

# Tackling the Climate Crisis - Transitioning to a Green Economy

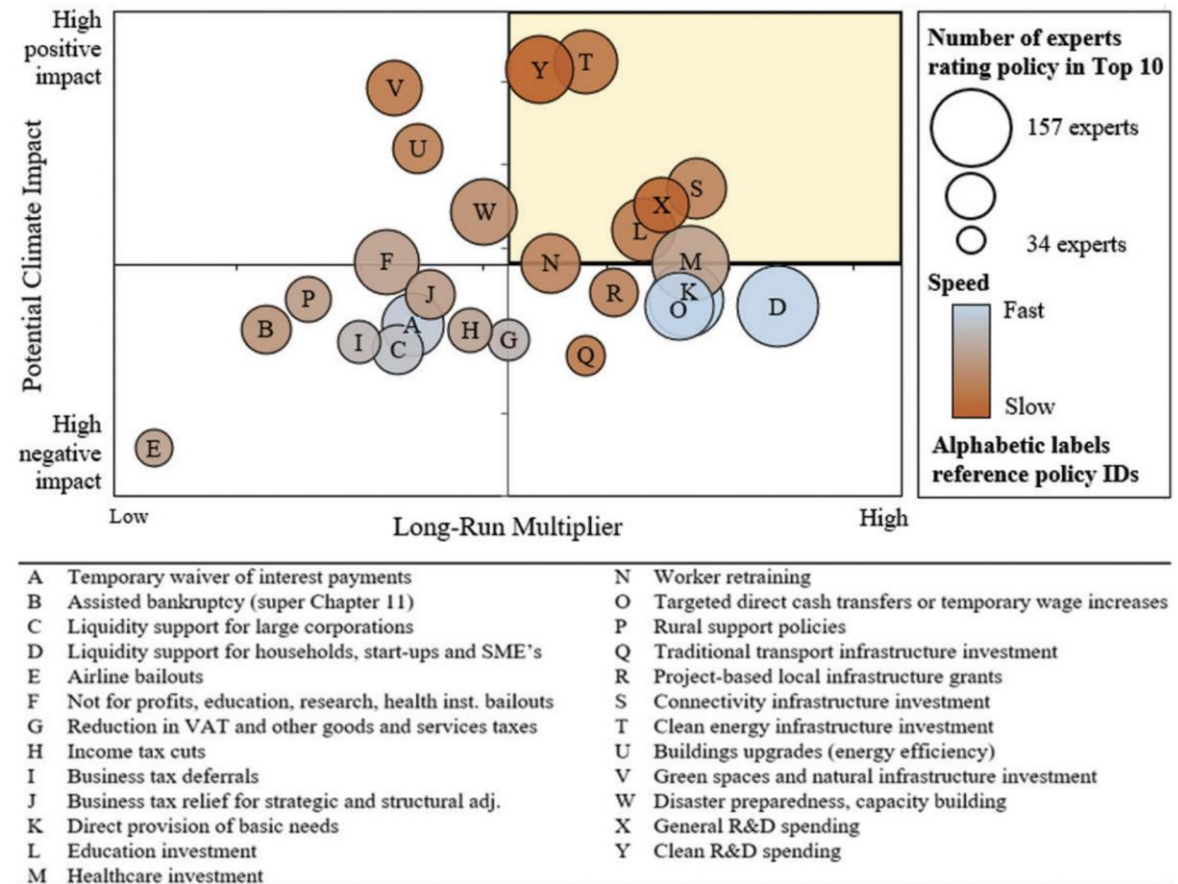
