CIVIL SOCIETY
EQUITY REVIEW

THE IMPERATIVE OF COOPERATION

STEPS TOWARD AN EQUITABLE RESPONSE TO THE CLIMATE CRISIS

NOVEMBER 2022

Workers are seen on site of the construction of four solar power stations in Egypt's southern province of Aswan, where Egypt and China's clean energy company TBEA Sunoasis is building solar generation capacity at the Benban Solar Energy Park © Xinhua / Alamy Stock Photo

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- ENvironnement JEUnesse, Canada
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- New Zealand College of Public Health Medicine
- Parents for Climate Aotearoa, Aotearoa/New Zealand
- The College of Nurses Aotearoa, Aotearoa/New Zealand

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In the difficult terrain of the coastal belt in the West Bengal state of India, conventional electricity supply has long been challenging. But windmills have improved the scenario as they take advantage of the typical coastal breeze and can be deployed in remote areas. The dynamics rural living have changed as more people get access to electricity. © Amitava Chandra / Climate Visuals Countdown

EXECUTIVE SUMMARY

Starting in 2015, the Paris year, the *Civil Society Equity Review* – a broad global coalition of climate- and justice-oriented organizations – has released six annual reports. These reports have systematically assessed countries' climate actions, relative to their fair shares. A rapid global transformation toward carbon-free, resilient development will require all countries to do their fair share. An unfair climate regime will, inescapably, prove to be a failed climate regime.

These six reports have consistently shown that while essentially *all* countries must increase their efforts to transform to carbon-free, resilient societies, it is the countries of the Global North that are falling dramatically short of their fair share responsibilities. Their pledges to date are a small fraction of their fair share, and their actual actions are smaller still. These ambition and implementation gaps already cause disastrous climate impacts to large numbers of people, and threaten to soon escalate into even more devastating and irreversible catastrophes.

The majority of poorer countries, in contrast, have made NDC pledges that exceed or broadly meet their fair share. Yet, they too must still increase their efforts, but this is because the profligate emissions of the wealthier countries and global elites have disproportionately depleted the carbon budget, thus throwing the entire world into emergency. The work of the World Inequality Lab shows that the top one percent of global emitters are responsible for almost a quarter of global emissions since 1990.[1]

Most of these biggest emitters live in wealthy countries, and thus the bulk of the global fair share of climate action is rightly the obligation of the *wealthier countries*. But *poorer countries* must also transform their societies, and have far fewer resources with which to do so. Consider: there are large unmet needs in poorer countries, which are undergoing intense processes of urbanization, and attempting to rapidly construct a great deal of both material and social infrastructure. And now, in addition, they face an increasingly hostile climate.

Our prior Civil Society Equity Review analyses have defended and elaborated our overarching political assumption: *only by dramatically expanding international cooperation, with the Global North countries significantly reducing their own emissions as well as providing financial and technological resources to the Global South – for adaptation and loss & damage as well as mitigation – can we expect to see a global transformation that is rapid and effective enough to stabilize our shared climate system.*

This year's equity review builds on previous year's elaborations of what fair shares means in terms of both emission reductions and fossil fuel phase out, as well as adaptation and loss and damage. In this report we focus on international cooperation as such, discussing and surveying key areas where international cooperation is both possible and necessary. In so doing, it presents opportunities for international cooperation that very explicitly apply to all countries and continents, though it also pauses to recognize how the particular situation in Africa – the host of COP27 – crystalizes some of the key inequities of the malfunctioning world order.

International cooperation will be key to enabling Africa to take a different course, through its own agency, towards people-centered, renewable energy societies that provide well-being for all.

This report outlines areas for international cooperation across four broad areas:

- International Cooperation under the UNFCCC
- International Cooperation through initiatives and multilateral platforms to address financing, renewable energy and fossil fuel phase-out
- International Cooperation to manage energy price instability and a fair share phase out
- International Cooperation Towards Changing the Rules and Architecture of Global Trade, Investment, Finance and Technology

INTERNATIONAL COOPERATION UNDER UNFCCC

Within the UNFCCC, numerous tools exist to enable immediate steps toward the necessary cooperation and support. The UNFCCC framework has so far had only limited success, in concrete terms, toward fostering cooperation at scale and strengthening institutional capacity for creating a robust system of global cooperation. UNFCCC's finance, technology and capacity building mechanisms have all, thus far, been shamefully under-resourced and under-utilized.

Countries can and must make use of the opportunities that do exist. Most urgently, Global North countries must explicitly commit to expanded support at a scale that is consistent with their fair share of a needs-based assessment of the required finance and technology. The Standing Committee on Finance (SCF), in its recent Needs Determination Report, assessed the climate-related needs reported to the UNFCCC by developing countries, and for those needs reported in NDCs that could be costed it arrived at a figure of nearly USD 6 trillion through 2030. The SCF also tallied the costs of actions included in the Biennial Update Reports, which reached more than USD 11 trillion.[2]

The most notable thing about these estimates is that they are vast *underestimates*. They account for needs of only some developing countries (i.e., needs from only 78 NDCs and even fewer BURs were included), and even for that subset of developing countries fewer than one-third of the reported needs were costed. But more importantly, the assessed needs reflect countries' current UNFCCC reports, rather than the dramatic transformations that developing countries would actually need to rapidly undertake as they shift to 1.5°C-consistent, climate-resilient pathways, even as they struggle against an increasingly hostile climate.

These figures thus force a crucial recalibration of the climate finance negotiations, which have so far been almost wholly consumed by the entirely arbitrary $100 billion per year figure inserted into the Copenhagen negotiations by the US, which had only the political preferences of the Global North as a basis for this figure.

Simply put, a successful global response to the climate crisis is impossible if we do not close this gaping climate finance gap. This effort must also address the urgent need to accelerate finance for adaptation, which currently accounts for no more than 6 to 7% of the current, woefully inadequate total delivered climate finance. It must also address Loss and Damage and a facility for its delivery. It is absolutely clear that this radical recalibration of the actual finance needs will have to be the basis of negotiations around the New Collective Quantified Goal.

Finance commitments should be expressed clearly in national NDCs, including by meeting the expressed capacity building requirements of the Global South. They should engage so as to make the various forums within the UNFCCC fit for constructive exchange and substantive follow through, including the Mitigation Work Programme, the Forum on Response Measures, the Katowice Committee of Experts, and the Paris Committee on Capacity Building to mention the various opportunities to engage within the Global Stocktake itself.

While the UNFCCC covers only a subset of the international cooperation that is required, which is not surprising, given the state of the larger world system. Still, it is invaluable, not least because it codifies the foundational role of equity as a guide to national cooperation. This must not be lost or weakened, though these dangers will persist as long as wealthy countries continue to push to dilute and marginalize the principles of "common but differentiated responsibility and respective capabilities."

INTERNATIONAL COOPERATION THROUGH INITIATIVES AND MULTILATERAL PLATFORMS TO ADDRESS FINANCING, RENEWABLE ENERGY AND FOSSIL FUEL PHASE-OUT

FINANCING INITIATIVES

As highlighted above, climate finance under the UNFCCC must be ramped up by orders of magnitude. Finance initiatives outside the UNFCCC can be helpful if they serve to quickly catalyze larger climate finance flows, enhance action while building trust, and complement the formal climate finance channels rather than undermining them or the UNFCCC's underlying equity principles and objectives. Fortunately, there are numerous immediate possibilities, ranging from progressive consumption taxes (e.g. carbon, aviation) to windfall profits taxes, wealth taxes, and financial-transaction taxes to debt cancellation to green bond financing schemes to various kinds of "global quantitative easing," including creative use of IMF Special Drawing Rights (SDRs). And this is hardly an exhaustive list.

As the COVID pandemic response demonstrated, the Global North governments can very quickly find billions – and even trillions – in "emergency finance". This is notable, because some of these finance options could be immediately explored and advanced, were there a will to do so. At the same time, it is imperative that short-term measures do not dilute or undermine equity and fair shares, which are as essential to success as rapid action itself. Measures that quickly generate real public finance under the appropriate conditions highlighted above, but they must not obscure the need for more substantial forms of international financial cooperation, which must one way or another involve finance transfers by wealthy countries, nor can it obscure the need for deeper structural reforms to the international economic and financial system.

RENEWABLE ENERGY AND JUST TRANSITION INITIATIVES

There is an urgent need for cooperative initiatives and platforms that can enable a just and rapid international transition to renewable energy and zero-carbon societies. It is past time to create and scale up a global public investment plan that matches the size and speed required for genuine just transitions across all countries.

There is a particular need for a global program in which all Global North countries would pool resources (based on their fair shares) to provision a global renewable energy financing and support mechanism whereby large sets of actors – communities, cooperatives, households, farmers, schools, universities, hospitals, small and medium-scale companies – would be enabled to transfer, innovate, adapt, and deploy solar, wind, and small-scale hydro renewable energy production. This would demand massively scaled up public financing, transformative policies, stringent safeguards, long-term investment guarantees and international cooperation.

Existing Global South-initiated frameworks which are aligned with fair shares and such bold approaches (e.g. the Least Developed Countries Renewable Energy and Energy Efficiency

Initiative for Sustainable Development (LDC REEEI)) must be supported and southern ownership respected. This latter point can't be emphasized enough. Too often, promising South-based initiatives become hi-jacked and distorted by donor countries, international organizations, as well as autocratic Southern leaders.

Just transition and economic diversification initiatives and platforms are essential to ensure both fossil fuel producing and consuming countries are able to undertake the deep structural changes that are required, while caring for all workers or communities. Strengthened trade unions and international cooperation will be key to ensure that just-transition initiatives address not only workers in the fossil fuel industry and related sectors, but also workers in the renewable energy industry and communities facing risk of land grabs and mineral extraction from the renewables revolution. Economic diversification requires, in addition, international financial support, as well as the sharing of experiences and ideas that outline bold, new people-centered development models, which prioritize sufficiency and well-being. Possible areas of cooperation that could benefit all countries also include bold ideas such as the establishment of a global social protection fund and universal basic income.

Such global approaches contrast markedly to the recent introduction of Just Energy Transition Partnerships (JETPs) where G7 countries are targeting a handful of countries in the Global South. So far, the announced partnerships lack transparency, accountability and accessibility, and seem to both repackage prior commitments while relying heavily on loans, with only limited attention to the justice dimension. There is also concern that JETPs become a cherry-picking exercise by G7 countries to influence strategically positioned Global South countries, while the majority of countries are left out – the opposite of a fair shares approach that addresses all countries.

FOSSIL FUEL PHASE OUT ORIENTED INITIATIVES

An area with rapidly increasing momentum for international cooperation relates to the phasing out of fossil fuel production. While the UNFCCC is and will remain a key multilateral forum, new efforts can and do complement it, and nowhere is this more clear than with the challenge of engineering a fair global fossil fuel phase out, where the UNFCCC can help to provide building blocks for a strengthened regime. Possibilities for international cooperation include:

- Enhanced arrangements for transparency and accountability such as a Global Registry of Fossil Fuels to support all governments inworking together to enhance understanding and knowledge of production and phase-out plans;
- Implementing pledges to finally end public fossil fuel subsidies (not just "inefficient" or "unabated" subsides) and encouraging other countries to do the same, accompanied by a dramatic scaling-up of public climate finance;
- Collaboration on 'keep it in the ground' initiatives and proposals, for example those proposed by Colombia, Timor L'este (and, historically, Ecuador);
- Cooperation in 'first-mover' clubs such as the Beyond Oil and Gas Alliance (BOGA) to develop best practice and share policy-approaches;
- A global commission on fossil fuels, which through consultations would collect evidence, establish a knowledge base, build and broaden consensus, and serve as a focal point around which a much wider community of experts and engaged citizens and organizations can coalesce and cooperate to support the development of policies for the just transition from fossil fuels;
- The development of new multilateral agreements and treaties, such as the proposed Fossil Fuel Non Proliferation Treaty, which would provide a legal framework for halting fossil energy extraction and development globally, while also providing for economic diversification, transitions to renewable energy and a global just transition that leaves no worker, community or country behind.

INTERNATIONAL COOPERATION TO MANAGE ENERGY MARKET INSTABILITY AND ENABLE A FAIR FOSSIL PHASE OUT

Extraordinary measures are needed to equitably manage the rapid transition from fossil fuels. Special effort must be directed toward managing the energy price volatility and generalized disruption that could accompany a chaotic fossil fuel phase out. Cooperation is urgently needed now to help avoid more turmoil and ease the acceptance of – and actually accelerate – change, as well as contributing to equity and fairness.

The stakes here are high, as protecting the climate requires governments to quickly take unprecedented national policy actions to counter record rises in energy prices. Looking forward, it is essential that, rather than simply doubling down on fossil fuel production and dependence, new international arrangements to manage energy security and stabilize prices are put in place, with the goal of minimizing painful disruption and avoiding economic and social instability, while easing the path towards a "fair shares phase out" of all fossil fuels, globally[3]. This will obviously require extremely robust international cooperation among producers, consumers, technology providers and investors.

At the same time, fossil energy consuming countries must also take collective action to rapidly and fairly reduce fossil fuel demand in line with the 1.5°C goal, including by supporting poorer countries to do likewise. Only through coordinated action to reduce fossil fuel demand and to enable producers to phase out production can a decline be managed without energy security disruption and more market chaos. These efforts must be paired with the active redirection of finance, by requiring full carbon disclosure to investors, by ending the habitual government shielding of fossil investors' from the consequences of their own reckless investing, by heavily taxing windfall profits, and by directing public resources into clean energy and sustainable infrastructure instead of more fossil capital.

