ecbi

COP26

KEY OUTCOMES

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With comments and quotes from the ecbi network of UNFCCC negotiators and delegates at COP26

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EXECUTIVE SUMMARY

If we were to judge the Glasgow Climate Summit by how much it helped avoid dangerous human interference in the climate, our conclusion must be that it was not a success. The commitments and plans announced by governments and others were not nearly ambitious enough. Even the most optimistic assessment estimated the measures pledged would limit temperature rise to 1.8 degrees Celsius, while others put the more likely number at 2.4C or even 2.7C—assuming the promises are actually kept. This puts the outcome far higher than the 1.5C limit scientists say is needed to avoid the worst impacts of climate change.

Frustrations over finance, loss and damage

There were other disappointments, too. Discussions on finance for the loss and damage caused by climate impacts ended without serious progress. This issue is of huge importance to developing countries because it holds out the promise of meaningful support and assistance. However, there was only agreement to a "dialogue" on the subject, while a proposal for a new financial facility was rejected by the US. Not enough, say many observers and experts.

Likewise, the broader issue of financing was not adequately addressed. A study showing industrialized countries had not kept their promise to deliver US$100 billion in support annually by 2020 was hardly the right mood music for Glasgow. It shows why there remains such pessimism and a lack of trust among developing countries around the climate negotiations, especially when many now believe even US$100 billion is much too low.

These concerns clearly registered with activists and concerned citizens globally, with protests and marches in Glasgow and many other cities. Even those who were registered for the conference did not always have an easy time of it. As the first major in-person environmental gathering since the Covid pandemic began, the event had more than its share of teething troubles, with delays and limits on entry to the conference centre for many of the 40,000+ registered attendees.

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The right medicine: The case for modest success

If some left Glasgow with a bitter taste in their mouths, however, optimists could reasonably argue the medicine it prescribed was better than many insiders expected. Some countries delivered more ambitious Nationally Determined Contributions (NDCs) in the weeks and months leading up to Glasgow, and there were also welcome announcements by various coalitions at COP26 to cut methane emissions, end deforestation, shift away from coal, stop selling petrol-powered cars, and move financial investments towards net zero activities.

Collectively, these pledges did raise the level of political ambition—at least to some extent. Given the expected temperature rise before the Paris Agreement in 2015 was in the region of 3.6C, a reduction to 2.5C or thereabouts post-COP26 is a positive. Obviously, much more is needed. However, the level of ambition and the promises made, if kept, represent a clear step away from business as usual.

What's more, Glasgow delivered something that will be essential to future success: agreement on the Paris Rulebook means we finally have a clear foundation for delivering on the Paris Agreement. These rules cover operational issues such as common time frames for NDCs, reporting in the context of transparency, and Article 6 of the Paris Agreement (on international cooperation, including market and non-market approaches). While the Paris Rulebook did not feature much in the media's post-Glasgow analysis, its importance should not be understated. We now have specific reporting requirements, a clear cycle for ratcheting up NDCs, and surprisingly stringent rules for international carbon markets. Collectively, these make the Paris Agreement fully operational.

Agreement on a work programme on mitigation is also noteworthy. Dr. Lavanya Rajamani labelled it "a remarkable achievement, the credit for which should go to those developing countries like India that agreed to enhanced mitigation action in the face of decades of breached promises on finance and support, and rapidly diminishing fairness in these negotiations."

While even the optimists would agree negotiations on financing and on loss and damage were not successful, they could point to some positive signs. For instance, developed countries agreed to double support for adaptation by 2025 compared with 2019. And there is already a call for COP27 in Egypt to be "the loss and damage COP". Scotland's First Minister, Nicola Sturgeon, even became the first leader of a developed nation to pledge money for loss and damage, although the sum itself (2 million pounds) was modest.

These achievements came in spite of the disruption caused by COVID-19 and some uncertainty over the host country's preparations. In the end, however, most observers felt UK officials had choreographed a (mostly) effective event, communicating clearly in real time during the meeting and helping deliver some positive outcomes.

While those hoping for a once-in-a-lifetime moment will have been disappointed, climate insiders would point out the process is not designed to change the entire picture in just one meeting. The UN's climate talks are set up to deliver slow and steady change—and that's if it actually works as intended. Many experts would probably agree we emerged from Glasgow with more reasons for hope than before it began, particularly with the rules now in place to operationalise the Paris Agreement.

In spite of this, however, much remains to be done. In 2022, countries will need to deliver far stronger NDCs as well as rapid implementation and delivery on the various pledges made at COP26. Only if this happens will we have any real hope of keeping below—or even close to—the 1.5C limit.

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INTRODUCTION

COP26, which was held in Glasgow, Scotland, from 31 October to 13 November 2021, was widely viewed as an important moment in the longstanding UNFCCC process aimed at preventing dangerous human interference with the climate system. The first major event since the Covid pandemic, the Glasgow Climate Summit was regarded by many as the most significant milestone since the Paris Agreement in 2015. With warming globally already more than 1C above pre-industrial levels, there is an ever-growing urgency to efforts to restrict warming below 1.5C—a level beyond which scientists say change would be hazardous and irreversible.

With COP26 already pushed back a year due to the Covid pandemic, many felt a sense of even greater urgency to secure breakthroughs on a range of issues, including financing for developing countries, adaptation, and finalizing the "rulebook" governing the Paris Agreement.

This report looks in detail at the key goals and outcomes from Glasgow. Starting with an evaluation of the level of ambition it achieved, the authors then assess the negotiations on finance, loss and damage, transparency, common time frames, Article 6 of the Paris Agreement on international cooperation, and adaptation. Finally, the report closes with a look at what needs to happen in 2022, both before and during COP27 in Sharm El-Sheikh, Egypt.

OVERALL AMBITION

On the single biggest measure of success, Glasgow did not deliver what was needed. The commitments and plans announced by governments and others were not nearly adequate or ambitious enough to limit warming to 1.5C. Even the most optimistic assessment, by the International Energy Agency, estimated the various measures pledged would limit temperature rise to 1.8 degrees Celsius, which scientists say is still too high. Others put the likely number at 2.4C or even 2.7C. If promises are not met—or if they are only partially honoured—we could still be staring down the barrel of a 3C temperature rise. Critics would argue the 1.5C goal is now on "life support".

"It's meek, it's weak and the 1.5C goal is only just alive," agreed Greenpeace's Jennifer Morgan at the end of the meeting. "These announcements are eye candy, but the sugar rush they provide are empty calories," added Mohamed Adow from thinktank Power Shift Africa.

What's more, many pledges were not included in countries' official Nationally Determined Contributions (NDCs), making them harder to monitor and ensure accountability.

That said, with so many vows and promises in Glasgow no one could deny progress was made, however limited. Keeping in mind the expected temperature rise before the Paris Agreement was in the region of 3.6 C—and that IPCC estimates suggest such a number would be absolutely catastrophic—then a reduction of any sort is a positive. Now, it seems to be somewhere around 2 to 2.7C. Obviously, much more is needed in order to "keep 1.5 alive". However, the level of ambition and the promises made, if kept, represent a clear step away from business as usual. So, what were the most eye catching and ambitious announcements in Glasgow, and what do they really mean?

Pledges aplenty

In addition to countries' official NDCs (see page 5), there were many voluntary coalitions and groupings of governments and other stakeholders active at COP26. Many pledges were announced or strengthened.

