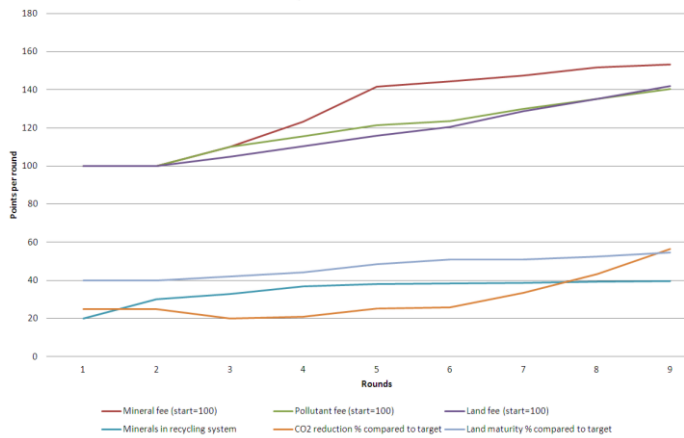




Workshop Simulation: Market Based Instruments (MBI) to drive the circular economy

Example Simulation results



Simulations and business games are a great way to learn rapidly. In this workshop, groups take on the task of introducing and applying instruments for reducing emissions while stimulating the economy to invest in green technology and approaches. We see what it is like to be government authorities, business leaders, investors, consumers etc. We learn from our own and each other's successes, failures and experiences in an educational and stimulating form.

Why MBI - Market Based Instruments?

We know much of what we do is not good - eating the wrong foods emitting carbon dioxide etc. - but we do not want more laws and prohibitions on us. We would rather rely on market forces.

More to learn?

Putting a surcharge on negative behavior and using the revenue to stimulate good behavior seems sensible in theory. But research shows many failures. What subtle factors affect the success of an MBI initiative? Can how the initiative is introduced, or how the money is spent, affect attitudes and outcome?

Why simulation?

A business simulation, where you can experiment freely and experience every aspect, gives deep insights into this complex area.

You don't know until you try ...

The Instruments

This simulation is based on instruments featured in investigations carried out within the Nordic Council of Ministers including:

- Mineral Import fees
- Property tax surcharges on land that leaches nutrients
- Surcharges on fossil fuels

These instruments serve as good, concrete examples of the MBI approach and lessons transfer easily to other instruments.

Length: 0.5-2 days

Purpose: to simulate how MBIs stimulate the development of the circular economy

Why attend? Get ahead fast by learning through simulation to gain insights otherwise hard to access.

Includes:

- Economic, practical and psychological perspectives of MBI
- Pricing pollution
- How the economy responds to price signals
- Different stakeholders' views on the introduction of new instruments
- How communication about the policy can affect acceptance

How the simulation works:

The workshop begins with an introduction to the instruments, the explanation of the game's potential and the various roles.

Different perspectives. We play the investors, regulators, consumers and the media to gain a broad understanding of how these various stakeholders think and act. The game goes through several rounds where participants decide on the size of the fee, purchases, what to with revenues etc.

- **Government:** A group task is to raise the fee each round with a view to reaching a sensible phase-out rate of substances / behavior in question.
- **Businesses:** This group decides on the introduction of new technologies versus paying fees.
- **Consumers:** Act on the perspective of their own household and conscience.

Each round ends with a discussion of what is recorded on factors surrounding the decisions, which information was taken or was most important and what you want to achieve with the decision.

Facilitator: Stephen Hinton, trustee of TSSEF. Stephen has worked as a consultant in, among other things, Market-Based Instruments and nitrogen emissions.