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# COP28 UNVEILED:

DECODING THE ESSENTIAL INSIGHTS AND IMPLICATIONS



## I. Introduction

The 28th meeting of the Conference of Parties, i.e. COP28, came to a close on December 13, 2023. Spread across two weeks, COP28 saw national leaders, international organizations, businesses, and academics convene to address pressing global climate issues.

COP28 was an event full of firsts, with a number of its unprecedented outcomes discussed below. Yet aside from outcomes, COP28 is also unprecedented in terms of the sheer importance placed on this event by the world, reflected in the number of core participants at the event: the first edition of COP, held in Berlin in 1995, saw an attendance of a mere 4,000 people. Subsequently, approximately 26,000 attendees were present for the signing of the groundbreaking Paris Agreement in 2015. Even further, COP27 saw over 35,000 participants. However, COP28 saw an unprecedented 65,000 participants – an 80% increase in participation compared to COP27. This steady rise in participation from the first COP all the way to COP28 can be seen as a barometer of the growing importance of COP with each passing year.

Another notable aspect at the event was the robust participation of the private sector – the UAE's guest list was notable, featuring various chief executives, private sector lobbyists, and energy industry executives from prominent entities like EXONN Mobil, ENI, RWE, Oxy, and the local giant ADNOC. Aside from corporations, attendance also varied across several professionals such as bankers, financial executives, and lawyers, including a delegation from ELP's International Trade & Customs practice.

In this update, we examine the key developments arising out of this year's COP and their implications for India.

## II. Key outcomes

### ▪ Conclusion of Global Stocktake

This year's COP differed from previous iterations, as it culminated in the completion of the world's first "global stocktake", a milestone where Paris Agreement members were mandated to assess global progress on climate change and course-correct, wherever required. The first leg of this stocktake resulted in the release of the UN's synthesis report on the technical dialogue of the

first global stocktake - a "report card" which concluded that the world was not on track to achieve the goals set out in the Paris Agreement. In view of this, the COP28's outcome document contained various commitments to contribute to more robust climate action by countries.

### ▪ Climate Finance

Climate finance took centre stage at COP28. The conference began with an agreement on a blueprint for the Loss and Damage Fund ("LDF") unveiled at COP27, which is meant to provide financial relief to developing and least-developed countries against damages caused by climate disasters. This blueprint establishes the groundwork for operationalizing the LDF, which is to be hosted at the World Bank. Parties also adopted the "Declaration on a Global Climate Finance Framework" which includes a number of non-binding commitments towards climate finance and calls for investments of \$5-7 trillion each year into greening the global economy.

COP28 also saw approximately \$83 billion being mobilized in its first five days, for causes ranging from research in sustainable and low-emissions agriculture (\$1.9 billion), methane reduction (\$1.2 billion), health-related impacts of climate change (\$1 billion), the LDF (\$726 million), and clean technology investment (\$568 million), among others. The sources of these funds were varied, covering governments, international organizations, businesses, and philanthropic organizations. Notably, the UAE stood out amongst other parties due to funding a \$30 billion private investment vehicle for facilitating green investments, with UAE banks separately pledging to mobilize a whopping \$270 billion in green finance.

### ▪ Fossil Fuel Phase Out

Undoubtedly, one of the biggest outcomes of COP28 is the inclusion of language on phasing out fossil fuels. The UAE Consensus, the outcome document for COP28 which serves as a binding agreement onto its signatories, contains an unprecedented call on countries to transition away from fossil fuels in a manner that is "just" and "equitable". This also includes the phasing out of

inefficient fossil fuel subsidies, *i.e.* subsidies that do not address energy poverty or just transitions.

The inclusion of language that directly addresses the phasing out of fossil fuels and fossil fuel subsidies is a major step forward from previous COPs. However, the language on fossil fuels is not qualified with regards to any time limits for the stipulated phase out(s), a move which has elicited criticism from developing and least-developed countries.

#### ▪ **Renewable Energy**

Another widely discussed aspect of the UAE Consensus is the commitment towards tripling global renewable energy capacity, and simultaneously doubling the global average annual rate of energy efficiency improvements, all by 2030. These two measures have been widely praised and can potentially avoid 7 billion tonnes of greenhouse gas (“GHG”) emissions till 2030. However, considering that this target relates to the tripling of global capacities, it is unclear as to how the same would be implemented, and how this obligation would be distributed amongst parties. Notably, India stayed away from signing this pledge.

