



## Climate Action Network

### Briefing for SB60

May 2024

*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.*

#### EXECUTIVE SUMMARY

The course correction that was kicked off with the GST to align climate action with 1.5°C enters its second phase this year. The GST decision provides guidance on ambition but its impact will ultimately be decided by the available means of implementation. This is what needs to be resolved at COP29 in Azerbaijan through negotiations on the New Collective Quantified Goal (NCQG) on climate finance, and it is what forms the heavy subtext for the 60th meeting of the Subsidiary Bodies (SB60) in Bonn.

As we approach the mid-point of this critical decade to keep 1.5°C within reach, Climate Action Network (CAN) would like to stress the need to put justice at the centre of climate action and energy transition. This would require an urgent elaboration of fair shares — both in terms of the carbon budget and in effort-sharing for collective finance goals — in bringing equitable transformation of systems to ensure fair and just delivery of the outcomes decided at COP28. In this context, it is important to underline that the scale of action depends on the availability and quality of finance, especially in developing countries. The responsibility to lead adequate and fair provision of finance rests with the historic polluters, developed countries.

This year will also be crucial for the next round of Nationally Determined Contributions which are due to be finalised in 2025. At the same time, the repercussions of frequent extreme weather and increasingly intense climate impacts cannot be overstated. This makes this challenge of designing and implementing a fair, equitable and urgent transition to net-zero systems more monumental than ever before. In all likelihood, this crucial phase of action marks the last credible opportunity for the alignment of climate action with the warming limit of 1.5C without an overweight reliance on unproven and dangerous technologies.

Another concerning development is the shrinking civic space, which now seems to have reached the grounds of the UNFCCC. While the impacts of climate change are causing devastation and driving vulnerability around the world, the presence and participation of civil society observers who form the vanguard for human rights and the freedom of expression at UNFCCC events have been limited significantly in recent years. This trend must be reversed

this year, both as a moral obligation as well as in accordance with the Arrangements for Intergovernmental Meetings (AIM) conclusions agreed at the 58th meeting of the Subsidiary Bodies (SB58) in 2023.

Negotiations at Bonn are set to cover the GST outcome, climate finance, adaptation, loss and damage, mitigation, just transition, cooperative approaches and NDC enhancement. Considering upcoming deadlines to complete negotiations on the NCQG for finance at COP29 and for the submission of the next iteration of NDCs ahead of COP30, as well as the commencement of pivotal cross-cutting pieces of work on the Global Goal on Adaptation and the Just Transition Work Programme, it is critical for parties convening at the SB60 to keep justice, equity and fairness at the heart of negotiations and urgently deliver significant progress on these fronts. CAN believes that climate action in this critical decade and beyond would serve as little more than a dangerous distraction, unless conscientiously informed by justice and fairness.

***To this end, CAN's main demands and recommendations from the SB60 are listed below.***

### **On the New Collective Quantified Goal on Climate Finance**

- The goal must be based on climate justice and science and be responsive to the evolving needs and priorities of developing countries.
- Climate finance through the NCQG must be additional to ODA and not divert scarce funds from pressing development and humanitarian needs.
- Finance mobilisation under the NCQG must not worsen or exacerbate the debt burden of developing countries.
- The NCQG must as a core element include a clearly-differentiated target for public finance – measured and accounted for on the basis of grant-equivalents, and encompassing sub-goals for the provision of public finance for the three pillars of climate action: mitigation, adaptation, and loss & damage.
- Transparency and accountability measures must be baked into the framework in order to avoid double- and triple-counting of finance, as well as other necessary improvements.
- A burden sharing mechanism between developed countries to meet unpaid “arrears” within a maximum of two years.
- Acknowledging the need and imperative for massive scale up of genuinely new and additional public funds for international grant finance through fair and progressive taxation, including wealth taxes and taxation based on the ‘polluters-pay’ principle, which should be explored in detail under Article 2.1c.

## On the UAE Work Programme on Just Transition Pathways (JTWP)

- The JTWP must go beyond sharing practices, and serve as a space to identify common ground and opportunities for speeding and scaling up Just Transition, working towards delivering real-world impact for workers and communities.
- Agree on better modalities for inclusion of rights holders in the JTWP, including at the national level, beyond sending submissions and having limited participation in the dialogues and negotiations.
- Establish a Joint Party-Observers Advisory Body, designed to ensure a balanced representation of constituency observers and other stakeholders. This body will ensure analysis and sufficient preparation is done before JTWP sessions, and will aim to infuse the JTWP with diverse perspectives. It will help ensure that strategies and actions it endorses are genuinely inclusive and reflective of all stakeholders' needs.
- Agree that intersessional time is required to respond to the scale and urgency of the discussions, and so agree that the Advisory Body, as a group of experts, can steer the work in between sessions.

## On Adaptation

- Establishing a clear roadmap for the UAE-Belem Work Programme detailing the criteria for indicator development to ensure progress in adaptation efforts
- Addressing the woeful inadequacy of adaptation finance and deliberate on its delivery through locally-led approaches of planning and implementation
- Accelerating access to new and additional grant-based finance for developing countries on the basis of equity and CBDR-RC to meet the targets of country-driven, gender-responsive, participatory, and transparent National Adaptation Plans.
- Evaluating how current NAPs align with the eleven targets under the GGA Framework and fast-tracking the update of technical guidelines in accordance with the provisions of decision 2/CMA5 para 47.
- Establishing a system to track financial resources from developed to developing countries, assessing the adequacy and effectiveness of support for NAPs, including developing specific indicators that can assess the adequacy and effectiveness of financial support provided.

