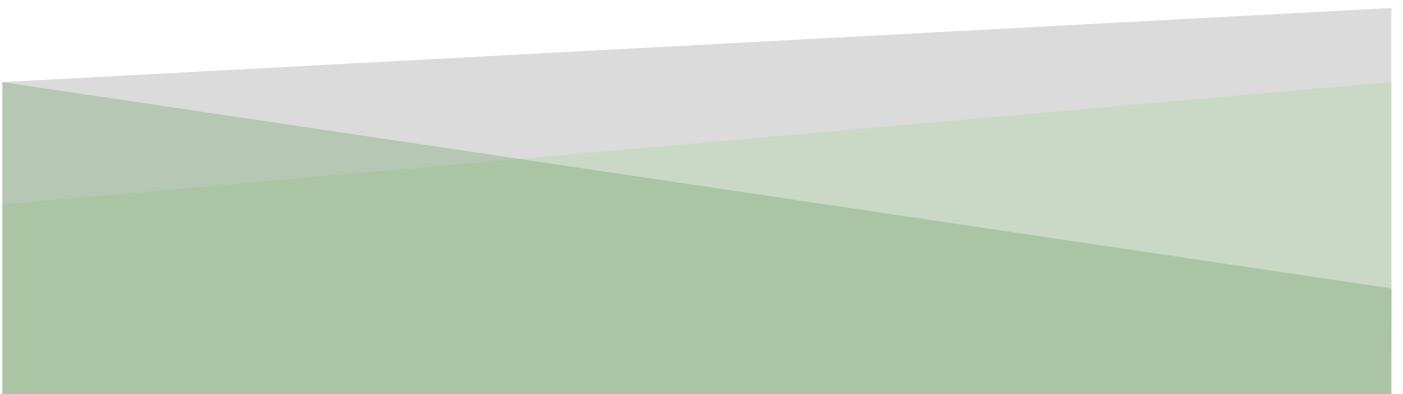


GreenBudgetEurope

ANNUAL REPORT

2017



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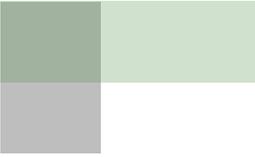
EUROPEAN EXPERT PLATFORM ON ENVIRONMENTAL TAXATION AND GREEN FISCAL REFORM

ANNUAL REPORT 2017

Brussels

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About Green Budget Europe

Green Budget Europe (GBE) is a European non-profit expert platform on environmental taxation and green fiscal reform. GBE works to promote the use of market-based instruments to achieve environmental goals while maximising economic and societal benefits.

The basic premise for our work is that market failures are responsible for many of the environmental and climate problems we see today. To address these failures, green taxes and a reform of environmentally harmful subsidies are ideal policy approaches because they make prices tell the ecological truth. As one example, GBE advocates for more taxes on pollution accompanied by reduced labour taxes. We believe this reform process – frequently referred to as a Green Tax Shift – should be done in a socially equitable way.

Our Europe-wide expert platform includes renowned academics and researchers, policy-makers and ministry staff, prominent politicians, several former EU Commissioners, as well as representatives from civil society organisations and businesses at EU level in individual European states, and internationally.

GBE aims to achieve its goals through knowledge-exchange and information-sharing, and a combination of research and advocacy work at EU level and within EU Member States. Ultimately, GBE works to foster a broad-based, cross-party consensus in favour of environmental fiscal reform with the support of a wide range of stakeholders.

Our work includes:

- Conducting and disseminating research and best practice to key stakeholders, our networks, and the wider public, both at EU level and on Member State level;
- Organising one-to-one meetings with political decision-makers and others influential in policy-making to put forward our arguments or robust reform options and propose implementation strategies;
- Organising and participating in conferences, seminars, workshops and parliamentary hearings to foster dialogue and deliver progress;
- Building alliances with key players to mainstream environmental fiscal reform, and
- Mainstreaming environmental fiscal reform and disseminating information about the benefits of green tax shifts to increase their political feasibility, raise awareness and enhance understanding.

