

Climate policy after Paris: assessment and perspectives

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SUMMARY The Paris Agreement, adopted on December 12, 2015 has been welcomed as a turning point in climate negotiations, after the failed attempt at Copenhagen climate conference in 2009 and four years of groundwork started in 2011 in Durban. Its mandate was indeed to adopt “a protocol, another legal instrument or an agreed outcome with legal force” applicable to all the States Parties to the UNFCCC. The Paris Conference (COP21) accomplished this task by delivering a global agreement that asks the international community to keep the increase in the global average temperature to well below 2 °C above pre-industrial levels, but also include adaptation and low-carbon finance objectives. To achieve these goals the Agreement formalizes a new approach, applicable to all countries, and that will rely on “Nationally Determined Contributions”. Yet, beyond the text, challenges remain for turning commitments into action. Key technical and political elements are still to be detailed in policy areas such as mitigation, adaptation, carbon pricing, climate finance and transparency. This paper aims at examining the main features of the new global climate agreement, paying particular attention to these key issues and discussing the implications they will have in the near and long term future.

Keywords: Paris Agreement, NDCs, mitigation, adaptation, carbon pricing, climate finance

JEL Classification: K33, Q54



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1. INTRODUCTION

The 21st Conference of the Parties to the UNFCCC (COP21), held in Paris in December 2015, closed with the adoption of the Paris agreement, the long-awaited global deal aimed at strengthening the international action against climate change.

The road to Paris had been long and tortuous, characterized by a tough debate that dates back to 2007, when the Bali Action Plan defined the main issues at stake. Even though the COP15 in Copenhagen in 2009 was not able to deliver the expected results, it contributed to realize that a new narrative was needed and, starting from the following Conferences of the Parties in Cancun and Durban, to launch the basis of the current bottom-up approach. In particular, in 2011 the COP17 in Durban established that the aim of the 2015 summit should have been to “develop a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties” to be operative from 2020 (UNFCCC, 2011).

Against this background, the debate around four main issues proved to be particularly difficult: i) new mitigation commitments for the post-2020 period ii) financial support to be provided to developing countries iii) adaptation and loss & damage (L&D), and iv) the legal form of the outcome.

However, after two weeks of negotiations the Paris Conference successfully managed to close years of negotiations. Expectations were pretty high as the Conference was considered by many the last chance for the UNFCCC to demonstrate the ability to deliver a coordinated climate action after years of delay. For this reason, soon after COP21 President Fabius gaveled its adoption, the Paris Agreement was applauded as a landmark and historical step from both the United Nations officers that worked for it and the majority of Ministries and government leaders attending the conference.

The final outcome is composed of two parts: the Paris Agreement, an 11-page document outlining major legally-binding provisions, is attached to the “decision adopted by the COP” that sets conditions and provides more details for the adoption of the agreement even if with weaker legal language. As a key component to reach the compromise, the Paris deal puts together top-down elements, composed of the provisions related to the future long-term process, and a bottom-up approach that allows national governments to decide about concrete actions to be implemented.

This article describes and discusses the main outcomes of the Paris Conference. It first provides an overview of the main elements of the Paris Agreement’s text to then assess them in terms of effectiveness, coherence and future prospects.

2. THE PARIS AGREEMENT: MAIN CONTENTS

The Agreement aims at strengthening the global response to climate change by defining three main objectives. First of all, it calls for keeping “the increase in the global average temperature to well below 2 °C above pre-industrial levels” with aspirational “efforts to limit the temperature increase to 1.5 °C” since “this would significantly reduce the risks and impacts of climate change” (UNFCCC, 2015).

Second, it aims at “increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience”.

Finally, it calls for mobilizing consistent “finance flows” to achieve these objectives.

To achieve these objective the Agreement establishes a common instrument, applicable to all countries, composed of “nationally determined contributions” (NDCs), that will set progressive ambitions in time, with certain flexibility recognized to developing country Parties.

2.1 EMISSION REDUCTION

As for the mitigation objective, the deal calls for a global peaking of greenhouse gas (GHG) emissions to be reached “as soon as possible”, recognizing that peaking will take longer for developing country. Rapid reductions would then be undertaken, in accordance with best available science, in order to reach, after 2050, a “balance” between emissions from anthropogenic sources and removals by sinks (Article 4).

