G-77 Ministerial Conference

Roundtable Discussion II: “Climate Action: From Pledges to reality”
16 December 2022
09:00am – 11:00am
Conference Room 4
Concept Note

Background:
In the last decades, we have experienced an increasing number of natural disasters with devastating economic and social consequences. The 2022 Global Assessment Report on Disaster Risk Reduction underscores the alarming economic costs of geophysical, climate, and weather-related disasters in the last decade, with an annual average of USD 170 billion in losses, with soaring peaks of over USD 300 billion in 2011 and 2017. The devastation caused by natural disasters is likely to intensify as global average temperatures increase due to climate change. The IPCC’s Climate Change 2022: Mitigation of Climate Change Summary for Policymakers indicates that four-fifths of the carbon budget required for a 50% chance of keeping the global average temperature to 1.5°C, and two-thirds of the same budget for a 67% chance of keeping global warming under 2°C this century, was already used between 1850 and 2019. Developing countries have argued extensively that developed economies are responsible for these carbon emissions and thus should take more financial responsibility to help finance climate action plans by vulnerable developing countries, which are greatly affected by climate change-related events. At COP 16 in 2010, developed countries committed to jointly mobilize USD 100 billion per year by 2020 to address the needs of developing countries for climate change actions. These funds were expected from public, bilateral and multilateral, as well as from private sources. Unfortunately, the OECD has reported that by 2020 only USD 83.3 billion were mobilized annually in climate action-related activities, with a marked imbalance of these resources invested in mitigation efforts to the detriment of adaptation measures.

For years the frustration among developing countries, particularly Least Developed Countries (LDC) and Small Island Developing States (SIDS) has been evident. Thus, at COP27 the overarching priorities of various regional groups of developing countries centered around finance for climate action, not only for mitigation and adaptation measures but also to include funding for loss and
damage (L&D). During COP27 a combination of factors brought the political balance in favor of L&D finance. After significant resistance from developed countries, the creation of a L&D Fund was agreed upon among Member States, which should be operational by COP28 in 2023. To this end, a transitional committee for the operationalization of the new L&D Fund was established. Its mandate is to identify institutional arrangements, the governance structure, funding modalities, coordination with existing climate action funds, and potential sources of funding, among others. These outputs should be presented to COP28 for consideration and adoption. The transitional committee on the operationalization of the L&D Fund is composed of 10 Member States from developed countries and 14 from developing countries.

The COP27 addressed L&D issues and matters of great importance. There is little doubt about the relevance and impact of the L&D measures agreed upon during COP27 to help countries recover from the increasing devastation caused by severe climate change-related events. However, it is also true that addressing L&D is just part of the climate change challenge, as the underlying causes of climate change (i.e., global emissions of GHG) and adaptation measures required to prepare for severe climate disasters, remain top priorities.

Clearly, efforts should be strengthened to achieve a balance of efforts and resources on these 3 pillars of climate change action: mitigation, adaptation and L&D. At COP27 it was recognized that achieving the necessary financial targets for mitigation and adaptation measures will require more efforts. Developed countries were urged to meet their financial pledges and multilateral development banks were called to further promote and deploy climate action grants, guarantees and non-debt instruments.

**Objective:**

Provision of financial resources remains a key challenge for climate action, and as such, it should be addressed when delineating a strategy to facilitate the implementation of pledges.

**Questions:**

1. What are the sources of funding expected for the L&D Fund and what is the funding target?
2. What is the mix between public and private funds that we would like to achieve?
3. What would be the most suitable organizational and governing structure for the L&D Fund?

4. What roadmap can we expect from developed economies to fulfill their resource mobilization pledges?

5. How can the cost and transfer of new technology for mitigation purposes be better integrated into climate action finance?

6. How can we effectively promote a better balance between climate adaptation and climate mitigation efforts?