

PFM4CA Pilot Executive Briefing: Greening Public Financial Management

CLIMATE RISK WORKSHOP

Organization: MINISTRY OF FINANCE

Physical risks for a 3.0°C+ scenario: Current Policies

To evaluate physical risks, you are asked to consider the “Current Policies” scenario:

Current Policies assumes that only currently implemented policies are preserved, leading to high physical risks. Emissions grow until 2080 leading to about 3 °C of warming and severe physical risks. This includes irreversible changes like higher sea level rise. (Network for Greening the Financial System NGFS, 2024)

Useful information for assessing physical risk under the Current Policies Scenario is available on pages 26-32 of NGFS (2021), [Climate Scenarios for central banks and supervisors June 2021](#). Please consult this material. It contains useful information.

You might also find the following useful in thinking about the distribution and impact of physical risks in a hot house world (i.e., 3.0°C+ scenario): IPCC (2023), [Change Change 2023. Synthesis Report, Section 3: Long-Term Climate and Development Futures](#), pg.68-78.

Instructions for the assignment:

You are a team of advisors to the MOF who have been tasked to:

- (i) identify the climate-related risks of the country under the given scenario;
- (ii) undertake a preliminary analysis of transmission of these risks into fiscal risks;
- (iii) try to “qualify” the magnitude of these potential fiscal impacts, e.g. low, medium, or high; and
- (iv) formulate some recommendations about how the MOF’s operations and strategy might change to address potential climate-related fiscal risks. You should provide a rationale for these recommendations.

Please CHOOSE A COUNTRY.

You will be asked to present your findings to the cohort of your peers.

