



CP19/CMP9 Warsaw Analysis and briefing

Falling at the half-way point to the 2015 deadline for reaching a new climate agreement in Paris, the Warsaw climate conference convened with modest expectations of setting a **pathway toward a 2015 agreement**. This goal was met, though the decisions leave the most difficult questions unanswered; leaving much work to be done in the two years that remain. Recognizing the steep slope of the mountain they must now climb, Parties agreed to step up negotiations in 2014 with **additional meetings and high-level dialogues**.

The conference also saw the adoption of several important operational decisions. The **Warsaw Framework for REDD+** completes the architecture needed to put REDD+ into action under the UNFCCC, while the establishment of the **Warsaw International Mechanism on Loss and Damage** marks the first steps to address climate damage that cannot be addressed by adaptation. Together with significant decisions on MRV, the Green Climate Fund and the transparency of finance, these decisions provide important elements of the operational architecture for addressing climate change.

Highlights from Warsaw

Parties reached agreement on a **pathway to reaching a new climate change agreement** in Paris in 2015, though the decision sidestepped the most contentious issues and appears to entrench the bottom-up approach to defining targets.

The **Warsaw International Mechanism on Loss and Damage** was established, though it remains unclear how it will be funded.

Parties adopted the **Warsaw Framework for REDD+**, a comprehensive package of decisions that provides the fundamental architecture for reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries (REDD+) to be implemented.

Progress was made on **increasing the transparency of climate finance and developing operational definitions of finance**, though little progress was made on defining a pathway to scaling-up long-term finance.

Arrangements between the Green Climate Fund (GCF) and the Conference of the Parties (COP) were approved, bringing the GCF closer to full operation.

Guidelines for **measurement, reporting and verification (MRV)** of developed and developing country biennial reports was adopted.

A **shortlist of issues for reform of the Clean Development Mechanism (CDM)** was agreed, and Parties provided guidance to the CDM Executive Board that set out initial steps toward some of these reforms.

Guidance was adopted on **reporting of land use, land use change and forestry (LULUCF) activities**.

Introduction: The road to Warsaw

The seventeenth Conference of the Parties in Durban in 2011 established the Ad-hoc Working Group on the Durban Platform for Enhanced Action (ADP) with the aim to develop “a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties” by 2015, which would enter into force by 2020. The first meetings of the ADP in 2012, including COP 18 in Doha, were largely occupied with agreeing on an agenda and planning the group’s work for the coming years. This included arranging discussions into two ‘workstreams’ – the first to consider the design of such an agreement and the second to discuss practical means to scale up Parties’ mitigation ambitions prior to 2020 – and agreeing to having a draft negotiation text prepared by May 2015. In 2013 the ADP began to move toward substantive discussions, and sessions held in April and June saw open discussions on all issues, though discussions remained for the most part relatively general and grounded in old positions. Parties then came to Warsaw seeking to set out a more concrete pathway to finalizing an agreement in Paris in 2015.

Parties came to Warsaw seeking to set out a more concrete pathway to finalizing an agreement in Paris in 2015

Meanwhile, discussions of technical issues – from MRV and adaptation to issues related to REDD+ and the CDM – have continued under the UNFCCC’s subsidiary bodies, the subsidiary body on scientific and technical advice (SBSTA) and the subsidiary body on implementation (SBI). The summer sessions in Bonn in June 2013 saw important progress in the SBSTA on a range of issues, including methodological aspects of REDD+ and adaptation. The SBI, however, was prevented from beginning its work due to an agenda dispute that arose out of disagreements over the decision-making process at COP 18, leaving delegates with a large backlog to work through in Warsaw.

Warsaw saw the completion of a wide array of work programmes that had been underway in 2013, including those on long-term finance, results-based finance for REDD+, loss and damage, the

Framework for Various Approaches (FVA) and the New Market Mechanism (NMM). Hopes were therefore high that decisions could be adopted on each of these issues.

