

Prospects for the PARIS CLIMAT 2015 deal



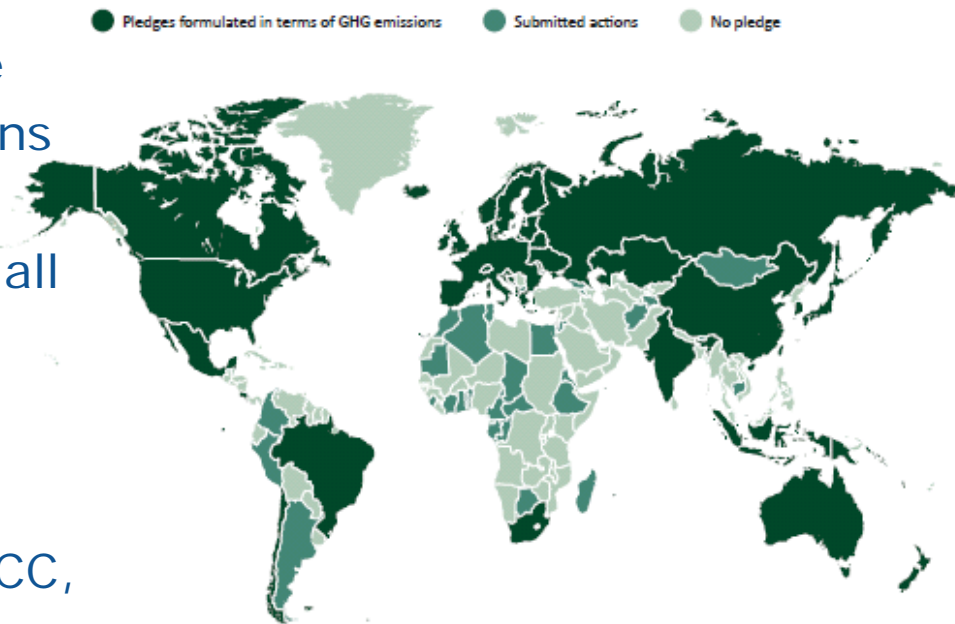
Tirana, March 18, 2015

Dimitrios ZEYGOLIS
European Commission
DG Climate Action

Wider context:

Broadening global climate action well beyond Kyoto

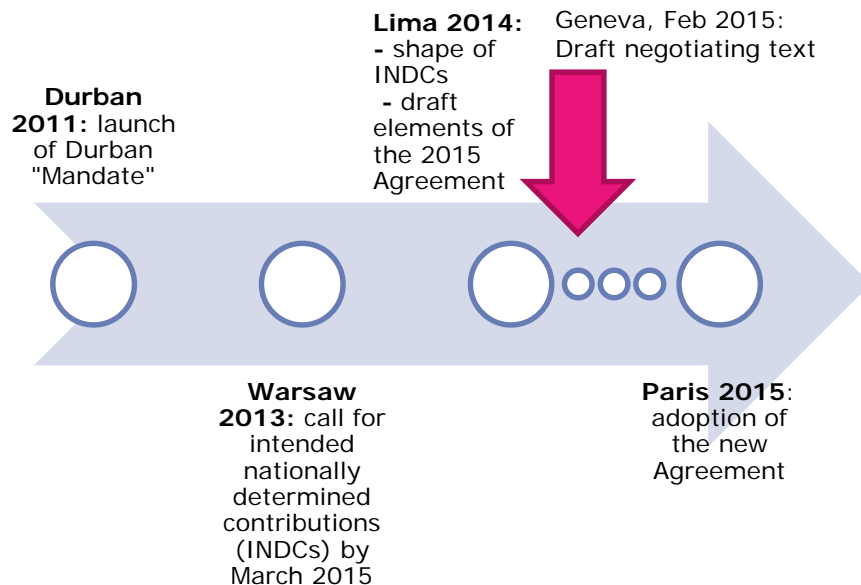
- Global agreement on staying below 2° Celsius (Copenhagen/Cancun)
- Around 100 countries responsible for > 80% of global GHG emissions made concrete emission pledges (Copenhagen/Cancun), including all major economies
- Growing global action, but fragmented and diverse
- Growing action outside the UNFCCC, e.g. cities, business, plurilateral cooperative initiatives



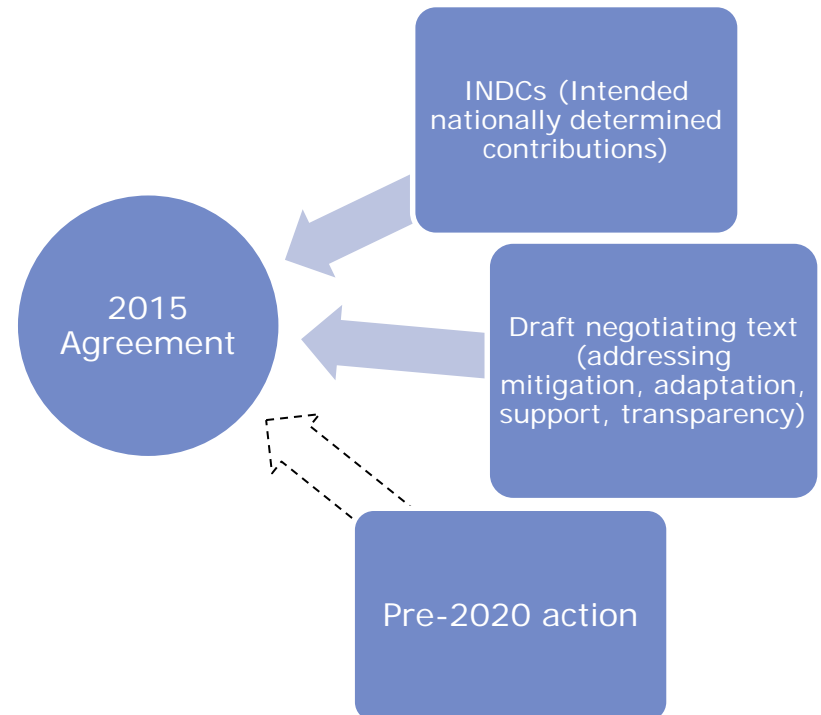
Context: towards the 2015 Agreement

A new international climate agreement applicable to all
to keep global average temperature increase below 2°C

