

A photograph of a woman and a young boy at an electric vehicle charging station. The woman, on the left, is holding a brown paper bag filled with groceries and is reaching up to open the charging port cover of a dark-colored car. The boy, on the right, is holding a yellow charging cable and is about to plug it into the car's charging port. The car is parked in a modern, well-lit indoor space, possibly a parking garage or a charging station. The image is framed by a large white circular graphic element.

Managing Energy Price Crises

Alternatives to fossil fuel
subsidies

IISD GUIDE

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Managing Energy Price Crises: Alternatives to fossil fuel subsidies

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1.0 Introduction

The closure of the Strait of Hormuz has caused the greatest disruption to oil supply in history, exposing, once again, the vulnerability of economies that remain deeply dependent on internationally traded fossil fuels (International Energy Agency [IEA], 2026). But the lesson extends beyond this specific crisis. Even as shipping routes reopen or prices ease, uncertainty is likely to persist. As geopolitical tensions intensify and fossil fuel markets remain volatile, governments will continue to face pressure to protect households and businesses from sudden spikes in energy prices in the future.

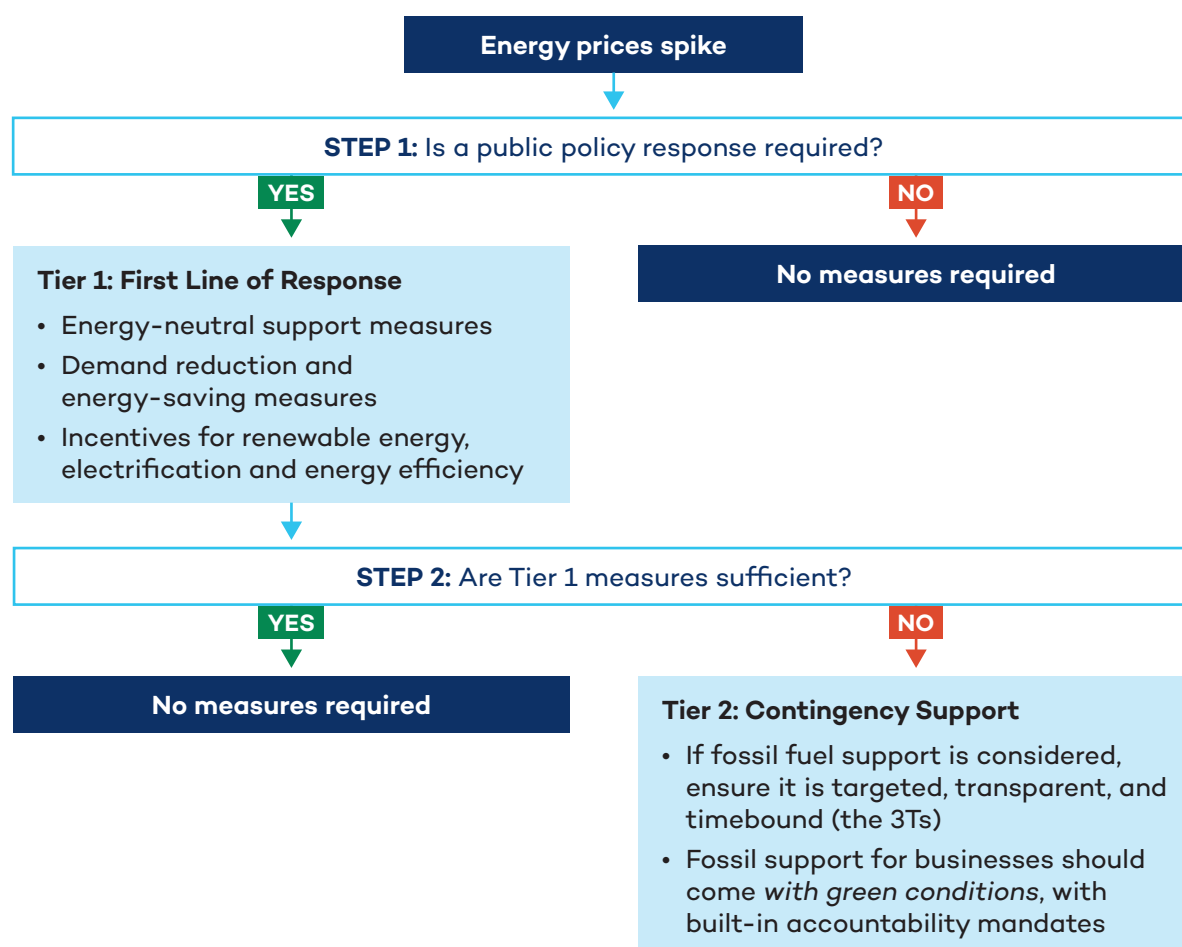
That pressure often leads governments to introduce new untargeted (or “blanket”) fossil fuel subsidies, cut fuel taxes, or maintain fixed prices for gas, gasoline, diesel, liquefied petroleum gas (LPG), and other petroleum and gas products. During the 2022 price spike, many countries adopted such measures to shield consumers from rising costs. While they provided short-term relief, they also contributed to a sharp increase in global fossil fuel subsidy levels (International Institute for Sustainable Development [IISD] & Organisation for Economic Co-operation and Development, 2026), placed pressure on public budgets, and weakened incentives to reduce fossil fuel demand. In doing so, they risked deepening the very dependence on volatile fossil fuel markets that made economies vulnerable to the shock in the first place.

