

The 2015 Paris Climate Agreement: Key Elements and Implications for Singapore

Melissa Low, Gautam Jindal and Ho Juay Choy

SYNOPSIS

At the heart of the COP21 Paris Climate Agreement is the goal of having all countries submit successive pledges to reduce emissions up to 2030 and every five years thereafter. This achievement was no doubt aided by the fact that ahead of the historic climate meetings in Paris, an unprecedented 184 countries had put forward their Intended Nationally Determined Contributions (INDCs) reflecting emissions reduction targets they will commit to reaching by 2025 or 2030. As a text based on consensus and compromise, this pact is by no means perfect; nonetheless, it is the best chance to set the world on a safer trajectory in terms of climate change and its adverse impacts. This policy brief examines the key elements of the Paris Agreement and offers views on what these elements may mean for Singapore.

KEY POINTS

- The Paris Agreement is a landmark conclusion because it contains agreement amongst 195 countries on mitigation, transparency, adaptation, loss and damage, and support.
- Parties are to submit by 2020 successive emissions reduction pledges, known as Nationally Determined Contributions (NDCs), and report on progress made towards their NDCs; however, Parties are not legally bound to implement the NDCs or achieve the objectives stated therein.
- Transparency is critical in the Paris Agreement in order to give “teeth” to it, and the post-Paris agenda is likely to be packed with negotiations on developing Monitoring, Reporting and Verification (MRV) guidelines before the Agreement comes into force in 2020.
- Singapore played a key role in Paris, with its ministers and officials called on to be facilitators and to work with countries to reach agreement on difficult issues such as differentiation and transparency. Now, Singapore must prepare towards contributing to successful implementation of the Agreement.

INTRODUCTION

Delegates from 195 countries met over the course of two weeks (from 30 November to 11 December 2015) in Paris, France to negotiate a historic deal on tackling global climate change. The landmark conclusion reflects a delicate balance between the vastly differing negotiating positions and agendas of 195 countries in crucial areas of mitigation, transparency, adaptation, loss and damage, means of support including finance, technology development and transfer,

capacity-building, as well as the ever-present cross-cutting issue of differentiation.

While most countries felt that they had to concede on certain issues, the outcome from Paris seems to have exceeded almost everyone’s expectations. There is much work to be done that requires all countries to keep to their responsibilities under the Paris Agreement (henceforth “Agreement”), but to also reach for more ambitious goals.

ANALYSIS

Mitigation and Global Stocktake

The Agreement sets a “long-term goal” of limiting global climate change by holding the increase in global temperature to 2 degrees Celsius above pre-industrial levels and, if possible, to further restrict the temperature increase to 1.5 degrees Celsius. Parties will need to submit their first pledge, known as a “Nationally Determined Contribution” (NDC), no later than when the Party submits its instrument of ratification, accession, or approval of the Agreement before 2020. The countries that submit their pledges in the form of an Intended Nationally Determined Contribution (INDC) prior to joining the Agreement are deemed to have satisfied this requirement and need not re-submit one in the form of an NDC.

Building on the foundation of these submitted pledges, all Parties to the Agreement are to submit “successive” NDCs in 2025 and every five years thereafter. These will have to represent a progression beyond the Party’s current emissions reduction pledge reflecting its highest possible ambition. However, both the initial and successive NDCs will continue to reflect Parties’ common but differentiated responsibilities and respective capabilities, in light of different national circumstances.

This self-differentiating mechanism is counterweighed by a strong process that is established for countries to assess implementation and take stock of collective climate action every five years. The “Global Stocktake” will convene in 2023, but before that countries will undertake a facilitative dialogue in 2018 to take stock of efforts of the Parties in relation to the “long-term goal” of the Agreement. The dialogue is expected to inform preparation of new NDCs that go beyond 2025 for countries such as the US and Switzerland, which only submitted targets up till then. This dialogue is also expected to encourage countries that have 2030 targets in their INDCs to update their NDCs before the Agreement comes into force.

Cooperative Approaches and Mechanisms

Recognising that some countries may require some innovative ways to achieve their targeted emissions reduction levels, the Agreement contains a reference to a set of “Cooperative

Approaches” under which Parties can voluntarily cooperate in some form of market or non-market approach to achieve the targeted outcomes. Under this section, the Agreement establishes a new class of carbon assets called Internationally Transferred Mitigation Outcomes (ITMOs).

