THE BONN CHECKLIST

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The twenty-third meeting of the United Nations Framework Convention on Climate Change's Conference of Parties (CoP) will take place in Bonn from 6-17 November, 2017. The CoP 23 president and prime minister of Fiji, Frank Bainimarama had, while addressing pre-CoP ministerial gathering at Nadi in Fiji in October, stressed on the Fijian concept of "*Talanoa*" — meaning open and transparent discussion without finger-pointing which should guide negotiations at Bonn.

On the table at Bonn

Rule book on provisions of transparency, global stocktake, new market mechanism and accounting

Procedural issues

Global stocktake (Article 14 of Paris Agreement)

Global stocktake serves as a crucial review exercise to periodically assess collective progress towards the Agreement's long-term goals, enhance implementation of the Agreement, and scale up ambition over time. The first global stocktake will be undertaken in 2023 and every five years thereafter, unless decided otherwise by the Parties.

It is necessary that the agenda of the global stocktake be comprehensive; it must comprise loss and damage. At Bonn, Parties must establish goals against which progress can be measured and assessed. Parties must also come up with clearly defined parameters within each component — mitigation, adaptation, loss and damage and means of implementation — for reporting progress. The outcome of the Facilitative Dialogue must result in Parties revising and scaling up their Nationally Determined Contributions (NDCs). The Facilitative Dialogue of 2018 must also be designed on the lines of global stocktake and the progress, learnings and outcomes of the Dialogue must feed into the process of the stocktake.

Enhanced transparency framework (Article 13)

A transparency framework has been established with common reporting and review requirements for all Parties. There is 'built-in flexibility" for developing countries with respect to reporting, but it is not defined what this actually means. A Capacity Building Initiative has also been established to help developing countries build domestic capacity towards meeting their requirements.

Under the Paris Agreement, all parties are required to report (at least every two years) on their GHG emissions and on the progress in implementing their NDCs. In addition, developed countries are required to report on the support provided; and developing countries on the reports received. The Paris agreement says that the new transparency framework will build on existing UNFCCC transparency arrangements, but the relation between the two remains undefined.

Transparent accounting and reporting of action and financial assistance provided by countries is essential. Parties must come out with clear modalities and rules on the enhanced transparency framework that builds on existing transparency arrangements in countries. Flexibility in transparency frameworks for developed and developing countries must be recognised and support must be provided to developing countries to enhance and create fair and efficient transparency structures and institutions. Such frameworks would also form input sources for global stocktake.

Accounting (Article 4)

Under the Agreement, Parties have to account for progress in NDCs and their emissions in a way that can "promote environmental integrity, transparency, accuracy, completeness, comparability and consistency, and ensure the avoidance of double counting." However, the rules for accounting have to be clearly established to avoid double counting and keeping in mind the heterogeneity of climate action plans. Parties are required to follow the accounting guidelines with the second round of NDCs in 2020.

New Market Mechanism (NMM) (Article 6)

Article 6 of the Paris Agreement provides the initial framework for nations to voluntarily pursue cooperative approaches to reduce GHG emissions. It allows parties to voluntarily use "Internationally Transferred Mitigation

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Outcomes" (ITMO or trading units) to help meet their reduction targets, while ensuring that transparency and the environmental integrity of the regime is maintained. Thus, the Article assumes that countries will develop markets internally, and it says they can trade mitigation outcomes or ITMOs among themselves to meet the targets they have set in their country-specific climate action plans, or the Nationally Determined Contributions (NDCs).

The same Article establishes a new mechanism to "contribute to the mitigation of greenhouse gas emissions and support sustainable development". Many commentators have referred to this as a new "Sustainable Development Mechanism" or the "ITMO Mechanism".

However, many issues remain with regard to NMM:

- **Double counting** — The same mitigation outcomes should not be transferred internationally twice, or used towards NDCs twice, by different Parties.
- **Registration of ITMOs** — Considering that the content of NDCs is heterogeneous, the mitigation outcomes may not be in the form comparable units. A critical question then emerges is how the ITMOs would be registered if they are not in the form of homogenous units.
- **Accounting** — Would different accounting treatments be required depending on the type of NDC?
- **Demand for ITMOs** — In the current context, it appears that very few countries, including Canada, Japan, New Zealand, South Korea, Switzerland etc, are likely buyers of ITMOs. The vast majority of other Parties intend to participate as sellers. A balance needs to be struck between allowing for large participation of Parties on one hand and ensuring environmental integrity on the other.

Finance (Article 9)

Under the Paris Agreement, the issue of finance has differentiation in it with developed countries mandated to help developing countries with finance in mitigation and adaptation. "Other countries" are also encouraged to provide support voluntarily. The Subsidiary Body of Scientific and Technological Advice (SBSTA) is tasked with developing the modalities for the accounting of resources provided through public interventions. Developed countries have committed in the Agreement to report every two years on support provided and mobilised "through public interventions," and to provide "indicative quantitative and qualitative information".

Parties must contribute to scale up climate finance for the Green Climate Fund to meet the target of US $100 billion a year by 2020. New sources of finance including through public-private partnerships must also be discussed and agreed upon. There should be parity in mitigation and adaptation finance.

