



# Green Budgeting

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## Slide Deck

*Resource for Green Budgeting*

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

# Structure

- Green Budgeting and Process
- Example of Bihar
- Next Steps

# **Green Budgeting and Process**

# 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. Finance Ministry/ Department must play a driving and facilitative role.

‘Whole of government’ approach is needed for environmental sustainability, and it is essential that environment is mainstreamed across ministries/ 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 government 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 ministries/ departments and promotion of innovations within existing schemes/ budget-lines and fiscal space.

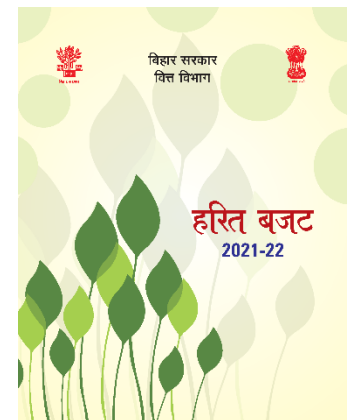
**Principle 4:** Green budgeting exercise will be mainstreamed through institutionalization of transparency and accountability of resource allocation for the environment.

# Green Budgeting and Issue-based Budgeting

Other issue-based budgeting exists – gender budgeting (Statement 13); child budgeting (Statement 12); and these have been mainstreamed by many governments including the central government.

Bihar state has prepared a green budget

Opportunity to put in place an SDG-linked process.



**Green Budget of Bihar 2022-23 (English)**

<https://state.bihar.gov.in/cache/12/Budget/Budget/Green%20Budget%20Final%202022-23%20English%2006.12.pdf>



# What is Green Budgeting?

## Working definition of “green budgeting”

Every year, government agencies (Ministries/ Departments/ Directorates/ Boards/ Councils/ Commissions) contribute to preparing the Green Budget, to specify schemes involving environmental sustainability components, and estimate the quantity of public expenditure in the annual budget for these purposes.

### FOR NOW...

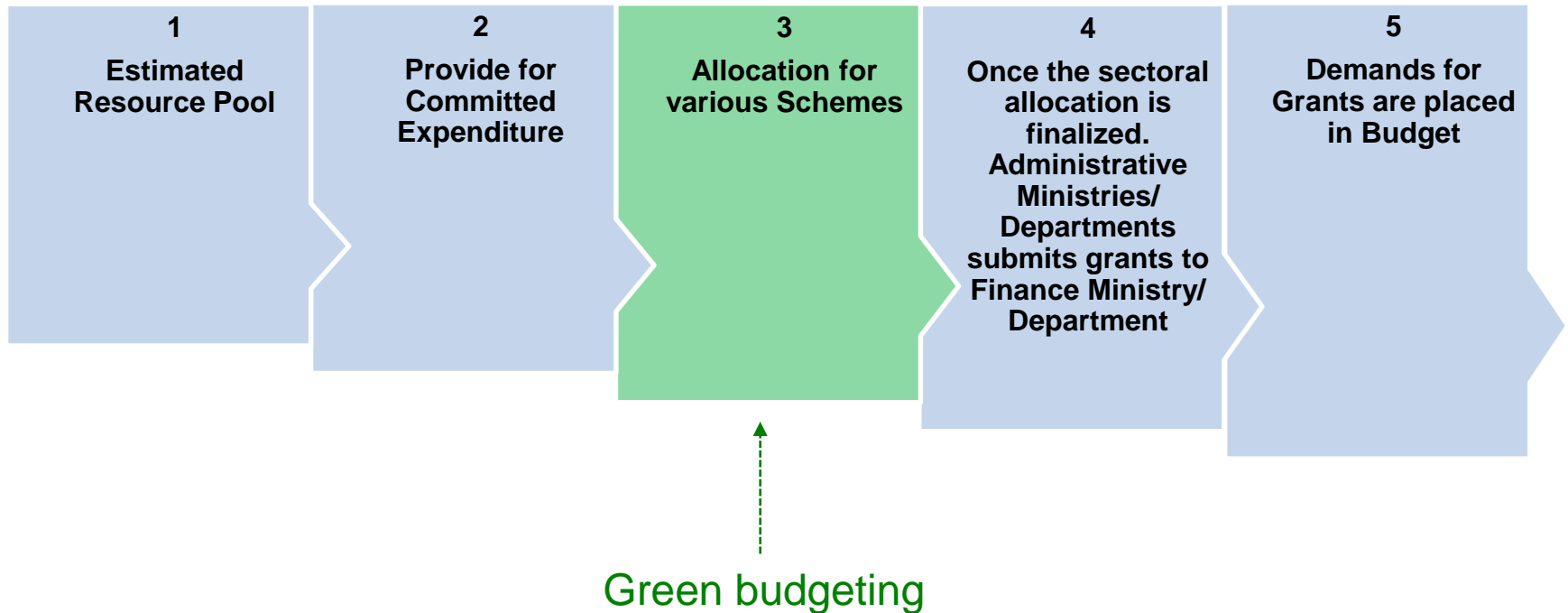
- Expenditure and budget allocations
- Scheme-based / budget-line based
- Gross budgeting (not netting out non-green expenditures)
- Getting ministries/ departments to engage with the topic of environmental sustainability

