



OXFAM'S INITIAL ANALYSIS OF THE PARIS AGREEMENT: WHAT WILL THE PARIS AGREEMENT BE REMEMBERED FOR?

People demanded action

Paris has served to remind leaders, and the public alike, that there is a strong, diverse and growing movement of people bringing solutions and the fight for climate change to life. People from Australia to Zimbabwe have marched on the streets or taken action demanding governments urgently do more. Records were broken for the largest climate marches ever in ten cities and over a million people took to the streets. Even in locked down Paris, more than ten thousand people joined hands in a peaceful human chain. Before the talks in Le Bourget even began, actions from people showing they had their *Eyes on Paris* got underway and continued throughout. Numerous online actions and powerful, united demonstrations inside the venue have also taken place. And as an agreement was being reached at the talks, people joined together to send a strong and united message that they will continue to protect and fight for their world.

After sleeping for too long, leaders opened their eyes

In a context of scepticism about multilateralism and increasing conflict on the international stage, the Paris agreement will be remembered as a rare moment where the world came together. There were 150 heads of government present at the start of the talks (the highest number of world leaders ever gathered under one roof) and more than 190 countries made pledges to cut emissions, covering 94% of all GHG emissions. There are signals that science is finally winning the battle: countries have adopted language calling for a 1.5 degree world - the upper limit of safety for many fragile island states and Least Developed Countries (LDCs). After 21 years of hard negotiations and six years after the Copenhagen debacle, this is a remarkable turnaround.

Trillions started to shift

Hundreds of companies and CEOs made pledges to reduce their carbon footprint and more ambitious targets for governments in line with science were made here in Paris. For the first time there was a powerful and credible countervailing force to the blockers of the fossil fuel lobby: The *We Mean*

Business coalition lined up 100 lobbyists to try and influence the Paris outcome. We saw increased business support for a price on carbon and calls for an end to fossil fuels subsidies. In a great start 115 companies from around the world committed to align their emissions reductions targets in line with the level of decarbonization required to keep global temperature increase below 2°C. The targets of 100% renewables has been set by 52 major companies, making it clear that the writing is on the wall for the fossil fuels era. The financial sector also stepped in with billions to assist the transition from fossil fuels to renewable energy, and the insurance sector collectively pledged \$109 billion to tackle climate impacts. In addition, the Break Through Energy Coalition, which includes, Bill Gates, together with 26 private investors and the University of California, launched a \$2 billion coalition to invest in clean energy.

For Oxfam's Behind the Brand campaign, which targets food companies to step up in combatting climate change, a remarkable announcement came from Kellogg which committed to reduce its carbon footprint 65% by 2050 across its own operations and reduce emissions 50% by 2050 in its supply chain. Marks & Spencer and Unilever signed a new pledge committing to prioritize responsible sourcing for major commodities, including palm oil, beef and paper.

Tectonic shift in world politics

The countries that have made the most ambitious commitments in preparation for the climate talks in Paris have been those of the developing world. Despite only recently coming to the fore as big emitters, countries like India and China committed to an unprecedented scale in ambition, especially given their level of socio-economic development. If they stay the course, their development paths will start to look very different to that of the current rich powers.

With the shift in ambition by India and China, the geopolitics of global leadership has started to move from under the feet of richer countries. During the summit, Africa signed a deal for \$60bn over three years from China, which will be used to fund infrastructure, healthcare, education and resilience, as well as a debt relief package for Africa's least developed countries. This overshadows climate finance sums tabled in Paris. India announced a multi-country global Solar Alliance, while the Asian Infrastructure Development Bank recently opened its doors. In comparison, the EU's move to use its old alliance with African Caribbean and Pacific (ACP) countries looked like a desperate attempt to cling on to remnants of a time long past. The EU's and US so called "high ambition coalition", together with Mexico, Colombia, Marshall Islands, Tuvalu and Gambia, seemed more like a last-minute tactical move to isolate some of the emerging countries than an alliance here to stay.

A mixed-bag agreement

Despite the joint push from civil society, vulnerable **countries** and more progressive parts of the private sector, powerful governments failed to put our common interest above that of narrowly defined and short-term interests. While the destination has become clear, the lack of a pathway to stay below 1.5 degrees remains uncertain and dangerous as a result.

