

Performance of climate policies and climate finance on the international, regional and national level

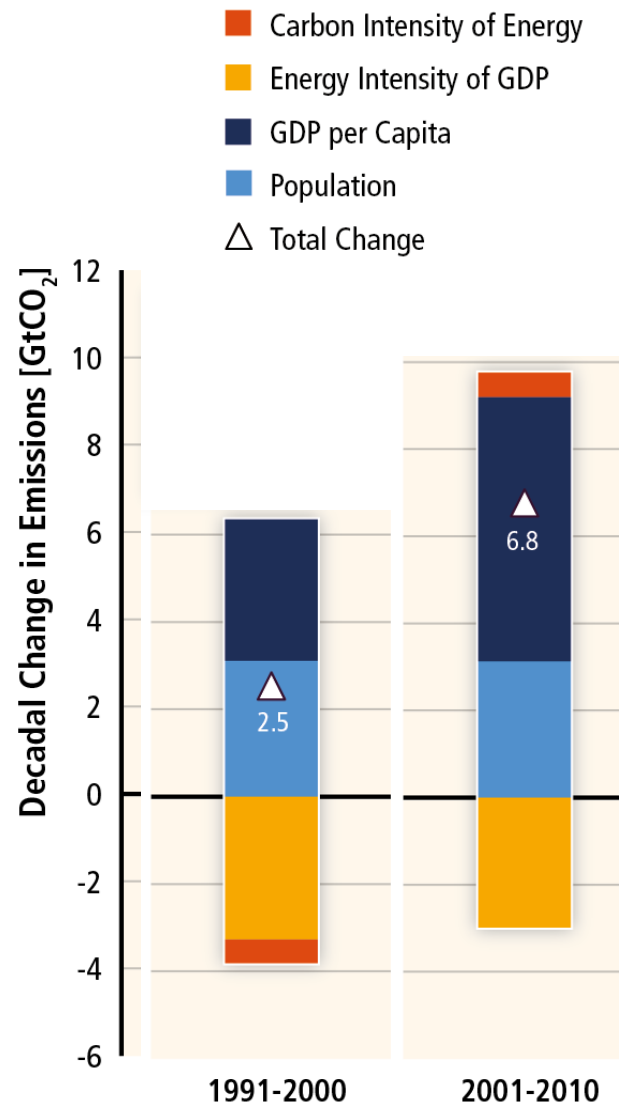
CLIMATE CHANGE 2014 *Mitigation of Climate Change*

