure a smoother transition.

The accompanying budget circular must include detailed but simplified guidance including indicative lists of climate relevant activities that maybe tagged as climate relevance. There would also be further guidance linked to defining the climate relevance of projects and programmes if the tag is extended as discussed in section 4.3 above.

See Annex 7.1 for Climate Finance Classification

See Annex 7.2 for the Budget Circular Guidance Note

5 Capacity building and Support

MoTE will lead the design and delivery of regular training sessions aimed at enhancing awareness, technical capacity, and procedural understanding among implementing agencies responsible for applying this guideline.

Training Content

Each session will cover the following topics:

- Introduction to climate finance and its relevance to national development planning
- Overview of the Climate Finance Classification System developed under the project (see Annex 1)
- Step-by-step guidance on budget tagging procedures
- Clarification of reporting requirements and alignment with national and international frameworks (e.g., UNFCCC)

Target Participants

- Officials from the Ministry of Finance and Planning (MoFP)
- Representatives (budget and planning officers as well as technical staffs) from line ministries and agencies responsible for climate-related expenditure tagging

Frequency

- One training session will be held annually, timed to coincide with the end of the fiscal year and the national budget preparation cycle
- Ongoing training is essential to address staff turnover and maintain institutional capacity

Ongoing Technical Support

To ensure continuous support between training sessions, the Climate Change Department will:

- Maintain an up-to-date repository of training materials, frequently asked questions (FAQs), and revised guidelines

6 Guidelines Review and Update Process

These guidelines will be reviewed periodically by the Climate Change Department (MoTE) in consultation with relevant ministries and stakeholders. Updates may include changes to templates, reporting classifications, and institutional responsibilities, to reflect evolving national and international requirements.

7 Annexes

7.1 Climate Finance Classification

This indicative list of activities has been developed based on international best practices and is aligned with the Maldives' Nationally Determined Contributions (NDCs), ensuring it reflects the national context and priorities. It serves as a reference tool to help stakeholders identify activities that can be considered climate-relevant for the purposes of planning, implementation, and reporting. The list is neither prescriptive nor exhaustive and should be viewed as a living document. Periodic review and updates are encouraged to ensure its continued relevance, including the addition or removal of activities as appropriate.

Each listed activity is tagged with a thematic category:

- **M** = Mitigation (reducing greenhouse gas emissions)
- **A** = Adaptation (building resilience to climate impacts)
- **C-C** = Cross-cutting (contributing to both mitigation and adaptation)
- **L&D** = Loss and Damage (addressing unavoidable climate impacts)

Sectors Included

Scaling up Renewable Energy	Loss and Damage
Enhancing Energy Efficiency	Finance
Waste Management	Public Health
Transitioning to Efficient Transport	Technology
Early Warning and Systematic Observation	Tourism
Safeguarding Coral Reefs and Biodiversity	Agriculture and Food Security
Climate Advocacy, Education and Empowerment	Enhancing Water Security
Disaster Risk Reduction and Management	Coastal Protection
Gender, Children and Youth	Fisheries
Infrastructure Resilience	Policy and Governance

Note: If you are unable to find an activity that is related to the activity you are reporting, please note as “other” and provide as much information on your type of activity and how it is relevant to climate action.

The digital Classification can be accessed here:

<https://www.environment.gov.mv/v2/en/resources-for-climate-finance-reporting>

Sector (aligned with NDC)	Thematic Area	Activity	Rio Marker Reference
Scaling up Renewable Energy	M	Solar Power	232
Scaling up Renewable Energy	M	New Information and communication technology, smart grid and mini-grid	232
Scaling up Renewable Energy	M	Solar water heating and other thermal applications of solar power in all sectors	232
Scaling up Renewable Energy	M	New, expanded and improved transmission systems (lines, substations)	232

