



# HANDBOOK ON **GREEN BUDGETING** IN ASSAM



# Table of Contents

<b>Section I:</b>	Mainstreaming green measures in State's designing of schemes and financing
<b>Section II:</b>	Announcements made towards the green initiatives in the Assam Budget 2022-2023
<b>Section III:</b>	Need for introducing Inclusive Green Budgeting in Assam
<b>Section IV:</b>	Green Budgeting process: Method of identification, categorisation and tagging of schemes
<b>Section V:</b>	Proposed phases of implementation of Green Budgeting in Assam

# Section I

## Mainstreaming green measures in State's designing of schemes and financing

Assam is one of the most vulnerable states to climate change<sup>1</sup>, in the Indian Himalayan Region. Moreover, with the increase in urbanisation and industrial growth, negative environmental externalities such as Greenhouse Gas (GHG) emissions and environmental pollution are rising in the State. Emissions in Assam has increased at a rate of 2.10 per cent (compounded annually) from 25.02 Mt CO<sub>2</sub>e in 2005 to 32.77 Mt CO<sub>2</sub>e in 2018.<sup>2</sup>

Assam published its first State Action Plan on Climate Change (SAPCC) in 2015, consistent with the strategies outlined in the National Action Plan on Climate Change (NAPCC). Further, revised SAPCC for the period 2021-2030 (ASAPCC 2.0) has been drafted in synergy with India's Nationally determined contributions (NDC) goals (any updated targets thereof), Sustainable Development Goals (SDGs) and state development priorities.

It is noteworthy that ASAPCC for 2015-2020 and ASAPCC 2.0 for 2021-2030 had made a budget estimate of Rs. 58,026 crore and Rs. 1,03,000 crore respectively for the entire duration of the plan. The ASAPCC highlighted the need for systemically undertaking the cost for climate adaptation measures. Failing to do so, would lead to increase in the cost making it a significant portion of the State's total GSDP.

Hence, it is imperative that the adaptation costs are factored in each year and every department identifies and factors in budget requirements in their planning and develop fiscal instruments that can provide financial support for undertaking such work on a regular basis. Additionally, not only climate adaptation, but multi-sectoral interventions such as climate change mitigation and environment sustainability need to be mainstreamed in our financial planning.

<sup>1</sup> Climate Vulnerability Assessment Report for the Indian Himalayan Region Using a Common Framework (2018), Available at :[IHCAP Climate Vulnerability Assessment 30Nov2018 Final aw.pdf](#)

<sup>2</sup> Trend Analysis of GHG Emissions of Assam (2022) , Available at : [GHGPI Trend-Analysis 2005-to-2018 Assam Sep22.pdf \(ghgplatform-india.org\)](#)

## Section II

### Announcements made towards the green initiatives in the Assam Budget 2022-2023

The need of the hour is to consider environmental and development issues in tandem and strengthen the existing institutional frameworks to respond to global and local environmental challenges. We have already initiated some programmes to address this situation. Hence, it is pertinent to institutionalize the efforts in the fiscal budgeting process.

Several announcements have been made in our budget of financial year 2022-23 such as Green Tax for scrapping of old vehicles, *Seuj Axom Abhijan* (or Assam Green Mission) for increasing forest cover and other measures like adopting climate resilient agriculture practices and climate resilient villages, National *Gati Shakti* Mission to encourage investments in green infrastructure, among others. We also have SDG budget which envisioned several schemes and programmes under various goals pertaining to climate change and environment (like Goal 13, 14 and 15). However, there is a need to develop and adopt a robust and integrated budgeting tool like Green Budget to transition Assam towards a low carbon, climate resilient and green economy in an inclusive manner. The adoption of Green Budgeting by us must be in coherence with our existing SDG budget.



