Advancing Ambition Through Socially Beneficial Climate Action: Recommendations for the Talanoa Dialogue and Paris Rulebook

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Executive Summary

Climate change is often described as a global collective action problem, in which the costs are borne by countries that act, while the benefits are shared by all. Although this understanding has long framed global climate policy debates, it is increasingly wrong. Climate solutions are now often cheaper and provide greater economic and social returns than higher-carbon alternatives. As a result, many (but certainly not all) of the actions needed to contain climate pollution are "socially beneficial": they will increase the overall welfare and advance the equitable development goals of the countries that take them, even before climate impacts are considered.

Although these socially beneficial mitigation opportunities are widely available in all countries, the Paris regime has not explicitly encouraged countries to seize them. Prioritizing these opportunities in the Talanoa Dialogue and the rulebook could increase overall ambition by alleviating the global free rider problem, expanding countries' understanding of what they can achieve, and helping countries avoid the difficult trade-offs associated with higher cost actions. In addition to promoting ambition, this approach is also consistent with the Paris Agreement's other core principles of equity and national interest.

This 50-megawatt solar plant in Palo town, Leyte, Philippines has been connected to the grid since May 2016, almost three years since the town was hit by super typhoon Haiyan. ©AC Dimatatac/ICSC

Countries could strengthen their nationally determined contributions (NDCs) as they increase social welfare by capturing more of their socially beneficial opportunities. The Talanoa Dialogue should help countries do this by highlighting the scale and range of these actions, and encouraging countries to consider them as a leading source of new measures to enhance their existing NDCs. Likewise, the Paris rulebook should encourage countries to share how they are capturing these opportunities, and should ensure that their scope and scale is considered in the global stocktakes.

Introduction

There is a widely accepted narrative about why global climate change is such a difficult problem to solve. It goes roughly as follows. Addressing climate change requires us to urgently transform major sectors of our economies: how we produce and use energy, move people and goods, grow and consume food, and manage our impacts on natural ecosystems. Most countries, however, resist taking these steps because they are expensive, and divert resources from more immediate priorities. Worse, they impose costs on current voters for the benefit of future generations and citizens of distant lands. As a result, countries do much less than is needed to achieve the desired transformations, leaving global goals far out of reach.

Fortunately, this narrative is hopelessly out of date. Today, after years of technology, policy and financial innovation, climate solutions are often cheaper and more effective than higher-carbon alternatives, and provide additional public benefits. As a result, a significant and ever-growing portion of the actions necessary to contain climate pollution are "socially beneficial"; they will increase the overall welfare and advance the equitable development goals of the countries that take them, even before climate impacts are considered. We may talk about these as climate actions, but they are really just smart policies and sound investments. The climate benefits are an added bonus.

A significant and ever-growing portion of the actions necessary to contain climate pollution are "socially beneficial"

Numerous "socially beneficial" mitigation opportunities are available in all countries. Because actions such as slashing fossil fuel subsidies, minimizing energy waste and improving urban planning are in a country's best interest for non-climate reasons, they should be among the most attractive mitigation options. But too often, financial and regulatory barriers, and political resistance from powerful constituencies have prevented countries from realizing them. This is a

Demolition of Richborough Power Station in the UK. ©shirokazan/Flickr

key reason why the world remains so far off track towards meeting its agreed climate goals. Yet, ongoing work to implement the Paris Agreement has not adequately addressed socially beneficial mitigation opportunities. Neither the Talanoa Dialogue on how to increase ambition nor the negotiations over the rulebook for implementing the Paris Agreement have considered them as a discrete category of solutions worthy of explicit attention or prioritization.

