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*ENERGY, CLIMATE
AND SUSTAINABLE
DEVELOPMENT*

Climate Change negotiations towards Rio+20

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Researcher day 15 November 2011

Topics

- Status on UNFCCC (technology, finance, mitigation and adaptation)
- “Silo” approach hard to implement in the real world
- Existing finance options – GEF, CIF, CDM, REDD.....
- The emerging “new” framework :Low Carbon Development Strategies and NAMAs
- Perspectives for post 2012 finance
- What about Rio+20



Brief status I

- Mitigation
 - No clarity on Kyoto 2nd period
 - New framework emerging, but gap likely
 - Carbon markets risk dying out - apart for LDCs
 - REDD still at piloting and planning stage
- Adaptation
 - AF operational but funds limited and disbursement slow
 - Direct access not there at all – few NIEs
 - Nairobi WP and new committee making progress, but...

Brief status II

- Technology
 - Poznan work program – mitigation pilots and TNA/TAP
 - Tech committee established
 - CTCN next and likely decision for Durban

- Finance
 - GEF
 - WB CIF
 - CDM
 - Fast start funds from COP 15
 - Green fund – Durban possible decision on process to capitalize

A growing menu of climate finance instruments to catalyze and leverage



Climate Finance: Fast Start & Long Term

Fast Start Finance (2010-12)

To Date:
\$30 billion
pledge
legitimized
at Cancun,
about \$12
billion
committed

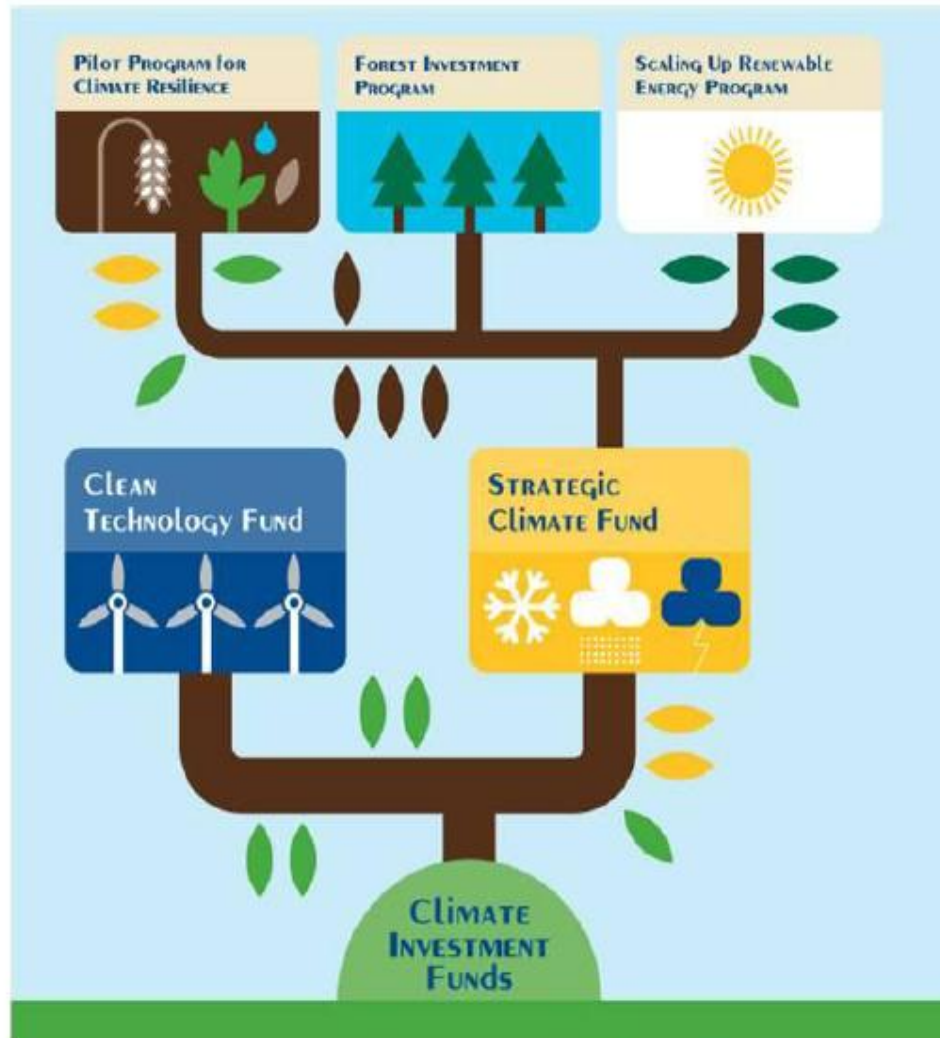
Goal to mobilize Long-term Finance of \$100 billion per year by 2020 agreed in Cancun

