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ACT2025 
Allied for Climate Transformation

Addressing the Needs of Climate-Vulnerable Countries at COP28

A Call to Action from ACT2025



Allied for Climate Transformation by 2025 (ACT2025) is a consortium of think tanks and experts elevating the needs and priorities of vulnerable developing countries to deliver ambitious, balanced, just, and equitable outcomes at the UN climate negotiations and other multilateral fora to chart a path toward greater global solidarity. For more information and contact details, visit www.wri.org/ACT2025.



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At COP28, the United Nations (UN) will conclude its first-ever Global Stocktake (GST), the culmination of a two-year process that will reveal how far we have come in the fight against climate change and where more is needed to accelerate climate action. But we do not need to wait for the GST to know what it will say: The world is way off track. Mounting evidence and countless reports confirm that almost all countries' climate promises are not being met, nor do they measure up. What we need at COP28 is a political response that will drive immediate action to advance breakthrough solutions across sectors and systems.

The addiction of major emitters to burning fossil fuels and destroying forests has significantly warmed the planet, resulting in devastating heat waves, severe droughts and related water scarcity, destructive wildfires, rising sea levels, deadly floods and catastrophic storms. These impacts from climate change are seriously threatening the world's food, water, and other resources; endangering lives and ecosystems; and wreaking havoc on economies, livelihoods and infrastructure.

“We need this year’s UN climate summit in the United Arab Emirates to be a major course correction.”

No one experiences this more than the climate-vulnerable communities of the Global South, which are facing a mounting debt crisis and have too few resources to adapt and protect themselves from these escalating climate impacts. The economies of the Vulnerable Twenty group (the world's most climate-vulnerable countries) have already lost around 20 percent of their GDP — approximately \$525 billion that could have been spent on meaningful and beneficial climate-resilient development — over the past two decades (2000-2019) due to climate change (V20 2022).



UN Women/Gaganjit Singh



Four-Point Plan for COP28



The Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) underlines the severity of current climate change impacts and future risks as well as the compounding nature of these impacts, some of which are irreversible. The IPCC also reaffirms that, around the world, billions of people and many highly vulnerable ecosystems have already perished or are struggling to adapt to climate change (IPCC 2023).

Without immediate deep emissions cuts and scaled-up finance to respond to these impacts, more people will be pushed into extreme inequality and poverty. However, as the IPCC and other assessments explain, when carried out in a just manner, emissions reductions are not only possible but can also eradicate extreme poverty, expand and enhance energy access, and improve living standards. And the IPCC emphasizes that the decisions made this decade, including at COP28, will have repercussions that could last thousands of years (IPCC 2023).

To be clear, what we do not need at COP28 is another collection of hollow, distant promises that delay climate action. We need this year's UN climate summit in the United Arab Emirates (UAE) to be a major course correction. At COP28, countries must decisively respond to

the GST and deliver on concrete ambitious commitments to accelerate rapid and far-reaching transformations across all sectors and systems, including transformative adaptation efforts, equitable financing for loss and damage, and scaled-up provision and mobilization of climate finance. Ahead of COP28, we need strong political signals from key moments — such as the G7 and G20 Ministerials and Leaders' summits, the Summit for a New Global Financial Pact, the UN Secretary-General's Climate Ambition Summit and the annual meetings of the World Bank and the International Monetary Fund — to pave the way for success in the UAE this November.

To show where action is possible this year, this Call to Action proposes a set of solutions that can accelerate these transformations. As a consortium of think tanks and experts elevating the needs and priorities of vulnerable developing countries at the UN climate negotiations and other multilateral fora, Allied for Climate Transformation by 2025 (ACT2025) calls for historic progress this year in the following four pillars. The cost of inaction is far greater than the cost of action and will have far-reaching implications for life as we know it.

Advancing Just and Equitable Ambition

After two centuries of fossil fuel consumption and imbalanced, unsustainable practices in energy and land use, global average temperatures have risen to 1.1°C beyond pre-industrial levels (IPCC 2023). Despite the introduction and enhancement of policies, laws and regulations, and the availability and feasibility of low- or zero-emission technologies, current national reduction targets or Nationally Determined Contributions (NDCs) will lead the world to an average global warming of 2.8°C (IPCC 2023). Ambition to not surpass the Paris threshold of 1.5°C is absolutely critical because every fraction of a degree of warming will intensify the impacts of climate change, and even limiting global temperature rise to 1.5°C is not safe for all.

