



Mobilising Investment and Finance for Clean Energy Transitions and Sustainable Recovery

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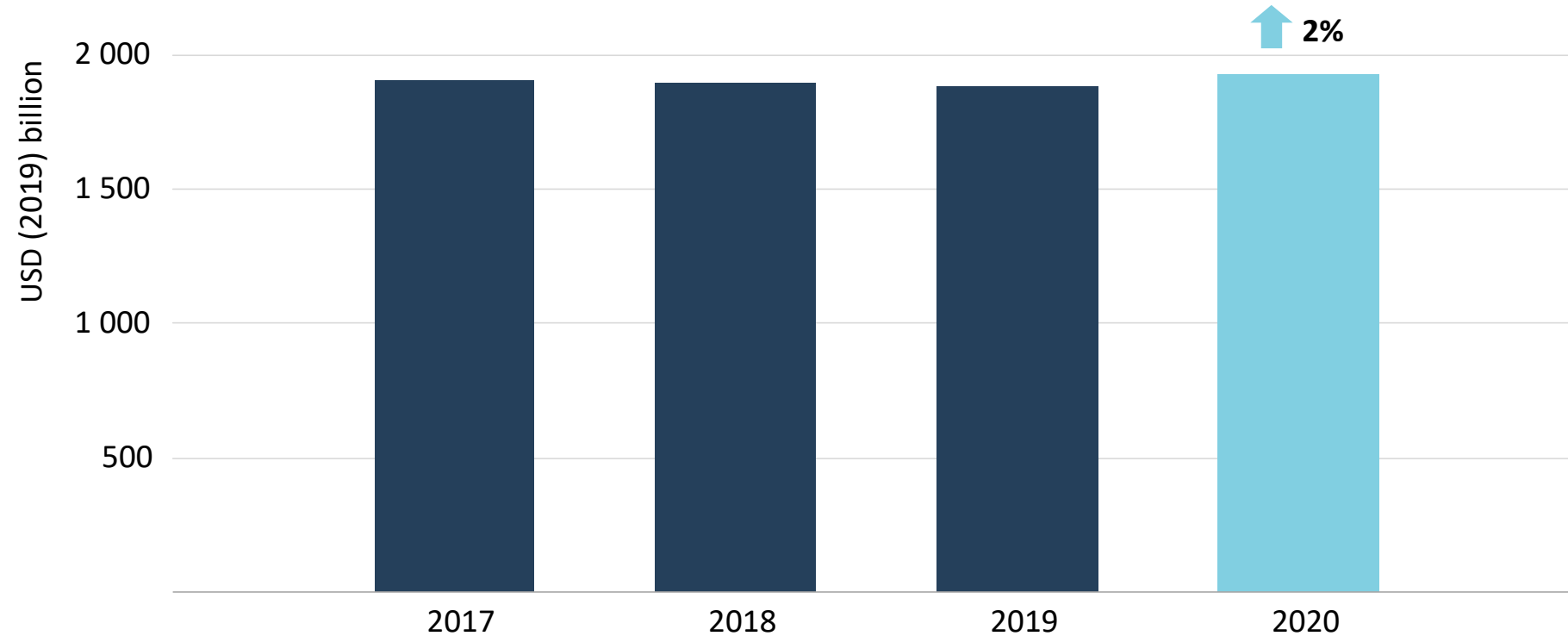
11th Clean Energy Ministerial Meeting Pre-Event

