

COP28 Compass Virtual Dialogue

Minilateralism and Energy Transitions

Date: 27 October 2023

Time: 2:00 p.m.– 4:30 p.m. IST

EVENT SUMMARY



COP28 COMPASS VIRTUAL DIALOGUE

Date: 27th October 2023 (Friday) | Time: 2:00 – 4:30 p.m. (IST)



Norwegian Embassy
New Delhi

Bloomberg
Philanthropies

TATA CAPITAL
Cleantech Finance

Johnson
Controls



ABOUT

WORLD SUSTAINABLE DEVELOPMENT SUMMIT

The World Sustainable Development Summit (WSDS) is the annual flagship Track II initiative organized by The Energy and Resources Institute (TERI). Instituted in 2001, the Summit series has a legacy of over two decades for making 'sustainable development' a globally shared goal. The only independently convened international Summit on sustainable development and environment, based in the Global South, WSDS strives to provide long-term solutions for the benefit of global communities by assembling the world's most enlightened leaders and thinkers on a single platform. Over the years, the Summit series has witnessed the participation of 54 Heads of State and Government, 103 Ministers, 13 Nobel Laureates, 1888 Business Leaders, 2745 Speakers, and 38,280 Delegates.

ACT4EARTH

Act4Earth initiative was launched at the valedictory session of the 21st edition of WSDS. Building on the discussions of WSDS, this initiative seeks to continuously engage with stakeholders through research and dialogue. Act4Earth initiative has two components: COP Compass and SDG Charter. The COP Compass seeks to inspire and mobilize leadership at all levels for inclusive transitions through ambitious and informed policies and measures, enabling paradigm shifts towards meeting the United Nations Framework Convention on Climate Change (UNFCCC) and Paris goals through mitigation, adaptation, and means of implementation. SDG Charter seeks to identify gaps and suggest ways for strengthening and mainstreaming sustainability in policy agendas for enhanced environmental, social, and economic outcomes.

COP28 COMPASS DIALOGUE

Considering the recently adopted G20 New Delhi Leaders' Declaration at the G20 Leaders' Summit and the upcoming COP28 to be held in Dubai, it is pertinent to discuss the climate issues relevant to the Global South, given its significance for ensuring equitable global outcomes. According to the statement from the incoming COP presidency, COP 28 seeks to focus on four paradigm shifts: fast-tracking energy transition and reducing emissions before 2030; transforming climate finance and setting the framework for a new deal on finance; putting nature, people, lives, and livelihoods at the heart of climate action; and mobilizing for inclusivity. This dialogue will seek to engage with experts on climate negotiations and energy transitions to advance the discourse on climate justice.

MINILATERALISM AND ENERGY TRANSITIONS

Minilaterals or Climate Clubs seek to decentralize the process by entering into direct negotiations with states on determining specific objectives such as emission reduction targets and pledging financial support for climate action and energy transitions. Some minilaterals include the Climate and Clean Air Coalition and Just Energy Transition Partnerships (JETPs). G20 New Delhi Leaders' Declaration highlighted the need for USD 5.8-5.9 trillion in the pre-2030 period required for developing countries, for their needs to implement their NDCs, as well as the need for USD 4 trillion per year for clean energy technologies by 2030 to reach net zero emissions by 2050. The overarching question for this session was: Considering the needs of the Global South, what are the challenges associated with minilaterals such as JETPs? What implications do JETPs have for the international climate finance regime?

Suggested Citation

The Energy and Resources Institute. 2023. COP28 Compass Dialogue: Minilateralism and Energy Transitions [Event Summary], Act4Earth and World Sustainable Development Summit. New Delhi: The Energy and Resources Institute.

Disclaimer

The event summary is based on an auto-generated transcript. Some edits were made on grammar and spelling. The discussion can be accessed from YouTube: <https://www.youtube.com/watch?v=gjFTnb2hje8>.

