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WELCOME REMARKS:

JOHN MCARTHUR
Senior Fellow and Director, Center for Sustainable Development, The Brookings Institution

REMARKS:

ZIA KHAN
Senior Vice President for Innovation, The Rockefeller Foundation

HOMI KHARAS
Senior Fellow, Center for Sustainable Development, The
Brookings Institution

PANEL:

AMAR BHATTACHARYA (Moderator)
Senior Fellow, Global Economy and Development, The Brookings Institution

SARA JANE AHMED
Finance Advisor to the Vulnerable Group of Twenty, Ministers of Finance of the
Climate Vulnerable Forum

RICHARD CALLAND
Associate Professor of Public Law, University of Cape Town; Fellow, Cambridge Institute for
Sustainability Leadership

MAHMOUD MOHIELDIN
Professor, Department of Economics, Cairo University, Egypt; Executive Director,
International Monetary Fund; Special Envoy on Financing the 2030 Agenda for Sustainable
Development, United Nations

VERA SONGWE
Nonresident Senior Fellow, Africa Growth Initiative, The
Brookings Institution

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John McArthur: Welcome, everyone. I'm John McArthur, director of the Center for Sustainable Development at Brookings. On behalf of my coeditors, Amar Bhattacharya and Homi Kharas and the rest of our center, we're very pleased to welcome you to this launch event for a new edited volume, "Keys to Climate Action: How Developing Countries Could Drive Global Success and Local Prosperity." As a bit of backdrop, roughly 18 months ago, we had a conversation with colleagues at the Rockefeller Foundation about the need to elevate the perspectives of developing countries as a centerpiece to the global fight against climate change. Too many of the international discussions have been dominated by people from advanced economies, including people like me from North America, although much of the world's climate fate lies in the hands of emerging markets and developing economies, even holding aside the special case of China. As Amar, Homi and I write in the introduction to this volume, the physical forces of climate change are having profound influence on the economic forces of growth and development and vice versa.

Today, billions of people in developing countries are fighting problems of deep poverty, while also confronting the most severe consequences of climate change, which are often compounding their economic challenges. These countries' challenges will define many contours of the world's challenges. Tackling these interconnected issues requires a new conceptual paradigm for sustainable development and a new global policy narrative that elevates the essential, evolving and diverse perspectives of developing countries themselves. So that's what we aim to help do in this project. With the generous support of the Rockefeller Foundation and our spectacular project manager, Daniel Bicknell, we brought together a distinguished group of contributors to describe the climate and development outlook from their own country or geography-based perspective.

The authors and their respective chapter titles are shown in a couple of slides here. You see, we have Saleemul Huq and Mizan Khan talking about Bangladesh. In a chapter on Egypt, Hala Abou-Ali, Amira Elayouty, and Mahmoud Mohieldin. On India, Montek Singh Ahluwalia and Utkarsh Patel. On Indonesia, Muhamad Chatib Basri and Teuku Riefky. In Nigeria, Belinda Archibong and Philip Osafo-Kwaako. In South Africa, Richard Calland. On the challenges of the region of East Africa, Njuguna Ndung'u and Théophile Azomahou. On Africa's continental challenge, Vera Songwe and JP Adam. On Latin America and the Caribbean, Daniel Titleman, Michael Hanni, Noel Pérez Benítez and Jean-Baptiste Carpentier. On the challenges of the vulnerable 20, the so-called V20 countries, Sara

Jane Ahmed. And again on the global challenges of financing for developing economies, Montek Singh Ahluwalia and Utkarsh Patel.

A small army of research teams helps support these authors, and I'd like to thank our own research analysts Odera Onyechi and Charlotte Rivard for their fantastic efforts in addition to a range of interns at our center who contributed so much. Today we're launching all of these chapters initially as working papers on the Brookings website. This begins something of a rolling launch process over the coming months. The working papers will soon be converted into formal chapters printed in a formal book and reposted as such on our website. But we didn't want that physical production process to impede all the authors important insights and ideas in contributing to the urgent global debates, leading, for example, to this year's G-20 summit in India, the COP 28 Climate Summit in the United Arab Emirates, the Multilateral Development Bank reform agenda. And dare I add, even the search for a new World Bank president.

Today, you'll hear a panel that brings together just some of the extraordinary contributors to this edited volume. We're honored that many contributing authors are also joining today's event live in the audience online. Altogether, the contributions in this volume highlight the urgent, complex and large-scale issues at stake. For example, there's a crucial need to upgrade global investments in climate adaptation and resilience. Many countries need support to overcome their energy access conundrum. Between the pressure to expand energy access to people with no access, and the pressure to transition to new long-term sources of energy, this quickly takes us to the financing gap within and across borders, the latter amounting to roughly $1 trillion a year.

To help us dive in, we invited our friend and colleague, Zia Khan, senior vice president for innovation at the Rockefeller Foundation, to help kick us off with some framing thoughts. As mentioned, today would not be possible without the Rockefeller Foundation's generous support. And I'd like to underscore our gratitude to Kevin O'Neil and Nicole Rasul at the Foundation for their amazing partnership and support throughout this project to. Our work at Brookings is only possible thanks to the contributions of our philanthropic partners.

