

## Summary

The 2022 Petersberg Climate Dialog took place in a context where the link between the climate crisis and other global crises (COVID-19, energy, food, debt, UKR-RUS war, biodiversity) has never been clearer. In this context, ministers spoke about the new challenges they faced, but also the increased urgency to act on climate as a risk and risk multiplier to sustainable social and economic development efforts and gains, economic stability and security.

Ministers, participants and experts highlighted that climate change already threatens food security, access to water and many other sources of livelihood of millions of people. Approximately 3.3 to 3.6 billion people live in contexts that are highly vulnerable to climate change. The IPCC's WG II of the incoming sixth assessment report recognizes that there are already limits to adaptation and that the window of opportunity to secure a liveable and sustainable future is rapidly closing. With every increment in global warming, the projected adverse impacts for humans and ecosystems and related losses and damages escalate. All communities and countries are affected by climate change impacts. As a result of different vulnerabilities, especially developing countries and in particular the least developed countries, as well as low-lying small island developing states, coastal communities and marginalized and poor people face bigger challenges.

**Trust was a key theme throughout interventions as a fundamental element to increasing and enhancing cooperation.** This included trust that commitments made (on financial or mitigation ambition) should be met moving forward. **The need to deliver on development pathways that keep the 1.5C within reach and the need to accelerate implementation by scaling up action and support, were also cross-cutting themes.** There was a general sense that the outcomes in Bonn did not reflect the needed urgency of action and the commitment to consensus that are required. Participants also highlighted the importance of recognizing relevant connections and ensuring **appropriate linkages to food security, biodiversity, desertification, oceans, health, social and economic development and other relevant environmental and development issues.**

The importance of **civil society, indigenous, women and youth** in addressing climate change was emphasized by many delegations, including ensuring their active and appropriate inclusion at the UNFCCC climate conferences and other related meetings. At this Petersberg, both Germany and Egyptian Cop27 Presidency put great emphasis on ensuring a seat at the table for civil society constituencies, setting a new standard for participation.

## Major take-aways

- 1. A common sense of the growing risk that climate impacts present to resilient development pathways, and the need to better support those who are most vulnerable to the impacts of climate change in adapting to and addressing them.**

Almost all countries highlighted stories of devastating floods, droughts, heat waves, forest fires and extreme weather events. It was made clear that everybody is feeling the effects of the climate crisis, but also that the poorest and most vulnerable are least equipped to deal with the impacts they face. Looking ahead to COP, discussions surfaced clear expectations for outcomes that increase the capacity of all to better avert, minimize and address respective losses and damages. There was also growing convergence around expectations that COP lay foundations for better supporting developing countries in dealing with impacts –

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financially, and through capacity building, and technology transfer - in adapting, as well as in averting, minimizing and addressing losses and damages.

There was broad consensus that COP27 should adequately address adaptation through work towards the Global Goal on Adaptation, including looking at how to better assess and measure adaptation progress and capturing progress towards the of the Goal. In addition, many inputs shared experiences on how to turn national adaptation planning into fundable project pipelines and successful implementation.

Loss and Damage was central to the discussions. Disappointment was expressed by some participants at the lack of progress so far, including in negotiations around operationalizing the Santiago Network. Many highlighted the need to expand action and funding for Loss and Damage. Perspectives on priority COP27 outcomes varied, but included expectations of outcomes that would: operationalize the Network and to follow up on and define an outcome for the Glasgow Dialogue and to create a standing space in the UNFCCC agenda to discuss Loss and Damage. Parties discussed the need for a space to address loss and damage funding arrangements, and some delegations suggested assessing the existing architecture and the ways to effectively use and strengthen it, and whether additional adjustments are needed in the overall financial architecture. As part of the solution, Germany presented the Global Shield against Climate risks. Other parties highlighted the direct and immediate need for separate “loss and damage” coded channels. There was also growing convergence on the need for strong and coordinated action outside of the formal negotiations, with initiatives like CREWS, the Global Shield against Climate Risks, the InsuResilience Global Partnership, and WMO’s work towards a universal Early Warning System in the next five years, being perceived as important, complementary and mutually reinforcing steps in the right direction.

## 2. The understanding that limiting impacts going forward will depend first on accelerated mitigation implementation and ambition.

