



Please join us in the seminar organized by Centre for Environmental Economics & Climate Change (CEECC) on "NEXUS BETWEEN CLIMATE CHANGE AND ENERGY"

#### KEYNOTE SPEAKER Dr. TARIQ BANURI

Date: March 29, 2018 Time: 11:00 AM-12: 30 PM VENUE: AR KAMAL CONFERENCE HALL, PIDE ISLAMABAD



#### **Pakistan Institute of Development Economics**

line for the second sec

pide 💟 @ceeccpide

### **CEECC TALK**

#### **Department of Environmental Economics**

Centre for Environmental Economics & Climate Change (CEECC) Pakistan Institute of Development Economics (PIDE)



Year	Event	
29.3.1972	Earth is formed	
29.3.1975	First life on Earth	
29.3.1980	Photosynthesis starts	
29.3.1992	Atmospheric oxygen	
29.3.2009	Cambrian explosion	
29.3.2011	Vertebrate land animals	
2016-17	Dinosaurs	
Today	4 hours ago: First Humans	
Today	<ul> <li>I minute ago: Industrial</li> <li>Revolution begins</li> </ul>	

Climate, Energy, and Pakistan

#### The Earth is 4.6 BILLION years old.

Scaling to 46 YEARS we verbeen here 4 HOURS and our Industrial Revolution began just

1 MINUTE ago in that time we've destroyed more than 50 PERCENT of the world's forests.



## **Climate Change**

### **The Science**



(1) It is real, (2) it is here, (3) it is here to stay (for a bit), (4) we caused it, (5) we are sure, (6) we know how to fix it, (7) but only if we cooperate, (8) and the window is short, and closing fast, (9) there will be pain nevertheless, (10) we will have to adapt, (11) we also have to learn to prosper in a world defined by climate change, (12) developing countries will need help in adaptation, mitigation, and the pursuit of prosperity.

## The Role of Atmospheric CO<sub>2</sub>

Atmospheric CO<sub>2</sub> is now higher than it has been in at least 800,000 years, possibly as long as 20 million years. CO2 is rising because we're burning fossil fuels. It has carbon that's been buried underground for millions of years, but now we're digging it up and burning it, which results in CO2 that gets dumped in the easiest and cheapest way possible: in the atmosphere.

