Elements for the Consideration of Outputs Component of the Global Stocktake
LMDC Submission

Saudi Arabia welcomes the opportunity to make this submission, on behalf of the Like-Minded Developing Countries (LMDC), on elements for the consideration of outputs component of the first Global Stocktake in response to invitation of the inputs from SB58 Draft Conclusions of the Global Stocktake Joint Contact Group.

First: Principles on process and nature of outputs of the first Global Stocktake:

Scope of outcome: Recalling Article 14.1 of the Paris Agreement on the objective of the Global Stocktake to assess the collective progress towards achieving the purpose of this Agreement and its long-term goals and that it shall do so in a comprehensive and facilitative manner, considering mitigation, adaptation and the means of implementation and support, and in the light of equity and the best available science. Further recalling decision 19/CMA.1 which identified that the global stocktake shall also take into account efforts related to loss and damage and response measures.

Nature of outputs: Recalling decision 19/CMA.1, paragraph 34, the outputs of the global stocktake should identify opportunities for and challenges in enhancing action and support in the thematic areas of mitigation, adaptation and means of implementation and support, and in loss and damage and response measures (6(b)) and summarize key political messages for strengthening action and enhancing support. The elements outlined in section "Elements for the consideration of outputs components of the first Global Stocktake" seek to respond directly to that mandate.

Nature of outcome:

- Recalling Article 14.3 of the Paris Agreement stating that the outcome of the global stocktake shall **inform Parties in updating and enhancing, in a nationally determined manner**, their actions and support in accordance with the relevant provisions of this Agreement, as well as in enhancing international cooperation for climate action.
- As per decision 19/CMA.1, paragraph 14, emphasizing that the outputs of the global stocktake should focus on taking stock of the implementation of the Paris Agreement to assess collective progress, have no individual Party focus, and include **non-policy prescriptive** consideration of collective progress that Parties can use to inform the updating and enhancing, in a nationally determined manner.
- The GST should promote transitions in a nationally determined manner, fully **respecting different national circumstances and developmental priorities**. They shall be non-policy prescriptive, facilitative and non-intrusive. In this regard, the outcomes of the GST shall in no way attempt to re-negotiate the Paris Agreement or change any of its goals.
- **NDCs** and the manner through which they are designed is conducted based on **national circumstances and priorities**. Discussing specific prescriptive detail on national action is outside the scope of the GST, as that is nationally determined.
- The GST shall not be used to lose differentiation and unfairly impose burdens on developing countries, as this is misaligned with the fundamental principles of Convention. This will be in violation of the UNFCC and the Paris Agreement. The entire GST shall be considered on the **basis of Equity and Common But Differentiated Responsibility and Respective Capabilities (CBDR-RC)**.
- The GST shall not be used to erode **historical responsibility and pre-2020 commitments**, which is an integral and essential part of taking stock of the implementation of the Paris Agreement in the context of the Convention of Climate Change.

- The GST **shall not cherry-pick the science out of context**. The GST shall respect **all** approaches, technologies, timelines and pathways, and not attempt to impose any specific pathway or timeline for anyone at the global or national level. This includes no new categorizations, sectoral targets, source-based measures, punitive or prescriptive measures.

Nature of process: Recalling the mandate set to the high-level committee to conduct high-level events where the findings of the technical assessment will be presented and their implications discussed and considered by Parties. The GST has clear mandates and is governed by a party-driven process, as with all processes under the Convention and its Paris Agreement. Our group shall not accept, at any stage, a parachuted outcome that is not negotiated or not **party-driven**.

Second: Elements for the consideration of outputs components of the first Global Stocktake.

As per the invitation for inputs, the below takes into consideration the informal note enclosing the indicative draft structure of the CMA 5 decision on the global stocktake, and outlines substantively the elements and key messages to be outlined by each section and the decision as a whole.

A. Preamble

- Reference to principles of Convention and PA – equity, CBDR-RC
- Reference to PA goals, in enhancing implementation of Convention
- Reiterate commitments to implementation and achievement of PA.
- Reference previous CMA decision re GST, including its mandate (PA 14.1), objective, nature of its outcomes, and principles of its conduct.
- Welcome the first GST.

B. Context and Cross-Cutting Considerations:

- **It is important to highlight the context of the world and the interrelated challenges.**
    - The first GST is taking place within an era of emerging global challenges. . Climate is one of these several challenges confronting our global community, which is also dealing with unilateralism, inflation, wars, rising energy and food prices, disruptions to global supply chains, fiscal pressure for developing countries, countries' slowdown in achieving the SDGs, and recovering from the coronavirus disease 2019 pandemic. These global challenges are compounding and challenging the ability of progress on the aims of the Paris Agreement. While these cannot be ignored, neither can the opportunities for enhanced climate action.
    - The first global stocktake is taking place in during a time of rising unilateralism, protectionism, with the enabling environment for climate action undergoing critical challenges, including lack and inadequate means of implementation and support, sanctions on low-carbon products and industries, restrictions on technology investment and cooperation, discriminatory legislation, plurilateral constraints, etc.
    - The unprecedented scale and pace required to achieve the Paris Agreement goals and objectives, within the context of the Convention's objectives will require integrated and holistic solutions that promote multilateralism, the eradication of poverty, sustainable development for all, and the preservation of equity and common but differentiated responsibilities, and taking fully into account historical responsibilities for climate change. The importance of promoting equity and the clear call to action arising from the best available science mean that such transitions will require sensitivity to local contexts and circumstances to ensure that no community is left behind, that adaptation is locally driven and supported by

international solidarity, and that climate actions are truly just and respectful of the integrity of Mother Earth.

- **The Paris Agreement's achievement is in direct pursuit of the objective of the Convention, and being guided by its principles, including the principle of equity and common but differentiated responsibilities and respective capabilities, in the light of different national circumstances.**
    - The ultimate objective of the Convention and any related legal instruments that the Conference of the Parties may adopt is to achieve, in accordance with the relevant provisions of the Convention, stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system, in a manner that ensures food production is not threatened and to enable economic development to proceed in a sustainable manner (UNFCCC Convention, Article 2).
    - It affirms that responses to climate change should be coordinated with social, and economic development in an integrated manner with a view to avoiding adverse impacts on the latter, taking into full account the legitimate priority needs of developing countries for the achievement of sustained economic growth and the eradication of poverty.
    - Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities. Accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof. (UNFCCC Convention, Article 3.1)
    - The specific needs and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change, and of those Parties, especially developing country Parties, that would have to bear a disproportionate or abnormal burden under the Convention, should be given full consideration. (UNFCCC Convention, Article 3.2)
    - The Parties have a right to, and should, promote sustainable development. Policies and measures to protect the climate system against human-induced change should be appropriate for the specific conditions of each Party and should be integrated with national development programmes, taking into account that economic development is essential for adopting measures to address climate change. (UNFCCC Convention, Article 3.2).
    - **These are foundational principles that guide the Convention and all legal instruments that proceed it, including its Paris Agreement and Global Stocktake process and outcome.**

- **The Global Stocktake is an important article under the Paris Agreement for implementation, enhanced support and enhanced international cooperation.**
    - The Global stocktake shall periodically take stock of the implementation of the Paris Agreement to **assess the collective progress** towards achieving the purpose of the Agreement and its long-term goals. It shall do so in a comprehensive and facilitative manner, considering mitigation, adaptation and the means of implementation and support, and in the light of equity and the best available science. The outcome of the global stocktake **shall inform Parties in updating and enhancing, in a nationally determined manner**, their actions and support in accordance with the relevant provisions of this Agreement, as well as in enhancing international cooperation for climate action, fully aligned to the Paris Agreement.

- Accordingly, the **GST and its outcomes are driven by the purpose of assessing collective progress towards achieving the Paris Agreement, in the context of the purpose and principles of the Convention**.
- It shall focus on taking stock and include **non-policy prescriptive, facilitative, and non-intrusive** consideration of collective progress that Parties can use to inform the updating and enhancing, in a nationally determined manner, **respecting different national circumstances and developmental priorities**. The outcomes of the GST shall not violate or re-negotiate the Paris Agreement, change any of its goals or categories.

- **Equity and the best available science provide overarching considerations to the GST and important contexts for the continued implementation of the Agreement in the Context of the Convention.**
  - Human-induced climate change is a **consequence of more than a century of net GHG emissions** from unsustainable-energy use, land-use and land use change, and lifestyle and patterns of consumption and production (IPCC AR6, WGIII SPM).
  - As per the UNFCCC Convention, **the largest share of historical and current global emissions of greenhouse gases has originated in developed countries**, per capita emissions in developing countries are still relatively low and the share of global **emissions originating in developing countries will grow to meet their social and development needs**.
  - As per the IPCC, **historical cumulative net CO2 emissions** from 1850 to 2019 were 2400±240 GtCO2 Of these, **more than half (58%) occurred between 1850 and 1989** [1400±195 GtCO2], mostly from industrial emissions from developed countries whose populations account for 16% of the world's population. Further, historical cumulative net CO2 emissions between 1850-2019 **amount to about four fifths of the total carbon budget for a 50% probability of limiting global warming to 1.5°C** (central estimate about 2900 GtCO2), and to about two thirds of the total carbon budget for a 67% probability to limit global warming to 2°C (central estimate about 3550 GtCO2) (IPCC AR6 WG3-SPM B1.3)
  - Further, past GHG emissions since 1750 have committed the global ocean to future warming (B.5.1, WG2).
  - Within the same context, **developing countries who have historically contributed the least to current climate change are disproportionately affected, and are limited to consume the remaining carbon budget that belongs to them, and this is still being consumed by developed countries, reinforcing climate injustice**. Regions and people with considerable development constraints have high vulnerability to climatic hazards, with the largest adverse impacts observed in developing countries in Africa, Asia, Central and South America, LDCs, Small Islands and the Arctic, and globally for Indigenous Peoples, small-scale food producers and low-income households.
  - As per the UNFCCC Convention and its Paris Agreement, **developed country parties shall take the lead in combating climate change based on the principles of equity and common but differentiated responsibilities and respective capabilities (CBDR-RC)**. Equity and CBDR-RC are principles guiding operationalization of all aspects of the implementation of the Paris Agreement, based on differentiation between developed countries and developing countries.

- **Science is addressed at various levels of the GST process and needs to be considered with close consideration of its gaps and limitations, and in the light of equity.**
  - According to the IPCC AR6, "a wide range of modelled global emission pathways and scenarios from the literature is assessed in this report, including pathways and

scenarios with and without mitigation. Emissions pathways and scenarios project the evolution of GHG emissions based on a set of internally consistent assumptions about future socio-economic conditions and related mitigation measures. **These are quantitative projections and are neither predictions nor forecasts.** Around half of all modelled global emission scenarios assume cost-effective approaches that rely on least-cost emission abatement options globally. The other half look at existing policies and regionally and sectorally differentiated actions. **Most do not make explicit assumptions about global equity, environmental justice or intra-regional income distribution. Global emission pathways, including those based on cost-effective approaches, contain regionally differentiated assumptions and outcomes, and have to be assessed with the careful recognition of these assumptions.** (IPCC AR6 WGIII SPM Box SPM.1).