Zia, we're so happy you could join us today to lend your expertise. And for our audience, let me please emphasize the Brookings commitment to independence and underscore that all views expressed in today's event are solely those of the speakers. That said, the Rockefeller Foundation has recently made large strategic investments in tackling climate change and promoting access to energy, and Zia himself has played a unique role in helping to shape the foundation's strategic thinking, now, over many years. He's also, I'm happy to say, a close collaborator and partner as my co-chair in the 17 Rooms Initiative for the Sustainable Development Goals. Zia, we're honored that you're able to join us here today. Over to you.

Zia Khan: Thank you so much, John. It's wonderful to be here at this really important milestone. And first, a big thanks to you, to Amar, Homi, Daniel and the other partners at the Center for Sustainable Development. When my colleagues, Kevin and Nicole on our new Frontiers team at the Rockefeller Foundation were first pondering this question of there's a gap between the Green New Deal narrative that works for developed economies and what will work for developing economies, we could think of no better partners than you and your colleagues at the Center of Sustainable Development, with your unique network leadership approach to elevating diverse insights and perspectives.

The Rockefeller Foundation's mission for the past 110 years has been to promote the well-being of humankind throughout the world. Today, climate change is the dominant and universal threat to everyone's well-being. In response, the foundation is pivoting the entire organization to facing this challenge, and we're building on some existing initiatives like the Global Energy Alliance that seeks to reduce carbon emissions, expand energy access and enable sustainable livelihoods, and also our work on food is medicine that promotes better and more climate friendly agricultural practices to give access to more nutritious food. I'm a big believer in the power of big ideas. They help people make sense of a complex world. They coordinate partners and they spark innovative solutions. The work we're discussing today is a big idea.

The essays, John, that you described within Keys to Climate Action outline the big idea of a just transition. Leading thinkers from EMDs lay out a framework for next steps on climate action centered on their unique regional and country perspectives. Each essay makes the case for urgent actions that considers the historic intersection of climate change impact with the existing need to improve human lives and livelihoods through development intervention. The framework underscores the importance of climate investments that avoid human development setbacks.

The collection of essays is remarkable. It covers countries ranging from populous hydrocarbon producers such as Indonesia and Nigeria to small, highly vulnerable nation states like Bangladesh. It reinforces their voices under one umbrella to multiply their collective force in the global discourse, particularly around how to allocate finite resources. We couldn't be more pleased with the results and the energy that we're already seeing around these important essays that will soon become a book. And we're very excited about today's discussion, which will take these ideas and add new insights, nuance and relevance, drawing from the amazing group you'll soon be hearing from. And now over to you, Homi.

Homi Kharas: Thank you. Thank you, Zia. So, look, just a couple of quick highlights from my side on some surprises, at least to me from this work. And the first thing I wanted to mention is just scale. So if you look at developing countries excluding China, they now account for 40% of global emissions. But by 2030, which is not so far into the future, they'll account for more than half of global emissions because their emissions are still rising, while those in many advanced economies have peaked and are starting to fall. And this matters because these are the countries, these emerging market countries account for most of the world's population growth, most of its new urbanization growth and a large share of new infrastructure. And we know that the "grow now, clean up later" kind of strategy is much more expensive for individual countries and for the world. So a new strategy that integrates climate and development is needed.

So I think I was quite, quite surprised in reading the, the case studies to see the extent to which developing country government positions are already evolving to develop such a new integrated climate and development strategy. The thinking is advancing. It's growing in sophistication, and I think that you will get a flavor of that as you read many of the chapters. A second surprise that really hit me is how much more complicated things are for developing countries compared to developed countries. In the U.S. and Europe, the green transition is largely about technological innovation. Governments by and large are providing a few incentives, but then allowing market forces to really take over.

But in developing countries, this is not nearly enough. The transition issues, the political economy of change are far more acute. The financing constraints are terrible. The need to craft just transitions in countries that are financially strapped becomes so much harder. The institutional processes linking national and subnational levels of government are weaker, civic engagement and overall transparency on public spending is underdeveloped, trust is fragile. So when we thought of calling this volume Green Transitions, we were quickly persuaded that this would not be helpful in a developing country context because the issue is so much more complex. So I think that's enough from me, time to hear from the chapter authors' own voices over to you, Amar.

Amar Bhattacharya: Thank you. Thank you, Homi. So I'm, I'm Amar Bhattacharya and I'm going to moderate the panel and let me begin by introducing them and they, they can come on live and I'll do it alphabetically. So our first panelist is Sara Jane Ahmed. She is finance advisor to the Vulnerable Group of 20, which are the ministers of finance of the Climate Vulnerable forum. Second speaker panelist is Richard Calland. He is associate professor of Public Law at the University of Cape Town and also a fellow at the Cambridge Institute for Sustainability Leadership.

Third panelist is Mahmoud Mohieldin, who wears many hats. He is executive director at the IMF. He is a special envoy on financing the 2020 Agenda for Sustainable Development, and he is the Climate Change High-Level Champion for COP 27 and COP 28, and therefore very much central in the discussions. And last but not least, Vera Songwe is a nonresident fellow, a senior fellow with us at the Global Economy and Development Program. She is also the chair of the Liquidity and Sustainability Facility, she was formerly the Executive Secretary of the Economic Commission for Africa, and she has been very importantly also co-chair of the independent High-Level Expert Group on Climate Finance.