AREA	What's in the Paris package?	Score (1 to 10)
Finance post 2020	<ul style="list-style-type: none"> - Developed countries have acknowledged their obligation to provide climate finance. They will extend the 100bn goal to 2025, i.e. reach 100bn by 2020 and then maintain it until 2025. - All countries will then set a joint target for post-2025 finance mobilization with 100bn as a floor – this will be a target for all countries, not just developed countries. 	4/10

	<ul style="list-style-type: none"> - The text refers to the <i>mobilization</i> rather than the <i>provision</i> of funds, thus implying a likely overreliance on private investments for climate finance. - The idea to set periodic collective goals has not survived in the last version of the Paris package. - The need for <i>shifting the trillions</i> and mobilize investments to trigger the transition toward low-carbon and climate-resilient development has been acknowledged as a purpose of the Agreement. - The latest version on the text has dropped the mention to innovative sources of finance - The global stocktake also to look at the adequacy of support. 	
Adaptation finance	<ul style="list-style-type: none"> - The text only refers to a “balance” between adaptation and mitigation, which is already an agreed concept, and experience has proved is not a strong enough provision to ensure adaptation needs will be addressed. - Language about achieving \$100bn while significantly increasing adaptation finance from current levels and a mention to the need for public grant-based resources for adaptation (for LDCs and SIDs) are the only qualitative targets for adaptation finance - The Paris agreement <u>may</u> keep Adaptation fund to serve agreement - Adaptation committee and SCF would jointly look at support for adaptation - Some countries (Germany, US) have made bilateral announcements about increases in their adaptation finance provision. We assess this to mean 5-8bn in grants for adaptation per year by 2020 (includes the latest announcement from US). - There were some more adaptation related pledges. Donor countries announced 250m\$ for the Least Developed Countries Fund. Germany (150m€), US (30m€) and others pledged for the Climate Risk Insurance Initiative, and Germany pledged 50m€ for the Adaptation Fund. - Paris has not established an adaptation climate finance target for either pre or post 2020 (either quantitative or qualitatively), although it looked possible until G77 dropped to ask for it. 	2/10
Finance pre 2020	<ul style="list-style-type: none"> - Some pledges were made on road to Paris and at the start of the COP bringing us nearer to the \$100bn (Germany, France, UK, Canada, The Netherlands, Spain, Japan, US, EU institutions, MDBs) - Despite a weak formulation, the Paris decision introduces some accounting criteria to enhance the reporting of climate finance 	5/10
Ambition mechanism (INDC)	<ul style="list-style-type: none"> - Current INDCs end in 2025 or 2030 and add up to 3 degrees (well above the 2C/1,5C target pursued in the Paris Agreement) - Crucially, the mechanisms for increasing the ambition is very weak: a 'facilitative dialogue' in 2018 to 'take stock'; and a 'stocktake' in 	5/10

	<p>2023 (and every five years thereafter) to 'inform' governments 'updating and enhancing' their efforts.</p> <ul style="list-style-type: none"> - In 2020 governments who do not have 2030 targets are urged to put them forward, and those who have them are requested to confirm or update them (there is no request to update 2025 targets, and updating does not necessarily mean strengthening). - An explicit commitment to increase overall effort is missing, and the lack of any meaningful trigger to raise ambition in the 2020-25 as well as in the 2020-2030 period is of particular concern. - Beyond the current round of INDCs, there's a welcome commitment to 5y. cycles of target setting with each target representing a progression on the last one. 	
LTG	<ul style="list-style-type: none"> - Commitment to well below 2 degrees temperature goal, and to pursue efforts to limit increase to 1.5 degrees. - Acknowledgement of 1.5 is a hard fought victory, but the rest of the deal provides little confidence it will be achieved. - Long term goal of net zero greenhouse gas emissions during the second half of this century. 	4/10
L&D	<p>The text contains the basic ingredients we sought for the Paris agreement to address L&D:</p> <ul style="list-style-type: none"> - A stand-alone element in the agreement (art.8) - A process to enhance action and support to address loss and damage (including slow onset events and non-economic losses) - Despite its rather weak formulation, a reference to the need to address “displacement related to climate change” has been captured and could provide a basis for further work and potentially a “coordination facility” in future COP decisions. - The Warsaw International Mechanism on L&D will be enhanced and strengthened and will remain the institutional arrangement for L&D, foreseeably under the authority of the COP, thus assuring its permanence. <p>The caveat on L&D is the inclusion of an explicit exclusion of liability or compensation in connection to L&D in the Paris COP decision. The legal implications of this clause remain a concern and need to be further explored. Note: the exclusion clause only refers to what the Article provides for, not a general exclusion on L&D liabilities.</p>	5/10
Human rights and gender equality	<p>The preamble of the Agreement includes a reference to human rights gender equality and just transition but references in the operative agreement were removed.</p>	4/10

A world still oblivious to the costs of maladaptation...

