

FINANCIAL ACTIVITY FOR GLOBAL SUSTAINABILITY

Monday, 9th of December, 2019

Book of abstracts and presentations

Organized by:



CERTIFICARSE (DER2015-65374-R)
EFECTOS JURÍDICO-FINANCIEROS Y CONTROL DEL IMPACTO SOCIAL
PARA EL DESARROLLO SOSTENIBLE



Unión Europea
Fondo Europeo de Desarrollo Regional
"Una manera de hacer Europa"



INBOTS

Inclusive Robotics for a better Society



INSTITUTO UNIVERSITARIO DE CIENCIAS AMBIENTALES
UNIVERSIDAD COMPLUTENSE DE MADRID

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Financial Activity For Global Sustainability



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Presentation

María Amparo Grau Ruiz, Full Professor of Financial and Tax Law at the Complutense University of Madrid - Visiting Professor of Transnational Taxation at Northwestern University; Principal Investigator of CertificaRSE Project and Leader of the WP2 on ELSE issues H2020 project INBOTS, organized the event FINANCIAL ACTIVITY FOR GLOBAL SUSTAINABILITY on the occasion of the Chile COP25 that took place in Madrid.

Academic experts and representatives from several institutions had the opportunity to discuss the different lines of action to control emissions through the use of fiscal incentives and environmental taxes. The recent findings of the work carried out in multiple research projects in cooperation with international organizations were disseminated (such as the UN Subcommittee on Environmental Taxation). Some possible partnerships between the public and the private sector in the framework of their shared social responsibility were pointed out.

Prof. Grau Ruiz was in charge of the **welcome and opening** speech of this event, included in the official agenda, held at the Forum for sectorial action and innovation within the Green Zone.

The **First Panel** on **The shift towards SDGs in the public approach** comprised presentations by **Pilar Moreno Cabrera**, Leader of Audit team, Spanish Court of Auditors; and **Belén García Carretero**, Head of Research Studies, Institute of Fiscal Studies, Spanish Ministry of Finance.

The **Second Panel** focused on **The social economy agents' boost**. The invited speakers were **Isabel Peñalosa Esteban**, Director of Institutional Relations and Legal Department, Spanish Association of Foundations, and **Prof. Pilar Alguacil Marí**, Full Professor Financial and Tax Law, University of Valencia - UCM Cooperative Studies School.

The **Third Panel** presented **Solutions proposed through academic research projects**. **Marta Villar Ezcurra**, Full Professor Financial and Tax Law, University San Pablo-CEU and **Yolanda Ambrosio** together with **Carmen Avilés**, Technical University of Madrid, referred to them within the framework of the Global Conference on Environmental Taxation and the CertificaRSE project.

Prof. Grau Ruiz, who insisted on the need to align both the private and public financial activity, looking for synergies, in accordance with the 2030 Agenda, made the **closing remarks**. The costs of sustainability related actions should be divided in the most intelligent and efficient manner by making use of all the available technological means.

Further information about these research projects can be found on the following websites:

<https://www.ucm.es/proyecto-certificarse/>

<http://inbots.eu/>

The 2019 United Nations Climate Change Conference was the 25th in the series and was held in Madrid, Spain, from 2 to 13 December under the presidency of the Chilean Government. There was a high social expectation worldwide for it. Throughout the conference, the global situation was recognized as different to previous scenarios; in fact, it was labelled as a climate emergency instead of simply climate change. However, despite the concerns and the initial public expressions of strong political will by many States, there was no significant progress forward. The generalised disappointment with this outcome cannot lead us to disillusionment. Instead we should look for the causes of failure and make an improvement in our strategy to address them. One of the obstacles to surmount, if not the main one -as we announced, is how to finance sustainable development. Out of this concern, and an invaluable inceptive conversation with Prof. Villar, was born this proposal in order to have our voice heard.

With the design of this event we tried to drive public attention to the Achilles' heel of this global action. The current international financial and tax system was neither conceived nor modelled with the sustainability needs in mind. It has to be adapted if we want to face this urgent problem. Some particular steps for promoting the introduction of carbon taxation, also in developing countries, are being taken by the UN Subcommittee on Environmental Taxation. This should be seen as the beginning of a greater movement that will require more experts in public-private finance to be involved to change the paradigm for a better design of taxation and spending, considering the Environmental, Social and Governance (ESG) effects.

