



ACHIEVING GLOBAL CO-OPERATION

How to involve DC's

Beyond Kyoto

FSR Workshop, 20 October 06

Michel COLOMBIER
IDDRI Paris

Iddri

Institute for sustainable development and international relations

- Founded in 2001 as a research consortium, IDDRI became a non-profit, nongovernmental think-tank in 2003
- Iddri provides forums and networks creating common culture on sustainability issues among stakeholders, following 4 objectives:
 - Contribute to building up a more equitable and effective global governance
 - Reduce controversies by initiating dialogues among stakeholders
 - Promote scientific research and multidisciplinary expertise on sustainability
 - Gathering timely information and knowledge to improve decisions-making
- Focal areas are those requiring collective international action (Climate change, Biodiversity, Agriculture and forests)
- Cross-cutting issues : (Environmental and social responsibility, International trade, Global governance, Uncertainty and precaution)

6, rue du Général Clergerie - 75116 Paris – France

Tel: +33-(0)1.5370.2235 - Fax: -.2145

www.iddri.org

Rio, Kyoto and beyond...

- Rio :
 - ✓ Adequacy of commitments
 - ✓ Common but differentiated responsibilities
 - ✓ Joint implementation
- Kyoto
 - ✓ Q commitment by Parties + trading
 - ✓ A Global Concern needs a Global Treatment, but...
 - ✓ Crediting Mechanism

Obstacles to (rapidly) extend A I type commitments

- How to set a cap?
 - ✓ Fairness indetermination
 - ✓ Stringency indetermination
- “non binding” ... for whom?
 - ✓ Extra-territorial payments
 - ✓ The “hot air” syndrome and the efficiency concern
 - ✓ “ne pas gagner, c’est déjà perdre”

Lessons from CDM

- Intrinsic advantages and drawbacks of a market mechanism
 - Capacity to deliver / funds : \approx 10 billions € for 2008-2012 / GEF 2 billions 10 years
 - Project based : FDI infrastructure 70 billions (+ 13 ODA) per year
 - Goes where investment / initiative is present
 - Unequal impact on sectors : leverage capacity on decision making \neq CO2 abatement cost

Climate and development

- Climate = (energy/ind.) + land use
- Kyoto : a “grand fathered allocation” ?
- Let’s develop first!
- No systematic competition on investment
- Energy : competition on ressources, possible co-operative game on efficiency

- Mainstreaming : keep it simple!
- Deserves Country / Issue specific approach
- Be serious on adaptation

Tech' Agreement : an alternative?

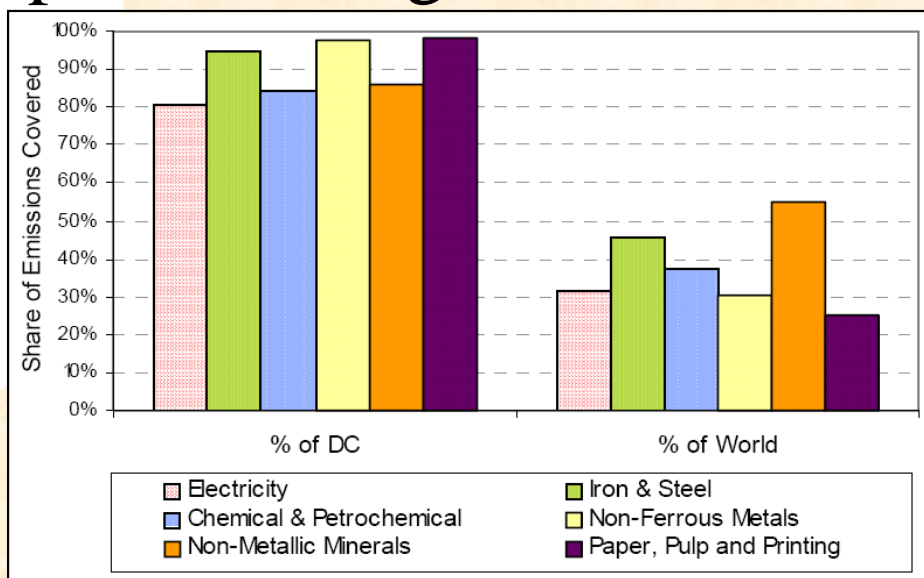
- Climate is neither Ozone nor Health
- Common interest in Tech' Development & Competition : France 1 GW/7 years
China 70 GW/year
- Technology "best friends"
 - Trade Regime
 - Market Profitability
 - Selective signal

