Climate Action Network International
Briefing Copenhagen March Ministerial
March 2023

Climate Action Network (CAN) is a global network of more than 1,900 civil society organisations in over 130 countries driving collective and sustainable action to fight the climate crisis and to achieve social and racial justice.

Ministers meet in Copenhagen the day the IPCC will publish its dire warnings of the 6th Assessment Report and a week after Cyclone Freddy killed hundreds and made tens of thousands homeless in Malawi, Madagascar, and Mozambique.

COP 27 in Sharm el Sheik addressed the impacts of the climate crisis by establishing the Loss and Damage Fund but failed to address its root cause: fossil fuels. With the Loss and Damage Fund yet to be operationalized and filled with substantial funding, the 100bn goal still to be met three years after the deadline, and emissions on the rise, the tasks of 2023 are huge. Above all, it is high time ministers need to finally address the necessary equitable phase out of all fossil fuels. The Copenhagen Climate Ministerial is a timely occasion for ministers to build a shared understanding of success at COP28 - this briefing lays out key expectations and inputs across topics and guiding questions.

Adaptation

Guiding Questions
1. How can COP28 inspire and push for deeper and transformative adaptation action and enhanced support for adaptation globally and at all levels?
2. What elements should be considered under the GGA framework to better catalyse current national and regional implementation and support efforts with an overall global objective to reduce vulnerability and enhance resilience at the global level?
3. As the Global Stocktake (GST) is mandated to consider and enhance adaptation action and support, how do you envisage the outcome under the GGA in the context of the adaptation outcome under the GST at COP28 in both assessing current progress and further informing Parties' action and support as we advance implementation?

Transformative adaptation involves a shift away from incremental approaches which seek to preserve systems and institutions towards actions to fundamentally change those systems to achieve more sustainable, equitable, and climate-resilient development. COP28 should recognise that this might involve changes to policies, institutions, and governance structures that enable more inclusive decision-making, enhance social protection and welfare systems, and promote sustainable resource use and management.

Transformative adaptation may also involve changes in social norms and values, as well as the development of new technologies and practices that can help to build resilience to climate change impacts.

People and communities experiencing climate breakdown are often the most active and innovative in developing adaptation solutions, be they autonomous or locally collective. The framework should acknowledge that Indigenous and local people often lack access to the resources and power needed to implement solutions. COP28 must facilitate significant increases in the volume of devolved and decentralised funding available to Indigenous and local people through local governments, community-based organisations, and others working at the local level to allow local leadership in identifying, prioritising, implementing, and monitoring climate adaptation solutions. The GGA framework should recognise existing mechanisms such as National Adaptation Plans and identify means and methods to extend these across all countries. It must maintain a strong commitment to addressing the power imbalances that underpin gender inequalities, especially in rural areas.

The Glasgow-Sharm-el-Sheikh Work programme on the Global Goal on Adaptation (GGA) is meant to conclude at COP28, and its outcomes should be an important pillar on which the GST-CO can guide Parties on the necessary actions to step up adaptation and support in order to accelerate towards the achievement of the GGA. It must absolutely reflect contributions and participation from local actors, in particular Indigenous People, Women, small-scale food producers or youth. It is crucial to keep the strong link between the pillars to fight climate change in mind: Mitigation, Adaptation, Loss and Damage. The GST should reflect the global gaps in funding to meet the rising costs of adaptation and of loss and damage, while aiming to spur greater commitments from Parties. Parties should clarify their plans, collectively and individually, to scale-up climate finance for adaptation and loss and damage.

Ministers should seek to address the problem of sequencing where the final phase of the GST is due to close before the GGA framework is available to inform it. This could involve a decision at COP28 to continue the process of taking stock of progress and adequacy of adaptation while implementing the GGA framework.

Finance

Guiding Questions
1. What finance deliverables are needed this year to ensure implementation?
2. What is the vision on Article 2.1.c of the Paris Agreement and its linkage to the Article 9?
3. What connections do finance discussions and matters have with the establishment of the Just Transition Work Program and country partnerships which deliver on the ground?
4. What finance elements need to be captured in the Global Stocktake?
5. What are the political issues that needs to be tackled this year to ensure that the new collective quantified goal on climate finance is on track?
6. How do we collectively achieve relevant conclusions on stepping up finance, including in response to the call for reform of IFIs and MDBs and mobilization of private finance?

