

Will Low Carbon Development Strategies Help or Hurt Low Carbon Development?

Navroz K. Dubash
Centre for Policy Research

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Motivation

Why is this Important?

- Substantive challenge: shifting to low carbon development
 - South Africa LTMS
 - China Plan
 - India NAPCC
- Political challenge: credibly signalling a shift to low carbon development
 - By developing countries to rich countries
 - By rich countries to their voters
- Question: Whether and how to “link” domestic actions with international regime

Low Carbon Development Strategies A Convenient Solution?

- Substantive Solution
 - Analysis based
 - Emerge from “bottom-up” national plans
 - National political buy-in
 - Driven by local understanding
- Political Solution
 - More than “Nationally Appropriate Mitigation Actions”
 - Allow some measure of economy-wide effect
 - Provides hook for financing

LCDS: Growing Political Momentum

- Various developing countries have plans/strategies as *national* measures
- LCDS as a basis for non-Annex 1 *international* commitments – proposal by EC, others
- Referenced in Major Economies Forum Declaration, L'Aquila (July 2009)
- Referenced in Copenhagen Accord

LCDS (loosely) defined

- Definition based on non-Annex 1 plans
 - Strategies with emissions pathways
 - Plans with implied pathways
- Definition based on Annex 1 submissions
 - Emission pathways, quantified elements, mitigation plans
 - Technical assessment, review of implementation, technical assessment, linkage to funding

Question

Are substantive and political objectives of LCDS compatible or contradictory?

Four Considerations

Perverse Incentives with LCDS

- Scope of LCDS
 - Broad and comprehensive low carbon plans may be useful, but consistent with other development objectives
 - But if reviewed for adequacy based on climate grounds alone, incentive for countries to limit scope
- Incentive to game
 - Realistic and accurate analysis would help decision making
 - Incentive to inflate national baselines and costs to provide stronger negotiating argument

Learning from Development

The Importance of Experimentation

- Lessons from development
 - Context is important if not everything – appropriate policies and institutions
 - Freedom to experiment
- Review to assess adequacy or appropriateness of action
 - Has to benchmark against “best-practice”
 - Shrinks space for experimentation
 - Precludes judgement based on political trade-offs

Centralized or Decentralized

- Low carbon development requires ideas to emerge from all sectors and scales
 - Urban planning
 - Architect associations
 - Utility regulators
 - Municipalities
- When linked to international review, strong incentive to centralize control
 - Minimize constraints on future choices
 - Structure to strengthen bargaining position

The Importance of “Ownership”

- Lessons of development experience
 - Conditions and international obligations do not work at shifting domestic politics
 - No implementation without “ownership”
- Conditions tied to LCDS
 - Link financing to developing country actions
 - Reinforce all the perverse incentives and undermine ownership

Conclusion

- LCDS may be a fine idea
- BUT only if the intention is to provide
 - Analytical base
 - Deepen national debate
 - Effective implementation with multiple objectives of development and climate
- Domestic effectiveness of LCDS is incompatible with LCDS as a political tool for negotiations

Conclusion II

- Question: whether and how to “link” domestic actions and global negotiations
- Option 1:
 - Offer to link “bottom up” NAMAs with financial support
 - Annex 1 insists on “comparability” – economy wide numbers for non-Annex 1 too OR bottom-up for Annex 1 as well
- Option 2:
 - Offer economy wide carbon budget based on explicit burden sharing
 - Annex 1 rejects equity based formula for burden-sharing as onerous
- Uncertain global regime may be under-cutting domestic actions in both North and South