INTERNATIONAL COOPERATION TOWARDS CHANGING THE RULES AND ARCHITECTURE OF GLOBAL TRADE, INVESTMENT, FINANCE AND TECHNOLOGY

The international economic and political regime that underpin relations among countries, as they are today, constrain and even prevent the rapid, equitable and just transition from fossil fuels to 100% clean and renewable energy systems. These conditions include the neoliberal international financial system marked by a narrow focus on economic growth, the power and impunity of transnational corporations, the failures of existing global economic and financial governance arrangements, as well as inequitable Southern domestic economic and political systems, often still freighted with the undemocratic legacies of colonialism.

All this has resulted in a net outflow of wealth and resources, including natural resources, from the Global South to the Global North, currently estimated at nearly USD 2 trillion per year, dwarfing the flows of international aid and climate finance. These flows have also left countries in the Global South with deepening poverty and inequalities, and without the resources and policy space to pursue system wide changes necessary to cover loss and damage, build resilience, and undertake just and equitable transitions. International cooperation to bring about fundamental restructuring in four particular domains would be transformative for the international economic and political systems:

Public debt, in particular, is a debilitating millstone around the necks of countries and communities endeavoring to transition toward more sustainable pathways, and a critical obstacle to climate transformation. It must be removed, and to that end, we urgently need a global, democratic and transparent debt work-out mechanism that is not lender and creditor dominated, and that transforms the international lending structures that currently creates unsustainable and illegitimate debt traps for the Global South.

The international tax system requires international cooperation to eliminate the problems arising from its built-in corporate bias, for example, by negotiating a new UN Tax Convention, and/or a UN Intergovernmental Global Tax Body.

Even more fundamentally, a just global climate transition calls for transforming the *rules and agreements on trade and investments,* which at present exacerbate existing economic inequities across and within countries. Both the 1997 Asian financial crisis and the 2008 financial crisis exemplify the destructive behavior of an international financial system characterized by pathological extremes of deregulation and short-termism.

The regime on *trade-related intellectual property rights* (TRIPS), in contrast, suffers from a patent-enforced monopolization that increases the cost of technology transfer, acquisition and dissemination for many countries of the Global South, without demonstrating clear benefits in incentivizing innovation for important public goods. A more accommodating regime geared toward improving public welfare is urgently needed, particularly in certain critical domains such as medical technologies such as vaccines and renewable energy technologies.

Lastly, *Investor-State Dispute Settlement* (ISDS) agreements privilege the interests of multinational corporations and international investors over those of countries of the Global South and their citizens. They enshrine as a right for foreign investors and corporations the ability to sue governments for compensation if government policies curtail profits and/or allegedly breach investment-related obligations. This can severely constrain host governments' ability to implement policies and enforce measures strengthening regulation of fossil fuel industries and facilitating a phase out of fossil fuel energy systems.

> **“A fair shares approach is a prerequisite for a successful climate regime. This means profound reimagining at all levels, and doing away with practices and provisions that deepen inequities between and among countries. This review highlights a number of ways forward that could open paths to a just and cooperative global transformation.”**

An increased number of floods, due to reduced river gradients, higher rainfall in the Ganges-Meghna-Brahmaputra river basins, and the melting of glaciers in the Himalayas, is considered the major reason for migration in the context of climate change all over Bangladesh. Bangladesh sits at the head of the Bay of Bengal, astride the largest river delta on Earth, formed by the junction of the Brahmaputra, Ganges, and Meghna rivers. Nearly one-quarter of Bangladesh is less than seven feet about sea level; two-thirds of the country is less than 15 feet above sea level. Most Bangladeshis live along coastal areas where alluvial delta soils provide some of the best farmland in the country.
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CHAPTER 1
INTRODUCTION AND CONTEXT

The Intergovernmental Panel on Climate Change has had a difficult time speaking in the moderate language of a staid scientific body. Its recently released assessment report (IPCC WG3, 2022) makes it clear that human society is facing a climate crisis, and failing to mount an appropriately ambitious response.

Hopes were high that when countries updated their pledges to reduce emissions in Glasgow at the critical first round of the Paris climate treaty's cycle of upgrading national efforts, they would significantly deepen the efforts they had initially pledged six years before. But, in the event, their revised pledges were not encouraging. Countries roughly doubled[4] the total combined emission reductions they've promised for this decade, which sounds like a laudable accomplishment, but in reality this barely moved the needle. In particular, it barely narrowed the vast gap between pledged emissions reductions and the effort that would be needed to reach an emissions pathway consistent with the 1.5°C temperature limit to which countries agreed in Paris.

We needed not a *doubling* of effort, but, at minimum, a *seven-fold* greater enhancement of effort.[5] And the projections and plans for fossil fuel *production* are even further off course than emissions themselves.[6]

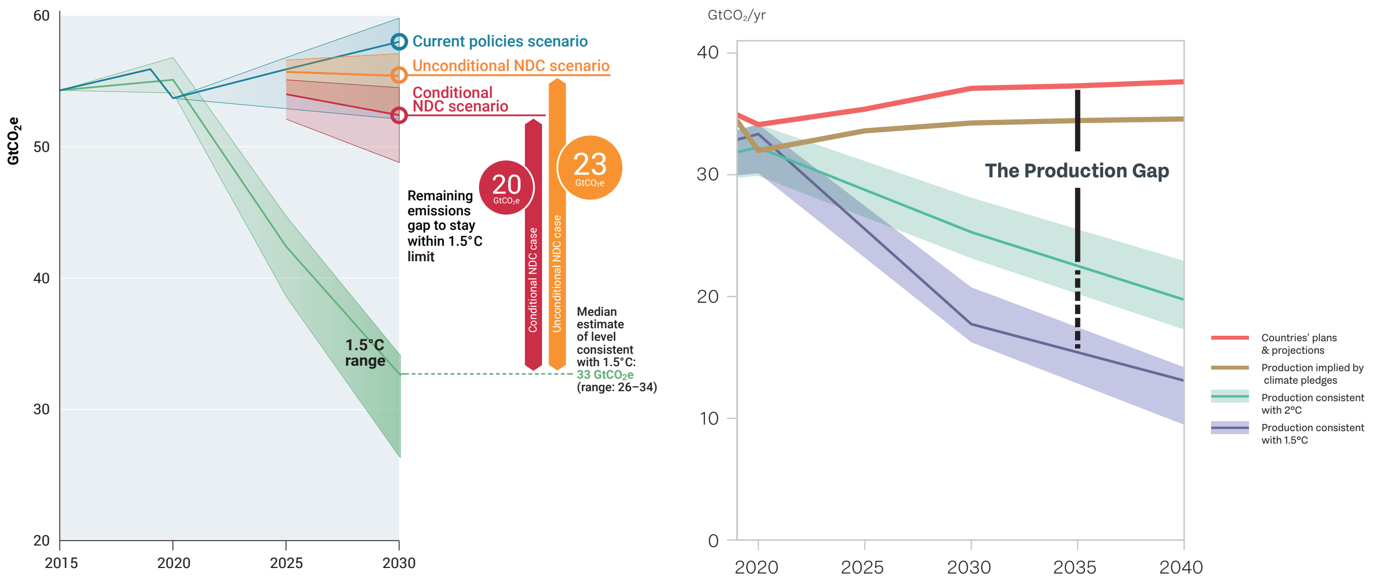


Figure 1: Left: Global Emissions under Current Policy and NDC scenarios vs. 1.5°C-consistent emissions trajectory and the Emissions Gap. Source: adopted from UNEP (2022) Emissions Gap Report 2022. Right: Global Emissions resulting from fossil fuel production and use. Source: SEI, IISD, ODI, E3G, UNEP (2021) Production Gap Report 2021.

With this huge gulf between countries' stated climate protection goals and their actual actions, and with diminishing time to narrow that gap, that UN Secretary General exercised none of the typical restraint in his reflections on the IPCC report. "The jury has reached a verdict. And it is damning. This report of the Intergovernmental Panel on Climate Change is a litany of broken climate promises. It is a file of shame, cataloging the empty pledges that put us firmly on track towards an unlivable world."

Since the world's nations first negotiated a climate treaty in 1992, three precious decades have ticked by while we've allowed a climate challenge to evolve into a climate crisis. At this point, by the IPCC's numbers, the world will exhaust the remaining 1.5°C-compliant emissions budget within this decade, if countries fail to cut emissions far beyond what they've promised so far.

The awful truth is that, at this point, any honest 1.5°C pathway will require such rapid and sweeping change that transitional impacts and costs will absolutely, barring very concerted efforts to the contrary, be very unjustly distributed. This is because, in our dreadfully unequal world, the very intensity of the necessary transition will create endless opportunities for the wealthy and the powerful to consolidate even more wealth and power, even while poverty becomes more firmly entrenched, livelihoods disappear without recourse or safely nets, and responsibility for stranded assets is dumped onto already overburdened public sectors.

This is particularly true in poorer countries and communities that are already struggling to develop, and must now struggle in an increasingly hostile climate. This is true even though globally we have (all of) the money and (much of) the technology needed to navigate a rapid climate transition, and even though such a transition could ultimately be immensely beneficial to people all over the world.

After all, no individual, nor any single country, can meet the climate crisis on its own. This is especially true because there is widespread free-riding among key players, especially wealthy players that live lavishly while they free-ride. It goes without saying that this erodes the overall resolve to contribute to the shared global effort. Moreover, this will remain true even as people and their governments become increasingly anxious, because in the presence of rampant free riding, as impacts deepen and adaptation costs mount, they will be increasingly reluctant to sustain an apparently failing international effort, and focus instead on their own narrow interests. They will be inclined to pull back from the far-reaching and transformative action that would be needed to achieve any ambitious temperature target, and move, perhaps reluctantly, to redirect their resources toward bracing against those apparently inescapable impacts. This is precisely because they see humanity tipping from a possible future of cooperation and mutual commitment, and toward a future that is defined by selfish and brutal survival strategies.

In this 2022 report, we have built on the analyses of mitigation fair shares that we published in the previous Civil Society Equity Review reports[7] to assess countries' climate commitments against a range of 'fair share' benchmarks. The underlying framework we have used is designed to quantify and compare a wide range of views on both capacity and responsibility. For a basic technical explanation of the framework, see *About the Climate Equity Reference Project Effort-sharing Approach.*[8] For a more extensive political and strategic discussion of the framework and its uses, see *Fair Shares – Lessons from Practice, Thoughts on Strategy.*[9]

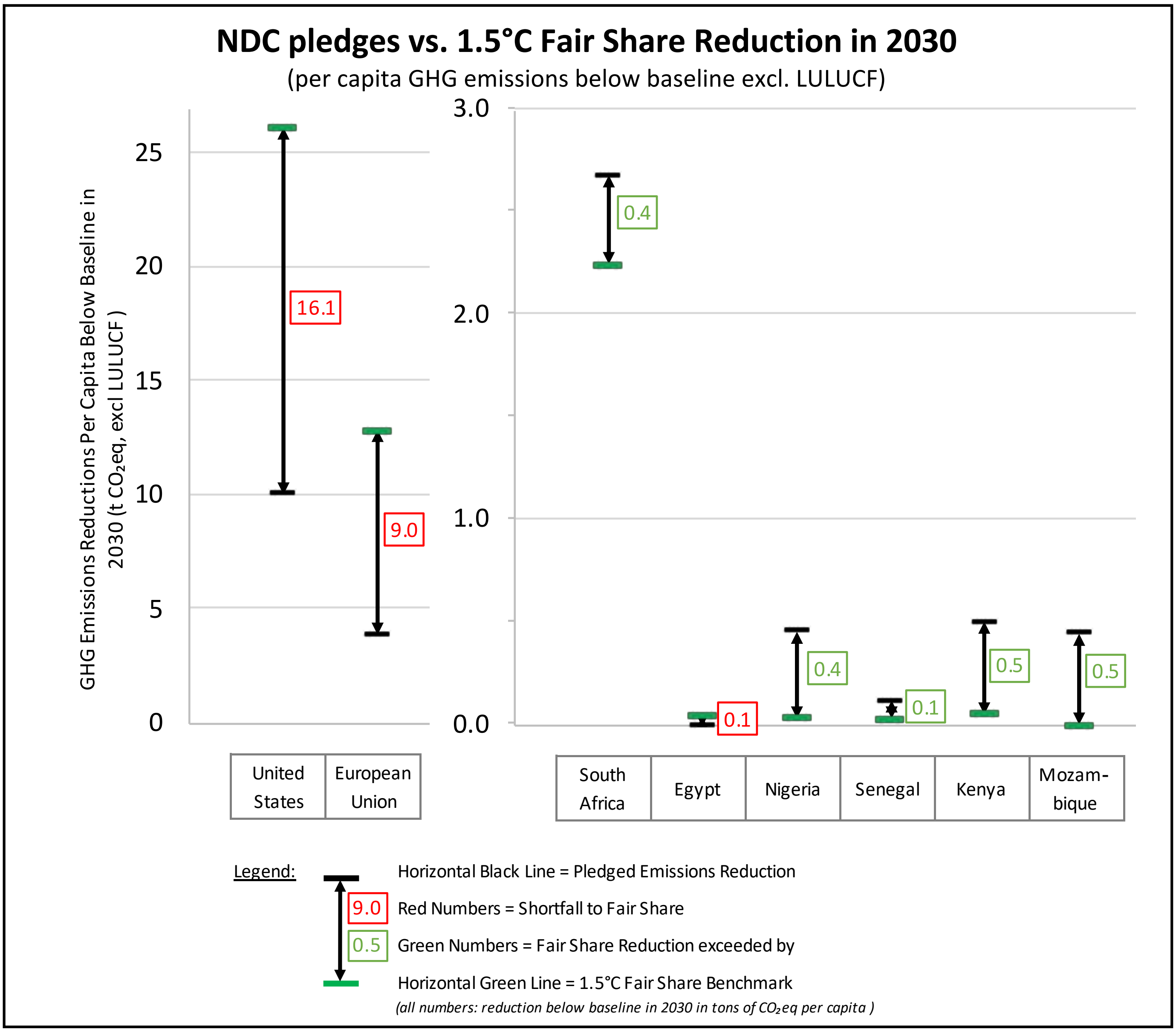


Figure 2: Results of the Civil Society Equity Review analysis of selected countries' mitigation NDCs compared to their mitigation fair shares. Shows for each country the (unconditionally) pledged mitigation in tons per capita below baseline level in 2030 (black horizontal line), the least demanding benchmark of the Civil Society Equity Review Fair Shares range (green horizontal line) and the amount by which the pledge falls short (red box) or exceeds (green box) the fair share. Note the different scales (y-axis) for USA and EU compared to the other countries. Source: calculations using Climate Equity Reference Calculator, calculator.climateequityreference.org

