Institute for Energy Economics and Financial Analysis

# Fact Sheet

## Green budgeting can strengthen Jharkhand's path to sustainable growth

It can improve public spending, mobilise investment, and accelerate sustainable development

### Why green budgeting, and why now?

Jharkhand is uniquely positioned to emerge as India's leading green budgeting state. Its development priorities already align closely with green investments.

**INR1.58 lakh crore**

Jharkhand's INR1.58 lakh crore (USD16.7 billion) State Budget for 2026-2027 provides public investment across infrastructure, agriculture, forests, water resources, urban development and energy.

**36 departments**

A total of 36 departments prepare and implement annual budgets, many of which finance activities that contribute directly to climate resilience, natural resource management and sustainable development.

Yet, there is **no consolidated estimate of the state's green expenditure**, making it difficult to measure impact or leverage external finance.

> Jharkhand is estimated to require **INR24.16 lakh crore** (USD256 billion) in investments by 2070 to meet its climate and development goals.
>
> Green budgeting addresses this gap and unlocks new financing opportunities.

### Green budgeting delivers more than finance

**Better planning**

- Aligns budgets with sustainable development goals (SDGs) and state priorities
- Improves interdepartmental coordination
- Supports evidence-based decision making

**Better governance**

- Tracks green expenditure
- Strengthens transparency and accountability
- Measures environmental and development outcomes

**Better investment readiness**

- Identifies financing gaps
- Builds an investment-ready project pipeline
- Demonstrates government commitment and domestic co-financing

**Greater access to green finance**

- Multilateral development banks
- Global climate funds such as Global Environment Facility (GEF)
- Bilateral sources
- Philanthropies
- Green bonds

## Green budgeting is becoming the global norm

- Over 60 countries worldwide, including 12 European Union (EU) members states, have implemented the practice.
- Of the Organisation for Economic Co-operation and Development (OECD) countries, two-thirds (24 of 36) had implemented green budgeting by 2022.
- In Asia, Indonesia, the Philippines, Singapore and Thailand have adopted green budgeting.
- Cambodia, Malaysia, Brunei and Lao People's Democratic Republic are preparing similar reforms.
- Seven Indian states including Assam, Odisha, Meghalaya, Kerala, Rajasthan, Uttar Pradesh and Bihar have introduced climate/green budgeting.

### Green budgeting in practice around the world and within India

#### Indonesia

**Climate budget tagging since 2014**

- Strengthened climate finance governance
- Helped identify financing gaps
- Supported discussions with development partners
- Underpinned sovereign green sukuk issuances, which are Shariah-compliant finance instruments for green projects

**>USD3.9 billion**

(IDR69.72 trillion) through green sukuk since 2018

#### The Philippines

**Climate change expenditure tagging implemented for over a decade**

- Links fiscal decisions with environmental objectives
- Supports investment prioritisation
- Used extensively in budget planning and policymaking

**USD18.90 billion**

(PHP1.16 trillion) in 2025 from USD7.45 billion (PhP457.4 billion) in 2024 — climate change expenditures more than doubled

#### Rwanda

**Climate budget tagging supports Rwanda's Green Fund (FONERWA)**

- Coordinates domestic and international climate finance
- Demonstrates government commitment
- Attracts donor resources

**>USD200 Million**

(RWF294.72 billion) mobilised for climate actions through FONERWA

#### Kerala

**Climate-resilient public financial management supported the Rebuild Kerala Development Programme**

- Integrated climate resilience into state planning and public financial management
- Strengthened institutional capacity for resilient infrastructure investment
- Leveraged financing from multiple development partners

**USD1.13 billion**

(INR10,735 crore) mobilised from the World Bank, Asian Infrastructure Investment Bank (AIIB), KfW Development Bank and Agence Française De Développement (AFD) for Kerala's resilience agenda (2019–2023)

#### Bihar

**Green budget institutionalises environmental priorities in the state budget**

- Integrates environmental and climate considerations into the annual budget process
- Improves transparency and tracking of environmentally relevant expenditure
- Supports evidence-based planning and prioritisation of green investments

**USD1.68 billion**

(INR15,837 crore) earmarked as green budget, represents around 4.56% of the overall state budget

## What could green budgeting deliver for Jharkhand?

**Today**

Green expenditure is dispersed across departments

**With green budgeting**

- Annual green budget statement
- State-wide green expenditure database
- Better prioritisation of public investments

**Better outcomes for**

- People
- Environment
- Economy

## Financing sources green budgeting can help unlock

**Multilateral development banks:** Identify investment-ready projects

**Climate funds:** Track climate expenditure and domestic co-financing

**Bilateral development partners:** Improve transparency and reporting

**Philanthropic foundations:** Identify scalable projects with measurable impact

**Green bonds:** Establish expenditure tracking and impact reporting systems

## What success could look like in five years

### 1-2 years

- Green budgeting framework approved
- Implemented across four priority departments
- A green budgeting cell (as a project management unit) set up
- First green budget statement published

### 3-4 years

- Expenditures rationalised as per environmental priorities
- Implemented across 12 departments
- Green budgeting portal developed
- Multi-year tracking implemented

### 5 years onwards

- Integrated in long-term planning processes
- Coverage extended to all relevant departments
- Stronger pipeline of investment-ready projects
- Enhanced readiness for climate and development finance

**Green budgeting is not an additional budget. It is a smarter way of planning, tracking and leveraging existing public expenditure to unlock new investments and build a sustainable, resilient and prosperous Jharkhand.**