



COP23 – Fiji/Bonn

Progress in two zones



Key Points

- COP23 was a largely procedural meeting concerned with defining the rules of implementation of the Paris Agreement.
- The meeting once again highlighted the interdependence of the different agenda items under the Paris Agreement. Negotiations will have to result in a 'package deal' in 2018, requiring talks on all Articles to progress in coordination and at similar speeds.
- Progress on the main negotiation items was captured through a series of "informal notes". These lay the groundwork for a draft negotiation text on the "Paris Rulebook", which summarizes implementation guidance for various aspects under the Paris Agreement.
- There is reasonable confidence that Parties are on track to conclude the deliberations on the Paris Rulebook at COP24 in Katowice this year. Parties did however recognize the need for an additional negotiation session between May and December 2018.

The first small island COP

Fiji chaired the twenty-third session of the Conference of the Parties to the UNFCCC (COP23) at the UNFCCC headquarters in Bonn, making it the first Small Island Developing State to oversee a UN climate conference. Although it was difficult to recreate a true Pacific island atmosphere in Bonn during the month of November, the venue was decorated with cultural artefacts and delegates received a crash course in Fijian while walking through the corridors. By the end of the two weeks, all had learned 'Bula' (welcome) and 'Talanoa' (dialogue).

More importantly though, the Fijian presidency brought the concerns of the most vulnerable nations to the fore of the event and prioritized climate change adaptation and support as central themes of COP23.

While COP23 was largely an intermediate COP between the adoption of the Paris Agreement at COP21 and the expected operationalization of its rules by COP24, the Fijian presidency introduced a new platform called the *Talanoa Dialogue* (see below), which enables engagement with the big picture questions surrounding climate change. The aim of the dialogue is to encourage countries to enhance the ambition of their nationally determined contributions (NDCs), seeing that collective mitigation pledges still fall short of meeting the Paris Agreement goal of keeping average global temperatures below 2 degrees Celsius.¹

¹ According to the latest UNEP „Emissions Gap Report“, current NDCs are likely to realize only one-third of the emission reductions required by 2030 to reach the Paris long-term goal.



A tale of two zones

COP23 hosted a record number of side events, giving a voice to a wide range of actors and showcasing a large number of initiatives. Negotiations took place in the Bula zone, while the Bonn zone brought together observers that presented concrete solutions for implementing the Paris Agreement. The physical distance between the official negotiations and the side events posed challenges for negotiators, who had to invest considerable time to commute between the Bula and Bonn zones. It also limited interactions between observers and negotiators.

The presentation of concrete climate actions in the Bonn Zone was among the most exciting aspects of COP23, and for many provided cause for hope even against the backdrop of warnings that existing pledges are grossly insufficient for meeting the objectives of the Paris Agreement. NGOs and forward-looking businesses presented countless initiatives and projects. Over 200 local and regional leaders adopted the Bonn-Fiji Agreement, which commits them to the inclusive implementation of the Paris Agreement at the local level and to raising climate ambition.

Progress towards the Paris Rulebook

The negotiation items on the agenda of COP23 followed up on mandates formulated in Paris (COP21) and included the development of guidance on NDCs, an enhanced transparency framework for reporting on mitigation efforts and support, voluntary cooperation by countries in the implementation of their NDCs (e.g. through market mechanism), and the global stocktake for assessing collective progress of climate actions, among many others.

The resulting Paris Rulebook will outline the technical details, guidelines and procedures for implementing the Paris Agreement. It is expected that COP24 will result in a 'package deal' rulebook that addresses the implementation of all mandated items under the Paris Agreement. With the deadline of December 2018 approaching fast, COP23 needed to move beyond conceptual discussions to setting a skeleton for the draft negotiation text.

Measured against the expectations formulated by heads of delegations prior to the event – to capture interim progress and prepare draft negotiation texts, at the latest in the first half of 2018 – COP23 was only partly successful. Parties developed a series of detailed "informal notes", which captured the plurality of views in a structured way. Some negotiation streams even managed to endorse the notes as the basis for an informal negotiation document and mandated the chairs to prepare such a document before the next

intersessional meeting in April-May 2018. Other notes were not considered sufficiently mature and were not formally endorsed. Although they do not prejudge the final outcome, the informal notes are a significant step ahead as they provide a first tentative structure of future negotiation text and a framework in which negotiation options can be crystalized.

