

Update on the ADP process, INDCs, international mechanisms and other forms of support

Caribbean Regional Workshop on INDCs and their Integration of Market Mechanisms, St George's, Grenada, 15 September 2015



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- ADP and the road to Paris
- State of play
 - CDM
 - Post-2020 mechanisms
 - Issues in climate finance
 - Possible integration of support
- Status of INDC submissions

ADP and the road to Paris



ADP building a basis for a new text

June session sought to understand content and form

Co-chairs tabled the 24 July negotiating text

- Part 1 – potential content of the Paris Agreement
- Part 2 – potential content of an accompanying decision
- Part 3 – text that could belong to the Paris Agreement or decision

Latest September ADP session

- Considerable progress in all aspects of the negotiations
- Constructive negotiations, with key Parties moving beyond previous positions towards other Parties and positions
- Beginning to reveal a possible balance across the issues



Some key overall issues

Focus on Convention objective (Article 2)

Possible reference to a limitation of temperature increase

Possible reference to CBDR/RC in light of different national circumstances and special circumstances of the particularly vulnerable

Possible ways to differentiate

- Self-differentiation, nuanced by “modulators”, with a cycle for enhancing contributions over time
- Reference to Convention and Article 4 on enhancing implementation
- Two categories of developed and developing countries

Transparency framework can see Parties evolving, with support



A right to use markets / mechanisms

Many Parties stressed that **the right to use markets** be included in the Paris Agreement

Many Parties, particularly developed country Parties, consider they do not need permission to cooperate through markets

Many Parties support development of rules

- To govern accounting
- To avoid double counting
- To uphold environmental integrity by ensuring internationally transferred mitigation outcomes are real, permanent, additional and verified

A centralized mechanism

Many Parties, particularly developing country Parties want a **centralized mechanism** included in the Paris Agreement

- Governed under the UNFCCC
- Accessible to all Parties
- Building on what has been built under the CDM

Views diverge on the kind of mechanism it would be

- Reformed CDM
- Joint Mitigation and Adaptation (non-market)
- REDD+ crediting, etc

Many Parties want principles in Paris: contribution to sustainable development, share of proceeds for adaptation, net mitigation, etc



Next steps in the ADP

Co-Chairs received a broad mandate to produce a non-paper in the first week of October

Parties know it will be the basis for the real negotiations in the October ADP session

Markets and non-markets, accounting and mechanisms are political issues (not technical)

The potential role of existing mechanisms (like the CDM) is part of that political package



Transitioning value from Kyoto mechanisms

Can a central crediting mechanism maintain and build the mitigation effort started by the Kyoto mechanisms?

A possible procedural route

- Develop new mechanism and registries/ITL based on Kyoto rules
- Allow existing mitigation activities to migrate to a new post-2020 mechanism established under the Paris Agreement
- Allow (some) pre-2020 credits to help meet post-2020 NDC
- A new work programme on a new mechanism would most likely imply the closure of current SB mandates in Paris

Possible post-Paris work programme elements

Various work elements have been raised

- Criteria/process for recognizing nationally-issued units
- Modalities and procedures for a new central crediting mechanism, starting from the CDM and maybe other existing mechanisms
- Participation/eligibility criteria
- Accounting rules (unitization, transfers)
- Tracking infrastructure (registries, transaction log)
- Provisions for early action

Clarity of tasks will impact on effectiveness of post-Paris work



State of play



SBSTA discussions on Convention mechanisms

Convention mechanisms

- Framework for various approaches
- Non-market mechanisms
- New market-based mechanism (defined in Durban COP)

Slow but reasonable progress made in defining issues

- FVA and NMM discussions have informed the ADP
- No further substantive work until political progress in Paris
- Expect work to continue post-Paris through a new work programme



SBI discussions on the Kyoto mechanisms

CDM modalities and procedures review

- Ongoing negotiations but still in early stages
- Change proposals contained in a co-chairs note
- Parties expected to re-engage in change discussions after Paris

Jl guidelines review

- Ongoing negotiations now well advanced
- Draft revised guidelines with few remaining issues
- Focus now on how a new Jl may fit in the post-2020 regime
- Parties expected to re-engage in change discussions after Paris



Revived interest in the MRV of the CDM

Mature mechanism with a proven track record

- Over 7,700 registered projects and programmes of activities
- 280+ POAs with 1,800+ component project activities
- 200 GW of installed renewable energy capacity
- 1.5 billion CERs issued and US\$215 billion investment

It's available now!