Sector (aligned with NDC)	Thematic Area	Activity	Rio Marker Reference
Scaling up Renewable Energy	M	Storage Systems (battery, mechanical, pumped storage)	232
Scaling up Renewable Energy	M	Energy sector policies and regulations leading to climate change mitigation or mainstreaming of climate action (energy efficiency standards or certification schemes; energy efficiency procurement schemes; renewable energy policies)	232
Scaling up Renewable Energy	M	Projects producing components, equipment or infrastructure dedicated for the renewable energy sector	232
Scaling up Renewable Energy	M	Systems for monitoring the emissions of greenhouse gases (GHG inventories)	232
Scaling up Renewable Energy	M	Efficient pricing of fuels and electricity (subsidy rationalization, efficient end-user tariffs, and efficient regulations on electricity generation, transmission, or distribution)	232
Scaling up Renewable Energy	M	Education, training, capacity building and awareness raising on climate change mitigation/sustainable energy/sustainable transport; mitigation research	232
Scaling up Renewable Energy	M	Other policy and regulatory activities, including those in non-energy sectors, leading to climate change mitigation or mainstreaming of climate action	232
Scaling up Renewable Energy	M	Research and development of renewable energy sector	232
Scaling up Renewable Energy	M	Carbon markets and finance (purchase, sale, trading, financing and other\technical assistance). Includes all activities related to compliance-grade carbon assets and mechanisms, such as Clean Development Mechanism, Joint Implementation, Assigned Amount Units, as well as well-established voluntary carbon standards like the Verified Carbon Standard or the Gold Standard.	232
Scaling up Renewable Energy	M	Renewable Energy Power Plant retrofits	232
Scaling up Renewable Energy	M	Wind Power	232

Sector (aligned with NDC)	Thematic Area	Activity	Rio Marker Reference
Scaling up Renewable Energy	M	Ocean Power (wave, tidal, ocean currents, salt gradient)	232
Scaling up Renewable Energy	M	Biomass or bio gas power (only if net emissions reductions, including carbon pool balance, can be demonstrated)	232
Enhancing Energy Efficiency	M	Energy efficiency improvement in lighting, appliances and equipment	23183
Enhancing Energy Efficiency	M	Retrofit of existing buildings: architectural or building changes that enable reduction of energy consumption	23183
Enhancing Energy Efficiency	M	Standards and Labelling Programmes	23183
Enhancing Energy Efficiency	M	Energy audits to energy end-users, including industries, buildings, and transport systems	23183
Enhancing Energy Efficiency	M	Energy Efficiency improvement in utilities and public services through the installation of more efficient lighting or equipment	23183
Enhancing Energy Efficiency	M	Industrial energy efficiency improvements through the installation of more efficient equipment, changes in processes, reduction of heat losses and/or increased waste heat recovery	23183
Enhancing Energy Efficiency	M	Mainstreaming energy efficient technologies in the cooling sector to enhance energy security	740/323
Enhancing Energy Efficiency	M	Improvement in utility scale energy efficiency through efficient energy use, and loss reduction	23183
Enhancing Energy Efficiency	M	Use of highly efficient architectural designs, energy efficient appliances and equipment, and building techniques that reduce building energy consumption, exceeding available standards and complying with high energy efficiency certification or rating scheme	23183
Enhancing Energy Efficiency	M	Utility heat loss reduction and/or increased waste heat recovery	23183
Enhancing Energy Efficiency	M	More efficient facility replacement of an older facility (old facility retired)	23183
Waste Management	M	Expansion of composting programmes	14050
Waste Management	M	Waste to energy projects	14050

Sector (aligned with NDC)	Thematic Area	Activity	Rio Marker Reference
Waste Management	M	Island waste and resource management centres	14050
Waste Management	M	Remediation of existing dumpsites	14050
Waste Management	M	Waste collection, recycling and management projects that recover or reuse materials and waste as inputs into new products or as a resource (only if net emission reductions can be demonstrated)	14050
Transitioning to efficient transport	M	National vehicle emission standards	210
Transitioning to efficient transport	M	Expansion of public transport networks	210
Transitioning to efficient transport	M	EV and hybrid vehicles	210
Transitioning to efficient transport	M	Expansion of Non-motorized transport (bicycles and pedestrian mobility)	210
Transitioning to efficient transport	M	Existing vehicles, rail or boat fleet retrofit or replacement (including the use of lower-carbon fuels, electric or hydrogen technologies, etc.)	210
Transitioning to efficient transport	M	Integration of transport and urban development planning (dense development, multiple land-use, walking communities, transit connectivity, etc.), leading to a reduction in the use of passenger cars	210
Transitioning to efficient transport	M	Technologies for electric vehicle deployment (charging infrastructure, battery swapping solutions)	210
Transitioning to efficient transport	M	Transport demand management measures dedicated to reduce GHG emissions (e.g. speed limits, high-occupancy vehicle lanes, congestion charging/road pricing, parking management, restriction or auctioning of license plates, car-free city areas, low-emission zones)	210
Transitioning to efficient transport	M	Waterways transport ensuring a modal shift of freight and/or passenger transport from road to waterways (improvement of existing infrastructure or construction of new infrastructure)	210
Transitioning to efficient transport	M	Specific GHG emission reduction activities in the air transport sector, such as sustainable aviation fuels,	210

