



SAI20 SUMMIT 2024

Belém do Pará, Brazil
June 17 - 18



SAi20
SUPREME AUDIT INSTITUTIONS
BRAZIL 2024



E+ energy
transition



Accelerating policy evolution for a sustainable future

Concepts and opportunities for
Supreme Audit Institutions

ABOUT E+ Institute

The E+ Institute is an independent think tank that aims to promote a broad dialogue among industry stakeholders, academics, government, and civil society, focusing on strengthening and accelerating the energy transition and industrial transformation in Brazil.



The E+ Energy Transition Institute is a member of the International Network of Energy Transition Think Tanks (INETTT)

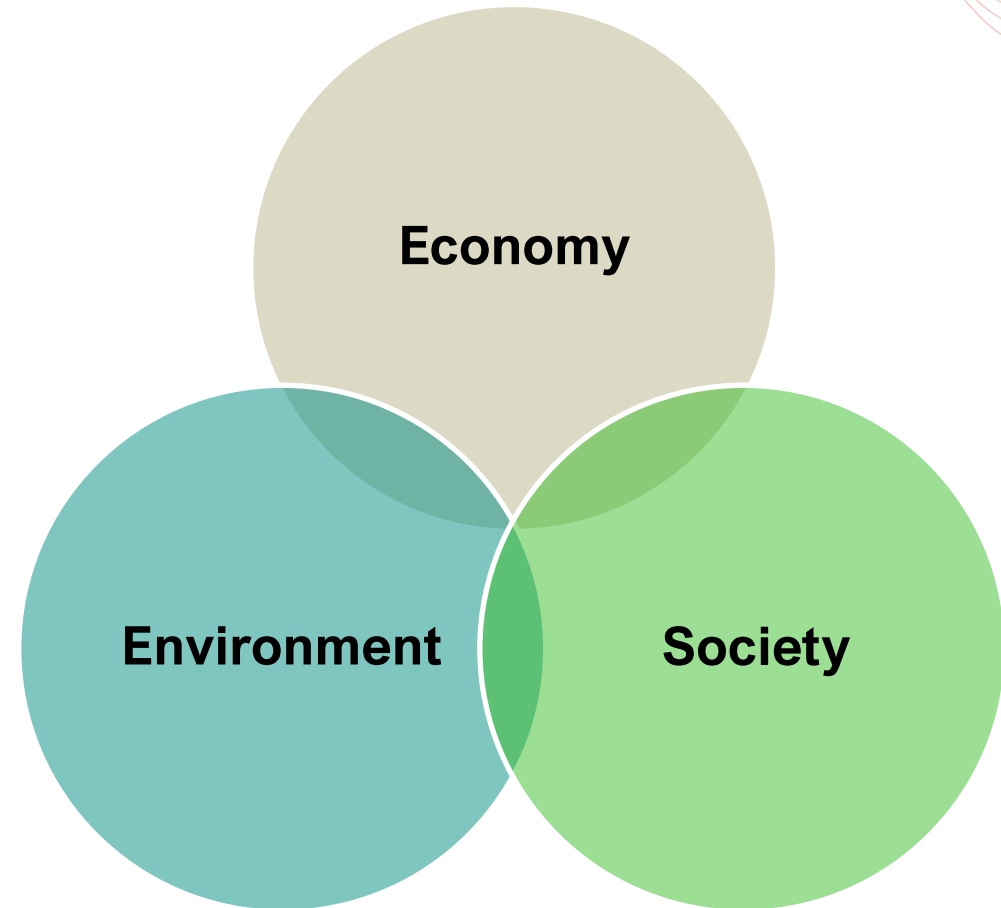


PERSPECTIVES OF SUSTAINABILITY

Sustainability is an intergenerational concept:
“Sustainable development meets the needs of present and future generations”

Sustainability is an equilibrium of:

- Economy (Financial Resources)
- Environment (Natural Resources)
- Society (Human Resources)

