

COP 27 Highlights: Tuesday, 8 November 2022

The busy third day of the Sharm El-Sheikh Climate Change Conference saw delegates dashing from room to room, trying to keep up with back-to-back negotiating sessions on a variety of topics, from finance to adaptation and loss and damage. In parallel, world leaders issued calls for increased climate action in the High-Level Segment, with some even joining in on the negotiations on funding arrangements for loss and damage.

High-Level Segment

Throughout the day, Heads of State and Government shared statements, urging a spirit of cooperation in working together to redirect the world to a climate- and Earth-friendly path.

Gaston Browne, Prime Minister of Antigua and Barbuda, for the Alliance of Small Island States (AOSIS), said fossil fuel companies must pay a global carbon tax to fund loss and damage, and COP 27 must unequivocally establish a loss and damage fund to be operationalized by 2024.

Macky Sall, President of Senegal, called for an ambitious decision on finance, saying Africa's vital interests cannot be ignored. Nonetheless, he said, Africa has a key role to play in achieving low-carbon development resilient to climate change.

Estonian President Alar Karis urged parties to think globally, noting the largest gains for climate can be achieved by supporting efforts beyond national borders, such as initiatives in the Arctic and the Global South.

Polish President Andrzej Duda warned: outsourcing production of goods does not remove responsibility for the related emissions; and the Russian war has generated unnecessary emissions greater than those that some developing countries emit in a year, underscoring the need to become independent from Russian fossil fuels.

Ranil Wickremesinghe, President of Sri Lanka, stressed lack of capacity as the biggest constraint to successful climate action.

Matamela Cyril Ramaphosa, President of South Africa, underscored that the fact that developed countries are not honoring their commitments breaks trust in the process.

Azali Assoumani, President of Comoros, highlighted Comoros' immense renewable energy potential and called for developed countries to make significant progress on delivering the USD 100 billion annual commitment.

Bulgarian President Rumen Georgiev Radev stressed that climate change is a global threat and can only be addressed with global responses.

Mohamed Menfi, President of Libya, spoke about the adverse consequences of climate change in agriculture-based developing countries.

Lazarus McCarthy Chakwera, President of Malawi, shared his initial hesitation to attend COP 27, seeing the lack of progress in the middle of several global crises, but said his faith in countries' willingness to fight for humanity had prevailed.

Alexander van der Bellen, President of Austria, underscored his country will assume its responsibility by significantly increasing its budget for international climate finance. He noted that from 2023-2026, the Austrian Ministry for Climate Action will allocate an additional EUR 220 million to international climate finance.

Nicolás Maduro Moros, President of the Bolivarian Republic of Venezuela, said the capitalists of the world have contaminated the planet for over 200 years, indiscriminately exploiting the resources of the planet for a few. Recalling Hugo Chavez's words, he asked to "change the system, not the climate."

COP

Long-term climate finance: The contact group was co-chaired by Carlos Fuller (Belize) and Gertraud Wollansky (Austria), who invited views on expectations for the agenda item and elements for the decision text.

Ecuador, for the G-77/CHINA, underlined that the group's mandate is to identify lessons learned from the USD 100 billion goal, and noted that the Biennial Transparency Reports (BTRs) should be the main source of information for assessing achievement of the goal. He highlighted the Standing Committee on Finance (SCF) report on progress towards achieving the goal.

SWITZERLAND reiterated her understanding that the main reason for not concluding this agenda item at COP 26 was to continue to track progress in achieving the USD 100 billion goal. She urged considering all key findings of the SCF report. Saudi Arabia, for the LIKE-MINDED GROUP OF DEVELOPING COUNTRIES (LMDCs), called for more work on defining climate finance, noting the SCF report unduly emphasizes certain definitions that favor a small group of parties.

Maldives, for AOSIS, called for: a decision in which developed countries commit to an upward trajectory toward achieving their finance commitment; an implementation plan; and clarity on the definition of climate financing, noting that non-concessional loans are not climate finance.

