



THE POST-COVID-19 RECOVERY

HOW TO ARTICULATE INTEGRATED RESPONSES TO THE HEALTH, ECONOMIC AND CLIMATE CRISES IN LATIN AMERICA & THE CARIBBEAN

POLICY BRIEF

Once Latin American and Caribbean states have tackled the health emergency, the region will face a period of economic contraction. The need to respond quickly to avoid a severe economic shock may provide a strong argument to disregard climate considerations. Yet, if these are not integrated, the recovery will push the region down a pathway with even more dramatic effects than those of COVID-19.

Economic recovery plans after COVID-19 will require vast amounts of resources, increasing the region's already high debt. With current and expected impacts of climate change – drought, floods, hurricanes, losses in agriculture production, energy losses and exposure to

increased pandemics, among others – most countries' capacity to respond to climate crises will be critically decreased. In this context, it has never been more important to make the COVID-19 response strategies different to any economic recovery plans seen before.

Mainstreaming sustainability and climate proof solutions has never been more important than now to improve resilience of societies, to be prepared in the best possible way for the future. Countries should integrate sustainability into their recovery plans. This brief describes the opportunities of integrating five key areas that can yield substantial economic growth and millions of decent jobs.

OPPORTUNITIES TO LINK COVID-19 RECOVERY PLANS WITH INTEGRATED CLIMATE SOLUTIONS

1. Intensify deployment of renewable energy & energy efficiency



These technologies support energy security, reducing dependence on third countries, while contributing to job creation and economic dynamization. Actions to promote these technologies would have positive impacts on both the aggregate demand and supply of the economies to a greater extent than traditional infrastructure. These technologies are winning the race to be the cheapest sources of power generation, making investments in fossil fuel unjustifiable.

The region would create up to 37 million additional jobs by 2050 by moving to a fully renewable energy power matrix. This matrix will require substantially less capital investment than fossil fuel-based generation, leading to reductions of USD\$283 billion.

Solar power generation could promote new business and job creation through installer-training programs, technology standards certification, and eligibility criteria for installation companies. For example, Mexico, up to 2019, invested USD\$1 billion with the creation of more than 9,000 jobs and more than 200 new solar Small and Medium Enterprises (SMEs).ⁱ Through energy efficiency technologies, the region could achieve electricity savings of USD\$8 billion by 2030, with the creation of a vibrant and decent job market.

