

Analysis of Sharm el-Sheikh COP27 Decisions

A. Introduction

Herein is an initial analysis of the significant outcomes of the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27), which ran from November 6 to November 18 2022, in Sharm el-Sheikh, Egypt.

The Cover Decision of COP27 (Decision CP.29) or the Sharm el-Sheikh Implementation Plan has eight sections covering the main issues on the agenda, from the science and urgency of climate change to matters dealing with collaboration. This analysis is based on the advanced unedited version of the Decision and aims to inform CSO stakeholders of the outcomes as they apply to the African context.

B. Background

The Conference took place in a global geopolitical context defined by the lingering effects of the COVID-19 Pandemic, the Russia-Ukraine crisis and growing debt profile of African and other less developed countries. Decision CP27, adopted at the end of the Conference, acknowledged the impact of this “complex and challenging” geopolitics on energy, food and economic situations. It nonetheless underscored this was not enough reason for backtracking, backsliding or deprioritizing climate action.

African negotiators went to the Conference with clear expectations that reflected the special needs and circumstances of the continent. For example, they wanted, at a minimum:

- Discussions on Africa’s special needs and circumstances as granted in Article 4.1(e) of the UNFCCC: Such a move would have profoundly impacted talks and decisions, especially in prioritizing adaptation finance and aligning climate finance and technology transfer to the urgent needs of the continent.
- Increased ambition on climate finance, notably the doubling of adaptation finance, due to the continent’s high vulnerability: Amongst others, Africa also pushed for simpler procedures to access climate finance, which is partly responsible for the continent’s low share of climate finance, which stands at less than 3% today.
- Including loss and damage on the agenda and creating a facility to finance loss and damage
- A just transition approach that allows the continent to continue using its natural resources to accelerate development and growth

PACJA shared some of these demands. In addition, the Alliance called world leaders ahead of the Conference to make Sharm el-Sheikh and African people’s COP. PACJA wanted COP27

discussions and decisions to reflect Africans' voices, needs and aspirations, guided by science and the climate justice principles at the heart of the UNFCCC.

C. Our take on Decisions Pertinent to Africa, Across Thematic Areas

In this section we provide our overall take as well as our takes on specific thematic discussions. Below is a summarized overview take:

- General orientation is that COP 27 was not an African peoples COP as thought which stemmed from the thinking that African needs will be given priority. As such, the call for Africa as a special needs and circumstances region has been pushed again which shows concerns of Africa not being seen as a priority.
- Doubling of the Adaptation Fund (AF) that was announced in Glasgow did not emerge in the details in COP 27. The decisions in the funding for 100B USD alludes to mitigation and should have focused more on adaptation.
- The just transition and climate justice nexus needs to be handled with care to overcome the overlap that is emerging. The two issues need to be approached separately since climate justice is a broader issue and should not be subsumed in the just energy transition discourse alone – it needs to cut across all tracks of conversations.
- Moving forward, we should build momentum around focusing on mitigation in the global north. The big polluters have to be held accountable for their historical actions that are impacting Africa whose emissions is the least. The north must cut on their emissions first since in Africa adaptation is key in building resilient communities and the loss and damage conversation needs to persist.
- We conclude that COP27 did not meet the expectations of Africa, even though the Parties discussed the burning issue of financing loss and damage for the first time. In some instances, especially in the language on mitigation and energy, we conclude that COP27 lowered the bar and failed to spur the magnitude of ambition to reduce emissions and support adaptation needed to address the climate crisis squarely. In failing to table Africa's special needs and circumstances for discussion, debates and decisions missed the critical perspectives necessary to develop global climate policies and actions needed to respond to the urgency of climate change impacts on the continent.
- The Africa Group of Negotiators (AGN) played a key role in the negotiations at COP27 and other ministers need to be encouraged to be fully involved in the negotiations so as to have a stronger voice in the negotiation rooms.

