Incremental progress but limited ambition

COP26 delivers mixed results for LDCs

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Following a two-year hiatus in negotiations due to the pandemic and the failure of the preceding Madrid talks to deliver enough political impetus, trust in the entire UN-led process on climate action hung in the balance as delegates arrived in Glasgow for COP26, particularly for climate vulnerable countries such as those comprising the Least Developed Countries (LDCs) Group. The Summit's key outcome document — the Glasgow Climate Pact — achieved just enough progress to keep the process alive. The 1.5°C goal was upheld and the need to eliminate coal and fossil fuel subsidies was recognised. However, LDCs were disappointed that climate finance pledges had not been met and that little progress was made on loss and damage. The stakes therefore remain high for climate negotiations throughout 2022.

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Summary

Following a two-year hiatus in negotiations due to the pandemic and the failure of the preceding Madrid talks to deliver enough political impetus, trust in the entire UN-led process on climate action hung in the balance as delegates arrived in Glasgow for COP26 towards the end of 2021.

Against a challenging geopolitical backdrop and the additional burden of the pandemic, the Least Developed Countries (LDC) Group arrived in Glasgow with an understanding that ambitious outcomes at COP26 would be required to address their key priorities and get the climate negotiations back on track. In the run up to COP26, the dual crises of climate change and Covid-19, as well as the growing debt ratio compounded by them, led to LDCs entering into negotiations with the following expectations[1]:

- **Ambition:** Vulnerable countries called for outcomes across all agenda items that would keep the 1.5 degree (1.5°C) goal within reach. This included calls for all countries, but particularly major emitters, to submit new and/or revised Nationally Determined Contributions (NDCs) and new long-term low emission development strategies (LTS) to meet the 1.5°C goal.
- **Delivery of climate finance**: Developing countries renewed their calls for developed countries to live up to their commitment of delivering 100 billion United States dollars (US$) a year in climate finance by 2020. In the run up to COP26, mounting evidence revealed that this goal had not been met and that adaptation finance was falling well short of parity with mitigation finance.
- **Loss and damage:** Extreme weather events experienced in the two years ahead of COP26 emphasised the vulnerability of LDCs and exposed the lack of capacity of these countries to cope with the impacts of climate change. The LDC Group went into COP26 with a strong agenda on loss and damage as a third pillar complementing mitigation and adaptation.
- **Finalising the Paris Rulebook:** Another critical issue was to agree on the outstanding agenda items under the Paris Agreement Rulebook. These included carbon markets and standard timeframes for NDCs that are equitable, transparent, and ambitious enough to kick start an era of climate action aligned to the Paris Agreement.

In the end, COP26 delivered mixed outcomes for LDCs on these issues. The UN Summit saw the successful initiation of the post-2025 finance discussion. However, there was disappointment that the promise of US$100 billion in climate finance per year remains unmet and the failure to establish a finance facility for loss and damage resulted in the creation the Glasgow Dialogue on loss and damage as a compromise. Therefore, many critical issues for LDCs were kicked down the road to COP27 in 2022.

The Summit's key outcome document — the Glasgow Climate Pact — was a mixed bag of wins and disappointments, yet it achieved just enough incremental progress to keep faith in the process alive. Backsliding on limiting average global temperatures rises to 1.5°C was successfully halted, the latest science from the IPCC that humans unequivocally cause climate change was accepted, and the need to eliminate coal and fossil fuel subsidies was recognised — albeit using water down language.

Evidence emerged in the run up to COP26 that developed countries had fallen well behind on their pledge to mobilise US$100 billion in climate finance each year by 2020, piling pressure on rich countries to do more. A plan was set in place by the United Kingdom (UK) Government to reach the goal by 2023, and the need for loss and damage funding was mentioned for the first time in the Pact.

There were calls for a common definition of climate finance to ensure transparent accounting, but developed countries successfully deferred this decision to the Standing Committee on Finance (SCF). The ground was also laid for the post-2025 climate finance agenda, with a work programme agreed for the New Collective Quantified Goal (NCQG).

The setup of a new body to mobilise loss and damage funding — the Santiago Network on Loss and Damage (SNLD) — was not agreed, however agreement was reached on some of its functions. On a more positive note, the Scottish Government announced £2 million in loss and damage finance, the first ever funds allocated for that purpose.

Carbon credits and trading were also debated under Article 6, where progress was made on avoiding double counting, but using part of the scheme to finance the Adaptation Fund was blocked by developed countries.

There was progress on harmonising timeframes for reporting on government commitments on climate action (NDCs), and more flexibility was built into the reporting requirements for developing counties under the Enhanced Transparency Framework (ETF). A work programme was also agreed for the Global Goal on Adaptation (GGA) to improve communication and boost action.

As with many COPs in recent years, COP27 is seen as yet another pivotal moment for LDCs in the international process to coordinate action on climate change, as the window of opportunity to avoid a runaway climate catastrophe closes. Rich countries must dramatically scale up action for the world to meet its collective emissions reduction target of 45% by 2030.