A more resilient response is to support people and essential economic activity, not fossil fuels. In the immediate term, governments can protect vulnerable households and affected businesses through targeted, energy-neutral support, alongside demand-reduction measures. In the short term, policy-makers can introduce incentives for domestically generated clean energy that can be deployed fast and energy-efficiency improvements that lower bills and reduce fossil fuel use. This can help alleviate immediate and short-term supply pressures while addressing the core driver of repeated price shocks: continued reliance on volatile fossil fuel markets. Where fossil fuel support cannot be avoided, it should be used only as a contingency measure and designed to be targeted, transparent, and time-bound, with clear incentives to reduce fossil fuel dependence over time.

This note outlines a strategic decision framework policy-makers can use when responding to fossil fuel shocks. It sets out a two-tier approach: first, prioritizing measures that protect consumers and reduce fossil fuel demand without creating new fossil fuel subsidy entitlements; and second, where fossil fuel support is unavoidable, ensuring that it is limited, well targeted, transparent, time-bound, and linked to efforts that reduce future dependence on fossil fuels.



Figure 1. Crisis-response decision framework: Supporting people and key industries, not fossil fuels



Source: Synthesis by authors based on IEA, 2026; International Renewable Energy Agency (IRENA), 2026; World Trade Organization (WTO), 2026; Corkal et al., 2020; and IISD et al., 2021.

**Table 1.** Crisis-response decision framework: Key principles

Decision rule	Principles to follow and main support types	Examples
Tier 1: First line of response		
Default option. Implement first and immediately where possible to provide relief while reducing fossil fuel demand.	Prioritize measures that protect vulnerable households and affected businesses without creating new fossil subsidy entitlements: • Targeted, energy-neutral financial support • Demand-reduction and energy-saving measures • Incentives for clean energy, energy efficiency, and electrification	• Cash transfers or bonuses for lower-income households • Temporary VAT or sales tax reductions on essential goods, such as food or other basic household items • Soft loans, grants, or liquidity support for affected small and medium-sized enterprises (SMEs) • Temporary wage support or social security contribution relief for affected workers or businesses • Commuter mobility allowances or tax deductions • Support for public transport and reduced fares • Remote working arrangements or mandates • Reduced travel for public sector and large employers • Clean cooking support, such as electric cookstoves and pans, for vulnerable households • Clean heating support, such as heat pumps and solar water heaters • Plug-in or rooftop solar support for households, SMEs, public buildings



Decision rule	Principles to follow and main support types	Examples
Tier 2: Contingency support		
Use only if Tier 1 measures are insufficient to protect energy access, social stability, or clearly affected sectors.	Apply the 3Ts (targeted, transparent, and time-bound) + green strings approach. Any fossil-related support should be: - targeted to vulnerable households, essential services, or clearly defined affected sectors - transparent about objectives, costs, beneficiaries, and planned review points - time-bound through end dates, review clauses, and phase-out mechanisms - where provided to businesses, conditional on measures that help recipients reduce fossil fuel dependence over time.	- Social tariffs or targeted energy bill support for low-income households - Temporary fuel vouchers or rebates for vulnerable households or essential users - Targeted fuel tax refunds or rebates for clearly defined sectors, such as public transport, logistics, agriculture, or fisheries - Temporary compensation for essential service providers facing acute fuel cost increases - Conditional support for energy-intensive firms linked to energy audits, efficiency improvements, electrification, fuel switching, or clean investment plans.

Source: Synthesis by authors based on Corkal et al., 2020; IEA, 2026, IISD et al., 2021; IRENA, 2026, WTO, 2026.



2.0 Tier 1: First Line of Response

Provide Targeted, Energy-Neutral Relief, Reduce Demand, and Accelerate Clean Alternatives

Tier 1 measures should be the default response to fossil fuel price spikes. They aim to provide immediate relief while reducing fossil fuel demand and avoiding the creation of new fossil fuel subsidy entitlements. This means combining targeted financial support for vulnerable households and affected businesses with demand-reducing measures and fast-deployable clean energy, energy efficiency, and electrification solutions.¹

The core idea is to protect people and essential economic activity without making fossil fuels cheaper across the economy. Some measures, such as cash transfers, temporary tax relief on essential goods, soft loans, or wage support, can provide immediate relief. Others, such as reduced public transport fares, remote working arrangements, energy-saving measures, rooftop solar, batteries, heat pumps, clean cooking, or efficiency upgrades, can reduce fossil fuel use over several weeks or months and lower exposure to future price shocks.

