

# KEY ISSUES IN COMPLETING THE PARIS CLIMATE ARCHITECTURE



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The Paris Agreement establishes an international framework to strengthen the global response to climate change. Governments are now negotiating operational aspects of the agreement, including details of the transparency framework; a five-year cycle to review collective progress and update parties' contributions; and the agreement's market-related provisions. These implementing decisions are due to be adopted at the first session of the agreement's governing body, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, known as the CMA. With the agreement's rapid entry into force, CMA 1 will open at COP 22 in Marrakech, Morocco, earlier than anticipated; it likely will be extended beyond COP 22 to allow more time to complete the decisions. This brief outlines the Paris Agreement's core provisions, major issues still to be decided, and some of the options before parties.

The 1992 U.N. Framework Convention on Climate Change (UNFCCC) is the foundation of the international climate effort. The Paris Agreement is the second treaty developed under the UNFCCC (succeeding the first, the Kyoto Protocol). The threshold for the agreement's entry into force (formal acceptance by 55 countries with more than 55 percent of global emissions) was met on October 5, 2017.

The Paris Agreement sets long-term goals—including the goal of keeping warming well below 2 degrees Celsius. It aims to strengthen ambition and accountability through binding commitments by parties to: undertake and periodically update “nationally determined contributions;” regularly report on their efforts and emissions; and undergo international review. Other provisions address areas such as adaptation, finance and the use of market-based approaches.

An accompanying decision adopted by UNFCCC parties in Paris (referred to here as “the Paris decision”) fleshes out some operational details of the agreement. Both the agreement and the decision identify other implementation issues to be addressed in further decisions by the parties. These issues are being negotiated within the Ad Hoc Group on the Paris Agreement (APA)

and the Subsidiary Body on Scientific and Technological Advice (SBSTA).

Following is a summary of key issues before parties:

## NATIONALLY DETERMINED CONTRIBUTIONS (ARTICLE 4)

The Paris Agreement commits each party to:

- “prepare, communicate and maintain” an NDC.
- “provide the information necessary for clarity, transparency and understanding” of its NDC.
- “pursue domestic measures with the aim of achieving the objectives” of its NDC.
- communicate a new NDC every five years, informed by a preceding global stocktake (see below).

Successive NDCs will “represent a progression” and reflect a party’s “highest possible ambition.” Developed countries “should” use absolute economy-wide reduction targets, and developing countries are “encouraged” to move towards economy-wide targets over time.

The Paris decision says that the information provided by parties when submitting updated NDCs may include: quantifiable information on the reference point (e.g.,

base year), time frames and/or periods for implementation, scope and coverage, assumptions and methodologies for estimating and accounting for emissions and removals, and how an NDC is fair and ambitious.

The APA is tasked with developing further guidance on the information to accompany future NDCs—for instance, whether it should vary according to the type of NDC, or be left to parties’ discretion.

The APA also will develop guidance on the “features” of NDCs, which could entail a set of principles or a common template. It also is to consider common time frames for NDCs (in the first round, most parties set targets for 2030 while some, including the United States, chose 2025).

Parties’ initial NDCs are submitted in final form upon their formal acceptance of the agreement, and are available at the UNFCCC’s [interim NDC registry](#).

## TRANSPARENCY (ARTICLE 13)

The agreement establishes an “enhanced transparency framework” with common reporting and review requirements for all parties. In place of the strict bifurcation of existing UNFCCC transparency requirements, the agreement provides “built-in flexibility” to developing countries “that need it in light of their capacities.” It also establishes the Capacity Building Initiative for Transparency to help developing countries build domestic capacity to meet their requirements.

All countries are required to report at least every two years on their GHG emissions and on progress in implementing their NDCs. In addition, developed countries are to report on support provided; and developing countries on report received. Countries’ reports will undergo a review by technical experts, followed by a “multilateral consideration of progress,” in which parties can ask one another about their respective efforts.

The new transparency framework will build on existing UNFCCC transparency arrangements. It will feed into a global stocktake assessing collective progress every five years, and will link to a new committee of experts to “facilitate implementation” and “promote compliance” (see below).

The APA is to recommend “modalities, procedures and guidelines” for implementing the transparency provisions for adoption by the Conference of the

Parties serving as the meeting of the Parties to the Paris Agreement (CMA) in 2018.

A major issue is defining how the “flexibility” provided to developing countries will be operationalized. The Paris decision calls for flexibility in the “scope, frequency and level of detail of reporting, and in the scope of review.” One possible approach is to establish tiered reporting requirements, progressing from least to most stringent, with countries advancing from tier to tier as their capacities build. Another approach is basing the frequency of review on a party’s emissions level.

Parties also will need to define the relationship of the transparency system to the global stocktake and to the new implementation and compliance mechanism (see below).

## IMPLEMENTATION AND COMPLIANCE (ARTICLE 15)

The agreement establishes a new mechanism to “facilitate implementation” and “promote compliance.” The mechanism—a committee of experts—is to be “facilitative” in nature and operate in a “non-adversarial and non-punitive” manner. It will report annually to the CMA.

