

POWER UP FOR CLIMATE JUSTICE:



FINANCING AND IMPLEMENTING
A 1.5°C- ALIGNED GLOBAL
RENEWABLES TARGET

350

This summary highlights the main content presented within the “Power Up for Climate Justice:

Financing and Implementing a 1.5°C - Aligned Global Renewables Target” report developed by 350.org. It illustrates the need to unlock finance for the Global South to implement a global renewable energy target through the lens of climate justice.

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As we approach the UN Climate Talks (COP28) in Dubai, a global renewable energy target in line with limiting global heating to 1.5°C above pre-industrial levels has become a centerpiece of negotiations, and is well positioned to be adopted. However, in order for a renewable energy target at COP28 to constitute a meaningful step towards climate justice, it must be embedded within a comprehensive energy package, a follow up process and be underpinned by financial support.

QUALITATIVE REQUIREMENTS FOR A GLOBAL RENEWABLE ENERGY TARGET

For the global renewable energy target to holistically address global energy needs and redress fossil fuel dependency, myriad organizations have agreed the target must contain provisions for the following quantitative goals:

By 2030, to have tripled fair, safe and clean renewable energy capacity to over 11 terawatts (TW), and from 2030 onwards, add a yearly deployment of 1.5 TW of renewable energy capacity;

By 2030 at the latest to have doubled yearly energy efficiency gains.

By 2050, to have achieved a complete, just, and equitable phase out of all fossil fuels (coal, oil and gas), and by 2030, to have reduced greenhouse gas emissions by 42% relative to 2019 levels.

FINANCING A GLOBAL RENEWABLE ENERGY TARGET

To power up renewables swiftly, we need to deliver finance equitably, rapidly, and at scale, both within and between countries. In their 2023 leaders communiqué, the G20 heads of state agreed on the need to invest approximately USD \$4 trillion by 2030¹ to meet the goal of tripling renewable energy capacity by 2030. While this is a significant amount, it should be viewed as an investment in the truest sense of the word, as the social, health, ecological, and financial opportunity costs of not investing are disastrous – particularly for the most climate-vulnerable communities least responsible for the climate crisis.

In 2022, only \$260 billion² was invested in the Global South despite it being home to approximately 5 billion people. According to the International Energy Agency (IEA), to stay on track for 1.5°C of global heating, and meet these energy needs, investment in the Global South needs to rise by 2030 to around \$1.9 trillion annually – a sevenfold increase.

It is clear that to meet the goals of an ambitious global renewable energy target will require significant large-scale finance programs. While overall investment into renewables is increasing, and should be celebrated, without a significant shift in the global finance architecture, the transition cannot occur at the scale and speed necessary, nor be equitable.

COP28 must underpin the tripling of renewables with tangible political commitments and processes to unlock the finance required.

1 G20 New Delhi Leaders' Declaration, https://www.g20.org/content/dam/gtwenty/gtwenty_new/document/G20-New-Delhi-Leaders-Declaration.pdf

2 Scaling Up Private Finance for Clean Energy in Emerging and Developing Economies. International Energy Agency, <https://www.iea.org/reports/scaling-up-private-finance-for-clean-energy-in-emerging-and-developing-economies>

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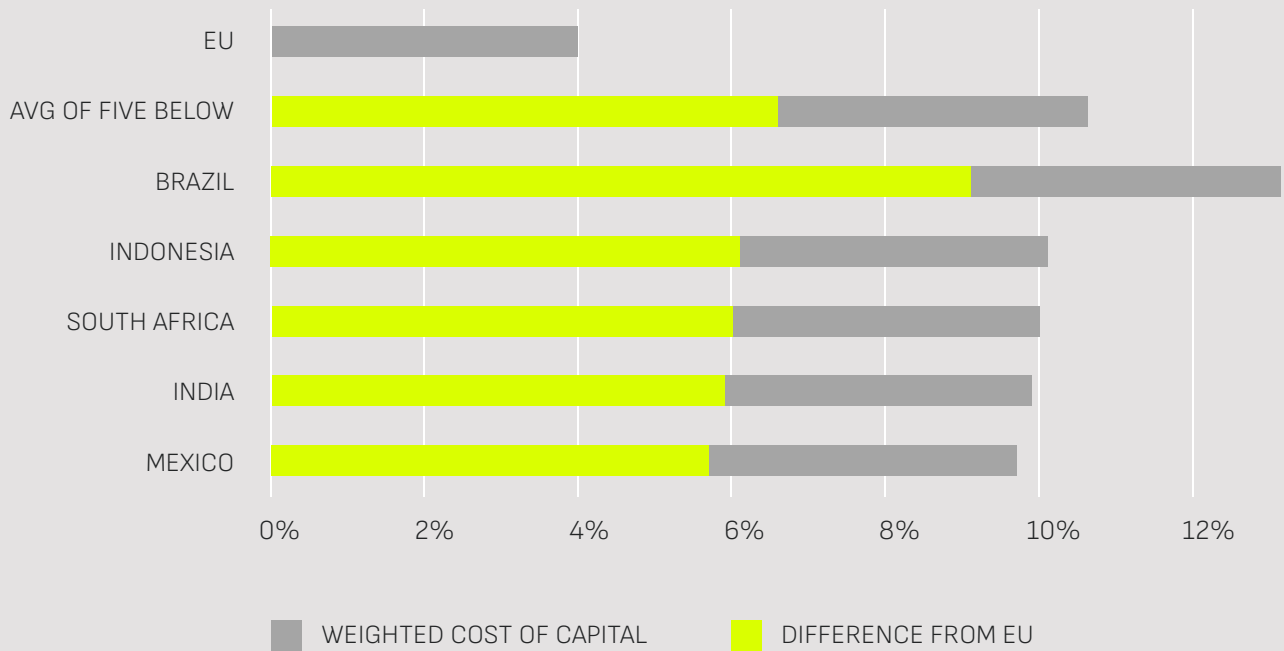
FINANCIAL BARRIERS TO THE ENERGY TRANSITION

