

Plan to Accelerate

Axis: 1. Transitioning Energy, Industry and Transport ▾

Key objective: 4. Transitioning away from fossil fuels in a just, orderly and equitable manner ▾

Solution: Phasing out fossil fuel incentives including subsidies through transparency, common methods, national phase-out plans, and removal of international barriers.

Host initiative: Coalition on Phasing Out Fossil Fuel Incentives Including Subsidies

Scope: [Addressed scope, such as specific technologies and geographic/sectoral focus, if any.]

- Geographic: Global; all sectors; fossil fuel incentives including direct and indirect fossil fuel subsidies. This includes direct transfers; incomplete pricing (tax expenditures/exemptions; under-charging for externalities), and measures regulated through international agreements (e.g., aviation & maritime).
- Sectoral: all sectors;
- Thematic: fossil fuel incentives including direct and indirect fossil fuel subsidies. This includes direct transfers; incomplete pricing (tax expenditures/exemptions; under-charging for externalities), and measures regulated through international agreements (e.g., aviation & maritime)

Levers assessment: *(each lever is described in the guidance document)*

- **Risk-informed decision-making:** Low maturity ▾
 - *Rationale: While a number of governments and international organizations such as the IMF, OECD, and IEA have developed fossil fuel subsidy (FFS) inventories and fiscal-incidence or modelling exercises, these efforts remain fragmented and often not owned by governments. SDG 12.c.1 reporting on FFS has been poor. In many cases, analysis is conducted by one ministry—often finance or energy—without effective coordination or data sharing across government. As a result, other key ministries, such as those responsible for environment, social protection, or planning, often lack a shared vision of the ways reforms can be implemented while mitigating its possible social and macroeconomic risks while benefitting from the freed up fiscal space and longer-term energy security implications.*
- **Technology shifts:** Medium maturity ▾
 - *Rationale: In many sectors, cost-competitive renewable and energy-efficient alternatives already exist, but their uptake is hindered by an uneven playing field created by fossil fuel incentives. These incentives including subsidies distort price signals and delay investment shifts toward cleaner technologies. In certain contexts—such as ensuring access to affordable clean cooking and essential energy services in developing countries—targeted, time-bound fossil fuel support may still be needed in the short term, but should be accompanied by clear strategies and timelines to transition toward sustainable, non-fossil solutions.*
- **Knowledge & Capacity building:** Medium maturity ▾

- *Rationale: There is substantial technical knowledge on what makes fossil fuel subsidy reforms successful, drawing on lessons from past country experiences. However, applying this knowledge remains a challenge. With emerging technologies that improve data analytics, stakeholder mapping, and the targeting of compensatory measures, the knowledge base is evolving rapidly. At the same time, imbalances persist—while strong technical expertise exists on fiscal and energy aspects might exist, understanding of political economy dynamics and effective communication strategies may be more limited, constraining the ability to translate analysis into politically feasible reform action.*
- **Inclusive decision-making governance & design:** Medium maturity ▾
 - *Rationale: Many countries have access to well-documented approaches for making FFS reforms more inclusive—such as participatory consultations, social dialogue, and targeted social protection measures—but these practices are still often underused. In practice, reforms are often designed and implemented rapidly, especially in times of fiscal or energy crises, leaving limited room for structured, country-led consultation and stakeholder engagement. Moreover, fiscal constraints frequently prevent governments from establishing or expanding social protection systems in advance, reducing their capacity to cushion vulnerable groups once subsidies are phased out.*
- **Standards & Taxonomies:** Low maturity ▾
 - *Rationale: There is broad international understanding of what constitutes a fossil fuel subsidy, shared across many governments and organizations such as the IMF, OECD, and IEA. Definitions of incentives are much more technical but the term is increasingly used by policy makers. The practical details of how to calculate specific subsidy components—particularly in complex cases such as tax expenditures, price controls, or how to reflect unpriced externalities that act as implicit incentive—remain inconsistent. A uniform and transparent methodological approach is still lacking, leading to divergences in reported figures and limiting comparability across countries.*
- **Supply:** [] ▾
- **Demand:** [] ▾
- **Public/private finance:** [] ▾
- **Partnerships and collaboration:** High maturity ▾
 - *Rationale: Fossil fuel subsidy reform is addressed across numerous international and regional platforms, including the G20, G7, APEC, SDGs, and the Coalition of Finance Ministers for Climate Action, with active collaboration from international organizations such as the IMF, OECD, IEA, and WTO. With COFFIS, a coalition brings together ambitious governments committed to accelerating the phase-out of fossil fuel subsidies and other fossil fuel incentives. At the national level, phasing out fossil fuel subsidies is also a frequent topic of dialogue among a wide range of stakeholders—governments, civil society, academia, and development partners—primarily aimed at sharing experiences, lessons learned, and practical approaches to designing and implementing reforms.*
- **Policy & regulatory:** Low maturity ▾
 - *Rationale: There has been little systematic or comprehensive approach to phasing out FFS. While many countries have implemented reform measures, these are often piecemeal—introduced in response to fiscal pressures or market shifts rather than as part of a coherent, time-bound strategy. As a result, reforms are frequently vulnerable to reversal and may lack adequate design features to protect low-income groups, making them regressive in practice.*
- **Public opinion:** Medium maturity ▾

