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Main issues facing UN climate talks in Madrid

2nd Dec, 2019 (Meena Raman) – Amidst continuing protests in Chile, the annual climate talks under the United Nations Framework on Climate Change (UNFCCC), originally scheduled to take place in Santiago, will now kick-off in Madrid, Spain, from 2nd – 13 Dec, 2019, with the Chilean Minister of Environment, Carolina Schmidt, presiding over the talks.

Governments attending the 25th session of the Conference of Parties to the UNFCCC (known as COP 25), the 15th session of the Kyoto Protocol Parties (CMP 15) and the 2nd session of the Conference of Parties to the Paris Agreement (CMA 2), will meet along with the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA), to consider and decide on various issues, including a few unfinished items as well as further work dealing with the Paris Agreement (PA) implementation, following the decisions adopted in Katowice, Poland last year.

Some of this work already began at the June 2019 intersessional meeting of the Subsidiary Bodies held in Bonn, Germany. In Madrid, Parties will continue to negotiate, in order to adopt the final conclusions and decisions.

We set out below some of the key issues to be discussed at the two-week meetings.

The main issues

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 under the Convention and the KP in the pre-2020 timeframe. In Madrid, a stocktake on pre-2020 implementation and ambition will take place in two segments: one is a technical session on the 4 Dec and another on 10 Dec during the high-level segment which will involve ministers.

Developing countries are expected to highlight that the Doha Amendment to the Kyoto Protocol (KP) which gives effect to the second commitment period (2CP from 2013 to 2020) has yet to come into effect, given the lack of political will to do so by major developed countries including Japan, Russia and Canada. As of October this year, only 134 Parties have ratified the Doha Amendment, short of 10 more countries required for the it to enter into force.

Governments had agreed to the Doha Amendment in 2012, and for developed country Parties to the KP to undertake aggregate emission cuts that would be at least 18 per cent below 1990 levels under the 2CP, and to revisit their emission reduction commitments by the end of 2014, with a view to increasing their ambition. These key decisions led to developing countries agreeing to negotiations for what is now the PA, where all countries have emission reduction obligations.

This issue of the status of the Doha Amendment is also on the CMP agenda, and developing countries can be expected to voice their unhappiness over the reneging of the decisions taken by developed countries.

At the June session in Bonn, the Like-Minded Developing Countries (LMDC) said that developed countries must act expeditiously and responsibly to close the pre-2020 implementation gaps so that there is no transfer of burden to developing countries in the post-2020 period.

Another implementation gap that can be expected to be highlighted is that on finance. At the June session, the Africa Group reminded developed countries not to forget their commitments on the mobilisation of finance of USD 100 billion per year by 2020.

In Madrid, developing countries are bound to stress that their finance needs are far from being met in order for them to implement their climate actions. References will be made to the October meeting held in Paris this year of contributors to the Green Climate Fund (GCF), that saw 28 countries pledge resources to replenish the Fund for an amount of USD 9.7 billion for the period 2020-2023, which falls short of the initial resource mobilisation target of USD 10.2 billion.

With only one more year to go on the implementation of pre-2020 commitments, whether the stocktake will be more than just a talk shop (as was the case in the past) remains to be seen.

Scope of the periodic review

Related to the issue of the implementation of pre-2020 commitments, is another item on the agenda of the Subsidiary Bodies known as the 'scope of the periodic review'.

Developing countries have been insisting on a review of the overall progress and implementation of actions of Parties in the pre-2020 period under the Convention and the KP, while developed countries have been opposing the need for a review, arguing that a mechanism is already in place under the global stocktake (GST) of the PA. (The GST is a review of the collective progress of Parties in meeting the goals of the PA, which will take place in 2023). Developing countries have made clear that the GST will focus on the collective progress of Parties in implementing the PA in the post-2020 timeframe while a review of the pre-2020 implementation is necessary.

No agreement was possible on the scope of the periodic review at the June session on this issue, and Parties agreed to consider the matter further at the session in Madrid. Intense wrangling on this issue is to be expected between developed and developing countries.

Loss and damage – review of the Warsaw International Mechanism

An important agenda item under the Subsidiary Bodies is the review of the Warsaw International Mechanism for Loss and Damage associated with climate change impacts (WIM).

The WIM was established at COP19 in 2013 in Warsaw, Poland, to address loss and damage associated with impacts of climate change, including extreme events and slow onset events. The implementation of the functions of the Loss and Damage Mechanism is guided by the Executive Committee (known as the Excom), that currently acts under the guidance of the COP.

The Subsidiary Bodies at the June talks agreed on the terms of reference for the WIM review, which will now be undertaken in Madrid.

