

COP23: The Paris Agreement warms up before the big 2018 game

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SUMMARY

COP23 was held from 6 to 18 November 2017 in Bonn, Germany. The conference had to demonstrate that despite recent political challenges, the new governance structure established by the Paris Agreement on climate could maintain the necessary momentum to achieve an ambitious low-carbon transition. Three main outcomes were expected from COP23: (1) assess the robustness of the multilateral framework formalized with the Paris Agreement; (2) make significant progress in the definition of the mechanisms that will make the Paris Agreement operational; (3) prepare the Facilitative Dialogue and spur the conditions for an increase in ambition. In a context of global climate urgency, COP23 was able to confirm the commitment of the international community to implement the Paris Agreement, to maintain trust in the negotiation process with some notable achievements, and to highlight the cooperative initiatives of the Action Agenda. The Action Agenda is an expanding movement, getting stronger and increasingly evolving outside of the negotiation sphere, led by a diversity of stakeholders that have made the goals of the Paris Agreement their own. The Fijian presidency of COP23 managed to sustain a constructive dialogue in Bonn, yet the crucial and difficult question of ambition was raised again at COP23. With the opening of the Talanoa Dialogue, there is hope for concrete progress in the next few months. The way forward is however paved with major uncertainties, for example on the issues of financing and of cooperative mechanisms. The process will be under the spotlight in 2018, which will have to be the year where governments renew their political engagement on climate change.

Since 2015, the global transition towards a carbon neutral and climate-resilient economy for the end of the century has carried on. The Paris Agreement was able to establish a new international framework facilitating the dialogue among states and linking the political, economic and social spheres. This framework revolves around three pillars: a multilateral cooperation process whose governance is defined by the agreement itself; national climate policies whose ambition is stimulated by a review and enhancement mechanism to meet a 2°C or 1,5°C trajectory; and initiatives led by coalitions gathering state and non-state actors. Each pillar depends on its own agenda and makes progress at its own pace, however interdependencies among the three are key to collectively reaching the common objectives of the Paris Agreement.

The 23rd Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC COP23) took place from 6 to 18 November in Bonn, Germany, under Fijian presidency. The conference provided an opportunity to assess progress for each of the three pillars and the ways in which they interact with each other, a year before the first major update that was decided at COP21¹. Labelled as a “small” COP, this conference needed nevertheless to display the ability of this new international framework to build an environment where all decision makers have the mandate to act. Three expectations emerged in the run-up to COP23, each of which is explored in turn in this climate brief:

- Assess the robustness of the multilateral framework formalized with the Paris Agreement;
- Make significant progress in the definition of the mechanisms that will make the Paris Agreement operational;
- Prepare the Facilitative Dialogue and spur the conditions for an increase in ambition.

¹ With the adoption of the Paris Agreement, the COP21 Decision mentions the organization of a “facilitative dialogue among parties in 2018 to take stock of the collective efforts of Parties in relation to progress towards the long-term goal [...] and to inform the preparation of nationally determined contributions pursuant to Article 4, paragraph 8, of the Agreement”.

On November 13, 2017, the scientific community published a vibrant call for action as a warning to the entire world, pleading that climate change is an issue whose impacts are not to be seen in a distant future, but are already felt today². 2017 will be remembered as a year with extreme weather events on all continents, and will likely be on the podium of the all-time warmest years on record according to the World Meteorological Organization³. Global greenhouse gas emissions, which had appeared to have stabilized over the past few years, are now on the rise again. Just before the opening of COP23, the United Nations Environment Programme demonstrated once more that increased efforts are required to get closer to the 2°C trajectory and highlighted that current national commitments, also known as Nationally Determined Contributions (NDCs), had to be enhanced⁴.