In general, our current fair shares analysis of the NDCs reaffirms the results that our previous reviews have consistently reached, that

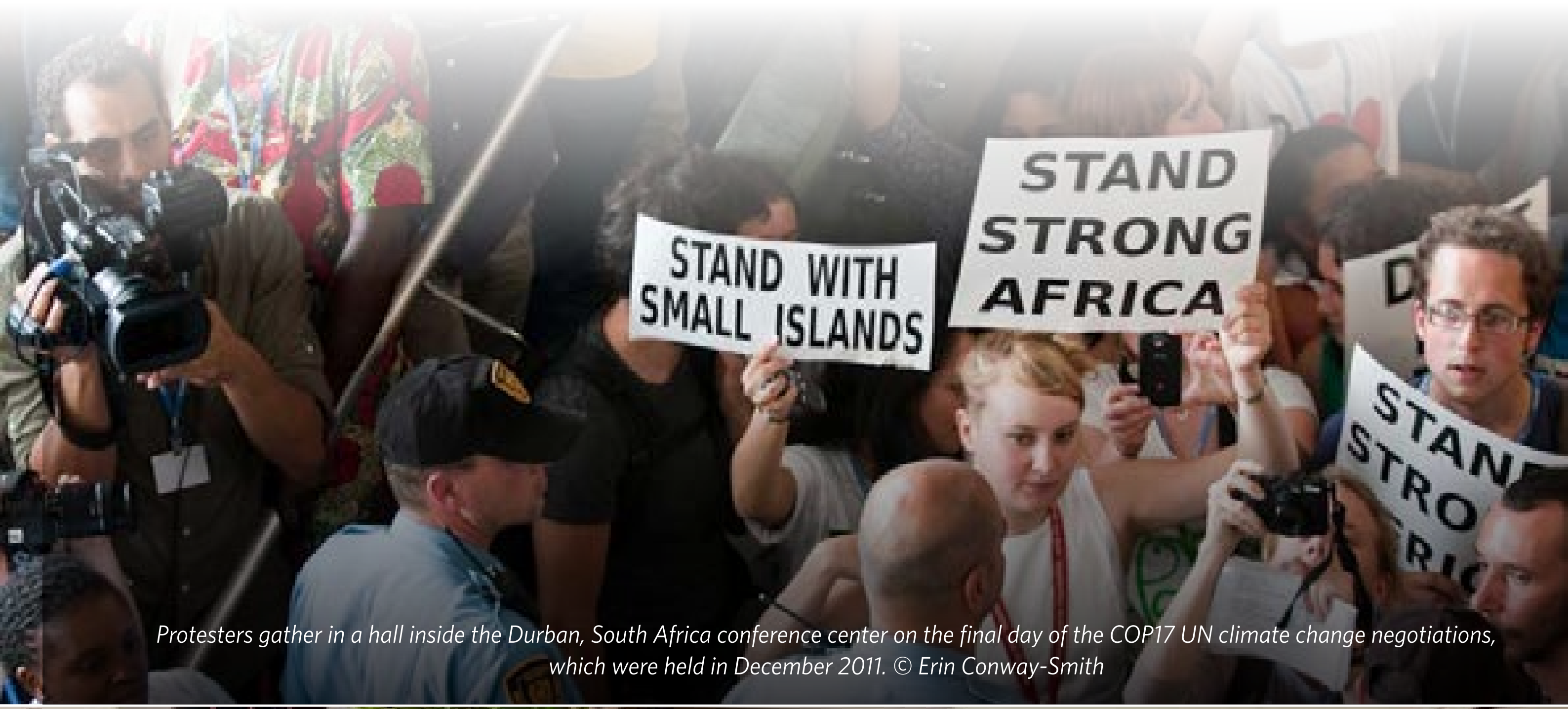
- The ambition of all major Global North countries falls well short of their fair shares, which include both domestic action and international finance.
- Most Global North countries have mitigation fair shares that are larger than can be met exclusively within their borders, even assuming extremely ambitious domestic actions. Therefore in addition to very deep domestic reductions, the remainder of their mitigation contribution must be made by enabling an equivalent amount of emissions reduction in the Global South through financing and other support.

  For many Global North countries, the amount of mitigation they are obliged to achieve to meet their fair share exceeds even their extremely stringent domestic mitigation they would also be obliged to achieve.

  Thus, much of the finance that the Global South countries need to achieve their Paris goals is properly seen as the responsibility of the wealthy countries. And to the extent that adequate finance for adaptation and for loss and damage is not on the table, this is only more true. As the impacts of climate change worsen, countries are compelled to prioritize disaster recovery. This will significantly affect their ability to self-finance ambitious mitigation program
- The majority of Global South countries have made mitigation pledges that exceed or broadly meet their fair share. This is encouraging, but it's not sufficient. Those countries that have not yet pledged to unconditionally undertake at least their fair share of the necessary global mitigation must do so now.

  Global South countries also have mitigation potential beyond both their NDC pledges and their fair shares. Unless that potential is unlocked, and ambition is increased, the world will not keep the "well below 2°C" objective within reach, let alone 1.5°C. At the same time, Global South countries must be clear and unrelenting in their claims for international climate finance and technology, which they absolutely need if they are to curb emissions enough to meet the Paris temperature goals.
- Thus, the inescapable implication is that cooperation between the Global North and Global South is absolutely critical to achieving globally scaled-up ambition. This means genuine cooperation wherein Global South countries offer conditional NDCs, for example, that go beyond their own fair share of the global mitigation effort, while Global North countries ensure the means of implementation to realize these additional efforts.

A boy carries a bucket of dirt to be used to build walls to keep floodwater contained. © UN Photo/JC McIlwaine



Protesters gather in a hall inside the Durban, South Africa conference center on the final day of the COP17 UN climate change negotiations, which were held in December 2011. © Erin Conway-Smith

Durban, South Africa, 22 May 2022. Two damaged cars that were abandoned when flooding caused a large landslide.

BOX 1: A NOTE ON AFRICA

With COP27 taking place in Egypt there is increasing spotlight on Africa – the continent that has contributed the least to climate change, but where the impacts of climate breakdown are perhaps most severe.

The African context crystalizes many of the core issues and challenges around equity and fair shares, and the importance of genuine international cooperation.

African countries stand at a crossroads. Will they leapfrog to zero-carbon, renewable energy futures, and do so in a way that brings prosperity and well-being to their populations? Or will they be coaxed down paths of further entrenchment in fossil fuel production and investments in fossil infrastructure and stranded assets?

The legacies of colonialism and extractivism are nowhere more present than in Africa. Most African economies are still geared towards serving wealthy, former colonial powers with cheap raw materials, including fossil fuels. The tensions here are escalating with the energy supply crisis driven by the Russian invasion of Ukraine. Some European countries are doing all they can to get poor and energy starved African countries to invest in fossil gas extraction for exports, to fill the European energy gap (which would not exist had Europe embarked on a just energy transition decades ago).

This Global North pressure vis-a-vis African governments is pushing an agenda for further fossil fuel extraction, reinforced by some African elites that claim this extraction is justified by their "right to development".

For example, it was revealed in mid-2022 that an African Union technical committee of energy and transportation ministers had formulated and endorsed an African common position on

BOX 1 (CONTINUED)

energy that barely mentions renewable energy or decentralized energy access. Rather, it laid out the fossil fuel industry's talking points by explicitly stating that gas, oil and coal "will continue to play a crucial role" in the continent's energy mix. This position, notably, was developed while African environment ministers and climate negotiators were kept out of the loop.

In response, African civil society has raised the alarm. The broad-based *Don't Gas Africa* campaign,[10] which is now also gaining international support, clearly states the key issue: "The African Union is faced with a choice – it can give in to lobbying from the fossil fuel industry and European governments, or it can prioritize investments and incentives towards renewables, the energy sources with the greatest potential to provide reliable, affordable, universal access to low-carbon, sustainable energy to all."

There are indeed significant forces in Africa working towards a vision of energy democracy and prosperous renewable energy societies. Such visions are well captured in the Friends of the Earth Africa's formulation of a *Just Recovery Renewable Energy Plan for Africa*,[11] which is supported by over 50 African organizations. African experts, also, have recently issued an inspiring Africa Climate, Energy and Development vision that redefines development, with renewable energy and energy and food sovereignty at its core.

At the governmental and African Union level, African countries in the lead-up to the 2015 Paris Climate summit endorsed the *Africa Renewable Energy Initiative*[12] (AREI) with joint, ambitious goals to deploy 300 GW of new and additional people-centered renewable energy by 2030 while providing universal energy for the 600 million Africans currently lacking energy access. The 34 African LDCs have likewise endorsed the *LDC Renewable Energy and Energy Efficiency Initiative for Sustainable Development*[13] with the triple goals of energy access by 2030, 100% energy efficiency by 2040 and 100% renewable energy electrification by 2050. Most recently, the new Kenyan president has staked out the extremely ambitious goal of reaching 100% renewable energy by 2030.

These goals reflect what needs to be achieved, and are in the interest of not only Africa but the entire world. It is imperative that the international community genuinely support and help make such goals a reality, which can absolutely be done through the kinds of measures outlined in this report. At the same time, it is essential that ambitious goals and statements are tackled honestly, and with the core values of participation, people-centeredness, and African ownership.

As highlighted in this report, however, too often promising South-based initiatives become hi-jacked and distorted by donor countries, international organizations, as well as autocratic Southern leaders (as was the case of AREI) – the direct opposite to the kind of international cooperation that is necessary. There are now also mounting concerns about the so-called Just Energy Transition Partnerships (JETPs), as largely donor-driven initiatives that threaten to cherry-pick a few countries, increase their indebtedness, and pay only lip-service to justice, transparency and participation – while diverting attention from multilateral efforts that can serve all countries in truly just ways.

It's in everybody's interest for African peoples and states to formulate ambitious, long-term plans for leap-frogging to 100% renewable energy societies. However, the costs of rapidly implementing such plans far exceed Africa's "fair share" of the global climate mobilization. The needed financial and technological resources should rather be provided by wealthy countries and historically large polluters as the international obligation side of *their* 'fair shares' – as has been outlined by the yearly Civil Society Equity Review reports since the Paris summit. Wealthy countries also need to provide substantive support for adaptation and compensation and reparation for loss and damage.

African leaders can make decisive choices at these pivotal times. They can decide to pursue the new zero-carbon and people-centered development models championed by their civil society movements. They can champion a fossil fuel non-proliferation treaty. They can choose to make Africa the first zero-carbon continent and generate climate resilience, social justice and well-being for their populations – while avoiding significant amounts of carbon pollution and helping to protect our shared global climate system. Equity and enlightened self-interest demands the international community to support all of this. And, crucially, it should not coax, cajole and coerce Africa down a path of greater fossil fuel lock-in and stranded assets, against an unfolding scene of climate chaos.

Further – as this report points out – the international cooperation required goes beyond provision of massively scaled up financing, technology access and capacity building. Substantive cooperation also requires structural reform, and a reset of international economic and political structures that keep poor communities and countries trapped in international debt and extraction-oriented, dead-end economies. This means debt cancellation, the regulation of transnational corporations, new trade and investment rules and the abandonment of neo-liberal economic doctrines by international finance and development institutions.

This is an ambitious agenda, but it's also a necessary one. Increasingly, Africans are advancing calls for development plans and policies that break with economic orthodoxy, and set out to ensure energy and food sovereignty and socially and environmentally appropriate economic development and industrialization that caters to African needs and aspirations

CHAPTER 2
INTERNATIONAL COOPERATION UNDER THE UNFCCC

The UN Framework Convention on Climate Change (UNFCCC) promises a comprehensive framework for global climate action, and provides foundational principles for fair, equitable and ambitious action on all fronts to combat the climate emergency. To date however, it has contributed little, in concrete terms, for fostering cooperation at scale and strengthening institutional capacity for realizing implementation action at the sectoral level. This gap is particularly acute in the energy sector and is all set to widen in the current geopolitical context. Parties to the UNFCCC and the Paris Agreement now have an unprecedented challenge, opportunity and a moral obligation: to use the climate regime to accelerate a just transition away from fossil fuels and to renewable energy and economic transformations necessary to limit warming to below 1.5°C.[14]

The IPCC AR6 makes clear the mismatch between ambition and a climate safe world for all, and notes that we have the means necessary to get on track to below 1.5°C by 2030. The 2021 COP26 Glasgow Climate Pact called on Parties to enhance their NDCs by the end of 2022. As of October 30, 2022, only 26 have submitted new NDCs, with some of them actually backsliding on their ambition. What do we do then within a multilateral process that seems to be leading us to an intolerable world with well above 2°C of warming?

As a result of wealthy countries' lack of commitment and action on mitigation both domestically and internationally, costs associated with adaptation and loss and damage are rising, especially for those living in low-income and less wealthy communities and nations. Further, as we all know, this situation will continue to worsen unless we achieve an extensive social and technological transformation, one that will absolutely require extensive international cooperation and support. Within the UNFCCC, numerous tools exist to enable such cooperation and support. However, the UNFCCC framework has so far had only limited success, in concrete terms, toward fostering cooperation at scale and strengthening institutional capacity for creating a robust system of global cooperation. UNFCCC's finance, technology and capacity building mechanisms have all, thus far, been shamefully under-resourced and under-utilized.