While the world faces multiple crises, many emphasized that we must not lose focus on our climate goals. Many also noted that in the current geopolitical context accelerated renewable energy and efficiency transitions promised energy security, health, and climate benefits. It was highlighted that any short-term increases due to emerging circumstances in fossil fuel usage must not put delivery on 2030 climate mitigation targets at risk.

Many countries highlighted the **implementation gap**. Deep dive sessions showed the growing appetite to exchange on how countries were succeeding in accelerating implementation in a just way. **Collaboration and exchange on policies and regulatory approaches** emerged as key enablers for discussions on accelerating a just transition, alongside finance, capacity building, and access to technologies. Building on this, parties called for COP27 to deliver a strong decision on the **Mitigation Work Programme** that would assist countries to accelerate implementation, and, where possible, scale up ambition, enhance cooperation and provide for a space to exchange technical level discussions about overcoming barriers to accelerate implementation as well as the full implementation of Article 6. Many emphasized that without strong mitigation action, the scope of adaptation and response to losses and damages required to deal with future climate impacts might be unattainable.

While effective and speedy implementation of mitigation commitments and pledges must begin now, several countries also highlighted the Glasgow call to continue to raise ambition, well in advance of COP27, with

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updated and more ambitious NDCs or strengthened targets within the NDCs and long-term strategies. Many noted that current pledges, even if fully implemented, still leave the world far beyond a pathway to keep the 1.5 degrees within reach. Many highlighted the expectation that industrialized countries lead the way, as well as the vital role of the world's largest economies.

Just Energy Partnerships (JEPT), energy transition dialogues, platforms and partnerships were mentioned as potential models for a more inclusive and delivering mechanisms. Many countries noted that these would need to be complemented by a comprehensive approach to mobilizing finance.

Equity and the principle of common but differentiated responsibilities and respective capabilities were highlighted as key to Just Transition considerations. African participants also highlighted the importance of decentralized energy systems, ensuring more participatory processes in renewables expansion. Several other developing countries in particular small island developing states highlighted the need to deal with transaction costs, sourcing of (up-to-date) technology.

**3. Both climate finance provision and progressing in making the global financial flows and architecture consistent with the goals of the Paris Agreement, were highlighted by many as key enabling factors in accelerating implementation.**

The delivery of the **US\$100bn goal** remains of high importance to developing countries and progress towards full delivery continues to be seen as fundamental to building and ensuring trust. Many countries voiced expectations of seeing tangible progress on the COP26 commitment by developed countries to **double the collective provision for adaptation finance from 2019 levels by 2025**. A number of delegations looked forward to the progress report on the 100 bn USD delivery plan currently co-prepared by Canada and Germany.

Many interventions reflected the growing importance of Art. 2.1.(c) of the Paris Agreement in shifting from billions to trillions, while highlighting the need to better exchange on and track progress on efforts to align financial flows with the Paris Agreement, with some suggesting the need to create a dedicated space within the UNFCCC. In this context, a particular focus on the role of MDBs and institutional investors came through.

On discussions towards the **post-2025 finance goal**, some Parties stated that these must reflect both the sense of urgency and scale that is required. Expectations of the goal include it reflecting a significant scale up of both public and private finance, responding to the needs of developing countries, and strengthened quality of finance – many Parties raised continued issues with access to finance and greater need for grant-based finance, particularly for adaptation.

**Just transition was stressed by several countries, highlighting the need for a managed process to deliver on the agreed transition, acknowledging the social and economic national contexts in particular in developing countries to leave no one behind.**



## Annex I - High-Level Segment

**Chancellor Scholz** focused on the need to enable a good life for future generations: to promote climate protection while at the same time securing and creating prosperity. He stressed that current measures to secure energy must be in line with the target of becoming carbon-neutral in the near future. The recent heatwaves in India and Pakistan, the floods in Brazil at the start of the year or in the Ahr valley and North Rhine-Westphalia last year send a clear message: we must limit global warming to 1.5 degrees. A global modernization programme was needed to halve CO2 emissions during this decade. He also stressed that climate protection needs support by a broad majority within societies. He outlined how climate action can improve lives and livelihoods through access to e.g. modern, affordable energy provided by high-performance wind and solar power, global electric mobility, carbon-neutral building materials, green hydrogen and a climate-friendly flow of goods. Germany aims to become climate-neutral by 2045, with has agreed new 2030 milestones of 80 percent of electricity consumption to be covered by renewable sources and 50 percent of heat to be produced in a climate-neutral way. Chancellor Scholz also confirmed that Germany would contribute to the \$100 Billion mobilization target with at least six billion euros per year by latest 2025. In this context, he acknowledged the need to find practical solutions to deal with losses and damages from climate change and announced to establish the Global Shield against Climate Risk at COP27. He also highlighted the partnership for global infrastructure and investment under the G7 and Germany's efforts to co-develop Just Energy Transition Partnerships. Emphasizing the need for new forms of cooperation, he recalled the proposal for a Climate Club to jointly speed up the climate-neutral conversion of industries.

