BONN COP 23;
ENSURING EQUITY IN THE PARIS RULEBOOK AND PRE 2020 COMMITMENTS SHOULD BE THE PRIORITY

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PRECOP 23 Consultation on 23rd October, New Delhi

Published by **PAIRVI**
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The Paris Agreement (2015) binds 197 countries to take effective steps to prevent end of the century rise in temperature well below 2 degrees Celsius and pursue genuine efforts to keep it at 1.5 degrees Celsius.As of now 168 countries have ratified the Paris Agreement. The Agreement is not binding internationally implying lack of punitive measures for any country not abiding by the Agreement. However, it is binding nationally once countries have put their Nationally Determined Contributions or NDCs (of emission reductions) in the public domain. All countries big and small, low income or high income and irrespective of their contribution in the atmospheric carbon stock previously have not only to produce NDCs but also to scale emission reduction every five years. Analyses suggest that even if the current collective pledges (NDCs) are met the rise in temperature at the end of century may be of the tune of 2.7 degrees to 3.5 degrees. The withdrawal of the US from the Paris Agreement adds another layer of complexity in reaching Paris goal.

The mechanism to implement the Paris Agreement known as the Paris Rulebook is yet to be agreed upon and has to be concluded by 2018. The 23rd Meeting of the Conference of the Parties (COP 23) is taking place in Bonn Germany under the Fijian Presidency on 6th to 17th November. The significant challenges that lie ahead for developing countries are to ensure "differentiation" in the responses and efforts of developing and poor countries, ensuring adequate finances, technology and capacity to help smaller countries build low carbon development pathways, as well as to raise ambition of industrialized countries to meet Paris climate goals.

Outstanding Issue

The most urgent task that faces Bonn COP is advancing progress on the Paris Rule Book. The rule book was expected to be adopted by the first Conference of the Parties serving a meeting of the parties of the Paris Agreement (CMA1). The CMA 1 was dramatically convened at Marrakech the Paris Agreement reached its double threshold days before Marrakech COP 22. CMA1 decided to hold CMA 1 in suspension till the Ad Hoc Working Group on Paris Agreement (APA) prepares the rule book in 2018. Almost all the elements and modalities to finalize the rule book are wide open. The core concern among the developing countries is how to ensure equity in operationalizing the Agreement, and how to create differentiation between the developing and poor countries and the industrialized countries. This is fiercely contested by the industrialized countries, which argue that the binary distinction of the Kyoto Protocol has been done away by the Paris Agreement, which seeks all parties to make their best efforts (even the industrialized countries themselves are far short of putting their best efforts).

The main areas of contention remain transparency, accountability and reporting, implementing NDCs and raising it to meet Paris climate goals, role of market mechanisms, review modalities, finance and loss and damage etc.

The Paris Rulebook

Under the Paris Agreement countries are supposed to report their respective efforts in mitigation, adaptation, climate finance, technology and capacity building etc. to the UNFCCC secretariat, in order to make them accountable for implementation and compliance or the lack of it. Transparency and accountability will be ensured by putting the efforts in an international registry. Many developing countries argue that the elements included in national climate action are voluntary and strict monitoring may undermine national sovereignty. As against this industrialized countries want communication of concrete outcomes of the national plans. Developing countries insist that such compliance is agreeable only when reporting requirements are different for developing and industrialized countries. Industrialized countries oppose this vehemently underlining that the biggest achievement of the Paris Agreement is overcoming such differentiation. This interpretation of the Paris Agreement is problematic as its completely and grossly overlooks the equity and historical responsibility of the industrialized countries). An equitable resolution can only unlock the potential of the NDCs and enable countries to raise their NDCs to match Paris climate goal. The equity question is also related to greater ambition in industrialized countries NDCs, which should be the sole consideration for the full cooperation of the developing countries.

Finance

Climate finance has always been a major issue since Copenhagen COP with the illusory promise of the $ 100b put forward by the industrialized countries, and demand of the developing countries for a road map for this. The OECD countries came up with a road map just before Marrakech claiming that public finance to developing countries will be of the order $67 b by 2020 and $93-133 can be raised by leveraging private funds. They also claimed that $62 has been already delivered in 2014-2015. However, UNFCCC report estimated that a total of $26 b has been delivered during that period. The OECD road map was severely criticized and COP 22 decision did well not to mention that report.

