



COP26

DELIVERING THE PARIS AGREEMENT

A FIVE-POINT PLAN FOR SOLIDARITY, FAIRNESS AND PROSPERITY

JULY 2021

Executive summary

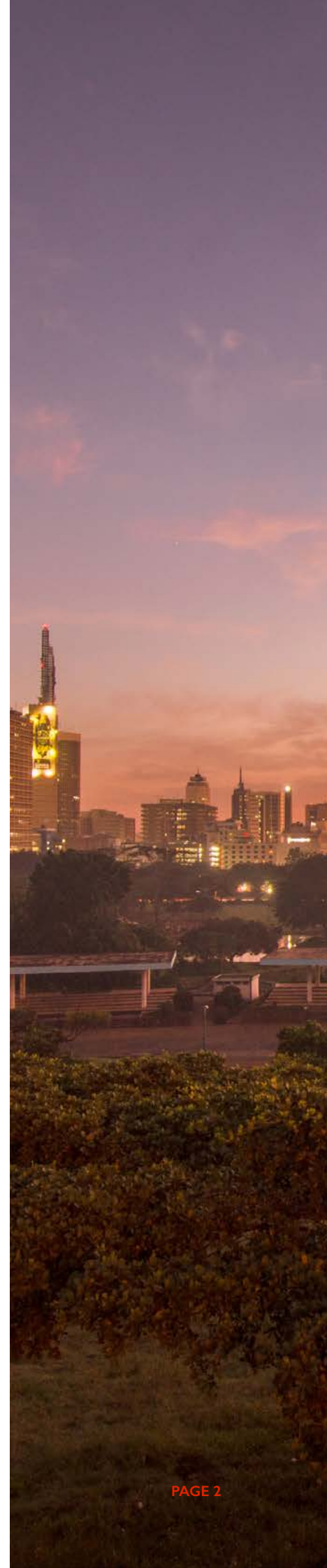
The 26th United Nations climate summit, COP26, presents a unique opportunity to enact an effective response to climate change. Unprecedented demand for action from the world's citizens, the growing threat from climate change impacts, the changing economics of clean energy, recent political developments in key countries and the need to rebuild from the Covid-19 pandemic combine to make this a time of both maximum need and maximum opportunity.

The ongoing and often unreported Covid crisis hitting developing countries has had a devastating impact in the past year. What is clear is that a failure to deliver adequate support to those countries in the form of vaccinations and debt relief will send a signal to poorer countries that they are and will be alone when climate impacts bite harder. Covid can only be beaten as a global community. The same goes for climate.

COP26 must above all be a summit of delivery – the point at which governments that signed the Paris Agreement six years ago are due to deliver on promises made across all elements of a fair, equitable and robust response to climate change. The needs of nations most acutely threatened by climate change lie at the heart of the Paris Agreement and indeed of the United Nations climate convention: morally and practically, there can be no successful outcome at COP26 that does not deliver for the most vulnerable across the full range of issues.

In this paper we lay out five areas in which all governments, especially those of nations that became prosperous through the untrammled burning of fossil fuels, need to deliver on their promises before and during COP26:

- **Cutting emissions:** despite welcome recent progress, the sum total of climate policies in place across the world will not keep global warming within the limits that governments agreed in Paris; an acceleration that is consistent with the 1.5 degree Celsius temperature limit is urgently needed, led by those with the biggest responsibility and capacity
- **Adaptation:** with climate impacts increasing, provisions to help the most vulnerable adapt, including through increased financial support, need to be strengthened
- **Loss and Damage:** the consequences of the developed world's historical failure to cut their emissions adequately are already resulting in losses and damage for the most vulnerable. Responsibilities have to be acknowledged and promised measures delivered
- **Finance:** The promises made in Copenhagen in 2009 and again in the Paris Agreement are unequivocal, and must be delivered: at least \$100bn per year by 2020, up to 2024, with a concrete delivery plan, with at least half going to adaptation, with increased annual sums from 2025. The debt consequences of Covid-19 mean that action outside the UN climate process is also essential
- **Implementation:** After several summits of stalling, governments must by COP26 finalise rules on transparency, carbon trading and common timeframes for accelerating action, in a way that safeguards development and nature.



In each of these five areas specific measures are needed, as we set out in this paper. But the principles on which they are based are clear and simple. Governments have pledged to strive to keep global warming below 1.5 degrees Celsius, and now need to act with the speed that science dictates. We need to adapt to impacts wherever possible – and when it is not possible, the societies damaged by those impacts need, deserve and have been promised support. None of these are possible without finance. Finally, wrangling over the final elements of the Paris Agreement’s rulebook is overdue a conclusion.

This is a five-point plan for solidarity, fairness and prosperity. ‘Solidarity’ because dealing with the climate, nature and Covid-19 crises will be far easier if nations co-operate and the developed world shows solidarity with the developing. ‘Fairness’ is a central principle of the UN climate convention and the Paris Agreement, but has not so far been delivered; that needs to change. And ‘prosperity’ because acting together to solve these crises will generate prosperity for all. The poorest nations have as much to gain from a swift transition to clean energy as the richest; the difference is that the poorest need assistance to make the transition, particularly with their economies ravaged by Covid-19 and increasingly by climate change impacts against which they also need security.