# **Sources and Sinks**

## Where humanity's **CO2** comes from

91% 33.4 billion metric tonnes

9% 3.3 billion metric tonnes





Oceans

Fossil Fuels & Cement 2010 Land Use Change

## Where humanity's **CO2** goes

50% 18.4 billion metric tonnes



Atmosphere

2010

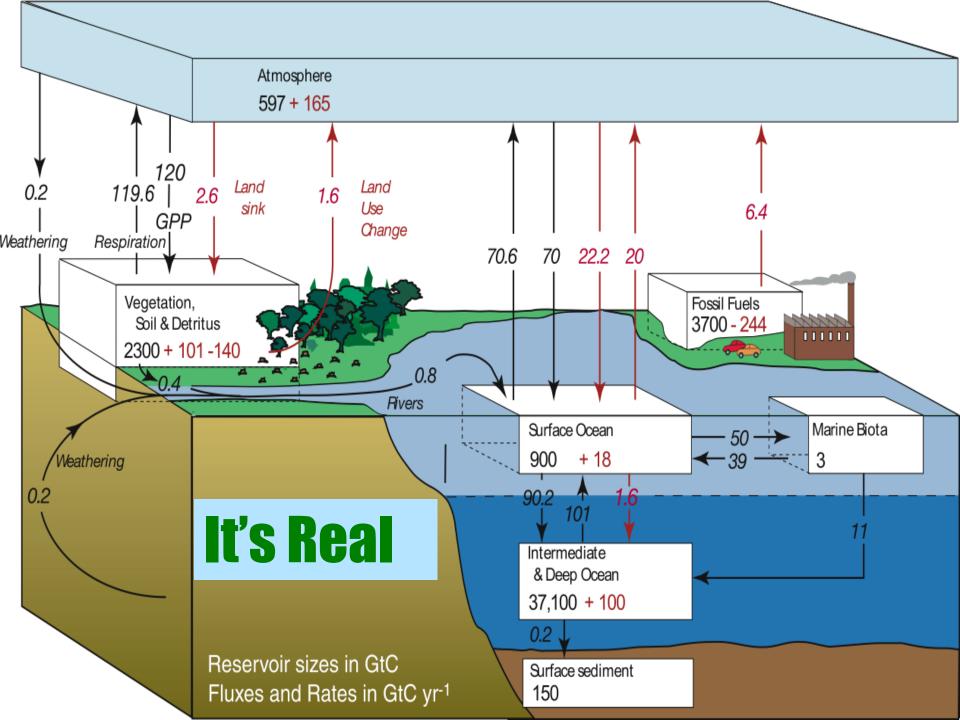
26% 9.5 billion metric tonnes



24% 8.8 billion metric tonnes

2010

2010

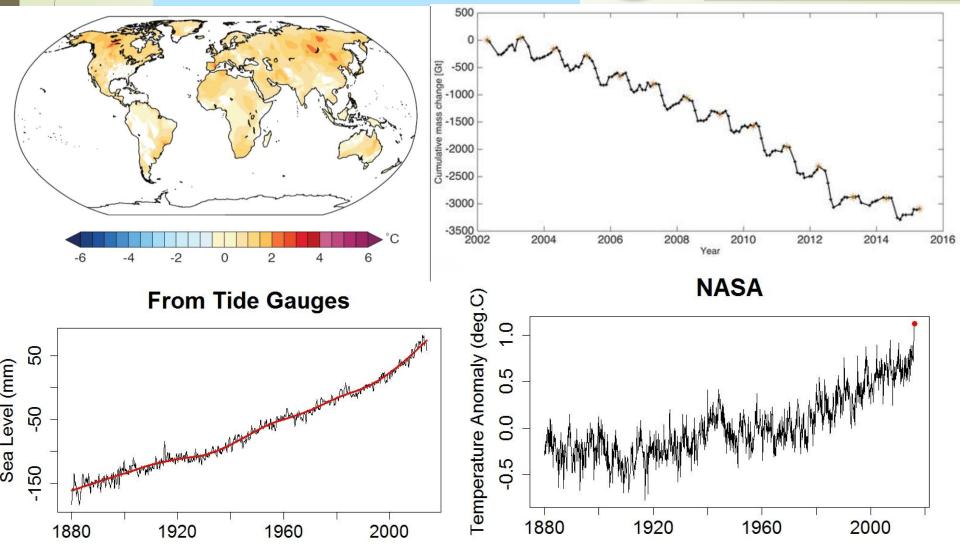








GLOBAL CHANGE IMPACT STUDIES CENTRI

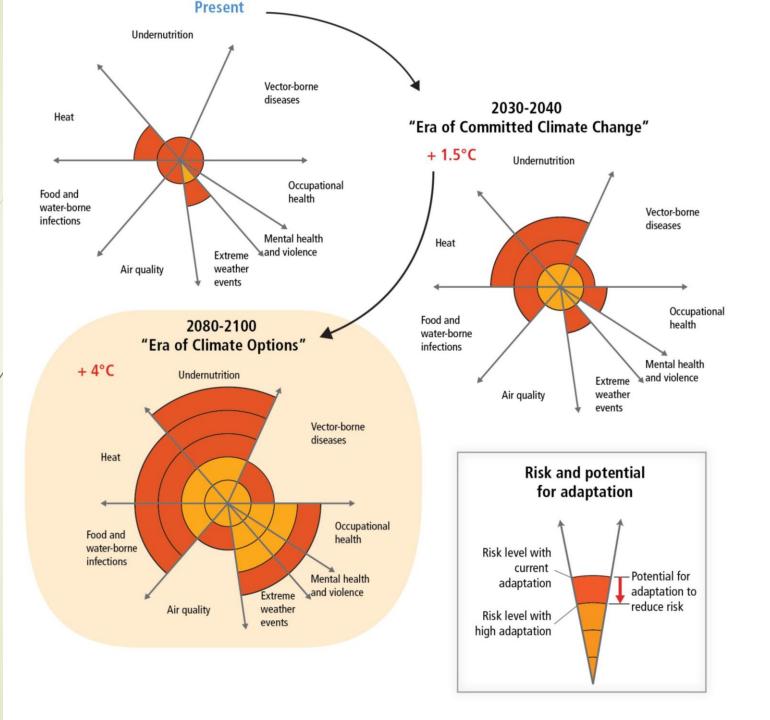


# **Other Changes**

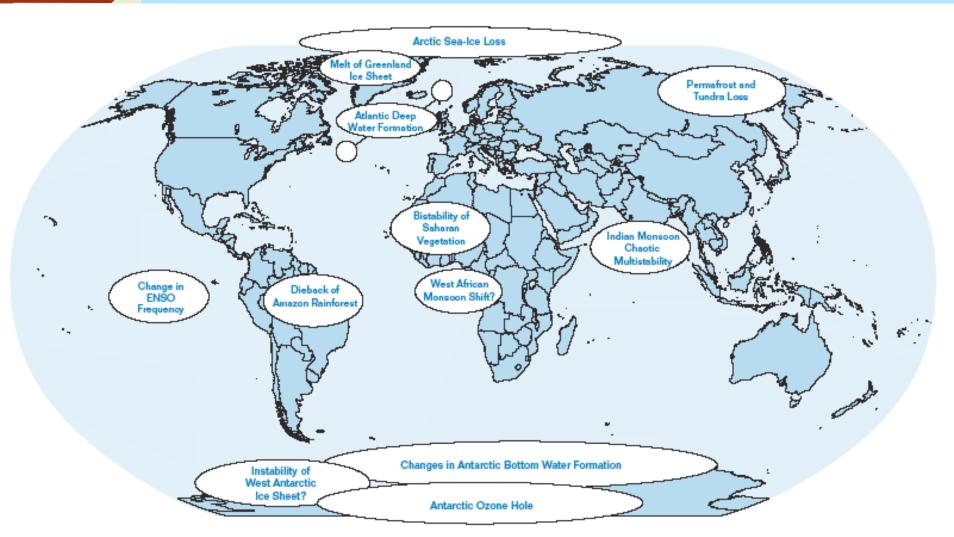
- Species are migrating to higher latitudes and elevations because areas that used to be the right temperature for them, are no longer.
- Plants are blooming earlier than before.
- Heat waves have increased dramatically in some regions, too often exacting a heavy death toll.
- Some places have become more prone to severe drought, while others are more prone to severe flooding.

Etc.

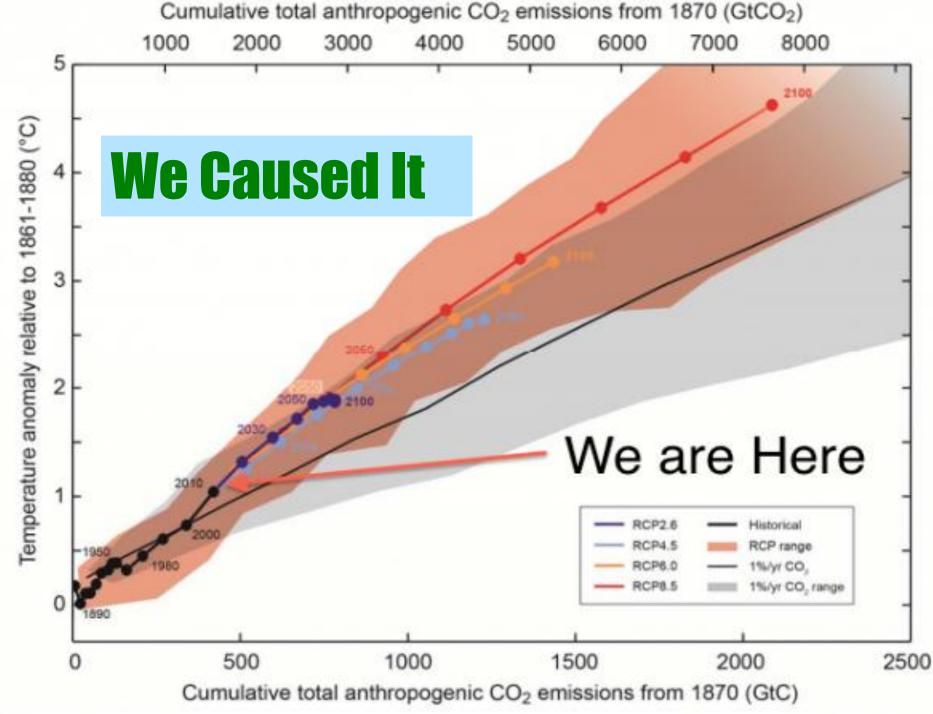
Here to Stay!



## **Tipping Points**



#### The Earth's "Tipping Points"



## We're Sure

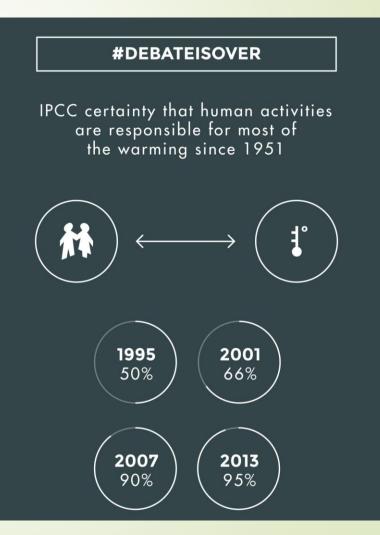




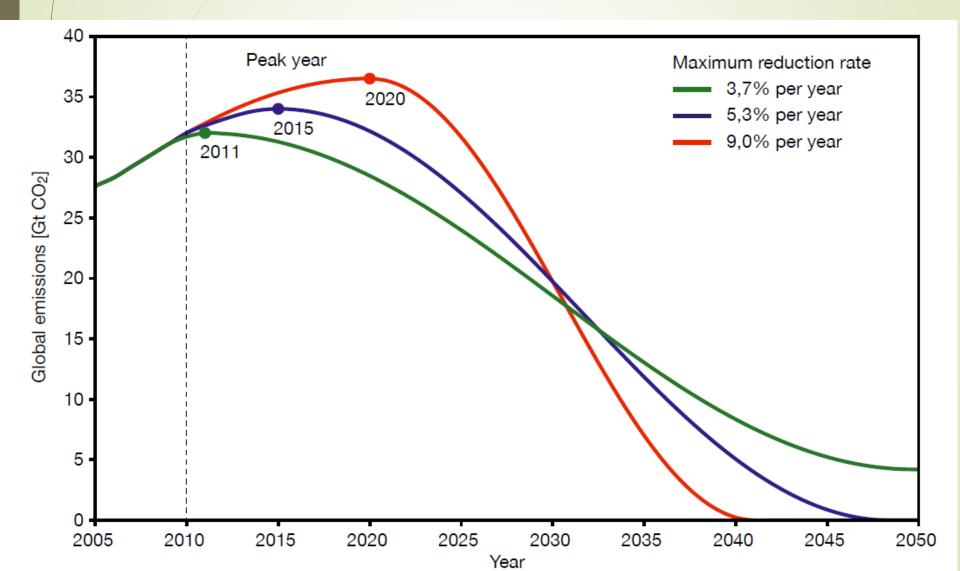
GLOBAL CHANGE IMPACT STUDIES CENTR

Recent findings don't reveal something new, but confirm earlier ones (higher confidence, both qualitative and quantitative, and higher likelihoods), show acceleration, and provide more regional and thematic detail.

There *is* some good news, but ambiguous, and will need investment to be realized: increase in water availability in some places (but probably w floods), lower risks of eutrophication or algae blooms, more effective wastewater treatment.



# We Can Fix it!



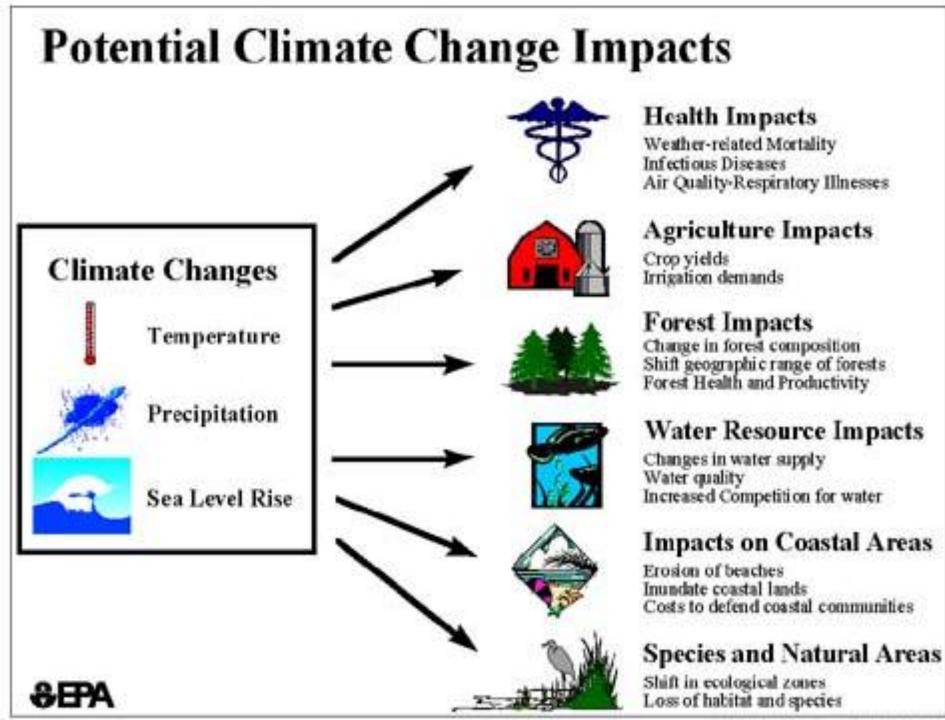
### But the window for action is closing rapidly

