



Post-2012: alternative approaches to global agreements

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Post-2012: mitigation action

Ideal:

- Global GHG price → all countries, all sectors
- Cap & trade, carbon taxes, removal of subsidies
- Complemented by other instruments (market failures)

Likely reality:

- Only some countries, some sectors
- Patchwork of instruments used, often not linked
- Varying “price” on carbon by sector/ by country

Bridge

- Major economies (about 80% of GHG emissions)
- Main sectors (power sector; industries; REDD)
- Build up “global” carbon price by linking (ETS, taxes, CDM, REDD)
- Sector-wide agreements for energy-intensive, trade-exposed sectors
- Evolution/ graduation mechanism to bring in new sectors & countries

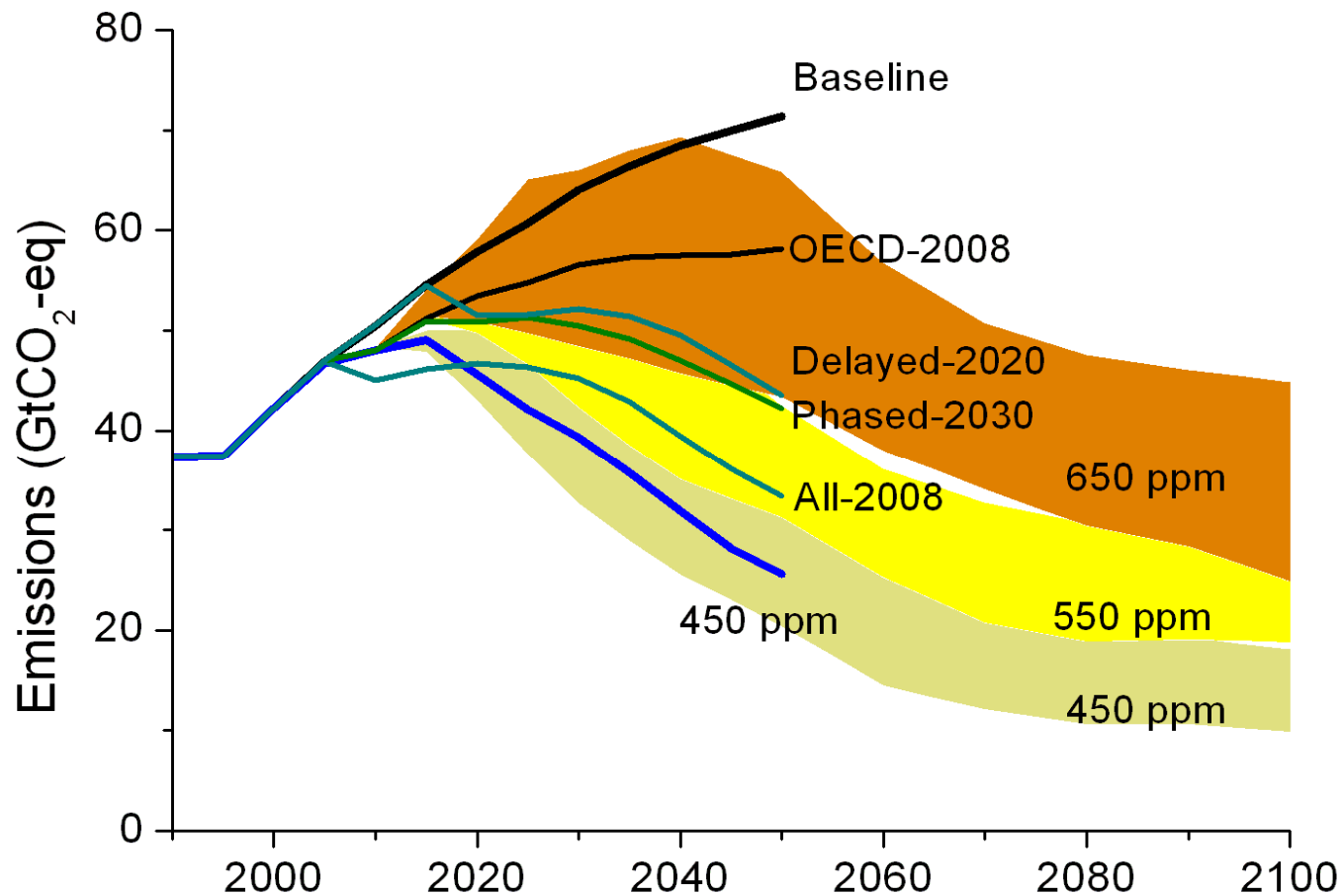
Differentiation: incentives

Tier	Mitigation Action	Differentiation Criteria	Enabling Support : TFC	Thresholds
1	National binding fixed [or indexed] targets below BAU	GDP per capita > [4th quartile][2nd lowest] AI countries	Sharing best policy practice	No CDM
2	National binding fixed or indexed targets below BAU	High-income developing countries (not in 1)	1+ Technology-orientated agreements	No CDM
3	Any national or sectoral approach e.g. in "key" sector	Middle and low-income developing countries (not in 4)	1+2+Access to funds for capacity and technology	No CDM in "key" sectors
4	SDPAMs, CDM	LDCs	1+2+3+ Access to funds, all types of support	N/A