SED 3

UNFCCC, Bonn, June 8, 2014

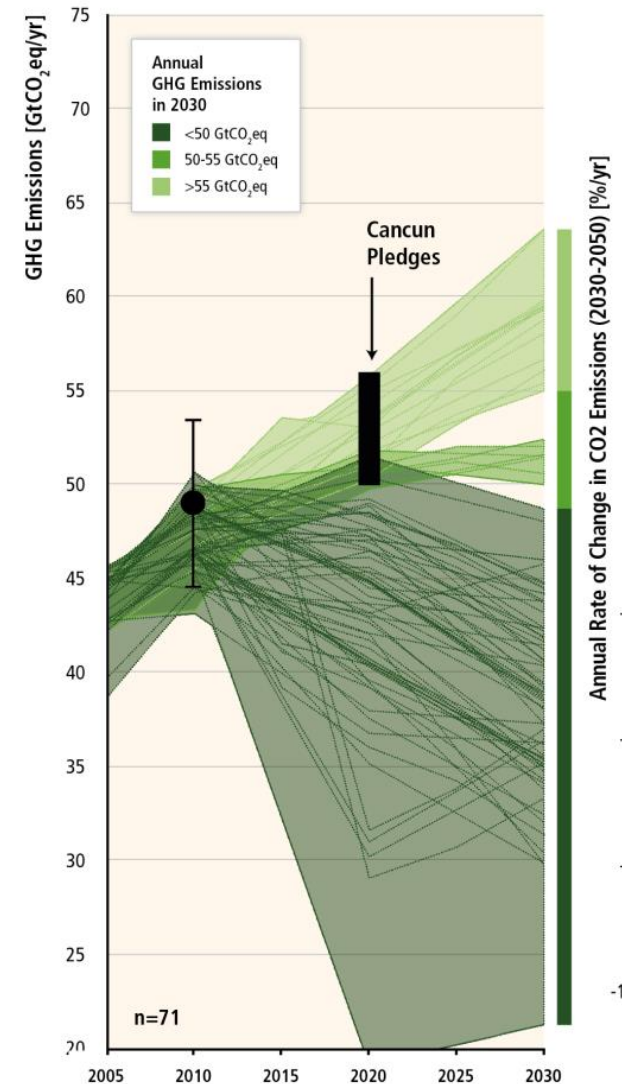
The climate policy challenge

- **Climate change mitigation is a global public good and thus requires international cooperation**
- **The global increase of greenhouse gas emissions has accelerated in the last decade**
- **From 2007 to 2012 the share of global emissions in countries with national climate policies has risen from 45% to 67%**
- **So far, these policies have not significantly influenced the emissions trend**
- **We need to learn from successful examples on all policy levels to address the mitigation challenge**



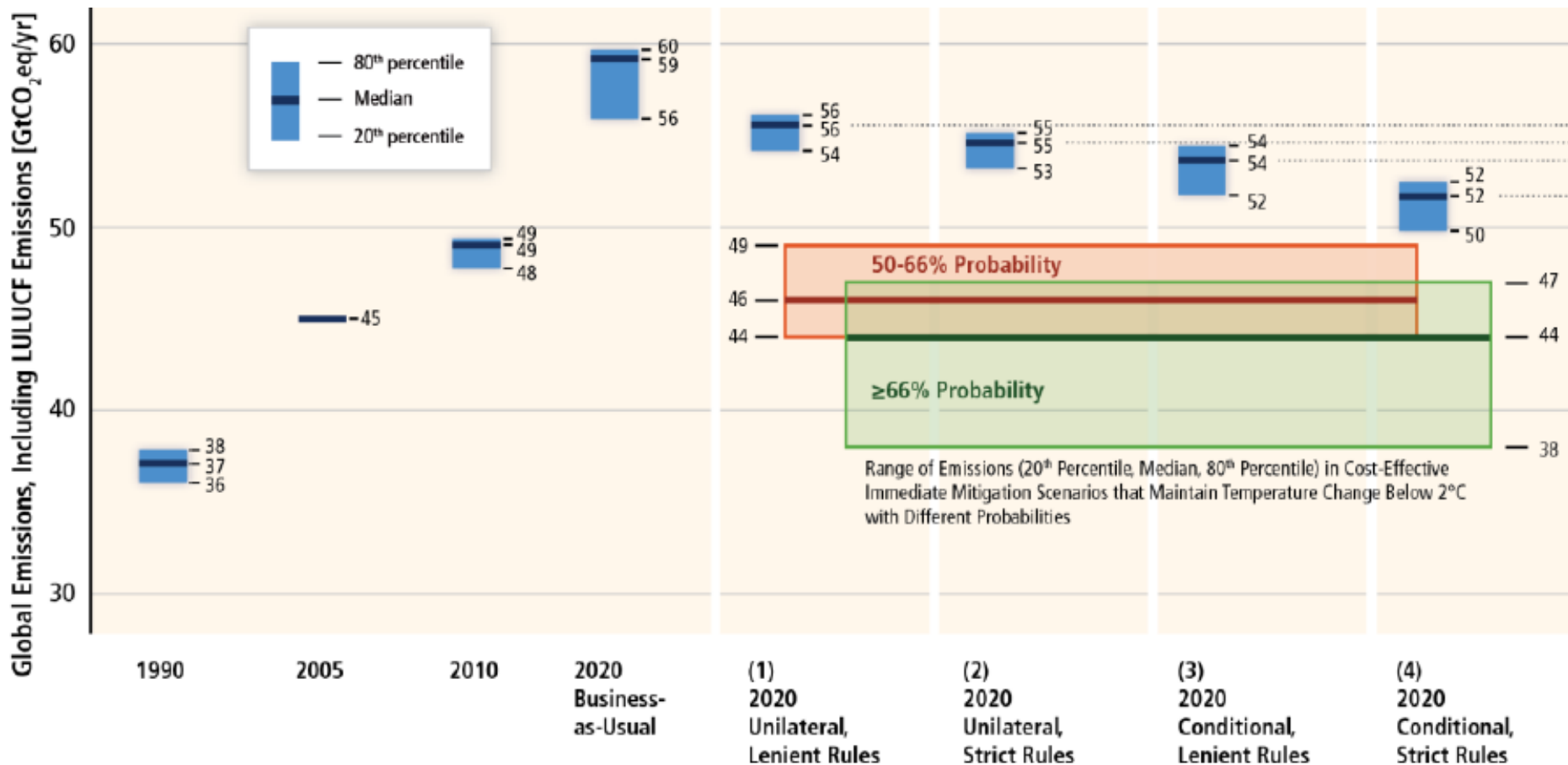
Performance of international climate policy

