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The Paris Climate Agreement on its 5th anniversary: what has it changed?

Blogpost series - 5th anniversary of the Paris Agreement

Authors

Michel Colombier
Scientific director

Sébastien Treyer
Executive Director

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Five years after the success of the UNFCCC's COP21 meeting, where do we stand? Heavily involved in the negotiation of the Paris Climate Agreement (PA) and its key mechanisms, IDDRI proposes here and in 4 related blogposts (on [carbon neutrality](#), the [industrial sector](#), [adaptation](#), and [the legal scope and effects of the Agreement](#) as chosen topics) an assessment framework and first key indications showing the effects of the Paris Climate Agreement (PA). While acknowledging that the political dynamics established with this international cooperation mechanism is still only emerging and fragile, its effects on the real economy, albeit too slow and too small, cannot be denied; a more thorough evaluation of the magnitude of current changes and of bifurcations or path dependencies and inertias is needed though.

Back in early 2016, soon after the euphoria came the first criticisms and difficulties. Will this agreement be “binding” enough to leverage radical change towards climate action? Will the long-term neutrality goal prove robust and effective or facilitate greenwashing and non-committal announces? Is the Paris Agreement still meaningful after the withdrawal of the US? Ironically, global CO2 emissions even started to rise again... In the meantime, countries would meet at COPs to finalise the Agreement’s “Rulebook” and argue upon technicalities that are key to future implementation but certainly not glamorous.

What has actually happened since 2015? Has the PA enabled more ambitious climate action ? Did the PA leave the world unmoved? And what is to be expected from the next meeting, postponed one year in the Covid-19 crisis context?

Carbon neutrality as a game changer

If we look back just a decade ago, we have to acknowledge that much has changed already. First, carbon neutrality has now pervaded the political agenda in all major countries and globally, shifting the understanding of the problem from marginal reduction to profound transformation of all economies. Before Paris, we were still discussing the opportunity for some countries to reduce emissions by a small percentage, without acknowledging that more dramatic changes were needed. By introducing the concept of global neutrality in the political arena, Paris was a game changer. The 1.5°C IPCC report¹ made it clear that there was no option but to cut CO2 emissions (energy, deforestation) down to zero by the second half of the century. Alternative pathways only play with the initial speed of the transition, in exchange for negative emissions and, more importantly, at a cost in terms of global development goals.

This perspective has unlocked a number of sectoral debates and, if not yet properly implemented, adequate changes (urgent phasing-out of fossil fuels, development of Renewable Energy Sources, changes in the agrifood sector) are explicitly named in domestic policy processes all around the world. At the times of the Copenhagen negotiation, studies assuming 100% renewable energy systems in the EU were still considered naïve and irrelevant by professionals. The discussion now is global, and focuses on the practicalities to speed-up the transition. The neutrality discussion has also put on the political agenda the necessary convergence between climate and biodiversity ambitions: numerous statements by countries (see France, Europe and China in 2019) have explicitly mentioned that climate protection could not be obtained at the expenses of biodiversity without endangering global planetary balances, which points in particular for the food and biomass use sectors at an even more radical ambition.

This radical change in the referential is absolutely key: from “reducing” to “transforming”, a number of transitory solutions are not relevant anymore. The financial sector was the first to acknowledge the value of a long-term vision to informing current decisions, and avoiding stranded assets. We are now discovering that, more importantly, it is a key factor for social and political success: in Spain, the honest framing of the negotiation with the trade unions on the phasing-out of coal made it possible to reach an ambitious agreement on economic diversification, development of new skills, etc. Before Paris, we were still muddling through inappropriate options; now, the race to net zero has started, not fast enough however.

Global cooperative action instead of a shared burden

The second, key political step change introduced by the Paris Treaty is that all countries have joined a universal process of engagement and action, after years of unproductive divide upon the issue of participation. On the one hand, it was the number one condition for success: no effective mitigation could be achieved unless most countries are on board, and the fundamental requirement of fairness and equity is that the treaty should be effective in radically

mitigating climate change. Also, the very idea of transition to a new economy changes the meaning of participation, and it is essential that all countries can join this new dynamic. Justice is now considered less along the line of sharing a burden or compensating for opportunity costs, than ensuring that cooperation between countries can help each country to accelerate action. A couple of years before Paris, this looked like an unlikely move. Nowadays, we have even forgotten that this has been an issue, and analysts are discussing non-Annex I,² developing countries action and announcement as if they were a given! Not only have these countries responded to the call for INDCs that made the PA possible, but a number of them have already developed a long-term strategy to guide their policy discussion.

