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Climate Scanner Assessment: Report on Public Policy and Climate Finance



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AUDITOR GENERAL'S OFFICE

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EXECUTIVE SUMMARY

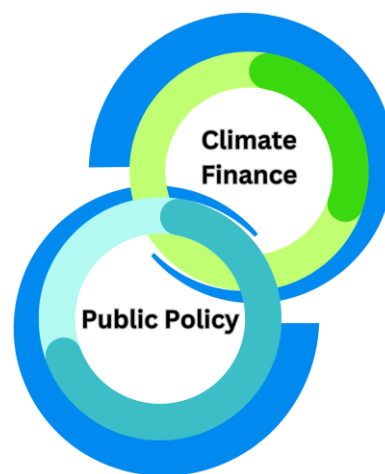
Introduction

Climate change is one of the most critical global challenges of our time, demanding substantial financial and human resources from countries around the world for climate mitigation and adaptation. Supreme Audit Institutions (SAIs) play a vital role in ensuring the efficient and transparent use of these resources. To support this function, the International Organization of Supreme Audit Institutions (INTOSAI) working group on environmental auditing developed the Climate Scanner assessment tool. This project has been led by the Chair of INTOSAI, SAI Brazil and it evaluates government performance across three key areas: governance, public policy, and climate finance. The Auditor General's office of the Maldives contributed to the development of this tool as part of the executive member countries of the project. This report outlined the findings from the Public Policy and Climate Finance axes, with the governance results published separately.

Results

Public policy and climate finance are fundamental pillars in the effort to combat climate change. Effective public policies provide the framework within which nations can design and implement strategies to reduce greenhouse gas emissions and adapt to the changing climate. Additionally, clear and consistent policies at the national level help align efforts with international climate agreements and create the environment needed to drive long-term, sustainable change. The climate scanner assessment focused on international commitments, specifically the Nationally Determined Contributions, the sectoral policies and the overarching strategies on mitigation and adaptation. Overall, the country has achieved a score of 76% in the area of public policy assessed in this evaluation.

Climate finance is equally critical, as mobilizing public and private investments is key to scaling up climate solutions, from transitioning to clean energy to strengthening climate resilience. For developing countries like the Maldives, international climate finance is particularly vital, as they often lack the domestic financial resources required to effectively address the challenges of climate change. For the climate finance axis, the country has scored an overall score of 36%.



Conclusion

The report highlights areas where gaps exist, it also has provided necessary recommendations for the respective entities to improve the efforts on climate action. As such, to enhance public policies, it is recommended to update the mapping of policies to explicitly address their impact on GHG emissions, formulation of low emission development strategies for sectors that currently does not have them in place, updating existing sectoral strategies with national climate goals and international commitments, expediting the development of regulations under the Climate

Emergency Act, accelerating the development of a comprehensive National Adaptation Plan, strengthening institutional capacity through personnel training, articulating clear specifications of requirements for both adaptation and mitigation strategies and establishing effective monitoring, evaluation, and reporting frameworks to track and update these policies regularly.

For climate finance, it is recommended to establish clear definitions and taxonomies for both direct and indirect national climate finance to improve tracking and accountability, developing a climate budget tracking mechanism to monitor climate-related expenditures, complemented by a regular reporting system for domestic finance to enhance transparency, expanding the current international climate mobilization plan to cover multiple funding sources, improving the technical capacity for preparing bankable project documents and establishing a centralized system for tracking and reporting of both international and private climate finance. By addressing the areas of improvement in public policy and climate finance, the country will be better equipped to achieve its climate goals, enhance resilience to climate impacts, and foster sustainable economic growth through effective mitigation and adaptation strategies.

1. Introduction

Climate change is one of the key issues facing the globe today and it encompasses all countries irrespective of geographic locations or regions. Countries around the world must allocate significant amounts of their national resources to address this global crisis. Supreme Audit Institutions have a role in ensuring the efficiency and effectiveness of these resources, in order to maximize the positive impacts of these initiatives to their citizens. This is of more importance to countries such as Maldives that are being disproportionately impacted by climate change with fewer resources available to address this issue.

About Climate Scanner

Given the unique role of Supreme Audit Institutions (SAIs) in providing reliable and independent information that contributes to the transparency of climate action, SAIs share a common interest in developing independent assessments of the use of public resources and the performance of public policies, including those related to climate change. To address this need and to develop a globally harmonized tool for SAIs, the INTOSAI working group on environmental auditing has developed an assessment tool which can gauge the government's performance in climate action in spheres of Governance, Public policy and Finance. The project was led by SAI Brazil, the chair of INTOSAI, with the engagement of 18 other SAIs from various regions, forming the executive group, and the Auditor General's Office of the Maldives was a key contributor to the development of the tool as part of this team. The formulation of the assessment framework also benefited from technical support provided by global organizations such as the United Nations Department of Economic and Social Affairs (UNDESA), the United Nations Development Program (UNDP), the Inter-American Development Bank (IDB), and the World Bank.

The Climate Scanner tool has six main objectives aimed at improving climate action assessment and promoting global cooperation. First, it enables Supreme Audit Institutions (SAIs) to assess their national governments' efforts to address climate change, identifying strengths, challenges, and opportunities for further action. Secondly, it consolidates national data into a global overview that highlights global strengths and challenges in climate action. Further, the tool supports decision-making for future audits by helping SAIs identify areas where audits could address climate-related issues. Moreover, it emphasizes clear communication of results through a web application, presenting data in an accessible format for diverse audiences, including governments, civil society, and citizens. Furthermore, the project fosters knowledge exchange among SAIs from different regions, strengthening their capacity to tackle climate-related challenges. Finally, the Climate Scanner contributes to INTOSAI's global voice, enabling SAIs to coordinate efforts and advocate for solutions to the climate crisis on the international stage. As an SAI from a country that is on the forefront of climate change impacts, we would like to extend our gratitude to the Chair of INTOSAI, WGEA, members of the EG and the international organizations that assisted in the formulation of the framework to enhance accountability of climate actions.