So we have a really strong group of panelists. Let me also say that, you know, you should feel free to send your questions to the, to, to, to the panelists at events events at Brookings dot edu or using the Twitter handle, the hashtag being keys to climate action. Now we have received some questions already in advance and we will try to weave the questions into the conversation that we will be having with the panelists. With that, let me turn over to the, to the individual speakers to provide some perspective based on the, the chapters that they were authors of. And I will begin with Mahmoud Mohieldin. Each of you have 3 minutes, Mahmoud.

Mahmoud Mohieldin: Right, thank you so much. So the, the chapter is covering the different aspects related to the policy implications of taking climate action seriously, starting with the data challenge, getting into finance and then into aspects related to implementation. And the, the two coauthors did great, great work in bringing good evidence and suggestions in the specific case of Egypt, but I think there are many shared lessons and concerns from, from the Egyptian case to peer developing economies. I'd like to take the matter beyond Egypt into the very important starting point that Homi, John and, and you, Amar, in your introductory chapter, put in a form of a question about quoting Prime Minister Maya Mottley when she was in Egypt and during COP 27, why are we not moving any further? I think her question is very much for the global effort and the international cooperation. And I think another famous question that started with why was from the late Queen Elizabeth the Second when she raised the question why nobody or why no one saw it coming. So I think this is going to be the second question in a few years.

But actually the answer that everybody was seeing this coming strongly, the impact of climate action on lives and livelihoods are very much strong. And what we see from the secretary general just a couple of weeks ago emphasizing that we need to have three actions to cut emissions by half, to double the efforts on adaptation finance and to push the collaborative efforts towards establishing the loss and damage file or funds. But what we are seeing now is basically the following: lack in three fronts of action, and for that, the Egypts of the world are suffering. I'm quoting some recent work by Esther Duflo, the very well-known Nobel laureate, when she said, we need three things to handle the challenges facing us: finance, technology and leadership.

And when it comes to finance, you'll see a country like Egypt is very much overwhelmed by competing demands. And when we try to get that right without having the whole matter put in a good context, which is not just about climate finance, it should be about development finance at the same time, and this is one of the good results that the work, led by you, Amar, Vera and Nick Stern, are reminding us with it that there is no contradiction between efforts towards climate action and development finance.

The second part is technology. We see in Egypt here some positive signs. Without the advances in technology that reduced the cost of obtaining good energy from solar solutions or wind, we wouldn't have been really able to have these kind of capacities installed. And Egypt now is proud to have one of the four biggest solar panels in the world. And you will see some similar examples around our region. The final part is basically about the leadership. Again, these are the lines of thinking of a steady flow of finance, technology and leadership. And leadership here is not just about the political leadership, it's about the governance, it's about the business sector, it's about the local communities as well. And I would say of what John mentioned earlier about multiple crises or polycrises or perma crises, that leaderships are either overwhelmed or being now weakened in the face of crises or confused. And some of them, I would say, myopic as well about priorities.

So I think the most important thing, the main lesson is basically how to have a kind of a holistic approach of climate action through which, as have been articulated during Summit, that you need to put climate action within that holistic approach through which you can provide solutions to energy, which is facing a crisis, to which you can find solutions to water and food security, which are either seeing big challenges or crises. And indeed we need really and perhaps some may come back later on that we need to have a better way in dealing with the finance and heavy dependance on debt instruments rather than long term concessional finance and private sector equity participation. Over to you.

Amar Bhattacharya: Thank you. Thank you, Mahmoud. Let me turn to Vera. Vera, if you could provide some perspectives on your Africa chapter with John Paul Adam.

Vera Songwe: Thank you. Thank you very much, Amar and greetings to everybody who is here. Yes. I think following up maybe a little bit also on what Mahmoud said but Homi as well, which is to say that when we talk about climate change, it's not monolithic. And this is what the beauty of this piece is. It's really, we just heard about the different challenges for Egypt, which is part of the continent as well, where its strength and weaknesses come from. I want to talk about three things, I think, which we try to emphasize in this chapter that show that for Africa, the climate conversation is really a prosperity, poverty reduction and growth conversation first and foremost.

We cannot talk about climate change or anything else without really talking about growth and development and of course, achieving the SDG goals. To do that, we then look at sort of three, what I would call puzzles really about, you know, how Africa could essentially meet its net zero target, but it's not because of a couple of constraints that are continuing to shackle it, even though it is showing leadership. The three puzzles that we talk about in the report, and I will very quickly through them, of course, this is a teaser too, so that you can go read the rest of the report.

One of them is on the revenue financing side. And Amar, with your support and Nick and I and a high-level panel have done this report on sort of the need for $1 trillion for the climate transition between now and 2025, excluding domestic resource mobilization. But one of the things that we look at in the report is where there is a huge potential for additional revenue gains if one developed a carbon markets. And this is sort of the innovations part of the conversation. At $10 of carbon pricing, we could raise $1 billion and $120, we could raise $82 billion. $82 billion for anybody who has been listening to sort of the new liquidity injections that have come into the space recently by SDRs, SDRs we only got 35 billion. So 82 billion is double what we can actually get with SDRs every year if we were able to get a carbon price in.

