



GREEN BUDGETING FOR A GREEN RECOVERY

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Introduction

- **Green budgeting can support a green recovery in Asia-Pacific countries**
 - Identifying green priorities and budget options
 - Assessing how different budget measures impact green objectives
 - Reporting how stimulus packages help meet green objectives
- **Green recovery requires concerted policy action**
 - Prioritising green policy choices
 - Speeding up structural change towards the low-carbon transition
 - Increasing society's resilience to future shocks and reducing future risks



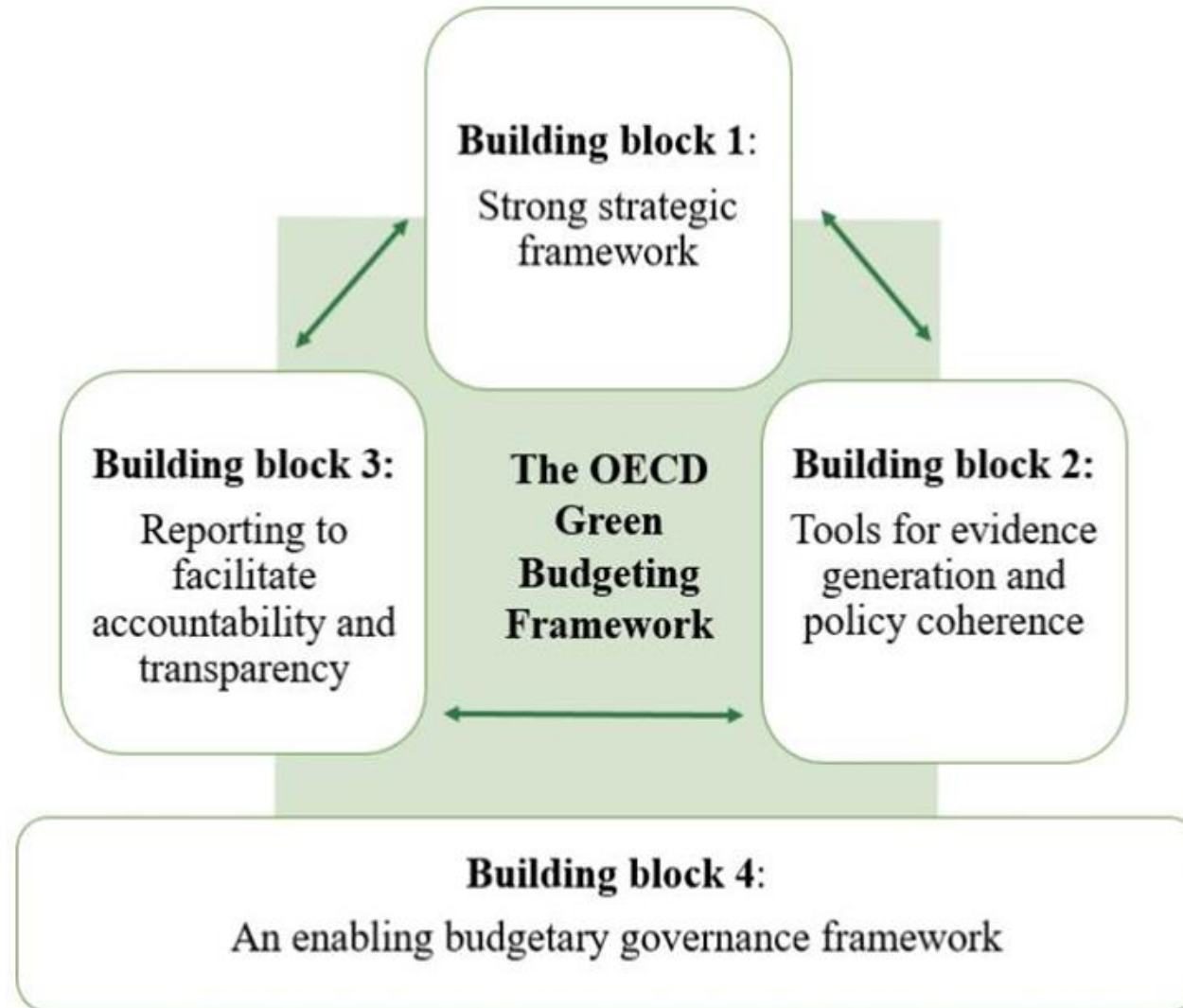
What is green budgeting?