The window to keeping global warming to 1.5 degrees Celsius is still open. And science shows clearly that this is a goal worth straining every sinew to achieve, with impacts and risks increasing with every fraction of a degree. Those impacts and risks affect every country, but most especially the most vulnerable nations of the developing world.

There can be no more excuses. Governments with a leadership responsibility need to deliver on their promises, showing solidarity with the less prosperous, to reach an outcome for COP26 that is fair and robust. And they need to deliver now.



Negotiators from the Africa Group participating in the virtual UN SBI climate talks in May 2021. (Pic: UNFCCC/Flickr)

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The COP26 five-point plan for solidarity, fairness and prosperity is the output of over a year collaboration and series of workshops among think tanks, research groups and government officials across the Global South. Leading partners include Power Shift Africa, ACT2025 Consortium and the Institute for Climate and Sustainable Cities. For media and other enquiries please email news@powershiftafrica.org

Five-point plan: summary

MITIGATION:

- Set more ambitious targets across the board in line with the 1.5-degree goal and enact policies to meet them, with developed countries basing national actions on their fair shares

ADAPTATION:

- Establish a clear process to define the Global Goal on Adaptation (GGA) contained in the Paris Agreement
- Commit to allocating at least 50% of climate finance to adaptation, with regular reviews
- Allocate proceeds from market mechanism activities under the Paris Agreement's Article 6 to the Adaptation Fund

LOSS AND DAMAGE:

- Place the Warsaw Implementation Mechanism under joint oversight of the UN climate convention (COP) and Paris Agreement (CMA)
- Establish Loss and Damage as a permanent standalone agenda item under the UNFCCC and appoint a special COP26 loss and damage envoy to mobilise and enhance political will.
- Call for adequate loss and damage financing to be provided
- Provide operational technical assistance to developing countries through the Santiago Network on Loss and Damage

FINANCE:

- Deliver the twice-promised commitment to provide at least \$100bn per year by 2020
- Commission a synthesis report on delivery of finance to 2020, commit to enhancing transparency and accountability in relation to climate finance, and establish a process to identify and negate problems faced in access
- Commit to increasing provision of grants rather than loans
- Commit to scaling up annual financing in the period 2021-2025, with a minimum of US\$ 100bn per year, including through a clear delivery plan for the period
- Agree to initiate negotiations on a new, higher global finance goal for 2025 onwards as mandated in the Paris Agreement
- Acknowledging the impact of Covid-19 and other factors, pass a resolution calling on Parties to provide additional liquidity to developing countries in forms that include Special Drawing Rights (SDRs) and debt relief

IMPLEMENTATION:

- Conclude Article 6 (markets) negotiations in a manner that promotes ambition, safeguards real emission cuts, environmental integrity and provides substantial financial resources to adaptation actions in vulnerable developing countries
- Conclude transparency negotiations in a way that reflects reporting flexibility and provides a requisite support package for developing countries
- Agree a common 5-year time frame for NDCs, for all countries.

Context

Nearly 30 years ago, in the United Nations climate convention, governments agreed to ‘prevent dangerous anthropogenic interference with the climate system’ with a collective response that acknowledged the specific needs of the most vulnerable nations and the specific responsibility of the most advanced to lead.

In 2021, we know what ‘dangerous anthropogenic interference’ looks like, because – owing to the serial failure of the richest nations to live up to their pledge of leadership – it is here. Its effects are already being felt on every continent and throughout the global ocean, producing more intense and frequent droughts, floods, and other extreme weather events: wildfires in the US and Australia, cyclones and storms in Asia and Central America, intense flooding, drought and locust swarms in Africa, marine heatwaves killing ocean life. These, combined with progressive trends such as rising sea level, increasing temperatures and melting glaciers, are discernibly impacting societies, nature and economies, particularly in the most vulnerable nations. The 2018 Special Report from the Intergovernmental Panel on Climate Change (IPCC) confirms that human activities are estimated to have caused approximately 1.0°C of global warming above pre-industrial levels so far, and that warming is, on current trends, likely to reach 1.5°C by 2030.¹

This has led to a situation in which delivery of a full range of measures is now essential. Governments need to dramatically raise their ambition on **mitigation** and enact policies that cut emissions much faster. The IPCC calculates that governments should approximately halve emissions of carbon dioxide over the coming decade, as a necessary component of action that can deliver the Paris Agreement temperature limit of 1.5°C.² The equity principle that governments first agreed in 1992 demand that developed nations move faster than the average.

Under the Paris Agreement, all nations are committed to periodically prepare and submit more enhanced and ambitious national action plans, otherwise known as, Nationally Determined Contributions (NDCs) that are consistent with the Agreement’s temperature goal, with a central component being emission-cutting targets. In the case of COP26, targets run to 2030. Yet the enhancements that governments have so far made to their NDCs will deliver a much smaller acceleration to decarbonisation than the halving of emissions indicated by the IPCC. In the months leading to COP26, we expect developed nations to examine their declared targets and come forward with ambitious ones for both 2030 and 2050, commensurate with a fair distribution of effort, as well as enacting national policies that give confidence on delivery. Given the International Energy Agency’s (IEA) conclusion that new fossil fuel exploitation is incompatible with the 1.5°C target, this is one specific area where we expect to see national plans taking shape before COP26.