The concept of ITMOs is reminiscent of the “flexibility mechanisms” under the Kyoto Protocol. However, in this case, since both Parties participating in the cooperative approach have NDCs, any form of double counting is avoided by ensuring that emissions reduction activities that generate ITMOs can count towards the achievement of either the host Party’s NDC or towards the Party that purchases the ITMO. Much of the development of rules, modalities and procedures for these approaches is to be undertaken by the Subsidiary Body for Scientific and Technological Advice (SBSTA) in coming years.

Adaptation, Loss and Damage

On adaptation, the Agreement establishes a global goal of enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change. Although adaptation will not formally be a part of the mitigation-focused NDCs, the Agreement creates a cycle of action for strengthening adaptation efforts regularly, similar to the mitigation cycle.

The Agreement also acknowledges Loss and Damage as a separate issue from adaptation, and establishes an Executive Committee of the Warsaw International Mechanism (WIM) on Loss and Damage. A repository for information on insurance and risk transfer, and a task force on climate-change-related displacement has been established. However, there exists a potential setback for developing countries: the Agreement does not create legal liability and does not offer a basis for compensation for loss and damage by emitting countries.

Technology Development and Transfer, Capacity-Building

A technology framework has been established under the Agreement to provide guidance towards promoting and facilitating enhanced action on technology development and transfer. Its adequacy will be assessed in the global stocktake beginning in 2023.

On capacity-building, the Paris Committee on Capacity-Building has been established to address current and emerging gaps, as well as the needs of developing country Parties. In 2019, an assessment will be conducted on the effectiveness and enhancement of this committee, and determine if it should be extended.

Finance

Finance was one of the most difficult issues for countries to come to agreement on during the Paris negotiations. In order to achieve consensus, the final Agreement text turned out to be fraught with loose language, such as developed countries “should” continue to take the lead in mobilising climate finance from a wide variety of sources and “noting” the significant role of public funds. Only the COP Decision Text accompanying the Agreement contained hard numbers—that developed countries will continue mobilising US\$100 billion every year starting 2011 till 2025, after which a new goal will be put forward with US\$100 billion as a floor. These numbers are also deemed insufficient because the commitment to mobilise US\$100 billion by 2020 was agreed upon at Copenhagen, and it was hoped that the number would be ratcheted upwards.

Even in Paris, countries were debating on whether the existing commitments are being honoured by the developed countries. While a report released by the Organisation for Economic Co-operation and Development (OECD) before Paris reported a mobilisation of US\$62 billion in climate finance flows in 2014, some developing countries expressed concern whether this amount is truly additional or simply a reallocation of existing financial aid commitments. The Green Climate Fund, which is to be the main channel for the mobilisation of US\$100 billion, has also only reached US\$10.2 billion in pledges, out of which just US\$5.8 billion has been converted into signed agreements as of 12 August 2015.

It is important to remember that a number of INDCs contains commitments that are contingent on means of support, i.e. receiving international climate finance. Thus, it is critical that financial resources mobilised are additional to existing ones and are easily accessible.

Transparency and Compliance

Transparency is at the core of the Paris Agreement, since it contains requirements for Parties to disclose information on progress made towards fulfilling the objectives outlined in their NDCs. The Agreement divides transparency into two parts, namely: (i) action in terms of mitigation and adaptation progress by Parties; and (ii) support provided and received, as well as an overview of aggregate financial support.

The section on transparency is critical because while the Agreement will be a legally binding instrument, it contains no specific language that mandates Parties to implement their respective (I)NDCs or achieve the objectives (action or support) spelled out in their pledges. The Agreement only states that countries must pursue domestic mitigation measures to achieve their set targets, and places the responsibility on Parties to account for their respective NDCs.

Thus, in order to ensure that Parties make every effort to achieve their specified targets, the Agreement makes it mandatory for them to regularly report progress on their mitigation, adaptation, finance, technology transfer and capacity-building pledges. For developed countries, the Agreement additionally requires reporting on support mobilised through “public interventions” and projected levels of public finance to be provided. Other Parties are only encouraged to do so.