- Enabling decision-makers to understand and guide budgetary choices
- Improving budgetary steering and coherence with environmental objectives
- Strengthening the transparency of expenditure management for parliaments, civil society and citizens
- Promoting the development of the skills of public administrations





OECD Green Budgeting Framework



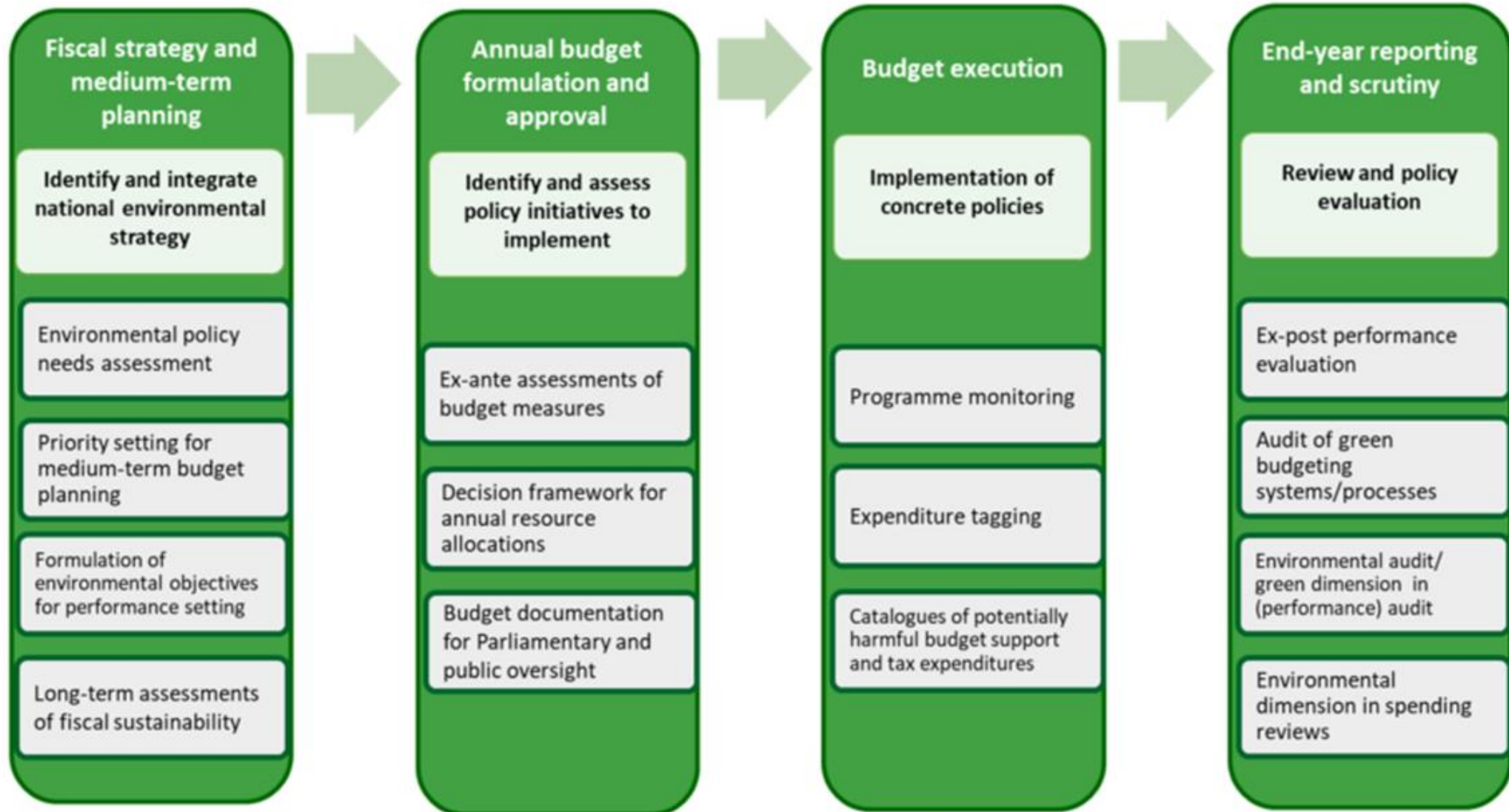


How green budgeting can support a green recovery in Asia-Pacific countries?

