



# 2022

---

## December

### COP27: Taking Stock



### Sustainability Industry Report

The Al-Attayah Foundation



The Al-Attiyah Foundation is proudly supported by:



Negotiations at COP27 revolved around the remaining prospects of avoiding a global temperature increase of 1.5°C; the provision of climate finance to assist developing countries to mitigate and adapt; and the establishment of new funding to compensate vulnerable countries for loss and damage. Carbon markets also saw action, with decisions on Internationally Transferred Mitigation Outcomes (ITMOs) and the establishment of a new carbon credit: a Mitigation Contribution Emission Reduction (MCER).

What will be the overall impacts of these COP27 outcomes? What further key agenda items have emerged, and what work remains in the run-up to COP28?

## SUSTAINABILITY REPORT

This research paper is part of a 12-month series published by the Al-Attiyah Foundation every year. Each in-depth research paper focuses on a current sustainability topic that is of interest to the Foundation's members and partners. The 12 technical papers are distributed to members, partners, and universities, as well as made available on the Foundation's website.





- Expectations around COP27, held in Sharm El-Sheikh, Egypt on 6-20 November, were not as high as in 2021, mainly due to momentum on climate action being impacted by geopolitical tensions, and to few major specific items of deadlock or decision on the agenda.
- Issues addressed at COP27 were expected to have an African-Middle Eastern pivot, including adaptation, finance, loss and damage, and food resilience.
- Updates to countries' Nationally Determined Contributions (NDCs) were disappointingly low during COP27, with only five countries submitting official updates, due to a dimmer focus on climate action in 2022 and geopolitical upheavals impacting energy systems.
- The impact of recent geopolitical events is seen in the "fossil fuel flow" in COP27 negotiations. Gas companies billed themselves as "climate leaders" in the fight against global warming and as "enablers of the transition and energy security".
- The most publicised outcome from COP27 was the decision to establish and operationalise a loss and damage fund for nations most vulnerable to the climate crisis. However, no decisions have been made on who shall pay into the fund, where the money will come from, and which countries will benefit.
- The nod to "low emissions" energy in the Sharm el-Sheikh text is being regarded as a position that allows oil- and gas-friendly emissions reduction technologies like CCUS to gain importance in the fight against climate change<sup>i</sup>.





The "Conference of the Parties" (COP) are annual events (apart from 2020, delayed by the COVID-19 pandemic) that bring together the 197 signatories to the United Nations Framework Convention on Climate Change (UNFCCC) to negotiate global goals for tackling climate change.

COP26, held in Glasgow, Scotland in November 2021, was generally felt to have been a success with some significant outcomes achieved, such as agreeing to stronger 2030 emissions reduction targets, collective commitments to curb methane emissions, reversing forest loss, accelerating the phase-down of coal, and ending international financing for fossil fuels<sup>ii</sup>.

Yet it was criticised for:

- Not substantially advancing climate mitigation and adaptation efforts.
- Falling short of establishing new funding for loss and damage<sup>iii</sup>;
- Delivering only partial decisions on Article 6 of the Paris Agreement on carbon markets.
- Certain mostly cosmetic outcomes, such as weakening pledges to "phase out" fossil fuels (especially coal) to "phase down", and side-lining demands for the outcomes document to be called the "Glasgow Climate Emergency Agreement", with the COP26 Presidency naming it the "Glasgow Climate Agreement" instead<sup>iv</sup>.

COP27 therefore had to not only address areas where COP26 fell short, but also wider expectations around other related issues, including:

- Climate finance, including clean energy finance, to developing countries.
- Voluntary carbon markets and voluntary biodiversity credits<sup>v</sup>.

- Regulation of the registration of nationally determined contributions (NDCs)<sup>vi</sup>.
- Progress towards what climate adaptation actually means in practice<sup>vii</sup>.

Despite positive attention as "Africa's COP"<sup>viii</sup>, expectations around the conference's outcomes were not as high as in 2021, mainly due to momentum on climate action being impacted by geopolitical tensions. These included:

- The Ukraine-Russia war, and consequent high energy prices that refocused the attention of many countries onto energy security and hydrocarbons rather than the energy transition.
- A widening divide between China and the US due to opposing positions on Russia, and US diplomacy in Taiwan.
- A significant redistribution of wealth among countries, impacting the ability of many to afford investment into climate action plans, let alone provide support for others.



Still, some notable developments took place in the run-up to COP27, focussing mostly on the current status of progress towards the 1.5°C warming limit –with the European Commission's lead on the European Green

Deal and the European Climate Law, Frans Timmermans, saying the target was not dead but on "life support"<sup>ix</sup> – and the urgent action and mobilisation of finance required to avoid catastrophic climate change.

Table 1 Key developments in the run-up to COP27

Date	Stakeholder	Type	Development	Key Takeaways for COP27
February 2022	IPCC	Report	Analysis on <i>Impacts, Adaptation, and Vulnerability</i> <sup>x</sup>	<ul style="list-style-type: none"> <li>Climate change impacts are becoming increasingly complex to manage.</li> <li>The effectiveness of available adaptation options decreases with every increment of warming.</li> <li>Successful adaptation requires urgent, more ambitious, and accelerated action and rapid and deep cuts in emissions.</li> </ul>
March 2022	IPCC	Report	Review on <i>Mitigation of Climate Change</i> <sup>xi</sup>	<ul style="list-style-type: none"> <li>Global GHG emissions in 2030 associated with the implementation of NDCs announced prior to COP26 will make warming exceed 1.5°C.</li> <li>Limiting warming to below 2°C will rely on a rapid acceleration of mitigation efforts after 2030.</li> </ul>
May 2022	African Development Bank	Report	African Economic Outlook <sup>xii</sup>	<ul style="list-style-type: none"> <li>Themed on <i>Supporting Climate Resilience and a Just Energy Transition in Africa</i></li> <li>Provides evidence-based policy options for driving inclusive growth and sustainable development by focussing on "climate resilience".</li> </ul>
June 2022	UNFCCC	Meeting	Bonn Climate Change Conference <sup>xiii</sup>	<ul style="list-style-type: none"> <li>Emphasis on short-term energy security "at any cost".</li> <li>Massive progress required on issues where outcomes are difficult to communicate (such as adaptation) or politically unfeasible (primarily finance).</li> </ul>
June 2022	UNFCCC	Meeting	Climate Vulnerable Forum (CVF) <sup>xiv</sup>	<ul style="list-style-type: none"> <li>Analysis of impacts of climate change and consequent reductions in GDP of CVF member countries by at least 20% in the last decade, and as much as 50% for a few specific countries.</li> <li>Announced own Loss and Damage fund to help the most impacted communities in their own countries.</li> </ul>
July 2022	African Union	Pledge	African Common Position on Energy Access and Just Transition <sup>xv</sup>	<ul style="list-style-type: none"> <li>Charts Africa's short, medium, and long-term energy development pathways to accelerate universal energy access and transition.</li> <li>Urges mobilisation of adequate financing, accelerating regional integration, harmonisation of policies and regulatory frameworks, and technology transfer and capacity building.</li> </ul>
October 2022	UNEP	Report	Emissions Gap Report 2022: <i>The Closing Window</i> <sup>xvi</sup>	<ul style="list-style-type: none"> <li>Policies currently in place point to a 2.8°C temperature rise by the end of the century.</li> <li>Updated NDCs since COP26 make a negligible difference to predicted 2030 emissions.</li> <li>Only urgent, system-wide transformation can deliver 45% cut in GHG emissions by 2030 to achieve 1.5°C of warming, or 30% to achieve 2°C of warming.</li> </ul>





