Submission by the Centre for Energy, Finance and Development (CEFD) to the COP30 Presidency Roadmap on the Transition Away from Fossil Fuels in a Just, Orderly and Equitable Manner

The Centre for Energy, Finance and Development (CEFD) welcomes the opportunity to contribute to this roadmap and focuses on the political economy, institutional, and development dimensions of the transition, emphasizing the need to complement demand-side efforts with credible supply-side measures. While scaling up renewables, electrification and efficiency is important, it will not suffice if governments continue expanding fossil fuel supply. Thus, a credible roadmap must address it both by accelerating clean alternatives and by tackling the financial and political forces driving new oil and gas production—particularly in contexts where this is justified in terms of development, fiscal stability and geopolitical autonomy.

I- Structural barriers to implementation

- **Governance fragmentation and contradictory policy signals**

A central difficulty in operationalizing the commitment to transition away from fossil fuels is that the international governance architecture remains heavily skewed toward the demand side. Considerable analytical and policy effort has been devoted to decarbonizing electricity, transport and industry, yet far less attention has been given to the governance of production itself. This demand-side bias allows governments to present domestic decarbonization strategies as evidence of climate ambition while simultaneously expanding upstream oil and gas activity, often for export. In such a setting, demand reduction and supply expansion coexist rather than converge.

Institutional fragmentation further permits contradictory policy signals. Climate and energy transition plans can advance in parallel with planning documents that normalize continued oil expansion, and official claims that fossil revenues will finance the green transition can persist without a clear mechanism linking extraction to diversification or mitigation outcomes. The issue, therefore, is not the absence of state capacity as such, but the absence of coordinated state direction across climate, energy, industrial and fiscal policy domains. Strong energy, environmental and fiscal institutions may coexist without producing a coherent transition strategy.

- **Fiscal and financial structures of lock-in**

The continuity of fossil fuel supply is also embedded in fiscal expectations and territorial political coalitions. At the subnational level, royalty-dependent municipalities and producing regions may have stronger incentives to defend continued extraction than aggregate national indicators would suggest.

This asymmetry matters because transition politics may be highly influenced by organized territorial constituencies that stand to lose fiscal resources, investment and political leverage.

Financial and legal structures further reinforce inertia. Production subsidies, tax expenditures and preferential regulatory regimes lower the cost of extraction and prolong the life of upstream investment. These instruments are especially problematic because, unlike support for vulnerable consumers, they often transfer public resources to capital-intensive production without generating proportionate developmental returns.

- **Temporal incompatibility of new fossil investments with decarbonization pathways**

A further barrier arises from the temporal mismatch between new fossil investments and plausible decarbonization timelines. New exploration frontiers involve long lead times, high sunk costs and production horizons that extend well beyond the period in which the world is meant to be rapidly reducing emissions. Where new projects would only begin producing years from now and remain active for decades, the question is no longer whether current production is competitive, but whether new long-lived investments are compatible with a world in which climate policy eventually tightens. The relevant risk is therefore not only operational viability under medium-term scenarios, but exposure to future stranded assets and to disruptive revenue expectations.

- **Inequities in the international climate regime**

Domestic constraints are amplified by a persistent equity problem in the international system. Producer countries in the Global South are often asked to limit or abandon future fossil revenues in a context where richer countries continue to produce, consume or finance fossil fuels at scale. This weakens the legitimacy of transition commitments, especially where fossil expansion is framed as a temporary route to development or to financing the transition itself.

II- Policy levers and enabling conditions

- **Coordination of demand- and supply-side measures**

Demand-side and supply-side measures are complementary rather than sequential. The expansion of renewables, electrification and efficiency is indispensable, but it does not by itself resolve the political economy of fossil supply. Where governments continue to authorize new upstream projects on the assumption that they can capture market share during a supposedly gradual transition, clean energy progress may coexist with continued fossil lock-in. The practical implication is that implementation requires instruments capable of constraining expansion as well as accelerating substitution.

