

## COP28 first week – key announcements (30.11.2023 – 06.12.2023)

The first week of COP 28, which is being held at Dubai, UAE, is over.



*Photograph: Dominika Zarzycka/NurPhoto via Getty Images*

This year's conference has focused, so far, on structuring loss & damages mechanisms, discussing innovative climate finance instruments and presenting tools to decarbonize hard-to-abate industries. Additionally, all eyes are on the official negotiations regarding the phase-out or phasedown of fossil fuels. To catch up on recent developments at COP28, see our main insights below:

### 1. Climate urgency

- 2023 is already considered [the hottest year on record](#), being around 1.4 °C in average above the pre-industrial 1850 – 1900 baseline. The prospect of continued warming is already prompting scientists to indicate that [carbon removal solutions will become even more necessary](#);
- The Global Carbon Project (GCP) estimates [that CO<sub>2</sub> emissions related to fossil fuels increased by 1.1% in 2023](#), reaching a new record (36.8 GtCO<sub>2</sub>e). The co-author of the GCP stated that "[it now looks inevitable we will overshoot the 1.5°C target](#)". Leaders meeting at COP28 will have to agree on rapid cuts in fossil fuel emissions even to keep the 2°C target alive";
- Furthermore, even if the world manages to reduce temperatures after an overshoot of 1.5°C, natural systems such as glaciers, mangroves, forests, and marine algae could reach [tipping points, being affected with difficult or impossible recovery](#).

### 2. Fossil fuel crossroads

- [The first draft of the Global Stocktake has been released](#), with its most controversial point being the potential options for addressing fossil fuels. Among the four options mentioned, the weakest one has no reference to fossil fuels phasedown, while the strongest calls for a "[phase-out of fossil fuels in line with the best available science](#).";
- Countries are, for now, disagreeing about the final text. [While the European Union and the United States are seeking some form of commitment to gradually eliminate fossil fuels](#), China, India, and other countries have shown resistance to this target;

- At the same time, over 50 companies in the O&G sector, representing over 40% of the production, have committed to the [O&G Decarbonization Charter](#), including achieving net-zero scope 1 and 2 emissions by 2050, zero methane in upstream operations by 2030, zero routine flaring by 2030, and increased transparency in emissions reporting;
- On the other hand, [Chevron](#) did not sign the agreement. The initiative also received criticism for not addressing the reduction of O&G production or tackling scope 3 emissions.

### 3. Adaptation, loss and damages

- On COP's first day, [nearly 200 countries have reached an agreement to operationalize the COP27 loss and damage fund](#). The mechanism will [initially be operated by the World Bank](#);
- According to Axel van Trotsenburg, the World Bank's Managing Director, [the Bank could have the fund operating in just three months](#). He pointed out that it's the same timeframe it took to establish the Pandemic Fund, which has a structure similar to the one that will be used for loss and damage;
- [Countries have so far pledged a combined total of just over US\\$ 700 mn to the fund](#). The US\$ 100 mn pledge by the UAE, the COP28 host country, was matched by Germany – and then slightly topped by Italy and France, which both promised US\$ 108 mn. The US has so far pledged just US\$ 17.5 m, while Japan has offered US\$ 10 mn. The total value amounts to 0.2% of the estimated yearly demand, which sparked criticism from activists.

### 4. Acceleration of energy and industry decarbonization

- [118 governments committed to tripling the installed capacity of renewable energy by 2030](#) and [22 countries agreed to triple the installed nuclear capacity by 2050](#). This last commitment includes the US, Canada, Japan, South Korea, UAE, UK, and France;
- Multiple initiatives aimed at decarbonizing hard-to-abate sectors have been launched:
  - Olaf Scholz introduced the [Climate Club, an initiative targeting emissions mitigation within the industry, particularly in steel production](#). Thirty-six countries joined the club, including Japan, South Korea, Australia, and Canada. However, China and India remained out;
  - [The Industrial Transition Accelerator, led by Mark Carney](#), focuses among other, on the implementation of CCUS and green hydrogen, aiming to drive final investment decisions;
  - 30 shipping industry leaders, including cargo owners, ship operators, ports, bunkering companies, and equipment manufacturers, signed a [Joint Commitment](#) to enable the use of renewable hydrogen-derived shipping fuel within this decade;
- 27 countries took part in the [UAE Declaration of Intent, committing to a global certification standard for hydrogen to accelerate H<sub>2</sub> trade](#). Additionally, within the certification context, [a new version of the](#)

[requirements for green hydrogen by the Green Hydrogen Organization \(GHO\)](#) included biomass as a renewable electricity source suitable for H2 production.

## 5. Climate finance

- [Blended finance emerged as a central topic](#) towards de-risking climate projects. It consists of structures that mix public and private funds to get money to places it wouldn't otherwise reach, mainly in emerging markets;
- [The COP28 presidency claims to have mobilized over US\\$ 57 bn so far in "new pledges and commitments."](#) This includes the [US\\$ 30 bn Alterra Fund](#) from the UAE, in partnership with BlackRock, TPG, and Brookfield;
- The Vice President of the United States, Kamala Harris, [announced US\\$ 3 bn to the Green Climate Fund, aimed at supporting developing countries in mitigation and adaptation efforts.](#) This amount is additional to the US\$ 9.3 bn already announced by the UK, France, Germany, Japan, and others.

## 6. Brazil at COP28

- Brazil's Finance Minister, Fernando Haddad, [gave more details](#) and [stated that Brazil needs investments ranging from US\\$ 130 bn to US\\$ 160 bn per year over a decade \(totaling US\\$ 1.3 tn to US\\$ 1.6 tn\) for the Ecological Transformation Plan.](#) Additionally, Haddad signed a joint statement with John Kerry signaling the [US' support to the Brazilian plan](#);
- Marina Silva proposed the ['Tropical Forests Forever' fund](#), a proposal to set up a global instrument to finance forest conservation, with hopes to raise up to US\$ 250 bn from sovereign wealth funds and other investors;
- [The BNDES unveiled a commitment of R\\$ 1 bn \(~ US\\$ 203 mn\) to finance forest restoration through the Amazon Restoration Arc project](#), including R\$ 450 mn (~ US\$ 91 mn) from the Amazon Fund (non-refundable) and R\$ 550 mn (~ US\$ 111 mn) from the Climate Fund, through low-interest credit (1% annually) for private projects. These initiatives will encompass both private properties and public lands through upcoming federal and state concessions set to be launched in early 2024;
- [Brazil's entry into OPEC+ faced criticism](#), with the country being awarded the "Fossil of the Day" prize upon its announcement (4<sup>th</sup> of December). This award, given by environmental organizations, exposes countries seen as "doing the most to achieve the least," as per the Climate Action Network.