

Briefing Note

For the twenty-fourth meeting
of the Conference of Parties (CoP)
which will take place in Katowice
from 2–14 December 2018



Centre for Science and Environment

The Paris Agreement was adopted and opened for ratification at the 21st Conference of the Parties (CoP) to the UNFCCC in December 2015. The Agreement entered into force in November 2016 when 55 countries, producing at least 55 per cent of the world's greenhouse gas (GHG) emissions, ratified it (India had already ratified it in October 2016).

The Agreement prescribes an overarching temperature goal—to keep the increase in global average temperature to well below 2°C above pre-industrial levels, and pursue efforts to limit the temperature increase to 1.5°C. It requires countries to implement domestic planning processes on various aspects of climate policy (adaptation, mitigation, finance etc.), develop national targets, identify gaps or needs (through the domestic planning processes), and communicate this information regularly at the international level (through various reporting requirements).

The current draft of the Paris Rulebook is 307 pages long but the guidelines described in this briefing note are still subject to removals and additions by negotiators, so the final Rulebook is expected to be condensed in comparison

To give effect to these obligations, the Paris Decision requested the Ad Hoc Working Group on the Paris Agreement to “develop recommendations for modalities, procedures and guidelines” (MPGs) [paragraph 91] for each subject under the agreement. These MPGs have been referred to as the “Paris Rulebook”, which is mandated to be finalized at CoP24 in Katowice this December. The current draft of the Rulebook is 307 pages long but the guidelines described here are still subject to removals and additions by negotiators, so the final Rulebook is expected to be condensed in comparison.

Work on the Rulebook has been organized based on the Articles of the Paris Agreement. We present the current state of negotiations in the same format below, regarding the following subjects:

- Nationally Determined Contributions [Article 4]
- New Market Mechanisms [Article 6]
- Adaptation [Article 7]
- Finance [Article 9]
- Global Stocktake [Article 13]
- Transparency [Article 14]

In addition, we also present the current state of discussions on three cross-cutting issues:

- Agriculture
- Loss and damage
- The Talanoa Dialogue

all of which are important elements of the Paris consensus, but do not occupy a distinct section in the Paris Rulebook.

Nationally Determined Contributions [Article 4]

The Paris Agreement requires countries to periodically “prepare, communicate and maintain successive nationally determined contributions” (NDCs) and “pursue domestic mitigation measures, with the aim of achieving the objectives of such contributions” [Article 4.2]. Countries are also required to continually scale up ambition in each successive NDC, taking into account the principle of common but differentiated responsibilities and respective capabilities and the reality of different national circumstances.

Countries have technically already submitted their “first” NDCs, at the time that the Paris Agreement was concluded. These were originally termed as “intended” NDCs (INDCs), but are now commonly referred to as just NDCs. These NDCs were very diverse in terms of the sectors they reported on and the methodologies and metrics that they used. The discussions since the Paris Agreement have, therefore, sought to standardize, to the extent possible, the information contained in NDCs. The Agreement requires NDCs to be submitted every five years [Article 4.9]. The next NDCs are due in 2020, and should follow the Katowice guidelines. Negotiators are also discussing whether countries should update their current NDC based on these guidelines.

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The draft Paris Rulebook proposes, for example, that the NDCs of countries are to include all categories of anthropogenic emissions as well as “removals” (such as those through carbon “sinks” like forests). It is proposed that countries account for their emissions “in accordance with methodologies and common metrics assessed by the Intergovernmental Panel on Climate Change (IPCC)” and quantify them based on a standard metric (most likely tCO₂e, i.e., tonnes of CO₂ equivalent). Options to ensure “methodological consistency” have been provided, including by describing the methodology to establish baselines or reference periods against which emissions reductions are measured. The draft proposes that countries can report on how they have considered equity in framing their NDCs and, in the case of developed countries, how they have met their obligation to take the lead on mitigation. It also proposes an option for countries to report on how they intend to achieve their NDCs.

NDCs are expected to be the most important regular report communicated by countries. Countries are thus likely to use NDCs to also communicate information required by other parts of the Paris Agreement. Thus, the draft text on NDCs reiterates the reporting requirements for adaptation, finance and use of market mechanisms. These reporting requirements are covered in the relevant sections of this factsheet. Some of these subjects have different reporting cycles from NDCs (finance reports are required biennially, for example); the final decision in Katowice should be clearer on how these different reporting requirements interact or overlap with each other.

