Call for tenders

Circular Taxation & other economic, financial and fiscal mechanisms

Deadline for application: 14th April 2022

Research intention

The European Environmental Bureau (EEB) aims to further its research on green fiscal reform policy with a particular emphasis on how to use taxation to incentivise the shift towards a circular economy. The concept of circular taxation is still in its infancy, and, although it is slowly gathering interest, there is the need for further research into the topic. Sometimes interpretations of what is meant by circular taxation may vary and this research aims to develop a somewhat theoretic definition of circular taxation and determine what is referred to as circular taxation. Having a clear understanding of the concept of circular taxation may spur Member States to take action and implement fiscal policy reforms aimed at facilitating the transition towards a more circular economy, as well as provoking European Institutions in considering a more harmonised approach towards circular taxation & other financial and fiscal mechanisms.

Key issues to be covered by the research include:

- Develop a definition of circular taxation & other financial and fiscal mechanisms from a theoretical aspect – what is meant and what it could cover;
- Overview of existing circular taxation & other financial and fiscal mechanisms policies in the EU (both at EU and national levels) – assessing their impact and effectiveness in practice;
- Provide policy recommendations on how to further develop circular taxation & other financial and fiscal measures;
- Frame some messages and produce visuals that could be helpful for a campaign for better understanding of circular taxation & other financial and fiscal mechanisms and nudge towards increased implementation;

The research should identify existing applications of circular taxation & other economic, financial and fiscal mechanisms in various Member States and showcase how these are formulated, implemented and enforced. As far as possible, their impact on government revenue and effectiveness in shifting business models to more circular practices will be assessed in order to determine the usefulness of such fiscal reforms. The discussion on circular taxation & other financial and fiscal mechanisms is currently lacking, apart the idea of modulating EPR fees, and this study can spur a debate, as well as supporting advocacy in the area of green fiscal reform. To complement possible limited experiences and examples on fiscal reform approaches targeting specifically circular economy, the study could
elaborate on how to get inspiration and adapt fiscal reform approaches used in different policies to the Circular Economy objectives (beyond modulation of EPR fees already covered in another study).

The main deliverable will be a report of not more than 45 pages (as described below and excluding annexes) with analysis of circular taxation & other economic, financial and fiscal mechanisms models, review of best practices currently in place, recommendations of green fiscal reform models that promote circular practices and reduction in resource consumption, putting forward the case for increased circular fiscal reform systems, which will be written in English and in a non-technical, clear and understandable way, using graphs, maps, infographics, concrete examples and other images where possible. The layout will be discussed between the consultant and the EEB. The report is to be completed within 3 months after the study is commissioned, with a first draft after 6 weeks - see below for a detailed timeline.

Background

Green fiscal reform, although a very important instrument in reaching the European Green Deal objectives and incentivising the shift towards a more circular economy, does not receive the attention it deserves. Although very topical, action across the EU is very limited with little or no coordination. The fact that fiscal reform matters in the EU are decided by special legislative procedure requiring unanimity among all Member States is a major stumbling block, however the crucial role that fiscal policy plays is undeniable. The lack of awareness on circular taxation & other financial and fiscal mechanisms is even more evident.

The need to explore new fiscal approaches, especially for the promotion of the circular economy and to reduce resource use, is urgent and the changing political climate and the increasing environmental awareness makes today ideal for increased action for fiscal policy reform. The aim is to bring the discussion on circular taxation & other financial and fiscal mechanisms to the forefront and the study will serve as the basis for future discussions and promotion.

The European Environmental Bureau (EEB) is the largest network of environmental citizens’ organisations in Europe. We have over 160 members in more than 35 countries. We stand for sustainable development, environmental justice and participatory democracy.

Objectives and description of work

The objectives of this study are to research, analyse and provide recommendations on the implementation of circular taxation & other economic, financial and fiscal mechanisms practices in European countries in order to incentivise the quick and efficient transition to a circular economy and the reduction in resource use. Fiscal reform is a catalyst in changing consumer and producer behaviour and it is an important tool in nudging a shift in business models. The adoption of harmonised fiscal instruments within the European Union could enable the application of the necessary incentives for a more circular economy, whilst safeguarding public revenue streams and ensuring social equity.

