

International Climate Negotiations – COP 19: do not underestimate the MRV breakthrough

For those who expect “binding” emission reductions targets in the future international climate agreement to be signed in Paris in 2015, the Warsaw Conference (November 11 to 23, 2013) yielded as much progress as it could. That means little beyond a timetable. However, for those who consider the UNFCCC as the depository of common tools on the monitoring, reporting and verification (MRV) of emissions, actions and financing, Warsaw represents a major breakthrough. For the first time, developing countries – at least those wishing to access climate finance for forests – will abide by MRV procedures similar to those governing the greenhouse gas inventories of industrialized countries. Forestry may be seen as a first sectoral NAMA, and it would be difficult to ignore the Warsaw decisions for the future definition of MRV procedures of NAMAs. In spite of the establishment of the Warsaw International Mechanism for Loss and Damage, low outputs on other issues show that achieving an agreement at COP 21 will require significant political progress during the next 15 months.

Background: a step towards an agreement in 2015

Every year, the signatory countries of the United Nations Framework Convention on Climate Change (UNFCCC) meet during the Conference of the Parties (COP) and the Conference and Meeting of the Parties to the Kyoto Protocol (CMP). The Warsaw Conference (Poland), 19th COP and 9th CMP, follows the Doha Conference (2012), which marked the end of the negotiation process initiated in Bali (2007) and the beginning of negotiations solely devoted to a new global agreement expected for 2015.¹

A technical agenda before addressing political issues in 2014 and 2015

In 2011, the Durban Conference set the 2015 deadline for a new post-2020 agreement applicable to all countries. The year following the Doha Conference defined the rules for the second period of the Kyoto Protocol – which will mainly concern European countries and Australia. Since then, the negotiations have been articulated exclusively around a single and dedicated track: the “Durban platform” to achieve an agreement in 2015.

A future 2015 agreement could contain two main principal elements: commitments and common tools. Countries could commit to emissions reduction targets or to climate financing targets. And the UNFCCC could be established as the depository and manager of common tools to monitor, report and verify (MRV) emissions reductions – be it at project, program, sectoral or policy level –, or to channel climate finance to the aforementioned actions which reduce emissions.

A paradoxical context around the COP

As in 2012 in Doha with Typhoon Bopha, the 19th Conference of Parties (COP) in Warsaw opened with Typhoon Haiyan striking the Philippines. This event added to the paradoxical context surrounding the negotiations: on one hand, several studies – including the latest IPCC report – concur with each other and reinforce the importance of addressing climate change as well as the current lack of adequate response. On the other hand, Japan

¹ More details on Doha’s decisions and the calendar of the negotiations on the Climate Brief N°24 “International Climate Negotiations at COP 18: the art of the Doha-ble” (2012). <http://www.cdcclimat.com/Climate-Brief-no24-International-climate-negotiations-at-COP-18-the-art-of-the-Doha-ble,1237.html>

announced that as a consequence of the Fukushima events, it will reduce its voluntary target of reducing emissions by 2020 while at the same time the new Australian government is seriously questioning its adherence and the continuation of its national climate policy.

Further, Poland, the host country, organized in parallel to the COP a conference on coal and consistently expresses its disagreement with other European countries on discussions around the European 2030 climate and energy package. Mid-COP, the country announced the replacement of the Polish Environment Minister Martin Korolec. Stemming from a larger government reshuffle, the current Finance Minister Maciej Grabowski, whose priority is to develop the exploitation of shale gas, has been named in his stead.

The news: a major breakthrough on common tools for monitoring, reporting and verification (MRV)

Despite the persistent pessimism fueled by these events, in the end the Conference achieved a major breakthrough by setting up a common and demanding MRV framework for one sector: forestry. For the first time, developing countries – at least those wishing to access climate finance for forest, including through the Green Climate Fund – must abide by MRV procedures similar those governing the greenhouse gas inventories of industrialized countries. Interestingly, these “REDD+² decisions” mandate consistency with the currently vague requirements for Nationally Appropriate Mitigation Actions (NAMAs³), thus setting a precedent. Forestry may be seen as a first sectoral NAMA, making it conceivable that MRV procedures for future sectoral NAMAs may be as demanding.

Further, several other decisions were made by the end of the Conference:

- the establishment of the Warsaw International Mechanism for Loss and Damage induced by climate change impacts;
- the agreement to submit, in a non-binding way, post-2020 emission reductions contribution by the first quarter of 2015;
- the establishment of a high-level ministerial dialogue on finance, pledges for the Adaptation fund and the finalization of the institutional arrangements between the COP and the Green Climate Fund.