For too long, major economies and industries have sailed past the scientific warnings, neglected their climate promises and ducked calls for more ambitious action and support. Even today, there are attempts within the G7 to water down ambition and backslide on their previous commitments by maintaining and prolonging the lifetimes of existing fossil fuel-based technologies and infrastructures, including for co-firing of ammonia at coal-fired power plants.

“For too long, major economies and industries have sailed past the scientific warnings, neglected their climate promises and ducked calls for more ambitious action and support.”

To this end, COP28 must take the following actions:

- Ensure that the GST, as a crux of the ambition mechanism of the Paris Agreement, prompts specific actions to springboard greater ambition across all elements of climate action — mitigation, adaptation, loss and damage, and means of implementation — with equity and fairness considerations at the center. The GST outcomes need full political support from all countries to inform the new round of NDCs and elicit the requisite financial and technical support from the developed countries.
- Call for G7 and G20 economies to revise their 2030 NDCs consistent with 1.5°C pathways and, as scheduled, for all countries to put forward ambitious 2035 NDCs well in advance of COP30 in 2025 that will collectively reduce greenhouse gas emissions by 43 percent by 2030 and 60 percent by 2035 relative to 2019 emissions levels.
- Commit to equitably phasing out all fossil fuels (including oil, gas, and coal) and set a global target for equitably scaling up renewable power capacity additions to at least three times 2022 levels by 2030, reaching 1,200 GW per year and representing an average of 90 percent of new generation capacity each year (IEA 2023).
- Ensure that the outcomes of the Mitigation Ambition and Implementation and the Just Transitions Work programs inform NDCs and lead to accelerated real, equitable, and people-centered just transitions pathways. The outcomes should consider the social, economic, and environmental consequences of the shifts to a low-carbon and climate-resilient economy, and include adequate financing to support it. They should also take into account the barriers to realizing a just transition, such as the cost of capital, energy poverty, energy access and mineral extraction, as well as the need for economic diversification to ensure that vulnerable communities are not left behind.

Driving People-Centered and Livelihood-Sustaining Adaptation

About 3.6 billion people (nearly half of the global population) live in climate-vulnerable hotspots around the world, (IPCC 2023), and this number is expected to increase as the Earth continues to warm. As stated in the IPCC AR6 Report, effective adaptation action — such as early-warning systems, disaster risk management, and agroforestry — significantly reduces climate risks. Although progress on adaptation is being made, it remains incremental, reactive and piecemeal largely due to a huge shortfall in finance. In addition to mitigation efforts, countries need to speed up and scale up their investments in adaptation and minimize unintended impacts (maladaptation), which can inadvertently further increase vulnerability, particularly of those already on the frontlines. For example, adaptation measures must urgently address the droughts, famines, and hunger that currently affect more than 800 million people globally (FAO, IFAD, UNICEF, WFP and WHO 2022). The Sharm el-Sheikh Joint Work on Agriculture and Food Security is an opportunity to adopt a holistic and systemic approach toward sustainable, equitable, inclusive and resilient food systems that account for climate change and its impacts.

Ahead of COP28, increased political commitment and a series of events must take place to ensure progress on adaptation and the operationalization of the Global Goal on Adaptation (GGA). The upcoming series of GGA workshops will be essential to address outstanding issues, such as target-setting and integrating the GGA process with the GST. These workshops must be inclusive, equitable and accessible to all, particularly those who are most vulnerable to the effects of climate change. The seminars must result in a shared understanding for adaptation action.

To this end, COP28 must take the following actions:

- Establish a framework for a holistic and ambitious GGA that enables action, prioritizes transformative adaptation, and considers climate justice and locally led adaptation as integral components. The GGA framework should also promote coherence across adaptation initiatives of the United Nations Framework Convention on Climate Change (UNFCCC) without increasing the burden for developing countries; chart the path for the next five years; and be informed by science and diverse local perspectives and priorities such as gender, inclusion, and equity across multiple sectors of the economy.
- Strive to achieve a robust and equitable outcome on adaptation under the current GST to effectively identify policy options — including technical support and technology transfer — that enhance transformative adaptation action, support and cooperation at all levels. These options must improve global resilience, build adaptive capacity, reduce the vulnerability of people and nature to climate change, address adaptation financing and implementation gaps, and support the most vulnerable countries and communities.
- Commit to mobilizing adequate, accessible and quality support for the implementation of National Adaptation Plans.

“Nearly half of the global population live in climate-vulnerable hotspots around the world.”

