



Towards a Sustainable Future: Through Lifestyle for Environment (LiFE) and Just Green Transitions

G20 India 2023: Development Working Group Side Event

6th April 2023 | 1:45 PM – 5:00 PM (IST)
Backwater Ripples, Kumarakom, Kerala



वसुधैव कुटुम्बकम्

ONE EARTH • ONE FAMILY • ONE FUTURE

EVENT BRIEF

JUST GREEN TRANSITIONS

2nd Development Working Group Meeting, Side Event

Date: 6th April 2023 | Time: 1:45 PM–5:00 PM (IST)

Livestream Link: <https://www.youtube.com/live/sEIWhEs-tus?feature=share>

Contents

ABOUT THE PANEL	2
SPEAKERS.....	2
ABOUT G20.....	3
ABOUT THE DEVELOPMENT WORKING GROUP.....	3
ACTIONABLE MESSAGES	4
MAKING WORDS COUNT	5
TAKE 3: INSIGHTS FROM MS EENAM GAMBHIR	17

CONTACT DETAILS

Shailly Kedia

Senior Fellow

The Energy and Resources Institute

shailly.kedia@teri.res.in

Sonali Mathur

Manager

The Energy and Resources Institute

sonalim@teri.res.in

ABOUT THE PANEL

The concept of just transitions around coal in the context of energy supply and mitigation have gained discursive traction. However, just transitions have recently received more focus, specifically on energy supply. Demand-side sectors such as agriculture, micro, small and medium enterprises, and transport have not found enough space in the socio-economic narratives. There is, thus, the scope for factoring in inclusivity in the demand-side interventions more strongly.

It is critical that India's G20 Presidency plays a key role not just in defining the normative contours of what constitutes Just Green transitions but also in terms of specific proposals that will aid in the development of an international enabling environment for it, one which considers holistic approaches to resources, energy, climate mitigation, climate adaptation, and integration of sustainable development.

Given the transnational and sectoral impacts of climate change, transitions associated with both adaptation and mitigation need to be 'just' in nature. The complexity within the aspect of climate change is quite severe, and thus focusing on a singular aspect of transition, such as energy supply and climate mitigation, is disingenuous. Considering the implications of the impacts of accumulated GHG emissions in the atmosphere, adaptation is key to just transitions. As is the case of mitigation-related green transitions, adaptation-related transitions need to be just too and need to consider winners and losers.

SPEAKERS

Mr Giuseppe de Simone, Strategic Planning Officer, UNIDO

Ms Sunaina Kumar, Senior Fellow at ORF and Executive Director at Think20 India Secretariat

Mr Avinash Persaud, Special Envoy to the Prime Minister of Barbados on Investment and Financial Services Member, IHLEG on Climate Finance

Amb. Manjeev Singh Puri, Distinguished Fellow, The Energy and Resources Institute (TERI)

Mr Rathish Balakrishnan, Co-founder and Partner Sattva

ABOUT G20

India assumed the G20 Presidency from Indonesia in December 2022. As a key intergovernmental forum that aims to seamlessly bring together 20 of the world's developed and developing economies, the G20 plays a critical part in global economic governance. Over time, its ambit has expanded to include climate change, sustainable development, energy, trade, health, and agriculture.

India's year-long presidency will culminate with the G20 Heads of State and Government Summit scheduled to take place on September 9-10, 2023, in New Delhi. In the course of the Presidency, India is expected to host over 200 G20 meetings across the country to deliberate on themes earmarked under the three workstreams: the Sherpa Track, the Finance Track, and the Engagement Groups.

ABOUT THE DEVELOPMENT WORKING GROUP

The 2010 G20 Summit in Toronto established the G20 Development Working Group (DWG) with a mandate to lead the implementation of the group's development agenda. The DWG work aims to narrow the development gap and reduce poverty to achieve the larger goal of the G20 of achieving sustainable and balanced growth while ensuring a resilient global economy.

By focussing on global development partnerships, addressing global and regional systemic issues, and building partnerships with the private sector for sustainable, inclusive, and just economic growth, the DWG works towards driving forward the G20's development agenda for all.

ACTIONABLE MESSAGES

Message 1: To realize a world where growth and sustainability can be next to each other without trade-offs, a radically different and international enabling environment and policy support system that is adaptive, proactive, and responsive are needed.

Message 2: In a scenario that promotes a more equal and not equitable approach, women and people with disability are going to be left behind. There is thus a need for an equitable model to look at some of the normative changes that are needed to be made.

