

# Fossil Fuel Subsidy Reform and Green Recovery in Asia and the Pacific

UNOSD Side Event - “The role of fossil fuel subsidy reform (FFSR) and renewable energy investment for a green recovery: Building capacities for fossil fuel to renewable energy (FFRE) transition”

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UN ESCAP

04 November 2021

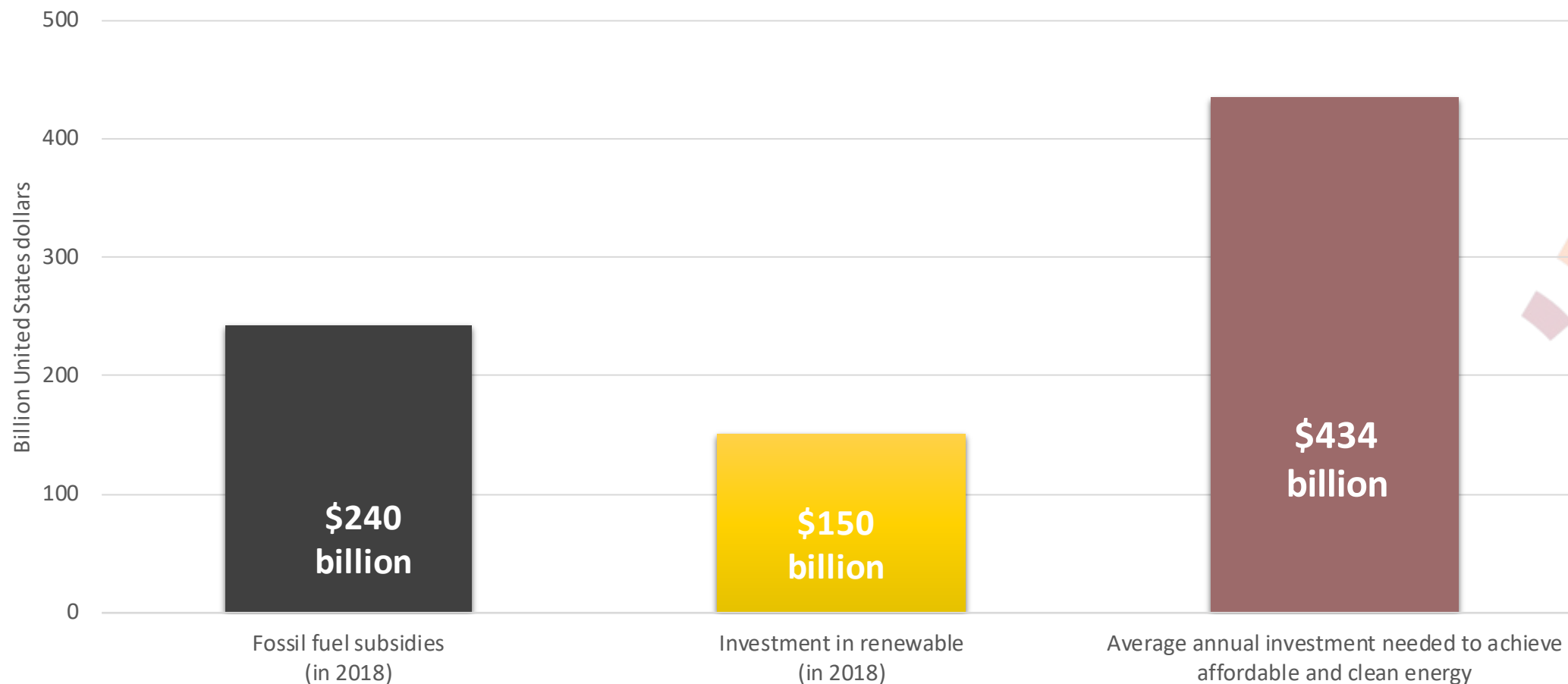


# Key Messages

- Fossil fuel subsidies are a key barrier to sustainable energy transition in Asia-Pacific.
- Coal phase out is critical for the success of the regional climate response.
- A green recovery from COVID-19 is needed to meet both economic and climate goals.



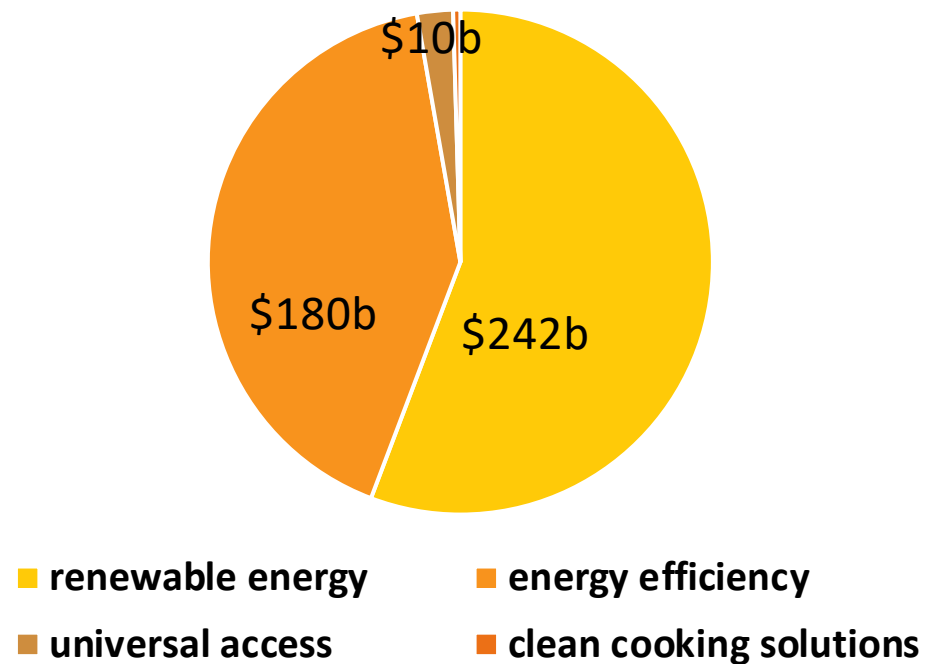
# Asia-Pacific fossil-fuel subsidies outweigh investment in renewables...



