



Five Principles of Fossil Fuel Recovery

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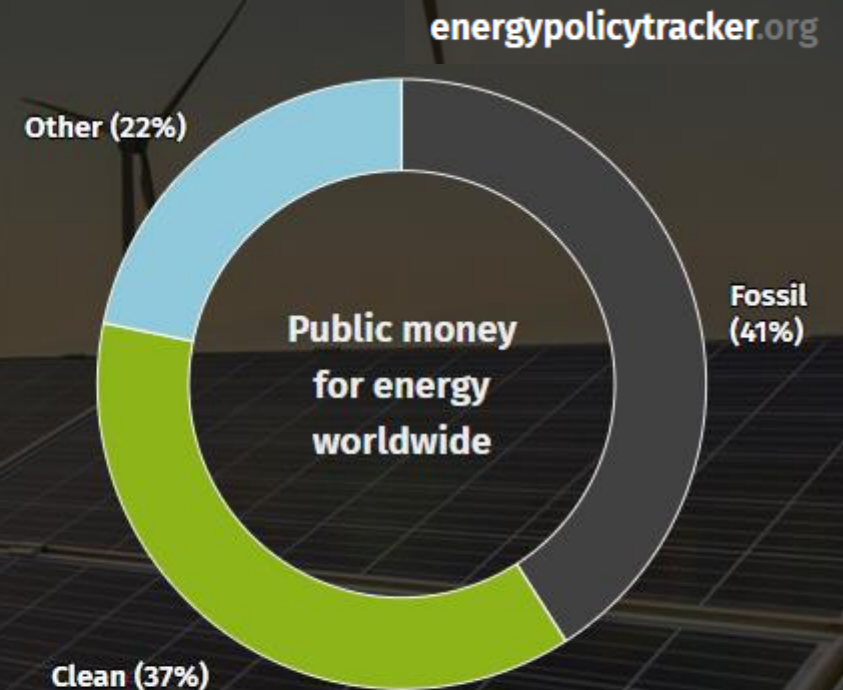
What is a “Fossil-Free Recovery”?



Fossil-free recovery from the COVID-19 crisis: a recovery that boosts the economy and creates jobs via a rapid move to clean energy for all while taking steps toward a just transition away from fossil fuels.

Track public money for energy in recovery packages

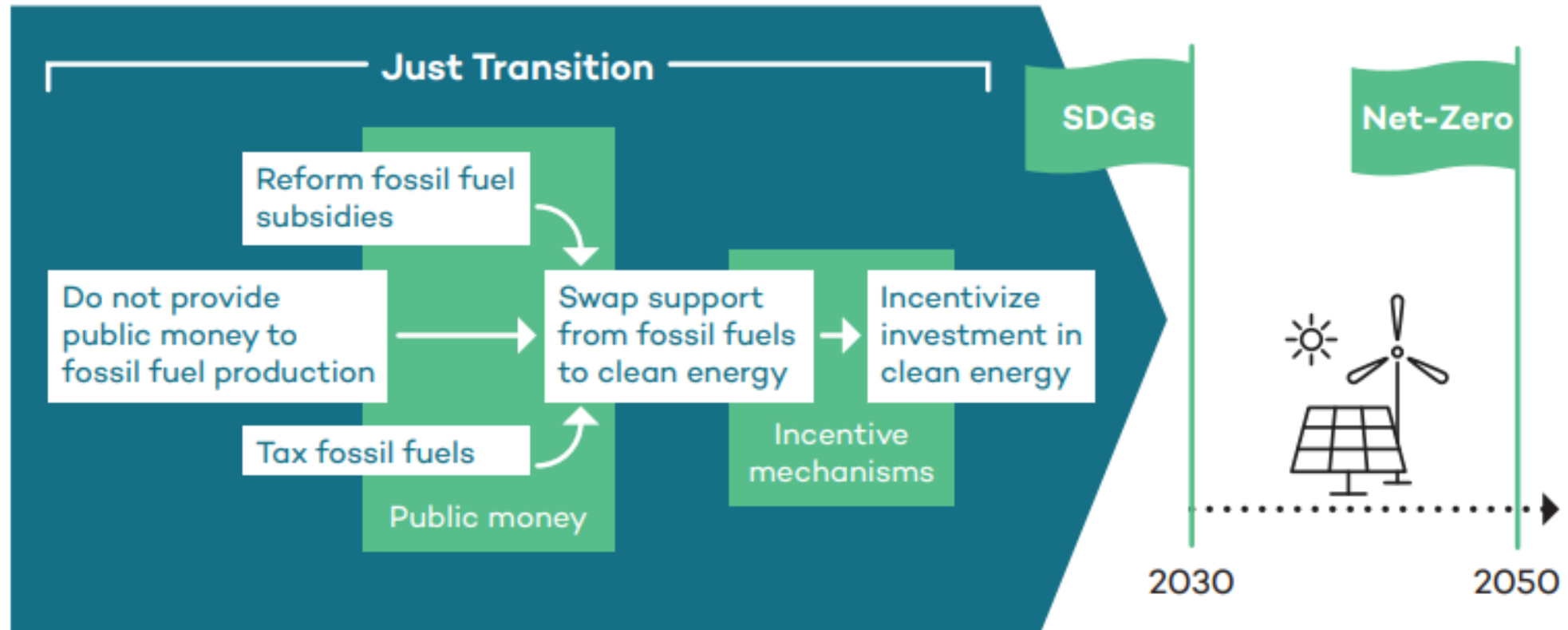
31 major economies and 8 MDBs pledged USD 366 billion to fossil fuel-intensive sectors, 41% of all public money committed to energy-producing and consuming activities.



