



# Paris Fine Print Adopted, Implementation Pending



## An Assessment of COP24 in Katowice

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From 2 to 14 December 2018, the 24th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP24) was held in Katowice, Poland. The Wuppertal Institute research team closely observed the climate change negotiations during the two-week conference and can now present their initial analysis of the conference outcomes.

The Wuppertal Institute will publish its in-depth analysis of COP24 early 2019. The report will take a close look at the various issues addressed at the conference and at other related topics.

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## 1 Introduction

The year of 2018 provided ample evidence that global climate change is already there: Devastating extreme heat and unprecedented drought in large parts of North America and Europe, wildfires in California and Scandinavia, severe floods in East Africa, rare tropical cyclones in Somalia, Djibouti, Yemen and Oman, and a record breaking tropical cyclone season. At the same time, scientific knowledge about the impacts of climate change and the options to avoid the worst impacts were never more prominent. The special report by the Intergovernmental Panel on Climate Change (IPCC) and the latest edition of UN Environment's annual emission gap report reiterated that the contributions countries have so far pledged are far away from what would be necessary to achieve the objectives of the Paris Agreement. While the Agreement has the aim to keep global temperature increase compared to pre-industrial levels well below 2°C and to make best efforts to stay below 1.5°C, current pledges would lead to warming of 3-4°C by the end of this century. Global emissions are continuing to rise, with 2018 marking a new record year.

In this context, many had hoped that the conclusion of the "Talanoa Dialogue", a process to identify options for enhanced mitigation ambition (see more below), would bear fruits already in Katowice. However, none of the major emitting countries was ready to step up. Climate ambition, it seems, is desperately lacking in the capitals of the world, not to mention those places like the United States and Brazil, where nationalist governments have started to roll back even the existing insufficient level of climate action.

Against this backdrop, to the surprise of many, COP24 concluded late on 15 December 2018 with the adoption of the "Katowice Climate Package". This set of decisions operationalizes the 2015 Paris Agreement by setting out detailed guidelines on how to implement its various elements, in particular how countries are to develop and report on their nationally determined contributions (NDC), that is, their pledges for how they will contribute to combating climate change. Other key elements are financial support for developing countries and the procedures for how to conduct the first 'Global Stocktake' of the effectiveness of global climate action in 2023.

The guidelines are more robust than many had dared to expect at the start of the conference. Nonetheless, their adoption is no more than a step in the right direction. The most important aspect of the Katowice outcome is therefore that it has brought the wrangling about implementation procedures to a close, making way for the true task at hand: strengthening of national activities to protect the climate and implementation of the existing pledges.

## 2 Raising Ambition

The Paris outcome requires the Parties to the Paris Agreement to produce new or updated contributions by 2020. Given the lack of climate ambition most countries have so far exhibited, the question in Katowice was whether the conference would send a strong signal on the need for all countries to strengthen their contributions. While the Paris Agreement mandates that NDCs should reflect a Party's "highest possible ambition", many Parties disputed that the 2020 round of re-submitting NDCs entailed a requirement to increase ambition.

To inform the process until 2020, Parties conducted the so-called 'Talanoa Dialogue' over the course of 2018. 'Talanoa' is a concept introduced by the Fijian presidency of the 2017 climate conference and denotes an open sharing of views. The process ultimately concluded in Katowice with the 'Talanoa Call for Action', which calls upon all countries and stakeholders to act with urgency. The process also produced a synthesis report of all the inputs received and discussions held over the course of the year.

One key input to the Talanoa Dialogue was the IPCC's special report on the 1.5°C warming limit laid down in the Paris Agreement. The report concludes that "every bit of warming matters", as IPCC representatives explained at the conference. Whether global warming is kept below 1.5°C or only below 2°C will make a huge difference for humans and ecosystems. In addition, the report assesses emission pathways for achieving these temperature limits. To maintain a good chance of staying below 1.5°C, global emissions will essentially need to be halved by 2030 and be reduced to net zero by 2050.

However, the USA, Saudi Arabia, Russia and Kuwait caused substantial delays and aggravation by refusing to adopt a decision with language to "welcome" the report. Saudi Arabia argued that they could not welcome the report as it contained substantial open questions and uncertainties. Ultimately, Parties resolved to welcome the report's "timely completion" and "invited" countries to make use of the report in their further work. However, the decision also "recognises the role of the IPCC in providing scientific input to inform Parties in strengthening the global response to the threat of climate change" and refers to the special report as "reflecting the best available science."

