

# The Budgeting power of subnational finance



Local & Regional  
Europe

## Acknowledgements

The Council of European Municipalities and Regions (CEMR) would like to extend its sincere thanks to the speakers who contributed to shape the event organised on 23 May:

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### PUBLISHER

**Council of European  
Municipalities and  
Regions (CEMR)**

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### DESIGN

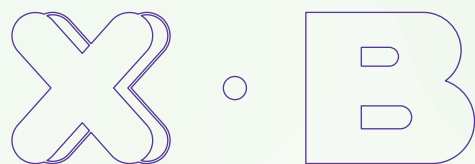
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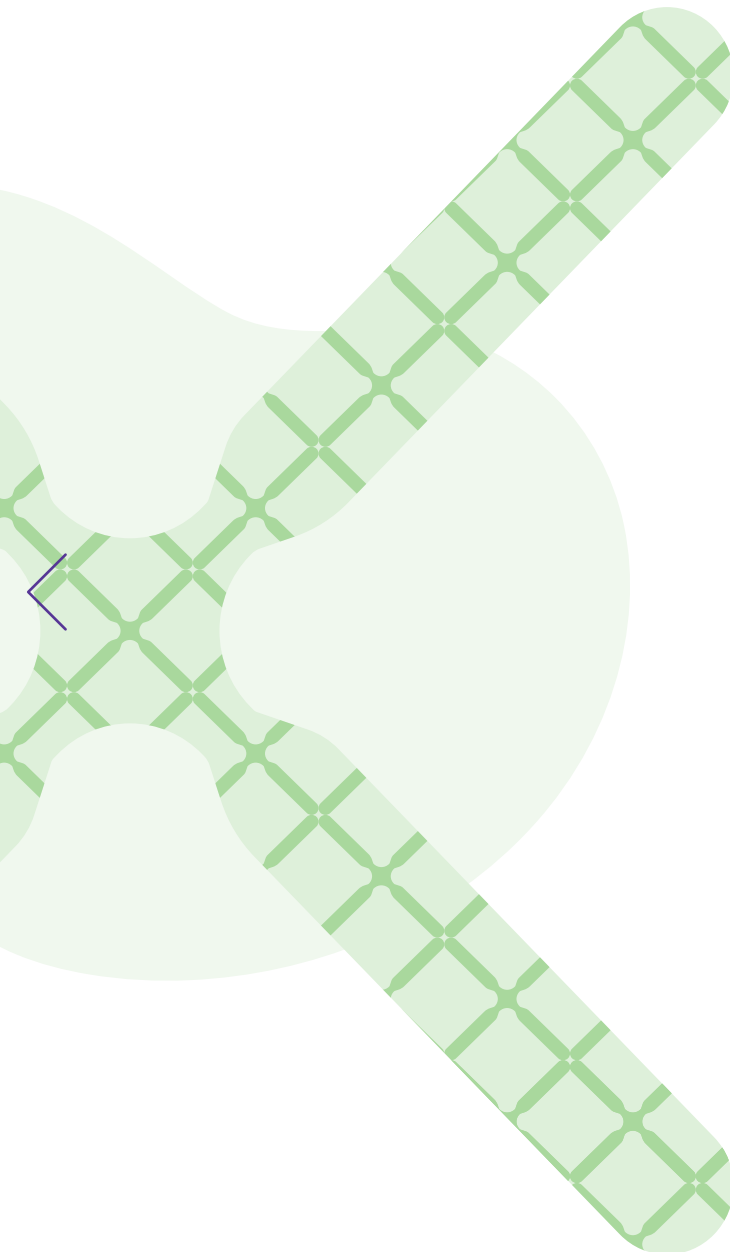
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Municipalities, cities and regions are responsible for planning and implementing a number of policies in their territories: housing, mobility, inclusion, culture, climate and environment, support to businesses, social and health care, buildings and infrastructure, water and waste management, and so on<sup>[1]</sup>. Subnational governments are driving public investment, they are responsible for almost 60% of public investment in OECD countries<sup>[2]</sup>.

<sup>[1]</sup> More on competences of local and regional governments in the TERRI report: <https://terri.cemr.eu/en>

<sup>[2]</sup> <https://www.oecd.org/fr/regional/datacollectionandanalysis.htm>

Yet, they must operate in an increasingly financially tight environment. Following the COVID-19 pandemic that left subnational governments struggling with the scissor effect: additional spending for less revenues<sup>[3]</sup>; and a global inflation context that puts delivery of usual local and regional services at risk in most European countries, deciding where and how to allocate a local/regional budget is an increasingly strategic decision.

In this context, budgetary choices are of critical importance and local and regional finances can become a powerful tool to achieve policy objectives: from participatory budgeting, people-centred budgeting, green- or – SDG budgeting. Through process or policy-oriented budgeting, municipalities, cities, regions can better engage and reflect the priorities of the inhabitants or achieve strategic sustainable development goals.

On 23<sup>rd</sup> of May, [the Council of European Municipalities and Regions](#) organised a training event “x-budgeting – the power of subnational finance”, gathering experts and practitioners to exchange and share knowledge on the different practices and approaches to strategic budgeting.

<sup>[3]</sup> More information on impact of COVID-19 on subnational governments in this CEMR analysis 2021: [https://www.ccre.org/img/uploads/piecesjointe/filename/211025\\_COVID19\\_impact\\_on\\_LRG\\_final.pdf](https://www.ccre.org/img/uploads/piecesjointe/filename/211025_COVID19_impact_on_LRG_final.pdf)

This brochure summarises the information and knowledge shared during the event and gathers additional examples and resources with the following objectives:

1. Boost understanding of the different process-oriented or priority-oriented methodologies of subnational budgeting.
2. Provide an overview of the variety of approaches and focuses for strategic subnational budgeting.
3. Inspire municipalities, cities and regions based on the experiences of others having implemented “x-budgeting”.
4. Inform existing organisations of programmes and support material that can help subnational governments in implementing “x-budgeting”.



