

The role of the Paris market mechanisms in financing conditional elements of the NDCs

COP 22 Side Event: Implementing national contributions under the Paris Agreement:
Opportunities and Challenges

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SUR LES CHANGEMENTS CLIMATIQUES

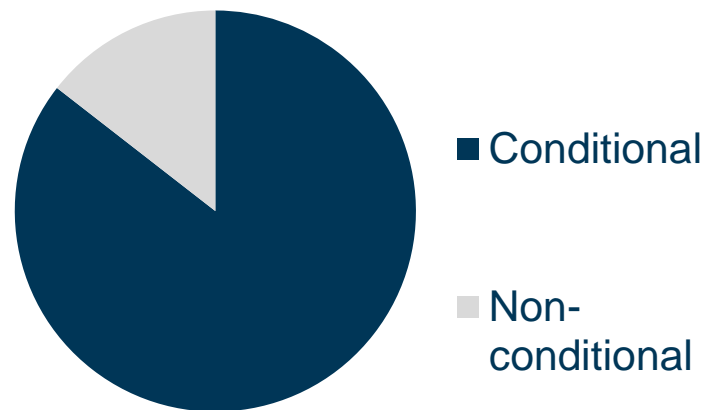


Topics

- **Expectations for climate finance relating to NDCs**
- **Options for financing conditional elements of the NDC**
- **Integrated climate finance under the Paris Agreement**
- **Upscaled crediting for policy instruments**
- **Rule setting for the Paris Mechanisms in the context of NDCs**

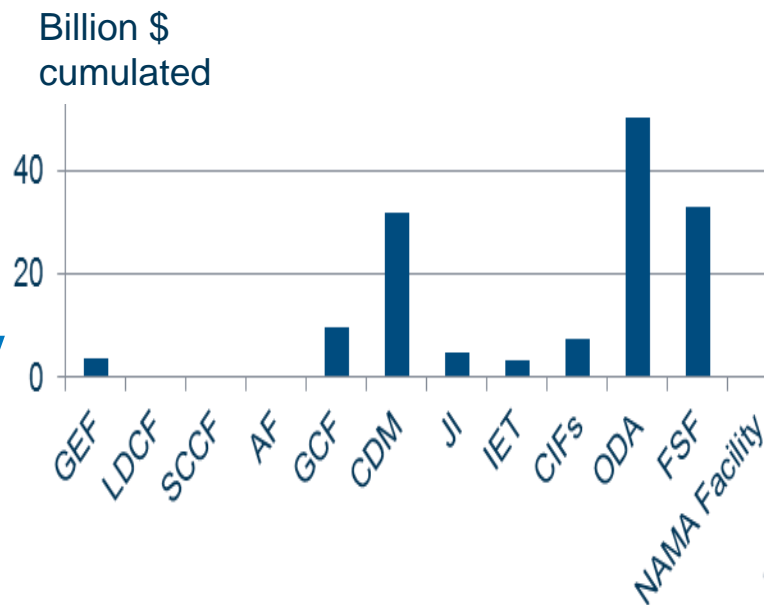
Expectations for climate finance relating to NDCs

- The **lion's share** of developing country NDCs is conditional
 - 85%
- **Total volumes** of finance requested are **mindboggling**
 - **1870 billion \$**
 - **187 billion/year**
- **Public financing from industrialized countries is unlikely to be sufficient to cover all requests**