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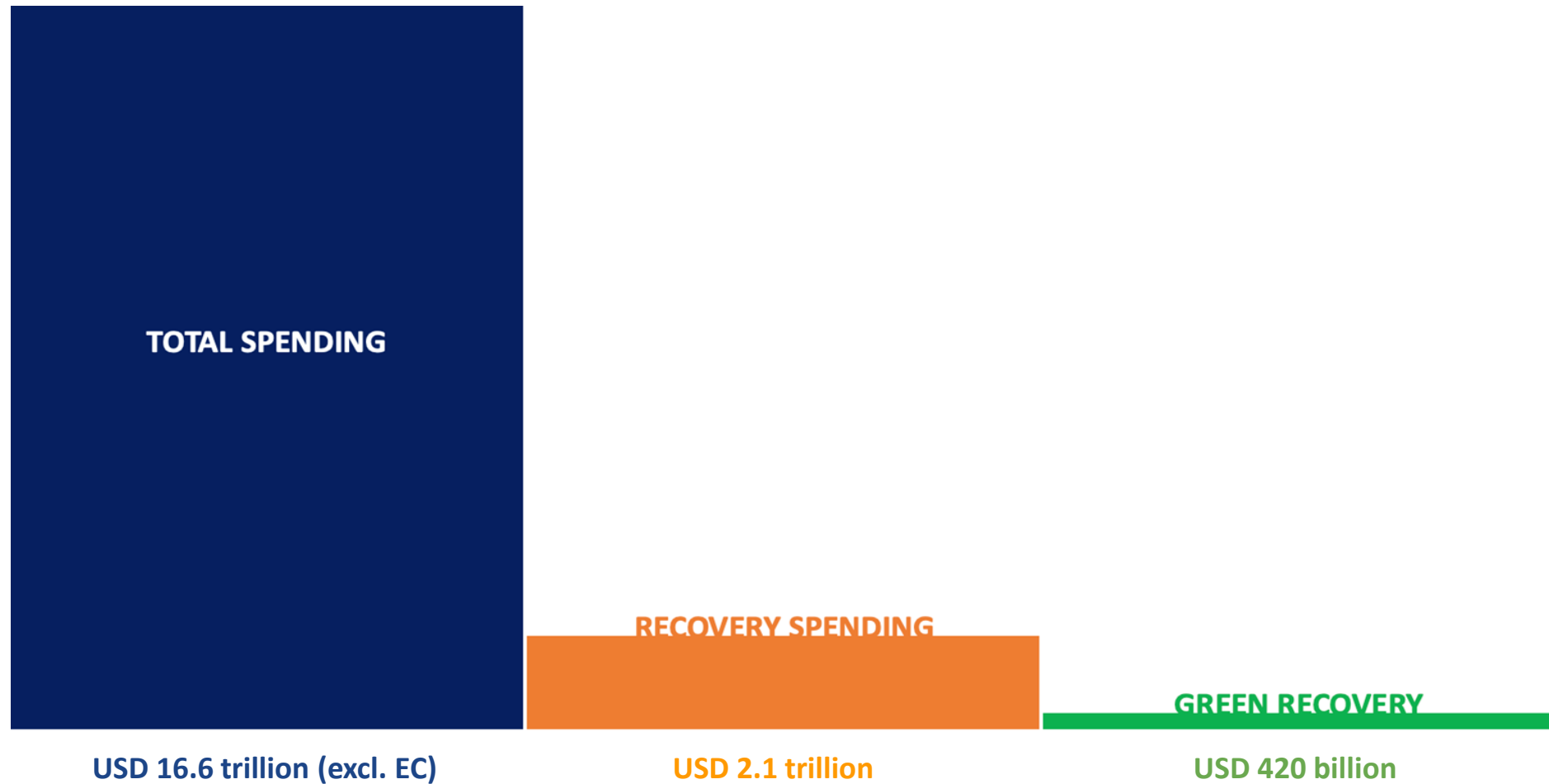
**United Nation Environment Programme**

