

Integrating sectors in the UNFCCC

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**Workshop on mitigation potentials, comparability
of efforts and sectoral approaches**

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Options for integrating sectoral approaches (SA) into the UNFCCC

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Annex I Expert Group
on the UNFCCC

Scope

- **Raise issues, and study opportunities for integration of SA in UNFCCC regime (by COP 15)**
- **Three angles to explore integration**
 - ◆ **Domestic sectoral approaches**
 - ◆ **Technology issues**
 - ◆ **Transnational initiatives, agreements**
 - **Three outlooks to same issues**
- **Analysis considers:**
 - ◆ **UNFCCC legal texts**
 - ◆ **Coverage / eligibility**
 - ◆ **UNFCCC implementation issues**
 - **Suggestions for minimum elements for COP 15**

In what contexts are 'sectors' mentioned by Parties?

- Evaluate mitigation potentials / help to set mitigation objectives / not replace targets for Annex I Parties
- Enhance UNFCCC article 4.1.c (incl. technology transfer)
 - ◆ Sector-specific technology information, technology assessment
- Enhance mitigation in developing countries through bottom-up approach
 - ◆ Non-binding or binding sectoral and policy goals
 - ◆ Transfer of best policy practice
- Link to, scaling up of, the carbon market
 - ◆ Sectoral crediting, no-lose sectoral targets
 - ◆ Baselines: standardisation (but no to a global standard)
- Trade-related aspects
- Specific sectors *sometimes* mentioned
- And specific definitions in IPCC inventory guidelines

Domestic approaches

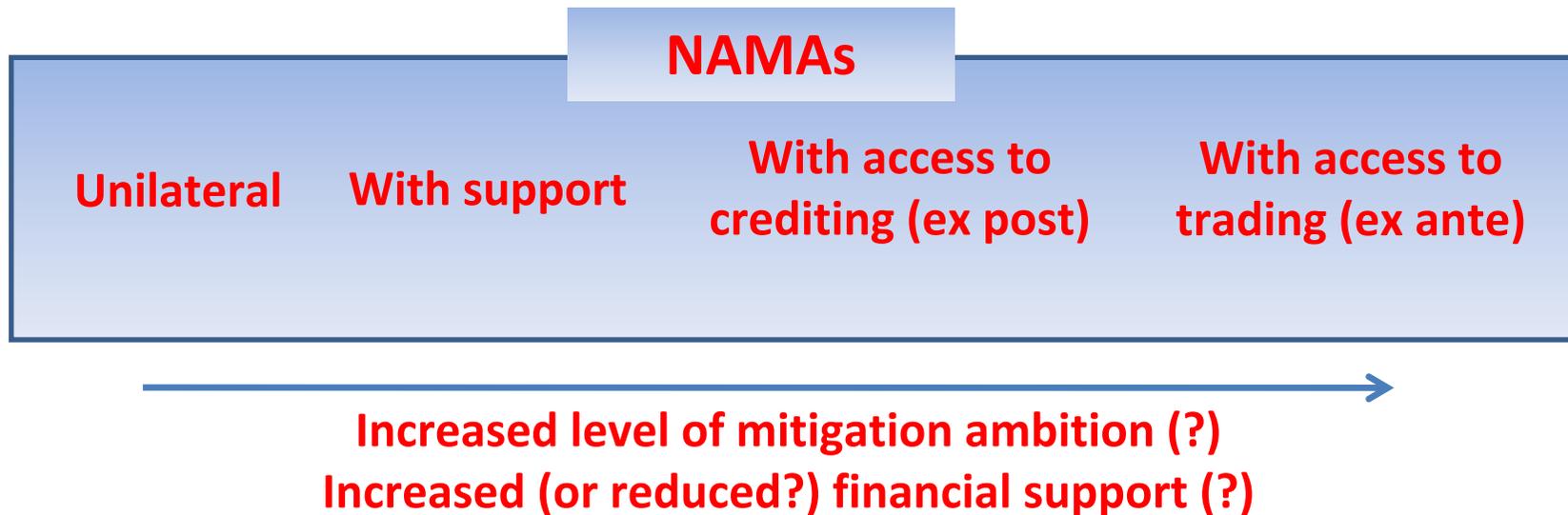
- **Options put forward by Parties**
 - ◆ **From unilateral NAMAs (1bii) to sector-wide commitments and possibility to trade GHG (1bii+iv+v)**
- **Possible elements for COP 15 decisions**
 - ◆ **Broadening the use of international carbon market: what type (offsets vs. credits vs. caps), how much, for whom (countries/sectors), for how long (CP2, CP3)?**
 - ◆ **Basis: could be NAMAs, extended definition of projects under CDM**
 - ◆ **Pilot phase? data, test process to 'scale up'**
 - ◆ **Process?**
 - **Work on an institutional framework to review sectoral proposals as they come (CDM Executive Board, facilitative mechanisms, registries ...)**
 - **Sectoral advisory groups to harness broad public-private expertise (*e.g.* TEAP of the Montreal Protocol)**

Sector-based technology cooperation

- **Starting point: can a sectoral angle help to address technology cooperation (1biv of B.A.P.)**
- **How to organise sector-specific technology support (i.e. funding and other forms of support)**
 - ◆ **Selection of activities: should Parties decide to prioritise based on:**
 - **GHG mitigation potential size, risk of carbon lock-in ...**
 - **Cost-effectiveness**
 - **Existence of market barriers**
 - **Geographical balance**
 - ◆ **Sectoral expert groups (e.g., again, TEAP)**