Detailed theme specific analysis is provided below:

1. Adaptation

African Position

- Call for grant-based financial resources for adaptation for African countries; COP 27 should produce key set of adaptation finance goals to expedite the implementation of the two-year Glasgow-Sharm el-Sheikh work programme on the Global Goal on Adaptation (GGA).

Paragraphs of Interest:

- Also urges developed country partners to urgently and significantly scale up their provision of climate finance, technology transfer and capacity-building for adaptation so as to respond to the needs of developing country Parties as part of the global effort, including for the formulation and implementation of national adaptation plans and adaptation communication (Paragraph 19).
- *Emphasizes that accelerated financial support for developing countries from developed countries and other sources is critical to enhancing mitigation action and addressing inequities in access to finance, including its costs, terms and conditions, and economic vulnerability to climate change for developing countries,²² and that scaled-up public grants for mitigation and adaptation for vulnerable regions, in particular sub-Saharan Africa, would be cost-effective and have high social returns in terms of access to basic energy; (Paragraphs 34 of COP 27 and 58 of CMA 4 Cover Decisions)*

Our Take:

- i. Five articles of Decision CP27 addressed adaptation. Despite noting the existing adaptation finance gap (Article 17), the Parties failed to call for a doubling of adaptation finance, a key request from African negotiators and other stakeholders.
- ii. Article 19 urges developed countries to “urgently and significantly” scale up adaptation finance and technology. But the Decision provides no clear targets and pathways for closing the current adaptation finance gap, making no significant progress from Glasgow when Parties simply emphasized the urgency of increasing adaptation finance.
- iii. A small addition emphasized protecting water ecosystems and resources and incorporating water into adaptation efforts (Paragraph 21). A specific reference to water resources could significantly affect adaptation and just transition in Africa’s water sector, one of the worst hit by climate change.
- iv. The special mention of Africa in the Finance section of the cover decisions of both COP27 and CMA partly acknowledges the special needs and circumstances of Africa from a finance perspective.

2. Energy and Just Transition

African position:

- Avoid unplanned and abrupt divestment from fossil fuels;
- Recognize the multiple forms and stages of Just Transitions for different countries;
- Establish Just Transition Financing Framework for Africa;
- Agreement on Joint Research & innovation, technology development and transfer;
- Ensure that Just Transition for Africa is also an “Adaptation Just Transition” that responds and secures the needed, urgent and adequate adaptation supported measures for all African countries individually and against the GGA.

Paragraphs of Interest:

- [the Conference of Parties] stresses the importance of enhancing a clean energy mix, including low-emission and renewable energy, at all levels as part of diversifying energy mixes and systems, in line with national circumstances and recognizing the need for support towards just transitions (Paragraph 10).
- Emphasizes that just and equitable transition encompasses pathways that include energy, socioeconomic, workforce and other dimensions, all of which must be based on nationally defined development priorities and include social protection so as to mitigate potential impacts associated with the transition, and highlights the important role of the instruments related to social solidarity and protection in mitigating the impacts of applied measures; (Paragraph 29)

Our take:

- i. For the first time, there is a standalone Decision on energy (Section III). Parties acknowledged the urgency to reduce emissions from energy sources through a just transition to renewable energy while considering the global energy crisis (Paragraphs 8 & 9).
- ii. But the language remained too weak to inspire deep emission cuts from the energy sector. For instance, COP27 maintained the soft option to phasedown rather than the more robust option to phase out unabated coal power and inefficient fossil fuel subsidies contained in the Glasgow Climate Pact (Paragraph 13).
- iii. The Decision makes no direct demand on Parties nor sets tangible targets to reduce emissions from the energy sector. And it fails to capture the urgent need to close the energy poverty gap in Africa and continues to frame energy transition as a mitigation action.
- iv. Parties took a separate decision on pathways to just transition. Discussing just transition alone indicates an increasing framing of climate action as the just transition to low-emission futures through multiple pathways defined by national, local, or case-specific contexts or priorities. The Decision emphasized that these pathways would include energy, socioeconomic, workforce and other dimensions (Article 29).