This paper argues that the Talanoa Dialogue and the Paris rulebook could help spur urgently needed mitigation action by encouraging and supporting countries to seize socially beneficial opportunities. Part I illustrates the nature of such opportunities and briefly reviews some readily available options. Part II argues that explicitly addressing these actions in the Talanoa Dialogue and the rulebook could increase overall ambition by alleviating the global free rider problem, expanding countries' understanding of their "highest possible ambition," and helping countries avoid the difficult trade-offs associated with higher cost actions. Part III shows how a focus on socially beneficial actions is also consistent with the Paris Agreement's other foundational principles of equity and national interest, and can help reconcile the tensions among these principles that have impeded greater action. Building on these insights, Part IV highlights specific opportunities to encourage ambition by explicitly addressing socially beneficial actions in the Talanoa Dialogue and in rulebook provisions governing NDC communications, the framework for reporting on NDCs, and the design of the global stocktakes.

Part I: Socially beneficial mitigation opportunities

Countries are not doing nearly enough to address the climate crisis. As the recent Intergovernmental Panel on Climate Change (IPCC) 1.5 degrees Celsius (°C) report makes clear, extremely ambitious actions are urgently needed to have any chance of meeting the Paris Agreement's goal of holding global temperature rise to "well below 2°C." Still more urgency is needed to meet its much safer 1.5°C target.[4]

But low-carbon actions need not be costly for countries to adopt. In fact, when costs are properly accounted for, low-carbon options often provide greater economic and social returns than high-emitting ones, even without considering the global climate benefits. Many of these options even provide attractive financial returns to companies and their customers before any societal impacts are considered. Because a substantial and increasing portion of the needed actions provide net social benefits, business as usual is no longer an attractive option. Countries that decarbonize their economies will be richer, healthier, cleaner, more secure, and more economically vibrant.

Thirty-five developed and developing countries have already begun to reduce their emissions while growing their economies, disproving the facile assumption that carbon pollution is somehow a necessary ingredient for development and progress.[5] In its recent *New Climate Economy* report, the blue-ribbon Global Commission on the Economy and Climate estimated that bold climate action could yield a direct economic gain of at least US$26 trillion through 2030, while creating 65 million new low-carbon jobs and avoiding over 700,000 premature deaths from air pollution per year.[6] As the *New Climate Economy* report makes clear, the scale of the opportunity to improve social well-being through climate-friendly actions is staggering.

Opportunities to capture these benefits are readily available. Consider fossil fuel subsidies. According to the International Monetary Fund (IMF), eliminating these subsidies could reduce carbon emissions from fossil fuels by more than a fifth, while increasing public revenues by US$2.9 trillion (3.6 percent of global GDP) per year, and more than halving deaths related to fossil-fuel combustion. Overall, eliminating these subsidies would produce a net economic gain of at least US$1.8 trillion per year (2.2 percent of global GDP), which "could be much larger if the fiscal gain is used for growth-enhancing tax cuts on labor and capital or badly needed investments in education, health, and infrastructure." As a result, the IMF concluded that it is "generally in countries' own interest to move ahead unilaterally"

Climate solutions can offer enormous savings

Solution	Total Atmospheric CO_2-EQ Reduction (GT)	Lifetime Savings (Billions US $)
Electric Vehicles	10.80	$9,726.40
Wind Turbines (Onshore)	84.60	$7,425.00
Solar Farms	36.90	$5,023.84
District Heating	9.38	$3,543.50
Rooftop Solar	24.60	$3,457.63
Walkable Cities	2.92	$3,278.24
Airplanes	5.05	$3,187.80
Trucks	6.18	$2,781.63
Insulation	8.27	$2,513.33
Mass Transit	6.57	$2,379.73
Conservation Agriculture	17.35	$2,119.07

Source: Project Drawdown

to eliminate these subsidies, and that the biggest subsidizers and emerging and low-income countries stood to gain the most.[7]

