



**Asia-Pacific  
Economic Cooperation**

---

**2022/SOM2/CTI/IS05**

**Self-Funded Project Proposal Coversheet - Capacity  
Building Workshop for Accelerating Efforts on  
Inefficient Fossil Fuel Subsidies Including Through  
Voluntarily Self-Reporting (Endorsed  
Intersessionally, 6 April 2022)**

Purpose: Information  
Submitted by: New Zealand



**Second Committee on Trade and Investment  
Meeting  
Bangkok, Thailand  
15-16 May 2022**

# APEC Self-Funded Project Proposal Coversheet

Submit through Secretariat Program Director. Please ensure the proposal is no longer than 4 pages.

<b>Project Title:</b>	<b>Capacity Building Workshop for Accelerating Efforts on Inefficient Fossil Fuel Subsidies including through Voluntarily Self-Reporting</b>
<b>Project Number:</b> (Assigned by Secretariat)	CTI 03 2022S
<b>APEC Forum:</b>	<b>Lead: Committee on Trade and Investment (CTI).</b> Energy Working Group (EWG), Finance Ministers' Process (FMP), and Economic Committee (EC)
<b>Proposing APEC Economy:</b>	New Zealand
<b>Co-sponsoring Economies (if any):</b>	
<b>Expected Start Date:</b>	March 2022
<b>Project Completion Date:</b>	May 2022
<b>Project Summary:</b> <i>In 150 words -</i> <ul style="list-style-type: none"> <li>• What is the issue that you will address or examine in your project?</li> <li>• Outline the key things your project will do, in terms of what, where, when and with whom.</li> </ul> <i>(Summary must be no longer than the box provided. Cover Sheet must fit on one page)</i>	In their joint statement on 9 November 2021, APEC Ministers agreed to “continue our efforts in an accelerated manner” towards APEC Leaders 2010 commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption, while recognising the importance of providing those in need with essential energy services. In this context, Ministers “welcome[d] the options, as reported by officials, that member economies could take to pursue a voluntary standstill on inefficient fossil fuel subsidies,” and “encourage[d] officials to identify additional capacity building activities in support of this work.” In response, New Zealand proposes hosting a self-funded, cross fora, virtual, capacity building workshop, to: 1) provide a forum for economies to share experiences, best practices and ongoing efforts to accelerate the implementation of APEC Leaders’ commitment and Ministers’ tasking, including through an expert-led discussion of the economic benefits, and positive and negative impacts, of a standstill; and 2) facilitate discussions on how economies can go about populating the APEC template for voluntarily self-identifying inefficient fossil fuel subsidies to support their consideration of participating in a voluntary standstill. The project will be undertaken without prejudice to economies’ positions or their past/current fossil fuel subsidy programs.
<b>Total cost of project (USD):</b>	(Self-Funded)
<b>List all project outputs:</b> <i>For example:</i> <ol style="list-style-type: none"> <li>1. Research and Background Paper</li> <li>2. Workshop</li> <li>3. Project Summary Report</li> </ol>	<i>Project Overseers are encouraged to limit outputs to 3 or fewer</i>  <ol style="list-style-type: none"> <li>1. Online Workshop</li> <li>2. Summary Report</li> </ol>

## Project Overseer Information and Declaration

**Name:** Rebecca Good **Title:** Policy Officer **Organization:** New Zealand Ministry of Foreign Affairs and Trade  
**Tel:** +64 21 597 461 **E-mail:** Rebecca.Good@mfat.govt.nz

As Project Overseer and on behalf of the above said Organization, I declare that this submission was prepared in accordance with the **Guidebook on APEC Projects** and any ensuing project will comply with said Guidebook. Failure to do so may result in the BMC denying or revoking funding and/or project approval. I understand that any funds approved are granted on the basis of the information in the document's budget table, in the case of any inconsistencies within the document. By submitting this APEC Project Proposal to the APEC Secretariat, I agree that the APEC Secretariat will collect, use, disclose, and transmit the data contained in the APEC Project Proposal, which I have provided to the APEC Secretariat in accordance with Singapore's Personal Data Protection Act 2012 and the APEC Secretariat's data protection policy (<https://www.apec.org/PrivacyPolicy>). The APEC Secretariat will transfer any data provided on this form, which may contain personal data of Project Overseer(s), to APEC member economies overseas via the APEC Secretariat.

Rebecca Good

Name of Project Overseer

Blake van Velden

Name of Fora Chair/Lead Shepherd

Date: 21/02/2022

## Project Synopsis

### Project Objective:

- **State the overarching objective of the project in 100 words or less.**

*The objective is the overarching goal of your project, for example, “Our objective is to build the capacity of project participants through workshop and research to better support the X Roadmap, and produce recommendations as a basis for further collaboration to address the APEC-wide issue of...”*

- Deliver a workshop which contributes to APEC Ministers tasking to officials;
- Provide a forum for economies to share experiences, best practices and ongoing efforts to accelerate the implementation of APEC Leaders’ commitment and Ministers’ tasking, including through an expert-led discussion of the economic benefits, and positive and negative impacts, of a standstill;
- Build member economies’ capacity to undertake the voluntary self-reporting of inefficient fossil fuel subsidies to support potential standstill efforts by facilitating discussion on how to go about populating the APEC template for self-identifying inefficient fossil fuel subsidies.

