

# OUTCOMES OF THE U.N. CLIMATE CHANGE CONFERENCE IN BONN

23<sup>rd</sup> Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 23)

November 6–18, 2017



In the most significant test of the **Paris Agreement** since the United States announced its intent to withdraw, the U.N. climate talks in Bonn, Germany, made progress on the Paris “rulebook” to be adopted next year, but renewed clashes over perennial issues dividing developed and developing countries promised a tough year ahead.

Although staged in Bonn, the 23<sup>rd</sup> session of the Conference of the Parties to the U.N. Framework Convention on Climate Change (UNFCCC)—or COP 23—was formally presided over by the government of Fiji.

In the cycle of post-Paris negotiations, COP 23 was geared less toward producing major outcomes than toward setting the stage for COP 24 next year, when parties are scheduled not only to adopt the Paris rulebook, but also to conduct a major stocktake of global progress.

A question looming over the two-week conference was whether the United States will stay in the Paris Agreement or pull out. While administration officials reiterated President Trump’s declaration six months ago that he intends to withdraw, U.S. negotiators worked to keep options open. They were fully engaged in the talks, advancing largely the same positions as before.

While U.S. participation helped keep the rulebook negotiations on track, its threatened withdrawal appeared to heighten long-standing divisions between developed and developing countries.

Facing a cutoff of U.S. assistance, African countries pushed hard for stronger processes to pin down developed countries on future financial support. Vulnerable countries also pressed for further steps to address “loss and damage” and to preserve the Adaptation Fund.

Meanwhile, a bloc including China and India fought to maintain a strong bifurcation of developed and developing country responsibilities, which the Paris Agreement had seemingly moved beyond.

Less contentious was planning for next year’s “facilitative dialogue”—redubbed by Fiji the “Talanoa dialogue.” The process will take stock of collective progress toward the Paris Agreement’s long-term mitigation goals, as a prelude to countries submitting a new round of nationally determined contributions (NDCs) in 2020.

Alongside the negotiations, a strong contingent of U.S. congressional, state, city, business and NGO leaders staged dozens of events under the “**We Are Still In**” banner, highlighting continued support in the United States for climate action and the Paris Agreement. Other governments and groups announced a wide array of initiatives, including a call by French President Emmanuel Macron for carbon border adjustments, and a new **North American Climate Leadership Alliance** including Canada, Mexico and 15 U.S. states.

The future of coal was the focus of intense debate. German Chancellor Angela Merkel, long regarded as a climate champion but in the midst of delicate negotiations to form a new government, faced withering attacks from environmentalists for failing to announce a coal phase-out. The United States, likewise, drew heavy criticism for using its one public event to tout “clean coal” (as well as nuclear energy). In a seeming retort, Canada, the U.K. and more than 20 other countries and states launched the **Powering Past Coal Alliance**, committing to phase out coal plants without carbon capture and storage.

Negotiations will resume April 30–May 10, 2018, again in Bonn, with the possibility of an additional session to be scheduled prior to COP 24, which will take place in December in Katowice, Poland.

Following are background on the negotiations and further details on key outcomes:

## THE PARIS ‘RULEBOOK’

The adoption of the Paris Agreement at **COP 21** marked a major turning point in the evolution of the global climate effort, introducing a “hybrid” approach that lets countries define their own NDCs, while binding them to procedural obligations aimed at promoting transparency, accountability and rising ambition.

Parties gave themselves three years, until COP 24, to negotiate detailed rules, guidelines and procedures for implementing the agreement, known colloquially as the Paris rulebook. These negotiations are spread across two standing bodies—the Subsidiary Body on Implementation (SBI) and the Subsidiary Body on Scientific and Technological Advice (SBSTA)—and a new temporary body called the Ad Hoc Group on the Paris Agreement (APA).

Bonn marked the transition from the “conceptual” to the “technical” phase of the rulebook negotiations, though many of the issues also have important political dimensions. The results were captured in 266 pages of “**informal notes**” summarizing and organizing the various proposals put forward by parties, which will serve as the basis for the negotiating text to be developed next year.

A cross-cutting tension in elaborating the Paris rules is how to ensure their rigor while also preserving the delicate balance between developed and developing countries achieved in the Paris Agreement.

Paris provides flexibility for developing countries on many issues but generally avoids the kind of stark bifurcation seen in the Kyoto Protocol. But the more the rules restrict national discretion, the stronger the demands from some developing countries for more explicit differentiation. In Bonn, a bloc including China and India pushed for renewed bifurcation in many areas, and developed countries, including the United States, strenuously resisted.

