



The Paris Rulebook: missing pages after the Katowice Decisions

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COP24 · KATOWICE 2018
UNITED NATIONS CLIMATE CHANGE CONFERENCE

Topics

- **Katowice as milestone in international climate policy**
- **Key tasks of COP 24**
- **Aims and strategy of the Polish presidency**
- **External influences on the COP**
- **Relevance of topics and the elephants in the room**
- **Spirit of the negotiations**
- **Key outcomes**
 - Paris Rulebook (Talanoa Dialogue ended with a whimper)
- **Unfinished business and outlook**

Key milestones of the international climate regime



UN Framework
Convention on
Climate
Change 1992



Kyoto
Protocol
1997



Marrakech
Accords
2001



~~Copenhagen
failure
2009~~

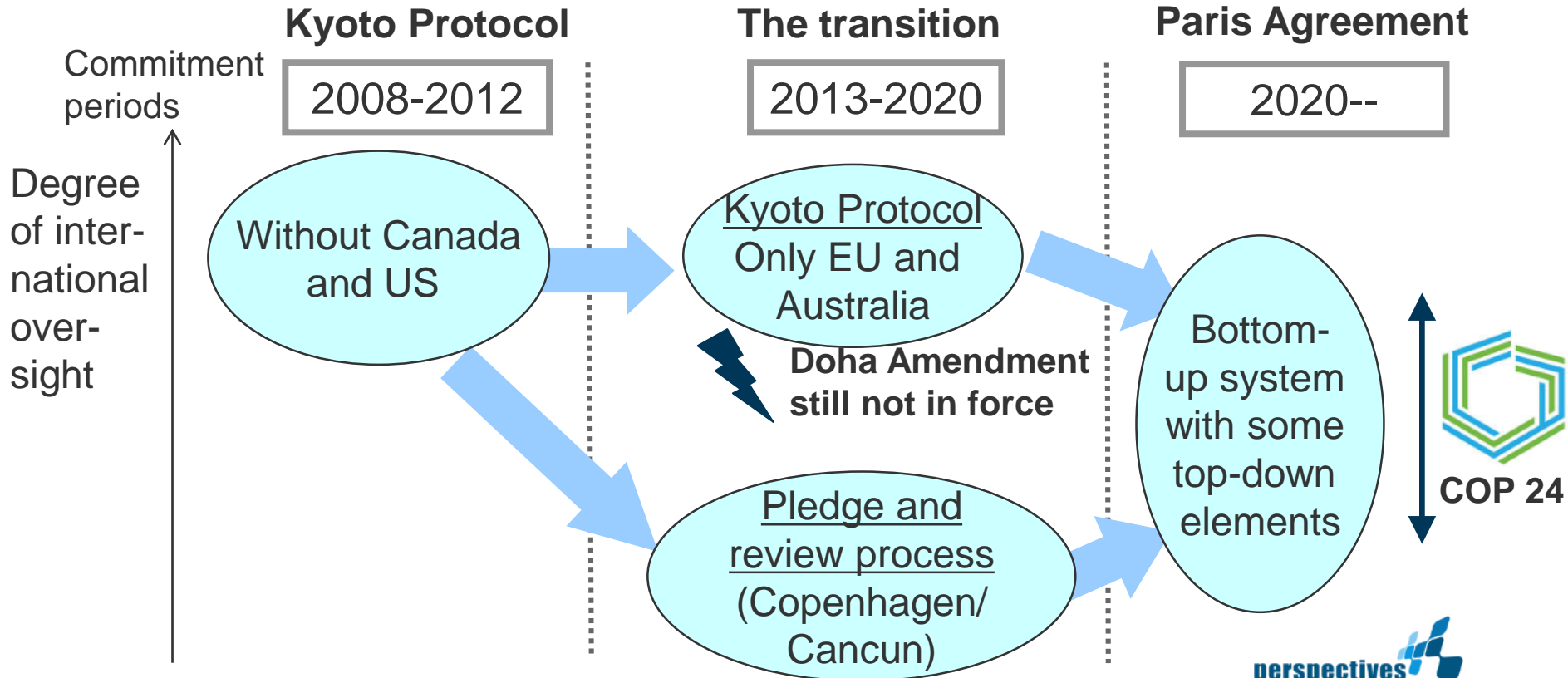


Paris
Agreement
2015



Katowice
Decisions
2018

Which balance between top-down and bottom-up?



Katowice targets as per UNFCCC

- **Adopt the Paris Rulebook and underlying decisions to make the Paris Agreement fully operational from 2020**
 - Take the **political decisions** necessary to re-establish trust among governments
 - Achieve a **balanced outcome** on **mitigation, adaptation and finance** (as well as **loss and damage?**)
 - Identify **technical details** to be elaborated in 2019 for decision by COP 25
- **Hold Talanoa Dialogue on pre-2020 action as test for the Global Stocktake**



