ENERGY STUDIES INSTITUTE

Policy Brief 49

25 November 2021

Key Outcomes of COP26: The Glasgow Climate Pact

Melissa Low and Sandeep Chamling Rai

SYNOPSIS

The Glasgow COP26 climate conference ended close to midnight on 13 November 2021 with a range of decisions, resolutions and statements that make up the Glasgow Climate Pact. Part of the deal included the final pieces of the Paris Rulebook that were due to be finalised three years ago at the Katowice COP24 in 2018. This policy brief provides an overview of the key outcomes of COP26.

KEY POINTS

- Following six years of negotiations, the outstanding items that prevented the full implementation of the Paris Agreement relating to common time frames of climate pledges, transparency reporting tables and carbon and non-carbon markets have finally been approved.
- The package adopted in Glasgow is a global compromise, and includes a set of covering decisions that for the first time mentions the phase-down of fossil fuels and requests countries to revisit their Nationally Determined Contributions by next year.
- Progress was made on climate finance and loss and damage but outcomes fell short for the most vulnerable developing countries. This continues to undermine the ability of these countries to meaningfully operationalise the Paris Agreement and tackle the adverse effects of climate change.

INTRODUCTION

The 26th Conference of the Parties to the UN Framework Convention on Climate Change (COP26) took place over two weeks in Glasgow, United Kingdom from 31 October to 13 November 2021. 200 world leaders joined the World Leaders Summit held from 1-2 November 2021 at the invitation of the UK Prime Minister Boris Johnson. The leaders' attendance signalled the importance of delivering concrete actions and plans to addressing climate change.

ANALYSIS

Declarations to Halt Deforestation, Methane and Unabated Coal, and Finance Pledges

COP26 saw a steady increase in net-zero targets. By the close of the conference, 74 additional targets were communicated, covering 90 per cent of global emissions. The International Energy Agency (IEA) estimated that if all targets are implemented, temperature increase could be limited to 1.8°C by 2100.

More than a hundred global leaders pledged to halt deforestation by the end of the decade under the Glasgow Leaders' Declaration on Forest and Land Use. Given the composition of countries, this means that more than 33.6 million square kilometres of forests will be protected. In addition, some USD12 billion was pledged under the Global Forest Finance Pledge between 2021–2025, to incentivise results and support action to end deforestation. In addition to joining the forest declaration, Singapore was also the first in Asia to join the Powering Past Coal Alliance, an international coalition to transition away from coal by 2050. New commitments were also made by some of largest coal power generating countries including South Korea, Indonesia, Vietnam, Poland and Ukraine. The Global Methane Pledge saw more than 100 countries commit to reducing methane emissions by 30 per cent from 2020 levels over the next ten years. However, these pledges remain outside of the NDCs and Paris Agreement architecture.

Unless countries formally update their NDCs with these new pledges, it will not be possible to hold them to account under the Paris Agreement. This may be done as soon as next year. The covering decision of the Conference of the Parties, serving as the meeting of the Parties to the Paris Agreement (CMA), "requests" Parties to revisit and strengthen the 2030 targets in their NDCs as necessary by the end of 2022. On 14 November 2021, Channel NewsAsia reported that Singapore's Minister for Sustainability and the Environment Ms Grace Fu said that following the adoption of the package at COP26, Singapore would look at its responsibilities and review its NDC seriously.

Countries "noted with deep regret" the gap in climate finance from developed nations to mobilise USD100 billion per year by 2020 towards meaningful mitigation and adaptation by developing countries. On the plus side, a number of major climate finance related announcements were made in the lead up to or at Glasgow, including towards the Adaptation Fund of USD351.6 million from some 16 donors, including first-time contributors the United States and Canada. The Least Developed Countries Fund received USD605.3 million at COP26. The Global Energy Alliance for People and Planet (GEAPP) anchored by philanthropic organisations and multilateral development banks announced plans to unlock USD100 billion towards clean energy infrastructure and jobs affected by the low-carbon transition. The plan is to reach 1 billion underserved people and avoid some 4 billion tons of carbon emissions. Indonesia, which will hold the G20 Presidency in 2022, endorsed the GEAPP announcement. The UK and Italian Governments also managed to galvanise private sector capital through the Glasgow Financial Alliance for Net Zero (GFANZ) where over USD130 trillion is now committed towards net-zero emissions transitions.