Highlights 2017

- Restructuring GBE's office and nomination of new Director
- Finalisation of project on *Communicating and realizing the benefits and potential of EFR in Europe*
- Launch of new project on *Ending diesel subsidies in Europe*
- Launch of new project on *Best practices in the promotion of circular economy objectives*

Introduction by GBE President – Anselm Görres



It is with certain nostalgia and pride that I write these introductory words to the 2017 Annual Report as my term at the GBE Presidency will end at our next Annual Meeting in May 2018.

GBE has gone through some major restructuring during the past year, whereby the management of the organisation has changed, and a new Director has been appointed. Apart from ongoing activities, a new project has been launched and new staff members have been hired to strengthen GBE's presence at European level.

To my great satisfaction, GBE has quickly recovered from past grievances, even though much remains to be done to strengthen its advocacy work to all spheres of policy-making.

In this respect, I would urge my successor and the future GBE board to multiply their efforts in the search for core funding. Without stable income, I am afraid our work will be under constant financial pressures, and that we will not be able to focus our work in those areas that are vital to our objectives.

Aside from these recommendations, I am convinced that GBE will have a bright future. Time is ripe for the internalisation of external costs, whereby an increasing number of politicians and economists are considering the introduction of environmental taxes to counter the current weaknesses of the market economy. Many of our common objectives, such as the incorporation of SDGs and climate pledges in EU decision-making, will not be possible without the introduction of environmentally sound market-based mechanisms.

The sheer magnitude of the challenge requires a new approach to our advocacy work. Alone, GBE is still too small to make a difference. Consequently, I suggest that we join forces with other stakeholders and build strategic alliances with like-minded organisations. I hope our Annual Meeting and future board members can approve with some of these thoughts.

In the meantime, I wish GBE all the success in its work for a more sustainable and socially equitable future.

A handwritten signature in blue ink that reads "A. Görres". The signature is written in a cursive, flowing style.

Dr. Anselm Görres

A brief review of GBE project work in 2017

KR Foundation – Ending diesel subsidies in Europe

GBE launched a two-year project on Ending Diesel Subsidies in Europe in collaboration with four participating organizations from Germany, Hungary, Spain and the United Kingdom. The project is financed by the Kann Rasmussen Foundation (KR Foundation) based in Copenhagen.

Outputs

- **Dozens of meetings** at highest political level (MPs, ministers, high officials and representatives of the scientific community)
- **Two interim reports**, based on robust research
- **Several conferences, workshops and expert seminars** where GBE presented, participated, organised or collaborated
- **Dozens of articles in the European press** based on GBE publications

The aim of the project was to:

- Increase diesel tax, first by closing the gap with petrol, and then by increasing diesel taxes even further to reflect higher climate and health impacts
- Change registration and circulation taxes to discourage diesel car purchases and promote low-emission vehicles
- Reform company car tax to incentivise low-emissions vehicles,
- Use revenue to fund measures to boost modal shift and low carbon mobility, and
- Introduce congestion charging in selected cities.

In order to reach these objectives, GBE and the collaborating organizations were to:

- Bring together environment, climate and finance ministry officials and set out negative impacts of diesel subsidies on budgets, environment, and health
- Engage leading speakers on health and economics to outline the adverse impact of diesel cars
- Present the main findings of GBE's research on diesel taxation through workshops, panel discussions and one-to-one meetings
- Support political advocacy with scientific evidence through reports highlighting the correlation between premature deaths, respiratory problems, NOx and PM emissions
- Highlight case studies from countries phasing out diesel subsidies to minimise concerns regarding first-mover disadvantages
- Voice industry concerns, e.g. refineries' imbalances in processing diesel and petrol
- Highlight insights from businesses promoting alternatives to diesel
- Communicate project outcomes and proposals in social and other media, and
- Provide expert advice to policy-makers.

After the first year of implementation, many of these activities have taken place, with promising results especially in Spain and Germany. Reports published by the collaborating organizations have raised considerable public attention as a result of wide media coverage, whereby policy-makers are discussing about the possibilities to revise current fiscal practices and legislation related to diesel.

As to the activities in the United Kingdom and Hungary, collaborating organizations have held several meetings and workshops with the participation of local politicians, academics, civil society and the transport sector. Due to the internal situation in Britain and Hungary, it will

probably take longer to reach a catalyzing impact and change the general perception on the negative impacts of diesel on human health and the environment.

