TWN Climate News Updates

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Sharm el-Sheikh Climate News Updates

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NOTE

This is a compilation of 17 News Updates prepared by the Third World Network for and during the United Nations Climate Change Conference – encompassing the 27th session of the Conference of the Parties to the UN Framework Convention on Climate Change (COP 27), the 17th session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP 17), the fourth session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA 4), as well as the 57th sessions of the Subsidiary Body for Scientific and Technological Advice (SBSTA 57) and the Subsidiary Body for Implementation (SBI 57) – held in Sharm el-Sheikh, Egypt, from 6 to 20 November 2022.

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Sharm el-Sheikh Climate News Update 1

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COP 27 – An "Implementation COP" to save people and planet

Sharm el-Sheikh, 5 November (Meena Raman) – The annual climate conference under the United Nations Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol and the Paris Agreement kicks off in the Egyptian coastal resort city of Sharm el-Sheikh from 6 to 18 November.

In his letter dated 1 November to the conference delegates, Egyptian Minister of Foreign Affairs, Mr Sameh Shoukry, who will preside over the climate talks, called on delegates "to take the very needed meaningful steps to fight for the people and planet and save lives and livelihoods", adding that COP 27 (the 27th meeting of the Parties to the UNFCCC) "creates a unique opportunity for the world to come together, mend multilateralism, rebuild trust and unite at the highest political levels to address climate change".

In providing the backdrop for the climate talks, Minister Shoukry stated that "We gather this year at a critical time of cascading risks and overlapping crises, multilateralism is facing a challenge due to geopolitical situations, spiralling food and energy prices, and a growing public finance and public debt crisis in many countries already struggling to contend with the devastating impacts of the pandemic, all of which demand urgent attention. Yet the climate crisis is existential, overriding and ever present, adverse climate impacts are increasing in frequency, intensity and impacts. Following the news today one is confronted with a stark and distressing picture of heatwaves and droughts, wildfires, cyclones, sea level rise, land degradation and desertification and floods devastating societies around the world and erasing many hard-won development gains. Millions are facing famine, water scarcity, agricultural (sic) shrinking, and an intensifying battle against scarcity of resources. With every slightest increment of warming, the impacts will only get worse, with a disproportionate impact on those who are still developing and lack the resources and means to protect themselves through implementing effective climate action."

The letter also states that with over 100 Heads of States and Governments joining the leaders' summit, there is "no time to lose" and that "every COP represents an opportunity that humanity cannot afford to miss", adding that "with this in mind, it was only logical that COP 27 unofficially be labelled 'the Implementation COP'. This means the full and faithful implementation of all the provisions of the Paris Agreement along with pursuing even more ambitious NDCs (nationally determined contributions) if we are to keep the temperature goal within reach and avert further negative impacts. It further means pursuing a transformative action agenda aimed at moving from pledges to actions on the ground."

The incoming COP President also expressed that his aim "is to restore the 'grand bargain' at the center of the Paris Agreement and our collective multilateral climate process – whereby developing countries agreed to increase their efforts to tackle a crisis for which they are far less responsible, in return for appropriate financial support and other means of implementation as per the agreement in the Convention and the Paris Agreement".

The talks will officially open on Sunday, 6 November with the adoption of the provisional agendas of the COP, the CMP (the Conference of Parties to the Kyoto Protocol) and the CMA (the Conference of Parties to the Paris Agreement), as well as the meetings of the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA).

The adoption of the COP and CMA agendas will be closely watched, to see how some of the controversial issues on the agendas will be tackled. (See further details below). Once the provisional agendas are adopted, negotiations will be launched through the setting up of contact groups or informal consultations on the various agenda items.

As negotiators begin their work, a parallel process will take place with a leaders' summit, called the 'Sharm el-Sheikh Climate Implementation Summit', held from 7-8 November with the presence of the President of Egypt, Mr. Abdel Fattah El-Sisi. Six high-level roundtables are being conducted as part of the summit on the themes of: just transition, food security, innovative finance for climate and development, investing in the future of energy viz. green hydrogen, water security, and climate change and sustainability of vulnerable communities.

Some Key Issues under Negotiation

COP/CMA Agenda Items

Among the closely watched matters on the provisional agendas of the COP and CMA are the following.

Matters relating to funding arrangements for addressing loss and damage

Pakistan on behalf of the Group of 77 and China requested the above matter to be added as a sub-item under the agenda item on "Matters relating to finance" in the provisional agendas of both the COP and the CMA. In its letter to the Executive Secretary of the UNFCCC, the G77 conveyed that it proposed this agenda sub-item be included "to provide a decision-making space on this crucial issue. The space will allow us to discuss and conclude on solutions to address the long-standing gaps in the existing funding arrangements for addressing loss and damage".

Discussions on loss and damage have been particularly contentious with developing countries pushing for a facility for loss and damage finance while developed countries, especially the United States (US), were firmly opposed to this. The eventual compromise reached last year in Glasgow was just to have a general dialogue instead of discussing a loss and damage finance facility. Hence, the G77 proposal to discuss funding arrangements for addressing loss and damage in Sharm el-Sheikh.

Doubling adaptation finance

The G77/China, upon the request of the African Group, has also requested the addition of a new agenda item under the COP and CMA called *"Implementation of Decisions 1/CP.26 paragraph 11, and 1/CMA.3 paragraph 18 on adaptation finance*".

The relevant decisions adopted in Glasgow urge "developed country Parties to at least double their collective provision of climate finance for adaptation to developing country Parties from 2019 levels by 2025, in the context of achieving a balance between mitigation and adaptation in the provision of scaled-up financial resources, recalling Article 9 (4) of the Paris Agreement".

Article 2.1(c) of the Paris Agreement

The European Union (EU) and the Environmental Integrity Group (EIG) have asked for this matter to be added to the CMA provisional agenda. Article 2.1 (c) of the Paris Agreement provides as follows: *"Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development."*

Developing countries can be expected not to agree to this item on the agenda, given that this matter is already being dealt with by the UNFCCC's Standing Committee on Finance (SCF), and 'Matters relating to the SCF' are already on the agenda of the COP and the CMA. Article 2.1(c) has been controversial among developed and developing countries, with varying interpretations about what its scope is. Developed countries have been advancing a very broad interpretation which includes looking at financial flows from all sources, including a broader donor base which includes developing countries as well as the private sector, while developing countries argue that the article should be read within the context of Article 9 of the Paris Agreement, which makes developed countries responsible for the provision and mobilisation of climate finance.

Limiting global warming to 1.5^{o}C

Switzerland, on behalf of the EIG, has requested the addition of the aforesaid item on the CMA provisional agenda. The request is likely to be contested, given that there is already an agenda item under the Subsidiary Bodies (SBs) which deals with the Mitigation Work Programme (See further details below), which arose out of a decision adopted in Glasgow last year.

Special needs and special circumstances of Africa

The African Group has requested the addition of the above item on the provisional agenda of the CMA. In the past, when such a request was made there was no consensus among Parties for this, including from other developing countries from other regions who also wanted their special needs and circumstances to be addressed.

It is learnt that the Egyptian Presidency has been conducting informal consultations with various groupings and heads of delegations on these matters to enable a smooth adoption of the agendas without protracted debates in plenary.

Matters on Climate Finance

There are several important matters on finance on the COP/CMA agendas, and as usual, expected to be very contentious, with negotiations usually going on till the final hours of the conference. Among the major finance issues to watch out for are those related to the work of the SCF, which include the following:

Progress report on US$100 billion

COP 26 had mandated the SCF to prepare a report on progress towards achieving the goal of mobilising jointly US$100 billion per year to address the needs of developing countries, taking into account the Climate Finance Delivery Plan and other relevant reports, for consideration by COP 27, and to continue to contribute to assessing the achievement of the goal in the context of the preparation of its biennial assessment and overview of climate finance flows. (The Climate Finance Delivery plan process is being co-led by the governments of Germany and Canada to demonstrate how and when developed countries will meet the US$100 billion per year goal.)

COP 27 is expected to consider the 122-page technical report by the SCF under the agenda item on "long-term climate finance" and is likely to recommend further action emerging from the findings of the technical report. The SCF was unable to agree on the summary and recommendations of the progress report on the US$100 billion per year (at its meeting in October 2022) due to differences over presenting aggregate estimates of what was actually realised. For developing countries, it is a matter of serious concern that there is no clarity in what the gap is in relation to achieving the US$100 billion per year target commitment of developed countries.

The technical report mentions that all developed countries need to step up efforts to meet the goal, implying the need to scale up public finance. It also indicates that the scale of private finance mobilisation is not where it was projected to be in the 2016 Roadmap, demonstrating that further efforts are needed to improve the effectiveness of mobilising private finance from public interventions and that despite relative increases in adaptation finance, more work needs to be done to increase both the quantity and accessibility of adaptation finance, among others.

Biennial assessment and overview of climate finance flows

The SCF has been tasked to prepare a biennial assessment and overview of climate finance flows (BA) drawing on available sources of information and including information on the geographical and thematic balance of such flows, and Parties are expected to deliberate on the summary and recommendations of the fifth BA (BA5), which covers the period of 2019-2020. The BA5 mentions that "challenges were encountered in aggregating and analysing information from diverse sources with varying degrees of transparency" and that challenges remained in "filling data gaps, particularly on private finance for adaptation activities and for mitigation activities in the AFOLU (agriculture, forestry and land use sectors), the waste and the water and sanitation sectors". The BA5 also mentions that the classification of data such as by geographical region or by granularity is not uniform across data sources. It is due to such challenges that "no aggregation of data from different sources for finance flows from developed countries to developing countries was carried out" for the fifth BA.

The summary of BA5 also mentions that:

- The collective goal of jointly mobilising US$100 billion per year by 2020 to address the needs of developing countries in the context of meaningful mitigation action and transparency on implementation was not fully met in 2020.
- More public finance flows from developed to developing countries are for mitigation than for adaptation.
- Global climate finance flows are small relative to the overall needs of developing countries.
- UNFCCC funds and multilateral climate funds approved a combined US$2.9 billion and US$3.5 billion for climate change projects in 2019 and 2020 respectively.

The BA5 also provides recommendations around methodological issues related to climate finance flows, overview of climate finance flows as well as assessment of climate finance flows, which will be discussed by Parties.

Article 2.1(c) of the Paris Agreement

CMA 3 had invited Parties, the operating entities of the Financial Mechanism, international financial institutions and other stakeholders in the financial sector to submit their views regarding ways to achieve Article 2.(1)(c), including options for approaches and guidelines for implementation, and requested the SCF to submit a synthesis for consideration at CMA 4. The CMA is expected to continue discussions on the report by the SCF on the issue.

Definitions of climate finance

The SCF was tasked to continue its work on definitions of climate finance, taking into account the submissions received from Parties on the matter, for consideration in Sharm el-Sheikh.

The SCF report on definitions includes a compilation and synthesis of information submitted by Parties and non-Parties on the definitions, with an overview of definitions of climate finance used by Parties in their reporting under the Convention and the Paris Agreement, and an overview of the definitions used outside of the Convention and the Paris Agreement by climate finance providers, data aggregators and governments.

Developing countries in the past have called for a single multilaterally agreed definition of climate finance to better track climate finance flowing into developing countries, while developed countries wanted more than one definition to be accommodated. It remains to be seen how Parties deal with the suite of different definitions in the report by the SCF on the issue.

Mitigation Work Programme

At CMA 3 in Glasgow, Parties had agreed to "establish a work programme to urgently scale up mitigation ambition and implementation" in this critical decade, and requested the SBs to recommend a draft decision on this matter for consideration and adoption by CMA 4 in Sharm el-Sheikh, "in a manner that complements the global stocktake (GST)". In June this year, at the intersession meetings of the SBs in Bonn, Germany, discussions on the mitigation work programme (MWP) were very contentious, with no agreement on an informal note produced by co-facilitators to reflect the discussions.

At the Bonn session, the US, Canada, Australia, Norway, the EIG, and the EU expressed their discomfort with the informal note on the "guiding principles", which included elements such as "be based on the principles and provisions of the Convention and the Paris Agreement, including equity and common but differentiated responsibilities and respective capabilities (CBDR-RC)", among others. The Like-Minded Developing Countries (LMDC), the Arab Group, the Africa Group and ABU (Argentina, Brazil and Uruguay) expressed concerns with the elements such as references to "concrete actions by major emitters with capabilities", among others. (For further details, see TWN Climate Change Updates from Bonn.)

In Sharm el-Sheikh, discussions on the MWP will continue to be very difficult, given the refusal by developed countries to acknowledge their historical responsibility for their past and current emissions, which are responsible for the overuse of the carbon budget since the industrial revolution.

In a statement from LMDC ministers ahead of COP 27, they expressed that "Despite the emissions reduction declarations and high ambition announced by developed countries at COP 26 last year, we note that some developed countries have backtracked in their actions in the name of addressing the recent challenges they face….The developed countries have taken inadequate and unambitious goals to achieve net zero emissions by 2050, while they continue to emit, and disproportionately consume the global carbon budget. They should attain net zero well before 2050."

The statement also noted that "developed countries bear the greatest responsibility for climate change" and referred to the Intergovernmental Panel on Climate Change's Working Group III report for the 6th Assessment Report which showed that "developed countries accounted for the larger share of emissions between 1850 and 2019, despite accounting for only 16 per cent of the global population", and "as a consequence of historical cumulative emissions only a meagre amount of the total global carbon budget remains. This amounts to only one-fifth for 1.5-degree C warming (with 50 per cent probability) and only one-third for 2-degree C warming (with 50 per cent probability)".

Santiago Network on Loss and Damage

The Santiago Network on Loss and Damage (SNLD) was established at COP 25, to catalyse technical assistance for averting, minimising and addressing loss and damage in developing countries. At COP 26, the functions of the SNLD were agreed on and also that funds will be provided to support its functions. At the June intersession in Bonn, Parties were expected to focus their attention on the structure, operational modalities, funding arrangements, and other elements regarding its institutional arrangements to make it operational, and for a decision to be forwarded to COP 27 with recommendations.

However, negotiations in Bonn only resulted in procedural conclusions, and failed to significantly advance the institutionalisation of the Network, to make it operational as soon as possible in catalysing the delivery of loss and damage-related technical assistance and other support to developing countries on the ground.

Developing countries generally favoured a more deliberate and robust approach towards the elaboration of these institutional elements that would ensure policy accountability and oversight by the Parties and make sure that the SNLD's activities are need-based and demand-driven. Developed countries on the other hand preferred using existing bodies such as the Executive Committee (ExCom) of the Warsaw International Mechanism (WIM) on Loss and Damage to exercise oversight over the SNLD and its secretariat, and wanted the discussion to focus on the criteria and selection of the secretariat for the SNLD. Negotiations will resume at COP 27 with the hope of agreement on the institutional arrangements.

Global Goal on Adaptation

Article 7.1 of the Paris Agreement established the global goal on adaptation (GGA) of enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change, with a view to contributing to sustainable development and ensuring an adequate adaptation response in the context of the temperature goal referred to in Article 2 of the Agreement.

CMA 3 last year established and launched a comprehensive two-year (2022-2023) Glasgow-Sharm el-Sheikh work programme on the GGA, to be carried out jointly by the subsidiary bodies and for them to report annually to the CMA on the progress of implementing the work programme, with a view to recommending a draft decision thereon for consideration and adoption at CMA 5.

Four workshops have been conducted under the work programme on various themes on enhancing understanding of the GGA and reviewing progress towards it; on enhancing adaptation action and support; on methodologies, indicators, data and metrics, and monitoring and evaluation and on communicating and reporting on adaptation priorities. The CMA will be invited to consider the report of the SBs on progress in implementing the work programme and to take any action it deems appropriate.

Global Stocktake

The first global stocktake (GST) will take place in 2023, as agreed under the Paris Agreement to assess the collective progress of Parties in achieving the Agreement's goals, including on mitigation, adaptation, and the means of implementation and support, in light of equity and the best available science. The issues of loss and damage as well as response measures are also being considered by the GST. The outcome of the GST is to inform Parties in updating and enhancing their actions and support, and the process has therefore been viewed as a ''ratchet" mechanism for enhancing ambition on all elements of action and support.

The GST consists of three components: information collection and preparation, which took place in 2021; the technical assessment, which started at the June intersession (with the first technical dialogue) and with a second technical dialogue (to be conducted in Sharm el-Sheikh), and which will conclude in June 2023; and the consideration of outputs, which will take place at CMA 5 in November 2023.

The outputs from the technical assessment phase will be critical for the consideration of Parties next year. Hence, how the co-facilitators of the technical dialogue (from South Africa and the US) summarise the outputs in a summary report covering all topics of the dialogue from the roundtable discussions, focused exchanges, world café stations and the closing plenary statements of Parties will indeed be closely watched, scrutinised and deliberated on.

These are just some of the many issues that will be dealt with at the Sharm el-Sheikh climate conference. As challenging as they are, it is certainly hoped that much will be achieved in order to have real meaning for the poor and the planet affected by the climate crisis.

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Sharm el-Sheikh Climate News Update 2

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Climate negotiations kick off after smooth adoption of agendas

Sharm el-Sheikh, 7 November (Prerna Bomzan) – The climate talks in Sharm el-Sheikh kicked off on 6 November, following the smooth adoption of agendas for the meetings that included the most anticipated matter of funding arrangements for addressing loss and damage proposed by the Group of 77 and China.

The Foreign Minister **Sameh Shoukry** of **Egypt** presided over the 27th meeting of the Conference of Parties to the UNFCCC (COP 27), the 17th meeting of the Kyoto Protocol Parties (CMP 17) and the fourth meeting of the Parties to the Paris Agreement (CMA 4), which launched negotiations that are expected to conclude on 18 November.

The smooth and rapid adoption of the agendas materialised following 48 gruelling hours of intense informal consultations over two days from 5 November until dawn of 6 November, convened by the Egyptian COP Presidency team, on several new agenda items proposed by various Parties, that included the matter of funding arrangements for addressing loss and damage, which saw a compromise reached to include this matter with some adjustment.

The final agendas adopted by the COP/CMA on the issue now contain the agenda item which reads as follows: *"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."*

Minister **Shoukry** also read out the understandings reached in the compromise, prior to the adoption of the agenda. (See further details below.)

Following adoption of the agenda item, the COP 27 President said that a "formal" COP/CMA agenda item on the matter creates an "institutional space" in relation to funding arrangements as regards the "existing gaps" to respond to loss and damage.

The work of the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA) also commenced with the convening of the 57th sessions of the two Subsidiary Bodies (SBs) in the afternoon. This was followed by a joint plenary session presided over by Minister **Shoukry** to hear statements from Parties on their expectations of the Sharm el-Sheikh talks (Separate article to follow on group statements).

At the Opening Plenary

At the opening of the talks, after assuming the COP Presidency from his predecessor **Alok Sharma** of the **United Kingdom (UK)**, Minister **Shoukry** in his welcome remarks urged Parties to "renew commitments to scale up our ambition and start implementation" of climate action and highlighted that science proves that the "development path since the industrial revolution is no longer sustainable" and that if there is no "radical change" then future generations will face consequences. He added that science confirms that we are still facing glaring gaps on keeping the Paris Agreement goals, and that "developed countries must fulfil their role" for the "necessary finance".

Ministery **Shoukry** called for "political will" underlining the need to advance "from negotiations and pledges to an era of implementation as priority as well as acceleration of implementation" agreed under the UNFCCC and the PA, while "scaling up ambition according to countries' capacities and nature of resources". He said that the UNFCCC's synthesis report of the nationally determined contributions (NDCs) of Parties revealed that the current ambition is not up to mark to reach the PA goal and called upon countries to update their NDCs, informing that Egypt has done so.

Shoukry further remarked about two "undeniable facts": the first being that climate-change-related efforts over the past decade were remarkably "polarised", which has slowed down the process of negotiations; and second, the current mobilisation efforts on finance raise many "concerns" – pointing out that the US$100 billion pledge per year has not yet been implemented; that the financing currently focuses on curbing emissions and not adaptation efforts; and that the finance provided is also mostly in the form of loans. "We don't have the luxury of continuing this way," he underscored and urged Parties to work "diligently and honestly" to "reach consensual solutions that can be implemented".

In conclusion, Shoukry hoped that the two weeks of negotiations would be fruitful, calling upon all Parties to commit to implementation and turn political commitments into "agreements and texts and resolutions that we will all implement". He reminded that "zero sum games have no winners" and that the implications and efforts of the talks will affect lives and livelihoods around the world of people who are suffering from the impacts of climate change and must not threaten future generations.

Alok Sharma when handing over the Presidency to Minister Shoukry assured support to Egypt, and stressed that this conference must be about concrete actions and trust. He underlined the key issue of finance, stating that "finance makes or breaks the programme ahead of us", adding that progress is possible and encouraged Parties to make it happen.

The opening of the talks also saw statements by the new Executive Secretary of the UNFCCC Simon Stiell, and the Chair of the Intergovernmental Panel on Climate Change (IPCC) Hoesung Lee.

Simon Stiell, who served as the Minister for Climate Resilience and the Environment of Grenada in his previous capacity, delivered an impassioned speech stating at the outset that "a new era begins" in Sharm el-Sheikh as it shifts us to "implementation" and that "this is a signal that times have changed". "We'll be holding people to account, be they Presidents, Prime Ministers, or CEOs because our policies, business and actions must be aligned with the PA and the Convention." He remarked further that "Some still refuse to act unless others do", and urged that respective positioning should not block progress, reminding that the COP process is unique and "we must create a safe, political space to do our jobs and deliver world change".

Stiell highlighted critical lines of action, of demonstrating "transformational shift putting negotiations into concrete actions" and how the global financial architecture will be made fit for purpose. He stressed on progress on mitigation, adaptation, finance and "crucially" on loss and damage with enhanced flow to addressing its impacts, pointing out that "what is said in negotiation rooms has to be reflected in the urgency outside". "There are areas of commonalities and we must build bridges," he said.

Stiell re-emphasised on enhancing the delivery of principle of accountability, reminding on what has been promised on mitigation, adaptation and means of implementation and urging Parties to stick to their commitments. He also underscored to place women and girls at the centre of decision-making and action and further provided assurances of listening to the voices of civil society, particularly the youth.

Hoesung Lee highlighted that the "time for our collective action is now", pointing out that the progress on financial flows remains low and therefore, "accelerated financial cooperation is a critical enabler of low emissions and just transition". He informed that adaptation gaps are particularly driven by widening disparities of adaptation costs and financing and underlined prioritising finance to reduce climate risks for low-income and marginalised communities. "This is an opportunity as well as an obligation," he said and that time available now will not be there for future leaders and policy makers. Lee assured that the scientific community remains ready to work and support every step of the way to limit global warming and also in achieving sustainable development.

At the Informal Consultations on the New Agenda Items

At the informal consultations that took place over 5 and 6 November, according to sources, the proponents of the new agenda items provided their rationale and defended their proposals, with the most contentious being the item on "Matters related to funding arrangements for addressing loss and damage".

Developed countries led by the **United States (US)** and the **European Union (EU)** wanted to clarify the scope and timeline of the loss and damage agenda item and wanted assurances that it would have nothing to do with liability or compensation. Sources further said that the **US** stood firm on not accepting an exclusive focus on "addressing loss and damage" while **Canada** spoke about a "broad and dynamic donor base" (in relation to the funding arrangements).

Following the Presidency consultations, **Egypt** proposed a reformulation of the title of the agenda item as follows: *"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."* It also proposed to add a footnote to the agenda item as follows: *"This item and the outcomes thereof are without prejudice to the consideration of similar issues in the future."*

Egypt further provided assurances that the COP Presidency would read out the following text prior to the adoption of the agenda item viz. *"It is understood that:*

- *The outcomes of this agenda item are based on cooperation and facilitation and do not involve liability or compensation.*
- *This agenda item includes the Glasgow Dialogue* (which are general discussions on loss and damage).
- *The agenda item will launch a process with a view to adopting a conclusive decision no later than 2024."*

Sources said that the **G77 and China** were not entirely convinced about this approach, but following lengthy deliberations within the group, they decided to accept the compromise proposal offered by the COP Presidency team, which led to the final agenda item being adopted on 6 November as above, with the understandings read by the COP President.

Further, according to sources, the new agenda item proposed by the **Environmental Integrity Group (EIG)** on *"Limiting global warming to 1.5°C"* was also highly contentious. Several developing countries felt that there was no need for such a new proposal since the matter was being dealt with under the CMA agenda item on the "Mitigation Work Programme" (MWP). Developed countries, however, said the matter merited independent attention since they expected the MWP outcome to be a procedural decision at CMA 4.

It is learnt that **Bolivia** expressed astonishment over the EIG proposal given that at COP 26 in Glasgow, Bolivia had proposed a new agenda item entitled *"Equitable, fair, ambitious and urgent real emission reductions now consistent with a trajectory to reduce the temperature below 1.5°C"*, which was then met with very stiff resistance from developed countries, including by the EIG, and the proposal was not accepted to be on the agenda. It asked if developed countries rejected the proposal because it contained the words "equitable and fair", adding that Bolivia wants to protect Mother Earth and stands for 1.5°C, but not in the context of "carbon colonialism" and that accepting the agenda item now would be hypocritical and not in good faith.

Following prolonged consultations, the Egyptian Presidency offered that the proposed agenda item by the EIG would be dropped from the CMA agenda due to lack of consensus, and that informal consultations on the matter would be convened. This approach was agreed to during the formal adoption of the CMA agenda on 6 November.