Context and expectations

1

1.1 Social and political context: unprecedented process and lacklustre climate action

As both the 26th session of the Conference of the Parties (COP26) to the UN Framework Convention on Climate Change (UNFCCC) and the 52nd session of the UNFCCC Subsidiary Bodies (SB52) scheduled in 2020 were postponed to the following year, 2021 played a critical role in international climate negotiations. To restart climate negotiations during the ongoing pandemic, a series of virtual, hybrid (mixing virtual and in-person formats), and in-person meetings were convened both within and in parallel to formal UNFCCC processes to progress forward on key negotiating agendas and to resolve political issues that caused failure at COP25 in Madrid. These virtual, hybrid, and in-person meetings came with their own set of challenges, such as time zone differences, internet connectivity issues (particularly for Global South delegates), and formal sessions where decisions could not be reached virtually, including during the first part of SB52, which took place in June 2021.

Despite these unusual processes, 2021 came with a note of promise and new possibilities. The US re-entered the Paris Agreement after the election of President Biden, and the G7 and G20 Summits offered assurance of 'building back better' and fostering 'green economic recovery' for developing countries by tackling climate change, accelerating Covid-19 vaccine rollouts and transitioning away from coal.

However, both meetings failed to make significant steps forward in terms of climate commitments[2] and the rhetoric around green recovery did not translate into the type of transformational climate action and finance needed to consolidate the dramatic emission reductions seen at the start of the pandemic. Indeed, carbon emissions have already increased beyond pre-pandemic levels.[3] Many developed countries paid lip service to greening the economic recovery while developing economic responses to the pandemic that could only be described as business as usual. At the same time, a green recovery remained out of reach for many developing countries, including LDCs, as they had neither the fiscal space nor the development or climate finance necessary to implement such plans.[4]

The lack of resources to a support green economic recovery in LDCs was further mirrored by the broader lack of solidarity on Covid-19 vaccines shown by developed countries during the pandemic. Out of nearly 10 billion Covid-19 vaccines administered, only 1% were given in low-income countries and global vaccine inequality is rapidly exacerbating poverty gaps, according to the UN.[5] This is further compounded by the failure of developed countries to mobilize US$100 billion a year in climate finance by 2020 — a commitment made in 2009 at COP15 in Copenhagen which will now not be met until 2023.

Meanwhile, the science associated with climate impacts grew clearer in 2021. In August, the Intergovernmental Panel on Climate Change (IPCC) Working Group I (WGI) report on the physical science basis said climate change is unequivocally caused by humans and will result in widespread, rapid and irreversible change.[6] Thus COP26 began with this heavy baggage and huge expectations from vulnerable countries to change course to avoid this impending disaster.

1.2 The pandemic COP

COP26 took place in a challenging context of rapidly accumulating political demands, lacklustre green economic recovery plans and the lingering effects of successive waves of Covid-19. The impact of the pandemic on the UNFCCC process was profound; no one was prepared, much less for a negotiating process that was heavily reliant on international travel and an extensive calendar of in-person meetings. The process stalled in 2020 with an agreement that official decisions could only be taken at in-person sessions, leading to a nearly two-year gap in formal negotiations. To try to keep up momentum, virtual talks were held to maintain dialogue on key issues.

The emergence of Covid-19 vaccines towards the end of 2020 gave the world hope that the end of the pandemic was on the horizon. This was not the case for most developing countries, due to unequal access to the new vaccines. Even countries able to rapidly roll out vaccines faced setbacks caused by waves of new variants and the resulting lockdowns that came to define 2021. This made the early resumption of in-person negotiations an impossibility. It became increasingly clear that progress would have to be made in virtual spaces in order to arrive at COP26 ready to address expanding agendas, take the necessary decisions to rebuild trust, and keep the UNFCCC process and the regular work of the Secretariat moving forward.

The COP Presidencies began convening virtual monthly meetings with the Heads of Delegations to discuss how to advance key issues. The chairs of the Subsidiary Bodies also held informal meetings on technical-level solutions to unresolved issues and agendas. Ministerials were convened by the Presidencies on the negotiations, as well as on specific issues, such as climate and development. Other interested Parties organised similar high-level meetings around specific issues, such as adaptation, as did groups of countries, such as the United States (US)-hosted Major Economies Forum, the Petersburg Dialogue, and the Ministerial on Climate

Action. In addition, Parties agreed that after a year hiatus, it was time to relaunch negotiations virtually. The Subsidiary Bodies of the Convention subsequently met online in June 2021 for informal discussions. While this informal session was unable to take formal decisions or lock in progress from discussions, it significantly advanced understanding on many issues and laid the groundwork for negotiators at COP26.

After the virtual Subsidiary Body meetings it became clear that an in-person COP was necessary for meaningful progress. This meant figuring out how to bring together delegates from 197 countries facing very different access to vaccines and travel restrictions. This proved to be a particular challenge for LDCs, many of which had limited access to Covid-19 vaccines. Delegates from many Small Island Developing States (SIDS) were also unable to transit through countries like Australia and New Zealand or were prohibited from leaving home altogether. To try to address these challenges, the UK Presidency set up a global vaccination programme for delegates, leveraging the World Health Organization Covax system, and developed a daily testing system for conference attendees.