Designing Fit-for-Purpose Institutions to Address Loss and Damage

Following the groundbreaking progress at COP27 on loss and damage — including on the Santiago Network for loss and damage and the decision to establish a dedicated fund and funding arrangements — the road to COP28 will be critical to operationalizing these key items. Through the meetings of the Transitional Committee and accompanying workshops, making progress on these negotiations that highlight the urgency of these issues and that show credible solidarity with vulnerable developing countries will be key for calling COP28 a success.



Developed countries must engage in good faith and aggressively pursue solutions that can be presented at COP28. Such signals are key to rebuilding trust both between developed and developing countries as well as in the multilateral process. Failure to agree on the elements for operationalization of the fund at COP28 is unacceptable and is a disservice to countries who contribute little to global emissions but suffer from the greatest impacts of climate change.

To this end, COP28 must take the following actions:

- Finalize the details of both the dedicated loss and damage fund as well as the broader funding agreements that ensure finance that is new, additional, predictable, accessible, adequate and rapid. The fund must also have the capacity to disburse funding at a local level to support vulnerable communities in need. Moreover, the decision at COP28 must clearly indicate how the Santiago Network, as the main vehicle for needs assessments and technical assistance, fits in with the fund and broader funding arrangements.
- Include financial commitments for the loss and damage fund that are new and additional to existing climate and development finance and do not take funding away from adaptation.
- Operationalize the Santiago Network not only through the selection of the host and election of the members of the Advisory Board, but also through the mobilization of adequate financing to help countries develop the capacities needed to access resources from the loss and damage fund and broader funding arrangements.
- Invite the IPCC to produce a special report on losses and damages under various warming scenarios, including economic and social costs, to inform and provide a synthesized evidence base for future decisions on loss and damage. This report should be due no later than COP30.

Delivering Finance to Respond to the Needs of the Climate Crisis

Achieving the social and economic transitions to a 1.5°C world requires the urgent mobilization of trillions of dollars. Studies estimate the cost of these transitions to be between \$1.5 and \$5.9 trillion annually through 2030 (CPI 2021; SCF 2021). Despite this seemingly intimidating estimate, the IPCC also states that there is sufficient global capital and liquidity to cover these costs but that these finances are currently misallocated and misdirected. For instance, the Standing Committee on Finance (SCF) estimated that in 2019-2020, \$892 billion was spent globally on fossil fuel investments and \$450 billion on fossil fuel subsidies (SCF 2023). At a global level, the Climate Policy Initiative (CPI) estimates that in 2021 climate finance flows amounted to about \$850 billion with 76 percent being raised and spent domestically (CPI 2022). However, according to current estimates, in 2020 \$83.3 billion in climate finance was provided and mobilized from developed to developing countries, with only about one-third going toward adaptation actions (OECD 2022).

Vulnerable countries are facing immense financial burdens: Adaptation needs alone are estimated at \$140-300 billion annually by 2030 and \$565 billion annually by 2050 (UNEP 2022). While current emissions trajectories demand a certain level of adaptation action, adaptation finance needs will grow with every additional degree of warming. With worsening impacts, loss and damage needs are estimated to reach up to \$580 billion annually by 2030 and \$1.7 trillion annually by 2050 (Markandya and González-Eguino 2018). These additional financial burdens further reduce vulnerable countries' fiscal space, add to their already high debt levels, and affect their access to concessional and commercial capital, resulting in limited investments in their development.

“There is sufficient global capital and liquidity to cover transition costs but these finances are currently misallocated and misdirected.”

To this end, COP28 must take the following actions:

- Agree that developed countries commit to delivering a minimum climate finance commitment threshold of \$120 billion per year from now through to 2025, which is not a ceiling, but rather a clear progression beyond previous efforts until a new and ambitious climate finance goal is defined and that includes the implementation of developed countries' commitment to at least doubling adaptation finance from 2019 levels, which represents an increase from \$20 billion to \$40 billion annually.
- Also, agree that developed countries must address the significant climate finance deficit as a result of the non-accomplishment of the \$100 billion goal, and urge for the recognition that the needs of developing countries to achieve the economic and social transitions to 1.5°C are in the ranges of \$1.5-5.9 trillion.
- Urge the delivery of a road map for doubling the provision of adaptation finance from 2019 levels. This road map should take into account the upcoming report of the SCF on this matter and should be designed to facilitate a significant increase in climate adaptation finance and investments while ensuring accessibility, predictability and transparency.