Some developments renewed the push for supporting mitigation and adaptation activities in Africa and called for higher accountability from Annex I countries, asking them to “put their hands in their pockets and offer any money for Loss and Damage”<sup>xvii</sup>. African countries, many of them on the UN least developed countries list, looked to the Egyptian Presidency to prioritise negotiations around these.

Other climate-vulnerable countries of the world, some which had faced catastrophic climatic disasters in 2022 (such as Pakistan, India, and Bangladesh with flooding, parts of China and Tuvalu with drought) further reiterated the need for this COP to focus squarely on “being ready to manage the effects of climate change”, institutionally and financially.

Egypt, therefore, largely outlined the thematic priorities of the conference around these developments. It positioned the conference as a “COP of Implementation”, that would “demonstrate actual success stories on implementing commitments and fulfilling pledges”<sup>xviii</sup>.



Although COP27 was billed as an “African COP,” it was not the first COP to be held in Africa, nor the first in an Arab country. COP7 was held in Morocco, COP12 in Kenya, COP17 in South Africa, COP18 in Qatar, COP22 in Morocco again<sup>xix</sup>, and of course, the upcoming COP28 will be held in the UAE.

It seems likely that Bulgaria or Czechia will host COP29 in 2024, Brazil COP30, and Australia COP31, moving the focus away from the Middle East and Africa after 2023. This likely helped further underscore the importance of making progress on issues relevant to Africa at the outgoing COP.

However, it could also be seen as a Middle East COP, and one representing the interests of oil- and gas-exporters. Egypt is a moderately significant oil producer itself, but a net importer (the UK, who hosted COP26 has the same position), and a net exporter of gas. It is strongly supported geopolitically by Saudi Arabia and the UAE who also have stakes in its oil and gas operations.

As the UAE hosts COP28, the back-to-back Middle East-located conferences provide an opportunity for a focus on climate policies that take account of the interest of fossil-fuel exporters, as well as of Middle East countries in general, which are typically food importers, and exposed to drought, desertification, and high temperatures. The same could be said for Australia if it were to host a near-term COP as an important gas and coal exporter that faces problems with water shortages and heat waves, although in other ways its situation is very different.

Major issues addressed at COP27, therefore, were expected to have an African-Middle Eastern pivot.

According to the current Chair of the African Group of Negotiators (AGN) on climate change, Ephraim Mwepya Shitima, and the African Group Position following the decisions of the Committee of African Heads of State and Government on Climate Change (CAHOSCC), the continent sought specific action on adaptation, finance, loss and damage, and food resilience (Table 2).

Other negotiations that had less of an “African” focus still represented important outcomes for the continent. These included, mainly:

- o Forests and nature-based solutions
- o Sustainable consumption and consumption-based accounting



Table 2 What demands did the African continent have from COP27?

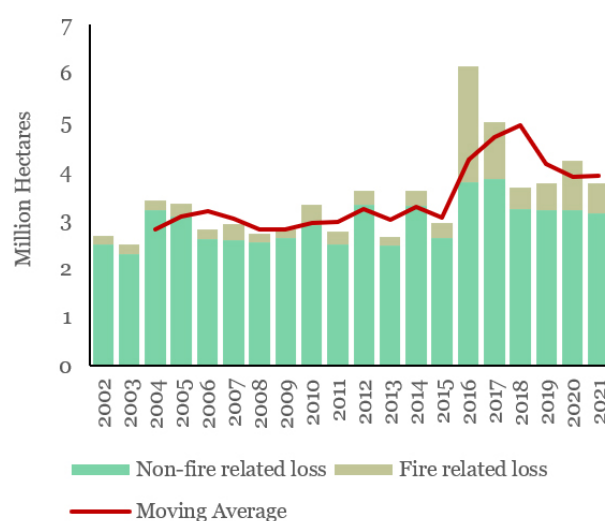
Topic / Issue	What is it?	Action Sought	Did COP27 Address it?
<b>Global Goal on Adaptation (GGA)</b>	<ul style="list-style-type: none"> <li>Established under Article 7.1 of the Paris Agreement with the aim of driving collective action on climate adaptation.</li> <li>The Glasgow-Sharm el-Sheikh work programme (GlaSS) under Decision 3/CMA.7 to advance the GGA was meant to translate the goal into concrete action that raised the visibility of adaptation on par with mitigation.</li> </ul>	<ul style="list-style-type: none"> <li>Shift the discourse around the GGA from “guidance” to “implementation”.</li> <li>Have adaptation financing match the annual cost of adaptation in developing countries highlighted by latest IPCC findings (i.e., US\$ 140-300 B annually by 2030).</li> </ul>	<ul style="list-style-type: none"> <li><b>Not really.</b> COP27 decided on the <i>establishment of a framework</i> for achieving the GGA through the remaining GlaSS workshops in 2023<sup>xxi</sup>.</li> <li>The framework will be considered and adopted at COP28 and will feed into the global stock-taking process that ends in 2023.</li> </ul>
<b>2020 Climate Finance Pledge</b>	<ul style="list-style-type: none"> <li>In 2009, developed countries agreed to jointly mobilise US\$ 100 B per year by 2020 to support developing countries in taking climate action.</li> <li>This was reaffirmed in the Paris Agreement, where the Parties agreed to extend the US\$ 100 B goal through to 2025.</li> </ul>	<ul style="list-style-type: none"> <li>Concrete “delivery” of the goal that has not yet been met by developed countries to developing countries.</li> </ul>	<ul style="list-style-type: none"> <li><b>Not really.</b> COP27 President Sameh Shoukry said that the goal “is not the core of the process” and that the figure is more of a gesture from developed countries<sup>xxii</sup>.</li> <li>This puts the US\$ 100 B goal in somewhat of a limbo and at the discretion of developed countries.</li> </ul>
<b>Funding for Loss &amp; Damage</b>	<ul style="list-style-type: none"> <li>Financial assistance to nations most vulnerable and impacted by the effects of climate change, mobilised by the Santiago Network that connects them with providers of technical assistance, knowledge, and resources.</li> </ul>	<ul style="list-style-type: none"> <li>New and additional funding for addressing (not only averting or mitigating) loss and damage established under the Convention and the Paris Agreement’s Financial Mechanism.</li> <li>Address recovery and reconstruction by building back in a resilient manner as part of loss and damage funding<sup>l</sup></li> <li>Multilateral, consensus-based legitimacy of funding arrangements, whether event-specific funding or grant-based funds.</li> </ul>	<ul style="list-style-type: none"> <li><b>Yes.</b> COP27 reached a breakthrough “agreement” to provide loss and damage funding for vulnerable countries.</li> <li>Creating a specific fund for loss and damage will be coupled with a “transitional committee” to make recommendations on how to operationalise the funding arrangements at COP28.</li> <li>COP27 also agreed on the institutional arrangements to operationalise the Santiago Network for Loss and Damage to catalyse technical assistance to developing countries.</li> </ul>

