

International Energy Agency

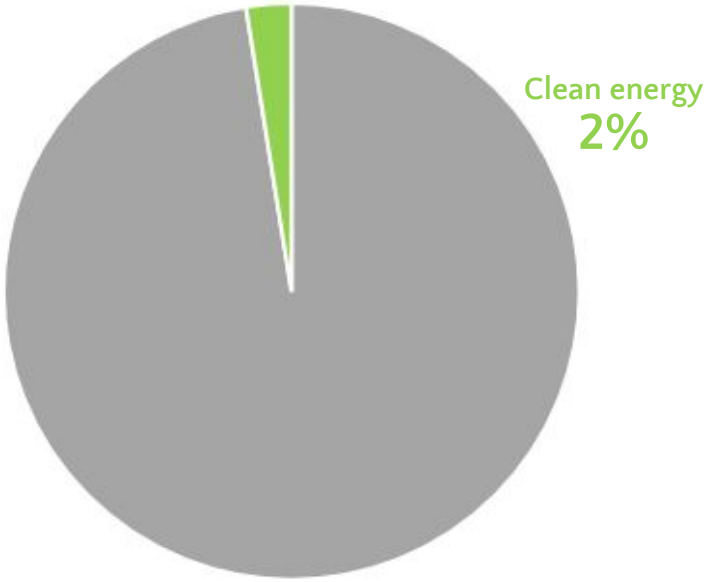
Sustainable Recovery Tracker

14 October 2021

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Unprecedented fiscal support, but only a small share to clean energy

Global fiscal measures announced by mid-2021 in response to the Covid-19 crisis



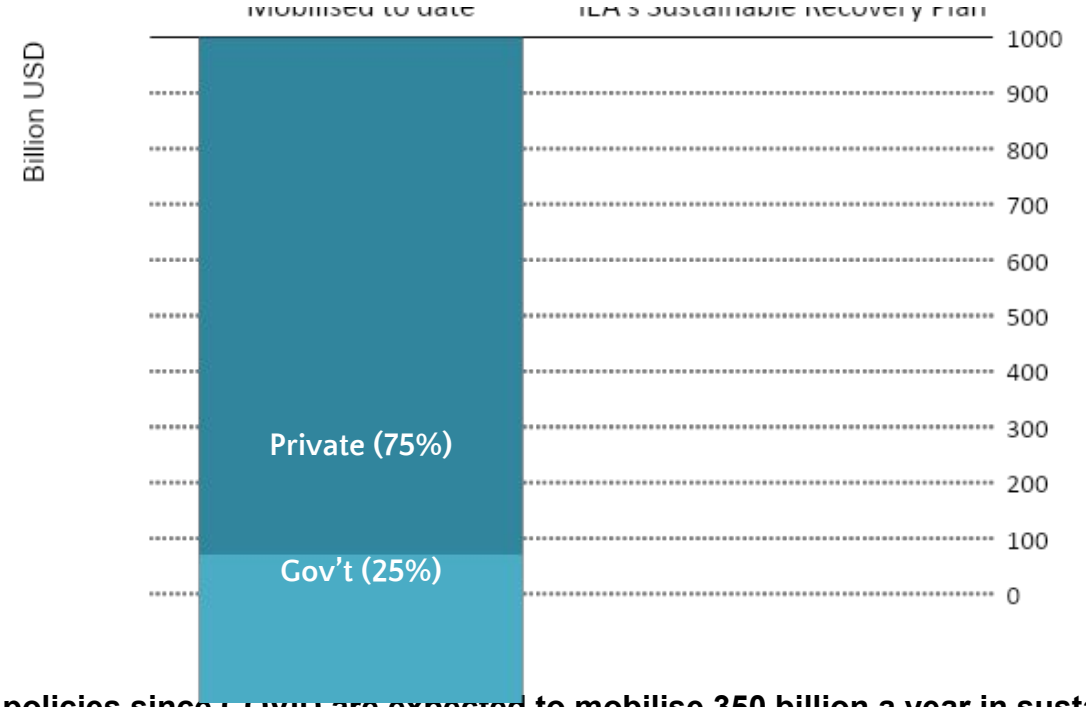
Governments have earmarked an additional $380 billion toward sustainable recovery measures, around 2% of total fiscal support. G20 countries are responsible for the vast majority of recovery spending.

