

## COP 27 Highlights: Monday, 7 November 2022

Heads of State and Government and their entourages took over the conference venue on the second day of the Sharm El-Sheikh Climate Change Conference. With their presence, leaders aimed to signal sustained momentum on climate action. In parallel, intergovernmental negotiations got up to speed. Discussions on some agenda items, such as those related to cooperative approaches under the Paris Agreement (Article 6.2), drew such crowds that they surpassed room capacity.

### Sharm El-Sheikh Climate Implementation Summit

**Opening Ceremony:** Egyptian President Abdel Fattah El-Sisi highlighted the Climate Implementation Summit's theme, "together for implementation." He said parties must deliver practical roadmaps that clarify how they plan to reduce emissions, prioritizing the needs of developing countries, particularly in Africa. He called for the unnecessary war between the Russian Federation and Ukraine to stop.

UN Secretary-General António Guterres cautioned that the war in Ukraine is no reason to backslide on climate action. He called for: all G20 countries to accelerate the transition to renewables; a climate solidarity pact, especially between developed countries and emerging economies, with leadership by the US and China; taxing windfall profits of fossil fuel companies; and universal early warning system coverage within five years. "Cooperate or perish," he warned, adding that "failure to deliver on climate is a collective suicide pact."

Mohamed bin Zayed Al Nahyan, President of the United Arab Emirates, called for collaborative efforts on climate action, fostering innovation and economic diversification. He stated that his country will remain a supplier of oil and gas for as long as the world needs it, and is promoting investments and partnerships for sustainable economic and social development.

Macky Sall, President of Senegal and Chairperson of the African Union, lamented that current levels of adaptation finance do not meet Africa's needs, as set out in countries' NDCs. He urged developed countries to honor their commitments, including the USD 100 billion goal, stressing that "those who pollute more have to pay more."

Minouche Shafik, Director, London School of Economics, called for a green industrial revolution, concessional finance, and tripling lending for clean energy. She said carbon markets should be a source of income for carbon sink-rich countries.

Leah Namugerwa, a youth climate activist, queried whether, for world leaders, justice means to "choose profits over lives," and warned they will be remembered as doing "a lot of nothing while in power."

Al Gore, former US Vice-President, urged ending fossil fuel colonialism, reforming the World Bank, and unlocking access to private capital to meet the USD 4.5 trillion of climate finance needed annually.

Veronika Eyring, University of Bremen, emphasized science clearly shows that "we are not on track" and urged promoting

nature-based solutions that help restore ecosystem services and preserve societies.

Mia Mottley, Prime Minister of Barbados, questioned the lack of progress towards keeping in line with 1.5°C and lamented the lack of clean technology transfer, noting that "the world today does not seem very different from when it was an imperialistic empire." She underscored the importance of concessional funding and called for reforming the Bretton Woods system.

UNFCCC Executive Secretary Simon Stiell asked leaders to: ensure consistency between the visions expressed in their high-level statements and their delegations' positions in the negotiations; convene their cabinet ministers to strengthen domestic climate plans and step up implementation; and reflect the urgency of the climate crisis in all their work.

Odile Renaud-Basso, President of the European Bank for Reconstruction and Development, speaking on behalf of multilateral development banks (MDBs), underscored that MDBs will step up support for countries and cities to engage in the net-zero transformation and place special emphasis on nature-based solutions to leverage the climate and biodiversity linkages.

**Statements from leaders:** President of the Republic of the Congo Denis Sassou Nguesso said reforestation of the planet is one of the most relevant solutions available and noted his country has one of the lowest levels of deforestation in the world. He called for establishing a decade of reforestation.

Noting that refugees and their hosts are among the most vulnerable to climate change, King of Jordan Abdullah II ibn Al Hussein described his country's Climate Refugee Nexus Initiative, which will prioritize support for host countries that bear the brunt of climate change, and invited other countries to endorse this initiative.

Noting that Africa is spending up to 9 percent of its gross domestic product on tackling climate change, President of Gabon Ali Bongo Ondimba called for financing for adaptation and just transitions, and said his country has absorbed close to 1.5 Gigatons of carbon dioxide from the atmosphere since COP 15 in 2009.

Wavel John Charles Ramkalawan, President of Seychelles, underscored his country's mangroves and seagrass beds not only "clean up" domestic emissions but also those of the rest of the world. Pointing to the multidimensional vulnerability index, he urged provision of concessional financing.

Klaus-Werner Iohannis, President of Romania, underscored the importance of education and research for promoting the skills needed for a low-carbon economy and highlighted adaptation as key to ensuring resilient food production and power generation amid increasing droughts.

