The Green COVID-19 Recovery: progress, failures & a way ahead

COP26 side event | 4th of November 2021

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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$16,700,000,000,000
What makes up the $16.7tn?

Rescue spending | $14.4tn
Recovery spending | $2.9tn
Total green recovery spending | $423bn

Note: The “rescue spending” bar includes unclear spending. All figures exclude currently unclear funds from the European Commission. Including these funds, total spending approaches $20tn.
Public COVID-19 green energy spending is awfully low

Energy spending in 2020/21 & 2008/09

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Note: COVID-19 spending & GFC spending are additive. IISD figure is an alternative measure for IMF explicit subsidy figure.

1. Fossil fuel subsidies are enormous
2. Pledges to “Build Back Better” have mostly been media stunts

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## Public COVID-19 green energy spending is awfully low

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### Observations

1. **Fossil fuel subsidies are enormous**

2. **Pledges to “Build Back Better” have mostly been media stunts**
We must stop incentivising bad behaviour to avoid catastrophe

Government energy finance if we keep doing what we’re doing…

(annual figures in 2021 extrapolated to 2050)

Finance required for zero-carbon energy supply (IPCC)

Annual govt support of fossil fuels (IISD)

Annual govt investment in clean energy (IRENA + IEA)

COVID-19 investment in clean energy (Oxford)

Gap to net-zero = $127 T

Note: the figure intentionally considers only government investment. The takeaway of this figure is then that governments are hindering rather than helping push the transition. The private sector then has an even larger role.
We must stop incentivising bad behaviour to avoid catastrophe

Government energy finance if we keep doing what we’re doing…
(annual figures in 2021 extrapolated to 2050)

So what???

- High exposure to stranded asset risks
- Economy depends on dying industries
- Lost opportunities to gain green competitive advantage
- Climate change...

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Many nations are missing big opportunities for green recovery

https://recovery.smithschool.ox.ac.uk/
Leading nations are showing how to invest green + establish new competitive advantage

A sample of the 568 green COVID-19 policies we have recorded

- Wind farms in Brazil
- Cycling programs in Finland
- Electric buses in India
- Training programs for renewable energy in Dominican Republic
- Support of National Parks in the Democratic Republic of the Congo
- Hydrogen R&D in Germany
- Energy efficiency for appliances in South Korea
- Renewables powering tourism in Cuba

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We need to significantly increase support of vulnerable nations

Providing affordable finance

- Debt forgiveness
- Direct grants
- Concessional finance
- Guaranteeing debt
- Redistributing multilateral finance
- Staged exemptions from Carbon Border Adjustment Mechanisms

Addressing information + capacity gaps

- Understanding the environmental implications of fiscal policy decisions
- Knowing the economic strengths of environmental investment
- Long-term partnerships
- Overflow from COVID recovery to ‘peacetime’

See more at
https://recovery.smithschool.ox.ac.uk/

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Appendix: Global Recovery Observatory

What is the Observatory?

• Brings transparency to govt spending, pressures more responsible env. action, & gives practical policy examples from around the world
• Tracking fiscal spending in **89 countries**
• **>7,000 policies** recorded & assessed using our original green fiscal policy taxonomy
  o 40 policy archetypes & 150 sub-archetypes (see appendix)
  o Assessed for short- and long-term GHG, air pollution, natural capital, social inequality, rural livelihoods, quality of life, and economic impact