## On Loss and Damage

- The Glasgow Dialogue should be used to discuss operationalisation of the fund and supporting the work of the Loss & Damage Fund (LDF) Board.
- The LDF Board must prepare both an initial capitalization effort as well as a long-term fundraising and replenishment strategy.
- L&D finance must be included in the NCQG with a clear sub-goal articulated on the basis of grants.

## On the Annual Global Stocktake (GST) Dialogue

- The Dialogue must be conducted in an inclusive manner allowing observers to participate with the same possibilities as Parties, including virtual and live-streaming possibilities.
- It must focus on implementation through a possible identification of tools and methodologies to use in Parties' nationally determined quantifications of their contributions to the global effort to limit warming to 1.5°C based on equity and CBDR-RC.
- It should provide guidance on how NDCs should respond to the GST outcomes, specially from a sectoral perspective.
- The dialogue must also include a session dedicated to challenges countries face in ending the expansion of fossil fuels .
- It must enable the exploration of all non-Mitigation elements, including potential percentages of countries' equitable contributions to an agreed NCQG.

## INTRODUCTION

The 60th Subsidiary Bodies meeting taking place from 3 to 13 June, 2024 in Bonn marks the first major return of Parties to the negotiating table after the Global Stocktake (GST) decision was delivered at COP28. The GST outcome, including notably its commitment to transition away from fossil fuels, and its affirmation that the 1.5°C warming threshold remains the guiding star for setting ambition, show strong intent. Its impact, however, ultimately depends on how urgently its outcomes are delivered – in terms of quantitative goals as well as how the principles of equity, differentiation of responsibilities, justice and human rights are manifested.

SB60 is an opportunity to forge continued commitment in this direction. As noted by the GST decision, 80% of the carbon budget associated with a 50% probability of keeping global temperatures under the 1.5°C warming threshold is already depleted.

The physical evidence of impacts has mounted incessantly over the past years. The frequency and intensity of extreme heat and precipitation events has become ever-more clear over the past decade, especially over the past year which has been the hottest on record. Slow-onset impacts too have reached inflection points. While Venezuela in recent weeks became the first nation to lose all glacier cover, evidence continues to pour in from Antarctica of rapid ice melt which could force upward revisions of sea level rise estimates. Preliminary findings suggest that losses due to the impacts of climate change may be as much as six times worse than current estimates. Research published in recent weeks estimates global income to shrink by almost a fifth in the next 25 years, with the biggest losses to be incurred in South Asia and Africa, where an overwhelming majority of the world's people living in poverty currently reside. The implications on health too have become much clearer in recent years — climate change has emerged as the greatest threat of this century to human health. To this end, the COP28 Declaration on Climate and Health and first-ever Health Day in Dubai represent much-needed progress in drawing together these interdependent issues, but health is yet to be fully integrated into negotiations.

Given the critical juncture for decisions on climate finance, financial system transformation and Nationally Determined Contributions (NDC), an urgent elaboration of fair shares is vital – both in terms of the carbon budget and in effort-sharing for collective finance goals — to bringing equitable transformation of systems to ensure fair and just delivery of the outcomes decided at COP28. Negotiations at Bonn are set to cover the GST outcome, climate finance, adaptation, loss and damage, mitigation, just transition, cooperative approaches and NDC enhancement. Considering upcoming deadlines to complete negotiations on the New Collective Quantitative Goal (NCQG) for finance at COP29 and for the submission of the next iteration of NDCs ahead of COP30, as well as the commencement of pivotal cross-cutting pieces of work on the Global Goal on Adaptation and the Just Transition Work Programme, it is critical for parties convening at the SB60 to keep justice, equity and fairness at the heart of negotiations and urgently deliver significant progress on these fronts.

### ***On the New Collective Quantified Goal on Climate Finance (NCQG)***

Setting a new collective quantified goal for climate finance to developing countries is the top line task for COP29, where the decision on NCQG is mandated to be delivered. The priority is to meet the needs and priorities of developing countries for climate action, which necessitates new and additional provision of public finance. The mandate comes from COP21, “in accordance with Article 9, paragraph 3 of the Paris Agreement”, which very clearly states, “[a]s part of a global effort, developed country Parties should continue to take the lead in mobilising climate finance from a wide variety of sources, instruments and channels, noting the significant role of public funds...” With the second-to-last planned session to prepare a formal negotiation text before COP29 set to happen at SB60, the session plays an important role and must deliver significant progress.

Formal technical expert dialogues on the NCQG started over two years ago, but so far no substantive agreements have been reached. This is untenable. With the final phase of planned negotiations in sight, all parties should **agree, at the very least, to set some basic parameters for the NCQG** at SB60. The NCQG **must include a multi-layered structure that has at its centre a clear grant-equivalent public finance provision core goal, within the wider mobilisation goal, and subgoals for mitigation, adaptation and loss and damage** to meet the evolving needs of developing countries. It is also imperative that this finance is additional to official development assistance (ODA) commitments. Support for these basic elements is vital to bridge the trust deficit from years of failure by developed countries to deliver on the previous climate finance goal and expedite negotiations. It is important that the NCQG process is aligned with the five-year GST and NDC cycle of the Paris Agreement, and that the delivery of climate finance must be delivered mainly through UNFCCC Funds.

