Fossil-Fuel Subsidy Reform: Social Impacts & Increasing Momentum at Rio+20

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26 March 2012

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Social Impacts & The Reform Strategy

- How subsidies have arisen
- Costs
- New policies (pricing/tax regime)
- Complementary policies
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- Complementary policies

Research

- Recipients
- Economic impacts
- Timing
- Political strategy

Reform options

Implementation

- Strategies to respond to change
- Monitoring, evaluation and adjustment

Complementary policies

Communication and consultation

Transparency

GSI

Global Subsidies Initiative

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## Complementary Policies

### Industry/business
- Support to restructure sectors e.g. retraining programmes
- Measures to improve energy efficiency
- Investments in infrastructure

### Social
- **Cash transfers: (un)conditional**
  - Social safety nets, pensions, health insurance
  - Increase (minimum) wages
  - Pro-poor expenditure

### Energy
- Investment in renewable or alternative energies, rural electrification, etc.
- Energy conservation, energy security, energy efficiency policies

### Macro-economic
- Policies to manage inflation
- Strengthen market forces and encourage competition

### Banking
- Can help roll out cash transfers
- Credit facilities, e.g. for SMEs and micro-credit

### Transport
- Expanding public transport systems
- Alternatives for freight (rail or inland waterways)
- Transitional support for taxi drivers
What can be achieved at Rio+20?

Text should commit to:
1. Phase out fossil-fuel subsidies that undermine sustainable development
2. Assist developing countries to phase out their FFS

In addition countries pledge to provide the following supporting measures:
1. Reporting & Review: Prices, Subsidies, Subsidy Reform
2. Technical & financial assistance for developing countries
3. Common research and analysis
4. Secretariat support
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