

Status of international negotiations and carbon market initiatives

19-20 November 2014

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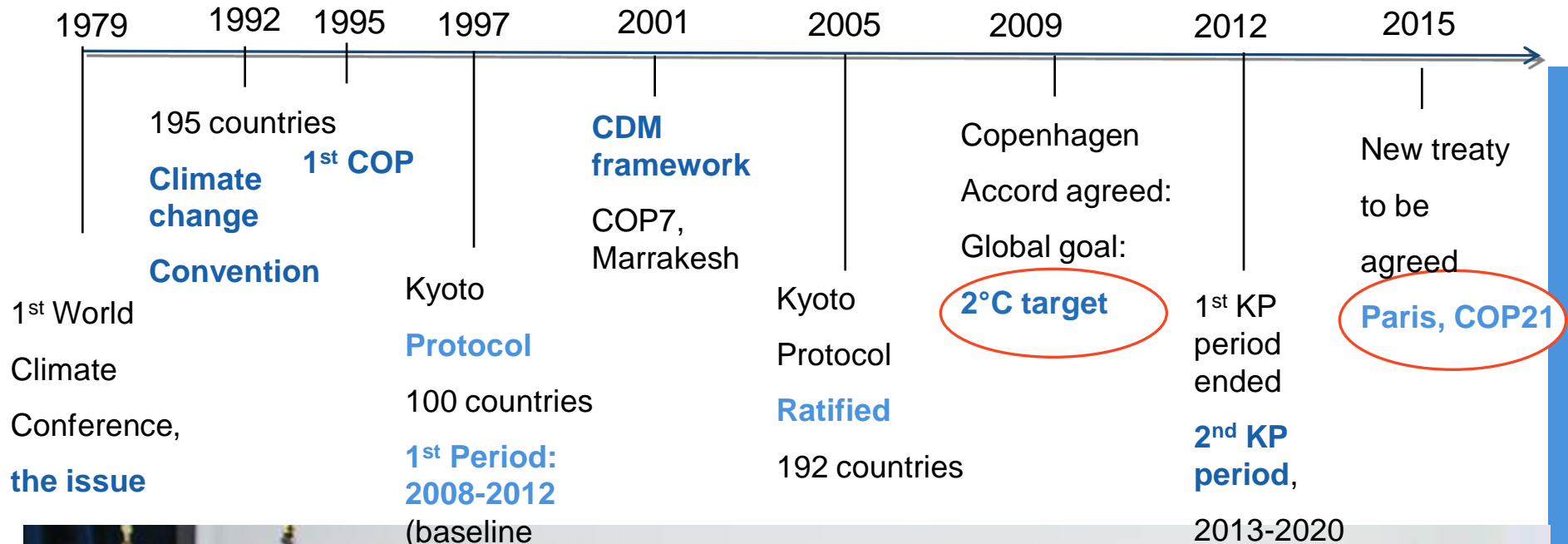
UNFCCC Secretariat

- 1) Status of UNFCCC negotiations
- 2) UNFCCC carbon market – CDM
- 3) Non-UNFCCC carbon markets
- 4) RCC St. George's
- 5) Final remarks

1. Status of UNFCCC negotiations



UNFCCC negotiations timeline



Key definitions of UNFCCC

- The objective of UNFCCC (1992, 195 countries) is the ...

“...stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system” (Article 2)

- The Kyoto Protocol (1997) is what **‘operationalize’** the Convention
- Kyoto *commits* industrialized countries to stabilize greenhouse gas emissions by applying domestic actions and/or **emission trading** programmes. → **Carbon market mechanisms were created**
 - 1st Kyoto period (2008-2012), 5% (1.85GtCO₂) reductions
 - 2nd Kyoto period (2013-2020), 18% reductions
 - Base year, 1990, emissions: **37 Giga tCO₂**
- **UNFCCC secretariat** (Bonn) supports countries in deciding actions that allow combating climate change



Sources: http://unfccc.int/essential_background/items/6031.php

http://unfccc.int/files/essential_background/background_publications_htmlpdf/application/pdf/conveng.pdf

