



7 ways the **GLOBAL STOCKTAKE** can accelerate the phase-out of fossil fuel finance



iGST
Independent Global Stocktake

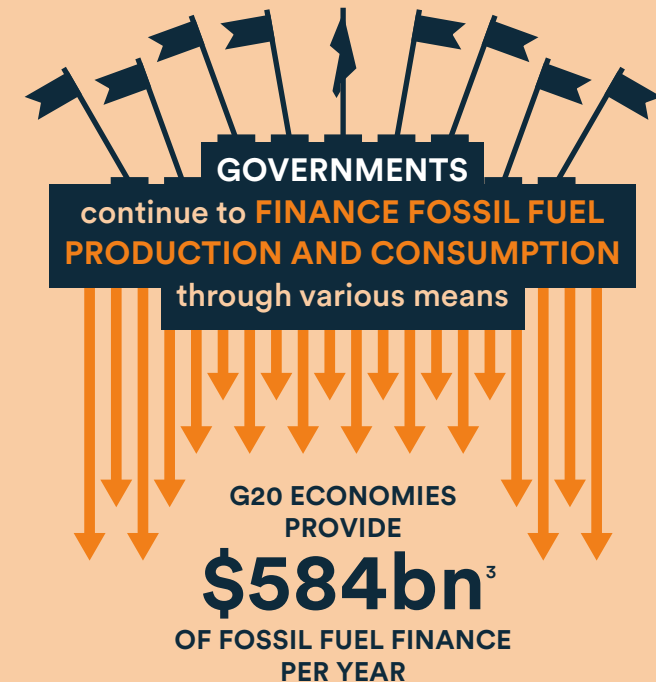
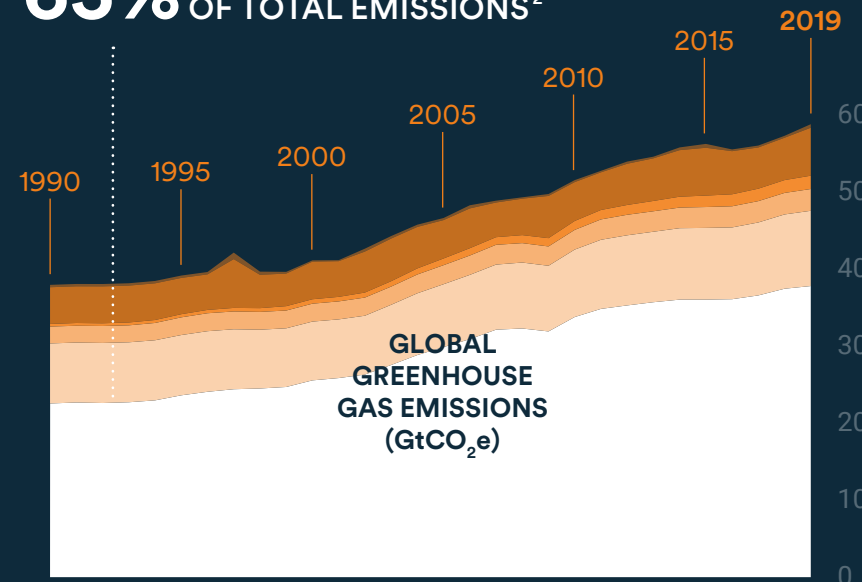
1 The Global Stocktake (GST) can reinforce that fossil fuel finance acts in opposition to the goals of the Paris Agreement

A RELIANCE ON
COAL, OIL AND GAS
FOR THE WORLD'S ENERGY NEEDS
IS NOT COMPATIBLE WITH ITS
CLIMATE TARGETS

Continued investments into
fossil fuel production and
consumption will **JEOPARDISE**
collective mitigation goals¹

Rising temperatures will
**INCREASE CLIMATE RISKS
AND IMPACTS**, requiring
more adaptation

CO₂ EMISSIONS
from fossil fuels make up
65% OF TOTAL EMISSIONS²



GOVERNMENT SUBSIDIES
for fossil fuels are not
explicitly called out in the
Paris Agreement.

