



# Green Budgeting

SLIDE DECK

## *Resource on Green Budgeting*

*Version 2*



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
- Examples
- The Way Ahead

# Green Budgeting Portal


[greenbudgeting.teriin.org](https://greenbudgeting.teriin.org)



## Toolkit




### Pro-forma

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### Green Budget Statement Structure

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### Primer on green budgeting

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### 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.

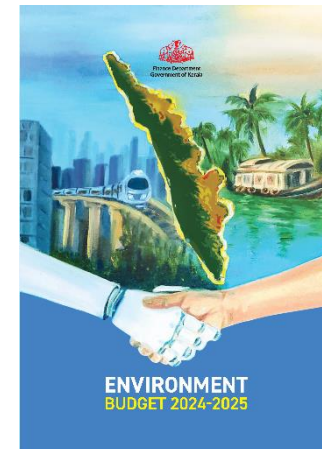
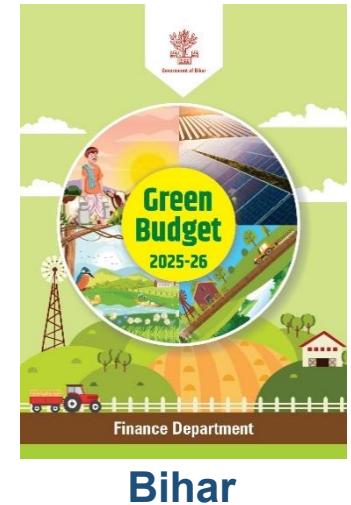
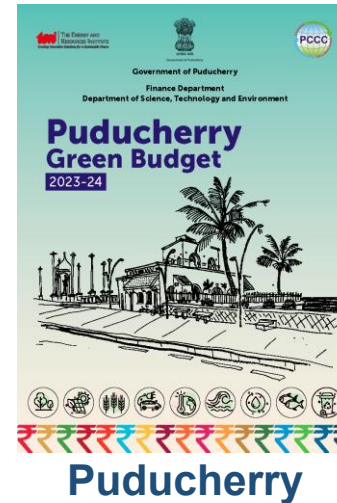
# Issue-based Budgeting

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 and Rajasthan have implemented a climate budget.

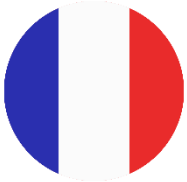
Opportunity to put in place an SDG and NDC/ SAPCC, outcome budget linked budgetary process.



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
<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 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>Institutionalize process</b>	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
<b>Preparing the green budget statement</b>	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 a **self-assessment tool** through accounting and reporting of 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

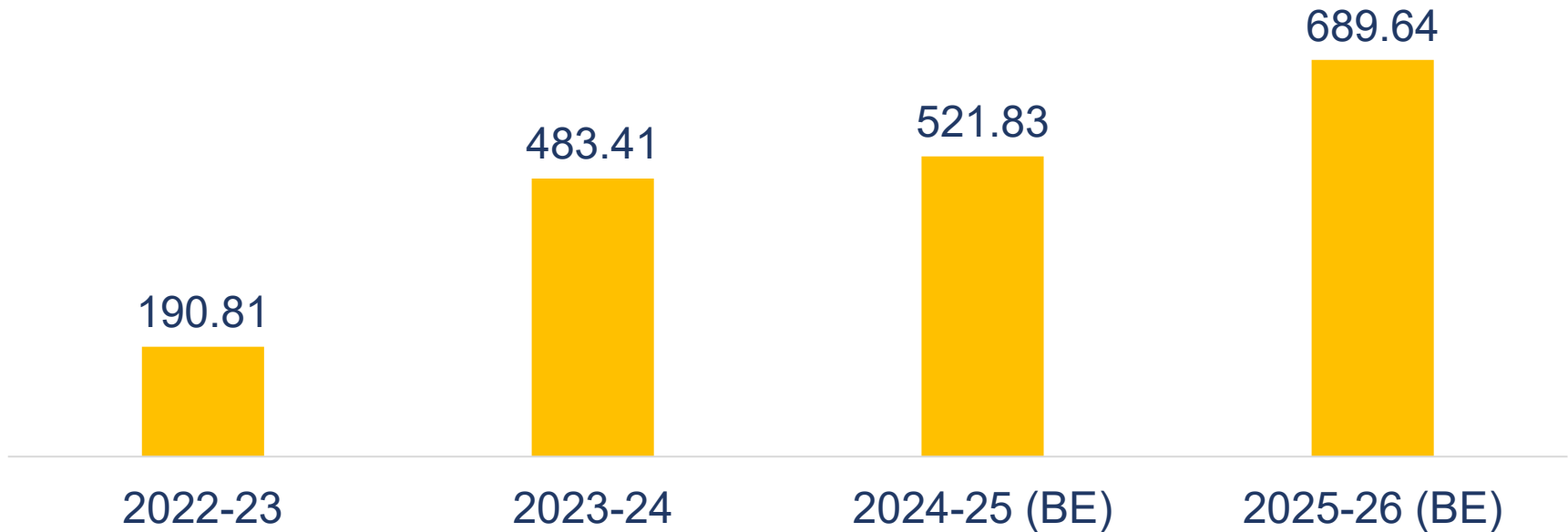
- Activity mapping, theme mapping and SDG tagging and green budget tabulation under six categories