Mohamed Cheikh El Ghazouani, President of Mauritania, highlighted his country's success in increasing renewable energy production, including for green hydrogen, calling for partnerships to support these efforts.

French President Emmanuel Macron expressed understanding of vulnerable countries' frustration and outlined ways to "move the needle," including through: joint energy partnerships with emerging economies; setting up a framework for similar

partnerships with biodiversity-rich countries to support the protection of ecosystems that store high amounts of carbon; and ensuring MDBs respond to the needs of vulnerable countries.

Samia Suluhu Hassan, President of Tanzania, shared lessons learned from the COVID-19 pandemic and noted that science has shown a correlation between economic and environmental prosperity. She underscored her country's challenges in raising funds to implement the necessary measures to fight climate change, and highlighted conservation measures such as tree planting and forest preservation.

Iraqi President Abdul Latif Rashid lamented that violence and war are halting development in his country. He said Iraq's main challenge is the water crisis, noting that Mesopotamia used to have many floods but is now water scarce.

Zuzana Čaputová, President of Slovakia, reflected on how "we talked about the why and how" for too long, stressing that "now is the time to act." She criticized short-sighted solutions, reminding that a green transition is neither easy nor cheap, and stressed that "we need to transform our collective fragility into our collective resilience."

Faustin-Archange Touadéra, President of the Central African Republic, underscored that rich countries and top polluters are "the ones most to blame for endangering humanity," urging those countries to financially support poorer countries' climate action.

Filipe Jacinto Nyusi, President of Mozambique, said a fair energy transition must be gradual and reduce negative impacts on economic development. He said Mozambique will continue using its own natural resources, including gas, in the medium term.

Taneti Maamau, President of Kiribati, lamented that "major solutions remain distant because we are at the mercy of multilateral agencies who continue to determine how we adapt." He nonetheless recognized that hope remains, and called for data, capacity building, technology transfer, and country-specific scientific projections to make adaptation planning more effective.

Kenyan President William Ruto, for the African Group, urged directing investments to Africa to leverage its clean energy potential and shared plans for a continental climate action summit in 2023 focused on sustainable economic transformation and green growth. Calling carbon credits "Kenya's next significant export," he urged developing carbon markets that help communities, not intermediaries.

Observing 1.5°C is out of reach without increased efforts from the G20, which account for 80% of global emissions, Swiss President Ignazio Cassis said COP 27 must launch a major work programme on mitigation and ask each country to submit a clear timeframe to divest from fossil fuels.

King of Tonga Tupou VI lamented the recent volcanic eruption in his country, noting it highlighted the need for desalination technologies to convert seawater into drinking water, and underscored the need for affordable climate-friendly transportation.

Latvian President Egils Levits urged speeding up the renewable energy transition to ensure greater energy security and mitigate climate change. He outlined Latvia's goal to be climate-neutral by 2050, and the targets of two Latvian cities to be among the first 100 climate-neutral European cities by 2030.

Gustavo Petro, President of Colombia, proposed a "decalogue" comprising, *inter alia*: recognizing that markets created the problem and cannot be the main solution; the International Monetary Fund starting a debt swap programme for investment and adaptation in developing countries; and preserving the "pillars of the planet," such as the Amazon. He said his country will devote USD 200 million annually for 20 years towards saving the Amazon.

Hakainde Hichilema, President of Zambia, said climate adaptation remains a top priority, urging progress on the Global Goal on Adaptation at COP 27. Pointing to the country's limited resources, he underscored that Zambia will continue to do what it can to fight climate change and called for placing collective action above individual interests.

Ismail Omar Guelleh, President of Djibouti, highlighted that climate change impacts are a risk to public health and water

infrastructure. He called for the recognition of the special needs and circumstances of Africa and urged developed countries to deliver on their USD 100 billion annual commitment.

Leaders' statements continued into the evening and will resume on Tuesday, 8 November.

## COP

**Matters Relating to Finance: Guidance to the Green Climate Fund: Guidance to the Global Environment Facility:** The joint contact group, co-chaired by Toru Sugio (Japan) and Richard Muyungi (Tanzania), heard views on developing draft COP decision texts on guidance to the Green Climate Fund (GCF) and Global Environment Facility (GEF).

On GCF guidance, parties highlighted, *inter alia*: informing the GCF's second replenishment; encouraging all potential contributors to engage; avoiding "micromanaging" the GCF Board; focusing on barriers and challenges; and improving representation of small island developing states.

On GEF guidance, parties mentioned, among others, the GEF replenishment and programming strategies.

Views diverged on whether draft guidance prepared by the Standing Committee on Finance (SCF) could be used as the basis for the draft text, with South Africa, for the AFRICAN GROUP, and Antigua and Barbuda, for the ALLIANCE OF SMALL ISLAND STATES (AOSIS), opposing, noting that they had not been able to submit views on the guidance. Some suggested parties are welcome to take paragraphs from the guidance and submit these as their own. Parties agreed to invite submissions by noon on 9 November.

