

Climate Action Network

CAN Position: National Long-term Strategies for Sustainable Development and Decarbonization

August 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. <u>www.climatenetwork.org</u>

Introduction

The world is facing daunting challenges this century. The dual concerns of uplifting people from poverty and ensuring action against climate change have been at the center of global negotiations in 2015. In order to tackle these challenges, governments have agreed on the adoption of the Paris Agreement, under the UNFCCC, and the 2030 Agenda for Sustainable Development. Achieving these common goals will require climate policies to be developed in the context of sustainable development, and as such, the Paris Agreement and 2030 Agenda will be most effectively implemented if they are addressed as mutually dependent and reinforcing processes. Many national policies will contribute to the achievement of goals of both processes, so addressing them together is likely to be the most equitable and effective way of achieving these goals.

Climate change and sustainable development are unavoidably interconnected, with both able to create positive and negative feedback effects on the other. Climate change impacts will affect countries' abilities to conduct sustainable development, and subsequently, alternative development paths will have an effect both on the likelihood of future climate change and the ability of countries to cope with its impacts. From a climate change policymaker's perspective, the development pathway influences a country's emissions trajectory. From the development perspective, the main considerations are vulnerability to climate change impacts and adaptation. Developing long-term strategies gives countries a framework within which to place both of these considerations. The long-term strategy sets the benchmarks for safe emissions curbs to ascertain *how* development should take place, while implementation of the 2030 Agenda and national development goals enables countries to know *what* their development should look like, within these safe climate limits. In order to successfully implement these international agreements nationally, governments will therefore have to plan with foresight to ensure the synergies between these two agreements are captured at every national policy making juncture.

In this position paper, CAN intends to articulate opportunities presented by the development of national long-term strategies for sustainable development and decarbonization for successful implementation of the Paris Agreement and the 2030 Agenda for Sustainable Development. The paper will show why long-term strategies are needed, provide suggestions for what they might usefully contain, and outline a proposal for when they should be developed as well as a timeline for their periodic revision.

Opportunities presented by long-term strategies for the two agreements

The Paris Agreement mandates Parties to "strive to formulate and communicate long-term low greenhouse gas emission development strategies, mindful of Article 2, taking into account their common but differentiated responsibilities and respective capabilities, in the light of different national circumstances." Decision 1/CP.21, para 35 invites Parties to communicate their long-term strategies by 2020.

In adopting the 2030 Agenda, countries committed to 17 Sustainable Development Goals, resolving to "end poverty and hunger everywhere; to combat inequalities within and among countries; to build peaceful, just and inclusive societies; to protect human rights and promote gender equality and the empowerment of women and girls; and to ensure the lasting protection of the planet and its natural resources," and "create conditions for sustainable, inclusive and sustained economic growth, shared prosperity and decent work for all, taking into account different levels of national development and capacities."¹ The adoption of Agenda 2030 requires countries to develop national plans to implement the SDGs. This national development planning should be carried out coherently with the formulation of each country's long-term strategy due to the substantial overlaps between the two processes, and opportunities to mutually reinforce the achievement of the goals of both processes. Indeed, SDG 13.2 requires countries to "integrate climate change measures into national policies, strategies and planning."² Synergistic planning procedures will enable the most successful combined outcomes for both processes and the overall well-being of peoples. Indeed, national planning can be implemented through the framework of long-term strategies, once they are developed.

