

BRIDGES NETWORK

BIORES

Analysis and news on trade and environment

VOLUME 9, ISSUE 6 – JULY 2015



Trade and investment tools for a low carbon future

SUSTAINABLE DEVELOPMENT

Meeting the sustainable energy challenge

ENERGY

Tackling barriers to clean energy trade and investment

SUBSIDIES

WTO rules and energy subsidies



International Centre for Trade
and Sustainable Development

BIORES

VOLUME 9, ISSUE 6 – JULY 2015

BRIDGES TRADE BIORES

The leading authority on news and analysis emerging from the trade and environment nexus.

PUBLISHED BY

ICTSD

International Centre for Trade and Sustainable Development

Geneva, Switzerland

www.ictsd.org

PUBLISHER

Ricardo Meléndez-Ortiz

EDITOR-IN-CHIEF

Andrew Crosby

MANAGING EDITOR

Kimberley Botwright

ADDITIONAL SUPPORT

Andrew Aziz, Chiara Hartmann,
Christopher Hyner, Jessica McDonald,
Alice Tipping

DESIGN

Flarvet

LAYOUT

Oleg Smerdov

To join the BIORES Editorial Advisory Board,
write to us at biores@ictsd.ch

BIORES welcomes all feedback and is happy
to consider submissions for publication.
Guidelines are available upon request.
Please write to biores@ictsd.ch

SUSTAINABLE DEVELOPMENT

- 4 **A "prosperity paradox" in global energy markets:
Challenges and potential solutions**

Joakim Reiter

ENERGY

- 8 **Breaking down the barriers to clean energy
trade and investment**

Geraldine Ang and Ronald Steenblik

SUBSIDIES

- 12 **Energy subsidies from a trade and climate perspective**

Ilaria Espa and Sonia E. Rolland

CLIMATE CHANGE

- 16 **Is Africa's growth sustainable in the face of climate change?**

Richard Munang and Robert Mgendei

DEVELOPMENT FINANCE

- 19 **UN talks deliver development financing
framework for post-2015 era**

EMISSIONS TRADING SCHEMES

- 22 **EU Commission unveils carbon
market reform proposal**

- 25 **The newsroom**

- 27 **Publications and resources**

Trade and investment tools for a low carbon future



In September, world leaders are expected to adopt a post-2015 development agenda, geared towards ushering in a new set of sustainable development priorities for governments, civil society, and business. Moving to a more sustainable energy mix is a part of this new growth paradigm and, at the same time, poses a particular challenge.

Energy is the lifeblood of the global economy, as well as international trade, and is vital to securing many daily necessities. Global energy demand is expected to increase by 37 percent to 2040 under planned policies, according to the International Energy Agency. The energy supply sector and its continued heavy use of fossil fuels is, however, largely responsible for over a third of annual climate warming greenhouse gas emissions. Meanwhile, last year UN climate scientists estimated the world had used 52 percent of a "carbon budget" required to keep temperatures below a two degree Celsius rise from pre-industrial levels, and that the remainder would be spent in the next 30 years under current trends.

A chorus of stakeholders have warned that a fundamental scale up of clean energy is required to meet the future energy needs of all – including the 1.3 billion people around the world who continue to lack access to electricity – and stay within the limits of a healthy planet. Experts eyeing a pivotal UN climate conference in December have also called for a hike in energy-related emissions cuts as part of countries' individual climate action plans.

On a positive note, a recent REN21 report found that renewables represented approximately 59 percent of net additions to global power capacity in 2014, and supplied an estimated 22.8 percent of global electricity production. Last year was also the first time in 40 years, outside a period of economic shock, when the global economy grew while energy-related carbon dioxide emissions stayed flat.

Trade and investment have a role to play in scaling up clean energy. Lower tariffs and open markets for clean energy goods can help boost their deployment, while also diffusing key technologies and services. International investment adds to the resources needed for countries to make the sustainable energy shift. Tackling fossil fuel subsidies, which distort production in a global marketplace and send the wrong signals to investors from a climate perspective, is critical.

The articles in this issue focus on possible trade and investment tools required to meet global sustainable energy needs, barriers to clean energy trade and investment, and energy subsidy rules at the WTO. The links between trade, investment, and energy are many. How to ensure these are harnessed to secure a low carbon future?

What do you think? Join the conversations by following us on [Twitter](#) and [Facebook](#). We appreciate both your time and your feedback.

SUSTAINABLE DEVELOPMENT

A “prosperity paradox” in global energy markets: Challenges and potential solutions

Joakim Reiter

How to meet future energy demand sustainably? And what role can trade play in meeting this challenge?

Energy is essential for development. Due to its importance, energy is one of the proposed sustainable development goals (Goal 7), a new framework for global policy aims scheduled to be adopted as part of a post-2015 development agenda in September. The current way we produce most of the energy we consume, however, compromises the prosperity of future generations. Moving to a cleaner and sustainable energy mix is a global imperative that cannot be postponed. This article discusses some of the main challenges faced by countries in this transition and outlines the contours of potential solutions to what I call a “prosperity paradox.”

A prosperity paradox

Every day, the world's population increases by nearly 230,000 people. That is the equivalent of adding a city the size of Geneva, Switzerland every two days. This fast population growth might be difficult to notice, since most of the increases are happening in the developing world, in countries like Nigeria, Ethiopia, and the Philippines. In addition to population growth, millions of people are moving from rural to urban areas, where they use more electrical appliances, cars, and other forms of energy. Over the past two decades, energy demand has skyrocketed as a result of population growth, urbanisation, and a rapidly growing middle class. In no other place on earth is this as prevalent as in emerging economies where energy demand has increased exponentially to fuel their dynamic growth. Emerging economies are predicted to account for 90 percent of the growth in energy demand to 2035.

In parallel, there has been an unprecedented rise in prosperity in the last two decades, notwithstanding the current difficulties that have faced the global economy during the same period. The percentage of people in developing countries living in extreme poverty, those on less than US\$1.25 per day, has fallen to 22 percent in 2010 from nearly 50 percent in 1990 representing a decline of 700 million.

This is a monumental achievement, but it is also this fact that creates a “prosperity paradox.” As prosperity increases, so does energy consumption, and the carbon dioxide emissions from burning fossil fuels. This, in turn, aggravates climate change and eventually will compromise the prosperity that all nations legitimately strive for.

This is a major challenge. As the world gets richer, the stress put on our ecosystems rises, compromising the wellbeing of future generations. And, while there is nothing new about this story, what is new is the sheer magnitude of the task ahead.

The way out of this paradox is cleaner and sustainable energy. Nations need to decouple economic prosperity from carbon dioxide emissions, so as not to compromise their ability to grow, nor the prosperity of current and future generations.

Making the transition

Moving to a cleaner and sustainable energy system requires us to address three major challenges. These include diversifying the future energy mix towards high use of cleaner energy; decoupling economic growth from greenhouse gas (GHG) emissions; and

designing multilateral and national energy policies, including for energy trade, within coherent governance frameworks.

Diversifying the future energy mix is a way out of the prosperity paradox. It is evident that fossil fuel based energy sources have the capacity to dominate the energy consumption of countries, with renewables representing just 22 percent of global electricity consumption presently. The International Energy Agency (IEA) predicts that by 2040, 25 percent of total energy supply could come from clean sources, such as solar, wind, and biofuels. However, while this increase is perhaps encouraging, it falls far short of the scale needed. It also shows that the transition from conventional to clean energy will be a long and difficult process.

Moving to a cleaner and sustainable energy system is a global imperative.

More policy incentives are needed to diversify the energy mix and increase the availability and affordability of clean and renewable energy. Clean energy based on hydro, solar, and wind power should represent a major share of global energy consumption in the next half century. Biofuels represent one option for many developing countries with capacity to produce, use, and trade in this energy source.^① In this context, it is sometimes easy to focus exclusively on large scale operations, but small operations are also viable. For instance, some small islands in the Pacific have developed biofuels from coconut oils, which are clean, relatively cheap, aromatic, and easy to extract. Opportunities exist, and all countries, regardless of size and might, will have to creatively explore their respective endowments to ensure access to cleaner energy.

Major challenges remain, though, in developing the biofuels industry. Attention is still needed on setting environmental sustainability norms, tariffs, and subsidies, as well as better understanding the impact of biofuels production, from first – based on arable crops like sugar and vegetables – or second – based on biomass – generation. Work also needs to be done on land use and food security and on striking a better balance between large scale energy crop production and traditional small scale farming. A recent policy brief from UNCTAD, *The Global Biofuels Market: Energy Security, Trade, and Development*, summarises these issues well.^② These legitimate concerns need a response if biofuels are to play a more important role in the future energy matrix.

The great decoupling

Decoupling economic growth from GHG emissions is the second challenge we must address. The energy sector is responsible for by far the largest share of emissions, about 34.6 percent of all manmade GHG emissions in 2010, according to UN climate scientists.^③ Therefore, to decouple these emissions from economic growth, it is crucial to find new clean energy sources that ensure availability, accessibility, and affordability of energy for all. This will help sustain higher levels of economic growth. There is a lot of untapped potential in this area. Africa, for example, currently just exploits about five percent of its hydro electrical potential.^④

Greater international attention to energy policy and a focus on clean growth can also provide the necessary policy push and mobilisation of resources for decoupling. A new climate agreement under the UN Framework Convention on Climate Change (UNFCCC) due to be secured in Paris, France in December and the outcomes from the recent Third International Conference on Financing for Development held in Addis Ababa, Ethiopia can be used as important vehicles to this end.

The decoupling process is not easy. Countries are not alone, however, they have an ally in technology. Specific technologies are rapidly evolving and becoming more cost effective. One of the big challenges is to spread those technological innovations from market to market, including developing countries, and particularly to least developed countries

SDG 7

The proposed energy sustainable development goal calls for universal access to affordable, reliable, and modern energy services for all by 2030, a substantial increase in the share of renewable energy in the global energy mix by the same time, and a doubling of the global rate of improvement in energy efficiency. International cooperation to boost clean energy technologies are also on the agenda.

(LDCs). It is in the poorest countries that renewable technologies play the dual role of tackling GHG emissions and also reducing energy poverty. Green technologies can go where electricity companies and high-voltage grids cannot, namely, to distant or isolated rural areas. It is important to make sure that technology is available to all countries and peoples, not least the poorest among us.