Message 3: The Multilateral Development Banks need to be reformed. The amount the MDBs are lending needs to be doubled. This can be accomplished using the banks' callable capital and Special Drawing Rights (SDRs).

Message 4: The small island states need a fund available for loss and damage and need help ensuring they can be resilient today and not in 20 years.

Message 5: The issue of the just green transition is something that affects all countries, including G20 countries, thus it is crucial to ensure that jobs are preserved, skills are developed, and that the workforce is ready for the transition, and that the losers are supported.

MAKING WORDS COUNT

Never before we have seen a country in the history of the world develop without carbonizing. Consequently, we have an international architecture that has allowed or rewarded growth at the cost of the environment. It has not, on the other hand, been rewarded for taking care of nature or protecting the environment and using fewer materials to avoid depleting the Earth's natural resources. This needs to change.

*Ms Eenam Gambhir
Co-chair, Development Working Group, G20*

It will be a mix of disruptive and marginal gains. But we need to change radically the way we do things. We need an economy-wide transformation, and this will generate winners and losers. So, we need it to be just.

*Mr Giuseppe de Simone
Strategic Planning Officer, UNIDO*

In environments where transitions are costly, we need external solutions. We need to lower the cost of capital in investing in renewable energy and green projects so that it is as profitable as investing in these projects in Germany compared to India, Vietnam, Indonesia, and South Africa.

*Mr Avinash Persaud
Special Envoy to the Prime Minister of Barbados on Investment
Financial Services Member, IHLEG on Climate Finance*

Where we live, how we move, what we eat, and what we buy; these four choices have to transform and create newer models for us that will create skill, capacity, and requirement.

*Mr Rathish Balakrishnan
Co-founder and, Partner Sattva*

You need to start shifting the focus on money towards sustainability and climate. It means taxonomies; it means easing the norms at which it happens, but above all, it means trying and lowering the cost of capital from the developed world to the developing world. And I am willing to stick my neck out and say private capital and private ventures.

*Ambassador Manjeev Singh Puri
Distinguished Fellow, The Energy and Resources Institute (TERI)*

WELCOME ADDRESS

Ms Eenam Gambhir, Co-chair, Development Working Group, G20

Ms Eenam Gambhir started the session by welcoming all to the event. She informed the audience about the amazing group of panellists and speakers present. She then spoke about the important issue of development with a focus on LiFE (Lifestyle for Environment) and Just Green Transitions.

She said that just after the first Development Working Group meeting, Prime Minister Narendra Modi had organized the first ever 'Voice of Global South Summit' with the aim to listen and learn directly from the developing countries about the challenges that they faced and the solutions they needed in G20. She informed that more than 125 countries and leaders had participated in the Summit, which was held over two days and presided over by the Prime Minister.

During the summit, the ask was very clear: access to finance, enabling an international environment which supported the transitions that they are going through and making them smooth, and well-crafted responses catering to their needs and their diverse initial conditions and vulnerabilities. The discussions at the Voice of Global South Summit had a clear message: development has to be the core agenda as the world goes forward. And if this is made the core agenda, all the goals, including the climate and environment, will be fulfilled. Having said that, she reiterated that the task of doing everything together is not easy because no country in the history of the world has developed without carbonizing. Consequently, international architecture has allowed or rewarded growth at the cost of the environment. It has not rewarded countries that took care of nature or protected the environment and used fewer materials to prevent the depletion of Earth's natural resources. She informed that this needs to change, and these discussions are already happening.

In such a scenario, Ms Gambhir asked how do the developing countries that are trying to develop, develop without going on the path of mindless consumption and carbonization and find resources, raise funds, and find alternative ways to grow rather than become a manufacturing hub for consumption. Such questions are being asked almost every day in developing countries, and the questions are not very forthcoming. And with this intent in mind, Ms Eenam Gambhir felt that the discussion today should be about important issues such as LiFE and Just Green Transitions.

One thing has become very clear as the world moves forward. To realize a world where growth and sustainability can be next to each other without trade-offs, a radically different and international enabling environment and policy support system is needed that is

- 1) Adaptive and takes into account the diverse needs of developing countries, creating financing solutions catering to their needs and their conditions.
- 2) Proactive and does not wait for old industries to die down but rather invests in industries of tomorrow, today, to ensure a smoother transition.
- 3) Responsive and responds to the evolving needs of vulnerable communities and presents solutions to their capacity while respecting their policy space.

Ms Eenam Gambhir said that it is clear that a new vision of green development is the need of the hour, and that vision is emerging from Global South. When Prime Minister Modi launched

the LiFE initiative in COP26, it was not only to speak of certain actions to be taken at the individual level but an invitation to re-imagine the global action agenda on core issues such as climate and development and democratizing them to empower young people to participate in building their future. It was a call for collaboration and cooperation like never before between all stakeholders to enable grassroots change, which will change the system from the bottom to the top.