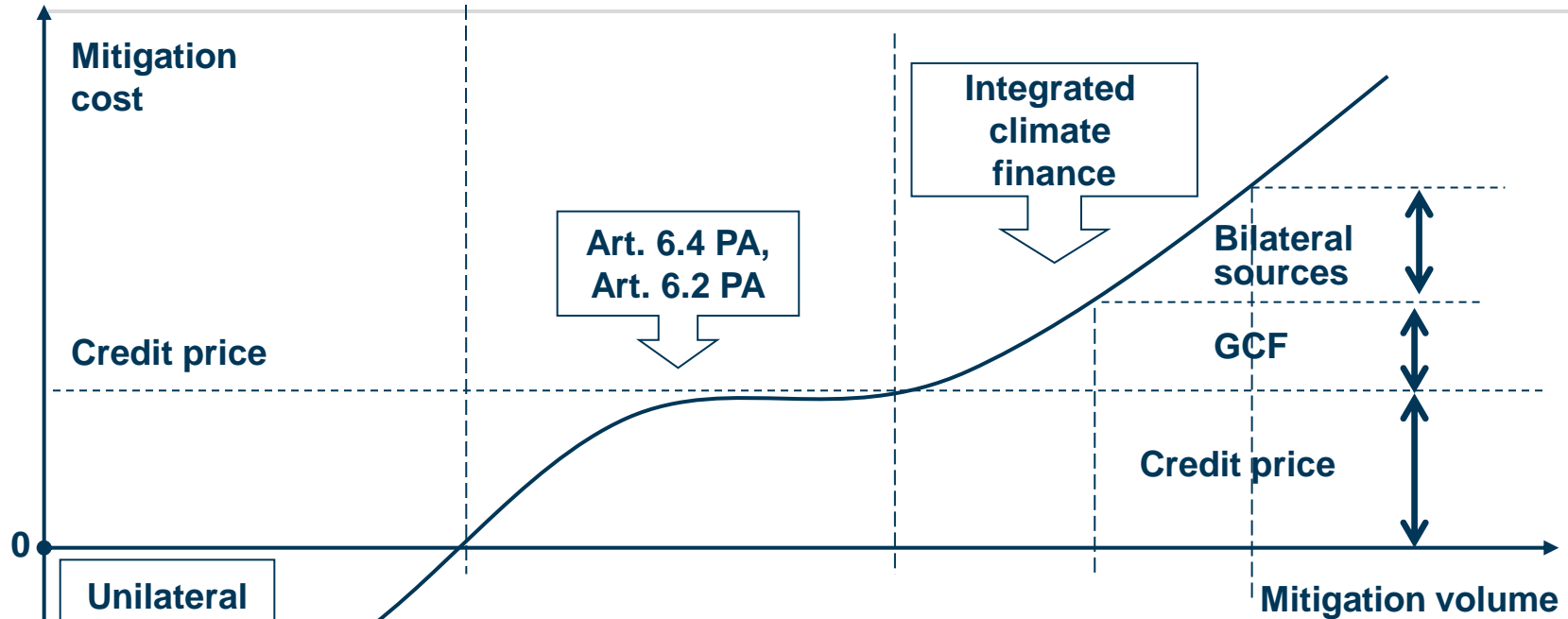


Options for financing conditional elements of the NDC

- There are **many options** for international climate finance
 - Multilateral: GCF, LDCF, SCCF, AF
 - Multilateral: CIFs, NAMA Facility
 - Bilateral: KfW, GIZ, AfD, DFID...
- Access to these options is **not easy**
 - **NAMA Facility: 10% success rate**
- **More difficult** to get climate finance than commonly thought
- High **transaction costs!**