Finally, I want to thank the Spanish Ministry of Ecological Transition for having trusted us in the organization of this activity; my colleagues who diligently gave a positive response to my invitation to participate in it –irremediably organized at a short notice due to the COP25 circumstances, all the projects that supported it, and Álvaro Falcón for his help with the edition of this Eprint UCM.

Prof. María Amparo Grau Ruiz

Program

17:15 h. Welcome and overview

María Amparo Grau Ruiz. Tax Law Professor, Complutense University of Madrid -
Visiting Professor, Northwestern University

17:20 h. Key messages

The shift towards SDGs in the public approach

Pilar Moreno Cabrera. Leader of Audit team, Spanish Court of Auditors

Belén García Carretero. Head of Research Studies, Institute of Fiscal Studies, Spanish
Ministry of Finance

The social economy agents' boost

Isabel Peñalosa Esteban. Director of Institutional Relations and Legal Dpt., Spanish
Association of Foundations

Pilar Alguacil Marí. Tax Law Professor, University of Valencia - UCM Cooperative
Studies School

Solutions proposed through academic research projects

Marta Villar Ezcurra, Tax Law Professor, University San Pablo-CEU

Carmen Avilés, PhD Economics, School of Forest Engineering & Natural Resources,
Technical University of Madrid

17:55 h Wrap-up

Take-aways

FINANCIAL ACTIVITY FOR GLOBAL SUSTAINABILITY

COP25, *Foro acción sectorial e innovación*
Madrid 9th of December, 2019

TAKE-AWAYS: RESPONSIBLE FINANCE AND TAXATION ARE CRUCIAL TO SUSTAINABILITY

1. Public finance related institutions are considering SDGs in their activities. They have started to improve their functioning and often face different policy options (e.g. CO₂ taxes and/or environmental tax incentives).

The **control of the financial activity for sustainability** is a must. This requires adapting rules and institutional behaviour in line with values, vision and mission.

In Spain, a legal framework has been recently approved for a new sustainability oriented audit approach, and the Court of Auditors is cooperating with other international institutions.

(e.g. management of the rights to emit gases having a greenhouse effect in 2017 and 2018 - SDG13).

The Institute of Fiscal Studies carries out research on green taxation. **Maritime transportation** is an important source of greenhouse gas emissions, mainly caused by the use of fossil fuels. It's necessary to stimulate the use of alternative energies and new technological measures (e.g. propulsion systems based on Liquefied Natural Gas, or shore-side electricity). The Marpol Convention opens the way towards a global taxation consensus.

2. However, social economy agents still experience some barriers in their tax treatment. Fiscal incentives could compensate for their extra efforts, or encourage their positive externalities.

Agri-food cooperatives are a key part of environmental and food system sustainability (e.g. by-products in the circular economy). They fight against the trend of mass exodus to cities. They are starting to be multi-activity and establishing new organizational formulas, losing their favourable tax treatment.

Foundations mobilize private resources for the common good, caring usually for one or more specific SDGs. The legal environment should enable, protect and facilitate cross-border philanthropic engagement with sustainability, because public-private co-investment is needed.

3. Academic research projects help finding solutions, with interdisciplinary and international teams that work together through University networks, associations and conferences to move from good theories to sound actions (e.g. Global Conferences on Environmental Taxation like <http://gcet19.uspceu.es>" <http://gcet19.uspceu.es>) Please, use furniture, wood construction, paper, biomass (heat) and any forest product 100% renewable & sustainable, 100% certificated (e.g. <https://www.ucm.es/proyecto-certificarse/>" <https://www.ucm.es/proyecto-certificarse/>) Tax benefits are useful for best forest management.

Fair tax systems should take into account the real impacts on environment (robotics & AI can assist e.g. <http://inbots.eu>). Tax tools, as well as other MBIs, should promote green behaviours. The more presence the University has, the more protected society will be.

Policymakers should base their decisions on existing research work, also when dealing with the legal and financial issues, as they condition the feasibility of any future measure.

