

SDG13 – CLIMATE ACTION

CONCISE GUIDES TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

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SDG13 – CLIMATE ACTION

Combating Climate
Change and its Impacts

BY

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EXECUTIVE SUMMARY²

This book aims to explain the Sustainable Development Goals' (SDGs) approach for sustainable development by analysing in depth one of the most important sustainable goals, that is, SDG 13 'Combating climate change. Take urgent action to combat climate change and its consequences'. This goal constitutes one of the most effective actions to protect and preserve our planet from the consequences of climate change. The concept of 'sustainable development' that was defined by the World Commission on Environment and Development (UNWCED, 1987) should ensure prosperity and environmental protection without compromising the ability of future generations to meet their needs. It therefore combines economic development with social inclusion and environmental sustainability. The SDGs targets enable governments, companies and investors to monitor their own progress in achieving these goals, which include ending poverty, eliminating hunger, addressing gender equality and combating the effects of climate change. According to UN statistics, the change in global weather conditions is the major threat to sustainable development, such that 12 out of 17 SDGs require action on climate change to address the main subject of the goal, and Goal 13 is specifically dedicated to climate actions directed at reducing emissions and building climate resilience. The achievement of the objectives can be affected by the possibility of obtaining data from new sources that allow for more detailed and 'granular' information. To doing this, an interesting

index, that is, an SDG ('unofficial SDG index') indicator was described and calculated at 'country' level. After a brief analysis on the SDGs approach, the main focus is on SDG 13 and climate change. To address climate change, countries adopted the Paris Agreement at the COP21 (December 2015) and are committed to achieve five targets and eight indicators related to the SDG 13. SDG 13 requires urgent action on climate change that is central to delivering sustainable development (UNDP, 2017). Tackling climate change through adaptation and mitigation can represent a great tool to drive sustainable development outcomes in the key areas of Agenda 2030. It is worth noting that climate change is 'a cross-cutting issue' to be addressed in order to achieve a successful implementation of all 17 SDGs. Regarding the specific actions it is important to adopt climate measures in three key action areas: that is, *climate change adaptation*, *zero-carbon development* and *scaled-up climate finance*. The agreement on climate change (COP21) by 196 states invited all countries to accelerate and intensify the actions and investments necessary for a sustainable future, low-carbon economy resilient to climate change.

Actions to achieve the SDG 13 targets have to take into account the interactions between SDG 13 and other SDGs through an overall consideration of synergies and potential connections among different sustainable goals. An important step is to consider and evaluate some practical tools and mechanisms for SDG 13 implementation, especially focussing on setting the local agenda emphasising the role played by governments and public sector. An interesting analysis has been carried out by the Climate Action Tracker and Climate Transparency on both the content of intended nationally determined contribution (*what governments propose to do*) and current policies (*what governments are actually doing*) on climate mitigation in G20 countries. From this perspective, it is becoming crucial to strengthen the accountability system

in order to measure progress on sustainable development to complement gross domestic product. Another important factor is represented by some public management tools such as budgeting practices and procedures to foster greater civic participation and more inclusive societies. To stimulate awareness raising, it is not enough to inform citizens about the existence of the SDGs; it is also important to act on empowering them to participate in the achievement of the SDGs in their daily lives by adopting an open participatory approach. Public sector and governments can play a crucial role to the achievement of SDG 13 but also private organisations and companies can support countries in the transition to a low-carbon economy. Companies have to communicate – to investors, credit and sustainability rating agencies, insurance companies, credit institutions and other stakeholders – further standardised information on their exposure to climatic risks. For implementing the SDG 13, companies and private sector have to adopt a climate risks assessment, as a growing number of investors are aware that climate change may affect their financial performance, if they are not able to evaluate correctly the risks. To better identify the information required by investors, asset managers, financial analysts, lenders and insurance underwriters, and to adequately assess climate risks and opportunities, the Financial Stability Board (<http://www.fsb.org/>) has set up a working group called Task Force on Climate-related Financial Disclosures whose task is to promote voluntary and coherent financial communication about climate change (FSB, 2015a, 2015b). This initiative supported the *Financing Sustainable Growth Action Plan* adopted by the European Parliament and the European Council in March 2018. It represents a roadmap with specific measures and related deadlines with the aim of (i) redirecting capital flows towards sustainable investments in order to achieve sustainable and inclusive growth, (ii) managing financial risks arising from

climate change, resource depletion, environmental degradation and social issues and (iii) promoting transparency and long-term vision of economic and financial activities (DB Climate Change Advisors, 2012).