65% of our carbon budget compatible with a 2°C goal already used

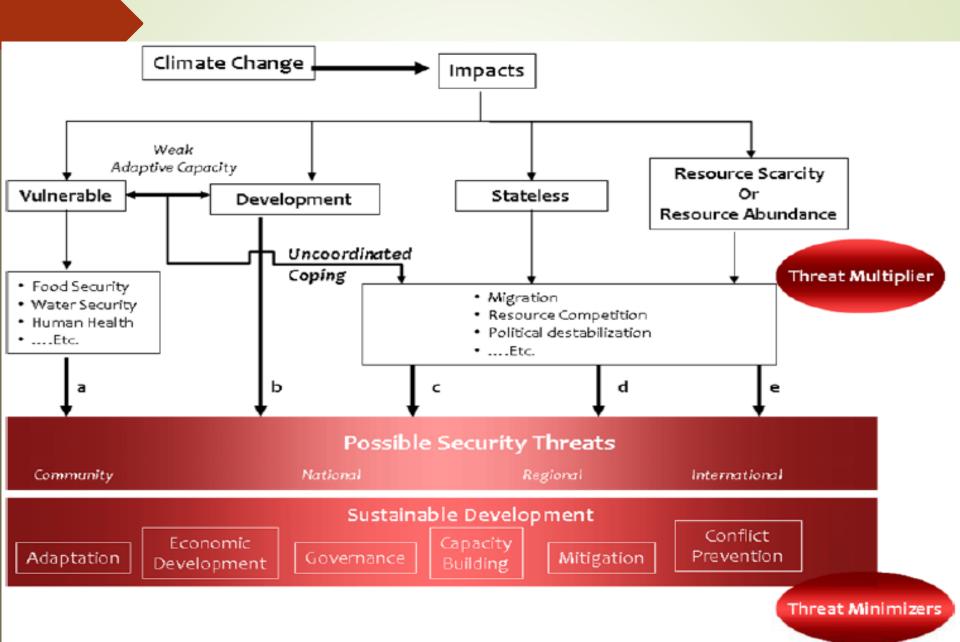
Amount **Remaining:** 275 **Total Carbon** GtC **Budget: Amount Used** 790 1870-2011: GtC 515 GtC AR5 WGI SPM

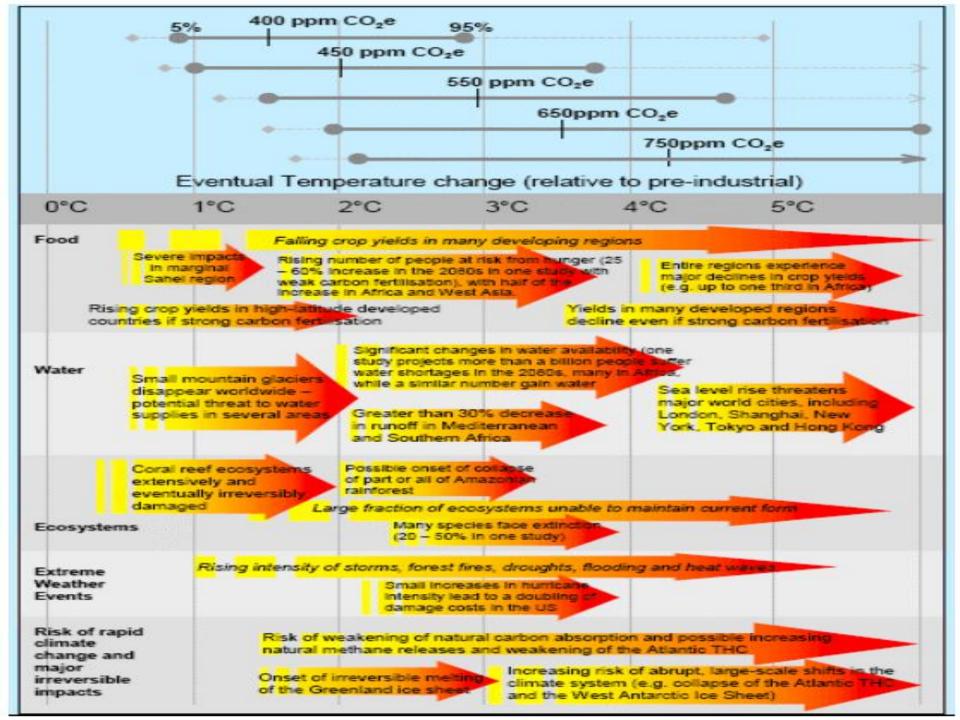


IPCC AR5 Synthesis Report

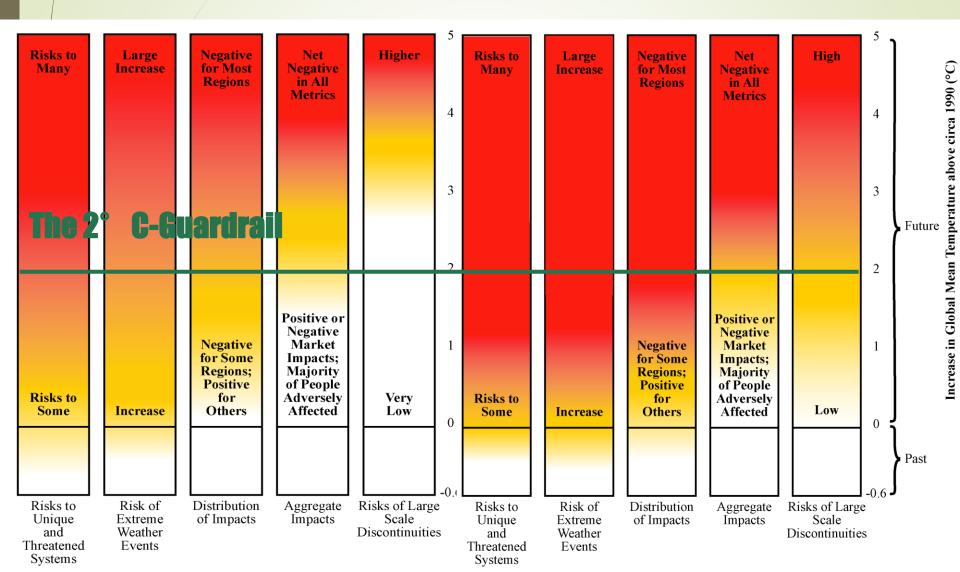


## Security implications





# The 2 degree line



# **Impact on Pakistan**



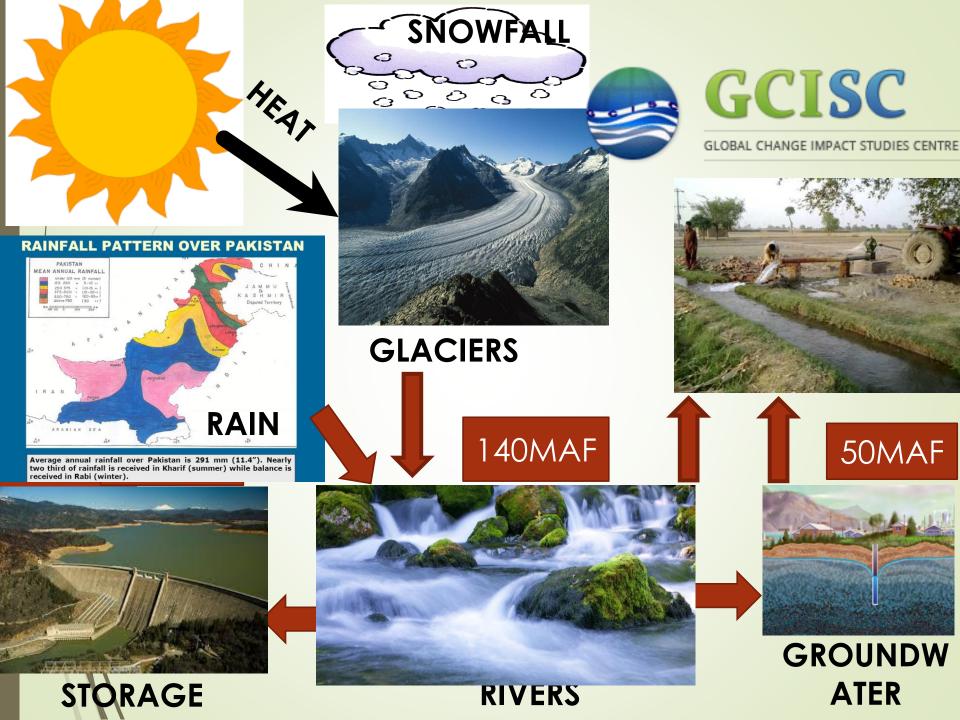
"Remember how I said I was happiest when we had nothing?"

