

COP27 AND BEYOND



Major Takeaways From COP27

Loss And Damage Fund

"Loss and Damage" refers to the consequences of climate change that go beyond what people can adapt to, or when options exist but a community does not have the resources to access or utilize them. At COP27, a historic [agreement](#) was reached on a fund to help poorer countries face the harm caused by climate change. However, questions remain over who would contribute, who would benefit, and whether it will do enough. Estimated annual adaptation needs, according to the United Nations Environment Programme's (UNEP) Adaptation Gap Report 2022 could cost developing countries USD160-340bn by 2030 and USD315-565bn by 2050 if climate change accelerates.

Recent Pledges Towards Loss & Damage Finance At COP27

- [Belgium](#) - to provide EUR2.5mn in loss and damage funding for Mozambique
- [Austria](#) - to allocate EUR50mn over the next four years to fund loss and damage in the world's most vulnerable countries
- [Ireland](#) - committed EUR10mn to the Global Shield Initiative
- [New Zealand](#) - committed NZD20mn to loss and damage globally
- [Canada](#) - announced CAD24mn would be dedicated to the "needs and priorities of developing countries"
- [Germany](#) - to provide EUR170mn to the Global Shield Against Climate Risks initiative*



* A fund dedicated to providing climate risk insurance and prevention support for at-risk countries.
Source: Various reports

Promise To Keep 1.5°C Alive...But Fossil Fuels?

The final deal reiterated the promise set by the [2015 Paris climate agreement](#) to keep overall global warming from rising more than 1.5°C compared to pre-industrial era of the 1800s.

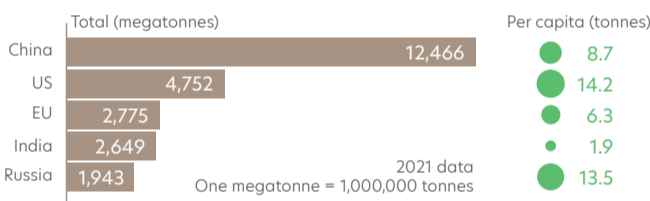
But to reach the loss and damage deal, some felt that the COP27 agreement had compromised on tougher commitments to limit global warming to 1.5°C. It also drew criticism for not doing more to rein in climate-damaging emissions, both by setting more ambitious national targets and by scaling back use of fossil fuels such as coal, oil and natural gas.

Climate Emissions Are Still Rising Too Fast

According to the [Emission Gap Report 2022](#) from the UNEP, emissions are only expected to fall around 10% by 2030 in a best case scenario. To keep warming to the crucial threshold of 1.5°C, emissions would need to fall 45% below 2010 levels by 2030.

Still, not all countries are keeping to their promises. In 2021, China, the US, the EU27, India, Russia and Japan remained the world's largest CO2 emitters. Together they account for 49.2% of global population, 62.4% of global GDP, 66.4% of global fossil fuel consumption and 67.8% of global fossil CO2 emissions. All six increased their fossil CO2 emissions in 2021 compared to 2020, with India and Russia having the largest increases in relative terms (10.5% and 8.1%, respectively).

Countries which emit the most carbon dioxide
Total and per capita emissions of CO2 per year



Source: EDGAR (Emissions Database for Global Atmospheric Research)
CO2 emissions of all world countries - 2022 report (based on 2021 data)

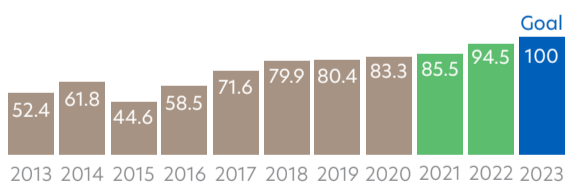
Climate Finance Needs To Be Accelerated

Where climate finance is concerned, developed countries, at COP15 in 2009, committed to provide and mobilise USD100bn of climate finance each year between 2020 and 2025. However, according to the OECD, in its report "[Aggregate Trends of Climate Finance Provided and Mobilised by Developed Countries in 2013-2020](#)" published in Jul 2022, around USD83.3bn was provided and mobilised jointly by developed countries for climate action in developing countries in 2020. While increasing by 4% from 2019, this was USD16.7bn short of the USD100bn per year by 2020. It was worth noting, though, that Asia has been the main beneficiary region of climate finance provided and mobilised by developed countries, accounting for around 42% of the total, followed by Africa (26%), the Americas (17%), Europe (5%) and Oceania (1%).

The Indonesia JETP (Just Energy Transition Partnership) agreement announced at the Bali G20 Summit (15-16 Nov) - to mobilize US\$20bn over the next 3-5 years to accelerate Indonesia's energy transition through early retirement of coal power plants and deployment of renewable energy - is a widely welcomed move.