# Asia-Pacific has large investment needs to address clean energy targets...

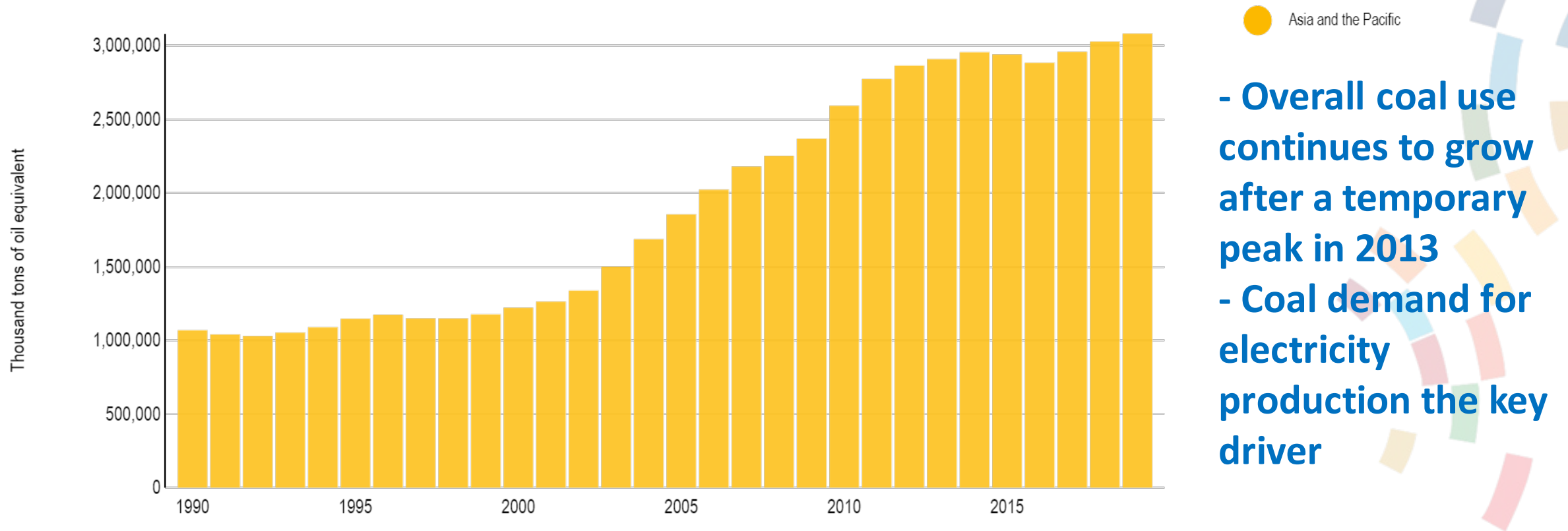


ESCAP Survey 2019 cost estimates, for Asia Pacific



# Coal Sector Growth in the Asia-Pacific

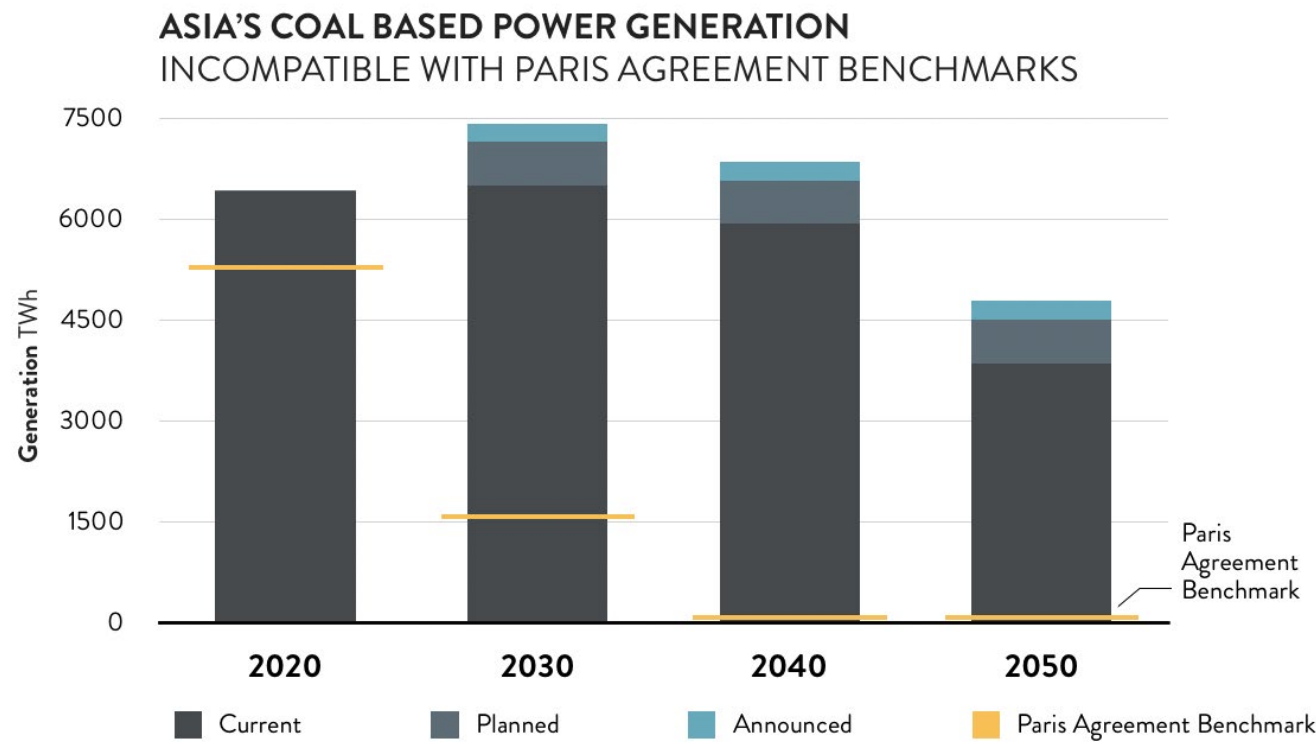
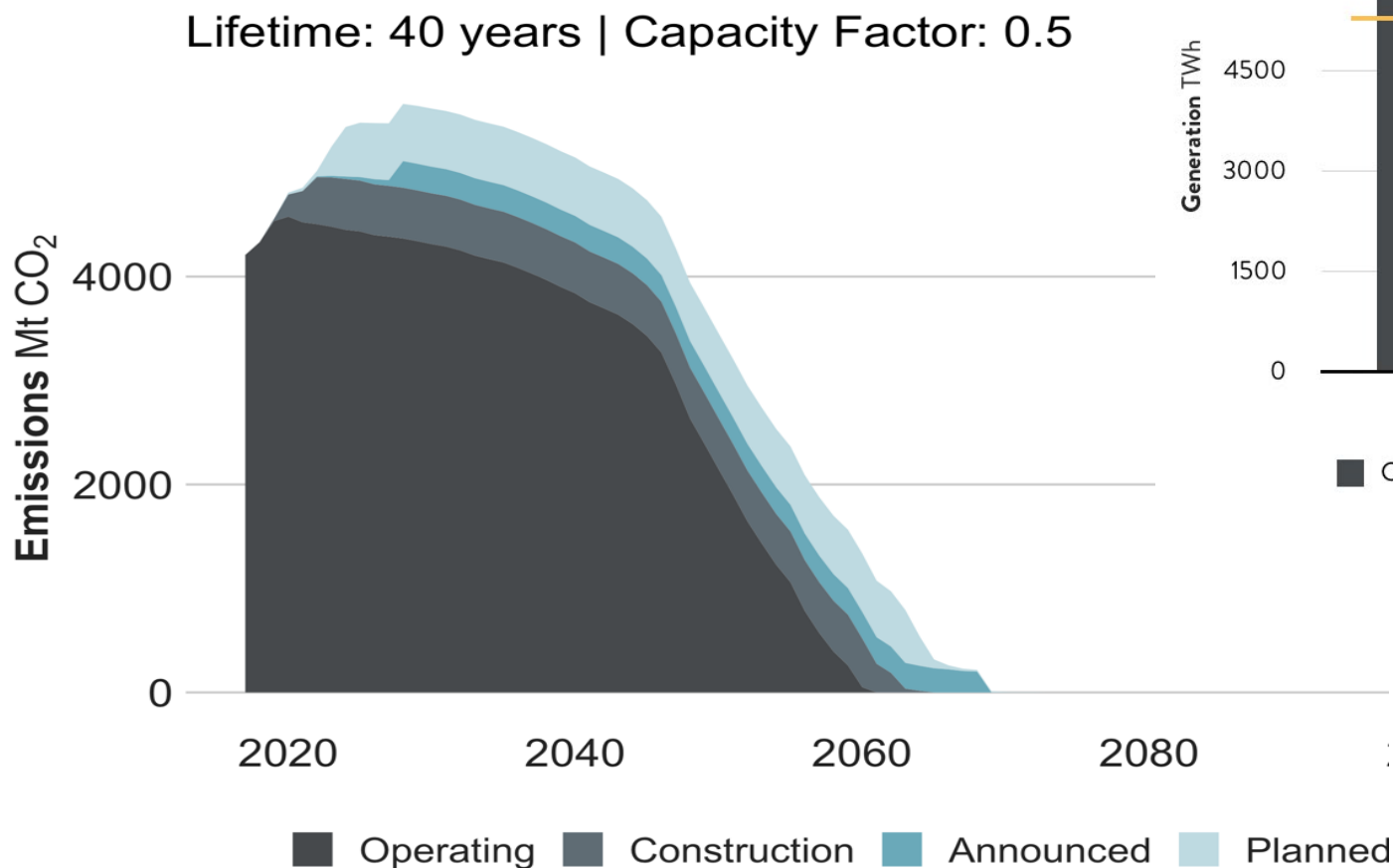
Coal Energy Supply in Asia and the Pacific, 1990-2019



