



Brief comments on Decarbonizing Development Gunnar Köhlin

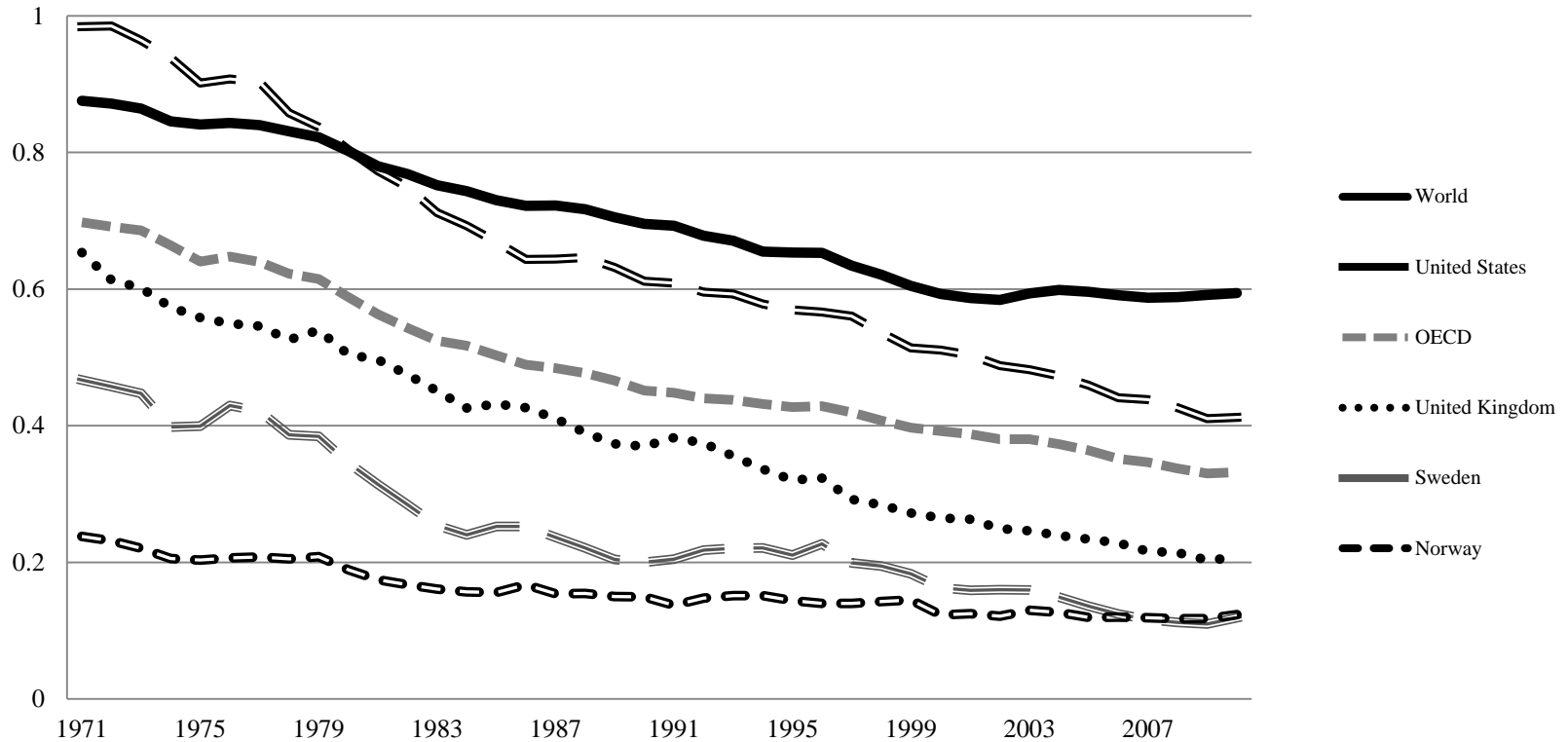


www.environmentfordevelopment.org



Decoupling is possible!