Costa Rica, for the INDEPENDENT ALLIANCE OF LATIN AMERICA AND THE CARIBBEAN (AILAC), said the COP decision should identify the need to: scale up public finance; and

provide additional grants-based public finance for adaptation, and for loss and damage.

The UK expressed disappointment that the USD 100 billion goal was not met and acknowledged parties' frustration. He reiterated his government's commitment to triple adaptation funding to GBP 1.5 billion by 2025, and the target of spending GBP 11.6 billion on international climate finance.

The Gambia, for the LEAST DEVELOPED COUNTRIES (LDCs), called for a roadmap for delivering on the USD 100 billion goal, and for equal consideration of mitigation and adaptation. He underlined the need for a single, operational definition of climate finance.

COP/CMA

Matters relating to funding arrangements responding to loss and damage associated with the adverse effects of climate change, including a focus on addressing loss and damage: Co-Facilitators Julio Cordano (Chile) and Ursula Fuentes (Germany) invited parties to identify their desired final outcome from COP 27 on this agenda item.

A Head of Government, supported by several parties, called for a new funding pathway to help accelerate the transition to renewable energy and climate resilience, in the form of a "fit-for-purpose" multilateral loss and damage response fund. He said the fund should be designated as an operating entity of the Financial Mechanism and become operational by 2024.

One developing country called for recognition of the finance gap and for new resources for developing countries to address loss and damage, highlighting that this is an issue of survival. Another called for a way to address slow onset non-economic loss and damage, such as loss of cultural heritage.

One party called for "form before function" and said the institutional arrangements must be under the COP, not the CMA or jointly under both, and should be open to all developing countries. Another party said the fund should operate *ex-post*, focus on rebuilding and should be accessible immediately, within 24-48 hours of a climate event.

CMA

New collective quantified goal on climate finance: Contact group Co-Chairs Georg Børsting (Norway) and Zaheer Fakir (South Africa) invited parties' views, including on: substantive elements of work completed in 2022 for capturing in a draft decision; and guidance for the *ad hoc* work programme on the new collective quantified goal (NCQG) in 2023.

On work to be captured, Ecuador, for the G-77/CHINA, with other developing country groups, described technical expert dialogues (TEDs) in 2022 as repetitive of long-standing issues and not useful for advancing the mandate at hand. He called for a more structured work programme and a decision text structured around elements that would form an eventual decision in 2024, cautioning against "a last-minute political outcome" from this session.

On guidance, many developing countries called for a clear roadmap for work in 2023 and 2024. Many developing and developed countries converged on requesting for submissions prior to, and using these to better structure and focus, TEDs.

On guidance elements, developing countries outlined, *inter alia*: quantitative elements, including quantity and a timeframe

for the goal; qualitative elements, including guidelines for instruments, channels to be used, balance between adaptation and mitigation, reference to loss and damage, and improved access; and principles, including equity and common but differentiated responsibilities (CBDR), needs and priorities of developing countries, additionality, predictability, a focus on public, grant-based and concessional sources, and neutrality to policies, technologies, and sectors. Developed countries suggested including impacts of finance provided and enabling environments, among others.

Parties' views diverged on: whether there should be an early agreement on the quantity or timeframe of the goal; whether the NCQG applies to developed countries only or is a global effort; the role of private finance within the goal; and which aspects require political-level discussions.

Various groups expressed willingness to submit draft decision text as a basis for conversations. A high-level ministerial dialogue on the NCQG will convene on 9 November and the contact group will reconvene on 10 November.

Subsidiary Body for Implementation (SBI)

National Adaptation Plans: Informal consultations, co-facilitated by Pepetua Latasi (Tuvalu) and Jens Fugl (Denmark), began with SBI Chair Marianne Karlsen reminding parties of the need for a robust outcome on national adaptation plans (NAPs). Co-Facilitator Fugl reminded the objective is to consider information from the reports of the Adaptation Committee and the Least Developed Countries Expert Group (LEG), including on gaps and needs in the formulation and implementation of NAPs, and to take further action. A developing country group expressed displeasure over the lack of progress on this item at SBI 56 and its expectation that discussions would focus on implementation and addressing gaps and needs.

