

POLIMP Guide towards COP21 in Paris



LESSONS FROM THE GREEN INVESTMENT SCHEME

The Green Investment Scheme (GIS) has provided insights into tackling emission reductions not easily addressed by market-based mechanisms. It highlights the critical role of institutional capacity and the role of purchaser integrity and responsibility in ex-ante funding of initiatives focusing on emissions reductions or climate change adaptation. GIS experiences also showed that a market needs international oversight, clear standards, and transparency.

Central and Eastern European countries under the Kyoto Protocol (KP) had surplus governmental emission rights (AAUs). This surplus, often referred to as 'hot air', provided additional opportunity for their participation in the carbon market. The basic principle of GIS is to invest the revenues from AAU sales into 'greening' activities, in a manner that is acceptable for both the selling and buying governments. There are no official standards for these activities. As a result, the market is highly diverse, both in terms of implementation, and with regard to the priorities of buyer countries.

LESSONS FOR GIS FROM JI AND CDM

The KP provides for the carbon market mechanisms Joint Implementation (JI) in industrialised countries, and Clean Development Mechanism (CDM) in developing countries. JI as well as CDM have largely failed to deliver in some sectors, including energy efficiency in buildings, land-use and forestry, and small-scale bioenergy, which all have high sustainability co-benefits. Barriers faced include (1) the difficulty to assess project additionality; (2) large upfront investments and long crediting periods; (3) the costly, complex, time-consuming process; and (4) the project-by-project approach hinders a broad consideration of the national and local context.

GIS is a fund-like mechanism targeting areas where JI failed, and which are of strategic importance for the host countries. Unlike JI, GIS provides upfront financing and is not restricted by limited crediting periods. Country studies show that GIS focus on bundling similar projects, or on programmatic approaches, with simpler administrative provisions than JI.

READ MORE ON *GREEN INVESTMENT SCHEMES: THE AAU MARKET BETWEEN 2008 AND 2012*, DISCUSSION PAPER: [HTTP://GOO.GL/DQVAI7](http://goo.gl/DQVAI7)



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"Experiences with GIS may prove helpful for developing fund-based support mechanisms"

LESSONS FOR PARIS?

National Appropriate Mitigation Actions (NAMAs) and Intended Nationally Determined Contributions (INDCs) address the above-described difficulties. NAMAs could be the way forward in developing countries for sectors not easily targeted by the carbon market. INDCs will largely determine whether the world achieves an ambitious 2015 agreement and is put on a path towards a low-carbon, climate-resilient future. Experiences with simplified MRV-approaches under GIS, and the way AAU revenue flows and emission reductions are monitored, could also be helpful for such mechanisms.

Standards for the recognition of emission reductions need to consider whether emissions are to be reduced directly by the financed actors, whether they may include potentially less measurable long-term effects, and how and over which time horizon to measure emission reductions. Market dynamics have shown the importance of institutional capacity, players' reputation, simplified rules, the implementation of greening activities, international oversight, and transparency. Even if the AAU market will not continue to be part of future international agreements, consideration of these lessons contributes to strengthening the carbon market, and could be used for other international fund-based approaches.

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CAN ENERGY EFFICIENCY MAKE THE DIFFERENCE?

Vlasis Olkononou (POLIMP project coordinator)
JIN Climate and Sustainability

"Energy efficiency measures are the most promising policy option for emission reductions"



Energy accounts for two-thirds of the global greenhouse gas (GHG) emissions, driving the direct link between energy and climate change. Making drastic improvements in energy efficiency is vital for achieving the envisaged low carbon paths. Therefore, energy use avoided is dubbed 'first fuel' to emphasise the importance of energy efficiency measures.

An increase in energy efficiency will not only save money and GHG emissions, but also drive green growth through creating skilled jobs and new business opportunities. The current global energy efficiency market is estimated at around USD 310-360 billion by the IEA, even though two-thirds of the economic potential of energy efficiency remains untapped up to 2035. The contribution of energy efficiency to the achievement of the 2 °C target is demonstrated in the IEA ETP scenarios: with a potential of 38%, energy efficiency is the most promising among all emissions reduction options (see Figure 1), and therewith even more important than the shift from fossil fuels to renewable energy.