While there were concerns that many negotiators would be excluded, a total of 38,457 delegates attended COP26, surpassing COP21 to become the biggest UN climate talks to date despite the unusual arrangements, which included mandatory daily covid tests, a 10,000-person daily limit in the blue zone, and a limit to two negotiators per country in each room (with a hybrid option to allow others to follow the discussions in a parallel room online). Despite being the most attended conference, many in civil society claimed it was the least inclusive COP due to Covid-19 restrictions, with observers only able to follow online and some SIDS delegations unable to attend.

1.3 LDC group expectations and key priorities

Against this challenging geopolitical backdrop and the additional burden of the pandemic, the LDCs arrived in Glasgow with an understanding that ambitious outcomes at COP26 would be required to address their key priorities and get the climate negotiations back on track. The Covid-19 pandemic and ever-increasing climate impacts highlighted the vulnerability of LDCs. Despite contributing a mere 1.1% of global CO_2 emissions, LDCs are at the frontline of climate-induced loss and damage, bearing the brunt of impacts from the 1.1°C increase in global temperatures already observed.[7] In the run up to COP26, the dual crises of climate change and Covid-19, as well as the growing debt ratio compounded by them, led to LDCs entering into negotiations with the following expectations[8]:

- **Ambition:** Vulnerable countries called for outcomes across all agenda items that would keep the 1.5°C goal within reach. There were also continued calls for all countries, but particularly major emitters, to submit new and/or revised NDCs and new LTS to meet the 1.5°C goal.
- **Delivery of climate finance**: Developing countries renewed their calls for developed countries to live up to their commitment of delivering a US$100 billion a year in climate finance by 2020. In the run up to COP26, mounting evidence revealed that this goal had not been met and that adaptation finance was falling well short of parity with mitigation finance. In addition, COP26 was mandated to launch critical new negotiations on the post-2025 climate finance goal. This needs to be orders of magnitude higher than current commitments for developing countries to meet their mitigation, adaptation and loss and damage needs.
- **Loss and damage:** Extreme weather events experienced in the two years ahead of COP26 emphasised the vulnerability of LDCs and exposed the lack of capacity of these countries to cope with the impacts of climate change. The LDC Group went into COP26 with a strong agenda on loss and damage as a third pillar complementing mitigation and adaptation. This agenda included robust steps to operationalize the SNLD, putting in place a specific finance facility for loss and damage, and securing the joint governance of the Warsaw International Mechanism (WIM) between the governing bodies of the Convention and the Paris Agreement.
- **Finalising the Paris Rulebook:** In addition to loss and damage and climate finance, another critical issue was to agree on the outstanding agenda items under the Paris Agreement Rulebook. These included carbon market and non-market approaches and standard timeframes for NDCs that are equitable, transparent, and ambitious enough to kick start an era of climate action aligned to the Paris Agreement.

These issues will be discussed further below. In the end, COP26 delivered mixed outcomes on these issues. The UN Summit saw the successful initiation of the post-2025 finance discussion. However, there was disappointment that the promise of US$100 billion in climate finance per year remains unmet, and the failure to establish a loss and damage facility resulted in the creation the Glasgow Dialogue on loss and damage finance as a compromise. Therefore, many critical issues for LDCs were kicked down the road to COP27 in 2022.

Incremental progress is no longer enough: delivering the key priorities of the LDC Group

2

2.1 Ambition and political compromise

There was a tremendous sense of urgency going into COP26 in Glasgow due to the two-year hiatus in negotiations as a result of the pandemic and the perceived failure of COP25 in 2019 in Madrid — where Parties did not adopt the remnants of the Paris Agreement Rulebook and political ambition was low. There was therefore significant pressure on negotiators to put the climate change process back on track through the adoption of a robust political framework (alongside decisions that would finalize the Paris Agreement Rulebook and respond to the negotiating mandates and processes that had accumulated during the pandemic) that responded to the urgency for climate action and the needs of the most vulnerable countries for increased climate finance and concrete and ambitious action on both adaptation and loss and damage.

By most analyses, the resulting Glasgow Climate Pact (Decision 1/CP.26) was ambitious enough to 'keep 1.5 alive'. However, it also underscores the continued gap between what is required by science to keep the world under 1.5°C of global warming and the enhanced NDCs that were submitted by Parties in the run up to the conference. These national pledges collectively fall well short of the 45% reduction in collective emissions required according to the IPCC in advance of 2030 to meet the 1.5°C target.[9] Indeed, the decision itself acknowledges with alarm that anthropogenic emissions have already caused over 1.1°C of warming.[10]

However, despite this dismal news, Parties did take some concrete steps forward on mitigation in the Glasgow Pact. The first was 'welcoming' the Sixth Assessment Report of WGI of the IPCC. While this may seem trivial, it has been difficult for Parties to reach such agreement in the past. It is, therefore, welcome progress towards recognizing the importance of science-based action.

The Pact also reaffirmed the temperature goal of the Paris Agreement and recognized that the best available science indicates a 45% decrease in global emissions is required by 2030 and net-zero by 2050 in order to meet that goal, while encouraging Parties to act further to reduce emissions before 2030, over and above what they have already committed in their enhanced NDCs.[11] The Pact also importantly calls for 'just transitions that promote sustainable development and eradication of poverty, and the creation of decent work and quality jobs'.[12] Finally, the Pact contains the first ever reference in official UNFCCC decisions to the need to eliminate coal power and fossil fuel subsidies. While all this is insufficient to address climate change at the scale necessary, it does represent incremental progress and leaves the door open for greater ambition in the future.

