

Glasgow Climate Change Conference: Monday, 8 November 2021

The Glasgow Climate Change Conference entered its second week. COP 26 President Alok Sharma (UK) laid out the planned modes of work. There were informal consultations on finance and the first CMA high-level dialogue on climate finance convened. Informal informal consultations convened on a range of issues throughout the day.

Presidency-led Stocktaking

COP 26 President Sharma thanked parties for their hard work during the first week of the conference.

SBSTA Chair Tosi Mpanu Mpanu (Democratic Republic of the Congo) and SBI Chair Marianne Karlsen (Norway) outlined the issues forwarded by the subsidiary bodies: Article 6; transparency; common time frames; reports of the Adaptation Committee for 2019, 2020 and 2021; review of the Adaptation Committee's progress, effectiveness, and performance, and the global goal on adaptation; membership of the Adaptation Fund Board; and matters relating to response measures.

Archie Young, COP 26 Presidency, outlined the consultations that will be undertaken on COP, CMP, and CMA items: finance; technology; the Clean Development Mechanism (CDM); the report of the Paris Agreement Implementation and Compliance Committee (PAICC); and the Warsaw International Mechanism for Loss and Damage associated with climate change impacts (WIM).

Sharma outlined the approach for the coming week, which will feature technical negotiations, ministerial consultations, and Presidency consultations. He listed continued technical negotiations on: the enhanced transparency framework; adaptation, including the reports of the Adaptation Committee and the global goal on adaptation; the Consultative Group of Experts (CGE); and the WIM, including the functions of the Santiago Network. He said he expected technical work to be completed by Tuesday, 9 November.

He said ministerial consultations will focus on key political issues, including:

- Article 6, to be led by Norway and Singapore;
- common time frames, led by Switzerland and Rwanda;
- enhanced transparency framework, led by Antigua and Barbuda and New Zealand;
- adaptation including the global goal on adaptation, led by the Maldives and Spain;
- mitigation and keeping 1.5°C within reach, led by Grenada and Denmark;
- loss and damage, led by Luxembourg and Jamaica;
- finance, led by Egypt and Sweden; and
- linkages to ensure coherence across workstreams, led by Costa Rica and the UK.

The Presidency will hold consultations with Heads of Delegation on the overarching cover decisions, membership of the Adaptation Fund Board, and response measures.

Guinea, for the G-77/CHINA stressed finance, including for information from the Standing Committee on Finance to form the basis of the replenishment processes of the Global Environment Facility (GEF) and Green Climate Fund (GCF). He also highlighted: transparency, including transparency of support; loss and damage; and balance between adaptation and mitigation. He stressed an outcome that works only for developed countries will be unacceptable.

Antigua and Barbuda, for the ALLIANCE OF SMALL ISLAND STATES (AOSIS), called for ensuring that pledges and announcements are credible and compatible with the 1.5°C goal. She highlighted the ambition gap and the need to end fossil fuel subsidies. She questioned the merit of including the Santiago Network in the overarching cover decisions, suggesting this could “distract” from the focus on securing financial support for loss and damage.

Bhutan, for the LEAST DEVELOPED COUNTRIES (LDCs), emphasized that the cover decisions must include the need for enhanced nationally determined contributions (NDCs) in 2022. He outlined priorities, including: finance, especially meeting the USD 100 billion target, agreeing on a post-2025 goal and finance for loss and damage; operationalization and funding of the Santiago Network; Article 6; transparency, with flexibility for LDCs; the global goal on adaptation; and common time frames.

Peru, for the INDEPENDENT ASSOCIATION OF LATIN AMERICA AND THE CARIBBEAN (AILAC), welcomed the Presidency's proposed approach. She highlighted a balanced outcome must include tangible progress on all aspects, specifically the global goal on adaptation, and the cover decisions must unequivocally ratchet up ambition to close gaps relating to mitigation, resilience, and the global finance architecture to keep 1.5°C within reach.

Gabon, for the AFRICAN GROUP, stressed the need for Annex I parties to close the pre-2020 ambition gap, for the CMA to launch the operationalization of the global goal on adaptation, and for developed countries to provide ambitious updated and revised NDCs.

Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP (EIG), expressed general support for the proposed way forward, while noting that although submissions can be useful, interaction is more important right now. He stressed strong rules on Article 6, common reporting obligations, and an inclusive process for setting the post-2025 finance goal.

