Green Budgeting in the EU

Key insights from the 2021 Commission survey
Short background on the survey
• Launched on 31 May
• Existing and planned green budgeting practices as of 30 May
• Starting point COM-OECD 2020 survey …
• … adapted to the Green Budgeting Reference Framework
  • Coverage (environmental objectives, budgetary items, general government)
  • Methodology
  • Deliverables
  • Governance
  • Transparency and accountability
Key findings
Green Budgeting practices

... across responding EU Member States

*Finland is performing both green budget tagging and environmental impact assessments.

Source: 2021 European Commission survey on green budgeting
Other tools

... relevant to the greening of public finances

Source: 2021 European Commission survey on green budgeting
Motivation

... for practicing green budgeting

Source: 2021 European Commission survey on green budgeting
Key challenges

… to introduce and implement green budgeting practices

Note: The red bars represent those countries that already perform green budgeting, while the blue bars correspond to those countries that do not yet have such practices in place.

Source: 2021 European Commission survey on green budgeting
Need for support

… from the Commission

Source: 2021 European Commission survey on green budgeting
Results by elements of the Green Budgeting Reference Framework (GBRF)
GBRF element: Coverage (1/3)

…of environmental objectives

Source: 2021 European Commission survey on green budgeting
Note: The category ‘Other’ includes Italy (CEPA and CReMA activities) and Luxembourg (any other items that are considered to support the government’s Green Agenda).
GBRF element: Coverage (2/3)

… of budgetary items

Note: In the case of ‘Environmental impact assessment’, the survey offered two answer possibilities for each item, e.g. ‘Environmentally favourable revenue (some)’ and ‘Environmentally favourable revenue (all)’. Bars in this chart combine the two possibilities.

Source: 2021 European Commission survey on green budgeting
GBRF element: Coverage (3/3)

…of public sector entities

• Limited to the central government
• Few countries: subnational governments or SOEs:
  • Austria – Vienna and Styria
  • France – SOEs and local authorities
GBRF element: Methodology (1/2)

How to assess each budgetary item’s contribution to green goals?

• Practices vary:
  • Lack of a common definition of what is ‘green’;
  • Different national budgetary frameworks …
  • … and green agendas;
  • Capacity and political backing vary.

• All countries performing green budgeting plan to further develop it complexity of the process.
GBRF element: Methodology (2/2)

• Green budget tagging methods:
  • *Screening* the budget: comprehensive set of environmental objectives vs. few objectives in line with national green agenda;
  • *Items captured*: clear positive environmental impact (most countries) vs. negative, mixed and ambiguous impact (few cases);
  • *Approach*: binary (most) or scaled (few).
GBRF element: Governance (1/2)

Who does what? How are the responsibilities allocated?

Stakeholders involved in the green budget tagging process

Source: 2021 European Commission survey on green budgeting
GBRF element: Governance (2/2)

Legal basis underpinning the green budgeting process

Source: 2021 European Commission survey on green budgeting
GBRF element: Deliverables

Where, how and to whom should the information be presented?

Ways in which countries report the green budgeting information

Reporting through:
- Tables, boxes or dedicated chapters in the budgetary documents;
- Separate detailed green budget statements alongside the budget.

Source: 2021 European Commission survey on green budgeting
GBRF element: Transparency and accountability

How to ensure regularity and openness of the process?

• In most cases, the green budgeting information is *discussed in the parliament*.

• Ex-post validations and/or evaluations are scarce.

• Limited role for climate and environmental experts.