### Green budgeting is not:

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

Climate budgeting is a subset of green budgeting.

# Budgetary Process and Scheme-based Green Budgeting



Green budgeting can be **scheme-based**

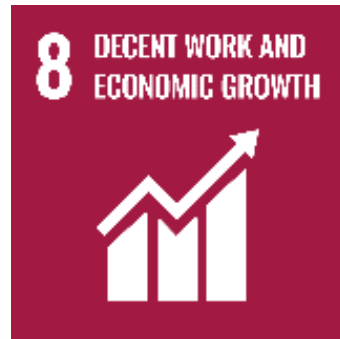
# Illustrative Themes for Green Budgeting

- Renewable Energy
- Energy efficiency/ conservation
- Green buildings/ infrastructure
- Water recycling
- Sewage treatment plants
- Disaster risk reduction
- Forestry and green cover
- Eco-tourism / Sustainable tourism
- Sustainable agriculture
- Water harvesting/ recharge
- Waste management
- Research and studies on environment
- Clean technology development
- Environmental education and awareness
- Energy audits
- Water audits
- Biodiversity, wildlife and ecology (land)
- Biodiversity, wildlife and ecology (coasts)
- Sustainable fisheries/ aquaculture
- Pollution Abatement
- Climate change adaptation
- Sustainable consumption and production
- Sustainable land use and watershed management
- Water management
- Mangrove protection
- Agroforestry
- Drip irrigation/ water conservation in agriculture
- Water quality
- Wetlands protection

# Illustrative Activities for Green Budgeting

- Programme/ scheme implementation
- Regular operation and maintenance
- Capacity building
- Skilling (of specific beneficiaries such as farmers and youth)
- Research study
- Policy action / regulation/ benchmarking/ visioning/ target setting
- Pre-investment study
- Demonstration project
- Investment project
- Education and curriculum development
- Information, education and communications/ awareness
- Risk management (including crop insurance)
- Technology and infrastructure
- Subsidies for green activities
- Information instruments (eco-label)
- Clean technology research
- Sustainable public procurement

# Environmental SDGs



# Method for Green Budgeting

| Step   | Activity  |
|--|---|
| <b>Engage with stakeholders</b>  | 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. |
| <b>Finalize pro-forma and categories for green budgeting</b>                               | Develop of pro-forma for seeking inputs on green budgeting by ministries/ departments   |
|  | List categories for green budgeting in terms of themes and activities   |
| <b>Collect and collate data on budgetary allocation/ expenditure on identified schemes</b> | Finance ministry/ department facilitates data collection from relevant ministries/ departments using the pro-forma  |
|  | Individual ministries/ departments provide information using the pro-forma and calculate green budget components of their budgets   |
|  | Collation of total budget allocation/ expenditure for each scheme – six categories  |
| <b>Preparing the green budget statement</b>  | Undertake SDG, theme and activity mapping/ tagging for the information provided   |
|  | 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   |

# Pro-forma (sample)

## Green Budget Statement

Identification of Ministry/ Department-wise Relevant Schemes for Green Budget Statement