2.1 Immediate Impact: Use targeted, energy-neutral support for price relief

Well-designed support schemes provide relief without weakening incentives to reduce fossil fuel use. Energy-neutral support allows households and businesses to decide how to use the assistance they receive, while still responding to higher energy prices by reducing their consumption, switching transport modes, or investing in alternatives.

Examples include direct cash transfers or bonuses for lower-income households; temporary VAT or sales tax reductions on essential goods, such as food or other basic household items; soft loans, grants, or liquidity support for affected SMEs; temporary wage support or social security contribution relief for affected workers or businesses; commuter mobility allowances or tax deductions; or tax reductions or payments linked to vehicles (not fuels).

For example, in response to the 2026 energy price spikes, Egypt expanded its cash transfers program for low and middle-income households, providing temporary monthly support to ration card holders (Masoud, 2026). New Zealand expanded cash payments for low-income working families to ease pressure from rising petrol prices (Willis, 2026), while the Republic of Korea provided large-scale cash assistance to around 70% of the population (“South Korea to give Oil-Price Relief,” 2026), with higher amounts for low-income households, near-poor families, and single-parent households. Belgium introduced tax incentives for employers to increase commuting allowances (RTL Info, 2026), Australia offered interest-free loans to support critical industries affected by rising fuel costs (Jose, 2026), while France launched a

¹ Measures to support clean energy, energy efficiency, and electrification are ideally structural features of governments’ energy transition strategies and therefore already in place before a price spike occurs. Still, introducing, expanding, or accelerating them once a crisis has begun can help reduce its impact by lowering demand for fossil fuel.



soft loan scheme for small businesses in fuel-intensive sectors (Government of France, 2026c). Finally, the United Kingdom temporarily reduced the VAT rate for supplies of children's meals and children's admission to theatres, cinemas, concerts, exhibitions and shows, offering non-energy tax relief to households (HM Revenue & Customs, 2026) and the Canadian province Manitoba expanded its retail sales tax exemption for food and beverages sold in grocery stores, offering non-energy tax relief to households (Government of Manitoba, 2026).²

2.2 Immediate to Short-Term Impact: Encourage demand-reduction and energy-saving measures

Governments can relieve price pressures by reducing demand through behavioural changes, operational adjustments, and energy-saving measures. These can often be implemented quickly and can help stretch available fuel supplies, reduce costs for households and businesses, and ease pressure on public budgets.

These measures include reduced public transport fares, remote working arrangements or mandates, reduced travel for public sector employees and large employers, public energy-saving campaigns, and behavioural or operational efficiency measures in households, public buildings, transport, and industry (IEA, 2026).

In response to the 2026 fuel shortage, the Republic of Korea has mandated public sector workers to follow a weekly “no-drive” day based on the licence plate number, which was later tightened to an odd-even/two-day rotation system, with estimated savings of 3,000 barrels of petroleum per day (Whan-woo, 2026). The Indonesian government has instituted work-from-home Fridays for civil servants (Office of Assistant to Deputy Cabinet Secretary for State Documents & Translation, 2026), while Pakistan temporarily reduced speed limits on motorways and national highways and Sri Lanka introduced a nationwide QR-code fuel rationing system with weekly quotas by vehicle type (Maalik, 2026). In the Netherlands, a 2026 summer train plan allowed unlimited off-peak travel for EUR 49 per month for 3 months (Government of Netherlands, 2026), Australia launched a national campaign encouraging reduced car use and improved vehicle fuel efficiency (Jeuniewicz, 2026), and after the 2022 energy crisis, France introduced incentives for carpooling, including a EUR 100 bonus for first-time carpool drivers (Government of France, 2022). Furthermore, Jordan has introduced a temporary ban on foreign travel for public officials (Al Arabiya English, 2026).

Beyond transport, Egypt introduced temporary commercial energy-saving measures, including early closure of shops, malls, restaurants, and cafés and reduced street, public square, and roadside advertising lighting (Kandil, 2026). Similar measures were introduced in the past—for instance, Germany obliged large energy-consuming companies to implement economically viable efficiency measures identified through energy audits (Federal Ministry for Economic Affairs and Energy, 2022).

² Policy examples cited throughout the paper are based on IISD's own tracking of responses to the 2026 energy crisis (unpublished) and the 2026 Energy Crisis Policy Response Tracker (IEA, 2026). More details about these examples can be found in the Appendices. Since our focus is on crisis-response measures, some policies that could fit other selection criteria were not highlighted. For instance, this is the case for EV incentive policies in India that are part of the broader energy strategy (Government of India, n.d.).



