

COP26: from Paris's promises to concrete actions?

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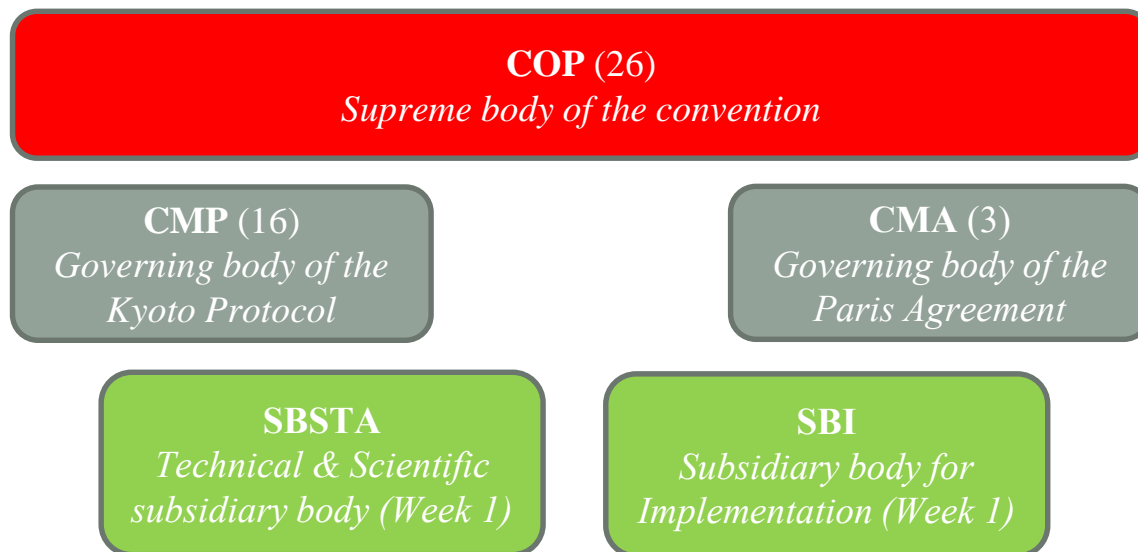




Quick facts – UN multilateral process

COP for "Conference Of the Parties": Conference of Countries that signed the *United Nations Framework Convention on Climate Change* (UNFCCC) at the Rio Summit (1992).

- **197 Parties**: 196 Countries + the European Union
- Non-state actors called **Observers**: NGO, Youth, Academics, Unions, Business federations, Indigenous people,...



Quick facts – Paris Agreement

Paris Agreement: First universal agreement on Climate change adopted at COP21 in December 2015.

- **One target**: Keeping global warming **well below 2°C** and possibly **1.5°C** (Pre-industrial baseline)
- **One main principle**: *Common but differentiated responsibilities Principle*
- **Nationally Determined Contribution (NDC)**: renewed and enhanced after five years at first
- **Ratchet mechanism**: Each NDC submission should theoretically be more ambitious than the last

Quick facts – from Paris to Glasgow

COP22>>>COP24: Dedicated to the Paris Agreement Rulebook

COP25 in Madrid failed to agree on key issues of the Paris rulebook:

1. **Article 6:**

- International Carbon Markets
- Internationally Transferred Mitigation Outcomes (ITMOs)
- Non-Market approaches

2. **Common Timeframes:** Every five years or longer terms?

3. **Rules on Transparency** ensuring countries report sufficient information to determine if:

- They are meeting their pledges
- World on track to reach climate targets
- This information is reliable

COP26



COP26 – Five main challenges

1. **Enhancing Ambition: “Keeping 1.5°C alive”**
2. **Transparency rules (Article 13)**
3. **Agreeing on new and solid Climate Finance packages**
4. **Producing new public-private partnerships for technological breakthroughs**
5. **Finalizing the Article 6 Rulebook**

Enhancing ambition



Enhancing ambition – Before Glasgow...

5 Years after Paris, countries have to re-submit new and enhanced NDCs strengthening emissions reduction pathways to put the world on track for the Paris Agreement target.

Before COP26: First 112's NDCs found only 12% reduction by 2030 (2010 baseline) – Total of all countries, on track for a 16% increase (2010 baseline).

Enhancing ambition – COP26 breakthroughs

1. *Global Methane Pledge* (USEU)

- 105 countries but big absentees (CNAUINRU)
- -30% methane emissions by 2030
- Potentially -0.2C of warming

2. *Coal and fossil fuel divestment CoalitionS*

- Confusing announcements from a total 190 countries (weak) committing the end of coal investments
- 8.5\$Bn **South Africa Partnership** (USEUFRGBDE)

Enhancing ambition – COP26 breakthroughs

3. **Fossil fuel financing statement:** “End public support for the international unabated fossil fuel energy sector by the end of 2022”

- 30 countries (GBUSDENLESCA) but big absentees (FRJPKRCNAUINRU)
- Does not preclude backing domestic projects and allows for exception