Process



Content



State of play after Lima & Geneva

1

Focus of Geneva

Elements of
the 2015 Agreement:

How will the agreement balance mitigation, adaptation, and finance; address differentiation; and ensure transparency, accountability and dynamism?

Balance of elements: with INDCs focused on mitigation, pressure will be on to strengthen adaptation and finance provisions, including possible long term goals

Differentiation: 2015 Agreement must reflect CBDR-RC "in light of different national circumstances" (implications unclear)

Legal form and legal force: rules on MRV, compliance, and a cycle for strengthening commitments over time, remain to be agreed

2

Intended nationally determined
contributions (INDCs):

What will contributions look like? How to ensure they are ambitious and fair?

Scope of INDCs: mitigation INDCs expected to be more ambitious than "current undertakings"; adaptation voluntary; finance not included

Upfront information: detailed and quantifiable, but voluntary; Parties expected to explain why its INDC is "fair and ambitious"

No mandated international assessment before Paris, but INDCs will be published, synthesized and aggregated by 1 Nov 2015

3

Pre-2020 climate action:

Can we close the "ambition gap"?

Pre-2020 process will remain solutions-oriented and focused on efforts of all Parties

Policy options identified by technical analysis will be promoted through UNFCCC institutions and international cooperation, including TEC, CDM, GEF and GCF

Political will promoted through annual high-level events

'Socialising' between Parties key in order to build trust and promote convergence



From 'elements' to 'negotiating text'

Lima: "draft elements text"

Drafted by the co-Chairs of the negotiating track based on iterative open-ended discussions

Not negotiated - wide spectrum of options

Organised in **arbitrary sections**
Descriptive, not legal text

Annexed to the Lima decision

Ca. 40 pages

Geneva: "draft negotiating text"

Lima text + textual input provided by any Party

"Party-owned" – universal recognition as basis for further negotiation

Also **not negotiated** – only additions of further issues and options to the Lima text, no changes or deletions

Political understanding that it **covers all issues** – but formally no way to prevent further additions

Same structure as the Lima text; includes structural suggestions for the agreement

To be edited, translated and **distributed to all UNFCCC Parties**

Ca. 80 pages

Next steps:

Formal negotiations on the text to start in Bonn in June



Draft negotiating text

- The text covers a wide spectrum of views with many options
- Three key political issues will pervade the negotiations:

Differentiation –evolving landscape

- Aim for economy-wide mitigation commitments by all, onus on major economies
- INDCs as a vehicle to apply CBDR-RC in a contemporary way

Legal form and force

- Robustness of the new regime
- Accountability, compliance and rules on MRV

Balance

- Reducing emissions central objective of the Convention
- The agreement will need to also deliver on "political parity"



Adaptation in the 2015 Agreement

How best to ensure a durable agreement on adaptation by keeping it flexible enough to adapt to changing needs?

- Areas of convergence: commitment for all to plan and prepare; seeing adaptation in the context of sustainable development planning; continuation of support; building on existing institutions.
- Areas for further discussion: How a global adaptation goal or objective on adaptation would be shaped; developing countries' call to anchor all existing and create new institutions/mechanisms in the Agreement;
- New request in Geneva: all Parties to communicate mandatory forward-looking "National Determined adaptation commitments"?
- Loss and Damage section separated from adaptation and anchoring of International Mechanism for Loss and damage in the agreement

Next steps:

- *Elaborate further on areas of convergence*
- *Further understanding on global goal and new requests*
- *Identify possible landing grounds for Paris*



Climate finance & the 2015 Agreement

Delivering on existing commitments is key for building trust.

- How to demonstrate that climate finance is being scaled up?
- How to include climate finance in the 2015 Agreement in a way that reassures recipient countries, and is realistic for donors? How to set a framework that reorients investments towards low-emission and climate resilient development?
- **Encouraging signals** in Lima: Mobilisation of over USD 10 billion in initial pledges for the Green Climate Fund, including some from developing countries– but developing countries request intermediate targets and / or pathways for scaling up to USD 100 billion/year.
- Broad agreement that **finance will be part of the 2015 Agreement**, including through: mobilisation of public and private finance flows; significant share for adaptation finance; enabling environments; use of existing institutions. Transparency.
- Continued calls for **greater clarity and predictability** on pathways towards meeting USD 100 billion goal by 2020, and for a quantitative finance goal for beyond 2020.

Next steps:

- *Keep on providing information on climate finance provided and on planned climate finance for the next year(s) – outreach to finance leaders*
- *Engage further on design of finance elements of the new Agreement*



Transparency in the 2015 Agreement

How do we achieve a common transparency framework starting from the current system rigidly divided between developed and developing countries?

