Climate Action Network

Briefing: 12th Petersberg Climate Dialogue

April 2021

Climate Action Network (CAN) is the world's largest network of civil society organizations working together to promote government action to address the climate crisis, with more than 1500 members in over 130 countries.
www.climatenetwork.org

2020 tied with 2016 as the warmest year on record. The climate crisis is worsening even as the pandemic continues. While COVID-19 slowed down climate diplomacy in 2020, the Petersberg Climate Summit is well-timed and positioned to set the right direction towards COP26 and unlock procedural orientation and political guidance across UNFCCC crunch issues. The basis for an in-person COP is to ensure rapid and equitable distribution of vaccines globally instead of the current vaccine nationalism.

With regard to the virtual SB session in June, CAN welcomes the emphasis on inclusivity and transparency in the latest UNFCCC Bureau decision to *"enhance openness, transparency and inclusiveness, effective participation and engagement of observers will be enabled in the same manner as during in-person meetings."* Any procedural discussions at the Petersberg Summit must build on this basis to ensure trust in the process going forward.

This briefing lays out expectations and demands towards ministers for the 12th Petersberg Climate Dialogue

How to achieve progress on climate finance and the post-2025 finance goal?

Climate finance is an integral part of the international climate regime. The need is growing. Research suggests that impacts (and hence the need for adaptation) will be more severe than thought back in 2009 when the 100-billion-a-year goal was set by developed countries. Also, that goal was oriented around a 2°C context whereas Parties of the Paris Agreement have agreed to keep warming below 1.5°C. As climate-vulnerable nations look to rebuild post Covid-19, it's imperative they have access to predictable flows of public finance in order to strengthen social protection, meet the synergistic Sustainable Development Goals and address losses and damages. COVID-19 has reiterated that their vulnerabilities and risks both before, during, and after climate impacts require grants based-financing. This will require additional financial support, and the ongoing Corona pandemic is putting additional pressure on already scarce resources in many developing countries.

Loans will only further exacerbate the current debt crisis. Creating transformative positive change is only possible through a gender-responsive and Human-Rights-based approach to finance. There won't be a successful COP26 without a clear demonstration that the level of $100bn per year in climate finance support has been met in 2020 and will also be maintained and surpassed over the coming years At the Petersberg Climate Dialogue, developed countries should follow the calls of the UK COP26 presidency and the UN Secretary General and announce how their annual level of climate finance is set to significantly increase between now and 2025, earmarking 50 per cent of climate finance for adaptation.

Only an inclusive approach where all relevant stakeholders, particularly, traditionally marginalised groups, including women, Indigenous Peoples and rural communities can truly result in successful project development and implementation.

The Petersberg Climate Dialogue offers an opportunity to engage in early discussion on the new financial goal for the period after 2025. This new goal should take the form of a goal matrix and include separate sub-goals for adaptation and for addressing loss and damage.

Addressing climate impacts through adaptation and tackling loss and damage

CAN welcomes the discussions about the operationalization of the adaptation goal, at the same time CAN is of the strong view the agenda around addressing climate impacts needs to be expanded: Loss and Damage due to climate change impacts is already a reality, not only but most existentially for vulnerable developing countries and communities around the world and creates a real climate crisis for millions of people. Current estimates indicate financial damage of at least 290 – 580 billion USD by 2030 for developing countries – not including non-economic losses such as loss of biodiversity and of cultural sites.[1]

At the Petersberg Climate Dialogue, ministers from developed countries should in principle recognise the need for additional financial assistance to address loss and damage and commit to work towards establishing suitable mechanisms for facilitating such additional flows. With rising impacts, CAN believes it is anachronistic to not feature addressing loss and damage more prominently on the agenda of a meeting such as Petersberg in 2021. While CAN appreciates the Petersberg Dialogue overall, we are disappointed by the lack of leadership on that topic by the German government and UK presidency.

Safety first under Article 6

While agreeing on the implementation guidelines for Article 6 of the Paris Agreement is desirable, parties at COP26 must only agree on implementation guidelines for Article 6 which ensure that Parties avoid all forms of double counting in their internationally transferred mitigation outcomes, adopt safeguards and ensure the protection of human rights, phase out Kyoto Protocol flexible mechanisms and do not recognize any Kyoto emissions units for compliance with non-Kyoto mitigation commitments. CAN welcomes the San Jose Principles as a floor of necessarily safeguards and principles for both discussions at the Petersberg Dialogue and a possible outcome at COP26.

[1] Markandya, A./ González-Eguino, M. 2018: Integrated Assessment for Identifying Climate Finance Needs for Loss and Damage: A Critical Review. In: Mechler R./ Bouwer, L./ Schinko, T./ Sur-minski, S./ Linnerooth-Bayer, J. (eds): Loss and damage from climate change. Concepts, methods and policy options. Springer, 343-362

Parties should also adopt an automatic partial cancelation rate to go beyond zero-sum offsetting, and avoid setting any disincentives against moving towards economy-wide emission targets as called for in Article 4.4 of the Paris Agreement. To ensure Article 6 does not undermine but serves the Paris Agreement, these minimum requirements must be enshrined in any agreed implementation guidelines to safeguard the integrity of the Paris Agreement. CAN encourages parties to use the Petersberg Dialogue to step-up their commitment for strong principles for Article 6 building on the San Jose Principles announced at COP and bringing back human rights into the Article 6 draft texts. Until the finalization of Article 6 Guidelines, the provisions of paragraph 77(d) of 18/CMA.1are crucial to ensuring no double counting and upholding environmental integrity. Given the risk of little international oversight to govern cooperative approaches under Article 6.2 and the need for a high level of transparency throughout Article 6, CAN reiterates the importance of paragraph 77(d), its role in upholding vital Paris Agreement principles, and applicability to Article 6 in its entirety.