If this was a key condition to build global action into an adequate response to the climate change challenge, it remains fragile: not only because conservative forces would like to re-open the debate, but more importantly because all the promises that came along the idea of universality are still to be confirmed. More adequate integration of adaptation needs into the development process, access to proper public and private finance to support greener investment, better integration of climate and biodiversity consideration into effective Nature-Based Solutions are examples of developments where the PA was a stimulating factor.

Look for instance at how Public Development Banks used to integrate climate into their portfolio. After Rio, the concept of additionality initially introduced to channel new money in addition to the core aid finance was applied at project level in the form of a “bonus” to traditional finance. Mainstreaming was a buzzword, but conditionality a clear redline and climate finance was accessible through specific vehicles. Now, on top of specific climate action instruments like the Green Climate Fund, the same institutions claim that they will “align” their whole portfolio with the Paris objectives, and the only relevant discussion is whether their criteria are adequate, and the shift rapid enough. The same can be observed with the private finance sector, which has developed climate instruments since the early 2000’s, but the focus was initially to intervene on the carbon markets and namely facilitate the production and trade of carbon reduction units. Be it in the framework of regulated Trading Schemes such as the European one, or for the purpose of private ESR reporting, firms could claim responsibility while offsetting their emissions. If carbon markets may still be contributive to facilitate the transition to net-zero, the focus now has changed: at firm level, new ESR protocols distinguish between the actual efforts to bring down emissions and the possible, additional contribution to offsetting mechanisms (emissions reductions or sinks). Investment banks are also developing reporting instruments to drive their portfolios towards neutrality: initially focused on divestment (thus, still, on a self-centred risk mitigation approach), they are now more proactive in channelling finance towards the ecological transition.

From the quest of a binding agreement to multiple mechanisms for effectiveness

Third major change, our understanding of how the rules of such an agreement can lead to effective implementation has progressively shifted. The movement described above tells us that the political signal sent by the ratification of the Paris treaty has remained strong, despite the US withdrawal announcement in 2017. It also confirms that Paris negotiators were right in assuming that effective implementation could not rely on formal compliance mechanisms, extremely weak in global environment governance in general and impossible to negotiate with powers who already expressed back in 2015 that their sovereignty could not be infringed upon, but that the only lever for effective implementation should be based on a much wider, informal contract with all stakeholders.

Pre-Paris negotiations were characterised by a much wider and active mobilisation of non-state actors (private sector, local authorities, civil society) than ever, with a double message: first, these actors are implementing climate action everyday, and they have lessons to report, and requests to formulate, that States need to consider; second, the climate governance is more than just top-down implementation through treaties, laws and regulations, but

depend on the way the different players will adapt their strategies to the global movements, according to their political judgement. The same is true with local governments and municipalities. They are often more proactive on the environmental agenda, more sensitive maybe to the general public demand for action, than national governments. But they may be also directly concerned with social and economic challenges attached to the transition. In any case, climate is high on the agenda of an important proportion of these subnational public players (see for instance America's pledge showing US players capacity to trigger ambitious climate action irrespective of federal action³] and interesting developments, bridging technology and social innovation, shed a new light on the transition, its feasibility and attractiveness. The local debates, in turn, can be moved by global, political dynamics and a number of decisions (building renovation, new transport infrastructure) were reportedly taken or at least facilitated because they were "aligned" with a sense of history and responsibility, and not just administrative requirement. If the C40⁴ is globally vocal, a number of regional, international networks of local governments now testify that this dynamic is real.

We have also witnessed an increase in litigation processes. The legal effects of the Paris Agreement still need to be assessed and linked to political dynamics, without pursuing the mirage of a multilateral institution compelling national governments to change their own political arbitrage. Its effects on national political and legal contexts will come through diversified channels, from direct legal action by civil society organisation suing their own government, to more indirect effects on the overall legal framework on which, as an example, the French Citizens' Convention on climate⁵ has grounded its ambitious climate action programme.

Insufficient outcomes and greater risks

However, all this remains insufficient. Climate change is now visible and impactful, but in all honesty we are suffering now the consequences of past inaction. Arguably, emissions are not yet under control. Total global emissions are a poor indicator though, fluctuating up and down with economic crisis and recovery, cold winters and dry years. Looking more specifically at a sectoral level (like industry), we see that technology developments are numerous and promising, prices dropping down steadily, and that meaningful initiatives are developing on all continents, from state law to local action, from public regulation to private endeavours. The energy transition has started already in the power sector, and the movement is global if not adequate yet; but it is barely happening in the other sectors, and namely in agriculture, and in mobility where the rise of demand still offsets technological improvements. Once again, this does not invalidate the fact that the governance changes identified above are real and necessary, nor deny the local emergence of projects and initiatives aligned with the PA objectives; but it confirms that, at least, the changes in the real economy remain too slow, too marginal to deliver the expected outcome.

