

# PLATO Society

## Taking Stock: the Paris Climate Agreement Conference of the Parties in Dubai, December, 2023

January 19-February 16, 2024

Peter Krug

Fourth Meeting: February 9, 2024

# Tentative Course Outline

- **Week 1 (Jan. 19<sup>th</sup>): Paris Climate System; COP28 introduction**
- **Week 2 (Jan. 26<sup>th</sup>): COP28 and mitigation**
- **Week 3 (Feb. 2<sup>nd</sup>): COP28 and adaptation**
- **Week 4 (Feb. 9<sup>th</sup>): COP28 and means of support for implementation**
- **Week 5 (Feb. 16<sup>th</sup>): Prospects for effective implementation of COP28**

# Today's Meeting

- **Week Three summary**
- **Today's material: Means of Support in the Paris System and COP28 Decision**

# Week Three Summary (Adaptation)

- **Short definition of “adaptation”:** the process of addressing those aspects of climate change, current or anticipated, that cannot be prevented through mitigation

# Adaptation: A Multifaceted Concept

- Impacts and actions can take many forms:
- Stand-alone projects against specific preventable or reversible impacts; for example, sea walls, early warning systems
- “Resilience”: socio-economic, ecological measures to reduce or prevent long-term risks
- “Loss and damage”: resources for recovery from irreversible damage

# Resilience

- **Development of a society's adaptive capacity (poverty reduction, capacity-building) to cope with a range of possible climate futures, thereby reducing vulnerability to climate change in the long term**
- **Emphasis on socio-economic and environmental protection policies**

# Adaptation Facets: “Loss and Damage”

- Irreversible climate impacts in particularly vulnerable societies
- For example: land loss due to sea level rise; loss of freshwater resources due to desertification

# Adaptation in the Paris System:

- 1. Adaptation and mitigation**
- 2. Duties of the Parties**



# Adaptation and Mitigation In the Paris System

- From a legal perspective, adaptation is of equal status to mitigation
- The “Adaptation Deficit”, 1992-2009
  - Although cited in the 1992 UNFCCC, adaptation received little attention until the second decade of the 21st century
- In 2024: adaptation continuing to receive less funding than mitigation

# Paris System: Adaptation Duties of the Parties

- **Planning:** all Parties periodically must submit “National Adaptation Plans” (“NAP’s”)
- **Support:** Unlike mitigation collective duties and adaptation planning, this not universal; developed countries have collective duty to support developing countries (funding, capacity-building, technology development and transfer)
  - Major question: degree of specificity of the support obligation

# Adaptation at COP28

- **Adoption of Fund for Loss and Damage, and first contributions to the Fund**
- **Prior to negotiations on the final Decision, a range of recurring themes and activities related to adaptation: thematic sessions, declarations, and pledges**
- **Adaptation in the negotiated COP28 Decision**

# Loss and Damage Fund

- **The Funding agreement text:**
  - Numerous operational details (e.g., housing at World Bank)
  - No firm obligation for developed countries to pay into the fund; instead, will be dependent on Parties' donations and any other sources of money that can be leveraged.

# Adaptation at COP28: Recurring Themes, Thematic Days and Declarations

- Illustrated the emphasis on enabling conditions and sustainability aspects of resilience

# A Recurring Theme: Protection of Nature

- The importance of nature, and recognition that countries need to coordinate and implement strategies that address both climate change and biodiversity loss

# Protection of Nature (continuing)

- **Presidents of COP28 and COP15 of the Parties to the Convention on Biological Diversity: a Joint Statement that there is no pathway to achieve the temperature goals of the Paris Agreement without “urgently addressing climate change, biodiversity loss and land degradation together in a coherent, synergistic and holistic manner”**

# COP28 Thematic Days

- **Three of the thematic days:**
  - **“Nature, Land use and Oceans Day”:** solutions to protect, restore and effectively manage natural ecosystems
  - **“Health”:** the negative impacts of climate change on health
  - **“Food, Agriculture and Water Day”:** recognition of the impacts of climate change on food systems and the impact of industrial agriculture on the environment



# COP28: Some Declarations:

- **“Climate and Health Declaration” (123 countries): commitments to pursue eight objectives including: assessment of greenhouse gas emissions of health systems; development of decarbonization targets; and establishment of procurement standards for national health systems, including supply chains.**

