



Observatoire
de la Politique
Climatique

**Annual
report
2023**

12/10/2023

1

The Climate Policy Observatory

The role of the OPC



Legal basis

- Set up in the framework of Luxembourgish climate law
- Members nominated by the Government in Council

Missions

- Advising on projects, actions or measures that may have an impact on climate policy
- Scientifically evaluating the measures carried out or envisaged in the field of climate policy
- Analysing their effectiveness, as well as proposing new measures

Tasks

- Writing an annual report for the Government on the implementation of climate policy
- Proposing research and studies in all fields related to climate

Members of the OPC



Andrew FERRONE
President



Mirjam KOSCH
Vice-president



Enrico BENETTO



Sabine DÖRRY



Claire DUPONT



Ariane KÖNIG

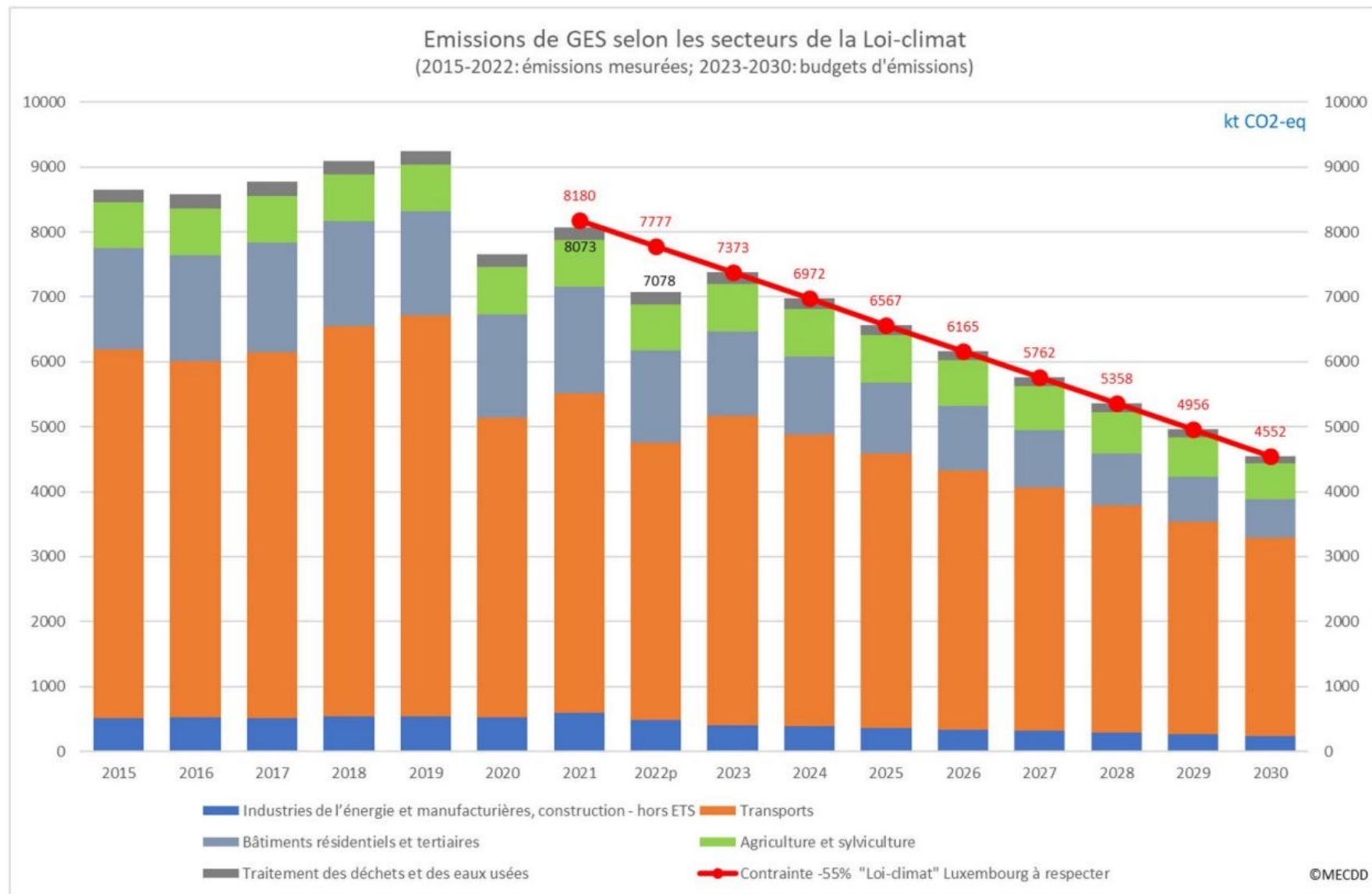


Jean-Pascal VAN YPERSELE

2

The time to act is now:
Message to the new Government
for the 2023-28 legislature

Emissions in Luxembourg



Context



- Since the OPC published its 2022 annual report, the Government of Luxembourg has made important advances in climate change mitigation.
