

**PUBLIC GOVERNANCE DIRECTORATE
PUBLIC GOVERNANCE COMMITTEE**

Working Party of Senior Budget Officials

Paris Collaborative on Green Budgeting -- 2nd Green Budgeting Experts Meeting

DRAFT ANNOTATED AGENDA

OECD Conference Centre, Paris

29 April 2019

The Paris Collaborative on Green Budgeting (PCGB) is a platform for governments, institutions and experts to explore how to embed climate and other environmental goals within national budgeting frameworks. To facilitate this task, the PCGB works on practical and pragmatic solutions for OECD members and partners by providing innovative tools to help countries in evaluating environmental impacts of budgetary and fiscal policy and in assessing their coherence with national and international commitments.

The meeting will bring together participants with relevant expertise on budgeting and expenditure management, taxation, and environment policy to discuss the role for budgetary governance to embed climate and environmental goals within the budgetary process; exchange good practices and challenges, and review a first set of country pilots under the Paris Collaborative.

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Countries all over the globe have committed to domestic and international agreements on climate and other environmental issues, including the Paris Agreement, the Aichi Biodiversity Targets, and environmentally related Sustainable Development Goals, but policy action is falling short. Green budgeting can be an efficient and effective way for countries to drive progress on the delivery of their commitments by embedding climate and other environmental goals within national and subnational budget frameworks. The Paris Collaborative on Green Budgeting launched in December 2017 by the OECD at the One Planet Summit and presented as one of the twelve announcements of the summit by French President Macron provides a platform to share experiences and good practices to do so, identify research priorities and gaps, develop innovative supportive budget practices, and to reduce the overhead of undertaking this development alone.

The meeting builds on the first Expert Meeting on Green Budgeting in June 2018 and a set of technical meetings throughout the Collaborative's first year of operation. These discussions have allowed the Collaborative to identify emerging practices in different countries, as well as key priority areas for research. This year's meeting will focus on the resulting findings of the Collaborative, including a first set of emerging green budgeting practices and country pilot projects. The meeting will lay the groundwork for a roadmap of how countries can gradually progress towards green budgeting practices by leveraging existing building blocks of environmentally aware budgeting and policy-making. After an introductory session on scope and objectives of the green budgeting project, the meeting will start the discussion of three key elements along this way: the analytical means available to calculate the environmental impacts of public action (Session 2); how to identify and measure significant (favourable as well as harmful) budget measures as a first step towards the alignment of public finances with environmental objectives (Session 3); and the importance of recognising potential disruptive factors for fiscal sustainability to include a long-term vision into budget planning (Session 4). Session 5 will place these building blocks within an analytical framing of green budgeting and discuss their respective roles for the implementation of green budgeting in a pragmatic way.

The meeting will be the occasion to build the core network of senior experts to represent the technical level of the Paris Collaborative. This Green Budgeting Expert Group (GBEG) will contribute to share best practices, further scope relevant research areas and help to test and refine the outputs that are presented by the Collaborative. As such, the OECD Secretariat would be grateful if you could provide a permanent contact for the GBEG from your institution to ensure continuity if you have not yet done so. The GBEG welcomes participants from different streams of work, including those with relevant expertise on budgeting and expenditure management, taxation and environment policy.

Draft Annotated Agenda

9.30-10.15 **SESSION 1 -- Welcome and introduction**

Green budgeting means using the tools of budgetary governance to align revenue and expenditure processes with environmental goals. It does so by enabling governments to raise awareness of the potential environmental impacts of budgeting choices and thus stimulating good practices for national revenue-raising and resource-allocation. This constitutes a crucial step towards reaching a country's environmental commitments, including those of the Paris Agreement, Aichi biodiversity targets and the environment related UN Sustainable Development Goals.

Green budgeting has as its objective both to highlight the linkages between budgetary, fiscal and environmental policy; and the need to take into full account the potential spill-overs across environmental domains and into other policy areas. It therefore seeks to build and mobilise evidence to help governments identify the most impactful and urgent environmental actions, and to communicate environmental policy decisions in their political, economic and social context – contributing to well-informed evidence-based public debate on sustainable development.

This first session will provide an introduction to the scope and objectives of green budgeting to guide the discussions throughout the day, and provide an overview on recent and upcoming developments of the Paris Collaborative on Green Budgeting.