Materials

MARÍA AMPARO GRAU RUIZ

Financial and Tax Law Professor, UCM

Visiting Professor of Transnational Taxation, Northwestern University



FINANCIAL ACTIVITY FOR GLOBAL SUSTAINABILITY

María Amparo Grau Ruiz

Financial and Tax Law Professor, UCM

Visiting Professor of Transnational Taxation, Northwestern University



=> Public finance related institutions are now **considering SDGs** in their activities

- Court of **Auditors**: how to carry out their functions?
- Ministry of **Finance**: CO₂ taxes and/or environmental tax incentives

=> Social economy agents supporting EGS values still experience **barriers in their tax treatment**

- **Cooperatives**
- **Foundations**

=> Solutions proposed through academic **research projects**

- **Tax tools should also promote green behaviours**, not only pursue revenue goals
- Fair tax systems should take into account all the **environmental damages + cost-savings**
- **Robotics & AI**, by gathering and processing data, can serve to **adjust** them



United Nations

Department of Economic and Social Affairs
Financing

Subcommittee on Environmental Taxation Issues

Established: 20 October 2017

Coordinators: Natalia Aristizabal Mora (Colombia)

<https://www.un.org/esa/ffd/tax-committee/tc-subcommittee-environmental-taxation.html>

THANK YOU

PILAR MORENO CABRERA

Leader of Audit team, Spanish Court of Auditors



Financial activity for
global
SUSTAINABILITY

**COP25
CHILE
MADRID 2019**
DE CLIMATE CHANGE

Pilar Moreno Cabrera
mpilar.moreno@tcu.es

MADRID, 9 December 2019

Spanish Court of Auditors

AGENDA



1. New Audit Approach



2. International Activity



3. Spanish Environmental Audits

NEW LEGAL FRAMEWORK NEW AUDIT APPROACH

Environmental sustainability in the:
-Court of Audit Organic Act
-Strategy plan



In order to **grow** you must know **who** you are



2 INTERNATIONAL ACTIVITY

EUROSAI WORKING GROUPS AND TASK FORCES

- [Working Group on Information Technologies \(ITWG\)](#)
- [Working Group on Environmental Auditing \(WGEA\)](#)
- [EUROSAI Working Group on the Audit of Funds Allocated to Disasters and Catastrophes](#)
- [Task Force Audit & Ethics \(TFA&E\)](#)
- [Task Force on Municipality Audit \(TFMA\)](#)

SPANISH ACTIVITY IN THE INTERNATIONAL COMMUNITY

- 2017 "Air Quality Cooperative Audit"
- 2018 Poster Annual Congress
- 2019 Newsletter 1/19

"Working together we will get more"



MEDIA

www.eurosaiwgea.org
Linkedin Group





3 SPANISH SAI ACTIVITY

1. Management of the rights to emit gases having a greenhouse effect, 2017 & 2018 (13)
2. Health control of drinking water in the health Ministry, 2017 (6)
3. Environmental activities undertaken in Municipalities with more than 10.000 inhabitants (6, 7, 12, 13).
4. Evaluation of actions to combat desertification, 2018 (15)
5. International coordinated audit in protected areas in Latin America, the Caribbean and the Iberian Peninsula (Spain and Portugal)
6. Control of the actions of the ministry for the ecological transition in relation to climate change, 2018 (13)

THE GLOBAL GOALS For Sustainable Development





Thank you!



BELÉN GARCÍA CARRETERO

Head of Research Studies, Institute of Fiscal Studies, Spanish Ministry of Finance

  Instituto de Estudios Fiscales

Taxes on greenhouse emissions of large ships

Belén García Carretero
Head of Research Studies, Institute of Fiscal Studies,
Spanish Ministry of Finance




Madrid, 9th December, 2019

Outline

- Identification of the problem
- Regulatory framework
- Technological means
- Fiscal Measures
- Conclusion



Identification of the problem



The European Commission estimates that in the EU the emissions of air pollutants from ships annually cause **50,000 premature deaths** and cost **60 billion euros in health**



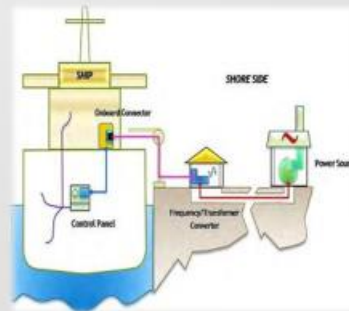
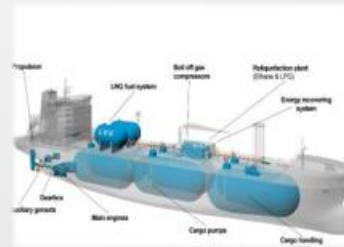
Regulatory framework

