

COP27 | Business and Industry NGOs INSIGHTS FROM THE GROUND - WEEK 1

Dear colleagues,

We hope this email finds you well.

We would like to share with you some key insights “from the ground” from week 1 of COP27 in Sharm.

KEY ISSUES IN NEGOTIATION ROOMS

“Cover decisions”

The COP27 Presidency started official discussions on COP27 “Cover decisions” on Friday, the high-level political document that lays out the overall goals and political key messages of the conference.

Many countries stated that it is critical that the decision builds on the Glasgow Package and efforts to limit global warming to 1.5°C. Several developing countries also mentioned that the cover decisions should reflect multilateralism, promote solidarity and oppose unilateral measures. In their view, they should be based on general consensus. Further discussions will take place in the coming days (and nights) where the Egyptian Presidency will try to obtain a solid final text for the cover decisions, conveying a clear and ambitious COP27 political message.

Article 6

Extensive Article 6 discussions under the authority of UNFCCC Subsidiary Body for Scientific and Technological Advice (SBSTA) Chair were held in informal consultations and informal informals – also called as “INF INF” in the “Article 6 bubble”.

We saw that Parties have conducted work constructively and collaboratively and are willing to advance the operationalisation of Article 6 mechanisms and implement the rules agreed at COP27. However a large number of key unresolved issues still exist, in particular with regards to review, infrastructure, and reporting (6.2); operation of the Article 6.4 mechanism registry and its interoperability with the Article 6.2 registry; on delivering overall mitigation in global emissions (OMGE); transition of projects from the old Kyoto Protocol's CDM to the new mechanism as well as treatment and use of, and procedures for, non-authorised units.

Final draft decision texts under all three items of Article 6 – [6.2 Guidance on cooperative approaches](#); [6.4 Rules, modalities and procedures for the mechanism](#) and [6.8 Work programme under the framework on non-market approaches](#) where adopted by the SBSTA closing plenary on Saturday night – recognising that the text does not represent a consensus among parties and that further work is necessary to finalise the decisions.

The texts and process are now in the hands of the COP27 Presidency that is aiming to resolve the outstanding issues on the ministerial level. We understand that negotiations will take place in form of further technical talks and Presidency-led informal consultations. The exact approach will be presented tomorrow (Monday) when the Presidency unveils its concrete plans in an informal stocktake session taking place at **10:00-10:30 in Plenary Rames**.

Read our key documents on [Article 6](#); [ICC Carbon Pricing Principles](#) and [Business Perspective on Critical Design Features](#) launched this week. Please also have a look at IETA's [key asks for Article 6 implementation](#).

Finance

This first week saw numerous intense discussions on finance: i) long-term finance; (ii) new collective quantified goal on climate finance; (iii) matters relating to the Standing Committee on Finance; (iv) review of adaptation fund and others finance matters.

We heard strong calls from developing countries for delivery on the USD100 billion per year commitment to rebuild trust and making progress on the amount and timelines for the new collective quantified goal on climate finance. A high-level Ministerial Dialogue on the New Collective Quantified Goal on Climate Finance took place this week to advance discussion on this critical issue. The next high-level ministerial dialogue on climate finance will take place tomorrow, 14 November 2022, 15:00-18:00.

Finance for Loss & Damage

During the Opening Plenary on Sunday, 6 November, Parties agreed to insert, for the first time, in the official agenda of the conference an item on funding arrangements for loss and damage, collectively recognising the urgency and need to address climate change impacts and costs already faced by the most vulnerable countries. It is important to note that outcomes of this item do not involve liability or compensation. The item further includes the Glasgow Dialogue and it is expected to launch a process with a view to adopting a conclusive decision no later than 2024.

The first informal consultations led by Chile and Germany, held on Tuesday, were attended by an important number of observers and opened by an intervention from the Prime

Minister of Antigua & Barbuda. Three other rounds of one-hour consultations took place during the week, with discussions becoming more focused on concrete views and proposals only on Friday.

Overall, most countries acknowledge the gap in existing funding arrangements. While developing countries call for the establishment of a loss and damage response fund under the UNFCCC, operative by 2024, several developed countries, including US, EU and Canada referred to multiple financial approaches and institutions beyond the UNFCCC that should be strengthened and built on; the role of MDBs and other international financial institutions; debt relief; importance of rapid response and early warning systems. They proposed a series of workshops under the existing Glasgow Dialogue on loss and damage to discuss modalities and elements for further work under the Glasgow Dialogue. This raised concerns among developing countries and they reiterated the urgent need for a concrete outcome on the establishment of a funding arrangement at this COP.

