Climate Action Network

CAN Briefing:
G20: Key Demands

July 2016

Climate Action Network International (CAN) is the world's largest network of civil society organizations working together to promote government action to address the climate crisis, with more than 1100 members in over 120 countries. www.climatenetwork.org

In December 2015, the G20, as part of the 196 Parties to the UNFCCC, committed to a historic global agreement to address climate change and pursue efforts to limit the global temperature increase to 1.5°C above preindustrial levels, so as to mitigate the harmful effects on the world's people, biodiversity and the global environment.

According to the IPCC, the global carbon budget consistent with a 66% chance of limiting the temperature rise to 1.5ºC will be used up by 2021 if we carry on under current projections.[1] For any fair likelihood of meeting the Paris temperature targets, our collective mitigation efforts need to be multiplied as soon as possible. Otherwise, our countries and economies will face severe impacts of unstoppable climate change, including social, environmental and economic instability. In recent years, we have seen the G20 countries take more serious notice of the role that climate change plays on its overall objectives, in particular its objective to promote financial stability. G20 leadership on climate change is extremely important since the greenhouse gas emissions of the G20 member countries account for approximately 81% of total global emissions.[2] It is therefore imperative that the G20 countries start collaborating immediately on the implementation of the Paris Agreement, using their influence, to develop a consensus-building approach and focus on financial stability to drive stronger action on climate change.

Climate Action Network has eight key demands for the G20:

- Ratify the Paris Agreement as soon as possible;
- Develop and communicate interim National Long-term Strategies for Sustainable Development and Decarbonization by 2018;
- Achieve an ambitious outcome on HFC phase-down this year;
- Introduce mandatory climate-risk disclosure for investments;

[1] Carbon Brief (2016) 'Analysis: Only five years left before 1.5C carbon budget is blown'
[2] UNFCCC (2016) FCCC/CP/2015/10, p.30

- Remove fossil-fuel subsidies;
- Accelerate renewable energy initiatives towards 100% RE;
- Ensure that new infrastructure is pro-poor and climate compatible;
- Support effective ambition for international aviation and shipping.

1. Ratify the Paris Agreement as soon as possible

Ratification of the Paris Agreement is the first important step that our economies need to take towards long-term decarbonization.

At the High-level Signature Ceremony for the Paris Agreement at the UN in New York, 22 April 2016, China stated its intention to ratify the Paris Agreement before the G20 Leaders' Summit in September 2016, and asked other G20 countries also commit to achieving early entry into force of the Paris Agreement. It is encouraging to see that countries in various high level bilateral meetings and in statements have indicated their willingness to deposit their instrument of ratification prior to the G20 summit.

CAN demands that all countries ratify the Paris Agreement as soon as possible with the intention of enabling an early entry into force so that countries can revise and begin implementing their NDCs as soon as possible. With this in mind, all G20 countries should ratify the Paris Agreement by the end of 2016, or at the very least provide their timeline for ratification with a view to early entry into force.

2. Develop and communicate National Long-term Strategies for Sustainable Development and Decarbonization by 2018

After the momentous political agreements of 2015, countries must now develop national strategies to achieve the Sustainable Development Goals (SDGs) and operationalise the Paris Agreement. This should include developing National Long Term Strategies for Sustainable Development and Decarbonization by 2018.[3]

Ambitious long-term strategies that are in line with limiting the temperature increase to 1.5ºC are crucial for avoiding lock-in of high carbon infrastructure which pose severe financial and environmental risks to the global economy and can help supporting the creation of clean and decent jobs.[4] Developing such a long-term domestic framework will enable countries to better understand how their emissions trajectories interact with their national development planning and to improve coherence between mitigation efforts and national development goals. Coherent development planning within the framework of long-term strategies can result in substantial co-benefits such as improved public health through reduced air pollution, and greater energy security and access through implementation of decentralised renewable energy. A long-term strategy will also contribute to identifying the challenges for the transformation

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[3] G20 countries agreed to promote "low-carbon development strategies" at the Cannes (2011) and Los Cabos (2012) Leaders' Summits.