- The International Convention MARPOL (1973, promoted by IMO)
 - Obligation of a **progressive worldwide reduction** of SOx, NOx and particles emissions for maritime transport and
 - Creation of **Emission Control Areas** to further reduce emissions of these pollutants in certain designated marine areas (now 0.1% of maximum sulphur content of marine fuels)
- At the international level:
 - Mandatory data collection system for large ships (to **report** fuel consumption from 1 January 2019)
 - A **sulphur limit** of 0.5% is set (from 1 March 2020)
 - 50% reduction in ships' **greenhouse gas emissions** by 2050



Technological means

- The 2020 regulation will have no impact on emissions in ports and CEECs, because **the standard in the European ports is stricter** (0.1% vs 0.5%)
- This situation should encourage the use of **alternative energies** and new technological measures:
 - Propulsion systems based on **Liquefied Natural Gas**. It completely eliminates SOx emissions and particulate matter (PM), reduces NOx by 85% and reduces CO₂ emissions by nearly 30 %
 - **Shore-side electricity** consists of ships being connected to the electricity grid. This technology reduces NOx gas emissions by 96%, SOx by 36%, particulate matter by 68% and CO₂ emissions by 45% and eliminates the noise pollution from auxiliary engines as they will stop when connected to the network



• New taxes **FISCAL MEASURES**



- Environmental tax on **harbour emissions of large ships**
(Regional Act of Catalonia on Climate change)
 - Tax event: the NOx emissions produced during the docking manoeuvre and the ship's stay at the port
 - The tax base is composed of the NOx kilograms emitted during the berthing manoeuvre and the ship's stay at the harbour
 - The tax to be paid will be the result of applying to the tax base an estimated rate of 1,000 € per ton of NOx
- **Carbon tax on emissions from marine fuels** (IMF)
- **Environmental tax on maritime navigation**
(Spanish Commission of Experts on Energy Transition)
- **Tax incentives:**
to promote the use of **alternative** energies and **reduce** polluting emissions
 - Cold ironing and GNL



Conclusion

- The level of emissions from maritime transportation is a problem on which **solutions** must be articulated at **international level**
- The **fiscal measures** could be a very **effective instrument**. The Marpol Convention applicable in all States opens the way towards a global taxation consensus

Thank you for your attention



ISABEL PEÑALOSA ESTEBAN

Director of Institutional Relations and Legal Dpt., Spanish Association of Foundations



• FACTS AND FIGURES OF THE SPANISH AND

EUROPEAN FOUNDATION SECTOR: THE ECONOMIC CAPITAL

- 0,8% of the GDP in Spain; 8.000 foundations in Spain and 147.000 in Europe.
- Mobilizes private resources for the common good.
- Complementarity.
- Anticyclic sector.

• THE ROLE OF THE FOUNDATION SECTOR: THE SOCIAL AND RELATIONAL CAPITAL OF PHILANTHROPY. THE CONTRIBUTION OF THE SECTOR TO THE SDG

- Fields of activities: at least one or more specific SDG; transversality/mainstreaming SDG; number 17 as a paradigm.
- Beyond financial resources: expertise, deep knowledge and excellent stakeholder networks in the area of their activities.
- Millions of individual and corporate donors are giving to good causes in Europe: a citizens' tool.
- Critical part of civil society and of our democratic and pluralistic societies.



• PHILANTHROPY AND GLOBALISATION: THE OPERATING SPACE

- The need of a favourable social, culture and legal environment stimulating philanthropic engagement.
- [European Philanthropy Manifesto/Philanthropy Advocacy](#):
 - Recognise Philanthropy and engage with it.
 - Facilitate cross border Philanthropy.
 - Enable and protect Philanthropy.
 - Co-grant and co-invest for public good and civil society: Invest EU, MFF.
- Global actors and engagement with NPO: FATF; OECD.