This is why the diffusion of technology really matters. Trade happens to be one of the most effective channels for this diffusion. Countries can play their part by liberalising trade in climate friendly and energy efficient goods. This could be done as a part of the on-going WTO Doha Round multilateral trade negotiations, in a regional or a plurilateral setting, or unilaterally. Technology transfer is also on the agenda within the UNFCCC.

Energy trade governance

Strengthening multilateral and national energy trade governance is the third major challenge to deal with. At present, there is no uniform and single multilateral framework of governance on energy trade.

Some ideas have been raised in recent years to have a single agreement on energy within the WTO to regulate trade in energy, in both goods and services, and related measures such as subsidies and procurement. These ideas are based on the recognition that the WTO can and already provides a multilateral framework for regulation for a number of aspects of energy trade. This is an area that WTO members may wish to explore further following the closure of the Doha Round.

Beyond the global trade body, and in support of a wholesome approach to an international governance framework for energy, countries could also consider the legal and policy frameworks supportive of energy investments and competition policy based on work by the [Energy Charter](#) and UNCTAD.

Moreover, in order to achieve coherence, some steps can already be taken at the WTO and elsewhere. The Doha mandate includes the liberalisation of trade in environmental goods and services (EGS). A plurilateral effort to slash tariffs on a list of environmental goods is currently under negotiation between a group of 17 WTO members. An initiative by the Asia-Pacific Economic Cooperation (APEC) 21-nation alliance to cut tariffs on a list of 54 environmental goods to five percent or less is due to be implemented this year. These are signs of growing awareness of the need to strengthen the governing framework on energy.

Recent regional trade negotiations and talks may well also propose provisions on clean energy and energy efficiency. It has been reported that energy issues, including green energy, are on the agenda in the Transatlantic Trade and Investment Partnership (TTIP) negotiations. Similarly, the planned Trans-Pacific Partnership (TPP) is said to cover energy efficiency. These planned deals provide another avenue to improve the regulation of energy trade and can meaningfully encourage the deployment of clean energy.

It is important to be aware, however, that international initiatives will never be more coherent than national policies. Effective policy steps must be taken at home and renewables are an area that is profoundly shaped by government intervention in domestic markets. The price of conventional energy also significantly affects the incentives to invest in green energy and produce it. Any attempt to scale up the use of green technologies will necessarily have to address fossil fuel subsidies. Now is the perfect moment given the recent drop in oil prices.

Renewables are sometimes protected by trade-related measures. These support systems are mostly based on the premise that countries want to pursue green energy and green jobs simultaneously to make a truly sustainable economy. But green jobs, as an industrial policy objective, can work against green energy in certain circumstances. Attempts by policymakers to support green jobs have, in some cases, generated disputes in the area of renewable energy. Such disputes have raised questions around the economic rationality, effectiveness, and legitimacy of such interventions.

Some governments also link local content requirements to subsidies or a taxation structure. Beyond the WTO legality of these requirements, what is their effectiveness in terms of seriously scaling up renewables? In this sense, a valid question is, does it make sense to focus less on production subsidies and more on consumption of renewable energy?

Other countries have made use of trade remedies and other types of border measures in a bid to iron out alleged market distortions around clean energy. Trade remedies, however, also create barriers to supply chain optimisation. More than 40 anti-dumping and countervailing duty cases have been initiated since 2008 on biofuels, solar energy, and wind energy products.^⑥

Various trade measures may fragment global markets for green technology, constrain economies of scale, increase inefficiency, as well as reduce innovation and the incentives for technology diffusion. This is a negative outcome for all but particularly for the poorest developing countries. Given that these countries lack broad financial capacities they cannot afford to pursue inefficient and costly policies. Moreover, restrictive trade measures are at cross-purpose with national and international climate and environment policies, and could undermine the credibility of government commitments to address climate change.

Solving the prosperity paradox

An important challenge lies ahead for the international community when it comes to energy. Increased energy consumption resulting from rising prosperity today must not compromise the development prospects of future generations. I have called this a "prosperity paradox."

More and more people will have the fortune to join the middle class in the years to come and their demands for energy will increase dramatically. This, together with the continuous increases in global population, will put enormous pressure on available energy systems. A vigorous response is necessary and there is a need to respond in a manner that is sustainable. What is done today should not compromise our ability to prosper tomorrow.

In short, the world needs clean and renewable energy, and trade has the power to contribute to this goal. Trade can help transfer technology related to clean and renewable technology, trade can pave the way for investment to follow, and trade can help create the governance platforms needed to foster the production and consumption of sustainable energy. Trade can do a lot. Countries can do a lot. Both need to do it together to ensure trade is up to the challenge.

① [The State of the Biofuels Market: Regulatory, Trade and Development Perspectives](#). UNCTAD, 2014.

② [The Global Biofuels Market: Energy Security, Trade and Development](#). UNCTAD Policy Brief No. 30, October 2014.

③ Industry (21 percent); agriculture, forestry, and other land use (24 percent); transport (14 percent); and residential and commercial buildings (6.4 percent). See IPCC, 2014: Summary for Policymakers. In: *Climate Change 2014: Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change* [Edenhofer, O., R. Pichs-Madruga, Y. Sokona, E. Farahani, S. Kadner, K. Seyboth, A. Adler, I. Baum, S. Brunner, P. Eickemeier, B. Kriemann, J. Savolainen, S. Schlömer, C. von Stechow, T. Zwickel and J.C. Minx (eds.)]. Cambridge University Press, Cambridge.

④ [Water for Agriculture and Energy in Africa: The Challenge of Climate Change](#). UN FAO, 2009.

⑤ For a discussion of these cases and others in the WTO see Leal-Arcas, Rafael. "Renewable energy disputes in the World Trade Organization." *Oil, Gas and Energy Law Journal* 13.3 (2015): 1-51.

⑥ Cimino, Cathleen and Gary Hufbauer. [Trade Remedies Targeting the Renewable Energy Sector](#). UNCTAD, 2014.



Joakim Reiter
Deputy Secretary-General,
UN Conference on Trade and
Development (UNCTAD)

ENERGY

Breaking down the barriers to clean energy trade and investment

Geraldine Ang and Ronald Steenblik

What policy restrictions are in place on international clean energy trade and investment in clean energy? What should be done about these?

Investment in clean energy technologies such as solar photovoltaic (PV) cells and wind turbines needs to be scaled up in the coming decades to meet the global climate change challenge and achieve the broader development and economic agendas governments have set in motion. Over the last 10 years, policymakers have provided substantial support to clean energy, benefiting both domestic and international investment in the sector. However, since the 2008 global financial crisis the perceived potential of the clean energy sector to create local jobs has led several OECD countries and emerging economies to design green industrial policies aimed at protecting domestic manufacturers, notably through local content requirements (LCRs). Empirical evidence presented in a new OECD report, *Overcoming Barriers to International Investment in Clean Energy* (OECD, 2015; building on Bahar et al., 2013^①), shows that LCRs can hinder global trade and investment in solar PV and wind energy, distorting global value chains, therefore reducing the potential benefits from global commerce in this sector.

The increasing use of trade barriers such as local content requirements and trade remedies offers an example of policy incoherence in the context of climate change goals. Aligning trade and investment tools with climate change policy should be a priority for policymakers everywhere given the urgent need to support the transition to a low carbon energy system. The International Energy Agency (IEA) estimates that to be on course for a low carbon future, cumulative investments in low carbon energy supply and energy efficiency will need to reach US\$53 trillion by 2035, only 10 percent more than the US\$48 trillion that would likely be invested in any case in the energy sector under a business-as-usual scenario. Investing in clean energy also creates economic opportunities for developed and developing countries alike including, among others, facilitating cost effective access to decentralised energy in rural and remote areas; reducing local air pollution; and stimulating innovation and technology transfer.

Supporting clean energy deployment

Investment in clean energy technologies in the electricity sector needs to be significantly scaled up in the coming years to reduce greenhouse gas emissions and ensure that an international goal of holding global warming below a two degree Celsius rise from pre-industrial levels is achieved. Annual investment in renewable energy technologies in the power sector will need to increase from US\$270 billion in 2014 to US\$400 billion in 2030 in order to stop global energy-related emissions from rising, according to the IEA.^②

Nonetheless, recognising the role of clean energy in addressing climate change and fostering growth, policymakers have provided significant support to its deployment over the past couple of decades. Globally renewable energy subsidies amounted to US\$121 billion in 2013. As of early 2015, 145 countries had implemented specific renewable energy support policies at the national or sub-national level, up from 138 countries in 2013. These include fixed feed-in tariffs^③ (FiTs) or premiums; quotas and renewable portfolio standards^④; and fiscal and financial support policies, including tax reductions, grants and low-interest loans. New investment in renewable energy generation and fuels increased six fold between 2004 and 2011, reaching US\$279 billion in 2011. Investment declined in 2012-13 as a result of excess capacity, market consolidation, and policy uncertainty, before stabilising at US\$270 billion in 2014, according to Bloomberg New

Energy Finance (BNEF). Investors spent more than US\$2 trillion on renewable energy plants in the past decade and last year added more renewable capacity than ever before, BNEF has also found. Solar and wind energy received the largest share of new investment flows at US\$150 billion and US\$100 billion respectively.

Renewable energy technologies have gone through significant price reductions, largely driven by market creating government incentives. The price of crystalline silicon (cSi) PV cells, for instance, has dropped by 80 percent since 2008 and by 99 percent since 1977. The levelised cost of electricity (LCOE) from solar PV has dropped below retail electricity prices (per-kWh charge) in many countries, [according to the IEA](#), and is approaching grid-parity at the utility scale.⑥

Trade and investment for deploying solar PV and wind energy

Until the global financial crisis, many countries supported clean energy through general investment liberalisation, and by entering into bilateral or regional free trade agreements. Governments generally did not discriminate between foreign and domestic investors and they refrained from imposing local content requirements. International trade and greenfield foreign direct investment (FDI) have strongly contributed to the growth of the solar and wind energy sectors, as well as their integration into global value chains. Both industries – and especially solar PV energy – have witnessed the emergence of global production networks.