“Listening creates the opportunity to hear something new, to find a different way of doing things so that people do not feel excluded, so that our businesses and our social enterprises don't feel excluded”

**Flo Clucas**

CEMR Spokesperson on Local Finances,  
Member of Cheltenham Council (LGA, UK)



## Definition of concepts

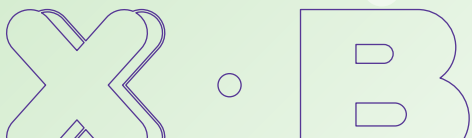
What does “x-budgeting” mean?

This was our solution to group under a single wording a variety of approaches, methodologies and policies that have one thing in common: **using local budgets not merely as an accounting tool but also as a political tool.**

In this brochure we only cover a fraction of these various approaches. The objective is to provide a starting point for Local and Regional Governments to start exploring the different methodologies, tools, philosophies behind “x-budgeting”, to get inspired from existing practices, and learn about existing programmes and tools that can help you reach the next steps.

There are no simple definitions for concepts we include in this brochure as there are many overlaps between the different approaches: for instance, participatory budget that focus on youth; or SDG-budgeting de facto means addressing all the 17 different goals of sustainable development, which include climate and environment, as well as gender equality dimensions.

Even “budgeting” can refer to very different aspects and moments of the budgeting cycle: A budget is used for planning, execution of public policies and investments, monitoring the implementation and for audits.



## AN ATTEMPT OF DEFINING TWO DIFFERENT BUT NON-EXCLUSIVE CONCEPTS

# 1

**Priority-based budgeting** is about what should be funded. matching the available budget with priorities decided by the local elected government (or by citizens in participatory processes).

Priority-based budgeting brings a new approach to budgeting process as it would break with budget “based on last year’s budget” as well as breaking from silo approach when budget is designed based on the different directions in a Local/Regional Administration. In this case, budgeting **starts from political priorities and encourages transversal approach** within the Local/Regional Administration services.

It is supposed to be a real prioritising exercise, focusing on what is really important for the citizens and local community, with a more targeted approach to budgetary decisions (versus “across the board” budget cuts.) It can also be linked to performance-based budgeting with accountability based on demonstrable results.

Priority budgeting can be easier to communicate to and engage citizens in the process. Ideally the priorities are defined on a mid to long-term perspective (e.g. aligned with local political mandate). It can be used to incentivise behaviours of local stakeholders and signal political priorities of the Local/Regional Government.

*“The expectation is that linking these priorities to the budgeting process offers considerable opportunity to influence government-wide policymaking and deliver results in a way that might not otherwise be feasible”.*

(OECD 2019)

# 2

On the other hand, **Process-based budgeting** looks at how the budget is elaborated. For instance, it can be top-down: from the political leadership to the technical services; or bottom-up: constructed via a

consultation process. It can also be horizontal, mixing consultation and leadership orientations.

One specific example of process-based budgeting is participatory budgeting, where citizens' involvement is a political objective.

## Process-oriented / PARTICIPATORY BUDGETING

Participatory budgeting is a **democratic process** that gives people a direct say in how public money is spent. It allows citizens and stakeholders to influence public decisions by directly allocating public resources to their priorities and projects.

In recent years, there has been a major increase in the adoption of participatory budgeting, with various approaches being implemented. For example, some communes and municipalities

allocate a certain percentage of their budget to projects proposed by residents. But the process often requires **intensive communication, human resources**, and the development of an **adapted methodology** to be effective.

This approach can lead to more effective and relevant outcomes, as it incorporates the voices of those who are directly affected. Even when the allocated funds are relatively small, the benefits can be substantial, such as **boosting the self-confidence** of individuals and organisations, **increasing trust** in local service providers, and enhancing residents' control over resource allocation.

It's important to note that there is no one-size-fits-all solution for participatory budgeting. Each public institution can tailor the process to fit its unique purpose, timeline, and legal requirements.

## Case study

## // PARTICIPATORY BUDGETING IN BUDAPEST

Budapest Municipality launched in 2020 a process of participatory budgeting, building on the experience of some of its 23 local district governments that had already experienced different methodologies of participatory budgeting. Each year 1 billion HUF (~2378 K EUR on 10/2022 exchange rate) is allocated to participatory budgeting. Any person over the age of 16 who lives, works or studies in Budapest has the possibility to submit an idea and/or vote for one project. Between the periods 2020-2023, the Municipality tried different approaches proposing categories for size of the project, coverage of the project and thematic categories (Green Budapest, Caring Budapest, Open Budapest).

The submitted ideas go through a selection process by the departments of the City Hall and district municipalities if necessary. The ideas can either include a specific location for the project or aim at a broader city development goal. Only the ideas meeting the following criteria are approved:

- The idea does not affect private or state property (but it may affect city or district property)
- It creates something new (i.e. not only maintenance or renovation of what already exists)
- It serves public interest and does not contain offensive or exclusionary content
- It fits in the budget indicated for each category
- It does not affect regulatory or legislative issues

After assessment by City representatives, the ideas can be merged or slightly modified and then voted on the same online platform used for their submission. Among the ideas submitted for implementation are planting of urban forests, installation of bicycle stands, more drinking fountains, renovation and renting of empty homes for the homeless, creation of a community space for disabled and able-bodied people, provision of free sport facilities, etc...

## Useful resources

- [Budapest Participatory Budget. Case Study report](#)



More information: <https://otlet.budapest.hu/>  
Contact: [nyitott@budapest.hu](mailto:nyitott@budapest.hu)

## // CROWDFUNDING

In a financially constraint environment, local and regional governments are seeking innovative ways to finance their policies and projects and reduce their dependence on grants, transfers and loans. Crowd-funding can be a solution allowing for both collection of additional resources and citizens' engagement, usually using internet-based platforms.

There can be different approaches to

1. Donations: individuals contribute small amounts to financing a specific project
2. Reward-based: the local government can offer rewards in exchange for a donation, usually after the project has been successfully financed. (Eg. Financing a cultural event through crowdfunding could include free tickets to the event for contributors).
3. Loan or debt-based: i.e. The local government decides to borrow from a group of individuals or SMEs instead of borrowing from a bank.
4. Equity-based crowdfunding: the local government sells a stake in the project to investors.



