

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

Elliot Diringer

Executive Vice President



C2ES.ORG

- **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 year 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>):
    - 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 countries 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](mailto:diringere@c2es.org)

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