



Looking to Glasgow: What's at Stake at COP26

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The annual climate change conferences comprise several parts. There are the legal bodies responsible for negotiations and decision making on issues related to the UN Framework Convention on Climate Change (UNFCCC), the Paris Agreement, and, where still needed, the Kyoto Protocol. To the side of the state-centered legal bodies are significant initiatives that convene the private sector, cities, and civil society organizations, among others. To some these initiatives are now at the heart of global climate governance, bringing a dynamism that is missing in the inter-state negotiations, which may be particularly true as the global climate regime moves toward implementation under the Paris Agreement.

This shift toward implementation takes place in the context of varied, and mixed, trends that could affect global cooperation and climate ambition. The retreat and return of the United States from multilateral institutions has a profound effect on leadership, markets, and climate finance provision. At the same time, the US is hoping that it can cooperate with China on climate change, while the two superpowers remain rivals on other global issues. At present this American hope seems to hold, although the division among issues, particularly trade and climate, may be difficult to maintain. Public opinion, green parties, and multiple climate movements have raised the pressure for government action. Renewable energy has never been more affordable or deployed at such a rapid pace; the International Energy Agency (IEA) characterized renewable energy as “COVID proof,” following their strong market performance despite the pandemic in 2020.¹

Still, the IEA also reports that global emissions in December 2020 were 2% higher than December 2019, before the pandemic.² A review of 31 countries and 8 multilateral development banks pandemic energy-related stimulus spending showed 42% of public funds spent on energy supported fossil fuels. It seems there are contradicting views, with some interest in “green recoveries,” while also repeating stimulus patterns seen after the financial crisis in 2008.

¹ IEA. Renewables 2020 <https://www.iea.org/reports/renewables-2020/covid-19-and-the-resilience-of-renewables>

² IEA. Global Energy Review: CO2 Emissions in 2020 <https://www.iea.org/articles/global-energy-review-co2-emissions-in-2020>

No negotiations have taken place since the previous COP in December 2019. There have been informal dialogues and updates on the work of smaller, implementation-focused committees (that have met online). Developing countries in particular are highly anxious about negotiating online: time zones and poor internet connections could marginalize them from discussion and decision-making. The discussions that have occurred have had circumscribed mandates and clear directions that no reports or written accounts of the meeting would be produced; Chairs of the session are allowed to hand-write notes for future, personal reference only.

This brief focuses on the upcoming climate conference in Glasgow, known as COP26. The first section will briefly discuss the significant volume of unresolved issues after the 2019 COP and highlighting the key issues. The second section turns to COP26 and offers a prioritized list of issues for the COP to address. The third section considers various options for the meeting to go ahead. While the UK COP Presidency team insists that the conference will go ahead as usual, there are concerns about inviting over 20,000 people from around the world during the pandemic. Section four poses some concluding questions. There is an annex that provide a very brief overview of some of the Paris Agreement's features.

Work unresolved from Chile/Madrid (COP 25)

The COP25 Presidency is held by Chile, but due to social unrest in Santiago the 2019 meeting was relocated to Madrid just one month before its scheduled start. Importantly, the COP could not agree on a statement that “urges” parties to bring forward more ambitious NDCs in 2020, the first year of the Paris Agreement. The meeting was marred by an unprecedented use of a procedural rule called “Rule 16,” which is invoked when countries cannot agree to any outcome. Under Rule 16, the issue is placed on the agenda of the next meeting, and any documents produced or revised during the meeting are lost. The outcomes at COP25 signal that trust among parties is at an all-time low.

Notable among the deferred issues are some related to the Paris Agreement and finance. Common timeframes refer to negotiations to establish a common period for nationally determined contributions (NDCs); currently countries choose five- or ten-year periods for their NDCs, but there is strong desire by many parties to synchronize the NDC submission cycle as a way to strengthen ambition. Progress on the reporting formats for the enhanced transparency framework was lost, owing to a principled disagreement. China and the African Group argued that work on transparency (developed countries' priority issue) should not move forward while finance and adaptation-related issues remained stalled. There was no agreement on whether to continue the work programme on long-term finance.

