

September 2, 2015

To: G20 Finance Ministers

CC: Prof. Dr. Ahmet Davutoğlu, Deputy Prime Minister Ali Babacan, Deputy Undersecretary for Turkish Treasury Cavit Dağdaş, Undersecretary for Turkish Ministry of Foreign Affairs Feridun Sinirlioğlu

**RE: Delivering on G20 Commitment to Phase-out Fossil Fuel Subsidies**

Dear G20 Finance Ministers,

In the lead-up to the G20 Summit in November, we – 66 civil society organizations – are calling on the G20 finance ministers and the Turkish G20 Presidency to advance commitments to phase out fossil fuel subsidies and support ambitious climate action toward a global climate deal at the UNFCCC COP21 in Paris this December.

Earlier this year, the G7 acknowledged the need to decarbonize the global economy over the course of this century. To meet this ambitious objective, it's clear that the vast majority of known fossil fuel reserves will have to stay in the ground. Civil society actors recognize that the development needs of many G20 countries requires coupling the decarbonisation target with a just transition in energy. Nevertheless, the G20 bears the capacity and responsibility to display strong global leadership, and follow suit of the G7 to incite clear action towards decarbonisation and climate ambition in advance of the global climate summit in Paris.

The G20 can deliver on the following issues:

1. ***Implementation of the G20 commitment to end inefficient fossil fuel subsidies.***
2. ***Agreement to end public finance for coal.***
3. ***Progress on delivering climate finance needs.***

**1. Implementation of the G20 commitment to end inefficient fossil fuel subsidies**

In line with the G20 Presidency's aim to make 2015 the "Year of Implementation," we request G20 finance ministers work toward the following G20 outcomes that will help implement their long-standing commitment to phase out of fossil fuel subsidies:

***1.a. Conclusion of an agreement to immediately eliminate all subsidies for fossil fuel exploration.*** A recent assessment found that G20 governments spend approximately \$88 billion a year on finding new oil, gas and coal reserves, despite overwhelming evidence that the vast majority of existing reserves must stay in the ground in order to avoid the worst impacts of climate change. The report shows that generous subsidies prop up fossil fuel exploration, which would otherwise be deemed uneconomic, resulting in waste of public resources. At the same time, the cost of renewables are on a downward trajectory, and evidence shows that public support for renewables delivers more value for money than equivalent investment in fossil fuels.<sup>1</sup>

***1.b. Adoption of a strict timeline for phase-out of remaining fossil fuel subsidies with country-specified measurable outcomes.*** In his G20 speech in December 2014, Turkey's Deputy Prime Minister, Ali Babacan, stated: "We would like to establish a robust monitoring framework to enable us timely implementation of our commitments and also to monitor how the implementation is going on country by country." The call for accountability is most welcome. This year, G20 leaders can develop plans to phase out fossil fuel subsidies in ways that protect the poorest and most vulnerable. This could be supported

by a publicly disclosed, consistent G20 reporting scheme for all fossil fuel subsidies, which would increase the transparency of implementation.

## **2. Agreement to end G20 countries' public finance for coal**

Public finance for coal is another major form of subsidy that risks locking development pathways into long-lived, high-emitting infrastructure. Combustion of coal is responsible for over 40% of greenhouse gas emissions, undermining efforts to meet global climate objectives. The world must shift away from coal as quickly as possible, with key institutions such as the World Bank and the Africa Progress Panel speaking out in favour of such a shift. The human costs of burning coal are equally staggering. The IMF estimates that local pollution from fossil fuels will do more than \$2.7 trillion in damage in 2015,<sup>ii</sup> with much of that damage stemming from coal combustion in G20 countries. Yet despite the social and human toll of coal, international public finance for it totaled \$73 billion between 2007 and 2014, with much of this finance coming from G20 governments.<sup>iii</sup>

In Antalya, G20 leaders, with the support of their finance ministers, can commit to ending public finance for coal from G20 governments and government-backed institutions immediately, except in extreme cases where there is clearly no other viable option for increasing energy access to the poor.