United Nations Framework
Convention on Climate Change

Aims and strategy of the Polish presidency

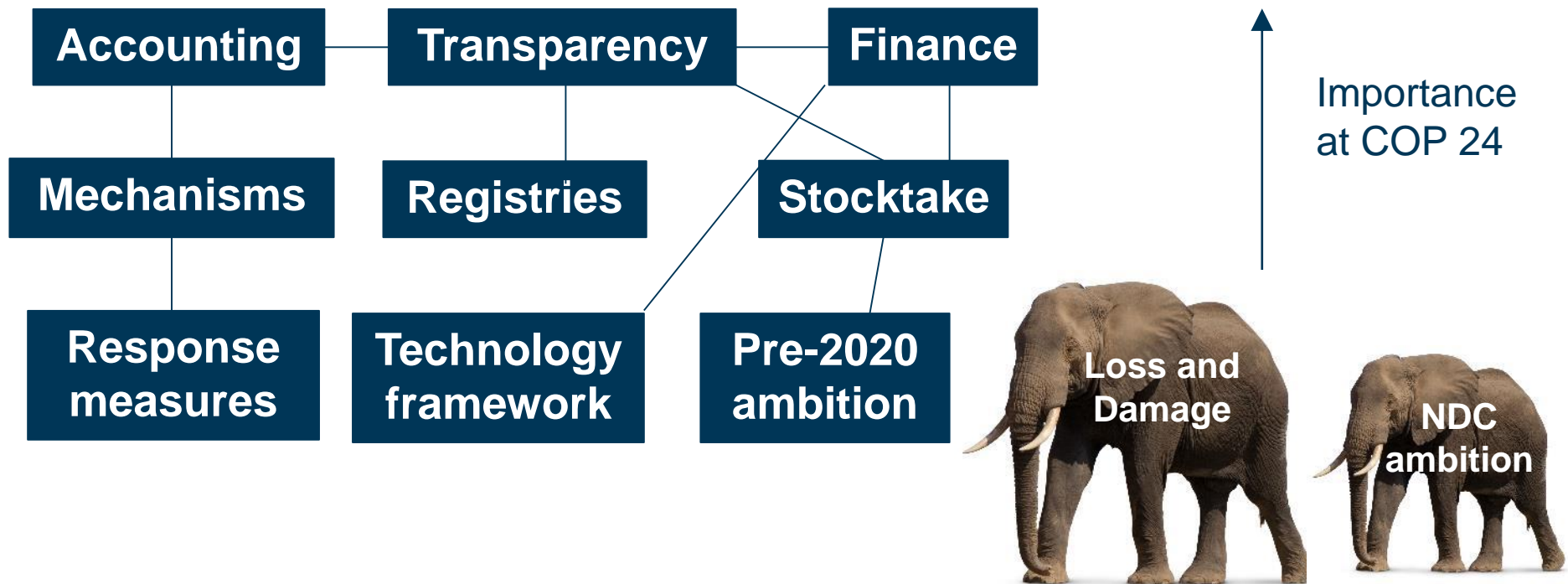
- **Deliberate choice of coal city Katowice**
 - Highlight structural transformational challenges
- **Focus on political declarations**
 - “Just transition” of coal workers
 - Forestry as carbon sink
 - Electromobility
- **“Realistic” and “pragmatic” approach criticizing calls for ambition increase**
- **Intimidation of civil society**
 - Special law against demonstrations and massive police presence
- **Secret target: slowing down international climate policy progress?**



Key Paris Rulebook topics negotiated in Katowice

| | | | | |
|---------|------------------|----------------------------------|--------------------------|-----------------|
| Art. 4 | Mitigation | NDC features | 4.12 Mitigation registry | 4.10 Time frame |
| Art. 6 | Mechanisms | 6.2 CAs | 6.4 SDM | 6.8 NMAs |
| Art. 7 | Adaptation | 7.10 adaptation communication | 7.12 adaptation registry | AF |
| Art. 9 | Finance | 9.5 ex ante info | 9.7 ex post info | |
| Art. 13 | Transparency | 13.2 flexibility due to capacity | | |
| Art. 14 | Global Stocktake | Format and timing | | |

