



Climate: the risk of polarisation

Activity report 2023

I4CE

INSTITUTE FOR
CLIMATE
ECONOMICS

Une initiative de la Caisse des Dépôts et
de l'Agence Française de Développement



For a long time, **I4CE** battled against indifference: our analyses and warnings were often sympathetically received by decision-makers, but there were always other more urgent or important issues. After a great deal of persistence to overcome this obstacle, the climate issue is now widely recognised as a major challenge.

Yet as it is developing, the climate debate is simultaneously becoming polarised. This is true in the United States, where Paul Krugman recently observed that climate has become an issue in the culture war between Democrats and Republicans. It's true in Europe, where conservatives have gone on the offensive against the Nature Restoration Act, and the German Finance Minister is railing against Brussels' green plans.

It's true in the UK, where Prime Minister Rishi Sunak is tempted to present himself as an advocate for the middle classes and a defender of a way of life put at risk by decarbonisation targets. It is true, of course, in France.

It is in this new, more difficult context that we must intervene. Before, we only risked being met with indifference. Now we run the risk of being used as instruments in the political and cultural controversies of others. We're going to have to be extremely vigilant to prevent these dangers, and very firm in our stance: our only cause is that of climate action, which we want to be swift, impactful and socially just.

The forthcoming debates on the French finance bill and, very soon, the campaign for the European elections, will be a test of our mettle. We will approach them well aware of the risks and determined to live up to our responsibilities.

Jean Pisani Ferry, *Chair of I4CE*



The debate on the financing of the ecological transition, the backbone of ecological planning, has now been launched in France. The report by Jean Pisani-Ferry and Selma Mahfouz "The economic implications of climate action", which assesses the need for public funding for this transition, is the first building block. The public authorities will now have to provide answers over the long term, and draw up a financing plan for the transition, specifying what needs to be done, how much public money will be required and how much private money will be needed. The debate has therefore begun, but it is far from over. It goes without saying that **I4CE** is proud to have contributed to the fundamental aspects of these debates in France, and will continue to be involved.

The same type of debate will have to be held in Europe, when the Parliament and the Commission come up for re-election in 2024, because the European Union will now have to finance its Green Deal. Faced with the Inflation Reduction Act in the United States and China, it cannot be both the best performer in terms of environmental regulations and the worst performer in terms of financing.

In particular, we need to stop treating the financing of the Green Deal in silo with the Stability and Growth Pact and European debt, when we know that the need for private and public money will increase to finance the transition. In 2022, **I4CE** set up a dedicated team to contribute to these debates, and to ensure that Europe also adopts a plan for financing the transition.

Internationally, the same questions arise, and in an even more complex way for developing countries. It is true that they are drawing up long-term strategies to reconcile climate and development, but how will they finance them? They too need a financing plan that enables them to manage their transition, corresponds to their needs, and intelligently combines their national resources and external resources, particularly those provided by international development banks. **I4CE** works with these banks and helps developing countries to equip themselves with tools for analysing and financially managing their transition.

This annual report details our contributions and our impact on these issues. And on others subjects, always linked to the financing of mitigation and adaptation. As much on France, more about Europe and more international. We are continuing to build on our momentum.

Benoît Leguet, Director of **I4CE**

#Mission

I4CE is a non-profit research organization that provides independent policy analysis on climate change mitigation and adaptation. The Institute promotes climate policies that are effective, efficient and socially-fair.

Our 40 experts engage with national and local governments, the European Union, international financial institutions, civil society organizations and the media.

Our work covers three key transitions – energy, agriculture, forest – and addresses six economic challenges: investment, public financing, development finance, financial regulation, carbon pricing and carbon certification.

#I4CE_Figures

40 
Team members

50 
Events annually

~44 
Publications annually

750+ 
Press articles

8 000+ 
Newsletter subscribers

~11 500 
Twitter followers

16 500+ 
LinkedIn followers

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#IMPACTS

I4CE contributes to the climate policy debate with innovative expertise. But we don't just write reports, we want to have an impact. We reach out to decision-makers, the media and stakeholders to learn from them and make concrete progress on these policies. As you read through our activity report, we invite you to discover the debates that interest I4CE, the major developments of the last twelve months and how we have contributed to them.

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The Institute for Climate Economics is a think tank with expertise in economics and finance whose mission is to support action against climate change. Through its applied research, the Institute contributes to the debate on climate-related policies. It also publicizes research to facilitate the analysis of financial institutions, businesses and territories and assists with the practical incorporation of climate issues into their activities.