Economic co-ordination

- Int'nal C Price : EU-ETS
Investment, R&D
+ "political driver"
- No need for worldwide cross-sector ST price
- Risks associated : negative impact on poorest people / poorest economies

Competitiveness agenda

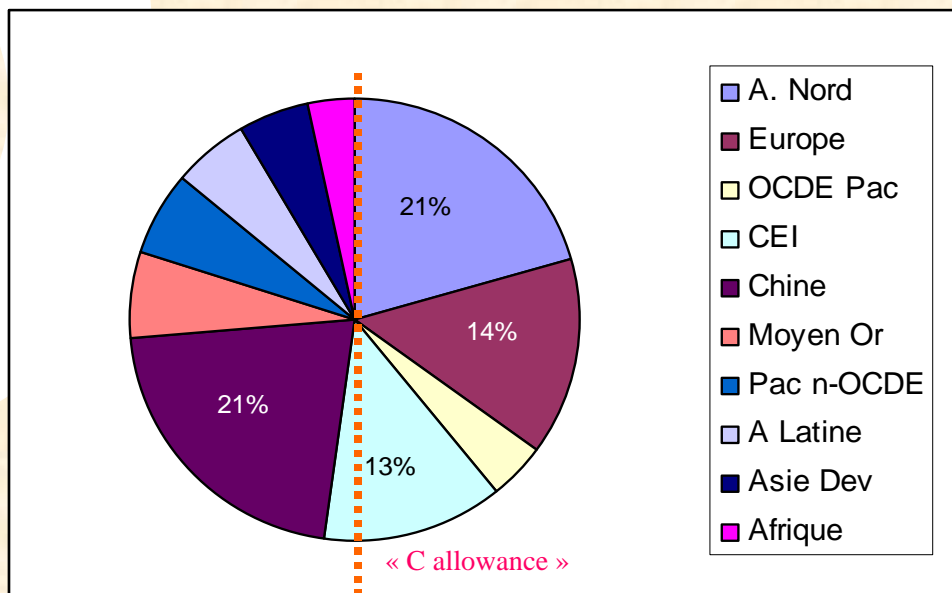
Top 10 emitting DC's



Efficiency Agenda

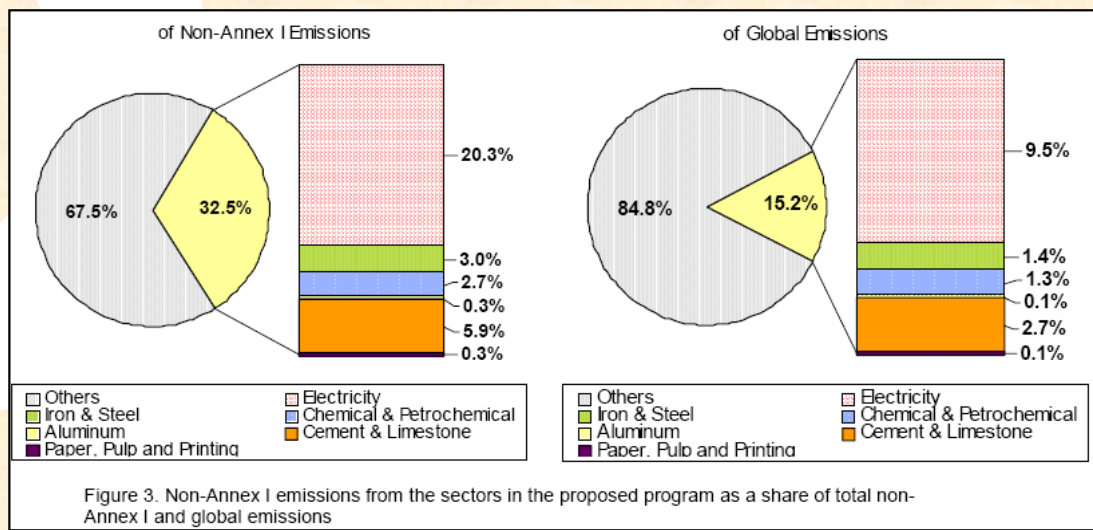
Cumulative Emissions 1990-2050 scenarios