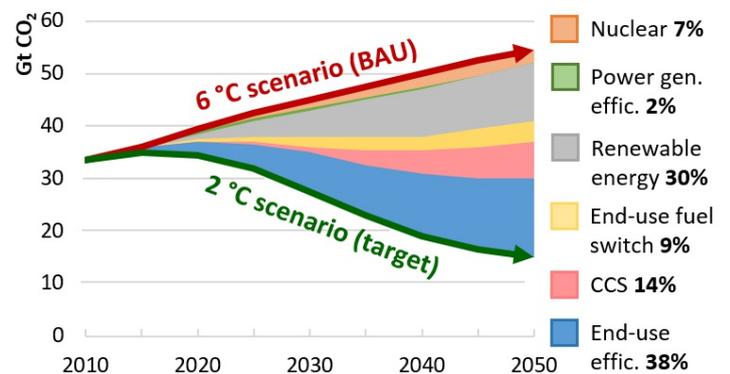


Figure 1. Actions to reduce energy sector emissions (based on IEA ETP).

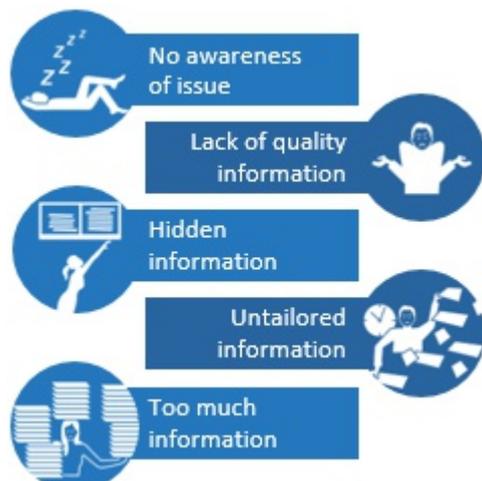
The IEA notes that improving energy efficiency in the building and industry sectors alone can save the equivalent electricity output of 1,300 conventional power plants. The current policies under debate, such as the European emissions trading scheme (EU ETS) reform and the gradual diminishing of fossil fuel subsidies in several countries seem to be on the right track and further stimulus must be provided and taken into account during the COP21 negotiations in Paris.

IEA's 2015 ENERGY TECHNOLOGY PERSPECTIVES: [WWW.IEA.ORG/ETP](http://www.iea.org/ETP).
READ MORE ON ENERGY EFFICIENCY, INCLUDING TARGETS AND POLICY INSTRUMENTS: CLIMATEPOLICYINFOHUB.EU/ISSUES/ENERGY-EFFICIENCY.

CLIMATE KNOWLEDGE BROKERS MANIFESTO



The CKB is an emerging alliance of leading global, regional and national knowledge brokers specialising in climate and development information, such as the POLIMP project and its implementing partners. The CKB Coordination Hub is run by REEEP with support from CDKN.



With the number of extreme weather- and climate-related events rising worldwide, it has never been more important for policy makers, urban planners, investors, and others facing climate-related challenges to have the right information at the right time. Today, a group of leading players in the climate and development fields issue a clear call for improved knowledge coordination to support action on climate change.

The CKB Group, consisting of dozens of international climate knowledge brokers, has launched the Climate Knowledge Brokers Manifesto, which sets out the key principles for exchanging and communicating information related to the climate effectively, enabling a step change in society's response to a changing climate.

"Only now are we really grasping the full extent to which our lives, our jobs and our environment are being affected by a changing climate", states Florian Bauer of REEEP. "But while our knowledge is technically growing, our ability to process and make use of it is not."

The CKB defines the knowledge broker's role as interpreting, sorting, translating, and integrating the wealth of information available, and tailoring it for the needs of different audiences – from government decision-makers and business leaders, urban planners and farmers, to everyday consumers and voters. The Manifesto sets out seven key principles for how climate knowledge brokers can have greater impact through collaboration and the use of open data. Geoff Barnard of CDKN: "Climate knowledge brokers need to work together to avoid overlap and make sure they are identifying and meeting people's information needs effectively."

Figure 2. Climate knowledge user needs as identified in the Manifesto.

THE MANIFESTO IS AVAILABLE FOR DOWNLOAD AT MANIFESTO.CLIMATEKNOWLEDGEBROKERS.NET

EU ETS REVISION: MAKING IT FIT FOR 2030

Matthias Duwe
Ecologic Institute



"Expert opinions on the EU ETS revision proposed by the Commission vary widely"

In the run-up to and follow-up from COP21, a series of eight POLIMP Expert Response Surveys engage a targeted group of stakeholders and experts to deliver insights in the current outlook on climate negotiations and policy issues.