Sector (aligned with NDC)	Thematic Area	Activity	Rio Marker Reference
Transitioning to efficient transport	M	Energy saving/efficient measures employed in airport infrastructure	210
Transitioning to efficient transport	M	Urban mass transit	210
Agriculture and Food Security	A	Investments in research and development of crops that are more resilient to climate extremes and change (eg: Hydroponics, Auto-pot)	311
Agriculture and Food Security	C-C	Sustainable Poultry Farming	311
Agriculture and Food Security	A	Crop Insurance Schemes	311
Agriculture and Food Security	A	Enhanced Food Storage Capacity (Distribution, Purchase, Installation)	311
Agriculture and Food Security	A	Capacity Building and Awareness Programmes for Farmers on sustainable and climate resilient farming and food production techniques	311
Agriculture and Food Security	A	Supplemental irrigation, multi-cropping systems, drip irrigation, levelling and other approaches and technologies that reduce risk of large crop failures	311
Agriculture and Food Security	A	Establishment of cold and dry storage facilities to reduce post harvest losses and stabilise markets	311
Agriculture and Food Security	A	Improve self sufficiency by increasing the cultivation potential of local crops, local crop development programmes	311
Agriculture and Food Security	A	Diversifying existing crop bases	311
Agriculture and Food Security	A	Adoption of innovative and climate smart agricultural practices (i.e. vertical farming, hydroponics, irrigation systems)	311
Agriculture and Food Security	M	Reduction in energy use in traction (e.g. efficient tillage), irrigation, and other agricultural processes	311
Agriculture and Food Security	M	Agricultural projects that improve existing carbon pools (e.g. rangeland management, collection and use of bagasse, rice husks, or other agricultural waste, reduced tillage techniques that increase carbon contents of soil, rehabilitation of degraded lands, peat land restoration, etc.)	311
Agriculture and Food Security	A	Improved forest fire management and pest/disease outbreak management	311
Agriculture and Food Security	A	Increased production of fodder crops to supplement rangeland foraging	311

Sector (aligned with NDC)	Thematic Area	Activity	Rio Marker Reference
Enhancing Water Security	A	Integrated Water Resource Management (includes ground water protection, rainwater harvesting and storage, storm water management)	140
Enhancing Water Security	A	Improved catchment management planning and regulation of water abstraction	140
Enhancing Water Security	A	Well fields relocated away from floodplains, raised well heads	140
Enhancing Water Security	A	Community and household rainwater harvesting	140
Enhancing Water Security	A	Treatment of water such as filtration	140
Enhancing Water Security	A	Sustainable groundwater use	140
Enhancing Water Security	M	Desalination by using renewable energy and waste heat recovery	140
Enhancing Water Security	A	Community water storage facilities to account for increasing frequency of extreme weather events	140
Enhancing Water Security	M	Adoption of green and clean technologies in water and sanitation sector	140
Enhancing Water Security	A	Promoting research on water security and linkages to climate change	140
Enhancing Water Security	A	Sustainable management and protection of water bodies and flood barriers	140
Enhancing Water Security	A	Promotion of water, sanitation and hygiene education to build resilience to water and vector borne diseases	140
Enhancing Water Security	A	Climate proof water and sanitation infrastructure	140
Enhancing Water Security	A	Sustainable stormwater management and groundwater recharge	140
Enhancing Water Security	A	Flood management in road development	140
Enhancing Water Security	A	Emergency water supply plans and infrastructure development (customised sea vessels, land based water supply carriers such as water bowsers)	140
Infrastructure Resilience	A	Climate proofing of critical infrastructure (schools, hospitals, airports, ports, powerhouses, utilities)	740/323
Infrastructure Resilience	A	Integration of climate resilience into development activities	740/323
Infrastructure Resilience	M	Expanding energy infrastructure to meet the rising energy demand	740/323
Infrastructure Resilience	A	More robust building regulations and improved enforcement	740/323