1. **a) Relevance – Issues: What problems does the project seek to address? Does it have sustained benefits for more than one economy in the APEC region?**

The proposed self-funded, virtual workshop would contribute towards the fulfilment of the tasking set by APEC Ministers in their 9 November 2021 joint statement, which “welcome[d] the options, as reported by officials, that member economies could take to pursue a voluntary standstill on inefficient fossil fuel subsidies,” and “encourage[d] officials to identify additional capacity building activities in support of this work.” The options, as presented in the Annex to the 2021 CTI Annual Report to AMM Ministers, include the recommendation that economies could “participate in a cross-fora capacity-building workshop and organize other ad hoc meetings that will facilitate discussions on the economic benefits and both positive and negative impacts of a standstill and discuss the terms of an APEC template for self-identifying inefficient fossil fuel subsidies.” The proposed online capacity building workshop would provide one avenue for economies to contribute to the fulfilment of this tasking, and contribute to APEC’s longstanding commitment to rationalize or phase out inefficient fossil fuel subsidies. It will also support APEC Ministers commitment to “continue our efforts in an accelerated manner” towards the APEC Leaders 2010 commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption, while recognising the importance of providing those in need with essential energy services.

The proposed workshop would provide an opportunity, for those economies who wish to participate, to discuss in further detail those issues outlined in the options, as described in the Annex, to pursue the voluntary standstill on inefficient fossil fuel subsidies, in accordance with APEC Ministers’ tasking. As such, it is designed to:

- Provide a forum for economies to share experiences, best practices and ongoing efforts to accelerate the implementation of APEC Leaders’ commitment and Ministers’ tasking, including through an expert-led discussion of the economic benefits, and positive and negative impacts, of a standstill; and
- Facilitate discussion on how to go about populating the APEC template for voluntarily self-identifying inefficient fossil fuel subsidies, to support potential standstill efforts by those economies in a position to do so, and provide an opportunity for economies to discuss any questions or concerns they have over the use of the template. This part of the agenda will focus on building economies’ capacity to undertake the voluntary self-reporting process by working through some examples together; and

**b) Relevance – Alignment to APEC: Describe specific APEC priorities, goals, strategies and/ or statements that the project supports, and explain how the project will contribute to their achievement.**

In their joint statement on 9 November 2021, APEC Ministers “welcome[d] the options, as reported by officials, that member economies could take to pursue a voluntary standstill on inefficient fossil fuel subsidies,” and “encourage[d] officials to identify additional capacity building activities in support of this work.” In the Annex to the 2021 CTI Annual Report to AMM Ministers, officials recommended that member economies could “participate in a cross-fora

capacity-building workshop and organize other ad hoc meetings that will facilitate discussions on the economic benefits and both positive and negative impacts of a standstill and discuss the terms of an APEC template for self-identifying inefficient fossil fuel subsidies.” As outlined above, this project would provide one avenue for economies to contribute to the fulfilment of this tasking.

This project additionally correlates with the APEC Putrajaya Vision 2040 to “promote economic policies, cooperation and growth which supports global efforts to comprehensively address all environmental challenges, including climate change, extreme weather and natural disasters, for a sustainable planet.” As a part of this, the proposed project directly contributes to the Collective Action in the Aotearoa Plan of Action, which states that economies will “cooperate in relevant APEC fora to develop, encourage and exchange best practice policies, and promote capacity building programmes, that address all environmental challenges – including climate change – and support sustainable growth, such as through: public finance, including ... rationalising and phasing out inefficient fossil fuel subsidies that encourage wasteful consumption, while recognising the importance of providing those in need with essential energy services.”

This project is also aligned with APEC Leaders’ longstanding commitment to “rationalize and phase out over the medium-term inefficient fossil fuel subsidies while providing those in need with essential energy services”. This commitment was first stated in the APEC Leaders Declaration in 2009, and reaffirmed by Leaders in 2010, 2011, 2012, 2013, 2015, and 2016; as well as by APEC Ministers in the 2015 AMM joint statement. It contributes to Thailand’s host year priority of the Bio-Circular Green Economy Model.

### **c) Relevance – Alignment to Forum: How does the project align with your forum’s work plan/ strategic plan?**

While this project is proposed under the auspices of the Committee on Trade and Investment, we propose to invite participation from representatives from other APEC fora, including the Energy Working Group (EWG), Finance Ministers Process (FMP), and the Economic Committee (EC). Fossil fuel subsidy reform is a cross-sector issue, and these fora have historically played a leading role in fossil fuel subsidy work in APEC and have the necessary expertise for a robust discussion.