Some of these made headline news and were, on first sight, impressive. Highlights included:

- A Global Methane Pledge by over 100 countries to reduce methane emissions 30% by 2030.
- An announcement by 11 automakers, 30 governments and various other groups to transition to 100% zero emission new cars and vans by 2040 or earlier.
- The Glasgow Financial Alliance for Net Zero, signed by more than 400 major financial institutions and promising to invest their $120 trillion of assets in net zero activities.
- A Global Leaders' Declaration on Forests and Land Use by 141 countries, including Brazil, Indonesia and others representing 91% of the world's forests, to halt and reverse deforestation by 2030.
- A pledge by the UK, Norway, Germany, the US, and the Netherlands, in partnership with 17 funders, to invest US$1.7 billion in support of indigenous and local communities and "protect the biodiverse tropical forests that are vital to protecting the planet from climate change, biodiversity loss, and pandemic risk".
- The Powering Past Coal agreement, which expanded significantly at COP26 and which aims to phase out coal by the 2030s (for industrialised countries) and 2040s (for developing countries). There was also a commitment from the UK, US, France and Germany to mobilise US$8.5 billion to support South Africa in shifting away from coal.
- The Beyond Oil and Gas Alliance of 11 national and subnational governments, led by Costa Rica and Denmark, which aims to end oil and gas exploration and make a "just transition" from fossil fuels.
- A First Movers Coalition to create a platform for companies to "commercialize decarbonization technologies".
- Initiatives in aviation and shipping, each signed by around 20 countries.
- An Adaptation Action Coalition, which grew to more than 40 countries at COP26, and joins other initiatives such as the Race to Resilience campaign, Champions Group on Adaptation Finance, and Adaptation Research Alliance of 90+ organisations.
- The US and China's joint declaration to cooperate in the near-term on issues like methane emissions, decarbonisation, and transitioning to clean energy. It includes pledges to establish a joint working group and (by China) to accelerate the phase down of coal consumption. The declaration mirrored a similar one made in 2014 that was important in advancing the negotiations leading to the Paris Agreement.

Glasgow failed to deliver a definitive statement on how to reach the Paris Agreement goal of 1.5C. All eyes will be on the UK government to see if their one-year term as President of the COP will deliver much more than they were able to achieve in Glasgow. At the moment, the glass is half empty. Let us hope that it can be topped up with new commitments, without caveats and wiggle room for obfuscation.

IAN FRY | ADVISOR TO THE SOLOMON ISLANDS

Devil in the details

On the surface these were impressive achievements. But how do they stand up to closer scrutiny? The answer is mixed. For instance, the coal declaration did not include big producers and users like the US, China and India. Since coal still makes the biggest single contribution to global warming, their absence is concerning. Also, like the other announcements listed above, this one was non-binding and outside the official UNFCCC process, meaning it cannot be easily enforced. Language on coal in the Glasgow Climate Pact—a key *official* outcome from COP26—was watered down at the last moment to "phasedown" rather than "phase out" coal, again suggesting there is not yet the political ambition to tackle the single biggest villain in the climate gang.

The Glasgow Financial Alliance pledge to stop financing fossil fuel projects is widely regarded as a strong outcome from Glasgow, given the commercial heft of those involved. However, it is light on details and contains an "out" clause that allows fossil fuel funding in some situations. And again, some major governments such as China and Japan were not a part of this announcement (although China has said it will stop financing new coal plants overseas).

The declaration of a shift to manufacture 100% zero emission vehicles was welcome news, since it involved major automakers like Ford, GM, Mercedes, Jaguar Land Rover, and Volvo. However, the two largest carmakers—Toyota and Volkswagen—were not part of the group, even if both have made their own, independent announcements to drive their production in this direction.

What's more, while these various group pledges are without doubt a good thing that should help move the needle in several key areas, they are not officially part of the multilateral COP26 negotiations. This might make them easier to agree, since they do not need sign-off from 190+ parties to the UNFCCC. However, it makes them harder to measure and monitor, which may mean less accountability and legal enforceability.

Is net zero the "new normal"?

Glasgow was also noteworthy for a number of pledges by countries to achieve net zero at some point in the future. Many industrialized countries had weighed in in the lead-up to COP26 with goals to reach net zero by 2050 or, in cases such as Finland, even earlier. In Glasgow several other countries joined the group, with India pledging to reach net zero by 2070 and other developing countries like Saudi Arabia (2060) and Nigeria (2050) making pledges just days before the main event. In spite of the long time horizons of most of these pledges, this "rush to net zero" should be welcomed, assuming such commitments are kept. They should also become the basis for more ambitious NDCs.

But where do we stand in the short term? For further signs of the level of ambition achieved in Glasgow, we need to look at the official NDCs that were updated and submitted in the lead-up to COP26.

Nationally Determined Contributions

The news from NDCs was mixed. A Synthesis Report with the latest information on NDCs, released in the first week of COP26, included 124 new or updated NDCs and looked at the cumulative effect of all NDCs submitted before November 2021.

On the positive side of the ledger, 74 countries that provided information on long-term mitigation strategies and targets are estimated to be on track to emit at 70-79 percent lower levels in 2050 than in 2019, if their goals are met.

However, the short-term news is concerning. When all 193 parties to the Paris Agreement are taken together, NDCs project a rise in greenhouse gas emissions of 13.7 % between 2010 and 2030.

There are some good reasons for this relative lack of ambition. For instance, China, India and other developing countries continue to maintain that industrialized countries should shoulder their historic responsibilities more firmly and lead the way on emissions reductions, as well as honouring their promises to provide financial support to the Group of 77.

However, the science remains unmoved by such political points. The IPCC has estimated that carbon dioxide emissions will need to fall by 45% by 2030 to limit temperature increases to 1.5C. Even limiting temperatures to 2C will require a 25% reduction. Clearly, if NDCs are currently showing an increase in greenhouse gas emissions by 2030, this is a cause for alarm.

The NDCs submitted to date demonstrate that we are nowhere near the level of ambition needed in the short term. Unless this changes rapidly, it will inexorably lead us to higher temperature rises than are safe, taking us beyond 1.5C. Given growing concerns over the idea of "overshooting" 1.5C and achieving greater gains later, the lack of ambition in NDCs should concern everyone.

Glasgow Climate Pact

A key official outcome from COP26, the Glasgow Climate Pact, has much to commend it. It affirms the 1.5C objective several times and includes for the first time a reference to reducing the use of coal. It also sets a goal of phasing out fossil fuel subsidies. It contains outcomes on financing, adaptation (including a goal on funding), and loss and damage (see later sections of this report).

Glasgow also conclusively won the battle between advocates of an ambitious 1.5C limit and those preferring to focus on 2C. Those early campaigners for 1.5C are now fully vindicated, as the UK Presidency's buy-in for the "keep 1.5 alive" goal clearly shows.

These achievements are all to be welcomed. However, taken together, they do not show a level of political ambition that will be needed. "Clearly some world leaders think they aren't living on the same planet as the rest of us," said Gabriela Bucher, Director of Oxfam International, after the meeting. "It seems no amount of fires, rising sea levels or droughts will bring them to their senses," she added, expressing the frustration felt by many.

On mitigation ambition, we heard [in Glasgow] a unanimous and profound call for urgent action …and for keeping 1.5 alive.

We have not closed the 1.5 degree emissions gap but we have set out a process that keeps it in reach if each and every party does their part, coming back to the table with higher pre-2030 ambition and then implementing these plans.

LIA KUPIEC NICHOLSON
ANTIGUA AND BARBUDA

Yet these COPs are not designed to bring about sudden and dramatic change. While those hoping for a once-in-a-lifetime moment will have been disappointed by COP26, insiders would say it was never realistic to expect one single event to turn things around so dramatically. Multilateral negotiations on climate change involve a long and complex process that, if successful, can lead to gradual and incremental change and, ultimately, nudge us towards a more sustainable future.

"Many observers expect too much from a COP," explains David Robinson, Senior Research Fellow with Oxford Climate Policy. "There is always some room for negotiations, but not nearly as much as most people seem to think … This almost ensures that COPs will disappoint those who expect major breakthroughs."

