

## Key challenges at COP 24

Katowice, 2 Dec, 2018 (Meena Raman) – The year end climate talks under the United Nations Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol (KP) and the Paris Agreement (PA) will take place in Katowice, Poland from 2<sup>nd</sup> to 14 Dec.

The talks will open on Sunday, 2 Dec, with the 24<sup>th</sup> session of the Conference of Parties to the UNFCCC (COP 24), followed by the 14<sup>th</sup> session of the Conference of Parties to the KP (CMP 14) and the 3<sup>rd</sup> part of the 1<sup>st</sup> session of the Conference of Parties to the PA (CMA 1.3). This will be followed by the meetings of the Subsidiary Bodies.

Discussions are expected to be rather rocky and difficult, especially as regards the negotiations over the guidelines to implement the PA (known as the Paris Agreement Work Programme).

The PA was a very delicate deal struck between developed and developing countries, following years of intense and difficult negotiations between Parties. Since the political deal among world leaders was settled with the signing and ratification of the PA, many expected that the negotiations over the rules and guidelines for implementation of the Agreement would be smooth sailing. However, this is not the case.

Wrangling over what has been agreed to in Paris and how the PA is to be implemented continues to expose the deep political divide between developed and developing countries, and the biggest challenge in Poland will be whether and how compromises are reached as regards the Paris Agreement Work Programme (PAWP).

The work of on the PAWP is taking place under the various UNFCCC Subsidiary Bodies viz. the Subsidiary Body for Implementation (SBI), the Subsidiary Body for Scientific and Technological

Advice (SBSTA) and the Ad Hoc Working Group on the Paris Agreement (APA) to craft the modalities, procedures and guidelines (MPGs) for the implementation of the PA.

Also taking place in the two week talks include some key events such as: (i) the ministerial high-level dialogue on climate finance; (ii) stocktake on pre-2020 implementation and ambition and (iii) the Talanoa Dialogue (also known as the 2018 Facilitative Dialogue).

The climate talks come in the wake of three recent reports, which are expected to feature prominently in the Conference halls. These are (i) the 1.5°C Special Report of the Intergovernmental Panel on Climate Change (IPCC); (ii) the United Nations Environment Programme's 2018 Emissions Gap report and (iii) the 2018 Biennial Assessment and Overview of Climate Finance Flows prepared under the guidance of the UNFCCC's Standing Committee on Finance (SCF).

The common refrain expected to be heard at the conference centre will be that greater climate action and ambition is urgent from all Parties, with pressure to close the emissions gap needed to limit temperature rise to 1.5°C.

For developing countries, the heart of the matter will be to ensure that the principles of equity and 'common but differentiated responsibility' (CBDR) enshrined in the Convention and the PA are operationalised in the outcomes of the talks. They can be expected to stress that while all Parties have a common responsibility to address climate change, the responsibility is also differentiated between developed and developing countries, due to the historical responsibility of developed countries for their past emissions, which cannot be disregarded with only a focus on current and future emissions.

Developed countries on the other hand, especially the United States and its allies, can be expected to downplay or even ignore equity and CBDR principle in the process, and advance positions that blur the lines between developed and developing countries. This includes the dilution of obligations of developed countries for undertaking greater emissions reductions or for the provision of finance and technology transfer to developing countries.

This tussle between developed and developing countries will play out not only in the PAWP negotiations, but also in the key events which will take place on finance and the dialogues on pre-2020 and post 2020 actions.

### **The Paris Agreement Work Programme**

The issues that are under the PAWP cover the following: nationally determined contributions (NDCs) (Article 4); cooperative approaches (Article 6); adaptation (Article 7); finance (Article 9); technology transfer (Article 10); transparency framework (Article 13); global stocktake (Article 14); facilitating implementation and compliance (Article 15) and possible additional matters related to the implementation of the PA.

The presiding officers of the Subsidiary Bodies have issued a joint reflections note dated 15 Oct, to assist Parties in their negotiations to craft the implementation guidelines for the PA. In the documents reflecting the state of play of the negotiations, the officers have noted with concern that progress on the various issues of the PAWP have “remained uneven” and “insufficient on certain issues” and that overall, “there are still far too many options on the table and quite a few texts are not in good enough shape to help Parties make their final choices...”.

Given the divergence of views on many areas, the presiding officers have reflected that “as a matter of urgency,” there is need “for landing zones that are workable, feasible and fully aligned with both the letter and the spirit of the Paris outcome, focusing on those solutions that can overcome divisions and build consensus in the final stretch.”

