

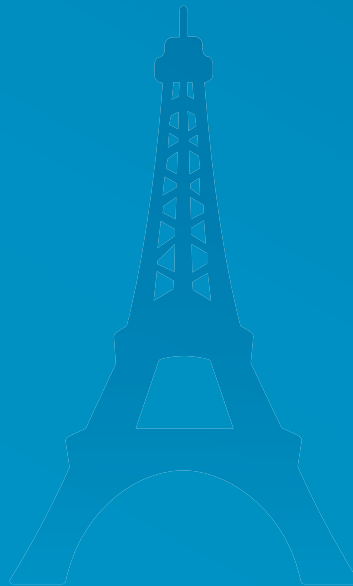


WORLD
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EXPLAINING THE

Paris Agreement

RULEBOOK



Explaining the Paris Agreement Rulebook

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Introduction

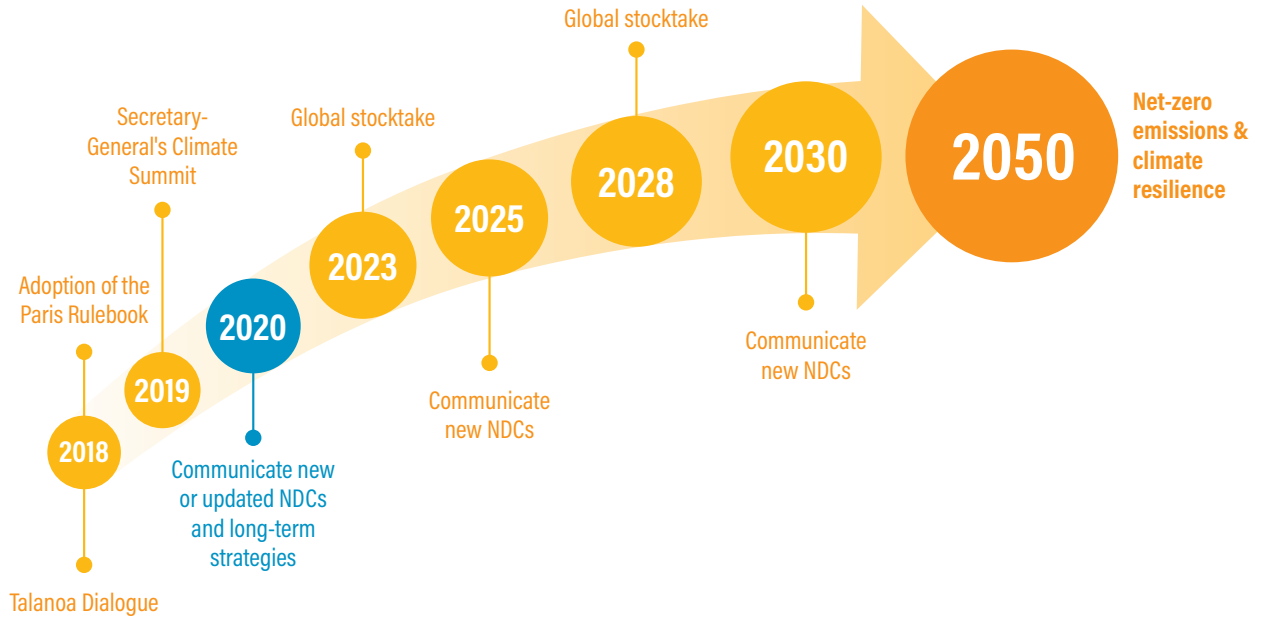
In December 2015, world leaders gathered in Paris to map out a vision for a zero-carbon future. The result was the Paris Agreement, an historic breakthrough in the collective response to climate change. The Agreement set long-term goals to guide all nations: limit global warming to well below 2 degrees C and make efforts to hold warming to 1.5 degrees C; strengthen resilience and enhance abilities to adapt to climate impacts and align financial flows with low emissions and climate-resilient development.

To meet these long-term goals, negotiators set out a timetable in which each country is expected to submit new, updated national plans every five years for limiting emissions and adapting to the impacts of climate change. These plans are known as Nationally Determined Contributions, or NDCs.

However, all the details were not ironed out in 2015. Countries gave themselves three years to agree on the implementation guidelines—colloquially called the Paris Rulebook—to execute the Agreement. At COP24, the UN climate conference in Katowice, Poland, in December 2018, countries adopted the majority of the Paris Rulebook, with a few unresolved issues.