The framework is based on three key axis as mentioned before, Governance, Public Policies and Climate Finance. These are further divided into broad categories. The Figure 1 shows the climate scanner axis and categories organization. This report presents the findings of the assessment for the Public Policies and Public Finance Axis of the Climate Scanner whilst a separate report will be published on Governance Axis.

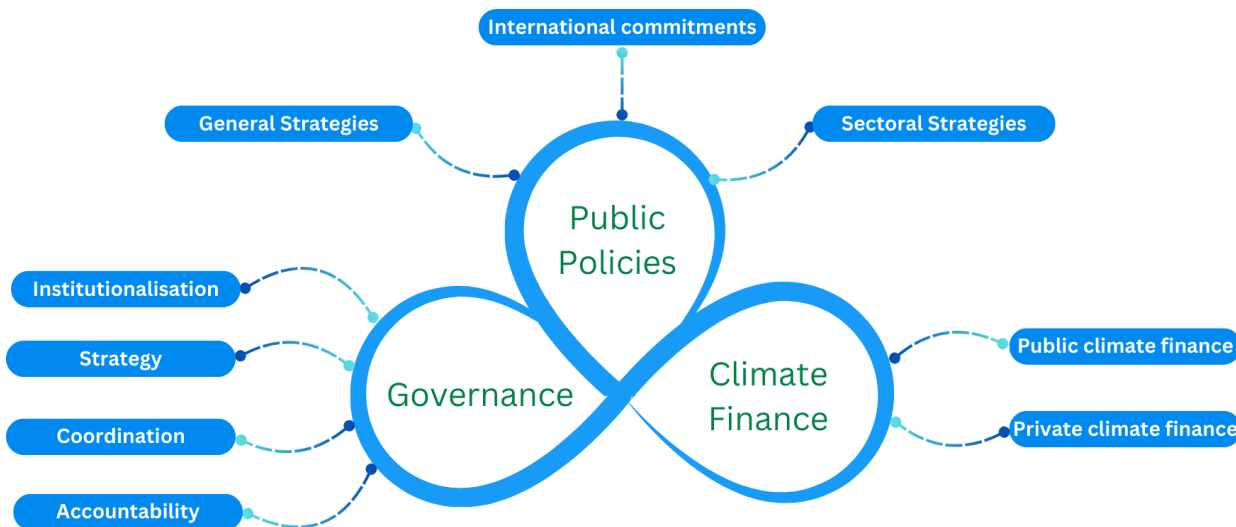


Figure 1: Climate Scanner Axis and Category organisation

2. Scope, assessment Areas and Methodology

The assessment covers the period from 2015 to 2024. In cases where specific procedures require it, the scope has been extended beyond this timeframe. Comments provided by relevant stakeholders on the assessment findings have been taken into consideration, and changes have been made where those comments were supported by sufficient and appropriate evidence. The Climate Scanner assessment covers three key areas within the Public Policies Axis: international commitments, general strategies, and sectoral components. In the Climate Finance Axis, both public and private climate finance have been evaluated, with each area further broken down into specific components. The following graphics provide detailed information on these components and their respective areas.



Figure 2: Assessment areas and components of Public Policy

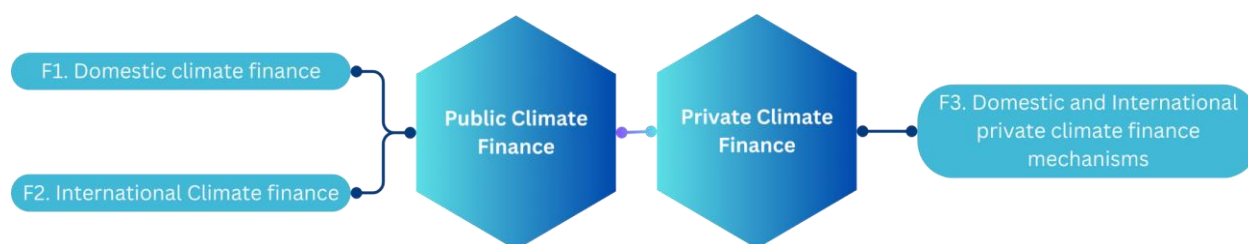


Figure 3: Assessment areas and component of Climate Finance

As for the assessment methodology, the progress of each item under the respective components are examined and categorized into four stages, which are “no implementation,” “early implementation,” “intermediate implementation,” and “advanced implementation.” As the Climate Scanner adopts a rapid assessment methodology, it focuses on whether mechanisms, systems, or policies exist. Therefore, the term “implementation” in this report refers to the existence of certain features for each criterion. In addition to the qualitative classification, a number is assigned for each stage of implementation to derive the progress percentages of the respective items and categories. For each category and component, the average progress of the sub items is taken and represented as the percentage progress respectively. The definitions of the stages are as follows:

Table 1: Definition of result classifications

Level of Implementation	Definition	Numerical Value
No implementation	No relevant aspects of the item are present	0
Early implementation	Few relevant aspects of the item are present, but there is considerable room for improvement	1
Intermediate implementation	Many aspects of item are present, but there is still room for improvement	2
Advanced implementation	All or nearly all relevant aspects of the item are present	3

What we looked at to make our assessment

The Climate-scanner focuses on the central government, and as such, the assessment was based on a review of publicly available documents and information gathered from central government entities relevant to the areas identified in the assessment. These entities include:

- The President’s Office of the Maldives
- Ministry of Tourism and Environment
- Ministry of Finance

The assessment was conducted in accordance with the Climate-scanner framework and handbook. Additionally, as the Climate-scanner is designed to provide a broad overview of the climate change sector, it does not evaluate the effectiveness of specific policies and structures. A more focused and in-depth audit would be required to examine these aspects, which fall outside the intended scope of the exercise. The areas of improvement identified under the climate-scanner exercise will be considered to be taken as performance audit engagements in the future.