## Section III

### Need for introducing Inclusive Green Budgeting in Assam

It is widely recognised that the Green Budgeting tool offers an opportunity towards mainstreaming environmental concerns in various sectors of the economy and support effective planning of public finances for delivering on climate and environment sustainability outcomes for the states. The need for tracking climate expenditure and making governments accountable to the public has risen in prominence in the current scenario of extreme climate change and urgent need for reducing GHG emissions while driving economic growth post pandemic.

Green Budgeting can hence be used to track the flow of climate funds, develop a long-term strategy to combat climate change, attract finance from diverse sources, and mainstream the issue in policymaking. It offers an opportunity to:

- Streamline environmental sustainability within the fiscal framework of sustainable development processes with positive outcomes;
- Enhance policy coherence for meeting national and international commitments;
- Encourage sectoral participation as collective action like SDG Budget, Gender Budget, and Child Budget,
- Evident additionality for accessing external climate funds and improving fungibility of climate project proposals to take advantage of new climate finance mechanisms like green bonds,
- Leverage private investment through effective public expenditure planning and initiate green public procurement processes on principle of sustainable consumption and lifestyle.

Furthermore, it is pertinent to identify the co-benefits of green measures for vulnerable sections of society such as women, children, Scheduled Caste (SC) and Scheduled Tribe (ST) population, persons with disabilities and other marginalised and low-income groups. This would help in developing a more Inclusive Green Budget.

Given that the budget is the government's central policy document and its significance in determining how resources are allocated to deliver climate and environment sustainability objectives, it is appropriate that priorities relating to the environment and climate change be considered as part of the budget process. This is the reason that few States such as Bihar and Odisha have started the formal process of Green Budgeting and Climate Budgeting respectively.

Nevertheless, one must be mindful that there is no one-size fit all approach to Green Budgeting. The magnitudes of climate change on the social and financial systems are

expected to vary in different regions of the world on account of several regional and other local factors. Therefore, different adaptation, mitigation strategies, and technology systems would be required in differing geographical and social contexts. Further, there are many uncertainties in disaggregating the effects of global warming on different agro-climatic regions due to still inadequate scientific understanding of the processes involved in climate change.

Keeping these in mind, our Green Budget needs to be in tune with the local socio-economic and environmental conditions of the State. ASAPCC 2.0 is the key document which should be referred to while planning for Green Budgeting in Assam. An important step would be to encourage a consultative process while laying out the methodology of budget tagging and setting working definition for green budgeting in Assam.

**Inclusive Green Budgeting in Assam can be referred as:**

Green budgeting mainstreams environmental sustainability and climate change concerns within the existing developmental processes and sectors of economy. It eventually reduces the unfavourable expenditure and provides inputs for aligning the economy for a green and inclusive growth.

## Section IV

### Green Budgeting process: Method of identification, categorisation and tagging of schemes

Through this process, we attempt to identify department-wise schemes and activities and map budgetary allocations which are directly or indirectly contributing towards setting the agenda of climate change (adaptation and mitigation) and environmental sustainability in Assam.

Identification of departments is to be carried out based on their dealing with nine vulnerable sectors to climate change as identified with ASAPCC 2.0 (2021-2030). The nine sectors and key departments for the initial phase are listed below in Table 1.

**Table 1: Identification of departments linked to vulnerable sectors**

S.No.	Vulnerable Sectors (as per SAPCC 2.0)	Departments (Identified for Inception Phase)
1.	Agriculture and Allied Sector	Agriculture
2.	Forestry and Biodiversity	Environment and Forest
3.	Water Resources	Water Resources, Soil Conservation
4.	Energy	Power
5.	Strategic Knowledge	Science, Technology and Climate Change
6.	Disaster Management	Revenue and Disaster Management, Public Works
7.	Urban and Rural (Human Settlement)	Panchayat and Rural development, Housing and Urban Affairs
8.	Human Health	Public Health Engineering
9.	Transport	Transport

The following **steps** present the process to be followed for carrying out Green Budgeting in the State:

**Step1:** The relevant line departments (restricted to a few key departments in the first year) provide data in a proforma made for the purpose of identification of department-wise relevant schemes for Green Budget Statement

**Step 2:** Identify the schemes that have activities/ components directly or indirectly relevant for climate and /or environmental promotion through review of scheme specific guidelines, context, and objectives to assign the relevance level as highly favourable (100

per cent), moderately favourable (at least 40 per cent), neutral and unfavourable. This is based on a modified Rio-marker definition.<sup>3</sup>

Table 2 below presents examples of schemes and programmes from Assam's budget for all the categories based on their relevance level / green share.

