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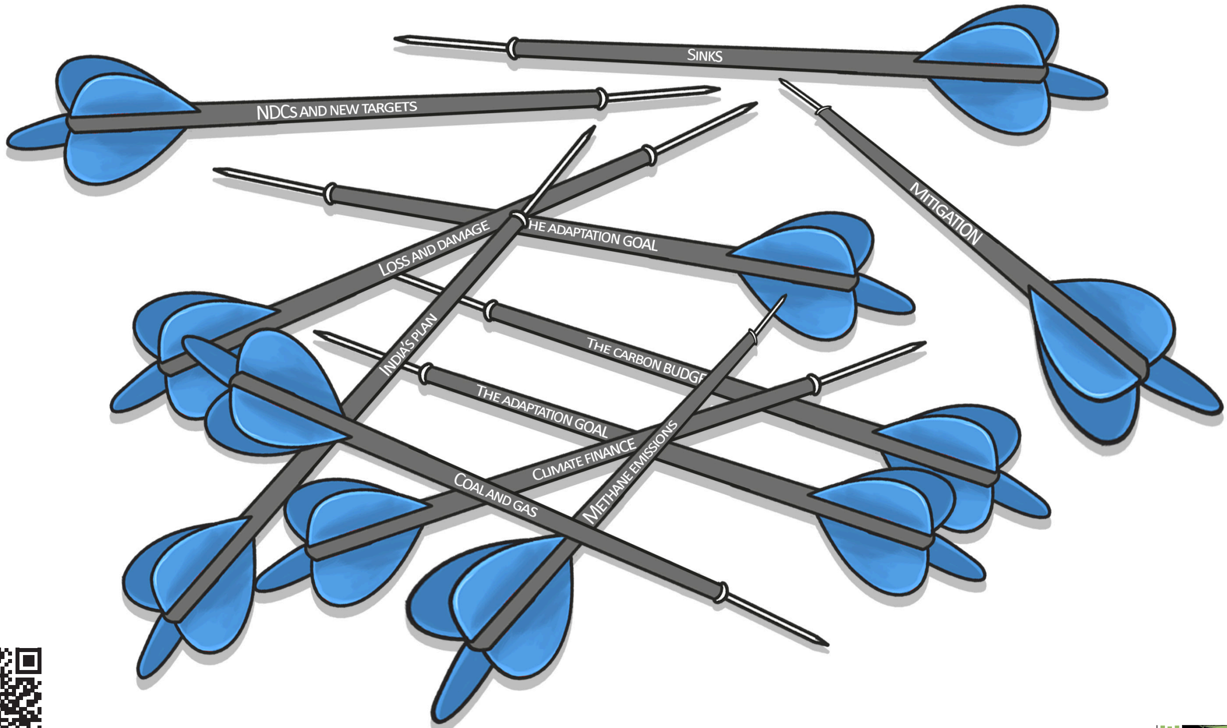
What is on the agenda at COP 27?

COP 27 is being held during a multipronged global crisis, but the imperative for its success is urgent

Climate finance and loss and damage will be key issues to watch out for

The developing world must be united with loud and clear demands to push for what is due to their countries



What's on the Agenda at COP 27?

About 200 countries meet annually at a United Nations climate conference—known as the Conference of Parties (COP). The twenty-seventh such annual climate summit, COP 27, will take place in the Red Sea town of Sharm el-Sheikh in Egypt on November 7–18, 2022.

Many have already relegated COP 27 to being an 'in-between' COP, one in which no major milestones in the Paris Agreement are due to be observed. Set against the backdrop of devastating extreme weather events such as heatwaves and floods, the Russian war and a "generational" energy emergency, the summit faces the risk of being overshadowed by other elements of the current global polycrisis.

According to the Egyptian COP Presidency, this will be an "implementation COP", to put into action the Paris Agreement, since the Paris Rulebook was finalized at COP 26 in Glasgow last year (see *Box: Paris Rulebook*).[1] Being the first COP to be held in a developing country since COP 22 in Marrakech in 2016, there is hope that the issues key for the developing world such as adaptation, climate finance, and loss and damage will be centred.

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However, what is important to note is that now that the Paris Rulebook has been finalized, the underlying framework of the global agreement has been shifted. The 1992 Framework Convention on Climate Change (UNFCCC) was based on the principle of common but differentiated responsibilities so that there were two groups of countries—historical and current polluters, and the rest of the world. This meant that countries that were in the first group—contributors to the bulk of emissions in the atmosphere—had to take steps to combat climate change first. They had to drastically reduce emissions while the rest of the world had the right to development, but as this development would need to be climate-friendly, the United Nations Framework Convention on Climate Change (UNFCCC) provided for technology and funding to be made available from historical polluters to countries in the second group.

