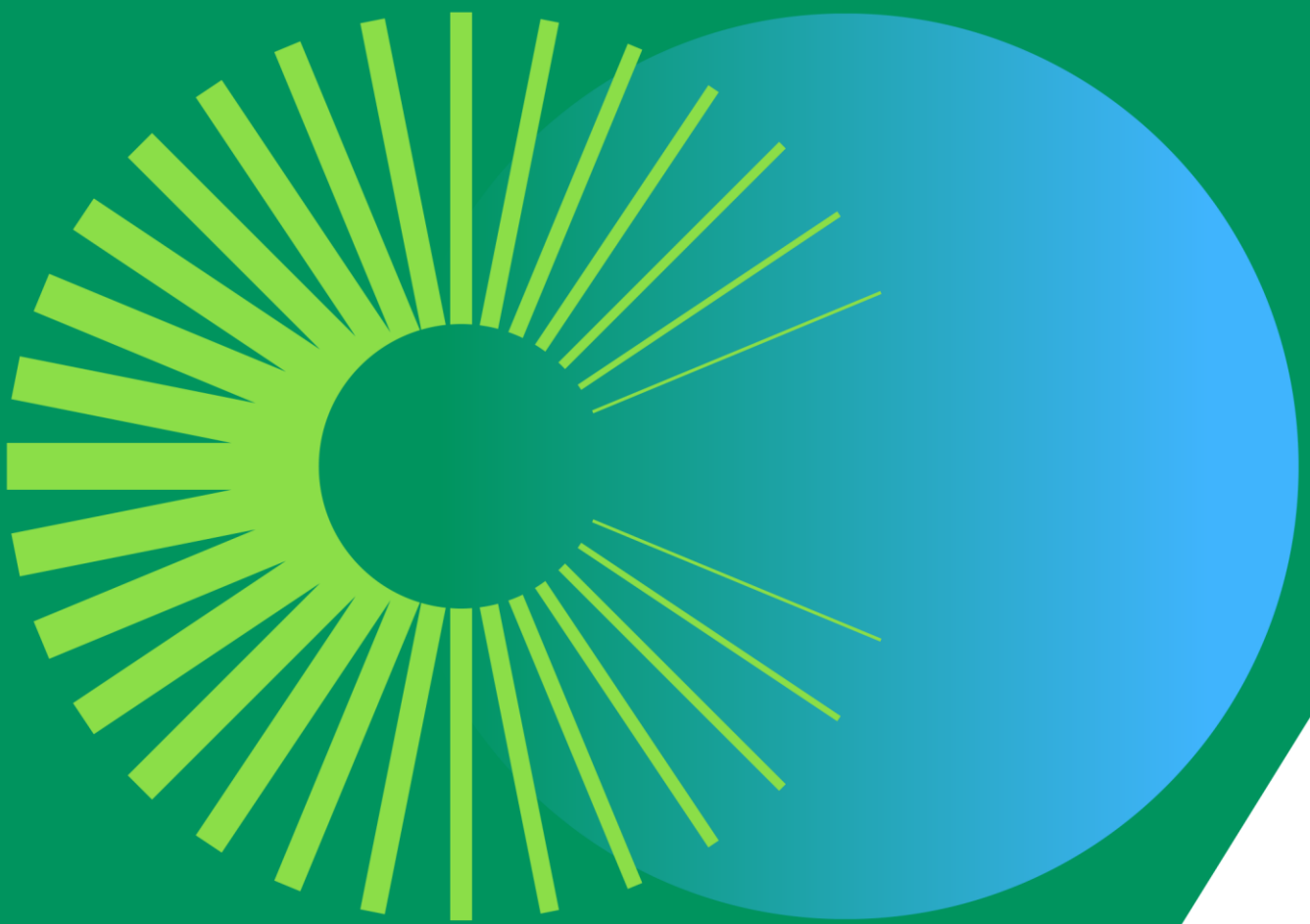
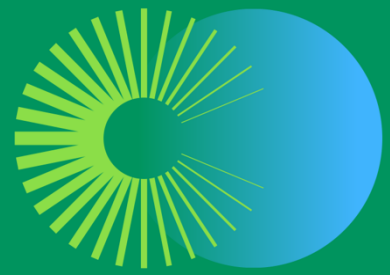