## Case study

## // LUCHTSINGEL – ROTTERDAM

City of Rotterdam used crowdfunding to finance a wooden pedestrian bridge connecting the city centre to a previously overlooked peripheral area of the city. The project also includes a rooftop garden and a park offering space for recreation and urban agriculture.

The crowdfunders were offered the opportunity to buy a plank of wood, an element or a section of the bridge that they could then customise with their name or personalised message as a reward for their contribution.

Source: <https://www.archdaily.com/770488/the-luchtsingel-zus>

**Useful resources**

- Eurocrowd courses "[Successful Crowdfunding in 15 steps](#)"





## // INTRODUCTION TO PARTICIPATORY AND DELIBERATIVE DEMOCRACY

*Elements from the presentation of Ângela Guimarães Pereira, Head of the Competence Centre on Participatory and Deliberative Democracy*

[The Competence Centre on Participatory and Deliberative Democracy](#) is a component of the Joint Research Center (JRC) - the European Commission's service providing evidence-based knowledge to support EU policies.

The Competence Centre's work involves promoting citizens' participation through dialogue. There has been a major increase in participatory processes in recent years, which is supported by a growing legal basis at the EU level, aimed at promoting citizens' engagement within the EU and beyond (see useful resources).

Furthermore, the Competence Centre has produced a "[BiodiverCities Atlas](#)", documenting experiments conducted with cities on co-creation. It is also developing dedicated training sessions for civil servants to enhance their skills in carrying out citizens' engagement. This training package will be made available on the [Commission's EU Academy platform](#).

### Useful resources

- *European Commission, Joint Research Center, [BiodiverCities Atlas: A participatory guide to building urban biodiverse futures](#), April 2024.*
- *European Commission Recommendation [\(EU\) 2023/2836 of 12 December 2023 on promoting the engagement and effective participation of citizens and civil society organisations in public policy making processes](#).*
- *European Commission Communication on [Enhancing the European Administrative Space \(ComPAct\)](#), October 2023*

## // CITIZEN'S PANELS IN MUNICIPAL FINANCIAL PLANNING

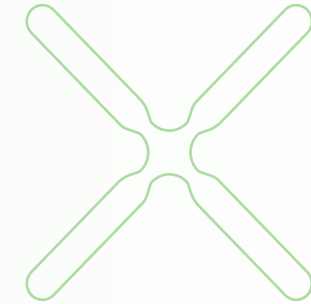
*Elements from the presentation of Pauli Saloranta, Sitra Specialist on New forms of participation*

[Sitra](#), a public innovation fund, is running a project on democracy and participation, aiming to institutionalize deliberative democracy in Finland. The initiative involves experimentation, educating public officials, and involving politicians to ensure continuity. Unlike participatory budgeting, which is already prevalent in Finland, Sitra's focus is on budgetary participation, encouraging citizens to engage in financial planning and evaluation.

Sitra emphasises the importance of effective information flow in the process. Inspired by models like Germany's Bürgerhaushalt (citizens' budget), where citizens provide ideas and recommendations, Sitra aims to involve citizens in decision-making, not just fund allocation. An example from 2015 in Piekasämäki (Finland) demonstrated that citizens can actively participate in budget reduction decisions.

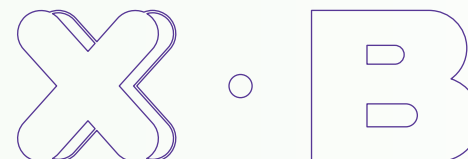
Recent experiments included assembling citizen panels and organising briefing sessions with financial directors to aid municipal decision-making. Early lessons highlighted the need for qualitative participation, stressing the **importance of random sampling** and focusing on outcomes. Relevant financial information must be provided to citizens.

At the beginning of the pilot tests, the municipalities had full autonomy determining the scope of the panel's mandate, but this approach resulted in longer deliberation times, posing challenges for the randomly selected participants. Consequently, in subsequent experiments, Sitra requested municipalities to assign citizens more defined tasks beforehand. Regarding the size of participating municipalities, it is not possible to conclude whether the difference in municipal sizes was a decisive factor in influencing outcomes.



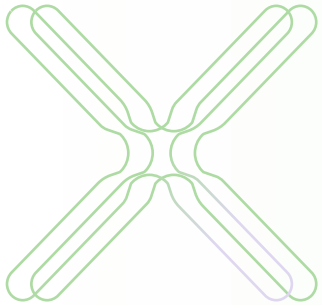
### Useful resources

- [Sitra, \*Public participation in municipal financial planning\*](#)



**Process-oriented / PEOPLE-CENTRED BUDGETING****// GENDER BUDGETING**

Traditionally, budgets have been viewed as gender neutral. However, policies and budget priorities will have different impacts on people due to existing social, economic, and cultural inequalities.



Gender budgeting, or gender-responsive budgeting, can be used as a tool to identify budget measures that will be effective at closing gender gaps and advancing gender equality objectives.

**"Gender budgeting is an application of gender mainstreaming in the budgetary process. It means a gender-based assessment of budgets, incorporating a gender perspective at all levels of the budgetary process and restructuring revenues and expenditures in order to promote gender equality"**

-Council of Europe, 2016

From a broader perspective, gender mainstreaming involves assessing the implications for women and men, in all their diversities, of any planned action, including legislation, policies, and programs. When applied to budgeting, this process helps in identifying and addressing gender gaps in the budgetary process.

In other words, rather than having a specific provision for programmes targeting women and girls in the budget, gender budgeting means that the local authority allocates public funds and resources based on the practical needs and strategic interests of women and men in all their diversities.

Applying gender budgeting, while using gender analysis and assessment tools, can give Local and Regional Governments a better understanding of the differences and challenges faced by various genders, as well as how and why they use resources, services, and their time differently. This understanding can guide the allocation of resources based on these challenges and differences.

Therefore, gender budgeting can contribute to achieving gender equality, improve the population's well-being and advance a more sustainable, inclusive growth.