One of the positive developments on the finance front was with regard to the future of the Adaptation Fund (AF). The AF was created by the Kyoto Protocol and was due to expire in 2020. However, looking at its significant role for the developing countries COP decided to continue it. It will serve the Paris Agreement. However, depleted funds from the 2% levy on the CDM funds raise serious issue on its future. Germany and some other European countries pledged an amount which may be sufficient to keep it live only till the next COP at Bonn. The levy from the SDM, which PA proposes will also fall short of resuscitating the AF. There are discussions around private financing. Germany during its G 7 presidency in 2015 launched InsureResilience Insurance Initiatives to mobilize private funding; efforts like these should not replace public finance for adaptation.

Another concern with regard to GCF funding is that while many countries are able to access to directly; a large part of the amount is deployed through multilateral development banks like EBRD which also finances fossil fuel exploration and investment projects.

Loss and Damage

Warsaw international mechanism for loss and damage was started at Warsaw COP in 2013 and is due for review. Developing countries are asking for a thorough review, which will take place only in 2019. However, a positive development from the southern perspective is that WIM will consider dealing with funding of losses and damage as of 2017. Therefore, Bonn will hopefully bring new momentum to the loss and damage under the Fijian presidency. Fiji is a highly vulnerable

SIDS country which was ravaged by cyclone Winston in early 2016.

New Market Mechanisms and Agricultural Carbon

The Paris agreement envisions a UN controlled and unified market mechanism, under Art 6. This includes a SDM, which is similar to the CDM under the Kyoto protocol. After Paris almost everybody is convinced that with the bottom up mechanism and no compliance provisions, the new market mechanisms cannot achieve a high price for carbon so that it creates significant emission reduction or incentivizes renewables market. The threshold price required for this as stated by the World Bank is $120-130 per ton of carbon. The carbon seems highly unlikely to achieve this price in near future. As of now 80% of currently traded carbon is below one third of this threshold price. One also must not forget that even after 20 years of the introduction of the CDM and 11 years history of the EUETS only 12% of carbon is covered either through carbon tax or ETS globally.

Despite manifested failure of the carbon market, there is an artificial enthusiasm in the proponents of the carbon market. The foremost reason is the high importance given to the negative emission technologies. Though yet not recognized as valid emission reduction technology; industrial countries are also building pressure to include agricultural carbon in the market. Big agricultural countries like India, Brazil and Argentina do not want to negotiate agricultural carbon which they see only as a subject of adaptation. However, EU wants agricultural carbon as having important role in carbon neutrality due to its huge support for biofuel. EU has already allowed agricultural carbon offsets in the ETS. In a parallel effort the so called Climate Smart Agriculture (CSA), which aims at intensification of industrial agriculture and promotes interests of fertilizer and pesticide companies (to which FAO, World Bank and CGIAR have provided a front) has spread through the continents.It will be interesting to see how resilient climate negotiations in agriculture are to the onslaught of the CSA.

In the meantime, ICAO has also laid down a market based mechanism known as CORSIA to offset aviation emissions. It is expected that the greatest demand for agricultural or forest offsets will be from the airlines in future.

Business Overreach in Climate Agenda

While there is no significant action happening at national space, UN is turning towards industries and big corporations. Big business (including fossil fuel companies) with their grandiose claims of "bringing trillions" for climate and sustainable development, are the new climate champions, irrespective of their contribution to the crisis. Global Climate Action Agenda, launched at Lima (2014) along with NAZCA Climate Platform, composed of big business, and other non-state actors like state, regional governments and NGOs, are regular feature of the COP since then. At Marrakech, they were joined by "Climate Champions" Laurence Tubiana and Hakima El Haite, which launched yet another platform Marrakech Partnership for Global Action. Many believe that business taking a lead in climate will only mean proliferation of fancy false solutions, deviation from core issues and sustained profits for the fossil fuel behemoths.

Negotiations have a typical tendency of postponing things till it can. It's important that all the nuts and bolts of the Paris Rulebook are fixed well ahead of 2018 and there is much ground to be covered in Bonn rather than shifting the goal post of the next COP which will be held in the European coal heartland Poland. The COP 24 has already heavy agenda of consideration of the special IPCC report on 1.5 degrees scenario, review of (adequacy of) the national goals and measures before thorough review of the PA is undertaken in the Global Stock take in 2023. The developing countries must not lose sight of the fact that resolution of core issues, cap on coal, enhancing ambition of industrialized countries, real cuts in emissions, pre 2020 promises and equity remains central in the negotiations.

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