# Declarations (continuing)

- Also (same 123 countries): adoption of “Guiding Principles for Financing Climate and Health Solutions”
  - Include: improving the efficiency and equity of financing for health and for climate, as well as accelerating climate and health solutions to save and improve lives

# Declarations (continuing):

- **204 non-state actors (farmers, businesses, financial institutions, and municipalities):**  
**“Call to Action for Transforming Food Systems for People, Nature, and Climate”**
  - **Priority actions by 2030, including resiliency in food systems, reduction of GHG emissions and transition from fossil fuel use, and changes in food environments to improve availability, accessibility, and affordability in support of healthy and locally appropriate diets**

# Adaptation in the COP28

## Decision: Status Report

- 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
- Current levels of climate finance, technology development and transfer, and capacity-building for adaptation remain insufficient to respond to worsening climate change impacts

# Status Report (continuing)

- The adaptation finance needs of developing countries are estimated at USD 215–387 billion annually up until 2030

# Adaptation in the COP28 Decision:

- **The adaptation goal reaffirmed:**

- **The “Global Goal on Adaptation”:**  
**“Parties hereby establish the global goal on adaptation of enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change, with a view to contributing to sustainable development and ensuring an adequate adaptation response...”**

# The Global Goal on Adaptation Reaffirmed (continuing)

- **Par. 43: “[the COP] emphasizes the importance of the global goal on adaptation of enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change with a view to contributing to sustainable development and ensuring an adequate adaptation response in the context of the temperature goal referred to in Article 2 of the Paris Agreement”**

# Adaptation Targets (by 2030) in the COP28 Decision

- **Toward a climate-resilient water supply**
- **Attain climate-resilient food and agricultural production and supply, and equitable access to adequate food and nutrition for all**
- **Attain resilience against climate change-related health impacts**
- **Reduce climate impacts on ecosystems and biodiversity**



# 2030 Targets in the Decision (continuing)

- Increase the resilience of infrastructure and human settlements to climate change impacts to ensure basic and continuous essential services for all
- Substantially reduce the adverse effects of climate change on poverty eradication and livelihoods
- Protect cultural practices heritage sites from the impacts of climate-related risks

# 2030 Targets in the Decision (continuing)

- **Protecting cultural heritage from the impacts of climate-related risks by developing adaptive strategies for preserving cultural practices and heritage sites and by designing climate-resilient infrastructure, guided by traditional knowledge, Indigenous Peoples' knowledge and local knowledge systems**

# Today's Material: Means of Support for Climate Action

- Means of support in the Paris System
- In the COP28 Decision

# Means of Support in the Paris System

- **The third pillar of the Paris System**
- **Three components: climate finance; technology development and transfer; and capacity-building**
- **Often called the “enablers of effective climate action”: without support, mitigation and adaptation efforts cannot be effective**

# Review: Some Tenets of the Paris Climate System

- Climate change a global threat, requiring global action
- National governments play the key role
- All Parties have duties; on some topics, they vary
- Inclusion of developing countries vital
  - Practical and ethical considerations

# Inclusion of Developing Countries: Practical Considerations

- Summed up in the COP28 Decision:
  - [*in regard to developing countries, there is*]: “a positive connection between having sufficient fiscal space, and climate action and advancing on a pathway towards low emissions and climate-resilient development”; and
  - “enhanced support for developing country Parties will allow for higher ambition in their actions”
- Development goals: fossil fuels or clean energy?

# Inclusion of Developing Countries: Ethical Considerations

- **Historical responsibility:** developing countries did not cause climate change
- **Vulnerability:** the countries often most vulnerable to climate change, have contributed the least to causing it
- **And yet, developing countries are required in the Paris System to contribute to mitigation and adaptation.**
- **Diversion of scarce resources away from other critical human development priorities, as well as escalating debt**

# U.K. PM Boris Johnson at the UN in 2021:

- **“Richer nations have reaped the benefits of untrammelled pollution for generations, often at the expense of developing countries. As those countries now try to grow their economies in a clean, green and sustainable way we have a duty to support them in doing so – with our technology, with our expertise and with the money we have promised.”**



# Climate Finance in the COP28 Decision: Background

- The term “climate finance” is widely understood as:
  - Money from public or private sources anywhere in the world;
  - Used in actions that are intended to advance mitigation and adaptation
  - Often used to refer to finance for developing countries