Decades of inadequate progress on cutting emissions has of course increased the extent of global warming and therefore the need for **adaptation**. Societies will preserve both lives and livelihoods by preparing for and protecting against climate impacts. The Paris Agreement establishes a global adaptation goal with three objectives:

1: IPCC special report on 1.5°C global warming

2: A 45% reduction from 2010 levels by 2030, which roughly equates to a halving from current levels



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- enhancing adaptive capacity
- strengthening resilience and reducing vulnerability while contributing to sustainable development
- ensuring an adequate adaptation response.

Yet six years on, progress towards defining and therefore implementing the goal has been glacial. COP26 needs to deliver a substantial acceleration.

It has been clear for many years that there are limits to adaptation, with few or no options available to address some impacts of climate change. Acknowledging this, governments agreed in 2012 the Warsaw Mechanism on loss and damage and re-affirmed the principle in the Paris Agreement. Slow progress on both mitigation and adaptation inexorably increases the amount of **loss and damage** that climate change will cause; but negotiations on loss and damage have been stymied by matters of both process and principle.



Climate change is shifting Asia's annual monsoon rains, leading to intense downpours and leaving millions exposed to dangerous and economically damaging floods.

The world's most vulnerable countries will incur the biggest losses and damage; and for these societies, meaningful progress is now essential. They can and will not allow loss and damage provisions to be sidelined any longer. Progress has two main components:

- implementation of technical measures and increased finance to address loss and damage.
- provision of technical and political spaces through a standalone agenda item on loss and damage in every COP, commencing with COP26, to pave the way for a strong and effective response.

To reflect the fact that Loss and Damage is now a reality for the poorest nations and should thus receive similar consideration in the COP processes as adaptation and mitigation, we believe the UK government must appoint a Loss and Damage Champion to act as an advocate for the issue and to foster agreement between Parties in the run-up to COP26

In principle, **finance** is the simplest element of the five-point plan. In 2009, rich nations first made their commitment to provide at least \$100bn per year by 2020 to assist developing countries adapt to climate change and reduce their emissions. That the

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amount should rise as climate impacts intensify is agreed, as is the principle that nations should have easy access to funding. Developed nations now have to deliver both the funding itself transparently and the measures needed to ensure it can be fairly accessed. They have had more than a decade to prepare, so there can be no valid excuse for failure.

For developing nations, a large proportion of their own decarbonisation plans hinge on adequate supply of finance (a principle acknowledged in the 1992 climate convention). However, much greater sums are needed for a truly global zero-carbon transition; and here too, less developed nations need governments of more prosperous countries to act. Even before the Covid pandemic, developing nations faced higher costs of capital than their wealthier peers for building clean-energy infrastructure. Covid has increased the debt burden of many and has therefore landed governments with bigger debt repayments and made capital more expensive still, at exactly the time when many want to accelerate their energy transitions. They face the unpalatable choice between taking on more debt in order to undertake climate action or scaling down their climate ambition due to lack of resources. The mechanisms to address this issue mainly lie outside the UN climate process, but in most cases the same developed country governments hold the key to the solutions. Recent developments within the G7 are welcome but much more is needed, and COP26 can help by officially acknowledging the importance of the issues. Of course, when climate finance is provided as loans rather than grants, this increases national debt still further: COP26 should address this directly by reconfirming the principle that finance needs to come as grants.

The fifth element of our five-point plan is **implementation**, which simply means completing outstanding elements of the Paris Agreement's rulebook. Article 6 needs to be brought to a conclusion that ensures that market mechanisms do what they are supposed to – delivering real emission reductions, enhance ambition and raising further funds for adaptation, with due regard for the needs of communities and ecological integrity, preventing double-counting and other potential dangers in the process. This offers a route to taming the 'Wild West' of corporate offsetting and tackling the loss of nature along with climate change. Concluding agreements on transparency of actions and support and common timeframes for implementation of subsequent NDCs will put nations on a fair and level playing field.

This paper calls for governments to agree all elements of this five-point solidarity, fairness and prosperity package at COP26 in Glasgow in November 2021, with significant elements being advanced in the months leading to it. This package is focused on getting the best deal for the people and the planet, especially for those in the Global South, in terms of ramping up urgent climate action and support on mitigation, adaptation, and addressing loss and damage.

COP26 presents an opportunity to address the various implementation gaps in addressing the climate crisis. The task for the summit, and for the path towards it led by the Chilean and UK presidencies, is to set the world on a course to fully implement the Paris Agreement and make the world safe for the present and future generations. This necessitates unequivocal commitment to deal with existing 'make-or-break' aspects of the negotiations, a willingness to confront 'difficult' issues, and leadership that builds political momentum to deliver an ambitious outcome.

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The five-point plan for solidarity, fairness and prosperity

ENHANCING CLIMATE AMBITION

The current level of near-term emission reductions that governments have put forward in their Nationally Determined Contributions (NDCs) is not consistent with the Paris Agreement's goal of limiting warming to 1.5°C. In fact it puts the world on track for almost double that limit. If not enhanced, these NDCs would put the 1.5°C limit out of reach.

