

# 2020: A stress test for sustainable investments

Anne Therese Gullberg  
[atg@kruselarsen.no](mailto:atg@kruselarsen.no)

## A decade of action

IRENA 12/01/2020

- 2019: Three quarters of the global energy investments were in renewable energy.
- Renewable energy investments have to more than double annually by 2030:
- From \$330 billion to \$750 billion. Annually.

# Double the Share of Renewables in the 'Decade of Action' to Achieve Energy Transition Objectives [Tweet](#)

12 January 2020 | Press Release



**USD 10 trillion of fossil fuel investment must be redirected towards energy transformation by 2030**

# Funding the low-carbon transition

- Mobilising private capital
- Taxonomy
- »Green list«
- Ending greenwashing



FINANCING A  
**SUSTAINABLE**  
EUROPEAN ECONOMY



# Green recovery

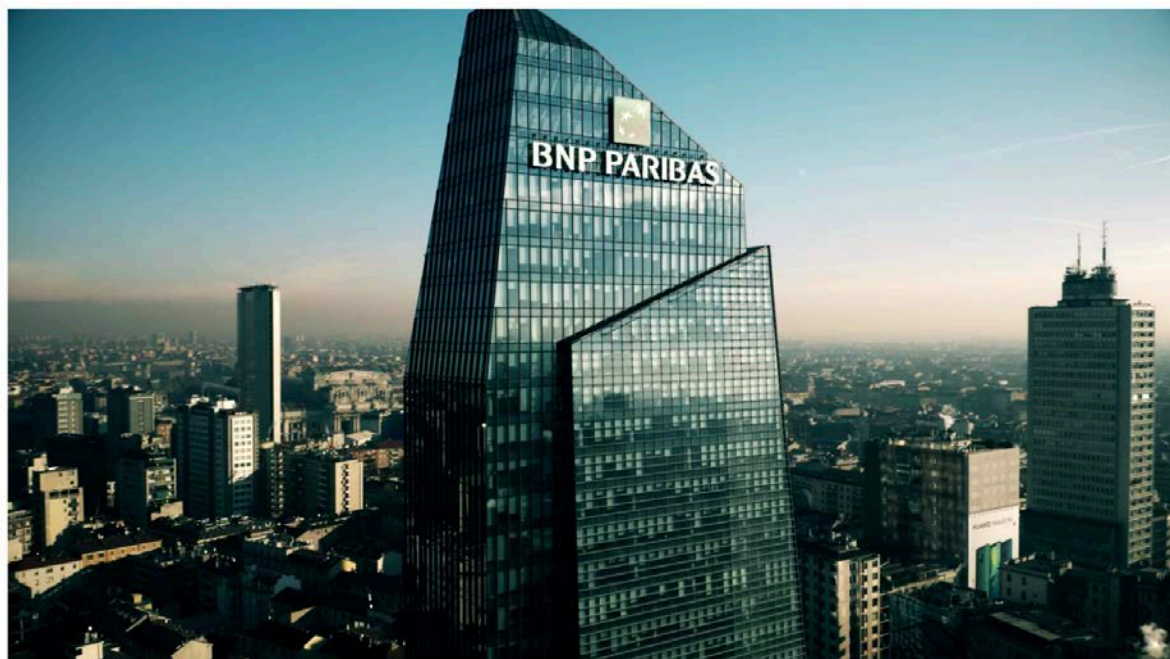
BUSINESS, POLITICIANS, ACADEMICS

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## Financiers join EU 'green recovery alliance'

By Frédéric Simon | EURACTIV.com

📅 5. mai 2020



"Unlike the 2008 crisis, investors and banks now have a horizon to reinvest in the economy, in line with carbon neutrality by 2050: the Green Deal," said a statement from the alliance. [Novikov Aleksey / Shutterstock]

## Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change?

