

Aligning ecological fiscal transfers in national and state policy mixes

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The CBD strategic plan for biodiversity 2011-2020 calls for further development of positive incentives for biodiversity conservation and the mobilisation of financial resources for effectively implementing biodiversity targets, while duly taking into account the needs of sub-national governments, cities and other local authorities. In developing and transition countries, about 60% of sub-national public expenditure is financed by fiscal transfer schemes, under which public revenue is redistributed through transfers from higher to lower levels of government. Ecological fiscal reform and “getting the prices right” as important corner stones of a green economy and sustainable development also require appropriate conservation indicators, next to the traditionally used economic and social indicators, for redistributing tax monies to lower levels of government. Thus far, only Brazil and more recently Portugal have introduced protected areas as an indicator to redistribute tax revenues to local levels.

In this presentation, we analyse this innovative policy instrument, building on a review of existing experience as well as suggested future design options in the POLICYMIX case study countries Brazil, Portugal and Germany. We will discuss ecological fiscal transfers (EFT) in terms of their effectiveness, cost-effectiveness, social impacts and institutional requirements, and specify their functional role and alignment challenges in a wider policy mix for conservation. The alignment of ecological fiscal transfers in national and state policy mixes in these countries will be explored through questions such as: What is the policy mix of economic and regulatory instruments that must be in place for ecological fiscal transfers to work as a conservation incentive? Which conflicts and synergies do exist between EFT and other instruments in the policy mix? What are the future design challenges of ecological fiscal transfers? What are alignment challenges between ecological fiscal transfers and other instruments?

For this purpose, we draw on impact evaluation of existing EFT schemes in Brazil (Mato Grosso) and Portugal as well as ex ante scenario analysis of a suggested EFT scheme in Germany. Finally, we present case lessons learned on the effectiveness of EFT in a policy mix.