Or consider the problem of energy waste. The International Energy Agency (IEA) estimates that more efficient lighting, buildings, industrial systems, and consumer appliances will account for almost half of the CO_2 emissions reductions needed in 2040 to keep temperature rise below 2°C, more than any other source of reductions.[8] Much of these reductions can be achieved at a profit, as the energy savings will exceed the initial cost, often over short pay-back periods and with very attractive rates of return.[9] In 2010, a high-level UN panel estimated that this savings could total $250-325 billion a year by 2030.[10] And efficiency improvements can deliver additional local benefits such as reducing price volatility, facilitating the deployment of distributed renewable energy and expanding and improving energy services for the poor.[11] The financial returns and ancillary benefits of end-use efficiency programs are so dramatic that the World Bank has found that its efficiency programs have been its single most successful energy sector investment, both in terms of cheaply eliminating CO_2 emissions and producing local economic benefits,[12] and India's Planning Commission has recommended that energy efficiency options "should be the 'first resource' considered for fulfilling demand."[13]

Explicit recognition of socially beneficial opportunities would also expand countries' understanding of what they can achieve.

Additional opportunities to increase social welfare while reducing emissions abound throughout all countries' economies. Generating energy from new renewables is already cheaper than producing it from existing coal plants in many regions, even before the colossal public health costs of coal pollution are factored in.[14] Restoring degraded forests and planting new ones can capture enormous amounts of carbon while generating local benefits that exceed their costs 20-30 fold.[15] Building more compact, better planned cities could save US$17 trillion by 2050, while improving access to jobs and housing.[16] Reducing food waste, restoring farmlands and shifting to more sustainable agricultural practices will improve food security, create millions of jobs, and generate trillions of dollars in surplus benefits, while providing as much as a third of the necessary emissions reductions.[17] The list goes on.

While it is clear that more and more climate action can deliver net social benefits, three caveats are warranted. First, socially beneficial actions will not be sufficient to meet the well-below 2°C or 1.5°C objectives. As the IPCC noted in its 1.5°C report, "there is no documented historic precedent" for the rates of system changes needed to limit warming to 1.5°C.[18] Given the unprecedented scale of the necessary transition and the speed with which it must take place, actions with net social costs will be necessary, and those costs are likely to be substantial.

Second, the fact that these opportunities offer significant local benefits does not imply that they will be easy to capture. Upfront costs, mismatched incentives, unpriced externalities, a lack of available finance, and other regulatory and market barriers may impede progress on achieving these synergies. Political and regulatory inertia and opposition from entrenched interests will make these barriers more difficult to overcome. Smart policy interventions, innovative financing, political resolve, and focused public engagement therefore will be needed to convert these opportunities into real public benefits.

Third, even where society benefits overall from climate action, there may still be winners and losers, and costs may fall disproportionately on groups that are least able to bear them. Careful attention must be paid to distributional impacts to ensure that the poor and disadvantaged are not made worse off. Actions that generate social surpluses can help countries alleviate these differentiated impacts. For instance, savings on fossil fuel subsidies and public health care costs from reduced pollution could be redeployed to ease the burdens on workers and communities. Poor countries can least afford to forego these dividends.

Part II: Promoting ambition through socially beneficial opportunities

The availability of so many high-impact, socially beneficial mitigation options upends the conventional wisdom that climate change is a classic collective action problem, in which too little is done because the costs are borne by those who act while the benefits are shared by all. It is better seen as only a *partial* collective action problem, since some significant part of the solution will come from self-interested actions. This understanding opens promising new avenues for the Paris regime to generate much needed ambition. Focusing particular attention on accelerating the implementation of climate solutions that do not entail net social costs would alleviate the global free rider problem and help countries reduce or avoid the profound domestic political challenges associated with higher cost solutions.[19]

The Paris Agreement promotes ambition by requiring each country to put forward an NDC that reflects its "highest possible ambition," and to strengthen those contributions over time.[20] Obviously, they are more likely to do this through actions that conserve public resources or improve the welfare of their citizens than through those that entail additional social costs. Socially beneficial actions are not inhibited by an incentive to free ride on the efforts of others. Early momentum can be created by encouraging Parties to update their NDCs to include additional mitigation actions that also advance their economic, public health and development priorities.