Among the key developments in Bonn on the Paris rulebook:

### MITIGATION (ARTICLE 4)

A core obligation of Paris is that each party “prepare, communicate and maintain successive [NDCs] that it intends to achieve.” The Article 4 negotiations center on the “features” of NDCs; the up-front information parties are to provide when submitting them, to ensure “clarity, transparency and understanding;” and how parties should account for their NDCs. On all three, key issues were how much discretion parties should be allowed and how to address differentiation.

Some parties proposed long lists of NDC features (for example, that they be quantifiable), but many appeared reluctant to go beyond the features already spelled out in the Paris Agreement. A major stumbling block on up-front information was whether to set the same or different requirements for developed and developing countries. On accounting, some parties advocated detailed rules addressing different types of NDCs, while others favored leaving it to parties to explain in their periodic reporting (see below) how they are accounting for their NDCs.

### TRANSPARENCY (ARTICLE 13)

The Paris Agreement addresses accountability largely through an “enhanced transparency framework” with reporting and review obligations for all parties, and “built-in flexibility” for developing countries with limited capacity. How that flexibility is operationalized is one of the core challenges in completing the Paris rulebook.

All parties must report at least biennially on their emissions and progress in implementing their NDCs, and will undergo both expert review and some form of peer review. But parties remain deeply split over whether the enhanced framework will be a single system, with all working over time to meet the same standards, or whether it should be an extension of existing UNFCCC transparency arrangements, with separate rules and processes for developed and developing countries.

Beyond that fundamental divide, parties also will need to decide: how the transparency system connects to other parts of the Paris architecture, such as the global stocktake and the implementation/compliance mechanism (see below); how the system will help strengthen the reporting capacity of developing countries; and the rules covering reporting and review of financial support from developed countries.

## GLOBAL STOCKTAKE (ARTICLE 14)

To promote rising ambition, the Paris Agreement establishes a cycle in which every five years parties conduct a global stocktake of collective progress toward the agreement's long-term goals (on mitigation, adaptation and support), which is intended to inform parties' submission two years later of new NDCs. The first stocktake is set for 2023.

In Bonn, parties sketched out a broad structure for the stocktake, envisioning a preparatory phase in which technical inputs are compiled, then a technical phase in which inputs are considered and collective progress assessed, culminating in a political phase with a high-level discussion of the implications.

Issues that need to be decided include the types and sources of inputs; the nature of any outputs intended to inform parties' NDCs; and how progress will be assessed "in the light of equity," as the Paris Agreement requires.

## IMPLEMENTATION AND COMPLIANCE (ARTICLE 15)

Article 15 of the Paris Agreement establishes a non-adversarial, non-punitive mechanism to "facilitate implementation and promote compliance." It will take the form of a geographically-balanced twelve-member expert committee. Key issues include the scope of the committee's purview, how its work would be initiated, and the kinds of outcomes it could produce.

On scope, it appeared parties might provide the committee only general guidance that, for instance, it focus on provisions that are legally binding, applicable to individual parties, and sufficiently precise to be objectively assessed. There also appeared to be support for the committee taking up "systemic" issues such as patterns of noncompliance.

Parties seemed generally comfortable with the idea of a self-trigger—i.e., a party initiating a case with respect to itself—but less comfortable allowing parties to bring one another before the committee. Other options include a referral from the review bodies under Article 13.

On outcomes, there appeared broad support for the committee advising parties on how to improve their implementation and compliance, but a strong reluctance to authorize the committee to take any action that might appear punitive, such as declaring a party out of compliance.

## FINANCE (ARTICLE 9)

One of the most difficult issues in Bonn was how to operationalize the requirement in Article 9.5 that every two years developed countries provide "indicative quantitative and qualitative information" on their future support for developing countries, including, "as available, projected levels of public financial resources to be provided."

The African Group, increasingly anxious about the reliability of support as developing countries take on new obligations and suffer increasing climate impacts, pushed hard in Bonn for a process to consider "modalities" for communicating and considering developed countries' biennial reports. Developed countries resisted, stressing the difficulty of reliably projecting future allocations.

The COP referred the issue to SBI, which is to come back with recommendations at COP 24.

## COOPERATIVE APPROACHES (ARTICLE 6)

The Paris Agreement allows for the use of market-based approaches under Article 6.2, which authorizes the use of "internationally transferred mitigation outcomes" (ITMOs) to implement NDCs, and under Article 6.4, which establishes a new mechanism contributing to both mitigation and sustainable development. Article 6.8 also encourages non-market-based cooperative approaches.

A central issue under Article 6.2 is how far the rule-book goes in defining the nature of ITMOs and how free parties will be to decide it for themselves. A second major issue is how to ensure a "corresponding adjustment" between the NDCs of a transferring and a receiving party to avoid double counting of ITMOs.

Under Article 6.4, parties are debating how much the new mechanism draws on, or departs from, the Kyoto Protocol's Clean Development Mechanism (CDM). A new challenge is how to ensure that use of the mechanism "deliver[s] an overall mitigation in global emissions," as the Paris Agreement requires.