# INCLUSIVE FORUM ON CARBON MITIGATION APPROACHES

Co-Chairs' Summary  
14-15 November 2023 Meeting





## Co-Chairs' summary 14 - 15 November 2023 meeting

- The second in-person meeting of the [Inclusive Forum on Carbon Mitigation Approaches \(IFCMA\)](#) brought together over 400 delegates from 65 countries and six (international) organisations to discuss key mitigation issues and advance the IFCMA's technical work to take stock of and consider the effectiveness of different carbon mitigation approaches, and to explore methodologies to calculate sector and product level carbon intensity metrics. The three main pillars of the IFCMA's technical work are:

### Database on mitigation and mitigation-relevant policy instruments used in IFCMA member countries

The IFCMA will collect granular country-verified data on policies and their key characteristics through an internationally harmonised and standardised typology. For those policy instruments for which mapping is feasible, the database will include information on their emission coverage.

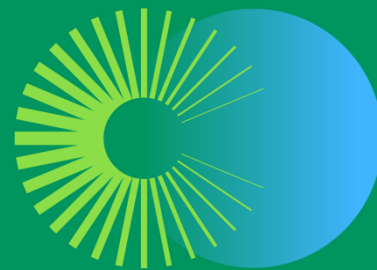
### Estimates on the impact of mitigation and mitigation-relevant policies or policy packages on emissions

By developing new methodological approaches linking country specific sectoral and economy-wide models, the IFCMA will provide robust estimates on the effects of policies and policy packages on emissions.

### Work on the challenges related to the calculation of sector- and product-level carbon intensities

A report to be released in 2024 will focus on the technical and policy challenges related to the calculation of product level carbon intensities in emission-intensive trade-exposed sectors, including challenges faced by SMEs and businesses in developing countries, and put forward potential solutions to these challenges.

- The IFCMA welcomed the expansion of its membership to [58 members](#), with Barbados, Cameroon, Paraguay and South Africa joining since June, and the participation of numerous invitee countries in the meeting. Delegates supported further engagement to continue to expand membership of the IFCMA.
- Delegates welcomed the start of the pilots with Chile and Switzerland, which will help the IFCMA deepen practical experience with the work on the stocktake and mapping of policies and estimating their effects on greenhouse gas emissions, before scaling up the work to a broader set of IFCMA members. Delegates appreciated the initial results of the technical work and looked forward to the start of two to four additional pilots by the end of 2024 Q1. In this context, some delegates also expressed interest in covering a small island developing state and the LULUCF sector in future pilots.
- The UNFCCC presented on the synergies between the UNFCCC and IFCMA, including in the framework of the Global Stocktake, the Enhanced Transparency Framework (ETF) under the Paris Agreement and the Mitigation Work Program. The links were further explored in a jointly organised [high-level event on 3 December 2023 at COP28](#). The WBG, IMF, and WTO also presented on relevant climate work, covering case studies on the impact of certain climate policies, work to link bottom-up and top-down modelling approaches, and interactions between trade and climate. These organisations are actively contributing to the technical discussions to shape the IFCMA's work.
- Delegates discussed new practical solutions for carbon sequestration and emission reductions in the land use sector in a lunch-briefing provided by the delegation of Finland on the country's *Catch the Carbon – Climate Mitigation from Research to Practice* initiative.
- Delegates welcomed the first session of the member-driven inclusive multilateral dialogue, which enables countries to discuss a wide range of climate change policy issues in a "safe space" for peer exchange and mutual learning. Following presentations from Australia, Singapore, and South Africa, delegates identified several best practices in the design, implementation, and assessment of mitigation strategies. They then discussed how finance could be channelled to optimise mitigation outcomes. A high-level overview of the key outcomes of the discussion is provided below and a separate summary provides further details.

