

**I4CE**

INSTITUTE FOR  
CLIMATE  
ECONOMICS

Une initiative de la Caisse des Dépôts et  
de l'Agence Française de Développement

# **A dashboard for Finance Ministers to support the implementation of long-term strategies**

## **User booklet**

December 2022

# Acknowledgements

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**I4CE – Institute for Climate Economics**, is a non-profit association with expertise in economics and finance. I4CE contributes to the fight against climate change by informing the public policy debate and supporting public and private decision-makers

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This project has received support from the 2050 Pathways Platform, hosted at the European Climate Foundation (ECF).

# Link to the dashboard

- The **dashboard** template is available as an **Excel file** on I4CE's website
- A **report** presenting insights from the research underlying the dashboard is available [here](#)
- We will release updated versions of the template as we receive feedback from countries and practitioners.
- We are hoping to launch a pilot study to put this dashboard into practice in the coming year. In the meantime, please do not hesitate to get in touch with us.

# User booklet contents

- **Context and objective**
- **Key interview takeaways**
- **Dashboard overview**
- **Tab details:**
  - **LTS overview**
  - **Climate investments**
  - **Policies & financing**
  - **Macroeconomic implications**
- **How to fill the dashboard template in practice**

# Context and objectives

# Context

- **Long-Term Strategies (LTS)** are key documents for countries to fulfil their climate objectives
  - As of November 2022, 55 countries had submitted their LTS to the UNFCCC
- **LTS implementation** remains challenging:
  - Need for large-scale yet targeted actions
  - Whole of government approach
  - Multiple time horizons
- The **involvement of Finance Ministries** in the implementation of LTS is key to ensure:
  - Climate investments are unlocked
  - Public funding is available to support effective climate action
  - The economic implications of the transition are anticipated, managed, and benefits are maximised
- For more details on the context, please see the report available [here](#)

# Dashboard objective and requirements

## Objective of the dashboard:

To provide Finance Ministers with a dashboard to contextualize national long-term low-emission strategies (LTS) to be used by Finance Ministries in developing and developed countries

## Dashboard requirements

- Indicators in the dashboard should be **relevant, robust, and realistically fillable**
- The dashboard should highlight **key indicators and insights**
- Focus on the **financial aspects** of the transition
- The dashboard should be **user-friendly**
- Indicators should be modifiable by users to **adjust for different national contexts**
- Indicators should be **modifiable over different timeframes**

# Methodology

The **dashboard template** was **developed following these steps**:

## **1. Literature review:**

- Set the scope of the project
- Identify existing indicators linking public finance management and climate strategies
- Take stock of missing elements in existing studies and tools

## **2. Interviews with key stakeholders:**

- Semi-guided interviews with representatives from the Ministries of Finance of 6 countries
- Interviews with representatives from civil society organizations