Similarly, on the other proposed new agenda items, instead of their inclusion in the agendas of the COP or CMA, it was agreed that the COP Presidency would continue conducting informal consultations on those matters, which led to the smooth adoption of the agendas. (For further details on the other agenda items, see TWN Update 1.)

As negotiations under the various bodies were launched, world leaders began arriving for the "Sharm el-Sheikh Climate Implementation Summit" scheduled for 7-8 November, which includes an official opening ceremony, high-level roundtables and side-events and delivery of national statements by over 100 Heads of State and Government.

TWN

Sharm el-Sheikh Climate News Update 3

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Cooperation on loss and damage is not charity but climate justice – says G77

Sharm el-Sheikh, 7 November (Hilary Kung) – Enhanced solidarity and cooperation on loss and damage is not charity but is climate justice, said **Pakistan** on behalf of the **Group of 77/China**, in outlining its expectations at the annual climate conference which opened on 6 November in Sharm el-Sheikh, Egypt.

Ambassador Munir Akram (Pakistan), who is current chair of the **G77/China**, in delivering the opening statement of the Group, referred to "the catastrophic floods in Pakistan that left 33 million lives in tatters, with losses and damages amounting to a tenth of the GDP of the country". He added that "We are living in an era where many developing countries are already witnessing unprecedented devastating impacts of climate change, though they have contributed very little to it" and that "Enhanced solidarity and cooperation to address loss and damage is not charity – it is climate justice".

Therefore, on the issue of loss and damage, Akram said that, "G77 and China is united in its demand for establishment of a dedicated finance facility to provide new and additional financial support to developing countries for addressing loss and damage associated with the adverse impacts of climate change… It is also imperative that the institutional structure and operational modalities needed to catalyse technical assistance through the Santiago Network on Loss and Damage (SNLD) are finalized in a deliberate manner."

The G77 Chair reiterated the importance of the principles of equity and common but differentiated responsibilities (CBDR) between developed and developing countries under the UNFCCC and the Paris Agreement (PA).

On the means of implementation, the G77 and China spokesperson said, "Developed countries must provide adequate and predictable means of implementation including finance, technology and capacity building to the developing countries on an urgent basis."

The Group highlighted that "finance remains the key to achieving the objectives of the Convention and the PA" and called on developed countries to "urgently fulfil their commitment to jointly mobilize US$100 billion per annum as climate finance to developing countries to rebuild trust".

On the new collective quantified goal for finance (NCQG) (which is to be agreed to by 2025), the spokesperson said that "G77 and China demands that in-depth deliberations on the quantum of the new goal, as well as its timeline, should commence in a timely and systematic manner."

Citing the group's concern over the lack of progress on the Glasgow–Sharm el-Sheikh work programme on the Global Goal on Adaptation (GGA), the spokesperson reiterated that adaptation is a "crucial priority" for developing countries and that "COP 27 must achieve significant progress on expediting access to finance for advancing the formulation and implementation of National Adaptation Plans (NAPs)".

"We expect that COP 27, through a substantive decision, provide guidance on organizing the second half of the work programme in a manner that the objectives set out in Decision 7/CMA.3 are achieved. It is also imperative that developed countries should provide a quantitative and time-bound delivery and tracking plan on the pledged doubling of adaptation finance from 2019 levels by 2025," said Pakistan on behalf of the G77 and China.

Bolivia, speaking for the **Like-Minded Developing Countries (LMDC)**, said that "Consistent with the theme of 'Implementation', for developing countries, the provision of the means of implementation…from developed to developing countries, are fundamental for our climate actions, as we also strive to eradicate poverty and enable sustainable development in our countries. This is the basis for enhanced equity-based international cooperation on climate change envisioned under the UNFCCC and its PA."

"Much of the impacts we are facing today are the effects mainly due to the historical and cumulative emissions of developed countries, who have till today, not rapidly reduced their emissions despite all their promises to do so, and not provided any significant support to developing countries, failing in reaching their commitments under the Convention," Bolivia explained.

The LMDC expected strong outcomes and progress on the delivery of climate finance across the several agenda items, emphasising that "Due attention must be given to access issues, public sources of finance, and the quality of instruments and channels of climate finance for developing countries. In this context, arriving at a definition of climate finance is very important to identify the elements of finance in relation to achieving climate objectives and hold developed countries accountable to their climate finance commitments. In the context of the NCQG, we need to begin discussing the quantum urgently."

On adaptation, Bolivia said, "We would like to see concrete delivery on doubling of climate finance as well as positive progress in relation to the discussions, definition and approaches to achieve the GGA with a stronger linkage to the provision by developed countries to developing countries of the means of implementation needed for adaptation", adding that "the CMA 4 should have a clear and substantive decision to capture the progress made so far in the GGA work programme, including identifying parameters of the GGA, with the aim of achieving the goal".

On loss and damage, the LMDC expects the SNLD to be made operational to be consistent with developing countries' needs and priorities, with funding arrangements provided by developed countries. It also highlighted the need to take a decision to enhance the provision of finance provided by developed countries to developing countries to avert, minimise, and address the loss and damage, as well as agreement on the dual governance of the Warsaw International Mechanism (WIM) under the Convention and its PA.

As regards Article 6 of the PA on cooperative approaches, the LMDC emphasised the need to achieve equal progress in the implementation of the Glasgow Committee on Non-market Approaches as well as the other mechanisms that advance cooperative approaches.

On the Mitigation Work Program, it hoped that the process "will help developed countries to fully realize their historical responsibility, challenges and gaps to achieve their pre-2020 commitments, and how to operationalize mitigation in the context of equity and CBDR".

Zambia, for the **African Group**, called for the delivery of an ambitious adaptation package at COP 27 to significantly scale up adaptation action and support. "…this includes a delivery plan for at least doubling the provision of adaptation finance by 2025; expediting the implementation of NAP and adaptation component of NDCs; addressing the gaps in adaptation assessments and methodologies through inviting an IPCC (Intergovernmental Panel on Climate Change) special report on the global goal on adaptation as part of its 7th assessment cycle; and delivering a substantive CMA4 decision on the GGA…by defining the targets, elements and the action and support needed to achieve the global goal…including providing guidance and laying out a clear roadmap for the successful delivery on the GGA in the upcoming year," said the spokesperson.

On the SNLD, "the African Group expects a complete set of decisions that will operationalise the Network, including its governance structure, secretariat, and funding for its operation, and ensure the effective implementation of the functions of the Network…" said Zambia.

It also expressed the group's continued disappointment over the unfulfilled US$100 billion per year goal by 2020 from developed to developing countries and underscored the importance of delivering the US$100 billion as soon as possible for building trust and faith in the multilateral process of addressing climate change.

Antigua and Barbuda, speaking on behalf of the **Alliance of Small Island States (AOSIS)**, referred to the grave and irreversible consequences of climate change and more loss and damage and the lack of capacity of Small Island States to cope, adding that "We are not here negotiating against each other; we are here negotiating against the climate."

"This new agenda item on loss and damage funding reflects the floor of what is acceptable; it is our bare minimum. The concessions of AOSIS should not be to the detriment of our vulnerable women, men and children. Our negotiations at COP27 must be constructive and lead to a substantive outcome….AOSIS is here to agree to the establishment of a new Loss and Damage Response Fund at COP27 that is operational by 2024. We are here, so that we can go back to our own homes, and not become climate-displaced people in yours," it emphasised further. "We will not be silent victims to the cost of pollution created by others, for the profit of the few."

Senegal for the **Least Developed Countries (LDCs)** said that the need of climate financing continues to increase but the climate finance available is woefully short of actual needs. It further said that members of the group also have accumulated debt which goes hand in hand with the lack of climate financing and reduces the fiscal financial space for the pursuit of sustainable development. Hence, there is a need to double funding for adaptation by 2025 and also focus on the quantitative and qualitative targets for climate financing and the continued disbursement of these funds must reflect the needs of LDCs. It said further that the LDCs also need additional financing and support to deal with loss and damage. It called for speeding up work and to begin to put in place a financing mechanism because those who have suffered from the climate crisis cannot wait for the lengthy negotiation process. The group would like to see the SNLD work on an intersessional basis with its own secretariat and own resources so that it can discharge its mandate.

Venezuela, on behalf of itself as well as **Cuba and Bolivia**, said, "…It's not the time to sweep the truth under the carpet and we cannot allow capitalism to move us further down the path just to give them (developed countries) further opportunity to promote neo-colonialism or what we have chosen to call 'carbon colonialism'."

It said further, "We need to actually implement the UNFCCC and PA and to do so, the developed countries need to live up to their pledges of mobilising and providing at least US$100 billion on an annual basis and to substantially increase climate financing that is directly accessible and has no strings attached, given their responsibility for the current climate crisis and climate debt." For COP 27, it expected more ambitious commitments in the area of adaptation, loss and damage, mitigation and the provision of means of implementation, as well as the implementation of non-market approaches.

Colombia speaking for the **Independent Alliance of Latin American and the Caribbean nations (AILAC)** said it expects the doubling of climate finance for adaptation, while noting the failure of the developed countries in delivering their commitments of the US$100 billion per year. It also pointed out the quality of the financing which resulted in greater indebtedness and left the developing countries with limited fiscal space in order to invest in carbon neutrality and climate resilience. The group reiterated the importance of mainstreaming the vision of seismic and systemic change and climate-resilient development, particularly important as we begin to structure the new financial architecture under this multilateral agreement. Colombia said that it is also important in relation to the NCQG, it needs to meet the real needs of developing countries in terms of climate financing which can be measured in trillions of dollars.

The **European Union (EU)** stated that COP 27 must send a strong political signal on the importance of scaling up action on loss and damage, adding that the EU is committed to enhancing finance for averting, minimising and addressing loss and damage and is looking to further discussing the strength and weaknesses of existing arrangements and to find fit-for-purpose solutions. The EU further stated that it is also keen to operationalise the SNLD to catalyse technical assistance in developing countries particularly vulnerable to climate change.

On the climate finance, the EU said that further work is needed in order to fulfil the collective finance goal set by developed countries, while noting the positive trend in the progress report of the delivery plan which provides confidence that the US$100 billion goal will be met in 2023. It reaffirmed that it will continue to be transparent in its progress and is committed to mobilising climate finance from all sources, instruments and channels. It called on other developed countries to also step up and deliver on their commitments while creating the enabling conditions to improve the effectiveness of mobilising finance.

Australia spoke on behalf of **Iceland, Canada, Israel, New Zealand, Ukraine, Japan, Norway** and the **United States** in the **Umbrella Group** and welcomed the work of the Adaptation Committee that provides critical technical information to enable Parties to better plan and take action on adaptation. On finance, the spokesperson said it is clear that the US$100 billion goal must be achieved as soon as possible and looked forward to continuing engagement on the NCQG, including through the high-level ministerial dialogue. On loss and damage, the group sees operationalising the SNLD at this COP as a priority and welcomed the new agenda item on funding arrangements for loss and damage.

Switzerland on behalf of the **Environment Integrity Group (EIG)** said that COP 27 must make decisive progress on operationalisation of the SNLD and looked forward to pursuing deliberations on the GGA. It reiterated its deep commitment to adaptation and also to develop a comprehensive package of responses to the challenges of loss and damage.

TWN
Sharm el-Sheikh Climate News Update 4

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Clarion calls to avoid "highway to climate hell"

Sharm el-Sheikh, 8 November (Meena Raman) – The **UN Secretary-General, Antonio Guterres,** once again sounded the alarm at the opening of the world leaders' climate summit on 7 November in Sharm el-Sheikh, saying that greenhouse gases keep growing, the temperature is rising and the planet is reaching tipping points. He warned that we are charting a "highway to climate hell and the foot is still on the accelerator", adding that "climate change is a central challenge of our century that is self-defeating to be put on the backburner".

The opening ceremony of the leaders' summit called the "Sharm el-Sheikh Climate Implementation Summit" kicked off with a welcome address by **Egyptian President Abdel Fattah El-Sisi**. He was followed by the UN Secretary-General. A call was also made by the **Prime Minister** of **Barbados Mia Mottley** for a reform of the Bretton Woods institutions in responding to the climate challenge. There were also exhortations by **Al Gore**, a former Vice President of the United States, for an end to fossil fuel addition.

The **UN Secretary-General** said that the war in Ukraine has shown the addiction of countries to fossil fuels, and stressed that governments cannot backslide or greenwash. He called for effective accountability and action to establish ambition and rebuild trust, especially between the North and South. He said that the science is clear and that any hope of limiting temperature rise to 1.5^{o}C requires a global net zero by 2050.

The Secretary-General also called on high emitting countries to move away from coal to renewables, and for a historic pact between developed and emerging developing countries, where the wealthier provide financial and technical support for a coal phase-out by 2030 and for all by 2040. He called for a common strategy and for the United States and China in particular to join efforts to make the pact a reality, adding that countries have to "cooperate or perish" and for a "climate solidarity pact or climate suicide".The Secretary-General stressed the need to reinforce resilience to climate change and reiterated the Glasgow decision for doubling the contribution to adaptation finance and for a roadmap in this regard, adding that adaptation finance must exceed half of climate change funding. He said further that international financial institutions need to change economic models and do their share with the tools to lever more financial resources.

The Secretary-General also said that the hard truth was that there is no way to adapt to the enormous deadly impacts of climate change and that loss and damage cannot be swept under the rug. He called for a universal early warning system to be in place in five years and for governments to tax the windfall profits of fossil fuel companies. He called for the COP to agree on a clear time-bound roadmap for effective institutional arrangements and for finance for loss and damage, saying that this is a litmus test as to whether COP 27 is a success.

President Sisi said that there were "great expectations for high results" at COP 27, with the planet witnessing much suffering and losses which must be put to an end. He reminded leaders that people want rapid and concrete genuine actions to reduce greenhouse gases, reinforce the ability to adapt, and for the provision of funding for developing countries who are suffering more than ever. He underscored the summit's theme of "Together for implementation", despite the challenges faced and that there is no more time to hesitate.

He said that there is a need for strong will to go further, for a future which will not exceed 1.5^{o}C temperature rise, adding that "we must be frank and honest" and "must be inspired by the trust", while respecting the principle of common but differentiated responsibilities between developed and developing countries to be taken into account.

Sisi said that developed countries must do more and must ensure practical roadmaps for the green transition in developing countries. He called on world leaders to take more ambitious measures and said that at COP 27, new initiatives and measures would be launched, adding that for the sake of future generations, there is no time to slip back and it is the last chance to meet and implement the commitments and obligations agreed to.

The President also appealed for the war in Ukraine to end as there has been much suffering.

The **President** of the **United Arab Emirates (UAE), Sheikh Mohamed bin Zayed Al Nahyan**, whose country is the next host of the COP, said that his country is "a responsible supplier of oil and gas", and that "it is least carbon intensive". He added that the UAE has been working towards diversifying its economy, building capacities in renewable energy and developing the economy in a sustainable way. As the host of COP 28, the President said that his country will seek practical solutions to address loss and damage and sustainable economies.

Al Gore said that "we have a credibility problem", and that there was a lot of talking but not much action, adding that "we can continue with the culture of death with the addiction to fossil fuels" and the impacts this causes for millions of people or "we can have blessings", referring to investments in renewable energy as we stop subsidising fossil energy. He called for a sustainable energy revolution, saying that Africa has great solar and wind energy potential. Gore stressed that any new fossil fuel development is incompatible with limiting to 1.5°C temperature rise and this needed to stop.

He also said that the "dash for gas" is "a dash down a bridge to nowhere", that could lead to billions in stranded assets especially in Africa, and exhorted wealthy nations not to be fooled into addressing the shortage of fossil energy by locking in more dependence on fossil fuels. He called for "an end to fossil fuel colonialism".

Gore also said that some trillions of dollars are needed for the transition (away from fossil fuels) and called on reconvening the Bretton Woods institutions to make access to private capital available for developing countries. He called on leaders to summon the political will to address the credibility problem and drive implementation with every tool toward a true path to net zero.

Mia Mottley said that the chorus has been clear, that we (leaders) have the power of choice and that this is a COP of action. "We have seen the horror and devastation wrecked on this earth" and "keeping the 1.5 degree C alive cannot be a mantra", she added further. "The simple political will that is necessary not just to make promises but to deliver on them and make a definable difference for our people seems to be not possible," she emphasised further.

Mottley also said that Barbados has high ambition to have access to photovoltaics, electric vehicles etc. but is constrained from accessing them because it is in the hands of the Global North, adding that the Global South is at the mercy of the North.

She asked how many more countries must falter in a world that is suffering the consequences from war and inflation and who cannot meet the challenges to finance their way to net zero, adding that "this world looks still too much like it did when it was part of an imperialistic empire".

The Prime Minister said that the Global North borrows at an interest rate of 1 to 4% (from the capital markets) while for the Global South, it costs 14%, and remarked that we wonder why "Just Energy Partnerships" are not working. She said further that countries who want to do the right thing cannot find the critical supplies needed (for renewable energy) and have to rely on gas.

She believed that there could be a "Climate Mitigation Trust" through the issuance of US$500 billion of Special Drawing Rights by the International Monetary Fund (IMF) in a way that helps unlock the trillions of private sector capital. This, however, requires a change in the attitude of the US Congress, she added, as decisions in the IMF require 85% of the votes, with the US having 17% of the quota.

There was and must be a commitment to unlock concessional funding for climate-vulnerable countries, Mottley said further, adding that there is no way developing countries who have graduated (from least developed country status) can fight the climate change battle without access to concessional finance.

She also stressed that the critical issue of financing loss and damage should depend not only on states but also on non-state actors such as oil and gas companies, and those who facilitate them need to be brought into a convocation, as these companies had made $200 billion in profits in the last three months, and questioned why they could not contribute at least 10 cents for every dollar of profit.

The PM also said that natural disaster clauses need to be included in debt instruments to put a pause on the payment of debt in the wake of disasters, so the countries could get the flexibility to address loss and damage.

Mottley called for a reform of the multilateral development banks (MDBs) and said that it was time to revisit the Bretton Woods institutions, as developing countries have not been heard sufficiently. She said a new deal was needed with respect to the Bretton Woods institutions to stop the tragic loss of lives and impact on peoples' livelihoods, saying that they must have different views about their risk appetite, as well as to look at the issuance of SDRs and other innovative ways to expand the billions to trillions.

The leaders will continue to meet on 8 November. including in engaging in six high-level round-tables on the themes of: just transition, food security, innovative finance for climate and development, investing in the future of energy viz. green hydrogen, water security, and climate change and sustainability of vulnerable communities.

TWN
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Call for loss and damage fund which is fit for purpose

Sharm el-Sheikh, 9 November (TWN) – Developing countries made a strong call for a multilateral fund for loss and damage which is fit for purpose during the first informal consultations on matters related to funding arrangements for loss and damage on 8 November at the ongoing climate talks in Sharm el-Sheikh, Egypt.

Mr Gaston Browne, the **Prime Minister of Antigua and Barbuda,** attended the informal consultations and said the issue should not be seen as controversial and there should not be lack of commitment by stakeholders. Referring to the existing situation as "inequitable", Browne said that there is something "fundamentally vulgar" about developing countries with scarce resources having to address the issue while continuing to suffer loss and damage. He added that a fund now would negate the need for climate funding in the future and while it is not meant to be a panacea for all climate problems, a funding mechanism was critical for greater equity within the system. The Prime Minister said that the fund should be designated as an operating entity of the Financial Mechanism of the Convention, and should be operationalized in two years, adding that the key thing now is that it should not be a divisive issue in the negotiations.

Following the Prime Minister's statement, **Antigua and Barbuda** also spoke for the **Alliance of Small Island States (AOSIS)** and said that the focus must be on funding arrangements and the idea is not to just look at gaps but also solutions, adding that the work modalities should include submissions by Parties, contact groups and an ad hoc or an expert committee, among others. It highlighted that the funding arrangements should be within the UNFCCC and that Parties need to be very careful when they talk of "outside solutions". It also called on Parties to discuss innovative sources of funding arrangements and for budgetary support from the UNFCCC to support the process.

Ecuador spoke for the **G77 and China** and said the issue of loss and damage finance was among the most important finance issues for the group and the first thing the group needs to see in the decision is a strong acknowledgement of the gap. "There is a lot of finance available for mitigation, much less for adaptation, but none for loss and damage," it said, adding that whatever conversations around loss and damage finance focus only on the private sector and are limited to insurance mechanisms.

Outlining further on the outcome it expects on the issue in Sharm el-Sheikh, Ecuador said the outcome decision must recognise the need for urgent and immediate, new and additional, adequate and predictable resources for loss and damage, which is "both ex-post and responsive". Finance for loss and damage has to be public and grant-based, and for all developing countries, it stressed, explaining that by funding arrangements, it meant an institution or an entity that would provide funding and that expected to have this as an outcome in Sharm el-Sheikh.

It said further that the fund should be designated as an operating entity of the Financial Mechanism of the Convention and focused exclusively on addressing loss and damage, adding that there is a need for a conversation around how to make it operational and that it did not see a complex conversation on funding sources. Ecuador said further that the fund would be based on the principles of equity and common but differentiated responsibilities (CBDR) (between developed and developing countries) due to the historical responsibility (of developed countries for their emissions). It also said the objective is to have an institution that begins working soon and where needs of developing countries are addressed in a timely manner.

South Africa for the **Africa Group** said form follows function and called on Parties to progress on the form to have a proper fund design. It said there were a number of options available under Article 11.1 of the Convention, which must be made available. (Article 11.1 of the Convention reads: "*A mechanism for the provision of financial resources on a grant or concessional basis, including for the transfer of technology, is hereby defined….*")

South Africa said further that there are a set of rules vis-à-vis funding arrangements and no attempt must be made to reopen them, adding that certain issues had been delegated to operating entities which must be respected. It also said that the idea of funding arrangements is to respond very quickly and that all developing countries should be eligible to access resources from the fund. It said that the source of the money should be developed countries and Parties could also launch innovative sources of finance, since the scale of finance needed for loss and damage is huge and given the situation of developed countries not being able to keep up with their commitment goal of mobilising US$100 billion per year by 2020.

It called for a process to be set up, technical-level expert discussions on sources, as well as a discussion with the humanitarian and disaster risk reduction community. It also called for work on slow-onset events and non-economic losses. It said it is open to discussing the ad hoc committee approach proposed by the AOSIS.

India said loss and damage was neglected for far too long and it was high time the issue was addressed, adding that the cost was being borne by people least responsible for loss and damage. It also said that it welcomes the inclusion of the new agenda item and the discussion restores a semblance of trust. It also said that while humanitarian aid and response remain necessary following a disaster, loss and damage is about resilient recovery, stressing that historical cumulative emissions should be the guiding principle in the design of the arrangements and not current emissions. India also said the funding arrangements should be consensus-based with easy and fast disbursement during or after climate-change-induced disasters. It should have a separate techno-economic body for approving attribution and funds; be grant-based since loans of any kind would increase the misery and debt of affected communities and there should be event-specific funding depending on the loss of lives and property. It further added that the principle of CBDR should be the corner-stone of any funding arrangement.

The **Dominican Republic** said its top priority for COP 27 is that Parties acknowledge there is a gap in funding arrangements and that there is a need for new, additional, adequate and predictable funding for addressing loss and damage. Calling it a "survival issue", it echoed calls for a new multilateral fund for loss and damage and to have it operational by 2024. "We cannot leave Sharm el-Sheikh without this," it emphasised.

The Maldives expressed how it is at risk of extinction due to the impacts of climate change and that addressing loss and damage "is being able to live a healthy life", stressing that the need for slow-onset events should also be addressed. It explained that when a disaster such as a storm or flood strikes, many organisations offer immediate needs to a country, but they then leave and what is needed is longer-term resilience. Calling for a fit-for-purpose fund with new, additional, adequate and predictable resources, the Maldives said the creation of a fund would be the first step to resolving the issue for Small Island Developing States.

(The issue of funding arrangements for loss and damage was adopted as part of COP 27 and the fourth meeting of the Parties to the Paris Agreement (CMA 4) after much wrangle ahead of the start of the COP. See TWN Update 2. The agenda item's full title is "*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*". Further deliberations on the issue will continue in informal consultations on the matter.)

TWN
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Adaptation fund pledges unfulfilled – say developing countries

Sharm el-Sheikh, 10 November (TWN) – Developing countries expressed strong concerns over the unfulfilled pledges of developed countries to the Adaptation Fund (AF) during informal consultations convened on the agenda item on report of the Adaptation Fund Board on 9 November under the ongoing climate talks in Sharm el-Sheikh, Egypt.

Contentious issues also arose in discussions on the fourth review of the AF in relation to diversifying the AF's contributor base as well as references to outstanding pledges worth US$174.6 million to the AF and over the doubling of adaptation finance in the draft text proposed by the co-facilitators.

Report of the AF Board

South Africa spoke for the **Africa Group** and said that the issue of resource mobilisation remains a "systemic failure" by developed countries, adding, "They continue to lie to us, make false pledges and continue to announce pledges and not fulfil them." It also said that the UNFCCC secretariat should become an accountable mechanism and Parties must hold the developed countries to account. It stressed further that developed countries "used and abused" the UNFCCC platform to make pledges in Glasgow and "lied to the global public" and "365 days later they come and give excuses about budgetary cycle" to justify why their pledges were not fulfilled. South Africa also said the world should know that especially the large developed countries continued to "abuse public trust and mislead the global community". In a veiled reference to the United States, South Africa said a Party wanted to sit on the AF Board and therefore made pledges to the Fund which went unfulfilled, and that it was time to "name and shame those Parties". South Africa called for very strong language in the decision expressing serious concern by Parties on the lack of fulfilment of their pledges, as this impacts programming of the Fund, it emphasised further. (Para 17 of Decision 1/CMA.3 titled Glasgow Climate Pact had welcomed "*the recent pledges made by many developed country Parties to increase their provision of climate finance to support adaptation in developing country Parties in response to their growing needs, including contributions made to the Adaptation Fund…which represent significant progress compared with previous efforts*".) (Para 4 of the decision in Glasgow on the "Report of the Adaptation Fund Board for 2020 and 2021" had welcomed pledges from a variety of contributors, including the United States, amounting to US$356 million to the AF.