Variety of sources including: public, private, bilateral, and multilateral

Significant share of multilateral funding for adaptation should flow through the Green Climate Fund

Issue: How to leverage (multiply) public funds through mixing with private, public, and carbon market funding

Mobilizing public finance through Climate Investment Funds (CIF)



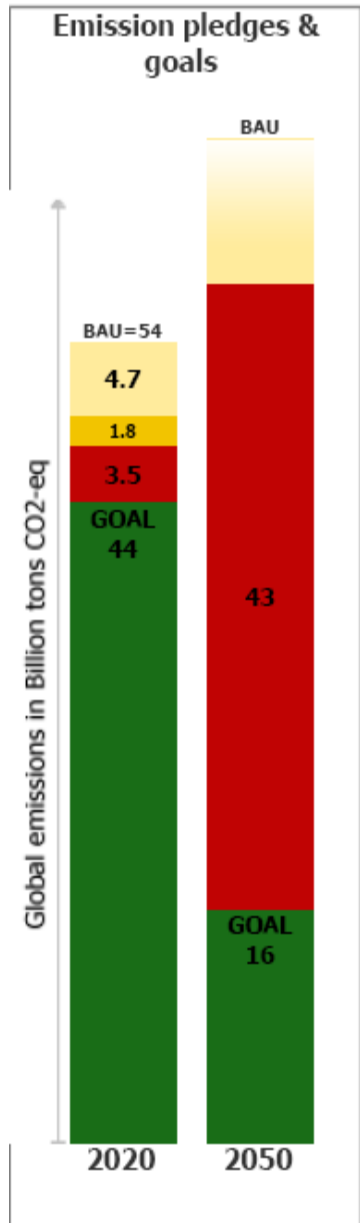
Strategic Climate Fund (SCF): Targeted programs to pilot new approaches and scale-up:
Total commitment: \$1.9 billion

Clean Technology Fund (CTF): Finances demonstration, deployment, and transfer of low carbon technologies
Total commitment: \$4.5 billion
Leveraged: \$37 billion

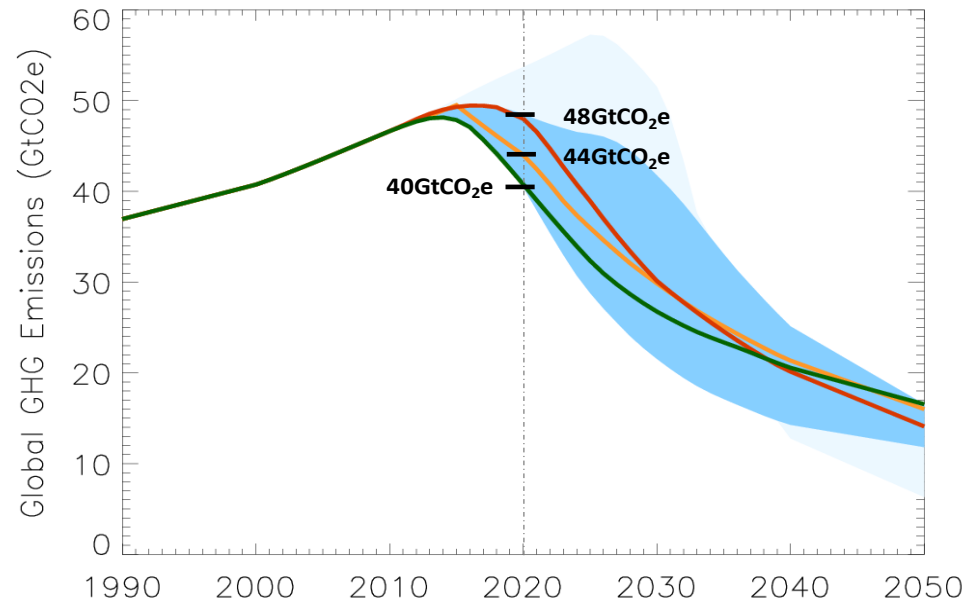
Approved in July 2008 as an interim instrument, CIF have balanced governance with equal representation from developed and developing countries