While the Agreement contains a level of transparency unprecedented under the Convention, compliance is restricted to a facilitative, non-adversarial and non-punitive approach. Then again, the goals for a climate deal always have to be one based on reasonable assurance that there will be reciprocity of actions among Parties, and to instil confidence in countries to implement their own. It would not have been politically feasible for Parties to agree on a solution that would subject them to consequences for non-compliance. Still, there has been significant progress made to enhance transparency in order to give “teeth” to the Agreement. The post-Paris agenda is likely to be packed with developing Monitoring, Reporting and Verification (MRV) guidelines before the Agreement comes into force in 2020.

Enhanced Pre-2020 Action

Although the Agreement looks to a 2030 timeframe, countries still need to ensure highest possible mitigation efforts in the pre-2020 period. As of 10 December 2015, only 58 countries have ratified the Doha Amendment to the Kyoto Protocol—a legally binding instrument agreed in 2012 which extends the commitment period for developed countries' emissions reduction targets up till 2020. Based on entry into force provisions, a two-thirds majority of Parties, which translates into 145 Parties, is needed.

The COP Decision text from Paris urges Parties to do the following: ratify the Doha Amendment; submit and implement their 2020 pledges under the Cancun Agreements, known as Nationally Appropriate Mitigation Actions (NAMAs); and for Parties who have not submitted Biennial Update Reports (BURs), to do so.

Implications for Singapore

In its 2009 pledge, Singapore committed to an unconditional 7–11 per cent emissions reduction below business-as-usual (BAU) by 2020, and to achieving a 16 per cent below BAU reduction (around 12 million tonnes CO₂) if the global negotiations resulted in a legally binding agreement. Thus, Singapore will now aim to fulfil that commitment by 2020.

Since the Paris Agreement expects Parties to pledge more ambitious action in their successive NDCs to be submitted in 2025, Singapore may have to increase its current target of reducing emissions intensity by 36 per cent from 2005 levels by 2030. Since limited mitigation options are available in light of Singapore's unique national circumstances, research solutions will be required to further improve energy efficiency and to utilise more renewables. Singapore may also consider the viability of participating in some form of cooperative approaches, in line with its intention to study international market mechanisms, as stated in its INDC.

In recent years, Singapore has fulfilled reporting requirements by being one of the few countries to have submitted a BUR to the UNFCCC, and will by June 2016 complete an international consultation and analysis process. Further capacity-building will ensure

that it is well prepared to handle additional MRV as part of the Agreement's transparency-related requirements.

CONCLUSION

Now that the Paris Agreement has been adopted, it is important to take a step back and consider the scale of work that is required in order to achieve the goals countries have set for themselves in 2030. Judging from the number of tasks that the Agreement has forwarded to Subsidiary Bodies under the COP and the newly established Ad Hoc Working Group on the Paris Agreement (APA), the work is only just beginning.

WHAT TO LOOK OUT FOR

- The high-level signing ceremony in New York, scheduled on 22 April 2016. To come into force, the Paris Agreement has to be ratified by at least 55 countries covering at least 55 per cent of global emissions.
- The Synthesis Report update, incorporating INDCs of more than 40 countries submitted after 1 October 2015, to be made available on 2 May 2016. The report will determine the sufficiency of INDCs to limit temperature increase to 2 degrees Celsius.
- The COP22 convening in Marrakech, Morocco from 7–18 November 2016, with the aim to adopt various common modalities, procedures and guidelines on NDCs, transparency of action and support.

Melissa Low and Gautam Jindal are both Research Associates at the Energy Studies Institute of the National University of Singapore. Ho Juay Choy is an Adjunct Research Associate Professor at ESI.

The views and opinions expressed in the *ESI Policy Briefs* are those of the authors and do not necessarily represent or reflect the views of the Energy Studies Institute, NUS.

Copyright © 2016 Energy Studies Institute. *ESI Policy Briefs* can be reproduced, provided prior written permission is obtained from ESI, the content is not modified without permission from the author(s), and due credit is given to the author(s) and ESI. Contact: Ms Jan Lui <esilyyj@nus.edu.sg>