The report by the AF Board (with information for the period of 1 July 2021 to 30 June 2022) states that "outstanding contributions under signed agreements amounted to the equivalent of US$43.86 million, while the equivalent of US$236.30 million in pledges was outstanding".)

Belize spoke for the **Alliance of Small Island States (AOSIS)** and said that efforts to improve AF operations and access assume that there is funding to be accessed and that it continues to be "concerned over the lack of sustainability and predictability of resources being channelled through the AF". It also expressed concern that despite the growing demand on the AF and its ambitious programmes/initiatives to find new avenues for entities to tap into resources, "there has been no agreement to establish a target for its resource mobilisation strategy". "Given the fact that the Fund is intended to benefit the vulnerable, then a bare minimum starting point would be to use the cumulative demands evidenced in the pipeline to gauge what that target should be," said Belize, adding that it would be appropriate that the AF Board should be aspirational and processes such as replenishment cycles be established to get the Fund in a more stable position and suggested that its views be captured in a decision text.

Nepal for the **Least Developed Countries (LDCs)** also expressed concerns over the lack of adequate resources in the AF, adding that while demand for projects is high, supply of funds is very limited. It urged contributors to put money into the Fund and called on them to fulfil their pledges and make further contributions. Nepal also spoke about enhancing direct access for entities from the LDCs to the Fund.

Argentina for Argentina, Brazil and Uruguay (ABU) said the decision must include mention of pledges not being fulfilled.

Chile for the **Independent Alliance of Latin America and the Caribbean (AILAC)** also spoke about unfulfilled pledges and said progress must be tracked against the pledges made.

China and **India** also echoed the Africa group and other developing countries in expressing their concerns regarding the unfulfilled pledges.

The **European Union (EU)** said that developed countries had kept the AF alive through voluntary contributions and what was paid by developed countries had "exceeded the mobilization target".

Switzerland hoped that other contributors would step up this year and that they were "on course" to disburse their money to the AF and outlined elements for a decision text in the areas of coherence and complementarity, accreditation and project approval processes.

Following the discussion, the co-facilitators invited Parties to send written submissions on concrete proposals for a draft decision, pending which a draft text would be issued.

Fourth Review of the AF

In informal consultations on the fourth review of the AF convened on 9 November, Parties discussed the draft text proposed by the co-facilitators. Discussions were contentious around paragraphs related to references to doubling of adaptation finance, diversification of the AF's contributor base as well as reference to outstanding pledges worth US$174.6 million to the Fund.

The paragraphs in question are as follows:

"Paragraph 6: *Stresses the importance of financial contributions to the Adaptation Fund, including in the context of doubling the collective provision of climate finance for adaptation from developed to developing countries and invites developed country Parties to consider channelling additional resources through the Adaptation Fund*;

Paragraph 7: *Notes with concern that, as at 8 November 2022, a total of US$174.6 million in pledged contributions to the Adaptation Fund was outstanding and urges Parties that have not fulfilled their pledges to the Fund to do so as soon as possible.*

Paragraph 10: *Welcomes the diversification of the Adaptation Fund's contributor base and encourages the Adaptation Fund Board to further intensify its efforts to mobilize finance from diverse sources.*"

On paragraph 6, which mentions doubling the collective provision of climate finance for adaptation and invites developed countries to channel additional resources, the **US** requested deletion of "in the context of doubling the collective provision of climate finance from developed to developing countries" and gave the rationale that the Glasgow Climate Pact was not necessarily relevant to the operations of the AF. The US also proposed deleting reference to "invites developed country Parties" since "all the countries" should be invited "to contribute to the AF".

(The Glasgow Climate Pact urged developed countries "to at least double their collective provision of climate finance for adaptation to developing country Parties from 2019 levels by 2025, in the context of achieving a balance between mitigation and adaptation in the provision of scaled-up financial resources…".)

Switzerland suggested that the paragraph should reiterate the importance of voluntary contribution to the fund rather than inviting only developed countries to consider channelling additional resources through the AF.

Nepal for the **LDCs** and **Brazil** for **ABU** supported retaining references to doubling of adaptation finance and to reflect language from Glasgow which said "at least double their collective provision of climate finance for adaptation…".

On paragraph 7 which refers to outstanding pledges of US$174.6 million, the **US** said that while it agrees to the sentiment expressed in the paragraph, it would be useful to be more general and that the specific reference to US$174.6 million should be deleted.

Canada also said that specific numbers were not helpful.

The **EU** said the number is quite detailed, that things are in a state of flux and wondered if the paragraph belonged to the decision proposed.

On paragraph 10 on diversification of the donor base, the **Africa Group**, **ABU**, and **Saudi Arabia** for the **Arab Group** and **China**, said they did not support the notion of diversifying the Fund's contributor base. **AOSIS** also supported the Africa Group.

Following the comments, the co-facilitators of the agenda item on the fourth review of the AF are expected to issue another iteration of the draft text.

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Need for framework on the global goal on adaptation – say developing countries

Sharm el-Sheikh, 11 November (Prerna Bomzan) – Developing countries made a firm call for the establishment of a framework on the global goal on adaptation (GGA) as a substantive outcome at the ongoing negotiations under the Glasgow-Sharm el-Sheikh work programme on the GGA.

(A comprehensive two-year Glasgow-Sharm el-Sheikh work programme on the GGA was established and launched at the third meeting of the Conference of Parties to the Paris Agreement in Glasgow in 2021 and is referred to in decision 7/CMA.3.)

At the first informal consultation held on 9 November, **Botswana** speaking for the **G77 and China** said the group needs a "substantive outcome from this session" and that "as a starting point, a framework will need to be established under the GGA, which will have clearly defined dimensions/ focus areas, sectors, cross-cutting approaches, indicators/metrics/targets as appropriate, and sources of information/input that will enable the full and sustained implementation of the Paris Agreement (PA) towards achieving the GGA with the view to enhancing adaptation action and support, including for reviewing overall progress made in achieving the GGA", it stated.

It emphasised that the framework will need to be reviewed in order to enhance/improve it, prior to the second cycle of the global stocktake (GST), taking into account the outcome/experience/ challenges/gaps of the first GST (to be held in 2023).

Botswana also provided a reflection on the work undertaken in 2022 under the GGA work programme which comprised four workshops. "We started work quite late so this has led to the workshops to be scheduled in a manner that does not allow for sufficient time between workshops for reflection and preparation. This has been a challenge to the Chairs of the Subsidiary Bodies (SBs), the secretariat, Parties and observers in effectively engaging in the negotiations." Further, it highlighted some of the challenges faced by developing countries that would need to be "rectified going forward" which included "the limited time in considering reports and concept notes before the workshops and in preparing of submissions, the short gap between workshops which does not allow enough time for reflections, limitation to in-person participations, challenges with virtual modalities. These need to be addressed in the substantive and process guidance we will be providing at CMA 4 or else such challenges could undermine the delivery of the outcomes expected for CMA5".

On the substance of the issue, it pointed out that the group was expecting that "commonalities would have been identified and presented towards advancing the work of the GGA" and that "this would have helped Parties in further elaborating those commonalities and areas of convergence, to advance work in a substantive manner towards the attainment of the objectives of the GGA work program as established under decision 7/CMA.3".

"Through this informal consultation, we would like to learn from the past challenges and provide guidance to the upcoming work in 2023. Going forward we would like to have a hands on engagement and a retreat-like approach where participants start narrowing down conversations," Botswana underscored and further shared that the G77 and China groups and Parties within the group would provide views on how to advance work at this session.

During the three informal consultations held over 9 November and 10 November, the G77 and China sub-groups echoed the demand for the establishment of the GGA framework. Views were expressed by **Argentina** for **Argentina, Brazil, Uruguay (ABU)** and **the Independent Alliance of Latin American and the Caribbean nations (AILAC)**; **the Maldives** for **the Alliance of Small Island States (AOSIS)**; **Saudi Arabia** for the **Like-Minded Developing Countries (LMDC)**; **Zambia** for **the Africa Group**; **Chile** for **AILAC**; **Kuwait** for **the Arab Group** and **Angola** for the **Least Developed Countries (LDCs)**.

Zambia for the **Africa Group** emphasised that the group is ready to deep dive and not work in exploratory mode, and presented a very comprehensive proposal detailing the areas, sectors, cross-cutting considerations, and the principles for the establishment of the GGA framework, as follows:

“a. Areas – i. Impacts, risks and vulnerabilities, ii. Planning, iii. Implementation of actions, iv. Means of implementation and support for developing countries;

b. Sectors –Water, Agriculture and Food; Cities and Settlements and Infrastructures, Health, Poverty and livelihoods, Ecosystems;

c. Cross cutting considerations including indigenous knowledge, and other considerations as appropriate;

d. Principles: Principles of the Convention and the PA to reflect equity and common but differentiated responsibilities and respective capabilities (CBDRRC), in light of different national circumstances, country driven, recognizing of Article 7.2 of the PA recognizing that adaptation is a challenge faced by all at various levels (local, subnational, national regional and international) and that it requires a long-term response.”

Further, it presented the “high level global indicators and targets” of the proposed GGA framework which would be “inclusive of but not limited to:

I. Enhancing the capacity to adapt and build resilience of global populations by 50% focusing on enhancing the adaptation capacity of populations in developing countries by 2030;

II. 100 percent of population vulnerable to the effects of climate change reduced by 2050;

III. 100 Percent of global population having access to early warning systems by 2025;

IV. 100 percent of countries (have) developed adaptation planning by 2025;

V. Substantial progress on the implementation adaptation priorities communicated through the national adaptation plans (NAPs), nationally determined contributions (NDCs), Adaptation Communications (ACs) and national communications (NCs) by 2030.”

Zambia also stressed the importance of linkages to the GST and contributing effectively “through capturing progress, highlighting gaps, assessing adaptation action and support needs for developing countries, identifying challenges, and areas of improvement, in order to continue to work towards the achievement of the GGA and raising adaptation ambition of action and support”.

It further detailed the themes, timeline and modalities of future workshops to be conducted in 2023 under the GGA work programme. At the outset, it had expressed concerns about the delayed start in implementing the GGA work programme in 2022 when in Glasgow (in 2021) it was decided that work would start immediately.

Zambia also called for additional work, one of which entailed inviting the Intergovernmental Panel on Climate Change (IPCC) “to prepare a special report on the GGA on adaptation, including developing a baseline study for clear measurement of targets for impacts and vulnerability, adaptation needs and costs in the context of the 7th Assessment Report, including updating its 1994 technical guidelines for assessing climate change impacts and adaptation”. It had prefaced the group’s views with the fact that adaptation is an “overarching priority for Africa” since the continent has “no option but to adapt”.

It strongly urged the co-facilitators of the informal consultations to “compile all views and options expressed by all Parties and groups into one draft and not exercise their own judgement in preparing a textual proposal”. The informal consultations are being co-facilitated by **Kishan Kurmarsingh (Trinidad and Tobago)** and **Mattias Frumerie (Sweden)**.

Saudi Arabia for the **Like-Minded Developing Countries (LMDC)** also presented a detailed proposal on the proposed GGA framework, providing the following elements:

“a. Dimensions of processes: i. Vulnerabilities and risks assessment, ii. Planning, iii. Implementation, iv. Gaps and needs on finance, capacity building and technology transfer, v. Monitoring and evaluation systems;

b. Themes named: Terrestrial and freshwater ecosystem, oceans and coastal ecosystems, water, food, cities, settlements, health, and infrastructure;

c. Cross-cutting aspects to be identified, including: gender responsive, equity and social justice, ecosystem-based adaptation, multi-scale viz. national, local, regional and transboundary, indigenous peoples' knowledge and cosmos bio-centric approaches, as appropriate, and traditional and local knowledge.

d. Sources of information pursuant to para 19/CMA.1: (a) Reports and communications from Parties, in particular those submitted under the PA and the Convention; (b) reports of the IPCC; (c) Reports of the Subsidiary Bodies; (d) Reports from relevant constituted bodies and forums and other institutional arrangements under or serving the PA and/or the Convention; (e) Synthesis reports by the Secretariat; (f) Relevant Reports from United Nations agencies and other international organisations which should be supportive of the UNFCCC process; (g) Voluntary submissions from Parties, including on inputs to inform equity considerations under the GST; (h) relevant reports from regional groups and institutions; (i) submissions from non-Party stakeholders and UNFCCC observer organisations."

It underscored the need for a roadmap in terms of timeline, modalities, and themes of future workshops under the second year of the GGA work programme in 2023 and further, called for a "balance" of work at this session of address programme in relation to the mitigation work programme.

As a substantive outcome of this session, it also presented a decision text proposal as follows: "Decides that the GGA is to address the developing countries' current and projected adaptation needs, including finance, capacity building and technology transfer, to enhance adaptive capacity, strengthen resilience, and reduce vulnerability to climate change impacts and risk in the context of the temperature increase to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C from pre-industrial levels. Reflecting equity, and CBDRRC in light of different national circumstances and in the context of sustainable development and efforts to eradicate poverty."

The co-facilitators are expected to present a draft decision text on the GGA work programme for the consideration of Parties on 11 November.

It is to be noted that the **United States** and **Switzerland** have explicitly expressed their scepticism about establishing the GGA framework at this session, stating that it is "premature" for a substantial decision.

TWN

Sharm el-Sheikh Climate News Update 8

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Draft texts in brackets submitted for further negotiations

Sharm el-Sheikh, 14 November (Prerna Bomzan/ Hilary Kung/Meena Raman) – After intense negotiations extending into late hours in the first week of the climate talks that began on 6 November, the UNFCCC Subsidiary Bodies (SBs) closed on 12 November, with agreement to transmit draft negotiating texts on the key issues in "brackets" for further work and consideration in the second week, under the helm of the Egyptian Presidency.

The draft texts in brackets reflect a lack of consensus among Parties and negotiations will continue this week, with the hope that consensus can be reached by 18 November, when the talks are to end. The different agenda items are being considered under the ongoing 27th meeting of the Conference of Parties to the UNFCCC (COP 27), the 17th meeting of the Parties to the Kyoto Protocol (CMP 17) and the fourth meeting of the Parties to the Paris Agreement (CMA 4).

An informal stocktaking plenary has been called by the COP 27 President on Monday 14 November, and is expected to outline the mode of work for the final second week, which is expected to see negotiators continuing to find compromises, while leaving the outstanding political issues to be dealt with by ministerial led consultations.

An overarching highly contentious issue across all relevant agenda items is the issue of climate finance, which is expected to be resolved only at the political level with the engagement of ministers, which includes the most-watched issue of loss and damage finance.

This update presents highlights of some of the key sticky issues in "brackets", in the areas of climate finance, mitigation, adaptation, loss and damage and Article 6 of the Paris Agreement (PA) dealing with cooperative approaches which include the use of market and non-market mechanisms.

Matters Relating to Finance

Almost all of the agenda items remain unresolved pertaining to long-term climate finance (LTF), the Adaptation Fund (AF), the Standing Committee on Finance (SCF), the Green Climate Fund (GCF), the Global Environment Facility (GEF), the seventh review of the Financial Mechanism, the new collective quantified goal on finance (NCQG) and the funding arrangements responding to loss and damage associated with the adverse effects of climate change.

Loss and damage finance

The most contentious key issue is the funding arrangements for loss and damage which was conducted in 'informal-informal' sessions as well during the first week. On 12 November at the informal consultations, **South Africa** for the **Africa Group** did not support the proposal by the **United States (US)** to include the "understanding" in the decision text which was read out by the **Egyptian Presidency** before the adoption of the agenda item on funding arrangements for loss and damage. (See TWN Update 2). (The US was referring to what was read by the COP President prior to the adoption of the agenda item viz. *"It is understood that: The outcomes of this agenda item are based on cooperation and facilitation and do not involve liability or compensation; this agenda item includes the Glasgow Dialogue"* [which are general discussions on loss and damage]; and *"the agenda item will launch a process with a view to adopting a conclusive decision no later than 2024"*.)

The African Group reiterated its stand on agreeing on the "form" of the funding arrangements before delving into the "process" stressing that whatever final decision taken should focus on a "rapid" response, elaborating that existing mechanisms such as the AF, the GEF and the GCF have their own programmatic and Board cycles which are bound by time.

The other issue was the reopening of agreed decisions, for instance, in the case of the GCF which does not allow space for a new window (as existing windows for funding are mitigation and adaptation), said the **African Group**, adding that the only "appropriate avenue" to take a decision on the issue is to establish an "adhoc committee" to arrive at a "consensus" at COP 28 next year. This call was echoed by **Senegal** for the **Least Developed Countries (LDCs)**, **Antigua and Barbuda** for the **Alliance of Small Island States (AOSIS)** and **Colombia** for the **Independent Alliance of Latin American and the Caribbean nations (AILAC)** while the **European Union (EU)** said that it would consider the suggestion.

Co-facilitator **Ursula Fuentes (Germany)** at the closing of the consultations informed that a list of "elements" would be provided to Parties to structure the next discussion based on views heard from groups and Parties so far to which **AOSIS, LDCs** and **Pakistan** for **G77 and China** sought clarity on why there had been no opening contact group on this important agenda item. **AOSIS** said that a clarification is needed from the Presidency on why the mandate has been only for informal consultations as a mode of work which was backed by **G77 and China**, to which **Fuentes** responded that a decision text can still be worked under the current mode of work and the co-facilitators would clarify with the Presidency and provide information if they receive further guidance. The next informal consultation will be held on Monday 14 November.

Article 2.1(c) of the Paris Agreement

A key difficult issue relates to the work of the SCF on Article 2.1c of the PA. (Article 2.1 (c) states as follows: *"Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development"*.)

Paragraph 29 of the draft text of 12 November reads *"decides"* to establish a work programme on the implementation of Article 2.1c, to which the **G77 and China** expressed strong concerns. In addition, the "welcoming" of the "mapping" of information relevant to Article 2.1c was objected to by **Saudi Arabia** for the **Arab Group. South Africa** for the **Africa Group** elaborated how the narrative around Article 2.1c by developed countries is "restrictive" and is used by developed countries to block access to funds, citing the experience of one of its own development banks at the GCF. **Pakistan** also echoed this sentiment, stating that it is being used in a number of ways to create conditions or limitations, for example in the GCF, when developing countries want to pursue their development objectives, and it asked its intervention to be put on record in this regard.

Long-term finance (LTF)

In relation to LTF, the co-chairs of the informal consultations produced a wordy 99-paragraph first iteration of the draft text on 12 November, which was requested by a majority of the groups to be streamlined for the next iteration.

On the delivery of the US$100 billion goal, **Ecuador** for **G77 and China** expressed several concerns over the critical dilution in language from "developed" countries to "donors", stating that climate finance is a commitment and not a donation by developed countries. There was also opposition by developing countries on the mention of the Climate Finance Delivery Plan (initiated by Germany and Canada in Glasgow at COP 26 for the US$100 billion), which is outside of the UNFCCC.

Developing countries especially the **Like-Minded Developing Countries (LMDC)**, **China**, and **Cook Islands** for the **Alliance of Small Island States (AOSIS)** also expressed their frustration over the long-standing calls for a common definition of climate finance which hinders the tracking of progress of the US$100 billion goal and often results in double-counting. Most developing country groups called for an annual progress report on the US$100 billion goal which was not supported by the **US.**

Fourth review of the Adaptation Fund

On the fourth review of the AF, there was a protracted spat between the **Africa Group** in particular and the **US**, over the latter's participation in the informal consultations (given that the US and Canada are not Parties to the KP), about a fund under the Protocol.

The **US** persistently wanted to include the reference to the "CMA" (as the AF is also to serve the PA) in the next fifth review of the AF, despite the fact that the AF's authority is currently only under the CMP.

Additionally, **South Africa** reminded that being a non-Party to the KP and with its observer status at the CMP, the US did not enjoy the right to make any textual amendments in the final decision-making to which the **US** contested, saying that the AF is in transition and will soon exclusively serve the PA. The UNFCCC legal counsel was called to solve the deadlock and after it provided an opinion against the US participation in the process, the US representative protested at being treated wrongly and walked out of the room.

Mitigation Work Programme

The draft text of 11 November includes options on the scope and duration of the work programme, as well as on who would be responsible in carrying out the programme among others.

In relation to the scope of the work programme, there are two options. Option 1 refers to 51 thematic areas contained in an annex of the draft text that includes "fair and equitable distribution of the remaining carbon budget in line with the principles of equity and of common but differentiated responsibilities (CBDR), including significant net negative emissions by developed countries before and after 2030", "definitions of sectoral benchmarks and targets", "phase down of unabated coal power and phase-out of inefficient fossil fuel subsidies", "just transitions towards net zero emissions and towards low-emission, climate-resilient development", "economic diversification as a mitigation enabler and pathway to sustainable development", "provision of finance, technology and capacity-building support to developing countries for implementing NDCs", etc.

Option 2 contains a smaller list of themes, among others the following: "based on broad thematic areas relevant to urgently scaling up mitigation ambition and implementation in this critical decade… just transitions including just transitions framework towards low-emission and climate resilient development in the context of achieving sustainable development]; technologies and finance [flows][support] for enhancing mitigation ambition and implementation…".

Setting sectoral targets is being opposed by several developing country groups including the **Like-Minded Developing Countries** (**LMDC**), the **Arab Group**, and **Argentina, Brazil, Uruguay** (**ABU**), who argue that the NDCs of Parties are nationally determined.

In relation to the duration of the work programme, there are three options: Option I is until CMA 5 (November 2023), option 2 is until CMA 6 (November 2024) and option 3 is until CMA 12 (November 2030) or "until the global emissions trajectories required to achieve the long-term temperature goal set out in the PA have been achieved".

As regards how the work programme is to be conducted, there are three options: Option 1 contains the SBs, option 2 contains a committee consisting of Party representatives and technical experts, and option 3 contains a proposal by **Bolivia** for a "Sharm el-Sheikh interactive dialogue on the worldviews of ancestral and millenary societies on halting the climate collapse and restoring the balance with Mother Earth…with a focus on cosmo-biocentric approaches to addressing the climate crisis, to inform the global stocktake…".

Global Goal on Adaptation

On the framework for achieving the global goal on adaptation (GGA) firmly called by developing countries as a substantive outcome, option 1 captures the proposal by the **G77/China** detailing the elements, namely; areas, sectors, cross-cutting considerations, principles and sources of information and inputs, as well as the high-level global indicators and targets (see TWN Update 7). Option 2 contains "no text on framework", which is the option proposed by some developed countries.

It is to be noted that during the informal consultations in the first week, conference room papers (CRPs) were submitted by **Zambia** for the **Africa Group**, **Saudi Arabia** for the **LMDC**, **Argentina** for **Argentina, Brazil, Uruguay** (**ABU**), the **European Union** (**EU**), **Iceland** and **Japan**. Responding to a request by **Zambia** to include all CRPs along with the draft text for consideration next week, Co-facilitator **Kishan Kumarsingh** (**Trinidad and Tobago**) stated that there was objection to it (which was by the **United States**) and that CRPs are only valid for the session with no status beyond, hence they would not accompany the draft text.

At the joint SBs closing plenary, **Pakistan** expressed disappointment at the failure to agree to the draft text and urged Parties to "continue working constructively towards reaching a common ground" next week.

National Adaptation Plans

In relation to national adaptation plans (NAPs), developing countries are urging developed countries to double adaptation finance through the GCF for the preparation as well as implementation of their NAPs.

Currently, the GCF only supports the formulation of NAPs through its Readiness Programme and the funding amount for adaptation is far less compared to mitigation. Paragraph 18 of the draft text of 12 November reads as: "*[Request* *developed country Parties to channel adequate [scaled-up] financing to adaptation action [through the Green Climate Fund in response to] [in the context of the urging] [their commitment] as per decision 1/CMA.3 to at least double their collective provision of climate finance for adaptation to developing country Parties from the 2019 level by 2025 in the context of achieving a balance between mitigation and adaptation in the provision of scaled-up financial resources, in accordance with Article 9, paragraph 4, of the Paris Agreement;]*"

Santiago Network on Loss and Damage (SNLD)

The SBs were not able to conclude their deliberations on the SNLD agenda item, and accordingly forwarded the draft decision text to the COP/CMA. Work on the draft decision text continued at the technical expert level among interested Parties under the Presidency in order to conclude and agree on the decision text on the institutional arrangements for the Network.

Article 6 of Paris Agreement

Article 6.2 allows Parties to engage "on a voluntary basis in cooperative approaches that involve the use of internationally transferred mitigation outcomes (ITMOs)" towards their NDCs, that promote sustainable development, ensure environmental integrity, transparency and avoid double-counting.

During the informal consultations under Article 6.2, several topics that were seen being prioritised to enable its operationalisation are: infrastructure (database, international registries, tracking system), reporting format, expert review guidance and capacity-building program. However, there remain diverging views especially on the Article 6 infrastructure.

