Green fiscal policy – status quo and progress from a global perspective

Eike Meyer | 31. ECLAC Fiscal Policy Seminar | Santiago de Chile | 25/26 March 2019
Green Fiscal Policy Network

Founding partners:

Associated partners:

Objective: Promote green fiscal policy globally through enhancing knowledge sharing, policy dialogue and outreach

www.greenfiscalpolicy.org
Bilateral GIZ programs supporting green fiscal reform

MEX: Carbon tax, ETS & reform of energy subsidies
MAR: Plastics tax
GTM: Comprehensive green fiscal reform
CHL: Carbon tax; ETS
CHN: ETS
VNM: Comprehensive green fiscal reform
UKR: ETS
GHA: Comprehensive green fiscal reform
IDN: Reform of energy subsidies
Green fiscal policy – what is it and how to measure progress
Nearly 80 countries included some form of fiscal policies in their NDCs

51 carbon pricing initiatives, among those carbon taxes in place or planned in 26 countries

Commitments to reform inefficient fossil fuel subsidies – SDG12, G20, APEC

SDG 14 sets a target to eliminate harmful fisheries subsidies

Under the CBD, countries have committed to reform incentives, including subsidies, harmful to biodiversity
Indicators to measure progress of green fiscal policy:

Environmentally related taxes:
✓ Inventories of individual instruments (e.g. EEA, World Bank)
✓ Revenue based indicators (e.g. OECD, EU, CEPAL)
✓ Price-gap indicators (e.g. OECD, IMF)

Reform of environmentally harmful subsidies:
✓ Inventories of harmful subsidies (e.g. OECD)
✓ Price-gap method estimations for fuel subsidies (e.g. IEA, IMF, GIZ)
Inventories of environmentally related taxes
# Environmentally related taxes in EU member states (EEA)

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Carbon pricing mechanisms worldwide (World Bank)

Implemented, scheduled, and considered (2019)

Revenue-based indicators: Environmentally related tax revenue / GDP
Fiscal relevance of environmentally related taxes in OECD and G20 countries

Environmentally related tax revenue in comparison with GDP, OECD and G20 countries
Fiscal relevance of environmentally related taxes, OECD-average, 1994-2014

Environmentally related tax revenue in comparison with GDP, OECD average
Price-gap indicators: Carbon pricing gap
Carbon pricing gap in OECD and G20 countries (OECD)

**Effective Carbon Rates**
- Emission permit price
- Carbon tax
- Specific taxes on energy use

**Carbon pricing gap**
(% of emissions priced at below 30 EUR/t)

- 2018: 76.5%
- 2015: 79.5%
- 2012: 83%

Summary

- Looking at international commitments, green fiscal policy seems to be on the rise.

- Available indicators to measure progress on green fiscal policy are inventories, revenue-based indicators or price-gap indicators.

- For most of these indicators, global comparative data is not available.

- Carbon pricing instruments are actually spreading. Looking at the development of effective carbon rates in OECD and G20 countries, however, the „carbon pricing gap“ is decreasing only slowly.

- In OECD countries, the fiscal relevance of environmentally related taxes has not changed over the past 20 years.