



Webinar on Green Budgeting

VIRTUAL (WEBEX)

10th January 2025



THE ENERGY AND RESOURCES INSTITUTE
Creating Innovative Solutions for a Sustainable Future



ENERGY



AGRICULTURE



ENVIRONMENT



HABITAT



RESOURCE
SECURITY



CLIMATE



HEALTH
& NUTRITION

Demystifying Green Budgeting



Time

Goal 1

(existing resources)

**Tasty food and
hunger
satiation**



Goal 2

(existing resources)

Health lifestyle



Goal 3

(existing resources)

**Healthy and
green lifestyle**



Analogy – policy goals change over time (so do implementation)

Demystifying Green Budgeting



Transport	Food	Appliances
1. Public transport: 1000 2. Private car: 4000	1. Home-made food from organic produce: 500 2. Food from restaurant: 4500	1. Energy efficiency bulbs and solar bulbs: 1500 2. Regular appliance: 3500
Budget: INR 5000 Green budget: 1000	Budget: INR 5000 Green budget: 500	Budget: INR 5000 Green budget: 1500
Total budget: INR 15000 Green budget: INR 3000 % Share of green budget: 20%		

Structure

- Basics of Green Budgeting
- Green Budgeting Approach
- The Way Ahead

Green Budgeting Portal


greenbudgeting.teriin.org




Toolkit



Pro-forma

Download 

Download 



Green Budget Statement Structure

Download 

Download 



Primer on green budgeting

Download 



Presentation on green budgeting

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Basics of Green Budgeting

What is Green Budgeting?

Working definition of “green budgeting”

Every year, government entities such as ministries, departments, directorates, boards, councils, and commissions contribute to the Green Budget by specifying schemes with environmental sustainability components and estimating the public expenditure allocated for these purposes in the state budget.

FOR NOW...

- Expenditure and budget allocations
- Scheme-based / budget-line based
- Gross budgeting (not netting out non-green expenditures)
- Getting departments to engage with the topic of environmental sustainability

Green budgeting is not:

~~Green accounting~~ | ~~Green GDP~~ | ~~Carbon budget~~ |
~~Natural resource accounting~~

Climate budgeting is a subset of green budgeting.

Green Budgeting: Why is it Important?

Public spending and the process of revenue raising can have huge impact on the environment, both beneficial and detrimental.

‘Whole of government’ approach is needed for environmental sustainability and it is essential that environment is mainstreamed across departments and sectors.

Green budgeting is a tool that can contribute to institutionalisation and integration of environment and promote a system-wide approach.

Six Pillars of Green Budgeting

Mainstreaming

Resource allocation

Planning, coordination and innovations

Transparency and accountability

Evaluation and monitoring

Policy signals

Green Budgeting: Principles

Principle 1: Green budgeting will follow a bottom-up process for identifying components of schemes that contribute to environmental sustainability.

Principle 2: Green budgeting exercise will align with public policy priorities of the state and to universal sustainable development goals related to environment in areas such as climate, water, energy, ecosystems, and responsible consumption and production.

Principle 3: Green budgeting exercise will seek to mainstream environmental sustainability by involving departments and promotion of innovations within existing schemes/ budget-lines and fiscal space.

Principle 4: Green budgeting exercise will be mainstreamed through institutionalization of transparency and accountability of resource allocation for the environment.

Principle 5: Green Budgeting will progressively become more detailed with iteration.

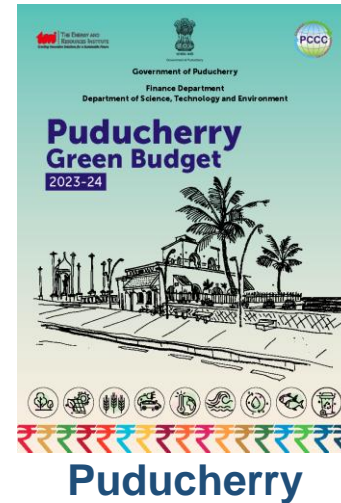
Issue-based Budgeting

Other issue-based budgeting exists – gender budgeting (Statement 13); child budgeting (Statement 12) in union budget; also implemented by state/ UTs.