Explicit recognition of socially beneficial opportunities would also expand countries' understanding of what they can achieve. As a general rule, trade-offs with other public policy objectives will limit what countries perceive they can contribute, while synergies will expand it. Spotlighting the synergies can therefore raise expectations about what actions all countries should take. Moreover, because countries have self-interested incentives to adopt socially beneficial opportunities, highlighting them should promote constructive conversations among countries about how best to craft policies and overcome barriers to implement them.

Climate change is only partially a collective action problem, since some significant part of the solution will come from self-interested actions.

In addition, explicit attention to socially beneficial opportunities at the international level could help shatter the destructive dynamics in domestic politics that have long frustrated global ambition. Opponents of climate action in developed countries claim that it will cost jobs and impede growth, while opponents in developing countries claim it will impede development and hurt the poor. They both then point to inaction by the other as a further excuse not to act. Highlighting socially beneficial opportunities would help expose this cynical obstructionism, and show that the critical dividing line in climate politics today is not between developed and developing countries, but between those who want solve the problem and those who do not.

So far, however, there has been little effort to distinguish mitigation actions that provide net social benefits from those that entail social costs. The Talanoa Dialogue on increasing ambition and the negotiations over the rulebook for implementing the Agreement have largely treated them as one and the same, as if all mitigation actions entail significant social costs to the countries that adopt them. As a result, neither process has explored specific ways to accelerate the uptake of socially beneficial actions.

Part III. Aligning ambition, equity, and national interest

The Paris Agreement, like every climate agreement before it, strikes a delicate balance between promoting ambition and advancing the core principles of equity and national interest. It advances equity through a variety of provisions that ensure that poorer and more vulnerable

Parties are not disproportionately burdened by the costs and impacts of climate change, and that recognize their needs for support to address these challenges. And it protects national interests by affording Parties wide latitude to define their own "nationally determined" contributions in light of their specific circumstances and development priorities.[21]

When mitigation actions deliver net social benefits, rich countries lose the excuse that they are being asked to sacrifice economic competitiveness, and poorer countries need not worry that they are being asked to provide solutions that they cannot afford to a global problem that they did not create. Both are simply being asked to act in their own interests.

To be politically viable, any proposed rule or strategy for implementing the Agreement must uphold the equilibrium between these values. Thus, while the Talanoa Dialogue and the rulebook could accelerate ambition by encouraging Parties to take climate actions that would provide net social benefits, it would not gain consensus if it were seen to compromise fairness or constrain Parties' autonomy to define their own contributions. In truth, focusing on these opportunities advances these core principles. Even more, it offers a way to reconcile the tensions among these principles that have hindered more ambitious action since the beginning of the climate regime.

These principles are in conflict with each other when climate-friendly actions are seen to be more expensive than higher-emitting alternatives, and trade-offs must then be made among them. Ambition suffers when pledges are nationally determined and the cost of action is high, as the logic of collective action incentivizes free-riding. Equity is also short-changed when pledges are nationally determined, as common "effort-sharing" benchmarks to evaluate relative contributions between countries lose much of their normative force. And equity can actually impede ambition when opponents of climate action misuse fairness arguments to obscure the fact that no country is doing enough.

On the other hand, when socially beneficial mitigation actions are considered, the tensions between the climate regime's core values recede. National determination no longer impedes ambition because countries have little incentive to shirk; it is in their interest to act regardless of what others do. And equity concerns are ameliorated, because it is not unfair to expect countries to contribute to the global effort by taking actions that are in their own interest for other reasons. This is true for rich and poor countries alike. When mitigation actions deliver net social benefits, rich countries lose the excuse that they are being asked to sacrifice economic competitiveness, and poorer countries need not worry that they are being asked to provide solutions that they cannot afford to a global problem that they did not create. Both are simply being asked to act in their own interests.