International investment accounts for an important share of clean energy investment. Between 2004 and the first half of 2012 international investment represented about one-third of asset finance investment of utility scale clean energy projects. Trade in clean energy technologies also increased dramatically over this period. Between 2004 and 2011, global imports of wind powered generating sets – namely, wind turbines (HS 8502.31) – increased six fold. Global imports of solar PV cells and modules and light-emitting diodes – which are all covered by the same commodity code HS 8541.40 – also increased six fold. Since then imports of wind turbines have remained steady, at around US\$6 billion a year, but imports of solar cells and modules and LEDs declined by around 25 percent to just over US\$50 billion a year.

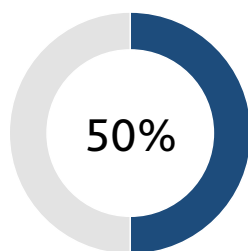
Across sectors, the emergence of global value chains has led to greater specialisation in specific activities and segments of value chains, rather than in entire industries. More than 70 percent of global trade is in intermediate goods and services and in capital goods. Domestic solar PV and wind power generation also rely on an increasing share of imported intermediate inputs.

Erecting barriers

Eying the potential of clean energy to support domestic growth and employment, especially during the difficult years following the 2008 financial crisis, governments started implementing green industrial policies aimed at protecting domestic solar PV and wind turbine manufacturers. LCRs became particularly prevalent. These typically require solar or wind developers to source a specific share of jobs, components, or costs locally to be eligible for policy support or public tenders. Such requirements have been designed or implemented for solar and wind energy in at least 21 nations, including 16 OECD countries and emerging economies, mostly since 2009. Governments have also pursued green growth and employment objectives through granting preferential access to financing; improving export performance of solar PV and wind turbines through targeted measures; and setting technical barriers such as national standards that differ from international practices.

In contrast, regulatory restrictions on FDI, such as limits on foreign ownership, remain relatively low in solar PV and wind energy. Applied most favoured nation (MFN) import tariffs on solar PV cells and modules are zero nowadays in most high-income countries and are less than five percent in the rest of the world. Applied MFN tariffs on complete wind powered generating sets are on average slightly higher. However, bound MFN tariffs – the maximum tariffs that WTO members could apply if they so choose – remain very

Solar jobs



The minimum percentage of solar PV jobs and value added located in downstream activities beyond manufacturing, according to the [OECD](#).

high for wind powered generating sets, even in high income economies. These are around 17.5 percent on average and exceed 30 percent on an ad valorem basis in the rest of the world. The gaps between the applied and the bound tariffs create uncertainty for investors and potential exporters since there is always the risk that countries with high bound tariffs might at any time increase their applied tariffs.

Local content requirements off track

Results from a new OECD econometric analysis of the impact of local content requirements on international investment flows in solar PV and wind powered generating sets indicate that while FiT policies play an important role in attracting international investment, local content requirements have a detrimental effect on global international investment flows in these sectors, and hamper the effectiveness of FiT policies to which they are attached. This effect is measured based on total international investment flows in solar PV and wind power generation between 2000 and 2011. The estimated detrimental effect of LCRs is slightly stronger when both domestic and international investments are considered and is not compensated by any positive impacts on domestic investment. In addition, according to results from a new 2014 OECD Investor Survey, LCRs stood out as the main policy impediment.

Several recent country experiences with LCRs in solar and wind energy show that local-content requirements can raise the costs of downstream activities in the value chain, such as renewable energy based electricity generation, because they mandate the use of higher cost domestic inputs. Evidence suggests also that LCRs may not have been effective in several countries in generating domestic employment and added value across the solar and wind energy value chains and their removal helps support technology transfer and innovation. LCRs also reduced pressure to cut costs in domestic manufacturing activities, especially in countries without sufficient domestic market size, or local technical expertise. The use of LCRs led to five disputes at the WTO since 2010.

In addition, other policy-related distortions have given rise to a proliferation in trade disputes and retaliatory trade remedies around clean energy, which will further discourage firms from investing in the industry. Trade remedies include anti-dumping duties (AD) and countervailing duties (CVD) authorised under WTO rules to defend domestic producers against the alleged use of unfair dumping or actionable subsidies. Since 2010, countries have imposed nine anti-dumping and seven countervailing duties on products associated with solar PV or wind energy, as well as launched more than two dozen WTO AD and CVD investigations on these.⁶

Sourcing globally

In a context of global value chains, policy restrictions affecting trade in intermediate goods can hinder the profitability of downstream power producers by raising the cost of inputs, or reducing overall demand as costs are passed through to consumers. A value chain approach also highlights the relative importance of downstream activities in terms of value added, local jobs, and investment. In the solar PV sector in particular, manufacturing activities represent only 18-24 percent of total jobs, according to recent estimates in the US and worldwide.⁷ At least 50 percent of solar PV jobs and value added are located in downstream activities. This means that the impact of LCRs on local job creation and value added in midstream industries may thus be undermined by indirect negative effects on employment and value addition in downstream segments of the value chains. In addition, investment in downstream activities and infrastructure assets represents the bulk of total clean energy investment. Globally, manufacturing equipment represented only six percent of new investment in renewable energy in 2013.

An important implication of the rise of global value chains in the solar PV and wind energy sectors is that policy distortions in parts of the chain that might seem relatively unimportant when viewed in isolation can have important downstream effects. Sections of value chains that account for a small share of value added tend to be concentrated in a smaller number of countries. National policies that restrict trade and investment in these segments can have disproportionately large cross-border effects.

Getting back on track

Early government support for investment in clean energy was a great success story, not least because it adhered to the principle of non-discrimination. Evidence suggests, however, that the more recent use of policies that are unfair and distortionary has been detrimental to the solar and wind energy sectors. The time is right for governments to address policy misalignments across the clean-energy value chains, while also ensuring that climate change, energy, trade, and investment policies are consistent and coherent, in order to support the cost effective transition to a low carbon economy. Governments should consider alternatives to local content requirements to support their domestic solar PV and wind power industries. Policy options that would not restrict international trade and investment include targeted support to research, development, and innovation in renewable energy technologies; training programmes and promotion measures to build technological skills and local capability; well designed and predictable incentive measures such as FITs with no local content requirements attached; and more effective carbon pricing instruments.

Creating a stable and predictable policy environment for both domestic and international investment in clean energy based electricity generation is critical, as emphasised by the OECD's latest *Policy Guidance for Investment in Clean Energy Infrastructure*. Supporting open, competitive, and demand driven solar PV and wind energy sectors would help sustain the trend towards cost reductions and make renewable energy more economical relative to fossil fuel energy. This, in turn, would reduce the cost of policy support to clean energy. Evidence based analysis is needed to improve the coherence of clean energy support policies and reduce their cost. International cooperation is also needed to further align trade and investment policy in clean energy.

For more information about the new OECD report, Overcoming Barriers to International Investment in Clean Energy, please visit our [website](#). The views expressed in this article are those of the authors, and do not necessarily reflect those of the OECD nor of its member countries.



Geraldine Ang
Policy Analyst, Green Investment, Organisation for Economic Co-operation and Development (OECD)



Ronald Steenblik
Senior Trade Policy Analyst, OECD. Steenblik is a member of the E15Initiative Expert Group on [Rethinking International Subsidies Disciplines](#).

- ❶ Bahar, Heymi, Jagoda Egeland, and Ronald Steenblik. "Domestic incentive measures for renewable energy with possible trade implications." OECD Trade and Environment Working Papers, 2013.
- ❷ Some US\$285 billion in 2030 under current policies and Intended Nationally Determined Contributions (INDCs) submitted by countries in advance of the 21st session of the Conference of the Parties (COP 21) to the United Nations Framework Convention on Climate Change (UNFCCC) in December 2015 ("INDC Scenario"); [World Energy Outlook Special Report: Energy and Climate Change](#). OECD/OEA, 2015.
- ❸ According to the IEA, feed-in tariffs and premiums (or bonuses) are price-driven incentives for the production of electricity from particular types of power sources, most often ones using renewable energy, and are typically differentiated by technology type and size of the installation. Feed-in tariffs grant a fixed and guaranteed price per megawatt hour (MWh) or kilowatt hour (KWh) to operators for the grid-connected electricity, typically over a 15- or 20-year period. In addition, FiT programmes can offer above-market price premiums on top of the feed-in tariff (regulated or market-driven).
- ❹ Renewable portfolio standards and renewables obligations require that a specified share of electricity supplied in a particular area be generated from renewable energy. Usually the requirements are fulfilled through tradable certificates, often called green or renewable energy certificates (RECs), thus allowing a separation of the financial obligation from the physical generation of electricity.
- ❺ Gambhir, Ajay, Rob Gross, and Richard Green. The impact of policy on technology innovation and cost reduction: a case study on crystalline silicon solar PV modules. Imperial College Working Paper, 2014.
- ❻ Excluding trade disputes linked to upstream production of raw materials; updated as of August 2014.
- ❼ CEEW, NRDC. "Laying the foundations for a bright future: assessing progress under Phase 1 of India's National Solar Mission. Interim Report, Delhi, Council on Energy, Environment and Water." Natural Resources Defense Council, 2012; The Solar Foundation, National Solar Jobs Census 2013: The Annual Review of the U.S. Solar Workforce, The Solar Foundation, Washington, DC., 2014; Rutovitz, J. and A. Atherton, "Energy sector jobs to 2030: a global analysis," prepared for Greenpeace International by the Institute for Sustainable Futures, University of Technology, Sydney, 2009.

SUBSIDIES

Energy subsidies from a trade and climate perspective

Ilaria Espa and Sonia E. Rolland

What do WTO rules have to say about energy subsidies?

Some estimates suggest that fossil fuel production and consumption subsidies average between US\$400-600 billion annually worldwide while renewable energy (RE) subsidies amounted to US\$66 billion in 2010 and are predicted to rise to US\$250 billion annually by 2035.

Domestic political rationales for energy subsidies include promoting innovation, job creation and economic growth, energy security, and independence. Energy subsidies may also serve social and environmental goals. Whether and to what extent subsidies are effective in achieving these goals or instead lead to market-distortions, is a matter of much debate, and the trade effects of energy subsidies are complex.

The WTO's Agreement on Subsidies and Countervailing Measures (ASCM) provides multilateral rules on whether and how a member may provide a subsidy. How are conventional and clean energy subsidies treated respectively under the ASCM? While the Agreement is mostly concerned with harm to competitors and potential trade restrictiveness, this article considers the extent to which it could also discipline subsidies that cause harm to the environment as a global commons. The article also looks at options beyond a multilateral approach to improve energy subsidy disciplines.

