

# Overview of challenges in the design of the 2015 agreement - participation, ambition, durability and implementation

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# Dimensions of challenges

- The ambition challenge
  - How to incentivise ambitious action to
    - Reduce emissions in line with the below 2 degree goal
    - Increase resilience
    - Mobilise finance and technology
- The participation challenge
  - How to ensure broad participation, achieve equal playing field, and avoid free riding?
- The durability challenge
  - How to respond to changes over time?
- The implementation challenge
  - How to ensure delivery of results on the ground and effective monitoring of progress?

Since Copenhagen, we have had a new international climate change regime that can be called “concerted domestic action”

- Increasing recognition that enforceable international agreement not feasible
- But concerted domestic action based on international peer pressure and domestic political pressure allows progress
- Serious domestic political commitments can provide firm basis including for trade in abatement

# Targets representing ambitious changes in emissions trends

- China's 40 to 45 percent intensity the most substantial change in trajectory
  - Compare US 17% reductions 2005-2020 with previous expectations of 2025 peak
  - Australia's minus 5% unconditional and 25% conditional a huge break in trend given population and economy growth
  - India's "never higher per capita than developed countries" important to future regime
  - Substantial commitments from other large developing (note Indonesia, Brazil)
- Much more consequential than Kyoto but pointing to 4 degrees not 2 degrees

# Countries are delivering on targets

- China, USA, Europe, Australia
- Demonstrating that reducing emissions is less costly than anticipated
- Suggesting opportunity to do more despite weak recovery from financial crisis

## But global climate change policy is in crisis

- ❑ Serial disappointment about UNFCCC outcomes
  - Collapse of confidence in process outside the “negotiating community”
  
- ❑ Lack of strong incentives – e.g. collapse of carbon prices discrediting market-based regimes
  - CDM credits useless and with huge overhang
  - European carbon price at derisory levels
  - Discrediting new carbon pricing regimes in NZ, Australia and plans in Korea and China
  - Important to preserve carbon pricing for mitigation as well as economic efficiency because necessary for future deep emissions reduction

# Resilience, or "Adaptation"

Successful mitigation is the front line of adaptation

- fanciful to think of effective policies for adaptation to above 2 degrees.
- people will have to adapt above two degrees although not through effective policies from today's national and international entities

Adaptation policies valuable for moderate warming

- scientific knowledge of likely impact in all countries
- flexible economies with effective markets including for food and water
- effective provision of public infrastructure required for development in general

# Solutions to UNFCCC and carbon pricing crises have common elements

- Recognise reality that a major lifting of mitigation ambition required to keep 2 degrees target in reach
- Guide national targets with independent expert assessment on allocating global emissions budget 2020-2050
- Provide substance for commitments to climate financing for developing countries
- Tighten targets for 2020, announced by 2015
- Adoption of domestic 2020-2050 targets consistent with below 2 degree-goal, at COP21 in 2015