



**Asia-Pacific
Economic Cooperation**

2022/CTI/WKSP4/005

Session 4c

Voluntary Self-Identification of Inefficient Fossil-Fuel Subsidy Measures

Submitted by: International Institute for Sustainable Development



**Capacity Building Workshop for Accelerating
Efforts on Inefficient Fossil Fuel Subsidies,
Including Through Voluntary Self-Reporting
28 April 2022**



Voluntary self-identification of inefficient fossil-fuel subsidy measures

Ronald Steenblik (IISD-GSI)
APEC Workshop
28 April 2022

APEC Template headings



- Inefficient subsidy measure
- Rationale for the measure
- Beneficiaries of the measure*
- Standstill or reform commitment applied to the measure
- Timeframes for implementation of the standstill or reform commitments*
- Fiscal value (optional)

**If available*

Measuring distortiveness, identifying winners and losers, evaluating alternative policies


STEP 1: Identify support measures, document their objectives and estimate their fiscal costs

STEP 2: Measure the relative distortiveness of support measures and create a ranking

STEP 3: Identify the winners and losers of FFS reforms and distributional consequences

STEP 4: Evaluate alternative policies that accompany FFS reforms to alleviate distributional consequences

Source: Elgouacem, A. (2020) "Designing fossil fuel subsidy reforms in OECD and G20 countries: A robust sequential approach methodology", *OECD Environment Working Papers*, No. 168. Paris: OECD Publishing, Paris, <https://doi.org/10.1787/d888f461-en>.

A photograph of a grand library with wooden bookshelves and arches, overlaid with a semi-transparent orange rectangle containing white text. The library features high wooden ceilings, arched doorways, and floor-to-ceiling bookshelves filled with books. The lighting is warm and focused on the central archway.

The questions you
are likely to ask,
or be asked, about
the template



What makes a fossil fuel subsidy “inefficient”?

- **Origins of the qualifier**
- **Different interpretations (see G20 peer reviews)**



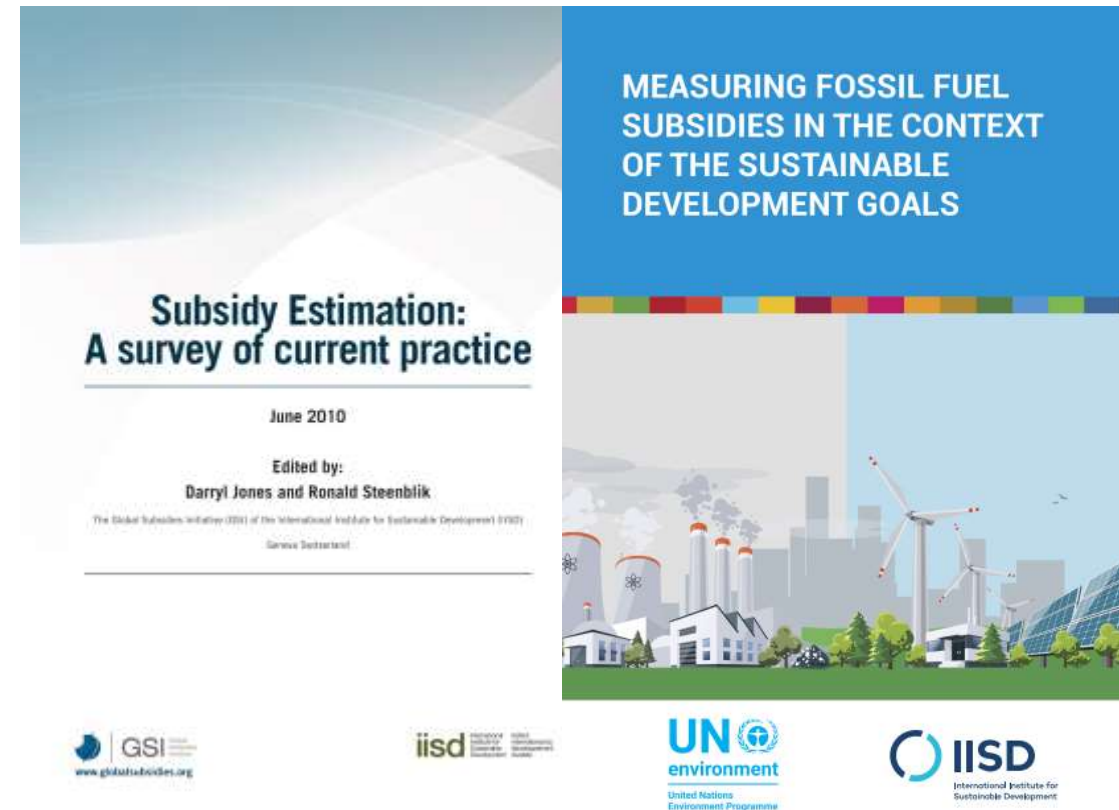
What is the rationale for the measure?