So I think we put that forward as you know, there are resources if we put in place the institutional framework, the structures that can do this, and we know with [inaudible], the Rockefeller Foundation and the African Carbon Markets Initiative, we're working on that. But it's not just about the resources. It is resources for what? Remember we said for Africa climate, the climate transition is about poverty reduction. If we are able to hit the price point of $120 per carbon, we get almost 35 to 167 million jobs created. So this is about job creation, this is about prosperity. So there is a whole conversation there that says for Africa, the climate conversation is a conversation about how we can increase our revenue to GDP, which today, as we know, is very low at about 17% revenue to GDP. We need to get to 30% revenue to GDP to actually have sustainable growth.

The second one is around trade. We have just signed as a continent the African Continental Free Trade Area Agreement. This is really to empower more exchange within the continent. But if we're not careful, as we all know, trade can be, we've seen this in East Asia, right, trade can be quintessentially a huge polluting activity. And so if one just looked at trade as, you know, trade as we did it before, this time is not different, this time is the same, then, of course, we will be going down the wrong direction.

However, if we looked at trade as a way for us to transition away from the way we've done trade, the way we exchange goods using railways and doing more carbon intensive trade, to more green value chains, then we become a much more prosperous continent, but also a continent that is contributing to climate change. And we look at one specific examples, of course, around the battery vehicles production framework. And we look at a country like DRC where today, DRC only exports the total exports of cobalt and lithium is $8 billion. The whole sort of battery precursor market is 271 billion, the electric vehicle market is about 1.3 trillion.

For Africa's Continental Free Trade Area agreement to work, we've done some studies that the Economic Commission for Africa with John Paul and the team, Steven Karingi, the trade side as well, that show that we need about 2.2 million new vehicles just to move goods from one place to the other. So essentially, if we move the electric vehicles into the African Continental Free Trade area agreements, then Africa is ready and poised to take advantage of the climate conversation, contribute to it, but also insists on the growth agenda.

And finally, energy. A lot of conversation today around energy. We wrote the report before the Ukraine crisis. So we talk a lot more about the energy conversations as we were having them during the COVID crisis. And it's an interesting number. Africa today exports only 2% to the rest of the world. Africa is 17% of the world's population, but only uses 3.4% of the world's energy. However, Africa has almost 60% of the world's hydrogen resources, it has 70% of the world's solar resources that it could put into use.

And so, again, you know, if we were able to solve this puzzle of saying Africa's transition is a transition that first requires it to be able to inject its grid with stability, that can allow it to put more energy on that grid and hence the use of the just transition for the continent with gas as one of its fundamental powering tools. But then that will allow us much quicker and much faster to get into the production of batteries so going backwards to get into the production of batteries to do more carbon and to end up in a place where we have a more prosperous continent.

The final thing is that all of these conversations have come out in a way in Africa through the African Union. We've had meetings in Kigali, meetings in Dakar that have shown Africa speaking with one voice and trying to use regional platforms to be able to leverage Africa's potential one for revenue generation through the carbon market, through the carbon trade, but also through the Congo Basin Initiative, where we worked a lot with Mahmoud and yourself, Amar, to see whether we could begin to design sort of carbon registries for the continent that allow us to integrate the global conversations. But we, but with integrity standards that are uniquely ours.

So these are some of the things that we have in the report, it's some policy perspective, some areas for investments, and then, of course, the ideas of where we get the growth in a different and alternative way that is sustainable and leads us to a net zero environment by 2050. Thank you.

Amar Bhattacharya: Thank you Vera, indeed. You know, I'm struck by how well-organized Africa is in representing its views in the global discussions. You know, compared to other regions and I think the Economic Commission for Africa, which you headed, has played a very, very key role in that. If I could turn to our third speaker Sara Jane Ahmed, she is advisor to the V20, which encompasses the most vulnerable countries of the world. Sara, your perspectives from your chapter.

Sara Jane Ahmed: Thank you, Amar. So I think just very quickly, it's clear that climate fueled risks have driven up the costs of capital and debt to unsustainable levels, and we're already witnessing horrific financial protection gaps. 40 of the 58 V20 members are in debt distress. And the

V20 countries have lost over half a trillion US dollars in the last two decades due to climate change. And over the next seven years, the total debt service payment is also half a trillion. So if we're not alarmed by this, there's something deeply wrong in our system.

The way forward, and the chapter highlights that there's really no tradeoff between climate action and development and that it is a great opportunity to drive new investment. And so the way forward to build necessary adaptation and resilience means the delivery of development positive climate action and any lasting solution on climate will require a reform of the international financial architecture, including debt reform, the shifting of financial flows to serve climate goals, but also the mainstreaming of surveillance of climate risks to drive new investment.

Another really important point is that this debt and climate crisis is not just about the urgent need to rapidly protect our economies. Everyone needs to understand that securing robust and lasting resilience is fundamental to the ability of the 58 countries representing 1.4 billion people to accelerate as well the global energy transition and contribute a global positive impact on keeping to the 1.5 degrees Celsius limit of the Paris Agreement. All in all, the emissions of the V20 are larger than Russia, and so there's a great opportunity to be part of the solution and to drive new investment.

Amar Bhattacharya: Thank you, Sara. Our last opening intervention is from Richard Calland, the author of the South Africa chapter.