There was also no substantive outcome for Article 6 (market and non-market mechanisms), which is a major unresolved issue related to the Paris Agreement. Parties remain divided on

many aspects of the market mechanism's design and how to trade credits (aka internationally transferrable mitigation outcomes, ITMOs). The primary outstanding issues are summarized below. Countries agreed in 2019 to keep all of the alternate negotiation texts developed during COP25. They have to sort through these texts, agree on what to include in a single negotiation text, then find compromises on the rules contained therein.

COP26 inherits all these issues, in addition to the usual workload of a COP agenda and the initiatives related to non-state actors. There are additional mandates agreed to at COP25 and previous decisions, including:

- Aggregating the effect of new and updated NDCs;
- Agreeing to a process to determine the new collective finance goal (which starts in 2025); and
- Begin a two-year work programme on pre-2020 ambition.

Priorities for COP26

COP26 is the first COP since the Paris Agreement took effect January 1, 2020. Ideally, it would be a celebration of the Agreement and an opportunity to show that the Agreement can facilitate a response commensurate to the climate crisis. The Paris Agreement gives primacy to individual states: each country determines what it will do to contribute to the overall effort. At the global level, there is only moral suasion and pressure as mechanisms to raise ambition. This is the first test if the model can work.

This section identifies and explains five key issues for COP26. These issues are highlighted because they are necessary to complete the "Paris Agreement Rulebook," a set of operational decisions that help ensure parties are interpreting and implementing the Paris Agreement in a similar way. Mostly, COP26 is expected to deliver on a wide range of largely technical issues. Only ambitious NDCs and finance are political issues. Most require technical discussions among experts, with guidance where needed from political leaders. There is a mismatch here: ambition is key to showing that the Paris Agreement can work, but it is nowhere on the formal, intergovernmental negotiating agenda.

NDCs and Ambition

NDCs are countries' pledges to the Paris Agreement. The content is entirely up to the country. There is a legally binding commitment in the Paris Agreement to maintain an NDC and to submit successively more ambitious NDCs. Parties will not be held accountable for achieving any targets or goals in their NDCs. In 2015, countries submitted intended NDCs, which take effect in 2020. A decision in 2015 encouraged countries to submit new or updated NDCs in 2020, eight months before COP26.

That deadline was February 2020. By that time, Norway and Switzerland were the only developed countries to update their NDCs (Japan submitted a new pledge in March 2020). Recognizing this low level of ambition and the effect of the pandemic, the UNFCCC Secretariat, UN Secretary-General, and COP Presidencies (Chile and the UK) started speaking of the “end of 2020” as the deadline. A Climate Ambition Summit held December 2020 garnered over 40 commitments from countries for new NDC targets or net zero targets. By the end of 2020, there were 48 new or updated NDCs, representing 75 parties.³ These 75 Parties represent about 40% of parties to the Paris Agreement and account for about 30% global greenhouse gas emissions. The US pledge to reduce emissions by 50-52% below 2005 levels in 2030 was submitted in April 2021.

Like the previous NDCs, even if fully implemented, these pledges are insufficient. The Intergovernmental Panel on Climate Change (IPCC) estimates that emissions need to decline by about 45% from 2010 levels by 2030 in order to stay before 1.5°C with no “overshoot” (i.e., exceeding 1.5°C then returning below that level).⁴ The UNFCCC Secretariat’s NDC Synthesis Report estimates pledges submitted by the end of 2020 represent a 0.5% decrease in emissions below 2010 by 2030.⁵ Ambition remains too low to realize the goals of the Paris Agreement or safeguard the planet.

It is unclear what else the UK COP Presidency can do to generate more ambition. Most major emitters have updated their NDCs, with some additional pledges announced at the April 2021 Summit hosted by the US. The aggregate effect of those updates is yet to be calculated. COP26 itself is too late to bring new pledges. The UK COP Presidency is focusing on generating ambitious pledges from the private sector and others as part of the Marrakech Partnership on Global Climate Action’s “Race to Zero” initiative. This initiative recently created new “minimum criteria” for businesses, cities, and others wishing to commit to a net zero target.⁶

Article 6

Article 6 of the Paris Agreement established the ability to trade internationally transferrable mitigation outcomes (ITMOs, basically a credit produced by an activity that reduces emissions, Article 6.2), a new market mechanism (Article 6.4), and a non-market mechanism (Article 6.8). These provisions are vague; Article 6.4 is a near exact copy-paste from the Kyoto Protocol. A

