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POLICY BRIEF

Laying the groundwork for the development of Long-term Strategies in ASEAN

Strengthening Science/ Policy Interface in Climate Change related Decision-Making Process
August 2021

Enhanced Regional EU-ASEAN Dialogue Instrument (E-READI)

Rationale for LTS development in ASEAN

In accordance with Article 4, paragraph 19, of the Paris Agreement, all Parties should strive to formulate and communicate long-term low greenhouse gas emission development strategies (LTS), mindful of Article 2 taking into account their Common But Differentiated Responsibilities and Respective Capabilities, in the light of different national circumstances. At the same time, the development of LTS in ASEAN is crucial not only for the reason of compliance with the Paris Agreement. While the world moves towards climate neutrality, the demand for certain resources is likely to decrease, the exports of companies can be affected due to new production standards, and international financial opportunities may be lost. **To ensure that economic growth and prosperity are preserved for decades ahead**, ASEAN countries need to formulate and implement ambitious LTS that will help to avoid the lock-in in emissions-intensive energy sources and remain on a sustainable development path. Another major argument for the development of LTS in AMS is **the need for long-term adaptation planning that would help the region establish robust regional and national responses to adverse climate change impacts**.

The development of LTS at the national level can benefit substantially from the dialogue on coordination and harmonisation of LTS approaches at the regional level. On the one hand, regional organisations can play a key role in facilitating LTS-related technical cooperation (e.g. expert exchange on LTS modelling and scenario development) and provide a regional platform for the exchange of good practice and finding common ways of dealing with challenges. On the other hand, regional organisations can also foster the bottom-up emergence of a common regional approach to long-term low-carbon transformation.

ASEAN has a long history of promoting climate change cooperation among AMS. Since 2007, ASEAN has been reaffirming its commitment to climate action through the ASEAN Joint Statements on climate change. The ASEAN Working Group on Climate Change (AWGCC) has been functioning since 2009. In order to realise the relevant strategic measures in the ASEAN Socio-Cultural Community (ASCC) Blueprint 2025, AWGCC is guided by the AWGCC Action Plan that comprises priority actions until 2025. In 2015, ASEAN Senior Officials on Environment (ASOEN) agreed to develop an ASEAN Strategic Plan on Environment (ASPEN), with climate change being one of the priorities. Moreover, ASEAN Chairs annually undertake efforts to prioritise climate action in the regional collaboration.

In order to identify how ASEAN and its Member States can best move forward in the LTS formulation process, E-READI conducted a Scoping Study, which accumulated global practice and identified lessons learnt from already developed LTS; observed where AMS currently stand in the LTS development process, including their challenges and opportunities; and proposed recommendations for advancing and harmonising LTS in the ASEAN region.

Main findings of the Scoping Study

At the current stage, AMS have already established many elements that are key for LTS development. At the same time, the analysis illustrated that there are areas where support in the form of regional or international collaboration could provide valuable guidance for AMS in order to catalyse LTS formulation.

EXISTING CAPACITIES FOR LTS FORMULATION IN ASEAN

Seven AMS have issued **high-level policies and strategies** that will help them formulate LTS. At the same time, the vast majority of such policies is short to mid-term (until 2030). Almost two-thirds of AMS have either set long-term **GHG reduction targets** or are in the process to do so; however, some AMS mention technical constraints (e.g. the difficulty of determining the peaking year). All AMS have **determined sectoral priorities** for inclusion in the LTS: Electricity and heat production are the highest priority of the majority of AMS, followed by forestry and other land use, and transportation. More than a half of AMS have existing in-country **analytical capacities** for conducting research and long-term scenario modelling. Some AMS are already conducting modelling exercises for their LTS.

More than two thirds of AMS have adopted mitigation and adaptation **policies and measures** that will be relevant for LTS development (identified mostly during NDC preparation and reporting under UNFCCC). Along with Singapore that already has a carbon tax in place, seven other AMS have plans or interest in domestic

carbon **market mechanisms**. Five AMS have interest in international market-based mechanisms. Seven AMS stressed the importance of **climate finance** for LTS implementation. The need to translate planned climate policy measures and the LTS as a whole into a viable business proposal was particularly emphasized. AMS are at various stages of the **LTS development process**. So far, Singapore and Indonesia are the only AMS that formally submitted their LTS to the UNFCCC but also all other AMS have already initiated LTS development. Some AMS expressed interest in learning how the LTS process is organised in other AMS. The vast majority of AMS mentioned already existing **institutional and coordination arrangements** that will be used for LTS development. All AMS have put in place processes to **involve stakeholders** in climate policy development.

AREAS WHERE SUPPORT FOR LTS FORMULATION IS DESIRED

- Development of long-term vision for particular sectors and long-term low-carbon development vision for AMS and ASEAN as a whole (currently stronger focus on short-term policy making);
- Limited familiarity with modelling tools and insufficient technical capacities of involved institutions to conduct LTS modelling and develop scenarios:
 - » Limited knowledge and technical capacities to conduct:
 - » Sectoral feasibility assessments of mitigation policies to inform LTS target setting;
 - » Economic impact assessments to analyse implications of planned policies and targets;
 - » Technology needs assessments to determine technologies for inclusion in LTS;
 - » Sectoral vulnerability assessments to inform adaptation components of LTS;
- Limited availability and accuracy of sectoral and economic data necessary for long-term modelling; limited knowledge of which data is needed; the need to improve local, sectoral and facility-level MRV procedures and their application on the ground;
- Financial constraints to implement climate policies and measures on the ground;
- Lack of credible methodologies to monitor, assess and report on the outcomes of climate policies and actions (will be relevant for effective LTS implementation).