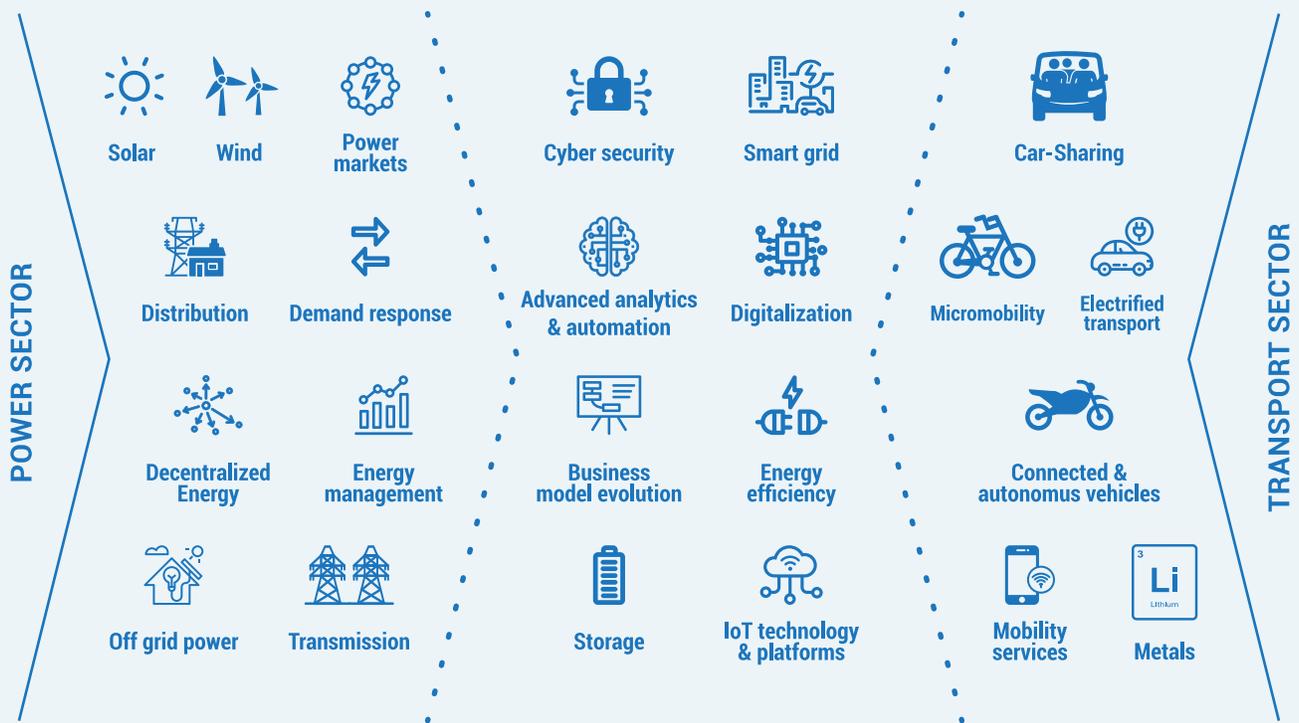


2. Deliver clean air and better health through electric mobility

International studies link long-term poor air quality with increased deaths caused by COVID-19.ⁱⁱ Transport is responsible for about half of the pollution in the region's cities. A shift to electric mobility would improve air quality and increase resilience to the pandemic and forthcoming health events. This transition would also be strategic in order to revamp the regional vehicle production and foster new value chains in the automotive sector, such as cobalt, or lithium in the "lithium triangle". Furthermore, the development of electrical infrastructure and charging systems also has the potential to create jobs and promote new business models. Mass public transport, state and business fleets, as well as light-duty cargo transport, are the region's low-hanging fruits.

A 100% electrification of transport scenario in LAC by 2050 would reduce total energy demand by nearly 2Bn barrels of oil, equivalent to Canada's annual consumption. The electrification of road transport across the

Business opportunities in the coupled decarbonization of power and transport sector



region would save US\$ 369 billion by 2050 through reduction in fuel and operation costs. Transport electrification by 2050 would also reduce air pollutants in urban areas, resulting in \$30 billion in avoided annual health costs and many avoided deaths.ⁱⁱⁱ With 100% penetration of electric vehicles in Buenos Aires, Santiago, San José, Mexico City and Cali, more than 435,000 premature deaths could be avoided by 2050.^{iv} Complete electrification of transport would open up new avenues of economic activity, resulting in the creation of over 5.3 million new jobs.^v



3. Gradually reduce fossil fuel subsidies and tax emissions

Energy subsidies in the region represented almost 2% of annual GDP in 2011-2013; 1% of GDP for fuel and 0.8% of GDP for electricity.^{vi} The recent fall in oil prices presents a window to gradually phase out fossil fuel subsidies and redirect these resources towards zero-emission technologies, such as non-conventional renewable energy. These technologies are available in the region, are more competitive than fossil fuels, and create more jobs.

An example is found in Indonesia, which has a very successful story of eliminating subsidies to transport fuels. These measures saved USD\$15.6 billion, which was later reinvested in social and welfare schemes designed to boost growth, reduce poverty and develop infrastructure.^{vii}

In this same context, a carbon tax would increase state revenues and accelerate the deployment of zero or low-emission technologies. It would also help improve the efficiency and effectiveness of the tax system if national circumstances were taken into account. The most important thing is to have a clear vision of how government capacity and the rule of law can support the implementation of the carbon tax and establish a plan that protects the most vulnerable and promotes alternatives.

4. Make ecosystems, food and rural livelihoods resilient

Rural areas are key to cope with pandemics, ensure food sovereignty and the wellbeing of the population. Yet, food security is under threat due to climate change and competing conservation and ecosystem services. Declining yield trends for all major crops endanger food production, associated with decrease in water availability and increase in extreme weather events. This has a direct impact on food availability, with consequences for coping mechanisms to deal with disease. Cost-effective national interventions can be implemented to ensure equilibrium between humans and nature, enhancing the ability to control outbreaks of disease via natural regulation from improved biodiversity and increased competition among pest species in productive systems, while ensuring jobs, profits and access to water.



Nature based Solutions (NbS) are extremely cost-effective to help ecosystems produce services for the economic development of local populations, enabling them to cope with the impacts of climate change and disease. Healthy ecosystems provide major economic benefits in the form of avoided losses from related disasters, as well as supporting ecosystem services worth an estimated US\$125 trillion annually.^{viii}

5. Make cities resilient

Urban sprawl over ecosystems has increased the capacity of a virus to spread given the lack of biological control over species. NbS can make cities more resilient while improving the health of their citizens and creating urban jobs. NbS priority actions are:



Enhancing connectivity between cities and habitats, such as nature trails; urban landscaping for nature-based social distancing; afforestation in cities.



Creation of artificial wetlands for water and wastewater treatment.



Permeable pavements to increase infiltration and reduce flooding and water loss.

Climate-proofing infrastructure and new climate-resilient infrastructure makes sound economic sense. The benefits outweigh costs by 4 to 1. Investments in this sense need to directly build resilience, whether for storm-water drainage in cities or protecting coastal communities from sea level rise, reducing the risk of damage to health infrastructure and water supply systems.^{ix}

The installation of sustainable urban drainage systems in cities shows cost savings of up to 85% compared to traditional drainage. It reduces the risk of flooding, the collapse of water supply and sanitation systems, and damage to strategic transport and health infrastructure.^x



UNEP can provide technical assistance to integrate environment in the social response to the crisis and recovery related to COVID19 in all the options described above.

For more information:
gustavo.manez@un.org