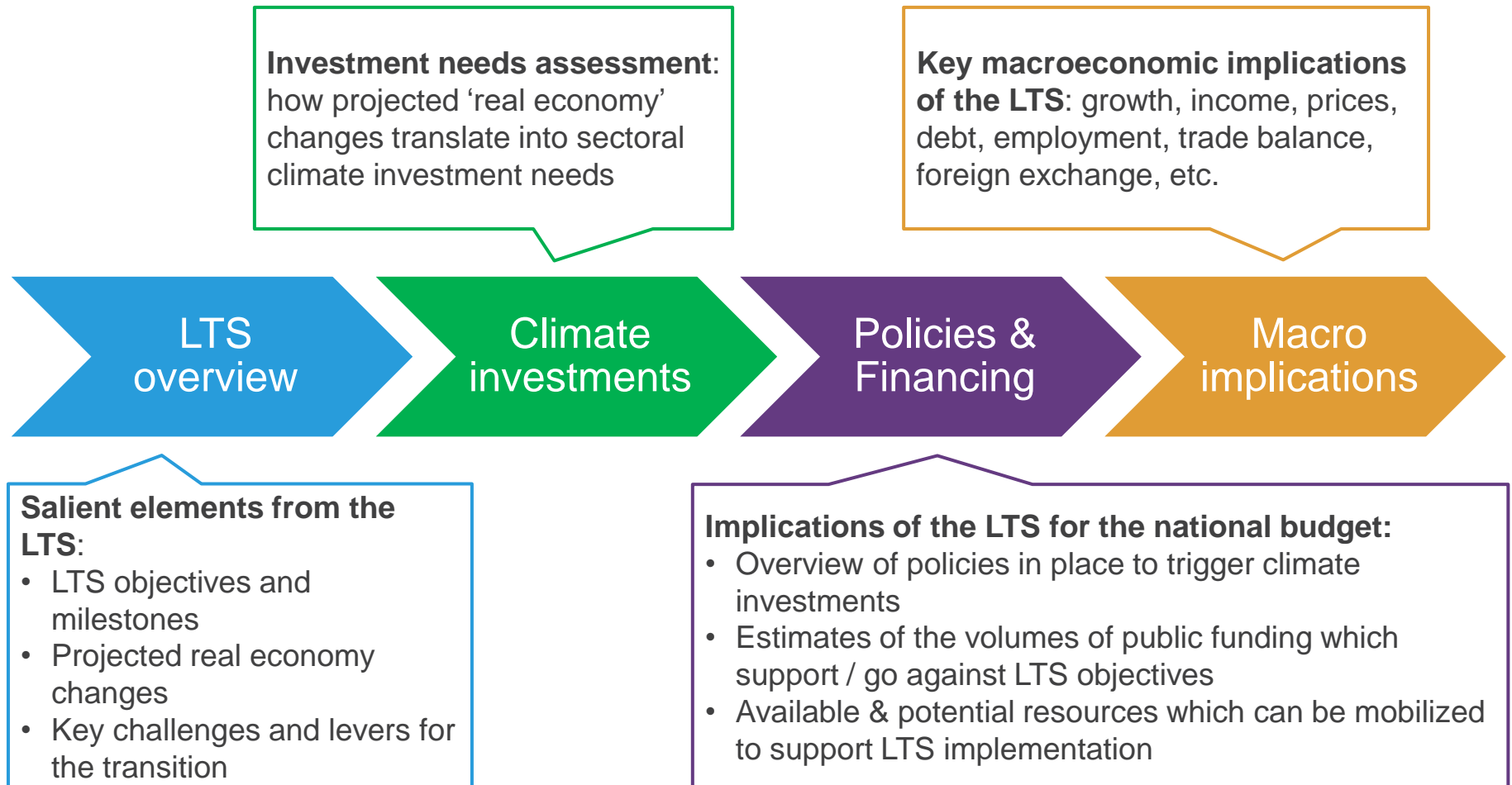
## **3. Internal and external reviews:**

- Presentation of the final tool to a set of interviewees from phase 2
- Presentation of the tool to representatives from 8 international organizations



# Dashboard overview

# Dashboard structure



# Tab – *LTS overview*

# LTS overview



- **LTS are not always well-known to officials working in Ministries of Finance.** This tab presents, in a succinct manner, LTS elements that are key to Ministries of Finance's work.
- The purpose of this tab is to **highlight where efforts will be most needed according to the LTS:**
  - Mitigation: the country's current and projected contribution to climate change, GHG emission reductions targets, expected mitigation challenges and levers
  - Adaptation: current and projected socio-economic impacts of climate change, adaptation objectives, expected challenges and levers
  - Development objectives
- This tab could also serve to highlight **where the LTS may not provide sufficient information**; it also prepares the **translation of LTS targets and objectives into investment needs**