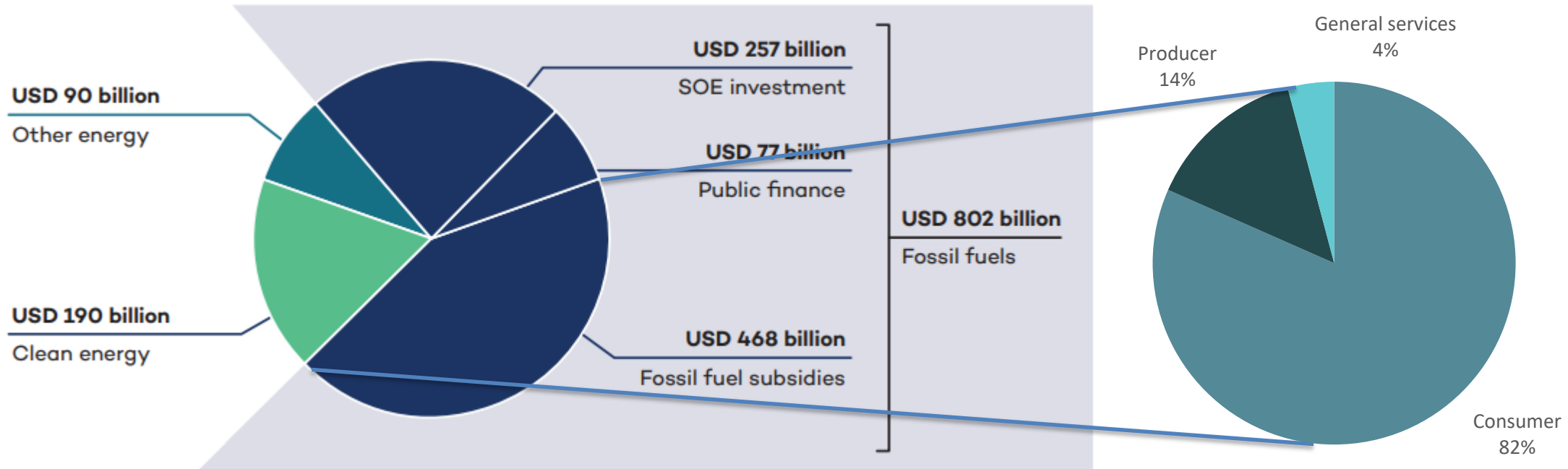
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Updated: 1 December 2021

The key principles of a “Fossil-Free Recovery”



1. Do not provide public money to fossil fuel production



Government global support to fossil fuels, clean, and other energy in 2019 (before COVID-19 crisis), USD billion.

