

Key findings from the Energy Policy Tracker: how to increase climate ambition (SDG 13) while reducing inequalities (SDG 10)

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What is the Energy Policy Tracker?

- Network of 6 core partners and 23 contributing partners tracking energy policies in 38 countries
- We track policies on the four sectors related to energy production and consumption: Mobility, Buildings, Resource extraction, and Power generation
- Only approved measures, new and amended policies from 1 Jan 2020 until 31 December 2021
- We group policies and measures in five categories: Fossil Unconditional, Fossil Conditional, Clean Unconditional, Clean Conditional, Other Energy
- We track a wide range of public money commitments, not just subsidies and investments, but also tools such as loans, loan guarantees and equity injections

Core Partners



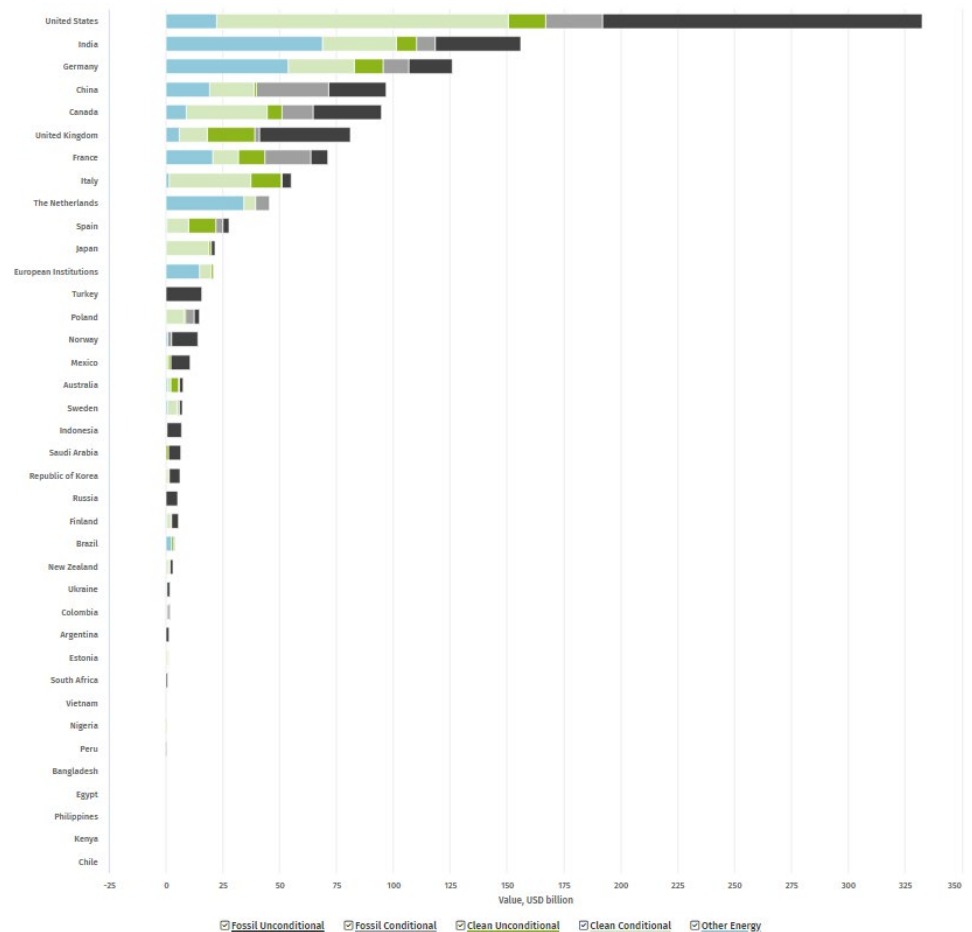
Contributing Partners



Overview of public money commitments

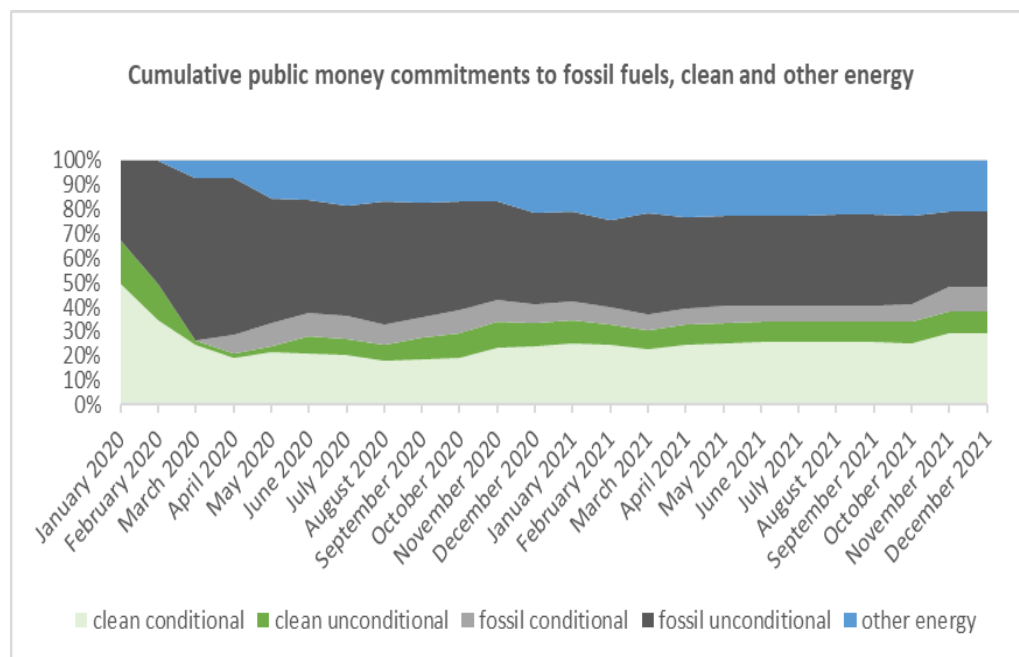
- As of 31 December 2021, 41.2% (USD 512 billion), of total public money commitments supported fossil fuel intensive activities
- This is more than what was committed to clean energy, since the beginning of the pandemic (38.2%, USD 475 billion)
- While some countries have been performing better than others, no country has a fully clean track record for their Covid-19 response

Public money commitments to fossil fuels, clean and other energy in 37 recovery packages since January 2020 until December 2021,



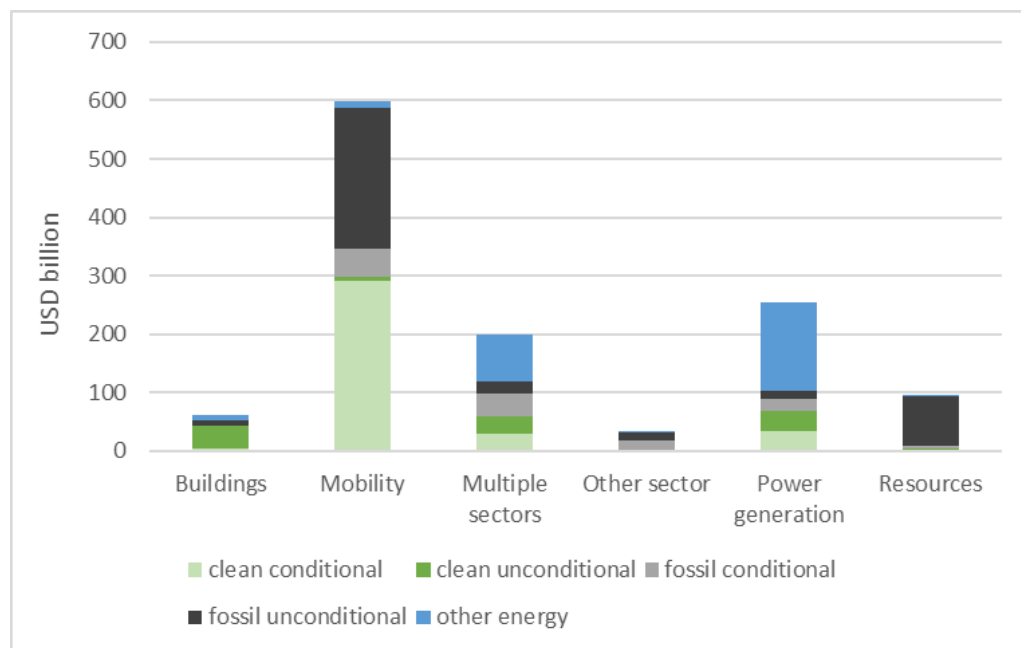
Evolution of public money commitments over time

