Titel: Laderchi, C: Balancing Act: Cutting Energy Subsidies while Protecting Affordability - Central Asia

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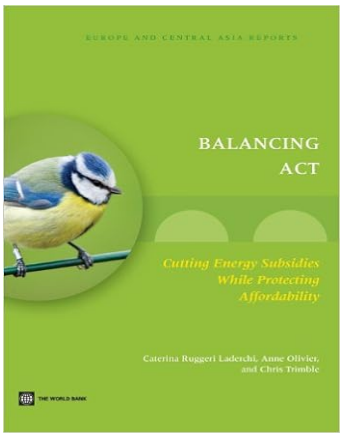

Beschreibung:

In Eastern Europe and Central Asia there are significant pressures for residential energy tariffs to rise, as government budgets are increasingly stretched and cannot afford to pay large energy subsidies. Further pressures for tariffs to rise come from environmental concerns, as the tariff levels that households now face do not cover the social costs of energy production. Because reforms that would increase energy tariffs are likely to affect significantly the poor and the middle class, their political feasibility may be questioned unless appropriate ways of cushioning the impacts can be devised.Balancing these competing claims?fiscal and environmental concerns on the one hand, affordability and political economy concerns on the other?is a task that policy makers in the region are increasingly unable to put off.While challenging, the reforms needed for this balancing act can build on much that has been learned in the last decade in terms of improving the effectiveness of social assistance systems and increasing energy efficiency. This report suggests that a policy agenda that focuses on cutting subsidies to the energy sector, while investing in energy efficiency and supporting households at the bottom of the distribution, amounts to a new wave of policy reforms for the energy sector in transition countries. The feasibility of such an integrated policy agenda and the ability of these policies to balance the competing claims of fi scal responsibility and social concerns are explored through

different policy scenarios, which, in their simplicity, help clarify the parameters of the policy choices many countries ECA are facing.This report is a part of a series of 3 regional reports. The series includes ?Growing green: The economic benefits of climate action in Europe and Central Asia?, ?Balancing act: Cutting energy subsidies and protecting affordability? and ?Lessons learned from energy efficiency success cases?.