Common Time Frames

A five-year common time frame for Nationally Determined Contributions (NDCs) was concluded. Countries agreed to communicate in 2025 an NDC with an end date of 2035, and in 2030 an NDC with an end date of 2040 and so forth; every five years thereafter. Put differently, countries agreed on a five-year time frame, preceded by a five-year notification window. Countries are "encouraged" to do so at their next NDC submission in 2025. But these rules officially apply from 2031, building on Decision 6/CMA.1 from the Katowice COP24 in 2018.

Transparency Reporting Guidance

At the Katowice COP24, countries adopted a set of reporting guidance known as Modalities, Procedures & Guidelines (MPGs) contained in the annex to decision 18/CMA.1. Countries are to submit a biennial transparency report (BTR) by 2024. In Glasgow, countries adopted common reporting tables to better account for progress made under each country's NDC. The finalised tables will help in the reporting of national greenhouse gas inventories; common tabular formats to report information on financial, technology development and transfer and capacity-building support provided and mobilised and support needed and received; outlines for the BTRs, national inventory document and technical expert review report. A training programme for technical experts that will participate in the technical expert review of BTRs will also be set up. With regards to flexibility, countries who have capacity constraints can choose to use an "FX" notation key to denote where they apply flexibility in light of their capacities. According to the decision, from December 2025, transparency-related information will become more accessible through an interactive web portal that will facilitate the availability of submitted BTR information to be filtered by parameter and by year. With the Enhanced Transparency Framework complete, countries must now focus on internalising the new MPGs and prepare to submit their first BTRs in 2024.

Article 6

Countries finally concluded negotiations on Article 6, which sets out rules on an international carbon market, six years after the adoption of the Paris Agreement. All three operative paragraphs of Article 6 – 6.2, 6.4 and 6.8 – cover ways countries can work together to achieve the objective of the agreement through cross-border carbon markets. Article 6.2 covers the rules for bilateral and multilateral transfers of Internationally-Transferred Mitigation Outcomes (ITMOs) between countries. Rules on mandatory corresponding adjustments and other outcomes are contained in chapters II and III of the annex to the decision. The clarity on accounting of ITMOs, and the link to enhanced transparency were big issues to have emerged from the negotiations. Countries now know how to apply corresponding adjustments, for example, as part of the structured summary as part of countries' BTRs. Further work will be undertaken in 2022 to elaborate guidance, for example, in relation to corresponding adjustments for multi and single-year NDCs.

Article 6.4 creates a new mechanism that succeeds the Kyoto Protocol's Clean Development Mechanism (CDM). Countries agreed to build on the CDM, but that the new mechanism must have more stringent baselines and standards to ensure environmental integrity of the credits. A supervisory body is set up to take up further work and will be responsible for reviewing the baseline and monitoring methodologies of recognised credits. Credits under the mechanism are known as A6.4ERs, and they may only be used towards NDCs or towards international mitigation purposes if they are authorised by the host party after it has supplied relevant information and applicable terms and provisions on it to the supervisory body. Similar to Article 6.2, when a host party transfers A6.4ERs, it shall apply corresponding adjustment to avoid double counting and associated A6.4ERs will be levied a 5 per cent share of proceeds towards the Adaptation Fund and administrative expenses, and 2 per cent will be cancelled for overall mitigation of global emissions. Although further provisions for the methodologies' development and approval, validation, registration, monitoring, verification and certification, issuance, renewal, first transfer from the mechanism registry, voluntary cancellation and other processes, pursuant to chapter V.B–L and chapter VIII of the annex still need to be developed by the supervisory body, the framework is a solid start. In the meantime, a mechanism registry will be developed and managed centrally by the UNFCCC Secretariat, under supervision of the supervisory body. With regard to CDM credits known as certified emissions reductions (CERs), countries decided to allow the use of CERs from projects registered after 1 January 2013. These can be used to meet countries' first NDC or updated first NDC and they do not have to apply a corresponding adjustment since the CDM predates such a requirement. However, the deadline to request a transition of a CDM project activity or programme of activity to the Article 6.4 mechanism is 31 December 2023, and approvals must be made by the CDM host party by 31 December 2025. Notably, voluntary carbon markets do not impact national carbon accounts and do not require corresponding adjustments. Article 6.8 adopted the Glasgow Framework on Non-market Approaches and its work programme, where the initial focus areas will be on adaptation, resilience and sustainability; climate mitigation and sustainable development; and the development of clean energy sources. The work programme will be reviewed in five years' time in 2026.

