

COP26: Setting up an acceleration pathway out of Glasgow



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E3G Briefing
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(1) Context

The gaps to meeting the Paris Agreement goals

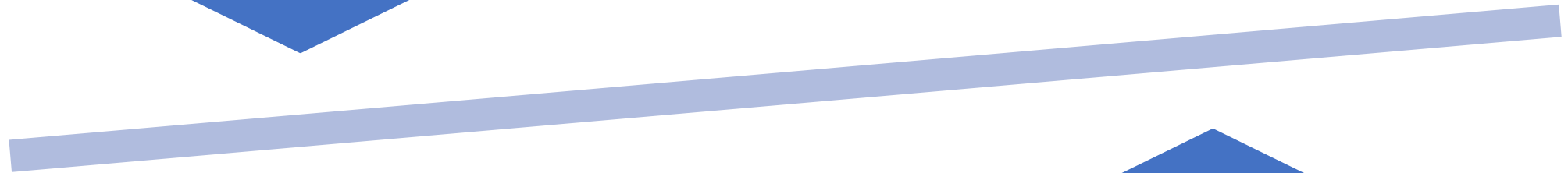
The purpose of COPs since Paris has evolved twofold:



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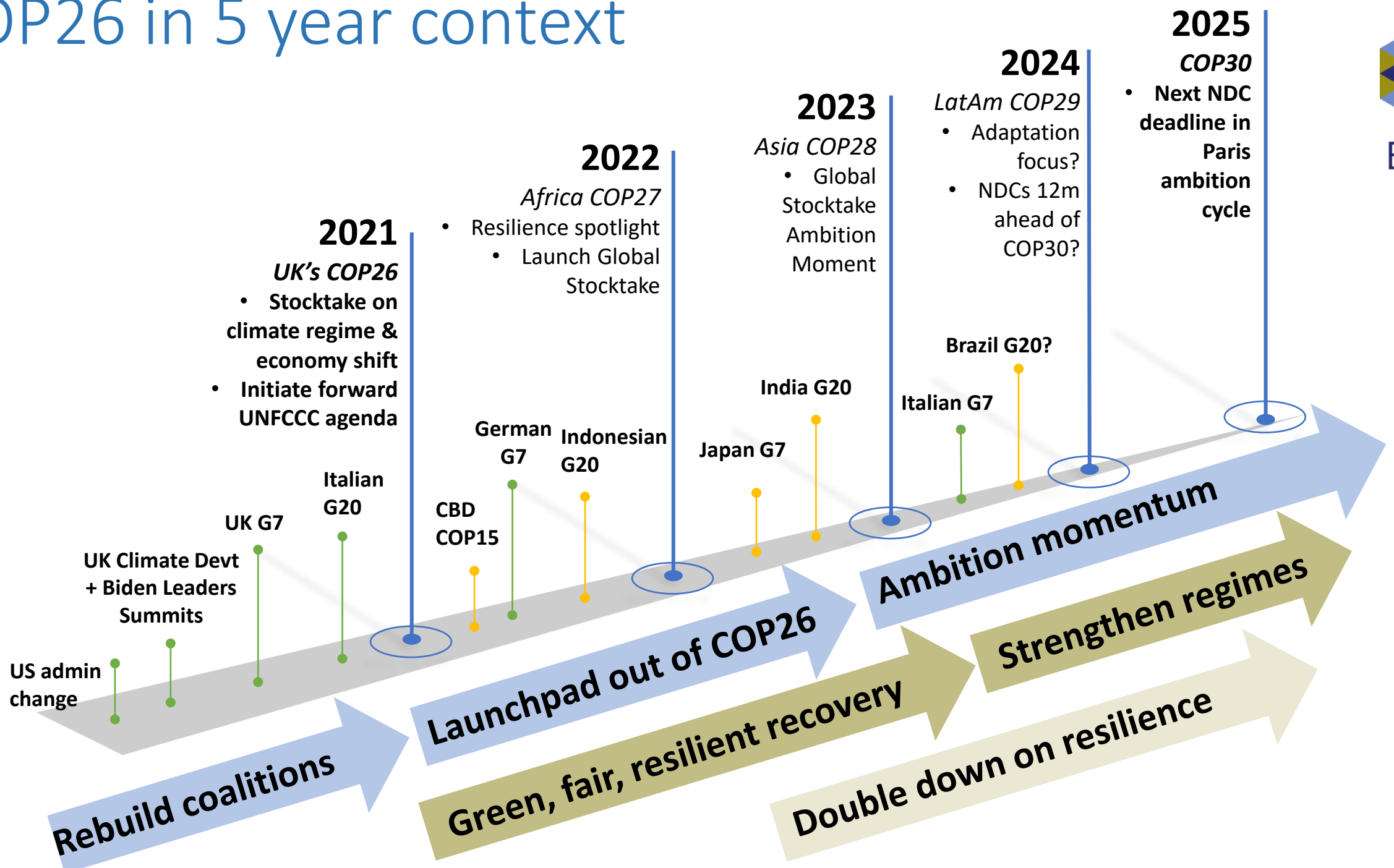
A Launchpad Moment:
Setting acceleration pathways into formal process and political direction that shapes economic and social trends far beyond the UNFCCC process



