Price incentives in today’s economies often stand in the way of environmental sustainability. Natural resources are underpriced, while the social costs of pollution are externalized. On top of that, resource consumption and pollution are supported by environmentally harmful subsidies, like those for fossil fuels. As long as prices do not tell the “ecological truth” and incentivize environmentally friendly behavior, pollution and over-use of natural resources will not be mobilized on the scale needed to achieve the Sustainable Development Goals (SDGs) and the Nationally Determined Contributions (NDCs) of the Paris Agreement. Green fiscal reform sets out to correct such market failures. It entails the pricing of externalities through environmental taxes as well as the reform of environmentally harmful subsidies. This way, green fiscal reform can pave the way for a green economy by making markets work for climate and the environment. If designed properly, green fiscal reform can also facilitate the achievement of economic and social indicators of the 2030 Agenda for Sustainable Development. This makes it an important strategy also for countries looking to increase domestic resource mobilization for financing development.

Objectives:
Participants will gain:
- An understanding of basic concepts, definitions and instruments of green fiscal policy
- In-depth knowledge of the political economy of fiscal instruments in various sectors and countries
- Detailed knowledge of the potential benefits and limitations of fiscal instruments for revenue mobilization and green economy transition

Target group
The primary target group of the training is policy makers and technical staff from ministries and other government agencies involved in fiscal and sectoral policy formulation. Participants do not need to have prior in-depth knowledge about fiscal policy.

Methodology
The training draws strongly on the Harvard Case Methodology and the experiential learning cycle. Presentations are mixed with problem-solving exercises presented in fictitious country cases.

Organization
The training seminar has a modular structure and can be organized from 3 to 5 days. Modules can be combined in order to best meet the particular needs and interest of individual groups and tailored to a particular regional or country context.

Modules
The training begins with an introductory module on the basic concepts and rationale of green fiscal reform and looks at green fiscal reform as a route to domestic resource mobilization for sustainable development. Subsequent modules focus on a range of topics – industrial pollution, transport, environmentally harmful subsidies, and waste management – and have a strong emphasis on political economy and stakeholder engagement.