Richard Calland: Yes. Thank you, Amar. And thank you to you, John, and to Homi for inviting me to be part of this, this project. This is an important book at a very important time, it seems to me, and particularly so for those of us in South Africa who are really now immersed in our own transition. And I'll briefly sketch what seemed to me to be the main contours of that transition in just a second as a summary of my, my chapter. The, being involved in this project was an opportunity for me to spend rare time with a group of development economists. I'm very different, I'm at best a political economist, at worst, a simple-minded lawyer focusing on issues of governance and institutional reform.

And one of the main epiphanies that I had in this project, which is especially pertinent for us now in South Africa, is that the old world that has been so fiercely and at times dangerously dishonestly defended by people who with vested interests in the fossil fuel sector, is that that is a sector and in a form of, of economic development that simply is not delivering, it's not delivering socioeconomic justice in countries of sub-Saharan Africa, and the rest of the global South and here in South Africa, where we have no real excuse for this, we are in the midst of a really appalling energy security crisis. Much of the country is enduring several hours a day of what we euphemistically call loadshedding or power cuts every day, and there is no end in sight because of the complex origins of this crisis.

One of the main features of that crisis is the failure of government to have embarked on this transition with greater decisiveness and with greater strategic vision over quite a long period of time. But I'm pleased to say now that we have an opportunity to escape this morass, and that opportunity derives essentially from what I think we might want to start to call transition finance now. And as many of you in this room will recognize, and know, emanating from Glasgow and then being concluded last year, COP27 South Africa is to receive 8.5 billion USD of international climate finance, one of the largest, if not the largest packages of climate finance for our transition.

Now, not all the T's have been crossed, crossed or all the Is dotted about that yet, but checks have been signed, the money has begun to flow and the onus now sits very much with us here in South Africa to ensure that we spend this money wisely, that the investment plan and the implementation plan that is following the investment plan is one that can be executed. We have a poor record of turning big plans and big ideas into action, and we need to be able to do better on that front. So that's the immediate challenge.

What my book does is sketch firstly under three headings, all beginning with P. Firstly, it sketches the policy ambitions of South Africa, which are really to find a way to align its climate responsibilities as a relatively high emitter of carbon, align its climate responsibilities globally, its need for its own good economic, self-enlightened interest to get out of coal as fast as possible and to contribute through its indices to, to the global effort.

Secondly, to find a way of navigating what is euphemistically described as a complex political economy. There are vested interests in coal that find their way deep into the ruling party, the African National Congress. There are legitimate interests that are concerned with how to protect the livelihoods and communities of parts of South Africa that are deeply committed to and dependent on coal and the coal industry and find a way of building, and this is the opportunity of building new industrial value chains that emanate from and surround the renewable energy sector, but which are truly homegrown and which deliver socioeconomic value and transformative change to communities in South Africa.

The caricature that sits with some Cabinet ministers and which is an obstacle to progress, is that we may run the risk of swapping coal mining jobs and livelihoods in South Africa for profits with renewable energy companies in Europe. Of course that is an oversimplification, but there is also a grain of truth in it, and part of the, the transition plan has to be to combat that with granular evidence about how to build those new industrial value chains. That is the extraordinary opportunity we now face. A processed solution lies ahead of us. Wo far, we have embarked on this transition only because of the good work of the Presidential Climate Commission.

And I sketched the work of that as a sort of sub case study within the greater case study of South Africa, a piece of institutional machinery that enabled the president to navigate some of these political economy obstacles, to build consensus around the need for a just transition, to build consensus around the notion of what a just transition actually looks like, and to do so in a very inclusive, participatory and transparent fashion. That was a rare, good news story after many years of misgovernance and bad governance in our country and with a reform minded president, I am modestly optimistic that we can now proceed with this transition despite all of the obstacles that no doubt lie ahead of us. Thank you.

Amar Bhattacharya: Thank you. Thank you, Richard. We now move to a panel format. And as I said, we had a bunch of questions already; we may receive more. And what I've done is I've put a, I've structured the panel into a set of thematic issues which come out from the countries' studies, but also respond very much to the discussion and the questions. And let me begin really with the impact of climate change. Virtually every country studied and rather starkly, such as the ones of Bangladesh and Nigeria, as well as the regional studies, make the point that climate change is here and now, having a severe impact and a disproportionate impact on developing countries.

Against that backdrop, they also make the point that most developing countries are ill-prepared to respond and ill-prepared to build resilience. So my first question is to you, Sara, in representing the V20, what should countries such as the V20 do really on the adaptation and resilience agenda at this point in time?

Sara Jane Ahmed: Thanks, Amar. In terms of the impacts of climate change, it's permeating not just through, not just in infrastructure, but even health, heat stress, massive productivity losses. And so what they're looking to do now is, one, it will require support from the international community, but to put forward strong plans in order to ensure that they are adapted and resilient. And this is in the form of climate prosperity plans. And so Bangladesh has done the first, Sri Lanka has followed, Ghana, and the pipeline now stands at 30 countries. And here it's about, you know, how could we course correct. What kind of industries can we build as a result of trying to transform our economy? How do we ensure that we have adapted institutions who could better understand where to put such finite resources?

So there's, there's a lot, I think, moving in countries. However, the debt crisis and debt distress is strapping opportunity and ability. And so it would be really important that in 2023, this year that there would be progress done on the, on the, on the front on the side of debt reform in order to enable this opportunity to course correct and ensure that the the V20 especially could reach their SDG targets as well as for the G7 and the G20, it would be critical that they keep to the 1.5 degree limit of the Paris Agreement as well.