# What is the Future for Pakistan?

- Pakistan has three climate-related goals:
  - Save Lives and property
  - Pursue sustainable development
  - Honor international commitments
- Is this possible?

# **Objectives**

National Objective	Climate Impact
Development	Energy, finance, markets
Poverty	Growth, indigenous knowledge, food insecurity
Security	Water scarcity, food insecurity, forced migration
Sovereignty	Famines, forced migration



## **PK Impacts**



- 0.6 °C increase in average temperature over Pakistan during 20<sup>th</sup> century (conforms with global increase)
- For 21<sup>st</sup> century, projected temperature rise over Pakistan is higher than global average by about 1 °C (globally projected temperature change is 1.4 °C 4.6 °C under different scenarios)
  - Future projected temperature increase higher in northern parts of Pakistan as compared to southern parts
- Significant increase in frequency and intensity of extreme events (floods, droughts, heatwaves, cyclones) especially in last two decades, increased monsoon variability and SLR
- Pakistan rated among top 10 countries most affected by climate change (Global Climate Risk Index 2017 by German Watch)

# **Asia Findings**



- High Confidence: Warming trends, high temperature extremes, high stress on coastal systems, adaptive changes observed in terrestrial ecosystem, threat exacerbation due to CC, high risk of extreme events, inadequate research on observed changes and their impacts.
- Medium Confidence: Water scarcity threat (due to population, economic, and management variables), variable impacts on food security, .

### **Regional Findings**



- Evolution in the treatment of regional aspects of climate change from a patchwork of case examples towards broader ranging information, and more coherent, though not comprehensive, future projections (with associated uncertainties).
- Regional variations in observations and projections are both because the impacts themselves vary, and because of unequal research attention to causes and adaptation processes, contested approaches, especially towards hot spots, insufficient quantification of uncertainty.



# Water/ Glaciers

, 	Issue	Research				
Extreme events	More frequent/intense hydrological extremes/disasters (GLOFs, floods, drought),	Assess past changes in HKH glaciers, monitor HKH snow cover and glacier behavior, data issues				
Surface water	Falling per capita water availability	Analyze historical data for past trends and future flows in the IBS				
Ground water	Deteriorating groundwater quality and quantity	Study impact of climate change on ground water				
Coastal zone	Sea level rise	Study impacts of sea level rise on coastal areas				
Adaptive capacity	Weak capacity to cope with floods	Analyze adaptation measures and capacity				
Regional	Relation between IWT and climate change	Study climate impact on trans- boundary water issues				



GLOBAL CHANGE IMPACT STUDIES CENTRE

# Agriculture

	Crop	Yield Changes	Year	GHG Emissions		
	WHEAT	Projected	1994	71.63		
	Semi-arid areas:	-3.4 to -12.5%	2008	120.29		
	FSD and SKP		2012	165.30		
	Arid Areas:	-3.9 to -13.4%	2016	174.56		
В	BDN and HYD		Sources of	Manure, enteric fermentation, crop residue burning, flooding rice, agricultural soils		
	RICE	Projected	emissions			
	2020	-10.4 to -11.4%	Response	Changes in sowing windows, planting techniques, fertilizer application, seed rate, irrigation		
	2050	-15.8 to -16.5%	options			
	2080	-17.8 to -21.5%		method		



- Pakistan emits 408.1 million tones of carbon dioxide equivalent (MtCO<sub>2</sub>e), which is 0.83 per cent of the global total of 48.892 billion tons (GtCO<sub>2</sub>e). Future GHG emissions are projected to grow at 9 per cent per year, to reach 1,603 MtCO<sub>2</sub>e in 2030.
- Pak-NDCs document, submitted in 2016, commits the country to a 20% reduction in projected emissions provided\$40 billion funding is available to cover incremental costs. However, Pakistan can take credit for abatement efforts undertaken on their own.

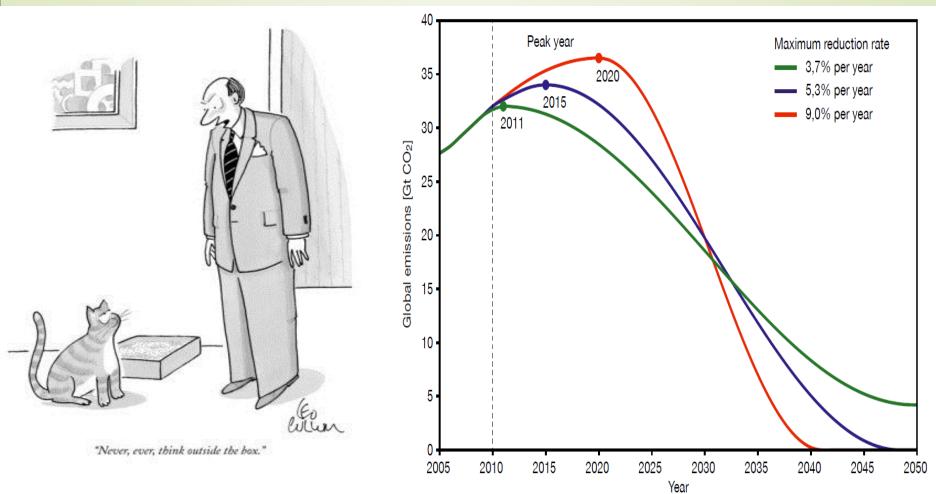
## **Pakistan's Mitigation Efforts**

Sector	Brief Description of Recent Policies	SR	LR	
		Savings MtCO <sub>2</sub> /yr		
Renewable Energy	RE Policy 2006, amended in 2013 to include biomass/waste, and provided with financial support in 2016. From zero generation in 2012, RE contributed 1,549 GWh in 2016.	0.84	4.4++	
LNG	Policy to import LNG, construction of first LNG terminal, and conversion of Nandipur power plant to LNG. Plans are to increase imports to 30 million tonnes.	0.93	7.5 <u>+</u>	
Euro II Standards	Shift to higher quality and more efficient fuels lowers fuel consumption in 2016.	0.62	2.0 <u>+</u>	
Nuclear Energy	340 MW CHASNUPP-4 commissioned in 2017. Another 4,200 MW planned until 2022.	1.48	21.0 <u>+</u>	
Hydropower	6 hydro plants added 243 MW in 2016-17, and another 31 under construction will add 9,000 in the next decade.	0.59	23.0+	
Afforestation	The billion-tree tsunami and the Green Pakistan program will add 1.1 billion trees.		12.1++	
Total		4.46	70.0+	

