The Paris Rulebook: missing pages after the Katowice Decisions

Axel Michaelowa

michaelowa@perspectives.cc

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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**
- **Paris Agreement 2015**
- **Copenhagen failure 2009**
- **Katowice Decisions 2018**
Which balance between top-down and bottom-up?

Kyoto Protocol
2008-2012

Without Canada and US

The transition
2013-2020

Kyoto Protocol
Only EU and Australia

Doha Amendment still not in force

Pledge and review process (Copenhagen/Cancun)

Bottom-up system with some top-down elements

Paris Agreement
2020--
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
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

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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
Populist climate policy rollbacks 2018/19

Implemented:
- Macron
- Bolsonaro

Likely:
- Lopez
- Scheer
- Morrison

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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

Source: Carbon Brief
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

Katowice: COP24 Climate change deal to bring pact to life
BBC News

UN climate accord 'inadequate' and lacks urgency,
The Guardian

K Katowice delivers Paris rulebook, but not everyone is happy
Indian Express

COP 24, 「パリ協定」実施ルールで合意 不十分との見方も
Asahi Shimbun

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
Key Paris Rulebook elements agreed 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

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
Art. 4: Mitigation: key anchors set, but a lot deferred

- Information necessary for **clarity, transparency and understanding** (ICTU) to be provided from 2\textsuperscript{nd} 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 2\textsuperscript{nd} 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 (CORSIA)
  - 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

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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**
    - 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

<table>
<thead>
<tr>
<th>Topic</th>
<th>Industrialized</th>
<th>Developing</th>
<th>LDCs / SIDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key category threshold</td>
<td>95%</td>
<td>85%</td>
<td>discretion</td>
</tr>
<tr>
<td>Significance threshold</td>
<td>0.5 Mt CO₂/0.05% nat. emissions</td>
<td>1 Mt /0.1%</td>
<td>discretion</td>
</tr>
<tr>
<td>Gases covered</td>
<td>Kyoto gases</td>
<td>CO₂, CH₄ and N₂O</td>
<td>discretion</td>
</tr>
<tr>
<td>Time series</td>
<td>1990-2 years bp</td>
<td>2020-3 years bp</td>
<td>discretion</td>
</tr>
<tr>
<td>Emission projections</td>
<td>15 years beyond next round year</td>
<td>Voluntary, until end of NDC period</td>
<td>Discretion</td>
</tr>
<tr>
<td>Climate finance provided</td>
<td>Mandatory</td>
<td>Voluntary</td>
<td>discretion</td>
</tr>
</tbody>
</table>
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 **polices 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*
Immediately after submission of BTR, by Secretariat
Setup of technical expert review (TER) team
Preliminary questions to the Party by the TER-team
Party should make reasonable effort to provide requested information
Comment deadline (industrialized country)
Industrialized country: TER-team prepares final version of the TER-report
Developing country: TER-team prepares final version of the TER-report

Agreement on date of TER-week with the Party
TER-week: TER-team does review, requests additional info and flags draft areas of improvement
TER-team prepares draft TER-report, which is sent to Party
Comment deadline (developing country)
Simplified review process timeline

- **Start**
  - Submission of NIR

- **Weeks**
  - 6: Secretariat drafts initial assessment and sends it to the Party
  - 10: Party comment deadline

- **14 weeks**
  - Secretariat addresses Party comments and publishes the final initial assessment on the UNFCCC website
Facilitative, multilateral consideration of progress

Deadline for submission of written questions through online platform

Answers by industrialized country

Answers by developing country

Additional answers by Party (voluntary)

Start

TER report is made available

Weeks
0

8

10

12

13

De facto 3 months before SB/COP

Working group session at SBI, online live recording
1) Presentation by Party
2) Discussion session open for Parties and observers
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 transparency report
  - not 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

Perspectives Climate Group
michaelowa@perspectives.cc | www.perspectives.cc