An Adjudication Moment:
Provide a political moment to challenge governments, especially those with limited civil society space and administrative attention on climate action within and outside UNFCCC process



COP26 in 5 year context



Why does COP26 matter?



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First major global meeting on the climate emergency since 2019. With climate impacts hitting earlier and harder in all countries, *public expectations for action are high and potential for loss of confidence in UNFCCC system is real.*

Response to the IPCC's 'Code Red' warning: commitments going into COP26 won't be enough to keep below 1.5°C. *A major task for COP26 is to set out an acceleration pathway to close the gaps.*

Public test of multilateral efforts to slow global warming – as the first 'delivery & ambition' COP, it is a test of *whether the Paris Agreement 'ratchet' ambition cycle is working and adapting, and whether governments are taking their Paris promises seriously.*

Climate is now a mainstream political issue – from Xi/Biden climate leadership contests at UNGA to Draghi's 'G20 Climate Summit', *climate has been a golden thread of cooperation through a tumultuous 18 months.* COP26 is the landing ground for delivery from that cooperation & to spur coalitions on linked issues like finance, methane, innovation and forest protection.

COP26 has already shifted the global economy whatever happens in Glasgow. Much faster reductions in the costs of renewables and EVs than expected in Paris mean, in aggregate, countries have already delivered more than was offered in Paris; pledges increased from 2.7-3.5°C in 2015 to 2.0-2.4°C today. It makes economic sense for most MICs to shift from coal to renewables.

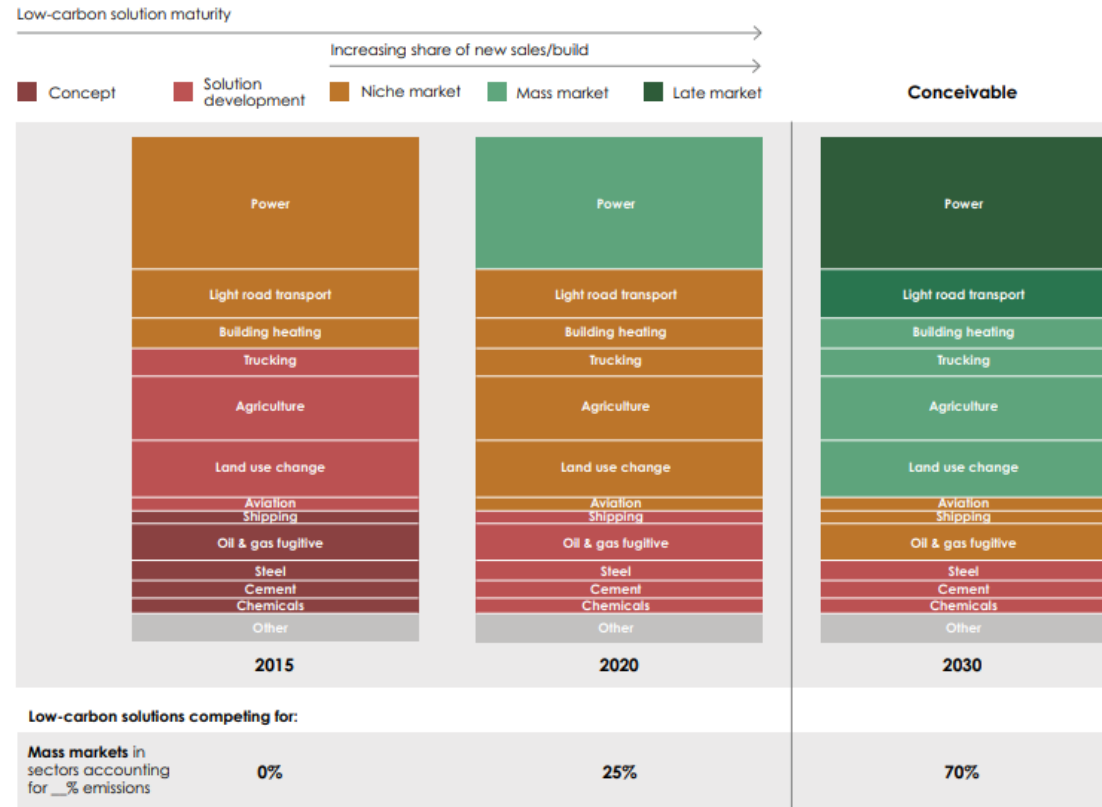
2021 climate outcome will shape COVID-19 recovery trajectories – level of climate ambition signalled by COP26 will shape political and investor perceptions of climate action going into the intense debates over COVID recovery, debt relief and economic reform which will dominate 2022.