The NDCs that each country “intends” to achieve shall be prepared, communicated and maintained by all parties, “reflecting the highest possible ambition”, but also the common but differentiated responsibilities and respective capabilities. As requested by developing countries over the whole two weeks of negotiations, a certain level of differentiation remains: developed countries, indeed, “should continue taking the lead by undertaking economy-wide absolute emission reduction targets” whereas developing nations should “continue enhancing their mitigation efforts” with the encouragement to move towards economy-wide emission reduction targets. Further flexibility is allowed to the Least Developed Countries (LDC) and Small Island Developing States (SIDS) that “may prepare and communicate strategies, plans and actions for low greenhouse gas emissions development reflecting their special circumstances”.

Contributions will be communicated every five years and recorded in a public registry maintained by the UNFCCC. They shall aim at a progressive increase of the ambition.

The document also recognizes the possibility to embark on voluntary cooperation, including “the use of internationally transferred mitigation outcomes” (Article 6). It also establishes a new mechanism, which aims to contribute to the mitigation of GHG emissions and support sustainable development. Learning from the past experience with flexible mechanisms



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launched with the Kyoto Protocol, the new mechanism will allow for participation of both public and private entities, and shall aim at delivering an overall reduction in global emissions.

2.2 ADAPTATION

A global qualitative goal of “enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change” is included in Article 7. It defines adaptation as a multi-level global challenge, from local to international, as well as a key component of the response to climate change in the long term. It also explicitly recognizes the synergy with mitigation strategies by calling for an adequate adaptation action “in the context of the temperature goal” and by emphasizing that “greater levels of mitigation can reduce the need for additional adaptation” and the associated costs. The Agreement therefore highlights key adaptation principles, indicating that the approach should be “country-driven, gender-responsive, participatory and fully transparent” and guided by the best available science but also traditional and local knowledge.

Through a cycle of action similar to that of mitigation, all Parties are called to submit and periodically update an adaptation communication (AC), to be then recorded in a public registry maintained by the UNFCCC secretariat. The process is, however, designed to be flexible both in terms of form and timing.

While negotiations on adaptation were largely characterized by a constructive and collaborative spirit, the same did not apply to the related issue of Loss & Damage. The concept of L&D refers to the negative impacts materializing in vulnerable developing countries when both mitigation and adaptation fall short. It has been among the hottest topics to be dealt with by the UNFCCC in recent years because of its connection to the contested discourses on historical responsibility/ liability and compensation.

The final outcome in Paris saw Loss & Damage to obtain a stand-alone article (Article 8), consistently with the repeated claims of developing countries, and SIDS especially, for it to be something beyond adaptation and thus to be treated with separate tools. The article recognizes the importance of minimizing and addressing Loss & Damage, and the role of sustainable development in reducing the associated risk. The article recall the Warsaw International Mechanism (WIM), created in 2013 to advance knowledge gathering, coordination and support on the topic, leaving the door open for it to be “enhanced and strengthened” in the future. It also calls Parties to work cooperatively to enhance understanding, action and support in areas including early warning systems, comprehensive risk assessment and management, risk insurance facilities, climate risk pooling, and non-economic losses. However, since the issue continues to be at the center of a heated debate, opposing especially the US and small island representatives, the compromise language in the agreement is somehow balanced in the text decision (paragraph 52), which states that Article 8 should not “involve or provide a basis for

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any liability or compensation” claim. The solution, however, caused a divide among developing countries.

2.3 LOW-CARBON FINANCE

Also climate finance was one of the most debated issues before and during COP21. Through Article 9, developed countries confirmed their existing financial obligations towards developing countries and committed to “continue to take the lead” in mobilizing financial resources from different sources (both public and private) at a pace that should increase over time. This comes with the binding commitment to report every two years the financial support disbursed and planned. In the accompanying COP decision, Parties agreed that the current goal of mobilizing 100 billion per year by 2020 from developed to developing countries will be maintained for an additional five years and prior to 2025 a new collective goal will be agreed keeping the 100 billion figures as a floor. The Article for the first time encourages contributions also by other countries on a *voluntary* basis.

The Agreement (under Article 13.10) also calls for developing countries to provide “information on financial, technology transfer and capacity-building support needed and received” to implement their mitigation and adaptation plans.

2.4 MEANS OF IMPLEMENTATION

On technology and capacity building the agreement called for a stronger approach and introduced some novelties, leaving however upon the next UNFCCC meetings the task of establishing clearer details and procedures. As for technology, Article 10 establishes a new framework under the current UNFCCC Technology Mechanism to foster action on technology development and transfer and to support developing countries.

