



# CLIMATE BUDGET TAGGING IN GEORGIA

Handbook

June 2025

Cover photo: Natia Giorgadze  
Cover / Layout design: Vladimir Mirzoyev

# CLIMATE BUDGET TAGGING IN GEORGIA

**Handbook**

June 2025

This handbook was prepared by the Ministry of Environmental Protection and Agriculture of Georgia and the World Bank under Strengthening Government Capacity to Lead the Green Transition under the Europe and Central Asia Regionwide Whole-Of-Economy Approach to Climate Change, South Caucasus Regional Climate and Environment Program, and Green, Resilient and Clean South Caucasus Program.



## TABLE OF CONTENTS

ACKNOWLEDGMENTS .....	1
ACRONYMS AND ABBREVIATIONS.....	2
WELCOME TO CLIMATE BUDGET TAGGING.....	3
PART ONE. INTRODUCTION .....	5
CLIMATE CHANGE.....	6
NATIONAL CLIMATE POLICY OF GEORGIA.....	7
MITIGATION OF CLIMATE CHANGE .....	13
ADAPTATION TO CLIMATE CHANGE.....	15
PART TWO. CLIMATE BUDGET TAGGING (CBT).....	17
WHAT IS CBT? .....	18
WHY IS CBT IMPORTANT? .....	18
CBT STEPS .....	26
CBT STEPS WITH GUIDING QUESTIONS .....	29
PART THREE. UNDERTAKING CBT .....	34
CBT STEP-BY-STEP .....	35
ANNEX CBT E-TOOL.....	39

## ■ ACKNOWLEDGMENTS

This handbook is an output of close collaboration between the World Bank, the Ministry of Environmental Protection and Agriculture, the Ministry of Finance, and other key line agencies of the Government of Georgia.

The World Bank team was led by **Sasa Eichberger**, Senior Environmental Specialist, Environment Department in Europe and Central Asia Region (ECA ENV) and **Kai Kaiser**, Senior Governance and Public Sector Specialist, ECA Institutions, and consisting of **Darejan Kapanadze**, Senior Environmental Specialist, ECA ENV, **Kakhaber Mdivani**, Consultant, Climate Change, and **Natalia Alhazishvili**, Consultant, Public Finance. The team worked under the overall guidance of **Sanjay Srivastava**, Regional Manager, ECA ENV, **Fabian Seiderer**, Regional Manager, ECA Institutions, and **Rolande Pryce**, Country Director for the South Caucasus. **Ketevan Chitashvili** provided valuable administrative support to the team.



## ACRONYMS AND ABBREVIATIONS

<b>BDD</b>	Basic Data and Directions
<b>BUR</b>	Biennial Updated Report
<b>CBT</b>	Climate Budget Tagging
<b>GHG</b>	Greenhouse Gases
<b>MEPA</b>	Ministry of Environmental Protection and Agriculture of Georgia
<b>MoF</b>	Ministry of Finance
<b>NCs</b>	National Communications
<b>NDC</b>	Nationally Determined Contributions
<b>NPFCT</b>	National Public Finance Climate Taxonomy
<b>SF</b>	Sustainable Finance
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change



Photo: @Kufotos / freepik.com

## WELCOME TO CLIMATE BUDGET TAGGING

Climate Budget Tagging – it is important, it is enlightening, it is developmental, it is challenging, it is relevant, and it is related to all economic activities!

Climate Budget Tagging (CBT) is:

- Important, because climate related public expenditure is a part of our life.
- Enlightening, because it provides information on public cost of climate change policy, and it increases accountability.
- Developmental, because it has the potential to mobilize funds for fulfilling identified financial gaps and needs necessary to achieve the national climate action goals and commitments.
- Challenging, because it requires a multi-disciplinary approach for finding policy solutions influencing our social and economic development.

- Relevant, because climate change risks are faced worldwide, affecting global economies, international relations, and human lives.
- Related to all economic activities, because all products or services we use have a carbon footprint – whether a cake baked in the oven or a car ride to work – all of them consume energy and release gases inducing climate change and natural hazards, which impact on our daily lives.

The aim of this handbook is to provide a comprehensive understanding of the CBT process, highlight its aspects specific to Georgia, and assist in learning techniques for tagging public expenditures for their contribution to climate action based on the national budget cases. Here is how to make the most of the handbook:

- Become familiar with the basic climate change terminology and understand the difference between mitigation and adaptation in the specific context of climate action in Georgia.
- Use the steps proposed by the handbook for tagging public expenditures for mitigation and adaptation.
- Identify climate relevance of the budget programs by using the key quantitative and qualitative techniques described in the handbook.
- Estimate the share of mitigation or adaptation cost in the amount allocated for each activity under subprograms of the public budget.

The handbook is designed to guide its users' work on CBT by sharing knowledge in identifying the types of activities, weighting climate benefits of a particular activity, and in estimating climate-relevant public expenditures in the total budget. The Ministry of Environmental Protection and Agriculture of Georgia (MEPA) maintains the national public finance climate taxonomy (NPFCT) database and this CBT Handbook by amending them periodically, as need be, in agreement with the Ministry of Finance (MoF), circulating the updated CBT handbook to spending agencies practicing CBT, and ensuring public disclosure of up-to-date NPFCT through the webpage of the Environmental Information and Education Center of MEPA.



Photo: @IndustrialPhotograph / canva.com

## **PART ONE** **INTRODUCTION**

This part of the handbook introduces **climate change**. It identifies Georgia's national climate action goals and sectoral objectives to which decision-makers aspire by incentivizing and promoting climate-related policies and measures and explains how climate change influences the public budget.

## CLIMATE CHANGE

Global warming is the unusually rapid increase in Earth's average surface temperature over the past century primarily due to the greenhouse gases released as people burn fossil fuels.

Source: [NASA](#)

The Earth's climate is changing. It is anticipated that the global climate will continue to change throughout this century and beyond. In the near future, the extent of climate change will depend largely on the amount of greenhouse gases (GHG) emitted globally and on how sensitive the Earth's climate would be to such emissions. Based on significant reduction in GHG emissions, the average annual temperature increase could be capped at 2°C or lower. However, without major reduction in emissions, the annual mean temperature rise could reach 5°C or higher by the end of the century.

The Paris Agreement<sup>1</sup> sets the goal of holding the increase in global average temperature to below 2°C above pre-industrial levels and pursuing efforts to limit it to 1.5°C. Supporting this goal, the Special Report on Global Warming of 1.5°C<sup>2</sup> by the Intergovernmental Panel on Climate Change summarizes the current scientific understanding of climate change, highlights the grave consequences that a temperature rise above 1.5°C would entail, and indicates that structural changes in many sectors of the economy will be needed to avoid such a scenario. Based on these findings, the report underscores the need to take action as early as possible to yield substantial results by 2030.

The period from 2020 to 2029 is seen as a crucial time in which the highest levels of global emissions will be reached, highlighting the importance of taking action to reduce them. Decoupling of economic growth from GHG emissions has been envisaged by many countries as an operational tool for their low-emission development. The core idea of decoupling is that countries are making efforts to find ways to pursue national economic development with the use of energy sources, technology, and equipment that have zero or less GHG emissions. For instance, thermally insulated construction materials can be used to reduce energy consumption in the building sector for heating and cooling.

<sup>1</sup> Agreement is an international treaty with the goal of "holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels."

<sup>2</sup> <https://www.ipcc.ch/sr15/>.

## NATIONAL CLIMATE POLICY OF GEORGIA

In most cases, substituting the business-as-usual approaches with low-carbon alternatives is not a solution from an economic perspective since it could increase the capital and investment costs. It is an extra burden for the population, especially in countries with high levels of unemployment and low incomes.<sup>3</sup>

On the other hand, the extreme weather events induced by climate change increase the amortization and unexpected costs, since the damage caused by the natural hazards has to be remedied.

When establishing national policies addressing climate change, the accumulated knowledge, the best low-cost solutions for GHG emission reduction (mitigation), as well as risks associated with natural hazards must be considered.

Georgia strives to fulfill its obligations under the United Nations Framework Convention on Climate Change (UNFCCC),<sup>4</sup> which the country joined in 1994. These obligations include the submission of four National Communications (NCs), two Biennial Updated Reports (BURs), and two Nationally Determined Contributions (NDC) – 2016<sup>5</sup> (intended) and 2021<sup>6</sup> (updated). Furthermore, by 2024, Georgia adopted the Climate Change Strategy 2030<sup>7</sup> and the Action Plans 2021-2023 and 2024-2025 for its implementation, National Energy and Climate Plan 2021-2030,<sup>8</sup> Long-Term Low Emission Development Concept 2050,<sup>9</sup> and three issues of Technology Needs Assessment.<sup>10</sup>

In each cycle of NC compilation, Georgia reviews national circumstances and challenges and, based on these reviews, determines the mitigation and adaptation priorities and supportive recommendations.

<sup>3</sup> <https://unfccc.int/process-and-meetings/the-paris-agreement>.

<sup>4</sup> [https://unfccc.int/sites/default/files/convention\\_text\\_with\\_annexes\\_english\\_for\\_posting.pdf](https://unfccc.int/sites/default/files/convention_text_with_annexes_english_for_posting.pdf).

<sup>5</sup> [https://unfccc.int/sites/default/files/NDC/2022-06/INDC\\_of\\_Georgia.pdf](https://unfccc.int/sites/default/files/NDC/2022-06/INDC_of_Georgia.pdf).

<sup>6</sup> [https://unfccc.int/sites/default/files/NDC/2022-06/NDC%20Georgia\\_ENG%20WEB-approved.pdf](https://unfccc.int/sites/default/files/NDC/2022-06/NDC%20Georgia_ENG%20WEB-approved.pdf).

<sup>7</sup> <https://mepa.gov.ge/En/PublicInformation/32027/>.

<sup>8</sup> [https://www.economy.ge/uploads/files/2017/energy/2024/sakartvelos\\_sakhelmcifos\\_energetikuli\\_politika\\_damtkicebuli\\_24/sakartvelos\\_energetikisa\\_da\\_klimatis\\_erovnuli\\_integriribuli\\_gagma\\_damtkicebuli.pdf](https://www.economy.ge/uploads/files/2017/energy/2024/sakartvelos_sakhelmcifos_energetikuli_politika_damtkicebuli_24/sakartvelos_energetikisa_da_klimatis_erovnuli_integriribuli_gagma_damtkicebuli.pdf).

<sup>9</sup> [file:///C:/Users/wb173396/Downloads/leds\\_eng\\_web1.pdf](file:///C:/Users/wb173396/Downloads/leds_eng_web1.pdf).

<sup>10</sup> <https://weg.ge/en/final-report-technology-needs-assessment-project>.

## **SUSTAINABLE FINANCE TAXONOMY**

BURs present the national sectoral policies and their connection to GHG emission reduction. The reports describe the implemented, ongoing, and envisaged mitigation activities and adaptation effects.

Studies and projections described in the above mentioned documents were considered during the development and subsequent updates of the NDCs and of National Climate Strategy and its Action Plan.

Despite the described efforts, all of the mentioned documents, except the Action Plan, do not include the estimation of mitigation/adaptation costs or do it to a limited extent.

