

Breakout group 1

Focus Area: Social, economic and environmental impacts of climate change policies and actions

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Guiding Questions

- What are the economic impacts of climate change policies on industries such as manufacturing, tourism, and finance?
- What social and equity issues arise from the impacts of climate change policies, particularly in vulnerable communities?
- How do climate change policies impact employment across different sectors, and what measures can be taken to address any negative consequences?

Overarching

- Global call for raise in climate action under NDC 3.0 is not without impacts. Positive impacts must be promoted, and negative ones minimized if cannot be eliminated.
- Policies of countries in the global north may cause undue burden on developing countries. There is the need for comprehensive impact assessment of the potential impact of policies in their consideration stage.
- Domestic and global response measures impacts on industries such as manufacturing, tourism, and finance in specific ways which can be positive or negative.
- The rush for critical energy transition minerals to drive the energy transition by ~~developing~~ **developed** countries could drive disparity in developing countries if not guided ==> Measure such as mandating production and/or value addition within or close to the sources of extraction and production could help mitigate impacts. Local content must be structured to maximize benefits from critical minerals utilization.

- Cross-border policies could affect competitiveness of products for exports leading to loss in GDP and goods traded. E.g. Kenya
- Mitigating the potential impacts of response measures means national policies must be forward-looking.
- Need for systemic thinking on the end life and means of disposing of old and/or outdated technologies.
- Policies must be driven by top-down as well as bottom-up processes.

What are the economic impacts of climate change policies on industries such as manufacturing, tourism, and finance?

- Loss of jobs in traditional sectors e.g coal production - South Africa, China. However, there will be job gains in green/renewable energy sectors. E.g. Transition of fossil fuel workforce into renewable energy workforce in Antigua.
- Most African business are SMEs, **micro enterprises and informal sector**, and largely driven by imports. This makes them vulnerable to the impacts of international trade tariffs.
- Removal of subsidies could increase consumer prices. E.g Maldives, domestic policy to remove–fuel subsidies was found to drive electricity prices up. There is the need to manage such impacts considering how gains made from subsidy removal can incentivize renewable energy drive.
- CORSIA would impact the Maldives' tourism sector through high prices of flights. ~~However, this impact is very minimal.~~

What are the economic impacts of climate change policies on industries such as manufacturing, tourism, and finance?

- There is a risk of used ICE vehicles phased out in developed countries to flood developing countries due to lower prices. This would out-compete electric vehicles in developing countries in price slowing EV transition.
- There is a concern about the recycling of batteries of EVs at their end-of-life stage in islands States and to consider the relevance of extended producer responsibility in external jurisdictions.
- Anti plastic policy in Cambodia has driven a positive impact by springing innovation in alternatives by the local people. E.g the use of cassava to produce alternatives to plastics and the use of biodegradable materials to reduce the half life of the plastics in Ghana. Also, a policy that mandates companies to incorporate energy efficiency measures is noted to lead to green job creation
- Climate change policy positively impacts ecotourism. E.g Sri La

What are the economic impacts of climate change policies on industries such as manufacturing, tourism, and **finance**?

- Getting financing to developing countries to really focus on meaningful projects is a challenge.
- High risk perception of investment increasing the cost of finance in developing countries ==> There should be innovative ways to for financial institutions to derisk investment.
- Government invests in RE which has a positive outlook in future. Addressing challenges resulting from removal of government support from energy transition: Establishment of renewable energy fund from electricity purchased. Commercial banks have portfolios for green sectors. E.g China.
- Domestic climate policy to cause stranded assets in the mining and oil and gas sectors. e.g Ghana.
- Small islands not attractive for major financial partners since they look for indicators such as GDP and market size.

What social and equity issues arise from the impacts of climate change policies, particularly in vulnerable communities?

- Projects financing should take into consideration social issues such as retraining and retooling.
- Emphasis on education and equipping students with skills to diversify needed for the transition is key.
- Job insurance to enable effective transition and ensure social protection and minimize job losses
- Encourage citizenry participate in private sector opportunities to. E.g. UAE
- Ensuring everybody has insurance and social protection in terms of job loss. E.g UAE
- Just transition policies and implementation plan must be modelled to ascertain job losses and reflect equity and justice

How do climate change policies impact employment across different sectors, and what measures can be taken to address any negative consequences?

- In China, Climate policy is a contributor to job losses in the coal sector, Government has developed a transition plan for diversification and educating people not to depend on coal jobs. People must acquire new capacity and diversify so as to be able to work in non-coal sectors.
- Closure of the refinery in Trinidad has led to loss of jobs of local people who provide service for the operations of the refinery.
- Loss of jobs in charcoal production owing to government policy on deforestation. E.g. Sierra Leone.

- Thank you for your attention