Sector (aligned with NDC)	Thematic Area	Activity	Rio Marker Reference
Infrastructure Resilience	A	Use of revised codes for infrastructure design that consider increased frequency/severity of extreme events	740/323
Infrastructure Resilience	A	Coastal resilience development	740/323
Infrastructure Resilience	A	Population Consolidation Efforts	740/323
Infrastructure Resilience	M	Use of climate-efficient materials for construction	740/323
Infrastructure Resilience	A	Climate-proofing necessary requirements for buildings	740/323
Infrastructure Resilience	A	Encouragement of climate proofing measures in building (ex. for heat protection)	740/323
Public Health	A	Enhancing resilience of health infrastructure and services to withstand the impacts of climate change	120
Public Health	M	Low-carbon, climate resilient design for health infrastructure (energy efficient, low water usage and waste)	120
Public Health	A	Integrating climate data into national disease surveillance networks	120
Public Health	A	Scientific research to study the impact of climate change on health	120
Public Health	A	Creating public awareness on impacts of climate on health	120
Public Health	A	Mental health support targeting psychological distress and trauma by extreme events	120
Coastal Protection	A	Physical/natural reinforcement of coastline and/or additional coastal structures/vegetation and/or use of native species to reinforce coastlines (Soft measures)	41040
Coastal Protection	A	Use of technologies that provides technical solutions to enhance coastal protection measures (Hard measures)	41040
Safeguarding Coral Reefs and Biodiversity	A	Efforts on prevention of extinction of locally known threatened species under the Maldives red list	41030
Safeguarding Coral Reefs and Biodiversity	A	Enhance reef monitoring and conservation	41030
Safeguarding Coral Reefs and Biodiversity	A	Any activity towards biodiversity conservation (monitoring systems, invasive species management)	41030
Safeguarding Coral Reefs and Biodiversity	A	Natural asset valuation/ natural capital accounting	41030

Sector (aligned with NDC)	Thematic Area	Activity	Rio Marker Reference
Safeguarding Coral Reefs and Biodiversity	A	Nature based solutions	41030
Safeguarding Coral Reefs and Biodiversity	A	Ecosystem based approaches	41030
Safeguarding Coral Reefs and Biodiversity	C-C	Biosphere conservation projects (including payments for ecosystem services) targeting reducing emissions from the deforestation or degradation of ecosystems	41030
Safeguarding Coral Reefs and Biodiversity	A	Coral Reef Monitoring/ Valuation/ Restoration	41030
Safeguarding Coral Reefs and Biodiversity	A	Establishment of core protected areas and buffer zones for sustainable use of biodiversity and water to meet livelihood needs	41030
Safeguarding Coral Reefs and Biodiversity	A	Initiatives that maximises synergies between nature and climate financing	41030
Tourism	C-C	Introduction of Climate Proof Technologies in tourism facilities	332
Tourism	A	Risk Management/ Climate Insurance Schemes for large and small scale tourism operators	332
Tourism	A	Community Based Adaptation measures	332
Tourism	A	Tourism diversification to empower local island communities	332
Tourism	A	Activities that promotes environmental sustainability	332
Tourism	A	Enhance resilience through ecotourism and nature-based activities	332
Tourism	C-C	Enhancing energy security and energy efficiency by diversifying energy mix and implementing energy efficient measures	332
Tourism	A	Agrotourism interventions	332
Tourism	M	Renewable energy investments	332
Fisheries	A	Improved fish finding and harvesting/ handling	313
Fisheries	A	Alternatives to natural breeding (aquaculture/mariculture) to reduce the economic/social impacts of changing tuna abundance	313
Fisheries	A	Research/ information on fisheries and climate change	313
Fisheries	A	New and alternative species and breeding/handling methods for live bait	313
Fisheries	A	Integrated Reef Fisheries Management	313