- Equity is the basis for framing and understanding the best available science, since it is a fact that science is not based on equity and therefore not all best available science is relevant for assessing the implementation of the Paris Agreement, which is based on equity and common but differentiated responsibilities.

- **Equity is a pervasive and cross-cutting topic to be viewed across all elements of the Agreement with the core objective of ensuring fairness and justice, currently and in future implementation.**
  - **Equity is to be considered everywhere, without needing qualification**. For example, "equity for higher ambition".
  - **Developed countries shall continue to take the lead in emissions reduction and fully deliver their obligations and commitments to provide and mobilize finance, technology transfer and capacity-building.**
  - **Equitable access to the carbon budget is essential**, to allow developing countries the carbon space for development, and limiting the consumption of carbon budget that already belongs to developing countries.
  - **Equity is critically essential in understanding, interpreting and using the science**. In operationalizing equity, it will be particularly be important to consider the science through the lens of developed country leadership and developing countries development needs.

- **Developing countries action depends on support:** In line with Article 4, paragraph 5, of the Paris Agreement, it has been enshrined in the agreement that the extent to which developing countries implement ambitious climate mitigation actions depends on the provision of financial support by developed countries.

- We must **uphold multilateralism and denounce all forms of unilateralism** that impede political trust and international cooperation towards achieving our individual and collective ambitions.

- **Historical responsibility of developed countries and unfulfillment of pre-2020 commitments**, including the achievement of mitigation goals and provision of means of implementation to developing countries, in particular finance, must be addressed seriously in the context of the GST in a cross-cutting manner.

C. Collective progress towards achieving the purpose and long-term goals of the Paris Agreement, including under Article 2, paragraph 1 (a-c), in the light of equity and the best available science, and informing Parties in updating and enhancing, in a nationally determined manner, action and support.

C.1 Mitigation

C.1.1 Collective progress and gaps

C.1.1.1 Collective progress:

1) **Paris reflected a milestone in multilateralism** and an important moment of political unity around commitment to climate action. The adoption of the Paris Agreement was able to bring everyone around the principles of common-but-differentiated responsibilities and respective capabilities and foster a spirit of collaboration, though important challenges and critical gaps remain. It resulted in a balanced agreement with the effective components for long-term implementation and longevity in mind.

2) **The Paris Agreement has been a progressive mechanism for catalyzing global climate action.** We were able to significantly move the needle towards more climate action and progress towards the long-term goals of the Paris Agreement. This can be seen through various variables:

    - **We have viewed ambition and increasing ambition.** The Paris Agreement was ratified and entered into force less than a year after its adoption by 196 Parties to the Convention. Since the adoption of the Paris Agreement, all 193 members to the Agreement had communicated Nationally Determined Contributions (NDCs)[1]. Subsequently, 131 new or updated NDCs, from 158 parties, have been communicated reflecting increased ambition and/or additional elements (NDC Synthesis Report).

    - **Communicated NDCs show long-term vision and planning.** In addition to communicating information on mitigation targets or plans for the near to medium term, many Parties (51 per cent) provided information on long-term mitigation visions, strategies or targets for up to and beyond 2050 that either have already been formulated or are being prepared. About 77 per cent of those Parties referred to climate neutrality, carbon neutrality, GHG neutrality or net zero emissions.

    - **Information in NDCs shows that the Paris Agreement has been able to introduce climate considerations into various national processes and embed multi-stakeholder approaches and institutional commitment.** Ninety-five per cent of Parties provided information on their NDC planning processes and most also referred to their implementation plans, communicating information on their institutional arrangements, stakeholder engagement processes and policy instruments, including legislation, strategies, plans and policies.

    - **Announcements show commitment to cooperate.** Eighty-one per cent of Parties provided information on voluntary cooperation under Article 6 of the Paris Agreement. Almost all of them, or 76 per cent of Parties, stated that they plan to or will possibly use at least one type of voluntary cooperation.

3) **Significant progress has taken place since the adoption of the Paris Agreement.** The Paris Agreement since adoption has sent us on a different trajectory though gaps remain to meet the Agreement's temperature goals.

    - **Trajectories for business as usual depicted in IPCC AR5, published in advance of adoption of the Paris Agreement, envisaged a different path than the one we are on**

[1] This is comprised of 166 NDCs, as the European Union communicated a joint NDC.

now. The Representative Concentration Pathways (RCPs) scenarios without additional efforts to constrain emissions projected pathways ranging between RCP6.0 and RCP8.5, with RCP6.0 likely to limit warming below 4°C and RCP8.5 more unlikely than likely to limit warming below 4°C (IPCC AR5 SYR, table SPM.1).

4) **Current collective ambition may put us on track to limiting warming in line with the temperature goals of the Paris Agreement, if fully implemented.**

    - Compared to the trajectory before the adoption of the Paris Agreement, we have made considerable progress and points to the measurable need to accelerate implementation.

5) **The Paris rulebook, including the tools to implement the Agreement, was only just concluded in 2021**. In order to effectively judge its effectiveness, it must be allowed to run its course, without new processes that undermine the original intent, structure and agreed implementation rules of the PA. Key vehicles of implementation, including the Enhanced Transparency Framework and Article 6, were only just agreed at COP26. All Parties are yet to submit their first transparency reports.

6) **The key to ensuring the achievement of the Paris Agreement is ensuring effective implementation of ambition, including the enabling political environment and the preservation of the principles of the Convention and its Paris Agreement.**

C.1.1.2 Gaps:

In the same light, there are significant gaps which impede the effective implementation of the Paris Agreement and achieving its temperature goals.

1) **The pre-2020 period is critical in being able to understand historical emissions, historical responsibility, and current emissions and implementation gaps to inform collective progress towards achieving the long-term temperature goals of the Paris Agreement.** This very period alongside its obligations on developed countries, which ended a mere three years ago, is pivotal in assessing progress and understanding gaps in action and implementation.

    - The IPCC had earlier indicated that developed countries must reduce emissions by 25-40% below 1990 levels by 2020 and to revisit their 2020 targets no later than 2014.

    - Between 2008-2012, Annex I countries reduced emissions by only 5%. Thereafter, even after taking on the commitment to cut their GHGs emissions at least by 18% relative to 1990 levels between 2013 and 2020, the actual achievement is only 13% as per assessment reported by the Secretariat.

    - Significant gaps exist in pre-2020 ambition and implementation. In 1990-2020, for Annex I Parties that do not have economies in transition, GHG emissions without and with LULUCF decreased by 11.3% and 13.4% respectively, insufficient to fulfill the 25-40% reduction required by IPCC, with 50%-85% of the commitments already achieved at the time of setting the targets. Several developed countries fulfilled less than 60% of their respective targets, and 2 developed countries' emissions increased by up to 30%.

    - From 1990 to 2020, for Annex I Parties including economies in transition, GHG emissions without and with LULUCF decreased by 20.9% and 25.7% respectively, while for Annex I

Parties that do not have economies in transition, GHG emissions without and with LULUCF decreased by 11.3% and 13.4% respectively. It may be highlighted that from 1990 to 2019, the year before the COVID pandemic, the GHG emissions of Annex I Parties that do not have economies in transition decreased only by 3.7% without LULUCF and by 5.4% with LULUCF.

- Even this figure may be biased by 2020 being the pandemic year. The UNFCCC secretariat Synthesis Report on Biennial Reports in 2019, noted that till 2018 the non-EIT Parties of the Annex-I were projected to reach 2020 with an increase of 0.4% in annual emissions over 1990, indicating insufficient progress in 30 years from the first recognition of the threat of climate change. Overall Annex-I reductions are also a significant consequence of the reduction of emissions from EIT Parties.

- This shows that the pre-2020 period was pivotal in creating the emissions and implementation gap we see today, and the constrained carbon budget consistent with the long-term temperature goals of the Paris Agreement. It is also commensurate to increased pressure on developing countries to undertake more and more mitigation commitments.

- This shall need to be remedied by continued and measurable developed country leadership in the future implementation of the Agreement.

- **The depletion of the carbon budget consistent with limiting warming in line with the temperature goals of the Paris Agreement is a result of over a century of emissions, concentrated in developed countries.** As per the Convention of the UNFCCC, the largest share of historical and current global emissions of greenhouse gases has originated in developed countries and that the share of global emissions originating in developing countries will grow to meet their social and development needs.

2) **Developing countries have exhibited ambitious climate action, but support has not matched. There have been significant gaps between support needed and support provided to developing countries:**

    - According to the Standing Committee on Finance, as of 31 May 2021 NDCs from 153 Parties included 4,274 needs, with 1,782 costed needs identified across 78 NDCs cumulatively amounting to USD 5.8-5.9 trillion up until 2030. Considering the lack of delivery of previous commitments, the period between 2025-2030 would require ~USD 1.1 trillion per year, significantly more than the USD 100 billion representing the current undelivered commitment. Most developing countries presented conditional NDCs which remain unfulfilled due to lack of support from developed countries.

3) **Developed country NDCs and LTS are not aligned to equity at all and do not compensate in any manner for their disproportionate use of the global carbon budget.**
    - Aligning to equity requires that developed country considerably raise their ambition with far more rapid reduction in emissions and much earlier reaching of net zero to keep their emissions even within a fair share of the remaining carbon budget alone.

C.1.2 Political messages

<u>Challenges and barriers</u>

- Historical responsibilities and pre-2020 accountability have faced significant challenges and political opposition, which must be addressed in order to continue implementation of the Agreement in the context of equity.

- Global environment must be conducive to cooperation on mitigation and implementation of ambitions. This means abolishing unilateral measures and discriminatory trade policies.

- Historical emissions concentrated in developed countries, lack of sufficient leadership by them as committed in the UNFCCC, and the depleted carbon budget, have togethers resulted in increased burdens on developing countries.

- Attempts to erode differentiation, CBDR-RC, and equity and establish burden sharing is inconsistent with the Convention, its Paris Agreement, and has no space in future implementation of the Paris Agreement.

- Lack of support from developed to developing countries consistent with the needs and priorities of developing countries in their mitigation ambitions will not be commensurate to achieving the temperature goals of the Paris Agreement.

- Constrained and non-inclusive views of mitigation approaches are inconsistent with the science and supporting ambition and implementation towards achieving the temperature goals of the Paris Agreement.

<u>Opportunities</u>

1) **Scaling up collective mitigation ambition and implementation shall continue in the context of CBDR-RC, equity and historical responsibility of developed countries to take leadership in climate action.**

    - Recognizing that sustainable lifestyles and sustainable patterns of consumption and production play an important role in addressing climate change and recognizing the significant action required to achieve the long-term temperature goal set out in Article 2 of the Paris Agreement (as per Article 4), **developed country parties must display significant leadership in emissions reduction.**

    - Developed country pre-2020 gaps in ambition and implementation have had a felt impact on the overall emissions gap and has resulted in higher pressure being placed on developing countries in this critical decade. The next phase of implementation of the Paris Agreement, shall focus on **operationalizing equity, CBDR-RC, and addressing the residual gaps of pre-2020 actions and obligations** on the remaining carbon budget consistent with the long-term goals of the Paris Agreement.

