Communication of Energy Subsidy Reforms: Key Recommendations

Christopher Beaton
Global Subsidies Initiative (GSI, www.iisd.org/gsi)
16 May 2018
Objectives

• Why is communications important for energy subsidy reform?
• How should governments approach such communications?
Why?
Role of Communications in ESR

• **Politics** are typically the biggest barrier to energy subsidy reform…
• ...and a key reason why reforms backslide and subsidies return.

1. Strategic communications can increase *political space* by…
   • Ensuring the rationale for reform is understood
   • Activating existing allies
   • Influencing some stakeholders to either neutral or supportive views
   • Countering opposition
Role of Communications in ESR

2. Comms makes reforms more **sustainable** by improving levels of…

- **Government performance**: Better program design
- **Responsiveness**: Knowing citizens’ needs and responding to them
- **Accountability**: Explaining policies and being accountable
- **Trust**: Transparent and participatory processes
How?
Key Principles

• Country circumstances very individual, but common needs in terms of planning and preparation

• Communications is only one of several key areas in planning reforms: close engagement required with developing a new pricing policy and an impact mitigation strategy.
Stages in Developing a Comms Strategy

1. Setting objectives & organising internally
2. Identify & understand audiences
3. Developing messages
4. When & with what methods to communicate
5. Evaluating impacts
Organizing and Understanding

- Communications is two-way: we have to begin by listening
- **Internal**: Need whole-of-government approach and adequate capacity
- **External**:
  - Evidence-based approach to understanding audiences, attitudes and how they access information – PE analysis with interviews, FGDs, surveys
  - The information we discover should be able to influence reform plans themselves, not just communications plans; an iterative approach

<table>
<thead>
<tr>
<th>INTERNAL</th>
<th>Decide approach (all relevant ministries and central agencies)</th>
<th>Development of detailed plan (relevant ministries)</th>
<th>Decide and release final policy and comms. strategy (meeting with cabinet)</th>
<th>Monitoring and adjustment (lead ministry)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inception of policy proposal (lead ministry and minister)</td>
<td>Clearance by decision-makers</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RESEARCH THE LIKELY IMPACTS OF REFORM</th>
<th>CHOOSE AND DESIGN NEW PRICING MECHANISM &amp; MITIGATION MEASURES</th>
<th>IMPLEMENTATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness-raising communications about subsidy and the need for reform</td>
<td>Consultations with stakeholder groups on likely impacts</td>
<td>Communications on actual impacts, adjustments and successes</td>
</tr>
<tr>
<td>Consultations with stakeholder groups on likely impacts</td>
<td>Consultations with stakeholder groups on reform plan</td>
<td>Communications on final policy, raising awareness of plan and mitigation measures</td>
</tr>
<tr>
<td></td>
<td>Communications on final policy, raising awareness of plan and mitigation measures</td>
<td></td>
</tr>
</tbody>
</table>

- **Diagram Description**
  - **INTERNAL**
    - Inception of policy proposal
    - Decide approach
    - Development of detailed plan
    - Decide and release final policy
    - Monitoring and adjustment
  - **EXTERNAL**
    - Awareness-raising communications
    - Consultations with stakeholder groups
    - Communications on impacts
- **Flowchart**
  - Inception → Decide → Development → Decide and release → Monitoring and adjustment
  - Awareness-raising → Consultations → Communications

Messaging

• Strategic communications will develop messages to target specific audiences, e.g.
  • A specific sub-set of households (e.g. by income group, location)
  • Cities or regions
  • Labour groups
  • Transport operators, vehicle owners
  • Energy intensive industries
  • Agricultural sector

• Government communications must be responsible and fact-based – but technocratic messages alone are unlikely to resonate. Messages must speak to the heart as well as the head.

