



The Paris Agreement Summary

Climate Focus Client Brief on the Paris Agreement III
28 December 2015

Introduction

On 12 December 2015, 196 Parties to the UN Framework Convention on Climate Change (UNFCCC) adopted the Paris Agreement, a new legally-binding framework for an internationally coordinated effort to tackle climate change. The Agreement represents the culmination of six years of international climate change negotiations under the auspices of the UNFCCC, and was reached under intense international pressure to avoid a repeat failure of the Copenhagen conference in 2009.

The Agreement establishes a global warming goal of well below 2°C on pre-industrial averages. It requires countries to formulate progressively more ambitious climate targets which are consistent with this goal. To achieve this goal, all Parties to the Paris Agreement will need to make profound changes to their economies.

The Paris Agreement defines a universal, legal framework to 'strengthen the global response to the threat of climate change' (Art. 2). It establishes the obligation of all Parties to contribute to climate change mitigation and adaptation. For the first time, all countries will develop plans on how to contribute to climate change mitigation, and will communicate their 'nationally determined contributions' to the Secretariat of the Convention.

The Paris Agreement puts emphasis on processes rather than on defined mitigation goals. Unlike the Kyoto Protocol, the Paris Agreement does not formulate country specific emissions targets. Instead, the Paris Agreement depends on voluntary mitigation contributions and a series of processes that seek to ensure collective and individual progress in meeting the initial and progressively more ambitious mitigation contributions.

The Paris Agreement recognizes the different starting points and responsibilities of countries, and emphasizes that the Agreement will be implemented in accordance with the 'principle of common but differentiated responsibilities and respective capabilities' which applies 'in the light of different national circumstances' (Art.2.2). This means that developed countries have to continue to take the lead in mitigating climate change and support the actions taken by developing countries.

The initially communicated NDCs fall short of the required ambition. Much more is needed. To that extent, the Paris Agreement is an important but only first step towards an effective policy response, creating a framework which individual countries will have to translate into concrete action.

Highlights from Paris

The Paris Agreement contains:

An ambitious collective goal to hold warming well below 2 degrees with efforts to limit warming to 1.5 degrees;

An aim for greenhouse gas emissions to peak as soon as possible, and to achieve net-zero emissions in the second half of this century;

A requirement for mitigation measures of individual countries to be expressed in nationally determined contributions (NDCs);

A process that demands a revision of NDCs at least every 5-years representing progression beyond the last NDCs;

A mechanism for countries to achieve NDCs jointly, sharing mitigation targets, and a mechanism for countries to cooperate in achieving NDCs. Countries can meet their NDC targets by transferring 'mitigation outcomes' internationally – either in the context of emission trading, or to allow results-based payments;

A mechanism for private and public entities to support sustainable development projects that generate transferrable emission reductions;

A framework for enhanced transparency and an expert review of NDCs;

A Global Stocktake from 2023 and every 5 years thereafter to review progress;

Encouragement for Parties to implement existing frameworks for REDD+ including through the provision of results-based payments;

A global goal of enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change, and commitment to providing enhanced support for adaptation;

A decision to adopt the Warsaw International Mechanism for Loss and Damage, noting that the agreement does not involve or provide a basis for any liability or compensation;

A commitment to a collective goal of providing USD 100 billion per year to 2025, and beyond 2025 with USD 100 billion as a floor. Developing countries are encouraged to provide voluntary support. Public funds will play a 'significant role' in finance, and developed countries must report twice a year on levels of support provided;

An enhanced transparency framework for action and support with built-in flexibility which takes into account Parties' different capacities with the goal to understand climate change action in the light of the objective of the UNFCCC and the Paris Agreements;

A non-punitive compliance mechanism that is expert based and facilitative in nature.

complementary functions: (i) it provides the framework under which the Paris Agreement is adopted; (ii) it contains guidance on pre-2020 climate action; (iii) it regulates and organizes action that needs to be taken before the Paris Agreement enters into force but is relevant for the implementation of the Agreement (e.g. the formulation of guidance and modalities for the Agreement); and (iv) it contains detail and guidance on how to develop and formulate NDCs. Pragmatically, it also highlights the need for enhanced finance and other regulations that were left out of the Agreement to enable the US President to sign the Agreement as 'sole-executive agreement' under US law, without the requirement for the US Senate to consent.

