

Knowledge Exchange Forum

Strategies in Energy Subsidy Reform:
Learning from Global Experiences

MINISTRY OF FOREIGN AFFAIRS / COPENHAGEN



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**STRATEGIES IN
ENERGY
SUBSIDY
REFORM:
LEARNING
FROM GLOBAL
EXPERIENCES**

Ministry of Foreign
Affairs

October 22, 2014



STRATEGIES IN ENERGY SUBSIDY REFORM: LEARNING FROM GLOBAL EXPERIENCES

The Energy Sector Management Assistance Program (ESMAP) of the World Bank has launched an **Energy Subsidy Reform and Delivery Technical Assistance Facility** to support countries as they design and implement energy subsidy reform programs. Involving close collaboration with key stakeholders such as government ministries, think tanks, and civil society organizations, this multi-year initiative offers countries financing for comprehensive technical assistance on issues related to subsidy reform, including:

- Analysis of the poverty, social, fiscal, macroeconomic, political economy, and climate change aspects of subsidy reform
- Assessment of distributional impacts of subsidies at the household and macroeconomic levels
- Support for policy dialogue, consultations, communications strategies, and consensus building
- Support for improving the targeting and delivery of subsidies, including through technology-enhanced approaches
- Design and implementation of subsidy reform approaches, energy pricing frameworks, transition plans, energy efficiency and renewable energy solutions, and suitable social protection and other mitigation mechanisms

The Facility also supports knowledge exchange, encouraging peer learning on both diagnostics and solutions among client countries and at the international level.

ESMAP MISSION

The Energy Sector Management Assistance Program (ESMAP) is a global knowledge and technical assistance program administered by the World Bank. It provides analytical and advisory services to low- and middle-income countries to increase their know-how and institutional capacity to achieve environmentally sustainable energy solutions for poverty reduction and economic growth. ESMAP is funded by Australia, Austria, Denmark, Finland, France, Germany, Iceland, Lithuania, the Netherlands, Norway, Sweden, and the United Kingdom, as well as the World Bank.

“Strategies in Energy Subsidy Reform: Learning from Global Experiences” is the first global conference being held as part of the knowledge sharing efforts of the Facility. The objective of this one day event is to foster engagement among countries on challenges and lessons learned from past reforms. The effort is geared towards helping country practitioners identify (i) priority actions, (ii) key operational challenges, and (iii) capacity gaps. The event will also look at ways the Facility can help World Bank client countries, in terms of knowledge resources and potential collaboration opportunities among donors and countries.

Sessions will include panel discussions on (i) energy pricing strategies, (ii) social protection strategies, and (iii) political economy and communication strategies. A networking coffee break will allow for an informal dialogue among participants on challenges faced, solutions available and support needed by countries. During the final brainstorming session, the audience will be encouraged to raise critical challenges that their countries are facing in designing or implementing reforms. A panel of experts will respond to the challenges raised in an interactive dialogue moderated by the facilitator.

WEDNESDAY, OCT 22, 2014

TIME	SESSION	PARTICIPANTS
08:30	REGISTRATION	
09:00	SETTING THE STAGE	Anita M. George Senior Director, World Bank Group
09:15	WELCOME REMARKS BY THE GOVERNMENT OF DENMARK	Martin Lidegaard Minister, Foreign Affairs, Denmark
09:30:	SESSION 1 IMPLEMENTING ENERGY PRICING REFORMS	
	Energy Pricing and Subsidy Reform Strategies Facilitated Discussion Sharing Country Experiences	
	This session will discuss the practical implementation aspects of pricing strategy to include timing, phasing, as well as de-politicizing mechanisms (e.g. automatic pricing mechanism).	
	Moderator Ronald Steenblik , Senior Trade Policy Analyst, Trade and Agriculture Directorate, OECD	
	Chile. Evolution of the government's attempt to deal with oil price volatility through price insurance and price stabilization schemes; compensation to the vulnerable.	Dr. Vivianne Blanlot Director, VBS Consultores
	European Commission. Producer subsidies for coal; growing move to price carbon among member countries.	Humberto Delgado Rosa Director for Adaptation to Climate Change and Low Carbon Technology, European Commission
	Kenya. Gradual elimination of power sector subsidies followed by re-introduction, and another attempt to eliminate subsidies; attempts to limit fuel price increases through price ceilings and tax cuts	Frederick Nyang Ag. Director General, Energy Regulatory Commission
11:00	COFFEE BREAK	
11:15	SESSION 2 PROTECTING THE POOR AND VULNERABLE AGAINST ENERGY PRICE INCREASES	
	Social Protection Strategies Facilitated Discussion Sharing Country Experiences	
	This session will focus on protection mechanisms (e.g. timing, sequencing, compensation levels, etc.) and to what extent these mechanisms effectively target the poor and vulnerable.	
	Moderator Ruslan Yemtsov , Lead Economist, World Bank Group	
	Indonesia. Targeted cash transfers, use of smart cards (Bantuan Langsung Tunai targeting 35% of population), and other social welfare programs (health insurance, school operational assistance, rural infrastructure support).	Dr. Mohamad Ikhsan Advisor, Vice President, Indonesia
	Iran. Cash transfers initially targeted to a high share of the population. Efforts to improve targeting in light of growing inflation and fiscal burden.	Ms. Elham Hassanzadeh Research Fellow, Oxford Institute for Energy Studies
	Pakistan. Benazir Income Support Program and replication of BISP mode. Analysis of block tariff to protect the poor and vulnerable from energy subsidy reforms.	Thomas Walker Economist, Social Protection & Labor, World Bank Group