This is undeniably true. It also true that Glasgow changed the level of ambition to some extent. The question is: will such incremental and modest increases in ambition, even if repeated year after year, be enough to avert temperature rises that pose an existential risk? The answer so far is no, or at least, not yet.

In this respect, the decision to hold annual ministerial roundtables on levels of short-term ambition (up to 2030) is to be applauded, since it should continue to hold parties to account. To be successful, it will need to ratchet up the pressure for more rapid near-term change quite dramatically within the next few years.

FINANCE

Finance was a key theme across many negotiating streams in Glasgow. The main substantive issues addressed were the failure to reach the US$100 billion per annum international climate finance goal, the development of a new goal for 2025 and beyond, a definition of climate finance, the work of the operating entities of the UNFCCC's financial mechanism, the content and quality of parties' reporting on finance, as well as the scope of the review of the financial mechanism.

Discussion in Glasgow took place mainly under COP and CMA formal agenda items related to:

- long-term climate finance (COP item 8a);
- a new collective quantified goal on climate finance (CMA item 8e);
- matters relating to the Standing Committee on Finance (COP 8b & CMA 8a);
- reports of and guidance to the Green Climate Fund (GCF) and the Global Environment Facility (GEF) (COP 8c & 8d, CMA 8b & 8c, and GCF & GEF COP/CMA/guidance reports); and
- biennial communications of information on projected climate finance levels, in accordance with Article 9.5 of the Paris Agreement, and the in-session workshop on the issue held on 11 June 2021 (COP/CMA 8f).

In addition, the guidelines for the seventh review of the Financial Mechanism were meant to be adopted in Glasgow (decision 11/CP.23). Parties, however, were unable to finish their work on this topic, disagreeing in particular on the extent to which the next review should also take into account provisions of the Paris Agreement and also the role of the CMA. The issue will be taken up again at COP27.

Long-term climate finance

With the adoption of the Paris Agreement in 2015, parties also agreed that developed countries should continue their collective mobilization goal of US$100 billion per annum by 2020 through to 2025 (Decision 1/CP.21 paragraph 53): a collective goal first announced in Copenhagen in 2009. In the leadup to Glasgow, however, it became clear the target had been missed. Just days before COP26 began, the UK COP presidency published a "Climate Finance Delivery Plan" on when and how developed countries will meet the US$100 billion climate finance goal. In a reflection note dated 28 October, Alok Sharma expressed his disappointment but also confidence that "donors will fulfil the 100bn in 2023 and exceed it in 2024/5, and be on course to deliver $500bn over the 5 years 2021-25".

At the World Leaders Summit held during the opening days of COP26, several new commitments on climate finance were made. The US announced its intention to quadruple climate finance by 2024 and made its first ever federal contribution to the Adaptation Fund. Germany committed to increasing climate finance to €6 billion (Euros) per year by 2025 and Spain to €1.35 billion (Euros) per year, with an allocation of US$30 million to the Adaptation Fund in 2022. Japan promised to make an additional contribution of up to US$10 billion in the next five years, with a particular focus on supporting zero-emissions thermal power, forest conservation and disaster risk reduction. In total over US$350 million was pledged to the Adaptation Fund. It is worth noting that US$18.6 million of this came from subnational governments, making them collectively the sixth largest contributor, just after the UK (US$20.6 million). However, some noteworthy attendees, including the Prince of Wales, underscored that trillions, not billions, of dollars are needed to create a climate-safe future.

The COP decision on long-term finance acknowledges the new climate finance pledges but also "notes with serious concern" the failure of developed country parties to jointly mobilize the promised US$100 billion per year by 2020. In the overarching cover decisions—or Glasgow Climate Pact—by the COP and CMA, this failure was noted with "deep regret". The decision on long-term finance further requests the Standing Committee on Finance to prepare a report in 2022 on progress towards achieving the $100 billion target. In addition, the COP27 presidency (Egypt) is asked to organize a high-level ministerial dialogue on climate finance in 2022 on progress and fulfilment of the goal. Further high-level ministerial dialogues on climate finance will be held in 2024 and 2026 for consideration by the COP in the following year.

Another outcome in the COP decision is the agreement to continue discussions on long-term climate finance with a view to concluding them by 2027. Since negotiations on a work programme were originally supposed to end in 2020, the agreement to continue until 2027 provides further recognition, if any were needed, that much more remains to be done in this area.

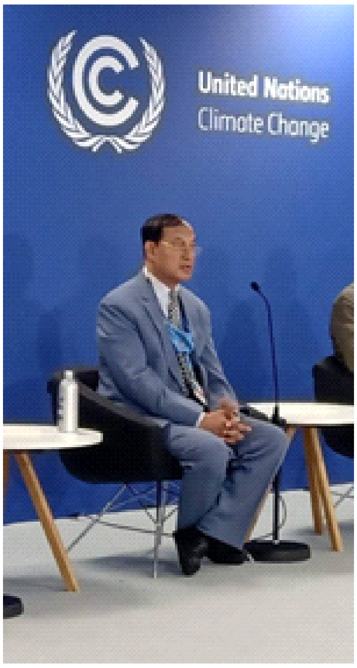
New collective quantified goal on climate finance

Despite the general disappointment that the finance goal initially set in 2009 had been missed, parties in Glasgow also embarked on the process of setting a new target. In this respect, decision 1/CP.21 adopting the Paris Agreement (paragraph 53) specifies that prior to 2025 the parties to the Paris Agreement "shall set a new collective quantified goal from a floor of USD 100 billion per year, taking into account the needs and priorities of developing countries".

In their consultations in Glasgow, parties discussed modalities, timelines and institutional arrangements for a process that would lead to the definition of the new goal by 2025. Differences emerged in several areas. For instance, some developing country parties held that a new goal should be between US$750 billion and $1.3 trillion per year, while developed country parties generally resisted quantifying the goal at this stage. The Alliance of Small Island States (AOSIS) and African Group of Negotiators (AGN) wanted the process to conclude by 2023.

On Thursday, 11 November, ministers took over the negotiations and forged a compromise CMA decision. This establishes an *ad hoc* work programme that will meet from 2022 to 2024 and will include four technical expert dialogues each year. Submissions by interested parties and other stakeholders are invited by February and August 2022. There will also be high-level ministerial dialogues annually from 2022 to 2024, and deliberations at the CMA's next three sessions (2022-2024). Finally, the Glasgow decision makes it clear the new collective quantified goal must be set in 2024.

Whether this end date of 2024 will eventually lead to the new and additional financial support required by climate vulnerable developing countries is a wide-open question. But as part of the submission process, stakeholders have an opportunity to once again suggest approaches for more predictable, objective, transparent and binding finance and burden sharing arrangements.



An absence of political will in developed countries in mobilizing the pledged climate finance is both evident and disappointing. Even for the LDCs there has been far too little support. Adaptation needs must be urgently prioritized and not viewed as someone else's problem.

MIZAN KHAN
Bangladesh

Matters relating to the Standing Committee on Finance

The Standing Committee on Finance (SCF) was established in 2010 (at COP 16) to assist the COP in exercising its functions in relation to the Financial Mechanism of the Convention. These include improving coherence and coordination in the delivery of climate finance; rationalization of the Financial Mechanism; mobilization of financial resources; and measurement, reporting and verification of support provided to developing country parties.

To date, there is no generally recognized definition that clearly distinguishes climate finance from green, sustainable, development or other types of finance. As a result, parties have some flexibility in their projections and estimates. A formal decision in this context would guide the future approaches they will have to take in characterising climate finance and reporting on it in a consistent manner. As a result, the need to define what exactly "climate finance" means cropped up in many of the finance-related discussions in Glasgow. Elements that could be considered in this context include the type of finance provided (aid, private equity, loans or concessional finance), sources, purpose, rationale and additionality. The COP decision adopted under the agenda item (in paragraph 7) requests the SCF to continue its work on definitions with a view to providing input for consideration by COP27. It also reflects the fact some parties prefer to maintain a degree of independence and flexibility in determining what they categorize as climate finance and, therefore, do not consider a single definition as useful (paragraph 6).

