

Options for a Voluntary Peer Review on Fossil-Fuel Subsidies



GSI Global
Subsidies
Initiative

iisd International
Institute for
Sustainable
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durable

The Global Subsidies Initiative

Established by IISD in 2005 to:

Investigate and support the reform of subsidies that undermine sustainable development

Programme on Fossil-Fuel Subsidy Reform (2009-2015):

- 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

Peer review stage	Less formal, focus on learning	More formal, focus on accountability
Collection of information	<ul style="list-style-type: none"> • Self-reporting only • Reporting standard can be adapted 	<ul style="list-style-type: none"> • Self-reporting + independent • Reporting template or guidelines
Evaluation phase	<ul style="list-style-type: none"> • No pre-determined structure 	<ul style="list-style-type: none"> • Members agree key issues for discussion
Assessment	<ul style="list-style-type: none"> • General observations, summary of concerns • No endorsement 	<ul style="list-style-type: none"> • Clear policy recs • Formal endorsement
Follow-up	<ul style="list-style-type: none"> • None, review is kept confidential 	<ul style="list-style-type: none"> • Outcomes published • Follow-up Q&A • Progress reports

Options for a G20 peer review on FFSR: Guidelines

G20 Reporting	Possible Elaboration for Peer Review
Part 1. Inefficient FFS proposed for reform in the Member's implementation strategy	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Alternative policy options• Estimates of cost savings• Measures needed to mitigate impacts• Technical and administrative capacity required
Part 3. Current status of implementation strategies and timeframes for reform	<ul style="list-style-type: none">• Timelines for reform• Communication strategies• Lessons learned

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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