18 September 2020



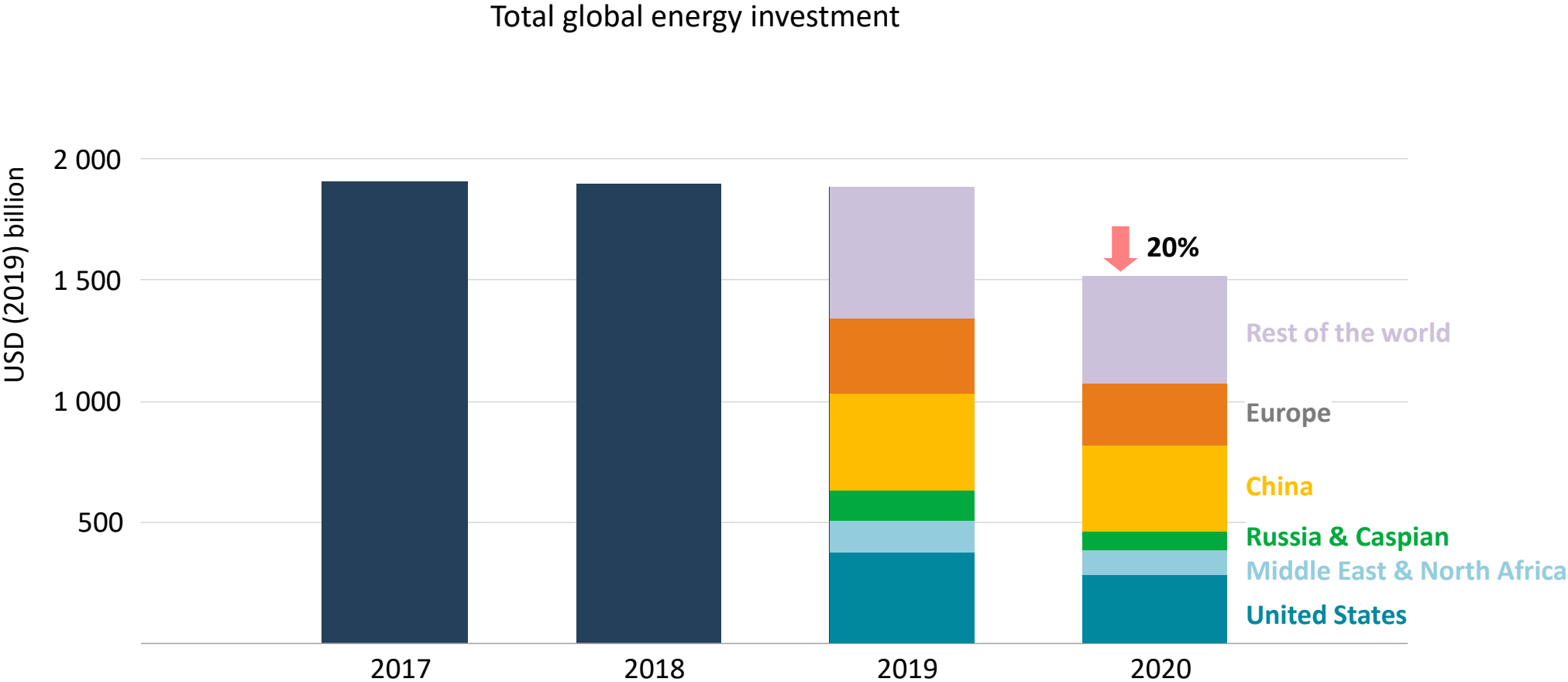
Pre-crisis expectations of a return to growth...

Total global energy investment based on pre-Covid-19 expectations



At the start of the year, expectations for 2020 pointed towards modest growth in renewables, upstream oil & gas and efficiency, pushing global energy investment up for the first time in recent years