Based on OECD, IEA and IMF data, including estimates from 2020 for 192 economies. FFS production data are underestimated due to lack of data in many countries

2. Raise money from FFSR and taxation

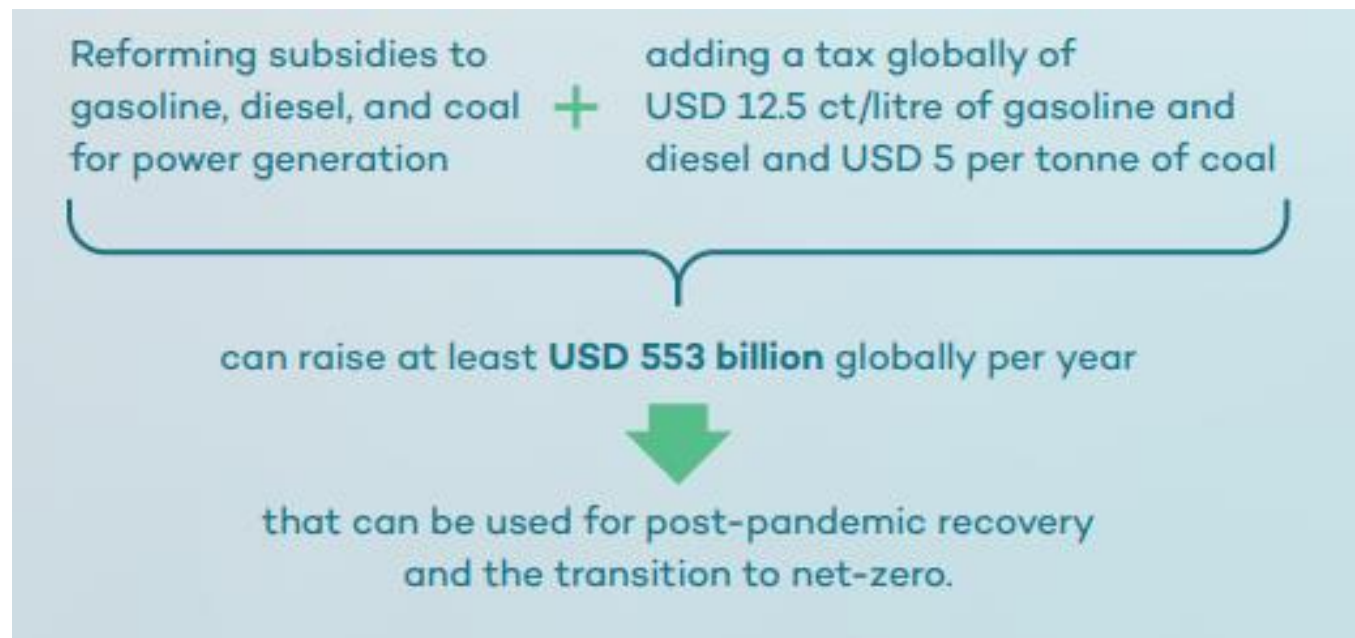
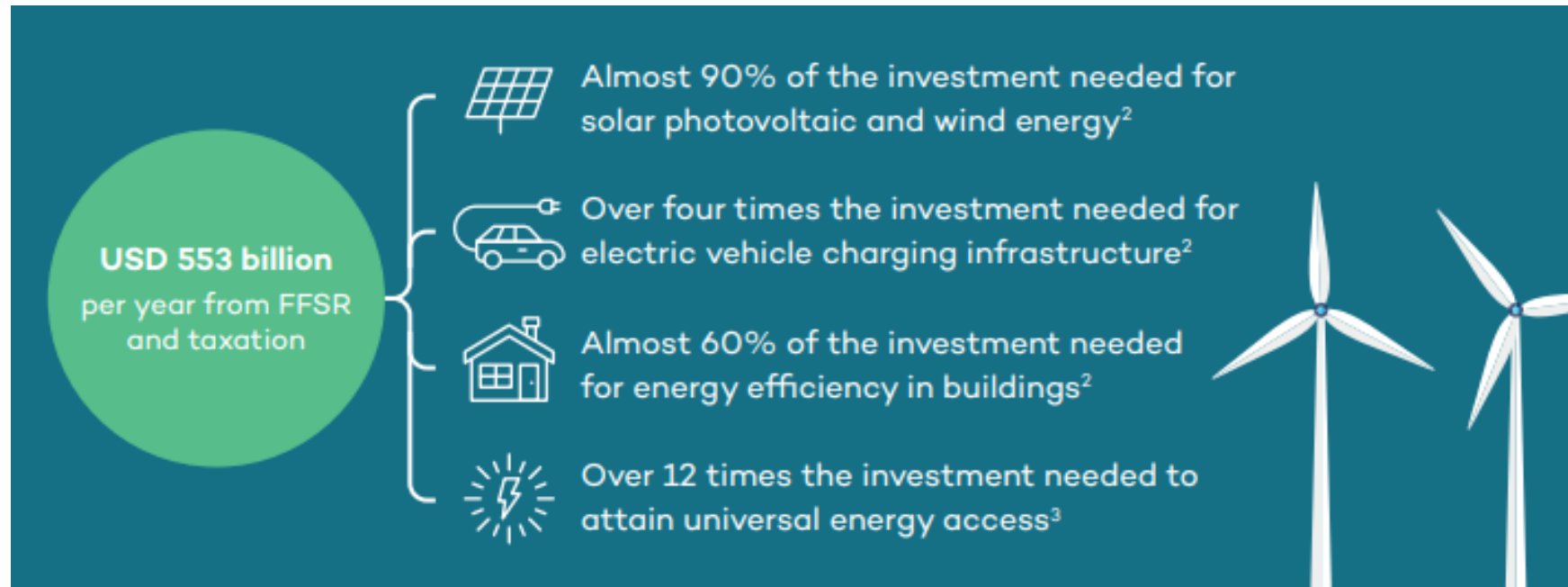