- Over the past year there has been a slow increase in clean energy commitments
- The share of clean spending increased from 24% from March-May 2020 to 37% from October-December 2021
- Yet, more efforts are needed. Since January 2021, the share of clean energy has largely stagnated, with only a 4% rise



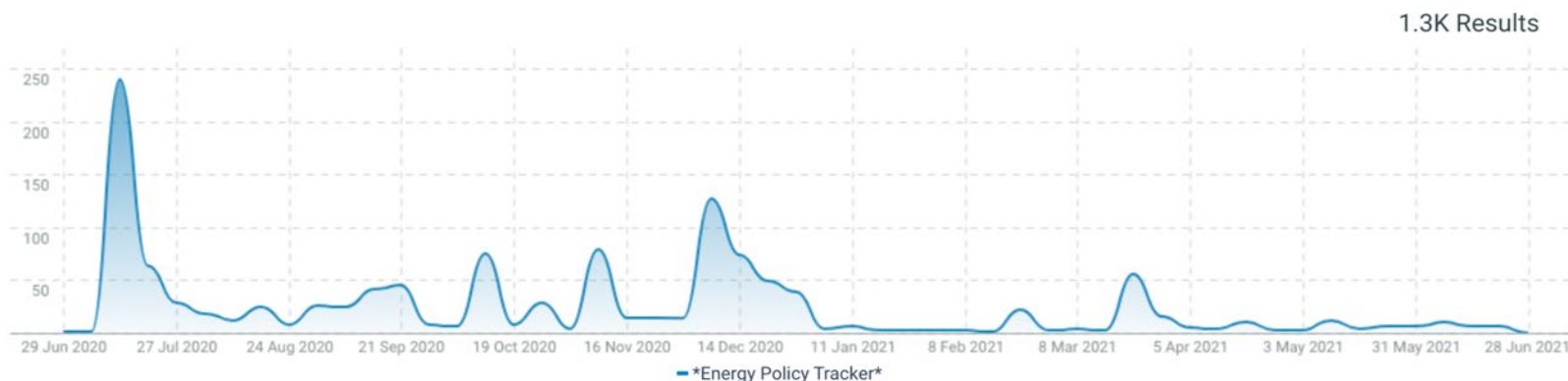
Public money commitments vary per sector and per type of policy

- The transport sector received about half of total COVID-19 response while other sectors such as the buildings sector received only 5% despite its high potential to create green jobs and reduce emissions
- Despite their potential to contribute to a green recovery and raise significant revenue, there are not many examples of fossil fuel subsidy reform and increased fossil fuel taxation