## 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.

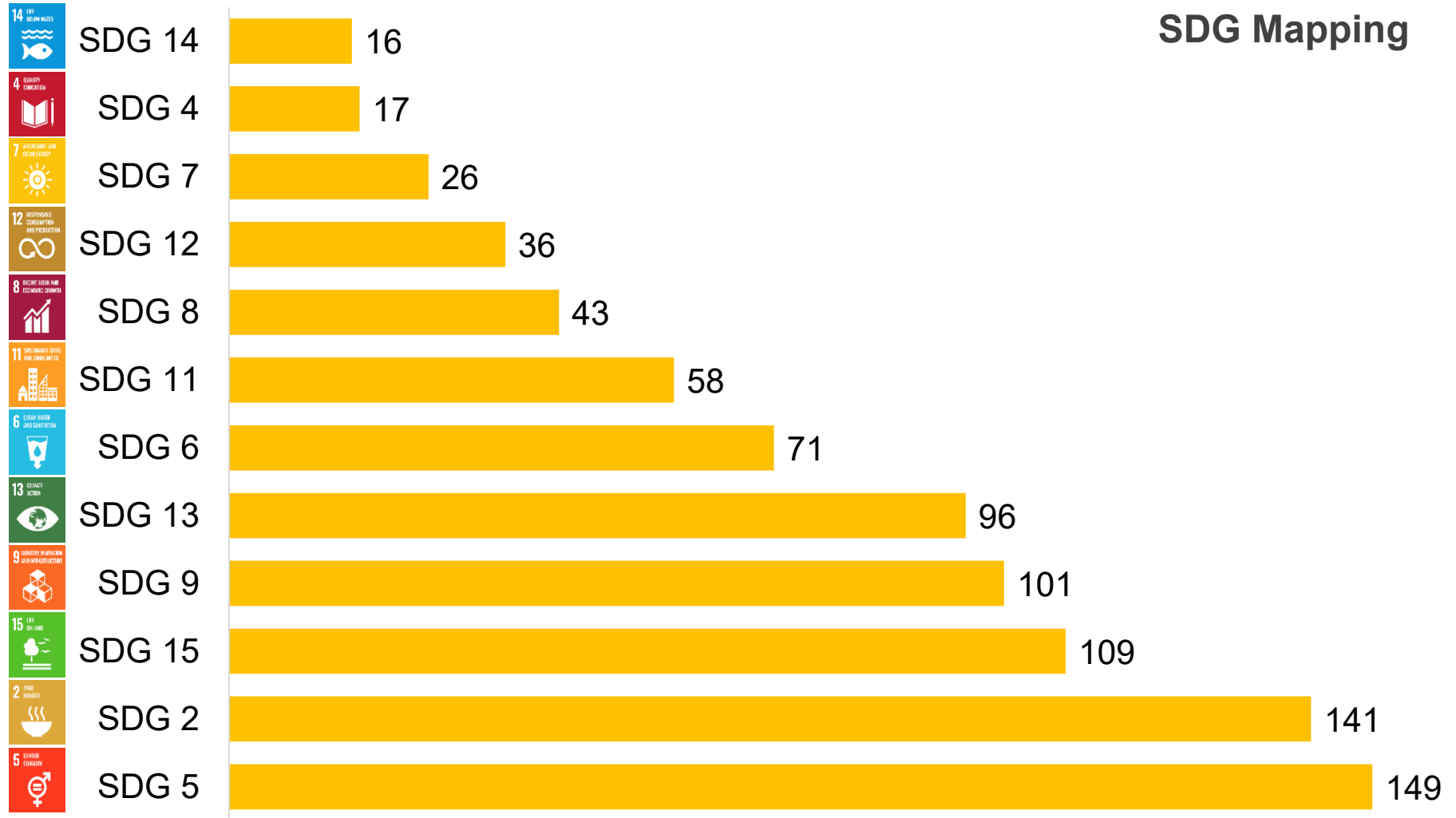


# Example of Bihar

# Green Budgeting: Bihar

Year	Green Budget (₹ crore)	Total number of schemes (nos)
2020–21	3,308	103
2025–26	15,588	337
Change	~4.5x	~3x

# Green Budgeting: Bihar



# Categories

Fully Dedicated (90–100 percent)	Very High Significance (75–90 percent)	High Significance (50–75 percent)	Medium Significance (25–50 percent)	Low Significance (5–25 percent)	Marginal Significance (5 percent or lesser)
National Afforestation Programme; Project Tiger; E-vehicle scheme; Energy efficiency; renewable energy schemes	National River Conservation Plan; Conservation Development and Sustainable Management of Medicinal Plants	Groundwater Management and Regulation; National Groundwater Management Improvement Programme.	National Horticulture Mission; National Mission on Agriculture Extension and Technology; National Mission on Sustainable Agriculture; Integrated Watershed Management Programme.	Pradhan Mantri Krishi Sinchayee Yojana; Irrigation schemes; agriculture schemes	Training and Awareness Programmes; Environment Volunteering Programmes; Information, Education and Communication materials.

# Example of Assam

# Green Budget (Assam)

Year	Budget Estimate (₹ Crores)	Number of Schemes
2023–24	2314.1	29
2025–26	3711	173
Change	~1.6x	~6x

The Green Budget allocation under the ‘Highly Favourable’ category has shown increase between FY 2023–24 and FY 2025–26. In FY 2023–24, the budget stood at ₹2,314.1 crores covering 29 schemes. By FY 2025–26, this allocation rose significantly to ₹3,711 crores, with the number of schemes expanding to 173. This reflects a 60% rise in budgetary allocation and nearly a six-fold increase in the number of schemes, highlighting Assam’s growing emphasis on environmentally beneficial initiatives.

# Green Budget (Assam)

Category	Definition	Green Budget Share