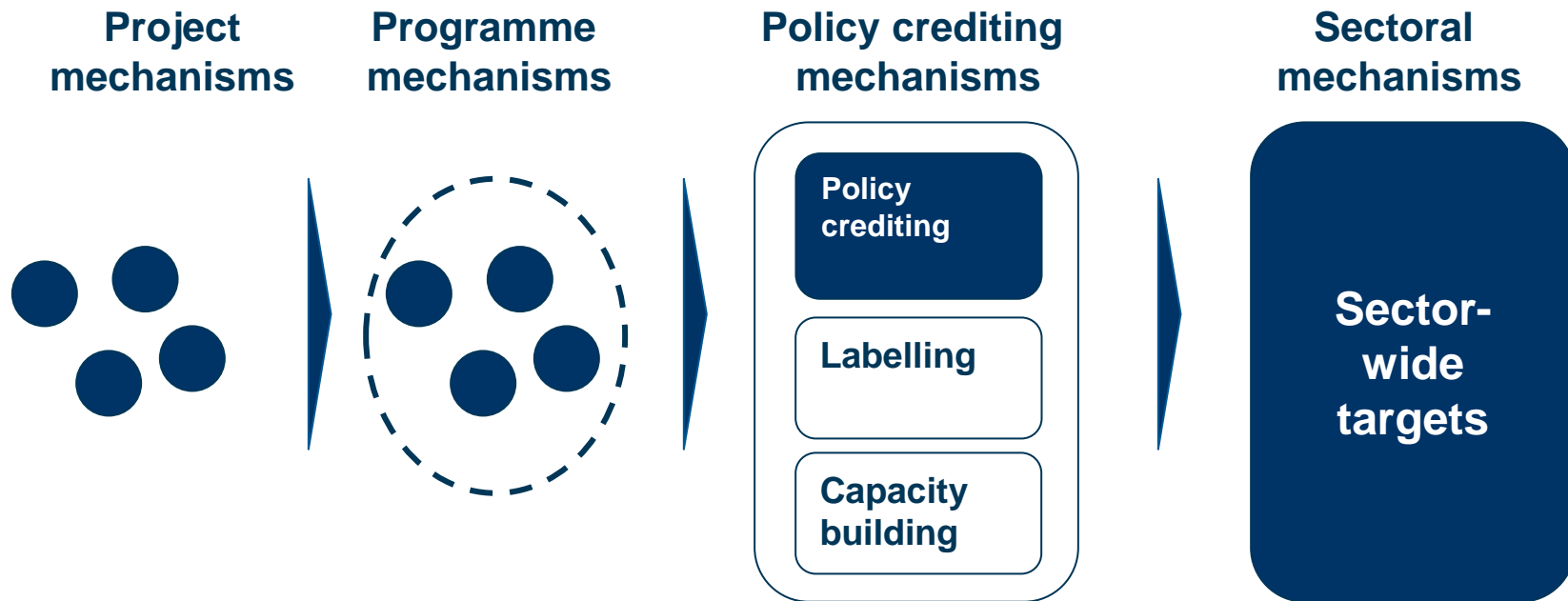


Integrated climate finance under the Paris Agreement



- Requires **significant demand** for credits
- Requires agreement on the **crediting baseline** under NDCs