3. Mitigation

African Position:

- Sharing best practices that are transformative in nature and replicable
- Scalable programmes to keep 1.5 degrees alive
- Urgent need for international support for the implementation of conditional parts of African countries' NDCs.

Paragraph of Interest

- [The Conference of Parties) recognises that limiting global warming to 1.50C requires rapid, deep and sustained reduction in global greenhouse gas emissions of 43% by 2030 relative to 2019 levels.
- Calls upon Parties to accelerate the development, deployment and dissemination of technologies, and the adoption of policies, to transition towards low-emission energy systems, including by rapidly scaling up the deployment of clean power generation and energy efficiency measures, including accelerating efforts towards the phasedown of unabated coal power and phase-out of inefficient fossil fuel subsidies, while providing targeted support to the poorest and most vulnerable in line with national circumstances and recognizing the need for support towards a just transition; (Paragraph 13)

Our take

- i. Mitigation was not expected to be a contentious issue at COP27 compared to other actions, such as adaptation and loss and damage: The Decision reiterated what the world needs to do to avoid catastrophic climate change. It noted the new target to limit global warming to 1.5% by 2030 as 43% of 2019 levels, compared to the need to cut emissions by 45% in 2021.
- ii. Parties recognised that mitigation must follow the principles of climate justice (respective responsibilities and capabilities) but, in the spirit of the Paris Agreement, sets no targets for countries. Countries will continue to determine how much emissions to cut. In the meantime, the Decision *urged* Parties to accelerate actions to transition towards low-emission energy systems.
- iii. Reducing non-carbon emissions such as methane and pursuing nature-based solutions to global warming continued forming parts of the central pieces of the UNFCCC negotiations. The growing interest in non-carbon emissions will likely increase pressure on developing countries and the sectors supporting their economies, such as agriculture.
- iv. The second part of article 13, recognizes the fact developing countries need support to transit to low carbon economies.

4. Loss & Damage

African position

- Demand urgent intervention and frank negotiations on loss and damage, given the evidence already provided by the AR6 report of the IPCC, majorly on the African Continent.
- Strongly denounce market-based mechanisms and other false solutions propagated as solutions for loss and damage. We further caution all stakeholders – and especially the global north and the private sector – against any form of thought on applying market mechanisms on loss and damage response. In addition, encouraging parties to advance dialogue on advancement of non-market and pro-poor solutions to loss and damage as a result of climate change including from slow onset events.
- Demand urgent operationalization of the Santiago Network on Loss and Damage (SNLD) with a clear coordination and management structure having clear mandates and report and review procedures, and with an independent advisory body detached from the Excom, considering the magnitude of loss and damage in Africa no later than COP27.
- Demand that parties put a clear distinction between loss and damage and disaster risk reduction as provided in the evidence of AR6.
- Demand the establishment of a special finance facility for loss and damage response in line with article 8 of the Paris Agreement. These finances for loss and damage should be predictable in quantity and quality and should be separate from the Adaptation Fund, the GCF and any other already existing multilateral funds established under the UNFCCC.
- Require as a basic minimum that loss and damage become a permanent priority agenda in climate negotiation processes right from SBSTAs to COPs.

Paragraphs of Interest:

- Welcomes the consideration, for the first time, of matters relating to funding arrangements responding to loss and damage associated with the adverse effects of climate change, including a focus on addressing loss and damage, under the Conference of the Parties and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement and also welcomes the adoption of decisions -/CP.27/12 and -/CMA.4.13 on matters relating to funding arrangements responding to loss and damage associated with the adverse effects of climate change
- Decide to establish new funding arrangements for assisting developing countries that are particularly vulnerable to the adverse effects of climate change, in responding to loss and damage, including with a focus on addressing loss and damage by providing and assisting in mobilizing new and additional resources, and that these new arrangements complement and include sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement;
- Also decide, in the context of establishing the new funding arrangements referred to in paragraph 2 above, to establish a fund for responding to loss and damage whose mandate includes a focus on addressing loss and damage;

