A Post-Mortem of COP 26:
Outcry, Outcome and Takeaways

Dhaka, 29 Nov 2021
Background and Milestones

**UNFCCC 1992/1994**

- CARBON reduction; Ultimate Objective
- Common but Differentiated Responsibilities and Respective Capabilities (CBDR and RC)
- Historical Liability (Annex I, Non-Annex Countries)

**Kyoto Protocol 1997**

- Legally binding for the Annex I countries
- Economy-wide emission reduction of (5.2% from 1990’s level during 2008-2012)
- Introducing Market Mechanism as the choice of the Annex I countries

**Paris Agreement 2015**

- Top-down political goal of limiting global warming to below 2 to \( \geq 1.5 \) degree C
- Nationally Determined contributions (NDCs) of emission reduction for achieving the goal

**COP 26 2020-21**

- Glasgow Climate Pact, 2021
- Top-down political goal of limiting global warming to below 2 to 1.5 degree C
- NDCs, Net-zero Emission by 2050
PA is universal in nature and legally binding

- **Purpose/Art. 2/ Limiting Temp Rise**
- **Linkage to NDCs/ Art 3/**
- **Mitigation/Art. 4/ Market and Non Mkt Mechanism**
- **Adaptation/Art. 7/ Global Goal on Adaptation**
- **Loss & Damage (art. 8)/ Avert, Minimize and Address with Support, Santiago Network**
- **Finance (art. 9)/ Adaptation, Mitigation and Technology Transfer**
- **Transparency of action & support (art. 13),**
- **Global stock-take (art. 14). Action, Support and Further Requirements**

*They are being negotiated under the functions and authority of the CMA*

**Issues under the Convention**

- **Reports/SBI and SABSTA**
- **Adaptation/Art. 7/ Adaptation Fund, Adaptation Committee**
- **Loss & Damage: Warsaw International Mechanism**
- **Finance: Long Term Finance, Report of GCF, GEF,**
- **Gender and CC**
- **Technology Transfer and Capacity Building**
- **Amendment of Art 15; Review of Art 4**

*They are being negotiated under the functions and authority of the COP*
MAJOR ISSUES: COP 26

**Finalizing Paris Rule Book**
- ADAPTATION
  - Global Goal, National Plan-NAP
  - Finance
- MITIGATION
  - Temp. Rise Goal
  - Carbon Trading
  - NDCs Targets
- L&D Article 8/PA; L&D Finance
  - Governance
  - Institutions
  - UNFCCC
  - National

**CLIMATE FINANCE**
- Closing the gap of annually providing USD 100 b
- Post-2025 climate finance target

**MITIGATION ABMITION**
- Modalities of Carbon Trading under Article 6;
  - Debated Issues: Corresponding Adjustment, Carry Forward of Kyoto Credits, Share to Adaptation Fund, Timeframe for the NDCs, Transparency Mechanism
- Science Vs Politics of Dirty Development:
  - Science demands to comply with 1.5 Degree C Target (IPCC, 6th Assessment Report)
  - Politics Around: Phasing out COAL by 2030, Divestment from Fossil Fuel, Net Zero Emission Targets, NDCs aligned to 1.5 Degree C Goal.
SIDE DEALS/DEALS: UK/COP Presidency

NET-ZERO EMISSION (by 2050) through
• Nature-based Solutions,
• Carbon Capture and Storage and
• Transitioning to Green Development

MEANS

COAL: phasing out coal production
CARS: shifting to net zero vehicles
CASH: mobilizing new climate finance
TREES: reduce tropical deforestation
MEHANE: reduction of 30% by 2030
Overarching Decisions: EMISSION REDUCTION

RESOLVES to pursue efforts to limit Temp Rise to 1.5 Degree C (1.5 C target Alive)

SERIOUS Concerns on the NDCs targets; full implementation of the NDCs by 2030 would result GHGs emission rise by 13.7% above the 2010 level. WHEREIN 1.5 Degree C target demands emission reduction by 45% by 2030 from the level of 2010

DECISIONS

• Strengthening NDC targets and Re-submission by the end of 2022

• Established a Work Programme to URGENTLY scale-up mitigation ambition; submission by 2022 to complement to the Global Stock Take by 2023

• A high level Ministerial in 2022 (runup to COP 27/CMA 4) on pre 2030 ambition

• Submission of long-term low GHGs Strategy before COP 27; to aligned to Net-Zero emission by 2050, while ensuring JUST Transition
Overarching Decisions: **EMISSION REDUCTION**

**CONTESTED** paragraph was reopened in last minute: India: “phase-out of unabated coal power and inefficient fossil fuel subsidies” to “phase down unabated coal power and phase out inefficient fossil fuel subsidies”. Supported by China/ Australia

Heavy criticism by Switzerland and EU

Wording on the **Renewable Energy** was explicitly excluded; rather emphasizes **Clean Power Generation and Energy Efficient** measures (COAL and Relatively Clean Fossil Fuel like LNG survive; opened **market for efficient technologies**)

Parties are invited to reduce by 2030 non-carbon dioxide GHG emissions, including **Methane**.