This booklet offers a brief guide to the Paris Rulebook—what it is, what it includes and why it is important—as well as an overview of the Rulebook’s various elements, the key decisions made in Poland, and the process moving forward.

The Ambition of the Paris Agreement



The Paris Agreement's Plan-Implement-Review Cycle

To reach the Paris Agreement's long-term goals, climate action must get more ambitious over time. To sustain this rising ambition, the Agreement establishes a continuous improvement cycle through which countries plan and communicate their NDCs, then implement their plans, and finally, review individual and collective progress to inform future planning and their next NDCs. This process provides the foundation for countries to fully bring the Paris Agreement to life.

This plan-implement-review cycle supports the Agreement's provision to comprehensively take stock of collective progress every five years in a process called the global stocktake, a key element of the process every five years that is sometimes referred to as the Agreement's ambition mechanism (learn more on page 18). The global stocktake will inform countries as they each consider how to strengthen their NDCs, in light of their different national circumstances. Each round of NDCs is meant to reflect a country's most ambitious plans and be stronger than the last.

The Rulebook plays an essential role in providing detailed guidance for carrying out the plan-implement-review cycle of the Agreement.

Building on the Agreement's framework, the Rulebook provides important guidance to support countries in **planning** their NDCs and other climate strategies. For example, the Rulebook addresses a number of questions related to the preparation of NDCs, such as what information should be included in a clear and transparent manner in the NDCs so that other countries and stakeholders can understand them and how countries plan to account for their greenhouse gas (GHG) emissions. The issue of whether all NDCs should cover the same timeframe has also been considered in the negotiations, though it has not yet been resolved.

For countries relying on international support, planning could be enhanced with an understanding of the future financial support that developed countries will provide.

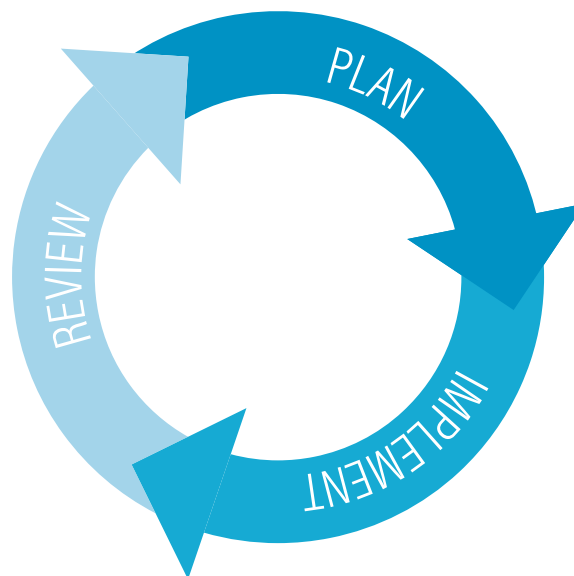
The Rulebook therefore addresses questions on the types of information that developed countries and other countries providing support are to communicate and a process for how this information will be considered and discussed. The Rulebook also offers guidance on what types of information should be shared concerning adaptation priorities, plans and actions, as the Paris Agreement asks countries to the Agreement to do.

Since NDCs represent individual national action, countries will choose to **implement** their NDCs in a variety of ways, consistent with their domestic strategies. Countries are required to regularly and transparently report on their climate actions and support, including information on whether they have met or are on track to meet the goals in their NDCs. The Rulebook's guidelines outline the specific details and information that countries will have to report. For countries deciding to voluntarily cooperate with one another to reduce emissions, the negotiations have considered, but not yet agreed on, guidance to ensure that emissions reductions are not counted twice.

To inform further planning, countries must **review** their efforts, individually and collectively. The Rulebook provides the guidance for these reviews by outlining the processes for all review processes. The review of individual countries' progress seeks to verify the quality of the data provided and assess progress against each country's targets, while the global stocktake, as noted above, assesses collective progress toward the Agreement's long-term goals and identifies the

remaining gaps, challenges and opportunities for enhanced action. The Agreement also set up an expert committee focused on facilitating implementation and promoting compliance to help countries address barriers to implementation and further climate action.

Setting the Elements of the Rulebook in Motion



Common Timeframes

Over 180 countries submitted their first climate plans, known as intended nationally determined contributions, or INDCs. However, these NDCs' end-dates are different: some INDCs covered the period through 2025, while others covered the period through 2030. Besides, most NDCs did not specify the beginning date that they were covering. In Paris, countries agreed to consider whether future NDCs should all cover the same timeframe. As part of the Paris Rulebook negotiations, countries grappled with three key questions: 1) whether common timeframes should apply, 2) if so, from when, and 3) the length of the common timeframe.

