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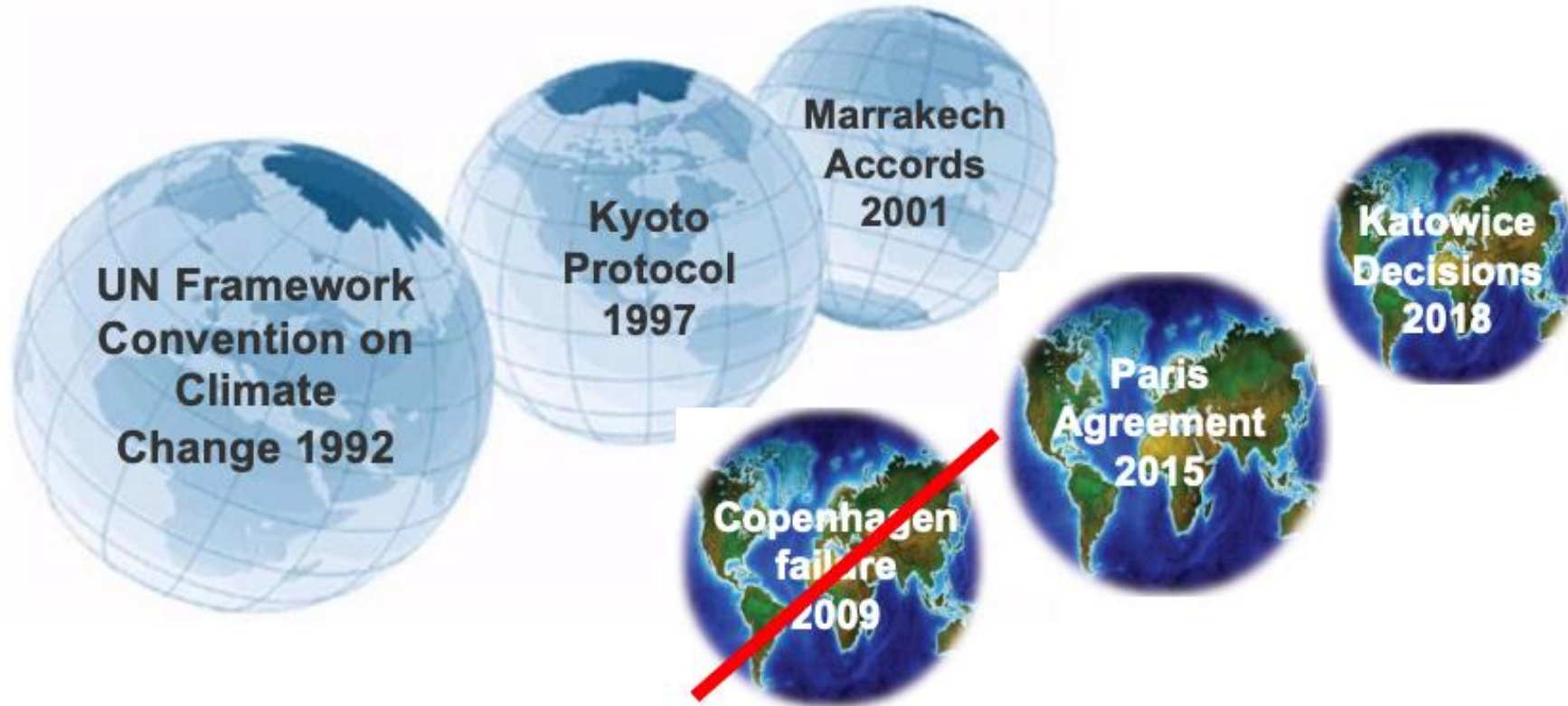
COMMITMENTS, INCENTIVES AND COMPLIANCE IN THE INTERNATIONAL CLIMATE POLICY REGIME