As the Talanoa Dialogue ran in parallel to the formal negotiations, the question was how its outcome would be reflected in the formal conference decisions. In this regard, instead of a strong call to increase ambition, delegates decided to merely "take note" of the dialogue's outcome, input and outputs, and to invite Parties "to consider the outcome, inputs and outputs of the Talanoa Dialogue in preparing their nationally determined contributions and in their efforts to enhance pre-2020 implementation and ambition". This non-committal language is compensated to some extent by other parts of the decision, which reaffirm the need for ambitious efforts to achieve the objectives of the Paris Agreement and stress the urgency of enhancing ambition. In addition, the decision refers to the special summit the UN Secretary-General is convening in 2019 as a place for demonstrating enhanced ambition. Almost comical, though, is the formulation that Parties demonstrate their ambition already through their participation in that event. Parties need to do their homework first.

## 3 The Paris Rulebook

### 3.1 NDC Guidelines

One of the key elements of the implementation guidelines of the Paris Agreement are further specifications with respect to the key vehicle of climate action: the nationally determined contributions (NDCs) that Parties have to revise or update regularly to communicate their climate action targets and policies. In the run-up to the Paris conference, Parties had failed to agree on a common format and information requirement for what were then still intended NDCs.

A key task for Parties in Katowice was therefore to come up with guidelines on the information content to enable “comparability, transparency and understanding” of NDCs. Parties agreed to a list of information requirements that will be only applicable for the second round NDCs, but parties are also “strongly encouraged” to apply them for updates of the first NDCs that are taking effect as of 2020. The information includes:

- information on the reference point of the target;
- timeframe and implementation period;
- the scope (what gases and what sectors are covered?);
- the planning process;
- assumptions and methodologies;
- considerations of how the NDC is fair and ambitious;
- and how the NDC contributes to the long-term goals of the Paris Agreement.

Especially noteworthy is that countries are obligated to explain their rationale of why they consider their contribution equitable. This is particularly relevant because many of the current NDCs fail to meet the required ambition no matter what kind of equity rationale is applied. Notable is also what ultimately was not agreed: earlier drafts included also information on adaptation, finance, technology, and capacity building. While these elements are not excluded from the NDCs, there is also no requirement to include these aspects in the next NDCs.

The second and related task was to provide guidelines for Parties on how to report progress on the implementation of NDCs (also see transparency framework). Of course, the first task – to properly define contributions – is essential for tracking progress. On that basis, Parties are now required to follow IPCC guidelines for accounting GHG emissions or explicate their methodology if they have opted for targets that cannot be assessed with existing IPCC approved methodologies.

The NDC guidelines will not do away with the fact that the world will continue to compare apples and oranges as countries will most likely continue to express their climate ambitions in very different metrics. Yet the guidelines adopted in Katowice will enable us to much better understand each individual piece of fruit.

### 3.2 Adaptation Communication

According to the Paris Agreement, Parties should “submit and update periodically an adaptation communication, which may include its priorities, implementation and support needs, plans and actions” (Art. 7.10, Paris Agreement). Adaptation communications are not only to increase the visibility and profile of adaptation, but also to

strengthen adaptation action and support for developing countries, enhance learning and understanding of adaptation needs and actions, and provide input to the Global Stocktake (see below). Guidance on adaptation communications allows for a better understanding and options for aggregation of information on plans and progress in global adaptation efforts.

In Katowice, developing countries demanded differentiation of guidance for developing and industrialised countries' adaptation communications. In the end, however, Parties decided that while adaptation communication is “country-driven and flexible, including in the choice of communication or document”, equal voluntary standards were set regarding the content of adaptation communications for all countries. Adaptation communications shall be recorded in a public registry.

### 3.3 Transparency Framework

The transparency framework can be considered a cornerstone of the Paris Agreement. It sets the rules by which countries are to report on their GHG emissions and progress towards implementing their NDCs, and it establishes an international process to review the reports. The key question was how to establish a reporting system for all Parties while at the same time providing flexibility to developing countries with capacity constraints.

Parties in Katowice succeeded in overcoming the “bifurcation” of the current reporting system under the Convention with separate reporting formats for developing and developed countries: They agreed to replace the existing system with common reporting rules applicable to all countries. This was made possible by flexibility provisions for developing countries with limited capacities, a concept that had already been introduced with the Paris Agreement.

The agreed rules for the transparency framework require all countries from 2024 onwards to submit greenhouse gas inventories, provide information on the progress towards meeting their NDC as well as other types of information. When submitting this information, developing countries with limited capacities can deviate from the uniform rules but must indicate which capacity constraints are relevant for which provisions as well as the time needed for overcoming the barriers encountered. Parties in Katowice also agreed on how, when and by whom the information biannually provided by Parties is to be reviewed: The technical expert review teams are to check the consistency of the reports with the rules of the transparency framework and highlight areas of improvement. In line with the bottom-up spirit of the Paris Agreement, assessing the appropriateness of a Party's NDC and the adequacy of domestic actions, however, are explicitly not within the mandate of these reviews.