12:45 LUNCH

14:00 SESSION 3 | BUILDING CONSENSUS FOR SUSTAINABLE ENERGY SUBSIDY REFORM

Political Economy & Communication Strategies
Facilitated Discussion | Sharing Country Experiences

This session will discuss the importance of political economy and government credibility, and will focus on public acceptance strategies such as improving service delivery and implementing a communication campaign.

Moderator | Scott Vaughan, President & CEO, IISD

Philippines. Political leadership, early planning, communication with a wider audience to build trust

Atty. Jay Layug
Former Undersecretary of Energy

Dominican Republic. Improving service delivery of electricity (call centers to handle customer complaints, gradual reduction of outages duration and frequency)

Mr. Magin Diaz
Deputy Minister, Ministry of Finance

Peru. Sustaining market pricing for Oil and Gas products under pressure from internal stakeholders

Mr. Humberto Campodonico Sanchez
Consultant ECLAC, Ex-Chairman of the Board of Directors of PETROPERU

Altura Partners: Multiple Country Examples. Country experiences on managing political economy challenges

Dr. Simon Commander
Managing Partner, Altura Partners

15:30 NETWORKING COFFEE BREAK | SHARE EXPERIENCE & REFLECTIONS WITH COUNTRIES FACING SIMILAR CHALLENGES

16:15 SESSION 4 | WHAT TYPE OF SUPPORT DO COUNTRIES NEED FOR SUCCESSFULLY IMPLEMENTING REFORM?

Expert Clinic and Brainstorming with All Participants

Moderator | Joerg Husar, Programme Manager, LAC Region, International Energy Agency

Discussion & Survey

Delegates from country governments and representatives of International Institutions

17:45 CONCLUSIONS AND WRAP-UP

Dr. Marianne Fay
Chief Economist, Climate Change Group, World Bank Group

18:00 EVENT CLOSE

18:30 RECEPTION HOSTED BY MINISTRY OF FOREIGN AFFAIRS, DENMARK

SPEAKER BIOS

SETTING THE STAGE

ANITA M. GEORGE, Sr. Director, World Bank Group

Ms. George is Senior Director of the World Bank Group's Global Practice on Energy and Extractive Industries. In this position, she provides leadership and strategic direction to the Global Practice that fosters partnerships with key clients through lending, advisory and knowledge services. Before assuming this position on July 1, 2014, Ms. George was the Asia Pacific Regional Director for Infrastructure and Natural Resources at the International Finance Corporation (IFC). She has played several roles in the World Bank Group working in Asia, Africa, Middle East and Latin America. Besides her work with the Bank Group, she has headed Siemens Financial Services in India covering the telecommunications, power and transportation sectors, and has also served in management positions with the Steel Authority of India. Ms. George holds a dual Masters' degree in Business Administration and Economic Policy from Boston University. She is married and the mother of two children.