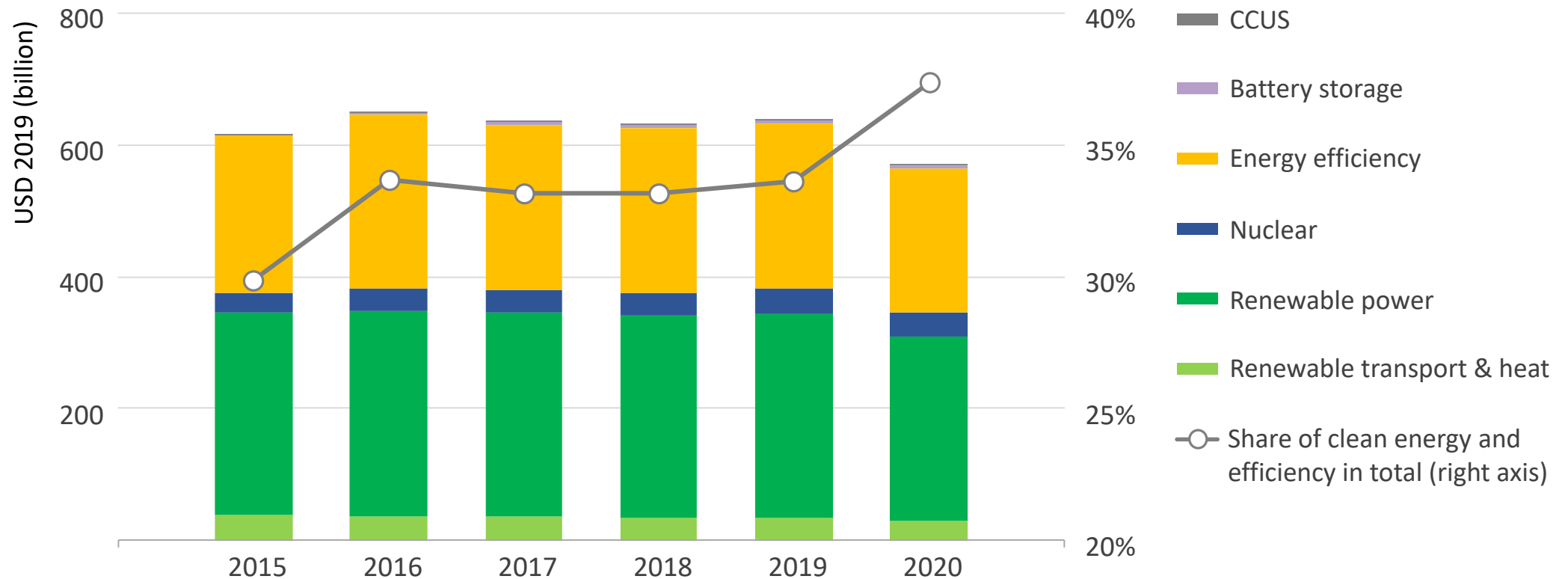
...have turned into an unparalleled decline in energy investment



Disruption from Covid-19 is expected to push 2020 energy investment down by almost \$400 billion. All parts of the world are affected, but major producers of oil & gas have seen the largest falls

