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Low carbon development strategies: panacea or placebo?

Side Event

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LCDS – fad or reality?



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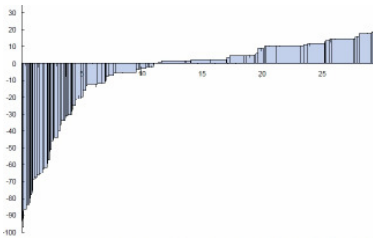


- It has become **fashionable** to set up NAMAs
- Developing countries see NAMAs as **new opportunity for grants** from industrialized countries
- Could we get into a situation where we have lots of NAMAs, but no greenhouse gas emissions reductions?
- What do we have to do to make NAMAs a **success**?
 - Identification of barriers
 - Strategies to overcome the barriers

Key barriers



- Lacking belief in abatement cost estimates



- Policymakers see MAC curves as artifacts without real-life significance

Effective opposition of emitter lobbies



- Heavy industry lobbies are usually politically powerful, as they are strongly concentrated and contributed to past development of the country



- As most low-cost measures are concentrated in heavy industries, a key chunk of abatement potential is lost



Key barriers II



- Focus on politically salient high cost measures



- Low cost measures are often “boring” and do not relate to visible high technology
- Policymakers like to deal with glitzy technology that can be unveiled in spectacular fashion
- New lobbies emerge



- Consumption growth overrides carbon intensity reductions

- Even if measures are successful, increasing consumption will be a powerful counterforce



Successful strategies did...



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- ... use **political windows of opportunity**
 - Energy crisis allowed drastic energy efficiency measures (Brazil)



- ... **align powerful economic interests**
 - Ethanol programme provided a new outlet for sugar industry (Brazil)



- Wind power feed-in-tariff brought together farmers' and metal industry lobbies (Germany)



- ... build on backing of **key individuals**
 - Bus lane programme pushed by long-serving mayor of Curitiba (Brazil)

Successful strategies did...



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- ... **buy out losers** while providing **performance incentives**



Offer rebate of carbon tax for voluntary reductions (UK) or energy efficiency measures (Denmark)

- Initial free allocation of allowances (EU)

... **ratchet up** over time



- Multi-phase trading scheme (EU)
- Domestic carbon tax (Sweden)

... **provide ancillary benefits**



- Congestion charge in London (UK)
- Integrated transport policy (Singapore)



Successful LCDs:

- Understand **where your low cost options** are
 - ... that do not suffer from lobby pressure
 - ... that can be mobilised without facing organisational / incentive-related challenges
- **Prevent capture by high-cost measure lobbies**
 - Propose clear timetable for reduction of incentives, linked to transparent criteria
 - Apply array of measures to generate competition
- Provide **carrots to emitters** for a certain period
 - Subsidies, harnessing climate finance from North
 - Ratchet up!
- Look for **ancillary benefits**