# Why do we need a Green Recovery/Transition

- **Spending on clean energy** has an **impact on GDP** that is about **2x – 7x stronger**—than spending on **non-eco-friendly energy**. (IMF, 2021)
- PAGE Modelling finds that by 2030, a **green vs. conventional recovery stimulus** will result in GDP gains of **1.8% and 0.4%**, respectively. And **reduce global emissions by 14%** in 2030.
- **Investments in renewable energies, building efficiency and green transport** would add **20.5 million jobs by 2030**, compared to 3 million jobs under BAU.



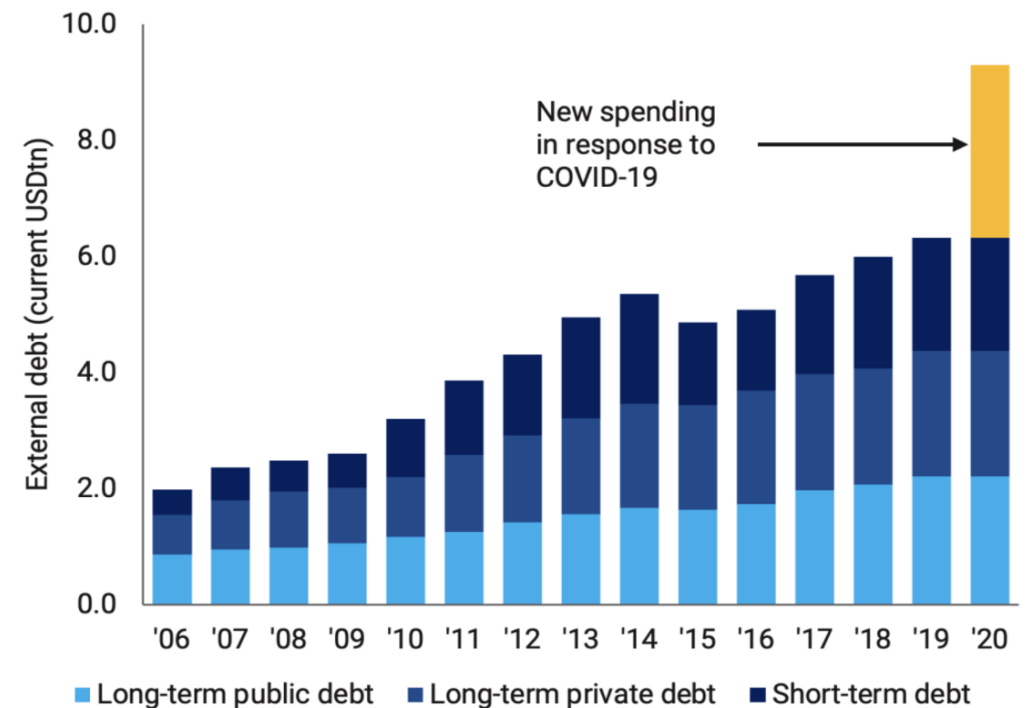
# We are building back. But not better.



## “Leaving No One Behind” applies to countries as well

- Over half of LDCs and LICs are now assessed as being at a high risk of debt distress or in debt distress. And, more than a third of EMEs are at high risk of fiscal crises. ([UN SG](#))
- Following steps are urgently needed:
  - Leadership from AEs to support fairer and greener recoveries
  - Increased breathing room and fiscal space for indebted LICs through the SDR expansion and G20 DSSI
  - Innovative financing such as programmatic climate/nature debt swaps, as tabled at the World Bank/IMF spring meetings

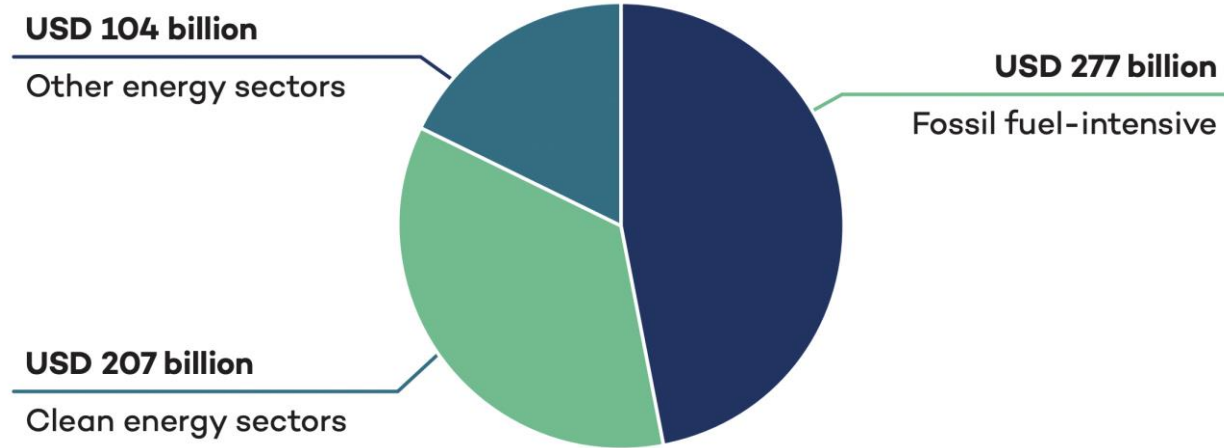
**Total debt stock for 19 EMDE countries over time (AE spending 17x higher than EMDE spending)**



