Climate Diplomacy at COP 27

Whether shines are overshadowed by corporate interest!

29 December 2022

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Organized by

Background and Milestones

UNFCCC 1992/1994

CARBON reduction;
Ultimate Objective

Common but Differentiated Responsibilities and Respective Capabilities (CBDR and RC)

Historical Liability (Annex I, Non-Annex Countries)

COP 1 1995

Kyoto Protocol 1997

Legally binding for the Annex I countries Economy-wide emission reduction of (5.2% from 1990's level during 2008-2012)

Introducing Market Mechanism as the choice of the Annex I countries

COP 21 2015

Paris Agreement 2015

Top-down political goal of limiting global warming to below 2 to ≥1.5 degree C

Nationally Determined contributions (NDCs) of emission reduction for achieving the goal

COP 26 2020-21

Glasgow Climate Pact, 2021

Agreed-upon implementation modalities of Paris Agreement (Paris Rule-book).

Kept 1.5 degree temp goal alive, BUT NDCs are not coherent to the Goal

Many deals outside of the UNFCCC process

Key Milestones
COP 26 to COP 27

COP 26 → COP 27

Glasgow Climate Pact

- A firm basis for delivering on the Paris Agreement;
  - Detailed reporting on NDC and other support
  - Robust rules for international carbon markets
  - Clear 5-year NDC ambition cycle
- Increased finance pledges, but low trust on fulfilling 100 b, especially on L&D fund
- Increased long term ambition, focus on 1.5°C target
- Unprecedented language on fossil fuels

Key Issues/ Agenda of COP 27

UNFCCC Schedule:

- Progress of Global Goal on Adaptation (GGA); to be finalized
- L&D with a Funding Solution
- Finance:
  - Funds to the existing channels e.g. GCF, AF, LDC Fund, SCCF etc.
  - Fulfilling 100 b Commitments; 50:50 allocation in adaptation & mitigation
  - New Collective Quantified Goal (NCQG) on Finance (to be finalized by 2024)

Key Issues/ Agenda of COP 27

COP 27

COP Presidency Targets

- Delivering a Comprehensive Mitigation Work Programme with an increased NDC targets coherent to 1.5. degree temp rise goal
- Addressing climate change through collective, complementary and collaborative actions and support e.g. Methene Pledge, Forest Coverage, (Ref Glasgow Deal)
- Ensuring a just transition global while fostering development paradigm towards a low emission and climate resilient development

National and Corporate Interest

Lending in Crisis:

- De-risking of private sector investment
- Exchanging Debt to Climate Finance (e.g. Debt Swap)

Country-specific big lending

- e.g. in South Africa, Egypt

Fossil-fuel market expansion

- Saudi Arabia, China, Russia

Energy Transition:

- Rush for green hydrogen patronized by RePowerEU plan to delink from Russian fossil fuels.

KEY ISSUE

Global Stocktake (GST)

CONTEXT

Paris Agreement (Art 14) established Global StockTake" to assess progress towards achieving PA's objectives in terms of mitigation, adaptation, and finance.

Started at COP26, organized first Technical Dialogue in June 2022 and will conclude in 2023/COP 28

Task include, collecting and preparing information, technical assessment, and presentation of key findings

DEBATE

- **Linkages between GST and New Collective Quantified Goal (NCQG)**
- **Types and Sources of Information; Broad or Narrow/ Glasgow Climate Pact refers a non-exhaustive list on Types and Sources of Information**
- **Backward and Forward looking nature of GST**

DECISION: NOT Conclusive

***D*eferred to the UN Climate Summit prior to COP 28 to build momentum**

MISSING ISSUES

- **Whether GST would consider hard limits of adaptation and L&D scenario**
- **Whether GST would review climate action under human rights, gender equality, and a just transition**

KEY ISSUE

Ratchet UP NDCs

CONTEXT

Full implementation NDC announced prior to Glasgow COP would increase global average by 2. 4-degree Celsius; 0.9 degrees above the 1.5-degree goal

Established a 'Work Programme (MWP) to urgently scale up mitigation ambition and implementation

DEBATE

- NDC Update; More frequently as per requirement or in every 5 years

DECISION : Frustrating;

- Non-prescriptive, non-punitive, facilitative, respectful of national sovereignty and national circumstances".
- Not result in new targets or goals
- End date 2026

SERBACK

- We strongly argued for a new set of ambitious NDCs coherent to the 1.5-degree Celsius, and a clear road-map of NDCs implementation. *No clear decision on NDC UPDATE*
- We demanded updating NDCs as and when required; to comply with the mitigation requirements.

KEY ISSUE

Art 6, Carbon Market

CONTEXT

Full implementation NDC announced prior to Glasgow COP would increase global average by 2. 4-degree Celsius; 0.9 degrees above the 1.5-degree goal

Established a 'Work Programme (MWP) to urgently scale up mitigation ambition and implementation

DEBATE

- Use of registries for emission reduction under Non- Market Approaches (Art 6.8) and linkages between the registries
- Timing of authorization of ITMOs (under 6.2 and 6.4/Cooperative Approaches and Mechanism)
- Change of the "purpose"/use of ITMOs (flexible or fixed once)
- Concrete approaches for methodologies and removals under Art 6.4 (e.g. Market Mechanism)

DECISION : *Procedural;*

- A new option on mitigation contribution 'A6.4ERs', restricted to domestic NDCs
- Reporting outlines and Reviewing guidelines for Art. 6.2

SERBACK

- No strong directives for safeguarding human rights, including rights of the indigenous people