- **Areas of convergence:** the importance of clear rules on monitoring, reporting, verification, accounting and compliance.
- Agreement that rules around accounting for **land** and avoiding double counting of **market units** should be part of the Agreement.
- In Lima, significantly, South Africa launched a discussion on a possible process to consolidate land accounting rules by Paris – traditionally a request of developed countries
- **Areas for further discussion:** The Agreement to establish a common MRV framework with inbuilt flexibilities to cater for different commitment types and national capacities.

Next steps:

Outreach will be essential to find solutions



Emissions reductions, cycle of ambition

- Differentiation is a key challenge
 - There is a need for a cycle of regular review to ensure that we stay on track for the "below 2°C" target
 - The Agreement should be guided by a long-term goal
-
- Whilst certain Parties maintained a position based on the **bifurcated 'firewall' approach to differentiation**, **Brazil and South Africa** openly discussed ways forward in Lima.
 - **In Geneva**, BASIC, African Group, and the 'like-minded' developing countries continued to call for the 'firewall'.
 - There is increasing support for the notion that there should be a **regular review of mitigation ambition of all Parties**. **In Geneva**, Brazil, South Africa, progressive Latin American countries, Japan, EU proposed various ways to maintain commitments over time, with progression in scope and ambition through regular common assessment.
 - Many Parties support the idea of a **long term goal** consistent with the latest findings of the IPCC. **In Geneva**, parties referred to early peaking and aiming for taking carbon emissions to zero by 2050 or later.

Next steps:

Continued outreach to negotiation partners on these issues



Intended nationally determined contributions

From nationally determined to collectively ambitious
and individually fair – in time for Paris

Clarity

- **"progression beyond current undertaking"**
- May also contain an **adaptation** component
- **No finance or support** component
- **upfront information: detailed and quantifiable, but voluntary**

Fairness

- Describe **how Parties consider their contributions fair** and ambitious
- The **least developed countries** and **small island developing States** may communicate strategies, plans and actions
- **Support available** for preparation of INDCs

Ambition before Paris

- Parties invited to deliver **"well in advance of" Paris**
- **No mandated multilateral assessment**
- Instead, **multitude of assessments** to be expected in different context t
- Synthesis report on the **aggregate effect**

Organising robust assessments with wide involvement will be key in 2015
Need for continued political pressure to incentivise ambition



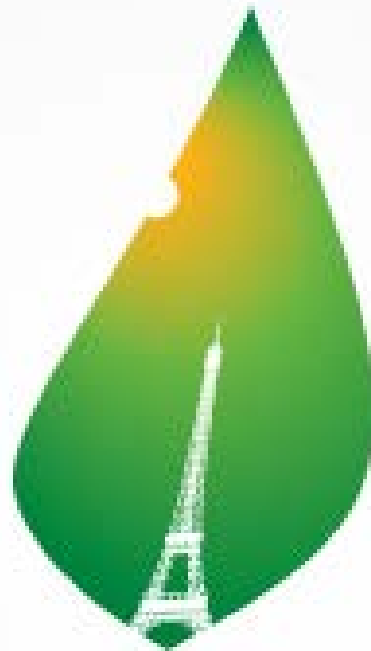
Further advancing– pre2020 mitigation

All parties dedicated to work further in 2015 on enhancing pre2020 mitigation ambition through technical examination in areas with high mitigation impact

- Support for "technical examination process" as a space for collaborative action – call for **technical meetings in June**
- G77 and China and the 'like-minded' developing countries propose to include work on finance and adaptation in the pre2020 discussions
- "Friends of Work-stream 2" meetings since Durban (AOSIS, EU, AILAC, EIG, UG and African Group): space for more in-depth discussions in areas with high-mitigation potential such as energy and to exploring new topics
- China and India want balance between pre2020 and post2020 work
- Peru and France (COP20 and 21 Presidencies) put a lot of emphasis on the action agenda ("Lima-Paris Action Agenda")

Next steps:

- COP21 Presidency "agenda des solutions" meetings throughout the year
- Plan technical meetings in June and prepare for recommendations on how to take the technical examination process further after 2015



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TOWARDS PARIS

Three key political issues will pervade the negotiations throughout 2015:

Differentiation – evolving landscape

- Aim for economy-wide mitigation commitments by all, onus on major economies
- INDCs as a vehicle to apply CBDR-RC in a contemporary way

Legal form and force

- Robustness of the new regime
- Accountability, compliance and rules on MRV

Balance

- Reducing emissions central objective of the Convention
- The agreement will need to also deliver on "political parity"

Key Challenges for 2015

- ➔ *Ensuring critical mass of contributions (INDCs) in time by exerting pressure on G20 and Middle Income Countries*
- ➔ *Securing a participatory and facilitative assessment process prior to Paris – a stocktake of adequacy of collective global efforts*
- ➔ *Establish coalitions among the willing, not just around financing promises but in defence of effective multilateralism and inclusiveness (accountability)*

Major upcoming meetings

20-21 April (tbc)	Major Economies Forum, Washington DC.
11-12 May	G7 Energy Ministers, Hamburg.
17-19 May	Petersberg Dialogue, Berlin.
7-8 June	G7 Summit, Germany.
3-14 June	Negotiating session on the 2015 Agreement and other issues, Bonn.
13-17 July (tbc)	Major Economies Forum.
31 August – 4 September; 19–23 October	Negotiating sessions on the 2015 Agreement, Bonn.
30 November – 11 December	COP21, Paris.

