Methodological guide to include **the energy and climate perspective in the Budget of the Basque Country**

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1. Introduction

1.1. Context

Climate change is one of the main challenges of our time and is driving the need for a transition towards low carbon economies. At this juncture, the climate change adaptation and decarbonisation goals both in global agreements and in the ambitious climate standards set by the European Union (EU), along with a transformation of its economy, pose important challenges for the territories and their administrations.

In this vein, climate budgets have emerged as a key tool to align public financial planning with climate commitments. Their goal is to identify, classify and assess the climate impact of public spending, facilitating the efficient allocation of resources to policies and projects that contribute to climate change mitigation and adaptation.

Article 61 of the Energy Transition and Climate Change Act 1/2024, of 8 February, establishes the obligation to incorporate the energy and climate perspective in the Budget of the Basque Country bill, with 2.5% of the budget allocated to adopting climate action measures. It involves the need to identify those actions with a positive impact as regards the energy transition and climate change – for mitigation and adaptation alike – in accordance with the established guidelines.

Furthermore, the Third Additional Provision establishes that within 18 months of the Act coming into force, the Basque Government's ministry in charge of energy and climate change, together with the ministry in charge of budgetary affairs, will prepare the guidelines to identify and establish budget items to comply with the aforementioned legislation.

1.2. Goals of this Guide

This document seeks to provide the appropriate guidelines to incorporate the energy and climate perspective into the Budget of the Basque Country, as established by the Energy Transition and Climate Change Act 1/2024, of 8 February. This guide is mainly aimed at the teams in charge of preparing the budgets of the Basque Government's Ministry of the Treasury and Finance and of other areas involved in preparing the budgets of the General Administration, Autonomous Agencies, Consortia, Public-sector Entities governed by private law, Societies and Public Foundations.

This document seeks to be a methodological document for the energy-climate tagging of the General Budget, as well as to be the inspiration to prepare the guidelines referred to the aforementioned third additional provision; the aim is for the different authorities in charge of their budgets to be able to identify and classify the items related to the energy-climate tagging of their budgets. The goal is to provide a replicable and structured methodology that facilitates the allocation of public resources to actions that foster the energy and climate transition of the Basque Country and in accordance with

the goals of that legislation, i.e., to be climate neutral by no later than 2050 and to make the territory more resilient to climate change.

Furthermore, the proposed methodology will facilitate the comparison of the Basque Country's budgetary allocation with that of other European regions, to identify opportunities for better prioritising and redirecting of public resources towards measures that contribute to decarbonisation and increasing the resilience of the territory to climate change.

Finally, this methodological approach will be able to contribute to identify funding gaps and facilitate access to external resources (public or private, local or international), by showing the Basque Government's commitment and ability to co-fund climate-change adaptation and decarbonisation measures.

1.3. Conceptual Framework to Prepare Energy-Climate Budgets

The literature uses the term 'green' or 'environmental' budgeting in general, which are relatively recent concepts and practices, that have led to a dispersion of available information. Different institutions, countries and reports have developed a variety of approaches, methodologies and definitions, reflecting diverse application frameworks and priorities. This diversity shows the evolution of the concept, but it also poses challenges for its standardisation and comparison internationally.

The Organisation for Economic Cooperation and Development (OCDE) and the EU have conducted surveys to map practices, identifying trends and methodologies used by different countries, and highlighting the use of the Rio Markers[1] as a core tool. The Rio Markers are a methodology to track climate financing internationally and to allow public spending to be classified according to its contribution to environmental goals. It should be noted that even though the OECD and EU have fostered the widespread use of the Rio Markers, some countries, such as France, have adapted this methodology and developed more detailed sectoral studies to apply more precise criteria.

The Inter-American Development Bank (IDB), the United Nations Development Programme (UNDP) and the World Bank (WB) have also contributed reports that compile experiences and applied approaches. In particular, the UNDP has supported the roll out of green budgets in different countries and generated specific analysis for each context. Furthermore, it has coined the term climate public expenditure. In turn, the WB has documented practices differentiated by

[1] Developed by the OECD in 1998. See: Directorate general for international partnerships - New tutorial video on Rio markers launched (OCDE, 2018)

methodology, even though with a limited level of detail, and including the term climate public expenditure.

Table 1 below sets out the main definitions, methodological approaches and the application of green budgeting in different countries, based on the reports and analysis by different institutions.

Table 1. Main green budgeting definitions

Institution / Report	Definition
OCDE - Green Budgeting in OECD Countries	Green budgeting is a practice that uses budgetary policy-making tools to contribute to compliance of climate and environmental goals, including aspects such as biodiversity and air and water quality. There is no single approach for its implementation, as it must adapt to the management framework of the public finances of each country, considering both its strengths and the constraints of the existing budgetary process (OECD, 2021).
EU - How Green Budgeting is Embedded in National Budget Processes	A process that identifies and assess the environmental contributions of the budgetary items according to specific performance indicators, with the aim of improving the alignment of budgetary policies with the environmental goals, in other words, to assess to what extent the elements of the budget contribute to the environmental goals (European Union, 2023).
I4CE - Greener, better, stronger: Factors for the successful implementation of green budgeting in EU Member States	Green budgeting is a set of tools designed to help the government to align public budgets with environmental and climate goals (I4CE, 2023).
UNDP - Climate Public Expenditure and Institutional Review	Climate Public Expenditure and Institutional Review, (CPEIR) is a diagnosis tool that assess the opportunities and constraints to incorporate the problems of climate change in the process to allocate and implement national and subnational budgetary expenditure (UNDP, 2016).
IDB - Conceptual framework to classify	Climate public expenditure refers to the spending aimed at climate change mitigation or adaptation. Furthermore, there are indirect costs

public expenditure on climate change	that generate impacts on climate management, even though their main goal is not to address climate change (IDB, 2022).

The European Commission has made progress in the standardisation of criteria, by means of the EU Taxonomy Regulation for sustainable activities, which establishes which economic activities can be considered sustainable based on 6 environmental goals, as follows: 1. Climate change mitigation, 2. Climate change adaptation, 3. The sustainable use and protection of water and marine resources, 4. Transition to a circular economy, 5. Pollution prevention and control, and 6. Protecting and restoring biodiversity and ecosystems.

In light of the above, green budgeting seeks to contribute to the compliance of the six goals. In turn, energy-climate budgets only address two of them: 1. Climate change mitigation and 2. Climate change adaptation. Accordingly, the methodology used to design green budgeting is applicable to energy-climate budgets, even though with the limitations inherent to the thematic scope of the latter. Thus, the 'energy-climate budget' can be considered as a specific category within the broader framework of 'green budgeting'.

On the other hand, the methodologies to prepare, monitor and assess green budgeting can be characterised taking into account different aspects such as the revenue or expenditure perspective of the budgets, the time at which the environmental impact is assessed, the level of granularity (or analysis detail), and the tagging methodologies and types of items or programmes. **Table** 2 shows a short summary of these aspects.