**Table 2: Identification of schemes and programmes in four suggested categories based on the relevance level**

Impact	Relevance Level	Definition	Examples of Schemes/ Activities	Rationale
Highly Favourable	100 per cent	Schemes and programmes bringing highly favourable impact for Environment and Climate change	Promotion of Renewable Energy, Promotion of Electric Vehicles, Protection of Forests and Afforestation, Flood Control Projects, Solid and Liquid Waste Management, Energy Efficient lighting, etc.	Reduced GHG emissions
				Brings in environment improvement and land and water resources degradation
				Increase forest cover, act as carbon sink
Moderately Favourable	At least 40 per cent	Schemes and programmes bringing quite favourable impact for Environment and Climate change	National Food Security Mission, Metro rails, National Rural Employment Guarantee Scheme (MGNREGS), etc	Builds climate adaptation capacity
				Food security and climate adaptation
				Improve climate resilience of urban settlements
				Improve productivity and agriculture resilience

<sup>3</sup> [Short guide to the use of Rio markers](#) | [Capacity4dev \(europa.eu\)](#)



				Human settlement and environment improvement
				Climate change adaptation
Neutral	No relevant per cent assigned	Schemes and programmes which are not targeted or not have relevant impact for environment and climate change	Training, Skill Development, and Administrative allocation, etc.	Not targeted
Un favourable	No relevant per cent assigned	Need for Improving Green Share	Cash crop development, High Yielding Varieties Programme, etc.	Need strategies to improve green share

**Step 3:** For each identified scheme, budget codes for the major head, sub-major head, and minor head along with the scheme code should be recorded for easy tracking of the scheme and sectoral and ministry-wise analysis of expenditure. The Detailed Demand for Grants (DDGs) includes all the schemes with specific codes and can be used for this exercise.

**Step 4.** Tagging of schematic or programmatic interventions in terms of their contribution to nine vulnerable sectors identified in ASAPCC 2.0 and second level of tagging in three broad domains that are: climate mitigation, climate adaptation and environment sustainability. **Climate change mitigation** interventions are those meant for reducing GHG emissions and **climate change adaptation** interventions are those meant for climate risk mitigation and reducing vulnerability. Interventions /activities pertaining to four sub – domains / objectives which will serve the third objective on **environment sustainability** are- sustainable use and protection of natural resources, transition to a circular economy, pollution prevention and control, and, protection and restoration of biodiversity and ecosystem.

**Table 3: Identification of schemes/programmes with rationale linked to relevant departments**

S.No.	Vulnerable Sectors (as per SAPCC 2.0)	Relevant Departments	Climate change/ environment related schemes or programmes	Rationale/Objective
1.	Agriculture and Allied Sector	Agriculture		
2.	Forestry and Biodiversity	Environment and Forest		
3.	Water Resources	Water Resources, Soil Conservation		
4.	Energy	Power		
5.	Strategic Knowledge	Science, Technology and Climate Change		
6.	Disaster Management	Revenue and Disaster Management, Public Works		
7.	Urban and Rural (Human Settlement)	Panchayat and Rural development, Housing and Urban Affairs		
8.	Human Health	Public Health Engineering		
9.	Transport	Transport		

**Step 5:** Tagging of relevant programmes and schemes to, vulnerable sector as per ASAPCC 2.0, domains, and SDG Goals in coherence with SDG budget and rationale decision.