The project will continue to put pressure in these countries by extending its activities until the end of 2018, with increased emphasis on political decision-makers and media coverage.

Sitra – Best practices in the promotion of circular economy objectives

In December 2017, GBE launched a one-year project on circular economy in collaboration with two participating organisations, the Institute for European Environmental Policy (IEEP) and the Ex'Tax Project Foundation (Ex'Tax). The project is financed by the Finnish Innovation Fund (Sitra) based in Helsinki.

The purpose of the project is to define best governmental and regulatory practices and economic instruments to promote the objectives of circular economy in a selected number of EU Member States. In addition, the project will look for success stories in the phase-out of environmental harmful subsidies in Europe and study the potential and experiences of implementing environmental fiscal reform in EU Member States. Finally, the project should provide an overview of the most appropriate measures and economic instruments that could be applied in Finland to promote the objectives of circular and low-carbon economy.

The project will include two workshops: one in Helsinki in June and another one in Brussels in September. A final conference will be held in Helsinki in December 2018, together with the publication of the final report, with an executive summary both in English and Finnish. The project aims to provide a menu of policy options to be discussed and decided at the next governmental negotiations in Finland in summer 2019.

Velux Villum – Communicating and realising the benefits and potential of EFR in Europe

The FRE-Communicate project was set out in 2013 to enhance the prospects for the implementation of Environmental Fiscal Reform (EFR) in Europe by improving the communication of its benefits and advantages in comparison to other policy instruments. The project received multiannual funding from the Velux Villum Foundation based in Denmark.

The project ended in March 2017. Among its achievements, it communicated general facts and figures about EFR and its underlying principles and rationale, as well as positive experiences from Denmark and other countries. It also highlighted the need for specific measures in the media, e.g. fossil fuel subsidy reform or revised taxation of diesel cars.

As a result of the project, a number of different communication strategies and messages were developed targeting diverse audiences, including policy-makers and ministry staff, stakeholders in the business sector, the media, and the interested public.

The project partners were Green Budget Europe, the Danish Ecological Council (DEC) and Professor Paul Ekins, Director of University College London's Institute for Sustainable Resources.

Other activities

GBE spent most of the spring in reorganising its activities. Damian Ludewig was appointed as Interim Director from March to August 2017 to oversee the transition of the office and the recruitment of the new Executive Director, who was selected in July.



Eero Yrjö-Koskinen started his work as the new Executive Director of GBE in September, whereby he quickly built new networks of contacts with the EU institutions and key stakeholders in Brussels. His contract was initially part-time (3/4) as he continued to lead another organisation (Finnish Network for Sustainable Mining) while in Helsinki (1/4). After the transitional period (ending in 2018), his work contract with GBE will become full-time.

During the autumn, GBE negotiated a new project proposal on circular economy with the Finnish Innovation Fund (Sitra) and signed subcontracts with IEEP, Ex'Tax, Ecologistas en Acción (Spain) and ClientEarth (UK) to commission research work related to the diesel and circular economy projects.

In addition, GBE updated its website and finalised its activity and financial reports related to the Velux Villum project.

As part of its quest for additional funding, the GBE board decided to revise its membership fees by suggesting a slight increase to the previous structure. However, some member organisations requested compromise arrangements to comply with their restricted financial situation.

List of events

Internal events

16.03.2017, Brussels: The GBE board and members participated to the AGM and Board meeting that took place in GBE premises in Brussels.

17.03.2017, Brussels: The GBE board and members, together with the GBE team and a few selected guests attended a meeting on “Ending diesel fuel subsidies in Europe”. During this event, a first discussion about initiatives and foreseen actions in target countries were discussed.

07.04.2017, Teleconference. Damian Ludwig, Bridget Farrell and Constanze Adolf joined the bi-annual AdCom meeting, with the objective of reviewing GBE’s strategy and outlook.

External events

26.01.2017, Brussels. Constanze Adolf attended the 7th Meeting of the Greening of the EU Semester Expert Group, together with the group members and other invited stakeholders. As a result, the Dutch Government asked GBE for input and support for a major study on Circular Economy.