A. The Paris momentum, while challenged politically in 2017, proves its strength

A framework supported by the international community, despite the US pullout

In 2017, the irreversibility of political action on climate change underwent a major test after the announcement by Donald Trump at the beginning of June that the United States will leave the Paris Agreement⁵. Governments and non-state actors responded unanimously, reiterating that the movement that emerged at COP21 could not be reversed, and that decisions collectively agreed on in 2015 could not be renegotiated. At the G7 and G20 meetings, all countries – with the exception of the US – emphasized their support for the implementation of the Paris Agreement. Nevertheless, at COP23, the renegotiation of the Paris Agreement was never on the table.

The Action Agenda: a movement gaining traction

Throughout 2017 and during COP23, non-state actors such as cities, regions, businesses and investors renewed their efforts to stress that the fight against climate change goes on, including in the US. COP23 proved that global climate action is a vigorous process and showcased the initiatives of the Action Agenda⁶ in a specific zone that was seen by many as appealing and sparkling, while the area for negotiations was primarily a quiet space.

COP is a platform where multi-stakeholder initiatives are able to exchange, cooperate and interact with the negotiation process and political decision makers. In Bonn, the Fijian presidency insisted on the crucial role of partnerships involving governments and non-state actors – the “Grand Coalition” – in order to strengthen everyone’s commitments. Among the most notable initiatives related to global climate action that were present in Bonn, the following have attracted significant attention:

- A coalition of American non-state actors gathering cities, states, businesses, investors, tribes and universities, and representing more than half of the US economy. Committed to the implementation of the Paris Agreement objectives, structured around the message *We Are Still In*, this coalition presented to the international community its own contribution: *America’s Pledge*⁷;
- The newly created *Powering Past Coal* alliance, which aims at accelerating coal phase-out. Led by Canada and the United Kingdom, this alliance gathers 25 countries and regions, with the goal to be joined by 25 additional members by COP24;
- The *Bonn-Fiji Commitment of Local and Regional Leaders*, an initiative supporting the implementation of the Paris Agreement at the subnational level. Within the framework of this commitment, 19 multi-stakeholder initiatives⁸, either launched at COP23 or already existing, have been promoted.

Also at COP23, an *Ocean Pathway Partnership* was launched, the *2050 Pathways Platform* received a great deal of political support, and for the first time a

2 World Scientists’ Warning to Humanity: A Second Notice, *BioScience*, 13 November 2017: <https://academic.oup.com/bioscience/article-abstract/67/12/1026/4605229>

3 2017 is set to be in top three hottest years, with record-breaking extreme weather, Press release: <https://public.wmo.int/en/media/press-release/2017-set-be-top-three-hottest-years-record-breaking-extreme-weather>

4 Emissions Gap Report 2017: <https://www.unenvironment.org/fr/node/18308>

5 This will be effective on November 4, 2020.

6 The Action Agenda is a movement gathering both states and non-state actors that are voluntarily engaging for an acceleration of climate action throughout the world

7 America’s Pledge <https://www.americaspledgeonclimate.com/>

8 Bonn-Fiji Commitment, Our concrete and joint initiatives: <https://www.cities-and-regions.org/bonn-fiji-commitment-at-cop23/#1510572486381-ad7a0fa5-1360>

yearbook of global climate action was published⁹. Such initiatives have garnered significant media coverage, but they are only the most visible examples of a much larger phenomenon. The Action Agenda is a movement that is attracting more and more stakeholders and increasingly evolves outside of the negotiation sphere. Its initiatives, despite their diversity, have made theirs the language and the goals of the Paris Agreement, promoting for example the consistency between finance flows and the decarbonization of the economy, or development projects' compliance with the fight against climate change.

Cultivating a constructive negotiation: a challenge successfully addressed by the Fijian presidency

Within the formal negotiation process, the Presidency held by Fiji had a critical task: sustain trust among Parties. The first small island state in that position, Fiji advocated for inclusivity and promoted cooperation and solidarity rather than confrontation.