3. Results

The following sections of the report present the criteria, current situation, results and recommendations of the areas related to public policy and climate finance that have been assessed through the climate scanner framework.

3.1 Public Policies

Given the gravity of the climate crisis, an urgent and robust response from all nations is essential. National governments play a pivotal role in implementing public policies aimed at reducing greenhouse gas emissions and adapting to changing climate conditions. It’s crucial to evaluate key elements of these policies, including international commitments, mitigation and adaptation strategies, and significant sectoral approaches to effectively address climate change.

3.1.1 International Commitments

Under this category the international commitments, specifically the Nationally Determined Contributions and its updates were assessed. The country has scored 100% in this category.

P1. Nationally Determined Contributions



This component assesses if the Nationally Determined Contribution (NDC) articulates ambitious and updated commitments for the country, in line with the requirements of the Paris Agreement, and if these commitments are broken down into sector-specific targets.

a) Actualization**Rating: Advanced implementation**

Criteria: This item assesses if the NDC is updated in accordance with Article 4 (9) of the Paris Agreement, which mandates that each Party communicates a nationally determined contribution every five years.

Finding: The Maldives submitted its intended NDC in September 2015, followed by an NDC implementation plan in February 2018, and an updated NDC in 2020. By updating its NDC within the required timeframe, the Maldives enhances its credibility and accountability on the global stage, fostering trust among international partners and stakeholders.

b) Ambition**Rating: Advanced implementation**

Criteria: According to Article 4 (3) of the Paris Agreement, the current NDC must exhibit greater ambition than the previous one. This assessment considers various factors, including:

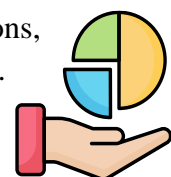
- The overall commitment to reducing greenhouse gas emissions
- Adaptation commitments and the level of detail provided
- Financial commitments and their implications for ambition
- Clarity and transparency of information in the NDC

Finding: The initial NDC included a 10% unconditional reduction and a 24% conditional reduction in greenhouse gas emissions by 2030. The updated NDC proposes a fully conditional target of 26% by 2030. Further, the updated NDC highlights the vulnerability of the country towards external shocks such as the Covid-19 which inhibits the coping capacity and ability to achieve sustainable development. Additionally, the updated NDC expands its focus on adaptation, incorporating two new sectors: infrastructure resilience and disaster risk reduction and management. The financing mechanisms are presented in greater detail, showcasing more systematic actions and ambitious plans for integrating national finance. Overall, the updated NDC demonstrates progression in ambition regarding mitigation and adaptation.

c) Sectoral Contribution to overall commitment**Rating: Advanced implementation**

Criteria: This item assesses the presence of sector-specific goals that contribute to the overall commitments established in the country's NDC. Clearly defined objectives for key sectors can facilitate coordinated efforts towards achieving climate goals.

Finding: The NDC implementation plan outlines project descriptions, goals, actions, implementation timeframes, support needed, and lead agencies for various initiatives. The updated NDC also allocates specific targets for adaptation across key sectors, indicating a structured approach to addressing climate impacts.



3.1.2 General Strategies

This category covers the countries' overarching strategies on Adaptation and Mitigation. The progress in this category is 61%.

P2. Mitigation Strategy



This component assesses the approach employed by countries to mitigate greenhouse gas emissions. It considers whether the national government has mapped the relevant policies for greenhouse gas emissions, the existence of mitigation strategies, the formulation of plans to achieve sector-specific targets, and the consistency of these plans with national strategies.

a) Mapping

Rating: Intermediate implementation

Criteria: To establish measures for the mitigation of emissions, countries need to identify public policies that impact emissions. This item evaluates whether the government has effectively mapped these policies.

Finding: The Ministry of Tourism and Environment informs that as a Small Island Developing State (SIDS) with a negligible share of global greenhouse gas emissions (0.004%), the Maldives approaches mitigation within the context of its sustainable development needs and national circumstance.

While climate-related policies and plans are broadly mapped in national reports, they primarily address overarching climate goals. As such the First Biennial Update Report outlines relevant policies and national plans addressing climate change in the Maldives. An update to the legal and policy framework is further provided in the Maldives' first Biennial Transparency Report. However, as mentioned these mappings are not specific to emissions as they lack emphasis on the impact of emissions, rather it focuses on climate change in general. The lack of specificity in mapping is due to limited human and technical resources. Nevertheless, the Ministry notes that such reviews can be conducted upon request from other line ministries.

As such, we note that Specific mapping exercises would enable the identification of key policies that directly impact emissions, thereby supporting the development of more targeted measures for effective emission reduction. .

b) National Strategy

Rating: Early implementation

Criteria: Another crucial aspect for accomplishing the emission mitigation objectives is the formulation of a dedicated national strategy. This item assesses whether the country has delineated

clear goals and strategies aimed at curbing greenhouse gas emissions, including pivotal policies and activities to facilitate these goals.

Finding: The Maldives has formulated a low carbon development strategy in 2014. This was followed by the Strategic Action Plan (2019-2023) and the enactment of the Climate Emergency Act in 2021, which includes new strategies for emission reduction. While the low carbon development strategy predates the Nationally Determined Contributions (NDC), the Climate Emergency Act aligns with the NDC target of emission reduction. The 2014 strategy outlines specific approaches for various sectors to achieve low carbon development; however, it is now a decade old and has not undergone any revisions. This might be due to insufficient institutional processes for evaluating and adapting the strategy to the current realities.