Cameron Hepburn<sup>i</sup>, Brian O'Callaghan<sup>i</sup>, Nicholas Stern<sup>ii</sup>, Joseph Stiglitz<sup>iii</sup> and Dimitri Zenghelis<sup>iv</sup>

<sup>i</sup>Smith School of Enterprise and the Environment, University of Oxford, <sup>ii</sup>London School of Economics and Political Science, <sup>iii</sup>Columbia University, <sup>iv</sup>University of Cambridge

cameron.hepburn@smithschool.ox.ac.uk; brian.ocallaghan@sjc.ox.ac.uk; n.stern@lse.ac.uk; jes322@columbia.edu; dz320@cam.ac.uk

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### ABSTRACT

The COVID-19 crisis is likely to have dramatic consequences for progress on climate change. Imminent fiscal recovery packages could entrench or partly displace the current fossil-fuel-intensive economic system. Here, we survey 231 central bank officials, finance ministry officials, and other economic experts from G20 countries on the relative performance of 25 major fiscal recovery archetypes across four dimensions: speed of implementation, economic multiplier, climate impact potential, and overall desirability. We identify five policies with high potential on both economic multiplier and climate impact metrics: clean physical infrastructure, building efficiency retrofits, investment in education and training, natural capital investment, and clean R&D. In lower- and middle-income countries (LMICs) rural support spending is of particular value while clean R&D is less important. These recommendations are contextualised through analysis of the short-run impacts of COVID-19 on greenhouse gas curtailment and plausible medium-run shifts in the habits and behaviours of humans and institutions.



Biodiversity Strategy for 2030

A new Circular Economy Action Plan

- Strategy on the sustainable use of chemicals
- Clean Air and Water Action Plans

Preserving Europe's natural capital

Transition to a Circular Economy

A zero pollution Europe

- TBD with the commissioner-designate

Sustainable Transport

Farm to Fork

Farm to Fork Strategy

Achieving Climate Neutrality

The transformation of agriculture and rural areas

- Vision for Inclusive Rural Areas
- Africa Europe agenda

- Revising 2030 Climate targets
- Extending ETS
- Climate Pact
- Climate Law
- Carbon Border Tax

Clean, Reliable and Affordable energy

Towards a modernised and simplified CAP

CAP reform proposal

- Review Energy Legislation
- European Framework for gas
- Review Energy Taxation directive