Climate action has been strong – and faster than expected - since the 2015 Paris Agreement

- **Net zero is now the norm:** net zero targets cover two-thirds of the global economy
- In 2014, the IEA forecast that average solar prices would reach \$0.05/kWh by 2050, 36 years later. **In fact, it took only 6 years**
- Institutional investors representing **\$5 trillion assets under management** have now committed to align portfolios with a 1.5°C scenario by 2050 via the Net-Zero Asset Owner Alliance

Exhibit 1: Low-carbon solutions by sector – progress since Paris and look forward to 2030



Note: sectors sized according to 2019 emissions impact

Source: SYSTEMIQ analysis; CO₂e emissions breakdown informed by International Energy Agency, Energy Transitions Commission; Food and Land Use Coalition; World Resources Institute; Climate Watch.

However, we are still not on track for the Paris Agreement goals



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Climate finance gap

- The latest Delivery Plan shows the annual \$100bn pledge will be met around 2023, but access, quality, and transparency gaps remain and trillions are needed to fund just climate transitions

Adaptation gap

- Only about a quarter of total climate finance mobilised has gone to adaptation, despite the Paris Agreement calling for a balance with finance for mitigation

Emissions gap

- The latest round of NDC enhancements have taken 7.5% off projected 2030 emissions, yet we need a 55% reduction to stay on track for 1.5 degrees