Energy subsidies from a climate perspective

Two-thirds of annual global greenhouse gas (GHG) emissions are currently generated by the energy sector, according to the International Energy Agency (IEA), and the main source of energy-related emissions is fossil fuels. These still account for over 80 percent of global energy consumption. The IEA estimates that if fossil fuel subsidies were fully eliminated by 2020, global primary energy demand would decrease by five percent, and carbon dioxide emissions by 5.8 percent.

All, or nearly all, fossil fuel subsidies generate negative environmental externalities if they stimulate excessive production and consumption of fossil fuels. In this sense, fossil fuels subsidies always incorporate a market-distortive element, inasmuch as they cause harm to the global commons. The externalisation of emissions resulting from energy production and usage can be seen as a market failure when governments do not require producers to internalise the environmental cost from their emissions.

Energy subsidies at the WTO

The energy sector traditionally represents a major area of government intervention but the impacts on trade are complex. Governments widely resort to subsidies directed to various types of energy ranging from fossil fuels, nuclear power, RE such as solar or wind electricity, and biofuels. The market-distorting effects of fossil fuels subsidies may range from altering the price at which conventional energy inputs are consumed domestically and traded internationally, to affecting the price of energy-intensive products sold in the international market. Conversely, subsidies that put renewable energy on an equal footing with heavily subsidised fossil fuels could be thought of as market-correcting measures. Subsidy escalation between clean energy and fossil fuels, however, entails additional market distortions and environmental costs from overproduction.

Types of energy subsidies

Tax expenditures Mainly excise tax reduction or exemption on fuel to the benefit of particular industrial users or sectors, but also carbon taxes, and more generally eco-tax concessions.

Dual pricing policies Involves energy-endowed states selling energy within their domestic markets at preferential prices. Includes price controls or ceilings, sales of energy inputs by state trading enterprises at preferential rates, as well as export taxes or other types of export restrictions.

Favourable credit terms Concessional loans and loan guarantees.

Research and development Grants by governments to support fundamental and applied research.

Typical energy subsidies come in the form of tax expenditures, direct expenditures, dual pricing policies, favourable credit terms, and research and development (R&D) grants by governments to support fundamental and applied research. The scope of most of these is at times broader than the legal definition of "subsidy" adopted under the ASCM. Under the Agreement, a "subsidy" is understood as a financial contribution by a government or any public body within the territory of a member, and must confer a benefit. The ASCM creates three broad categories of subsidies: allowed, actionable, and prohibited. If a subsidy is widely available within the economy it is not considered to be distorting and it is allowed. Government subsidies will only be disciplined under the Agreement if they have been specifically provided to an enterprise, industry, or group of industries, or if they specifically target producers in a region. A measure that is a "specific" subsidy may be subject to multilateral disputes or countervailing measures as an actionable subsidy if they cause certain injuries to the economy of another WTO member. Countervailing duties are import duties imposed by the affected member to neutralise the effects of the foreign subsidies. Lastly, subsidies that are contingent on export performance or on the use of local content are prohibited subsidies, and must be withdrawn.

Government interventions in the energy sector

The most common types of fossil fuel production subsidies typically fall within the ASCM definition of a specific subsidy that may be countervailable. A number of tax expenditures, direct expenditures, R&D grants, and favourable credit terms are used to promote the production and consumption of clean energy as a substitute for conventional fuels. Most of these also seem to fall within the ASCM definition of subsidy. A number of these subsidies could be countervailable if they are specific to an industry. Subsidies to support biofuel production, in particular, may be an issue. Some subsidies are also contingent on local content and have been successfully challenged at the WTO, most notably, the Canadian province of Ontario's feed-in-tariff (FiT) programme for renewable energy.

Tax expenditures used to spur innovation in energy sources, storage, transmission, conservation, and energy efficiency likely fall within the definition of a subsidy. Such interventions help to overcome barriers to entry to a market where existing players externalise their environmental costs and where new entrants will be internalising more of their costs. But most are available to any commercial enterprise wishing to upgrade its facilities, so that they are not specific and not subject to ASCM disciplines. A significant portion of these expenditures are also available to residential users. State aid for residential users is often considered to have a social purpose as well, for example, helping low- and middle-income households reduce their energy bills.

Likewise, R&D grants to support research on RE production, storage, and distribution will be subject to ASCM disciplines only if they are specific. For instance, a grant for the development of hydrogen fuel cells might not be considered specific as there may not be a definable industry that is the beneficiary, and recipients might be indeterminate enough that the subsidy could not be said to be confined to a group of enterprises or industries. In contrast, R&D subsidies to improve the efficiency of photovoltaic panels may well be aimed only at solar panel companies, making these more specific to an industry.

Loans at preferential credit terms and loan guarantees to scale R&D on RE from lab to market will typically fall within the ASCM definition of a subsidy. As with R&D subsidies, whether they are countervailable depends on their specificity and their economic effect on others. Loans and loan guarantees to support the manufacture of clean energy components – for instance, solar panel manufacture by Sunpower and Solyndra in the US, or battery manufacture by Tesla – are more likely to be specific and therefore countervailable. In some instances, they may be contingent on export or domestic content, and therefore be prohibited under the ASCM. Credit facilities available to upgrade infrastructure to meet emissions reduction requirements can be designed in non-specific terms such that they would not be disciplined by the ASCM. These are used widely in Europe and the US at both federal and state levels. Dual pricing practices are widely implemented by energy-endowed countries as a means of reserving cheaper energy inputs and electricity for domestic consumers. The ASCM does not expressly tackle such measures.

GATT Article XX

The WTO's GATT-1994 includes a "general exceptions" clause designed to provide policy space for a list of non-trade measures. Measures related to the protection of human, animal or plant life or health, or the conservation of exhaustible natural resources, can be taken so long as these do not constitute a means of arbitrary or unjustifiable discrimination between countries or disguised restriction on international trade.

Energy trade spats

From 2010 to 2014, 45 members notified countervailing duties actions to the WTO on energy products or inputs, relating both to fossil fuels and renewable energy. Additionally, from 2012 to 2014, 87 members notified anti-dumping measures on energy products or inputs. Anti-dumping measures are tariffs imposed by a domestic government on foreign imports believed to be sold below fair market value. The EU, the US, and China are the main players with respect to trade remedies in the energy sector.

A growing number of WTO disputes have involved energy in recent years, particularly RE, focusing on ASCM and Trade-Related Investment Measures (TRIMS) Agreement disciplines. This is not surprising given the dramatic rise in state support for RE since 2010. Among the more controversial issues are local content requirements (LCRs) which trigger disciplines under the WTO's General Agreement on Tariffs and Trade (GATT 1994), the TRIMS Agreement, and the ASCM. However, most of these disputes have not yet proceeded to the panel stage or have been settled, therefore giving us limited insights into how clean energy issues might be addressed at the global trade arbiter. With many interpretative questions still open, and a number of disputes in the process of resolution, some have argued that the very uncertainty around how clean energy support measures might be treated under the ASCM is a constraint on policy space. ¹

Ways forward

ASCM rules capture a wide array of consumption and production fossil fuel subsidies to the extent that they are specific. In certain cases, however, it may be hard to prove adverse effects or specificity and this is often the case when production fossil fuel subsidies are granted to the most polluting sources of energy. Moreover, ASCM rules do not adequately address government market transfer policies, such as dual pricing practices. Similarly, a large portion of clean energy support measures fall within the scope of the ASCM, particularly those with LCRs.

Another difficulty with general rules on subsidies in the energy sector is their downstream effect on the entire economy and spillover effects beyond that through exports. In a global supply chain, the cross-border effects of subsidies are far-reaching and difficult to measure, as is their impact on competing industry. The ASCM rules on geographical specificity fail to address this reality so that only subsidies provided within national borders can fall under ASCM disciplines.

Several authors have proposed avenues to rethink existing disciplines in light of today's economic, political, and environmental challenges. Calls for reform intensified after the Canada FiT case. Most proposals have focused on introducing adequate flexibilities for clean energy subsidies, but some options have also aimed to address the main shortcomings of the ASCM in disciplining the use of fossil fuel subsidies. The issue of dual pricing is also in the WTO's current Doha Round rules negotiations. In this context, the US and the EU have both proposed expanding the category of prohibited subsidies under the ASCM, but these options have not gained consensus among WTO members.

Some authors have suggested re-introducing an expired paragraph on exceptions to actionable subsidies under the ASCM agreement. These might include specific exceptions, modelled on language found in GATT Article XX, or going beyond this to allow for subsidies that help pursue global public goods. Others have suggested that non-actionable subsidies could include policies listed in the current multilateral Kyoto Protocol on climate change. Further reflection in this area would be needed, however, in light of the bottom-up climate regime that will emerge out of the Paris climate meeting at the end of this year.

Another solution could be to introduce a waiver for existing and temporary renewable energy subsidies. Academics such as Rob Howse have proposed that a clean energy waiver be conditioned on the removal of any discriminatory elements of a subsidy including LCRs. One challenge here is to define "clean energy" because whether RE or conventional fuel is environmentally preferable may depend on specific circumstances.

Sectorial approaches

A new Sustainable Energy Trade Agreement (SETA) has been proposed by ICTSD. [Editor's note, ICTSD is the publisher of *Bridges Trade BioRes*.] Matthew Kennedy has suggested that a SETA could contain specific disciplines clarifying, adding, or diminishing ASCM obligations as they relate to energy. A SETA could provide a detailed classification of generation, production, and supply of clean energy equipment and services subject to its subsidies disciplines. It could also expand the categories of prohibited subsidies beyond those currently addressed under the ASCM. Finally, a SETA could diminish ASCM disciplines by granting immunity to certain categories of clean energy subsidies.

Some of these options could also be adopted within the framework of a planned Environmental Goods Agreement (EGA). Since launching last year, these negotiations have focused largely on tariff elimination on a broad list of environmental products, including those relating to cleaner and renewable energy as well as energy efficiency. Some EGA participants have said, however, that they would also like to see these talks touch on non-tariff barriers and environmental services at a later stage. Multilateral talks on eliminating tariff and non-tariff barriers to environmental goods and services had previously stalled under the WTO's Doha Round. Could the EGA talks eventually be used to address trade remedies in the clean energy sector?

