How does Green budgeting help decision making?

“How budgeting at the regional level, in the context of green and social bond issuance”

Alberto González, General Directorate for Budget, Regional Ministry of Economy, Finance and European Funds, Andalucía
The green perspective in Andalusian public finances is based on six pillars:

- Regulation
- Governance Model
- Green perspective in sectoral planning
- Green perspective in the preparation of the Budget
- Monitoring the execution of green spending
- Sustainability Finance framework for the issuance of public debt
• Law 8/2018, of 8 October, on measures against climate change and for the transition towards a new energy model in Andalusia

• Decree of Structure Regional Ministry of Economy, Finance and European Funds:

  General Secretariat of Budgets, Expenditure and European Financing: definition, monitoring and evaluation of the inclusion of the environmental perspective in the Budget of the Autonomous Community.

  General Directorate for Budgets: analysis and evaluation of budgetary programmes, analysis and functional and technical coordination in the construction or revision of budgetary indicators

  General Directorate of Treasury and Public Debt, the preparation and monitoring of public debt issuance frameworks in the form of green, social or sustainable bonds.
**Governance model**

**Regional Ministry of Economy, Finance and European Funds**

It defines the strategy for including the environmental perspective in the budget, monitors its progress and **prepares the frameworks for sustainable debt issuance.**

**Regional Ministry of Sustainability, Environment and Blue Economy**

It establishes the value references, works with the Regional Ministries in the definition of indicators consistent with the Strategic and Operational Objectives, prepares the annual report on the degree of execution of budget appropriations with an impact on climate change (article 32 Climate Change Law).
Green perspective in sectoral planning

We are introducing **climate targets** into the medium-term sectoral plans.

The Andalusian Institute of Public Administration prepared (2021) a **GUIDE** that offers guidelines to make an adequate treatment of this issue in sectoral planning and advises the Regional Ministries and entities that request it in this regard.

This guide integrates the dual **Green-Gender perspective**.

> Without a **systematic integration** of the environmental perspective into strategic programming, the Green Budget has some weaknesses.
The Budget of the C.A. is a budget with a gender focus and also green:

- Annual budget
- Equality goals
- Environmental objectives
- Gender audits
- Gender Impact Assessment Commission
- Working green groups analysis of preliminary projects
- Working groups analysis of preliminary projects
- Final audit reports
- Strategic guidance documents DOE G+
- Annual Report of Execution of Credits art 32. Climate Change Law

The Green Budget is integrated into the Budget with a gender perspective: we address the inequality gaps that may be generated by environmental degradation in general and climate change in general. Both perspectives do not compete, they dialogue.
Green perspective in budgeting

1. We are including green rules in the regulations governing the drafting process and in the guidance that helps spending programmes make **explicit performance targets and headline indicators**.
2. We also provide **training courses**, for the same purpose.
3. We have developed a **methodology to select critical programmes** in this sustainable challenge: programs that are linked to the sustainable development goals of the 2030 Agenda, gender impact, size, spending, etc.
4. We provide **support to design indicators**.
5. We have **developed an APP for monitoring budget indicators** and their evolution.

**Training incentives** such as the Green Fund and the provision of guide managers are indispensable tools for the internalization and institutionalization of change.
Green perspective in budgeting

1. **Order of Elaboration**: calendar and procedure.
2. **Qualitative elaboration guide**: tools to support management centres.
3. **Training** for budget managers.
4. **Incentives for management centres**: Green Budget Fund €2 million, 62 projects
5. **Critical Program Selection Methodology**: SDG, PPG, Dimension…
6. **Definition of environmental indicators**.
7. **Development of applications** that allow budget monitoring.
8. **Preparation of the annual report of the incidence of budgetary indicators on climate change**.
The Junta de Andalucía was the first Spanish Administration to identify, order and systematize climate change indicators associated with its budgetary actions since the 2019 report.
1. **Budget monitoring report** of the actions of the Junta de Andalucía in the field of climate change.

2. **Criteria** for the identification of actions or budgetary indicators that have an impact on climate change.

3. **Methodology** for the budgetary monitoring of the actions of the Junta de Andalucía in the field of climate change.

4. **Analysis by Section** of the budgetary monitoring of the actions of the Junta de Andalucía in the field of climate change.

5. **Recommendations** for improving the alignment between budget planning and climate planning.