Given the spate of extreme weather events and the adverse impacts countries are already facing, and the recent reports from the IPCCC, developing countries are expected to underscore the importance of the WIM and for its enhancement so that it will be effective and meaningful in responding to their needs. This includes the highly controversial aspect of facilitating and enhancing financial support to developing countries to avert, minimise and address loss and damage. Developed countries can be expected oppose any new financial arrangements in this regard.

A separate but related matter regarding the WIM is over its governance. In issue is whether the WIM should be exclusively under the authority and guidance of the CMA (Parties to the PA) or whether it should also continue to be governed by the COP (Parties to the Convention) as well.

Developed countries take the view that given Article 8(2) of the PA, the WIM should be governed by the CMA, while developing countries wish the WIM to be under both the COP and the CMA, as they do not want the mandate and scope of the WIM to be limited.

Key to resolving the governance issue will be the outcome of the WIM review itself. Whether Parties can reach a conclusion on the governance of the WIM at this time in Madrid remains to be seen.

Article 6 of the PA

Article 6 of the PA generally deals with what is known as cooperative approaches among Parties, which includes the use of market and non-market mechanisms. Parties had initially agreed that rules for the implementation of the mechanisms would be adopted last year.

However, negotiations in this regard have proved difficult, contentious and complex, with Parties having different understandings on how the mechanisms are to be implemented. Hence, the rules to be applied in the implementation of Article 6 was not part of the package of decisions adopted in Poland last year, and remains an unfinished agenda item to completed in Madrid.

Under Article 6(1), it was agreed that Parties can "choose to pursue voluntary cooperation in the implementation of their nationally-determined contributions (NDCs) to allow for higher ambition in their mitigation and adaptation actions and to promote sustainable development and environmental integrity."

Article 6(2) of the PA, allows Parties to engage "on a voluntary basis in cooperative approaches that involve the use of internationally transferred mitigation outcomes (ITMOs)" towards their NDCs, that promote sustainable development, ensure environmental integrity, transparency and avoid double counting.

The reference to ITMOs has allowed the opening of the door for the establishment of an international carbon market, despite years of lack of consensus on this among Parties in the negotiations under the COP since 2010.

The European Union (EU) has been a major proponent of this, along with Japan and other members of the Umbrella Group, while countries such as Bolivia and Venezuela, among others, have strongly resisted such mechanisms, primarily because they allow for offsets, i.e. where developed countries can transfer their mitigation actions to be undertaken by developing countries by paying for them, with the consequent emission reductions in developing countries counted as the emission reductions of developed countries.

There have also been concerns over the environmental integrity of the carbon markets and whether they will genuinely lead to overall reductions in emissions, with some developing countries such as the LMDC calling for limits on the use of market-based mechanisms in the achievement of NDCs, especially in the context of the PA where developing countries also have obligations to undertake emission reductions.

A contentious issue is whether ITMOs can be used for purposes other than towards the achievement of NDCs such as the global market-mechanism scheme under the International Civil Aviation Organisation, known as 'Carbon Offsetting and Reduction Scheme for International Aviation' (CORSIA), which is not under the UNFCCC. Developed countries can be expected to support the recognition of CORSIA, with developing countries being opposed to this.

Also in issue is whether there can be a share of proceeds from the use of ITMOs that goes towards resourcing the Adaptation Fund (AF). The PA is silent on the matter, while there is an express provision for the Article 6(4) mechanism to contribute a share of proceeds to the AF. Developing countries led by the African Group and the Alliance of Small-Island States have been calling for a share of proceeds to come from both the ITMOS and the Article 6(4) mechanism, while developed countries such as the EU, United States (US) and Japan are against this.

Under Article 6(4), another mechanism has been agreed to in order to "contribute to the mitigation of greenhouse gas emissions and support sustainable development." Some Parties view this mechanism as an expansion of the Clean Development Mechanism (CDM) under the KP. Brazil has been a major proponent of this 'sustainable development mechanism.'

Whether and how the certified emission reduction credits (CERs) obtained under the KP CDM mechanism in the pre-2020-time frame is to be treated under the PA is another major issue.

Article 6(8) of the PA deals with non-market approaches and states that "Parties recognize the importance of integrated, holistic and balanced non-market approaches being available to Parties to assist in the implementation of their NDCs… including through, *inter alia*, mitigation, adaptation, finance, technology transfer and capacity-building, as appropriate…". Further, the SBSTA was mandated to undertake a work programme to consider how to enhance linkages and create synergy between *inter alia*, mitigation, adaptation, finance, technology transfer and capacity-building and how to facilitate the implementation and coordination of non-market approaches. Some developing countries, led primarily by Bolivia, were major proponents of the non-market approaches, as a counter to the market-based approaches.