# Climate Finance Background (continuing)

- Sources of climate finance:
  - Public sector
  - Private sector

# Public Sector Climate Finance: Sources

- 1. National governments:**
  - A. Direct cash grants**
  - B. State-owned enterprises**
  - C. Subsidies (financial benefits accorded to companies or sectors)**
- 2. Other sources:**
  - A. Development Finance Institutions**
  - B. International funding agencies**

# Development Finance Institutions (DFI's)

- Also called “development banks”
- National, bilateral, and multilateral (World Bank and regional multilateral development banks (MDB's))
- National governments the majority shareholders
- Provide grants and loans (some at below-market rates) to countries for economic development

# International Public Finance Agencies

- Established by international institutions, with initial funding from national governments, to finance specific programs
- In the U.N. climate change system, examples are the Adaptation Fund, created in 2010, and Green Climate Fund (GCF), created in 2011.

# The 2010 Adaptation Fund

- Voluntary contributions from Paris System Parties and other non-profit organizations
- Funding for adaptation pilot projects
- USD 1.1B currently allocated to 160 localized projects in vulnerable communities in 111 countries and multi-country regions

# The 2011 Global Climate Fund

- Voluntary contributions from Paris System Parties and other non-profit organizations
- Climate finance for developing countries
- Amount currently allocated to 243 projects in 129 countries: USD 13.5B

# Private Sector Climate Finance: Sources

- 1. Commercial banks (lending)**
- 2. Investment**
  - A. Business corporations (their own capital)**
  - B. Asset management companies (invest the pooled funds of retail investors)**
  - C. Institutional investors (e.g., State of Wisconsin Investment Board)**
- 3. Insurance companies**



# Some Proposed Sources of Climate Finance:

- Taxation proposals, including cross-border financial transaction taxes
- Individual (and EU) carbon border adjustment mechanisms
- Donor country carbon markets or carbon taxes

# The COP28 Decision and Climate Finance

# COP28 Decision Findings Regarding Climate Finance

- 1. A growing gap between the needs of developing country Parties, in particular those due to the increasing impacts of climate change compounded by difficult macroeconomic circumstances, and the support provided and mobilized for their efforts to implement their nationally determined contributions**
  - Such needs are currently estimated at USD 5.8–5.9 trillion for the pre-2030 period**

# Finding #1 (needs of developing countries): Background

- The distinction, in the Paris Agreement and recurring throughout the COP28 Decision, between “support provided and mobilized”
  - “provided” means direct payments from national governments’ budgets and other resources
  - “mobilized”: the marshaling of funding from a wide variety of sources (e.g., development banks, the private sector)

# The USD 100 Billion Pledge (Commitment)

- **First declared at COP15 (Copenhagen, 2009)**
- **“[D]eveloped countries commit to a goal of mobilizing jointly USD 100 billion dollars a year by 2020 to address the needs of developing countries. This funding will come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance...”**

# Needs of Developing Countries: Collective Implementation Measures

## ■ Duties of developed countries:

1. “shall provide financial resources to assist developing country Parties with respect to both mitigation and adaptation in continuation of their existing obligations under the Convention and that other Parties are encouraged to provide or continue to provide such support voluntarily” [*Peter’s comment: reiterates the Paris Climate Agreement*]

# Climate Finance Duties of Developed Countries(continuing)

2. “continue to take the lead in mobilizing climate finance from a wide variety of sources... such mobilization of climate finance should represent a progression beyond previous efforts” [*Peter’s comment: reiterates the Paris Climate Agreement*]
3. “to fully deliver, with urgency, on the USD 100 billion per year goal through to 2025”

# Climate Finance: A Target for COP29 (November, 2024)

- Upgrade the annual USD 100B commitment (mobilization by developed countries) to support developing countries' climate actions with a “New Collective Quantified Goal on Climate Finance”
  - The “urgent need” to support developing countries' implementation of their current plans and upgrading of their ambition and acceleration of their actions



# COP28 Findings Regarding Climate Finance (continuing)

## 2. Adaptation finance needs of developing countries:

(1) “The importance of global solidarity in undertaking adaptation efforts, including long-term transformational and incremental adaptation, towards reducing vulnerability and enhancing adaptive capacity and resilience, as well as the collective well-being of all people, the protection of livelihoods and economies, and the preservation and regeneration of nature”