    - **The undeniable right for developing countries to seek their national development, including considerations of sustainable development, poverty eradication, and equitable access for developing countries to the remaining carbon budget shall continue to be preserved in the future implementation of the Agreement and shall support *strengthening* climate action.** As per the IPCC, "Countries have different priorities in achieving the SDGs and reducing emissions as informed by their respective national conditions and capabilities. Given the differences in GHG emissions contributions, degree of vulnerability and impacts, as well as capacities within and between nations, equity and justice are important considerations for effective climate policy and for securing national and international support

for deep decarbonisation. Achieving sustainable development and eradicating poverty would involve effective and equitable climate policies at all levels from local to global scale, including the equitable distribution of the carbon space. Failure to address questions of equity and justice over time can undermine social cohesion and stability. International co-operation can enhance efforts to achieve ambitious global climate mitigation in the context of sustainable development pathways towards fulfilling the SDGs" (IPCC AR6 WGIII T.S.2).

- **In order to operationalize equity, CBDR-RC, and climate justice, developed countries shall show significant leadership and reach net-zero well before global average.** According to the IPCC AR6, for a 50 per cent likelihood of limiting further warming to 1.5 °C relative to the 1850–1900 level, there is an estimated remaining carbon budget of 500 Gt CO2, and 400 Gt CO2 for a two-thirds chance (67 per cent probability). If cumulative CO2 emissions were to exceed 500 Gt CO2 either before 2030 or thereafter, net negative emissions in the second half of the century would be necessary to bring the global mean temperature rise below 1.5 °C. The remaining carbon budget consistent with a likely chance (67 per cent) of keeping warming below 2 °C is assessed by the IPCC to be 1,150 Gt CO2 from the beginning of 2020. **Given disproportionate depletion of the carbon budget consistent with the temperature goals through over a century of emitting, developed countries shall reach net-negative as soon as possible.**

2) **Scaling up all solutions and approaches to support emissions reduction, abatement and removal, is needed to achieve the PA temperature goals.**

- **The best available science is clear. A wide variety of mitigation options, technologies and solutions will need to be accelerated to limit warming in line with Paris Agreement goals, adopted in a nationally determined manner.** According to the IPCC AR6, emissions reductions can be achieved in transitioning to very low- or zero-carbon energy sources, such as renewables or fossil fuels with CCS, demand side measures and improving efficiency, reducing non-CO2 emissions, and deploying carbon dioxide removal (CDR) methods to counterbalance residual GHG emissions, while recognizing that there may be challenges to the use of these technologies and different domestic considerations. Also, we recognize that any use of such technologies must support the protection of Mother Earth.

- **Current global scale and support for abatement and removal technologies is not consistent with what is needed to limit warming in line with the long-term temperature goals. According to the IPCC AR6, the deployment of carbon dioxide removal (CDR) to counterbalance hard-to-abate residual emissions is unavoidable if net zero CO2 or GHG emissions are to be achieved.** CDR can fulfil three different complementary roles globally or at country level: lowering net CO2 or net GHG emissions in the near term; counterbalancing 'hard-to-abate' residual emissions, and achieving net negative CO2 or GHG emissions. This is particularly important in the context of the expectation of **developed countries to reach net-zero considerably earlier than the global average and net-negative, as soon as possible**. Carbon Dioxide Removal (CDR) to support keeping 1.5°C and even 2°C alive is very important, whilst ensuring the protection of Mother Earth as essential, including through ecosystem-based approaches and sustainable and integral forest management, in particular through non-market based approaches, which **should not be confused with an automatic sink for developed countries to overlook mitigation responsibilities**. It is rather to re-stress that as parties continue to enact ambitious climate action, there is also great opportunity for global collaboration in different technologies to address mitigation action, not limiting this to a single approach.

- **Circularity and comprehensive approaches are needed, particularly lifecycle emissions and other sources of emissions currently hidden within complex value chains.** According to the IPCC, coordinated action throughout value chains should promote all mitigation options, including demand management, energy and materials efficiency, circular material flows, as well as abatement technologies and transformational changes in production processes. Progressing towards net zero GHG emissions will be enabled by the adoption of a wide variety of solutions, including but not limited new production processes using low- and zero-GHG electricity, hydrogen, low-emitting fuels (i.e. synthetic fuels), carbon management, relying on lifecycle approaches, through increased recycling, fuel and feedstock switching, carbon sourced through biogenic sources, carbon capture and use (CCU), direct air CO2 capture, as well as CCS. **This shows that there cannot be a single solution which is consistent with the long-term temperature goals and ambitious climate action. The GST shall send a clear signal that there are various approaches to effective and ambitious climate action supporting the achieving the Paris Agreement. Political momentum, innovation and investment must be inclusive.**

- **The GST shall send a strong signal on the need for enhanced and accelerated innovation, research, development and demonstrations across all mitigation options to reduce barriers and enhance implementation.** As per the IPCC AR6, enhancing technology innovation systems can provide opportunities to lower emissions growth, create social and environmental co-benefits, and achieve other SDGs. Policy packages tailored to national contexts and technological characteristics have been effective in supporting low-emission innovation and technology diffusion (IPCC AR6 SYR)

3) **The most effective solutions to achieve the long-term temperature goals, shall be nationally determined.**

- **Nationally determined action shall continue to be the most effective and fair form of climate action.** According to the IPCC AR6, the highlighted illustrative Mitigation Pathways (IMPs) show different combinations of sectoral mitigation strategies consistent with a given warming level (C.3, WG3). In the same context, it is indicated that the most appropriate strategies will depend on national and regional circumstances, including enabling conditions and technology availability. This means that top-down mitigation approaches are not consistent with the best available science. **Notwithstanding political direction by some to walk back on CBDR-RC, the wider principles and commitments set out in the Convention and it's Paris Agreement, the science also clearly sets out that the most appropriate strategies will depend on national and regional circumstances, with no basis in the science for top-down measures for all parties.**

- **The best available science also notes that optionality and comprehensiveness can support addressing trade-offs associated with climate action and as such should be encouraged.** According to the IPCC AR6, dynamic trade-offs and competing priorities exist between mitigation, adaptation, and development. Integrated and inclusive system-oriented solutions based on equity and social and climate justice reduce risks and enable climate resilient development (high confidence). (D.1.3, AR6 WG2). This includes taking into account different regional and national approaches, such as the circular carbon economy, socio-economic, technological and market development, and promoting the most efficient solutions.

4) **Scale up of ambition and implementation of mitigation action for developing countries will depend on means of implementation and support from developed countries.** According to the IPCC AR6, annual financial flows for mitigation alone for developing countries need to increase

by a factor of 4 to 7 (to reach ~USD 2.5 to 3 trillion per year) for 2020 to 2030 in scenarios that limit warming to 2°C or 1.5°C.

5) **Scale up of solutions and technologies should not face discriminatory trade measures disrupting progress towards achieving the long-term temperature goals.**

C.2 Adaptation

C.2.1 Collective progress and gaps

Collective progress:

- **Developing countries have demonstrated significant dedication in their adaptation efforts to withstand the risk of climate change impact.** These efforts span a multitude of sectors, including agriculture, food security, biodiversity, forestry, freshwater resources, transportation, urban development, housing, waste management, and health. Furthermore, the formulation and implementation of National Adaptation Plans (NAPs) underscore their enduring commitment to enhancing their adaptive capacity. Simultaneously, their commitment to reporting on adaptation actions including through their (NDCs), Adaptation communication, and NAPs underscores their contribution to the global efforts.

- **Developing countries have also showcased their determination to enhance the implementation of adaptation efforts through a spectrum of actions**, including the development and implementation of climate change laws that include adaptation, raising awareness of the importance of adaptation, adaptation with multilevel policies, the establishment of new national climate change cabinets, the reporting of national expenditure on adaptation, and the enhancement of disaster risk management. Furthermore, they have outlined efforts in terms of information and knowledge including vulnerability assessments and scenarios for multiple risks across priority sectors and improving early warning and climate information systems, and knowledge dissemination practices. Additionally, they acknowledge the pivotal role of adaptation efforts in capacity-building, stakeholder training, and the integration of climate change in higher education curricula.

- Notably, **developing countries have extended their commitment to adaptation beyond international funding, utilizing their domestic financial resources to finance these endeavors** with a range of domestic resources account for an average of USD 1.54 billion. These significant financial commitments encompass activities such as advancing research on climate change risks, impacts, and vulnerabilities across various sectors, refining policies, regulations, laws, and mechanisms for both adaptation and disaster risk reduction, and mainstreaming adaptation into various plans and strategies. However, some developing countries reported that their efforts are limited by insufficient domestic finance given growing adaptation needs, and highlighted their reliance on international finance sources. Moreover, developing countries have established productive South-South cooperation efforts, encompassing a wide spectrum of activities, including training courses, early warning systems, advancements in science and technology, satellite contributions, climate modeling, and the provision of adaptation support. Capacity-building centers, collaborative frameworks, knowledge networks, and financial support mechanisms further underscore their commitment to addressing climate change impacts and fostering collaboration on climate-related issues. **Despite developing countries' minimal contribution to greenhouse**

gas (GHG) emissions when compared to historical and ongoing emissions from developed nations, they bear the brunt of climate change impacts and are determinedly putting all their possible effort into building their adaptive capacity.

Gaps:

- Adaptation is no longer a matter of choice for the world, especially for developing countries; **it adapting to climate change is a matter of urgency in the face of intensifying climate impacts**. The urgency of this reality compels us to not only expedite actions but also significantly enhance the support. As developing countries grapple with limited resources, challenges and vulnerabilities, they are disproportionately affected by climate change, which threatens their economies, livelihoods, and ecosystems. Delaying adaptation action and support would further deepen challenges and hinder progress toward sustainable development.

- **Finance has remained a critical enabler of adaptation action, yet finance availability and access has been limited compared to mitigation**. Assessment of collective progress on adaptation finds an urgent need to rapidly scale up finance for adaptation to meet growing needs, in terms of developed country commitments under the UNFCCC and its Paris Agreement, and both the amount of grants available and the speed with which grants flow.

    - The share of adaptation finance, as a percentage of total spending on climate action (mitigation and adaptation), has been inadequate and inaccessible, accounting for over a quarter of total finance, flows on average in 2019–2020. The SCF reports that most finance flows go to mitigation, with the share for adaptation increasing from 20 percent (USD 6.4 billion) in 2017–2018 to 28 percent (USD 8.9 billion) by 2019–2020.

    - As stated in the IPCC, a small proportion of global tracked climate finance was targeted to adaptation and an overwhelming majority to mitigation.