Discussions addressed: shared concern about the low number of NAPs submitted; the need to facilitate access to adequate finance by developing countries, not only to formulate, but also to implement NAPs, and to improve access to the GCF; and ensuring funding allocation covers the whole NAP process and is proportional to developing countries' needs. Parties agreed to build on the June work.

Matters Relating to the Clean Development Mechanism Registry: Co-Facilitators Sonam Tashi (Bhutan) and Kate Hancock (Australia) invited parties to share their expectations on this item, with a view to recommending a decision for the CMP to operationalize transfers of certified emission reductions (CERs) from the Clean Development Mechanism (CDM) registry to the Article 6.4 registry. They highlighted a technical paper prepared by the Secretariat on the technical and process-related aspects of such transfers.

Many developed countries and one developing country group stressed the need for clarity on the role of host countries in approving the transitions. This was opposed by two developing country groups, which underscored that, while it would be important to inform the host country, there are no implications from the transitions for host countries, such as corresponding adjustments.

Parties reiterated that transferred CERs should be identified as pre-2021 CERs coming from the CDM. They also requested:

clarity on whether transfers could occur from pending accounts, with many stressing this was not their understanding; further elaboration of the transition process and cancellations; and what will happen to CERs that remain in the CDM registry.

Parties mandated the co-facilitators to prepare draft text.

Subsidiary Body for Scientific and Technological Advice (SBSTA)

Rules, Modalities and Procedures for the Article 6.4

Mechanism: Informal consultations, co-facilitated by Sonam Tashi (Bhutan) and Kate Hancock (Australia), focused on the following sections of the annex to the SBSTA Chair's informal document containing draft CMA decision text (SBSTA57/A6.4/InfDoc): reporting by host parties of activities and issued emission reductions; operation of the mechanism registry; processes for implementing the shares of proceeds for administrative expenses and adaptation; and processes for delivering overall mitigation in global emissions (OMGE).

On reporting, parties exchanged views on the timing of authorizations of Article 6.4 emission reductions (A6.4ERs), including at registration, issuance, or any time. Some cautioned against creating additional reporting obligations, and others suggested encouraging sharing of information between the mechanism's Supervisory Body and host countries to facilitate reporting and avoid duplication of Article 6.4 and 6.2 reporting.

On the registry, countries drew attention to the relationship between the Article 6.4 registry and the Article 6.2 international registry, highlighting the need to: unpack this relationship; ensure interoperability; align nomenclatures; and demarcate a division of labor between the two.

On administrative share of proceeds, countries welcomed the Supervisory Body's recommendations on this matter, with some noting this decision should be taken by the CMA. On share of proceeds for adaptation, parties converged on an option to allow the Adaptation Fund Board to develop and implement a monetization strategy.

On OMGE, many supported removing language on "authorized" and "non-authorized" A6.4ERs, pointing out that the CMA guidance from Glasgow defines that cancellation applies to all issued A6.4ERs.

Informal consultations will continue, focusing on the remaining sections and cover of the draft text.

Work Programme under the Framework for Non-market Approaches Referred to in Article 6.8: Welcoming delegates to the second meeting of the Glasgow Committee on Non-market Approaches, Co-Chairs Maria Al-Jishi (Saudi Arabia) and Jacqueline Ruesga (New Zealand) invited parties to comment on sections of draft decision text, made available earlier in the day, on: a schedule for implementing the framework's work programme activities; and additional focus areas of these activities.

On the implementation schedule, the LMDCs stressed the need for a longer-term view of activities and, with ARGENTINA, BRAZIL and URUGUAY (ABU), Bhutan, for LDCs, Kuwait, for the ARAB GROUP, the US and JAPAN, supported having two phases, with most supporting assessing the outcomes after each phase. The EU and SWITZERLAND favored a one-year mandate for activities.