Carbon markets

- Challenging times with the current state of affairs in the negotiations, but in spite there seems still to be strong support for CDM and carbon markets as one of the areas where real action has taken place. But still quite diverse views of format , share and reforms in view of ETS post 2012
- Many different views on how future mitigation will be structured and financed esp. around NAMAs & REDD
- Risk of designing new mechanisms with no private sector guidance which will not attract private finance

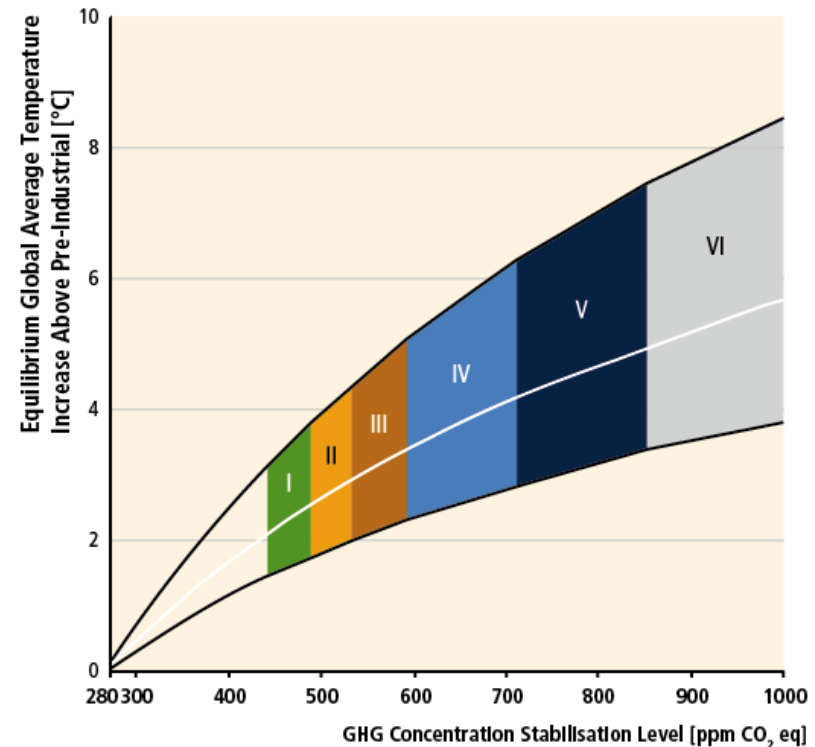
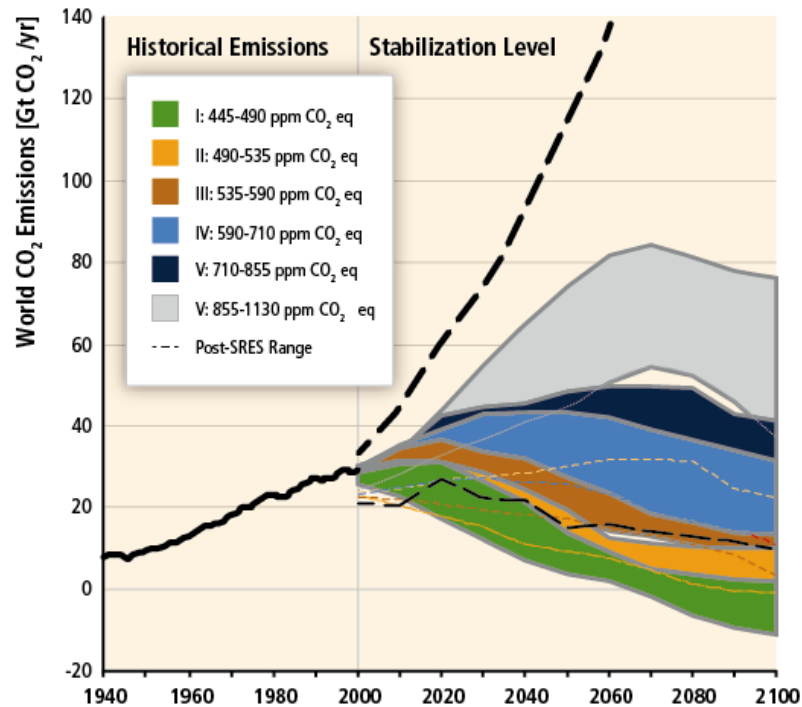


Understanding the challenge and the need for a long term path



Stabilization levels and temperature increases

Rationale - Demand for energy services is increasing.



