Preview of the
U.N. Climate Change Conference in Madrid (COP 25)

Elliot Diringer
Executive Vice President
• COP 25 marks the start of UNFCCC’s transition from negotiation to implementation

• Wrapping up negotiations
  • Near-completion of Paris ‘rulebook’ at COP 24 last year in Katowice capped years of talks
  • Major remaining piece of the rulebook: Article 6 carbon trading rules

• Implementation – two dimensions:
  • Operationalizing the institutions and process that parties have agreed to (e.g., transparency system)
  • Progressively raising ambition
    – About both mitigation and finance
    – Paris provides a facilitative framework, but does not compel or bind a party’s level of ambition
• **Long-term goals**
  
  • 2 degrees C, and strive for 1.5 degrees C
  
  • Global peak as soon as possible
  
  • Net-zero GHGs in latter half of century

• **Binding procedural commitments, e.g.:**
  
  • Maintain, and periodically update, a nationally determined contribution (NDC)
  
  • Pursue domestic mitigation measures with the aim of achieving NDCs
  
  • Report on emissions and on implementation/achievement of NDCs

• **Nationally determined contributions**
  
  • Countries’ individual commitments are self-determined and non-binding
• Issues decided at COP 24 include rules for:

  • **Mitigation**
    – Information to accompany an NDC to ensure “clarity, transparency and understanding”
    – NDC accounting

  • **Transparency**
    – Parities report every two years on their emissions, NDC implementation/achievement
    – Reporting undergoes two layers of review (technical review and peer review)
    – Limited flexibilities provided for developing countries that “need it in light of their capacities”

  • **Finance**
    – Developed countries (others voluntarily) report on support provided/mobilized, and on efforts going forward

  • **Global stocktake**
    – Every 5 years, parties assess collective progress on mitigation, adaptation, finance

  • **Implementation and compliance**
    – Expert committee to “facilitate” implementation and “promote” compliance (non-punitive)
Solid rules will help grow and ensure the integrity of carbon markets, thereby:

- Lowering the cost of emission reductions
- Enabling countries to take on more ambitious targets
- Generating investment in sustainable development in developing countries

Article 6.2 calls for robust accounting of “internationally transferred mitigation outcomes” (ITMOs) used toward NDCs in order to avoid double counting

- Fundamental challenge: How to overlay a rigorous market framework on a heterogeneous regime
  - Kyoto was explicitly designed for trading; has only one target type (absolute, economy-wide, common years)
  - Paris allows wide diversity of targets (sectoral vs. economy-wide, absolute vs. intensity vs. BAU, GHG vs. non-GHG, etc.)

Article 6.4 creates a mechanism (like Kyoto’s Clean Development Mechanism) to generate ITMOs

Issues that are more ‘political’

- Whether a share of all trading (not just Article 6.4 units) should support adaptation in developing countries
- How to ensure that trading results in an “overall mitigation in global emissions”

Trading can take place without rules, but the climate will benefit more with them
• **Paris Agreement establishes an ‘ambition’ cycle:**
  - Global stocktake every 5 years (first full one scheduled for 2023)
  - Two years later, informed by the global stocktake, parties update and “enhance” their NDCs
    - Agreement sets expectation that new NDC will “represent a progression” and reflect a party’s “highest possible ambition”

• **Ahead of this cycle, parties agreed in Paris that in 2020:**
  - Countries with NDCs through 2025 (some) should submit new NDCs
  - Countries with NDCs through 2030 (most) should “communicate or update these contributions”

• **Secretary General’s Climate Action Summit aimed to generate political momentum for higher ambition**
  - As of now (according to [https://www.climatewatchdata.org/2020-ndc-tracker](https://www.climatewatchdata.org/2020-ndc-tracker)):
    - 41 countries (including the EU) with 10% of global emissions say they intend to “update” their NDCs
    - 68 countries with 8% of global emissions say they intend to “enhance” their NDCs
    - Many are also preparing mid-century strategies

• **No major steps expected at COP 25**
  - Many are looking to a joint effort next year by the EU and China to drive global ambition
• Broad issue: how to address unavoidable and irreversible loss and damage suffered by nations as a result of climate change

• Warsaw International Mechanism (WIM) established in 2013 to enhance understanding, action and support
  • US and other developed counties fought hard to exclude notions of “liability” and “compensation”
  • WIM later integrated into the Paris Agreement

• At COP 25, parties will be reviewing the WIM’s progress and its “long-term vision”

• Many developing countries hope the review will lead to stronger financial support to address loss and damage
• A perennial issue
  • No formal outcomes under negotiation at COP 25 (other than adaptation support under Article 6)

• Developed countries committed in 2009 in Copenhagen to mobilize $100 billion a year in public and private support by 2020
  • New OECD report says climate finance reached $71.6 billion in 2017 and “overall trend is upwards”
  • Countries have pledged nearly $10 billion to replenish Green Climate Fund for 2020-2023
    – U.S. has delivered only $1 billion of the $3 billion pledged under Obama

• In Paris, parties extended the $100 billion goal to 2025 and agreed to set a higher “collective quantified goal” for the years beyond
  • Deliberations on the new goal are to begin next year at COP 26
• **Withdrawal will be effective Nov. 4, 2020**
  • For now, the U.S. remains at the negotiating table.
  • Other countries remain firmly committed to the Paris framework
  • However, US withdrawal, and rollback of federal climate policies, may keep other countries from being more ambitious in their next NDCs
  • Important that other countries see the growing momentum among U.S. states, cities, companies

• **A future president can rejoin the agreement at any time**
  • One challenge is how to meet the requirement that a party have an active NDC
    – Will need to be both ambitious and credible
      ▪ International community would welcome U.S. participation but be wary of more unmet promises
    – Also will need to have broad political support at home
  • Some options
    – Announce intent to rejoin as soon as legislative/regulatory underpinnings of new NDC are clearer
    – Rejoin and promise an NDC by a date certain
    – Rejoin with a provisional NDC, and promise a final NDC by a date certain
FOR MORE INFORMATION

C2ES.ORG

Elliot Diringer, Executive Vice President – diringere@c2es.org

Alec Gerlach, Director of Communications – gerlacha@c2es.org (PH: +1-703-516-0621)