Key Rulebook Decisions from COP24

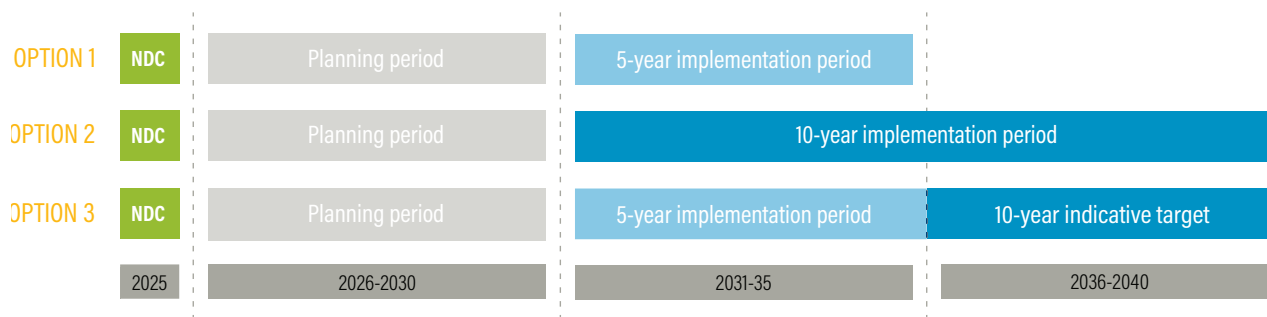
Ultimately, in Katowice, countries were only able to decide on the questions of whether and from when common timeframes should apply. Countries agreed that the NDCs implemented beginning in 2031 should have common timeframes; this applies to the NDCs that countries will communicate in 2025.

Remaining Negotiating Mandates

Countries could not agree on the length of the common timeframe. This means that we still do not know whether an NDC submitted in 2025 would have an end date in 2035 or 2040, or whether one submitted in 2030 would have an end date in 2040 or 2045, etc. Negotiations have focused on three main options: a five-year implementing period, a 10-year implementing period, and a compromise option known as 5+5. The five-year implementing period requires that countries update their targets on a regular basis and ensures that countries re-evaluate their contributions every five years. The 10-year timeframe may allow more time for planning and implementation but could lock in insufficient climate over a longer period. The 5+5 approach would require countries to use a five-year timeframe but would also encourage them to communicate tentative 10-year targets so that the necessary planning processes can prepare for their implementation.

Countries have decided to continue negotiating on this issue but did not set a deadline for a decision. However, other components of how the Paris Agreement will work must be built on this decision, such as reporting on achievement of NDCs, so countries should aim to decide as soon as possible.

Options for a Common Timeframe for NDCs submitted in 2025



NDC Mitigation Elements

The mitigation aspects of the Rulebook include information to facilitate clarity, transparency and understanding (CTU) of NDCs and accounting for countries' NDCs.

Information to facilitate clarity, transparency and understanding (CTU) of the NDC

The Paris Agreement calls for countries to submit information needed for clarity, transparency and understanding of the NDCs. In the Rulebook negotiations on CTU, countries had to decide which information was necessary to provide to ensure the NDCs are clear, transparent and understandable. There were significant transparency gaps in the initial NDCs that made it hard to understand countries' emissions targets. The initial list of information to be included in the NDCs was not sufficiently detailed for understanding the NDCs, and it was voluntary, so some countries did follow the list. That made it impossible to understand the emissions level inferred by many NDCs, the sectoral and/or greenhouse gas coverage of some of the NDCs, and the assumptions and methodologies underlying many of the NDCs, among other details.

KEY RULEBOOK DECISIONS FROM COP24

The list of information agreed to at COP24 for the Rulebook builds on a similar list approved by Countries at COP20 in Lima, Peru in 2014, but it is much more detailed so it can close the perceived information gaps contained in the initial NDCs. Countries will be required to use this list of CTU information in their NDCs starting with their second NDC, but are strongly encouraged to

provide this information as soon as possible, including when communicating or updating NDCs by 2020.