The relevant decision by the CMA further invites parties, operating entities of the Financial Mechanism, international financial institutions and other stakeholders in the financial sector to submit their views by 30 April 2022 on ways to achieve Article 2.1(c) of the Paris Agreement. It further requests the SCF to submit a synthesis for consideration by the CMA at its next session, in November 2022.

Reports of and guidance to the GCF and the GEF

COP26 discussed the work and reports of the Green Climate Fund (GCF) and the Global Environment Facility (GEF). Both institutions serve the financial mechanism established to facilitate the provision of climate finance to developing countries. The mechanism is accountable to the COP, which decides on its policies, programme priorities and eligibility criteria for funding. The GCF and GEF report annually to the COP. Discussions are typically aimed at assessing and, where possible, improving the provision of financing for developing countries.

The COP26 decision on the GCF urges the board to explore diversifying its selection of financial instruments for addressing climate risk. It also calls for progress on financing for forests and alternative approaches, as well as the role of local non-governmental and private sector organizations.

The COP decision on the GEF specifically encourages the GEF to consider ways to increase the financial resources allocated for climate action as part of its eighth replenishment process. The decision also welcomes the contributions made by developed country parties to the Least Developed Countries Fund (US$605.3 million).

The UNFCCC's financial mechanism, including GCF and GEF as operating entities, also serves the Kyoto Protocol and the Paris Agreement. The CMA decisions under agenda items 8b and 8c (guidance to the GCF and the GEF, respectively) recognize and encourage the work of both entities in similar terms to the COP decisions, although the guidance is less detailed. For the time being, the CMA does not independently instruct the operating entities of the financial mechanism (which are accountable to the COP) but instead recommends that the COP transmits such guidance contained in the CMA decisions to both entities (decision 1/CP.21, para.61).

Biennial communications of information on projected climate finance levels

The Paris Agreement confirms developed country parties' obligations to provide and mobilize climate finance in broad and general terms only. To ensure their commitments are followed up with serious efforts and activities, additional reporting requirements apply to developed country parties. Under Article 9.5 of the Paris Agreement, they are required to submit biennial communications containing quantitative and qualitative information on the expected *ex ante* climate finance levels. This includes, for example, the projected levels of public finance; finance types and instruments; as well as their purpose, policies and priorities (decision 12/CMA 1, Annex).

In Glasgow there was a push to ensure developed countries submitted their communications in a timely manner, and a focus on how the biennial communications could be improved, methodologies and information on what is new and additional clarified, and the predictability of available financial resources ensured.

The relevant CMA decision stresses predictability and clarity of information on financial support for implementing the Paris Agreement. It also "recognizes with concern" that not all developed country parties submitted their communications and urges them do so in 2022.

Finance: Technical progress, but targets missed

As delegates departed COP26, there was a widespread feeling that, while the US$100 billion target has not been met, at least some steps were now in place to raise ambition in the coming years and to improve reporting and communications. That said, it is clear developing countries will be looking for evidence that financing goals and promises are actually being honoured before COP26's contribution can be said to have been a success.

LOSS AND DAMAGE

Historically, international climate negotiations under the UNFCCC dealt mainly with mitigation and adaptation to climate change. Today, however, it is clear climate change also leads to unavoidable harm that we cannot mitigate and to which we cannot adapt. This raises the question of liability and possible reparation for such harm. While developing countries argue that western industrialized nations should provide such reparation, developed countries have preferred focussing on the more technical topics of risk assessment, preparedness and management.

This underlying tension continued at COP26, and advocates for a new loss and damage fund or institutional mechanism left disappointed. Still, modest progress was made on some technical matters, and plans were made to advance this issue in a future "Dialogue".

The agreed functions of the Santiago Network at COP26 demand further effective institutional structures to deliver these functions efficiently. However, the key challenge for addressing loss and damage remains with accessing funds. The Glasgow Dialogue must result in a decision for financing loss and damage.

HAFIJUL KHAN
CO-ORDINATOR, LOSS & DAMAGE TEAM, LDCS CLIMATE GROUP

The Paris Agreement addresses loss and damage under Article 8. This mandates the Warsaw International Mechanism for Loss and Damage (WIM) and its Executive Committee to undertake work in areas such as emergency preparedness, understanding extreme weather events, climate insurance or resilience. While the WIM was originally created under the UNFCCC and, as a result, is accountable to the COP, some parties would like to move it, either in part of completely, under the authority of the CMA. Most developing country parties want the WIM to be governed jointly by both the COP and the CMA. This issue was not resolved by COP26. This is noted in the decisions of both bodies and additional footnotes. The COP decision, however, simply, endorses the decision by the CMA and then repeats the text of that decision in quotation marks, which seems to indicate at least an overall trend for the future.

In Glasgow, negotiators first considered the 2020 and 2021 reports of the WIM's Executive Committee in joint meetings under the SBSTA and SBI, with a focus on advancing the work of the Santiago Network on Loss and Damage (SNLD). The SNLD was originally established during COP25 in 2019 (Decision 2/CMA.2 and 2019 review, paragraph 43). In the discussions, most developing countries supported creating a permanent structure (through, for example, a coordinating body or other entity and an expert advisory body) to put the network into operation, further defining its functions and providing adequate financial support. Other issues raised included a possible new loss and damage finance category in reporting tables, loss and damage in the post-2025 finance goal or a mechanism to identify developing countries' technical needs on loss and damage and the available support.

Calls for a financial mechanism thwarted

At COP26 developing countries repeatedly called for a distinct financial mechanism on loss and damage. No such mechanism was agreed. However, the need for additional resources specifically for loss and damage is reflected in the decisions on the WIM as well as in other finance decisions such as the COP decision on the GCF (see previous section).

The CMA decision from Glasgow does recognize the urgent need for scaling-up of action and support on loss and damage, including finance. It also invites submissions on the structure, modalities and potential terms of reference for a coordinating body, and a technical workshop will be held at SBI/SBSTA 56 in June 2022.

The CMA "cover decision" contained in the Glasgow Climate Pact reiterates many of these themes but also extends the scope of the negotiation's outcome on loss and damage (see section VI). It clarifies that the SNLD will be provided with funds to support technical assistance and urges developed country parties to provide these funds. This suggests the SNLD is likely to become much more than just a virtual platform that connects different actors. In addition, the decision establishes an annual "Glasgow Dialogue" between parties and other stakeholders. This will take place in the first sessional period of each year of the SBI (usually in June), concluding at its 60th session in June 2024.

While the failure to secure a specific mechanism or dedicated fund to support work on loss and damage was a major source of disappointment for developing countries at COP26, the decisions that were taken do at least recognize the respective needs of different countries. Moving forward, this recognition should be used as the basis for further developments in the near future.

TRANSPARENCY

Transparency is the cornerstone of the international climate regime and its importance has only increased under the Paris Agreement. In contrast to the Kyoto Protocol, which had legally binding emission targets, the Paris Agreement is built on non-binding promises—in the form of NDCs—made by each country. The ambition cycle defined in the Paris Agreement, where countries ratchet up NDCs over time, thus only works if there is sufficient transparency on progress and any shortfalls. Greater transparency enables civil society and stakeholders to exert pressure on governments that do not fulfil their pledges. Robust and comparable reports submitted by parties are thus a necessary condition for success. Article 13 of the Paris Agreement addresses this by establishing an "enhanced transparency framework" (ETF). The Global Stocktake undertaken every five years presents an important moment to collate and assess these reports, providing a global perspective on progress towards the Paris Agreement's long-term goals.