On adaptation, the blind spot continues. While donor announcements for climate finance were made this year, the base from which this started was so low that the new commitments remain a drop in the ocean. In Paris, adaptation was still treated as an issue for the poorest or most vulnerable. Rich countries saw it as a bargaining chip to secure the buy-in of poorer countries, not an essential part of a robust global response to climate change. According to our estimates, only \$5bn to \$8bn in grants will

flow towards adaptation every year. Total adaptation finance only amounts to \$3 a year for each poor farmer in the developing world. This disappointing outcome clearly demonstrates that most governments (unlike a growing number of cities) have yet to grasp the enormity of the risks they face from a failure to adequately prepare and adapt.

Only 1°C of warming is already leaving major destruction in its wake. Three in four disasters are now climate related and since the first Climate Change Conference (COP1) in 1995, 606,000 lives have been lost and 4.1 billion people have been injured, left homeless or in need of emergency assistance as a result of weather related disasters [8]. The overwhelming majority of lives lost have been in developing countries. The UNHCR estimates that 26 million are displaced every year due to natural disasters, a figure that is set to rise because of climate change. The capacity of countries to deal with rising disasters has been severely stretched for years and the international humanitarian system can simply not cope any longer with the rapidly growing needs.

Even if governments came back to the negotiating table in the next five years to increase their emission cuts, developing countries would still face adaptation costs of at least \$520 billion per year by 2050. Overall economic damage to developing country economies under a 2°C scenario is set to reach \$1.1 trillion a year[1]. The challenge of building low-carbon, resilient infrastructures, much of which is non-commercially viable, is enormous: According to Lord Stern, around US\$90 trillion of global investments will be needed, particularly in cities and energy systems, over the next 15 years. Agricultural losses alone from extreme weather events driven by climate change already cause developing countries a minimum \$8 bn a year for the past 10 years. This is set to increase rapidly. With the vast majority of weather-related losses in developing countries uninsured – less than 10% according to Swiss Re[2], the scale of the challenge is , especially in a context where liability and compensation are not on the table in the new agreement.

This burden would cripple governments' budgets. African countries are already spending \$5 billion a year [3] and additional expenditure will further endanger the realisation of other SDGs, such as access to health and education. As the representative of South Sudan put it: "We can't use the money allocated for education and health to pay for climate action bills, we are only young countries". We are here to save planet earth and human rights – short term economic gains are good but human life is more important'. Maladapted countries and cities are also likely see huge downward pressure on their sovereign debt ratings[4] , their debt spiral and their growth rates stall[5], with serious knock-on effects on their decarbonisation path. According to Standard and Poor's research, climate change-related natural hazards will harm sovereign ratings of the most vulnerable countries by one-fifth of a notch on average. While the risk to advanced economies is negligible, emerging and developing countries, particularly in the Caribbean and Southeast Asia will be hardest hit. Thailand could see a fall in the ratings by as much as two notches. According to the same study, climate change would increase government debt by between slightly more than 4 percent of gross domestic product (GDP) in Vietnam and 42 percent of GDP in Bahamas, compared to a no-climate-change scenario. Slower growth, with multiple economic shocks and higher budget deficits, would severely hurt prospects to reduce inequality and eradicate poverty, and could increase risk of instability in those countries already made vulnerable by poor governance and regional conflict.

The mitigation bias of countries is mirrored in the private sector. Most of those present at COP21 - with the exception of the insurance and water sector - concentrated on mitigation. However, it is becoming increasingly clear that companies that do not adapt and whose supply chains are not resilient will go bust: stranded assets will not only be in the fossil fuel sector, but also in other industries. The energy sector are at risk through a direct impact on production, distribution facilities and market , while the vulnerability of supply chains and their markets puts the consumer products sector at risk.

Hurricane Katrina in 2005 and the Tohoku earthquake and tsunami in 2011 constitute the two biggest natural catastrophes of the past 10 years. According to Standard and Poors, they are also responsible for triggering almost 50% of rating actions in which natural catastrophes were a factor. Katrina, in particular, was behind almost all of the company cases that ended in default. The effects of Katrina were wide-ranging, from large direct losses to major supply chain disruptions and price increases across a wide variety of industries.

