

Fossil fuel phase out in developing countries requires new economic order

Dubai, 11 Dec (Radhika Chatterjee) - "A new economic order that would help guide the economic and energy transition is required for addressing the challenge of climate change", said **Susana Muhamed**, the **Minister of Environment** from **Colombia** at the Dubai climate talks held on 10 Dec, that was convened by the COP28 President, **Dr. Sultan Al Jaber**, in a setting called the '*Majlis*'.

Speaking in the context of science and the need for phasing out fossil fuels, she said "let's recognize we need to phase out fossil fuel progressively – let's think we need a new economic deal for that." Addressing the challenges of transitioning away from fossil fuels, Muhamed shared the difficulties her country has faced in dealing with its own transition away from oil. She pointed out the need for aligning the economic and financial system to this transition as a crucial requirement.

The Colombian Minister also acknowledged that the mechanism for making such changes did not lie with the UNFCCC. Sharing her country's own experience in mitigation action, the Minister said, "When our President (Gustavo Petro) said he will not sign any new coal or oil contract, the peso devalued the next day. Credit rating agencies downgraded us. How do we repay our debt? How do we deal with these kinds of contradictions?" she asked the audience.

On the question of tripling renewable energy, Colombia asked who would be expected to do that? - "those who are able to access capital at a rate of 5% (interest) or those who get it at 30%?" (A big push in the Dubai talks under the Global Stocktake (GST) has been on the phasing out of fossil fuels and the tripling of renewable energy along with other global mitigation targets).

Stressing the challenges of the transition, especially for countries like itself and Saudi Arabia, whose economy is largely dependent on fossil fuels, the Minister said, "We need an economic plan for this. If we are able to recognize what are the difficulties; we need to see what science says. Let's face the difficult discussion of what that means and let's do it from a political perspective, not from a negotiation language. Then we can bring that political perspective into the negotiation language."

Barbara Creecy, the **Minister of Environment** of **South Africa**, speaking about her country's experience with implementing a just energy transition framework, said, "Today, we have received less than 10 % of the support of what we need between now and 2030 for the implementation plan. For many developing countries, particularly in the African continent,

the gap is not in ambition; it is in the question of means of implementation.”

Several other developing country ministers and representatives highlighted the gaps in the means of implementation and the lack of delivery of climate finance by the developed countries as a major barrier to their mitigation ambition.

Some developing countries also stressed the importance of recognizing the principles of equity and common but differentiated responsibility (CBDR) as set out in the UNFCCC and its Paris Agreement (PA) to keep in mind the differentiation between developed and developing countries, especially the fact that the two had different starting points from which they are expected to take climate action.

Reaffirming their commitment to deliver on climate action, developing countries said the problem was not a lack of ambition on their part, rather the lack of means of implementation. They pointed out the need for delivering climate finance and doubling adaptation finance and emphasized the need for maintaining the bottom-up nature of the PA in the formulation of nationally determined contributions (NDCs).

Many developed countries and some developing countries like the **Alliance of Small Island States (AOSIS)** emphasized the urgent need for raising mitigation ambition for keeping the 1.5°C goal within reach, adding that pathways for keeping to the goal were in “line with science”. Calling for ambitious actions, many of them mentioned global targets like tripling renewable energy by 2030, doubling energy efficiency, peaking global emissions by 2025, and reducing emissions by 43% by 2030 from 2019 levels.

On the issue of climate finance, developed countries acknowledged the importance of public finance, but at the same time also said that the private sector and multilateral development banks (MDBs) had an essential role to play in scaling up climate finance delivery.

The *Majlis* began with **Al Jaber** explaining that as a “conducive environment” that creates the “necessary solutions” and “will be a gamechanger in helping us address this global (climate)

challenge”.

Ministers and heads of delegations were invited to attend this meeting to find answers to two questions and come up with “landing zones”. The guiding questions for the session were: (i) “How do we build transformative ambition on mitigation while addressing just and equitable transitions and corresponding support requirements? and (ii) How do we credibly tackle the gap in adaptation finance and action?” Several speakers representing countries and groupings, took the floor to share their views.

Bolivia, speaking on behalf of the **Like Minded Developing Countries**, made a strong intervention and said the solutions to the two questions lay in the Convention and the PA. It said, “The solution is to implement the principles of equity and CBDR.” Speaking in the context of unity and the need for action, it said, “There are progressive forces trying to create action, but there are also forces that are pushing back against collective action and solidarity. These forces are coming from the Global North. We see a lot of procrastination and the introduction of unilateral measures like the carbon border adjustment mechanisms (CBAMs). This is making it very hard to find solutions to the climate crisis,” said Bolivia further.

Calling out the hypocrisy of developed countries, it said, “We see hypocrisy in the push for hard goals for developing countries, while developed countries are taking business as usual solutions. But they are creating a lot of difficulty for developing countries. Several countries are saying we push out fossil fuels, but those countries are planning the expansion of fossil fuels” it said, adding the countries included the United States, Australia, Norway, Canada and many others. “We need to expose the hypocrisy and the lies,” it added.

Highlighting the failure of developed countries to deliver climate finance, it asked where was the US\$ 100 billion that developed countries had promised to give by 2020? “Developed countries have to respect their obligations on finance towards developing countries”, it said and pointed out that developed countries were using the Article 2.1.c of the PA “to transfer their responsibilities from the public sector to private sector and MDBs. They are

shifting away their responsibilities by cherry picking articles of the PA to create a new narrative and erode the PA. This is clear injustice.”