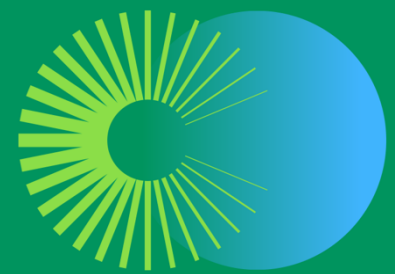


## Inclusive multilateral dialogue on mitigation strategies – key take-aways:

- **Effective coordination across government ministries and levels is crucial for coherent climate mitigation efforts.** Countries are designating specific ministries or establishing new bodies among diverse efforts to drive whole-of-government responses. Ensuring coordinating ministers have sufficient influence and budget is essential, and involving finance ministries early can help secure long-term financial resources for mitigation.
- **Integrating climate mitigation into broader policy frameworks, including via legislation, enhances political viability and policy resilience** by helping to provide long-term signals and facilitating alignment with other policy goals. It also helps to mobilise fiscal resources. Linking green and social objectives can build broad political support for resilient policy packages.
- **A fair and inclusive transition is vital for public acceptance of mitigation policies.** Incorporating principles like ‘the polluter pays’ and directing support measures to vulnerable communities and low-income households can ensure equitable distribution of transition costs.
- **Securing business support involves long-term policy signals and a balanced approach of ‘carrots’ and ‘sticks’.** Involving businesses in policy design, using voluntary commitments, and establishing sector-specific targets can all play a role. Proper incentives can not only help gain business support but also encourage private sector advocacy for ambitious actions.
- **Proactive public consultations and impact assessments can facilitate inclusivity and political support for mitigation policies.** Involving diverse stakeholders early, institutionalising public input, and conducting thorough assessments enhance policy legitimacy. Wide and inclusive stakeholder engagement is important.
- **Independent assessment mechanisms are crucial for refining mitigation strategies and enforcing government compliance.** Independent agencies track policy impact against targets, issue recommendations for increased efforts, and enforce policy adjustments in some countries. Learning from other countries’ experiences and exchanging best practices, facilitated by initiatives such as the IFCMA, is essential for continuous improvement.

## Inclusive multilateral dialogue on channelling finance to optimise mitigation outcomes – key take-aways:

- **Effective implementation of mitigation policies requires significant financial resources, posing challenges for both advanced and developing countries.**
- **Domestic revenue-raising instruments, such as progressive carbon taxes and green bonds, and greener fiscal systems can play an important role, especially when revenues are strategically reinvested.** While acknowledging the significance of domestic revenues, substantial private sector finance and international climate finance are essential for developing countries’ effective mitigation and adaptation efforts.
- **Partnership-based approaches, exemplified by the Just Energy Transition Partnerships (JETPs), play a vital role in mobilising international finance while taking into account social outcomes.** JETPs, owned by host countries, tailor conditions effectively and integrate diverse financial instruments. The partnerships introduce guarantees backed by donor governments, enabling more extensive borrowing for mitigation purposes.
- **Establishing shared definitions, harmonised typologies, and consistent metrics for green activities is crucial for aligning the financial sector with Paris Agreement objectives and supporting transparency, accountability, and avoiding greenwashing.** This enables stakeholders to identify and invest in green projects with confidence.
- **Crowding in private capital is a priority, requiring well-defined policy frameworks and government support.** Collaboration between governments and businesses to better understand challenges in challenging private finance and stable policy frameworks to send clear signals to private sector stakeholders are crucial. Sector-specific strategies and incentives are essential for guiding investments in green solutions, facilitating R&D, and managing risks associated with sustainable projects.



- **National development banks and investment funds play a key role in mobilising public and private finance for green projects.** They consolidate projects, achieving economies of scale and making them attractive to investors. By integrating funds from various sources, including public, private, and international donors, they can offer concessional loans to the private sector for the development of low-carbon infrastructure projects.