³ Countries NDCs are available on the interim NDC registry: <https://www4.unfccc.int/sites/ndcstaging/Pages/Home.aspx>

⁴ The IPCC Special Report on 1.5°C of Global Warming is available at: <https://www.ipcc.ch/sr15/>

⁵ UNFCCC NDC Synthesis Report, available: <https://unfccc.int/process-and-meetings/the-paris-agreement/nationally-determined-contributions-ndcs/nationally-determined-contributions-ndcs/ndc-synthesis-report#eq-5>

⁶ UNFCCC. Race to Zero campaign and criteria can be found at: <https://unfccc.int/climate-action/race-to-zero-campaign#eq-3>

new market was part of the deal struck in 2011 that launched negotiations for the Paris Agreement, but this issue has not progressed in the last decade. The rules governing these three provisions are still undecided. There is no specific agreement on what is, or is not, an ITMO, or what a non-market mechanism is.

Among the unresolved and divisive issues regarding the new market mechanism are:

- Carryovers: should countries be allowed to bring their credits from the Kyoto Protocol mechanism to the new Paris Agreement mechanism? Several countries with unused credits from the pre-2020 period would like to use these toward their Paris Agreement pledges.
- Corresponding adjustments: Making a corresponding adjustment means that when a country generates an ITMO that helps another country reach its emissions reductions target, this ITMO must be “un-counted” by the country that transferred it. In other words, an emissions reduction credit can only be used by one country to help achieve its target. This ensures that credits are not counted twice. Countries need to agree to how to measure mitigation outcomes, ensure countries do not double count, and provide clarity when such an adjustment is needed.
- Overall mitigation of global emissions (OMGE): what mechanisms could ensure that emissions trading contributes to reducing global emissions?
- Adaptation levy: The new market mechanism will allocate a share of its proceeds for the Adaptation Fund, to support developing countries in building resilience to the effects of climate change. There is a call to allocate a share of proceeds from the transfer of ITMOs to the Adaptation Fund as well.
- Human rights and environmental safeguards

Parties have not held negotiations on Article 6 since December 2019. There have been online meetings among countries and their heads of delegation. The focus of these discussions has been to identify what issues could potentially be resolved. There does not seem to be an expectation that this complex issue will be finalized at COP26.

Common Timeframes

This issue may be ripe for agreement, although China, India, and the Arab Group remain opposed. Common timeframes are not due to begin until 2031, but many parties want an earlier resolution to enable planning. There are many links between common timeframes and the ambition cycle. Five year timeframes mean more regular updates to NDCs, each more ambitious than the last. Shorter timelines also raise the importance of the Global Stocktake under the Paris Agreement, which is a look at collective efforts and results on reducing emissions, raising resilience, and providing support to developing countries that is meant to inform subsequent

NDCs. Regardless of the length, sharing the same cycle will enable countries to communicate with one another and plan to help build trust that they are moving in concert. Most NDCs are currently ten years.

Transparency

Negotiators are working out a common reporting format for all countries. Progress can be achieved, although the workload may be too high to complete everything in a two-week COP after the COVID-related delays. These negotiations are technical. But they matter greatly: it is through the national reports that we will know how countries are faring – if they are reducing emissions or advancing strategies to pursue low-carbon development. Having all countries use the same template enables comparisons among countries and easier aggregation of their reports and what they mean for the climate.

Process for a New Collective Finance Goal

This is about trust as much as the workings of the Paris Agreement. Developed countries did not meet the previous goal of \$100 billion by 2020. The Paris Agreement specifies that developed countries and – importantly – “others in a position to do so” contribute to climate finance, with a new collective goal to be set by 2025. While developed countries pushed against setting up a five-year negotiation process, it was a crucial demand of many developing countries. An outcome on this should be possible, even if it is rather minimal.

How COP26 Can Convene

The UK has stated that this will be “COP as usual.” Since 2015, COPs have gathered at least 20,000 participants. The UK Prime Minister has offered vaccinations to those delegates in need, although action on this promise has yet to materialize. There are calls from Scotland medical officials and Members of Parliament to delay or scale back the COP. This is not entirely up to the UK. Parties, through the Bureau, would have to agree to a pared back agenda, and what would happen online versus in person.