Multilateral, regional, or unilateral efforts?

The advantage of a multilateral approach is to provide unified rules and a single forum for monitoring implementation, discussing amendments, and possibly providing adjudication. The political climate, however, makes the prospect of a multilateral agreement on subsidies a very remote possibility. If one were to be sealed, whether at the WTO or in the UN climate talks, it will likely be relatively weak.

However, at the regional level, the effectiveness of any advancement in subsidies disciplines may be diluted by free-riding and forum-shopping problems. Depending on the contracting parties, the impact of a regional solution may also be limited. In this respect, mega-regional deals may prove critical in promoting new approaches to energy and energy subsidies. The Transatlantic Trade and Investment Partnership (TTIP) negotiations, in particular, have devoted significant space to energy issues. A non-paper on the draft TTIP chapter on energy and raw materials leaked by the Huffington Post last year includes a number of draft provisions relevant to energy subsidies, particularly on the elimination of dual pricing practices and export restrictions. The EU has also said that the promotion of renewable energy will have a central role in the TTIP negotiations on energy. A number of G20 countries have also pledged to unilaterally phase out fossil fuel subsidies. Such moves will contribute to the reduction of market-distorting fossil fuel subsidies regardless of reforms under the ASCM or in other forums.

How climate cost internalisation and other environmental distortion reductions might be implemented will be affected by how international subsidy disciplines may be redefined within or outside the WTO. Existing ASCM disciplines have the potential to accommodate some subsidies from a climate change perspective, but these WTO rules may nevertheless require some amendments to provide a more coherent framework. In the meantime, in the absence of political will to move forward at either multilateral or regional levels, a good first step towards building consensus on a more coordinated approach may be under way with the intensification of unilateral efforts to dismantle fossil fuel subsidies.

This paper is based on a research piece published by the E15Initiative: Subsidies, Clean Energy, and Climate Change, February 2015. Implemented jointly by ICTSD and the World Economic Forum, the E15Initiative convenes world-class experts and institutions to generate strategic analysis and recommendations for government, business, and civil society geared towards strengthening the global trade and investment system.



Ilaria Espa

Marie Curie (COFIT) Senior Research Fellow at World Trade Institute. Espa is a member of the E15Initiative Expert Groups on [Trade and Investment in Extractive Industries](#) and [Rethinking International Subsidies Disciplines](#).



Sonia E. Rolland

Professor of Law, Northeastern University School of Law. Rolland is a member of the E15Initiative Expert Group on [Rethinking International Subsidies Disciplines](#).

① Rubini, Luca. "Ain't Wastin'Time No More: Subsidies for Renewable Energy, the SCM Agreement, Policy Space, and Law Reform." *Journal of International Economic Law* 15.2 (2012): 525-579.

CLIMATE CHANGE

Is Africa's growth sustainable in the face of climate change?

Richard Munang and Robert Mgendi

The "Africa rising" cliché, has generated a lot of views across the world. In the face of climate change, however, can Africa continue to grow.

Africa's steady GDP growth sustained for over the last 10 years has generated significant positive reviews. African GDP has grown at about six percent per year and, over the past decade, six of the world's ten fastest growing countries were African. The continent's middle class is growing and 20 percent of the African population make a daily income of over US\$10. Going forward, GDP growth in Sub Saharan Africa (SSA) is expected to rise to 5.5 percent in 2015, reversing a multi-decade pattern of low growth and instability.

Seen from a different angle however, the picture is not as rosy. Aggregate poverty levels have hardly shifted and the World Bank reports that almost one in every two African lives in extreme poverty. As of 2014 Africa's growth was intangible for nearly half a billion women and men trapped in rural poverty. Looking ahead, it is estimated that under any plausible scenario, most of the world's poor will be living in Africa by 2030.

On food security, the UN Food and Agriculture Organization (FAO) in 2010 found that nearly 240 million people, or one in every four persons in SSA lacks adequate food. On population, the World Bank also estimates that another half a billion people will be added to the continent by 2030, culminating in a total estimated population of two billion people by 2050. Youth make up 60 percent of the unemployed on the continent. Moreover, these millions of unemployed young people constitute an impending threat to stability in Africa, a possibility acknowledged by the African Union.

So while GDP growth is laudable, its conversion to poverty reduction for the Base of Pyramid (BoP) has not always occurred. Consequently, African growth has not always been inclusive, and its long-run sustainability is therefore brought into question.

Two critical concerns about Africa's growth and future outlook are addressed in this article. Can the agriculture sector contribute toward enhancing inclusive growth and job creation on the continent? Considering the overriding threat of climate change to Africa's growth, what is the continent's likely position at the UN climate meeting this December in Paris, France?

African agriculture and inclusive growth

Africa needs to invest in economic sectors that are accessible to a majority of the population. The agriculture sector, which currently employs up to 60 percent of the labour force on the continent, holds significant value in this regard. Moreover, Africa holds 65 percent of the world's arable land, and 10 percent of internal renewable fresh water sources. If harnessed properly, investment and trade in Africa's agriculture sector has the potential to create incomes and jobs for many across the continent.

African food and beverage markets could be worth up to US\$1 trillion by 2030. An agribusiness private sector working alongside governments could link farmers with consumers and create many jobs. Foreign direct investment (FDI) in African agriculture is projected to grow from less than US\$10 billion in 2010 to more than US\$45 billion in 2020.

UN climate talks

31 August - 4 September The Ad hoc Working Group on the Durban Platform for Enhanced Action (ADP) will in Bonn, Germany continue talks on the draft text of a global climate deal set to be adopted under the UN Framework Convention on Climate Change (UNFCCC).

19-23 October The ADP meets again in Bonn, Germany in order to finalise the draft text for the new climate agreement. Almost 200 nations will participate in the deal.

30 November - 11 December The Twenty-first Conference of the Parties to the UNFCCC meet in Paris, France to ink a universal climate regime, set to come into force at the end of the decade, when the current Kyoto Protocol expires.

In addition, growth in this sector could reduce poverty twice as fast as growth in other sectors. To realise this potential, the African Development Bank highlights the need to build the capacity of youth through entrepreneurship training, which will enable them to take advantage of agribusiness value-chains and create livelihoods.

Rwanda and Ethiopia provide classic, replicable, and scalable examples of non-resource rich countries that are achieving inclusive growth trends fuelled by agriculture. In Ethiopia, agriculture contributes nearly half of the country's GDP and 50 percent of all employment in the country's US\$ 118.2 billion economy.

Rwanda has attracted a total of US\$512 million in private investment in agriculture, covering 184 projects across the country between 2000-2013. A total of US\$1.4 million worth of capital investment was made in 2013. This resulted in the creation of 296 direct agriculture jobs and over 1000 smallholders reached with vital agri-based value addition services.

Dismantling trade barriers

While Africa currently produces staple food worth US\$50 billion annually, analysis shows that it could gain an extra US\$20 billion if the region dismantles trade barriers in agriculture. Africa has the lowest share of intra-regional trade in total goods exports relative to other regions of the world, a mere 12 percent, compared to 65 percent in Western Europe, 45 percent in North America, and 25 percent in Southeast Asia.

Among the drags to intra-regional trade in Africa are production practices, where Africa produces what it does not consume, and consumes what it does not produce. In addition, policy measures and investments are focused on improving access to developed-country markets because of the high demand in those countries, while regional integration efforts on the continent are not fully implemented. As a result, many barriers between regional markets remain in place, yet another cause of low intra-Africa trade.

Another key barrier that needs to be addressed relates to the cost of trading across borders. Currently, costs associated with trading in sub-Saharan Africa are twice as high as those in East Asia and Organisation for Economic Cooperation and Development (OECD) countries.

By removing a range of non-tariff barriers to trade, including restrictive rules of origin, import and export bans, time consuming procedures and burdensome licensing, costs could be significantly reduced. For example, it currently takes an average of 38 days to import and 32 days to export goods across borders in SSA, two of the longest trade waiting times in the world.

Improving road and communications infrastructure in addition to eliminating non-tariff barriers will go a long way in reducing the time and inefficiency associated with intra-African trade. This will help ensure the region can benefit from its huge trade potential of trading in agricultural goods and, subsequently, incomes from agriculture, opportunity creation, and poverty reduction for the BoP.

Climate change reversing development

Climate change threatens to reverse all development gains made by Africa not least because its major economic sectors, particularly agriculture and food security, forestry, water resources, and social development, are highly climate sensitive.

The Intergovernmental Panel on Climate Change (IPCC)'s Fourth Assessment report (AR4) observed that Africa was among the most vulnerable regions, yet its emissions are small, with last year's update confirming a similar picture. Under a below two degree Celsius global warming scenario from pre-industrial levels, the Africa Adaptation Gap Report 2 documents that Africa's annual adaptation costs could hit US\$50 billion by 2050 and rise to US\$100 billion for a four degree Celsius temperature rise by 2100.

Africa's adaptation challenge coupled with its negligible emissions formed the basis of its position at the UN climate meet last December in Lima, Peru and will build towards this year's conference in Paris, France. At the Twentieth Conference of the Parties (COP20) to the UN Framework Convention on Climate Change (UNFCCC), Africa's position was that adaptation, climate finance, technology, and assistance needed to be given equal and balanced treatment in any universal deal designed to limit emissions.

Specific outcomes from COP20 critical to Africa's adaptation needs have been articulated by some commentators. These include finance, where additional pledges to the Green Climate Fund took its capitalisation beyond the initial target of USD10 billion; loss and damage, where in alignment to the polluter pays principle, developing countries vulnerable to extreme weather successfully won a mention of loss and damage in the meeting's outcome text; and the National Adaptation Plans (NAPs), where recognition that NAPs offer an important way of delivering climate resilience means they will now be made more visible via the UNFCCC website, which should improve the opportunities for receiving backing.

Heading to Paris, Africa's position is expected to focus on the region's particular climate needs, primarily adaptation financing.

Towards Paris

Heading to Paris, Africa's position is expected to focus on the region's particular climate needs, primarily adaptation financing. Additionally, technology transfer and capacity development needs to catalyse a low emissions development pathway for the continent, are also likely to be pushed.