There will certainly be push to ensure a balanced outcome in relation to the mechanisms under Article 6. A major challenge for developing countries is to arrive at cooperative approaches that are able to reflect the diversity of NDCs and account for future cooperative arrangements, and which will also ensure environmental integrity and prevent the double counting of actions by Parties involved in these mechanisms.

At the June session, draft decision texts were developed on all the Article 6 items. According to Paul Watkinson, the SBSTA Chair (who has prepared a reflections note for the session), these texts contain a number of "unresolved issues" which are "still high".

What decisions will finally be agreed to will be a major pre-occupation in Madrid. Some Parties are expected to propose that there be general guidance agreed to on Article 6, with the more technical issues being dealt with in the following years.

Finance Issues

There are several important matters related to finance on the COP agenda. Among them are the following:

- ***Long- term finance***

At COP 24, developed countries were urged *"to continue their efforts to channel a substantial share of public climate funds to adaptation activities and to strive to achieve a greater balance between finance for mitigation and for adaptation, recognizing the importance of adaptation finance and the need for public and grant-based resources for adaptation"*.

It was also decided that *"in-session workshops on long-term climate finance in 2019 and 2020 will focus on (a) the effectiveness of climate finance, including the results and impacts of finance provided and mobilized;(b) the provision of financial and technical support to developing country Parties for their adaptation and mitigation actions in relation to holding the increase in the global average temperature to well below 2 ºC above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 ºC above pre-industrial levels"*.

An in-session workshop on long-term finance was organized during the June session and the secretariat has prepared a summary report on the workshop for the consideration of Parties. A note by the COP 24 President on the third biennial high-level ministerial dialogue on climate finance held in Poland has also be made available. Parties are expected to consider these reports in their discussions.

Developed countries have traditionally opposed the continuity of discussions on LTF beyond 2020, given that this is a process under the Convention (as the PA deals with the post-2020 timeframe), while developing countries will be expected to emphasise the fact that the issue of long-term finance does not end in 2020, especially in the context of the decision adopted last year in Poland on initiating in Nov 2020, deliberations on setting a new collective goal on finance from a floor of USD 100 billion.

- ***Adaptation Fund***

Last year, the CMA decided that the AF shall serve the PA effective 1 Jan 2019. The SBI was tasked to consider the membership of the AF Board, which will comprise of members from developed and developing countries who are Party to the PA.

At the June session this year, consultations did not result in any conclusions following divergences among developed and developing countries, with developed countries wanting to change the composition of the AF Board. In this regard, during the June session, the Africa Group in particular, expressed regret over stance of developed countries. Parties will continue consideration of this matter at COP 25.

- ***Matters related to the GCF and Global Environment Facility (GEF)***

Both the GCF and the GEF submit annual reports to the COP. The Parties are expected to provide guidance to these entities, so that they are accountable to the COP.

One major issue that developing countries are expected to stress is the eligibility of all developing countries to access finance from the GCF and the GEF (which are operating entities of the financial mechanism of the COP as well as the CMA).

The US in particular has been trying to limit the access of some developing countries to access the resources from these entities such as Iran, China and Palestine.

Enhanced Transparency Framework

Under Article 13(1) of the PA, Parties agreed to the establishment of an enhanced transparency framework (ETF) for action and support, with built-in flexibility which takes into account developing country Parties different capacities.

In Poland, the rules for the ETF were adopted, which provide comprehensive requirements regarding the information that must be reported by Parties in relation to their NDC implementation and how this information would be considered. It was also decided that Parties shall submit their first biennial transparency report (BTR) and national inventory report (NIR), in accordance with the rules, at the latest by 31 Dec 2024. Parties had also agreed that the BTRs, the technical expert review and the facilitative multilateral consideration of progress are prepared and conducted in accordance with the rules.

The CMA requested SBSTA to undertake further technical work on a number of issues in relation to how the information to be reported and reviewed should be organised and presented, and how programmes for the training of experts taking part in reviews should be elaborated. The task of the SBSTA is to produce the operational tools for Parties to be able to implement the agreed ETF, which comprises of common reporting tables and common tabular formats.

A key issue in developing these common reporting tables and formats would be on how the flexibility provided to developing countries that need it could be reflected in the different outlines and made operational effectively.

Forum on Response Measures

The impacts of implementation of response measures is understood as the effects arising from the implementation of mitigation policies and actions taken by Parties under the Convention, the KP and the PA, and how these mitigation policies/actions could have impacts on countries, particularly developing countries, including cross-border impacts. COP 17 (in 2011) established a forum on the impact of the implementation of response measures.

Decisions were adopted in Poland to relaunch the work of the forum on the impact of the implementation on response measures (forum). The decisions identified four areas for the work programme viz. (a) economic diversification and transformation; (b) just transition of the workforce and the creation of decent work and quality jobs; (c) assessing and analysing the impacts of the implementation of response measures and; (d) facilitating the development of tools and methodologies to assess the impacts of the implementation of response measures.