By focusing attention on climate actions that deliver social benefits to the countries that adopt them, then, the Talanoa Dialogue and rulebook can help illuminate policy options that more closely align the Agreement's core values of ambition, equity and national interest. Explicit focus on these opportunities would encourage greater action by broadening each country's sense of how its NDC can be enhanced to reflect its "highest possible ambition." After all, the range of options that Parties see as "possible" should expand considerably as they better appreciate the synergies between climate action and their other policy priorities, and how other Parties are capturing those synergies. Such a focus would also respect the principle that Parties have discretion to determine their own contributions. They would be encouraged, even expected, to take actions in their interests, but certainly not compelled to do so. And it would be consistent with the Agreement's various equity provisions, which can readily accommodate a strategy of encouraging ambition by focusing on socially beneficial actions.

Equity

The Paris Agreement includes numerous provisions intended to ensure that all Parties are treated fairly regardless of their level of economic development or national circumstances. In addition to invoking equity explicitly in a number of places, the Agreement also incorporates equitable principles through provisions that:

1. Refer to Parties' "common but differentiated responsibilities and respective capabilities, in the light of different national circumstances";[23]
2. Situate mitigation efforts "in the context of sustainable development and efforts to eradicate poverty";[24]
3. Provide that developed countries "should continue taking the lead" in mitigation efforts;[25] and
4. Recognize and accommodate the "special circumstances of the least developed countries and small island developing States."[26]

None of these provisions preclude focusing attention on socially beneficial actions.

The principle that Parties should act in accordance with their "common but differentiated responsibility and respective capabilities" (CBDR&RC) has been the foundational equity norm in the climate regime since its origins. Despite significant effort, a shared understanding of its meaning has remained elusive, and developed and developing countries have vigorously contested its implications. In Paris, the Parties elaborated on the meaning of CBDR&RC by agreeing that it should be considered "in the light of different national circumstances." In so doing, they forged a new consensus that countries should not be differentiated based on fixed categories, but rather on a more fluid understanding of the totality of each country's circumstances at any point in time.

Parties have not agreed how this new formulation should be applied. While the remaining differences are significant, explicitly recognizing that certain mitigation actions provide net social benefits, and that those actions are widely

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available in all countries, could illuminate some potential points of convergence. With the evolving economics of mitigation in mind, Parties should at least be able to agree that all nations should strive to take those steps that would enhance their own public welfare as part of their "common responsibility."

The notion that all countries share a common responsibility to act in their own self-interest may be novel, but it should not be controversial. It accords with the language of the Framework Convention, which requires all Parties to implement climate actions that take into account CBDR and "their specific national and regional development priorities, objectives and circumstances."[27] And it accords with the underlying purpose of differentiating responsibility: to ensure developing countries are not required to take actions that they cannot afford or that exceed their capabilities. Moreover, as a practical matter, the world will not avoid truly dangerous climate impacts unless countries do a much better job of seizing these opportunities. Given the urgency of the challenge and the grave consequences of an inadequate response, self-interest is not a particularly onerous baseline for defining shared responsibilities. If countries cannot agree that they should at least try to do what is in their own interests to confront the global challenge, there is little hope of coming to a deeper understanding of a fair allocation of responsibility.

A common responsibility to try to capture socially beneficial opportunities also fits comfortably within the requirement that responsibilities should reflect "respective capabilities" and "national circumstances." This shared responsibility would be tempered by the understanding that both the availability of socially beneficial mitigation opportunities and the nature of the barriers to capturing them vary according to "national circumstances", and that a country's ability to overcome those barriers would be determined by its "respective capabilities." Opportunities that are easy pickings for one country may not be available or may be out of reach in another.

This conception of common responsibility would be a non-starter if it were thought to shift obligations from developed to developing countries. That should not be the case, for three reasons. First, all countries have a large array of socially beneficial mitigation opportunities at their disposal and no country is doing enough to capture them. Because developed countries retain the advantages of having greater "respective capabilities" and favorable "national circumstances," and because they bear an independent obligation to "take the lead" in implementing mitigation actions, they should generally be expected to deliver more on this common responsibility than developing countries.