Under Article 6.4, while Parties were able to complete a read-through of the entire draft negotiating text, there remain huge differences of views and understandings to be resolved. Article 6.4 has been agreed to as a mechanism to "contribute to the mitigation of greenhouse gas emissions and support sustainable development".

The contact group on 10 November saw reservations from Parties against the recommendations prepared by the Supervisory Body for the Article 6.4 mechanism on activities involving "removals" and indicated the need for further work, before consideration of the issue. While several Parties registered concerns, strong reservations came from **Argentina, Brazil, Uruguay** (**ABU**) and **St. Kitts.** While appreciating the work of the Supervisory Body with its recommendations, **ABU** expressed concerns over what it saw as an "extremely problematic document on removals" as well as the approach of the Supervisory Body, saying that the recommendations were silent on safeguards. In its closing statement of the SBs, **ABU** said that this treatment of removals in the recommendations is without scientific basis.

St. Kitts also lodged serious concerns, especially when the recommendations treat all sources of removals as being the same, and allow the use of these removals to compensate for the ongoing emissions associated with the use of fossil fuels. It did not support any language in the recommendations and called for the Supervisory Body to revisit the document and bring back the recommendations next year.

(For the purpose of the guidance, "removals" are defined "as processes or outcome of processes to remove greenhouse gases from the atmosphere through anthropogenic activities and durably store in geological, terrestrial, or ocean reservoirs, or in products".)

On the consideration of whether Article 6.4 activities could include emissions avoidance and conservation enhancement activities, a number of the Parties expressed that emissions avoidance is not a priority for operationalising Article 6.4 and wanted to defer the discussions to next year.

Under Article 6.8 (which is a non-market mechanism), one of the key issues is the specification and function of the UNFCCC web-based platform, whether as a platform for recording and exchanging information or as a registry of needs and provision of the means of implementation to developing countries. Article 6.8 deals with non-market approaches and states that "Parties recognize the importance of integrated, holistic and balanced non-market approaches being available to Parties to assist in the implementation of their NDCs... including through, *inter alia*, mitigation, adaptation, finance, technology transfer and capacity-building, as appropriate...".

Bolivia for the **LMDC** has been championing an option in the draft text which goes beyond recording existing and intended non-market approaches (NMAs) and support available, but also to include a "matching facility" to match intended NMAs with support available. The **Least Developed Countries** (**LDCs**) and the **Africa Group** also supported this. The **United States** is opposed to this proposal and other developed countries have also expressed concerns with the matching facility for support.

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Negotiations shift into high gear

Sharm el-Sheikh, 15 November (Meena Raman) – Negotiations at the climate talks in Sharm el-Sheikh have reached a frenzied pace as delegates shift gears in an effort to bridge stark divergences on many issues in week two of the talks. (See TWN Update 8 for details on the key issues.)

At an informal stocktaking plenary convened by COP 27 President Sameh Shoukry morning of Monday, 14 November, the Egyptian Foreign Minister called on Parties to shift gears and complement the technical discussions with more political engagement. He outlined the work for week two proceeding on three tracks viz. (i) continued technical negotiations on items under the governing bodies as well as issues forwarded by the Subsidiary Bodies; (ii) continued Presidency consultations on the cover decisions and issues raised during the opening plenaries, as appropriate; and (iii) ministerial consultations on key outstanding political issues starting no later than Wednesday, 16 November. The COP President expected the majority of the work to be concluded by Wednesday, hoping that only a few issues will remain to be resolved by ministers.

The Chairs of the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technical Advice (SBSTA) reported to the plenary that Parties were not able to reach substantive conclusions in the areas of mitigation, adaptation, loss and damage, agriculture, gender, and response measures, and more time was needed.

Meanwhile, discussions on finance matters remain deadlocked, including that on loss and damage funding.

The day also saw the convening of two high-level ministerial roundtables, one on pre-2030 ambition, which was co-facilitated by **Barbara Creecy**, Minister of Forestry, Fisheries and Environmental Affairs, South Africa and **Dan Jannik Jørgensen**, Minister of Climate and Energy and Public Utilities, Denmark; and the other on "Long-Term Climate Finance on the progress and fulfilment of the goal of mobilizing jointly US$100 billion per year by 2020', which was co-moderated by **Aminath Shauna**, Minister of Environment, Climate Change and Technology, Maldives and **Maria Ohisalo**, Minister of the Environment and Climate Change, Finland.

At the climate finance dialogue, **Oxfam**, who have been tracking progress on the mobilising of the US$100 billion per year, said that developed countries have failed to deliver much-needed climate finance to developing countries, and communities. "We know money is not a problem. We have seen how rich nations have mobilized over US$15 trillion to respond to the COVID pandemic. That is 150 times the US$100 billion goal!" it said further.

"Developed countries are saying they have reached US$83.3 billion in 2020, of which 68.3 billion has been public finance. However, it's not all is as it seems. Oxfam estimates the real value, that is climate specific net assistance, to be between US$21 to 24.5 billion. This is a third of what developed countries are reporting. To make matters worse, 70% of the public finance, we estimate to be in the form of loans, pushing developing countries further into debt," explained the Oxfam representative.

"Even more concerning, is the increase in non-concessional loans. For instance, between the 3rd and 4th (the Standing Committee on Finance's) Biennial Report, the percentage of non-concessional instruments went from 30 to 40% of the total. This figure is even higher for multilateral development banks (MDBs). Non-concessional loans are being provided even to countries considered at risk of debt distress by the IMF

(International Monetary Fund). Even the Green Climate Fund (GCF), despite its mandate, is providing 51% of its total climate finance using non concessional loans" and this is for 2019/2020.

"This is unacceptable – non-concessional loans should not be incorporated into climate finance moving forwards. We need real grant-based funding increases, and developed countries need to provide a clear road map on how they will deliver the $600 billion, from 2020 to 2025," it said further.

Oxfam said that "Only a third of reported climate finance went for adaptation in 2020," adding that "developed countries claim that they have provided US$28.6 billion in 2020, but our analysis shows the real value, that is climate specific net assistance for adaptation, to be between US$9.5 to 11.5 billion. This is far from the US$40 billion doubling adaptation target. It is even far from the UNEP estimate of developing countries' need, which is US$70 billon in adaptation finance annually. So at a minimum, developed countries should honour their promise from Glasgow and provide a clear roadmap on how they plan to deliver on doubling adaptation".

Oxfam also made some recommendations. "On climate definition, countries must agree on a climate finance definition – on what can be counted as climate finance. On this, developed countries are stalling the discussion. But this issue must be resolved. As (the) Oxfam research shows, lack of climate finance definition, leads to a significant difference between the reported overall amounts and the real value of provided funds. A refined methodology on how to count climate finance is needed, including for MDBs." It added that a recently published Oxfam audit shows that 40% of World Bank's climate finance cannot be accounted for. "As the largest single provider of climate finance, enhanced transparency and accountability from the Bank is vital to build and maintain trust on these targets being met."

There were many more interventions at the roundtable on finance, with developed countries saying there are on track to mobilising the US$100 billion, while many developing countries echoed the sentiments raised by Oxfam.

Roundtable on Pre-2030 Ambition

The co-facilitator of the roundtable, the **Minister from Denmark**, stressed the importance of limiting temperature rise to 1.5°C, adding that there is a common responsibility which is also differentiated (between developed and developing countries), and that developed countries and emerging economies have a special responsibility to do more. The **Minister** from **South Africa** said that there are considerable opportunities that confront us in what we can do to reduce the ambition gap and that barriers remain. She asked how we can promote just transitions where developing countries face poverty and other development challenges, adding that one of the significant barriers remains the issue of the means of implementation. Many countries and their groupings made interventions. Some of the main highlights are below.

Antigua and Barbuda for the **Alliance of Small Island States (AOSIS)** sounded the alarm once again, saying that the world is for unimaginable loss and damage, and called for the peaking of emissions immediately, which it said must be halved by 2030. It wanted the mitigation work programme to close the ambition and implementation gap.

Bangladesh for the **Least Developed Countries (LDCs)** said that what was lacking is the political will to act, stressing that the 1.5°C goal is a "red-line" for the LDCs and the planet and called for a programme to urgently scale ambition up in this critical decade.

Bolivia speaking for the **Like-Minded Developing Countries (LMDC)** said that "much of the impacts we are facing today are the effects mainly due to the historical and cumulative emissions of developed countries, who have till today, not rapidly reduced their emissions despite all their promises to do so, and not provided any significant support to developing countries, failing in reaching their commitments under the Convention." It added, "The backdrop of the climate crisis is one of deepening climate injustice, since developed countries are attempting systematically to shift the burden to address climate change on to the developing countries and now to the private sector."

Bolivia further said, "In this context, pre 2030 ambition is intrinsically linked to the fulfillment of commitments on pre 2020 ambition in the context of responding to equity and common but differentiated responsibilities and respective capabilities (CBDR-RC). Developed countries have failed to achieve their commitments under the Convention, and this should be the background of the discussion of the pre 2030 ambition."

"Additionally, ambition is related to all fronts of the fights against climate crisis, including mitigation, adaptation, loss and damage and means of implementation, in particular provision of finance and technology transfer.” On the ambition on reduction of emissions, it said that “despite the emissions reduction declarations and high ambition announced by developed countries at COP 26 last year, we note that some developed countries have backtracked in their actions in the name of addressing the recent challenges they face. Developed countries mitigation targets are not ambitious enough and not sufficiently implemented. The developed countries have taken inadequate and unambitious goals to achieve net zero emissions by 2050, while they continue to emit, and disproportionately consume the global carbon budget. They should attain net zero well before 2050 at least by 2025 or maximum up to 2030.”

“Developing countries on the other hand have made ambitious mitigation commitments and are taking proactive actions appropriate to their national circumstances and despite the lack of support provided by developed countries. However, developed countries have also continuously failed to deliver on their finance, technology, and capacity-building support commitments to developing countries under the UNFCCC, and have undermined global mitigation efforts as a result,” it added further.

Zambia for the **African Group** said that ambition must reflect the principle of CBDR-RC and that there is a need for just transitions for equitable access to sustainable finance, technology transfer and capacity-building, adding that enhanced support for developing countries will enhance higher ambition. It also said that climate finance cannot cause more debt, adding that it wanted to see progress on loss and damage, as people are dying.

China said that ambition is not only a goal, but there is a need for more implementation. “Goals that cannot be achieved are castles in the air. We advocate a comprehensive display of ambition with pragmatic goals, practical actions, tangible support, and real progress,” it added further. It said that in 2020, it updated its NDC to “reflect the maximum effort”. It said that non-fossil energy accounted for 16.6% of energy consumption, that the installed capacity of renewable energy power generation reached 1.12 billion kilowatts, accounting for more than 30% of the world's total installed capacity of renewable energy power generation, and that it provided 50% of the world's wind power equipment and 80% of solar power generation equipment.

It also said that global climate governance is facing complex challenges and that “multilateralism and win-win cooperation are the only options to deal with climate change. Compared with developed countries, developing countries face multiple challenges such as eradicating poverty, developing the economy, ensuring food, drinking water and energy security, and responding to climate change. Their capital, technology, and capabilities are significantly insufficient, and they face practical obstacles to achieving a green and low-carbon just transition. Only developed countries, based on their historical responsibilities and abundant capabilities, take the lead in achieving net zero emissions and net negative emissions, and earnestly implement their obligations to help developing countries fully resolve these obstacles, keep long-term temperature rise control targets within reach, and achieve sustainable development to become possible.”

It also called on Parties to strengthen cooperation under the principles and framework of the Convention, abandon any form of unilateral measures, and avoid politicising the climate issue.

India said it is the historical cumulative emissions before a given year that measure responsibility. “So our consideration must include pre-2020 responsibility and whether pre-2020 commitments have been fulfilled. It cannot begin at 2020. Our understanding is that the Annex-I Parties have not met their pre-2020 commitments together and several individually as well. But the real question, according to the best science, is the cumulative emissions until 2030. So pre-2030 ambition must be measured in terms of whether countries are staying within their fair share of the carbon budget, taking note of both the historical period and in the future. By this scientific criterion some developed countries must reach net zero even before 2030 and 2050 is not enough at all. So this is where we must begin talking about opportunities for ambition,” it said further.

“Increasing ambition requires public action. Leaving it to markets alone will not help. Markets do not function well in normal times, but either do not function or function very inequitably in moments of crisis. We see this with the energy crisis in developed countries. For developing countries, public action includes public sources of climate finance and technology. These are essential”, said India. It also stressed that the right sectors must be identified for ambition. “To target small farmers for mitigation in the name of ambition would be a serious mistake. As in India, if in developing countries, if we target domestic and public lighting, and increasing use of clean fuel to replace biomass, we can achieve some significant gains in low-carbon development."

"Just transition in developing countries is simply about enabling of low-carbon development. It cannot be about an early start to decarbonization in any sector, though decarbonizing various sectors as and when feasible will arise sometime in the future. This will be detrimental to both the overriding priority of achieving the SDG goals by 2030 and subsequent development. Fossil fuels will continue to be part of a rational use of natural resources to protect energy security. Support for just transition means increased support for the deployment of renewables, increased support for the development of renewable technologies and means to cope with the costs of such development and the deployment of such technologies," said India further.

Pakistan, referring to the catastrophic floods it faced, said that it was speaking from experience of vulnerability to climate impacts and that it had seen the "heart break". It said that Parties are not on target to limit warming to 1.5°C and that 53°C is now normal summer temperature in Pakistan. It called for concrete timelines in meeting the ambition gap including for new and additional financial resources required with scale and speed, adding that financial support must not sustain the debt crisis in developing countries.

Tuvalu said, "We cannot continue to watch climate leaders approve and finance new coal, oil and gas projects while the climate crisis is literally on the shores of Pacific nations," adding that "more fossil fuel extraction means more destructive loss and damage experienced by island nations and other vulnerable communities around the world. So a COP that does not address fossil fuels directly will be a COP that is complicit in the devastation of my people". It added that the country has issued a formal call at COP 27 for nation-states to join Tuvalu and Vanuatu in developing a Fossil Fuel Non-Proliferation Treaty, based on the principles of justice and equity."

Vanuatu also underscored that 1.5°C was a red line and echoed the remarks of Tuvalu, calling for a fossil fuel non-proliferation treaty.

Gabon highlighted how a small group of (developing) countries (through their forests) are absorbing carbon dioxide every year. It referred to efforts under 'Reducing Emissions from Deforestation and Degradation' (REDD-plus) and for carbon credits from there, it is being told to go to the voluntary markets, and to move forward on just transition, it is told to go to the commercial sector. It said developing countries were showing more leadership, and called for the ambition gap to be fixed by coming together.

The **Czech Republic** speaking for the EU said that it was "calling on nature to help us", referring to the meeting of the Convention on Biological Diversity next month. It also stressed the importance of just transition.

The **European Commission** said that while the EU faced challenges (referring to Russia on the energy crisis), there were claims that "we setting back on ambition" and that "nothing was further from the truth", adding that the EU will stick to its commitments and is "doubling down on them", adding that the EU is going to reduce energy consumption, and speed up transition to renewables, while it was relying on the short-term use of coal. On climate finance, it said that what is on the table is not enough and there is a need to shift the billions to the trillions and for the right conditions to be in place for financial institutions, so that private investors could step in.

The **United Kingdom** said that there could be no backsliding from Paris and Glasgow, and that COP 27 cannot be a COP where we lose the 1.5°C goal. It called on those who have not revised their nationally determined contributions to do more; It said there is a need to phase down coal, for the mitigation work programme to enable more ambition and wanted to see progress on loss and damage.

The **United States** said that in Glasgow, Parties recognised the state of science and the urgency to accelerate action, adding that we cannot now go backwards. It said that NDCs were the currency of the Paris Agreement and there is need to strengthen the targets, adding that all tools needed to be used, including multilateral initiatives outside the UNFCCC.

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Finance issues continue to be deadlocked

Sharm el-Sheikh, 17 November (Meena Raman/ Prerna Bomzan) – With one more day left before the climate talks in Sharm el-Sheikh are supposed to end Friday, 18 November, it seems that progress has been made on some key issues, but the issues of funding arrangements or finance matters across many agenda items remain deadlocked.

According to negotiators from developing countries on the finance issues, developed countries are unwilling to advance on their commitments, and push texts in an attempt to broaden the donor base to 'emerging economies' or 'high income' developing countries, which developing countries see as deviating from the UNFCCC and the Paris Agreement provisions. There are also strong efforts from developed countries to push the financial responsibilities to the multilateral development banks as well as the private sector.

One major and significant outcome is agreement on establishing an Advisory Board of the Santiago Network on Loss and Damage (SNLD) as part of the Warsaw International Mechanism (WIM) on loss and damage. Agreement was also reached that there would also be a "hosted secretariat that will facilitate its work, to be known as the Santiago network secretariat", which will help provide technical assistance to developing countries to avert, minimise and address loss and damage. The Advisory Board will oversee and guide the work of the Santiago network secretariat.

However, the draft decision agreed to on 16 November only recalled the urging of the COP/ CMA on developed countries to provide funds for the operation of the SNLD and for the provision of the technical assistance, and getting a definite commitment for them to do so at COP 27 was not possible, given their resistance to this.

The most-watched issue of loss and damage finance is completely deadlocked, with strong resistance from developed countries to having any financial entity or mechanism in the UNFCCC to address loss and damage in a meaningful way to address the dire needs of developing countries.

(An expert observer commenting on the stance of developed countries on the issue of finance across the many agenda items remarked in frustration that it appears as if they want developing countries to "Do it yourself"!)

Meanwhile, the COP 27 President Sameh Shoukry issued a letter to Parties and observers on Wednesday, 16 November "to provide an overview of progress made and plans for going forward to ensure a successful and timely outcome of the Sharm el Sheikh Climate Change Conference".

On the ministerial consultations, the letter states that "In keeping with longstanding UNFCCC tradition, I invited pairs of Ministers to lead informal consultations on outstanding issues benefitting from political guidance, particularly those that the subsidiary bodies could not resolve. In choosing Ministers to undertake this important task, I have tried to ensure a balanced representation; not only among developed and developing countries but also gender balance.

I have asked:

- Ministers **Barbara Creecy from South Africa** and **Dan Jørgensen from Denmark** to facilitate consultations on the Mitigation Work Programme;
- Ministers **Aminath Shauna from the Maldives** and **Teresa Ribera from Spain** to facilitate consultations on the global goal on adaptation;
- Ministers **Bupendra Yadav from India** and **Chris Bowen from Australia** to facilitate consultations on issues relating to finance, in particular the new collective quantified goal on climate finance;

- Ministers **Grace Fu from Singapore** and **Espen Barth Eide from Norway** to facilitate matters on Article 6 of the Paris Agreement and other related mechanism issues; and finally Ministers **Maisa Rojas from Chile** and **State Minister Jennifer Morgan** from Germany to continue facilitating consultations with regards to financing for loss and damage."

"The consultations by the Ministers are carried out through informal meetings to allow for maximum flexibility. The Ministers may wish to issue informal documents under their own authority, should they feel this will help progress our work. I have asked the designated ministerial co-facilitators to work towards rapidly progressing on texts that reflect consensus, underlining that the mode and pace of work must push work forward. I have asked all facilitation teams to keep me informed on progress on a daily basis, including updates on texts. I have asked the Ministers to present the results of their consultations by Thursday (Nov 17) evening," said the letter further.

The COP President also stated that Presidency consultations have continued on a number of issues which included the cover decisions (of the conference). He also informed about the status of the various consultations as follows:

On the "proposal from Georgia on equitable geographical representation" (in the various thematic bodies of the UNFCCC), the COP President informed that "Parties considered this matter. There are diverging views and no consensus on a way forward could be reached." On the "special needs and special circumstances of Africa", "Parties continued their discussions, including considering submissions by Parties. A conclusion has not yet been reached."

On the issue of "consultations on Article 2.1c of the Paris Agreement (on '*Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development*'), doubling adaptation finance, limiting temperature rise to 1.5°C and the seventh review of the financial mechanism are ongoing, however Parties are yet to reach an agreement".

On the technical negotiations, the COP 27 President stated that "Negotiations have concluded on: The report of the Paris Agreement Implementation and Compliance Committee; the Kyoto Protocol Compliance Committee and matters relating to the SNLD (as reported above) and matters relating to the Adaptation Fund and Report of the Adaptation Fund Board."

The letter states that outstanding issues include the following:

"On mitigation, technical work has advanced on the mitigation work programme and new text has been issued this morning (Nov 16) for Ministers to consult on. On adaptation, work continues on the report and review of the Adaptation Committee, the global goal on adaptation (GGA), the national adaptation plans and matters related to LDCs with some issues being forwarded to Ministers. On loss and damage, Parties have agreed to defer consideration of the governance of the WIM to COP 28. Ministers are engaged on financing for loss and damage matters."

"On finance, Parties have been engaging on substance under all agenda items and have produced text on all issues. Parties will continue to advance on the technical work tomorrow. Ministers will provide political guidance on issues related to the new collective quantified goal on climate finance."

On the Article 6 mechanisms of the Paris Agreement on cooperative approaches that include markets and non-market approaches, "Parties are clearly advancing the work by prioritizing elements that are crucial for the full implementation of Article 6. Some of the elements prioritized will receive ministerial level guidance."

"Parties have also been constructively engaging on the Koronivia joint work on agriculture, response measures, gender and climate change as well as on the second periodic review of the long-term global goal under the Convention and of overall progress towards achieving it," states the update from the COP Presidency.

The COP President also stated that he asked that "technical negotiations be concluded by mid-Thursday". He stated further that he expects "only very few issues to remain open by the evening of Thursday 17 November" and that his priority for Friday 18 November is to "bring the work together, including on the cover decisions, and resolve any final outstanding issues, leaving time for document preparation". He planned to hold another stocktaking plenary Thursday evening, during which he will invite the Ministers to report on their consultations and will also provide more details on the plans for Friday.

The Cover Decisions

Morning of 17 November, the COP Presidency provided a note as follows: "The cover decisions will also include the main outcomes negotiated under the relevant agenda items at this session, such as those on the GGA, Loss and Damage, Mitigation Work Programme, New Collective Quantified Goal on climate finance, and others, as applicable." Among other matters, following are some initial areas in the note.

"Framing/transition to full implementation/ implementation and ambition multilateralism

- *Reaffirming* our commitment to collective global response to climate change based on latest science and agreed principles, in line with article 2 of the Paris Agreement, *recognizing* the threat posed by climate change, acknowledging that such threat calls for the widest possible international cooperation in the context of sustainable development and poverty eradication and through just transition pathways;

- *Acknowledging* the global challenges the international community is facing and the immense challenges due to overlapping crises of food, energy, cascading risks, geopolitical, financial, debt and economic challenges, compounded and coupled by more frequent and intense climate impacts, all having negative impacts in particular on developing countries;

- *Noting* the progress achieved in ICAO (International Civil Aviation Organisation) and IMO (International Maritime Organisation) in emissions reduction in their respective sectors;

Food crises

- *Acknowledging* the global food crises that exacerbate the impacts of climate change, in particular in developing countries;

Energy crisis

- *Also recognizing* that the unprecedented global energy crisis underlines the urgency to rapidly transform energy systems to be more secure, reliable, and resilient, and the need to accelerate clean and just transitions to renewable energy during this critical decade of action, which requires immediate and massive deployment of all available clean and efficient energy technologies pathway which calls for scaling up solar and wind rapidly this decade;

- *Noting* that net zero by 2050 requires huge leaps in clean energy innovation and reaching net zero by 2050 requires further rapid deployment of available technologies;

- *Also noting that providing* electricity to around 785 million people that have no access and clean cooking solutions to 2.6 billion people that lack those options is an integral part of our pathway. The net zero pathway relies on unprecedented international co-operation among governments, especially on innovation and investment. Technical and financial support is needed to ensure deployment and transfer of key technologies and infrastructure. Cheap electricity from renewable sources could provide 65 percent of the world's total electricity supply by 2030. It could decarbonize 90 percent of the power sector by 2050, massively cutting carbon emissions and helping to mitigate climate change."

The discussions on the cover decisions will be intense, as can be expected.

Global Goal on Adaptation

At the informal consultations at the technical level, the key contentious issue still persisting is lack of consensus on the establishment of a framework which is being firmly and unitedly called for by the G77/China as a substantial outcome.

On 16 November, a new text compiled by the co-facilitators **Kishan Kumarsingh (Trinidad and Tobago)** and **Mattias Frumerie (Sweden)** the previous night was produced to hear views from Parties which contained options structured in different sections, namely, the chapeau; capturing progress; setting the scene; establishing a framework; elements/dimensions/thematic areas/ consideration; sources of information; further information on the framework; modalities of the 2023 workshops; timing; submissions; concept note; themes of the 2023 workshops; additional themes proposed by Parties for the 2023 workshops; additional work; and input to the global stocktake.

At the outset **Kumarsingh** clarified that some text in option 1 under the section "establishing a framework" (paragraph 8) was left out during compilation and apologised to the **G77 and China**, assuring that the missing text would be inserted since the option mainly captures the group's proposed text.

Option 1 reads as, "decides to establish a framework for achieving the global goal on adaptation under the Paris Agreement including for reviewing the overall progress made in achieving the global goal on adaptation in the context of the global stocktake, taking into account progress under the Glasgow-Sharm el-Sheikh work programme, to be considered in the first and subsequent global stocktakes". The missing text "with its dimensions, themes, cross-cutting, indicators/metrics/targets as appropriate" follows after "decides to establish a framework".