Key links between COP 24 negotiation topics



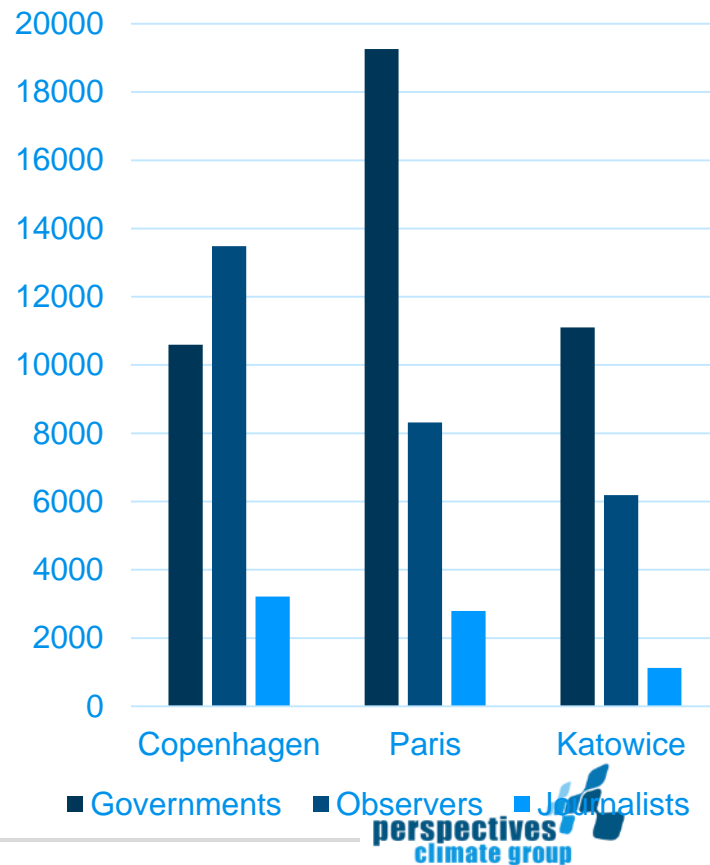
The COP in numbers

▪ Less participants than in Paris and Copenhagen

- 18,420 total (Paris 30,372, CPH 24,072)
 - 11,100 country delegates (Paris 19,260, CPH 10,591)
 - 6193 observers (Paris 8314, CPH 13,482)
 - 1126 journalists (Paris 2798, CPH 3221)

▪ The **third COP** in Poland

- 2008 Poznan, 2013 Warsaw



Extremely negative external influences on the COP

- Positive
 - **1.5° IPCC report** approved despite Saudi opposition, very clear message of urgency
- Negative
 - **French retreat from carbon taxation** due to “yellow vests” street revolts
 - **Swiss Parliament votes against CO₂ law revision**
 - Alliance of climate skeptics and those who found draft bill too much watered down
 - **German coal commission** unable to provide report on coal phase out in time
 - More and more **EU states** likely to **miss 2020 and 2030 emission targets**



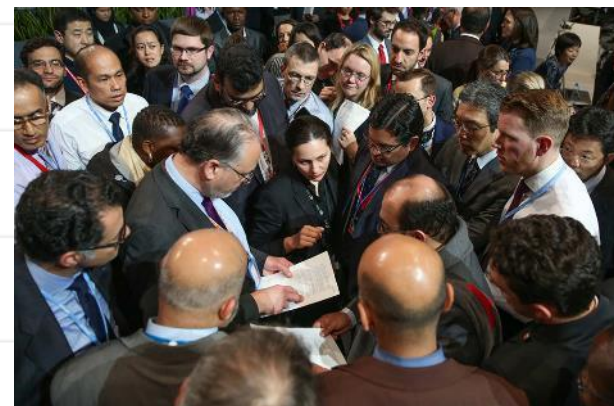
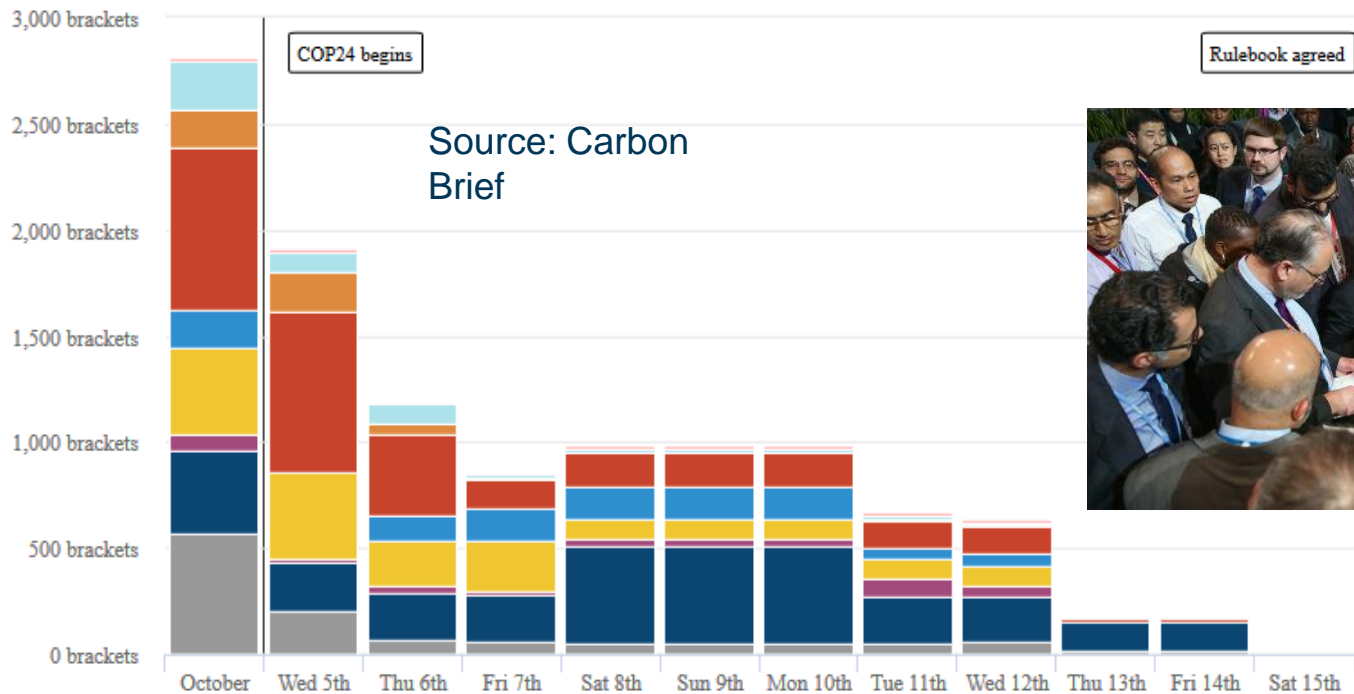
Spirit of the negotiations

