

PROTOTYPE - FACT SHEET

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TITLE:

Green Tax for Mobilizing Industry Efficiency

Mission statement

Public and private sector needs to look for opportunities to work together towards solving our environmental challenge and know we have a very inefficient private sector in terms of Energy, fossil fuels and water usage.

Briefly describe your prototype idea

Develop a Green Tax that promotes efficiency on the private sector. We have to develop a survey to determine the consumption of water, fossil fuels and energy by productive sector and determine an specific indicator of consumption by specific productive system and with that information negotiate with the private sector representatives of the companies involve to establish the average consumption.

We have to create a baseline for consumption in every specific sector with KPIS (Key Performance Indicators) that can let us award with a tax cut for the more efficient companies, charge with the regular to those that are consuming in the base line (+/-5%) and punished the inefficient ones with a tax incremental.

So the idea is that if you consume in the average of the industries you will be charge with the regular tax fees, if you are more efficient than the average you are going to get a tax reduction, but if you are more inefficient than the average you are going to get a tax penalty.

Target group

Private and public sector.

Potential partner(s) for implementation

- Minister of Energy and Environment
- AyA (Water supply company)
- ICE (Energy Supply company)
- RECOPE (Fossil Fuels Supply company)
- PwC (for assurance and accountability of the data obtain in the survey and the creation of the KPIS)
- AED (trust builder)

Key challenges and opportunities

These proposal respond to necessities of both sectors, by one side the public sector assume mitigation reductions in the Paris Agreement that the private sector has to achieve, and all decision makers and general managers from the private sector wants to be more efficient and reduce their cost of operation.

Costa Rica Government owns the supplier companies of water, electricity and fossil fuels, so they know how much amount companies are buying of these services, and the companies have to report to the Ministry of Finance the quantity of the products or services they sold per month and per year also how much they have in stock. So with this information you can create different KPIS to promote efficiency and compare an specific sector.

Next steps

Analyze if other countries have develop something similar to these proposal, maybe through the OECD platform.

One idea is to develop the project with the information that the public sector already owns, and the other way is to develop a possible survey to implement it with the private sector in

a volunteer way. (Validate the survey with some private sector actors and implement the pilot project in one productive sector to validate the system).

Develop a consultation process with the public sector to evaluate which is the best option to implement in Costa Rica. Also, make a consultation to a group of CEOs of different companies to evaluate what do they think about this kind of progressive tax and if they think they could implement it in their companies and analyze what will be the difficulties, weaknesses, opportunities and strengths of implement the project.

Develop a pilot with two specific sector (analyzing both systems: with the information that the public sector already owns and with the volunteer survey) Then, Adapt the system to the other sectors and scale the project to other sectors.

Make a national study of who will be the winners and the loser of the implementation of the project. Develop a proposal to look for opportunities for the losers of the project.

I will have to analyze what is going to be the impact on the national budget or economy.