Global Stocktake

This first week also saw the continuation of the first technical dialogue under the Global Stocktake (GST), started in Glasgow and the first meeting of the technical dialogue held in Bonn in June 2022. The objective of the GST is to take stock of the collective progress on the implementation of the Paris Agreement, focusing on mitigation, adaptation and means of implementation.

During the Closing plenary of the GST, Parties highlighted the importance of the GST as a key instrument of the Paris Agreement. Many suggested that the focus questions were too broad and that the resulting synthesis report may not produce the type of key messages desired. The GST will be concluded in 2023 at COP28 and is expected to provide key political messages and recommendations, best practices, and lessons learned for all thematic areas.

The Business and Industry Group actively participated and contributed to the various technical dialogues throughout the week, and delivered the attached statement during the closing session of the GST.

The first week concluded with the closing plenaries of the UNFCCC technical bodies SBSTA and SBI on Saturday night where we saw the adoption of decisions on a very limited number of issues, mostly related to the consideration of reports. On the critical issues that are at the heart of discussions here in Sharm, only procedural conclusions were adopted and considerable further work will be required under the leadership of the COP27 Presidency in the coming days to ensure a successful conclusion of these matters by Friday.

Business and Industry has the opportunity to deliver the attached statement at the closing plenary.

NEW PLEDGES AND INITIATIVES

On 7 and 8 November, [over 100 world leaders](#) gathered in Sharm el-Sheikh for the Sharm El-Sheikh Climate Implementation Summit. Statements and calls focused on urgent support needed for the world's vulnerable communities impacted by climate change.

Over the two days of the Summit, six roundtables addressed innovative finance, investing in the future of energy- green hydrogen, climate change and the sustainability of vulnerable communities; just transition; food security and water security. At the inauguration, Egypt's President Abdel-Fattah El-Sisi and UN Secretary General Antonio Guterres welcomed world leaders. They were also joined by Shaikh Mohamed Bin Zayed Bin Sultan Al Nahyan, President of the United Arab Emirates as incoming COP28 Presidency.

Innovative Finance

The 'innovative finance' roundtable co-chaired by Emmanuel Macron, President of France and Mia Mottley, Prime Minister of Barbados, discussed the role of Special Drawing Rights, with joint calls to increase allocations from 20% to 30%, a target that can be implemented in cooperation with the IMF; the importance of concessional finance and need for MDB's reform. Access to finance in order to implement NDCs remains an major obstacle for developing countries.

Future of Energy: Green Hydrogen

Co-chaired by Egypt and Germany, this roundtable saw major announcements in respect of green hydrogen with Abdel Fattah El-Sisi, and the Prime Minister of Belgium, Alexander De Croo, announcing the [launch of the "Global Renewable Hydrogen Forum"](#) that aims at facilitating the operation of production and use of renewable hydrogen.

Climate Change and the Sustainability of Vulnerable Communities

Discussions at the roundtable, "Climate Change and the Sustainability of Vulnerable Communities", co-chaired by Norway and Pakistan focused on the importance of financial support for vulnerable countries to build resilience and scale up adaptation efforts. Private and public sector participants raised guarantees as an enabler to adaptation efforts; accessibility to finance for small businesses and the need to enable more projects to be bankable.

Just transition

The Just Transition Roundtable led by South Africa and the President of the European Council focused mobilization of appropriate finance at scale, technology, capacity building and major investment to ensure a just transition for the affected communities. Participants

also referred to the [Just Energy Transition Partnership](#) as an example of initiative that has potential to advance a just transition.

Food security

At the food security roundtable co-chaired by Kenya and Denmark, IFC announced the launch of their \$6 billion global food security platform (\$3B IFC, \$2B from private investors, \$1B as blended finance) and Bill and Melinda Gates Foundation pledged to invest \$1.4 billion over four years to support smallholder farmers, particularly women, with innovative digital technologies. Participants also referred to the [COP27 Food and Agriculture for Sustainable Transformation “FAST”](#) as a global flagship initiative.

Water security

Senegal and Greece led discussions on the critical importance of universal access to safe water and sanitation in order to achieve SDG6. Early warning systems, Integrated Water Resource Management and the “Action on Water Adaptation and Resilience” initiative (AWARE) of the COP27 Presidency were mentioned.

We also saw several pledges from governments on new funding towards the loss and damage, including Scotland, Germany, Belgium, Austria, New Zealand, Canada, Ireland – with portions destined to the G7 Global Shield Against Climate Risks initiative – a fund dedicated to providing climate risk insurance and prevention support for at-risk nations. US Special Envoy for Climate John Kerry and Presidency Biden announced several initiatives, including an Energy Transition Accelerator – a public-private initiative to fund renewable energy projects through carbon offsets.

We wish you a great second week ahead at COP27 and look forward to having you with us at our business briefing **tomorrow, 8:30-9:15 at the ICC Pavilion (theatre).**