Spanish Green Budgeting

ECFIN Green Budgeting Conference

15th June 2023
Alejandro Domenech Natal
D.G. Budget. Ministry of Finance
Alignment of the General State Budget Bill with the ecological transition

What can we expect?  How did we get there?  How did we define Green?  Where can we find the results?  How to continue?
What can we expect?

How did we get there?

How did we define Green?

Where can we find the results?

How to continue?

Main features
**Scope**
- Central Government + Public Agencies + SS System
- All expenses with specific exclusions
- Analysis: Budgetary programmes

**Results**
1) Tagging in 6 environmental goals
2) Estimate resources allocated to each goal
3) Qualitative information: measures / activities

**AIM:** To determine the favourable contribution of the Budget to the Ecological Transition
### Location in the EU GBRF

#### Coverage

<table>
<thead>
<tr>
<th></th>
<th>LEVEL 1 Essential</th>
<th>LEVEL 2 Developed</th>
<th>LEVEL 3 Advanced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental objectives</td>
<td>Climate-related</td>
<td>Climate-related</td>
<td>All objectives</td>
</tr>
<tr>
<td>Budgetary items</td>
<td>Favourable expenditure</td>
<td>Favourable items</td>
<td>Favourable items</td>
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<td></td>
<td>Favourable revenue</td>
<td>Unfavourable items</td>
<td>Unfavourable items</td>
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<tr>
<td>General government</td>
<td>State (incl. Social security)</td>
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<td>State (incl. Social security)</td>
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<td></td>
<td>Subnational governments</td>
<td>Subnational governments</td>
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<td></td>
<td>Other</td>
<td>Other</td>
<td>Other</td>
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#### Methodology

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<tr>
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<th>LEVEL 1 Essential</th>
<th>LEVEL 2 Developed</th>
<th>LEVEL 3 Advanced</th>
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<tbody>
<tr>
<td>METHODOLOGY</td>
<td>Partial tagging methodology</td>
<td>Tagging methodology</td>
<td>Tagging methodology</td>
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<td></td>
<td>Impact assessment of policies</td>
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**MAIN FEATURES: GBRF**

## Location in the EU GBRF

<table>
<thead>
<tr>
<th>DELIVERABLES</th>
<th>LEVEL 1 Essential</th>
<th>LEVEL 2 Developed</th>
<th>LEVEL 3 Advanced</th>
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<tbody>
<tr>
<td>Identification in annual budget</td>
<td>Identification in annual budget</td>
<td>Identification in annual budget</td>
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<tr>
<td>Reporting on budget execution</td>
<td>Reporting on budget execution</td>
<td>Reporting on budget execution</td>
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<tr>
<td>GOVERNANCE</td>
<td>Ad-hoc central task force</td>
<td>Permanent central structure</td>
<td>Permanent central structure</td>
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<tr>
<td>All deliverables public</td>
<td>All deliverables public</td>
<td>All deliverables public</td>
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<tr>
<td>TRANSPARENCY AND ACCOUNTABILITY</td>
<td></td>
<td>Independent assessment of delivarebles</td>
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<td>Parliamentary discussion</td>
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<td>Expost review</td>
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</tbody>
</table>
MAIN FEATURES: SCOPE

27 Policies
393 Programmes
+16,000 Budgetary lines

Budget Bill

Analyzed

Tagging in each of the goals:
According to their % of contribution

Not analyzed

- Pensions
- Unemployment
- Other social benefits
- Public debt (incl. Interests)
- Transfers to subnational governments

Contribution undetermined
What can we expect? How did we get there? How did we define Green? Where can we find the results? How to continue?
Spanish cross-cutting Budget approach

Process: Experience

- Gender Impact Assessment
- Sustainable Development Goals Alignment
- Childhood, Family and Youth Impact
- Blue Series

Spanish cross-cutting Budget approach
Improve the effectiveness of public spending

Alignment of the Budget with the Ecological Transition

Draft Budget Law analysis

DBL 2023
Green

DBL 2024
Brown

PREVIOUS STEPS: LEGAL BASIS

Plan de Recuperación, Transformación y Resiliencia

But not only RRP...

National legislation on climate
A taskforce to make it happen...

Colaboration
- Methodology
- Data analysis
- Report assembling

TSI: “EU Green Budgeting training”
MoF:
- Worksheet models
- Methodology
- Permanent contact

Ministries

Units in charge of the programmes

Data capturing on IT tool

MoF:
- Revision
- Aggregate
- Contact with ministries
Methodology:
Link with SDG budgeting and RRP
Methodology: Main components

- SDG Alignment
- Correspondence
  2030 Agenda –
  6 Environmental goals
- Intervention Fields
- Expenditure excluded
- Activities/Measures
Data source: Alignment with 2030 Agenda

Alignment with SDG

- How does the program contribute to each SDG and its targets?
- Define a % of contribution to targets
- Based on common criteria

Justification

- Activities/Measures
- Appropriate and sufficient
From SDG to Green Budgeting…

2030 AGENDA

Correspondence
SDG – EU Taxonomy

EU TAXONOMY GOALS

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems
By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.

By 2030, increase substantially the share of renewable energy in the global energy mix.

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

By 2020, conserve at least 10 per cent of coastal and marine areas, consistent with national and international law and based on the best available scientific information.

Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

AGENDA 2030 – TARGETS
The RRF Intervention Fields

Methodology usage:

- Just for the programmes aligned with any of the 6 environmental goals
- Verifies its environmental contribution
- Ponderates the results (0/40/100)

Regulation (EU) 2021/241 Annex VI “Methodology for climate tracking”
METHODOLOGY: MAIN COMPONENTS

Not analyzed…

- Personnel Expenses
- Pensions
- Unemployment
- Public debt (inc. Interests)
- Transfers to subnational governments

Contribution undetermined
1) Alignment with SDG targets (%)

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

2) Targets linked to 6 objectives

→ Intervetion Fields (ponderation)

3) Justify: Measures and activities
Methodology: WHY SDG?

**Pros**
- Coherence
- Sinergies
- Coverage
- Experience

**Cons**
- Assumptions
- Granularity
- Brown items
What can we expect?  How did we get there?  How did we define Green?  Where can we find the results?  How to continue?
Complement to Budget Bill:

- Printed
- Webpage
- PowerBI
What can we expect?  
How did we get there?  
How did we define Green?  
Where can we find the results?  
How to continue?

Next steps
Coming soon…

- Tax benefits
- Brown items
- Public companies
- Source for Green Bonds

NEXT STEPS
Green Budgeting in Spain

Thanks for your attention!