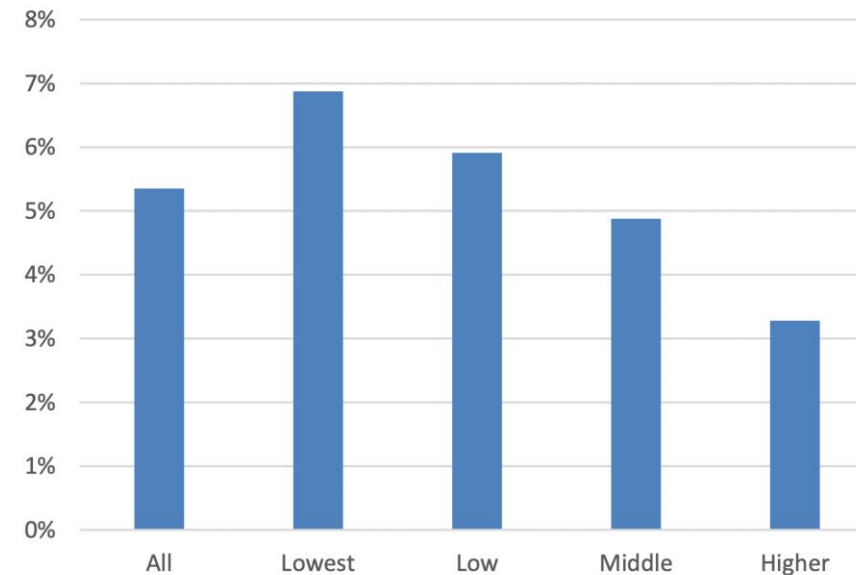
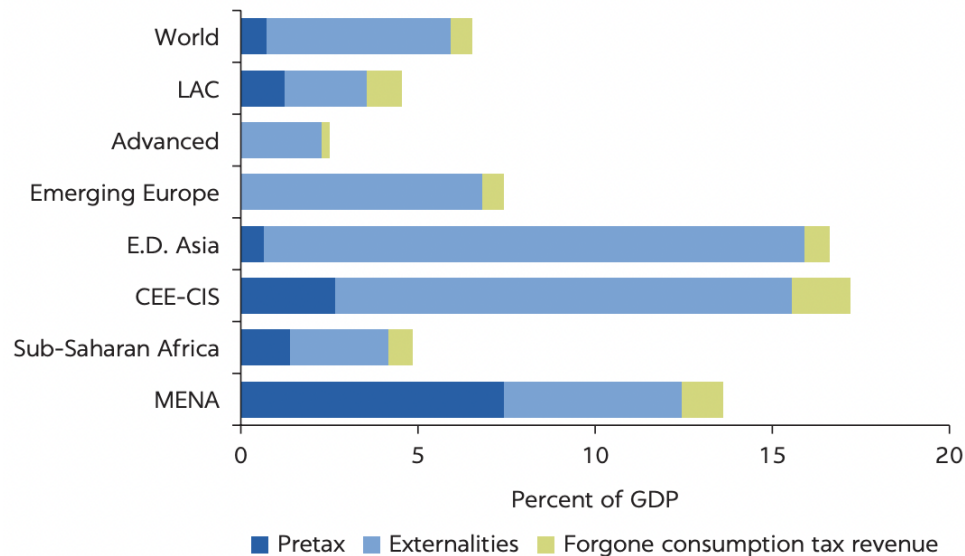
Source - [UNEP-Oxford Smith School, 2021](#) // \*data for 2020 - does not cover spending announced in 2021