Accounting for NDCs

Accounting of emissions is critical for assessing progress toward and achievement of the mitigation components of NDCs, especially when countries decide to cooperate through voluntary market mechanisms (which would involve the transfer of Internationally Transferred Mitigation Outcomes, also known as ITMOs). Accounting gives countries a clear picture of whether they are on track to achieve their NDCs and can inform the emissions pathway and any adjustments to implement and achieve the NDCs, which can be supported by the establishment of new mitigation policies.

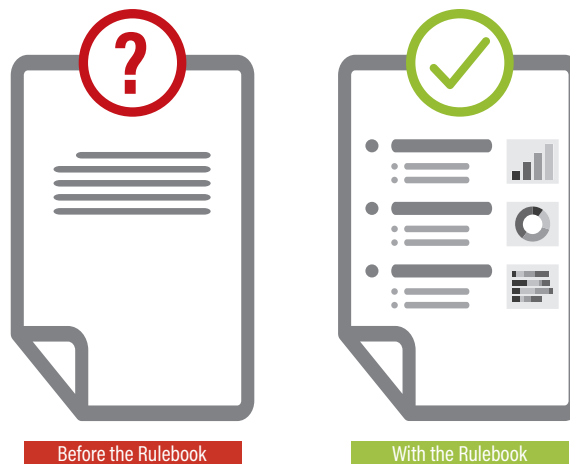
In Paris, countries agreed to develop accounting guidance, based on agreed-upon criteria, to support Countries in tracking their NDCs.

KEY RULEBOOK DECISIONS FROM COP24

At COP 24, countries adopted accounting guidance that focuses on (1) how countries account for anthropogenic emissions and removals in accordance with approved methodologies and metrics from the IPCC; (2) how countries ensure methodological consistency, including on baselines—the starting point for comparison—between the communication and implementation of

NDCs; (3) how countries are to strive to include all categories of anthropogenic emissions and removals in the NDC in a consistent manner, and (4) how countries are to provide an explanation for why any categories of anthropogenic emissions or removals are excluded from the NDC.

Clear, Transparent, and Understandable NDCs



Projected Finance Information

The Paris Agreement requires developed countries to communicate information to make climate finance provided and mobilized more predictable. Other countries providing support are also encouraged to provide this information. Such projected information on future financial support is important to developing countries as it enables better planning and implementation of climate action. Rulebook negotiations on projected finance during COP24 focused on two key questions: what information countries should communicate and how the information will be considered once communicated.

Key Rulebook Decisions from COP24

As part of the Rulebook, countries decided how to address both the information to be communicated and the process for considering the information. The list of information to be communicated includes:

- **Information on the projected amount of finance** to be provided, including the amount that is new and additional;
- **Information on how finance will be programmed**, including the channels (bilateral, multilateral funds, development banks) and financial instruments (grants, loans or other instruments) to be used;
- **Information on contributors' policies and priorities**, such as whether they plan to provide support for certain regions or sectors, the types of support to be provided (mitigation, adaptation, technology transfer, capacity-building), how they aim to ensure balance between mitigation and adaptation and take account of the needs of developing countries, among others;
- **Information on contributors' domestic processes**, including national circumstances and limitations to their ability to estimate future financial support (such as their budgetary processes), methodologies and assumptions used in projections, and past challenges and lessons learned;

- Information on how the finance will support the Paris Agreement's** long-term goals, integrate climate considerations and build lasting capacity in support of sustainable development.

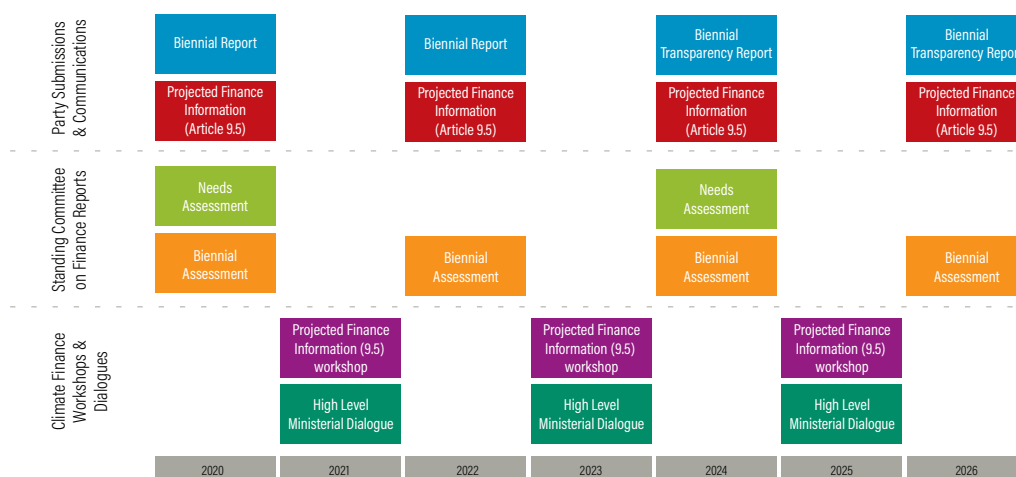
Countries will begin communicating this information in 2020 and every two years thereafter. All communications will be made available online and the UNFCCC will prepare a compilation and synthesis report to inform biennial in-person workshops, and summary reports of these workshops will be prepared. Finally, countries will discuss climate finance at a biennial high-level ministerial dialogue starting in 2021, informed by the workshop summary reports and countries' biennial communications.