- Initial hiccup due to (rejected) African and Turkish wish for special treatment
- Good first week without walkouts but classical “blues” with US, Saudi Arabia and Russia trying to water down reference to 1.5° IPCC report
- Non-transparent and risky Polish presidency negotiation style during second week
 - UN Secretary General engages three times
- Re-emergence of BASIC/High Ambition coalition
- China accepting similar generic rulebook for all countries (cements end of bifurcation)
- 1.5 day over-run, close to the record



Reduction of brackets during COP 24

- 4 – NDC guidance
- 6 – Market mechs
- 7 – Adaptation comms
- 9 – Finance reporting
- 10 – Tech framework
- 13 – Transparency
- 14 – Global stocktake
- 15 – Compliance
- Other matters



Media reactions on Katowice outcome

COP24: This time, Africa wants action on climate

Africa Times

Climate Negotiations reach an overtime deal to keep Paris Pact alive

New York Times

Climat : la COP24 adopte les règles d'application de l'accord de Paris

Le Monde

COP24、「パリ協定」実施ルールで合意 不十分との見方も

Asahi Shimbun

UN climate accord 'inadequate' and lacks urgency, experts warn

The Guardian

Katowice: COP24 Climate change deal to bring pact to life

BBC News

UAE welcomes COP24 agreement but says more needs to be done

The National

Leaders stress need to win support for climate measures

The Daily Mail

Environmental activists frustrated COP24 deal not strong enough

CBC News

Katowice delivers Paris rulebook, but not everyone is happy

Indian Express

Key Paris Rulebook elements agreed in Katowice

| | | | | |
|---------|-----------------------|----------------------------------|-----------------------------|----------------------------|
| Art. 4 | Mitigation | NDC features | 4.12 Mitigation registry | 4.10 Time frame |
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Art. 4: Mitigation: key anchors set, but a lot deferred

- **Information necessary for clarity, transparency and understanding (ICTU) to be provided from 2nd NDC**
 - Reference/base year/period information
 - Clarification whether **single** or **multi-year** target
 - **Mitigation cobenefits** of adaptation
 - Review of rules by **2028**
- **NDC accounting mandatory from 2nd NDC**
 - to **avoid double counting**
 - to be done in **biennial transparency report (BTR)**
 - for **emissions** as well as policies
 - explain why NDC is **fair and ambitious**
- **Deferral of guidance on NDC features to 2024**



Link to
Art. 13

Art. 4: Mitigation II

- **NDC registry**

- Is operated by the UNFCCC Secretariat, publicly accessible
- Allows sorting
- Contains current as well as all previous NDC versions

- **NDC timeframes**

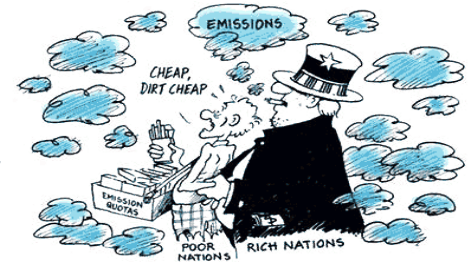
- To be streamlined from 2031
- Rule setting deferred without firm deadline

- **Forum on response measures**

- Develop modelling tools/methodologies for mitigation policy impacts
- “Katowice Committee of Experts on the Impacts of Implementation of Response measures” (KCI) with 14 members, consensus-based
 - Five regional groups, LDCs and SIDS, two intergovernmental organizations
- Submissions on workplan by 15 April 2019, review in 2023

Art. 6: Market mechanisms: a glaring gap

- **Decisions deferred to COP 25**
- **Substantial progress, but some critical stumbling blocks remained**
- **Brazil generally seen as responsible for failure due to obstinacy on corresponding adjustments and CDM transition**
- **In reality deeper malaise between emerging economies and LDCs in carbon markets**
 - Joint AILAC, EIG, EU, Japan, Canada, Australia, New Zealand submission on need for **robust accounting**
 - **Africa and LDCs** want to participate without heavy burdens after having been able to **set up CDM PoAs** in the last years



Areas of agreement on market mechanisms

■ Governance

- Not have international oversight for Art. 6.2
- Supervisory Body for Art. 6.4 similar to CDM EB
- Require a registry for Art. 6.2 participation, with the UNFCCC Secretariat providing a joint registry for those countries not having an own one
- have a technical expert review on accounting, oriented on Art. 13
- not have reporting requirements on sustainable development
- introduce a grievance mechanism for Art. 6.4
- defer discussions on safeguards

■ Scope

- allow upscaling

Areas of agreement on market mechanisms II

■ Accounting

- Registry required for Art. 6.2 participation, with the UNFCCC Secretariat providing a joint registry for those countries not having an own one
- Allow metrics other than CO₂e, with a buffer registry for those countries
- towards inventory, not NDC
- Converting intensity targets into absolute emissions levels
 - Compromise EU-China, ex-ante methodology for later quantification
- Allowing corresponding adjustments at the end of the NDC period
 - For single year target countries only with other single year target countries