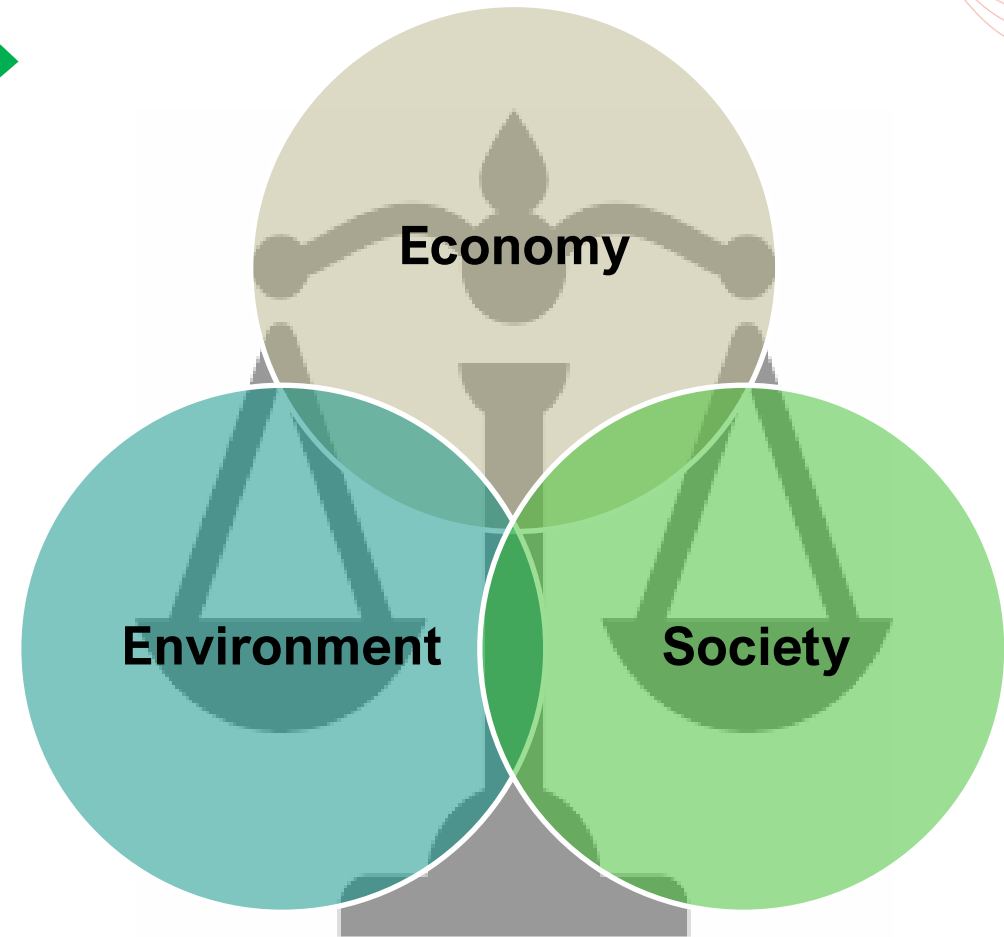


PERSPECTIVES OF SUSTAINABILITY

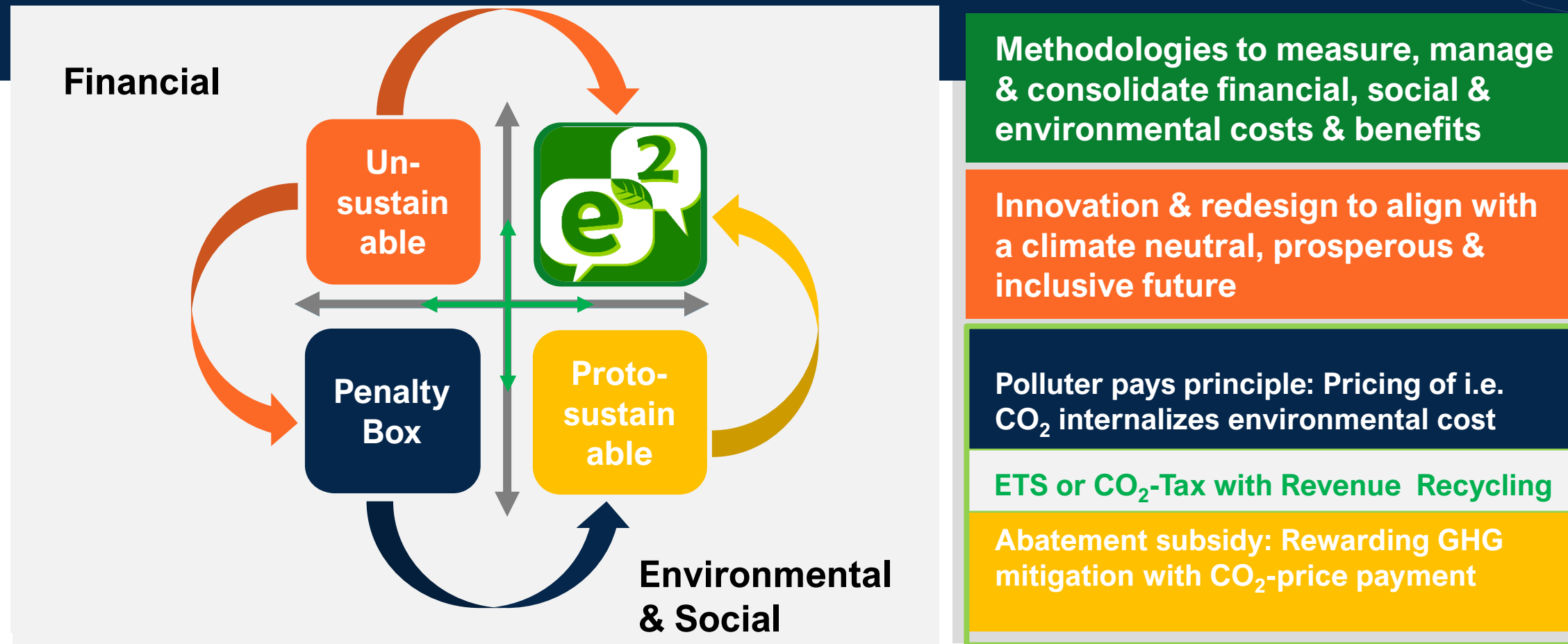
Sustainability is an intergenerational concept:
“Sustainable development meets the needs of present and future generations”



The perspective of environmental economics:
“Smart policies allow guiding the economy to deliver the economic optimum of welfare and equity for present and future generations”



Environmental Economics: Differences & synergies of the private and socio-environmental perspective



Environmental policies adjust relative prices and are subject to an economic as well as a political logic

Regulations

Subsidies

Taxes

Cap & Trade

- **Environmental policies adjust prices to align the private and the social optimum** and can be used and combined to pursue different objectives