Some events are easy to move online. High-level statements by ministers are usually delivered to empty rooms. The UK seems to want heads of state and government to attend. It is unclear what their role would be – certainly not to participate in negotiations and all the NDC statements have been made. The last year has shown that leaders can effectively deliver statements online.

Side events and other civil society events have been effectively held online at other forums in the past year, such as the High-level Political Forum for the Sustainable Development Goals. Losing these events means losing much of the “buzz” of COP and the most publicly accessible aspect of global climate governance. Fewer civil society organizations on site might risk the transparency of the negotiations.

A smaller in person agenda can focus on the issues above and add a few other issues to ensure a balance of the priorities of developed and developing countries. The COP26 President-designate Alok Sharma hinted at a few of these issues in a recent letter on arrangements for the COP. They include: Global Goal on Adaptation, loss and damage, and finance, in addition to Article 6 and transparency. Crucially, the budget must be approved to allow the Secretariat to keep functioning, although budgets have been agreed through an email “silence procedure” by other bodies in the past year.

While a hybrid meeting is certainly not idea, it is likely a strong contingency plan. The hotel costs are already skyrocketing given the need for self-isolation in a government-approved hotel for two weeks, currently £888 a night for downmarket budget accommodation where the rate is usually as low as £50.⁷ This is beyond many countries, and the donor trust fund for participation has not been topped up in light of these extra costs.

The Bureau agreed to hold an online meeting lasting three weeks in June, in the place of the usual two-week face to face meeting. No decisions will be taken, but some expect at least informal dialogues to help feed into negotiations at a later date.⁸ There is an option still open for a negotiation session in September, with the UK suggesting that it could be face to face.

Questions as we Move Forward

The rules of the Paris Agreement are (mostly) clear. Significant questions remain regarding the political dynamics that will generate greater climate ambition.

- What political levers can help unlock ambition at the domestic level?
- What are the international dynamics that can drive coalitions of the willing and greater ambition overall?
- How can we assess shared or specific ambitions of countries and enhance cooperation, e.g., between Canada and Germany?
- What is the role for leaders, either of individual countries, or bodies such as the UNFCCC, G20, World Trade Organization, etc?

⁷ <https://www.scotsman.com/news/politics/climate-conference-rip-off-as-cop26-delegates-asked-to-pay-ps12000-for-windowless-room-3172065>

⁸ The Bureau decision:

https://unfccc.int/sites/default/files/resource/message_to_parties_and_observers_outcomes_of_cop_bureau%20meeting.pdf

Annex: A Quick Tour of the Paris Agreement

The Paris Agreement was adopted in 2015 and began January 1, 2020, taking over from the Kyoto Protocol. It is a legally binding treaty, but not all of the provisions contained within the Agreement are legally binding. Below is a brief outline of the main feature of the Agreement.

Goals

The Paris Agreement establishes a goal “limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.” This is the first time the level of acceptable warming has been specified. Countries are also to aim to reach global peaking of greenhouse gas emissions as soon as possible to achieve a climate neutral world by mid-century. The Agreement also establishes a Global Goal for Adaptation, which many developing countries would like to see further discussion to fully operationalize.

Pledging model

The Paris Agreement requires all parties to maintain an NDC, or pledge. Parties must submit a new pledge when the previous one expires. The content of the NDCs are entirely up to each country. There is no international review of the ambition of pledges. There are some basic rules, agreed to in 2018, that ask countries to take a few measures to help pledges be more comparable and understandable. Developed countries are to have quantified economy-wide targets and other countries are encourage to move toward such targets over time. All pledges are publicly available on an interim registry (countries have not yet agreed on the final form of the website for a permanent registry).

Ambition Cycle / Ratchet up Mechanism

There are several interlocking provisions in the Paris Agreement meant to increase ambition over time:

- No backsliding principle: each NDC must be more ambitious than the last
- Global Stocktake: Every five years, there will be a two-year long Stocktake of mitigation, adaptation, and support to developing countries in aggregate. The first 18 months is a scientific exercise, the last 6 months is the political phase, which is intended to spur parties to raise ambition in their next NDC.
- Common timeframes: Still outstanding in the negotiations

Transparency

The other legally binding provision is to report on progress toward achieving the NDC. These national reports will use, for the first time, the same reporting format and overall system for all

countries. Previously, the system differed (in the details) between developed and developing countries. Reports will be every two years and subject to a peer-review among parties.