- Establish a transitional committee on the operationalization of the new funding arrangements for responding to loss and damage and the fund established in paragraph 3 above (hereinafter referred to as the Transitional Committee), in accordance with the terms of reference contained in the annex, to make recommendations based on, inter alia, elements for operationalization included in paragraph 5 below, for consideration and adoption by the Conference of the Parties at its twenty-eighth session (November–December 2023) and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fifth session (November–December 2023) with a view to operationalizing the funding arrangements referred to in paragraph 2 above, including the fund referred to in paragraph 3 above
- The adoption of decisions -/CP.2720 and -/CMA.4,21 establishing the institutional arrangements of the Santiago network for averting, minimizing and addressing loss and damage associated with the adverse effects of climate change to enable its full operationalization, including supporting its mandated role in catalysing technical assistance for the implementation of the relevant approaches at the local, national and regional level in developing countries that are particularly vulnerable to the adverse effects of climate change, and determination to select the host of the secretariat of the Santiago network by 2023 through a selection process conducted in an open, transparent, fair and neutral manner in accordance with the process outlined in paragraphs 17–18 of decisions -/CMA.422 and -/CP.27)

Our Take

- i. The establishment of new funding arrangements for loss and damage is a welcome development. However, “these new arrangements complement and **include** sources, funds, processes and initiatives under and outside the Convention and the Paris Agreement”. Including arrangements that are out of the convention and the Paris agreement such as the global shield and other insurance mechanisms casts doubts on the effectiveness of such when it also includes. In the past we have seen how funds and initiatives under the UNFCCC have been ignored and allowed to dry off when at the same time the (mostly developed country) parties fund bilateral schemes that only defined on their own terms.
- ii. Learning from the complexity with other financing mechanisms like GCF, AF, GEF, this fund should be easily accessible as loss and damage issues cannot wait for bankability issues
- iii. From an African Civil Society perspective, this is just but the beginning of a big battle ensuring this fund is operational, available, flexible and easily accessible to communities at the frontline of the climate crisis.
- iv. Operationalization of the Santiago Network on Loss and Damage is a key milestone from the Sharm el Sheikh. However, in addition to the remaining work on selecting a host institution, clear-criteria should be set for the membership of the network, taking into

account regional balance so as to deliver timely technical assistance to African countries in need.

5. Climate Finance

Paragraphs of Interest

- The Conference of Parties calls on the shareholders of multilateral development banks and international financial institutions to reform multilateral development bank practices and priorities, align and scale up funding, ensure simplified access and mobilize climate finance from various sources and encourages multilateral development banks to define a new vision and commensurate operational model, channels and instruments that are fit for the purpose of adequately addressing the global climate emergency, including deploying a full suite of instruments, from grants to guarantees and non-debt instruments, taking into account debt burdens, and to address risk appetite, with a view to substantially increasing climate finance (Paragraph 37).

Our take

- i. Urging MDBs to simplify access to climate finance will be a big win for African advocates. Parties acknowledged the huge climate finance gap, blaming this partly on the complexity of climate finance application processes. However, there was no firm commitment to fulfilling developed countries' pledge to mobilize USD 100 billion annually, whose deadline passed in 2022.
- ii. **Again**, the special mention of Africa in the Finance section of the cover decisions of both COP27 and CMA is partly responding to the Africa Special needs and circumstances from a finance perspective.

Article 6 and CBM funding:

There is some notable progress in some areas of article 6, one of the successes is the agreement by the Supervisory Body to deduct 3 per cent of the issuance fee paid for each request for issuance of Article 6, paragraph 4, emission reductions and collectively transfer them annually to the Adaptation Fund; The other important point to note is that monetary contributions from individual Article 6, paragraph 4, activities to the Adaptation Fund may be modified by the Supervisory Body in future on the basis of its review of the implementation of the provision thereon; one can only hope that such review will be a review will systematically move in upward direction. Transfer of funds from the Trust Fund for the Clean Development Mechanism to the Trust Fund for Supplementary Activities for the work of the Supervisory Body is a welcome decision to fast track rolling out of procedures under Article 6.4.