India's G20 presidency theme, 'One Family, One Earth, One Future', is more than a slogan in this regard, Ms Eenam Gambhir added. She said that with that as a guiding principle, a blueprint has to be created of how and why all the countries should be acting together as one family for one future to preserve everyone's home, which is the Earth, One Earth. During the side event of Sherpas on Green Development, she said that colleagues came with some very clear messages. Participants said that a moment was being witnessed in the history of the world where bold ideas were being suggested to radically reimagine international architecture, and strong efforts were being mobilized to make changes to how the resources are sourced for development and climate.

As is in the nature of moments, if these messages are not seized upon, Ms Eenam Gambhir believed they would just vanish, leaving the world with more profound challenges and not much in reserve to tackle the problems. So, the aim is to mobilize the support within G20 to seize this moment. She informed the audience that the keynote speaker would further elaborate on the alchemy of this moment and how to seize it. She thanked all the speakers for attending the event and wished everyone the best.

PANEL DISCUSSION

Mr Giuseppe de Simone, Strategic Planning Officer, UNIDO

Mr de Simone started his presentation with a brief introduction to the concept of Just Green Transition and its relevance in G20. He said that the Just Green Transition has been identified by the current presidency as one of the transformative transitions in the proposed G20 action plan. He said that it is very clear that there is a climate emergency, but at the same time, everyone knows that a triple planetary crisis is going on. He added that climate emergency implies immediate action, and the world needs to change how things are being done at present. This included the way countries are growing, producing, and consuming. So, a green transition is needed, which is also a systemic transformation.

The transformation will be a mix of disruptive and marginal gains, but the change needs to be quick and pretty radical. He added that an economy-wide transformation is needed in the manner in which things are done, and this will generate winners and losers. As there will be destructive creation, there will be losers for sure, and, hence, the green transition needs to be adjusted in the box; at present, things are being seen as a little bit too simply, he felt.

Mr de Simone said that the matter is not whether a transition will occur or why or when. Everyone is aware that it is a global issue which touches all. Also, the problems of today are majorly human induced, so the world needs to decide how quickly it can transition to these bold actions and when, how, what, and who will be part of it, and how inclusive this could be. For many years the UN agencies have been working hard, and synergies exist that can form a good basis for starting the discussion on the Just Green Transition.

Continuing, Mr de Simone said that while some people talk about green transition, others talk about just transition. The G20 is addressing a just green transition, and one should remember the common elements of urgency, inclusion, adaptation, and preparedness. These are very important things, and the G20 has a unique position for collective action.

Regarding the urgency for action, Mr de Simone highlighted that the world is off track in keeping global warming within the desired 1.5 degrees. Hence all countries need to radically improve the way they are dealing with climate change and stop postponing or asking others to take action.

On the UNIDO's engagement in the topic, Mr de Simone noted that it is the productive sector, and the UNIDO knows it is a big part of the story. Quoting G20 Sherpa's quote, Mr Guiseppe said that industrializing without emissions and without carbonizing is the ambition of India. It is the mission of developing countries, and industry is a part of the solution. However, the industry is certainly part of the problem too, so what is needed is industrialization that is inclusive and sustainable.

About 30% of people associate energy emissions with the industry. So to tackle the industrial policy dimension, a model has been adapted from the ILO guidelines on Just Transition. The model is a schematic way to let people understand the complexity of things, and that complexity is part of the reason why countries have been slow in implementing the policies that will enable a check on climate change. This is because different sectors have to be considered, and there is an urgent need for policy support for capacity building.

He observed that the UNIDO has a multi-dimensional approach, and policy coherence is needed in the right institutional arrangements. So how can this transition be made just? He said it could be done by transitioning towards a green economy where the transition is just. The main point is to leave no one behind, which is, of course, easier said than implemented.

All countries know that job creation and job retention are important, not just for developing countries. The issue of just green transition is something that affects all countries, including G20 countries. Hence it needs to be ensured that jobs are preserved, that skills are developed, that the workforce is ready for the transition, and that the losers are supported. It is very important that the women and youth are protected and empowered as they are more likely to lose out.

Considering the situation of youth and women, Mr de Simone noted that some countries are more vulnerable than others at no fault of their own; they are the most exposed. He also said that it is not that climate change depends on the emissions coming from these countries in the context of pollution and biodiversity laws.