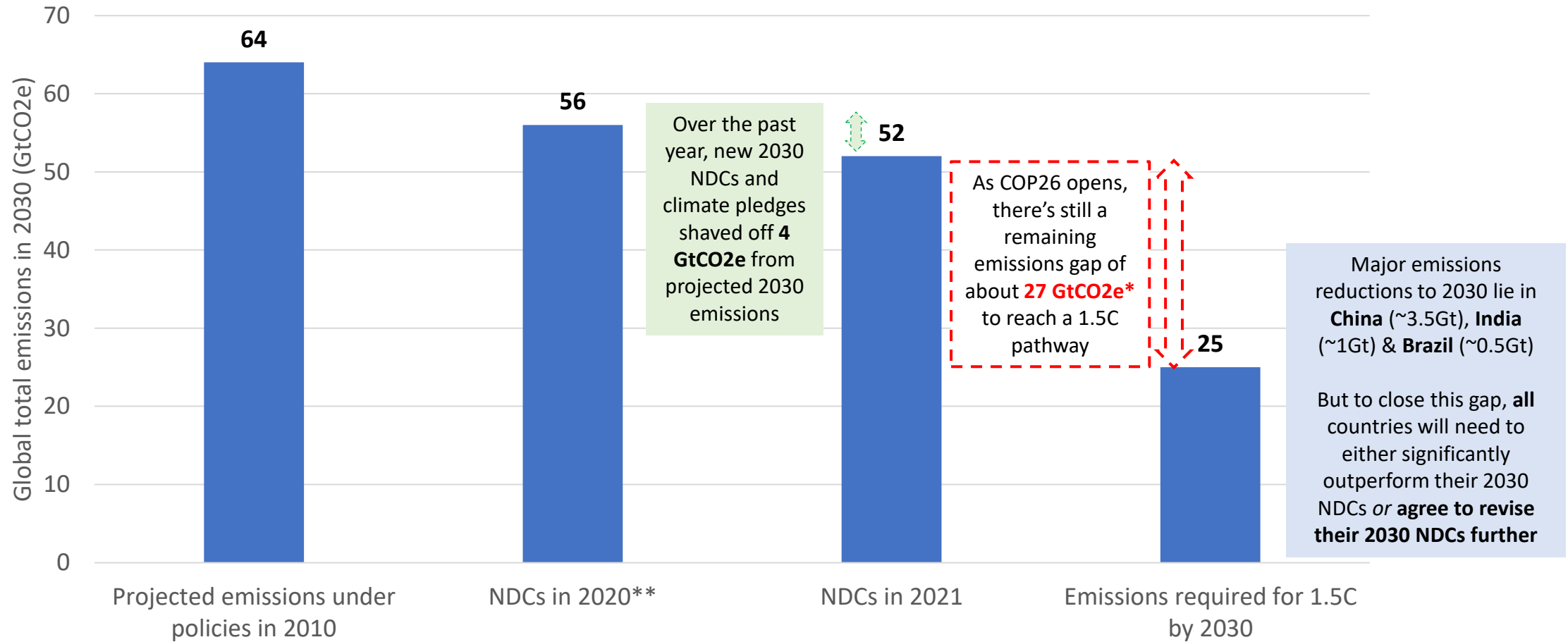
Loss and damage inaction

- Since the Paris Agreement, there has been almost no progress on addressing loss and damage or unlocking finance to tackle it in climate vulnerable countries



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Emissions gap to 'keeping 1.5°C alive'



Source: UNEP 2021 Emissions Gap Report

Assumes a 66% chance of 1.5C, full implementation of unconditional NDCs and pledges as of 30 September 2021, taking median values

* The value given in the 2021 Emissions Gap Report is 28 GtCO₂e but for consistency here we have calculated the difference between the third and fourth column as 27 GtCO₂e; the disparity is due to rounding in the original calculations by UNEP and is not a difference between this graph and any of the values in the report

** The 8GtCO₂e gap between the first and second columns is not the effect of NDCs submitted in 2020, but represents the overall difference between projected 2030 emissions assuming only 2010 policies with no additional climate policies implemented after 2010, and projected 2030 emissions in the UNEP 2020 Emissions Gap Report assuming full implementation of unconditional NDCs at the time