For CAN, it is essential that the NCQG is based on sound principles that reflect respect for biodiversity and ecosystems, human rights and Indigenous Peoples’ rights. It must deliver the necessary finance in terms of quantity as well as quality, including responsiveness and improved access with regard to gender and different marginalised communities. The goal must also be based on clear definitions of climate finance and underpinned by a strong transparency and accountability framework. The negotiating text must embody the principles of equity, common but differentiated responsibilities and respective capabilities (CBDR-RC), in recognition of developed countries’ historic responsibilities and relative wealth. It must also ensure that finance mobilisation does not worsen and exacerbate the debt burden of developing countries. The goal of mobilising finance for climate action should be to provide developing countries with the policy and fiscal space to meet their needs and transform their economies. Any initiatives that mobilise financing in ways that undermine those goals are false solutions and often serve the powerful interests of those who are already benefiting from the current global economic system. Contributions from countries toward the NCQG should be in accordance with the provisions of Article 9, Article 2.2 and Article 4.5 of the Paris Agreement, with developed

countries taking the lead in providing finance to developing countries, given their unique obligations under the Paris Agreement and the Framework Convention.

Recognising the untenable levels of debt and inequitable conditions placed on developing countries' access to finance, in addition to the inadequate ambition and flows for adaptation and for loss and damage, it is of paramount importance that the NCQG has at its centre a core goal for the provision of public finance, measured in grant-equivalent terms, with quantified sub-goals for mitigation, adaptation, and Loss and Damage.

CAN further notes that neither mitigation nor adaptation finance currently capture whether justice is embodied in planning sectoral transitions, such as for energy or for agriculture, for example. Discussions on mitigation and adaptation finance must each carve out special consideration for strengthening universal social protection systems, as well as economic, social and environmental security for affected communities, which are critical elements of establishing a just transition framework, and identify avenues for public finance for the same.

CAN also endorses a burden-sharing mechanism among developed countries with a maximum timeline of two years to pay "arrears" in case the goal is not met within the stipulated time.

**In this context, it is important to note that public finance is not scarce, rather it is poorly sourced and distributed. CAN notes the multitude of options that exist in developed countries to raise public finance toward climate action and international commitments.**

Taxes play an important role as new and additional sources of finance to fund climate action in developing countries. Wealth and progressive taxation alongside taxes based on the polluter-pays principle should be designed for high-emitting sectors, including but not limited to the fossil fuel industry.

These options, however, remain dangerously incomplete if they do not take into account the structural inequities at the root of chronic indebtedness of developing countries as well as inequalities within developed countries. Fiscal and trade response measures aimed at reducing emissions must not place unjust burdens on individuals and communities who have relatively low historic contributions towards the climate crisis but rather focus primarily on entities in developed countries that have profited the most through historical emissions. Keeping these considerations in mind, options for raising public finance include agreements from G7 countries to phase-out and divert subsidies for fossil fuels and other harmful activities, and taxation of emission-heavy sectors through fair, equitable and, in the case of cross-border measures, multilaterally determined approaches.

***CAN's demands from the NCQG process are summarised as follows:***

- The goal must be based on climate justice and science and be responsive to the evolving needs and priorities of developing countries.
- Climate finance through the NCQG must be additional to ODA and not divert scarce funds from pressing development and humanitarian needs.
- Finance mobilisation under the NCQG must not worsen or exacerbate the debt burden of developing countries.
- The NCQG must as a core element include a clearly-differentiated target for public finance – measured and accounted for on the basis of grant-equivalents, and

encompassing sub-goals for the provision of public finance for the three pillars of climate action: mitigation, adaptation, and loss & damage.

- The NCQG must set a target for 2030, which must be regularly revised in 5-year timeframes consistent with the NDC/GST cycle.
- Transparency and accountability measures must be baked into the framework in order to avoid double- and triple-counting of finance, as well as other necessary improvements.
- A burden sharing mechanism between developed countries to meet unpaid “arrears” within a maximum of two years.
- Acknowledging the need and imperative for massive scale up of genuinely new and additional public funds for international grant finance through fair and progressive taxation, including wealth taxes and taxation based on the ‘polluters-pay’ principle, which should be explored in detail under Article 2.1c.

### **In relation to Article 2.1c on making financial flows consistent**

The mandate for NCQG is for a quantified climate finance mobilisation goal, which is supposed to help contribute to Article 2.1 (a, b, and c) of the Paris Agreement. A separate Sharm el-Sheikh Dialogue has been constituted to elaborate on Article 2.1c (making finance flows consistent with low-emission and climate-resilient development), but it will not reach conclusions until after the NCQG has been agreed.

CAN notes that developed countries, as those with significant control over the international financial architecture and the primary holders of wealth, must bear the responsibility to take the lead in “making finance flows consistent”, including by tackling structural injustices in the international financial system as well as rapidly reducing and eliminating public and private investments in fossil fuels, emission-intensive industries and other activities incompatible with the 1.5°C goal of the Paris Agreement.

To guide the elaboration of recommendations under Article 2.1(c), CAN reaffirms its seven principles for transforming the finance system:

1. Challenging economic imbalances: Correcting issues across production, trade, and capital which lead to extraction of finance from Global South-to-Global North instead of Global North-to-Global South;
2. Democratising and decolonising governance: Giving Global South an equal say in decision-making processes on international finance (e.g. UN funds vs unequal MDBs);
3. Debt justice: Cancellation & UN-based debt workout mechanism, rather than inadequate debt swaps, plus ensuring finance provision that does not worsen debt;
4. Tax justice: Supporting the UN tax convention (addressing tax dodging and other cross-border tax abuse) and making profiteers and polluters pay on an equitable basis;
5. Phasing out finance for fossils and harmful activities: Equitable phase out across all types of finance (multilateral, bilateral, ECAs, private, etc);
6. Just and accessible finance: Climate and development finance needs new models, must be responsive to the needs of marginalised communities; and
7. At-scale increases in new international public finance: Higher-income historic polluters must go beyond the 0.7% GNI for ODA and provide new and additional, adequate, predictable, needs-based grant-based public climate finance on a ‘fair share’ basis.

