The Paris Agreement on Climate Change
- Implications for the UAE
Dr Mari Luomi
December 2015
Summary

A universal, legally-binding intergovernmental agreement on climate change was adopted by consensus at the 21st session of the Conference of the Parties (COP 21) to the UN Framework Convention on Climate Change (UNFCCC) in Paris.

• The Paris Agreement was negotiated by 195 countries, in a party-driven process, over a period of four years. It is part of a longer-term process under the UNFCCC aimed at building a multilateral, rules-based regime to address the challenges of climate change.

• In structural terms, the Paris Agreement builds on a ‘bottom-up’ approach whereby countries nationally determine their contributions to addressing the issue. It is strengthened by a regulatory architecture that includes a periodic international review of countries’ contributions (including progress in their implementation) and ‘stocktake’ of overall progress towards limiting global warming to safe levels.

• The Paris Agreement resolves the core UNFCCC principle of ‘common but differentiated responsibilities and respective capabilities’ by not removing existing obligations of developed countries while leaving the door open to enhanced contributions from developing countries whose emissions are overtaking those of developed countries both in absolute and historical terms.

• Many consider the Paris Agreement as the best possible outcome, but the Agreement itself merely provides the international framework to incentivise increasingly ambitious targets and actions by states. The success of the Paris Agreement will be determined by whether it succeeds in incentivising countries to adopt increasingly ambitious targets and implement them.

• In the longer term, the Paris Agreement may help improve the predictability of the investment climate for clean energy and green infrastructure, creating new economic opportunities in areas where the UAE is already positioning itself as a regional leader, such as renewable energy. In the near term, the direct impact of the Paris Agreement on oil prices seems negligible. Still, the signals it sends confirm the importance of the UAE continuing to diversify its economy.

• Should it join the Agreement, the UAE will need to confirm its nationally determined contribution (NDC), which it should ratchet up periodically. It will also need to report on its emissions and progress towards achieving its nationally-determined emissions reductions measures. The UAE’s intended nationally determined contribution (INDC), submitted in October 2015, provides a robust starting point for this. However, the UAE should continue to strengthen its domestic institutional capacity to be able to participate in the new framework in the most beneficial manner.
In December 2015, in Paris, 195 countries agreed to the first ever universal, legally-binding intergovernmental agreement on climate change. The 12-page Paris Agreement, together with 19 pages of related decision text, took four years to negotiate. The Agreement can be described as a comprehensive framework for catalysing climate action worldwide.

Despite being broadly described as a victory for multilateralism and the best possible outcome, the Paris Agreement in itself will not prevent catastrophic climate change. Only its successful implementation (italicised terms are explained in the Glossary) by state and non-state actors globally will. In this sense, the next five to ten years will be crucial.

This EDA Insight unpacks the Paris Agreement, discussing its role in the global response to climate change, and presenting some of its key elements. It also includes an initial consideration of the direct and indirect implications of the Paris Agreement for the UAE, which are also largely applicable to other high-income oil-exporting developing countries.

**Relevance for the UAE**

The Paris Agreement has a number of direct and potential indirect consequences for the UAE, including:

- A requirement to communicate a ‘nationally determined contribution’ (NDC), which must contain greenhouse gas (GHG) emissions reduction or limitation measures. While achieving the targets set in the NDCs is not legally-binding, countries must update them periodically, and each update must represent a progression beyond the previous one.

- A requirement to report biennially on its national GHG emissions and progress in implementing its emissions reduction or limitation measures, which will be reviewed by technical experts under the UNFCCC.

- Potential economic opportunities that arise from a more predictable investment climate for clean energy and sustainable infrastructure resulting from universal participation in the implementation of the Paris Agreement, as well as potential longer term impacts on the demand for, and price of, oil.

**The Issue**

The last two and a half decades have seen a steadily growing international consensus on the urgent need to act to tackle climate change. According to the latest report of the Intergovernmental Panel on Climate Change, at current global GHG emission rates, by mid-century it will become extremely difficult to avoid dangerous global warming of over 2°C from pre-industrial times. Global emissions should therefore be rapidly reduced over the coming decades, principally through scaling up low-carbon energy (since energy production and use account for two-thirds of global GHG emissions). Also, according to the IPCC, global GHG emissions will need to be ‘net zero’ by 2100 in order for there to be a likely chance of staying below 2°C.