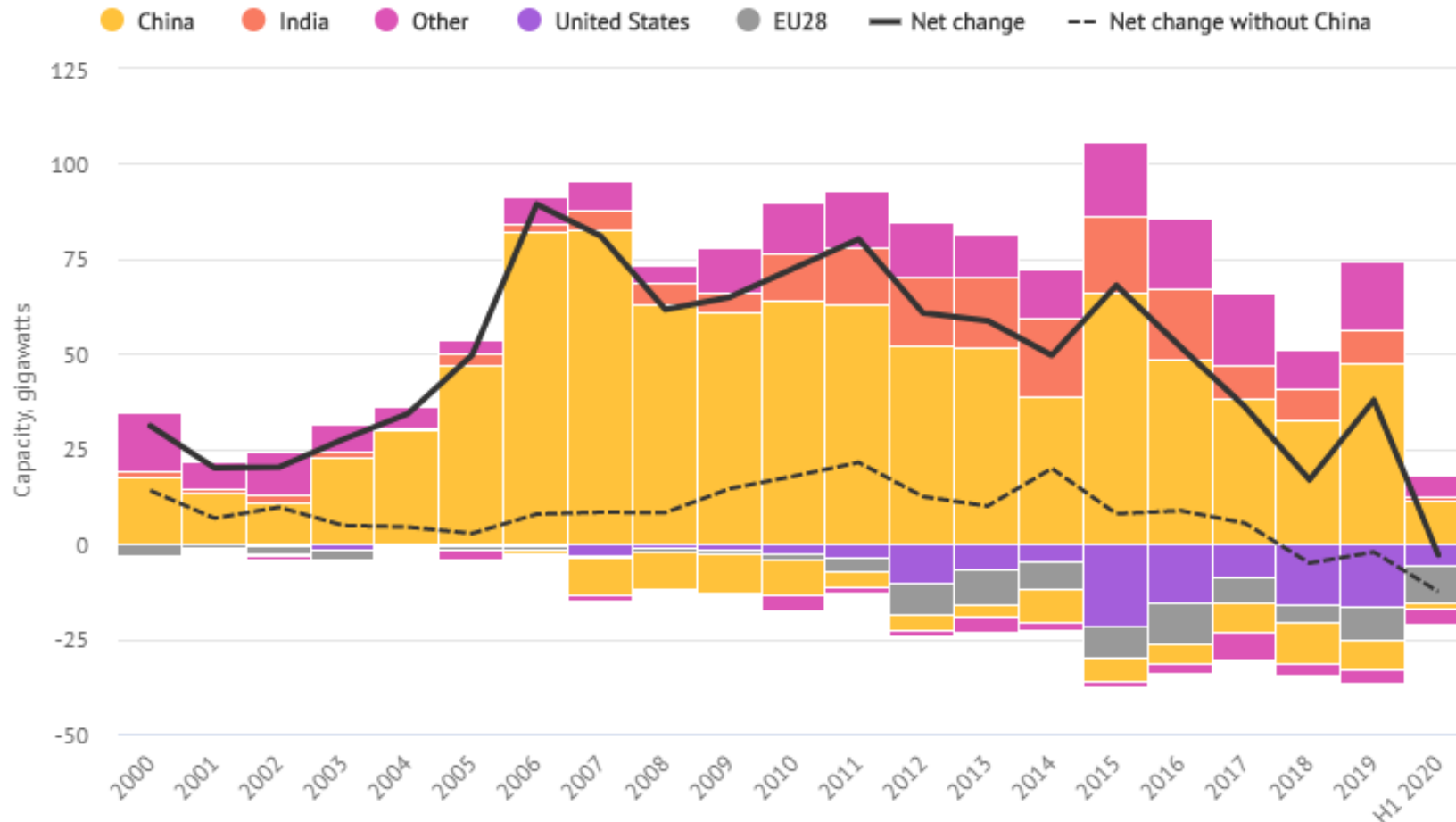
COP26 needs to 'consign coal to history'



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Global coal capacity has been in decline since 2018, outside China

H1 2020 marked the first global fall in coal capacity on record



There has been a **76%** reduction in proposed coal power since the negotiation of the Paris Agreement in 2015.

44 countries have already committed to 'no new coal' with a further **40** now in a position to do the same, following the cancellation of previously proposed power plants.

Action by just **six** countries (China, India, Viet Nam, Indonesia, Turkey and Bangladesh) could remove **82%** of the remaining global pipeline of pre-construction projects.

The remaining 18% of the pipeline is thinly spread across **31** countries, 16 of which have only one project under consideration (without which they would have no further pipeline).

Chinese finance is central to the remaining coal pipeline, with over **40GW** in **20** countries relying on Chinese finance.



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(2) The task at COP26

How COP26 can accelerate action in the 2020s to close the gaps to the Paris Agreement

The task in brief



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In order to close the gaps to the Paris Agreement goals, we need:

1.

Increased commitments to ensure 1.5C is credibly within reach in 2020s

2.

Global finance package to deliver 1.5C and protect countries from climate impacts

3.

Global deals that “make coal history” & begin transition out of all fossil fuels



COP26 package responds to the IPCC “Code Red” Warning and keeps 1.5 °C alive

1. Accountability on Paris Promises

- Confidence on \$100bn
- Progress on adaptation & loss and damage
- Robust Paris Rulebook
- Environmental integrity in Article 6 (and NSA pledges)

Foundations ahead of COP:
Germany-Canada delivery plan to surpass \$100bn and adaptation finance share

2. Action to Increase Ambition

- NDC Increases from all G20
- Sectoral Transformation
 - OECD out of coal by early 2030s
 - “No new coal” pledges from major non-OECD
 - End public fossil finance
 - ICE phase out by 2035 in 80% of global markets

Foundations ahead of COP:
Final G20 NDCs – China, India etc; Sectoral diplomatic campaigns, G20 decisions on coal and fossil finance.