2.3 Short-, Medium-, and Long-Term Impact: Incentivize clean energy, storage, electrification, and efficiency

Governments can reduce exposure to fossil fuel price shocks by helping households, SMEs, and public institutions invest in clean technologies that lower energy bills and reduce fossil fuel use. While these measures may not provide the same immediate relief as cash transfers and other more direct support, many can be deployed within weeks or months and can strengthen resilience to future price spikes.

Relevant measures include support for fast-deployable clean electricity and storage solutions, such as plug-in and rooftop solar, mini-grids, and household battery energy storage systems.

Germany has supported the rapid uptake of plug-in and balcony solar systems through a 0% VAT rate for solar equipment since 2023 and municipal subsidy schemes: for instance, the city of Berlin provides up to EUR 500 per module (Senate Department for Economics, Energy and Public Enterprises, 2026), with increased uptake seen after the policy introduction (Hanisch & Kost, 2025). Australia's Cheaper Home Batteries program, launched in July 2025 and expanded in 2026, provides support for household and small business battery installations, helping consumers store solar electricity and reduce reliance on grid power during peak periods (Clean Energy Regulator, 2026). The program led to a fourfold increase in household battery energy storage system (BESS) installations in the first 6 months of implementation (Clean Energy Council, 2026).

Additional measures that can dent fossil fuel demand in the span of several months include support for electrification and efficiency measures, such as heat pumps, solar water heaters, electric cooking appliances, electric vehicles, insulation, and efficient appliances. In response to the 2026 energy price spikes, the Netherlands expanded support for home retrofits through its National Heat Fund, including 0% interest loans for lower-income households, alongside funding for energy fixers, SME energy-saving investments, sectoral efficiency measures, electric vehicle (EV) switching, and a higher Energy Investment Allowance deduction (Government of the Netherlands, 2026). Singapore further expanded its Energy Efficiency Grant to more sectors and prolonged it by another year (Singapore Economic Development Board, 2026), while New Zealand launched a Solar on Schools program to install solar photovoltaics and batteries on up to 500 schools (Ministry of Business, Innovation & Employment, 2026). The United Kingdom increased Boiler Upgrade Scheme grants for oil- and LPG-heated properties to switch to low-carbon heating and allocated additional funding for social housing energy upgrades and rooftop solar in social housing, schools, and colleges (Department for Energy Security and Net Zero, 2026).

France announced a national electrification plan with a planned increase in support for EVs and heat pumps to EUR 10 billion annually (Hernandez, 2026), while Chile opened preferential credit lines to support electromobility in the transport sector (Government of Chile, 2026b). Similar programs were implemented in 2020. For instance, France launched its MaPrimeRénov' program, which includes income-based financial assistance for energy efficiency and electrification in households (IEA, n.d.). Such measures not only reduce short-term demand for fossil fuels but also improve energy system resilience in the face of future energy crises.



3.0 Tier 2. Contingency Support

Make Fossil Fuel Support Targeted, Transparent, and Time-Bound (3Ts) and Contingent on Clean Transition Efforts

Tier 2 measures should be used only where Tier 1 measures are insufficient to protect energy access, essential services, key economic sectors, or social stability. Spikes in utility arrears and disruptions in service delivery in critical and fuel-dependent sectors may indicate remaining gaps in protection. In addition, rising political tensions may also signal that the response is perceived as unfair or does not adequately address the concerns of groups with limited alternatives, even where they can still absorb the immediate cost increase. However, such tensions warrant a different policy response, such as better communication or stronger regulations or competition policies, but do not by themselves justify fossil fuel support.

In practice, Tier 1 measures can fall short in three distinct ways. They may not reach the people or sectors most affected—a coverage gap, for instance, where informal workers, off-grid households, rural commuters, or small transport operators fall outside existing support systems. The level of support may be too small relative to the scale of the price shock—a depth gap. Or measures may take too long to design and disburse relative to the urgency of the crisis—a speed gap.

A gap should justify Tier 2 support only where it creates material and urgent risks and cannot be closed in time by adapting or expanding Tier 1 measures. Ultimately, this assessment requires real-time data and must be made on a case-by-case basis. Where significant risks to shield consumers and economies from the price shock effectively remain, governments may find some temporary fossil fuel support necessary, especially in countries without effective social safety nets.

At the same time, it is important to limit the damage of this new fossil fuel support. Blanket fossil fuel subsidies prevent the pass-through of cost increases to consumers, weakening price signals to reduce energy use or switch to alternatives. This can increase fuel consumption, drive further price increases and accelerate fuel stock depletion, worsening the shock. Fossil fuel subsidies without built-in end dates, review clauses, and automatic phase-out mechanisms are also difficult to remove, draining public budgets long after fuel prices stabilize.