Implementation of Georgia's national climate policy requires identification of the public expenditures related to either the GHG emission reduction or enhancement of the adaptive capacity of specific economic activities. CBT is an effective tool and a good starting point towards climate-informed public financial management.

Georgia has already gained experience in identifying expenditures supporting sustainable development with the use of Sustainable Finance (SF) Taxonomy that represents a list of qualifying predetermined activities. In 2019, by launching the Roadmap for Sustainable Finance in Georgia, the National Bank of Georgia supported the enhancement of the role of the financial sector in the country's sustainable development. The purpose of this roadmap is to provide a credible, predictable, and stable regulatory framework and prepare the market for transitioning to sustainable finance.<sup>11</sup>

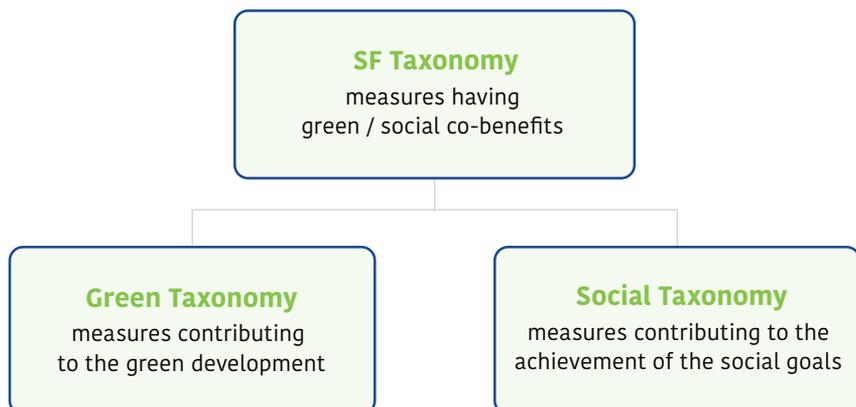
Extreme weather events induced by climate change; natural hazards caused by environmental impacts; and social issues such as poverty, inequality, and a lack of access to essential services threaten Georgia's economic development and financial stability. Consequently, SF incorporates not only climate finance but also the environmental and social finance aspects for long-term economic sustainability of firms and stability of the overall financial system in which they operate.

---

<sup>11</sup> [Roadmap for Sustainable Finance in Georgia.](#)

Currently, there is no common approach to SF. The National Bank of Georgia has developed the SF Taxonomy to facilitate proper identification, assessment, and management of sustainability risks at both individual entity and system-wide levels and to reduce the risk of greenwashing. The SF Taxonomy encompasses green taxonomy and social taxonomy pillars (see Figure 1).

**Figure 1. Pillars of Sustainable Finance Taxonomy**



The Green pillar of SF Taxonomy includes 11 categories for identifying activities supporting the achievement of key climate, green, social, or sustainable goals. These categories are:

- renewable energy
- energy efficiency
- waste management
- sustainable water
- pollution prevention and control
- sustainable transport
- sustainable agriculture
- biodiversity conservation
- sustainable buildings and construction
- sustainable production
- trade, and green services.

Since the green pillar of the SF Taxonomy aims to achieve not only climate but also environmental and other sustainable goals, not all activities identified under these 11 categories are relevant to the climate. Accordingly, for the purpose of

## **NATIONAL PUBLIC FINANCE CLIMATE TAXONOMY (NPFCT)**

developing climate finance taxonomy, activities listed in the SF Taxonomy were filtered based on the criteria of whether they support climate mitigation or adaptation. Activities supporting the reduction of GHG emissions were considered as mitigation measures while the activities supporting the reduction of climate risks as adaptation measures.

The analysis of the SF Taxonomy revealed that it does not cover to the full extent activities described in the Climate Action Plan or adaptation measures recommended in the NC. For instance, one of the recommended actions for adaptation in the 4<sup>th</sup> NC is “to incorporate climate-change aspects in tourism policy, strategies, and implementation plans.” This action is not included in the SF Taxonomy. It means that extracting climate-related items present in the SF Taxonomy is a useful but insufficient step for creating a comprehensive climate finance taxonomy.

The NDC defines sectoral goals for climate policy development as listed below.

### **Sectoral Targets per NDC 2021**

#### **Mitigation:**

- By 2030, mitigate GHG emissions from the transport sector by 15 percent from the reference level.
- Support the development of low carbon approaches in the building sector, including public and touristic buildings, through encouraging climate-goals oriented energy efficient technologies and services.
- By 2030, mitigate GHG emissions from energy generation and transmission sector by 15 percent from the reference level.
- Support the “low-carbon development” approaches in agriculture sector through encouraging climate-smart agriculture and agrotourism.

- Support the low-carbon development of the industry sector through encouraging the climate-friendly innovative technologies and services to achieve a 5 percent of emission limitations compared to emissions projected by the reference scenario.
- Support the low-carbon development of the waste sector through encouraging the climate-friendly innovative technologies and services and through effective implementation of waste separation and the principles of circular economy.
- By 2030, increase the carbon capturing capacity through the forestry sector by 10 percent compared to 2015 level.

**Adaptation:**

- Assess the impact of climate change the on coastal zone, mountain ecosystems, and glaciers, and on the delivery of ecosystem services.
- Develop adaptive capacity of the most vulnerable winter and coastal resorts.
- Assess and develop adaptive capacity of agricultural production branches that have the largest share in national GDP and or unique domestic products.
- Assess the impact of climate change on the availability of groundwater and surface water resources for sustainable use in agriculture (irrigation), energy production, and residential sector in the long term.
- Encourage the conservation of endemic species, protected under the Red List, as well as indigenous species with a significant importance for food and agriculture.

- Study the most vulnerable areas of forest lands.
- Assess the effects of climate change on human health through the interdisciplinary study of the relationships between social, economic, biological, ecological, and physical systems.
- Facilitate measures supporting the reduction of losses and damages caused by extreme weather events.

Building a country-specific climate finance taxonomy that incorporates the most important national priorities in both mitigation and adaptation reflected in the climate policy is a starting point for the development of a functional CBT mechanism. The National Public Finance Climate Taxonomy (NPFCT) is now produced and made available. It is based on juxtaposing SF Taxonomy with the key national climate policy documents. For instance, the mitigation activities have been defined by drawing from SF Taxonomy, Climate Action Plan, and national budget subprograms. The adaptation activities have been listed based on NDC, NC, and a subprogram of the national budget, since the national adaptation plan is under development.

The NPFCT incorporates seven economic sectors in mitigation and eight sectors in adaptation. The NPFCT<sup>12</sup> is a live document and should be updated based on changes in national priorities and budget programs, among others. This would allow users having access to the most up-to-date information at any time.

Please consider that one ministry's activities will cover more than one sector in the NPFCT!

<sup>12</sup> The NPFCT is currently available online at [https://docs.google.com/spreadsheets/d/1aVyXmFHV8FsYjUzkY5-0jftsJisK54\\_V/edit?pli=1&gid=1657210666#gid=1657210666](https://docs.google.com/spreadsheets/d/1aVyXmFHV8FsYjUzkY5-0jftsJisK54_V/edit?pli=1&gid=1657210666#gid=1657210666).

## MITIGATION OF CLIMATE CHANGE

Additional definitions of climate change mitigation: "In the context of climate change, a human intervention to reduce the sources or enhance the sinks of GHG."

Source: [The United Nations Framework Convention on Climate Change \(UNFCCC\)](#)

"An activity can be classified as climate change mitigation where the activity, by avoiding or reducing GHG emissions or increasing GHG sequestration, contributes substantially to the stabilization of GHG concentrations in the atmosphere at a level that prevents dangerous anthropogenic interference with the climate system consistent with the long-term temperature goal of the Paris Agreement".

Source: [World Bank](#)

**Climate mitigation activities** are actions that diminish human-induced climate change. This includes measures to reduce GHG emissions or enhance GHG sinks. Mitigation activities include more efficient use of fossil fuels in industrial processes or electricity generation, switching to the use of solar or wind energy, improving insulation of buildings, and expanding forests and other GHG sinks to remove greater amounts of carbon dioxide (CO<sub>2</sub>) from the atmosphere.

### Mitigation activities reduce, limit, or absorb GHGs to mitigate climate change.

It is important to identify activities listed in the national budget that include GHG emission reduction or sinks. Programs should be assessed at the activity level to ensure accuracy and completeness, by conducting assessments at program sub-level and sub-sub-level (activities under subprograms). For example, the subprogram on Construction and Refurbishment of Public Schools includes installation of thermally insulated windows and central heating systems. A well-insulated building with a central heating system consumes less energy per square meter than a poorly insulated one. Hence, refurbishment and upgrade of public school buildings would reduce GHG emissions. Another example of a mitigation measure is the subprogram of reimbursing payments for natural gas supplied to residents of highland villages in the Kazbegi and Dusheti Municipalities, which addresses deforestation<sup>13</sup> and energy poverty.<sup>14</sup>

Subprograms are considered **climate mitigating** if they include activities that contribute to the reduction of GHG emissions or enhance the GHG removal.

To evaluate whether a subprogram is expected to reduce GHG, first, it has to be identified whether the described activity is accompanied by GHG emissions at all. The sources of GHG emissions vary among the seven sectors.

<sup>13</sup> Unsustainable use of woody biomass as fuel results in higher carbon dioxide emissions than burning the same amount of natural gas.

<sup>14</sup> Pursuant to the global stocktaking outcomes, fossil fuel subsidies being targeted to support vulnerable populations (energy poverty) are not subject to removal.

Energy Sector	<ul style="list-style-type: none"> <li>● In the <b>energy sector</b>, GHGs are generated when:           <ul style="list-style-type: none"> <li>• consuming any fossil fuel (natural gas, gasoline, diesel, etc.)</li> <li>• evaporating, sublimating or leaking any fossil fuel (natural gas, gasoline, diesel, etc.)</li> <li>• transporting and storing carbon dioxide</li> </ul> </li> </ul>
Transport Sector	<ul style="list-style-type: none"> <li>● In the <b>transport sector</b>, GHGs are generated when:           <ul style="list-style-type: none"> <li>• consuming any fossil fuel (natural gas, gasoline, diesel, etc.)</li> <li>• evaporating, sublimating or leaking any fossil fuel (natural gas, gasoline, diesel, etc.)</li> </ul> </li> </ul>
Building Sector	<ul style="list-style-type: none"> <li>● In the <b>building sector</b>, GHGs are generated when:           <ul style="list-style-type: none"> <li>• consuming any fossil fuel (natural gas, gasoline, diesel, etc.)</li> </ul> </li> </ul>
Industry Sector	<ul style="list-style-type: none"> <li>● In the <b>industry sector</b>, GHGs are generated when:           <ul style="list-style-type: none"> <li>• consuming any fossil fuel (charcoal, natural gas, gasoline, diesel, etc.)</li> <li>• producing minerals, chemicals, metals and electronics</li> <li>• using lubricants, paraffin wax, solvents, and substitutes to replace ozone depleting substances</li> </ul> </li> </ul>
Agriculture Sector	<ul style="list-style-type: none"> <li>● In the <b>agriculture sector</b>, GHGs are generated:           <ul style="list-style-type: none"> <li>• when consuming any fossil fuel (natural gas, gasoline, diesel, etc.)</li> <li>• during enteric fermentation (when feeding cattle)</li> <li>• during manure management (when placing manure on the pasture, drying manure or stacking, etc.)</li> <li>• when using nitrogen fertilizer</li> </ul> </li> </ul>
Waste Sector	<ul style="list-style-type: none"> <li>● In the <b>waste management sector</b>, GHGs are generated when:           <ul style="list-style-type: none"> <li>• consuming any fossil fuel (natural gas, gasoline, diesel)</li> <li>• disposing of solid waste</li> <li>• solid waste is biologically treated</li> <li>• incinerating and openly burning waste</li> <li>• treating and discharging wastewater</li> </ul> </li> </ul>
Forest Sector	<ul style="list-style-type: none"> <li>● In the <b>forest sector</b>, GHGs are generated through:           <ul style="list-style-type: none"> <li>• deforestation</li> <li>• transformation of forested areas into different land uses</li> <li>• soil degradation</li> </ul> </li> </ul> <p>Thus, if a subprogram contains any of the above activities, it is considered as generating GHG emissions.</p>

Next, it should be determined whether the activities planned as part of a subprogram reduce GHG emissions. For example, a subprogram involves the refurbishment of an irrigation system, including modernization of water pumping equipment. If the existing pumps are replaced with energy-efficient pumps, then during the pumping of water to supply channels, GHG emissions and energy consumption will be reduced.