Table 2. Aspects of the different methodological approaches

Aspect	Characteristic
Perspective	• Expenditure approach • Revenue approach
Time of the environmental impact assessment	• Ex ante: ✓ Assessment of the expected or potential impact during the budget design phase ✓ Assessment of the expected or potential impact when the budget is already designed, but still has not been implemented • Ex post (assessment of the real impact, once the budgets have been assessed)

Approach (level of granularity)	• Top-down: starting from programmes that add targets, activities and items • Bottom-up: starting from items, which make up the activities or goals of the programmes.
Tagging methodologies	• Rio markers - OECD (one of the most standardised methodologies and which some countries and regions have adapted to their budgetary needs). • Green Budgeting Framework of the European Commission that the European Commission prepared in 2022 (aligned with the EU Taxonomy Regulation). • Methodology used by the French Government to prepare green budgets: it is aligned with the European Commission's Green Budgeting Framework and is mainly based on EU Taxonomy, the European green bond issuing requirements, the priorities of France's climate change strategy and the preparation of own case studies for specific sectors (such as the RT 2012 thermal building regulations, which estimates the percentage of total spending for energy efficiency measures in new building constructions). • Other reference methodologies (usually combined with others): CPEIR, Joint MDB, ICMA Green Bonds. • Experiences of other countries, regions and cities that prepare their own methodologies based on adapting existing ones.
Type of tagging	• Binary tagging: favourable or unfavourable, which allocates 100% or 0%. • Scaled tagging with more than two values: different tags (very favourable, favourable, partially favourable, unfavourable, partially unfavourable, disputed, mixed, neutral...) are used and a weighting is applied to each tag, for example (applying the Rio Markers methodology): 0% neutral, 40% partially favourable and 100% favourable.

These aspects have been taken into account when designing and estimating the Basque Government's energy-climate budgets.

2. Methodology for the Energy-Climate Perspective to Include in the Budget of the Basque Country

2.1. Characteristics of the Methodological Approach Used

As per the characteristics of the different methodological approaches (**Table** 2), the following table summarises that approach that is going to be applied for the energy-climate tagging of the Budget of the Basque Country (**Table** 3). This approach – in line with the different international standards – has particularly drawn on the methodology of **France**[2], as it is an important benchmark within Europe and noted for its transparency, experience and continuous improvement cycles. This case is considered in greater detail in the methodological annexes.

Table 3. Characteristics of the methodological approach of the case of the Basque Country:

Aspect	Characteristic
Perspective	• Expenses of the General Administration, Autonomous Bodies, Consortia, Public-sector Entities governed by private law, Societies and Public Foundations
Time of the environmental impact assessment	• Ex ante Assessment of the expected or potential impact during the budget design phase
Approach (level of granularity)	• Bottom-up: starting from items, which make up the activities or goals of the programmes.
Tagging methodologies	• Methodology used by the French Government to prepare green budgets, and adapted to the climate change mitigation and adaptation targets of the Basque Country and its budgetary structure. The proposed methodology was designed in 2019; it has been rolled out since then

[2] The French Green Budget: a transparency tool to serve the ecological transition (French Government, 2024)

	and has been improved and enhanced, as can been seen from the latest report from 2024 (Government of France, 2024). It is a benchmark methodology internationally, as it is one of the most comprehensive and transparent. • Green Budgeting Framework of the European Commission and EU Taxonomy • OECD Rio markers
Types of tagging	• Scaled tagging with more than two values The following tags are used to classify the budget items and weighting them according to their impact or contribution to climate change mitigation and adaptation. ✓ Favourable (100% favourable) ✓ Partially favourable (favourable to a certain percentage and neutral) ✓ Partially unfavourable (unfavourable to a certain percentage and neutral) ✓ Unfavourable (100% unfavourable) ✓ Mixed (favourable and unfavourable) ✓ Neutral or not defined (it has no impact or it is not possible to determine it using the available information) *The favourable or unfavourable percentage of the partially favourable or unfavourable tags is added to the totals for the favourable and unfavourable ones in order to quantify the impact in monetary terms.*

2.2. Alignment of the Methodology with the National and European Green Budgeting Principles and Approaches

2.2.1. European Commission's Reference Framework

The methodology to incorporate the energy-climate perspective in the Budget of the Basque Country is in line with the green budgeting frameworks and principles of the European Union[3]. The European

[3] https://economy-finance.ec.europa.eu/economic-and-fiscal-governance/national-fiscal-frameworks-eu-member-states/green-budgeting-eu_en

Commission structures green budgets around the 6 goals of the EU Taxonomy. Additionally, there is the principle of 'not to cause significant harm', which acts as a cross-cutting criteria for climate and environmental goals alike, ensuring coherence with current legislation.

Even though the aim is not to impose a single green budgeting model among Member States, methodological convergence is fostered to facilitate comparability and coherence Europe-wide. Accordingly, the methodology set out in this guide is in that line and is based on the fundamental pillars of European green budgeting: incorporating climate change mitigation and adaptation as cornerstones; the application of climate tagging at the level of budget items; and the clear differentiation between items with total impact or partially favourable or unfavourable, mixed, neutral or not defined on climate goals.

Furthermore, the European Commission has established the recommendation that the budgetary authority be responsible for preparing green budgets, by establishing inter-departmental work mechanisms and with the involvement of non-governmental stakeholders, to guarantee robust and permanent methodological frameworks.

It also envisages the need to conduct regular assessments to guarantee the public accessibility of the results and to facilitate independent expert audits, thus integrating the principles of transparency, accountability and continuous improvement fostered by the EU.

2.2.2. Spanish Government Methodology

The methodology to align the Budget of the Spanish State with the green transition[4], in accordance with the principles of the European Commission's framework, consists of classifying the expenditure of the budgetary programmes as per their contribution to the six environmental targets of the EU Taxonomy, which the Spanish Government has embraced as their own in national legislation: 1. Climate change mitigation, 2. Climate change adaptation, 3. The sustainable use and protection of water and marine resources, 4. The transition to a circular economy. 5. Pollution prevention and control, and 6. Protecting and restoring biodiversity and ecosystems.

The budgetary programmes are tagged using four categories: high (0.7-1.0), medium (0.3-0.7), low (0-0.3) or neutral/undetermined (0). The programmes are systematically tagged according to their environmental impact, to estimate the public resources to be allocated to meeting the environmental goals.

This methodology is focused on analysing public expenditure and excluding certain expenditure categories (such as pensions, financial costs or staff costs) given their little or no relationship with the environmental targets.

[4] https://www.sepg.pap.hacienda.gob.es/sitios/sepg/es-ES/Presupuestos/InformesImpacto/IAPGETE2023/Paginas/IATE2023.aspx

In the light of the above, it can be concluded that – despite certain differences in scope and focus – the chosen methodology for the Budget of the Basque Country is coherent with the one applied nationally, which gives it robustness and consistency.

2.3. Methodology Phases

The methodology developed is organised in several phases. First, each budget item is classified from the energy-climate perspective. The classification allows it to be tagged, weighted and to determine if each budget items contributed to the climate change mitigation and/or adaptation targets. Finally, the results are aggregated and quantified. Therefore, the intention is to integrate this methodology in a computer tool that allows the budget items to be easily and systematically identified and classified.

This assessment is an initial approach based on the budgets already produced by the work team, consisting of Ihobe, Orkestra and the Basque Energy Board, in conjunction with the Budget Office of the Basque Government's Ministry of the Treasury and Finance.

However, once the guidelines mentioned in the third additional provision of the Energy Transition and Climate Change Act 1/2024, of 8 February, have been rolled out, the different authorities in charge of their budgets will be the ones to perform this categorisation; however, that categorisation may be checked by the Basque Government's ministry whose remit is energy and climate change.