He further added that India, as G20 President, is trying to bring together the development and economic growth discussion with the climate and environmental discussion, which is absolutely central if the world has any chance to succeed. He said that sustainable development means an inclusive and sustainable way of growing and staying within the planetary boundaries. Global transition does not imply that some countries can advance while others are left behind. If that is the case, the world will be as fast as the slowest country in enjoying the transition. Hence to move together, it is essential that the countries share their knowledge, provide finance, and give technology and capacities. This also means great opportunities for

all developing countries in adopting sustainable practices and technologies. Developing countries are getting the opportunity to embrace higher levels of productivity and create decent and higher-paid jobs, but only when they have corresponding policies and capacities. Again, the interconnected nature of the economy and how the countries work imply that all the countries need to act together in the G20. In fact, he said the G20 action plan could actually be one of the most important elements that can push a lot of work so that actions are taken.

Mr de Simone stressed that the G20 means Just Green Transition. The G20 has to increase the contributions not only in terms of finance but also in terms of capacities, policies, and technology for an integrated approach. The proposed G20 action plan should include bringing on board the private sector. Moreover, a lot can be done through the global and regional value chains. Mr de Simone ended his speech with the observation that India, as G20 president, should push for an international environment where the needs of the G20 countries are supported.

Mr de Simone, in his address, noted that industrialization has been one of the most proven ways of growing. He said that developed countries underwent a stage of structural transformation. Their economy went through industrialization, and subsequently these countries evolved. Now it is known that these countries industrialized unsustainably. While science has the evidence for it, the only thing left is to find solutions for the issues that have arisen due to unsustainable growth. So, the question is not if it is feasible because the world continues to grow. What remains is to find ways in which industrialization can be done within the planetary boundaries. However, the industrialization that is inclusive and sustainable requires money, technology, and clean energy. To make this happen, he said entrepreneurs and social inclusion are needed. Another primary requirement Mr de Simone stressed was to have the private sector on board. These elements build inclusive and sustainable industrial development, and it is at the basis of one of the elements of SDG9 and, of course, ramifications across.

Mr de Simone emphasized the policy dimension and noted what would be done with the \$2 trillion. He felt that though the right global, regional, national, government, and governance systems are in place to understand where the priorities should be and what should be done about it, but there is the absence of the degree of understanding of the complexity of the matter so that the huge amount of money can be used judiciously.

He added that if the money was not used judiciously, there would be no more money to fall back on. Hence the important thing was to demystify industrial policy. In the past, industrial policies have been taken out of the development corporation. He said that while everybody is doing industrial policy and calling it by different names, any policy that supports renewable energy generation is industrial policy. The industry policies can only be effective if they are integrated with a broader approach to the economy that drives the green transition. Hence what is needed is industrial policies that speak to the trade and investment policies, which in turn speak to the climate and environmental policies and so on. Innovation is a huge element in this. Another major thing to consider is the time dimension to these industrial policies.

Developing countries should be able to talk about technology transfer and cooperation. They need to be in a position where they are ready to move away from a pure technology absorption mode to actually become innovators. Many emerging economies are already innovating and facilitating artificial technologies within the global South. Referring to the previous panel, Mr de Simone highlighted what efforts are being made to change the whole economy into a more circular modality and, of course, policy dimensions exist that cannot be dealt with nationally.

Global repercussions of some of the apparent key priority areas are industrial decarbonization, and one is aware that hard-to-abate sectors, such as cement, and steel, are responsible for a large amount of GHG emissions. If these sectors can be fixed, then actually, a lot of things can be fixed.

What is needed is cooperation across countries. At present, countries are not cooperating too much, he said. For example, in innovative fields and other pillars of green development, both developed and developing countries are looking into green hydrogen, but in silos, with the objective of building a competitive edge against others. What is actually needed is more cooperation, he observed, because this has an important implication. He said that the world needs to get to a place in which everyone cooperates and moves much faster.

Talking about deglobalization, Mr de Simone noted that based on the experience of the past three decades or more, one knows that free-flow trade will not solve all the problems in the world. While it is true that value chains, that is, global value chains, can bring advantages, there are trade-offs as well. The opportunities opened by the presence of value chains across different countries, often from developed to developing countries, are huge and the private sector can push for things that policymakers are too slow to actually move, he observed.

The voluntary standards disclosure of the information would greatly help in solving some of the information asymmetries and concerns that drive consumers towards demanding different things. Better global governance and trade policies are needed. The WTO agreements will be necessary for environmental goods and services as they represent significant opportunities for developing countries. But things are a little stalled at the moment, Mr de Simone said. Also, it has to be made sure that developing countries are not stuck on paths there are not beneficial for them because of the past. He said that the COVID-19 crisis had made it very clear. During the pandemic, it was clear that there were manufacturing issues. There was a shortage of masks, PPE, and medical equipment, and it was at the global value level.