#### **PLEASE NOTE**

When replacing pumps, a new energy-efficient pump may have more power in absolute terms than the old one, however, if less energy is required to pump a volume unit of water, this action is considered a mitigation measure. For example, a 10-kW water pump installed on Liakhvi River to feed an irrigation system is replaced with a new 20-kW pump that will move 2.5 times more volume of water per hour. Although energy consumption per hour is doubled, 2.5 times more water is pumped into the irrigation channel. Thus, the energy consumed by the new pump for moving a unit of water is less compared to the energy required for moving the same unit of water by the old pump and hence the upgrade of the irrigation scheme is aligned with the climate change mitigation objective.

## **ADAPTATION TO CLIMATE CHANGE**

**Climate adaptation activities** are aimed at reducing climate risk or vulnerability and increasing resilience. The scope and degree to which countries prioritize adaptation efforts are determined by their exposure and vulnerability to specific impacts of climate change. For example, while most landlocked countries are not vulnerable to the direct impact of sea level rise, it is a major risk for Georgia's coastal areas. Climate-related natural hazards recorded in Georgia's NCs are extreme temperatures, heavy precipitation, landslides, mudflows, flashfloods, storms, and droughts.

Additional definition of Climate Change Adaptation:

"Human-driven adjustments in ecological, social, or economic systems or policy processes, in response to actual or expected climate stimuli and their effects or impacts (LEG, 2011). Various types of adaptation can be distinguished, including anticipatory and reactive adaptation, private and public adaptation, and autonomous and planned adaptation."

Source: [UNFCCC](#)

Georgia's NDC identifies six most vulnerable population groups: children and youth, women, elderly, persons with disabilities, persons with chronic diseases, internally displaced persons, and people displaced due to disasters caused by or threatened by climate change. Agriculture, forestry, public health, infrastructure, and tourism are named as the most vulnerable sectors. Surface and groundwater, mountain ecosystems, and biodiversity are considered the most vulnerable resources of the country.

Based on the importance for the national economy and vulnerability to climate change, energy, transport, agriculture, forest, coastal resorts, water, tourism, and health are identified as priority sectors for adaptation in Georgia. Therefore, subprograms of the national budget that involve activities contributing to reduced vulnerability and increased resilience in these sectors should be considered **climate adaptation activities**. For example, according to NC, if an activity is aimed at addressing climate change in the transport sector policies, strategies, and development plans, it may be tagged for adaptation.



Photo: @Photosaint / freepik.com

## PART TWO CLIMATE BUDGET TAGGING

This part of the handbook introduces **climate budget tagging (CBT)**, covers objectives and steps of the tagging process, provides instructions on identifying types of activities that contribute to climate mitigation and adaptation, and estimates their share in the public budget.

## WHAT IS CBT?

Additional definitions of CBT:

“Climate Budget Tagging (CBT) is a tool for monitoring and tracking of climate-related expenditures in the national budget system.”

Source: [NDC Partnership](#)

“Climate budget tagging (CBT) is the practice of identifying, measuring, and monitoring climate-relevant expenditures.”

Source: [Principles for Responsible Investment](#)

“Climate Budget Tagging is an important tool for governments to monitor and track what they spend on climate-related activities and communicate them to investors.”

Source: [World Bank](#)

## WHY IS CBT IMPORTANT?

Climate Budget Tagging (CBT) is one of a set of climate related finance tools designed to help countries mainstream climate change in public financial management in order to mitigate the economic, social and environmental impacts of climate change.”

Source: [United Nations Development Program](#)

**We live in a climate crisis.** Extreme weather events induced by climate change threaten our economic development and social safeguards. Increased dependence on fossil fuels as a key energy source **prevents us from addressing climate change.** The decarbonization of economic sectors and advancing adaptive capacities to climate change are considered one of the pathways to reduce losses and damages related to climate change. Climate change creates additional social, economic, and environmental costs.

Stakeholders have an increasing interest in identifying and/or funding activities that contribute to climate change mitigation and adaptation. In 2012 **CBT** was introduced as the first systematic approach for identifying climate-related expenditures in the public sector.

“Climate budget tagging is a government-led process of identification, measurement, and monitoring of climate-relevant public expenditures.”

Source: [World Bank](#)

The goals of CBT vary across different countries. These may include among others: raising awareness on climate change policy, promoting clean fuel consumption, promoting efficient energy consumption, and mobilizing domestic and international finance to advance climate policy implementation. Current international experience identifies the following benefits of applying CBT in public expenditures:

- raise awareness of climate-related public expenditures and climate change policy
- identify financing gaps and needs to support resource mobilization to achieve the national climate policy goals (e.g., NDC goals)
- identify investment opportunities for applying climate related know-how and innovative technologies
- strengthen unconditional commitments of NDC
- reduce losses due to climate-related disasters by aligning budget allocations with climate adaptation policy priorities

## WHAT IS NEEDED FOR A SUCCESSFUL CBT PROCESS

- enable accountability and enhance transparency by reporting on climate-related expenditures
- mobilize domestic and international finance through informed resource allocation decision making for effective implementation of climate policies
- facilitate issuance of sovereign green bonds (SGBs)
- report on climate finance in the context of international commitments.

The CBT process is a multi-sectoral activity incorporating many cross-cutting elements. It depends on the objectives of the tagging system and national circumstances, such as the institutional context and country policy priorities. Accordingly, the specific CBT methodology and institutional arrangement are built on objectives defined for the CBT process.

## A HIERARCHY OF CBT OBJECTIVES

The CBT objectives may vary widely depending on the benefit (as listed above) a country would like to achieve. Moreover, based on the budget planning time horizon, multiple benefits could be identified. For example, countries can define short- and long-term CBT objectives. Consequently, the CBT objectives may be updated based on a country's development path and achievements in the implementation of the CBT system.

### PLEASE NOTE:

The primary goal of linking the budget to climate change in state financing is to enable the public finance management system to incorporate information on fiscal impacts across various cross-cutting perspectives (including climate, gender, and SDGs) into budget documentation. This integration aims to support and facilitate informed decision-making by agencies responsible for the effective planning and implementation of relevant policies.

## CBT METHODOLOGY

There is no specific CBT methodology that can be used by countries universally. Several countries use their own methodologies. When the tagging methodology is developed, it is important to define a granularity level. The use of a granular methodology requires more knowledge and resources to complete the CBT activity, but it increases the accuracy of identifying climate-related expenditures.

## ENGAGEMENT OF INSTITUTIONAL STAKEHOLDERS

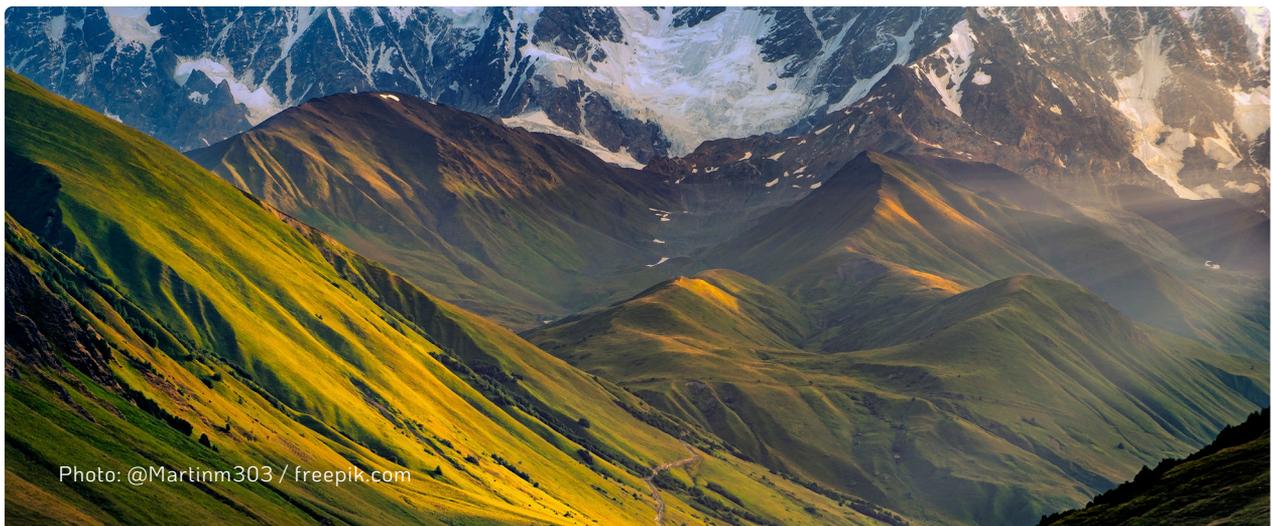
Staff responsible for compiling and implementing the national budget must also be involved in CBT. The national budgeting process must be considered when CBT is performed, and CBT must be integrated in the budgeting process. Line agencies responsible for implementing their budget programs are best informed to identify activities contributing to climate change. A public entity responsible for national climate policy development (MEPA) assists the implementing agencies in identifying climate-relevant activities.

Staff participating in the CBT must be trained in the basics of the CBT methodology. This includes among others: distinguishing mitigation and adaptation measures, weighting climate relevance of budget lines, and estimating climate-related expenditures.

Pursuant to Government of Georgia Decree No.62, dated March 1, 2024, ministries and their subordinated agencies, as well as sub-agencies are required to identify climate change relevance of budgeted programs to be implemented by them.

**CBT is an integral part of the budget process and therefore, is guided by the budget calendar!**

Each ministry's budget department (or other relevant unit) is responsible for coordinating the CBT process within the given ministry and is required to communicate with subordinated agencies regarding the initiation of the CBT exercise.



