

Capacity Development for Environmental Fiscal Reform

A Training Seminar for Policy Makers, Administration Officials, and NGO Representatives

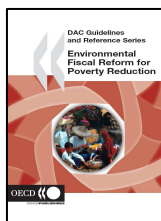
Background

Environmental fiscal reform (EFR) refers to a range of taxation and pricing measures that can free up economic resources and/or generate revenues while helping to reach environmental goals. Provided the reform is appropriately designed, EFR can also have direct and positive effects on poverty reduction, helping to address environmental problems by influencing behaviour through price mechanisms and markets or paid licences. It can also have an indirect effect by generating resources for anti-poverty programmes in areas such as water supply and sanitation, or for pro-poor investments in health and education, for instance. The most relevant instruments in developing and transition economies are:

- cost recovery and pricing measures to improve access to basic services such as water and energy,
- taxes and subsidy reforms to discourage the use of environmentally damaging products,
- taxes and fees to control industrial pollution and waste, and
- taxes on the extraction of natural resources such as fisheries and forests.

Capacity Development and EFR

Many participants at the BMZ/GTZ-hosted Special Workshop on EFR in Developing, Emerging and Transition Economies (part of the Global Conference on Environmental Taxation, October 2007) stressed the importance of broad capacity development approaches and concrete training seminars on how to design and implement environmental fiscal reform. Taking this into account and on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ) GTZ has designed with the non-governmental organisation Green Budget Germany an interactive training seminar that focuses on the different conceptual and thematic dimensions of



EFR. The training is based on the OECD Development Assistance Committee (DAC) Guidelines on “EFR for Poverty Reduction”,

Objectives of the EFR training seminar

- Understanding of EFR concepts and definitions
- In-depth knowledge of EFR approaches in various sectors and countries
- Detailed knowledge of the potential benefits and limits of EFR
- Increased capacity to discuss and design appropriate EFR strategies

Methodology

The seminar employs innovative methods and uses all available opportunities for interactive group work. Based on the casework methodology of the Harvard Business School, it takes a practical approach to EFR. This method incorporates discussions about nationally appropriate



EFR approaches (based on insights put forward by the participants). Furthermore, conclusions are developed through joint debate rather than on the basis of ‘ready-made’

teaching messages. Case studies cover various aspects of EFR such as the analysis of existing EFR instruments, EFR and environmental infrastructure, and EFR to manage fossil fuel energy use. Using a range of materials, participants design and ‘test’ EFR elements in a number of different contexts.

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