[4] In 2013, at the St Petersburg Summit, G20 Leaders stated: "sizable investment, including from private sources, will be needed in the G20 and other economies in energy infrastructure in the years ahead to support global growth and development. It is our common interest to assess existing obstacles and identify opportunities to facilitate more investment into more smart and low-carbon energy infrastructure, particularly in clean and sustainable electricity infrastructure where feasible."

ahead, open a space for democratic consultation on them, and secure a just transition for workers and communities which depend today on a fossil-based economy.

CAN demands that G20 countries - led by G7 countries - come forward with *interim* long-term strategies by 2018, in order to inform the facilitative dialogue at UNFCCC COP 24 that will assess the adequacy of existing pledges. The strategies should then be revised following the scientific evidence from the IPCC's Special Report on 1.5ºC, that will also be released in 2018, and the outcome of the 2018 facilitative dialogue.

The G20 should create a permanent platform for dialogue and exchange on long-term strategies in order to increase transparency, and encourage collaboration and knowledge sharing. Such a platform should serve to share good practice and approaches, assess progress, and identify synergies between development plans and climate and energy plans, enabling G20 countries to lead by example in the race to decarbonization. This platform could also help in sharing good practices in managing the transition for workers and communities.

3. Achieve an ambitious outcome on HFC phase-down this year

An agreement by governments to conclude an HFC phase down in the upcoming October Meeting of the Parties to the Montreal Protocol (MOP) would represent a major and critical step in achieving the 1.5ºC temperature goal agreed to in Paris. In 2013, G20 leaders stated their support of "complementary initiatives, through multilateral approaches that include using the expertise and the institutions of the Montreal Protocol to phase down the production and consumption of HFCs." **CAN urges G20 countries to now support an ambitious phase-down schedule to maximize climate benefits from the HFC amendment.**

In order to achieve highest ambition additional funding for developing country Parties must be forthcoming to ensure that the HFC phase-down maximizes net climate benefits through enabling parallel emissions reductions from energy efficiency.

4. Make Climate-related Risk Disclosure and 1.5ºC Stress Test Mandatory

Climate change is *the* financial risk of our time.[5] Physical risks such as natural disasters will result in increased costs, liability and loss of assets to private sector stakeholders. Moreover, the risk of 'stranded assets' and financial loss is rising due to mitigation across our economies. A delay in addressing these trends puts at risk nearly $14 trillion of assets under management, or up to 10% of the global total financial assets, at present value. Despite those risks, a serious lack of disclosure on the environmental performance of companies and investments remains. The work of the Task Force on Climate Related Financial Disclosure (TCFD) is an important step towards promoting voluntary climate risk disclosure in the financial system.

Given the urgency, CAN demands that disclosures be made mandatory in order to deliver the change we need in time to keep global warming at 1.5ºC. G20 countries can follow the path set by France, with its Energy Transition Law. Stronger regulation can help to identify and address risks, enabling public policy to drive private sector action. Companies with assets in different jurisdictions, such as utilities, should disclose information at the asset level rather than

[5] G20 Leaders acknowledged the need to address this risk in 2015, at the Belek Summit, stating: "We ask the FSB to continue to engage with public- and private- sector participants on how the financial sector can take account of climate change risks."

at the portfolio level. Stress-tests for investments to ensure compatibility with a 1.5ºC scenario, in particular, should be included for disclosure as carbon footprinting gives little to no actionable information on future exposure.