The Pact also addressed climate finance. Going into the Glasgow COP, climate finance was a key source of distrust, particularly on the part of the most vulnerable developing countries, including LDCs. This was due to data that emerged over the course of the pandemic that developed countries had failed to meet the US$100 billion per year climate finance commitment (to be spent equally on mitigation and adaptation) by the 2020 deadline.[13] The UK COP Presidency spent serious political capital trying to leverage increased climate finance throughout 2020 and 2021 in order to try to reduce the gap between the climate finance pledged and committed, but ultimately failed to bridge that gap. To reduce the risk of this undermining the success of negotiations, the UK developed the Climate Finance Delivery Plan: Meeting the US$100 Billion Goal[14], which aims to deliver on the commitment by 2023. While this was welcomed by the Pact, which urged developed countries to deliver on this promise as soon as possible, the failure of developed countries to meet their climate finance commitments will continue to create ongoing trust issues within the process and casts a shadow over future negotiations about the new long-term climate finance goal.

On loss and damage, the Pact also reflects a modest step forward, for the first time urging finance institutions, including those dedicated to climate change, to provide 'enhanced and additional' funding to address loss and damage.

Looking back at the Glasgow Pact as Parties are about to enter the next round of negotiations at the Subsidiary Body sessions in June 2022, it is clear that it delivered enough to advance the process. When combined with the technical decisions made, the Pact saved the process from being labelled a failure, which could have had significant consequences in terms of trust in the entire UN-led process. However, given the urgent need for action and the critical need to address the key priorities of the LDC Group, the incremental steps forward remain insufficient to deliver the scale of finance, adaptation or emission reductions required to address the climate crisis.

2.2 Delivering climate finance promises and scaling up resources for the most vulnerable

One of the top priorities for LDCs has always been the mobilization and provision of climate finance. Ensuring quality, quantity, predictability and access to climate finance remain critical points for vulnerable countries.

COP25 left two main issues in long-term finance (LTF) unresolved. Firstly, the mandate of LTF had an end date of 2020, as it focused on the US$100 billion goal per year by 2020 made in Copenhagen. At COP26, negotiators discussed whether to close this agenda as suggested by developed countries, but negotiators from developing countries remained firm in keeping it open. This provides a platform to take stock of the provision of the goal, which proved necessary after developed countries announced they would not meet their target until 2023 as shown in the delivery plan. Leaving the LTF agenda open also allows the review of other issues, such as the quality of finance provided, which mainly comes in the form of loans that increase the debt burden of LDCs, the lack of balance between adaptation and mitigation finance, and the complexity of the process that renders climate finance hard to access for LDCs.

Other issues left unfinished included the need for a common definition of climate finance and demands to scale up adaptation finance, which represented 21% of total climate finance in 2019, according to the OECD.[15] Developing countries have been asking for a common definition that will create transparency over the actual amount of finance mobilized and provided. However, during COP26, developed countries resisted having a standard definition agreed by COP28, claiming it would only duplicate the ongoing work under the SCF.

The outcomes of these disputed issues produced mixed feelings, with no parties getting exactly what they wanted. Nevertheless, the final text agreed to close the LTF agenda in 2027, allowing assessment reports to be made on the progress of the US$100 billion goal until 2025. After this date, the NCQG will come into force. Moreover, developed countries agreed to double adaptation finance, but the text requested *"the SCF to continue its work on definitions of climate finance, taking into account the submissions received from parties, to provide input for consideration by COP 27".*

Another vital agenda for LDCs was the NCQG on climate finance. The space provides an opportunity to learn from the previous US$100 billion commitment and develop a goal informed by the needs of developing countries — rather than a purely political, unscientific goal. At COP26, parties deliberated on what they hoped to see as an outcome and a way forward in setting this goal.

Parties initiated deliberations on the NCQG and established an ad-hoc work programme from 2022 to 2024. This programme will be facilitated by two co-chairs, one from a developed country and one from a developing country. Kishan Kumarsingh (Trinidad and Tobago) and Federica Fricano (Italy) were appointed as co-chairs early in 2022.

The first Technical Dialogue under this programme was convened in March 2022 in Cape Town in South Africa. Yearly High-level Ministerial Dialogues will also be convened from 2022 to 2024, the first of which is likely to take place during COP27. A summary of the deliberations of the High-level Ministerial Dialogues will provide guidance on the future direction of the ad hoc work programme for the following year.

2.3 Generating urgent action on loss and damage

At COP26, loss and damage took centre stage due to the growing urgency of climate change impacts felt by LDCs and SIDS. The Sixth Assessment Report from the IPCC stressed that human activity is responsible for causing average global temperatures to increase by 1.1°C. It also states that current policies and NDCs will lead us on a path towards an increase of 2.7°C, causing different youth movements, researchers, academics, and vulnerable countries to demand that world leaders address loss and damage and provide finance in response to mounting climate losses, in addition to mitigation and adaptation finance.[16]

The Glasgow Pact critically acknowledged that climate change has caused and will increasingly cause loss and damage. However, at the technical level, loss and damage was primarily addressed when negotiators discussed the issue under WIM agenda items, focusing on the three critical issues of the operationalization of the SNLD, finance for loss and damage, and governance of the mechanism:

- **Operationalization of the SNLD:** One of the most important outcomes of COP25 was the establishment a body responsible for implementation of loss and damage activities — the SNLD — to move beyond the technical dialogues on loss and damage taking place under the WIM. The SNLD should allow developing countries to access funding for loss and damage in addition to technical support. But with precise modalities and functions of the SNLD still not agreed, there was fear that the Santiago Network may end up 'just a website'.

