

Digesting COP27: embarking on loss & damage funding, kicking the other cans down the road

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COP27 outcome summary
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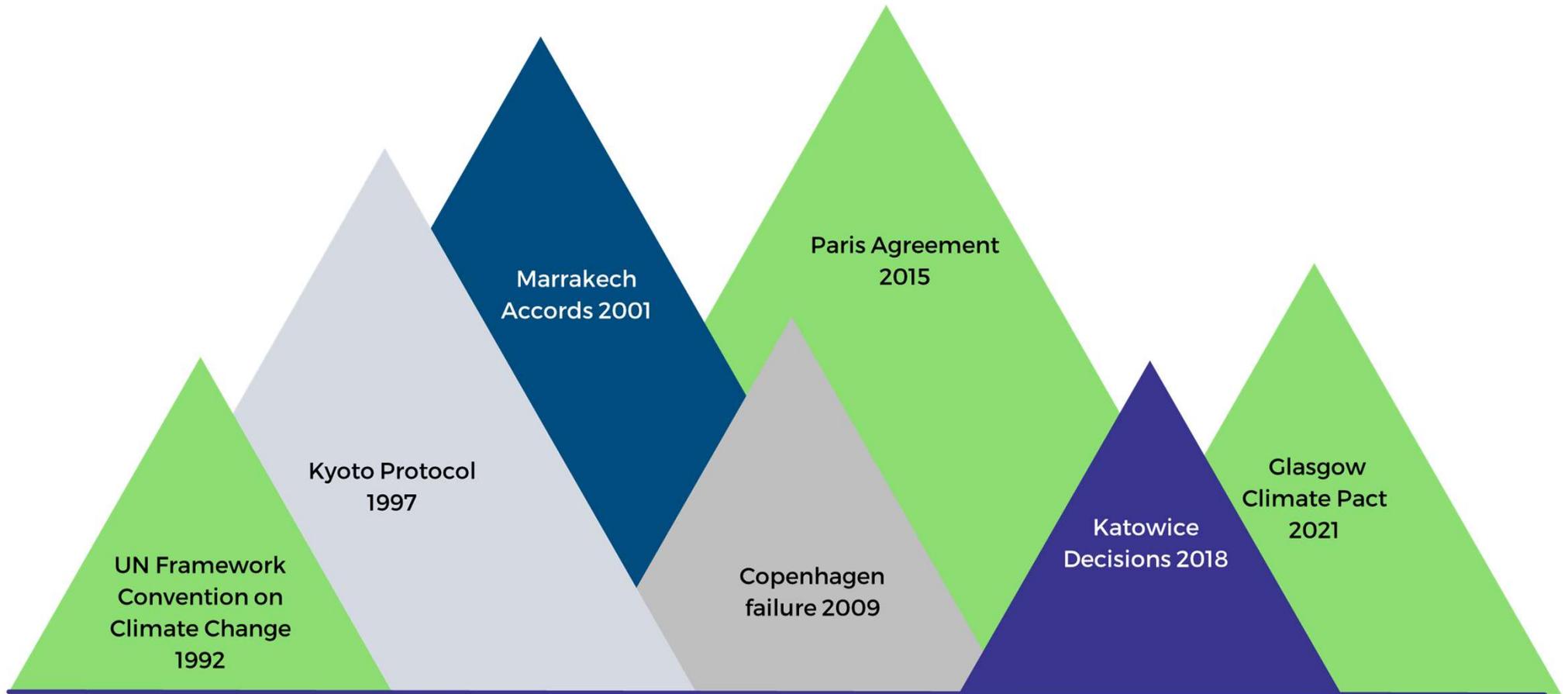
COP27
SHARM EL-SHEIKH
EGYPT 2022

Agenda

- Key tasks of COP27
- Aims and strategy of Egyptian presidency
- COP in times of multiple crises
- Side deals
- Catastrophic logistics
- Loss & damage
- Article 6
- Climate finance
- Adaptation
- The cover decision
- Outlook towards COP 28 and beyond



Key international climate policy milestones



Key messages from COP26 in Glasgow

- A firm basis for delivering on the Paris Agreement



- Detailed reporting requirements for all and related support
- Robust rules for international carbon markets
- Clear 5-year NDC ambition cycle, more urgency



- Increased climate finance pledges, but low trust in developed countries keeping promises (100 billion), especially given unwillingness to commit on loss and damage