- The UNFCCC regime is the only platform with broad legitimacy
- Cooperation outside the UNFCCC has increased but except for the Montreal Protocol did not lead to significant emissions reduction
- The Kyoto Protocol was less successful than envisaged
 - The emissions commitments were reached, benefitting from economic changes in countries in transition
 - The market mechanisms have mobilized low-cost mitigation, whose additionality is however debated
- Emissions pledges for 2020 are more consistent with a 3°C temperature increase by 2100 than a 2° path



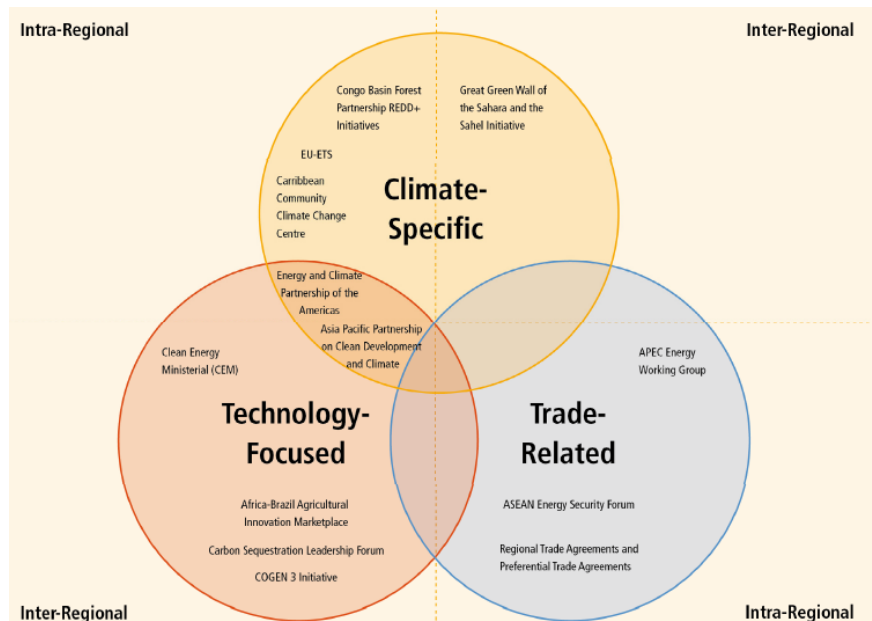
The Cancun pledges and the emissions path