## // GENDER IN PUBLIC FINANCE ACADEMY

*Elements from the presentation of Iakovos Dimitriou, Public finance and reform expert, DG REFORM, European Commission.*

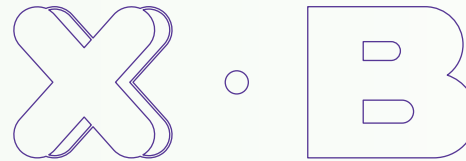
The Gender in Public Finance Academy builds on the DG Reform's "Gender Flagship Project: Gender Mainstreaming in public policy and budget processes", which assists administrations from European Union Member States in analysing policies and budgeting processes through a gender mainstreaming perspective.

The Academy aims to enhance capacity, implement best practices, and develop methodologies and tools for integrating gender equality throughout the policymaking process.

The Academy's objectives are to foster a supportive institutional environment for integrating gender in public finance, build knowledge and leadership skills to increase political buy-in, and strengthen expertise for specific gender policies.

Central Governments, such as Ministries of Finance and Economy and Ministries of Social Welfare and Gender Affairs, and Subnational Governments, such as regional governments and local governments can benefit from this training. Participants are able to choose between basic, advanced, and specialised modules according to their needs.

The Academy is likely to start Q2/Q3 of 2025 and will be built around a one-year training cycle for each beneficiary.

**Useful resources**

- *The template for applying will be available [here](#).*
- *Contact for further information: [REFORM-B1@ec.europa.eu](mailto:REFORM-B1@ec.europa.eu)*

## // YOUTH PARTICIPATORY BUDGETING

Youth participatory budgeting fosters active citizen involvement by offering young individuals avenues to discuss, deliberate, and suggest projects or concepts eligible for public funding. It promotes open dialogue, facilitates information exchange, and encourages collaboration among young people, thereby nurturing a sense of ownership and collective decision-making alongside adults.



## // PARTICIPATORY BUDGETING FOR CHILDREN AND YOUNG PEOPLE

*Elements from the presentation of Anna Ellmer, City of Vienna (Austria)*

In 2020, the City of Vienna adopted the 'Participatory Children and Youth' strategy, aimed at empowering children and young people to become experts in their own lives. This comprehensive strategy includes 193 measures, one of which earmarks municipal budget funds for ideas proposed by children and young people. The '*Participatory Children and Youth Million*' exercise allocates 1 million euros every two years to implement these ideas.

The process begins with the development and submission of ideas, with both individual and group submissions allowed. In co-creation workshops, the youth and children collaborate with staff members from over 30 departments of the City of Vienna as well as district representatives, ranging from the Vienna City Gardens to the district youth spokesperson, to verify the viability of the ideas. In 2024, 226 ideas were submitted, of which 215 were retained. **Public outreach is crucial**, ensuring that engagement goes beyond politically active youth.

In Phase 2, the City of Vienna reviews the ideas, requiring effective communication with city departments and districts, and involving public administrators. On-boarding events and clear timelines are important. Children participating must be aged 5 to 20 and reside in Vienna with ideas needing a minimum budget of 50,000 euros and implementation within two years. The **co-creation phase involves transforming submitted ideas into feasible projects**.

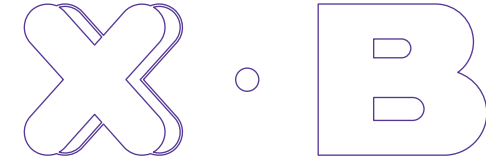
At the time of the CEMR webinar in May 2024, the process was at the voting stage, with 49 projects up for vote via the website, based on both individual and group voting.

### **Useful resources**

- *Vienna project of participatory budgeting for children and young people: <https://junges.wien.gv.at/> (German)*
- *[The Vienna Children and Youth Strategy 2020–2025](#) (English)*

## Priority-based budgeting / GREEN BUDGETING

As the consequences of climate change become more evident and environmental targets more binding such as the CO2 emission reduction targets under the European Green Deal, “green budgeting” practices emerge under various names and methodologies, such as Oslo’s climate budget.



“Green budgeting uses the tools of budgetary policy making to provide policy makers with a clearer understanding of the environmental and climate impacts of budgeting choices, while bringing evidence together in a systematic and coordinated manner for more informed decision making to fulfil national and international commitments.”

-OECD, 2021

Green budgeting can be a tool that helps with prioritising, monitoring and evaluating public policies as regards their environmental impact or practically speaking, the integration of public procurement criteria in local budgets, such as the energy efficiency first principle of the revised Energy Efficiency Directive<sup>[4]</sup>.

At the same time, challenges remain, such as finding an appropriate methodology, compliance with reporting standards, access to and the generation of data, especially for smaller or medium sized municipalities.

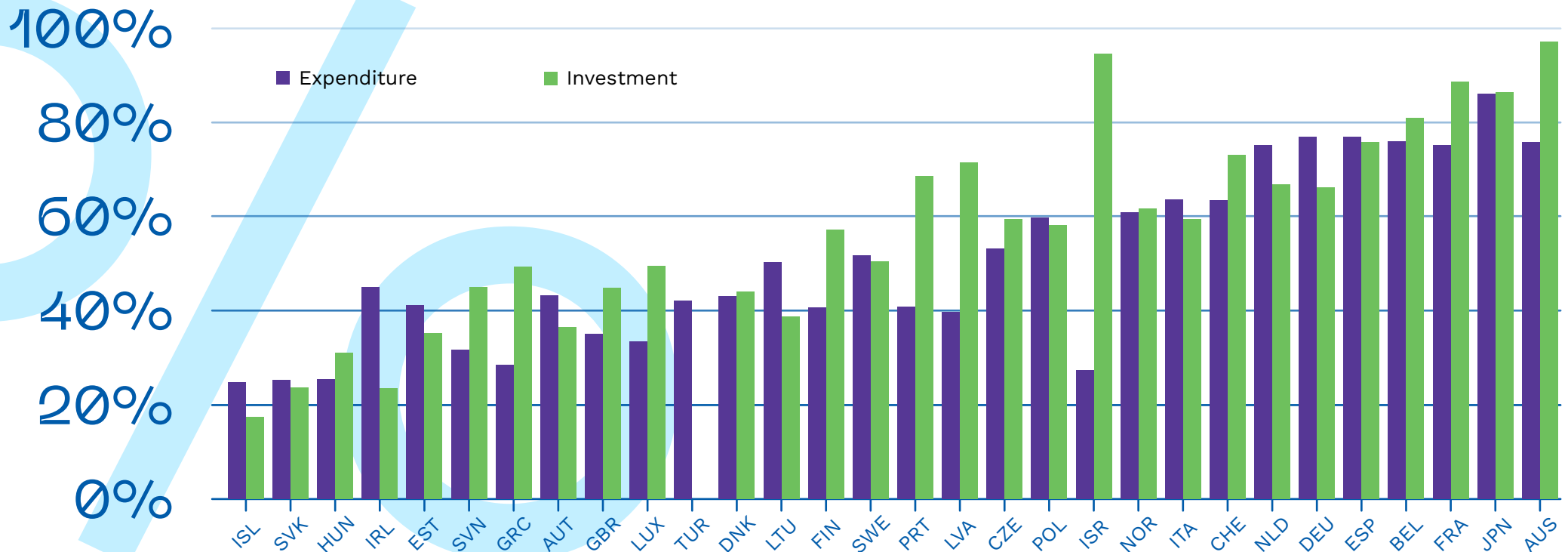
<sup>[4]</sup> The Energy Efficiency First principle aims to ensure that only the energy really needed is produced, investments in stranded assets are avoided, demand for energy is reduced and managed in a cost-effective way. It is enshrined in the Energy Efficiency Directive (EU/2018/2002) and the [revised directive](#) (EU/2023/1791).