<http://unfccc.int/resource/docs/convkp/kpeng.pdf>

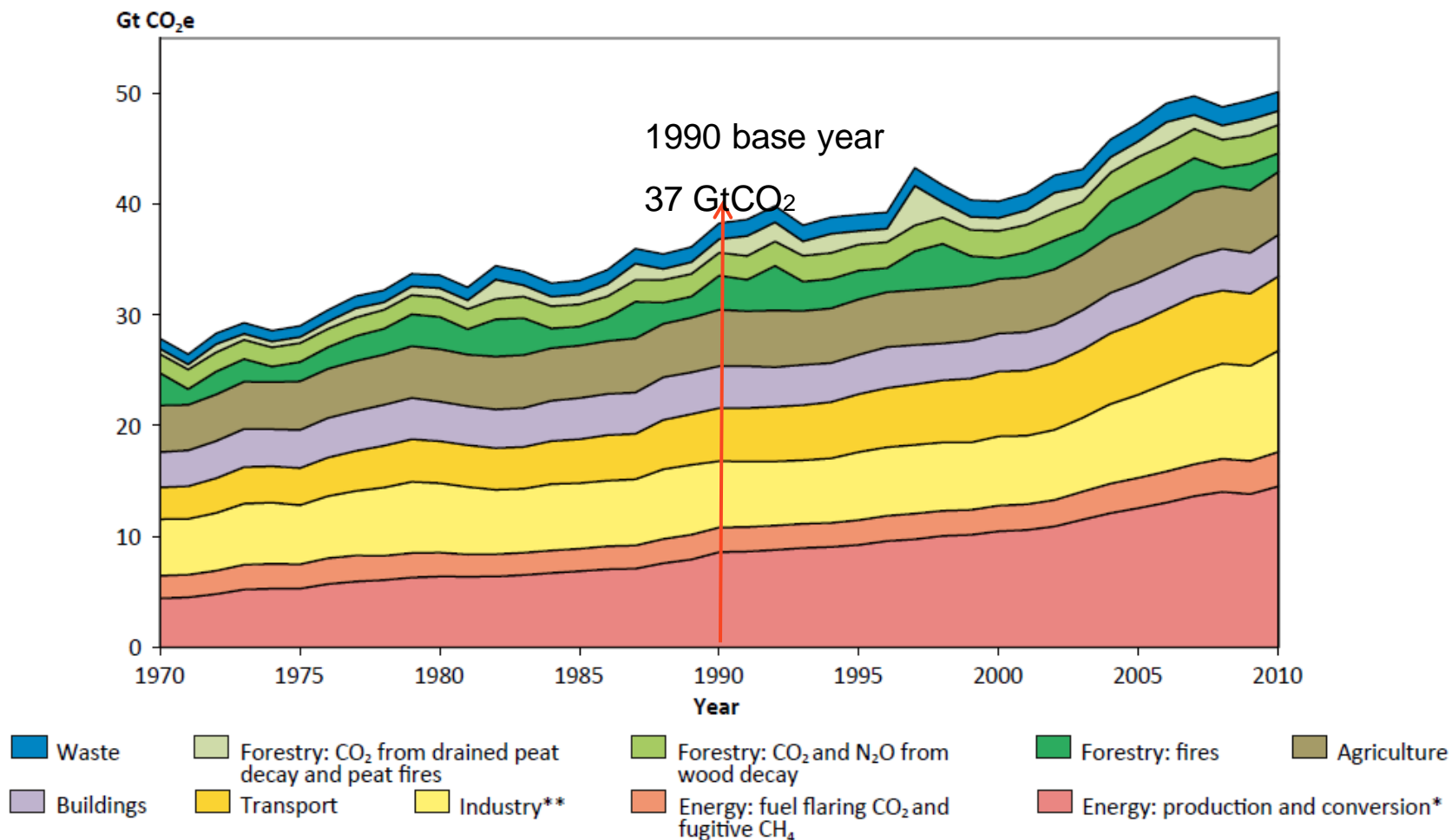
Grenada vulnerable to climate change

- Rises sea level
 - a) → 1m by 2090 in Grenada
 - b) MBI airport at threat
 - c) → 3 % lost by 2050 of agricultural lands
- Increase hurricane intensities
 - a) → Ivan in Grenada (2004)
- Ocean acidification
 - a) → damaging marine ecosystems
- Coastal erosion
 - → jeopardizing tourism



Global emissions by sources

1st Kyoto period: >5% reduction, ~1.85 GtCO₂



UNFCCC processes & opportunities

1) Adaptation → supports adaptation strategies

- National Adaptation Plans, NAPs → to find out **adaptation needs** and to plan/implement strategies and programmes
- Adaptation Fund @ government level
 - 41 projects, 265 million US\$
 - 3 projects in the region: Jamaica, Belize and Cuba
 - **Extra 50 mEuro, Germany, COP20, Lima 2014 → governments**

2) Climate finance → Finance mechanisms

- Global Environmental Facility, GEF, 13bUS\$, **1bUS\$ for small grants**
→ NGOs, governments
- Green Climate Fund, GCF, > 10bUS\$ pledged, process being developed
→ *governments, facility for private sector*



UNFCCC processes & opportunities

3) Technology → supports development and technology transfer

- a) Technology Needs Assessment, TNAs → to plan/implement strategies & programmes → **governments**
- b) Climate Technology Centre & Network, CTCN → supports studies by exchanging network expertise → **governments and technical entities**