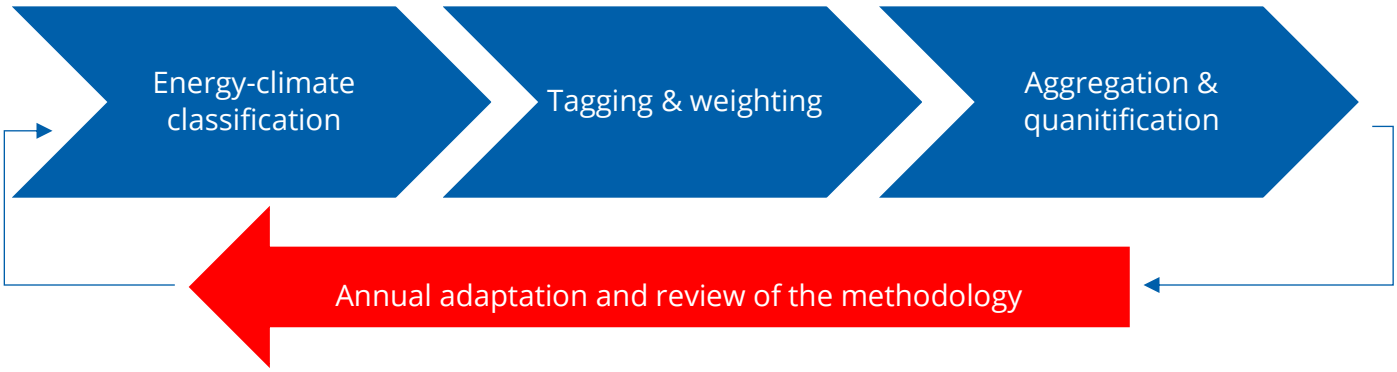
Given that those authorities have better knowledge of the details included within their budget items, the favourable budgetary percentage could vary in the future with respect to those currently calculated.

Accordingly, it is highly recommendable that those items that may include budgets favourable to the Energy Transition and Climate Change mixed with other neutral or unfavourable budgets be separated into differentiated lines, which will allow the favourable part currently included in them to be categorised. For example, the budget of a generic grant programme that includes decarbonisation and innovation items, could be separated into two items, one decarbonisation (that would be categorised as favourable) and the other innovation (that would be neutral).

Additionally, the methodology should be adapted and reviewed annually, taking into consideration the changes that occur over time (technological, social, etc.) which could imply changes to the tagging of the budget items and complementary studies that can be performed to fine tune their categorisation.

Figure 1 shows the methodological phases, differentiating those that are going to be initially implemented (blue) from those that are going to be rolled out in the future (red).

Figure 1. Phases of the methodology for the Basque Country's energy-climate budgeting



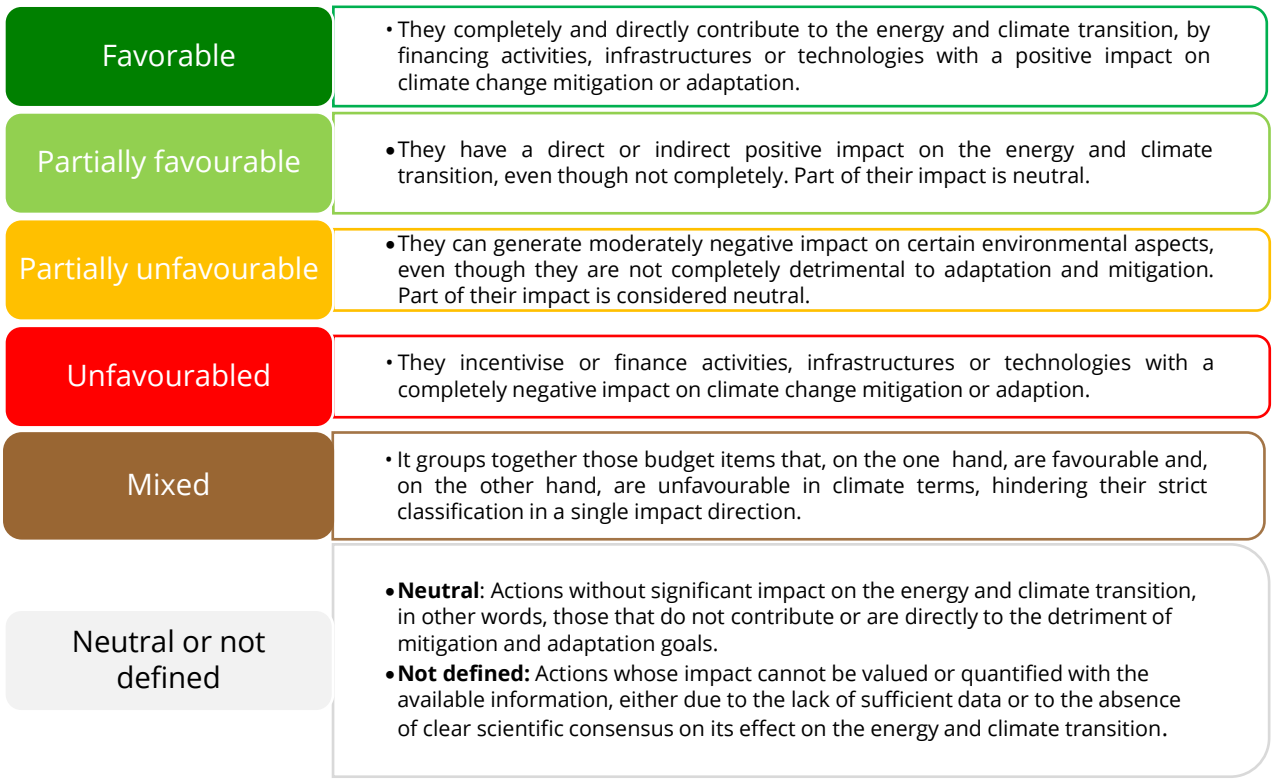
2.3.1. Energy-Climate Classification

As has been already mentioned, the energy-climate classification or energy-climate tagging consists of the process to tag the expenditure according to its energy-climate impact. This is applied to the Basque Government's budget items in the methodology to incorporate the energy-climate perspective of the Basque Country.

Based on the methodology used by the French Government, the analysis of each budget item has to be conducted considering a counterfactual scenario, which allows the real impact of an expense to be assessed by comparing it with a hypothetical situation in which that expense does not exist or is allocated differently. This approach is applied when there are doubts as to whether or not an expense favourably contributes to the energy and climate transition. Reflecting on a counterfactual scenario is a way to assess whether the absence of that expense would result in greater or lesser progress in the environmental targets.

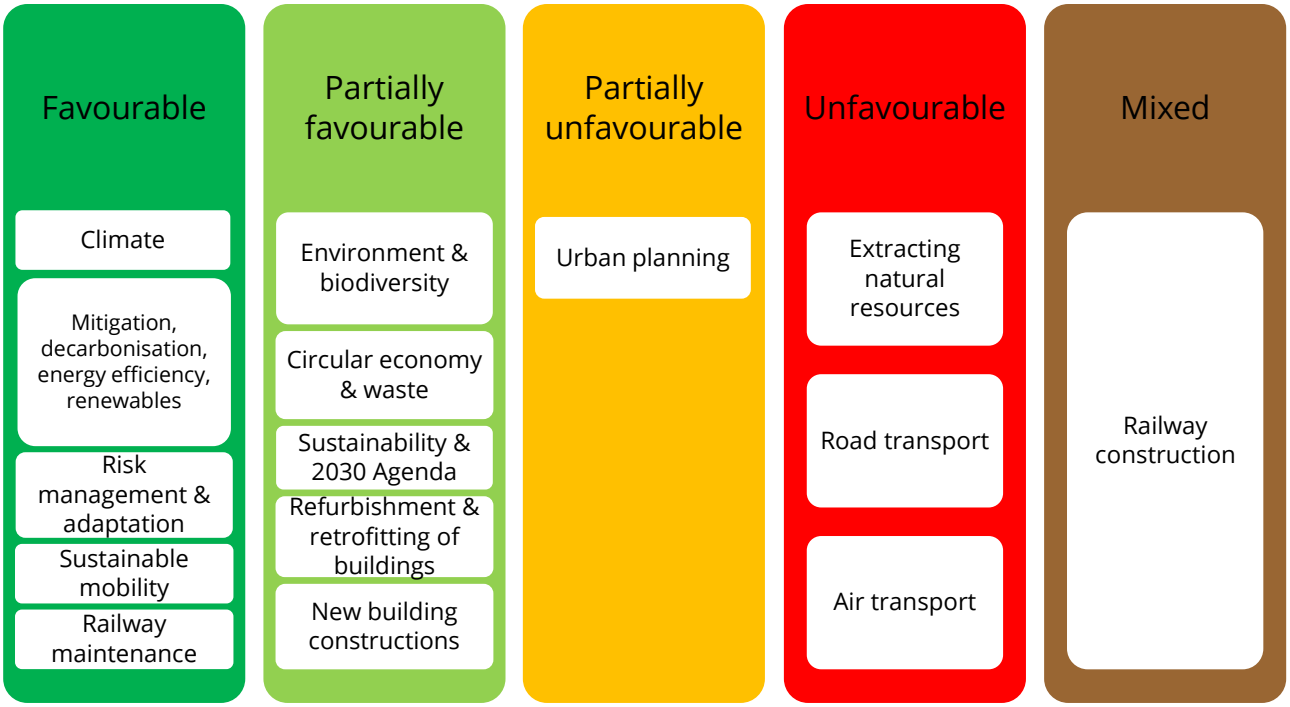
The tagging types allocated to each budget item need to be defined for the classification process. As Table 3 shows, scaled tagging with more than two values has been established and includes several types of tagging: favourable, partially favourable, partially unfavourable, unfavourable, mixed and neutral or not defined, which are described below in Figure 2.