## JUST TRANSITION

CAN sees the establishment of the UAE Work Programme on Just Transition Pathways (JTWP) as a first step in this direction, providing us with a vehicle to chart a new, just, and resilient journey for delivering climate action by: addressing the workforce and socio-economic dimensions of the transition; acknowledging human rights, social justice, gender equality, and the rights of future generations, Indigenous Peoples, migrants, persons with disabilities and other vulnerable groups; recognising labour rights; and providing the space to discuss international cooperation as an enabler of just transition pathways.

CAN firmly believes there is no Just Transition if those mobilising for justice are not sitting at the negotiation table, and recommends that Parties focus on the governance, institutional arrangements, and inclusion mechanisms of the JTWP when they meet in Bonn. At the SB60, parties must:

- Agree on **better modalities for inclusion of rights holders in the JTWP**, including at the national level, beyond sending submissions and having limited participation in the dialogues and negotiations.<sup>1</sup>
- **Establish a Joint Party-Observers Advisory Body**<sup>2</sup>, designed to ensure a balanced representation of constituency observers and other stakeholders. This body will ensure analysis and sufficient preparation is done before JTWP sessions, and will aim to infuse the JTWP with diverse perspectives. It will help ensure that strategies and actions it endorses are genuinely inclusive and reflective of all stakeholders' needs.
- **Agree that intersessional time is required to respond to the scale and urgency of the discussions**, and so agree that the Advisory Body, as a group of experts, can steer the work in between sessions.

CAN urges that Parties use the first Dialogue of the JTWP this year to develop stronger guidance on how to incorporate Just transition when designing and implementing equitable 1.5°C aligned NDC.<sup>3</sup> For the next JTWP Dialogue, a topic that CAN sees relevant, mature and with high added value and interest to all Parties and civil society is “Experiences in domestic and international resource mobilisation to finance the Justice component of Just Transition”<sup>4</sup>.

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<sup>1</sup> This should draw from ways in which Parties have (1) organised the delivery of Just Transition strategies, and (2) organised the involvement of non-state actors in the design of those strategies at different levels (social dialogue; Free, Prior, and Informed Consent; mechanisms for early participation; open, transparent and consultative processes...). The importance of participation and inclusion mechanisms is also reflected in decision 1/CMA.4 mention of the ‘*meaningful and effective social dialogue and participation of all stakeholders*’ and in CMA5 decision (FCCC/PA/CMA/2023/L.14), that explicitly stated that ‘*inclusive and participatory approaches to just transitions that leave no one behind*’ shall be included in the WP.

<sup>2</sup> The Advisory Body should be balanced between developed /developing country representation, from three backgrounds Party experts on JT, observer constituencies (notably TUNGO, ENGO, LGMA, WGC, IPO, YOUNGO and BINGO, as well as People with disabilities, which should become a constituency soon), and IGO/Experts.

<sup>3</sup> Read more about the key Just Transition elements that should be included in NDCs see the NDC guidelines- <https://climatenetwork.org/resource/guidelines-for-ndcs-3-0delivering-on-the-gst-outcome-and-beyond/>

<sup>4</sup> See CAN Submission on possible topics for the dialogues under the UAE Just Transition Work Programme (Feb 2024):

<https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202402151828---CAN%20-%20JTWP%20Submission%20Feb%202024.pdf>

To work towards delivering real-world impact for workers and communities, the Work Programme must go beyond sharing practices, and **serve as a space to have open conversations that allow Parties to identify common ground and opportunities for speeding and scaling up Just Transitions**. Looking ahead, a COP29 decision on the JTWP should deliver operational decisions and guidance to ensure Just Transition principles are integrated coherently in all UNFCCC processes/workstreams.

## ADAPTATION

The urgency of elevating the political discussion on climate adaptation within the UNFCCC framework cannot be overstated. Adaptation, identified as a key pillar of climate action on par with mitigation in the Paris Agreement, is yet to receive the attention it needs and deserves. At SB60, parties should initiate efforts to redefine and restructure the adaptation architecture, with a particular focus on recognising the Global Goal on Adaptation (GGA) through the new UAE Framework for Global Climate Resilience. Establishing a single, permanent agenda item for adaptation would ensure coherence, break down siloed negotiations, and create a dedicated space for reviewing trends, identifying gaps, and facilitating progress. This agenda would also integrate the efforts of the Adaptation Committee, the Adaptation Fund, and the Nairobi Work Programme.

### ***On the UAE-Belém Work Programme***

Adopted at COP28, the UAE Framework includes a two-year UAE-Belém Work Programme focused on developing indicators for adaptation. The first workshop highlighted the necessity of agreeing on the modalities before establishing indicators. At SB60, parties should establish a clear roadmap for the next two years, detailing the criteria for indicator development to ensure progress in adaptation efforts. CAN notes that Decision 7/CMA.3 Paragraph 14 emphasises locally-led and community-based climate adaptation and urges recognition of the centrality of these initiatives in achieving the Global Goal on Adaptation<sup>5</sup>. Please read more about CAN's view on the work programme through its submission.

