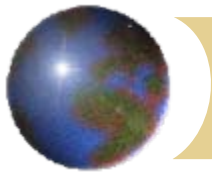


Models and Applications for Sectoral Approaches

Will they work in a post-Kyoto
Architecture?

Reginald Hernaus

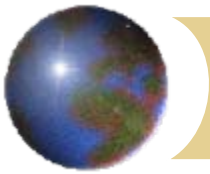




The Context (1)

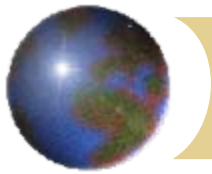
- Decision 1/CP.13: Bali Action Plan:
 - “Launch of a comprehensive process (...) in order to reach an agreed outcome and adopt a decision in December 2009 by addressing, *inter alia*,
 - (.....)
 - (iv) Cooperative sectoral approaches and sector-specific actions” in the context of an enhanced Post-Kyoto GHG mitigation





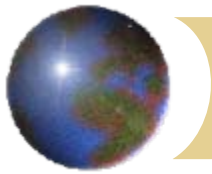
The Context (2)

- Both developed country Parties and developing country Parties!
- Precise design of SA under UN FCCC unclear: three broad categories
 - Domestic-oriented approaches
 - Various approaches to technology cooperation
 - Sectoral transnational agreements



Features

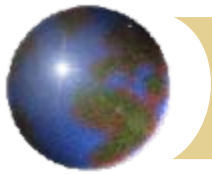
- A range of models for SA exist and are in some way already applicable
- Different fora (UN FCCC, APP, MEM, OECD, IEA, WBCSD/CSI, IISI, IAI)
- Challenge: How to make it operational within the context of UN FCCC (including its tight time schedule)?



A) Domestic Oriented Approaches

- Focus on Developing Countries, with or without GHG emissions crediting and/or trading: Sectoral No-Lose Targets
 - Crediting to what extent?
 - Selection criteria of sectors (cost effectiveness, ability to measure and verify emissions)
 - Link to nationally appropriate mitigation actions

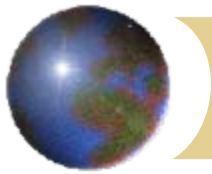




A) Domestic-Oriented Approaches (continued)

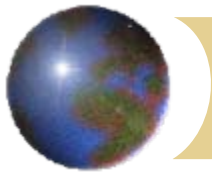
- A pilot phase
- Process: a need for a time line for countries to submit their proposals for sectoral goals as a basis for possible crediting





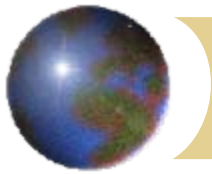
B) Technology Co-operation

- The introduction of sectoral programmes to indicate priorities for mitigation and technology development
- Key questions:
 - ❑ How to allocate international support?
 - ❑ On which basis should priorities be set? (e.g. on the basis of the potential, existing gaps? Establishment of a Fund?)



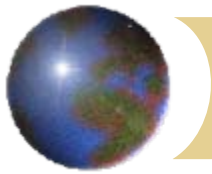
C) Sectoral Transnational Agreements

- They could include, *inter alia*,:
 - ❑ the setting of a global performance standard or a common approach to setting such a standard;
 - ❑ A global cap on a sector's emissions;
 - ❑ A common methodology for determining sectoral baselines at the country level;
 - ❑ A global technology diffusion goal



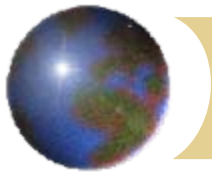
The Netherlands' Approach (1)

- Continuation of its pioneering role on the carbon market
- CDM, JI (2001) as well as IET (green!)
- Make Markets Work for Climate (October 2006) revisited
- Sectoral Approaches in a post-Kyoto setting: Pilot with Mexico



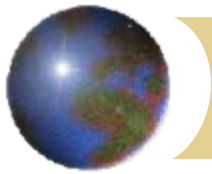
The Netherlands' Approach (2)

- Pro-active approach; take the learning curve approach for granted
- Pilot on Sectoral Approaches
- Aim: provide learning elements to the international community
- Concerted approach: PPP, countries, international branche organisations



The Mexico Pilot: Ambitious timing

- By December 2008 (Poznan) deliverables for energy generation and the cement sector?
- How and when to share with the international community?
 - With Mexico, with (other)EU member states and Cion, Japan, World Bank, OECD, IEA, private sector



Focussing is key.....

- Domestic Sectoral approaches with offsetting (no-lose commitments for developing countries)
- Capacity building and mitigation tool
- Identify and involve at an early stage relevant stakeholders
- Horizontal instead of either top-down/bottom up approach: Mexico Pilot