Paris Rulebook

At COP 24 in Katowice, the Paris Rulebook was adopted to develop the "rules, modalities and procedures" to flesh out the general provisions of the Paris Agreement. The rules agreed on how to report national targets or NDCs, how to report performance on those targets and how to report on finance promised and delivered.

Unfortunately, COP 24 rules on NDCs are much more detailed than the rules on finance. This is disappointing for developing countries that are now required to meet high standards of accountability for their national emissions but have few ways to hold developed countries accountable for finance that is supposed to be transferred.

The Rulebook also specifies how to go about the Global Stocktake (GST), a review of countries' performance every five years, starting in 2023. The Paris Agreement does not have a strong enforcement mechanism. The Rulebook limits the mechanism to evaluating performance against NDCs, while enforcing silence on whether the NDCs themselves are equitable, differentiated and ambitious. This makes it difficult to hold developed countries accountable for their historical responsibility for climate change.

Following years of disagreement since Katowice, rules on carbon markets were finalised at COP 26 in Glasgow. A key stumbling block was on the carryover of credits created by the Clean Development Mechanism under the Kyoto Protocol. Four billion of these credits are still available, representing 4 gigatonne of carbon dioxide equivalent. These are low-quality credits, created on the basis of underdeveloped accounting methods.

These Kyoto-era credits would destroy any new market, but many countries wanted to see them "transitioned" into the markets under the Paris Agreement. The world was divided on this. On the one hand, already industrialised countries wanted the buy the cheap credits to wipe out their national targets, and large developing countries like Brazil and India were eager to sell them to raise finance. On the other hand, there was the fear that these credits would not lead to real emission reductions. At COP 26 it was decided that 320 million Kyoto credits registered since 2013, each representing a tonne of CO_2, will be transferred to the Paris Agreement. The final deal at COP 26 also agreed that a share of proceeds from each trade will go to developing countries for adaptation. Article 6.4 of the Paris Agreement sets out that proceeds of the sale of carbon credits in the newly established market would also be used for adaptation in vulnerable countries.

But the 2015 Paris Agreement in 2015 rewrote this compact substantially; it erased the very idea of historical polluters and made it clear that “all countries” take action to combat climate change. Under the Paris Agreement all countries are required to submit their nationally determined contributions (NDCs) and to enhance their levels of ambition as a global response to climate change. It does say that the agreement will be guided by the principle of equity and common but differentiated responsibilities and respective capabilities, in the light of different national circumstances, but by effectively removing the distinction between historical polluters and the rest of the world, it has made it difficult for the emerging world to establish the need for action and the requirement of finance that must flow based on the contribution to the emissions in the atmosphere. The Paris Rulebook, now finalized in 2021 at COP 26, signs off on this changed equation.

But the imperative for the summit to have substantial outcomes could not be more urgent. The UN’s mid-year climate conference held this June in Bonn, Germany, set the tone for how the discussions in Egypt might unfold. In Bonn, developing countries voiced concern that talks were skewed towards climate mitigation—an issue favoured by developed countries—rather than a balance between both mitigation and adaptation.[2] There were also disagreements around specific programmes such as the Work Programme for urgently scaling up mitigation ambition, and the Glasgow Dialogue on loss and damage.

What then will be the hot topics at this COP summit? To begin with, there are the negotiations which lie at the core of the intergovernmental process.

At the negotiations

Reducing GHG emissions: Mitigation

The world is not on track to achieve the Paris Agreement’s stated goal of limiting global temperature rise to 1.5 or 2°C. The latest NDC Synthesis report prepared by the UNFCCC finds that despite update to many country pledges

(Nationally Determined Contributions or NDCs), the world is still on track to cross the 1.5°C temperature threshold to about 2.1–2.9°C of warming by 2100.[3] Current levels of ambition in climate pledges are insufficient. Only 24 countries submitted more ambitious NDCs since COP 26.

At COP 26, there was a decision to "establish a work programme to urgently scale up mitigation ambition and implementation in this critical decade" to enhance ambition in NDCs. The Work Programme was discussed in Bonn in June and developing countries raised a number of concerns, such as its distinction from the Global Stocktake and the resistance of developed countries to enshrine the UNFCCC's principle of equity in the new programme. They viewed it as an attempt by developed countries to impose greater mitigation targets on all countries—rich and poor—rather than greater burden on historical emitters, in line with equity. The disagreements could not be resolved, and discussions on the Work Programme will essentially begin from scratch in Egypt.