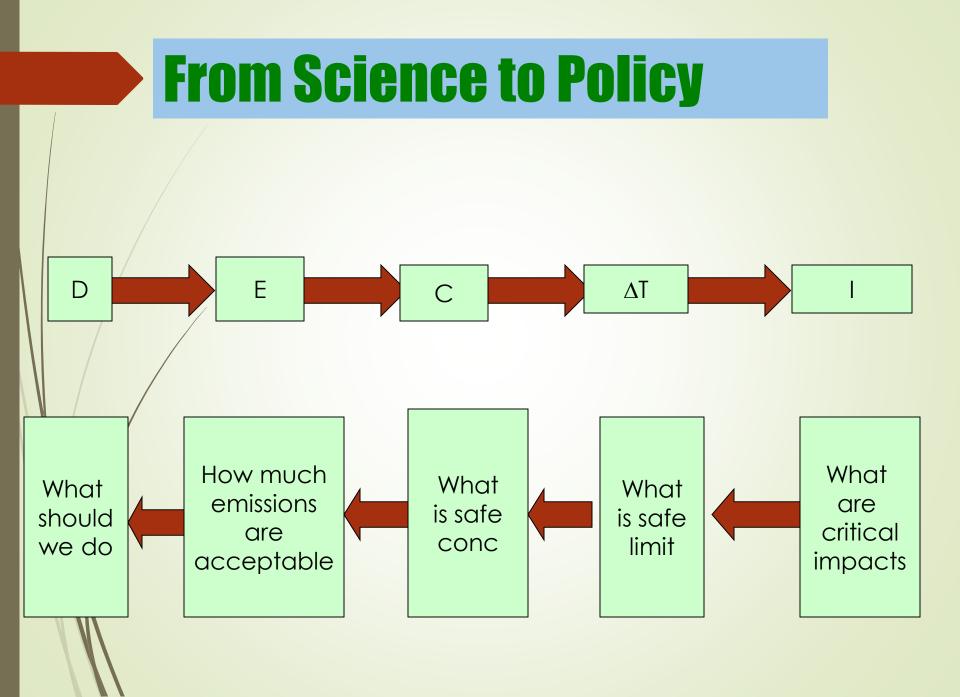


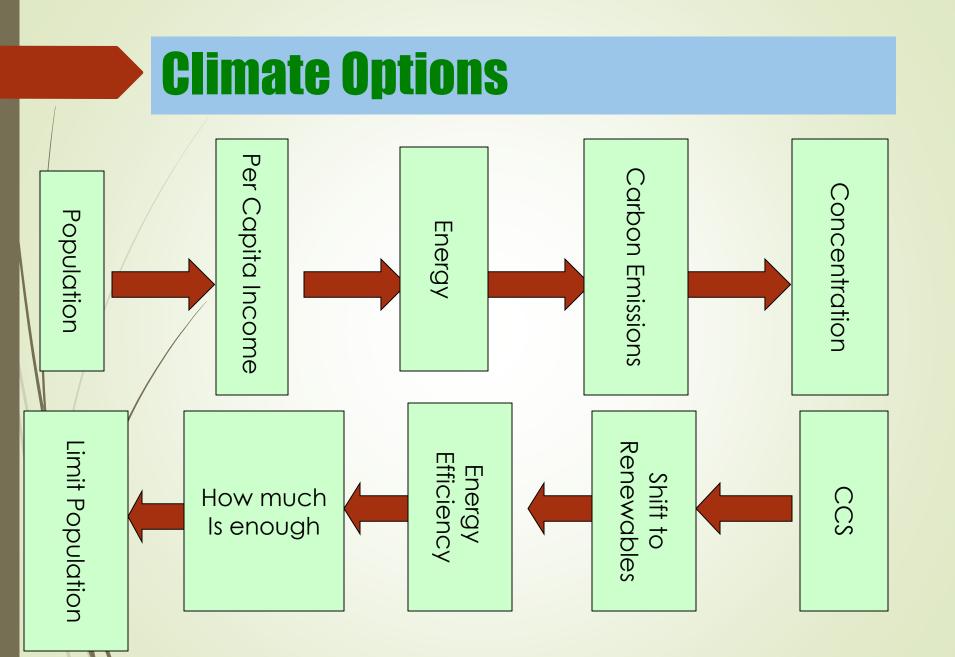
# **The Paris Agreement**

### **The Zero-Sum Box**



Emission pathways for at least 67% probability of staying under 2 °C warming. The total "emissions budget" for 2010-50 is 750 Gt.





# **Key features**

### 20 pp decision

- Workplan for putting flesh to the bones of the Paris Agreement in the next years
- Pre-2020 action
- 12 pp Paris Agreement as annex (!)
  - This allows US President to approve the agreement without obtaining Congressional ratification (which would be very unlikely)
    - Governance by Conference of Parties to the agreement (CMA)



FCCC/CP/2015/L.9/Rev.1

Framework Convention on limate Chanae

Distr · Limited

12 December 2015 Original: English

#### **Conference of the Parties**

Twenty-first session Paris, 30 November to 11 December 2015 Agenda item 4(b)

Durban Platform for Enhanced Action (decision 1/CP.17) Adoption of a protocol, another legal instrument, or an agreed outcome with legal force under the Convention applicable to all Parties

ADOPTION OF THE PARIS AGREEMENT

**Proposal by the President** 

Draft decision -/CP.21

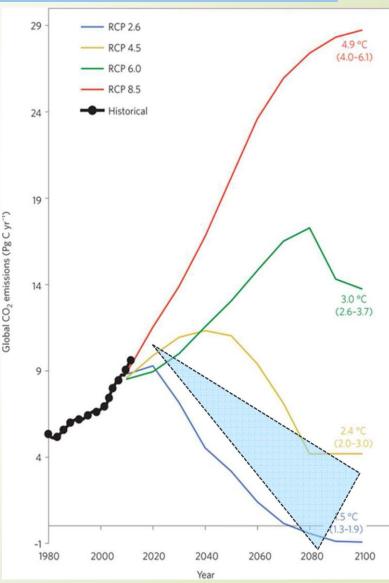
The Conference of the Parties,

Recalling decision 1/CP.17 on the establishment of the Ad Hoc Working Group on the Durban Platform for Enhanced Action.

Also recalling Articles 2, 3 and 4 of the Convention,

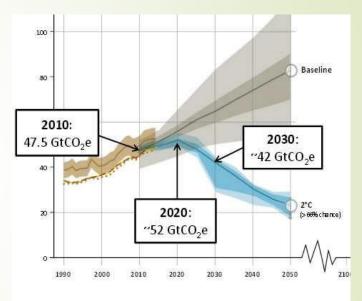
# **The Ambitious Goal**

- Global goal: between 2° and 1.5° C (Art. 2)
   Global peaking "ASAP" (Art. 4.1)
   Balance of emissions and sinks by second half of century (Art. 4.1)
  - Excludes solar radiation management
- Global stocktake every 5 years from 2023 (Art. 14.1 and 2)



## **Mitigation by everyone**

- All countries participate by NDCs (Art. 4.2), to be 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 "economy-wide reduction/ limitation targets (Art. 4.4)



pushed through by the US at the last minute instead of stronger "shall"

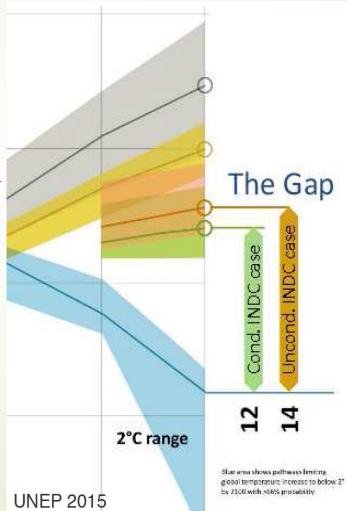
# The Collective Action Challenge



"No one is making you do anything you don't want. I'm just saying we're all headed for Dodge City and we think you should come along."

## **Mitigation by everyone**

- All countries to account for emissions (Art. 4.13)
  - Environmental integrity, transparency, accuracy, completeness, comparability and consistency of inventories
- Joint NDCs possible (Art. 4.16-18)
- REDD+: "encourage" resultsbased payments (Art. 5.2)
  - Link to market mechanisms unclear



### Market mechanisms (Art.6)

- All countries can use a market mechanism (called SDM?) that combines features of CDM and JI (Art. 6.4)
  - Supervised by body (~EB), payment of adaptation tax (Art. 6.6)
  - Authorization of public and private entities by Party (Art. 6.4b)
  - Allocation of credits to buyer and seller countries to prevent double counting (Art. 6.4c, 6.5)
  - / Overall mitigation" of global emissions (Art. 6.4d)
  - **V** Rules to be developed by CMA based on the following principles
    - Real, measurable and long term reductions (38b dec.)
    - Definition of scopes of activities (38c dec.)
    - Additionality (38d dec.)
    - □ Verification and certification by DOEs (38e dec.)
    - Apply experience from Kyoto Mechanisms (38f dec.)

## Market mechanisms (Art.6)

- "Cooperative approaches" (CAs) possible, but not defined (Art. 6.2 and 6.3)
  - "Internationally transferred mitigation outcomes" (ITMOs)
    - Already possible to use before 2020 (108 dec.)
  - Environmental integrity, transparency
  - Guidance by CMA, but no specific governing body
- Possible inroad for bilateral mechanisms and direct emissions trading, linking of ETS
- This is an open flank and requires a lot of thinking and further political decisions
- Explicit mention of non-market approaches to appease opponents (Art. 6.8 and 6.9)

## **CDM** guidance paves the way

- Encourages further uses of the CDM and financing CDM activities through climate finance institutions including GCF
- Requests EB to develop stand-alone CDM PoA guidance
- Digitization of documents to reduce transaction costs
- Expand the scope of work of the Regional Collaboration Centers beyond "pure CDM work"

### ... as well as JI guidance

- Focus is on lessons learnt for designing the new mechanisms
  - Reinforce synergies with other mechanisms
    - Allowing CDM DOEs to perform JI audits
    - Aim for coherence, avoid double-counting, share infrastructure, technical arrangements, tools, governance, and processes

### **Transparency (Art.13)**

**•** Both for action and support (Art. 13.1)

□ NDC: Clarity and progress (Art. 13.5), achievement (Art.13.12)

□ Mandatory inventory as per IPCC good practice guidance (13.7a)

Support provided - finance, TT and CB (Art. 13.9)

Build on UNFCCC approaches used to date (Art. 13.4)

• Very weak principles

Non-intrusive, non-punitive, national sovereignty (Art. 13.3)

Technical expert review, not defined in detail (Art. 13.11)

- Flexibility for developing countries (Art. 13.2)
  - □ In light of their capacities difficult to operationalize

□ Alleviations for LDCS and SIDS (Art. 13.3)

Many open flanks remain!