Negotiators from developing countries hoped to fully operationalize the network at COP26. However, Parties did manage to agree a set of functions of the SNLD (Para 9 of the -/CMA 13 lists the six functions) and called for a work programme to operationalize the SNLD to be decided in the next meetings. These functions include contributing to the effective implementation of the functions of the WIM and catalysing demand-driven technical assistance including of relevant organizations, bodies, networks and experts, for the implementation of relevant approaches.[17] In addition, Parties, observers and other stakeholders are invited to provide submissions on institutional arrangements, structures and modalities. This is critical for developing countries in ensuring the network is set up to be fit for purpose — ensuring it can provide technical assessments to communities on the ground addressing loss and damage. Work will continue at COP27 on the institutional structures of the SNLD.

- **Finance for loss and damage:** The big elephant in the negotiation room remained finance for loss and damage. One of the few positive outcomes of COP25 in 2019 was a reference to finance for loss and damage under decisions related to the SCF. A successful COP26 for LDC, SIDS, and the Group of 77 and China (G77/China) meant the establishment of a financial facility for loss and damage. While this had been an off-limit topic due to the resistance of developed countries, the announcement made early during COP26 by the Scottish government to provide £2 million for loss and damage (the first funds ever allocated for that purpose) gave hope that such finance could become a reality. In the final days of COP26, a proposal by the LDC Group, in line with the G77/China, to establish a financial facility to address loss and damage never made it into the final outcomes. Parties instead agreed to initiate a dialogue on loss and damage finance scheduled to take place each year until 2024, much to the disappointment of vulnerable countries. It is critical that this dialogue results in tangible progress to deliver urgently needed climate finance to the most climate vulnerable developing countries, particularly LDCs, to address rapidly mounting losses from ongoing climate disasters and support them in developing the systems and tools needed to build resilience and reduce the impacts of climate-related disasters in the future.
- **Governance of the WIM:** The issue of whether the WIM's governance should be solely under the Paris Agreement or jointly under the Convention and Agreement has been contentious at the past two COPs. The US and other developed countries strongly support governance solely under the Paris Agreement, while developing countries propose governance by both the COP and Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement. Parties failed to resolve this issue, no agreement was reached, and discussions on this issue will continue at COP27.

2.4 Addressing COP25 leftovers by adopting final elements of the Paris Agreement Rulebook

The finalization of the Paris Rulebook was left over from the four previous COPs, where Parties failed to agree on the two critical issues of carbon markets and common timeframes for NDCs. Both these issues reflected an immense opportunity, if adequately designed, to allow Parties to achieve their carbon reduction targets, raise the ambition of NDCs and keep the overall 1.5°C goal alive.

Cooperative approaches under Article 6

The cooperative approaches under Article 6 can be classified in three categories: 1) the international transfer of carbon credits between countries (Art. 6.2 on Internationally Transferred Mitigation Outcomes — ITMOs), 2) the creation of credits for emission reduction projects undertaken in developing countries (Art. 6.4, similar to the Clean Development Mechanism — CDM), and 3) non-market-based approaches (Art. 6.8, such as applying taxes to discourage emissions or development aid).

The negotiations centred around three key aspects:

- **Share of proceeds**: A share of proceeds shall be deducted from activities under the mechanism of Art. 6.4 and delivered to the Adaptation Fund, where it will be used to support vulnerable countries to meet the costs of adaptation. Developing countries called for this rule to apply to Art. 6.2 as well as Art. 6.4, as it is the only predictable source of finance for the Adaptation Fund and due to concerns that countries may opt to use Art. 6.2 in order to avoid a proportion of the transaction going to fund adaptation in developing countries if it was not also subject to the share of proceeds. However, the US and European Union (EU) blocked this requirement, and the final compromise was that 5% of proceeds under Art. 6.4 had to go to the Adaptation Fund, while it was 'strongly encouraged' when trading under Art. 6.2.
- **The transition of CDM activities and transfer of units under the Kyoto Protocol:** The transfer of units created through activities to meet commitments under the Kyoto Protocol was a deeply controversial issue in the negotiations, with the potential to undermine the environmental integrity of Paris

Agreement commitments (and make it significantly more difficult to reach the global goals of the Agreement). However, Parties agreed to transfer carbon credits created since 2013 under the Kyoto protocol into the Paris Agreement, something that had been strongly opposed by the LDC Group as it would undermine the ambition of the Agreement.

- **Corresponding adjustments to avoid double counting:** Making a corresponding adjustment means that when Parties transfer emission reductions to another Party, these emission reductions must be 'uncounted' by the Party that agreed to transfer/sell them. For both cooperative approaches under Articles 6.2 and 6.4, there was an issue on how and when the corresponding adjustment should be applied. Negotiators agreed to avoid double counting and to use corresponding adjustments on both market mechanisms under Art. 6.2 and Art. 6.4.

