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POLIMP Guide towards COP21 in Paris



WHAT (NOT) TO EXPECT FROM PARIS...

In most cases, climate conferences are considered a success (at least by the negotiating parties) and it is likely that the Paris conference will lead to a 'successful' outcome. The Paris conference (COP21) is expected to lead to a new international climate architecture for the time after 2020. But what could be the elements of a Paris agreement?

The basis for a possible Paris agreement is the Copenhagen Accord adopted in 2009 at COP15. The Accord marked a fundamental change to the top-down Kyoto style approach that previously included legally binding targets for developed countries, no targets for developing countries, and a strong supervisory role of the UN. The Accord paved the way for moving towards a system of voluntary pledges and a review mechanism which would include all emitters worldwide.

Many important pre-COP decisions were already made earlier this year between the two largest emitters, the United States and China. In September 2015 both countries agreed on a joint vision for Paris, reiterating their commitments made earlier: a US commitment to reduce emissions 26 to 28% below 2005 levels by 2025; and a Chinese commitment to peak carbon emissions and nearly double the non-fossil portion of its energy mix by 2030.

Another important boundary for a Paris agreement is that both countries are opposed to making the commitments binding – in contrast to the EU. Most importantly, however, China announced to provide \$3.1 billion in climate action support for developing nations. This slightly exceeds the \$3 billion that the US pledged to the Green Climate Fund. Also, both countries outlined domestic policies to meet the target. The US plans to continue its Clean Power Plan, requiring individual states to meet specific standards with respect to emission reductions, and China has committed to implement a nationwide emissions trading system by the end of 2017.

So, what's left to do? Elements of a new climate agreement will include the Intended Nationally Determined Contributions (INDCs) that countries have submitted to the UNFCCC. These do not only document national ambitions, but also reveal each country's plans of the transformation of its economy and society towards a low-carbon and resilient system.



Andreas Türk
 University of Graz and Joanneum Research

"A Paris Agreement is within reach, but without binding commitments"

The UNFCCC published an assessment of the collective impact of over 140 INDCs, and indicated that together these plans can "dramatically slow the increase of global emissions into the atmosphere". However, the plans are insufficient in ambition to meet the 2° target. One of the open questions for Paris will therefore be whether there will be a mechanism to revise and tighten the pledges later. Other important discussion points for Paris include the procedures for reporting and monitoring of emission reductions, as well as the extent to which future market mechanisms will be governed by the UNFCCC. Most importantly, however, the success of COP21 depends on how much money will be committed for the planned \$100 billion annual Green Climate Fund, which will enable technology transfer to developing countries and help them to adapt to climate change.

Achieving a consensus on the future international climate regime is of high national prestige for the French government, that hasn't cancelled the event given the recent terrorist attacks. An agreement at the current inadequate level of ambition, without binding commitments but with mechanisms to increase the stringency later, is within the range of what realistically can be achieved. If this occurs, then Paris will be deemed a success.

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ROAD TO PARIS: PRIVATE-TO-PRIVATE CLIMATE FINANCE

Corrado Topi

The Stockholm Environment Institute at York

"The opportunities for private climate finance investment should be taken advantage of"



In the days leading to COP21, the debate on climate finance has not received the attention it deserved.

Whilst the economic case for tackling climate change is compelling, the attractive case for actions has not translated into timely, effective strategies, because of organisational, institutional and policy barriers. A prominent barrier is the high level of investment required to roll out and implement climate change strategy plans. Current global investments in mitigation actions reach only about 0.5% of the global GDP, which is insufficient to sustain the investments needed.

The effects of the financial crisis, followed by the current instability and recessions, have slowed the pace of public investment in green transition strategies. At the same time, governments are prioritising financial commitments to development needs, in particular the need to address consequences of long-term financial instability like large-scale unemployment and the collapse of financial institutions.

Previous climate negotiations have led to the establishing of the Green Climate Fund (GCF) within the framework of the

UNFCCC to achieve the commitment to raise \$100 billion of climate finance a year by 2020.

Yet, in the current set-up, public bodies seem to play a key role in investments deployment, either as direct provider or as guarantor of publicly leveraged private investments. Mechanisms for prioritising, monitoring and evaluating private sector climate finance seem absent, even if research on private climate finance opportunities is intensifying.