Highly Favourable	Schemes where the principal intent is to address climate action and impact. These schemes bring highly favourable direct impact for the environment and climate change.	100% of the allocation is towards green initiatives.
Moderately Favourable	Schemes where the principal intent is not climate action but the impact is favourable towards climate goals or environmental protection, bringing indirect impacts.	At least 40% of the allocation is towards green initiatives.
Neutral	Schemes that do not target or have no relevant impact on the environment and climate change.	Less than 40% of the allocation is towards green initiatives.
Less Favourable	Schemes that need improvement for climate action.	No allocation towards green initiatives.

In FY 2025–26, Assam’s Green Budget allocated ₹3,711 crores to 173 Highly Favorable schemes, ₹16,067 crores to 184 Moderately Favorable schemes, and ₹21,680 crores to 313 Neutral schemes, while only ₹117 crores went to 9 Less Favorable schemes. This reflects a strong emphasis on eco-friendly and moderately aligned initiatives, with minimal support for less favorable ones.

# Basic Pro-forma



# Pro-forma: Green Budget Statement

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

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

#	Budget Code	Programme/ Scheme Name	Scheme Budget		Green Budget Component		Green Budget Utilization		Justification of how the scheme contributes to environmental goals	Theme	Activity	SDG
			FY 1	FY 2	FY 1	FY 2	FY 1	FY 2				

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

# The Road Ahead

# 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

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*Version 1:*

[https://greenbudgeting.teriin.org/files/Green\\_Budgeting\\_slide\\_deck.pdf](https://greenbudgeting.teriin.org/files/Green_Budgeting_slide_deck.pdf)