# LTS overview

## Key charts and indicators

LTS  
overview

Climate  
investments

Policies &  
Financing

Macro  
implications

### Key development objectives from the LTS:

- XXX
- XXX
- XXX

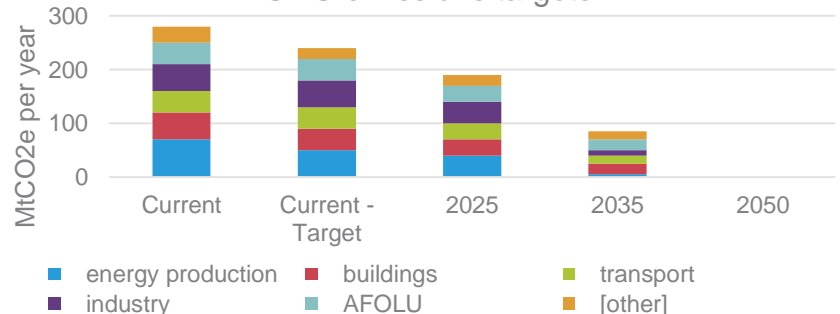
### Key adaptation objectives from the LTS:

- XXX
- XXX
- XXX

### Key mitigation objectives

- Including objectives regarding climate-harmful activities
- XXX
- XXX
- XXX

GHG emissions targets



# Tab – *Climate investments*

# Climate investments



- A country's GHG emissions are directly linked to the type of **equipment and infrastructure on the ground**.
- The transition to a low-carbon economy will materialize in visible, **real economy investments**: energy-efficient