### Example

Ministry/ Department name: \_\_\_\_\_

Financial Year: \_\_\_\_\_

| Sr.<br># | Budget<br>Code | Programme<br>/ Scheme | Scheme<br>Budget<br>(INR<br>Lakhs) |     | Green<br>Budget<br>Component<br>(INR Lakhs) |     | Scheme<br>Description<br>and<br>objectives | Theme | Activity | SDG |
|----------|----------------|-----------------------|------------------------------------|-----|---|-----|--|-------|----------|-----|
|          |                |                       | FY1                                | FY2 | FY1   | FY2 |  |       |          |     |
|          |                |                       |                                    |     |   |     |  |       |          |     |

Description (clearly justifying in what ways does the budgeted component contribute to environmental objectives): \_\_\_\_\_

# Layout for the Green Budget Document



## Preliminary Pages

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

## Introduction

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

## Approach and Methodology

- This approach and methodology along with limitations is described

## Key Achievements and Case Studies

- Financial and descriptive analysis including any physical achievements along with case studies in box items

## Financial Tabulation (Scheme-wise)

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

## Mapping Schemes

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

## Annexures

- Tables detailing green budget inputs received from various ministries/ departments for various range categories

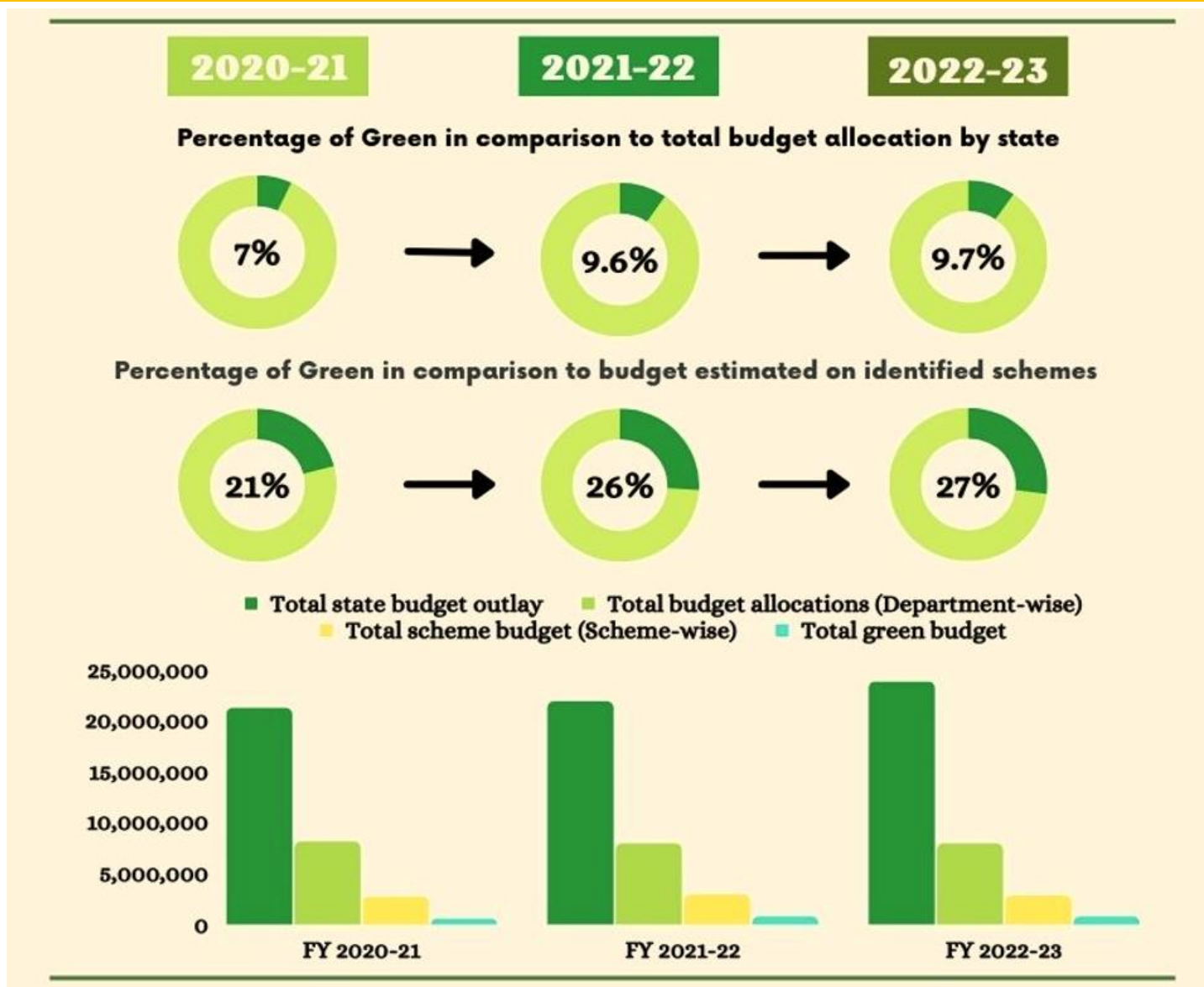


# Example of Bihar

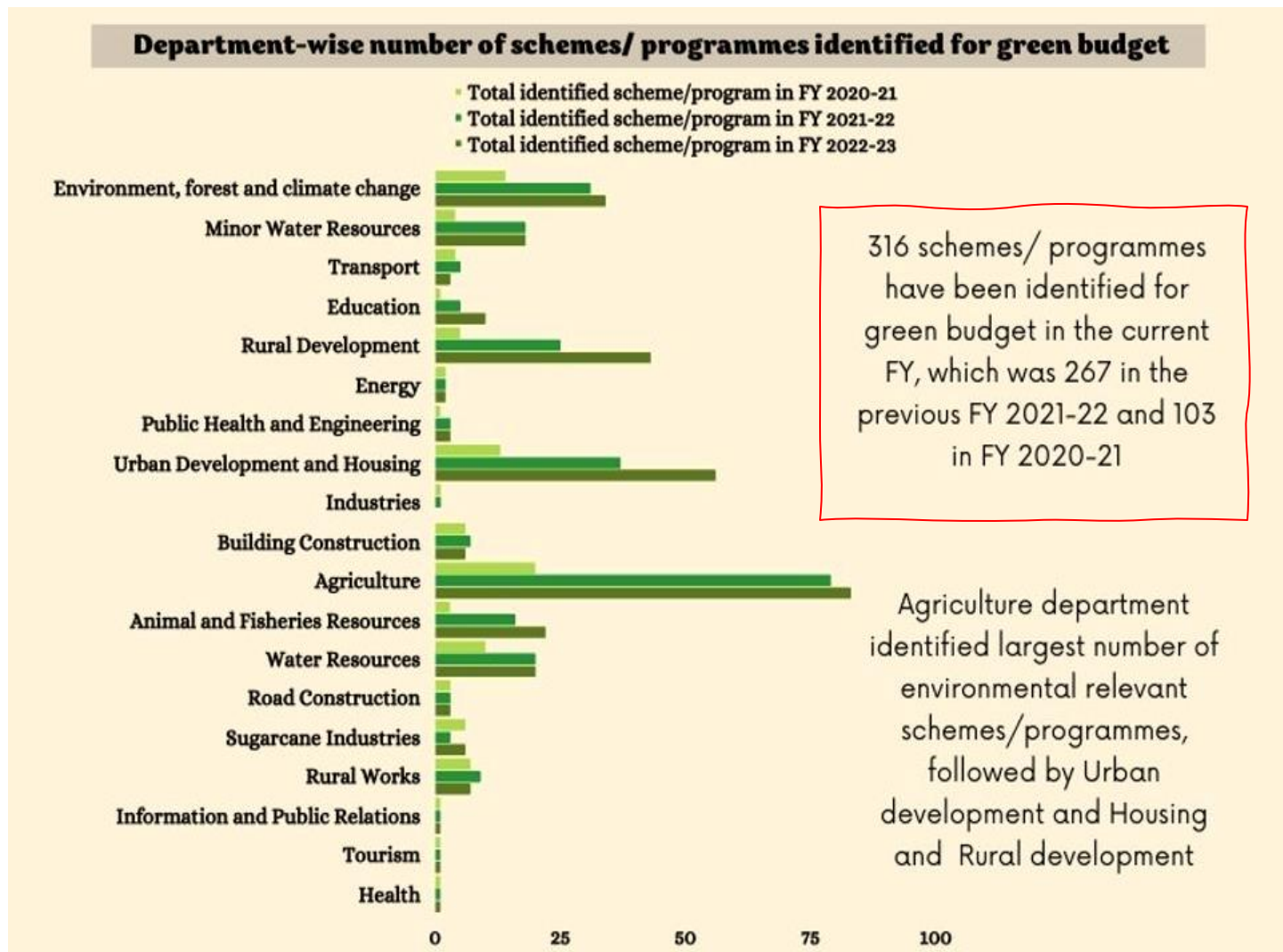
# Example of Green Budget Table (Bihar)