The timeline below illustrates how the projected finance information communicated under the Paris Agreement fits into the rest of the climate finance landscape. Specifically, the timeline illustrates the biennial communications from countries, the reports and analyses from the UNFCCC's Standing Committee on Finance, and the events and dialogues through which countries will discuss climate finance.

Remaining Negotiating Mandates

Countries decided to consider updating the types of information to be provided in 2023 based on their experience and lessons learned.

Post-2020 Climate Finance Timeline



Note: Items are represented in the year in which they occur but note that some items may occur at specific times during the year (i.e., at the SB meetings, at the COP, or on 31 December). Due to limitations in the space of the timeline, the graphic is unable to capture these distinctions

Adaptation Communications

To enhance information on climate adaptation, the Paris Agreement asks countries to submit adaptation communications. These may discuss adaptation priorities, support and implementation needs, and plans and actions. The Paris Agreement also notes that countries may submit adaptation communications as part of other documents, such as NDCs, transparency reports or national adaptation plans. Countries did not want to take on additional burdens and wanted to retain flexibility, so the Agreement allows them to choose through which vehicle(s) they submit their communications. In Katowice, countries sought to address two questions: what information should be included in adaptation communications and how adaptation communications should be presented.

Key Rulebook Decisions from COP24

At COP24, countries adopted the necessary guidelines for developing their adaptation communications. countries decided on the specific purposes of adaptation communications, including to serve as an input to the global stocktake, and notes that these communications are to remain country-driven and flexible so as not to pose additional burdens.

Countries decided that adaptation communications should focus on forward-looking information, including:

- A country's national circumstances, institutional arrangements and legal frameworks
- A country's climate impacts, risks and vulnerabilities
- A country's national adaptation priorities, strategies, policies, plans, goals and actions
- Developing country support and implementation needs

Countries can also share additional information as they feel appropriate.

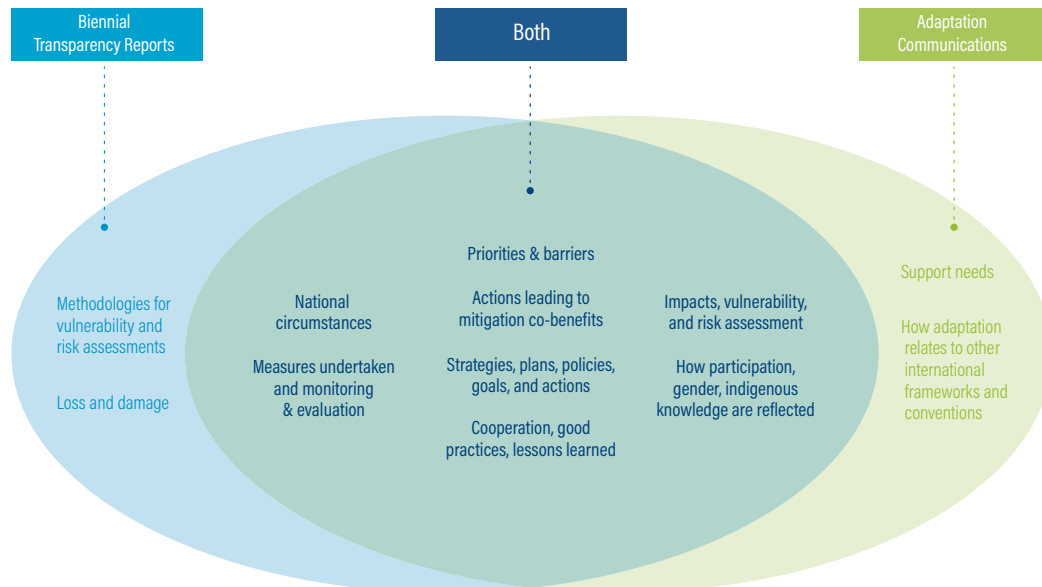
Countries restated the flexibility provided to submit adaptation communications as a part of other documents. For example, countries can submit their adaptation communication as part of an NDC,