### Vague Wording on Finance (Art.9)

Industrialized countries shall provide finance (Art. 9.1)

- Biennial communication of volumes and forecasts (Art. 9.5 and 7)
- GCF, LDCF, SCCF, GEF as entities (59 dec.), AF maybe (60 dec.)
- Developing countries can voluntarily provide (Art. 9.2) and report on climate finance (Art. 9.5)

Simplified project approvals for LDCs and SIDS (Art. 9.9)

#### Generally vague wording!

- "Significant" role of public funds (Art. 9.3)
- Industrialized countries should "continue to take the lead", progression beyond current efforts (Art. 9.3), intend to continue 100 billion \$, to be increased from 2025 (54 dec.)

"Should aim for" balance of mitigation and adaptation (Art 9.4)

Finance flows to be consistent with pathway towards low GHG, emissions and climate-resilient development (Art. 2.1c)

# Why so Vague?



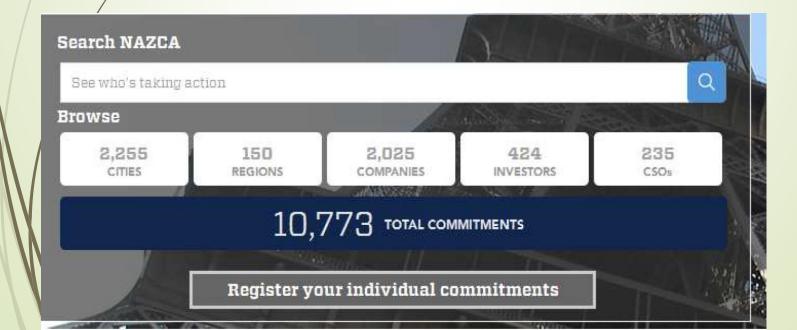
### **Other vagueness**

- Adaptation (Art. 7)
  - Global goal, very fluffy (Art. 7.1)
  - Formal recognition of developing country efforts (Art. 7.3)
  - Cooperation (Art. 7.7), effectiveness/durability (Art. 7.7e)
  - Adaptation plans (Art. 7.9) with prioritization (Art. 7.9c), to be communicated periodically (Art. 7.10 and 11)
- Loss & Damage (Art. 8): Warsaw Mechanism continues (Art. 8.2)
- Technology (Art. 10): framework (Art. 10.4)
- Capacity Building (Art. 11): on finance access (Art. 11.1)

### **Role of non-state actors**

"Invited" cities, corporations, regions, and investors to provide input to NAZCA portal (135 dec.)

- Platform for exchange of experiences (136 dec)
- Key role of incentives such as carbon pricing (137 dec.)
- How much mitigation do these initiatives actually achieve?



### Workplan

- Ad-Hoc Working Group on Paris Agreement (APA) set up
- Ambition: Special IPCC report on impacts of 1.5° and its paths by 2018
- > NDCs
  - Updated INDC synthesis by Secretariat 2 May 2016, cutoff of information 4 April 2016
  - INDCs can be converted to NDCs immediately upon signature of PA or newly submitted (22)
  - INDCs with 2025 target replaced by new NDC by 2020 (23)
  - APA to develop rules for NDC features and info (26, 28)
  - NDC registry at UNFCCC from 2016

### Workplan II

#### Accounting

- APA to develop rules (31) applicable from second NDC (32)
- Common methodologies assessed by IPCC (31a)
- Methodological consistency, including on baselines (31b)
- Once category is in NDC it needs to remain there (31c)
- Explanation on reasons for exclusion of categories required (31d)
- Double counting avoidance (35)
- ➤ Mid-century LEDS can be communicated by 2020 (36)
- ➢ Framework for non-market approaches (40)
- Adaptation
  - Methodologies for assessing adaptation needs (43b)
  - Methodologies for adequacy and effectiveness of adaptation (46b)

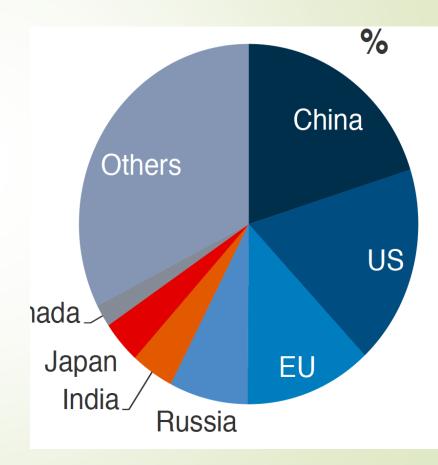
## **Operational issues**

#### Compliance (Art. 15)

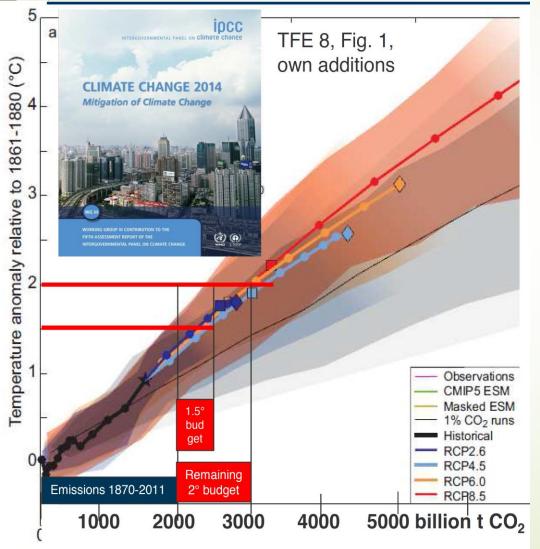
- Compliance committee (Art. 15.1)
- Non-adversarial, non-punitive (Art. 15.2)
- No sanctions
- Legally binding nature (Art. 20)
  - Ratification, acceptance, approval (Art. 20.1)
- Entry into force (Art. 21)
  - 55 parties, with 55% of global emissions as per their latest inventories (Art. 21.2)

#### Withdrawal (Art. 28)

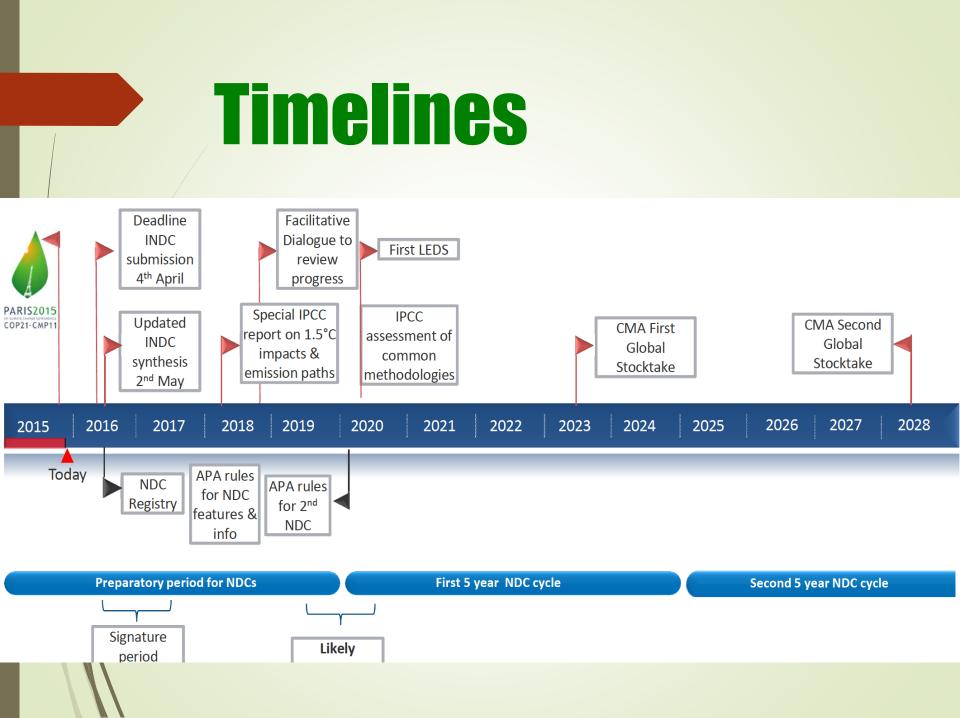
Possible with one year notice (Art. 28.2)



# The mitigation challenge



- Remaining emissions budget:
  - 2°C: 1000-1200 GtCO<sub>2</sub>
  - 1.5°C: 500-600 GtCO<sub>2</sub>
- Current annual global emissions ~ 50 GtCO<sub>2</sub>
- Only 20-25 years left at current rate for 2°C, a decade for 1.5°C!
- Massive challenge for decarbonization



### Key messages

- PA is not everything we need, but it is a step forward, combining bottom-up pledges with a soft international regulatory architecture
- Market mechanisms are reinstated as key instrument
- Much work is needed in the next years to put flesh on the bones

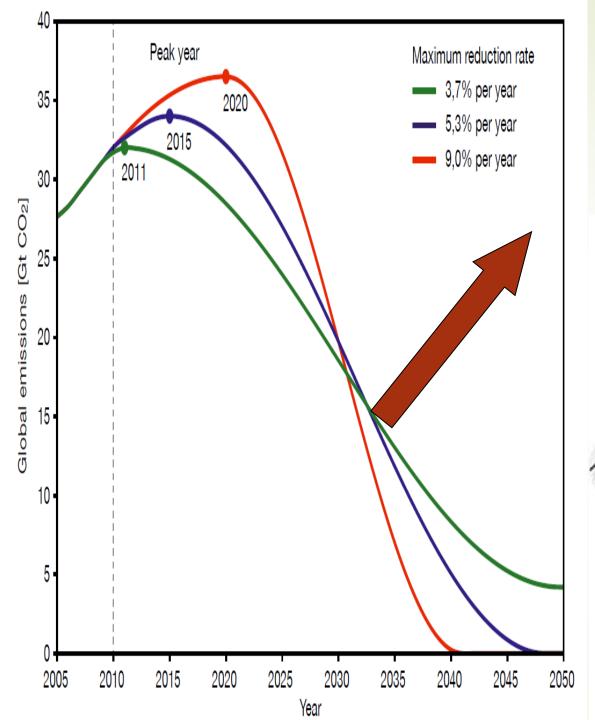


## The Research Challenge



"I'll be happy to give you innovative thinking. What are the guidelines?"