UNFCCC Track

Advancing the Durban Platform

The central goal of COP 19 was to advance the ADP through two workstreams: setting a pathway for the adoption of a post-2020 global agreement in 2015, and achieving concrete outcomes on pre-2020 ambition. Discussions on these issues were fraught, and the decision adopted by the COP inevitably reflects several hard-fought compromises. While the EU and other Parties fought for a defined timeline for setting out mitigation actions in 2014, the final text “invites” Parties to set out their actions “well in advance” of COP 21, and by the first quarter of 2015 for Parties, “ready to do so”. The agreement on putting forward targets in 2015 accommodates, among others, the US election cycle and quadrennial energy review, but will disappoint those seeking to avoid contentious discussions around targets being left too close to COP 21.

A second major point of contention was around the nature of the mitigation targets that would be put forward. The Durban Platform provides that mitigation efforts should be undertaken by “all Parties”, rather than just developed countries. However, there remains significant disagreement over the respective roles that should be played by developed and developing countries, including whether the latter will take on binding ‘commitments’ or rather voluntary ‘actions’ to mitigate climate change. Following an eleventh-hour compromise, the final text refers to “contributions, without prejudice to the legal nature of those contributions”, leaving this subject open for further negotiations in forthcoming meetings.

The decision inevitably reflects several hard-fought compromises

Parties did not come to an agreement on how the responsibility for mitigation action should be distributed. A Brazilian proposal for defining targets based on historical responsibility won broad support by developing countries but was firmly rejected by

developed countries. The decision text ultimately leaves the definition of “contributions” to each Party, though it requests the ADP to define by COP 20 information that Parties should provide when submitting them.

Discussions under the second workstream on scaling up voluntary pre-2020 mitigation did not result in substantial concrete outcomes. Rather, decision text was adopted expressing the commitment to “accelerate” the examination of approaches with high-mitigation potential (such as industrial gasses with high global warming potential and short-lived climate pollutants), facilitating sharing best practices among cities and sub-national entities, and inviting the voluntary cancellation of certified emission reductions (CERs) from the CDM. Discussions will continue in 2014 on more concrete means of cooperating on these issues. Meanwhile, attempts by some countries to seek increases in the existing weak targets for 2020 were unsuccessful.

Meaningful engagement in the high-level meetings in 2014 may well hold the key to success in Paris

Finally, recognizing the increased urgency of achieving progress on the most contentious issues leading up to COP 21 in Paris, the decision on the Durban Platform calls on the ADP to “accelerate” its negotiations. A high-level ministerial dialogue is mandated to take place in June 2014 alongside the regular meetings of the subsidiary bodies, and the COP “takes note” of the summit of world leaders that has been called by Ban Ki Moon for September 2014 to mobilize action on climate change. Given that many of the major barriers to agreement are inherently high-level political issues, meaningful engagement in these meetings may well hold the key to success in Paris.

Long-term finance

In the run up to Warsaw many had billed COP 19 as a ‘Finance COP’ and, as with mitigation targets, many Parties came to Warsaw hoping to emerge with a defined pathway for achieving the long-term financial flows of USD 100 billion per year provided for by the Copenhagen Accords. Despite the completion of a two-year work programme with

numerous rounds of discussion on this matter, the final decision on long-term finance is scarce on details of where finance will come from and how it can be scaled up. The decision “acknowledges” that existing pledges are insufficient and “urges” developed countries to continuously increase financial flows. It also seeks to enhance transparency on finance by requesting developed countries to prepare biennial submissions from 2014 to 2020 detailing their strategies and approaches for scaling up finance and providing clarity on expected levels.

The final decision on long-term finance is scarce on details of where finance will come from and how it can be scaled up

Several reasons have been put forward for the inability to agree on a more concrete pathway for finance. Many developed country negotiators have explained that their finance ministers are reluctant to commit funds to the GCF before its procedures have been finalized. Others, however, believe the reluctance may be more deeply rooted in the current budgetary squeezes being felt in many developed countries and perhaps also their preference for keeping money flowing through institutions with which they have more experience and exert more control. Another factor relates to divisions over the sources of finance. Developing countries argue that the large majority should come from public sources. Developed countries, while agreeing on the need for public finance, argue that this should primarily be geared toward leveraging larger flows of private finance. This discussion ties into the broader question of what constitutes ‘climate finance’, which remains to be defined under the UNFCCC. The decision on long-term finance seeks to begin to address this issue by requesting the Standing Committee on Finance to consider “operational definitions” (as opposed to legal definitions) of climate finance, while indicating that this definition should only include private finance that has been mobilized by public finance.