a national communication, a national adaptation plan, or another document. The only requirement is that countries must clearly indicate that their submission includes the adaptation communication under the Paris Agreement. Countries also have an opportunity to provide information on adaptation under the enhanced transparency framework. The figure below highlights the similarities and differences between the Rulebook decisions.

Remaining Negotiating Mandates

Countries have concluded their work on adaptation communications but decided to take stock of the guidance in 2025. Countries are also seeking additional advice on how to communicate adaptation information and have asked the Adaptation Committee and the Intergovernmental Panel on Climate Change to provide additional guidance in 2022.

Similarities and Differences Between Adaptation Communications and Transparency Reporting



Cooperative Implementation (Including Carbon Markets)

The Paris Agreement recognizes that some countries will choose to pursue voluntary cooperation in implementing their NDCs.

As part of the Rulebook, countries are negotiating three separate elements related to how countries cooperate:

- The Agreement specifies that countries may engage in the use of Internationally Transferred Mitigation Outcomes (ITMOs) towards NDCs. When doing so, countries must promote sustainable development, ensure environmental integrity and transparency, and apply robust accounting to ensure emissions are not counted twice, known as double counting.
- The Paris Agreement established a mechanism that credits emissions reductions that countries can use towards their NDCs. The mechanism is to deliver overall mitigation of global emissions, and a share of proceeds from this mechanism is to assist vulnerable developing countries.
- Countries may also choose to pursue non-market approaches in implementing their NDCs.

In Katowice, countries did not agree to the guidelines for any of these three elements, including on how to avoid double counting.

Remaining Issues from COP24

There were a number of reasons that countries could not come to agreement on these elements, including disagreements concerning:

- whether emissions reductions considered under the crediting mechanism mentioned above would be subject to the same accounting provisions as ITMOs; this led to a disagreement about whether a host country's emissions would need to be adjusted with the transfer of emissions reductions generated under the crediting mechanism, as many countries argued that double counting would ensue if they were not adjusted.
- whether the use of a share of the proceeds from the crediting mechanism, which would be used to finance assistance for vulnerable countries, would also apply in the case of ITMOs.
- whether the mandate to deliver overall mitigation in global emissions also applies to ITMOs and whether this means that a discount (subtraction in the national emission total) would be applied to the transfer of ITMOs accordingly.
- how and whether countries could transfer emissions reductions that arise from outside of the NDC's covered sectors and gases.
- how and whether emissions units from the market mechanisms used under the

Kyoto Protocol would transition to the Paris Agreement.

Despite these disagreements, considerable progress was made during the negotiations, and versions of the text were streamlined. Decisions on these issues were deferred to COP25 in December 2019.

Related Decisions

In Katowice, countries also agreed to guidelines for the enhanced transparency framework, which among other requirements, specifies that countries are to use structured summaries to report progress and achievement towards the NDCs, taking into account the use of ITMOs.

Enhanced Transparency Framework

The enhanced transparency framework is central to the design, credibility and operation of the Paris Agreement. The development of the transparency portion of the Rulebook did not start from scratch as countries were able to draw on earlier experience under the UNFCCC. Unlike previous UNFCCC arrangements, however, the Paris Agreement set out to build a common set of guidelines for all countries, while providing flexibility for developing countries that need it.

Specifically, the enhanced transparency framework guides countries on reporting their greenhouse gas emissions, progress toward their NDCs, climate change impacts and adaptation, support provided and mobilized, and support needed and received. The enhanced transparency framework also includes processes for technical experts to review reported information and a multilateral peer review where countries can ask questions of one another.

For the Rulebook negotiations, countries had to agree on when the Paris Agreement's enhanced transparency framework would replace the existing transparency arrangements and on the specific provisions, guidelines and processes for reporting and review.

Key Rulebook Decisions from COP24

At COP24, countries adopted the guidelines necessary to operationalize the enhanced transparency framework. They agreed to report under the enhanced transparency framework through documents known as biennial transparency reports, or BTRs, and agreed that the first BTRs will be due by December 31, 2024. Countries will complete their existing transparency reports by December 31, 2022, (for developed countries) and December 31, 2024 (for developing countries).