Although recent announcements from developed nations of net zero targets and, in some cases, commensurately enhanced NDCs are welcome, they cannot disguise a history of woeful underperformance on ambition and mitigation. Since first pledging to constrain their greenhouse gas emissions in 1992, the developed nations of western Europe, North America, Oceania, and Japan have not reduced their aggregate emissions.³ This collective failure to live up to pledges and treaty obligations under the UN climate convention and Kyoto Protocol have set the world on its currently dangerous path.



The off-grid solar industry has grown into a \$1.75 billion annual market, providing lighting and other energy services to 420 million users.

Increasing climate ambition now is more scientifically imperative and technically feasible than ever. The IEA calculates that putting the world on track for the Paris goals would increase the wellbeing and prosperity of most nations and most citizens.

However, the window of opportunity is closing fast. Before COP26, governments must present updated and more ambitious NDCs, together with long-term low emissions and climate resilient strategies leading to mid-century. These must be consistent with the 1.5°C pathways set out in the IPCC's 2018 special report, so that their combined impact is to:

- halve global CO₂ emissions by 2030
- swiftly and substantially reduce emissions of shorter-lived greenhouse gases

³: Compilation and synthesis of 4th biennial reports of Annex I Parties. See also <https://www.twn.my/title2/climate/info.service/2020/cc201204.htm>

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- lead to global net zero CO2 by mid-century.

Rich countries with historical responsibility and greater capacity have on many occasions acknowledged their duty to show leadership. The current situation demands that they now display that promised leadership by presenting plans that will enact emission cuts on a speed and scale demanded by the science. This includes:

- setting 2030 targets that will at least halve their collective emissions by 2030
- setting net zero targets with end-dates well before 2050
- putting policies in place that are demonstrably commensurate with those targets.

In case those demands seem overly ambitious, or the targets recently set by nations and blocs including the US, EU, UK, Japan and Canada seem adequate, they should properly be judged against the national targets generated by 'fair shares' accounting, which allocates emission cuts to countries based on their historical responsibility and capacity to act. In many cases, fair shares accounting shows that richer nations should already have passed net zero emissions by 2030 and be absorbing more CO2 from the atmosphere than they emit. Alternatively this duty can be expressed as a combination of a national emission cut and a financial contribution to the developing world, to fund both emission reduction by the poorest nations and adaptation needs.

Fair shares accounting shows that in order to take adequate responsibility for creating the climate crisis:

- The US should commit to reduce emissions by 195% below 2005 levels by 2030. This could comprise 70% reductions domestically and a further 125% reduction achieved by providing support to developing countries in the order of \$80bn per year⁴
- The EU should increase its 2030 mitigation target to at least 65% below 1990 levels⁵ in addition to increasing its annual climate finance allocation to \$33-36bn⁶
- The UK should cut emissions by at least 75% below 1990 levels⁷ by 2030, in addition to providing annual climate finance support averaging \$46bn (£33bn) per year⁸
- Canada should increase its mitigation target to 140% below 2005 levels by 2030. This could comprise a domestic reduction of at least 60%, with climate finance of at least \$4bn annually⁹

4: US CAN, The US Climate Fair Share, http://foe.org/wp-content/uploads/2021/04/USA_Fair_Shares_NDC.pdf

5: CAN Europe, Climate target, at <https://can-europe.org/work-areas/climate-action/#climate-target>

6: ACT-Alliance EU, Setting the Standard: Climate Finance from EU and EFTA Member States, 18 January 2021, at https://actalliance.eu/wp-content/uploads/2021/01/ACT-Alliance_EU_SettingTheStandard.pdf

7: Green Alliance, Despite climate promises, the government is set to miss targets, at [Green Alliance \(Press release\) Despite climate promises, the government is set to miss targets \(green-alliance.org.uk\)](https://www.greenalliance.org.uk/press-releases/despite-climate-promises-the-government-is-set-to-miss-targets)

8: ActionAid, Christian Aid, War on Want, Friends of the Earth England, Wales and Northern Ireland, Friends of the Earth Scotland, The UK's Climate Fair Share, at https://www.christianaid.org.uk/sites/default/files/2020-03/FairShareUK_Infographic.pdf and <https://www.christianaid.org.uk/sites/default/files/2020-03/UK%20Climate%20Fair%20Share%20-%20Technical%20Backgrounder.pdf>

9: CAN Canada, Canada's Fair Share towards limiting global warming to 1.5C, at <https://climateactionnetwork.ca/2019/12/02/canadas-fair-share-towards-limiting-global-warming-to-1-5c/>. The climate finance fair share could include at least CDN\$1.8 billion annually by 2025/2026 through an additional CDN\$6.76 billion total increase between 2021-2025 over Canada's current CDN\$800 million climate finance allocation for 2020/2021. See AidWatch Canada and Canadian Coalition on Climate Change and Development, The Reality of Canada's International Climate Finance, September 2019, pp. 37-41, at <http://aidwatchcanada.ca/wp-content/uploads/2019/12/Corrected-December-2019-Climate-Report.pdf>

- Australia should reduce its emissions by at least 65-80% below 2005 levels by 2030 and provide at least \$2.5bn (AUS\$3.2bn) annually¹⁰
- Japan should raise its domestic mitigation target to at least 45-50% below 1990 levels by 2030¹¹ and increase its climate finance to at least US\$9-10 billion annually.¹²

Fair shares accounting sets similar targets for other developed nations including New Zealand, Norway and Switzerland.