At COP24, parties had adopted the modalities, procedures, and guidelines (MPGs) of the ETF with flexibility provisions for those countries that need it. The operationalisation of this flexibility, and the reconciliation of common reporting standards with the nationally-determined nature of NDCs, were major crosscutting issues for all sub-items on the transparency agenda in the discussions at COP25 and beyond, including: common reporting tables for national inventory reports (NIRs); common tabular formats to track progress in NDC implementation; and outlines of the biennial transparency reports (BTRs), NIRs and technical expert review (TER) reports.

Despite the specific and highly technical mandate, negotiations prior to COP26 proved quite contentious as discussions continued on operationalisation of flexibility and capacity building and financial support in transitioning to such a common framework.

Negotiations at COP26 began with a new iteration of the draft text. While many unresolved issues remained after the first week, there was significant progress in consultations from 9-13 November, with new versions of the text being developed and no instances of "back-sliding" observed. In the end, parties were able to adopt a substantial decision on all the items negotiated. The section below summarises the key contentious issues and agreements made.

Legal status of CRTs for information in the national inventory reports (NIRs) and BTR and National Inventory Document (NID)

This was one of the most controversial transparency-related topics. There was a split on whether use of some of the CRTs, the BTR and NIC outlines should be optional or required. The Like-Minded Group of Developing Countries (LMDCs) and Arab Group wanted these to be optional. However, Australia, Costa Rica (on behalf of AILAC—the Independent Alliance of Latin America and the Caribbean), the EU, US, Japan, Malawi, Switzerland, and Trinidad and Tobago (for the Alliance of Small Island States), felt this would not be in line with a common reporting framework.

Regarding the CRTs for NIR-related information, China (on behalf of LMDCs) and Brazil argued the sectoral background tables would be optional for developing countries. However, this was opposed by many parties, including Australia, the EU, Japan, and Malaysia. In the end, governments decided that all tables in CRTs for reporting emission information in the NIR are mandatory.

Operationalising flexibility for all reporting tables

This was another key issue during the negotiations. Three options were retained in the negotiation draft text in the first week:

- no specific flexibility provisions (supported by Japan, the Environmental Integrity Group, Australia, AOSIS, and the US);

- several approaches to indicate flexibility through notation keys, documentation boxes, footnotes and not displaying information in certain rows (preferred by the Arab Group, Brazil, Argentina and Paraguay); and
- the use of the notation key "FX" only (supported by the EU and AILAC).

In the end, parties agreed that countries can choose one or more approaches to flexibility, including notation keys and collapsing or expanding certain rows and columns. It will now have to be seen how these approaches are built into reporting software.

Support from the GEF

Numerous developing countries pushed for text on support for reporting and capacity building to meet ETF requirements and the final decision highlights the need for enhanced support from various sources and channels. The Capacity-building Initiative for Transparency (CBIT) will continue to provide support to developing country parties in building their institutional and technical capacity for the ETF. Finally, parties decided to consider at COP27 and subsequent COPs an item on "Reporting and review pursuant to Article 13 of the Paris Agreement: provision of financial and technical support to developing country Parties for reporting and capacity-building." That this is becoming a standing agenda item suggests there will be continuous pressure for progress, which is a good sign.

Confidentiality

It is important to protect the vision in the Paris Agreement through an open, transparent system where information is a tool which can be properly used to monitor the process.

We insist firmly that all parties should transparently share the monitoring process in terms of adaptation.

ROSA MORALES SARAVIA
PERU

Negotiations on confidentiality were driven by China and Saudi Arabia (for the Arab Group), which wanted provisions to protect sensitive information, for instance on emissions in the military and defence sectors. Many countries spoke out against the inclusion of such provisions as they undermine the principles of transparency. In a win for China and Saudi Arabia, confidentiality provisions were retained.

Scope of the technical expert review

The inclusion of information on climate change impacts and adaptation in the scope of the technical expert review (TER), and whether provision of such information should be mandatory or voluntary, were contested. Developing countries wanted to include such information in their reporting, as it would allow for tracking adaptation actions and estimate the financial resources required. They viewed this as particularly important since, unlike mitigation, there is no specific global goal for adaptation.

Other countries, including Australia, Japan, the EU, Malaysia, and Switzerland, wished to include a reference to the 2019 refinement of the IPCC 2006 guidelines. Brazil, LMDCs and Egypt were amongst those that opposed the inclusion of such a reference, stressing that each new IPCC guideline increases capacity requirements for developing countries without commensurate financial resources. AOSIS, AILAC and Indonesia suggested optional use of this refinement and in the end this compromise was accepted by all parties.

AILAC led the discussions on having a linkage to the Compliance Committee established under the Paris Agreement's Article 15, with lead reviewers in the context of the TER. This recommendation was opposed by some developing and developed countries. The final decision text now invites the Compliance Committee to liaise with lead reviewers, as needed, when identifying cases of significant and persistent inconsistencies. This is a crucial result as it allows for identifying and engaging with countries that repeatedly fail to report properly. It will also enable NGOs to focus on these countries.

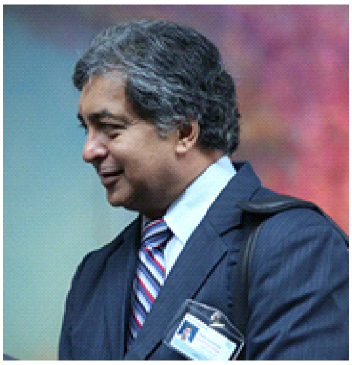
Loss and damage financing

Considerations of loss and damage financing were backed by the LDCs and AOSIS. Many developing countries felt the need to have better and clearer presentation of financial support on this matter. However, the EU and Switzerland spoke out strongly against this. The final decision states that each interested party may provide information related to enhancing understanding, action, and support on a cooperative and facilitative basis, to avert, minimize and address loss and damage associated with climate change impacts in its BTR.

Next steps

After the adoption of the decision text with its seven annexes, parties will now turn to the elaboration of the reporting tools and the development of a training programme for technical experts. The reporting tool is supposed to be available by June 2024 after feedback from parties on a test version by December 2023. This only leaves limited time to prepare the BTRs by the deadline of the end of 2024. Further work will be undertaken on reviewing information submitted on adaptation, with a decision to be taken at COP27 following submissions by parties by 30 April 2022. Also at COP27, the GEF will share a cost estimate of implementing the ETF for developing countries, including costs for establishing the reporting system and costs of capacity building for reporting. The Fund will also consider how to incorporate these costs into the set-aside of the GEF's eighth replenishment process.

The adoption of the concrete reporting tables and outlines is an important step to ensure the timely implementation of the ETF. Parties must start preparing and building capacities and establishing processes now, especially developing countries, to be able to conform with the reporting requirements. The decisions reinforce the establishment of a common reporting framework. However, parties are granted potentially quite broad self-determined flexibilities. Public pressure and international attention will likely be needed to make sure that invoking these flexibilities and confidentiality provisions are not used to mask inaction or hide important information.



The long overdue decision on common time frames of NDCs signals the adoption of what is essentially the engine room of the Paris Agreement: that all countries should now have the mutual confidence in each other that all will be doing the same thing at the same time. This can only redound to the mitigation benefit and ratcheting up of ambition as countries begin implementation. The most remarkable part is the common-sense simplicity of the decision that somehow was made into rocket science over the past years.

