

ICC Briefing on COP26 Outcomes

8 February 2022

Highlights and key takeaways

Introduction:

- At COP26 in November 2021, nearly 200 countries agreed the [Glasgow Climate Pact](#) to keep 1.5 °C alive and finalise the key outstanding elements of the Paris Agreement Rulebook – the guidelines necessary to fully implement the Paris Climate Accord adopted in 2015.
- The outcome of COP26 is a very important step and sets the foundation to keep the Paris Agreement goal of limiting global warming to 1.5°C within reach, however, much work remains to be done.
- With many aspects of the Glasgow Package, in particular the Article 6 agreement being under evaluation, this meeting was an opportunity to examine the results in more detail and assess what they mean for the future of the UNFCCC climate negotiation process and our collective efforts, also looking towards the upcoming UN Climate Change Conference COP27 in Egypt in November 2022.
- In this respect, the session sought to address three key questions:
 - i. What are the key outcomes from COP26 and what does the agreement mean for the future of the UNFCCC climate negotiation process and our collective efforts?
 - ii. What lessons can we learn and what concrete actions can we expect in the coming months?
 - iii. What are the plans for COP27 and how can we help to maintain momentum on climate action in the run up to COP27?

1. Delivery and accelerated action across mitigation, adaption and finance

- COP26 saw significant pledges and commitments (strengthen countries' 2030 targets; phase down coal; end deforestation and curb methane emissions) and progress was made across all three pillars of mitigation, adaptation and finance. It is now critical to build on the momentum of Glasgow, implement the pledges and deliver on what was set out.
- COP26 saw a significant degree of alignment between major economies, in particular US, China and also the level of Non-State Actor and in particular private sector engagement and contribution was very significant (pledge from financial firms which control over \$130 trillion in assets committed to aligning their portfolios to net-zero by 2030)
- Significant progress has been made on mitigation and efforts are moving in the right direction. The outcome on adaptation/loss and damage provides a good basis for increasing exchanges at expert and government level on how to progress adaptation to the same degree as mitigation policies.
- On finance, there was an important new commitment to doubling adaptation finance, however, there was also a failure to deliver on the 100 billion \$ climate finance goals. Significant improvements need to be made to ensure necessary support to developing countries. There is now an opportunity for governments to better align their strategic investment plans transition to net zero along with the private sector.
- There is an increased need for transparency and accountability, in particular for businesses in terms of ensuring credibility of their actions.
- Following key priorities will be important:

- Deliver on Glasgow Pact
- Ensure accelerated and collective action – We need to see biggest improvements from high-emitting countries and all countries need to come forward with new 2030 targets but we also need significant alignment and harmonisation of actions between public and private sector
- Current UK Presidency to work closely with incoming COP27 Presidency Egypt and all stakeholders to ensure even more ambitious outcome at COP27 (recently established UK-Egypt Task Force on COP27)
- It is important to not forget the current socio-economic challenges and developments.

2. “Article 6 Rulebook” seen as an important achievement but significant further work will be needed

- Finalisation of negotiations on Article 6 of the Paris Agreement, but also common time frames nationally determined contributions and the enhanced transparency framework were an important achievement.
- Governments and Presiding officers worked very closely together to find compromise solutions and to minimise options for the ministers to make the final choices on high political issues – the challenges governments faced were both technical and political.
- The Agreement on Article 6 is the result of collective effort, contributions and significant comprises from Parties, as well as the constructive engagement of observers, in particular the private sector.
- Despite fundamental political challenges, the agreement provides for corresponding adjustments for international transfers, as well as an accounting system and reporting obligations which will provide transparency.
- The work on Article 6 and transparency has now moved to next phase on implementation with an important work programme for governments. Key milestones for further work will be the upcoming UNFCCC Intersessional Meeting in June in Bonn and COP27 in Egypt in November.
- Much work remains to be done to define and implement the rules in a way that works for the real economy and protects the ambition of the Paris Agreement as well as ensuring strong governance in particular under Article 6.4.
- Also capacity building will be important: Countries looking to engage in carbon markets as either buyers or sellers need to build up their capacity. Successful participation in markets require both technical capacity (e.g., administrative procedures and authorisations, carbon accounting) and political awareness (e.g., what to authorise, in what sectors, for what purposes).
- Engaging the private sector in the work going forward will be important and contribution to upcoming UNFCCC consultations are most welcomed.
- Article 6 alone will not address the mitigation gap but we know that Article 6, if implemented properly, has the potential to reduce the total cost of climate action by more than half. Re-investing these money in new climate efforts, could enable the much needed enhanced ambition and action on mitigation, adaption and can generate much-needed north-south investment flows. It is an important part of the toolbox for governments and businesses.
- It also allows for a stronger cooperation between countries and businesses in achieving goals.

3. Focus on needs of most vulnerable to climate change

- COP27 needs to focus on priorities for the most vulnerable to climate change – progress on finance, adaptation and resilience, loss & damage will be critical but also making progress on energy transition.
- One of the main outcomes of the COP26 was to focus on more renewable energy projects. Developed and developing countries need to have a clear strategy and commitment in this regard. We have already seen some commitments, including from Egypt but the private sector needs more clarity on the “How”
- In order for the private sector to invest in these technologies we also need to significantly scale up climate finance. The current finance pledges are a start but much more will be needed and we need to find ways to scale up private finance, in particular in Africa.