Some of the key issues of controversy under the PAWP are as follows -

#### ***Nationally Determined Contributions***

Led by the United States, developed countries are not prepared to reflect differentiation among developed and developing countries in the

guidance to be developed on NDCs, which is the preferred option of a large bloc of developing countries led especially by the Like-minded Developing Countries (LMDC).

In relation to information to facilitate clarity, transparency and understanding of Parties’ NDCs, there are different views on the table. The view of developed countries is that all Parties would provide information on a certain set of elements, while the LMDC and some other developing countries are of the view that developed countries would provide certain set of information and developing countries would do it at their discretion or over time.

The position of the Umbrella Group of which the US is a member, is that “bifurcation” (referring to differentiation between developed and developing countries), “is inconsistent with the PA and would hinder than build trust (among Parties)”. They have stressed that the information to be provided cannot be differentiated between one set of rules for developed countries and another for developing countries.

There are also differences among developing and developed countries on the scope of the NDCs (whether it is only about mitigation contributions or if it also includes adaptation efforts, as well as the means of implementation related to finance, technology transfer, capacity-building).

Developed countries tend to view NDCs under Article 4 as only referring to mitigation actions, while some developing countries including the LMDC, are of the view that NDCs as defined under Article 3 encompass the full scope of contributions and are not limited to mitigation only. This was a fierce battle in Paris, that led to a final compromise in Article 4 being ambiguous, with provisions for mitigation as well as references to NDCs.

The divergent positions over the scope of the NDCs have also spilt over to the negotiations under the SBI in relation to the public registry for NDCs and the registry for adaptation communications (AC), which are under two separate agenda items of the SBI.

Several developing countries are of the view that there is no need to have two separate registries, arguing that NDCs comprise both mitigation and adaptation as well, while the developed countries and some other developing countries are of the view that the features of the registries for NDCs and the AC are different. For the developed

countries, the registry for NDCs is viewed as only addressing mitigation actions and nothing more.

Another issue is over the issue of the common time frame for NDCs. Developed countries prefer the option of having a common time frame for all NDCs, while some developing countries are of the view that countries should have the flexibility of deciding whether to have a 5 year or a 10- year time frame.

### ***Transparency Framework***

Concerns have been expressed by developing countries that the proposed guidelines to measure, report and verify (MRV) climate actions under the transparency framework enhance the obligations on developing countries, with no enhancement of obligations on developed countries, and which even allow a backsliding of obligations from existing transparency requirements for developed countries.

Some developing countries are of the view that there cannot be common reporting guidelines for both developed and developing countries as they have different capacities.

While developed countries are prepared to accommodate ‘flexibilities’ for developing countries for those who need it, they insist that the flexibilities have to be ‘bounded’ in that the flexibilities cannot be without restrictions. Developing countries on the other hand oppose such restrictions or limitations and have argued that it is up to them to nationally determine the flexibilities needed, without a top- down imposition of who can and who cannot have those flexibilities.

### ***Global Stocktake: Attempts to side-line issue of equity***

The PA stipulates that the global stocktake (GST), (which is an assessment of the collective progress of Parties towards achieving the purpose of the Agreement and its long-term goals), has to be carried out in light of equity and which will take place in 2023. There is an agreement among developing countries that commonly agreed guidance to operationalize equity needs to be designed in the modalities of the GST.

Developing countries have called for equity to be captured in the negotiating text not just as an overarching but also as a crosscutting issue in all the elements of the GST. They have also proposed having several indicators to measure equity, such

as historical responsibility, equitable access to sustainable development and carbon space etc. However, developed countries from the Umbrella Group of countries are deeply opposed to this approach.

### ***Finance-related matters***

A key battle-ground in Poland will be over issues related to finance. Several contentious issues have emerged around modalities for ex-ante information on the projected levels of public financial resources to be provided by developed countries to developing countries under Article 9.5 of the PA and for setting up a process for a new collective goal on finance based on the needs and priorities of developing countries before 2025.

#### **• *Article 9.5 under the APA***

Under the APA, modalities for the ex-ante information under Article 9.5 are being discussed under ‘possible additional matters’. During the discussions, developed countries stressed that discussing modalities for communicating the ex ante information on the projected levels of public financial resources was outside of the mandate of the PA, even though developing countries stressed over and over again as to why this the issue of modalities was critical to be addressed.

They explained that for whatever information that developed countries provide, to ensure their usefulness requires the design of modalities to communicate that information. Developed countries would not accept any explanation and have continued to insist that the issue of ‘modalities’ was not within the PAWP mandate.