The Warsaw COP did not however significantly improve the prospects of political commitments, beyond the agreement on the timeline for 2015. This progress was deemed insufficiently ambitious by some observers; however one should view the decisions of Warsaw within a larger negotiation process that does not encourage countries to reveal their cards too early.

REDD+, the major step forward at Warsaw

After seven years of political and technical negotiations on REDD+, the Warsaw Conference took a major step forward with six decisions that empower the UNFCCC to become the global reference framework on REDD+:

- **Conditions for financing: rules to follow**

The *Work program on result-based finance* reaffirms that different sources of funding can be mobilized to support conventional and alternative approaches such as those integrating both adaptation and mitigation. This work program states that in order to obtain financing, REDD+ actions shall be duly measured, reported and verified (MRV) and beneficiary countries will have to present updated information on their safeguards⁴ as referred to in decisions made in Cancun during COP 16. Specific information on annual results, stocks, received funds and

² Reducing Emissions from Deforestation, forest Degradation and reforestations.

³ Mitigation policies implemented in developing countries.

⁴ Safeguards related to environmental issues – such as non-conversion of natural forests to plantations –, social issues – as recognition of the rights of indigenous peoples – and sovereignty of developing countries in decision-making.

compliance with safeguard clauses must be submitted every two years by the countries using the mechanism⁵ and will support the development of the online REDD+ platform now included as part of the UNFCCC website (<http://unfccc.int/REDD>).

- **Financing coordination: a national entity or a focal point**

The decision on the coordination of financial support for REDD+ actions invites developing countries to designate a national body or focal point for coordination. These entities could in turn designate the recipients of result-based payments and would ensure the sharing of information and good practices.

- **Reference levels subject to technical evaluation**

Reference levels submitted by developing countries will be subject to technical evaluation. This assessment will cover the data, procedures and methodologies used by countries in building their baselines and follow the criteria described in the decisions of Warsaw.⁶ Teams constituted of two experts accredited by the UNFCCC for LULUCF will conduct reviews.⁷ Beyond the evaluation, the review teams will suggest ways of improving technical capacities and highlight the needs for capacity building needs.

- **Adoption of MRV rules for REDD+ actions**

The data used in the MRV of REDD+ actions, reported every two years, must be consistent with that used in the construction of the reference levels. The data must be verified by an accredited review team if the host country wishes to receive financial support for its REDD+ actions. On paper, these MRV requirements are close to those existing for national greenhouse gas inventories of industrialized countries. Further, the Decision also states that all result-based REDD+ could be eligible for any market approach that developed by the Conference of the parties – such as NAMAs.

- **Framework for national systems to monitor forests**

The Decision indicates that the MRV should be based on a national forest monitoring system. To implement the systems, countries must refer to Decision 4/CP.15 as well as to the latest guidelines established by the IPCC.

All these decisions are an important step for the implementation of REDD+ on a global scale: they provide the means for the UNFCCC to become the global benchmark for MRV of REDD+ actions. However, the funds necessary to finance the activities of Phase 3 for REDD+ – those based on results – are not yet guaranteed. Further the accounting logistics responsible for ensuring the traceability of reductions stemming from this system – including registries, REDD+ credits, etc. – have not yet been defined.

Nevertheless, a first funding program – the *Initiative for Sustainable Forest Landscapes* – was launched by the BioCarbon Fund of the World Bank in Warsaw and has already pledged of €207 million from Norway, the United Kingdom, Germany and the United States. In addition, the Green Climate Fund will abide by these MRV rules when supporting REDD+ actions. Finally, the Warsaw decisions commit the 195 countries which have ratified the UNFCCC, including the largest donors and beneficiaries of existing bilateral or multilateral REDD+ funding. It is therefore very likely that these rules will apply to most existing REDD+ initiatives.

No blank check for green finance

Beyond forestry, international finance was the only area where the most optimistic observers had hoped for significant progress in Warsaw, particularly on the political level.

⁵ In link with their national communications for the UNFCCC.

⁶ *Guidelines and procedures for the technical assessment of submissions from Parties on proposed forest reference emission levels and/or forest reference levels* http://unfccc.int/files/meetings/warsaw_nov_2013/decisions/application/pdf/cop19_frl.pdf

⁷ LULUCF experts (land use, changes in land use and forestry) are offered by all Member States. For the review of each reference level the team will be constituted by an expert from a developing country and another one from a developed country. The experts proposed by a country cannot evaluate the baselines of their own country or countries funded institutions from their countries.

