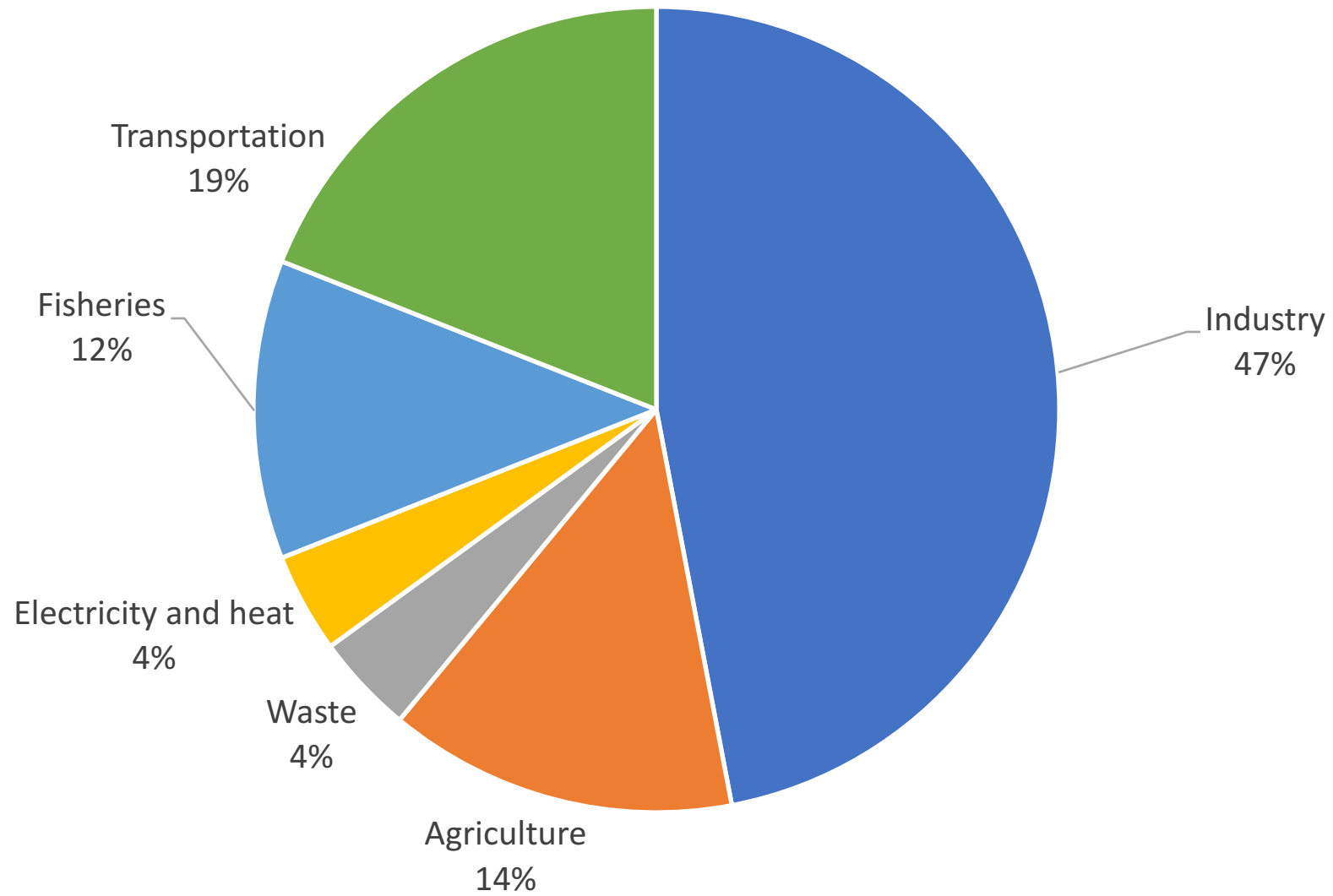




# Iceland and Principle IV

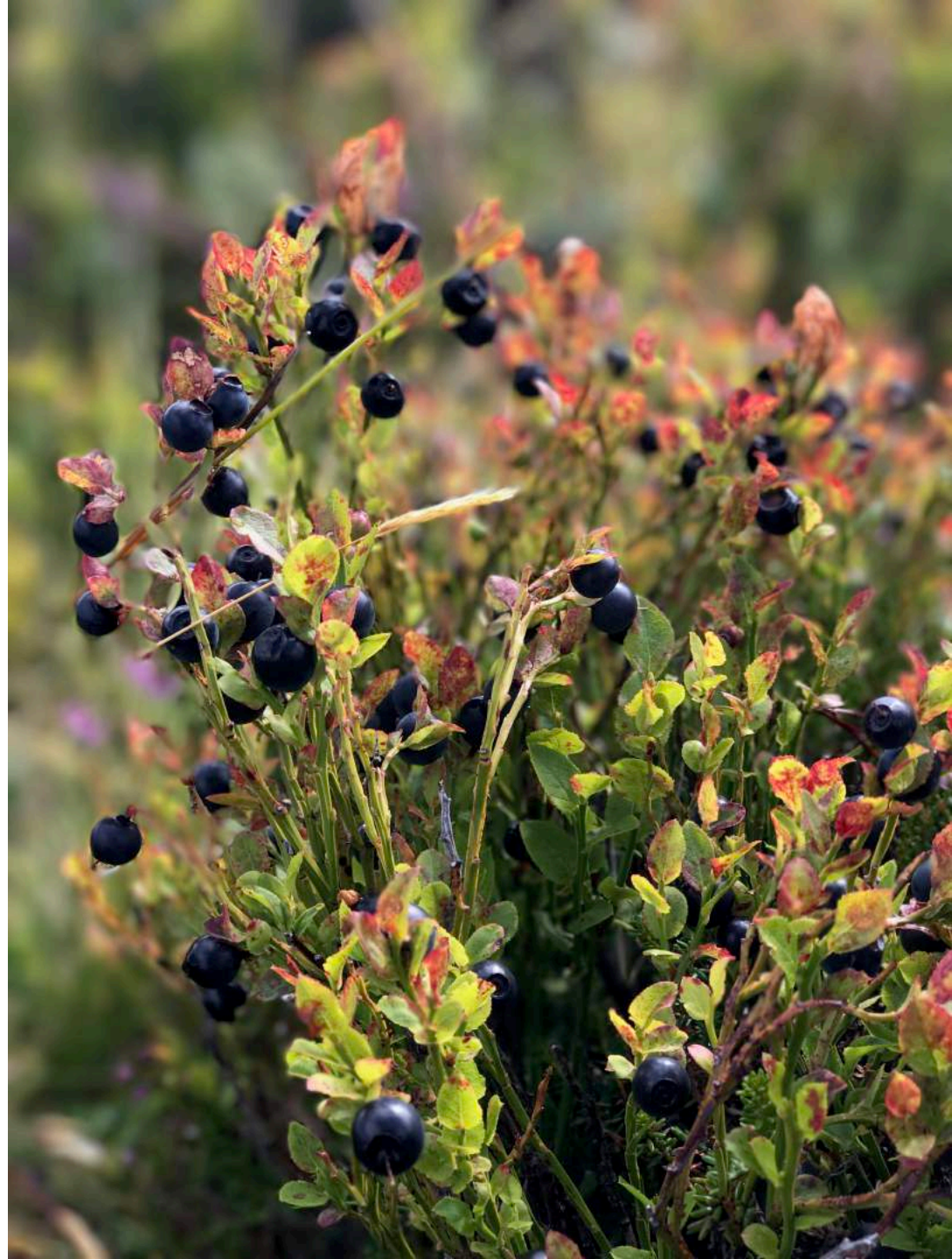
June 2019





# Iceland's emission profile

- Aiming for -40% GHG emissions to 2030 compared to 1990.
- Different energy mix from many other economies as electricity and heating is nearly 100% from renewable sources.











## Iceland's emission profile

- Participate in the EU ETS system which covers around 90% of industries
- Current budgetary focus on transportation with some action on waste