**President el-Sisi** highlighted that COP 27 will take place in the midst of the current global energy crisis, the food crisis from which many developing crisis are suffering, accumulation of debt, poor flow of funds, the negative impact of the Coronavirus and the complicated political scene, caused by the war in Ukraine. The President recalled the African continent lying at the heart of these challenges. Climate change has become an existential threat to the extent that it is no longer possible to postpone the implementation of climate-related pledges and commitments. He highlighted the effort of the Egyptian presidency for COP 27 to be a turning point for international climate action to maintain international momentum and for implementation of commitments by all governmental and non-governmental parties towards a low-emission economy. The President also emphasized the importance of broad support by all Parties in establishing an atmosphere of trust that enables the results aspired to by peoples. In this regard he welcomed the latest G7 statements on climate change, environment and development as a sign of a positive political positions and clear visions towards supporting a just energy transition in a number of developing countries. He emphasized the importance of expanding the scale of this support to include other developing countries which also exert unyielding efforts to this end. He also highlighted the role of international finance institutions and banks in supporting this transition. It is also very important that this momentum is translated into actual positions in the different negotiating trajectories under the UNFCCC and the Paris agreement. There are trajectories which often counter positions inconsistent with the positive intentions and orientations voiced at the political level. President Al Sisi emphasized the indispensable role of climate civil society and other stakeholders and thus the importance of their inclusive and meaningful participation at COP27 and beyond.

**UN Secretary General Guterres** urged countries to come together and rebuild trust - to keep 1.5 alive and build climate-resilient communities. He cautioned against deepening reliance on fossil fuels, and instead

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highlighted the need to demonstrate at COP27 that a renewables revolution is under way. The SG called on all to revisit their NDCs, looking to the G7 and G20 to show leadership – on NDCs, on renewables and on working together in good faith. He also highlighted the enormous potential for a just energy transition that accelerates coal phase-out and corresponding deployment of renewables. He reinforced the need to treat adaptation with the urgency it needs and highlighted the important role of early warning systems. He also highlighted the urgent need to scale up finance, calling on donors to give clarity on deadlines and timelines for delivery. Finally, he focuses on the need to ensure access and the role of shareholders in multilateral development banks in driving delivery of climate investments.



## Annex II – Some takeaways from Deep Dive Sessions

### World Café 1: Loss and Damage Action

Many participants welcomed the momentum on Loss and Damage coming out of COP26 and agreed on the strong interlinkages to adaptation and its limits. No consensus emerged whether a clear definition of Loss and Damage was possible or needed beyond the stipulations in Article 8 of the Paris Agreement. Many Parties also recalled that the ever rising need to avert, minimize and address losses and damages, was due to the absence of decisive action on mitigation. Some parties highlighted this as a reason to accelerate mitigation efforts. Participants also pointed to insufficient adaptation and resilience action in the that context.

Responding to non-economic losses, slow-onset events and climate-related migration were cited as the main challenges for adaptation action. The need on having effective gap analysis, an inventory of the observed impacts and models to quantify the impacts of losses and damages was addressed. Approaches like data collection, analyses and assessment, weather forecast, early warning systems and monitoring were mentioned as important in averting, minimizing and addressing losses and damages. Here, delegates overwhelmingly recognized the need for greater coherence and better access, especially for the most vulnerable. Social protection was identified as the currently largest gap and as a key component of solutions. All parties agreed that the timely operationalization of SNLD at COP27 would provide valuable support to countries in averting, minimizing and addressing their losses and damages through catalyzing technical assistance to developing countries, and that the network should be provided with sufficient and predictable funding to be able to operate and perform its functions.