## **3. Progress on delivering on climate finance needs.**

The Turkish G20 Presidency has highlighted climate finance as one of its priorities for 2015. This should give G20 finance ministers the opportunity to pursue mutually re-enforcing measures to fight climate change: phasing out fossil fuel subsidies and increasing efforts to scale up climate finance. It is essential that finance ministers send concrete signals both to the UNFCCC and civil society that climate finance will be a priority for current and future work plans.

We look to the G20 finance ministers and Turkish Presidency for leadership to push for the above recommendations and actions, particularly at the G20 Ministerial Meeting and in advance of the November G20 summit and relevant working group meetings. In line with these actions, it is crucial the G20 recognize the systemic risk posed by climate change to the stability of financial markets - both from climate impacts, and from potential asset stranding as a result of actions necessary to address climate change. While the G20's direction to the Financial Stability Board to convene an inquiry on this issue is positive, the G20 can also establish a permanent institutional arrangement to follow up this inquiry and to look after policies and measures - including the types of measures recommended above - that will allow all G20 countries to address these increasing systemic financial risks.

These steps will create stronger momentum toward a global climate deal in Paris while signaling the seriousness of G20 countries in rising to meet the climate challenge.

Sincerely,

350.org – International

ACT Alliance EU – EU

Alliance for Climate Justice Austria – Austria

Asociația Mai Bine – Romania

ASOCIATIA PENTRU DEZVOLTARE DURABILA DUNAREA DE JOS – Calarasi

Australian Youth Climate Coalition – Australia

Bathurst Community Climate Action Network – Australia

BUND – Germany  
CAN Europe – Europe  
Carbon Market Watch – Europe  
CEE Bankwatch Network – Romania  
Center for Environment – Bosnia & Herzegovina  
Change Partnership – EU  
Christian Aid – United Kingdom  
CIDSE – EU  
Clean Energy Platform of Turkey (TEP) – Turkey  
Climate Action Monaro – Australia  
Climate Action Network Canada – Canada  
Climate Change Network Nigeria – Nigeria  
CliMates – France  
CNCD - 11.11.11 – Belgium  
Concerned Citizens against Climate Change – Netherlands  
E3G – United Kingdom  
Ecopolis – Romania  
EKOenergy – Europe  
Environment Association (çetko) – Adana  
Environmental Defence Canada – Canada  
Environmental NGOs Platform of Turkey (TÜRÇEP) – Turkey  
European Environmental Bureau (EEB) – Europe  
Finnish Association for Nature Conservation – Finland  
Foundation TERRA Mileniul III – Romania  
Fundación Renovables – Spain  
Global Subsidies Initiative – Switzerland  
Green Budget Europe – EU  
Greenpeace International – International  
Health and Environment Alliance (HEAL) – EU  
Health Care Without Harm Europe – EU  
Iniciativa Construyendo Puentes – Latino America  
InspirAction – Spain  
Integrated Research and Action for Development – India  
International Masters of Environmental Science University of Cologne  
Kadikoyu Friends of Science Culture and Art Association (KADOS) - Turkey  
Korea Foundation for Environmental Movements – South Korea  
Legambiente – Italy  
Mom Loves Taiwan – Taiwan  
National Ecological Centre of Ukraine – Ukraine  
Oil Change International – United States  
Oxfam International – Oxfam  
Pacific Calling Partnership – Australia  
Parramatta Climate Action Network – New South Wales  
Quercus – ANCN – Portugal  
Renewable Energy Association of Turkey (EUROSOLAR Turkey) – Turkey

SEE Change Net Foundation – Bosnia & Herzegovina  
SOL - People for Solidarity, Ecology and Lifestyle – Austria  
Tax Justice Network – United Kingdom  
TEMA FOUNDATION – Turkey  
Transport & Environment – EU  
Umweltdachverband – Austria  
Unfolding Futures Pty Ltd – Australia  
Windfall Ecology Centre – Canada  
WISE – Netherlands  
Wodonga Albury Towards Climate Health (WATCH) – Wodonga  
WWF International – International  
WWF Turkey – Turkey  
Zambrano Allende – Perú