

Puducherry, India:

Green Budgeting to Integrate Sustainable Procurement

Model:
Market-Shaping Policy

Puducherry is using green budgeting to **integrate and promote** sustainable procurement across the city's spending and initiatives.



THE CHALLENGE

Puducherry recognized the potential impact of climate threats including **extreme weather and coastal erosion** on the city's residents. But it needed a way to **leverage its resources** and initiatives in more coordinated ways and saw an opportunity in the budgeting process.



HOW IT WORKS

Puducherry's green budgeting policy is managed by its Finance Department, and aims at integrating green budgeting across all departments.

The first Green Budget report was released in 2023 with technical assistance from the The Energy and Resources Institute (TERI). It provides a **baseline** of green initiatives and spending by the city on the basis of 29 themes such as climate change mitigation, water quality, or renewable energy.

Puducherry is using **green budgeting** as an innovative way to develop **sustainable procurement practices**. This includes purchasing goods like recycled paper and energy efficient appliances, but also within broader initiatives and service provision. For example the city is procuring renewable solar and wind energy, and granting subsidy assistance to small-scale fisherfolk to acquire more climate-sensitive boats.

By identifying the range of spending and initiatives through green budgeting, the city can more intentionally promote sustainable procurement when working with the private sector across sectors and programmes. Increasing the



allocation of government spending towards green projects **increases opportunities for local sustainable businesses**.

Following the introduction of the Green Budget, sustainability-based budget allocations of the Union Territory increased by 153% for the financial year 2023-24, according to the Green Budget Report. The Electricity Department made up the largest share with 32% of the Green Budget, followed by the Public Works and Agriculture and Farmers Welfare Departments. The green budget percentage of the total budget **increased from 1.66% to 4.17%**.



LESSONS

Green budgeting enables cities to coordinate and plan green spending. Puducherry is showing that it also provides a systematic way to promote sustainable procurement across departments.

Technical assistance is valuable when initiating new processes. Cities can maximise the key role independent experts and organisations play and leverage their expertise to design effective programmes.