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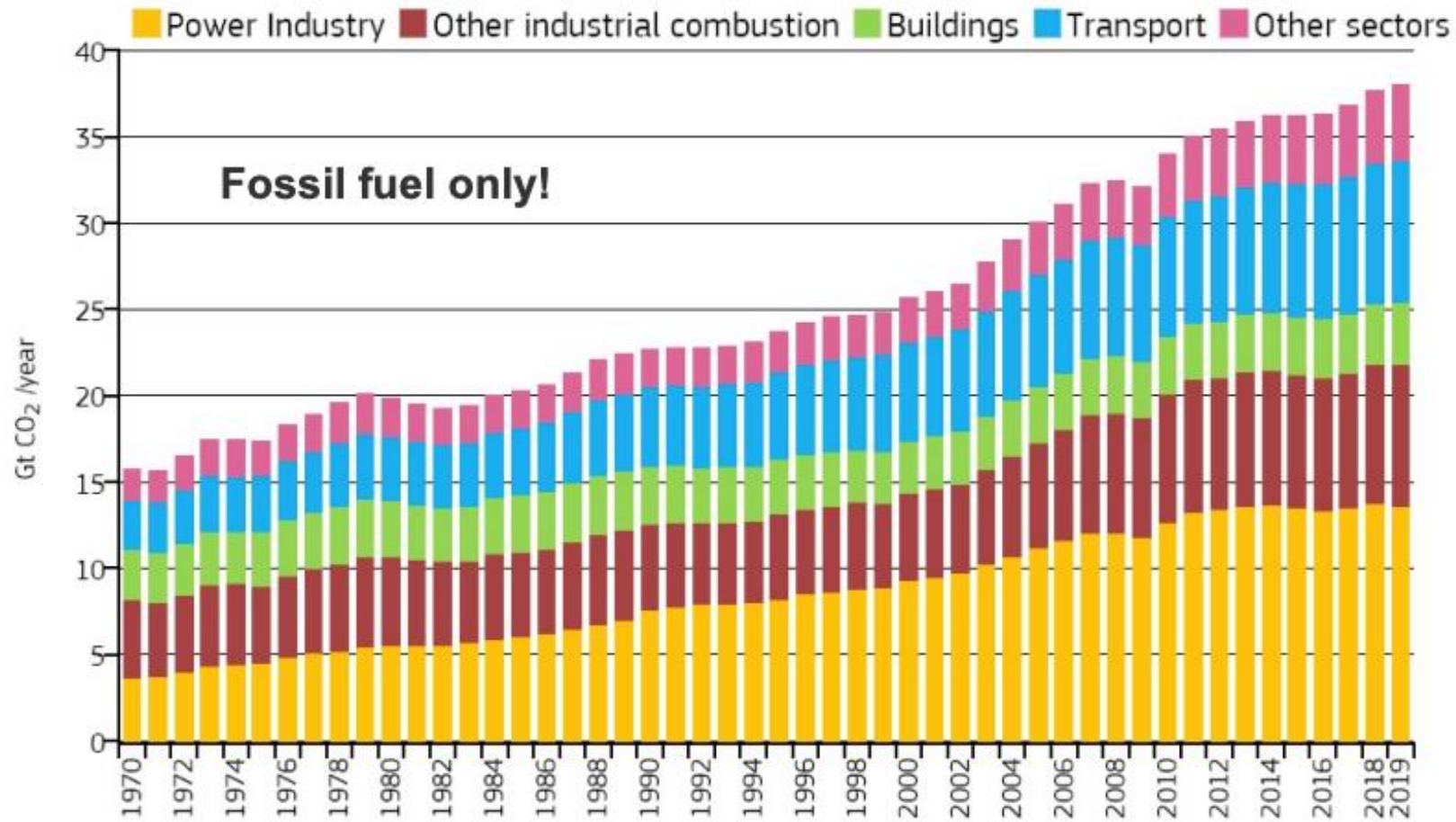
Multi-level governance

- **Climate change mitigation is global public good** and thus calls for **global** governance
 - **UN needs to lead**
- Game theory / political realists argue **no serious mitigation can be achieved**
- **Nations** have the levers for actual mitigation
 - **Wide array** of possible policy instruments
 - **Competitiveness** issues and lobby influence
- **Sub-national** entities do influence emissions
 - **Cities:** Transport, housing (Curitiba)
 - Requires substantial autonomy

Key milestones of the climate change



Global emissions



Source: EDGAR 2020

Commitments in the Kyoto Protocol

Country	Target (from 1990)
Monaco	- 8%
EU (Bulgaria*, Romania*, Slovenia*)	- 8%
Liechtenstein	- 8%
Switzerland	- 8%
USA	- 7%
Hungary*, Poland*	- 6%
Japan	- 6%
Croatia	- 5%
New Zealand, Russia, Ukraine	0%
Norway	+ 1%
Australia	+ 8%
Iceland	+10%

- **Special exemptions**
 - Earlier base year for countries in transition (*) – **several % points**
 - **Australian land use emissions** in base year: “gift“ of **9%**
 - Emissions of Icelandic aluminium smelter exempt (2/3 of national 1990 emissions!)

