Options for a Voluntary Peer Review on Fossil-Fuel Subsidies
The Global Subsidies Initiative

Established by IISD in 2005 to:

*Investigate and support the reform of subsidies that undermine sustainable development*


1. Research to identify, quantify and assess fossil-fuel subsidies
2. Support national subsidy reform efforts
3. Support international forums to address subsidy reform
Purpose of peer reviews

“Open method of coordination” -- EU

“non-adversarial… relies heavily on mutual trust” -- Independent expert

“peer review is a discussion among equals” -- OECD

“Peer review is not a compliance mechanism” -- UNCSD

“supports coordinated unilateralism” -- Independent expert
Benefits of peer reviews

1. Increased transparency and accountability
2. Facilitates policy dialogue to share experience and policy tools
3. Opportunity to seek expert advice
4. Highlights successes and good practice
Examples of peer reviews
When comparing models, consider…

- **Mission and legal status**
  - The more power and accountability the organisation has, the more cautious members are.

- **Size and composition of membership**
  - The smaller and similar the membership, the more effective it can be in building trust, learning, collegiality and autonomy.

- **Subject matter and any cross-border impacts**
Peer reviews should develop dynamically

- Allow flexibility to develop and innovate

- Peer reviews tend to **become more effective over time** as:
  - The process becomes more institutionalised
  - Members recognise its value
  - Members build trust and
  - Accumulate technical expertise and experience
Options for a G20 peer review on FFSR: Scope

- Only fossil-fuel subsidies deemed to be inefficient
- **All fossil-fuel subsidies** including for consumption and production

and

- **Fossil-fuel subsidy reform efforts**, including recent developments and lessons learned
Options for a G20 peer review on FFSR: Objectives

• **Increase transparency** of subsidy policies and expenditures including their impacts

• **Share experience and lessons:**
  • Identifying, measuring and evaluating subsidies
  • Effective reform plans including compensation measures and communications strategies

• **Track progress and acknowledge successes**

• **Contribute to national policy dialogue** and create momentum for reform
Options for a G20 peer review on FFSR: Process

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<tr>
<th>Peer review stage</th>
<th>Less formal, focus on learning</th>
<th>More formal, focus on accountability</th>
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| Collection of information | • Self-reporting only  
• Reporting standard can be adapted | • Self-reporting + independent  
• Reporting template or guidelines |
| Evaluation phase | • No pre-determined structure | • Members agree key issues for discussion |
| Assessment | • General observations, summary of concerns  
• No endorsement | • Clear policy recs  
• Formal endorsement |
| Follow-up | • None, review is kept confidential | • Outcomes published  
• Follow-up Q&A  
• Progress reports |
Options for a G20 peer review on FFSR: Guidelines

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<th>G20 Reporting</th>
<th>Possible Elaboration for Peer Review</th>
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| Part 1. Inefficient FFS proposed for reform in the Member’s implementation strategy | • Policy objectives & duration  
• Responsible government agency  
• Details of the subsidy policy  
• Beneficiaries (intended and unintended)  
• Annual estimates                                      |
| Part 2. Implementation strategies and timeframes for reform                    | • Alternative policy options  
• Estimates of cost savings  
• Measures needed to mitigate impacts  
• Technical and administrative capacity required  
• Timelines for reform  
• Communication strategies  
• Lessons learned                                                      |
| Part 3. Current status of implementation strategies and timeframes for reform  |                                                                                                   |
Options for a G20 peer review on FFSR: Review teams

Host country should select review team (or joint selection)

- G20 members only
- **G20 members + 3rd parties:**
  - Other countries: APEC or “Friends” members
  - Experts: OECD, IEA, GSI or independent

Countries with similar circumstances (e.g. energy exporters) could review each other
Conclusions

• Peer reviews are **useful for coordinating unilateral action** on fossil-fuel subsidy reform

• Benefits include **increased transparency, increased policy dialogue, reporting of successes**

• Peer review mechanism should be **flexible and dynamic over time**

• Current opportunity to **cooperate with other forums** to develop complementary approaches
Thank you

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