Findings from the Africa Adaptation Gap 2 report are expected to contribute to Africa's position. The report observes that with soaring adaptation costs, and official development assistance (ODA) to the continent on the decline, Africa should also pursue a series of recommended strategies for domestic financing as a complement to upscaling international actions on financing and mitigation. From these the report concludes that the region can mobilise up to US\$3 billion annually. Enhancing additional incomes from the agriculture sector – with an eye on climate resilience – through increased investment and trade will ensure economic growth and provide additional financing to buttress domestic climate financing.

Africa is also expected to support appropriate mitigation policy to limit emissions from its developed country partners in the negotiations. Indeed the imperative for mitigation is strong. Studies indicate that if current emissions trajectory is sustained, the limits for human and environmental adaptation are likely to be exceeded in many parts of the world by the end of the century. All this will reverse development gains, particularly in vulnerable regions like Africa. Ecosystem services upon which human livelihoods depend and which underpin key economic sectors in Africa would not be preserved. Specifically in agriculture, ecosystem services such as soil formation, water, nutrient recycling, off- and on-farm biodiversity, underlie food production. Destroying ecosystems would mean Africa's key economic sector and potential contributor to inclusive growth would be severely hampered. Africa will likely take positions in Paris that balance both adaptation and mitigation actions. This will not only go a long way in protecting the region's ecosystems, but also facilitate inclusive growth in the continent by enhancing performance of the region's agriculture sector, which is highly climate-sensitive.

The views expressed here are those of the authors and do not necessarily represent those of the institution with which they are affiliated. This article is based on a longer version published ICTSD's Bridges Africa.



Richard Munang
Climate Change Development
Policy Specialist and Expert, UN
Environment Programme (UNEP)



Robert Mgendei
Ecosystem Based Adaptation and
Development Specialist at UNEP

DEVELOPMENT FINANCE

UN talks deliver development financing framework for post-2015 era

UN members have agreed to updated development finance rules that reflect changes in international cooperation over the last decade.

Countries meeting in Addis Ababa, Ethiopia this week agreed to a revised global framework for development finance, aligning flows with a range of economic, social, and environmental priorities. The "Addis Ababa Action Agenda" was secured on Wednesday evening after months of tough preparatory negotiations.

The 39-page [framework](#) outlines a series of principles that countries agree should underpin development financing efforts in the context of an emerging sustainable development architecture. These included building resilience to economic shocks in an interconnected world, recognising the risks posed by climate change and environmental degradation, and reaffirming the importance of freedom, the rule of law, and good governance.

A set of seven action areas are identified in the document and policy efforts defined under each to scale up the means to deliver sustainable development. The areas cover domestic public resources; domestic and international private and business finance; international development cooperation; international trade; debt and debt sustainability; as well as systemic issues; science, technology, innovation and capacity building.

UN officials also said the document features several new policy deliverables. These include, the decision to establish a technology facilitation mechanism to boost collaboration among stakeholders in support of sustainable development. The mechanism will be composed of an inter-agency UN team; a multi-stakeholder forum on science, technology and innovation for a new set of sustainable development goals; and an online platform to facilitate access to information. A number of stakeholders welcomed the move, noting that technology has not been as extensively included in past financing for development outcomes. The document encourages countries that have not yet done so to achieve a target of spending 0.7 percent of gross national income (GNI) on official development assistance (ODA). The 28-members of the EU collectively pledged to dedicate 0.20 percent of GNI as ODA to least developed countries (LDCs).

A changing landscape

The Third International Conference on Financing for Development (FfD3), as these talks were dubbed, built on outcomes from two previous conferences held in 2002 and 2008. However, as noted by a number of participants during the opening plenary and reflected in the outcome document, the development landscape has changed dramatically over the past decade.

For example, developing countries' share in global trade has jumped from 28 to 42 percent in the last 20 years, new players have emerged on the global stage, private sector investment is increasingly important to development, and the urgency of financing climate action in order not to lose development gains has become clearer. Despite the progress made, some 836 million people around the world continue to live on less than US\$1.25 a day, and many more face inequality, discrimination, conflict, poor health, adverse living and working conditions, as well as the impacts of climate change.

In this context, countries are preparing to adopt a new post-2015 development agenda at UN headquarters in September, with an accompanying set of 17 sustainable development

Financing for development

March 2002 The International Conference on Financing for Development takes place in Monterrey, Mexico. UN member states adopt the Monterrey Consensus.

November 2008 A follow-up International Conference on Financing for Development to review the implementation of the Monterrey Consensus was held in Doha, Qatar in the midst of the global economic crisis.

July 2015 The Third International Conference on Financing for Development held in Addis Ababa, Ethiopia. UN member states adopt the Addis Ababa Action Agenda.

goals (SDGs). These will succeed the eight Millennium Development Goals (MDGs) when they expire at the end of this year.

A key question ahead of Addis was whether countries could agree on a new financing for development framework to match the ambition of the priorities identified in the SDGs and what the precise relationship between the two processes would be.

The Addis outcome acknowledges FfD3's role in strengthening the means of implementation (MoI) for the post-2015 development agenda and identifies a series of cross-cutting actions to address some critical gaps. These include a commitment to a new social compact to deliver fiscally sustainable and nationally appropriate social protection systems for all, scaling up efforts to end hunger and malnutrition, promoting sustainable industrialisation, ensuring affordable access to credit for small-and-medium sized enterprises, and building peaceful, inclusive societies.

In this context countries also called for the establishment of a new forum to bridge infrastructure gaps, which would meet periodically to improve coordination around infrastructure initiatives led by multilateral and national development banks, the UN, and the private sector. Some estimates suggest developing countries face a US\$1.5 trillion annual gap in funds needed to boost energy access, build roads, and develop telecommunications infrastructure. In addition, the document recognises the importance of ecosystem conservation, and commits to coherent policy, finance, trade, and technology frameworks to protect planetary resources and ensure their sustainable use.

Tough issues

Negotiations on the outcome document proved difficult in some areas and the result received a mixed reception among stakeholders. Some delegates reportedly bemoaned the absence of more concrete funding. The outcome document nevertheless envisages a dedicated review process and an annual forum under the UN Economic and Social Council (ECOSOC) to help track progress on development financing. This review process will be integrated with an overall review process for the post-2015 development agenda. The language in this section remains the same as the 7 July draft sent to the conference.

A number of developing countries and civil society representatives expressed disappointment over the decision not to create a global tax body. The issue at one point threatened to scupper the talks, with proponents arguing that a multilateral body was required to increase transparency in tax standards, particularly for developing countries who felt shut out of work undertaken in the Organisation for Economic Co-operation and Development (OECD).

References to the principle of common but differentiated responsibilities and respective capabilities (CBDR) also proved challenging in the lead up and start of the conference. The principle is mentioned in the outcome document in the context of reaching a new, universal climate deal in December during a meeting in Paris, France. (See BioRes, [1 July 2015](#))

On the climate front, the document reaffirms developed countries' commitment to provide US\$100 billion a year by 2020 to help developing countries move to sustainable growth models, as well as to rationalise inefficient fossil-fuel subsidies, and explore carbon pricing as innovative mechanisms to combine public and private resources.

What role for trade?

The Addis Ababa Action Agenda recognises the role of trade as an engine for inclusive economic growth and the promotion of sustainable development. The language remains effectively the same as the 7 July draft and includes a range of pledges geared towards boosting developing country participation in world trade, reaffirming pledges made in the context of WTO ministerial decisions, and securing trade finance. Notably, the trade section invites the WTO General Council to consider how the WTO can contribute to sustainable development.

The section also recognises the role of regional economic integration and trade for economic growth and integrating micro, small, and medium sized enterprises into global value chains. According to the document, UN members will endeavour to negotiate trade and investment agreements with appropriate safeguards, so as not to restrict efforts to regulate in the public interest. They also commit to integrating sustainable development into trade policy at all levels.

Reference is made to the current Doha Round mandate to correct and prevent trade distortions in world agricultural markets, eliminate export subsidies, and discipline measures with equivalent effect. WTO members are called to commit to strengthening disciplines on fisheries subsidies, including those that contribute to overcapacity and overfishing, in accordance with the Doha mandate. Countries also recognise the need to tackle illegal wildlife trade, illegal mining and logging, as well as illegal, unreported, and unregulated (IUU) fishing. (See BioRes, [13 July 2015](#))

The Addis outcome targets the lack of access to trade finance, noting that it can constrain countries' trade potential, welcoming work on the issue by the WTO and calling on development banks to increase market-oriented trade finance. During the opening plenary WTO Director General Roberto Azevêdo told delegates that trade could bring new investment, employment, and technology diffusion opportunities, but securing the necessary trade finance and capacity-building were critical to make sure the poor also benefited.

"The benefits of trade still do not reach some of the poorest and most vulnerable. So simply providing more trade opportunities is not enough. A broader and more systemic approach is needed," the WTO chief [said](#), adding that up to 80 percent of global trade is supported by some form of financing credit or credit insurance.

Azevêdo outlined existing efforts, such as the WTO's Aid for Trade initiative, to boost developing countries' trade capacity. The global trade body also recently launched a second phase of the Enhanced Integrated Framework, a multi-donor programme to help 47 LDCs play a more active role in the global trading system, with a funding target of US\$250 million.

Other relevant contributions from the trade system include a package of outcomes for developing countries from the WTO's 2013 ministerial conference held in Bali, Indonesia. A Trade Facilitation Agreement secured on that occasion could also help streamline the costs of trade that often fall disproportionately on the poorest. However, the remainder of the multilateral trade talks have moved at a slow pace in Geneva, Switzerland, with the prospects for reaching a Doha Round "work programme" receding quickly. (See [Bridges Weekly, 16 July 2015](#)) [*Editor's note, Bridges Weekly is ICTSD's flagship publication on international trade news*]

Global governance litmus test

In the lead up to Addis, number of stakeholders had said it could prove the litmus test for multilateral cooperation, and set the tone for the two other major international gatherings later this year. UN leaders said on Thursday that the conference's successful outcome augured well for upcoming summits

Some commentators, meanwhile, suggested the measure of Addis' success would be in its implementation. "The breadth of the Addis Agenda will help move the discussion of global development from one dominated by aid to one that also addresses trade, investment, technology flows and (even) migration," Charles Kenny, a senior fellow at the Washington-based Center for Global Development, told BioRes.