Option 1 with the insertion of the missing text was reiterated by **Botswana** for the **G77 and China**, **Zambia** for the **African Group**, the **Maldives** for the **Alliance of Small Island States (AOSIS)**, **Saudi Arabia** for the **Like-Minded Developing Countries (LMDC)**, **Argentina** for **Argentina, Brazil, Uruguay (ABU)**, **Kuwait** for the **Arab Group**, **Angola** for the **Least Developed Countries (LDCs)** and **Paraguay** for the **Independent Alliance of Latin America and the Caribbean (AILAC)**.

On the other hand, developed countries are arguing that it is too premature for a framework, thus postponing the decision to next year, their views captured by Option 2 which reads as, "agrees to develop and adopt a framework under the Glasgow-Sharm el-Sheikh work programme on the global goal on adaptation at its fifth session (November 2023)".

Further, **Switzerland** highlighted that a compromise had been reached the day before which is not reflected in the new text and hence to add the following to Option 2: **"by reaching understanding of the need of value added"** of such a framework. The **United States** added its voice, emphasising that the focus of the decision is to provide necessary guidance for a "structured approach" for a "potential" framework indicating consideration of it next year. Likewise, alignment to Option 2 was expressed by the **European Union (EU)**, **Japan**, **Australia**, **Canada**, **Norway**, the **United Kingdom** and **Mexico**.

The other key ask by the **G77 and China** was bringing Option 1 of paragraph 9 as an operative paragraph of paragraph 8 on "establishing a framework" and thus treating the two paragraph as a package together.

Option 1 of paragraph 9 reads as, "Decides that the framework referred to in paragraph 8 (option 1) above encompasses the following elements:

(a) Dimensions: impact, vulnerability and risk assessment; planning; implementation; finance; capacity-building; technology transfer; and monitoring and evaluation;
(b) Thematic areas: terrestrial and freshwater ecosystems; oceans and coastal ecosystems; water; food and agriculture; cities, settlements and infrastructure; health; and poverty and livelihoods;
(c) Cross-cutting considerations: gender-responsiveness; equity and social justice; ecosystem-based adaptation; governance at the local, national and regional level; transboundary approaches; and traditional, local and indigenous peoples' knowledge, as appropriate."

The developed countries are aligned with Option 2 which reads as, "agrees that the framework referred to in paragraph 8 (option 2) above will be based on the four steps of the adaptation policy cycle (risk and impact assessment; planning; implementation; and monitoring, evaluation and learning) and have two functions: enhancing action and support in relation to achieving the global goal on adaptation and reviewing overall progress in achieving the global goal on adaptation as part of the global stocktake".

One heated discussion during the informal consultations was around the issue of inviting the Intergovernmental Panel on Climate Change (IPCC) to prepare a special report on the GGA which is strongly pushed by **Zambia** for the **African Group**, **Saudi Arabia** for the **LMDC**, **Ecuador** and **China**. The **US** argued to the contrary that it does not support any "specific mandates by the UNFCCC" to the IPCC.

Zambia responded that there has been a good precedent set by paragraph 21 of decision 1/CP.21 (of the Paris Agreement in 2015) which reads as, "invites the IPCC to provide a special report in 2018 on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways". It said that the group does not see the difference between adaptation and mitigation issues and that the IPCC provides an important role for scientific basis which was supported by the **LMDC**, **China** and **Ecuador**.

Zambia further provided a firm rebuttal to the **US** argument by citing a 2012 document of the UN Convention on Biological Diversity which elaborately charts out the working relationship between the UNFCCC and the IPCC.

The informal consultations concluded with co-facilitator **Kumarsingh** asking Parties to go into "inf-inf" mode to arrive at clear options by exercising "flexibility" for "compromises and convergences". He informed that the core political discussions will be taken up by the ministers appointed by the Egyptian Presidency.

There was no clear guidance from the co-facilitator on the process forward with regard to transmitting Parties' views and outcome of the "inf-inf" session as well as on the important issue of insertion of the missing text of the proposal by the **G77 and China** under the section "establishing a framework" (paragraph 8) that was discussed at the outset of the informal consultations.

Special Event

Meanwhile, on the sidelines of the COP, a special event to hear Brazilian President-designate Lula da Silva saw crowds scrambling to get seats to hear him, and there were cheers to his speech when he said "Brazil is back", signifying a reversal of his predecessor's stance in not taking climate change seriously.

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Pressure on for COP 27 successful conclusion

Sharm el-Sheikh, 18 November (Prerna Bomzan) – With only less than 24 hours left for the scheduled closing of the climate talks in Sharm el-Sheikh, the pressure is on Parties to deliver a successful conclusion, with the "litmus test" being on whether there will be consensus on the establishment of a fund for loss and damage to assist developing countries who are impacted by the adverse effects of climate change.

Ministers who were convened by the Egyptian COP 27 Presidency to find compromises among Parties have come up with a draft decision text called "Sharm el-Sheikh directive on responding to loss and damage associated with the adverse effects on climate change".

Minister **Maisa Rojas (Chile)** and State Minister **Jennifer Morgan (Germany)** were appointed by COP 27 President **Sameh Shoukry** to handle the issue of the loss and damage fund on 15 November, and on 17 November, the following options in the draft decision text were presented to Parties for their further consideration. The text includes the following three options in paragraph 2:

"2. Decides to establish:

Option 1: A fund, as part of new and enhanced funding arrangements for assisting developing countries that are particularly vulnerable to the adverse effects of climate change in responding to loss and damage, complementing these arrangements with financial support from other sources, funds, processes and initiatives, including outside the Convention and the Paris Agreement;

Option 2: At COP 28/CMA 5 (in 2023), new and enhanced funding arrangements for assisting developing countries that are particularly vulnerable to the adverse effects of climate change in responding to loss and damage, with a view to establishing a fund as part of these arrangements and complementing these arrangements with financial support from other sources, funds, processes and initiatives, including outside the Convention and the Paris Agreement;

Option 3:

At COP 28/CMA 5, new and enhanced funding arrangements to assist developing countries that are particularly vulnerable to the adverse effects of climate change in responding to loss and damage, with a view to complementing these with financial support from other sources, funds, processes and initiatives, including outside the Convention and the Paris Agreement."

The **G77 and China**, led by **Pakistan**, have been strong and vocal, calling for the creation of the fund at COP 27, while developed countries led by the **United States (US)** in particular, have been vehemently opposing this. All eyes will be on the US to see if it will continue to oppose the move.

An informal stocktake plenary was convened late night on 17 November to assess the status of negotiations and to plan for a successful conclusion of work on time.

The COP 27 President said that "work on unresolved critical issues related to mitigation, adaptation, loss and damage, and finance has been advancing in three tracks – continued technical negotiations; continued Presidency negotiations including on the overarching cover decisions; and ministerial consultations, the latter being led by pairs of ministers invited by the Presidency on key, outstanding political issues".

At the stocktake, Minister **Rojas (Chile)** reported that they had started work on 15 November with a short kickoff meeting charting the way forward, which was followed by bilaterals with the **G77 and China**, the **European Union (EU)**, the **Umbrella Group** representing mainly developed countries, the **Environmental Integrity Group**

(**EIG**) and a few other Parties. The next day saw ministerial and heads of delegation (HOD) meetings with a set of three guiding questions and a subsequent series of bilaterals again.

State Minister **Morgan** (**Germany**) added that Parties had shown willingness to be flexible and to compromise at landing zones on the crucial element of what and how to agree to put in place enhanced funding arrangements for loss and damage. She then informed that they have prepared a text which they believe "best reflects balanced views" and where they clearly heard divergent views they have included "three options" on what would be the main outcome at this COP on the matter. Morgan concluded that the text would be posted shortly and following the stocktaking plenary, they would convene a meeting to hear Parties' views on the text.

During the session, several Parties intervened. Speaking on behalf of the **EU**, Vice President of the European Commission **Frans Timmermans** pointed out two issues of divergences and said that in the "spirit of trying to help find compromises, the EU makes the following offer – on loss and damage, we propose to establish a loss and damage response fund for the most vulnerable countries under the CMA (the Conference of Parties serving as the meeting of the Parties to the Paris Agreement) and under Article 8 of the Paris Agreement (related to loss and damage)".

He added that "this fund would be established at this CMA and be designed to respond to the needs of the most vulnerable countries to the adverse effects of climate change. The details of this fund would be designed in accordance with a workplan also to be agreed at this CMA and in a way that would enable it to receive financing from sources from a broad donor base".

Timmermans elaborated that "it will be one part of a mosaic of solutions including looking into debt and reforming the MDBs (multilateral development banks)". He stressed the need of ensuring that the fund is "fit of purpose" to meet the needs of the most vulnerable. He further flagged to work with the UN Secretary-General to dig into solutions for innovative sources of financing including levies on aviation, shipping and fossil fuels as alternative sources of finance. "We must stay in course on our target to keep the global average temperature increase at 1.5°C. If we don't scale up ambition on mitigation immediately, we will pass tipping points and no amount of loss and damage will be enough," he stressed, and went on to highlight that Article 2.1c of the Paris Agreement (making financial flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development) is in the interest of all Parties.

Timmermans stated that the second issue of divergence was on mitigation, calling to "go beyond Glasgow (COP 26) to pursue and accelerate the phase down of unabated coal power as soon as possible and to submit roadmaps towards this aim", adding the implementation of "phase out of inefficient fossil fuel subsidies" as well.

The EU's "offer" on loss and damage has been captured by Option 1 of the text to which **Switzerland** for the **EIG** showed alignment with the "condition that contribution will come not only from traditional donor base but will also include all financial flows, public and private, and most important that it will include from all countries that have the capacity to support so all high income and all major economies and in the context of robust decisions with regard to mitigation". **Norway** and the **United Kingdom** also welcomed the EU's proposal, as well as **Colombia** for the **Independent Alliance of Latin America and the Caribbean** (**AILAC**), who called for debt relief as well to free up fiscal space for climate action.

Pakistan for the **G77 and China** re-emphasised that on loss and damage, there are still some divergent views and "for us the success of COP 27 depends on what we get on loss and damage. We urge all Parties to look at what we are saying, this is not unachievable, this is what we can do and this is what we must do because it is time it has to be done".

Bolivia for the **Like-Minded Developing Countries** (**LMDC**) provided a strong response calling out that the developed countries always "promise" ambitious goals and large contributions on financial resources, but not in "practice". It showcased the commitment of US$100 billion per year (by 2020) made by them in Copenhagen in 2009 which developing countries were still waiting to be fulfilled. It spelled out that the developed countries are pushing very hard the "big lie" of limiting to 1.5^{o}C in the context of net zero by 2050 which is not enshrined in the Convention and its Paris Agreement and that the narrative is not in line with equity, CBDR and climate justice. Bolivia underlined that the developed countries are trying to shift the burden to developing countries and the private sector, shifting "common but differentiated responsibilities (CBDR) to common but shared responsibilities".

"We want to work on mitigation, we want to enhance ambition of developing countries," it stated, but always under the principles of the Convention (UNFCCC). It further pointed out that the developed countries are not taking the lead of providing finance to developing countries. Giving the ongoing dynamic in the ongoing negotiations, Bolivia called out that developed countries are putting all efforts in every negotiating room across the agenda items to dilute and delete decisions in relation to equity and CBDR as well as diluting their responsibility under the Convention and its Paris Agreement by enforcing the Glasgow Climate Pact (of COP 26) as the new baseline. "This is not the right way, not the right approach in a multilateral process based on good faith and commitments," it cautioned.

China echoed that the UNFCCC and its principles are "very important", as well as the PA and its goal, so the UNFCCC and the PA cannot be "defeated". It said that this is not the time to rewrite the UNFCCC and the PA and instead, it's the time to implement the PA. It also pointed out that regarding finance, it is "very important" to remember that we are talking about public finance from developed countries.

Saudi Arabia for the **Arab Group** also highlighted that our work must be guided by the principles of equity, historical responsibility and CBDR. It stressed that the focus should be on "unfulfilled commitments" of developed countries and provision of means of implementation to implement climate action with finance to be delivered by developed countries to developing countries. It underlined that decisions must close the gap for mitigation, adaptation and means of implementation and that work must be guided by the principles of the Convention.

Zambia for the **African Group** pointed out that COP 27 is an "implementation" COP, expressing disappointment that what the group thought would be an "easy win is becoming difficult". While agreeing that loss and damage is an urgent issue it also weighed in on the importance of adaptation and adaptation finance to the group and continent. Likewise, **South Africa** emphasised to place on record that there can be "no package deal at this COP" involving only mitigation and loss and damage, pushing for the need to make "substantive and meaningful progress on operationalising the global goal on adaptation".

Barbados for the **Alliance of Small Island Developing States (SIDS)** made a firm call for a clear, definitive language in the cover text that addresses the critical issue of loss and damage, saying, "We cannot come to an African COP, speak about implementation and ignore the issue." It made clear that adequate, predictable and accessible finance is key to the constituency which carries a high debt burden and hence the need for fiscal space for climate action. **Bangladesh** for the **Least Developed Countries (LDCs)** also highlighted the needs of LDCs and SIDs, who have been at the receiving end of a crisis that they did not contribute to from the lens of climate justice and climate equity and stressed on public funding, stating that their debt crisis will be even worse if solely relying on the private sector for climate action.

Following the closing of the Presidency stocktake, Minister **Rojas** and State Minister **Morgan** convened informal consultations late at night on 17 November. Sources said that during the consultations, they walked Parties through the draft text and announced that Parties would meet at 11 am on 18 November for further deliberations, and in the meantime, groups could coordinate on the draft text.

Besides reporting on loss and damage funding arrangements, Minister **Shoukry** also invited other pairs of ministers to provide an update on the status of their consultations.

Minister **Aminath Shauna (Maldives)**, leading the consultations on the global goal on adaptation (GGA) with Minister **Teresa Ribera (Spain)**, informed that there was broad agreement on elements of a technical nature but divergent views remained on key areas of substance specifically on the establishment of a framework and requests the Intergovernmental Panel on Climate Change for a special report on the GGA. She said that they are asking all Parties to be flexible on the key issue of framework. Following bilaterals with groups, they have prepared a new iteration of text "under their authority" which they feel reflects the "best possible balance and captures a middle ground between divergent views". The text would be posted shortly for Parties to reflect on it with a spirit of compromise and constructive engagement in the hope of promptly achieving consensus on the new text.

Minister **Bhupendra Yadav (India)**, leading the consultations on finance issues, in particular the new collective quantified goal (NCQG), with Minister **Chris Bowen (Australia)**, reported that they held consultations with all groups and certain countries over the last two days with a view to arriving on a landing zone. He informed that they have prepared a text that they feel provides a “structured approach” to further the work of the ad hoc work progamme in 2023 and enable a decision on the NCQG in 2024. Further, they were hosting a HOD meeting on 18 November morning to get views of the Parties. **Bowen** added that the new text gives authority to the co-chairs to develop the 2023 workplan.

Minister **Grace Fu** (**Singapore**), leading the consultations on Article 6 (of the PA dealing with market and non-market approaches) with Minister **Espen Barth Eide** (**Norway**), reported that they had meetings with the co-facilitators and went through the key sticky points. Given that they had received feedback that Parties wanted more time to continue negotiations at the technical level so that Parties can narrow down differences to arrive at a clean text, they have therefore given space to Parties to negotiate at the techncal level to finalise a clean text. The co-facilitators had now produced another iteration with a number of options and she stated their intention to submit the final text by 11 am on 18 November, expressing cautious optimism that it can be done.

Minister **Dan Jorgensen** (**Denmark**), leading the consultations on the mitigation work programme (MWP) with Minister **Barbara Creecy** (**South Africa**), reported that discussions revolved around three political issues – first, principles of the MWP as outlined in the preamble of the draft text which relates to the degree of emergency and ambition on the one hand and to the bottom-up nature of the nationally determined contributions (NDCs) on the other; second, the duration of the MWP and third, the question of possible decisions to be made under the CMA during the MWP. In parallel to the discussions, experts met at the technical level. The first round of consultations involved identification of a proposed landing zone – i. reassurance regarding mitigation ambition and the nationally determined nature of the NDC ii. timeframe until 2030 and iii. proposal for three decisions throughout the MWP. The second round of consultations was on specific proposed compromise text. However, some Parties rejected the time proposed until 2030 and emphasised that there should be no sectoral targets coming from the MWP. Others were concerned about the risk of backsliding from the Glasgow Climate Pact (of COP 26) and rejected the MWP precluding the annual decisions, while some Parties found the compromise acceptable. The Minister further informed that many pointed out the need for balance across the package. Given no broad agreement on the compromise text, they would therefore send out the text that night including the three options on the reassurance, timeframe and decisions under the CMA and have a joint session with Parties on 18 November at 9.30 am.

In addition to reporting by ministers on their respective consultations, Ambassador **Mohamed Nasr** representing the COP Presidency reported on their ongoing technical negotiations having made good progress on the outstanding issues before them with some agenda items completed. On still pending issues, he informed that a decision relating to the national adaptation plans (NAPs) had almost concluded with a new draft text being issued later in the night, which they hoped would be accepted by Parties. Consultations continued on matters related to LDCs while the WIM governance deferred to COP 28. Further, Parties continued technical work on finance including on guidance to the Green Climate Fund (GCF) and the Global Environment Facility (GEF), the Standing Committee on Finance (SCF) and long-term climate finance (LTF). On the second periodic review, work continues on a bridging proposal. As regards Presidency consultations, on the cover decisions more streamlined text would be issued later in the night for consideration on 18 November; on the proposal by Georgia, no consensus on the way forward; on the special needs and special circumstances of Africa, Parties continue to try a way forward; and on Art 2.1c, the doubling of the adaptation finance, on 1.5^{o}C and the seventh review of the Financial Mechanism, Parties are yet to reach agreement.

Minister **Sameh Shoukry** informed that on 18 November, he would convene another informal stocktaking plenary at noon and following it, he and his team would engage to reflect on the full set of draft decisions from this conference and to resolve in a balanced manner the few remaining issues. He urged Parties to resolve the outstanding issues as swiftly as possible as a resolution of the issues would feed into the finalisation of the cover decisions. In closing, he counted on the support of Parties and sought a spirit of flexibility and accommodation to fulfil the collective responsibility of fighting the climate change crisis.

Meanwhile, several draft decision texts have emerged morning of 18 November, including that on the cover decisions. Parties are expected to be engaged in consultations to consider these drafts, to see if in the final hours, they can live with them.

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Sharm el-Sheikh Climate News Update 12

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Landmark win on loss and damage fund

Sharm el-Sheikh, 21 November (Meena Raman) – COP 27 delivered on what was the "litmus test" for its success – consensus on the establishment of a fund on loss and damage. What seemed impossible was made possible, largely due to the unity of the G77 and China and the role of the Egyptian Presidency. Also important were efforts by civil society groups who put pressure on the United States (US), who had been the main blocker to having the fund.

Until the final hours of the climate talks, it was uncertain whether the deal would be sealed, given behind-the-scene diplomacy by the COP Presidency team. The G77/China was led by Pakistan, which wielded a strong moral voice at the conference, following the catastrophic and devastating floods which was attributed to climate change.

It was a big win for loss and damage issues at Sharm el-Sheikh, to spotlight what was once seen as an "orphan child" of the process, with usual priority given to mitigation (emission reductions), while adaptation to climate impacts is treated as the "step child".

However, there is nothing significantly meaningful on finance, given the overall stance of developed countries in the process, with the loss and damage fund remaining empty for now, with the hope that it will deliver more in the coming years when the fund is set up and is resourced. The Santiago Network on Loss and Damage (SNLD), which is to be a technical assistance facility for developing countries, also was devoid of any financial commitments. The finance decisions adopted only exhorted developed countries to deliver on the pledges of US$100 billion per year by 2020 and to double adaptation funding.

New pledges, totalling more than US$230 million, were made to the Adaptation Fund at COP 27, a small sum given the scale of the needs in developing countries.

An overarching alarm and agony of many developing countries at the Sharm el-Sheikh talks were the persistent efforts by developed countries to not own up to their historical responsibilities for past emissions, and to delete or dilute the foundational principles of equity and common but differentiated responsibilities and respective capabilities (CBDR-RC) between developed and developing countries under the UNFCCC and the Paris Agreement.

This attempt was repeatedly called out by developing countries, especially from the Like-Minded Developing Countries (LMDC), the African Group, the Arab Group and ABU (Argentina, Brazil and Uruguay). The effort to remove this differentiation was at the heart of the fight on many fronts, especially on the issue of mitigation and finance, which seemed like a repeat of negotiations in Paris. Developed countries continued their efforts at using terms such as "major emitters", "major economies", and the "G20" in relation to who should show more ambition on mitigation, while in the discussion on finance, it was about "broadening the donor base". The retort from developing countries was that these issues were already settled under the Paris Agreement and that the principles and provisions of the Agreement should be respected and implemented.

The climate talks, which began on Sunday, 6 November, were supposed to end Friday, 18 November, but decisions were only gavelled early morning of Sunday, 20 November, when the official plenary began at 4 am. Delegates were visibly exhausted and bleary-eyed following long days and nights of negotiations which were particularly intense since Wednesday, 16 November.

Apart from the loss and damage fund, other issues that were deadlocked during the week were the cover decisions (as to what they should contain), the mitigation work programme, the global goal on adaptation and matters related to finance.

Among the sticky issues in relation to mitigation were on how the temperature goal of 1.5°C should be reflected, how to advance efforts following the controversial paragraph adopted on the phase-down of unabated coal and inefficient fossil fuel subsidies from the COP 26 decision in Glasgow, and the peaking of emissions by 2025.

In order to avoid spats in public given the wide divergence between Parties in the full glare of the public and world media, the COP 27 Presidency team resorted to informal consultations and diplomatic efforts behind the scenes to find compromises on the difficult issues with draft texts which were reviewed by Parties. This was the reason for the delay in convening the final plenary, as Parties also wanted to gauge if they could live with the draft decisions, as they assessed the overall balance of the package of decisions among the key issues of mitigation, adaptation, loss and damage and finance.

COP 27 President Sameh Shoukry convened plenary and gavelled the adoption of the various decisions. Following the adoption of the decisions, he said that "despite the difficulties and challenges of our times, the divergence of views, level of ambition or apprehension, we remain committed to the fight against climate change…. and that as much as sceptics and pessimists thought that climate action will be taking a back seat on the global agenda, we rose to the occasion, upheld our responsibilities and undertook the important decisive political decisions that millions around the world expect from us."

Minister Shoukry added, "We listened to the calls of anguish and despair resonating from one end of Pakistan to the other, a country with literally more than a third of its area flooded, a resounding alarm of the future that awaits us beyond 1.5 degrees. A bleak future…, a future that I do not wish for my grandchildren nor for any child on this planet."

"Today, here in Sharm el-Sheikh, we establish the first ever dedicated fund for loss and damage, a fund that has been so long in the making. It was only appropriate that this COP, the implementation COP in Africa, is where the fund is finally established. Millions around the globe can now sense a glimmer of hope that their suffering will finally be addressed, swiftly and appropriately," he said, adding, "We leave Sharm el-Sheikh with renewed hope in the future of our planet, with an even stronger collective will and more determination to achieve the temperature goal of the Paris Agreement."

He said further that Parties "just adopted the landmark Sharm el-Sheikh Mitigation Ambition and Implementation work programme that will hugely contribute to keeping 1.5°C within reach, and I trust that we all know what needs to be done to safeguard 1.5°C and ensure that we never go beyond."

"We also leave Sharm el-Sheikh with an important agreement on tangible steps to enact the Paris Agreement's Global Goal on Adaptation (GGA), a long-running request by developing countries who bear the brunt of climate impacts despite being the least contributor to climate change, and who deserve to be accorded the needed finance, technical assistance and capacity to better enable them to adapt, to build resilience and to enhance their climate action overall. I trust that this work in progress on the GGA will be concluded at COP 28 next year to the best interest of this process and all its Parties. The Sharm el-Sheikh Implementation Programme, that we just adopted is an embodiment of what COP 27 was all about: implementation. It lays out a clear pathway that should guide our efforts in the coming years to implement commitments and honour pledges. Together we will implement, to save our planet from the threat of climate change, and to turn this climate challenge into an opportunity for growth and development, in a just, equitable, inclusive and balanced manner. Together we can, and together we will," said the Egyptian Foreign Minister and appealed for "more trust, more empathy and more understanding", adding that the world and this process deserves it.

Among the significant decisions adopted are those highlighted below.

The Cover Decisions – Sharm el-Sheikh Implementation Plan

The cover decisions adopted under the COP (Conference of Parties to the UNFCCC) and CMA (Conference of Parties to the Paris Agreement) are referred to as the Sharm el-Sheikh Implementation Plan. The COP and CMA decisions are similar in many respects. Highlights of some of the main aspects of the decisions adopted under the CMA are as follows:

The decision "*Stresses* that the increasingly complex and challenging global geopolitical situation and its impact on the energy, food and economic situations, as well as the additional challenges associated with the socioeconomic recovery from the coronavirus pandemic, should not be used as a pretext for backtracking, backsliding or de-prioritizing climate action".

It "*Reaffirms* the Paris Agreement temperature goal of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change" and "*Reiterates* that the impacts of climate change will be much lower at the temperature increase of 1.5°C compared with 2°C and *resolves* to pursue further efforts to limit the temperature increase to 1.5°C".

On **enhancing ambition and implementation**, the decision "*Resolves* to implement ambitious, just, equitable and inclusive transitions to low-emission and climate-resilient development in line with the principles and objectives of the Convention, the Kyoto Protocol and the Paris Agreement, taking into account this decision, the Glasgow Climate Pact (GCP) and other relevant decisions of the COP and the CMA". (The developed countries of late, have been mainly focussing on the GCP, and much less on the Paris Agreement and even less on the Convention. Some major developing countries have raised concerns that the GCP is being put on the same level as the Convention and the Paris Agreement.)

