CAN Briefing
Expectations for Pre-COP27
October 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.

Ministers meet at Pre-COP27 on the backdrop of multiple crises unfolding before our eyes: in the Horn of Africa, communities are facing famine-like conditions, while record-breaking droughts are also witnessed all across Europe, the US , and China where the central Chinese province of Jiangxi has declared a water supply "red alert" for the first time. More than 3 billion people are already living in contexts highly vulnerable to climate impacts and are suffering from multiple intersecting crises compounded by climate change. This happened as one-third of Pakistan is under water from historic floods. We are in the era of Loss and Damage from climate change.

COP27 must be the COP for those vulnerable to the climate crisis to deliver an adequate response. This briefing outlines key expectations for ministers at Pre-COP27 as they identify landing grounds for key negotiation areas of COP27.

Loss & Damage

Guiding Questions:

- **How can action on loss and damage be efficiently supported in terms of governance, funding and other areas of action and support?**
- **What challenges do we face in achieving these outcomes, and how can they be overcome?**

The critical first step is to ensure that the sub-agenda item "Matters relating to funding arrangements for addressing loss and damage" under "Matters relating to finance" of the provisional agenda remains on the agenda. Ministers at Pre-COP must reaffirm their commitment to this agenda item as discussed by head of delegation (HOD) meeting on this agenda item.

The IPCC 6th Assessment Report (IPCC 6AR) has shown us that the scientific consensus is clear and we are in the era of Loss & Damage (L&D). Inaction on adaptation and mitigation has dramatically accelerated L&D, resulting in substantial financial and technical needs. And developing countries have repeatedly made this known - most recently through the Glasgow Dialogue on Loss and Damage where the call for an L&D Finance Facility to address L&D was again raised.

As such, developed countries, on the grounds of cooperation and solidarity, should support an L&D Finance Facility to be established at COP27 on African soil which must 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, it 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.

Adaptation

Guiding Questions

- **How can we advance implementation at scale and provide adequate and timely support for adaptation, in particular for the implementation of NAPs and adaptation components of NDCs?**
- **How can the outcome on the Glasgow–Sharm el-Sheikh work program on the GGA successfully capture midterm progress at CMA 4 and pave the way for COP 28? What are the building blocks of this outcome?**

Adaptation finance remains fundamentally inadequate. The UNEP Adaptation Gap Report (UNEP, 2021) estimates overall annual adaptation costs in developing economies alone could reach between USD$155bn to USD$330bn billion by 2030 and USD$310bn to USD$555bn billion by 2050. And these numbers are likely underestimated.
The IPCC Impacts Report has shown us that a mere 4-8% of all climate finance is currently allocated towards adaptation.

Even for climate finance under the USD$100bn annual goal, adaptation finance has played an increasing but still clearly diminished role: According to the OECD, total climate finance provided and mobilized by developed countries for developing countries amounted to USD$83.3 bn billion in 2020 - and this is highly likely based on overreporting. Of this total, USD$48.6bn (58%) was for mitigation, USD$28.6bn (34%) for adaptation, and USD$6bn (7%) for cross-cutting activities. The commitment to double adaptation finance by 2025 with a baseline year of 2019, as countries agreed in Glasgow is, therefore, a good first step, but in the wider context inadequate.

Developed countries must first honor this commitment. To build trust and ensure the fulfillment of these commitments, CAN calls for a specific and separate, and timebound tracking of adaptation finance provided as a key outcome of COP27 with its own delivery plan.

Furthermore, countries must urgently agree to establish a clear roadmap to reach at least 50% public finance to the support provided for adaptation action in developing countries. CMA4 must provide a clear and political mandate for both, the roadmap to reach 50% adaptation finance and the delivery plan of the commitment to double adapation finance.