Source: International Energy Agency (IEA), World Energy Statistics and Balances

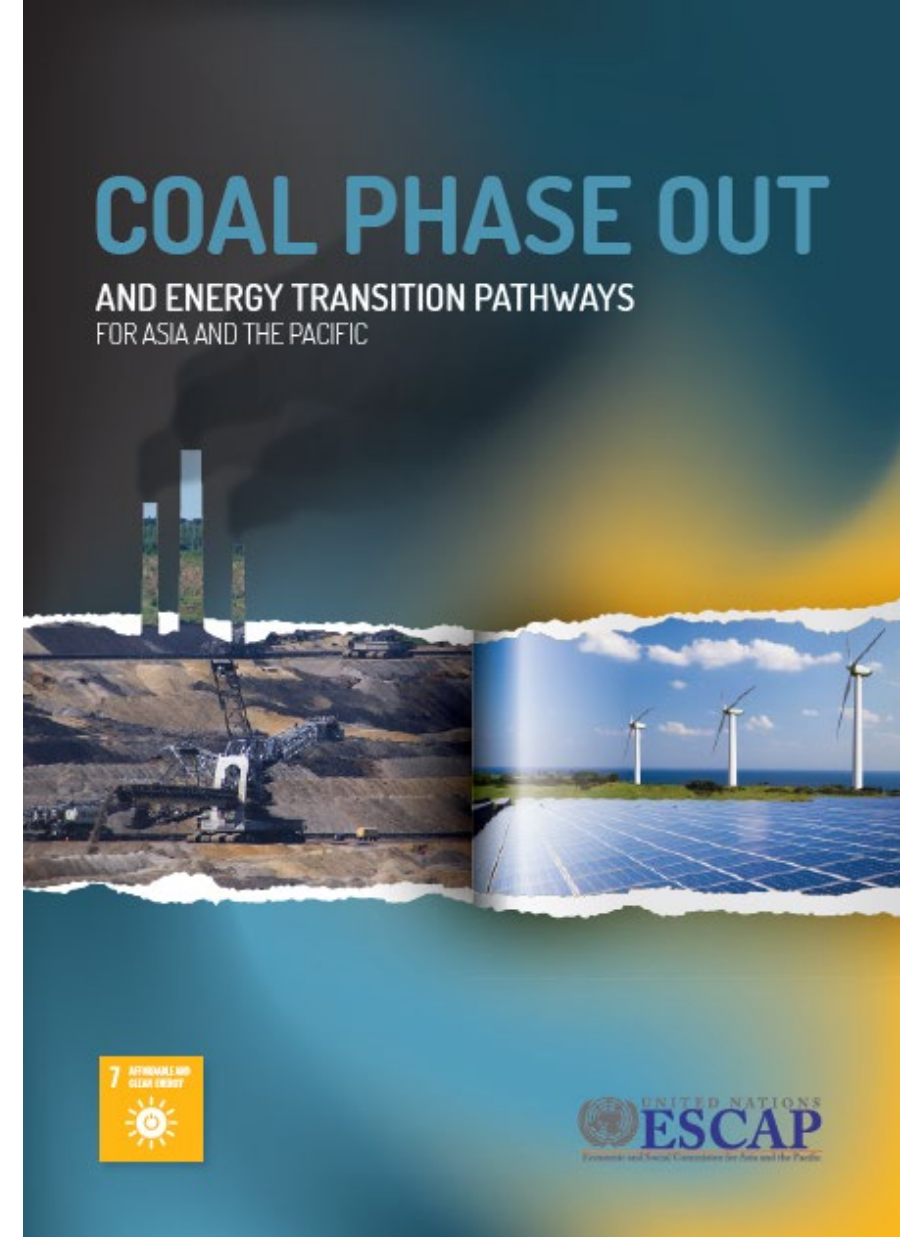
Chart generated from Asia Pacific Energy Portal ([asiapacificenergy.org](http://asiapacificenergy.org))

