

UNFCCC* Bonn Climate Change Conference, 30 April-10 May 2018 Subsidiary Bodies: SBSTA 48), SBI 48, APA 1-5

*See attached glossary for definition of UNFCCC institutions and their acronyms

Brian P. Flannery, 15 May 2018 (with support from Resources for the Future and the US Council for International Business)

Approximately 4,000 delegates from national governments (2200) intergovernmental (300) and non-governmental (1500) organizations and media (70) attended the Bonn Conference. Business delegates were few, with most attending during the 2nd week.

Scene set: Parties had previously agreed to complete work at CoP 24 (3-14 December 2018 in Katowice Poland) on the “rulebook” for the Paris Agreement (PA) and to conduct a Facilitative Dialogue to assess progress. Among the many elements under discussion: Transparency procedures for both national (NDCs) and global progress (Stocktakes), Climate Finance, Co-operative efforts, Measurement, Reporting and Verification in many circumstances, Modalities, Procedures and Guidelines for new tasks.

This was to be the final negotiating session before CoP 24. However, shortly before the meeting, the Secretariat announced the possibility of an additional session in Bangkok, which was approved in Bonn. While Bangkok provides more time to deal with hundreds of pages of options, it also detracted from the urgency to make definitive progress. To date Parties are only assembling options and trying to organize them in informal text. Formal negotiations have not begun, nor have they agreed on “negotiating text” that would be the basis for reaching ultimate decisions at COP 24.

Opening and Agenda Issues: Parties agreed that work must proceed in a comprehensive and balanced fashion that respects compromises from COP 21. As usual, they disagreed on what that entailed. Developing nations protested that progress must reflect balance with greater focus on finance, adaptation, and loss and damage. They reiterated the necessity to maintain CBDR-RC in all areas, and for the developed world to accept their historic responsibility to lead. A number of nations and groups of nations insist that progress in one area, e.g. Markets, cannot move forward without commensurate progress on other, often unrelated matters, e.g. Response Measures. The process has been further complicated by assigning essential elements of the Paris Agreement Work Program (PAWP) to SBSTA and SBI, e.g., aspects of Finance to SBI and SBSTA, and Article 6 co-operative approaches, the new mechanism, and non-market approaches to SBSTA. In Bonn, Chairs of SBSTA and SBI and Co-chairs of APA have begun to work far more closely on PAWP and this helped somewhat.

Some major items of interest:

Transparency: Overall this concerns information and procedures to understand and assess actions and support. These include progress, both on domestic Nationally Determined Contributions (NDCs) and overall progress to meet the long-term goals of the Paris Agreement. Many aspects spill over into other related negotiation streams. Overall, the process requires providing modalities, procedures and guidelines for all manner of new concepts in PA, such as climate finance, NDCs expressed as improvements with respect to Business as Usual, accompanying information and common timeframes for NDCs. Informal text runs to well over 65 pages of confusing and contradictory options in the APA agenda item on Transparency alone. However, relevant topics are also addressed under other, related Agenda items.

While actions under the Kyoto Protocol focused almost exclusively on emissions targets for Annex 1 Parties with the essential transparency tool based on national GHG emissions inventories using IPCC guidelines, actions under PA include not only emissions mitigation (for all parties) but also domestic efforts and support to developing nations for adaptation, capacity building, technology transfer and finance—the latter three often grouped as Means of Implementation. Procedures and tools to measure actions and support in these additional categories are at best at an early stage of development. As well, additional information will also be required to assess mitigation efforts by developing nations, since their NDCs are not based on economy-wide emissions inventories. Consequently, there remains an enormous amount of work to be done to assess actions and support. Moreover, it cannot be based solely on NDCs as submitted, since developed nations provided little information in their NDCs on how they would support adaptation, technology transfer, capacity building and above all, finance.

Climate Finance: In Paris, developed nations reiterated their commitment to “mobilize” 100 billion US\$ per year from public and private sources by 2020 to developing nations. Yet, to date, little has been formally agreed on how to measure and track these flows, or even to define precisely what constitutes climate finance and how it might be delivered. Work to define and measure these flows from developed nations has been ongoing in OECD, but it is unclear what status that will have in the UNFCCC/PA. NDCs of developed nations focused on mitigation; they do not address finance. Nor have developed nations agreed on “burden sharing” for the 100 billion US\$. So, it seems difficult to see how progress can be tracked in the context of NDCs, or other formal commitments by developed nations. Informal notes specifically on finance include 3 pages of dense options from the co-facilitators and another 14 pages of submissions from Parties. It appears that outcomes will need to launch a process to define acceptable methods and procedures. Note that IPCC’s efforts on national emissions inventories have been ongoing for nearly 30 years with occasionally updates and additional effort on special topics.