4) Mitigation → supports the carbon mechanisms

- Nationally Appropriate Mitigation Actions, NAMAs, → to propose actions such as projects, policies, etc.
 - >90 submissions, 2 regional, 17 bUS\$
 - Popular sectors: transport (13) & energy efficiency (30)
 - Funding sources (70 mUS\$): NAMA Facility (UK & Germany), GEF
→ **public/private partnerships**
- a) Clean Development Mechanism, CDM, market tool that allows trading emission credits from clean projects → to achieve Kyoto targets, 5%
→ **private, public or public/private**



UNFCCC negotiations overview

UN-FCCC Negotiations

Kyoto Protocol - CMP

Convention - COP, Conference of the Parties

Subsidiary Body for Scientific & Technological Advice, SBSTA

Ad-hoc Durban Platform, ADP

Subsidiary Body for Implementation, SBI

- Revision of CDM M&P
- Revision of JI guidelines
- International emissions trading
- KP ambition
- Eligibility
- Second commitment period

- Mitigation
 - New Mechanism
 - NAMA
- Financing
- Technology transfer
- Adaptation
 - Science
 - Capacity building
 - Reporting
 - Nairobi work prog
 - LULUCF

2015 agreement

Agreement Design

Pre-2020 ambition



COP21, Paris → new treaty

2°C target

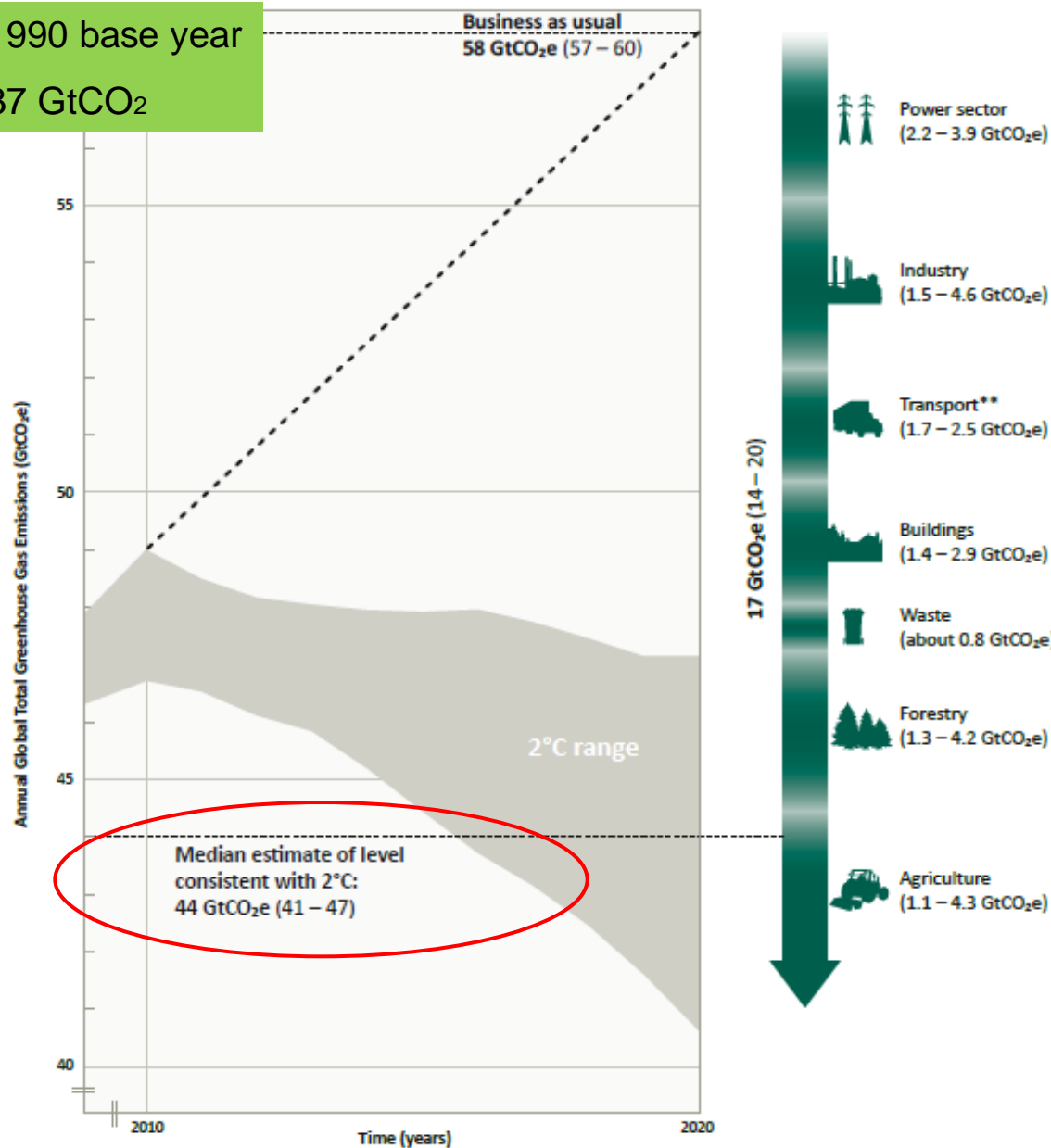
- Collective effort: → 50-85% emission reduction by 2030
- Contributions are needed: INDC, Intended National Determined Contributions → INDCs report on the countries' ambitions for the 2nd Kyoto period: Two INDCs are submitted (March 2015): Switzerland and EU
- Fundamental ties with the content
 - Ambition (demand), roles, principles, linking markets, infrastructure
- Emission gap, ~17 GtCO₂, that carbon markets can fill up
 - → Ambitions will dictate demand



