AUSTRALIAN CONSERVATION FOUNDATION

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The Climate Institute

Australian Council for International Development
50 YEARS UNITED AGAINST POVERTY

Paris COP21: Joint Policy Brief

Summary

A strong Paris agreement that puts the world on a pathway to preventing catastrophic climate change is in Australia’s national interest and fundamental to protecting communities around the world.

It is crucial that Paris COP21, and in particular the new agreement, put the world on a pathway to accelerate the transition to a zero carbon economy and keep warming well below the 2°C threshold. Along with the most vulnerable nations, we note that 1.5°C is a preferable and safer goal.

The principles outlined below primarily focus on the details of the Paris outcomes and spring from the considerable common ground between the existing policy approaches of each organisation that has signed on to this brief. They have been revised and clarified to ensure that they cover areas of essential need and joint agreement. Each organisation maintains their own existing policy priorities, with which they have judged these principles to be compatible.

The three key focus areas of this brief are:

1. Review cycles: Australia should support a mechanism being embedded in the agreement to routinely review and increase the targets that countries put forward in light of new advancements. Common five yearly review cycles should be embedded into the Paris agreement. The first global stocktake should begin in 2017/18. Following the global stocktake, countries should be required to review their future targets in light of current science, global policy advances, and technological development. These review cycles should be underpinned by the clear articulation of a strong long-term emissions goal.

2. Public finance, with an emphasis on adaptation: Finance is a crucial element of success in Paris. Without predictable and scaled-up support for low-carbon development and building resilience to climate impacts for developing countries, in particular for Least Developed Countries (LDCs) and other highly vulnerable states, the agreement will not be durable, fair and equitable. At least fifty per cent of all public finance needs to be for adaptation. Australia must demonstrate its commitment to contribute a fair share to the agreed US $100billion in climate finance by 2020.

The government must provide a clear roadmap for how this will be achieved as part of a growing aid budget.

3. Loss and Damage: The issue of loss and damage should be strongly and fairly captured as a separate article in the Paris agreement in recognition of the fact that irreversible loss and damage due to climate change will increase where adaptation and mitigation cannot curb the most severe impacts of climate change. Australia should support this outcome.

Additionally, Australia can continue to play a constructive role by contributing policy proposals, expertise and resources to developing strong institutional transparency arrangements for contributions across all areas—mitigation, adaptation and finance.

Mitigation

Pre-2020

- Australia should ratify the second commitment period of the Kyoto Protocol as a demonstration of commitment to taking action on climate change.
- Australia should move to the higher end of its pre-2020 target. It is easy to make the argument that the conditions needed for this target have at least in part been met[1]. Additionally, a higher pre-2020 goal puts Australia on a pathway to make the post-2020 target easier to reach, more affordable, and helps position us to make the necessary deeper cuts in the post-2020 period.

Post-2020

Increase post-2020 ambition

- Australia's current 2030 target does not represent a fair contribution to keeping warming below 1.5°C, or even 2°C, and it will leave us with some of the highest per capita emissions and most emissions intensive developed economy in 2030.
- Australia's targets should be increased to 45-65 percent below 2005 levels by 2025, and 65-85 percent below 2005 levels by 2030.

5 year commitment periods

- Five year commitment periods should be the basis of the post-Paris climate framework as these prevent long-term lock-in of low ambition.

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[1] See Climate Change Authority, Reducing Australia's Greenhouse Gas Emissions—Targets and Progress Review, February 2014.

- Targets would remain nationally determined, but they must demonstrate a progression of effort and form.[2] This will create flexibility in the mechanism while at the same time ensuring countries don't backslide on action.

- Commitment periods would continue every five years until warming is safely stabilised below 1.5°C, this will add durability to the agreement.

Cycles for review and progression

- It is crucial that the new agreement put the world on a pathway to accelerate the transition to a zero carbon economy and keep warming below 1.5°C. To ensure this Australia should support a mechanism being embedded in the agreement to routinely review and increase the targets that countries put forward in light of new advancements.

- Most countries have submitted indicative 2030 targets as part of their commitments to a post-2020 Paris Agreement. Early analysis suggests the indicative commitments will not be enough to limit global warming to below 1.5°C, or even 2°C. Yet a lot can happen in 15 years which would warrant countries increasing their emissions reduction targets including: significant improvements in the quality and cost of low and zero carbon technology, greater action by other countries, and new science compelling faster and greater action.

    - To account for this, *common review cycles should be embedded into the Paris agreement*. This 'global stocktake' should create a regular process for Parties, supported by civil society and experts, to review intended emissions reduction efforts against the global carbon budget and 1.5°C goal. This global stock-taking must help build transparency, accountability and trust between countries.

    - *Following the global stocktake countries should be required to review their targets in light of current science, global policy advances, and technological development.* If, in light of this new information, countries opt not to increase their target they will be required to justify how their unchanged contributions remain a fair and ambitious contribution to the 1.5°C goal.

    - Review cycles should take place every five years, and occur two years in advance of prescribed target periods. Therefore the first global stocktake should begin in 2017/18. While this first update will not be included in the core legal agreement in Paris (because the agreement applies after 2020) the first update should be explicitly included in the decisions supporting the Paris agreement.

[2] In other words, more emissions reductions are taking place and they are taking place more quickly than in the previous period.