Clean energy investment has been resilient, and insufficient

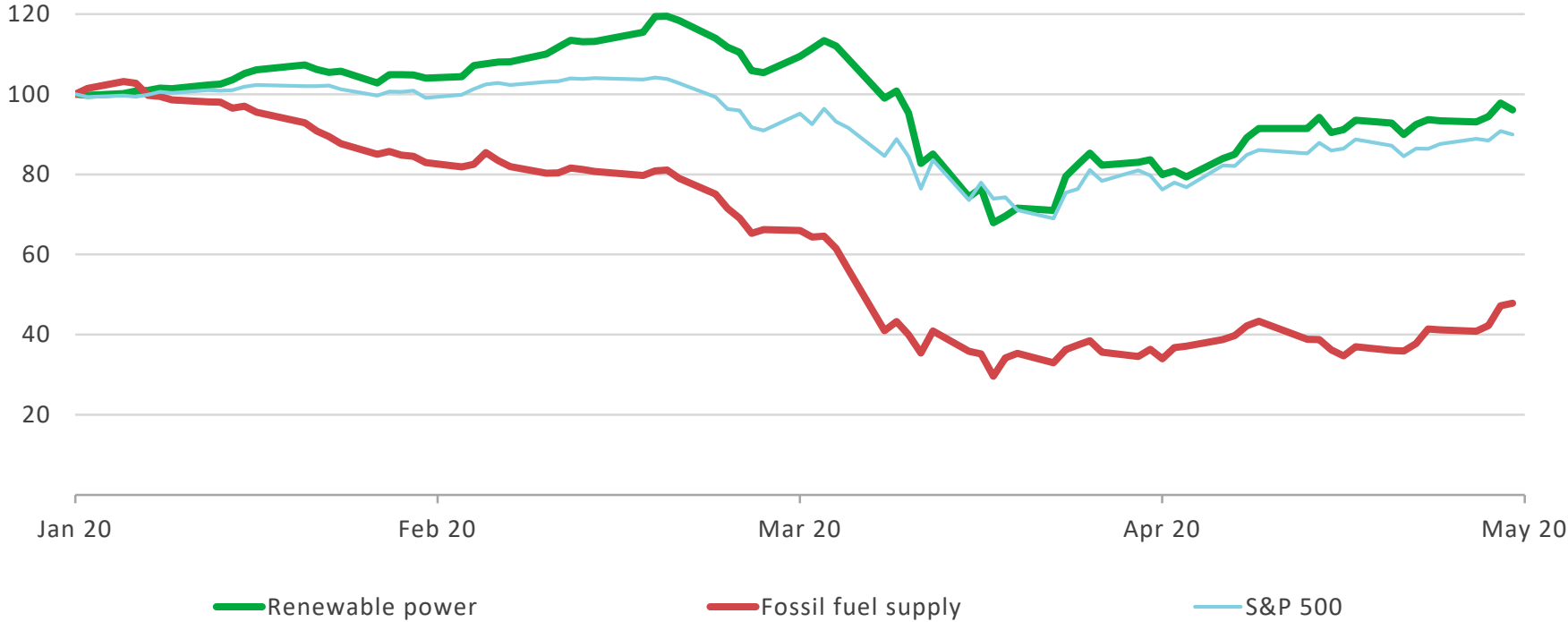
Global investment in clean energy and efficiency, and share in total investment



The uptick in the 'clean' share of total investment is not a breakthrough: absolute investment in energy transitions remain far short of what would be required for a more sustainable pathway

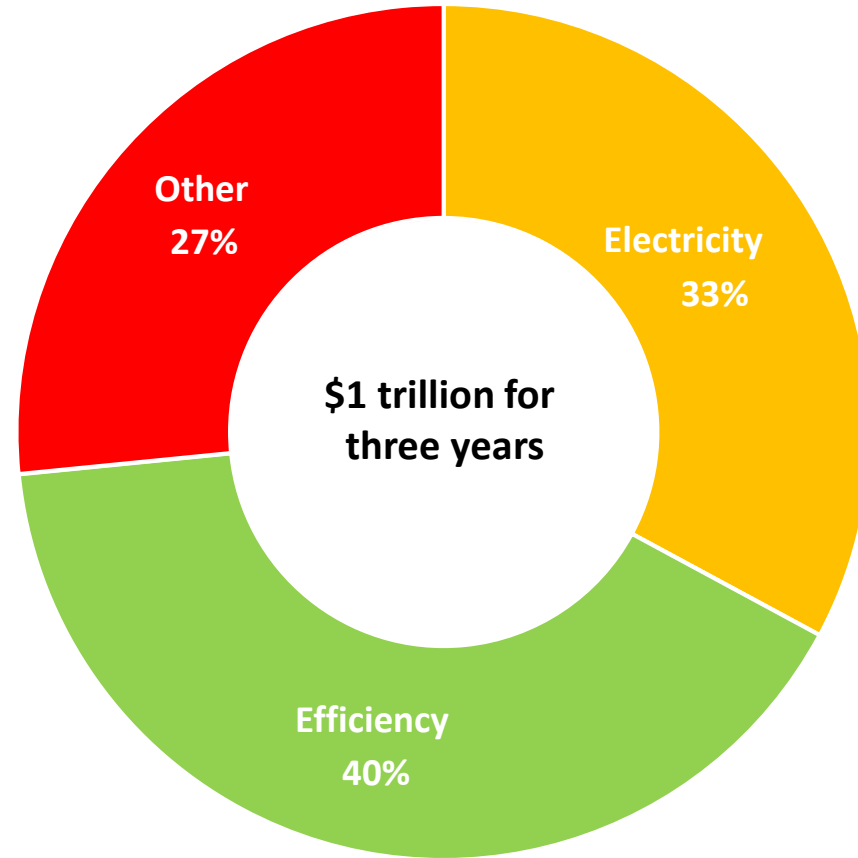
Renewables equities have outperformed fossil fuels during the crisis