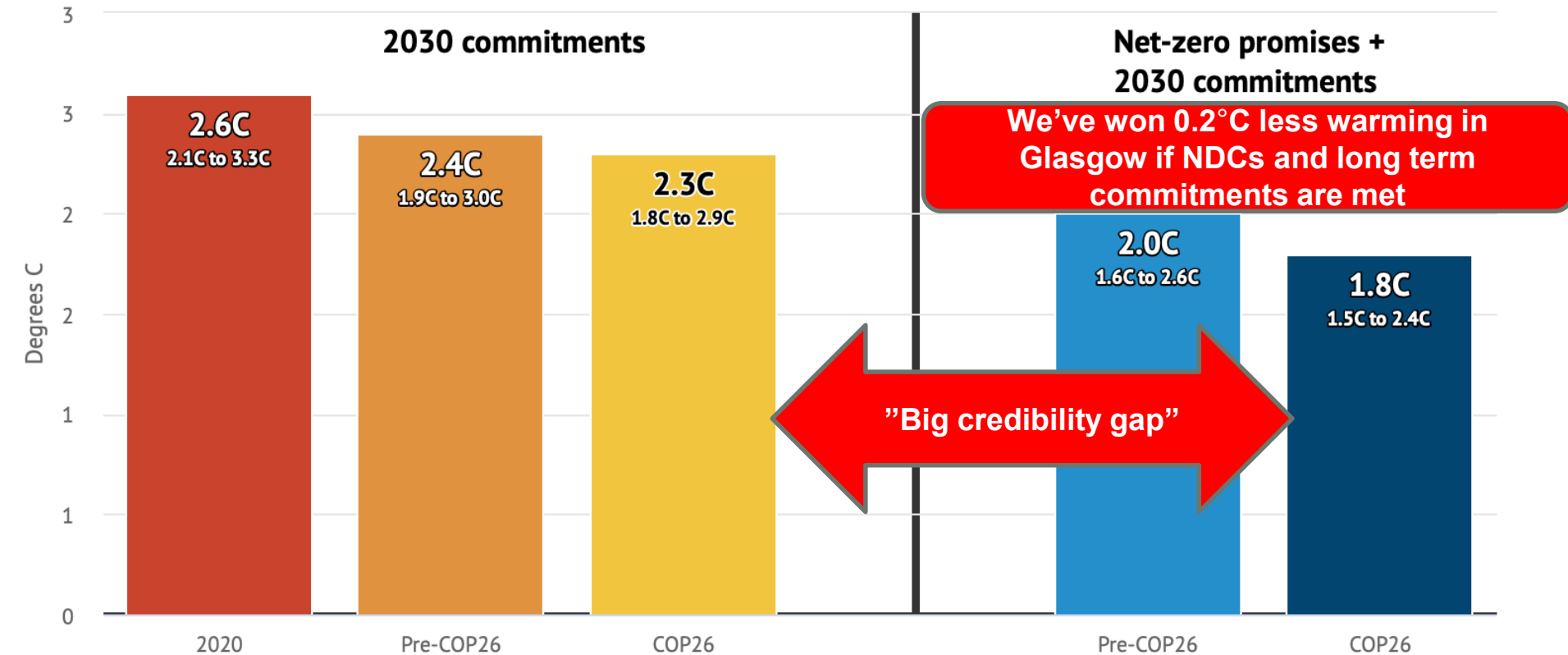
4. **India** pledged Carbon Neutrality for 2070

- **50%** of India’s electricity generation coming from renewable sources by 2030
- Asked **1\$tn available as climate finance** to help with this transition

Enhancing ambition – Temperature trajectory/ies

Progress on near-term and long-term commitments

Warming in 2100 relative to preindustrial. 50th percentile temperature outcomes and uncertainties shown.