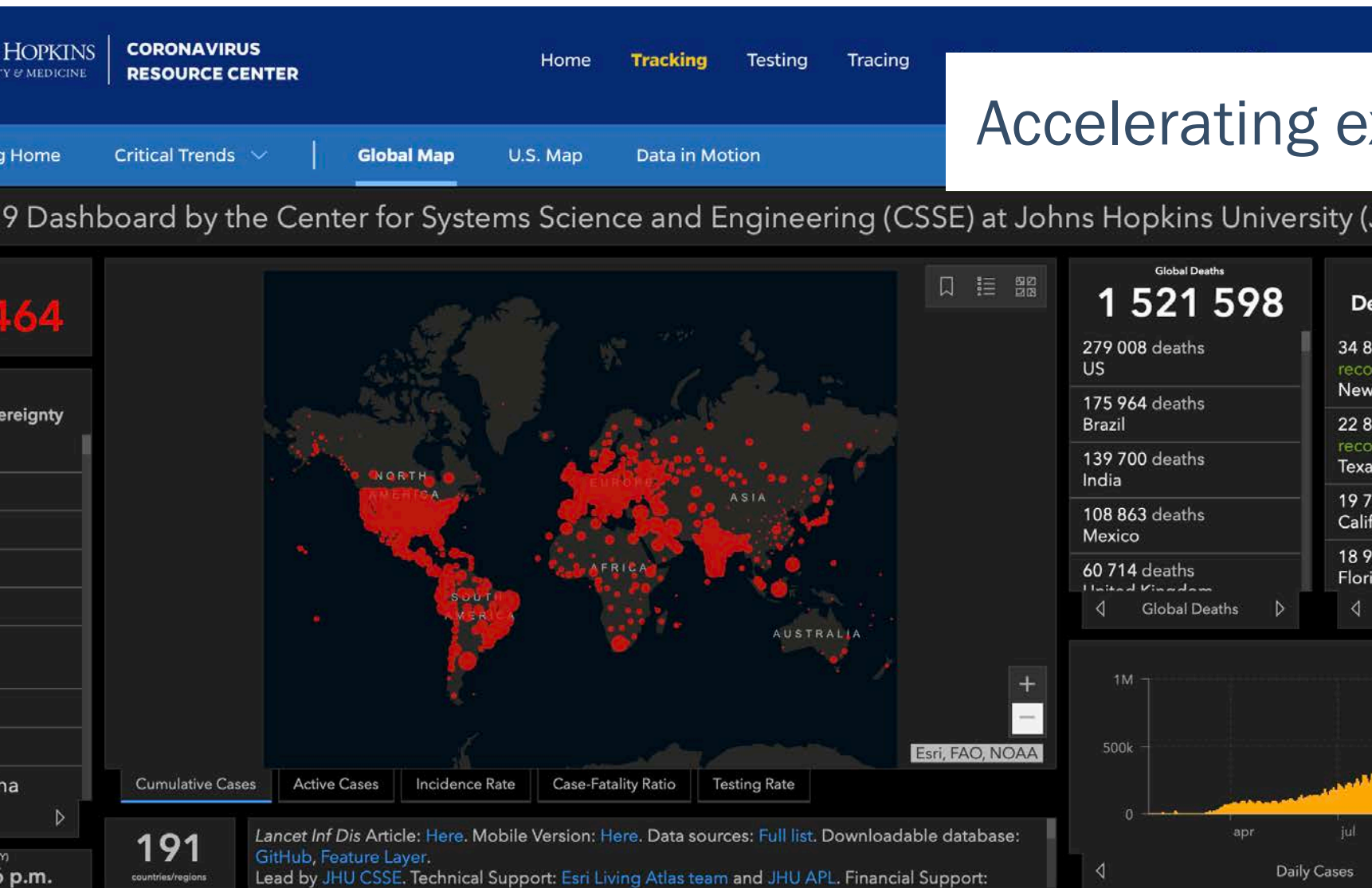
Financing the transition

Leave no one behind (Just Transition)

- European Investment Bank as European Climate Bank
- Sustainable Europe Investment Plan
- Green Financing Strategy
- Mainstreaming climate transition and sustainability in the MFF

- Just Transition Instrument, including the Just Transition Fund
- Mainstreaming the Just Transition in the MFF