Bolivia, for the LIKE-MINDED GROUP OF DEVELOPING COUNTRIES (LMDCs), emphasized that: equity and common but differentiated responsibilities and respective capabilities (CBDR-RC) are non-negotiable; technical negotiations need more time before matters are turned over to ministers; and the health of negotiators is paramount, expressing concern about late-night negotiations amidst the pandemic.

Saudi Arabia, for the ARAB GROUP, lamented that not all parties were negotiating in good faith, with some adamant in pushing certain issues to the ministerial level, reminding parties

of the need for a transparent and party-driven process. He called for completing the Paris rulebook in a balanced manner, saying it is unacceptable to have substantive outcomes on some issues but only high-level non-substantive outcomes on others.

Papua New Guinea, for the COALITION FOR RAINFOREST NATIONS (CfRN), stressed the need for consideration of landing zones, rather than repeating rhetoric. He said a share of proceeds is insufficient to deliver adaptation finance, and highlighted the five-fold discrepancy between carbon prices in the UK and the price offered for reducing emissions from deforestation and forest degradation (REDD+) in developing countries.

India, for BRAZIL, SOUTH AFRICA, INDIA and CHINA (BASIC), characterized COP 26 as “the least accessible COP.” He called for a mandate to the Standing Committee on Finance to work towards a multilaterally-agreed definition of climate finance and stressed, *inter alia*: operationalizing the global goal on adaptation and the Santiago Network for loss and damage; and catalyzing the Adaptation Fund. He called for the cover decisions to respect the principles of the Convention and Paris Agreement, including equity and CBDR-RC, and for avoiding renegotiating issues settled under the Agreement, including which countries bear responsibility for finance and the frequency of NDC submission.

CLIMATE ACTION NETWORK lamented the deletion of references to human rights and Indigenous Peoples’ rights in the SBI conclusions on Action for Climate Empowerment, and called for consultations with civil society on the cover decisions. He said success or failure on finance for loss and damage will be the “litmus test” for COP 26.

GLOBAL CAMPAIGN TO DEMAND CLIMATE JUSTICE said 150,000 people marched on the streets of Glasgow to urge leaders to substantiate rhetoric with concrete action. He stressed the need to “allow observers to observe” and make interventions, particularly in the consultations on the cover decisions.

RESEARCH AND INDEPENDENT NGOs lamented limits on observer access. She urged the Presidency to follow public health best practice regarding transparency of Covid testing data.

TRADE UNION NGOs urged parties to avoid making compromises that will be regretted later, highlighting a bad decision on Article 6 would undermine the objectives of the Paris Agreement.

YOUTH NGOs expressed frustration with multiple pledges containing loopholes that make accountability difficult. They emphasized youth must be allowed to provide input to the cover decisions, which must ensure intergenerational and gender equity, and Indigenous Peoples’ rights.

BUSINESS AND INDUSTRY NGOs stressed that business needs an effective and predictable framework to innovate, and expressed readiness to input on Article 6, transparency, the five-year review cycle of NDCs, technology, finance, agriculture, and other items.

FARMERS stressed active participation and intervention of all observers towards finalizing the cover decisions.

INDIGENOUS PEOPLES lamented the lack of agreement on agriculture and stressed this item must be carried forward to COP 27. She expressed concerns with remaining deficiencies on Article 6, particularly on safeguarding human rights and Indigenous Peoples’ rights, and national-, subnational- and local-level consultation on activity design. She said the Article 6 grievance mechanism must be an independent body.

LOCAL GOVERNMENTS AND MUNICIPAL AUTHORITIES called for local and regional governments and municipal authorities to be explicitly recognized in the preamble of the cover decisions, consistent with the Paris Agreement’s preamble, which recognizes multi-level cooperation.

WOMEN AND GENDER said human rights must be strongly safeguarded, specifically under Article 6. She emphasized the need for climate finance to address loss and damage and adaptation, and rejected offsetting loopholes, false solutions and unproven technological fixes. She observed shrinking space for civil society

at COP 26, echoing calls for access to consultations on the cover decisions.

COP

Matters Relating to Finance: Long-term finance (LTF):

Informal consultations were co-facilitated by Carlos Fuller (Belize) and Georg Børsting (Norway), who invited views on draft decision text featuring two options: one that continues LTF discussions under the COP, and the other ending them.