The GST could raise
awareness and drive
countries to

PHASE OUT OF FOSSIL FUEL FINANCE

2 The GST can encourage countries to undertake new and more ambitious commitments by monitoring and reflecting on achievements to date

FEW COUNTRIES HAVE COMMITTED

TO PHASING OUT FINANCING FOR FOSSIL FUELS

– and when they have, those commitments are often **vague**, **without clear timelines** and **milestones** for **action**

HIGH-LEVEL COMMITMENTS AND CALLS TO END FOSSIL FUEL FINANCE INCLUDE:

2009 **VAGUE**
G20 commitment to end 'inefficient' fossil fuel subsidies in the 'medium term'⁴

2010 **NOT MET**
The European Commission call to end fossil fuel subsidies by 2020⁵

2016 **NO PLANS**
G7 agreement on 2025 timeline to end fossil fuel subsidies – no concrete phase-out plans so far⁶

2017 **NOT MET**
Group of vulnerable countries 'V20'⁷ call for G20 to end fossil fuel subsidies by 2020⁸

2020 **LOOPHOLE**
UK commitment to end fossil fuel financing overseas – but loopholes remain for some natural gas projects⁹

2021 **TO BE SEEN...**
G7 and G20 commitments to end financing for new, unabated coal plants overseas.^{10 11} US Treasury announcement to limit support for international coal and gas projects through bilateral and multilateral development agencies¹²



While there is strong momentum behind phasing out coal finance, **OIL** and **GAS** receive **SIGNIFICANTLY HIGHER LEVELS OF PUBLIC SUPPORT**¹³

Commitments allowing support to some activities in **EXCEPTIONAL CIRCUMSTANCES** – such as natural gas extraction and consumption – **NEED TO CLARIFY** how it will be used in the energy transition and in line with **CLIMATE GOALS**¹⁴