- *Rationale: Public attitudes toward fossil fuel subsidies are polarized. On one hand, there is growing awareness—and in many cases frustration—that these subsidies represent a misuse of public resources that could be redirected toward social or climate priorities. Public opinion polls show a particular high concern of the general public regarding taxpayer support to fossil fuel companies. On the other hand, legitimate concerns persist among groups that rely on affordable energy and need protection during reform. Specific industries may also lobby governments to maintain subsidies, slowing transitions to renewable and more affordable alternatives.*
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Expected impact of this plan on the 2030 targets (if any): High -

1. Enhancing transparency and accountability:

By ensuring that all COFFIS members (who joined by 2027 or earlier) maintain public, periodically (annually or biannually depending on budget cycles or other exceptional cases) updated fossil fuel subsidy inventories aligned with the Common Minimum Standards and progressing toward a shared methodological framework, the plan will strengthen the completeness, comparability, and accessibility of subsidy data. This will enhance accountability and support more consistent reporting toward global transparency goals under the Global Stocktake and SDG 12.c.1.

2. Accelerating national implementation and reform:

By supporting COFFIS members (who joined by 2026 or earlier) in adopting socially equitable national phase-out strategies, the plan will demonstrate a proven approach to achieving measurable reductions and reforms of fossil fuel subsidies. These strategies will make reform politically feasible and socially sustainable, directly contributing to the mitigation goals of the Paris Agreement and the Sustainable Development Goals.

3. Addressing international barriers:

By developing and tabling concrete policy options within relevant intergovernmental and supranational bodies (e.g., IMO, ICAO, EU), the plan will help remove institutional and regulatory roadblocks that currently hinder reform. This will align global frameworks with national subsidy phase-out objectives and build political momentum for coordinated international action.

Expected contributions to global processes:

- Global Stocktake (GST): advances transparency, accountability, and just energy transition planning under Article 2.1(c)
- 2030 Climate Solutions targets: supports the global phase-out of inefficient fossil fuel subsidies
- SDGs: contributes directly to SDG 12.c.1 (reform of fossil fuel subsidies), and indirectly to SDG 13 (climate action) and SDG 7 (affordable and clean energy)

Output	Action Scope	Action	Type of action	Implementation Lever	Responsible	Time horizon	Stakeholder engagement ¹	Committed Stakeholders
Improving Transparency	Global	Governments publish fossil fuel subsidy inventories periodically (annually or biannually depending on budget cycles or other exceptional cases), striving for continuous improvement and greater alignment with the methodological discussions and standards developed within the coalition.	Existing a... ▾	Risk-informed... ▾	COFFIS	Novemb... ▾	Countries ▾	
Improving Transparency	Global	Co-develop a comprehensive methodological framework and common standard covering scope, valuation, and treatment of externalities to enhance consistency and comparability across members.	Existing a... ▾	Standards & T... ▾	COFFIS	Novemb... ▾	Multi-stakehol... ▾	
Improving Transparency	Global	Share best practices and lessons learned from national experiences with fossil fuel subsidy measurement and reporting, including methodological assumptions, scope, and institutional arrangements to support the process.	Existing a... ▾	Knowledge & ... ▾	COFFIS	Novemb... ▾	Countries ▾	
Advancing Domestic Implementation	Global	Governments publish national fossil fuel subsidy phase-out plans outlining clear timelines, sequencing, and institutional	New action ▾	Policy & regul... ▾	COFFIS	Novemb... ▾	Countries ▾	

¹ Such as countries, companies, investors, cities and local governments, technical institutions, MDBs, regulators & public agencies, utilities & system operators, youth & indigenous groups, multi-stakeholders platform (non-exhaustive)

Output	Action Scope	Action	Type of action	Implementation Lever	Responsible	Time horizon	Stakeholder engagement ¹	Committed Stakeholders
		responsibilities.						
Advancing Domestic Implementation	Global	Agree on shared principles and approaches for developing phase-out plans, including prioritisation criteria, social-protection measures, reinvestment of savings, and stakeholder engagement.	New action ▾	Standards & T... ▾	COFFIS	Novemb... ▾	Multi-stakehol... ▾	
Advancing Domestic Implementation	Global	Share best practices and lessons learned from national experiences in designing and implementing fossil fuel subsidy phase-out plans.	New action ▾	Public opinion ▾	COFFIS	Novemb... ▾	Countries ▾	
Addressing International Barriers	Global	Develop and promote policy options and recommendations to address international barriers—such as tax exemptions in aviation and maritime transport or trade-related provisions—that constrain or disincentivize fossil fuel subsidy reform.	Existing a... ▾	Policy & regul... ▾	COFFIS	Novemb... ▾	Multi-stakehol... ▾	
Addressing International Barriers	Global	COFFIS members and allies propose reforms to national, regional and international legal and policy frameworks, removing barriers to fossil fuel subsidy reform	Existing a... ▾	Policy & regul... ▾	COFFIS	Novemb... ▾	Multi-stakehol... ▾	