renovations, renewable energy power plants, electric vehicles replacing ICE vehicles on roads, new low-carbon urban transport networks, etc.
- Only a fraction of this equipment / infrastructure is replaced every year, making the timing of climate investments crucial to **avoid the risk of carbon lock-in**.
- This **tab proposes to track investments** consistent with LTS climate goals (**climate investments**) and counterproductive investments e.g. in fossil fuels (**harmful investments**).

# Climate investments

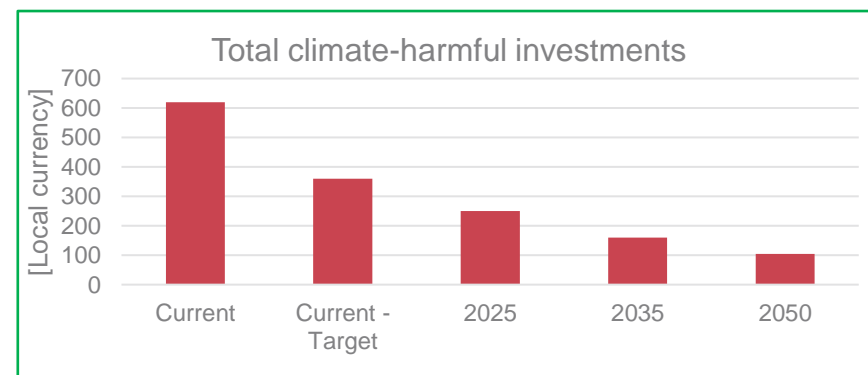
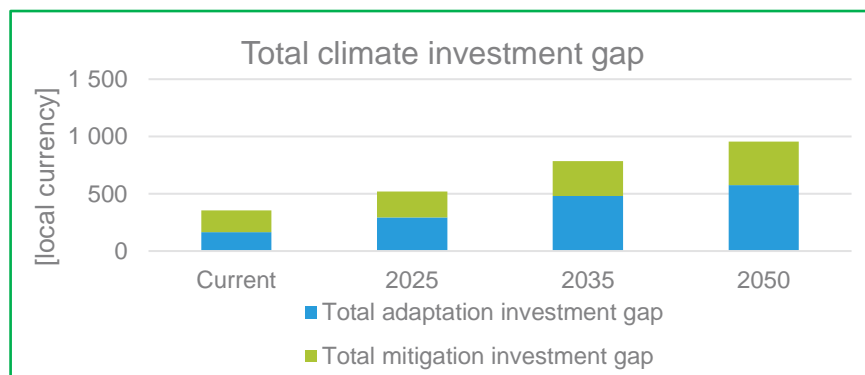
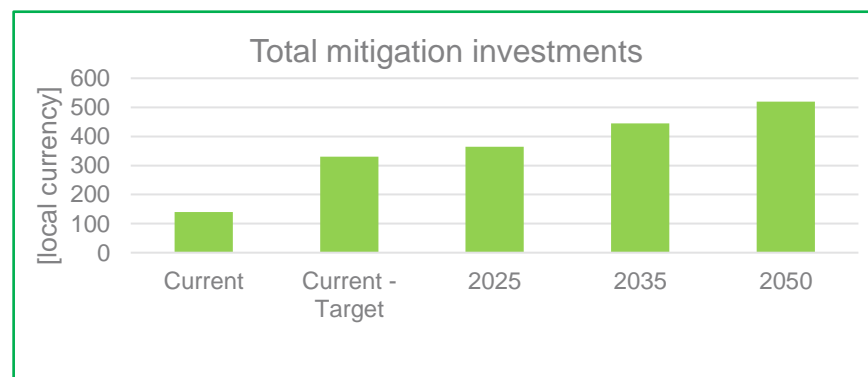
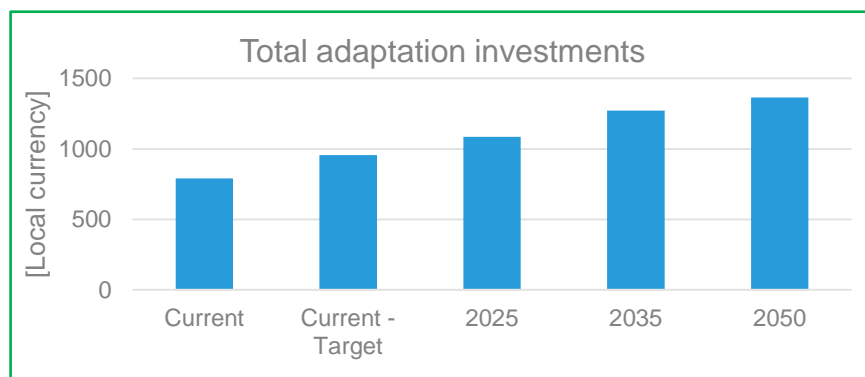
## Key charts and indicators