WELCOME

H.E. MARTIN LIDEGAARD, Minister for Foreign Affairs, Denmark

Martin Lidegaard is the Minister for Foreign Affairs of Denmark. Amongst other issues, Mr. Lidegaard is very active in promoting a common and coherent EU approach to energy security through energy efficiency sufficient infrastructure and investments in domestic production. Before assuming office as Minister for Foreign Affairs on February 3, 2014 Mr. Lidegaard resided as Minister for Climate, Energy and Buildings for almost three years. He is a member of the Social Liberal Party and was a Member of Parliament from 2001-2007. He is a co-founder of the think tank CONCITO and was the information officer and deputy Secretary General of the Danish Association for International Cooperation. Mr. Lidegaard holds a Master's Degree in Communications from Roskilde University. He was born December 12, 1966, son of author Mads Lidegaard and journalist and author Else Lidegaard and has a daughter.



SESSION 1

VIVIANNE BLANLOT SOZA, Partner, VBS Consultores

Vivianne Blanlot Soza's experience includes ten years as part of the staff of the Energy and Infrastructure Divisions of the Interamerican Development Bank; more than twenty years of national and international consultancy in the economic, financial, regulatory and institutional aspects of the energy and sanitation sectors; Chief Executive Officer of the Chilean Energy Policy and Regulatory body (Comisión Nacional de Energía-National Energy Commission); Chief Executive Officer of the Environmental Authority (Comisión Nacional del Medio Ambiente-National Environment Commission); Minister of Defense, 2006-2007. Some of the current activities include, consultancy and studies for private companies and public entities, mainly in the energy, sanitation, an environment sectors, member of the Chilean Transparency Council, member of the Board of Directors of Colbún S.A., one of the main Chilean private electricity companies and the member of the Board as a Non-Executive Director, Antofagasta PLC.



HUMBERTO DELGADO ROSA, Director for Adaptation to Climate Change and Low Carbon Technology in DG Climate Action, European Commission

Humberto Delgado Rosa is the Director for adaptation to climate change and low carbon technology in DG Climate Action, European Commission, since January 2012. He has relevant experience in European and international environmental policy, particularly in climate change issues. He served as Secretary of State for the Environment of Portugal from March 2005 to June 2011. In 2007 he was EU lead negotiator for the UN Climate Change Conference, during the Portuguese Presidency of the EU Council. Between 1995 and 2002 he was advisor for environmental matters to the Prime Minister of Portugal. H. Delgado Rosa holds a PhD in Evolutionary Biology, and was a professor and researcher at the University of Lisbon, with experience in animal biology, biodiversity and life science ethics. Born in Lisbon in 1960, he is the father of two.



DR. FREDERICK NYANG, Director, Economic Regulation, Energy Regulatory Commission (ERC), Kenya

Frederick Nyang holds a PhD in Economics and is a specialist in Energy and Environmental Economics. He has twenty six years of work experience spanning regulation, academia and public service. He currently holds the position of Director Economic Regulation with Kenya's Energy Regulatory Commission (ERC) in Nairobi. His responsibilities at the Commission entail overseeing the Commission's Economic Regulation Department management and operations. His experience includes lecturing economics courses and supervising student research at university; working with donor-funded projects in the public sector; as well as consultancies in energy economics, agricultural mechanization, and soil & water conservation. Some significant achievements in his career include positions as the Acting Director General of Energy Regulatory Commission August 2013 to August 2014, Chairman for the Economics Portfolio Committee of the Energy Regulators Association for East Africa – 2009-2011, Team Leader for the Committee that formulated and drafted Kenya's Feed-in-Tariffs Policy – 2007 and Chief Rapporteur for the multi-disciplinary technical team that developed Kenya's premier white paper on Energy Policy - 2004.



SESSION 2

MOHAMAD IKHSAN, Special Advisor to the Vice President, Republic of Indonesia

Mohamad Ikhsan is the special advisor to the Vice President of the Republic of Indonesia. Earlier he was special advisor to the Coordinating Minister for Economic Affairs. He is concurrently a professor of economics at the University of Indonesia. Before joining the government, he was the director for the Institute of Economics and Social Research University of Indonesia. He also serves as a non-executive board member at several state owned enterprises and private companies. He also has served as a member of Board of Trustee International Food Policy Research Institute (IFPRI) in Washington DC since 2008. He has a PhD in Economics from the University of Illinois at Urbana-Champaign, USA and a Master's Degree in Economics from Vanderbilt University in Nashville, Tennessee, USA.