**Review of the Financial Mechanism:** Co-Chairs Kelly Sharp (Canada) and Ricardo Marshall (Barbados) opened the contact group meeting, recalling that parties had not been able to reach agreement at COP 26 to launch the seventh review of the Financial Mechanism. They clarified that the group's mandate at this session is to adopt the guidelines for, and launch, the review.

The US noted her country's request for a CMA agenda item on the review of the Financial Mechanism and ongoing presidency consultations on this issue. She said pending the outcome of the consultations, the US will undertake discussions on the basis that the CMA has a role in the Mechanism review. Several countries and country groups, including JAPAN, the EU, CANADA, the UK, and Costa Rica, for the INDEPENDENT ASSOCIATION OF LATIN AMERICA AND THE CARIBBEAN (AILAC), agreed that the CMA should have a role in the review of the Mechanism. South Africa, for the AFRICAN GROUP, supported by Saudi Arabia, for the LIKE-MINDED GROUP OF DEVELOPING COUNTRIES (LMDCs), Uganda, for the LEAST DEVELOPED COUNTRIES (LDCs), and BRAZIL opposed this approach, preferring to wait for the outcome of the presidency consultations and focusing in the meantime on the review of the Financial Mechanism under the COP. Several parties also supported using the draft text from COP 26 as the basis of discussions, while the AFRICAN GROUP noted that, as the item was placed on the COP 27 agenda under Rule 16 of the draft Rules of Procedure, the draft COP 26 text cannot be forwarded to COP 27.

The Co-Chairs invited parties' submissions on expectations and elements that should be captured in the guidelines for the review.

## COP/CMA

**Matters Relating to Finance: Matters relating to the Standing Committee on Finance:** In informal consultations, co-facilitators Dominique Molloy (UK) and Janine Felson (Belize) introduced the documents under consideration, including the SCF report, the Fifth Biennial Assessment and Overview of Climate Finance Flows, and documents on definitions of climate finance, information relevant to Paris Agreement Article 2.1(c) (on consistency of finance flows), and progress on the USD 100 billion goal. Reminding that COP 27 and CMA 4 are expected to review the functions of the SCF, they invited parties' views.

Many parties requested sufficient time to reflect on the various documents at this session.



On the Biennial Assessment, they highlighted, *inter alia*, low shares of grants, need for coherence in reporting methodologies by providers, and that less than 1% of financing is channeled through funds governed by the UNFCCC.

On climate finance definitions, views diverged on whether further work is required by the SCF and the need for a political-level discussion, with developed countries saying definitions should reflect the bottom-up spirit of the Paris Agreement and many developing countries calling for a common definition.

Several developing country groups said their views were inadequately reflected in the Article 2.1(c) mapping, while other groups and parties lamented that this issue had not been included as an agenda item. Many countries called for a political-level discussion.

On the USD 100 billion goal, developing countries stressed the target remains unmet, calling for annual progress reports to be issued through 2027.

Discussions will continue in informal party consultations.

### **Subsidiary Body for Implementation (SBI)**

**Matters Relating to the Adaptation Fund: Fourth review of the Adaptation Fund:** In informal consultations, co-facilitators Diann Black-Layne (Antigua and Barbuda) and Eva Schreuder (Netherlands) invited parties to share expectations on elements for a draft CMP decision concluding the fourth review of the Adaptation Fund.

Many emphasized the uniqueness and importance of the Fund for developing countries, including its emphasis on grants and country drivenness, and agreed the Fund is working well.

A number of developing countries and groups lamented that a large share of pledges remain outstanding and developing countries' adaptation finance needs are not being met. They called for referencing the Glasgow Climate Pact "pledge" to at least double the provision of climate finance for adaptation to developing countries from 2019 levels by 2025 (Decision 1/ CMA.3, paragraph 18). Many stressed the Adaptation Fund is the appropriate vehicle for channeling these resources.

Noting that certified emission reductions (CERs) have not been a significant source of revenue for the Fund and voluntary contributions lead to unpredictability, developing countries and groups called for a multi-year replenishment. Countries also highlighted, *inter alia*, further improving direct access, results-based finance, and the Fund's environmental and social policy.

Parties mandated the co-facilitators to prepare draft text for the next consultations based on inputs received and further submissions made by 8 November.