"If Addis and New York help illustrate the scale of the opportunity and forge consensus around what's necessary to grasp it – that is a good first step. But the follow on steps – actual policy change – had better start coming pretty quickly thereafter," he continued.

EMISSIONS TRADING SCHEMES

EU Commission unveils carbon market reform proposal

The EU plans to introduce new rules governing its carbon market to come into effect at the decade.

The European Commission last week presented a much-anticipated legislative proposal geared towards revising the 28-nation bloc's carbon market for the post-2020 period in order to help meet its mid-term 2030 climate and energy goals.

The proposal envisages an increased annual decline in the number of emissions allowances available, further development of carbon leakage rules, and a revision of free allowance allocations.

The proposal also outlines several new support mechanisms designed to help industry and power sectors move towards a low carbon growth model. This includes the establishment of an "Innovation Fund" to boost cleaner technologies and a "Modernisation Fund" to scale up investments in upgrading the power sector as well as increasing energy efficiency in poorer EU member states.

In addition the revision presents three new possible areas where member states could deploy the funds generated by the auction of emissions allowances, including climate finance for vulnerable third countries, mentioned in the context of a landmark UN meet scheduled for December where almost 200 nations are hoping to adopt a new universal climate deal. Other new areas are indirect cost compensation, and the reallocation of labour affected by the transition of jobs in a decarbonising economy.

The Commission's legislative proposal will now be considered by the European Parliament and Council for consideration and eventual adoption.

Securing emissions cuts

EU leaders last October reached a political agreement on a 2030 climate and energy policy framework, envisaging a binding 40 percent greenhouse gas emissions reduction target shared across the bloc's 28 member states, accompanied by binding renewable and indicative energy efficiency goals.

The EU later converted the emissions target into its "intended nationally determined contribution" (INDC) to the UN climate talks. Countries have agreed that individual climate action plans will form the basis of the first-ever global emissions-cutting deal to enter into force at the end of the decade.

Under the October deal, EU chiefs said that 43 percent of the emissions reduction target would be met using sectors covered by the EU's Emissions Trade System (ETS), as the carbon market is known. The European Council conclusions also set the annual reduction in emissions allowances at 2.2 percent from 2021 onwards, a figure enshrined in the Commission's proposal, compared with the current rate of 1.74 percent.

The EU's ETS was set up in 2005 as part of the bloc's effort to cut climate warming emissions in a cost-effective manner. The "cap-and-trade" system works by putting a limit on overall emissions from high-emitting industry sectors, which is subsequently tightened each year. A certain amount of emissions allowances are auctioned annually and others are allocated. Companies buy and sell allowances within the limit according to their needs.

The EU's carbon market is currently the world's largest and covers around 45 percent of the bloc's total emissions. However, the scheme has struggled to operate effectively in recent years with a glut of allowances causing permit prices to slump, thereby disincentivising mitigation actions. A number of governments around the world interested in setting up similar schemes will likely be closely monitoring the EU ETS reform process.

EU institutions also recently reached a deal on a new market stability reserve (MSR), in motion from January 2019, to help buffer permit supply and limp prices in the carbon market. The MSR will work by removing excess allowances based on set "trigger" thresholds to be placed in a reserve and then fed back to the market when there are too few allowances. Under the agreement, any unallocated allowances at the end of the decade are to be placed in the mechanism rather than being re-auctioned.

Free allocation

From 2021, as per current rules, 57 percent of EU ETS allowances will be auctioned while the remainder will be allocated to industries for free. However, the Commission's revisions propose adopting a tiered system for the free allowances, which would see the 177 industrial sectors currently granted all of their allowances dropping to 50. The remainder would receive allowances to cover 30 percent of their emissions.

The new rules envisage better flexibility in the allocation rules in order to account for factory production increases or decreases. The EU executive also envisages regularly updating benchmark values – used to influence allocation according to efficiency – and to capture technology progress in different sectors.

A system of free ETS allowance allocation was set up in the face of concerns that tougher unilateral EU action on emissions, compared with other regions and countries, would result in "carbon leakage" whereby industry and associated emissions move overseas to more climate lenient jurisdictions. EU officials said that the 50 sectors still receiving the full free allocation allowance would be those considered most at risk. Some industry representatives, meanwhile, expressed concern last week that the European Commission's proposed revisions were too harsh given the need to trade and attract investment in a global marketplace.

The planned revisions could result in a carbon price of around €25, according to some analysts. EU ETS permit prices currently hover around €7.50 per tonne of carbon dioxide equivalent emissions emitted. Carbon prices around the world presently range from between around US\$7-100.

"How to share the free allocation among different industry sectors will likely be the most controversial issue in the legislative process," said market analysts at Thomson Reuters Point Carbon, pinning their colours on €17 carbon price in 2020, rising to €30 in 2030.

Some environmental groups on the other hand, reacted coldly to the Commission's proposal, suggesting it was a missed opportunity to initiate genuine reform in the rules governing the functioning of the carbon market. Other experts have suggested that the current system of free allocation could amount to a trade distorting subsidy.

Low carbon support

The Commission's proposal would see the profits from some 400 million allowances – worth around €10 billion – poured into the new innovation fund so support investments in renewable energy, carbon capture and storage, and low carbon innovation in energy intensive industries.

A further 50 million unallocated allowances from 2013-2020 would also be set aside to enable to innovation fund to start before 2021. The Commission also proposes using a further 250 million of these unallocated allowances to support new entrants and significant increases in production. In addition, two percent of the total allowances, would be set aside to establish the separate, so-called modernisation fund.

The newroom

Be sure to visit ictsd.org/news/biores regularly for breaking trade and environment news

EU on track to meet renewable energy target

In a bi-annual renewable energy progress [report](#) released on 16 June the European Commission found that 25 of the bloc's 28 member states are expected to meet their 2013/2014 interim renewable energy targets.

With a projected share of 15.3 percent of renewable energy in 2014, the report also concludes that the EU is on track to meet its binding target of 20 percent final energy consumption from renewable sources by 2020.

The UK, France, and the Netherlands are the three member states lagging behind. According to the report, the three countries are "set to miss a key EU renewable energy target and should review their policies to get back on track."

Another 2020 target for the EU is to achieve 10 percent renewable fuel in the transport sector. The report finds that achieving this target is feasible but will be challenging since the 2014 projected share of renewable energy in transport is just 5.7 percent.

WTO and CITES highlight 20 years of cooperation

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and the WTO launched a joint [publication](#) describing how both organisations have collaborated to achieve shared sustainable development goals over the past two decades.

The report identifies key elements that have contributed to the working relationship between these two international bodies, while commenting on future opportunities, including in the areas of trade facilitation.

Emphasis is placed on the importance of transparency by both CITES and the WTO in their day-to-day work and how this has helped to build trust between the trade and wildlife policy communities.

These collaborative efforts between the trade and environment regimes are particularly relevant in a year focused on sustainable development. A summit to adopt a post-2015 development agenda will be held in September.

New fisheries subsidies proposals at WTO

A group of six WTO members have co-sponsored a communication geared towards tackling fisheries subsidies that contribute to overcapacity and overfishing as part of the global trade body's effort to hammer out a future "work programme" by the end of the month. This is the first time in four years WTO members have come forward with a proposal on fisheries subsidies.

However, while the document reportedly generated positive engagement at a meeting held early July, trade sources suggested that a lack of clarity on the overall work programme leaves the next steps for these talks uncertain.

Within the context of the broader WTO Doha Round, the Rules Negotiating Group covers talks on improving global trade disciplines in four areas. These include anti-dumping duties and procedures; subsidies and countervailing measures; provisions applying to regional trade agreements; and the possible establishment of specific WTO disciplines on fisheries subsidies.

US agency warns of high climate change costs

The US Environmental Protection Agency (EPA) has released a [report](#) analysing the economic costs of a changing climate across 20 sectors of the American economy as part of a bid to bolster US President Barack Obama's climate change agenda and policy initiatives.

In the absence of global action to curb emissions, the US may face some US\$180 billion in economic losses by the end of the century due to drought and water shortages. Costs savings from global mitigation, meanwhile, are projected to sit around US\$4.2-7.4 billion.

The paper compares the projected impacts of unchecked global climate change emissions to a future in which global emissions are reduced enough to keep world temperatures from rising above the internationally agreed upon limit.

The analysis was conducted along with the US Energy Department in collaboration with researchers from the Massachusetts Institute of Technology.

China, US prioritise ending illegal wildlife trade

The US and China unveiled plans to strengthen bilateral efforts to fight international illegal wildlife trade during a Strategic and Economic Dialogue held in June in the American capital.

The two sides pledged to take further steps to restrict both imports and the domestic trade in elephant ivory. The commitment followed hot on the heels of China's announcement that it will end its domestic trade in ivory, however, the Asian economy has yet to release a timeline for this phase out.

For the first time the dialogue focused on combating the trafficking of marine species, including the protection of sea turtles and the Totoaba, a fish found in the Gulf of California.

Officials also agreed on the importance of scaling up law enforcement and increasing public awareness campaigns to educate the public on the negative impacts of poaching.

Experts say this bilateral collaboration is key to ending illegal wildlife trade, as China and the US host the world's largest markets for trafficked products.

China charts path toward creating green economy

The China Council for International Cooperation on the Environment and Development (CCICED), in collaboration with the UN Environment Programme (UNEP), held an international advisory meeting in early June to discuss recommendations for China's upcoming 2016-2020 Five-Year Plan (FYP). Sources say this plan will focus on boosting economic development during a period of slow growth.

At the conclusion of the meet the panel adopted recommendations to incorporate environmental and sustainable development objectives into the Asian Giant's next FYP, set to be released this October.

Recommendations included promoting the use of clean technologies, speeding up the implementation of green finance, and setting ambitious goals for environmental conservation.

A new Chinese green economy textbook launched by UNEP and Tongji University during the event is expected to play a significant role in guiding Chinese government officials and policymakers on the theoretical, sectoral, and policy dimensions of creating an inclusive, sustainable economy.

UN warns of climate impacts on agriculture

The UN Food and Agriculture Organisation (FAO) has released a book reviewing the scientific and economic climate change impacts on food and agriculture over the past two decades.