Trust the process. The Fijian approach has apparently proved fruitful since COP23 led to essential advances, which may seem rather modest but are critical to the establishment of a constructive atmosphere within the negotiations:

- The organization of the first-ever open dialogue between Parties and observers to the conference, a positive step towards a better integration of non-state actors in the formal negotiation process;
- The adoption of a Gender Action Plan and the operationalization of the Local Communities and Indigenous Peoples Platform;
- The creation of a unique working group on agriculture after five years of lengthy discussions, which has the potential to elevate agriculture in the COP decision making process and achieve tangible progress in the lead up to 2020;
- The confirmed linkage between the Adaptation Fund and the Paris Agreement. The Adaptation Fund is a “small” instrument that was originally designed to serve under the Kyoto Protocol and that allocates funding only to adaptation projects. Securing the existence of that fund sends a positive signal, especially to countries in the South, which have an urgent need to adapt to climate change's negative impacts.

Talanoa Dialogue: there is hope. A consensus was reached in Bonn on the format of the Facilitative Dialogue, and this development can also be considered as an essential progress in the negotiation. The dialogue will take place in 2018 to take stock of the contribution of NDCs in relation to the achievement of the Paris Agreement long-term goals. The final COP23 decision, called *Fiji Momentum for Implementation*, calls this process the Talanoa Dialogue and structures it around three questions: *Where are we in terms of achieving the Paris Agreement objectives? Where do we want to go? How do we get there?* Beyond this first stocktaking exercise, the three questions must provide a foundation to enhance the international community's ambition on climate. Explicitly connecting the notion of ambition to the Talanoa Dialogue was not a simple task, since it proved to be a contentious issue before COP23. In 2018, the connection will be fueled by a wide range of contributions, including one from the Intergovernmental Panel on Climate Change (IPCC).

COP23 provided an opportunity for the international community to reaffirm its support for the Paris Agreement framework. It also highlighted the Action Agenda initiatives, and proved that trust in the negotiation process is still there, allowing meaningful progress in Bonn. The crucial but also sensitive issue of ambition was raised again at COP23, in a context where major uncertainties affected the negotiations.

⁹ Yearbook of Global Climate Action 2017, http://unfccc.int/tools/GCA_Yearbook/GCA_Yearbook2017.pdf

B. A climate of uncertainty delays expectations for 2018

The importance of short-term action

Achieving mitigation goals and enhancing ambition from now and in the lead up to 2020 is necessary in order to reach carbon neutrality in the second half of the century. In addition to the discussions on the Talanoa Dialogue and on the content of national contributions that engage countries in the medium term, enhancement of pre-2020 ambition was attached to the negotiation agenda, following requests by China, Saudi Arabia and other developing countries.

Countries subject to the Doha Amendment of the Kyoto Protocol were put under scrutiny, and tensions arose between groups of countries. This threatened the fragile balance obtained in Paris, based on common efforts that differ depending on national circumstances. After the comeback of the pre-2020 question, six countries announced their ratification of the Doha Amendment, and the final COP23 decision urges Parties to ratify the amendment if they have not done so. At COP24, a dialogue on global emission reductions from countries subject to the Doha Amendment will take place.

BOX 1: WHAT DOES PRE-2020 ENTAIL?

During COP17 in Durban in 2011, Parties agreed to structure their talks around two workstreams. The first workstream focused on the content of a universal and legally binding agreement to be adopted in 2015 at the latest and to become effective starting in 2020. This workstream led to the Paris Agreement, which entered into force in record time in 2016. The second workstream was centered on the reduction of greenhouse gas emissions and on the shift of financial flows towards investments compatible with the low-carbon transition in the lead up to 2020, under the framework of the second commitment period of the Kyoto Protocol. The Doha Amendment formalized the second commitment period of the Kyoto Protocol. The mitigation goals it imposes are only applicable to a limited number of countries considered as “developed” and that ratified it.

Finance: a sensitive topic...

Tensions between countries considered as “developed” and countries perceived as “developing” were obvious during negotiations on finance-related issues. At the negotiations, talks on finance focus mostly on specific tools and targets that support countries unable to fund their contribution to the achievement of the Paris Agreement goals by themselves.

