Concept note and agenda for workshop 1: Design of Effective Environmental Tax Instruments

Workshop 1 of the series will introduce basic principles for the effective design and implementation of environmental taxes (ETs) and similar instruments and create space for participants to compare and contrast their experiences with such instruments. It will consist of two expert presentations and an hour-long interactive session where participants will be given the opportunity to exchange in small groups with their peers.

The workshop will explain the rationale underlying the broad understanding of environmental taxes to be used for the workshop series, which covers payments which would normally qualify as "charges" or "fees", but which are in essence governmental attempts to manipulate prices with the intention of influencing behaviour in favour of a positive environmental impact.[1] The first workshop will explore this definition, and explain the economic theory and the mechanisms underlying such instruments.

When designing ETs, it is important to understand how and why they change behaviour and to be aware of the prerequisites for the design and implementation of effective ETs. Thus, the workshop will also explore the challenges ATI countries may face when implementing ETs, such as limited fiscal space and governance challenges, and specific considerations for ATI countries, such as dependence on natural resources for livelihoods.

Guidance on design considerations will draw on the ATAF 2024 Environmental Taxation Handbook and will cover the tax base, point of application, setting the tax rate, elasticity of demand, tax rate escalators, indexation and other models, earmarking and domestic revenue mobilisation, distributional impacts, international competitiveness, and consensus building.

As a pioneer of environmental taxation in the African context, Daniel Nuer, head of the Tax Policy Unit at the Ministry of Finance, will present the Ghanaian experience. A wide range of ETs have been implemented in Ghana: factors influencing the design of specific ET instruments and lessons learned from their implementation will be presented and discussed.

The interactive session and the breakouts will give participants the opportunity to exchange on their experiences with ET and to apply the design principles and lessons from the presentations to fictitious environmental challenges.

[1] Keen (2023), Occhiali (2024).

Workshop 1: Design of Effective Environmental Tax Instruments	Speaker / moderator
Introduction to the workshop series – agenda, aims and objectives (15 min)	ATI Secretariat
Presentation: Theoretical considerations when implementing environmental taxation (45 min) ▪ Environmental taxation: underlying principles and rationale ▪ The LMIC context – specific considerations ▪ Lessons on tax design from experience	Jacqueline Cottrell (international expert)
Relating theory to practice – designing environmental taxes in Ghana (30 min) ▪ Presentation on relevant considerations for to the design of environmental tax instruments in Ghana ▪ Lessons learned from these experiences	Daniel Nuer, MOF Ghana
COFFEE / TEA BREAK (15 min)	ALL
Interactive exercise: Designing environmental taxes (60 min) For this session, participants will move into 4 virtual breakout rooms and work through a series of questions about fictitious cases. Cases will focus on key sectors for ATI members, e.g. air pollution due to vehicle emissions, deforestation, water pollution and mining, and waste. For each breakout group: ▪ One person will moderate the discussion ▪ One participant will be the rapporteur and present the group's findings in the plenary ▪ Each group will be tasked with sketching out a proposal for how policymakers might introduce an environmental tax, fee or charge to tackle their environmental policy challenge (30 min) ▪ Questions will be used to guide the discussion Each group will have 5 minutes to briefly present their results (20 min in total)	Moderation: Jacqueline Cottrell