On **mitigation**, the decision "*Recognizes* that limiting global warming to 1.5 °C requires rapid, deep and sustained reductions in global greenhouse gas emissions of 43 per cent by 2030 relative to the 2019 level" and "*Also recognizes* that this requires accelerated action in this critical decade, on the basis of equity and the best available scientific knowledge, reflecting CBDRRC, in the light of different national circumstances and in the context of sustainable development and efforts to eradicate poverty".

It also "*Notes with serious concern* the finding in the latest synthesis report on nationally determined contributions (NDCs) that the total global greenhouse gas emission (GHG) level in 2030, taking into account implementation of all latest NDCs, is estimated to be 0.3 per cent below the 2019 level, which is not in line with least-cost scenarios for keeping global temperature rise to 2 or 1.5°C" and "*Emphasizes* the urgent need for Parties to increase their efforts to collectively reduce emissions through accelerated action and implementation of domestic mitigation measures in accordance with Article 4.2 of the Paris Agreement". (Article 4.2 of the Paris Agreement states: "*Each Party shall prepare, communicate and maintain successive NDCs that it intends to achieve. Parties shall pursue domestic mitigation measures, with the aim of achieving the objectives of such contributions.*")

The decision also "*Calls upon* Parties to accelerate the development, deployment and dissemination of technologies, and the adoption of policies, to transition towards low-emission energy systems, including by rapidly scaling up the deployment of clean power generation and energy efficiency measures, including accelerating efforts towards the phasedown of unabated coal power and phase-out of inefficient fossil fuel subsidies, while providing targeted support to the poorest and most vulnerable in line with national circumstances and recognizing the need for support towards a just transition". (This is a repeat of the decision from the GCP.)

A new and significant outcome on "**pathways to just transition**", where there is a decision to "establish a work programme on just transition for discussion of pathways to achieving the goals of the Paris Agreement…and *requests* the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA) to recommend a draft decision on this matter for consideration and adoption by the CMA at its fifth session (in 2023), with the work programme to be implemented in a manner that builds on and complements the relevant workstreams under the Convention and the Paris Agreement, including the work programme for urgently scaling up mitigation ambition and implementation". It also "*Decides* to convene, as part of the work programme on just transition, an annual high-level ministerial round table on just transition, beginning at its fifth session".

On **finance**, the decision "*Notes with concern* the growing gap between the needs of developing country Parties, in particular those due to the increasing impacts of climate change and their increased indebtedness, and the support provided and mobilized for their efforts to implement their NDCs, highlighting that such needs are currently estimated at US$5.8-5.9 trillion for the pre-2030 period". It also "*Expresses serious concern* that the goal of developed country Parties to mobilize jointly US$100 billion per year by 2020…has not yet been met and *urges* developed country Parties to meet the goal". It also "*Urges* developed country Parties to provide enhanced support, including through financial resources, technology transfer and capacity-building, to assist developing country Parties with respect to both mitigation and adaptation, in continuation of their existing obligations under the Convention, and *encourages* other Parties to provide or continue to provide such support voluntarily".

The decision also "*Calls on* the shareholders of multilateral development banks (MDBs) and international financial institutions (IFIs) to reform MDB practices and priorities, align and scale up funding, ensure simplified access and mobilize climate finance from various sources and *encourages* MDBs to define a new vision and commensurate operational model, channels and instruments that are fit for the purpose of adequately addressing the global climate emergency, including deploying a full suite of instruments, from grants to guarantees and non-debt instruments, taking into account debt burdens, and to address risk appetite, with a view to substantially increasing climate finance".

It also "*Calls on* MDBs to contribute to significantly increasing climate ambition using the breadth of their policy and financial instruments for greater results, including on private capital mobilization, and to ensure higher financial efficiency and maximize use of existing concessional and risk capital vehicles to drive innovation and accelerate impact".

Further, another decision taken is to "launch the Sharm el-Sheikh dialogue between Parties, relevant organizations and stakeholders to exchange views on and enhance understanding of the scope of Article 2.1(c), of the Paris Agreement and its complementarity with Article 9 of the Paris Agreement and *requests* the secretariat, under the guidance of the Presidency of COP 27, to organize two workshops in 2023 in this regard and to prepare a report to the CMA on the deliberations at these workshops".

Developed countries, led by Switzerland for the Environmental Integrity Group (EIG), have been calling for Article 2.1(c) as a separate agenda item. The article refers to "*Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development*", and there have been divergences between developed and developing countries what this actually means.

Loss and Damage Fund

In a separate decision, Parties agreed to "establish new funding arrangements for assisting developing countries that are particularly vulnerable to the adverse effects of climate change, in responding to loss and damage, including with a focus on addressing loss and damage by providing and assisting in mobilizing new and additional resources, and that these new arrangements complement and include sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement".

It was also decided that "in the context of establishing the new funding arrangements … to establish a fund for responding to loss and damage whose mandate includes a focus on addressing loss and damage". Parties also agreed to "Establish a transitional committee on the operationalization of the new funding arrangements for responding to loss and damage …,to make recommendations based on, inter alia, elements for (its) operationalization…, for consideration and adoption by …COP 28 and CMA 5 (Nov-Dec 2023) with a view to operationalizing the funding arrangements referred…".

Parties also agreed that "the recommendations to operationalize the funding arrangements and the fund …shall consider, inter alia: (a) Establishing institutional arrangements, modalities, structure, governance and terms of reference for the fund …; (b) Defining the elements of the new funding arrangements…; (c) Identifying and expanding sources of funding; (d) Ensuring coordination and complementarity with existing funding arrangements", and that "the Transitional Committee…will be informed by the following, inter alia: (a) The current landscape of institutions, including global, regional and national, that are funding activities related to addressing loss and damage, and ways in which coherence, coordination and synergies among them can be enhanced; (b) The gaps within that current landscape, including the types of gap, such as relating to speed, eligibility, adequacy and access to finance, noting that these may vary depending on the challenge, such as climate-related emergencies, sea level rise, displacement, relocation, migration, insufficient climate information and data, or the need for climate-resilient reconstruction and recovery; (c) The priority gaps for which solutions should be explored; (d) The most effective ways in which to address the gaps, especially for the most vulnerable populations and the ecosystems on which they depend; (e) Potential sources of funding, recognizing the need for support from a wide variety of sources, including innovative sources".

Santiago Network on Loss and Damage (SNLD)

Parties also agreed to "establish the Advisory Board of the Santiago network as part of the Warsaw International Mechanism for Loss and Damage (WIM)…" and "that the Santiago network secretariat will be accountable to and operate under the guidance of the governing body or bodies through the Advisory Board and hosted by an organization or a consortium of organizations able to provide the necessary administrative and infrastructural support for its effective functioning".

The decision also recalls what was agreed in Glasgow last year "…in which it was decided that the Santiago network will be provided with funds to support technical assistance for the implementation of relevant approaches to averting, minimizing and addressing loss and damage associated with the adverse effects of climate change in developing countries in support of the functions…" and also recalls the decision from last year "which urges developed country Parties to provide funds for the operation of the Santiago network and for the provision of technical assistance". It also "encourages others to provide support for the operation of the Santiago network and technical assistance" and "welcomes the pledges that have already been made to the Santiago network".

Mitigation Work Programme

The decision "Confirms that the objective of the work programme for urgently scaling up mitigation ambition and implementation … shall be to urgently scale up mitigation ambition and implementation in this critical decade in a manner that complements the global stocktake".

Parties decided "that the work programme shall be operationalized through focused exchanges of views, information and ideas, noting that the outcomes of the work programme will be non-prescriptive, non-punitive, facilitative, respectful of national sovereignty and national circumstances, take into account the nationally determined nature of NDCs and will not impose new targets or goals". (This was a grave concern to many developing countries.)

It was also decided "that the work programme shall function in a manner that is consistent with the procedures and timelines for communication of successive NDCs established in the Paris Agreement" and "that the scope of the work programme should be based on broad thematic areas relevant to urgently scaling up mitigation ambition and implementation in this critical decade and include all sectors covered in the 2006 IPCC Guidelines for National Greenhouse Gas Inventories of the Intergovernmental Panel on Climate Change (IPCC), thematic areas in the contribution of Working Group III to the Sixth Assessment Report of the IPCC and relevant enabling conditions, technologies, just transitions and cross-cutting issues".

It was also decided that implementation of the work programme will start immediately after CMA 4 and continue until its CMA 8 (2026), "with a view to adopting a decision on the continuation of the work programme at that session" and that "…the work programme will be carried out under the CMA" and requests the Chairs of the subsidiary bodies (SBs), "well in advance of June 2023 and every two years thereafter".

Global Goal on Adaptation (GGA)

The decision on the GGA "Recognizes that adaptation is a global challenge faced by all with local, subnational, national, regional and international dimensions, and that it is a key component of and makes a contribution to the long-term global response to climate change to protect people, livelihoods and ecosystems".

Parties agreed to "initiate the development of a framework for the global goal on adaptation to be undertaken through a structured approach under the Glasgow-Sharm el-Sheikh work programme in 2023, …, with a view to the framework being adopted at CMA 5" and "that the framework…will guide the achievement of the global goal on adaptation and the review of overall progress in achieving it with a view to reducing the increasing adverse impacts, risks and vulnerabilities associated with climate change, as well as enhance adaptation action and support".

New Collective Quantified Goal on Finance (NCQG)

The decision on the NCQG "acknowledges the need to significantly strengthen the ad hoc work programme on the NCQG in the light of the urgency of scaling up climate action with a view to achieving meaningful outcomes from the deliberations on all elements and setting the new collective quantified goal in 2024 taking into account the needs and priorities of developing countries".

It also "acknowledges the need for substantive progress in the deliberations on the NCQG on climate finance, …and take into account the needs and priorities of developing countries and include inter alia, quantity, quality, scope and access features, as well as sources of funding, of the goal and transparency arrangements to track progress towards achievement of the goal, without prejudice to other elements that will also be considered as the deliberations evolve, including matters relating to time frame".

It "further acknowledges that deliberations on the NCQG should build on lessons learned from the goal of developed countries of mobilizing jointly US$100 billion per year by 2020…and taking into account the needs and priorities of developing countries."

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COP 27 delivered on its promise – say developing countries

Sharm el-Sheikh, 21 November (Hilary Kung) – “You promised an Implementation COP and you delivered,” said **Sherry Rehman, Minister for Climate Change of Pakistan**, in a powerful statement delivered on behalf of the **G77/China**, at the closing plenary of the UNFCCC climate talks which began at 4 am, on Sunday, 20 November in Sharm el-Sheikh, Egypt.

After long days and nights of finding consensus, the closing plenary of the climate talks was convened by the COP 27 President, Sameh Shoukry, the Foreign Minister of Egypt, following the adoption of the ‘Sharm el-Sheikh Implementation Plan’. (See TWN Update 12 for an overview of the decisions adopted.)

Rehman of **Pakistan** said, “The ultimate test of this COP is that it has responded to the voices of the climate vulnerable by establishing a fund for loss and damage…. We have struggled for 30 years on this path, and today in Sharm el-Sheikh this journey has achieved its first positive milestone,” adding that the “establishment of the fund is not about dispensing charity”.

She added further that the G77/China is also pleased with the decision on operationalisation of the Santiago Network on Loss and Damage (SNLD), (which is a technical assistance facility).

“Through constructive engagement, all Parties were able to arrive at a consensus that puts the Network on a firm institutional footing, with its Advisory Board and its secretariat, with the host to be selected through a robust process. Through the Network, we look forward to seeing enhanced catalysation and provision of technical assistance to all our developing countries to better equip us in averting, minimizing, and addressing the losses and damages arising from the adverse and accelerated impacts of climate change,” said the Minister.

Rehman also highlighted five other issues that were of significance to the group. “On the new collective quantified goal (NCQG) on finance, the group regrets that Parties did not manage to agree on substantive guidance for the work in 2023 and 2024.”

On adaptation, the G77/China noted the progress achieved on the global goal on adaptation (GGA) work programme but also reiterated that it is confident that the decision to launch a framework here at COP 27 will help achieve the global goal. The group also lodged concern about the lack of progress and the shortfall in financing the formulation and implementation of national adaptation plans (NAPs). “These are crucial tools for countries struggling to build resilience against climate stress,” said the Pakistan minister further.

Rehman also highlighted five other issues that were of significance to the group. “On the new collective quantified goal (NCQG) on finance, the group regrets that Parties did not manage to agree on substantive guidance for the work in 2023 and 2024.”

On adaptation, the G77/China noted the progress achieved on the global goal on adaptation (GGA) work programme but also reiterated that it is confident that the decision to launch a framework here at COP27 will help achieve the global goal. The group also lodged concern about the lack of progress and the shortfall in financing the formulation and implementation of national adaptation plans (NAPs). “These are crucial tools for countries struggling to build resilience against climate stress”, said the Pakistan minister further.

On response measures, the group welcomed the report and recommendations of the Katowice Committee of Experts on the Impacts of the Implementation of Response Measures (KCI), but also expressed serious concerns on the lack of progress on the mid-term review of the work plan of the Forum and the KCI. Rehman also emphasised the importance of advancing the work of the forum and KCI to support the developing countries to understand, assess, and address the impacts of the implementation of response measures. Further, the G77/China also welcomed the first Joint work program of the Technology Mechanism for 2023-2027 and looked forward to its effective implementation with adequate and predictable financial resources assured by the developed countries.

Bolivia, on behalf of the **Like-Minded Developing Countries (LMDC)**, commended the COP 27 process for being transparent and inclusive, adding that it welcomed most of the decisions adopted, including the loss and damage fund and "looked forward to the fund being resourced adequately to serve our people". It also highlighted some of its key observations at this COP and the implications.

"Over the years, we have seen efforts by our partners to erode the basic principles of equity and common but differentiated responsibilities (CBDR) in the decisions; however, we were rather taken aback by our partners' approach this time round," stressed the LMDC, elaborating, "We have been given the impression that it is unfashionable to talk about equity and CBDR. In every negotiating room, equity has been questioned and efforts were made to dilute CBDR. At the 30th anniversary of the Convention, our Partners raised questions around the meaning of equity; objected to its reference in decision texts; tried to expand the donor base and shift their finance support obligations to the private sector and developing countries. Annex I Parties to the Convention have tried to alter the fundamental principles, which they are also signatory to."

Bolivia also called out that it has heard a lot about saving the planet, its peoples, ambition and 1.5°C, but "the words do not match actions", adding, "As the Sharm el-Sheikh COP takes us into the era of implementation, it is time to leave the optics aside and focus on real ambition." The LMDC said further that the net zero by 2050 targets are "unambitious, inequitable" and "will not get us to 1.5°C".

"…net zero by 2050 targets for the developed countries, who have occupied the larger share of the atmospheric space since 1850, is not the answer. To pursue efforts to keep temperature rise to 1.5°C would mean even more finance, technology and capacity building support for developing countries, but where is that support? Where is that ambition? It is unfortunate that there is no appetite to provide that support," lamented Bolivia further.

It stressed that, "there are unfulfilled commitments of US$100 billion per year by 2020, and unfulfilled pledges to the Green Climate Fund and Adaptation Fund, but these are lost in the din of optics and applause".

"Let it be known that by questioning equity and CBDR, the developed countries have implicitly stated that the lives of our peoples are 'negotiable'. They are not. And we will continue to fight for them and their rights," expressed Bolivia emphatically.

Zambia, speaking for the **African Group**, commended the COP President on the manner that the conference was conducted to enable it to reach an "ambitious and balanced outcome". Zambia believed that the decisions adopted today is a "ray of hope" and it expects that through this commitment, "the burden of the poorest may be minimized".

On climate finance, it noted the failure of developed countries to meet the goal of mobilising the US$100 billion per year target by 2020, adding that the deliberations managed to build a deeper understanding of how the multilateral system can support the needs of developing countries on climate action.

On loss and damage, the African Group congratulated the COP President for "the breakthrough after 30 years of endeavour" to establish a new fund and funding arrangements to help developing countries that are particularly vulnerable to the adverse effect of climate change, by providing, assisting and mobilising new and additional resources.

On adaptation, Zambia noted the progress made towards the establishment of a framework to guide the achievement of the GGA and the review of all the progress in achieving and enhancing adaptation action and support. It also noted that Parties agreed on a process to track the doubling of adaptation finance and it called for enhancing support for adaptation in developing countries, including the Adaptation Fund.

It ended by saying that "history will judge us fairly" and that "Egypt has delivered; Africa has delivered" and "this is what we called an implementation COP".

Antigua and Barbuda for the **Alliance of Small Island States (AOSIS)** said, "Today, COP 27 took decisive action: Parties established a new loss and damage fund, here, and made history," adding, "This is the start of a new paradigm that truly accounts for the burdens of climate change….

Establishing this fund signals to the world that loss and damage will no longer solely be borne by those governments and people least responsible. Today is a step towards climate justice."

"Consensus does not mean harmonious agreement and we acknowledge the flexibility shown by all Parties. In particular, we commend the G77/China and its Chair and the 194 members for the solidarity and resolve that made this momentous outcome possible," stressed Antigua and Barbuda. It however warned that "This is not the end of the road" and that "Our journey is just beginning".

It called on Parties to "work constructively to design and operationalize this fund over the next 12 months. It must be ready by the next COP. Parties should elect members to the Transitional Committee (formed to create the fund) immediately and give clear mandates to get the work done".

Senegal on behalf of the **Least Developed Countries (LDC)** also commended the efforts to devise an effective institutional structure of the SNLD and urged the developed countries to provide finance to galvanise technical assistance for the implementation of relevant approaches for averting, minimising and addressing loss and damage at the local, national and regional level in developing countries. It also commended the decision to establish funding arrangements for loss and damage and the establishment of a Transitional Committee on the operationalisation of the new funding arrangements for responding to loss and damage.

In the context of the financial arrangements, Senegal called for new additional public funding and support from developed countries which will allow developing countries, especially LDCs, to scale further ambition in line with the 1.5°C trajectory. It further stressed on the need to help LDCs develop and implement NAPs and is pleased with the decision towards establishing a framework for the GGA.

It also reiterated the importance to define climate finance and hopes that the US$100 billion per year target will be achieved and major progress is made on doubling funds for adaptation between now and 2025.

Saudi Arabia on behalf of the **Arab Group** emphasised that the Convention stressed the need to address emissions and not the origin of emissions. It also said that technology transfer, funding and capacity-building are essential to allow developing countries to honour their commitments in their nationally determined contributions (NDCs).

India said "the world has waited far too long" for the funding arrangement on loss and damage and congratulated the President for his untiring effort to secure this consensus. It also welcomed the inclusion of the need for sustainable lifestyles and sustainable patterns of consumption and production in the cover decision, and also noted that there is a work programme on just transition. It said that "For most developing countries, just transition cannot be equated with decarbonisation, but with low carbon development," explaining that "developing countries need independence in their choice of energy mix to achieve sustainable development goals" and therefore, "developed countries taking the lead in climate action is a very important aspect in the global just transition".

Barbados said that there was a great philosophical chasm on how we would approach the issues, particularly in relation to loss and damage before the start of COP 27 and appreciated both sides of the divide who took the leap to put in a text after 30 years of struggle on this issue of loss and damage.

Australia spoke on behalf of Iceland, Canada, Israel, New Zealand, Ukraine, Japan, Norway and the United States in the **Umbrella Group** and said that we have made historical progress including in having a fund and also for a broad range of ways to provide support for developing countries, particularly vulnerable countries, in responding to loss and damage. It also welcomed the progress made to operationalise the Santiago Network. On mitigation, Australia said the group expressed great concern with the UNFCCC synthesis report on NDCs, which indicated that we are not on track to achieve the Paris Agreement goal, and aligning this trajectory will require urgent acceleration of efforts. On finance, the group said it will continue its work to ensure its reporting and the work of the Standing Committee on Finance (SCF) reflecting high-quality climate finance and in reaching the US$100 billion goal as soon as possible.

The **European Union (EU)** expressed disappointment, saying, "This is a make-orbreak decade but what we have in front of us is not enough of the step forward for people and planet," adding that there is not enough effort for "major emitters" to increase and accelerate their emission cuts, among others. "It does not bring a higher degree of confidence that we will achieve commitments made under the Paris Agreement and Glasgow last year and does not address the gap between climate science and climate policy." It said further that "the EU tries to bridge this gap by fully aligning with the 1.5°C target and even being able to update our NDCs." The EU wanted to see reference to global emissions peaking by 2025, with a clear statement to phase out unabated fossil fuels, saying that more than 80 countries supported this goal but expressed sadness that this was not being reflected.

The EU stated that the mitigation work programme does not block the path to 1.5°C but "unnecessary barriers" were being put in a way that "allow Parties to hide from their responsibility", adding that it "will not stop fighting for more and will be holding ourselves and everyone here accountable". It said further that many Parties were "not ready" (to do more) and that "there were too many attempts to even roll back from [the decisions adopted] in Glasgow". It said that some are afraid of the transition ahead and asked them "to find the courage to overcome that fear", adding that the EU would lend a helping hand. It stressed further that "this deal is not enough on mitigation" but the EU did not walk away and kill a fund that the AOSIS, the Independent Alliance for Latin America and the Caribbean (AILAC) and the LDCs fought so hard for decades. It also wanted a conversation about expanding the sources of funding to open a whole new chapter on loss and damage and bridge the gap between those in need and those who can contribute to address the need. It called for the momentum made in Glasgow to be regained as preparations are made for COP 28.

The **United Kingdom** (who was represented by COP 26 President **Alok Sharma**) said that it recognised the progress on loss and damage which is historic and the decision has a potential to support and increase the support for the most vulnerable, given the scale and range of needs which will require contributions from the widest range of sources and Parties. Sharma also lamented that "This is not a moment of unqualified celebration; emissions peaking before 2025 as the science tells us is necessary and (is) not in this text; clear follow-through on phase down of coal (is) not in this text; clear commitment to phase out of fossil fuel (is) not in this text and the energy text (was) weakened in the final minute."

New Zealand said while it has not always been at the front leading on the loss and damage issue it came to this COP with money on the table, given the need to make progress and also because countries are already suffering from the effects of climate change and encountering loss of lives and livelihood and cultural asset.

All of the Parties expressed gratitude and appreciation to the COP 27 President and his team for their efforts.

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The contentious issues at COP 27

New Delhi, 24 November (Indrajit Bose) – COP 27 convened from 6-20 November in Sharm el-Sheikh and saw deep divergences on nearly all the issues under negotiations, with several differences in the positions of developing and developed countries. This update presents the contentious issues that arose during the informal consultations in the final hours (which were closed to observers) on loss and damage finance, the mitigation work programme and the cover decision.

Among these contentious issues are: who are vulnerable countries, reflection of the principles of equity and common but differentiated responsibilities (CBDR), fossil fuel phase-out, peaking of emissions by 2025, use of terms like "major emitters" and "major economies", etc. TWN spoke to sources who disclosed what transpired at the sessions on these matters.

Loss and Damage Finance

Parties to the UNFCCC decided to establish a fund for responding to loss and damage whose mandate includes a focus on addressing loss and damage, which was a big win for developing countries. Arriving at a decision was fraught with controversy, with a compromise arrived at eventually.

The issue of funding arrangements for loss and damage had been contentious from day 1 of the COP when the **G77 and China** had proposed the issue to be included in the provisional agendas of the COP and the CMA (Parties to the Paris Agreement). Following its inclusion on the agenda, there was huge resistance by developed countries to agree on setting up a new fund on loss and damage. Developed countries resorted to proposals that seemed intended to fracture the unity of the G77/China by insisting that big developing countries should also contribute to loss and damage finance. However, under the leadership of **Pakistan** that helmed the group, solidarity and unity prevailed. During discussions, the group spoke in one voice through the Chair rather than as sub-groups during the Presidency consultations. (See TWN Update 2, TWN Update 11 and TWN Update 12 on how the issue of loss and damage evolved at COP 27.)

Early morning on Saturday, 19 November, a day past the scheduled closing of the talks, the Egyptian Presidency convened consultations on loss and damage finance with Parties on a draft text proposal prepared by the Presidency.

According to sources, developed countries led by **Norway** and the **European Union (EU)** had issues with the draft text issued around the eligibility criteria as to who should receive funding for loss and damage, as well as the need to recognise funding initiatives outside of the UNFCCC. The issues raised by the **EU** and **Norway** were around paragraph 2 of the draft decision text proposed which read as follows: *"Decides to establish new funding arrangements for assisting* ***developing countries*** *in responding to loss and damage, including a focus on addressing loss and damage by providing and assisting in mobilizing new and additional resources, and that these new arrangements* ***complement*** *the existing arrangements for financial support from other sources, funds, processes and initiatives, including outside the Convention and the Paris Agreement."* (Emphasis added.)

The **EU**, said sources, was open to a loss and damage fund, but wanted to ensure that funding is channelled to those "particularly vulnerable" and said the draft text was a non-starter since it did not see references to vulnerability "in an operational manner" and the only way the EU would see itself as a "donor" was by giving particular focus on that issue.

Pakistan for the **G77/China** was reported to have said that the group did not want the fund to be exclusive and highlighted that there is no definition of vulnerability, adding that if a fund is established which excludes Pakistan and other countries like it which do not fit in the UN groupings such as Small Island Developing States (SIDs) or Least Developed Countries (LDCs), such countries could not be part of the decision. It also gave the example that some organisations outside of the UN system classify Pakistan as among the 10 most vulnerable countries in the world, but not everyone may accept such reports because there is no definition of vulnerability.

