Achieving a Fossil-Free Recovery

5 PRINCIPLES

Governments must take action now to avoid catastrophic climate change.

COVID-19 recovery spending offers a golden opportunity to accelerate the transition from fossil fuels to clean energy while ensuring no one gets left behind. Missing this opportunity could leave us locked into a fossil fuel future that our planet cannot afford.

The International Institute for Sustainable Development has developed a blueprint of five steps for governments to achieve a fossil-free recovery.

1 Do not provide public money for fossil fuel production.

G20 governments have committed at least

USD 295 billion to support fossil fuels as part of COVID-19 recovery packages, as of June 2021

in addition to the **USD 584 billion** annual support to fossil fuels spent outside of recovery spending.[1]

This is more than has been spent on clean energy.

To turn things around, governments must stop putting any public money toward fossil fuel production.

2 Raise money from fossil fuel subsidy reform (FFSR) and taxes.

Reforming subsidies to gasoline, diesel, and coal for power generation + adding a tax globally of USD 12.5 ct/litre of gasoline and diesel and USD 5 per tonne of coal

can raise at least **USD 553 billion** globally per year

that can be used for post-pandemic recovery and the transition to net-zero.

3 Swap support from fossil fuels to clean energy.

Governments can use revenues raised via FFSR and taxation to generate jobs and boost the economy through support for key sectors to the energy transition, such as clean energy, energy efficiency, energy access, and the decarbonization of transport.

USD 553 billion per year from FFSR and taxation

- Almost 90% of the investment needed for solar photovoltaic and wind energy[2]
- Over four times the investment needed for electric vehicle charging infrastructure[2]
- Almost 60% of the investment needed for energy efficiency in buildings[2]
- Over 12 times the investment needed to attain universal energy access[3]

4 Incentivize investments in clean electricity.

Electricity will be the backbone of the energy transition, but it requires significant investments—70% of which will need to come from private sources. The government's role is to de-risk, incentivize, and leverage private investments in the clean energy sector.

Three main approaches to supporting private investment in clean electricity:

→ Subsidies and other support policies for renewables

→ Mandate public finance institutions to address country-specific risks

→ Work with state-owned enterprises to transition away from fossil fuels

5 Ensure the transition is a just one.

The energy transition is inevitable and will affect industries, labour, communities, and whole economies.

Governments must plan for it carefully and follow a just transition approach[4] centred on dialogue between

WORKERS | EMPLOYERS | GOVERNMENT + CRITICAL STAKEHOLDERS

such as energy consumers and communities, in order to ensure that nobody is left behind.

See the full report for more information:
Achieving a Fossil-Free Recovery

[1] 2017–2019 average according to the IISD report *Doubling Back and Doubling Down: G20 Scorecard on Fossil Fuel Funding.* The amount includes G20 support in the form of budgetary transfers, tax expenditures, price support, public finance, and state-owned enterprise investment for the production and consumption of fossil fuels domestically and abroad.

[2] Amounts estimated per year between 2021 and 2050 to limit temperature increase to 1.5°C, according to International Renewable Energy Agency's (IRENA's) *World Energy Transitions Outlook: 1.5°C Pathway.*

[3] Amount estimated per year between 2019 and 2030 for electricity and clean cooking according to *Tracking SDG 7: The Energy Progress Report* by IRENA, IEA, United Nations Statistics Division (UNSD), the World Bank, and World Health Organization (WHO).

[4] As established by the International Labour Organization's *Guidelines for a just transition towards environmentally sustainable economies and societies for all.*

IISD International Institute for Sustainable Development
Global Subsidies Initiative