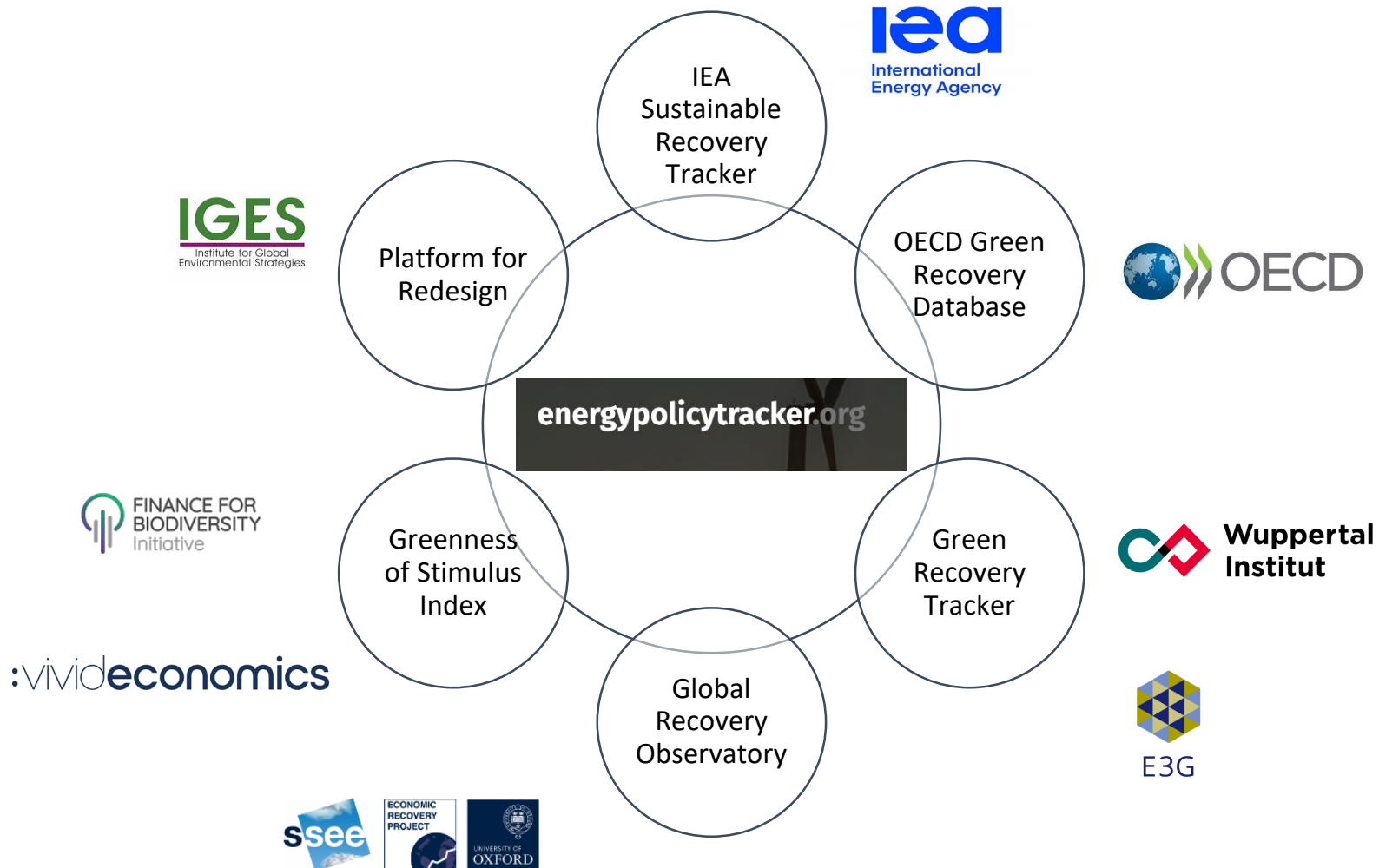


How can the EPT data support higher climate ambition?

- The EPT has been covered in around 1300 media stories in 60 countries
- Findings supported the work of the office of the UN Secretary-General, World Bank, UNEP, and many others
- The EPT has shaped the recovery narrative ahead of key political events (G7 Heads of Summit, G20 Finance Ministers meeting, etc)
- Impact of the EPT has been strongest when the data is leveraged as part of research and advocacy efforts
- There is still a need to increase the impact of the EPT at the country level, especially in the Global South



How can the EPT data support higher climate ambition?



Key takeaways and recommendations in relation to SDG 13

Align with 1.5C

Governments should ensure public finance no longer supports fossil fuels and that green strings are attached to policies that have a detrimental environmental impact.

Invest in low-hanging fruits

Governments should invest in clean unconditional measures.

Increase international cooperation

To date, recovery spending has been much lower in low and middle-income countries. Enhanced international cooperation, technical assistance and capacity building are needed to support these countries to build back better.



Why is it important to assess the social impacts of energy policies?