#### **• *Article 9.5 under the SBI***

Under the SBI, the agenda item on Article 9.5 deals with the ‘identification of the information to be provided by Parties.’ Differences between developed and developing countries have emerged on the nature of information to be provided.

The US did not want to capture information only in “quantitative finance flows”, since much of its support is in terms of “technical partnerships”, while Switzerland was not in a position to provide disaggregated quantified information. The idea of “partnerships” floated around by developed countries is not acceptable to developing countries, as they want “meaningful financial resources from developed to developing countries.”

Developing countries also explained that the idea for the information to be provided is to enhance predictability and transparency. The PA states that the financial resources to be provided and mobilised should take into account the needs and priorities of developing countries and in terms of qualitative information, how the needs and priorities are reflected is the starting point for qualitative information, emphasised developing countries.

- **Article 9.7 under SBSTA**

Under the SBSTA, in relation to Article 9.7, Parties have discussed ‘modalities for the accounting of financial resources provided and mobilized through public interventions’ during the previous negotiations in Bangkok (in Sept.), and arrived at a draft decision highlighting different options reflecting the views of developing and developed countries. The draft text resulted by integrating submissions of the G77 and China and Australia, Japan and the US.

Even though Parties considered moving to a draft decision as progress, substantively, there remained vast differences.

Developed countries wanted references to new terms such as ‘reporting Parties’ in the text, when the obligation of providing financial support is on developed countries. Developed countries also proposed deleting references to ‘loss and damage’ and expressed discomfort around the use of words such as ‘new’ and ‘additional’ during the discussions which raised red flags from developing countries. There were also differences in views on how the information on finance provided and finance mobilized should be treated, with developed countries wanting the clubbing of both types of information, while developing countries wanted a distinction between the two.

- **Adaptation Fund**

Developed and developing countries are divided over the future and nature of the Adaptation Fund (AF) under the PA. The AF is currently under the Kyoto Protocol. The **G77 and China** want the AF to remain in its current form in terms of its operational policies and guidelines for developing countries to access the Funds when it AF serves the PA. Developed countries on the other hand, want to change the nature of the AF from what it is at present, if the AF is to serve the PA.

## **Technology transfer**

Under the PA, Parties had agreed to establish a technology framework to provide guidance to the Technology Mechanism in promoting and facilitating enhanced action on technology development and transfer. In elaborating the framework, one proposal by developing countries has been to support countries in enabling access to climate technologies in the private sector, including through the provision of public financial resources.

Developed countries are opposed to this and do not want any link to the provision of financial support for accessing climate technologies in the private sector. They are also opposed to the provision of support for research and development of technologies in developing countries or in supporting the transfer of technologies which are ready for transfer.

## **Ministerial Dialogue on Climate Finance**

The ministerial dialogue on climate finance will take place on 10 Dec. and is expected to pay particular attention to the issue of enhancing access to climate finance.

The 2018 Biennial Assessment and Overview of Climate Finance Flows (BA) comprises a summary and recommendations, and a technical report. While the technical report is prepared by external consultants, the summary and recommendations are prepared by the SCF. The findings of the BA are expected to be highlighted during the ministerial dialogue.

While developed countries are expected to stress that trends in climate finance point to increasing flows, and that bilateral flows and those channeled through Multilateral Development Banks have increased, the BA makes clear that developed countries have provided only USD 33 billion in 2015 and USD 38 billion in 2016. Developing countries are bound to highlight that this falls short of the commitment made in 2016 in Cancun for the mobilization of USD 100 billion per year by 2020.

Moreover, the BA has highlighted challenges and limitations in the collection, aggregation and analysis of information, and “a lack of clarity with regard to the use of different definitions of climate finance limits the comparability of data.” With no clarity on the

definition of climate finance, the report is bound to be criticized by developing countries, including on the counting of loans provided to developing countries as being part of climate finance.

Developing countries can also be expected to raise issues over the introduction of new terms in the BA such as “climate finance providers” due to the stance of the US in the SCF, instead of the reference to developed countries. This is viewed as an attempt to dilute the obligations of developed countries under the Convention and the PA in the provision of financial resources to developing countries.

### **Stocktake on Pre-2020 Implementation and Ambition**

Developing countries had insisted at COP 23 that there be a stocktake of the commitments and actions by Parties in the pre-2020 time frame under the Convention and the Kyoto Protocol (KP). The stocktake involving ministers will take place on 10 Dec.

One of the key issues expected to be highlighted is the inability of the Doha Amendment to the KP to be ratified and enter into force, thus rendering the lack of a second commitment period (2CP) for emissions reductions by developed countries who are Parties to the KP.