5. Set a timeline for equitable phase out of fossil fuel subsidies

Fossil fuel subsidies are estimated to cost G20 governments $444 billion per year, without considering externalities such as health costs resulting from air pollution.[6] This is a staggering waste of valuable resources and is a barrier to climate action through artificially lowering the price of carbon-intensive energy sources. In 2009, the G20 recognised that 'inefficient fossil fuel subsidies encourage wasteful consumption, reduce our energy security, impede investment in clean energy sources and undermine efforts to deal with the threat of climate change', pledging to phase out inefficient fossil fuel subsidies. In June 2016, over 200 organizations released a statement calling on G20 members to take action on subsidies.

CAN joins in this call for G20 members to ensure the 2016 Leaders' Summit:

- **Sets a clear timeline for the full and equitable phase-out by all G20 members of all fossil fuel subsidies by 2020, starting with the elimination of all subsidies for fossil fuel exploration and coal production;**
- **Sets a clear timeline for the phase out of domestic and international public finance for oil, gas and coal production by 2020, except in extreme cases where there is clearly no other viable option for increasing energy access to the poor; and,**
- **Commits all G20 members to be fully transparent from 2017 onwards about all fossil fuel subsidies in a consistent format that is publicly available on an annual basis.**

6. Accelerate renewable energy initiatives towards 100% RE

The renewable energy sector is now competitive in many areas of the world. Removal of fossil fuel subsidies will level the playing field and encourage investment in renewable energy development, thereby stimulating further growth and jobs in the sector. G20 countries should show leadership on renewable energy initiatives such as the Africa Renewable Energy Initiative (AREI) and the International Solar Energy Alliance, to enable accessible, affordable and sustainable energy for all. Such initiatives can help to create the enabling environments within which countries that are dependent on fossil fuel resources should begin developing their plans for a just transition of the workforce to 100% renewable energy.

CAN asks the G20 to show leadership by initiating research and planning on pathways to a just transition to 100% renewable energy for all, with a balanced focus on on-grid, mini-grid and off grid energy.

7. Ensure that new infrastructure is pro-poor and climate compatible

[6] Overseas Development Institute (ODI) and Oil Change International (OCI), 'Empty Promises: G20 subsidies to oil, gas and coal production', p.2

The Sustainable Development Goals and the Paris climate agreement together set out a vision of environmentally sustainable, low carbon and climate resilient, inclusive growth. G20 nations must align their financing policies with these commitments by ensuring that infrastructure investment serves the needs of the poor while ensuring long term environmental sustainability. Leaders must ensure that all significant work streams in the G20 facilitate the restructuring of the financial sector to promote investments in pro-poor, clean energy infrastructure. Environmental, social and governance principles need to be strengthened with an emphasis on human rights, and implemented towards these goals, especially within new financing institutions and platforms such as the Asia Infrastructure Investment Bank, and reviews being undertaken within the World Bank safeguards.

CAN demands that the G20 countries adopt investment principles and take action steps to increase access and affordability of infrastructure services; ensure robust evaluation, civil society engagement, and transparency provisions around infrastructure investments; and prioritize financing for clean, pro-poor infrastructure development.

8. Support effective ambition for international aviation and shipping

Reducing emissions from international aviation and shipping is essential to achieving the objectives of the Paris Agreement. 2016 must be a year for significant progress within the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO).

This October's triennial ICAO Assembly must adopt an environmental effective global market based mechanism (GMBM) to stabilise net emissions at 2020 levels, as a starting point for greater ambition. **CAN calls on the G20 countries to support a GMBM which is equitable, sticks to its 2020 target, only uses environmentally robust offsets and allowances and increases in ambition over time.** G20 should support ICAO work on a long-term emissions reduction goal to align its action with the ambition of the Paris Agreement.

This October's IMO Marine Environmental Protection Committee (MEPC 70) must also demonstrate greater post-Paris Ambition. G20 countries should show leadership in that meeting by increasing the stringency of the sector's energy efficiency measure (EEDI), which to date is too weak. **CAN calls on G20 countries to ensure MEPC 70 adopts a transparent and effective emissions reporting system (MRV), and expedites work on a long-term fair share emission reduction goal for the sector and develop reduction measures as soon as possible**.