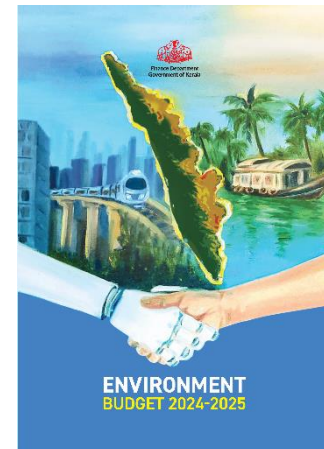
Bihar became the first state to implement green budgeting. Puducherry became the first Union Territory to adopt the policy innovation of green budgeting.

Assam has prepared green budget; Kerala has prepared environmental budget; Meghalaya and Odisha have implemented climate budget.

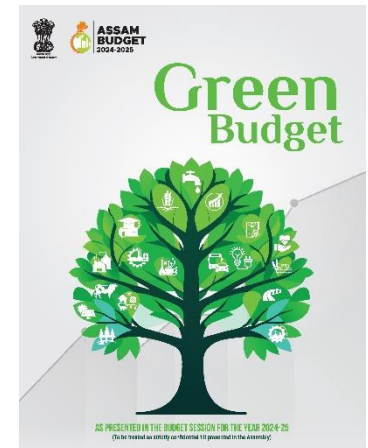
Opportunity to put in place an SDG and NDC/ SAPCC linked budgetary process.



Bihar

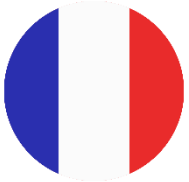


Kerala



Assam

International Experience



France: Categorizes budget items as "favorable," "neutral," or "unfavorable" in terms of environmental impact.



Indonesia: Focus on climate adaptation & mitigation within budget preparation



Philippines: Introduced climate budget tagging



Italy: Tracks progress and assesses impact on individuals and businesses and uses tagging



European Union: Monitors climate spending in European Structural & Investment Funds.

Green Budgeting Approach

Steps for Green Budgeting

Step	Activity
Engage with stakeholders	Prepare material for orientation and consultations including pro-forma
	Stakeholder engagement and capacity building to enable design of effective processes to facilitate green budgeting. The objective is to raise awareness on the process and pro-forma.
Finalize pro-forma for green budgeting	Develop of pro-forma for seeking inputs on green budgeting by ministries/ departments
	List categories for green budgeting in terms of themes and activities
Institutionalize process	Finance Ministry/ Department issues circular. Technical process can be facilitated by the environment ministry/ department.
	Ministries/ departments provide information using the pro-forma and calculate green budget components of their departmental budgets
	Collation of total budget allocation/ expenditure for each scheme – six categories
Preparing the green budget statement	Undertake SDG, theme and activity mapping/ tagging for the information provided by the state department
	Estimation of green proportion from the identified scheme/ initiatives budgets and placing them in various categories
	Preparing the green budget statement and organizing information according to the various quantitative and descriptive information.

Limitations

Green budgeting as a first step seeks to serve as an accounting tool for reporting environmentally beneficial and an environment promoting expenditure and policy actions that can help inform stakeholders on: Who spends (which government ministry/ department) money on what environment promoting activities, how much do they spend, and for which aspect do they spend.

1. The analysis of the budget expenditures is not sufficient to evaluate the compliance with national/ international environment goals/commitments.
2. Analysis of only the expenditure side does not tell the full story.
3. The green budget does not evaluate the efficiency of environmental expenditures.