## // ALIGNING REGIONAL AND LOCAL BUDGETS WITH GREEN OBJECTIVES: PRACTICES AND GUIDELINES FROM THE OECD

*Elements from the presentation of Charlotte Lafitte, Decentralisation, Subnational finance & Infrastructure Unit, CFE, OECD*

Local and regional governments are at the forefront of financing climate action. In 2019, subnational governments accounted for **63% of climate-significant public expenditure and 69% of climate-significant public investment**, which corresponds to respectively **1.1% and 0.4% of GDP** across the 30 OECD and EU countries covered in the sample. These numbers are considerably more than central governments.



**Subnational government climate-significant expenditure and investment as a % of total climate-significant public expenditure**

Source: OECD Subnational Government Climate Finance Database

In the context of **implementing climate action at the territorial level**, green budgeting can be an effective tool for the following purposes:

- **Mainstream climate and environment considerations** into fiscal policies and public policy decisions
- **Help prioritise climate resilient infrastructure** and address climate change, biodiversity and environmental loss, etc.
- **Increase accountability, trust and support dialogue** with citizens and other government levels
- **Support access to climate-related grants, green bonds**, etc.

**Two main approaches emerged** to integrate environmental and sustainability considerations more coherently into public budgets:

- 1. Climate budgetary assessment (tagging):** identification of budget expenditures as un/favourable for climate neutrality stimulated by the FR climate transition law and developed by I4CE<sup>[5]</sup>
- 2. Climate budget approach:** provide an understanding of the overall impact of a budget on GHG emission

<sup>[5]</sup> <https://www.i4ce.org/en/publication/environmental-budget-tagging-climate/>

## Case study

## // OSLO'S CLIMATE BUDGET

In 2030, greenhouse gas (GHG) emissions in Oslo shall be reduced by 95 % compared with 2009. The City of Oslo has developed a dedicated Climate Budget, which serves as a governance tool for its climate work.

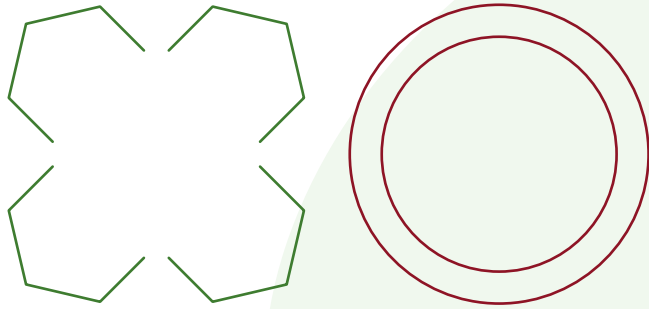
The Climate Budget presents reduction targets and mitigation measures which are being implemented in Oslo to reduce emissions within the municipality and describes important initiatives in order to achieve the targets set out in the Climate Strategy.

Responsibility for implementing measures is delegated between the municipal entities and entails similar reporting requirements to the existing financial reporting arrangements.

The Climate Budget also identifies the national and regional measures that directly contribute to emission reductions in Oslo. The Climate Budget covers the entire 2022-2025 economic plan period.

Source: <https://www.klimaoslo.no/rapport/oslos-climate-budget-2022/>





## // OPPORTUNITIES AND CHALLENGES

For municipalities and regions that are interested in adopting green budgeting practices, the following opportunities and challenges provide a good overview regarding their implementation.

It is important to note that integrating environmental aspects into public budgets is not the sole solution for addressing and overcoming sustainability issues. However, it, can be a very effective tool when combined with other government instruments, such as public procurement (see section below), regulation or environmental planning.

In this context, green budgeting can ideally trigger a “whole government approach” of integrated policy making beyond sectoral silos.

### Opportunities

- Aligning subnational expenditure, investment, and revenue raising decisions with environmental and climate objectives.
- Fostering a whole of government approach for policy-making.
- Instilling a science-based understanding of climate and environmental issues across the administration.
- Improving the evaluation of public policies.
- Enhancing the transparency and accountability of government climate action.
- Prioritising low-carbon and resilient investment and spending.
- Identifying funding and financing gaps for subnational green objectives.
- Mobilising additional sources of public and private finance to bridge financing gaps.

### Challenges

- Methodological challenges: defining and measuring the needs for reaching their green objectives; adapting accounting and reporting tools to the specific budgeting contexts of municipal or regional governments, and ensure that the methodology can adapt to changing scientific evidence and climate challenges.
- Resource challenges: training of subnational government staff to carry out the exercise in a timely manner; allocation sufficient resources to upgrade existing information management systems in line with green budgeting needs.
- Operational challenges: establishing a dedicated organisational structure based on horizontal coordination amongst departments; involving stakeholders and communicating widely; implementing internal and external auditing processes.
- Political challenges: ensuring sustained, high-level political support for from both administrative and elected officials; reconciling green and social objectives; ensuring follow-up to identify trends and implement medium- and long-term strategies.