The overall goal

The Paris Agreement aims to hold global temperatures 'well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C' (Art. 2.1.(a)). This goes beyond what had been agreed in Copenhagen and confirmed in Cancún, namely to recognize the 'the scientific view that the increase in global temperature should be below 2 degrees Celsius' (2/CP.15, para 1).

In Paris a newly emerged 'high ambition coalition' of more than 100 countries successfully lobbied for this ambitious climate target. Created well in advance of the Paris talks, the new coalition, led by the Marshall Islands, pushed not only for a lower temperature goal but also for a legally binding agreement, a mechanism for reviewing countries' emissions commitments every five years, and a system for tracking countries' progress towards meeting their mitigation goals. The coalition succeeded in integrating all four items into the new Agreement.

While Parties could not agree on a specific date at which global emissions have to peak, the Agreement states that such a peak must be reached 'as soon as possible', and that rapid emission reductions must follow 'so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century' (Art. 4.1).

In accordance with Article 4.1., two types of action are essential to meet the 1.5°C target. First, the world has to reduce greenhouse gas emissions, not to zero, but to a point where there is a balance between emissions and sequestration. This means, secondly, that countries have to ramp up options to sequester greenhouse gas emissions. The higher the rate of sequestration, the more residual greenhouse gas emissions are permissible. Article 4.1 does not limit sequestration to

Form of the agreement

The Paris Agreement was adopted as part of a decision of the Conference of the Parties (COP) to the UNFCCC. Together with the Paris Agreement, the COP also adopted a decision that guides pre-2020 action and sets out implementation details for the Paris Agreement before its entry into force (the Decision).

The Paris Agreement establishes the main framework for cooperative action on climate change beyond 2020 and will replace the Kyoto Protocol. The Agreement is a treaty as a matter of international law, which means that ratifying countries will be bound to one another by its terms when it comes into effect. The Decision accompanying the Paris Agreement has a number of

natural carbon sinks, and leaves the door open to technology-driven carbon sequestration solutions, such as carbon capture and storage.

National action

Each Party shall prepare, communicate and maintain successive nationally determined contributions (NDCs), with an NDC communicated at a minimum every five years. Developed countries should adopt economy-wide absolute emission reduction targets immediately, and developing countries should aim for this over time (Art. 4.4). Each subsequent NDC will have to represent a progression beyond the Party's last NDC. Importantly however, implementing NDCs is not a part of the Paris Agreement. Rather, the Paris Agreement and COP Decision provide binding, procedural rules for the preparation and assessment of NDCs – not their execution.

To increase the likelihood that Parties will progress on their NDCs, Parties are required to account for their NDCs in a way that ensures environmental integrity. Parties shall provide information necessary for clarity, transparency and understanding (Art. 4.8). Information submitted will undergo a technical expert review (Art. 13.11). This process foresees a continuous progression of ambition with each NDC (Art. 4.3). Parties may also at any moment adjust their NDCs with a view to enhance its level of ambition (Art. 4.11).

The Paris Agreement allows Parties to cooperate in achieving the mitigation goals included in their NDCs:

- Parties can prepare NDCs that they intend to achieve and pursue mitigation measures in cooperation. Parties may formulate joint NDCs within a regional economic integration organization (e.g., member states of the EU) or through a mitigation partnership between two Parties, though each Party must communicate to the Secretariat the emission level allocated to each Party, and each Party remains responsible for this emission level. This allows developed and developing countries to propose joint NDCs and consequently opens the door to more involved international cooperation than under existing climate treaties.
- Parties can support the mitigation efforts of other Parties as part of voluntary partnerships. This can include the transfer of mitigation outcomes 'that can also be used by another party to fulfil its nationally determined contribution' (Art. 6.2). Such transfers can take place as part of a formal emission trading

arrangement (with the issuance and transfer of a carbon unit) or in the context of results-based payments without a transfer of a carbon unit.