The Paris decision specifies that the committee will consist of 12 members with “recognized competence in relevant scientific, technical, socioeconomic or legal fields” elected by the CMA on the basis of equitable geographical representation. The APA is to recommend its “modalities and procedures” for adoption at CMA 1.

## GLOBAL STOCKTAKE (ARTICLE 14)

The Paris Agreement establishes a global stocktake process to periodically assess collective progress toward the agreement’s long-term goals. Starting in 2023, the global stocktake will be undertaken every five years, with the outcome informing parties as they prepare their next round of NDCs.

In scope, the global stocktake encompasses mitigation, adaptation and the means of implementation. It is to be undertaken in a “comprehensive and facilitative manner,” and “in the light of equity and the best available science.”

The Paris decision says inputs to the global stocktake must include information on the overall effect of

parties’ NDCs; the state of adaptation efforts, support, experiences, and priorities; and information on climate finance efforts. The stocktake also will be informed by the transparency system, and by the latest reports of the International Panel on Climate Change and the UNFCCC subsidiary bodies. One issue is whether to provide for additional inputs such as submission from parties and observers or reports from other UN organizations.

The global stocktake will be at the heart of an ongoing cycle, gathering inputs from other parts of the Paris architecture, and feeding into others. One issue is how to align the timing of the respective components of the cycle to ensure their complementarity.

In designing the global stocktake, parties may want to draw on existing UNFCCC bodies with relevant mandates and expertise, including the Standing Committee on Finance, the Adaptation Committee, and the Technology Executive Committee. They also could consider whether to establish a new body to help undertake the global stocktake.

The agreement says the outcome of the global stocktake “shall inform parties in updating and enhancing their actions and support... [and] in enhancing international cooperation.” Parties must decide the form of the outcome—for instance, a high-level event, a technical summary, or a COP decision. A related question is how any written outcome is produced—it could be negotiated by parties or entrusted to the Secretariat or

to the co-chairs of a body designated to produce it.

Because the first formal stocktake under the agreement will not take place until 2023, the Paris decision establishes a “facilitative dialogue” in 2018 to assess progress toward the agreement’s long-term mitigation goal, and to inform the next round of NDCs due in 2020. Unlike the global stocktake, its scope is limited to mitigation.

Parties could design the global stocktake and the facilitative dialogue in parallel to ensure continuity between the two processes; and could refine the global stocktake based on lessons learned from the facilitative dialogue.

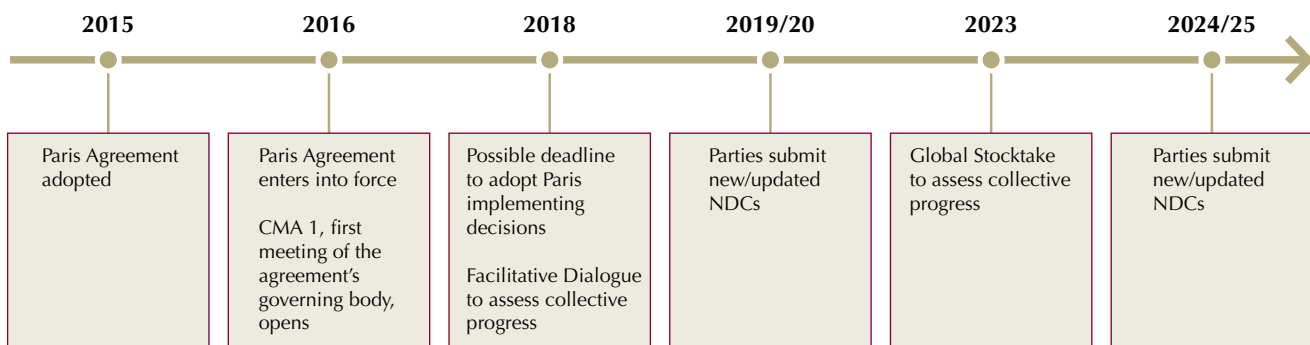
### ACCOUNTING (ARTICLE 4)

The agreement requires all parties to account for their NDCs and emissions in ways that “promote environmental integrity, transparency, accuracy, completeness, comparability and consistency, and ensure the avoidance of double counting.”

The CMA will adopt more detailed guidance to parties on their accounting practices, drawing on experiences under the UNFCCC and the Kyoto Protocol. Parties must follow the accounting guidance starting with the second round of NDCs due in 2020; for the initial round of NDCs, the guidance will be optional.

Two key areas in developing the accounting guidance will be ensuring the avoidance of double counting, which intersects with the market-related provisions of

## Paris and Beyond: Key Milestones



Here are key milestones in completing the Paris architecture and, in a new five-year cycle, to assess collective progress and update parties’ nationally determined contributions (NDCs).

the agreement (see below); and accounting for forestry and other land use-related activities. Other issues include whether accounting guidance is tailored to different NDC types and how much flexibility parties have in applying it.