Amar Bhattacharya: Thank you, Sara. Let me turn to you, Vera. You know, you were in the front line of kind of seeing the impact of climate change in Africa and also in helping Africa, you know, come up with its strategy of response. How do you see, you know, the, the adaptation and resilience agenda from the African perspective?

Vera Songwe: No, thank you. I think just to, to sort of give a sense of where we are and then what we do with it with that, 20% of the African population today is at risk of going hungry because of changing weather patterns. We have a huge pressure now on our cities because a lot of the populations are moving to the, to the cities and forcing huge urbanization. What do we need to do? We've done some studies, as you've said, again, the Economic Commission for Africa, with teams that are led by John Paul showing that, for example, if you invest in irrigation technology, better and more improved irrigation technology, the return on that could be 500% your investment. If you look at places like Malawi that are suffering from drought, Malawi benefits from huge waterways and so being able to use better and more improved irrigation for Malawi will of course reduce the impact of climate change. Then of course this is the beginning of it.

Another part of the adaptation conversation and we are all looking, and our prayers and thoughts go to the people of Turkey, we are all looking at what is happening in Turkey, and we know for sure that there are issues around sort of using climate smart cement, climate smart buildings, doing our buildings in different and more improved ways so that we can do better. If you come from the Horn of Africa, we've seen huge new droughts, you know, followed by locust and then followed by floods. I think those kinds of continuous changes in weather patterns have also led to the need for technology, digitization to be able to predict weather patterns early enough so that we can then address them.

There is a new report that has just come out by Standard Chartered that shows that for every dollar that we spend on prevention and building resilience, we save about $16 in terms of responding to the loss and damage site. Having said that, we're very happy that in the Egypt COP, we were able to put enough pressure on the developing, developed community to create a fund for loss and damage and manage it, and that institutions like the IMF are now with following the call of the Prime Minister of Barbados Mia Mottley, to have catastrophic insurance instruments in some of the products so that countries can actually benefit from those.

Amar Bhattacharya: Thank you, Vera. Let me now turn to another topic. And that's really the tension between the opportunity that climate action provides, but also the constraints that developing countries face in acting boldly on climate action. So everywhere there's a recognition that, you know, climate action could actually unlock new and better forms of growth and, you know, could help us avoid the mistakes of the past. But policymakers in the South still remain quite hesitant. And this is particularly the case with regard to energy transition, which is at the heart of course of climate action in the sense of moving to a low carbon path.

If I could begin with you, Mahmoud. Why do you, you know, what do you see as the reason for this apparent contradiction, you know, not only in Egypt, but you've been so involved in the wider discussions of the South and yet also, as you said, how can we ensure that we do not see that climate agenda as separate but something really quite integral to the SDG and the development agenda?

Mahmoud Mohieldin: Right, to be realistic and practical, there is no way whatsoever for a developing economy or an emerging market to deal with the climate action agenda without really putting it at the center of development and sustainable development. The whole debate has been suffering from a reductionist approach led by some of the advanced economies to talk about climate action without really serious attention to be given to the implications, including just transition, including the impact on labor and communities without really paying sufficient attention to what it would require in terms of prioritization of finance. And then we suffered more recently during the last couple of years in particular about more false dichotomies. I mentioned one briefly, which is basically about the climate versus development dichotomy. And we know that climate action at the end will really result if we are articulating the policies right, will that result in improvement of energy access as SDG7 improvement in water if it is about adaptation SDG6, it can improve poverty, SDG1 and the reverse if we are ignoring all of that.

But what is more worrying really is this kind of waste of time discussion about country platforms versus global public goods. There is no way whatsoever you can be serious about tackling the global public goods without engaging in some country somewhere, without really having some investments in some projects like the one mentioned earlier by Richard in energy and in South Africa. And that was really one of the main outcomes that came from Glasgow, phasing out from coal, investing in renewables, dealing with the communities. This is very much SDGs in action, not just climate inaction.

And the other thing the main constraint again is, is finance. And here let me just put it simply and bluntly, climate finance— and I would say development finance at large— is suffering from the fact of being insufficient, inefficient, unfair and unbalanced. Insufficient because of the work that you referred to, Vera, your work with Nick Stern and dozens of economists. Even if we take the critical minimum of the 1 trillion that appeared in previous work by Amar, Homi and others, the 1 trillion is ten times, which is a very conservative figure, ten times the promised 100 billion. Since Copenhagen, we didn't see that amount of money in full. We only have 6 to 7 countries providing their fair share. And even if they do the 100 billion, that is only 10% of what is being required.

And then you see the alternatives, you see that developing economies are more dependent on debt instruments, more than 61% globally of finance for climate is coming in debt instruments, less than 15% of concessional terms and conditions. And if you check some of the developing countries, the share could be even higher when it comes to that. It's inefficient because we have been seeing in some of the disbursements of funds from the day that you shake hands with your financier until you get the funds is 2 to 3 years. Some small island countries in adaptation particular, it takes more than three years. So this is a sign of inefficiency.