- The Agreement also defines a sustainable development mechanism that allows private and public entities to support mitigation projects that generate transferrable GHG emissions (Art. 6.4). Programs and projects developed under this new mechanism can issue tradable carbon units, which feature recalls the operations of the Clean Development Mechanism. Programs and projects will need to have a net positive mitigation effect, which means that not all emission reductions generated can be used to offset emissions generated elsewhere.

While avoiding any direct reference to the use of market-based approaches, the Agreement, through these three cooperative approaches, allows for the transfer of emission reductions and removals (mitigation outcomes) and makes a link to trading mechanisms possible. Details of the mechanism, in particular the sustainable development mechanism, will be adopted by the COP serving as meeting of the Parties of the Paris Agreement (COP/MPA).

Forests and other lands

The Paris Agreement dedicates Article 5 largely to forests. The main purpose of that article is to anchor existing forest-related provisions, frameworks and decisions in the new Agreement. Paragraph 1 of the Article refers to the UNFCCC and the mandate to sustainably manage, conserve and enhance biological carbon reservoirs, a reference that refers to forests and other ecosystems in developed and developing countries. Paragraph 2 complements this by referring to the forest relevant decisions adopted in recent years, including the REDD+ framework. Through cross-referencing the decisions become part of the Agreement. Alternative policy approaches such as joint mitigation and the role of non-carbon benefits are also acknowledged.

In encouraging Parties to support existing frameworks for REDD+, the Paris Agreement endorses previous UNFCCC decisions on REDD+, from the Cancun Safeguards, to the Warsaw Framework for REDD+, to the methodological guidance provided by the UNFCCC Subsidiary Body for Scientific and Technological Advice (SBSTA). What is important to note however is that for REDD+ to benefit from cooperative approaches laid out in Article 6, REDD+ action and support needs to form part of the NDCs of the cooperating Parties.

The Agreement does not include any direct reference to agriculture. It notes that adaptation and low greenhouse gas development should be undertaken 'in a manner that does not threaten food production' (Art.2.1.b) and the preamble notes the 'fundamental priority of safeguarding food security', but the text does not provide a framework for addressing emissions from food production. On the contrary, the prominent reference to food production in Article 2 qualifies the extent to which the agricultural sector is expected to take the lead in reducing greenhouse gas emissions. It is also noteworthy that the reference to food production brings together producing countries and poor developing nations that for different reasons are united in the view that mitigation of greenhouse gases from agriculture should not be a priority.

Assessment processes

The Paris Agreement with its focus on voluntary contributions depends on a mechanism that allows individual Parties and the COP to assess whether Parties are on track to meeting the overall objective of the Agreement. Only if there is transparent tracking of progress will it be possible to adjust and sufficiently strengthen the ambition of NDCs. The Agreement therefore foresees a process that evaluates the progress of individual Parties in meeting their NDCs, and another mechanism that looks at the overall accumulated progress in avoiding dangerous climate change.

Article 13 provides an 'enhanced transparency framework for action and support' that will provide a clear understanding of mitigation action and available climate finance. Parties will have to collect and make available information necessary to track progress made in implementing and achieving its NDC and keep track of their emissions in national inventory reports. In terms of support, developed Parties shall provide information on financial, technology transfer and capacity building support provided to developing Parties. Developing Parties shall provide information on support needed and received.

The way in which progress in achieving NDCs could be verified was deeply contested in Paris with a majority of countries arguing in favour of an independent review of country actions. A number of larger developing countries were sceptical or rejected outright third-party overview. The compromise consists in a technical expert group which will review information provided. The experts will check the consistency of information provided and identify areas of improvement. The transparency framework hence contains elements of a

third party review while being 'facilitative, non-intrusive, non-punitive [in] manner, respectful of national sovereignty' (Art. 13.3). The fact that the new transparency framework will for the first time review the emissions of all Parties can be considered a significant step towards improving data and increasing transparency around national and global emissions and mitigation actions.

To ensure that the Agreement generally is on track, the COP will take stock of the implementation of the Agreement every five years (Art. 14.2). The first stocktaking is scheduled for 2023. Before that, the supporting COP decision also mandates a facilitative dialogue among Parties in 2018 to take stock of the collective efforts of Parties in relation to progress towards the long-term emissions goals (Para. 20 of the Decision). The stocktake is as an opportunity to assess whether collective mitigation action as expressed in NDCs is consistent with meeting the global temperature goals of the Paris Agreement, which is particularly important given the gap in mitigation commitments in intended NDCs (see Para. 17 of the Decision). Beyond mitigation, the stocktake has a wide remit, and covers all of the procedural and substantive elements of the Paris Agreement.