Common timeframes for NDCs

At COP21 in Paris, countries agreed to have common timeframes regarding communicating their NDCs. During COP24, they consented for all countries to work to a single timeframe from 2031. However, there was no harmonization on the duration of timeframes and a whole list of options to choose from — be it five years or ten years, or the flexibility to mix various options or having different timeframes for developed and developing countries.

Many countries submitted their initial NDCs with different implementation phases covering 2020, 2025, or 2030. Ahead of COP26, LDCs pushed for the five-year timeframe to advance stronger climate ambition and align the NDC process with the Global Stocktake — which will review whether Parties are on track to meet the global goals of the Paris Agreement.

During the negotiations, Japan, Russia, and Saudi Arabia strongly advocated for a ten-year timeframe, insisting it would allow the consideration of each country's national context. The divergence of views in this agenda led to nine different options remaining on the table by the middle of COP26, including communicating NDCs by 2025 for periods up to 2035 or 2040 with many brackets still in the draft text.

However, the decision was transferred to the ministerial level, with options narrowed down to two. The final decision was for countries to communicate their NDC in 2025, to be updated every five years. The final text read: *"encourages parties to communicate in 2025 an NDC with an end date of 2035, in 2030 an NDC with an end date of 2040, and so forth every five years after that."*

The word 'encourage' provides space for countries who wish to communicate their NDCs with other timeframes to do so.

Enhanced Transparency Framework

The success of the Paris Agreement and the temperature, adaptation and finance goals within the Agreement are all dependant on the design of the Enhanced Transparency Framework (ETF). The ETF permits countries to report on their GHG emissions, progress towards their NDC implementation and achievement, climate change impacts and adaptation, finance provided, and information on financial, technological and capacity-building support to developing countries.

At COP24, Parties agreed the Modalities, Procedures and Guidelines (MPGs), a set of rules that operationalise the ETF. However, some technical issues remained under discussion, including a set of standardised tables — the Common Tabular Formats, the Structured Summary, and Common Reporting Tables — that will accompany the narrative information in the Biennial Transparency Reports (BTRs). Other negotiation topics were the outlines of the National Inventory Reports, BTRs, and the Technical Expert Review Reports, and the development of a training programme for technical expert reviewers.

The LDC Group's position was to agree on detailed and robust reporting tables and finalise the negotiations at COP26, allowing countries to submit their first BTR in 2024 with time to train their experts to report under the ETF.

Reporting on aspects of loss and damage has been a priority for the LDC Group and other developing countries. As such, the agreed decision emphasises the importance of providing information on loss and damage in the BTR. Under the Common Tabular Formats for support, the LDC Group pushed to have a separate column to provide information on support to avert, minimize and address loss and damage, but it was resisted. The final decision was to have a footnote requesting countries to provide information on support for loss and damage in the column for additional information.

Another issue that negotiators had to agree on was the best way to reflect in the tables and formats the reporting flexibilities provided to developing countries that need it in light of their capacities. This was one of the most contentious issues as some developing countries supported the idea of presenting the information using other formats, such as graphs, and figures, as well as being able to delete empty tables, rows and columns. In the end, Parties agreed to use the same set of tables with three possible options for developing countries to reflect reporting flexibilities, including the use of a notation key (FX) and the collapse of rows and columns. There were three options in the draft text; the Arab Group and Like-Minded Developing Countries Group favoured not presenting tables that have no information; the second option, selected by most developed countries, such the US and EU countries, was to have particular instructions for tables where the countries may need flexibility; and the final option, supported by the LDC and African Groups, was to put the FX symbol in tables where there will be no data.

In the end, all parties agreed to report GHG emissions and their financial, technological, and capacity-building support needed using the common tabular format and common reporting tables, with developing countries having the possibility to choose to write the FX symbol or collapse rows and columns where there is a need for flexibility.

2.5 Moving the adaptation agenda forward

COP26 also addressed a number of standing agenda items, with a view to advancing negotiations on key elements of the Convention and Paris Agreement, including on adaptation, capacity building, technology development and transfer, and matters related to LDCs and gender.

Adaptation and developing adaptation methodologies

Agenda items on adaptation included those on the report of the Adaptation Committee and National Adaptation Plans (NAPs), among others. However, while it remains one of the main pillars under the Convention, most of the work on adaptation now falls under Constituted Bodies, including the Adaptation Committee. This has caused ongoing concern, particularly on the part of developing countries, that adaptation is not getting the attention it needs to ensure adequate ambition.

As a result, there was a strong push at COP26 to launch a new line of negotiations on the Global Goal on Adaptation (GGA), which led to the adoption of a decision called the Glasgow-Sharm el-Sheikh work programme on the GGA. This two-year programme launches work to strengthen the GGA — including through a better understanding of the goal; elaboration of the elements necessary to assess progress against the goal; better communication from Parties on their adaptation needs and priorities; and stronger adaptation action, particularly in vulnerable countries. The work programme on the GGA will thus serve as an important focal point for adaptation discussions over the next two years, which will hopefully provide crucial impetus for increasing ambition on adaptation.

However, it is critical to note that increased attention on the importance of adaptation and adaptation planning requires a significant increase in climate finance, as current funding is insufficient to meet even the needs of adaptation plans already elaborated by LDCs.