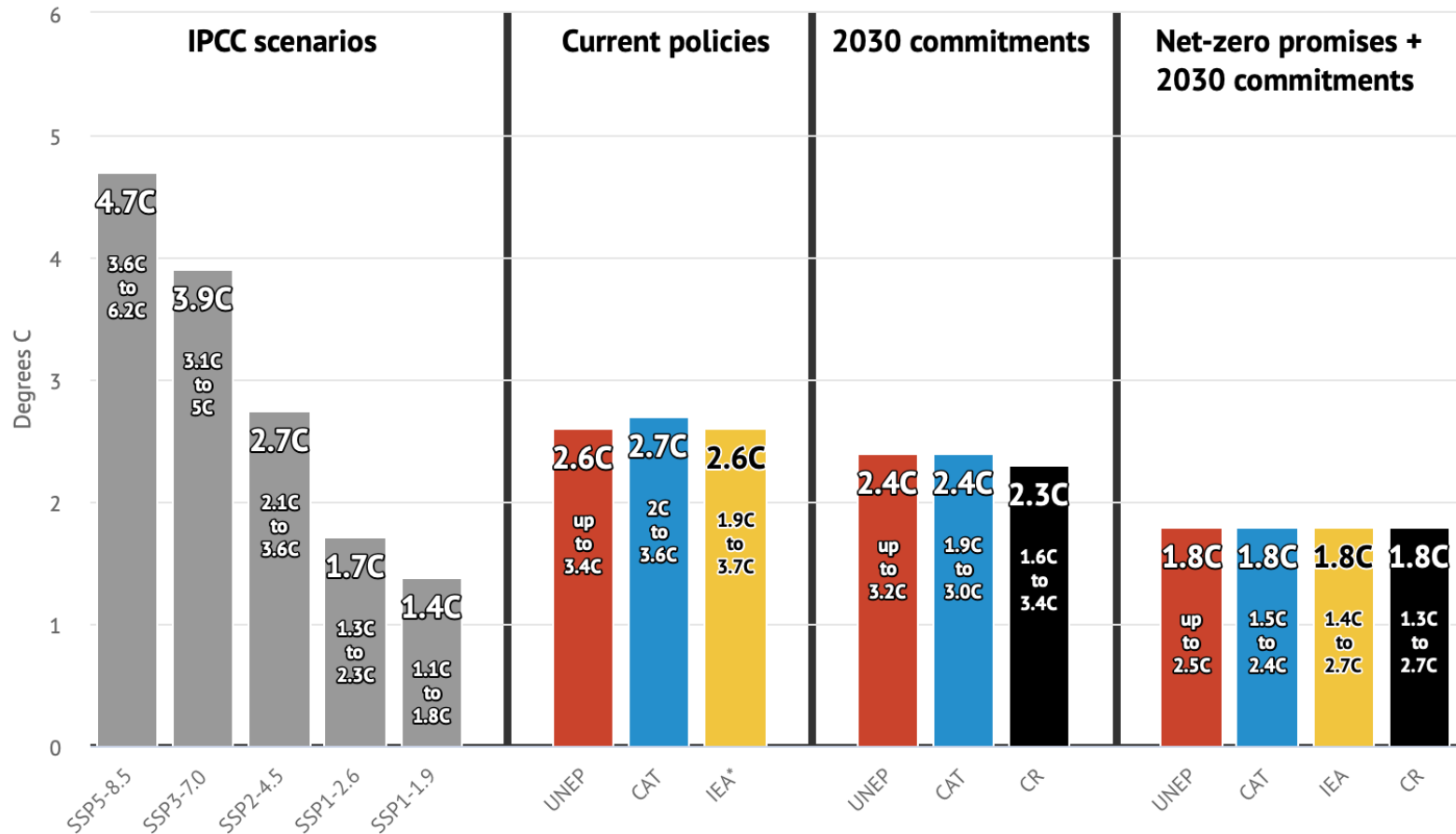


Comparison of expected climate outcomes from 2030 commitments (red and orange) and net-zero pledges (light and dark blue) - (CarbonBrief, Nov 2021; ClimateActionTracker, Nov 2021)

Enhancing ambition – Temperature trajectory/ies

Comparing the latest 2100 warming projections for different scenarios

Warming in 2100 relative to preindustrial. 50th percentile temperature outcomes and uncertainties shown.



Comparison of IPCC expected climate outcomes from 2030 commitments and net-zero pledges - (CarbonBrief, Nov 2021; ClimateActionTracker, Nov 2021, UNEP, Nov 21; Climate Resource, Nov 2021)

Transparency rules (Article 13)



Transparency rules (Article 13)

Since 1992, **only wealthy countries (EUUSJPAU...)** had to report **regularly** on GHG emissions and climate finance

- Big hole for some current major emitters (CNIN)
- What should be reported by countries? (⚡⚡⚡ Article 6)

After COP26, Article 13 Framework requires all countries to produce a ***Biennial Transparency Report*** & a ***National Inventory Report***:

- i. **GHG emissions**
- ii. **Progress towards NDC**
- iii. **Contribution to Climate finance**
- iv. **Report on Climate impact and adaptation**

= the end of the differentiation between developed and developing countries on climate report