It is therefore critical for all countries, in particular developed nations and major emitters, to submit concrete and ambitious NDCs and long-term strategies consistent with science and the principles and provisions of the UNFCCC and Paris Agreement by COP26. Developed nations need to recognise their duty to lead and must acknowledge that for poor and vulnerable developing countries, sustainable economic and social development and poverty eradication continue to be key priorities, especially in the context of the devastating economic and social impacts of the Covid-19 pandemic. In particular:

- Developed nations must submit enhanced and updated NDCs for the period 2021-2030 in which the mitigation and finance components are commensurate to their mitigation and finance fair shares
- Developing countries should come forward with enhanced NDCs for the period 2021-2030 as appropriate and supported by international climate finance
- COP26 should pass a political declaration acknowledging the urgency of the climate crisis and the need to act urgently and at the same time equitably
- Governments should agree to enhance their NDCs again before 2025 while acknowledging the responsibility of developed countries to provide support to developing countries for the implementation of their NDCs.

The need to ensure a rapid economic recovery from the Covid-19 pandemic presents an opportunity for all nations to shift their economies onto sustainable pathways, not least to maximise job creation in fields such as renewable energy and energy efficiency.¹³ This applies to climate-vulnerable countries, and many who have already submitted upgraded and ambitious NDCs. But many developing countries are faced with significant challenges including financial and technical gaps. Alongside delivering adequate climate finance, tackling the unfair and unsustainable debt burden and reducing the cost of capital for the clean energy transition in the poorest nations are essential steps that developed nations can and should take.

10: Oxfam Australia, Bringing Paris Home: How Australia Measures Up Against the New Global Climate Agreement, 2016, at <https://media.oxfam.org.au/wp-content/uploads/2016/04/Oxfam-Australia-Bringing-Paris-Home-Report-1.pdf>

11: CAN Japan, The Japanese government should raise the target of greenhouse gas emission reduction, 23 January 2020, at <http://www.can-japan.org/en/2684>

12: Oxfam, Breaking the Standoff: Post-2020 climate finance in the Paris Agreement, 28 November 2014, at <https://s3.amazonaws.com/oxfam-us/www/static/media/files/bp201-breaking-standoff-climate-finance-011214-en.pdf>

13: See e.g. UN, Climate change and COVID-19: UN urges nations to 'recover better', 22 April 2020, at <https://www.un.org/en/un-coronavirus-communications-team/un-urges-countries-%E2%80%98build-back-better%E2%80%99>; UNCTAD, Trade and Development Report 2020 – From global pandemic to prosperity for all: avoiding another lost decade, 22 September 2020, at <https://unctad.org/webflyer/trade-and-development-report-2020>; UNCTAD, Trade and Development Report 2019 – Financing a Global Green New Deal, 25 September 2019, at <https://unctad.org/webflyer/trade-and-development-report-2019>.



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ACCELERATING ADAPTATION

With each passing year, inadequate mitigation action, particularly the failure by developed nations to deliver on their commitments, makes adaptation action more urgent than ever. Climate change impacts and catastrophes are sweeping across the globe, with the greatest burden falling on the most vulnerable communities and ecosystems due to their limited adaptive capacities. Africa is a particular vulnerability hotspot, with its adaptation needs expected to grow substantially even if global warming is held below 2°C. The cost of adaptation in vulnerable developing countries is expected to rise rapidly after 2020.

The Paris Agreement recognises adaptation as a key pillar of the long-term global response to climate change, including as components of Parties' NDCs. By establishing a Global Goal on Adaptation (GGA), Article 7 elevates adaptation from a local undertaking to a global ambition embedded in sustainable development efforts and linked to the mitigation objectives that governments committed to in the Agreement. However, the implications of Article 7 remain unacceptably vague, with governments yet to clarify GGA interpretation and thus its implementation.

The main challenge for adaptation remains inadequate finance, with funding from developed countries and multilateral agencies still skewed in favour of mitigation. There is a need for renewed commitment to enhanced ambition on adaptation and building resilience that sends a clear signal of its critical importance in the international climate process. The UK presidency for COP26 must provide both political and technical space to fully operationalise provisions of Article 7 including the global goal, adaptation finance, adaptation needs and associated costs, and recognition of the adaptation contributions of developing countries.



The cost of adaptation in vulnerable developing countries is expected to rise rapidly after 2020.

