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Policy pointers

For Least Developed Countries (LDCs), success at COP26 will require ambitious outcomes on climate finance, loss and damage, and the Paris Agreement rulebook. Parties must rapidly agree on the basis for negotiations so vital decisions can be made.

Major emitters must significantly increase their ambition to meet the 1.5°C goal by clarifying plans, acknowledging the Intergovernmental Panel on Climate Change Working Group I and Nationally Determined Contributions synthesis report findings and extending the 2020 mandate for long-term strategies.

Developed countries must honour their US\$100 billion per year climate finance commitment. The post-2025 goal must be based on the needs of developing nations, favour grants over loans, prioritise adaptation and include loss and damage.

Success at COP26 requires inclusivity. Despite pandemic travel challenges, organisers must ensure that delegates from LDCs and Small Island Developing States (SIDS) are able to participate in the negotiations.

Resetting climate negotiations: LDC priorities for an ambitious COP26

This briefing sets the stage for COP26 from the perspective of LDCs. We explore the scientific and political context that will shape how the meeting takes place and present key priorities that must be resolved for COP26 to be labelled a success. But COP26 will have an extremely heavy agenda. The pandemic has limited formal negotiating processes since 2019. Parties must rapidly agree on the basis for negotiations to move forward. This will be critical if Parties are to raise their ambition to keep global temperature increase below 1.5°C, address the vital need for adaptation and sufficient climate finance flows, and address the loss and damage already being experienced by the most vulnerable countries. But the outcomes must also be shaped by the priorities of developing nations. The presence of LDC Group delegates at COP26 is therefore vital.

Challenges of a pandemic COP

When the 26th Conference of the Parties (COP26) to the UN Framework Convention on Climate Change (UNFCCC) convenes on 31 October 2021 it will have been two years since negotiators met in person. COP26 will convene thousands of delegates for in-person but socially distanced negotiations. But many countries will still be battling COVID-19, unequal access to vaccines and the economic impacts of the pandemic. COP26 will indelibly mirror those inequities and challenges. Delegates from red-listed countries, including LDCs and Small Island Developing States (SIDS) — many of whom make up the LDC Group negotiating bloc (see Box 1) — will struggle to reach the COP at all or face lengthy quarantines.

Box 1. What is the LDC Group?

The Least Developed Countries (LDC) Group is made up of the 46 poorest countries in the world, which contribute the least to climate change yet disproportionately suffer from its ever-increasing impacts. Representing over one billion people throughout Africa, Asia-Pacific and the Caribbean, the LDC Group supports LDCs to negotiate as a bloc at the intergovernmental negotiations under the UNFCCC sessions, to represent their collective needs and issue key statements reflecting their collective position.

Source: www ldc-climate.org

Wealthy nations must present a credible delivery plan for this long-promised funding before COP26 to reboot trust

The pandemic will shape COP26 in other ways too. Negotiators will face a heavy agenda that will attempt to address all issues and mandates that built up during the two-year hiatus.

Negotiators have been advancing discussions on key issues throughout 2021 through Head of Delegation (HoD) meetings run by the COP Presidency and technical meetings organised by the Chairs of the UNFCCC Subsidiary Bodies. And in

a virtual negotiating session that took place in June, it was broadly agreed that no decisions would be taken in virtual spaces.

These sessions often resulted in Chair's summaries to inform those unable to attend due to time zones or technical issues. And the negotiations in June did, for most agenda items, result in non-papers (informal notes) which attempted to capture progress. But these non-papers have no official status and will not automatically serve as the starting point for resumed in-person negotiations at COP26. To advance this extremely heavy agenda, Parties must rapidly agree on the basis for negotiations and transition from exchanging views to narrowing options within negotiating texts to take decisions at COP26.