Figure 2. Energy-climate tagging types



In addition, 15 categories have been defined for the process to tag and weight the budget items and which allows them to be classified by their degree of impact, in other words, if they more or less favourably impact the energy and climate transitions (**Figure** 3). It should be recalled that we are analysing the energy-climate perspective, in other words, the effect of budgets on mitigation and adaptation. If categories appear in this figure that are apparently related to the other goals of the European taxonomy, it is because that they impact the two study areas in one way or another.

Figure 3. Energy-climate categories to classify items



2.3.2. Tagging and Weighting

The tagging must be performed after defining the tagging types and the categories to classify the budget items. Key words have been chosen for this process and are associated to each category – in accordance with the vocabulary used to prepare the Budget of the Basque Country – in order to initially identify which item can be categorised as energy-climate. **Table** 4 details the categories with key words. These key words must act as a guide for an initial identification and familiarisation of the teams involved in designing the energy-climate budgets; however, the budget items must be analysed one by one and taking into account the final goal of the budget programme to which it belongs and the final purpose of the item.

The following section (Recommendations) offers a more detailed explanation of the categories and recommendations to be taken into account in the tagging of the budget items

Table 4. Non-exhaustive list of key words by energy-climate category, found after the review[5].

Category	Key words
Climate	'climate', 'mitigation and adaptation', decarbonisation and resilience', 'BC3'
Mitigation, decarbonisation and energy efficiency	'mitigation', 'decarbonisation', 'energy efficiency', 'renewable energy', 'solar power', 'solar', 'wind', 'hydrogen', 'biomass', 'Mutriku', 'energy infrastructures', 'photovoltaic', 'energy transition', 'Mubil', 'electrolyser', 'energy efficient', 'renewable', 'energy', 'climate change', 'air pollution', CNG', 'electrification'
Risk management and adaptation	'resilience', 'risk management', 'floods', 'water security', 'resilient infrastructure', 'climate change adaptation', 'climate', 'climate emergency', 'emergencies/meteorology'
Sustainable mobility	'tramway', 'electric buses', 'sustainable mobility', 'Metro underground', 'tramways', 'MOVES', 'public transport', 'Alava transport', 'Gipuzkoa transport', 'transport consortium', 'MAAS mobility as service', 'BEI', 'gateway'
Railway maintenance	'funicular maintenance', 'railway maintenance', 'new interlocks', 'station adaptation'
Railway construction	'railway line', 'railway', 'railway network', 'tracks', 'tunnel', 'Gipuzkoa section', 'funicular', 'new station', 'Eusko Trenbideak', 'new trains', 'ETS', 'railway infrastructure', 'Trenbideak'
Environment and biodiversity	'biodiversity', 'conservation', 'ecosystems', 'restoration', 'protecting the natural environment', 'Ekoetxea environmental centre', 'environment', 'Urdaibai', 'Txingudi', 'Añana, 'environmental education', 'environmental research', 'Mater Museoa', 'air quality'

[5] The inclusion of these key words in the budget line does not imply their direct categorisation, as favourable and neutral lines can appear with these key words.

Circular Economy and Waste	'circular economy', 'waste management', 'waste', 'recycling', 'ecoinnovation', 'reuse, 'PIMA environmental plans'
Sustainability and 2030 Agenda	'sustainability', 'SDG', '2030 Agenda', 'sustainable planning', 'sustainable', 'sustainable development'
Refurbishing and retrofitting buildings	'refurbishing', 'retrofitting buildings', 'refurbishing works', 'comprehensive refurbishment', 'building refurbishment', refurbishing buildings', 'building renovation'
New building constructions	'new building constructions', 'urban development', 'cohousing', 'housing', 'VPO social housing', 'ADAS sheltered housing', 'construction'
Urbanization	'urbanization, 'land development', 'development works'
Extracting natural resources	'mining', 'coal mining', 'drilling', 'fracking', 'oil', 'natural gas', 'exploitation', 'Viura', 'gas', 'fuels'
Road transport	'highways', 'motorways', 'road building'
Air transport	'airport', 'airport expansion', 'aviation'

A climate percentage, indicating the part of its budget that contributes to environmental goals, has been defined for the 15 categories of **Figure** 3, in order to perform this classification in a structured manner. This percentage is applied to the values in euros of each budget item, which allows the Basque Government's total energy-climate budget to be calculated. Furthermore, each category is classified according to its main target: adaptation (actions to reduce the effects of climate change) or mitigation (actions to reduce greenhouse gas (GHG) emissions). **Table** 5 sets out the category to which it belongs, the type of expense, the climate goal, allocated percentage and the reference source for the allocation. An annex (Annex II) is included with detailed explanations that justify the choice of each percentage, based on relevant reference sources.

For the final calculation, whose results are presented in Chapter 3, the budget for each of the 3 classification types (favourable, unfavourable and mixed) is obtained by multiplying the budget for each budget item allocated to a certain category (climate, mitigation, etc.) by the percentage allocated to 'favourable', 'unfavourable' or 'mixed[6]' for that category included in the third column.

[6] In the case of favourable, unfavourable and mixed classifications, the assigned percentage is 100%, while the allocated percentage is under 100% for the 'partially favourable' and 'partially unfavourable' classifications.

