CAN Briefing

Expectations for the Petersberg Dialogue

July 2022

Climate Action Network (CAN) is a global network of more than 1,800 civil society organisations in over 130 countries driving collective and sustainable action to fight the climate crisis and to achieve social and racial justice. CAN convenes and coordinates civil society at the UN climate talks and other international fora.

With COP27 taking place in Africa and the Arab region, both among the most affected geographies, negotiations must center on the needs of those stricken hardest by the impact of the climate crisis.

Climate change is moving faster than we are. Climate impacts are already upon us in a world that is 1.1 °C degrees above the pre-industrial level causing impacts to people, natural ecosystems, food and water security, human health, livelihoods, and cities and infrastructure. The pace of climate change is exceeding many actions taken to adapt to it. Around 3.3 billion people live in places that are highly vulnerable to climate change (IPCC Impacts Report, 2022). Without significantly scaled action on mitigation and a functioning MWP, we will witness the need for more adaptation and as that will not be able to capture all impacts we will see loss and damage significantly increase in scale as outlined by the IPCC 6AR.

This briefing lays out key expectations for Ministers at the Petersberg Dialogue to make progress on key deliveries for COP27.

Loss & Damage Funding Arrangements

The IPCC Impacts Report has shown us that the scientific consensus is clear and we are in the era of Loss & Damage (L&D). Inaction on the scale of adaptation and mitigation needed has dramatically accelerated L&D. Developing countries have repeatedly made this known - most recently through the Glasgow Dialogue on L&D where the call for a L&D Finance Facility to address L&D was repeatedly raised with the reminder that as yet there is no financial means through which to address L&D.

By acting in cooperation, solidarity and morality, developed countries can ensure a climate safe, just and equitable future for all. The cost of inaction today will significantly increase the cost of action tomorrow.

Finance to Address L&D

As such, developed countries, on the grounds of cooperation and solidarity should support a L&D Finance Facility which should be able to make a significant and ambitious contribution to combat climate change by focusing exclusively on addressing L&D through full-cost grant financing.

To be aligned with a rights- and justice-based approach, the L&D Finance Facility must be established as an operating entity acting as the "third pillar" of the Financial Mechanism of the UNFCCC which also serves the Paris Agreement.

As both a coordination and financing mechanism, it should be the primary vehicle to coordinate, mobilize and channel new, additional, adequate and predictable financial resources to address L&D.
It must be driven by country and in particular local-level ownership and, secondly, be capable of receiving and administering financial inputs.

Agenda item on L&D

Furthermore, the agenda item on the provisional agenda of COP27 "Matters relating to funding arrangements to address loss and damage" is critical to ensure the direction of travel on delivering meaningful finance to address L&D and ensure the requests of the majority of the globe are respected atCOP27. CAN expects rich countries to use the Petersberg Dialogue to reach a firm agreement on the inclusion of this provisional item in the COP27 agenda. CAN further recommends and calls on the Egyptian Presidency to announce a pair of facilitating ministers on L&D with the conclusions of the Petersberg Dialogue or soon after to unlock much-needed political progress on funding arrangements to address L&D.

Adaptation

The IPCC Impacts Report has shown us that a mere 4-8% of all climate finance is currently allocated towards adaptation. This should include clear donor country-specific plans on how to increase grant-based adaptation finance to at least 50% of annual public climate finance.

Adequate technical, financial and capacity building needs to be provided to accelerate implementation of the adaptation priorities reflected in the National Adaptation Plans (NAPs), Nationally Determined Contributions (NDCs) and Adaptation Communication of developing countries.

The Glasgow-Sharm el-Sheik Work program (GlaSS Work Program) should make substantial progress both at the technical and political level to accelerate adaptation actions in developing countries without any further delay and operationalize the GGA. This includes:

- A common understanding on GGA and how to assess collective progress by all relevant stakeholders.
- Understanding the clear linkages on how the GlaSS progress links to the Global Stocktake (GST) process.
- Agreement for the GGA to have permanent agenda items as part of the CMA and SBs agenda items by COP28 when the mandate of the GlaSS runs out which will help the process of building coherence and allow dedicated

space for parties to discuss.

- Process established to provide input for the New Collective Quantified Goal (NCQG) process with regard to the adaptation finance needs.
- Process to track adaptation finance commitments made by Parties in previous decisions as well as the assessment of the adequacy, accessibility and effectiveness of adaptation finance and finance flows and present the progress at COP28.
- Decision to produce a synthesis report on the progress of adaptation actions reflected in the NAPs, NDCs and Adaptation Communication and to be presented to Parties for their further consideration by COP28.
- Adaptation Finance: As developed countries prepare inputs on the progress of the Climate Finance Delivery Plan before COP27, as well as for the next round of submissions on climate finance projections under Art. 9.5 of the Paris Agreement, we call on developed countries to rapidly and significantly scale up public, grants-based finance to meet the USD$100bn goal in 2022 while also ensuring that this level is delivered on average over the period 2020-2025. This should include clear donor country specific plans on how to increase adaptation finance to at least 50% of annual climate finance, with a clear demonstration on meeting the commitment of at least doubling adaptation finance by 2025. This is a key contribution to operationalising the Global Goal on Adaptation.

Mitigation & Energy Transition

Overall, SB56 was a key moment to significantly drive forwardthe delivery of the The Work Programme (WP) to Scale Mitigation Ambition and Implementation as decided at COP26. SB56 failed to deliver on the WP.