While a pathway to raising USD 100 billion per year remains cloudy, some respite was found in the announcement of new finance pledges in Warsaw:

- Japan announced funding of USD 16 billion over three years, the biggest single climate finance pledge to-date (though this was overshadowed by the announcement that it will dramatically scale back its mitigation ambition for 2020);
- Norway announced it will maintain its funding for REDD+ at least at current levels until 2020, though no concrete figures were announced;
- The EU announced that 20% of development spending over 2014-2020 (roughly EUR 1.7 billion in 2014-2015), will be for climate change;¹
- Pledges by European nations enabled the Adaptation Fund to reach its fundraising goal of USD 100 million;
- South Korea became the first 'developing' nation to pledge to the GCF, with a pledge of USD 40 million;
- Norway, the United Kingdom and the United States committed USD 280 million to the third tranche of the World Bank's BioCarbon Fund, though this will be allocated from existing pledges.

The COP approved the arrangements between the GCF and the COP, bringing the GCF closer to full operation

An additional small grace on finance came when the COP approved the arrangements between the GCF and the COP, bringing the GCF closer to full operation. The arrangements provide that the COP will provide guidance to the GCF on policies, priorities and eligibility, while the GCF Board will retain full responsibility for funding decisions. The decision confirms that an independent redress mechanism will be established, which will allow for reconsideration of funding decisions. The GCF will also report annually to the COP and the COP may commission an independent assessment of the overall performance of the GCF.

¹ See http://ec.europa.eu/clima/policies/finance/budget/docs/pr_2012_03_15_en.pdf. This figure is in addition to the pledges of individual Member States.

Warsaw International Mechanism for Loss and Damage

COP 19 saw the establishment of the Warsaw International Mechanism for Loss and Damage, which seeks to deal with damage arising from climate change, including damage that cannot be prevented through adaptation measures. The establishment of this mechanism was for many developing countries a crucial outcome of the COP, but the final mechanism falls well short of what many had hoped for. The decision text does little to mobilize finance for dealing with loss and damage, instead only "requesting" developed countries to provide finance, technology and capacity building. This is a long way from the mechanism to provide compensation for climate-induced losses that was originally envisaged when this issue first came on the agenda.

The establishment of the Warsaw International Mechanism for Loss and Damage was crucial for many developing countries, but the mechanism falls well short of what many had hoped for

The mechanism will be administered by an executive committee which, at least for an interim period, will comprise representatives of existing UNFCCC bodies. The mechanism will "promote the implementation of" approaches to address loss and damage, including through enhancing knowledge, strengthening dialogue and coordination, providing technical support, making recommendations to the COP regarding guidance on financing and facilitating the coordination of support.

The final text also continues to place the mechanism under the Cancun Adaptation Framework, a key point of conflict during the final days and hours of the conference. Developing countries consider loss and damage as the consequences of climate change that cannot be prevented through adaptation, and so argued that the mechanism should be independent of the UNFCCC's adaptation infrastructure. Developed countries argued against the duplication of institutional arrangements, though this position perhaps masks a broader reluctance to provide independent standing to a concept which is loaded with overtones of the right

to compensation for unavoidable damage resulting from climate change. Final agreement by developing countries to keep loss and damage under the adaptation framework was achieved by agreeing to review the arrangements at COP 22 in 2016 – after the Paris conference – and through including a preambular paragraph acknowledging that loss and damage may in some cases involve more than that which can be reduced by adaptation.

Warsaw Framework for REDD+

Against the backdrop of disappointment on many major issues at COP 19, the outcomes on REDD+ emerge as perhaps the conference's stand-out success. Parties concluded several years of negotiations with a package of seven decisions that provides the architecture for results-based REDD+ actions, detailed below. While the REDD+ decisions provide guidelines for countries that seek payments against national reference levels, the decisions do not provide incentives for High Forest Cover, Low Deforestation (HFLD) countries or forest conservation. They also remain silent on where results-based payments should come from – a relevant question considering that very few countries (currently only Norway and Germany) have programs for such payments and that liquid carbon markets are largely absent and unlikely to provide large support for REDD+ – and how countries should finance the policies and measures that will lead to the eventual results.