Source: K. Karousakis (OECD) and C. Philibert (IEA)

The OECD Environmental Outlook to 2030

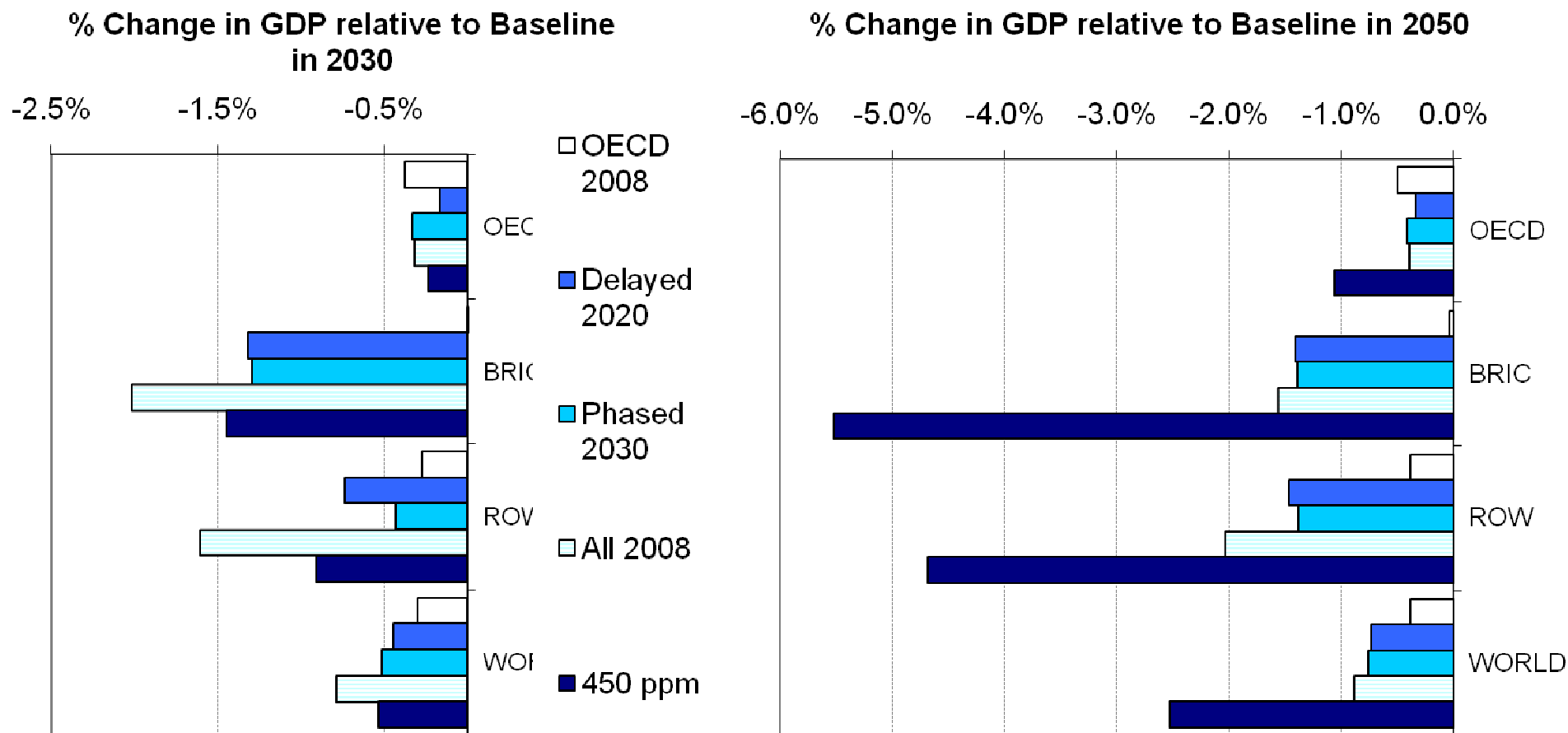
Climate Policy Simulations: GHG emissions under Baseline and mitigation cases to 2050, compared to 2100 stabilisation pathways