Sector (aligned with NDC)	Thematic Area	Activity	Rio Marker Reference
Fisheries	M	Use of climate friendly technologies to ensure adaptive fisheries management	313
Fisheries	A	Innovative technologies for on board fish handling and live bait stocking	313
Fisheries	A	Improve value addition among small scale processors	313
Fisheries	A	Diversification of the fisheries product portfolio (exploratory fisheries, strengthening mariculture and value addition capabilities)	313
Fisheries	A	Monitoring, control and surveillance of fisheries and ocean resources	313
Early Warning and Systematic Observation	A	Multi hazard early warning systems	740
Early Warning and Systematic Observation	A	Efforts to strengthen systematic observation networks to detect local hazards	740
Early Warning and Systematic Observation	A	Efforts to improve disaster preparedness and response	740
Early Warning and Systematic Observation	A	Impact based forecasting to move beyond traditional hazard prediction	740
Early Warning and Systematic Observation	A	Research to understand climate trends, variabilities and their associated impacts	740
Early Warning and Systematic Observation	A	Early Warning Systems and enhanced capacity of Weather Forecasting Systems	740
Early Warning and Systematic Observation	A	Multi hazard risk assessment processes	740
Disaster Risk Reduction and Management (only applicable to climate-induced disasters)	A	Community based disaster risk management efforts	740
Disaster Risk Reduction and Management (only applicable to climate-induced disasters)	A	Locally-led disaster risk management	740
Disaster Risk Reduction and	A	Activities that enhances disaster preparedness (eg: regional emergency	740

Sector (aligned with NDC)	Thematic Area	Activity	Rio Marker Reference
Management (only applicable to climate-induced disasters)		centres, temporary shelters and stockpiling resources in strategic locations)	
Disaster Risk Reduction and Management (only applicable to climate-induced disasters)	A	Procurement of essential emergency response equipment	740
Disaster Risk Reduction and Management (only applicable to climate-induced disasters)	A	Psychological support for disaster affected communities, including vulnerable groups	740
Disaster Risk Reduction and Management (only applicable to climate-induced disasters)	A	Whole of society approaches to disaster emergency response	740
Disaster Risk Reduction and Management (only applicable to climate-induced disasters)	A	Capacity, awareness and skills creation on disaster response	740
Disaster Risk Reduction and Management (only applicable to climate-induced disasters)	A	Multi hazard risk assessment	740
Disaster Risk Reduction and Management (only applicable to climate-induced disasters)	A	Island and sector specific risk assessments, hazard maps and disaster management plans	740

Sector (aligned with NDC)	Thematic Area	Activity	Rio Marker Reference
Technology	C-C	Research, peer-learning and development of endogenous technologies, by building on local knowledge	43082
Technology	C-C	Gender responsive technology adoption	43082
Technology	C-C	Artificial intelligence driven technologies and applications for efficient climate action	43082
Gender, Children and Youth	C-C	Policies and institutional frameworks that addresses impacts of climate change on vulnerable groups	15170
Gender, Children and Youth	C-C	Targeted communication strategies to encourage meaningful engagement of women in climate action and decision making	15170
Gender, Children and Youth	C-C	Interventions that safeguards women's livelihoods (especially informal economic sectors) from the impacts of climate change	15170
Gender, Children and Youth	C-C	Research on understanding the disproportionate impacts of climate change on vulnerable groups	15170
Gender, Children and Youth	C-C	Gender related climate advocacy programmes	15170
Gender, Children and Youth	C-C	Career guidance in schools that emphasis opportunities to facilitate climate action	15170
Gender, Children and Youth	C-C	Partnerships and dialogues with local, regional and international organisation share knowledge and build capacities on gendered aspects of climate change	15170
Gender, Children and Youth	C-C	Training and capacity building on climate action for vulnerable groups	15170
Climate Advocacy, Education and Empowerment	C-C	Capacity building to local councils and CBOs to build the capacity to implement climate actions at the community level	15150
Climate Advocacy, Education and Empowerment	C-C	Increased decision making on climate actions at the local level	15150
Climate Advocacy, Education and Empowerment	C-C	Climate education to ensure the effective delivery of climate-related content across all levels of education	15150
Climate Advocacy, Education and Empowerment	C-C	Activities that targets strengthening the capacities of academic and training institutions to integrate climate change into the portfolios	15150

Sector (aligned with NDC)	Thematic Area	Activity	Rio Marker Reference
Climate Advocacy, Education and Empowerment	C-C	Climate change research and innovation	15150
Climate Advocacy, Education and Empowerment	C-C	Expanding national climate research centres	15150
Climate Advocacy, Education and Empowerment	C-C	Awareness creation on access to educational opportunities in sustainability sectors, green jobs	15150
Climate Advocacy, Education and Empowerment	C-C	Locally tailored awareness campaigns on disproportionate impacts of climate change on vulnerable groups	15150
Climate Advocacy, Education and Empowerment	C-C	Promoting social and environmental safeguards	15150
Finance	C-C	Direct access of national entities to international climate funds	15111
Finance	C-C	Measures to integrate climate considerations into planning and budgetary processes	15111
Finance	C-C	Improvements to domestic climate finance tracking	15111
Finance	C-C	Climate fund dedicated to mobilise international climate finance	15111
Finance	C-C	Public-private partnerships to facilitate climate actions through risk sharing mechanisms and leveraging private capital.	15111
Finance	C-C	Enhanced private sector financing for climate actions	15111
Finance	C-C	Efforts to integrate climate risks into financial risk management (expanding coverage of national insurance schemes, diversify financial instruments, sustainable bonds)	15111
Loss and Damage	L&D	Parametric insurance schemes for smallholders	730
Loss and Damage	L&D	Strengthening national insurers	730
Loss and Damage	L&D	Research on climate change related economic and non-economic loss and damage including assessing tangible and intangible cultural and heritage loss due to climate change	730