Article 6.2 Cooperative approaches, 6.4 new mechanism, 6.6 non-market approaches: Obviously, a topic of considerable interest to the business community, who point out that timely decisions will be essential if Parties expect business to be able to utilize these approaches in the not too distant future. Nonetheless, despite over 35 hours spent on these topics, little progress was discernible. During negotiation of PA, umbrella group members expressed the view that voluntary cooperative efforts (§6.2) should be encouraged, but that they did not require permission from the CMA to undertake them. However, proposed options include what appear to be many bureaucratic layers and restrictions for both article 6.2 (where they may not be required) and 6.4 where they surely will require approval by CMA. At the end of the session there was not even consensus that the revised informal notes were an appropriate statement of the options proposed Parties. So, discussion to sort this out and hopefully conclude with accepted negotiating text will continue in Bangkok.

Response Measures: Impact of the implementation of response measures under the Paris Agreement: Improved Forum and Work Program. The UNFCCC, Kyoto Protocol, and now PA have developed approaches to consider the consequences (adverse and beneficial) of policies implemented to address climate change. An original focus was the adverse impact on (at least some) developing nations of mitigation efforts taken by developed nations. Assessments indicated that adverse economic impacts from changes in terms of trade could be very significant, especially for oil exporting nations. More recently labor issues, under

the banner Just Transition (see below), have become a new focus, especially in PA. Overall, the Forum establishes an ongoing platform for a wide range of matters to be discussed.

As one proposed option states:

Parties to acknowledge that the response measures at the origin of impacts could be implemented by developed or developing countries, that response measures could affect both developed and developing countries, and that response measures could have both domestic and cross-border impacts,

Another option describes the wide range of issues to be considered

Establishing dialogues on the assessment and analysis of adverse impacts of response measures, including unilateral ones, in terms of their consequences for, inter alia, trade, investment, employment, income, economic growth rates and living standards in developing countries, and exploring ways to minimize the adverse impacts of response measures;

The forum appears to be intended to understand impacts, share experience, seek to minimize adverse impacts and promote co-benefits. CMA 1-3 at COP 24 is expected to take a decision to include PA items under the forum.

Just Transition: This concept focusses primarily on addressing employment issues as old industries and jobs (e.g. coal-related) are forced out by climate policies, and new technological systems requiring new skills, infrastructure and supply and value chains come into being. Poland has made this a topic for emphasis at COP 24. Business has correctly pointed out that they, as well as labor, have a major stake in these matters, and that discussions of Just Transition are underway in other forums including the tripartite International Labor Organization with participation from governments, labor and business.

Talanoa Dialogue: Decisions taken as part of the PA call for Parties to conduct a Facilitative Dialogue in 2018 to take stock of collective progress toward the long-term goal and to inform the preparation of future NDCs. In its role as President, Fiji operationalized conduct of the Facilitative Dialogue through its Talanoa process to consider challenges and ways forward through a dialogue based on storytelling by participants. In Bonn several versions of Talanoa occurred, for example one organized by the International Chamber of Commerce with contributions from business, and one organized by Fiji on Sunday at the midpoint of the Conference. The latter unfolded in fourteen half-day, parallel sessions, each attended by roughly 30 participants from Parties and NSAs. Stories addressed: Where are we? Where do we want to go? How do we get there? In all several hundred stories were shared in separate, closed sessions. Participants appeared to enjoy the process, and the stories certainly provided a rich collection of admirable, even inspiring actions taking place. It is challenging to understand how insights can be shared and generalized into actionable conclusions. Discussions also raised questions regarding how the Talanoa process evolves into a political dimension at COP 24.

Loss and Damage: Developing nations sought without success to include loss and damage as a sixth element of action in PA, one directed at liability and compensation for impacts of climate change. In Warsaw (2013) COP 19 established the *Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts* as a means to address and respond to loss and damage on a “cooperative, facilitative basis.” Paragraph 52 of the PA decision text states that the COP agrees that Article 8 “does not involve or provide a basis for any liability or compensation.” Nonetheless, many developing nations continue to push for additional action. In particular they appear to be pressing for the transparency process to include elements to register loss and damage from impacts related to climate change. To date discussions in the UNFCCC setting have not mentioned or addressed the deeply

challenging scientific issues related to attribution, in whole or in part, of specific events to human-induced climate change.

Global Stocktake: Discussions aim to establish how to conduct the Stocktakes at five-year intervals beginning in 2023 including sources of information and procedures. It is apparent that the IPCC's sixth Assessment (AR6) and Special Reports will play a central role, together with national reports and updates on progress from the many mechanisms and funds now supporting the UNFCCC, e.g. the Technology Mechanism. Reports from IPCC AR6 Working Groups will be complete in 2021 (April: WG I Science, July: WG III-Mitigation, October: WG II-Impacts, Adaptation and Vulnerability), and the Synthesis Report in April 2022. Some Parties call for an intense, multi-year effort beginning in 2021, others look for this to be a more focused exercise in 2023.