The second survey, entitled 'EU ETS revision: making it fit for 2030', asked the POLIMP Expert Response Group (ERG) to comment on the European Commission's reform proposal for the European Emissions Trading Scheme (EU ETS). The survey also provided input for the second POLIMP Webinar on the same topic, with guest speakers Anja Kollmuss (CAN-Europe) and Andrei Marcu (CEPS).

Most experts consider the EU ETS to be important for the achievement of the EU's emission reduction targets for 2030. The European Commission presented in July 2015 a legislative proposal for the revision of the EU ETS for the period after 2020. The POLIMP ERG were generally neither largely satisfied nor dissatisfied with the proposal, with

government and research stakeholders slightly more positive than business and NGO stakeholders.

Similarly, opinions varied with regard to the expected sufficiency of the proposed reform for addressing the structural surplus of emissions allowances. Experts have been more positive when it comes to the expected effectiveness of the proposal to avoid negative competition effects. Moreover, experts generally agree that the proposed enlarged innovation fund is a useful addition to the EU ETS.

SEE POLIMP.EU/EVENTS/POLIMP-WEBINAR FOR A RECORDING OF THE WEBINARS. INFORMATION AND REPORTS OF THE POLIMP SURVEY SERIES CAN BE FOUND ON POLIMP.EU/PUBLICATIONS/SURVEY-SERIES

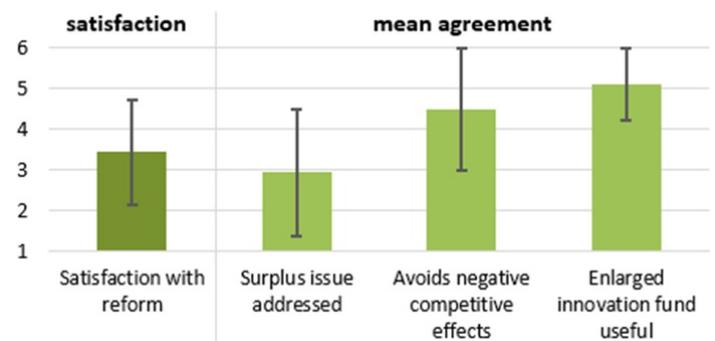


Figure 3. Key findings from the survey, including standard deviations, with mean 'satisfaction' and 'agreement' on scales from 1 to 6.

ClimatePolicyInfoHub.eu

CLIMATEPOLICYINFOHUB.EU explores the impacts of EU and international climate policy for decision-makers in policy, business and civil society.

CLIMATE FINANCE

Climate finance is crucial for addressing climate change, as large-scale investments are needed for greenhouse gas emission reductions and adaptation to the adverse effects of climate change. Key principles of climate finance include that it should be scaled-up and from various sources, through an equitable, inclusive and transparent process.

Public and private actors in projects for greenhouse gas emission reductions and climate resilience invest more than USD 300 billion per year. However, it has been recognised that this is by no means enough to stabilise global temperatures and ensure climate resilience.

CLIMATEPOLICYINFOHUB.EU/KEYWORDS/FINANCE

KEY PUBLICATIONS

POLIMP Briefing Notes are concise notes on key climate policy issues and their implications. A recent note has been published on the 'Cost-effectiveness of Renewable Energy Support Schemes'.

WWW.POLIMP.EU/PUBLICATIONS/BRIEFING-NOTES

On 15 September, the fourth POLIMP Stakeholder Workshop took place in Berlin on the 'challenges for low-carbon technology support in Europe'. Presentations on renewable energy support, public acceptance, and the EU ETS are available on the POLIMP website.

WWW.POLIMP.EU/EVENTS/POLIMP-STAKEHOLDERS-WORKSHOPS

POLIMP has synthesised knowledge on the environmental effectiveness and efficiency of new international climate regimes in delivering the required global mitigation objectives (the 2°C target).

WWW.POLIMP.EU/RESULTS: D4.1

The POLIMP project aims to address gaps in knowledge and to inform policy at various decision-making levels regarding the implications of international climate policies under discussion.

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