Many participants called for action across sectoral and technical silos. The Global Shield against Climate Risks proposed by the German government within the framework of the German G7 presidency and in close cooperation with the V20, was met with great interest. BMZ State Secretary Jochen Flasbarth had introduced the concept to the plenary before the breakout groups, followed by Sara Ahmed as representative of the particularly climate-vulnerable group of countries. During the breakout groups the need for greater coherence was repeatedly emphasized - not only between the various organizations within the UN system, but also between the numerous other actors in the fields of climate change adaptation, disaster risk management, development and humanitarian aid. This is a key objective of the Global Shield next to making the climate and disaster risk finance and insurance (CDRFI) architecture more systematic and sustained. Likewise, the great importance of social protection systems in dealing with climate risks was highlighted. Thus, this Global Shield as well as initiatives like the Climate Risk and Early Warning Systems (CREWS) and the InsuResilience Global Partnership were perceived as important, complementary and mutually reinforcing steps in the right direction. Recognizing the work in progress, delegates called for these instruments to be strengthened and scaled up, and also to create firm and clear synergies with the UNFCCC process. There were divergent opinions with regard to proposals to include an agenda item on Loss and Damage or on funding arrangements for Loss and Damage at COP 27.

Some parties highlighted the need also to have a special report by IPCC on losses and damages from climate change.



## World Café 2: Loss and Damage Funding Arrangements

Current climate, humanitarian and disaster risk reduction facilities were described by many as insufficient for providing funding to avert, minimise and address losses and damages. The current focus on preventive measures was criticized by some delegates. Insurance was mentioned as an area that needed to be further explored to close gaps, including lack of coverage in rural areas, nevertheless it would not be silver-bullet solution to addressing loss and damage. Some delegates highlighted that availability of Loss and Damage finance was particularly important after disasters have struck (ex post), due to the potentially devastating effects of extreme weather events on livelihoods and infrastructure, with the scale of losses sometimes reaching multiples of annual national GDP for a single disaster, particularly in small island developing states. A number of delegations underlined that funding arrangements for Loss and Damage should not overlook the support needed to adapt to and address slow onset processes and include non-economic losses and damages.

The issue of increasing debt due to losses and damages from climate change, including through recurring extreme weather events, and consequently worsening risk ratings on capital markets, was related with calls for debt relief.

Regarding institutional arrangements, many called for more coherence not only among different organisations within the UN system, but also amongst the multitude of other actors in the climate, disaster risk, development and humanitarian aid system. Here, the Global Shield against Climate Risks could be part of the solution. Some focused on using existing mechanisms such as the GCF and the WIM that are already doing work on Loss and Damage. Some other parties pointed to gaps within current instruments and structures that they saw as intractable, including on funding to address loss of cultural heritage and called for the establishment of a stand-alone facility. Meanwhile, a number of parties saw a new central facility as inappropriate, questioning whether such a facility would truly accelerate the provision of Loss and Damage financing or be bound up in governance questions for the foreseeable future.

Some highlighted an architecture that prioritized funding flowing to bottom up and local approaches on city or community level as potentially more appropriate.

A proposal was made that all countries that provide funding currently could map the provision of finance relevant to averting, minimizing and address loss and damage, as well as the barriers to access and availability that exist. Some noted, in that context common but differentiated responsibilities and respective capabilities in the light of different national circumstances.

Some saw a role for the private sector in allocating a portion of Corporate Sustainable Responsibility funding to Loss and Damage, while other noted that philanthropic actors were starting to play a role. Many agreed that multilateral development banks should consider the development of Loss and Damage windows with simplified access procedures. Special drawing rights and debt relief/swap were also suggested as a potentially useful modality.

## World Café 3: Adaptation

All countries recognized the need to be able to better assess, compare and manage progress of adaptation efforts, and many saw the potential of addressing this through advancing technical work on operationalizing

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the Global Goal on Adaptation at COP27. Many pointed to the IPCC reports that highlighted the urgent need for a transformative adaptation agenda that delivers timely action at-scale.