Table 5. Categories for classifying budget items

Category	Classification	Climate Goal	Percentage	Benchmark methodology
Climate	Favourable	Mitigation and adaptation	100%	European Union Green Budgeting Reference Framework, Methodology of the French Government, and the Rio Markers
Mitigation, decarbonisation and energy efficiency	Favourable	Mitigation	100%	European Union Green Budgeting Reference Framework, Methodology of the French Government, and the Rio Markers
Risk management and adaptation	Favourable	Adaptation	100%	European Union Green Budgeting Reference Framework, Methodology of the French Government, and the Rio Markers
Sustainable mobility	Favourable	Mitigation	100%	European Union Green Budgeting Reference Framework, Methodology of the French Government, and the Rio Markers
Railway maintenance	Favourable	Mitigation	100%	Methodology of the Government of France
Railway construction	Mixed	Mitigation and adaptation	100%	Methodology of the Government of France
Environment and biodiversity	Partially favourable	Adaptation	33%	European Taxonomy
Circular Economy and Waste	Partially favourable	Mitigation	17%	European Taxonomy
Sustainability and 2030 Agenda	Partially favourable	Adaptation	12%	Sustainable Development Goals - SDGs

Refurbishing and retrofitting buildings	Partially favourable	Mitigation	15%	Methodology of the Government of France
New building constructions	Partially favourable	Mitigation	6%	Methodology of the Government of France
Urbanization	Partially unfavourable	Mitigation	20%	Methodology of the Government of France
Extracting natural resources	Unfavourable	Mitigation	100%	European Union Green Budgeting Reference Framework, Methodology of the French Government, and the Rio Markers
Road transport	Unfavourable	Mitigation	100%	European Union Green Budgeting Reference Framework, Methodology of the French Government, and the Rio Markers
Air transport	Unfavourable	Mitigation	100%	European Union Green Budgeting Reference Framework, Methodology of the French Government, and the Rio Markers

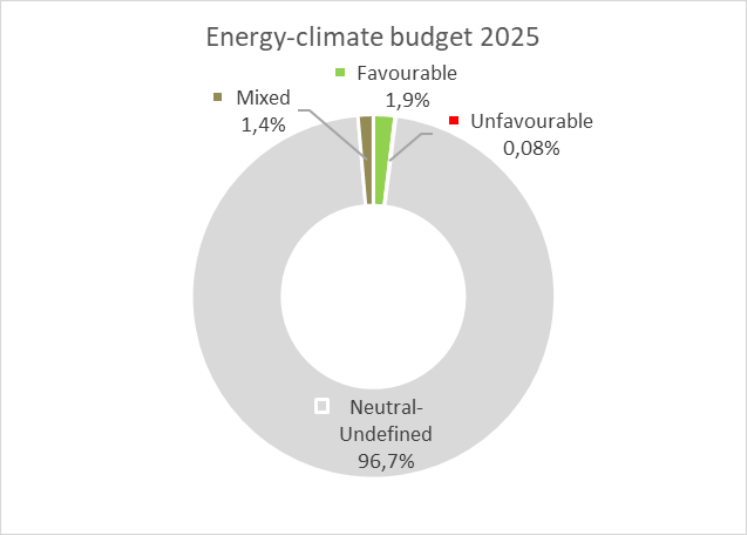
3. General Results from Applying the Energy-Climate Budget for the Basque Country

Taking the described methodological approach into account, an initial estimate was calculated of the contribution of the budgeted expenditure to the energy transition and climate change in the Basque Country in 2023, 2024 and 2025. The results of this initial approach are shown in Figure 4, where it can be seen that the costs classified as favourable have shown a positive trend; however, their

proportion continues to be under the legally-established threshold (2.5 %). On the other hand, the mixed costs show an increase in 2024, though they are expected to drop slightly in 2025.

It is important to point out that the percentage of costs classified as neutral or not defined is relatively high. It will foreseeably fall in future budget years, considering that the authorities tasked with preparing the budgets may have more detailed information on some of the currently generic budget items available.

Figure 4. Basque Country climate budgets 2023, 2024 and 2025



	2023	2024	2025
Favourable	**1,5%**	**1,7%**	**1,9%**
Unfavourable	0,13%	0,10%	0,08%
Mixed	1,4%	1,9%	1,4%
Neutral-Undefined	97,0%	96,3%	96,7%

4. Recommendations to Apply the Methodology

This section includes some recommendations to apply the methodology. On the one hand, considerations are given to be taken into account for some categories of budgetary classification. On the other hand, there are recommendations for long-term methodological development.

4.1. Recommendations by Category

This section seeks to act as a guide to identify which type of budget items can be classified within the already defined categories. Therefore, a general definition is provided for each category, accompanied by recommendations (general and specific, as applicable) and real examples taken from the Budget of the Basque Country of previous years.

In addition, specific guidance is given to classify certain types of expenses, such as staff costs, along with specific clarifications or relating to the 1228 - Recovery and Resilience Mechanism programme.

Even though they do not form part of the thematic categories, they require a specific section to detail the applicable considerations.

4.1.1. Climate

This category includes the items that simultaneously address climate change mitigation (reducing GHG emissions) and adaptation (resilience to climate impacts) within a single goal. The items that make up both approaches are considered to bolster the holistic response to climate change.

General recommendations

- Ensure that the items included explicitly envisage mitigation and adaptation actions within the same goal.
- Do not include measures that only reduce emissions without contributing improvement to resilience, or those that only strengthen adaptation without a clear contribution to decarbonisation.

Specific recommendations: Agriculture

- This category has been allocated to the budget items relating to 'Eco-schemes' as they are direct payments that are made to farmers that voluntarily adopt beneficial practices for the climate and the environment.
- Furthermore, organic farming must be considered in this category, as the goal of this farming practice is to improve the structure of the soil, increase its carbon content, reduce erosion and desertification, cut greenhouse gases and foster biodiversity, which benefits climate change mitigation and adaptation alike.

Examples

program	program_detail	project	Project-detail
7111	Agriculture and Coastal & Rural Development	2023/00989	Eco-schemes
7111	Agriculture and Coastal & Rural Development	2024/000253	Eco-schemes
No data	EJGV/1/Not allocated	565/0014	Strategic Goal 1: climate action
4311	Structure and Support. Land, Housing and Transport P.	565/0014	Strategic Goal 1: climate action

4.1.2. Mitigation, Decarbonisation and Energy Efficiency

It includes the budget items that help to reduce GHG emissions, foster renewable energies and improve energy efficiency in different sectors. Programme to support solar and wind power generation, incentives for energy retrofitting of buildings or the modernising of electricity grids can be considered in this category. These actions seek to accelerate the transition towards a cleaner and more efficient energy system.

Specific recommendations: Energy

- The following aspects are considered as favourable within the energy section: renewable energies, electrification, energy saving and efficiency measures, green hydrogen, biogas and other low or zero carbon carriers.

Examples

program	program_detail	project	Project-detail
7311	Mining & energy development and policy	510/0003	Wind power energy
7212	Industrial development	2023/000589	2023 grant programme for the industrial sector to achieve decarbonisation
7311	Mining & energy development and policy	510/0002	Photovoltaic solar power projects
4222	Secondary Education and Vocational Educational and Training	2024/000777	Subsidy for works in direct grant centre to drive methodological changes in the classroom and improve energy efficiency

4.1.3. Risk Management and Adaptation

It includes the actions aimed at reducing vulnerability to the effects of climate change, strengthening resilient infrastructures and improving management of climate risks. It includes projects to strengthen urban drainage systems to prevent flooding, measures to protect against forest fires or investments in coastal infrastructures adapted to the rising sea level, along with all the measures that help to minimise damage and ensure the climate resilience of the territories.

General recommendations

- Assessing the key climate risks, such as fires, flooding and extreme events, is recommended; those measures that contribute to their management, adaptation and resilience in the territory should be included in the energy-climate budget. Thus, investments aimed at reducing vulnerability to those risks should be classified as favourable within the risk management and adaptation framework.

Examples

program_detail	project	Project-detail
Water planning and administration	450/0046	Improving flood resilience
Water planning and administration	450/0049	Water security
Water planning and administration	450/0020	Studies related to improving flood resilience

4.1.4. Sustainable Mobility

It covers initiatives to promote transport with a lower environmental impact, such as electrification, or vehicles that do not use fossil fuels, the development of public transport infrastructures and the fostering of more sustainable means of mobility. Therefore, incentives to buy electric vehicles, expanding public transport networks, such as the underground, tramways, buses or railways, and creating bike lanes are included.