On additional focus areas, the EU and the US called for focusing on three areas already identified in the Glasgow decision on Article 6.8 (4/CMA.3). AILAC, supported by the Bahamas, for AOSIS, suggested, as a compromise, maintaining a long list of additional focus areas, but allocating these under the three areas.

Subsidiary Bodies

Matters Relating to the Global Stocktake under the Paris

Agreement: The contact group was co-chaired by Hana Al-Hashimi (United Arab Emirates) and Alison Campbell (UK). Bolivia, for the G-77/CHINA, lamented that insufficient time has been allotted to address the Global Stocktake (GST) during COP 27. Algeria, for the ARAB GROUP, called on the co-chairs to prepare a reflection note on the outcome of the technical dialogue. Colombia, for AILAC, stated that, while the technical dialogue has been a success, the time allocated for contact group discussions is insufficient. Kenya, on behalf of the AFRICAN GROUP, said the technical dialogue should identify financial opportunities and solutions for overcoming barriers. Brazil, for ABU, underscored the difficulty of discussing expected outcomes seeing that the technical dialogue is still ongoing. Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP (EIG), shared the group's expectation to adopt, at CMA 4, a short decision that recalls the mandate of the GST.

Report of the Adaptation Committee: In informal consultations, co-facilitated by Pilar Bueno (Argentina) and Morgane Chiocchia (UK), parties considered: whether to welcome or note the Adaptation Committee's report and its annexes (FCCC/SB/2022/5, Add.1 and Add.2); the need to strengthen engagement with the Intergovernmental Panel on Climate Change (IPCC), with some developed countries opining this is already being done and several developing countries highlighting engagement to date has been general, whereas specific substantive engagement is needed on adaptation matters. Discussions pertained to, among others: closing the adaptation finance gap, including to support developing countries in formulating and implementing NAPs; developing countries' training needs; whether the Glasgow-Sharm El-Sheikh work programme on the global goal on adaptation is to be carried out by the SBs or the Adaptation Committee; and inviting the IPCC to update its 1994 Technical Guidelines for Assessing Climate Change Impacts and Adaptations. The co-facilitators will circulate draft text on the report and the review, noting a slot for informal informals.

Matters Relating to the Work Programme for Urgently Scaling Up Mitigation Ambition and Implementation: In informal consultations, Co-Facilitators Carlos Fuller (Belize) and Kay Harrison (New Zealand) invited comments on: linkages between the mitigation work programme and other UNFCCC programmes; inputs to, and outputs from, the work programme; scope, elements, and selection of work areas; and framing principles.

Parties identified linkages with: the GST; the High-Level Ministerial Roundtable; and ongoing finance discussions especially those related to Article 2.1(c) (on consistency of finance flows).

On inputs, parties highlighted: exchange of views and submissions from parties and non-party stakeholders on lessons

learned in implementing nationally determined contributions (NDCs); IPCC Guidelines for National Greenhouse Gas Inventories and the Working Group reports; various reports including from the SCF, UN Environment Programme and International Energy Agency; NDC synthesis reports and other Secretariat reports; and outputs of the Ministerial Roundtable.

On outputs, most supported a summary report from the work programme, with many proposing this should be prepared by the co-facilitators. Some parties suggested that the report should contain information to help parties enhance their ambition or implementation, and one said the output should include a way to track progress in the creation of incentives and opportunities for increasing ambition. One party proposed a Sharm El-Sheikh interactive dialogue. Several parties opposed a negotiated outcome such as a CMA decision telling parties how to enhance ambition.

On scope, elements and selection of work areas, parties outlined topics including: challenges faced by developed countries in meeting their pre-2020 mitigation commitments and lessons learned; equitable division of the carbon space and allocation of a carbon budget among developed and developing countries; closing the mitigation gap to stay below 1.5°C; and financing frameworks for mitigation, especially for conditional elements of NDCs. Some parties opposed negotiating or discussing work areas or topics, preferring this selection to be done by the work programme co-chairs.