<b>Food Supply Chain Resilience</b>	<ul style="list-style-type: none"> <li>• The Russia-Ukraine conflict has directly contributed to the exacerbation of the food price crisis, which when combined with the impacts of climate-induced droughts in Africa could create a grim outlook for future food security.</li> <li>• Sustainable consumption and production have become essential.</li> </ul>	<ul style="list-style-type: none"> <li>• Framework for establishing more resilient food supply chains and access to finance, technology, and capacity to build food self-sufficiency.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Yes.</b> COP27 took concrete steps towards food systems transformation, resulting in<sup>xxiii</sup>:             <ul style="list-style-type: none"> <li>○ The <b>Food and Agriculture for Sustainable Transformation (FAST) initiative</b> to unlock climate finance to decarbonise and increase the resilience of food and agriculture in vulnerable countries.</li> <li>○ The <b>Initiative on Climate Action and Nutrition (I-CAN)</b> to recognise the relationship between nutrition and the climate crisis.</li> <li>○ A <b>climate roadmap for the food and agriculture sector</b> by COP28 by the UN Food and Agriculture Organisation (FAO), mobilised by a US\$ 18 T coalition of investors led by Jeremy Collier's FAIRR Initiative.</li> </ul> </li> </ul>
-------------------------------------	--	--	---

COP27 saw several new multi-country initiatives for tackling deforestation and restoring carbon-rich ecosystems, after the World Resources Institute's Global Forest Watch concluded that tropical deforestation had been "stubbornly high" in 2021, resulting in a loss of 11.1 M hectares of tree cover, including nearly 4 M hectares of pristine forests<sup>xxiv</sup>.

An initiative led by the UK – the Forests and Climate Leaders' Partnership – partnered 26 countries representing a third of the world's forests to meet twice yearly to "track commitments" on efforts to "halt and reverse forest loss by 2030".

Figure 1 Tropical primary forest loss, 2000-2021<sup>xxv</sup>





It built on the Glasgow Leaders' Declaration on Forests and Land Use made at COP26, which had the backing of 145 nations representing >90% of the world's forests. However, most of these nations; including, Brazil, China, Democratic Republic of the Congo, Peru, and Russia which together account for nearly half of the world's forests; declined to raise their commitments to reduce deforestation and did not sign up to the UK's new initiative.

Brazil and the DRC, however, had their own new pact signed with Indonesia, dubbed the "OPEC of Rainforests" by campaigners, which agrees that the three countries, home to half of the world's tropical forests, be paid to tackle deforestation and boost carbon stores in their forests. The importance of the Congo Basin's rainforest in tackling climate change was brought up frequently, with the basin largely recognised as one of the most intact, biodiverse, and carbon-dense places on Earth.

Another initiative - announced by France - was to protect areas high in "carbon and biodiversity", such as "ancient forests, peat bogs or mangroves", and was backed by China and the US to form "positive conservation partnerships" with rainforest nations.

During a side-event, Colombia and Venezuela proposed relaunching the 1978 Amazon Cooperation Treaty Organisation, a pact between Bolivia, Brazil, Guyana, Peru, Suriname, and Venezuela to protect the Amazon rainforest, with rumours of Germany and Norway "reigniting" an Amazon fund after Brazilian President-elect Luiz Inacio Lula da Silva's speech recommitting Brazil to zero deforestation.

Nature-based solutions were largely left to the COP15 Biodiversity Summit held two weeks after COP27, but COP27 still included some efforts

to note the interlinkages between climate change and nature loss and discuss the "post-2020 Global Biodiversity Framework". A group of 350 civil society leaders, including African indigenous voices and environmental leaders also issued a statement calling for world leaders to recognise and respect their land rights and take more urgent, joint action on climate change and biodiversity loss.



The final Sharm el-Sheikh Implementation Plan text notes "the importance of transition to sustainable lifestyles and sustainable patterns of consumption and production for efforts to address climate change", with interlinks to the Koronivia Joint Work for Agriculture (KJWA) decision.

The decision, the only formal UNFCCC workstream for food, was renewed for another four years at COP27, but not after significant debates on broadening its scope to take a "whole of food-system" and "sustainable production and consumption" perspective. This issue became a key dividing element between countries that already have language around food systems in policies (such as the EU's Farm to Fork Strategy) versus countries who were reluctant to talk about aspects such as consumption and diets<sup>xxvi</sup>.