Adapting to climate impacts: Global Goal on Adaptation

The Global Goal on Adaptation (GGA) was established under the Paris Agreement with major support from the African Group of Negotiators to drive adaptation action. At COP 26, the Glasgow–Sharm el-Sheikh (GlaSS) work programme was established till 2023 to define the GGA and set up robust tracking mechanisms. GlaSS workshops will take place at COP 27 as well, and there is hope that the discussions will advance equitable, locally led adaptation.

Money for mitigation and adaptation: Climate finance

Climate finance is expected to be a major issue at COP 27. At COP 26 in Glasgow, developed countries noted with "deep regret" that the US $100 billion target of climate finance, first determined in 2009, has not been delivered and is expected to be delivered only by 2023. The Organization for Economic Co-operation and Development's (OECD's) latest estimate suggests that US $83.3 billion in climate finance was mobilized in 2020, but this has been contested by independent estimates. Oxfam estimates that the figure is one-third of this—around US $21–24.5 billion.[4]

Discussions will take place on a new goal beyond the US $100 billion, which will come into force from 2025, i.e. the New Collective Quantified Goal (NCQG) discussions. The figure of US $100 billion was not negotiated; it was simply put forth and has always been considered an underestimate since it is not line with actual mitigation and adaptation needs in the developing world. The hope is that the new figure that will be negotiated by 2025 will reflect these needs accurately. The Fourth Technical Expert Dialogue on the NCQG on Climate Finance will be held at COP 27 as well as a high-level ministerial dialogue.

Issues that developing countries are expected to raise are greater ease in accessing climate finance, more finance in the form of grants rather than loans, and a push for more adaptation finance. Whether or not climate finance will be prioritized by developed countries—many of whom have reduced their foreign aid budgets due to the war in Ukraine, inflation and the energy crisis—remains an open question.

Private finance changes course

Separate from the intergovernmental process, a private finance initiative known as the Glasgow Financial Alliance for Net Zero (GFANZ)—announced at COP 26 co-chaired by Mark Carney, a former Bank of England Governor—has run into issues recently. Entities with about US $130 trillion of assets signed on to GFANZ have promised to “align” their investments to net zero by 2050. But many banks are now shying away from this commitment due to high fossil fuel prices. According to Bloomberg, banks earned more than US $1 billion in revenue from fossil lending during the first three quarters, in line with 2021.[5] Another reason for their change of course might be a recent suggestion that binding targets should be applied to them to achieve net zero by 2050.

Money for irreparable climate damages that adaptation cannot prevent: Loss and damage

Will the issue of loss and damage (L&D) make or break COP 27?

It seems that it might, according to many. At COP 26, the G77 and China negotiating bloc—representing 80 per cent of the world's population—had united in their demand for a loss and damage (L&D) finance facility. The demand was pushed back by developed countries such as USA and Switzerland, and watered down to a compromise: to have a "dialogue" on future possible institutional arrangements to address L&D.[6]

The Glasgow Dialogue commenced in Bonn this June and will end in June 2024. The Dialogue produced a landscape of issues on L&D during the discussions but amounted to no more than a talk shop with no concrete outcome. Blocs like the Alliance of Small Island States (AOSIS) and Least Developed Countries (LDCs) pushed to have L&D added to the COP 27 agenda as a formal item for negotiation. This was backed by G77. In September, at a Heads of Delegation meeting, there was consensus that L&D should be a formal agenda item at COP 27.[7] Whether this precipitates or not will be known on the first day of COP 27 in Egypt when the agenda is formally adopted by consensus. Developing countries, especially small island nations, have a clear demand—the establishment of an L&D finance facility. Without this, all signs suggest that they will consider COP 27 a failure. Developed countries have softened to the possibility of further discussions on this issue in the period June–October but are likely to uphold their traditional resistance to language around liability and compensation.

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The report card: Global Stocktake

The 2015 Paris Agreement provided for a five-yearly assessment of progress on climate pledges. Known as the

Global Stocktake (GST), the assessment process is intended to understand how the world is doing on multilateral climate action, which areas need improvement, and where it is possible to ramp up ambition.

The first GST commenced in 2021 and will conclude in 2023. COP 27 falls within the "technical assessment" period of the GST, which commenced this June in Bonn, where the First Technical Dialogue on the GST took place. The second meeting of the Technical Dialogue will take place at COP 27, including roundtables on the issues of mitigation, adaptation, and means of implementation, and a "World Café" format of discussions to capture inputs. The process is driven by countries (Parties) but civil society can participate and contribute as well.