| #                     | Department                             | Budget Estimates<br>Financial Year 2021-22 |   |  |                                |                                 |
|-----------------------|--|--|---|--|--------------------------------|---------------------------------|
|                       |  | Total Allocation<br>(Rs.Lakhs)             | Identified Scheme<br>Budget<br>(Rs.Lakhs) | Green Budget of<br>Identified Scheme<br>(Rs.Lakhs) | Green % of Total<br>Allocation | Green % of<br>Identified Scheme |
| 1                     | Agriculture                            | 253388.00                                  | 157256.68                                 | 88076.25   | 34.00                          | 56.01                           |
| 2                     | Industries                             | 119000.00                                  | 1000.00                                   | 1000.00  | 0.84                           | 100.00                          |
| 3                     | Animal and fisheries resource          | 117696.47                                  | 61246.60                                  | 34939.79   | 29.69                          | 57.05                           |
| 4                     | Tourism                                | 25140.00                                   | 20800.00                                  | 500.00   | 1.99                           | 2.40                            |
| 5                     | Road Construction                      | 441000.00                                  | 258900.00                                 | 6260.00  | 1.42                           | 2.42                            |
| 6                     | Public Health Engineering              | 249210.00                                  | 2500.00                                   | 2500.00  | 1.00                           | 100.00                          |
| 7                     | Sugarcane                              | 10000.00                                   | 3000.00                                   | 1313.00  | 13.13                          | 43.77                           |
| 8                     | Rural work                             | 731300.00                                  | 734300.00                                 | 34840.09   | 4.76                           | 4.74                            |
| 9                     | Minor water resource                   | 81000.00                                   | 69100.00                                  | 69000.00   | 85.19                          | 99.86                           |
| 10                    | Environment, forest and climage change | 53461.00                                   | 53461.00                                  | 53461.00   | 100.00                         | 100.00                          |
| 11                    | Water resource                         | 300750.00                                  | 300750.00                                 | 30075.00   | 10.00                          | 10.00                           |
| 12                    | Building construction                  | 444258.24                                  | 101500.00                                 | 12270.98   | 2.76                           | 12.09                           |
| 13                    | Health                                 | 692700.00                                  | 500.00                                    | 500.00   | 0.07                           | 100.00                          |
| 14                    | Education                              | 2193903.00                                 | 13485.00                                  | 4345.45  | 0.20                           | 32.21                           |
| 15                    | Rural developoment                     | 1640966.00                                 | 768486.00                                 | 297353.40  | 18.12                          | 38.69                           |
| 16                    | Information and public relation        | 10100.00                                   | 8223.00                                   | 411.00   | 4.07                           | 5.00                            |
| 17                    | Transport                              | 26900.00                                   | 21500.00                                  | 19500.00   | 72.49                          | 90.70                           |
| 18                    | Urban development and housing          | 395200.00                                  | 350724.93                                 | 104947.49  | 26.56                          | 29.92                           |
| 19                    | Energy                                 | 150000.00                                  | 7000.00                                   | 7000.00  | 4.67                           | 100.00                          |
| Total Budget Estimate |  | 7935972.71                                 | 2925500.45                                | 1037044.19   | 9.68                           | 26.19                           |