Examples

program	program_detail	project	Project-detail
5131	Railway transport management & infrastructure	440/0150	Metro Bilbao L5
7311	Mining & energy development and policy	430/2205	Hydrogen charging point or hydrogen gas station to be used in mobility
5131	Railway transport management & infrastructure	440/0056	Tramway maintenance
5131	Railway transport management & infrastructure	440/0060	Metro Bilbao. Lines 1 and 2
5131	Railway transport management & infrastructure	440/0163	Bilbao tramway. Los Caños Stop.
5131	Railway transport management & infrastructure	550/0141	Metro Leioa-University electric buses
7212	Industrial development	2022/001795	PIIE-EVE-MUBIL Initiative

4.1.5. Railway maintenance

It includes resources aimed at the upkeep and improvement of the railway infrastructure, guaranteeing its running and efficiency, as the railway is a sustainable alternative to road and freight passenger transport. Projects to modernise tracks, refurbish and fit out stations, and train maintenance are considered.

General recommendations

- Staff costs, energy, stationery expenses... are not included unless they are directly related to the maintenance of the tracks and trains.
- The items relating to 'workshop refurbishments and repairs' are categorised as 'neutral or not defined', for the same reason.

Examples

program	program_detail	project	Project-detail
5131	Railway transport management & infrastructure	440/0057	Railway maintenance
5131	Railway transport management & infrastructure	440/0148	Zumaia station fit out
5131	Railway transport management & infrastructure	440/0114	New interlocks
5131	Railway transport management & infrastructure	550/0116	EMU 980 new trains
5131	Railway transport management & infrastructure	550/2318	Funicular car refurbishing

4.1.6. Railway construction

This covers the development for new railway infrastructures to improve connectivity and foster sustainable transport. The expansion of the railway network can reduce dependency on air and road transport, by reducing GHG emissions and improving the efficiency of the transport system. However, its impact is mixed: even though it contributes to more sustainable mobility in the long term, it also implies the intensive use of materials in their construction phase and land occupancy, by affecting the biodiversity of ecosystems and consequently, indirectly to climate change adaptation.

General recommendations

- Only the expenses directly related to building new railways have been included in this category.

Examples

program	program_detail	project	Project-detail
5136	Bilbao Rail South Bypass. Management credits.	440/0065	Bilbao Rail South Bypass. Management credits
5135	New railway network of the BAC. Management Credits.	440/0067	New Basque railway network. Management Credits
5131	Railway transport management & infrastructure	440/0066	New Basque railway network
5131	Railway transport management & infrastructure	440/0147	Usurbil new station
5131	Railway transport management & infrastructure	440/0109	Zarautz new station
5135	New railway network of the BAC. Management Credits.	440/0156	New Basque railway network. Bilbao access works

4.1.7. Environment and Biodiversity

It includes actions to conserve ecosystems, restore natural habitats and protect species. These measures foster environmental resilience indirectly and can mitigate some effects of climate change, such as desertification or the loss of carbon sinks. Examples include reforestations, creation of protected areas and programmes to recover fauna and flora.

General recommendations

- Those budget items tied to protecting biodiversity and restoring ecosystems should be included in this category, provided that they directly or indirectly contributed to increasing resilience to climate change.

Examples

program	program_detail	project	Project-detail
5121	Water planning and administration	450/0047	Restoring and protecting water ecosystems and biodiversity
5121	Water planning and administration	450/0018	Studies related to restoring and protecting water ecosystems and biodiversity
1228	Recovery and resilience mechanism	2022/00204	Troya Mine restoration actions
4311	Territorial, Housing & Transport structure and support	565/0016	Strategic goal 3: protecting the environment
4421	Environmental protection	2023/00069	Company subsidies to protect the environment, 2023.

4.1.8. Circular Economy and Waste

It covers initiatives that foster, inter alia, reducing, reusing and recycling materials, thus contributing to less pressure on natural resources and to lowering emissions associated to production processes and waste elimination. Items are included whose goal is to support efficient waste management, foster ecodesign and strategies to reuse industrial materials.

General recommendations

- Include in this category the budget items related to waste prevention, encouraging recycling, the recover and reuse of materials and the transformation or productive processes towards circular models.

Examples

program	program_detail	project	Project-detail
4421	Protecting the environment	2024/000 291	2024 circular ecoinnovation subsidies
4421	Protecting the environment	2023/001 107	Waste infrastructure sectoral territorial plan
4421	Protecting the environment	2022/001 211	Priority actions of the 2030 Waste Plan
4421	Protecting the environment	2024/000 285	2024 waste management circular economy actions

4.1.9. Sustainability and 2030 Agenda

It includes measures aligned with the SDGs and the agenda for its compliance by 2030, by fostering balanced environmental, social and economic development. These actions can range from environmental education to responsible production and consumption policies, which bolster the transition towards a more sustainable model.

Specific recommendations: Agriculture

- The CAP[7] (Common Agricultural Policy) programme was envisaged in different budget items in 2023 and 2024, which is important to take into account given possible future changes in the classification of the items:
    - Voluntary coupled payments[8] (2023 budget): Voluntary coupled payments are grants tied to the production of certain crops or specific livestock activities. These payments are designed to support sectors that are facing specific difficulties or which have a high sustainability value. They are classified as 'partially favourable' under the *Sustainability and 2030 Agenda* category.
    - Basic payments (2023 budget): based on payment entitlements allocated to farmers according to socio-economic and regional criteria. They are considered to be 'neutral or not defined', as they do not have a clear and explicit contribution goal to sustainability.
    - Basic Income Support for Sustainability (BISS)[9] (2024 budget): the BISS is an income support system for farmers and decoupled from production. It replaces the former basic payment system and is granted as payment entitlements based on a simplified regional model. Its goal is to ensure a viable level of agricultural income and contribute to the resilience of the agricultural sector, by improving food security and guaranteeing the economic sustainability of farming production. Given that the implementing legislation is understood to take sustainability criteria in its three areas, they are classified as 'partially favourable' under the *Sustainability and 2030 Agenda* category.

Examples

program	program_detail	project	Project-detail
1122	Social transition & 2030 Agenda	2021/00043	2030 Agenda bond programme
1122	Social transition & 2030 Agenda	2021/00043	Promoting pilot schemes and trailblazing projects in social innovation and 2030 Agenda
3222	Youth	2023/00054	Basque Youth Council (CJE), promoting the 2030 agenda

[7] See Common Agricultural Policy technical note: CAP (Gobierno de España, 2015)

[8] Ver: Voluntary coupled payments (Agro popular, 2022)

[9] See: Basic support for sustainability (Gobierno de España, 2025)

4.1.10. Refurbishing and retrofitting buildings

It envisages the modernisation and improvement of existing infrastructures with energy efficiency and sustainability criteria. By improving thermal insulation, reducing energy consumption and fostering the use of sustainable materials, these interventions contribute to reducing emissions and streamlining the use of resources.

Recommendations

- It is important to take into account that the refurbishing and retrofitting actions must be in existing infrastructures, and, if possible, with the certainty that they include improvements to their energy efficiency.

Examples

program	program_detail	project	Project-detail
4312	Housing	2024/000601	2024 housing refurbishment subsidies
4312	Housing	2023/000629	2023 housing refurbishment subsidies
1228	Recovery and resilience mechanism	2022/001556	Public Building Refurbishment Programme (PIREP)
1411	Justice Administration	2023/000369	Judicial buildings construction and refurbishment (Ibañez Bilbao)
5413	Technology	522/0028	54 RCSH building renovation

4.1.11. New building constructions

It includes building development, particularly residential. This category includes existing builds, because current legislation means they tend to be more energy efficient, reducing energy consumption and emissions in their operating. ***General recommendations***

- Only include the items that clearly refer to 'construction or building of new building constructions'.