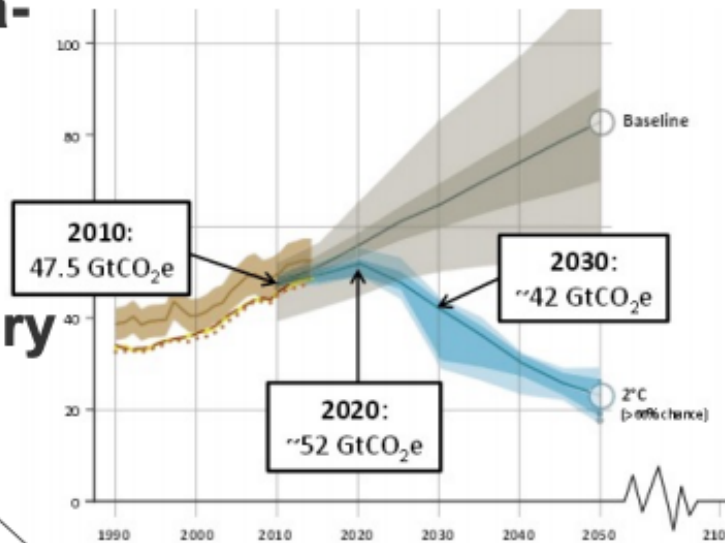
Doha Amendment to the Kyoto Protocol

Country	Target CP1 (from 1990)	Target CP 2 (from 1990)
Monaco	- 8%	-22%
EU (Bulgaria*, Romania*, Slovenia*)	- 8%	-20%
Liechtenstein	- 8%	-16%
Switzerland	- 8%	-15.8%
USA	- 7%	-
Hungary*, Poland*	- 6%	-20%
Japan	- 6%	-
Croatia	- 5%	-20%
New Zealand, Russia, Ukraine	0%	-
Norway	+ 1%	-16%
Australia	+ 8%	-0.5%
Iceland	+10%	-20%

- **Canada, Japan, New Zealand and US** are missing
- **Entry into force threshold: 144 countries**
 - Reached only in October 2020 at literally last minute

Commitments in Paris Agreement

- All countries participate in mitigation by **Nationally Determined Contributions (NDCs)** (Art. 4.2)
 - Shall pursue **domestic mitigation measures**
- NDCs are **ratcheted upwards every 5 years** (Art. 4.3, 4.9)
- Industrialized countries **should have absolute targets** (Art. 4.4)
- Developing countries **should “move over time” towards “economywide reduction or limitation” targets** (Art. 4.4)