THE GST CAN



GET THESE COMMITMENTS ON RECORD



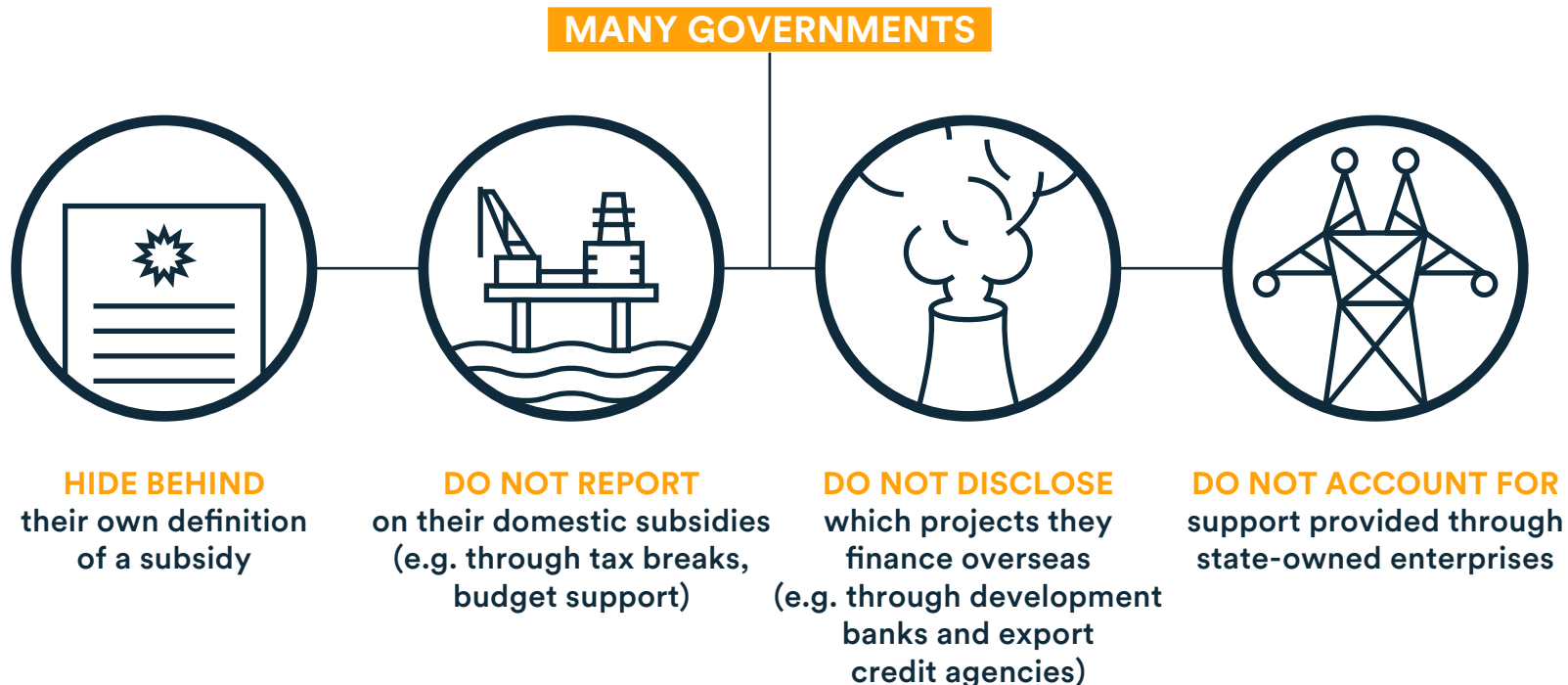
STIMULATE OTHERS TO DO THE SAME



HOLD THOSE MAKING COMMITMENTS TO ACCOUNT

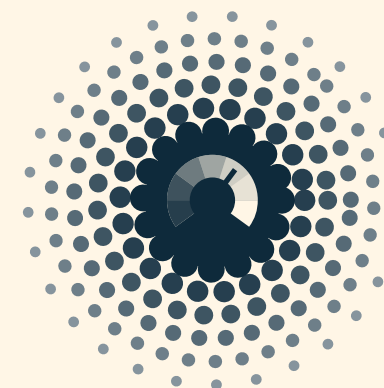
3 The GST process can strengthen data and data transparency to help the phase-out of subsidies and public finance for fossil fuels

There are **HUGE DATA GAPS**
in reporting on FOSSIL FUEL FINANCE,
LIMITING GLOBAL COMPARABILITY



**UNDER THE UN SUSTAINABLE
DEVELOPMENT GOAL (SDG)
TARGET 12.c¹⁵**

**COUNTRIES MUST REPORT
ON THE AMOUNT OF
FOSSIL-FUEL SUBSIDIES**
(production and consumption)
per unit of GDP



THE GST can turn
this static indicator into a
**COLLECTIVE ALIGNMENT
AND UNDERSTANDING OF
GLOBAL PROGRESS** towards
fossil fuel phase-out through regular
monitoring and adding up