    - In addition, based on the SCF determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement report, the cost of needs cumulatively amounts to USD 5.8–5.9 trillion up until 2030 and great portion is related to adaptation needs. Furthermore, as estimated by the UNEP Adaptation Gap report annual adaptation costs/needs are in the range of US$160–340 billion by 2030 and US$315–565 billion by 2050. Developed countries have failed to deliver on their 100 billion commitment, and the needs of developing countries have increased tremendously. Taking into account historical responsibility, developed countries' should bear their share of responsibility and deliver on their commitment to deliver on their commitment to double adaptation finance and increase the share of adaption in the NCQG.

    - The necessity of socio-economic development, including but not limited to poverty eradication and the achievement of the SDGs, in the context of sustainable development continues to be substantially understudied. This is evident in the attempt to label all manner of developmental efforts, especially infrastructure building, as maladaptation. Further learning-by-doing is a natural part of adaptation, that itself will be a dynamic effort as global warming and its impacts proceed.

C.2.2 Political messages

Challenges and barriers:

- Lagging support for adaptation needs to be addressed to enable developing countries.

- It is concerning that, despite the provisions in Article 7, paragraph 14(a), of the Paris Agreement and the resolution by 11/CMA.1 to recognize the adaptation efforts of developing countries in various ways, they have not received the expected recognition. The commitment to acknowledge and support these efforts is crucial for equitable climate action. While there have been provisions to report on these efforts, there is a significant gap in their recognition during high-level events of the Global Stocktake (GST). It is essential that the high-level committee ensures the concrete implementation of recognition as outlined in the Paris Agreement and maintains transparency and accountability in the process. Developing countries, which bear the brunt of climate impacts, deserve not only recognition but also support and solidarity from the global community in their adaptation efforts. Addressing this issue should be a priority for the GST to uphold principles of equity, and CBDR-RC.

- It should be recognized that while climate action, or climate resilient development as WGII of the IPCC AR6 terms it, encompasses both mitigation and adaptation, the distribution and relative emphasis of the same varies sharply between developed and developing countries, as also emphasized by the IPCC itself. Hence, mitigation as a necessary condition for successful adaptation, neither helps the planet or people, diverting from the genuine needs of people and communities for adaptation. In this context, the need for access to the carbon budget for the purpose of adaptation must also be clearly recognized.

Opportunities:

- Our recognition of the imperative to **adopt an inclusive GGA framework** goes hand in hand with our commitment to expedite adaptation action and support. This recognition extends beyond COP28, underlining the continuous work that remains to be done. Therefore, **establishing an ongoing new joint SBI and SBSTA and CMA agenda item on the GGA is inevitable for the achievement of the Global Goal on Adaptation.**

- The GST shall call for on the scientific community and scientific institutions and multilateral scientific institutions to contribute to **regional assessments of adaptive capacity**, with short & long-term solutions, mapped across different temperature goal. This may also include a special report by the IPCC on this subject. The report shall focus on the Global Goal on Adaptation, including challenges, needs, costs, and pathways towards achieving it.

- **Accelerating all adaptation actions**, rather than confining efforts solely to transformational adaptation, is imperative in addressing the escalating impacts of climate change and is in accord with the experience of all developing countries. Scientific evidence underscores that an inclusive approach, encompassing incremental, and transformative measures, is crucial to effectively enhance adaptive capacity across diverse ecosystems and societies. Furthermore, research has demonstrated that incremental adaptation, involving small-scale adjustments and improvements, can often provide immediate and long-lasting benefits and strengthen societies' ability to respond to changing conditions. Any kind of adaptation that is inclusive and at scale would be immensely challenging without sufficient financial resources, technology transfer, and capacity-building support. By accelerating all adaptation approaches, we can bolster our adaptive capacity to safeguard communities, ecosystems,

and economies against the growing threats posed by the increase of global warming. This approach acknowledges the limitations of current means of implementation and underscores the need to enhance adaptive capacity across multiple dimensions effectively, and to recognize the urgency in addressing the complex challenges posed by climate change.

- **Review the adequacy and effectiveness of adaptation and support provided for adaptation.** Recalling Article 4.7 of the Convention, the extent to which developing country Parties will effectively implement their commitments under the Convention will depend on the effective implementation by developed country Parties of their commitments under the Convention related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties. Means of implementation should be provided by developed countries on the basis of adaptation needs and priorities in developing countries, ensuring that climate actions are both effective and equitable while acknowledging the varying national circumstances.

- **Adapt to a world of 1.5 or below 2 degrees.** The urgency of developing countries to adapt to a world of 1.5 degrees Celsius or well below 2 degrees is an existential imperative. This entails addressing shared vulnerabilities, acknowledging challenges, and enhancing action and support. Developing countries, despite contributing the least to greenhouse gas emissions, confront an escalating impact of climate change while grappling with the lack of sufficient support from developed countries. With limited resources and capacity to adapt, they face a dire challenge to achieve sustainable development goals. The urgency arises from the pressing need to protect their communities, economies, and ecosystems from the intensified risks posed by the increase in temperature. Enhancing adaptation is not only crucial to ensuring the survival and well-being of billions but also to rectify the historical inequity in climate responsibility, safeguarding their development aspirations, and fostering global equity and justice.

- Enabling climate sustainable development.

C.3 Means of Implementation and Support

C.3.1 Finance

C.3.1.1 Collective progress and gaps

In line with Article 9 of the Paris Agreement, finance within the agreement includes:

- **Developed countries' commitments:** The obligation of developed countries to provide and mobilize finance to developing countries with respect to both mitigation and adaptation in continuation of their existing obligations under the Convention.
- **Wide variety of sources mobilized:** The mobilization of climate finance should occur from a wide variety of sources, instruments and channels, noting the significant role of public funds.
- **Needs and priorities of developing countries:** Finance should take into account the needs and priorities of developing country Parties and represent a progression beyond previous efforts.
- **Balance between mitigation and adaptation:** The provision of finance should aim to achieve a balance between adaptation and mitigation, considering the need for public and grant-based resources for adaptation.
- **Transparency arrangements:** Developed countries are obligated to biennially communicate indicative quantitative and qualitative information related to paragraphs 1 and 3 of Article 9

– the global stocktake process is mandated to take into account the relevant information provided by developed countries.

Collective progress:

Developed countries committed to mobilize USD 100 billion to developing countries in COP16. The Paris decision (1/CP.21) reaffirmed developed countries' goal of mobilizing jointly USD 100 billion to developing countries by 2020 through to 2025 and decided to establish a new collective quantified goal on climate finance from a floor of USD 100 billion for the post 2025 period. Developed countries also committed to at least double adaptation finance by 2025 compared to 2019 levels in CMA.3. Such commitments depict progress on the fulfilment of developed countries' obligations, rooted in the principles of equity, CBDR-RC and historical responsibility. However, due to a variety of challenges and gaps, the progress on the delivery of these objectives has not been transparent and the goals have yet to be fulfilled.

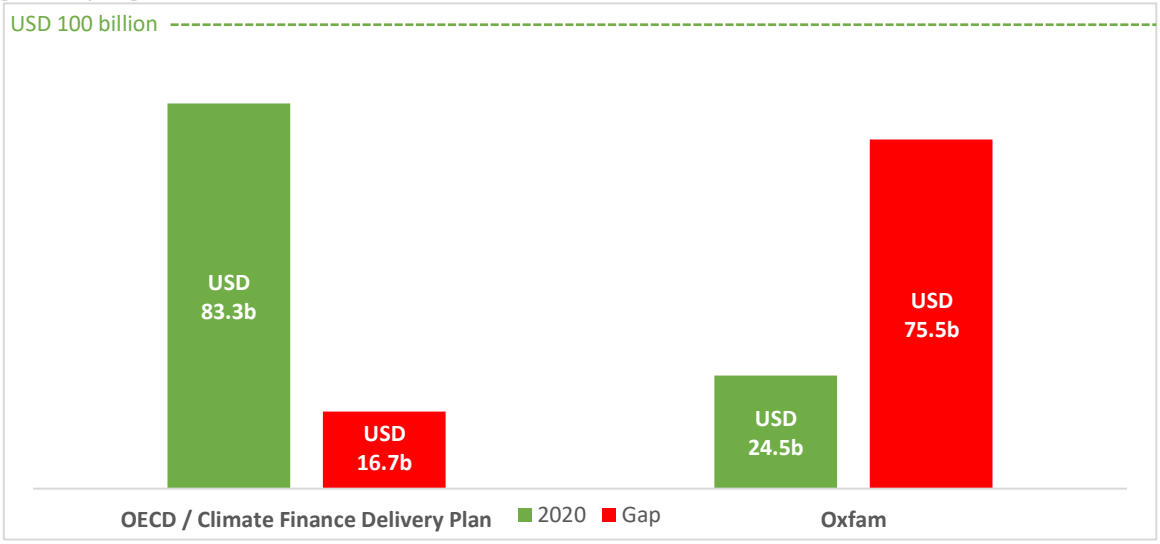
While commitments have been made and efforts have progressed, climate finance goals have been unfulfilled.

1) Failure to deliver the USD 100 billion commitment:

- Following a commitment in 2009, and reaffirmed in COP16 in 2010, developed countries committed to mobilize USD 100 billion by 2020. There is consensus across all climate finance aggregators and reports, that developed countries have failed to deliver on this commitment in 2020 and proceeding years leading up to the global stocktake in CMA.5.
- The lack of a multilaterally agreed definition of climate finance, has led to methodological issues that render tracking progress on the goal incredibly difficult. This has led to disputes over the actual progress on the goal over the years.
- A "Roadmap" published by developed countries in 2016 asserted in confidence that "modest assumptions about increased leverage ratios **would lead to projected overall finance levels in 2020 above USD 100 billion," however the projections were not realized.**
- The "Climate Finance Delivery Plan" is another report issued by developed countries that provided forward looking estimates on how and when the USD 100 billion goal would be met. The plan acknowledges that the USD 100 billion was not met by the 2020 deadline, and asserts confidence that the goal would be met in 2023.
- A report series from the **OECD claims that climate finance provided and mobilized by developed countries for developing countries was USD 83.3 billion in 2020**, an increase of 4 percent from 2019, highlighting a gap of USD 16.7 billion according to the OECD's methodology for tracking flows.
- **Oxfam's** climate finance shadow report provides an estimate of USD 59.5 billion per year on average for 2017 and 2018, but when accounting for grants and grant-equivalent values of concessional loans and adjusting for climate-specific share of finance, the report calculates a **net assistance total of USD 19-22.5 billion** on average for these years, which represents a 15-27 percent increase over the previous 2015-2016 estimate. While the OECD and developed countries claim that climate finance provided and mobilized reached USD 83.3 billion in 2020, **Oxfam asserts that the true value was only around a third of the reported value (USD 21-24.5 billion).**
- All in all, both OECD and Oxfam reports indicate gradual increases of climate finance provided and mobilized by developed countries over the years, particularly since the adoption of the Paris Agreement. The USD 100 billion commitment represented progress on the delivery of climate finance by developed countries, however in terms of progress on the delivery of the goal itself by the set deadline, the range is estimated at between 21% and

83.3% depending on the source. While there is no doubt that the amount of climate finance provided and mobilized to developing countries has increased nominally, the vast variances in the estimations of progress depending on source of information demonstrate **clear lack of progress on delivery, adequacy, transparency and reporting.**

Figure a. progress on the USD 100 billion commitment in 2020 (deadline)



2) **Failure to implement COP decisions for addressing finance to fight to climate change in particular for alternative approaches such as joint mitigation and adaptation approaches.** Important COP decisions of the UNFCCC regarding financing for alternative policy approaches through the GCF, have not been implemented on a continuous basis. There is no finance devoted to alternative approaches as per the agreements reached in the COPs.
In particular finance for alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests (JMA, as referred to in Art. 5 of the Paris Agreement. In particular, the following specific paragraphs of previous UNFCCC COP decisions are important to be reminded:
   - Decision 9/CP-19: "8. Encourages entities financing the activities referred to in decision 1/CP.16, paragraph 70… to continue to provide financial resources to alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests";
   - Decision 7/CP.21:"25. Requests the Board of the Green Climate Fund to take into account decision 16/CP.21, in particular paragraph 6, referring to support for alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests, as appropriate, in its funding decisions".