The complexity of adaptation was emphasized, with many highlighting the multiple linkages to SDGs, desertification, biodiversity, the Sendai framework for disaster risk reduction, soil conservation, water, food, health, settlement patterns, livelihood security, technology transfer, and human rights frameworks. This complexity was exacerbated by the local and specific nature of adaptation pressures, however conversations highlighted that there were also common elements of adaptation regionally, and globally. In any case, the need for an inclusive and participatory approach throughout any adaptation planning process acknowledging the respective context specificities was generally considered a must for ownership and thus impact.

Many inputs shared experiences on what helps national adaptation planning turn into implementation faster, where national plans of adaptation (NAPs) can play a key role: Building strategies bottom-up, through early involvement of local communities and stakeholders (civil society, indigenous, youth; but also private sector and potential investors) was highlighted by many as a best practice. This was highlighted as key for building buy-in and enhancing chances of effective implementation, as well as avoiding maladaptation. Local access to data (including on risk), early warning systems, and risk assessments were highlighted as important to help prioritize implementation. The importance of training at local levels was also emphasized.

Government regulation was cited as an important link between governments and the private sector, providing a solid framework for adaptation. For example, building codes that consider energy efficiency, renewable use and production, and adaptation from the design phase were cited as best practices.

#### World Café 4: Adaptation Finance

Ministers noted that adaptation funding has increased in recent years. However, all agreed that it remains insufficient and that the scale of and access to funding needed for adaptation remains an increasing challenge. Participants discussed barriers to getting support and investment flowing, recognizing that barriers may vary by source: whether funding is coming from public budgets, MDBs or the private sector. Participants highlighted that Countries with NAPs or Adaptation Communications should be eligible to receive facilitated support.

Some participants recalled the risk of funding maladaptation, which could be minimized by screening all investments through the lens of a changed climate. Participants also recognized a clear need to de-risk investments in adaptation. They suggested that in the future, the risks of not taking adaptation action should be made transparent and, if possible, priced to incentivize adaptation investments.

Many Parties called for more adaptation funding in particular from MDBs, including through adopting an increased grant equivalence for adaptation projects. Many also spoke to the need for MDBs to more systematically consider the special circumstances of the different groups of developing countries, i.e. small island states, irrespective of income status, when it comes to eligibility for accessing concessional finance, particularly in the World Bank and IMF.

In terms of access to operational entities such as the GCF, GEF, Adaptation Fund, SCCF, or LDCF, there was general consensus on the need to move towards harmonized application procedures and improve coherence and complementarity among funds.

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Many delegations stressed the need to track progress and follow up on the COP26 commitment to double adaptation finance by 2025.

### World Café 5: Mitigation

Participants highlighted that the Mitigation Work Program needs to scale up mitigation ambition and implementation in this critical decade. Amongst potential guiding principles for the mitigation work program, they mentioned progression and maximum ambition based on the best available science, as well as equity, CBDR-RC and alignment with the Convention and the Paris Agreement.

Many clarified that they did not mean the work program to be prescriptive, but rather as a space for voluntary cooperation and exchange (i.e. used to inform technical-level discussions about overcoming barriers to accelerated national action. Proposed topics for the work programme included exchanges on policy design for accelerated just transition, lessons learned on overcoming barriers to technology deployment, access to finance (including through "NDC Investment Plans"), technology transfer and development, and concrete solutions through new forward-looking partnerships for action and support. Many also saw the potential for this sort of a work programme as a complement to the Global Stocktake, building confidence and momentum to provide the understanding for the needed support for NDC implementation, and updating NDC. A dialogue on national policy instruments for acceleration was suggested to be part of the MWP.

Some also noted that new or updated sector- or source-specific targets (e.g. for methane) could be better communicated both at the technical level via the work programme, and at the political level via NDCs. While others did not agree that sector specific targets as being part of the work program.

Questions were raised about whether the work program would be a place to dock the many sectoral voluntary initiatives into the UNFCCC process, improving the follow-up on such voluntary commitments. Some expressed concern that this should not be done under the UNFCCC process since not all parties are part of such initiatives, others suggested that including discussions of implementing sectoral initiatives in the work program could help deepen overall understanding and cooperation around barriers and opportunities for implementation, irrespective of membership in the initiatives.

Many parties also called for the inclusion of non-party stakeholders, including the private sector, cities and regions, experts and youth. Some cautioned that this should not be an excuse for parties not to discuss and take action themselves. Some suggested that the work program could feed into and be informed by the annual High Level Ministerial round table on mitigation ambition and implementation, and would need to be designed as a complement to the GST.