Reaffirming ambitions for 1.5°C

The pandemic will undoubtedly have a dramatic effect on the COP. But the urgency for ambitious outcomes at COP26 has only become clearer with the release of the new Intergovernmental Panel on Climate Change (IPCC) Working Group I (WGI) report on the physical science basis for climate change. The report reiterates the rapidly narrowing window for Parties to keep global warming to below 1.5°C.¹

Originally, Parties were supposed to submit new or revised nationally determined contributions (NDCs) to enhance their ambition under the Paris Agreement in 2020. However, many only submitted their enhanced NDCs in 2021. Some hoped that the additional time — and the USA's reengagement with the Paris Agreement — would begin to bend emission trajectories in the correct direction. Yet recent analysis (including the UNFCCC NDC Synthesis Report² and a report on the role of the G20 countries in achieving the Paris Agreement³) make it clear that the ambition reflected — particularly in the NDCs of major emitters — are insufficient to prevent warming even above 2°C.

For the LDCs to achieve an ambitious outcome at COP, Parties — particularly major emitters — must admit that their efforts to raise their ambitions have fallen short. They must:

- Reaffirm their commitment to achieving the 1.5°C goal and address how they will urgently scale up climate action in line with that goal
- Acknowledge and welcome the findings of the IPCC WGI report and the NDC Synthesis Report, and
- Extend the mandate for the submission of long-term strategies (LTS), which expired in 2020, to encourage planning towards net zero targets.

Ensuring equitable and ambitious outcomes

Delegates will have to quickly advance on the many agendas accumulated in the absence of formal negotiating processes. All agenda items are critical. However, several are essential to achieve outcomes at COP26 that are ambitious, inclusive and equitable, particularly for vulnerable countries and communities already experiencing the impacts of climate change. These outcomes include agreements on climate finance, addressing loss and damage, and finalising the Paris Agreement rulebook.

Commitments to climate finance. Climate finance will be a central point in COP26 negotiations — particularly in relation to the US\$100 billion climate finance commitment. It remains one of the biggest issues to resolve in the run up to the COP.

Two progress reports produced last year concluded that wealthy nations are still far from achieving their US\$100 billion commitment.^{4,5} These reports also show that countries are increasingly choosing loans over grants to provide climate finance to developing nations, including to LDCs. From 2016 to 2018, 66% of climate finance provided to LDCs was given as loans,⁴ and this finance is far from meeting a balanced allocation between adaptation and mitigation. In 2018, funding for adaptation amounted to only a fifth (21%) of the total climate finance provided.⁴

Developing countries, including LDCs, are very clear in their message: commitments made up to 2020 must be met. Wealthy nations must embark on a big push to deliver this long-promised funding. A credible delivery plan should be presented between now and November to reboot trust.

But can wealthy nations deliver? For LDCs, this will be pivotal. At COP26 negotiators will start

discussions to set a new and more ambitious climate finance target that will run from 2025 onwards. But for that new target to work for LDCs, the negotiation process must be informed by their experiences and lessons learnt.

A key challenge is the lack of definition of climate finance. Looking ahead to 2025, we must build a shared understanding of what qualifies as climate finance and how to count it. Should the post-2025 commitment include only public finance or also private-sector finance?⁶ And which financial instruments should be used — grants or loans? Because recipient countries end up paying significant amounts in repayments and interest, the use of loans has been contested. The LDC Group has continually stressed the critical role of grant-based finance for adaptation (as opposed to loans) especially in the context of the COVID-19 pandemic, economic recession and unprecedented debt challenges.

One issue that needs careful consideration is the volume of the new target. The goal of US\$100 billion agreed in Copenhagen was politically determined and, in many ways, a symbolic figure. As stated in the Paris Agreement, the post-2025 goal must be guided by the needs and priorities of developing countries. For the LDC Group, it is fundamental that the new goal is based on realistic assessments of developing countries' needs. It is vital that at COP26, Parties discuss the sources of inputs that will inform this process.

Then there is the shape of the target. Should it aggregate mitigation and adaptation into one target — as the current US\$100 billion commitment does — or differentiate between the two? Mitigation and adaptation play distinct roles, so having separate targets for each could be invaluable.⁷ This could help address the disproportionate support for mitigation and the lessons learnt with the US\$100 billion goal, where mitigation is still favoured over adaptation, loans rather than grants dominate, and little finance has reached LDCs.

Support to address loss and damage. As the impacts of climate change intensify, how should the international community address inevitable, unavoidable losses and damages?