3. Acceleration Package for 1.5C

- Stronger commitment to 1.5 °C aligned actions
- COP decisions on revisiting Net Zero strategies & 2030 NDCs by 2023
- Additional action on Loss & Damage

Foundations ahead of COP:
Political mandate for COP to “keep 1.5°C alive” from Pre-COP and G20

Summary: the Challenge for Glasgow



1. **Glasgow is the first “delivery and ambition” COP** and a litmus test for whether countries are serious about their Paris Agreement commitments and whether they’re working - and adapting - to avoid “dangerous climate change”. A credible [‘Glasgow Package’](#) at COP26 that demonstrates the inevitability and credibility of the Paris regime to address the climate crisis offers the chance to reinvigorate collective action in the face of multiple crises.
2. **Gaps to 1.5C emissions pathway, 100bn & adaptation/loss & damage action are stark and gaps will remain come November.** The IPCC’s latest [“Code Red”](#) warning heightened political and public attention on the urgency of action to [cut emissions by 45%](#) in the 2020s for a pathway compatible with a temperature rise <1.5°C. Public expectation will be for a credible political response to the gaps and this urgency. Political statements at UNGA76 and the pre-COP show appetite for a high ambition political outcome at COP26 on accelerating action to close the gaps to the Paris goals.
3. **COP26 must answer the question of how the remaining gaps to the Paris Agreement goals will be closed in the early 2020s.**
 1. Starting with accountability, Glasgow will need to see countries meet their promises on the \$100bn in annual finance and addressing adaptation and loss and damage. And they’ll need to agree high ambition, high integrity rules in the formal negotiating agenda on the Paris Rulebook. This is critical to underpinning the accountability and credibility of the Paris regime as the foundation of global climate action. But it is not sufficient to accelerate action this decade at the scale and pace needed.
 2. Whilst it is necessary for countries to make stronger commitments now at COP26 to accelerate climate action across every sector of the economy - such as fossil fuels, deforestation, transport and methane - these will not be enough alone to close the gaps to the Paris Agreement goals.
 3. Closing the gaps to the Paris Agreement will require fresh commitments to accelerate action in the 2020s, across mitigation, adaptation, loss and damage and finance. Setting up these ‘acceleration pathways’ will require political decisions that are captured in the final COP26 decision text.
4. **COP26 should also be leveraged as a landing point & launchpad for a serious package of financial offers for global green recovery** (combining government and MDB funding and sustainable finance system reform).



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(3) What to expect at COP26

How it works: formal negotiations beyond the surround sound of sector 'deals' & political signalling



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UNFCCC

United Nations Framework Convention on Climate Change

Supported by UNFCCC Secretariat

COP

Conference of the Parties to the UNFCCC

Supported by COP Bureau

Paris Agreement CMA

Conference to the Parties serving as the meeting of the Parties to the Paris Agreement