31.01.2017, Brussels. Constanze Adolf went to the European Parliament for a meeting among MEPs and national MPs. On the occasion of the European Parliamentary Week, she was invited to discuss about the topic “Green own resources - a way to finance the EU more transparent, simple, fair and democratically accountable”. As a result, the Secretariat of the High Level Group on Own Resources came back to GBE to ask for support and expertise to prepare their next steps ([link](#)).

02.02.2017, Brussels. Constanze Adolf attended the G10 members (Green 10) meeting. The event was also attended by representatives of CAN Europe, FoEE and Bankwatch, among others. The objective was to devise a campaigning strategy for climate and energy for the MFF post-2020, "A new vision for Europe".

07.02.2017, Brussels. On the occasion of the 28th Meeting of the EESC Europe 2020 Steering Committee meeting, Constanze Adolf participated to the seminar on "Thinking ahead - A European Semester that serves people and the planet", where EESC members and national ESC members discussed the opportunities for EFR to reform the EU Semester and stressed the importance of GBE's Semester assessment report for their own work. MS representatives came back for further information and EESC stressed the importance of EFR in their Semester report ([link](#))

09.02.2017, Brussels. Constanze Adolf attended the ECF 2030 Platform meeting, where ECF grantees and LSE were also present. The objective was to implement features of the Paris Agreement into EU legislation, particularly long-term goals and ratchet & review mechanisms. The event drew the conclusion that the whole economy approach is needed to implement the Paris Agreement successfully.

16.02.2017, Webinar. Constanze Adolf participated of this webinar by IISD, entitled "Zombie Energy: Climate Benefits of Ending Subsidies to Fossil Fuel Production", about the Economic benefits of ending Fossil Fuel Subsidies (FFS).

20.02.2017, Brussels. Constanze Adolf, together with CAN Europe, FoEE, Bankwatch, Counter Balance, ODI, E3G, GBG and others attended this event on the FFS report strategy. The intention was to give a short update on how to use EU Semester for FFS reform. It was agreed that GBE would hand-over diesel work to GBG and potential aviation work to T&E.

23.02.2017, Brussels. Constanze Adolf and the G10 members (CAN-E, FoEE, Bankwatch, etc.) attended this preparatory meeting between G10 directors and the Secretary General.

23.02.2017, Brussels. Constanze Adolf attended this event, organized by CAN Europe, whose objective was to provide a strategy update on the FFS awards: How to best create momentum to gain maximum attention? GBE would continue to support the campaign and involve its network ([FFS awards](#)).

10.03.2017, Amsterdam. In the framework of the DG Environment tender led by IEEP ("Capacity building, programmatic development and communication in the field of environmental taxation and budgetary reform"), Constanze Adolf participated to this workshop together with IEEP, EFR experts from the Netherlands, Bulgaria, Estonia, Austria and Romania and DG Environment. The regional workshop #1 was entitled "Waste, Resources & Circular Economy". DG Environment highly welcomed GBE's work and the networking opportunity. As a result, a number of experts contacted GBE after the event for further input.

13.03.2017, Brussels. CAN-E organized an event, where Constanze Adolf, together with representatives of CAN Europe, FoEE, Counterbalance, HEAL and others discussed the nomination of candidates to the FFS awards.

14.03.2017, Rome. Paul Ekins attended the G7 Environment Summit. Representatives and experts from the G7 countries, as well as from other IGOs (OECD, IMF, WB-CPLC, UNEP) and Sec. Gen. were also present.

04.04.2016, Brussels. In the framework of the EU Semester Alliance, Constanze Adolf participated to the monthly strategy update. The AGS input was reviewed and CSR planning was carried out.

05.04.2017, Brussels. Constanze Adolf participated to a session organised by the EDHEC Students of the Master in International Management as part of their course. The goal was to



make them understand the contribution of EFR to shape the EU's sustainability agenda. A number of questions were raised after the meeting.

06.04.2017, Brussels. Constanze Adolf participated to this meeting, which aimed to update the next steps for the G10 and SDG Watch Work. It was also attended by the Cabinet of Commissioner Cretu, CAN Europe, CEE Bankwatch, FoEE and E3G. As part of this meeting, GORs were seen as an important lever to the strategy.