The UN Framework Convention on Climate Change (UNFCCC) was established in 1992 to address the challenge. It divided the world into two groups: OECD member states and economies in transition formed the ‘Annex I’ countries while others were classified as developing countries, or ‘non-Annex I’ countries. Industrialised countries took on additional commitments, namely to provide support to developing countries, on the basis that they have the historical responsibility for causing climate change.

The first legally-binding international climate agreement, the 1997 Kyoto Protocol, only sets binding emissions reduction targets for Annex I countries. The US’ decision not to ratify the Protocol, on the grounds that other major economies such as China and India were not bound by it, however, has rendered the Protocol ineffective. Countries bound by the Protocol’s second commitment period, from 2013–2020, only account for approximately 12% of global emissions.

Aware of the fact that climate change is a transboundary challenge that requires a collective solution, countries had since the mid-2000s sought to agree on the terms of a multilateral, rules-based system that could provide a universal framework for addressing the issue in an efficient, yet fair and equitable, manner. These negotiations, which altogether lasted for a decade, focused on how to address the fact that ‘the world has and has not changed’ since 1992, meaning that, while developing countries today emit two-thirds of global emissions and will soon take over as the major contributors to historical (cumulative) emissions, significant inequities still exist. The poorest and most vulnerable, such as the least developed countries and small island developing states, which have contributed the least to the problem, are likely to suffer the most.

---

1 UNFCCC, Adoption of the Paris Agreement, FCCC/CP/2015/L.9/Rev.1, 12 December 2015.
After trial and error, especially the disappointment of the Copenhagen Climate Change Conference of 2009, countries recognised that in a global system of sovereign states, an agreement that allocates emissions limits to states in a ‘top-down’ fashion is a political nonstarter. In order to be universal in reach, the Paris Agreement therefore needed to be based on a ‘bottom-up’ approach whereby states make pledges based on a subjective evaluation of what constitutes their fair share and an ‘ambitious’ contribution.

This method of ‘self-differentiation’ by states, however, can have a major weakness as countries’ pledges do not automatically ‘add up’ to the amount required to avoid dangerous climate change. According to UN estimates, the emission reduction and financing contributions countries presented in the run-up to the 2015 Paris Conference, if implemented, would result in a global average temperature rise of 3°C from pre-industrial levels. In addition, as suggested by the Copenhagen outcome of 2009, political declarations of intent are easily forgotten without a robust follow-up system or rules on reporting.

The Paris Agreement seeks to address these weaknesses of the bottom-up approach by providing for a robust review system that establishes an expectation of accountability for individual pledges and ensures that collective progress is measured against what is required by science. The Agreement includes specific references to science, including the need for global GHG emissions to peak as soon as possible and for all countries to contribute towards this goal. Perhaps most importantly, it establishes two mechanisms to encourage countries to increase the ambition of their contributions: parties to the Agreement will be expected to review their NDCs upwards every five years, and these shall be informed by an assessment of countries’ collective progress, also taking place every five years.

**Major Elements of the Paris Agreement**

At least four major elements can be highlighted among the key substantive outcomes of the Paris Agreement and its accompanying decision text (collectively, the Paris Outcome): ambitious long-term goals; dynamic differentiation; assurances on support; and an ambition mechanism.

(i) Adoption of an ambitious long-term goal for temperature rise and emissions: Against most expectations, the Paris Agreement added to the previously-agreed temperature goal of below 2°C a reference to a 1.5°C goal, which had been long called for by small island states that stressed this as crucial for their survival. The Agreement now includes among its objectives a goal to hold ‘... the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature rise to 1.5°C...’. In addition, the Paris Agreement includes a goal for parties to ‘reach global peaking of greenhouse gas emissions as soon as possible’, and achieve ‘a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century’.