1. **Inequality in emissions per income group is glaring**
 - The poorest 50% of the world's population contribute only 12% of global emissions
 - In contrast the richest 10% contribute to nearly half of global emissions
 - The Covid-19 crisis has worsened inequality and poverty in many parts of the world
2. **Lower-income groups should not bear the brunt of climate inaction**
 - Higher energy costs
 - unequal access to environmental goods and services
 - higher job losses in fossil fuel producing regions
3. **Not assessing the social impacts of energy policies threatens public acceptability in the energy transition**
 - Yellow vest movement
 - Fuel price protest in Ecuador
4. **Higher inequality is detrimental to socio-economic development**

The Inequality and Poverty dashboard

- Analysis of the likely **inequality and poverty impacts of 1047 energy policies in 30 countries** listed in the [Energy Policy Tracker](#) from January 2020-November 2021.
- Policies grouped into **32 policy categories** across the sectors covered by the EPT (mobility, power, resources, buildings). For example:
 - Government support for EV charging infrastructure
 - Bailouts of airlines or airports
 - Government support for energy efficiency or retrofitting in social housing
- Beyond the scope of the dashboard:
 - Country-specific assessment
 - Detailed assessment of a specific policy

How do energy policy categories impact inequality and poverty?

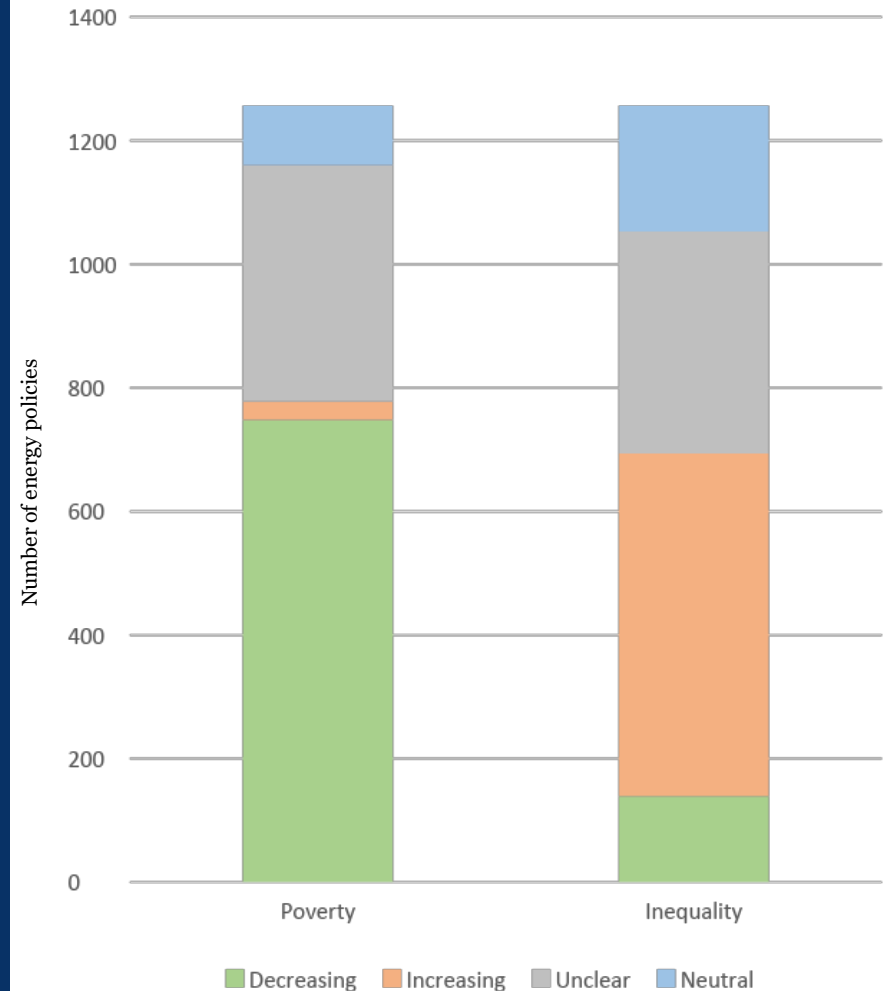
The inequality and poverty analysis groups the policies listed in the Energy Policy Tracker into 32 energy policy categories and provides a summary assessment of their likely inequality and poverty impacts based on existing literature and a conceptual framework. The assessment also provides an overview of the number of energy policies listed in the Energy Policy Tracker database that fall within each policy category and the types of contextual elements, design elements and complementary policies which can influence the direction and magnitude of the inequality and poverty.