To solve the problem, we would like to suggest four priorities from the preliminary conclusions of our work within the Special Initiative on Climate Finance. First, a detailed taxonomy of private-to-private financial mechanisms is needed with transparent monitoring and evaluation mechanisms valid across states and economic systems. Secondly, the boundaries between adaptation and mitigation should be lowered and the language of prioritisation of actions and measures should be adopted instead. Third, policy enablers and mechanisms need to be put in place to set the most appropriate environment, to ensure that the investments are spread over the whole range of options available rather than focusing on the low hanging fruits (e.g. renewable energies and energy efficiency). In the same way, there is a need for mechanisms to ensure an equitable distribution of investments to and within of LDCs and MDCs.

➔ READ MORE ON THE SEI INITIATIVE ON CLIMATE FINANCE AT:
WWW.SEI-INTERNATIONAL.ORG/CLIMATE-FINANCE

WHAT HAS CLIMATE TO FEAR FROM TRADE?

International trade and climate change are closely interlinked. Emissions accounting is done nationally; but international trade separates the consuming and producing nations, with the latter accounting for the production process's emissions. When national mitigation policies differ, adding emission reduction costs can e.g. make domestic goods uncompetitive to imports. Also, for cost-effective mitigation, low-carbon goods and services often have to be imported into countries unable to produce them themselves.

When the WTO (GATT) was formed, emission reduction was no issue, so lawfully distinguishing products/services based on their carbon content is awkward, at least. While there are provisions allowing discrimination based on environmental objectives, it is not easy to apply them to climate change. A comprehensive UN climate treaty with an interface with WTO rules would make things easier. But, at present, the trend in climate action is for a largely voluntary regime, in which differentiated responsibilities of nations depend on their development stage, a principle foreign to world trade. There is also the principle that nations should not take climate measures that are a disguised restriction on trade. At the same time, trade is in principle a major source of carbon leakage from any aggressive mitigation regime, and thus a serious constraint on mitigation plans.

Henry Derwent
Climate Strategies



"The interlinkage between international trade and climate change needs to be seriously debated"

The premise that any restriction on international trade must be avoided sometimes impedes domestic climate action. A chilling effect is cast over the development of climate policies. Without adjustment, global climate action may depend more on national willingness to risk economic self-sacrifice.

Climate and trade stakeholders are now focussed on these issues, and new analysis helps to pinpoint what needs to be changed. In particular, attention is being given to the GATT's environmental exemptions; clarifying the status of emissions trading; defining allowable subsidies for low-carbon goods and services, and addressing subsidies for high-carbon fuels; clarifying in which cases border taxes on carbon content could be allowed; and promoting freer trade in environmental goods and services. The debate is likely to increase in volume and importance over the coming years.

➔ THE PUBLICATION IS AVAILABLE AT THE WEBSITE OF THE E15 INITIATIVE:
E15INITIATIVE.ORG/PUBLICATIONS/WHAT-HAS-CLIMATE-TO-FAIR-FROM-TRADE

WAYS FORWARD: **ENHANCING** THE PLANS FOR **IMPLEMENTATION** OF CLIMATE TECHNOLOGIES

Several processes exist under the Convention to assist developing countries in selecting measures that have both climate and development benefits. INDCs refer to contributions that are 'nationally determined'. NAMAs are actions for climate change mitigations that are 'nationally appropriate'. In Technology Needs Assessments (TNAs), climate technologies are prioritised against national development criteria. With these processes, countries are helped to identify actions that contribute to achieving their longer term sustainable development goals with the lowest emissions and strongest climate resilience possible.

A detailed analysis by the UNFCCC secretariat of 32 TNAs conducted under the Global TNA Project (2009-2013) has shown that developing countries have made strong progress with prioritising technologies for mitigation and adaptation in light of their national development plans. With active involvement of national stakeholders, strategic sectors for climate and development have been identified, and within these sectors technology options have been prioritised, against national development criteria, such as energy security, energy poverty alleviation, job generation, health improvement, biodiversity improvement, etc.

The final step in such a process is to prepare for the implementation of the identified measures. In a TNA this step results in a Technology Action Plan (TAP) which contains actions that are needed to make a technology option work in the country at a desired scale. Actions are usually specified in terms of: who is responsible, how much will it cost, when will it need to be implemented, and how to monitor its progress. Some of the TAPs lead to project ideas, for example, to demonstrate a new technology within a country.