Deliverables to ensure implementation

2023 is the year that developed countries have projected to reach the promised level of US$ 100 billion per year in climate finance for developing countries. While reporting on 2023 levels is due only in 2025, developed countries should clarify well ahead of COP28 that indeed they have a clear plan for how to reach the level of the US$ 100 billion a year from 2023, including through providing new and enhanced clarity on, and possibly strengthen, individual countries' commitments and pledges with regard to the period 2020-2025. This should also include a confirmation that developed countries intend to at least deliver US$ 100 billion a year on annual average (i.e. US $ 600 billion total) over the period 2020-2025 - consistent with any good faith interpretation of the 2025 extension of the goal as decided upon by COP21 in 2015.

2023 is also the midpoint between 2021 and 2025 when developed countries agreed to a goal to double adaptation finance by 2025 - well ahead of COP28, developed countries should provide a clear plan for how they will achieve this goal and publish the figure for adaptation finance they commit to for 2025 as well as further commit to strengthening adaptation finance to reach a share of 50% of climate finance.

What's more, The Green Climate Fund is at the heart of the climate finance regime under the UNFCCC. This year is a crucial year for all countries to show their commitment to strengthening the work of the GCF and its delivery to countries and communities on the frontline of climate change. The replenishment process this year - and particularly the pledging conference in September - must demonstrate this commitment and generate higher levels of funding than has been pledged previously.

Furthermore, 2023 needs to see deliberations on the New Collective Quantified Goal (NCQG) move to a stage where growing consensus on some of the critical elements, and aspects related to adequacy and ambition become visible (see below).
Finally, we must see much needed progress on the reform of the financial sector (see below).

Vision on 2.1.c and links to Article 9

Progress on Article 2.1.c must be the result of both ambitious climate action - this includes the restriction of both, public and private investment into fossil fuels and a scale up of support to renewables - that lead to a transformation of global investment away from what is causing harm and into the just and equitable solutions. This includes both Paris Alignment of all financial flows but also requires reform of the financial system.

In all this, there should be no confusion about the separate agendas Article 2.1.c and Article 9 are serving as part of the Paris Agreement. The role of Article 9 is to facilitate both the provision of support from developed to developing countries and the mobilisation of finance to further enhance developing countries' abilities to undertake ambitious climate action. The role of Article 2.1.c is to shift finance flows away from harmful activities such as fossil fuel extraction no matter where in the world it occurs.

While there are links between Article 2.1.c) and Article 9 (such as that the provision of support under Article 9 will assist developing countries in undertaking climate action that in turn will contribute to Article 2.1.c)), such linkages must not be used to distract from the obligations to provide support by developed countries but recognise the distinct purposes of two related, and sometimes overlapping, but still distinct discussions.

Parties should use the UNFCCC to advance discussions on financial flows: today's financial institutions, intergovernmental organisations and systems continue to accelerate the climate crisis, exacerbate inequalities and injustices and are unfit to fund the transitions urgently needed. It is in this context of failed commitments and an unjust economic system, that the Bridgetown Agenda has emerged as an important vision to do things differently.
Climate Action Network demands high income countries step-up to ensure the full and equitable reform of the financial system, including but not limited to democratization its institutions, debt cancellation, reforming MDBs and their lending practises as well taxing the fossil fuel industry; we do not expect lower income countries to accept half measures as they navigate the devastating consequences of climate change and the intersecting poly-crises not of their making.

<u>New Collective Quantified Goal</u>
The continued deliberations around the New Collective Quantified Goal (NCQG) must show progression to improve on the current inadequate and unjust system of climate finance. The NCQG must learn from the experiences with the $100-billion-a-year goal and be designed as a needs-based and science-based goal. Furthermore, the NCQG should not repeat the mistakes of the past such as lack of clear definitions.