KISHAN KUMARSINGH
TRINIDAD & TOBAGO

COMMON TIME FRAMES

Agreement on common time frames (CTF) was one of Glasgow's success stories. While the media headlines were focused on political pledges and assessing leaders' announcements on methane, coal, climate financing, and a host of other issues, the quiet work of official negotiators under the Paris Agreement continued throughout COP26. Often, it went unheralded. However, there is no doubt delegates' agreement on the Paris Rulebook, including CTF for NDCs under the Paris Agreement, should be more widely recognized.

Efforts to operationalize the Paris Agreement had been languishing unresolved for several years. Yet in Glasgow, after more than half-a-decade of negotiations, a strong outcome on CTF was finally secured.

The Glasgow decision encourages governments to communicate their NDCs in 2025 with an end date of 2035. This would be followed by an updated NDC in 2030 (with an end date of 2040), and so on every five years. This means NDC end-years are synchronised at five-year intervals, with a ten-year communication horizon (what has become known as the "5+5 option").

In spite of this breakthrough, one element still missing from the Glasgow Common Time Frame is language that would *synchronise* how parties can raise their ambition. This is important because consistent time frames are seen by many as an excellent way to evaluate countries at the same moment, which would promote more consistency, comparability, and greater ambition.

Language on this has been suggested by ecbi Director Professor Müller and others requesting parties to consider updating or adjusting their existing NDCs in 2025 "with a view to enhancing levels of ambition" in line with Article 4.11 of the Paris Agreement (which allows governments to enhance their level of ambition at any time). The idea would be to repeat this every five years (that is, in 2030, 2035, 2040, and so on).

No doubt, advocates for greater ambition will be pushing to add this additional language at COP27. However, those involved in the CTF negotiations can take heart from the significant progress made in Glasgow.

ARTICLE 6

The adoption of key decisions on international cooperation under Article 6 of the Paris Agreement represents one of the three items that complete the Paris "rulebook". It is an important contribution to set the "guardrails" for the implementation of NDCs and the achievement of its long-term targets. While the delay in adopting a decision caused significant uncertainty on international carbon markets over the previous two years, the detailed technical work undertaken by and for negotiators over this period enabled the adoption of a robust decision package through a carefully balanced compromise.

Article 6 sets out guidelines for voluntary international collaboration using both market mechanisms and non-market approaches. Key elements include:

- Article 6.2, which establishes rules on how governments can engage in cooperative approaches that involve trade of carbon credits or emission allowances ("internationally transferred mitigation outcomes"—ITMOs);
- Article 6.4, a crediting mechanism (Article 6.4 mechanism or "A6.4M") for mitigation activities seen as a successor to the Kyoto Protocol's Clean Development Mechanism (CDM); and
- Article 6.8, which promotes non-market approaches.

The Article 6 rulebook was initially scheduled to be adopted by parties in 2018 at COP24 with the rest of the Paris Agreement rulebook. However, negotiations failed due in part to disagreements on the alignment of accounting for Article 6.4 mechanism credits with the Article 6.2 guidance. Agreement at COP25 in 2019 was again not reached due to disagreements on accounting, adaptation finance and transition of credits from the CDM. Finally, parties decided to continue negotiations on the three iterations of negotiation texts for all three items from COP25.

With the 54th session of the Subsidiary Bodies and COP26 postponed due to the COVID-19 pandemic, the SBSTA Chair conducted a series of virtual expert dialogues from November 2020 to October 2021. In addition, the COP25 and COP26 Presidencies undertook ministerial consultations on issues identified as politically contentious. This focused preparatory work fostered a constructive spirit among negotiators and helped to better understand potential landing grounds. Shortly ahead of COP26, the SBSTA chair produced an informal "options paper" on key crunch issues.

Evolution of negotiations at COP26

Based on this preparatory work, negotiations got off to a good start at COP26 as parties immediately accepted basing discussions on a new draft negotiation text for all three agenda items. Further iterations of the text followed and significant progress was made. The first week saw important advances in several areas, including language on human rights and Indigenous people, a key demand by AILAC, Canada and New Zealand.

By the second week, a handful of outstanding issues remained, summarized by the New Zealand and Singapore co-chairs as follows:

1. The key political issues: share of proceeds for adaptation, accounting for mitigation outcomes from outside the NDC and transition of certified emission reductions (CERs) from the CDM that stem from pre-2021.
2. Further issues requiring political resolution: OMGE, baselines and additionality in the A6.4M, governance arrangements for Article 6.8 and CDM activity transition.

In COP26's final days, ministers from Singapore and Norway, as well as the UK presidency, held numerous bilateral consultations with informal stocktaking meetings in between. There was progress on issues ranging from accounting to the transition of activities from the CDM. However, a late push from Papua New Guinea, on behalf of the Coalition of Rainforest Nations, for a direct link between Article 5 (forests) and Article 6 in the Article 6.2 guidance did not receive support from others. This would have made monitored emission reductions under REDD+ automatically eligible to become ITMOs. Furthermore, other parties also rejected efforts to allow the use of pre-2021 REDD+ credits in the context of NDCs. The issue proved contentious until the last day of negotiations and could only be resolved through high-level political interventions.

Similarly, the issue of a share of proceeds for adaptation and carbon markets delivering an OMGE proved contentious until the very end. As at COP25, the Group of 77 and China adopted a common position that cooperative approaches under Article 6.2 must generate share of proceeds in the same manner as activities of the A6.4M, with most industrialized countries clearly opposed. The Umbrella Group also rejected a mandatory cancellation of mitigation outcomes from cooperative approaches for OMGE as demanded by AOSIS and LDCs.

An important proposal was made in the second week by Japan to resolve the issues on accounting. Instead of focusing on the definition of NDCs and their scope, Japan proposed to make accounting mandatory once mitigation outcomes are authorized but to leave scope in the Article 6.4 mechanism for non-authorised units.

Key Outcomes

In the end, a compromise package was agreed with the following key elements:

- Accounting and reporting requirements are robust and require full double bookkeeping for transfers, while accommodating differences in NDCs. Corresponding adjustments are to be applied regardless of coverage of the NDC for all ITMOs. Trading of and accounting for ITMOs expressed in non-GHG metrics is allowed, but mitigation impacts of the activities and outcomes must be reported. A6.4M credits without an "authorisation" do not need corresponding adjustments but cannot become ITMOs. It is not yet clear how and for which purposes these credits can and will ultimately be used.
- Rules for setting baselines and determining additionality under the Article 6.4 mechanism are stringent. Transition of CDM activities is generally possible but will be subject to conditions that still need elaboration. CDM credits stemming from post-2012 CDM activities can be used against first NDCs.
- The work programme on NMAs will be guided by a committee that implements a process driven by country and stakeholder submissions while there will not be a direct avenue for mobilization of financial resources from the financial mechanism.
- A 5% share of proceeds will be levied for adaptation under the A6.4M, complemented by a yet-to-be-defined monetary levy, but only a voluntary contribution is demanded from Article 6.2 cooperative approaches. As African countries protested in the final plenary, the US promised there will be finance for adaptation mobilized by international cooperation. A similar compromise was found with a mandatory 2% charge for OMGE under Article 6.4, but only voluntary cancellation for Article 6.2 approaches.
- Language on human rights, Indigenous peoples and sustainable development can be found in all Article 6 decisions, but is less operational and specific than many parties had hoped and often uses language from the Paris Agreement. An independent grievance process will be set up under Article 6.4.

Below is a summary of the different decisions under Article 6.2, 6.4 and 6.8.

Article 6.2: Guidance on cooperative approaches

The Rules adopted in Glasgow for Article 6, as well as the additional provisions to be developed under the SBSTA work programme and adopted by CMA 4, will ensure environmental integrity, robust governance and avoid double counting of any kind of mitigation outcomes in the context of international cooperation for the achievement of participating parties' NDCs and other international purposes.