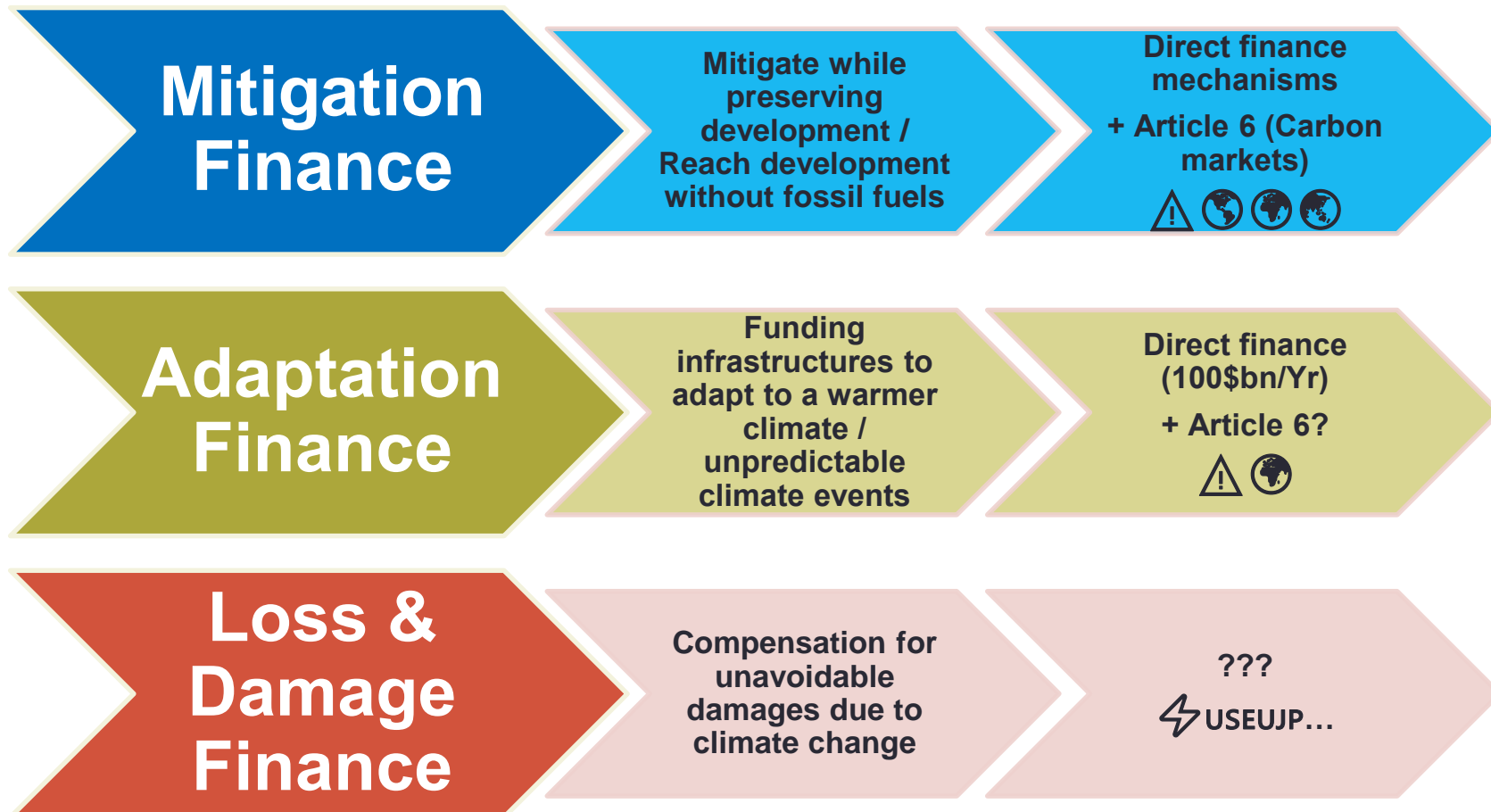
⚠ Weaknesses on Article 6.2 (Tracking of bilateral carbon markets)

Climate Finance



Climate Finance – Objectives & pathways

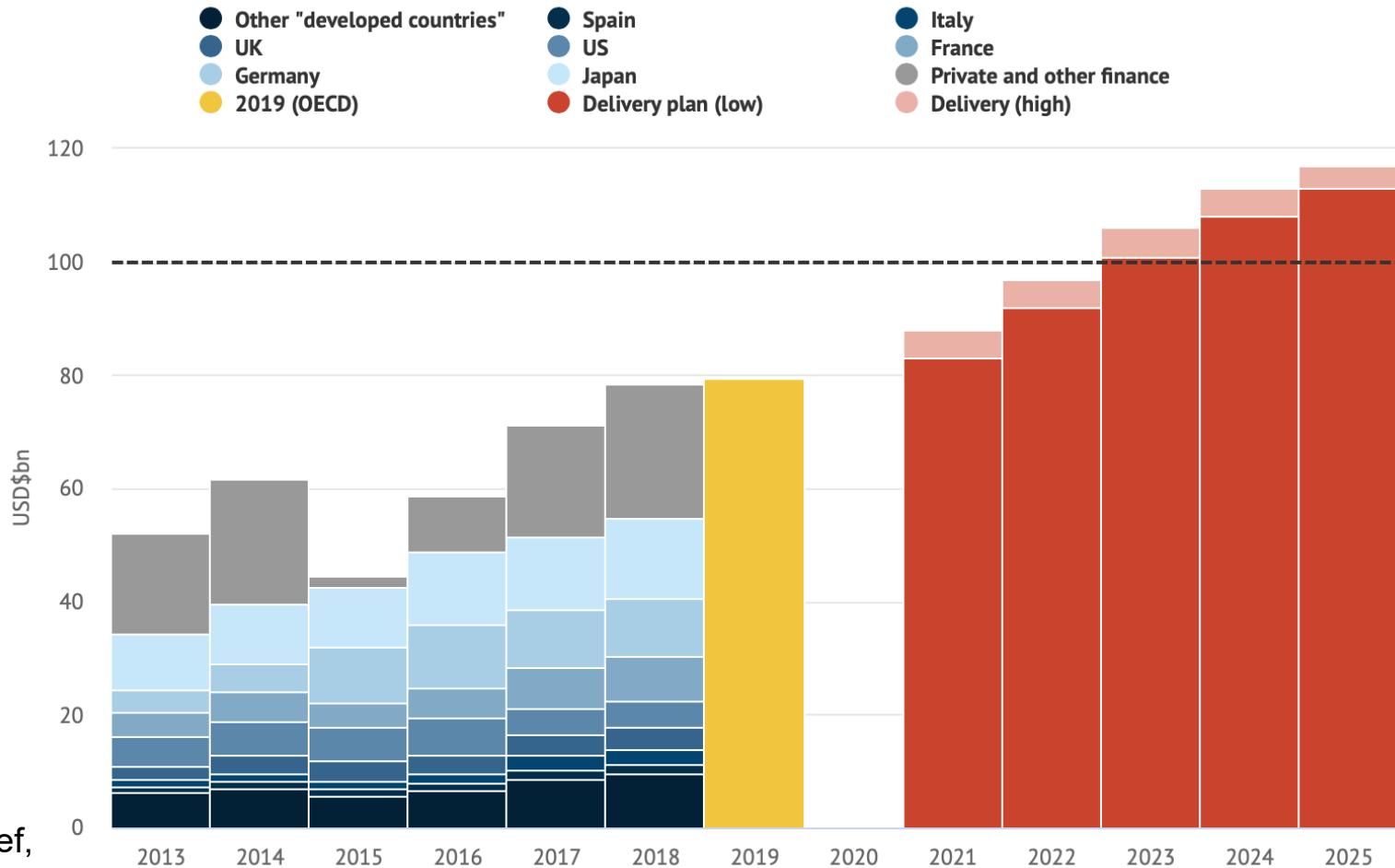
COP26 objectives on finance aimed to agree on new and solid **Climate Finance packages** for developing countries:



Climate Finance – Issues

Richer nations have missed their target to raise \$100bn annually by 2020

Climate finance contributions so far have been dominated by a handful of large nations providing loans to poorer countries

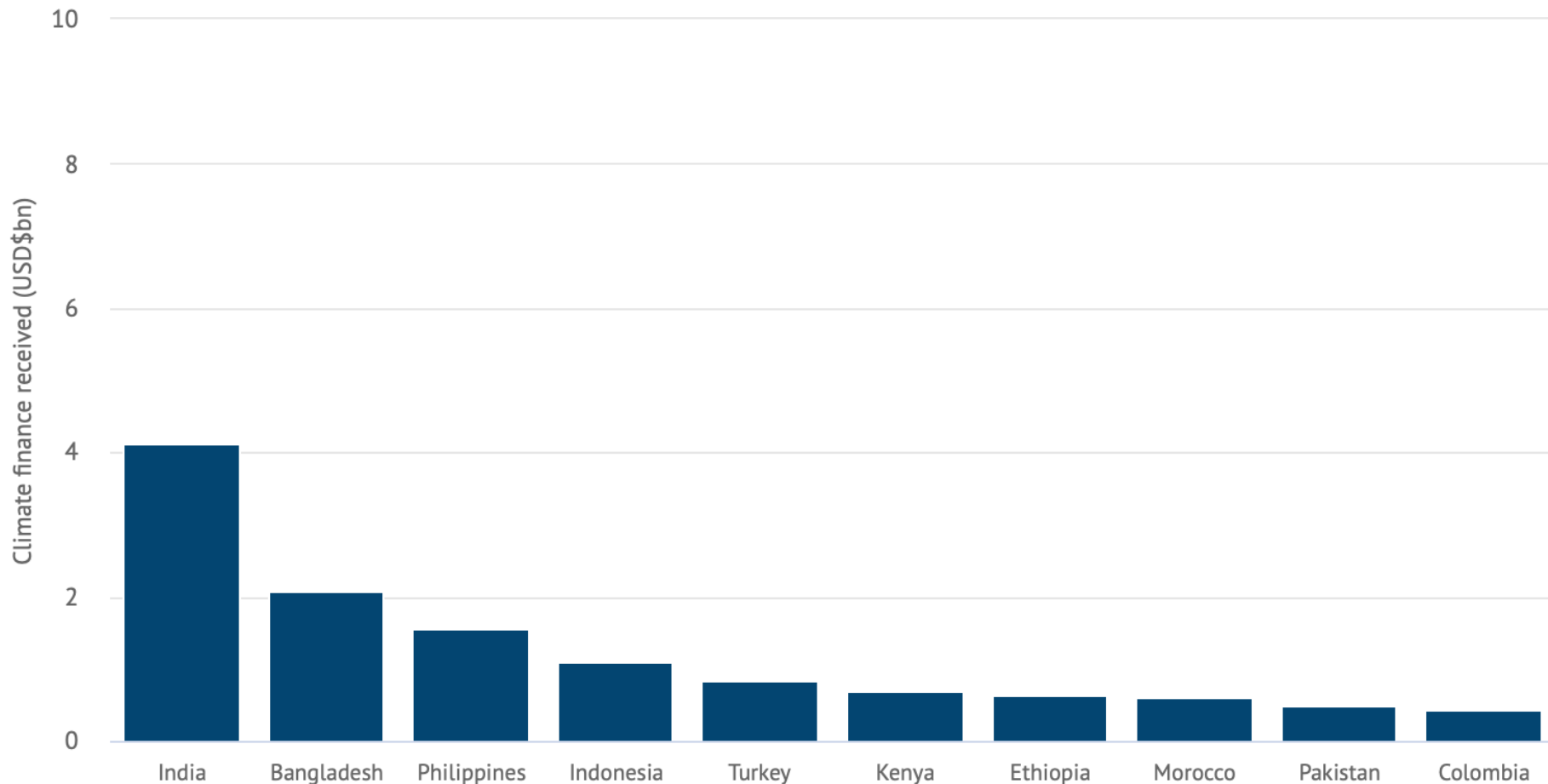


CarbonBrief,
2020)