The limitations, however, cannot take away the advantages of such an exercise. This exercise has the potential to bring together work streams on climate change, biodiversity, sustainable energy, sustainable urbanization, responsible consumption and production, ecosystems, environmental policy, budgeting, and tax policy, and inclusive sustainable growth

Dimensions of Green Budgeting

Themes

Activities

SDGs

Environmental
impact

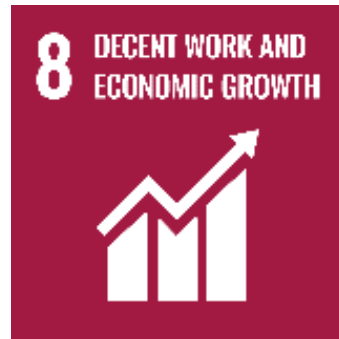
Emerging Themes for Green Budgeting

1. Agroforestry
2. Biodiversity, wildlife, and ecology (coasts)
3. Biodiversity, wildlife, and ecology (land)
4. Clean/green technology
5. Climate change adaptation
6. Climate change mitigation
7. Disaster risk reduction
8. Drip irrigation/water conservation in agriculture
9. Eco-tourism/sustainable tourism
10. Energy audits
11. Energy efficiency/conservation
12. Environmental education and awareness
13. Forestry and green cover
14. Green buildings/infrastructure
15. Mangrove protection
16. Pollution abatement
17. Renewable energy
18. Sewage treatment plants
19. Sustainable agriculture
20. Sustainable consumption and production
21. Sustainable fisheries/aquaculture
22. Sustainable land use and watershed management
23. Sustainable mobility/transport
24. Waste management
25. Water audits
26. Water harvesting/recharge
27. Water management
28. Water quality
29. Water recycling

Emerging Activities for Green Budgeting

1. Capacity building of institutions and departments
2. Demonstration project
3. Education and curriculum development
4. Green innovation and enterprise development
5. Green technology and infrastructure
6. Information instruments (eco-label/certification/standards)
7. Information, education, and communications/awareness
8. Investment project
9. Policy action/ innovation/ regulation/ benchmarking/ visioning/ target setting
10. Pre-investment study
11. Programme/ scheme implementation
12. Regular operation and maintenance
13. Research (including science, technology, and innovation)
14. Risk management (including crop insurance)
15. Green skilling (of specific beneficiaries such as farmers and youth)
16. Subsidies/incentive/relief for green activities
17. Sustainable/green public procurement

Environmental SDGs



Layout for the Green Budget Document



Preliminary Pages

- Cover Page: Amalgamation of environment and cultural significance the 'Green' concept
- Preface: Commitment and vision for the Green Budgeting

Introduction

- The concept of green and rationale for issue-based budgeting

Green Budgeting: Principles, Framework, and Process

- Principles, framework, and methodology along with limitations is described

Key Initiatives on Environmental Sustainability

- Financial and descriptive analysis including any achievements

Green Budget Analysis

- Tabulation of various budget items including department name, code, scheme name, scheme budget, green budget component and descriptive summary.