Links to IPCC and alignment of reports with the 5-year cycles: IPCC has taken decisions on their sixth Assessment Report (AR6) and Special Reports through 2022. In particular, they plan to approve in early October 2018 a Special Report on emissions pathways and consequences associated with limiting warming to 1.5 °C. AR6 will be available in 2022 to inform the first global stocktake in 2023. However, IPCC continues to discuss the timing of future assessments. They are wrestling with the challenge of delivering full assessments on the five-year cycles established for stocktakes and updates of NDCs under PA. Options other than full assessments are under consideration.

Consideration of conflict of interest (COI): A, so-far unsuccessful, effort in SBI seeks to extend decisions taken in the World Health Organization based on this concept to the UNFCCC. The WHO has prohibited interactions with companies associated with tobacco and arms, and extended the prohibition to include broad-based business groups in which those sectors participate. Led by ALBA nations, especially Ecuador, Bolivia, Cuba and Venezuela, and joined by the Africa Group (Senegal and Uganda as spokes-countries) and even China, for several sessions the SBI contact group on Arrangement for Intergovernmental Meetings (AIM) has discussed COI. Proponents claim that some business groups and sectors should be banned from participation in UNFCCC meetings because their interests are inherently at odds with those of the UNFCCC. Several Non-State Actor (NSA) constituencies (Youth, Women and Gender, and Indigenous People) and activist organizations (Corporate Accountability International, Friends of Earth, Corporate Observatory Europe) support the proposal. It is strongly opposed by the US, Australia and other members of the Umbrella Group and the EU. Conclusions in AIM continue to support inclusive participation by all NSAs, and contain no reference to COI, but NGO groups and ALBA nations are likely to continue to press for restrictions.

Summary: The meeting proceeded for the most part with low energy, little sense of urgency and made scant progress. Essentially, it discussed how to frame the process to conduct work going forward and trying to assure that all options proposed by Parties were included in the informal notes. The challenge going forward will be to move from informal notes with no real status to agreed negotiating text and actual negotiations. Perhaps more progress is being made in bilateral and group to group discussions among nations than is evident in contact groups and other informal interactions.

Next Steps: APA requested its Co-Chairs (on their own responsibility) to prepare a tool by August 1 with proposals to streamline the output of APA from Bonn and to provide examples that could help Parties develop an agreed basis for actual negotiations. As well,

the Co-Chairs were requested to work with the Chairs of SBSTA and SBI to achieve comparable progress in their contributions to PAWP.

Bangkok convenes September 3-8 with pre-sessional discussions beginning August 31.

COP 24 convenes in Katowice, Poland December 3-14, with pre-COP sessions for ministers in October.

Perhaps the most consequential event for climate debate will be the approval and release by IPCC of the 1.5 °C Report in early October.

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Coverage and official documents are available at:

Earth Negotiations Bulletin: <http://enb.iisd.org/climate/sb48/>

United Nations Framework Convention on Climate Change:

www.unfccc.int

This is a new “upgraded” version of the UNFCCC web site. It caused some consternation the first few days for Parties and others, but does seem to be an improvement (after fixing some glitches and gaining some experience with it and sharing tips and advice with other users).

Formal Agenda Items and most recent documents

More detail on specific agenda items and *informal texts* can be found by starting from the home page: <https://unfccc.int> and then clicking on links to SBSTA, SBI and APA.

Upcoming Bangkok Meeting

For a short guide to Agenda Items and the responsible subsidiary bodies (SBI, SBSTA or APA) under The Paris Agreement Work Programme (PAWP) see the appendix to the *Information Note to Parties on an additional negotiating session* (attached).

Status of APA items and next steps see:

Agenda items 3–8 Draft conclusions proposed by the Co-Chairs

<https://unfccc.int/node/81374>

(2 pages of conclusions and next steps)

Agenda items 3–8 Draft conclusions proposed by the Co-Chairs Addendum

<https://unfccc.int/node/81400>

(approximately 165 pages of informal text covering APA items 3-8)

Status of items in SBSTA and SBI

For example, to see the status of Article 6.2 (being negotiated in SBSTA)

From the Home page: Click on SBSTA and scroll down to item

12(a). Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement.

Then Click on the down arrow on the right hand side to download the file:

<https://unfccc.int/resource/docs/2018/sbsta/eng/sbsta48.informal.2.pdf>

which contains some 24 pages of options under consideration for 6.2.

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