Examples

program	program_detail	project	Project-detail
4312	Housing	560/0080	B-55 Sestao vega Galindo 106 VPOa
4312	Housing	560/0068	B-47 Bolueta 92 VPO + 54 VPO
4312	Housing	560/0098	G-077 Zumarraga Eizagaberri 36VS+72VPOa
4312	Housing	560/0045	B-82 Barakaldo El Carmen 85 VS
4312	Housing	560/0115	G-074 Zarautz Salberdin R-9 86 VPOa
4312	Housing	560/0166	G-075 Hondarribia presa I 66 VPOa

4.1.12. Urbanization:

It includes the expansion of urban areas and the development of new infrastructures that transform land use.

General recommendations

- The urban development of areas that had some prior use or occupation and which, therefore, does not require the displacement of ecosystems or the transformation of natural land, is not

included in this category. For example, urban development for the redevelopment of industrial estates.

Examples

program	program_detail	project	Project-detail
4312	Housing	560/0040	001 Zorrozaurre Development
5413	Technology	521/0039	Zamudio-Derio campus development
4312	Housing	2019/004081	Urban development works in public land residential areas
2223	Serving Basque National Police Force	2024/793301	Work on the Zarautz police station, fitting out car park interior urban planning

4.1.13. Air transport

It refers investments in airports, air fleets and other aviation related infrastructures. This sector is highly carbon intensive, with a high environmental footprint due to its fossil fuel consumption and the emission GHG at high altitude, which increases its climate impact.

Examples

program	program_detail	project	Project-detail
5141	Transport planning	2019/003828	VIA airport development
5141	Transport planning	2019/003829	Ortzibia airport development

4.1.14. Extracting natural resources

It includes activities related to the exploiting of minerals, fossil fuels, water and other resources under or on the earth's surface. Its negative impact comes from the degradation of ecosystems, the great generation of emissions and waste, along with altering natural cycles.

General recommendations

- In the case of activities tied to water extraction, whether there is a focus on sustainable use, efficiency or climate change adaptation should be checked; should that not be the case, they must also be classified as unfavourable.
- The items regarding the extraction of natural resources that include explicit environmental restoration measures, ecological offset or low-impact technologies should be assessed, even when they do not reverse the mainly negative nature of the activity.

Examples

program	program_detail	project	Project-detail
No data	EJGV/1/Not allocated	511/0006	Viura exploitation concession
7311	Mining and energy development and policy	511/0006	Viura exploitation concession

4.1.15. Road transport[10]

It includes the expansion (construction) of infrastructures for motorised land transport, including roads and motorways. This type of transport mainly depends on fossil fuels, generating significant emissions and contributing to the rise in GHG emissions and air pollution.

4.1.16. Staff costs

Staff costs have been classified as 'neutral or not defined'. They are only considered to be favourable in the methodology used by the Government of France when they are specifically for persons who support an explicit energy-climate goal or action. For example, if the purpose of an item is 'payment for services to people to design a climate policy', it would be classified as favourable. On the other hand, when the expense does not have a direct energy-climate impact or is for administrative overheads, it remains as neutral or not defined.

General recommendations

- Staff costs have not been considered in the 2023, 2024 and 2025 budgetary years. Calculating the hourly charge of the staff directly dedicated to activities classified as favourable or partially favourable is recommended for future years, and that the percentage for that item be allocated to the costs of that staff.

4.1.17. Recovery and Resilience Mechanism

The Recovery and Resilience Mechanism[11], as it is a temporary fund of the European Union running until 2026, is not included in the results presentation. However, the items of this programme have been assessed within the different categories to analyse their impact on energy-climate expenses.

General recommendations

- The items should be analysed as normal for analysis purposes, but they should not be included in the final results.

[10] budget items have not been found for this category.

[11] See: Recovery and resilience mechanism (Comisión Europea, 2024)

4.2. Recommendations for Long-term Methodological Development

4.2.1. Automation Codes for the Budget System of the Ministry of the Treasury and Finance

This guide has been produced in order to make it easier to estimate the energy-climate budgets of the following years (2026), as required by the Energy Transition and Climate Change Act 1/2024, of 8 February; its third additional provision establishes that 'within 18 months of its coming into force, the ministry of the Basque Government whose remit is energy and climate change, together with the ministry in charge of budgets, shall prepare the guidelines to identify and establish the budget liens to be used to comply with this legislation'.

Creating a system of codes per category, which allows the items to be classified in a simple way, is proposed in order to facilitate this process. When selecting a code, the respective rate, the allocated percentages and the calculation in euros will be automatically loaded when a code is selected.

Table 6 sets out an initial proposal of this system, designed as a baseline.

Table 6. Codes and information by category for the systematisation

Category	Code	Mitigation /Adapt	Tag type	% Fav	% Unfav	% Mixed
Climate	CLIMATE	Mitigation and adaptation	Favourable	100%	0%	0%
Mitigation, decarbonisation and energy efficiency	MIT	Mitigation	Favourable	100%	0%	0%
Adaptation, Risk Management, Resilience	ADAPT	Adaptation	Favourable	100%	0%	0%
Sustainable mobility	MOB	Mitigation	Favourable	100%	0%	0%
Railway maintenance	RAILMAIN	Mitigation	Favourable	100%	0%	0%

Railway construction	RAILCON	Mitigation	Mixed	0%	0%	100%
Environment and biodiversity	ENVBIO	Mitigation and adaptation	Partially favourable	33%	0%	0%
Circular Economy and Waste	CEW	Mitigation	Partially favourable	17%	0%	0%
Sustainability and 2030 Agenda	SUSTAIN	Mitigation and adaptation	Partially favourable	12%	0%	0%
Refurbishing and retrofitting buildings	REFURETRO	Mitigation	Partially favourable	15%	0%	0%
New building constructions	CONSTRUC	Mitigation	Partially favourable	6%	0%	0%
Urbanization	URB	Mitigation	Partially unfavourable	0%	20%	0%
Air transport	AIRT	Mitigation	Unfavourable	0%	100%	0%
Extracting natural resources	EXTRAC	Mitigation	Unfavourable	0%	100%	0%
Road transport	ROADT	Mitigation	Unfavourable	0%	100%	0%

4.2.2. Establishing the Oversight Committee as in compliance with current legislation

A specialised committee in charge of overseeing and validating the classification process must be established. The make-up of this committee must comply with legal requirements and include experts on the environment, economy and budget.

4.2.3. Technical Studies for the Regional Context

Given that this guide is mainly based on the methodology developed by the Government of France, fact-finding adapted to the local reality should be carried out. This is particularly relevant in areas such as building refurbishment and new building constructions, where the legislative and technical conditions can differ. Thus, the percentages of **Table** 5 can be adapted.

4.2.4. Annual Adaptation and Review of the Methodology

The methodology used should be regularly updated, by incorporating new scientific evidence, regulatory changes and international best practices. This will result a more accurate classification and aligned with the energy and climate transition targets.