- As a consequence, **environmental policies do redistribute financial resources & wealth**
- **Efficient policies optimizes costs and benefits and promote equity and inclusion**
- **Inefficient polices may be wasteful and regressive at best and harmful at worst**

Strategies & projects must be selected with caution. Possible criteria are:

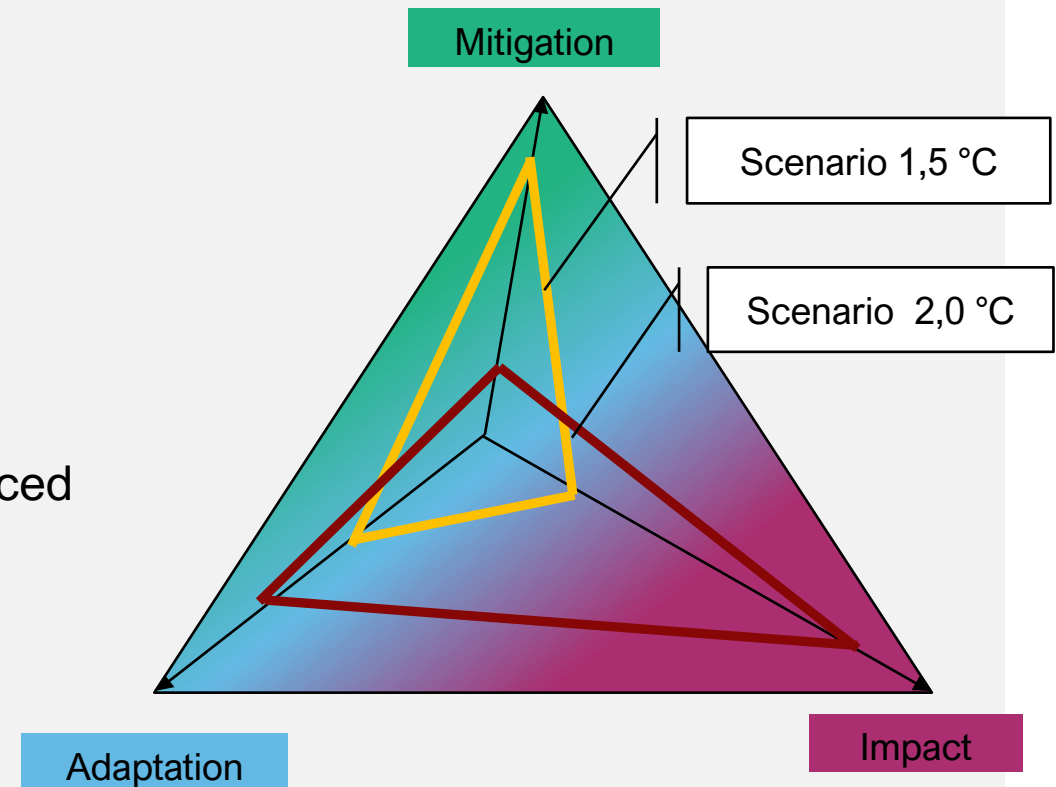
- ✓ Compatibility with climate neutrality: plan from the perspective of the envisaged future.
- ✓ Competitvity in a climate neutral world: Global production and consumption must reshuffle.
- ✓ Maximize positive spillover effects for the economy: Holistic thinking is required.
- ✓ The cost of abatement should be calculated in economic terms.