The decisions remain silent on where results-based payments should come from

Finance and coordination of support

COP 19 saw the conclusion of the work programme on results-based finance for REDD+. In the first place, the decisions link the provision of results-based finance to the application of the methodological guidance adopted in Warsaw, as well as previous guidance, to the measurement of results. The GCF is "requested" to apply this guidance, while non-UNFCCC entities are only "encouraged" to do so, though it is likely that most entities will seek to align with the UNFCCC guidance to the extent possible. Secondly, the decisions link eligibility to receive results-based payments to the provision of information of how safeguards have

been respected. As one of the most substantive elements of the REDD+ finance decisions, an 'information hub' is established that seeks to ensure transparency and coordination on results-based payments, as well as supporting information on applicable reference levels, monitoring systems, national strategies and how safeguards have been addressed. The information will be inserted by the UNFCCC Secretariat based on national reports and other existing channels of information. Provided reports are timely provided, this should ensure that the hub serves as a complete and up-to-date source of information.

An 'information hub' is established that seeks to ensure transparency and coordination on results-based payments

Coordination between the national and international levels will be supported by Parties (voluntarily) designating national focal points to liaise with the UNFCCC on REDD+. In addition, annual meetings will take place between national focal points, together with institutions financing REDD+, to coordinate support. This stops short of creating a specific body under the UNFCCC to coordinate support for REDD+, which was advocated by some Parties. As a compromise, however, the decisions provide for these arrangements to be reviewed in 2017, when the SBSTA may recommend "potential governance alternatives" to the COP.

Reference levels and MRV

Guidelines and procedures for the technical assessment of forest reference levels were adopted which require that all country submissions will be subject to a technical assessment and that the proposed reference levels "might be technically assessed in the context of results-based payments". This clarifies that there is no distinction between a purely technical reference level that accounts for emission reductions and removals and one that may be adjusted to account for financial incentives, i.e. for HFLD countries. Developing reference levels purely for payments may make it especially challenging to account and aggregate real emissions reductions from REDD+.

The technical assessment of reference levels will assess: consistency to national GHG inventories; how historical data has been taken into account; the extent to which the information provided was transparent complete, consistent and accurate; whether a description of relevant policies and assumptions of future policies that lead to adjustments of historic reference levels have been provided; pools and gases included and omitted; and the definition of forest and its consistency to other national reports. While the assessment team will evaluate these points, there is explicit instruction to refrain from making judgement on policy assumptions regarding to domestic policies taken into account in constructing reference levels - making it difficult to determine whether such policies provide a credible basis for the adjustments of project reference levels.

To receive results-based payments for emission reductions and removals expressed in tonnes of greenhouse gases reduced or sequestered, Parties should maintain transparent national monitoring systems and submit a technical annex detailing forest emissions as part of their biennial update reports. This technical annex will be assessed by, among others, two LULUCF experts (one from a developed and another from a developing country). The assessment will mainly evaluate the consistency in methodologies between the assessed reference level and the results of the REDD+ activities. The design of national forest monitoring systems is, however, left largely to the discretion of each country, including how to define and distinguish between different types of forest. This may create challenges in ensuring comparability of forest definitions, potentially weakening rules on the non-conversion of natural forests and opening the door to conversion of forests to plantations.

Market and non-market approaches

Following on from a set of workshops on the NMM, FVA and non-market approaches in October 2013, there were expectations that broad tenets of the NMM and FVA could be set out, which could be further elaborated in subsequent years.

Underlying the failure to adopt decisions on markets was a reluctance to make progress on

market mechanisms absent significant progress on mitigation targets

Significant progress was made on these issues in the first week of negotiations and consensus appeared to be emerging on a number of important elements. Ultimately, however, the SBSTA could not agree on decisions to recommend to the COP, and attempts to revive the issue at the high-level segment were unsuccessful. Underlying this was the reluctance of some developing countries to make progress on market mechanisms absent significant progress on mitigation targets, given the close connection between the two. This relates to both the importance of the mechanisms as a bargaining chip when discussing post-2020 targets, and also to the position that pre-2020 targets are far too weak to justify the creation of new mechanisms.

Discussions on these issues will continue at the next SBSTA session in June 2014.