And then the unfairness is about the cost, and that's why some of us put these kind of proposals of putting a cap on the cost of borrowing. I put a proposal of 1% for the 1.5 degrees, and we can put the $100 billion to finance this cost of borrowing. And then we need to have a grace period of no less than ten years. Those of us who work with the World Bank, or the IMF know that grace periods can be as long as ten years, which is the case of the RST now of the IMF and typically it's 5 to 7 and more and years in the case of IDA. And we need to have the payback period or the maturity of the loan to be no less than 20 years.

And then the issue of, of being unbalanced; I spoke about insufficient, inefficient, unfair. And the unbalanced part here is basically when you check the, the share of adaptation, which is basically the main concern of countries like the African countries, the emissions from the African countries is less than 3%. Our major concern is basic about the impact on communities, on coastal areas, on agriculture, on cities, on water management and food security. And the adaptation share is less than 15 to 20% than many of the development financing institutions. 80% goes to mitigation. And unfortunately in some cases the crowd out and don't leverage the private sector finance because of bad design.

That needs to change. All of that needs to change. And then we can talk about the 100 billion as a token of trust. We can talk about principles of finance post-2025. We can talk about innovation like the one mentioned by Vera on carbon, we can talk about debt swaps, all of that, but the fundamentals need to be put right from the prioritization of finance coming from the budgets of the state to the kind of support that could come from the international financial institutions. Otherwise, we can have another book launch and we still see the major constraints facing us, it's finance cooperation and technical assistance, or lack of leadership to push them in the right direction.

Amar Bhattacharya: Thank you, Mahmoud. And indeed, finance is central. Let me turn to Vera given, you know, the, the group that you co-chaired, Vera, and the insights from that. I mean, do you do you see an agenda coming out of that exercise and, you know, reflected in, in the book that you know, this book around a finance agenda that moves us constructively forward?

Vera Songwe: Yes, no, thank you for that. I think that what we tried to do in the report with Nick and the panel is really to look at, you know, first of all, yes, finance is important, but break it up into sort of what kinds of finance, what amounts of finance, starting first of all, when we always talk about finance, the first thing that we talk about in the report is that policy is finance, good policy, you know, crowds in more resources, bad policies, of course, even if you get resources, are more expensive, Mahmoud talked about that. We certainly do not want countries to get into debt to finance the climate transition. Beyond that, then it comes to the multilateral development banks. The MDBs need to be front and center in this conversation because we need concessional financing.

Concessional financing at scale is critical. We need anywhere as scale up from 60 billion to 180 billion of concessional financing from the MDBs to get to where we want to get to. We need to double bilateral climate finance about another 60 billion between 2020 and 2025 to be able to do that. Adaptation, finance, there is a plan that needs to be worked out. I think when we start talking about it, a lot of the MDB financing that Mahmoud has also talked about is for the middle-income countries.

But there is also a sort of low-cost financing that is needed, and that's where the SDRs become an important component of the finance agenda. I think some of us and Mahmoud and many of us are calling for a climate SDRs that need to be issued, not issued all along, as sort of quota rights, but maybe around vulnerability and exposure, which countries are more exposed. Of course, the resilience and sustainability trust is already responding to some of the imperatives of the need for low cost of finance.

But then there is also the need for philanthropy to come in. And we've seen quite an amount of entering philanthropy, I think from the Bezos Foundation, of course, the Rockefeller Foundation that is with us and many others that are providing. Because the question is also when the finance comes, at what point does it come? We need a lot of this philanthropy capital to come in to just help develop the projects.

Finally, mobilizing private capital is going to be critical. We have all heard about the Global Financial Alliance, the net zero, the G funds, and $130 trillion of financing that is available in the private sector. But it has to come for it for us to be able to bring it to de-risk some of the projects that we are talking about to leverage some of the projects to provide guarantees for that, we need a good policy environment, we need the MDBs to come first. And so some additional financing and additional capital to the MDBs really becomes the sort of cornerstone of any conversation around how we get to achieve this green climate agenda in the next 5 to 10 years.

Amar Bhattacharya: Thank you, Vera. We have 5 minutes left exactly in this panel. And what I want to do is just ask each of you to, you know, identify what would you think are really the key opportunities and now for developing countries to push ahead on climate in a way that is development centric. What do you think are the big actions that can be taken, you know, from the perspective of your regions and also, you know, the subject areas that you've been mentioning? So let me begin with Richard Calland. Richard, particularly from the South Africa perspective and the political economy issues you mentioned, what do you see as a way forward that will really take us to the next level in South Africa with lessons for other countries? And you have a minute each, I should say.

Richard Calland: No pressure. Thank you, Amar. So building on what Mahmoud and Vera just said, in my country, in South Africa, it's going to require great leadership. The leadership is going to have to overcome this false dichotomies that Mahmoud spoke of, which is very damaging, there's a war, information war going on, which has to be settled in order to smooth the pathway. And secondly, on Vera's point about finance, clearly because of suspicions around the quality and quantity of the finance available, those have to be overcome. It has to be sufficient; it has to be fair; it has to be reasonable. And the nine point, the 8.5 billion USD is just a start.

Amar, you helped us in South Africa come to the realization that by 2035 we will need 250 billion USD to complete this transition. Private finance is interest, interested, investors are circling around, but what they need now, secondly is policy certainty. And they need political certainty. So the leadership has to bring that policy and political certainty. They don't want to feel that this reform-minded president is going to be thrown out. They want to be confident that the processes that have been put in place will protect the finance, will ensure that the implementation plan can stay on track and will ensure that the vested coal interests will not get in the way of progress and take us backwards.