Sector (aligned with NDC)	Thematic Area	Activity	Rio Marker Reference
Loss and Damage	L&D	Institutional capacity building to address loss and damage	730
Loss and Damage	L&D	Repairs to damaged infrastructure/households/capital goods	730
Loss and Damage	L&D	Improving climate data systems to facilitate swift payouts	730
Loss and Damage	L&D	Psychological support to affected communities	730
Policy and Governance	C-C	Strengthening existing or creating new legal frameworks for climate action	151
Policy and Governance	C-C	Institutional coordination and governance measures to strengthen climate action monitoring	151
Policy and Governance	C-C	Strengthening the measurement, reporting and verification of climate actions	151
Policy and Governance	C-C	Measure that enhances transparency, monitoring and accountability of climate actions (eg: strengthening Measurement, Reporting and Verification Systems (MRV), fulfilling reporting obligations to the UN Conventions)	151
Policy and Governance	C-C	International engagement and advocacy	151
Policy and Governance	C-C	Risk informed development and climate policy planning (long term climate resilient planning, mainstreaming climate into sectoral policies)	151
Policy and Governance	C-C	Climate governance frameworks and policies	151
Policy and Governance	C-C	Policies that target or mainstream climate adaptation, mitigation or loss and damage elements	151
Other	Other	Any activity which does not fall under the existing activities/sectors for adaptation/mitigation/loss and damage or cross-cutting	

7.2 Budget Circular Guidance

(To be included as an annex in the Annual Budget Circular issued by the Ministry of Finance and Planning – this may need to be revised once the system is operationalised and typology further developed)

Purpose

This guidance provides instructions to **all line ministries, departments, and agencies** on how to **identify, tag, and report** climate-related expenditures in the upcoming fiscal year's budget submissions. It supports integration of climate action into national planning and budgeting, and enables the Government to track and report on climate finance flows consistent with national policies, SDGs, and international commitments (e.g., NDC, BTR, NAP).

What is Climate Budget Tagging (CBT)?

Climate Budget Tagging is the process of **identifying and classifying budgetary allocations** that contribute to **climate change mitigation, adaptation, loss and damage, or enabling environment**. It enables:

- Enhanced coordination across ministries and sectors;
- Evidence-based resource allocation for climate priorities;
- Transparent reporting to stakeholders, including international partners.

Scope

All agencies must review their budget submissions and **identify any activities, programmes, or projects** that include a **climate-related objective**, even if climate is not the primary purpose. This applies to both **development** and **recurrent** budget lines.

Tagging Criteria [to be updated once the typology and weighting matrix is finalized]

Tag	Definition	Examples
Mitigation	Activities aimed at reducing greenhouse gas emissions	Energy efficiency retrofits, solar PV installations, public transport infrastructure
Adaptation	Activities that reduce vulnerability to climate risks	Coastal protection, flood management, drought-resilient agriculture

Loss & Damage	Response or recovery from climate impacts	Post-cyclone housing repair, crop loss insurance schemes
Cross-cutting / Enabling	Institutional and systemic support for climate action	Climate data systems, policy development, climate finance access readiness

Reporting and Verification

- The completed Climate Tags must be submitted as part of the budget proposal through the national budgeting portal.
- The Ministry of Finance, in collaboration with the MoTE, will review and validate climate-relevant expenditures.
- Line ministries may be asked to provide supporting documents (e.g., concept notes, feasibility studies, project documents).

Need Support?

For clarification or support in classifying your activity as climate-related, contact:

Climate Change Department, Ministry of Tourism and Environment: [email contact]



Ministry of Tourism and Environment
Republic of Maldives