FINANCE

As is highlighted in the Introduction, financial support from Global North countries to Global South countries is critical to any equitable global climate regime, and mobilizing finance at scale is an essential enabling condition for the accelerated actions required to limit warming to 1.5°C, build resilience and address loss and damage. The countries that built their economies on fossil fuels and high historical emissions have a moral and legal duty, including under the principles of the Climate Convention, to provide their fair share of support for Global South countries, especially those that contributed little to the problem, as they strive for resilient pathways toward greater security and prosperity, even while they contend with the impacts of climatic disruption, and forgo proven pathways fueled by fossil energy in favor of leapfrogging to renewable and efficient technologies.

The first Needs Determination Report of the UNFCCC's Standing Committee on Finance (SCF) provided a bracing and desperately needed reminder of the true scale of climate finance required to make such pathways accessible to the Global South. In this report, the SCF assessed the climate-related needs reported to the UNFCCC by developing countries, and for those needs reported in NDCs that could be costed it arrived at a figure of *nearly USD 6 trillion* through 2030. The SCF also tallied the costs of actions included in the Biennial Update Reports, which reached *more than USD 11 trillion.*[15]

The most notable thing about these estimates is that they are vast *underestimates*. They account for needs of only some developing countries (i.e., needs from only 78 NDCs and even fewer BURs were included), and even for that subset of developing countries fewer than one-third of the reported needs were costed. But more importantly, the assessed needs reflect countries' current UNFCCC reports, rather than the dramatic transformations that developing countries would actually need to rapidly undertake as they shift to 1.5°C-consistent, climate-resilient pathways, even as they struggle against an increasingly hostile climate.

This forces a crucial recalibration of the finance negotiations, which have so far been almost wholly consumed by the entirely arbitrary $100 billion figure inserted into the 2009 Copenhagen negotiations by the US, which had only the political preferences of the Global North as a basis for this figure.

Simply put, a successful global response to the climate crisis is impossible if we do not close this gaping climate finance gap. Needless to say, this must be done with sources that are new and additional, and do not create any additional debt obligations. This effort must also address the urgent need to accelerate finance for adaptation, which currently accounts for no more than 6 to 7% of the current, woefully inadequate total delivered climate finance. And of course there is the pressing need for a Loss and Damage Finance Facility that is subsequently provisioned at the necessary scale. Details remain to be negotiated, and many are critically important, but it is absolutely clear that this radical recalibration of the actual finance needs will have to be the basis of negotiations around the New Collective Quantified Goal.[16]

Yet even this radically insufficient goal is not being met. Even overly generous accounting practices that grossly overestimate the actual climate finance delivered[17] indicate that Global North countries have yet to reach the level committed in 2020; and most have expressed only vague intentions to meet this goal by 2023.

Despite this, many Global South countries have in their NDCs put forward climate plans that in the absence of international support would require diverting funds from other pressing development needs – including education, health care and eliminating hunger – in order to take ambitious action to transition to low and zero carbon economies and prepare for climate disruptions. Such plans are often accompanied by strained leaps of faith, and desperate hopes that Global North countries will fulfill their UNFCCC obligations to provide sufficient financing, technology and capacity building support.

Global North countries – by virtue of their wealth and capacity – have the primary responsibility to deliver the financing necessary to prevent a global climatic catastrophe. If allocating the needed climate finance is a decision made "above the pay grade" of climate negotiators, then finance ministries and national leaders will need to take action. Bound by their treaty commitments, Global North nations must nonetheless engage constructively in instituting the mechanisms and global financial architecture reforms necessary to enable financial flows at the necessary scale, and in contributing their own fair share. (See chapter 5.) One way or another, if our global efforts to address the climate crisis are to even vaguely succeed, the Global North countries must absolutely generate the financial support to enable ambitious climate action in the Global South.

CAPACITY-BUILDING

Capacity building in particular has only received lip service, and most discussion on action and implementation tends to ignore the importance of overall capacity building needs in Global South countries, particularly African countries. The perceived need for enhancing capacity can be gauged from the simple fact that the NDCs of 113 developing countries out of 169 countries list capacity building as a condition for NDC implementation.[18] Institutional capacity is also recognised as one of the six enabling conditions identified by IPCC WG3.[19]

To reduce the gap between ambition and action, it is necessary to remedy the limited capacity constraints – both institutional and human – within which most Global South countries operate. The work being pursued by the Paris Committee on Capacity-building (PCCB) under the UNFCCC can be pivotal in bringing the much needed attention to this often ignored enabling factor. In its latest report[20] it highlights that capacity-building for coherent implementation of NDCs in the context of national development plan and sustainable recovery need to pay due attention to enabling conditions; institutional barriers; capacity-building gaps and needs; knowledge and skills priorities; improving capacity-building efforts at sub-national, national and regional levels; and provides a rich repository of best practices, tools and other relevant resources.

IMPLEMENTATION-FOCUSED INITIATIVES

Focused interventions – especially on renewable energy and energy efficiency – could leverage and reinvigorate existing institutions. For example, the non-market mechanism set out in Article 6.8 of the Paris Agreement must absolutely be brought to life. This mechanism could match support with actions, including for Global South countries seeking to leapfrog conventional development paths fueled by fossil energy and forgo exploiting their own fossil resources in favor of a shift to sustainable and renewable energy sources.

The Paris Agreement put the just transition concept firmly on the global climate agenda. Yet the only UNFCCC process where just transition is explicitly discussed is in the Forum on the Impact of the Implementation of Response Measures, which has been a missed opportunity at best. The response measures discussion has almost always been characterized by obstructionism and used as a bargaining chip, rather than to find positive ways forward, and has not provided fertile ground to explore and promote just transitions through the UNFCCC. Given the lack of serious treatment by the Katowice Committee of Experts, another path to unpacking the just transition agenda must be found, one that imports lessons from trade unions and affected communities so that its implementation gets the due attention and seriousness that it urgently deserves.

The first Global Stocktake is now underway, and has held its first Technical Dialogue during the June SBs. Future sessions are an opportunity to learn from past progress on sectoral transformations and accelerate these transformations, drawing on the IPCC AR6 and other relevant sources. Concrete, coordinated just transition plans can be best achieved through international cooperation around mobilization of resources and enhancing capacity-building and technology support. Opportunities for international cooperation and coordination should be included in NDCs of all countries, and Global North countries should indicate how they will scale up their financial support.

The Glasgow Climate Pact brought the struggle to end fossil fuel dependence clearly into the UNFCCC negotiations, while at the same time introducing new and still largely undefined ambition mechanisms. One of which is the Work Programme to Scale up Mitigation Ambition and Implementation (MWP). This process, which is distinct from the GST, but could complement and reinforce it, should focus on enabling and supporting urgent actions at the sectoral level through international cooperation and coordination around sectoral initiatives, including through matching concrete support with concrete actions.

COP27 must define and deliver an ambitious, equitable MWP. The objective of the MWP should be to urgently enhance the ambition and implementation of Parties' efforts to deliver global aggregate emissions reductions in line with limiting global warming to 1.5°C. To achieve this, emissions reductions are necessary across all sectors and countries, and this will not occur unless equity and fair shares are at its very center.

As modalities, the MWP should decide on Line Minister Dialogues on ambition focused on sectoral progress. This includes sectoral commitments under the Glasgow Climate Pact (including coal, oil and gas, all fossil fuel subsidies, clean power generation, energy efficiency, industry, protecting and restoring ecosystems, and methane) and plurilateral initiatives consistent with the UNFCCC for just sectoral decarbonisation made by Parties in a manner that reflect fairshares and ensures the integrity of solutions from the rights and justice and science-based lens, which has no space for false solutions and greenwashing.

The political check-in on pre-2030 goals is the High Level Ministerial Roundtable which were also decided in the Glasgow Pact. The ensuing roundtables will provide Parties with a political check-in on the development of implementation, including the provision of means of implementation, as well as on strengthening and revising NDCs.

A NOTE ABOUT THE UNFCCC ITSELF, AND ABOUT GLOBAL NEGOTIATIONS

Successful climate mobilization is inherently multi-level; it will include extremely local, community-based actions, and cut across regions, sectors, institutions, and constituencies, but it will necessarily rely on multilateral cooperation and coordination. In fact a failure to cooperate at the global level is likely to doom efforts at all levels to failure. In the word's of Tanzanian Vice President Mpango in his address to the UN General Assembly, "Unilateralism driven by greed is leading us — rich and poor, strong and weak — to a catastrophe."[21]

The UNFCCC was firmly set upon a robust foundation of core equity principles, which have been repeatedly reaffirmed over time. It has evolved over its thirty years and served as the forum for forging a consensus on a set of ambitious concrete objectives, as articulated in the Paris agreement, that truly are indispensable to preserving a habitable planet, and doing so in a fair way. Abandoning coordination within the UNFCCC, diluting its primacy, or shifting coordination to other plurilateral, minilateral, bilateral, or corporate dominated fora outside the UNFCCC where equity is absent or at best secondary, is not a course that we can dare to risk. Rather, parties to the UNFCCC must remain faithful to its foundational principles, and committed to its objectives.

But again, climate action is inevitably multi-level, and success requires us to explore, and effectively use other fora, processes, and approaches. The following chapter presents some potential channels to explore, while maintaining diligent consistency with the fundamental equity-based principles and the comprehensive objectives of the UNFCCC.

Dar es Salaam's new bus rapid transit system (BRT) is decreasing transportation costs for citizens and providing sustainable transportation options and urgently needed relief for traffic congestion throughout the city. Dar es Salaam, Tanzania's commercial hub, is a rapidly growing urban centers projected to reach a population of 10 million by 2027. © Hendri Lombard / World Bank Photo Collection

A woman transports water in a jerrycan by rolling it along the ground. Most of the wells in the East Africa region have dried up or the water has become too salty for human consumption. © Dieter Telemans / Panos

CHAPTER 3
INTERNATIONAL COOPERATION THROUGH INITIATIVES AND MULTILATERAL PLATFORMS TO ADDRESS FINANCING, RENEWABLE ENERGY AND FOSSIL FUEL PHASE-OUT

While maintaining and strengthening the UNFCCC as the guiding multilateral forum, new complementary efforts beyond the UNFCCC are necessary both for enabling a rapid transition to renewable energy and zero-carbon solutions, as well as the rapid phase out of fossil fuel production. Bold new initiatives are also needed to make available public finance at a whole new scale to tackle both climate and other, intertwined crises. This section presents examples of different kinds of international cooperation that can be pursued. These options build on the existing multilateral system, and are by no means exhaustive. Chapter 5, on the other hand, outlines a set of fundamental structural transformations that would ultimately be required to enable us to meet the global climate challenge.

NEW INITIATIVES FOR FINANCING OF GLOBAL PUBLIC GOODS

As highlighted above, climate finance under the UNFCCC must be ramped up by orders of magnitude. Finance initiatives outside the UNFCCC can be helpful if they serve to quickly catalyze larger climate finance flows, enhance action while building trust, and complement the formal climate finance channels rather than undermining them or the UNFCCC's underlying equity principles and objectives. Fortunately, there are numerous immediate possibilities, ranging from progressive consumption taxes (e.g. carbon, aviation) to windfall profits taxes, wealth taxes, and financial-transaction taxes to debt cancellation to green bond financing schemes to various kinds of "global quantitative easing," including creative use of *IMF Special Drawing Rights (SDRs).* And this is hardly an exhaustive list.

The idea of creatively redefining SDRs is perhaps the approach that is currently generating most interest and concrete political movement. Barbados Prime Minister Mia Mottley has launched a "Bridgetown Initiative" to move it forward, an effort she publicly launched during her speech to the COP26 opening plenary, when she proposed using SDRs as "a sword that can cut down the Gordian Knot" [22] by leveraging the existing SDRs mechanism to create, at the stroke of a pen, a sustainable and adequately scaled stream of public finance. She pointed out that "the central banks have engaged in $25 trillion of quantitative easing in the last 13 years. Of that, $9 trillion was in the last 18 months to fight the pandemic," and then called for "an annual increase in the SDRs of $500 billion a year for 20 years, put in a trust to finance the transition." She also noted that $500 billion is "just 2 percent of the $25 trillion" that the central banks have conjured out of thin air in the last 13 years.

Obstacles to such an initiative of course abound, with the enduring resistance that "fiscally conservative" elites invariably mount to any proposal for "printing money" being particularly notable. There are also good reasons to be skeptical of the IMF itself, an institution with a long and fraught history where the US, alas, still has veto power over the rest of the global community.

All this said, any chance for an international climate finance breakthrough that can conceivably be negotiated must be taken seriously, and if it is by decision makers operating "above the pay grade" of the climate negotiators, its consistency with the principles and objectives of the UNFCCC must be assiduously maintained. SDRs, in particular, present an opportunity that must be considered. A key caution is to tread carefully, and to explicitly address a number of constraints that can create new, unintended problems.

- In accordance with IMF rules, SDRs are not allocated to countries on the basis of their need, but rather in proportion to the size of their economies. Thus wealthy countries of the Global North receive much greater SDR allocations than Global South Countries. Of the $650 billion SDR allocation in 2021, only $275 billion went to "emerging and developing economies." This is clearly perverse in the context of climate finance, and wholly incompatible with equity and a "fair shares" approach and calls for fundamental change.
- The current governance rules of the IMF are such that the transformation of SDRs into a useful climate finance mechanism would be possible only with the explicit approval of wealthy nations, which generally restrict the use of SDRs to "liquidity" management rather than

addressing needs such as public climate investment or adaptation and loss & damage finance.