An important next question is whether these action plans and project ideas are of sufficient quality to trigger investors to step in. In order to answer this question, 328 TAPs and 262 project ideas developed under the Global TNA Project have been analysed with a focus on how they consider implementation aspects, such as the relevant value chain,



Wytze van der Gaast
JIN Climate and Sustainability

"Enhanced implementation requires a focus on 'people', rather than on 'process'"

technology scale, timeline, costs, funding opportunities, capacity building, roles and responsibilities and observation of whether outputs will be met.

Figure 1 shows (for TAPs) that TNA countries have struggled with clearly identifying timelines for implementation of actions, for deployment and diffusion of priority technologies. Although most countries elaborated on costs, it is not always clear from TAPs whether cost figures refer to capital investments and/or operational costs. A similar conclusion can be drawn for identification of funding opportunities: while most TAPs identify general sources of funding, specifications of these sources in terms of risk capital, commercial loans or other types of funding are mostly not made.

Possible ways forward to enhance plans for implementation of climate technologies are:

- Stronger involvement of practitioners with a finance and investment background in the preparation of action plans, so the actions can be checked against criteria for feasible technology investments.
- A focus on 'people' rather than on 'process', which includes identification of actors and specification of their roles, as 'champions' or 'enablers', in implementing enabling actions for mitigation and adaptation and examining what can be funded by whom.
- Enhance guidance on how to attract funding for actions in a TAP, including minimum requirements for cost information, comparing costs of actions with benefits and identification of potential funders.
- An elaboration on the potential role of and capacity needs for nationally determined entities, as a contact or focal point in a developing country, and of the Climate Technology Centre and Network (CTCN) for supporting implementation of priority technologies in the countries concerned.

➔ ALL TNA REPORTS ARE AVAILABLE ON THE WEBSITE OF THE GLOBAL TNA PROJECT: WWW.TECH-ACTION.ORG.

➔ THE THIRD SYNTHESIS REPORT ON TNA, PREPARED BY THE UNFCCC SECRETARIAT, IS AVAILABLE ON THE TNA GATEWAY: WWW.UNFCCC.INT/TTCLLEAR/TNA.

➔ THE DRAFT INTERIM REPORT ON ENHANCED IMPLEMENTATION OF TNA RESULTS WAS DISCUSSED AT THE TECHNOLOGY EXECUTIVE COMMITTEE MEETING IN SEPTEMBER 2015: WWW.UNFCCC.INT > TEC/2015/11/6.

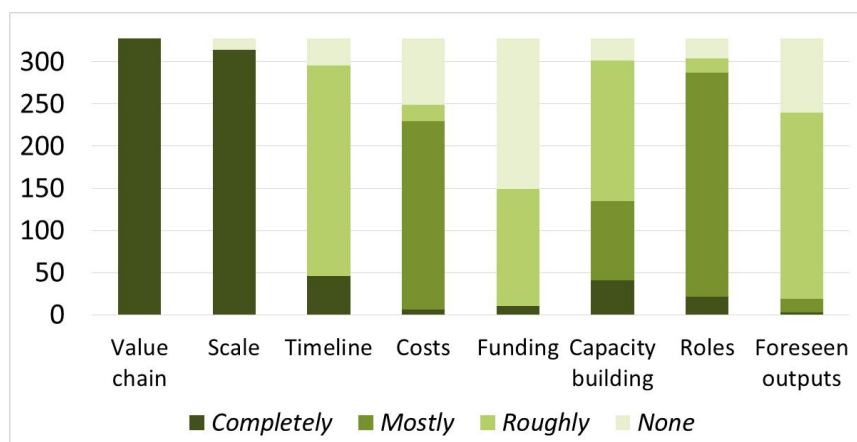


Figure 1. Analysis of TAPs: inclusion of information for successful implementation.

CLIMATE POLICY INFO HUB FOSTERING COP21 STAKEHOLDERS' PREPARATIONS

The 2015 UN Climate Change Conference is about to begin, as the 'Le Bourget' site in Paris will open its gates on November 30th. It is expected to set the bases for a new international climate change agreement by December 11th. In parallel with the negotiations procedure of COP21, along with CMP11 (meeting of the Parties to the Kyoto Protocol), SBSTA 43 (Subsidiary Body for Scientific and Technological Advice), SBI 43 (Subsidiary Body for Implementation) and ADP 2-12 (Ad Hoc Working Group on the Durban Platform for Enhanced Action), a series of official high-level thematic events will be held in the framework of the Lima-Paris Action Agenda (LPAA).