#### ▪ **Methane Emissions Reduction**

The UAE Consensus also includes a specific obligation for substantially reducing methane and other non-carbon dioxide emissions by 2030. Countries also continued to adopt the Global Methane Pledge launched at COP26 which aims to reduce global methane emissions by 30% by 2030, with India being a notable absentee. This was also supplemented by the adoption of the Oil and Gas Decarbonisation Charter by a number of companies, which includes obligations on members to end routine flaring and to “zero-out” methane emissions by 2030.

#### ▪ **India-led Global River Cities Alliance launched**

On the sidelines of COP28, India’s National Mission for Clean Ganga launched the Global River Cities

Alliance (“GRCA”). Spanning 275+ global cities and 11 countries, the GRCA is an expansion of India’s existing River Cities Alliance (“RCA”) launched in 2021.

While the modalities of the GRCA’s functioning are expected to be crystallized in the future, the functioning of the domestic RCA suggests that the GRCA is meant to facilitate collaboration, such as via knowledge sharing, on urban development of river cities while maintaining river health.

The GRCA has received substantial international support, with members including India, Egypt, Netherlands, Denmark, Ghana, Australia, Bhutan, Cambodia, and Japan, as well as funding agencies like the World Bank, the Asian Development Bank, and the Asian Infrastructure Investment Bank.

### III. Key implications

#### *Where does India Stand?*

An analysis of India’s progress vis-à-vis its commitments during the inception of the Paris Agreement shows several positive developments. In its initial NDCs, India had committed to a reduction of 33-35% in the emissions intensity of its GDP (*i.e.* the volume of GHG emissions per unit of GDP) from 2005 levels by 2030; however, India had already achieved a reduction of 33% by 2019. Similarly, a commitment of a 40% share of non-fossil fuel capacity in India’s total electricity capacity was also achieved in 2021, as compared to a target of 2030. India also committed to establishing an additional carbon sink of 2.5 to 3 billion tonnes of CO<sub>2</sub>, 1.76 billion tonnes of which has been established by 2021. Thus, India updated its NDCs in 2022 to aim at reducing emissions intensity by 45% as well as establishing 50% of its total electricity capacity from non-fossil fuel resources. It is expected that India would exceed these targets as well, ahead of the 2030 timeline.

However, India’s actual carbon emissions (*i.e.* the total emissions released by the country) are expected to rise by 8.3% in 2023, and its position at COP28 reflects a careful sidestepping of commitments on actually reducing carbon emissions.<sup>1</sup> India continues to heavily

<sup>1</sup> Through various addresses at COP28, India has reiterated the importance of “equity” and “climate justice” as the basis for climate action. Additionally, in both its initial and updated

NDCs, India commits to adopt a climate friendly and a cleaner path of economic development than “the one followed hitherto by others”. This is juxtaposed by NDCs of

depend on coal as a source of energy and accordingly, has been historically wary of commitments relating to coal. In fact, the commitment in the UAE Consensus on the phasing out of “fossil fuels”, instead of oil, gas and coal as previously suggested, is a direct result of the efforts of various countries that continue to depend on specific fossil fuels. India has also stayed away from signing global pledges on increasing renewable energy and reducing methane emissions. Thus, India’s approach reflects a balance between not committing to reducing GHG emissions, but instead balancing out these emissions via other climate forward policies.