The G77+China reportedly wanted references to a "whole of food systems" deleted, while France, Switzerland and the UK wanted to keep it in. Twenty-nine (29) organisations, including the WWF, the Environmental Defence Fund, Food and Land Use Coalition, and GAIN, also appealed to negotiators to retain "sustainable food systems" language<sup>xxvii</sup>, but according to India, this was a method by developed countries to block a "pro-poor" and "pro-farmer" decision by insisting on "expanding the scope for mitigation to agriculture, thereby comprising the very foundation of food security in the world"<sup>xxviii</sup>.

Still, the final text of the KJWA (which did end up including sustainable food production systems<sup>xxix</sup>) was heralded as one of the more inclusive processes at COP27, noting that "often the keynote speaker at the workshops was a woman smallholder farmer from Malawi or Zimbabwe... it didn't give big agriculture the

space it was hoping for, but really emphasised the input of smallholder farms, the importance of food security and equity"<sup>xxx</sup>.

According to the Institute for Research and Promotion of Alternatives in Development (IRPAD), the renewed KJWA would encourage more sustainable supply chains to help meet the "world's great food and climate challenge".







Updates to countries' NDCs were disappointingly low during COP27, with only five countries (Timor Leste, Vietnam, Andorra, the Bahamas, and Mexico) submitting official updates<sup>xxxi</sup>. As part of the Global Stocktake (GST) started at COP26, countries were urged to revise and increase their 2030 NDC targets to keep 1.5°C of warming within reach, but progress to this end proved tepid once COP27 got underway.

A major reason is the impact of geopolitical tensions on energy security and supply, which marked a return to hydrocarbons, putting emissions mitigation and abatement on the backburner. Major oil and gas-producing and consuming countries like Chile, Kazakhstan, Turkey, and the UAE did announce intention to update their NDCs at COP27 but failed to submit official documents to the UN. Out of the 4, only Turkey announced revisions to its NDC at the summit, committing to cut its emissions by 41% by 2030 compared with a business-as-usual

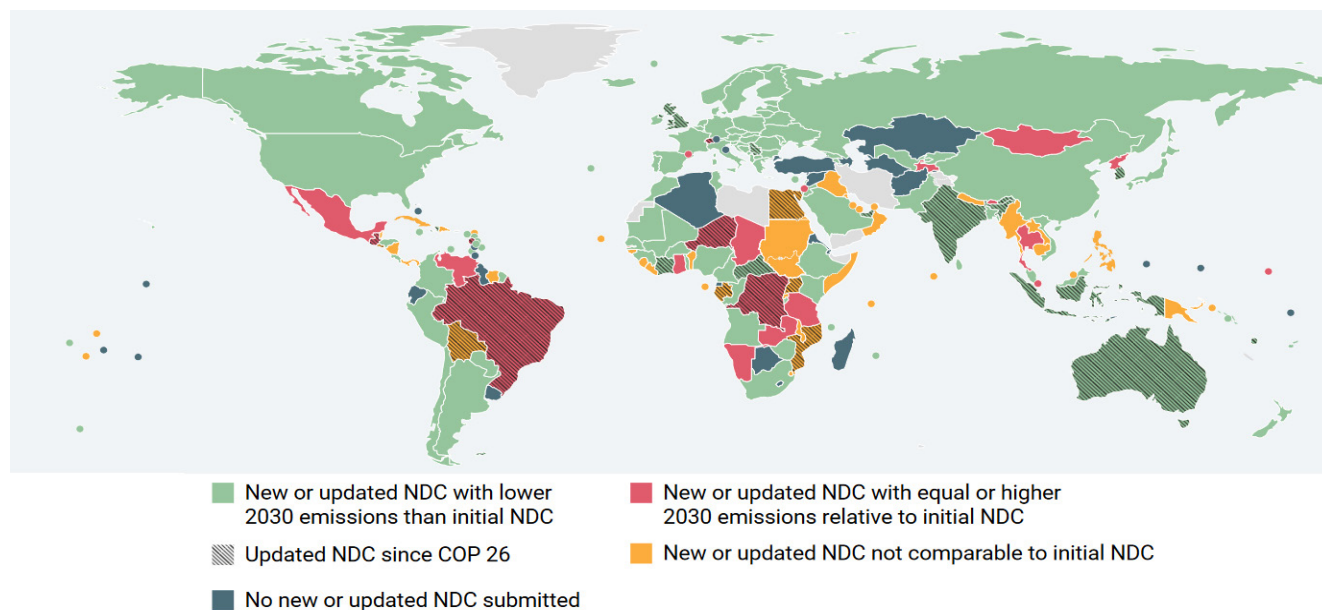
scenario, up from its previous target of a 21% cut by the same date<sup>xxxiii</sup>.

Mexico was the only one among other large oil and gas-producing countries to officially update its NDC at the summit, saying it would cut its GHGs by 35% by 2030 compared to 2000 levels. Australia had updated its 2030 NDC ahead of COP27 in June, but its new target still falls short of the 75% needed to help limit temperature increase to 1.5°C<sup>xxxiv</sup>.

The UK, meanwhile, who had also "strengthened" its NDC delivery plan in September, did not increase its emissions cut targets, likely due to a turbulent government formation process. Updates of other countries' NDCs similarly seem to hinge on awaited political developments. For example, in Brazil, Lula da Silva's election has built expectations for a more ambitious, transparent, and socially inclusive NDC for 2030, but no developments to this end took place during COP27.



Figure 2 Effect of NDCs, new or updated, prior COP27 on 2030 GHG emissions relative to initial NDCs<sup>xxxii</sup>



The absence of collective NDC-aligned ambition is also reflected in the return of “fossil fuel flow” in COP27 negotiations. While the final text of the Sharm el-Sheikh Implementation Plan repeats the Glasgow Climate Pact’s wording calling for efforts to phase-down use of unabated coal power and phase-out inefficient fossil fuel subsidies, the summit itself affirmed the use of fossil fuels for the foreseeable near future anyway.

For example, Sheikh Mohammed bin Zayed al-Nahyan, the President of the UAE, said his country would continue to deliver oil and gas “for as long as the world” was in need.