While finance is the key to unlocking a rapid energy transition at scale, it can also present significant barriers. Overcoming these is critical to progress.

The global financial system carries a heritage of colonialism, extractivism and bias against the world’s poorest people. It is a system that continues to produce myriad disadvantages for the Global South, including cycles of debt and a higher relative cost of capital – barriers which significantly hinder the prospects for an equitable energy transition.

As a result, investment into renewables in the Global South needs to increase at an accelerated rate in comparison to the Global North, and requires a crucial combination of favorable domestic policies and international support.

COMPARATIVE COST OF CAPITAL (2021) FOR A UTILITY-SIZED SOLAR FARM BETWEEN DEVELOPED COUNTRIES AND INDUSTRIALIZING DEVELOPING COUNTRIES



Barriers such as debt and the inequitable cost of capital in the Global South, significantly hinder investment in renewable energy.

OPPORTUNITIES TO UNLOCK FINANCE FOR THE ENERGY TRANSITION

- Canceling external sovereign foreign debt is a necessary initial step to free up the significantly constrained fiscal space of the Global South. Debt cancellation will enable governments to provide the framework to support the power up of renewables and provide clean energy access to their people³. While COP28 itself cannot make these decisions, the negotiated outcome at COP28 should recognize these constraints and call on relevant bodies and fora to cancel external debt in order to enable climate action.
- Providing an estimated \$100 billion in concessional finance for the Global South without increasing unsustainable debt levels. One form of redress for inequalities inherent in the cost of capital in the Global South is the provision of concessional finance, something that has too often been obscured in climate finance discourse, as an Oxfam study exposed in 2002⁴. Estimates predict the need for \$100 billion in yearly concessional finance to unlock the projected \$1,14 trillion in private investment needed for the global energy transition by 2030⁵.
- A significant scale up of \$200 billion per year in grants for the Global South. Of the \$1.9 trillion in total yearly investment needed for the energy transition in the Global South, an estimated 40%⁶ must come in the form of public finance, approximately \$760 billion per year. Reaching \$760 billion per year will require an additional \$500 billion in yearly public investment – if this \$500 billion is highly concessional (reflected by a 40% grants ratio), then a further \$200 billion will be needed in yearly grants.
- Redirecting finance from existing sources by:
 1. **Taxing fossil fuel company profits.** In 2022, TotalEnergies and Exxon alone made a combined \$56 billion in profits⁷, enough to power all households in Kenya, South Africa, Uganda, and Tanzania with solar energy four times over⁸.

3 This notably includes Chinese creditors who for a decade have overtaken the Paris Club in their volume of lending, see e.g. Financial Times 2020: <https://www.ft.com/content/f7157356-e773-47c4-b05d-8624a5ccfd03>

4 Climate Finance Short Changed: The real value of \$100 billion commitment in 2019-20. Oxfam, <https://oxfamlibrary.openrepository.com/bitstream/handle/10546/621426/bn-climate-finance-short-changed-191022-en.pdf;jsessionid=AD31A27BB1E3A13D01EB2E4257F36A8A?sequence=7>

5 <https://www.iea.org/reports/scaling-up-private-finance-for-clean-energy-in-emerging-and-developing-economies>

6 Executive Summary, World Energy Investment 2021. International Energy Agency, <https://www.iea.org/reports/world-energy-investment-2021/executive-summary>

7 **Big Oil rakes in record profit haul of nearly \$200 billion, fueling calls for higher taxes.** CNBC, <https://www.cnbc.com/2023/02/08/big-oil-rakes-in-record-annual-profit-fueling-calls-for-higher-taxes.html>

8 A study of household electricity demand and consumption patterns in Nairobi. University of Nairobi Research Archive, <http://erepository.uonbi.ac.ke/handle/11295/4184#:~:text=The%20average%20annual%20electricity%20consumption,maximum%20demand%20is%203.6kW>