source : IIASA, 2000



Efficiency Agenda

Share of DC's industry



**Annex I + non Annex I industrial emissions
= 35% of the world emissions**

An increasing interest for “sectoral approaches” ?

- Sector based approach : easier to design, easier to deal ??
- Linkage with related issues (energy security)
- Possible to address competitiveness & leakage issues
- Learning process on PAMs (+ incentives?)
- Limited geographical scope : flexibility, compatibility with KP? LT impact?

Two set of options

1. « Baseline and crédit »

- Programmatic CDM
- Sectoral crediting
- « No lose » targets

2. Transnational sectoral agreements

- Industrial voluntary initiative
- « Coalition of the willing » (agreed PAMs)

#1 – Negotiation process

	Program. CDM	Sectoral crediting	No lose targets	Voluntary Initiative	Coalition of the Willing
Easier to deal?	<p>😊 already there</p> <p>😞 Assumes a Kyoto+ regime</p> <p>😞 weak incentive</p>	<p>😊 attractive to DC's</p> <p>😞 Assumes a Kyoto+ regime</p>	<p>😊 clear incentive, but limited scope</p> <p>😞 Assumes a Kyoto+ regime</p>	<p>😊 Independent from UNFCCC process</p>	<p>😊 Independent from UNFCCC process</p> <p>😞 government binding</p>
Long term impact on global negotiation	<p>😞 counter incentive for DC's to go further</p>	<p>😞 reinforces the divide between North (scarcity) and South (excess)</p>	<p>😊 Kyoto+</p> <p>😞 Willingness to pay?</p>	<p>😞 😞 risk to weaken the government</p>	<p>😊 Kyoto+</p>

#2 - Competitiveness


**Program.
CDM**

**Sectoral
crediting**


**No lose
targets**

**Voluntary
initiative**

**Coalition
of Willing**



 worse
than current


 better
than SCM


 if
global (and
binding)

 TS
allocation

#3 – Compatibility w/ KM

 yes, already
 but difficult to
implement (baselines?)

 
Problematic

 border
tax adjust
possible
(WTO)

 fully
compatible
Kyoto +

#4 – Résilient?

E
N
V
I
//
R
E
G
L
//
I
N
S
T

Program CDM

☹️ neutral

☹️ willingness to pay
 😊 Ok for LDC's, or learning process on non-competitive sectors for Emerging Economies

Sectoral crediting



No lose targets

😊 more ambitious target

Voluntary initiatives

😊 ☹️ Depends on policy context

☹️ poor liability

😊 ☹️ Intricacy of VI, national policies

Coalition of Willing

😊 😊 innovative capacity?

😊 binding national + international

😊 anticipations

To conclude (1)

- Seek “local deals” with emerging economies with 2 priorities
 - Address competitiveness to pursue meaningful action
 - Avoid lock-in on infrastructure development and 2 ambitions
 - Capacity building on domestic action & policy options
 - Create a set of tools compatible w/ global regime

To conclude (2)

- **Build Political Acceptance of Climate Action in the South**
 - More effective support for adaptation (including short term vulnerability)
 - Impact of energy market & tech model on LDC's
 - Focus crediting mechanisms on development (through progressive exclusion of competitive sectors and selective buying)