

Making green tax incentives work: Protecting revenue while accelerating the energy transition

2 June 2026 | 13:00-14:30 | Online | EN | FR

A joint webinar by ATI, IISD, and CEP

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Background

Achieving global climate goals requires a rapid and just green transition, especially in emerging and developing economies where industrial decarbonisation and renewable energy deployment remain urgent priorities. At the same time, many governments face tight fiscal space and rising pressure to strengthen domestic revenue mobilisation (DRM) to finance development priorities and deliver on the SDGs.

In this context, governments are increasingly relying on a diverse mix of fiscal, regulatory, and trade and investment measures often deployed as part of broader industrial strategies to catalyse change. Among these, green tax incentives have emerged as a key instrument to mobilise private investment, lower the cost of clean energy technologies, and accelerate the shift to low-carbon and resilient growth.

The use of green tax incentives raises important questions of policy coherence, effectiveness, and accountability. [Recent analysis by the International Institute for Sustainable Development \(IISD\)](#) indicates that many emerging and developing economies are adapting tax policies to support clean investment and renewable energy deployment. In low-income contexts facing administrative and fiscal constraints, tax incentives may sometimes be perceived as a more feasible option than alternative support mechanisms such as feed-in tariffs. However, poorly designed incentives can also generate revenue losses, fail to attract investment, and opportunities for rent-seeking underscoring the importance of governance, targeting, and monitoring.

International experience suggests that incentives are most effective when embedded within a coherent and mutually reinforcing policy framework. [A recent paper by the Council on Economic Policies \(CEP\) on industrial decarbonisation](#) highlights that such incentives must be aligned with regulatory certainty, sectoral priorities, and robust governance to achieve meaningful emissions reductions. Aligning incentives with national development objectives can further ensure that the green transition strengthens competitiveness, supports industrial upgrading, and expands access to clean energy in an inclusive manner.

Against this backdrop, ATI, IISD, and CEP convene partner countries and other stakeholders in this session to explore how green tax incentives can deliver maximum impact when integrated into a coherent policy architecture aligned with other instruments such as carbon pricing, performance standards, and wider industrial strategies. Building on the ATI's ongoing work on environmental taxation, including last year's [ATI workshop series](#), the session will highlight the importance of cross-government coordination, bringing together ministries of finance, climate and energy policymakers, and industrial strategy institutions to support the design and implementation of targeted incentives that deliver emissions reductions alongside jobs, competitiveness, and economic development.

Objectives

This session will support ATI's objectives on fair and effective DRM, policy coherence, evidence-based reform, and accountability, by creating a space for ATI members to exchange experiences on the design and governance of green tax incentives.

The discussion will address three main guiding questions:

1. When and how can green tax incentives support low-carbon and resilient growth while protecting revenue?
2. How do incentives interact with other instruments (e.g., carbon pricing, standards, public finance, and investment policy), and what coordination is needed across government?
3. What lessons can be drawn across country contexts, including differences in incentive design and implementation capacity between high-income and low and middle-income countries?

Target audience

ATI partner as well as delegates from other countries; development partners; supporting organisations; government officials working on climate, industrial, and fiscal policy; representatives of ministries of finance, energy, environment, planning, and trade; revenue authorities; investment promotion agencies; and implementing partners supporting country-led reforms.