Climate high on the agenda of EU bilateral relations

EU's role: Priorities for Paris



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- Addressing mitigation, adaptation, finance, technology, capacity-building, transparency of action and support in a comprehensive way
- Keeping global average temperature increase below 2°C vs. pre-industrial levels
- Broadening participation
- Nationally determined contributions to be included in the form of mitigation commitments that have legal force
- Further strengthen multilateral rules through monitoring, reporting and verification, accounting and compliance
- Mechanism to regularly 5-yearly review and strengthen level of ambition
- Catalyse action by all types of stakeholders, building on pre-2020 experience

Propects for Paris

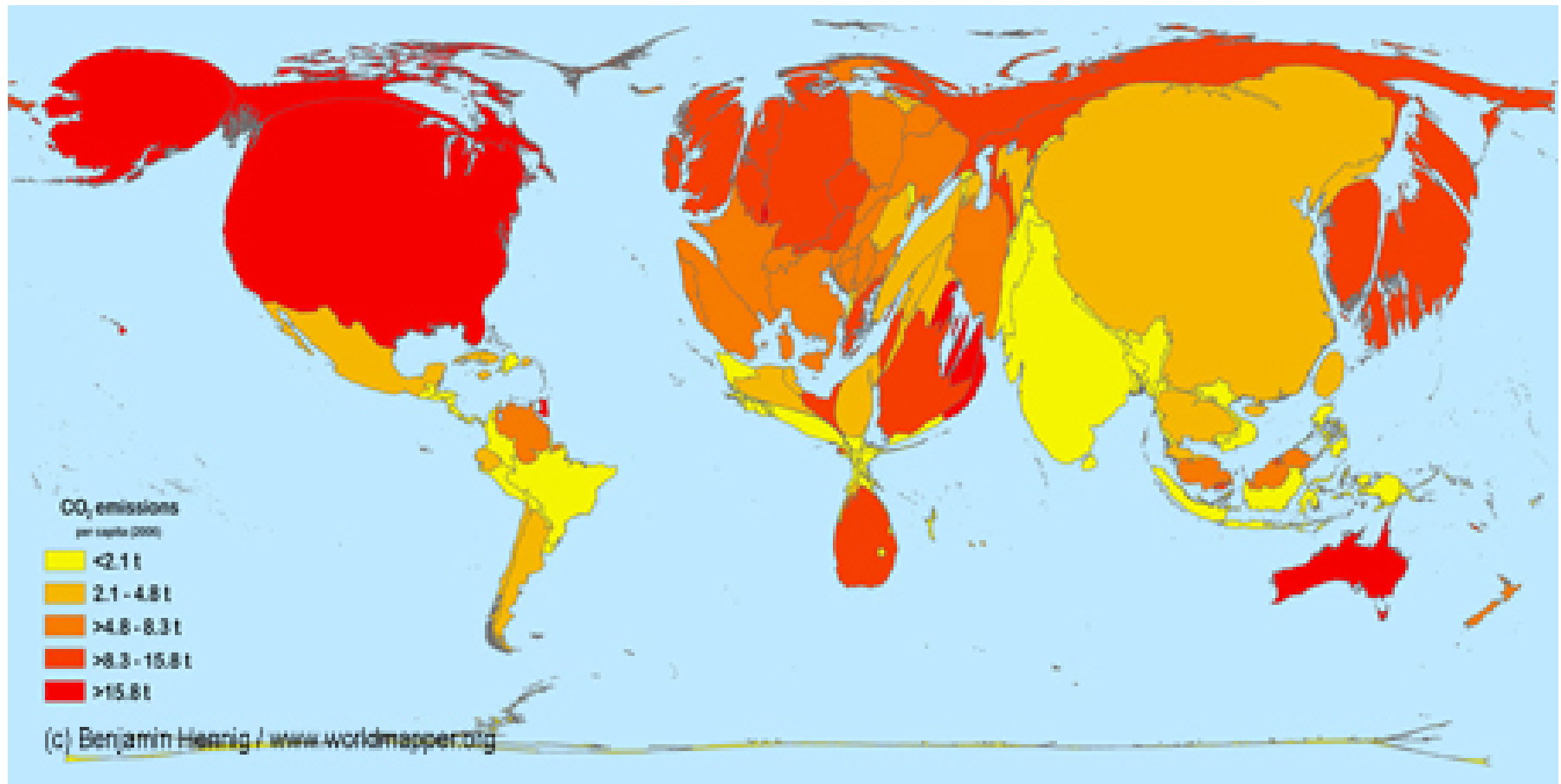
- 1. Legal form*
- 2. Differentiation*
- 3. Staying below 2 degrees Celsius*
- 4. Adapting to adverse effects of climate change*
- 5. Climate finance*