Pursuant to paragraph 73 of the rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement (RMPs), registered project activities under the clean

development mechanism (CDM) may transition to the mechanism established by Article 6, paragraph 4, of the Paris Agreement (Article 6.4 mechanism).

Our take:

- i. We need to be cautious how these transfer of projects from CDM to the new mechanism under article 6 will affect pricing of carbon considering the law of demand and supply.
- ii. The secretariat has been urged to expedite capacity building program especially on cooperative approaches and on 6.4, this is a crucial issue considering that there was a large capacity gap in implementation of CDM. We needed to get a clear timelines and modalities of resourcing such capacity building initiatives.

6. Capacity Building & Technology

Our take:

- i. Not much to point out as success for Technology and Capacity building. Need to create linkages between technology and adaptation to loss and damage since there are no concrete agreements making it difficult to have clear linkages with financing mechanisms.
- ii. Financing of technology needs remains unclear especially on the linkages between the Climate Technology Centre and Network (CTCN) and the technology mechanism itself. As we move to implementation, Africa remains behind centering our focus on demonstration projects and no projects on the ground.
- iii. Clear linkages missing where the CTCN focused on implementation. The Technology mechanisms committee has no linkages with CTCN. The lack of finances to assist with the findings makes the technology difficult to implement. Vision on what we require is necessary to foster clear linkages with finance institutions. Financial support for capacity building is still a gap that jeopardizes the implementation of the Action for Climate Empowerment (ACE).

Response Measures

COP 27 focussed on the following items: -

- Consideration of the recommendations of the Katowice Committee of Experts on Impacts of the Implementation of Response Measures (KCI) annual reports 2019, 2021 and 2022 with a view to making recommendations to the COP, the CMP and the CMA;
- Midterm review of the work plan of the Forum and its KCI; and
- Global Stock take

This agenda item generally realized the process items i.e approval of the 2019, 2020 and 2021 reports. Progress was made on some text, specifically on the following:

- i. Adoption of the recommendations forwarded by the forum on lessons learned and best practices from analysis and assessment of positive and negative impacts of the implementation of response measures by Parties;
- ii. Adoption of recommendation on Activities 2, 3, 4, 5 and 11 respectively of the work plan of the forum and its KCI;
- iii. Requesting the forum and its KCI and the secretariat to implement the recommendations;
- iv. Appreciating the progress of the Katowice Committee on Impacts in supporting the work of the forum on the impact of the implementation of response measures;
- v. Welcoming the informal notes prepared by the Chairs of SBSTA and SBI for the workshops held in conjunction with SB 56 on work plan activities 3, 4, 9 and 11;
- vi. Appreciating the technical session on implementing activities 5 and 11 of the work plan and express their gratitude to the experts contributing to the work of the forum and its KCI; and
- vii. Expressing gratitude to the Government of Antigua and Barbuda, the Government of Senegal, the International Labour Organization and the United Nations Development Programme for their in-kind, financial, administrative and substantive support that contributed to the success of the regional workshops, held on 20–22 April 2022 in St. John's, Antigua and Barbuda and on 21–23 September 2022 in Saly, Senegal, on activity 3 of the work plan

There was no agreement on the update of the workplan, which is key as part of the midterm review of the KCI work plan. A procedural decision was made on pushing the work to SB58 and COP 28. This is the second subsidiary Body under Response Measures where there has been no progress due to lack of trust. There is need to cooperate and begin to effect implementation; update the work plan; ensure the next midterm review will enhance the work programme, function and modalities of the forum; Ensure that we are moving on the same direction and the forum makes input into the GST.