Second, even if countries are extremely successful in capturing net beneficial opportunities, more costly actions will still be urgently needed to meet the Paris temperature goals. If countries share a "common responsibility" to strive to achieve socially beneficial actions, there must also be a "differentiated responsibility" to take higher-cost actions that should vary based on respective capabilities and national circumstances. Here again, developed countries have a duty to take the lead. Much as Germany did with its early investments in solar power, developed countries can fulfill this duty by deploying new technologies and road-testing innovative policies to help drive down costs and smooth the transition for those who follow.

Third, developed countries still have an independent responsibility to help developing countries implement their climate actions by providing financial, technological, and capacity support. Recognizing socially beneficial mitigation actions as a priority and a common responsibility may lead developing countries to seek different kinds of support, but it would not obviate the responsibility of developed countries to provide the means to implement transformational strategies.

Accordingly, disaggregating socially beneficial actions would not reduce the obligations of developed countries and shift them to developing ones. It would rather raise the minimum expectations for all countries to do more, without incurring greater social costs. In this sense, it follows Lavanya Rajamani's insight that developing countries are better served by using equity as a sword to drive ambition than as a shield to insulate themselves from the expectation to act.[28]

The Paris Agreement also advances equity by recognizing that developing countries may not be able to take on costly mitigation actions as they address their other sustainable development challenges and attend to the needs of their poor. So it makes allowances for the "special circumstances" of the least developed countries and small island developing states, and provides that its goals should be considered "in the context of sustainable development and efforts to eradicate poverty."[29] These allowances serve an important equity function with regard to mitigation actions that entail costly trade-offs with other development priorities: they make clear that these countries are not expected to prioritize climate action over pressing development challenges. But they serve no such purpose where climate solutions advance sustainable development or poverty eradication objectives. For those actions, situating climate action "in the context" of sustainable development and anti-poverty goals is better understood as an invitation to Parties to prioritize actions that can simultaneously advance all three of these policy objectives.

Perhaps counterintuitively, equity for the poor may require that developing countries act more expeditiously to capture socially beneficial mitigation opportunities than developed ones. After all, rich countries may be able to afford to squander resources on more expensive, high-emitting technologies, while poorer countries need those resources to invest in their development. Likewise, rich countries may be able to afford the additional health care costs that are imposed by polluting industries, and to fund the safety nets to protect those who cannot find work in less vibrant economies. Poor countries cannot. Many developing countries understand this, and have already included actions in their NDCs that will also generate progress in achieving the UN's Sustainable Development Goals.[30]

Part IV. Specific opportunities to promote ambition in the Talanoa Dialogue and rulebook

The most pressing challenge of the Paris Agreement is to persuade Parties to commit to cutting their emissions deeply enough to return to a credible pathway towards meeting the Agreement's temperature goals. The Parties have two critical opportunities to move this agenda forward at COP 24. They will conclude the year-long Talanoa Dialogue, which has been collecting recommendations from Parties and non-state actors on how to quickly scale up ambition. And they will also write the rules for implementing the Paris framework. These rules will define what Parties will include in their NDCs and how collective progress will be assessed, among other guidelines that could affect its overall ambition.

Directly addressing the vast potential of socially beneficial mitigation actions would better enable both the Talanoa Dialogue and the rulebook to help close the ambition gap. The Talanoa Dialogue could highlight these opportunities as a priority source of increased ambition, and help create an expectation that countries will try to take those actions that are in their interests for non-climate reasons as part of their contribution to the global effort. Meanwhile, the rulebook could reinforce this expectation, while establishing how they should be reflected in NDCs and periodic reporting, and integrated into the global stocktake. This would both promote understanding of what the reporting country is doing, and help facilitate replication by other countries.