This roadmap is part of a wider European initiative on sustainable development that placed environmental, social and governance (ESG) issues at the heart of the financial system to support the transformation of the European economy into a greener, more resilient and circular system. Clear indicators of ESG topics has therefore begun to be requested by institutional investors who increasingly take into account the integration of ESG metrics to jointly evaluate the value creation of companies and sustainability (Cotter & Naja, 2011). For interpreting sustainable finance, different tools can be considered such as *Exclusionary Screening*, *Best in Class Selection*, *Engagement and active ownership*, *Thematic Investing*, *Impact Investing and ESG Integration*. Not only financial industry but also business leaders should identify essential resources and related threats that have impact on running their businesses, while looking at and accounting for the environmental and social impacts of corporate activities. These practices are increasingly considered as strategic tools that allow CEOs and a company's management to learn about risks related to the external and internal environment, and to design tailor-made strategies for adapting to those potential threats and turn them into opportunities. Corporate reporting may represent an important tool to effectively communicate SDGs to external stakeholders by adopting different frameworks, such as Global Reporting Initiative standards and SDGs Compass Guide through some specific SDG 13 indicators. Another important challenge in corporate reporting and SDGs disclosure can be supported by integrated reporting (Gasperini & Doni, 2017c; IIRC, 2013). Finally, measures and actions to prevent and combat climate

change represent an important challenge for all countries, at a global and national level.

NOTES

1. Appendix provides an overview of definitions of climate change (pp. 89–96).
2. This book is the result of collaborative analysis: Chapter 1 and Appendix are written by João Torres Soares; Section 2.1, Section 4.1, Sections 5.4–5.8 and Sections 6.1–6.3 are written by Andrea Gasperini; and Sections 2.1–2.3, Chapter 3, Section 4.2, Sections 5.1–5.3, Section 6.4 and Chapter 7 are written by Federica Doni.

INTRODUCTION

It is not easy to live in a world of rapid and profound change. The 17 Sustainable Development Goals (SDGs) appeared, on the edge of the fourth technological revolution, to help and guide mankind's efforts to avoid catastrophic scenarios for our own and future generations' living conditions. By attempting to gather and synchronise all stakeholders around common goals and measurable targets, we hope to achieve the best balance for the world by 2030. At the very start, all statistical agencies were invited to harmonise working methods to achieve a reliable and compatible information database. This has been accomplished; now it is time to establish alignments and a common language for all, including those, who in their own homes want to contribute positively to this major global effort. The first step, set out in this chapter, is to make SDG 13 – 'Take urgent action to combat climate change and its impact' – clear to all. With this in mind, the authors have desegregated the concepts and looked for definitions in different research areas in order to create concepts that are as cross-cutting as possible. Our other main challenge was to express these concepts in simple, current and attractive

language so that they may be read and understood by all, young and old, from the more educated to those who rely solely on their good, and will help humankind in this enormously significant task.

2

WHAT ARE THE GLOBAL SUSTAINABLE DEVELOPMENT GOALS?

2.1. INTRODUCTION

This chapter aims to explain the SDGs' approach for sustainable development by analysing in depth one of the most important sustainable goals, that is, SDG 13 'Combating climate change. Take urgent action to combat climate change and its consequences'. This goal constitutes one of the most effective actions to protect and preserve our planet from the consequences of climate change.

In the report published in the Intergovernmental Panel on Climate Change (IPCC, 2013a, 2013b, 2014), a leading international organisation for the assessment of climate change, highlights that human influence on the climate is clear and recent anthropogenic emissions of greenhouse gas (GHG) are the highest in history. The urgent need to combat climate change is an increasing requirement for all countries in the world and can be supported by financial markets and institutions at a global level. The enormous pressure to stimulate financial mechanisms

signals the importance to involve finance in accelerating the global process to SDGs and achievements.

In this context, the year 2015 was extraordinary for growing and widespread awareness about the events that preceded and followed the launch of the UN Agenda 2030, such as the publication of the Encyclical Letter *Laudato Si* by Pope Francis¹ (May 2015) and the Paris Agreement on climate change (Paris, December 2015). The attention from the financial system to environmental and social issues was stimulated by the Encyclical Letter ‘on the care of the common home’ published on 18 June 2015 which deals directly with the issues of the world of finance, its operations and practices, its relationship with the real economy and its impact in terms of social justice and environmental protection. The aim of this chapter is not to study and classify phenomena (even in moral terms) but to highlight the urgency of change and to push for action². This Encyclical Letter highlights that an energy supply system based on fossil fuels is primarily responsible for global warming and, therefore, for climate change:

[...] the climate is a common good, belonging to all and meant for all. At the global level, it is a complex system linked to many of the essential conditions for human life. A very solid scientific consensus indicates that we are presently witnessing a disturbing warming of the climatic system. In recent decades, this warming has been accompanied by a constant rise in the sea level and, it would appear, by an increase of extreme weather events, even if a scientifically determinable cause cannot be assigned to each particular phenomenon.

Humanity is stimulated to recognize the need for changes of lifestyle, production and consumption, in order to combat this warming or at least the human

causes which produce or aggravate it. It is true that there are other factors (such as volcanic activity, variations in the earth's orbit and axis, the solar cycle), yet a number of scientific studies indicate that most global warming in recent decades is due to the great concentration of greenhouse gases (carbon dioxide, methane, nitrogen oxides and others) released mainly as a result of human activity.