Putting costs of climate policies in perspective: Optimizing costs & benefits on an intergenerational timescale

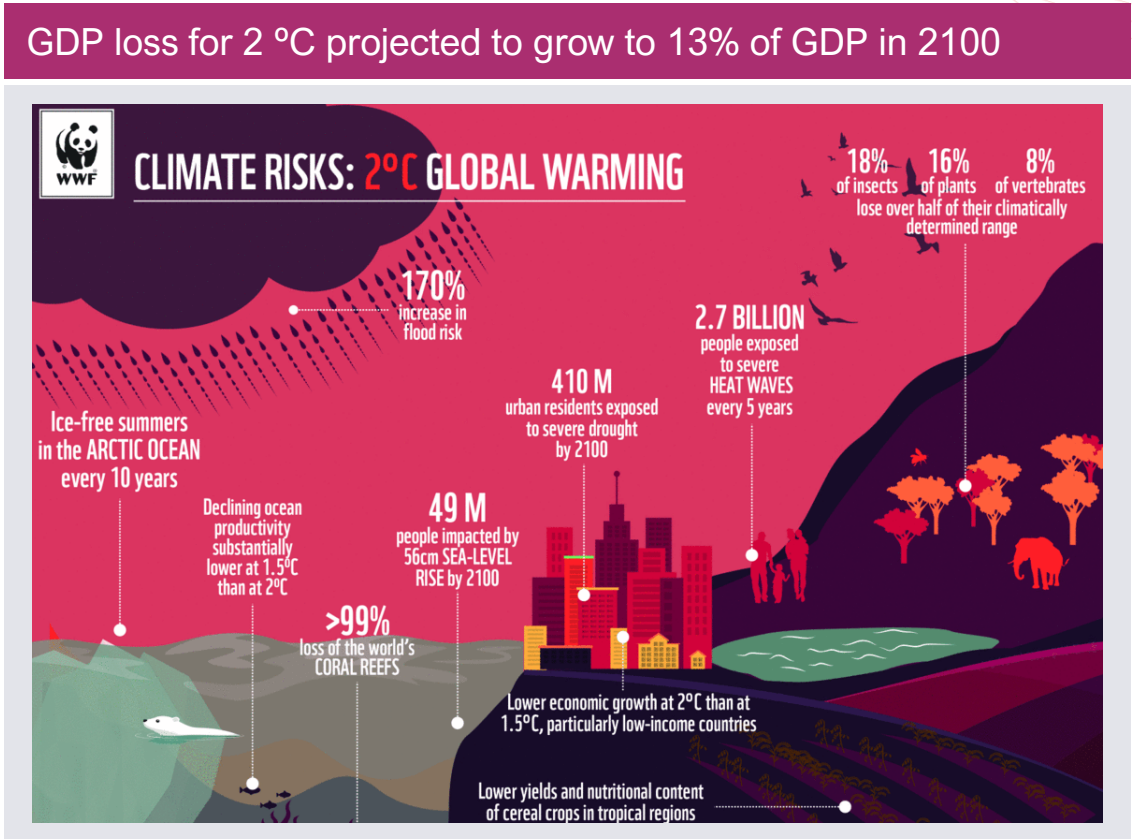
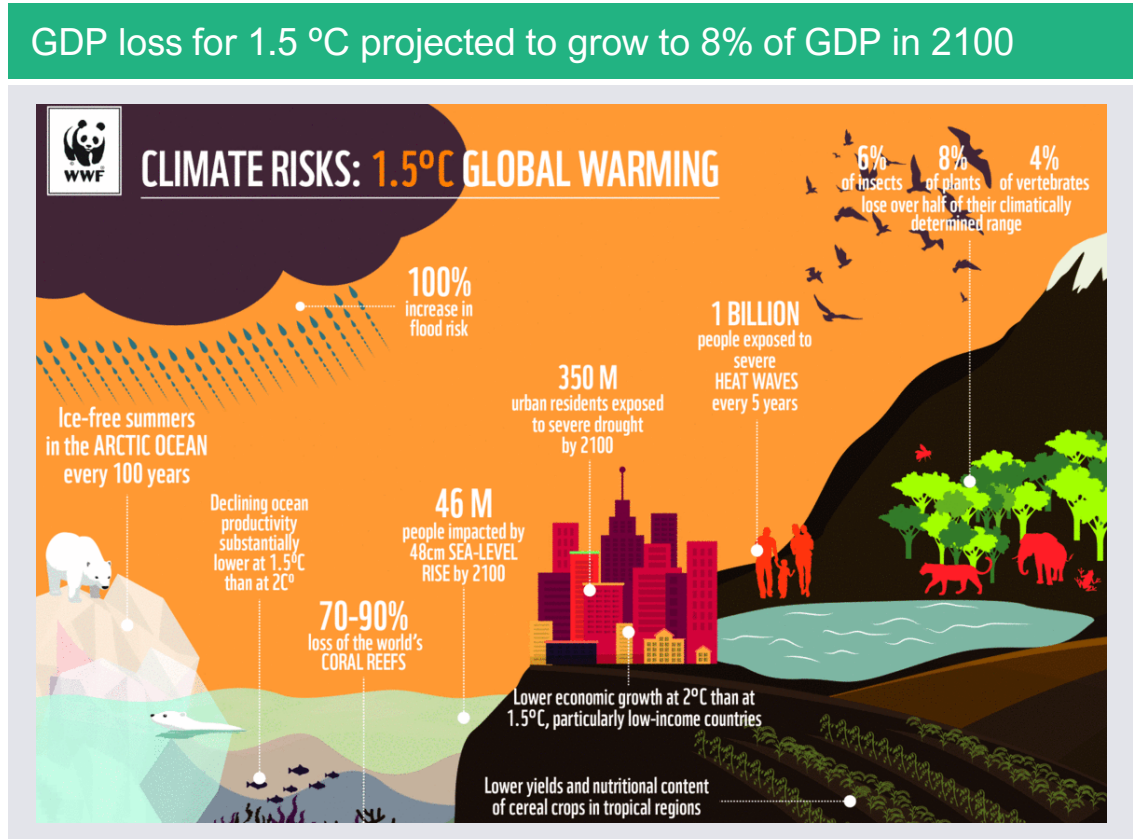
Smart Climate Policy optimizes costs & benefits:

Smart mitigation & adaptation is **investment now with benefits in the short and long term:**

- Clean energy generation & use increases economic efficiency, productivity and lowers pollution
- Well designed policies promote SDGs and generate broadly distributed sustainable development
- Economic growth, perpetual energy services and reduced climate change benefit future generations
- **An equilibrium between financial debt and climate change liabilities for future generations is to be found**



