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JUDGING COP21 OUTCOME & WHAT'S NEXT FOR CLIMATE ACTION?

12 December 2015

WHAT IS THE PARIS OUTCOME?

Three elements make up the overall “Paris Outcome” of the 21st Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC):

- > **The Paris Agreement:** An enduring, legally binding treaty on climate action which contains emission reduction commitments from 187 countries starting in 2020. The Paris Agreement will enter into force once 55 countries covering 55% of global emissions have acceded to it.
- > **COP Decision:** The COP agreed a set of decisions with immediate effect to accelerate climate action and to prepare for the implementation of the Paris Agreement once it enters into force.
- > **Paris Action Agenda:** Alongside the formal agreements at COP21 the large number of commitments for additional action to reduce emissions and increase resilience were made by countries, regions, cities, investors, and companies.

HOW GOOD IS THE PARIS OUTCOME?

The Paris Outcome is a turning point for action to limit climate change below dangerous levels. It signals the end of business as usual for the energy industries. Future investment will need to be compatible with a zero carbon world.

The Paris Agreement establishes an enduring, binding and transparent legal regime where all countries make commitments to reduce greenhouse gas emissions and manage the impacts of climate change. It will shape climate action for decades into the future.

The “ambition mechanism” in the Paris Agreement means that countries will need to review and increase their emission reduction commitments every 5 years in order to meet the long term goal of greenhouse gas neutrality by the second half of century.

Good management by the French Presidency and strong interventions from key global leaders were responsible for delivering a high ambition result. French leadership also helped to ensure climate action was initiated in other international processes, including the G20 and the Sustainable Development Goals.

By integrating action by regions, cities, investors and companies into the COP process the French have created immediate momentum behind the implementation of the Paris Agreement in the real economy.



WHAT WILL PARIS CHANGE?

- > Paris marks a turning point in building the low carbon economy. Implementation of INDCs will mean that renewables will make up 78% of new power generation investment to 2030 in major economies. This will drive down the cost of renewable energy. Delivering this will require major reforms to electricity markets, business and financing models.
- > The continuation of climate financing in the Paris Agreement beyond \$100bn promised up to 2020 will provide support to emerging and developing countries to deliver these necessary economic and governance reforms.
- > The commitments present in Paris will not deliver 2C, or 1.5C immediately, but the Paris Agreement commits to a process of increasing emission cuts every 5 years to meet that goal. The long term goal of greenhouse gas neutrality in the second half of the century will require a rapid phase out of fossil fuels.
- > Paris is a significant achievement for multilateral diplomacy. In an increasingly multi-polar world strong cooperative agreements have become far harder to deliver. The Paris Agreement shows it is possible to agree international regimes to manage critical global problems. This will set a positive example for other issues.
- > Governments and investors will need to manage an orderly transition away from a fossil fuel dominated economy in a way that avoids stranded assets and negative impacts on workers. The G20 has established a taskforce on the implications of climate policy on financial stability which will report in 2016. In 2015 all international development financing institutions agreed to align their financing with the Paris climate goals.
- > The Paris Agreement has broken new ground and placed adaptation, resilience and response to climate impacts at the heart of the new regime. This includes stronger early warning systems, addressing treatment of environmental refugees, and providing extreme weather insurance to 400 million more people in vulnerable countries by 2020.

BENCHMARKS FOR THE PARIS OUTCOME: HOW DID IT COMPARE TO EXPECTATIONS?

E3G judges this to be a strong outcome based on our detailed benchmarks of success on the following page.

Ahead of COP21 E3G developed three potential scenarios:

- > **Scenario 1: 'Le Zombie'** – tactical deal with high potential for collapse.
- > **Scenario 2: 'Comme ci, Comme ça'** – modest progress with guarantees on finance.
- > **Scenario 3: 'Va Va Voom'** – cements a new enduring regime on climate change.

The outcome is at ambitious end of the possible political ambition identified, judged to be a 'low Va Va Voom'.

See full details on the scenarios here: <http://www.e3g.org/library/cop21-political-scenarios>.