### 3.4 Global Stocktake

In order to comply with the aim to keep global temperature increase well below 2°C and to make best efforts to stay below 1.5°C, Parties need to urgently ramp up their mitigation ambition. In this regard, the Global Stocktake is a key – it is supposed to serve as a catalyst for increasing ambition over time. As of 2023, this process will periodically (every 5 years) assess collective progress of the Parties towards the goals of the agreement. This assessment, in turn, is supposed to inform national governments in developing their subsequent NDCs.

The modalities for the Global Stocktake now foresee three phases: information collection and preparation, technical assessment and a political phase of the “consideration of outputs”. The work will focus on three “thematic areas” – mitigation, adaptation, and means of implementation and support. Notably and after substantial controversies, Parties also agreed to open the process to also consider loss and damage associated with the adverse effects of climate change.

Another major bone of contention was whether and to what degree the Global Stocktake is open to non-party stakeholders, observers and the public. On that matter, Parties decided that the Global Stocktake will be “conducted in a transparent manner and with the participation of non-Party stakeholders”. Yet, the inputs will be made “fully accessible *by Parties*” (emphasis added). While this formulation does not explicitly exclude that the inputs will be publicly available, the phrase still caused some concern among observers that the Global Stocktake could end up being a rather secretive endeavour. This, of course, would contradict the purpose of the Global Stocktake: to foster a constructive debate on ambitious climate action and to (re)align national political agendas for the subsequent NDCs with the goals of the Paris Agreement. To this end, inclusive and extensive stakeholder engagement is absolutely essential.

### 3.5 Cooperative approaches

Negotiations on market-based approaches under Art. 6 of the Paris Agreement began with an optimistic tone, when AILAC, Australia, Canada, the European Union, Japan, Mexico, New Zealand and Switzerland submitted a joint proposal on the need for corresponding adjustments when transferring mitigation outcomes and emission reductions under Article 6. These adjustments are in the view of many – both scholars and Parties – a necessary precondition for robust accounting and for avoiding any kind of double counting.

Yet this momentum did not last long. At the beginning of week two, Parties had covered numerous issues regarding the guidance for the cooperative approaches under Art. 6.2 as well as elements for the rules, modalities and procedures of the mechanism according to Art. 6.4 – however, the text was full of options and brackets. Moreover, as had already become clear in the Bangkok session, a substantial number of technical questions would need to be resolved next year.

Towards the end of the conference, it became clear that the issue of corresponding adjustments could become a dealbreaker. Mainly Brazil, but also the Arab Group strongly and continuously opposed respective language on safeguarding environmental integrity and transparent reporting. Yet the absence of corresponding adjustments would not only have created accounting loopholes for the Paris Agreement, it could also have led to double counting of mitigation outcomes authorized by Parties for use towards fulfilling other international mitigation obligations, e.g. under the International Civil Aviation Organization. Despite compromise proposals by the Presidency, the controversies lasted well into the last day plus one of the conference. When still no common ground could be found, the complete text was taken back on Saturday afternoon and the Art. 6 rulebook decisions were deferred in their entirety to future SBSTA sessions.

### 3.6 Compliance

At COP24, Parties adopted a procedure and established a Committee that will support the implementation of and compliance with the provisions of the Paris Agreement pursuant to its Article 15. The Committee will consist of 12 members with two of them drawn from each of the five geographical regions plus one from the small island developing states and one from least developed countries. The procedure is the result of many compromises: on the one hand, it is of a facilitative nature, emphasizing support and co-operation and without providing any punitive or forcible measures to the Committee. On the other hand, the procedure can be triggered by the Committee itself without the consent of the Party concerned in cases where a country fails to comply with binding information requirements. In other cases, for example if information provided appears to be inconsistent, the Committee will only be able to commence proceedings with the consent of the respective Party.

The procedure deviates from the general consensus requirement in the climate regime in that it allows for decisions to be taken by a three-fourths majority of members present and voting if all efforts to reach consensus have been exhausted. Measures that can be imposed are confined to providing advice, assisting in the appropriation of financial support or the recommendation to develop an action plan. The Committee may also on its own provide recommendations regarding issues of a “systemic nature”, thus providing it with a truly advisory role. And finally, the Committee may seek and receive information from processes, bodies, arrangements and forums under or serving the Paris Agreement.

## 4 Support for the Global South

### 4.1 Finance

Financial support for developing countries' climate action has been a hotly contested issue for years. Crucial questions include not only the level of support, but also the definition of what constitutes climate financing and how both the level of resources provided by developed countries and their use in developing countries should be reported.