Climate Finance

Amount provided and mobilised by developed countries (US\$bn)



Data for 2021 and 2022 are based on an average of OECD scenarios
Source: OECD (Organisation for Economic Co-operation and Development)
Statement by the OECD Secretary-General on climate finance trends (29/07/2022)

Monday, 28 November 2022

Lee Sue Ann
Lee.SueAnn@uobgroup.com

Global Economics & Markets Research
Email: GlobalEcoMktResearch@uobgroup.com
URL: www.uobgroup.com/research



This publication is strictly for informational purposes only and shall not be transmitted, disclosed, copied or relied upon by any person for whatever purpose, and is also not intended for distribution to, or use by, any person in any country where such distribution or use would be contrary to its laws or regulations. This publication is not an offer, recommendation, solicitation or advice to buy or sell any investment product/securities/instruments. Nothing in this publication constitutes accounting, legal, regulatory, tax, financial or other advice. Please consult your own professional advisors about the suitability of any investment product/securities/ instruments for your investment objectives, financial situation and particular needs.

The information contained in this publication is based on certain assumptions and analysis of publicly available information and reflects prevailing conditions as of the date of the publication. Any opinions, projections and other forward-looking statements regarding future events or performance of, including but not limited to, countries, markets or companies are not necessarily indicative of, and may differ from actual events or results. The views expressed within this publication are solely those of the author's and are independent of the actual trading positions of United Overseas Bank Limited, its subsidiaries, affiliates, directors, officers and employees ("UOB Group"). Views expressed reflect the author's judgment as at the date of this publication and are subject to change.

UOB Group may have positions or other interests in, and may effect transactions in the securities/instruments mentioned in the publication. UOB Group may have also issued other reports, publications or documents expressing views which are different from those stated in this publication. Although every reasonable care has been taken to ensure the accuracy, completeness and objectivity of the information contained in this publication, UOB Group makes no representation or warranty, whether express or implied, as to its accuracy, completeness and objectivity and accept no responsibility or liability relating to any losses or damages howsoever suffered by any person arising from any reliance on the views expressed or information in this publication.

Singapore's Journey To Net Zero...

Singapore has recently strengthened its commitment by

- raising its national climate target to achieve net zero emissions by 2050, as part of the Long-Term Low-Emissions Development Strategy (LEDS), with the public sector committing to achieve net zero emissions around 2045;
- aiming to reduce emissions to around 60 million tonnes of carbon dioxide equivalent (MtCO2e) in 2030;
- increasing carbon tax to S\$25 per tonne for greenhouse gas (GHG) emissions in 2024 and 2025, and S\$45 per tonne for GHG emissions in 2026 and beyond, after the Carbon Pricing (Amendment) Bill was passed on 8 Nov;
- also announcing its national hydrogen strategy, which will guide the approach in developing low-carbon hydrogen as a new frontier in efforts to green the power and industry sectors, as well as contribute to the decarbonisation of international maritime and aviation.

Key Events Ahead

7-19 Dec 2022

UN Biodiversity Conference (COP 15) - Montreal, Canada
Governments from around the world will come together to agree on a new set of goals to guide global action through 2030 to halt and reverse nature loss.

Likely By End-Mar 2023

Governments at COP27 agreed to establish a 'transitional committee' to make recommendations on how to operationalize both the new funding arrangements and the fund at COP28. The first meeting of the transitional committee is expected to take place before end-Mar 2023.

19-21 May 2023

G7 Summit - Hiroshima, Japan
Japan will host the next G7 summit in Hiroshima, with a message of peace and nuclear disarmament.

05-15 Jun 2023

UNFCCC intersessional meeting - Bonn, Germany
The United Nations Framework Convention on Climate Change (UNFCCC) has near universal membership (198 Parties) and is the parent treaty of the 2015 Paris Agreement.

24 Jun - 02 Jul 2023

London Climate Action Week
An event where climate experts and communities discuss ways to cut carbon emissions in London.

09-10 Sep 2023

G20 Summit - New Delhi, India
As the chair of next year's G20 summit, India has a crucial role to play. In recent years, India has made a significant policy shift towards sustainable cities, bio-fuel, infrastructure, finance, sustainable agriculture, and research and development across areas. India is has also become the 4th and 5th largest globally for wind and solar energy.

12-25 Sep 2023

United Nations General Assembly (UNGA 78) - New York, US
The central theme of (UNGA78) will be the role and contribution of science to attaining the United Nations Sustainable Development Goals (SDGs).

18-24 Sep 2023

New York Climate Week
One of the biggest global climate events

20 Nov - 12 Dec 2023

COP28 - Dubai, United Arab Emirates
To be hosted by UAE - the first country in the region to ratify the Paris agreement and to announce a strategic initiative to achieve net zero by 2050.

Source: Various sources