The 'Lima Call for Climate Action', launched in 2014 at COP20 in Lima, will be addressed by LPAA partners by this series of events that showcase actions by LPAA stakeholders, who will present issues in their action area, as well as solution pathways to address these issues. The LPAA aims to demonstrate that the transition to a low-emission and climate-resilient social and economic development is not only urgent, but also feasible in terms of political, economic and technological parameters. Focus events aim at highlighting commitments in each of the 12 LPAA Action Areas. These Action Areas are identified as having high potential to accelerate transformational change, by engaging cities, regions, businesses, investors and civil society.



Chara Karakosta, UPRC and
Phaedra Dede, NTUA

"The Climate Policy Info Hub enables parties to get ready for every session of COP21"

In the context of such a crucial moment in the political scenery, it is of vital importance that interested parties are prepared and remain well-informed and updated on the topics of discussion. To this end, a series of knowledge packages are available at POLIMP's Climate Policy Info Hub, offering structured, cohesive and inclusive knowledge. These knowledge packages aim at supporting policy and decision makers in taking well-informed decisions, by facilitating understanding of the consequences of different policies and climate regimes.

The overview below offers interested parties an opportunity to get ready for every session of the official COP21 events, by reading the respective Climate Policy Info Hub knowledge packages and keeping up-to-date with latest developments. You can save time and stay in the heart of Climate Policy Issues, by following this guide that will provide you with background information on each of the LPAA Action Areas via the Climate Policy Info Hub.

ClimatePolicyInfoHub.eu

BACKGROUND INFORMATION

Put the 21st COP into context by gaining a quick overview of past negotiations, through these Knowledge Packages.

- ➔ HISTORY OF THE UN CLIMATE NEGOTIATIONS: 1980s TO 2010
- ➔ HISTORY OF THE UN CLIMATE NEGOTIATIONS: 2011 TO 2015
- ➔ EUROPEAN CLIMATE POLICY: HISTORY AND STATE OF PLAY

ACTION AREAS: FOREST AND AGRICULTURE

- ➔ TECHNICAL OPTIONS FOR MITIGATION IN EU AGRICULTURE
- ➔ AGRICULTURE AND CLIMATE CHANGE IN THE EU: AN OVERVIEW

ACTION AREA: RESILIENCE

- ➔ MAINSTREAMING CLIMATE CHANGE ADAPTATION
- ➔ ADAPTATION POLICY IN THE EU: AN OVERVIEW
- ➔ INTERACTIONS BETWEEN CLIMATE POLICIES: EXAMPLES FROM EUROPE

ACTION AREA: TRANSPORT

- ➔ ARE TRANSPORT EMISSIONS 'MOBILISING' AN EU POLICY RESPONSE?

ACTION AREA: PRIVATE FINANCE

- ➔ CLIMATE FINANCE FOR REDUCTION OF EMISSIONS AND VULNERABILITY
- ➔ THE DIVERSE AND EXTENSIVE GLOBAL LANDSCAPE OF CLIMATE FINANCE

ACTION AREA: BUILDING

- ➔ HOUSEHOLD CONTRIBUTION TO BUILDINGS' CARBON FOOTPRINT

ACTION AREA: SHORT-LIVED CLIMATE POLLUTANTS

- ➔ THE EUROPEAN CLIMATE POLICY MIX

ACTION AREA: RENEWABLE ENERGY

- ➔ RENEWABLE ENERGY SUPPORT POLICIES IN EUROPE
- ➔ COST-EFFECTIVENESS OF EU RENEWABLE ENERGY SUPPORT SYSTEMS
- ➔ SOCIAL ACCEPTANCE OF RENEWABLE ENERGY

ACTION AREA: ENERGY EFFICIENCY AND ACCESS

- ➔ ENERGY EFFICIENCY POLICY INSTRUMENTS IN THE EU
- ➔ ARTICLE 7 EED: WILL MSs ACHIEVE THEIR ENERGY SAVINGS TARGETS?