---

**UNFCCC Milestones**

1992: The UNFCCC is established in Rio de Janeiro, Brazil.
1994: The UNFCCC enters into force.
1995: The first Conference of the Parties (COP) to the UNFCCC takes place in Berlin, Germany.
1997: The Kyoto Protocol is established in Kyoto, Japan.
2005: The Kyoto Protocol enters into force.
2007: The Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) starts work to agree on an ‘outcome’ to be presented to the COP for adoption.
2008: The first commitment period of the Kyoto Protocol starts (ending in 2012).
2009: COP 15 in Copenhagen, Denmark, takes note of the Copenhagen Accord after failing to adopt an outcome.
2011: COP 17 in Durban, South Africa, establishes the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP), with the mandate to develop ‘a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all parties’ by 2015. Between 2011 and 2015, the ADP meets a total of 15 times.
2013: The second commitment period of the Kyoto Protocol starts (ending in 2020).
2015: COP 21 in Paris, France, adopts the Paris Agreement as the first universal, legally-binding climate agreement.
What this means: In practice, it can be argued, the temperature and emissions goals serve as political signals. Their purpose is to communicate to markets that there is a global, long-term consensus among governments on the need to take urgent action to reduce global GHG emissions and address the negative impacts of climate change. While many believe staying below 1.5°C is no longer possible, its inclusion arguably serves as an affirmation of solidarity toward the most vulnerable countries and groups, and is in line with the results of a review conducted by the UNFCCC in 2013–2015, which concluded that the 2°C goal is inadequate. The long-term emissions goal is also in line with the latest climate science with regard to staying below 2°C.

(ii) Maintenance of ‘differentiation’ between developed and developing countries while building in flexibility to allow for countries to take on increasingly ambitious actions over time: The issue of responsibility lies at the heart of the international efforts to address climate change. Addressing differentiation of countries’ obligations in an equitable yet dynamic way was one of the main challenges of the Paris Conference. As a starting point, the Agreement recognises that developed countries retain their responsibility to lead, given their historically larger share in GHG emissions, and respects that countries have different capabilities and national circumstances. Striking a compromise between developed and developing countries, the agreement introduces new terminology to accommodate views of the developed countries of a changed world (‘in the [sic] light of different national circumstances’) but also includes language to accommodate many developing countries’ determination on the need to maintain a bifurcated, or ‘differentiated’ approach. To empower developing countries to ‘do more’, the Paris Agreement includes provisions on finance and other means of support.

What this means: The key Articles of the Paris Agreement, including on mitigation, adaptation, finance, technology, capacity building and transparency, embed elements of differentiation in what developed and developing countries are expected to do. At the same time, the Agreement allows for flexibility for countries that are ready and capable of taking on increasingly ambitious targets or actions. For developing countries, this means in practice that no new obligations are introduced.

In the case of mitigation, for example, developed countries are expected to undertake economy-wide absolute emission reduction targets. Developing countries continue to be exempted from this but should continue enhancing their mitigation efforts, and are encouraged to move over time towards economy-wide targets, taking into account their national circumstances. Developing countries will also continue to receive support for the implementation of their mitigation efforts.

(iii) Provision of assurances of continued financial and other forms of support from developed to developing countries: In providing assurances on climate finance, the Paris Agreement delivers mixed results. It reaffirms that developed countries ‘shall provide financial resources to assist developing [countries] with respect to both mitigation and adaptation’, and sets a biennial reporting requirement in this regard. On quantitative goals, the Paris Agreement also confirms a pledge made by developed countries in Copenhagen to collectively mobilize, by 2020, US$100 billion per year in climate finance, and extends this goal through 2025. A new collective, quantified mobilization goal will be set for the period following this.

Furthermore, the Paris Outcome provides for the development of modalities for accounting of public climate finance. The Paris Agreement notes the significance of public funds while recognising the need for a broad variety of sources. It further confirms the importance of adaptation finance, which many developing countries regard as a priority.

What this means: Many developing countries were expecting more ambitious and concrete financing pledges from the developed countries. They may find disappointing that the US$100 billion goal was simply extended to 2025 and that the ‘collective’ mobilization goal implies that by this time developing countries will also be expected to contribute. In practice, however, the agreement does not place any financing obligations on developing countries, including the UAE, but merely encourages ‘other parties’ to provide climate finance voluntarily.