• Common messaging themes may include:

<table>
<thead>
<tr>
<th>Raise awareness of subsidy problems</th>
<th>Neutralize opposition</th>
<th>Raise awareness of gains from reform</th>
<th>Raise awareness of reform plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs, inefficiencies, comparison with other countries, impacts on the poor and the environment.</td>
<td>Identifying smuggling and corruption, countering misconceptions.</td>
<td>Savings, target aid to the poor, more social spending, better standard of living.</td>
<td>Explaining reforms and mitigation, showing relevance to stakeholder needs, noting successes.</td>
</tr>
</tbody>
</table>
When & Through What Channels

• **Start early**
  - Time required for meaningful research and consultation with stakeholders

• **Plan communications over the long term**
  - Energy subsidy reform in most countries is not an event but a process
  - Typically part and parcel of larger-scale energy sector policies
  - Communications will be more effective and strategic if it is sustained
  - Implies an ongoing strategy with a “crisis” strategy for key reform events

• **Channels**
  - Choose based on data about how audiences access information
  - Typical channels include: announcements, adverts or discussions in radio, television and print media; advertisements at purchase points or on consumer bills; social media
  - Crisis communications should include teams to review ongoing media reports and swiftly tackle misinformation
  - *Who* speaks can be as important as *what* is said – seek participation from trusted spokespeople – including Executive leadership
Monitoring and Evaluation

• Strategic communications should be held up to objective evidence on its impacts

• Plan periodic reviews of communications, including:
  • Media citations; analysis of coverage to evaluate trends
  • Tally attendance to comms activities (workshops, advocacy farming sessions, town hall meetings, trainings, media chats)
  • Proportion of communications activities implemented
  • Feedback on impact through success stories, focus groups and sampling surveys

• Adapt strategy in the light of evidence and new circumstances
Thank You

For any questions or comments, contact cbeaton@iisd.org
Data from Indonesia

- See following slides for some detailed examples on survey data from Indonesia
- For more detailed information, see:
- Large sample so survey data are nationally representative and allows for audience disaggregation
- Full survey is focused on attitudes to gasoline & LPG subsidies, although slides are focused on gasoline subsidy attitudes
- Key findings were:
  - Broad opposition to reform but with some interesting variation by sub-groups
  - Very low awareness of basic information about subsidies
  - Even in the very short-term, a significant shift in attitudes reported upon the presentation of new information
Data from Indonesia

- Surveys found large popular opposition to FFSR
- Strongest support in more remote regions (where access to subsidy is lower)

Public Support for Fuel Subsidy Reform in Indonesia, by Region
Data from Indonesia

- Gender and education significantly variables correlated with attitudes

Public Support for Fuel Subsidy Reform in Indonesia, by Gender, Area, Age Group and Education
Data from Indonesia

- Wealthier households also more supportive

Public Support for Fuel Subsidy Reform in Indonesia, by Income

(a) Average income per month (million IDR)
- < 0.2: 16%, 15%
- 0.2 - 0.39: 23%, 15%
- 0.4 - 0.59: 21%, 18%
- 0.6 - 0.79: 18%, 18%
- 0.8 - 0.99: 18%, 18%
- 1 - 1.19: 37%, 19%
- 1.2 - 1.39: 19%, 15%
- 1.4 - 1.59: 15%, 30%
- 1.6 - 1.79: 15%, 35%
- 1.8 - 1.99: 15%
- 2 - 4: 35%

(b) Self-perceived wealth
- Very Poor: 20%, 17%
- Poor: 25%, 17%
- Middle: 29%, 15%
- Rich: 50%
- Very Rich: 50%
Data from Indonesia

- Around 50% don’t know that gasoline is subsidized

Awareness that Gasoline is Subsidized, by Gender, Area, Age Group, Education Level
Data from Indonesia

- Even fewer - around 25% - know how much the government spends on gasoline subsidies

Awareness of Budget Allocation for Subsidies, by Gender, Area, Age Group, Education Level

![Graph showing awareness of budget allocation for subsidies by different categories.](image-url)
Data from Indonesia

- Significant shifts in opinion upon presentation of new information about subsidy costs
- NB. This shift is in the very short-term, i.e. duration of the survey itself. Larger shifts possible over longer term and in the light of mitigation measures.

Supportiveness Before and After New Information
Data from Indonesia

- Significant shifts in opinion upon presentation of new information about subsidy costs
- NB. This shift is in the very short-term, i.e. duration of the survey itself. Larger shifts possible over longer term and in the light of mitigation measures.

Supportiveness Before and After New Information