## // SUBNATIONAL GREEN BUDGETING GUIDELINES AND SELF-ASSESSMENT TOOL

To assist Local and Regional Governments in optimising green budgeting practices, the OECD has developed comprehensive guidelines and a self-assessment tool. These resources are designed to help regions and cities identify their strengths and potential gaps, whether they are starting a new green budgeting practice or improving an existing one<sup>[6]</sup>.

<sup>[6]</sup> [Self-assessment Tool \(English\)](#) | [Outil d'auto-évaluation \(français\)](#)

### The guidelines and concrete policy recommendations include:

1. **Conduct a diagnostic of local environmental and climate challenges** as a pre-requisite to launching a green budgeting practice
2. **Ensure strong, high-level involvement and support** from both the administrative and elected sides of government
3. **Ensure the practice relies on a robust, shared scientific basis** to facilitate public trust and ensure the practice can adapt to changing scientific evidence
4. **Adopt a step-wise approach to implementing green budgeting** in order to learn from previous steps and reinforce the alignment of the practice with local strategic priorities
5. **Integrate the green budgeting practice into existing public financial management procedures and tools** to help ensure the practice endures
6. **Include revenues within the scope of the green budgeting practice** to ensure the entire budget aligns with green objectives

### Useful resources

- *OECD Publication "[Aligning Regional and Local Budgets with Green Objectives: Subnational Green Budgeting Practices and Guidelines](#)" and related material:*
- *[Subnational Government Finance Hub](#), and the "[OECD Compendium of Financial Instruments that Support Subnational Government Climate Action](#)"*
- *OECD Publication "[Infrastructure for a Climate-Resilient Future](#)"*
- *OECD Programme "[Territorial Approach to Climate Action and Resilience](#)" (TACAR)*



## // PUBLIC PROCUREMENT: A CATALYST FOR SUSTAINABILITY

*Elements from the presentation by  
Marta Toporek, Legal and Policy Officer,  
DG GROW, European Commission*

Public procurement plays a pivotal role in driving sustainability decisions. By leveraging the purchasing power of public authorities, sustainable public procurement (SPP) can significantly influence market trends and promote environmentally friendly practices.

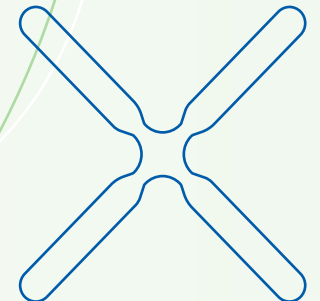
The EU public procurement directive of 2014<sup>[7]</sup> established a robust legal framework that defines "green" policy objectives for public buyers. This framework remains essential for guiding public authorities in making procurement decisions that support sustainability goals.

<sup>[7]</sup> <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX:32014L0024>

Central guidance for implementing sustainable procurement practices is outlined in the European Commission's Communication COM(2008)400, entitled "Public Procurement for a Better Environment".<sup>[8]</sup>

Under this guidance, the adoption of green criteria is voluntary. Member States have the discretion to determine the extent to which these criteria are applied within their national procurement processes.

<sup>[8]</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52008DC0400>





## // NEW DEVELOPMENTS UNDER THE GREEN DEAL

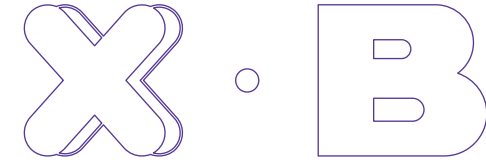
The European Green Deal introduces significant advancements in sustainable public procurement. Key developments include the integration of binding sustainability criteria into various directives, enhancing the commitment to green procurement practices. Notable examples of these directives include:

- **Energy Efficiency Directive:** This directive (EU) 2023/1791 mandates specific criteria for energy-efficient procurement, driving public buyers to prioritise energy-saving solutions.<sup>[9]</sup>
- **Net-Zero Industry Act:** This upcoming act (2023/0081(COD)) incorporates mandatory sustainability criteria for public procurement, ensuring that purchases contribute to achieving net-zero emissions.<sup>[10]</sup>

These new measures underscore the EU's commitment to using public procurement as a strategic tool for achieving sustainability objectives. By incorporating binding criteria into key directives, the Green Deal ensures that public procurement aligns with broader environmental goals, fostering a more sustainable future for all.

<sup>[9]</sup> <https://eur-lex.europa.eu/eli/dir/2023/1791/oj>

<sup>[10]</sup> [https://eur-lex.europa.eu/procedure/EN/2023\\_81](https://eur-lex.europa.eu/procedure/EN/2023_81)



## // EUROPEAN COMMISSION'S "PUBLIC BUYERS COMMUNITY PLATFORM"

To promote the integration of qualitative criteria in public procurement, DG GROW launched the "Public Buyers Community Platform." This platform aims to foster collective intelligence and joint action among public buyers.

The standing community of practice consists of 10 specialised communities, including ICT, Green, Health, and Social Procurement. It facilitates the exchange of knowledge and best practices among its members.

To support public buyers, the platform offers a range of resources, including guidance documents, tools, webinars, and training programmes.

Additional information is available through the Public Procurement Gazette.

### Useful resources

[Public Buyers Community Platform](#)

[Public Procurement Gazette Newsletter](#)

## Priority-based budgeting / SDG BUDGETING

Some Local and Regional Governments have started aligning their budgetary processes with the global [Sustainable Development Goals](#).

For instance, the Basque Country (Spain) and the City of Strasbourg (France) assess how their local budgets contribute to each of the 17 goals, enabling them to evaluate their impact on achieving the SDGs at the regional or local level.

Sardinia region (Italy) evaluated each investment's direct and indirect contribution to both EU Cohesion Policy and the SDGs. It showed that the ERDF fund in Sardinia was mostly used for SDG 9 (infrastructure), 13 (climate) and 7 (energy).