At COP23, a number of key agenda items saw significant progress, including negotiations on transparency and reporting (Article 13) as well as cooperative mechanisms (Article 6). On the other hand, less progress was made on climate finance (Article 9) which proved (yet again) controversial between developed and developing countries. Opposing views of developing (support-receiving) and developed (support-providing) countries on the amounts of public finance commitments and how to report and account for finance remain major stumbling blocks.

Differentiation between various countries is another thorny issue. While the Paris Agreement ended the bifurcated approach of the Kyoto Protocol that placed different obligations on developed and developing countries, in favour of universal obligations to be implemented in accordance with national circumstances, many developing country Parties pushed for structurally different rules for developing and developed countries in the elaboration of the guidance.

Disagreement on this issue cut across various negotiation items. One example is the development of modalities, procedures and guidance for the "enhanced transparency framework". Here, the Like Minded Developing Countries (LMDCs) argue for the continuation of differentiated reporting and review obligations, building on the system of different national reporting and review guidelines for Annex I and non-Annex I countries established under the Kyoto Protocol (e.g. Biennial Reports vs. Biennial Update Reports). Other countries, however, stress the importance of a common framework for all under the Paris Agreement, while conceding the need to recognize different starting points and capacities, as well as the need for gradual implementation.

Pre-2020 action

The issue of pre-2020 action came strongly to the fore in the first week of the conference and threatened to hold up progress on the creation of the Paris Rulebook if it was not resolved. Developing countries had sought for pre-2020 action to be included in the agenda for the meeting, arguing that scaling up ambition before 2020 was essential to meeting the 2-degree goal. The pre-2020 commitments contained in the Doha Amendment to the Kyoto Protocol – which has yet to receive



sufficient ratifications to enter into force – are considered inadequate in the light of the goals of the Paris Agreement.

Developed countries initially resisted pushes to include pre-2020 action on the agenda, arguing that the focus should be on action from 2020 onwards (governed by the Paris Agreement). Developing countries eventually won the dispute, however, with a decision being adopted that embeds pre-2020 action in the forthcoming negotiations. This includes a global stocktake of pre-2020 action to take place at COP24 and COP25. Meanwhile the *Talanoa Dialogue* that will take place in 2018 was mandated to produce reports taking stock of climate action taken so far.

In addition, Parties agreed to request the UNFCCC Secretary, the COP President and the UN Secretary General to seek further ratifications of the Doha Amendment.

Launch of the Talanoa Dialogue and Global Stocktake preparations

The launch of the Talanoa Dialogue by the Fijian Presidency, previously referred to as the facilitative dialogue, was celebrated as a major achievement. The Dialogue is named after the traditional Pacific process of inclusive, participatory and transparent dialogue known as Talanoa, in which ideas, stories and experiences are shared on an equal basis, with the aim of building trust and empathy and arriving at wise decisions.

The Dialogue will kick off in January 2018 and will – in a facilitative manner – take stock of the collective efforts of Parties to limit global warming to well below 2 degrees – before the Paris Agreement enters into force in 2020. The Dialogue will be structured around three central questions – where are we, where do we want to go, and how do we get there – and is divided into a political and a technical phase. The Dialogue will produce summaries and reports, although these will not be officially submitted to the COP for approval.

In addition to the Talanoa Dialogue, Parties agreed in Paris to launch a global stocktake cycle in parallel with the implementation of the Paris Agreement, with the aim of assessing collective progress towards the goals of the Paris Agreement. The first review round is scheduled for 2023. However, how the stocktake process will look is still undecided. At COP23, negotiations focused on the timing and duration of the process, which bodies will govern it, and whether or not inputs should be tailored around guiding questions. Some parties consider that the global stocktake cycle should aim at identifying gaps, possible measures and good practices to enhance climate action. Moreover, a number of Parties advocated for the engagement of non-Party stakeholders and expert groups.

Parties also considered limiting technical inputs for the global stocktake to those provided by Parties and bodies under the Convention and the Paris Agreement. A non-exhaustive list was identified, which comprises a wide range of sources, including Party submissions, national inventories, reports from UN agencies and other multilateral organizations, as well as information from regional groups and institutions.

Finally, as per Article 14.1 of the Paris Agreement, the global stocktake should take place “in light of equity and the best available science”. Developing and developed countries still need to reach a common understanding of what ‘equity’ means in this context. This is likely to once more bring up discussions around the fair-share of contributions, historical responsibilities and whether countries are living up to their climate finance commitments.