- Credibility – real, measureable, additional
- Comparability across all opportunities and instruments
- Universal applicability through global legitimacy and recognition
- Familiarity of governments, institutions and the private sector

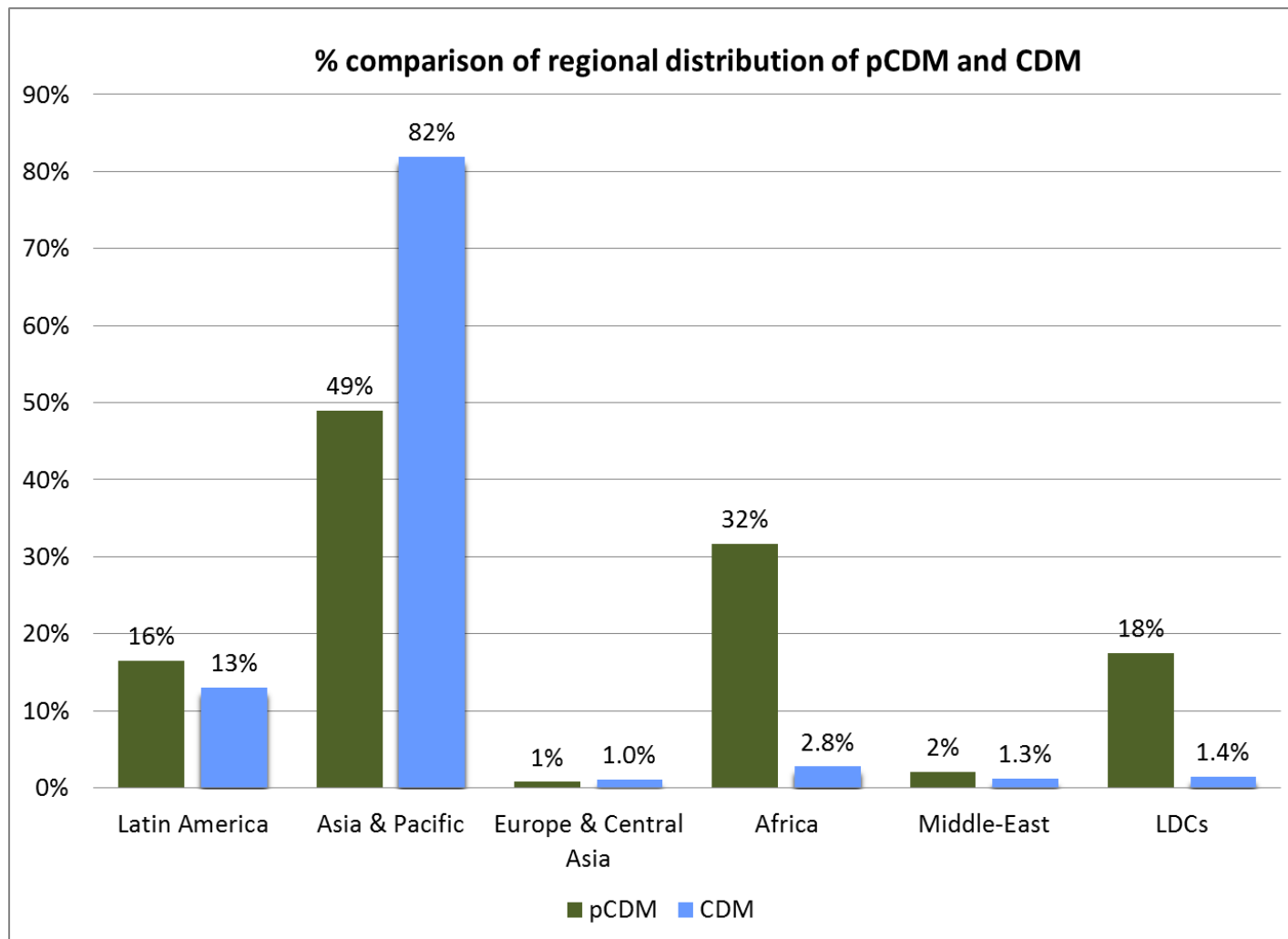


Building blocks of a simpler, more inclusive CDM

- Programmes of activities
- Standardized baselines
- Positive lists for additionality
- Default emission factors
- Integration of suppressed demand



Realignment of regional distribution through POAs



Integration of the CDM with other programmes

Not just about individual instruments anymore (like under the KP); rather about how they can work together and complement each other