Talanoa Dialogue and NDC Enhancement

In the COP 21 decision that adopted the Paris Agreement, the Parties agreed to hold a "facilitative dialogue" this year to assess the progress that has been made towards meeting the Agreement's long term goals, and to inform the preparation or updating of NDCs in 2020.[31] Renamed the "Talanoa Dialogue" by the Fijian Presidency of COP 23 to reflect its native decision-making traditions, its primary goal is to help Parties increase the ambition of their NDCs by 2020.[32] The Talanoa Dialogue will conclude with Ministerial roundtables at COP 24, which will be summarized by the Fijian and Polish Presidencies.[33]

Many countries first came forward with their "intended" NDCs in 2015, before the Paris Agreement was finalized. Those pledges were necessarily based on then-current assessments of the costs and benefits of the available policy, technology and investment options. Since then, socially beneficial opportunities have expanded well beyond expectations in many high-impact sectors, as innovation has raced forward, costs have plummeted, and supporting policies and financial instruments have been refined. As a result, only the most farsighted NDCs are likely to still be current. Others will reflect an outdated understanding of the country's "highest ambition" in light its capabilities and national circumstances. Many countries could strengthen their NDCs and generate additional social benefits, even without raising their anticipated expenditures.

Many participants in the Talanoa Dialogue have discussed mitigation options that can generate significant social benefits. But they have not identified these actions as qualitatively different from those with net costs, nor have they focused attention on socially beneficial actions as a discrete category of mitigation opportunities that should be prioritized.[34] The Dialogue could do far more to catalyze greater ambition by highlighting the scale and range of socially beneficial mitigation opportunities, and encouraging countries to consider them as a leading source of new actions as they explore how to enhance their existing commitments.

NDC Communications

The Paris Agreement affords Parties near total discretion to decide what contributions they wish to put forward in their NDCs. But it also recognizes the importance of clearly communicating those contributions to other Parties, and therefore requires them to include

Quantifying the costs and benefits of climate actions would add rigor and promote clarity and understanding of NDCs, including on the nature of the support needed to capture these social benefits.

the information necessary for "clarity, transparency and understanding" of their NDCs.[35] Rather than specifying what this means in the Agreement, the Paris COP decision proposed an indicative list of information that could facilitate clarity, transparency and understanding,[36] and provided that the final guidance would be elaborated in the rulebook.[37]

Parties have not proposed to include in their NDC communications the extent to which their actions will provide net social benefits, or, conversely, entail incremental costs.[38] Such bottom-up reporting could help other countries identify socially beneficial opportunities that make sense in their own national contexts, and help them better understand how to capture them. It would also promote clarity and understanding by affording a clearer picture of national circumstances. And it would provide a firmer basis for comparison between the actions of similarly situated countries, and between actions countries are taking in similarly structured economic sectors.

Voluntary reporting on the estimated net social benefits of mitigation is consistent with the principles that apply to NDCs and would be only a slight refinement of current practice. The Paris Agreement already makes clear that Parties can include mitigation actions in their NDCs that are undertaken for other reasons and that entail no incremental costs.[39] The Paris COP decision also invites each Party to explain how it believes that its NDC is "fair and ambitious" in light of its national circumstances;[40] all Parties have done so, albeit with varying degrees of rigor.[41] A country that included a discussion of the net social cost of its NDC actions would merely be providing additional clarity and understanding about how it has determined that its contribution was fair and ambitious. In addition, some Parties have highlighted linkages between their climate action and their other sustainable development and poverty eradication priorities.[42] Again, quantifying the costs and benefits of those linkages would add rigor and promote clarity and understanding, including on the nature of the support needed to capture these social benefits.

Because such reporting would be voluntary, it would not impose an undue burden on any Party and would fully respect the special circumstances of least developed countries and small-island developing States.[43] And those Parties that did choose to report on the net social benefits of their activities would find it rather easy to do so. It is common regulatory practice in both developed and developing countries to assess project and policy options based on cost-benefit analyses that include externalized costs. Most Parties are likely to use such analyses in crafting their NDCs, and institutions like the World Bank, UNEP and UNDP can provide technical assistance to countries that may need it. Moreover, a wealth of benchmarking data on relative benefits and costs of technology and policy options are already published by respected research organizations such as the International Renewable Energy Agency (IRENA), IEA, and Bloomberg New Energy Finance (BNEF).