Disagreements on finance

Developing countries advocated for greater transparency regarding the reporting process of finance flows pledged under the finance goal of USD 100 billion by 2020. African negotiators unsuccessfully proposed the establishment of a review process that would assess the current finance commitments of developed countries, with the purpose of informing COP24 in 2018. A number of developed countries agreed on the essential role of climate finance, with the EU,

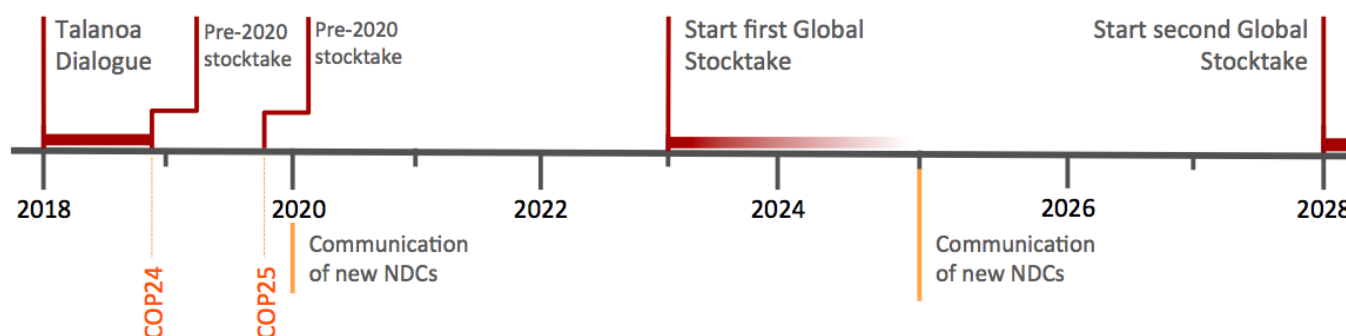


Figure: Timeline of the Talanoa Dialogue, pre-2020 stocktakes and Global Stocktake Cycle



Switzerland and Canada committing to scale up public finance flows by 2020.

Negotiations on Article 9 of the Paris Agreement centred on two main topics: ex-ante (Art. 9.5) and ex-post (Art. 9.7) reporting on climate finance. The operationalization of Article 9.5 was one of the most contested issues during the negotiations. Under the Article, developed country Parties are requested to biennially communicate indicative quantitative and qualitative information related to their projected public finance contributions to developing countries. African countries would especially like to see the establishment of modalities for reporting under Article 9.5. Developed countries, on the other hand, reject this approach, arguing that there is still no consensus on what defines climate finance and whether private finance should also be accounted for, as well as how Official Development Assistance (ODA) and climate finance can be clearly distinguished from one another. The issue remained undecided, and will likely re-emerge in political as well as technical negotiations.

Parties made limited progress on the accounting of (ex-post) climate finance (Article 9.7). The negotiations produced an informal note that lists accounting elements in one column and assumptions, definitions and methodologies for accounting in a second column.² The fact that Parties did not oppose publishing the list does signal that negotiations are moving towards a common understanding of the various concepts.

Good progress on market mechanisms

While negotiations on cooperative (carbon markets and non-market) approaches often times were perceived as laggards in the overall process, due to both the technical complexity surrounding the issue and widely differing ideologies between Parties, Article 6 negotiations achieved various breakthroughs during COP23. Perfectly capturing the mood of the moment, the co-facilitators closed the session by singing along the happy tune of “[Ooh Child](#) - Things are Gonna Get Easier” by *The Five Stairsteps*.

Parties were able to agree on three substantive informal notes on Article 6, i.e. on cooperative approaches (Art 6.2), on the new mechanism for mitigation and sustainable development (Art 6.4) and on the framework for non-market approaches (Art 6.8). They also agreed on a mandate to the SBSTA chair to produce an informal negotiation document by next

March, advancing the agenda item beyond many others.

Still, challenges remain in bridging divergent positions on many issues, for example the extent to which UN oversight over the market approaches developed by Parties themselves is necessary, or the degree to which the new centralized mechanism would resemble the Clean Development Mechanism (CDM). Parties also still face the challenge of ironing out the technical details for the avoidance of double counting. Double counting would occur if emission reductions were accounted against more than one NDC. Any kind of double-counting guidance has to be closely linked to the enhanced transparency framework for tracking the progress towards NDC implementation (Article 13).