Rules of Procedure for Implementation and Compliance

One of the unique features of the Paris Agreement which has come under criticism is that it is non-punitive. However, Article 15 did set out to form a committee to facilitate implementation and promote compliance. The committee was formed in 2020 and held its first meeting from 2–5 June 2020. In Glasgow, countries adopted a set of rules of procedure contained in an eight-page annex, which will enable the committee to begin its work.

Adaptation

Progress was made on adaptation as countries finally agreed to operationalised the global goal on adaptation (GGA) pursuant to Article 7, paragraph 1 of the Paris Agreement. A two-year Glasgow–Sharm el-Sheikh work programme was formed to continue work immediately. Four workshops are planned per year, with a view to providing recommendations for a draft decision on methodologies, indicators, data and metrics, needs and supported needed to measure progress on the GGA at COP28 in November 2023. Some headway was made on National Adaptation Plans (NAPs), which serve as a means of identifying countries' mid- and long-term needs. By June 2024, the Subsidiary Body for Implementation (SBI) will initiate the assessment of progress while formulating and implementing the NAPs and to make a recommendation for consideration and adoption by Parties by COP29 in 2024. In Glasgow, Adaptation Communications established by Article 7, paragraphs 10 and 11 were formally welcomed. Parties that have not submitted Adaptation Communications yet are asked to submit them in accordance with decision 9/CMA.1 ahead of the November 2022 so as to provide timely input to the global stocktake (GST) held in 2023. The terms of reference for the fourth review of the Adaptation Fund (AF) was adopted by the 16th Meeting of the Parties to the Kyoto Protocol (CMP16) with the objective to review the effectiveness, sustainability, and adequacy of the fund and its operations. The fourth review will be finalised by next year. Although new climate finance was pledged in Glasgow, there is still a huge adaptation finance gap. This is recognised in the final decision coming out of Glasgow, which "urges" developed countries to at least double their collective provision of climate finance for adaptation to developing countries from 2019 levels by 2025, in the context of achieving a balance between mitigation and adaptation financing.

Loss and Damage

Countries agreed to further operationalise the Santiago Network on Loss and Damage (SNLD), which was established at COP25. To do this, countries adopted a decision to further develop the SNLD's institutional arrangements by the next COP. The SNLD will be provided with funds to support technical assistance and its implementation. However, countries failed to come to conclusion on the governance of the Warsaw International Mechanism (WIM) on Loss & Damage. Countries will continue to take guidance from Decision 2/CP.19 and Article 8.2 of the Paris Agreement to decide on whether the WIM should operate under the COP and/or the CMA. This will be taken up at the next COP. There were calls by the Alliance of Small Island States (AOSIS) and G77 & China, representing some six billion people in the world, for the establishment of a Glasgow Loss and Damage Facility for finance to address and minimise loss and damage. The compromise was a "Glasgow Dialogue" to discuss the arrangement for the funding of activities to avert, minimize and address loss and damage. It will be organised by the SBI in cooperation with the Executive Committee of WIM, and planning starts next June and conclude by June 2024. Notably, Scotland First Minister Nicola Sturgeon announced on 11 November that Scotland will offer GBP2 million for Loss and Damage funding, the first-ever commitment from the industrialised world. The Scottish Government plans to partner with the Climate Justice Resilience Fund to deliver the funding.

CONCLUSION

While COP26 appears to have delivered on its objective of finalising the Paris Rulebook and strengthened the multilateral approach to addressing climate change, many observers expressed disappointment at the outcomes, and on the way the COP was run. Access issues to the COP venue at the Scottish Event Campus, as well as via the virtual COP26 Platform plagued attendees across both weeks of the conference. Apart from long entry queues, observers on-site had to procure "Zone F" tickets to access negotiating meeting rooms, and most were confined to the Blue Zone or asked to view the talks virtually even while they were at the venue. The overshadowing interests of fossil fuel corporates were also among issues raised by observers. Nevertheless, with the chapter on the development of the Paris Rulebook closed, countries must now return home and focus their attention on implementing the Paris Agreement. There is simply no time to waste.

WHAT TO LOOK OUT FOR

- COP27 in Egypt from 7–18 November 2022, followed by COP28 in the United Arab Emirates from 6–17 November 2023.
- Update of countries' NDCs by end of 2022.

Melissa Low is a Research Fellow at the Energy Studies Institute, National University of Singapore.
Sandeep Chamling Rai is Senior Advisor, Global Climate Adaptation Policy, WWF International Climate and Energy Practice.

Key words: COP26, Article 6, Common Time Frames, Transparency, Finance, Global Goal on Adaptation, Loss and Damage