- In July 2023, the Government council transmitted the draft update of the Integrated National Energy and Climate Plan (PNEC) to the European Commission.
- Whilst the OPC welcomed many of the 201 presented policy measures, it highlighted room for improvement regarding the scope, ambition, coherence, and feasibility of implementation.

The time to act is now

OPC proposes 31 science-based actions under two topics:

Governance and policy action for climate resilient development

- Without transformative climate action, Luxembourg will fall short of
 - the national targets set forth in the 2020 climate law,
 - the EU goals for 2030 and 2050.
- Empirically supported local and place-based climate action should be enabled.
- The government is invited to make fundamental changes to governance frameworks and policy.

Finance for climate resilience

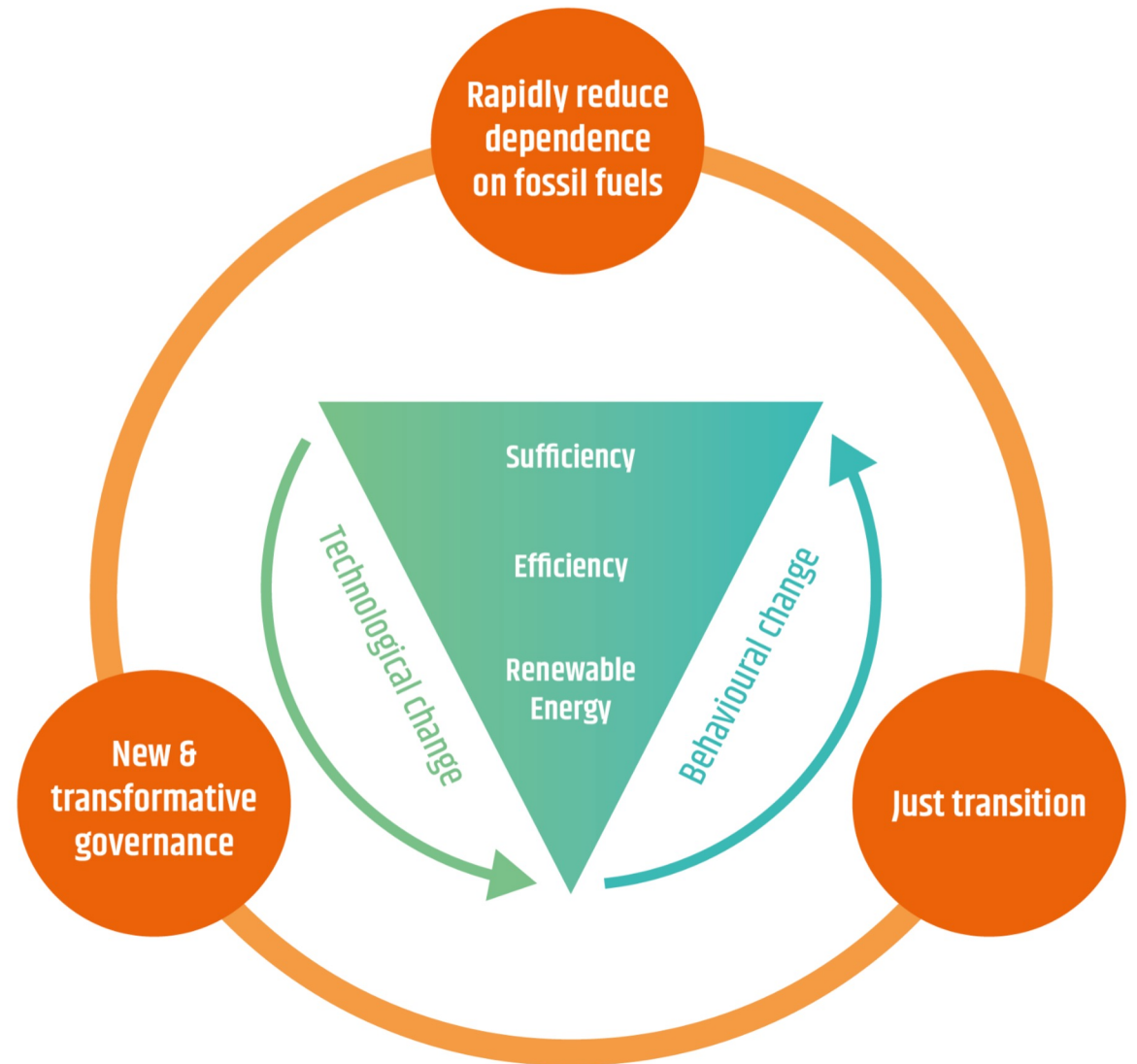
- A re-orientation of the finance sector is necessary for
 - the health of the Luxembourg economy,
 - the health of the planet.
- A strong, credible Luxembourg sustainable finance sector can influence global finance and global decarbonisation.