New Market Mechanism (NMM) [Article 6]

Article 6 of the Paris Agreement presents a framework for nations to utilize carbon markets as an avenue to reduce GHG emissions. The New Market Mechanism under the Paris Agreement stipulates three provisions that parties can utilize to achieve their NDCs. It allows parties to voluntarily use “Internationally Transferred Mitigation Outcomes” (ITMOs)—which can be understood as tradable carbon credits or units—to help meet their reduction targets. Secondly, the Article also establishes a new mechanism, conventionally known as the Sustainable Development Mechanism (SDM), to “contribute to the mitigation of GHG emissions and support sustainable development”. Finally, the Article also creates a framework for non-market approaches to support countries in implementing their NDCs through assistance in mitigation, adaptation, finance and capacity building. Over the course of the market negotiations, these non-market approaches have now been formulated into a work programme that will ensue, post-CoP24, in the identification of a set of non-market approaches that can enable parties achieve their NDCs.

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of corresponding adjustments (how and when credit transfers should be calculated), ensuring overall mitigation of global emissions, and inclusion of Kyoto Protocol projects in the NMM.

The draft text proposes several options regarding corresponding adjustments to be made when mitigation outcomes are transferred. Parties are deliberating on whether their net emissions, emission reductions, or NDC target be adjusted when ITMOs are transferred. There are also textual proposals on the timing of these adjustments to establish accounting clarity during transactions, including making the adjustments at every transfer or at the initial transfer or when the ITMO is finally being used by a party after multiple transfers.

To ensure environmental integrity, parties have proposed options for creating overall mitigation of global emissions through either a percentage automatic cancellation or discount of emission reductions made by parties during the transaction of ITMOs. These discounted or cancelled emissions would not be accounted to any party and would go towards the benefit of the atmosphere.

Another issue of contention being deliberated by parties involves the inclusion of projects under the Kyoto Mechanism in the SDM. There is an apprehension among some parties that including Kyoto projects, many of which were not additional or did not create overall emission reductions, would dilute the additionality and environmental integrity of the new market mechanism.

Adaptation [Article 7]

The Paris Agreement established a “global goal” on adaptation—to enhance adaptive capacity, strengthen resilience and reduce vulnerability to climate change [Article 7.1]. To make progress towards this goal, the Agreement requires countries to engage in domestic adaptation planning [Article 7.9] and regularly submit an “adaptation communication” to the United Nations Framework Convention on Climate Change (UNFCCC), covering its adaptation “priorities, implementation and support needs, and plans and actions” [Article 7.10]. The discussions around the Paris Rulebook are regarding the format of and information to be provided by this adaptation communication.

The challenge is to strike a balance between building a comprehensive picture of adaptation needs on the one hand and minimizing the extra planning and reporting burden on countries, especially developing ones on the other hand. Hence, the current draft of the Rulebook describes the information to be included in adaptation communications in broad terms, for example, “national circumstances, including population, levels of development, legal frameworks and institutional arrangements”, and “expected impacts, risks and vulnerability assessments, and adaptive capacity”. Even at this level of generality, some reporting elements are more relevant to the needs of developing countries, for example, the proposed requirement in the current draft that developed countries indicate the projected levels of public financial resources that they will provide for adaptation in developing countries.

It is not yet clear how regularly the adaptation communication is to be submitted. To allow maximum flexibility to parties, the current draft of the Rulebook allows the communication to be submitted along with other reports required by the Paris Agreement and the UNFCCC. Two of these are specifically mentioned—the National Communications (‘NCs’, under UNFCCC Article 12), which operate on a four-year cycle, and the NDCs [Article 4], which operate on a five-year cycle. It is also possible to submit the adaptation communication (AC) as a standalone document.

While the proposed reporting requirements are being kept as general as possible, there is an underlying debate on how to (i) measure adaptation needs, and (ii) track adaptation finance in a transparent manner. As part of the Paris Decision [Paragraphs 41–45], the Adaptation Committee, the Least Developed Countries Expert Group, and the Standing Committee on Finance were asked for reports on these subjects. The resulting reports noted the significant challenges in making such measurements, but could not offer much in the way of concrete solutions.

The draft Rulebook text thus gives negotiators in Katowice the choice to decide that this work should be continued through the same bodies, and some others such as the IPCC and the World Meteorological Organization (WMO), or to limit the role of the technical bodies and instruct parties to consider for themselves how best to deal with this challenge as they report. The latter approach is appropriate for identification of adaptation needs, which is highly community- and region-specific. However, reporting on adaptation finance is currently extremely opaque and requires international standards. Discussions in Katowice regarding the future work programme on adaptation should focus on applying technical expertise to the pressing question of transparency in adaptation finance.

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Loss and damage [Article 8]

The Paris Agreement recognizes the “importance of averting, minimizing and addressing loss and damage associated with the adverse effects of climate change, including extreme weather events and slow onset events.” This has been one of the more contentious elements of the Agreement, because it is seen in some quarters as making developed countries “liable” for climate change impacts. This is despite the Paris Decision making clear that this provision “does not involve or provide a basis for any liability or compensation” [Paragraph 51].

