

ATI Environmental Taxation Workshop Series

Third workshop - 20 February 2025 13:00 CET | Virtual | EN, FR

Workshop 3: Social Impact Assessment

In low- and middle-income countries, the negative equity impacts of environmental taxes are linked not only to the regressivity or progressivity of the tax per se, but to absolute impacts of environmental taxes on low-income households and individuals. Even a small change in relative prices can have a significant impact on the poorest and most vulnerable. For this reason, equity concerns are a significant obstacle to the implementation of environmental fiscal policies, particularly taxes, in many countries.

To overcome this barrier and maximise the equity-related benefits of environmental taxation – environmental taxation can deliver direct benefits for poverty reduction through environmental improvement and indirect benefits if mobilised revenues are used for poverty reduction – predicting the social and distributional impacts of a particular tax measure is a key step in environmental tax design. A Social Impact Assessment (SIA) to predict such impacts – either within a broader policy impact assessment or as a stand-alone exercise – can help government officials to understand whether and how to proceed with the implementation of the tax. SIA results can be drawn on to inform the design of environmental taxes, as well as social mitigation and compensation measures (the topic of Workshop Session 4).

Workshop 3 of the series will begin with a brief introduction to the distributional impacts of environmental taxation and how they can be addressed through an integrated approach to fiscal policy. An expert presentation by SIA expert Daniele Malerba from the German Institute of Development and Sustainability (IDOS), will take a close look at the social impacts of environmental taxes and how to predict them. GIZ Senior Energy and Climate Adviser Manuel Cocco will present, from the perspective of a practitioner, an approach used in Morocco to predict the impacts of a range of energy efficiency policies. Finally, in a panel discussion, the perspectives of ATI member countries will be shared; Kayula Chimfwembe from Zambia and Primula Kingmele from the Solomon Islands will present practical experiences predicting social impacts. The subsequent discussion will ensure that a wide range of experiences and perspectives from all ATI countries can be shared.

Ultimately, the objective of the workshop will be to tease out options for evaluating the distributional impacts of environmental tax policies, given limited resources and capacity. Which approaches have ATI countries taken to SIA for environmental taxes? What might countries do, given limited means and capacities?

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Time (CET)	Topic	Details	Responsible
13:00 – 13:10	<i>Welcome and introduction</i>		ATI Secretariat
13:10 – 13:30	<i>Introductory presentation</i>	- Overview of general concepts of social impacts of environmental tax policy	Jacqueline Cottrell, Green Fiscal Policy Consultant
13:30 - 14:15	<i>Social Impact Assessment: Predicting the distributional impacts of environmental taxes, fees and charges</i>	- Importance of considering social effect of environmental taxes - Predicting the impact: Channels to consider - Evidence from the literature - The way forward: Improving non-monetary impacts	Daniele Malerba, IDOS
14:15 – 14:30	<i>Coffee break</i>		
14:30 – 14:45	<i>Morocco: Predicting impacts of green fiscal measures for energy efficiency</i>	- Introduction to the approach for the Morocco project - Development of shortlist of measures - Macro-economic, fiscal and energetic impact assessment - Results and successes	Manuel Cocco, Senior Energy & Climate Advisor, GIZ Morocco
14:45 - 15:30	<i>Panel discussion: predicting the social impacts of environmental taxes, fees and charges</i>	Panellists: - Daniele Malerba, IDOS - Manuel Cocco, GIZ Morocco - Kayula Chimfwembe, Zambia - Primula Kingmele, the Solomon Islands ATI members will provide a 5-minute input on the social impacts of environmental taxes in their countries	Moderation: Jacqueline Cottrell, Green Fiscal Policy Consultant
15:30 - 15:45	<i>Reflections conclusions, key messages</i>		ATI Secretariat

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