

The background of the slide is a photograph. The top portion shows modern, multi-story buildings with glass facades and balconies. The bottom portion shows a large, active fountain with many jets of water spraying upwards. The overall scene is bright and clear, suggesting a sunny day.

What We Heard: Municipal Climate Budgeting and Disclosure Workshop Summary

ICLEI Canada | November, 2023

Introduction

We released ***Up for Discussion: Climate Budgeting and TCFD*** in August 2023 to define Climate Budgeting and Task Force on Climate-related Financial Disclosures (TCFD), provide our perspective on these new and emerging trends, and share questions we are asking as we advance with this work. More recently, as part of the **2023 Livable Cities Forum**, we were joined by experts and municipal representatives that have used climate budgeting and the TCFD as part of their annual reporting to discuss these concepts and questions via an interactive workshop. Now, in ***What We Heard: Municipal Climate Budgeting and Disclosure Workshop Summary***, we share the outcomes of this workshop as we continue to explore and discuss these ideas.

Workshop Description

In the workshop, participants learnt how N-ZAP is working to help local governments monitor and disclose progress towards GHG mitigation goals, and about efforts to integrate net-zero accounting and climate budgets into municipal level decision making. They also heard from experts on climate budgeting and disclosure along with municipalities that have used the TCFD as part of their annual reporting about the benefits of applying these tools at the local level and how to avoid common pitfalls. Finally, an interactive exercise helped participants think about how these concepts can be applied in their communities.

This workshop took place on September 26 in Mississauga, Ontario as part of the 2023 Livable Cities Forum.

Presentations

- **Municipal Climate Budgeting and Disclosure Working Definitions**, presented by Megan Meaney, Executive Director, ICLEI Canada
- **Municipal Net-Zero Action Research Partnership (N-ZAP)**, presented by Dr. Amelia Clarke
- **Mississauga's ESG Reporting Journey**, presented by Wes Anderson, Manager, Business Planning & Financial Services, City of Mississauga
- **Climate Related Financial Disclosure: Institutionalizing Climate Reporting**, presented by David MacLeod, Sr. Environmental Specialist, City of Toronto

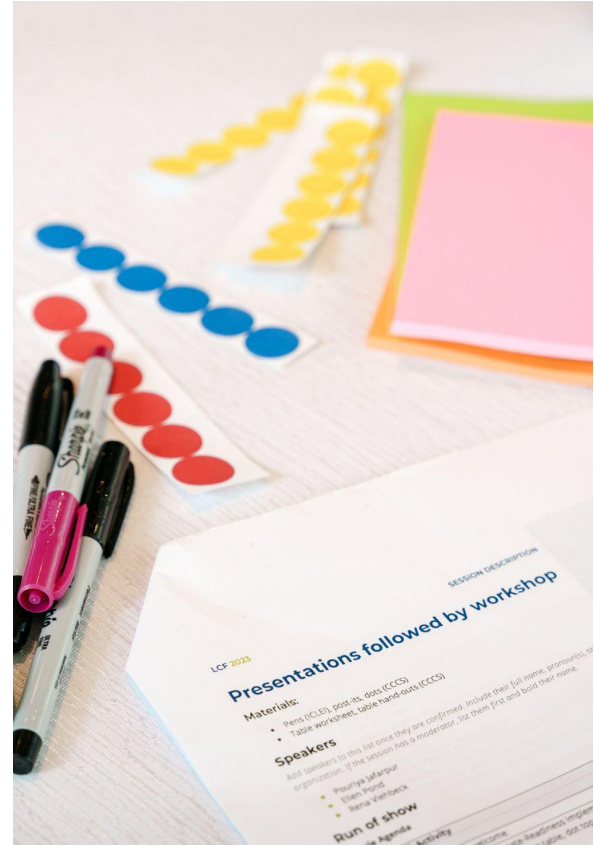
WHAT WE HEARD

Terminology

Our working definition of Climate Budgeting is:

A governance system that integrates climate action decisions into the financial budgeting process and mainstreams climate processes throughout operations, roles, and responsibilities of all departments. This addresses both physical climate risk and greenhouse gas emissions, dealing with both climate mitigation and climate adaptation.