The value chains had to be re-refocused as they became more regional. He said that earlier, the discussion had revolved around adapted policy approaches to things which will probably happen. There is also a need to increase integration within regions. For instance, Africa is moving strongly towards trade integration in the energy sector. Similarly, Mr de Simone said a lot could be done in Latin America.

Sunaina Kumar, Senior Fellow at ORF and Executive Director at Think20 India Secretariat

Ms Sunaina Kumar, the moderator, added that it is important to discuss the role of G20 in delivering the promise of a people-positive just transition for all. Social inclusion, prosperity, and decent jobs while delivering climate goals are at the crux of Just Transitions. However, as every country has its own economic, social, and environmental conditions, so every transition is going to be country specific. She added that developing countries are facing common challenges that are holding them back from realizing a just transition. And these span finance technology and capacity building. To get past these challenges, global cooperation will be necessary.

A key question is on small island nations, which are bearing the brunt of the climate crisis and if G20 is making space for this agenda. And going by the gaps in previous global climate agreements, is there a need to repurpose multilateralism institutions to achieve Just Transitions, considering different country contexts? Is Just Transitions is being overshadowed given the

geopolitical crisis dividing the G20 nations today? How can one build capacities for skilling and re-skilling the workers in the green economy? How can it be ensured that the women bearing the brunt of climate change are able to both participate and benefit from the green economy? And what is the role that the private sector can play in this?

The developed world had achieved growth through industrialization and, of course through fossil fuels as the world moves towards renewable energy sources. As the developing world is expected to achieve growth without fossil fuels, how feasible does Mr de Simone think this was? What will be the technical requirements for it? And what are some of the things that the developed world can do to support the developing world to achieve this?

Avinash Persaud, Special Envoy to the Prime Minister of Barbados on Investment and Financial Services Member, IHLEG on Climate Finance

Mr Persaud began by saying that the green transformation is not happening in developing countries because it is very costly. He said it is not good enough to say that green renewable energies make money. This is because green renewable energies make money in environments where the cost of capital is as low as it is in developed countries. In fact, green renewable energies do not make money in emerging and developing countries. Though one can assume that developing countries can start with a clean piece of paper, but the costs of the transition of decommissioning existing institutional infrastructure are high. He added that the social cost of the transformation also exists, which cannot be ignored.

He said that, for instance, when the talk is about trying to support a major transformation in South Africa out of coal, which is one of the world's largest producers and consumers, one has to also discuss what will happen to the mining town and how the people will cope with such a transition. So in environments where transitions are costly, an external solution needs to be found. He said that while the transition is taking place globally at its natural pace, it is being realized that it is happening too slowly for the planet. The planet wants to move at a different pace than is natural, and for this, external support is needed where a lower cost of capital is needed in investing in these projects so that it becomes as profitable as investing in Germany as it is in India, Vietnam, Indonesia, or South Africa.

Mr Persaud further highlighted that a huge cost difference exists. As per the IEA, a renewable energy project will cost 25% in Africa and 2% in Germany. To minimize this difference, an agency with a substantial amount of capital and liquidity and who guarantees an international rate of return is needed. Mr Persaud believed that it is actually commercially viable to do that because these risk premiums could be earned by the agency and turned into a global public good by lowering the cost of capital. But for that to happen, the agency needed to be diversified, which requires capital and liquidity. A Just Green Transition financing investment trust needs to kick off with approximately \$20 billion. And for this trust to work, Mr Persaud concluded that the other existing institutions have to support for this to work out.

Mr Persaud highlighted that green transformations are not really about small island developing states at all. He said that the Just Green Transformation would not take place in small island states like Barbados as they are not the emitters. It will take place in countries such as India, South Africa, Indonesia, and Vietnam. But what the small island states need, as they are the canaries in the mine, is the help for resilience building and for loss and damage. So, in a total of \$2 trillion a year, \$1.65 trillion is needed for transformation, \$250 billion for resilience, and

\$100 billion for loss and damage. The small island states need funds for loss and damage so that they can be resilient today and not in 20 years.

