

Launch of the Report on Economic Development (RED) 2024
**Renewed Energies: A just energy transition for sustainable
development**

December 2, 2024



Central Bank Auditorium, Central Bank, Port of Spain Trinidad

Opening Remarks by the Honourable Colm Imbert,

Minister of Finance

Government of the Republic of Trinidad and Tobago

It is my distinct pleasure to bring Opening Remarks for this Launch of the Development Bank of Latin America and the Caribbean (CAF) ***Report on Economic Development (RED) 2024 Renewed Energies: A just energy transition for sustainable development.***

I would first like to acknowledge:

The Honourable Stuart Young, Minister of Energy and Energy Industries,
Government of the Republic of Trinidad and Tobago,

Dr. Stacy Richards-Kennedy, CAF Regional Manager for the Caribbean,

Mr. Bernardo Requena, CAF Representative in Trinidad and Tobago,

Dr. Walter Cont, Director of Socioeconomic Research, CAF,

Mr. Lian Allub Principal Economist, CAF.

Mr. Alvin Hillaire Governor and Chairman of the Board of Directors of the
Central Bank of Trinidad and Tobago

Mrs. Toni Sirju Ramnarine, President of NGC Green Company Limited,

Mr. Carlton Thomas, Business Venture Manager, National Energy
Corporation of Trinidad and Tobago Limited

Mrs. Sheena Gosine-Singh, Energy Advisor Energy at Ministry of Energy
and Energy Industries

Other Distinguished guests

Introduction

Allow me to begin by expressing my sincere gratitude to CAF for its dedication to development in the region. Through its research, financial initiatives, and steadfast commitment to becoming a 'Green and Blue'

Bank, CAF continues to be a pillar of support, promoting sustainable development and fostering social and economic resilience across our nations.

Collaborations with CAF

Over the years, CAF as a key development partner has provided financing and technical support to the Government of the Republic of Trinidad and Tobago (GORTT) in excess of **US One Billion Dollars**, in **Loans** for various development projects. For example, CAF has supported infrastructure projects for Road Construction; Air and Sea Transportation and Tourism Infrastructure; Strengthening of the Health System and COVID-19 Emergencies as well as Strengthening of the EXIM Bank of Trinidad and Tobago, to name a few. Additionally, **Technical Cooperation Assistance** estimated at **US Four Hundred Thousand Dollars** has been made available to support the Monitoring and Construction of the ANR Robinson International Airport; Evaluation of the Feasibility of a Public Private Partnership for the Drydock of Chaguaramas and the Development of Systems for establishing a Digital Tax Payment ecosystem in Trinidad and Tobago.

The theme for the 2024 version of RED, CAF's flagship knowledge product is suitably titled ***“Renewed Energies: A just energy transition for sustainable development”***. A fair and equitable energy transition for the Latin America and Caribbean Region is critical for a number of reasons.

While the LAC region possesses significant renewable energy resources, many countries are still heavily reliant on fossil fuels for industrial processes, transportation and electricity generation. Continuing this heavy reliance on fossil fuel exposes these economies to volatility in prices in the global energy markets and continues environmental degradation. For the region a just energy transition—offers a chance to foster economic growth by means of investments in green technologies, energy efficiency and renewable energy. For example, the creation of green jobs can aid economic diversification and reduce unemployment, particularly in regions that presently rely on fossil fuel industries.

The LAC region is particularly susceptible to the impacts of climate change, such as floods, droughts, hurricanes, and rising sea levels. These events disproportionately affect low-income communities, worsening inequality and poverty. Transitioning to clean energy can greatly diminish greenhouse gas emissions, helping to alleviate the impacts of climate and safeguarding the region's resilience and when this is combined with investments in green technologies thereby reducing the poverty gap.

It is critical to ensure that the advantages of moving towards renewable energy are shared broadly and that the transition is conducive to long-term social and economic stability, sustainable and equitable.

Today's launch ladies and gentlemen presents us with an excellent opportunity to discuss some challenges and enablers associated with this energy transition, and also the productive development opportunities that it will offer to the LAC region given its natural advantages and resources. As we continue through today's proceedings we may notice some inextricable linkages to Sustainable Development *Goals 7, **Ensure access to affordable, reliable, sustainable and modern energy for all;***

8 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation and, **11 Make cities and human settlements inclusive, safe, resilient and sustainable** among others just to briefly list a few.

On the global stage, economic development has been deeply intertwined with energy consumption, and indeed, the successes of the 20th century have come at an environmental cost. While global per capita output has increased significantly in the past 80 years, there has been a more than proportionate increase in the emission of greenhouse gases.

This 2024 edition of the RED emphasizes that the Caribbean has some of the highest potential for renewable energy globally, mainly in wind and solar energy and the pivotal role of multilateral development bank/institutions such as CAF cannot be overemphasized. Through their financial resources, technical expertise and convening power, institutions like CAF assist in a very big way in bridging the inevitable gap between ambition and action.

Recently, I was asked to prepare a paper on the end of the fossil fuel era, using COP 28 as the starting point and arguing from a climate change perspective.