Developed countries will start to “show their cards” in 2014

In Cancún, developed countries committed to provide \$100 billion of climate finance per year by 2020. While some developing countries pushed for some form of intermediate targets, no near-term quantitative commitments have been made. Rather, developed countries have been called upon to maintain the continuity of dedicated climate funds while increasing their level to achieve the 2020 commitments. Further, it was reiterated that these funds can come in different forms: public and private, bilateral or multilateral as well as stemming from “alternative sources”.

However, initiatives have been taken to clarify the current and future actions led by developed countries. Concerned countries must detail in biennial submissions their strategies in terms of financing levels, funded actions and transparency for the 2014-2020 period. In addition, a high-level ministerial dialogue on funding dedicated to climate should start in 2014 and end in 2020.

In parallel, the Standing Committee on Finance (SCF) must finish the fifth review of financial mechanisms for the next COP. It must also complete its work on the current financial flows and continue on the definition of dedicated climate flows and mobilization of private financing.

The Adaptation Fund has received pledges, the Green Climate Fund is in the starting-blocks

Pledges have been made despite a lack of expectations to the Adaptation Fund. Among them is the pledge from European countries,⁸ which allowed the fund to reach its €100 million objective. The funding will help compensating the lack of financial gains due to the decrease in price of CERs.⁹ Other financial commitments have been made such as Japan promising \$16 billion over the next three years, until 2016.

In contrast, the initial capitalization of the Green Climate Fund should take place during the year 2014. This capitalization should be one of the highlights of the negotiations in 2014 due to the levels of financing involved as well as the strong politics behind it, The Australian and Canadian governments have, however, already announced they would not participate in the financing of the Green Climate Fund.

Finally, the institutional links between the COP and the Green Climate Fund were established in Warsaw,. This progress mainly addresses the modalities for review, evaluation, reporting and independence. The financial decisions fall into the responsibility of the Green Fund council, even if the COP can suggest orientations for investment policy.

An institutional mechanism voted to address loss and damage

The issue of loss and damage associated with the impacts of climate change – extreme events or slower change – in the most vulnerable developing countries experienced significant progress at the COP in Doha. Building on this, COP 19 has led to the establishment of “Warsaw International Mechanism for Loss and Damage associated with climate change impacts”.

This mechanism should promote different approaches to handle loss and damage. This includes improving the dissemination of risk management methods, seeking synergies among stakeholders and strengthening technical and financial support actions.

Further, an interim executive committee was created. It should represent equitably both developed and developing countries. During 2014, the final operating rules and a biennial work plan should be developed. These should be ready for validation at COP 20, allowing the committee to begin work.

⁸ The Countries are Austria, Belgium, Germany, Finland, France, Norway, Sweden and Switzerland.

⁹ *Certified Emission Reduction* : units generated by Clean Development Mechanism (CDM) projects.

A non-binding calendar for the 2015 agreement

In Doha in 2012, the Parties agreed to study a draft negotiating text starting at the 20th COP to be held in Lima (Peru) next year. The final agreement is expected to be approved in 2015 in Paris. This agreement should address issues such as mitigation, adaptation, financing, development and technology transfer, capacity building and transparency of support actions.

Aware that this agreement requires both political and technical advances, countries have set up a schedule to identify the time needed to overcome various obstacles to the agreement. It appears that countries should submit their emissions reduction “contributions (...) well in advance” of COP 21 in December 2015. “Parties ready to do so” will submit their contributions by the first quarter of 2015. These “contributions” will not necessarily have legal force.¹⁰ Rather, it is expected that these “contributions” serve as a means of “knowing, understanding and assessing” what countries would be willing to do to help reach a consensus. The information to be presented in these “contributions” is not clearly defined. It should be clarified by December 2014.

Decisions encouraging countries to accelerate the implementation of policies and make more ambitious commitments for the period 2013-2020 were also taken. In this context, the announcement by the Japanese government to reduce its target¹¹ revived opposition between developed and developing countries concerning the will of national governments to limit or reduce their emissions.

Thus, political progress – in terms of funding and commitment to reduce emissions in particular – could take place between September 2014, when the climate summit organized by Ban Ki-moon will take place, and the end of the first quarter of 2015. Some of the uncertainty related to the 2015 agreement should be reduced during this period.