While finance had been a crucial bone of contention in earlier sessions, negotiations on this issue in Katowice progressed rapidly. As expected, the final text only includes relatively permissive rules, providing developed countries with great flexibility on what and how to report on climate finance: Developed country Parties shall biennially communicate indicative quantitative and qualitative information on, inter alia, projected levels of public financial resources to be provided to developing country Parties. Other Parties providing resources are encouraged to do so on a voluntary basis. Countries may not only report grants, equity and guarantees as climate finance, but also concessional and non-concessional loans. Reporting of grant-equivalent values remains voluntary. This provides great leeway for developing countries on accounting of financial support. Furthermore, the final decision does not require climate finance to be new and additional, but only asks countries to provide information of what new and additional financial resources have been provided.

At COP23 in Bonn, an important decision on the future architecture of international climate financing had been taken: The Adaptation Fund, originally set up under the Kyoto Protocol, will come under the umbrella of the Paris Agreement in the future. This means that the continued existence of this important fund is secured in the future. As the proceeds from the Clean Development Mechanism (CDM) have all but come to a standstill, the Adaptation Fund has had to rely on voluntary contributions from developed countries for years. In Katowice, Parties decided that the Adaptation Fund shall be financed from the Paris Agreement's Art. 6.4 mechanism's share of proceeds as well as from public and private sources.

In previous COP decisions, Parties had agreed to provide at least USD 100 billion of climate finance for developing countries per year from 2020. At COP24, Parties set up a process starting in 2020 to define a new, increased, collective quantified goal for climate finance from 2025.

### 4.2 Loss and Damage

With the integration of "loss and damage" under Article 8 of the Paris Agreement, the most vulnerable countries have achieved an important step towards the recognition of the fact that there are climate change induced impacts that cannot be adapted to. In Katowice, the key question was in which areas and how the issue of loss and damage should be reflected in the rulebook. Developing countries were pushing to include loss and damage in diverse negotiation areas, with the transparency framework, the Global Stocktake and finance being particularly relevant. Developed countries, in contrast, mainly wanted the issue to be subsumed under adaptation. In the end, Parties were able to find some common ground by including the issue of loss and damage in several sections of the rulebook, including the transparency frame-

work and the Global Stocktake. Despite the language being rather weak, this can be considered a significant step forward. In the area of climate finance, however, there is no explicit reference to loss and damage, keeping financial support confined to the areas of mitigation and adaptation.

## 5 Conclusions and Outlook

The United Nations are a negotiating platform, not a world government. Negotiators always have to refer back to their national capitals before making any concessions on their positions. International conferences can therefore only rarely take decisions that have not previously been prepared nationally.

Given recent rollbacks in key countries, in particular the US and Brazil, the adoption of robust implementation guidelines for the Paris Agreement is therefore not a small achievement. It sends a signal that the global community is still able to conclude multilateral agreements, and that the vast majority of countries still sees climate change as a major concern. It helped, of course, that the US has a genuine interest in sound rules and thus was rather supportive. China, on the other hand, deviated to some extent from its former position that any scrutiny of its performance would amount to a violation of its sovereignty. Starting in 2024, countries will have to report on their emissions and on their actions according to common rules.

Nonetheless, the adoption of the guidelines only prepares the framework for the real work to come, namely real reductions. Only a handful of countries announced in Katowice that they were going to strengthen their contributions, including India, Canada, Ukraine and Jamaica. Germany made a particularly poor showing, having to admit in a stocktake of pre-2020 action that it was going to miss its 2020 emission target by a wide margin. Germany had also contributed to stymying a push by the European Commission to strengthen the EU's 2030 target. Germany could have made a positive contribution by communicating the phase-out plan for coal consumption and production, but the delay of the "coal commission" that is tasked to prepare that plan lead to yet another lost opportunity for climate leadership.

With the negotiations on the Paris implementation guidelines (mostly) out of the way, it is now possible to focus on the task of raising ambition. To this end, UN Secretary-General Guterres is convening a special summit on climate change in 2019. This summit and the ongoing process under the UNFCCC will hopefully help to galvanise national discussions on stepping up.

Several dozen countries from the "High Ambition Coalition" that had formed at the Paris conference pledged to "step up" their ambition by 2020 by enhancing their NDCs, increasing short-term action, and adoption of long-term low-emission development strategies. However, it bears noting that the HAC has so far only constituted and re-constituted itself to save the UN climate process. Now that the work of agreeing rules is mostly complete, what is needed is rather an action coalition committed to making actual emission cuts. It would thus make sense to form the HAC into something more stable in order to influence the process throughout the year, not just in the final days of a make-it-or-break-it COP.

COP24 thus has proven that the consensus-based process in the climate regime can deliver common rules for assessing, monitoring and reporting of information. This is no small achievement because a sound information base is indispensable for any serious action. But it remains to be seen whether the Paris Agreement can fulfil the hopes put on it when adopted in Paris – that it is able to engage all countries in a process that leads to reduction of greenhouse gas emissions fast enough to keep the world on a safe path.