Conclusion and Way Forward

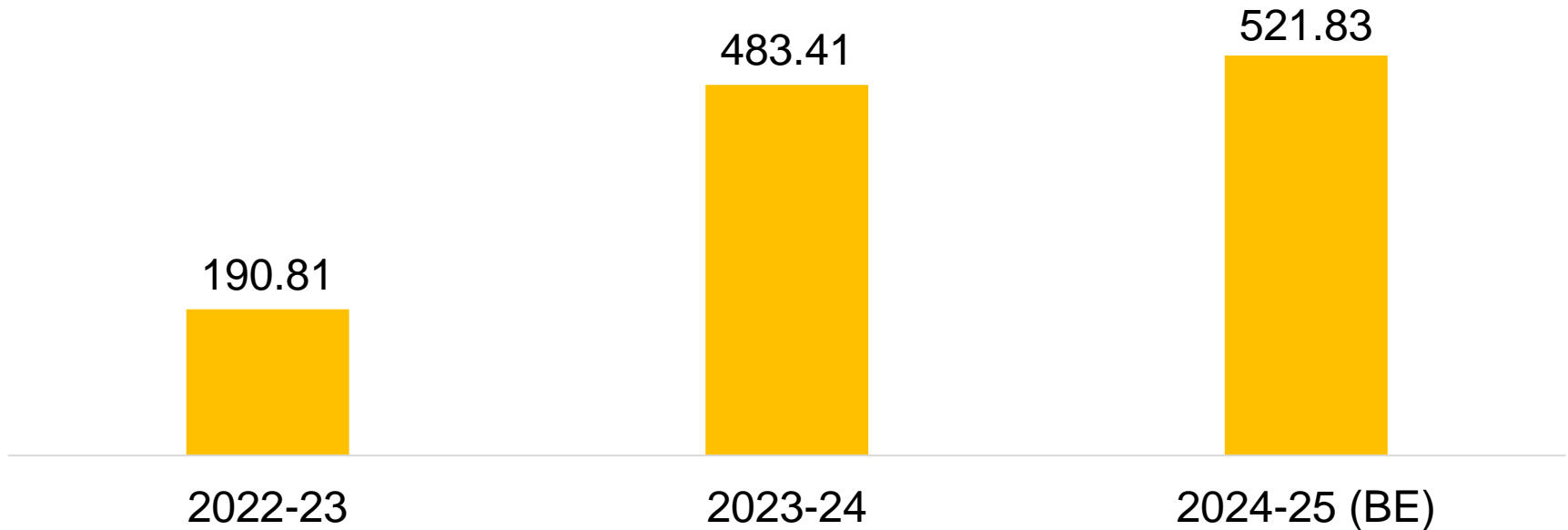
- Activity mapping, theme mapping and SDG tagging and green budget tabulation under six categories