# Locked-in emissions from coal fired power plants



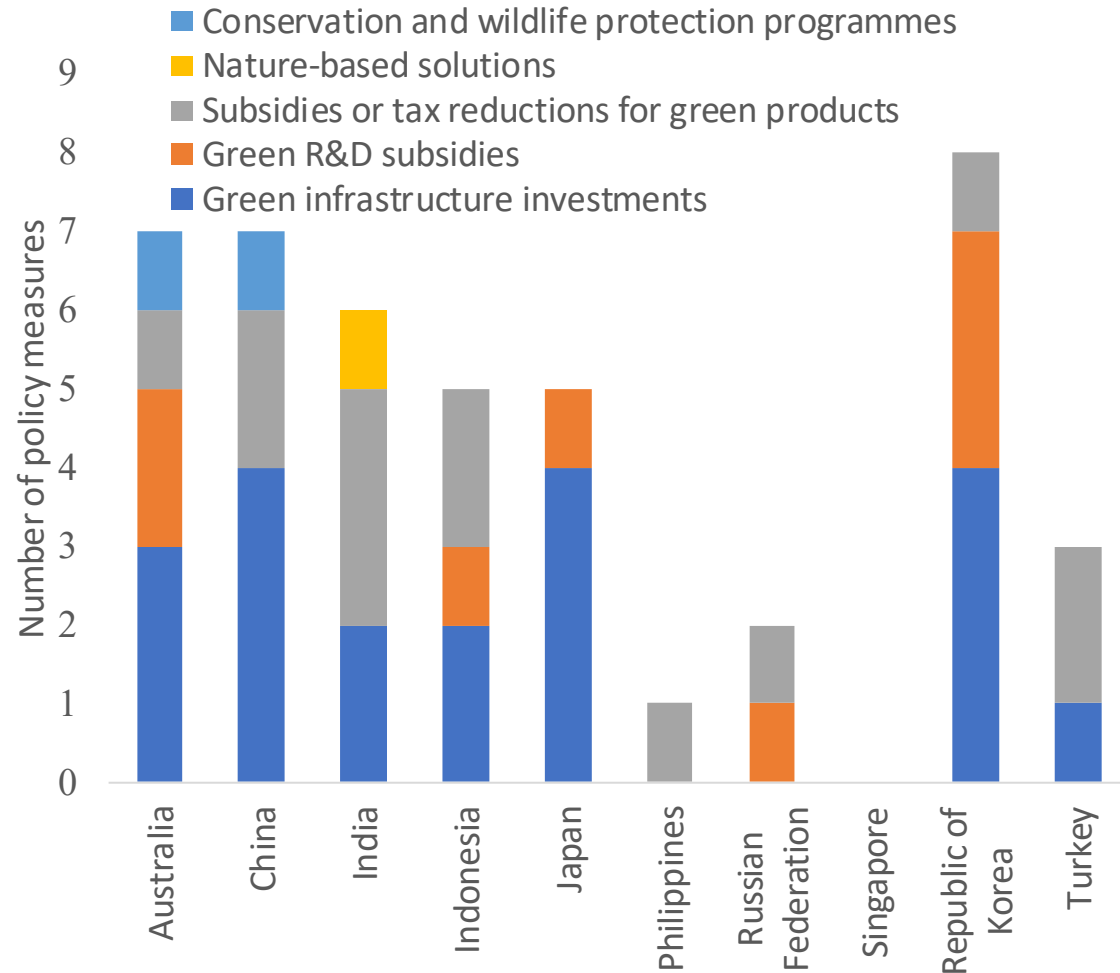
# Coal Phase out and Energy Transition Pathways (2021) – in partnership with Climate Analytics

*A total of 27 countries in the Asia-Pacific region account for .... almost the entire (94 per cent) global pipeline of coal-fired power plants under construction, planned or announced.*

