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# Green Fiscal Stimulus Packages

BIEE Seminar on Sustainable Energy – The Next Crisis  
London, 21 September

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# Overview

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- The case for a green fiscal stimulus – a recap
- Initial evidence after 9 months: has it worked?
- What else has the recession done to green investment?

# The case for a green fiscal stimulus

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- Why a fiscal stimulus?
  - Crisis is one of demand
  - Monetary instruments exhausted
- Why a green fiscal stimulus?
  - Many green measures fit the stimulus criteria (targeted, timely, temporary)
  - Green investment makes sense anyway

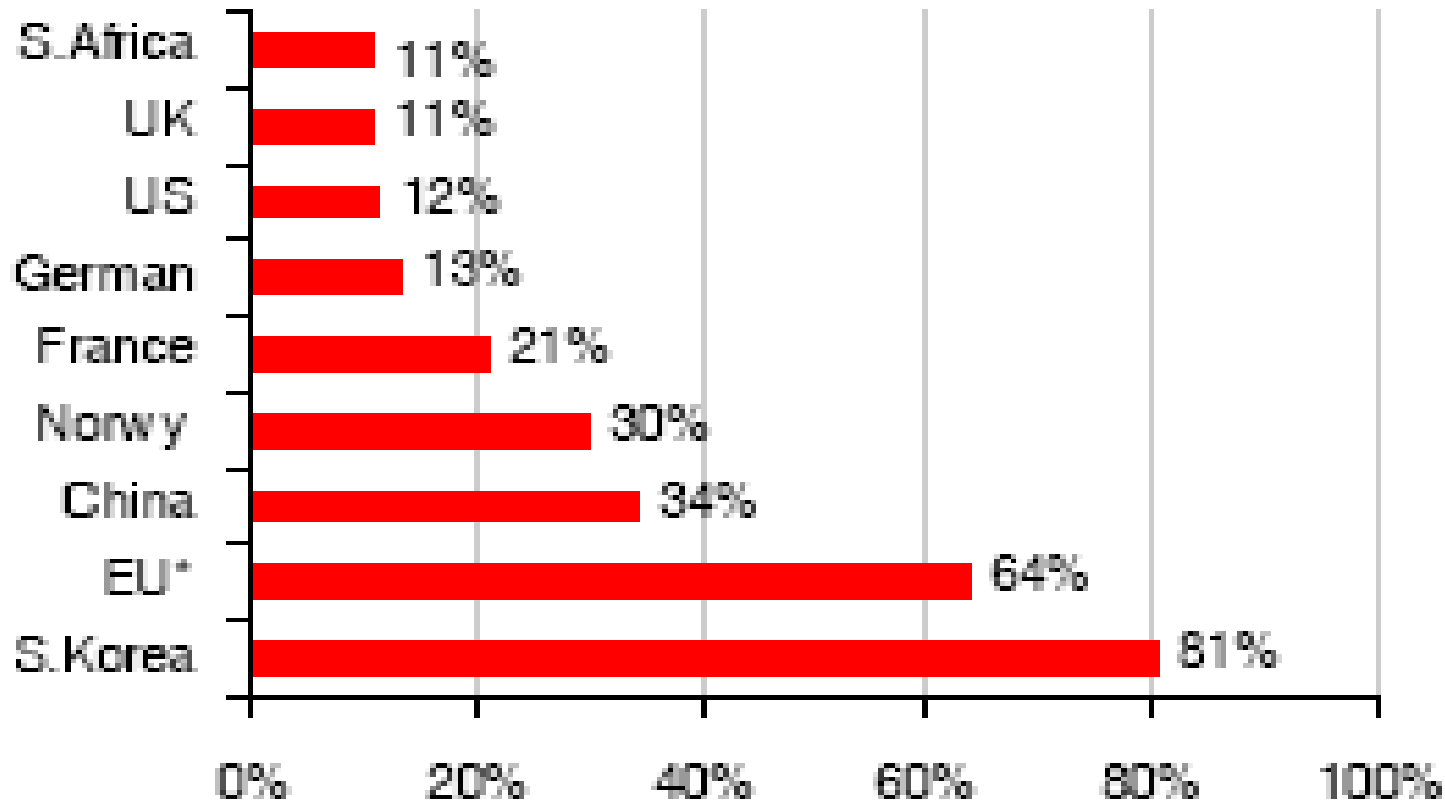
# Has it worked?

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- Much green stimulus was announced
  - Much of it yet to be disbursed
- There has been some boost to demand
  - .e.g., impact from car scrappage schemes
- But mixed environmental benefits
  - Little on energy efficiency, car emissions
- Talk is now more about spending cuts

# “Green share” in fiscal stimulus packages

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Source: HSBC: 'Building a green recovery', May 2009

# Other impacts of the recession

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- Emissions are down
  - But this is a short-term effect
- Carbon prices are down
  - Limited long-term incentive for clean investment
- Access to credit is more difficult
  - Affects mostly independent developers

# Is there need for a policy response?

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- To underpin the carbon price
  - E.g. stricter caps in EU ETS phase III
  - An auction reserve price
  - A complementary tax
- To facilitate access to credit
  - Improve revenue prospects (more ROCs)
  - Credit facilities
  - Risk coverage

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