MOBILITY		POWER	BUILDINGS	RESOURCE EXTRACTION	MULTIPLE SECTORS		
Policy Category		Classification on EPT		Dimensions of Social Outcome		Contextual Factors, Indicators and Policy Response	Number of Matching Policies
Incidence	Policy category	Clean/Fossil/Other Energy	Inequality	Poverty	Indicators influencing the direction or magnitude of effects	Complementary policies which influence the direction or magnitude of effects	
Consumer	Government support for public transport (cheaper fares for users)	Clean	Inequality unclear (high confidence) Partially or fully subsidized transfer fees are expected to decrease inequality because lower-income riders will capture more benefits than higher-income riders. Distance- or time-based fare pricing can increase or decrease inequality depending on ridership demographics and transit patterns. Subsidizing all fares at the same rate (flat fares) may increase inequality if higher-income riders end up benefiting from the subsidy as much as lower-income ones. However, this will depend on the demand elasticity (e.g., even with cheaper rates, wealthier groups may choose not to use public transport).	Poverty decreasing (high confidence) Because low-income riders are more dependent on public transit than higher-income riders, who tend to be more likely to own private vehicles or are able to make lifestyle changes such as working from home, lowering the price of public transit will decrease a non-substitutable expense for low-income households	Pricing mechanism Ridership demographics Size and density of metropolitan area Ridership patterns	Targeted transfers for low-income riders Free transfers Greater accessibility in rural areas Population-specific accessibility improvements More efficient transit systems	6
Supply and Infrastructure	Government support for public transport companies and provision of public transport infrastructure	Clean	Inequality unclear (medium confidence) Providing public transport infrastructure reduces inequality, at least locally, by providing access to the transit system.	Poverty decreasing (high confidence) Improving access to public transport, especially in low-income areas,	Size of programs Reach of infrastructure Makeup of public transport users	Including conditionalities of pricing support for low-income groups, subsidized fares, and job retention	141

Source: <https://www.energypolicytracker.org/inequalities>

Distinct inequality and poverty impacts

- 60% of existing energy policies analyzed are likely to decrease poverty, if well-designed and implemented
- In contrast, only 11% will likely decrease inequality
- These findings depend on contextual factors such as:
 - average household energy spending
 - car ownership rates
 - informality of the job market
- Some contextual factors will depend on national or sectoral indicators
- the same energy policy can impact inequality and poverty in different directions
 - Airline bailouts
 - EV subsidies
 - Retrofits for private households



Policy Design and Complementary Policies can Mitigate Negative Social Outcomes

- **Recycling revenues from carbon/energy taxes. e.g.:**
 - Cash transfers for consumers
 - Using revenues to retrain workers
 - Subsidies to clean energy
- **Inclusion of local communities in clean energy projects**
 - Higher uptake
 - Increased sense of community ownership
 - Reduced access gap
- **Job trainings targeted to lower-income groups**
 - This affects the magnitude of positive social impacts

Key takeaways and recommendations in relation to SDG 10

End support for policies that harm the people and the climate

A few energy policy categories have **clear-cut negative climate and social effects** (e.g. most forms of support to fossil fuel production).

Scale up support for “win-win” policies

Win-win policies (e.g. supporting energy efficiency in social housing) **have both positive social and climate effects**, and should be a priority for governments.

Systematically assess the long-term impacts of energy policies

During Covid-19 governments responded to the immediate economic and social impacts of the crisis **but more focus on the inequality impacts is key.**

Clean energy policies should be designed to mitigate negative social impacts

Regressive clean energy policies are not inevitable.

Progressive design options and complementary policies can be developed in the vast majority of cases.



Thank You!

Resources:

Energy Policy Tracker and inequality and poverty dashboard

<https://www.energypolicytracker.org/>

<https://www.energypolicytracker.org/inequalities>

IISD publications on green recovery and the inequality and poverty impacts of energy policies

www.iisd.org/fossilfreerecovery

<https://www.iisd.org/publications/report/covid-19-impacts-on-clean-energy-transition-inequality-poverty>

Joint statement with other recovery trackers

<https://www.iisd.org/articles/covid-19-green-recovery-trackers-statement>

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