Oil companies were also present at the summit, including the likes of BP, Equinor, NewMed Energy, and TotalEnergies. Advisors from African countries’ ministries of petroleum were also present, with deals being signed for “low-emission” energies, such as hydrogen. For example, the Mauritania Ministry of Petroleum, Mines and Energy held a signing ceremony with BP on the sidelines of COP27 for a hydrogen project.

Natural gas companies, meanwhile, were busy billing themselves as “climate leaders” in the fight against global warming and as “enablers of the transition and energy security”, particularly with the loss of Russian supplies. Gas producers like Egypt, Nigeria, and the UAE promoted increased production and export of natural gas to Europe and elsewhere as a “transition fuel” towards zero-emitting options, while the US announced investments in new natural gas facilities.

It should also be noted that none of the fossil fuel phase-out clubs created last year at COP26 were able to recruit new members at this year’s summit, with the lone achievement being an update to the Global Methane Pledge, a multi-country initiative to slash methane emissions by 30% by 2030 (which was also supported by the Oil and Gas Methane Partnership 2.0). The pledge now has 150 countries signed up (now including Australia, Egypt, and Qatar) from 80–100 at its launch at COP26.

### Fact Box 1 What did COP27 say about Article 6? <sup>xxxv</sup>

**1.** COP27 supplemented the Article 6 Rulebook to grant countries complete control over the confidentiality of information related to trading Internationally Transferred Mitigation Options (ITMOs), although it is working with a subsidiary body of the UNFCCC to develop rules that might constrain the use of confidentiality.

**a.** ITMOs use a CO<sub>2</sub>e metric for a new set of market provisions or other GHG mitigation outcomes that are defined under Article 6 of the Paris Agreement.

**b.** ITMOs differ from previous offset schemes as they count toward countries' NDCs under Article 6.2 and support overall mitigation in global emissions (for Article 6.4).

**2.** COP27 established a new type of carbon credit, the Article 6.4 Mitigation Contribution Emission Reduction (MCER). These are issued under Article 6.4 but not authorised by the host country for international compliance use, meaning MCERs may not be traded as ITMOs.

**a.** MCERs represent emissions reductions, or (potentially) removals, that may be used for results-based climate finance, domestic mitigation pricing schemes, or domestic price-based measures, for the purpose of contributing to the reduction of emission levels in the credit-generating jurisdiction.

**b.** MCERs are authorised for use towards achievement of NDCs and/or for other international mitigation purposes (which has been interpreted by some to include credits in the voluntary carbon market).

**3.** Negotiations with respect to "removals" bore little fruit following a negative reaction from NGOs to draft recommendations not adequately addressing human rights issues in connection with emissions removal projects.

**4.** Other issues that remain unresolved include how legacy credits from the Clean Development Mechanism should be transferred to the Article 6 Global Carbon Market Mechanism (GCMM).





Perhaps the most publicised outcome from COP27 was the decision to establish and operationalise a loss and damage fund for nations most vulnerable to the climate crisis. However, only three (3) developments to this end took place at the summit. These included<sup>xxxvi</sup>:

- Deciding to establish new funding arrangements with a focus on providing and assisting in mobilising new and additional resources.
- Establishing a "transitional committee" on the operationalisation of new funding arrangements that will be considered and adopted at COP28.
- Reiterating the need for developed countries to provide enhanced and additional support for activities addressing loss and damage associated with climate change.

Two further initiatives launched to help address loss and damage were the Global Shield against Climate Risks, largely an insurance, assistance, and capacity-building approach, and the UN Secretary General's Early Warnings for All to extend early extreme weather warning systems to all countries, especially those in Africa<sup>xxxvii</sup>.

The most tangible of the 3 developments was the establishment of the transitional committee, with the UNEP later acknowledging that "many details [with respect to the loss and damage fund] remain to be negotiated". Currently, no decisions have been made on who should pay into the fund (although developed countries were "urged" to provide enhanced and additional support), where the money will come from, and which countries will most benefit<sup>xxxviii</sup>.



The EU tied its support for the new loss and damage fund to deepening GHG reduction commitments, but this view did not prevail. Other countries, including the US, continued to oppose any "legal" or "mandating" structure tied to compensation or liability for not meeting funding requirements. The US was also among the few who maintained that China, India, and all high-emitting countries should be among those contributing funds to address loss and damage<sup>xxxix</sup>.

While all developed countries representatives expressed their understanding and sympathy in words, they "refused to put their hands in their pockets and offer any money for loss and damage", arguing that questions of loss and damage should be rolled into existing adaptation finance<sup>xl</sup>.

Clearly the decision to establish the fund is a huge distance from providing it with the US\$ 140-300 B by 2030 and US\$ 565 B by 2050<sup>xli</sup> required annually by developing countries. Key issues do not just concern the amount to be provided, but also how funds will be provided. Many developing countries have complained that there is still no "clear definition of finance" from developed countries, and that developed countries are "untransparent", and so funds are:

- Not additional
- Hard to access through multiple layers of bureaucracy<sup>xlii</sup>

Also, some vulnerable countries, including in Africa and the Caribbean, have argued that funding is often very slow and unpredictable, with levels also seen as inadequate. Therefore, the decision to establish and operationalise a dedicated fund, while welcome and positive, does not really do anything "at least for now" to alleviate the concerns of climate-vulnerable nations and LDCs in addressing loss and

damages from climate change, with key decisions around its inception left to COP28.



## 17 WHAT OTHER MAJOR ANNOUNCEMENTS WERE MADE?



As often at COP events, side agreements and concurrent discussions may be of more importance for global climate progress than the formal results of the COP process,

although there were far less “multi-country” announcements than at COP26.

Table 3 summarises some of the key announcements that transpired outside of the main COP27 pavilions.