In the Glasgow Climate Pact, Parties acknowledged 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 at least 43%[1] by 2030 relative to the 2019 levels and to net-zero around mid-century as well as deep reductions in other greenhouse gases. Parties NDCs are overshooting 1.5C significantly to the extreme detriment of people, and ecosystems.

The MWP is distinct from the Global Stocktake – designed to inform the next round of post-2030 NDCs to be submitted by 2025 – but it is complementary and reinforcing to the GST, not duplicative.

The Work Programme (WP) to Scale Mitigation Ambition and Implementation will need to reflect and result in sound technical work and outputs, but at the same time must be political in the sense of leading to actions and decisions which make a real-world difference in terms of closing the emission gap to the 1.5°C limit. In order to succeed in this regard, it must strongly reflect the principles of Common but Differentiated Responsibilities and Respective Capabilities, and be grounded in justice, and equity.

The WP should:

- Enhance the ambition and implementation of Parties' efforts to reduce

[1] This is in line with the IPCC Mitigation Report, 2022

emissions in global aggregate by at least 43% (34–60%) reductions by 2030 over 2019 levels to be in line with limiting global warming to 1.5°C;

- Enable the reflection of sectoral commitments to be in NDCs, and Long Term Strategies (LTS) (ensuring alignment between the two), and synthesis report;
- Enhance the role of Non–Parties Stakeholders towards raising 2030 ambition and implementation by strengthening the link between Non-Parties' contributions and efforts by Parties' and enable Non-Party contributions to the Work Programme;
- Enhance the implementation of Parties' sectoral decarbonisation commitments, including sectoral commitments under the Glasgow Climate Pact and plurilateral initiatives for just sectoral decarbonisation made by Parties';
- Facilitate the mobilization of finance to raise mitigation ambition and deliver implementation and potential overachievement of Parties' 2030 climate targets, especially for developing countries and their just energy transitions;
- Strengthen coordinated, robust support structures for the development and implementation of NDCs, in particular by developing country Parties;
- Define enabling conditions for implementation;
- Strengthen Parties' and non-Parties' individual and collective actions to just phasedown of coal power and the just phase-out of fossil fuels and subsidies, in a manner that supports the poorest and most vulnerable, recognising national circumstances and just transition;
- Strengthen Parties' and non-Parties' individual and collective actions to protect and restore natural ecosystems and sustainably manage working lands, including the just phase-out of harmful subsidies that drive ecosystem loss, in a manner that advances the rights of Indigenous peoples, supports the poorest and most vulnerable, and protects biodiversity, recognising national circumstances.

Implementing Global Energy Transition

The responses to the current energy crisis have been fundamentally inadequate with a number of unnecessary fossil fuel investments which risk locking in development pathways incompatible with 1.5°C.

Ministers at the Petersberg Dialogue should acknowledge a few facts and developments that are all irreconcilable with the Paris agreement, the SDGs, and the 1.5°C temperature goal:

- While renewable energy, energy efficiency, and infrastructure investment in 2022 combined are likely for the first time to form the majority of all global energy investments, financing for upstream coal, oil, and gas is misaligned with the Paris Agreement with $US 852 billion in investments in 2021 (IEA World Energy Investment, 2022)
- This year might see the all-time record profit for fossil fuel companies of about $US 4 trillion (ibid). Money that is missing for the Energy Transition .
- Wealthy nations and especially those represented by the G7 have backtracked on their commitment to stop funding fossil fuels overseas as evident in the 2022 G7 leaders Communique by opening the door to

exceptions, allowing for taxpayer funds to be directed towards gas projects in third countries whilst also calling for increased investment in liquified natural gas (LNG).

- In addition, the host of Petersberg, Germany is looking to intensively pursue gas extraction and liquified natural gas investments in Senegal. This not only risks undermining the global and just energy transition necessary for a climate safe future for all but dumps the long-term financial and climate consequences onto developing countries.

The 2022 IPCC Mitigation Report has shown that solar, wind, and energy efficiency across economic sectors are by far the single most cost-effective and readily available opportunities to bring the energy sector in line with the 1.5°C trajectory by 2030 and beyond yet in spite of this fact, fossil fuel subsidies were $5.9 trillion or 6.8 percent of GDP in 2020 and are expected to increase to 7.4 percent of GDP in 2025 (IMF, 2021)

To course correct and be in line with 'paper' commitments, Ministers at Petersberg must urgently reconfirm and tangibly act in alignment with the Paris Agreement and in line with a Just Energy Transition.In particular Ministers must:

- Maintain the Glasgow agreement to stop all public funding for fossil fuels
- Ensure rapid expansion of renewables, energy efficiency and associated infrastructure the core of mitigation policies in the NDC for 2030 and beyond
- Start to address the private financial sector as the future largest finance provider for the energy transition everywhere in a strategic, coordinated and binding legislative way to leverage the needed trillions for the shift to clean.
- Embark on equity-based tax policy domestically - while state budgets have gone down continuously in last decades, private wealth particularly by the super-rich in all countries grew during the pandemic. Governments need to embark for instance on a wealth tax for the super-rich and allocate/earmark the revenues for social, developmental, adaptation and mitigation investments. For the rich countries, these revenues should assist poor developing countries and could significantly pass the $US 100 billion committed for poorer countries (World Inequality Report, 2022)