## TALANOA DIALOGUE

Not anticipating at COP 21 that the Paris Agreement would so rapidly enter into force, and wanting to kick-start the stocktake process, parties decided they would convene a "facilitative dialogue" in 2018 to inform the next round of NDCs due in 2020.

Like the global stocktake process that begins in 2023, the facilitative dialogue will focus on collective progress, not individual parties. Unlike the global stocktake, its scope is principally mitigation (specifically, the Paris Agreement's long-term goals of peaking global emissions as soon as possible, and achieving zero net emissions in the second half of the century).

Rather than directly negotiating the structure of the facilitative dialogue, parties entrusted it to the Fijian Presidency, which rechristened it the **Talanoa dialogue**, to reflect the Pacific tradition of Talanoa: a form of story sharing aimed at building empathy and trust leading to decisions for the collective good.

Emphasizing that the dialogue should be constructive, non-confrontational, and solutions-oriented, Fiji outlined a year-long process including a preparatory phase, during which parties and stakeholders can provide input through an online platform, and a political phase at COP 24, where Ministers will engage in high-level roundtables. As a final output, Fiji and Poland, as Presidents of COP 23 and COP 24, will produce a summary of key messages.

Inputs will include an upcoming special report from the Intergovernmental Panel on Climate Change on the impacts of warming exceeding 1.5 degrees C and emissions pathways to avoid it. The dialogue is expected to focus both on the so-called ambition gap and on options for narrowing it.

## ADAPTATION FUND

A top priority for small island countries and others especially vulnerable to climate impacts was ensuring that the Adaptation Fund continues under the Paris Agreement.

The fund was established under the Kyoto Protocol, to be sustained by a share of proceeds from projects generated through the CDM, which is now largely inactive. Parties agreed at COP 22 that the fund "should" serve the Paris Agreement, but are still working through the specific arrangements. These will depend in part of whether the fund will now be supported by donors and/or by proceeds from the new Article 6.4 mechanism.

As a step forward, the governing body of the Kyoto Protocol agreed in Bonn that the fund "shall" serve the Paris Agreement, subject to final decisions by Paris parties at COP 24.

## LOSS AND DAMAGE

Vulnerable countries also renewed efforts to focus more attention and resources on issues related to "loss and damage"—coping with unavoidable climate impacts such as sea-level rise.

The Warsaw Implementation Mechanism on Loss and Damage (WIM) launched at COP 19 was brought under the Paris Agreement with the explicit exclusion, at the insistence of developed countries, of any notion of "liability" or "compensation." In Bonn, developing countries said the WIM is underfunded and inadequate, and wanted loss and damage designated a standing item on subsidiary body agendas.

In a more modest outcome, the COP decide to hold an expert dialogue at next year's subsidiary body meetings, which will inform a technical paper feeding into a review of the WIM at COP 25.

## PRE-2020 IMPLEMENTATION AND AMBITION

One surprise development was a renewed push by developing countries for stronger developed country action and support between now and 2020, including entry into force of the Doha Amendment setting 2020 emission targets under the Kyoto Protocol.

Parties agreed to incorporate a pre-2020 focus into the Talanoa dialogue, and to convene a separate stocktake on pre-2020 implementation and ambition at both COP 24 and COP 25. The COP also requested the COP President and the UNFCCC executive secretary to send joint letters to Kyoto parties that have not yet ratified the Doha Amendment to do so as soon as possible. The European Union announced that it would ratify the amendment by year's end.

## FUTURE COPS

COP 24 will take place December 3–14, 2018, in Katowice, Poland. Brazil has offered to host COP 25, set for November 11–22, 2019, but a formal decision will not be taken until next year. COP 26 was set for November 9–20, 2020.

**Other C2ES Resources:**

*Elaborating the Paris Agreement: Information and Accounting*, by Daniel Bodansky, November 2017. <https://www.c2es.org/document/elaborating-the-paris-agreement-information-and-accounting>

*Elaborating the Paris Agreement: Implementation and Compliance*, by Lavanya Rajamani, November 2017. <https://www.c2es.org/document/elaborating-the-paris-agreement-implementation-and-compliance>

*Elaborating the Paris Agreement: Potential Linkages Between Articles 13, 14, and 15*, by Susan Biniiaz, October 2017. <https://www.c2es.org/document/elaborating-the-paris-agreement-potential-linkages-between-articles-13-14-and-15>

*ICAO's CORSIA and the Paris Agreement: Cross-Cutting Issues*, by Susan Biniiaz, October 2017. <https://www.c2es.org/document/icaos-corsia-and-the-paris-agreement-cross-cutting-issues>



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