Therefore, any fossil fuel support should follow the 3Ts as outlined in the 2026 Guidelines for Designing Transparent, Targeted and Temporary Fossil Fuel Subsidy Measures in Response to Energy Crises from the WTO's Fossil Fuel Subsidy Reform Initiative (WTO, 2026). Where support is provided to businesses or sectors, it should also include “green strings”: conditions or incentives that encourage recipients to reduce fossil fuel dependence over time.



Box 1. The pros and cons of electricity tax cuts as a crisis-response measure

There is growing awareness that electrification is key for shifting energy demand from fossil fuels to clean power. With fossil fuel price spikes in 2026, some experts and industry associations are increasingly advocating for reduced tax rates on electricity to support this shift (ECCO, 2025; European Heat Pump Association, 2026). The EU has released an Electrification Action Plan that aims to reduce the gap between electricity and fossil energy costs and remove barriers to electrification (European Commission, 2026).

Electricity tax cuts can support energy security and decarbonization where they help consumers switch from fossil fuel-based technologies to electric alternatives such as EVs, heat pumps, and electric cooking.

In many countries, electricity is taxed more heavily than gas or transport fuels, especially when social costs are factored in (Borenstein & Bushnell, 2021). In such cases, tax reform is a correction of a fiscal imbalance that favours fossil fuel use, rather than a new subsidy. Ideally, taxation should be shifted from power consumption to fossil fuel inputs used to generate electricity, consistent with the polluter-pays principle.

However, electricity tax cuts are not automatically beneficial for the energy transition. Their impact depends on the composition of the power mix, how energy sources are taxed, how the tax cuts are designed, and the impact of foregone revenue on government services.

Where electricity is predominantly generated from fossil fuels, broad tax cuts may indirectly support higher fossil fuel consumption. Without targeting, they can also be regressive, since higher-income households tend to consume more electricity than lower-income households. In addition, the pass-through of tax reductions to consumers is not guaranteed (Benzarti et al., 2020), which may reduce the measure's effectiveness in lowering bills and encouraging electrification.

For these reasons, electricity tax cuts should be assessed on a case-by-case basis. They are more likely to be justified where they correct an existing tax bias against electrification, are paired with clean electricity deployment, and are targeted to vulnerable consumers or specific electrification investments.

3.1 Apply the 3Ts to Any Fossil Fuel Support

To support people and essential economic activity, rather than fuels, any new or expanded fossil fuel support should follow the 3Ts:

- **targeted:** Prioritize low-income households, vulnerable groups, essential services, clearly affected sectors, and the uses of specific fuels (for instance, fuels predominantly used by lower-income households).
- **transparent:** Clearly communicate the objective of the support, its fiscal cost, intended beneficiaries, and the rationale for using fossil fuel support rather than alternative measures.



- **time-bound:** Include clear end dates, regular review clauses, and built-in phase-out and transition mechanisms from the outset.

Policy-makers should avoid measures that do not align with these principles, including broad fuel tax cuts, economy-wide price caps, or open-ended subsidies that benefit all consumers regardless of need. At this point, few crisis-response packages with fossil fuel support fully reflect the 3Ts principle, but there are examples from across the world that are aligned with the 3Ts framework.

For example, the Netherlands provides direct support to low- and middle-income households through the Energy Emergency Fund to partially cover energy bills (Government of the Netherlands, 2026). France also expanded its energy voucher scheme for low-income households, which can be used to cover electricity, gas, heating fuels, and in some cases energy-efficiency improvements (Government of France, 2026b). It also provides limited temporary fuel-related support to affected sectors, including agriculture, fisheries, and fuel-intensive small businesses (Government of France, 2026a).

Morocco is providing direct fuel support to professional road transport operators, including taxis, buses, freight transport, and school transport (Daoudi, 2026). The Philippines and Chile are also using targeted support for transport operators: the Philippines has introduced fuel support for public utility vehicle operators, farmers, and fisherfolk (Hilotin, 2026), while Chile has adopted a monthly subsidy of 100,000 pesos (equivalent to around USD 107) for up to 6 months for taxi, bus, and school transport operators, aimed at maintaining transport services and limiting fare increases (Government of Chile, 2026a). In addition, the Philippines temporarily suspended excise taxes on LPG and kerosene, recognizing these as essential household fuels.

Austria provides a useful example of how even broad fuel tax reductions can incorporate one important 3Ts principle: regular review and a clear endpoint. Its temporary mineral oil tax reduction is triggered only when net petrol or diesel prices rise by more than 30% within 2 months, and each reduction is limited to a single calendar month, requiring regular reassessment (Bundesministerium Finanzen [Federal Ministry of Finance], 2026). The legal basis for the measure is also limited to the end of 2026, reducing the risk that temporary crisis support becomes open-ended.