Meanwhile, the Climate Emergency Act provides a strategic framework for low emissions development, the necessary regulations to operationalize this Act have yet to be developed and published, which is crucial for its effective implementation.

c) Sectoral Plans	Rating: Intermediate implementation
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Criteria: This item evaluates whether sectoral plans establish objectives for reducing emissions in relevant sectors and whether these plans align with national strategies.

Finding: The Maldives' Low Carbon Development Strategy focuses on key sectors like electricity, transport, and waste. The sectors of transport and energy have developed their respective strategies - the Low Carbon Transport Strategy (2014) and the Renewable Energy Roadmap (2020-2030)- which outline the detailed actions needed for reducing emissions of these sectors. However, the waste sector's policy does not specifically reflect on low-emission development. Despite this, measures like the development of waste-to-energy plants are included in the energy sector's roadmap (2024-2033). Additionally, while the energy sector's roadmap is aligned with the Nationally Determined Contributions (NDC), the transport sector's strategy has not yet been updated to reflect the latest commitments. The uneven coverage of sectoral plans may stem from limited resources or capacity to develop detailed, sector-specific strategies, as well as challenges in coordination and funding among subsectors.

To address these gaps, developing sectoral plans with clear emission reduction objectives for all sectors is crucial as it would foster a cohesive approach, ensuring coordinated progress and greater impact toward the country's climate goals.

P3. National Adaptation Plans and Strategies



This section evaluates the Maldives' national adaptation plans and strategies, focusing on existence, coverage, and up-to-date status.

a) Existence of National Adaptation Plan	Rating: Intermediate implementation
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Criteria: This item assesses whether the country has established national adaptation plans or strategies, including documents presented to the UNFCCC according to the Paris Agreement, Article 7 (9).

Finding: The Maldives has developed the National Adaptation Program of Action (NAPA) in 2007 which included the adaptation needs and priority adaptation strategies of the country. The government has also engaged in the adaptation planning process through the development of national strategic plans, sectoral plans, and the updated Nationally Determined Contributions (NDC), which include the updated strategies for adaptation. The country is currently in the process of developing a national adaptation plan under a Green Climate Fund (GCF) funded project, which is in its initial stages. The delay in establishing a formal national adaptation plan may stem from the recent initiation of the process. Additionally, limited technical expertise and inadequate funding may have hindered the formulation of the plan.

The formulation and implementation of a formal national adaptation plan would enhance the country's adaptation efforts by providing a clear, coordinated framework for addressing climate impacts across all sectors.

b) Coverage	Rating: Intermediate implementation
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Criteria: This item assesses whether the government has identified the main sectors for adaptation and if these sectors are included in the adaptation plan.

Finding: The second national communication report published in 2016 identifies sectors most affected by climate change, including land loss, beach erosion, water resources, coral reefs, agriculture, fisheries, human health, and tourism. Although the national adaptation plan has not been formulated, the updated NDC includes overall adaptation strategies for these relevant sectors.

c) Up-to-date	Rating: Intermediate implementation
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Criteria: This item assesses whether adaptation strategies were developed or updated in the last five years.

Finding: The updated NDC, which includes strategies for the main vulnerability areas, was published in 2020. The need to enhance resilience due to increasing climate change impacts, have driven adaptation planning process in the country. Access to updated climate data, technical assistance, and funding may have also contributed to ensuring recent revisions. However, without a comprehensive national adaptation plan, the full benefits of these updated strategies may not be realized across all sectors.

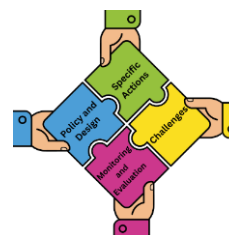
Recommendations

It is recommended for the Ministry of Tourism and Environment to:

1. Update the mapping of public policies to specifically address their impact on GHG emissions
2. Review and update the low carbon development strategy and the low carbon development strategy for transport sector to align with current climate realities, the Climate Emergency Act and the NDC
3. Expedite the development and publication of the regulations under the Climate Emergency Act
4. Develop a comprehensive low-emission development policy that aligns with national climate goals for the waste sector.
5. Expedite the development of the National Adaptation Plan

3.1.3 Sectoral Components

This component assesses the sectors of climate adaptation and mitigation. For mitigation, the scanner requires to cover 40% of total emissions and for adaptation it requires to take of two adaptation sectors. The total progress of the component is 67%.



P4. Sectoral Policies in Climate Mitigation (Energy Sector)

This item evaluates the Maldives' sectoral policies relevant to climate mitigation, focusing on climate policy design, specific actions, implementation challenges, and monitoring and evaluation mechanisms.

a) Climate Policy and Design	Rating: Advanced implementation
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Criteria: This item assesses whether national policies related to the chosen mitigation sector consider the reduction of emissions, including objectives for reducing emissions. For this assessment, energy industry is the chosen sector.

Finding: The emission sectors according to the Maldives’ First Biennial Update Report are categorized as follows: Energy Industry (67%), Transport (25%), Waste (4%), and other sectors (4%). The Maldives' energy policy and strategy expresses an intention to reduce dependency on

imported fossil fuels, with an objective to produce at least 30% of daytime peak electricity load from renewable sources by 2018. Additionally, the Strategic Action Plan 2019 - 2023 (SAP) aims to increase the share of renewable energy in the national energy mix by 20% compared to 2018 levels and to install at least 10MW of solar power under net metering. This demonstrates that the sectoral policies of energy have embedded targets for emissions reductions and shifting emissions from fossil fuels to renewable energy, with specific targets in both the energy policy and the SAP. The establishment of these policies is driven by the need to address climate change and reduce greenhouse gas emissions. The existence of targeted sectoral policies indicates a commitment to mitigating emissions and transitioning towards renewable energy, which can lead to reduced reliance on fossil fuels and improved energy security. However, the effectiveness of these policies hinges on their implementation and the achievement of specified targets.

b) Specific Actions

Rating: Intermediate implementation

Criteria: This item assesses the extent to which policies, programs, and plans detail specific actions needed to achieve set objectives.