Mr Persaud said that rich countries have got rich by polluting the environment. One can infer the contribution they have made in warming the climate by exactly how wealthy they are. While the developed countries give the narrative that they are wealthy because they are ingenious, the fact is that they are wealthy because they have put stuff in the atmosphere. Hence it is understandable that developing countries develop some resentment when being told that this is what they have to do for the planet's sake. Mr Persaud urged everyone to imagine a world in which financing is there for social costs, infrastructure costs, and material costs because then only there will be a really good industrial strategy.

The industrial strategy has to be sustainable, efficient, and inclusive devoid of the grid-like infrastructure where one has to go to remote areas for renewables. A big part that is impacting India's productivity is its health. The same is the case with China, as its health profile is impacted by its current energy production and consumption. So, developing countries should demand for financing that can accelerate the transition to green energy at a faster pace. He concluded that it will also be a good industrial strategy for the whole world.

Mr Persaud was the first to answer. He said that there are a few things that are achievable both individually and collectively that can transform the financial system, and the Indian G20 presidency can shove them open. First, the Multilateral Development Banks need to be reformed. The amount the MDBs are lending needs to be doubled. This can be accomplished using the banks' callable capital and Special Drawing Rights (SDRs). Second, an agency that does the currency hedging for green transformation needs to be formed which is not limited to energy. Mr Persaud also rightly pointed out that green transformation should also be about sustainable agriculture and other things. The agency has to do massive currency hedging beyond the scale of the current investment. Third, a new global tax is needed to fund things such that there is no private sector revenue, and there are no savings that are part of the Just Green Transition and also part of the loss and damage of the new climate.

Ambassador Manjeev Singh Puri, Distinguished Fellow, TERI

Ambassador Puri commented that the nature of international governance has remained the same over the years. He said that it was only the subject matter that had changed, and today the focus has shifted to sustainability and rightly so. Further thanking Mr Persaud for hitting the crux, Ambassador Puri said he would like to make a small little distinction. He said it was not a macroeconomic question of quantity. The global GDP savings rate is about \$20 trillion, and what is required today is \$5 to 6 trillion for greening the developing world. One needs to move the money, he observed.

He also said that G20 is the place that provides polarity to multilateralism and a polarity which is inclusive and reflective of contemporary realities. This polarity allowed one to come to decisions and be regularized behind the scenes in a de jure manner in multilateralism. When the G20 started in 2008 with the heads of state and the government, the ratifications happened at the Bretton Woods Institutions. Hence it is a little surprising that they are missing out here. These institutions are the key to the elements, and they are the key to what Mr Persaud said that money makes things happen, and money will make it happen.

Ambassador Puri informed the audience that he had prepared four slides. He said that transition was just not only about equality, it was also about equity. He said that one should not forget that the developed countries were responsible for this cloud which was hanging over the world. That they were the ones responsible for raising global temperatures and causing all these kinds of complications. He said the world has to change to overcome these challenges, but the change has to be in a manner that can be accepted by all. He said incrementalism is also an important element.

Ambassador Puri said that though money was central, especially to the Development Working Group, so was technology. He said that though renewables were great, one should not demonize nuclear or other forms of technologies. He added that people were talking about many things, including methanol. He said the need of the hour is to perhaps move away from the present carbon-run world in a very simplistic manner.

Another important issue was lifestyles and sustainable consumption, he highlighted. If one reduced consumption, it would have implications for growth. He said that his colleague from Bangladesh very well said that there are costs to greening. And in the developing world, some of those costs are not so easy to simply look the other way. Referring to Mr Persaud's concept of mentioning debt, he said the polarity of power was necessary.

Returning to the fundamental question about what should be done with multilateral institutions, he said he did not want to get into the UNSC reform as it is all about international governance, power play, and hegemony. Having said all this, what can one do to sharpen those institutions so that they meet the requirements of today? He said the focus or money needs to be shifted towards sustainability, climate, etc. It meant taxonomies and easing the norms at which it happens. Above all, it meant trying and lowering the cost of capital from the developed world to the developing world. As governments will never be able to fit this bill, he observed that private capital and private ventures are needed. He added that the World Bank institutions needed to be created as hedging agency which hedges the currency risk and reduces it from the current level. He concluded that multilateralism can deliver in the current scenario itself without looking at tectonic changes to what should happen.

Ambassador Puri said that though he was fully convinced of the almost intractable political issues, he also believed there is a will in the world on the issue of sustainability, climate, etc. The focus should be on convergences. It did not mean forgetting about divergences but focusing on convergence was a doable prospect. He also said that India was perhaps in the best position to champion as it was a country of the Global South. And suppose India is able to do it. In that case, it will be able to leverage the abilities of the North, who also have a vested interest in sustainability and greening for the common good of the Global South, India included, and larger countries as well.