This position will provide an overview of the place of long-term sustainable development and decarbonization strategies in countries' national planning for climate change and sustainable development, situated within the global necessity of developing such plans to assess collective adequacy. First, the position will outline four key reasons **why** long-term strategies are necessary: ensuring compatibility with 1.5°C; harmonizing development and climate change action; enabling smart business choices; and understanding and addressing global needs. Second, the position highlights **what** the strategies should include, outlining ten key aspects: 1.5°C and peak emissions profiles; resilience assessment; sectoral mitigation potential analysis; ensuring a just transition; rights; efficient use of natural resources; integration of (I)NDCs; national legislation; alignment with SDGs; and shifting of financial flows. Third, the position

¹ <u>Transforming our world: the 2030 Agenda for Sustainable Development</u>, Paragraph 3

² Transforming our world: the 2030 Agenda for Sustainable Development, Goal 13.2

highlights key aspects of **how** the strategies should be developed, through inclusive national planning and technology investment and deployment. Finally, the position considers **when** the strategies should be developed and revised, calling for G20 countries to come forward with their interim plans by mid-2018, in time for assessment of their collective impact before the UNFCCC's 2018 facilitative dialogue, and for all countries to present their plans by 2020.

Why do we need long-term strategies?

There are four key reasons that make long-term strategies necessary.

- Ensuring Compatibility with 1.5°C: We need to ascertain whether the global development and emissions trajectories are on track to limit the global temperature increase to 1.5°C. In Paris, parties agreed to reach global peaking of emissions as soon as possible and to undertake rapid reductions thereafter in accordance with the best available science, so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century, on the basis of equity and in the context of sustainable development and poverty eradication. According to the IPCC's Fifth Assessment Report, we can use 400-850 GtCO2 from 2011 onwards, to limit warming to 1.5°C.³ This means that the remaining budget from 2017 onwards is somewhere below 700 Gt, based on CO2 emissions from the energy sector of approximately 33 GtCO2 annually on average the last years. Energy-related CO2 and methane constitute about two thirds of all global GHG emissions, meaning that if countries are serious about achieving the goals of the Paris Agreement, a global phasing out of fossil fuels and phasing in of 100% renewable energy will need to be achieved no later than 2050, and probably much earlier to avoid overshoot and the need for significant negative emissions. CAN underscores with urgency that countries must start planning now to ensure their development trajectories are on track for limiting the temperature increase to 1.5°C, so that there will be enough time to be able to adjust and revise their strategies where necessary.
- Harmonizing Development and Climate Change Action: National policies on climate change and development are often carried out in silos, while their overall intended impacts are often similar, if not identical. The exercise of developing long-term strategies could allow governments to develop integrated implementation frameworks that allow policies to address the dual goals of meeting development imperatives, while concurrently limiting GHG emissions.
- Enabling Smart Business Choices: Greater certainty from governments on their longterm economic development trajectories will enable the private sector to plan their investment strategies and business development models appropriately. By developing national roadmaps towards the end of a global economy built upon fossil fuels,

³ IPCC, <u>AR5 Synthesis Report</u>, p. 64

countries will create a positive policy framework for businesses to make informed decisions for shifting financial flows to climate-friendly investments, thereby reducing the risk of locking in high-carbon infrastructure. It is estimated that the necessary global peaking of GHG emissions, by 2020 latest, will require massive transfer of existing climate technologies pre-2020. For the clean energy sector alone this is likely to require four times the current investments, to about €1000 billion each for renewables and energy efficiency by 2030-2035.4 At these scales, financing the necessary innovation must clearly be a cooperative effort among governments, the private sector, and communities. Governments need to recognize, however, that the combined costs of fossil fuel subsidies, including air pollution and climate externalities, were \$US 5.3 trillion in 2015, or about a staggering 6.5% of global GDP, as assessed by the International Monetary Fund (IMF).⁵

• Understanding and Addressing Global Needs: The Paris Agreement includes the goal to make "finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development". This implies scaling up of funding well beyond \$100 billion per year, before 2025, and "shifting the trillions". Combined with the investment required to make poverty history, this challenge requires a re-prioritisation of global financial architecture. Shifting investments out of fossil fuels, that benefit only a few, into increasing access for all thorough 100% renewable energy and energy efficiency, will require planning long-term strategies that will enable all countries to identify their finance, capacity and technology needs. In poorer developing countries, the findings should be communicated well before 2025 to enable matching up of needs with sources of support. A clear understanding of these needs will enable the global framework for capacity building, finance and technology to be geared towards meeting these gaps as effectively as possible including enabling developed countries to communicate levels of support they can provide and mobilise. Countries should also assess their national financial systems and address any changes required for implementing the strategies, and indicate their suggestions for necessary improvements in the international financial system, including financial mechanisms serving the Paris Agreement and Agenda 2030.

