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Commentary RGREENINVEST

COP 24: between "fair" transition and financing

From 2 to 14 December 2018, the 24th Conference of the Parties (COP 24) is held in Katowice, Poland. One of the main objectives is to set the rules for the implementation of the Paris Agreement (2015) and to prepare the reinforcement of the commitments expected in 2020 to fight climate change. Two main themes will certainly drive the negotiations during these two weeks: "fair" energy transition and financing.

The Polish Presidency of COP 24 wishes to place at the heart of the debates the social issues raised by the implementation of the energy transition. Polish President Andrzej Duda presented the "Silesian Declaration for Solidarity and Fair Transition" to the 196 countries gathered. The objective is to take into account the importance of social consensus for the success of environmental policies. And although this theme echoes other demands across Europe, it is part of a very particular context of energy production in Poland. Indeed, 80% of Polish energy is produced from coal and the energy transition rimes with an unprecedented conversion of an important economic sector.

But this declaration for a "fair" transition is also part of a broader perspective on financing issues. The World Bank has declared it will mobilize 200 billion dollars between 2021 and 2025, half of which will be dedicated to projects to adapt to climate change in developing countries and the other half to limiting greenhouse gases. While the objective is to close the gap between developed and emerging markets based on the idea of a fairer transition, it seems that the amount allocated is considered insufficient. The objective of financing following the principle of a fairer transition is therefore to divert financial flows towards financing the energy transition. And opportunities exist in developing countries, which are taking up this issue for themselves through project development. Thus, Poland's recent statements on energy transition suggest there will be new investment opportunities in renewable energy, particularly in wind power, where wind resources are abundant and, above all, the prices resulting from recent RFP on renewable energy are more than competitive with fossil fuels.