Adapting to climate change

The Paris Agreement creates a global goal on adaptation that had been absent from previous UNFCCC agreements, aiming to enhance 'adaptive capacity, strengthening resilience and reducing vulnerability to climate change' (Art. 7.1). The Agreement determines that countries should put more emphasis on adaptation planning, and based on this planning Parties should strengthen their cooperation, including through the transfer of funds (Art. 7). The adequacy of action and support will be reviewed as part of the global stocktake.

The global goal on adaptation has been high on the agenda of African countries ever since it was first discussed in Copenhagen in 2009. Developing countries wanted such a goal to be paired with quantitative commitments, while developed countries wanted it to be qualitative (and they prevailed).

The text focuses on procedural aspects of adaptation planning, and does not mandate concrete areas of action or provide quantifiable commitments of support for developing countries. As with the Clean Development Mechanism of the Kyoto Protocol, there is a commitment (though loosely worded) to use a share of the proceeds from the transfer of emission reductions to finance adaptation in developing countries, though

the level of any 'levy' is unspecified, and it is not clear whether this would flow through the UNFCCC Adaptation Fund, as before (Art. 6.6). The decision to work within the Cancun Adaptation Framework is a commitment to continue with the National Adaptation Plans (NAPs), according to which developing countries set out medium and long term adaptation needs, with Least Developed Countries receiving specific support for NAP preparation and implementation.

Finance, technology and capacity building

To enable and help developing countries to meet their commitments, the Agreement mandates that developed countries provide financial resources (Art. 9), notes the importance of technology transfer (Art. 10), and calls for Parties to cooperate and enhance capacities (Art. 11).

The language on finance does neither provides concrete figures for climate finance nor a timetable for disbursement, though it does note the 'significant role of public funds' in climate finance (Art.9.3). Developed countries are asked 'to take the lead in mobilizing climate finance' (Art.9.3), but all Parties are 'encouraged to provide or continue to provide such support voluntarily' (Art.9.2).

The lack of a concrete, time-bound commitment on climate finance in the Paris Agreement was a major concession by developing countries for whom greater levels of climate finance was a key demand. To partly rectify this, the COP Decision clarifies that the 'existing mobilization goal' (i.e. USD 100 billion per year from 2020) will continue through 2025, and that from 2025, 'Parties to the Paris Agreement shall set a new collective quantified goal from a floor of USD 100 billion per year' (Para. 54 of the Decision).

At present, the question of what counts and does not count as climate finance is unresolved, beyond an acknowledgement beyond an acknowledgement that public funds should play a significant role. This is noteworthy, given the disputes about methodologies used to track current levels of climate finance which erupted during the discussions, centring on an OECD report placing developed country commitments at USD 62 billion in 2014, a figure strongly contested by some developing countries. However, the Agreement does require developed countries to submit biennial reports on levels of assistance provided through public interventions, and requires that these reports be 'transparent and consistent' (Art.9.7). The encouragement for other countries to provide climate finance reflects emerging practice by wealthier

developing countries, such as China's example of USD 3.1 billion climate finance commitment. Its presence in the text however was resisted by China, among other developing countries.

When it comes to technology transfer, the Agreement establishes a framework to provide guidance on the Technology Mechanism (Art. 10.4.). This framework ought to strengthen cooperative action on technology transfer and development and is designed to assess needs, capabilities and barriers. The language does not provide much more detail, but this is not necessarily a sign of weakness. Parties will reconvene in May 2016 to discuss technology transfer, and there will be periodic updates to reassess progress and needs.

The Agreement also stresses the need for capacity building as a means for developing countries to take action (Art. 11.1). Building capacity is a collaborative effort of all Parties, not limited to a transfer of capacities from developed to developing countries. The Agreement does however provide that developed countries should enhance support for capacity building in developing countries.