- **Reform of production subsidies**

Among the available instruments, the reform of production subsidies deserves particular emphasis. Consumption subsidies attract more political attention because of their visibility and social implications, but production subsidies may be more damaging from a transition perspective. They reduce extraction costs, intensify competition among producers, and distort investment signals precisely in sectors that must contract over time. Because these subsidies often take the form of tax exemptions, special customs regimes or targeted financing, they are also less visible than direct budgetary support. Thus, it is necessary to encourage the development of transparent national inventories of production subsidies and comparable methodologies for their classification and reform.

- **Revenue governance and structural transformation**

In many producer economies, the critical policy question is whether fossil revenues are being governed in a manner consistent with structural transformation. If governments argue that continued extraction is needed to finance the transition, the burden should be on them to demonstrate institutional linkages between fossil rents and low-carbon development. This demands mechanisms that increase accountability in the allocation of fossil-derived revenues and direct a larger share of them toward diversification, innovation, adaptation and ecosystem protection.

A transition away from fossil fuels is more likely to become durable when it is associated with concrete development opportunities rather than framed exclusively in terms of constraint. Without coordinated policy, financial support, pilot projects, infrastructure planning and technological prioritization, countries risk remaining exporters of raw materials while higher-value segments of the low-carbon economy are captured elsewhere. The transition challenge is therefore not only to reduce fossil dependence, but to convert existing capabilities into new productive structures.

- **International coordination and cooperative approaches**

International coordination remains essential because many governments see unilateral supply restraint as economically irrational under current market conditions. That concern cannot be dismissed. Producer countries fear losing revenues and market share while others continue expanding. For this reason, cooperative arrangements among like-minded producers and consumers may be more effective than abstract calls for universal restraint. Such arrangements could focus on new licensing, methane abatement, subsidy reform, upstream emissions standards or fiscal instruments that reduce the first-mover disadvantage of more ambitious actors. From an implementation perspective, the relevant question is less whether a perfect global agreement is immediately available than whether smaller-scale coordination can begin to shift expectations and reduce hesitation.

III- Frameworks for just, orderly and equitable pathways

A just, orderly and equitable transition must be differentiated in ways that guide the sequencing of action rather than justify delay. Countries vary in fossil dependence, fiscal space, institutional capacity and access to alternative pathways, and these differences should shape implementation — but equity loses credibility if relatively diversified producers with strong low-carbon potential continue expanding supply indefinitely under vague development claims. Justice also requires attention to how transition costs are distributed within countries, as revenue-dependent municipalities, affected workers and fossil-linked regions cannot bear disproportionate adjustment burdens. Orderly transitions therefore depend on early anticipation of vulnerabilities, avoidance of new long-term dependencies, and credible linkages between climate action and development alternatives — through stronger revenue governance, territorial planning, industrial strategy and targeted institutional support. In this context, subnational governments are pivotal, being both most exposed to transition impacts and best positioned to operationalize these strategies on the ground.

IV- Priority recommendations for the COP30 Presidency Roadmap

Given these barriers and levers, and in order to pursue just, orderly and equitable pathways for transitioning away from fossil fuels, the COP30 Roadmap should emphasize five practical outcomes:

1. Affirm that transitioning away from fossil fuels requires action on both demand and supply, and recognize supply-side governance as part of the implementation challenge.
2. Encourage countries to identify, disclose and reform fossil fuel production subsidies, including tax expenditures and customs regimes that lower extraction costs.
3. Promote the strategic use of existing fossil revenues to finance diversification, green industrial policy, adaptation and ecosystem protection, including through stronger transparency and accountability arrangements.
4. Support coalitions of producer and consumer countries willing to cooperate on issues such as new licensing restraint, methane abatement, subsidy reform, upstream emissions pricing and coordinated transition planning.
5. Endorse differentiated pathways grounded in equity, while making clear that differentiation implies earlier and faster action by those with greater capability, lower dependence and stronger alternative development options.