Greening the recovery

RESPONDING TO COVID-19 CHALLENGES – INVESTMENT FOR ECONOMIC RECOVERY AND GROWTH

JVI WEBINAR

JULY 28, 2020
Weekly atmospheric CO₂ at Mauna Loa*

Note: The Mauna Loa Observatory is an atmospheric baseline station on the Mauna Loa volcano, on the island of Hawaii. It has continuously monitored atmospheric carbon dioxide levels since 1958.
Sources: Dr. Pieter Tans, NOAA/ESRL (www.esrl.noaa.gov/gmd/ccgg/trends/) and Dr. Ralph Keeling, Scripps Institution of Oceanography (scrippsc02.ucsd.edu/). 2020
Motivation

• The COVID crisis does not change the climate crisis

• Decisions taken to respond to the COVID crisis will shape climate for decades—for good or bad

• Policymakers should thus aim to create a green recovery
Principles

1: Assess the climate impact of support measures

2: Chose to support green, rather than brown, activities

3: Make support to brown activities conditional on making progress on climate

4: Price carbon right

5: Make the financing green

6: Develop a new, ambitious, medium-term climate plan

7: Co-ordinate with, and support, others (eg price floor for large emitters)
<table>
<thead>
<tr>
<th>Dos and Don’ts</th>
<th>Energy</th>
<th>Industry</th>
<th>Buildings &amp; Infra</th>
<th>Land-use &amp; environmental protection</th>
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<tbody>
<tr>
<td>Energy</td>
<td>Move towards effective carbon pricing, while assisting vulnerable</td>
<td>Direct support for zero-emissions technologies and infrastructure</td>
<td>Support uptake of efficient appliances and digital devices</td>
<td>Support for energy efficient retrofits of existing buildings</td>
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<td>Direct support for zero-emissions technologies and infrastructure</td>
<td>Reform fossil fuel subsidies</td>
<td>Low-carbon technology R&amp;D and pilot projects (e.g. steel and cement)</td>
<td>Build resilient infrastructure</td>
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<td>Revive plans for ‘shovel-ready’ fossil fuel power plants</td>
<td>Waive oil and gas industry environmental regulations</td>
<td>Roll back climate measures and regulation</td>
<td>Stimulus programs for new buildings without energy efficiency criteria</td>
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<td>Bail out fossil fuel companies without conditions for zero-emission transition</td>
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<td>Support for brown industry without conditions for zero-emission transition</td>
<td>Large-scale landscape restoration and reforestation efforts</td>
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<td>Land-based transport &amp; mobility</td>
<td>Financial incentives for zero-emission vehicles</td>
<td>Direct investments in low-carbon public transport</td>
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<td>Roll back environmental regulations</td>
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<td>Roll back emission standards for cars</td>
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<td>Dismantling enforcement of state protection for natural habitats</td>
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<td>Support to automobile companies without conditions for zero-emissions transition</td>
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<td>Aviation</td>
<td>Conditional sector support for aviation industry and accelerated R&amp;D efforts</td>
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<td>Roll back regulations and taxes (e.g. ticket taxes)</td>
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Suggestions for Country Authorities

- **Assess** the impact of recovery spending on climate change
- **Monitor** how green your country’s response is and compare to others
- **Cover** in forthcoming Article IVs and non-RCF/RFI programs
- **Consider** FAD technical support:
  - Carbon pricing strategies
    - Mitigation tool (135 countries)—see 2019 Fiscal Monitor
    - Incidence analyses
  - Removing fossil fuel subsidies
    - Energy subsidies template (194 countries)
  - Integrating climate into the budget process and public investment management assessment (PIMA)
  - Climate Change Policy Assessments
  - Article IV participation
Some references

- Greening the Recovery—COVID series FAD note
  https://www.imf.org/en/Publications/SPROLLs/covid19-special-notes

- Fiscal Monitors on carbon pricing and COVID recovery

- Will Covid-19 fiscal recovery packages accelerate or retard progress on climate change (Hepburn, O’Callaghan, Stern, Stiglitz, and Zenghelis)
  http://www.lse.ac.uk/GranthamInstitute/news/building-back-better-a-net-zero-emissions-recovery/

- Ilab spark series presentation “The Impact of COVID-19 on Climate Change Policies” (Batini, Benatiya, Grippa, Jobst, and Oman)
  http://www-intranet.imf.org/departments/ILU/Pages/SparkSeries.aspx
Some more references

- “Moving Towards Climate Budgeting: Policy Note”
  https://openknowledge.worldbank.org/handle/10986/21036

- Designing the COVID-19 Recovery for a Safer and More Resilient World

- Implications of the Global Economic Crisis for Carbon Pricing

- “Thinking ahead: for a sustainable recovery from COVID-19”