# Fossil Fuel Subsidies

COVID-19 support to energy sector



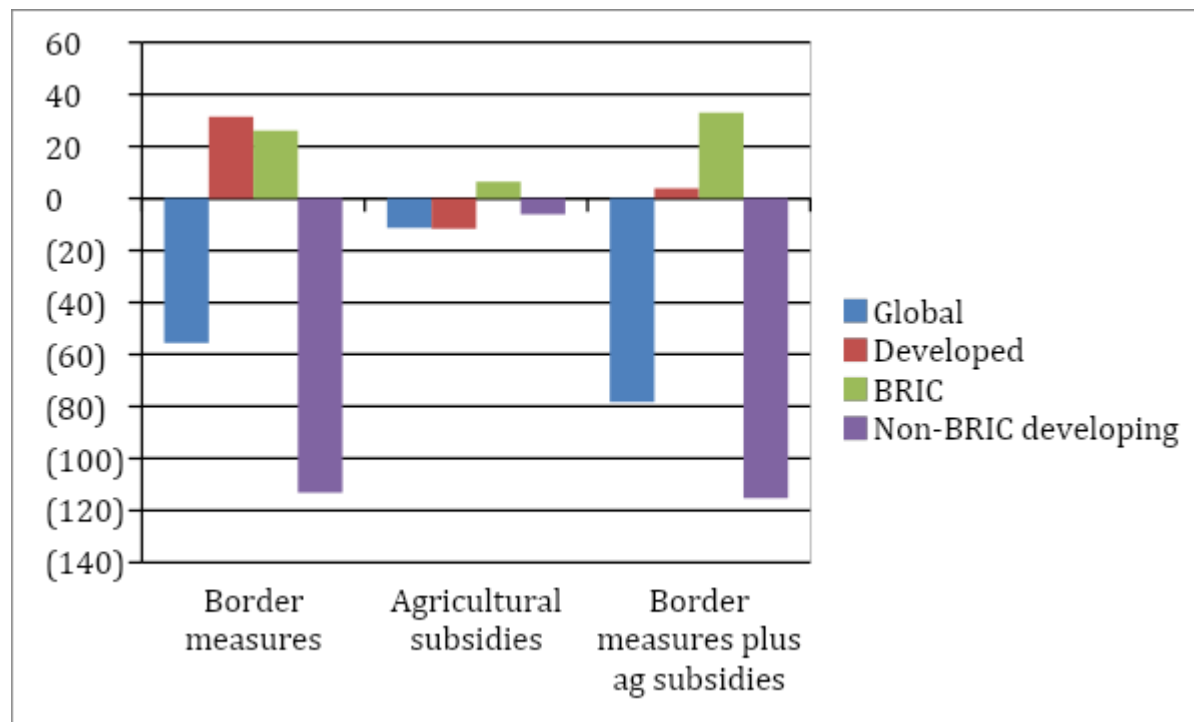
Global environmental tax gaps on fossil fuels are large