Climate Finance – Issues

Top 10 climate finance recipients

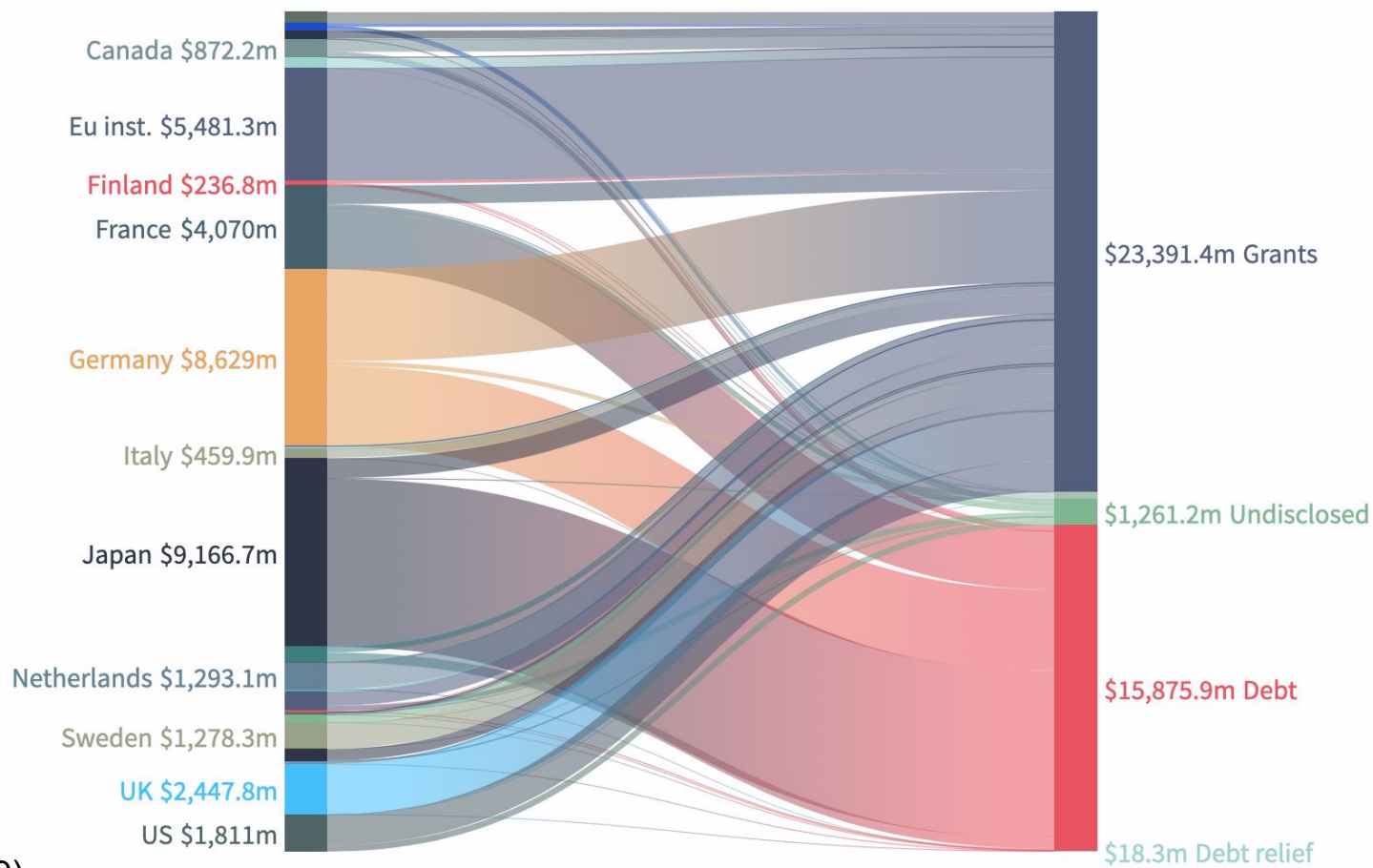


(OECD, 2019)

Climate Finance – Issues

Type of climate finance flows

Yearly average in 2018 and 2019



(OECD, 2019)

Climate Finance – 3 critical points

1. **Fact**: Rich countries have failed to meet the target of **100\$Bn/yr for climate finance in 2020 (Copenhagen)**
 - **Breakdown of trust** between developed and developing countries
 - **Low finance for Adaptation**
 - **Mitigation finance is favored** (cost-efficiency)
 - No concrete framework or finance for **Loss & Damage finance**
2. **Who has to provide?**: Currently 1992 OECD members (Excluding currently rich countries like Gulf countries or South Korea)
3. **Quality of Climate finance**:
 - Existence of high interest loans
 - Opposition of rich countries to establish a **working definition** of “Climate Finance” that could define what counts toward these totals

Climate Finance – Achievements & challenges

Final Glasgow decision:

- ***Global goal on Adaptation:*** Meet the target for 2025 (Quantifiable and Measurable)
- **Doubling adaptation finance**