LTS  
overview

Climate  
investments

Policies &  
Financing

Macro  
implications





# Climate investments

## Expected challenges

- Detailed information on the sectoral **transformations needed in the real economy**
  - The current LTS may not provide sufficient levels of detail
- The computation of investment needs relies on **methodological choices**:
  - Definitions: what qualifies as climate mitigation, ‘climate adaptation’ and ‘climate-harmful’
  - Costs hypotheses: could be based on current costs and projections of how these will evolve over time (technological progress, economies of scale, etc.)
- It is possible to obtain **order of magnitude estimates** with rough or partial data, and loose definitions, and to revisit these elements at a later stage
- The focus should be on the **key sectors / activities identified in the LTS**

# Tab – *Policies and financing*

# Policies & financing



- This tab details the means and implications of implementing LTS for public finances.
- It covers current, **planned, and proposed policies to trigger climate investments** and real economy changes required for the implementation of the LTS, as well as the corresponding **projected volumes of public spending**.
- The tab also proposes to track **climate-harmful public spending to highlight areas for reform, or suggest complementary, reparative policies**.
- **Current, projected and potential sources of revenue for the transition** are laid out and split between **fiscal revenues, debt instruments** (e.g. bonds), and **international loans and aid**.

# Policies & financing

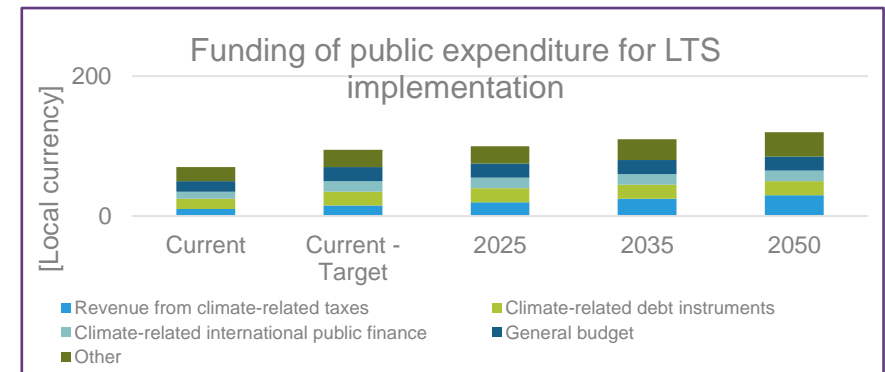
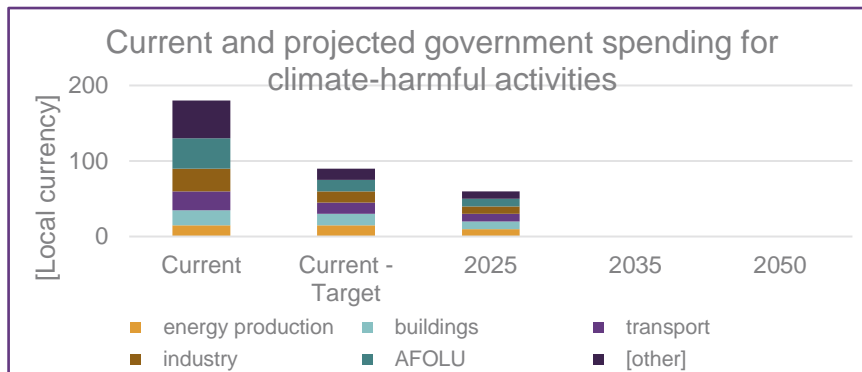
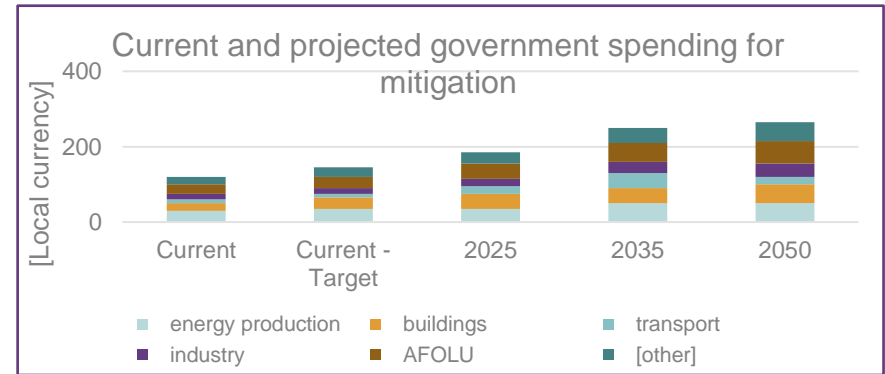
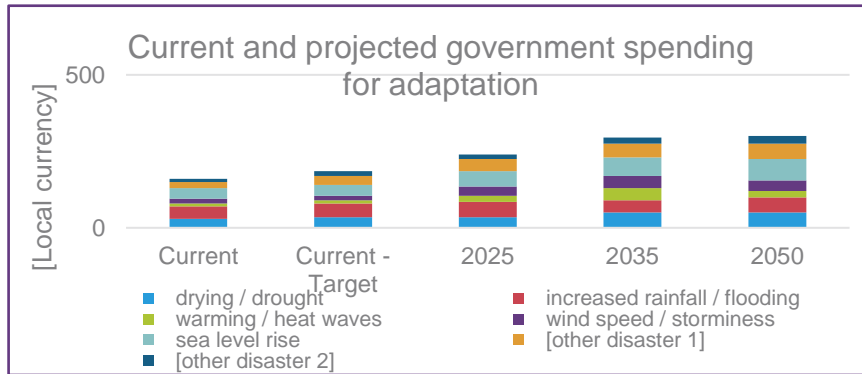
## Key charts and indicators