Areas of agreement on market mechanisms III

▪ **Accounting (cont.)**

- Not having a discount for overall mitigation both on Art. 6.2 and 6.4
 - Instead “voluntary cancellation”, blurred definition of overall mitigation
- Report in Biennial Transparency Report (BTR)
 - no increase in global emissions, stringent reference levels, baselines set conservatively below business-as-usual, compensation of material reversals
- Consistency check by the Secretariat
- Technical Expert Review as in Art. 13

Contentious elements under the market mechanisms

▪ **Scope**

- Eligibility of **NDC sectors** vs. **non-NDC** sectors?
 - EU against, Brazil and Africa in favour
- Use **outside** of UNFCCC (CORSA)
- **REDD+/forestry** excluded?
 - Opposition by Ecuador and Peru, no common AILAC position

▪ **Accounting**

- Corresponding adjustment **exemption** for **non-NDC** sectors?
 - Industrialized countries and AILAC against, Brazil/Africa in favour

• **Adaptation tax**

- Just on Art. 6.4 or **all mechanisms**?
 - Industrialized countries against, Brazil/Africa/AOSIS in favour

Contentious elements under the market mechanisms

- **Definition of baselines**

- Best available technologies or benchmarks?
 - EU in favour, Brazil against, Africa with concerns
- Standardized baselines “on demand” by host countries (Africa)

- **Duration of crediting periods**

- **Transition from Kyoto Mechanisms into Art. 6**

- Transition of activities (which mechanism, re-registration, exclusion, time thresholds)?
- Transition of units (vintage thresholds?)
- Transition of methodologies?
- **Key bone of contention**, with EU and Brazil/India/SA being the extremes; middle ground by AGN/Switzerland/Norway

Market Mechanisms cont'd: CMP CDM Guidance

- Encourages the EB to review methodologies for **non-renewable biomass use in households** (important for cook stoves / Africa)
 - Default emission factor
- Request to report to 2019 COP on use of **CDM budget reserve**
 - ~100 million \$ remaining, but slated to be used until 2023
 - EU and others want to use them for **Art. 6 purposes**
- **Voluntary cancelation continues to increase rapidly**
 - **154 million** out of 1.97 billion CERs



Art. 7: Adaptation: anything goes

■ Adaptation communication

- flexible
- not to be used for country comparisons
- not subject to review
- can be linked to adaptation reports under Art. 13
- review of rules by 2025

■ Adaptation registry

- managed by UNFCCC Secretariat, set up by COP 25
- sorting function and access to previous versions
- Two parts: adaptation communication / NDCs

■ Adaptation needs and effectiveness meths

- Submissions for 2021/2022



Art. 9: Finance: limited progress



- **Ex ante communication (Art. 9.5)**
 - Mandatory for industrialized countries
 - Voluntary for all others
 - Report on proposal evaluation criteria of climate finance providers
 - Report on methodologies and assumptions for projections
 - Report why finance is new and additional
- **Ex post communication (Art. 9.7)**
 - Separate, and quite elaborate decision text deleted in final version
 - (partially) covered under Art. 13
- **Adaptation Fund**
 - Fully transitions once Art. 6.4 is operational
- **Negotiations on post-2025 climate finance goal start 2020**

Art. 13: Transparency – the cornerstone

- **No generic bifurcation any more, now mostly “trifurcation”**
 - All countries to submit biennial transparency reports (BTRs) from 2024, applying common reporting formats
 - National Inventory Report (NIR)
 - Use 2006 IPCC guidelines and common global warming potentials of IPCC AR5; CMA to update these when IPCC publishes new versions
 - Differentiation: 1) industrialized countries, 2) other countries, 3) LDCs/SIDS
 - 1): mandatory, 2): self-determined flexibility, 3): reporting “at their discretion”
 - No deadlines for improvement / “graduation”
 - GEF financing for BTRs of categories 2) and 3)
 - Description of NDC mandatory
 - Intent to use market mechanisms needs to be reported

Differences in reporting between country categories

| Topic | Industrialized | Developing | LDCs / SIDS |
|--------------------------|-------------------------------------------------|-----------------------------------------------------------|-------------|
| Key category threshold | 95% | 85% | discretion |
| Significance threshold | 0.5 Mt CO ₂ /0.05% nat. emissions | 1 Mt /0.1% | discretion |
| Gases covered | Kyoto gases | CO ₂ , CH ₄ and N ₂ O | discretion |
| Time series | 1990-2 years bp | 2020-3 years bp | discretion |
| Emission projections | 15 years beyond next round year | Voluntary, until end of NDC period | Discretion |
| Climate finance provided | Mandatory | Voluntary | discretion |

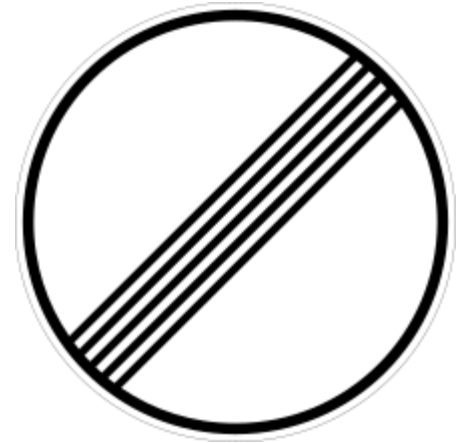
Art. 13: Transparency – mandatory reporting for all