A suggested format that can be used by the key identified State departments (as indicated in table 1) for Green Budget Statement is given as follows:

			Format for furnishing information for Green Budget Statement												
			Demand Number: 63 – Water Resources												
			Name of the Department: Water Resources Department												
S. No .	Sche me	Detailed Head	Scheme Budget			Relevance Level ( Tick one)			Green Budget	Rationale of Schemes ticked in column (6) and (7) for their favourability for environment and Climate Change	Suggest ions for improvi ng green share of scheme s ticked in column (8) and (9) (If any)	Tagging			
			2021-22		2022- 23	Highl y Favou rable	Moder ately Favour able	Neutral	Unfavourable			2022-23	Vulnerable Sector as per SAPCC 2.0	Broad Domains	SDG Goals
			BE	RE	BE	100%	At least 40%	No percent assigned	No percent assigned			BE	9 Vulnerable Sectors as per SAPCC 2.0	Climate Adaptation/ Climate Mitigation/ Environment sustainability	Goal 1 to 17 and their indicators
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)			Green Share (10)	(11)	(12)	(13)
	Flood Control	Assam Integrated River Basin Management Project				YES				9900	To reduce the vulnerability of people to climate-related disasters and improve integrated water resources management		Disaster Management, Water Resources	Climate Adaptation	13 – Climate Action
	Brahmaputra flood control project	Embankments					YES				This involves maintenance of embankments		Disaster Management	Climate Adaptation	13-Climate Action
	Flood Control	Improvement of Chief engineer's office complex and lift	0	0.01	105.45			YES			Administrative expenditure		-	-	-

## Section V

### Proposed phases of implementation of Green Budgeting in Assam

The Green Budget is an initiative being undertaken with a vision to mainstream the environmental sustainability into developmental planning and public finance management system in the State. This initiative will be carried out through a consultative process and capacity building of representatives from various line departments and other stakeholders.

Furthermore, while planning for improving the green relevance of schemes and programmes, it is important to consider and assess the type of co- benefits being brought in by environmental and climate relevant schemes for the climate vulnerable sections of society such as women, children, marginalised and low-income groups, persons with disabilities and SC and ST population. Gender and child related co-benefits will be identified and evaluated while setting the tagging criteria of scheme and programmes and during ex-ante planning. This will propel the green budgets towards a more inclusive approach.

Also, in order to ensure effectiveness of green budgeting, it is highly essential to adopt an ex-ante planning and then ex-post monitoring and evaluation of environmental expenditures and resulting outcomes.

Hence, in order to encourage participatory approach for improvising the Green Budget Statement and initiate an ex- ante planning, the implementation plan for Green Budget for the FY 2023-24, could begin with a few key departments dealing with nine vulnerable sectors identified in ASAPCC 2.0.

**Developing green budget statement will include the following phases and steps:**

<b>Financial Year I (FY I)</b>	Step 1: Identify a few key departments concerned with vulnerable sectors as per ASAPCC 2.0. These departments will participate in preparing Green Budget Statement for FY 2022-23
	Step 2: Key departments associated with vulnerable sectors are pursued with identification of activities/schemes/ programmes and their categorisation as highly favourable, moderately favourable, neutral, and unfavourable along with tagging
	Step3: Compilation of comments by key departments and identification schemes per relevance level by consultation and capacity building exercise

	Step 4: Submission of duly filled up Green Budget Statement format by the selected key departments. Finalisation of Assam's first Green Budget Statement
<b>Financial Year II (FY II)</b>	Step5: Based on the experience and learnings from the exercise carried out in FY I, discussion can be done on revising / improving the format of Green Budget Statement (if need be).
	Step-6: Continuing capacity building of Key Departments from Step2 and initiating capacity building of remaining departments
<b>Financial Year III (FY III)</b>	Step7: Remaining Departments prepare green budget in accordance with guidelines and per-forma