## THE NATIONAL BUDGET CALENDAR

Date	Process (2024)
January	<p><b>January 31</b> — the Ministry of Finance ensures the preparation of the final draft of the Basic Data and Directions (BDD) document based on the information obtained from Local Authorities and Autonomous Republics and submits it to the Finance-Budgetary Committee of the Parliament of Georgia no later than one month following the start of the budget year (Budget Code, Article 39, Section 13).</p>
March	<p><b>March 1</b> — To prepare the BDD Document, a Government of Georgia Resolution defines information and deadlines for submission of the requested data by the State Budget Spending Institutions, autonomous republics, and local authorities (except for the local authorities within autonomous republics) by March 1 (Budget Code, Article 34, Section 3).</p> <p><b>March 10</b> — Ministries, by order of their relevant minister, ensure the establishment / reappointment of the working group to coordinate the preparation of the country's BDD for 2024-2027, medium-term action plans, and the draft annual budget based on Government of Georgia Resolution No. 90, dated February 28, 2023.</p> <p><b>March 31</b> — Pursuant to Government of Georgia Resolution No. 90, dated February 28, 2023, the first organizational meeting of the working group established or reappointed to prepare the BDD, a Mid-Term Action Plan, and the draft annual budget is to be held no later than March 31. The Ministry of Finance (MoF) Budget Department and the State Internal Control Department (Harmonization Center) are to participate in the meeting.</p>
April	<p><b>April 28</b> — Pursuant to Government of Georgia Resolution No. 90, dated February 28, 2023, the ministries and other State Budget Spending Institutions prepare no later than April 28 and submit to the MoF:</p> <p>a) information on the Mid-Term Action Plan for the next three years, in accordance with Annex 1, within the limits of the allocations defined for them by the BDD;</p>

## THE NATIONAL BUDGET CALENDAR

Date

Process (2024)

April

b) Preliminary number of employees and indicative thresholds for allocations, which provides for the preparation of information on the impact of current and new policies on the budget, in accordance with Annex 2;  
c) additional information in accordance with Annex 1a to the Medium-Term Action Plan, if the thresholds for allocations and quantities differ from the parameters set out in subparagraph (a) of this paragraph.

**April 28** — No later than April 28, relevant units of the State Budget Spending Institutions send information about their investment / capital projections to the MoF in accordance with the requirements of Resolution No 65, dated February 16, 2023, to effectively conduct the planned measures (trainings, working meetings) under Public Investment Management reform in 2023.

May

**May 22** — Pursuant to Government of Georgia Resolution No. 90, dated February 28, 2023, the MoF provides the Spending Institutions with information on the initial limits to the allocations and the number of employees envisaged by the state budget for 2024-2027.

June

**June 1** — Government of Georgia submits information on major macroeconomic projections and main directions of the line ministries to the Parliament of Georgia by June 1 of every year with the aim of soliciting agreement from Parliamentary Committees on BDD for the next three years (Budget Code, Article 34, Section 4).

**June 15** — 1. Next year's draft Budgets of the Parliament of Georgia and State Audit Office of Georgia are submitted to the Government by the Parliament of Georgia no later than by June 15 (Budget Code, Article 41, Section 1).

2. Autonomous republics submit to the MoF basic data to estimate next year's financial assistance needs (Budget Code, Article 96, Section 1).

## THE NATIONAL BUDGET CALENDAR

Date

### Process (2024)

June

**June 20** — Expert Opinions of the Parliamentary Committees on the BDD for the next three years are sent to the Government of Georgia (Budget Code, Article 34, Section 14).

**June 30** — Line ministries approve their medium-term action plans for the next three years, which include their priorities as well as programs and activities (Budget Code, Article 34, Section 4).

July

**July 5** — The ministries submit medium-term action plans to the MoF no later than July 5 (Article 4, Government of Georgia Resolution No. 90, dated February 28, 2023).

**July 10** — Government of Georgia approves the first draft of BDD for the next three years no later than July 10 of every year (Budget Code, Article 34, Section 6).

**July 15** — 1. MoF ensures submission of the budget proposal templates to the Spending Institutions through the e-budget management system no later than 5 days from the approval of the BDD by the Government of Georgia (Budget Code, Article 35, Section 1).

2. MoF notifies local self-government bodies on the major budget parameters for the following fiscal year by July 15 of the current year (Budget Code, Article 77, Section 1).

3. MoF notifies autonomous republics on the major budget parameters for the following fiscal year July 15 of the current year (Budget Code, Article 96, Section 2).

September

**September 1** — The Spending Institutions submit their budget proposals for the next year to the MoF via an e-budget management system no later than September 1 of every year. Budget proposal includes at least the information listed in the Budget Code, Article 36, Section 1.

**September 25** — MoF submits a draft of the next State Budget and an updated BDD for the next three years to the Government of Georgia no later than September 25 of every year (Budget Code, Article 37, Section 2).

## THE NATIONAL BUDGET CALENDAR

Date

Process (2024)

October

**October 1** — Government of Georgia submits next year's State Budget draft to the Parliament of Georgia no later than by October 1 together with the supporting documents (Budget Code, Article 38, Section 1).

**October 5** — 1. MoF notifies the Autonomous Republic on the allocation of financial support from next year's State Budget no later than October 5 (Budget Code, Article 96, Section 2).

2. MoF notifies local self-government bodies on the tentative threshold of next year's targeted transfers by October 5 (Budget Code, Article 79, Section 1).

3. MoF notifies municipalities about the projected financial support and tax revenues as envisaged in the next year's State Budget draft no later than October 5 (Budget Code, Article 77, Section 6).

**October 22** — Parliament of Georgia sends the conclusions of the Financial-Budgetary Committee on the next year's budget draft to the GoG. The conclusions are of recommendatory nature (Budget Code, Article 39, Section 3).

November

**November 5** — Government of Georgia submits the updated next year's State Budget draft and BDD Document for the next 3 years to the Parliament of Georgia together with the information on whether and how the suggestions and comments were considered, no later than by November 5 of each year. State Budget draft is then discussed at the Plenary Session of the Parliament (Budget Code, Article 39, Section 4).

**November 20** — The Statement of the Parliament's Finance-Budgetary Committee as well as comments and suggestions expressed at the Plenary Session of the Parliament of Georgia are sent to the Government of Georgia no later than by November 15 of every year (Budget Code, Article 39, Section 6).

## THE NATIONAL BUDGET CALENDAR

Date

Process (2024)

November

**November 30** — By November 30 of every year, the Government of Georgia submits the final draft of the next year's State Budget and BDD Document to the Parliament of Georgia together with a report on the actions required in response to the comments and suggestions expressed at the Plenary Session (Budget Code, Article 39, Section 7).

December

**December 21** — Parliament of Georgia votes on the next year's State Budget no later than the third Friday of December. Draft Law on State Budget is approved with a listed majority, in one hearing (Budget Code, Article 39, Section 8).

**December 31** — If the Parliament of Georgia fails to approve the next year's State Budget by the third Friday of December, the same or updated State Budget draft agreed between the Government of Georgia and Agreement Commission of the MPs may be voted on within 10 days, but no later than December 31 (Budget Code, Article 39, Section 11).



## STEP 1

Line ministries have to identify mitigation and adaptation activities in the subprograms for climate tagging (e.g., 24 14 03 04). Being familiar with the content of the subprograms is helpful in the identification of their climate relevance.

### **How to find links between subprograms and mitigation/adaptation?**

The NPFCT (link provided on page 12) is used to identify the links of subprograms to mitigation/adaptation. The user compares the activities considered under each subprogram with the relevant sector of the CBT taxonomy. If a similar line item is found in the taxonomy, the user is eligible to tag the subprogram as aligned to climate mitigation or adaptation.

The Government of Georgia's annual resolutions on measures for preparing the country's Basic Data and Directions (BDD) document stipulate that the ministries must identify links with the relevant policy classifiers for the programs/subprograms they implement and reflect them in the budget applications using the "Policy Classifier" of the electronic state finance management system (E-Budget). Specifically, the 2024 resolution obligates ministries to establish in coordination with MEPA during the preparation of their 2025–2028 medium-term action plans the links with the Climate Change Policy Classifier.

#### **Example**

*It is recommended that a reforestation subprogram that aims to increase the GHG sink potential be tagged as a 100% mitigation measure.*

#### **Example**

*Costs related to the Kyoto Protocol and Paris Agreement implementation can be fully tagged as climate relevant because they address climate mitigation and adaptation equally and, therefore, their level of significance can be set at 50% for mitigation and 50% for adaptation.*

## STEP 2

Line agencies identify climate relevance of subprograms at the sub-level of individual activities. If alignment with climate mitigation and/or adaptation is established for a given activity, it should be tagged accordingly, either for mitigation or adaptation, or both. If an activity is fully dedicated to reducing GHG emissions, enhancing carbon sinks or increasing the adaptive capacity, then its level of significance for climate change should be tagged at 100 percent. If only part of an activity cost is relevant for mitigation or adaptation and the proportion of this part to the total activity cost is known, then this percentage should be used for tagging. For example, if it is known that 45 percent of the overall budget of an activity is allocated to climate adaptation, the activity should be tagged

Example: **Estimating the share of climate-related expenses in the total cost of activities of the Service Agency under the Ministry of Interior**

The Service Agency is responsible for receiving and responding to all emergency calls within a designated area of the country. This encompasses not only extreme weather events but various types of other emergency situations. To attain the highest possible accuracy in estimating climate-related costs of the Agency's operations, the proportion of activities that are specifically related to climate events should be determined. The following simplified method is suggested for climate tagging of the Service Agency operations:

**1. Historical Period**

**Selection:** Begin by selecting a historical period that includes at least three significant natural events. The list of relevant natural events will be provided by the National Environment Agency.

**2. Call Analysis:** The Service Agency must review and identify the additional number of emergency calls received on the days when the selected natural events occurred, comparing them to the number of calls received on regular days.

**3. Incremental Percentage**

**Estimation:** Calculate the average incremental percentage of calls on these event days compared to regular days. This allows to determine increase in the number of calls due to the natural events.

at 45 percent. If the precise costs related to mitigation or adaptation are not known, but the activity has been evaluated as climate-relevant during the first step of the CBT, the applicable percentage should be defined by the level of the significance estimation method.

**How to measure the level of significance?**

There are two approaches to identifying the level of significance for mitigation or adaptation.

The first approach applies to process-oriented activities, which are evaluated based on their contribution to the achievement of the activity objectives and the share of the overall activity aimed at mitigation or adaptation. For example, if an activity involves construction of a bridge with the objective of reducing travel time and distance between two points and, during the bridge design and construction, extreme weather events like flooding caused by heavy precipitation have been taken into consideration, the greater share of activity cost is related to mobility improvement, while adaptation to climate change makes a smaller share. If an approximate share of adaptation-oriented cost can be estimated — say, at 30 percent — it may be designated as an adaptation-relevant expenditure. If the assessment of the adaptation cost share is not sufficiently accurate to derive a single number but allows to estimate a range within which it falls, such a range may also be applied for tagging. For example, if 25–35 percent of the bridge construction cost is to be spent on adaptation measures, the percentage range of 25–35 is indicated for the purpose of CBT. Please keep in mind that the algorithm will estimate the climate-relevant spending out of an activity budget drawing the average of the indicated range. In the above case, climate adaptation will receive 30 percent of the entire activity budget.