Total equity return comparison of fossil fuel supply vs renewable power companies in Europe and the United States



An indicative fossil fuel portfolio has fallen sharply since the start of 2020 while a renewables-focused one has tracked the market more closely, but listed securities in renewables still lack scale & liquidity

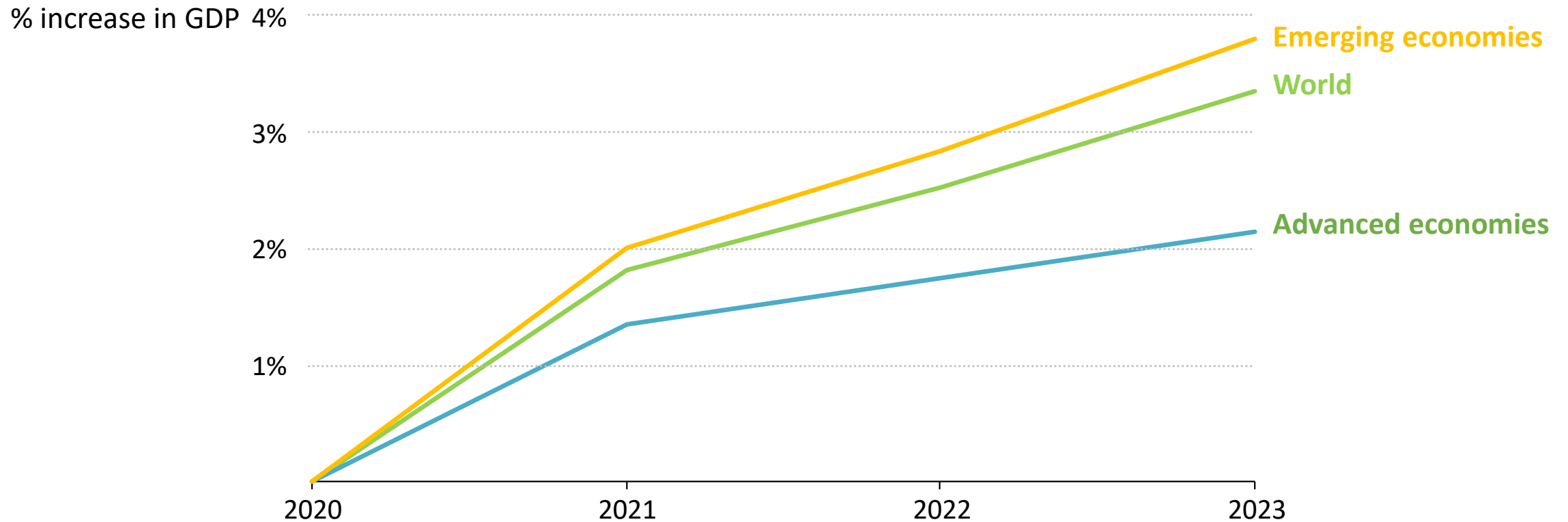
A plan for a Sustainable Recovery post Covid-19



The Sustainable Recovery Plan provides an integrated approach to support economic recovery and jobs while improving the resiliency & sustainability of the energy system