LDC-specific items

One of the critical standing agenda items for LDCs was the extension of the mandate of the LDC Expert Group (LEG) — the only body under the Convention and the Paris Agreement which is devoted to addressing the specific national circumstances and situations facing LDCs. In the past, the LEG has served as a critical source of support for LDCs in undertaking National Adaptation Programmes of Action (NAPAs) and National Adaptation Plans (NAPs).

During negotiations, Parties agreed to extend the mandate of the LEG to 2031, with a review in 2026, which will allow for reflection on the evolving needs of LDCs. The lengthy extension of the LEG provides LDCs with assurance that there will be continued and sustained support for the adaptation planning and implementation processes.

Looking forward

3

Delegates, including those from LDCs, left COP26 in Glasgow with a strong sense that Summit's outcomes had set the UN climate process back on track, rebuilding some of the trust lost at COP25 in Madrid and largely catching up on the extensive number of mandates that had built during the pandemic. LDCs had successfully kept the 1.5°C goal alive and worked to ensure that their concerns and needs were reflected in the various outcomes. However, they also left the conference knowing that the Glasgow Pact is insufficiently ambitious to achieve the urgent climate action demanded by science and fails to provide the resources needed to move vulnerable countries to low-carbon, climate-resilient development pathways and manage the loss and damage they are already experiencing.

3.1 Looking forward to another critical year for climate ambition

COP26 took incremental steps forward and reset the process after the worst of the Covid-19 pandemic. However, rather than fulfil climate finance commitments and meet the need for ambitious action on loss and damage, adaptation and mitigation, the Pact instead launched a series of work programmes and efforts to enhance climate ambition and rebuild broken trust on issues like climate finance, loss and damage and adaptation. While the last several COPs, including Glasgow, have been billed as 'climate super years' or as critical to ambition, COP27 must take on the same level of urgency.

This is underscored by the increasingly clear science in the recently released IPCC working group reports, which stress the narrowing window of opportunity to prevent catastrophic climate change, particularly for the most vulnerable countries.[18] The Glasgow Pact calls for Parties to increase the ambition of their pre-2030 emission reduction commitments. While this provision applies to all Parties, developed countries and major emerging economies in particular must rapidly cut emissions for the world to meet the collective target of a 45% reduction in emissions by 2030 in line with the scale required in the IPCC report *Global Warming of 1.5 °C*.[19]

Additionally, while the Glasgow Pact righted the badly listing UN climate process, it failed to deliver concrete action on adaptation, ambitious agreements on loss and damage, and it deferred the US$100 billion climate finance goal until 2023. In this context, many developing countries, including LDCs, remain concerned about whether the UNFCCC can meet their needs. To rebuild trust in the process, it is necessary that developed countries continue to rapidly scale up their provision of climate finance, achieve parity between adaptation and mitigation finance, and take meaningful steps towards scaling up funding to address already occurring loss and damage.

The process must also find a way to ensure that adequate space and attention is given to adaptation, which has become increasingly fragmented within the agendas of the negotiations and subsumed into the work of the Constituted Bodies. This will be ameliorated to some extent in 2022 with the launch of the work programme on the GGA. However, there is a need to address adaptation finance, and LDCs also expect strong outcomes on loss and damage, including a financial instrument and the operationalization of the Santiago Network.

Finally, following the conclusion of negotiations on the Paris Agreement Rulebook and increasing urgency for action underscored by the IPCC, 2022 must become a super year for implementation, with national governments taking substantial steps towards turning their commitments into action on the ground. The world must now endeavour to reduce emissions as quickly as possible, increase resilience through adaptive action, and put in place systems to address ongoing loss and damage due to the impacts of climate change.

For the LDCs, aspects of the priority issues that they arrived at COP26 with remain unfulfilled and will be carried forward as key priorities for COP27. These include the establishment of a financial facility for loss and damage as well as governance of the WIM, the definition of climate finance and the beginning of negotiations on the NCQG, and the further elaboration of the GGA, among others. These more technical issues will come on top of the LDC Group's continued drum beat on increasing ambition to ensure that the planet is on a pathway to the 1.5°C goal, asking countries, particularly major emitters, to further revise their NDCs; and calls to dramatically scale up adaptation finance, particularly for the most vulnerable countries, to enable LDCs to build their resilience to climate change.

3.2 Addressing climate change in a post-pandemic world

These ambitious steps at the international level must take place in the context of a dramatically changed global landscape. While the world is making tentative steps towards 'living with Covid', the economic impacts of the pandemic are rapidly accumulating, along with the shocks associated with the war in Ukraine.

While climate talks are moving back into more familiar territory, with the first in-person formal negotiations since 2019 taking place in Glasgow, it does look like hybrid and virtual approaches will remain a part of international climate diplomacy for some time to come. While in-person negotiations are critical to ultimately reaching decisions, entirely virtual events — such as the monthly Head of Delegation meetings, designed to advance understanding of key issues and challenges, sponsored by the COP Presidencies — have emerged as a critical way to move negotiations forward and build understanding.