What should be the key aspects of these strategies?

1.5°C and peaking emissions: Countries' long-term strategies should be compatible with Article 2 of the Paris Agreement, in which it was agreed to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels; and Article 4.1. Current greenhouse gas emissions profiles and estimates of the date of peaking of emissions, as well as the date at which countries will achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases, should be included, alongside information on projected interventions, technologies, policies and processes to implement the strategy, as well as the

⁴ For energy efficiency: IEA (2014), p.157; For renewables: IRENA (2016), p.17, 84.

⁵ IMF (2015)

expected rate of economic growth. The strategies should ensure economy-wide reductions and sectoral coverage, addressing: electricity and energy infrastructure; transportation, including international bunkers; the built environment, industry, commerce and trade; land-use; and efficiency in the use of natural resources.

Resilience assessment: Countries are to develop adaptation plans, and identify good practices, priorities, needs and gaps. Priorities may include carrying out a vulnerability risk assessment to ensure a better understanding of the potential impacts of climate change. Countries and local institutions should consider capacity building needs, to enable responses to increasingly frequent disruptive events, and slow-onset impacts, over longer time-frames. Needs can be quantified in biophysical, human and financial terms. If a country's ability to fund projected future adaptation exceeds its ability to pay, it can constitute a request to the international community for assistance. Development will generally increase adaptive capacity, meaning that long-term adaptation planning has an integral link with long-term development strategies.

Sectoral mitigation potential analysis: Countries should carry out analysis of different sectors to identify policy measures and potential timetables for decarbonization, as well as areas where full decarbonization may not be feasible. While the overall energy goal should be for 100% renewable energy, countries should aim to maximise energy and resource efficiency across all sectors.

Just transition: The strategies should explicitly address the domestic and international challenges of deep and rapid decarbonization, such as ensuring a just transition to renewable energy, including ensuring support for displaced workers and developing new jobs. Long-term strategies will contribute to identifying the challenges for the transformation ahead, open a space for democratic consultation, and secure a just transition for workers and communities which depend today on a fossil fuel-based economy.

Rights: The planning and implementation of the strategies must respect protect, and fulfil human rights, including food security and biodiversity, and gender equity.

Efficient use of natural resources: The strategies should ensure that efficient use of resources is addressed, including water, marine and forest resources, treatment of materials, such as recycling and re-using strategies, and waste management. This is also directly related to the implementation of SDG 12 to ensure sustainable consumption and production patterns, including water, energy and food.

Integrating (I)NDCs: The trajectory of the strategies should take into account the effects of each country's policy measures in the current INDCs, including pre-2020 action, on its projected emissions pathway. Future (I)NDCs should be developed within the framework of national long-term strategies, providing a long-term perspective on short- to medium-term decisions. CAN urges each country to set a long-term goal of decarbonization, to enable a clearer picture of whether collective, aggregate efforts are on track to limit the temperature increase to 1.5°C.

National legislation: The planning process should establish a national law or regulation that institutionalizes the pathway towards long-term decarbonization of the economy into the country's legal framework. The planning should also identify policies and measures for transitioning to this pathway. In addition, based on the resilience assessment, the long-term strategy should show how adaptation is integrated into national policies and plans for land, infrastructure, health and disaster prevention.

Alignment with SDGs: The strategies should aim to be just and maximise their contribution towards achieving wider sustainable development objectives such as poverty alleviation and adaptation to climate impacts. They should aim to maximise economic, environmental and social co-benefits such as improved health, through better air quality, and greater energy security and access.