A Decision to Agree on 5-year common timeframes is overdue at COP26

The common time frame is an essential part of ensuring the robustness of the Paris Agreement. Parties need to achieve a consensus on a single five-year common time frame for NDCs implementation at COP26. Technical discussions are ready to be finally harvested and the Petersberg Dialogue is uniquely positioned to unlock political progress on the matter to reach a decision at COP26. CAN therefore welcomes the dedicated ministerial discussion on common timeframes at the Petersberg Dialogue.

CAN calls in particular on the European Union to side for robustness and climate ambition and finally support a five-year common timeframe for NDCs.

A single five-year common time frame will enhance the consistency and comparability of the Paris climate regime as well as facilitate the GST for assessment of collective efforts. Achieving a decision on the common time frame at COP26 is essential to addressing the emission gap and avoid “locking in” low levels of ambition. A single, five-year implementation time frame allows Parties to adapt and adjust their domestic climate action with the five-year heartbeat of the Paris Agreement. It also enables Parties to harness rapidly evolving real-world opportunities, incentivises early action, and avoids low-ambition lock-in**.**

The finalization of a robust transparency framework

CAN appreciates the adoption of a robust, common, and flexible set of modalities, procedures, and guidelines (MPGs) for the Paris Agreement’s enhanced transparency framework (ETF) at COP24 in December 2018. However, Parties still have a lot of work to do to operationalize the enhanced transparency framework. Parties must deliver common reporting tables, common tabular formats (CTF), various report outlines, and a training program by COP26.

This work is necessary to operationalize the enhanced transparency framework and to allow implementation of the Paris Agreement to begin. CAN believes that the existing tables for developed country Parties offer a good starting point, but must be updated to reflect the MPGs as decided in Katowice. As the Paris Agreement decision noted, Parties must not “backslide” on any of their reporting requirements.

The MPGs outline specific provisions where flexibility is provided to those developing country Parties that need it in light of their capacities. Operationalizing flexibility in the tables is a key challenge facing Parties and CAN welcomes the dedicated discussion on this question at COP25. Parties must uphold the TACCC principles (transparency, accuracy, consistency, comparability and completeness). In particular, flexibility should not compromise efforts to compare reports.

Specifically for the tables on support provided, mobilized, needed, and received:

- Parties should build on the existing common tabular formats. At the same time, the new common tabular formats should provide the opportunity for better quantitative and qualitative information to be communicated. Data reported under the UNFCCC should be able to match the one reported under the OECD DAC for projects/programmes funded through ODA. Support should be reported at the activity level, not only the aggregated figures.
- Parties should include, in the relevant tables, separate columns for “Total amount” (of a project/programme), “Climate-specific amount” (i.e. the climate proportion/components of the overall amount) and for “Grant equivalent of climate-specific amount”.
- Finally, there should be consistency between the tables so that programmes/projects appearing in a table on support provided (or mobilized) by a developed country, would also appear in the table on support received by a developing country. To make this happen, both contributors and recipients should agree on which projects/programmes to report and what proportion of the overall funding would be considered as climate finance, so entries would match in the corresponding tables.

The provisions of paragraph 77(d) of 18/CMA.1 are crucial to ensuring no double counting and upholding environmental integrity. Given the risk of little international oversight to govern cooperative approaches under Article 6.2 and the need for a high level of transparency throughout Article 6, CAN reiterates the importance of paragraph 77(d), its role in upholding vital Paris Agreement principles, and applicability to Article 6 in its entirety.

Capacity building is a critical component of the implementation of the enhanced transparency framework. CAN urges Parties to support and implement effective capacity building models that identify activities that need to be implemented to achieve the transparency objectives.

International Shipping

Actions taken under the International Maritime Organization to reduce greenhouse gas emissions have ranged from disappointing to completely ineffective. Proceeding under the framework of the 2018 Initial IMO GHG Strategy, the negotiations for short term measures has produced outcomes that will have no impact on emissions this decade and minimal impact thereafter.

Now with the discussion of mid- and long-term measures starting, effective carbon pricing measures could be derailed or delayed for a long period because much time and energy is being diverted into discussion of a proposal from low ambition elements of the shipping industry for a small levy on fuels for a fund to support R&D, which is not designed to incentivize emissions reductions. A robust carbon price, or strong regulatory measures mandating low or zero emissions fuels will be necessary to overcome the price differential between traditional fossil fuels and sustainable renewable fuels and propulsion technologies. Several recent MEPC submissions have proposed consideration of a carbon price, including a concrete proposal from the Marshall Islands and Solomon Islands for a carbon levy, which along with incentivizing a shift to zero carbon fuels could generate climate finance to be channeled through the Green Climate Fund.

To bring the shipping sector emissions in line with the imperative of limiting warming to 1.5^{o}C, governments must ensure that the IMO over the next 2 years:

- Adopts a carbon price that will enter into effect by 2025 that starts at the minimum level of \$100 per tonne CO_2e and scales up a level that ensure that zero emission fuels are fully competitive with fossil fuels by 2030;
- Adopts a rigorous lifecycle approach to emissions and other impacts that ensures that truly sustainable and renewable fuels and energy sources are used, and that emissions are not simply pushed upstream to land-based sources.
- Revises the long-term emissions goal in the Initial IMO GHG Strategy by 2023 to ensure the complete decarbonization of the sector by 2050 or earlier.
- Adopts other measures necessary to ensure the rapid introduction of zero carbon renewable sources of energy and propulsion, along with energy efficiency measures and elimination of other pollution sources and impacts from shipping.

Alongside these measures, countries should in parallel include international shipping emissions in their NDCs and economy-wide targets and implement national and regional reduction measures to complement global action.