LTS  
overview

Climate  
investments

Policies &  
Financing

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implications



# Policies & financing

## Expected challenges

- **Recording all LTS relevant policies**
  - National policies and policy options to trigger climate investments are multiple and vary significantly in scope (nation-wide, sectoral, project based..) and intent (directly / indirectly trigger investments)
  - Start by recording the most significant policies
- **Tracking public spending** associated with LTS implementation and goals
  - Easier if a taxonomy or common baseline have been developed by the country
  - Alternatively, for countries who have not engaged in green budgeting, the types of public policies could be used as an entry point to retrieve the order of magnitude of public funding supporting LTS implementation
- **Identifying climate-harmful public spending**
  - Will require definitions, baselines and political support

# Tab – *Macroeconomic implications of the LTS*

# Macroeconomic implications

## Purpose and overview



- The **real economy changes** needed to achieve LTS targets are likely to – positively or negatively – **impact the structure of the economy**: growth, income levels, key sectors, jobs, imports, exports, debt, foreign exchange, etc.
- The purpose of this tab is to **compare the macroeconomic implications of implementing the LTS to the business-as-usual (BAU) scenario** (i.e., assuming no LTS implementation)
- For countries already engaged in modelling, this tab will provide a synthesis of **key indicators** to monitor the macroeconomic impacts of LTS implementation.
- This tab comprises:
  - A list of main indicators derived from the **existing literature on the macroeconomic implications of the low-carbon transition**
  - Additional indicators based on the country's development **priorities as laid out in the LTS.**

# Macro implications

## Key indicators

LTS  
overview

Climate  
investments

Policies &  
Financing

Macro  
implications

### OUTPUT

*Chart / numbers BAU vs. LTS:*

National output, growth, key sectors, energy intensity, carbon intensity of energy

### SOCIOECONOMIC INDICATORS

*Chart / numbers BAU vs. LTS:*

Income levels, poverty, inequality employment, labour productivity

### PRICES

*Chart / numbers BAU vs. LTS:*

Food and energy prices, inflation, price volatility

### DEBT

*Chart / numbers BAU vs. LTS:*

Debt

### TRADE

*Chart / numbers BAU vs. LTS:*

Key imports, key exports, trade balance, energy trade balance

### CURRENCY

*Chart / numbers BAU vs. LTS:*

Foreign exchange



# Macro implications

## Expected challenges

- Coming up with macroeconomic indicators for the **BAU and the LTS scenarios** could require significant **modelling**
  - We assume that the macroeconomic modelling is done outside the dashboard
  - The tab will therefore be easier to fill for countries already engaged in macroeconomic modelling
- For countries **without running macroeconomic models**:
  - The tab provides information on **existing evidence** regarding the impacts of the transition on macroeconomic variables
  - The dashboard can be used to select which **macroeconomic indicators to track**

# How to fill the dashboard template in practice

# How to fill the dashboard in practice

## Guidelines

- The dashboard is **easily fillable**, no macros are used in the file
- **Graphs** are automatically generated
- It is **possible to leave indicators blank** with no effect on the structure of the dashboard

### Inputting information and data in the dashboard

#### For each indicator

Priority level: low, medium, high

Difficulty level: basic, intermediate, advanced

How to fill it

Available resources

#### Colour coding

XXX

\$\$\$

%

0.0

XXX

30

Text inputs to be provided by the country

Value inputs to be provided by the country

Automatic calculations

Dummy numbers

Linked to chosen breakdown in 'LTS\_Overview'

# How to fill the dashboard template in practice

## Tailoring the template to the national context

- The tab "**LTS\_Overview**" allows users to **input key elements** including **currency, units, key LTS targets**
- Filling this tab is essential before proceeding to filling the other tabs
- The **breakdown of mitigation and adaptation activities** can be tailored to reflect the national context and **existing categories** used in national documents
- Dropdown menus allow to choose the format

**INFORMATION ON THE NATIONAL LTS - GENERAL INFORMATION**

Country	XXX
Local currency	[local currency]
Link to main document	XXX
Institutions in charge of drafting the LTS	XXX
Other relevant documents	XXX
Short-term milestone (year)	2025
Medium-term milestone (year)	2035
Long-term milestone (year)	2050