Propects for Paris (1) – legal form

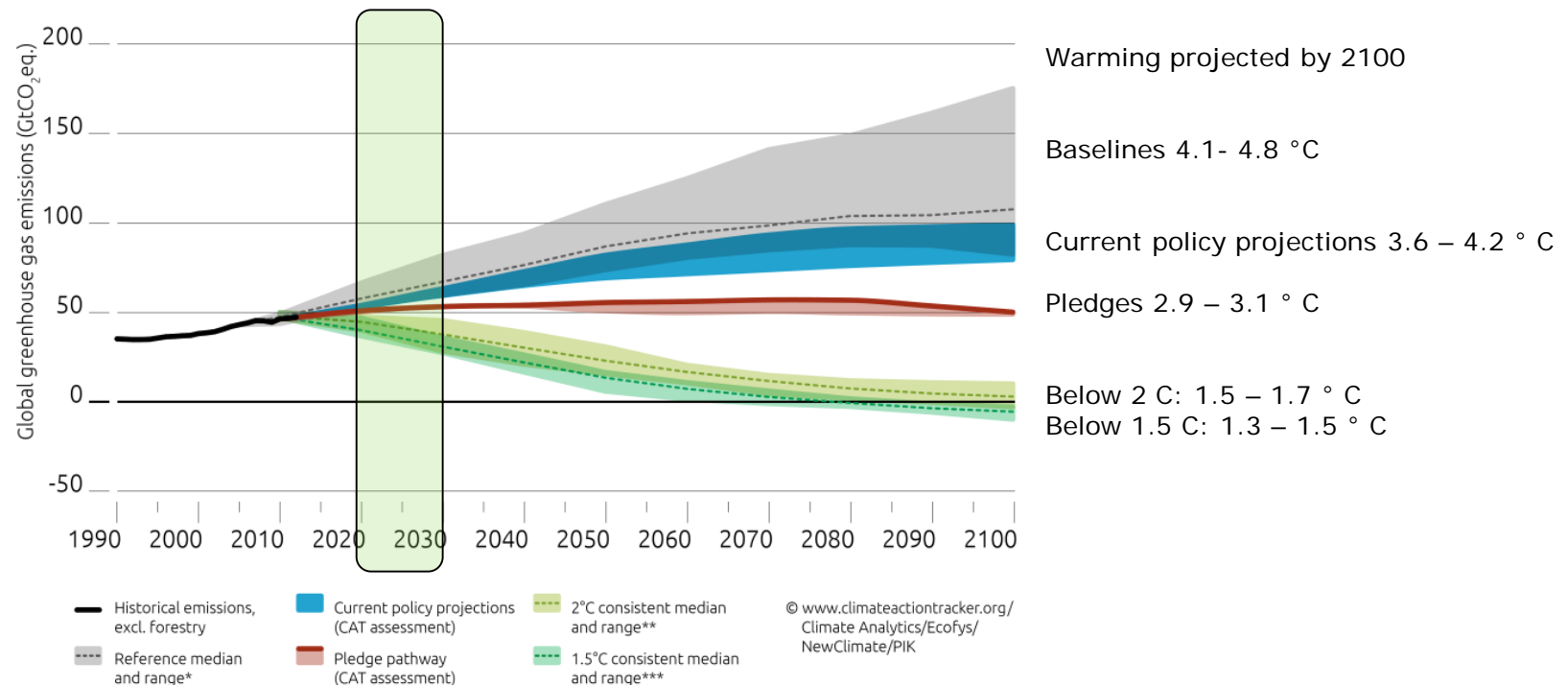
2. Also decides to launch a process to develop a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties,



Propects for Paris (2) – differentiation



Propects for Paris (3) – staying below 2 degrees Celsius



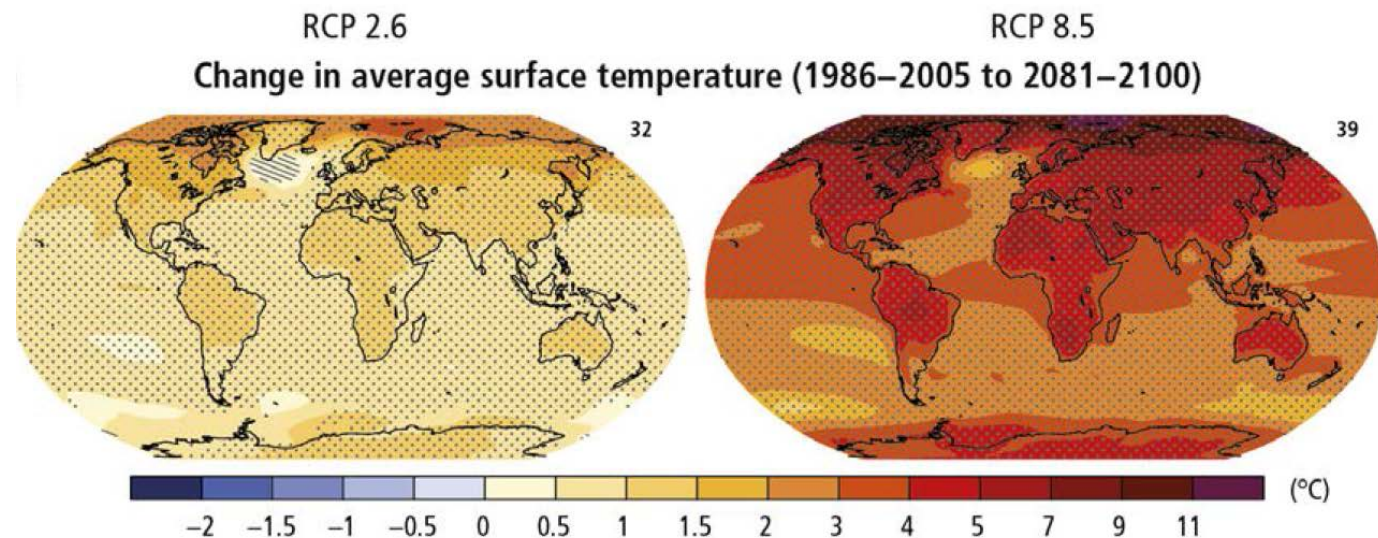
* 5-95th percentile of AR5 WGIII scenarios in concentration category 7, containing 64% of the baseline scenarios assessed by the IPCC

** Greater than 66% chance of staying within 2°C in 2100. Median and 10th to 90th percentile range. Pathway range excludes delayed action scenarios and any that deviate more than 5% from historic emissions in 2010.

*** Greater than or equal to 50% chance of staying below 1.5°C in 2100. Median and 10th to 90th percentile range. Pathway range excludes delayed action scenarios and any that deviate more than 5% from historic emissions in 2010.

