

Seven country case studies on long-term climate strategies

Coalition of Finance Ministers for Climate Action, Sherpa meeting, Abidjan
25.2.2020

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Principle 1: Paris Aligned policies and practices

Paris commitments:

- Collectively holding the increase in global average temperature to well below 2 °C with pursuing efforts to 1,5 °C -> **IPCC (2018) world needs to be carbon neutral by 2050**;
- Adapting to the adverse impacts of climate change and fostering climate resilience;
- Developing national actions known as Nationally Determined Contributions (NDCs); and
- Making finance flows consistent with these goals.

“**Paris aligned**” = to be on a socio-economic pathway towards these goals

➡ **Long-term transition strategies to low-carbon societies needed**

Finance and economy ministries looked upon to play a key role in long-term transition strategies

7 country case studies on long-term climate strategies

- **Purpose of the study:** To provide examples on long-term climate strategies, some completed while others are under development, and insight on what lessons they offer to other Coalition members
- **Method:** Desk reviews of related strategy documents and interviews with civil servants and academic representatives
- **Countries:** the UK, the Netherlands, Finland, Spain, Uganda, Ethiopia, Fiji (desk study only)

- **Research approach:**
 1. Comparison of steps in the strategies to a general transition planning framework
 2. Analysis of key challenges and bottlenecks to climate action
 3. How countries assess the best policy instruments to deliver the goals?
 4. Other interesting lessons learned and examples from the case studies

1. Strategies have much in common

Steps of the general framework	In which country studies can you find these steps:
1. Assessment of current state of GHG emissions (and their trend with current measures)?	UK, NL, FI, ES, UG, ET
2. Other objectives of the strategy in addition to emission reductions? What are these?	<p>- Inclusive and just transition and protection of vulnerable social groups: UK, NL, FI, ES, UG, Fiji</p> <p>- Economic growth, maintenance of competitiveness and jobs: UK, NL, FI, ES, UG, ET, Fiji</p> <p>- Protection of the environment: FI, ES, UG, Fiji</p> <p>- Resilience and adaptation: UG; ET, Fiji, FI, ES</p>
3. Setting the target and interim targets, for which years?	<p>UK: net zero emissions by 2050, interim carbon budgets every five years</p> <p>NL: -49% by 2030 (compared to 1990) and -95% by 2050</p> <p>FI: net zero emissions by 2035</p> <p>ES: carbon neutral by 2050, 20% reduction by 2030 compared to 1990</p> <p>UG: 22% below BAU development in 2030</p> <p>ET: keep emissions at 2010 level by 2030</p> <p>Fiji: net zero carbon emissions by 2050</p>
4. Identifying key challenges and bottlenecks?	All countries have analysed these. See more info below.
5. Assessing and deciding on policy instruments to deliver the goals?	See more info below.
6. Monitoring, reporting and verification (MRV) framework?	All countries studied have some kind of MRV framework in place.
7. Governance of the long-term strategy?	All countries studied have some kind of governance framework in place.
8. Other steps included in the strategy?	<p>NL: Analysis of cross-cutting issues</p> <p>ES: Detailed analysis of Just Transition related issues</p>

2. Common challenges and bottlenecks

- **Developed, energy-intensive countries** (Finland, Spain, the UK, the Netherlands):
 - Distributional impacts of policies
 - How to get people to change behaviour and to adopt new technologies (e.g. in mobility, housing, diet, consumption)?
 - When will new technologies become available and what is their cost (e.g. new technologies for hard-to-abate sectors and BECCS)?
- **Less-developed countries vulnerable to climate change** (Uganda, Ethiopia, Fiji):
 - Adaptation and resilience the main concern
 - How to limit emissions while maintaining economic growth and reducing poverty?
 - How to finance adaptation and mitigation actions?
 - Information and data requirements, governance and capacity building

3. How countries assessed the best policy instruments to deliver the goals?

- Many have used “**bottom-up**” **cost-effectiveness analyses** (e.g. integrated energy system models)
- **Impact assessments** of policy packages and selection of best policy measures **complicated**. See e.g. case studies of Spain, the Netherlands, Finland and the UK.
- The **most cost-effective policy measures might not always be selected** if e.g. their distributional impacts are considered unacceptable.
- **More detailed policies for shorter run** (e.g. up to 2030).
- Many have separate policy assessments for different sectors. Also local features might be important. See e.g. Uganda.
- **Cross-cutting issues and policies** (e.g. the Netherlands and Spain)
- Good data essential. See e.g. Ethiopian case.

4. Other lessons learned and examples:

1

Good **cooperation** and inclusion of the various stakeholders in strategy process important. See e.g. the Dutch case study.

2

Climate policy is as much politics as economics. **Political buy-in and good impact assessments essential.**

3

Long-term plans key to avoiding lock-in problems, but technologies changing fast so **regular updates** important.

4

Just Transition plans. See e.g. the Spanish example.

5

Good integration of general development objectives and different sectoral **policies** important.

6

Monitoring of the progress and clear **governance** needed. See e.g. the UK model.

7

Adaptation and resilience. See e.g. the Fiji CVA.

Next phase of the Principle 1 work?

- How to proceed with the Coalition's Principle 1 work?

- The Coalition may wish to consider for example the following questions:
 - Do countries have sufficient technical basis for choosing between policy instruments? Is there a good understanding on the relative merits of regulation versus fiscal measures or economic incentives?
 - The economic benefits of climate policies? Can models account for benefits and costs? To what extent would a country's macro fiscal outlook change if they had a sound transition plan?
 - Are there good examples where both mitigation and adaptation investment needs would be accounted for in long term strategies? If not, why?
 - Are there specific topics that deserve more investigation? E.g. mitigation and analysis of social impacts, leveraging the financial sector, impacts on economic growth, cost of inaction, best policies in certain sectors (e.g. transport), links between climate action and protection of biodiversity, etc.

Recap of Principle 1 work program and timeline

Principle 1 work program: Initial phase	Timeline
<ul style="list-style-type: none"> • Review candidate countries; confirm participation • Compiling sources <ul style="list-style-type: none"> Few official Long Term Strategies. Most were technical reports supplemented by modeling studies, climate policy, NDCs, green growth or national development plans, adaptation/vulnerability assessments • Design questions, classify and map information. Desk review of information. • Phone interviews • Drafting, feedback. 	<p>Nov 18, London December January</p> <p>Jan-Feb</p> <p>Feb</p>
Initial report for discussion	Feb 25, Abidjan
○ Finalization of Report of the Initial Phase	Mar 2020
○ Options for follow-on work (under discussion): <ul style="list-style-type: none"> ○ additional country studies (e.g. Chile?) or survey on actions taken ○ paper on Latin America experiences (by IADB) ○ issues note on specific topics, e.g. Just Transition, Quantifying Benefits, Policy Mix, Focus on Resilience etc. 	Apr – Jul 2020
○ Working group to consult with countries, institutions on 2021 workplan	Jun – Sep 2020
○ Sherpas to take stock and discuss policy recommendations	Sep – Oct 2020
○ Possibility of Ministerial meeting and communique	Oct – Nov 2020

Detailed country case studies can be found from here (excel sheet in WB system).

More information or comments? Please contact Dr. Saara Tamminen (saara.tamminen@sitra.fi) or Mr. Wei-Jen Leow (wleow@worldbank.org).

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