Finding: The energy section under the SAP outlines activities and roles. However, it lacks specificity regarding inputs such as budget. The omission of detailed inputs may be due to limited resources or capacity within the government to comprehensively plan and allocate necessary budgets for the outlined actions. While the identification of activities and roles is a positive step, the absence of specified inputs can hinder effective implementation as this may lead to challenges in resource mobilization and execution of the planned actions.

c) Implementation Challenges

Rating: Intermediate implementation

Criteria: This item assesses whether implementation challenges have been mapped and if measures to address these challenges are identified.

Finding: The policy and strategy specific challenges have not been mapped in the policy document of SAP. However, there are other government publications which highlight the challenges and measures the government has taken to address them, such as the Second National Communications (SNC) report. The challenges in the SNC include the isolated nature of the islands necessitates that each island operates its own power generation facility, which presents challenges in achieving efficient energy integration. In addition, it is challenging to integrate solar power into the electricity grid because it is an intermittent source, and the limited storage capacity makes it harder to maintain a stable and reliable power supply. The cost of electricity from solar panels connected to the grid without storage ranges from USD 0.21 to 0.29 per kWh. While adding storage to solar power systems could replace diesel power generation entirely, the cost increases to about USD 0.42 per kWh, making it more practical only for small, less efficient power systems.

To address these challenges, the government has set a policy goal to meet 30% of peak daytime demand with solar PV, supported by various projects and programs in collaboration with development partners. According to the SNC, key regulatory measures have been implemented, including the removal of import duties on renewable energy equipment, the introduction of regulations for independent power producers, and the establishment of feed-in tariffs and, more recently, net metering for domestic-scale renewable energy use.

d) Monitoring and Evaluation Mechanisms	Rating: Early implementation
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Criteria: This item assesses the existence of mechanisms for monitoring and evaluating outcomes of plans and programs to achieve mitigation objectives.

Finding: The SAP includes dedicated sections for monitoring and documenting lessons learned. Quarterly Working Group meetings and annual reporting are integral components of the monitoring framework. The establishment of these mechanisms is intended to ensure accountability and facilitate adaptive management. However, due to the COVID-19 pandemic, these processes have faced significant disruptions, leading to the postponement of meetings and reporting. The pandemic forced a shift in priorities, which impacted the implementation of the SAP monitoring framework. Although mechanisms were established, the inability to follow through on monitoring and evaluation limit the government’s ability to assess progress and make informed decisions based on outcomes. This can hinder assessing the overall effectiveness of the sectoral mitigation policies as well.

P5. Sectoral Policies on Climate Adaptation (Coastal and Water Sector)

This section evaluates the Maldives' sectoral policies relevant to climate adaptation, focusing on climate policy design, specific actions, implementation challenges, and monitoring and evaluation mechanisms. The scanner requires two sectors from adaptation, the chosen sectors are coastal and water.

a) Climate Policy and Design	Rating: Advanced implementation
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Criteria: This item assesses whether national policies related to climate adaptation consider vulnerabilities and incorporate objectives to strengthen resilience.

Finding: For the coastal sector, the Strategic Action Plan 2019-2023 (SAP) Section 4.7 emphasizes resilient communities through Policy 1, which aims to strengthen adaptation actions and build climate-resilient infrastructure to address current and future vulnerabilities. The policy includes infrastructure-specific strategies, such as the development of localized coastal protection and flood mitigation mechanisms in the most vulnerable areas using ecosystem-based solutions. It also focuses on planning-oriented strategies, such as enhancing NDC implementation and improving land-use planning. Further, the Maldives Climate Change Policy Framework (2015) echoes this, focusing on protecting critical infrastructure from sea-related hazards and climate

change impacts. The recognition of the Maldives' unique vulnerabilities, particularly its geographic exposure to climate-related risks, drives these policies. Further the inclusion of adaptation approach in the policies indicates a commitment to building resilience against climate impacts.

Key documents in the water sector include the Water and Sewerage Act (8/2020), the National water and sewerage strategic plan (2020-2025) and SAP which includes the policies and strategies of the sector. The connection between the limited water resources and the impacts of climate change is highlighted in the water and sanitation section of the Strategic Action Plan 2019-2023. As such it mentions the impact of climate change induced sea level on the limited groundwater reserves of the country. Furthermore, strategy 2.1 is designated to ensure the development of climate resilient and cost-effective water supply and sewerage systems whilst strategy 5.1 is aimed at reducing vulnerability of the islands freshwater resources. This consideration stems from the recognition of the impacts of climate change in the water sector and is expected to reduce vulnerability and prepare the sector for future climate-related challenges, ultimately enhancing the country's water security.

b) Specific Actions	Rating: Intermediate implementation
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Criteria: This item assesses the extent to which policies detail specific actions to achieve adaptation objectives.

Finding: In the National Strategic Plan, the policies detail actions, including activities and roles; however, it lacks specificity regarding inputs such as budget. The omission of detailed inputs may be due to limited resources or capacity within the government to comprehensively plan and allocate necessary budgets for the outlined actions. While the identification of activities and roles is a positive step, the absence of specified inputs can hinder effective implementation as this may lead to challenges in resource mobilization and execution of the planned actions.

c) Implementation Challenges	Rating: Intermediate implementation
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Criteria: This item assesses whether implementation challenges have been mapped and if measures to address these challenges are identified.