Ambassador Puri thanked Mr Persaud and emphasized G20's fundamental point of making actionable decisions and implementing them multilaterally. He said that the need of the hour is to work on sustainability, climate, and money—the G20's forte—and the focus should be on convergence, especially in the area of economics. Moreover, the currency risk agency is also an important point that should be mulled upon. In terms of MDB reforms, 2025 is a signal year. He felt that a lot of reforms needed to be made in terms of callable capital and quotas. He also said that shortening supply chains and restricting technology availabilities are old hegemonistic actions. Instead of just focusing on them, the climate and sustainability conundrum that the

world is facing should be tackled. He said the motto at the moment and the effort should be technology, money, and people.

Mr Rathish Balakrishnan, Co-founder and Partner, Sattva

Mr Balakrishnan briefly talked about human capital development. He pointed out that what is being asked, in general, given the crisis and the opportunity ahead of the world, is how does one build the right human capital that is required to solve this crisis. He said it depended on the ambition with which the world is approaching this crisis in the first place.

He added that there is much argument around letting us do no harm or make sure no one gets hurt, and that situation will build a certain type of human capital. However, if the question is changed to how does one create an opportunity that values people at large, then the human capital requirement is very different. The conscious choice of people from the countries in the global South like India is just not about 'Do no harm'. Instead, it is asking how does one make this into an opportunity and how does one create sufficient value and jobs for people? This an important question to answer before one asks what is to be done about skilling.

The second aspect Mr Balakrishnan underscored is what this skilling is being done for because many countries have highlighted the problem of the supply side focused on skilling, not knowing what the demand side looks like. To address this, there are three important choices. The first choice is the emerging sectors becoming very relevant today. These are related to energy and mobility and what kind of jobs these sectors are creating. He also said that a risk exists where they create a U-shaped job curve. This entails creating highly unskilled or very skilled jobs and not enough jobs in the middle. In such a scenario, not much skilling is going to help. Business models in the new industries have to be such that they create jobs in the middle where skilling can unlock value and the industries can create mass thriving. The second choice is for the existing industries to transform and address the current challenges. In the energy industry, 40 million people work. If other industries are also included, it means 1.5 billion for countries like India. Not just green sectors but sectors such as construction and manufacturing will also create value. Thus it is crucial how business models evolve to create value for society and value for the environment.

Mr Balakrishnan also noted that it is crucial how consumption models are rethought. The consumption industries question where people live, how do they move, what they eat, and what they buy. These four choices must be transformed and newer models created to enable skill capacity and requirement. It is not just about addressing existing market models; the capacity and skilling have to be really imagined, that is much different from what is being thought about. The three things on which the new models have to be based upon are: how can a more equitable job curve be created for people in the new industries, how can the traditional industries be transformed, and how can the current lifestyle choices be created that transform into new jobs. These three priorities are critical from a skilling or human capital development perspective. The first involves upskilling the existing workforce.

Mr Balakrishnan stressed the need for credentiality. He said that the present 60% workforce is informal. It needs to be realized that most of the skill demand for solar power is actually in the construction industry, and most of the demands in the electrical mobility are from the existing mechanical industries. Hence, credentialing informal talent means the ability to recognize the skills that have been gained not by education but by work and prior experience. All developing nations should build a scalable model of credentialing people by making it digital, verifiable,

and globally recognized. He also added that credentialing is an essential priority for human capital development, and the third priority is building entrepreneurial thinking in people. Efforts should be made to start with schools and then shift the focus to colleges. This is because the world is still unaware of the skills that will be needed in the future. So learning to learn and the ability to find value is going to be important, and it is essential that the broader ambition of entrepreneurial thinking is built into the models in which the world will be working in the future.

He also said that if the approach is of a more equal rather than an equitable one, then women and people with disability are going to be left behind. Hence an equitable model is required that looks at some of the normative changes needed to be made. Mr Balakrishnan shared an incident where a leading women entrepreneur told him that if one wants to enable opportunities for women, then the focus should be on three Ms: mobiles, minutes, and mobility. Essentially she meant that in an increasingly digital environment, access to devices is going to be necessary, access to data is going to be important, and the ability and agency to move and to be mobile is going to be important. Otherwise, as many jobs for women will not be created, and a key indicator for sustained economic growth is women in the workforce.

He finished by saying that for the private sector to be able to recognize and create models that are economically viable and socially equitable, the kind of finance required will be important. As private capital has a role to play, the role of bilateral or multilateral or public capital will be important in reducing the amount of risk that the private sector can potentially take. This is because it is the private sector's investments that are going to unlock value for their benefit and for people's benefit. And two aspects, designing the demand and unlocking the right finance, are going to be critical for private finance to enable this.