   Key decisions of the COP have not been implemented by the Standing Committee of Finance (SCF) and the Green Climate Fund (GCF), and the operationalization of finance is overlooking alternative approaches and non-market approaches, and even disregarding the implementation of clear COP decisions.

Operating entities of the financial mechanism have demonstrated progress since the adoption of the Paris Agreement, however remain a small fraction of the overall climate finance landscape

1) **Green Climate Fund:** Established as an operating entity of the financial mechanism of the Convention under Article 11 of the Convention, the Green Climate Fund (GCF) has progressed through its initial resource mobilization period "IRM" (2015-2019) and the first replenishment 'GCF-1' (2020-2023). In the Initial Resource Mobilization period the GCF

received USD 10.3 billion in pledges, of which only **USD 7.2 billion was received**. Over **2015-2019, the GCF allocated over USD 5.2 billion** with an expected impact of 1.5 billion tons of CO2 reduced/removed and 310 million beneficiaries. During GCF-1 the allocation totaled **USD 6.4 billion between 2020-2022** for 88 projects across 107 developing countries. By the end of the 2022, across both the IRM and GCF-1, the GCF allocation increased to USD 11.4 billion for **209 approved projects across 128 developing countries**. While the GCF has progressed over the years, the total **allocated funding from 2015-2022 represents only 1.8% of the average climate finance flows between 2019/2020 alone**[2]. The GCF has also **failed to deliver on development, deployment and dissemination of carbon capture and storage (CCS) as per its governing instrument** and the fund also faces issues due **unfulfilled pledges among some contributors.** The Independent Evaluation Unit of the GCF assessment of the fund in 2022 claims that the GCF has steadily evolved and matured as an organization over the first three years of GCF-1, however identified the following areas for improvement:

- The role of the GCF and its partner institutions to advance **country ownership and countries' evolving needs remains poor**
- A comprehensive approach to **direct access to meet countries' climate priorities** based on 'country drivenness' is missing

2) **Global Environment Facility:** The Global Environment Facility (GEF), as an operating entity of the financial mechanism of the Convention, has also progressed over the years since the adoption of the Paris Agreement. While smaller in scale, GEF-7 (2018-2022) supported 131 projects in developing countries with USD 590.1 million for mitigation, USD 105.6 million for enabling activities supporting the preparation of reports under the UNFCCC regime (NCs, BURs, BTR), USD 91.4 million for capacity building for transparency (CBIT), USD 523.3 million for adaptation through the LDCF, USD 13.9 million for the SCCF. GEF-8 (2022-2026) will see allocation for mitigation increase to USD 852 million, support for enabling activities and CBIT related to transparency will increase by 36.4 percent and 31.8 percent compared to the previous, the LDCF is set to increase to between USD 1.0 to 1.3 billion and the support for the SCCF is set to increase from between USD 200 to 400 million. While the GEF has demonstrated progress, it remains a small fraction of the overall climate finance landscape, including when considered alongside the GCF. **In fact, all multilateral climate funds represented only 0.6% of total climate finance flows on average between 2019/2020, demonstrating the potential for additional progression to meet the needs of developing countries.** Many developing countries have also noted the inadequacy of finance from the GEF to cover their transparency obligations and needs.

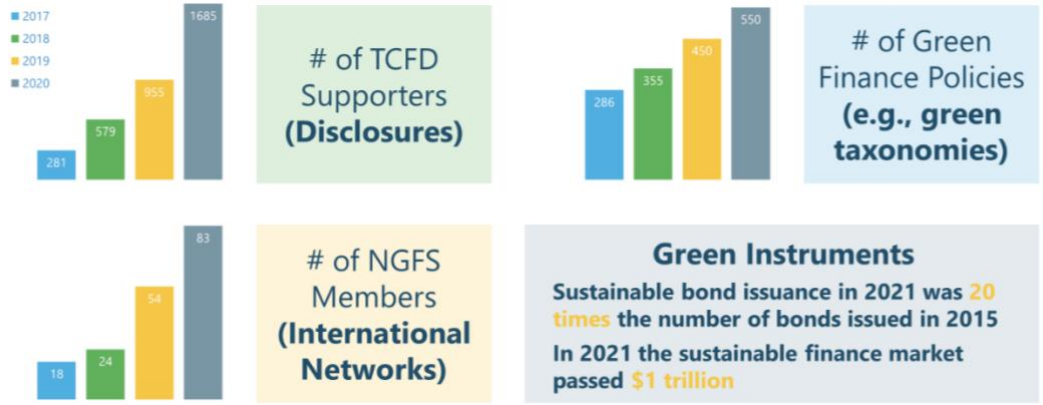
Figure b. summary of support of GEF-7 (2018-2022) and allocation GEF-8 (2022-2026)

Category	GEF-7 support	GEF-8 allocation
Mitigation	USD 590.1 million	USD 852 million
Enabling Activities	USD 105.6 million	~USD 144 million
CBIT	USD 91.4 million	~USD 120.5 million
LDCF	USD 523.3 million	USD 1.0 – 1.3 billion
SCCF	USD 13.9 million	USD 200 – 400 million
Total	~ USD 1.32 billion	~ USD 2.32 – 2.82 billion

[2] Based on Climate Policy Initiative averaged amount for 2019/2020 (USD 632 billion) and the GCF total allocations from 2015-2022 amounting to USD 11.4 billion

Since the adoption of the Paris Agreement, actors outside of the process within the financial system have undertaken many efforts, however developing countries have not benefitted:

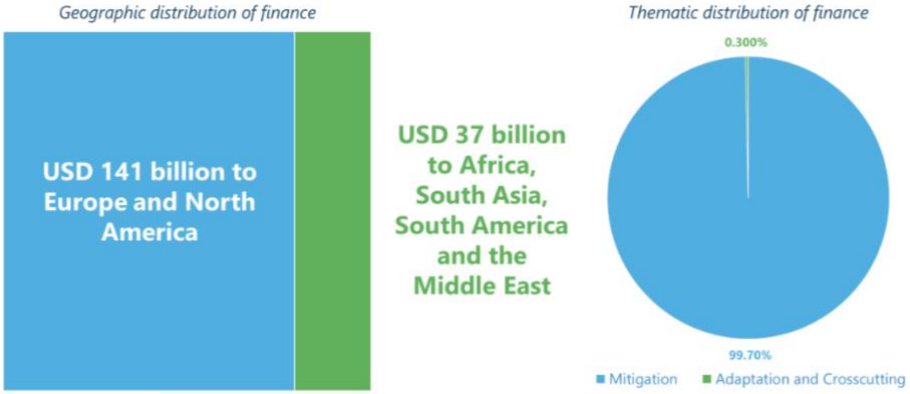
Figure b. number of climate finance related developments since the Paris Agreement



1) Since the adoption of the Paris Agreement, actors in the financial system (investors, banks, regulators etc.,) have demonstrated an increased interest in climate and sustainable finance. For example, the number of Taskforce for Climate-Related Financial Disclosures (TCFD) supports increase from 281 to 1685 from 2017-2020. More efforts were undertaken within disclosures since COP26, most notably the launch of the International Sustainability Standards Board (ISSB) by the International Financial Reporting Standards (IFRS). The ISSB has since released two disclosure standards S1 and S2 on climate and sustainability related financial disclosures, which will enter into implementation in 2024. **While some have viewed the development of disclosure requirements in a positive light, the impact on developing countries has already proven to be detrimental.** According to a joint study issued by Imperial College Business School and SOAS commissioned by UN Environment, climate risks are increasing the cost of capital for developing countries; for every ten dollars countries pay in interest payments, an additional dollar is due to climate vulnerability. **The study shows that over the past decade, a sample of developing countries have endured USD 40 billion in additional interest payments on government debt alone. The researchers estimate that these additional interest costs are set to rise between USD 146 and 168 billion over the next decade.** While developments outside of the process are viewed favorably by some, the 1.17% rise in borrowing costs in developing countries underscore the **real-world and practical importance of applying the principles of equity and CBDR to climate action.**

2) As with public funding, the divergence in accounting methodologies makes it difficult to accurately aggregate the amounts of private climate finance. The Climate Policy Initiative, an entity that provides climate finance reports sourcing information from aggregators, claims that private climate finance increased by 13% from 2017/2018 to USD 310 billion in 2019/2020, the latest year they have provided data for:

Figure c. private climate finance between 2019/2020 thematic and geographic distribution



3) While private climate finance has increased in volume since the adoption of the Paris Agreement, developed countries have disproportionately benefitted from this increase. According to the Climate Policy Initiative (CPI), over 2019/2020 **Europe and North America received USD 141 billion of private climate finance compared to only USD 37 billion across Africa, South Asia, South America and the Middle East combined**. Combined with increasing cost of capital in developing countries, the lack of finance flows to developing countries to finance climate action represents an impediment to implementation. In addition, in an assessment conducted by Standing Committee on Finance of the national plans (NDCs, BURs, NCs, TNAs, TAPs, and LEDs) of developing countries revealed that more needs were identified for adaptation than mitigation. Despite this, according to CPI **over 99% of private climate finance was allocated for mitigation**, further demonstrating the **disconnect between private climate finance developments and the needs and priorities of developing countries.**

Gaps:

As outlined in the collective progress section, while there have been developments in climate finance since the adoption of the Paris Agreement, there have also been many gaps:

- **Commitment fulfilment gap:** there is an inconsistency between the commitments made by developed countries (USD 100 billion and doubling of adaptation finance) and the fulfilment of the commitments. As referenced earlier, it is widely accepted that developed countries **have failed to deliver the USD 100 billion by 2020**, with varying estimates placing progress at different stages. When considering the **obligation provided for in the Convention** that developed countries cover the full and incremental costs of implementing the agreement and any of its instruments, the commitment gap becomes ever clearer.
- **Quantum gap:** the current finance commitments of developed countries are inadequate in relation to the existing level of ambition within developing countries. According to the Standing Committee on Finance, as of 31 May 2021 NDCs from 153 Parties included 4,274 needs, with 1,782 costed needs identified across 78 NDCs cumulatively amounting to USD 5.8-5.9 trillion up until 2030. Considering the lack of delivery of previous commitments, the period between **2025-2030 would require ~USD 1.1 trillion per year**, significantly more than the **USD 100 billion representing the current undelivered commitment**.
- **Ambition gap:** developing countries have received repeated calls to increase ambition and to commit to global top-down targets in the years after the adoption of the Paris Agreement. Despite the gap in the quantum of finance to be provided to achieve existing levels of ambition, let alone increased ambition, developing countries continue to recognize the importance of raising ambition to achieve the goals of the Paris Agreement. **According to the IPCC, annual financial flows for mitigation alone for developing countries need to increase by a factor of 4 to 7 (to reach ~USD 2.5 to 3 trillion per year) for 2020 to 2030 in scenarios that limit warming to 2°C or 1.5°C.** In line with Article 4, paragraph 5, of the Paris

Agreement, it has been enshrined in the agreement that the extent to which developing countries implement ambitious climate mitigation actions depends on the provision of financial support by developed countries. Building climate resilience through adaptation remains a key priority of developing countries, with more needs cited for adaptation than mitigation in submitted Nationally Determined Contributions.