The decisions also provided for the creation of the Katowice Committee of Experts on the Impacts of the Implementation of Response Measures (KCI) to support the work programme of the forum. The KCI had its first meeting in June this year and will hold its second meeting in Madrid. The report of the KCI and any recommendations made will be considered by the forum, which will then forward any conclusions to the COP, the CMP and the CMA for adoption.

In June, the forum began to develop a six-year work plan. However, opposition from developed countries prevented the work plan from being finalised. In Madrid, agreement has to be reached on the work plan so that the forum can start its work.

NDCs – common time frames

In Poland, it was agreed that Parties "shall apply common time frames to their NDCs to be implemented from 2031 onward." The SBI was tasked to consider this matter in June, which it did and a draft decision with several options will be further discussed at the Madrid session.

This issue was the subject of intense negotiations in Poland, with developed countries pushing for a common time frame for the NDCs of all Parties, while some developing countries were of the view that countries should have the flexibility of deciding whether to have a 5-year or a 10-year time frame.

Backdrop of the talks

The Madrid talks are taking place against the backdrop of great turbulence on the planet, with recent extreme events of ravaging forest fires in California and Australia due to unusually high temperatures, very dry weather and strong winds and historic floods in Venice with exceptional high tides. This year also witnessed major cyclones and floods which devastated many parts of the world including in Mozambique, Bahamas, India, Pakistan, Nepal, Bangladesh, China, Iran, and South Africa.

The most recent Special Report of the Intergovernmental Panel on Climate Change (IPCC) on the 'Ocean and Cryosphere released in September this year as well as other new articles in scientific journals, continue to sound the alarm bells and dire warnings of how climate change impacts will exacerbate even further from the warming of the oceans and the widespread shrinking of the cryosphere. (The 'cryosphere' refers to components of the Earth System at and below the land and ocean surface that are frozen).

New findings by researchers from Climate Central (an US-based non-profit institution), predict that over the next three decades, hundreds of millions of people worldwide are at risk of losing their homes as entire cities sink under rising seas.

It can be expected that these reports and events will feature prominently in the speeches of delegates in the conference halls especially from developing countries who are already suffering, and who will be calling for more effective action and support for loss and damage to address such adverse impacts.

Regrettably, the just released 2019 Emissions Gap Report (EGP) of the United Nations Environment Programme (UNEP) paints a very bleak picture that “greenhouse gas emissions have risen 1.5 per cent per year over the last decade. Emissions in 2018, including from land-use changes such as deforestation, hit a new high of 55.3 gigatonnes of CO_2 equivalent.”

The Report further reveals that “to limit temperatures, annual emissions in 2030 need to be 15 gigatonnes of CO_2 equivalent lower than current unconditional NDCs imply for the 2°C goal; they need to be 32 gigatonnes lower for the 1.5°C goal. On an annual basis, this means cuts in emissions of 7.6 per cent per year from 2020 to 2030 to meet the 1.5°C goal and 2.7 per cent per year for the 2°C goal. To deliver on these cuts, the levels of ambition in the NDCs must increase at least fivefold for the 1.5°C goal and threefold for the 2°C.”

It is noteworthy that the EGP is focused on the NDCs under the PA, which only begin to be implemented from 2021 onwards and with a majority of the pledges with a 10-year timeframe. There is no focus on what developed countries in particular were supposed to do in the pre-2020 time-frame under the KP and the pledges under Convention (via the 2010 Cancun decision) or the emissions gap in the pre-2020 timeframe, which will certainly be highlighted by many developing countries.

As emissions rise, and with a perception that governments are not doing enough to tackle the climate crisis, anger and frustration are mounting even more especially among the youth and climate change activists, as they continue to take to the streets demanding for greater urgency and more action from their governments.

Their eyes will be on the talks with the hope that Northern governments in particular, will act responsibly in doing more to cut their emissions and assist Southern governments to make the transition fast to a low-emissions path, while they address adaptation, build climate resilience and tackle loss and damage.

In the meanwhile, in a recent press statement of Nov. 4 by the United States (US) Secretary of State, Mike Pompeo, the US has begun the process to withdraw from the PA, which will take effect one year from the delivery of the notification to the UN (i.e. on Nov.3 2020). The announcement is nothing new, as President Donald Trump already made this known in 2017.

Of concern though will be that despite its intention to withdraw, the US will continue to negotiate as a major player, often calling the shots as was visible since COP 23 (in 2017) and COP 24 (in 2018), and in leading its allies in the developed world to accommodate its concerns, often at the expense of developing country interests.

Given the above issues, the Madrid talks will not be easy, and its outcomes will be keenly watched and debated.