



HELLENIC REPUBLIC Ministry of Finance
General Secretariat of Fiscal Policy
General Accounting Office
General Directorate of Fiscal Policy and Budget
Directorate for the Evaluation of General
Government Actions

Creating an enabling environment for Green Budgeting in Greece: governance and challenges addressed in an integrated approach

A modern Public Financial Management environment for Greece

- ❑ As of 2010, a **new PFM environment** has been gradually built in Greece.
- ❑ In a very harsh period of economic adjustment programs, a series of structural PFM reforms took place to formulate a new, modern environment for public finance.

As highlighted in the 2019 OECD budget report for Greece, these reforms include interventions both within the MoF and the General Government as a whole:

Clear fiscal rules & top-down budgeting.

Annual rolling 4 year MTFS.

New budget economic & administrative classification.

Commitment registry to better control arrears.

Improved fiscal reporting at Central Administration and General Government level.

Creation of Independent Fiscal Institutions (Fiscal Council, PBO).

Creation of a central Financial Management Agency per LM (GDFS).

Gradual integration of spending reviews.

Preparing the ground for the gradual introduction of Performance Budgeting

Performance budgeting, a reform umbrella for:

- ❑ Comprehensive, Sectoral and Green Spending Reviews
- ❑ Program and Functional classification of the Budget
- ❑ Performance Information and Measurement and
- ❑ Gradual introduction of Green Budgeting as of 2020

Green Budgeting

- ❑ **Green budgeting:** based on the progress made and knowledge built through Green SRs and Program Analysis.
- ❑ Significant and ongoing support by OECD.

2020-2021

2022 for 2023 budget

2023

Methodology building and Pilots

- Tagging the Programs for 2 LMs per EU taxonomy area: **Green, Brown, Neutral**
- Gradual integration of green indicators at the Program Level

- Further expanding tagging to flag **Mixed** and **Unlisted** expenditure
- Gradually listing the revenue and the tax expenditure side

- ❑ **2024 – 2025:** It is expected that the methodology and the spectrum covered will be further developed. A systematic introduction of indicators will also be envisaged for selected programs.

Key issues with regards to Green Budgeting/ Greek experience

1. Integrating Green Budgeting in the Budget Cycle

- Supports informing the budget process, introducing the environmental aspect in the budgetary discussions, negotiations and parliamentary dialogue
- Can serve as a link with other related fields, i.e. green funding tools, to further enhance a comprehensive approach

Green budgeting as part of the budget process from December n-1 to November n: part of the budget circulars, budget documentation, memorandum of cooperation between MoF and LMs -in the framework of the PB monitoring mechanism

Key issues with regards to Green Budgeting / Greek experience

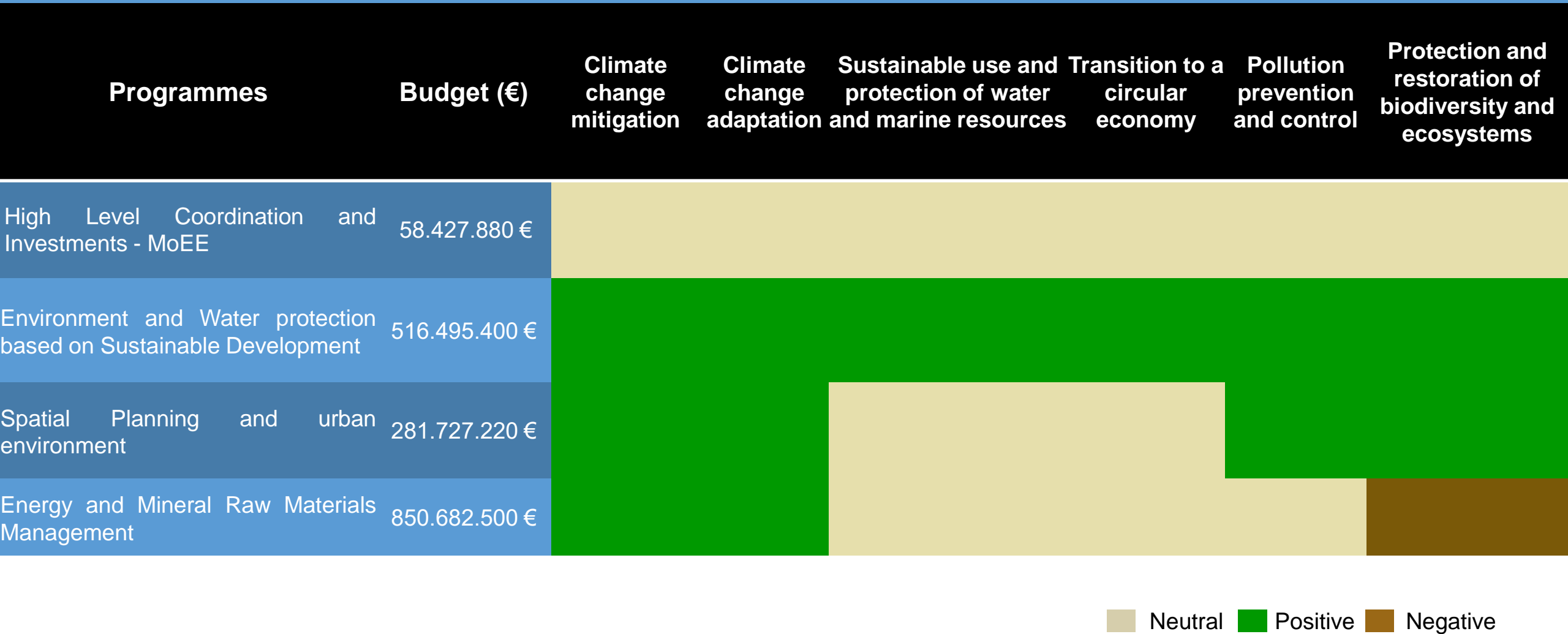
2. Have a clear governance scheme, involving all the concerned Stakeholders

