

RECAP15 – Re-thinking the Efficacy of International Climate Agreements Post COP15



A joint project of European University Viadrina (Frankfurt/Oder), Helmholtz-Centre for Environmental Research Leipzig (UFZ), University of Regensburg and others

What is RECAP15?

- Major goal: Development of **political and institutional proposals for the future of international climate policy**
- A research project based at the European University Viadrina in Frankfurt (Oder), working with and supported by an **international network of scientists and political stakeholders**.
- We combine **economic theory, empirics, experimental research and international law**.
- Funded by the Federal Ministry of Education and Research (BMBF) within its **funding priority 'Economics of Climate Change'** (\approx 1 million EUR, Sep 2011 - Mar 2015).
- Major **output**: publications (journals, discussion papers, ...), policy briefs, completed dissertations, conferences & workshops, ...
- **Current state**: completed (but not finished).



A scene from COP15 in Copenhagen.*

work packages

RECAP15 is organized in **seven 'work packages'**:

- WP 1 Burden Sharing** Rules for International Climate Agreements
- WP 2 Design of Financial Transfers** within International Climate Agreements
- WP 3 Co-ordinating Global and National Strategies of Adaptation and Mitigation**
- WP 4 Limiting Crowding Out and the Compatibility of Carbon Leakage Policies with WTO Rules**
- WP 5 Strategies of Monitoring, Reporting and Verification** in Fragmented International Policy Regimes
- WP 6 Experimental Research** on International Climate Agreements
- WP 7 Enhancing Science-Policy Interactions** and generating **Policy relevant Knowledge**

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Policy Briefings

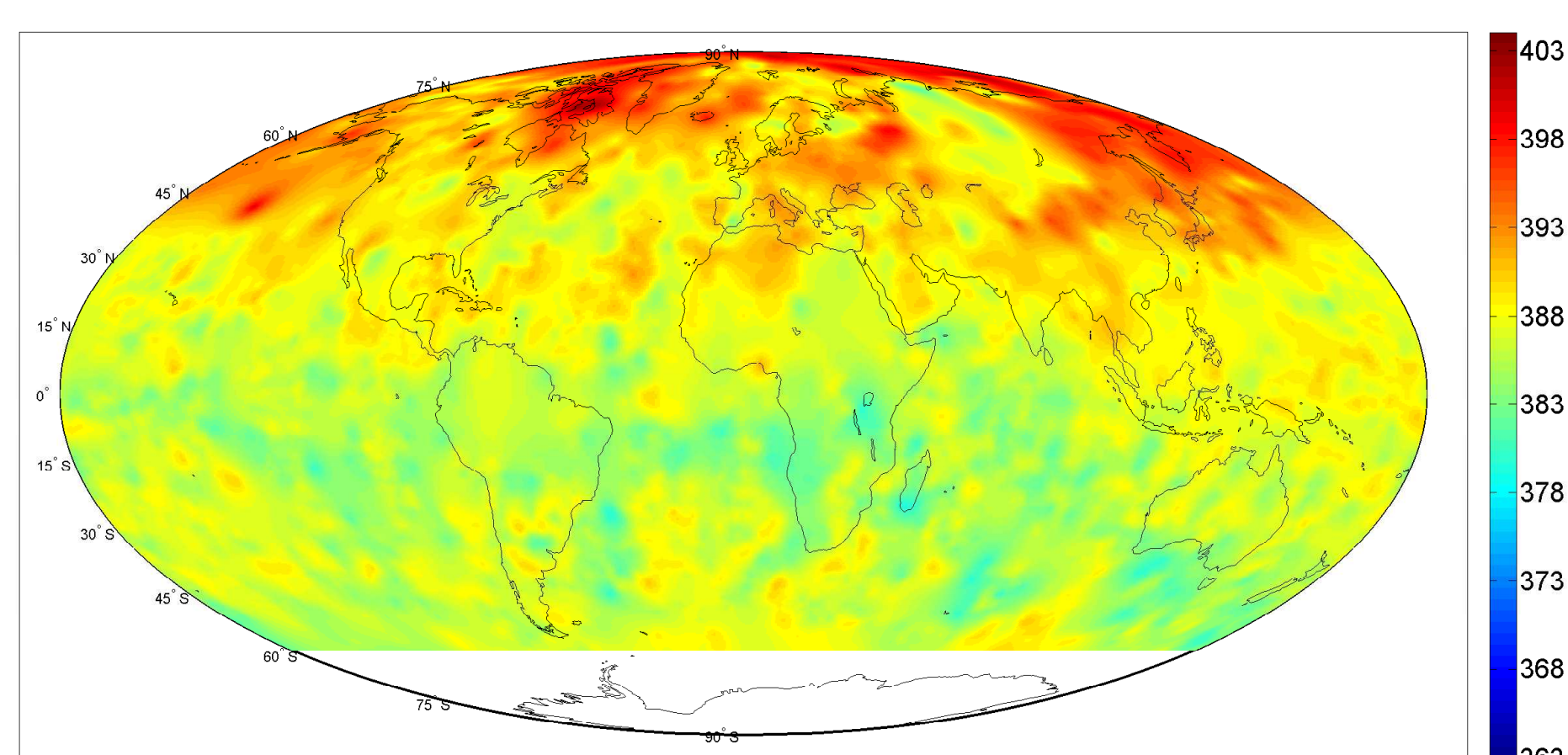
A three-tier system of climate funding to reduce the strategic cost of adaptation

In order to allow for the individual requirements of different countries, a differentiated three-tier climate funding system should be developed:

1. **Financial support** for adaptation activities is recommended for Least Developed Countries (**LDCs**) **only**.
2. In order to counteract the strategic costs of adaptation, emerging economies should be **encouraged** in their **efforts to reduce emissions and develop green technologies**.
3. In order to increase climate protection contributions from industrialized nations, activities to mitigate GHG emissions should be **financed reciprocally**.

EU Emission Trading System without competitive disadvantages

1. The Emissions Trading System (ETS) will be fully effective if its discretionary exemptions are omitted. The **carbon-leakage list** in particular **should be replaced with a full border adjustment (BA)**.
2. The BA helps to prevent carbon leakage and restores **competitive neutrality** to EU enterprises.
3. The burden of the BA must be closely linked to the actual burden of the ETS.
4. A product- or sector-based BA is **likely to be compatible with WTO rules**, correspond to the principle of competitive neutrality, have a positive effect on climate protection, and be less bureaucratic than other forms of BA.
5. The new **export rebates** must be limited to products that are actually exported. Export rebates do not limit the effectiveness of the ETS if they are accounted for when fixing the cap.
6. Foreign countries should have the **choice** between two options: the BA and integration into the ETS.
7. If the **revenue of the import BA** respective of the integrated ETS is used for climate funding, a double dividend for climate protection can be facilitated.



CO2-emissions (interpolation)

Source: Vetter/Schmid/Schwarze, JEnvStatistics, 2014

Reciprocity and Trust as Factors for Success in International Climate Policy

Reciprocity and trust can facilitate multilateral agreements in various ways, if they are appropriately used:

1. Instruments for climate policy should be designed so that they are compatible with the **principle of reciprocity**.
2. **Cost sharing** and **matching** is recommended as these instruments increase the **incentives** for unilateral and multilateral climate protection activities.
3. A hybrid control mechanism consisting of **unilateral reporting** and an **independent external verification** proves to be the optimal strategy for fostering trust.
4. The current system based on national reporting should gradually be transformed into a MRV architecture based on **external mechanisms**.
5. **Satellite-based monitoring** is recommended, as it allows independent, external control of CO2 emissions at low cost and technical stability.

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