The lack of an implementation follow-up that provides feedback to the programming of the Green Budget, would not allow to identify **areas for improvement**.
In March 2021, the **SUSTAINABLE FINANCE FRAMEWORK** of the Junta de Andalucía is prepared.

Under this framework, **sustainable bond issues** for a total amount of 2,600 million euros **have been carried out** until 2023 with great reception in the markets.

[https://juntadeandalucia.es/organismos/economiahaciendayfondoseuropeos/areas/informacion-inversor/informacion-inversor.html](https://juntadeandalucia.es/organismos/economiahaciendayfondoseuropeos/areas/informacion-inversor/informacion-inversor.html)
As a result of the project with the EC, a **methodology** for analyzing budget programmes has been developed.

It is an analysis methodology built from **international standards**, internal information sources and good practices used in other European regions.

- Sustainable Development Goals (SDGs)
- OECD Rio Markers methodology
- Guidelines for the issuance of Green and Social Bonds (ICMA)
- **Taxonomy of the European Union**

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**Methodology**

**Part 1**  
First filtering of the programmes

- Programme with direct impact on the SDGs 3, 4, 5, 7, 8, 10, 11, 13 and/or 15
- Programme with relevance in the area of climate change
- Programme with maximum gender impact (G+)

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**Part 2**  
Relevant area of sustainability

Determine for each budget programme the potential link to the different areas of sustainability: climate change; environment; social

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**Part 3**  
Quantitative indicators. Second filtering of the programmes.

Analyse, according to the thresholds established, the percentage share of the programme’s budget in the total RA budget and the percentage of programme’s budget in chapters 2, 4, 6 and 7

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**Part 4**  
Analysis of budget programmes

Exceeds the thresholds  
Doesn’t reach them

The programme will not be further analysed.
# Methodology

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<th>Part 4</th>
<th>Analysis of budget programmes</th>
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<td>Objectives, actions and indicators of the programme</td>
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<td></td>
<td>Compile the information of the programme that evidences the link with the relevant area(s) of sustainability</td>
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<tr>
<td>Part 4b</td>
<td>Analysis of the Rio markers</td>
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<td></td>
<td>Allocate the appropriate Rio marker for each area of sustainability:</td>
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<tr>
<td></td>
<td>0 = No link between them</td>
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<tr>
<td></td>
<td>1 = Significant but unintended impact</td>
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<td>2 = The area of sustainability analysed is central in the design of the programme</td>
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<tr>
<td></td>
<td>There is at least one positive Rio marker</td>
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<tr>
<td></td>
<td>There isn’t a positive Rio marker</td>
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<tr>
<td></td>
<td>The programme will not be further analysed.</td>
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<tr>
<td>Part 4c</td>
<td>Eligible sustainable categories</td>
</tr>
<tr>
<td></td>
<td>Identify the category(ies) of ICMA’s Social Bond Principles / Green Bond Principles which are linked to each programme</td>
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<td>Part 5</td>
<td>Programme eligibility according to the EU Taxonomy</td>
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<td></td>
<td>Analyse the eligibility of the activities of each programme according to the EU Taxonomy (climate change mitigation and adaptation)</td>
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<td>Part 6</td>
<td>Evaluation of indicators</td>
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<td></td>
<td>Analysis the indicators reported for each programme according to ICMA guidelines</td>
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# Methodology

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<th>Parte 2 - Ámbito de sostenibilidad</th>
<th>Parte 3 - Indicadores cuantitativos calculados a partir de '21-2021 (Consecutivos 1)</th>
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<td>CDS Prioritarios</td>
<td>PAAC</td>
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<tr>
<td>12L D.S.G. DE EDUCACIÓN Y DEPORTE</td>
<td>1</td>
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<tr>
<td>12M D.S.G. AGRIC., GANADERÍA, PESCA Y DESA. SOSTENIBLE</td>
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<tr>
<td>14B ADMINISTRACIÓN DE JUSTICIA</td>
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<tr>
<td>51E ATENCIÓN A LA INFANCIA</td>
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<td>0</td>
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<tr>
<td>510 ACCIÓN COMUNITARIA E INSERCIÓN</td>
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<tr>
<td>51F SERVICIO DE APOYO A FAMILIAS</td>
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<tr>
<td>51I AFENC. DEPENDENCIA, ENVEJECIMIENTO ACTI. Y DISCAP</td>
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</tr>
</tbody>
</table>
### Parte 1A - Objetivos estratégicos, objetivos operativos, actuaciones e indicadores del programa presupuestario

