Aligning sustainable development and green growth policies with climate change mitigation

"Sustainable Development and the green economy"
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Impacts of mitigation policies

- In order to achieve the 2°C goal of the Paris Agreement there is the need for increased implementation of GHG mitigation policies.
- Hence an increased need to assess the cross-border impacts, and then to report and address these impacts.

Impacts need to be managed during this transition:
  - Most sectors are impacted
  - Most jobs are impacted
Economic diversification in context of mitigation policies

- The economy of a country is vulnerable to the adverse impact of mitigation actions, if it is dependent upon the export of a narrow range of products and those products are affected by response measures taken to combat climate change.
- Economic diversification is a tool to address the impacts of mitigation policies.
- Economic diversification goes beyond addressing impact of mitigation policies.
- Achieves other objectives of sustainable development.
- Lowers vulnerability to impacts of climate change.
- The economic diversification policies need to adjusted due to mitigation policies in neighboring countries.
Economic diversification and sustainable development

Economic diversification

- Improving economic tolerance
- Building resilience against fluctuation in extra regional economic activity
- Reducing vulnerability to income loss due to volatility of product price on the international market
- Creating more job opportunities
- Alleviating poverty
Economic diversification in climate change negotiations

Forum on response measures (pre-COP 24)

- The improved forum was established at COP 21 in 2015
- Joint forum under SBSTA and SBI
- Operate as contact group
- Work programme areas included:
  - Economic diversification and transformation;
  - Just transition of the workforce, and the creation of decent work and quality jobs.
- An Ad Hoc Technical Expert Group (TEG) was established to elaborate on technical work of the areas contained in the work programme
Forum on response measures: post-COP 24

- COP, CMP and CMA adopted new modalities, work programme and functions of the forum on impact of implementation of response measures at COP24

Key characteristics

- Single forum, reporting to multiple supreme bodies, the COP, CMP and CMA

- Establishment of a constituted body, the Katowice Committee of Experts on Impacts of Implementation of Response Measures (KCI) to support forum by undertaking technical work, open to observers

- Enhanced clarity of forum’s functions

- An expanded work programme, with a 6-year work plan to be developed.
Forum’s functions post COP 24: EDT relevance

- Provide a platform to share, information, experiences, case studies, best practices and views;

- Facilitate assessment and analysis of the impact of the implementation of response measures, including the use and development of modelling tools and methodologies;

- Provide concrete examples, case studies and practices, in order to enhance the capacity of Parties, in particular developing country Parties.
Four areas of work programme were agreed on:

- Economic diversification and transformation
- Just transition of the workforce and the creation of decent work and quality jobs
- **Assessing and analyzing** the impacts of the implementation of response measures
- Facilitating the development of tools and methodologies to assess the impacts of the implementation of response measures
Forum’s work programme post COP 24

- **Enhance cooperation** among Parties, stakeholders, external organizations, experts and institutions,

- Enhance capacity and the understanding of Parties of the impacts of mitigation actions

- Promote action to minimize the adverse impacts and maximize the positive impacts of the implementation of response measures.
Diversification in respect of economic growth

Developing countries with low income levels have a wider scope of diversification than economies with higher income levels.
Implementing economic diversification strategies

- Government intervention is necessary to make policies to promote export growth and diversification.
- Get the fundamentals right i.e. to maintain macroeconomic stability, invest in infrastructure, improve the business climate, encourage private investment and invest in people, especially in education at all levels.
- Soft and hard industrial policies need to be implemented appropriately;
Strategies for economic diversification

Export diversification plan:

- A systematic plan with a mix of extensive and intensive margins is required.
- An extensive margin with a correction of sustainable products at a later stage helps, as diversification is driven more by the extensive margin but export growth is driven more by the intensive margin;
Modelling tools for planning economic diversification

- Modelling tools that focus on specific industries are more useful.
- E.g. I-O model can model impact of Import substitution diversification strategy on the economy as a whole or for specific sectors.
- Models can also derive the sectoral distribution of growth and stability impacts which allows policymakers to rank different policies on the basis of their growth and stability objectives and preferences with respect to growth and stability trade-offs. However, these methods are limited by availability of time series data.
Where to start Diversification

- Product Space Theory
  a) branch out to new products that are not too distant in product space
  b) Distance is assessed by means of observed patterns of relationships.
  c) E.g. sanitation equipment can export refrigeration equipment,
  d) the stronger that empirical relationship the closer the goods are to each other in product space
What happens next?

- Submission by Parties and observers for workplan of the forum
- Adoption of a 6-year workplan of the forum at SB 50 (June 2019)
- First meeting of the Katowice Committee of Experts to be held for two days in conjunction with SB 50 (June 2019)
Thank You
Any questions?
klata@unfccc.int