...and willing to enshrine inequality

Governments in Paris were unable to decide how to fairly share what remains of our carbon budget if we want to limit global warming at 1.5 degrees. The “Yalta” of climate talks, which would have seen a quid pro quo agreement between those countries who have the biggest mitigation potential –the developing world—and those who own the technology and have the financial capacity to make it happen, was beyond reach.

Rich countries failed to do their fair share of mitigation and financial efforts, instead of making bold steps towards creating new sources of finance (such as setting aside revenues from carbon markets, setting up financial transaction taxes and redirecting fossil fuel subsidies). This could fund the great transition that is needed in the global south. Instead, they spent most of their political capital on trying to shift the burden both on finance and mitigation to emerging countries. For their part, emerging countries feared being cast into footing the bill. While countries like China, India, Brazil and South Africa talked the talk on solidarity with poorer developing countries, their reluctance to budge on making finance contributions alongside developed countries helped take the pressure off the need to set new collective financing goals.

The lack of a solution for closing the gigatonne gap will be crushing for the world’s poorest and most vulnerable countries, but poorer countries failed to defend their national interests, fearing their grass would be trampled if they stood up to the big emitters.

While negotiations scratched at the surface of this profound inter-country inequality, they certainly could not bear the thought of how profound inequality of emissions is at the individual level. The average footprint of someone in the richest 1% could be 175 times that of someone in the poorest 10%. Inventing life styles that are compatible with planetary boundaries, while ensuring the realisation of all basic rights, will require a profound transformation of society. [LC8]

Gender equity was a further victim in the Paris race to get a deal done. According to Mary Robinson, former President of Ireland and a former UN High Commissioner for Human Rights, ‘if we had more women’s leadership, we would not have been where we are now[6]’. This certainly rings true, given only 11 out of 145 world leaders opening the COP were women. Only around 30% of Heads of Delegations of Parties and only a small percent of constituted bodies of the Convention are female [7], despite a decision taken in COP18 to achieve gender balance within the bodies of the Convention. Although the impacts of climate change are recognized to be unequally impacting on women, the Paris agreement does little to address the fact that women have greater needs for climate finance, renewable energy and adaptation capacity.

What next –in 2016 and beyond

With all its shortcomings, the Paris agreement gives us some of the tools to help bounce off the great transition that is underway, and ensure it happens faster, and fairer. But governments, the private sector and citizens have no laurels to rest on: There is no time to waste. Rhetoric and legal language must be translated into action.

Beef up public climate finance for adaptation, in quantity and quality, and not just from aid and fix the world humanitarian system

Preparing for climate impacts now has to be part of each finance minister's agenda--both in the North and the South, domestically and internationally. They must put their economy and budget to a stringent climate resilience test and stop wasting billions of dollars in fossil fuel subsidies. Major donor countries must ensure that the share of international public climate finance flowing to adaptation -currently 16%-increases at a par with needs. So far, public climate finance has been almost exclusively sourced from overstretched aid budgets. Governments urgently need to mobilise additional sources of finance, such as from Financial Transaction Taxes. New initiatives such as the global Carbon Pricing Panel could help foster best standards for carbon taxes and markets, by ensuring that a portion of such mechanisms would go directly to UN climate funds. With the establishment of a new carbon market imminent, China could lead the way on this front.

In May 2016, the World Humanitarian Summit will be a key moment for the international community to come to terms with a warmer planet. International humanitarian aid has not kept pace with the rising tide of climate-related disasters and seemingly intractable conflicts. Millions of people suffer without adequate help and protection, and the number is rising. Governments and donors have improved their focus on preparedness, but they now need to switch to early interventions at scale, which build community resilience and support livelihoods. This will have the double benefit of being more cost effective in the long-term. The supercharged El Nino, with 18 million people at likely to be at risk by early 2016, will be a moment of truth for adaptation in action.

Putting all domestic policies to a Paris 1.5 Credibility Test

All countries must urgently put their INDCs through a Paris credibility test to see whether they have put enough on the table to meet the ambition of keeping warming to 1.5°C . For the EU, this means that the upcoming revision of the EU's Emission Trading System should be re-calibrated in light of the 1.5°C goal, ensuring that the current INDC of 'at least 40% by 2030' is revised upwards.

For the US, this means as a start following through on existing commitments under the Clean Air Act and eliminating fossil fuel subsidies, public investments in dirty fossils, and drilling on public lands.

Australia's planned review of the country's climate policies in 2017 must result in a substantial increase in its 2025/30 emissions targets. It must plan to shift rapidly from coal towards renewables, and to provide far greater support to climate action in developing countries.