A solidarity, fairness and prosperity package on adaptation outcomes at COP26 should include the following:

- Establishing a clear process to define the global goal on adaptation, including through a political-level discussion
- Mandating the Adaptation Committee to assess and identify adaptation risks, strategies, financing requirements and support arrangements. This needs assessment should be linked back to progress on mitigation. The Committee to develop guidelines for enhancement of international support that will increase the ability of developing nations to meet their own adaptation needs
- Mandate the Adaptation Committee, in collaboration with the IPCC and other bodies constituted under the Paris Agreement, to produce a joint report on adaptation challenges, gaps, financing and needs in preparation for the Global Stocktake
- Upscaling of adaptation funding to put it on an equal footing with mitigation, with governments committing to allocate at least 50% of climate finance, whether channelled bilaterally or through the GCF and GEF, to adaptation, now and for the future.
- Agree a programme to improve access to adaptation finance for less developed nations, including by reducing procedural complexities
- Ensure that the 5% share of funds generated from market mechanism activities under Article 6 of the Paris Agreement are channelled to the Adaptation Fund

LOSS AND DAMAGE

The IPCC in its Fifth Assessment Report (2014) established that there are inevitably limits to society's and nature's capacity to adapt to climate change impacts.¹⁴ The 2018 IPCC special report presents further evidence of limits to adaptation under different temperature scenarios.¹⁵ For example, under the 1.5°C scenario, coral reefs are expected to experience 90% irreversible losses by 2050 and nearly total loss under the 2°C scenario, with disastrous consequences for livelihoods, food security and the ecological integrity of the global ocean.

Where climate change impacts cannot be fully adapted to, the society in question is likely to incur loss and damage. This may be a one-off impact such as an extra-violent storm, or a slow-progressing trend such as forest die-back. Developing countries are disproportionately affected by loss and damage associated with climate change due to the higher levels of vulnerability in general of their economies and communities. In extreme cases, changes associated with climate change and the cryosphere will make some island nations uninhabitable.¹⁶

The Paris Agreement recognises loss and damage in Article 8, setting it alongside mitigation and adaptation as an integral pillar of the Agreement's architecture and implementation. In doing so, the Paris Agreement reaffirms the COP19 Warsaw International Mechanism (WIM) as the main vehicle under the UNFCCC for averting, minimising and addressing loss and damage.



Article 8 of the Paris Agreement saw nearly 200 countries commit to working together to develop a common response to loss and damage. (Pic: UNFCCC/Flickr)

However, progress in implementing the WIM's remit and triggering the flow of assistance and resources to developing countries has been slow. The hope of many for a sufficiently resourced mechanism responsive to the needs of vulnerable countries

14: <https://www.ipcc.ch/report/ar5/syr/>

15: <https://www.ipcc.ch/sr15/>

16: <https://link.springer.com/article/10.1007/s11625-020-00807-9#Ack1>

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A shared future is only assured when a strong commitment to address loss and damage(L&D) is displayed through decisions and actions

has on many occasions been squashed by the dynamics of negotiations marked by opposition from developed countries.

This situation cannot continue. By establishing the WIM and again in the Paris Agreement, developed nations have acknowledged that loss and damage is real and significant, and that – having caused most of it – they have a duty to support the most vulnerable nations, including with finance.¹⁷ Now it is time for them to stop stalling and deliver.

For a successful COP26, governments (including the host UK) must reinvigorate joint action, trust and responsibility among Parties to address the loss and damage realities faced by the poor and vulnerable countries. A shared future is only assured when a strong commitment to address loss and damage (L&D) is displayed through decisions and actions. As such, the UK Presidency must deliver an ambitious outcome on loss and damage that aim to address existing gaps within the UNFCCC process and builds momentum towards implementation of both the Agreement's and Convention's objectives, premised on the following:

- COP26 should reaffirm placing loss and damage under the governance of both the UN climate convention and Paris Agreement, given that both address it. In practical terms this means requiring the Executive Committee of the WIM (WIM Excom) to report annually to the governance bodies of both the Convention and Paris Agreement on its activities, and take guidance from both governance bodies as appropriate.
- Agree to establish loss and damage as permanent standalone agenda item under the Subsidiary bodies which subsequently recommends decisions to the governing bodies. This will provide elevated technical and political space and momentum to enhance how the global community addresses L&D anchored on the expertise of subsidiary bodies with participation of all Parties. COP26 Presidency should also appoint a special envoy for loss and damage
- Governments should properly acknowledge the equivalence of loss and damage with adaptation and mitigation by calling for the provision of new and additional finance for loss and damage to meet the needs of developing countries. Governments should take the decision to make adequate funds available for loss and damage and help countries access it. To facilitate the equal consideration of Loss and Damage the UK host government should appoint a Champion for the issue, with a recommendation that hosts of future COPs also give Loss and Damage equal status to adaptation and mitigation
- Governments should operationalise the Santiago Network for Loss and Damage (SNLD) to provide technical assistance to developing countries. This involves a decision on institutional arrangements and practicalities for connecting those needing assistance with those providing it; and mandating the WIM Executive Committee to provide recommendations to COP27 on enhancing the SNLD's operations in order to better respond to the needs of developing nations.