Mr Balakrishnan highlighted that there are many interesting things that India is doing which are very relevant, although challenges exist regarding how these models can be reimaged. In fact, he said that it is widely known that 9 out of 10 startups will fail. Different countries are looking at the open network for digital commerce, which is reducing the cost of starting a new business and where the new businesses can opt for responsible choices. Mr Balakrishnan shared that his organization is on a digital credentialing system that potentially can enable informal workers to unlock their experience to economic value. He said that models such as Open Credit Enablement Network enable credits and opportunities, and rails like these are global best practices that, once proven in countries like India, can be taken abroad. Mr Balakrishnan said it was worthwhile to look at the second movement that started in India and focused on cultural enterprises. Cultural enterprises have to create far more equitable value to thrive on digital rails that potentially every country can look at in their context as well.

Mr Balakrishnan talked about the role of industries and noted that the crisis should not be approached with a mental model of imagining that there are 10 billion stomachs to fill or 10 billion lives to save. Instead, it should be imagined that there are 10 billion brains to solve this problem. He suggested that G20 countries should double down on developing people that can solve this problem. It meant more entrepreneurial thinking, more transversal skills, and a global talent passport where the best people from everywhere would be able to approach the right markets and be able to solve the problems of globalization. He also felt that more is needed in the talent space where good talent gets recognized and provides greater incentives for people to skill themselves and solve the right problems. Mr Balakrishnan said that a global talent passport is what should be advocated for.

Brief: Just Green Transitions

Mr Balakrishnan acknowledged that money and multilateral banks could do that, but also, by fulfilling the pledges of 100 billion, one can start somewhere that is a good place. Another important thing is the digital transaction plan. While it has progressed in the right direction, the existing gaps must be bridged through capacity-building. This will enable facilitating the dissemination of best practices, technologies, etc.

Beyond certain initiatives, the G20 countries can collectively and individually influence multilateral banks in the UN processes. If all the G20 countries go behind one good idea, one can actually move many things right, and the G20 is a place for agility and action. The initial spirit of the G20 was about doing right, and it is important to keep this spirit alive. Another crucial topic has been multilateral, and there has been a lot of talk about supporting the multilateral system and enhancing, strengthening, and reforming it. One way would be to walk the talk to take these processes seriously. The UNFCCC and others can actually make sure that everyone is speaking the same language across different forums because there are instances where countries have different positions on the same topic, depending on where there are coming from. By being on the same page, problems can certainly be solved. For instance, if a solution to the situation in Ukraine can be found, then the world can move on to other important issues.



TAKE 3: INSIGHTS FROM MS EENAM GAMBHIR

With India hosting the G20 Summit, the Global South has high aspirations for their developmental needs to be recognized. In this Special Edition of Take 3, Ms Eenam Gambhir, Co-Chair, the Development Working Group (DWG) of G20, expands on how this can be achieved in a way that is just and sustainable.

Given the current geopolitical and macroeconomic scenario, the climate crisis, and the implications of the Russia-Ukraine war, deliberations at the G20 working groups will be critical to the outcome statement of India's Presidency and the larger aspirations of the developing countries.

The concept of Just Green Transitions comprises of environmental and social dimensions and captures the transnational and international essence of the developmental discourse while ensuring responsible climate policies which aid Sustainable Development Goals globally.


The Green Development Pact integrates cross-cutting inputs from all the developmental agendas and working groups including finance and energy development working group that sets a narrative for green development in developing nations through multilateralism and political discussions.

The concept of LiFE is a visionary approach that includes stakeholders at all levels including individuals to enable an ecosystem that fosters and maintains sustainable lifestyle changes.

Take 3: Just Green Transitions



Link: <https://bit.ly/Take3SE>



The concept of just transitions around coal in the context of energy supply and mitigation have gained discursive traction. It is critical that India's G20 Presidency plays a key role not just in defining the normative contours of what constitutes Just Green transitions but also in terms of specific proposals that will aid in the development of an international enabling environment for it, one which considers holistic approaches to resources, energy, climate mitigation, climate adaptation, and integration of sustainable development. Given the transnational and sectoral impacts of climate change, transitions associated with both adaptation and mitigation need to be 'just' in nature. The complexity within the aspect of climate change is quite severe, and thus focusing on a singular aspect of transition, such as energy supply and climate mitigation, is disingenuous. This brief is based on the Development Working Group side event on Just Green Transitions and seeks to bring out the need for holistic integrated approaches to just green transitions.