GHG emissions resulting from the provision of energy services contribute significantly to the increase in atmospheric GHG concentrations.

Moving towards a new mitigation framework

Development Plans

LT
Development
Priorities

LT
Development
goals

Low Carbon Development Strategies

Emission
sources

Emission
reduction
priorities

increasing
competitiveness

Nationally Appropriate Mitigation Actions - NAMAs

Capacity

Finance

Tech. transfer

Strategic Priorities and/or Stand Alone Action

LCDS/LEDS

- Rooted in national development plans
- Assessing current situation (Baseline)
- Development scenarios with different emissions
- Costs & Benefits of a lower carbon path
- Priority actions (NAMAs)
- Necessary policies, institutions and finance
- National and international MRV

NAMAs Direct

- “Priority” actions identified typically at project, sector or national level
- Piloting approaches and opportunistic fund raising, but real procedures and funds will take time to evolve
- Need for baseline and MRV
- Actual approach will depend on funding source.

Information from NAMA submissions reported in 2011

- Wide range of reported activities and ambitions
 - Voluntary reduction targets
 - Current national action with mitigation benefits
 - Sector based NAMA priorities
 - Individual NAMA listing some with specified mitigation potential
 - Statements on existing or desired LCDS
 - Needs for capacity development support for both LCDS & NAMA development

Facilitating Implementation and Readiness for Mitigation (FIRM) Moving from TAPs to LCDS

- i. UNEP will with support from the Danish Government assist seven developing countries strengthen their national low carbon development strategies and get a “quick start” on NAMAs, building directly on their TNA/TAP program

- ii. The focus will be on reducing emissions of greenhouse gases in ways that also contribute to national development goals, such as creating jobs, enhancing energy security, and reducing the local environmental impacts of conventional energy technologies

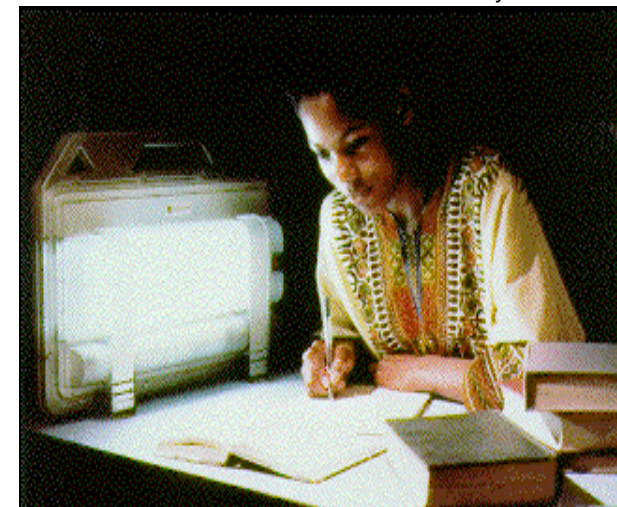


Facilitating Implementation and Readiness for Mitigation (FIRM) Moving from TAPs to LCDS

- i. FIRM will in addition to country activities develop or enhance guidelines for LCDS development and NAMA criteria, MRV approaches, and tools for analyzing and prioritizing mitigation actions.
- ii. The project will be implemented by UNEP and build directly on the GEF-funded Technology Needs Assessment Programme in the participating countries
- iii. Cross regional where four countries in Africa will be engaged and the ambition is to expand this number in cooperation with the African Climate Policy Center (ACPC) and the Global Green Growth Institute (GGGI)