- Impact of pledges differs substantially depending on their interpretation



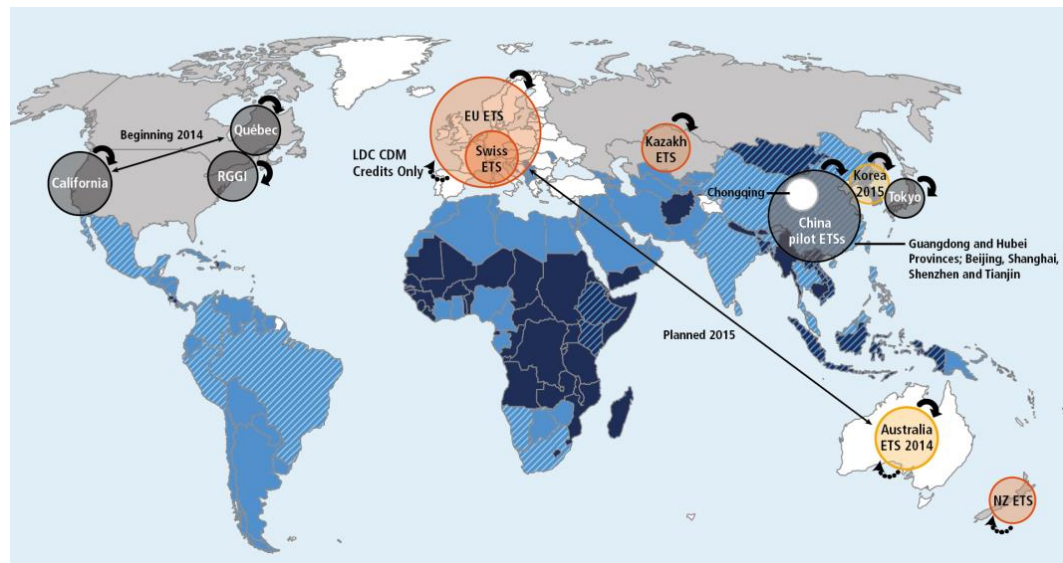
Performance of regional climate policies

- Regional cooperation has only had a **limited positive impact** on mitigation
- Even in areas with deep regional integration like the EU, economic policy instruments have **not been as successful as anticipated** in achieving intended mitigation objectives due to
 - unexpected economic shocks
 - uncertainty about the **long-term emission-reduction targets**
 - interaction with **other policy instruments**
- **Binding regulation-based approaches** in areas of deep integration have had some impact on mitigation
- Despite a **plethora of agreements on technology**, the impact on mitigation has been **negligible** to date



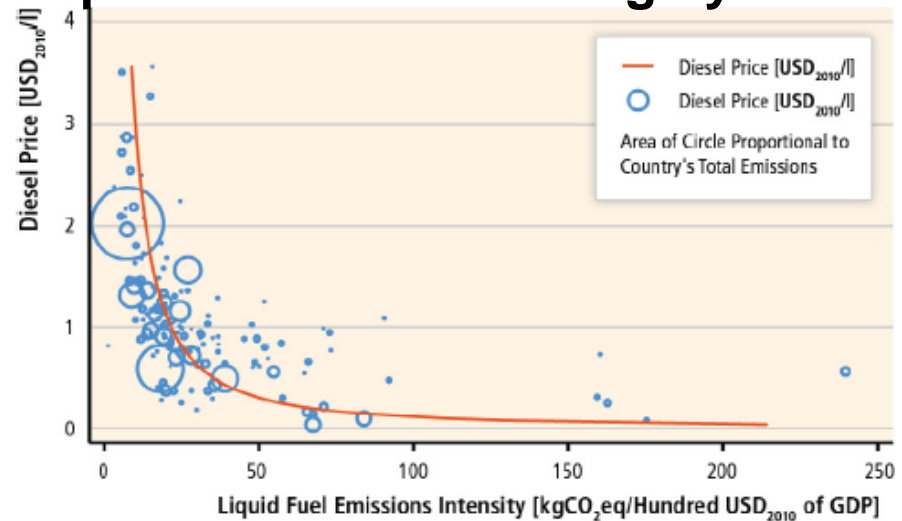
Performance of national climate policies