Table 3 Key announcements on the sidelines of COP27

Announcement	When?	Description	Status
Saudi Arabia's New Carbon Credit Scheme	November 11-12, 2022	<ul style="list-style-type: none"><li>• As part of the Saudi Arabia Green Initiative, a new domestic carbon credit scheme will be launched in early 2023.</li><li>• Credits will be Article 6 compliant and eligible for domestic use and international transfer.</li><li>• The scheme aims to reflect the stringency of the Paris Agreement by imposing additionality, permanence, and baseline-setting requirements, in addition to new measures against double counting.</li></ul>	Scheme, in-progress
John Kerry's Energy Transition Accelerator	November 06-12, 2022	<ul style="list-style-type: none"><li>• A proposed “energy transition accelerator” will use voluntary carbon markets to enable corporations to purchase carbon credits from governments (or other jurisdictions) and use those credits to meet voluntary climate targets.</li><li>• Capital raised from the sales will fund clean energy projects in developing countries.</li></ul>	Proposed



President Biden's Methane Strategy	November 06-12, 2022	<ul style="list-style-type: none"> <li>• US Federal Government will soon require domestic oil and gas producers to detect and fix methane leaks by introducing regulations targeted at the sector.</li> <li>• A “super-emitter response programme” will require oil and gas operators to respond to credible third-party reports of major methane leaks at their sites.</li> </ul>	Planned
Africa Carbon Markets Initiative	November 8, 2022	<ul style="list-style-type: none"> <li>• Enables Africa to become a frontrunner in the supply of voluntary carbon market offsets.</li> <li>• The continent expects to produce 300 M in offsets per year by 2030, scaling to 1.5-2 B per year by 2050.</li> <li>• Generate a revenue of US\$ 6 B and expand energy access, create jobs and protect biodiversity in some of the world's poorest countries.</li> </ul>	Launched
Indonesia's Just Energy Transition Partnership	November 15, 2022	<ul style="list-style-type: none"> <li>• The partnership between Indonesia and the International Partners Group (IPG) will mobilise an initial US\$ 20 B in public and private financing, including an accelerated power sector emissions reduction pathway to net zero by 2050 and a strategy to expand renewable energy development, phase-down coal-fired electricity, and further regulatory reform.</li> <li>• The financing will take place over a 3–5-year period and will provide the foundations for Indonesia to achieve its climate targets.</li> </ul>	Announced
LEAF Commitments	November 07, 2022	<ul style="list-style-type: none"> <li>• The Lowering Emissions by Accelerating Forest Finance (LEAF) Coalition is collaborating with a number of corporates and governments to provide an additional US\$ 500 M in private sector funding to the existing US\$ 1 B in financial commitments for countries seeking to protect their forests.</li> </ul>	In-progress
Forests and Climate Leaders Partnership (FCLP)	November 07, 2022	<ul style="list-style-type: none"> <li>• Launched by the EU, the FCLP will build on the deforestation commitments made at COP26 and identify strategic areas in which members can implement and scale-up new and existing solutions.</li> <li>• It will work closely with the private sector, community leaders, and civil society and will publish an annual Global Progress Report that will assess global and FCLP progress towards halting and reversing deforestation and land degradation by 2030.</li> </ul>	Launched
California Insurance Commissioner's “Sustainable Insurance Roadmap”	November 06-20, 2022	<ul style="list-style-type: none"> <li>• The roadmap is for California's insurance market and encourages the sector to actively reduce emissions and increase community resilience to climate-related disasters.</li> <li>• Among its top priorities is reducing GHG emissions, closing protection gaps for vulnerable communities, making insurance available and affordable, and community protection from climate threats.</li> </ul>	Announced
India's Long-Term Climate Strategy	November 14, 2022	<ul style="list-style-type: none"> <li>• Focussed on deploying technological solutions such as CCUS and hydrogen to meet its net-zero by 2070 goal.</li> <li>• The strategy outlines 6 key areas for reducing net emissions: electricity, urbanisation, transport, forests, finance, and industry.</li> </ul>	Released

- The Sharm el-Sheikh Implementation Plan emphasised the urgent need for emissions reduction while recognising the need for energy systems to be “secure, reliable and resilient” through “low emissions” energy alongside renewables. This input (or “significant loophole”, according to environmental activists) has been taken by the oil and gas sector to mean a continued and more sophisticated role in providing reliable energy with ever-decreasing emissions.
- The active presence of oil and gas majors at COP27 added credence to the low-carbon technologies that producers and operators are availing to keep the sector in line with climate goals, while at the same time meeting the requirements of the Sharm el-Sheikh Implementation Plan to provide secure, reliable, and resilient energy systems.
- The implementation plan did not directly reference CCUS, but to the Working Group III report of the IPCC’s 6th AR as the “scientific basis” for climate action, which identified carbon removal and CCUS as a key element of limiting warming. This will encourage oil and gas producers to reduce their own emissions through CCUS.
- Offsetting carbon emissions will be further supported under the new rules for Article 6 on carbon markets, but significant work remains to be done to drive down costs and scale-up usage of technologies like DAC while the more common bio-offsets (e.g., forestry and soil carbon) are limited by concerns over land-use, scale, and permanence.
- Oil and gas producers can make equivalent returns from renewables, as they have made from oil and gas, commensurate with lower risk. Collective ambition to escalate financing for “cleaner” energy creates a novel opportunity for oil and gas companies to build low-carbon businesses in renewables, blue and green hydrogen, EV charging, biofuels, and related areas.
- A palpable shift in perception of fossil fuels at COP27 can further the necessary work on crucial emissions reduction and/or abatement technologies, such as methane removal. With “upstream (gas) companies are not the enemy, emission is the enemy” becoming the motto of a lot of the oil and gas attendees, important financing can be unlocked for upcoming and large gas producers to deploy flare capture units and early methane leak detection systems on equipment and at sites.
- Although COP27 saw a return of the fossil fuel sector to discussions around energy resilience, significant public, social, and stakeholder pressure remains. This could mean more rapid divestment from oil and gas assets in the near future, as already seen with HSBC’s recent decision to stop funding the sector<sup>xliii</sup>.





Despite a weaker performance than the COP26 summit in Glasgow, COP27 managed to score a historic win, the decision for establishing a dedicated loss and damage fund. It also made some important, albeit limited, progress on related issues of the global goal on adaptation, although it fell short of reaching a consensus on what this means in practice. New Article 6 rules also encouraged support for carbon offsets, but lack of clarity around voluntary carbon markets and voluntary biodiversity credits will limit trade under these, at least till they are properly hammered out at COP28.