-**Ministry of Finance, Ministry of Environment** – Common Governance Scheme: Jointly work (Green Budgeting Committee) with the mandate to establish the general rules, the methodology and to deploy the new system of Green Budgeting. Both Ministries have a leading role in the process. **The Ministry of Finance** oversees and co-ordinates State - budget related issues, while **the Ministry of Environment** oversees and supports all line ministries on environmental related issues.

Both Ministries discuss international commitments, best practices e.tc.

-**Line Ministries**, highly involved to take ownership of the reform

2023 Green Budgeting Tagging- Ministry of Environment and Energy



Program "Sustainable Rural Development" (11.1029.01). Ministry of Rural Development and Food

Funding:

- ✓ 1,230 mio € Central Government Funding
- ✓ 88.1 mio € General Government Funding

Program Strategy:

- ✓ Creation of a strong, competitive and sustainable agro-food system,
- ✓ Creation of sustainable and multi-functional rural areas.

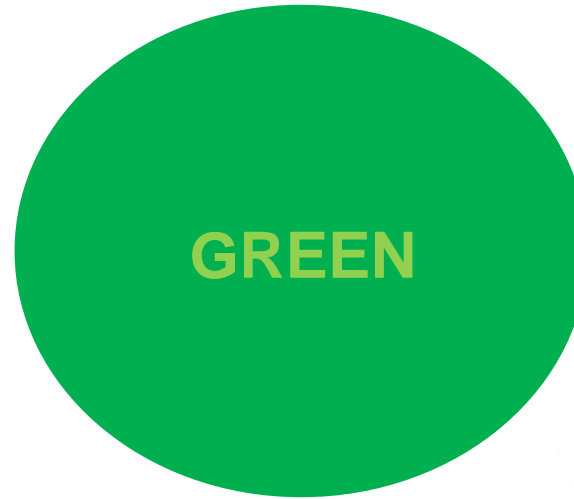
Objectives:

- ✓ Strengthening the competitiveness and productivity of the primary sector,
- ✓ Protecting the environment / natural resources in the sector
- ✓ Strengthening the social cohesion in rural areas.

Indicator 1: Number of acres of rural and forest land under exploitation supporting reduction of the greenhouse effect/emissions to achieve the total targeted coverage for 2025.
Target price for 2023: 51.000.

Human resources: 1,677

- ✓ 229 Central Government entities
- ✓ 1,448 other General Government entities



Highest level of hierarchical structure responsible for the Program:

- ✓ General Secretariat for Agricultural Policy and International Relations.

Main outputs/ products:

- ✓ Number of beneficiaries to whom support is provided,
- ✓ Extension of rural road construction,
- ✓ Produced Renewable Energy (RE) (kWh),
- ✓ Actual reduction in water use, number of participants in training actions e.tc.

Main activities: plans for the improvement, processing and marketing of agricultural products, actions for young farmers, infrastructure for the development and adaptation of agriculture, aid for agriculture, the environment and the climate, actions for the transfer of knowledge and information, consulting services on the agricultural land, quality systems of agricultural products and food, actions of research, innovation and education, e.tc.

Main challenges encountered and lessons learned

- Significance of international technical assistance and peer learning
- Importance of building a dynamic system to respond to the needs of the audience – Parliament, citizens, academia, politicians and administration, international reporting needs
- Significance of strong political support and active involvement of the political leadership of both MoF and the LMs
- Enhanced training/ capacity building and communication initiatives
- Supporting the reform with a robust IT
- Integrating GB in the budget legislation and regulatory framework
- Build a new process that aligns with the existing ones, so as not to waste resources (efficient time management, no duplication of procedures e.tc.)
- Quality assurance

THANK YOU!



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