**INFORMATION ON THE NATIONAL LTS - CATEGORIZATION OF ADAPTATION AND MITIGATION ACTIVITIES**

Split of adaptation activities

Adaptation activities

Adaptation activity 1  
Adaptation activity 2  
Adaptation activity 3  
Adaptation activity 4  
Adaptation activity 5

Split of mitigation activities

Mitigation activities

Mitigation activity 1  
Mitigation activity 2  
Mitigation activity 3  
Mitigation activity 4  
Mitigation activity 5  
Mitigation activity 6

by disaster dropdown menu  
by sector  
by disaster  
by adaptation needs  
by alternative categorisation  
increased rainfall / flooding  
warming / heat waves  
wind speed / storminess  
sea level rise

by sector dropdown menu  
by sector  
by alternative categorisation  
energy production  
buildings  
transport  
industry  
AFOLU  
[other]

# How to fill the dashboard template in practice

## Filling in indicators

**For tabs 3\_Climate\_investments, 4\_Policies & Financing, and 5\_Macro implications**

- Time horizons are linked to the 'LTS overview' tab
  - 'Current', 'Current – Target' + short-, medium- and long-term milestones from the LTS
  - Currency units are linked to the 'LTS overview' sheet
- Cells to be filled in are shaded in grey with a blue font (for inputs); results of automatic calculations are in black
- Comments can be added by users in column G

Indicator name	Unit	Currency unit	Comment	Current	Current - Target	ST milestone	MT milestone	LT milestone
Current total mitigation investments	[local currency]	000s/ M/ Bn		0				
Breakdown by sector								
energy production	[local currency]	000s/ M/ Bn		XXX				
buildings	[local currency]	000s/ M/ Bn		XXX				
transport	[local currency]	000s/ M/ Bn		XXX				
industry	[local currency]	000s/ M/ Bn		XXX				
AFOLU	[local currency]	000s/ M/ Bn		XXX				
[other]	[local currency]	000s/ M/ Bn		XXX				

# How to fill the dashboard template in practice

## Additional information on indicators

### *For tabs 3\_Climate\_investments, 4\_Policies & Financing, and 5\_Macro implications*

- **The levels of priority and difficulty** associated with each indicator are provided in **columns M and O**. This information should help users decide upon which indicators to fill first, in consideration of their national context.
- **Columns P, Q to R** provide information **that can help users fill in indicators**, and list resources which can be helpful.
- Example:

N	O	P	Q	R
Priority level	Difficulty level	How to fill it ?	Available resources	Links to available resources
High	Intermediate	The indicator can be filled following an evaluation of investment flows on the basis of a taxonomy of activities and strong definitions of what constitutes climate mitigation. The taxonomy can be developed at the national level based on a handful of principles, as starting point, or can be based on international taxonomies (e.g., EU Taxonomy Regulation, CBI taxonomy, OECD Rio Markers). Ideally, the taxonomy would be fully sketched out for the country based on national objectives and priorities, and in consideration of international standards. I4CE publishes yearly an estimation of mitigation-related investments in France, which can be used as a resource to develop a national methodology.	World Bank, 2020. Developing a National Green Taxonomy : A World Bank Guide	See section on adaptation above
Medium	Intermediate		OECD, 2020. Developing Sustainable Finance Definitions and Taxonomies	
Medium	Intermediate		EU Commission , 2020. EU Taxonomy for sustainable activities	
Medium	Intermediate		I4CE, 2021, Landscape of climate finance in France	<a href="https://www.i4ce.org/en/publication/landscape-climate-finance-france-2021-edition/">https://www.i4ce.org/en/publication/landscape-climate-finance-france-2021-edition/</a>
Medium	Intermediate		ClimateBonds Initiative, 2021, Climate Bonds Taxonomy	
Medium	Intermediate		Classifications of environmental activities: environmental protection activities (CEPA) and resource management activities (CRoMA) available on Eurostat website	
Medium	Intermediate		OECD DAC Rio Markers for Climate	



Questions?  
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