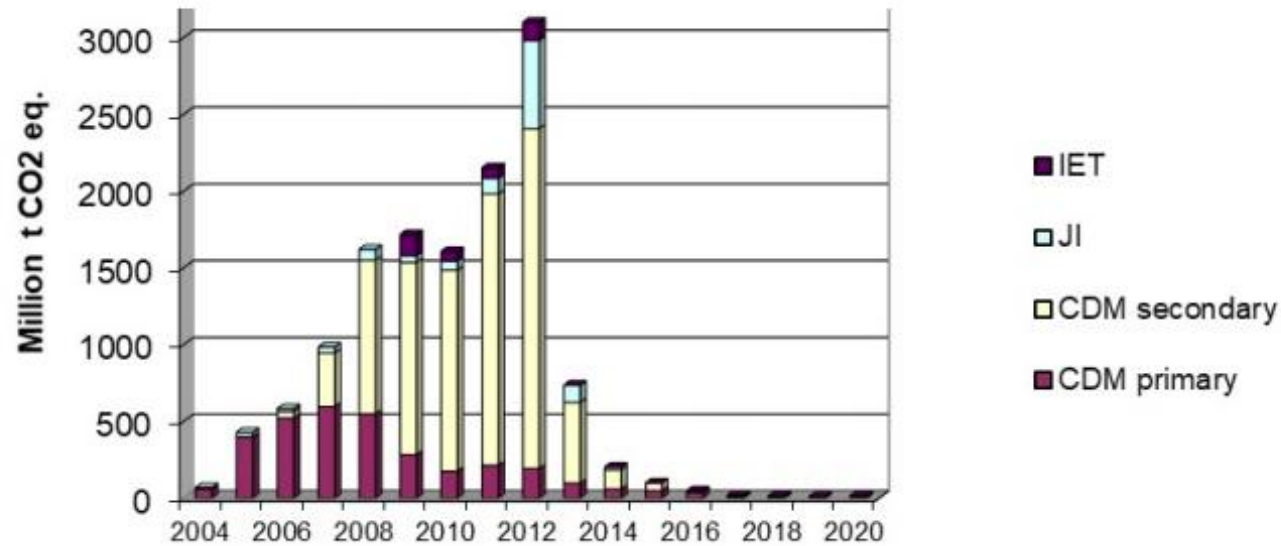
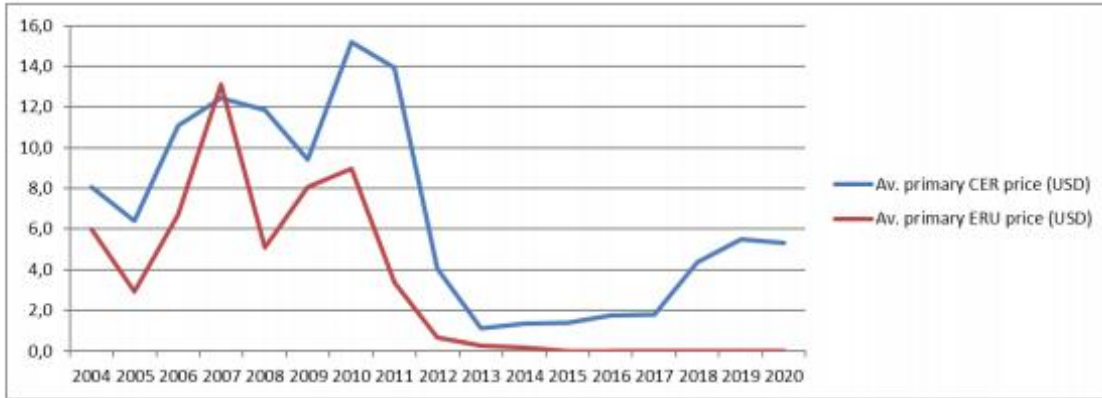
pushed through by the US
in the last minute instead
of stronger “shall”

UNEP 2015

The Kyoto market mechanisms

- Allow **transactions** of emissions units / credits internationally:
 - UN needs to lead
- Art. 4: **Bubble** consisting of a group of industrial countries. The EU formed a bubble..
- Art. 6: **Joint Implementation**: credits reductions from projects in other industrial countries. Two-track system: one free, one CDM-like.
- Art. 12: **Clean Development Mechanism (CDM)**: credits reductions from projects in developing countries. Focus: Sustainable Development!
- Art. 17: **International Emissions Trading** between industrial countries.

The fate of market mechanisms



Market mechanisms (Art. 6.2 and 6.4)

- **An internationally relatively unregulated market mechanism (“cooperative approaches”) (CAs) is possible, but not yet defined (Art. 6.2)**
 - **“Internationally transferred mitigation outcomes” (ITMOs)**
 - **Environmental integrity, transparency**
 - **Guidance by CMA, but no specific governing body**
- **All countries can use a market mechanism that combines features of CDM and JI (Art. 6.4)**
 - **Supervised by body, payment of adaptation tax**
 - Rules to be developed by based on the following principles
 - **Real, measurable and long-term reductions, additionality (Apply experience from Kyoto Mechanisms (38f dec.))**
- **Explicit mention of non-market approaches to appease opponents (Art. 6.8)**

Conclusions

- **Commitments**
 - **Symbolic** action is preferred
 - Focus on **long-term** targets
 - Quiet “**burial**” of past targets that were not reached
- **Incentives**
 - **No common incentives**
 - **Innovative market mechanisms with varying fortunes**
- **Compliance**
 - **Lack of compliance tools**
 - Kyoto Protocol: **Toothless “penalty”** in the future, no deterrent at all
 - **Pledge and review** system after Copenhagen and under the Paris Agreement
 - Independent audits only **partial** success (CDM)
 - **No external audit** of mitigation policies of developing countries unless internationally supported



THANK YOU!