# Accelerating existing trends

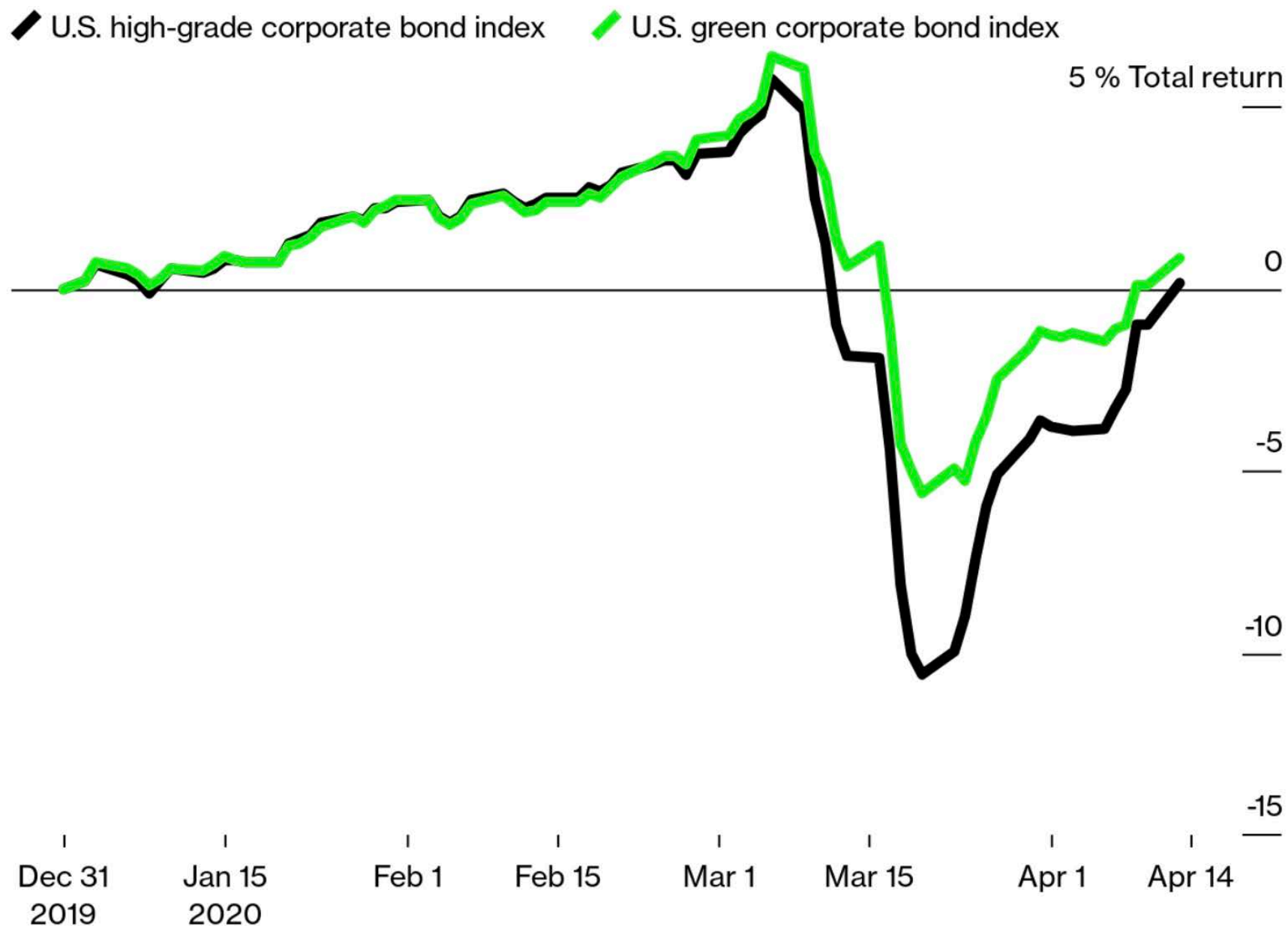
- Digitalisation
- Sustainability
- Risk and supply-chain management
- Biodiversity added to climate
- Social sustainability

## A financial stress test

- Renewables with a 34% decline first half of 2020 (BNEF, 2020).
- Increased investor interest in sustainable assets – including renewables (IRENA 2020).