MARÍA PILAR ALGUACIL MARÍ

Tax Law Professor, University of Valencia - UCM Cooperative Studies School



Tax treatment of Social Economy

María Pilar Alguacil Marí

Agrifood Co-operative Chair, www.uv.es/catedracae
www.uv.es/empresocial



Agrifood cooperatives

UNIVERSITAT ID VALÈNCIA



Number of agricultural, Fishermen and Forest Cooperative per country - tot 22. 399





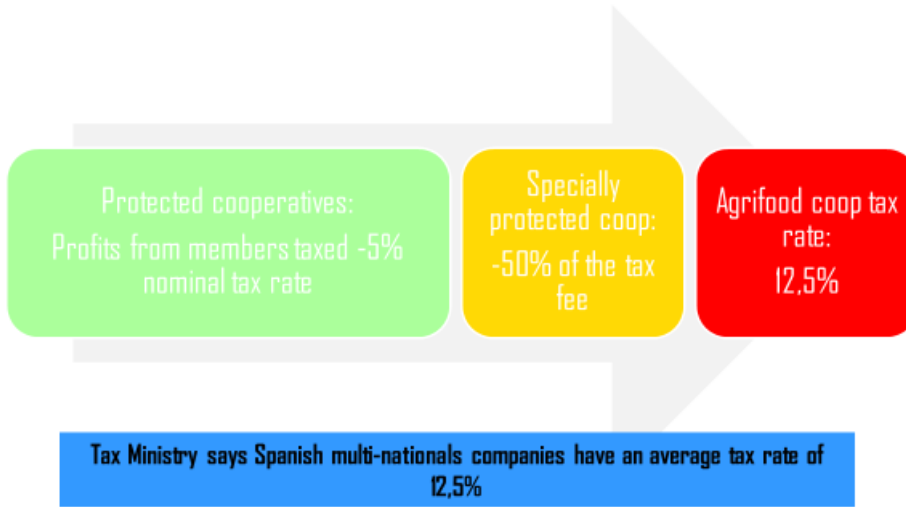
Number of members in agricultural, Fishermen and Forest Cooperative per country



Spain

Sector	Number of cooperatives	Number of members	Turnover (EUR)	Salaried workers
SHEEP & GOAT MEAT	101	51.637	364.155.562	3.285
PIG MEAT	49	42.164	624.914.017	7.993
BEEF & VEAL	77	69.332	323.856.492	6.404
ARABLE CROPS	493	178.131	1.434.437.236	10.761
HORTICULTURE	374	86.762	4.187.954.467	17.101
SUPPLIES	1.260	689.001	2.777.864.509	6.404

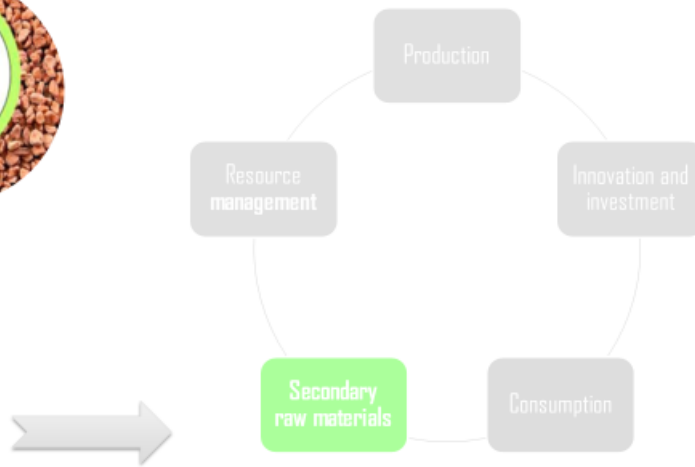




Subproducts



Subproducts usually considered waste: oil mills and Cooperative wineries waste



Electricity:
<http://eltejar.sbsoftware.es/>



Biomass (Pellets)
<http://www.agropalsc.com/>

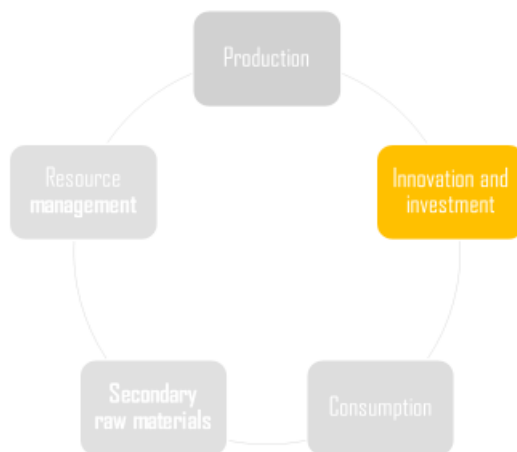


Biogás
<http://www.grupoan.com/>



uvcàtedrès

Innovation



Innovative Strategies to avoid abandonment of the countryside and rural areas:
 -Common management initiatives
 -Young people farmers
 -Ecological farming cooperatives
 - More activities, aimed to rural people needs