Topics to be tackled this year would include an understanding that the new goal should principally be built on distinct elements related to (i) the provision of support to cover assistance needs and (ii) the mobilisation of finance to cover investment needs.

Also, consensus would ideally be reached this year that the goal will take on the format of a matrix with sub-goals including separate goals for (i) Mitigation, (ii) Adaptation, and (iii) Loss & Damage. Especially proper inclusion of loss and damages as a third thematic dimension of the NCQG is of critical importance. The NCQG should further be designed to facilitate climate finance that does not increase debt burdens of developing countries but instead, in particular in its dimension for providing support, prioritise grants first, then highly concessional finance, over non-concessional loans and other forms of finance. It should also be agreed that the provision of climate finance must be new and additional to longstanding ODA commitments and standards so as not to divert finance from other development priorities.

As an output from this year’s workshops we foresee a document or synthesis report that will at least outline:

- A general structure of the goal,
- Possible main subgoals and their structure and definitions, including subgoals for mitigation, adaptation, and addressing loss and damage.

- Agreement on the metrics of the quantified elements of the goal (such as expressing any quantum for providing support in grant equivalent terms)
- Options for continuous and transparent monitoring of progress and regular reviewing and adjustment of the NCQG to reflect evolving needs
- Initial timeline of the goal, including options for its update
- Possibly also address the issue of donors and contributors, including options for burden sharing.

Finance in the Global Stocktake

Assessing progress on the implementation of the Paris Agreement will necessarily include an assessment on the state of play related to climate finance. This should include an assessment of the degree to which support provided to developing countries was made available on levels that indeed allowed for higher ambition in developing country climate action as per Article 4.5 of the Paris Agreement.

The GST should also consider the adequacy of financial support provided by developed countries for adaptation in developing countries in comparison with current and future costs associated with adaptation needs in developing countries. The GST should also include an assessment of the suitability of varying finance instruments through which support has been provided, including negative impacts related to debt burdens as a consequence of providing climate finance in the form of loans. The GST should also consider the adequacy of provided financial support to address unavoidable loss and damage due to climate change. As an outcome, the Global Stocktake should result in an orientation on the desired quantum of future climate finance provided and mobilised that can be used as a guardrail for the deliberations of setting the NCQG in 2024.

Loss and Damage

Guiding Questions

1. What is the state of implementation and action on loss and damage including experiences of progress and opportunities for enhanced support at the local, national, regional or international level?
2. What are your expectations for where we want to be at COP 28 and beyond? What are the milestones that need to be reached, including the potential opportunities and elements of an ambitious outcome that delivers a complete package on loss and damage at COP 28?
3. What are the elements of a Global Stocktake outcome that can effectively capture progress, strengthen action and enhance support?

Implementation (Gaps) and Action on Loss and Damage

There is currently a major gap in addressing loss and damage at all levels. The lack of funding for loss and damage, via international climate finance from richer nations, means that there are no resources for implementation on the ground. There is also a lack of a human rights framework to address these extreme challenges. Climate vulnerable developing countries and frontline communities are being forced to cope on their own with mounting losses and damages from climate-related extreme events, such as floods and droughts, and slow-onset events such as sea level rise. They are being forced to divert resources from other pressing needs to deal with the loss of livelihoods and homes, without being responsible for it. People are being driven into poverty. Loss of land, cultural heritage, long-term impacts on health including mental health, and forcible displacement are creating profound, often irreversible, economic and non-economic losses and damages. Opportunities for progress exist–if adequate resources are made available and a human rights-centered framework is created to meet the needs of those on the frontlines of the climate crisis. It is critical for communities to have agency over their future, even when–especially when–confronted with extreme climate impacts.