The important role of capacity building was stressed in the agreement as a key precondition for reaching the Paris goals. Article 11 sets the commitment to enhance the capacity and ability of developing country Parties to implement adaptation and mitigation actions and to assist them in meeting the transparency criteria required to communicate mitigation and financial information.

2.5 GLOBAL STOCKTAKE AND TRANSPARENCY

The mechanism that will guide countries towards the achievement of the Paris objectives is the “global stocktake”, a periodical review of progress established under Art. 14. Every five years it will assess the collective effort from all countries and compare it with the long term goals in terms of mitigation, adaptation and finance. Information will concern all the areas covered by the Paris agreement, including the aggregated effect of NDCs, the adaptation efforts, the mobilization and provision of financial, technology and capacity building support, the latest available reports by the IPCC. In order to ensure emission reduction pledges will be more and



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more stringent over time, the outcomes of the global stocktake shall directly inform countries in the process of updating their national contribution.

The first global stocktake is planned to take place in 2023 (providing the Paris agreement enters into force on time) but all countries will convene earlier in 2018 for a “facilitative dialogue” to start informing the preparation of national contributions before 2020.

The two linked processes (the global stocktake and the recurring communication of increasingly ambitious contributions) are the only instruments envisioned to put pressure on countries in undertaking mitigation and adaptation efforts, as the compliance mechanism established to monitor the implementation of climate pledges is explicitly “facilitative” and “non-punitive”.

These procedures constitute not only the core obligations envisioned by the Paris Agreement but are also part of the transparency framework. All Parties, with the exception of the LDC and SIDS are, indeed, required to report inventories and information on the implementation of their contributions in order to be submitted to the expert review and multilateral assessment of progress.

2.6 LEGAL ISSUES

As widely expected even before the Conference, the Paris agreement formalizes a hybrid architecture, combining legally binding elements and aspirational provisions. The legal obligations concern the framework and the procedures: countries are required to develop and communicate their NCDs every five years, to report their national GHG emissions and carbon sink capacity and, only for developed countries, their financial efforts. In order to allow the maximum participation possible, the Agreement does not include binding emission targets or new binding financial commitments. In addition, no sanctions are considered in case of non-compliance, since the system will be rather based on peer pressure and shared awareness.

From the legal point of view, the Paris Agreement will enter into force "on the thirtieth day after the date on which at least 55 Parties to the Convention accounting in total for at least an estimated 55 percent of the total global greenhouse gas emissions have deposited their instruments of ratification, acceptance, approval or accession" (Article 21).

3 BEYOND THE WORDS: ASSESSING THE MAIN ELEMENTS OF THE PARIS AGREEMENT

The Paris Agreement represents the result of years of negotiations and compromises between different countries with very different priorities and interests. UNFCCC and the French COP

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Presidency in particular, had been very good at capturing the political momentum. However, it is interesting to have a closer look at the provisions included into the Paris Agreement both in terms of their role in progressing the elements of the current regime as well as in projecting their potential effect in the near- and long-term future.



3.1 A MATTER OF DIFFERENTIATION

Differentiation is certainly not a new issue within the UNFCCC debate. Even though the Annex I/non-Annex I distinction included in the Framework Convention and recalled in the Kyoto Protocol was clearly no longer acceptable, years of negotiations struggled in finding a new paradigm reflecting the current global economic picture. In Paris all Parties agreed that the new deal needed to somehow reflect differences in countries' conditions and responsibilities. The final outcome, however, represents the compromise among two main opposite views: on the one side, the majority of developed countries supporting the view that the concept of NDCs already imply a sort of self-differentiation, on the other side developing nations opposing an agreement with "symmetric" provisions for all the participants.

The issue is crucial for the practical implementation of provisions such as mitigation contributions, progress and reporting of mitigation actions, accounting framework and financial support. The Paris Agreement's language finally managed to mark a step beyond the Kyoto's Annexes, where commitments and countries were strictly grouped, toward a more flexible approach. All parties have equal obligations, particularly for key provisions including NDCs communication, transparency and the global stocktake, but the agreement distinguishes between developed countries, that are required to take the lead and developing countries to which some differentiation in terms of timing and typology of action is allowed. The principle of "common but differentiated responsibilities and respective capabilities" (CBDR) is often recalled, actually preserving a link with the concept of differentiation originally included in the 1992 Convention, coupled, in the case of LDCs and SIDS, with the need to take into account national circumstances.