Other events

29.01.2017, Dublin. James Nix was interviewed by RTE – IE national television. George Lee (environment & agriculture correspondent) carried out a series of questions regarding air quality and diesel subsidies.

12.04.2017, Brussels. Constanze Adolf went to the European Parliament with the aim of meeting Michael Schmitt (EP BUDGET Committee), who is an advisor to the Greens/EFA. The objective of this lobby meeting was to update him about the IEEP project and to have an exchange about the latest developments and strategies. How could GBE make best use of the IEEP project? As a conclusion, both agreed that the European Semester is still important and it needs to be strengthened, for which meaningful stakeholder involvement is needed ([link](#)).

12.09.2017, Brussels. Eero Yrjö-Koskinen took part in the stakeholder workshop on the revision of the Energy Taxation Directive (ETD) organised by Deloitte Consulting and Advisory. The purpose of the event was to get feedback from key stakeholders on the legal and technical aspects of the current ETD, and to discuss the prospects of an eventual revision of the directive.

05.10.2017, Brussels. Eero Yrjö-Koskinen participated to the panel discussion on the use of market-based instruments to address pollution and resource use. The panel discussion was part of the final conference organised by IEEP and hosted by the Committee of the Regions. It brought together civil society organisations and policy-makers from across the EU to discuss how civil society can support and encourage the use of economic instruments to achieve environmental objectives. The event introduced some of the key findings of the project, including presentations on interesting economic instruments from across the EU ([link](#)).

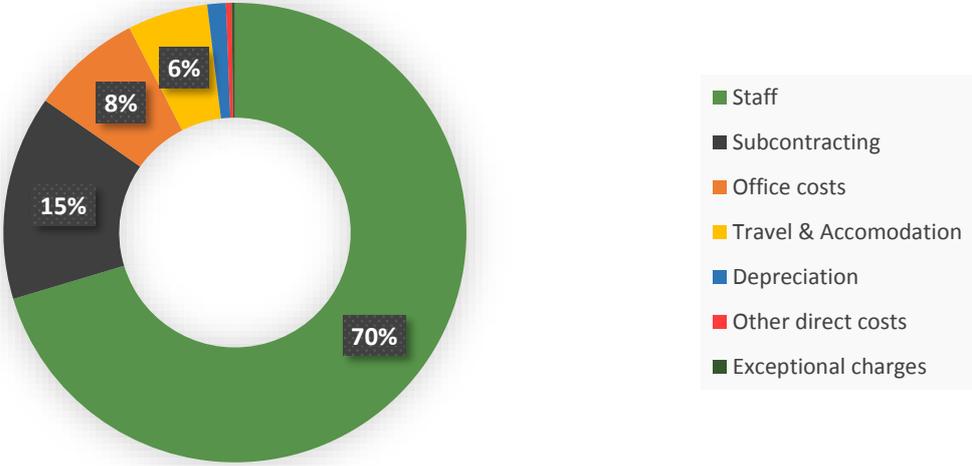
Financial report 2017

Balance sheet 31-12-2017			
ASSETS			
FIXED ASSETS			3800.4
ESTABLISHMENT		800.4	
Establishment costs	1999.99		
Depreciation establishment costs	-1199.59		
EQUIPMENT		0	
Office equipment and software	9062.06		
Depreciation office equipment	-9062.06		
SOFTWARE		0	
Software	1563.48		
Depreciation Software	-1563.48		
OTHER FIXED FINANCIAL ASSETS		3000	
Rental Guarantee (Director)	3000		
CURRENT ASSETS			449630.73
DEBTORS' CONTROL		234683.37	
Clients	92157.37		
Work in progress Diesel 2017	142526		
FLOATS		213654.89	
KBC	213299.99		
Prepaid Mastercard	167.39		
Cash	187.51		
DEFERRED CHARGES AND ACCRUED INCOME		1292.47	
Deferred charges	1292.47		
Accrued income			
TOTAL ASSETS			453431.13
LIABILITIES			
OWN RESOURCES			43821.55
ACCUMULATED RESULTS		43821.55	
Accumulated result	62332.36		
Profit (loss) 2017	-18510.81		
LIABILITIES			409609.58
DEBTS		-829.05	
Suppliers	-829.05		
VAT		180143.88	
VAT to reverse	19011.66		
ADVANCE RECEIVED			

