



# INTERNATIONAL MONETARY FUND

Caucasus, Central Asia, and Mongolia  
Regional Capacity Development Center



DEVELOPMENT PARTNERS: ASIAN DEVELOPMENT BANK | CHINA | KOREA | POLAND | SWITZERLAND

MEMBER COUNTRIES: ARMENIA | AZERBAIJAN | GEORGIA | KAZAKHSTAN | THE KYRGYZ REPUBLIC | MONGOLIA | TAJIKISTAN | TURKMENISTAN | UZBEKISTAN

## CCAMTAC Regional Webinar “Climate Change and Fiscal Policies”

Thursday, February 17, 2022

### Introduction:

**Norbert Funke**, Director, CCAMTAC

### Moderator:

**Aliya Kistaubayeva**, Economic Analyst, CCAMTAC

### Presenters:

**Olivier Basdevant**, Senior Economist, Fiscal Affairs Department, IMF

### Authorities' Perspective:

**Sarvar Kurboniyon**, Deputy Head, Main State Budget Department, Ministry of Finance, Tajikistan

Following the introductory remarks, in his presentation, Olivier Basdevant considered in greater detail various available options for tackling climate change for both commodities exporting and importing countries, which are represented in the Caucasus and Central Asia (CCA). Before going over fiscal policy frameworks, he outlined the key climate change-related challenges, which include mitigation, adaptation, and transition measures. Each country may have different policy goals and strategies regarding climate change, on the level of greenhouse emissions, including reaching carbon neutrality by a certain date. To be effective, these climate change goals need to be consistent with broader policy agendas countries may have.

Potential gains from climate change-related fiscal policies are sizable. As a preliminary assessment, CCA countries could increase their revenue collection by about 4 percent of GDP, on average, by implementing a carbon tax of US \$25 by 2030. There is a significant diversity in revenue mobilization potential though, reflecting the diversity of CCA countries. In addition, hydrocarbon exporters will have to deal with a reduction of oil revenues in the long-term. To reduce its potential adverse effects, revenue mobilization could be coupled with greater funding for infrastructure investment supporting the green transition and economic diversification. Non-oil revenue mobilization will require joint tax policy and tax administration efforts, including reducing exemptions, simplifying the system, and digitalization, as well as social redistribution measures.



# INTERNATIONAL MONETARY FUND

Caucasus, Central Asia, and Mongolia  
Regional Capacity Development Center



DEVELOPMENT PARTNERS: ASIAN DEVELOPMENT BANK | CHINA | KOREA | POLAND | SWITZERLAND

MEMBER COUNTRIES: ARMENIA | AZERBAIJAN | GEORGIA | KAZAKHSTAN | THE KYRGYZ REPUBLIC | MONGOLIA | TAJIKISTAN | TURKMENISTAN | UZBEKISTAN

From the energy pricing policies perspective, pre-tax subsidies are significant in some CCA countries. But bringing energy prices to market levels may be a very challenging task because populations tend to be very sensitive to such changes. Companies engaged in production also need time to adjust to more efficient energy and greener technologies as they are costly. Olivier Basdevant emphasized that energy reforms call for good governance, transparency, as well as broader social and fiscal reforms. He concluded by stating that: (i) successful reforms take time; (ii) addressing climate change requires going beyond pre-tax subsidies and will require even more time; and (iii) countries should start building relevant policy frameworks early.

Sarvar Kurboniyon shared the practical experience of the Ministry of Finance of Tajikistan in developing and fulfilling a National Climate Change Adaptation Strategy (NCCAS). The main goal of NCCAS is to build resistance against climate change, accelerate the modernization of the economy and secure economic growth.

During the general discussion the webinar participants asked questions related to (i) political challenges of introducing carbon taxation; (ii) complementary reforms; and (iii) ensuring successful reforms in the presence of tax loopholes, informal economy and corruption.

Aliya Kistaubayeva,  
Economic Analyst, CCAMTAC