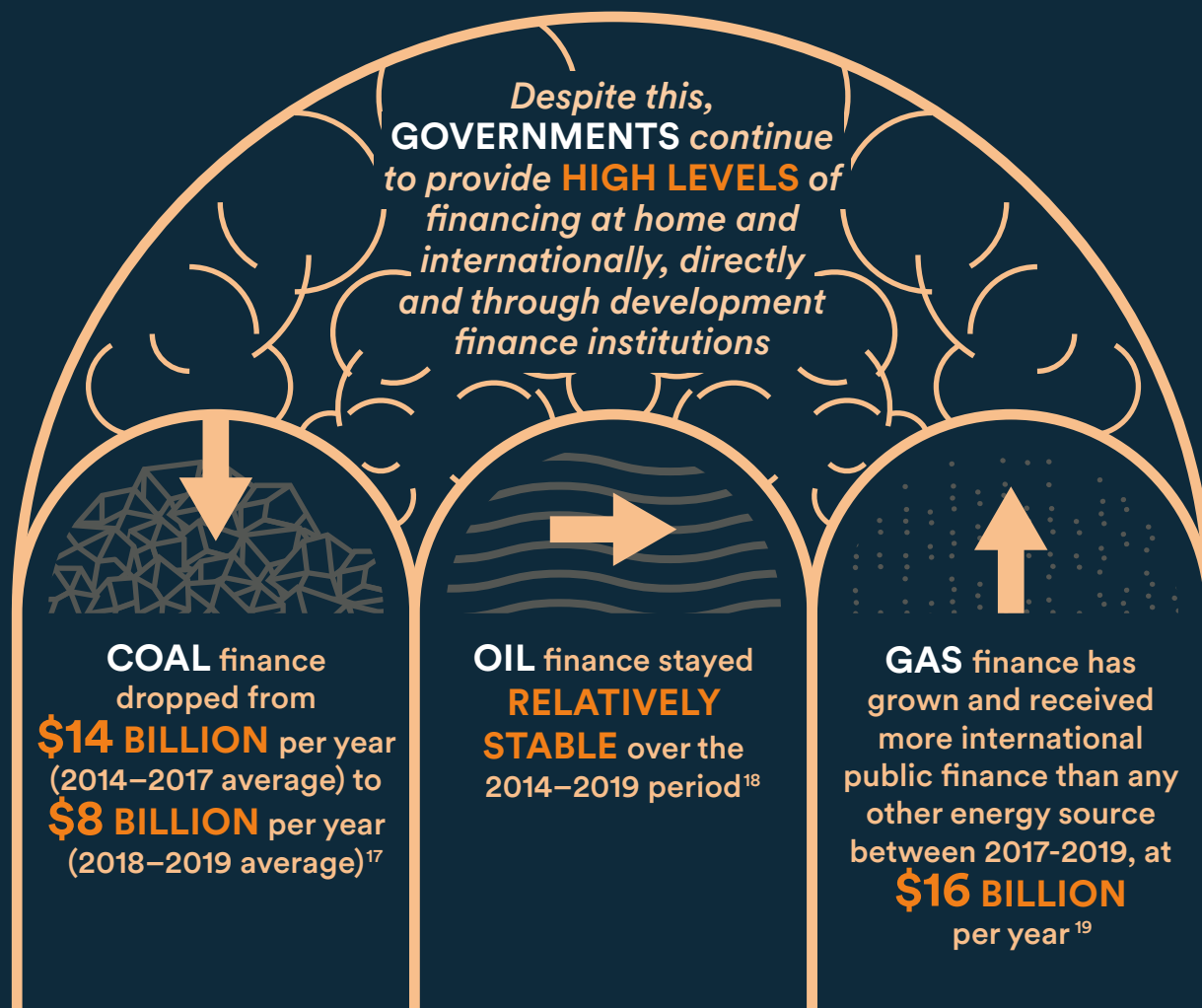
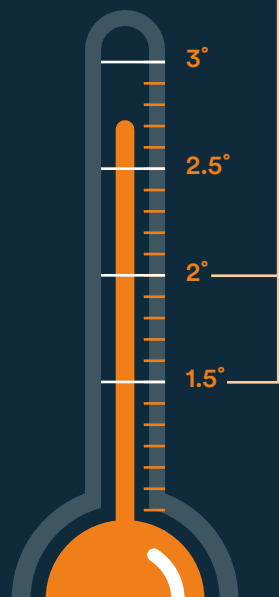


Progressive countries
could go further,
**PAIRING UP TO
DISCLOSE AND REVIEW**
each other's subsidies, and
PLAN FOR REFORM
(similarly to the
'G20 Peer Reviews')¹⁶

4 The GST provides an opportunity for a collective reflection on national plans to phase out financial support to production of fossil fuels, domestically and abroad