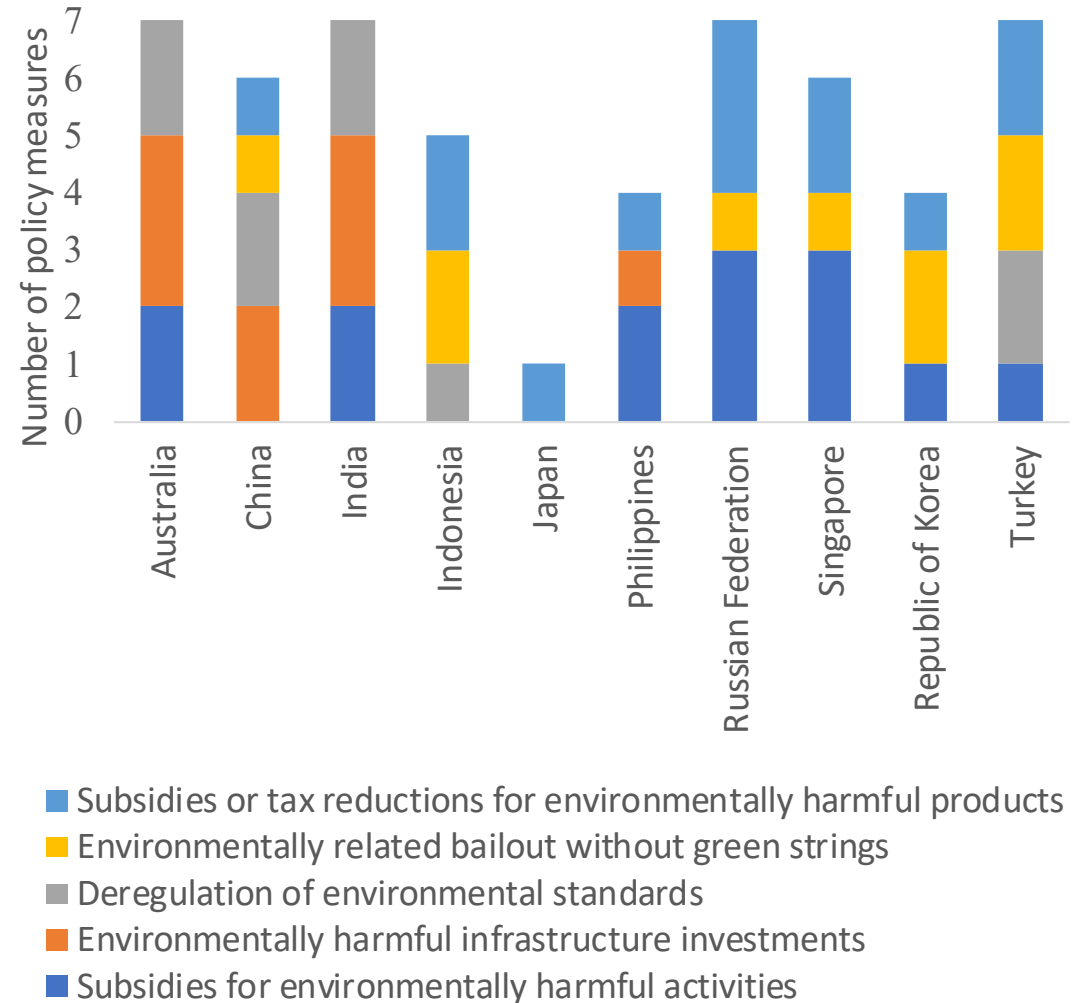


# Asia-Pacific's fiscal response to COVID could have been greener

## Policies to **foster** green recovery



## Policies that **hinder** green recovery



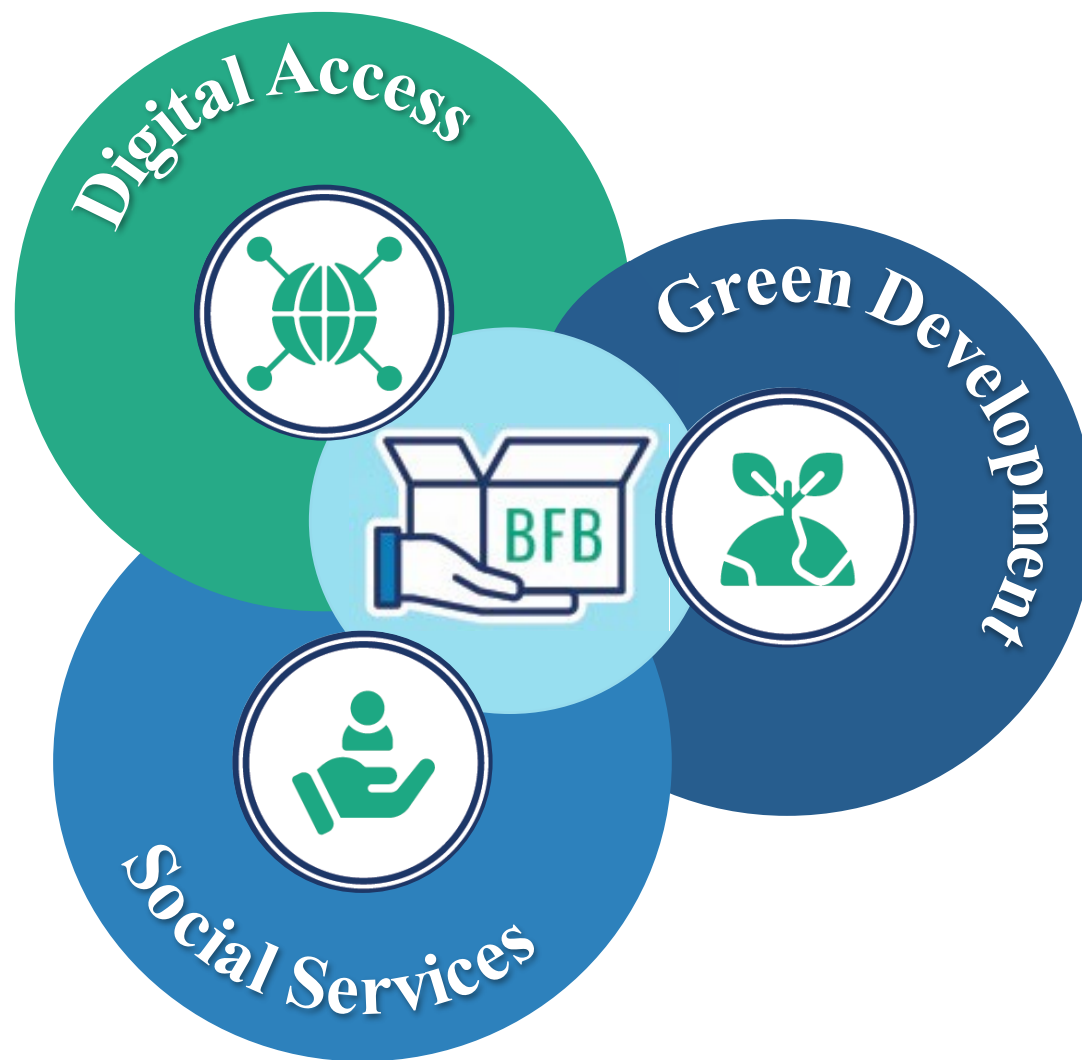


A small, vibrant green sprout with five leaves is growing out of a crack in a weathered, brown wooden surface. The wood has a prominent radial grain pattern with many deep, irregular cracks. The sprout is positioned centrally, slightly to the right of the text.