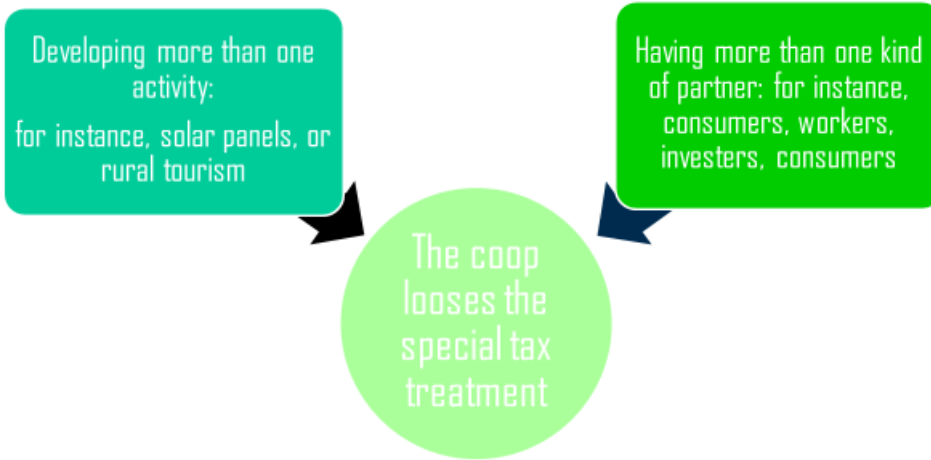
Tax treatment of cooperatives is not aimed to
 -Multi-activity
 -Multi-stakeholders
<https://www.uv.es/catedracae/novetats/2019/1-I-DI-informe-lea/informe-lea.pdf>