Developing indicators to measure effectiveness of locally-led adaptation (LLA) strategies and activities should assess community engagement – especially of women and girls, access to climate information, inclusion of Indigenous knowledge, and governance structures. Additionally, LLA should intersect with Action on Climate Empowerment (ACE) to enhance community resilience through climate literacy and active participation and ensure active involvement of vulnerable communities (including Indigenous Peoples, women, children, youth, older people, people with disabilities, and all groups in vulnerable situations) in adaptation processes.

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<sup>5</sup> Read more about CAN's view on the work programme through its submission- [https://climatenetwork.org/wp-content/uploads/2024/04/CAN-Submission\\_UAE-Belém-Work-Programme-on-Indicators\\_April-2024.pdf](https://climatenetwork.org/wp-content/uploads/2024/04/CAN-Submission_UAE-Belém-Work-Programme-on-Indicators_April-2024.pdf)

## ***On National Adaptation Plans (NAPs)***

The COP28 GST outcome calls for countries to deliver NAPs by 2025 and implement them by 2030. However, the discussion on NAPs at COP28 was inconclusive, primarily due to disagreements on finance provision. At SB60, parties must revisit this agenda, focusing on assessing progress, identifying gaps, and mobilising support. Key demands include:

- Accelerating access to new and additional grant-based finance for developing countries on the basis of equity and CBDR-RC to meet the targets of country-driven, gender-responsive, participatory, and transparent NAPs.
- Evaluating how current NAPs align with the eleven targets under the GGA Framework and fast-tracking the update of technical guidelines in accordance with the provisions of decision 2/CMA5 para 47.
- Establishing a system to track financial resources from developed to developing countries, assessing the adequacy and effectiveness of support for NAPs, including developing specific indicators that can assess the adequacy and effectiveness of financial support provided.

## ***On Adaptation Finance***

Adaptation finance is crucial but currently vastly insufficient. Despite frontline communities bearing the brunt of climate impacts, only a small fraction of international climate finance reaches local levels, thereby limiting the effectiveness of adaptation efforts. Decision-making often excludes local expertise, hindering real adaptation. Therefore, LLA should be the primary approach for directing climate finance and technical support. The UNFCCC should urgently review funding mechanisms and processes to exponentially expand LLA globally and ensure that the New Collective Quantified Goal (NCQG) provides an enabling environment for this expansion.

Lastly, the scale of adaptation finance is vital. Given the ever-increasing need for adaptation, the current goal of doubling adaptation finance by 2025 is woefully insufficient. SB60 should recognise the necessity of significantly increasing adaptation finance beyond this target and provide a clear roadmap for its delivery.

## **LOSS AND DAMAGE**

### **On the Glasgow Dialogue**

COP28 opened with the strong intent of operationalizing the Loss and Damage Fund (LDF), the setting up of which was agreed the year before. Despite a volley of financial pledges, the rules of engagement agreed at COP28 stopped well short of full operationalization. Mounting evidence of the underestimation of losses from climate impacts underscores the urgency of full operationalization, which is not only a matter of climate justice and human rights but also a matter of life or death for millions of people. Following the delay of the first LDF Board meeting, members need to act swiftly to agree on a set of core decisions to be taken in 2024.

The Glasgow Dialogue will take place on 6th and 7th June, 2024. As time for preparing the necessary decisions for the LDF is so short, the **dialogue should be used to discuss operationalisation of the fund and supporting the work of the LDF Board**. Given the limited possibilities for participation of civil society and Indigenous Peoples during the first LDF Board meeting, the Glasgow Dialogue needs to be used as an opportunity to hear many diverse voices (Parties, Indigenous Peoples, affected groups, civil society, CSOs and scientists) on key issues – one of which is the adequate and sustained capitalization of the LDF.

The LDF Board needs to **prepare both an initial capitalization effort as well as a long-term fundraising and replenishment strategy** for new, additional, predictable and adequate financial resources from various sources of funding but prioritising grant-based public finance. Commitments to the LDF should be guided by the principles of the Convention and the Paris Agreement – including the principles of equity and CBDR-RC. While the initial pledges of USD 661 million made during COP28 are welcome, they are far from meeting the actual needs of countries and communities. Further, as pointed out in the COP28/CMA5 decision meant for commencing the work of the LDF, the funds pledged so far are not equivalent to an initial capitalization.

Researchers estimate the total residual damages for developing countries in a range from USD 290 to 580 billion annually by 2030 - without taking into account non-economic losses and damages. A key objective of the LDF fundraising strategy needs to be mobilising funds in the range of hundreds of billions, ensuring that this is additional and new to existing ODA and climate finance commitments. Another key topic for the Glasgow Dialogue should be on ensuring that the LDF effectively reaches and meets the needs and priorities of worst affected communities and most vulnerable groups, while respecting their rights.

### ***Expectations towards the NCQG process***

The mounting evidence of escalating losses from anthropogenic climate change with costs is the direct result of lack of progress on - and finance for - mitigation and adaptation over the last few decades. The climate finance regime going forward therefore must include these real and escalating costs of climate inaction. There can be no credible NCQG without inclusion of new and additional finance for L&D.

The failure of the \$100bn annual finance goal to deliver a balance between mitigation and adaptation illustrates the vitality of transparency and accountability. In order to ensure that adequate finance reaches the most vulnerable countries and communities, **it is imperative that L&D finance is not only included in the NCQG but with a clear sub-goal articulated on the basis of grants**. This would serve multiple purposes:

- To establish a formal relationship between the Loss and Damage Fund and the UNFCCC's global climate finance goals which will support the Fund's capitalisation, replenishment and disbursement.
- To facilitate the setting of a needs-based, measurable, minimum financing amount designated for the Loss and Damage Fund.