- SDRs can be used to create new, additional debts – or to pay outstanding debts instead of spending on public services. This should not happen. Any climate related SDR scheme should come hand in hand with a second plan for far-reaching debt cancellation.
- The framing of the "Bridgetown Initiative" seems overly focused on the private sector. The unleashing of large flows of finance need to be strictly guarded by social and environmental safeguards, and ensure that it does not open doors for foreign corporate take-over of local markets in Global South countries.

Surely, these are not minor obstacles, and surmounting them to transform today's SDRs into a fair and viable global financing mechanism would be a major accomplishment. However, similar obstacles would have to be faced when seeking to operationalize any other such mechanism that is scaled to the actual finance need. But SDRs have the virtue of actually existing, and the purpose of exploring such creative financing initiatives is their potential to provide rapid ways to move forward on financing.

RENEWABLE ENERGY AND JUST TRANSITION ORIENTED INITIATIVES

There is an urgent need for cooperative initiatives and platforms that can enable a just and rapid international transition to renewable energy and zero-carbon societies. It is past time to create and scale up a global investment plan that matches the size and speed required for genuine just-transition initiatives across all countries. Such multilateral efforts could for example be inspired by past ideas such the call for a Global Renewable Energy and Energy Access Programme (GREEAT) where all Global North countries would pool resources (based on their Fair shares) to enable a **global financing and support mechanism** for all countries to set up programmatic, policy schemes where large set of actors – communities, cooperatives, households, farmers, schools, universities, hospitals, small and medium-scale companies (beyond large utilities and companies) – would be enabled to transfer, innovate, adapt, and deploy solar, wind, and small-scale hydro renewable energy production everywhere.

The training, access to upfront capital and, not least, guarantees (such as feed-in tariffs and subsidies) to make renewable energy investments safe and widely accessible could enable a formidable explosion of simultaneous renewable energy development across every community based on a cooperative model. This kind of smart, people-centered and to a considerable extent distributed energy provision would be key also for adaptation, and broad-based economic development.

Such approaches would relate to UNFCCC processes by concretizing the requirements for finance, access to technology, capacity and other means of Implementation in a bottom-up, locally-specific, needs-based manner, but could be advanced outside of the UNFCCC structures – being positioned, for example, as a component of the global just transition dimension of a Fossil Fuel Non-Proliferation Treaty. Importantly, principles and provisions to safeguard that the renewable energy revolution will not introduce new problems in the form of land grabs, extraction of resources and wealth from the Global South, human rights abuses, environmental destruction and irresponsible consumption would need to be integral to any such scheme from the very outset.

Existing Global South initiated frameworks that are aligned with fair shares and such bold approaches must be supported. The Least Developed Countries Renewable Energy and Energy Efficiency Initiative for Sustainable Development[23] (LDC REEEI) provides an example of a Global South initiative in line with such a bold approach. This initiative outlines how all LDCs could plan for a leapfrogging to renewable energy through collaboration and a pooling of best practice paired with substantial international support that corresponds to genuine needs and fair shares. At the core of the initiative's Framework – endorsed by all 46 LDCs – is LDC ownership and agency with goals for 100% renewable energy, 100% energy access and 100% energy efficiency. The Initiative's comprehensive work plan outlines how LDCs can plan for smart, people-centered and largely distributed renewable energy systems that can meet all needs, and foster energy access and local economic development across all communities. By avoiding mistakes and unsustainable and unjust development models of both industrialized and emerging economies, LDCs can charter new development trajectories.

It is for the international community to provide the required international support. Assurance of such support will also be the most effective way for countries to be able to resist attempts by wealthy counties to get them to embark on new fossil fuel investments, such as the current European dash for African gas.

Global South initiatives such as LDC REEEI must be supported and respected. Sadly, there are numerous examples of donor countries, international institutions and other interests attempting to control and co-opt Global South-led initiatives, as has been the case for the Africa Renewable Energy Initiative (AREI). The AREI was hailed as one of the biggest announcements at COP21 in Paris, with all African Heads of State standing behind a commitment to enable 300 GW of new and additional people-centered renewable energy while ensuring universal access to all Africans by 2030. The initiative was however soon derailed from its original strong civil society and multi-stakeholder focus, and came to a standstill after multiple interests, including European donors and the African Development Bank, intervened unduly in collusion with some African leaders[24].

Just transition and economic diversification initiatives and platforms are essential to ensure both fossil fuel producing and consuming countries are able to undertake the deep structural changes that are required, while caring for all workers or communities. Strengthened trade unions and international cooperation will be key to ensure that just transition initiatives address not only workers in the fossil fuel industry and related sectors, but also workers in the renewable energy industry and communities facing risk of land grabs and impacts of mineral extraction from the renewables revolution. Economic diversification requires, in addition to international financial support, the sharing of experiences and ideas that outline bold, new people-centered development models that prioritize sufficiency and well-being. Possible areas of cooperation that could benefit all countries include bold ideas such as the establishment of a global social protection fund and universal basic income.

Such global and equity oriented approaches contrast markedly to the recent introduction of Just Energy Transition Partnerships (JETPs) where Global North countries are targeting a handful of countries in the Global South**.** Since the initial announcement in 2021 of a USD 8.5 billion "Just Energy Transition Partnership" between South Africa and France, Germany, the UK, USA, and EU, there have been several further announcements of JETPs. Global North countries have announced similar partnerships in India, Indonesia, Vietnam and, interestingly, Senegal – not currently a major producer of fossil fuels but a country with vast new discoveries of gas reserves. The EU has also suggested partnerships with Egypt, Côte d'Ivoire, Kenya, and Morocco.

The initial South African JETP has been presented as an effort to support South Africa to decarbonize its electricity system by decommissioning coal-fired power stations and turning to other sources of power. While the rhetoric of the South Africa JETP announcement highlighted the importance of a just, equitable and inclusive transition for workers and affected communities and committed to a sizable amount of financial support, concerns are mounting. So far, the announced partnerships lack transparency, accountability, and accessibility and seem to be both repackaging prior commitments and relying heavily on loans, with only limited attention to the justice dimension. This merits close and critical scrutiny of JETPs to ensure they do not turn into another set of false solutions or dangerous distractions.

Transcending these concerns, however, is the danger that JETPs skew the international, multilateral approach away from the kinds of comprehensive, principled approaches aligned with this report. There is a danger that JETPs become a cherry-picking exercise by G7 countries to influence strategically important countries in the Global South, while the majority of countries are left to fend for themselves. There is also a danger that the announcements of billions in support give the impression that the donor countries are doing a lot, while in fact they are doing little more than repackaging existing activities, and are still falling far short of their fair share of the global effort. There are also concerns that some donors behind JETPs simultaneously attempt to lock some of the countries into fossil fuel expansion (such as the case of Senegal). JETPs could in theory provide useful examples of pioneering efforts, but would then need to be fully led by Global South countries, guarantee genuine worker and civil society participation ensure procedural justice as the only means to ensure just outcomes, and be explicitly presented as only first step efforts towards multilateral arrangements that cater to all Global South countries and at scales on par with needs and fair shares.

A barefoot solar engineer in the solar powered village of Tinginapu, in the Eastern Ghats of Orissa.
© Abbie Trayler-Smith / Panos Pictures

INITIATIVES AND PLATFORMS ORIENTED TOWARDS FOSSIL FUEL PRODUCTION PHASE-OUT

There is now increasing attention on the *production* of fossil fuels. The 2019-2021 UNEP Production Gap reports show that the fossil fuel industry is planning to produce far more fossil fuels than can possibly be compatible with the 1.5°C goal. 2021's Civil Society Equity Review also specifically discussed equity and fair shares in relation to a rapid fossil fuel production phase-out.

In the past year, we have seen a rapidly growing chorus of calls for a fossil fuel phase-out and, not incidentally, the establishment of a Fossil Fuel Non-Proliferation Treaty. It is obvious that the industry's expansion and rapid phase-out will not come about through unilateral efforts by the producers – there is a need for international cooperation and multilateral processes.

There are many possible approaches to such cooperation. Together they can provide mutually reinforcing efforts and stepping stones towards higher ambitions. Here, briefly, are a few of the major ones.

Enhanced arrangements for transparency and accountability: Lessons learned from efforts to tackle global threats, such as the proliferation of nuclear weapons and depletion of the ozone layer, demonstrate the importance of government transparency to effectively plan for a transition. To enhance transparency and accountability of the fossil fuel industry, a Global Registry of Fossil Fuels has been developed with the view to establishing a multilateral transparency mechanism that facilitates sharing of information by and between country parties and offers standardized, comprehensive, government-vetted, publicly available data on fossil fuels reserves and production. This includes reporting on: 1) commercially viable fossil fuel deposits currently in production or planned for future production, and 2) historical and projected future production: the combination of what countries have and plan to produce and how this aligns with the Paris Agreement temperature goals. Country parties could commit to reporting their data into the Global Registry or formally verifying the data contained in the database. Over time the Registry could become more formalized as a country transparency mechanism, supported by a Secretariat, technical team or collaborating center, and hosted within one or more UN organizations. The Registry could also be a precursor to a more comprehensive multilateral agreement on fossil fuels, and provide necessary data to enable facilitation of international support for the transition from fossil fuels.

Ending public fossil fuel subsidies: At COP26 a group of 34 states and 5 international financial institutions issued a statement[25] pledging to "end new direct public support for the international unabated fossil fuel energy sector by the end of 2022" and to "encourage further governments, their official export credit agencies and public finance institutions to implement similar commitments." While the G7 and G20 have for years issued and re-issued promises to end fossil fuel subsidies, they have never given a deadline. The Glasgow announcement is a slight improvement, but is critically limited by language such as "inefficient" subsidies and "unabated" fossil fuels. For these kinds of announcements to provide a solid foundation for further meaningful international cooperation, such loopholes must be closed, and countries will have to go beyond promises and announcements to actual implementation – the subsidies must stop. Moreover, given that fossil fuel subsidies in the Global North have for decades dwarfed contributions towards multilateral climate finance, the phasing out of such subsidies should be accompanied by a dramatic scaling-up of public climate finance. Addressing consumption subsidies must be mindful of and address potential negative distributive effects of eliminating such subsidies, particularly in Global South countries, but also for those experiencing energy poverty in the Global North.

"Keep It In The Ground" Initiatives: The most famous example of such an initiative is Ecuador's attempt to take the first steps towards a post-oil economy by leaving 800 million barrels of oil underground within an area of the Yasuni National Park known as Ishpingo-Tambococha-Tiputini (ITT), home to several Huaorani communities including one living in isolation. In exchange, Ecuador hoped to raise $3.6 billion from the international community which would fund social development and a just transition. Unfortunately the initiative was abandoned in 2013 with only $336 million pledged and a mere $13.3 million delivered, and exploitation of the reserves began in 2016. Although it did not succeed at the time, the governments of Timor Leste and Colombia are now expressing similar ideas. Such approaches must be revisited and taken seriously – particularly as many Global South countries have newly discovered oil and gas reserves and face difficult choices about their development pathways.

First Movers' Clubs: International cooperation often starts with a small set of concerned countries coming together to discuss collective action. It is common practice within the UN for a "club of countries" to socialize new concepts and norms – in this case the need to equitably manage a fossil fuel phase out and globally just transition within the United Nations and in other multilateral fora. For example, the Beyond Oil and Gas Alliance (BOGA) launched by Denmark and Costa Rica in 2020 to address the need for a managed decline of oil and gas, in the context of the various pathways and policies required to reach the objectives of the Paris Agreement. Denmark, at the time the largest oil producer in the EU, pledged in December 2020 to end new licensing rounds on exploration and to end all production by 2050. While this was welcomed as an important step by some, it was also criticized for its very late end date. Costa Rica, for its part, has never extracted oil and is currently considering legislation to permanently ban future production. Such clubs require civil society oversight to remain accountable to ultimate objectives and avoid becoming mere greenwashing schemes – in the case of BOGA, civil society groups insist that members cease to approve any new oil and gas projects, tax oil and gas company profits to fund domestic transition packages and, crucially, an international Just Transition Fund designed to ensure that Global South countries are provided with the support they need.

Bannister House was the first community solar installation in the London Borough of Hackney, United Kingdom. Banister House Solar, has been developed by Repowering London in partnership with local estate residents and Hackney Council, and delivered using funds raised through a community share offer.
© Ashden / Ashden

Global Commission on Fossil Fuels: Building on efforts to create an initial club of countries and enhance transparency, a global commission is being recognized as a logical next step, to build momentum and support for the phase out approach. This could draw on precedents like the World Commission on Dams and other similar bodies. The Commission would be led by a group of eminent diplomats, including current and former Ministers and Heads of State, with the support of a group of leading organizations and academic institutions with relevant expertise. The purpose of the Commission would be to build the evidence base for a comprehensive multilateral fossil phase out regime, such as through a new treaty, including identifying the finance, technology and capacity building needs of fossil fuel dependent Global South countries and possible mechanisms for delivering these needs. Through consultations it would collect evidence, establish a knowledge base, build and broaden consensus, and serve as a focal point around which a much wider community of experts and engaged citizens and organizations can coalesce, to support the development and ultimate adoption by states of a new treaty. A Commission would be a logical multi-stakeholder complement to the club of first mover countries. Its successful establishment would depend on the support of a critical mass of countries that likely extends significantly beyond the club's membership.

International treaty on fossil fuel production: At the UN General Assembly in 2021, Vanuatu issued an historic call for a Fossil Fuel Non-Proliferation Treaty, adding significantly to the building momentum towards a negotiated legal instrument on the managed transition from fossil fuels. As articulated by the Fossil Fuel Non-Proliferation Treaty Initiative[26] such a treaty would stop new fossil fuel exploration and production, as is necessary to protect workers, communities and assets from becoming stranded and to avoid locking in catastrophic and irreversible climate change. This initiative must also seek to equitably phase out existing stockpiles and production at rates consistent with a 1.5°C pathway, and to accelerate a just and equitable transition by ensuring financial, technical, and technological support for poorer and more fossil-fuel dependent countries, helping them to diversify their economies and assist workers and communities to transition towards 100% renewable energy.