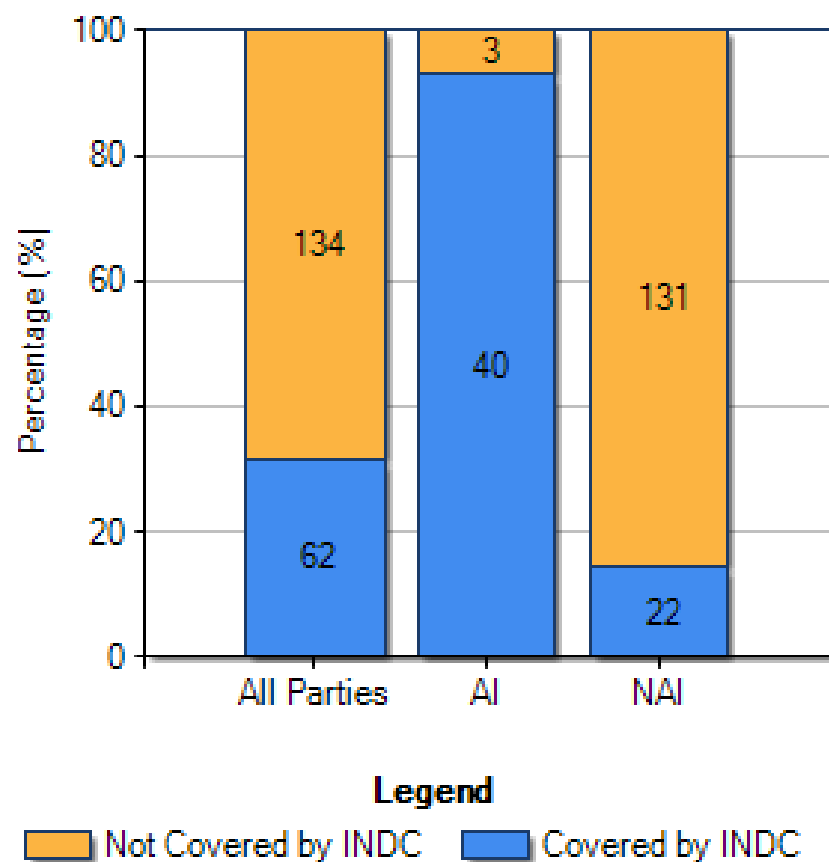
- Link countries together
- Link mechanisms together
- Link CDM to domestic policy instruments (taxes, trading)
- Link CDM/JI to new forms of climate finance –
role for CDM in providing activities and MRV to GCF