CO₂ emissions / GDP ratio



Favorite policy - carbon tax!

- Sweden 130 USD/ton CO₂
- Why have so few countries followed?
 - (i) Strong **lobbying** from fossil fuel stakeholders.
 - (ii) Opposition from the **public** because a tax will make some things more expensive.
 - (iii) A tax is more **transparent** with clear winners and losers compared to a much less visible cost of regulations.
 - (iv) It is **perceived** to reduce welfare and increase **unemployment**.
 - (v) There might have been a set of **institutional** path dependencies that led to favouring cap and trade.

Focus on what is politically feasible!

- Pragmatism...
 - Make it flexible
 - Combine with policy packages
 - Target poor and losers
- Focus on long-term structures for a zero carbon economy.

Alternatives to carbon tax

- 1. Removal of fossil subsidies**
- 2. Fossil fuel taxation**
- 3. Cap and trade, and regulation.**
- 4. Promoting renewable energy**

FUEL TAXES AND THE POOR

THE DISTRIBUTIONAL EFFECTS OF
GASOLINE TAXATION AND THEIR IMPLICATIONS
FOR CLIMATE POLICY

THOMAS STERNER

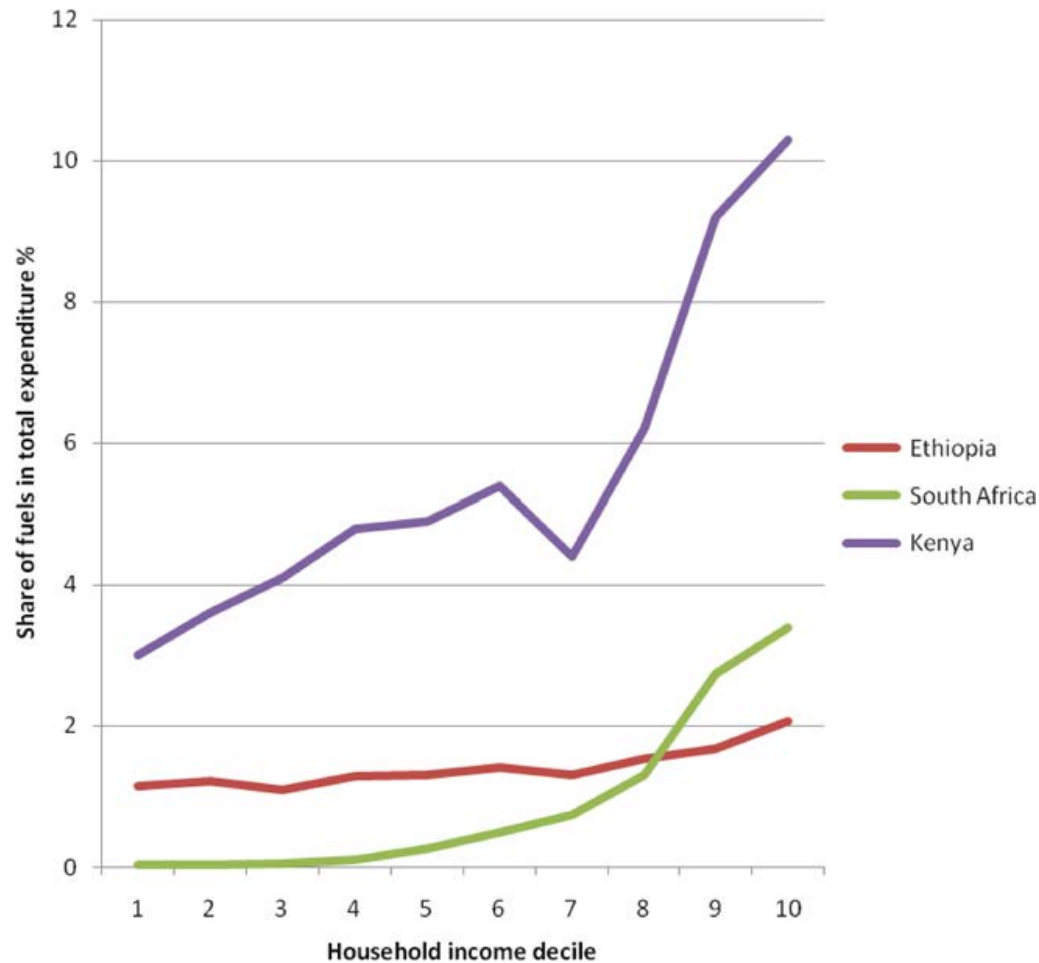


- Increased fuel taxes can mitigate carbon emissions, reduce congestion, and improve local urban environment.
- Powerful lobbies argue that it would be regressive.
- Empirical investigation of 25 countries.

Findings:

- Fuel taxation is a progressive policy in low income countries.
- Poor people spend a very small share of their money on fuel for transport.

Poor use very little fossil fuel!



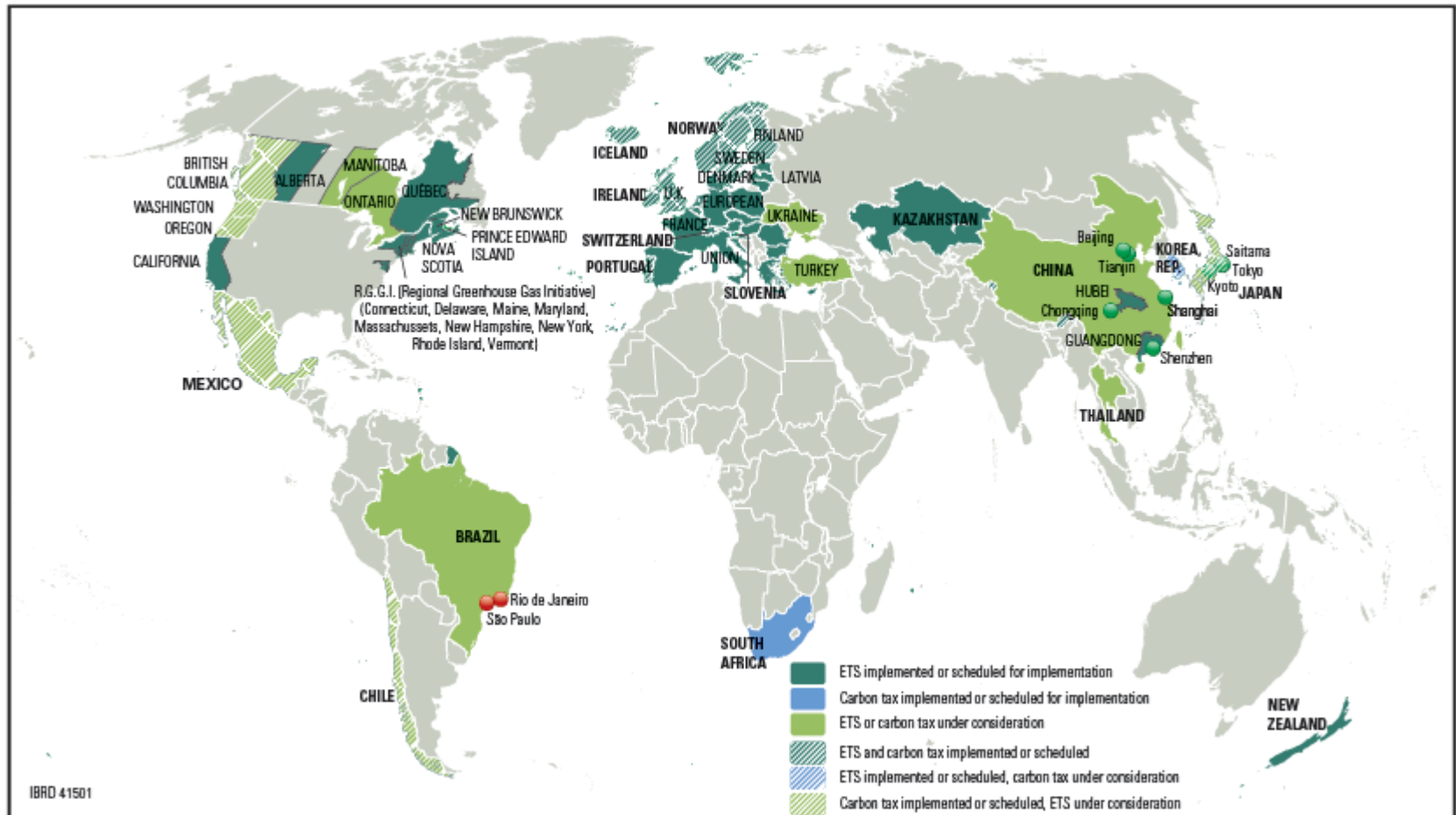
But what does it take?