The main principles

OPC stands by its principles from the 2022 annual report:

- rapidly reduce the dependence on fossil fuels,
- implement a just transition towards climate-resilient development,
- bring about a new and transformative governance that makes ambitious climate action possible.

transformation towards
a sustainable and low-carbon society



3

Recommendations

Governance and Policy Actions

Governance and Policy Actions



Goal 1 Better structures and procedures for linking policy development and implementation across different policy areas, administrative levels and stakeholder groups

Towards greater policy coherence

- 1 Establish the function of a 'Climate Envoy' attached directly to the Prime Minister in the State Ministry.

Towards better connections across governance levels

- 2 Reinstate the Klimabiergerrot with a new remit.
- 3 Orient the 'Klimapakt' and 'Naturpakt' towards implementation.

Governance and Policy Actions

Goal 1 Better structures and procedures for linking policy development and implementation across different policy areas, administrative levels and stakeholder groups

Procedural improvements of existing structures to enhance transparency and predictability

- 4 Simplify and make processes more transparent for the Climate and Energy Fund and create a dedicated funding category for creative/seed projects.
- 5 Create an administration for climate- and meteorology-related data and information.

Policy support for collaborative structures and action:

- 6 Put in place legal frameworks and subsidy schemes for targeted investments in collectively-used infrastructures and technologies rather than mainly subsidising individual households.
- 7 Support the creation of cooperative ventures and enterprises aimed at social impacts for greater diversity of economic actors in particular in the food, energy, and water sectors.

Governance and Policy Actions



Goal 1 Better structures and procedures for linking policy development and implementation across different policy areas, administrative levels and stakeholder groups

Capacity building through an expanded offer of training for civil servants and lifelong learning opportunities for other stakeholders:

- 8 Provide training on the basics of climate science, climate action and future-oriented systems thinking for Government officials as part of the 'tronc commun' training track.
- 9 Organise regular capacity building workshops for and with stakeholders.
- 10 Integrate climate science, carbon footprint, and decarbonisation pathways into the school curriculum, including the necessary training for teachers.