Finding: The policy and strategy specific challenges have not been mapped in the policy document (SAP). However, there are government publications which highlight the challenges in adaptation sectors and other publications which have collated the lessons learned from adaptation actions in these sectors and are provided as guidance documents. For the water sector, the second national communication and the water and sewerage master plan outlines challenges related to water resource limitations, including variability in rainfall and groundwater contamination. Measures for overcoming these challenges include implementing integrated water resource management, while

keeping energy costs reasonable through integration of renewable energy and increasing rainwater storage at domestic and community level to enhance resilience in case of emergencies.

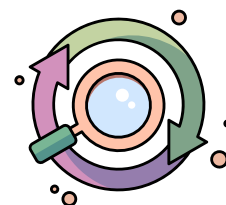
For the coastal sector, the second national communication published in 2016 highlights challenges such as land loss, beach erosion, and vulnerabilities to climate change. Further it outlines constraints, gaps, and capacity needs for the climate change sector as a whole. Moreover, the Government has published a guidance manual for climate risk-resilient coastal infrastructure (2015) which takes into consideration the lessons learned from past challenges in coastal infrastructure development.

d) Monitoring and Evaluation Mechanisms

Rating: Early implementation

Criteria: This item assesses the existence of mechanisms for monitoring and evaluating the outcomes of adaptation plans.

Finding: The SAP includes dedicated sections for monitoring and documenting lessons learned. Quarterly Working Group meetings and annual reporting are integral components of the monitoring framework. The establishment of these mechanisms is intended to ensure accountability and facilitate adaptive management. However, due to the COVID-19 pandemic, these processes have faced significant disruptions, leading to the postponement of meetings and reporting. The pandemic forced a shift in priorities, which impacted the implementation of the SAP monitoring framework. Although mechanisms were established, the inability to follow through on monitoring and evaluation limit the government’s ability to assess progress and make informed decisions based on outcomes. This can hinder assessing the overall effectiveness of the sectoral adaptation policies as well.



Recommendations

It is recommended for the Ministry of Tourism and Environment to:

1. Ensure that adaptation and mitigation sector strategies include inputs such as required budget.
2. Establish and implement comprehensive monitoring and reporting frameworks for the sectoral policies on adaptation and mitigation.

3.2 Climate Finance

While there is no multilaterally agreed definition of climate finance, the UNFCCC refers to climate finance as local, national or transnational financing drawn from public, private and alternative sources of financing – that seeks to support mitigation and adaptation actions that will address climate change. In accordance with the principle of “Common but differentiated responsibility and respective capabilities” set out in the Convention, developed country parties are

to provide financial resources to assist developing country parties in implementing the objectives of the UNFCCC. Climate finance is needed for mitigation, because large-scale investments are required to significantly reduce emissions. Climate finance is equally important for adaptation, as significant financial resources are needed to adapt to the adverse effects and reduce the impacts of a changing climate.

3.2.1 Public Climate Finance

Under this component, the domestic and international climate finance areas will be assessed. For international climate finance, the scanner provides two options, one for provider countries and one for recipient countries. As Maldives is a small island developing nation the recipient country option is taken for the assessment. The progress of the component is 50%.

F1. Domestic Climate Finance

This section evaluates the domestic climate finance mechanisms, focusing on planning and budgeting, direct and indirect finance tracking, and reporting.



a) Planning and Budgeting	Rating: Intermediate implementation
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Criteria: This item assesses whether budgetary instruments align with domestic climate goals, plans, and strategies, and if they identify funds related to carbon-intensive activities and perverse subsidies.

Finding: The national budget includes a dedicated section on renewable energy, highlighting ongoing efforts and references the commitment under the Nationally Determined Contributions (NDC). Further, allocations are made for sectors vulnerable to climate change, such as coastal protection and water resources under the public sector investment program. The fiscal risk statement published by the Ministry of Finance does include climate change as a key risk factor to the budget. Impacts from climate change and disasters are noted as drivers that demand more investment into the public infrastructure in order to increase the resilience of communities. Although the budget provides information on the subsidies provided by the government, it does not discuss these through the lens of perverse subsidies. Further, the budget does not specifically identify carbon-intensive activities. However, as previously noted, the Maldives, as a Small Island Developing State (SIDS), contributes only a negligible share to global greenhouse gas emissions.



Although the Ministry of Finance and Planning informed that the limited integration stems from challenges in data availability, we note that identifying carbon-intensive actions and perverse subsidies would help to prevent the support for activities that undermine climate goals.

b) Direct Finance Tracking**Rating: Intermediate implementation**

Criteria: This item assesses whether the national government has a classification system for identifying direct climate finance and systems for tracking these funds.

Finding: Climate finance tagging is carried out under the New Policy Initiative applications during budget cycle. As per the recommendations report under the CBIT project, climate finance tagging would be more beneficial from enhanced guidance and clarity to improve accuracy and effectiveness. As such, establishing a verification role for Ministry of Tourism and Environment, would support more consistent classification and tracking of climate-related investments. Further, the Maldives lacks a formal taxonomy defining direct climate finance and the integrated climate financing strategy states that all development financing is considered climate finance, but this approach may dilute the focus on investments that genuinely align with climate goals. However, the Ministry of Finance is currently working to formulate a Disaster and Climate Budget Tagging (DCBT) System, and the Ministry informs that the exercise will help in a climate finance typology. The complexity of categorizing direct climate finance across various sectors may contribute to the absence of a clear tracking system thus far.

Establishing a defined system would enable the government to enhance effectiveness in monitoring investments for climate actions, improving resource allocation and accountability.

c) Indirect Finance Tracking**Rating: No implementation**

Criteria: This item assesses if the national government has a definition of indirect climate finance and systems for tracking these funds.