Recommendations

1. INITIATE POLITICAL EXCHANGE ON REGIONAL LONG-TERM LOW-GHG EMISSION DEVELOPMENT FRAMEWORK

To catalyse LTS development in AMS, some extent of alignment on **long-term pathways and milestones for particular sectors is needed**: What kind of sectoral transformation is necessary until 2050? What benefits will long-term low-GHG emission development bring to ASEAN? The focus should lie on developing a **joint regional framework for low-GHG emission development**: ASEAN as a regional organisation can establish an ongoing and enabling exchange on levers for implementing long-term low-GHG emission development. The framework will help to jointly identify progress on selected elements of LTS to draw the “big picture” for the region as a whole and selected sectoral low-GHG emission pathways in ASEAN until 2050. To this end, **regional as well as individual consultations with AMS on how to organise such a framework** could be initiated with AMS to share priorities for such an exchange and the potential contributions by AMS. This may result in a structure where AMS are rotating in hosting exchange events together with ASEAN.

2. ORGANISE SPECIFIC TECHNICAL SESSIONS IN SELECTED AREAS & SECTORS RELATED TO LTS

The exchange could take place both within ASEAN and with its international partners such as the EU. The major sectoral focus could lie on the energy and the AFOLU sectors as key LTS priorities.

- **First technical session “LTS modelling, feasibility & impacts assessment”**: ASEAN can organise a technical session for experts working on LTS focusing on three aspects: Sharing experience in (1) the application of various LTS modelling tools and scenario development; (2) conducting sectoral feasibility assessments to assess sectoral mitigation potential for setting feasible LTS goals; (3) conducting economic impact assessments to analyse the implications of mitigation targets for the economy and better set LTS targets.

- **Second technical session “Data basis for LTS development”** could focus on: (1) sharing experience with data collection and management in a particular sector; (2) organising regional trainings for data providers; (3) exchange on regional MRV guidelines and/ or standards; (4) sharing experience with overcoming existing data gaps in LTS modelling.
- **Third technical session “LTS development process & review progress system”** could focus on: (1) learning how the LTS process is organised in other AMS to strengthen own capacities; (2) ways to secure acceptance of the LTS by all sectors and segments of society; (3) experience with tracking progress of climate policies (for example, identification of performance indicators).
- **Moreover, the study recommends developing a guiding manual for LTS formulation and implementation review progress system based on the main LTS building blocks identified in the study. What is more, especially for the technical sessions on modelling and data collection, regional capacity building trainings for the staff of research institutions and data providers respectively are recommended.**

3. ESTABLISH ASEAN REGIONAL EXCHANGES IN KEY AREAS FOR LTS DEVELOPMENT

- **Cooperation on emerging low-carbon technologies:** Regional cooperation on R&D and deployment of needle-moving low-carbon technological solutions, for example, related to Carbon Capture, Utilisation and Storage (CCUS), low-carbon hydrogen, energy storage systems and energy efficiency can help AMS decarbonise their industry sectors. Such exchange could focus on: (1) information regarding the availability of and experience with particular technologies; conducting technology needs assessments; (2) co-developing or jointly developing specific technologies that are identified as key triggers for transformation; (3) for countries where geological formations to store carbon are restricted, finding partners with carbon storage opportunities within the region for dialogue on cooperation approaches. There is scope for AMS to work closely with international partners to build capacity and cooperate on harnessing these emerging low-carbon technologies.
- **Market mechanisms:** A regional network for carbon pricing could be established with an aim to share experiences with carbon pricing instruments (for those AMS willing to search for the most suitable instrument and start its development). For those AMS who are willing to go one level deeper in the cooperation, regional discussions could be initiated on the possibilities of regional/ bilateral market mechanisms. Due to the lack of cost-effective carbon removal technology in the short-run, some AMS may face restricted opportunities for in-country mitigation and removals, and would be interested in finding partners within ASEAN for discussing potential joint market-based approaches.
- **Adaptation in the context of LTS:** Ongoing ASEAN cooperation on adaptation can be complemented with the following forms of cooperation: (1) regional technical workshops and trainings of experts to enhance technical capacities of AMS to conduct long-term vulnerability assessments; (2) exchange on assessing and strengthening resilience of critical ecosystems and infrastructure; (3) developing sectoral impact models for climate-sensitive sectors; (4) exchange on disaster risk reduction approaches (including the improvement of disaster risk assessment, and financing and insurance solutions under the Southeast Asia Disaster Risk Insurance Facility).
- **Climate finance in the context of LTS:** Climate finance is a crucial instrument for LTS implementation. Ongoing regional cooperation on climate finance could be complemented with the following aspects: (1) development of regional climate projects to better attract international finance; (2) bringing together Central Banking Institutions and Finance Ministers of AMS to have discussions on LTS across ASEAN to formulate LTS as viable business proposals.

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