Green Budgeting in the EU
Key insights from the 2023 Commission survey

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How does green budgeting help decision making?

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Outline

• Background on the survey
• Key developments
• Green budgeting in the EGR
Short background on the survey
• First Commission survey in 2021
• Second edition on 17 January 2023
• Structured along the **EU Green Budgeting Reference Framework**
  • Coverage (environmental objectives, budgetary items, general government)
  • Methodology
  • Deliverables
  • Governance
  • Transparency and accountability
• Data and summary report published on the [Green Budgeting Website](#)
Key developments
Green Budgeting practices

- **New practices:** EL, PT, ES
- **Development of existing methods:** AT, FI, FR, IE, SE
- **New plans:** RO
Coverage…

... of environmental objectives

Source: 2023 European Commission survey on green budgeting
Coverage…

…of budgetary items

Source: 2023 European Commission survey on green budgeting
Other tools

... relevant to the greening of public finances

Source: 2023 European Commission survey on green budgeting
Transparency and accountability

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

- Information is provided to the parliament but not obvious whether it is considered during budget approval debate
  
  → Analysis on green budgeting vs. decision making.

- Lack of ex-post validation/evaluation of methodology.

- No tools to measure the impact of green budgeting.
Key challenges

… to introduce and/or implement green budgeting

Source: 2023 European Commission survey on green budgeting
Modules 1, 2, 3: Capacity building - 23 Member States.

**New!!** Module 4: Civil servants exchange; peer-to-peer and practice-oriented - 17 Member States.

Some countries (will) receive support on implementing ‘do-no-significant-harm’ principle.

Source: 2023 European Commission survey on green budgeting

Note: N/A pertains to: countries that have not participated in the training (DE, NL, SE); FR – presented at the training; FI - only participated in Module 1; IT - will participate in the training later this year.
Green budgeting in the EGR
Recital 19: Green budgeting tools can help redirect public revenue and expenditure to green priorities. [...] This means reporting data on how revenues reflect the need to ensure that the “polluter-pays” principle is reflected, and in turn on how expenditure reflects both favourably and unfavourably green priorities. **Member States should publish the information on how the relevant elements of their budgets contribute to achieving climate and environmental national and international commitments and the methodology used.** Member States should publish data and descriptive information separately for expenditure, tax expenditure and revenue items.
Thank you!

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Annexes
Amended Budgetary Framework Directive
A more climate-resilient budgeting

New elements in MTBFs – Art 9(2)d requires:

- assessing the medium- and long-term impacts of policies on sustainable and inclusive growth;
- specifying, to the extent possible, the macrofiscal risks from climate change as well as environmental and distributional impacts, and the implications on public finances of climate-related policies.

New reporting requirements – Art 14(3) requires Member States to publish:

- information on disaster and climate-related contingent liabilities to the extent possible;
- information on economic losses incurred due to disasters and climate-related shocks, including the fiscal costs borne by the public sector and the instruments used to mitigate or cover them.