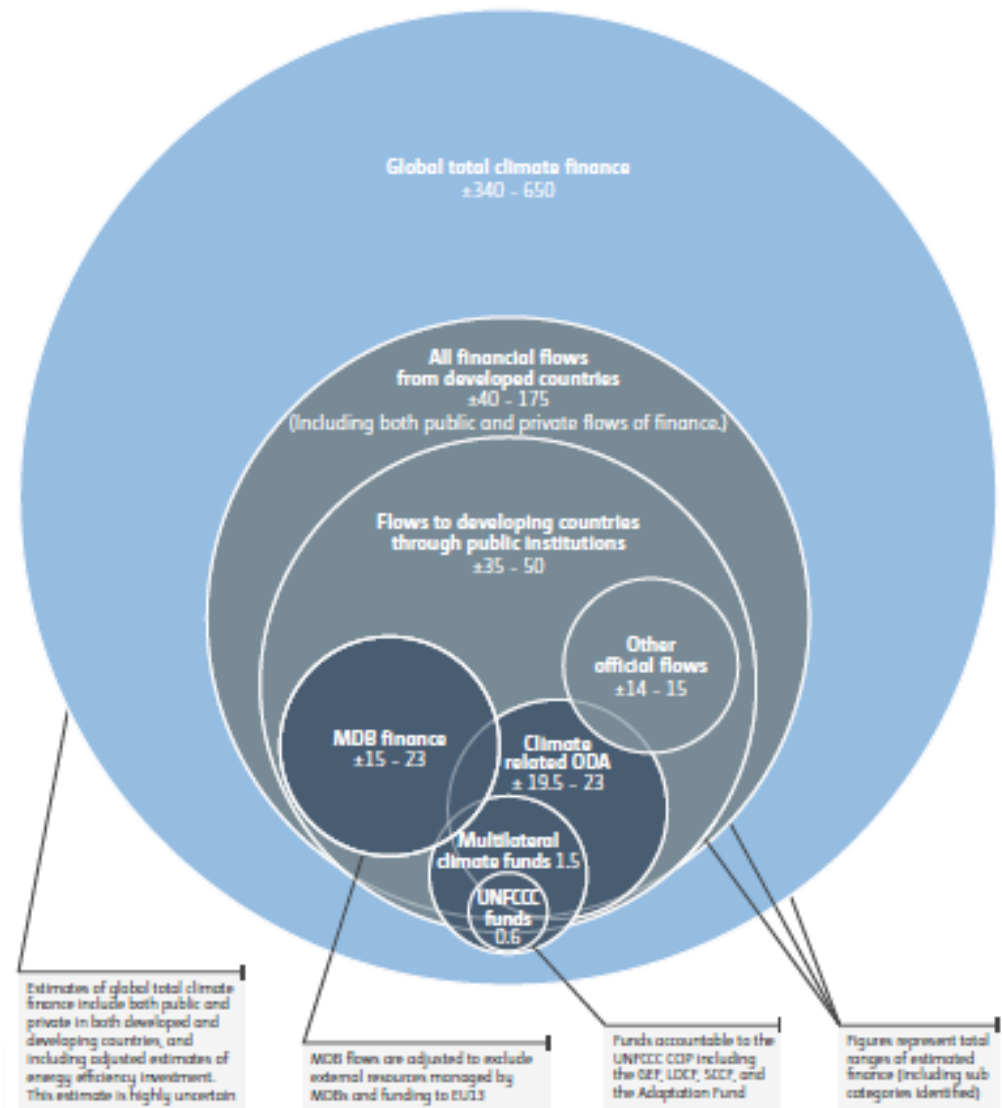
Propects for Paris (4) – adapting to the adverse effects of climate change

- 1. Global adaptation goal*
- 2. Adaptation planning*
- 3. Adaptation fund*
- 4. Loss and damage*