- Original rationale (not always easy to determine!)
- Current rationale

Estimating fiscal value can get complicated



- Budgetary support (e.g., grants to companies) and in-kind benefits
- Consumer price support
- Tax expenditures
- Subsidy-equivalent value of loans, loan guarantees, and other credit
- Advantages enjoyed by state-owned enterprises

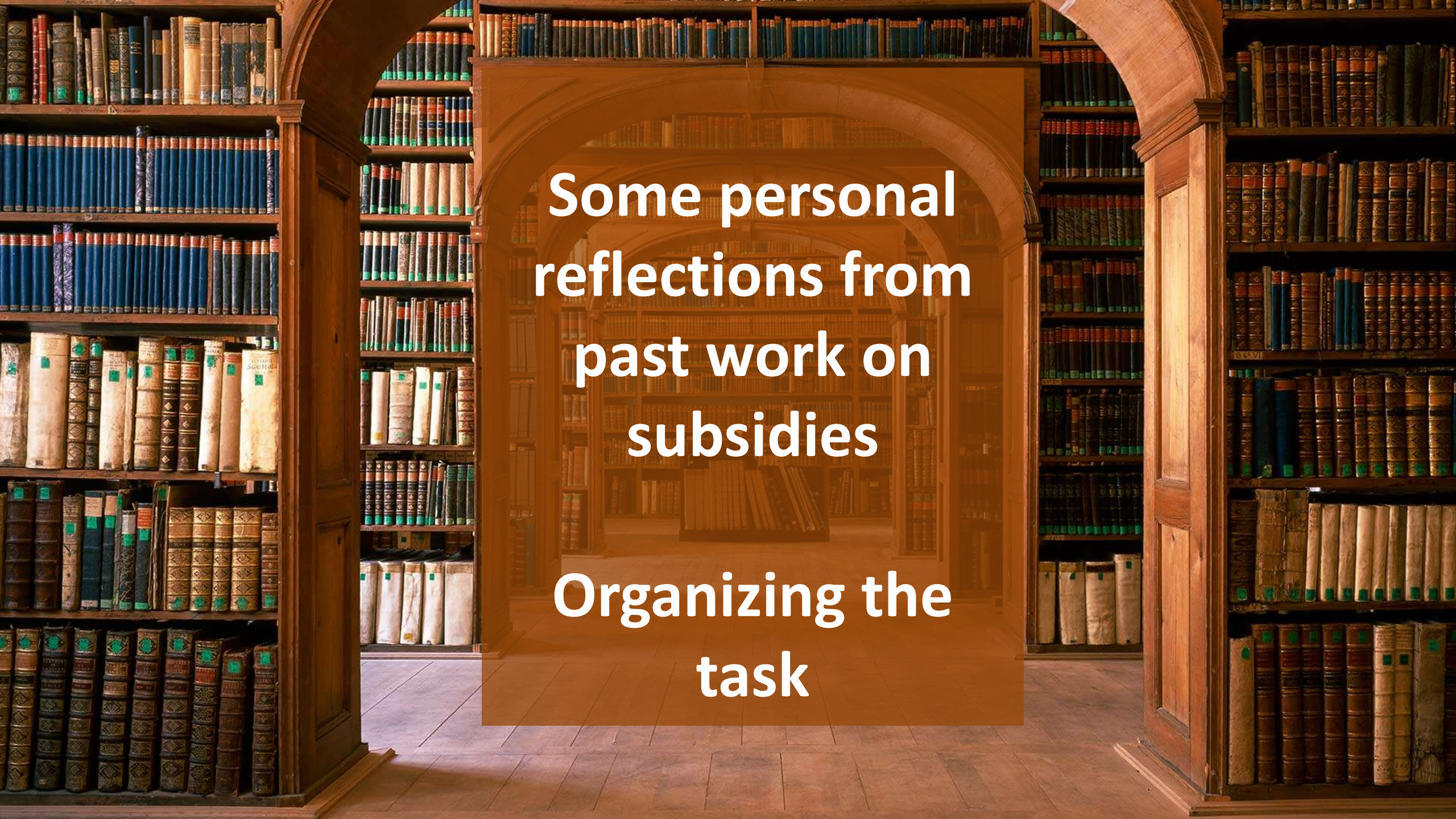




Cui bono?

(Who benefits from the measure?)

- Intended recipients
- Actual distribution of benefits



**Some personal
reflections from
past work on
subsidies**

**Organizing the
task**

**Templates have a poor return record
when sent out cold and empty**

The most productive approach is for a “subsidy expert” from an experienced institution (IGO or NGO) to fill out the template for an economy the first time

Advantage: consistency of approach across economies

Assign numerate people who are curious and persistent to do the work

**Involve, or at least consult, with your
“countervail authority”
(i.e., trade-ministry subsidy experts)**

Consider seeking help from the World Bank or other inter-governmental or non-governmental organisation

Make subsidy accounting and analysis a respected intellectual pursuit

Organize at least one expert workshop to present and discuss the results

But, most importantly ...

Enjoy!



Thank you

rsteenblik@iisd.org