- Increased long term ambition, focus on 1.5°C target



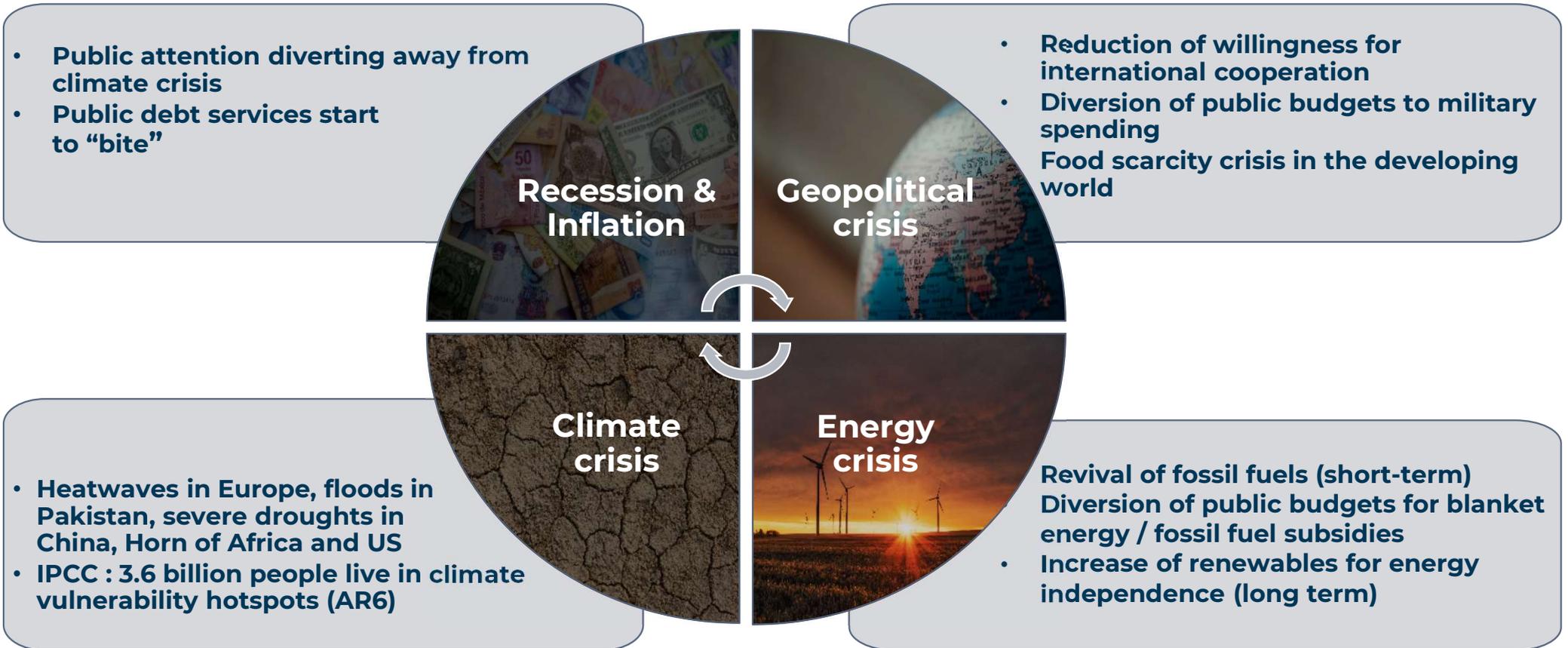
- Unprecedented language on fossil fuels



- The short-term emissions gap remains but will get smaller



COP27 in time of multiple crises



Key issues on the agenda of COP27 (1/2)

- **UNFCCC schedule**

- Meaningful progress on the **Global Goal for Adaptation (GGA)**
- **Loss & damage**, through a **balanced funding solution**
- **Finance**
- **Full operationalization** of the **Article 6 rulebook**



- **Presidency targets besides the UNFCCC ones**

- Delivering a comprehensive and ambitious Mitigation Work Programme through an **increase in NDC ambition**
- Tackling climate change through collective, complementary and collaborative **action**
- Ensuring a **managed and just transition** to deliver the agreed transition to an economic model based in low emission and climate resilient development



- **Overextension** of Presidency throughout COP!

Key issues for COP27 in Egypt (2/2)

- Halfway mark of the two-year Glasgow–Sharm el-Sheikh work programme on the **Global Goal for Adaptation**
 - contested issue of **adaptation metrics** (link to Art.6.8!)
- Ad Hoc Work Programme on the **New Collective Quantified Goal (NCQG) on Climate Finance** scheduled to be finalized in 2024
- **Improve access to climate finance** to all developing countries
 - **de-risking tools** to attract private sector investors
 - **debt-for-climate swaps**
- Long list of **projects in Egypt and Africa** that seek financing



Flawed preparations by the Egyptians

Lack of engagement with Parties

- **Limited ministerial meetings** without transparent communication
- Hosting pre-COP in **RD Congo (Kinshasa)** put many government representatives off

Unclear political priorities

- COP27 was labelled the **African COP** with loss and damage, adaptation, and finance as priorities
- At the same time, Egypt put COP forward as **implementation COP** and wanted to “advance partnership and collaboration”,

Profit maximization

- The government’s **fixing of minimum hotel price thresholds** (>3 times above normal rates) angered many NGO observers and delegations from African countries / LDCs/SIDS

Spirit of the negotiations

- **Tense situation** already at the outset
- **Perfect weather** throughout COP, but:
 - Logistics on the ground were difficult, with **long distances** between the venue and accommodations as well as within the venue
 - **Dangerous site**, with exorbitant food and drink prices, lack of sanitary facilities, noise interference, ice cold and burning hot rooms. Corrections came late and were partial
 - But: Sofas and side event room seating were nice!
- Presidency was **focused on one person**, with small team (12 people) unable to cover all streams
- **Unsustainability** of host city was major drawback
- **Slow development of new texts**, no deadlines
- Unclear situation in last two days, no communication



The elephants in the room



Finance

Loss &
Damage

Mitigation
work
programme

Adaptation

Key issue 1: Global Stocktake

COP26:

- Non-exhaustive lists on **types** and **sources** of information should feed into the global stocktake
- **Non-party stakeholders**, particularly from developing countries, should be asked to provide input to the GST; support needs to be provided to enable their participation

Key bones of contention:

- Backward or forward looking nature of stocktake?
- Linkage between stocktake of needs and new finance goal
- Sources of information: broad or narrow?