While first-mover countries are critical players, particularly by bringing the initiative into the UN system, the success of their diplomatic outreach depends on coordination with civil society groups, research organizations, industry groups, public institutions, and subnational governments, even in the face of resistance from some of the most powerful countries. A concerted push for this treaty also serves a number of purposes in itself. It can: a) reinforce the narrative that fossil fuel industry and infrastructure is a major global risk; b) clarify the need for large-scale, global collective action to tackle the fossil fuel industry; c) realize new opportunities to engage with states about their responsibility to implement supply-side measures; d) embed the need for equity in the discussion, particularly for producing countries; e) explore ways to meet the needs of fossil fuel dependent countries; f) link multiple local campaigns with an overarching global demand; and g) connect opportunities at the sub-national level, national level (new supply-side restrictions) and global level (club, registry and treaty) into a more unified global regime.

The call for a treaty also serves as a way for large and diverse stakeholders to mobilize public pressure on the fossil fuel industry and lay the ground for further international cooperation. Such efforts currently involve more than 1500 civil society organizations and networks, thousands of academics, faith leaders, youth, more than 50 cities and local jurisdictions, and numerous parliamentarians.

Demolition of Richborough Power Station in the UK. © Shirokazan

CHAPTER 4
INTERNATIONAL COOPERATION TO MANAGE ENERGY MARKET INSTABILITY AND ENABLE A FAIR FOSSIL PHASE OUT

Even as the UNFCCC is at last highlighting the urgency of transitioning away from fossil fuels, as demonstrated by COP26's final floor debate on "phasing out fossil fuels'', this urgency is being translated to action far too slowly, and against stiff and widespread resistance. Rising energy prices, compounded with other inflationary drivers – including Russia's invasion of Ukraine, pandemic fiscal stimulus, supply-chain disruptions, labor shortages, and deglobalization – have driven record rises in food, feed, fertilizer and virtually all commodity prices[27]. Together, these drivers have raised interest rates, thus crashing currencies, forcing states to borrow heavily to bail out households and businesses, destabilizing governments from London to Colombo, and emerging as a decisive issue in US midterm elections.

Such disruptions are mere glimpses of the entirely predictable hardships we will see if a rapid fossil fuel phaseout is *not* accompanied by a concerted and cooperative global effort to manage a tolerably smooth and reasonably secure energy transition. Without such concerted cooperation, we will risk widespread global hardship, hobbled development prospects, political revolt in both the North and the South, and ever more powerful backlash coalitions that make it all but impossible to achieve rapid climate stabilization.

Indeed, today's energy price crisis embodies just the sort of "unjust transition" so many people fear, in which everyday people, trapped in a fossil fueled economy with few accessible and affordable alternatives, are fleeced by producers reaping enormous profits. As anxieties over the continuity of fossil energy supplies rise, some countries are undermining, and even abandoning, their decarbonization efforts. This is true despite the IPCC's urgent and repeated warnings that rapidly ramping down fossil fuels is critical to aligning emissions with the Paris Agreement's goal of 1.5°C, and despite even the International Energy Agency's unequivocal announcement that further investment in fossil fuel supplies is simply *not needed* if the world is to shift to a 1.5°C pathway.[28]

Nonetheless, on the heels of Glasgow, US President Biden's historic announcement of cooperation with China's President Xi to help stabilize oil prices did *not* focus on collectively decreasing fossil fuels use. Rather, the planet's two biggest polluting countries moved to *increase* supplies through joint releases of strategic petroleum reserves. And the United States[29] has not limited its push for fossil fuel supplies to short-term measures such as releasing strategic reserves, but deepened it into an accelerated expansion of oil and gas infrastructure that will last for a very long time. While showing the world that cooperation is possible in emergencies, they sadly retreated to the business-as-usual option of increasing fossil fuel supplies, rather than focusing on reducing consumption.

OVERINVESTMENT, NOT UNDERINVESTMENT

As energy prices have risen, the fossil fuel industry has taken every opportunity to frame these increases as a scarcity of fossil fuel supplies, due to reduced financing for fossil fuels, which they consider "underinvestment" in production.[30] And indeed investment in upstream oil and gas (capital expenditure, or "capex") has declined sharply – from roughly $700 billion in 2014 to $250 billion in 2020 – resulting in what the industry refers to as a "tighter" fossil fuel markets with less "spare capacity" in production to absorb shocks to supplies (such as strikes, outages and storms).[31] This decline has been primarily driven by low returns on investments, high volatility in prices. But an important trend has been the growing wariness among would-be investors, a hard-won but painfully slow shift after increasingly extreme weather, striking students, community resistance, and stark scientific warnings about the accelerating climate crisis[32]. At last, a new normal has begun to emerge, in which investors and energy executives are less willing to finance new production when government regulations on carbon are so uncertain,[33] stranded assets in the fossil fuel sector are a looming concern, and, ultimately, when future consumption must decline if our climate is to be stabilized. The science is unequivocal – we are in a world of over-investment, not under-investment.

And so, rather than this further entrenchment of fossil fuel dependence in a frantic response to a perceived crisis of "under-investment", we need to recognize our long-standing crisis of over-investment in fossil fuels. International cooperation must be aimed at supporting economic and social stability while driving just transitions away from fossil fuels globally. The challenge – and the opportunity – is to shift from today's world where boosting fossil supply is the reflexive response to energy price worries to one where "managed decline" is more than a glib phrase. Because if the term is to mean anything, it has to be planning and delivering a just and equitable – and thus politically sustainable – transition to a decarbonized future while containing energy prices and the myriad other terrifying disruptions that will accompany a chaotic fossil phase out.

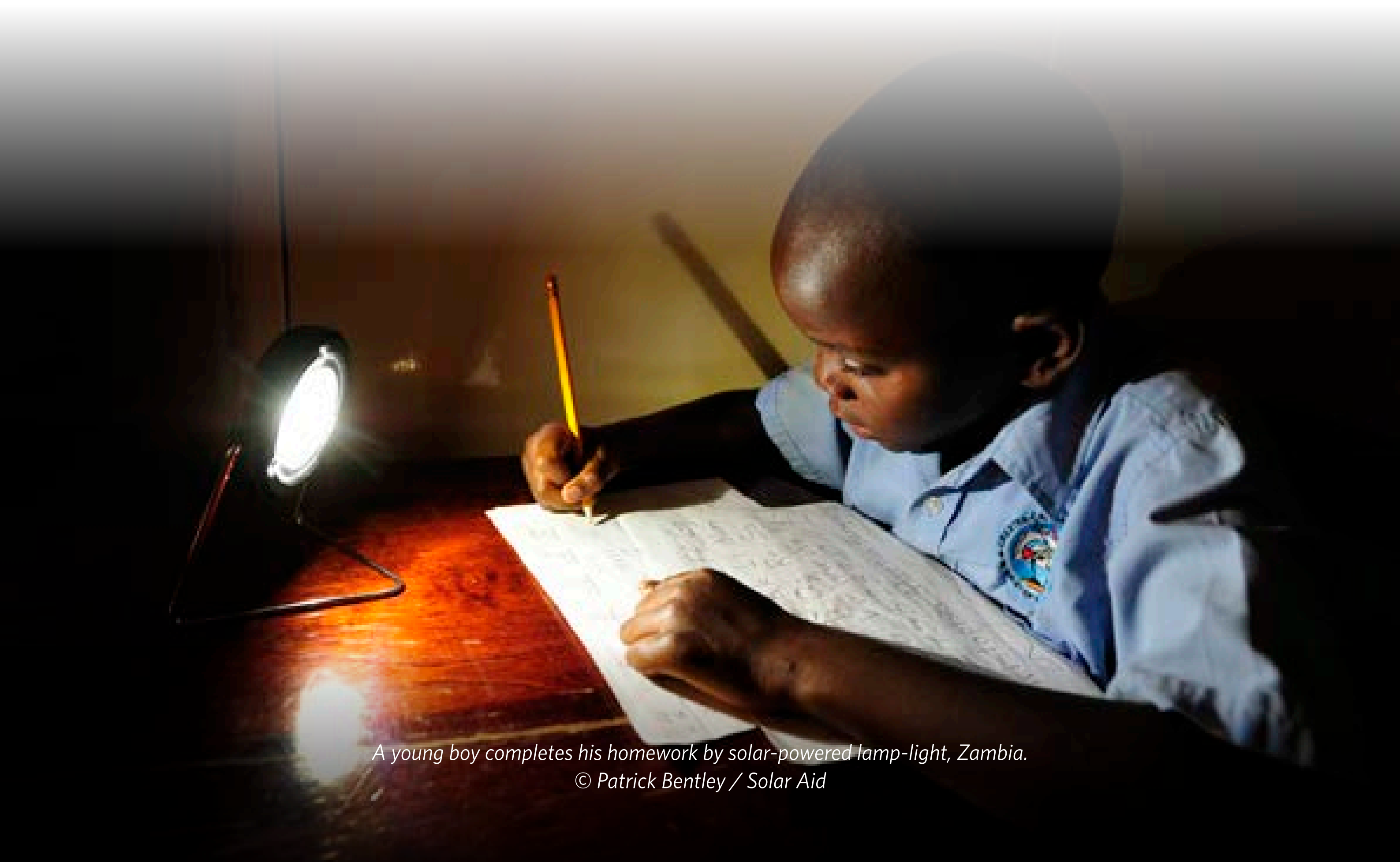
Beyond this, ensuring a "fair shares phase out" requires robust international cooperation among governments, producers, consumers and investors, which must together manage the equitable decline of fossil fuels by: 1) managing near-term price volatility; 2) forging a fast, fair, global phaseout of fossil fuel production, with support mechanisms; 3) reducing fossil energy demand; 4) disclosing climate risks; and 5) diversifying fossil dependent economies.

MANAGING IMMEDIATE PRICE VOLATILITY

Countries are currently rushing to stabilize energy prices primarily by frantic, unilateral and uncoordinated actions to increase fossil energy supplies, but given our global climate predicament, energy price volatility and its disruptive ramifications can only be effectively minimized by international cooperation that equitably manages both supply and demand. Producing nations and consuming nations must craft fair agreements designed to, among other things, avoid the tumultuous imbalances between supply and demand that lead to energy price shocks and political backlash. Managing this price volatility, in a fair way, is even more critical as overall fossil fuel use rapidly shifts to a 1.5°C pathway.

Given the ingrained state of market-first ideology, this might seem far-fetched, but there is plenty of relevant past experience and current practice to support such approaches. In particular, international commodity supply management agreements, with UNCTAD, FAO, OPEC, IEA and IEF all offering relevant expertise, have helped provide price stability in markets for fuel, food, minerals, materials and other commodities.[34] For example, although far from perfect, the International Coffee Agreement unites 42 exporting countries and 33 importing countries to not only stabilize prices, but also to raise revenues for countries dependent on coffee exports to diversify their national economies away from coffee and into other non-coffee activities.[35] Any arrangement for stabilizing energy prices while ramping down fossil fuel use in an equitable way would also need to include access to additional financing, technologies and alternative investment opportunities to facilitate very rapid renewable energy and sustainable infrastructure transitions in poorer countries .

One opportunity for international cooperation has arisen within the G20. The group's September 2022 "Bali Compact," which aims to "accelerate energy transitions," but could also help to address the immediate need for a greater price stability.[36] The G20's forthcoming "Bali Energy Transition Roadmap" could further explore an international process to ensure stability by establishing an agreed, adjustable price band that both producing countries and consuming countries can afford and that helps steer toward a fast, fair, global fossil-fuel phaseout, just energy transitions consistent with the 1.5°C temperature goal and the UNFCCC equity principles.[37]



A young boy completes his homework by solar-powered lamp-light, Zambia.
© Patrick Bentley / Solar Aid

FORGING A FAST, FAIR, GLOBAL PHASEOUT OF FOSSIL-FUEL PRODUCTION WITH SUPPORT MECHANISMS

As discussed in Civil Society Equity Review's 2021 report, *A Fair Shares Phase Out,* meeting the 1.5°C objective requires a fair, rapid, and well coordinated phaseout of fossil fuel supply, accompanied by a similarly fair and ambitious decline in demand. If the overall phaseout process is to be politically acceptable and practically viable, it has to avoid major economic disruptions particularly in countries that are currently heavily dependent on fossil fuel production. Nor can this be "left to the market" to ruthlessly sort out, not if we actually expect to succeed.

Last year's Civil Society Equity Review report elaborated five basic principles of a fast and fair phase out:

1. *Phase down global extraction at a pace consistent with limiting warming to 1.5°C*
2. *Enable a just transition for workers and communities*
3. *Curb extraction consistent with environmental justice*
4. *Reduce extraction fastest where doing so will have the least social costs*
5. *Share transition costs fairly, according to ability to bear those costs*

Such a global fossil fuel phaseout is ever more technically possible as renewable energy technology improves, but these challenges are nonetheless without historical precedent and, frankly, a globally coordinated phase out is not easy to imagine, a challenge heightened by the power and financial clout of large corporations, which have in many cases effectively captured key governments. Nevertheless, a cooperative global fossil phase out is possible, and our objective in this report is to suggest that there are many ways to lay the ground for it.

