

September 2023

# G20 Summit 2023

A climate and energy perspective





The G20 Summit 2023 was a defining moment for the climate and energy sector at large. Inclusive integration of 90% of the world economy under the G20 umbrella is all set to drive an affordable, secure and just energy transition for the world. The agenda has been set for driving developing economies up the value chain by adopting a collaborative approach with the private sector on sustainable economic transformation. Promoting foreign direct investment (FDI) towards growing businesses, ramping up green energy projects in developing countries, enhancing the ease of doing business and reforms to make multilateral banks bigger, better and effective are the big-ticket wins for developing economies in their fight against climate change.

The New Delhi Leaders' Declaration adopted at the G20 Summit reiterated the resolve to make continued efforts to limit the global temperature rise to 1.5°C and to effectively fulfil the Paris Climate Agreement goals. Countries that have not yet aligned their Nationally Determined Contributions (NDCs) with the goals of the Paris Agreement have agreed to revisit targets in their NDCs by the end of 2023. The declaration has called for sustained focus on tripling global renewable energy capacity by the year 2030 as well as similar ambitions with respect to other zero and low emission technologies. India, on its part, has set a target to install 500 GW of renewable energy capacity by the year 2030 and to achieve net zero emissions by 2070.

One of the biggest takeaways from this summit was reaffirmation of the commitment made by developed countries in 2010 towards jointly mobilising the USD 100 billion of climate finance per year by 2020 for developing countries, and to make it annually through 2025. This fund aims at addressing the funding requirements of developing nations in the area of climate change mitigation. This commitment is expected to be met for the first time in 2023.

Apart from this, the G20 leaders agreed to set up a 'New Collective Quantified Goal' (NCQG) of climate finance in 2024, from a floor of USD 100 billion a year, taking into consideration the developmental requirements and urgencies of emerging economies in meeting their climate goals and ambitions. With regard to achieving scaled up financial resources, the New Delhi Declaration urged developed countries to double their collective provision of adaptation finance from 2019 levels by the year 2025. As a huge amount of financial capital is needed to undergo energy transition and for the large-scale deployment of clean energy technologies, the G20 group agreed to leverage the expertise of financial institutions such as multilateral development bank (MDBs) and multilateral funds to mobilise investments.

One of the key highlights from the CoP 27 summit last year was the establishment of a loss and damage fund for supporting developing countries that are highly exposed to the drastic impacts of climate change. The New Delhi Declaration agreed on making funding arrangements for these countries to respond to any environmental loss and damage due to natural calamities. The summit successfully championed the motto of Strong, Sustainable, Balanced, and Inclusive Growth (SSBIG) through well-calibrated monetary, fiscal, financial, and structural policies aimed at promoting growth, reducing inequalities and maintaining macroeconomic and financial stability.







Under India's dynamic leadership, G20 reiterated the macroeconomic impacts stemming from climate change and energy transition pathways and has concluded a green development pact, stressing the differential circumstances and roles of members. A key element of the pact focuses on lifestyles of sustainable development by incorporating high-level principles as well as practical international cooperation, financial support, deployment of technology and the launch of travel for LiFE. The emphasis on communities and lifestyle changes could have a positive impact on the private sector, leading to investments in sustainable products and services, supported by the green credits scheme proposed within India.

Along with stressing the need for lifestyle changes, the pact covers a range of critical issues such as climate mitigation and adaptation through the launch of the Resource Efficiency and Circular Economy Industry Coalition (RECEIC), Green Hydrogen Innovation Centre steered by the International Solar Alliance (ISA), exploring the ocean-based economy, eradicating plastic pollution, financing sustainable cities, lowering disaster risk and setting up resilient infrastructure.

The G20 leaders endorsed the International Sustainability Standards Board's (ISSB) sustainability and climate-related disclosure standards published in June 2023 and noted that flexibility should be taken into account while implementing these standards, depending upon the country-specific circumstances. Taking the lead as a champion of sustainability, India highlighted its voluntary action plan on doubling the rate of energy efficiency improvement by 2030 and the voluntary high-level principles for collaboration on critical minerals for energy transitions. To reduce reliance on fossil fuels and build energy independence, the Global Biofuels Alliance was launched under India's G20 presidency to integrate sustainable biofuels in the net zero and decarbonisation pathways of the G20 countries.

By creating practical programmes and frameworks for further driving renewable penetration, achieving climate finance goals, integrating circular economy practices, and promoting new energy sectors of hydrogen and biofuels, the G20 Summit 2023 has inspired renewed enthusiasm among all stakeholders towards strong, sustainable, balanced and inclusive growth.

The stress on the private sector, especially micro, small and medium enterprises (MSMEs), and upgrading of value chain members from the developing world through innovative business models will lead to significant value creation in an increasingly interconnected global value chain.



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Data Classification: DC0 (Public)

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HS/September 2023 - M&C 31958