



Smith School
of Enterprise and the Environment



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Workshop on climate-compatible growth
Led by Professor Sam Fankhauser

The Smith School is carrying out research on climate-compatible growth. With net zero as a global objective, we need to be looking for development opportunities within climate constraints. What are the main considerations we need to address to achieve climate-compatible development?

Opportunities for climate-compatible growth

- There are positive opportunities for Africa and low-income countries, for example the cost of renewables coming down significantly.
- There are also lots of opportunities for Africa to learn from past mistakes that other countries made, for example with infrastructure and construction. This presents a real opportunity, but the biggest challenge is access to finance and the geopolitical situation has further distracted from it. The construction of buildings must consider climate resilience and value for money.
- We need a catalogue of specific growth opportunities that are high growth and climate positive and to move investment into green. It's not just about financial support, but also in ideation of what a new kind of economy could look like.
- There are benefits to looking at a city level to give financial support, not just national level. Working with cities can be transformative. There are good examples in Latin America, such as the allocation of road space based on how many people are served, bike share schemes and other ways of opening up transport – for health, climate and economic reasons.
- Leveraging resources that help the green transition and make money is crucial. For example, plants that grow in semi-arid land for energy, oil, making plastics.
- There needs to be knowledge exchange from both the global north to global south and, crucially, vice versa. The experience of the global south, for example on droughts, floods, heatwaves, will be vital to the global north.
- Industrial policy is being used well in China to support key sectors of future economy. One idea is the bulk procurement of solutions. For example, the Indian government bought 770 million energy efficient light bulbs and the price dropped by 83 per cent.
- There is a huge change necessary in the agricultural industry, which is a big part of GDP for developing countries. WWF is doing work on how you create incentives for different types of agriculture, such as regenerative agriculture. Diversifying the food system can also give more security.



- Climate-compatible growth is about emissions reductions and also resilience to shocks. How do you create resilience culturally and politically (as well as technically)? In Bangladesh, there are examples of volunteers being one of the main contributors to resilience building.

Climate finance

- Can we re-frame the narrative around finance? The current narrative from richer countries is to donate when they can (for example, COVID vaccines to low-income countries, where there were more promises than delivery), but this must be repositioned as an equal discussion and more of an obligation than option.
- A large group of countries have been badly let down over many years. There should be more anger around putting limits on growth on climate vulnerable countries – there is a hypocrisy from richer countries. Asking for \$100bn which is nowhere near enough. There is a growing sense of disbelief in those countries. There needs to be a narrative shift away from grateful recipient towards equal partner.
- There needs to be a flow of finance to make it worth moving away from dirty to clean. It is unacceptable to tell poorer countries that they must not get their energy from the cheapest source.
- Fundamental development questions are as pertinent as ever: questions we think of as climate ones are development ones, for example leveraging public finance to increase private finance. Where can we align green and development trajectories to achieve win-wins?
- The ICVCM's proposed Core Carbon Principles, used to verify carbon credits, could include a levy to provide a share of proceeds to adaptation, which would generate \$2.5bn annually from 2030.
- The Corporate Air Passenger Solidarity (CAPS) initiative called for a levy on flying for adaptation, but it failed due to the tunnel vision of net zero, despite companies' possible reputational benefits.
 - Others might question the usefulness of demonising net zero: the longer we rely on fossil fuels, the harder it becomes for climate vulnerable countries. The big question is not just around how you increase green, but how to stop burning fossil fuels.
- We should pilot a loss and damage response fund. We are facing serious loss and damage and must respond to it.

Just transition



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- There is a big challenge to achieve a just transition. For developing countries accessing oil and gas, who should be making that decision?
- It's crucial that people are not unjustly treated – but this doesn't just happen due to the energy transition. For example, people are migrating due to climate impacts, which is loss and damage. Just transition comes equally under loss and damage as energy transition.
- We must make sure people and countries in the global south benefit from their green assets, for example local people gaining from solar development.
- The Just Energy Transition Partnership (JETP) provides a useful approach – in this case supporting South Africa to move away from coal and towards clean energy. It centres a just transition.
- The story on just transition varies by circumstance – in South Africa, reskilling the workforce; in Burkina Faso, it's about development and building access to electricity; in Ethiopia, harnessing hydro and green growth; in Mozambique, the recent discovery of resources and how to use them. We know the end point, but do you detour and how quick will that be? Does it lock you in for too long?