### **The Broader Context: Energy**



### **Focus on Energy**

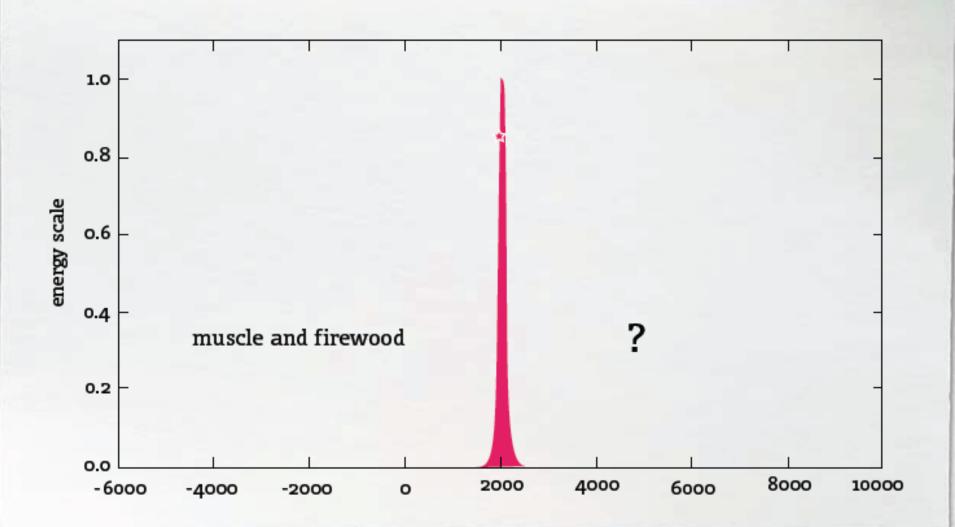


"I'm right there in the room, and no one even acknowledges me."

# **Energy is the Key**

- Energy drives economic growth, helps achieve basic needs and human development, and is necessary for recycling, reduction, reuse
- Energy is responsible directly for over 75% (and rising) of GHGs
  - Energy is even more unequally distributed than income, within and between countries; and developing countries need 3-4 times more energy, which is both affordable and sustainable.
- Social and environmental limits manifest themselves in the form of energy shocks.

### But the Age of Growth is over...

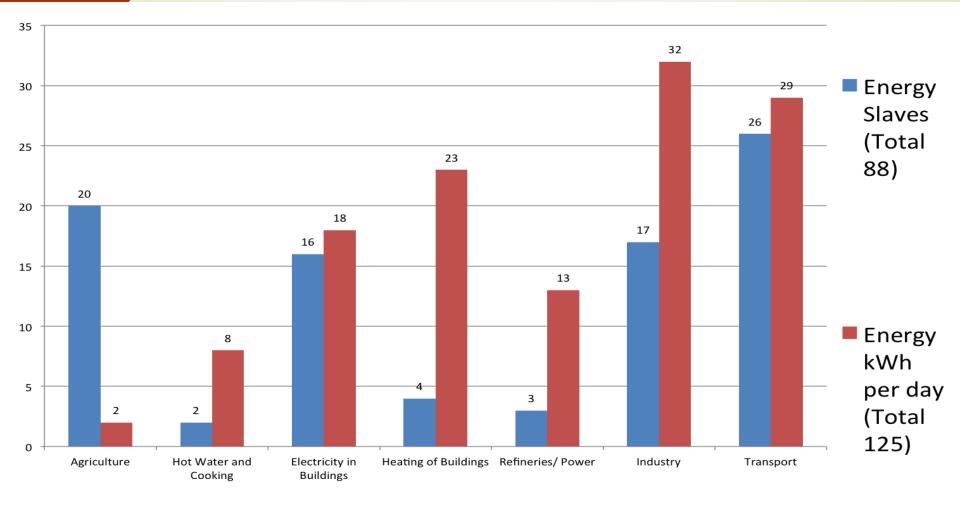


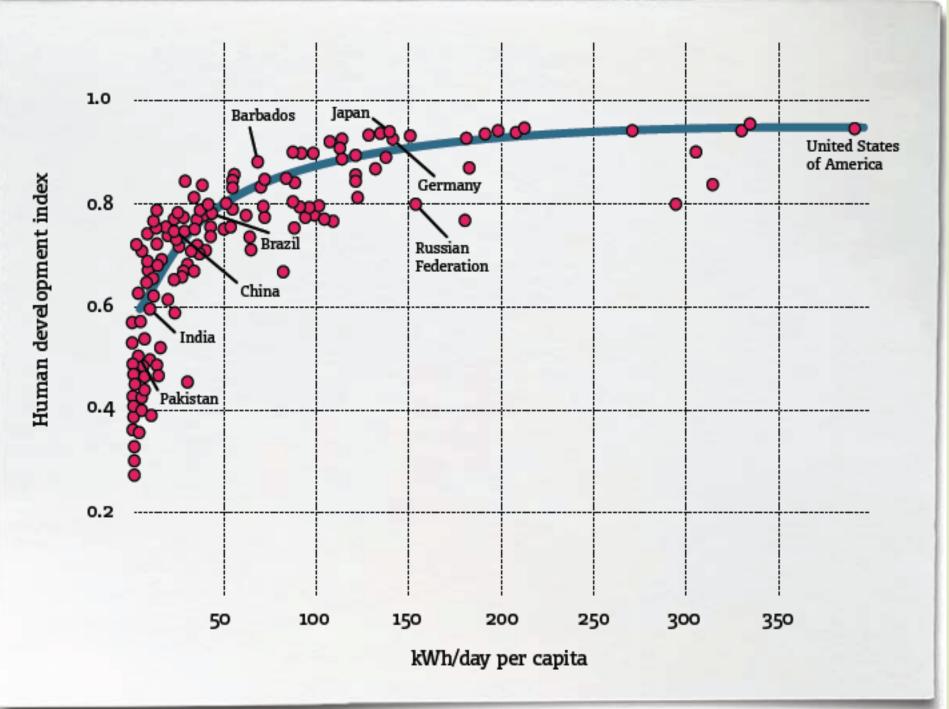
### **Energy Bonanza–Economic Impact**

	1800	2000	Δf	2050	Δf
Population (billion)	1	6	x6	10	x1.6
GDP (trillion 1990 \$)	0.3	30	x100	85-11 <b>0</b>	<x3-x4< td=""></x3-x4<>
Primary energy (EJ)	13	420	x30	600-1,040	x1.5-x2.5
CO <sub>2</sub> emissions (GtC)	0.3	6.4	x20	5- 15	<x1-x3< td=""></x1-x3<>
Mobility (km/person/day)	<b>0.0</b> 4	40	x1,000	120-160	<b>x3-x</b> 4

World Energy Council, 2004

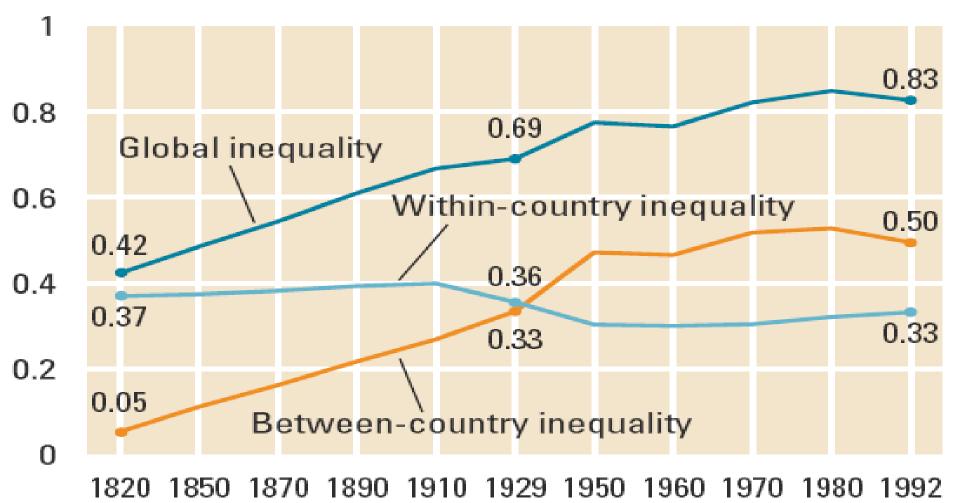
# **Energy Slaves (France Example)**





#### Figure 3.10 Inequality between countries became much more important over the long run

#### Mean log deviation



Source: Authors' manipulation of data from Bourguignon and Morrisson (2002).