¹⁷: "Enhancing action and support, including finance, technology and capacity- building, to address loss and damage associated with the adverse effects of climate change" – WIM <https://unfccc.int/sites/default/files/resource/docs/2013/cop19/eng/10a01.pdf>

UPSCALING CLIMATE FINANCE

Climate finance is essential for the successful implementation of the Convention and its Paris Agreement and therefore a comprehensive ambitious finance outcome, delivering on existing pledges and going further, is crucial for a successful COP26.¹⁸

In the 2009 Copenhagen Accord and in the 2010 Cancun Agreements, developed nations committed to jointly mobilise \$100 bn per year of ‘new and additional finance’ from 2020 to address developing countries’ needs for adaptation and mitigation support. The Paris Agreement clarifies that this target extends through to 2025. The goal is far less than the true need for finance and investment in developing countries: Africa alone needs an estimated \$3 trillion to implement its commitments and NDCs by 2030.¹⁹ Nevertheless it quantifies the long-standing UNFCCC treaty obligation of developed countries to provide finance to developing countries and serves as a benchmark for assessing progress in delivery.²⁰

This goal has on many occasions been an emotive issue within the climate change negotiations, damaging trust among Parties. Issues identified include shortfalls in delivery, opaqueness of accounting by donors, problems with access, and the increasing presence of loans in the portfolio. These are in addition to the meagre resources allocated to adaptation, as discussed in the Adaptation section of this paper.

The OECD estimates that climate finance (bilateral public, multilateral public, officially supported export credits and mobilised private finance) provided and mobilised by developed countries reached \$71.2 billion in 2017.²¹ However, donor reports continue to overstate climate finance by a huge margin.²² Once various forms of over-reporting, interest accrual and loan repayments are considered, the true value of finance falls to \$22bn – less than half of what developed countries report.

Assessing the flow of finance is also an issue owing to the lack of accountability and common definitions and reporting methodologies. In 2018, the Standing Committee on Finance acknowledged that ‘lack of clarity with regard to the use of different definitions of climate finance limits the comparability of data.’²³ In 2019 the OECD/IEA Expert Group questioned estimates of financial flows from North to South based on critical concerns including risks of double-counting by sources, the absence of agreed definitions of additionality and private sector finance, and lack of an agreed tracking framework.²⁴

Furthermore, poor and vulnerable countries continue to grapple with challenges of access to climate finance. These countries continually express difficulties encountered in accessing finance from multilateral funds, bilateral sources, development finance institutions, and multilateral banks. Unclear, lengthy, difficult and complex application requirements, selection, monitoring and reporting processes are among the issues requiring solution.²⁵

18: See UNFCCC, Art. 4.3-4.5, and Paris Agreement, Arts. 2 and 9

19: AfDB 2019 Analysis of Adaptation components in African NDCs

20: Selin, 2016. Climate finance and Developing countries. The Need for Regime Development

21: OECD, 2019. Climate finance provided and mobilized by developed countries in 2013-2017

22: Oxfam, 2020. Climate finance shadow report, Assessing Progress Towards the \$100 Billion Commitment

23: UNFCCC SCF, 2018. Biennial Assessment and Overview of climate finance flows

24: OECD/IEA, 2012. Tracking Climate Finance. What and How?

25: IDRC, 2013. Assessing barriers and solutions to financing adaptation projects in Africa

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Africa alone needs an estimated \$3 trillion to implement its commitments and NDCs by 2030

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Moreover, a growing proportion of climate finance takes the form of loans rather than grants. In 2017-18 only 20% of reported public finance came as grants, while 80% were loans and other non-grant instruments. Apart from raising questions about the commitment of donor nations to the spirit of promises they have made repeatedly over the last decade, provision of debt-oriented climate finance presents a huge burden to poor nations; indeed, it may actually harm them by contributing to unsustainable debt levels, which have been pushed even higher by the Covid-19 pandemic.²⁶

In the Paris Agreement, governments promised to agree a new, higher goal to kick in from 2025, on the basis of negotiations that should start in 2021. A decision to start those negotiations should be taken at COP26 – a decision that needs to acknowledge the increasing needs of the most vulnerable nations and commit to basing the higher target on those assessed needs, and implement lessons learned thus far.

From the foregoing context, it is clear that COP26 must deliver an ambitious finance package, covering all the issues outlined here. Specifically, governments must:

- Close the 2020 climate financing gap before COP26 opens, ensuring that the promised \$100bn is clearly and transparently delivered
- Pass a COP decision agreeing to take stock of progress towards delivery of the \$100 bn annual goal by 2020. This should include a synthesis report covering the extent to which developed countries individually contributed, gaps in implementation and lessons learned, and providing recommendations on closing such gaps. These recommendations should be adopted at COP27
- Agree an enhanced reporting and accounting framework building on progress at COP24 including looking at the quantity, predictability, transparency, and accountability of climate finance, allocations among developing countries, and the balance between mitigation and adaptation
- Commit to a facilitative technical process to identify barriers to accessing finance at global to local scales by poor countries, and practical solutions. To encompass the role of multilateral development banks, finance institutions, and funds; the provision of financing to address loss and damage and the impacts of response measures and to support economic diversification; and financing for ecosystem-based approaches.
- Commit to increasing provision of grants rather than loans, bilaterally and through multilateral institutions including the GEF and GCF
- Commit to scaling up annual financing in the period 2021-2025, with a minimum of US\$ 100bn per year, including through a clear delivery plan for the period
- Pass a COP decision to continue consideration by the COP of long-term finance issues as a standing agenda item, coupled with a mandate to the Standing Committee on Finance to periodically take stock of progress in the provision of long-term climate financing to developing countries and report its findings

²⁶: ACT-Alliance EU, Setting the Standard: Climate Finance from EU and EFTA Member States, 18 January 2021, pp. 6-7, at https://actalliance.eu/wp-content/uploads/2021/01/ACT-Alliance_EU_SettingTheStandard.pdf