Expectations for COP28 and Beyond

At COP28, we must see the Loss and Damage Fund fully operationalized so that it can quickly thereafter be resourced with financing from wealthier nations as well as new sources of finance,, and funding can start flowing to climate vulnerable communities in developing countries no later than 2025. The work of the Transitional Committee (TC) in the lead up to COP28 is critical to ensuring a successful, ambitious and just outcome. The task of the TC should be to recommend by COP28 a draft Governing Instrument for the Loss & Damage Fund that sets out its structure, governing arrangements, eligibility and core operational modalities to be confirmed by a decision of the COP/CMA, similarly to the precedent of the Green Climate Fund's (GCF) Transitional Committee with the adoption of its Governing Instrument by COP17 in Durban. The Transitional Committee need not start from a blank page. The Adaptation Fund (AF) and the GCF already have replicable elements and precedent setting procedures which can be incorporated as appropriate. Critical aspects of the TC's work include:

- A definition and methodology for estimating L&D costs, informed by science and a community-driven approach taking into account social, gender, cultural, environmental and economic costs considerations and their intersectionalities;
- A clear way to identify new and additional funding for L&D, distinct from humanitarian aid;
- Criteria for who can access the L&D fund, focusing on Developing countries that are vulnerable to the adverse effects of climate change to cover economic and non-economic losses and damages, irrespective of a potential contribution to the fund.
- Functions and structural arrangements for the L&D Fund, with clarity that it will function as an operating entity of the financial mechanism of the UNFCCC/Paris Agreement.
- Sources of funding, which must be grant-based and could include public funds from richer nations as well as innovative sources of funding that meet the polluter pays and CBDR principles. Innovative sources could include a windfall tax on fossil fuel companies, the redirection of fossil fuel producer subsidies, a climate damages tax (fossil fuel extraction levy), a levy on international shipping and aviation emissions, Financial Transaction Tax and taxing high net-worth individuals. Countries, corporations and individuals most responsible for climate change, and most able to pay, should contribute Loss & Damage finance.

Finally, the inclusion of observer organizations on the Transitional Committee and their meaningful participation in all proceedings and meetings of the Transitional Committee would be integral in several ways. These include ensuring transparency and accountability in the committee's decision-making processes and work arrangements, such as in possible parallel work streams. This is necessary to build trust and confidence in the committee's work, its ability to draw on a wide-set of expertise and experience, including reflecting realities on the ground, and its ability to design an effective and equitable fund which allows for the effective and adequate mobilization of resources to address Loss & Damage.

Loss and Damage under the Global Stocktake

The Global Stocktake should reckon with the deep inequities of the climate crisis and connect with the real and urgent needs of communities on the frontlines of the climate crisis experiencing L&D. Right now, we live in a highly inequitable world, with heat-trapping emissions from richer nations causing grave harm to countries that have contributed very little to climate change. We also see a continued expansion of fossil fuels despite that being at complete odds with science and justice. The more we allow fossil fuel companies to expand production, the more money invested in fossil fuel projects, the more global heat-trapping emissions will rise causing even more climate loss and damage. Averting these harms upfront by stopping new fossil fuel investments and sharply tapering down fossil fuel use is critical. Fossil fuel companies have long blocked and delayed climate action, even as they are making record profits. They must be held accountable for the harms their products are causing to people and the planet, including by contributing to the Loss and Damage fund.

Mitigation

Guiding Questions *1. What steps are parties taking to deliver on The Sharm el-Sheikh Implementation Plan's requests to communicate long-term strategies and to revisit and strengthen 2030 targets in NDCs as necessary to align with the Paris temperature goal?* *2. How can the Mitigation Work Programme and the UNFCCC process follow up on the existing commitments from COP27 and previous COPs as well as related declarations and pledges for key emitting sectors?* *3. What are the key messages on mitigation, including enabling conditions such as finance, that should be reflected in the outcome of the Global Stocktake?*

Strengthening 2030 targets and NDCs

CAN believes Parties could report on their NDC implementation plans or processes to put those in place, or provide information on any sectoral advances and new sectors or greenhouse gases to be included in their NDCs. Any credible response at COP28 must center the equitable phase out of all fossil fuels: Parties must acknowledge the need for an immediate end to expansion of fossil fuel production and use at COP28. A global and equitable phase-out of all fossil fuels before 2050 should be announced, with significant reductions to be achieved in line with the need to reduce emissions by at least 43% by 2030 compared to 2019 to reach the 1.5°C target, alongside an urgent phase-out of all fossil-fuel subsidies and other harmful subsidies. Reducing the carbon intensity of fossil fuel production is insufficient, as the vast majority of emissions associated with fossil fuels are those resulting from them being burned, and so it is possible to reduce carbon intensity while increasing total climate pollution.