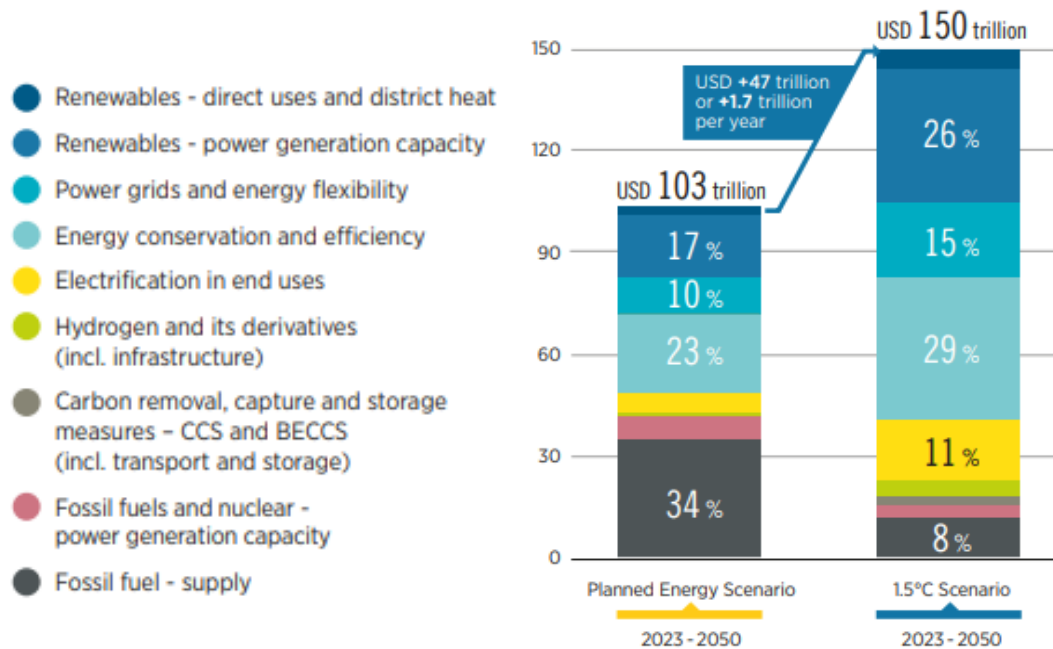
The future ahead: Severe impacts are unavoidable, but the worst must be averted



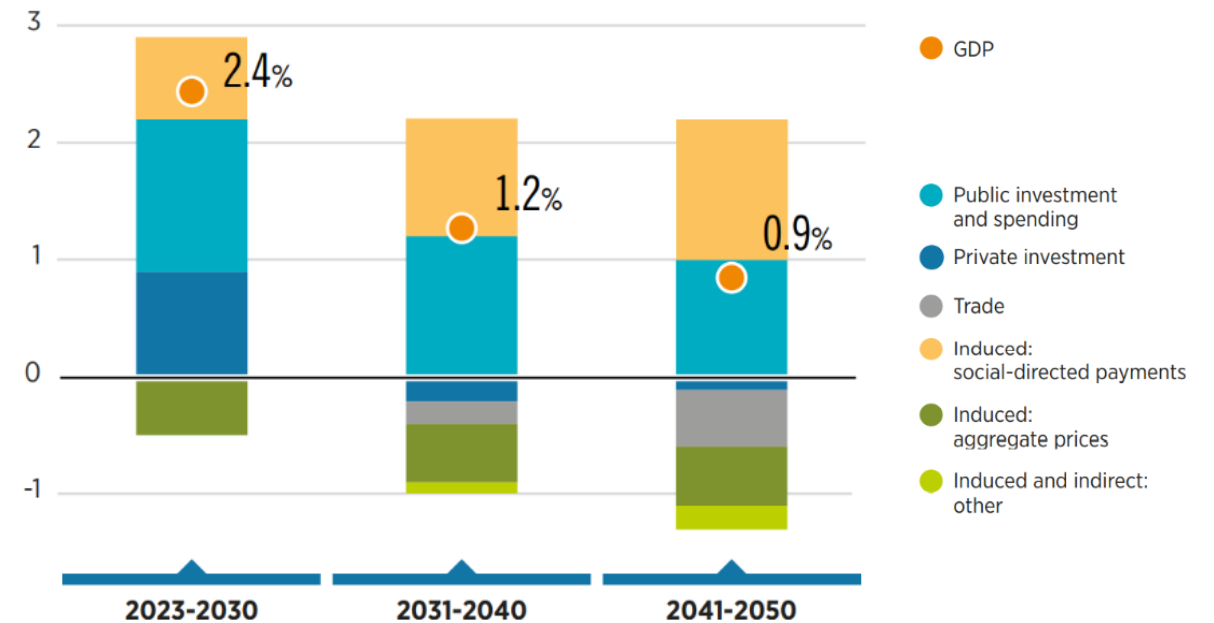
WWF, based on the IPCC Special report on 1.5 °C global warming, economic loss data compiled by Carbon Brief

A 50% investment growth allows to achieve a 1.5°C Scenario and boost economic growth in the short, medium and long term