Many of the specific reporting provisions have been enhanced compared to the previously existing transparency arrangements, particularly for developing countries. The table below illustrates some of the key

differences between the new enhanced transparency framework and previous arrangements under the UNFCCC.

Remaining Negotiating Mandates

Given the scope of the negotiations under the enhanced transparency framework, countries did not have adequate time to reach decisions on all technical aspects of the framework during COP24. Countries left three technical issues for continued discussion, including:

- Common reporting tables and tabular formats
- Outlines of the biennial transparency report, national inventory document, and technical expert review report
- A training program for technical experts participating in the technical expert review

Countries aim to finish these additional negotiations in 2020 and also agreed to review the guidelines for the enhanced transparency framework in 2028.

The Enhanced Transparency Framework's Requirements

Existing UNFCCC Arrangements	Paris Agreement's Enhanced Transparency Framework
Different requirements for developed and developing countries	Countries have a common set of guidelines and process. Flexibility is provided for those developing countries that need it in light of their capacities, but this flexibility is bounded by the specific provisions in the guidelines. Developed countries must report on finance provided and mobilized, while other countries that contribute finance are encouraged to report on this.
Different reporting vehicles—biennial reports for developed countries and biennial update reports for developing countries	All countries will submit a biennial transparency report. The scope of the biennial transparency report is similar to the previous reports but has been expanded to include voluntary information on climate change impacts and adaptation (including loss & damage) and a focus on tracking progress to achieve NDCs.
Different expert and in-person peer-review processes	All countries will participate in the same technical expert review and facilitative, multilateral consideration of progress. The consideration of progress will now have an online component allowing for participation from remote experts.
Not existing process for planning improvements	Countries must prepare an improvement plan on how they intend to improve their reporting over time.

Global Stocktake

As a key element in the Paris Agreement's ambition mechanism, countries will engage in the global stocktake every five years to assess countries' collective progress towards the Agreement's long-term goals. This stocktaking process is aimed at informing the next round of NDCs in order to increase their level of ambition and also offers the opportunity to evaluate the need for enhanced action and support.

Key Rulebook Decisions from COP24

At COP24, countries adopted the modalities for the global stocktake. The global stocktake will be conducted in a series of phases:

- **Phase 1: Information collection and preparation.** The information collection and preparation phase is an opportunity to gather the information necessary to conduct the stocktake, such as NDCs, scientific studies (including from the Intergovernmental Panel on Climate Change), country reports (including transparency reports) and tailored national submissions, and other information. The UNFCCC will prepare multiple synthesis reports to inform the technical assessment.
- **Phase 2: Technical assessment.** This assessment will consist of a series of technical dialogues held over two or three consecutive UN climate conferences. The technical dialogues will be organized to assess collective progress towards the Paris Agreement's purpose and long-term goals, including under Article 2.1(a-c) of the Agreement, focused around three themes: mitigation, adaptation and means of implementation and support. Other cross-cutting themes such as response measures and loss and damage may be taken into account through the three thematic areas. Co-facilitators of the dialogues will produce summary reports for each of the three thematic areas and provide a cross-cutting factual summary.