It is a fact that the conclusions at COP 28 do imply the "Beginning of the End" for the fossil fuel era, which if followed through will be a decisive moment in international climate policy. The UN believes that COP 28 laid the groundwork for what it describes as "a swift, just and equitable transition, underpinned by deep emissions cuts and scaled-up finance".

We all know that the use of fossil fuels deeply affects climate change and a quick transition to less destructive energy sources is certainly needed. The consequences of this transformation are considerable and require a detailed strategy that incorporates financial, governmental, and societal elements to effectively eradicate fossil fuels and promote renewable energy alternatives.

I'm advised that the financial policies to facilitate this sea change will focus on eliminating fuel subsidies that distort markets and perpetuate reliance on carbon-based energy sources. The proponents of renewable energy believe that strong activism aimed at the removal of subsidies for the fossil fuel industry is critical because such financial support thwarts efforts to address climate change and delays the transition to renewable energy sources. It is felt that the abolition of fuel subsidies is crucial, as they encourage the continuous production and consumption of fossil fuels while diverting public funding from investment in renewable energy. In this context, the imposition of carbon pricing mechanisms and penalties associated with fossil fuel usage is being examined by some of the developed countries.

It is also felt that together with financial actions, regulatory measures should be implemented to restrict fossil fuel exploration and production. For example, Denmark and Germany are implementing phase-out policies for fossil fuels.

The cultural dimension of this transition is important since public endorsement and participation are necessary for the successful phasing out of fossil fuels, simply because public perception and politics impact climate policies. Engaging communities and stakeholders in the

transition process is critical for building consensus on the need for change and alleviating concerns regarding job losses, revenue loss and the economic impacts associated with the decline in the fossil fuel industry. This can be achieved through educational and awareness programs that highlight the many benefits of renewable energy, including potential lower costs to consumers and the long-term sustainability of transitioning from fossil fuels.

The financial sector is key to this transition. The analysis of pension funds reveals a trend of divestment from fossil fuel assets, although several such institutions are still concerned about this issue. Over time, financial institutions are expected to adopt divestment strategies to reallocate investments to renewable energy projects, thus accelerating their deployment and adoption.

The introduction of a carbon takeback obligation can also effectively ensure that fossil fuel producers are responsible for their emissions. This policy requires fossil fuel companies to capture and store a portion of the carbon emissions generated by their operations, thereby creating a financial incentive to reduce fossil fuel production. These activities encourage emissions reductions and foster innovation in carbon capture and storage technologies, thus assisting the transition to a low-carbon economy.

The creation of a comprehensive energy transition plan with clear objectives and timelines for the phased removal of fossil fuels is also required. Such a plan must cover several sectors, such as transportation and industrial and residential energy usage, to ensure a universal approach to decarbonization. To be successful, the process for phasing

out fossil fuels must be clearly expressed and supported by legislative actions that address the diverse challenges faced by different sectors. By establishing a clear framework for the transition, governments can create certainty for investors and stakeholders, thus facilitating decisive investments in renewable energy.

International cooperation, and most importantly, political will and commitment, are key to all of this. The global nature of climate change requires a coordinated response, as emissions reductions in one country may be undermined by continued fossil fuel extraction in another country. In particular, it is ironic that some of the countries that are pushing other countries to create a zero carbon future are engaged in the worst forms of hydrocarbon production and utilisation, and pollution, such as the mining and use of coal as a primary energy source.

Realizing the shared objectives of the fight against climate change, therefore requires a unified approach. Public engagement is vital for enabling this transition, as is a commitment from the financial sector to divest fossil fuels and invest in renewable energy. By setting clear targets and fostering international cooperation, the global community can progress towards a sustainable energy future that is in the best interest of all.

A fly in the ointment, however, is the dilemma that confronts oil-and-gas-based economies that earn most of their revenue from fossil fuels. It is easy for spokespersons from advanced diversified economies to insist on the elimination of fossil fuels, and the extreme weather events affecting many countries in recent years make this an obvious imperative, but for countries that have few alternative sources of income,

the future will be difficult. Trinidad and Tobago is an energy based economy, and therefore, we must be careful and prudent, and our energy transition must therefore thus be measured and sensible. We certainly cannot abandon the production of oil and gas but what we can do is to reduce our carbon footprint, small as it is, by maximising the use of renewable energy for electricity production, and the use of electric vehicles, and promoting green energy sources, such a hydrogen, as we carefully map out and plan our energy transition.

Conclusion

In closing, I wish to appeal to all stakeholders present here to continue these much-needed conversations beyond today's launch as the region seeks to transition its energy needs without compromising the ability of future generation to meet their own needs. The time for incremental change is behind us. What we now require is a commitment to transformation. Our energy transition is not simply about reducing the levels emissions; it is about building an inclusive, resilient and forward-looking economy that secures a prosperous future for the citizens Trinidad and Tobago and the wider LAC region.

Once more, I wish to express my gratitude to CAF for its commitment to the LAC region. Your work continues to inspire and empower us to dream bigger, act bolder, and strive for a much greater impact. CAF's RED 2024 reminds us of some the challenges that continue to plague us but also of the limitless opportunities before us. Finally, let us continue to remind ourselves that economic development is not an end in itself but a means towards an improvement in the lives of our people. In this regard, let us

therefore ensure that the policies that we implement and investments that we make remain guided by this fundamental principle.