Importance of nature to achieve the long-term goal of the but no specific reference to the **Nature-based Solutions**
SERIOUS concern on the adverse impacts of CC as summarized by IPCC’s Report

PROGRESS on Global Goal on Adaptation (GGA) through launching two-year Glasgow-Sharm-el-Sheikh Work Programme; Key objective, among others-

• Reviewing overall progress in achieving GGA
• Enhance implementation of national adaptation actions
• Facilitate establishment of robust system for monitoring and evaluating adaptation actions

Require Parties to integrate adaptation into local, national and regional planning

Require Parties to follow a country-driven, gender responsive, participatory and transparent approach in planning and implanting adaptation actions
Overarching Decisions: **ADAPTATION FINANCE**

**CONCERNS** on the insufficient flow of adaptation finances towards the developing countries

**COMFORT:**
Urges developed countries to **DOUBLE** their adaptation finance from 2019 levels by 2025

**DISCOMFORT:**
- Calls upon **MDBs, IFIs, Private Sectors** to mobilize, scale-up finances for adaptation
- Also, encourage Parties to explore approaches, instruments etc. for mobilizing adaptation funds from the Private Sector
Adaptation Finance: ANNOUNCEMENT

THROUGH UNFCCC

- USD 356 million new Commitment; 116 million from EU; multi-year commitments from Norway and Ireland
- First time from US, Canada and Qatar

OUTSIDE UNFCCC

- USD 50bn Resilience and Sustainability Trust by IMF
- USD 450m mobilized for initiatives and programmes enhancing Locally Led Adaptation
LONG-TERM FINANCE:
Adaptation, Mitigation, Technology Transfer and Capacity Building

COMFORTS

• **DEEP Regret** on failure of mobilizing USD 100 billion per year by 2020

• Urges to deliver **USD 100b urgently**, through to 2025

• Importance on the **Transparency** in the implementing of finance pledges; through Biennial Report

• New Climate Finance Delivery Plan to deliver 100 b 2023; exceed this by 2025

DISCOMFORT

Encourages MDBs, IFIs to mobilize concessional financial resources, other support including **Special Drawing Rights**

No specific guideline on the eligibility and accessibility of the **highly indebted poor countries** to the concessional forms of climate finance
POST 2025: Collective Quantified Goal on Climate Finance

COMFORT

- Determined the working modality to decide about defining the goal
- An Intense Process and Ad Hoc Working Programme between 2022 and 2024 including four technical expert dialogues per year
- Inclusive and transparent process; pen to all of the interested Parties as well as non-State actors

DISCOMFORT

No pre-judgment about the substance of the goal, i.e., about its scale, the balance between mitigation and adaptation or loans and grants: This reduces predictability
Loss and Damage:
No agreement towards providing Finance

DECISIONS:
• Santiago network will be provided with funds to support Technical Assistance for the implementation of relevant approaches to avert, minimize, and address L&D and developed countries are urged to provide these funds
• Establishment of Glasgow Dialogue to discuss arrangements for the funding of L&D, organized by SBI
• No agreement on the establishment of a finance facility for L&D outside the UNFCCC
• Scotland offered 1.5m for L&D
PARIS RULE BOOK
Article 6, the Debated Issues

MARKET MECHANISM:
Article 6.2: cooperative approaches and voluntary engagement of the Parties for emission reduction and using ITMOs) towards NDCs implementation

NON MARKET MECHANISM
Article 6.8: Non-market approaches-NMAs to implement NDCs in the context of sustainable development and poverty eradication.

Article 6.9: Developed a Framework for non-market approaches

Accounting of ITMOs through CA; Avoiding Double Counting

Kyoto Carry-over Credits: cheap supply of CREs; fear of diluting carbon market

Share of the proceeds to the AF, 2% or 5%; from the ITMOs under Art 6.4 or Art 6.2 OR from the both

Cancellation of certain amount of the ITMOs; Art 6.4 or Art 6.2 or Both

Referencing human rights
PARIS RULE BOOK: Guideline on Article 6.2

Robust accounting framework: Clear link to enhanced transparency framework

- CA applied to the ITMO both from inside or outside of NDC scopes/sectors

- Authorization by the Host Parties to specify purpose of ITMO

- ITMOs include all Art. 6.2 and 6.4 units, incl. Carbon Offsetting and Reduction Scheme for International Aviation CORSIA and Voluntary Carbon Marker (VCM) credits authorized by host country

- Overall mitigation in global emissions (OMGE) strongly encouraged through cancellation of ITMOs.