Mitigation Work Program

the MWP could follow up on the existing commitments from COP 27 and previous COPs through a stronger emphasis on sectoral commitments in the UNFCCC Synthesis Reports on NDCs and LTS. Both the Glasgow Breakthrough Agenda and the Sectoral Breakthroughs of the Race to Zero could provide a basis for assessing progress by sectors in line with the sectoral approach of the MWP.

CAN welcomes the COP27 decision on the Work Programme on Mitigation (MWP) by parties as starting points for addressing the concerning pre-2030 emissions gap2. This will require enhancing deep emissions reductions in all countries in all sectors and addressing all greenhouse gases (GHG). CAN supports the science showing that only immediate, far-reaching, ambitious, just and equitable emissions reductions will give the world a chance to stay within the 1.5°C survival limit. CAN, however, endorses the necessity for strategic and sectoral deep dives and not deal with all issues in parallel. As a result, CAN is encouraging the MWP to take a targeted approach rather than a broad one in its planned workshops for 2023. All other energy (sub)sectors, including land use, can certainly be addressed later.

To do so, CAN strongly suggests focusing the MWP in 2023 on the decarbonisation of the power sector with the following sequencing:
We encourage the UNFCCC to expand the work to at least four dialogues/workshops and focus each one on specific sub-topics:

➔ Workshop 1 - Broader scope in energy sector: Phase out of Fossil Fuels and Clean Alternatives in a just, macro-economic efficient, reliable, affordable and sustainable manner.
➔ Workshop 2 - Scale up of Clean Energy/Legislation & Regulation: including lessons learned from countries on what has worked, and what has failed.
➔ Workshop 3 - Target setting for clean energy nationally, regionally and locally: participatory and scientific, economic approaches from the regions, including options for electricity-based clean energy for heating and cooking that are the main types of energy consumption in many countries.
➔ Workshop 4 - Financing: How to move the trillions from fossil fuels to clean energy investments and address the cost of capital barrier.

<u>Mitigation and Global Stocktake</u>
It's key that the GST, in line with the science compiled in the IPCC AR6, sends a strong political signal to countries on the urgent need for all countries to phase out fossil fuels and address the AFOLU sector, taking into account the principle of common but differentiated responsibilities and respective capabilities. The GST should also emphasize the role of finance as an enabling condition and call on developed countries to deliver on their current and future obligations. The MWP could be a channel to discuss public finance to leverage private investment in sectoral approaches. It's key that the investment focused events that will happen at the margins of the dialogues provide a package of financial incentives to reduce emissions by 50% by 2030.

Global Stocktake

Guiding Questions
1. What are the key messages from the GST outcome that can best inform Parties' climate action and support going forward to ensure aligning pathways with the 1.5 ambition?
2. How can we use the different milestones throughout 2023 – across all pillars of mitigation, adaptation and means of implementation – to progressively build on the elements of the outcomes of the GST, and enact solutions that deliver ambitious climate action?
3. What is the role of non-Party stakeholders in delivering a comprehensive response to the GST. How can we engage civil society, the private sector, sub-national actors and others in the achievement of the Paris Agreement Long Term goals?
4. What are the major future high-level political moments that can be identified as appropriate to address GST in order to build momentum towards the realization of a necessary political outcome? How can messages arising from these events lead to the encouragement to Parties and non-Party stakeholders to hold further events, at the local, national, regional and international level, as appropriate, in support of the GST?