### **Considerations for Future Climate Action**

The implication of the unprecedented commitments in the UAE Consensus on the phasing out of fossil fuels and reducing methane emissions is clear – countries will continue to have to provide more ambitious commitments as humanity continues to race against climate change. As the international community encourages nations to transition to cleaner alternatives, the task for India is not only to address environmental concerns but also to navigate the intricate balance between sustaining economic growth and embracing more sustainable energy practices. Below are a few considerations that should be kept in mind when ramping-up the country’s climate policies:

- **Renewable Energy**

Renewable energy featured heavily at COP28, most notably with the signing of the Global Renewables and Energy Efficiency Pledge. Despite not participating in this pledge, India has remained at the forefront of renewable energy adoption in the world and possesses the world’s 4th largest wind power and solar power capacities. However, energy demand in the country is expected to double by 2070, and if India wishes to continue its approach of compensating increased emissions with increased climate action, it must address this demand through a mix of both fossil fuels and renewable energy. Additionally, increasing affordability of renewable energy (such as via last-

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developed countries such as the USA and EU members, which explicitly commit to emissions reduction. Thus, India’s approach is to not undertake emissions reduction commitments, but instead compensate its emissions with increasing carbon sinks and renewable energy capacity. This

mile connectivity and subsidizing costs for residential consumers) and widespread adoption (such as via increasing renewable purchase obligations for entities) can also help India decouple from coal, thereby reducing both its import dependency on coal, as well as reducing the scientifically proven public health costs of coal.

- **Climate Finance**

India has been a long-term proponent of climate financing and has reiterated, on multiple occasions, the need for developed countries to provide the same. This need is especially pronounced to fund the higher climate ambition the international community continues to call for. However, climate finance has not yet reached the annual goal of \$100 billion promised by developed countries in 2009, much less the required amount of \$1 trillion annually from 2030. Additionally, a large amount of climate finance already disbursed is not concessional, i.e. conditioned on collateral such as assets or equity. At COP28, India sought to erase a major hurdle by calling for a universal definition of “climate finance”, which would provide transparency against greenwashing and allow measurements of the amount of climate finance actually mobilized. India must continue to engage with other developing countries, such as via the Like-Minded Developing Countries group, to consolidate the Global South into a unified negotiating bloc which can reduce fragmentation in demands made to developed countries and improve the quality of finance received.

- **Promoting Private Participation**

While India continues to engage with other states for climate financing, it must also mobilize private finance by creating an investor-friendly ecosystem. This can be achieved through increasing blended finance models to mitigate risks for private investment, promoting climate-based lending in financial institutions, and establishing robust ESG reporting requirements. The viability of a green

approach allows India to continue to benefit from cheap and readily available fossil fuels, while still undertaking climate mitigation and adaptation measures.

bank (i.e. a public financial institution in a country dedicated solely for financing green projects, either in collaboration with private funds or otherwise) could also be explored, drawing from successful experiences in other regions. Trade is another area which could provide opportunities to invite private sector participation, supported by easing trade and customs procedures for green goods, technologies and traders.

▪ **Engaging in Multilateral Cooperation**

As previously discussed, a “green transition” presents challenges for developing countries in terms of a lack of finances, technical know-how and supporting infrastructure. A number of these issues can be addressed via support from key trading partners, especially from developed countries. Considering that India is already engaged in multiple free-trade agreement negotiations with developed trade partners like the UK, EU and the European Free Trade Association, India can consider incorporating provisions to enable the free-flow of technical knowhow and skilled professionals for developing indigenous capabilities. Similarly, India must also continue its collaboration with other countries (such as the Global River Cities Alliance, the Global Biofuels Alliance, the Like-Minded Developing Countries group, etc.) to engage in capacity building on areas such as challenges faced by developing countries in implementing climate policies.

## CONCLUSION

*In line with its global commitments, the Indian government has been taking independent initiatives, such as implementing carbon markets and incentivizing “green credits”, in a bid to enhance environmental sustainability. India has set ambitious targets for its energy portfolio, with a strategic plan to elevate the contribution of solar and wind power in electricity generation from 10.6% in 2022 to an impressive 35% by 2032. These commitments, as outlined in the nation's submission to the UN Framework Convention on Climate Change, underscore a determined commitment to significantly enhance the use of clean and renewable energy sources, aligning with global efforts to mitigate the impact of climate change.*

*While these efforts signify steps in the right direction, achieving this ambitious goal necessitates substantial investments, technical assistance, and financial support. Accordingly, the need of the hour is to examine strategies that ensure consistent contributions from Indian businesses, foreign investors, and trading partners, to assist India in navigating this transition effectively.*



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We trust you will find this an interesting read. For any queries or comments on this update, please feel free to contact us at [insights@elp-in.com](mailto:insights@elp-in.com) or write to our authors:

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