Looking ahead, the book suggests climate change will impact hunger, poverty, and food trade. Climate change will have a significant impact on how and where food is produced, while also decreasing the nutritional quality of some crops, specifically rice and wheat.

The book underscores the possibility for trade expansion under climate change, however, these benefits could be outbalanced by disruptions to transportation and supply chains from frequent severe weather events.

FAO Deputy Director-General for Natural Resources nevertheless flagged the "potential role of trade as a driver to mitigate some of the negative impact of climate on global food production."

The authors argue the importance of a structured dialogue with a wide range of stakeholders to address these food security issues.

Environmental goods trade talks move forward

Negotiations for the Environmental Goods Agreement (EGA), a tariff-cutting deal on certain environmental goods between 17 WTO members, reportedly made progress during a meet held in Geneva, Switzerland in mid-June.

During the session delegates began asking questions and seeking clarity on a list of 650 tariff lines and more than 2000 products that were put forward by all participating countries earlier this year.

Negotiators also began identifying which products have broad support for inclusion in the final deal. The agreement will likely cover a wide range of goods from cleaner and renewable energy to solid and hazardous waste management.

Some participants have said that the final EGA deal will consist of 150-200 products for tariff liberalisation. These would be in addition to the Asia-Pacific Cooperation (APEC) alliance's list of 54 tariff lines and product descriptions which are targeted for tariff reductions by December. A revised compiled list of goods with technical clarifications is expected in late July.

Publications and resources

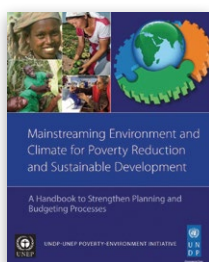
Suggested publications and resources do not necessarily reflect the views of ICTSD



Best Policy Practices for Promoting Energy Efficiency – UNECE – March 2015

This new publication from the United Nations Economic Commission for Europe (UNECE) sets out examples of existing energy efficiency policies. The policies identified include best practices from around the globe. It presents a series of options to promote energy efficiency investments for climate change mitigation and sustainable development, as well as to develop a menu of energy efficiency measures.

The publication can be found at <http://bit.ly/1HipXBV>



Mainstreaming Environment and Climate for Poverty Reduction and Sustainable Development – UNDP, UNEP – May 2015

This handbook, created by the UN Development Programme (UNDP) and the UN Environment Programme (UNEP), is designed for policymakers and practitioners to help mainstream pro-poor environment and climate concerns into planning, budgeting, and monitoring. The handbook provides guidance and concrete examples from the UN's Poverty-Environment Initiative's (PEI) experiences in Africa, Asia-Pacific, Europe, Latin America, and the Caribbean, as well as from other programmes.

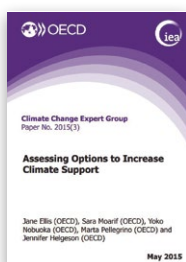
The handbook can be accessed at <http://bit.ly/1O6tK6d>



The Trade in Wildlife: A Framework to Improve Biodiversity and Livelihood Outcomes – ITC – May 2015

This report, published by the International Trade Centre (ITC), provides a framework to analyse the impact of wildlife trade on conservation and local livelihoods. The report is geared towards enhancing understanding of the factors determining the sustainable use of natural resources. These include, among others, species resilience, distribution and accessibility; property rights; conservation listings, quotas and bans; production costs, intermediaries, monopolies, and stockpiling.

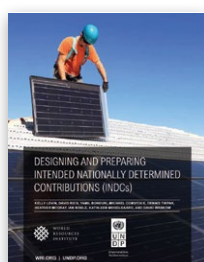
The report can be accessed at <http://bit.ly/1HioSKl>



Assessing Options to Increase Climate Support – OECD, IEA – May 2015

This document, prepared by the Organisation for Economic Co-operation and Development (OECD) and International Energy Agency (IEA), explores the advantages and disadvantages of several proposals made in the negotiating text produced in February for a new UN climate deal. The analysis focuses on proposals on the table around climate finance, technology development and transfer, as well as capacity building.

The document can be accessed at <http://bit.ly/1JCVsa3>



Designing and Preparing Intended Nationally Determined Contributions – WRI, UNDP – May 2015

This report, published by the World Resources Institute (WRI) and the UN Development Programme (UNDP), guides countries on the preparation and design of Intended Nationally Determined Contributions (INDCs) to the new UN climate pact, including detailed technical recommendations and process-related considerations. The report outlines the choices practitioners will face in preparing and designing their INDCs in five general steps.

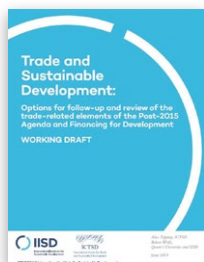
The report can be accessed at <http://bit.ly/1QEYYRo>



Power, People, Planet, Seizing Africa's Energy and Climate Opportunities – Africa Progress Panel – June 2015

This executive summary of the annual Africa Progress Report, released by the Africa Progress Panel, sets out the high-level group's perspective on the continent's energy and climate challenges. The information gathered in this report is based on extensive consultations with African energy planners, climate negotiators, researchers, and governments. The report provides an agenda for change and a call to action directed not just to Africa's leaders, but also at the wider international community.

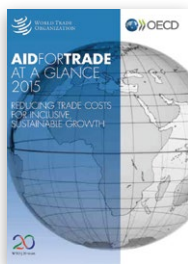
The executive summary can be accessed at <http://bit.ly/1eXTOEC>



Trade and Sustainable Development: Options for Follow-up and Review of the Trade-related Elements of the Post-2015 Agenda and Financing for Development – IISD, ICTSD – June 2015

This working draft paper, published by the International Institute for Sustainable Development (IISD) and ICTSD, first identifies the trade-related elements present in both the June 2015 draft document for the post-2015 development agenda and the May 2015 draft outcome for the Third International Conference on Financing for Development (FfD3). The paper then describes a trade-related architecture for review and follow-up that could support these outcomes, mapping where they exist or could be built in. Six clusters of trade-related elements in the two processes are identified, which range from improving access to markets for small-scale producers to strengthening the multilateral trading system.

The paper can be found at <http://bit.ly/1dQ1bwa>



Aid for Trade at a Glance 2015: Reducing Trade Costs for Inclusive, Sustainable Growth – WTO, OECD – July 2015

This publication from the WTO and OECD takes stock and provides the latest data on Aid for Trade flows. The report suggests that high trade costs continue to inhibit the trade integration of numerous developing economies, slowing their economic growth, and development prospects. The publication calls for concerted action through the Aid for Trade Initiative to reduce these costs and help contribute to achieving a post-2015 development agenda.

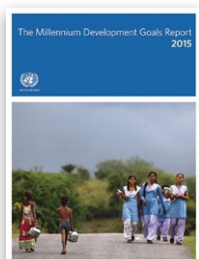
The publication can be accessed at <http://bit.ly/1JdTkbI>



Seizing the Global Opportunity: Partnerships for Better Growth and a Better Climate – The Global Commission on the Economy and Climate – July 2015

The Global Commission on the Economy and Climate, an international initiative from a coalition of 20 countries to analyse and communicate the economic benefits and costs of acting on climate change, released a report providing 10 measures that economies could utilise to reduce carbon emissions. For example, the report emphasises the climate benefits of improving energy efficiency, halting deforestation, and investing in clean energy technologies. If followed, it estimates that 96 percent of the emissions cuts needed to keep global temperatures from rising no more than the internationally agreed upon limit of two degrees Celsius above pre-industrial levels, can be achieved.

The report can be accessed at <http://bit.ly/1fiX5P8>



The Millennium Development Goals Report 2015 – UN-DESA – July 2015

This collective report, based on a master set of data compiled by the Inter-Agency and Expert Group on MDG Indicators led by the UN Department of Economic and Social Affairs (UN-DESA), provides an overview of the 15-year effort to achieve the Millennium Development Goals. The report finds that this was largely successful, although shortfalls remain, and looks ahead to a new sustainable development agenda.

The report can be accessed at <http://bit.ly/1gjxl03>

EXPLORE THE TRADE AND SUSTAINABLE DEVELOPMENT
WORLD FURTHER WITH ICTSD'S BRIDGES NETWORK

BRIDGES

Trade news from a sustainable development perspective
International focus - English language
www.ictsd.org/bridges-news/bridges

BIORES

Analysis and news on trade and environment
International focus - English language
www.ictsd.org/bridges-news/biores

BRIDGES AFRICA

Analysis and news on trade and sustainable development
Africa focus - English language
www.ictsd.org/bridges-news/bridges-africa

PUENTES

Analysis and news on trade and sustainable development
Latin America and Caribbean focus - Spanish language
www.ictsd.org/bridges-news/puentes

МОСТЫ

Analysis and news on trade and sustainable development
CIS focus - Russian language
www.ictsd.org/bridges-news/мосты

PONTES

Analysis and news on trade and sustainable development
International focus - Portuguese language
www.ictsd.org/bridges-news/pontes

桥

Analysis and news on trade and sustainable development
International focus - Chinese language
www.ictsd.org/bridges-news/桥

PASSERELLES

Analysis and news on trade and sustainable development
Francophone Africa focus - French language
www.ictsd.org/bridges-news/passerelles



International Centre for Trade and Sustainable Development

Chemin de Balexert 7-9
1219 Geneva, Switzerland
+41-22-917-8492
www.ictsd.org

BIORES is made possible through generous
contributions of donors and partners
including

**DFID - UK Department for International
Development**

**SIDA - Swedish International
Development Agency**

**DGIS - Ministry of Foreign Affairs
Netherlands**

Ministry of Foreign Affairs, Denmark

Ministry of Foreign Affairs, Finland

Ministry of Foreign Affairs, Norway

**Department of Foreign Affairs and Trade,
Australia**

BIORES also benefits from in-kind
contributions from its contributing partners
and Editorial Advisory Board members.

BIORES accepts paid advertising and
sponsorships to help offset expenses and
extend access to readers globally. Acceptance
is at the discretion of editors.
The opinions expressed in the signed
contributions to BIORES are those of the
authors and do not necessarily reflect the
views of ICTSD.



This work is licensed under the Creative
Commons Attribution-NonCommercial-
NoDerivatives 4.0 International [License](https://creativecommons.org/licenses/by-nc-nd/4.0/).

Price: €10.00
ISSN 1996-9198