Transparency Framework

The Paris Agreement establishes an "enhanced transparency framework" to track the progress Parties are making towards achieving their nationally determined contributions, and to clarify good practices, priorities, needs and gaps.[44] The information generated by the transparency framework will also inform the global stocktakes' five-year assessments of progress towards meeting the goals of the Agreement.[45] The rulebook will set out the "modalities, procedures and guidelines" of this transparency framework, which will build upon, and eventually supersede, the existing measurement, reporting and verification system established in 2010.[46]

By requiring Parties to report on their progress in achieving their NDCs, the enhanced transparency framework is intended to ensure that Parties are accountable for fulfilling their commitments. More than that, the transparency framework could be a critical tool for countries to learn from each other's experiences in NDC implementation. Parties that estimate the net social benefits of their mitigation actions in their NDCs could report on whether the actions they expected to be negative cost actually turned out to be so, and conversely, whether the actions they expected to have incremental costs actually returned greater benefits than expected. And they could illuminate why costs diverged from expectations.

Such reporting would allow other Parties to learn from these experiences so that they could better capture the socially beneficial opportunities available to them. Moreover, this reporting would provide a set of case studies that could feed into the global stocktake to help assess critical implementation questions such as the evolving state of implementation costs, the key barriers that Parties are grappling with as they balance climate action with other national priorities, and how they have been successful in overcoming those barriers.

Global Stocktake

The "global stocktake" was envisioned as one of the critical drivers of ambition in the Paris Agreement. Beginning in 2023, the Parties will take stock of the implementation of the Agreement every five years to assess the collective progress towards achieving its purpose and long-term goals. Parties are expected to consider the outcomes of the stocktake when they update and enhance their NDCs.[48]

Since the global stocktake is designed to serve the same basic function as the Talanoa Dialogue, the case for highlighting socially beneficial opportunities is essentially the same. It would provide an opportunity for Parties to collectively assess how technological, financial, and policy innovations have driven down the costs of solutions and expanded socially beneficial opportunities since they adopted their last NDCs. This would better enable each country to evaluate which mitigation options may offer the highest social returns, and to update and enhance their NDCs accordingly.

Unlike the Talanoa Dialogue, though, the stocktakes will also be informed by the years of experience Parties will already have implementing their NDCs. Those experiences, as reported through the transparency framework, would help Parties understand the real-world complexities of their mitigation options: which options have tended to over-deliver in terms of meeting social needs, and which have under-delivered; which encountered unexpected impediments; and how those impediments were overcome. This kind of iterative learning would be invaluable in helping Parties devise NDCs that are well-calibrated to their national circumstances.

Conclusion

Because the Paris Agreement gives Parties broad discretion to set their own climate action goals, it relies heavily on national self-interest to generate ambition. But progress under the Paris Agreement has been hindered by the fallacious assumption that mitigation actions are inevitably costly to the countries that pursue them. This casts climate change as a collective action problem, and puts climate progress in conflict with other critical economic, development and public welfare priorities. It also empowers those who stand to benefit from delay and inaction. The reality, though, is quite different. Far from acting as a brake on growth, development, and social welfare, climate actions can accelerate them. And actions that provide these net social benefits should be particularly attractive to countries, since they are in their self-interest. The global climate benefits, in essence, are beside the point.

Although socially beneficial climate actions are plentiful in all countries and indispensable to the Paris Agreement's success, neither the Talanoa Dialogue nor the rulebook negotiations have identified them as a priority, or made any effort to encourage Parties to capture them. Both the Talanoa Dialogue and the rulebook could catalyze much needed ambition by focusing attention on these socially beneficial opportunities and creating an expectation that Parties will do what they can to seize them. After all, if Parties cannot begin to close the shortfall in ambition through self-interested actions, it is hard to see how they can do so at all.

References

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