According to the mandate, Parties need to come up with final rule book on implementation of various provisions of Paris Agreement by 2018. At the conclusion of the climate talks in Bonn, Parties must have a draft of Modalities, Procedures and Guidelines (MPGs) of various components which can be taken ahead.

Loss and damage (Article 8)

Climate-related impacts are increasing in severity and developing countries are bearing the brunt of these impacts. It has taken almost two decades in climate negotiations for loss and damage to be treated as a concern that needs to be addressed. The Warsaw International Mechanism (WIM) was established in 2013 with a view to i) enhance knowledge and understanding of comprehensive risk management approaches to address L&D; ii) strengthen dialogue, coordination, coherence and synergies among relevant stakeholders; iii) and enhance action and support, including finance, technology and capacity-building. Article 8 of the Paris Agreement provides a separate section on loss and damage and proffers a legal basis to anchor the Warsaw International Mechanism to the Agreement, though without the element of liability and compensation. It also clarifies that action on loss and damage shall be cooperative and facilitative and shall be undertaken in coordination with competent bodies inside and outside of the UNFCCC structure.

The 45th meeting of the SBSTA, held during CoP 22, had deliberated over the Executive Committee report of the Warsaw International Mechanism for Loss and Damage associated with climate change impacts. Earlier this year, in May, expected results for activities listed in the work plan were decided and in October, a work plan draft was submitted.

While the work plan is set for the next five years, after four years of the WIM activities are still at the stage of collecting and compiling information. According to the draft, the expert committee sitting on the WIM for L&D will take stock of the progress made during the initial two-year work plan and develop recommendations to take forward the efforts to address slow onset events.

Expert group recommendations on non-economic losses and how these can be incorporated into planning are expected to be submitted during the 7th expert committee meeting at CoP 23.

Parties need to ensure that loss and damage must not be restricted only to WIM and other forums and institutions must be explored and discussed. Parties at Bonn must work to elaborate the modalities for clear and transparent accounting of finance for loss and damage, and providing adequate finance to implement the mandate of the WIM. WIM has not been able to mobilise any finance to carry out its mandate since its operationalisation in 2013 and its budget cannot continue to function under the 'supplementary' budget of UNFCCC. Some have suggested a requirement of US $50 billion per year by 2022 and at least US $200-300 billion per year by 2030, additional to adaptation.

Agriculture

Agriculture is one of those key nodes in the climate change equation that cannot be ignored for long. CoP 22 saw no progress on the agenda for agriculture: there was no final document or decision that was adopted regarding future action or terms for implementation on issues relating to agriculture. A non-paper on which discussions were taking place was not allowed by the US and EU to be officially released -- the same paper was to be taken forward at the inter-sessional held in Bonn earlier this year; but no decision or progress was made on the matter.

Among the expected talking points regarding agriculture is the matter of international cooperation in terms of finance and technology transfers. But international funding for adaptation and mitigation in agriculture has been a trickle so far. The GCF and ODA have facilitated some international funding for climate-smart and climate-resilient agriculture projects. INDCs offer a starting point in climate negotiations on agriculture but action will require to be landscape/region-specific. In Bonn, the hope would be that Parties start talking about common standards that are needed to implement strategies and improve monitoring in agricultural actions.

While "smart / climate-smart" agriculture has been advanced as a technological solution at several events to address the problems of climate change, CSE has pushed also for the consideration of a globally supported agricultural insurance mechanism to cover climate impacts on agriculture.

Adaptation (Article 7)

The Paris Agreement gives equal importance to mitigation and adaptation. Many of the current NDCs, mainly of developing countries, have a clear adaptation component in them. The Agreement encourages Parties to periodically submit an "adaptation communication" reporting on their adaptation efforts and/or needs and establishes a "global goal on adaptation" but does not define what it actually is. The Agreement also provides for enhanced adaptation support for developing countries, and says their adaptation efforts "shall be recognized."

But while the agreement underlines commitments, a coherent plan of action is lacking. The CoP 22 failed to shine any light on this as the matter of adaptation was sidelined, to be taken up this year. During CoP 23, issues related to reporting and review of adaptation actions, reporting on adaptation communications and operationalising global goal on adaptation are likely to be deliberated. Review of domestic National Adaptation Plans must also be agreed upon in the upcoming CoP.

US participation

The US opted out of the Paris Agreement on June 1, 2017 but it is still a part of the Convention. Article 28 of the Paris Agreement clearly says, "at any time after three years from the date on which this Agreement has entered into force for a Party, that Party may withdraw from this Agreement by giving written notification to the Depositary". The Agreement entered into force on November 4, 2016 which means that the US will have to stay with it until November 2019.

The Agreement further says that, "Any such withdrawal shall take effect upon expiry of one year from the date of receipt by the Depositary of the notification of withdrawal, or on such later date as may be specified in the notification of withdrawal", which implies an additional one-year notice period — the US withdrawal would actually take place in late 2020, around the next presidential election on November 3, 2020. The US would therefore be part of the climate negotiations taking place until the period and has made public statements on participating in climate negotiations in a way so as to secure its interests.

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