Long-term goal

It is crucial that the new agreement put the world on a pathway to accelerate the transition to a zero carbon economy and keep warming below 1.5°C. To do this, Australia should support a long-term goal being clearly articulated in the agreement including with appropriate 2050 goals, in line with keeping warming below 1.5°C in the longer term, and based on scientific recommendations from the IPCC. This will send a powerful signal to governments and industry around the world that the transition to a zero carbon global economy is inevitable and gaining momentum.

Adaptation

Key principles:

- Finance is critical for adaptation but so is capacity building, technology and experience sharing, building community networks and local resilience, as well as larger infrastructure projects like sea defences. Finance is needed to implement projects that achieve these outcomes, but finance is not the be all and end all of adaptation, it is one important means of implementation.
- Adaptation is not just a developing country issue. All countries need to be preparing and implementing adaptation actions. This includes policy and regulatory measures, which send appropriate long-term planning and investment signals to all levels of government, industry and communities.
- Australia and other developed nations also need to be providing adequate support to developing countries for adaptation actions.
- Adaptation should have political parity with mitigation and adaptation outcomes should be firmly anchored in the new agreement.

Post-2020

In Paris, Australia should support the development of a global adaptation goal or vision to ensure political parity with mitigation and anchor adaptation as a key outcome from the post-2020 framework. The adaptation goal needs to flow to on-the-ground outcomes that build resilience to climate change impacts and protect vulnerable people and ecosystems.

- *Technology transfer, capacity building and other arrangements needed for adaptation readiness need to be anchored in this goal.* Additionally, the goal should be backed by strong institutional arrangements including a *common, streamlined reporting process for adaptation needs and contributions.*
- *Adaptation finance should be sufficient to meet the needs of those countries that are most vulnerable to climate change* yet have the least responsibility for causing the problem and the least capability to deal with the challenges. Yet there is already a major adaptation funding gap for the pre-2020 period. This gap will grow in the post-2020 period unless new and additional

finance specifically for adaptation is made available. More information on finance is available below.

Loss and Damage

The issue of loss and damage should be strongly and fairly captured in the Paris agreement in recognition of the fact that irreversible loss and damage due to climate change will increase where adaptation and mitigation cannot curb the most severe impacts of climate change.

- Even with strong mitigation and adaptation support there will be residual losses and damages, in particular in developing countries, as a result of emissions that are already in the atmosphere. Therefore, loss and damage should be recognized in the Paris agreement as a common responsibility of the community of states, and the Warsaw International Mechanism should be firmly anchored in the agreement with a view to further strengthening.

Finance

Key principles:

- Finance is a crucial element of success in Paris. Without predictable and scaled-up support for low-carbon development and building resilience to climate impacts for developing countries, in particular for Least Developed Countries (LDCs) and other highly vulnerable states, the agreement will not be fair and equitable, and it will not get universal sign-on.
- At least 50 per cent of all public finance needs to be for adaptation.
- Adaptation remains highly dependent on public finance.[3] At a minimum, public finance should constitute the majority of the $100bn commitment, requiring both a significant increase in public finance and agreement on reasonable criteria for counting private finance leveraged by public investment.[4]
- Scaled-up climate finance contributions must be part of a growing aid budget, and not detract from existing aid commitments.

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[3] Adaptation and the $100bn commitment: Why private finance cannot replace public finance in meeting critical climate adaptation needs
https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/ib-adaptation-public-finance-climate-adaptation-181113-en_0_0.pdf

[4] The Roadmap to $100bn/year by 2020: A Foundation for Success in Paris
https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/the_roadmap_to_100bn_per_year_by_2020_-_a_foundation_for_success_in_paris.pdf

Pre-2020

- Developed countries must deliver on their commitment to mobilise $100billion in climate finance by 2020 and provide a clear roadmap for how that will be achieved. Importantly, the roadmap must be more than an accounting exercise: It must identify means to substantially increase flows of public finance, address the imbalance between resources for adaptation and mitigation, and take a conservative approach to measuring leveraged private finance flows.

Post-2020

- Wealthy countries must commit in the new agreement to a new collective commitment for the amount of finance to be mobilised post-2020. It has to build on the $100billion goal and accord with the level of financing needed to achieve the 1.5°C goal.

- Adequate long-term finance for adaptation must be assured by way of a *global adaptation goal or vision*, as outlined above.

Australia can play a constructive role by:

- Helping to strengthen the Monitoring, Reporting and Verification (MRV) around finance contributions, and particularly the MRV rules around leveraged private finance, loans, and the proportion of investments that should be counted in cases where an activity is only partially related to climate change.

- Critically, Australia must make new finance commitments of its own, in line with the shared US$100bn goal. This means scaling-up its overall contribution of public finance to at least US$1.2 billion (AU$1.6 billion) per year by 2020, including contributions from the national budget, and revenue from innovative sources of public finance. Based on a reasonable trajectory from current contributions, Australia should commit to providing at least US$400 million (AU$550 million) in public finance in 2016/17. This can be contributed to the Green Climate Fund, and also through other multilateral or bilateral arrangements. Adaptation and LDCs should be made a priority in these contributions.

- Australia should support the development of innovative sources of finance such as levies on international transport emissions (bunker fuels). The government can also develop its own innovative financing sources to leverage private sector investments (e.g. a CEFC-like institution to support developing country investment while creating a return for the government is a model that could be explored. Another option would be to redirect fossil fuel subsides for this purpose.)