- To become a middle-income country with a low-carbon strategy?
- Ethiopia might soon know – CRGE strategy presented in Durban – to be reached in 2025!
- Backed by United Kingdom, Norway, WB.
- Now also Sweden, Denmark, Germany, France through the Lima Declaration.
- But do they have the capacity to design, implement and evaluate the reforms?

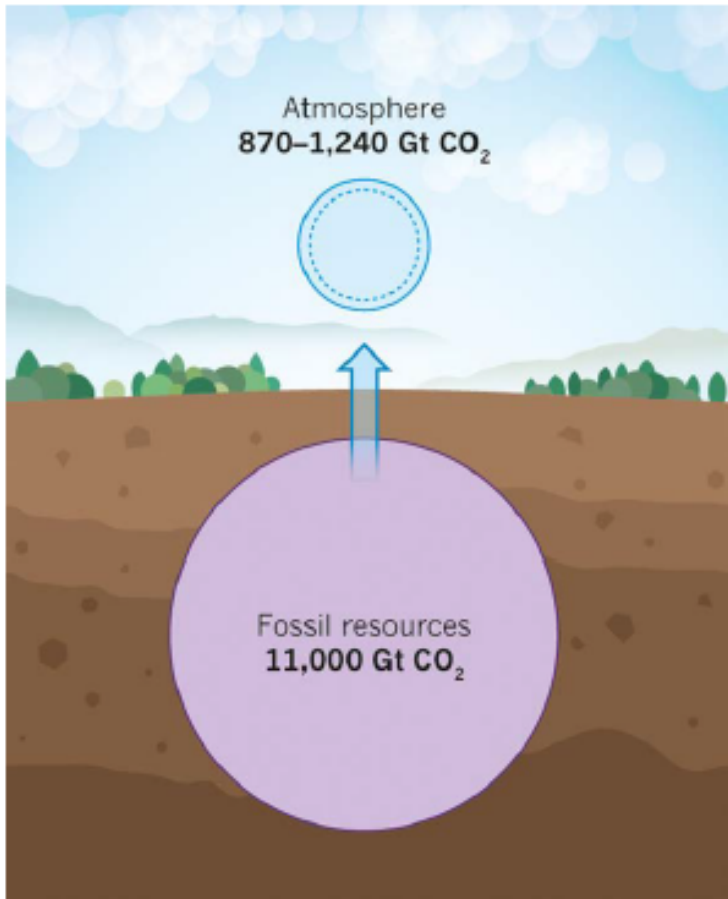
New EFD center in Addis!



We have a long way to go!



Not only zero emissions!



Source: Bauer et al. (2014); Jakob, Hilaire (2015)

Resources and reserves to remain underground until 2100 (median values compared to BAU, AR5 Database)

	With CCS [%]	No CCS [%]
Coal	70	89
Oil	35	63
Gas	32	64

Source: Ottmar Edenhofer