Accounting for climate finance is another way to provide assurances of being on track towards the set goal. However, the definition of climate finance in itself has been a source of contestation, as has the role of public finance in overall finance mobilised by the developed countries. Developing countries generally stress public finance flows as the main source of climate finance whereas developed countries argue that other sources will constitute a large and necessary part of what will be mobilised. An OECD report launched prior to the Paris Conference, which estimated that a total of US$62 billion were mobilized in public and private climate finance in 2014, was met with criticism for its methodology by many developing country governments and NGOs, with some accusing the report for ‘double-counting, mislabelling and...
misrepresenting’. As a response to developing countries’ concerns, the Paris outcome sets forward a process to define a common accounting methodology for public finance, which may help bring clarity on this sensitive issue.

(iv) Creation of a system aimed at encouraging countries to adopt increasingly ambitious targets in order to bridge the gap between science and pledges: The Paris Agreement establishes cycles for: the submission of nationally determined contributions (NDC); reporting on, and review of, actions and support; and reviewing collective progress towards achieving the long-term goals.

All parties to the Agreement are required to prepare, communicate and maintain successive NDCs that must contain mitigation (GHG emissions reduction) measures. Each contribution must represent a progression beyond the previous one. All parties to the Agreement are also required to report biennially on their national emissions and progress in implementing their national mitigation measures. This information will be reviewed multilaterally. A failure by a party to reach its target(s) will be taken up by a facilitative compliance mechanism, established under the Paris Agreement. In addition, developed countries will need to report on financial, technology transfer and capacity-building support provided to developing countries, which will be similarly reviewed.

Furthermore, as a crucial element in a bottom-up system in which countries self-determine what they feel is fair and ambitious, the Paris Agreement sets forward a periodic process to take stock of collective progress towards achieving the Agreement’s purpose and long-term goals. Starting from 2023, this ‘global stocktake’ will consider all elements (mitigation, adaptation and support) and is intended to inform countries when they update their NDCs. Together, these cyclical processes (NDCs, transparency and stocktake) serve as the backbone of the ‘ambition mechanism’ of the Paris Agreement.

What this means: These regulatory elements constitute perhaps the most important element of the Paris Agreement as they seek to ensure that countries’ pledges and actions ultimately add up to what is required by science. For developing country parties, including the UAE, should it join the Agreement, these ‘top-down’ elements constitute periodic planning and reporting obligations, which are discussed in more detail in the next section.

Relevance of the Paris Outcome for the UAE

The Paris Agreement was adopted by consensus. Each country will still need to decide whether to become party to it through signature, followed by ratification. Key related issues for the UAE to consider in this regard include:

- **Mitigation measures-related obligations:** Upon becoming party to the Paris Agreement, the UAE, as all parties, would need to confirm its first NDC, containing climate change mitigation (emissions reduction) measures. Unless it decides otherwise, the UAE’s NDC will be based on its intended NDC (INDC), submitted in November 2015, which contains a clean energy target of 24% by 2021. Countries whose first formal NDC contains a time frame (such as a target year) up to 2025 are urged to communicate a new NDC by 2020. Subsequent communications are expected every five years thereafter.

The UAE, as a developing country, will not be required to provide support (finance) but should include information on adaptation measures in its NDCs. Accommodating the GCC states’ preference, the Paris Agreement specifically allows for countries to count, as mitigation measures, mitigation co-benefits resulting from adaptation actions or economic diversification plans.

- **Reporting obligations:** The UAE will also be expected to biennially report on its emissions and its progress in implementing its national mitigation measures. No country will be legally bound to achieve its NDC but all related reports will be made publicly available via the UNFCCC Secretariat’s website and/or a public registry.

- **Participation-related opportunities:** The new institutions and processes being set up in preparation for the entry into force of the Paris Agreement will be developed by the parties to the UNFCCC. In the area of technology development and transfer, for example, a new technology framework was established in Paris and will be elaborated starting from 2016. Processes like this provide opportunities for the UAE to participate in shaping the institutional architecture of the Agreement.

In addition, through potentially accelerating the global transition to zero-carbon economies, the Paris Agreement could generate both economic opportunities and challenges for the UAE, such as:
What Enabled the Success of the Paris Conference

Upon its adoption, the Paris Agreement was celebrated by many countries as a historic agreement. Part of this was due to the difficulties countries had faced in reaching such an agreement, with the Copenhagen conference of 2009 broadly considered as a failure in multilateral climate governance.