Finding: Currently there is no established taxonomy for identifying indirect climate finance, nor are there systems in place to track these funds. The absence of clear definitions prevents effective identification of investments contributing to climate objectives. The lack of comprehensive frameworks to categorize indirect climate finance may hinder efforts to optimize climate-related investments, further this gap may result in financial contributions to climate resilience going unreported.

d) Reporting**Rating: No implementation**

Criteria: This item assesses whether the government has mechanisms for regularly reporting on domestic climate finance, including direct and indirect finance, carbon-intensive budgets, and perverse subsidies.

Finding: The government does not have a systematic mechanism for reporting climate finance. Reporting occurs sporadically and is driven by international requirements. The Biennial Update Report (BUR) acknowledges the absence of systematic data collection and challenges in accessing

climate finance data. Establishing a systematic reporting framework would improve accountability, enable more effective assessment and communication of progress, and enhance the government’s ability to access international climate finance.

F2. International Climate Finance



This section evaluates the Maldives' mechanisms for mobilizing international climate finance, focusing on needs assessment, sources identified and mobilized, disbursement oversight, and reporting.

a) Needs Assessment	Rating: Advanced implementation
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Criteria: This item assesses whether national governments have identified their own needs for international climate finance, considering the level of detail, cost estimations, systematic identification, and reporting of financial needs.

Finding: The government has published a national strategic framework to mobilize international climate finance for 2020-2024, which identifies areas where financing is needed. The framework is organized into policy goals, objectives, and strategies. Cost estimations are provided for specific projects, particularly in relation to the Green Climate Fund (GCF). The needs assessment is systematically aligned with the government's strategic action plan for 2019-2023, and the report detailing the financial needs is publicly available on the Ministry's website.

b) Sources Identified and Mobilized	Rating: Intermediate implementation
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Criteria: This item assesses the government's capacity to identify and mobilize climate finance sources, focusing on the identification of sources, mechanisms for mobilization, and success in securing funds.

Finding: The government has published a national strategic framework to mobilize international climate finance, which includes detailed project descriptions, estimated budgets, lead entities, and timelines. The Climate Change Department of the Ministry of Tourism and Environment serves as the National Designated Authority and has demonstrated its capacity to mobilize climate finance over the years. Despite mobilizing some funds, progress in this area has been slow. In accordance to the Ministry of Tourism and Environment, the complexity of existing funding mechanisms, marked by stringent eligibility criteria, lengthy approval timelines, and extensive data and assessment requirements, often makes it difficult to mobilize the resources necessary for timely and effective implementation. These challenges are further compounded by the limited availability of nationally accredited entities, due in part to the demanding and resource-intensive accreditation process. In contexts with constrained technical and financial capacity, such as Small Island

Developing States (SIDS), the process of preparing project proposals and fulfilling due diligence requirements can be burdensome. Moreover, the time taken to navigate these processes often means that local circumstances, priorities, and vulnerabilities evolve before funding is even secured, reducing the responsiveness and relevance of interventions. Further the Ministry adds that these systemic barriers highlight the urgent need to reform the international climate finance architecture, making it more accessible, responsive, and fit-for-purpose for vulnerable countries facing the frontlines of climate change. Streamlining procedures, simplifying access pathways, and better aligning funding with country-driven needs are essential to ensure that climate finance truly supports resilience and long-term development goals.

In addition, enhancing the government's capacity deployed to mobilize climate finance and diversifying the existing framework to target a broader range of donors would aid in accelerating the mobilization of climate finance, enabling faster implementation of climate action.

c) Disbursement Overseen

Rating: Early implementation

Criteria: This item assesses the extent to which the government has mechanisms to oversee the use of international climate funds, including tracking received funds and identifying project objectives and accomplishments.

Finding: The Maldives works with various international donors on climate change projects. While each donor has its own mechanisms in place for monitoring the use of funds, the country lacks a single-entry or central tracking system on the use of these funds. As a result, tracking is not straightforward as there is no systematic collection or archiving of data, making access and reporting challenging. Data on international climate finance is reported on ad hoc basis. As such, it is reported in the Biennial Update Report (BUR) and the climate financing strategy, but these reporting do not indicate whether project objectives have been achieved. Additionally, there are gaps in reporting regarding technical assistance and programs implemented by councils, NGOs, and the private sector. The reliance on ad hoc methods for tracking and oversight limit the government's ability to effectively report on climate finance.

Recommendations

It is recommended for the Ministry of Finance and the Ministry Tourism and Environment :

1. Strengthen coordination between the two Ministries to integrate climate goals into national budgets more effectively.
2. Establish clear definitions and taxonomies for both direct and indirect climate finance, develop and implement a climate budget tracking system and create a centralized routine reporting mechanism for all domestic and international climate finance.
3. Diversify the existing strategic framework intended to mobilize the international climate finance to target a broader range of donors and strengthen technical capacity for preparing project documents necessary to secure funding.

3.2.2 Private Climate Finance

The component evaluates the key aspects of private climate finance. The total progress of this component is 22%.

F3. Private Climate Finance



This section assesses the Maldives' mechanisms for mobilizing private climate finance, focusing on mobilization mechanisms, tracking, and reporting.

a) Mobilization Mechanisms

Rating: Intermediate implementation

Criteria: This item assesses how prepared national governments are to mobilize private finance for climate mitigation and adaptation activities. Considerations include the existence of strategies for mobilization, mapping of potential funding sources, mechanisms for enabling fund mobilization, and recent success in securing private funds.