The second approach applies to service-oriented activities which mostly include staff salaries, purchase of equipment, or, occasionally, facility maintenance costs. Assessing the level of significance of such activities should be made at Step 4, after having established climate relevance of all process-oriented activities that are supported by the services. Service-oriented activities are usually summarized at higher-level budget lines (subprograms, programs), and will be tagged later in STEP 4.

#### 4. Application of the

**Ratio:** Apply the calculated percentage of incremental calls to estimate the proportion of expenditures incurred by the Agency due to the climate-induced natural events that are climate related.

Since natural disasters for the upcoming year cannot be predicted in advance, the analysis of data from previous years can be utilized to estimate the expected costs.

By following this method, the Service Agency can improve planning for future climate-related emergencies and the allocation of resources.

### STEP 3

The share of climate expenditures in the higher-level budget lines is estimated as the third step and is based on the tagging already undertaken at the activity level in STEP 2. Subprograms that do not comprise multiple activities, are tagged through application of the same techniques as used at the activity level. Hence, the share of climate-relevant costs in such subprogram allocations may also be estimated as a single percentage value or as a range. The latter method should be applied only if climate relevance of the subprogram cannot be established with accuracy. Based on the level of significance estimation applied at the subprogram level, the ratio of climate-related expenditures may be defined for the state budget allocations for individual line ministries.

### STEP 4

To estimate the level of significance of the service-oriented cost of a subprogram, process-oriented activities of this subprogram should be tagged for climate relevance first. Assuming that the subprogram's administrative allocation is to be spent on implementing process-oriented activities of the subprogram proportionally to the costs of these activities, the share of climate-tagged process-oriented activities in the total cost of process-oriented activities may be applied for estimating the level of significance of administrative costs of the subprogram.

The CBT process follows Georgia's budgeting calendar. Hence, it starts during the design of the next year's budget programs and subprograms in March and must be completed by September 1. Any final adjustments can be made by November 30.

## CBT STEPS WITH GUIDING QUESTIONS

Now, let's go through the CBT process with guiding questions in the context of budget planning for 2025:

The annexes to Government of Georgia Resolution No.62, dated March 1, 2024, include provisions for identifying links of budgeted programs to climate change. The annexes are distributed to all individual program implementers who are required to identify these links at the initial stage of budget planning,

---

? **Does the subprogram consider activities that are related to GHG emissions (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, NF<sub>3</sub>)?**

▷ **For the assessment, please refer to the list of the sources of GHG emissions (see page 14).**

**If none of the subprogram activities** is linked to the list, then the subprogram is not related to mitigation.

**If at least one of the subprogram activities** is linked to the listed GHG emission sources, the subprogram includes activities that produce GHG emissions during implementation. The next question applies to such activities:

---

? **Does the activity related to GHG emissions include any measures that reduce the GHG emissions?**

▷ **To answer the question, consult with the NPFCT.**

**If the activity is not in the NPFCT**, the activity does not need to be tagged.

**If the activity is in the NPFCT** and coded as **CM/CB**, then it should be tagged as mitigation.

---

? **Does the subprogram consider activities that involve a reduction of the risks related to climate hazards?**

▷ **At the assessment please, refer to the list of typical climate hazards recorded in Georgia (see page 15).**

**If none of the subprogram activities** is linked to the listed hazards, then the subprogram is not related to adaptation, and the activity does not need to be tagged.

**If at least one activity** of the subprogram is linked to the listed climate hazards, then the subprogram includes activities that possibly consider the climate risks. The next question applies to such activities:

---

---

? Does the climate-risk-related activity include any measures that either reduce the effects of climate change or increase the resilience against the anticipated impacts of climate change?

▷ To answer this question, consult the NPFCT.

If the activity is not in the NPFCT, then it should not be tagged.

If the activity is in the NPFCT and coded as CA/CB, it should be tagged as adaptation.

---

? Is the tagged subprogram initiated due to climate change?

Please keep in mind that a subprogram is considered initiated due to climate change if it is implemented solely to address climate impacts or is part of a special program aimed specifically at climate change mitigation and/or adaptation.

▷ If yes, then the total budget dedicated to the subprogram should be tagged.

---

? If the total budget of the activity is not related to climate, is it clear what amount of cost/expenditure is dedicated to climate mitigation and/or adaptation?

▷ If yes, then this amount should be tagged as mitigation and/or adaptation.

If no, please refer to the level of significance estimation method.

---

Here are a few examples of how the exact amount of expenditures from the total activity budget can be tagged as mitigation and adaptation costs.

*The Municipal Development Fund intends to rehabilitate a school building. The activity includes light refurbishment as well as energy saving interventions, such as installation of a central heating system and insulation of the building. The activity budget carries separate line items for general refurbishment and for energy saving measures. Because it is evident that energy efficiency measures contribute to mitigation, the amount allocated for this line item should be tagged for climate change at 100 percent.*

*MEPA plans to support farmer cooperatives in adopting climate-smart agriculture practices. Costs of installing drip*

*irrigation systems should be tagged as adaptation, while costs of investments aimed at reducing fuel and fertilizer use should be tagged as mitigation.*

---

? Please answer the questions below:

**What is the main goal of the activity?**

**What are the key measures within the activity to achieve the main goal?**

**How are these key measures related to mitigation and/or adaptation?**

**What could be a reasonable share of the mitigation and/or adaptation measures in the total activity?**

▷ If the share of an activity expenditure that is classified as mitigation and/or adaptation cost may be estimated by answering these questions, then it can be used for tagging.

---

### **A few examples:**

#### *Example 1.*

Let's estimate mitigation cost share in the Kutaisi solid waste integrated management project. The main goal of the project is to improve the waste management system in the region through the closure of old sub-standard landfills and their replacement with the modern infrastructure, including mechanisms for energy recovery. The project also envisages protecting ground water from contamination with leachate and preventing spread of infection. Among these multiple goals, installation of methane-capturing devices is entirely aimed at climate mitigation. Therefore, the cost related to this work, which is approximately 37 percent of the total project expenditures, can be tagged for mitigation.

If these questions lead to identifying an approximate range of the share of activity expenditures that can be deemed mitigation and/or adaptation expenses rather than a single percentage number, then the estimated range should be used for tagging.

Please be aware that when indicating a percentage range, the system automatically picks the average percentage from the range you've selected for the estimation of climate-related expenditures.

### *Example 2.*

Let's estimate the adaptation cost share in the East-West Highway reconstruction subprogram. The primary purpose of the activity is to cut travel time and increase highway safety. Some aspects of the highway design reflect construction plans, construction materials, and scope of work that have been adjusted to the hazards of frequent extreme weather events. These modifications improve climate resilience of the road infrastructure. Based on the extent of design adjustment to the climate change, the proportion of adaptation expenditures in the total activity is estimated to be between 30 and 40 percent. Upon indication of this range, the formula will pick 35 percent to calculate the adaptation expenditures.

Now, let's estimate the adaptation cost share in the irrigation system rehabilitation activity. The main goal of the activity is to increase the affordability of irrigation water for farmers. The activity includes the design and reconstruction of irrigation canals and, whenever necessary, the construction of water storage reservoirs. Considering the increase in summer droughts in Georgia, the availability of irrigation water is an immediate adaptation measure. Since the dependence on irrigation service delivery is quite high, the adaptation cost share would be in the range of 70 to 90 percent. In accordance with the algorithm, by indicating this range, the formula will use 80 percent for the calculation of the adaptation expenditures.

Please, remember this is an approximate estimation with low accuracy!

Now let's consider two cases when a subprogram can be tagged for adaptation and mitigation.

#### **Case 1. Subprogram for Development of Sustainable Water Supply and Sanitation (Budget Line 25 04 02) supervised by the MRDI**

According to its description, the subprogram includes refurbishment of the water supply network to ensure continuous water supply to residents. Furthermore, energy-efficient water pumps will be installed as part of the restoration work. As a result, the subprogram targets both mitigation

and adaptation because energy-efficient water pumps save energy and reduce GHG emissions while continuously delivering water to residents and, therefore, reducing their vulnerability to excessive heat. The same activity is also included in the NPFCT under Code CB.Water.BL.25.04.02.

The next stage is to determine the costs of mitigation and adaptation. In this case, the subprogram's mitigation and adaptation actions are distinct. As a result, the costs associated with these activities are easily distinguished. The share of spending linked to water pump procurement and installation should be classified as mitigation, while the share of expenditures related to water supply network development should be classified as adaptation.

### **Case 2. Subprogram for Development of Protected Areas (Budget Line 31 08 04) supervised by MEPA.**

According to its description, the subprogram includes maintenance and improvement of protected areas through modern management approaches. The subprogram supports forests in protected areas against human impacts, disease, fires, etc. As a result, the subprogram targets both mitigation and adaptation, because forest-protecting measures increase GHG sinks, while increasing adaptive capacity. The same activity is also included in the NPFCT under Code CB.Forest.BL.31.08.

In this case, the subprogram's mitigation and adaptation actions are nearly identical. As a result, the costs of these activities are difficult to separate. As a result, the proportion of investment related to climate mitigation and adaptation should be analyzed jointly. For example, climate-related costs account for around 40 percent of the total subprogram budget. Only then can the tagged climate cost be divided between mitigation and adaptation. If you know which of these is more significant and needs more effort, you can give it a bigger share; however, if both are equally significant, the climate share can be shared equally.



Photo: Darejan Kapanadze

## **PART THREE** **UNDERTAKING** **CBT**

This part of the handbook describes how climate-related expenditures can be identified and categorized in government budgets. It explains how ministries and their subordinated agencies should assess their programs and subprograms to determine their relevance for climate mitigation or adaptation using a taxonomy and coding system. It emphasizes the importance of accurately allocating budgets for mitigation and adaptation and ensuring that funds are not double counted. This section also highlights the need to estimate administrative costs associated with climate actions, tagging them as climate relevant.

Following the adoption of the governmental decree on program budget development for a given period, ministries and their subordinate agencies are required to assess climate change relevance of their budgeted programs. As a result, CBT is conducted as part of the budgetary process and its essential component.

In accordance with this handbook, the first step for line ministries is to identify mitigation- and adaptation-related activities within the subprograms for climate tagging. This process involves a careful review of program or subprogram contents and an accurate determination of their climate relevance.

Let's look at the example of the subprogram titled "Step-by-step Implementation of the Actions Provided by the National Forestry Concept of Georgia for the Establishment of an Effective Forest Management System" and try to determine if it is climate-related or not. To address this question effectively, consult the NPFCT and verify if this activity is classified as climate related. Activities aimed at effective forest management are included in the Forest section of Taxonomy. This confirms that the considered subprogram indeed is related to climate change.

By following this approach, ministries can ensure precise alignment of their subprograms with climate tagging requirements.