Source: OECD (2008), *OECD Environmental Outlook to 2030*; including data from Van Vuuren (2007) *OECD Environmental Outlook modelling suite, final output from IMAGE cluster*

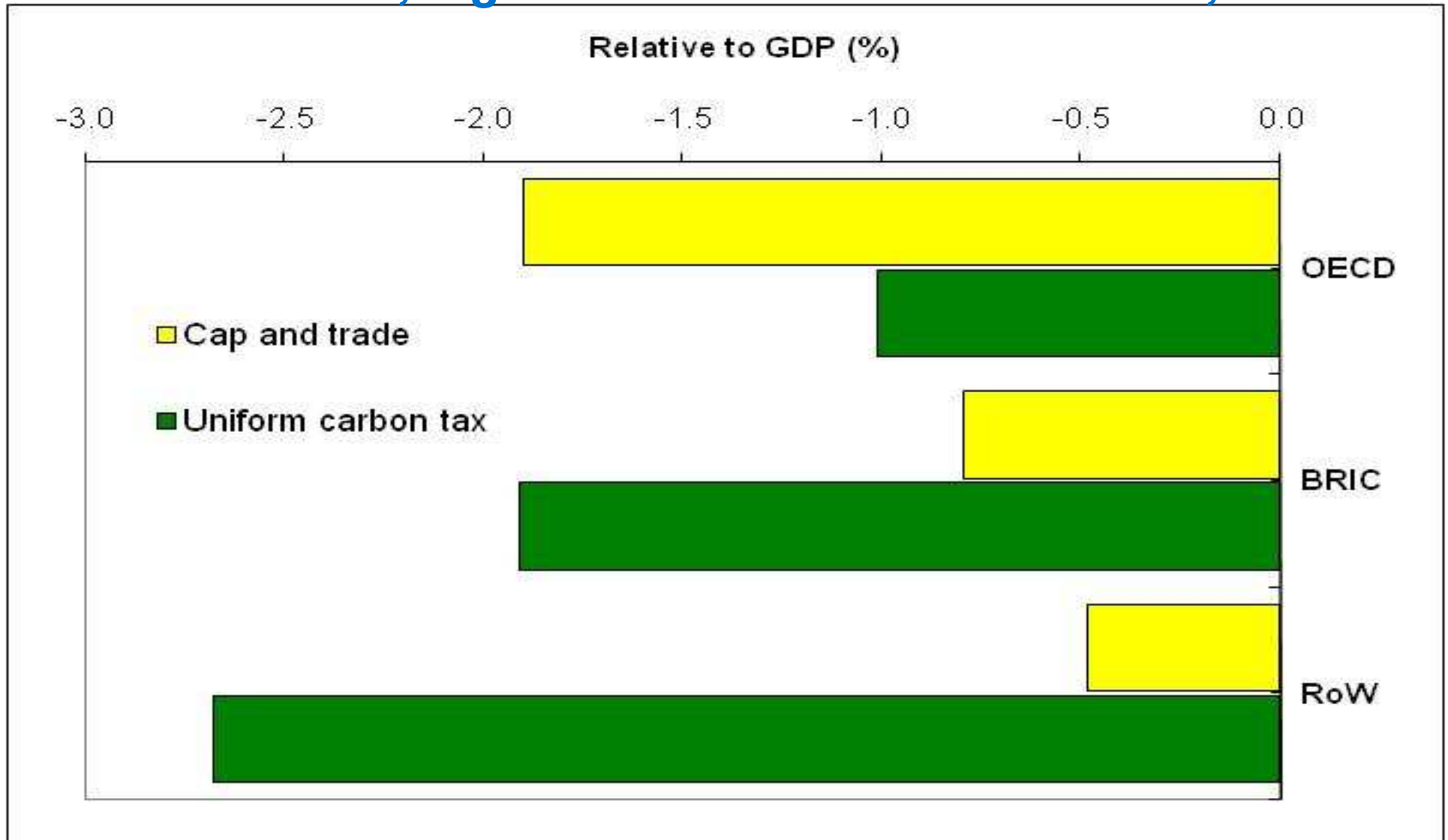
The OECD Environmental Outlook to 2030

Who Pays? How much? *Economic cost of climate mitigation policy*



**Source: OECD (2008), *OECD Environmental Outlook to 2030*
*OECD Environmental Outlook modelling suite, final output from ENV-Linkages***