On framing principles, some parties opposed including any, noting the difficulty of negotiating and agreeing on principles, and pointing out that the work programme is under the UNFCCC, and therefore the UNFCCC principles apply to it. Other parties identified: equity and CBDR and respective capabilities; reliance on best available science; and urgency of action.

Report of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts (WIM ExCom): In informal consultations, Co-Facilitators Cornelia Jäger (Austria) and Lucas di Pietro (Argentina) sought parties' views on a draft decision text they prepared subsequent to the first informal consultations on Sunday, 6 November. Parties considered that the text adequately captures views and welcomed it as a basis for further discussion. They exchanged views on: encouraging active outreach on technical assistance support already available through the Secretariat, and whether this is more appropriately considered in the discussions on the Santiago Network; and whether to request the WIM ExCom to collaborate specifically with the Consultative Group of Experts (CGE). Some developed countries cautioned against singling out the CGE, while several developing countries highlighted this as a priority for them. Parties agreed to confer informally and propose agreed text for swift consideration on Wednesday, 9 November, to free up the last allocated session to discuss matters related to the Santiago Network.

Santiago Network of the WIM: In informal consultations co-facilitated by Jäger and di Pietro, parties continued discussing the network's terms of reference; criteria for selecting its secretariat; and the advisory board. Several pointed to the Climate Technology Centre and Network (CTCN) as a model for the network. Some developing country groups noted the network's structure should include an independent advisory board, a dedicated Secretariat,

and a network of members, and called for ensuring it is country driven. Responding to some parties suggesting advisory services instead of an actual board, several developing country groups reiterated they viewed an advisory board as critical for policy guidance provision and oversight, and that it should be accountable to the COP and CMA. They also highlighted the need for the network to have additional and predictable funding, different from the funding arrangements for loss and damage under the new agenda item. The co-facilitators will prepare a high-level "skeleton text" to facilitate consideration of various elements.

Mandated Events

Assessing adaptation needs - Findings from the IPCC WG II contribution to the Sixth Assessment Report: Hans-Otto Pörtner and Debra Roberts, IPCC WG II Co-Chairs, highlighted that adaptation is urgent, as climate change impacts are already unfolding and will continue to mount over the coming decades. Adaptation Committee Co-Chair Shella Biallas presented the Committee's technical paper on assessing adaptation needs. She noted adaptation needs are situation-specific and dynamic, and highlighted using participatory approaches and considering transboundary risks in needs assessments. IPCC WG II authors shared insights on: additional research needed to support developing countries' assessment of adaptation needs; methodologies for such assessments, especially for countries and regions with capacity constraints; and ways to integrate concepts such as climate-resilient adaptation pathways into the assessment. Authors pointed to the Global Adaptation Mapping Initiative and highlighted new insights on "maladaptation," a concept that refers to unintended negative impacts from adaptive responses, such as in the context of monoculture tree plantation initiatives.

In the Corridors

"This reminds me of an ant nest," observed a delegate, as leaders shuffled between speeches, roundtables and bilaterals. Despite this high-level hustle and bustle, delegates engaging in the actual negotiations managed to have a full day of sessions. "We're already in Groundhog Day mode," noted one participant rushing between meetings, "there's the same old views in the rooms and the same old problems with room capacities."

More optimistic observers noted that many items made good progress, "especially considering we are only three days in." Article 6 negotiators met throughout the day for constructive exchanges on a large amount of technically complex issues. On several items, parties also met in informal informals aimed at speeding up the deliberations and working towards agreed text.

The strongest sign of resolve yet manifested in the negotiations on funding arrangements for loss and damage. Some political leaders did more than just brief their negotiators, as UNFCCC Executive Secretary Stiell had asked: they went straight into the informal consultations themselves.

Still, many wondered whether and how the technical and political-level discussions in Sharm El-Sheikh would eventually tie together, pointing to the COP 27 President's announcement that he would prepare a synthesis of the high-level discussions to serve as the "political compass for the outcomes of the 'implementation COP'."