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The issue has been discussed at a distinct forum—the Warsaw International Mechanism (WIM)—which was created at CoP19 in Warsaw. WIM discussions are, however, consistently held back by developed countries. The last meeting of the WIM Executive Committee took place in mid-September 2018. The meeting considered a technical paper on finance for loss and damage, but the contents of this paper were eventually watered down to ensure that transparent accounting of such finance is rendered impossible. The meeting also considered the rising challenge of climate-induced migration, but failed to commit to solutions that will help affected people. Countries are expected to consider the work of the WIM at Katowice, but since the damage has already been done at the September meeting, concrete action on this front is unlikely.

In Rulebook negotiations, loss and damage is in danger of slipping between the cracks, with no specific section dedicated to the issue. Instead, least developed countries and NGOs have fought to include references to the issue throughout various sections of the Rulebook. The section on transparency, for example, requires countries to report information on “extreme weather and slow onset events, non-economic losses, residual damage, and irreversible loss”; “ongoing and projected loss and damage, and costs to avert and address loss and damage”; and “early warning systems, financial instruments, risk transfer, task force on displacement, and rehabilitation plans.” A similar section is included in the section on Adaptation Communications. Information on loss and damage is also included in the list of “sources of input” for the global stocktake.

Finance [Article 9]

The Paris Agreement requires that developed countries “shall provide financial resources to assist developing country Parties with respect to both mitigation and adaptation”. In order to encourage regular progress on this obligation, the Agreement requires developed countries (and “encourages” other countries) to provide two types of reports—“ex-ante” [Article 9.5], and “ex-post” biennial reports [Article 9.7].

The Paris Rulebook under development seeks to offer guidance on the format and content of these ex-ante and ex-post reports. Firstly, for whom are these guidelines meant? The draft text offers options to make them applicable to all reporting countries, or only to developed countries, or making them applicable to developed countries while encouraging other reporting countries to follow them.

Secondly, the draft text proposes that countries could report on the methods they are using to determine the “climate-specificity” of the finance provided. International finance often serves multiple needs (health, agricultural, environmental etc.). However, the Paris Agreement requires that climate finance is “new and additional”. Requiring countries to report on climate-specificity of finance will help establish whether this commitment is being met. Thirdly, the draft proposes that countries could report on the “instrument”, i.e., grants or loans that they are using to provide finance. It also proposes that they report on the “grant-equivalent value” of the finance they provide, which ensures that loans are appropriately discounted to reflect the actual amount of support that is being provided.

Finally, the draft text proposes that countries should distinguish between “public” finance (which is provided out of government budgets) and private finance. When countries are including private finance in their reporting, the draft text proposes that they report on how this private finance has been “mobilized” by public funds. This is an effort to balance the fact that private finance will be an important part of the effort, with the fact that the Paris Agreement is a commitment shared primarily between national governments.

Other important elements are the proposed requirement that countries specify the “channel” through which they are providing funds (bilateral assistance, multilateral institutions etc.), the option to require information on how the needs and priorities of developing countries have been taken into account, and the option to require information on how the finance provided is balanced between mitigation and adaptation.

To encourage progress on the obligation that developed countries provide financial resources to assist developing countries with respect to mitigation and adaptation, the Paris Agreement requires the former to provide ex-ante and ex-post biennial reports

Enhanced transparency framework [Article 13]

A transparency framework has been created with the aim of providing clarity on what climate change action (both mitigation and adaptation) has been taken, the progress parties have made towards achieving their NDCs, and the financial assistance provided and received to enable climate action. It also aims to inform the global stocktake (discussed later in this document) by outlining the needs, gaps and good practices across different issues, all of which are also essential in ramping up ambition. The Paris Agreement stipulates that all parties report on their GHG emissions and progress towards achieving their NDCs biennially.

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Developing countries requiring a “built-in flexibility” can avail it and options have been listed out to determine which developing country parties are eligible for this “flexibility”. One option is for a developing country Party to provide satisfactory reasons for availing flexibility. The other option is to make the flexibility available only to the least developed countries and the Small Island Developing States (SIDS).

In the draft text, flexibility has been offered to developing countries in need primarily in terms of fewer reporting requirements compared to developed countries, however, they are expected to also report on what efforts are going to

be taken to becoming more transparent. This flexibility is especially necessary for countries that do not otherwise have the institutional and technological capacity to meet all transparency requirements. But it is also vital that developed countries enable these developing countries financially, technologically and in terms of capacity building to enhance transparency in these countries.

Global stocktake [Article 14]

The global stocktake is a review exercise to periodically assess global progress towards the Agreement's long-term goals, which will inform successive cycles of NDCs and ratchet up ambition over time. The first global stocktake will be undertaken in 2023, after which it is to take place every five years.