## ADAPTATION (ARTICLE 7)

The agreement strengthens adaptation efforts under the UNFCCC, a major priority for developing countries, establishing for the first time a global goal of “enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change.”

All parties, “as appropriate,” are required to plan and implement adaptation efforts, and all are encouraged to periodically submit an “adaptation communication” reporting on their adaptation efforts and/or needs. The agreement provides for enhanced adaptation support for developing countries, and says their adaptation efforts “shall be recognized.” Adaptation progress and the adequacy and effectiveness of adaptation support will be reviewed as part of the global stocktake.

To implement these provisions, the CMA must adopt decisions on:

- modalities for recognizing developing countries’ adaptation efforts
- methodologies for assessing adaptation needs
- methodologies for reviewing the adequacy and effectiveness of adaptation and support.

Another issue is how enhanced adaptation support will be channeled to developing countries—in particular, whether to retain the Kyoto Protocol’s Adaptation Fund under the Paris Agreement, or have the Green Climate Fund assume its functions.

## LOSS AND DAMAGE (ARTICLE 8)

The agreement extends the Warsaw International Mechanism for Loss and Damage, which was established as an interim body in 2014 to help vulnerable countries cope with unavoidable climate impacts, including extreme weather events and slow-onset events such as sea-level rise.

The mechanism aims to strengthen understanding, action and support in areas such as early warning

systems, emergency preparedness, risk assessment and management, and insurance.

The Paris decision notes explicitly that the mechanism “does not involve or provide a basis for any liability or compensation.”

The Warsaw Mechanism will undergo a review at COP 22, and will form a task force to develop recommendations on ways “to avert, minimize and address displacement” related to climate impacts.

## FINANCE (ARTICLE 9)

The Paris Agreement reaffirms the commitment by developed countries in the UNFCCC to provide finance to developing countries for mitigation and adaptation. For the first time, it also says that “other” countries are “encouraged to provide such support voluntarily.”

In the accompanying Paris decision, an earlier commitment by developed countries to mobilize \$100 billion a year by 2020 is extended through 2025, with a further goal with a floor of \$100 billion to be set before 2025.

Developed countries commit in the agreement to report every two years on support provided and mobilized “through public interventions,” and to provide “indicative quantitative and qualitative information” on future support, including projected levels of public finance. Other countries providing support are encouraged to report as well.

SBSTA is tasked with developing modalities for the accounting of resources provided through public interventions. These can build upon existing UNFCCC reporting requirements and can draw on external sources such as a database managed by the Organisation for Economic Co-operation and Development (OECD). A process is to be launched at COP 22 to identify the indicative information to be provided on future support.

## MARKET-BASED APPROACHES (ARTICLE 6)

Although the Paris Agreement makes no explicit reference to market-based approaches, it addresses their use in two ways: by requiring “robust accounting” of “internationally transferred mitigation outcomes,” or ITMOs, and by establishing a new mechanism supporting mitigation and

sustainable development. These are placed in the context of “voluntary cooperation” between parties in implementing their NDCs.

The agreement requires that parties using ITMOs—such as the transfer of emission units between domestic emissions trading systems—apply robust accounting to avoid “double counting” of transferred units. SBSTA is to recommend accounting guidance for adoption at CMA 1. One issue is how to account for ITMOs across the different types of targets used in NDCs and for transfers from sectors not covered by a country’s NDC. Another is how to track transfers. Options include a centralized registry similar to the Kyoto Protocol’s International Transactions Log (ITL), or self-reporting by countries. In addition, the guidance may speak to accounting for transfers in the land-use sector, if they are within the scope of an ITMO.

SBSTA also is to recommend rules, modalities and procedures for the new mitigation/sustainable development mechanism for adoption at CMA 1. One issue is defining how the mechanism is to “deliver an overall mitigation in global emissions,” as required by the agreement.

Other issues include:

- the mechanism’s governance structure;

- whether it will generate emission reduction credits (like the Kyoto Protocol’s Clean Development Mechanism, or CDM) and/or certify reductions generated through other mechanisms;
- the process for evaluating and approving projects, certifying and verifying emission reductions, and issuing credits;
- whether crediting is done at a project and/or a programmatic level, and the sectoral scope of the mechanism, such as land-use and forestry; and
- whether the Kyoto flexibility mechanisms—the CDM and Joint Implementation (JI)—continue to operate under the Paris Agreement.

A related issue is whether, and if so how, the agreement’s market-related provisions will relate to the new market-based measure established by the **International Civil Aviation Organisation (ICAO)** to offset emissions from international aviation.

Recognizing the importance of non-market approaches in implementing NDCs, the agreement also calls for a framework for non-market approaches. SBSTA is to offer recommendations at CMA 1 on ways to enhance linkages and create synergies between mitigation, adaptation, finance, technology transfer and capacity building.



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The Center for Climate and Energy Solutions (C2ES) is an independent, nonpartisan, nonprofit organization working to forge practical solutions to climate change. Our mission is to advance strong policy and action to reduce greenhouse gas emissions, promote clean energy, and strengthen resilience to climate impacts.