There is much discussion and debate over this working definition. Is the term “Climate Budget” really the best way to convey the concept of a governance system and oversight process, when a financial budget isn’t typically described as such? Do we have the means to confidently include GHG projections and adaptation considerations? Can corporate and community applications fall within the same system? How does this system coincide with the application of a climate lens? While Climate Budgeting is a promising concept, there is no common understanding of what it is let alone what can be achieved by using it.



WHAT WE HEARD

Terminology

Our working definition of TCFD is:

TCFD is a term often used to describe climate-related financial disclosures. The Task Force on Climate-related Financial Disclosures (TCFD) was created by the Financial Stability Board, an international body that monitors and makes recommendations about the global financial system.

Recommended disclosures include reports on governance, strategy, risk management, metrics, and targets related to climate adaptation and mitigation. These disclosures are to be presented in mainstream financial reports alongside other material information on a company's financial performance, position, and prospects. It was recently announced by the FSB that the TCFD's monitoring responsibilities would be transferred to the International Sustainability Standards Board (IISB).

While the term TCFD or climate-related financial disclosure isn't well known, awareness is quickly developed to appreciate that this is referring to transparent governance, informed risk assessment and evidence-based decision-making. At the moment, only large municipalities have the capacity to take this on, but medium sized municipalities are watching closely. Questions remain about the prioritization and relevancy of disclosures on non-municipally owned assets within a municipal financial statement.



WHAT WE HEARD

Buy-In / Institutionalization

How can municipal practitioners institutionalize a climate budgeting governance process? What political, institutional, management, staffing steps need to be taken?

Many ideas came out of this workshop, including a focus on advocacy to make climate budgeting governance processes a requirement and support its alignment with core services. Capacity building through piloting, training and case studies needs to be developed to support practitioners, demonstrate value and advance the field.

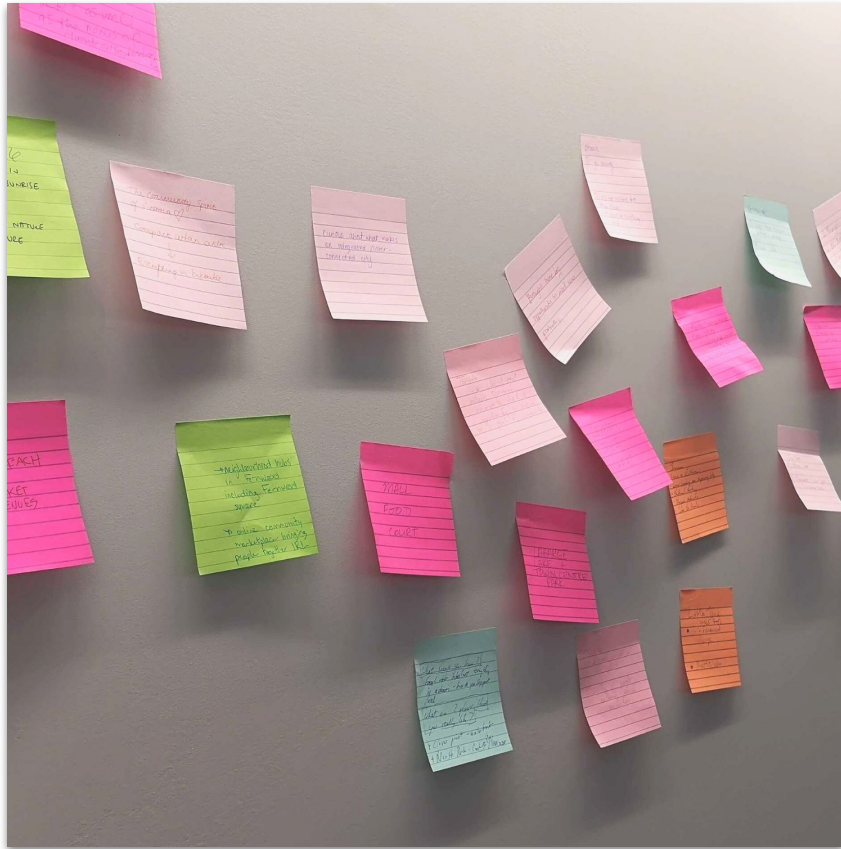
WHAT WE HEARD

Buy-In / Institutionalization

What challenges do we expect municipal practitioners to face over the course of institutionalizing and implementing climate budgets and climate-related financial disclosures?