The second step is determining the extent of climate relevance of individual activities within the subprogram. Namely,

- if an activity is fully dedicated to reducing GHG emissions or enhancing adaptive capacity, it should be tagged at 100 percent.
- if a known percentage of activity expenditure is allocated to mitigation or adaptation, then this percentage should be used for tagging (e.g., 45 percent of activity expenditure gets tagged for climate).
- if the exact share of an activity expenditure that serves climate adaptation and/or mitigation is unknown, but the activity was deemed climate-relevant at the first step, then the level of climate significance of such activity should be estimated using an appropriate estimation method.

Also, it is important to correctly specify whether climate-relevant activity serves climate mitigation, adaptation, or both. The subprogram: “Step-by-step Implementation of the Actions Provided by the National Forestry Concept of Georgia for the Establishment of an Effective Forest Management System” is included in the Taxonomy. To determine whether this subprogram is related to climate adaptation, mitigation, or both, it is sufficient to examine the activity code assigned to it.

The code for this subprogram is “CB.Forest.BL.31.09.”

The first two letters of the code - “CB” - provide a clear indication of the type of climate action the activity supports. In this context, “CB” signifies both mitigation and adaptation. Thus, the subprogram contributes to climate mitigation and adaptation objectives. Subprogram codes with the first two letters “CA” are for activities aimed at climate adaptation and those with the first two letters “CM” are for those aimed at climate mitigation.

This dual categorization of the subprogram considered here as an example highlights the integrated nature of the subprogram activities. On the mitigation side, actions may include preserving forest carbon stocks, enhancing carbon sequestration, and preventing deforestation. On the adaptation side, the subprogram supports strengthening ecosystem resilience, reducing vulnerability to climate change impacts, and ensuring sustainable forest management practices.

The next step is estimating the share of climate-related expenditures within the subprogram budget line based on the percentages defined for each individual activity. This step uses the level of significance estimation method and offers two techniques:

- Exact Estimation: Determine specific share of mitigation and/or adaptation expenditures within the overall subprogram budget.
- Range Estimation: Estimate an approximate range of mitigation and/or adaptation expenses if the exact percentage cannot be determined.

By applying this method, ministries can calculate the proportion of climate-related expenditures line-by-line and eventually — within the total budget.

The subprogram entitled “Step-by-step Implementation of the Actions Provided by the National Forestry Concept of Georgia for the Establishment of an Effective Forest Management System” fully aligns with climate mitigation and adaptation objectives. As such, the entire budget of this subprogram may be tagged as climate relevant.

### **What about specifying relevance for adaptation/ mitigation?**

The subprogram involves reforestation activities and forest resilience activities, both of which are integral to climate action. Forest resilience supports adaptation by enhancing ecosystem resilience and improving the capacity of forests to withstand climate impacts. Carbon sink activities directly contribute to mitigation by absorbing and storing atmospheric carbon dioxide. Since these activities require approximately equal financial resources, the subprogram budget can be allocated 50-50 percent between mitigation and adaptation.

When allocating the budget to both mitigation and adaptation, it is critical to ensure that the sum of funds allocated to each category does not exceed the total subprogram budget!

For example, if the total subprogram budget is US\$1 million, then US\$500,000 should be allocated to mitigation and US\$500,000 to adaptation. This approach eliminates any risk of double counting, ensuring that the financial allocation is accurate and transparent.

The last step focuses on estimating the level of significance of service-related costs for mitigation or adaptation. This involves:

- calculating the ratio of tagged process-oriented activity costs to the total process-oriented activity costs within the subprogram
- applying the same ratio to service-related costs to estimate the share of mitigation or adaptation-related expenses within administrative expenditures.

This step helps quantify climate-related costs in administrative budgets.

Most of subprogram expenditures consist of one or more activity budget lines and a budget line for the related administrative costs. It is important to recognize that in case of several activities, administrative cost indicated for the subprogram supports all these activities. If all activities are fully aligned with climate objectives (100 percent relevant to mitigation and/or adaptation), the entire administrative cost may be tagged as climate related. If a subprogram includes both climate-related and non-climate-related activities, its administrative costs should be allocated proportionally based on the cost share of each category. The portion of administrative costs corresponding to climate-related activities should be tagged as climate-relevant.

Administrative activities such as planning, monitoring, reporting, and coordination are crucial for the effective execution of climate-related initiatives. Given that these activities directly support multiple climate-focused subprograms, the associated administrative budget can be categorized as contributing entirely to climate action.



Photo: @Ededchechine / freepik.com

## **ANNEX CBT E-TOOL**

The Climate Change Budget Linkage Tool has been designed and is currently being developed to assist spending agencies in linking their programs to climate change. Once finalized and launched, it will be integrated into the e-budget system, enabling e-budget user ministries and entities to systematically identify and align their programs with climate mitigation and adaptation actions. Designed to enhance transparency and efficiency, the tool will also help the lead agency (e.g., MEPA) in reviewing and verifying CBT performed by spending agencies.



## **TAGGING IN THE SEPARATE TOOL: OVERVIEW**

### **WHAT**

The Climate Change Budget Linkage Tool is designed to assist spending agencies in linking their programs to climate change and to enable the lead agency (e.g., MEPA) to review the linkage efforts. The tool facilitates the easy identification of programs and subprograms that include mitigation and/or adaptation actions, helping agencies pinpoint the most suitable mitigation measures. This information is incorporated into budget documentation, supporting climate change policy implementation agencies in making more informed decisions.

### **WHO**

There are three types of users of the tool:

1. Program/subprogram implementer (may not have access to the electronic system)
2. Financial/economic department (unit) of the State Budget Spending Institution (has access to the electronic system)
3. Budget Department of the Ministry of Finance of Georgia (has access to the electronic budget system)

### **WHEN**

The tool is being used when the BDDs submitted by the ministries are confirmed and final. The BDD is imported in the CBT tool to generate the table from which the Project Owners will start the tagging process.

### **WHERE**

The CBT tool is a separate tool linked to the e-budget system for synchronization.

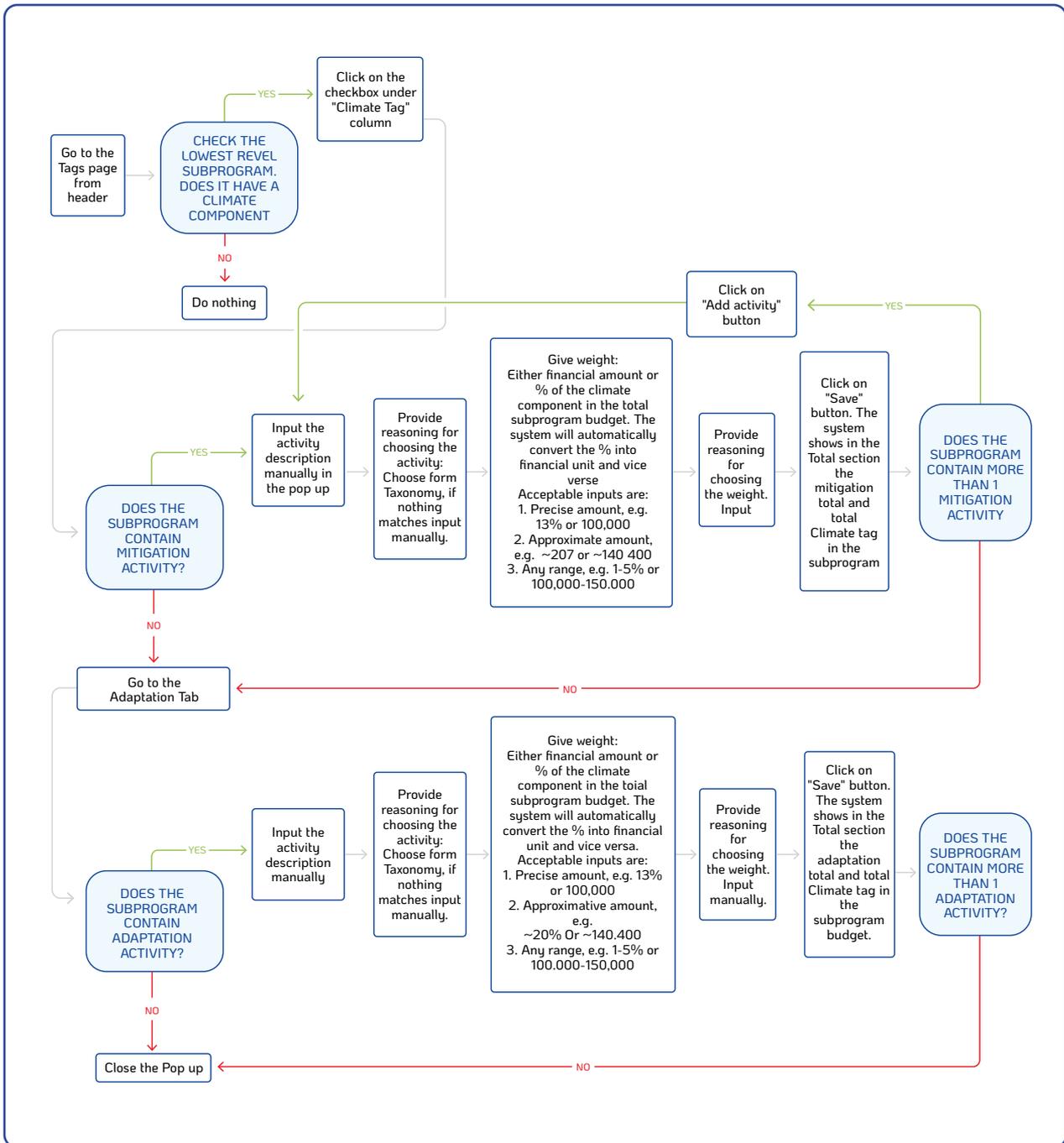
### **WHY**

The electronic public finance management system should enable budget documentation to reflect information on fiscal impacts from various cross-cutting perspectives, including climate change, gender equality, the UN Sustainable Development Goals (SDGs), and government strategies. This information should ultimately support and facilitate informed decision-making by agencies responsible for the effective planning and implementation of relevant policies. Each user type has specific goals.

## USER TYPE 1: PROGRAM OWNER

Project Owners main task is to add a tag on his/her projects

### User flow diagram: Tag a project



Source: Original elaboration for this publication.

## ACTION 1

Go to the Tags page from the header. Check the lowest level subprogram (8 digits). If it has a climate component, click on the checkbox under the 'Climate Tag' column.