Post-2025 goals to be discussed in future COPs:

- **Long term climate finance** (100\$Bn/yr before 2020) open to discussion until 2027
- **Scientific assessment of Climate finance needs:** Nearly 6\$Tn for 2030 or up to 1.3\$Tn/yr (UNFCCC standing committee on Finance)
- Open dialogue on **Loss and Damage finance** (Santiago Network)

Technological breakthroughs



Technological breakthroughs (Climate “clubs”)

1. **“Glasgow Breakthrough” Agenda**: accelerating the **development and deployment of clean technologies by 2030** in 5 points:
 - i. **Clean power** to meet power needs efficiently by 2030.
 - ii. **Zero-emission vehicles** are the new normal and accessible, affordable, and sustainable in all regions by 2030.
 - iii. Efficient use and **near-zero emission steel** production established and growing in every region by 2030.
 - iv. Affordable **renewable and low carbon hydrogen** globally available by 2030.
 - v. Climate-resilient, sustainable **agriculture** is the most attractive and widely adopted option for farmers everywhere by 2030.
- Endorsed by 40 countries (USCNEUGBFRDEJPINKR) and some major corporations covering more than 50% of global emissions
- Little concrete details about implementation... But **set an international agenda** (a first)

Technological breakthroughs (Climate “clubs”)

2. ***Zero-emission Cars declaration:*** “work towards all sales of new cars and vans being zero emission (...) globally by **2040** and by **no later than 2035 in leading markets**”
 - **Not legally binding**
 - Signatory countries are **relatively minors** (GBCLCANOBE) but include some big manufacturers (Ford Motor Company, General Motors, Jaguar Land Rover, Mercedes-Benz and Volvo).
 - **Big absentees** (USCNJPKRFRITDE) and important manufacturers **opted-out** (Toyota, Volkswagen, Renault-Nissan, Stellantis, and BMW)

China-US Joint Statement



China-US Joint Statement

A first since the Paris Agreement, this *Joint statement* sees the two countries “**agreeing to join hands** to address the “climate crisis” through this “critical decade”” :

- Reducing methane emissions
 - “Phasing down” coal
 - Promoting decarbonisation
 - Protecting forests
 - Conducting technical cooperation
 - Establishment of a **US-China Working group on climate**
- Tackling climate change is at this point a unifying topic for the two superpowers, rather than a divisive one

Glasgow Climate Pact



Glasgow Climate Pact

Unexpected and unprecedented Political declaration towards more ambition:

1. ***A first:*** IPCC findings as the chore of the declaration
2. ***Another first:*** “Phasedown of unabated coal and phase-out of inefficient fossil fuel subsidies”
3. ***A common target:*** GHG emissions have to fall 45% by 2030
4. ***A pledge:*** Doubling adaptation finance
5. ***A Pathway:*** Request countries to present more ambitious climate pledges next year
6. ***A Process:*** Glasgow dialogue on funding Loss & damage

Glasgow Climate Pact: the real battles...



**Coal Phase-out
VS Phase-down**



**Fossil fuels
Phase-out**



**Loss and
Damage Finance**

Article 6



Article 6 – What is it?

Article 6 promotes *Voluntary International Cooperation* for Mitigation and Adaptation:

- **International Carbon Markets**
- **International Transfert of Mitigation Outcomes (ITMO)**
- **Essential** for climate finance and increased ambition
- **Cost savings** potential to achieve Net Zero targets of up to 350\$Bn/yr by 2030 (Edmonds et al., 2021)

Article 6 – What is it?

Article 6 entails three mechanisms:

Article 6.2

= Bilateral
cooperation with
ITMO

Like ETS linkage
through
international trade of
emissions units or
use of international
offsets

Article 6.4

= Multilateral (UN
level) cooperation
for the trade
credits ITMO

Replace the CDM
(Kyoto Protocol)
Concern public and
private sectors
worldwide (E.g.
CORISIA)

Article 6.8

ITMO using Non-
market
mechanism

E.g. Development
aid

Article 6 – What's wrong?

Since COP22: Intense negotiations & **political disagreements** on establishing Article 6 **rulebook**

➤ **Fear** that, if poorly designed, it **could trash the environmental integrity of the Paris Agreement**

Three types of issues to handle by Article 6 rulebook:



Article 6 – Carbon accountability issues

Double-counting

- Use of transferred emissions reductions units by **more than one Party**
- ⚠️ EUCAJP + ⚡ 🌿

Additionality

- Guaranteeing that the transferred units concern emissions reductions that would not have happened otherwise.
- E.g. Selling units from an already existing wind farm
- ⚠️ 🌿

Corresponding adjustment

- **When** and **where** to adjust carbon accountability to reflect the unit transfer in national emissions inventories?
- Significant heterogeneities: Different NDC timeframes, different baselines; metrics...