- **Accounting for market mechanisms**
 - Corresponding adjustment of emissions according to ITMO transfers
 - Information on sustainable development promotion, environmental integrity and transparency
- **Impacts of response measures for parties reporting adaptation actions with mitigation co-benefits**
- **List of mitigation policies**



Art. 13: Transparency – voluntary reporting

- **Methodologies for projections**
- **Impacts**
- **Adaptation action**
- **Monitoring and evaluation of adaptation**
- **Addressing loss and damage**
- **Cooperation action**



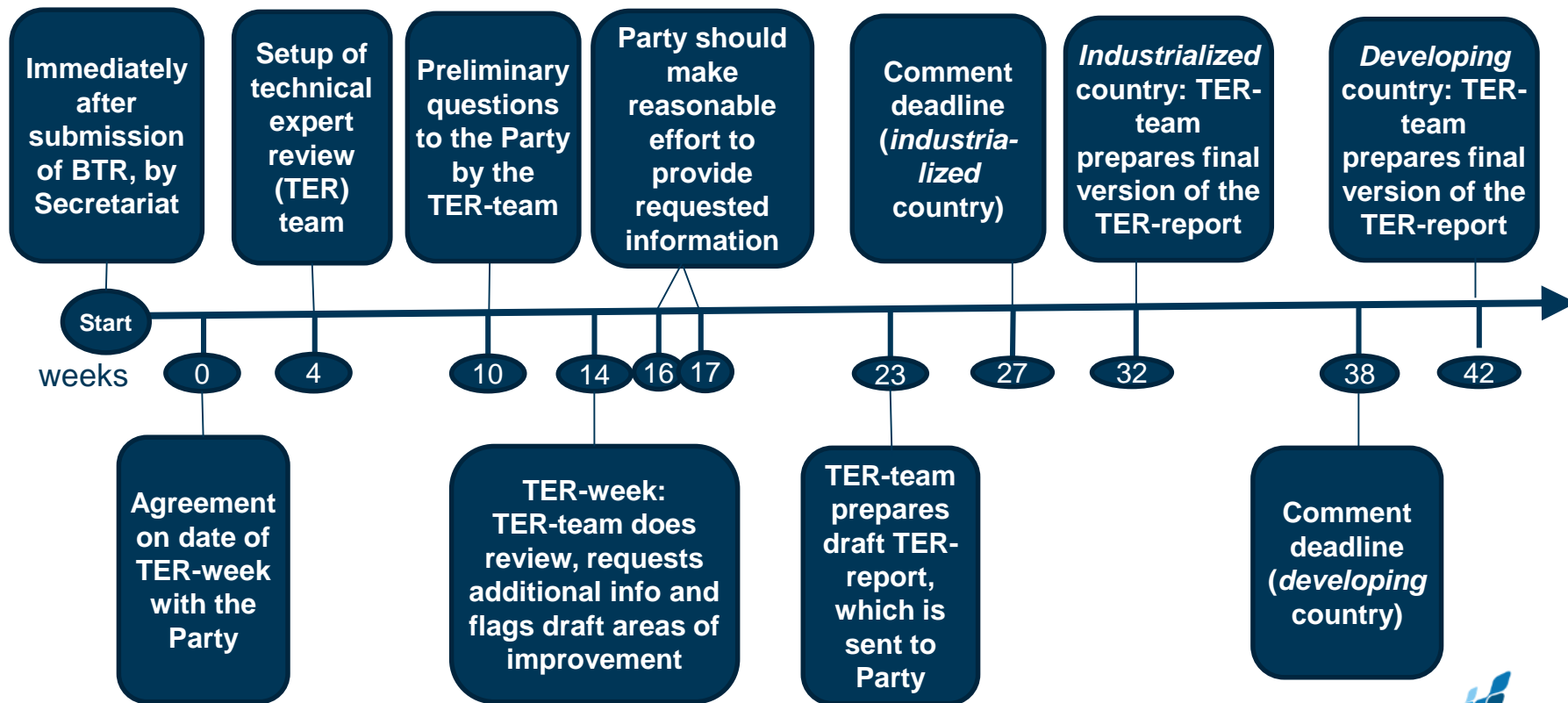
Climate finance reporting for industrialized countries

- Experience regarding **policies to incentivize private climate financing and investment**
- Use of **international standards or harmonization with other countries, institutions, and international systems**
- How finance is **concessional**
 - Definition of new and additional to be provided by each country
 - no mandatory use of grant equivalence
- **Additionality of mobilized finance**
 - **Clear causal link** between a public intervention and mobilized private finance, where the activity **would not have moved forward**, or moved forward **at scale**, in the absence of the Party's intervention
- **Unit acquisition under Art. 6 cannot be counted as climate finance**

