

Pressure on for COP 27 successful conclusion

Sharm el-Sheikh, 18 Nov (Perna 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 Nov 15, and on Nov 17, the following options in the draft decision text have been 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 Nov 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 pair of ministers invited by the Presidency on key, outstanding political issues.”

At the stocktake, Minister **Rojas (Chile)** reported that they started work on 15 Nov 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 few other Parties. The next day saw ministerial and heads of delegation (HOD) meetings with a set of three guiding questions and 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 1.5C. 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, including **Colombia** for the **Independent Alliance of the Latin American and the Caribbean (AILAC)** who called for debt relief as well to free up fiscal space for climate action.

Pakistan for **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”, it underscored.

Bolivia for the **Like-Minded Developing Countries (LMDC)** provided a strong response calling out that the developed countries always “promise” ambitious goals and large contribution on financial resources however not in “practice”. It showcased the commitment of USD 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 1.5C 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) and 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 rooms 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 COP26) 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 **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 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 COP27 is an “implementation” COP expressing disappointment on what the group thought that 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 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 closing of the Presidency stocktake, Minister **Rojas** and State Minister **Morgan** convened informal consultations late at night on 17 Nov. Sources said that during the consultations, they walked Parties through the draft text and announced that Parties would meet at 11 am on 18 Nov for further deliberations, and in the meanwhile, groups could coordinate on the draft text.

Besides the reporting on loss and damage funding arrangements, Minister **Shoukry** also invited other pair of ministers to provide an update on their 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 technical nature but divergent views remained on key areas of substance specifically on the establishment of a framework and requests to the Intergovernmental Panel on Climate Change for a special report on 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 to promptly achieve consensus of 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 adhoc work programme in 2023 and enable a decision on the NCQG in 2024. Further, they were hosting a HOD meeting on 18 Nov morning to get views of the Parties. **Bowen** added that in 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 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 a clean text, they have therefore given space to Parties to negotiate at the technical level to finalise a clean text. The co-facilitators had now produced another iteration with number of options and she notified their intention to submit the final text by 11 am on 18 Nov 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 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 were 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. He 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 tonight including the three options on the reassurance, timeframe and decisions under the CMA and have a joint session with Parties on 18 Nov 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) have almost concluded with a new draft text being issued later in the night and which they hoped will 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 Nov; 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 1.5C and the seventh review of the Financial Mechanism, Parties are yet to reach agreement.

Minister **Sameh Shoukry** informed that on 18 Nov, 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 on 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 fulfill the collective responsibility of fighting the climate change crisis.

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