And COVID-19 recovery plans that are not aligned with the PA risk leading us in the wrong direction. The IPCC has been clear that existing NDCs, prepared more than five years ago, are insufficiently ambitious to place us on the road to the "well below 2°C" goal. For the moment, only 16 countries have submitted an updated NDC, and only 19 LT-LEDS have been received so far, but many more are set to come on December 12, 2020. On the reality of recovery plans, current numbers so far are concerning: 30% of the 12.7 USD trillion committed as of October 2020 are in sectors that directly impact the environment (agriculture, industry, energy, waste, transport), with the verdict still up on the final impact.⁶ In the funds pledged by the G20 as of September, 207 USD billion are going to fossil fuels (of which only 13% with some environmental conditions attached), while only 137 USD billion for clean energy.⁷

Levers for more effective implementation of the Paris Agreement's principles and objectives

We have on the one hand a powerful referential, with an impactful narrative, and strong political credit. It is significant that the new elected US president made its first announcement on the international arena on the climate issue, and that the new US Administration makes the judgment that rejoining the PA is necessary and urgent. We have on the other hand a profusion of willingness and good news, public or private decision-makers convinced by this global narrative, despite the very profound socio-economic Covid-19-related crisis that we are facing. But we have at the same time conflicting interests, outdated laws and economic regulations, expensive but inadequate assets, endangered jobs and regional economies.

In this situation, national States are clearly needed to facilitate the transition. Local authorities can support greener mobility, but it is the central banks that buy the debt from the car market (hence supporting the credit for cars irrespective of their environmental impact) because it is a “good” debt: the same could be achieved with other sectors (infrastructures, building renovation), but public initiative is often needed to make it happen. Similarly, power market design need to be adapted in order to incentivise new, radically different nature of suppliers while ensuring the security of supply; construction laws need to consider new materials, etc. Existing rules, regulations and norms tend to be conservative, and what is precisely expected from State intervention is that risk should be mitigated by innovative, PA-aligned private action while conservative choices should bear the risk of their discrepancy with the global political will. States also play a key role in building long-term assets, material (infrastructure choices) or immaterial (education). They are needed also when social transitions need to be moderated, to protect the weakest and ensure proper redistribution and guarantees.

But States somehow represent the weak link of the current architecture. Collectively, they have played a great role in preparing and communicating their iNDCs weeks before the 2015 Paris meeting, sending the signal of their political willingness to reach an agreement based on real, effective action. Gap assessments showed at the time that the sum of their contributions was significantly divergent from business-as-usual, though clearly insufficient to deliver the “well below 2°C” objective. This, at the time, was normal: they had prepared these iNDCs in a different context, and prior to any global agreement. Six years later, with a global political framework, new instruments and new technologies, it is obvious that these contributions need to be reconsidered, and the gap narrowed. This is precisely the logic and the intention of the PA they have ratified: once every five years, meet again, take stock of progress, new scientific information, unexpected difficulties, and update the strategy. Individually, some have already started to move and make announcements, but more announcements with more ambition would be needed to bridge the gap. National policies obviously suffer from this lack of ambition, and the translation of the PA objectives into domestic policies and local narratives remains inadequate. This excessive caution could progressively endanger the credibility of the PA itself, if no new dynamic emerges among global actors. Important signals have finally come at the end of 2020: the revision of the EU objective, the Chinese commitment to carbon neutrality, and now the US comeback. This should now play a catalytic role in mobilising all the actors that have made the PA possible into turning again to the Parties and demanding ambition.

Quoting John Kerry,⁸ in a way: if Parties have brought what they intended to do in Paris, it is time now for them to bring what they need to deliver to the Glasgow table.

¹ <https://www.ipcc.ch/sr15/>

² <https://unfccc.int/process/parties-non-party-stakeholders/parties-convention-and-observer-states>

³ <https://www.americaspledgeonclimate.com/>

⁴ <https://www.c40.org/>

⁵ <https://www.conventioncitoyennepourleclimat.fr/en/>

⁶ Greenness of Stimulus Index, Vivid Economics, October 2020.

⁷ <https://www.wri.org/blog/2020/09/coronavirus-green-economic-recovery>

⁸ Paris Peace Forum, November 12, 2020: Webinar session on the Paris Climate Agreement.

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