COP28 will have to settle a number of the outstanding issues left unresolved at COP27, including mainly Article 6, the clarifications of the goal on adaptation, and most

importantly, the consideration and adoption of recommendations by the loss and damage fund transitional committee to actually operationalise the fund.

With less than a year left in the lead-up to it, the UAE will have to work overtime with the committee and world leaders to act swiftly and decisively to mobilise the "implementation" aspect of the Sharm el-Sheikh summit. COP28 will also be crucial for concluding the global stocktake process initiated at COP26. Whether parties will have made comprehensive progress towards crucial climate targets by then will remain to be seen.

- i. International Rescue Committee, “What is COP climate summit and what happens?”, November 2022, <https://www.rescue.org/uk/article/what-cop-climate-summit-and-what-happens>
- ii. See also Al-Attiah Foundation Sustainability Digest: Issue 36, December 2021
- iii. OECD Development Matters, “Green Transition: Why COP26 failed to address loss and damage from climate change”, <https://oecd-development-matters.org/2022/01/25/why-cop26-failed-to-address-loss-and-damage-from-climate-change/>
- iv. OECD Development Matters, “Green Transition: Why COP26 failed to address loss and damage from climate change”, <https://oecd-development-matters.org/2022/01/25/why-cop26-failed-to-address-loss-and-damage-from-climate-change/>
- v. Climate Trade, “Top 5 expectations from COP27”, <https://climatetrade.com/top-5-expectations-from-cop27/>
- vi. Climate Trade, “Top 5 expectations from COP27”, <https://climatetrade.com/top-5-expectations-from-cop27/>
- vii. Mari Luomi, “Key Issues for Policymakers to Address at COP27”, Oxford Institute for Energy Studies, Forum, Issue 133, October 2022, <https://a9w7k6q9.stackpathcdn.com/wpcms/wp-content/uploads/2022/10/OEF-133.pdf>
- viii. UN, “Economic Development: COP27 is Africa’s COP. It must address Africa’s climate challenges”, October 2022, <https://www.un.org/africarenewal/magazine/october-2022/cop27-africa%E2%80%99s-cop-it-must-address-africa%E2%80%99s-climate-challenges>
- ix. Foreign Policy, “Did This Year Move the Needle on Climate Change?”, December 2022, <https://foreignpolicy.com/2022/12/22/climate-change-environment-cop27-2022/>
- x. IPCC, “Climate Change 2022: Impacts, Adaptation and Vulnerability”, <https://www.ipcc.ch/report/ar6/wg2/>
- xi. IPCC, “Climate Change 2022: Mitigation of Climate Change”, <https://www.ipcc.ch/report/ar6/wg3/>
- xii. AfDB, “African Development Bank VP Presents 2022 African Economic Outlook to Harvard community, calls for capacity building, research on impact of climate activities in Africa”, October 2022, <https://www.afdb.org/en/news-and-events/african-development-bank-vp-presents-2022-african-economic-outlook-harvard-community-calls-capacity-building-research-impact-climate-activities-africa-55746>
- xiii. Mari Luomi, “Key Issues for Policymakers to Address at COP27”, Oxford Institute for Energy Studies, Forum, Issue 133, October 2022, <https://a9w7k6q9.stackpathcdn.com/wpcms/wp-content/uploads/2022/10/OEF-133.pdf>
- xiv. International Centre for Climate Change and Development, “Preparations for COP27 in Egypt leave vulnerable countries with serious doubts on outcomes for Loss and Damage”, July 2022, <https://www.iccad.net/publications/article/preparations-cop27-egypt-vulnerable-countries/>
- xv. African Union, “Africa Speaks with Unified Voice as AU Executive Council Adopts African Common Position on Energy Access and Just Energy Transition”, July 2022, <https://au.int/en/pressreleases/20220722/africa-speaks-unified-voice-au-executive-council-adopts-african-common#>
- xvi. UNEP, “Emissions Gap Report 2022”, October 2022, <https://www.unep.org/resources/emissions-gap-report-2022>
- xvii. International Centre for Climate Change and Development, “Preparations for COP27 in Egypt leave vulnerable countries with serious doubts on outcomes for Loss and Damage”, July 2022, <https://www.iccad.net/publications/article/preparations-cop27-egypt-vulnerable-countries/>
- xviii. Mari Luomi, “Key Issues for Policymakers to Address at COP27”, Oxford Institute for Energy Studies, Forum, Issue 133, October 2022, <https://a9w7k6q9.stackpathcdn.com/wpcms/wp-content/uploads/2022/10/OEF-133.pdf>
- xix. UNFCCC, “Bodies: Conference of the Parties (COP)”, <https://unfccc.int/process/bodies/supreme-bodies/conference-of-the-parties-cop>
- xx. UN, “Africa’s chief climate negotiator: We must have tangible and actionable climate decisions for a successful COP27”, June 2022, <https://www.un.org/africarenewal/magazine/june-2022/africa%E2%80%99s-chief-climate-negotiator-we-must-have-tangible-and-actionable-climate>
- xxi. DowntoEarth, “COP27: Here’s how the Global Goal on Adaptation framework was negotiated at Sharm el-Sheikh”, November 2022, <https://www.downtoearth.org.in/news/climate-change/cop27-here-s-how-the-global-goal-on-adaptation-framework-was-negotiated-at-sharm-el-sheikh-86104>
- xxii. DowntoEarth, “COP27 diary (November 16): \$100 billion in climate finance more of gesture from rich countries”, November 2022, <https://www.downtoearth.org.in/news/world/cop27-diary-november-16-100-billion-in-climate-finance-more-of-gesture-from-rich-countries--86034>
- xxiii. GreenBiz, “How COP27 became the food systems COP”, November 2022, <https://www.greenbiz.com/article/how-cop27-became-food-systems-cop>
- xxiv. World Resources Institute, “Forest Pulse: The Latest on the World’s Forests”, <https://research.wri.org/gfr/latest-analysis-deforestation-trends>
- xxv. Qamar Energy Research, with data from World