While good progress was made during the session, COP23 also highlighted the vulnerability of technical discussions on the Paris Rulebook to political power play. The negotiations on Article 6 narrowly escaped a break-down after being held hostage by Parties that made agreements conditional upon progress on other agenda items. Saudi Arabia, speaking for the group of LMDCs, linked the outcome on Article 6 to the outcome on the negotiations on response measures, an agenda item that deals with the compensation of countries that are negatively affected by the policies put in place to mitigate climate change

Agriculture and land use

In a breakthrough in a traditionally difficult negotiation item, Parties managed to agree on a work programme on agriculture, named the *Koronivia Joint Work on Agriculture*. The work programme aims to develop new strategies for adaptation and mitigation in the agriculture sector to reduce emissions and improve the climate resilience of the sector. While the focus of the work is largely technical and will centre around workshops and expert meetings, its adoption has been heralded as an important step forward in integrating agriculture in the UNFCCC, which together with the land-use sector accounts for 24% of global emissions.³

REDD+ was not on the agenda of this year's negotiations. However, forests and land-use topics played a central role in a large number of side events at COP23, focusing on the mitigation potential of the forestry sector. The Board of the Green Climate Fund also approved the pilot programme for REDD+ results-based payments in October 2017, indicating that REDD+ has moved on from rule-setting to implementation and payments for results.

² See informal note from co-facilitators [here](#).

³ Roe, S., Streck, C., Weiner, P.H., Obersteiner, M., Frank, S. (2017). How Improved Land Use Can Contribute to the 1.5°C Goal of the Paris Agreement.



The two US delegations

COP23 was the first COP held after the US declared its intent to withdraw from the Paris Agreement. With Syria announcing its intention to ratify the Paris Agreement, the US is now the only UNFCCC Party that does not support the Paris Agreement.

The intended withdrawal of the United States – the largest developed country emitter globally – from the Paris Agreement has left an obvious leadership gap in climate negotiations. While the official US delegation – largely comprised of Obama-era climate negotiators – refrained from disrupting the process, it played a notably less proactive role than in the years leading up to the Paris Agreement. While no country has picked up the baton of leadership from the US yet, no country followed the US in rejecting the Paris Agreement either. France, under the initiative of President Emmanuel Macron, has made notable efforts in recommitting international leaders to the goals of the Paris Agreement by hosting the [One Planet summit](#) shortly after the COP. Without the supporting power of other EU member states, however, its political clout is not on par with that of the US. China did not step up into a leadership role as was anticipated before the conference.

The scaled-back role of the official US delegation was offset by a “shadow” US delegation led by Governor Brown from California and the ex-New York Mayor Michael Bloomberg, which held dozens of side events that attempted to show that large parts of the US remain committed to climate action. Over 2,500 leaders from across the US signed the [‘We Are Still In’](#) declaration in reaction to the Trump administration withdrawing from the Paris Agreement. Additionally, the [‘America’s Pledge’](#) initiative, aiming to collect and streamline the climate actions of states, cities, business and local movements across the US, to gather sufficient support to enable the US to meet its NDC even without federal action.

Moving out of coal

More than 30 governments, subnational jurisdictions and private entities endorsed the [‘Powering Past Coal Alliance’](#) led by the UK, Canada and the Marshall Islands. The Alliance recognizes that “phasing out traditional coal power is one of the most important steps governments can take” in order to tackle climate change and limit global temperature increase. While the establishment of the Alliance can be seen as a significant symbolic step – never before has a major group of countries and companies collectively advocated for phasing out coal – many major coal-intensive economies have yet to endorse the Alliance, such as Germany, Australia, China, India and the US. Indeed, the launch of the Alliance contrasted strongly with the attempted promotion of “clean coal” by the

Trump administration during the only official US side event.

Outlook

COP23 concluded with the adoption of a decision package, dubbed the [‘Fiji Momentum for Implementation’](#) (CP/1.23). The decision reemphasizes Parties’ determination to conclude the Paris Rulebook by December 2018 and recognizes that an additional negotiation session may become necessary during the latter half of 2018. Furthermore, the decision officially launches the Talanoa Dialogue and brings pre-2020 implementation and ambition to the forefront.



Traditional Fijian voyaging Canoe, IUCN 2014.

Overall, COP23 was conducted in a constructive manner which gives rise for cautious optimism. The informal notes that were developed during the working sessions capture the substance of the discussions so far and provide a solid starting point towards the development of negotiation text. However, numerous issues still need to be addressed and will require a considerable effort by Parties to be concluded on time.

Considering the bottom-up structure of the Paris Agreement, action is not conditional upon international rules. While the rulebook will be important to assess progress, compare efforts, mobilize finance and enable cooperation, action outside of negotiation rooms is more important than detailed implementation rules. It is therefore encouraging to see the momentum for climate action grow globally.

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