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Data source: IEA analysis, IMF, and Global Recovery Observatory

Recovery plans fall short in clean energy investment

Annual sustainable recovery spending vs. IEA Sustainable Recovery Plan (2021-2023)

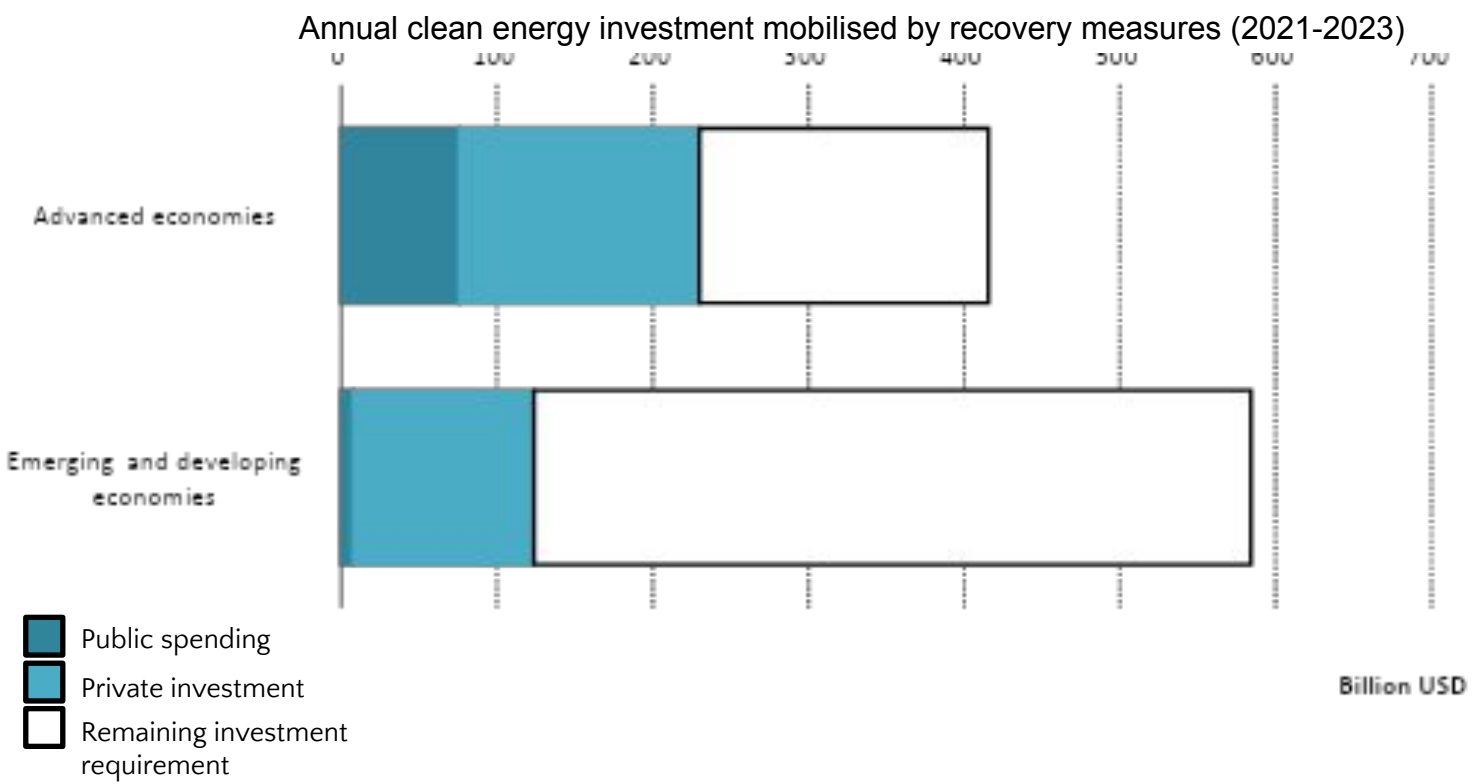


Recovery measures and policies since COVID are expected to mobilise 350 billion a year in sustainable recoveries– about 35% of what is needed to be on track for Net-zero by 2050, boost the global economy, and create new jobs