Emissions gap

1990 base year

37 GtCO₂



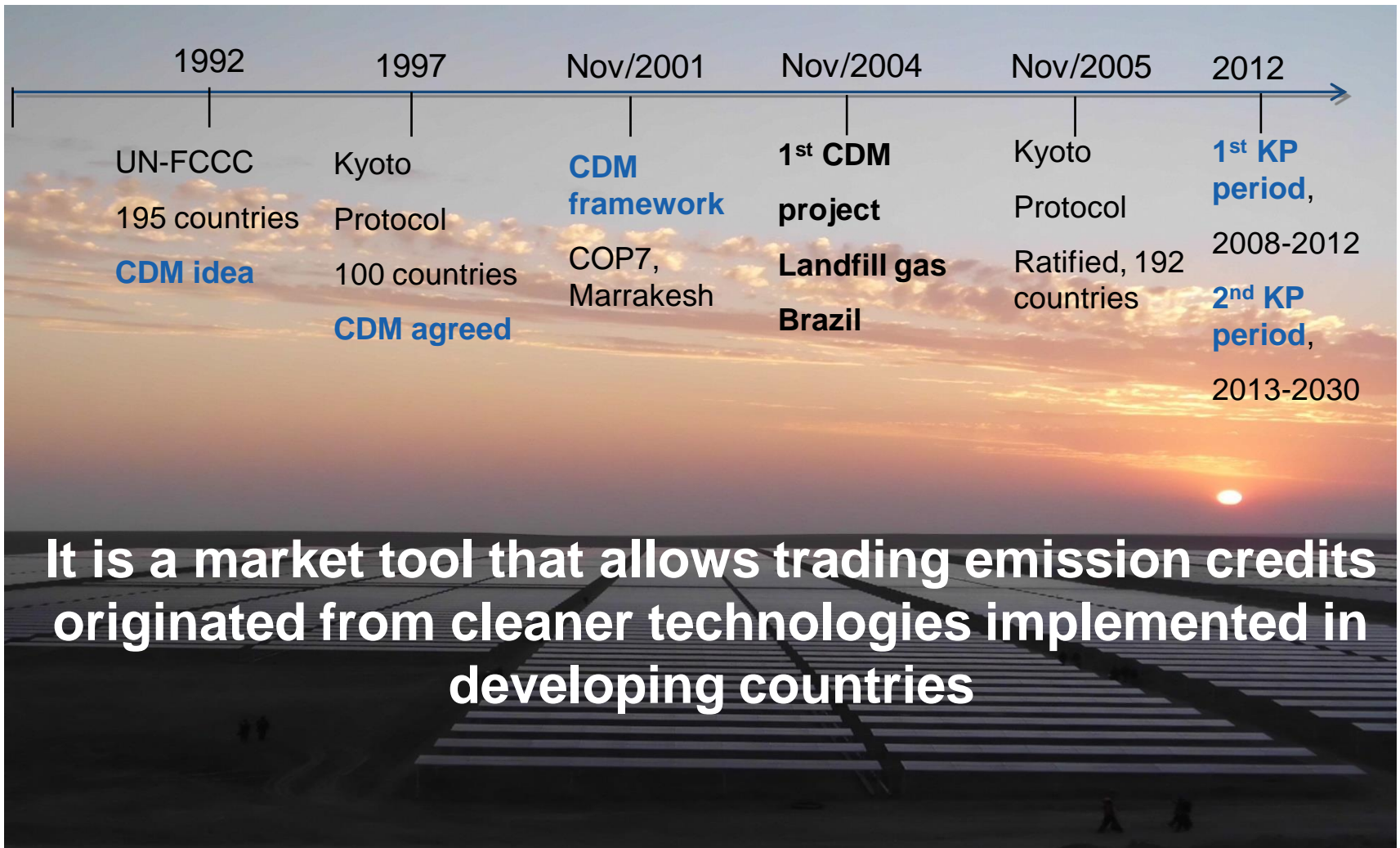
Carbon markets are needed to:

- Deliver cost-effective mitigation
- Mobilize public and private finance

2. UNFCCC carbon market, CDM



What is the CDM, Clean Development Mechanism?



