



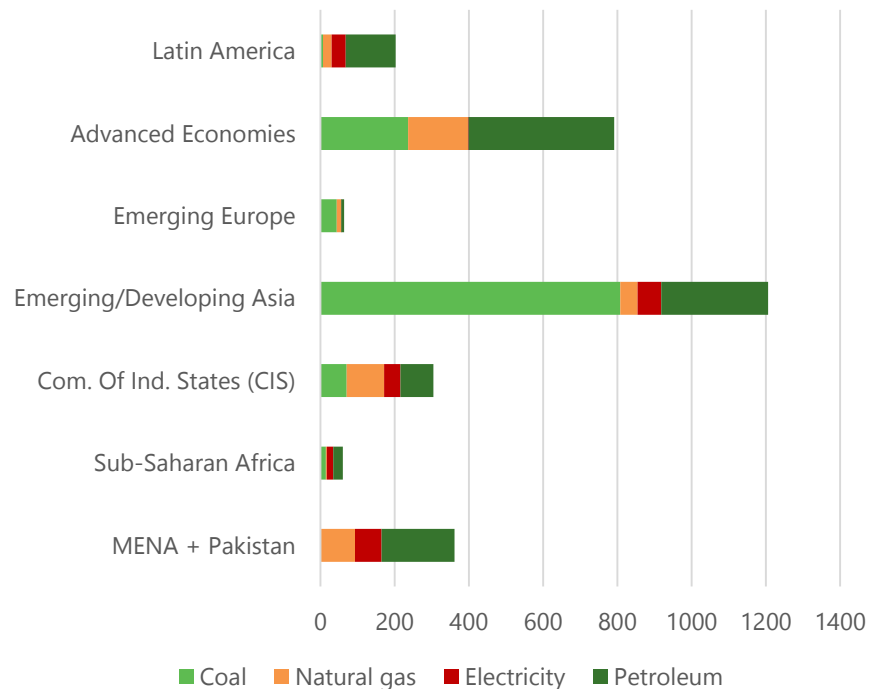
Fuel subsidies and energy efficiency workshop

John Dulac, Energy Efficiency in Emerging Economies, IEA
Paris, 18 May 2018

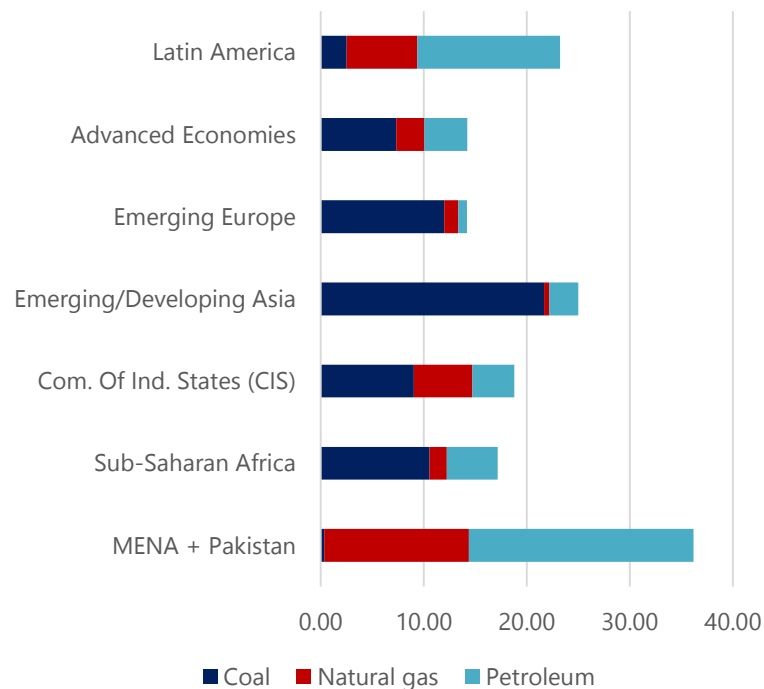
Without pricing that includes the full cost of energy production and supply, energy efficiency investments will not be attractive to businesses or consumers and it will not be possible to access the full range of economic and social benefits that energy efficiency can bring.