Trade policy can be a powerful enabling force for supporting sustainable development, and CTI has had a proven track record of facilitating work and discussion on a variety of trade and environment issues, including such as inefficient fossil fuel subsidies. The project also aligns with the EWG’s prior work, which has included a focus on responsiveness to specific priorities from Leaders and Ministers on rationalizing or phasing out inefficient fossil fuel subsidies, as demonstrated through work such as the report and virtual workshop on lessons learnt and good practice from APEC-economy fossil-fuel subsidy peer reviews. Sustainable finance is another powerful tool which can help guide economies’ towards green growth and sustainable development, which the FMP recognizes as a Priority in its 2022 Work Plan.

Finally, effective structural reforms can support economies to transition away from inefficient fossil fuel subsidies. This project aligns with the EC’s focus on sustainable economic growth and facilitating a green recovery from COVID-19, as part of their work implementing the Enhanced APEC Agenda for Structural Reform (EAASR).

## **2- Capacity Building: How will the project build the capacity of APEC member economies.**

As outlined above, the proposed workshop will build capacity by:

- Provide a forum for economies to share experiences, best practices and ongoing efforts to accelerate the implementation of APEC Leaders’ commitment and Ministers’ tasking, including through an expert-led discussion of the economic benefits, and positive and negative impacts, of a standstill; and
- Facilitating discussion on how to go about populating the APEC template for voluntarily self-identifying inefficient fossil fuel subsidies, to support potential standstill efforts by those economies in a position to do so, and provide an opportunity for economies to discuss any questions or concerns they have over the use of the template. This part of the agenda will focus on building economies’ capacity to undertake the voluntary self-reporting process by working through some examples together; and

3. **Methodology:** How do you plan to implement the project? Briefly address the following:

- **Workplan:** In a simple table, outline the project from start to end. Show key project outputs and activities and associated dates or timelines.

Timeline	Activities and outputs
Mid - March	Contract expert facilitators and identify speakers
Late March - Early April	Distribute draft agenda for economies' comments
Mid - Late April	Distribute final agenda
Late April	Deliver workshop

- **Beneficiaries:** Selection criteria for participants, beneficiary profiles (e.g. participants, end users, policy makers, researchers/ analysts, gender) and how they will be engaged.

The workshop is intended to benefit economies' officials and regulators responsible for fossil fuel subsidies, by building their capacity to voluntarily self-report on inefficient fossil fuel subsidies. The workshop should be made accessible to APEC economies' energy policy practitioners, environmental experts, subsidies experts, finance officials, and structural reform experts, given that this is a cross-cutting issue at the nexus of economic, climate and fiscal policy.

- **Evaluation:** Outline the indicators which will be used to measure progress towards the project outcomes. Where possible, provide indicators which could assess impacts on women.

1. Participation rates in the virtual workshop, including gender disaggregated data;
2. The number of APEC economies participating, including the number of developing economies;
3. A survey to participants to determine quality and relevance of the workshop.
4. The number of APEC economies voluntarily self-reporting inefficient fossil fuel subsidies based on learning from the workshop.

- **Linkages:** Information on other APEC and non-APEC stakeholders and how they will be engaged. If and how this proposal builds on (but does not duplicate) the work of other projects. How will this activity promote cross fora collaboration?

This project is expected to build economies' capacity to voluntarily undertake the self-reporting process for the standstill on inefficient fossil fuel subsidies. In doing so, this project will build on previous capacity building work undertaken by the Committee on Trade and Investment (CTI) and the Energy Working Group (EWG) on inefficient fossil fuel subsidies including: the Study and Trade Policy Dialogue on Potential Options for a Voluntary Standstill on Inefficient Fossil Fuel Subsidies, the APEC voluntary inefficient fossil fuel subsidy peer review mechanism; this year's EWG project on evaluating the lessons learnt and best practices from past APEC and G20 peer reviews; and the EWG60/61 policy dialogue on the topic of 'incentives and tools for accelerating development of low emissions energy'.

APEC Energy Ministers in 2012 in St Petersburg instructed officials to "continue to build regional capacity for the reform of inefficient fossil fuel subsidies that encourage wasteful consumption and to report annually on progress using the Voluntary Reporting Mechanism." In 2015 in Cebu, APEC Energy Ministers welcomed ongoing initiatives by APEC economies to rationalize and phase out inefficient fossil fuel subsidies, to ensure substantive progress is made towards this goal "over the medium term", and to facilitate the exchanging of best practices and capacity building efforts to facilitate inefficient fossil fuel subsidy reform.

Given the linkages between fossil fuel subsidies and APEC's broader work on addressing environmental challenges, this project could also be of interest to the Finance Ministers' Process (FMP). It could also tie in with the Economic Committee's (EC) work on sustainable economic growth and facilitating a green recovery from COVID-19, as part of their work implementing the Enhanced APEC Agenda for Structural Reform (EAASR).

We therefore recommend EWG, EC and FMP delegates be invited to attend the workshop component of this project, and we will share with them the outcomes of the study.