# Adaptation Finance Needs of Developing Countries (continuing)

**(2) estimated at USD 215–387 billion annually up until 2030**

**(3) “the adaptation finance gap is widening...current levels of climate finance for adaptation remain insufficient to respond to worsening climate change impacts in developing country Parties”**

# Adaptation Finance for Developing Countries: Background

- COP26 (Glasgow, 2021) called upon developed countries to increase adaptation's share of the annual USD 100B mobilization commitment from 25% to at least 50% by 2025

# Adaptation Finance for Developing Countries: Implementation Measure

- Upgrade significantly the COP26 50% level of adaptation's share of the USD 100B commitment to “beyond” 50%
  - (Peter's comments: (1) the new target level in the USD 100B amount not specified; and (2) the % in the “New Collective Quantified Goal on Climate Finance” (be adopted at COP29) not specified)

# COP28 Findings Regarding Climate Finance (continuing)

## 3. Global finance flows:

- “the importance of making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development”
- “the need for further understanding of Article 2.1(c), Paris Agreement, and *notes* the limited progress towards making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development”

# Finance Flows: Background

## ■ Paris Agreement, Art. 2.1(c):

- “This Agreement, in enhancing the implementation of the Convention, including its objective, aims to strengthen the global response to the threat of climate change...including by: making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development”

# **“Finance Flows”: Background (continuing)**

- **“Finance flows” in this context:  
movement of funding from public  
donors and private investors to  
recipient countries and businesses  
(particularly in the energy sector)**

# Finance flows: Implementation in the COP28 Decision and Stocktake

- The Decision: Phase out “inefficient fossil fuel subsidies that do not address energy poverty or just transitions, as soon as possible”
- The Stocktake: “Significant finance flows continue being directed, including through subsidies, towards investments in high-emissions activities and infrastructure that lack resilience. Shifting these flows is critical to making rapid and durable progress towards achieving the Paris Agreement goals.”



# COP28 Findings Regarding Climate Finance (continuing)

## 4. Multilateral development banks:

“the importance of reforming...multilateral development banks, *acknowledges* the updated vision statement by the World Bank to create a world free of poverty on a livable planet...and *calls on* their shareholders to expeditiously implement that vision and continue to significantly scale up the provision of climate finance in particular through grants and concessional instruments”

# Multinational Development Banks (MDB's): Background

- As a group, the largest contributors to the annual USD 100B mobilization commitment
- Their annual amounts almost tripled from 2013 to 2021 (USD 15.8B to USD 44.4B)
- The largest contributor: the World Bank Group (USD 23.9B in 2021)

# MDB's: Background (continuing)

- **World Bank Group (Washington, D.C.: founded 1946, expanded several times)**
- **Regional MDB's, including the:**
  - **African Development Bank (Abidjan, Ivory Coast: 1964)**
  - **Asian Development Bank (Manila, 1966)**
  - **European Investment Bank (Luxembourg: 1958)**
  - **Inter-American Development Bank (Washington, D.C.: 1959)**

# MDB's: Background (continuing)

- Current primary purpose: to facilitate financing for promotion of economic development in developing countries.
  - A range of projects, including infrastructure, energy, environmental sustainability, and education

# MDB's: Background (continuing): Operational Model

- National governments the majority shareholders; initial and periodic capital contributions
  - Other sources of funds (investments, interest on loans; low-cost borrowing (large capitalization, strong credit ratings))
- Do not seek profits for shareholders
- Provide grants and loans (some at below-market rates) to developing countries, and attract private investment to them (de-risking, e.g., guarantees to private investors)

# MDB's: Concerns from the Climate Finance Perspective

- Historically, high/ priority for fossil fuel energy projects
- Historically, primary form of financing: market-rate loans (not grants, or “concessional” finance (loans at below-market rates))
- Challenges for developing country applicants: accessibility (application procedures costly, complicated)

# MDB's: the Reform Agenda, 2022-present

- Recommendations of a panel of experts
- Advanced in 2022 by Mia Mottley, Prime Minister of Barbados, with announcement of “Bridgetown Initiative”