The CDM in numbers

~ 7,900 activities: 7,600 projects, 278 programmes (03/15)

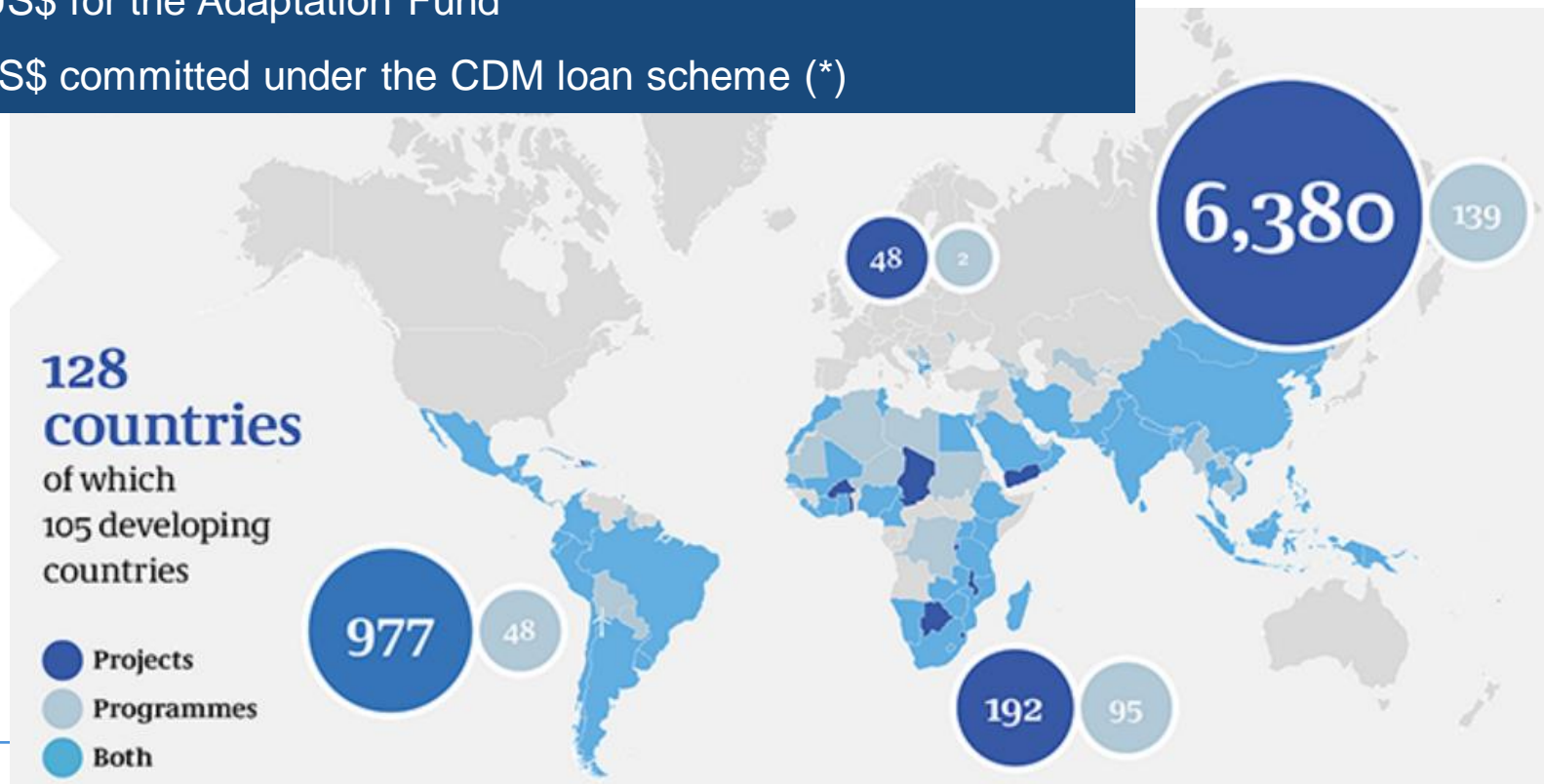
315 billion US\$ invested

110 GW renewable energy

2.2 billion certified emission reductions (tCO₂)

188 million US\$ for the Adaptation Fund

> 5 million US\$ committed under the CDM loan scheme (*)