COP27 outcome:

- UN Climate Summit during New York climate week to generate momentum prior to COP28



Key issue 2: Addressing Loss & Damage (L&D)

COP26 and afterwards:

- Two-year 'Glasgow Dialogue' to discuss arrangements for funding of L&D activities;
- Santiago Network on L&D to be operationalized
- Governments directly earmarked resources for L&D (Denmark 15 million \$, Scotland: GBP 2 million, Wallonia: EUR 1 million)

Key bones of contention:

- Who should pay? Only developed countries as per UNFCCC or also emerging economies?
- Who should be eligible as recipient?
- Should payment be done ex-ante (insurance) or ex post(coverage of damages)?

COP27 outcome:

- Establishment of a fund, under both Paris Agreement and UNFCCC, for vulnerable countries
- Transition committee to give recommendation on funding arrangements at COP28
- Expanding sources of funding to new countries and innovative sources, such as global bunker fuel taxes

Key issue 3: Global Goal for Adaptation

COP26:

- developing countries called on developed countries to at least double their collective provision of adaptation finance from 2019 levels by 2025;
- Parties agreed to establish the 'Glasgow-Sharm-el-Sheikh work programme on the global goal on adaptation (GlaSS)'

Key bones of contention:

- Framework: when, at what point of time
- Metrics to be used?
- Funding available?

COP27 outcome:

- Framework to be developed until COP28
 - guide delivery of the goal and track progress.
 - Apply science-based indicators, metrics and targets



Key issue 4: New climate finance goal

COP26:

- Deadline 2024
- Determining needs-based targets to mobilize investments at scale and transfer resources from developed to developing countries

Key bones of contention:

- Finance volume (“quantum”)
- “Contributing countries” beyond industrialized countries

COP27 outcome:

- Purely procedural decision



Key issue 5: Mitigation work programme

COP26:

- Spotlight on mitigation ambitions: (1) 2020 was supposed to be the year when **new and updated NDCs were to be provided**; (2) in light of the findings of the **Sixth Assessment Report of the IPCC**
- **'Glasgow Climate Pact'**, COP strengthened the framework for mitigation.
- The CMA established a **'work programme to urgently scale up ambition and mitigation'** up to 2030 and asked the subsidiary bodies to propose a decision on the work programme until its next session:
 - This work programme is to **complement the global stocktake**
 - The CMA also called on Parties to revise their NDCs and **strengthen their 2030 targets by the end of 2022**
 - It also called for Parties to present or **update their long-term low greenhouse gas emission development strategies**
- **Various new initiatives** (e.g., Glasgow Leaders' Declaration on Forest and Land Use, Global Methane Pledge, COP26 Declaration on Accelerating the Transition to 100% Zero Emission Cars and Vans, Just Energy Transition Partnership with South Africa, Global Coal to Clean Power Transition Statement)

Key bones of contention:

- **NDC update more frequently than every 5 years?**

COP27 outcome:

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

Key issue 6: Article 6 – carbon markets

COP26:

- Decisions on guidance and rules for all three components
- Relatively stringent principle and criteria while lenient transition from the CDM

Key bones of contention:

- Use voluntary market registries as well as linkages between registries in general
- Timing of authorization of ITMOs as well as the change of the “purpose”/use of ITMOs (flexible or fixed once)
- Concrete approaches for methodologies and removals under Art. 6.4

COP27 outcome:

- “Mitigation contribution A6.4ERs as new term, use restricted to domestic NDCs
- Initial report outlines agreed
- Review guidelines for Art. 6.2 agreed



Cover decision

COP26:

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

Key bones of contention:

- Phase-down of all fossil fuels

COP27 outcome:

- Renewables
- “low-emission” energy
- 1.5°C reference



Overall assessment of COP27

- Except for the L&D fund establishment decision, no historic decision was taken
- The COP did not become an African COP, as the topics of adaptation and special circumstances of Africa were not addressed properly
- The Egyptian presidency's wish to treat many topics as priority actually led to an inability to achieve progress in many agenda items
 - Focus on cover decision led to loss of negotiation attention for specific streams
- The COP will be remembered as logistical challenge and the worst case of host country profiteering in the history of COPs to date
- Regarding carbon markets the bare minimum necessary to enable Art. 6.2 operationalization has been achieved
- COP28 has a full table of deferred items to deal with

Topics and hosts of next COPs



Thank you!

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