



COP25: Madrid milestone in progress from climate negotiation to climate action

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This year's annual meeting of climate negotiators is set against a backdrop of deepening crisis and popular demands for governments to do more on climate change. The European Parliament's declaration of a climate emergency reflects this, as does, more substantively, the growing support for climate neutrality by 2050. The Conference of Parties (COP) to the UN Climate Convention, also meeting as the Parties to the 2015 Paris Agreement (CMA), has an important ongoing role in setting rules and expectations for climate mitigation and adaptation. During this fortnight, the COP/CMA must finalize the missing pieces of the Paris rulebook (notably concerning market mechanisms), give guidance to a multitude of UN climate bodies and work programmes, build momentum for faster and more ambitious climate action, and prepare for the next round of Nationally Determined Contributions (NDCs) from Parties to the Paris Agreement.

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This year's conference has shaped up as a most peripatetic COP, even by the rescheduling standards of UN climate talks. Brazil had originally offered but pulled out under its new far-right president. Chile stepped up, but cancelled the planned Santiago conference in October following sustained mass unrest concerning inequality. Here, the extraordinary contribution of Spain's government must be acknowledged. These conferences are typically years in the planning. Spain is hosting this one with barely a month's notice. At a time when multilateralism is under ferocious attack, Spain's offer to host the conference provides space for the urgent work of international coordination and means valuable time will not be lost. Chile retains the presidency of the conference, which should build on the energetic work of Chile's climate diplomats over the past year.

Cooperation on climate markets

Article 6 of the Paris Agreement provides for Parties to cooperate through carbon markets to help meet their NDC mitigation targets. The Paris Agreement market mechanisms conceptually build on the Kyoto Protocol's emission trading and Clean Development Mechanism (CDM), but there are important differences. This is because, unlike Kyoto, all Parties have NDC targets under Paris. (Article 6 also provides for non-market approaches.) Decisions on rules for the Article 6 mechanisms were blocked by a small minority of Parties at last year's Katowice meeting, making Article 6 the unfinished business of the Paris rulebook.

On markets, the Madrid negotiations have two areas of focus. First, Parties will look for consensus on a framework for the transfer of emission reduction credits between Parties, to be counted towards NDC targets. As a growing number of countries establish domestic emission trading systems, the potential of such voluntary cooperation to incentivize emission reductions is clear. However, the rules need to provide inter alia for credible reporting, e.g. to avoid double-counting emission reductions.

Second, negotiators will aim to adopt a decision on rules for the mechanism established in Paris Agreement Article 6.4. This mechanism aims to facilitate and incentivize both public and

private sector participation in mitigation activities in a given country. Resulting emission reductions can both benefit the host country and give rise to carbon credits that can be purchased by other Parties to count towards their NDC targets. Learning from the experience of the CDM, the rules will need to address overall governance of the mechanism as well as the environmental integrity of activities, contribution to sustainable development and safeguards for communities affected by the activities. It will also be necessary to avoid perverse incentives, such as encouraging ramping up polluting activity in order to establish artificially high baselines, leading to the production of ‘hot air’ (carbon credits that do not reflect underlying emission reductions).

Negotiators and other stakeholders will be working hard in Madrid to reach agreement on the Article 6 rules. This is because market mechanisms have the potential to incentivize emission reductions on a vast scale, but only if the market rules are sufficiently clear and robust. The need to provide business certainty is especially pressing as the Kyoto Protocol mechanisms wind down.

Climate-proofing global finance

The aims of the Paris Agreement include, at Article 2.1(c), ‘[m]aking finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development’. This goal is vital to the Paris mitigation and adaptation goals, because a necessary condition for their achievement is to channel resources away from polluting activities and towards activities that further the transition to a climate-neutral economy. Clearly, this cannot be accomplished through public ‘climate finance’ alone. Rather, the far larger pools of private, commercial and institutional capital need to be channeled in climate-positive (or at least away from climate-harmful) directions. It is in this sense that, as we affirmed in the UNited for Climate Justice project, all finance must become climate finance.

Financial matters will be negotiated in various tracks at Madrid, such as the annual guidance to the Green Climate Fund and Global Environment Facility. (The contribution of EU Member States of around three-quarters to the \$9.8 billion committed to the GCF’s first replenishment

has highlighted the need to broaden the basis of contributors to climate finance.) However, and more broadly, Madrid and future meetings will be judged on their ability to galvanize additional commitments, actions and collaboration from participating Parties, subnational governments, businesses and investors. Initiatives such as the Helsinki Principles of the Coalition of Finance Ministers for Climate Action are a positive step forward in this regard. The UN Secretary-General's newly appointed special envoy on climate action and finance, Mark Carney, can also be expected to advance this agenda.

Making climate action gender-responsive

The disproportionate burden of climate change on women and girls has been well-documented. The Paris Agreement's preamble encourages Parties to 'respect, promote and consider their respective obligations' for 'gender equality' and 'empowerment of women' (among other important goals) when taking action to address climate change. The agreement also provides that both adaptation and capacity-building should be 'gender-responsive'. There is a clear need to mainstream gender in climate policies and measures, including to promote equal participation in decision-making. In Madrid, delegates will have an opportunity to agree a strengthened Gender Action Plan to assist countries in making climate action more gender-responsive. Beyond this, it is imperative that there be high-level political commitment to gender-responsive climate policies, as highlighted by Prime Minister Pedro Sánchez during the opening ceremony.

Where the world meets: from negotiation to action and ambition

Implementing complex environmental treaties such the Paris Agreement will always require Parties to periodically meet to make decisions regarding rules, the operations of treaty bodies and so forth. In this sense, the 'negotiation' phase never ends. At Madrid, there are important negotiations on topics such as common timeframes for NDCs and on the optimal role of the bodies established by the COP regarding capacity-building and loss and damage. However, with the overarching rules of the Paris Agreement now in place (notwithstanding Article 6), it



is meaningful to speak of a shift to an ‘action’ phase, in which Parties focus on progressively more ambitious implementation of their commitments.

Madrid will be an early test of what a COP can accomplish in this ‘action’ phase. First, to what extent can the conference act as a focal point for spotlighting key issues of implementation, facilitating expert dialogue, exchange of good practices and lessons learned, and the creation of new collaborations? For example, the Chilean presidency has declared COP25 a ‘Blue COP’, highlighting the linkages between climate change and the state of the ocean. The Intergovernmental Panel on Climate Change’s recent Special Report on the Ocean and Cryosphere in a Changing Climate highlighted the dramatic effects of climate change on ocean and coastal ecosystems. As I have written elsewhere, there is much more that could be done to address the ocean-climate nexus through international cooperation.

Second, the annual COPs need to facilitate progressively more ambitious mitigation targets by Parties, through the agreed processes of iterative communications of NDCs and the Global Stock-Take. Next year’s COP, in the great European nation of Scotland, will be the first test of how Parties communicate more ambitious NDCs as required by the Paris Agreement. Meetings such as Madrid can help to lay the foundations for this.

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