And the need is keenly felt, not only by climate activists, but even by leaders of fossil fuel producing countries. COP28's host government, the United Arab Emirates, presenting at the Official Opening of the 2022 Global Energy Forum[38], championed the cause of global coordination, calling for governments to convene both private and state-owned producers to plan who will finance which forms of energy (both fossil fuels and renewables), and where, and when. If such a process is to happen, it must be aligned with the Paris goal of 1.5°C and consistent with UNFCCC equity principles, and, if world leaders choose to act with the necessary collective will, they could certainly pave the way for such a process, perhaps with a view to formally launching at COP28 an "Abu Dhabi Declaration" mandating a multilateral negotiating process under the UNFCCC to produce a fair phase out plan, supported by policies for international cooperation as outlined in this report.

When situated within an environment of secure access to necessary energy resources with stable and affordable prices, underpinned by an arrangement that better balances production with consumption via orderly and equitable national phaseouts, and assisted by equitably governed international institutions that facilitate access to appropriate financial instruments and technological innovations, such a cooperative system could support remaining fossil fuel producers to rapidly phase out production on track with a prudent pathway toward 1.5°C. Specifically, wealthier countries, which are less vulnerable to transitional disruption and have the economic capability to invest in both technological alternatives and social protections, must phase out first and most rapidly. This is necessary so that poorer fossil fuel dependent countries, which are at risk of much greater transitional disruption, can be allowed time for a somewhat less rapid phase out, though of course within the very limited little time remaining if we are to have any real chance of achieving the 1.5°C goal.

DIVERSIFICATION AND JUST TRANSITIONS FOR FOSSIL DEPENDENT ECONOMIES

Even given somewhat less rapid phase outs, most countries that are heavily dependent on fossil fuel production will find it difficult to imagine any near-term post-fossil future. Fossil fuel extraction and its ancillary industries may provide a significant fraction of national employment, or may generate export revenue that covers a large share of expenditures for public goods and services, or may help secure hard currency and a viable balance of trade. Abandoning such an economic mainstay is an especially daunting prospect for Global South countries already facing a range of developmental challenges, especially given the dearth of proven examples or even convincing blueprints for successful rapid diversification.

This is why more cooperative and internationally coordinated action is needed, action geared to understanding the varied transitional needs of fossil fuel producers, and creating a global policy environment that supports fast, fair economic diversification and comprehensive approaches to just transitions. The goal must be a future in which economic transformation does not even appear to threaten the end of development. Just the contrary, the path forward must visibly and immediately improve the prospects for a new modernization that is both socially inclusive and ecologically sound. Attending specifically to poor countries that are heavily dependent on production – and thus face the greatest challenges with the least means to succeed – it must include increased access to financing, technology and opportunities for new revenue-raising and livelihood-creating activities, and it must be capable of doing so at a scale that can actually transform entire economies.

Without doubt, this presents a serious political challenge, both within production-dependent countries facing the prospect of rapid transition, and within wealthy countries whose financial and technological support will necessarily be required. After all, fossil fuel producers reliably express conflicting motives: though almost all are making efforts to diversify, these efforts tend to appear alongside moves that further entrench fossil fuel production, export, and use, whether motivated by profit-seeking vested interests or by genuine concern for employment and economic security.

Nevertheless, the challenge remains. Building the resolve among wealthy countries to support earnest diversification programs among poorer production-dependent countries will take some serious trust-building, and this will require creativity and good faith on both sides of the divide. But there really is no alternative. Without such support, it is altogether impossible to imagine that fossil-dependent Global South countries will ever be willing or able to abandon them in time, though it is very much in the interest of the world as a whole that they do so.

Where does all this leave us? Well, given the necessary pace of the transition, with the realization that even all the steps above, even when they are combined with the ongoing clean-energy revolution – photovoltaic solar is now the cheapest form of new energy on the planet, bar none – is not enough to support the transition we need. We also need demand-side measures (e.g. conservation, efficiency, and consumption changes) to reduce fossil energy consumption, and we need them fast.

REDUCING FOSSIL ENERGY DEMAND

Many countries have only ambivalently applied measures to reduce fossil fuel demand in place, as reflected in today's notoriously weak NDCs. Wealthy, top energy-consuming countries must intensify action to rapidly and predictably reduce their energy demand, and dramatically scale up the provision of financial and technological resources to support implementation in poorer countries as well. This and only this will truly enable a smooth phase out of fossil fuel use, and send a convincing signal to fossil-fuel producing countries that it is indeed time to prioritize prudent just transition planning and implementation.

National measures to reduce demand should preferentially target activities associated with "high-carbon, high-income" individuals and institutions, such as luxury vehicles, private air travel, space tourism, cryptocurrency mining and other wasteful, inefficient forms of consumption. The restart of US-China climate cooperation is a priority, and should focus on ways to reduce fossil energy demand while at the same time enabling just and sustainable development around the world. And it is imperative that the shift to renewable energy sources not ignite another scramble for resources – such as for rare earth metals or land – but be based on global cooperation and solidarity, lest we just deepen the same patterns of exploitation that mark the existing world order.

DISCLOSING CLIMATE RISKS

Today's declining investment in fossil fuel supply is, as noted above, at least partly a reflection of investors' increasing awareness of the climate challenge, and their growing wariness of financing large, long-term fossil-fuel projects in the face of strengthening climate policy and growing popular resistance. This decline must be urgently intensified, and universalized throughout the finance sector. While deeper, structural transformations of this sector are discussed in Chapter 5, we focus here on immediate measures to shift finance away from fossil investments.

Climate risk disclosure is a simple first step. Many investors and money managers want full disclosure of companies' climate risks, and in turn to fully disclose the risks embedded in their own investment portfolios to their own clients, not least because they no longer care to fund the planet's destruction. This pivot away from fossil fuels is historic, but it is also slow. It needs to be sped up and scaled up by the international adoption and formalization of common but rigorous rules requiring the disclosure of climate investment risks, which would facilitate a more complete pricing of fossil fuel assets that takes proper account of their social and ecological costs and risks. Carbon disclosure is necessary for reducing the biases in the market's existing "price discovery" processes and preventing further expansion of fossil infrastructure, but it is not enough. International cooperation is indispensable for managing an orderly and equitable unwinding of existing investments in fossil fuels while avoiding any sudden collapse of assets, panic in countries dependent on fossil fuel exports, or a disorderly deleveraging of the countless other financial instruments that are collateralized by fossil fuel assets in the wider global economy.

In the meantime, the fossil fuel transnationals that are everywhere insinuated into fossil exploration, production, and marketing must not be allowed to benefit from windfall profits, which they inevitably parlay into still more political influence and even state capture, while fossil dependent communities suffer energy insecurity and price volatility. Likewise, the revenues of state-owned producers – which own about ninety percent of oil and gas reserves globally – must be invested to support just transitions to non-fossil sectors that provide sustainable livelihoods.

The above measures are necessary if a global just transition is to succeed, but they alone are not sufficient. As discussed in Chapter 5, they will need to be underpinned by deeper systemic shifts that provide more policy space, particularly for less wealthy and highly indebted countries which are currently locked into international economic relations that make it difficult, if not impossible, for them to stop producing fossil fuels.

A shepherd herding his goats past the wind turbines. Kanyakumari, India..
© Braden Gunem

CHAPTER 5
INTERNATIONAL COOPERATION TOWARDS CHANGING THE RULES AND ARCHITECTURE OF GLOBAL TRADE, INVESTMENT, FINANCE AND TECHNOLOGY

Robust cooperation is vital to the far-reaching changes of international conditions that, as they are today, constrain and even prevent the immediate and long-term climate actions that are now imperative, changes that include the rapid, equitable and just transition from fossil fuels to 100% clean and renewable energy systems.

This cooperation will not be easily won, for it requires us to address today's inequitable economic relations between and within countries, including an international economic and financial system marked by neoliberal economic dogma and narrow economic growth models, the power and impunity of transnational corporations, the failures of existing global economic and financial governance arrangements, and even the structures and inequities of Southern domestic economic and political systems, many of which are still freighted with the legacies of colonialism.

All these have resulted in a regular net outflow of wealth and resources, including natural resources, from the Global South to the Global North. Just the current net financial outflow from south to north is a staggering nearly USD 2 trillion per year, dwarfing the flows of international aid and climate finance[39]. These flows have also left countries in the Global South with deepening poverty and inequalities, extreme vulnerability to external shocks whether economic, financial or climate-related, and the inability to mobilize enough domestic resources to build and maintain robust public service institutions and programs, let alone pursue system-wide changes necessary to cover loss and damage and build resilience in the face of multiple crises including climate, and make rapid and just transitions to post-carbon, sustainable, inclusive and equitable societies.

International cooperation must be directed at changing the structures, relations, institutions and rules in finance, trade, investments and technology - to begin with - as requirements for climate, environmental, economic and social justice.

INTERNATIONAL DEBT JUSTICE

One of the biggest problems faced by the countries of the South is huge public debt, both external and domestic. Payments on external public debts have averaged about $400 billion every year since 2018. By the end of 2020, the public external debt of all Global South countries stood at $8.7 trillion.[40] Many fossil fuel producing countries in the South are deeply in debt, which drives continuing production of fossil fuels. Debt levels have risen significantly further since the global health pandemic as the levels of international lending and the costs of borrowing increased in response to the COVID19 pandemic.

The African region dramatically reflects the staggering burden of debt on Southern economies. Based on available data on 49 of 54 African countries - total outstanding external debt at end 2020 was $696 billion of which 39% was owed to multilateral creditors, 13% to bilateral creditors excluding China, 35% to private creditors excluding Chinese commercial lenders, and 12% to China (both public and commercial). **Interest payments alone** (excluding principal) on external debt of African governments due in 2021 was $19.3 billion.[41]

The huge public debts of most countries in the Global South result from:

- Supply driven lending – with international creditors pushing loans to make profits through interest payments, to create markets for their products, to use debt and access to credit to impose conditions beneficial for their interests, including ensuring continued debt payments and promoting neoliberal policies;
- Unequal economic relations across countries – giving rise to persistent current account and trade deficits and balance of payments problems that serve as the justification for lending and borrowing. These unequal relations also play out in financial transactions where lenders drive the process and set the terms;
- Pervasive conditions in which domestic economies are dominated by foreign investments and transnational corporations, inordinately dependent on imports, and primarily oriented to providing cheap labor and exports of cheap raw materials and semi-finished products. All these conditions, of course, are legacies of colonialism.

The COVID19 pandemic led to debt relief schemes from the IMF and the G20. Unfortunately these were similar to the debt relief initiatives that major creditors have touted over the last two decades. These have failed to provide significant relief and have barely touched on the structural changes needed to address the debt problem at its roots and provide just and enduring solutions.

The cancellation of external public debt by all lenders - bilateral, multilateral, private, and buyers of bonds and securities – is urgently needed by most countries in the South – including so-called "middle income countries" which have been excluded from all debt relief initiatives.

Resources freed up from debt cancellation will enable governments to free up resources for urgent public services in the face of the multiple crises and help pave the way for more strategic and structural economic reforms towards resilient, diversified, post carbon, equitable, gender-just sustainable economies. Importantly, resources generated through debt cancellation should not be counted towards the fulfillment of climate fInance obligations under the UNFCCC, which specifies that "climate finance" should be new and additional.

International cooperation is also urgently needed for the establishment of a global, democratic and transparent debt work-out mechanism that is not lender/creditor dominated, unlike existing mechanisms. Such a mechanism, under the auspices of the United Nations, has long been advocated by civil society and many governments. This mechanism would not only address outstanding debt but also review and work for changes in international lending policies and practices that lead to the accumulation of unsustainable and illegitimate debt.

INTERNATIONAL TAX JUSTICE

Every year hundreds of billions of dollars of potential public revenues are lost both in the Global North as well as the Global South through illicit financial flows that include tax avoidance and evasion.

The tax abuses of big multinational companies account for much of these losses. These abuses include manipulation of tax laws and exploiting the differences in tax systems across countries using their international network of corporate subsidiaries. Governments also share the responsibility for corporate tax abuses. Many countries have established themselves as tax havens and secrecy jurisdictions which enable multinational corporations to circumvent tax policies and hide their wealth and financial affairs from the rule of law.

Losses in potential public revenues from multinational corporations also arise from numerous corporate tax incentives and low corporate tax rates which are designed to attract foreign direct investments. The logic is that the benefits of increased foreign direct investments will compensate or even exceed the losses in potential public revenues. In the last three to four decades there has been a significant lowering of corporate tax rates globally, in the North as well as in the South, a race-to-the-bottom with no clear evidence of benefits for Southern economies.

Illicit financial flows from the African region is estimated at US$88.6 billion from 2013-2015. During the same period, tax revenues foregone from corporate tax avoidance ranged from 2-3% of GDP in the African subregions: 2% in Southern Africa, 2.3% in Western Africa, and 2.7% in Middle, Northern, and Eastern Africa combined.[42] More recent estimates from The State of Tax Justice Report 2021 indicate that Africa loses at least US$17 billion annually from corporate tax abuses and offshore wealth. [43]

In October 2021, 137 countries endorsed a global tax deal authored by the OECD and promoted by the G7 and G20 with the supposed aim of curbing tax avoidance by multinational corporations and putting a stop to the race-to-the-bottom. The main features of the deal is a global minimum tax rate of 15% and a formula that determines how and where the increased revenues will be collected. There are very strong criticisms and reactions to this new deal from tax justice advocates from civil society as well as many Southern governments.

While governments will still be able to set their own corporate tax rates above 15%, establishing the minimum corporate tax rate at 15% will have the opposite effect by driving corporate tax rates down given that the global average corporate income tax rate is 23.54%. Africa has the highest regional average rate at 27.97%. Even in Asia, which has the lowest regional average rate, it is at 19.62%. In addition, the formula that determines how and where increased revenues will be collected is overwhelmingly most beneficial to a handful of rich countries in the North.

Democratic, transparent and fair international cooperation is needed to address tax abuses of multinational corporations, the corporate bias of the international tax architecture, tax havens and secrecy jurisdictions and the broader problem of illicit financial flows.