- To articulate proper obligations of developed countries to provide finance to address loss and damage on which they can be held to account.<sup>6</sup>
- To institute fair and just mechanism(s) of finance mobilisation for the LDF based on the 'polluter pays' principle applicable primarily to high emitting sectors in developed countries, including but not limited to the fossil fuel industry.

## GLOBAL STOCKTAKE (GST)

Thanks to the first Global Stocktake (GST) under the Paris Agreement, COP28 was an opportunity to set in motion a much-needed course correction to address the climate crisis. Although an unprecedented signal was sent on transitioning away from fossil fuels, and a number of demands by civil society were taken into account, the GST decision text remained weak on crucial aspects of climate finance, adaptation and loss and damage. Outcomes are now to be implemented in the next iteration of national contributions (NDCs), which are to be submitted to the UNFCCC by 2025.

The GST, however, is not over yet. Parties agreed in Dubai to ensure follow up on ambition through several processes: the road map to Mission 1.5 to enhance action and implementation during this critical decade; the GST Dialogue to share knowledge and good practices on how the GST outcomes are informing the next NDCs; and the UAE Dialogue on implementing the GST Outcomes planned in 2028.

At the SB60 in Bonn, the first Annual GST Dialogue offers an opportunity to share experiences and build capacity on measures that Parties will have to refer to in their next NDCs, such as the transitioning from fossil fuels to renewable energy and improving energy efficiency. Given its far-reaching scope, the **Dialogue must be conducted in an inclusive manner allowing observers to participate with the same possibilities as Parties**, including virtual and live-streaming possibilities.

The GST process, especially the technical phase, is presenting several ideas and formats which must be organised around all pillars of the Paris Agreement, and not just mitigation. The dialogue must be **focused on implementation through a possible identification of tools and methodologies to use in Parties' nationally determined quantifications of their contributions to the global effort to limit warming to 1.5°C** based on equity and CBDR-RC. The dialogue must also include an **open and structured session dedicated to challenges countries face in ending the expansion of fossil fuels**. Lastly, it must enable the exploration of all non-Mitigation elements, including potential percentages of countries' equitable contributions to an agreed NCQG, which is essential to prepare the outcome for the COP29.

2024 is a crucial year to lay the foundation for new and enhanced NDCs through delivering on finance as a key enabling condition for countries to increase ambition and action in line with 1.5 degrees Celsius (°C). It is critical therefore that the GST Annual Dialogue discusses and provides **guidance on how NDCs should respond to the GST outcomes, specially from a**

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[https://assets-global.website-files.com/605869242b205050a0579e87/6516dad8d873f1a2c304309c\\_L%26DC\\_NCQG\\_LOSS\\_AND\\_DAMAGE\\_2023.pdf](https://assets-global.website-files.com/605869242b205050a0579e87/6516dad8d873f1a2c304309c_L%26DC_NCQG_LOSS_AND_DAMAGE_2023.pdf)

**sectoral perspective** (1/CMA.5, arts 20-36) and with respect to the global transition away from fossil fuels.

We also call on parties to make full use of the knowledge-sharing *Workshop on Enhancing capacities for NDC Preparation and Implementation* to exchange experiences and lessons learned on how to overcome challenges. CAN has produced [guidelines](#) for the next NDCs and invites Parties and the UNFCCC secretariat to consult them.

### ***On Just and Equitable Energy Transition***

The COP28 GST outcome identified the critical need and founded the commitment by states to phase out fossil fuels towards a sustainable and low-carbon future. Following this milestone achievement, the focus in the year 2024 to 2030 is the implementation of this commitment to stay within the 1.5°C limit. **Implementation can only be achieved through a holistic approach that takes into account the historical contributions to the climate crisis, the starting positions and critical requirements** of states to enable a just and equitable energy transition.

In the transition away from fossil fuels, and in the multiple sectoral and structural changes needed to deliver the Paris Agreement, workers, Indigenous Peoples and socio-economically vulnerable communities cannot be left behind. We need to ensure that rights, inclusion, social justice, equity and health of people and the planet are at the heart of the transition.

## MITIGATION

### ***On the Sharm el-Sheikh Mitigation Ambition and Implementation Work Programme (MWP)***

One of the key features of the MWP is its complementarity to the Global Stocktake (GST). The process for the first GST cycle concluded at COP28 with the issuance of high-level outcomes. The MWP must now be a vehicle for the technical conversations that will lead to climate action and decisions. Therefore, the technical discussions in the global dialogues and investment-focused events should focus on how to make the GST outcomes on mitigation actionable. CAN strongly believes this work programme is vital in securing mitigation action pre-2030. We would like to see it delivering on its mandate through sector-specific funded partnerships and projects aimed at implementing the GST outcomes.

This year, the topic of the work programme will be *Cities: Buildings and Urban Systems*. CAN expects the Dialogue to cover a meaningful set of solutions and agreement among parties on key elements of mitigation action for resilient and 1.5°C compatible cities<sup>7</sup>.

CAN also highlights that, at SB60, the subsidiary bodies have to start considering the progress of the MWP – what the work program has delivered so far, and opportunities and barriers that have been identified. **It's key that such progress assessment focuses on the substance of**

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<sup>7</sup> CAN Submission

<https://climatenetwork.org/resource/submission-on-opportunities-best-practicesactionable-solutions-challenges-and-barriers-relevantto-the-mitigation-work-programme-dialogue-on-citiesbuildings-and-urban-systems/>

**the discussions** for the MWP to be able to deliver on its mandate “to urgently scale up mitigation ambition and implementation **in this critical decade** in a manner that **complements the global stocktake**”

## AGRICULTURE

Born one and half years ago, the Sharm El-Sheikh joint work on implementation of action on agriculture and food security has remained practically idle. This stalemate is eroding the credibility of the negotiations on agriculture, as the toll of the compounded crises of food insecurity and growing climate impacts continues to affect an increasing number of people.