- **Thematic area gap:** According to the Fifth Biennial Assessment on Climate Finance Flows published by the Standing Committee on Finance in 2019-2020, 19% of climate finance from Multilateral Climate Funds (e.g., Adaptation Fund, GCF, GEF etc.,) went to adaptation compared to 37% to mitigation in the same period. When considering bilateral climate finance, the share of adaptation improves to 28% compared to 57% for mitigation. Furthermore, in MDB climate finance 36% was allocated to adaptation compared to 62% for mitigation. **Despite the balance between mitigation and adaptation finance being highlighted in Article 9, paragraph 4, of the Paris Agreement, international support to developing countries from developed countries has not reflected this balance.**
- **Transparency gap:** Even while considering the strong obligations for transparency outlined in article 9, paragraphs 5 and 7, of the Paris Agreement, transparency has been a core gap in climate finance since the adoption of the Paris Agreement. Due to the lack of a multilaterally agreed definition on climate finance, it has not been possible to consistently track and report progress on climate finance delivery to date. Biennial Reports under article 9, paragraph 5, of the Paris Agreement have not been adequate as well. For example, out of 7 reports from developed countries, 2 do not mention the USD 100 billion goal and the remaining reports reference the disputed Climate Finance Delivery Plan, relying on unsubstantiated projections to provide forward looking information on the delivery of the goal rather than clear commitments. 1 out of the 7 reports references an intention to work with relevant authorities to provide a commitment to increase climate finance. Despite the gaps, there are examples of Biennial Reports under 9.5 in which developed countries have provided clear commitments with a timeline.
- **Access gap:** While the operating entities of the financial mechanism of the Convention have achieved progress over the years, access remains an issue for many developing countries. Despite over seven years since the adoption of the Paris Agreement, not all developing countries requesting support from the operating entities have been able to access support. While progress has been made, as per the Independent Evaluation Unit of the GCF has highlighted, the process for project proposals and approvals has been perceived as being non-transparent and bureaucratic. Finally, despite its mandate, the GCF in particular has made little to no progress on defining and clarifying how the fund will ensure that it is country-driven. To date, the country driven mandate is defined by a single no objection letter, which in a few cases, host countries were under pressure to accept due to the funding needed. In addition to damaging predictability of finance and transparency on progress, the lack of a climate finance definition has resulted in developed countries claiming funding for hotels, chocolate shops, airport expansions and movie production using the OECD methodology deployed within the Climate Finance Delivery Plan – as famously reported by Reuters[3].
- **Equity and CBDR-RC gap:** Actors within the financial sector and outside of the UNFCCC process have not integrated equity and the principle of common but differentiated responsibilities and respective capabilities into their climate finance approaches. This has resulted in highly inequitable distribution of climate finance provided, top-down approaches that have negatively impacted developing countries, and non-inclusive practices that have restricted finance to those that require it the most. **The gap is highlighted in the fact that**

[3] A pledge to fight climate change is sending money to strange places (reuters.com)

according to Morningstar Direct, ESG investment assets are concentrated in Europe (81%) and the United States (13%).

C.3.1.2 Political messages

Challenges and barriers:

- Issues surrounding transparency, progress and delivery on climate finance commitments of developed countries, namely the USD 100 billion goal, undermine trust in the process and represent an impediment to implementation in developing countries.

- Lack of burden sharing within developed countries, has resulted in a system of finance support within which some developed countries are delivering their fair share and others have not provided adequate support to developing countries.

- Lack of balanced support for the implementation of COP and CMA decisions, and lack of political will to implement agreed decisions, undermining multilateral negotiations, including for the implementation of alternative approaches to results-based payments, such as joint mitigation and adaptation for the integral and sustainable management of forests (Art. 5 of the Paris Agreement and decision 16/CP.21).

- Current budgetary processes within developed countries represent a barrier to scaling up the public finance needed in developing countries.

- The inadequacy of climate finance provided and mobilized by developed countries to developing countries is a barrier to increase ambition in implementation in developing countries.

- Lack of ownership of obligations within some developed countries of their obligation to provide and mobilize finance to developing countries in line with the Convention and Paris Agreement.

- More capacity building support is required to assist developing countries to better cost their adaptation needs.

- More support is required to assist developing countries to fulfil their obligations under the Convention and Paris Agreement, including on transparency.

Opportunities:

1) **Looking forward on the USD 100 billion:** While the Climate Finance Delivery Plan asserts that the goal will comfortably be met in 2023, previous reports from developed countries have made the same assertions incorrectly. In addition, should the goal be met using the accounting methods of developed countries, it would remain largely disputed due to a lack of a clear and agreed climate finance definition and accounting methodology. Oxfam, on the other hand, estimates that current pledges and announced plans from developed countries will amount to **only USD 93-95 billion by 2025**.

2) The **new collective quantified goal on climate finance is an opportunity to leverage lessons learned from the USD 100 billio**n and to:

- Create clear accounting methodologies to track progress on the new goal, leveraging the Enhanced Transparency Framework
- Base the quantitative value of the goal on the needs and priorities of developing countries, as opposed to setting a value through a purely political process
- Ensure predictability, adequacy and access in the delivery of the goal
- Ensure developed countries fulfil their obligations to provide and mobilize finance as provided for in the Convention and Paris Agreement.

3) **Critical issues with the goal to at least double adaptation finance:** Similar to the issues with the USD 100 billion commitment, the lack of a multilaterally agreed climate finance definitions creates issues with accurately tracking progress on the goal. Other issues persist for tracking progress on the goal to double adaptation finance, namely that developed country reports, such as the "Climate Finance Delivery Plan", do not reference progress on the commitment to double adaptation finance. **Furthermore, due to methodological issues, there is no agreed USD value baseline for the year 2019, making it impossible to track progress on its delivery by 2025.**

4) There is an opportunity to **send signals to actors in the financial system to embed considerations of equity and common but differentiated responsibilities and respective capabilities into their climate finance approaches and to scale up their investments in developing countries**.

5) There is an opportunity for the operating entities of the financial mechanism to **better deliver on mandates, including by supporting Carbon Dioxide Removal technologies (CCU/S and DAC)** in line with the GCF's governing instrument.

6) There is an opportunity to work on **non-market approaches, including for the operating entities of the financial mechanism to work on joint mitigation and adaptation for the integral and sustainable management of forests, to strengthen financial international cooperation to achieve goals well embedded in equity and climate justice**.

7) **Developed countries have the opportunity to ensure better delivery of future climate finance commitments**, through instituting burden sharing within developed countries and reforming national budgetary processes to enable effective delivery of finance commitments.

C.3.2 Technology Development and Transfer

C.3.2.1 Collective progress and gaps

- Developing countries need access to climate action-relevant technologies to move towards a sustainable development pathway and enhance climate change action ambition. The central role of technology transfer to developing countries as well as their development of endogenous technology were recognized in the 1992 Rio Summit, as well as in its related conventions including the United Nations Framework Convention on Climate Change (UNFCCC).

- Technology transfer is to be undertaken as a means for furthering international cooperation, and that a pro-active role of public policy at national and international levels is required to enable developing countries' access to technology. Under the UNFCCC, in recognition that GHG emissions from developing countries will continue to grow as their economies grow even as developed countries are committed to reducing their emissions, technology transfer is part

of a broader policy package for international cooperation (along with climate finance and adaptation support) under which developed countries, following the principle of common but differentiated responsibilities, are also committed to provide support to assist developing countries undertake climate actions (mitigation and adaptation).

- According to the IPCC AR6, the adoption of low-emission technologies lags in most developing countries, particularly least developed ones, due in part to limited finance, technology development and transfer, and capacity.

Gaps:

1) The UNFCCC's Expert Group on Technology Transfer (EGTT) observed in 2014 in a survey of climate-related international collaborative activities relating to technology development and transfer that "a number of large gaps" exist:

- Most existing initiatives are focused on enabling frameworks and facilitating deployment.
- Mitigation technologies (and within that, energy technologies) dominate; there is relatively limited focus on adaptation.
- One particular observation relating to technologies for both mitigation and adaptation is that, while there are many international collaborative initiatives around technologies to address climate change, many of these involve processes for identifying needs and facilitating the sharing of knowledge and experiences rather than actually undertaking collaborative R&D.
- Another relevant finding of the EGTT is the limited number of collaborative R&D initiatives.
- The absence of comprehensive assessment of global progress in climate technology transfer is evident, especially the lack of effective, systematic, comprehensive data and information on the needs, progress, capacity and challenges of developing countries, etc.
- The world has been witnessing declining costs and rapid scaling-up of some low-carbon technologies especially in the case of renewables, however, the deployment of these technologies still lags in developing countries, who faces huge challenges in implementing the priorities identified in TNAs and TAPs, including insufficient technical and financial support.
- The Technology Mechanism (TM) established under the Convention supports country efforts to accelerate and enhance action on climate change. However, insufficient, unpredictable and unsustainable finance remains a huge challenge for the TM, which severely prevent it from fully realizing the mandated functions and in supporting the fulfilment of the long-term goal and transformative change envisioned in the Paris Agreement.

C.3.2.2 Political Messages

Challenges and barriers:

1) The lack of or inadequate access to financial resources is the main barrier to low-emission innovation and technology diffusion, regardless of the sector or technology.

Opportunities:

1) **Support by developed countries is a critical enabler to technology diffusion**. According to the IPCC international cooperation on technology development and transfer accompanied by capacity building, knowledge sharing, and technical and financial support can accelerate the global diffusion of all mitigation technologies, practices and policies at national and sub-national levels, and align these with other development objectives.