Constituted Bodies

e.g. Green Climate Fund, Standing Committee on Finance, Adaptation Committee

SBSTA – Subsidiary Body for Scientific and Technological Advice

SBI – Subsidiary Body for Implementation

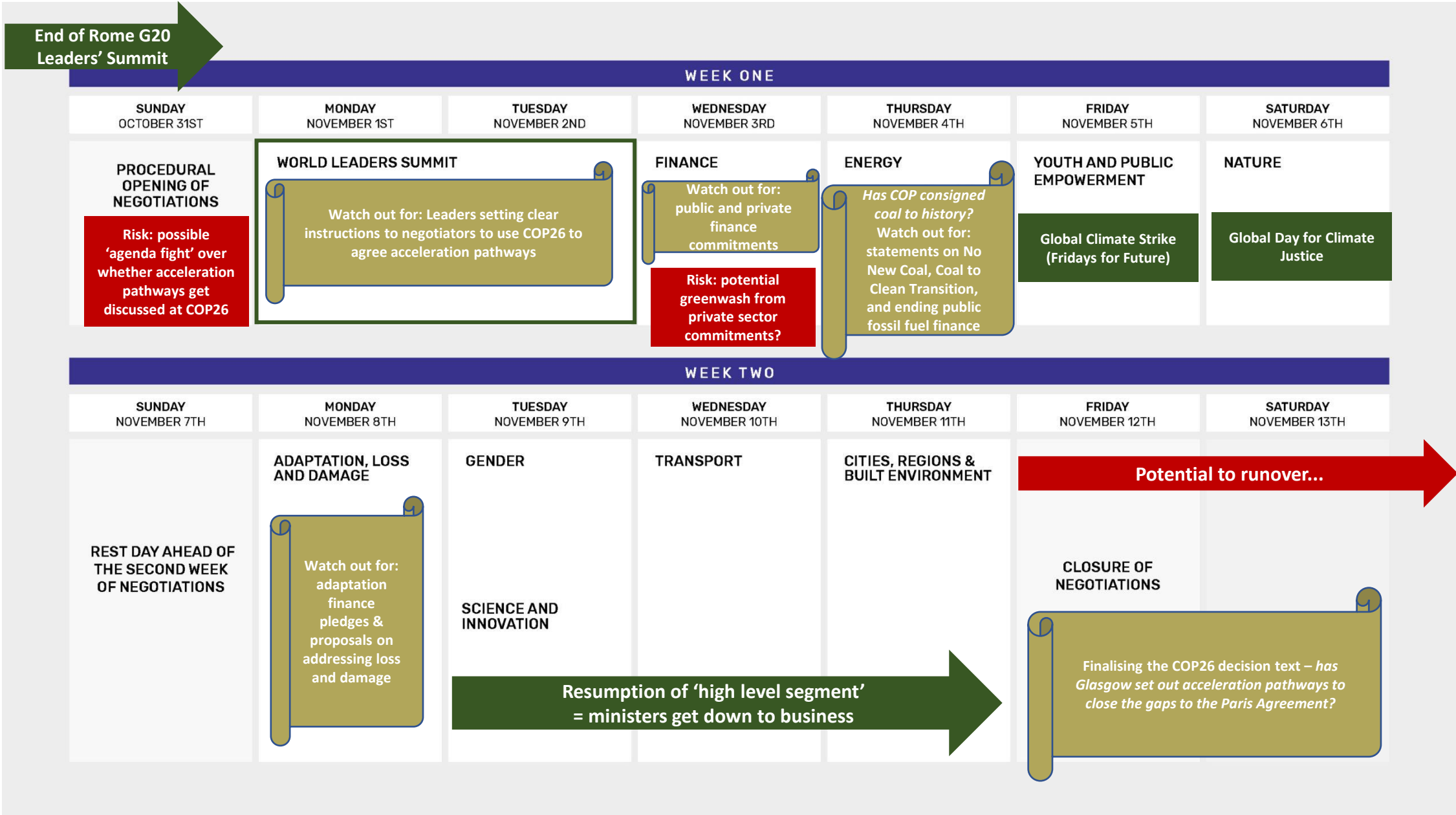
Key negotiations issues at stake for COP26:

- **Accountability framework** in the Paris Rulebook
 - Common timeframes for NDCs
 - Transparency reporting tables
 - Article 6 carbon markets
 - Launching the global stocktake & deciding on future of Marrakech Partnership on global non-state climate action
- **1.5C Acceleration package:**
 - On emissions via reviewing 2030 NDCs & net zero
 - On finance via post-2025 finance goal pathway
 - On adaptation & loss & damage via pathways to scale up finance

The rhythm of COP26



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How will COP26 politics unfold?



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- **All the major powers want a successful Glasgow, and no-one wants to be blamed** – but different perceptions of what “good” looks like could still derail negotiations.
- **The beginning is key:** The critical path is the Leader’s mandate to deliver 1.5°C acceleration package from the opening session, especially if G20 fails to deliver clear outcomes on 1.5°C alignment and coal phase out.
- **Risk of a ‘blame game’:** UNGA announcements showed US & China competing to be green champions for developing countries – but President Xi no show, lack of increased Chinese NDC, and/or US failure to pass domestic legislation could open gates for a geopolitical blame game.
- **Focus on finance:** OECD countries’ Delivery Plan shows the \$100bn promise will be met and exceeded from 2023 – but increased support for adaptation in the most impacted countries less advanced. Besides the \$100bn, trillions need to be mobilised for climate transitions.
- **Concerns about COVID:** Issues around access to, and inclusivity of, COP 26 seem to have died down – but risks of an outbreak (or poor hybrid negotiating infrastructure) could derail effectiveness and legitimacy of negotiations (coupled with Glasgow strikes)

A high risk COP which will go down to the wire if there’s a chance for a major outcome



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About E3G

E3G is an independent climate change think tank accelerating the transition to a climate safe world.

E3G builds cross-sectoral coalitions to achieve carefully defined outcomes, chosen for their capacity to leverage change. E3G works closely with like-minded partners in government, politics, business, civil society, science, the media, public interest foundations and elsewhere. In 2018, for the third year running, E3G was ranked the fifth most globally influential environmental think tank.

More information is available at www.e3g.org