- Pass a COP decision to initiate negotiations on the new global goal of finance in line with the Paris Agreement. The new goal should be based on scientific assessments of the costs of climate impacts and decarbonisation in developing countries. Developed countries should commit to providing at least \$100bn annually from public finance, which may be complemented by an additional goal of mobilised finance from other sources. COP26 should agree a clear roadmap for negotiation of the new goal, with milestones between 2022 and 2024.
- Acknowledging the impact of Covid-19 and other factors, pass a resolution to 'encourage' Parties to free up additional financial resources for developing countries as part of an integrated approach to a post-pandemic and climate-adapted global economic recovery. Such measures could include providing additional liquidity in the form of Special Drawing Rights (SDRs); supporting measures designed to increase capital available to developing country governments, for example by controlling flows of capital or regulating illicit financial flows; providing debt relief.



FINALISING IMPLEMENTATION

In 2018 and 2019, governments made substantial progress on the guidelines and rules needed to implement the Paris Agreement. However, three important issues remain outstanding and need to be agreed before or at COP26 to facilitate full implementation.

One key gap is full operationalisation of the market and non-market mechanisms under Article 6 of the Agreement on. Developed and developing nations alike have much to gain from finalising an agreement; but only if it promotes genuine emission-cutting ambition, accommodates the full diversity of Parties' NDCs irrespective of how they approach mitigation, allocates a substantial share of its proceeds (at least 5%) to support vulnerable countries' adaptation efforts, and ensures environmental integrity. Rules must prevent double-counting and facilitate a smooth transition from carbon market arrangements under the Kyoto Protocol.

Another gap lies in mechanisms for governments to report progress on elements of the Paris Agreement including NDC delivery, financial support, technology transfer, and others. Intended to provide transparency without placing undue burdens on or being overly directive of developing nations, agreement of rules and guidelines needs further detailed work on issues as granular as tabular formats.

The third outstanding issue is common timeframes for updating NDCs. Put simply, having all nations deliver upgraded NDCs on the same timescale and with the same endpoints greatly facilitates assessment of relative effort and promotes climate ambition. At COP26, governments should agree a common five-year rolling timeframe for successive NDCs, applicable to all countries from 2031. This will support harmonisation of the timeframe of NDCs with the cycle of the global stocktake.

Thus, governments at COP26 need to:

- Conclude Article 6 negotiations in a manner that will ensure that market mechanisms under the Paris Agreement, bring about real emission reductions, ensure environmental integrity, avoid double counting, provide substantial financial resources of at least 5% share of proceeds from market approaches to the Adaptation Fund, allow a smooth transition from Kyoto Protocol mechanisms without undermining the ambition of Paris Agreement, provide capacity building package for the vulnerable countries to participate effectively and promote the use of non-market cooperative approaches
- Conclude negotiations on reporting progress so as to enhance efficacy and transparency of both action and support while safeguarding flexibility for developing countries.
- Agree on a common 5-year rolling timeframe for NDCs, to be applied by all countries, with appropriate provision of support to developing nations to facilitate their NDC development and implementation.

Conclusion

As Nelson Mandela once said: “Our experience has taught us that with goodwill a negotiated solution can be found for even the most profound problems.” The need to tackle climate change meaningfully is now so profound as to make goodwill in our negotiations essential. There cannot be a truly successful and transformational COP26 unless developed nations come to the table in a genuine spirit of compromise, making long overdue progress on the developing world’s legitimate needs and committing both the ambition and support needed to get on track for the Paris Agreement’s 1.5°C temperature limit.

The UN climate convention, its Kyoto Protocol and Paris Agreement are founded on principles of solidarity, fairness and prosperity; reflecting, as does the UN itself, the essential fact that countries have different circumstances as a result of history, economics, culture, geography, and environmental conditions, even as they have common interests in tackling common problems such as climate change. For the sake of all peoples, it is now time for the world’s most prosperous and powerful nations to act on these principles, showing the leadership and ambition required on all fronts.

This five-point plan shows the way. It demonstrates how nations with an acknowledged responsibility to take the lead can create the conditions for a successful and transformative COP26 outcome that leads to full implementation of the Paris Agreement. To do so they must deliver on promises, act on principles and demonstrate goodwill through deeds, not just words.

Delivering on the five-point plan is the minimum needed to set the world on an equitable pathway towards effectively tackling climate change while also addressing the myriad challenges developing countries face, including the systemic effects of debt, the escalating costs of climate impacts and the hammer blow of Covid-19. We, as the people and nations’ most acutely threatened by climate change, are among the most determined to see the Paris Agreement fully implemented; not only to avoid the worst impacts of climate change, but also to realise the full benefits of a swift transition to a zero-carbon economy. If developed country leaders step up with us, we can look forward this year to a UN summit that sees nations jointly pointing the way to a zero-carbon resilient future with increased ambition and with agreements that transformatively accelerate decarbonisation.

But it has to start with delivering on obligations and promises made; for solidarity, fairness and prosperity.

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Our experience has taught us that with goodwill a negotiated solution can be found for even the most profound problems.”

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Delivering on the five-point plan is the minimum needed to set the world on an equitable pathway towards effectively tackling climate change