This also means pushing for sectors not covered by the Paris agreement to become part of the solution, such as shipping and aviation. The respective governing bodies International Maritime Organisation and International Civil Aviation Organisation now must come forward with immediate proposals for emissions reductions that withstand the Paris 1.5°C credibility test.

Fair carbon pricing must become a reality. The international community should build on the momentum delivered by efforts from the World Bank and IMF to work towards a common approach on carbon pricing, whether these are taxes or markets. Climate change, and in particular its risk element, also needs to be integrated in a more systematic way in investment decisions, companies reporting, rating agencies work and other macroeconomic forecast and models.

We need to see even **more leadership in the private sector**: Proposals were made at COP need to see these actioned and improved if they are to stand a 1.5°C credibility test. All companies should

adopt science-based emissions reductions targets, reconsider how their existing pledges help us meet a 1.5°C goal, and adopt internal carbon pricing mechanisms. They must lobby governments for more ambitious policies at national level, chastise laggard CEOs and break away from trade associations that talk climate change but walk status quo. Equally important is for companies to face up to the reality of the scale of challenges of adaptation and resilience, especially in the sectors of energy, consumer goods sector, finance and insurance.

Citizens must hold governments and the private sector accountable: The climate movement has only been strengthened by Paris. We have had major wins in recent years across organizations, small and large, North and South, and have better understanding of what is required to build a just global transition towards a zero carbon and climate resilient planet. Civil society will have to multiply further in its mobilization and diversity, as politicians are lagging behind the real curve. This means using the Paris provisions to challenge domestic lack of action, possibly in court, and continue effective campaigning, both at grassroots level and to push big and powerful players.

Conclusion – What will the next milestone COP be remembered for?

Paris is not the end of the fight for climate justice. Looking at the trends from COP15 in Copenhagen to COP21 in Paris, what will characterise the next milestone global climate conference?

We can imagine that the discussion on mitigation will be transformed. A clear long-term goal for 100% renewable energy may have been adopted a few years earlier, while all countries will be harvesting the fruits of plummeting renewable energy technology prices and proposing much more ambitious emissions cuts.

But the talks will be no less divisive as a result. Rather, adaptation will have moved from a side-issue of concern that is only of interest to the poorest and most vulnerable, to the central focus of the talks. Countries will scramble to secure assistance for rising costs of social safety nets and insurance premiums, while claims for liability will become more, with new calls for public bail-outs from financial sector actors exposed to stranded assets.

Rather than a G2 dynamic between the US and China, it will be the relations between Southern powerhouses from Africa, Asia and Latin America – not least between India, Brazil, South Africa and China – that will provide the dominant narrative to the talks. Rather than Environment Ministers, it will be Finance Ministers in attendance, as the economic costs of climate change and the delay among countries, cities and companies to adequately prepare and adapt are reflected in sovereign credit ratings and GDP growth rates.

Paris has been a landmark agreement, but it won't be the last. The political world is waking up to what a transition away from fossil fuels looks like. But it has only started to understand the scale of the challenge to adapt to the impact of climate change on our food system, our humanitarian system, our economies and ultimately the livelihoods of hundreds of millions around the world. For the world's poorest and most vulnerable, the struggle for climate justice continues.

[1] <http://policy-practice.oxfam.org.uk/publications/game-changers-in-the-paris-climate-deal-what-is-needed-to-ensure-a-new-agreemen-582554>

[2] http://www.swissre.com/global_partnerships/wcdrr_in_sendai.html?mobile=iphone

[3] Oxfam calculations

- [4] Standard and Poor,
[https://www.agefi.com/uploads/media/S P The Heat Is On How Climate Change Can Impact Sovereign Ratings 25-11-2015.pdf](https://www.agefi.com/uploads/media/S_P_The_Heat_Is_On_How_Climate_Change_Can_Impact_Sovereign_Ratings_25-11-2015.pdf)
- [5] <http://www.climatechangenews.com/2015/05/06/sp-warn-climate-change-will-hit-corporate-credit-profiles/>
- [6] <http://www.globalissues.org/news/2015/12/08/21685>
- [7] <http://unfccc.int/resource/docs/2015/cop21/eng/06.pdf>
- [8] <https://www.unisdr.org/archive/46793>
- [9] The latest IPCC report says that “without adaptation, hundreds of millions of people will be affected by coastal flooding and will be displaced due to land loss by year 2100’ https://ipcc-wg2.gov/AR5/images/uploads/WGIIAR5-Chap12_FGDall.pdf
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