Furthermore, The Glasgow-Sharm el-Sheik Work program (GlaSS) 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 of the GGA and how to assess collective progress by all relevant stakeholders consolidating a bottom-up approach.
- Understanding how the GlaSS progress links to the Global Stocktake (GST) process and the need to avoid top-down indicators that don't represent the diversity of adaptation action..
- 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.
- A Process established to provide input for the New Collective Quantified Goal (NCQG) process with regard to the adaptation finance needs.
- A 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.
- A 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.
- The unique and necessary contribution of local and Indigenous people to the leadership of all stages of the adaptation cycle must be recognised and acted upon.
- The GGA will be furthered by Parties' adoption of the Principles for Locally-Led Adaptation recognising that adaptation action planned, managed and assessed at the most local level possible is the basis for the most effective strengthening of resilience, enhancing adaptive capacity, and reducing vulnerability.
- The GGA must note with IPCC and others the need to base future plans for adaptation support and implementation on the notion of transformational change. Transformative adaptation requires and presents an opportunity for society to fundamentally challenge and change the relations of social power and

the socio-structural constraints that deepen vulnerability while at the same time reducing the negative consequences of climate change impacts.

- 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 annual 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

Guiding Questions:

- **What outcomes related to mitigation at COP 27 are needed to ensure that we are collectively following the trajectories identified by science towards the long-term temperature goals of the Paris Agreement in an ambitious, effective and practical way while ensuring support for a just transition?**
- **What are the appropriate time frame and institutional set-up for the mitigation work program for ensuring effective implementation?**
- **What modalities should be used to implement the mitigation work program (e.g. workshops, coordination with other entities, etc.) and what should be the inputs into it (e.g. IPCC reports, technical reports, etc.) and outputs from it (e.g. annual report, recommendations, etc.)?**

To limit global warming to 1.5°C, global emissions must immediately reach their peak and then be cut in half by 2030. This can only be achieved via equitable, justice, and rights-based deep systems and sector-wide transformation to sustainable futures (including the restoration and protection of ecosystems) which must be supported by significant upscale in finance. Despite the recent IPCC reports, there was a considerable and concerning lack of urgency at the intersessional meeting in June. We must see a different mood and sense of urgency at COP27. COP27 negotiations could support this through:

Defining and delivering an ambitious, equitable Mitigation Work Programme: *The objective of the MWP should be to urgently enhance the ambition and implementation of Parties' efforts to deliver global aggregate emissions reductions of at least 43% [34–60%] by 2030 compared to 2019 levels in order to be in line with limiting global warming to 1.5°C.* This is the most recent and ambitious science-based option. In order to reach this target, we need emissions reductions across all sectors, in line with the Glasgow Climate Pact.

    - The MWP should be a check-in and accountability process of Parties' sectoral pledges and commitments;
    - The MWP must follow up on the Glasgow Pact provision by developing a timeline for the phaseout of all fossil fuels, as well as fossil fuel subsidies with developed countries taking the lead.
    - Ministerial roundtables should be informed by the technical work of the MWP, allowing a political check-in on strengthening and revisiting NDCs and implementation;
    - The MWP should enhance the implementation of Parties' sectoral decarbonisation commitments, all of which will need to be fully transformed. This includes sectoral commitments under the Glasgow Climate Pact (including coal, oil and gas, all fossil fuel subsidies, clean power generation, energy efficiency, industry, protecting and restoring ecosystems, and methane) and plurilateral initiatives for just sectoral decarbonisation made by Parties.
    - The role of **Non-Party Stakeholders (NPS)** towards raising 2030 ambition and implementation should be enhanced, by strengthening the link between their contributions and efforts by Parties, and by enabling the contributions of NPSs to the Work Programme.
- **Demonstrating strong and appropriate linkages with the Global Stocktake**: Recognising that the MWP is aimed at mitigation ambition and implementation in this critical decade, the MWP and the GST should be complementary and mutually reinforcing. The experience gained through the MWP should be taken into account in the GST outcomes, and in turn, the GST outcomes should inform the future implementation of the MWP through to the end of the decade. The first GST outcomes should inform the future implementation of the MWP through to the end of the decade, and in turn, the MWP should be taken into account in the second GST round;
- In this decade Parties must rapidly scale up the deployment of clean power generation and energy efficiency measures, and immediately move towards the equitable phase-out of all fossil fuel extraction and use. This means that we need to **denounce all false solutions** including gas as a bridging fuel.
- **Requesting the IPCC in its forthcoming synthesis report to include a 1.5 degrees compatible emissions scenario for 2035,** as a way to emphasize the need for revised and more ambitious 2030 targets, whilst also looking forward.