2) Public policies can support training and research and development (R&D) through a variety of regulatory and market-based instruments. **These instruments can create incentives and market opportunities for businesses to invest in training and R&D, which can lead to innovation and economic growth**.

3) Policy packages that are tailored to the specific national context and technological characteristics of a country have been more effective in supporting low-emission innovation and technology diffusion. This is because different countries have different needs and priorities, and different technologies are at different stages of development**. A one-size-fits-all approach to policy is unlikely to be effective in all cases. In contrast, policy packages shall align with domestic needs and priorities in disseminating renewable energy, efficiency, low-emission fuels, abatement and removal technologies, in addition to adaptation needs.**

4) **A comprehensive, transparent and comparable assessment approach and a systematic indicator matrix shall be developed to facilitate future technology development and transfer stocktaking**, so as to better inform policy making, enhanced actions and international cooperation.

5) A Technology Implementation Programme, supported by the operational entities of the Financial Mechanism (FM), shall be developed to strengthen technology related actions focusing on the **implementation of the priorities identified by developing country Parties in their TNAs and TAPs**.

6) Accelerating, encouraging and enabling innovation shall be supported through financial means, by the Financial Mechanism of the Convention. **Further institutional strategic cooperation and linkage between the Technology Mechanism and Financial Mechanism needs to be enhanced,** so as to promote resource mobilization and facilitate access to technology to developing country Parties.

7) Cooperation and collaboration shall be encouraged for International organizations and institutions to promote global climate technology development and transfer.

C.3.3 Capacity Building

C.3.3.1 Collective progress and gaps

Capacity building is a key enabler for national action and international cooperation on climate change under the Paris Agreement. The Paris Agreement highlights that capacity building should enhance the capacity and ability of developing country Parties, including, inter alia, to implement adaptation and mitigation actions, and should facilitate technology development, dissemination and deployment, access to climate finance, relevant aspects of education, training and public awareness, and the transparent, timely and accurate communication of information.

<u>Gaps:</u>

The capacity building gaps widely exist in developing country Parties. In the absence of effective coordination mechanisms, particularly links to financial mechanisms, capacity-building in developing countries remains fragmented and inefficient. In addition to financial support, **capacity building is essential to help developing countries** cost all of the needs listed in their national plans (NDCs, NAPs, etc.). A recent needs determination report found that only 30% of these needs have been costed. This is a major challenge, as it makes it difficult for developing countries to prioritize their investments and ensure that they are getting the most out of the limited resources available/The report also found that a higher percentage of costed needs are for mitigation than for adaptation, **despite adaptation having a larger number of listed needs.**

C.3.3.2 Political Messages

Developed country Parties should enhance support for capacity-building actions in developing country Parties. The GST outcome should stress, inter alia, that it is important to increase synergies through cooperation and avoid duplication among existing bodies established under the Convention that implement capacity-building activities, including through collaborating with institutions under and outside the Convention; capacity gaps and needs should be further identified and ways found to address them; good practices, challenges, experiences and lessons learned from work on capacity-building by bodies established under the Convention should be collected and disseminated.

The Global Stocktake outcome in relation to capacity building should highlight that capacity-building should be country-driven, based on and responsive to national needs, and foster country ownership, including at the national, subnational and local levels.

Capacity-building should be guided by lessons learned, including those from capacity-building activities under the Convention, and should be an effective, iterative process that is participatory and cross-cutting.

Capacity building support for developing countries can enable them to implement their Nationally Determined Contributions (NDCs) more effectively and ambitiously over time.

Capacity building is most effective **when it is tailored to the specific institutional and capability context**, benefits local value chains, is **undertaken through equitable and voluntary partnerships**, and is inclusive of all relevant voices.

C.4 Efforts Related to Response Measures

The Paris Agreement stipulates that Parties shall take into consideration in the implementation of this Agreement the concerns of Parties with economies most affected by the impacts of response measures, particularly developing country Parties. The clear recognition of response measures across all climate related agreements including the UNFCCC convention, Kyoto Protocol and the Paris Agreement is of great importance for all developing countries.

Article 4, paragraph 15, of the Paris Agreement states that, in implementing the Agreement, “the concerns of Parties with economies most affected by the impacts of response measures, particularly developing country Parties, should be taken into consideration”.

Decision 1/CP.21, paragraph 33, states that the “forum on the impact of the implementation of response measures, under the subsidiary bodies, shall continue, and shall serve the Agreement”.

Decision 1/CP.21, paragraph 34, states that the SBI and the SBSTA "shall recommend, for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session, the modalities, work programme and functions of the forum on the impact of the implementation of response measures to address the effects of the implementation of response measures under the Agreement."

Decision 11/CP.21, paragraph 1, also states that the Improved Forum "shall provide a platform allowing Parties to share, in an interactive manner, information, experiences, case studies, best practices and views, and to facilitate assessment and analysis of the impact of the implementation of response measures, with a view to recommending specific actions".

All developing country Parties face economic and social consequences of response measures (actual and potential) in different ways. Thus, it is fundamental to give full consideration to what actions are necessary to meet the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures, in accordance with the principles and provisions of the Convention, in particular its articles 3.1, 3.4, 3.5., 4.1. g) and h), 4.3. 4.5, 4.7, 4.8, 4.9 and 4.10, and articles 2.3 and 3.14 of the Kyoto Protocol, as well as relevant COP decisions, such as decisions 5/CP.7, 1/CP.10, 1/CP.13, 1/CP.16, 2/CP.17, 8/CP.17, 1/CP.18, 15/CMP.1 and 31/CMP.1.

C.4.1 Collective Progress & Gaps

<u>Collective Progress:</u>

1) The response measures agenda has advanced in a steady pace since the adoption of the Paris Agreement; however, this **pace failed to keep up with the high ambitions and emerging political pressure for an accelerated global transition, and punitive mitigation policies**.

2) The Forum under the Paris Agreement **should contribute to policy coherence and actions needed by ensuring that domestic and international** climate policies do not negatively impact the development aspiration of all Parties, and are implemented in the context of sustainable development, in particular, developing country Parties.

3) When it comes to functions of the Forum of implementation of response measures, it is important to note that they were set at a time when the Paris Agreement was young, and many of its elements were still being developed, or had been developed but the magnitude and impact of what they entailed was not obvious. The Paris Agreement was in its development phase. **The future functions and activities need to adapt to the accelerated rate of mitigation policies.**

<u>Gaps:</u>

1) The response measures Forum should be equipped with the required structural framework to respond to the rapidly changing circumstances in the climate change landscape, supported by the needs of developing countries, best available science and advancements in technology with a view of enabling developing countries to address specific measures relevant to their nationally driven context. The Forum, therefore, **shall become actionable in its conduct with specific milestones to address current and emerging climate change gaps**.

2) The Forum was supposed to a platform to share experiences and information and one that would provide recommendations, concrete examples, and help with capacity building. That

was not inappropriate at that time, as **little was known of how the global climate change policy framework would develop over time and its implications**.

3) Many of the functions and objectives outlined in Katowice **have been addressed on the surface**, in the sense that activities were carried out that could be construed of addressing these objectives. **How effective was this delivery in ensuring that the impact of response measures was addressed does not meet the urgency and magnitude of what developing country Parties increasingly face.**

C.4.2 Political Messages

Challenges and barriers:

1) The forum on the impact of the implementation of response measures under the Subsidiary Bodies has proven to be a useful medium for exchanging experiences and information. However, **the Forum has not been able to advance technical work towards undertaking specific actions to avoid or minimize the negative economic and social impacts of response measures on developing countries**. There is a clear need to enhance the Forum's functions, modalities, and work program to assume such activities and address related Articles under the Convention.

2) The Forum on response measures **must move away from conceptual discussions on the impacts of response measures and implement a clear road map and plans to help parties understand, assess, and address the impacts of response measures**. It should focus on the development of tools that will help Parties assess and address the impact of response measures and recommend actions to avert and minimize those impacts.

3) Work must be significantly increased under the response measures forum and the KCI to address the developments in climate change decisions and the impact of their response measures. **Artificial restrictions imposed on the functioning on the forum and its KCI must be removed and time and resources allocated must be significantly increased.**

4) The modalities of the Forum and the KCI should be adapted and used in a balanced manner to help parties understand, assess, and address the impacts of response measures. Case studies, concrete examples, and technical papers should continue to be part of the modalities, but **new ones need to be developed to support Partis in addressing the impacts of rapidly evolving climate mitigation policies**.

Opportunities:

1) A new activity under the work plan of the forum on the impact of the implementation of response measures and its Katowice Committee of Experts on the Impacts of the Implementation of Response Measures, to identify and assess the negative impacts of the climate-related unilateral measures, with a view to eliminating such unilateral measures and pursue systematic solutions.

2) The Forum should be equipped with the **required operating systems and enabling processes/tools to translate exchanged information, experiences, case studies and best practices into tangible products with and measurable targets**. The Forum, therefore, shall be focused on identification and quantification of the impacts of response measures across

all applicable platforms and venues, as well as to strategically address the negative impacts of response measures on developing countries.

3) The Forum's functions shall not be confined to SB sessions with a view of ensuring that the Forum is equipped with the capacity to perform its functions in **inter-sessional settings to advance all Parties interests**. The Forum, therefore, shall be extended to all applicable platforms, as appropriate, along with circulating an agenda prior to the engagement session with specific relevant topics and adequate timeslots to enable all Parties advance response measure objectives.

4) The Forum shall be structured in a **proactive and interactive manner which allows it to be kept up-to date with wider UNFCCC agenda items** by enhancing the frequency of face-to-face engagements. The Forum, therefore, shall evaluate past and current engagements frequencies and format with a view of completing risk assessments and emerging opportunities with a view of strategically promoting cooperation and facilitating common understanding among all countries.

5) The Forum shall ensure proactive and reactive development of workshops, concrete case studies and engagement sessions informed by the best available science and guided by principles of the Convention to achieve the Paris Agreement. **The enhancements shall sufficiently address the urgency and magnitude of what developing countries increasingly face especially on matters related to the urgent need to emissions reduction and achieving low emissions economies**. In addition, the enhancements shall take into account relevant policy issues of concern to developing countries in order to support their climate actions by assessing, analyzing, addressing and reporting impacts of the implementation of response measures in accordance with the specific needs, concerns and national circumstances of developing countries.

6) The response measures agenda shall carry out systematic and comprehensive assessments or analysis to **understand cross border impacts of response measures on developing countries and identify types of measures of significance requiring urgent action to address**, especially ways to minimize adverse the impacts of response measures.

7) Response measures within the UNFCCC process shall be enabled to **explore and address all forms of negative impacts faced by developing countries through a wide variety of formats**, such as:

    - Establish dialogues on assessment and analysis of adverse impacts of response measures, including unilateral ones, in terms of their consequences; inter alia, trade, investment, employment, income, economic growth rates and living standards in developing countries; and explore ways to minimize adverse impacts of response measures.