One thing is already certain: the 2015 calendar is already busy for some countries. China announced that it will present its 13th five-year plan detailing the actions to be undertaken over the period 2016-2020. For the United States, 2015 will mark the release of the quadrennial energy report which should stimulate further reflection on climate policy. It is worth noting that the US electoral calendar is considered compatible with the international negotiations as mid-term elections will be held in November 2014 and President Barack Obama, who has made climate one of his priorities for his second term, will remain in office until January 2017. For its part, the United Nations will hold a summit in 2015 to determine the next Millennium Development Goals (MDGs).

Market mechanisms, national reporting MRV and agriculture made little progress

Market mechanisms will wait at least until 2014

In Warsaw, no agreement was reached on the Framework for Various Approaches (FVA). The FVA is intended to provide a common analytical framework for different policies – including market mechanisms – implemented nationally, regionally or locally. Despite the work undertaken at the previous COPs, the new market mechanism (NMM) – the structure of which remains unclear – has not been developed significantly. There has also been little progress on the issue of NAMAs beyond forestry.

Concerning project-based mechanisms under the Kyoto Protocol, nothing was decided in Warsaw. This occurred despite the many recommendations made by the CMP to develop procedures related to Clean Development Mechanism (CDM). A draft text on modalities will be discussed at the next meeting of the SBI in June 2014 and presented at COP 20. The CDM has also been mentioned as a policy tool to reduce the ambition gap pre-2020, including an encouragement for countries to voluntarily cancel CERs. Joint Implementation (JI) will be reviewed according to the same schedule.

¹⁰ More details on the Further advancing the Durban Platform decisions
http://unfccc.int/files/meetings/warsaw_nov_2013/decisions/application/pdf/cop19_adp.pdf

¹¹ Japan had a goal of reducing 25 % of its emissions below 1990 level. Now the country is committed to a decrease of 3.8 % below 2005 level, which equals to an increase of 3.1% above 1990 level.

Improved verification process for developing countries' biennial reports

The rules for MRV of Annex I countries were approved without major surprise: the verification procedures within biennial reports are a step forward, albeit modest, towards the homogenization of MRV of emission reduction policies. As expected, the verification rules for national greenhouse gas inventories over 2013-2020 will be addressed next year in Lima. For non-Annex I countries, Warsaw also represents a step forward in terms of general MRV rules – that is beyond the forestry sector. Indeed, a “verification” component has been introduced for their biennial update reports. This is not as groundbreaking as the REDD+ decisions because the reporting requirements are too vague to allow for a standardized and precise review. Yet, it again puts developing countries on an almost equal footing to Annex I countries in regards to the MRV of emission reduction policies.

Agriculture sprouts shoots, but remains in an information-sharing phase

Climate mitigation in agriculture is currently covered by the UNFCCC and the Kyoto Protocol as are all other sectors except forestry and land use. On adaptation however, a SBSTA (Subsidiary Body for Scientific and Technological Advice) meeting dedicated to agriculture took place. It allowed several countries to share their experience of climate-change impacts. It was reiterated that the impacts of climate change on agriculture - particularly vulnerability to extreme weather events - have implications for food security. A contact group for advancing discussions is to be created.

Conclusions: keep calm and enjoy the REDD+ “precedent”

The context that surrounded the conference reflects the challenges to be overcome in the next two years to reach an agreement in 2015 in Paris. The year 2014 will be a pivotal year. Tangible progress should be made to avoid repeating the gaps of the Copenhagen Conference, which started with too many unanswered questions. Thus, the climate summit organized by Ban Ki-moon in September 2014 will mobilize the Heads of State: this should mark the beginning of what is hoped to be at least six months of tangible political progress necessary to avoid compromising the success of the negotiations in 2015. The 20th COP to be held in late 2014 in Lima (Peru) should allow the evaluation of the impact of political progress through the adoption of a first draft negotiating text. Even if the expected draft text may not address all of the critical issues identified today, respecting the planned calendar should be a good sign for further negotiations.

Thanks to breakthrough decisions on MRV, the Warsaw conference should reassure those who are concerned about the position of developing countries in a new global agreement. The REDD+ framework may influence positively the future MRV procedures and requirements of NAMAs. Thus, the information gap between developed and developing countries is reducing. This appears to be a prerequisite to any global agreement “applicable to all”. Moreover, the principal emerging countries do not seem reluctant to provide their contributions, in line with developed countries. All of this indicates that a global agreement relying not exclusively on an Annex I/Non-Annex I distinction is conceivable.