- Build on the recommendations, with options to be presented at COP28, by the co-chairs of the New Collective Quantified Goal on climate finance (NCQG) Ad hoc Work Programme to narrow down the negotiations in 2024. Negotiators should agree that the NCQG should be based on lessons learned, the latest available science and the needs of developing countries, and that it shall include:
 - subgoals for adaptation, mitigation and loss and damage;
 - a time frame of 10 years (2025-35) with indicative goals for the next two decades; and
 - reaffirmation of the central role of public and grant-based finance, in particular for adaptation and loss and damage.
- Call for ambitious reforms of the international financial institutions, building on key moments throughout the year, with the goal of increasing the volume and adequacy of funding. Special attention should be given to scaling up public finance — in particular concessional finance to address the inequities in access to finance and reduce barriers (including not introducing new conditionalities) — designing debt relief efforts to free up fiscal space, and identifying and deploying mechanisms to boost private capital mobilization.

We recognize the effort of developed countries to deliver on the \$100 billion annual commitment. However, for transparency purposes and to understand the annual implementation of the commitment, by COP28, developed countries should prepare a report on their progress around the provision and mobilization of climate finance, including 2021 data.



Dominic Sansoni / World Bank

The Drumbeat to COP28

Throughout the year political moments inside and outside the UNFCCC process should create political momentum and multilateral diplomacy for the final decisions at COP28. Below, we set expectations for key events in 2023 that would lay the path forward to ambitious outcomes at COP28.

G7 Leaders' Summit (May 2023)

The G7 leaders should demonstrate their commitments toward delivering the \$100 billion annual commitment and covering their fair share, including by more than doubling the cumulative resources committed in the first Green Climate Fund's replenishment.

The G7 must commit to an ambitious reform of the international financial architecture, including by leading on and implementing outcomes from the New Global Financial Pact Summit, especially given the G7's role as shareholders and by implementing the recommendations of the G20 Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks, exploring options to expand international financial institutions' concessional resources and timely and coordinated debt restructuring.

The G7 should demonstrate a commitment to ambitious action in response to the latest science, including committing to ambitious emissions reductions as well as supporting vulnerable nations in pursuing climate action. By pooling their resources, scientific capacities, and their proven and affordable technologies, the G7 can support vulnerable developing countries in addressing the uneven distribution across regions and sectors of mitigation and adaptation options to make carbon neutrality and resilience a reality by 2050.

The G7 should show a good faith commitment to finding an agreement on the design and operationalization of the loss and damage fund by COP28.

Summit for a New Global Financial Pact (June 2023)

The elements and coalitions that emerge from this summit must provide concrete options for international financial reform, informed by relevant elements of the Bridgetown Initiative, to relieve indebtedness levels in vulnerable countries, open fiscal space to invest in climate action, and integrate innovative considerations around loss and damage into the reforms. Furthermore, the summit must provide guidance on specific objectives, processes, and timelines to advance reform of the global financial architecture.

G20 Leaders' Summit (September 2023)

Through their communique, the G20 leaders must show their commitment to the outcome of the GST and, in that vein, credibly commit to GST-informed, ambitious, economy-wide NDCs due by 2025 that account for all greenhouse gases and clearly specify their absolute emissions-reduction targets for 2035.

Building on the G7 Leader's Summit and the Summit for a New Global Financial Pact, the G20 must reaffirm its commitment to an ambitious reform of the international financial architecture.

UN Secretary-General (UNSG) Climate Ambition Summit (September 2023)

The UNSG should host a pledging session for loss and damage funding to provide reassurance that all nations remain committed to addressing loss and damage.

Multilateral development banks and international finance institutions should provide a plan for scaling up climate finance, especially the share of concessional finance and financing resilience.

Nations, in particular G20 members, must recommit to ambitious climate action and the implementation of NDCs in light of the GST to narrow the emissions gap by 2030, including G7 members providing support to developing countries to achieve their NDCs.

World Bank and International Monetary Fund Annual Meetings (October 2023):

These institutions should respond to the needs of vulnerable countries and commit to transformational and systemic changes that provide critical finance and capital liquidity, avoid increasing the climate-induced debt of developing countries, and offer options to relieve indebtedness levels. While ensuring an urgent response, the institutions must also develop and deliver a plan over the longer term to be fit-for-purpose for the next decisive decades.

The Time Is Now

The recommendations presented in this Call to Action can help ensure a just and ambitious outcome at this year's climate negotiations that will rebuild trust, foster solidarity and ultimately drive greater climate action on the ground. We cannot afford to miss this opportunity. This is our unique chance to avert disaster and achieve a brighter, safer future for all.



UN Climate Change

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