Key messages from the GST outcome

- We expect the GST will acknowledge the need to improve accountability for non-state climate actors, and kick-start work on new evaluation mechanisms.
- Parties should acknowledge the need for an immediate end to expansion of fossil fuel production and use at COP28. A global, just, and equitable phase-out of all fossil fuels before 2050 should be announced, with significant reductions to be achieved in line with the need to reduce emissions by at least 43% by 2030 compared to 2019 to reach the 1.5°C target. This announcement should be accompanied by a renewed commitment from developed countries to provide and scale-up financing for the energy transition in developing countries, alongside an urgent, just, and equitable global phase-out of all fossil-fuel subsidies and other harmful subsidies.
- The GST should address the necessity of additionality and transparency in climate finance and in its reporting, and encourage improvement in this space, particularly with grant equivalence of further pledging and the New Collective Quantified Goal (NCQG). This will be an essential element to ensure mutual confidence and strengthen accountability.
- The GST should reflect the global gaps in funding to meet the rising costs of adaptation and of loss and damage, while aiming to spur greater commitments from Parties. Parties should clarify their plans, collectively and individually, to scale-up climate finance for adaptation and loss and damage.
- The GST should recognise the need to scale-up locally led adaptation amid increasing climate impacts, even within a 1.5 pathway. Such scale-up would entail capacity building for communities, research on effective adaptation measures, and development of metrics and measurement capacities for adaptation.
- The GST should proactively address how to scale up adequate public and private financing for climate action to reduce emissions.

- The GST should address the need to align responses to the climate and biodiversity crises. Protecting and restoring ecosystem integrity in terrestrial, inland water, and coastal and marine ecosystems is critical to keep global warming to 1.5°C; limiting and adapting to the inevitable climate impacts and stop biodiversity loss
- Based on the IPCC 6th Assessment report, Parties should collectively peak by 2025 and achieve at least 43% emissions reduction by 2030 (below 2019 levels) to align with 1.5°C pathways
- The political outcome of the GST must therefore include a concrete and detailed commitment by and guidance for Parties to effectively integrate human rights in the design, implementation and evaluation of NDCs, NAPs and other relevant policy instruments related to the implementation of the Paris Agreement.

<u>Milestones throughout 2023</u>

- The high-level committee of the COP27 and COP28 Presidencies and SB Chairs should present a work plan for the consideration of outputs phase, starting immediately after the end of SB58. This should outline a schedule of events, with the full participation of observers at every stage, which can leverage political attention on the GST, including:
  - **The UN General Assembly and on the main agenda of the UN Secretary General's Climate Ambition Summit in September.** As the last multilateral leaders' level summit on climate before COP28, the Summit should seek to generate a clear outcome demonstrating that leaders are committed to agreeing an ambitious final COP28 GST outcome and implementing the required actions afterwards.
  - Key climate dialogues including the **Petersberg Climate Dialogue, Regional Climate Weeks**, the **PACT Summit**, as well as Pre-COP.
  - The side-lines of the **G20 Climate Ministers and Leaders Meetings** and other ministerial and leaders level plurilateral fora.
  - A **youth climate summit on the Global Stocktake.**
  - A **leaders-level summit on the GST outcome should take place during the leaders-level segment of COP28.** The aim of this summit should be to provide negotiators with a clear political mandate to deliver.

<u>Role of non-state actors:</u>

- **The GST must allow and support the participation of observers at every stage and at each meeting**, including all workshops and high-level events as well as negotiations under the joint contact group. This must ensure the representation of diverse knowledge, especially youth, Indigenous Peoples, local communities, women, farmers, and most affected peoples including racial minorities, people with disabilities and LGBTQIA+ people.
- The GST must be science and local knowledge-driven, with institutions such as the IPCC, but also indigenous people' knowledge and the experiences of affected communities on the ground. Local and indigenous knowledge can be especially valuable for enhancing the scale-up of effective locally led adaptation measures. The GST should facilitate the gathering and dissemination of such knowledge.
- **The GST is not a space meant to allow the representation of private interests,**

especially those aligned with perpetuating business-as-usual emissions. When private interests are entering the GST space, conflict of interest must be avoided, especially by requiring a declaration of conflict of interest by all private actors attending the GST events in advance, as well as confirming the participants of the events 3 to 4 weeks before the event.

- Civil society plays a crucial role in holding Parties accountable for rapidly scaling up climate action globally in a just and equitable manner in accordance with the GST outcome. The open, inclusive, and participatory nature of the GST process should be perpetuated and expanded to enable civil society to continue holding Parties accountable for acting on the outcome of the GST.