- **Cobenefits** like energy security and decrease of local pollution **increase attractiveness** of emissions reduction
- **Sectoral policies** are **easier to implement** than **economywide ones**
- **Some direct regulation**, especially **efficiency standards** for buildings, cars and household appliances, is **cost-effective**
- **Emissions trading systems** introduced to date suffer from **too lenient caps** and thus have experienced **price decreases**
- **Emissions taxes** have been **effective** and can be applied in **conjunction with other instruments**
- The efficiency of **technology policies** is **unclear**



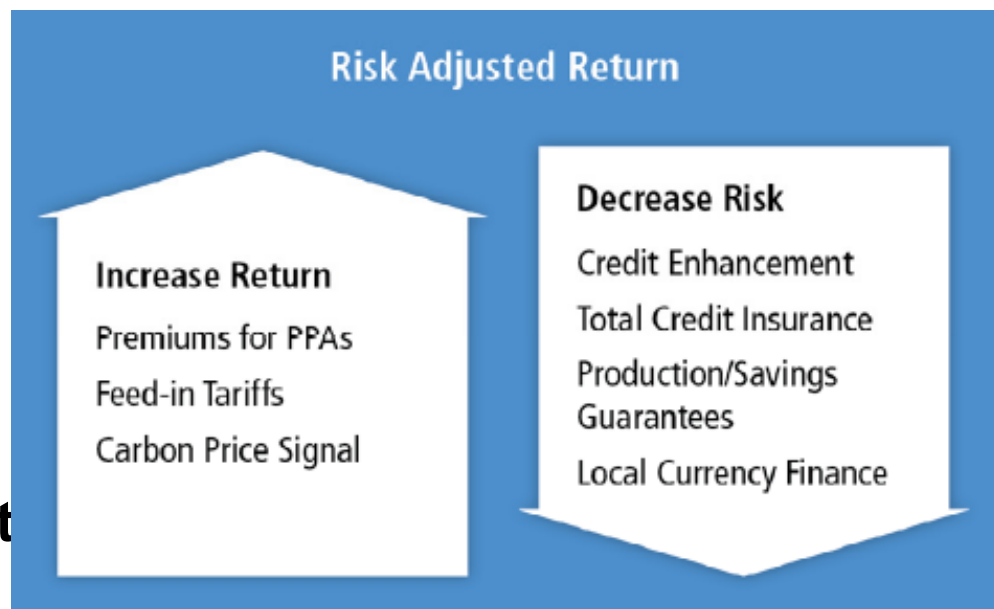
Performance of emission taxes: examples

- **UK Climate Change Levy: 10% tax on electricity use**
 - Electricity use reduction **>22%** at plants subject to the levy compared to plants with voluntary agreement
 - **No evidence of detrimental effect** on economic performance or exit from the industry
- **Swedish carbon tax**
 - Reductions in carbon intensity of GDP of **40%**
- **Fuel taxes**
 - In long run **10% higher fuel prices will lead to roughly a 7% reduction in fuel use and emissions**
 - **OECD could have decreased fuel use by >35%** if all member countries had chosen taxes as high as in the **UK**



Performance of climate finance

- **Total public and private climate finance investments** are estimated at **343-385 billion USD p.a.**, almost evenly going to developed and developing countries
- **95%** of these investments go to mitigation
- **Public climate finance** is estimated at **35-49 billion USD p.a.**
- Robust information on levels of **private sector flows** from developed to developing countries is **virtually unavailable**
- Information on **disbursements** is **not widely available**
- **Dedicated financial instruments to decrease risk of low carbon technologies** have **rarely been applied in the context of mitigation**



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An aerial photograph of a city, likely Shanghai, showing a dense skyline of skyscrapers and a complex multi-level highway interchange in the foreground. The sky is filled with white clouds.

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