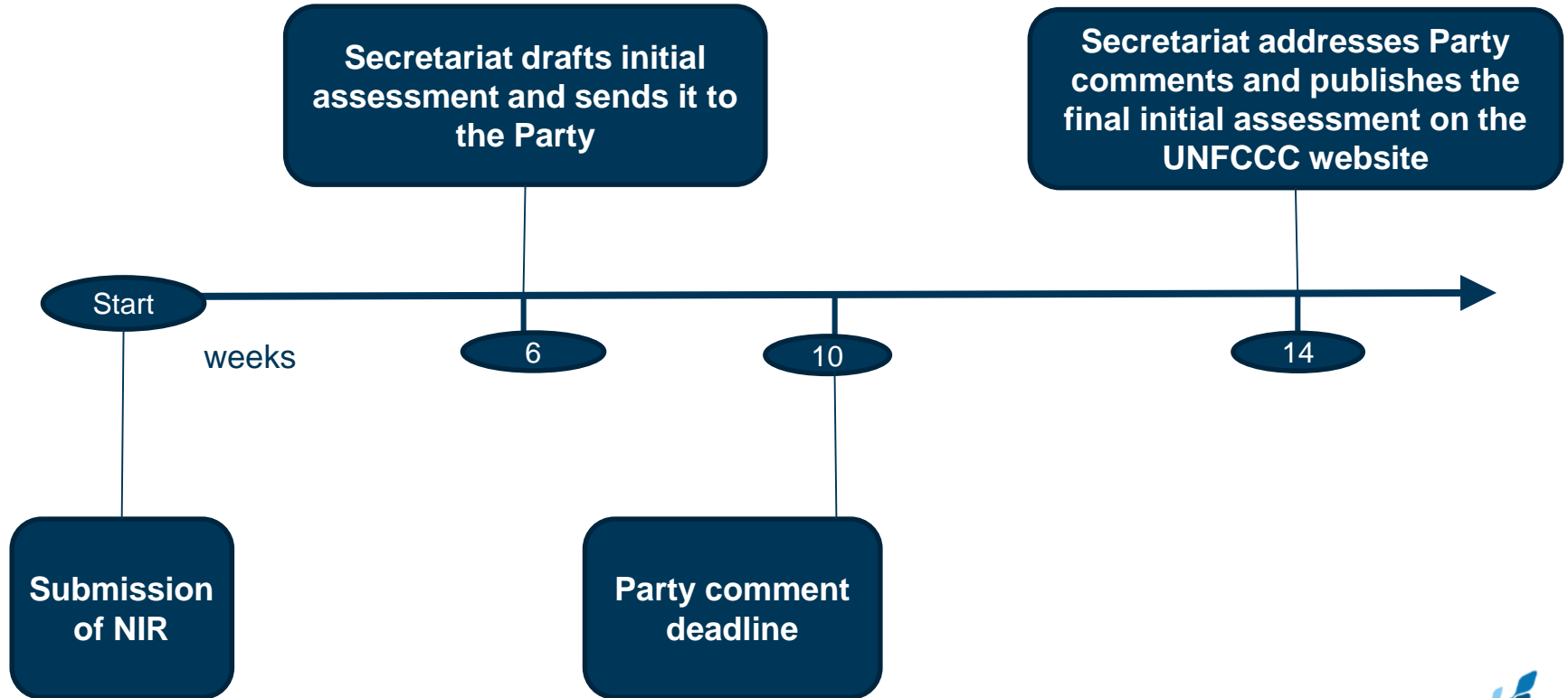
Technical expert review of reporting

- **Technical expert teams** to be chosen by the Secretariat from the UNFCCC roster of experts
- Review of **NIR** and **BTR**, *not* of **adequacy** of NDC/finance
- **Different forms of review**
 - **Centralized** – i.e. regionally, covering several countries at once
 - For **LDCs** and **SIDS** , and other developing countries if they choose so
 - **In-country**
 - For first **BTR** and at least 2 **BTRs** within 10 years, and if recommended by **TER** of previous **BTR**
 - **Desk** – i.e. remotely
 - Not more than **once every 5 years**
 - **Simplified** – i.e. consistency check of documentation by Secretariat
 - In years **without a BTR**