ELHAM HASSANZADEH, Research Fellow, Oxford Institute for Energy Studies

Elham Hassanzadeh is a Research Fellow at Oxford Institute for Energy Studies where she has conducted extensive research on legal and political aspects of oil and gas industry development in the Middle East, particularly in Iran and Iraq. She is the author of "Iran's natural gas industry in the post-Revolutionary period", published by Oxford University Press. She also has publications on the Middle East's energy market reform with the International Institute for Sustainable Development where she is a visiting fellow. She is also the author of "Recent developments in Iran's subsidies reform" policy brief which was published by the Global Subsidies Initiative (GSI) in 2012. Elham is a qualified barrister at the Iranian Central Bar Association, a visiting lecturer in Azad Tehran University and a researcher to the World Bank on Iranian investment laws and subsidies reform. She holds an LL.M in international commercial law from University of Cambridge where she was Cambridge Overseas Trust scholar and a PhD in Oil and Gas Law and Policy Studies from the Centre for Energy, Petroleum and Mineral Law and Policy (CEPMLP), University of Dundee.



THOMAS WALKER, Economist, Social Protection & Labour, The World Bank Group

ATTY. JOSE M. LAYUG, JR., Senior Partner, Puno & Puno Law Offices, Former Undersecretary, Department of Energy, Republic of the Philippines

Jose M. “Jay” Layug, Jr., was the Undersecretary of the Philippine Department of Energy (DOE) from 2010-2012 handling the Renewable Energy Management Bureau, Energy Resources Development Bureau and Oil Industry Management Bureau. He is currently a Senior Partner at Puno & Puno Law Office and a Senior Policy Adviser of the Sugar Master Plan Foundation, Inc. Prior to his DOE position, Jay was a Senior Counsel for the Negotiations and Legal Department of the Australian Strategic Business Unit of Chevron Corporation. In such capacity, he served as the Malampaya Legal Manager of Chevron Malampaya LLC located in Manila, Philippines from 2007-October 2010. As Chevron counsel, he received the first ever William T. Coleman Award in 2008 – the highest recognition given by Chevron Corporation to a Chevron in-house counsel worldwide. Before joining Chevron, Jay acted as international legal consultant of the Asian Development Bank and consultant on Philippine power and energy at Belo Gozon Elma Parel Asuncion & Lucila Law Office in 2006-2007.



MAGIN J. DÍAZ, Deputy Minister of Finance, Dominican Republic

In August 2012, Magín Díaz was appointed Deputy Minister of Finance of the Dominican Republic. He has been Under-Secretary of Finance and Chief Economist at the Ministry of Finance of the Dominican Republic and Chief Economist of the Ministry of Economics, Planning and Development as well as Chief Economist of the Energy Sector for the Government of the Dominican Republic.

He has served as an economic advisor to the Governments of Dominican Republic, Honduras, El Salvador and Uruguay on fiscal and macroeconomic policies. He has been a consultant for the Inter-American Development Bank and the World Bank. He served as Director of the Department of Economics, Pontificia Universidad Católica Madre y Maestra in the Dominican Republic from 2009 to 2012. His areas of interest include: tax reform, fiscal policy, financial programming, macroeconomic modeling and forecasting, impact of tax and expenditures policies on income distribution. He holds a M.A. in Economics from the University of Chicago and a M.A. in Applied Macroeconomics from Pontificia Universidad Católica de Chile.



HUMBERTO CAMPODONICO SANCHEZ, Consultant, ECLAC in Energy Issues and Former Chairman, Board of Directors of PETROPERU

Currently a consultant with the Economic Commission for Latin America and the Caribbean (ECLAC), Mr. Sanchez held the Presidency and Chairmanship of the Board of Directors of PETROPERU in 2011-2012. He served as the Dean of the Faculty of Economics, Universidad Nacional Mayor de San Marcos (Lima), and the Principal Researcher at the Centro de Estudios y Promoción del Desarrollo (DESCO, Lima) since 1985. He was the director of the Graduate Center of the Faculty of Economics of the Universidad Nacional Mayor de San Marcos (Lima), 1997-2000. Mr. Sanchez has also served at various international positions including, Regional Adviser in Mining and Energy at the ECLAC, and the Member of the United Nations (DESA) Mission in support of the Bolivian Government. He has held the membership of the Advisory Board of Revenue Watch Initiative, RWI, New York. From 2010 to date and published several books about mining, energy (oil, natural gas), international economics and trade.