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Paris Agreement Benchmarks

	Good	Medium	Bad
The Paris Agreement	Grade	What happened?	Commentary
Anchoring emission reduction commitments		Parties must make successive emission reduction commitments and “shall pursue domestic mitigation measures”.	Legally binding requirement to produce on-going emission reduction commitment.
Mitigation Long-term goal		<p>“A balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century.”</p> <p>“Well below 2 °C...and to pursue efforts to limit the temperature increase to 1.5 °C.”</p>	<p>Implies moving to net zero emissions from energy by 2050-60.</p> <p>Strengthening of overall temperature goal requires faster short term cuts.</p>
Ambition mechanism		Clear 5 year cycles for raising ambition linked to a global stock take on progress towards the long term goal. Starting with a review of current climate action contributions by 2018, to be re-submitted by 2020.	There is a near-term political moment in sight, with a regular process of 5 year cycles where countries come forward with contributions to put us on track to achieve the below 2C or 1.5C limit on warming.
Transparency and Accountability		Converges towards a common framework with a mandate to firm up modalities in future.	This shows a firm signal of political intent but requires further granularity in the coming years.
Finance		Clear objective of shifting all finance flows to low carbon resilient investments. A new collective climate finance goal (beyond the current level of \$100bn) will be set in 2025. It also secures greater clarity, predictability and transparency of finance.	Mixed outcome. Plan to increase immediate funding but enduring regime on finance from 2025 is unresolved and lacks specificity regarding the expansion of the donor pool



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<p>Adaptation and Loss and damage</p>		<p>New adaptation goal elevated the need to plan for climate impacts in iterative cycles under the UNFCCC, increased share of finance for adaptation and mechanism to deal with insurance and displaced people.</p>	<p>Vulnerable countries worked to secure strong support to deal with climate impacts and place risk management at heart of the regime.</p>
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Paris Agreement Benchmarks

<p>The Paris Agreement</p>	<p>Grade</p>	<p>What happened?</p>	<p>Commentary</p>
<p>Leaders support</p>		<p>Nearly 150 leaders attended and pledged to accelerate climate action at national and international level, including through the implementation of their climate action contributions</p>	<p>Unprecedented gathering of global leaders at a negotiation gives real confidence in implementation of commitments.</p>
<p>Parallel actions in 2015</p>		<p>Climate action prioritised in Sustainable development Goals (SDGs). G20 Financial Stability Task Force Launched.</p>	<p>Political moment in 2015 led to commitments to “mainstream” climate change in all international development finance and financial regulation.</p>
<p>Commitments from non-state actors</p>		<p>Large number of commitments to ambitious investment in clean energy and divestment from fossil fuels from cities, regions, investors and business.</p>	<p>Commitments will accelerate progress after Paris building momentum for more ambitious country targets at first review.</p>
<p>Influence from businesses and investors</p>		<p>All major business and investors groups lobbied for strong long term goal and robust rules to increase ambition.</p>	<p>Support from major business groups focused on why a strong agreement will give investment confidence.</p>



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HOW WILL PARIS BE FOLLOWED UP IN 2016

The Paris Agreement enters into force in 2020 but the Paris Outcomes will start driving changes across the international system in 2016. E3G have identified 12 that will maintain momentum:

Date	Event	Reflecting the 2015 outcome
17-18 Dec	EU Heads of State Council	European leaders briefly declare their verdict on the Paris outcome and outline what this will change in 2016.
18-19 Feb	World Economic Forum	Business, investor and global economic elite interpretations of SDG and COP21 outcome on their business models.
March	Release of China's 13th Five Year Plan	Articulating how China has integrated its INDC and interpretation of the COP21 outcome on domestic economic and social policy for 2016-2020.
11-12 Apr	UNGA high-level thematic debate: implementing commitments on Sustainable Development, Climate Change and financing	Identifying the international community's expectations of how UN system and multilateral institutions will implement the SDGs and COP21 outcome.
15-18 Apr	World Bank and IMF Spring Meetings	Finance Ministers discuss how to respond to Paris and align development finance with climate goals
16-26 May	UNFCCC Intersessional	The first meeting of the UNFCCC since Paris, likely to begin ironing out finer details and technical implications of the Paris text.
26-27 May	G7 Leaders, Japan	Leaders from the G7 countries will follow-up implications of the SDGs and Paris outcome.
23-24 May	World Humanitarian Summit	The Humanitarian community will articulate a new vision for the humanitarian regime fit for the 21st Century.
13-26 Sept	UN General Assembly	First multilateral meeting of global leaders a year on from adoption of the SDGs and following COP21 outcome.
1 Nov	G20 2016 Leader's Summit, China	The Mark Carney led inquiry on climate and carbon risk reports. Green finance incorporated into G20 work plan.
8 Nov	US elections	Climate is tipped as a hot political topic for the US elections and how the Paris outcome is reflected in terms of implementation will be key.
7-18 Nov	COP22 Morocco	The COP continues to technically operationalise the Paris outcome and iron out finer details. The Warsaw International Mechanism on loss and damage will also be reviewed.