### World Café 6: Energy transition

Current rising fossil energy prices and energy security are an incentive for many countries to accelerate their transition towards renewable energy. Parties temporarily returning to coal-based power generation due to the war in Ukraine emphasized that their overall energy transition would be accelerated to offset short-term coal use, with mitigation targets maintained or increased. Some delegates compared these efforts to the longer-term challenge of addressing poverty while leaving existing fossil fuels in the ground. Others called for frameworks that can ensure that any emergency investments are temporary and consistent with the 1.5°C limit.

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Many are currently focusing more on energy efficiency, some delegates also recommending to focus more broadly on consumption reduction, both from equity and efficiency perspectives.

For nearly all delegates, renewable energy and climate neutral or low carbon and resilient development pathways was a clear priority. While some noted national circumstances as determining energy security considerations, others described fossil fuels as unaffordable due to their highly subsidized nature and their high external costs, such as mounting health impacts and pollution concerns. Some countries indicated that technical assistance may be needed to phase out fossil fuel subsidies.

Frameworks for a just transition were mentioned as a key for combining energy transition with sustainable development. Some wanted to measure just transition in terms of well-being, others in terms of growth. Social costs of action and inaction were recommended as indicators to guide decisions, and social protection measures need to accompany any transition to ensure its “Just” character. Partnerships between communities, government and investors were identified as critical. Just transition dialogues could facilitate energy access. African participants highlighted the importance of decentralized energy systems, ensuring more participatory processes in renewables expansion, and prioritizing local consumption over export. Some small states and small islands mentioned transaction costs, sourcing of (up-to-date) technology and limited potential for renewable energy as barriers which could be overcome with cooperation and renewable energy transport options.

Grid modernisation was seen as an important enabling condition, as well as investments in the workforce and training measures.

On technology development and transfer, some recommended to identify technologies that could be defined as a global common to be used for sustainable development.

Many countries noted the need for a comprehensive approach to mobilizing finance. Here many noted the importance of public finance. The role of MDBs and public banks was also central to other countries interventions. The importance of Art. 2.1.(c) of the Paris Agreement and the overall consistency of global finance flows, with Paris goals was the substance of a large number of interventions. Many participants stressed the importance of legislation and clear and credible targets for mobilizing sustainable finance. Various instruments were mentioned, including carbon pricing, blended finance, and de-risking instruments.

### World Café 7: Mitigation Finance

There was broad consensus that public finance remains key and that obligations of developed country Parties under the Convention and the Paris Agreement to provide finance to developing countries as well as the principles of CBDRRC and equity needed to be respected. It was also emphasized that public finance has a special role to play in leveraging private investment and additional finance. Many interventions highlighted the role of the UNFCCC, central banks and governments to provide clear rules and policy frameworks for the private sector to enable the transformation - long, clear and lasting signals.

There was convergence on the importance of scaling up climate finance in general. Interventions stressed the need to discuss balance between mitigation and adaptation-finance in the context of a general uplift, to ensure that the one didn't grow to the detriment of the other.



The mismatch between project based climate finance and the need for a whole sector and society transition was pointed out. Many interventions called for a more transformative approach in evaluating and programming climate finance. JETPs and policy based loans were suggested as potential elements for solutions. Experiences from REDD+ in focusing on the whole society were mentioned as a potential basis for future approaches.

A dedicated space to discuss efforts and progress on 2.i.c) (i.e. a work programme or agenda item) was proposed by some. Many also recommended focusing on the sources that can provide the trillions – the private sector, private banks, institutional investors, with some highlighting that these conversation would need to go hand-in-hand with work on the regulatory frameworks that could give confidence in profitability and sustainability of projects.

Parties noted the important role of shareholder countries in MDBs. Some noted that with MDBs having to deal with several crisis; the priority of tackling the climate crisis needed to be stressed by a wide range of participants. It was pointed out that it is crucial that MDBs work with regional and national financial authorities and climate change authorities to ensure alignment with Paris Agreement goals.

As the decisions on Art. 6 have been taken at COP26, some highlighted the need to look into the role carbon markets can play. It was pointed out that for COP27, the discussions on implementation as well as the discussion on the new collective quantified goal are crucial.