Mobilizing at least US\$100 billion per year in developing countries for mitigation and adaptation projects starting in 2020 represents a key matter to allow commitments from those countries, and many of them have conditioned the realization of their NDCs to the attribution of additional funding.

The COP23 decision calls developed countries to increase their climate-related investments during the 2018-2020 period, and a workshop will be organized next year to address this question and deliver a report at COP24.

Beyond the final decision, finance was a highly contentious point at COP23. On one side, developing countries underlined that the current levels of climate finance mobilized were still inadequate and difficult to access, despite the now “fully operational” character of the Green Climate Fund. On the other side, donor countries cannot count on the support of the US anymore, which used to provide a significant portion of climate finance. While the Green Climate Fund and the Global Environment Facility will be expecting new pledges soon, serious uncertainties weigh on the amounts that will be pledged, and this could impact the negotiation process in the short term.

In 2018, the issue of finance will primarily be associated with the mobilization of the required resources needed to implement NDCs. Reaching the US\$100 billion goal remains a political question within the climate negotiations framework. However, this amount represents only a fraction of the investments needed in the future, in order to implement NDCs and boost the transition of national economies towards a low-carbon and climate-resilient development.

Making finance flows consistent with a low-carbon economy (as stated in the Article 2, 1(c) of the Paris Agreement) is an overarching principle that encompasses all economic actors. It is now discussed all over the world since the finance sector increasingly recognizes the relevance of climate change for its activities (*High Level Expert Group in Europe, Task Force*

on *Climate-related Financial Disclosures*, etc.). While this emerging trend was strikingly visible within the Action Agenda, it was left at the margin of discussions among negotiators during COP23, and will therefore be put back on the table in the lead up to COP24.

...among other complex subjects

Tensions did not only arise when discussing finance, but also emerged during negotiations on other items, especially:

- **Article 6.** Aiming at building international cooperation mechanisms, Article 6 of the Paris Agreement allows Parties to transfer mitigation outcomes at the international level. At COP23, disagreements among countries were mostly related to technical points such as the double counting of greenhouse gas emissions, but were also raising questions about the final purpose of cooperative mechanisms. Some Parties would like to resort to cooperative mechanisms for mitigation-related projects under the framework of their NDC, while other Parties would like to limit such cooperative approaches to additional projects, which are directly enhancing the ambition level of existing NDCs;
- **Loss and damage¹⁰.** Usually negotiated at a technical level under the Warsaw International Mechanism¹¹, this topic could have benefited from the Fijian presidency to get more political attention in Bonn. Nonetheless, there was not much concrete progress achieved on what is today perceived as a red line for many developed countries. Industrialized countries do not wish to financially compensate for the damages created by their historical greenhouse gas emissions, and do not want to be recognized as legally responsible either. If the Paris Agreement has integrated loss and damage, it does not create binding mechanisms nor specific funds. On a more positive note, an expert dialogue on loss and damage will be established in 2018, which will at least maintain the topic at the agenda of the next negotiations;

- **Transparency.** Negotiations on the transparency framework have managed to provide clarifications on the level of flexibility that will be given to countries depending on their national circumstances. Such clarifications are however not enough to dissipate the fears of potential deadlocks before COP24.

On all of these items, uncertainties could be resolved with substantial political commitments. Such political leadership was however nowhere to be found at COP23.

Political leadership: lacking in 2017

COP23 was not a high-profile political meeting, with only a few heads of state attending and no major announcement. This can be explained by the technical nature of the discussions taking place in Bonn, largely centered around the negotiating process, but it can also be linked to a lack of political leadership from countries that could potentially lead the way forward. States can become global climate champions once they implement ambitious policies at the national level, which requires meeting specific economic and political conditions within each domestic context.

The European Union, despite considerable expectations, is experiencing difficulties being an international climate leader, largely because of internal issues. Germany, which has been on the forefront in many ways in the past, has stayed largely quiet in Bonn, because of an uncertain political context and divisions on the energy policy it should push at the domestic level. The many positive initiatives of the Action Agenda cannot mask these kind of domestic tensions, which could potentially slow down the increase in ambition that the climate community needs.