Cumulative Energy sector investments 2023-2050



Difference in global GDP between the PES and 1.5°C Scenario



IRENA (2023) Global Energy Transitions

IRENA (2023) Global Energy Transitions

Irena projects significant global welfare growth resulting from a global 1.5 °C policy and investment program



Improvement in global **gross domestic product (GDP)** compared to the PES's expected compound annual growth rate of 2.8%

An average annual additional GDP of

+1.5%

between 2023 and 2050 under the 1.5°C scenario



Average annual additional **economy-wide employment** compared to PES's expected compound annual growth rate of 0.4%

An average annual additional employment of

+1.7%

over the 2023-2050 period under the 1.5°C Scenario



Jobs in the energy sector under the 1.5°C Scenario

140 million

jobs in 2050 compared to today's 67 million

+40 million

additional jobs compared to the PES in 2050



Fossil-fuel job losses would require re-training and re-skilling for transition-related jobs.

19 million

fossil fuel jobs in 2050 under the 1.5°C Scenario compared to today's 38 million

-17 million

fossil fuel jobs losses compared to the PES in 2050



Jobs in the renewable energy sector under the 1.5°C Scenario

39 million

jobs in 2050 compared to today's 13.7 million

+18 million

additional jobs compared to the PES in 2050



Jobs in other energy transition-related sectors under the 1.5°C Scenario

81 million

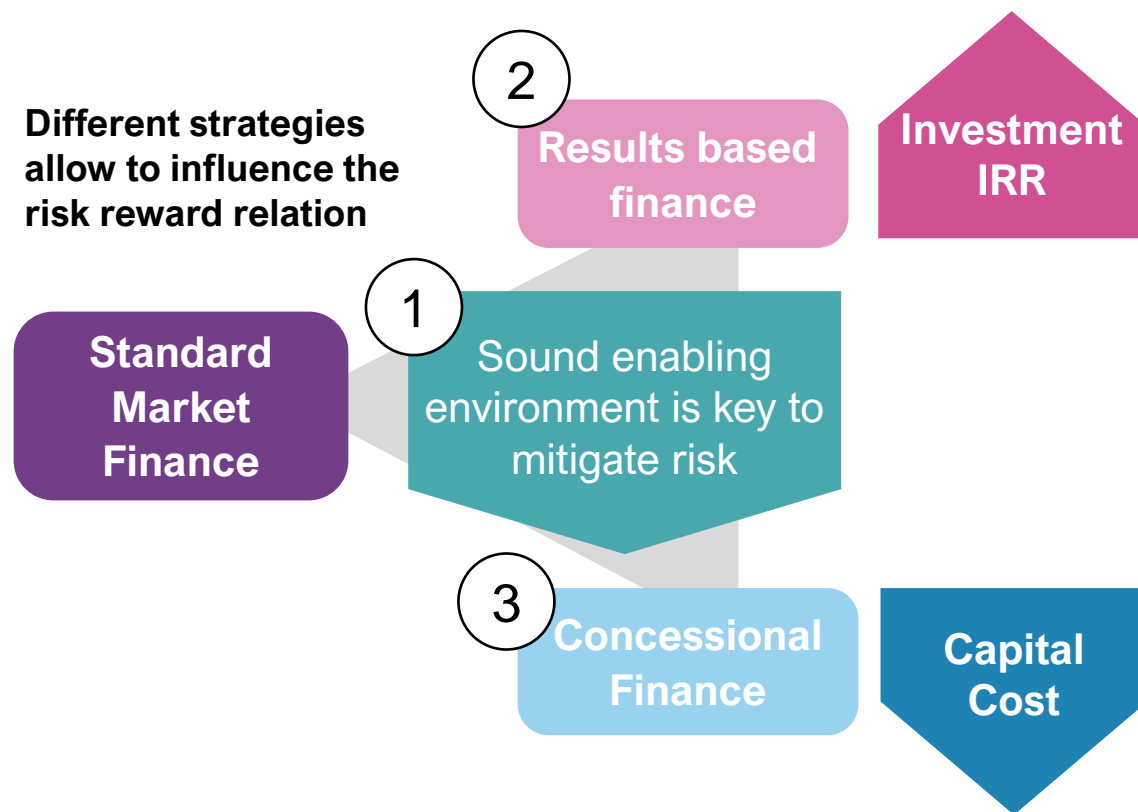
jobs in 2050 compared to today's 15 million

+38 million

additional jobs compared to the PES in 2050

Defining Climate Finance:

The last, but crucial element when designing an efficient enabling environment.