# MDB's: World Bank's Reform Agenda

- **2022: USA, Germany, and other donor shareholders called for World Bank “evolution”**
- **Advanced in 2022 by Mia Mottley, Prime Minister of Barbados, with announcement of “Bridgetown Initiative”**
- **2023: New World Bank President, Ajay Banga, announced shift in priorities**
  - **Concessional lending (not fossil fuel projects) for climate-vulnerable countries**



# Mia Mottley, Barbados PM



# Barbados (small island developing country)



# Ajay Banga, World Bank President



# World Bank's Reform Agenda (continuing)

## ■ October, 2023: World Bank shareholders:

- Adoption of a new Mission Statement":  
“Eradicate poverty on a livable planet”
- Expansion of concessional lending for  
clean energy and sustainability projects
- Streamlining of application procedures
- Shareholders called upon to make new  
capital contributions (so far, no  
significant announcements)

# COP28: Support for Technology Development and Transfer

## ■ Findings included:

1. The fundamental role of technology development and transfer, endogenous technologies and innovation in facilitating urgent adaptation and mitigation action to achieve the goals of the Paris Agreement and sustainable development
2. Persistent gaps and challenges in technology development and transfer and the uneven pace of adoption of climate technologies around the world

# Findings: Technology Development and Transfer (continuing)

3. The “importance of ensuring the availability of and access to enhanced financial and capacity-building support for developing countries...for implementing and scaling up prioritized technology measures...”

Background: challenges in accommodating intellectual property rights (patents, trademarks, copyrights) and needs of developing countries (compulsory licensing disputes, e.g.)

# Technology Development and Transfer: Implementation Steps

- Parties urged to “address barriers and strengthen cooperative action, including with non-Party stakeholders, particularly with the private sector, to rapidly scale up the deployment of existing technologies, the fostering of innovation and the development and transfer of new technologies”

# Technology Development/Transfer: Implementation Steps (continuing)

- **“Rapid and scaled-up deployment and adoption of existing clean technologies and accelerated innovation, digital transformation and development, demonstration and dissemination of new and emerging technologies, as well as increased access to those technologies, supported by appropriate enabling frameworks and international cooperation”**



# COP28: Support for Capacity-building

- **Capacity-building: enhancing the ability of individuals, organizations and institutions in developing countries to identify, plan and implement ways to mitigate and adapt to climate change**

# Capacity-building: Paris Climate Agreement, Art. 11.1

- Capacity-building “should enhance the capacity and ability of developing country Parties to take effective climate change action” ...and should facilitate: technology development and deployment; access to climate finance; education, training and public awareness; and the accurate communication of information

# Some of the Decision's Capacity-building Findings:

- 1. The fundamental role of capacity-building in taking urgent climate action aligned with the Paris Agreement goals**
- 2. Progress made in capacity-building at individual, institutional, and systemic levels since the adoption of the Paris Agreement**

# Capacity-building Findings (continuing)

3. Recognition of best practices in capacity-building, notably multi-stakeholder engagement, enhancing ownership by beneficiary countries, and sharing experiences and lessons learned, particularly at the regional level
4. Developing countries

# Capacity-building Findings (continuing)

**4. Developing countries continue to have persistent gaps between capacity and urgent needs, including skills development, institutional capacity for governance and coordination, strategic policy development, and capacity retention; urgent need to address these gaps that are constraining effective implementation of the Paris Agreement**

# Capacity-building: Implementation Measures

- 1. Enhance coherence and cooperation in the provision of effective capacity-building support, including, but not limited to, facilitating collaboration platforms and capitalizing on the exchange of knowledge, country-led shared experiences, and best practices**

# Capacity-building: Implementation Measures (continuing)

**2. Parties are encouraged to enhance support through international cooperation**

# Capacity-building: Implementation Measures (continuing)

## 3. Parties called upon to:

- strengthen the capacity of Indigenous Peoples and local communities to effectively engage in the intergovernmental process under the Paris Agreement; and
- Meaningfully engage Indigenous Peoples and local communities in climate policies and actions



# Capacity-building: Implementation Measures (continuing)

4. [*the COP*] requests that the U.N. Climate Secretariat facilitate the sharing of knowledge and good practices for the preparation and implementation of nationally determined contributions, including through workshops

# Week Five Meeting

- **Course summary**
- **Prospects for implementation of COP28**
- **Discussion: prospects for multilateral climate action generally**