Finding: Under the Climate Change Policy Framework, strategies for sustainable financing have been developed inclusive of mobilizing private climate finance. These strategies aim to strengthen the leveraging of private finance to the fullest extent possible, while also creating an enabling environment to support the involvement of public, private, NGO, and community in accessing climate finance. In the Maldives, tourist resorts have been implementing climate adaptation measures using their own investments. Additionally, the government has launched projects to enhance the private sector's capacity to invest in and engage with mariculture as part of fisheries sector diversification. However, the performance audit conducted on the mariculture project highlighted challenges regarding the sustainability and effectiveness of its outcomes. Private climate finance has also been mobilised for the renewable energy sector. The budget book emphasizes the importance of public-private partnerships (PPPs) in advancing renewable energy projects, with a substantial portion of solar projects in the Maldives being implemented under this model. Ultimately, mobilizing private finance for climate action strengthens sector resilience, fosters innovation, drives economic growth, and creates valuable investment opportunities.

b) Private Finance Tracking

Rating: No implementation

Criteria: This item assesses the government's ability to track the use of private climate finance and identify the activities funded. The assessment considers whether there are tracking mechanisms in place and the level of detail available.

Finding: The Maldives lacks a formal mechanism to track private climate finance. The Biennial Update Report (BUR) highlights gaps and challenges in mapping private finance, even in ad hoc engagements. Currently, no structured system exists to monitor or evaluate private sector

investments in climate-related activities. According to the Ministry of Tourism and Environment, tracking private climate finance remains a challenge, as its mobilization and use are fragmented and largely at the discretion of private entities, an issue further compounded by existing legal frameworks and institutional mandates that do not currently facilitate effective monitoring. This absence of a formal tracking mechanism prevents the government from effectively monitoring how private funds are utilized.

c) Reporting	Rating: No implementation
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Criteria: This item assesses the mechanisms in place for reporting on private climate finance, considering whether the government issues regular reports, the completeness of those reports, and public accessibility.

Finding: There is no official mechanism for reporting private climate finance in the Maldives. As mentioned before, reporting on climate finance itself occurs on an ad hoc basis, resulting in significant data collection gaps and transparency issues. The BUR acknowledges challenges in tracking private investments, particularly in sectors like tourism, where resorts engage in climate adaptation and mitigation efforts that remain largely unrecorded. The development and implementation of a formal reporting system would assist the government to assess the scale and impact of private climate finance in the country.

Recommendations

It is recommended for the Ministry of Finance and the Ministry of Tourism and Environment:

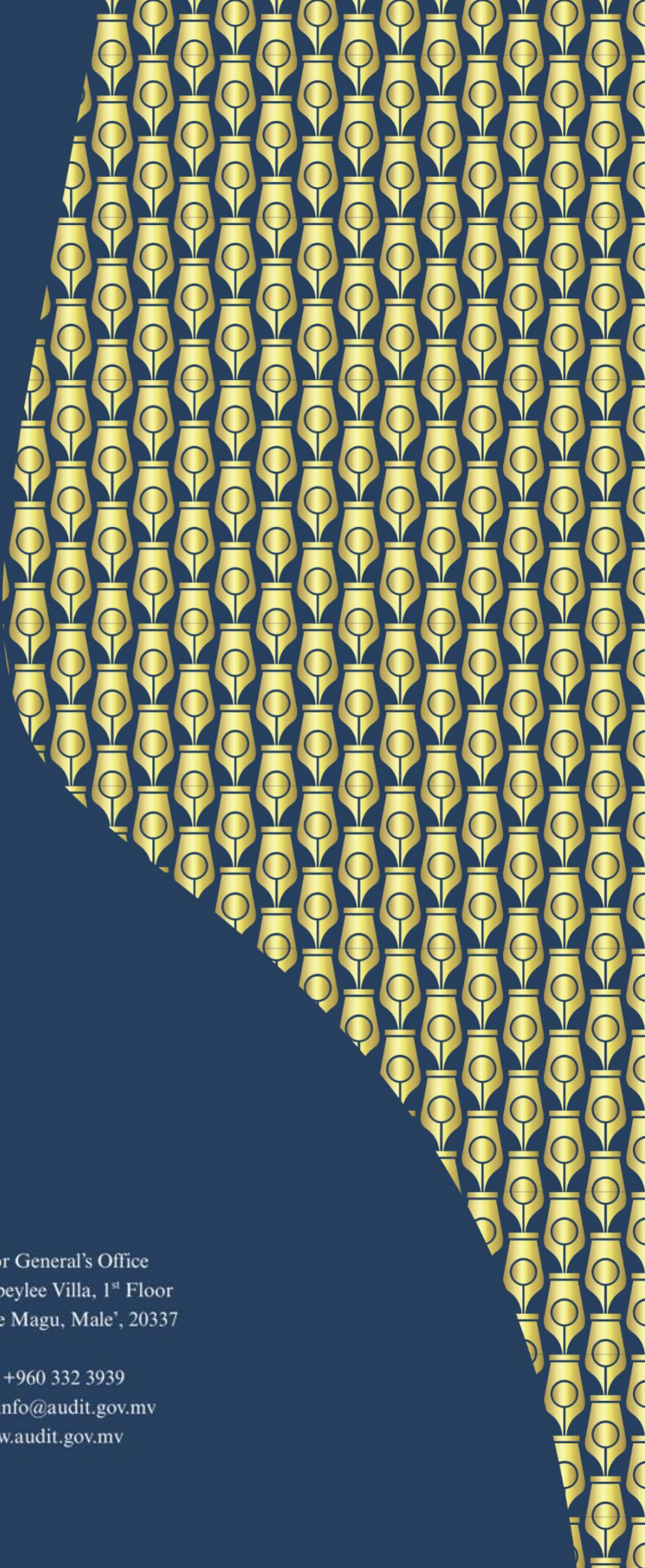
1. Create formal systems for tracking and reporting private climate finance.
2. Foster collaboration between the government and private sector stakeholders to identify additional potential investment opportunities and promote climate finance initiatives.

28th May 2025



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