The issue of incorporating equity has been a topic of debate in Paris negotiations but has finally made its way into the Rulebook within the element of global stocktake. The draft text takes into consideration the importance of establishing equity and the need for developed countries to take the lead while all countries also take action in accordance to their capacities, but the manner in which equity will be implemented it yet to be fleshed out.

The draft proposes that information pertaining to all areas covered by the Paris Agreement could go into the stocktake—key proposed elements include (but are not limited to) the overall effect of parties' NDCs, the state of adaptation efforts, supports and communications, the mobilization and provision of support, information on regional impacts, and information on loss and damage. The options for key outputs expected from this exercise are to identify gaps on collective progress, assess how these gaps should be addressed, as well as lessons learned and good practices.

The question of who will undertake this stocktake is still being discussed. One option is to have a more technically-oriented process (led by bodies such as the Subsidiary Body on Scientific and Technological Advice and the Subsidiary Body for Implementation). The alternative is a more politically-oriented process, conducted under the joint leadership of these technical bodies as well as the “presidency” (i.e. negotiators or civil servants from the country hosting the CoP in the year in which the stocktake is being conducted).

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Agriculture (cross-cutting)

Negotiations around agriculture have often been complex and a matter of struggle due to differences between countries, especially when it comes to finance and technology transfers. However, a decision was taken at Bonn during the 2017 CoP23 on the future work on agriculture within the UNFCCC framework—the Koronivia Joint Work on Agriculture—effectively breaking the longstanding deadlock in negotiations on this subject. This decision provides countries and other stakeholders with the opportunity to highlight their views on a number of issues through workshops and expert meetings, including approaches to assessing adaptation, improving soil carbon, health and nutrient use, enhancing livestock management systems, and understanding the socio-economic and food security dimensions of climate change in the agricultural sector. At CoP24, countries and observers will convene at a workshop that will identify other future topics and how to implement the outcomes from the workshops. Given that the nature of deliberations on agricultural issues is still at a political stage, the focus on agriculture within the draft text is minimal owing to its technical structure.

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With regard to the draft text of the Rulebook, agricultural issues have been incorporated under the ambit of ensuring food security, eradicating poverty, and enhancing sustainable development. Finance received or provided and emissions under the agriculture and land-use sectors are expected to be accounted for and reported on by parties to ensure transparency and ascertain NDC progress.

In terms of international funding directed towards adaptation and mitigation within the agricultural sector, it has continued to remain meager. While the Green Climate Fund (GCF) and the Adaptation Fund (AF) have enabled the implementation of some climate-resilient agricultural projects, the amount pledged and disbursed is not enough, considering the agriculture sector is one of the most vulnerable to climate change impacts. The GCF set a target in 2015 to make US \$100 billion available each year by 2020 to climate adaptation and mitigation, and so far only an amount of US \$10.3 billion has been committed to the fund, not all of which has been provided. The AF has allocated around US \$532 million towards adaptation, out of which only a part is directed towards the agricultural sector. The hope is that conversations at the Koronivia Joint Work on Agriculture will also spark ideas on further mobilizing and securing more finance to making the agricultural sector climate-resilient.

Talanoa dialogue (cross-cutting)

A traditional word used in Fiji and the Pacific, Talanoa represents a process of inclusive, participatory and transparent dialogue and is designed to take stock of the global efforts to reducing emissions in line with the Paris Agreement goals. Launched by the Presidency of Fiji at CoP 23 in Bonn, the Talanoa Dialogue is a process between different stakeholders, including civil society, individuals and businesses, aiming to enable countries to increase climate action and enhance the ambition of their NDCs by 2020. The dialogue is an informal process primarily structured around answering three questions in the context of climate action: (i) Where are we?, (ii) Where do we want to go?, and (iii) How do we get there?

Over the course of 2018, stakeholders have been attempting to address these questions through ongoing Talanoa dialogues, with the climate intersessional at Bonn during May, the Global Climate Action Summit (GCAS) in California in August and the Climate Vulnerable Forum (CVF)—Virtual Summit—taking place in November all feeding in to the facilitative Talanoa process to inspire further climate ambition. The outcomes of the dialogue will be taken into consideration through a political discussion amongst parties at CoP24, as a means to inform NDC enhancement and achievement.

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As a public-interest organization, the Centre supports and organizes information flow in a way that the better organized sections of the world get to hear the problems and perspectives of the less organized. Environmental issues are seen in an anthropocentric perspective that seeks to bring about changes in the behaviour of human societies through appropriate governance systems, human–nature interactions and the use of science and technology.

Though the public awareness programmes of the Centre have been its key strength and focus of work, it has endeavoured to move into associated areas of work like policy research and advocacy. Learning from the people and from the innovations of the committed has helped the Centre spread the message regarding environment without its normal association with doom and gloom. Rather, the effort of the Centre is to constantly search for people-based solutions and create a climate of hope.

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