EL HADJI MBAYE DIAGNE
SENEGAL

The final COP26 outcome on Article 6.2 contains 14 pages of guidance, mostly in an annex and beginning with the definition of ITMOs (FCCC/PA/CMA/2021/L.18). In it, ITMOs are identified as post-2020 mitigation outcomes from emission reductions or removals that must be real, verified, and additional. The guidance establishes clear links to different segments of the international carbon markets, but gives voluntary carbon market actors and national regulators some latitude in whether to request an authorization for non-compliance related uses of mitigation outcomes.

The decision also deals with participation requirements, corresponding adjustments, safeguards and limits. On reporting and review, it establishes detailed requirements, including that parties must submit an initial report no later than when authorising ITMOs. In terms of recording and tracking, it clarifies that each party must have (or have access to) a registry for tracking ITMOs.

The outcome also strongly encourages participating parties and stakeholders to commit to contribute resources for adaptation, in particular through contributions to the Adaptation Fund, with a reference to how this is made in the A6.4M.

In terms of next steps, by COP27 parties are to adopt a decision on special circumstances of LDCs and SIDS, details of corresponding adjustment methods and whether avoidance of emissions can generate ITMOs. In addition, parties will work on reporting tables and outlines and infrastructure and on the details for review. There is also text on capacity building activities and a review of the rules, to take place between 2028 and 2030.

Article 6.4: Rules, modalities, and procedures

COP26 concluded with agreement on a 16-page decision on rules, modalities and procedures for the mechanism established under the Paris Agreement's Article 6.4 (FCCC/PA/CMA/2021/L.19). In terms of governance, the mechanism is placed under the authority of the CMA and operated by a Supervisory Body (A6.4SB) with support from the UNFCCC Secretariat.

The decision outlines participants' responsibilities and provides guidance on activity design (including issues of non-permanence, leakage, and stakeholder consultation). Crediting periods are a maximum of 5 years (renewable twice) or 10 years with no renewal. Removal activities may have a crediting period of 15 years (renewable twice).

The decision outlines methodologies for baselines and additionality. Baselines will be set based on a best available technology benchmark, with a benchmark derived from average emissions of a best performing comparable activity or based on actual or historical emissions that are adjusted downwards. Activities must credibly demonstrate additionality, including to existing policies, and avoid lock-in of emissions. Activities in LDCs and SIDS may use a simplified approach to demonstrate additionality.

Additionally, the decision includes details on project approval and authorization, administrative steps (which are similar to the CDM's), and share of proceeds. Adaptation share of proceeds will be delivered to the Adaptation Fund and consist of an in-kind levy of 5% of A6.4ERs issued, a monetary contribution yet to be fixed and a periodic contribution from the accumulated surplus of administrative funds.

Transition of CDM activities is also addressed, with transitions allowed to the A6.4M if the transition is requested by 31 December 2023 and the approval is granted by the host party by 31 December 2025. CER transition is permitted for activities registered after 2012.

The decisions adopted at COP26 do not limit the 6.2 mechanism to an accounting framework, but put in place provisions that ensure the quality of mitigation outcomes, regardless of their origin and destination, through a rigorous reporting and review mechanism, including with a corresponding adjustment for international cooperation.

In addition to these rules, the strong institutional and human capacity building programme for developing countries will allow for effective voluntary participation by all developing countries.

EL HADJI MBAYE DIAGNE
SENEGAL

The outcome also establishes the Article 6.4 supervisory body (A6.4SB), with meetings to start in 2022. SBSTA will also be expected to continue to advance work in this area, and a review by the A6.4SB of the delivery of OMGE will take place in 2026 and every five years thereafter. The rules, modalities, and procedures of the A6.4M will be reviewed between 2028 and 2030.

Article 6.8: Non-market approaches

The decision on Article 6.8 includes a four-page work programme for advancing the framework for non-market activities (FCCC/PA/CMA/2021/L.20). The decision sets out principles for NMAs, confirming that they are "voluntary cooperation actions that are not reliant on market-based approaches and that do not include transactions or quid pro quo operations". The Glasgow text indicates that NMAs should deliver on higher ambition and support implementation of parties' NDCs.

The decision also establishes the Glasgow Committee on NMAs to implement the framework and work programme. The Committee will be convened by SBSTA and operate as a contact group and meet in-session twice per year. In 2027, parties will decide whether different institutional arrangements are needed. The initial focus areas of the work programme in 2022 include: adaptation, resilience, and sustainability; mitigation measures; and development of clean energy sources.

The Glasgow Committee on NMAs will develop and recommend a schedule to implement the work programme and for specifications of the UNFCCC web-based portal for a decision at COP27.

A carefully crafted compromise

The agreement on Article 6 represents a carefully crafted compromise with elements every party and country grouping struggled to accept. Nevertheless, as delegates departed from Glasgow, there was a general sense of satisfaction among many that the Paris Rulebook had not only been finally agreed, but that it was robust and set out a strong framework for future implementation. There are no accounting exemptions for different "types" of ITMOs. The A6.4M has a clear link to Article 6.2 accounting if its units are authorised to become ITMOs. It has stringent rules to prevent transactions of "hot air" while allowing for the transition of valuable CDM activities that was key to sustaining the trust of private sector actors. Specificities of the reporting and review cycle of the Article 6.2 guidance and methodology development where "the devil lies in the detail" have been left for the future.

ADAPTATION

Adaptation received a lot of attention at COP26. UNFCCC Executive Secretary Patricia Espinosa made it one of her three priorities in her opening speech at COP26 on 31 October. The issue was also highlighted during the opening session by Gabon (speaking for the Africa Group), Bhutan (speaking for the Least Developed Countries), Guatemala (for the Central American Integration System), Australia (for the Umbrella Group), and several others.

This early emphasis was due in large part to the lack of progress on adaptation at earlier COPs. Although COP24 had provided more clarity on adaptation communications, adaptation funding was seen by many as being woefully inadequate. It was also regarded as out of kilter with mitigation funding, which has historically been far greater and yet does not directly address developing countries' growing challenge of dealing with the climate change impacts already being felt. Some viewed COP26 as a crucial opportunity for adaptation action and financing. Whether enough was achieved is open to debate.

On the positive side of the ledger, the Glasgow Climate Pact—a key official outcome from the meeting—includes detailed sections on both adaptation and adaptation financing. The first section steps up efforts to connect the COP negotiations to the latest IPCC science, including scheduling a presentation by the IPCC on the subject for COP27. Meanwhile, a separate COP decision (FCCC/PA/COP/L.11) focused on the effectiveness of the UNFCCC's Adaptation Committee, with submissions requested three months before COP27. This means there should be a range of opinions to consider on the Adaptation Committee and its functioning at COP27.

The Glasgow-Sharm el-Sheikh work programme

Another outcome from COP26 was the launch of a two-year Glasgow-Sharm el-Sheikh work programme, which seeks to operationalise the Global Goal on Adaptation (GGA) first set out under the Paris Agreement. The focus of the GGA is on improving adaptive capacity and resilience, and on strengthening national efforts through international support. However, the GGA still needs to be fleshed out before it can begin to have a significant impact. The Glasgow-Sharm el Sheikh Work Programme (FCCC/PA/CMA/2021/L.15) helped advance these discussions by setting out more details on the institutional arrangements, scope, and aims of the work programme. This work is set to begin in 2022 and conclude at COP 28 in late 2023.

Funding promised … more needed

On financing, there was a pledge in the Glasgow Climate Pact (paragraph 18) to double adaptation financing by 2025 compared with 2019, which would amount to US$40 billion in 2025. The Adaptation Fund, which was first set up in 2001 and now also serves the goals of the Paris Agreement, received unprecedented commitments at COP26 of US$356 million, including pledges from 16 governments (such as the US, Canada, and Qatar) which contributed for the first time. This is significantly more than the US$116 million committed in 2020. Several existing funders such as the European Commission, Spain, Quebec and Ireland increased their contributions significantly, while a number of European countries joined Sweden in making multi-year commitments, which is important for longer-term planning. This will allow the Fund to begin to address a $300 million pipeline of projects and will add significantly to the 123 concrete projects in over 100 developing countries that have already been supported by the Fund.