Parties had agreed in 2012 in Doha, to amend the KP to ensure that developed countries who are Parties to the KP will undertake aggregate emission cuts that would be at least 18 per cent below 1990 levels under the 2CP. They also agreed that developed countries will revisit their emission reduction commitments by the end of 2014, with a view to increasing their ambition. This was the political understanding reached that allowed for negotiations that eventually led to the PA.

As of Nov 20, only 122 Parties, including the European Union, have ratified the Doha Amendment, when 144 Parties are required for the amendment to enter into force. Developed countries such as Canada, Japan, and Russia have not done so and the US is not a party to the KP. In addition, no developed country has revised or raised their pre-2020 mitigation ambition targets under their Cancun pledges.

Instead of focusing on the pre-2020 mitigation ambition gap, reports such as the UNEP Emissions Gap Report focus on the NDCs under the PA, which begin to be implemented only from

2021 onwards. The report also does not differentiate the responsibilities and different obligations between developed and developing countries under the Convention and the KP.

The UNEP report is expected to be cited by many countries, to show that “current commitments expressed in the NDCs are inadequate to bridge the emissions gap in 2030” and that “technically, it is still possible to bridge the gap to ensure global warming stays well below 2°C and 1.5°C, but if NDC ambitions are not increased before 2030, exceeding the 1.5°C goal can no longer be avoided.”

One can expect some developing countries to highlight the significant gaps in the pre-2020 climate efforts, not only in mitigation, but also in adaptation and support to developing countries.

The most recent statement by the Ministers from the BASIC countries (Brazil, South Africa, India and China) underlined that “time is of the essence for any meaningful pre-2020 action and the implementation gaps should not present an additional burden to developing countries in the post-2020 period.” They also urged “developed countries to take urgent actions to close the pre-2020 implementation gaps by 2023, which can be a useful input for the first GST.”

### **The Talanoa Dialogue**

In Paris in 2015, Parties had agreed to “convene a facilitative dialogue ...in 2018 to take stock of the collective efforts of Parties in relation to progress towards the long-term goal referred to ...in the Agreement and to inform the preparation of NDCs...”). At COP 23, the Fijian Presidency stressed the importance of the dialogue and referred to it as the ‘Talanoa dialogue’, to reflect what is the “Pacific spirit” of sharing stories.

The dialogue is structured around three general topics: ‘where are we’; ‘where do we want to go’ and ‘how do we get there’. It consists of a preparatory phase (which took place in May this year) and will conclude with a political phase at COP 24, that will take place on 11 and 12 Dec. The COP 23 and COP 24 Presidents will be providing a summary of key messages from the roundtables to be held in Poland.

A key concern of developing countries led by the LMDC has been on how the question of ‘how did we get here’ has been ignored, which signals a disregard for the historical responsibility of developed countries.

It can be expected that Parties will continue to have concerns over the report and outcomes of the dialogue, given that the process is being driven by the COP Presidency, rather than by the Parties.

The IPCC 1.5°C Special Report is expected to feature in a big way during the dialogue. Many important findings of the report can be expected to be highlighted from the Summary for Policy Makers (SPM), including that “impacts at 1.5°C, such as on global sea level rise, biodiversity and ecosystems, ocean temperature, and adaptation needs, will be lower compared to 2°C. Similarly, climate-related risks to health livelihoods, food security, water supply, human security, and economic growth are projected to increase with global warming of 1.5°C, but increase further with 2°C.”

The report also states that “limiting global warming requires limiting the total cumulative global anthropogenic emissions of carbon dioxide (CO<sub>2</sub>) since the preindustrial period, i.e. staying within a total carbon budget.”

Of importance to note is a further message that “pathways limiting global warming to 1.5°C with no or limited overshoot would require rapid and far-reaching transitions in energy,

land, urban and infrastructure (including transport and buildings), and industrial systems.”

For developing countries, the following statements in the SPM are vital to note viz. that “International cooperation is a critical enabler for developing countries and vulnerable regions to strengthen their action for the implementation of 1.5°C-consistent climate responses, including through enhancing access to finance and technology and enhancing domestic capacities, taking into account national and local circumstances and needs” and that “Collective efforts at all levels, in ways that reflect different circumstances and capabilities, in the pursuit of limiting global warming to 1.5°C, taking into account equity as well as effectiveness, can facilitate strengthening the global response to climate change, achieving sustainable development and eradicating poverty.”

Given some of the key challenges above, the eyes of the world will be on Poland to see how the divergent positions among Parties will be reconciled and steered to a successful outcome that is inclusive, transparent and Party- driven.