However, no clear definition of developing and developed countries is provided, leaving actually the ground for different interpretations, if the issue will not be addressed in the future.

3.2 LONG-TERM EMISSION SCENARIO: WHAT IS THE CONTRIBUTION OF INDCS ON CARBON EMISSIONS?

Contrary to the Kyoto Protocol, the Paris Agreement's mitigation objectives are not framed in terms of quantified emissions reduction limitations. It indeed defines temperature limits ("well below 2°C" and the aspirational "efforts towards 1.5°C") and gives directions on the long term trends (peaking of emissions followed by rapid reductions) including a "balance" between carbon emissions and removals. In addition, there is no clear time horizon to achieve these

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objectives but the language, which includes terms like “as soon as possible”, seems to have been intentionally left ambiguous.

More specific climate targets are included in the text indirectly, through the language that requires each Party to the Agreement to submit and regularly update NDCs. In a process that started well in advance the Paris meeting took place, world governments had already submitted their “intended” contributions (INDCs). In particular, as of December 20, 2015, 161 Parties, representing 188 of the 196 UNFCCC members, have submitted their INDCs to the Convention, covering around 98% of global GHG emissions (WRI, 2015).

As for the scope of participation, the Paris Agreement can be therefore considered a success, since it manages to have major emitting countries such as China, US, EU, India and Russia on board. However, the overall picture is rather complex.

All Parties that submitted an INDC included information on their mitigation contributions even though their structure and content vary consistently (UNFCCC, 2015b). Developed countries generally express their contributions in the form of an absolute quantified economy-wide mitigation target, which represent about 30% of the total contributions. Conversely, most of developing countries usually link their emission reduction target to a Business-as-Usual (BaU) scenario (45% of the INDCs) or formulate their pledges in terms of emission intensity (4%) or peaking year (2%). Among the latter there are also countries that do not specify a quantitative emission reduction commitment, while they propose actions and policy in force or planned to be implemented in the future. In addition, most of developing countries proposed both an unconditional mitigation component and a more ambitious action conditional to the provision of finance, technology or capacity-building support.

The wide heterogeneity of contributions, however, makes the attempt to compare the aggregate ambition of the efforts proposed under the Paris Agreement rather challenging and uncertain.

According to the assessment released in October by the UNFCCC (2015b), emission growth resulting from the implementation of the proposed INDCs is expected to slow down by a third in the 2010–2030 period, in comparison with the 1990–2010 period. In particular, the global emission level resulting from the INDCs is estimated to amount on average to 56.7 Gt CO₂e_q in 2030, an increase in the range of 37–52% compared to 1990 levels.

Although not trivial, the mitigation actions that have been submitted will not be therefore sufficient to keep the world’s temperature increase below the 2°C trajectory. In this regard, the report affirms that aggregate projected annual emissions resulting from the INDCs “do not fall within least-cost 2 °C scenarios by 2025 and 2030”. It also adds that the temperature at the end of the century will depend heavily on many factors, including socioeconomic drivers, the

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development of technology and the longer term actions of countries, and concludes that “making such assumptions is beyond the scope of this report” (UNFCCC, 2015b).

Even before the agreement was adopted, other studies have tried to assess the impact of INDCs on global temperatures and their consistency in reaching the objective to keep global warming below 2°C above pre-industrial temperatures. Overall these assessments confirms that they should be seen as a first step toward the foundation of an ambitious global climate action but for now are not sufficient to remain under the 2°C threshold.

Table 1 summarizes and compares five of these research efforts: the official UNFCCC assessment report, the UNEP Gap Report 2015 (UNEP, 2015), the Climate Action Tracker (CAT, 2015), Climate Interactive’s “Climate scoreboard” (Climate Interactive, 2015), the energy related estimates provided by the International Energy Agency (IEA, 2015).

Table 2: Comparison of estimates of global emission gap and global temperature according to different tools

	UNFCCC	UNEP	CAT	CLIMATE INTERACTIVE	IEA ¹	Average value
Global emission gap wrt 2°C target by 2030 (average)	15 Gt CO ₂ eq	14 Gt CO ₂ eq	16 Gt CO ₂ eq	14 Gt CO ₂ eq	N/A	14.75 Gt CO ₂ eq
Global temperature by 2100	N/A	3.5° C	2.7° C	3.5° C	2.6° C	3.1° C

In particular, the analyzed studies estimate an emissions gap between the full implementation of unconditional INDCs’ mitigation actions and the least-cost emission path to the 2°C target in 2030 in the range of 14 - 16 Gt CO₂eq on average. These figures are in some cases then translated into estimated temperature increase above pre-industrial levels in 2100. Temperature values range from 3.5°C, as assessed by UNEP and Climate Interactive to a more optimistic scenario projected by both CAT and the IEA leading to 2.6/2.7 °C. The difference in temperature can, however, be explained by the assumptions that these models take into account, especially concerning the post 2030 period. Specifically, the CAT assumes that similar levels of effort will be undertaken after 2030, whereas Climate Interactive, and presumably also UNEP, assume no further action after 2030.