SPEAKER LINE-UP

Welcome Address

- Dr Shailly Kedia (Senior Fellow, The Energy and Resources Institute)

Framing Presentation

- Ms Heena Makhija (Associate Fellow, The Energy and Resources Institute)

Panel Discussion

Chair

- Dr Gopal Sarangi (Assistant Professor, TERI School of Advanced Studies)

Panellists

- Dr Abdulla Malek (Head of Energy Transition, COP28 Presidency Team)
- Ms Hana Chambers (India Programme Officer, International Energy Association, IEA)
- Dr Solveig Aamodt (Senior Researcher, Centre for International Climate and Environmental Research, CICERO)

Vote of Thanks

- Ms Palak Khanna (Research Associate, The Energy and Resources Institute)

ACTIONABLE MESSAGES

Message 1: Minilaterals focused on energy transitions such as Just Energy Transition Partnerships (JETPs) have the potential to crossover the deadlock at multilateral forums and work in conjunction with existing mechanisms such as the Paris Agreement.

Message 2: At COP28, financing energy transitions, implications of minilateral partnerships for the global climate finance regime, governance models, and categorization of recipient states for JETP funding will emerge as some major points of discussion.

Message 3: The experience with existing JETPs highlights drawbacks such as inadequate funding, lack of concessional funding or grants and a top-down approach adopted by the international partners making the exercise an initiative driven by the developed world.

Message 4: The approach towards funding partnerships for clean energy should be based on the specific technological, technical, and financial requirements of the recipients in the Global South.

Message 5: The transition plans need to focus on defining 'just transition' – the plans need to consider the existing national expertise and support narrowing down inequalities by catering to the needs of the most vulnerable sections.

“ Global discussions on energy transitions are moving from multilateralism towards a unilateral approach.

Dr Gopal Sarangi
Assistant Professor, TERI SAS

“ As 2030 is getting closer, countries are far from achieving their targets. For COP28, the presidency has formulated agile and strategic energy partnerships to support just energy transitions, especially in the African subcontinent.

Dr Abdulla Malek
Head of Energy Transitions, COP28 Presidency Team

“ Despite the benefits, without proper engagement with the recipient or the partner country, the JETP initiative currently risks being seen as a top-down initiative of the Global North.

Ms Hana Chambers
India Programme Officer, International Energy Agency

“ JETPs can help in overcoming the inertia of larger multilateral processes like COPs, but a holistic picture considering vulnerable groups and power relations should not be lost.

Dr Solveig Aamodt
Senior Researcher, Centre for International Climate and Environmental Research - CICERO

Dr Shailly Kedia, Senior Fellow, The Energy and Resources Institute

Dr Kedia welcomed the speakers by mentioning the relevance of the upcoming COP28 and emphasized the contemporary polycrisis the world is confronted with, namely, the triple challenges of planetary crises, the sliding back of key sustainable development goals, and the ever-growing conflict situation threatening world peace. The signs of crisis were also visible in the sixth assessment report of the Intergovernmental Panel on Climate Change, which called for rapid and large-scale action. Dr Kedia also stressed the need for these actions in the domain of mitigation and adaptation and all means of implementation, including Climate Finance. Considering the recently adopted G20 New Delhi's Leaders Declaration at the G20 Summit and the upcoming COP28, it was pertinent to discuss issues relevant to the Global South, given its significance for ensuring equitable global outcomes.

Dr Gopal Sarangi, Assistant Professor, TERI School of Advanced Studies

Post the framing presentation, Dr Sarangi opened the session by welcoming the panellists and emphasized how the global discussions on energy transitions were moving from multilateralism towards a minilateral approach. According to Dr Sarangi, there are three significant issue areas that demand attention and probably will be discussed at the upcoming COP28: 1) Financing Energy Transitions and the implications of minilateral partnerships for the global climate finance regime, 2) Governance Models and the mechanisms to be employed for financing and transitions in countries, and 3) Categorization of states and determining a framework for targeting specific countries for energy transition partnerships.