The **United States (US)**, said sources, suggested taking note of recent events in the preamble and gave the example of the floods in Pakistan. **Pakistan** responded that it was just an example and many other regions in the world were suffering climate disasters and it would not be possible to list all the countries and the disasters in the preamble, which the US agreed with.

Colombia for the **Independent Alliance of Latin America and the Caribbean (AILAC)** was reported to have said that even though they were "middle-income" countries, their climate vulnerabilities were "tremendous" and they did not have the fiscal capacity to deal with disasters and therefore should not be excluded from loss and damage funding.

Norway responded that it understands that countries like the Philippines and Pakistan must not be omitted from funding and suggested the following language: "*Decides to establish new funding arrangements for assisting developing countries, **taking into account particularly vulnerable countries**, in responding to loss and damage…*". (Emphasis added.) The **EU** also suggested to include "particularly vulnerable countries and communities" but this proposal was not accepted.

Following further discussions, Parties agreed to using agreed language "…*assisting developing countries, that are particularly vulnerable to the adverse effects of climate change*…".

(Early on 20 November, a new version of the text was circulated, replacing the wording "that are particularly vulnerable" with "especially those that are particularly vulnerable". However, following consultations, the language agreed during the presidency consultations was restored, and the words *"especially those"* were dropped.)

On the issue of funding initiatives outside of the UNFCCC, sources said that **Norway** wanted very clear recognition that funding for loss and damage could not be confined to "one single fund under the UNFCCC". It said that being one of the major donors of loss and damage finance, it was very important to Norway that its efforts and funding are recognised as part of the loss and damage funding arrangements as well, and the current text did not provide the "necessary assurance", saying that the decision must recognise support channelled outside of the UNFCCC initiatives.

Pakistan for the **G77 and China** responded to Norway saying the decision text reflected the words "funding arrangements", which should take care of its concerns and that "a fund" was being established rather than "the fund" in the context of the funding arrangements.

Norway, however, suggested changing "*these new arrangements complement the existing arrangements for financial support from other sources, funds, processes and initiatives, including outside the Convention and the Paris Agreement*" to "*includes sources, funds, processes, funds, processes and initiatives, including outside the Convention and the Paris Agreement*".

Following further discussions, Parties agreed on "*these new arrangements complement and include sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement*". The paragraph adopted in the decision reads: *"Decide to establish new funding arrangements for assisting developing countries **that are particularly vulnerable to the adverse effects of climate change**, in responding to loss and damage, including with a focus on addressing loss and damage by providing and assisting in mobilizing new and additional resources, and that these new arrangements **complement and include** sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement*." (Emphasis added.)

The decision adopted also agreed to the establishment of a Transitional Committee on the operationalisation of the new funding arrangements for responding to loss and damage, and the fund. Parties decided that the Transitional Committee shall have 24 members, to be nominated no later than 15 December 2022, comprising 10 from developed countries and 14 from developing countries, including 3 from Africa, 3 from Asia-Pacific, 3 from Latin America and the Caribbean, 2 from SIDs, 2 from LDCs and 1 from a developing country not included in the categories listed above. The 1 from a developing country not included in any of the other categories was added following the Environment Integrity Group's proposal to provide space to a member from the Eastern European region.

Parties also decided that the first meeting of the Transitional Committee would be held no later than 31 March 2023.

Mitigation Work Programme

Discussions on the mitigation work programme (MWP) were highly contentious around many issues such as: the mention of the principles of equity and common but different responsibilities (CBDR) in the scope of the work programme, which was opposed largely by **Switzerland**; proposals of introducing "major emitters" in the text by developed countries; whether the timeline of the work programme should be one year, as was proposed by the **Like-Minded Developing Countries (LMDC)** and the **Arab Group**, or continue until 2030, a proposal of the developed countries and **AILAC,** the **Alliance of Small Island States (AOSIS)** and the **LDCs**; whether or not to mention 'highest mitigation potential by sector' in the text; the role of the MWP vis-à-vis the global stocktake (GST), with the LMDC and the Arab Group stressing that the MWP should not duplicate the GST process which will take place next year (on assessing the collective progress of Parties in achieving the goals of the Paris Agreement).

According to sources, during the discussions, the **developed countries** along with **AILAC, AOSIS and the LDCs** wanted to introduce text on 'fossil fuels' in the decision text and said that discussion on fossil fuels is paramount and that countries need to get "the fossil fuel energy out of our systems", as espoused by Norway. However, they did not want to have this discussion in the context of equity and CBDR.

Similarly, for the restricting temperature increase to 1.5°C, there was huge resistance by the developed countries to discuss it in the context of equity and CBDR, with **Russia** stating that it still did not quite understand "what equity means".

Early on 19 November, during the presidency consultations, it seems that differences arose over the nature of the work programme with the **LMDC** and the **Arab Group** calling for the work programme to not result in "new targets or goals beyond those agreed in the Paris Agreement" and its explicit mention in the draft text, with developed countries opposed to reflecting such language in the draft text.

The **United Kingdom (UK)** wanted to introduce sectoral targets "to keep 1.5°C alive", and for the nationally determined contributions (NDCs) to be adjusted "annually". Sources said that the interventions received a lot of applause by those present in the room. The **US** it seems even said that the "applause" represented consensus. However, the issue of whether or not to mention "new targets or goals beyond those agreed in the Paris Agreement" dragged negotiations till the early hours of 20 November, in closed door ministerial consultations convened by the Egyptian Presidency. Parties also discussed bridging proposals on the timeline of the work programme, sources said.

During the ministerial consultations, sources said that the **UK** misreported to the Egyptian Presidency that Parties had reached agreement on the MWP, which was followed by "applause" in the room. The **LMDC** clarified that applauding did not represent consensus and that no agreement had been reached. Sources also said that developing countries asked **UK Minister Alok Sharma** why he was opposed to mentioning CBDR in the text, even though CBDR was mentioned in Glasgow. It seems Sharma had no response to the direct question.

(The Glasgow Climate Pact [GCP] "*reaffirms the Paris Agreement temperature goal of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels*" [paragraph 20]. The GCP also "*recognizes that limiting global warming to 1.5°C requires rapid, deep and sustained reductions in global greenhouse gas emissions, including reducing global carbon dioxide emissions by 45 per cent by 2030 relative to the 2010 level and to net zero around midcentury, as well as deep reductions in other greenhouse gases*" [paragraph 22]. Further, the GCP "*also recognizes that this [limiting global warming to 1.5°C] requires accelerated action in this critical decade, on the basis of the best available scientific knowledge and equity, reflecting common but differentiated responsibilities [CBDR] and respective capabilities in the light of different national circumstances and in the context of sustainable development and efforts to eradicate poverty*" [paragraph 23].)

Developing country negotiators told TWN that when developed countries talk of "advancing the GCP", they mean "dropping references to equity and CBDR, which are also mentioned in the GCP" and wish to paint "us" (developing countries) as being against ambition, which "is not true". "All we are saying is stick to decisions we have agreed without any selective picking and choosing. You cannot just pick 1.5°C and decide to leave equity and CBDR out of it," a senior developing country negotiator told TWN.

During the ministerial consultations on the MWP, sources said that the **US** suggested to include in the text that the MWP would not "impose targets", which was reflected in the Presidency's subsequent proposal and which got adopted.

The decision adopted reads that "*the work programme shall be operationalized through focused exchanges of views, information and ideas, noting that the outcomes of the work programme will be non-prescriptive, non-punitive, facilitative, respectful of national sovereignty and national circumstances, take into account the nationally determined nature of nationally determined contributions and will not impose new targets or goals*".

Compromise was reached on the timeline of the work programme as well. Parties decided that implementation of the work programme will start immediately after CMA 4 and "continue until its eighth session (2026), with a view to adopting a decision on the continuation of the work programme at that session".

Cover Decisions

Discussions on the overarching decisions, also called cover decisions, were contentious until the very end of the COP. The Presidency convened several consultations with Parties on the cover decisions throughout COP 27, and issued a compilation of Parties' views, a non-paper comprising a summary of possible elements put forward by Parties for inclusion in the overarching decisions and draft text. However, Parties stuck to their positions, reflecting a wide variety of differences.

Developed countries and developing country sub-groups such as the **LDCs, AILAC and AOSIS** stressed that the cover decision must reflect the latest science from the Intergovernmental Panel on Climate Change (IPCC), advance the GCP, especially on the fossil fuel phase-out and coal phase-down, advancing the 1.5°C agenda, and methane pledges by Parties. This was however without the reflection of equity and CBDR principles. The **UK** even suggested that they want to go a step further and speak about a "coal phase out" and not a "coal phase down".

(Paragraph 36 of the GCP reads: "*Calls upon Parties to accelerate the development, deployment and dissemination of technologies, and the adoption of policies, to transition towards low-emission energy systems, including by rapidly scaling up the deployment of clean power generation and energy efficiency measures, including accelerating efforts towards the phasedown of unabated coal power and phase-out of inefficient fossil fuel subsidies, while providing targeted support to the poorest and most vulnerable in line with national circumstances and recognizing the need for support towards a just transition.*" Paragraph 37 of the GCP reads: "*Invites Parties to consider further actions to reduce by 2030 non-carbon dioxide greenhouse gas emissions, including methane*.")

Developed countries also suggested including references to peaking emissions by 2025, as well as annual updates of NDCs and long-term greenhouse gas strategies (LTS) in the cover decision.

They also wanted the cover decision to include elements on encouraging the multilateral development banks (MDBs), international financial institutions and the private sector to increase climate ambition and promote the implementation of Article 2.1 (c) of the Paris Agreement, which speaks to the issue of "making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development".

Further, the **US** suggested including terms such as "major economies" and "major emitters" and was against including references to principles of the Convention in the cover decision.

The **G77/China** highlighted the importance of mentioning "climate justice" in the cover decision. Developing countries led by the **LMDC, Arab Group, Africa Group** and **ABU (Argentina, Brazil, Uruguay)** were clear that there should be no renegotiation of the Paris Agreement through the cover decisions. **Brazil** articulated that the GCP is a cover decision and not an agreement that Parties have had to ratify; that it should not supersede the Paris Agreement and that Parties should leave Sharm el-Sheikh with an outcome of its own rather than an "attachment to a previous decision" (in reference to the GCP).

For the **LMDC,** the mention of equity, CBDR and the equitable sharing of the carbon budget was very important in the cover decision. The LMDC further said that developed countries must not try to shift the burden of climate action to developing countries and their finance obligations to the private sector and the MDBs, which have their own decision-making processes and mandates which are beyond the UNFCCC process. MDBs and the private sector are not responsible for climate finance and relying only on them to provide climate finance will increase the indebtedness of developing countries, said the LMDC further.

They said the cover decision must urge developed countries to provide enhanced support, including through concessional and grant-based financial resources, technology transfer and capacity-building, to assist developing countries with respect to both mitigation and adaptation.

The LMDC also said that the developed countries' proposals contradict the principles and provisions of the Convention and the purpose of the Paris Agreement, which establishes clear obligations of developed countries. It was against any re-classification of countries such as "major economies" or "major emitters" and proposed sticking to differentiation as agreed in the Paris Agreement. The LMDC further added that the findings from the IPCC must be reflected in a balanced manner and across all the elements of mitigation, adaptation and means of implementation.

With reference to advancing the GCP and mentioning coal and fossil fuel in the cover decision, the **LMDC** and the **Arab Group** responded that there should be no selective picking and choosing of elements from the GCP. The LMDC said that energy transition is a very important issue and every country has its own energy mix and national circumstances and its own pathway to address emissions. The discussion should focus on emissions and not sources, the LMDC said, adding that all Parties are accountable for their emissions under the Paris Agreement. "We should not be prescriptive on how countries use their resources whether renewables or any type of fossil fuels but rather focus on addressing the emissions," said **Bolivia** for the **LMDC** during the discussions.

The groups stressed that as in the GCP, the temperature goal of the Paris Agreement must be reflected in full, rather than cherry picking 1.5°C and that the temperature goal must be in the context of equity and CBDR and the provision of finance support by the developed countries. The **Arab Group** was against referencing any fossil fuels in the cover decision and **India** suggested mentioning either all fossil fuels or none. India was against selectively referencing coal. However, as a compromise, India suggested using language agreed to in the GCP.

Developing countries led by the **LMDC** and **ABU** were also against references to nature-based solutions in the text and giving consideration to processes outside of the UNFCCC, such as the International Civil Aviation Organisation (ICAO) and International Maritime Organisation (IMO), since not every Party endorsed outcomes under ICAO, and since the IMO negotiations are ongoing.

Following protracted discussions, Parties agreed to the cover decision, titled, "Sharm el Sheikh Implementation Plan", with some wins and losses for everyone in the text (for highlights of the cover decision, see TWN Update 12).

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Decision on adaptation goal diluted due to stance of developed countries

Kathmandu, 25 November (Prerna Bomzan) – One of the key contentious issues until the final hours of the protracted COP 27 climate talks which ended on Sunday, 20 November, the global goal on adaptation (GGA) ended up with a watered-down decision text, due to the stance of developed countries, especially with regard to the issue of the means of implementation, which was qualified as a "consideration" and not a constituent component of the global goal.

Developing countries led by the **G77 and China** (**Pakistan**) had firmly called for the establishment of a framework on the GGA as a substantive COP 27 outcome, proposing detailed elements in the form of dimensions; themes; indicators/metrics/targets; among others. The means of implementation – finance, technology transfer and capacity-building – is one of the integral components of the dimensions of the framework (See TWN Update 7).

The framework is essential to guide the GGA work programme of the second year 2023, comprising four workshops and submissions. It is also key to guiding the inputs of the assessment of progress towards the GGA under the global stocktake (GST) referenced in Article 7.14 of the Paris Agreement.

Developed countries, on the other hand, led by the **European Union (EU), Switzerland,** the **United States (US)**, the **United Kingdom (UK)**, **Norway, Japan, Australia, Canada** and **Iceland** (see TWN Updates 8 and 10), saw the proposed framework as premature and pushed instead for a "structured approach" to developing the framework and wanted its consideration for adoption only at the next COP (COP 28) in 2023.

The structured approach referred to by the US primarily adhered to the approach proposed by the **EU** in the form of an "adaptation policy cycle" encompassing risk and vulnerability assessments; planning; implementation; and monitoring, evaluation and learning (See in-session EU's submission). Also, they were against means of implementation and pushed for only one of the functions of the framework as "enhancing action and support" in relation to achieving the GGA.

The firm call by the G77/China for a framework and with the means of implementation had been captured as options, during the evolution of the draft text: option 1 of paragraph 1 in the first iteration of the co-facilitators' draft text of 11 November; option 1 of paragraph 9 in the second iteration of co-facilitators' draft text of 15 November; and paragraph 10 (a) in the proposed Presidency's draft text of 19 November.

In contrast, the options of developed countries which had been captured only in the co-facilitators' draft text of 15 November (option 2 of paragraph 9) was firmly embedded in the Ministers' draft text of 17 November (paragraph 11).

Paragraph 11 of the Ministers' draft text saw the means of implementation diluted, qualified as a "consideration", reading as, "*Further decides* that the structured approach referred to in paragraph 9 above should be organized on the basis of the four steps of an iterative adaptation cycle (risk and impact assessment; planning; implementation; and monitoring, evaluation and learning) and recognizes that support, including in terms of finance, technology transfer and capacity-building, is a consideration in each stage of the cycle."

Sources told TWN that in response to the Minister's draft text, the **G77 and China** had made a submission reiterating the inclusion of means of implementation as an integral component of their proposed dimensions of the framework which was a captured option in the previous two iterations. In addition, the group did not have an agreed position on the controversial paragraph 11 given contentious reference to the structured approach and the adaptation cycle.

Paragraph 9 referenced in the draft Ministers' text also silenced the G77 and China's consistent call for the establishment of the GGA framework at COP 27, reading as, "*Decides* to initiate the development of a framework for the GGA, which will be informed by a structured approach to the Glasgow–Sharm el-Sheikh work programme in 2023, with a view to the framework being considered and adopted at the fifth session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement [CMA 5] (November 2023)."

It is to be noted that at the Presidency's informal stocktake on 17 November, Minister **Aminath Shauna** (**Maldives**), leading the consultations with Minister **Teresa Ribera (Spain)**, had reported that they had prepared a new iteration of the text "under their authority" which reflected the "best possible balance and captures a middle ground between divergent views". Further, they said the text would be posted for Parties to reflect on it with a spirit of "compromise" and constructive engagement in the hope to promptly achieve "consensus".

However, as seen especially with paragraphs 9 and 11, including paragraphs 10 and 12 vis-à-vis the framework, some developing country negotiators said that the Ministers' draft text of 17 November reflected neither balance nor middle ground. The next Presidency's draft text of 19 November attempted a balance towards approaching the GGA framework as reflected by paragraphs 8, 9 and 10.

Paragraph 8 read, "*Decides* to initiate the development of a framework for the GGA to be undertaken through a structured approach under the Glasgow–Sharm el-Sheikh work programme in 2023, containing the elements in para 10 below, with a view to the framework being adopted at CMA 5…"

Paragraph 10 (a) specifically included finance, capacity-building and technology transfer as a component of the dimensions of the framework referred to in paragraph 8.

Sources said that in the final late night hours of frantic negotiations on 19 November, it was expected that the Presidency's text, signalled as not to be reopened, would take precedence as the final decision text. However, it was learnt that the **UK** raised concerns and the text was reopened.

The next iteration proposed by the Presidency and circulated as a "limited distribution document L.16", saw a very weak paragraph 10 on the elements of the GGA framework carrying the language "may take into consideration", from the draft Ministers' text. Further, paragraph 10 (a) read as, "…..recognizing that support, including in terms of finance, technology transfer and capacity-building, is a consideration in each stage of the cycle". This language too reflected the contentious paragraph 11 of the draft Ministers' text.

The iteration also saw other additional language on paragraph 10 (a) and (c) imported from the draft Ministers' text, such as "nature-based solutions" under cross-cutting considerations, which is a contentious term for several countries since it is not defined under the Convention and Paris Agreement.

Thus, a considerable weak decision on the GGA was adopted (L.16/Rev 1), with the framework pushed to 2023 and a diluted means of implementation reference.

Paragraph 8 of the adopted decision reads: "*Decides* to initiate the development of a framework for the GGA to be undertaken through a structured approach under the Glasgow-Sharm el-Sheikh work programme in 2023, containing the elements referred to in paragraph 10 below, with a view to the framework being adopted at CMA 5 (November-December 2023)."

In relation to the key elements of the framework, paragraph 10 reads as, "*Further* decides that the framework, through the structured approach referred to in paragraph 8 above, may take into consideration, inter alia:

(a) Dimensions (iterative adaptation cycle): impact, vulnerability and risk assessment; planning; implementation; and monitoring, evaluation and learning; recognizing that support in terms of finance, capacity-building and technology transfer is a consideration in each stage of the cycle;

(b) Themes: water; food and agriculture; cities, settlements and key infrastructure; health; poverty and livelihoods; terrestrial and freshwater ecosystems; and oceans and coastal ecosystems; tangible cultural heritage; mountain regions; and biodiversity;

(c) Cross-cutting considerations: country-driven, gender-responsive, participatory and fully transparent approaches, human rights approaches, intergenerational equity and social justice, taking into consideration vulnerable groups, communities and ecosystems, and nature-based solutions, and based on and guided by the best available science including science-based indicators, metrics and targets, as appropriate, traditional knowledge, knowledge of indigenous peoples and local knowledge systems, ecosystem-based adaptation, nature-based solutions, community-based adaptation, disaster risk reduction and intersectional approaches with a view to integrating adaptation into relevant socioeconomic and environmental policies and actions, where appropriate;

(d) Sources of information including those referred to in decision 19/CMA.1, paragraph 37, namely:
   (i) Reports and communications from Parties, in particular those submitted under the Paris Agreement and the Convention;
   (ii) The latest reports of the Intergovernmental Panel on Climate Change;
   (iii) Reports of the subsidiary bodies;
   (iv) Reports from relevant constituted bodies and forums and other institutional arrangements under or serving the Paris Agreement and/or the Convention;
   (v) The synthesis reports by the secretariat referred to in paragraph 23 of that decision;
   (vi) Relevant reports from United Nations agencies and other international organizations, which should be supportive of the UNFCCC process;
   (vii) Voluntary submissions from Parties, including on inputs to inform equity considerations under the global stocktake;
   (viii) Relevant reports from regional groups and institutions;
   (ix) Submissions from non-Party stakeholders and UNFCCC observer organizations."

Further, in the finals hours of negotiations, sources who spoke to TWN said that the US as well as the **UK** also raised concerns in relation to the draft text of the CMA cover decision, specifically paragraph 38 of section (V) on adaptation, which read as, "*Stresses* the urgency to fulfil the mandate of having a clear GGA to guide the effective implementation of Article 7 of the Paris Agreement."

Some developing countries were pushing for a more "clear" GGA given that Article 7.1 of the Paris Agreement encompassed only components or elements but not a clear goal as such. However, the developed countries did not want to clarify or define the goal.

Paragraph 38 of the final adopted CMA cover decision called the "Sharm el-Sheikh Implementation Plan" reads, "*Stresses* the urgency of fulfilling the mandate of having a clear framework for the GGA to guide the effective implementation of Article 7 of the Paris Agreement."

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Finance outcomes at Sharm El-Sheikh

Delhi, 29 November (Indrajit Bose) – The Sharm el-Sheikh climate talks adopted a host of decisions on climate finance following intense negotiations among developed and developing countries. These include long-term climate finance (LTF); matters related to the Standing Committee on Finance (SCF); terms of reference for the second review of the functions of the SCF; new collective quantified goal on climate finance (NCQG); matters relating to the Adaptation Fund (AF); report of the AF Board for 2022 and Fourth Review of the AF. Parties also agreed to establish a loss and damage fund (see TWN Update 14).

All the decisions were bitterly contested and nearly every paragraph of the draft texts for decisions continued to be bracketed, with no solution in sight until the last day of the COP, with ministerial consultations convened on the NCQG. The decisions were adopted under COP 27, the 17th session of the Kyoto Protocol Parties (CMP 17) and the fourth session of the Conference of Parties to the Paris Agreement (CMA 4).

The key political fights on finance centred around proposals by developed countries to expand the donor base to include “emerging economies” or “high-income countries”, which developing countries saw as deviating from the UNFCCC and Paris Agreement (PA) provisions. There were also strong efforts by developed countries to push the financial responsibilities to the multilateral development banks (MDBs), international financial institutions (IFIs) as well as the private sector along with efforts to alter the eligibility criteria as to who should receive funding, which received a lot of pushback from the developing countries. This update presents the highlights of some of the key finance decisions adopted in Sharm el-Sheikh.

Long-term Climate Finance

Contentious issues in the draft text arose around capturing language in relation to the failure of developed countries in the delivery of the US$100 billion per year by 2020 commitment; unfulfilled finance pledges to the AF; as well as how to reflect the findings of the progress report on the US$100 billion per year by the SCF. (The delivery of US$100 billion per year by 2020 was extended to 2025 at the Paris COP in 2015.)

Parties were also divided in terms of providing a further mandate to the SCF to continue to prepare progress reports on the US$100 billion per year by 2025 goal. Contention also arose on how to reflect the other reports by the SCF on “definitions of climate finance” as well as “flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.”

(The SCF was tasked with preparing the reports on progress on the USD 100 billion goal, climate finance definitions and mapping of available information relevant to Article 2, 1(c), including its reference to Article 9 at COP 26 in Glasgow. See related TWN update.)

Developing countries wanted strong language in relation to the US$100 billion goal not being met as well as the unfulfilled pledges to the AF. They also preferred for the SCF to continue to bring out the US$100 billion progress report annually and said that more work is required on the climate finance definitions and pointed to problems arising out of aggregating climate finance due to the various definitions. They also called for a single definition of climate finance.

(The SCF report on “definitions” includes a compilation and synthesis of information submitted by Parties and non-Parties, with an overview of definitions of climate finance used by Parties in their reporting under the Convention and the PA, and an overview of the definitions used outside of these agreements, by climate finance providers, data aggregators and governments. Developing countries in the past have called for a single multilaterally agreed definition of climate finance to better track climate finance flowing into developing countries, while developed countries wanted more than one definition to be accommodated.)

During the discussions, the **Africa Group** proposed the need to have discussions on lending instruments since the loan component (of what has been claimed to have been delivered thus far) in respect of the US$100 billion per year by 2020 commitment remained very high.

Some developing country groups were not in favour of welcoming the SCFs report on Article 2.1 (c) of the PA, given the differences in interpretations among Parties on how to operationalise the article.

Developed countries, while acknowledging their failure to mobilise US$100 billion per year by 2020, wanted the decision text to focus on all elements of the progress report (mitigation actions and transparency on implementation aspects) and suggested that instead of an independent progress report on US$100 billion per year by 2025, the SCF should assess progress as part of its biennial assessment and overview of climate finance flows report.

The **United States (US)** said further that the decision must be balanced in that the efforts of developed countries to meet their finance commitments must also be reflected in the decision.

While developed countries wanted to acknowledge the "Climate finance delivery plan" progress report by **Germany** and **Canada**, developing countries were not in favour of acknowledging reports "outside of the process". Developed countries also wanted to highlight the role of the private sector more prominently in not being able to mobilise US$100 billion per year by 2020, which led to counters by developing countries that developed countries are mandated to mobilise resources and it was therefore the latters failure and responsibility, which could not be pushed to the private sector.