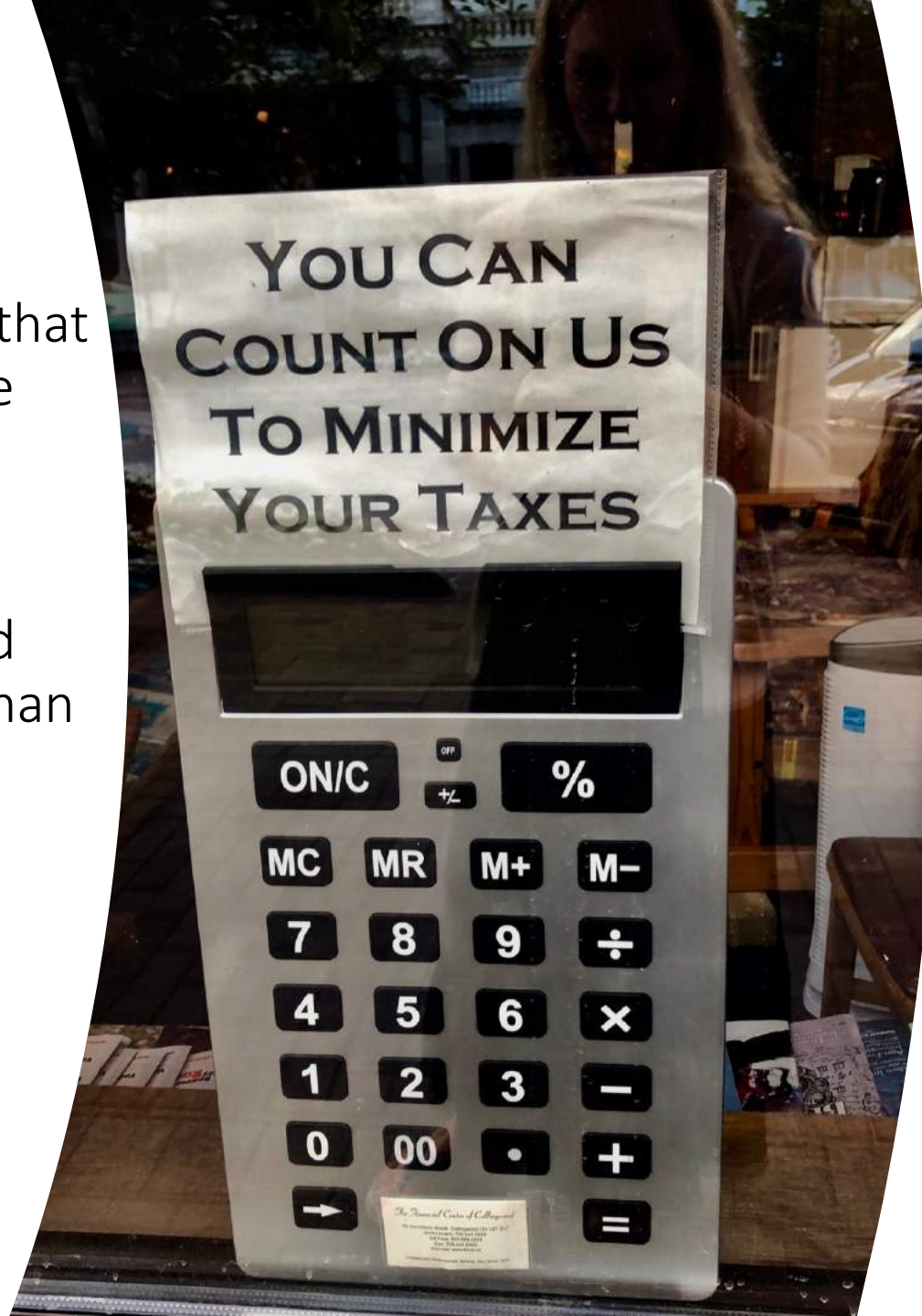




A few  
principles



- Analytical and scientific
- No greenwashing that leads to ineffective taxes and expenditures
- Improvements and efficiency rather than increased taxation and expenditures
- Practice what you preach – public procurement



- Don't be locked in by international accounting practices for GHG
- Look for regional and international cooperation for global impact
- Analytical strength with clear targets and deliverables necessary
- Least cost approach



Tools in  
current  
budget  
frameworks





- Organic budget law from 2016 allows for longer-term view, assists analyzing and planning for climate change actions
- Expenditure areas rather than ministry focused



- Revenues: Make sure taxes conform with economic principles and do not hollow out important systems (VAT)
  - Currently tax 80% of emissions
- Measurable goals for expenditures and annual reports
  - Challenge is to form the targets in a clear and measurable manner







Experience  
from Gender  
Responsive  
Budgeting



- A way to mainstream an important side business for MoFs.
- Focus on analyzing expenditures, subsidies, taxes and investments to assess incentives and impact of measures on the status and opportunities of genders aiming at equality and improved decision making.



# More than a decade

- Pre-phase – 2006
  - One pilot project as a part of Nordic cooperation
- Phase 1 – 2009-2011
  - Working group, pilot projects in all ministries
- Phase 2 – Three year plan
  - Key policy area for each ministry – teams formed accordingly, yearly findings published in the budget proposals. Further build-up of knowledge
- Phase 3 – Five year plan
  - Assessment of law proposals in general. Gradual implementation with full effect in 2019. New organic budget law (OBL) legalized GRB 2016



# A few takeaways

- Do not underestimate system inertia
- The importance of champions
- Data makes the difference
- Clear, achievable goals
- Use the vessels in place
- Lead by example
- Climate taxes are not the key to future revenue



- Start with small projects and clear deliverables
  - Impact of vehicle taxation, with men driving larger cars, and reforestation, which is largely carried out by men.
  - Analytical work pushes for better data