Institutionalizing and implementing climate budgets and climate-related financial disclosures will not be without its challenges. Municipal staff constantly face the pressures of competing priorities, particularly those of housing and affordability in recent years. Buy-in from internal staff across financial and climate departments will be challenging, given they come from different areas of expertise. Conflicting methodologies and interpretation of tools, standards and methods will continue to be a challenge, as it is with current carbon accounting practices. And finally, financing this work is expected to be a challenge – from sourcing staff with competing priorities to allocating budgets for consulting expertise.





WHAT WE HEARD

Standardization

Should climate budgeting and climate-related financial disclosure be mainstreamed across Canadian municipalities as a means to realize our climate targets? How? Are they more pertinent to larger, medium, small municipalities?

The overwhelming response to this question was yes: standardization is necessary for communities of all sizes. Standardization is important for cross-municipal comparability and also to ensure small and medium municipalities are able to allocate time and resources to the work beyond what they can take on voluntarily. A staggered approach to standardization was recommended, allowing time for capacity and expertise to develop.

WHAT WE HEARD

Standardization

Should we be seeking a more standardized approach to climate budgeting and climate-related financial disclosure under a voluntary system, and will that allow for sufficient cross industry comparability? How?

There was little concern for cross-industry comparability among the workshop participants. The primary concern was that of cross-municipal standardization and comparability – for which there was strong support.





WHAT WE HEARD

Implementation

What tools/frameworks/supports exist to support municipal practitioners? What are the gaps and what can they be filled with?

Among the workshop participants, many tools/frameworks/supports are already used, including Contractions + Convergence, Equity Reference Calculator, Climate Lens (catch all term), CDP-ICLEI Track, the TCFD Knowledge Hub, Ecological Footprint and Tools for Natural Asset Inventories. Gaps that need to be filled include standardization of natural asset evaluation, asset management system guidance, tools to measure GHG actions, emissions trend data, and access to utility data.

WHAT WE HEARD

Implementation

How can these new and emerging trends allow us to address climate equity, diversity and inclusion priorities in a meaningful way?

These governance systems need to factor in long-term relationship building and representation in order to take EDI considerations beyond tokenism. Commitments to this process and regular reporting against it with meaningful indicators is necessary, as is the internal education in relationship development and power dynamics to mobilize over time. We need to develop ways of engaging with marginalized groups that support their needs and perspectives.





WHAT WE HEARD

Implementation

How can these new and emerging trends allow space for Indigenous ways of knowing to shape climate solutions and governance?

Discussions in the workshop stressed the need for changing our value system and acknowledging that the western perspective is not the only way. There is concern for putting dollar values on nature, particularly to the relative value of different natural assets. Climate solutions can have more or less value to different groups, depending on their perspectives. Two-eyed seeing can be a guiding principle for intercultural collaboration, meaning with one eye we view the world through Indigenous ways of knowing and with the other eye, we view the world through Western, or Eurocentric, ways of knowing.

About Us

ICLEI — Local Governments for Sustainability is a global network of more than 2,500 local and regional governments committed to sustainable urban development. Active in 125+ countries, we influence sustainability policy and drive local action for low-emission, nature-based, equitable, resilient, and circular development. Our Members and team of experts work together through peer exchange, partnerships, and capacity building to create systemic change for urban sustainability.

We provide a wide range of services for local, provincial, and federal governments in support of developing sustainable, climate-ready communities. This support includes but is not limited to:

- Adaptation and resilience planning: Working with communities to develop collaborative and implementation- focused resilience plans.
- Energy and emissions planning: Supporting communities as they reduce their energy and emissions and move towards a low-carbon future.
- Capacity building: Providing opportunities to build expertise locally on climate change, sustainability, and resilience.

The ICLEI Canada team has over 100 cumulative years of experience in the municipal sector and in non-profit organizations. Our work happens across Canada, also known as Turtle Island, which has traditionally been and is home to many diverse First Nations, Inuit, and Métis peoples since time immemorial.

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