ACTION AREA: CITIES AND SUBNATIONALS

- ➔ PROGRESS TOWARDS THE 2020 GREENHOUSE GAS TARGET IN EUROPE
- ➔ OVERVIEW OF CLIMATE TARGETS IN EUROPE
- ➔ CLIMATE POLICY ARCHITECTURES: TOP-DOWN AND BOTTOM-UP

ACTION AREAS: BUSINESS AND INNOVATION

- ➔ THE EU EMISSIONS TRADING SYSTEM: AN INTRODUCTION
- ➔ INTERACTIONS BETWEEN CLIMATE POLICIES: OPPORTUNITIES AND PITFALLS

COP21 PARIS SIDE-EVENTS PLANNER

In addition to the formal negotiations, a large number of side-events is organised in Paris by UN agencies and observer organisations. POLIMP project partners organise various side-events on relevant topics

Monday 30 Nov, 12:30-14:00, EU Pavilion, room Luxembourg

Carbon-CAP Consumption-based accounting and policies

The role of consumption-based accounting in international climate negotiations will be explored, along with ways to overcome implementation barriers for policies.

Tuesday 1 Dec, 11:30-13:00, Observer room 02

Provisions for market mechanisms in the 2015 agreement

Examining the provisions in the 2015 agreement that will allow for carbon pricing continuing to play an important role.

Tuesday 1 Dec, 12:15-13:00, EU Pavilion, room Luxembourg

POLIMP: Harmonising INDCs with development planning

The event looks at means of supporting the implementation of the INDCs. The discussion will focus on lessons from Technology Needs Assessments (TNA) and current climate finance flows. See also below.

Wednesday 2 Dec, 11:30-13:00, Observer room 04

Carbon pricing, technology investment, and trade: integrating design elements for a low carbon club

Examination of the idea of 'clubs' of enhanced ambition based around pricing, technology investment, and trade.

Thursday 3 Dec, 11:30-13:00, Observer room 03

Results-based climate finance: national policies and carbon market mechanisms

How can international climate finance support national climate policy, and synergise with market mechanisms?

Saturday 5 Dec, 18:30-20:00, EU Pavilion, room Luxembourg

Low carbon mitigation policies in China

An overview of China's low carbon policies, including the coal consumption cap and carbon emissions peak, as well as the roles of the key energy-consuming sectors, the low-carbon city development programme, and pilot carbon trading schemes.

Monday 7 Dec, 10:00-11:00, Netherlands Pavilion

BIOTEAM: Green growth and bioenergy - the risks of not integrating climate with other development objectives

How does bioenergy contribute to other (more local) environmental, economic and/or social objectives? The co-benefits and trade-offs of bioenergy.

Wednesday 9 Dec, 18:30-20:00, EU Pavilion, room Luxembourg

GreenEcoNet: Opportunities and challenges for small and medium-sized enterprises (SMEs) post-COP21

What will be the role of SMEs in achieving the targets set during COP21? The event will discuss novel opportunities and additional challenges, and explore how the GreenEcoNet platform can serve as a resource for businesses.

POLIMP COP21 side-event

The POLIMP project will organise a side-event at COP21. The event will take place in room 'Luxembourg' of the EU Pavilion on December 1st, from 12:15 to 13:00.

HARMONISING INDCs WITH NATIONAL DEVELOPMENT PLANNING

In advance of COP21, more than 170 countries have so far pledged to implement national climate actions, INDCs. While the Paris negotiations will decide the future framework for these INDCs, this event wants to look at means of supporting implementation of national contributions that already exist and could be strengthened. Specifically, the discussion will focus on technology needs assessments (TNAs) and current climate finance flows.

Speakers will include Vladimir Hecl (UNFCCC), Barbara Buchner (Climate Policy Initiative) and Peter Horvath (European Commission). Moderator of the event is Andrzej Błachowicz (POLIMP, Climate Strategies).

KEY PUBLICATIONS

The POLIMP Expert Response Survey Series engages a group of stakeholders on climate and energy policy issues. Recent surveys have focused on issues such as the revision of the EU ETS, and lessons from the Copenhagen climate conference.

→ WWW.POLIMP.EU/PUBLICATIONS/SURVEY-SERIES

JIQ Magazine is a quarterly magazine on climate and sustainability, with a special focus on emissions trading. The latest issue includes amongst others an article on carbon emissions trading in China, by Prof. ZhongXiang Zhang.

→ LATEST ISSUE: WWW.JIN.NGO/JIQ-MAGAZINE

→ SUBSCRIBE: WWW.JIN.NGO/JIQ-SUBSCRIBE

POLIMP has synthesised socioeconomic impacts of a new climate regime on the EU. The report shows a range of impacts of the 2030 emission target, and models show the importance of combining several energy and climate targets.

→ WWW.POLIMP.EU/RESULTS: D4.2

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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