Governance and Policy Actions



Goal 2 Design policies for regenerative, transformative and future-oriented actions for climate resilience

Adopt routine procedures to eliminate non-sustainable, and to promote future-fit approaches:

- 11** Expand the sustainability check of new laws ('Nohaltegkeetscheck') to all policies (not just laws), including those relating to climate change mitigation and adaptation, to enable a systemic sustainability and feasibility assessment of measures.

Design policies for place-based experimentation with integrated approaches:

- 12** Identify and make suitable land accessible for local actors to implement climate actions, including for the regeneration of ecosystems.
- 13** Enable experimentation, in particular to promote carbon sequestration and ecosystem health.

Governance and Policy Actions



Goal 2 Design policies for regenerative, transformative and future-oriented actions for climate resilience

Empower and engage diverse actors for effecting long-term changes and learning on the ground:

- 14** Create and encourage new award programmes for climate resilient development in the private sector and for residents.
- 15** In addition to the Climate and Energy Fund, develop other more diversified sources of income and resources for engagement in long-term adaptation and mitigation.
- 16** Institute means to enable public service by private individuals, including for climate action.

Governance and Policy Actions



Goal 3 Improve the evidence base for policy through well-connected monitoring and action-oriented learning

Monitoring and learning for more effective climate action:

- 17 Create and support expansion of existing collaborative internet platforms for sharing initiatives and results of accompanying research. This will rely on participatory research approaches that make a combination of expert driven research, official monitoring and citizen science for impact assessments and long-term monitoring of climate actions publicly accessible.
- 18 Improve indicators to measure and monitor lifecycle GHG emissions across all sectors, biodiversity impacts, ecosystem services and associated payment for ecosystem services schemes, and wellbeing.
- 19 Establish an Institute for Climate Resilient Development in Luxembourg to
 - develop capacity building programs
 - co-design and host internet platforms and networks for climate action and
 - coordinate participatory monitoring and transdisciplinary action research.

Finance for Climate Resilience

Finance for Climate Resilience

Goal 1 Implement a strategy for the entire financial centre

- 20 Develop and implement an update to the sustainable finance strategy that addresses all parts of the financial centre, prevents greenwashing, and greatly speeds up the transition to net zero.
- 21 Introduce the sustainability strategy for Luxembourg's entire financial centre, including disclosure of domestic and foreign, direct and indirect carbon footprints.

Finance for Climate Resilience

Goal 2 Foster capacity building and dialogue

- 22 Develop capacity and capability building in the financial sector on climate and environmental challenges their interconnected scientific, technical and socio-economic dimensions, and their relation to alternative financing approaches (going beyond ESG).
- 23 Launch a comprehensive campaign to foster dialogue across different sectors and stakeholder groups in Luxembourg to agree on a common understanding of sustainability and to prevent piecemeal or silo-thinking.

Finance for Climate Resilience



Goal 3 Develop climate-change related risk standards

- 24 Promote sustainable banking through highest-quality risk-standard formulation and enforcement for all banks.
- 25 Continue following the sustainable banking pathway and encourage all stakeholders to buy-in.
- 26 Set up a science-based, open access spatial data and analysis infrastructure to support all Luxembourg-based financial institutions to monitor climate-related risks.

Finance for Climate Resilience

Goal 4 Make 'finance made in Luxembourg' a brand for true sustainable finance and banking

- 27 Further support the innovative structuring of blended climate-finance abroad and at home.
- 28 Monitor investments of Luxembourg's pension fund (FDC) in corporations' projects and activities for accountability.
- 29 Create transparent and credible ways to achieve accountability.
- 30 Invest in Luxembourg's and the world's just transition and apply the same sustainability principles.
- 31 Align lobbying and advocacy towards achieving net-zero.

4

Conclusion

Conclusion

- Climate emergency is upon us.
- Decisive action is needed from the new government for the 2023-28 legislative period:
 - Transformative governance.
 - Finance for climate resilience.
- Cutting emissions, regenerating ecosystems and pursuing sustainability are necessary for well-being.

The time to act is now!



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Thank you

Report can be downloaded here