The City of Mannheim (Germany) used the SDGs as the basis for citizen participation in planning the “Mannheim 2030 vision”. Also the SDGs were mainstreamed in the budgeting process to ensure alignment of resources with the 2030 vision's objectives.

SDGs can also be used for the budget evaluation of a municipality (eg. Ghent, Belgium). Cities such as Barcelona (Spain) and Bristol (United Kingdom) have been exploring how to use public procurement to drive sustainable transition in the local economy.

The issuing of bonds by local or regional governments can be a way to finance sustainable development goals. The International Capital Market Association defines Sustainability Bonds as “bonds where the proceeds will be exclusively applied to finance or re-finance a combination or both green and social projects”<sup>[1]</sup>

<sup>[1]</sup> International Capital Market Association, [Sustainability Bond Guidelines](#), June 2021

**Case study****// A SUSTAINABLE FINANCING  
FRAMEWORK, EUSKADI- BASQUE  
COUNTRY (SPAIN)**

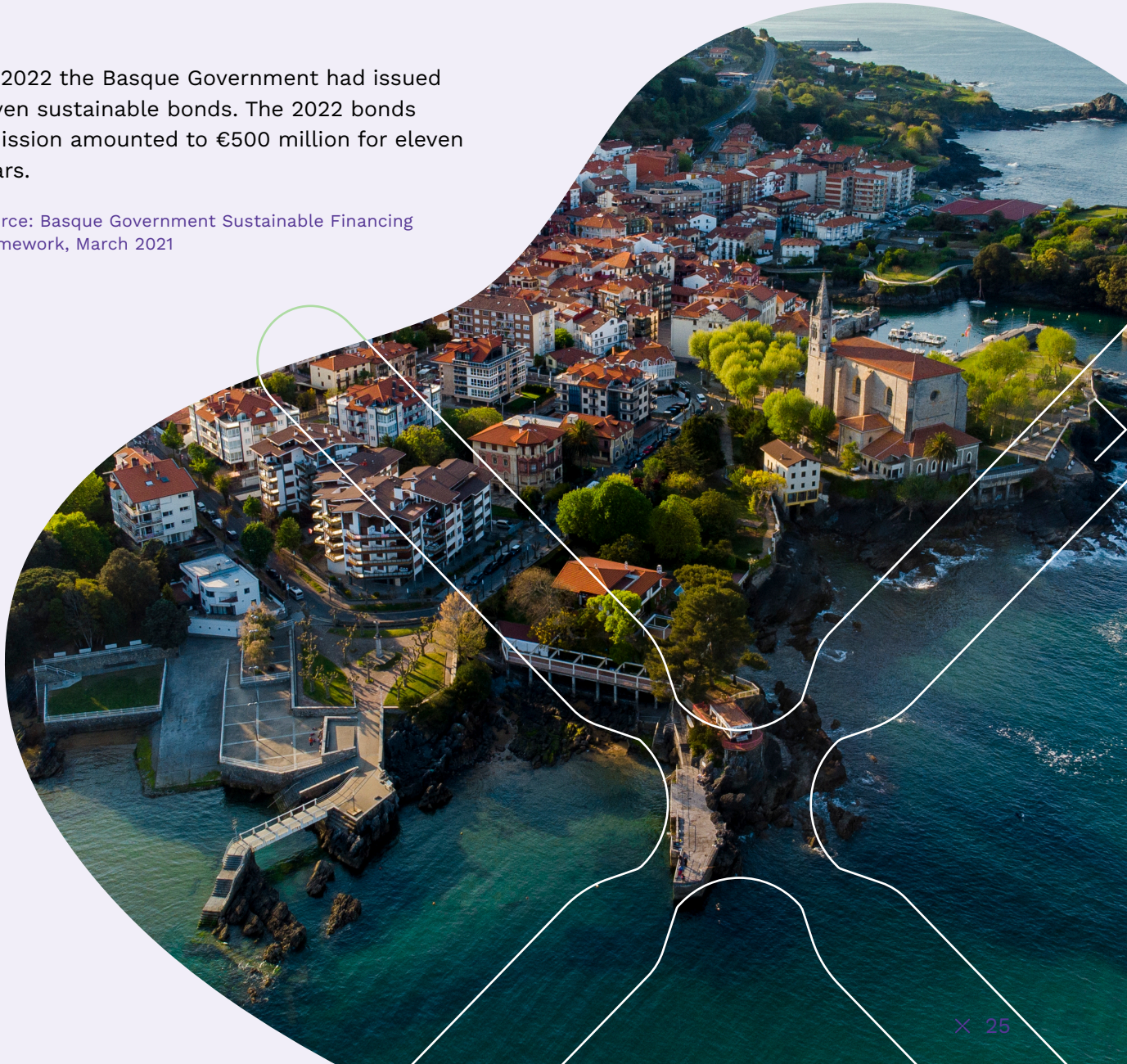
The Basque Government has developed a Sustainable Financing Framework so as to define financing instruments linked to green and/or social projects, in line with the Basque Government Programme 2020-2024 which is itself aligned with the UN 17 Sustainable Development Goals.

By 2022 the Basque Government had issued seven sustainable bonds. The 2022 bonds emission amounted to €500 million for eleven years.

Source: Basque Government Sustainable Financing Framework, March 2021

The financing instruments can be Green / Social / Sustainable bonds, private placements, loans or promissory notes. An amount equal to the net proceeds of the Sustainable Finance instrument will be allocated to projects that meet the eligibility criteria.

These projects must focus on environmental and/or social objectives, including, affordable housing; access to essential services like education and healthcare; socioeconomic advancement; employment generation; renewable energy; clean transportation; pollution prevention and control; sustainable water and wastewater management; terrestrial and aquatic biodiversity conservation; energy efficiency; and climate change adaptation.