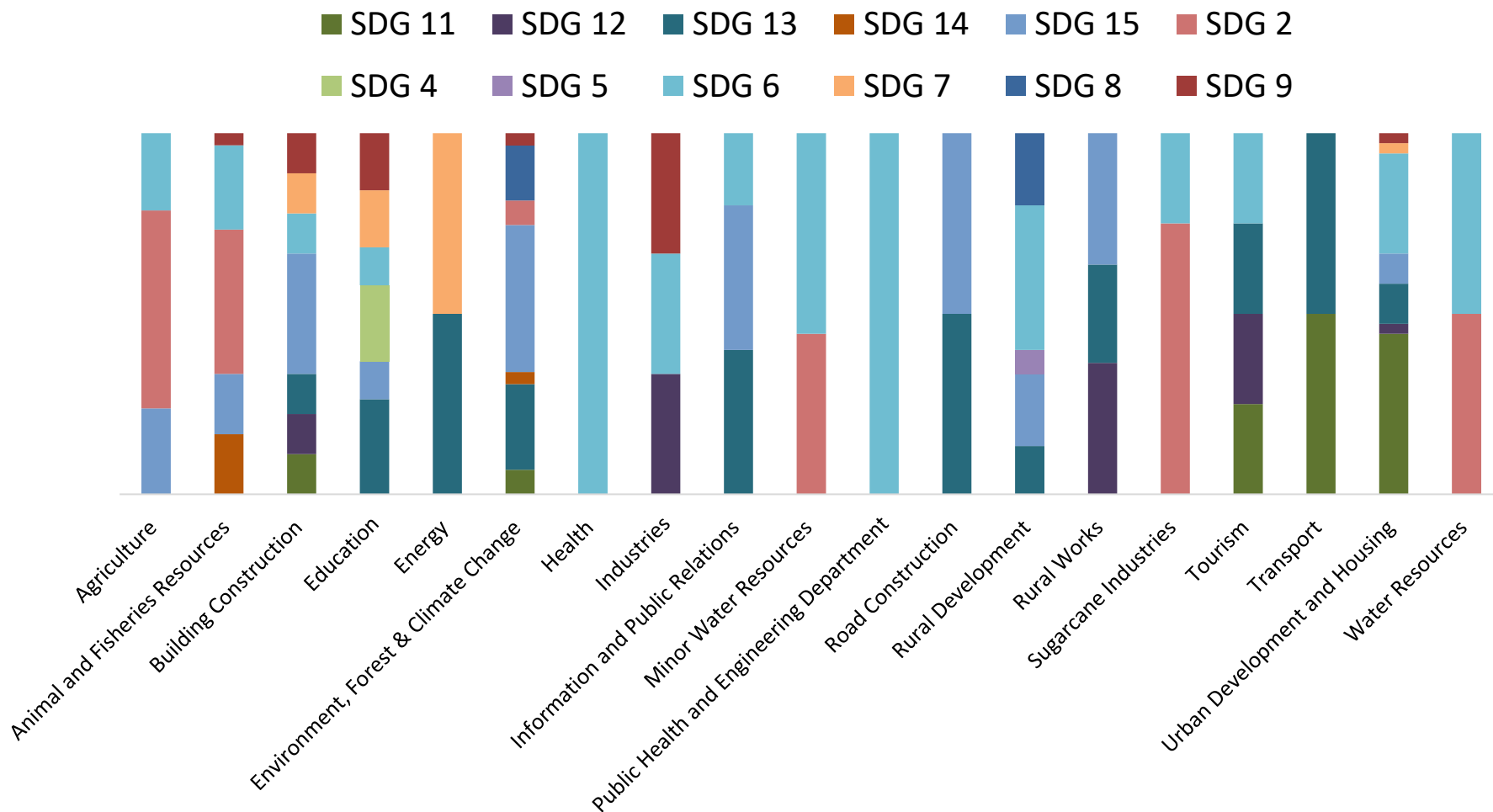
# Green Budget over the Years



# Number of Identified Schemes: Progress

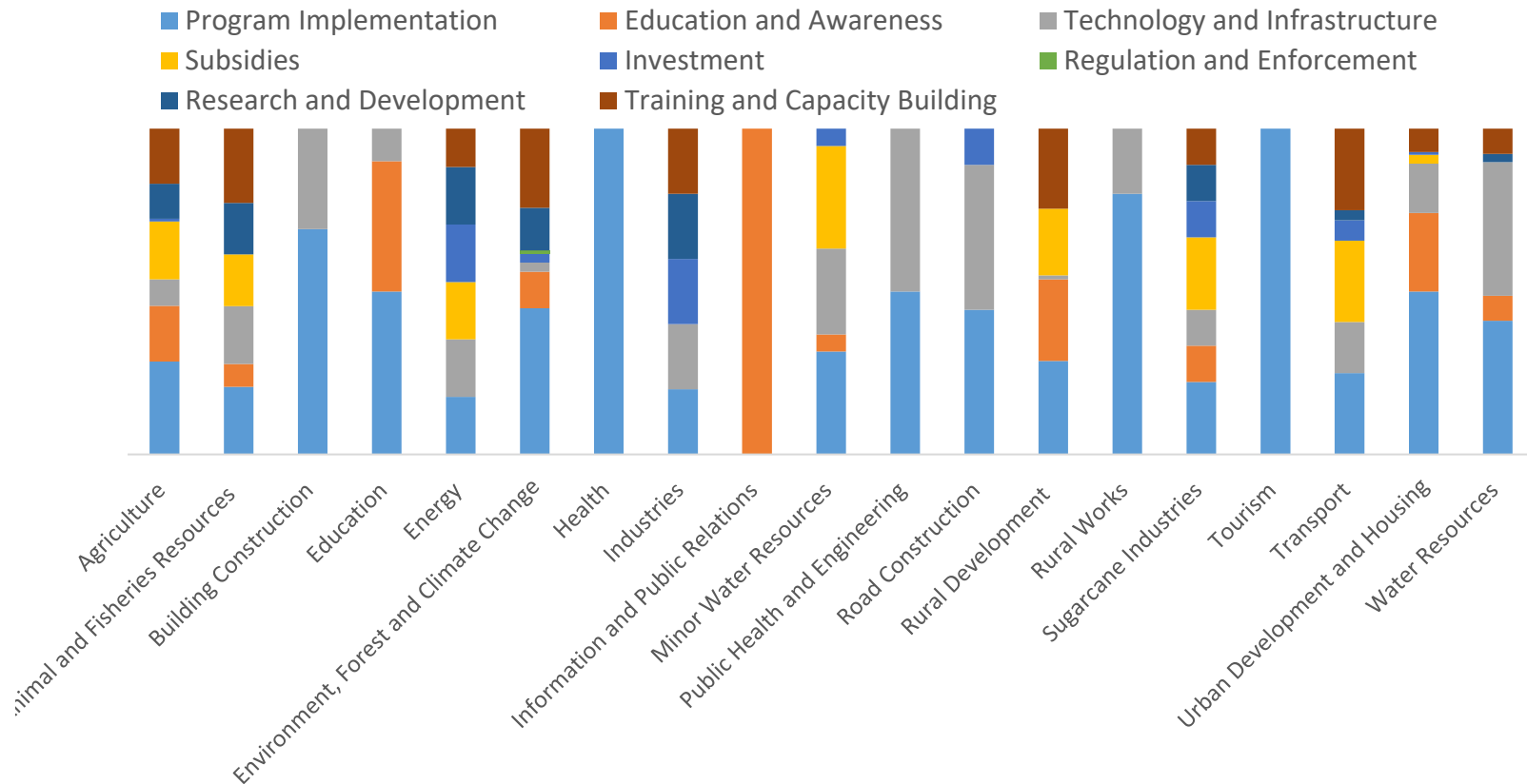


# SDG Profile of Bihar's Green Budget (FY 2022-23)



Key focus - Water & Sanitation (SDG6), Climate Action (SDG13), Life on Land (SDG15), and Sustainable Cities and Communities (SDG11)

# Activity Profile of Bihar's Green Budget (FY 2022-23)



Key focus – Programme Implementation, Education and Awareness, Subsidies, and Technology and Infrastructure

## Next Steps

# 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



# Next Steps

- Green budgeting workshop for consultation and orientation with ministries/ departments
- Exercise with ministries/ departments on the pro-forma
- Pro-forma development and circulation
- Scheme-based budgeting through bottom-up process with inputs coming from ministries/ departments
- Supplementary information can also be provided
- Innovations within existing schemes is key
- Institutionalization
  - **Initially select ministries/ departments can be involved and then more ministries/ departments can be added**
  - **Yearly review of compiled green budget**
  - **Memorandum on Green Budgeting to accompany the regular budget may be tabled in the parliament/ assembly**



**Thank You**