Upscaled crediting for policy instruments



The coexistence of mechanisms

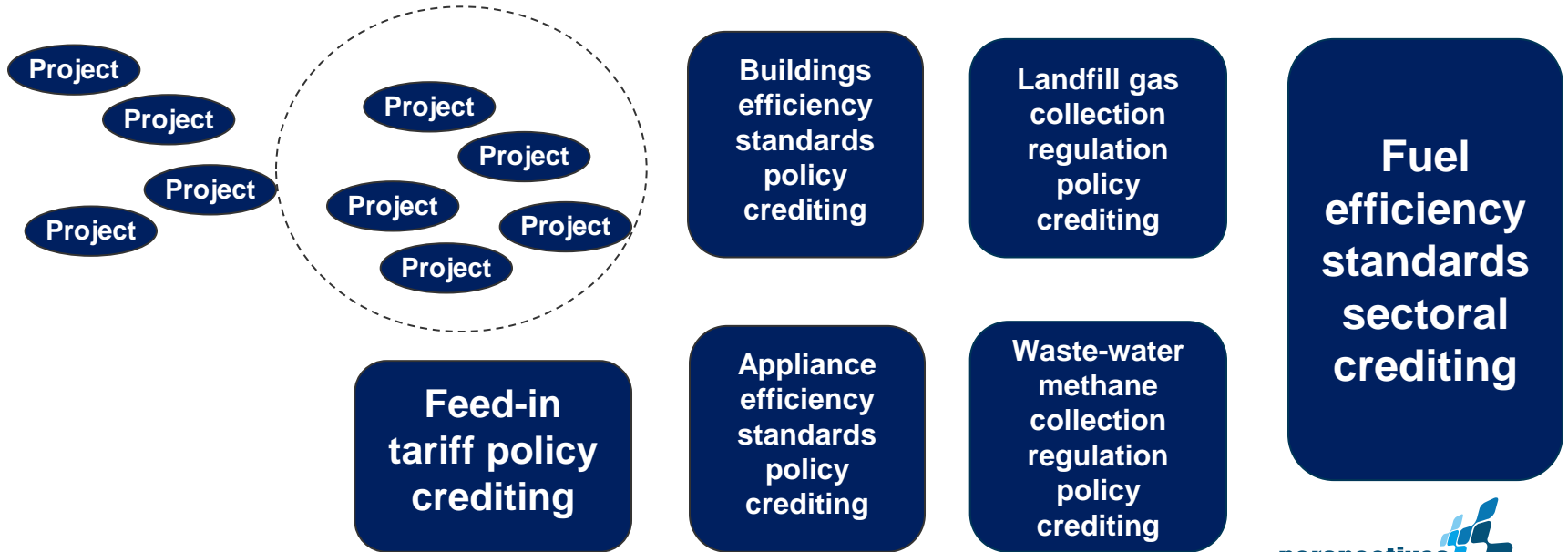
Cement
production

Power
sector

Household
sector

Waste
sector

Transport
sector

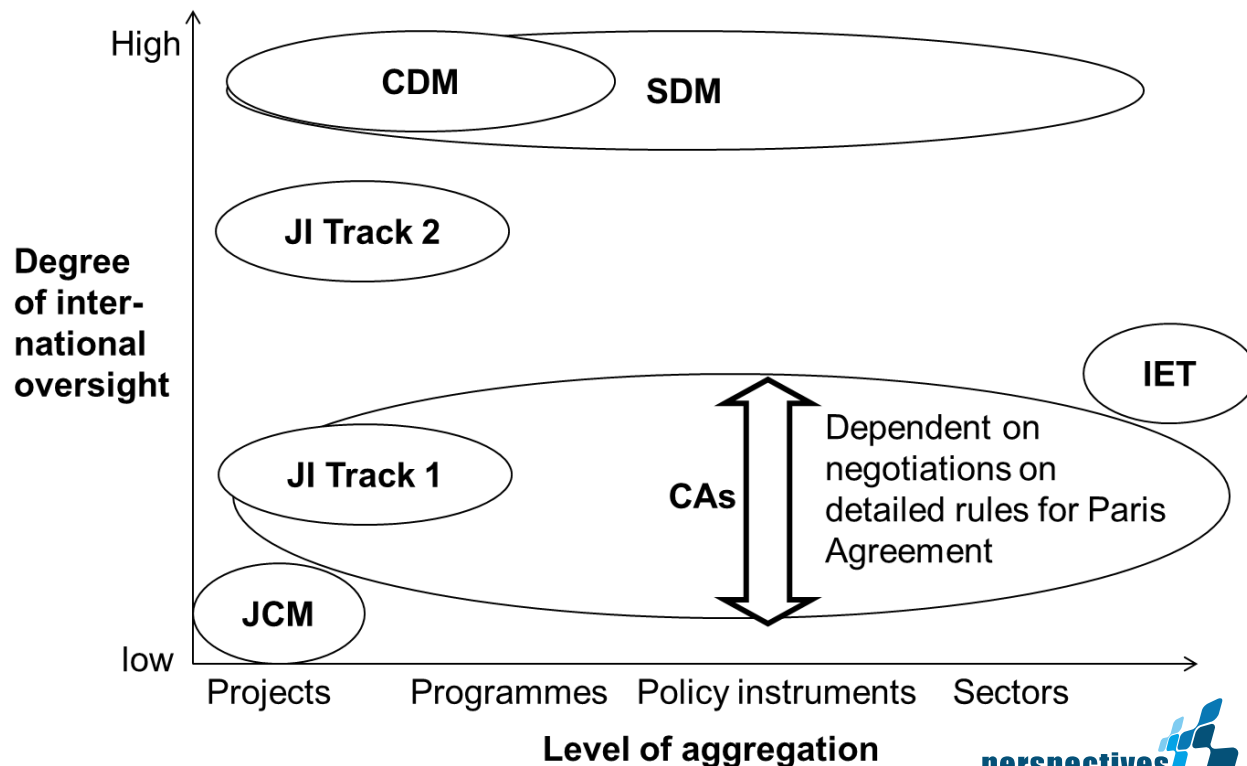


Rule setting for the Paris Mechanisms in the context of NDCs

- Degree of international rule setting remains unclear

- How far will the CDM survive?

- Race to the bottom?





Rule setting for the Paris Mechanisms in the context of NDCs

- Specifically encourage **blending of various sources of climate finance** for mitigation interventions
 - Tackle the critical question how **additionality of a mitigation policy instrument** is determined
- Transparently discuss the question of **baseline determination of policy measures** under NDCs
- Ensure that there is **no race to the bottom through CAs (Art. 6.2)** through a level playing field for all mechanisms
- **Keep the CDM as well-tested vehicle for project-level crediting** where mitigation policy instruments are not yet available



Thank you!

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