Own elaboration

Climate Finance instruments allow to address market failures and influence investment decisions

1. As far as possible, de-risking of investments shall minimize risks and thus the required investment returns.
2. Results based financing instruments or environmental assets provide revenues that improve the profitability & bankability of projects
3. Concessional finance instruments can mitigate unavoidable risks and attract investors that would otherwise not engage in this type of project

Key Messages

- **The incumbent, fossil-based and linear economy promotes negative externalities** such as climate change and the concentration of wealth at the expense of common goods.
- **Well-designed policies promote a more sustainable and inclusive economy** based on renewable energy, climate smart agriculture & forestry and resource efficient circular economy models.
- **Building a sustainable global economy requires common standards** that avoid protectionism and amplify the trade of green products in a way that optimizes costs and benefits at a global level.
- **Financial capital is available at sufficient scale and will flow at low cost to countries that provide a sound regulatory environment** for the development of green and competitive industries.

Building a climate neutral global economy is an imperative and opportunity to ensure equitable prosperity and peace for future generations. Working towards this goal requires a constant process of designing, evaluating and optimizing environmental policies.

Supreme Audit Institutions have a singular role and opportunity to monitor and optimize policy development with a long-term perspective at national and multilateral level.



The E+ Energy Transition Institute and its INETTT partners as representatives of civil societies congratulate the de SAI20 for developing the 2024 Communiqué.

We thank the Federal Court of Accounts of Brazil for the invitation and keep ourselves available for continued dialogue to promote a just and inclusive energy transition and an industrial transformation to achieve global climate neutrality.



+ 55 (11) 2391-7806



contato@emaisenergia.org



Communiqué

2024



SAI20 Communiqué 2024





“The SAI20 Communiqué is not merely a report; it is a powerful declaration that echoes our expertise and dedication to shaping sustainable progress. It guides the G20 leaders towards informed decision-making and effective action.”



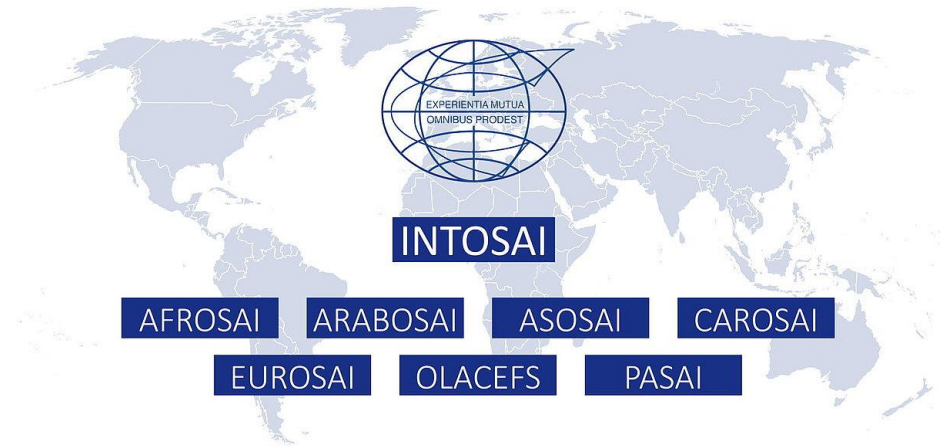
The construction of the SAI20 Communiqué - 2024 was a collaborative effort of unprecedented scale



Our discussions underscored the urgency of addressing climate-related challenges, particularly in energy systems.

Recommendation *To G20*

These recommendations emphasize the **indispensable role of SAIs** in promoting transparent and accountable governance, as well as sustainable development.





Recommendation 1

Call for effective strategies, funding mechanisms, investment conditions, and transparent decision-making processes



Recommendation 2

The essential and central role of SAIs in promoting sustainable development through transparency, accountability, and good governance.



Stay tuned!

More to come

Work plan for the second semester

G20 countries

GDP	80%
Greenhouse gas emissions	75%

*“Yet, even with their colossal power, the G20 nations can't tackle global challenges alone. **They need SAIs** to ensure accountability, making sure that promises are kept, resources are allocated wisely, and actions speak louder than words.”*



Invitation for Adoption of the Communiqué

For further
information visit

www.sai20.org/ingles