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CLIMATE ACTION BEYOND PARIS 2015

Chinese South-South cooperation

In September 2015 China announced a \$3.1bn climate finance commitment and jointly with the US recognised that mainstream investments must be aligned with the 2 degrees goal. The agreement from China to "work towards strictly controlling public investment flowing into projects with high pollution & carbon emissions both domestically and internationally" is major. During COP21 Xi Jinping separately announced \$60 billion for development projects at the Forum on China-Africa Cooperation.

Africa renewable energy initiative

The Africa Renewable Energy initiative (AREI) was launched on the 2nd of December to help Africa leapfrog into low-carbon development. Its goal is to deliver at least 10GW of new and additional renewable energy generation capacity by 2020 and 300GW by 2030. The initiative has received \$10 billion in funding from international sources at COP21.

Climate Vulnerable Countries pursue decarbonisation by 2050

Vulnerable countries positioned themselves as champions of domestic and international climate action to protect themselves from the worst climate impacts throughout the Paris COP21 summit. At the beginning of COP21 a coalition of vulnerable country leaders (the Climate Vulnerable Forum) committed to scaled up national climate action to trigger greater ambition at Paris. This moment also marked the strongest ever call from UN member states for zero emissions by mid-century, 100% Renewable Energy and full decarbonisation by 2050. In October a sub-group of the forum, the Vulnerable Twenty (V20) Group, set a target of mobilising \$20 billion for new investment in public and private sector climate action by 2020.

Portfolio investors pledge a low carbon shift

The Montréal Carbon Pledge covers 120 investors with over US\$10trillion in assets under management. The Pledge mobilises investors (asset owners and investment managers) to annually measure, disclose and reduce their portfolio carbon footprints annually. This is part of the wider 'Global Investor Statement on Climate Change' which brought together almost 400 investors representing over US\$24trillion to pledge increasing low carbon and climate resilient investments.

100% clean cities

Leonardo DiCaprio and nearly 1,000 mayors from five continents announced pledge supporting long-term climate goals including a transition to 100 per cent renewable energy in their communities or an 80 per cent reduction in greenhouse gases by 2050. They also agreed to produce and implement resilience strategies and action plans to adapt to the rising incidence of climate-related hazards by 2020.



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RE100 company pledges

The RE100 group of companies, with members from Google to Goldman Sachs, and Microsoft to Walmart have made a solemn promise to source their electricity from 100 per cent renewable sources. A surge of members during COP21 led to the CEO of M&S declaring the Paris talks a “turning point” for business involvement in climate action. Google’s Vice President of Energy stated “the cost of doing nothing in terms of risk and climate effects is so dramatic that there’s almost no other viable alternative than a low carbon business model”.

Fulfilling the G7 insurance pledge

Over the last couple of weeks, members of the G7 have pledged more than US\$300 million for insurance against extreme weather events towards delivering on their commitment to insure up to 400 million people against extreme climate impacts. During COP21 Germany spelt out its ambition to carry half this burden by committing EU€150 million to ensure the 200million most vulnerable people are insured.

UN Resilience Initiative

UN Secretary-General Ban Ki-moon and 13 members launched an initiative to build climate resilience in the world’s most vulnerable countries. The “A2R” (anticipate, absorb, reshape) initiative is to strengthen the ability of countries to anticipate hazards, absorb shocks, and reshape development to reduce climate risks by mobilising the UN systems. It will increase early warning systems, access to insurance and inform finance and infrastructure decision-making processes which incorporate climate risks.

Clean energy R&D

Nineteen countries from across the world, representing 80% of global clean energy research and development, are committing to double their respective R&D investments over five years. The ‘Breakthrough Energy Coalition’ a global group of private investors, spearheaded by Bill Gates, will support Mission Innovation. (Countries: Australia, Brazil, Canada, Chile, China, Denmark, France, Germany, India, Indonesia, Japan, Republic of Korea, Mexico, Norway, Saudi Arabia, Sweden, the United Arab Emirates, the United Kingdom, and the United States).

CONTACT

E3G will continue to provide independent, expertise on climate diplomacy, energy policy and climate risk in 2016 and beyond. We can be contacted through:

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