At SB60, Parties must show willingness to keep the interests of the most affected constituencies at heart and make substantial progress. Parties urgently need to settle on a clear roadmap for climate action on agriculture. To deliver results and be useful to climate action, workshops topics must focus on rights-based solutions for agriculture and food systems transformation, avoid dangerous distractions and false solutions, and guide all efforts towards holistic and agroecological approaches to agriculture and food systems. Discussions on agriculture in the UNFCCC cannot take place in a vacuum, and must recognize the reference texts and commitments made by States in the UN system: UNDROP, UNDRIP and the guidelines of the Committee on World Food Security (CFS).

A worrying development is the increasingly siloed nature of negotiations, in which decisive deliberations are carried out behind closed doors. Observers have always been active participants in the agriculture talks in the past, and we urge the continuation of CSO participation in an open and proactive manner.

## ECOSYSTEMS

The critical role of biodiversity in climate action was emphasised in the first Global Stocktake<sup>8</sup>. To enhance synergies and minimise trade-offs in addressing climate change and biodiversity loss, CAN calls upon Parties to:

- Ensure their NDCs set out ambitious mitigation actions, aligned and synergetic with the goals of the CBD’s Kunming-Montreal Global Biodiversity Framework (KMGBF) and its national biodiversity strategies and action plans (NBSAPs). These national plans must also enhance transparency and reporting on halting and reversing deforestation and forest degradation.
- Endorse the COP28 Joint Statement on Climate, Nature and People which demonstrates political momentum to enhance collaboration between Rio Conventions.

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<sup>8</sup> Paragraph 33, 1/CMA.5: “Further emphasizes the importance of conserving, protecting and restoring nature and ecosystems towards achieving the Paris Agreement temperature goal, including through enhanced efforts towards halting and reversing deforestation and forest degradation by 2030, and other terrestrial and marine ecosystems acting as sinks and reservoirs of greenhouse gases and by conserving biodiversity, while ensuring social and environmental safeguards, in line with the Kunming-Montreal Global Biodiversity Framework”.

- Commit to working within the UNFCCC to materialise those synergies, including through supporting a work programme to fully operationalize Article 5 of the Paris Agreement. Such efforts should focus on protecting the integrity of ecosystems as critical carbon reservoirs (including primary and other natural forests) recognizing the importance of biodiversity for climate mitigation and adaptation. This must also address problematic forest definitions and carbon accounting rules that encourage forest conversion and loss and enable countries to hide or misrepresent land and forest emissions.
- Promote a rights-based approach that strengthens Indigenous Peoples and local communities' roles in climate and biodiversity action.

### ***On ecosystems and the Global Goal on Adaptation (GGA)***

For ecosystems to support adaptation and to reduce climate impacts on biodiversity, the Belem-UAE Joint Work Programme should set a clear course of action for the mobilisation of the GGA, with ambitious and effective steps for the protection, conservation, and restoration of nature. To streamline this work and avoid duplication, it is central that the GGA indicator suite be aligned with other global agendas such as the KMGBF, the Sendai Framework, Land Degradation Targets and SDG's.

### ***On Ocean and Climate Change Dialogue***

CAN welcomes the constructive approach to date but stresses high precaution around extremely risky and uncertain ocean CDR approaches and deep-sea mining. The Dialogue should now set concrete actions and goals under the UNFCCC, including a roadmap to 2030 and guiding sessions to ensure robust and sustainable outcomes.

## **ARTICLE 6: CARBON MARKET AND NON-MARKET MECHANISMS**

CAN has a long-standing position rejecting the practice of offsetting to tackle the climate crisis.<sup>9</sup> For CAN, carbon credits authorised under Article 6.2 and Article 6.4 do not represent climate finance and in no way replace the climate finance commitments of developed countries. Recognising that there was no decision on Article 6.2 or 6.4 at CMA5, SB60 represents an opportunity to “reset” negotiations in a way that re-prioritises social and environmental safeguards, which must underpin market mechanisms. Further operationalisation of Article 6 must deliver the highest standards for upholding human rights and the rights of Indigenous Peoples, designing safeguards, securing environmental integrity, and fully guaranteeing transparency.

### ***For Article 6.2, Parties should:***

- Provide full, clear and specific information regarding each cooperative approach, including all options in paragraph 10(a-q) of the latest draft 6.2 text from CMA 5<sup>10</sup>.
- Deliver proper sequencing for reviewing cooperative approaches before Internationally Transferred Mitigation Outcomes (ITMOs) are permitted to be transferred.

