

Finance issues continue to be deadlocked

Sharm el-Sheikh, Nov17 (Meena Raman/Prerna Bomzan) – With one more day left before the climate talks in Sharm el-Sheikh are supposed to end Friday, Nov 18, 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 Nov 16 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 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 Wed 16 Nov “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 degree 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 includes 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 “technical negotiations be concluded by mid-Thursday.” He states further that he expects “only very few issues to remain open by the evening of Thursday 17 Nov” and that his priority for Friday 18 Nov 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 Nov, 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 Nov, 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 **G77 and China**, **Zambia** for **African Group**, **Maldives** for **Alliance of Small Island States (AOSIS)**, **Saudi Arabia** for **Like-Minded Developing Countries (LMDC)**, **Argentina** for **Argentina, Brazil, Uruguay (ABU)**, **Kuwait** for **Arab Group**, **Angola** for **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 decision to only 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 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 **African Group**, **Saudi Arabia** for **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 1.5C 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 **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 **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.