THE ENERGY AND RESOURCES INSTITUTE

Creating Innovative Solutions for a Sustainable Future

COP28UAE

COP28 Debriefing

Contextualizing COP decisions and way forward for COP29

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BACKGROUND NOTE

COP28 was convened at a time when global warming was making new records—the year 2023 is confirmed to emerge as the hottest year ever. Assessments have been explicitly showcasing that countries are not doing enough efforts and the 1.5 degree target is rapidly slipping out of hand. COP28, therefore, held high expectations to stimulate more ambitious climate actions, particularly between now and 2030.

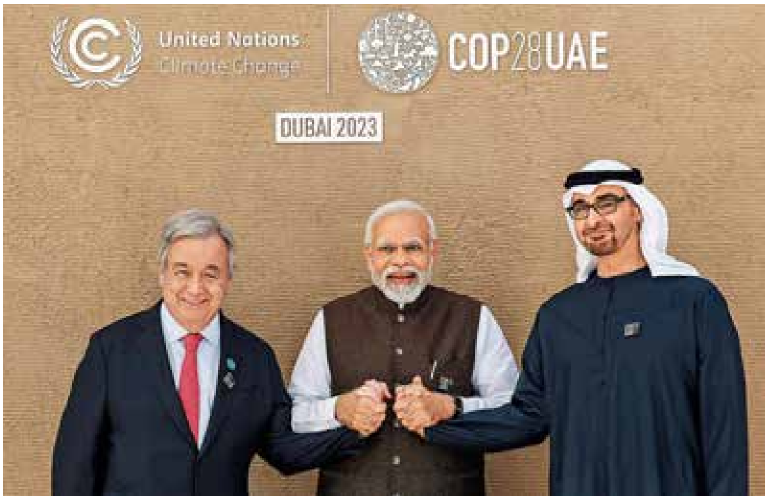
The first-ever global stocktake (GST)—a five-yearly process, designed to check progress against the Paris Agreement goals—was at the heart of the COP28 negotiations. It is a key part of the Paris "ratchet mechanisms", according to which countries must regularly ramp-up climate action over time, until their collective goals can be met. This process made COP28 the most important COP, since COP21 in Paris. Other agenda items included matters related to finance; loss and damage; global goal on adaptation; just transition work programme; and the carbon market.

In an unconventional move, a substantial outcome was announced during the opening plenary: the launch of loss and damage fund, as a result of careful groundwork laid by the COP28 presidency, i.e., UAE. Apart from the outcomes on agenda items, COP28 made several news headlines for the launch of countries' pledges during the negotiations:

» Tripling global renewable energy capacity by 2030
» Reducing global cooling emissions
» Tripling nuclear energy capacity

The UAE Consensus has a decision on the GST (an assessment of the progress since Paris); it put forward a plan to close implementation gaps to 2030. Significant initiative of the UAE outcome is that it brings a sectoral approach to the COP process; it calls on Parties to transition away from fossil fuels; and to triple renewables and double energy efficiency globally by 2030. The decision also recognises the need to peak global emissions by 2025, taking into account different national starting points, and encourages countries to submit economy-wide Nationally Determined Contributions (NDCs).

The Global Renewables and Energy Efficiency Pledge was endorsed by 132 countries, that committed to tripling renewables and doubling annual energy efficiency improvements by 2030, from around 3400 GW today to over 11000 GW. As part of the commitment, USD 5 billion was mobilized to facilitate the implementation of the pledge globally, including supporting deployment of renewables in the Global South. This represents the most accessible and cost-effective solution to address climate risks with urgency.



Multilateral Development Banks have also signalled a step change in their programmes, announcing over USD 180 billion in additional climate finance commitments through multi-year programs. MDBs also committed to continue working through country platforms, develop a common approach for reporting climate impact, launch a long-term strategy facility to support countries with strategies for decarbonization and climate resilience, and launch common principles for tracking nature-positive finance.

COP28 also saw a ground-breaking level of engagement by the private sector to deliver climate finance at scale. The UAE launched the USD 30 billion catalytic climate fund ALTÉRRA, equipped with a special USD 5 billion risk-mitigation facility dedicated to incentivizing investments in developing countries and with the ambition to mobilize USD 250 billion by 2030 for climate transition by private and institutional investors. Several other new blended finance instruments were announced, particularly focusing on the Global South. The COP Presidency also launched the Global Climate Finance Centre, an Abu Dhabi Global Market-based (ADGM) think-tank to drive the transformation of the sustainable finance sector, through policy, innovation, capacity building, and championing of best practices.

DECISIONS @COP28

Global Stocktake (GST): As part of the core pillars of the negotiations, first outcome of the global stocktake mentions that despite overall progress on mitigation, adaptation, and means of implementation and support, Parties are not yet collectively on track towards achieving the purpose of the Paris Agreement and its long-term goals. It clearly shows that countries are falling far short of their collective climate goals.

Loss and Damage Fund: One of the substantial outcomes of COP28 is launch of the loss and damage fund. During the COP28 opening plenary, countries agreed that the fund would be housed in the World Bank for at least four years, but it will also be an independent entity under the UNFCCC's financial mechanism. Additionally, there is no firm obligation for developed countries to pay into the fund; it will, therefore, depend on the generosity of wealthy nations and any other sources of money that can be leveraged. During the COP, Parties pledged contributions of USD 770.6 million to the fund; the US pledged USD 17.5 million, which is still contingent on approval from the US Congress.