- **Identifying green priorities and budget options**
 - Strong strategic framework
 - Green budgeting tools
- **Bringing a climate perspective to macro-fiscal forecasting**
 - Identifying mitigation and adaptation reforms in the public sector
 - Updating fiscal risk management frameworks
- **Reporting how stimulus packages help meet green objectives**
 - General green budget and green progress statements
 - Distributional impact analysis



Putting green budgeting into practice: Multiple entry points for integration in the budget cycle





How can green budgeting practices help create fiscal space and mobilise additional resources?

- **Identifying funding options within an area of government or transfers from across government**
 - Integration of green perspectives into spending reviews
 - Integration of green perspectives into medium and long-term budgetary frameworks
- **Prioritising investments that support low-carbon recovery**
 - Precondition for public and private investment
 - Alignment with de-carbonisation objectives
- **Using green tax policy as a strong revenue-raising component**
 - Carbon pricing as a core tool of a green tax policy framework
 - Increasing carbon pricing gradually over time

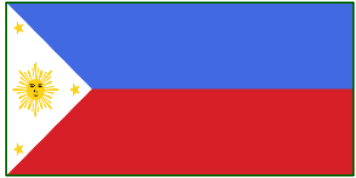


Emerging practices examples in Asia Pacific countries



Indonesia

- The Indonesian 2015-2020 Green Planning and Budgeting Strategy (GPBS) implemented in line with the Medium Term Expenditure Framework and performance-based budget system.
- Low Emission Budget Tagging and Scoring System (LESS) in key ministries to track resources spent to achieve the national emission reduction target of 26% by 2020.



The Philippines

- Climate Change Budget Tagging in national budget submissions for all government entities.
- Aligned with the National Climate Change Action Plan
- Publication of results in the People Climate Budget



Thailand

- Integrate a “Climate Change Benefit Analysis (CCBA) into budget proposals, and monitoring and evaluation mechanisms.
- Climate Change Benefit Analysis (CCBA) guidelines which provide assistance to Ministries and decision makers in the budget and planning process



What role for sovereign green bonds during a time of high debt-to-GDP ratios?

- New instrument?
- Becoming an important source of revenue for governments to finance their recoveries
- Facilitating access to credit in a constrained climate for countries to invest sustainably in a green recovery
- Enhancing the financing capacity of sovereigns and diversifying funding sources
- Broadening benefits to the economy in financing the low-carbon transition and promoting the development of a domestic market for green bonds



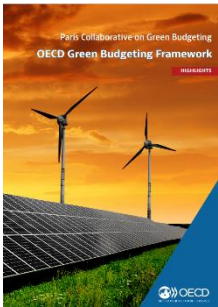
Key messages

- Unprecedented fiscal policy action in Asia Pacific countries
- Stimulus packages to sustainable, social and economic recovery
- Opportunity to “green” recovery packages and to speed up structural change towards the low-carbon transition
- Well-designed tax policy reinforces green stimulus
- Well-communicated spending and tax policy choices benefit to well-being, environmental protection, and resilience

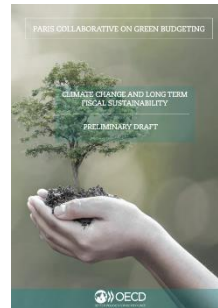


OECD Paris Collaborative for Green Budgeting recent developments (Publications):

Recent Publications



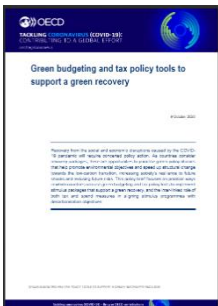
- [OECD Green Budgeting framework](#) (2020)



- [Climate Change and Long Term Fiscal Sustainability](#) (2021)



- [Green budgeting in OECD countries](#) (2021)



- [Green budgeting and tax policy tools to support a green recovery](#) (2020)



- [Green Budget Tagging: Introductory Guidance & Principles](#) (2021)



- [Integrating Climate Into Macroeconomic Modelling](#) (2021)

Forthcoming Publications:

- Green Spending Reviews
- Green Budgeting Index



THANK YOU

<http://www.oecd.org/gov/budgeting>

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