Propects for Paris (5) – climate finance

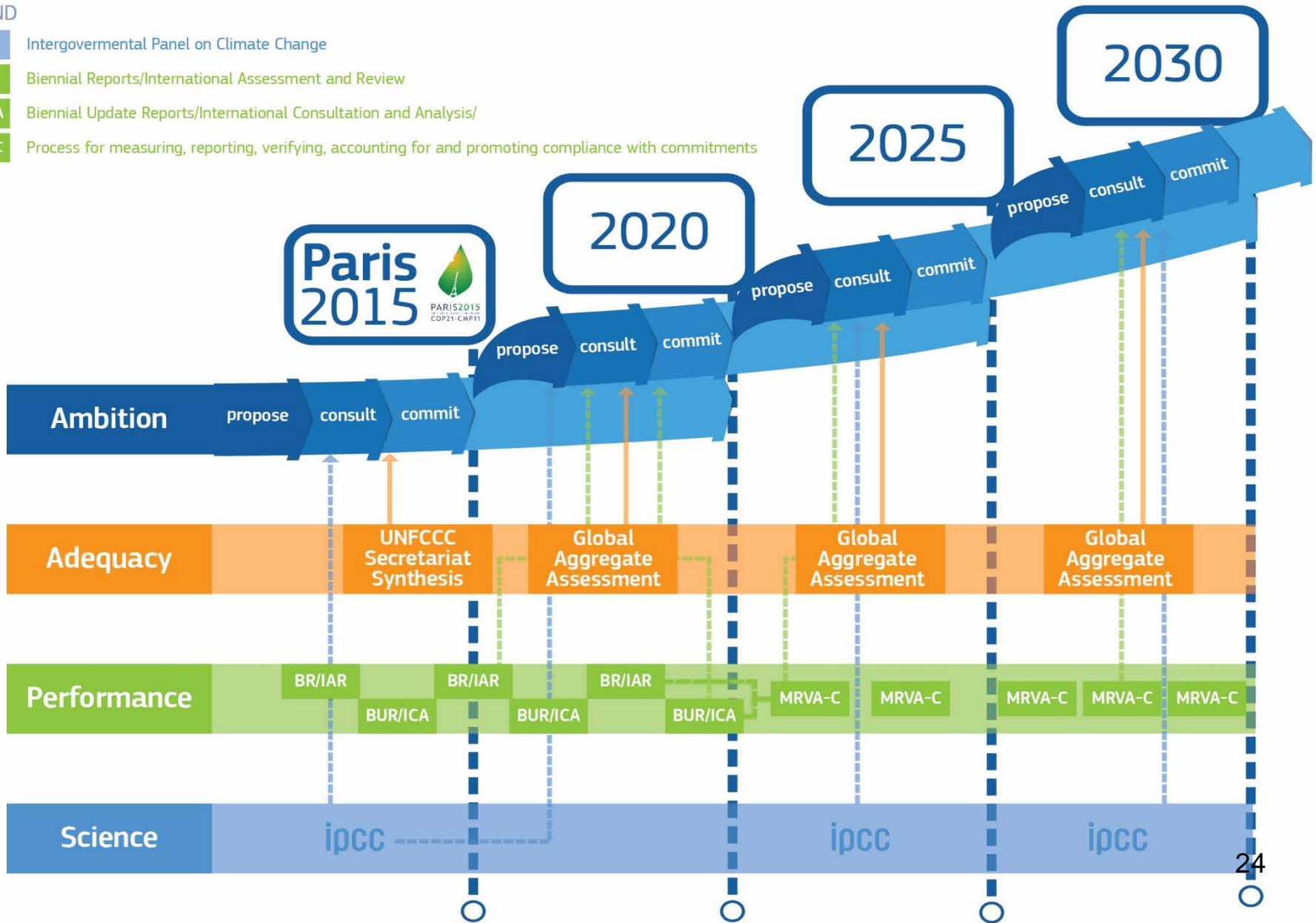
- Up to 2020
- After 2020



Dynamism through regular upward review of ambition - aligning cycle with related UNFCCC processes

LEGEND

- ipcc** Intergovernmental Panel on Climate Change
- BR/IAR** Biennial Reports/International Assessment and Review
- BUR/ICA** Biennial Update Reports/International Consultation and Analysis/
- MRVA-C** Process for measuring, reporting, verifying, accounting for and promoting compliance with commitments



Conclusions

- *Geo-politically good prospects for a robust Paris deal, but risk of high public expectations*
- *Needs to be a credible step forward*
 - **Broad participation**
 - **Willingness to deepen commitments over time**
 - **Preparation for implementation to start in 2016**
- *EU will have to play a major role*
 - **Building bridges**
 - **Leading by example**