Targeting support to vulnerable households and businesses can be challenging in economies with large informal sectors or without highly developed safety nets. However, experiences in emerging economies, such as India's LPG subsidy scheme, show that some targeting of social assistance is possible with modern digital financial tools (Nelz, 2019). Where narrow targeting is not feasible, other limited options, such as tiered consumption tariffs or broader sectoral subsidies for farmers, transport operators, or other fuel-reliant sectors, are still preferable to economy-wide support for fossil fuels.



3.2 Attach Green Conditionalities to Business and Sectoral Support

Make Short-Term Fossil Fuel Support Conditional on Clean Spending Commitments

Short-term fossil fuel support should help reduce exposure to the next supply shock. Where governments provide fossil fuel-related support to businesses or specific sectors, it should be conditional on credible commitments to reduce fossil fuel use, especially when given to large enterprises.

This can include commitments to improve energy efficiency, electrify production processes, switch to cleaner fuels, invest in renewable energy, or adopt clean technologies.

To be effective, green conditionalities need to be backed by strong accountability measures, expressed in clear and quantified clean targets, monitoring mandates, and enforcement mechanisms (Meckling & Strecker, 2022). These can include legally binding obligations to cut GHG emissions, energy audits before and after support is provided, quantified energy-efficiency benchmarks, monitoring and reporting requirements, and penalties for non-compliance. Sector-specific measures could include sustainable aviation fuel blending mandates for airlines, electrification mandates for transport operators, and renewable power sourcing obligations for manufacturing companies.

France's Air France-KLM bailout is an example of how green conditionalities can be implemented in practice with tangible results (Government of France, 2020). The package of loans and loan guarantees provided after the COVID-19 crisis was linked to climate-related conditions, resulting in the cancellation of domestic flights where rail alternatives were available. The French government continues to monitor the airline's climate performance and recently imposed a fine for failing to cut GHG emissions intensity as agreed in the 2020 package (Surgenor, 2026).

Croatia provides another example: electricity cost subsidies to energy-intensive firms were linked to energy audits and clean investment commitments (Castle et al., 2023), including measures to reduce GHG emissions or increase the share of renewables to 60% of the firm's electricity mix.

These examples show that, when fossil fuel-related support cannot be avoided, governments can still use it to reduce exposure to fossil fuels and accelerate the energy transition.



Conclusion

“Governments cannot eliminate all the impacts of energy price shocks, but their response can determine whether these shocks deepen fossil fuel dependence or strengthen resilience. By prioritizing targeted support, demand reduction, and clean alternatives—and by constraining any unavoidable fossil fuel support through the 3Ts and green conditionalities—governments can protect people and businesses today while reducing exposure to future price shocks.



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Appendix A. Examples of Tier 1 Measures

Table A1. Examples of targeted, energy-neutral support measures

Country	Policies	Beneficiaries	Duration
Egypt (Masoud, 2026)	Temporary monthly cash support of EGP 400 for ration card holders to offset rising fuel and living costs.	Around 10 million low- and middle-income households/ration card holders.	March–April 2026
New Zealand (Sharma, 2026)	Cash payments through an increase to the existing in-work tax credit to ease pressure from rising petrol prices.	Around 150,000 low-income working families, with reduced payments for some slightly higher-income families.	One year from April 1, 2026, or earlier if 91 octane petrol falls below NZD 3/litre for 4 consecutive weeks.
Republic of Korea ("South Korea to Give," 2026)	Large-scale cash assistance of KRW 100,000–600,000 per person, differentiated by income and vulnerability, with local-spending restrictions.	Around 70% of the population, with higher support for low-income households, near-poor families, and single-parent households.	Implemented in phases late April–early July 2026; funds expire if unused by end-August 2026.
Belgium (Carbu.com , n.d.)	Temporary tax incentives for employers to increase commuting allowances; additional commuting allowance increases exempted from income tax.	Workers with commuting costs; employers encouraged to increase commuting allowances.	May–July 2026
France (Government of France, 2026c)	"Flash Fuel" soft loan scheme providing unsecured loans of EUR 5,000–50,000 to small businesses exposed to high fuel costs.	Small businesses in fuel-intensive sectors, including transport, agriculture and fisheries.	No clear announced end date in the tracking; loan maturity is 36 months, with a 12-month repayment grace period.
Australia (Jose, 2026)	AUD 1 billion economic resilience programme delivered through interest-free loans to support critical industries affected by rising fuel costs.	Critical supply-chain sectors, including truck drivers, freight companies, and fuel and fertilizer producers.	No clear announced end date in the tracking; described as short-term liquidity support to be made available within weeks.