Speakers:

- **Ms. Irène Hors**, Deputy Director of the OECD Governance Directorate
- **Keynote: Mr. Baptiste Perrissin Fabert**, Chief of Staff of Secretary of State Brune Poirson, at Ministry of Ecological and Inclusive Transition in France
- Round table of participants

Moderator: Mr. Andrew Blazey, Deputy Heady of Budgeting and Public Expenditure Division, Governance Directorate, OECD

10.15 -11.30 **SESSION 2 -- Calculating the environmental impacts of public action**

Green budgeting requires that governments have the data and analytic means to assess the environmental impacts of its decisions. Budget impact assessments and cost-benefit analysis are useful tools for highlighting not only the economic, but also environmental impacts of policies, whether they have the deliberate aim of environmental improvement or affect the natural environment as an indirect consequence. However, policy assessment methodologies often seem to be not systematically applied, or results lack the adequate level of detail; are not readily available; or they are not carefully used in decision making processes. Furthermore, a consensus on methodologies would help to add transparency on data and results of evaluations, and allow for international comparisons.

This session will review recent developments and approaches to assessing the impact of public budget measures and policies on the environment, and discuss how results can be better integrated and effectively used in the budget process. The session will draw on OECD work on cost-benefit analysis and impact assessments; provide examples of

applications; and highlight country approaches to a more comprehensive application of these methodologies.

Speakers:

- **Mr. Nils Axel Braathen**, Environmental Performance and Information Division, OECD
- **Mr. Jonas Teusch**, Economist, Tax and the Environment, Centre for Tax Policy and Administration
- **Ms. Monique Fasol**, Head of Tax Policy Division, Ministry of Finance, The Netherlands
- **Mr. Iain Thom**, Researcher, Scottish Parliament Information Centre

Moderator: Mr. Nils Axel Braathen, Environmental Performance and Information Division, Environmental Directorate, OECD

11.30-12.00 *Coffee break*

12.00 - 13.15 **SESSION 3 -- Applying a green lens: stocktaking of relevant budgets measures in the light of environmental objectives.**

Identifying the most relevant measures and corresponding amounts of spending and revenues dedicated to address environmental goals can be an important first step for the environmental alignment of a budget as a whole. Ideally, such an “inventory” identifies the budgetary resources raised and spent by policies that promote as well as harm environmental objectives. Some countries have started to apply such an approach to a subset of budget measures, including spending targets and tracking of expenditure in (direct or indirect) support of environmental objectives; catalogues of potentially harmful budget support and tax expenditures; and screenings of the environmental impacts of national tax systems. Taken together, these practices provide a concrete basis for governments to ultimately assess the effectiveness of the budget as a whole against environmental goals.

This session will present a range of approaches that assess the budget across sectors to identify relevant measures for the achievement of environmental objectives. The session will start with an introduction on relevant practices and existing guidance by the OECD. Based on selected country examples, the session will discuss the lessons learned and how these existing approaches provide building blocks for advanced green budgeting practices.

The session will be followed by a working lunch to allow for an exploratory discussion on the use of revenues from carbon pricing.

Speakers:

- **Ms. Assia Elgouacem**, Economist, Fossil Fuel Subsidies, Environmental Performance and Information Division, OECD
- **Ms. Katia Karousakis**, Team Leader for Biodiversity, Land-use and Ecosystems, Climate, Biodiversity and Water Division, Environment Directorate, OECD
- **Ms. Laura Kevany**, Administrative Officer, Climate Change Unit, Department of Public Expenditure and Reform, Ireland
- **Mr. Cornelius Rhein**, Policy Officer, Directorate-General for Climate Action, Climate Finance, Mainstreaming, Montreal Protocol, European Commission

Moderator: Mr. Simon Buckle, Head of Climate, Biodiversity and Water Division, Environment Directorate, OECD

13.15-14.30

Exploratory working lunch: the use of revenues from carbon pricing

Moderator: **Mr. Florens Flues**, Economist, Tax Policy and Statistics Division, Centre for Tax Policy and Administration, OECD

14.30-15.30

SESSION 4 -- Long-term fiscal sustainability: disruptive factors and possible budgetary responses.

Assessing the sustainability of government budgets in the long run needs to consider “fiscal risks” that derive from environmentally related disruptive and transformative factors. Such disruptions may pertain to physical impacts of climate change, environmentally related policy, or the emergence of new technologies, for example those driving the low-carbon transition. For example, recent OECD/ITF work has looked into the potential tax policy responses to counter revenue erosion in the transport sector in the long run when vehicle technologies rely increasingly less on fossil fuels.