The GST is important to hold countries accountable, but also to establish that the principle of equity and climate justice must prevail in the negotiations.

Beyond the negotiations: Global events framing COP 27

The run-up to COP 27 has seen the effects of the Covid-19 pandemic wreaking havoc on economies, and Russia's war on Ukraine sending energy and food prices into an upward spiral. This was compounded by the fact that a record-breaking extreme weather event occurred in every month of 2022 in the form of heat and cold waves, heavy rainfall, tornadoes, cyclones and floods. The impacts are felt by the poorest countries who are already vulnerable owing to a legacy of injustice and extraction of resources by the Global North. The World Bank estimates that 58 per cent of the world's poorest countries are in debt distress or at high risk of it.[8] This hampers their ability to invest in vital areas such as healthcare and climate adaptation or mitigation. A 2021 report by the Jubilee Debt Campaign shows that lower income countries are spending over five times more on

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external debt payments than projects to protect people from the impacts of climate change.[9] The inequity of the 2015 Paris Agreement is now starker than ever due to its dilution of historical responsibility and climate justice. If negotiated as an equitable global climate agreement, it would have placed the burden of mitigation on the developed world and necessitated the financing of climate-friendly development in poorer countries. Instead, the developing world has seen equal—rather inequitable—expectations of mitigation placed on them at successive COPs, and a failure to deliver an already meagre sum of US $100 billion in climate finance. Tensions between the Global North and South are high as we head towards Sharm el-Sheikh.

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Moreover, COP 27 may be hosted by a developing country on a continent that is facing some of the worst impacts from climate change. But there is still no guarantee that the interests of the Global South will be championed, and that issues such as equity, climate justice, and human rights will be upheld. The hosts have partnered with the Coca-Cola Company as a major event sponsor, despite its status as one of the biggest plastic polluters in the world and particularly in Africa, and a major source of junk food.[10]

At COP 27, the role of natural gas will loom large owing to its contentious status as a fuel that is cleaner than coal in terms of CO_2 content, but one that leaks vast amounts of planet-warming methane. The energy crisis has spotlighted the vulnerability of countries reliant on natural gas, but has not deterred its use, with the US and other gas exporters eager to fill the void that Russian piped gas has left in the EU's energy supply. The EU has also been signing gas deals with various African countries such as Algeria, Angola and Egypt, who are keen to earn the revenue. According to analytics website Energy Monitor, about US $400 billion worth of gas infrastructure is under development across Africa, but most of it is being built for exports rather than addressing domestic energy poverty.[11] This is despite the fact that, according to AP News, an estimated 600 million Africans lack access to electricity.[12] Countries like Egypt are reportedly "regulating air conditioning in shopping malls and lights on streets to save energy and sell it instead." The gas lobby group Gas Exporting Countries Forum (GECF) stated at a meeting in September 2022 in Doha that COP 27 is "the place to advocate for the extended role of natural gas in sustainable development and in the energy transitions."[13]

Despite the air of crisis, there are positive omens that must energize the negotiations rather than let despair set in. The Intergovernmental Panel on Climate Change (IPCC) published its third segment of the Sixth Assessment Report this year, which states with "high confidence" that several solutions to mitigate climate change are "technically viable, are becoming increasingly cost effective and are generally supported by the public." For example, the costs of low emissions technologies have fallen continuously since 2010. On a unit costs basis, solar energy has dropped 85 per cent, wind by 55 per cent, and lithium-ion batteries by 85 per cent.[14] According to International Energy Agency (IEA) analysis in October 2022, "global carbon dioxide (CO_2) emissions from fossil fuel combustion are expected to grow by just under 1 per cent this year, only a small fraction of

their increase last year, as a strong expansion of renewables and electric vehicles prevents a much sharper rise.”[15]
And social movements have laid bare the inadequacies of behemoth institutions such as the International Monetary Fund (IMF) and World Bank that have the power to finance a global green transition or delay it, leading to calls for concessional funding for climate action and less funding for fossil fuels.

There is plenty to fuel the narrative that COP 27 cannot achieve much in terms of ambitious multilateral climate action, and that the world has bigger problems to deal with. This narrative can be easily taken apart, and so it must be. The developing world must be united and clear and loud with its demands, particularly for financing. It is clear that there is a huge opportunity to transform the global economic and energy systems, and that these can be low-carbon. The political fight to accelerate this transition must progress at full steam in Egypt.

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