Country	Policies	Beneficiaries	Duration
Manitoba (Canada) (Pansieri, 2026)	Expanded Manitoba's retail sales tax exemption for food and beverages sold for off-premises consumption to cover additional grocery store food and beverage items, including prepared foods, beverages, snacks and confectionery.	Households/ consumers purchasing food.	From July 1, 2026
United Kingdom (HM Revenue & Customs, 2026)	Temporary reduced VAT rate of 5% for certain children's meals, children's admission to theatres, cinemas, concerts, exhibitions and shows, and family attractions.	Families with children/households purchasing qualifying meals and leisure activities.	June 25–September 1, 2026.

Source: Authors.

**Table A2.** Examples of measures to encourage demand reduction and energy saving

Country	Policies	Sector	Duration
Indonesia (Office of Assistant to Deputy Cabinet Secretary for State Documents & Translation, 2026)	One-day-per-week work-from-home policy for central and regional civil servants every Friday; private employers encouraged to adopt similar arrangements where feasible, with essential public-service and strategic sectors exempt.	Road transport	From April 1, 2026; initially for two months, then extended for another 2 months from June 2026 (Antara, 2026)
Pakistan (Dawn, 2026)	Reduced speed limits for cars and light vehicles from 120 to 100 km/h and passenger/heavy vehicles from 110 to 90 km/h on motorways; national highway limits reduced from 100 to 80 km/h and from 80 to 65 km/h, respectively.	Road transport	Introduced in mid-March 2026; previous speed limit restored on June 22, 2026 (Raza, 2026).
Republic of Korea (Whan-woo, 2026)	Public sector vehicle rotation system for gasoline passenger vehicles used by public sector workers, requiring drivers to leave their car at home based on licence-plate numbers; later tightened from a once-a-week restriction to an odd-even/2-day rotation system for public institutions.	Road transport	Introduced on March 25, 2026; expanded on April 8, 2026 (Han-Joo, 2026).
Sri Lanka (Maalik, 2026)	Nationwide QR-code fuel rationing system requiring vehicles to be registered under the National Fuel Pass and limiting fuel purchases through weekly quotas by vehicle type.	Road transport	Introduced in mid-March, 2026
Netherlands (Government of Netherlands, 2026)	Discounted public transport pass allowing unlimited off-peak train travel for EUR 49 per month.	Road transport	June 15–August 31, 2026



Country	Policies	Sector	Duration
France (Government of France, 2022)	National everyday carpooling plan backed by EUR 150 million in 2023, including a EUR 100 bonus for first-time carpool drivers (paid after 10 trips within 3 months), state co-financing of local carpooling incentives, and EUR 50 million from the Green Fund for carpooling infrastructure.	Road transport	2023–2027; first-time driver bonus available from January 2023 for 12 months.
Australia (Jeuniewicz, 2026)	National AUD 20 million “Every little bit helps” fuel-saving information campaign encouraging Australians to reduce car use where possible and improve vehicle fuel efficiency.	Road transport	From April 2026
Jordan (Al Arabiya English, 2026)	Temporary suspension of official foreign travel by government delegations and committees, with exemptions only for cases of utmost necessity requiring prior approval.	Air transport	From March 30, 2026; initially for 2 months, then extended until end-2026 (“Hassan Extends,” 2026)
Egypt (El-Gundy, 2026)	Mandatory early closure of commercial premises, with shops, malls, restaurants and cafés required to close by 9 p.m. on most days and by 10 p.m. on weekends/extended days. Street and public square lighting was required to be reduced to minimum levels and roadside advertising lights to be switched off.	Buildings, retail, and commercial sectors	From March 28, 2026; early closure rules ended on April 27, 2026.



Country	Policies	Sector	Duration
Germany (Federal Ministry for Economic Affairs and Energy, 2022).	Large energy-consuming companies with annual energy use of 10 GWh or more are required to implement economically viable energy-efficiency measures identified through energy audits or energy/ environmental management systems, including replacing lighting with LEDs, optimizing work processes and technical systems such as compressed-air systems, carrying out hydraulic balancing, and replacing inefficient heating pumps.	Industry	October 2022–September 2024

Source: IEA, 2025, 2026, authors.



Table A3. Examples of measures to incentivize clean energy, storage, electrification, and efficiency

Country	Policies	Sector	Duration
Netherlands (Government of the Netherlands, 2026)	EUR 180 million for the National Heat Fund for home sustainability loans, EUR 80 million for energy fixers and household energy-saving measures, EUR 15 million for targeted support to 25,000–30,000 energy-poor homeowners through the National Programme for Livability and Safety, EUR 25 million for homeowners' association sustainability subsidies, accelerated fossil fuel car scrappage support for lower- and middle-income households to purchase subsidized second-hand EVs, SME sustainability loans and support programs, EUR 25 million for fisheries energy efficiency, EUR 25 million for agriculture and horticulture schemes to reduce energy and fertilizer use, and an increase in the Energy Investment Allowance deduction from 40% to 45.5% from 2027.	Road transport, buildings, primary sectors, other businesses	2026–2028, depending on the program
Singapore (Singapore Economic Development Board, 2026)	Expanded the Energy Efficiency Grant by extending its base tier from six sectors—food services, retail, manufacturing, construction, maritime and data centres—to all sectors, providing up to SGD 30,000 for companies to adopt energy-efficient equipment, and prolonged the scheme by one year.	Businesses	Until March 2028