Resources Institute, “Forest Pulse: The Latest on the World’s Forests”, <https://research.wri.org/gfr/latest-analysis-deforestation-trends>

xxvi. CarbonBrief, “COP27: Key outcomes for food, forests, land and nature at the UN climate talks in Egypt”, November 2022, <https://www.carbonbrief.org/cop27-key-outcomes-for-food-forests-land-and-nature-at-the-un-climate-talks-in-egypt/>

xxvii. CarbonBrief, “COP27: Key outcomes for food, forests, land and nature at the UN climate talks in Egypt”, November 2022, <https://www.carbonbrief.org/cop27-key-outcomes-for-food-forests-land-and-nature-at-the-un-climate-talks-in-egypt/>

xxviii. The Hindu, “COP27: India opposes draft text on agriculture”, November 2022, <https://www.thehindu.com/sci-tech/energy-and-environment/climate-summit-india-flags-concerns-over-rich-nations-efforts-to-ex-tend-mitigation-to-agriculture/article66150635.ece>

xxix. UNFCCC, “Joint work on implementation of climate action on agriculture and food security”, November 2022, [https://unfccc.int/sites/default/files/resource/cp2022\\_L04\\_adv\\_0.pdf](https://unfccc.int/sites/default/files/resource/cp2022_L04_adv_0.pdf)

xxx. ActionAid, Teresa Anderson

xxxi. Argus, “COP27: NDC updates stumble despite pact”, December 2022, <https://www.argusmedia.com/en/news/2396948-cop-27-ndc-updates-stumble-despite-pact>

xxxii. Qamar Energy Research, with data from UNEP, “Emissions Gap Report 2022”, October 2022, <https://www.unep.org/resources/emissions-gap-report-2022>

xxxiii. Argus, “COP27: NDC updates stumble despite pact”, December 2022, <https://www.argusmedia.com/en/news/2396948-cop-27-ndc-updates-stumble-despite-pact>

xxxiv. Argus, “COP27: NDC updates stumble despite pact”, December 2022, <https://www.argusmedia.com/en/news/2396948-cop-27-ndc-updates-stumble-despite-pact>

xxxv. See also Al-Attiyah Foundation Sustainability Digest: Issue 38, February 2022

xxxvi. UNFCCC, “COP27: Matters relating to finance”, <https://unfccc.int/documents/624434>

xxxvii. US Congressional Research Service, “The U.N. Climate Conference 2022 (COP27): Outcomes”, December 2022, <https://crsreports.congress.gov/product/pdf/IF/IF12290>

xxxviii. UNEP, “COP27 ends with announcement of historic loss and damage fund”, November 2022, <https://www.unep.org/news-and-stories/story/cop27-ends-announcement-historic-loss-and-damage-fund>

xxxix. US Congressional Research Service, “The U.N. Climate Conference 2022 (COP27): Outcomes”, December 2022, <https://crsreports.congress.gov/product/pdf/IF/IF12290>

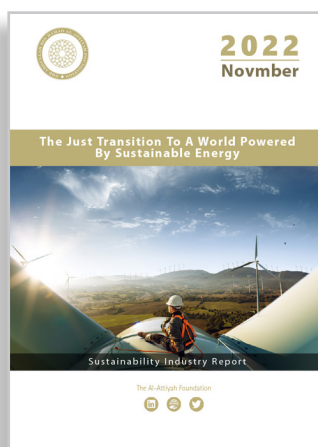
xl. International Centre for Climate Change and Development, “Preparations for COP27 in Egypt leave vulnerable countries with serious doubts on outcomes for Loss and Damage”, July 2022, <https://www.icccad.net/publications/article/preparations-cop27-egypt-vulnerable-countries/>

xli. UNEP, “COP27 ends with announcement of historic loss and damage fund”, November 2022, <https://www.unep.org/news-and-stories/story/cop27-ends-announcement-historic-loss-and-damage-fund>

xlii. James Henderson, “COP27 – The Developing World is Preparing to Make Itself Heard”, Oxford Institute for Energy Studies, Forum, Issue 133, October 2022, <https://a9w7k6q9.stackpathcdn.com/wp-content/uploads/2022/10/OEF-133.pdf>

xliii. Reuters, “HSBC to stop funding new oil and gas fields as part of policy overhaul”, December 2022, <https://www.reuters.com/business/finance/hsbc-cut-funding-new-oil-gas-fields-2022-12-14/>

Have you missed a previous issue? All past issues of the Al-Attayah Foundation's Research Series, both Energy and Sustainability Development, can be found on the Foundation's website at [www.abhafoundation.org/publications](http://www.abhafoundation.org/publications)



November – 2022

### The Just Transition To A World Powered By Sustainable Energy

The energy transition will affect fossilfuel dependent countries, communities, and localities very differently. The financial flows from developed countries to developing countries have always been a thorny issue in climate change negotiations.



(QRCO.DE)



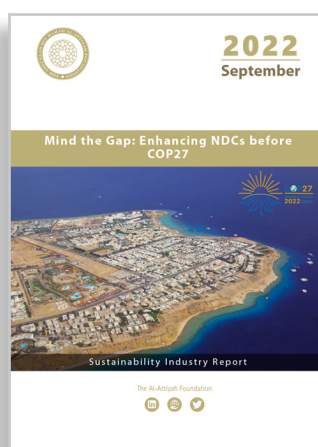
October – 2022

### Technology and Climate Change

There is general recognition that technological breakthroughs will play a key role in climate change mitigation and adaptation. New technologies are required to expand the scope of low-carbon energy, facilitate atmospheric carbon removal, tackle hard-to-abate sectors, and deal with the unavoidable impacts.



(QRCO.DE)



September – 2022

### Mind the Gap: Enhancing NDCs before COP27

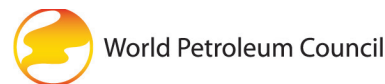
Under the Paris Agreement process, countries are required to submit new or updated nationally determined contributions (NDCs) at least every five years, and successive NDCs should represent progression and a higher level of ambition. The first round of new or updated NDCs was due in 2020.



(QRCO.DE)



Our partners collaborate with The Al-Attiyah Foundation on various projects and research within the themes of energy and sustainable development.





The Al-Attiyah Foundation

Tel: +(974) 4042 8000,  
Fax: +(974) 4042 8099  
[www.abhafoundation.org](http://www.abhafoundation.org)

Barzan Tower, 4th Floor,  
West Bay.  
PO Box 1916 Doha, Qatar

AlAttiyahFndn  
The Al-Attiyah Foundation  
Al-Attiyah Foundation