5. Annexes

Annex I Explanation of the valuation and the percentages allocated to the classification categories of the budget items

Category	Tagging	Explanation
• Climate • Mitigation, decarbonisation and energy efficiency • Risk management and adaptation • Sustainable mobility	100 % - favourable	These categories generate a 100% positive direct contribution to the climate change goals, as different European and international methodologies explicitly recognise. They include the European Union Green Budgeting Reference Framework that the European Commission prepared in 2022, the methodology that the Government of France uses to prepare green budgets and the Rio Markers.
Railway maintenance	100 % - favourable	As per the methodology used by the Government of France to prepare green budgets, the maintenance of railway infrastructures is considered 100% favourable to climate change mitigation, as it directly contributes to fostering low emissions and sustainable public transport. In contrast to building new railway lines, this activity does not have significant negative impacts on land use or generates new emissions from civil works. On the contrary, it keeps an existing infrastructure operational that fosters the decarbonisation of the transport sector.
Railway construction	100 % Mixed	As per the green budget methodology of the French Government, railway construction is considered to positively contribute to the mitigation of climate change and to reducing pollution, but it can have an indirect impact on climate change mitigation and adaptation as it also has a negative impact on biodiversity and waste generation.
Environment and biodiversity	33% - partially favourable	The methodology used to determine the partially favourable percentage of the budget items that foster actions to protect the environment and biodiversity is based

		on the structure of the EU Taxonomy, which establishes six environmental goals, two of which are directly related to climate change: climate change mitigation and climate change adaptation. Given that those two goals represent a third of the total environmental goals (2/6 = 33%), that percentage is applied. The items aimed at protecting the biodiversity often contain general environmental items that contribute to the different goals of the European taxonomy; furthermore, protecting biodiversity generally contributes to the adaptation and mitigations goals indirectly and the percentage has therefore remained at 33%.
Circular Economy and Waste	17% - partially favourable	There is no international unified methodology consensus regarding climate classification of actions linked to circular economy, but the circular economy indirectly contributes to one of the two climate goals of the EU Taxonomy. In keeping with the approach used for the environment and biodiversity category, it is considered partially favourable in the proportion of 1/6=17%.
Sustainability, SDG and 2030 Agenda	12% - partially favourable	The structure of the SDGs is adopted as the benchmark criterion in those budget items that contribute to the deployment of the 2030 Agenda, where the environmental impact cannot be isolated. Two out of the 17 SDGs are directly related to climate change: SDG 13 Climate Action) and, in some cases, SDG 7 (Affordable and clean energy). Therefore, 12% is allocated as a climate percentage. On the other hand, sustainability has 3 perspectives: environmental, social and economic. This would imply that – in the absence of additional information – the generic items aimed at improving sustainability should be valued as 33% environmental. Therefore, given the criterion used to classify environmental items, they would be estimated to be 11% (33% of 33%) favourable. The positive impact of 12% is maintained for simplicity purposes and in keeping with the items contributing to the rolling out of the 2030 Agenda.

Refurbishing and retrofitting buildings	15% - partially favourable	According to the methodology used by the Government of France to prepare green budgets, the projects to refurbish and retrofit buildings have a 15% positive impact on climate change mitigation. This estimate is based on the cross-cutting policy document 'Flighting Climate Change (DPT Climat)', which identifies that roughly 15% of the total expenditure on modernising buildings is specifically aimed at thermal improvements, such as insulation, energy efficiency and climate control systems.
New building constructions	6% - partially favourable	New building constructions are allocated 6% favourable as per the methodology used by the French Government to prepare green budgets. This methodology, which is based on RT 2012 thermal building regulations (Réglementation Thermique 2012), estimates that that percentage of the total expenditure is for energy efficiency measures incorporated in the design and construction, which contribute to cutting emissions.
Urban planning	33% - partially unfavourable	The urban planning category is given 20% unfavourable, in keeping with the methodology that the Government of France uses to prepare green budgets, which considers the negative impacts linked to land occupancy, soil sealing and the fragmentation of ecosystems.
• Air transport • Extracting natural resources • Road transport	100% - Unfavourable	These categories are considered to be intrinsically unfavourable from the climate perspective, given their direct impact on the increase in GHG emissions, intensive use of fossil fuels and the associated environmental degradation. This criterion is in keeping with what is established in European and international methodologies, including the European Union Green Budgeting Reference Framework that the European Commission prepared in 2022, the methodology that the Government of France uses to prepare green budgets, and the Rio Markers.

Annex II International methodological approaches

A more detailed explanation of the Rio Markers and the methodology used by the Government of France is offered below.

Rio Markers[12]

The Rio Markers is a methodology developed by the Organisation for Economic Cooperation and Development (OECD) in 1992, in order to classify and assess the climate impact of investments and public expenditure. They are mainly used to analyse the alignment of national budgets and international cooperation with climate undertakings, such as those established in the Paris Agreement.

From a technical approach, the Rio Markers allow a percentage to be allocated to each budget item as per its contribution to climate or environmental goals. The methodology is based on three main categories, which reflect the importance of investment and expenditure in relation to climate change, where each marker receives a score and a weighting percentage:

- Principal (score 2, 100%): It is allocated when the main goal of the action is climate change mitigation or adaptation. In this case, the expenditure is exclusively justified by its climate contribution. Example: Renewable energy programmes, mass reforestation, adaptation of critical infrastructures to extreme climate events.
- Significant (score 1, 40%): It is given when the action has an important climate goal, but that it is not its principal purpose. In other words, the measure is implemented for other reasons (social, economic, infrastructure), but it involves significant mitigation or adaptation benefits. Example: Energy retrofitting of buildings, improved water efficiency in agricultural systems.
- Not targeted (score 0, 0%): It is applied when the expenditure does not have an explicit climate goal or does not significantly contribute to mitigation or adaptation. Example: Building conventional roads without sustainable criteria, project development without environmental considerations.

Methodology of the French Government to prepare green budgets[13]

The Government of France has developed its own methodological approach, in line with the Green Budgeting Framework of the European Commission, to assess the environmental and climate impact of its budgets in response to the Budget Act 2018/1317. The legislation establishes that a specific annex is to be produced on financing the green transition, which highlights the alignment of the budgets with the country's environmental and climate goals.

[12] See: Short guide to use Rio markers

[13] See: Website - France Green Budget

The methodology classifies public expenditure (revenue is not analysed) according to its contribution to the six environmental goals defined in the EU Taxonomy[14]:

- Climate change mitigation
- Climate change adaptation
- Protecting water resources
- Circular economy and waste management
- Fighting pollution
- Protecting biodiversity

The methodology allocates four different types of expenditure depending on their impact on the above environmental goals, also using scores (-1, 0, 1, 2, 3) for their type of expenditure:

- Favourable: This is divided into three types
    - Direct: Those that explicitly finance activities or projects aimed at protecting the environment or fighting climate change. Score: 3.
    - Indirect: They include items that, without having an explicit environmental goal, generate secondary environmental benefits. Score: 2.
    - Favourable, but disputed: They have short-term favourable impacts, but can generate long-term risks or negative impacts, such as the risk of technological lock-in or dependency on less sustainable solutions. Score: 1.
- Neutral: It includes the costs that do not have a significant impact on the environment, in other words, those items whose environmental impact is minimum or non-existent. Score: 0.
- Unfavourable: It refers to those items that generate a direct negative environmental impact or which foster harmful practices for the environment, such as incentivising polluting activities. Score: -1.
- Mixed: A single action that can be considered favourable or unfavourable. In those cases, the score is weighted with the allocated favourable and unfavourable scores.
- Not tagged: These are items whose environmental impact cannot be determined due to the lack of scientific consensus or of data for their assessment.

It is important to stress that – in order to avoid under or overestimating green expenditure – the French Government conducts detailed studies of some activities (such as construction of buildings) that allow specific contribution percentages to climate and environmental targets to be allocated detailed by actions or projects. Furthermore, certain types of items, such as equity operations or expenditure with difficult environmental traceability, are excluded.

[14] Regulation EU 2020/852 on the establishment of a framework to facilitate sustainable investment: Assessment of sustainable environmental investments

The Inspector-General of Finance (IGF) and the General Council for the Environment and Sustainable Development (CGEDD) led the development of the green budgeting methodology. The High Council on Climate is tasked with assessing the coherence of the public policies with the Paris Agreement, and to conduct ex ante and ex post environmental impact assessments.

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