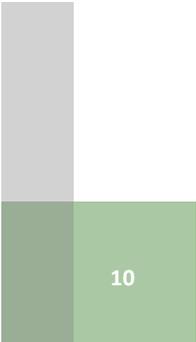
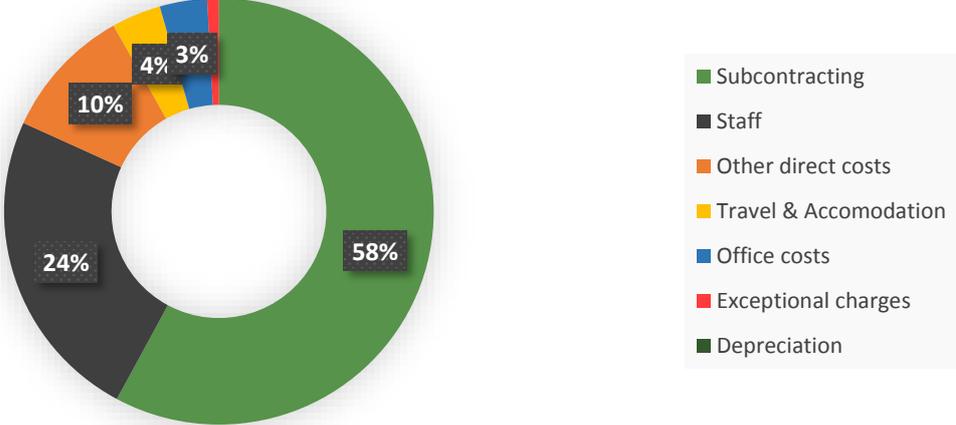
Diesel project advance	161132.22		
Prepaid holiday provision			
ACCRUED CHARGES AND DEFERRED INCOME		230294.75	
Accrued charges	13018		
Deferred income	217276.75		
TOTAL LIABILITIES			453431.13