Article 6 – Rulebook for Carbon accountability

Corresponding adjustment

- Shift when “corresponding adjustments” have to be applied, from the point of use to the **point of authorisation by a host country**.
- Control given to the **selling Party**

Art.6.4


- To be made **for all authorised carbon credits** whether they are used towards meeting countries’ NDCs or for “other international mitigation purposes”
- Creates a **UN Hub** to account for credits transferred
- Establish **limits** to ITMO transfer (5%)

Art.6.2



- To be made **for all authorised carbon credits**
- Deal with timeframe/target heterogeneities by creating **accountability standards** (E.g. use tCO₂e metric)
- One big **weakness**, the **Averaging** approach: Available for CORSIA (Multi-year target), host countries(single-year target) are required to adjust only half of the annual average credits sold
- **No limits** to ITMO transfer (Reviewed in 2028)

Article 6 – Financial issues


Kyoto Credits

- What to do with the remaining 4Bn tCO₂e of unearned CDM credits?
- BRKRCN VS  (**Hot Air**)

Share of proceeds

- Transaction fee to finance underfunded Adaptation in developing countries
-  

REDD+

- What to do with credits generated historically from avoided deforestation projects?
-  BR (Bolsonaro)

Article 6 – Rulebook concerning Financial issues

Kyoto Credits

- Agreement to **carry-over** up to 2.8Bn tCO₂e of Kyoto Credits
- = already existing projects (**Not truly additional**)
- Establish a **label** for these credits creating a **reputational risk for buyers**
- Considered disappointing by 🇯🇵, victory for BRKRCN

Share of proceeds

- Share of proceeds for Adaptation finance **only for 6.4** (at the Hub level), **not for 6.2**
- **Mandatory cancellation** of 5% of offsets credits and money going to adaptation fund
- Half victory for 🌐

REDD+

- REDD+ is **excluded** from Article 6
- Defeat for BR (Bolsonaro), victory for 🇯🇵

Article 6 – Rulebook decisions on Governance

Offset Dispute Mechanism

- Disputes around carbon-offsetting projects will be subject to an **independent grievance process**
- Environmental integrity and human rights
- ⚠ Indigenous NGO + EUCAJP VS SACN

Art. 6.4 Supervisory Body

- From 2022
- **Hub** for ITMO exchange & accountability
- Establish methodologies and administrative requirements for the market

Glasgow Committee on Non-Market Approaches

- To take forward the development of climate cooperation under Article 6.8

Conclusion – Big Players' stances



USA

- Back in the game but damage is done
- Arrived almost empty-handed (⚡ Congress) except for Net-zero pledge
- Important lobby for Art 6 rulebook and coalitions
- Opposed mention to Fossil fuel phase-out
- Opposed *Loss & Damage* structural finance
- China-US Joint Statement: Working-group (a first) but no binding measures



EU

- Green New Deal
- Relatively less involved
- One of the leader in ambition
- Opposed *Loss & Damage* structural finance



Japan

- Heavily involved in Art.6 negotiation for Voluntary markets (JCM)
- Weak new NDC



China

- Absence of Xi Jinping
- Accepted mention to Coal phase-down, opposed phase-out
- Domestic issues regarding coal productions and Energy production (Millions of jobs)
- Committed for keeping its developing country status
- Compromised on key issues enabling the rulebook
- China-US Joint Statement: Working-group (a first) but no binding measures



India

- Net-Zero for 2070
- Strong lobby for more Finance
- Accepted mention to Coal phase-down, opposed phase-out
- Domestic issues regarding coal productions and Energy production (Millions of jobs)
- Moved centre stage of the UN climate process

Conclusion – COP26 in a glimpse

Achievements

First breakthrough climate agreement **mentioning fossil fuels** (phase-out of inefficient fossil fuels subsidies) and **coal “phase-down.”**

Glasgow climate pact:

- **GHG emissions have to fall 45% by 2030**
- **Doubling adaptation finance**
- **Request countries to present more ambitious climate pledges next year**
- **Glasgow dialogue on funding Loss & damage**

Deal on **Article 6 rulebook**

Encourages NDC submission **every five years**

Methane coalition: first agreement mentioning the need to tackle methane emissions

US-China climate deal (First since the Paris Agreement)

Since COP26 We’re seeing a changing phase of the Paris Agreement from rulemaking to implementation.

Missing points

Last minute disagreement on Coal “Phase-out” from big emitters (China, India).

Adaptation and Mitigation Finance: still weak commitments from developed countries to provide enough finance to developing countries on adaptation and Mitigation (Copenhagen 100bn\$/yr)
= The North-South divide persist on Climate Finance

Article 6 rulebook **weaknesses** (6.2 – Averaging rule)

Not mandatory five years timeframe

Loss & Damage: Island countries and Most Vulnerable countries don’t get finance they need (Blocked by US & EU)

Enhanced ambition but still not enough: New NDC pledges still far from 1.5 °C (estimates between 1.8°C to 2.4°C)

COP26 – its already iconic pictures



Thank You!
ありがとう!
Merci!

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Debate: Was COP26 a success?

- 1. Have Countries Delivered Deep 2030 Emission Cuts and Agreed to a Process to Keep the 1.5°C Goal Alive?**
- 2. Have Developing Countries Gotten the Finance and Support They Need?**
- 3. Have Negotiators agreed to Rules that Maintain the Integrity and Ambition of the Paris Agreement?**
- 4. Have Countries and Corporations Committed to Breakthrough Revolutions that Drive System Change?**

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