This session will launch the debate on how governments can better assess the budget implications from disruptive and transformative factors, improve the assessment and management of fiscal risks and adopt timely policy responses to prepare their budgets to long-term fiscal sustainability in the context of climate change and other environmental challenges.

Speakers:

- **Dr. Sandra Batten**, Senior Economist – Structural Economic Analysis Division, Bank of England
- **Dr. Martin Baur**, Head, Economic Analysis and Policy Advice, Federal Finance Administration, Federal Department of Finance, Switzerland
- **Ms. Luisa Dressler**, Economist, Tax and the Environmental, Centre for Tax Policy and Administration

Moderator: Mr. Andrew Blazey, Deputy Heady of Budgeting and Public Expenditure Division, Governance Directorate, OECD

15.30-16.00

Coffee Break

16.00-17.00 **SESSION 5 -- Towards green budgeting: a roadmap**

The previous sessions highlighted key building blocks that can help governments to move towards a more comprehensive approach to green budgeting. This may require the implementation of essential underlying processes over the course of several budget cycles. To support countries on this way, the OECD is working on concrete guidance for policy makers to adapt green budgeting in a stage-by-stage way that responds to their political and institutional capacities.

This session will discuss the analytical framing of green budgeting, what capacities and methodologies are needed for a comprehensive approach to green budgeting, and discuss the role of building blocks, and in particular of a “Green Budget Statement” in this process. As part of this discussion, the session will include a review of several initiatives among members of the collaborative to move towards green budgeting.

Speakers:

- **Ms. Juliane Jansen**, Policy Analyst, Budgeting and Public Expenditure Division, OECD Governance Directorate
- **Mr. Murray Petrie**, Senior Research Associate, Institute of Governance & Policy Studies, Victoria University of Wellington, New Zealand
- **Ms. Monique Fasol**, Head of Tax Policy Division, Ministry of Finance, The Netherlands
- **Mr. Alexandre Godzinski**, Natural Resources and Risk Economics, Ministry of Ecological and Inclusive Transition, France

Moderator: Mr. Andrew Blazey, Deputy Head of Budgeting and Public Expenditure Division, Governance Directorate, OECD

17.00-18.00 **SESSION 6 -- Paris Collaborative of Green Budgeting members only session**

The Secretariat will provide an overview of potential future outputs proposed for discussion. Collaborative members are invited to reflect on research priorities and identify additional gaps and challenges to shape the future work programme of the Collaborative, conditional upon resource availability and levels of practical support for the Collaborative. This Session will discuss possible governance options for the PCGB to ensure structured priority setting, efficient implementation of its tasks, and the continuity of the PCGB.

MEETING INFORMATION

Accommodations

Delegates are responsible for their own accommodation. Information on hotels close to the OECD at special rates and our online booking system can be found at: <http://www.oecd.org/site/conferencecentre/hotels-close-to-oecd.htm>

Meeting Location

The meeting will take place at the Conference Centre at OECD Headquarters – *Château de la Muette* – which is located at: 2 rue André Pascal in the 16th *arrondissement* (district) of Paris. The closest metro station is “*La Muette*” on line 9 or “*Boulaivilliers*” or “*Henri Martin*” on line C of the RER. More information on getting to the OECD can be found at: <http://www.oecd.org/site/conferencecentre/gettingtotheoecd.htm>

Security and Badges

Please be advised that OECD Headquarters is a secure complex. Badges can only be issued to registered Delegates, and a passport or national identity card is required in order to receive a badge. Delegates must go to the main entrance and pass through the security checkpoint in order to pick up badges. Please allow up to 15 minutes to complete these formalities.

Lunch

Participants are invited to join the *Exploratory working lunch: the use of revenues from carbon pricing*. For participants of the working lunch, lunch boxes will be available. Please specify on the registration form if you intend to participate in the working lunch.

Alternatively, various lunch options are available at the Conference Centre and around the metro station is “*La Muette*” in proximity to the OECD.

Simultaneous translation

Simultaneous translation between English and French, the OECD’s two official languages, will be available.

Wi-Fi Internet Access and Business Centre

The OECD Conference Centre features complimentary Wi-Fi Internet Access throughout its facilities. Internet access is available in the *Espresso Café*. There is also a Business Centre located in the Conference Centre offering complimentary desktop computers with standard Microsoft Office software, Internet connections and printers.

Contacts

If you have any logistical questions please do not hesitate to contact: helene.leconte-lucas@oecd.org

For further information on substance, please contact juliane.jansen@oecd.org or visit <http://www.oecd.org/environment/green-budgeting>