Capacity building activities shall be enhanced by appropriate institutional arrangements. The COP will consider and adopt decisions on institutional arrangements for capacity building (Art.11.5). The Decision establishes the Paris Committee on Capacity-building, the aim of which will be to address gaps and needs, both current and emerging, in implementing capacity-building in developing country Parties (Para. 72).

Loss and damage

The Paris Agreement extends the time-bound Warsaw International Mechanism for Loss and Damage and anchors it into the long-term climate framework. Areas of cooperation on loss and damage include e.g., early warning systems, emergency preparedness, and slow onset events (Art. 8).

The loss and damage mechanism was one of the most controversial issues right up until the end of the negotiations. The question of whether and how to compensate vulnerable countries damaged by climate impacts has been a contentious issue for a number of years, and eventually, language clarifying that the mechanism does *not* provide a basis for liability or compensation was introduced into the Decision (Para. 52) at the insistence of developed countries, led by the United States. The Decision also requests the Executive Committee of the Warsaw International Mechanism to establish a clearing house for risk

transfer (Para. 49) and to create a task force to develop recommendations 'to avert, minimize and address' the risk of displacement (Para. 50).

Final provisions

The Agreement establishes a facilitative compliance mechanism that is based on expert review and facilitation. The mechanism will function in a manner that is 'transparent, non-adversarial and non-punitive' (Art. 15.2). The Decision requests the Ad Hoc Working Group on the Paris Agreement to develop the modalities and procedures for the effective operation of the committee, and its rules remain to be determined.

The Paris Agreement does not allow reservations (Art. 27) but allows withdrawal after three years (Art. 28). To enter into force, the Paris Agreement requires 55 Parties to convention accounting for at least '55 percent of total greenhouse gas emissions have deposited their instruments of ratification' (Art. 21). The Agreement will be open for signature between 22 April 2016 to 21 April 2017.

Pre-2020 action

The Decision calls for enhanced action prior to 2020. This can be summarised in the following categories:

Mitigation: Parties are urged to ratify and implement the second commitment period to the Kyoto Protocol up to 2020, to make and implement a mitigation pledge, and improve measuring and reporting processes. Parties resolve to strengthen the existing technical examination process on mitigation, which means increased cooperation with non-country stakeholders, increased consultations and dissemination of results.

Adaptation: Parties have decided to launch a technical examination on adaptation, which will function in a similar manner to the technical examination on mitigation, focussing on lesson sharing and identifying opportunities for implementation and cooperative action.

Finance: The COP Decision 'strongly urges' developed countries to scale up their levels of financial support with a concrete plan to reach the USD 100 billion target by 2020. The Decision singles out adaptation finance as an area which needs a significant increase of finance from current levels.

Other: Annual 'high level events' (Para 121.) will be convened from 2016 through 2020. These are designed

to create the space for voluntary initiatives and coalitions to be established, and provide a platform for countries to announce ambitious actions. High level events will be open to dignitaries of Parties, international organizations, international cooperative initiatives and non-Party stakeholders. Two 'high level champions' will be appointed to help build voluntary efforts and strengthen coalitions.

Conclusions

The Paris Agreement provides a common framework within which individual countries (or alliances of countries) are invited to define NDCs taking into account the overall goal of the Convention and the Agreement as well as their own capacities. The hope is that with increased transparency and an ambitious overall target, countries will step forward with ambitious national plans. The risk however, is that individual country contributions fall short of the overall goal and that the Paris Agreement remains a shell without sufficient action and support, unable to address the collective action problem of climate change.

The collaborative approach of the Paris Agreement and the newly won trust in international action will provide a sound basis for long term, international cooperation on climate change. As costs for climate change mitigation are driven down by technological advancements and alternative energy systems start to support development, NDCs should become more ambitious, and the efforts more aligned with the overall goal than current mitigation plans.

OUR OFFICES

Climate Focus (Head Office)

Sarphatikade 13,
1017WV Amsterdam
The Netherlands

Climate Focus (US Office)

1730 Rhode Island Avenue NW,
Suite 601,
Washington, DC 20036
USA

Climate Focus (German Office)

Schwedter Strasse 253
10119 Berlin
Germany

Contact: Charlotte Streck. C.Streck@climatefocus.com