Country	Policies	Sector	Duration
United Kingdom (Department for Energy Security and Net Zero, 2026)	Increased Boiler Upgrade Scheme grants to GBP 9,000 for oil- and LPG-heated properties to switch to low-carbon heating; allocated up to GBP 100 million to expand the Social Housing Fund and support up to 57,000 solar installations in social housing; provided up to GBP 40 million for rooftop solar on 100 more schools and colleges; and announced measures to ease the installation of EV chargers, solar panels and heat pumps.	Residential and public buildings	2026–2027
New Zealand (Ministry of Business, Innovation & Employment, 2026)	Solar on Schools programme with funding of NZD 30 million to install solar panels and batteries in up to 500 schools, with energy management systems for up to 150 schools.	Public buildings	2026–2028
France (Hernandez, 2026)	State support is doubled to EUR 10 billion a year. Measures include support for one million heat pump installations per year, “zero-gas” pathways in selected territories, expanded EV subsidies and social leasing for lower- and middle-income households.	Buildings, road transport	2026–2030
Chile (Government of Chile, 2026b)	State-owned BancoEstado opened a preferential credit line for taxi and shared-taxi operators to replace existing vehicles with electric models, offering a 0.82% monthly interest rate, repayment terms of up to 72 months, a first-payment grace period of up to 6 months, a minimum 10% own contribution, and state guarantees.	Road transport	No announced end date

Source: Authors.



Appendix B. Tier 2. Make fossil fuel support targeted, transparent, and time-bound (3Ts) and contingent on clean transition efforts

Table B1. Examples of targeted, transparent, or temporary forms of support

Country	Policies	Beneficiaries	Supported fuels	Duration
Netherlands (Government of the Netherlands, 2026)	Expansion of the Energy Emergency Fund, which pays part of eligible households' energy bills directly through energy suppliers when energy costs are high relative to income.	Low- and middle-income households	Electricity, gas, and district heating	2026, with further funding planned for 2027
United Kingdom (HM Treasury, 2026)	Over GBP 50 million for low-income off-grid households to cover the cost of purchasing fossil heating fuels, including topping up heating oil or LPG tanks, delivered through local authorities and devolved governments.	Low-income households	Heating oil, LPG	2026/2027
France (Government of France, 2026a)	Expansion of the energy voucher scheme, under which low-income households receive vouchers worth an average EUR 153 that can be redeemed against household energy bills, extending eligibility to an additional 700,000 households from May 2026	Low-income households	Gas, electricity, fuel oil	2026



Country	Policies	Beneficiaries	Supported fuels	Duration
Morocco (Daoudi, 2026)	Direct fuel subsidy of around MAD 3 per litre for professional road transport operators, conditional on maintaining stable fares; a later round increased support by 25%.	Professional road transport operators, including taxis, buses, freight transport, school transport, tourism transport and mixed rural transport.	Diesel, gasoline	Starting in mid-March, disbursed in 15-day tranches (at least end of June)
Philippines (Medenilla, 2026)	Fuel support for public transport operators, including an initial PHP 5,000 fuel subsidy for drivers and later a PHP 10 per litre subsidy for public utility vehicles, capped at 150 litres per week per vehicle;	Public utility vehicle operators, including tricycle, jeepney, taxi, TNVS and bus drivers.	Gasoline, diesel	Mid-April until mid-July
Chile (Government of Chile, 2026b)	Monthly subsidy of MXN 100,000 for taxi, bus and school transport operators.	Taxi, bus, and school transport operators.	Diesel	April–September
France (Government of France, 2026a)	Suspension of excise tax on farmers' non-road diesel, reducing prices by EUR 0.04/litre; and EUR 0.20/litre fuel reimbursement for fisheries.	Farmers, logistics, and fisheries	Diesel	First announced for April; then extended to May, and later to August.
Philippines (Cabato, 2026)	Temporary suspension of excise taxes on LPG and kerosene, reducing taxes on fuels considered essential for everyday use.	Households	LPG and kerosene	Mid-April until mid-July



Country	Policies	Beneficiaries	Supported fuels	Duration
Austria (Federal Ministry of Finance, 2026)	Temporary EUR 0.05/litre mineral oil tax reduction for petrol and diesel, triggered only when net fuel prices rise by more than 30% within 2 months; each reduction is valid for a single calendar month and must be reassessed regularly.	All consumers	Gasoline, diesel	Each reduction is limited to one calendar month; legal basis valid until end-2026

Source: Authors.

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