    - Development of methodologies and modeling tools (CGE based or Hybrid) for the assessment and analysis of adverse impacts of response measures, including unilateral ones, in terms of their consequences for, inter alia, trade, investment, employment, income, economic growth rates and living standards in developing countries.

    - Developing case studies to understand the impacts of mitigation policies taking into account different national and regional contexts.

- Capacity building of countries to use the methodologies and tools including modelling tools on existing tools and/or the tools developed by forum through regional training programs.

- Capacity-building related to economic modelling, studies, methodology development, scenario-setting and technology transfer to assist developing country Parties in addressing the negative economic and social consequences of response measures.

- Development of specific guidelines for developed countries on how to report on actions and impacts related to the implementation of response measures, in such a way as to promote actions to minimize adverse impacts.

- Development of system or program to record measures, examine and review their impacts comparatively (domestic versus cross-border impact.

- Guidelines for monitoring and reporting of impacts and measures undertaken to address / minimize the negative impacts of implementation of response measures.

- Exploring work areas including Trade, export development, investment, industrial development and value chain integration, cities, health, youth, inclusive growth. Further, the work areas should be flexible and open for revision at later point of time as the agenda as Parties evolve their understanding and new issues arise.

8) The Forum shall also focus on:

    - Raising awareness and enhancing the capacity of Parties to assess, address, manage, monitor and report on the impacts of implementation of response measures.

    - Identify, develop and promote methods, methodologies and frameworks needed to assess and address the impacts of the implementation of response measures.

    - Create new or mobilize existing national capacities for strengthening monitoring and reporting systems on response measures.

    - Cooperation at various levels, including at bilateral level, with regional and multilateral organizations, experts and institutions, on the adverse economic and social consequences of response measures on developing countries.

    - Recommendation of specific actions and functions of the Forum

C.5 Efforts Related to Loss and Damage

C.5.1 Collective progress and gaps

1) **The cascade of scientific literature (including from the IPCC) as well as the reality faced by communities all over the world experiencing climate change–related natural disasters** heightened the political profile of loss and damage issues in the UNFCCC process, in particular loss and damage finance. These included in 2022 the floods in China, Malaysia, Brazil, Pakistan, western Europe, Australia and west Africa, long-running drought in the Horn of Africa as well

as in southern Europe and China, heatwaves in India, Pakistan, the Arctic and Antarctica, and the Middle East, wildfire in Chile, winter and summer storms in the US, the Caribbean, Europe, south-east Africa and the Philippines, a tropical cyclone in Bangladesh, and mountain glacial melt in the Andes, Alps and Himalayas, and many other disasters. These underscored the need for loss and damage funding as a central element in international cooperation to address loss and damage under the UNFCCC and its Paris Agreement.

2) **The historical emissions of developed countries** have contributed to more extreme weather events, sea level rise, droughts, heat waves and other impacts that are disproportionately affecting developing countries. The **failure to meet the pre-2020 commitment, has resulted in the current gaps in addressing loss and damage**. As such, the inclusion of Loss and damage in the multilateral process was heavily campaigned by developing countries in an effort to address climate impacts resulting from cumulative emissions.

3) **Loss and damage is now an integral part of the multilateral climate regime under the Convention and its Paris Agreement** as a result of the decisions adopted by the COP and the CMA (Conference of the Parties serving as the meeting of the Parties to the Paris Agreement) as well as the inclusion of the issue of loss and damage in Article 8 of the Paris Agreement. As mentioned above, this particular article provides for **international cooperation and facilitation to enhance action and support in several areas including early warning systems, emergency preparedness, slow onset events, and risk assessment and management.** Further, it incorporates the WIM, including the Santiago Network, within its regime subject to the authority and guidance of the CMA (even as the WIM continues to also be under the authority and guidance of the COP by virtue of the COP's previous decisions relating to loss and damage).

4) **A historical achievement was realized at COP 27** in Sharm El-Sheikh in 2022, to establish loss and damage funding to address loss and damage in developing countries that are facing the consequences of the adverse effects of climate change.

C.5.2 Political messages

1) The Paris Agreement acknowledges through Article 8, that loss and damage is a serious and irreversible consequence of climate change, and that it is a global challenge that requires a global response and cooperation. Developed countries are obligated to provide financial assistance to developing countries to help them cope with the impacts of climate change in accordance with the principle of CBDR-RC. This assistance can be used to build inclusive climate-resilient infrastructure, provide disaster relief, and support adaptation programs.

2) Both the science and the realities on the ground are clear – all countries, particularly developing countries, now have to live with the reality that losses and damages arising from the adverse effects of climate change are present; are increasing in scale, frequency, and intensity; and are more and more adversely affecting the ability of developing countries in all regions to achieve the right to development, eradicate poverty, to survive, and provide better lives for their peoples.

3) Developed countries must also provide funds for the operationalization of the SNLD in accordance with decision 1 CMA.3 and technical as well as capacity building support to developing countries to help them build the skills and knowledge they need to manage the impacts of climate change. This support can include training on

D. Enhancing International Cooperation for Climate Action

D.1 Collective progress and gaps

- The global nature of climate change calls for the widest possible cooperation by all Parties in an effective global response, and international cooperation is the critical enabler for achieving ambitious climate change mitigation goals and climate resilient development, highlighting international cooperation has been the driven force for the significant decrease in the costs of renewable energies and low-emission technologies in the past decades, including through the CDM mechanism under the Kyoto Protocol;

- A significant number of multilateral initiatives have been launched and/or expanded on since the adoption of the Paris Agreement, supporting climate action (MI, CEM, CSLF, etc.).

- A significant number of initiatives have been launched as part of the action agendas of COPs under the UNFCCC process.

- Eighty-one per cent of Parties provided information on voluntary cooperation under Article 6 of the Paris Agreement. Almost all of them, or 76 per cent of Parties, stated that they plan to or will possibly use at least one type of voluntary cooperation. At the same time, 31 per cent of Parties have set qualitative limits on their use of voluntary cooperation for achieving their mitigation targets, such as using units that adhere to standards to ensure additionality and permanence of emission reductions.

- Article 6 decisions concluded in COP26 in 2021. The operationalization of the rules and guidance that was agreed is in-progress. But, there has not been sufficient time to fully engage in the cooperative approaches as outlined in the rulebook. More time is needed to sufficiently assess the potential of the Article and its contributions to a global stocktake.

D.2 Political messages

<u>Challenges and barriers:</u>

1) **Recent regression in international cooperation and emergence of unilateral measures goes against global cooperation**. As per the UNFCCC Convention, Parties should cooperate to promote a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties, particularly developing country Parties, thus enabling them better to address the problems of climate change. Measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.

2) **Rising protectionism will lead to increased costs of implementing the Paris Agreement**, undermine Parties' capabilities and progress of climate response, and delay climate action, especially in developing countries.

3) **There is a trend of some developed countries overreliance on ITMOS and article 6 mechanisms, over domestic emissions reduction**. Developing countries should not be used as automatic carbon sinks and an excuse.

Opportunities:

1) Parties should cooperate to promote a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties, particularly developing country Parties, thus enabling them better to address the problems of climate change. Measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade (UNFCCC Convention).

2) It is important and imperative to enhance the ambition and action of international cooperation to address climate change in and beyond this critical decade towards achieving the purpose and long-term goals of the Paris Agreement, including providing facilitative global politics, economy, trade, finance, technology and supply chain environments, and ensuring free and efficient exchange and allocation of resources, goods, service, technologies and investment for climate actions.

3) **Need for eliminating unilateral measures and ensuring enabling global environment for international cooperation and trust.** Unilateralism and protectionism in all forms should be abandoned, including acts and policies to decouple and de-risk so as to lock in the economic and technological gaps between developed and developing countries; *requests* relevant Parties to remove such legislation, executive orders and measures to ensure transparent, inclusive, non-discriminatory level playing field as well as stable and inclusive global supply chain to facilitate global green and low-carbon development.

4) Relevant Parties that impose trade barriers and boarder carbon pricing instruments of "one-size-fits-all" requirements based on inequitable, non-transparent and arbitrary assessment shall remove such measures and to contribute any revenues that have been previously collected to the operational entities of the Financial Mechanism under UNFCCC.

5) Parties shall remove sanctions and restrictions on green and climate-friendly goods, services, industries, technologies, investment and cooperation, and exempt such goods, services, industries, technologies, investments and cooperation, etc, from policies and measures adopted by Parties that may restrict and distort international trade, investment, and cooperation.

6) Parties shall facilitate, accelerate and strengthen international investment and cooperation on critical and emerging mitigation and adaptation technologies, including, inter alia, renewable energy generation and storage, batteries, energy-saving and energy-efficient technologies, hydrogen energy, smart grids, distributed grids, civil nuclear energy, advanced materials, carbon capture utilization and storage, removal technologies, etc.

7) The rules and guidance that were set for Article 6.2 and 6.4 are deeply technical and require expertise. While there are capacity building efforts taking place to enhance Parties' understanding and ability to engage with Article 6, **much is still needed as the Article touches on many aspects of the Paris Agreement beyond the direct cooperation**.

8) There needs to be significant **capacity building efforts that look at developing country Parties' ability to assess NDC progress and set LT-LEDS**. There also needs to be significant capacity building to enhance reporting capabilities of developing country Parties' to ease the reporting processes required when engaging in Article 6

9) Respecting the fundamental principal of learning through practice, implementation and execution requires **more time be given to assess the opportunities for enhancing international cooperation through Article 6**.

10) Article 6 cooperative approaches must be ambitious and go beyond what has happened historically by **actively discouraging Developed country Parties from depending on the Global South to provide carbon sinks**. Especially when that is being done at the cost of their nations' ability to sustainably develop and achieve the same standards of living for their people.

11) **International cooperation done through Article 6 must go beyond 6.2 and 6.4, to operationalize the true spirit of cooperation that is done through non-market approaches.** While the framework for NMA is being operationalized, there still needs to be significant efforts undertaken to raise awareness and encourage self-identification of NMAs. There also needs to be active engagement through the NMA website once it is fully launched to ensure that these approaches receive the same emphasis as their counterparts.

12) Non-market approaches provide an important venue of international cooperation to address climate change, including mitigation and adaptation, in order to achieve the goals of the Paris Agreement in the context of the defense of the rights of indigenous peoples and local communities, the protection of Mother Earth, and climate justice.

13) Need for international cooperation on technology development and transfer, enhanced innovation cooperation and capacity-building and knowledge transfer to strengthen technological innovation and capabilities in developing countries.

Way Forward

- Enhanced ambition shall only be achieved by recognizing different starting points reflecting the principle of equity and common but differentiated responsibilities, based on enhanced means of implementation and support by developed countries, and facilitated by strengthened international cooperation. Parties shall adopt such a holistic approach in the implementation of the Paris Agreement.

- Reiteration of invitation of parties to present their NDCs, informed by the outcome of the global stocktake, at a special event held under the auspices of the Secretary-General of the United Nations.

- Looking forward to start of GST2 in 2026.