Expenditure

Planned expenditure 2017



Actual expenditure 2017



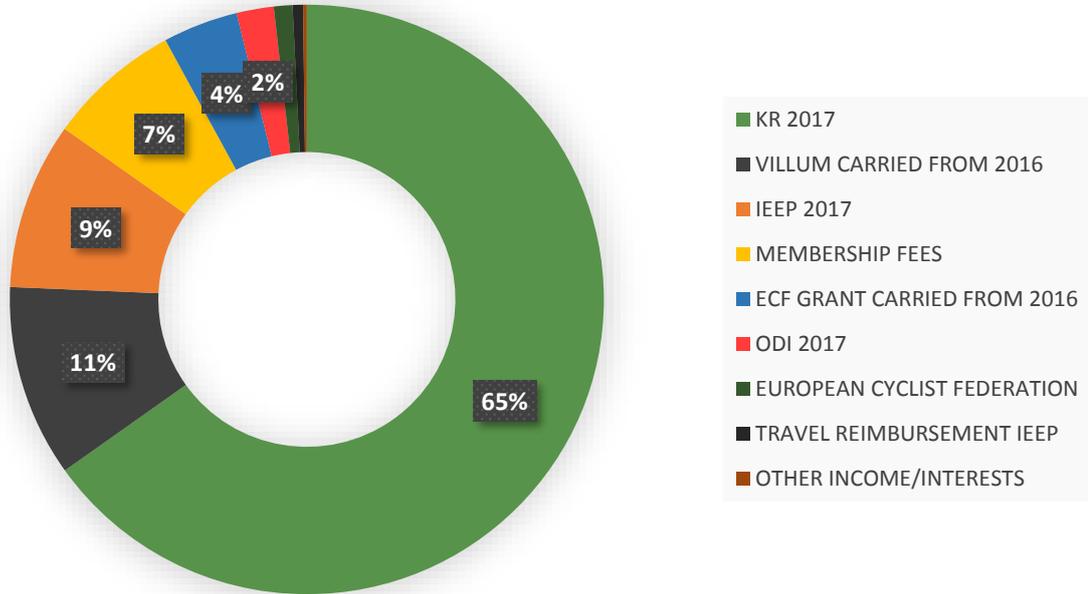
BUDGET 2017

Breakdown of expenditure

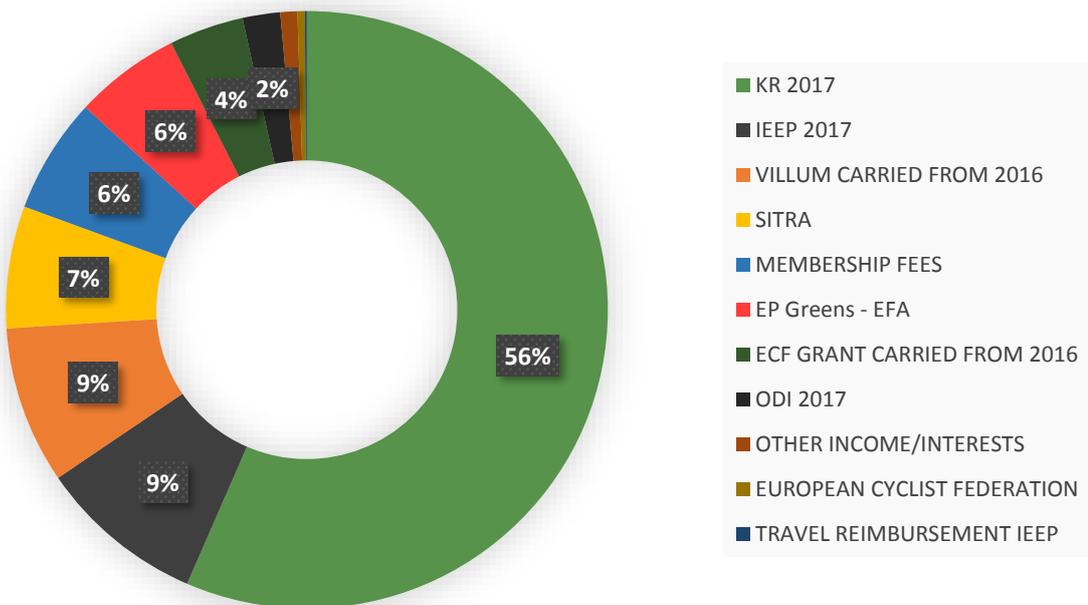
	TOTAL	TOTAL	Budget vs. actual
Description	BUDGET	ACTUALS	%
Staff	233,592.50	64,767.90	-72.27%
Travel & accommodation	18,650.00	10,076.48	-45.97%
Subcontracting	47,838.00	156,683.41	227.53%
Office costs	25,686.00	9,650.48	-62.43%
Other direct costs (incl. liability insurance)	1,300.00	27,146.36	1988.18%
Depreciation	4,300.00	7.40	-99.83%
Exceptional charges	750.00	2,360.00	214.67%
	332,116.50	270,692.03	-18.49%
EXCEPTIONAL CHARGES – PROVISION TAXES			
TOTAL EXPENDITURE	332,116.50	270,692.03	-18.49%

Income

Planned income 2017



Actual income 2017



BUDGET 2017

Breakdown of income

Description	TOTAL		Budget vs. actual
	BUDGET	ACTUALS	%
MEMBERSHIP FEES	18,000.00	15,730.00	-12.61%
ECF GRANT CARRIED FROM 2016	10,100.00	10,100.00	0.00%
VILLUM CARRIED FROM 2016	26,000.00	21,483.83	-17.37%
KR 2017	161,000.00	142,526.00	-11.47%
EUROPEAN CYCLIST FEDERATION	2,500.00	1,000.00	-60.00%
IEEP 2017	22,610.00	22,610.00	0.00%
TRAVEL REIMBURSEMENT IEEP	1,400.00	263.54	-81.18%
OTHER INCOME/INTERESTS	500.00	2,301.19	360.24%
ODI 2017	5,000.00	5,100.00	2.00%
SITRA		16,666.66	
EP Greens - EFA		14,400.00	
	247,110.00	252,181.22	2.05%
TOTAL INCOME	247,110.00	252,181.22	
RESULT	-86,877.50	-18,510.81	
(*) RESERVES BY 31-12-2016	62,000.00 €	62,332.36 €	
Accumulated result 2017	-24,877.50 €	43,821.55 €	