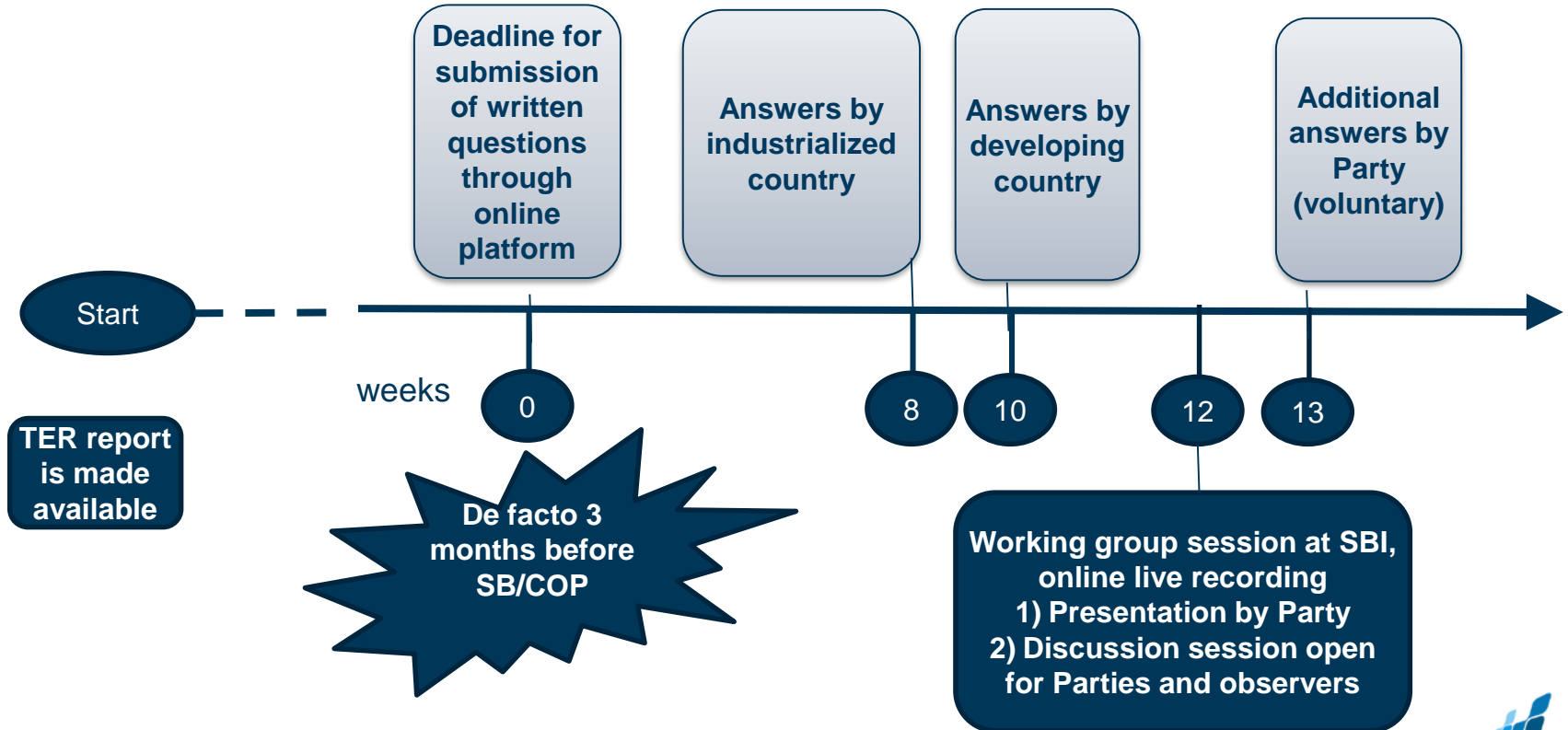
Process and timeline for centralized, in-country and desk review



Simplified review process timeline

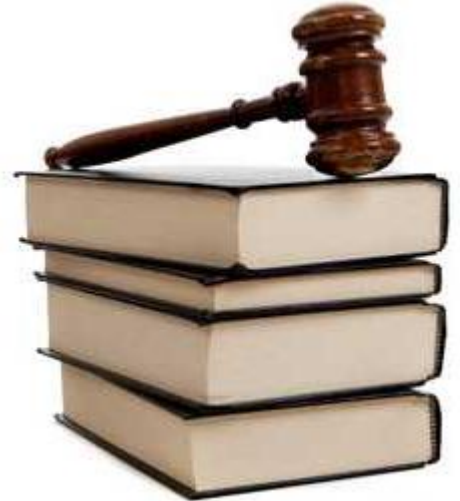


Facilitative, multilateral consideration of progress



Compliance committee

- **12 members from regional groups, LDCs/SIDS**
- **No enforcement or dispute settlement**
- **No penalties or sanctions**
- **Can identify “systemic issues”**
- **empowered to initiate, of its own accord, consideration of non-compliance if country has not**
 - communicated or maintained a NDC
 - submitted its BTR
 - submitted its ex-ante/ex post finance reports (industrialized country)



Interesting “between the lines” results

- **Many provisions are subject to the issue being “relevant”, remains to be seen how this is interpreted**
- **No eternal membership of governing bodies anymore**
 - Miguez (Brazil) served on the CDM EB for over a decade...
- **NGO engagement relatively subdued, high visibility of Swedish “school strike” movement**
 - 15 year-old Greta Thunberg “star” of COP



Key messages from COP 24

- **Glass two thirds full given the weak expectations in run-up to COP and difficult geopolitical framework**
 - COP 24 barely averts disaster thanks to UN SG intervention
- **“Truncated” Paris Rulebook agreed**
 - Market mechanisms deferred, challenge for CORSIA
- **From bifurcation to trifurcation**
 - China finally gave up opposition to differentiation
 - Industrialized countries - developing countries - LDCs/SIDS
- **Relatively stringent emissions and NDC reporting system**
 - Clear processes from 2022 / 2024, with a lot of mandatory rules
 - However “weak underbelly” of lacking enforcement



Next steps – international negotiations

2019

COP25 in Chile.
Market mechs
decision

2020

COP 26 in UAE.
Update of NDCs

2021

COP 27 in
UK/Italy

2023

Global
Stocktake

Formally, Western Europe is due 2020 and Western Asia in 2021, but UAE has been reported to ask for a swap of the date

Thank you!

Axel Michaelowa
Senior Founding Partner

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