### Resilient Debt

Green bond performance held up during the market selloff



Bloomberg 14/04/2020

Source: Bloomberg Barclays  
Normalized as of 12/31/2019

**Bloomberg Green**



# Renewable energy: Party competition and polarisation

## CHALLENGES AHEAD



Photo: VG, Gisle Oddestad



Photo: Stein Lorentzen/NRK



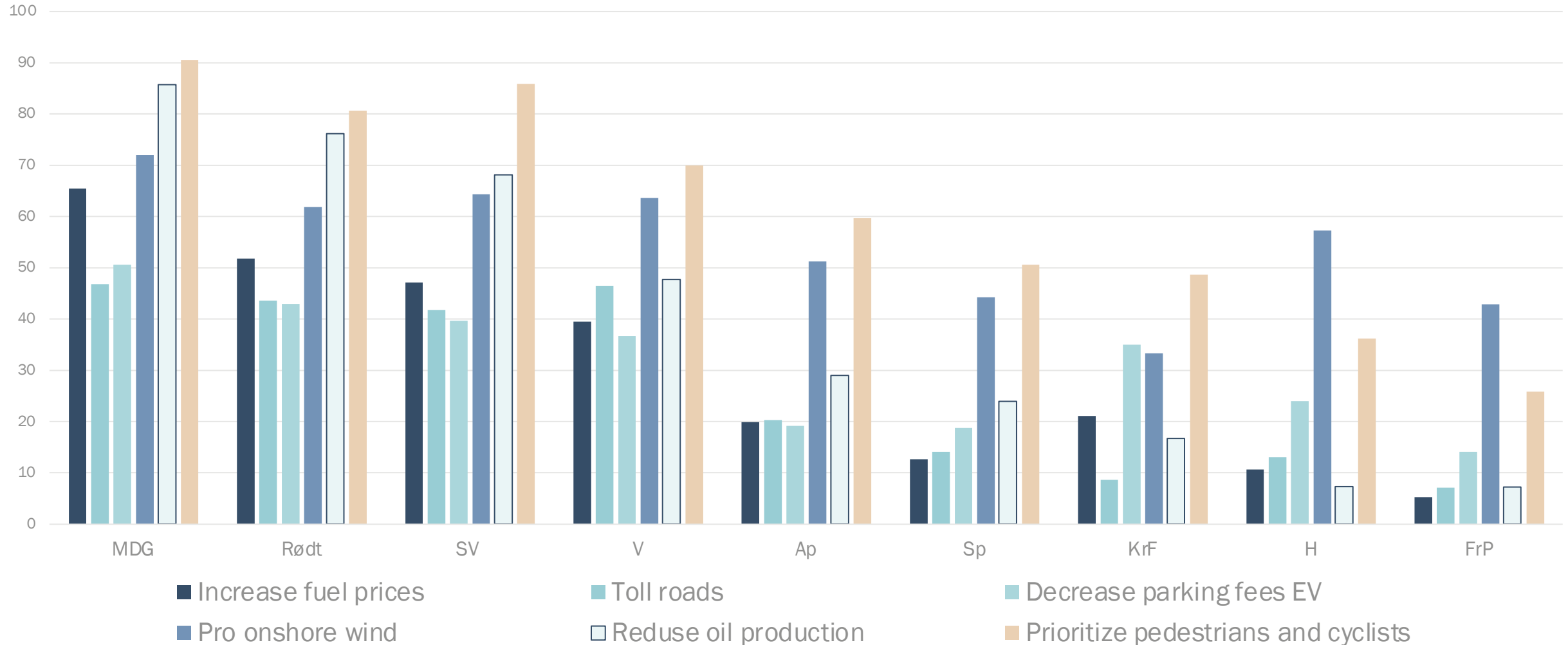
## Norwegian voters 2009 – opinion balance

Parties	Socialist Left	Labour	Centre	Liberal	Christian Democrats	Conservatives	Progress	All voters
More hydro power	-32	-1	9	-33	-8	12	30	5
Wind power	73	75	77	74	64	69	63	71

Tjernshaugen, A. Aardal, B. and Gullberg, AT 2011. Det første klimavalget? Miljø-og klimaspørsmålenes plass ved valget i 2009. in B. Aardal (red.) *Det politiske landskap*. Oslo: Cappelen Damm Akademisk.

# Public support for climate policies 2018/2019

BASED ON: AASEN, M., KLEMETSEN, M., REED, E. U., & VATN, A. (2019). FOLK OG KLIMA: NORDMENNENS HOLDNINGER TIL KLIMAENDRINGER, KLIMAPOLITIKK OG EGET ANSVAR. *CICERO REPORT*.