Table 1. Mobilizing government revenue potential of selected fossil fuels, USD billion (2019 data)

	Consumer subsidy elimination*	Tax increase**	Total
Gasoline & diesel	115	400	515
Coal	8	30	38
Total	123	430	553

3. Swap support from fossil fuels to clean energy



Notes : 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)

<https://www.iisd.org/publications/achieving-fossil-free-recovery>

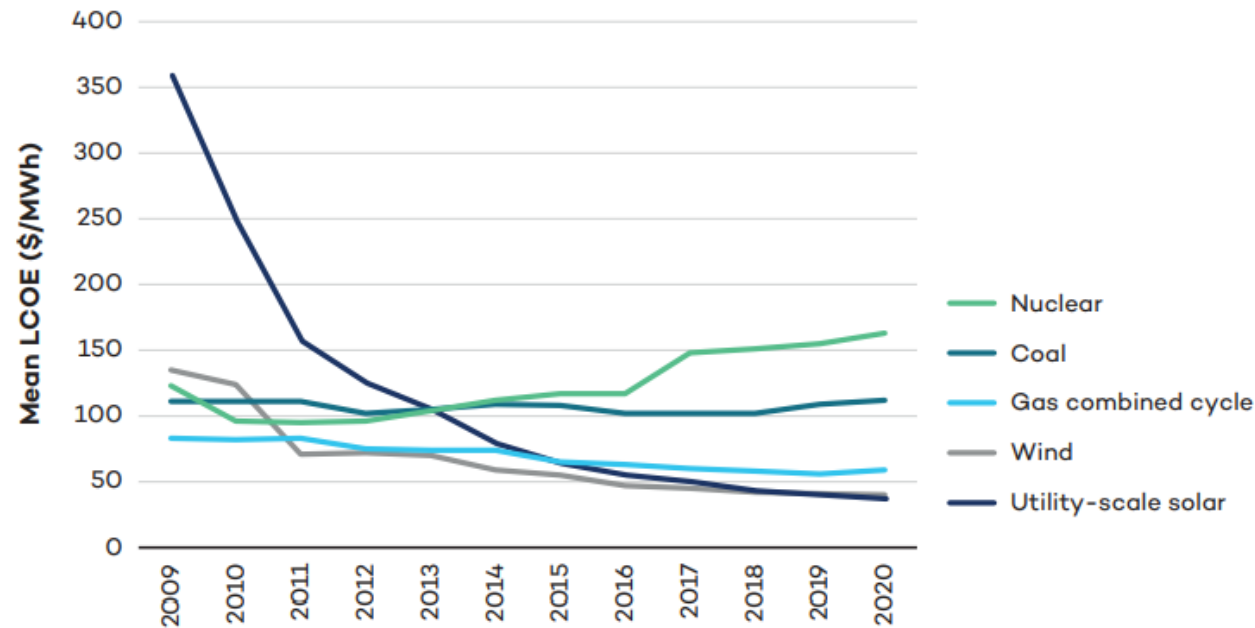
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4. Incentivize investment in clean electricity



Electricity will be the backbone of the energy transition. Significant investment is needed, mostly from private sources. Government's role is to de-risk, incentivize and leverage private investment

Figure 8. Lazard's levelized cost of energy comparison, global average



Source: Lazard, 2020.

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 approach⁴ centred on dialogue between


WORKERS


EMPLOYERS


GOVERNMENT

as well as meaningful engagement with other critical stakeholders (such as energy consumers and communities) in order to ensure that nobody is left behind.

<https://www.iisd.org/publications/achieving-fossil-free-recovery>

<https://www.iisd.org/articles/just-transition-green-recovery>



Thank you!

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