Finance

Guiding Questions:

- **What remains to be done to deliver the USD 100 billion goal and the doubling of adaptation finance?**
- **What needs to be done to demonstrate substantial progress on the new collective quantified goal on climate finance?**
- **What are the key elements?**
- **What steps and actions are needed to ensure the alignment of finance flows with low greenhouse gas emissions and climate-resilient development?**
- **What challenges do we face in mobilizing and effectively delivering climate finance and how can they be overcome?**
- **How can we define the operationalization of Article 2, paragraph 1(c), and Article 9 of the Paris Agreement?**

The current system of climate finance is inadequate and unjust. Developed countries failed to meet the annual USD$100bn goal in 2020, and COP27 is an opportunity to learn the lessons of the failures in this process, particularly for implementation and accountability.
Developed countries must make good for the lack of delivering the USD$100bn on time by at least delivering USD$100bn USD on an annual average (i.e. USD$600bn total) over the period 2020-2025, with 50% of that going to adaptation on grant basis. Developing countries have repeatedly signaled this is one of their top priority issues, so exceeding USD$100bn in later years to compensate for earlier shortfalls is the only way to build essential trust among countries. As trust is hard-won but easily lost, delivering the USD$100bn promise is vital for collectively agreeing on ways forward on climate issues in general.

Those countries who have not increased their climate finance pledges last year should announce new climate finance commitments in 2022, e.g. France.
Other developed countries such as Germany or the US, whose planned future provisions fall far behind their pledges from last year must urgently show that they are not backtracking from their pledges. Outstanding pledges to the adaptation fund must urgently be fulfilled -ahead of COP27.

To avoid exacerbating existing injustices in society, climate finance must better prioritise providing direct benefits to people and communities in a way that acknowledges and seeks to redress persistent and intersecting inequalities and discriminations; Climate finance should also prioritise the least developed countries and climate-vulnerable countries that need the finance the most. Lastly, locally-led adaptation measures should respect and take into account local, traditional and indigenous knowledge and experiences.

The **New Collective Quantified Goal (NCQG)** is a crucial mechanism for ensuring that global climate finance is adequate and matches the needs set out in ambitious Nationally Determined Contributions. $100BN/year, even if it had been met, does not match the scale of needs. The NCQG must therefore be designed as a needs-based and science-based goal. This means the new goal must take the format of a matrix with sub-goals including (i) Mitigation, (ii) Adaptation, and (iii) Loss & Damage. The NCQG should prioritise grants first, then highly concessional finance, over non-concessional loans and equity (finance), potentially by establishing subgoals for the first two desirable categories of instruments.

The new goal should offer systems transformation of the finance sector, including through reforms of the international financial architecture, innovative sources that can provide new and additional climate finance, as well as new mechanisms for accountability, based on principles of climate justice and common but differentiated responsibilities and respective capabilities. Accountability should also be furthered by agreeing on clear definitions of climate finance and methodologies that ensure that only the support-component of loans etc are counted. New and innovative sources of climate finance should also be accompanied by well-managed debt cancellation, which would free-up fiscal space and allow vulnerable and developing countries to use domestic budgets to carry out climate action and ensure vital public services are maintained during and after severe climate impacts.

The goal requires a process that allows for the NCQG to be reviewed and adjusted upwards over time, taking into account the evolving needs of developing countries. The five-year Global Stocktake (GST) offers a logical timeframe for the NCQG to be reviewed and updated inline with other areas of climate action, since the GST seeks to review all areas of implementation of the goals of the Paris Agreement. Reviews must take into account the scientific evidence (particularly from the IPCC), grey literature, and local knowledge on the evolving needs of developing countries and climate-vulnerable communities.

Delivery of adequate climate finance in general and of the NCQG, in particular, requires that such financing be new and additional to prior support. Particularly as climate financing is set to significantly increase, old approaches of robbing historical Official Development Assistance budgets can no longer be accepted. Presenting money repackaged from existing assistance budgets (e.g. within the 0.7% of GNI for ODA target, which is not met by most contributors) as new climate funding is disingenuous, because it displaces funds for traditional objectives such as poverty relief, threatening development goals. To help ensure additionality, climate finance reporting must evolve new modalities, and the NCQG process should lead to new % GNI targets for climate finance above the 0.7% for ODA, as recommended by developing countries including such as India in their submissions.