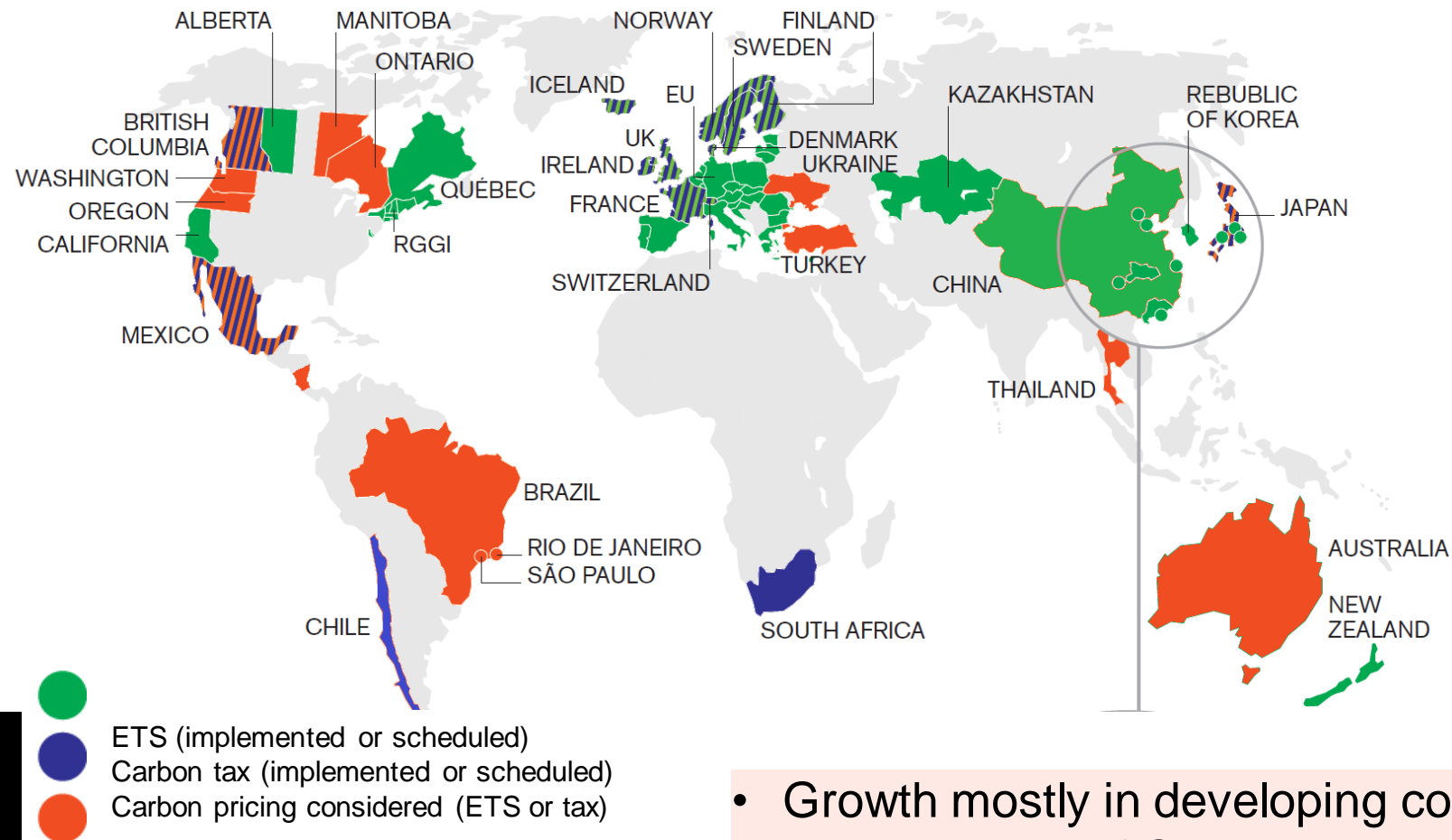


(*) CDM loan scheme for consultancy, validation or verification

3. Non-UNFCCC carbon markets



Carbon pricing mechanisms growing



- Growth mostly in developing countries.
- Domestic use of CDM is a possibility



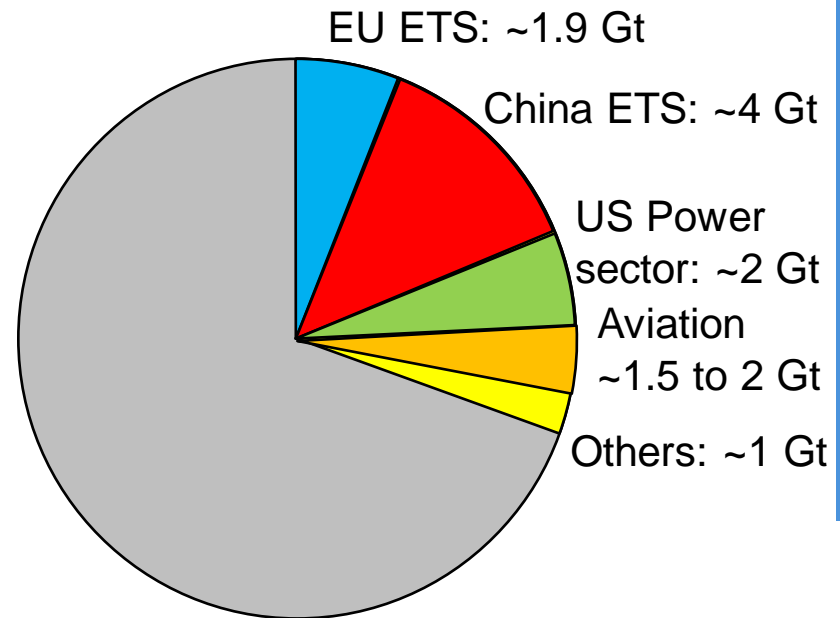
Carbon pricing mechanisms

Emission trading schemes (ETSs):

- 19 in operation – 12 under consideration
- Currently the leading instrument for regulating GHG at large scale emitters
- China set to introduce the world's largest ETS (4 Gt) in 2016

Carbon taxes

- Comparatively simple to implement (tax collection)
- Applied in 12 jurisdictions





- South Korea: **ETS** started; 1,7 Gt cap for the 2015-2017 period; 10% of compliance units can be offsets (CERs or KVERs from projects hosted in S. Korea)



- South Africa: €8/t **carbon tax** on large emitters. Eligible offsets (CDM, VCS, GS, CCBS) from projects hosted in South Africa can be used to reduce the tax liability by 5% to 10%.

CDM for domestic projects





- **Carbon tax** on fossil fuels (5 USD/t) applies since 1 January 2014. The tax can be paid with CERs from projects hosted in Mexico



- Mexico: targeting the power sector:
 - (i) 22% cut in grid emission factor by 2018
→ **emission trading scheme**
 - (ii) 35% renewable energy by 2024
→ renewable energy certificates considered

CDM for domestic projects

4. RCC St. George's



The RCC Initiative

RCC St. George's

Grenada

July 2013

16 countries



RCC Lomé

Togo

January 2013



5th RCC in the
Asia-Pacific region
is to start latest 4Q
2015

RCC Bogotá

Colombia

September 2013

17 countries



RCC Kampala

Uganda

May 2013



Promoting clean technologies

Stakeholder engagement

- Seeking key partnerships
- Engaging with government entities
- Meeting regional stakeholders
- Outreaching: CDM for non-CDMers

CDM support

- Supporting existing and potential CDM projects
- Drafting proposals
- Feeding back to CDM Board on CDM improvements