Any fiscal reform system should be very well designed taking into consideration multiple effects that it could have on the economy and society in general. This study will help in identifying best practice measures that are effective in achieving the goals of shifting behaviour, guaranteeing revenues for financing of other policy actions and safeguard the most vulnerable in society. A clear definition of
what can be considered as circular taxation & other economic, financial and fiscal mechanisms would
be very helpful to policymakers and other stakeholders, paving the way to possible harmonisation of
definitions and practices.

As stated above, the key issues we are interested in are:

- How can circular taxation & other economic, financial and fiscal mechanisms be defined? What
  are the main goals & characteristics of a circular fiscal reform measure?
- Which sectors, goods and services can be covered by circular taxation & other financial and
  fiscal mechanisms measures? How would a fiscal reform system potentially vary across
different sectors and goods?
- Identify best practice circular fiscal reform measures in the EU and provide overview of how
  these are implemented? Assess and/or project the impact and effectiveness of such measures
  on changing producer and consumer behaviour, on public revenue streams and promoting
  social equity
- Provide policy recommendations of the most effective circular measures and how these may
  be applied by various Member States and supported at EU level
- Recommendations on how circular fiscal reform systems can be further developed and
  expanded to offer more coverage and deliver more effectively
- Highlight the main features, effectiveness and social equity preservation of circular fiscal
  reform measures to increase both awareness and further implementation across the countries
- Explore the features that could be harmonised through the implementation of circular fiscal
  reform systems within the EU

The circular taxation & other economic, financial and fiscal mechanisms study will also be used to
facilitate the mobilisation of national members to highlight the potentials of related instruments,
identify best practices in the field and promote the adoption of effective circular fiscal reform measures
at national level.

**Deliverables**

- Report including recommendations for circular fiscal reform systems and visuals easy to
  communicate
- Executive summary with key recommendations
- 30 minutes presentation of key findings in a webinar organised by the EEB

Report length should be around 45 pages (excluding annexes) including a short executive summary.
The report will be in English and should be non-technical, focused on analysis of key success factors
and risks to mitigate for a relevant implementation, with recommendations, clear and understandable
by both policy makers and interested stakeholders.

**Proposals**

Technical and financial offers for this project should outline your understanding of the task, the issues
and challenges linked to the topic itself or the gathering of related evidence, your methodological
approach, the reasons why you are suitable for carrying out the study and a simple presentation of the
budget. As part of this technical offer, a specific session on design, visuals and communicability of the
report will be presented.
CVs of the team carrying out the study should also be submitted in annex.

The deadline for proposals is the 14/04/2022.

All proposals should be submitted by email to Marco Musso, Policy Officer on Fiscal Reform for Circular Economy and Carbon Neutrality, marco.musso@eeb.org

Budget

The budget set for this report is 30,000 euro (VAT included if applicable)

Approach and timeline

While the detailed methodological approach is left to the contractor and would be described in the technical offer, it should at least encompass the following:

In terms of contents, at least an investigation of taxation & other economic, financial and fiscal mechanisms to reduce the use of virgin resources, incentives to save on resources use and/or material footprint compared to a time and/or business baseline, possible bonus/malus schemes (beyond the modulation of Extended Producers Responsibility fees which is covered in another EEB report already published).

In terms of logistics:

- A kick-off meeting
- An open channel of communication with EEB to discuss proactively any issue related to contents, timing and communication
- An intermediary milestone to suggest a report structure with potential visuals to be developed
- An advanced draft with a list of policy recommendations to be discussed before the finalisation of the report and the Executive Summary

We suggest the following timeline for the work:

- Publication of ToR: 07/03/2022
- Deadline for proposals: 14/04/2022
- Selection of consultant: 22/04/2022
- Start of work, kick-off meeting: by 29/04/2022
- Interim report – outline/structure of the report: by 31/05/2022
- Draft final report with list of policy recommendations: 30/06/2022
- Final report with final layout and visuals: by 31 July 2022
- Webinar and presentation of results: end of August 2022 (tbc).

Selection criteria:

Convincing technical offer = 50%
Design, visuals and communicability = 20%
Experience and quality of the team = 30%

Offers not meeting the budget limit and the required timelines shall not be considered.