The energy sector could be a major driving force for economic growth

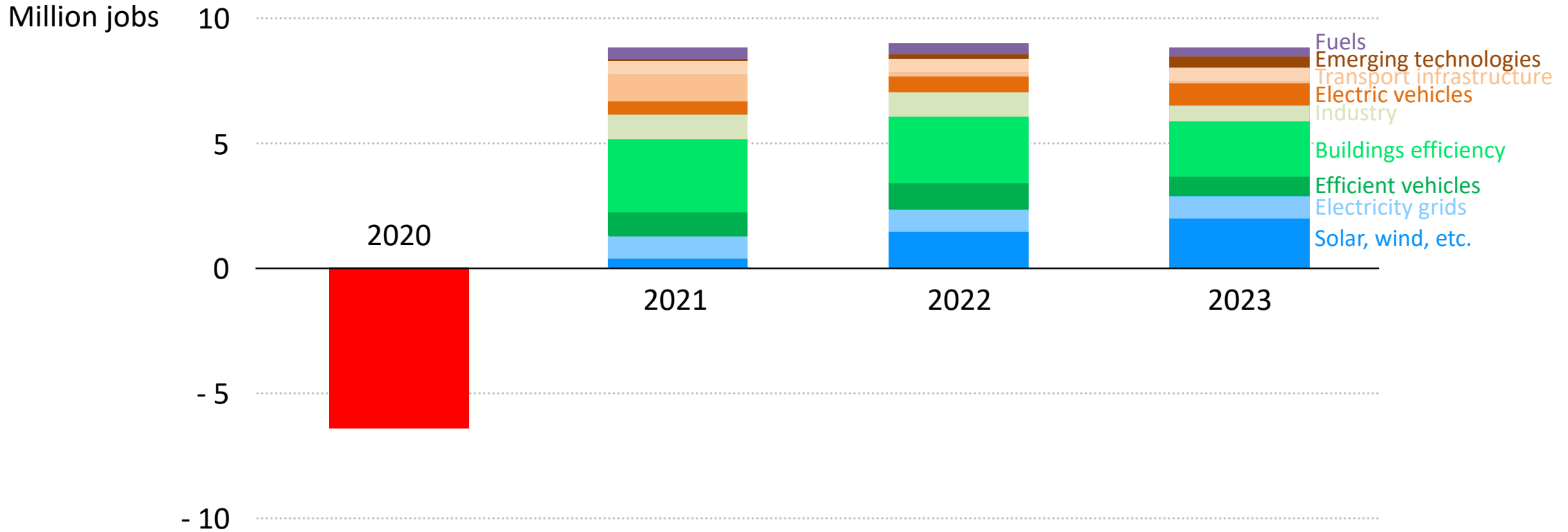
Additional growth in real GDP from the Sustainable Recovery Plan



An assessment conducted in co-operation with the International Monetary Fund shows that the Sustainable Recovery Plan would boost average annual global GDP growth by 1.1% to 2023.