Transnational sectoral approaches

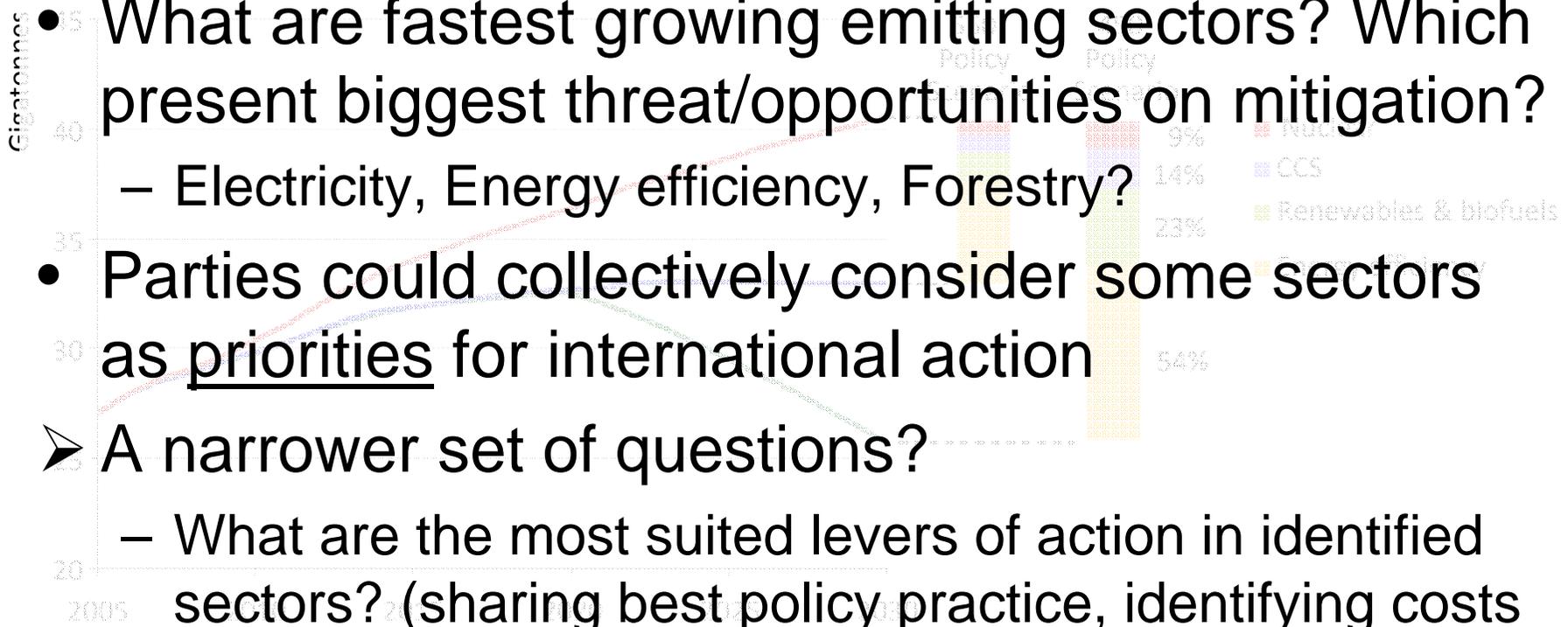
- **Options? Performance goals, baseline methodology, international technology cooperation, comparability of efforts**
- **Negotiated inside or outside UNFCCC: procedural efficiency**
 - ◆ **Identify critical mass for a global effect**
- **What could be of use for UNFCCC mitigation efforts?**
 - Can existing initiatives help in discussions of NAMAs etc?*
 - ◆ **Industry groups: aluminium, cement, iron & steel**
 - ◆ **Available and missing data: performance indicators, mitigation potentials, best policy practice and areas of improvement**
 - ◆ **Identify appropriate “support” and means of broadening the carbon market (see CSI-led CDM methodology for cement sector baselines)**



- ***How to decide which NAMAs are suited for which options?***
 - *Practicality and adequacy of support type? (MRV-ability)*
 - *What is economical and what is “incremental” from a carbon cost perspective? (barriers removal vs. economic cost hurdle)*
 - *Ability to pay in developing country? Fairness?*
 - *(Cost-)effectiveness of proposed measure?*
- ***Sectoral aspects and commonalities at play in most of the above***
- **Usefulness to structure sectoral expertise to support UNFCCC mitigation efforts?**

From 'sectoral approach' to: What are key sectors & How to best trigger mitigation?

- What are fastest growing emitting sectors? Which present biggest threat/opportunities on mitigation?
 - Electricity, Energy efficiency, Forestry?
- Parties could collectively consider some sectors as priorities for international action
- A narrower set of questions?
 - What are the most suited levers of action in identified sectors? (sharing best policy practice, identifying costs and barriers, introduce CO₂ cost, R&D cooperation...)
 - What are the constraints? (funding, technology access, public or private capacity?)



In summary

- Scaling up mitigation (NAMAs) implies a need to move UNFCCC expertise from projects to policies/sectors
 - Question: how to organise sectoral expertise in support of cost-effective mitigation? How to harness others' efforts (e.g. ISO)?
 - Note: of value for developed country actions as well
- Constraints/opportunities to take into account:
 - Finance for NAMAs support
 - Expansion of the carbon market
 - Political question of supply and demand
- ***How to allocate collective efforts to maximise mitigation?***
- ***Could there be agreement on a set of emitting activities that require urgent action to preserve the climate?***