# Offshore wind, electrification of NCS, carbon capture and storage



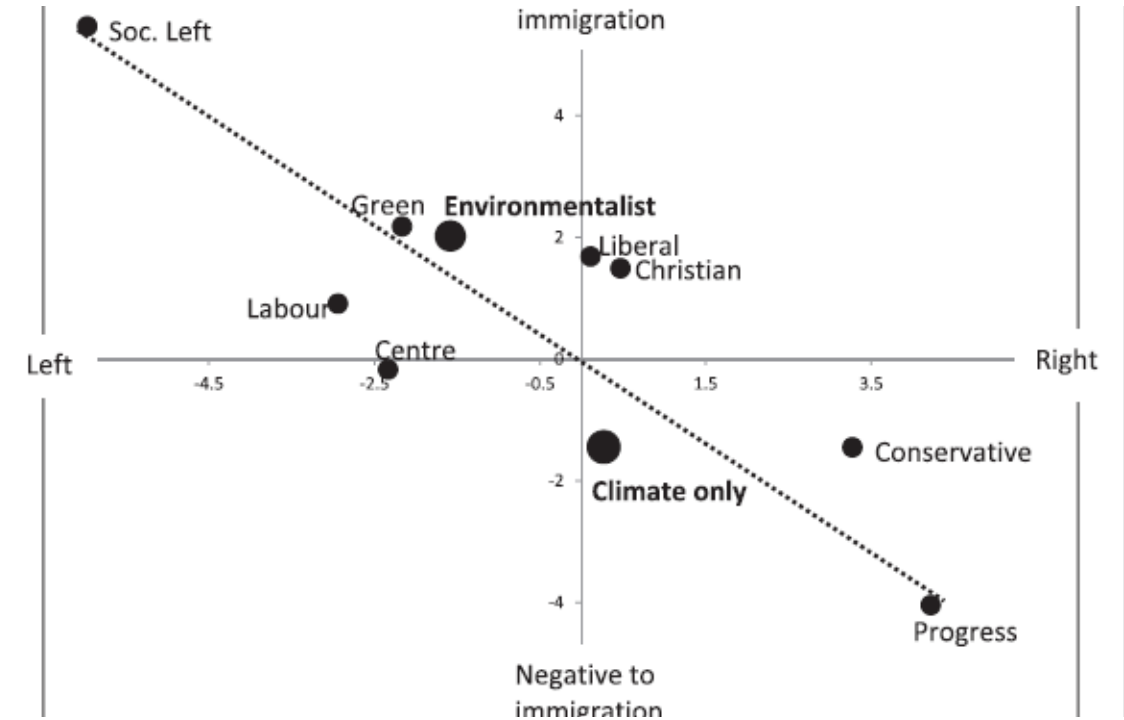
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# The challenge: Climate skeptics and the deep green

	Environmental protection, also at the expense of living standards	Not environmental protection at the expense of living standards
Climate change is a severe problem	36 % Environmentalists	14 % Climate only
Climate change is not a severe problem	16 % Nature only	34 % Economic growth



Gullberg, A. T. & Aardal, B. (2019). Is climate change mitigation compatible with environmental protection? Exploring voter attitudes as expressed through "old" and "new" politics in Norway. *Environmental Policy and Governance*, 29(1), 67-80. doi:10.1002/eet.1844



# Dwindling public support for climate action

2021: THE NORWEGIAN ELECTION AS A POLITICAL STRESS TEST



Surface Air Temperature Increase 1960 to 2060

Why renewables? Climate change.