Shifting Financial Flows: The strategies should outline the frameworks, policy decisions and collaboration that will be put in place, such as budgetary provisions, private sector regulations and investment policy frameworks, to ensure that financial flows are consistent with Article 2.1c of the Paris Agreement and the 1.5°C temperature goal.

How should the countries develop their national long-term strategies for sustainable development and decarbonization?

Inclusive National planning: The national planning processes must ensure the full participation of, and consultation with, all relevant stakeholders, including local communities, civil society and businesses. This process must explicitly include engagement with women, poor people, and other marginalized groups. The integration of development planning with climate policy making will also require inter-ministerial cooperation at the government level. Such planning requires good facilitation, and information from the best research available in each country. Developing a shared vision of better development pathways is a process that should be thoroughly done, and is likely to require several years.

Technology investment and deployment: Peaking by 2020 at the latest, with significant global GHG emissions reductions by 2030 will require a massive transfer of existing technologies by 2020, and considerable funding for research, development, demonstration and deployment of technologies through 2050. Appropriate governance, including of funding criteria and procedures, will be needed to ensure the assessment of climate technologies, as a safeguard for deployment impacts on all levels. Adequate funding and transparency is key to all of the above. To ensure the adoption of environmentally and socially sound climate technologies, developers should work cooperatively at the global level to identify potentially dangerous or inappropriate technologies through science-based analysis. Any potential risks of technologies must be shared with stakeholders and financial entities, with appropriate management of trade secrets.

When should the strategies be developed and revised?

CAN calls on G20 countries to come forward with their *interim* long-term strategies by mid 2018, with G7 countries taking the lead in light of their greater capacity, historical responsibilities, and levels of emissions and economic development. This timeframe will enable the UNFCCC Secretariat to complete an assessment of the collective impact of the strategies and the implications for the long-term temperature goals.

All countries should finalize their long-term strategies by 2020. G7 countries have already shown willingness to pursue development of these strategies in their 2016 summit communiqué.⁶

These strategies will enable all countries to better understand their economic and emission trajectories and will help in forecasting whether the world is on track to achieve the global goals agreed under the Paris Agreement and within the 2030 Agenda for Sustainable Development.

Interim strategies will also have an important role to play to input into the 2018 facilitative dialogue proposed under the UNFCCC. This dialogue aims to take stock of the collective efforts of Parties in relation to progress towards the peaking emissions as soon as possible, as part of efforts to pursue limiting the temperature increase to 1.5°C, and to inform the preparation of nationally determined contributions. The dialogue should consider elements of adaptation, finance and sustainable development.

The 2018 timeline would also coincide with the scheduled mid-2018 release of the IPCC's Special Report on pathways to limit the temperature increase to 1.5°C as well of impacts of such an increase. CAN recommends that this special report should address development pathways consistent with 1.5°C.

Aiming for preparing interim strategies by 2018 would therefore allow countries to assess the adequacy of their strategies, based on the results of the facilitative dialogue and IPCC's Special Report on 1.5°C, giving them the opportunity for adjustment before finalization, to ensure the strategies are compatible with the requirements of the latest science and assessment of collective efforts to achieve the long-term temperature goal. Following the IPCC's Special Report, the risk of impacts should be factored into countries' vulnerability assessments, and appropriate policies incorporated into the strategies.

Finally, in terms of setting timelines, the development and finalization of these strategies should not be a static exercise, but rather a continuous one. CAN envisions that the strategies should provide decadal benchmarks within a clear trajectory. CAN also believes that these strategies need to be reviewed and revised in 10 year cycles in line with latest scientific findings, technological improvements and the economic trajectory of the country, though this timeline should be flexible in the event of technological innovation that would warrant earlier revisions.

⁶ "We commit to formulate and communicate ambitions mid-century long-term low greenhouse gas (GHG) emission development strategies well ahead of the 2020 deadline." <u>G7 Leaders' Communique (2016)</u>