Photo: Courtesy Selco



Challenges & Opportunities

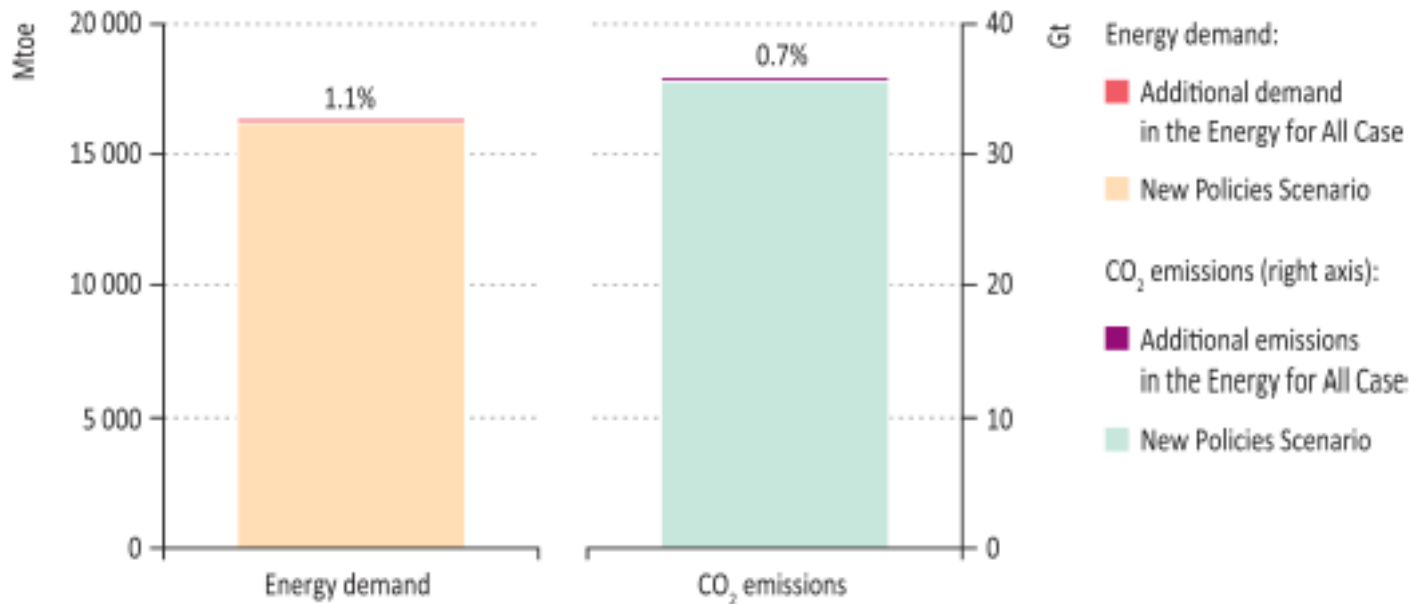
- Slow UNFCCC progress and silo approach
- Carbon markets in uncertain state except for LDCs
- No clear picture of post 2012 funding for NAMAs
- Better integration of mitigation actions in national development plans and strategies
- Chance of new CC finance can contribute to more low carbon development

What about Rio+20

- Overall them – Green Economy or Green Growth
- Institutional reforms to implement SD
- Options for new SD Index and/or SDGs
- Energy is in focus under GE with a set of proposed targets focusing on 2030
 - Access for all
 - Doubling energy efficiency
 - Doubling the share of RE in the global energy mix
- 2012 UN Year on sustainable energy for all

Access for all will NOT have real impact on GHG emission

Figure 9: Additional global energy demand and CO₂ emissions in the Energy for All Case compared with the New Policies Scenario, 2030



Notes: Percentages are calculated as a share of the total energy demand or CO₂ emissions respectively in 2030. Gt = gigatonnes.

IEA WEO 2011

- In 2009, we estimate that \$9.1 billion was invested globally in extending access to modern energy services.
- In the absence of significant new policies, we project that the investment to this end between 2010 and 2030 will average \$14 billion per year, mostly devoted to new on-grid electricity connections in urban areas.
- This level of investment will still leave 1.0 billion people without electricity and, despite progress, population growth means that 2.7 billion people will remain without clean cooking facilities in 2030.
- To provide universal modern energy access by 2030 annual average investment needs to average \$48 billion per year, more than five-times the level of 2009. The majority of this investment is required in sub-Saharan Africa.

Figure 5: Average annual investment in access to electricity by type and number of people connected in the Energy for All Case