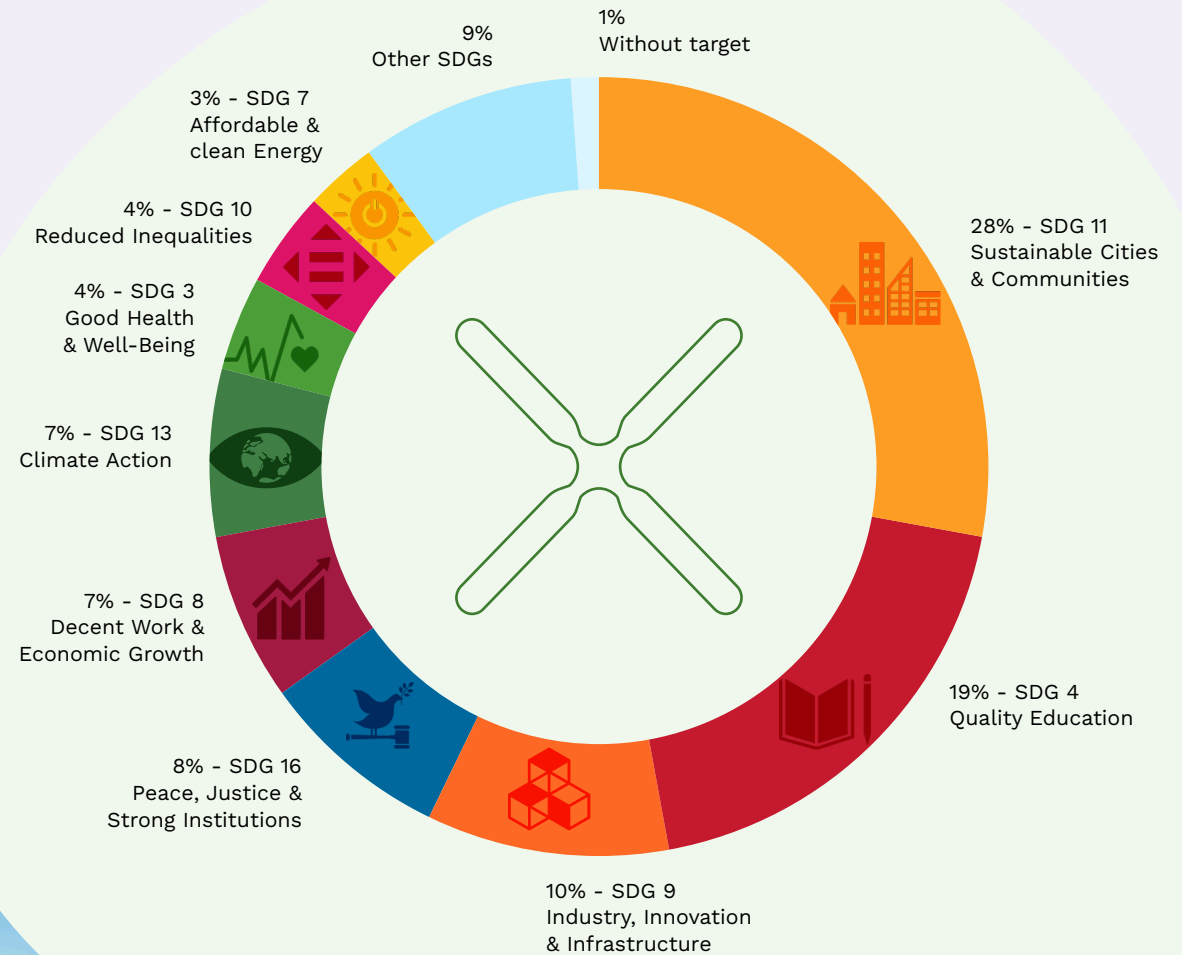
**Case study**

**// SDG-BUDGET MAPPING – STRASBOURG (FRANCE)**

Since 2019, the provisional budgets of the City and the Eurometropole of Strasbourg are aligned with the SDGs: Each credit line of the budget is associated with specific SDG targets, the amount of the credit line is allocated proportionally to the targeted SDG.

This approach allows the city to integrate the dimensions of the SDGs and show that city administration action contributes to 125 sub-targets of the SDGs out of 169 (i.e. 74% of the Global Goals). This also helps facilitate communication to citizens about the city budget and its objectives.

Source: Making the city’s budget a lever for transformation – Strasbourg’s model for SDG budget mapping, Center for Sustainable Development at Brookings, April 2022



**Strasbourg's 2022 investment budget aligned to the SDGs**

Source: City Government of Strasbourg

## Case study

// SUSTAINABLE PUBLIC PROCUREMENT  
IN BARCELONA (SPAIN)

Barcelona City Council is using public procurement as a tool to drive sustainable development. In collaboration with audit professionals the City has developed a certification for municipal suppliers' compliance with the 2030 Agenda.

This certificate recognises organisations that positively contribute to SDG implementation, aiming to incorporate SDG clauses into the City's public procurement processes.

**Useful resources**

- [\*Economic, Environmental and social impact of sustainable bonds, Basque Government, February 2024\*](#)
- [\*Sustainability Bond Guidelines, International Capital Market Association, June 2021\*](#)
- [\*OECD Toolkit for a Territorial Approach to the SDGs, 2022\*](#)

Source: OECD [Toolkit for a Territorial Approach to the SDGs, 2022](#)

## About CEMR

The **Council of European Municipalities and Regions** (CEMR) is the oldest and broadest European association of local and regional governments, working persistently to build a more inclusive, fairer and more resilient Europe by unleashing the power of local democracy.

It is the only organisation that brings together national associations of local and regional governments from 41 European countries and represents, through them, all levels of territories – Local, Intermediate, and Regional.

Since its creation in 1951, CEMR has promoted the construction of a united, peaceful, and democratic Europe founded on local self-government, respect for the principle of subsidiarity and the participation of citizens.

CEMR continually endeavours to become the leading network of territorial leaders with a vision to ensure that Local and Regional Governments are best equipped to lead their communities' transitions to Europe 2050 and tackle global challenges.

CEMR is also the European section of the world organisation, United Cities and Local Governments (UCLG).



## Local & Regional Europe





**Co-funded by  
the European Union**

This publication was co-funded by the European Union. Its contents are the sole responsibility of CEMR and do not necessarily reflect the views of the European Union.