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CLARA Responds to UAE Consensus Fossil fuel executive gavels through a fossil-fueled future; No deal on Article 6 carbon markets

Going into COP 28, civil society was clear in its demand for a full, fair and funded fossil fuel commitment, calling for rapid action in this next critical decade with a full phase out by 2050. CLARA members were particularly concerned about the risk of dangerous distractions, including 'abatement' language around fossil fuels which open the door to co-firing biomass with coal, using land-based carbon credits for offsetting emissions, and carbon capture and storage (CCS).

As feared, the final COP decision – the <u>UAE Consensus</u> – contains a great deal of dangerous distractions, including abated fossil fuels, unproven technologies like carbon capture and storage, and biofuels. This undermines the clarity that was needed from the global stocktake, to send a signal to countries for the action needed to increase ambition. And once again, developed countries who are most responsible for the climate crisis failed to deliver on providing the finance owed and necessary to support developing countries in their ambitious climate action.

Article 6 market negotiations collapsed, thus avoiding the fallacy that carbon markets are climate finance and ensuring that weak rules for markets will not advance. Since Parties could not agree on the text, the agenda item was not concluded, and was automatically added to the next negotiating session in Bonn next year.

This outcome is a relief, since negotiations had gone far off track and the text was likely not fixable. In Article 6.2 negotiations on cooperative approaches, more than 70 percent of the original text was removed, eliminating the most minimal aspects of transparency and any chance of environmental integrity. Even the definition of "cooperative approach" disappeared. This unbalanced the process and left parties who wanted safeguards fighting to put key elements back in text.

The final version of the Article 6.4 text for the new market mechanism would have agreed to the Supervisory Body's work on removals with insufficient guidance in place. Primarily, it would have allowed crediting to begin with the work on critical elements, such as a grievance mechanism, unfinished -- an unacceptable outcome. Projects should not be credited with rules still under construction.

The Article 6.8 text on non-market approaches, however, was adopted. It provides an alternative to the market mechanism and carbon markets in Articles 6.2 and 6.4 which failed consensus. Article 6.8 was often neglected since it was created in the Paris Agreement, with most negotiating time since then spent on the creation of carbon markets. Now, its work program, which focuses on joint mitigation-adaptation action and does not involve creating carbon credits for trading, will advance in 2024.

Following are reactions to the UAE Consensus from members of <u>CLARA</u>, the Climate Land Ambition and Rights Alliance.

Kelly Stone, Network Coordinator and ActionAid USA:

"There is no space for offsets if we want to meet the Paris Agreement goals. These market negotiations keep breaking down because market mechanisms don't work. We've had decades of experience now with how market mechanisms not only fail in their climate commitments but do real harm to communities. The text that was negotiated was absolutely unacceptable, and would have allowed these market mechanisms to go forward with minimal transparency and without key safeguards for communities. It's better to delay than accept bad rules. It would be best if parties rethought their approach to markets entirely.

"The dangerous distractions language combined with slightly improved fossil fuel language is difficult to accept. But it represents a step forward, an acknowledgement of civil society's clear demand for real climate action. Going into the next round of NDC preparation, all countries need to do their fair share, especially rich, developed countries like the US. Only when those countries do their fair share, including by providing support, can we unlock needed ambition."

Erika Lennon, Senior Attorney, Center for International Environmental Law (CIEL):

"In a surprising bright spot, countries avoided moving forward with weak rules to govern one of the most dangerous distractions at COP28: carbon markets. Following a year of carbon market scandals demonstrating accounting failures and human rights harms — Parties finally recognized that they cannot move a carbon market forward without ensuring protections for human rights, the rights of Indigenous Peoples, and the environment.

"Once again, the Article 6.4 mechanism Supervisory Body put forward a recommendation on removals that was riddled with loopholes and risks to people and the planet, and once again Parties rightly rejected it. There is no place for yet more dangerous distractions within a system that is itself a dangerous distraction. Carbon markets only perpetuate fossil fuel production and use. They can never substitute for the real public finance needed to facilitate a full, fast, fair, and funded phaseout of all fossil fuels, neither of which are delivered in the COP28 outcomes. We cannot offset our way to a livable climate."