¹⁰ The notion of "Loss and damage" encompasses damages related to climate change that cannot be repaired nor restored, and are already visible in many parts of the world.

¹¹ According to the UNFCCC, the Warsaw International Mechanism for Loss and Damage (WIM) addresses loss and damage associated with climate change impacts in developing countries. The WIM improves information sharing, strengthen coordination among relevant stakeholders, and enhances action and support, including finance.

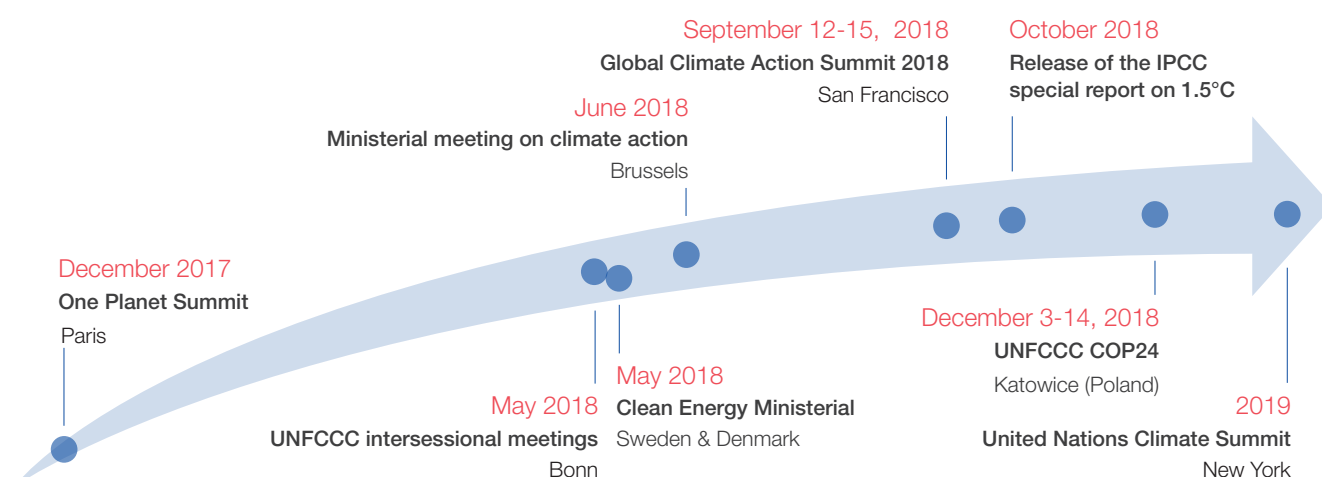
Conclusion: now, all eyes on COP24

After COP23, one essential fact can be stated: the framework established in Paris in 2015 is robust and able to sustain the multilateral cooperation process on climate change, even with political bumps such as the announced American withdrawal from the agreement.

Setting up common rules to operationalize the Paris Agreement is a complex task moving forward, without any major obstruction so far, but this task is moving slowly. Successive COP presidencies have succeeded in building the progressive alignment of views among countries. The Fijian presidency managed to maintain trust, a necessary condition to address the critical question of ambition, and the means to increase ambition.

COP23 was principally a technical meeting, a space for negotiations without major political expectations, largely dedicated to the preparation of what should be delivered in 2018. Next year will indeed be a pivotal moment, supposed to create a convergence movement between the political agenda, the negotiation process, and the various initiatives participating in the implementation of the Paris Agreement. Among the engines fueling this global movement, the political dimension is decisive – the ability from states to take sincere commitments and deliver ambitious policies in their national economies.

COP23 did not prove that everything will converge in Katowice, Poland, the host city of COP24 taking place in December 2018. That is why the year to come is critical, with many steps paving the way for the fight against climate change and for the acceleration of the low-carbon transition.



To learn more

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