Measurement, reporting and verification

Though not the subject of many headlines, important decisions were reached in Warsaw on MRV of pre-2020 emissions in both developed and developing countries, completing the set of rules that were set out in Durban and Doha. For developed countries, the COP adopted a set of guidelines for:

- i. the 'technical review' of developed countries' national communications, i.e. the overall reports on emissions levels and trends in the country that are submitted every 4-5 years, with the next due in 2014; and
- ii. and the 'international assessment and review' of developed countries' biennial reports, i.e. their reports on progress toward meeting the mitigation targets for 2020 the first of which is due in 2014

Important decisions were reached on MRV of pre-2020 emissions in both developed and developing countries

These submissions and reviews are separate, though in the case of national communications and biennial reports that are submitted in the same year (as in

2014) Parties may integrate overlapping areas of the reports and reviews will be closely coordinated.

For developing countries, the COP adopted guidelines on the composition, modalities and procedures for the team of technical experts charged with undertaking 'international consultation and analysis' of biennial update reports. In addition, the COP adopted general, voluntary guidelines for domestic MRV of domestically supported nationally appropriate mitigation actions (NAMAs) by developing country Parties.

Despite this progress, the COP and Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (CMP) could not agree on several other MRV issues, including common accounting framework for both Kyoto Protocol (KP) and non-KP parties, the carry-over of assigned amount units (AAUs) to the second commitment period and measures to prevent double counting.

Kyoto Protocol Track

Clean Development Mechanism²

In Warsaw the SBI took up the 2013 review of the CDM's modalities and procedures, which had been mandated since the original modalities were adopted in 2005. While some Parties saw the review as a routine 'housekeeping' exercise that should seek to align the modalities and procedures with current practices, others saw it as an opportunity for a wider reconsideration of the fundamentals of the CDM. Given this divergence, coupled with the sheer breadth of the topic, no final agreement was reached in Warsaw. Parties did, however, agree on a shortlist of issues on which the Secretariat has been invited to prepare a technical paper to inform the next round of negotiations. These are:

- Membership and composition of the CDM Executive Board;
- Liability of Designated Operational Entities to compensate for the issuance of certified emission reductions (CERs) resulting from

significant deficiencies in validation, verification and certification reports;

- Provisions for Programme of Activities;
- Length of the crediting period;
- Requirements for the demonstration of additionality;
- Role of Designated National Authorities of Annex I and non-Annex I parties; and
- Simplification and streamlining of the project cycle for certain project categories.

Separately, the SBSTA also requested a technical paper on various aspects of land use projects within the CDM, in particular the inclusion of additional land use activities beyond afforestation and reforestation and the development of alternative approaches to addressing permanence to replace the existing system of temporary credits. A workshop will also be organized in 2014 to further consider these issues.

While some Parties saw the review as a routine 'housekeeping' exercise, others saw it as an opportunity to reconsider the fundamentals of the CDM

Though no agreement was reached on reforming modalities and procedures, Parties did provide guidance to the CDM Executive Board on a number of issues:

- The Executive Board is requested to provide guidance to Designated National Authorities on monitoring of sustainable development aspects of projects;
- Further simplification of the project cycle and methodologies were endorsed, including the possibility to develop the monitoring plan after project registration and a re-examination of the threshold sizes of micro-scale projects in Programmes of Activities;
- Requesting the CDM Executive Board to expedite the development of sector-level baselines and additionality thresholds for countries underrepresented in the CDM and enabling Designated Operational Entities to perform sector-specific validation and verification.

² This section is adapted from a forthcoming Climate Focus briefing note on the 'Outcome of the CDM negotiations at Warsaw'.

Joint Implementation

The Joint Implementation Guidelines were also up for review in Warsaw, but despite last year's meeting having agreed on a set of key attributes for the revised guidelines, invited submissions and a technical paper from the Secretariat, Parties did not come to an agreement on this issue. Parties also did not act on the recommendation of the Joint Implementation Supervisory Committee (JISC) to permit early issuance of emission reduction units (ERUs) pending the issuance of assigned amount units (AAUs) for the second commitment period, which is not predicted to take place until around 2016. This means that, unless Parties seek to issue ERUs from first commitment period AAUs they have not yet surrendered, no ERUs can be issued before 2016.