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Data source: IEA

Advanced economies are making a pivot, but EMDEs lag behind



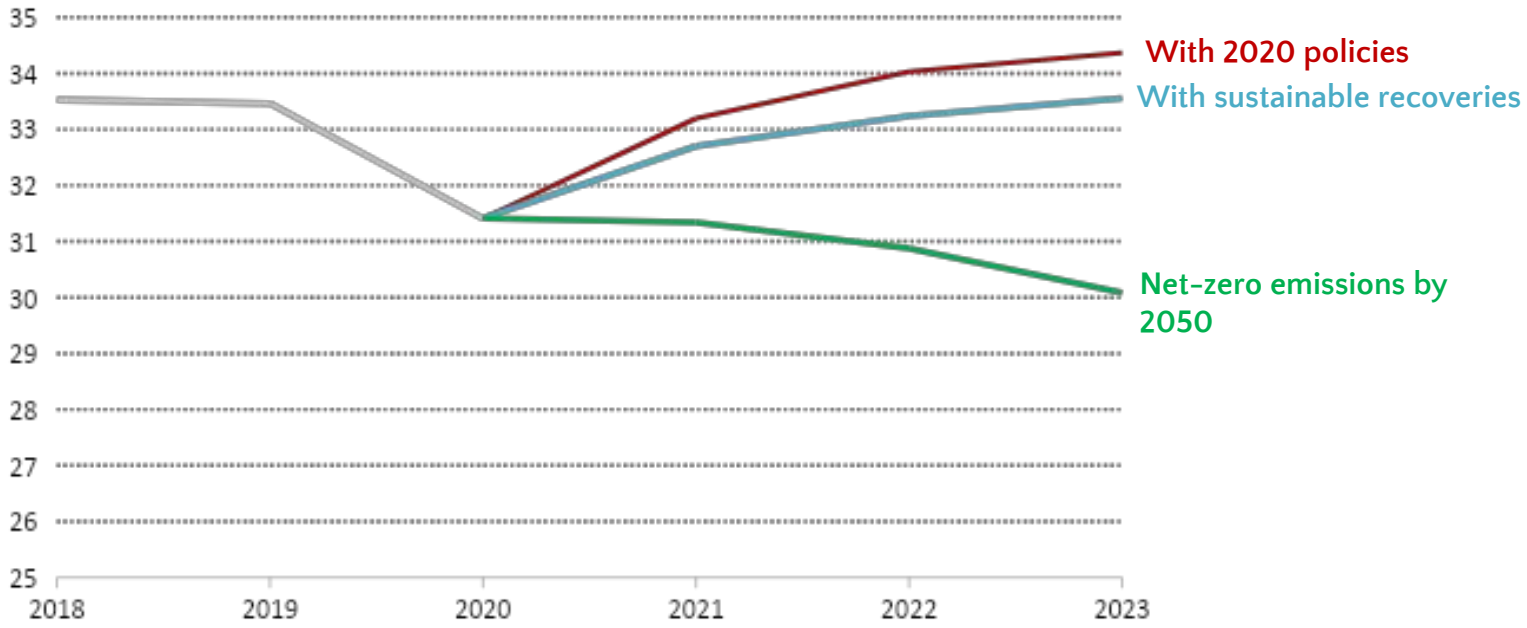
Advanced economies are set to mobilise 60% of what would be needed under a Sustainable Recovery Plan, but in emerging economies the share is only 20%, where many countries have limited fiscal leeway.

Data source: IEA

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CO2 emissions will reach new all-time high without more spending

Energy and industrial process CO2 emissions and reduction levers (2018-2023)



Spending on sustainable recovery measures remains insufficient to stop global energy emission from returning to 2019 levels by 2022, continuing upward after 2023. This is far from the trajectory needed to reach net-zero by 2050.