<sup>9</sup> CAN (2022), CAN Position on Carbon Offsetting, [https://climatenetwork.org/wp-content/uploads/2022/11/CAN-Positon\\_Carbon-offsetting\\_Nov-2022.pdf](https://climatenetwork.org/wp-content/uploads/2022/11/CAN-Positon_Carbon-offsetting_Nov-2022.pdf)

<sup>10</sup> [https://unfccc.int/sites/default/files/resource/DT.DD\\_.CMA5\\_.i14a.2.pdf](https://unfccc.int/sites/default/files/resource/DT.DD_.CMA5_.i14a.2.pdf)

- Agree to clear and meaningful measures to identify, notify and correct inconsistencies, including cases where Parties are non-responsive to the technical expert review team's recommendations or repeatedly fail to address inconsistencies. These measures, especially in the event of a Party's repeated reporting inconsistencies on human rights-related aspects in line with Decision 2/CMA.3<sup>11</sup>, should include freezing the Party's existing ITMOs or halting any future issuance of ITMOs to the Party (including from other cooperative approaches, depending on the severity of the inconsistency or non-responsiveness), or cancelling and replacing ITMOs.
- Ensure that the flexibility for the different definitions of "first transfer" and for the timing of "authorisation" for ITMOs and Article 6.4 credits does not lead to double counting or obstruct consistency in reporting.
- Ensure that all ITMOs, including any that problematically may emanate from the Warsaw Framework for REDD+ (the Warsaw Framework is *not* a market mechanism and *does not* generate ITMOs), are fully reviewed without exception
- Provide a mandate for SBSTA, at CMA6, to establish an independent grievance redressal mechanism under Article 6.2 for Indigenous Peoples as well as other stakeholders that might be impacted by activities

***For Article 6.4, Parties should:***

- Formulate options to exclude emission avoidance activities from being eligible for crediting
- Ensure that only authorised ERs can be transferred to the international registry or related Article 6.2 infrastructure
- Ensure consistency with Article 6.2 decisions regarding the need for: i) full information in the authorisation statement, as proposed above and ii) no revisions or revocations to authorisation for any ER that has already been transferred or used

***For Article 6.8, Parties should:***

- Prioritise the identification of focus areas that are likely to lead to Party-driven facilitation and matching of support to develop non-market approaches, while ensuring that Article 6.8 does not become a space for market-readiness tests cases or pilot projects for later integration in carbon or biodiversity offset and compensation schemes
- Parties should engage in practical dialogue to identify the sectors and projects with high potential to reduce greenhouse gas emissions, and for each relevant respective project type, set out transparency expectations of Parties considering support, along with the capacity building needs of developing countries.
- Consider the development of Article 6.8 as a space to develop needed non-market instruments to mobilise private finance through taxes and levies that make polluters pay for emissions and damages of their business concepts as an alternative to the further development of compensation schemes that risk delaying emission reductions now.

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<sup>11</sup> Decision 2/CMA.3, Annex, paragraphs: 18.i.i, 18.i.ii, 22.f, 22.g

## CIVIC SPACE IN CLIMATE NEGOTIATIONS

All over the world, a shrinking civic space is infringing on peoples' rights of freedom of speech and peaceful assembly. Environmental human rights defenders - often calling for climate action - are among those most targeted, and also pro-Palestinian demonstrations have been restrained, repressed, and banned in countries around the world. Moreover, once again, the COP will be held in a country with severe restrictions on civic space. CIVICUS classifies<sup>12</sup> Azerbaijan as having "closed" civic space, the worst category. This poses a serious challenge for respecting the civil society's rights of participation and expression during COP29. At the same time, UNFCCC rules have proved to be a significant limitation to civic space, in particular at COP28<sup>13</sup>, at the climate conference which further makes it difficult to guarantee effective participation.

At the 2023 Bonn Climate Change Conference (SB58), the Arrangements for Intergovernmental Meetings (AIM) conclusions confirmed that Host Country Agreements (HCA) should reflect obligations under international human rights law and enable inclusive and effective participation of Parties and observer organisations to ensure that human rights and fundamental freedoms are promoted and protected at UNFCCC meetings. Additionally, the conclusions called for HCAs to be made publicly available. Yet attempts to obtain the HCA for COP28 by CAN members have proved fruitless.

Additionally, observers are facing increasing difficulties to enter negotiation rooms at COPs, and UNFCCC budgetary restrictions are now hampering civil society participation in SB60 through the decision not to provide a platform for virtual participation and the reduction in the number of side events, which will also not be routinely live-streamed.

Considering the shrinking civic space at UNFCCC events and its implications on human rights and the right of expression, CAN recommends:

- The UNFCCC and German authorities should assure that visas for SB60 participants will be provided in a timely manner and that freedom of expression and of peaceful protest for participants, including those wishing to express peaceful views on the war in Palestine, will be protected at SB60, and in future UNFCCC meetings.
- Parties should ensure that the AIM conclusions of SB60 strengthen civic space in climate negotiations and ensure that all current and future host countries of UNFCCC meetings uphold human rights by:
  - Insisting that human rights guarantees are included in all HCAs, including for COP29, and mandating the UNFCCC Secretariat to rapidly publish all HCAs after they have been signed, and to provide clear and easily accessible information on its website as to how to obtain copies.
  - Urging the Azerbaijani Presidency of COP29 to guarantee civic space before, during and after COP29, to end its crackdown on civil society and journalists and to release all those arbitrarily detained.

<sup>12</sup> <https://monitor.civicus.org/country/azerbaijan/>

<sup>13</sup> <https://www.context.news/climate-justice/climate-activists-say-un-restrictions-curbing-protest-at-cop28>

- Urging the UNFCCC Secretariat to respect all participants' rights to freedom of expression and assembly in the Blue Zone, and facilitate the organisation of advocacy actions.
- Urging host countries of UNFCCC sessions to ensure that access to rooms for observers can be guaranteed, including by ensuring adequate seating.
- Strongly encouraging Parties in a position to do so to fulfil their funding commitments and increase funding to the UNFCCC to ensure that budgetary restrictions in place for SB60 are not replicated at COP29.