uvcàtedrès

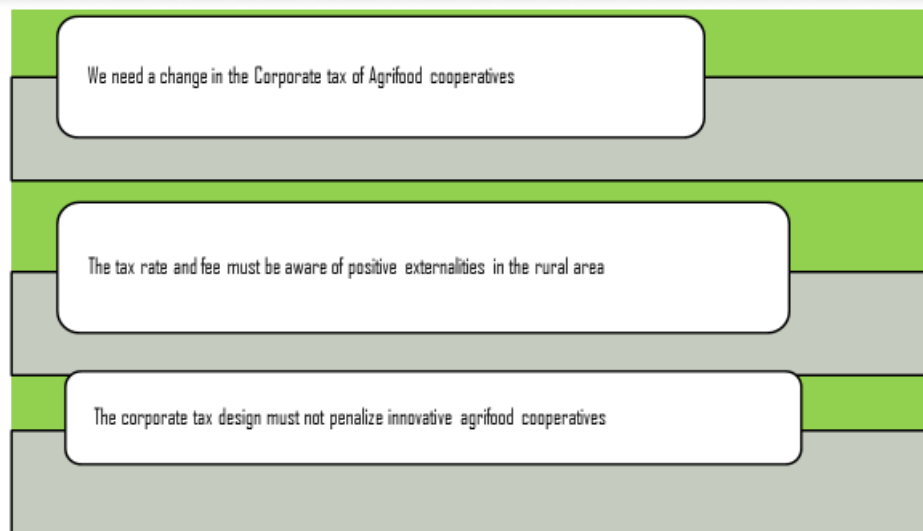
Losing the special tax treatment

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Conclusions

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ID VALÈNCIA

<https://www.uv.es/aulaempresocial>



UVCátedrës

MARTA VILLAR EZCURRA

Tax Law Professor, University San Pablo-CEU



SOLUTIONS PROPOSED THROUGH ACADEMIC RESEARCH PROJECTS

Marta Villar Ezcurra
Tax Law Professor
CEU San Pablo University



KEY TAKE-AWAY MESSAGES

HOW MY INSTITUTION CONTRIBUTES TO ADDRESS THE CLIMATE EMERGENCY AND
THE SUSTAINABLE DEVELOPMENT GOALS

- **POLICYMAKERS SHOULD BASE THEIR DECISIONS ON RESEARCH / EXPERTISE**
- **LEGAL ISSUES MATTERS** – MULTILATERALISM, TRANSPARENCY, MITIGATION ...
- **SOLUTIONS FROM ACADEMIA ARE THE OUTCOME OF RESEARCH PROJECTS**
- **STUDENTS (PhD, final dissertations) WHAT WE NEED IS ...**
 - TO PUT ON THE TABLE THE QUESTION OF WHY THEORY MATTERS
 - TO FAVOUR INTERDISCIPLINARITY & INTERNATIONALITY
 - TO CREATE AND REINFORCE RESEARCH NETWORKS (GIZ, EEA ...)
 - DON'T OVERLOOK DIVERSITY (in gender, age and background)
 - DISSEMINATION ACTIVITIES
- **UNIVERSITIES INTERNATIONAL COMMUNICATORS & SENSITIZING PLATFORMS**
- **ENVIRONMENTAL TAXES, TAX INCENTIVES & SUBSIDIES. SMART MBIs MIX**



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Monday, 9th of December – Financial Activity for Global Sustainability

SOME OUTCOMES AND REFERENCES

- GLOBAL CONFERENCES ON ENVIRONMENTAL TAXATION (GCET) - *IS THE LOW LEVEL OF TAX ON E-COMMERCE CONTRIBUTING TO AN ENVIRONMENTALLY UNFRIENDLY INCREASE IN TRANSPORT?*
- ASSOCIATION CONGRESSES (IFA) AND ACADEMIC NETWORKS (EATLP)



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FROM THEORY/ACADEMY

<http://gcet19.uspceu.es/>



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Monday, 9th of December – Financial Activity for Global Sustainability

TO ACTION/POLICY
<https://unfccc.int/es/cop25>



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Monday, 9th of December – Financial Activity for Global Sustainability

YOLANDA AMBROSIO

PhD Forest Engineering

CARMEN AVILÉS

PhD Economics, School of Forest Engineering & Natural Resources, Technical University of Madrid



FOREST SECTOR ONE OF THE BEST SOLUTIONS

YOLANDA AMBROSIO, PHD FOREST ENGINEERING
CARMEN AVILÉS, PHD ECONOMICS
SCHOOL OF FOREST ENGINEERING & NATURAL RESOURCES,
TECHNICAL UNIVERSITY OF MADRID

FINANCIAL ACTIVITY FOR GLOBAL SUSTAINABILITY
Monday, 9. of December, 2019

THE PROBLEM

The developed countries consume goods produced worldwide



Data centers (MUST BE COOLED 24 H/DAY) consume 7% of the world's energy. it is expected to be the 15% in 2025. (One of them, in the USA, consumes more than half of the energy consumed by New York city).

ONE OF THE BEST SOLUTIONS

- REFORESTATION AND FOREST MANAGEMENT
(1 m³ store 0,9 t of CO₂)
- HARVEST WOOD AND NON WOOD FOREST PRODUCTS
(Particle board store 648 kg de CO₂, 15 years)
- USE FURNITURE, WOOD CONSTRUCTION, **PAPER**, BIOMASS (HEAT) AND ANY FOREST PRODUCT
100% renewable, 100% sustainable, 100% CERTIFICATED
- FUNDAMENTAL MESURES ARE:
 - FISCAL INCENTIVES FOR ALL THE FOREST PRODUCTS
 - ENVIRONMENTAL TAXES TO OTHER PRODUCTS
- FOREST SECTOR = 10 SDG

SUBSTITUTION FACTOR (average reduction emission) (EFI,2018):
WOOD PRODUCTS VS ALTERNAT.MATERIALS

Structural construction 1,3 kC/kC



Non structural construction 1,6 kC/kC



Other product (furniture, packaging...) 1-1,5 kC/kC

Textil 2,8 kC/kC

FOREST

REFORESTATION AND FOREST MANAGEMENT
(900 kgCO₂/m³)

HARVEST FOREST PRODUCTS

HARVESTING

Harvest Emissions
3-7 kgCO₂/m³



TRANSPORT

INDUSTRY

Particle board store 648 kg de CO₂ , 15 años.



Transport Emissions
100 km -7 kg CO₂/m³