Developed countries favored the second option. One said the COP should “take note” of the end of LTF deliberations and suggested that previous decisions already stipulated the end of the LTF’s mandate. They characterized elements in the first option, such as a climate finance definition, as out of scope for LTF discussions and duplicative of other processes.

Developing countries underscored the need for continued LTF discussions to provide a space for tracking the delivery of the USD 100 billion commitment, emphasizing that the commitment has yet to be met and continues until 2025. They underscored the urgency of developed countries fulfilling their obligations and enhancing their efforts, especially on adaptation and grant-based finance.

Several countries called for streamlining both options, noting convergence on, among others, references to in-session workshops. The Co-Facilitators encouraged informal exchanges among parties and will prepare a new iteration of draft text.

Development and Transfer of Technologies: Second review of the Climate Technology Centre and Network: In informal consultations, Co-Facilitator Stephen Minas (Greece) introduced a draft decision. Many parties welcomed the text as a basis of discussion.

A party noted that projected funding for the CTCN will be inadequate and suggested adding specific language on strengthening the CTCN’s efforts on resource mobilization and diversifying its funding sources. Some developing countries thanked the Republic of Korea for contributing to the CTCN’s funding despite being a non-Annex II country. Another country, supported by several others, suggested specifying the challenges the CTCN faces in three respects, namely financial challenges, management and administrative challenges, and challenges to improving work relationships with national designated entities and network members. Informal consultations will continue.

CMA

Matters Relating to Finance: New collective quantified goal on climate finance: In informal consultations, Co-Facilitator Zaheer Fakir (South Africa) introduced the second iteration of the Co-Facilitators’ draft text, which consists of sections on preamble, initiation, organization of work, timeline, substantive aspects, and inputs. On the organization of work, several options were listed, including an *ad hoc* committee, an *ad hoc* working group or a subsidiary body under the Paris Agreement, in-session workshops, high-level ministerial dialogues, and appointing two high-level champions.

On organization of work, developed countries preferred in-session workshops combined with high-level ministerial dialogues, emphasizing the importance of political steering. Developing countries expressed a preference for an *ad hoc* working group or committee. One developing country group, supported by other parties, characterized in-session workshops as a red line, because parties with small delegations would struggle to participate. Some developing countries also supported ministerial dialogues but expressed concern about high-level champions.

On the timeline for concluding work, developing countries suggested 2023 and developed countries preferred 2024.

On substantive aspects, views diverged on the reference to fossil fuel subsidies. One developing country group asked to remove the reference, while a developed country said that there is no point in increasing climate finance if countries continue

to provide fossil fuel subsidies. Several developed countries underscored that the priority is to agree on staging, and said text on substantive elements and inputs is prejudicial to the outcome. One group indicated distinction among developing countries is not acceptable. Other suggestions included mention of Africa's special circumstances in terms of vulnerability to climate change, and the USD 1.3 trillion that developing countries will need for mitigation and adaptation.

On inputs, one developing country group suggested including the Standing Committee on Finance's biennial assessments of climate finance flows.

Informal consultations will continue.

First High-level Ministerial Dialogue on Climate Finance:

In opening remarks, COP 26 President Sharma emphasized finance is an essential pillar of the Paris Agreement, and recognized the need to mobilize trillions, along with the private sector, meet developing countries' adaptation needs, and make progress towards agreeing on a post-2025 finance goal.

On enhancing the predictability of climate finance, panelists highlighted: the need for detailed information that disaggregates adaptation funding; clarity on types of instruments, with preference for grants over loans; simplified processes and shorter disbursement times to facilitate access; local community involvement; and clear methodologies to track progress, including through an agreed definition of climate finance.

On adaptation finance, panelists pointed to, among others: disaster risk and crop insurance for adaptation in the agriculture sector; regulatory reforms for developing countries to enhance domestic resource mobilization; mainstreaming resilience-screening across sectors; and putting an end to fossil fuel subsidies, which not only foster climate change but also constitute a market distortion that disincentivizes low-carbon development.

On future trends, panelists noted finance must flow from all sources, public and private, national and multilateral, with the entire financial system and a combination of different instruments needed to deliver finance at scale. While one speaker urged against "bean counting," another insisted the numbers are important, saying vulnerable countries have accumulated debt to rebuild after climate-related disasters, while developed countries were able to channel trillions towards quantitative easing.