SIMON COMMANDER, Managing Partner of Altura Partners

Simon Commander is Managing Partner of Altura Partners which provides strategic and economic policy advice to decision makers in governments and companies in emerging and developing economies. He is also currently Professor of Economics at IE Business School in Madrid, as well as sitting on a number of company boards. From 1998 to 2011 he was Senior Adviser at the European Bank for Reconstruction and Development (EBRD) in London. He previously worked (1988-1998) at the World Bank in Washington DC where his last position was Adviser. He has held faculty positions at London Business School where he was Director of the Centre for New and Emerging Markets and at Cambridge University. He holds a MA from Oxford University and a PhD from Cambridge University.



SESSION 4

(expert clinic and brainstorming with all participants)

CONCLUSION

MARIANNE FAY, Chief Economist, Climate Change Group, World Bank Group

MARIANNE FAY is the Chief Economist of the Climate Group of the World Bank. She co-directed the World Development Report 2010 on Development and Climate Change and led a recent World Bank report on Inclusive Green growth: the Pathway to Sustainable Development. She has held positions in different regions of the World Bank (Eastern Europe and Central Asia, Latin America and the Caribbean, Africa) working on infrastructure, urbanization and climate change. She is the author of a number of articles and books on these topics. Marianne Fay holds a PhD in Economics from Columbia University.



MODERATOR BIOS

SESSION 1 | RONALD STEENBLIK

Senior Trade Policy Analyst, Trade and Agriculture Directorate, Organisation for Economic Co-operation and Development (OECD)

Ronald Steenblik is a Senior Trade Policy Analyst in the Trade and Agriculture Directorate of the Organisation for Economic Co-operation and Development (OECD). Ronald's professional career spans four decades—in industry, academia, the US federal government, non-governmental organizations, and the OECD—generally on policy issues related to natural resources, the environment, or trade. Over the last decade Ronald has contributed numerous articles and reports on topics related to subsidies to primary industries, and in 2006 and 2007 served as the first Director of Research for the Global Subsidies Initiative of the International Institute for Sustainable Development. In 2010 and 2011 he oversaw the production of the first comprehensive inventory of government support to fossil fuels in OECD countries. Currently Ronald is a co-chair of the Green Growth Knowledge Platform's Committee on Trade and Competitiveness. He is a graduate of Cornell University and the University of Pennsylvania.



SESSION 2 | RUSLAN YEMTSOV

Lead Economist, World Bank Group

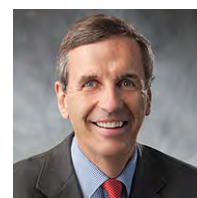
Ruslan Yemtsov is a lead economist and team leader for social protection at the World Bank. Prior to his current position, he worked as a poverty economist in the Middle East and North Africa region, and in the Eastern Europe and Central Asia region. His experience includes: preparing poverty assessments (Egypt, Georgia, Serbia, Croatia, Macedonia, Bosnia), working on targeting and social assistance reviews (Morocco, Russia, Croatia), and leading regional flagship reports on poverty, subsidy reforms and statistical capacity. He has also worked on food crisis response, structural adjustment credits, energy sector reform, social funds, and social welfare development projects.



SESSION 3 | SCOTT VAUGHAN

President and Chief Executive Officer, IISD

Scott Vaughan became President of IISD in April, 2013. Prior to joining IISD, he was Canada's federal Commissioner of the Environment and Sustainable Development for five years. Previously, he was the Director of the Department of Sustainable Development of the Organization of American States (OAS) in Washington, DC; a Visiting Scholar at the Carnegie Endowment for International Peace; the Head of Economics at the NAFTA Environment Commission; and Counsellor at the World Trade Organization (WTO) in Geneva. He held various positions with the United Nations Environment Program (UNEP), including initiating both the UNEP Financial Initiative and UNEP's work on trade issues. In the late 1980s, he worked at the Head Office of the Royal Bank Financial Group. He holds post-graduate degrees from the London School of Economics, the University of Edinburgh and Dalhousie University, as well as an undergraduate degree from Mount Allison University.



SESSION 4 | JOERG HUSAR

Programme Manager, LAC Region, International Energy Agency

Joerg Husar joined the International Energy Agency as Programme Manager for Latin America in 2011. Prior to that, between 2006 and 2011 he was a researcher focusing on international energy relations at the German Institute for International and Security Affairs (SWP), a think tank which advises German Government and Parliament on foreign policy issues. Joerg is a PhD candidate in Political Science at Freie Universität Berlin and has served as assistant lecturer there. He holds an MA in Area Studies (Latin America) with a focus on Political Science from Universität Passau (Germany) and Universidad del Salvador (Argentina).