KEY ISSUE

Global Goal on Adaptation and Adaptation Finance

CONTEXT

COP 26 launched 'Glasgow-Sharm el Sheikh Work Programme (GlaSS) 2022-2024, to progress GGA

Promised doubling of adaptation finance from 2019 levels by 2025

Standing Committee on Finance to prepare a report in 2022 on progress towards achieving the USD100 billion target

DEBATE

- Timeline of developing Framework on the delivery of global adaptation goal
- Metrics to be used in measuring/tracking progress
- Predicable finances/Sources for implementing adaptation actions

DECISION : Procedural;

- Framework on GGA implementation by COP28
- Applying science-based indicators, metrics and target in measuring and tracking progress

SERBACK

- Technical progress report by the Standing Committee on Finance rather than a concrete action plan or roadmap on doubling adaptation finance; and fulfill cumulative delivery gap of 600 billion USD (e.g. annually 100 billion by 2020).

KEY ISSUE

A New Collective Quantified Goal on Finance (NCQG)

CONTEXT

Paris Agreement (Art 14) requires countries to determine NCQG that is scheduled to set by 2024.

Started at COP26, organized; Task include, collecting and preparing information, technical assessment, and presentation of key findings

DEBATE

- **What would be the collective quantity of the finances**
- **Who, and who else would contribute; developed countries demanded contributions from the advanced developing/ currently high emitting countries like China, Saudi Arabia**
-

DECISION : *Procedural;*

EMERGED ISSUE

- **Sharm el-Sheikh dialogue between parties and stakeholders in 2023 on Article 2.1c' of the Paris Agreement which calls for shifting all finance flows towards low greenhouse gas emissions and climate-resilient development.**

KEY ISSUE

Loss and Damages: Agenda and Finance

CONTEXT

L&D is under Article 8 of the Paris Agreement; No funds for addressing L&D

Two-year 'Glasgow Dialogue' to discuss L&D finances

Operationalizing Santiago Network on L&D

Several governments directly earmarked resources for L&D (Denmark 15 million $, Scotland: GBP 2 million, Wallonia: EUR 1 million)

DEBATE

- Who should pay? Only the historical polluters, or also the emerging economies?
- Who should be eligible as recipient?
- Should this towards ex-ante measures (e.g. DRR, Insurance, adaptation) OR, also the ex-post measures (e.g. paying incurred L&Ds, restoration and rehabilitation etc.)

DECISION : Welcoming with *Complex and Tricky Text*;

- Establishment of Funding Arrangements under both Paris Agreement and UNFCCC, for vulnerable countries
- Establishment of a Transitional Committee to provide recommendation on funding arrangements at COP28
- Expanding sources of funding to new countries and innovative sources, such as global bunker fuel taxes

TEXT in the Paris Agreement	Measures of Addressing L&Ds	COP 27 Decision Text of the Funding Arrangements
TEXT in the Paris Agreement Recognize the importance of averting, minimizing and addressing loss and damage associated with the adverse effects of climate change,	**AVERT L&Ds** Links to Mitigation; 1.5 degree Goal **MINIMIZE** Linked to Adaptation and DRR **ADDRESS L&Ds;** Residual impacts; Pay-off, Compensation, Safety Nets etc	**RESPONDING** to loss and damage, including a focus on **ADDRESSING** loss and damage** **TRICKY PART** Responding refers Averting, includes financing mitigation for achieving 1.5 degrees goal, and Minimizing, include Insurance, DRR etc. Also counted sources, funds, processes and initiatives outside the Convention and PA; which includes G7 and the V20 launched Global Shield against Climate Risks, Bilateral Country Commitment and UN Secretary-General's USD 3.1 billion plan to ensure early warning systems everyone within the next five years.

KEY ISSUE
COVER DECISION

COP 26

- Phase-down of coal
- How to keep the 1.5 °C target alive

DEBATE

- Phase-out of COAL
- Phase-down of all fossil fuels

DECISION : Stepping Back

- Countries stepped back from the Glasgow's call to phase down coal at COP26; but kept 1.5°C reference alive
- Failed to create a momentum to phase out all fossil fuels.
- Increased space for gas and LNG in the name of using "low emissions" energy alongside renewables

WHAT played behind

- Paradoxical position of EU: Gas deal with Egypt and Namibia
- Win of energy colonialists e.g. Saudi Arabia, Russia and China
- Undue influence of Fossil Fuel Lobbyist

RISK FREE
Corporate/MDBs
Investment in Energy Tristian

COCERN/De-Risking the private investors

- **Fiscal de-risking (including equity stake for the state; protection against currency, demand, or political risk; price guarantee for surplus renewable energy),**
- **Monetary de-risking (e.g. green bonds issued by project, preferential loans or exchange rates)**
- **Regulatory de-risking; e.g. preferential regulatory support for green hydrogen producers, green hydrogen input requirements, removal of subsidies etc.**

EXAMPLE:

- **Network for Greening the Financial System (NGFS), to provide blended Finance to attract a broader range of private investors in conjunction with MDBs**
- **Liquidity & Sustainability Facility (LSF), to reduce cost of green borrowing for African countries**
- **Just Energy Transition Partnerships for South Africa and Indonesia by the International Partner Group (US, EU, UK, France, Germany, Norway)**

What's Next…


Pre COP 28
2023
New York Climate Week
COP 28
2023
GST COP in Dubai UAE
COP 29
2024
Finance COP in
COP 30
2025
Ambition COP in Brazil
Building Momentum on GST
Reporting of the Transitional Committee on L&D Funding Arrangements
Reporting on the New Collective Quantified Goal on Finance (NCQG)

THANK YOU……


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