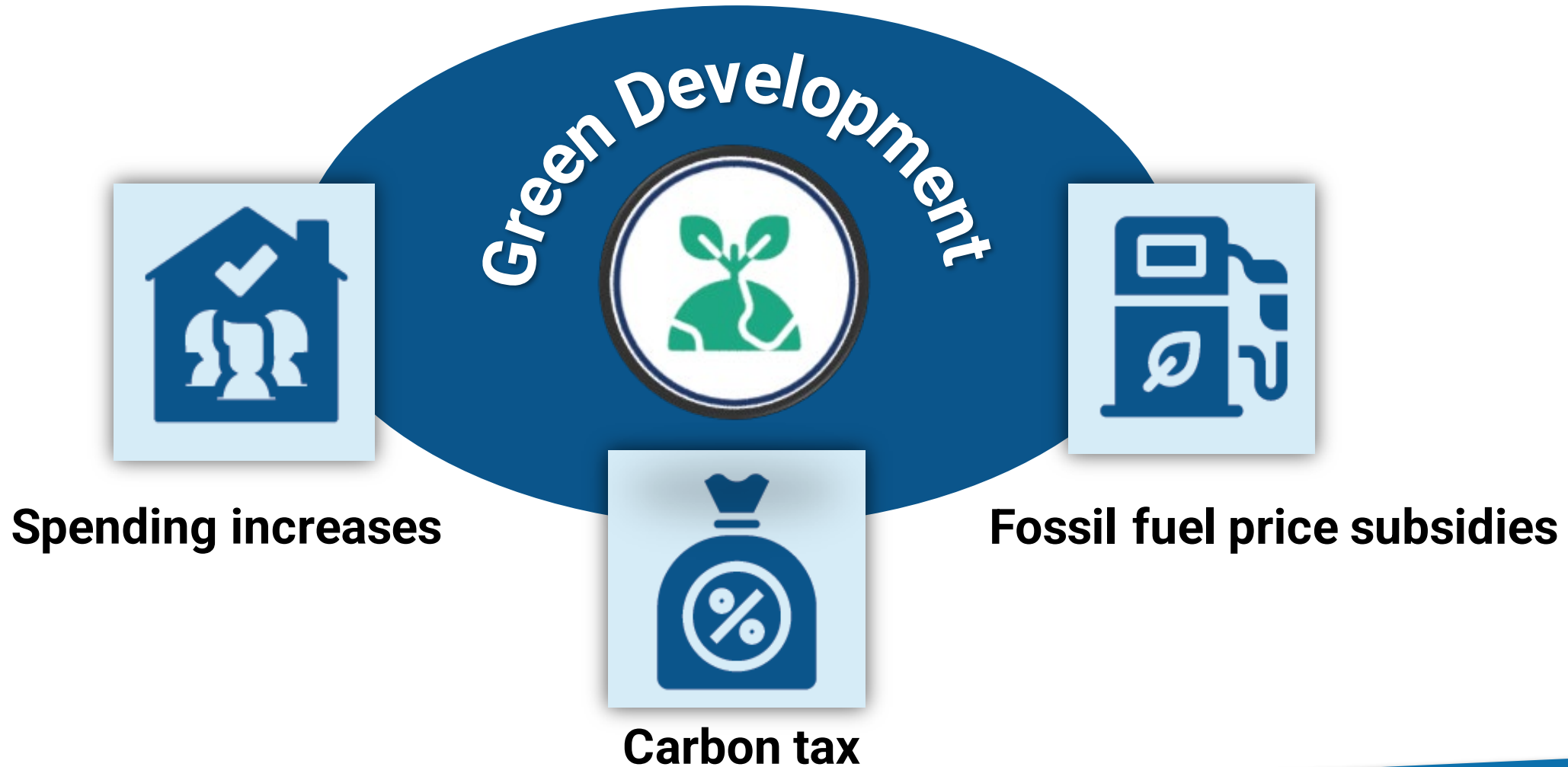
# **Building Forward Better: Advantages of a green policy package**