### **Subsidiary Body for Scientific and Technological Advice (SBSTA)**

**Rules, Modalities, and Procedures for the Paris Agreement**

**Article 6.4 Mechanism:** In informal consultations, co-facilitated by Katherine Hancock (Australia) and Sonam Tashi (Bhutan), parties agreed to use the SBSTA Chair's informal document (SBSTA57/A6.4/InfDoc) as the basis for discussions. Parties considered the processes for implementing the use of CERs towards first or first updated NDCs. On text stating that parties should follow the guidance on using internationally transferred mitigation outcomes (ITMOs) when they use CERs to achieve their NDCs, several parties underlined that CERs are not ITMOs and called for labeling to make this clear. On text stating the Article 6.4 mechanism registry may continue to receive CER transfers from the Clean Development Mechanism (CDM) registry until the CMA decides otherwise, some parties preferred deleting this provision or including an end date for accepting transfers.

Parties also discussed reporting by host parties on their Article 6.4 activities and Article 6.4 emission reductions. They considered reporting options, with some stressing that Article 6.4 reporting must be separate from, and additional to, Article 6.2 reporting. Others opposed, pointing to an additional reporting burden on developing countries, and suggested that reports submitted under Article 6.4 can be used to meet Article 6.2 reporting requirements if and when emission reductions are authorized as ITMOs.

### **Subsidiary Bodies**

**Matters relating to the Santiago Network under the Warsaw International Mechanism for Loss and Damage Associated with Climate Change Impacts:** Informal consultations were co-facilitated by Cornelia Jäger (Austria) and Lucas di Pietro (Argentina). Participants shared their views on elements to address, *inter alia*: terms of reference of the Santiago Network; criteria for selecting its Secretariat; the role and composition of its Advisory Board; and the role of loss and damage contact points. A developing country group called for swiftly moving to textual work to avoid having to resort to last-minute compromises.

**Report of the Adaptation Committee:** Co-Facilitators Pilar Bueno (Argentina) and Morgane Chiochia (UK) outlined two sub-items for consideration: report of the Adaptation Committee (FCCC/SB/2022/5, Add.1 and Add.2); and review of the Committee's progress, effectiveness, and performance.

On the Adaptation Committee's report, parties highlighted the need to: enhance engagement with the Intergovernmental Panel on Climate Change (IPCC); update methodologies and tools to assess adaptation needs; and revamp the adaptation knowledge portal. They also noted the report should be revised to reflect parties' agreement on common timeframes for NDCs.

On the review of the Adaptation Committee, parties noted the need to increase visibility of the Committee's work, improve engagement with stakeholders and the IPCC, and enhance focus on NAPs. Some called for separate decisions for each sub-item, and for separate COP and CMA decisions, observing the CMA has no mandate to undertake the review.

**Matters Relating to the Work Programme for Urgently Scaling up Mitigation Ambition and Implementation:** In informal consultations, co-facilitated by Carlos Fuller (Belize) and Kay Harrison (New Zealand), discussions focused on the scope and content of the work programme. Several parties said the work programme should be a space for sharing lessons learned and knowledge on the implementation of countries' NDCs. Others supported also considering ways to enhance mitigation ambition, noting the group's mandate includes "scaling up mitigation ambition and implementation." One group said the work programme should facilitate a "race to the top" where parties commit to higher mitigation targets, and one developing country said it should support closing the ambition gap for achieving 1.5°C.

On modalities, parties suggested: thematic workshops held in conjunction with the SBs in 2023; regional workshops; or an annual ministerial roundtable on pre-2030 ambition. On timelines, one party proposed a two-year work programme starting at SB 58 and ending in CMA 6, and continuing in two-year cycles until 2030.

### **In the Corridors**

The second day of the conference opened with an impressive line-up of more than 100 Heads of State and Government arriving for the Sharm El-Sheikh Climate Implementation Summit. As a sign of times, the recurrent theme of the day, however, was the discrepancy between pledges and their implementation. "We are on a highway to climate hell with our foot still on the accelerator," alerted UN Secretary-General António Guterres at the opening of the Summit. "Implementation is not good speech material," one delegate quipped. "Very laudable," said another seasoned delegate about UNFCCC Executive Secretary Simon Stiell's determination to hold leaders accountable, "but we have yet to see the spirit of the grand speeches infuse into the actual negotiations." Announcements of new action, usually a common feature of high-level statements, were also few and far between.

The presence of world leaders at the venue was also tangibly felt as intergovernmental negotiations on a large number of items launched work in the afternoon. Negotiators in multiple rooms seemed caught in a Goldilocks-esque predicament of their negotiating rooms being either too small, too cold, or too noisy. Some negotiations, such as Article 6, had to be postponed as many parties were unable to find seats and observers were left queuing outside. "I can't believe I came to Egypt to watch a webcast" shared a frustrated observer, "especially seeing how patchy the wifi connection is."