Concentrated in the atmosphere, these gases do not allow the warmth of the sun's rays reflected by the earth to be dispersed in space. The problem has been exacerbated by a model of development based on the intensive use of fossil fuels, which is at the heart of the worldwide energy system. Another determining factor has been an increase in changed uses of the soil, principally deforestation for agricultural purposes. (LS 23)

The document emphasises the crucial role played by the field of finance in the transition to a low-carbon economy (Carbon Tracker Initiative, 2011, 2013; Carbon Tracker Initiative/Climate Disclosure Standards, 2016); it can support the development of initiatives in the field of renewable energy, proceeding step-by-step according to need to avoid imbalances and shock, as indicated by Pope Francis with respect to energy transition:

[...] we know that technology based on the use of highly polluting fossil fuels – especially coal, but also oil and, to a lesser degree, gas – needs to be replaced immediately. Until greater progress is made in developing widely accessible sources of renewable energy, it is legitimate to choose the lesser of two evils or to find short-term solutions. (LS 165)

Hence, in September 2015, the world leaders of 193 countries met at the United Nations to approve 17 SDGs and 169 targets indicated in the UN paper *Transforming our world. The 2030 Agenda for sustainable development*. This document is aimed at promoting prosperity by the end of the year 2030 for everyone and a more sustainable path for our planet and economy.

Agenda 2030 states that:

[...] The Sustainable Development Goals and targets are integrated and indivisible, global in nature and universally applicable, taking into account different national realities, capacities and levels of development and respecting national policies and priorities. Targets are defined as aspirational and global, with each Government setting its own national targets guided by the global level of ambition but taking into account national circumstances. Each Government will also decide how these aspirational and global targets should be incorporated into national planning processes, policies and strategies. It is important to recognize the link between sustainable development and other relevant ongoing processes in the economic, social and environmental fields.

In this context, the concept of *sustainable development* was defined by the World Commission on Environment and Development in a document entitled *Our Common Future* within its Brundtland report. This document maintained that sustainable development should ensure prosperity and environmental protection without compromising the ability of future generations to meet their needs (UNWCED, 1987). It therefore combines economic development with social inclusion and environmental sustainability. The SDG targets enable governments, companies and investors to monitor their own progress in achieving these goals, which include ending poverty,

eliminating hunger, addressing gender equality and combating the effects of climate change. SDGs can be categorised and described in different ways. For example, in the private sector, the company Morgan Stanley Capital International (MSCI) provides one way of classifying the SDGs for investors by grouping them into five categories: basic needs, empowerment, climate change, natural capital and governance. This categorisation has been developed to provide a framework for evaluating whether companies' business models and revenues relate to these categories rather than the 17 individual goals. Each category is linked to issues that can identify the SDGs. For example, the category 'Basic needs' is linked to 'No poverty' (SDG 1), 'Zero hunger' (SDG 2), 'Good health & well-being' (SDG 3), 'Clean water & sanitation' (SDG 4) and 'Sustainable cities & communities' (SDG 5) (UN SDGs, MSCI ESG Research, www.msci.com).

2.2. THE IMPLEMENTATION OF AGENDA 2030 AND THE SDGs: A GLOBAL AND NATIONAL PERSPECTIVE

The SDGs are a continuation of the Millennium Development Goals (MDGs) published by the United Nations in 2001, setting eight initiatives to improve the world focusing on social goals by 2015 (https://www.undp.org/content/undp/en/home/sdgoverview/mdg_goals.htm). Through the MDGs, parties attending the Summit in Rio de Janeiro (1992) committed their nations to eradicate extreme poverty and hunger, achieve universal primary education, promote gender equality and empower women, reduce child mortality, improve maternal health, combat HIV/AIDS, malaria and other diseases, ensure environmental sustainability and develop a global partnership for development.

Moving from the MDGs to the SDGs has highlighted some issues about their implementation at a global and national level. Successful implementation of the SDGs requires an intensive effort of international cooperation and a global commitment by many actors from countries all over the world. From this perspective, the SDGs show the ambition to stimulate world leaders together with all stakeholders in taking integrated actions with economic, social and environmental dimensions. International and national policymakers are expected to set frameworks, which enable new and enhanced collaborative global partnership between all actors to achieve the goals by mobilising all resources available and reshaping modes of production, consumption and living. Climate change is affecting everyone and everything around the world. However, those most vulnerable and impacted are also usually the ones living in the poorest countries or in regions often exposed to climate-related hazards and natural disasters. These categories, in turn, have more difficulty in moving resources to build stronger economies and safer, healthier and more livable societies. According to UN statistics, the change in global weather conditions is the major threat to sustainable development, such that 12 out of 17 SDGs require action on climate change to address the main subject of the goal, and Goal 13 is specifically dedicated to climate actions directed at reducing emissions and building climate resilience. Implementing policies and strategic plans to adapt and, where possible, mitigate climate change-related effects is the main priority of most nations attending the UN Framework Convention on Climate Change (UNFCCC). Parties were to present every five years their ‘intended nationally determined contributions’ (INDCs). These represent the efforts each country has put into pursuing long-term goals, into reducing national emissions and preparing communities for the impact of climate change (UNFCCC, 2014).