A lot of pressure was on the French Presidency of this year’s session of the Conference of the Parties (COP), as 2015 was the deadline for an agreement given by parties to the UNFCCC in 2011. Given the urgency of bridging the ‘emissions gap’ (gap between what is required by science and what is pledged by countries) to avoid prohibitively high costs or a catastrophic climate change, Paris was widely seen as the last chance for the world to agree on a multilateral agreement on climate change.

Arguably, a major factor enabling what many have described as the best possible outcome, was the serious and skilfully-orchestrated diplomatic effort deployed by the French government. This began early in 2015, included several ministerial meetings prior to the COP, and culminated in a carefully-managed process that ensured transparency and inclusiveness, and kept the negotiating text in the hands of the parties throughout the two-week conference. More than 150 heads of state and government attended a Leaders Summit held on the first day of the conference, which arguably provided an important injection of political ambition to the process. At the same time, by not leaving the final deal-making to heads of state, the French Presidency applied a key lesson from the Copenhagen COP. It also skilfully applied best practices from other COPs, such as the South African indaba open ministerial roundtable format.

Major emitters also played a key role, with the EU, US and China announcing new emission reduction/peaking targets already in late 2014. By the beginning of the Paris Conference, more than 180 countries had submitted their INDCs, numerous preparatory ministerial meetings had been held, and speeches of support had been given by opinion-leaders ranging from Ban Ki-moon through Leonardo DiCaprio to Pope Francis. In the run-up to the Paris Conference, financial pledges totalling tens of billions of US dollars were made.

A crucial achievement of the 195 countries meeting at the Paris COP was their ability to reach consensus (this being, de facto, the only method by which the UNFCCC adopts decisions) over a substantive outcome that met the broad expectations of most countries. The process by which the Paris COP was prepared for and carried out undoubtedly played a major role in enabling this. (See also the section on: Major Elements of the Paris Outcome.)
Conclusions

The Paris Agreement is designed to send a strong signal to markets on governments’ long-term commitment to tackle climate change. It may have been the best possible compromise: good but not sufficient, as only its implementation will determine its success. Meeting the objective of the Paris Agreement (staying below 2°C or 1.5°C) will require a peaking of global GHG emissions as soon as possible and net-zero emissions in the second half of the century. Doing this will require a major economic transformation.

A lot will depend on the next five to ten years. In order to enter into force by 2020, 55 countries representing at least 55% of global GHG emissions must ratify, accept, approve or accede to the Paris Agreement. Over the next five years, a number of key institutions, mechanisms and modalities will also be developed that will serve as the basis for the implementation of the Paris Agreement. The success of the Paris Agreement will be determined largely by whether the system of NDCs, the transparency mechanism and the global stocktake together succeed in encouraging countries to submit increasingly ambitious targets over the next decade or so, and to implement them.

At the same time, implementation of climate actions and delivery of support will not be undertaken by governments alone. Non-state actors are taking on an increasingly active role, which was made evident by the Paris Conference: according to some estimates, more than 10,000 new climate initiatives were launched in the run-up to, and during, the Conference, which included a large share of actions by non-state actors.

More than 400 cities and 100 companies set mitigation-related targets, and numerous development banks, financial institutions and businesses made financial pledges worth tens of billions of US dollars. Dozens of multi-stakeholder partnerships on climate action were launched in areas ranging from forest carbon through methane emission reductions to carbon pricing. Alongside actions by governments, an equally large share of the success of the Paris Agreement, in the long term, will be determined by actions by these actors.

In the Gulf, the UAE is well-positioned to participate in the Paris Agreement in a meaningful way. Joining the Agreement will require the UAE, similarly to other countries, to ensure that a robust system of national reporting on its GHG emissions is in place, and that its NDCs are fully integrated in the national development agenda.

Actively engaging in the UNFCCC negotiations over the coming years will ensure that the UAE’s priorities are represented in the process that refines the architecture of the post-2020 climate regime. Whereas the long-term consequences of the Paris Agreement for the UAE and other oil-exporting countries are yet to be determined, a more predictable investment climate for low-carbon and climate-resilient technologies and solutions is likely to open up new economic diversification opportunities both at home and abroad.
Glossary: International Climate Change Governance Terminology
Sources: UNFCCC website, EPRS and author.