¹ Note that IEA reports only estimate for energy and process-related emissions, so they are not included in calculating the average value.



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UNEP's assessment also points out that commitments do not present a veritable increase in ambitions as compared to current policies. In fact, the emission level resulting from INDCs is projected to be only 4 Gt CO₂eq lower than the levels determined by current policies and therefore "far from enough" (UNEP, 2015). Moreover, the CAT's projections indicate that current governments' initiatives are not fully consistent with the 2030 pledges, meaning that further measures are necessary to achieve the mitigation targets stated in the INDCs (CAT, 2015).

The IEA (2015) also adds that following the INDCs submitted so far, and the planned energy policies in other countries, the world is likely to consume the carbon budget consistent with a 2°C scenario by around 2040, thus eight months later than under current policies.

The Paris Agreement clearly recognizes that a more ambitious reduction effort will be required. It should be reminded, indeed, that NDCs are the result of a compromise reached to have a wide participation, including both key emitting countries and developing nations.

The key mechanism aimed at addressing this gap is the 5-year update process, which needs to be consolidated in the next few years, and the fact that it should be informed by the results of the assessment coming from the global stocktake. However, the only formal incentive for countries to increase stringency of their contributions relies on the language on "progression" over time and reflecting respective "highest possible ambition". Overall, the wording of Article 4 seems to have a weak prescriptive status and, as the whole NDC complex, will depend on single countries' initiative and on how robust will be the enforcement of the stocktaking process as well as of the transparency system. In addition, as the implementation of the upper-bound commitments proposed by developing countries will depend on the amount of international finance and technology received, an important element determining the future ambition of the Paris Agreement will be also its ability to mobilize financial and technological support.

3.3 WHAT'S NEXT FOR INTERNATIONAL CARBON MARKETS?

In a further effort to increase ambition, the Paris Agreement recognizes the possibility to embark on voluntary cooperation, including "the use of internationally transferred mitigation outcomes". In theory, these "cooperative approaches" will allow all parties to engage bilaterally or multilaterally in different types of international cooperation on mitigation, sustainable development and possibly also adaptation. Even if the term "markets" is not explicitly mentioned, it opens the way for a renewed international carbon market that, rising from the ashes of the Kyoto Protocol's flexible mechanisms, will likely perform better. The perspective of a "Carbon Market 2.0", as many called it, had been welcomed by those that consider it as an opportunity to enhance mitigation efforts, reinforce existing carbon mechanisms and spur private investments (Widge, 2015).



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It is difficult to understand now what kind of cooperation could emerge and how they will relate with the flexibility mechanisms under the current regime (CDM and JI) but the language seems to support the at least the linking of national emission trading systems. However, practical implementation will pose future negotiating challenges especially related to the environmental integrity and transparency provisions as well as to double counting.

In addition, even with a solid infrastructure, demand will likely be scarce, as only around a handful of the about 90 countries that opened to the use of carbon markets in their NDCs are likely to be buyers. In the near term, these uncertainties along with the lack of details about the future of old and new mechanisms will barely send a strong signal to businesses looking for market opportunities.

3.4 ADAPTATION: ADVANCING TOWARD PARITY?

By placing a goal on adaptation, the Paris Agreement fixes the intrinsic disequilibrium of the 1992 Convention, which only mentioned the stabilization of GHG in the atmosphere as its ultimate objective. The Article 5 somehow brought to the long awaited “political parity” between adaptation and mitigation. This was achieved by setting a long term adaptation goal besides that on mitigation, and by outlining a similar cycle of action for adaptation communications and NDCs. The language employed, however, is substantially less stringent, although this could signal an attempt not to place excessive reporting burdens on developing countries. For instance, the submission and the periodical update of AC are not binding, and other prescriptions are softened by adding the wording “as appropriate” to the stated obligation.