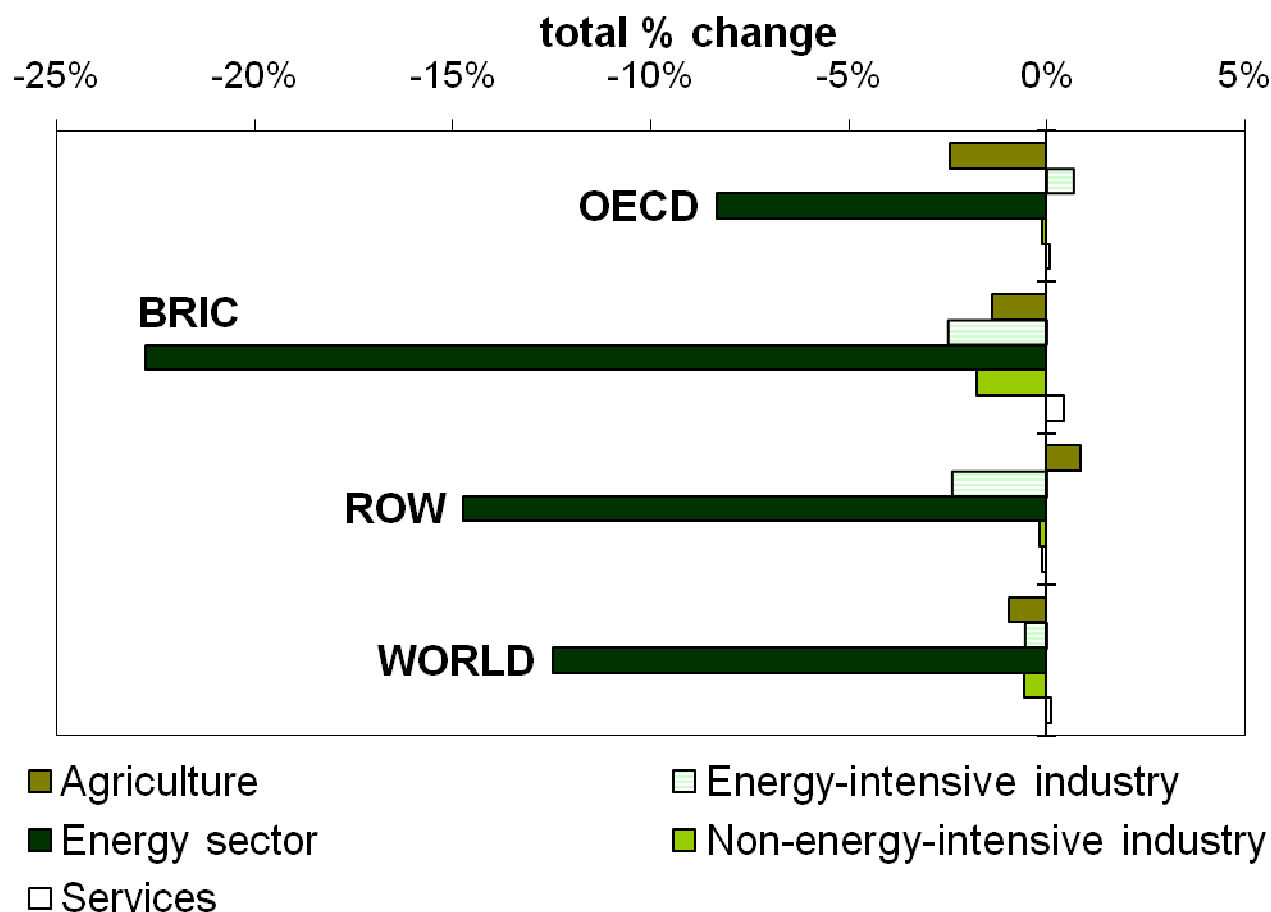
The OECD Environmental Outlook to 2030
Redistributing costs 450ppm case under global cap & trade scheme, regional direct costs of abatement, 2050



OECD Environmental Outlook modelling suite, final output from IMAGE cluster

The OECD Environmental Outlook to 2030

Change in value-added from Baseline for 450 ppm tax case, by sector and region



OECD Environmental Outlook modelling suite, final output from ENV-Linkages



Climate change & financing

Financing needs:

- Mitigation: US\$ 200-210 billion by 2030
- Adaptation: US\$ 28-67 billion by 2030

Climate change financing sources:

- ODA = US\$ 2.6 billion (2006; high = US\$ 3.6 in 2003)
- GEF = US\$ 250 million p.a.
- FCPF = US\$ 167 million (Dec 2007)
- CDM = US\$ 25 billion in pipeline (2006)
- Adaptation Fund = 2% levy on CDM

Technology:

- IEA spending on energy R&D = roughly US\$ 1 billion each for energy efficiency, renewables, fossil fuels; US\$ 4 billion for nuclear.
- Corporate investment in low carbon R,D&D = US\$ 10.5 billion (2007)
- International collaboration: IEA technology co-operation, Asia Pacific Partnership, etc.