FRAMING PRESENTATION
Minilateralism and Energy Transitions

COP28 Compass Virtual Dialogue
27 October 2023
2:00 – 4:30 p.m. (IST)
COP28 Compass

• Act4Earth was launched at the WSDS 2022 valedictory session with an objective to drive ambitious and urgent action on climate change and sustainable development through knowledge, dialogue and capacity building

• Act4Earth platform's two components:
  • COP28 Compass
  • SDG Charter

• COP28 Compass: Amplifying perspectives from the Global South crucial for equitable climate action
Minilateralism

- In recent years, for a more targeted approach in achieving transition goals, Minilateralism has steadily emerged as an alternate approach in climate geopolitics.

- Minilaterals’ or ‘Climate Clubs’ seek to decentralize the process by entering in direct negotiations with states on determining specific objectives such as emission reduction targets and pledging financial support.
Just Transitions: Only Energy Supply?

• According to the ILO, Just Transition involves moving towards a low carbon economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind.

• While just transitions had a broader connotation for climate related transitions, the concept of ‘Just Transitions’ has received larger discursive traction in the mitigation climate policy space and that too on energy supply with a larger focus on coal-based energy systems.
Just Energy Transition Partnerships

• Just Energy Transition Partnerships (JETPs) – launched at COP26 – Glasgow (2021), one such minilateral initiative.

• G7 countries among other stakeholders aim to facilitate the process of energy transition in developing states from coal dependent electricity modules towards more renewable sources through a mix of public – private financing.

• Key actions to be taken under JETPs include decommissioning, repurposing or early retirement of coal power plant, development of green hydrogen, carbon credit trading, capping the carbon emissions, green labels to loans and investment in electric vehicles.
# Existing Partnerships

<table>
<thead>
<tr>
<th>Country</th>
<th>Partnerships</th>
<th>Value</th>
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<tbody>
<tr>
<td>South Africa</td>
<td>United Kingdom (UK), France, Germany, United States (US), and the European Union (EU)</td>
<td>USD 8.5 billion</td>
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<tr>
<td>Indonesia</td>
<td>US, Japan, Canada, Denmark, France, Germany, Italy, Norway, and UK</td>
<td>USD 20 billion</td>
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<tr>
<td>Vietnam</td>
<td>EU, UK, US, Japan, Germany, France, Italy, Canada, Denmark, and Norway.</td>
<td>USD 15.5 billion</td>
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<tr>
<td>Senegal</td>
<td>France, Germany, the EU, UK, and Canada</td>
<td>USD 2.7 billion</td>
</tr>
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Key Issues

• Financial support offered by the IPGs – ranging between $8 to $20 billion – to countries through existing JETPs is not sufficient for financing clean energy transition in developing countries.

• South Africa identified $98 billion in financial requirements over five years, but IPG has agreed to mobilize USD 8.5 billion.

• Most of the financial support offered has been in the form of loans rather than grants – potentially will add to countries’ existing debt.

• Recent G20 New Delhi Leaders’ Declaration highlights the need of 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 of USD 4 trillion per year for clean energy technologies by 2030 to reach net zero emissions by 2050.
Key Issues

- Much of coal is consumed by the industries in the JETP recipient countries.
- JETP actions are focused on decommissioning/phasing coal power plants, promoting renewables and electric vehicles.
- The focus of these partnerships is on the supply side rather than demand side interventions especially in MSMEs.
- Current approach focuses on phasing out use of coal for power generation, inadequate attention on technology transfer and supply of critical minerals.

Coal as a percentage of energy consumption in industry in 2021 in JETP countries (%)

- South Africa: 64.32%
- Indonesia: 100.00%
- Vietnam: 98.09%
- Senegal: 100.00%

Source: IEA (2023)
Question for Discussion

• Considering the needs of the Global South, what are the issues associated with minilaterals such as JETPs?

• What implications do JETPs have for the international climate finance regime?

• What implications do JETPs have for more universal forums such as the UNFCCC processes?

• What types of financial instruments will promote inclusive energy transitions?
Thank you!