Structure of Green Budget Europe

Since late 2014 GBE is an independent NGO under Belgian Law (AISBL). Founding members include Transport & Environment (T&E), the European Environmental Bureau, the Finnish Association for Nature Conservation, the Hungarian-based Clean Air Action Group and Aldo Ravazzi, Professor of Sustainable Development at the University of Rome (in his personal capacity). Currently, the structure of Green Budget Europe comprises its Board of Directors, Advisory Committee, Ambassadors and GBE team.

Board of Directors

GBE is governed by a Board. Underneath the Board is the Director to whom the Board has entrusted responsibility for operational matters.

The Director is answerable to the Board. Eight to ten times per year Board meetings take place, 7–8 of these by telecall. Once per year the Board meets in person with the Director and available team members to discuss medium and long-term strategies.

Advisory Committee

Green Budget Europe's advisory committee performs a vitally important function in aiding team members in their work, typically on issue-specific information, country-specific data, or a combination of both.

The advisory committee includes serving and former government officials, current and past academic experts on environmental fiscal reform as well as member state experts.

Chair of the Committee is Professor Paul Ekins OBE, Director, UCL Institute for Sustainable Resources, University College London and Deputy Director of the UK Energy Research Centre. Vice Chair is Kai Schlegelmilch, President and co-founder of Green Budget Germany.

Current Committee members are: David Gee, formerly European Environment Agency, UK; Valdur Lahtvee, Director of the Stockholm Environment Institute, EE; Thomas Sterner, University of Gothenburg, SE; Louise Dunne, University College Dublin, IE; Claudia Dias Soares, Catholic University of Portugal, PT; Edoardo Croci, IEFER Research Fellow, Bocconi University, IT; Ian Parry, IMF, UK; Hans Vos, Consultant, NL; Hans Mayrhofer, Director Ökosozielles Forum, AT; Helen Mountford, World Resource Institute, US; Teresa Ribera, IDDRI Director, FR; Rae Kwon Chung, UNESCAP, KO; Janet Milne, Vermont Law School, US; Kazuhiro Ueta, Kyoto University, JP; Mikael Skou Andersen, Aarhus University, DK; Carlo Carraro, Ca'Foscari University of Venice, IT; Sarianna Tikkanen, Finnish Environment Institute, FI.

Ambassadors

GBE Ambassadors are important and influential door-openers to high-level policy-makers with a long-standing reputation in relation to enhancing environmental fiscal reform. The mandate of an Ambassador is two years and is renewable.

GBE's current ambassadors are: Frank Convery, Chief Economist of Environmental Defense Fund (EDF), IE; Hans Eichel, Minister of Finance from 1999-2005, DE; Franz Fischler, Commissioner for Agriculture, Rural Development and Fisheries (1995-2004), AT; Alberto Majocchi, Professor of Public Finance at the University of Pavia, Board Member of the Centre for Studies on Federalism, IT; Janez Potočnik, Co-Chair of the UN International Resource Panel

and former European Commissioner for the Environment, Science and Research from 2004-2014, SI; Paul Metz Paul Metz, founder and managing consultant of INTEGER consulting, co-founder and first executive director of e5 - the European Business Council for a Sustainable Energy Future, NL; Yannis Palaiokrassas, former Greek Minister of Finance and former European Commissioner for the Environment and Fisheries, EL; Ernst-U. von Weizsäcker, former Chairman of the German Bundestag Environment Committee and Co-President of the Club of Rome, DE; Jeremy Wates, Secretary General of the European Environmental Bureau, IE; Anders Wijkman, Senior Advisor to the Stockholm Environment Institute and Co-President of the Club of Rome, SE; and Jos Dings, Senior Manager of Government Affairs for EU and the Netherlands at Tesla Corporation, former Executive Director at Transport & Environment, NL.

Figure 1: GBE Organisational Structure and organisations with whom GBE interacts