Dr Abdulla Malek, Head of Energy Transitions, COP28 Presidency

Dr Malek, as the head of the energy transition team in the COP28 Presidency, shed light on the perspective of the presidency on energy transition partnerships and expectations from the COP28. On just energy transitions, Dr Malek highlighted that the negotiation team focused on intergovernmental partnerships while the private agenda action team focused on mobilizing funds from the private sector. JETP initiative on the outset has benefits and COP Presidency would seek to support the existing efforts – it will be based on holistic and strategic planning that seeks to bring together the financiers, diplomats, and technology with an aim to uplift poverty and ensure a just aspect to transitions.

Dr Malek stressed that as 2030 was getting closer, countries were far from achieving their targets and private investors were interested in supporting the energy sector transition, especially in the African subcontinent. For COP28, UAE has thus put forth an agile and practical partnership that will offer accelerated transition support with commitments by some UAE Champions. The 'Africa Green Investment Initiative' aims to bring together US\$4.5 billion in public, private, and development capital from the Abu Dhabi Fund for Development, AMEA Power, Etihad Credit Insurance, and MASDAR. The presidency hoped to work with Africa's governments to help them deliver priority projects totalling 15 GWS of clean power in Africa by 2030.

Ms Hana Chambers, India Programme Officer, International Energy Agency

Ms Chambers began by mentioning her stint in the energy transition team of COP26 that signed the first ever JETP with South Africa and highlighted that in the initial stages, the G7 countries and the International Partners Group (IPG) members (including multilateral banks) believed that the energy transition partnerships were well-intentioned and the financial package on offer was generous. The JETP experience with South

Africa pointed towards an implementation gap and led to a few significant lessons for the global discourse on energy transitions: 1) the partnerships were forged too quickly and lacked proper coordination mechanisms due to political pressure, 2) the partnerships' estimation of financial requirements was incorrect leading to inadequate funding, 3) the plans focused more on loans rather than grants – financing needed to be concessional, and 4) G7s need to replicate a similar JETP model in other countries could be problematic, the need and the approach should originate from the recipient country itself.

Ms Chambers quoted the example of India to illustrate the concerns of countries. She informed that the Indian government asserted that it was capable of attracting finance for clean energy projects and did not need external interference in negotiations or target setting in phasing down the use of coal. But, even with its challenges, unilateral initiatives such as JETP had potential benefits by way of working in conjunction with multilateral initiatives. Along with Paris Agreement and other UNFCCC processes, it is necessary to engage with other unilateral options to try and ensure just, clean, and affordable energy. The recipient of JETP funding will receive not only financial packages but also dedicated and technical expertise from its international partners. Even though there may be shortcomings with the Unilateralism model, there are also benefits that can be gained. Ms Chambers concluded by highlighting that despite its potential, without proper engagement with the recipient or the partner country, the JETP initiative currently risks being seen as a top-down initiative of the Global North.

Dr Solveig Aamodt, Senior Researcher, Centre for International Climate and Environmental Research - CICERO

Dr Aamodt remarked that the idea of Unilaterals or climate clubs emerged from the desperation stemming from the lack of concrete outcomes produced by the multilateral processes and the idea that unilateral groupings could surpass the diplomatic freeze at multilateral forums. Energy transition suffers from a trust deficit between the Global North and Global South. While the Global North is fixated on emissions and mitigation, the Global South raises the pertinent question of development and historical responsibility at multilateral forums.

As far as the benefits of JETPs are concerned, they clearly focus on what needs to be done on the technical and technological aspects for a clean energy transition involving experts from both sides along with the finance. However, Dr Aamodt added that these partnerships often follow a top-down model and fail to recognize the national expertise already existing in the space of clean energy. The JETPs model lacks a rounded approach and rather than encouraging just transition, the plans threaten to widen the existing inequalities in the recipient countries. While it is possible to quantify emission targets, it is difficult to measure or ensure a 'just' transition, he said. With its focus on finance and technology, these unilateral partnerships also tend to go for countries or projects that have a system in place to receive it, rather than taking a needs-based approach. Dr Aamodt concluded by highlighting that these partnerships needed to adopt a holistic approach and look out for the most vulnerable sections to ensure sustainable transitions.