<table>
<thead>
<tr>
<th>Programas Presupuestarios</th>
<th>Objetivos</th>
<th>Operativos</th>
<th>Actuaciones</th>
<th>Indicadores</th>
</tr>
</thead>
</table>

#### 11. D.S.G. DE EDUCACIÓN Y DEPORTE
- Clave: CE.1
- Objetivo: Mejorar la Educación
- Actuación: Sistemas de Evaluación
- Indicador: 63 indicador

#### 12. D.S.G. DE AGRICULTURA, Ganadería, Pesca y Desarrollo Rural
- Clave: CE.2
- Objetivo: Mejorar la Agricultura
- Actuación: Sistemas de Cooperación
- Indicador: 63 indicador

#### 13. ADMINISTRACIÓN DE JUSTICIA
- Clave: CE.3
- Objetivo: Mejorar la Justicia
- Actuación: Sistemas de Tutela
- Indicador: 68 indicador

#### 14. ATENCIÓN A LA INFANCIA
- Clave: CE.4
- Objetivo: Mejorar la Infancia
- Actuación: Sistemas de Atención
- Indicador: 30 indicador

#### 15. ACCIÓN COMUNITARIA E INTEGRACIÓN
- Clave: CE.5
- Objetivo: Mejorar la Integra
- Actuación: Sistemas de Desarrollo
- Indicador: 15 indicador

#### 16. SERVICIO DE APOYO A FAMILIAS
- Clave: CE.6
- Objetivo: Mejorar la Familia
- Actuación: Sistemas de Asesoramiento
- Indicador: 2 indicador

#### 17. ATENCIÓN DEPENDIENTES, ENVEJECIMIENTO ACTIVO Y DISCAPACIDAD
- Clave: CE.7
- Objetivo: Mejorar la Dependencia
- Actuación: Sistemas de Gestión
- Indicador: 41 indicador
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<th>Methodology</th>
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<tbody>
<tr>
<td>Program/Project</td>
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<tr>
<td>Energy efficiency and control of systems and buildings</td>
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<tr>
<td>Water management and control of systems and buildings</td>
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<tr>
<td>Waste management and control of systems and buildings</td>
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<tr>
<td>Transport management and control of systems and buildings</td>
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</tbody>
</table>

###能量效率和控制
- 系统和建筑的能源效率
- 系统和建筑的水管理
- 系统和建筑的废物管理
- 系统和建筑的交通管理

###项目
- 程序/项目

###节能
- 系统和建筑的能源效率
- 系统和建筑的水管理
- 系统和建筑的废物管理
- 系统和建筑的交通管理

###水资源管理
- 系统和建筑的水管理
- 系统和建筑的废物管理
- 系统和建筑的运输管理
- 系统和建筑的交通管理

###垃圾管理
- 系统和建筑的废物管理
- 系统和建筑的运输管理
- 系统和建筑的交通管理
- 系统和建筑的交通管理

###交通管理
- 系统和建筑的交通管理
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###控制
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It analyses whether the programme has eligible activities under the EU Taxonomy, in the climate change mitigation and adaptation sections. The information collected on the actions of the budget of the Junta de Andalucía is compared with the eligible activities listed in the Taxonomy Compass, which already includes proposals linked to activities that contribute significantly to climate objectives.

Based on this analysis, a list of eligible activities is prepared by program and for each eligible activity the framework presents the alignment and do no harm (DNSH) criteria.
Results

The methodology has made it possible to:

1. **Measure the contributions** of each budget programme to the different areas of sustainability: climate change, environment and social.
2. **Estimate the part of the budget** of the Junta de Andalucía in 2021 (and subsequent years) that can be defined as **sustainable** for the purposes of a sustainable debt issue.
3. **Inform**, in terms of sustainability criteria, **the decisions to be made in the budget process**.
4. **Identify next steps**, such as:
   - **Update the methodology** for use in future budget years and explain how it can be further developed to adapt to future regulatory changes.
   - **Improve the impact indicators** that are estimated annually for each budget program in order to improve results-oriented program management and reporting on future sustainable emissions.
Junta de Andalucía Sustainable Finance Framework
UN Women: case study

For more information, please contact:

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THANK YOU

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