Two major proposals that have long been advocated by tax justice campaigners, many Southern governments including the Africa Group at the UN, and echoed by the UN High-Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda (FACTI Panel) are the following:

- A UN Tax Convention
- A UN Intergovernmental Global Tax Body - The Group of 77 (G77) has also issued the call for an intergovernmental UN Tax Body.

At a recent UN Financing for Development Forum, Malawi´s Vice-President, Saulos Klaus Chilima, stated on behalf of the group: "The African Group strongly believe on the urgent need to establish a universal, UN intergovernmental tax body and negotiate a UN Tax Convention to comprehensively address tax havens, tax abuse by multinational corporations and other illicit financial flows through a truly universal, intergovernmental process at the UN, with broad rights holders' participation." [44]

REFORM OF THE INTERNATIONAL FINANCIAL SYSTEM

The financial system – in its international and national articulations – has evolved into a complex architecture that is no longer aimed at serving the real economy but is primarily driven by its own logic of financial profit accumulation, riddled with irrational and unjust policies and practices, exploiting inequities in the real economy.

Two major global financial crises in the last 25 years have demonstrated the devastating impacts of the international financial system gone awry from its own internal contradictions. The 1997 Asian financial crisis primarily stemmed from the unfettered movement of short term finance capital in and out of economies, the horde mentality of financial investors and the irrationality of market behavior. The 2008 financial crisis which started in the US exposed the excessive risk taking, massive over borrowings and relentless loan pushing by banks and financial investors, and the stratospheric income, perks and profits of elites in the financial sector.

Both crises but especially the latter showed how governments moved fast to mobilize and spend trillions of dollars to bail out banks and corporations. There is no reason they cannot do much more for people and the planet in the face of multiple crises.

These two periods of crises have sharply and painfully shown the world that international financial flows and financial institutions - private and public - should at the very least be highly regulated and subject to strict controls and public accountability. But these lessons seem to have faded fast from the memory of governments and international public institutions. The entire international financial system itself must be fundamentally transformed to serve the rapid, equitable and just transition out of fossil fuels and rebuilding towards economic systems that give primacy to people's rights and needs and the health of the planet.

Transforming the financial system should also be about preventing further damage and redressing the injustices that it has spawned, and reversing the massive net outflow of financial resources from the South to the North.

TRANSFORMING THE RULES AND AGREEMENTS ON TRADE AND INVESTMENTS

Many of the trade and investment rules, agreements and mechanisms stipulated by the World Trade Organization, regional and bilateral arrangements as well as promoted by international institutions such as the World Bank Group ignore and exacerbate existing economic inequities across and within countries, rendering the Global South even more vulnerable to climate change impacts and deepening constraints to climate actions.

These rules, agreements and mechanisms are designed to promote trade and investment liberalization in a global setting of huge disparities between countries of the Global North and countries of the Global South and economic relations which are legacies of the history of colonization. Liberalization, aimed at unrestricted flow of capital and goods in and out of countries, forces countries of the Global South to compete in the same unregulated markets as rich, industrialized countries of the Global North and have had the following impacts on the Global South:

- Reinforcing the impetus for exporting cheap raw materials and semi-finished products
- Keeping wages down in the name of increasing competitiveness
- Greater exploitation of the environment and natural resources, greater pollution as a result of deregulation and toxic waste dumping
- Stifling of local industries, even leading to the failure of newly established industries
- Higher unemployment and loss of livelihoods when domestic demand shifts to imports
- Loss of public revenues due to reduction in import tariffs and corporate tax rates
- Unbalanced development of economic sectors
- International big business further dominating domestic economies; international corporations overshadowing local companies
- The proliferation of export processing zones with almost zero import duties and tax waivers, restrictions on labor rights and wages, less regulatory oversight

In cases and periods where some countries of the Global South experienced growth allegedly as a result of trade and investment liberalization, the benefits accrue mostly to domestic elites while the poor become even more impoverished.

There are also cases where countries of the Global North have double standards, demanding that Global South countries follow rules while they themselves adopt and implement policies that flout trade and investment agreements.

A major overhaul of these rules, agreements and mechanisms are needed for countries of the Global South to build economic resilience, ensure economic diversification, pursue equitable and sustainable development, uplift and empower their citizens in the face of multiple crises, and undertake climate actions for a swift and just transition to post carbon societies.

Urgent changes in the following are in order, to support climate actions:

TRADE-RELATED INTELLECTUAL PROPERTY RIGHTS (TRIPS)

While trade and investment rules and agreements deny the ability of countries of the Global South to protect their economies, patent rights are fiercely protected under TRIPs – Trade Related Intellectual Property Rights – which is a core part of WTO agreements. The TRIPS regime significantly increases the cost of technology transfer, acquisition and dissemination for many countries of the Global South while having no clear benefits.

The TRIPs have recently been the subject of intense efforts for a waiver on COVID vaccines, led by South Africa and India. The COVID crisis exposed the risks and impacts of corporate control over technologies vital for human survival. On June 16 of this year, the 12th Ministerial Conference of the World Trade Organization (WTO) members agreed to temporarily remove intellectual property barriers around patents for COVID-19 vaccines[45], and postpone the discussions on extending the waiver to treatments and tests by six months. This decision falls short of what many Global South countries and civil society organizations are demanding.

A broader, more comprehensive TRIPS waiver is urgently needed not only for COVID vaccines, diagnostics, and treatments but also for climate related technologies. The stakes are similar – devastating impacts on health and livelihoods and massive loss of lives – and the window of time to complete a rapid and equitable transition away from fossil fuels is small and rapidly narrowing.

Already, licensing and other patent-related payments constitute a significant resource outflow from Global South to Global North countries. More than 85% of climate/environmental goods are patented in OECD countries, and more than 70% of global exports of such goods are from the US, Japan, UK, and some EU (Germany, France mostly), according to the OECD patent database. The payment of IPR royalties relating to climate technologies cannot become a barrier to rapid global transformation, and the climate crisis cannot become yet another source of value extraction from the South.

INVESTOR-STATE DISPUTE MECHANISMS (ISDS)

Investor-state dispute settlement provisions and mechanisms (ISDS) are now included in most investment agreements – more than 2000 Bilateral Investment Agreements (BITS) and numerous regional and multilateral investment treaties. ISDS privileges the rights and interests of multinational corporations and international investors over those of countries, especially those of the Global South, and their citizens. Foreign investors and corporations are awarded the right to sue governments for compensation if government policies and measures curtail profits and/or allegedly breach investment-related obligations. Public interest is subjugated by corporate interest. Critiques of ISDS also include the lack of transparency in proceedings, the lack of consistency in decisions, the lack of mechanisms for redressing substantive errors and the lack of mechanisms to safeguard the rights of non parties. Without overhauling ISDS, it would be difficult to imagine how governments can freely take policy decisions and enforce measures towards stronger domestic regulation of fossil fuel industries and the rapid and equitable phase out of fossil fuel energy systems.

ISDS also have negative impacts on, among others:

- Combating tax avoidance and evasion and money laundering
- Strengthening environmental laws or enforcement thereof
- Regulation of private sector involvement in essential services such as healthcare, water services

Global economic and financial governance institutions on finance, trade and investments are now taking on climate change. They are not, however, reexamining the flawed assumptions, definitions, strategies and metrics they apply to financial and economic challenges. In addition to a comprehensive and rigorous review and overhaul of this entire framework, there must be a global effort to establish new, fair, democratic, and transparent governance arrangements across the board – finance, trade, investment and technology. This can only be fully realized if democratic, accountable, and transparent national political and economic governance institutions are also established.

: A network of fracking wells in the United States that are used to extract fossil gas from deep underground rock formations, which are not accessible with conventional extraction methods. © Bruce Gordon / Eco Flight

BOX 2: ADVANCE REAL SOLUTIONS – NOT DANGEROUS DISTRACTIONS

International cooperation across the different spaces outlined in this report present significant opportunities to advance real solutions and address the intersecting and existential crises the world is facing. However, we repeatedly see well-intended initiatives and approaches become co-opted, distorted and derailed. No approach, initiative or financing flow as outlined in this report should be allowed to advance new social, environmental and equity disasters.

Such dangerous distractions include:

Distant and hollow net-zero targets: Allow for countries and corporations to pose as being climate responsible by focusing on targets that are decades in the future, and by promoting the idea that offsets and new technologies will compensate for continued emissions – rather than focusing on firm commitments to cut emissions and phase out polluting industries here and now.

Carbon capture and storage (CCS): Gives fossil fuel industry excuses to continue production under the false pretense that CO2 will be captured at scale in the future. The truth is that CCS is expensive, unproven, and risky, and that its principle use is to justify misleading notions such as "clean coal" and "circular carbon economy."

Fossil gas (commonly misnomered "natural" gas) as "transition fuel": The continued use of gas entrenches the fossil fuel industry, delays the prioritization of renewable energy, and creates obstacles to deep decarbonization. None of this can be justified by claims that gas is relatively cleaner vis-à-vis coal.

"Climate-smart agriculture"While sounding like a good idea, this is in reality an Industry rebranding of high-input and fossil fuel based industrial agriculture that threatens and displaces real alternatives such as agroecology.

Bioenergy and biofuels: Crop-based biofuels and use of forest biomass can drive monocultures, clear-cuttings and large emissions from burned CO2, often justified on false grounds that they are carbon neutral. Replacement trees take too long to reabsorb CO2 and may burn or never be planted. Often devastating for biodiversity, food security and local communities and land and indigenous people's rights

Offsets and carbon trading systems which deflect focus from stringent government actions and give polluters a way to avoid taking real action. Support for actions that reduce emissions should be done as climate investments and by way of the fulfillment of fair shares, rather than allowing the big polluters that urgently need to change to continue emitting while claiming reductions or even "climate neutrality."

"Nature-based solutions" based on monoculture plantations or offsets with claims of carbon neutrality: Threatens nature and biodiversity, based on the false premise that continued release of safely stored fossil carbon into the atmosphere can be "offset" by temporary uptake in vegetation.

Carbon dioxide removal (CDR) geoengineering: Many mega-scale geo-engineering technologies to remove carbon dioxide from the atmosphere –increasingly promoted by the fossil fuel industry – pose extreme risks to biodiversity and local and indigenous peoples lands and livelihoods, and may justify continued fossil fuel production and expansion of offsetting. CDR proposals such as Bio-energy carbon capture and storage (BECCS), Ocean fertilization, Direct Air Capture (DAC) and large-scale biochar may never work at scale, each carry fundamental social and environmental problems, and should not be assumed to work in climate scenario modeling. Without such assumptions climate modeling shows how fossil fuels must be phased out much faster.

Solar radiation modification (SRM) geoengineering: Failure to rapidly address fossil fuel phaseout threatens rise of calls for inherently dangerous solar geoengineering technologies to block incoming sunlight as some sort of perceived panic intervention – which introduces new grave, existential threats. Fossil fuel interests are falsely portraying SRM as a plan B, as an attempt to lessen pressure to close down fossil fuel production.

West Africa Mali Bandiagara in Dogon land, woman with solar cooker preparing food
© Joerg Boethling / Alamy Stock Photo

CONCLUSION

In this report, as in the prior reports of the *Civil Society Equity Review*, we argue that any rapid global transformation toward carbon-free, resilient development will require all countries to do their fair share in an extremely challenging global effort. That, more specifically, any global climate transformation that allows the wealthy people and countries of the Global North to continue to free ride upon the others will fail to engender the robust international cooperation necessary for success, and thus will fail to stabilize the climate system in time to prevent a true global catastrophe.

The particular goal of this report has been to summarize some of the key political and institutional challenges that must be faced if we are to achieve the necessary degree of international cooperation and mobilization. It is a brief report, but we believe it succeeds at least in clarifying the tasks ahead. That said, we will conclude by restating our overarching political assumption:

“Only by dramatically expanding and institutionalizing international cooperation, with the Global North countries significantly reducing their own emissions as well as providing significant financial, technological and capacity building resources to the Global South – for adaptation and loss & damage as well as mitigation – can we expect to see a global transformation that is rapid and effective enough to stabilize our shared climate system.”

On a foggy morning in San Francisco, USA, the city turned red while numerous wildfires burn throughout California. Like storms and other extreme weather events, wildfires are becoming more and more numerous and severe as the climate is changing.
© Alexander Filardo / Climate Visuals

A man carries two containers filled with crude oil at an illegal oil refinery site, in Nigeria's oil state of Bayelsa. Thousands of people in Nigeria engage in a practice known locally as 'oil bunkering' – syphoning crude from pipelines to then refine it or sell it abroad. In the Niger delta, residents have watched for decades as the oil gets pumped out of their ancestral lands, making billions of dollars for foreign oil companies and the Nigerian elites, while they stay poor. © Akintunde Akinleye / Climate Visuals Countdown

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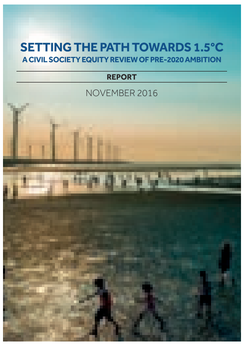

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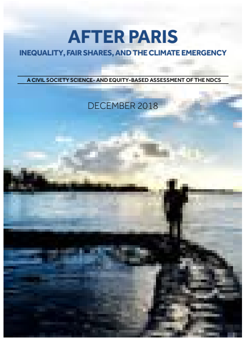

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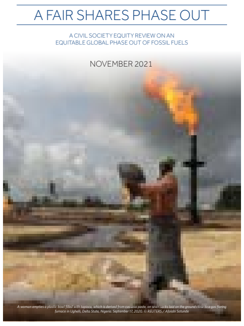

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A helicopter pilot looks down on a flooded New Orleans after Hurricane Katrina. Climate change is making destructive storms such as Katrina and other extreme weather events more likely. © David Mark / Pixabay