It should be noted that the internal calendars of the major powers could influence future negotiations. In 2014, the EU, the U.S.A, India, Brazil and South Africa in particular will hold new elections. The case of Australia today, as well as that of the USA during the ratification process of the Kyoto Protocol, indicated that specific national contexts may affect the decisions taken at the international level.

Discussions on the European Union Climate and Energy Package in 2030 should clarify the positions of the EU for the new agreement. At the French level, the emphasis is put on anticipating the next steps: the French diplomatic corps has already begun discussions with its partners in order to reach an agreement in 2015. Laurent Fabius, French Minister of Foreign Affairs stated that “the great conference in Paris in 2015 will be a conference of decisions and not a conference of general discussions”. Could a new climate agreement take off from the runway of Paris - Le Bourget?

Next steps

- **29 March 2014:** Release of the Impacts and Adaptation sections of the 5th IPCC Report
- **11 April 2014:** Release of the Mitigation section of the 5th IPCC Report
- **23 September 2014:** World Climate Summit organized by Ban Ki-moon
- **31 October 2014:** Release of the full 5th IPCC report
- **1-12 December 2014 :** COP 20 and CMP 10 in Lima (Peru)
- **30 November – 11 December 2015:** COP 21 and CMP 11 in Paris - Le Bourget (France)

More about...

COP 19 Decisions (2013) :

- Decisions on REDD+:
http://unfccc.int/files/meetings/warsaw_nov_2013/decisions/application/pdf/cop19_redd_finance.pdf
http://unfccc.int/files/meetings/warsaw_nov_2013/decisions/application/pdf/cop19_mitigationactions_forest.pdf
http://unfccc.int/files/meetings/warsaw_nov_2013/decisions/application/pdf/cop19_fms.pdf
http://unfccc.int/files/meetings/warsaw_nov_2013/decisions/application/pdf/cop19_safeguards_1cp16a1.pdf
http://unfccc.int/files/meetings/warsaw_nov_2013/decisions/application/pdf/cop19_fri.pdf
http://unfccc.int/files/meetings/warsaw_nov_2013/decisions/application/pdf/cop19_mrv.pdf
- *Warsaw international mechanism for loss and damage associated with climate change impacts*
https://unfccc.int/files/meetings/warsaw_nov_2013/decisions/application/pdf/cop19_lossanddamage.pdf
- *Further advancing the Durban Platform*
http://unfccc.int/files/meetings/warsaw_nov_2013/decisions/application/pdf/cop19_adp.pdf
- *All decisions*
https://unfccc.int/meetings/warsaw_nov_2013/meeting/7649/php/view/decisions.php

Other documents :

- IISD Reporting Services (2013). *Warsaw Climate Change Conference – COP19/CMP9*
<http://www.iisd.ca/climate/cop19/enb/>
- Commissariat général à la stratégie et à la prospective (2013). *Doha, Varsovie, des conférences de transition vers un accord climatique mondial en 2015 ?*
<http://www.strategie.gouv.fr/blog/wp-content/uploads/2013/10/2013-10-30-Doha-NA07.pdf>

Managing editor: **Benoît Leguet**

To receive regular updates on our publications, send your contact information to research@cdcclimat.com

Press contact: **Maria Scolan** - +33 1 58 50 32 48 – maria.scolan@cdcclimat.com

Disclaimer

This publication is fully-funded by “Caisse des Dépôts”, a public institution. CDC Climat does not contribute to the financing of this research. Caisse des Dépôts is not liable under any circumstances for the content of this publication.

This publication is not a financial analysis as defined by current regulations. The dissemination of this document does not amount to (i) the provision of investment or financial advice of any kind, (ii) or of an investment or financial service, (iii) or to an investment or financial proposal of any kind. There are specific risks linked to the markets and assets treated in this document. Persons to whom this document is directed are advised to request appropriate advice (including financial, legal, and/or tax advice) before making any decision to invest in said markets.

The research presented in this publication was carried out by CDC Climat Research on an independent basis. Organisational measures implemented at CDC Climat have strengthened the operational and financial independence of the research department. The opinions expressed in this publication are therefore those of the employees of CDC Climat Research alone, and are independent of CDC Climat's other departments, and its subsidiaries. The findings of this research are in no way binding upon, nor do they reflect, the decisions taken by CDC Climat's operational investment and broking services teams, or by its subsidiaries. CDC Climat is not a provider of investment or financial services.