There were also several welcome announcements made by coalitions of countries and other stakeholders outside the formal outcomes. For instance, there were initiatives by the Adaptation Action Coalition of more than 40 governments, the Race to Resilience campaign of non-state actors, Champions Group on Adaptation Finance, and Adaptation Research Alliance of 90+ organisations. A partnership between the UK and Canada expanded funding for the Climate Adaptation and Resilience research programme to £110 million. Almost £40m is earmarked for adaptation in Africa and there is also to be a strong focus on championing women's leadership and expertise to ensure gender-sensitive solutions. Taken together with the Adaptation Fund pledges, the UK Presidency estimated more than US$800 million was promised for adaptation at COP26 in total.

While such support is to be warmly welcomed, it is clearly not sufficient. Another COP decision based on work by the Standing Committee on Finance (FCCC/CP/2021/L.9) suggests that "global climate finance flows" are in the hundreds of billions. Furthermore, it notes that countries' NDCs identify spending needs of almost US$6 *trillion* from now to 2030. Although it also makes it clear there is no universally agreed definition of what climate finance actually means, it is obvious the hundreds of *millions* pledged for adaptation at COP26 is a drop in the bucket when it comes to meeting actual needs, and that small island developing states and least developed countries, in particular, need far more support. As long as this imbalance between adaptation and mitigation finance persists, this topic will remain contentious.

We are deeply concerned that we still do not see a predictable and at-scale funding pipeline for adaptation given that the private sector cannot be expected to lead on adaptation financing.

We are, however, seeing some encouraging signals that [we] … may be beginning the process towards operationalizing adaptation.

BHUPENDER YADAV
INDIA

Furthermore, while progress on the GGA was generally seen as a positive outcome, the work is not close to being completed yet. The Glasgow-Sharm el-Sheikh work programme has less than two years to shape GGA into an instrument that gives developing countries the flexibility to set out and drive their own adaptation goals and avoid any "top down" approach while still ensuring the necessary engagement from donors. Also, it is not yet clear how much GGA will end up driving financing in this area.

This uncertainty was reflected in some of the speeches made during COP26's closing session. While many speakers were distracted by language on coal use—an issue that threatened to derail the conference in its closing hours before it was finally resolved—many developing country speakers and non-profit groups also noted the less-than-desirable outcomes on loss and damage and adaptation.

This sense of unfinished business has been reinforced in the weeks since COP26, with some commentators and other experts calling for COP27 to be an "adaptation COP" while others suggested it be a "loss and damage" COP. In all likelihood, it will need to be both.

THE YEAR AHEAD

This report shows Glasgow neither saved nor doomed us. While it failed to deliver enough political ambition to limit temperature rise to 1.5C or below, it did signal a shift away from business-as-usual. If promises are kept—and this is a big *if*—it gives us cause to hope we are now heading in the right direction.

What's more, COP26's success in finalizing the Paris Rulebook provides the tools needed to cooperate more internationally under Paris' Article 6 and to ramp up countries' commitments and actions over time in a more coordinated manner using the agreement on common time frames.

Glasgow also saw pledges to increase funding and support for adaptation in developing countries, although once again we will need to see evidence sooner than later that these commitments will be kept and represent a floor, not a ceiling, of future increased finance. In short, while more progress was made in Glasgow than some insiders expected, much more needs to happen in the coming months and years for us to have any hope of avoiding the worst.

What needs to happen in 2022?

First, the UK presidency needs to continue pressing for progress. Since the UK is technically in the hot seat until COP27 opens on 7 November, Alok Sharma and his team must maintain the same level of diplomatic activity they attained in the lead-up to Glasgow. Collaboration with the incoming Egyptian presidency to help bring forward better NDCs and financial pledges will be key to COP27's success.

There are hopeful signs the UK is committed to using COP26 as a launching pad for further action, rather than resting on its laurels. Sharma's warning in late December 2021 that COP26 must not become a "bunch of meaningless promises" should be taken as an indication the UK is willing to continue its efforts in 2022—and that it should be strongly encouraged to do so. The UK should also use its close relationship with the US to encourage them to advance the climate agenda, something that may be challenging with the distraction of congressional and mid-term elections on 8 November (the day after COP27 begins). An updated NDC from China and other major emitters ahead of COP27 would also provide a welcome boost and should be encouraged by the UK and Egyptian presidencies. A high-level meeting between Egypt and the UK in mid-January 2022 provided a welcome early sign of collaboration.

Secondly, governments need to start ramping up their actions under Article 6 of the Paris Agreement. Now the rulebook is finalized, there is greater clarity on how countries can work together using both market and non-market approaches.

Thirdly, the coming months will also need to deliver diplomatic and political progress on loss and damage, adaptation, and financing. These are critical matters for developing countries, especially the least developed countries and small island developing states. COP26 failed to deliver satisfactory outcomes on these topics and preparations should begin immediately to ensure COP27 does better. On loss and damage, some developed countries' resistance to creating a dedicated fund or financial facility continues to erode trust in the process; governments should rethink this position. More broadly, much more needs to be delivered on financing, including pledges to increase adaptation funding. Calls for COP27 to be a "loss and damage COP" or an "adaptation COP" illustrate where the gaps remain.

Finally, and most importantly, the pressure needs to continue for governments to raise their overall political ambition. While COP26 provided positive signs for the climate with agreement on the Paris Rulebook and a slew of specific pledges and commitments, the long-term prognosis continues to be dire. It will remain so until politicians from all countries recognise the urgency and seriousness of the problem and come to COP27 prepared to raise the level of ambition with stronger NDCs and evidence of serious short-term actions that match their long-term promises. Only then will we have any realistic chance of avoiding the worst impacts of climate change.

ABBREVIATIONS

A6.4M	Article 6.4 mechanism (a crediting mechanism for mitigation activities)
AILAC	Independent Association of Latin America and the Caribbean
AOSIS	Alliance of Small Island States
BTR	Biennial transparency report
CBIT	Capacity-building Initiative for Transparency
CDM	Clean Development Mechanism
CERs	Certified emission reductions
CGE	Consultative Group of Experts
CMA	COP serving as the Meeting of the Parties to the Paris Agreement
CMP	COP serving as the Meeting of the Parties to the Kyoto Protocol
COP	Conference of the Parties to the UNFCCC
CRTs	Common reporting tables
CTFs	Common tabular formats
ETF	Enhanced Transparency Framework
GCF	Green Climate Fund
GEF	Global Environment Facility
GGA	Global Goal on Adaptation
IPCC	Intergovernmental Panel on Climate Change
ITMOs	Internationally transferred mitigation outcomes
LDC	Least Developed Country
LMDCs	Like-minded Group of Developing Countries
MPGs	Modalities, procedures and guidelines
NIR	National Inventory Report
NDCs	National Determined Contributions
NMAs	Non-market approaches
OMGE	Overall mitigation in global emissions
PAWP	Paris Agreement Work Programme
SBs	Subsidiary Bodies of the UNFCCC
SBI	Subsidiary Body for Implementation
SBSTA	Subsidiary Body for Scientific and Technological Advice
SCF	Standing Committee on Finance
SIDS	Small Island Developing States
SNLD	Santiago Network on Loss and Damage
TER	Technical Expert Review
TNA	Technology Needs Assessments
UNFCCC	United Nations Framework Convention on Climate Change
WIM	Warsaw International Mechanism on Loss and Damage

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