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EMDEs constrained in using recovery measure to drive investment

Limitations:

- competing priorities (e.g. health, economic development)
- limited fiscal capacity and cautious of overextending due to post-2008 inflationary effects
- lack of established programmes to identify projects and distribute funds, especially for EE
- limited ability to direct spending beyond SOEs, confining action to heavy industry, mass transit, and power

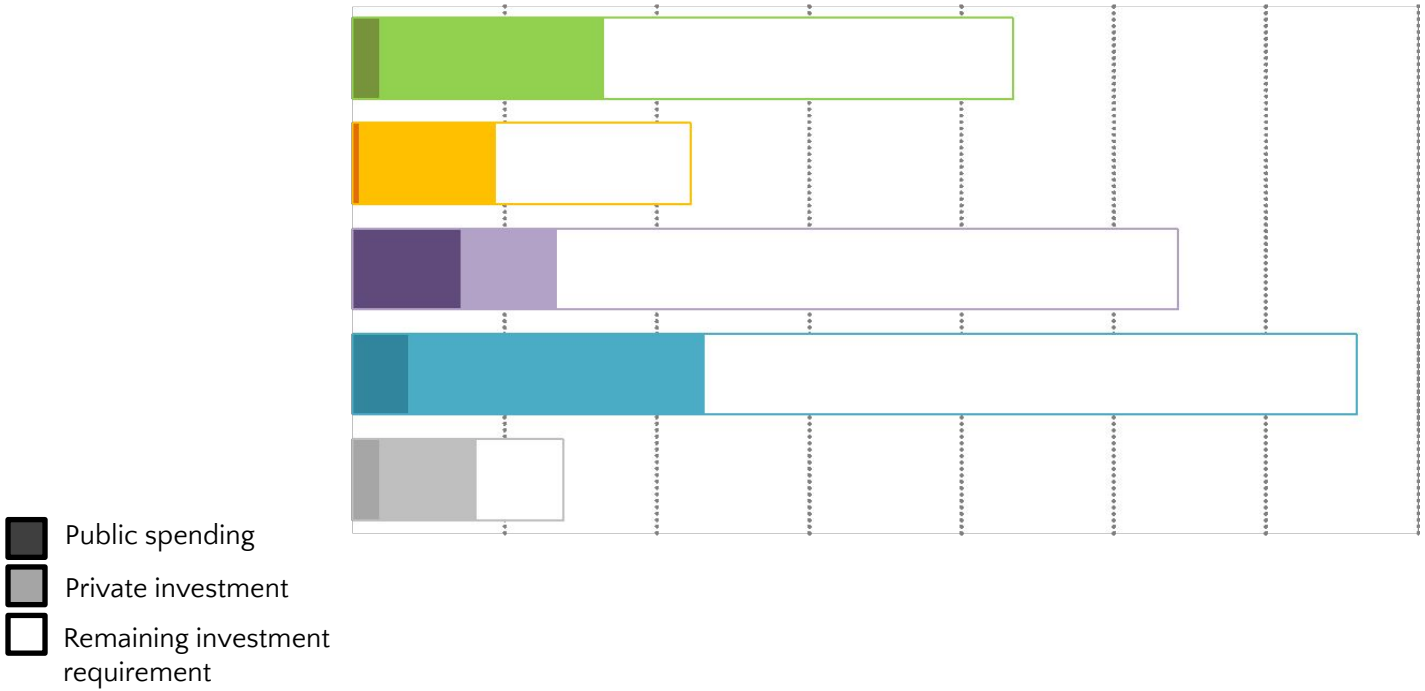
Solutions:

- **EMDE governments** can:
  - link financial support to SOEs to sustainable commitments,
  - remove market and price distortions, de-risk clean energy investments
  - further develop in-country networks delivering access and efficient end-use solutions
- **International financing institutions** can:
  - strengthen mandates to finance clean energy transitions
  - improve climate finance delivery

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Spending went to established technologies and policy programmes

Additional investment by category compared to levels in the Sustainable Recovery Plan (annual average from 2021-2023)



Categories with established policy mechanisms or large public sector prevalence were able to mobilise government spending quickly and attract more total spending.

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