2. **Redirecting fossil fuel subsidies towards renewables.** In 2022, G20 countries provided \$1.4 trillion in direct subsidies⁹ to fossil fuel companies, and global fossil fuel consumption subsidies doubled from the previous year to an all-time high of \$1 trillion. If these subsidies were redirected, this alone would be enough to triple the totalled installed electricity on the African continent with renewable energy¹⁰.
3. **Redirecting investment from new and existing fossil fuel projects to renewable projects.** Governments must redirect financial resources on both local, national, and global scales, through all financial mechanisms possible, ensuring equitable distribution of support to make this switch to renewables benefit people everywhere across the globe. Historically responsible countries in particular must pay their climate debt to climate vulnerable countries who bear the most significant climate impacts without the necessary funds for adaptation and renewables development.
4. **By creating a Wealth Tax:** The wealthiest 3000 people work at the “edge of legality”¹¹. Studies have shown that taxing it by just 2% – significantly below what such wealth is expected to provide in yearly returns – would provide \$250 billion each year¹².
5. **By re-channelling Special Drawing Rights (SDRs) to fund developing countries’ climate needs.** SDRs are an international reserve asset created by the International Monetary Fund (IMF) to supplement its member countries’ official reserves. SDRs are allocated to IMF member countries based on their IMF quotas and can be rechanneled to the scale of hundreds of billions.
6. **Making use of large-scale infrastructure initiatives:** In addition to private finance, policymakers can draw on existing sources of finance including large scale infrastructure initiatives which hold hundreds of billions of dollars, for example, the G7 Partnership for Infrastructure Development or the Chinese Global Development Initiative.

To facilitate the global renewable energy transition, we need debt cancellation at scale, \$100 billion in concessional finance per year, and \$200 billion in grants per year.

9 Fanning the Flames: G20 provides record financial support for fossil fuels. International Institute for Sustainable Development, <https://www.iisd.org/publications/report/fanning-flames-g20-support-of-fossil-fuels#:~:text=Fossil%20fuel%20subsidies%20from%20G20,at%20least%20USD%201%20trillion.&text=G20%20countries%20announced%20USD%20265,between%202020%20and%20June%202023>

10 Current installment: <https://www.iea.org/reports/fossil-fuels-consumption-subsidies-2022>; otherwise, the same caveats apply as to the comment above.

11 EU-funded report calls for wealth of super-rich to be taxed, not income. Guardian, <https://www.theguardian.com/business/2023/oct/22/eu-funded-report-calls-for-wealth-of-super-rich-to-be-taxed-not-income#:~:text=Billionaires%20have%20been%20operating%20on,EU%20tax%20policy%20has%20claimed.>

12 Global Tax Evasion Report 2024. EUTAX Observatory, <https://www.taxobservatory.eu/publication/global-tax-evasion-report-2024/>

A COMPREHENSIVE COP28 ENERGY PACKAGE AND RENEWABLES GOAL



The world's most vulnerable communities and ecosystems are relying on COP28 to deliver a credible, science-based and equitable response to the climate crisis. To this end, the following outcomes are essential:

- Securing a 42% equitable reduction in global greenhouse gas emissions by 2030, through an agreement to phase out fossil fuels and a comprehensive package to power up renewable energy.
- Governments should establish an international action plan for the redistribution of funds from fossil fuel profits, subsidies, and investments into renewables development – particularly in climate-vulnerable countries in the Global South.
- It is essential that a global renewable energy target and complementary mechanisms be formally enshrined in the COP28 decision text with legal status under the purview of the UN Framework Convention on Climate Change (UNFCCC) process.
- Both global renewable energy target and fossil fuel phaseout commitments at COP28 should be rooted in proven solutions like wind and solar power which hold the highest mitigation potential and are the most economically feasible pathways to displacing fossil fuels. There is no room for dangerous distractions and unproven technologies such as Carbon Capture and Storage, nuclear energy, and ammonia co-firing, which do not address the root causes of the climate crisis, and often cannot be implemented at scale.

Hence, for a global renewables target to deliver, COP28 must underpin this decision with concrete political commitments, signals and processes to implement it, including:

1. Call on all parties to include quantitative renewable energy targets in line with reaching 11,000 GW of renewable energy capacity globally by 2030 in their updated Nationally Determined Contributions;
2. Urge bilateral, multilateral, and private creditors to cancel all unsustainable and unjust debt urgently, with a view to addressing climate-related needs;
3. Decide that developed country parties and those with the capacity to do so collectively provide additional concessional finance for renewable energy to at least \$100 billion per year accounted for in grant equivalent, including but not limited to providing additional resources to multilateral development banks and multilateral climate funds;
4. Urge parties, multilateral development banks, and non party stakeholders in particular financial institutions, to quintuple the proportion of finance and investments in renewable energy by 2030;
5. Urge all countries and in particular the G7 to reform fossil fuel subsidies to broader economy-wide just transition plans and provide support to developing countries to implement it;
6. Call on the Standing Committee on Finance to provide an assessment of the grant finance needs to provide clean and equitable energy access for all by 2030 and urge developed country parties to provide such finance.

In summary, in order for COP28 to result in the course-correction that is required to stay below 1.5°C, this report reiterates the requirements of the proposed global renewable energy target and outlines further demands for the final decision text: it must be underpinned by a legal framework, rely solely on proven renewable energy technologies like wind and solar, and include commitments by all parties to the conference to implement the mechanisms and conditions necessary to facilitate the success of a global renewable energy target and a just transition away from fossil fuels.