So that's just a very small slice of the task that lies ahead. But the grand prize is to build a new economy, an economy in which jobs are better, safer and better skilled, and we and we take ourselves out of the Victorian extractive industries, fuel fossil fuel-based economy, that has been South Africa's painful legacy, I would suggest.

Amar Bhattacharya: Thank you, Richard. Sara, in a couple sentences, your three big, you know, kind of hopes and asks.

Sara Jane Ahmed: And so as you know, there's a spiraling debt crisis and the fact is there's no way but to invest out of climate chaos. And so what will make the greatest difference today is the acceptance that we must and absolutely must move away from the demonstrable harm of business-as-usual austerity measures. And it's high time that we try to transform the investment flows towards this new economy that we must build. The headroom is critical from the MDBs, and the additional space can be positioned for this development positive climate action.

But also the biggest challenge, it's similar to what Richard was saying, is the honest recognition that action predicated on the acceptance that the financial rationale for fossil fuels has has completely evaporated, I mean, fossil fuel companies now have to rely on political mechanisms to maintain demand and, and support for supply in the knowledge that there will be actors looking to undermine the work of pursuing global governance mechanisms to find solutions. So once we accept that reality that the financial rationale for fossil fuels has completely evaporated, it'll be even easier to deny these companies the political oxygen that is currently keeping them alive so that we can build forward the economy that we need to ultimately survive the next decades. Thank you.

Amar Bhattacharya: Thank you, Sara. Vera, you already laid out a very fulsome agenda. Anything you wish to highlight in particular?

Vera Songwe: Well, I think that the only thing really that we and Mahmoud has mentioned a little bit and Sara Jane as well, is the geopolitics of climate. We need to move away from announcements, we need to move away from talking about, you know, small pilots to really using this current environment to see how we can leapfrog into, into a much more energy secure continent. I think we have all seen that energy security in Europe is growth in Europe, energy security in Africa is growth in the world because we are going to be the most populous continent in the next 10 to 30 years.

So I think really looking at that as an energy security we saw in eight months an LNG platform develop for Germany from the United States, the kind of collaboration that is now happening internationally with the IRA, the Inflation Reduction Act, the Green Act, the Gateway program in the European Union, these kinds of partnerships must also benefit the continent in a way that helps them to accelerate their conversion to net zero. Thank you.

Amar Bhattacharya: Thank you, Vera. Mahmoud, I have a big challenge for you. You could take a long, a long time given the role you are playing on COP27 and 28. But what would be your one aspiration for COP 28 given what you said earlier?

Mahmoud Mohieldin: Right. COP27 as you know, it was the implementation COP, and COP28 as announced in the United Arab Emirates if the solutions come. So it's again getting us into these kind of practical aspects, operationalize the good lines of thinking, projectize the good ideas to the points raised by Sara Jane. Invest and invest and invest. Invest in mitigation. We hope that the money would be flowing nicely to South Africa, to India, to Vietnam through JETP. But more funds are required for other countries, including in decarbonization and for the transition as well in towards renewable energy. It's about projects, adaptation based on the Sharm-El-Sheikh Adaptation Agenda. It's all about projects in agricultural system, food systems, coastal areas, investments again. And then even the loss and damage, we need to put it in a kind of an investment narrative for restructuring.

These are the three lines of defense, two of them had already been compromised in our war against climate, the mitigation one, the Adaptation one, and that's why we are talking about loss and damage. So we need to see how best we can really get these flows of funds, the promise of the GFAN, the partnerships with the private sector, especially in mitigation. And then we see how can we mobilize public finance and international finance towards adaptation. My worry is that some examples are being put down, some advanced economies that have been a bit protectionist and a bit inward-looking.

All of these green deals are not really setting a good examples of a collaborative model coming from North America or from Europe. What we need is a more open system. Perhaps these countries have their own resources they can invest within, but the rest of us developing economies and emerging markets require foreign back investment, private equity supported by technology and technical collaboration, and as mentioned by Vera, are some good de-risking from the MDBs as well to enhance these flows of funds. So the solutions are there. And again, the mix; finance, technology and leadership need to be emphasized.

Amar Bhattacharya: Okay. Thank you, Mahmoud. I, we are out of time, so I just have well, only one thing to do, which is to thank, you know, those who are responsible for getting us here. But let me begin with the audience. We really need everybody's energy on this journey. And it's really good that so many of you are interested and committed to this agenda. We hope the book will give you food for thought, but also that the book will give you inspiration to push the agenda, particularly, you know, from the perspective of the developing countries.

Second, I want to thank Rockefeller, which John did already for actually having in some sense triggered and enabled this exercise. I'd like to thank each and every one of our authors, because without them, we wouldn't have the feast we have right now. And finally, I want to thank the team that has worked exceptionally hard to produce the product. That includes Andrea Risotto, Esther Rosen, Junjie Ren, Jeannine Ajello and Izzy Taylor. And obviously, I want to end by thanking Daniel Bicknell, who has been the master of choreography and really the one putting in all the hard work to get us there. And finally, my, my two coeditors who have been, you know, with with with me on this journey.

So with that, let me bring this to a close. And thank you again, everybody, for joining us.