- Reporting on human rights/rights of indigenous people, and on avoiding negative impacts

- No banking of ITMOs between NDC implementation periods
PARIS RULE BOOK: Guideline on Article 6.4

• Share of proceeds for adaptation high at 5% + monetary contribution + any accumulated administrative surplus to Adaptation Fund

• **OMGE:** Cancellation of 2% Art. 6.4 credits at issuance, cannot be accounted towards any other purpose

• Independent grievance process, Supervisory applies safeguards, incl. on human rights

• CDM activities can transition to the Art. 6.4 upon approval by host country (request by 2023, approval by 2025), if they comply with Art.6.4 rules

• **CERs from the Kyoto Credits registered after 2013** can be used in the first NDCs
PARIS RULE BOOK: Guideline on Article 6.8

• Developing countries demanded establishment of a facilitative mechanism, a network of coordination and a NMA registry that mobilizes finance; which was denied

• Compromised establishment of a “Glasgow Committee for NMAs” to identify and take measures to promote NMAs in specific “focus and areas’

• Decides to establish a web-based platform at the UNFCCC for recording and information sharing on NMAs

• Institutional arrangements for the NMA framework will be re-assessed in 2027,
PARIS RULE BOOK: Transparency

• Operational Flexibility for the countries with capacity constraint; allowed to use new notation KEY FX to collapse rows/columns of the reporting table.

• Mandatory to follow Common Reporting Table (CRT) while reporting national emission information;

• Parties encouraged to prepare biennial transparency reports (BTRs) and National Inventory Document (NIDs) as per outline report

• Less emphasis on reporting CC impacts adaptation gaps; not covered by the scope of Technical Expert Review (TER)

• Weak Requirements on L&D Reporting: Countries may report averting, minimizing, addressing CC in chapter IV of Biennial Transparency Reports

• Support for L&Ds has not been added to the financial support tables.
SIDE DEALS: by the UK Presidency

Global coal to clean power transition

• Joint statement on ending international public support for the unabated fossil fuel energy sector by 2022 by 25 countries (Canada, Denmark, Italy, US), public finance institutions

• Phase-out coal by 23 nations: Indonesia, Vietnam, Poland, South Korea, Egypt, Spain, Nepal, Singapore, Chile and Ukraine / 8.5 billion $ pledge for South African Just Energy Transition

• 28 new members, incl. Chile and Singapore, signed up to the Powering Past Coal Alliance of 2019

• 20 new countries, incl. Vietnam, Morocco and Poland, committed to building no new coal plants
SIDE DEALS: by the UK Presidency

Declaration on accelerating the transition to 100% zero emission cars and vans

• 22 countries have signed a pledge to reach a 100% share of sales of new cars and vans being zero emission by 2035 for leading markets and 2040 for other regions

• Major car-manufacturers such as China, Germany, France, Japan, and the U.S. have not joined
SIDE DEALS: by the UK Presidency

Leaders’ declaration on forest and land use

• Halt and reverse” deforestation by 2030 pledge by 141 countries have so far pledged to Increase finance for sustainable agriculture, forest management and forest conservation + restoration

Global methane pledge

• Methane emissions reduction >30% from 2020 levels by 2030 by 103 countries

• Countries commit to use best available inventory methodologies to quantify methane emissions

328 million $ pledge by philanthropies
COP 26: Key Take-ways

• Urgency of limiting global average temp rise to 1.5 degree C; KEPT ALIVE
• Robust rules for international carbon markets; Clear 5 year NDC ambition cycle,
• Unprecedented political and CSOs argument for ending fossil fuels
• Detailed reporting requirements for all and related support
• NO commitment on loss and damage finance and less likely to get required long-term finance
• Expanded scopes of the private/MDBs investment in the context of green development and energy transition

MUCH TASK FOR THE NATIONAL GOVERNMENTS;
NDC Update, NAP Development and Adaptation Communication, Development of Long-term Strategy for low-carbon Development and so on...
COP 26, kept things live : Where to move NEXT

Pre COP 27
2022
Ministerial

Submission of Revised NDCs coherent to 1.5 Degree C

COP 27
2022
Sharm el Sheikh Egypt

NAP, Guideline for NAP Communication; Finance for Adaptation and L&Ds

COP 28
2023
UAE/ GST COP

Global Stock Take/ Push for Ending COAL and FOSSIL FUEL

COP 29
2024
East Europe/ LTF

Long Term Finance Definition, Transparency in Support

Pre COP 27 2022 Ministerial

COP 27 2022 Sharm el Sheikh Egypt

COP 28 2023 UAE/ GST COP

COP 29 2024 East Europe/ LTF
HOW we can PROCCED from NOW ON......