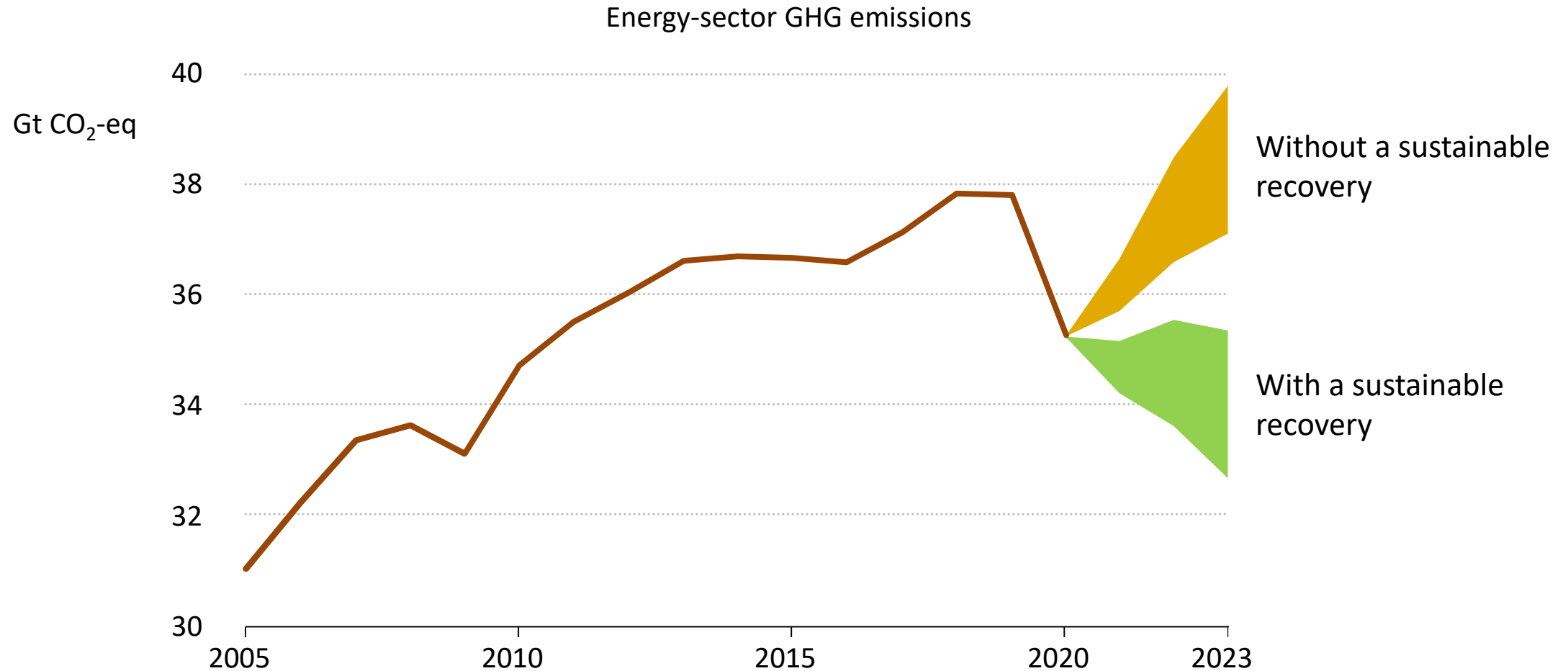
A Sustainable Recovery Plan creates new jobs

Energy-related jobs at risk due to Covid-19 in 2020 and new jobs created by the Sustainable Recovery Plan



With 6 million jobs that could be permanently lost due to the crisis, the plan could create or save some 9 million jobs in every year between 2021 and 2023 with most being in efficiency and in power.

Energy systems would shift towards structurally cleaner ones



The plan would make 2019 the definitive peak in global emissions, reducing GHG emissions by 4.5 billion tonnes and putting them on a path towards achieving long-term climate goals, including the Paris Agreement.

Conclusions

- The Covid-19 pandemic has set in motion the largest drop in global energy investment in history, with spending expected to fall in every major sector this year
- Clean energy investment, especially for utility-scale renewables projects, has been relatively resilient in 2020 but remains far below the levels required to achieve a lasting reduction in global emissions
- Growing efforts by governments and investors to align financial flows with sustainability goals, but enhanced engagement and strategies also needed with state-owned/unlisted companies and projects
- Implementing the Sustainable Recovery Plan can achieve a range of significant outcomes. Our analysis, carried out in cooperation with the International Monetary Fund, shows implementing the plan can:
 - Boost global economic growth by an average of 1.1 percentage points a year
 - Save or create roughly 9 million jobs a year
 - Make 2019 the definitive peak in global emissions
- Direct government expenditure would be less than 10% of recovery plans announced to date, but it is crucial for governments to create the right conditions to materialise \$1 trillion a year for three years.
- IEA stands ready to support government efforts on sustainable recovery and clean energy transitions.

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