GOVERNMENTS' CURRENT FOSSIL FUEL PRODUCTION PLANS WOULD

FAR EXCEED 1.5°C OR EVEN 2°C GLOBAL HEATING PATHWAYS¹⁷



THE GST could become a key moment for

POLICY AND FINANCE LEVERS

to be pulled simultaneously, and for **TRANSITION, LIABILITY** and **PHYSICAL RISKS** to be internalised

In this way, countries could tap into alternative energy sources and quit reliance on fossil fuel exports at the speed needed to combat the climate emergency



5 The GST can offer a platform for countries to collaborate on reforming fossil fuel consumption subsidies

Countries continue to subsidise
HOUSEHOLD, BUSINESS AND INDUSTRIAL

CONSUMPTION OF FOSSIL FUELS

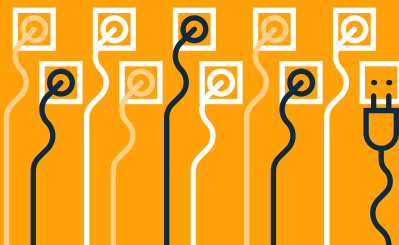
by lowering energy prices and providing
exemptions on energy taxes



Down 40% from 2019

**\$180bn
2020**

The International Energy
Agency estimated that
SUBSIDIES TO FOSSIL FUEL
energy consumption amounted
to **\$180 BILLION** in 2020,
down by 40% from 2019 due to
the COVID-19 pandemic²¹



\$90bn

Oil products
(inc transport and
residential use)



\$50bn

Fossil fuels
used to produce
electricity



\$35bn

Natural gas



\$1.7bn

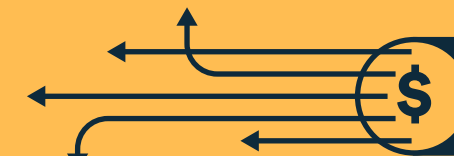
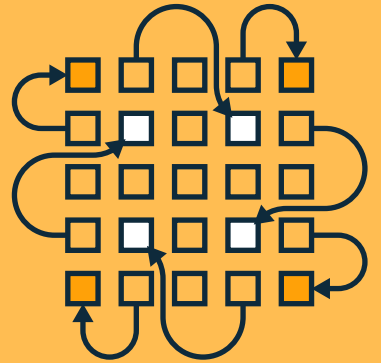
Coal

**SUBSIDIES TO CONSUMPTION
ARE OFTEN REGRESSIVE**

as they mostly benefit the
middle class and the wealthy, who
consume more energy. They also
encourage waste, by removing
incentives for greater efficiency

BEST AVAILABLE SCIENCE
and **EQUITY REQUIREMENTS**
enshrined in the GST process
point to **AN ORDERLY AND
PLANNED REFORM** of fossil fuel
consumption subsidies

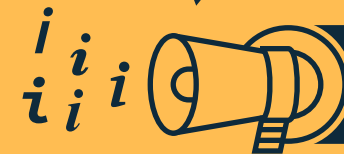
**THE GST CAN PROVIDE A
PLATFORM** for countries to
collaborate on reforming their
consumption subsidies to:



CHANNEL THE FUNDS
generated towards the
most vulnerable



Repurpose the funds for **SOCIAL
GOODS** such as **EDUCATION**
and **HEALTHCARE**



COMMUNICATE the benefits of
reform to avoid public backlash
and inertia



Work with industry and businesses who will
be affected to **MANAGE THE TRANSITION**
in an equitable and gradual way

6 The GST can support the emerging discussion on finance for a just transition

A JUST TRANSITION

towards an environmentally sustainable economy needs to support **DECENT WORK FOR ALL, SOCIAL INCLUSION** and **ENDING POVERTY**²²



As well as strengthening and adding up domestic efforts and finance, the GST can make the case for international climate finance to mainstream just transition into all mitigation support

Countries will have to adopt a **WHOLE-OF-SOCIETY APPROACH** to just transition, which includes:

- Supporting workers and communities, including through training in new skills and technologies
- Decommissioning of coal, oil and gas projects, and rehabilitation of sites
- Stakeholders (industry, government, business, employees, locals) working together to address common challenges
- Help for vulnerable energy consumers impacted by the transition
- Finding new sources of revenue for regions and provinces and sustainably diversifying their economies

National initiatives to support such a transition are emerging:

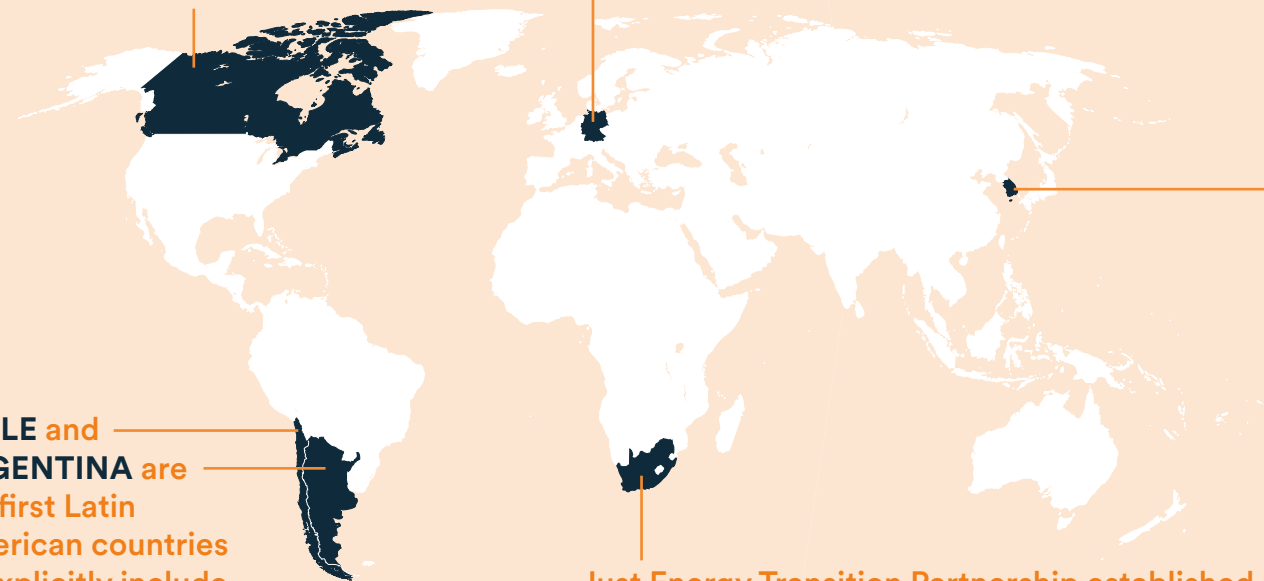
The **CANADIAN COAL TRANSITION INITIATIVE** to help communities and workers in different regions affected by the transition²³

GERMANY €40 BILLION PLEDGE to support regions on coal phase-out²⁴

The **2050 CARBON NEUTRAL STRATEGY** of **SOUTH KOREA** includes a just transition framework for those in fossil fuel industries²⁵

CHILE and ARGENTINA are the first Latin American countries to explicitly include just transition in their Nationally Determined Contributions (NDCs)²⁶

Just Energy Transition Partnership established by **SOUTH AFRICA**, together with France, Germany, the UK and the US, to support the country's decarbonisation efforts, with **\$8.5 BILLION** of initial financing²⁷



7 In accelerating the phase-out of fossil fuel financing, the GST can take into account countries' circumstances and urgency of needs based on climate and equity considerations



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The Independent Global Stocktake (iGST) is a consortium of civil society actors working together to support the Global Stocktake (GST), the formal process established under the Paris Agreement to periodically take stock of collective progress toward its long-term goals.



The Finance Working Group (FWG) of the Independent Global Stocktake (iGST) is an open partnership bringing together a range of expert perspectives from the global north and south on the progress made toward financing climate action. The FWG aims to support and independently benchmark the official UNFCCC Global Stocktake (GST) process.