Annexures

- Tables detailing green budget inputs received

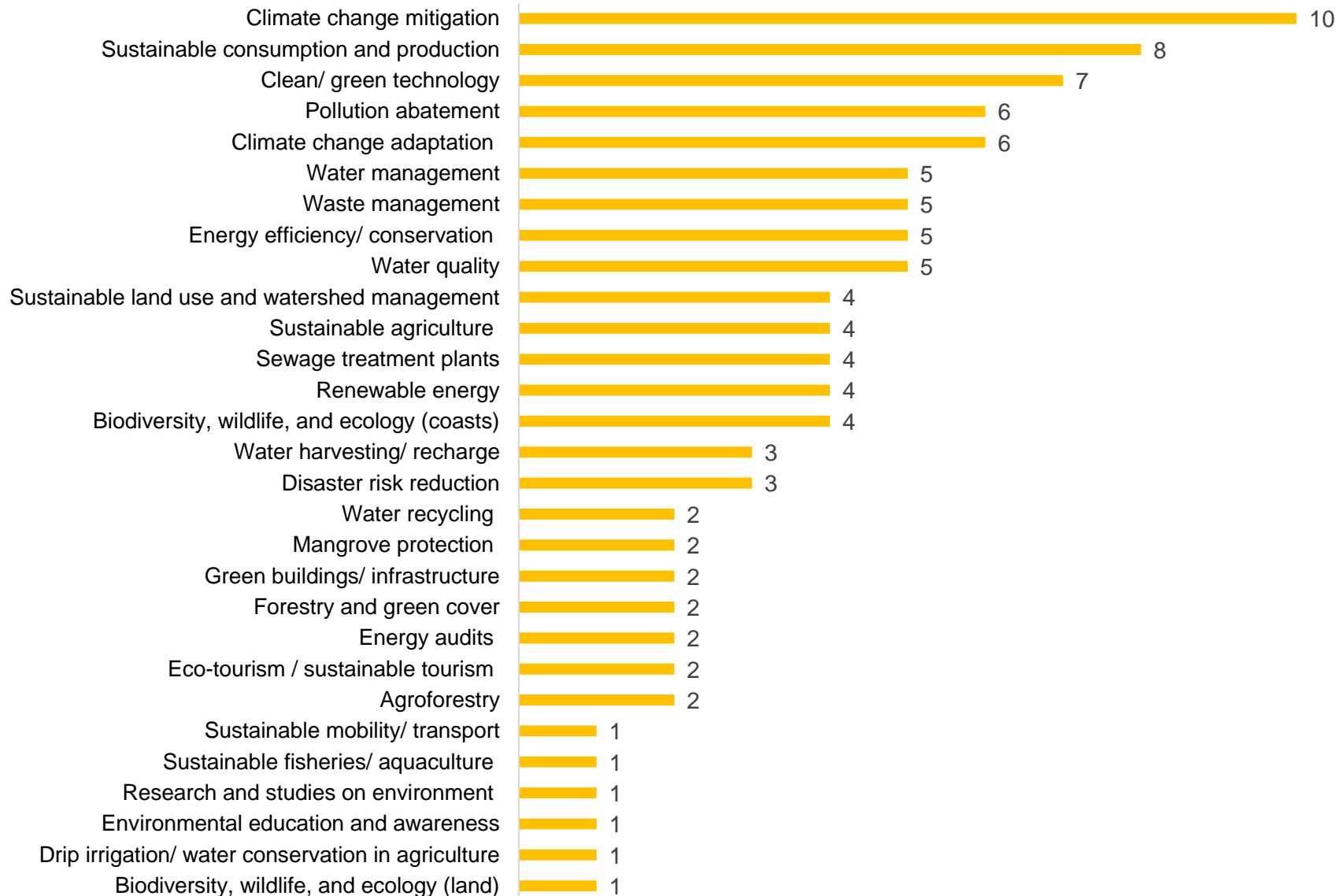
Example of Puducherry

Green Budgeting: Puducherry



Puducherry's Green Budget has increased from ₹190.81 crores in FY 2022-23 to ₹521.83 crores in FY 2024-25 (BE), representing a 173% increase over this period (Figure 1). The budget saw a 153% rise between FY 2022-23 and FY 2023-24, followed by an 8% increase in FY 2024-25. Additionally, the number of departments incorporating green initiatives grew from 9 in FY 2022-23 to 21 in FY 2024-25.

Theme mapping of green budget: Puducherry



Activity Mapping of Green Budget: Puducherry



SDG Mapping: Puducherry

	SDG 1	SDG 2	SDG 3	SDG 4	SDG 5	SDG 6	SDG 7	SDG 8	SDG 9	SDG 11	SDG 12	SDG 13	SDG 14	SDG 15
Department of Agriculture and Farmers Welfare														
Department of Animal Husbandry and Animal Welfare														
Department of Fisheries and Fishermen Welfare														
Department of Forests and Wildlife														
Department of Science, Technology and Environment														
Directorate of Health and Family Welfare Services														
District Industries Centre														
District Rural Development Agency														
Electricity Department														
Local Administration Department														
Police Department														
Port Department														
Public Works Department														
Tourism Department														
Transport Department														

In terms of SDG mapping, out of the 15 departments, 12 departments contributed to SDG 13, making climate action a major focus of green/ environmental sustainability activities. SDG 6 (clean water and sanitation), SDG 7 (affordable and clean energy), and SDG 12 (responsible consumption and production) were included in the activities of eight departments.

Towards Institutionalization

The Road Ahead

- Scheme-based budgeting through bottom-up process with inputs coming from ministries/ departments
- Reporting based on Actual Expenditure/ Utilization
- Innovations within existing schemes is key
- Several states are implementing green budgeting or climate budgeting or environment – this can be introduced at the national level in the union budget process
- Ownership finance and environment ministry/ department
- Institutionalization
 - **Initially select ministries/ departments can be involved and then more ministries/ departments can be added**
 - **Yearly review of compiled green budget by the Finance Secretary**
 - **Green budget to accompany the regular budget may be tabled in the parliament/ legislative assembly**



Thank You

<https://greenbudgeting.teriin.org/>