Referring to the GST, it said, “We cannot create a pathway of injustice to solve a climate crisis. In the GST there are two pathways we could choose as countries. The first pathway is the one that is created in the new narrative of keeping 1.5°C within reach, and putting similar targets for all countries to achieve net zero by 2050. This is against the PA. The PA says let’s be carbon neutral by mid-century, and gives developing countries the space for development. But now countries like Bolivia and Uganda are being asked to achieve net zero in the same year as the US and Germany.”

Expressing its frustration about the injustice of the situation, it added, “the developed world did their peaking in 150 years. But they are pushing developing countries to achieve peaking in 20 years! This is completely against justice.”

Speaking about the way forward after the GST, it said, “we have two pathways. Countries can choose pathways of carbon colonialism, which will create more dependency of the Global South on the Global North. It will create more indebtedness and climate injustice. Or we could take the pathway of climate justice which involves the protection of Mother Earth to defend the legitimate interest of developing countries to truly address this climate crisis,” it said further.

Tuvalu, speaking on behalf of the **AOSIS**, laid emphasis on the 1.5°C goal adding that “Every COP28 decision needs to be screened against the 1.5°C. We need to have a strengthened commitment to phasing out fossil fuels.” Sharing its views on mitigation ambition, it said, “in terms of mitigation ambition package including peaking of emissions by 2025, rapid and deep reduction of emissions of 43% within this decade, also reduction of emissions by 60% by 2035. We also have to deal with the issue of phasing out fossil fuels and phase out fossil fuel subsidies.” In the context of the means of implementation, AOSIS said, “we call for enhanced climate finance, doubling adaptation finance, with ready access for Small Island Developing States (SIDS) and Least Developed Countries (LDCs). We also call for a technology implementation program and capacity

development”. **Bangladesh, Samoa, Micronesia, Costa Rica, and Marshall Islands** shared similar views.

China shared an analogy. “We are doing a marathon together, not a 100 meter sprint. The crisis tells us we must act. This is not a sprint. Tackling climate crisis and lowering carbon emissions is not like a sprint. There are two batches of runners. The first batch are the forerunners, the developed countries. They should have a greater, faster speed to increase the score to reach the goal of the PA. The only way we can achieve the speeding up of reaching the goal of the PA is if they run faster. We all understand very well the principle of CBDR, which means we have different starting points. Those forerunners should help those who are behind, the latecomers.” It said further that “We are a big family and should help each other. Developed countries should help developing countries to implement with climate finance that is in the common interest of all,” adding that “to achieve a great success for everybody, we must respect the autonomous nature of NDCs, something which is clearly stipulated in the PA. We should support the Presidency to act within the mandate, to step up ambition under the principle of CBDR, and support developing countries to mitigate climate change. Finance, technology, and capacity-building should be commensurate with climate actions.” China also stressed that for any global efforts, we have to be against unilateral measures (in an apparent reference to carbon border measures introduced by the European Union).

Brazil pointed out the need for addressing the financing gap before raising the issue of the implementation gap. It said, “It is very difficult to do something without the necessary means. Let’s talk about the means first. And it is on the basis of those means we will take up our ambition for climate justice. We know everyone has to be called in, developed and developing countries. Science, ethics, and politics are asking us to step up to the mandate. We have managed to reduce emissions by saving forests. We cannot act alone. We need everyone to act. The means of implementation has to be aligned with our decisions and ambition.”

Speaking about its expectations from the GST, **Cuba** said, “As far as developing countries are

concerned, the package under GST needs to reflect balance between the different pillars. The text continues to show imbalance in treatment of adaptation. On mitigation, fundamental principles are being undermined. In particular, the obligations of developed countries on the need for them to take leadership role." It further added, "A part of the package has to recognize the gap in adaptation finance. Developed countries have to double adaptation finance. We have to accept the fact that there are different pathways for just transition on the basis of different capacities of different countries."

Highlighting the importance of keeping needs and priorities of developing countries in mind, **Saudi Arabia** said, "We have to follow science without cherry picking and address low emissions technology. We have to also take into account all efforts towards sustainable development, poverty eradication, just transition. Climate change is a global problem and needs a global response."

Iraq echoed similar views as shared by the various developing countries.

The **European Union (EU)** stressed on the need for raising of mitigation ambition and said, "We need to peak emissions by 2025. We must reduce global emissions by 43% (based on 2019 levels) in this decade. We must achieve net zero by 2050 and reduce our greenhouse gas emissions. Our NDCs

have to be in line with the 1.5°C pathway, going beyond current NDCs. We have to focus on phasing out fossil fuels."

On the issue of providing climate finance to developing countries, it said, "Developing countries will need support for finance, technology and capacity building. We need the new collective quantified goal and climate finance (NCQG) to be much more accessible, and affordable. We also have to attract private investments. The role of Article 2.1.c of the PA is to propose a dedicated space to make it work." Detailing EU's efforts to raise finance for meeting adaptation needs of developing countries, it said it plans to double its contribution by 2025 from 2019 levels. It further added, "Public sector is important. But MDBs are also important to this task."

Germany, Norway, Switzerland (speaking on behalf of the **Environmental Integrity Group**), echoed similar views as EU.

The **United Kingdom** said, "We wish to see phase out of fossil fuels. We can be flexible about language around that. For example, phasing out unabated fossil fuels." Speaking about the critical need for delivering on doubling adaptation finance, a pledge made in Glasgow COP26, it added, "we can find landing points so that we can ensure the single pasture on which all of us depend is safe for future generations."