Further, developed countries also said that they do not see the need for further work on the definitions of climate finance by the SCF. They welcomed the SCF report on "definitions" which showed "different definitions, bottom up approaches and different methodologies". They also wanted strong language to welcome the report on Article 2.1 (c) of the PA and introduced proposals which urged Parties to work through the MDBs to ensure scaled-up support for climate goals, which were not acceptable to developing countries.

Contention also arose around proposed language around "donors" in the draft text, with the **G77 and China** sharply expressing concerns over the critical dilution in language from "developed" countries to "donors", stating that climate finance is a commitment and not a donation by developed countries. Discussions continued to be heavily contentious and various iterations of the draft text were prepared throughout COP 27.

Finally, following long hours of negotiations, in the decision adopted, Parties note with "*deep regret that the goal of developed country Parties to mobilize jointly US$100 billion per year by 2020 in the context of meaningful mitigation actions and transparency on implementation has not been met, including due to challenges in mobilizing finance from private sources, and welcomes the ongoing efforts of developed country Parties towards achieving the goal of mobilizing jointly US$100 billion per year*".

The decision also "*urges developed country Parties to fully deliver on the US$100 billion per year goal urgently and through 2025, noting the significant role of public funds*". The decision also welcomes pledges made to the AF and "*urges developed country Parties to fulfil their pledges on time*".

The decision also "*reiterates the need for grant-based resources in developing countries, in particular for adaptation, and in particular for the least developed countries (LDCs) and small island developing States (SIDs)" and "requests Parties to continue enhancing their enabling environments and policy frameworks to facilitate the mobilization and effective deployment of climate finance*".

On the US$100 billion report, the decision "*notes the different estimates of progress towards achieving the goal of mobilizing jointly US$100 billion per year from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources, and recognizes the lack of a common definition and accounting methodology in this regard*".

The decision also "*requests the SCF to prepare biennial reports, including a summary of key findings, on progress towards achieving the goal of mobilizing jointly US$100 billion per year* *to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation, taking into account other relevant reports, for consideration by the COP 28 (November 2024), 31 (2026), and 33 (2028) sessions and notes the final report will be considered in the context of matters relating to the SCF*".

The decision "*notes the SCF report on definitions of climate finance as well as the complexity arising from the diversity of definitions of climate finance in use by Parties and non-Party stakeholders in the context of aggregate accounting and reporting of climate finance*".

The decision "*also notes the SCF report on the mapping of available information relevant to Article 2, paragraph 1(c), of the Paris Agreement, including its reference to Article 9 thereof*".

Matters Related to the Standing Committee on Finance (SCF)

Discussions saw a repetition of the contentious issues around the reports by the SCF, which were also raised during the LTF discussions, with the fifth Biennial Assessment and Overview of Climate Finance Flows (BA5) being discussed in depth.

(The SCF has been tasked with preparing a biennial assessment and overview of climate finance flows [BA] drawing on available sources of information and including information on the geographical and thematic balance of such flows, and Parties are expected to deliberate on the summary and recommendations of the fifth BA [BA5], which covers the period of 2019-2020. The BA5 mentions that "challenges were encountered in aggregating and analysing information from diverse sources with varying degrees of transparency" and that challenges remained in "filling data gaps, particularly on private finance for adaptation activities and for mitigation activities in the AFOLU (agriculture, forestry and land use sectors), the waste and the water and sanitation sectors". The BA5 also mentions that the classification of data such as by geographical region or by granularity is not uniform across data sources. It is due to such challenges that "no aggregation of data from different sources for finance flows from developed countries to developing countries was carried out" for BA5.)

Developing countries expressed that it was regrettable that the BA is not able to present aggregated data due to limitations in methodologies. Following further discussions, in the decision adopted under the COP, Parties welcomed the BA5 and took note of the recommendations and noted "*with concern that global climate finance flows are small relative to the overall needs of developing countries*".

The decision acknowledges "*the improvement in quality, transparency and granularity of information in the BA 5 while recognizing that data limitations persist, particularly in relation to private climate finance, including private finance mobilized by developed country Parties through bilateral and multilateral channels, and finance in sectors other than energy and transport, and requests further work in this regard in the 6th BA, including in relation to data by region, private finance mobilized from public interventions and financing arrangements relevant to averting, minimizing and addressing loss and damage*".

On the definitions of climate finance, the decision notes the SCFs work on the issue as well as "*the complexities associated with the diversity of definitions of climate finance in use by Parties and non-Party stakeholders in relation to ensuring clear aggregated accounting and reporting of climate finance*".

The decision requests the SCF to prepare a report for consideration by COP 28, "*building on the Committees work on definitions of climate finance, on clustering types of climate finance definitions in use that could be considered within the UNFCCC process, including with a view to updating the Committees operational definition of climate finance, as appropriate, and supporting Parties in their national reporting efforts, and invites Parties and external stakeholders to make further submissions via the submission portal by 30 April 2023*".

In the CMA decision on the issue, Parties requested the SCF "*to continue its work regarding ways to achieve Article 2.1 1(c) of the PA, including options for approaches and guidelines for implementation…for consideration by CMA 5 (NovemberDecember 2023) and invites Parties and stakeholders in the financial sector to make further submissions thereon via the submission portal by 30 April 2023*".

(In a separate decision, Parties also adopted the terms of reference for the second review of the functions of the SCF and invited submissions by April 2023 for consideration by the Subsidiary Body for Implementation at its 58th session in June 2023.)

Matters Relating to the Adaptation Fund (AF)

Under matters relating to the AF, the Report of the AF Board for 2022 and Fourth Review of the AF were discussed with developing and developed countries divided over elements of the draft decision text.

During discussions, developing countries had expressed strong concerns over the unfulfilled pledges of developed countries to the AF. Contentious issues also arose on the fourth review of the AF in relation to diversifying the Funds contributor base, as well as references to outstanding pledges and over the doubling of adaptation finance in the draft text proposed by the co-facilitators (See TWN Update 6). Some developing country groups wanted to name the countries that had not fulfilled their pledges in the decision; however, there was no agreement on this.

The **US** especially was firmly opposed to references inviting developed countries to contribute to the AF and said several times that all countries should contribute. On the fourth review of the AF, there was a protracted spat between the **Africa Group** in particular and the **US**, over the latters participation in the informal consultations (given that the US and Canada are not Parties to the Kyoto Protocol [KP], and the AF is under the Protocol). The **US** persistently wanted to include the reference to the "CMA" (as the AF is also to serve the PA) in the next fifth review of the AF, despite the fact that the AFs authority is currently only under the CMP.

Additionally, **South Africa** for the **African Group** reminded that being a non-Party to the KP and with its observer status at the CMP, the US did not enjoy the right to make any textual amendments in the final decision-making to which the **US** contested, saying that the AF is in transition and will soon exclusively serve the AF. The UNFCCC legal counsel was called to solve the deadlock and provided an opinion against the US participation in the process. Following this, the **US** representative protested at being treated wrongly and walked out of the room.

Parties also had different views over whether to strengthen engagement with the private sector on adaptation, with developed countries as the proponents of such proposals.

Following discussions, in the CMP decision taken on the report of the AF Board for 2022, Parties noted "*outstanding pledged contributions of US$174.60 million as at 8 November 2022*" and urged "*Parties to fulfil their pledges as soon as possible*". The decision also "*encourages continued and increased voluntary contributions of financial resources to the AF in line with the 20222025 resource mobilization strategy of the Fund*". Parties also noted several actions and decisions relating to the AF Board, including accreditation of entities, project pipeline, the approval of the resource mobilisation strategy, etc.

The decision adopted also "*underscores the urgency of scaling up financial resources, including the provision of voluntary support, that are additional to the share of proceeds levied on certified emission reductions in order to support the resource mobilization efforts of the AF Board with a view to strengthening the AF*".

The decision adopted on matters relating to the AF under the CMA requests the AF Board to include in its annual report to the CMA "*an update on its progress in assisting developing country Parties in meeting their adaptation commitments under the PA*". The decision encourages the AF "*to support developing country Parties that are particularly vulnerable to the adverse effects of climate change, in particular the LDCs and SIDs, in implementing their national adaptation plans and adaptation communications, including those submitted as adaptation components of nationally determined contributions*".

The decision also requests the Subsidiary Body for Implementation to continue consideration of matters relating to membership of the AF Board "*at its 58th session (June 2023) as needed, in view of the AFs transition to exclusively serve the PA*" and encourages the AF Board "*to continue its consideration of its rules of procedure in the context of serving the PA, including after the Subsidiary Body for Implementation has concluded its consideration of matters related to membership of the AF Board*".

In the decision on the fourth review of the AF under the CMP, Parties noted "*with concern the outstanding pledged contributions to the AF*" and urged "*Parties that have not fulfilled their pledges to do so as soon as possible*". The decision adopted "*stresses the importance of financial contributions to the AF, including in the context of urging developed country Parties to at least double their collective provision of climate finance for adaptation to developing countries from 2019 levels by 2025, in the context of achieving a balance between mitigation and adaptation in the provision of scaled-up financial resources…*". The decision also "*calls for continued and increased voluntary contributions of financial resources to the AF*" and "*notes the importance of further enhancing the predictability of resources channelled through the AF*".

The decision "*notes the resource mobilization strategy of the AF (20172020), which refers for the first time to subnational governments, the private sector and charitable foundations as possible additional sources of finance for the AF and encourages the AFB to continue its efforts to mobilize finance from a variety of sources under its next resource mobilization strategy (20222025)*". The decision also "*invites the Board to consider ways to strengthen the engagement of the AF with the private sector in order to increase private sector participation in adaptation action*".

New Collective Quantified Goal on Climate Finance (NCQG)

Expanding the "donor base" to contribute to the goal, and developed countries refusal to engage in discussions on the quantum of the goal were the key contentious issues during the discussions on the NCQG.

Developing countries led by the **G77 and China** said that they did not want to leave everything until 2024 and that Parties need to focus their discussions on the quantum of the NCQG. They called for a substantive decision on the matter focused on different aspects of the NCQG, including themes of the technical expert dialogues to be convened next year. A submission by the **Africa Group** had the following proposal on quantum to be included in the decision:

"*Underscores that the post 2025 mobilization goal must reflect the ambition, progression and the collective agreement to stay well below 2 degree C and aspire to stay within the 1.5 degree C temperature goal, and therefore agrees that the deliberations on the quantum mobilization target should start from range of a commitment by developed countries to mobilize jointly at least US$1.3 trillion per year by 2030, of which 50% for mitigation and 50% for adaptation and a significant percentage on grant basis from a floor of US$100 billion, taking into account the needs and priorities of developing countries outlined in the Updated NDCs (nationally determined contributions).*"

Developed countries expressly rejected such proposals and said they did not see the point of "any early harvest" on the quantum and that the decision would have to be taken in 2024. The developed countries wanted the decision on NCQG to be largely procedural in nature and they were not ready to take any substantive decision. The **US**, supported by other developed countries, said that there is a need to discuss the contributor base in more detail and to expand the base of financial resources more for the SIDs and LDCs. Their interventions were also focused around private finance actors mobilising finance and the importance of Article 2.1 (c) in accelerating private sector finance flows in the context of the NCQG.

Following several iterations of draft texts and with no resolution in sight, the issue was discussed at the ministerial level facilitated by ministers from **India** and **Australia**. Sources said that several developing countries made it very clear to the ministers that expanding the donor base to include developing countries to contribute to the NCQG was a "super red line", which must not be crossed.

Following further deliberations, Parties agreed to the draft text proposed by the ministers. In the decision adopted, Parties acknowledged "*the need to significantly strengthen the ad hoc work programme on the NCQG on climate finance in the light of the urgency of scaling up climate action with a view to achieving meaningful outcomes from the deliberations on all elements and setting the NCQG in 2024 taking into account the needs and priorities of developing countries*".

The decision "*also acknowledges the need for substantive progress in the deliberations on the NCQG on climate finance, which will be in line with decision 14/CMA.1 and take into account the needs and priorities of developing countries and include inter alia, quantity, quality, scope and access features, as well as sources of funding, of the goal and transparency arrangements to track progress towards achievement of the goal, without prejudice to other elements that will also be considered as the deliberations evolve, including matters relating to time frame*".

The decision "*further acknowledges that deliberations on the NCQG on climate finance should build on lessons learned from the goal of developed countries of mobilizing jointly US$100 billion per year by 2020 in the context of meaningful mitigation actions and transparency on implementation and taking into account the needs and priorities of developing countries*".

The decision "*requests the co-chairs of the ad hoc work programme on the NCQG on climate finance, with a view to significantly advancing substantive progress in 2023, to:*

(a) Develop and publish by March 2023 a workplan for 2023, including themes for the

technical expert dialogues to be held in that year…;

(b) *Invite Parties, constituted bodies under the Convention and the PA, the operating entities of the Financial Mechanism, climate finance institutions, observers and observer organizations and other stakeholders, particularly from the private sector, to submit inputs via the submission portal on each technical expert dialogue to be held, on the basis of guiding questions well in advance of each technical expert dialogue to allow for those inputs to be reflected in the organization of the dialogues;*

(c) *Facilitate…broader participation of ministries of finance, non-State actors, multilateral development banks, the private sector, civil society, youth, academia and external technical experts in the technical expert dialogues, including through alternative means of engagement, recognizing the value that technical experts have contributed so far to the ad hoc work programme;*

(d) *Ensure that the timing of the technical expert dialogues allows for the wide participation of all relevant stakeholders, including relevant experts;*

(e) *Organize the technical expert dialogues in an open, transparent and inclusive manner;*

(f) *Provide information on the discussions held and present information on the way forward, including possible options, following each technical expert dialogue and in their annual report on the ad hoc work programme with a view to achieving the objective of setting the NCQG on climate finance…and informing the deliberations thereon at CMA 5 (November December 2023) and at the high-level ministerial dialogue on the NCQG on climate finance in 2023".*

Parties also decided "*to continue its deliberations on setting a NCQG in its fifth and sixth (November 2024) sessions, taking stock of the progress made and providing further guidance on the ad hoc work programme, taking into consideration the annual reports by the co-chairs of the ad hoc work programme, including the key findings contained therein, and the summary reports, including the recommendations therein, on the high-level ministerial dialogues*".

Besides these decisions, Parties also took decisions on guidance to the Green Climate Fund and Global Environment Facility.

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Contentious issues over Article 6 of Paris Agreement on "cooperative approaches"

Kuala Lumpur, 29 November (Hilary Kung) – At the Sharm el-Sheikh climate conference, technical discussions on the implementation of Articles 6.2, 6.4 and 6.8 of the Paris Agreement (PA) that began on 6 November, concluded on 19 November after intense negotiations.

Article 6 of the PA is referred to as "cooperative approaches" among Parties, involving the use of carbon markets (referred to as Articles 6.2 and 6.4) and non-market approaches (Article 6.8) in the implementation of their nationally determined contributions (NDCs).

(Article 6.2 allows Parties to engage "on a voluntary basis in cooperative approaches that involve the use of internationally transferred mitigation outcomes (ITMOs) towards NDCs; Article 6.4 is a "mechanism to contribute to the mitigation of greenhouse gas emissions and support sustainable development"; and Article 6.8 is about non-market approaches (NMAs) recognising the importance of "integrated, holistic and balanced NMAs being available to Parties to assist in the implementation of their NDCs.")

In Sharm el-Sheikh, Parties such as the **Like-Minded Developing Countries (LMDC)** and **Bolivia** repeatedly called for balanced treatment and outcomes on all the three sub-items of Article 6.

The negotiations involved highly technical matters and some of the major issues of contention are highlighted below.

Article 6.2

On Article 6.2, Parties were able to conclude: (a) guidance relating to the tracking (of ITMOs); (b) guidelines for the technical expert review; (c) outline for the technical expert review report; (d) training programme for technical experts participating in the technical expert review; (e) outline for the initial report (on use of ITMOs); and (f) outline for regular information. Most of the other topics were concluded with procedural decisions for further work next year.

(As reported in TWN Update 8, the Article 6.2 informal consultations at Sharm el-Sheikh saw a minimum set of topics for guidance being prioritised to enable the operationalisation of Article 6.2.)

One of the key areas that require further work next year for consideration and adoption at the fifth session of the Conference of Parties to the PA (CMA 5) is on how a Party should respond to the recommendations specified by the Article 6 technical expert review and what the implications are, in case of non-responsiveness of the participating Party, in which the **African Group (AG)** has been a leading voice.

Another main issue on Article 6.2 guidance relates to the section on "confidentiality". The decision in this regard from Glasgow in 2021 (on the guidance provided under paragraph 24 in Annex IV on "Reporting" in decision 2/CMA.3) states that *"Information submitted by a Party pursuant to this chapter that is not identified by that Party as confidential (non-confidential information) shall be made public on the centralized accounting and reporting platform."*

The extent to which "confidentiality" applies was debated. The **AG** called for stronger language in the text by using "shall provide the basis for protecting the confidentiality" instead of "should". The adopted decision text, however, maintains the word "should" and the final decision reads as: "*The participating Party may designate information provided to the Article 6 technical expert review team during the review as confidential. In such cases, the participating Party should provide the* *basis for protecting the confidentiality of such information, and the Article 6 technical expert review team and the secretariat shall not make the information publicly available on the centralized accounting and reporting platform, in accordance with decision 2/CMA.3, annex, paragraph 24, or in any other way.*"

In paragraph 16 of the adopted decision, Parties requested the Subsidiary Body for Science and Technical Advice (SBSTA), by taking into account submissions by Parties, to continue its work to develop the modalities for reviewing information that is confidential for consideration next year at COP 28.

Another contentious issue was the relationship between national and international registries on the tracking of ITMOs. In general, developing countries preferred options that will not block the participation of developing countries with limited resources and if developing countries choose to connect their registry to the international registry (on tracking the ITMOs), they may choose to do so with no additional or unnecessary burden while respecting environmental integrity. Parties finally agreed to the text that reads as: "*A participating Party may connect its registry to the international registry*."

One of the key unresolved issues is whether there can be any changes to the authorisation of ITMOs. Given diverging views, Parties agreed that further work is needed in 2023 for the SBSTA to develop recommendations and take into account submissions by Parties on "*the scope of changes to authorization of ITMOs towards use(s), and the process for managing them and for authorization of entities and cooperative approaches with a view to ensuring transparency and consistency*" for consideration and adoption at CMA 5.

Another unresolved issue is the consideration of whether ITMOs could include emission avoidance under Article 6.2, which is deferred for consideration to CMA 6 in November 2024.

Article 6.4

Under Article 6.4, among the most contentious issues were the recommendations prepared by the Supervisory Body for the Article 6.4 mechanism on activities involving "removals", with many Parties expressing concerns and strong reservations from **Argentina**, **Brazil**, **Uruguay** (**ABU**) and **St. Kitts**.

(For the purpose of the guidance, "removals" are defined "as processes or outcome of processes to remove greenhouse gases from the atmosphere through anthropogenic activities and durably stored in geological, terrestrial, or ocean reservoirs, or in products".)

While appreciating the work of the Supervisory Body with its recommendations, **ABU** expressed concerns over what it saw as an "extremely problematic document on removals" as well as the approach of the Supervisory Body, saying that the recommendations were silent on safeguards. In its closing statement of the Subsidiary Bodies in week 1 of the climate talks, **ABU** said that this treatment of removals in the recommendations is without scientific basis.

St. Kitts lodged serious concerns, especially when the proposed recommendations treat all sources of removals as being the same, and allows the use of these removals to compensate for the ongoing emissions associated with the use of fossil fuels. It did not support any language in the recommendations and called for the Supervisory Body to revisit the document and bring back the recommendations next year.

Parties agreed that further work was needed in this regard and for the Supervisory Body to revisit the recommendations for consideration and adoption next year at CMA 5.

Specifically, the adopted decision text "*invites Parties and admitted observer organizations to submit, via the submission portal, by 15 March 2023, their views on activities involving removals, including appropriate monitoring, reporting, accounting for removals and crediting periods, addressing reversals, avoidance of leakage, and avoidance of other negative environmental and social impacts…*"; and "*requests the Supervisory Body to consider the views of Parties and observers in elaborating and further developing recommendations on activities involving removals…*"; and "*further requests the Supervisory Body…to consider broader inputs from stakeholders provided in a structured public consultation process*".

On the consideration of whether Article 6.4 activities could include emissions avoidance and conservation enhancement activities, Parties agreed to defer the discussions to next year (2023).

Another contentious issue with Article 6.4 was over non-authorised A6.4ER (emission reductions), with different understandings on the purpose of non-authorised A6.4ER. During the discussions on the operation of the mechanisms registry, it became clear to Parties that they need to align their understanding on what are non-authorised A6.4ERs.

The **Environmental Integrity Group (EIG)** asked, "What are unauthorized units; what are the procedures for each of these (authorized and unauthorized) units and what can they (non-authorized A6.4ERs) be used for?" Commenting further, the **European Union** (**EU**) said that, "…plainly there are different views and proliferation of names/ titles which are not coherent at the moment", adding that, "we need to be honest on what we did in Glasgow (where) political compromises came very late; we have a clear mandate but no great clarity and so we need to interpret if we are to implement them… Recognizing the late creation of the unauthorized units…we are unclear. If we do not know what uses we want from the unauthorized unit, how can we discuss the registry because we might not know what to do with them".

Following discussions, the final text adopted reads as follows: "29. The mechanism registry shall track: …

(b). *A6.4ERs not specified as authorized for use towards the achievement of NDCs and/or for other international mitigation purposes (mitigation contribution A6.4ERs), which may be used, inter alia, for results-based climate finance, domestic mitigation pricing schemes, or domestic price-based measures, for the purpose of contributing to the reduction of emission levels in the host Party*."

(The main difference between the authorised A6.4ERs and non-authorised A6.4ERs [known as mitigation contribution A6.4ERs] is that the authorised A6.4ERs are subject to a corresponding adjustment. As for the mitigation contribution of A6.4ERs which are non-authorised, the decision text is silent on the need for corresponding adjustments, sparking concerns from NGOs on the considerable risks of double-counting in NDCs when mitigation contributions of A6.4ERs are being traded in the voluntary carbon markets. NGOs have expressed concerns that when the companies frame their purchase of the non-authorised A6.4ERs as offset claims, it will lead to double-counting because the final decision text suggests that non-authorised A6.4ERs are supposed to be counted towards the emission reductions in the host countrys NDC.)

(A corresponding adjustment is applied by both Parties (involved in the transaction) for anthropogenic emissions by sources and/or removals by sinks covered by their NDCs under the PA to ensure that double-counting is avoided.)

Article 6.8

As regards Article 6.8 on NMAs, a key issue was the specification and function of the UNFCCC web-based platform, whether as a platform for recording and exchanging information or as a registry of needs and provision of the means of implementation to developing countries.

Bolivia for the **LMDC** has been championing to include a "matching facility" to match the needs of NMAs implementation with support available. The **Least Developed Countries** (**LDCs**) and the **African Group** also supported this. The **United States** was opposed to this proposal and other developed countries also expressed concerns over the term "matching facility".

The final decision adopted settled on a compromise, changing from "matching" to "facilitate opportunities". "Identification of opportunities" was first proposed by **Japan** as an alternative to the word "matching" and supported by developed countries like the **EU** and **Canada.**

The final decision reads as, "*Decides that the UNFCCC web-based platform is to facilitate opportunities, including by connecting participating Parties, to identify, develop and implement non-market approaches and to record and exchange information, for Parties that have submitted non-market approaches and are seeking support, and Parties and entities that have submitted information on the support available.*"

Parties agreed to have the secretariat "*to facilitate opportunities for participating Parties to identify, develop and implement non-market approach*" by "*organizing an in-session workshop, including plenary presentations and round-table discussions, to be held in conjunction with each meeting of the Glasgow Committee on Non-market Approaches, to exchange information on the non-market approaches including best practices and lessons learned from identifying, developing and implementing non-market approaches as well as non-market approaches that may require financial, technology and capacity-building support and the support available for such non-market approaches*".

Another contentious issue was in the fourth iteration of text released on 17 November where it was stated in paragraph 7 (b) that participating Parties in an NMA voluntarily "*undertake self-directed matching to identify, develop and implement NMAs and record the information on* *the UNFCCC web-based platform*". The **African Group** and the **LMDC** opposed strongly to language that appeared to suggest that Parties do the matchmaking on their own.

In the adopted decision text, the words "*self-directed matching*" were replaced with "*Party-driven facilitation and matching*". The final text read as "*undertake Party-driven facilitation and matching to identify, develop and implement non-market approaches and record the information on the UNFCCC web-based platform*".

Lastly, another contentious issue was in Section IV on "Enhanced networking and collaboration on non-market approaches".

The **US** suggested a "roundtable" as the specific mode of work for networking and was not keen on the establishment of a new body; while the **African Group,** supported by the **LMDC** and **ABU**, insisted on the need to establish a "working group" to facilitate the implementation of NMAs.

The COP Presidency had to intervene in the final hours of frantic negotiations on 18 November; however, sources said it was not satisfactorily resolved. Sources informed that the **African Group** and the **EU** had then agreed to include the following text: "*Invites Parties to use, as appropriate, spin-off groups during the meetings of the Glasgow Committee on Non-market Approaches to enable more detailed discussions among interested Parties on specific topics identified by the Glasgow Committee on Non-market Approaches*" as a landing zone. This text was included in the final text.