Recurrent points across the three panels included: the need to close the adaptation gap, through increasing adaptation finance and reducing access barriers; the role of public finance in "de-risking" investments and mobilizing private sector funding; and moving from project-based to programmatic approaches to support sectoral transformations.

In closing reflections, the EU noted the importance of integrating adaptation in national development planning. FRANCE called for making all finance flows consistent with low-carbon development and noted its plans to support climate action with biodiversity co-benefits.

INDIA underscored that developing countries' ambition is contingent upon the provision of adequate means of implementation. CHINA urged developed countries to fill the gap to reach their USD 100 billion annual commitment and enhance transparency on climate finance.

The US underscored scaling down investments and subsidies for activities that undermine the Paris Agreement's goals, noting finance ministers have an essential role. JAPAN pointed to dialogues with recipient countries to ensure the provision of finance adjusts to changing needs, and highlighted the value of high-concessional loans with long repayment periods.

UNFCCC Executive Secretary Patricia Espinosa called on decision makers to ensure adequate and accessible financial support for developing countries' climate action to meet the transformation needed to achieve the 1.5°C goal.

Report of the Paris Agreement Implementation and

Compliance Committee: In a contact group, Co-Chairs Arne Riedel (Germany) and Ms. Kunzang (Bhutan) introduced draft text, under which the CMA would *inter alia* welcome the 2020 and 2021 reports of the Committee, adopt the Committee's rules of procedure, and encourage the commencement of its work. Parties welcomed the draft text as a basis for discussion.

South Africa, for the AFRICAN GROUP, urged recognizing the challenges the Committee had faced due to the pandemic, and clarifying that the rules of procedure to be adopted relate to institutional arrangements, while the Committee is still mandated to continue to develop rules of procedure that address other matters, including those related to the reasoning of the Committee's decisions. SAUDI ARABIA, CHINA, UGANDA, SINGAPORE, INDIA, and GABON supported, stressing that these changes would reflect the recommendations of the Committee itself.

The text was agreed as amended. The Co-Chairs said the text will be converted into draft conclusions.

In the Corridors

A renewed buzz filled the halls of the Scottish Event Campus following the Sunday break. One finance Co-Facilitator explained how whiskey needs good ingredients, heat, and patience – three elements that will be necessary as delegates try to distill the long list of texts still before them as the key ingredients for the coming week.

COP 26 President Sharma, who took center stage in the Presidency stocktaking on Monday morning, urged the end of technical talks by Tuesday. Informal negotiations ensued, in meeting rooms or the bilateral meeting area in the back corner of the venue. And some ministerial talks quickly got underway. In a sign of the night to come, some finance negotiators were seen grabbing food before the booths closed for the evening.

Four hours were originally slated to work through the bullet points the Presidency published for its cover decisions. Like a nice tippie, the consultations focused on balance: the Presidency sought views on if they achieved harmony among mitigation, adaptation, support, loss and damage, and the other elements in the draft elements. Some called for streamlining, urging parties not to renegotiate the Paris Agreement. In one delegate's view, the list had too many (and a few "random") ingredients. Yet others highlighted still additional elements they wished to include in the cover decision. The trick with such distilling is the right amount of heat. Too much and things boil over. In the afternoon, the Presidency eased off, cancelling the second two-hour session.

The ingredients of a COP 26 package are well known. Several issues have been on the table for years, like Article 6. Developing countries have long called for loss and damage finance, and parity between adaptation and mitigation in attention and support. Negotiators may need to distill issues to the essence, which takes time when steeped in the often-slow process of multilateral negotiations.

But, the official theme of the day was adaptation and loss and damage – two issues that show time is running out for some, and has already run out for many others. People on the front lines of climate change shared their stories, from losing their homes to rising sea levels to the livelihood losses a persistent drought can bring. Meanwhile, two developing country delegates shared concerns that adaptation and loss and damage may be "demoted" in the overall Glasgow package. While they feature prominently in the Presidency's overarching cover decisions, these delegates hoped "for substance under their proper agenda item, not a weak, political statement." With time for the most vulnerable in short supply, there is less than one week left at COP 26 to fulfill what former President Barack Obama called the promise of the Paris Agreement "to give our planet a fighting chance."