Meanwhile, hybrid virtual/in-person events are an emerging fixture of 2022. These spaces need to be carefully managed to ensure that virtual participants are not disadvantaged. However, they do enable increased participation as delegates can take part even when unable to travel. While there are some notable downsides to virtual and hybrid approaches, including the challenges of working across multiple time zones and technological difficulties, they also have the distinct advantage of reducing the carbon footprint of the international climate process and enabling intersessional engagement on key negotiating issues.

Acronyms

BTR	Biennial Transparency Report
CDM	Clean Development Mechanism
CMA	COP serving as the meeting of the Parties to the Paris Agreement
COP	Conference of the Parties
ETF	Enhanced Transparency Framework
EU	European Union
GGA	Global Goal on Adaptation
GHG	Greenhouse gas
IPCC	Intergovernmental Panel on Climate Change
ITMO	Internationally Transferred Mitigation Outcome
LDC	Least Developed Country
LEG	LDC Expert Group
LTF	Long-term finance
MPG	Modalities, Procedures and Guidelines
NAP	National Adaptation Plan
NAPA	National Adaptation Programmes of Action
NCQG	New Collective Quantified Goal
NDCs	Nationally Determined Contributions
SCF	Standing Committee on Finance
SIDS	Small Island Developing States
SNLD	Santiago Network on Loss and Damage
UK	United Kingdom
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
US	United States of America
US$	United States dollars
WIM	Warsaw International Mechanism

Related reading

Anna Schulz, *et al.* 2021. Resetting climate negotiations: LDC priorities for an ambitious COP26. https://pubs.iied.org/20541iied

Illari Aragon and Evans Davie Njewa. 2021. The elusive US$100 billion: will COP26 reboot trust and pave the way for a more ambitious finance goal? https://pubs.iied.org/20481iied

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Anna Schulz, *et al.* 2021. Implementing the Paris Agreement: LDC gaps and needs in greenhouse gas inventory reporting. https://pubs.iied.org/20086iied

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Brianna Craft, *et al.* 2021. The impacts of COVID-19 on climate diplomacy. https://pubs.iied.org/20216g

Endnotes

1 For further discussion of LDC priorities heading into COP26 see: Schulz *et al.* 2021. *Resetting climate negotiations: LDC priorities for an ambitious COP26*. IIED. https://pubs.iied.org/20541iied. And see Aragon and Njewa. 2021. *The elusive US$100 bn: will COP26 reboot trust and pave the way for a more ambitious finance goal?* IIED. https://pubs.iied.org/20481iied.

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8 For further discussion of LDC priorities heading into COP26 see: Schulz *et al.* 2021. *Resetting climate negotiations: LDC priorities for an ambitious COP26*. IIED. https://pubs.iied.org/20541iied. And see Aragon and Njewa. 2021. *The elusive US$100 bn: will COP26 reboot trust and pave the way for a more ambitious finance goal?* IIED. https://pubs.iied.org/20481iied.

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10 UNFCCC. 2021. Glasgow Climate Pact. Decision 1/CP.26. https://unfccc.int/sites/default/files/resource/cop26_auv_2f_cover_decision.pdf.

11 *Ibid.*

12 *Ibid.*

13 Timperley. 2021. The broken US$100-billion promise of climate finance—and how to fix it. Nature. https://go.nature.com/3wHIzuP. OECD. 2021. Climate Finance Provided and Mobilised by Developed Countries: Aggregate Trends Updated with 2019 Data. OECD. https://bit.ly/3yTnBdV. Oxfam. 2021. Poorer nations expect to face up to £75 billion six-year shortfall in climate finance. https://bit.ly/3Gf8YDi.

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16 IPCC. 2021. Climate Change 2021: The Physical Science Basis Summary for Policy Makers. https://bit.ly/3MMTclq. IPCC. 2022. Climate Change 2022: Impacts, Adaptation and Vulnerability Summary for Policy Makers. https://bit.ly/3MLkhp5. IPCC. 2022. Climate Change 2022: Mitigation of Climate Change Summary for Policy Makers.

17 UNFCCC. 2021. Decision -/CMA.3 WIM. https://bit.ly/3yWqr1J. The full set of functions additionally include:

- Facilitating the consideration of a wide range of topics relevant to loss and damage approaches;
- Facilitating and catalysing collaboration, coordination, coherence and synergies to accelerate action;
- Facilitating the development, provision and dissemination of, and access to, knowledge and information on loss and damage; and
- Facilitating through catalysing technical assistance access to action and support under and outside the Convention and Paris Agreement.

18 *Ibid.*

19 IPCC. 2018. *Special Report Global Warming of 1.5°C Summary for Policy Makers.* https://bit.ly/3lJLXyI.

Following a two-year hiatus in negotiations due to the pandemic and the failure of the preceding Madrid talks to deliver enough political impetus, trust in the entire UN-led process on climate action hung in the balance as delegates arrived in Glasgow for COP26, particularly for climate vulnerable countries such as those comprising the Least Developed Countries (LDCs) Group. The Summit's key outcome document — the Glasgow Climate Pact — achieved just enough progress to keep the process alive. The 1.5°C goal was upheld and the need to eliminate coal and fossil fuel subsidies was recognised. However, LDCs were disappointed that climate finance pledges had not been met and that little progress was made on loss and damage. The stakes therefore remain high for climate negotiations throughout 2022.

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