Agency	Code	Name	Total budget 2024	Climate tag	Gender tag
MOESD	24 01	Program: Develop and implement economic policy	32,482.00		
	24 01 01	Sub -Program: Ministry of Economy and Sustainable Development of Georgia	32,482.00		
	24 01 01 01	Event: Macroeconomic stability and improved investment environment	8,269.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 02	Event: Analysis of macroeconomic statistics and preparation of appropriate account; Assessment of Regulation Impact (RIA)	6,181.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 03	Event: GDP and economic growth.	500.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 04	Event: Develop and Appreciate the Energy Policy of the State	850.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 05	Event: Approval of Energy and Climate Integrated Plan (NECP)	800.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 06	Measure: Developing, approving and enacting by bylaws under the Law on Encouraging Energy Production and Use of Energy Production Sources	800.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 07	Event: Laws approved by the Government of Georgia under the Law of Energy.	450.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 08	Event: Approval of Ecodesine Regulations.	702,000	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 09	Event: Green growth concept, strategy, and action plan that will develop a sustainable, green, resource for an effective, inclusive economy in the country. The country's investment attractiveness has increased.	450.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 10	Event: Increased awareness of Georgian companies about the green economy, the resources of effective and clean production. Establishment of resource efficient and pure production clubs throughout Georgia.	450.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 11	Event: Improving a trade balance	800.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 12	Event: Mutual Trade Relations	500.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 13	Event: Analysis of bilateral trade with trading partner countries and preparation of recommendations; Agreement signed with trade-economic nature with priority partner countries	450.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 14	Event: Mutual, Maritime and Civil Aviation Agreement	800.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 02	Sub -Program: International events needed for the country's development	3,500.00		
	24 02 02 01	Event: Organizing international events	3,500.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 03	Sub -Program: International events needed for the country's development	600.00		
	24 02 03 01	Event: Design of the National System of Emergency Communications (including Broadcasting) and Postal Networks Operational-Technical Management and Critical Infrastructure System	100.00	<input type="checkbox"/>	<input type="checkbox"/>

## ACTION 2: MITIGATION

If the subprogram contains mitigation activity, enter the activity description manually in the pop-up window.

Agency	Code	Name	Total budget 2024	Climate tag	Gender tag
MOESD	24 01	Program: Develop and implement economic policy	32,482.00		
	24 01 01	Sub -Program: Ministry of Economy and Sustainable Development of Georgia	32,482.00		
	24 01 01 01	Event: Macroeconomic stability and improved investment environment	8,269.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 02	Event: Analysis of macroeconomic statistics and preparation of appropriate account; Assessment of Regulation Impact (RIA)	6,181.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 03	Event: GDP and economic growth.	500.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 04	Event: Develop and Appreciate the Energy Policy of the State	850.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 05	Event: Approval of Energy and Climate Integrated Plan (NECP)	800.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 06	Measure: Developing, approving and enacting by bylaws under the Law on Encouraging Energy Production and Use of Energy Production Sources	800.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 07	Event: Laws approved by the Government of Georgia under the Law of Energy.	450.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 08	Event: Approval of Ecodesine Regulations.	702,000	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 09	Event: Green growth concept, strategy, and action plan that will develop a sustainable, green, resource for an effective, inclusive economy in the country. The country's investment attractiveness has increased.	450.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 10	Event: Increased awareness of Georgian companies about the green economy, the resources of effective and clean production. Establishment of resource efficient and pure production clubs throughout Georgia.	450.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 11	Event: Improving a trade balance	800.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 12	Event: Mutual Trade Relations	500.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 13	Event: Analysis of bilateral trade with trading partner countries and preparation of recommendations; Agreement signed with trade-economic nature with priority partner countries	450.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 14	Event: Mutual, Maritime and Civil Aviation Agreement	800.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 02	Sub -Program: International events needed for the country's development	3,500.00		
	24 02 02 01	Event: Organizing international events	3,500.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 03	Sub -Program: International events needed for the country's development	600.00		
	24 02 03 01	Event: Design of the National System of Emergency Communications (including Broadcasting) and Postal Networks Operational-Technical Management and Critical Infrastructure System	100.00	<input type="checkbox"/>	<input type="checkbox"/>

**Climate tag for subprogram N 24 01 01 08**  
Event: Approval of Ecodesine Regulations.

<b>Total climate budget of the subprogram:</b> 0 / 702,000 0%	<b>Mitigation total:</b> 0 0%	<b>Adaptation total:</b> 0 0%
---	-------------------------------------	-------------------------------------

Mitigation
Adaptation

**Activity N 1**

Mitigation activity

Description of activity

Reasoning on how this activity mitigates the impact

Cost (Approximate)  % in total subprogram

Reasoning for choosing the weight

Save

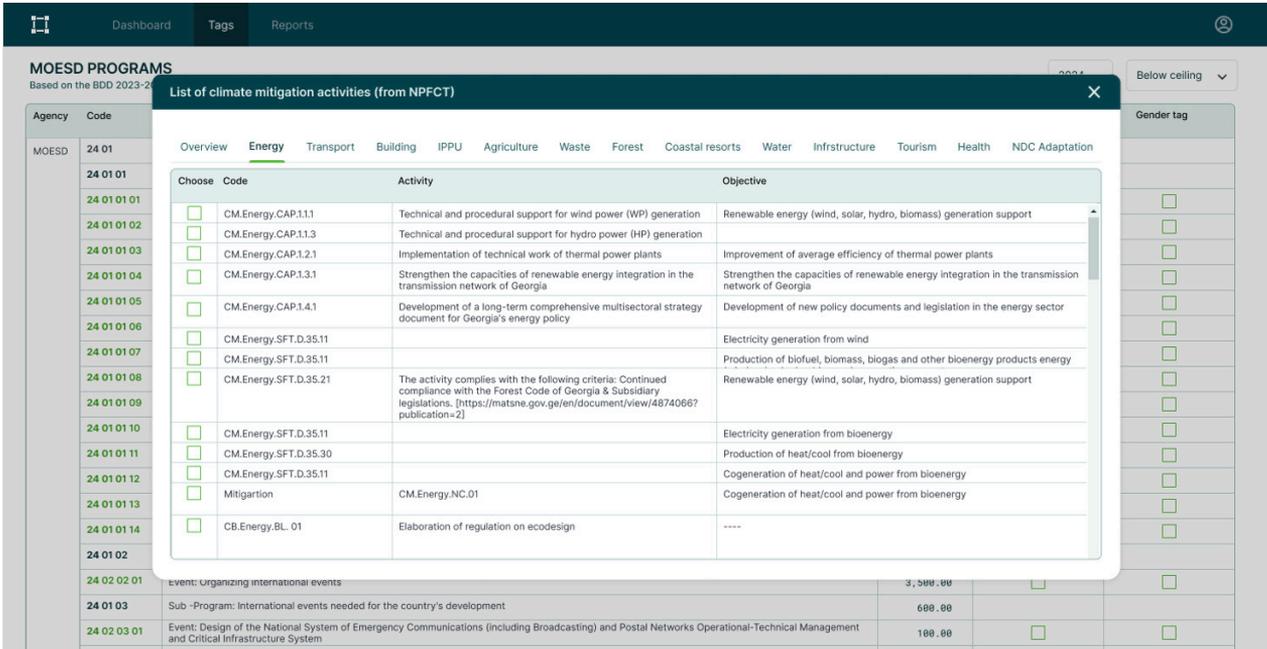
Taxonomy

Save

+ Add mitigation activity

### ACTION 3

Provide reasoning for choosing the activity: Choose from the Taxonomy by clicking on the “Taxonomy” button. If nothing matches from the Taxonomy, input manually.

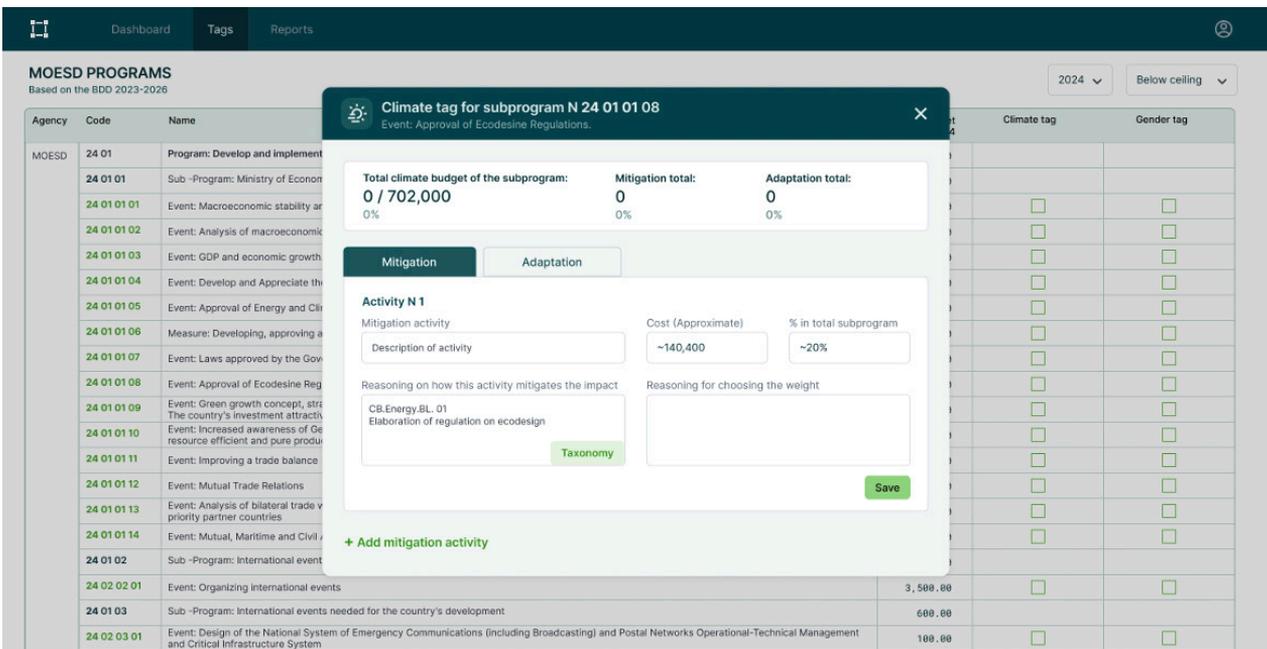


### ACTION 4

Give weight: Either financial amount or percentage of the climate component in the total subprogram budget. The system will automatically convert the percentage into a financial unit and vice versa.

Acceptable inputs are:

- Exact amount, e.g. “20%” or “140,400”
- Approximate amount, e.g. “~20%” or “~ 140,400”
- Any range, e.g. “1-5%” or “100,000-150,000,” the system in this case calculates the average of the inputted range, e.g. for 100,000 -150,000 it will be ~125,000, for 1-5% it will be ~3%



## ACTION 5

Provide reasoning for choosing the weight. Input manually.

MOESD PROGRAMS  
Based on the BDD 2023-2026

2024 Below ceiling

Climate tag for subprogram N 24 01 01 08  
Event: Approval of Ecodesine Regulations.

Total climate budget of the subprogram: 0 / 702,000  
Mitigation total: 0  
Adaptation total: 0

0% 0% 0%

Mitigation Adaptation

Activity N 1

Mitigation activity

Description of activity

Cost (Approximate) ~140,400 % in total subprogram ~20%

Reasoning on how this activity mitigates the impact

CB.Energy.BL\_01  
Elaboration of regulation on ecodesign

Taxonomy

Reasoning for choosing the weight

Since the activity is related to the adoption of the regulations its impact on adaptation is considered as basic. Hence it is estimated as low level.