**Adaptation**: In the context of climate change, adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities.

**Annex I parties**: The industrialized countries listed in Annex I to the Convention. Includes the OECD members, the European Union, and countries with economies in transition.

**Capacity building**: In the context of climate change, the process of developing the technical skills and institutional capability in developing countries and economies in transition to enable them to address effectively the causes and results of climate change.

**Climate finance**: Local, national or transnational financing drawn from public, private and alternative sources of financing that seeks to support mitigation and adaptation actions that will address climate change.

**Conference of the Parties (COP)**: The supreme decision-making body of the UNFCCC, which meets once a year to review the Convention’s progress.

**Implementation**: Actions (legislation or regulations, judicial decrees, or other actions) that governments take to translate international accords into domestic law and policy.

**INDC**: Intended nationally determined contribution, submitted by a country to the UNFCCC that includes information on its mitigation targets or actions, and may include other types of information, including relating to adaptation planning.


**Loss and damage**: Loss and damage associated with climate change impacts (in developing countries).

**Mitigation**: In the context of climate change, a human intervention to reduce the sources or enhance the sinks of GHGs. Examples include efficient use of fossil fuels, switching to renewable energy, and expanding and conserving forests.

**Party**: A state (or regional economic integration organisation) that agrees to be bound by a treaty and for which the treaty has entered into force.

**NDC**: Nationally determined contribution, submitted by a country under the Paris Agreement that includes a mitigation component and may include information on adaptation plans and support needs, among others.

**Net-zero GHG emissions**: Occur when GHG emissions (if any) are compensated by at least the same amount of negative emissions. Negative emissions could be achieved through forestation, soil carbon management, and bioenergy with carbon capture and storage, among others.

**Non-Annex I parties**: Countries that have ratified or acceded to the UNFCCC and are not included in Annex I of the Convention.

**Technology transfer**: A broad set of processes covering the flows of know-how, experience and equipment for mitigating and adapting to climate change among different stakeholders.

**Transparency**: In the context of the UNFCCC architecture, measures and processes aimed at increasing the transparency of countries’ mitigation and adaptation actions, and support provided by developed countries to developing countries. Related information can include, for example, GHG inventories, progress reports on mitigation targets, and financial support provided or received.

**UNFCCC**: UN Framework Convention on Climate Change. Aims to achieve a stabilisation of GHG concentrations in the atmosphere at a level that would prevent dangerous human interference with the climate system.
Further Resources

**Climate - Get the Big Picture**: [http://bigpicture.unfccc.int/](http://bigpicture.unfccc.int/)
For professionals not directly involved with the UNFCCC, there are few up-to-date resources that provide information in a neutral, accessible and concise way. For this purpose, the UNFCCC has developed an interactive guide to the 'big picture' of the international climate change regime that includes short summaries of key topics of the UNFCCC process, along with visual aids and hyperlinked guides to further information.

**INDCs Portal**: [http://www4.unfccc.int/submissions/INDC/](http://www4.unfccc.int/submissions/INDC/)
Intended nationally determined contributions are the vehicles by which countries have communicated their targets and actions towards addressing climate change in the context of the Paris Agreement. All INDCs communicated to the UNFCCC are available on the Convention’s website.

In 2014, the IPCC concluded its Fifth Assessment Report (AR5) that presents the current state of scientific knowledge relevant to climate change. AR5 received contributions from thousands of scientists from all over the world. It was prepared by more than 830 authors and editors, who addressed more than 140,000 comments on its drafts. This slideshow presents the key findings of its mitigation working group (the others being on the physical science and impacts).

**Climate Home - Climate Change News**: [http://www.climatechangenews.com/](http://www.climatechangenews.com/)
Run by the not-for-profit organisation Responding to Climate Change (RTCC), this website provides insightful and bold articles, analyses and commentaries on climate change-related developments worldwide from a variety of thematic perspectives, including politics, energy, finance, cities and technology. RTCC also has a web-based ‘TV channel’ with numerous interviews of key personalities.

Sources Consulted