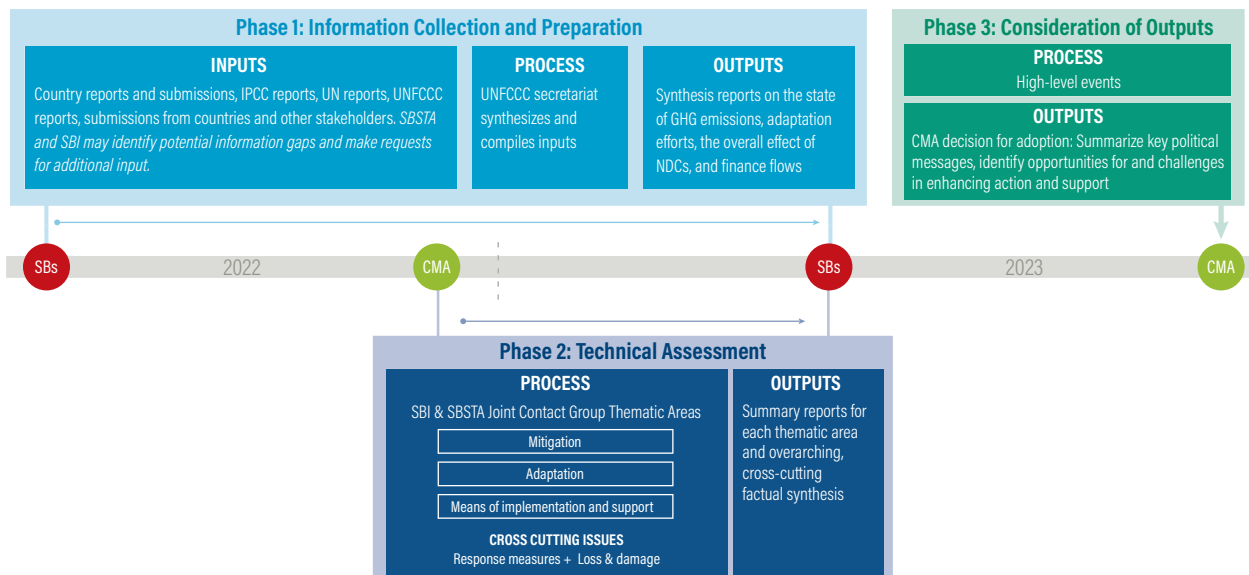
- Phase 3: Consideration of outputs.** The consideration of outputs will take place at the COP in the year of the stocktake itself (i.e., 2023 and every five years thereafter). During this phase, the findings of the technical assessment will be discussed and presented. This phase will summarize key political messages and identify opportunities for enhancing action and support.

The timeline below outlines the process for the global stocktake, using the first global stocktake in 2023 as an example.

Remaining Negotiating Mandates

Countries noted in their decision that they may want to refine the procedural and logistical elements of the global stocktake to reflect lessons learned and experience, but they did not specify a date or a timeline for such a review. Countries also noted the need to reflect on and complement the sources of information for the stocktake.

The Global Stocktake Process



Facilitating Implementation and Promoting Compliance

The Paris Agreement established an expert-based committee “to facilitate implementation of and promote compliance” with the various provisions of the Agreement. Ultimately, the committee can serve to enhance implementation of the Paris Agreement by assisting countries in pursuing their commitments, by considering systemic issues impacting multiple countries, and by addressing countries’ individual failures to fulfill obligations in submitting NDCs or other national reports.

Key Rulebook Decisions from COP24

In negotiations on the Rulebook, countries needed to decide when and how cases will be referred to the committee, what actions the committee can take, and whether the committee can address issues or challenges that face multiple countries.

The adopted Rulebook provides that cases can come to the committee in three different circumstances: if the country requests assistance from the committee, if the country fails to submit a required document under the Paris Agreement, or if the country does not participate in processes established by the Agreement’s transparency system. In the case of documents, the committee will become involved if a country does not communicate or maintain an NDC, submit a biennial transparency report, or submit a biennial communication of projected finance information. The committee may also become engaged, but only if the country agrees, if there are “significant and persistent inconsistencies” with the information countries provide in their transparency reports as compared to the requirements.

The Rulebook also outlines a list of actions the committee may take, including:

- Holding a dialogue with the Party to identify challenges, make recommendations, and share information

- Assisting the country in engaging appropriate finance, technology, and capacity-building support systems to identify challenges and solutions
- Making recommendations for addressing challenges and solutions in engaging finance, technology, and capacity-building support systems
- Recommending development of an action plan and assisting in the development of the plan, if requested
- Issuing findings of fact, regarding the country's referral

The committee may also identify systemic issues faced by a number of countries that affect the implementation

of and compliance with the Paris Agreement. The committee will prepare a report on these issues and may make recommendations, where appropriate.

The figure below summarizes the scope of the Committee's work, including the ways in which the Committee becomes engaged and the actions the Committee may take.

Remaining Negotiating Mandates

Countries completed the guidelines for the expert-based committee, but the Rulebook guidelines left it to the members of the committee to develop "rules of procedure" for the committee. Countries will review the guidelines for the committee in 2024.

The Committee to Facilitate Implementation and Promote Compliance



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Contact the Experts

Nathan Cogswell

Research Analyst
International Climate Action
nathan.cogswell@wri.org

Yamide Dagnet

Senior Associate
International Climate Action
ydagnet@wri.org

Media Contact

RHYS GERHOLDT

Senior Communications Manager
Climate Program
+1 202-341-1323 | rgerholdt@wri.org