Save

+ Add mitigation activity

Agency	Code	Name	Climate tag	Gender tag
MOESD	24 01	Program: Develop and implement		
	24 01 01	Sub -Program: Ministry of Econo		
	24 01 01 01	Event: Macroeconomic stability ar		
	24 01 01 02	Event: Analysis of macroeconomic		
	24 01 01 03	Event: GDP and economic growth		
	24 01 01 04	Event: Develop and Appreciate th		
	24 01 01 05	Event: Approval of Energy and Cli		
	24 01 01 06	Measure: Developing, approving a		
	24 01 01 07	Event: Laws approved by the Gov		
	24 01 01 08	Event: Approval of Ecodesine Reg		
	24 01 01 09	Event: Green growth concept, stri		
	24 01 01 10	Event: Increased awareness of Ge		
	24 01 01 11	Event: Improving a trade balance		
	24 01 01 12	Event: Mutual Trade Relations		
	24 01 01 13	Event: Analysis of bilateral trade v		
	24 01 01 14	Event: Mutual, Maritime and Civil		
	24 01 02	Sub -Program: International event		
	24 02 02 01	Event: Organizing international events	3,500.00	
	24 01 03	Sub -Program: International events needed for the country's development	600.00	
	24 02 03 01	Event: Design of the National System of Emergency Communications (including Broadcasting) and Postal Networks Operational-Technical Management and Critical Infrastructure System	100.00	

## ACTION 6

Click on the "Save" button. The system shows in the Total section the mitigation total and total Climate tag in the subprogram budget.

MOESD PROGRAMS  
Based on the BDD 2023-2026

2024 Below ceiling

Climate tag for subprogram N 24 01 01 08  
Event: Approval of Ecodesine Regulations.

Total climate budget of the subprogram: ~140,400 / 702,000  
Mitigation total: ~140,400  
Adaptation total: 0

~20% ~20% 0%

Mitigation Adaptation

Activity N 1

Mitigation activity

Description of activity

Cost (Approximate) ~140,400 % in total subprogram ~20%

Reasoning on how this activity mitigates the impact

CB.Energy.BL\_01  
Elaboration of regulation on ecodesign

Taxonomy

Reasoning for choosing the weight

Since the activity is related to the adoption of the regulations its impact on adaptation is considered as basic. Hence it is estimated as low level.

Save

+ Add mitigation activity

Agency	Code	Name	Climate tag	Gender tag
MOESD	24 01	Program: Develop and implement		
	24 01 01	Sub -Program: Ministry of Econo		
	24 01 01 01	Event: Macroeconomic stability ar		
	24 01 01 02	Event: Analysis of macroeconomic		
	24 01 01 03	Event: GDP and economic growth		
	24 01 01 04	Event: Develop and Appreciate th		
	24 01 01 05	Event: Approval of Energy and Cli		
	24 01 01 06	Measure: Developing, approving a		
	24 01 01 07	Event: Laws approved by the Gov		
	24 01 01 08	Event: Approval of Ecodesine Reg		
	24 01 01 09	Event: Green growth concept, stri		
	24 01 01 10	Event: Increased awareness of Ge		
	24 01 01 11	Event: Improving a trade balance		
	24 01 01 12	Event: Mutual Trade Relations		
	24 01 01 13	Event: Analysis of bilateral trade v		
	24 01 01 14	Event: Mutual, Maritime and Civil		
	24 01 02	Sub -Program: International event		
	24 02 02 01	Event: Organizing international events	3,500.00	
	24 01 03	Sub -Program: International events needed for the country's development	600.00	
	24 02 03 01	Event: Design of the National System of Emergency Communications (including Broadcasting) and Postal Networks Operational-Technical Management and Critical Infrastructure System	100.00	

If the subprogram contains more than one mitigation activity, click on the “Add activity” button and repeat the process as many times as needed.

**MOESD PROGRAMS**  
Based on the BDD 2023-2026

Agency	Code	Name
MOESD	24 01	Program: Develop and Implement
	24 01 01	Sub -Program: Ministry of Econom
	24 01 01 01	Event: Macroeconomic stability ar
	24 01 01 02	Event: Analysis of macroeconomic
	24 01 01 03	Event: GDP and economic growth
	24 01 01 04	Event: Develop and Appreciate th
	24 01 01 05	Event: Approval of Energy and Cli
	24 01 01 06	Measure: Developing, approving a
	24 01 01 07	Event: Laws approved by the Gov
	24 01 01 08	Event: Approval of Ecodesine Reg
	24 01 01 09	Event: Green growth concept, str
	24 01 01 10	Event: Increased awareness of Ge
	24 01 01 11	Event: Improving a trade balance
	24 01 01 12	Event: Mutual Trade Relations
	24 01 01 13	Event: Analysis of bilateral trade v
	24 01 01 14	Event: Mutual, Maritime and Civil
	24 01 02	Sub -Program: International event
	24 02 02 01	Event: Organizing international ev
	24 01 03	Sub -Program: International event
	24 02 03 01	Event: Design of the National Syst

**Climate tag for subprogram N 24 01 01 08**  
Event: Approval of Ecodesine Regulations.

Total climate budget of the subprogram: ~140,400 / 702,000 (~20%)  
Mitigation total: ~140,400 (~20%)  
Adaptation total: 0 (0%)

**Mitigation** | Adaptation

**Activity N 1**

Mitigation activity

Description of activity:

Cost (Approximate):  % in total subprogram:

Reasoning on how this activity mitigates the impact:

Reasoning for choosing the weight:

**Taxonomy**

**Activity N 2**

Mitigation activity:

Cost (Approximate):  Weight(%):

Reasoning on how the activity mitigates the impact:

Reasoning for choosing the weight:

**Taxonomy**

## ACTION 7: ADAPTATION

If the subprogram contains adaptation activities, go to the adaptation tab and repeat a similar process as for tagging a mitigation activity.

**MOESD PROGRAMS**  
Based on the BDD 2023-2026

Agency	Code	Name
MOESD	24 01	Program: Develop and Implement
	24 01 01	Sub -Program: Ministry of Econom
	24 01 01 01	Event: Macroeconomic stability ar
	24 01 01 02	Event: Analysis of macroeconomic
	24 01 01 03	Event: GDP and economic growth
	24 01 01 04	Event: Develop and Appreciate th
	24 01 01 05	Event: Approval of Energy and Cli
	24 01 01 06	Measure: Developing, approving a
	24 01 01 07	Event: Laws approved by the Gov
	24 01 01 08	Event: Approval of Ecodesine Reg
	24 01 01 09	Event: Green growth concept, str
	24 01 01 10	Event: Increased awareness of Ge
	24 01 01 11	Event: Improving a trade balance
	24 01 01 12	Event: Mutual Trade Relations
	24 01 01 13	Event: Analysis of bilateral trade v
	24 01 01 14	Event: Mutual, Maritime and Civil
	24 01 02	Sub -Program: International event
	24 02 02 01	Event: Organizing international events
	24 01 03	Sub -Program: International events needed for the country's development
	24 02 03 01	Event: Design of the National System of Emergency Communications (including Broadcasting) and Postal Networks Operational-Technical Management and Critical Infrastructure System

**Climate tag for subprogram N 24 01 01 08**  
Event: Approval of Ecodesine Regulations.

Total climate budget of the subprogram: 0 / 702,000 (~20%)  
Mitigation total: ~140,400 (~20%)  
Adaptation total: 0 (0%)

Mitigation | **Adaptation**

**Activity N 1**

Adaptation activity

Description of activity:

Cost (Approximate):  % in total subprogram:

Reasoning on how this activity adapts to climate risk:

Reasoning for choosing the weight:

**Taxonomy**

**+ Add adaptation activity**

## ACTION 8

After clicking the “Save” button in the “Total” section, the system shows the total climate budget in the subprogram budget, as well as the total mitigation and adaptation budgets.

The screenshot shows the MOESD PROGRAMS interface with a pop-up window titled "Climate tag for subprogram N 24 01 01 08". The pop-up displays the following information:

- Total climate budget of the subprogram:** ~280,400 / 702,000 (~40%)
- Mitigation total:** ~140,400 (~20%)
- Adaptation total:** ~140,400 (~20%)

The pop-up also includes a form for "Activity N 1" with fields for "Description of activity", "Cost (Approximate)", and "% in total subprogram". The "Reasoning on how this activity adapts to climate risk" field contains the text: "CB.Energy.BL. 01 Elaboration of regulation on ecodesign" with a "Taxonomy" tag. The "Reasoning for choosing the weight" field contains the text: "Since the activity is related to the adoption of the regulations its impact on adaptation is considered as basic. Hence it is estimated as low level." A "Save" button is visible at the bottom right of the pop-up.

## ACTION 9

Close the pop-up window and the climate tag for the tagged subprogram will appear in the table.

The screenshot shows the MOESD PROGRAMS interface with the updated table. The table has columns for Agency, Code, Name, Total budget 2024, Climate tag, and Gender tag. The row for subprogram N 24 01 01 08 now shows the following values:

Agency	Code	Name	Total budget 2024	Climate tag	Gender tag
MOESD	24 01	Program: Develop and implement economic policy	32,402.00		
	24 01 01	Sub -Program: Ministry of Economy and Sustainable Development of Georgia	32,402.00		
	24 01 01 01	Event: Macroeconomic stability and improved investment environment	8,269.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 02	Event: Analysis of macroeconomic statistics and preparation of appropriate account; Assessment of Regulation Impact (RIA)	6,181.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 03	Event: GDP and economic growth.	500.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 04	Event: Develop and Appreciate the Energy Policy of the State	850.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 05	Event: Approval of Energy and Climate Integrated Plan (NECP)	800.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 06	Measure: Developing, approving and enacting by bylaws under the Law on Encouraging Energy Production and Use of Energy Production Sources	800.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 07	Event: Laws approved by the Government of Georgia under the Law of Energy.	450.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 08	Event: Approval of Ecodesine Regulations.	702,000	<input checked="" type="checkbox"/> ~40% Total Mitigat. Adapt.	<input type="checkbox"/>
	24 01 01 09	Event: Green growth concept, strategy, and action plan that will develop a sustainable, green, resource for an effective, inclusive economy in the country. The country's investment attractiveness has increased.	450.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 10	Event: Increased awareness of Georgian companies about the green economy, the resources of effective and clean production. Establishment of resource efficient and pure production clubs throughout Georgia.	450.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 11	Event: Improving a trade balance	800.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 12	Event: Mutual Trade Relations	500.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 13	Event: Analysis of bilateral trade with trading partner countries and preparation of recommendations; Agreement signed with trade-economic nature with priority partner countries	450.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 01 14	Event: Mutual, Maritime and Civil Aviation Agreement	800.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 02	Sub -Program: International events needed for the country's development	3,500.00		
	24 02 02 01	Event: Organizing international events	3,500.00	<input type="checkbox"/>	<input type="checkbox"/>
	24 01 03	Sub -Program: International events needed for the country's development	600.00		
	24 02 03 01	Event: Design of the National System of Emergency Communications (including Broadcasting) and Postal Networks Operational-Technical Management and Critical Infrastructure System	100.00	<input type="checkbox"/>	<input type="checkbox"/>



CLIMATE  
BUDGET TAGGING IN GEORGIA  
Handbook

June 2025