Yet, the main criticality regards the way progress towards the global qualitative goal on adaptation will be assessed through the global stocktake. The decision accompanying the Agreement is silent about the development of methodologies or indicators to this aim. Some proposals had been advanced on the way to Paris. But further discussion will be needed to understand how the different individual adaptation efforts will be assessed towards the achievement of the collective goal.

3.5 MOBILIZING CLIMATE FINANCE

Finance is at the same time one of the three key objectives defined by the Agreement, a crucial component for the practical implementation of future contributions and an important element of innovation of the new architecture.

Developed countries pledged to continue supporting developing countries starting from their 2020 commitment of USD 100 billion per year and increasing it in the next years. The scale of financial resources required to implement developing countries’ national obligations appears to be much larger, though.



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In fact, total financial costs declared by (mostly) developing countries to implement their INDCs amount to around USD 3,500 billion over the period 2015-2030, of which around USD 500 billion to explicitly come from international donors. Given that not all countries specified their financial needs, the overall picture can be also bigger.

As for the money the developed countries need to mobilize, a joint study by the Organization for Economic Cooperation and Development (OECD) and the Climate Policy Initiative, shows that in 2014 they were able to provide 61.8 billion dollars to developing countries, 70% of which came from public funds. Even though still far from the figures required, it is worth noting that the number has grown in recent years, because of both the increasing commitment of governments and improvements in transparency and reporting systems.

Indeed, besides the clear inconsistency between the resources made available and the level required, the credibility of the Paris' climate finance framework will depend on common procedures and standards to account, track and assess financial transfers and to achieve the promised equal balance between mitigation and adaptation. These elements are still a blind spot and its determination represents both a challenge and an opportunity in the next years.

Thinking in terms of opportunities for future investments, the objective to provide finance to support the low-carbon transformation is likely to send a positive signal to investors as well as to push government to redirect their monetary flows toward climate-proof actions. At the same way, the minimum threshold to provide USD 100 billion/ year and even more from 2025 can give stakeholders a certain predictability on the amount that will be mobilized. Since the Agreement, however, does not really address specific measures aimed at helping climate finance mobilization or redirection from dirty to green activities, it is unlikely to produce an immediate effect on the markets, which will rather depend more on the future implementation of NDCs and the overall credibility of the framework.

3.6 FUTURE STEPS

The Paris Agreement will be opened for signature on April 22nd 2016, during a day-long special celebration organized by Secretary General Ban Ki-moon at the UN headquarters in New York. However, the signature represents only a first step to ensure that the Paris Agreement will enter into force. The double threshold imposed by the Paris Agreement requires that at the same time both major emitters and a wide number of developing countries ratify the agreement. The process for joining an international treaty such as the Paris Agreement varies across countries, according to their domestic constitutional or legislative procedures. For some of them, a quick ratification of the Paris Agreement can represent a challenge as, for example, for the European Union that has to go through a long ratification process involving 28 Member States.

4 CONCLUSIONS

Overall, the Paris Agreement represents a crucial step in the history of global climate action. Closing more than two decades of negotiations, the deal signed in the French capital managed to find a common language to have both developed and developing countries on board. One of the main differences with its predecessor, the Kyoto Protocol, relies, indeed, on the greater effort that the Paris Agreement put in building a solid, transparent and flexible process able to engage countries in the long-term rather than focusing on targets.

Although the lack of a strong language on specific mitigation obligations may not seem such a strong signal, provisions on mitigation somehow formalize the bottom-up approach that already emerged before the conference and that was launched in Cancun in 2010. The final Agreement represents indeed a trade-off between the need to increase participation to international climate action and the urgency of agreeing on a common long-term policy commitment. With 189 countries that have already presented an *Intended* Nationally Determined Contribution, the Paris Agreement shows a clear direction, where all Parties are required to play their part in front of the others.

Importantly, it also sends a strong signal to the private sector by telling business and investors that the path towards a low carbon and resilient society is the only to be taken.

Nevertheless, a careful reading of its text reveals that the definition of pending details will be of paramount importance for safeguarding the ambition and the credibility of the overall framework. This task is assigned to the newly created Working Group on the Paris Agreement (APA), who will start working in Bonn in May 2016.

Yet technical work cannot replace political will. The momentum built in Paris will be key in determining the effective implementation of the agreement. This is especially true when considering the institutional architecture, based on voluntary contributions framed in legally binding procedures, and its compliance system relying on shared awareness and peer pressure. National governments' commitments and international institutions' oversight will be decisive in keeping the system on track in delivering an effective, consistent and fair global response to climate change.





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