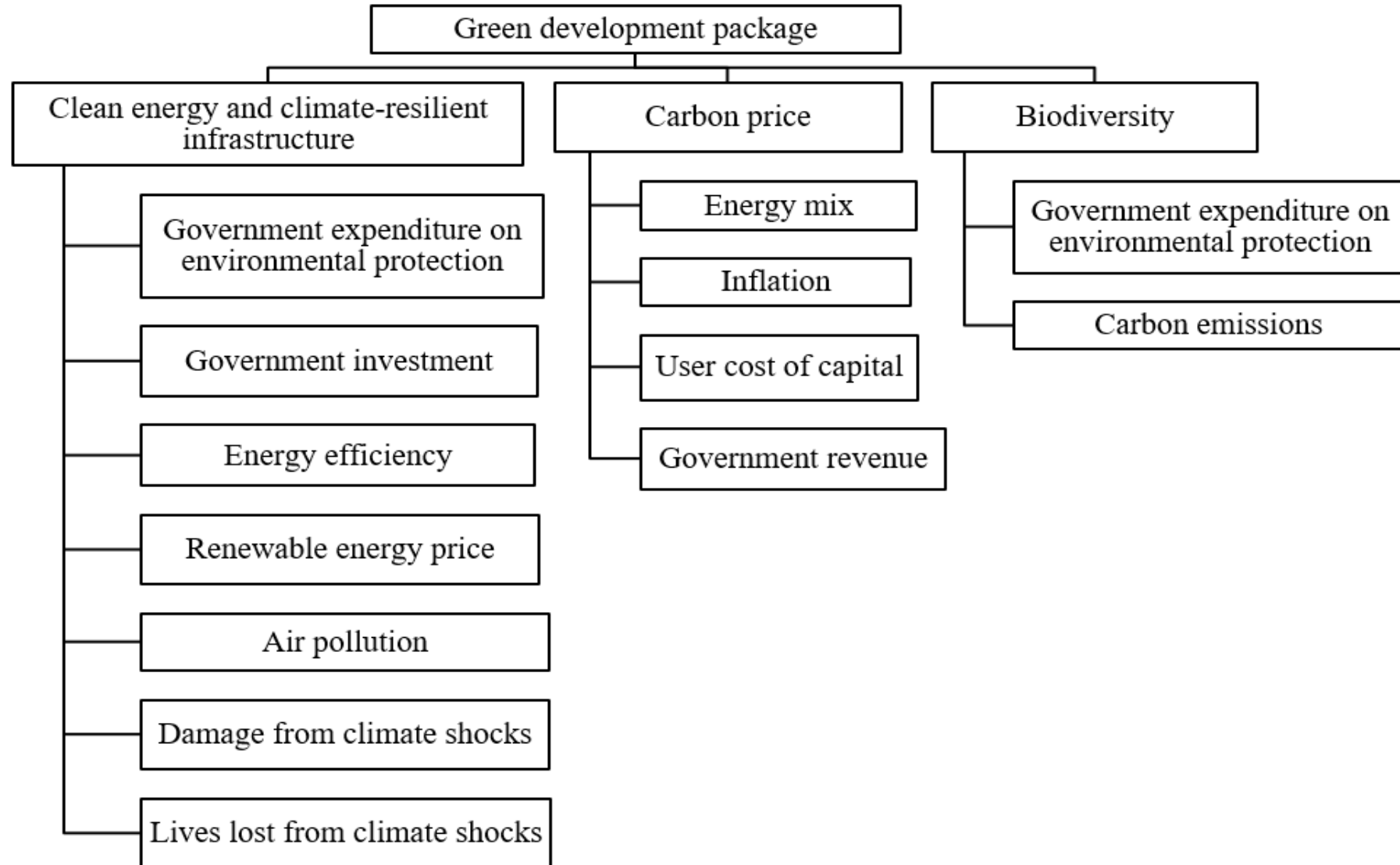
# ***Building Forward Better***



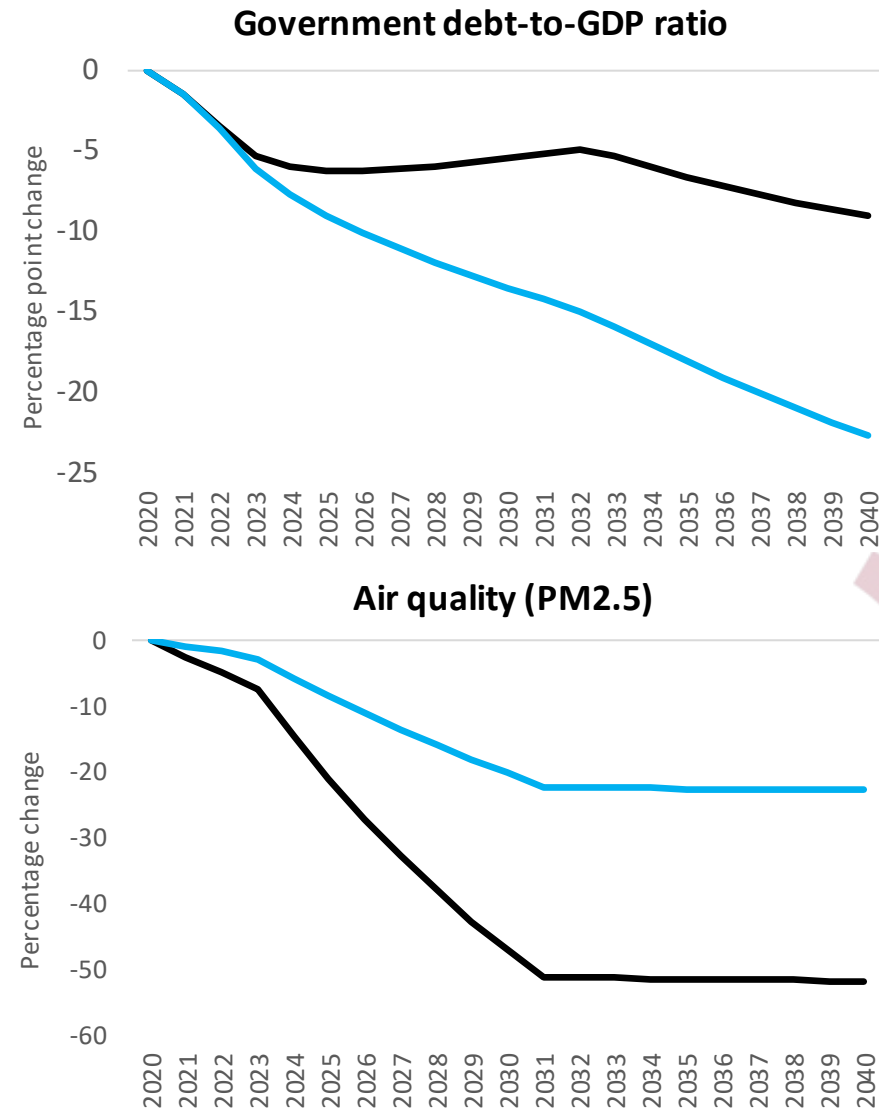
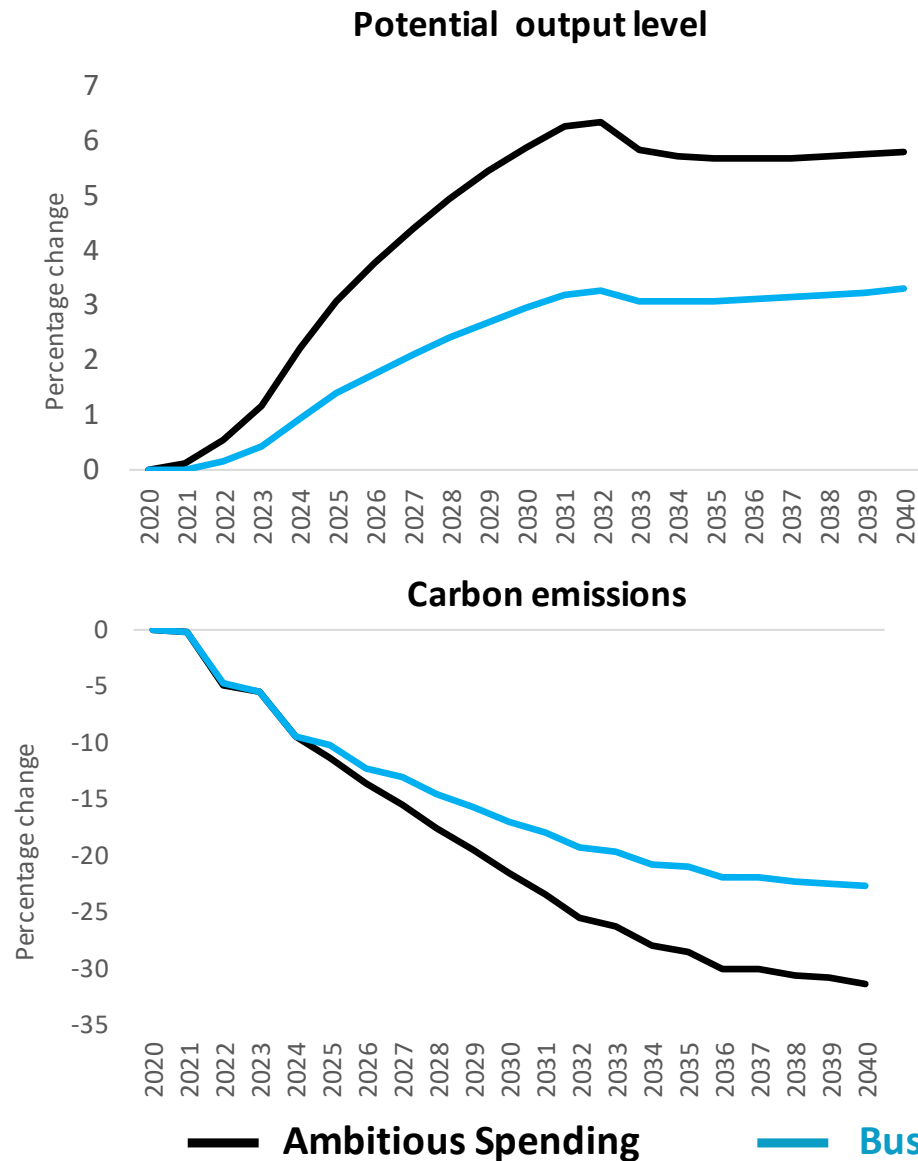
# ESCAP proposes a “*Green development*” policy package...