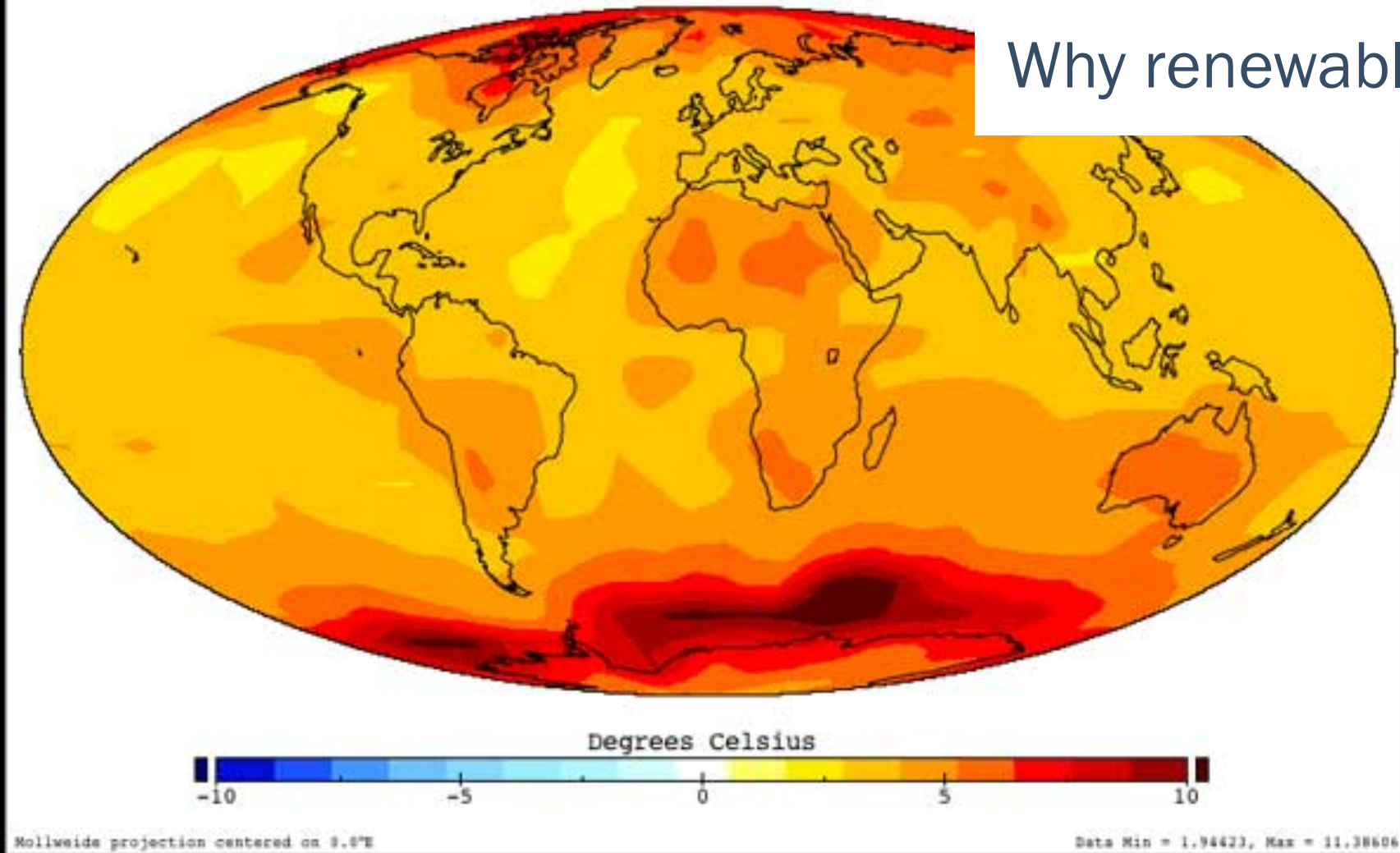
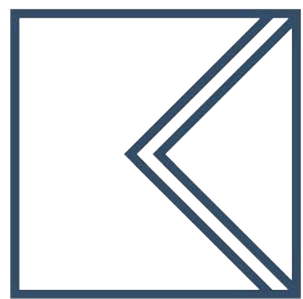


Illustration: NASA





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LARSEN