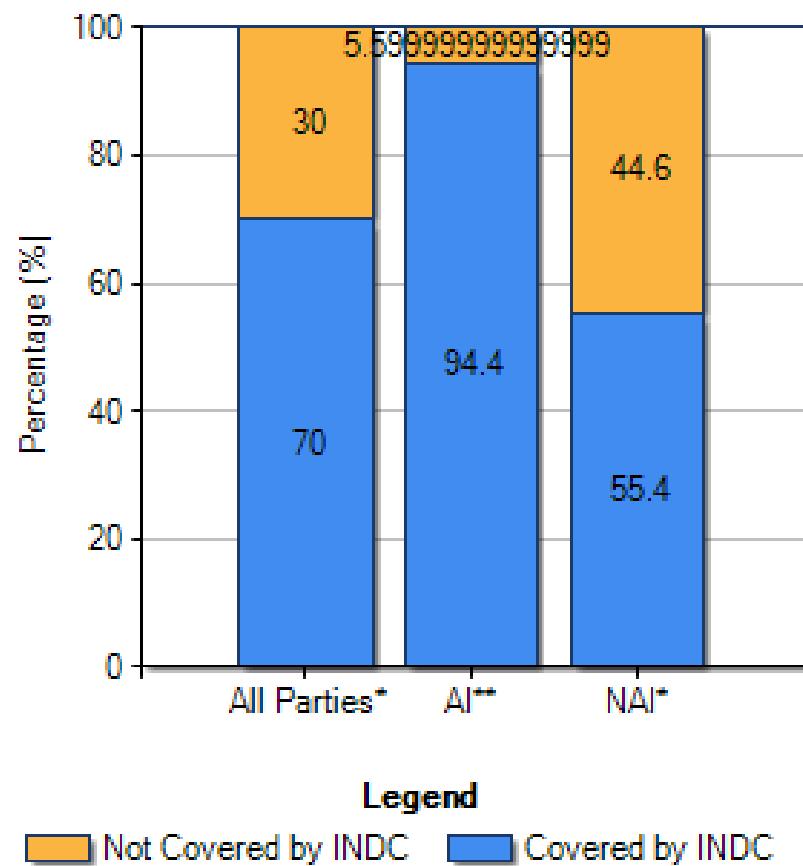
Status of INDC submissions



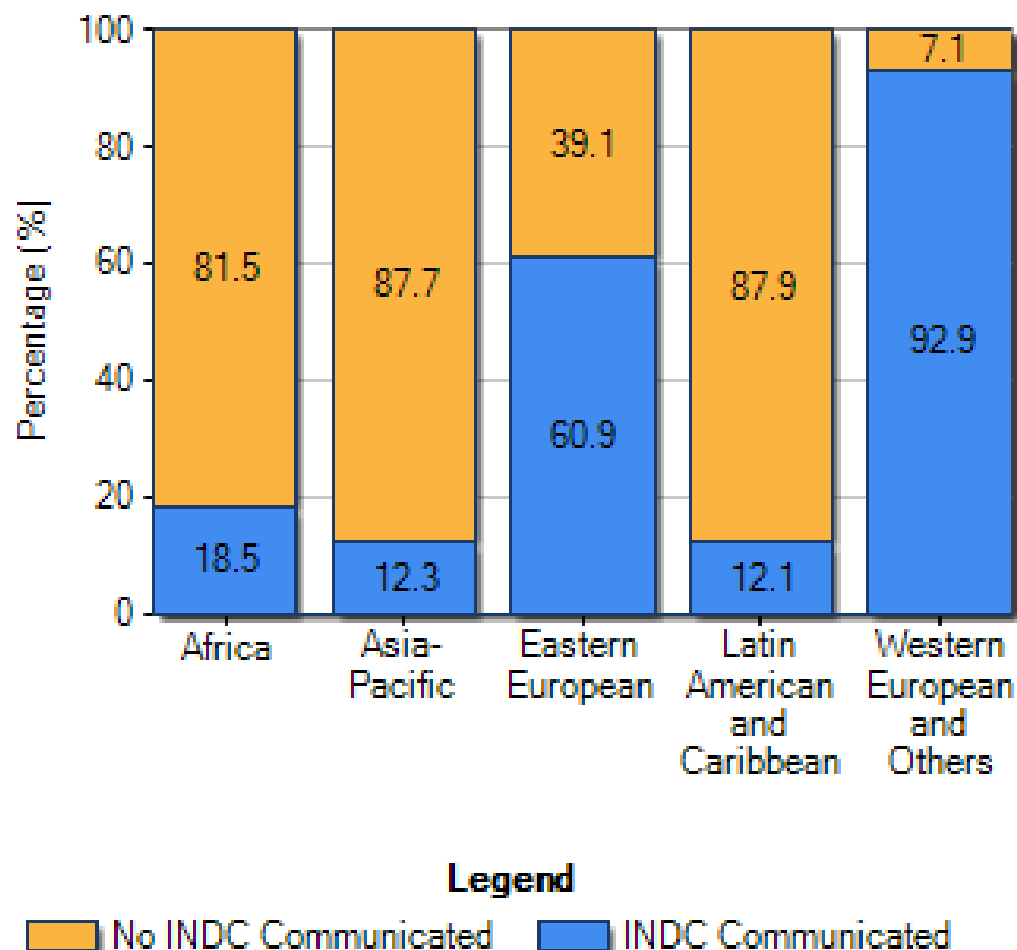
Share of Parties having communicated their INDCs



Share of emissions covered by INDCs



Region participation of INDC submissions



Source: UNFCCC secretariat, as at 11 September 2015

1. Headline Mitigation Goal Types

GHG Absolute	GHG vs BAU	GHG vs GDP	GHG per capita	Non-GHG
Switzerland* European Union Norway^ United States Russian Federation Liechtenstein Canada Ethiopia Serbia Iceland New Zealand Japan Marshall Islands Monaco* Australia	Mexico Gabon Andorra Morocco Republic of Korea Kenya Macedonia Trinidad and Tobago Benin Djibouti DRC	China Singapore	Dominican Republic	Mexico China

As at
end-August 2015

15/29

11/29

2/29

1/29

2/29


*explicitly multi-year budget provided

^states intention of conversion to budget

2. Are INDCs quantifiable ?

- 26/29 provide enough information to *estimate* target-year or target-period emissions (all absolute, 10/11 BAU, 1/2 GDP, 0/1 per capita)
- Varying information provided on BAU baselines: some provide information on model and assumptions; only Morocco mentions potential updating of the baseline.
- GDP data sources/projections not provided.

As at
end-August 2015

 ***Will need greater clarity on non-absolute GHG targets to be able to quantify for markets accounting.***

3. Coverage (sectors/gases)?

- Most INDCs cover all major sources of emissions (sectors and gases): near economy-wide coverage.
- There does not seem to be any obvious attempt by developing countries to leave sectors outside the INDC to allow for easier participation as a seller of credits.
- China's INDC specified as CO₂, but actions in CH₄ and F-gases described: needs clarification.

As at
end-August 2015

➔ ***Generation of credits/units will mostly fall within (rather than outside) INDCs.***

4. Intention to use international markets?

Yes	Possible	No	No information
Switzerland* Liechtenstein* Ethiopia@ Republic of Korea* New Zealand* Japan*^ @	Norway* Mexico^ @ Canada* Morocco^ Iceland* Singapore Kenya @ Monaco Macedonia	European Union* United States* Gabon Russian Federation Andorra Marshall Islands Benin Australia	Serbia China*^ Trinidad and Tobago Djibouti DRC Dominican Republic
6/29	9/29	8/29	6/29

* Existing ETS (national or subnational)

^ PMR participants

@ JCM partners

Access to markets = condition of INDC

As at
end-August 2015