Isa Mulder, Policy Expert, Carbon Market Watch:

"The bar of our expectations was set extremely low for the trading of emissions between countries (Article 6.2). But the text outdid even our rock bottom expectations. Not that we dared to dream of actual climate ambition for this market, but it did not even deliver on many of the most elemental requests for transparency and clarity. While 6.2 deals can continue anyway, deal or no deal, no deal seems to at least avoid sending a message that this is the right way forward.

"We cannot compromise on climate and human rights. Without the bare minimum of environmental integrity, transparency and safeguards in place, Article 6 carbon markets will only push humanity further away from our goals of achieving a fairer and more sustainable planet.

"As long as carbon markets are being used to justify ongoing emissions, they cannot be mentioned in the same breath as climate finance. They distract us from the desperate need for a fast, fair, full, and funded fossil fuel phase-out."

Peter Riggs, Pivot Point

"The GST decision properly describes both the ambition gap and the implementation gap. Not enough ambition in existing pledges to keep to 2 degrees; and then countries not even doing what they said they were going to do. With this good diagnosis of the problem, we'd expect the text to provide a strong solution set. But no – instead, we get nature-based non-solutions attempting to cover the implementation gap, and techno-gimcrackery used to bridge the growing ambition chasm."

Jannes Stoppel, Policy Advisor, Greenpeace

"COP28 concludes with a weak signal to transition away from dangerous fossil fuels to renewable energy. Instead, the Global Stock Take (GST) decision text is full of dangerous false solutions. For example, the agreed goal to triple renewable energy does not exclude the expansion of industrial scale bioenergy also linked with carbon capture and storage (CCS) technology to substitute fossil fuel emissions. That's a dangerous distraction because it will have destructive environmental and social impacts around the world.

"The rejection of negotiation texts on the trade of carbon emissions under Article 6.2 and 6.4 should serve as a dire warning to buyers of cheap greenwashing offset certificates from carbon traders who have ignited a rush for land titles in many parts of the world. The demand to secure cheap offset credits is not only a carbon scam. It risks increasing land grabs and conflicts that endanger livelihood security of vulnerable communities.

"The approval of a decision on non-market based international cooperation keeps a door of hope open to alternatives means of cooperation that create synergies between climate mitigation, adaptation, sustainable development and ecosystem protection and restoration."

Souparna Lahiri, Global Forest Coalition

"The Article 6 negotiations both in COP 27 and here in COP28 recognize and strengthen the fact that the Non-Market Approach under the Article 6.8 mechanism of the Paris Agreement is the real alternative to the market mechanism and carbon markets embedded under Article 6.2 and 6.4 which have failed consensus and stuck in their own failed architecture. A mechanism which was ignored and neglected all these post Paris years is the only mechanism that is simple, accessible, equitable and participatory to raise ambition, and use cooperative approach for supporting communities, IPs, women in accessing policy and financial support to be climate resilient in their fight against climate change and overcoming barriers towards real solutions on the ground. The march of NMA is inevitable and the climate justice pathway towards a gender just rights-based and ecosystems-based approach for real climate solutions is inevitable against all odds and the continuous blocking of the rich developed countries. It is not only a victory of the global south in climate negotiations but the recognition of the communities as real climate actors."

Catalina Gonda, Climate Policy Analyst

"We are witnessing a landmark acknowledgment of the urgent need to shift away from fossil fuels and address deforestation and forest degradation. Yet, the agreement falls short of urging rich nations to act first and provide meaningful finance and support for a just transition in the Global South. Without this, we will never achieve the full, fast, funded, and equitable phaseout that our global community demands. While the inclusion of fossil fuels in the GST outcome is a significant milestone, many loopholes remain providing escape routes for both the fossil fuel and agribusiness industries. Carbon markets, transition fuels, and an expanded use of bioenergy pose a huge risk to both the Paris Agreement and the KMGBF goals. It's now time to ensure that the rhetoric of ending fossil fuel dependence and the encroachment of nature is met with robust action and meaningful support, leaving no room for dangerous distractions and an increase in existing inequalities."

Peg Putt, Co-coordinator, Biomass Action Network (EPN)

While tripling renewable energy is an important step, this outcome is undermined by the inclusion of big biomass energy, which emits at least as much carbon as coal per unit of energy produced whilst also threatening communities and forests around the world. We can't afford dangerous distractions like biomass as we move away from fossil fuels. Countries must now step up and make sure that big biomass energy is not part of their renewable energy mix."