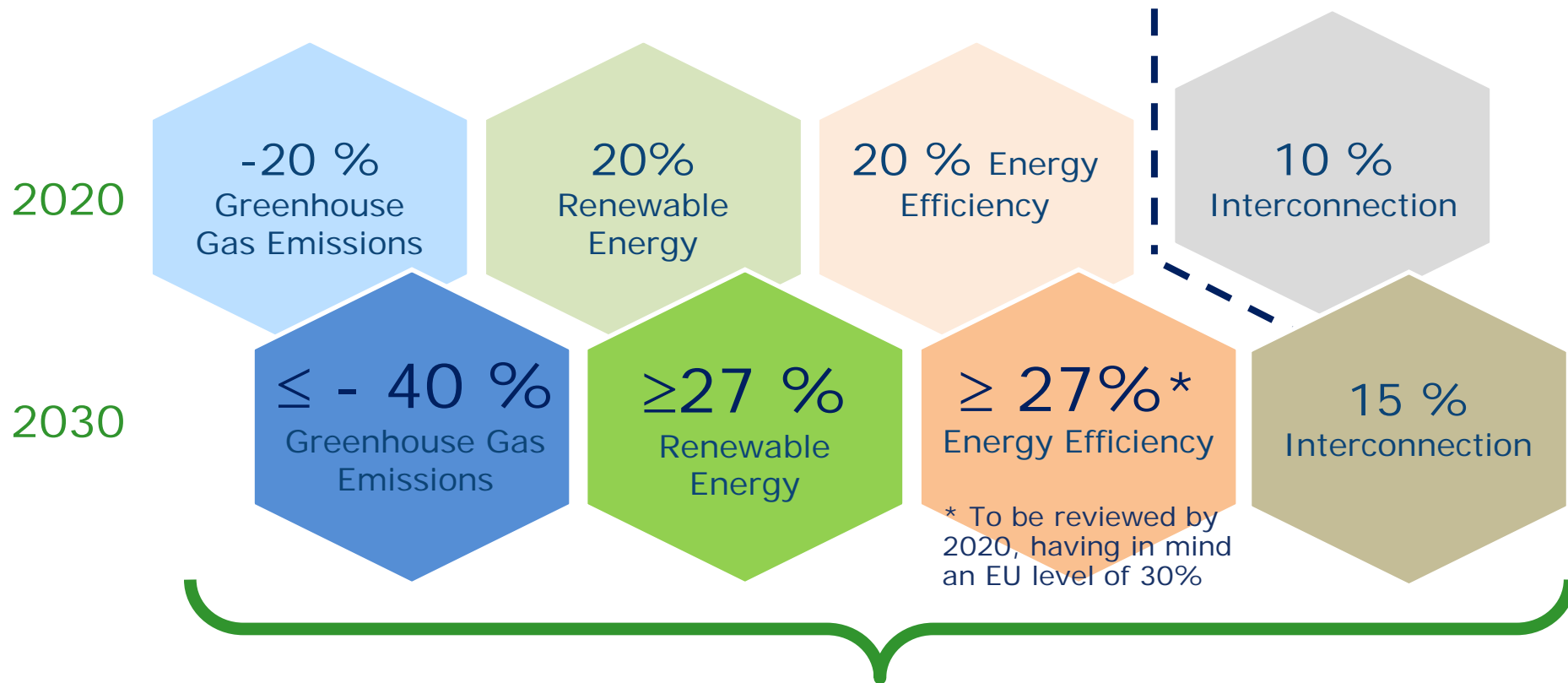




PROCESS TOWARDS FORMULATING AN EU INDC



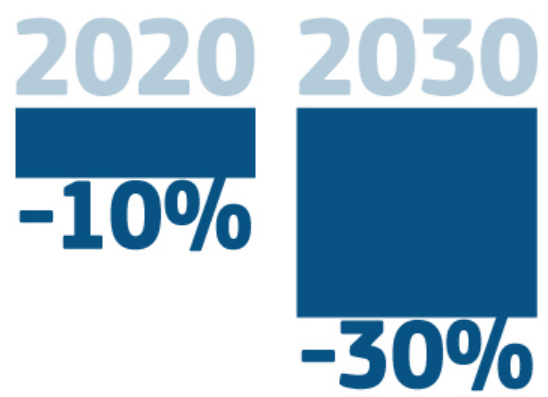
2030 Framework for Climate and Energy = basis for the EU INDC



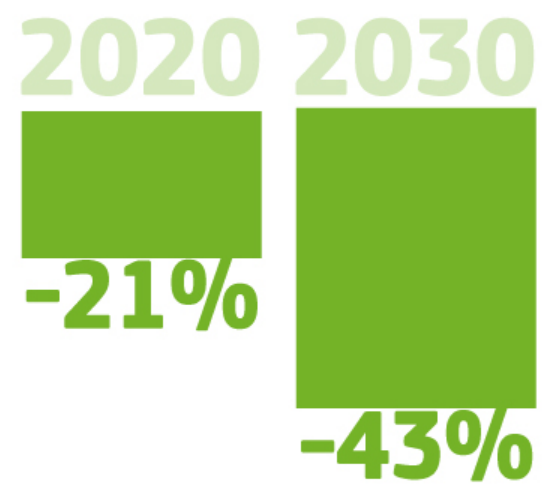
New governance system + indicators

Emission reductions in ETS and non-ETS

EMISSION
REDUCTIONS
IN ETS AND
NON-ETS
COMPARED TO 2005



**NON
ETS**
INCLUDING
ROAD TRANSPORT,
HOUSING,
AGRICULTURE
etc.



ETS
INCLUDING
POWER/ENERGY
SECTOR & INDUSTRY

The European carbon market after 2020

Well-functioning reformed EU ETS as the main instrument

Cap to decline with 2.2 % from 2021 onwards

Free allocation to prevent carbon leakage continued

Redistribution: 90 % among all 28 Member States / 10 % among lower income Member States

Innovation fund created ("NER400")

Modernisation fund set up

Internal process towards adopting INDC in the EU

October 2014: Council endorsement of 2030 framework for climate and energy

- **EU target agreed by EU leaders**

December 2014: COP20 in Lima

- **Up-front information**

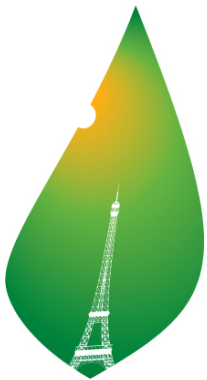
January 2015: description of the target according to par. 14 of Lima call for climate action

25 February 2015: Adoption of the communication by the Commission

- **Information becomes public**

Commission Communication

The Paris Protocol – a blueprint for tackling global climate change beyond 2020



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EU vision for the Paris protocol

- Long term goal
- Fair, ambitious and legally binding mitigation commitments for all Parties
- Dynamism - 5 yearly reviews to increase ambition
- Robust common rules for transparency and accountability
- Climate resilient sustainable development
- Efficient and effective implementation and cooperation



Elements relevant for EU INDC	
Type	Absolute reduction from base year
Coverage	Economy wide
Scope	CO2, methane, nitrous oxide, F-gases
Base year	1990
Period	2021-2030 inclusive
Reduction level	At least 40% in 2030
Agriculture, forestry, other land uses included	Yes
% of Emissions covered	100%
Net Contribution of International Market Based Mechanisms	No contribution from international credits.
Planning process	EUCO Oct.2014; legislative proposals
Fair and ambitious	In-line with transition to a low emissions economy. Consistent with IPCC's assessment of reductions required from developed countries as a group of 80-95% by 2050. EU emissions peaked already.

The EU's intended nationally determined contribution

Adopted by the Council & submitted to UNFCCC:

- Binding at least 40% domestic reduction in GHG emissions by 2030 compared to 1990
- Absolute reduction from base year emissions
- Economy wide, 100% of emissions
- Policy on how to include Land Use, Land Use Change and Forestry will be established
- Fair and ambitious



Thank you!

<http://ec.europa.eu/clima/policies/brief/eu/>