### **The Gift of Fossil Fuels**

- The present prosperity is, in truth, the gift of fossil fuels.
- Fossil fuels provided massive increases in energy availability, and thus in the human capacity for manipulating Nature to its advantage. This capacity grew by several orders of magnitude since the pre-industrial age.
- Today, the continued use of fossil fuels is threatened on the one hand by climate change and on the other hand by potential depletion of resources. To quote the Bhagavad Gita, "Now I have become death, the destroyer of the worlds".

### **Growth has finessed many problems**

- Communism aspired to become the universal creed of the 20<sup>th</sup> century, but a more flexible and seductive religion succeeded instead: the Quest for Economic Growth. Capitalists, nationalists, Catholics, Protestants, Jews, Muslims, LDS, Hindus, and Buddhists, as well as communists—worshipped at this same altar.
- Growth disguised a multitude of sins: corruption, surveillance states, social inequities, or [despotism]. Indeed, adherents to the faith proposed that only growth could resolve such ills.
- The growth religion, on balance was quite useful in an empty world. But today it has created a crowded and stressed one, and shows no inclination to adapt to the change. Yet, it is an Iron law of Nature that if humans do not choose wisely, Nature will choose efficiently.

J. R. McNeill (2000) *Something New Under the Sun* 

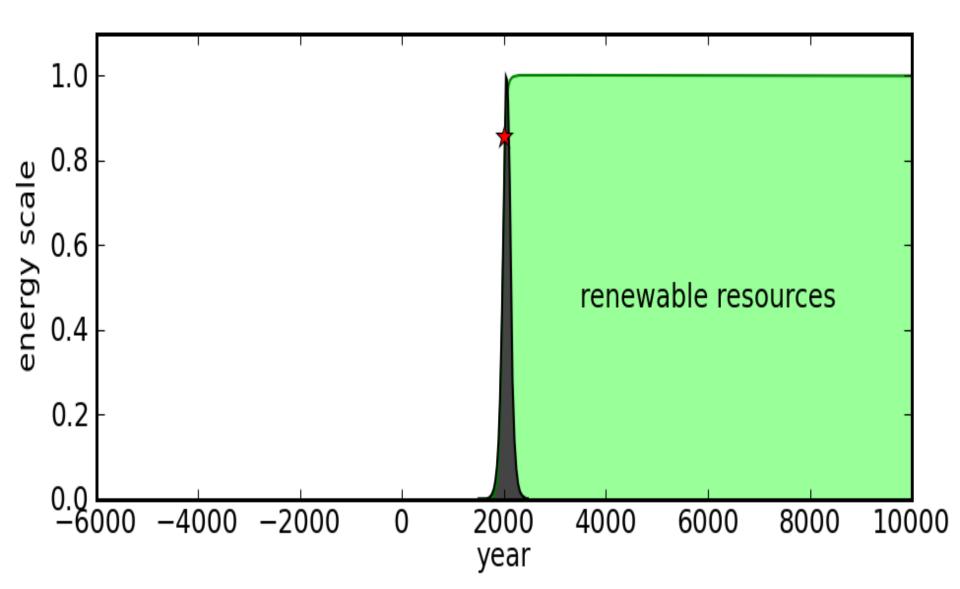
### Where do we go now?

If we could first know where we are and whither we are tending, we could then judge better what to do and how to do it.

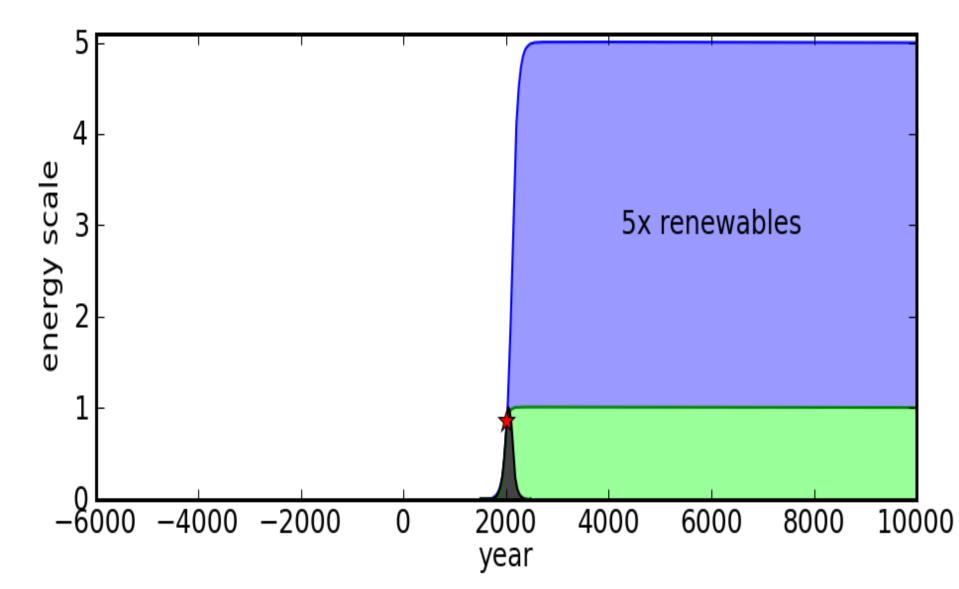
Abraham Lincoln, 1858

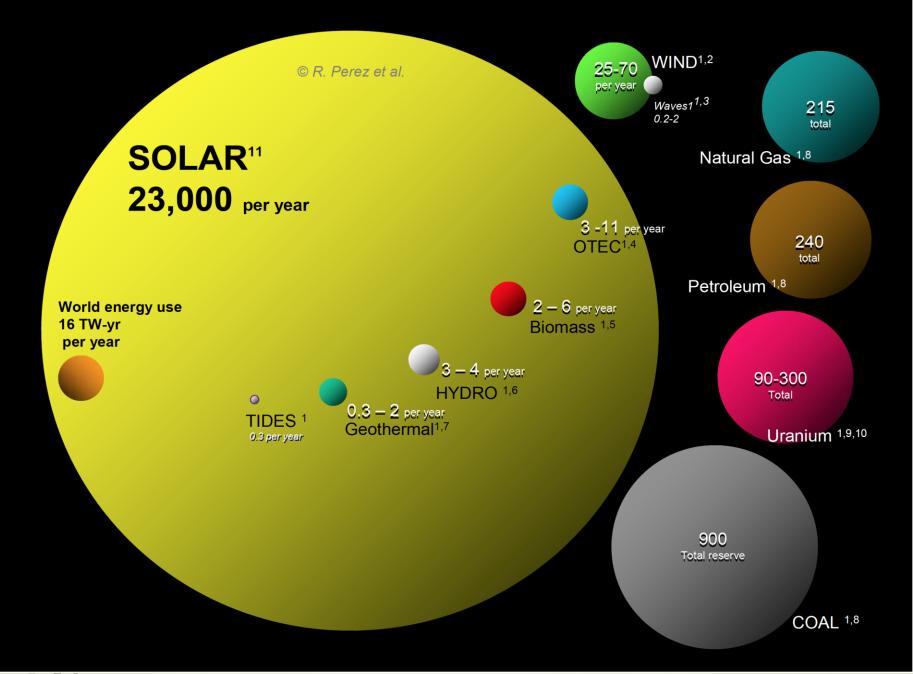
The "House Divided" Speech

### What Does this Tell Us?



### The Real Challenge





#### **QUESTION: Can Pakistan Develop?**

- Learn from development experience
- Natural constraints do not determine development
- Agricultural Involution example

### **Pakistan's Options**

Approach from Development AngleTrade, infant industry, Aid, China Example



<sup>&</sup>quot;Enough storyboarding. Let's shoot something."



- The age of unsustained growth is gone
- Can we make it stay until we don't need it anymore? Buy a little more time for the human race to grow up?

#### Collaboration:

- Rights of the weak and the vulnerable: SDGs 1-5
- Rights of and to Nature: SDGs6, 7, 12-15
- Right to overcome gross forms of inequality and vulnerability: SDGs 8-11