Just Transition Work Programme (JTWP): The Framework was launched in the Sharm El-Sheikh implementation plan and held its first high-level ministerial round table at COP28, preparing the work programme's activities for the next five years. The negotiations at COP revolved around the idea itself—whether just transition should only cover labour transition, or should it be more multilateral. The developing countries pressed for an inclusive approach. The final decision on JTWP underscores the importance of urgent delivery of means of implementation (capacity-building, climate finance, and technology development and transfer) to facilitate just transition pathways, and importance of enhancing international cooperation on JTWP, and support for just transition pathways, especially for developing country Parties, in its preamble. However, the language of the text is being diluted, with no explicit reference to 'Common but Differentiated Responsibilities and Respective Capabilities' (CBDR-RC) as demanded by the developing states.

Global Goal on Adaptation: Another important decision to come out of COP28 was a 'framework' meant to guide nations in their efforts to protect their people and ecosystems from climate change. This marked a big step forward for the 'global goal on adaptation' (GGA), which was originally intended to raise the visibility of adaptation so that it was on par with mitigation in the UN climate process—often called as 'mitigation bias' in the climate change negotiations' process. Despite being established with the Paris Agreement in 2015, the GGA received little attention at the negotiations. A Work Programme on GGA was formulated during the COP26 at Glasgow. The task for Dubai COP was to bring out a 'framework'that countries could utilize to guide their adaptation progress.

Most of the deliberations with regard to GGA were on what themes should be covered by the Goal; Parties agreed on water, food, health, ecosystems, infrastructure, poverty eradication, and cultural heritage. Apart from issues like 'themes', the developing countries wanted to make finance a central discussion point. They reasoned that any ambitions set out in the framework would require major investment, which many of them could not afford. Adaptation efforts in developing countries are severely underfunded. Unlike mitigation projects, adaptation projects—which tend not to directly bring in revenue—struggle to attract investment. This means that public, grant-based funding from wealthy nations is seen as particularly important for supporting the adaptation projects. In one of its report UNEP estimates that the adaptation finance needs of developing countries are up to 18 times higher than current flows of public finance from developed countries. Developed countries pledged at COP26 in 2021 to double adaptation finance from a 2019 level by 2025, amounting to roughly USD 40 billion, but progress on this goal is being stalled.

LOOKING AHEAD TO COP29

Long-term climate finance: From fossil-fuel phase out to tripling renewable—in order to achieve any of the lofty aspirations of COP28, developing countries emphasized that they would need large amounts of money. This position is well-founded on the reports emphasizing that developing nations will require investments of around USD 2.4 trillion per year by 2030, to meet their climate goals. Currently, the developed countries were tasked with providing at least USD 100 billion of climate finance annually to developing countries by 2020 and until 2025. They have so far failed to do this and, in doing so, have contributed to a general lack of trust within this critical part of the UN climate system. The negotiations during COP28 were expected to focus on the development of a post-2025 climate finance goal, the New Collective Quantified Goal (NCQG) to replace the USD 100 billion pledge. However, due to lack of consensus, parties could not reach any decision. It is now expected to be the biggest agenda item at COP29 next year in Baku, Azerbaijan.

International carbon market: Article 6 of the Paris Agreement has been contentious at the COP negotiations. On Article 6.2, the Parties wanted a more clearly defined sequence for the authorization of carbon-cutting schemes and the subsequent issuing of related carbon credits, as well as tightly limited rules on when the authorization of carbon credits could be revoked. For operationalizing the international carbon market under Article 6.4, rules need to define the number of carbon credits each project can generate. Draft recommendations on Article 6.4 methodologies were up for approval at COP28. These recommendations were developed by a 'supervisory body' that oversees Article 6.4 the international carbon market, and received an in-principal support at COP28. However, countries could not reach a consensus on Article 6.2 and Article 6.4 as both were subject to 'rule 16': talks will resume next year at COP29.

The gender action plan was launched at COP25, and it was built on COP20's Lima Work Programme on gender, aiming at mainstreaming gender-responsive thinking and policy across the UNFCCC negotiations. During COP28, finance remained a sticking point across the negotiations, with developing countries holding the line that they need resources in order to implement gender-responsive policies at the national level. The gender action plan is set to be renewed and renegotiated at COP29 next year.

IMPLICATIONS FOR INDIA

India has been an important player in climate change negotiations. It has greatly influenced shaping of the norms and structures within these negotiations. Being an emerging economy and also greatly dependent on traditional fuels, there are several implications that the COP28 outcomes hold for India's policy landscape. It is imperative to deliberate on these implications and navigate the best way forward for India's climate policy.

The 'transition away' from fossil fuel has captured the nerve of the negotiations since Glasgow's conference. Being a country majorly dependent on traditional energy resources, it is crucial for policy circles in India to deep dive into these deliberations and leverage a policy roadmap for the journey ahead. The negotiations on other crucial issues such as adaptation goals, just transition work programme, long-term finance, and carbon market, may potentially affect Indian policies; hence, how India should navigate the negotiations and also gear up for policy implications in the future deserves a careful thought.

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