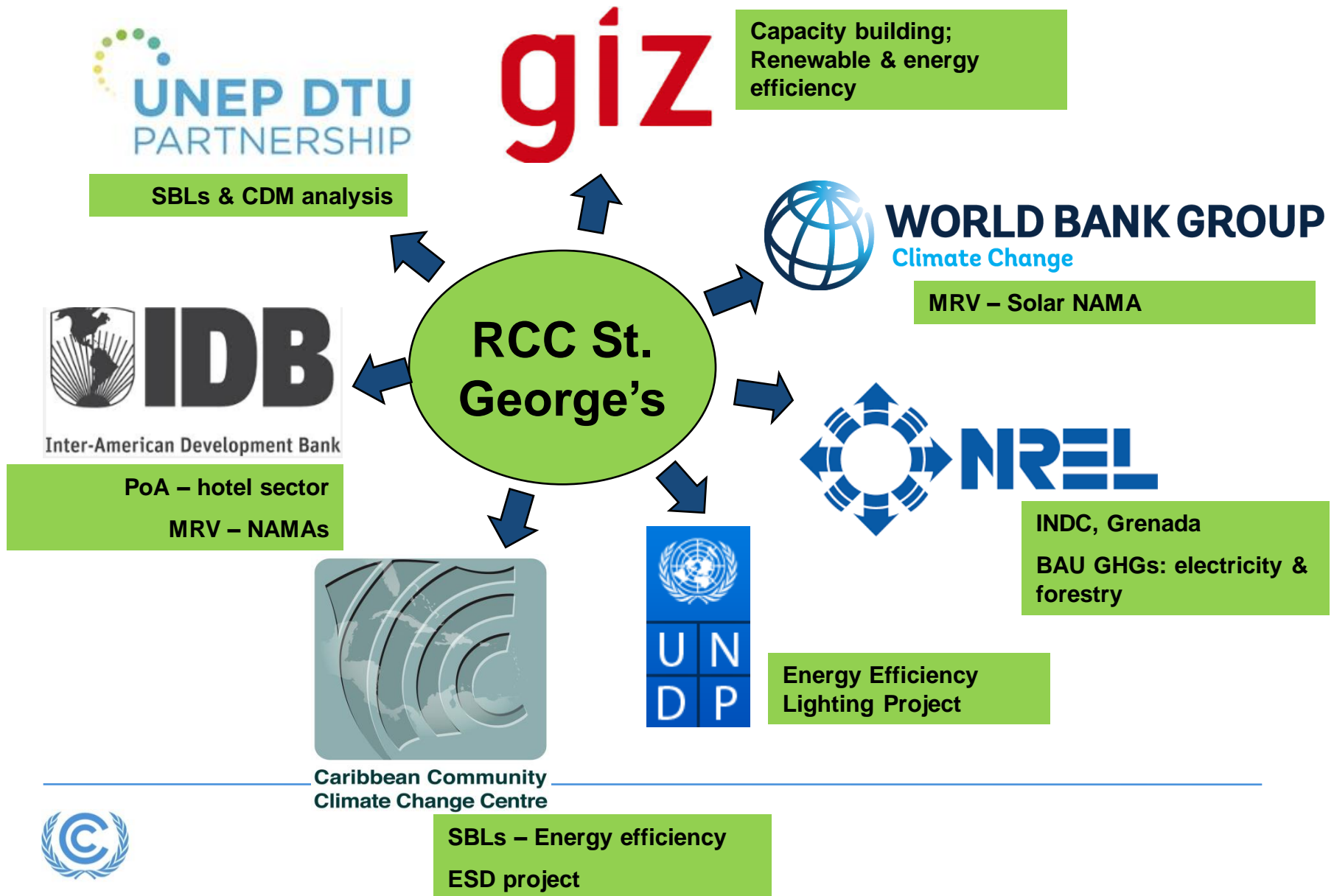
Renewable energy & waste sectors

- Developing standardized baselines, SBL. E.g. emission factors for electricity and waste sectors. Governments
- NAMAs, INDCs

Capacity building: delivering trainings, promoting CDM success stories, sharing information, & answering technical queries



Building partnerships



Standardized baselines expertise

Sector	Countries
Power [15]	Cape Verde, Sao Tome and Principe, Gambia Uganda, Ethiopia, Kenya, Mauritius, Rwanda, Belize, Dominican Rep, St Vincent, Grenada Uzbekistan, Armenia Botswana
Waste [7]	Sao Tome and Principe, Cameroon, Madagascar Dominican Rep, Antigua, Belize, Grenada
Clinker [1]	Ethiopia
Rice cultivation [1]	Philippines
Rice mill [1]	Cambodia
Cook stoves [1]	Senegal
Charcoal production [1]	Uganda



5. Final remarks



4. Final remarks

1. Different channels of funding are available for clean technologies → governments, NGOs, private entities
 2. CDM is mature, proven and available to be used. It can deliver cost effective mitigation and can mobilize public & private finance
 3. Carbon markets can fill up the mitigation gap, 17 GtCO₂, needed to achieve 2oC level
 4. COP21, Paris, will provide a light to the potential for the carbon markets that can further encourage investment in clean technologies
 5. Several country initiatives could create demand for certified reductions of special projects, such as in SIDS
 6. RCC St. George's can support you on creating/maturing clean technology initiatives
-



"2015 is not just
another year, it is a
chance to change the
course of history"

- Secretary-General Ban Ki-moon



Cyclone PAM, Saturday 14 March 2015

90% of houses in Port Vila have been destroyed, many people displaced, and schools ripped apart

About 10 deaths, many injured

103,000 people (>267,000) have been affected

Thousands more blighted in 9 countries across the Pacific

75,000 children are needing food, water and shelter

Effects in other South Pacific islands; Tuvalu 45% of the population has been displaced and a state of emergency has been declared.



Baldwin Lonsdale, Vanuatu's president, said **climate change was contributing to the severe weather** his country is experiencing: We see the level of sea rise ... the cyclone seasons, the warm, the rain, all this is affected ... This year we have more than in any year ... yes, climate change is contributing to this.

Anote Tong, president of Kiribati, who said it was **'time to act'** on climate change:

For leaders of low-lying island atolls, the hazards of **global warming affect our people** in different ways, and it is a catastrophe that impinges on our rights ... and our survival into the future. There will be a time when the waters will not recede.



AFP/CARE/INGA MEPHAM



THANK YOU!

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