Benefits of removing subsidies

Fiscal Gain from removing subsidies, in billion USD



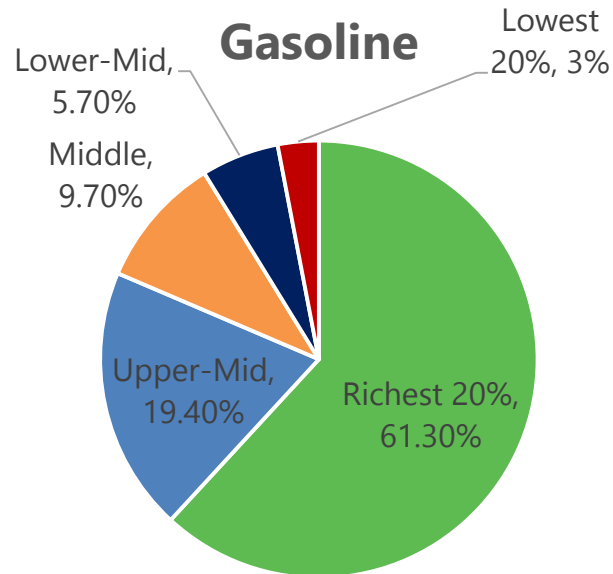
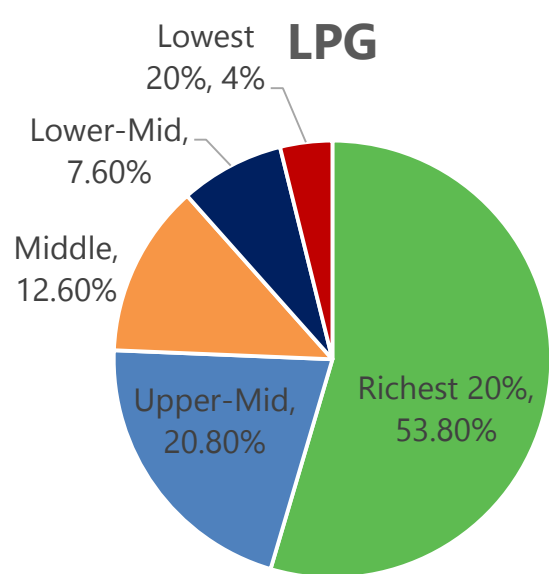
Estimated Percent Reduction in CO₂ Emissions



Source: IMF Working Paper, 2015

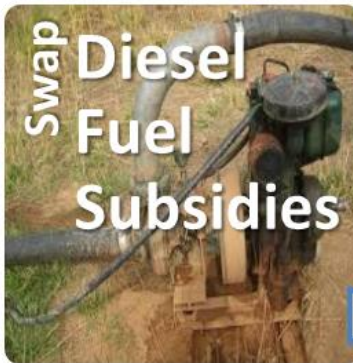
Who are the real beneficiaries of subsidies?

Global survey of energy subsidy beneficiaries



Source: IMF Working Paper 2010

Subsidies can be switched to other forms of support



Switching support away from fossil fuel subsidies to energy efficiency and renewable energy will improve sustainable development

- Energy subsidies are a significant draw on public budgets
 - Around 261 billion USD around the world, with national share of GDP reaching even as high as 14%
- Subsidy reform is progressing across the world
 - Focus more on (larger) consumer subsidies rather than producer subsidies
 - Reducing public expenditure often a primary driver, not efficiency
 - Concerns centre on the poor and vulnerable, and industrial competitiveness
- Energy efficiency can reduce the impact of subsidy reform
 - Only few examples of formally reallocating fiscal savings to energy efficiency

- You are in a country where there are subsidies on electricity and transport fuels.
- The government wants to encourage citizens to reduce their energy consumption.
- In your groups, spend 40 minutes defining:
 - Priorities and objectives
 - Policy packages to meet those objectives
 - Communication campaign
- Nominate 2 spokespeople to report back to the larger group (5 minutes per group)

Groups of 10 participants

13:30 – 14:50 – complete the exercise

14:20 – 14:40 – tea and coffee break

14:40 – 16:00 – teams report back



www.iea.org