... with several **channels of impacts** ...



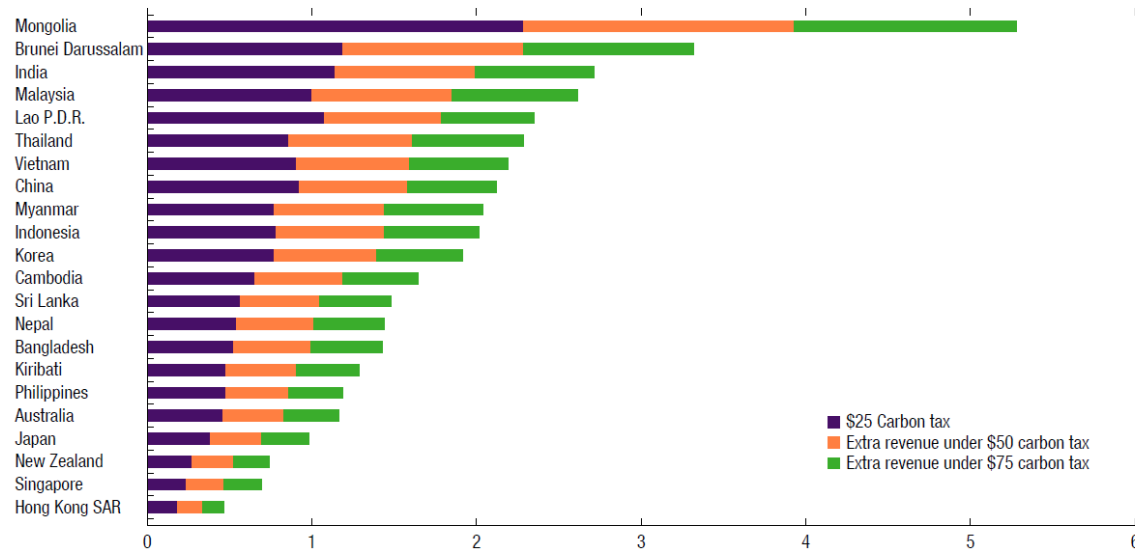
... which bring both **economic & environmental benefits**



# Decarbonize the economies ...

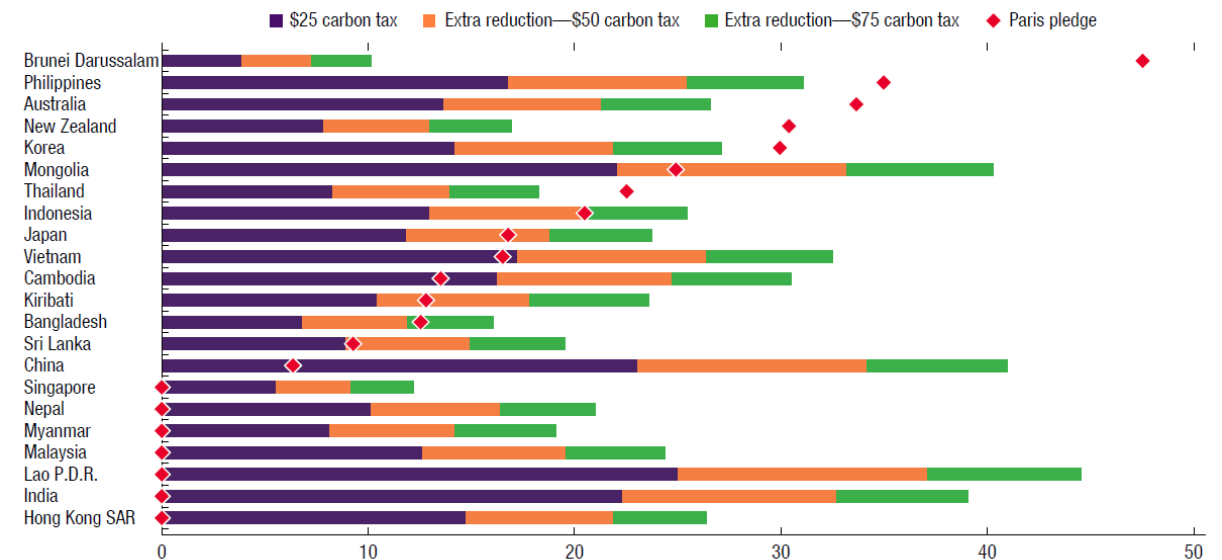
- Remove fossil-fuel subsidies
- Adopt carbon pricing

## Carbon tax revenue



Source: IMF staff calculations.

## Reductions in carbon emissions



Source: IMF staff calculations.

Note: Countries with zero emission-reduction target from the Paris Agreement climate pledge are assumed to be able to achieve the target in the business-as-usual scenario. Paris pledges reflect newly submitted proposals and updates by October 2020.

# THANK YOU

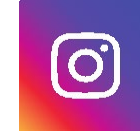
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