Share of household income spent on energy consumption

# Impact of agricultural support on climate change

## Estimated Changes in GHG Emissions in 2030 due to Removal of Agricultural Support (Mil tonnes CO2eq)

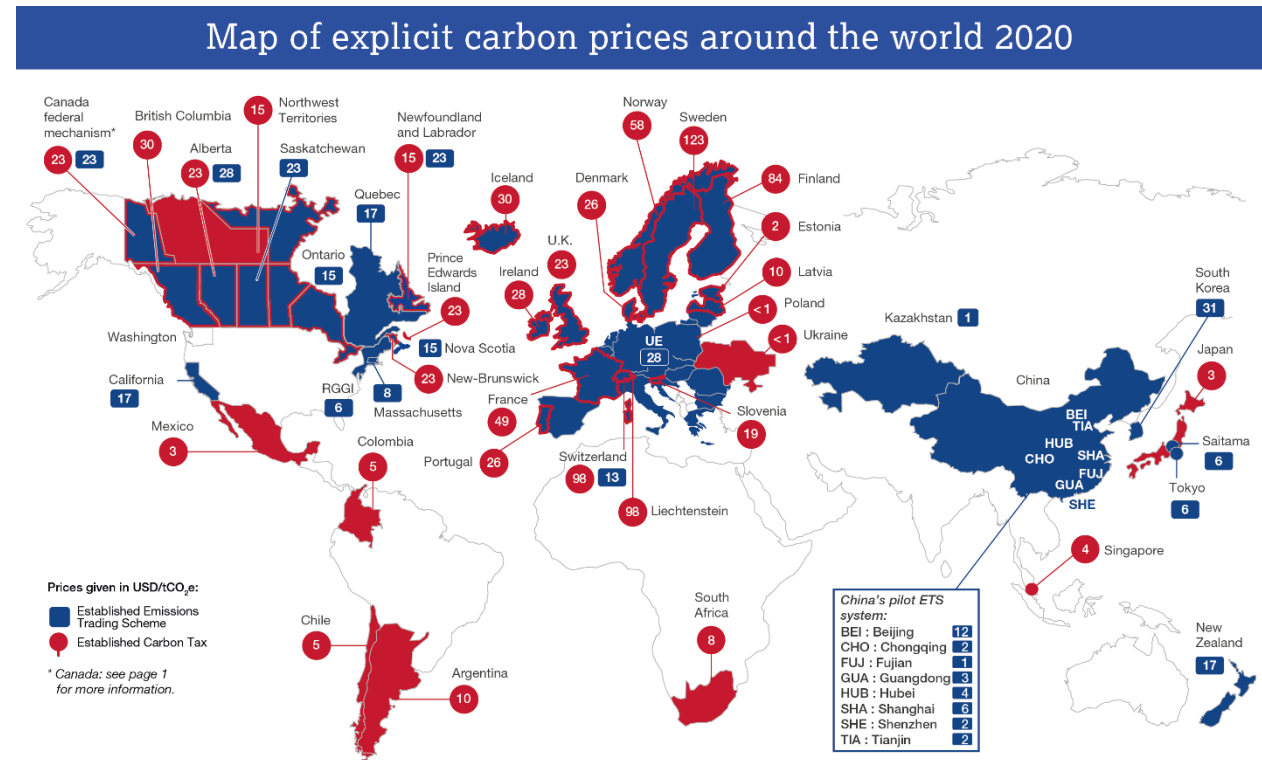


- Globally agricultural support to producers amounts to USD 650 bn.
- The removal of **agricultural support** is estimated to reduce GHG emissions in 2030 by 78.4 million tonnes CO2eq.
- Emission-intensive commodities (e.g. beef, milk and rice) have received most support worldwide, **esp.** in the more developed countries.

Source: Joint report by UNEP-UNDP-FAO developed together with IFPRI, IMF and WHO (forthcoming, 2021).

# Revenue generations by pricing carbon

- Carbon pricing schemes generated USD 48 billion (EUR 42 billion) in 2019
- 53% of the 2019 revenue stems from carbon taxes while the other 47% are generated by carbon quotas.

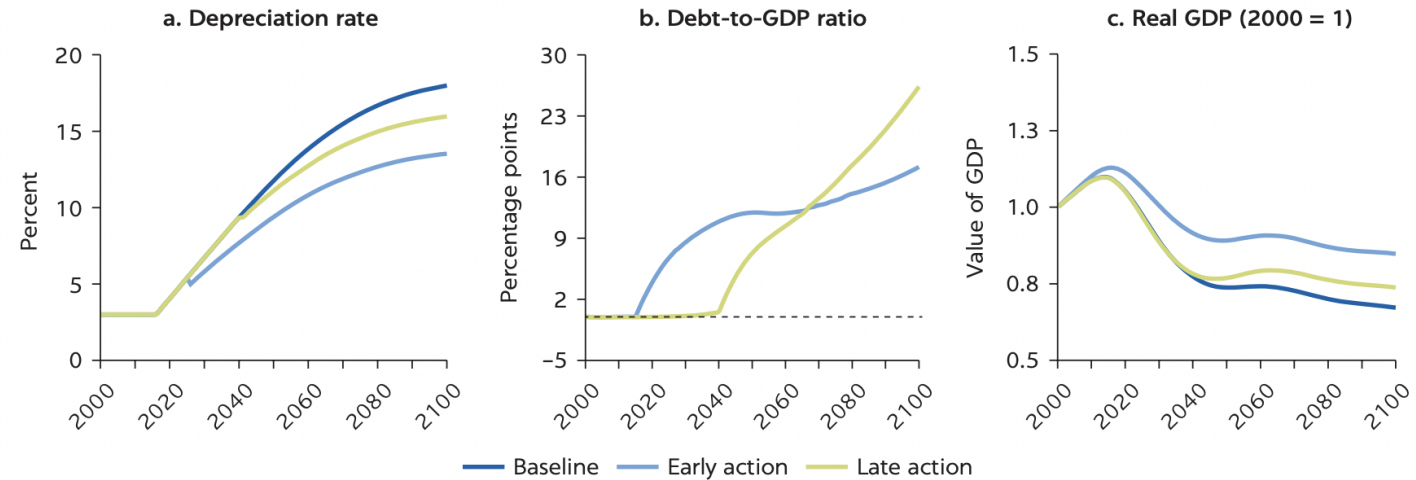


Source: I4CE – Institute for Climate Economics with data from ICAP, World Bank, government officials and public information, May 2020.

# Why fiscal policies for tackling climate change and pollution

- Proactive fiscal policies can help countries become more climate-resilient
- Broad support is critical to the success and effectiveness of fiscal policies for climate and pollution

The effects of early and late investment in climate change adaptation on capital depreciation, debt dynamics, and economic output



Note: Depreciation rate ceiling = 20%; GDP = gross domestic product.



THANK YOU

<https://www.unep.org/news-and-stories/press-release/are-we-track-green-recovery-not-yet>

<https://greenfiscalpolicy.org/observatory/>