LULUCF

On the issue of LULUCF the CMP adopted a decision providing guidance on reporting of LULUCF activities. This includes the adoption of a new reporting format for LULUCF activities, and the application of the IPCC's 2006 Guidelines for National Greenhouse Gas Inventories and 2013 revised good practice guidance on various aspects of reporting to LULUCF reports. This adoption of the 2006 IPCC Guidelines is significant, as they integrate reporting on agriculture and other land use emissions (including forestry), which were previously reported separately. This may provide an important first step toward a more integrated accounting framework for land use emissions in a future agreement.

The broader question of developing more comprehensive accounting mechanisms for LULUCF emissions and removals was not given significant consideration

The broader question of developing more comprehensive accounting mechanisms for LULUCF emissions and removals to replace the current piecemeal system – on the SBSTA agenda since 2012 – was not itself given significant consideration in Warsaw, however,, and so will have to be taken up at later sessions.

Looking forward (and backward)

Now at the half-way point in the negotiation of a new agreement under the Durban Platform, the Warsaw COP needed to deliver a clear sense of how agreement will be reached leading up to 2015. The positive spirit in which agreements were reached in Cancun, Durban and (though to a lesser extent) Doha, appeared to herald hope that the acrimony that culminated in the failure of the Copenhagen COP in 2009 was beginning to dissipate and sufficient trust was being rebuilt to see a satisfactory agreement reached in 2015.

The procedural impasse that led to the failure of the SBI to begin negotiations in June 2013, however, served as a stark reminder of the tightly wound tensions that have remained thinly buried under the surface, and from the beginning of the Warsaw conference the resurfacing of these tensions was readily apparent. As Parties moved from the largely procedural focus of the Doha COP to discussing core issues of the substance and form of finance and mitigation commitments, the distance remaining between Parties' positions was laid bare. At the same time, the continued absence of new signs of ambition and financial commitments – and even serious weakening of ambition on the part of Japan – led to growing mistrust that saw accusations of backtracking on all sides. Frustration at the lack of progress resulted in two walkouts being staged in the second week – with developing countries walking out of the loss and damage negotiations and a large share of civil society representatives leaving the conference altogether.

Despite these tensions, a series of last-minute compromises on key issues a full day after the conference was scheduled to end avoided COP 19 being labelled a failure, and have kept hopes alive for 2015. Yet few would determine these outcomes as cause for celebration. Both the weak nature of most of the texts and the excruciatingly protracted manner in which negotiations took place, point to an urgent need for the process to step up a gear to deal with the daunting challenges that remain to be addressed in the two years that remain before Paris.

The weak nature of the texts point to an urgent need for the process to step up a gear in the two years that remain before Paris



Parties in Warsaw appeared to recognise this, and high-level dialogues have been scheduled to coincide with the meetings of the subsidiary bodies in June 2014, while the ADP will meet at least twice, potentially three times, between now and next year's COP in Lima. These meetings will be supplemented by the summit of world leaders being organized by Ban Ki Moon for September 2014, which aims to build high-level engagement and facilitate finding common ground on major issues, while the World Economic Forum will dedicate a full day of the Davos summit in January to climate change.

This 'upscaling' of negotiations is necessary and welcome, but alone will not achieve results. For all the late nights spent wrangling over minute textual details at UNFCCC meetings, success is ultimately a factor of Parties being able to come to the table with ambitious financial and mitigation commitments that comprise the bricks that the UNFCCC process serves only to cement together. While the UNFCCC continues to be an appropriate forum to negotiate technical aspects such as MRV and ensures legitimacy and transparency, only through investing high-level political capital can it become a meaningful platform to iron out issues that require geopolitical bargaining rather than deliberations of technocrats.

Climate Focus
December, 2013
www.climatefocus.com

Climate Focus (Head Office)

Sarphatikade 13
1017WV Amsterdam
The Netherlands

Climate Focus (US Office)

1730 Rhode Island Avenue NW,
Suite 601
Washington, DC 20036
USA

Climate Focus (Colombia Branch)

Calle 95 #10-50
Bogotá, Cundinamarca,
Colombia

Climate Focus (LEAF Project Office)

Liberty Square, Suite 2002
287 Silom Road, Bang Rak
Bangkok 10500,
Thailand