## Key take-aways from discussions on IFCMA's technical work

### Exploring sector and product-level carbon intensity methodologies:

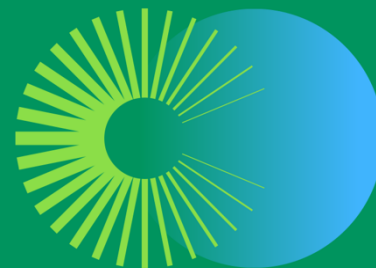
- **The IFCMA Terms of Reference foresee work on exploring methodologies for computing carbon intensity of goods or sectors and reporting on these efforts in 2024.**
- Delegates welcomed the revised scoping note of the work, and expressed support to investigate the trade-offs between accuracy and cost-effectiveness of carbon intensity metrics.
- Several delegates highlighted the need to focus on the capacity challenges faced by developing countries and SMEs in establishing the data and reporting infrastructure necessary to compute carbon intensity metrics.
- Several delegates underlined the risk posed by the proliferation of different methodologies for computing carbon intensity metrics, as this can lead to increased compliance costs for businesses and the fragmentation of global value chains. Delegates stressed the need for developing common or interoperable approaches while taking into account the specific circumstances of developing countries and SMEs.

### Taking stock of and mapping mitigation-relevant policies:

- **The stocktake of mitigation and mitigation-relevant policy instruments will be validated by IFCMA member countries and will be published as a regularly updated publicly available database. For those policy instruments for which mapping is feasible, the database will include information on their GHG emission coverage.**
- Delegates appreciated the Secretariat's proposed data structure, with an overall consensus that it strikes a good balance between capturing policy detail and ensuring scalability, and that it can become an important input to countries' reporting processes under the UNFCCC.
- Some delegates recognised that focussing on specific sectors and instrument types could expedite the gradual development of the first dataset, although opinions varied on which ones should be prioritised.
- Delegates expressed interest in discussing first mapping results from the pilots, which will yield insights on the scalability of mapping, the datasets to be used, and how to best take into account indirect emissions (e.g. resulting from electricity consumption).

### Estimating the impact of mitigation-relevant policies on emissions:

- **The work on estimating the impacts of policies or policy packages on greenhouse gas emissions focusses on developing and applying a robust methodological approach, linking sectoral and economy-wide models.**
- Delegates acknowledged that the work is ambitious and recommend a practical approach to linking models (one-way linking), taking into account uncertainty of outcomes and calling for transparency of assumptions. They recommended exploring alternative linking approaches in the pilot phase to test robustness in different contexts, as well as to inform the scalability of approaches.
- Delegates appreciated the roundtable discussion on modelling experiences where Denmark, Nigeria, the Philippines, and the US presented their domestic modelling efforts.
- Delegates underlined the importance of choosing the databases to be used in the construction of the reference scenario, with some delegates supporting the use of harmonised international datasets.



## Next steps

The next meetings of the IFCMA are tentatively scheduled to take place in Q2 and Q4 of 2024 on a hybrid basis. The Secretariat is currently developing a more detailed agenda and will work together with the Steering Group to advance a proposal.

**In addition, the Secretariat is developing a programme for the ‘informal focus groups’, which will be organised on a virtual basis in between formal IFCMA meetings to keep interested delegates updated on the progress of the work and to facilitate further exchanges among members and the Secretariat on specific technical issues.** Further information will be provided to delegates as soon as possible. The Secretariat is also working together with the Steering Group to set the agenda for the next sessions of the inclusive multilateral dialogue, taking into account suggestions received previously and insights from our recent meeting. The Secretariat welcomes any further suggestions and input, which can be directed to [ifcma@oecd.org](mailto:ifcma@oecd.org).

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For more information:



[www.oecd.org/climate-change/inclusive-forum-on-carbon-mitigation-approaches](http://www.oecd.org/climate-change/inclusive-forum-on-carbon-mitigation-approaches)



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