This question remains largely unanswered. Those least responsible for climate change are worst affected. Vulnerable developing countries are increasingly experiencing devastating loss and damage. To an extent, it can be minimised and averted through mitigation and adaptation. But loss and damage cannot be wholly avoided. By 2030, developing countries will require an

estimated US\$300 billion annually to cover measurable costs.⁸ Even so, no value can be put on the additional loss of life, territory, indigenous knowledge, cultural heritage, sense of place or related traumas. COP26 must recognise these growing damages and resulting costs.

At COP26, deliberations will begin on the post-2025 finance target, building on the US\$100 billion commitment. These must be based on science and the actual needs of developing countries, and not only cover the costs of mitigation and adaptation, but also of unavoidable loss and damage.

COP26 also needs to advance work on the Santiago Network on Loss and Damage (SNLD). The SNLD was established in 2019 at COP25 in Madrid 'to catalyse the technical assistance [...] for the implementation of relevant approaches at the local, national and regional level, in developing countries that are particularly vulnerable to the adverse effects of climate change'.⁹ Yet it remains no more than a web page with hyperlinks to existing reports and websites.¹⁰ To ensure the SNLD's full potential is realised, there must be a Party-led process to decide the structure, functions and modalities of the SNLD at COP26, or at least space provided for these discussions to begin. But the draft COP26 agenda has as yet failed to include these discussions.

Finally, the unresolved issue of the governance of the Warsaw International Mechanism for Loss and Damage (WIM) must be dealt with. The Paris Agreement provides that the WIM shall be subject to the authority and guidance of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA). But it did not explicitly remove the authority and guidance of the UNFCCC (COP) under which the WIM was established. The WIM should be under joint oversight of the UNFCCC (COP) and the CMA.

Completing the Paris Agreement rulebook.

The Paris Agreement rulebook is a set of technical modalities, procedures and guidelines to operationalise commitments taken under the Paris Agreement. It was supposed to be finalised at COP24 in Katowice in 2018. Most rules were adopted. But Parties failed to agree on two key issues: rules related to cooperative implementation approaches contained in Article 6¹¹ and on common timeframes (CTF) for NDCs. These negotiations again failed at COP25 in Madrid in 2019. The state of play on these negotiations has not changed dramatically.¹²

To ensure a successful outcome on Article 6, LDCs do not support the use of carbon

credits to meet Paris Agreement commitments created under the Kyoto Protocol, which would undermine the temperature goal of the Paris Agreement. LDCs also need robust rules on accounting and environmental integrity to ensure there is no double counting of emission reductions, and a share of proceeds under both Article 6.2 and 6.4 to ensure a steady flow of adaptation finance, among others.

A robust outcome on CTF is essential to ensure the mechanism within the Paris Agreement ratchets up ambition over time. The current lacklustre NDC revisions make it clear that locking in a ten-year NDC cycle will fail to generate the ambition necessary to meet the temperature goal of the Paris Agreement. It will also undermine the global stocktake of progress in achieving the objectives of the Paris Agreement, which will take place every five years. LDCs see a five-year cycle as an important outcome of COP26.

In addition to Article 6 and CTF, the ruleset adopted in Katowice launched additional mandates for developing tables (for example to track greenhouse gas emissions) and report outlines and trainings of reviewers under the enhanced transparency framework (ETF) to share reliable, transparent and comprehensive information on greenhouse gases emissions, climate actions and support. The transparency negotiations were supposed to conclude in 2020. However, negotiations failed to reach an agreement on intersessional work between COP25 and 26, although progress has now accelerated. During the pandemic, virtual technical meetings convened to address sub-agenda items on transparency. But to reach agreement at COP26, negotiators will have to progress rapidly through many highly technical issues.

For the LDCs, it is critical that an outcome is reached this year. The first ETF reports are due in 2024, albeit with flexibility for LDCs on this

timing. LDCs are already working to build their capacity to report under the ETF. But having the rules in place will maximise the time they have to meet these new reporting requirements.

Keeping an ambitious COP within reach

For LDCs, COP26 will only be successful if Parties can agree to ambitious outcomes that capture the urgency for increasing ambition within NDCs (particularly from major emitters), for meeting climate finance targets, and increasing the quantity and quality of future climate finance. Parties must also build trust by working with vulnerable countries to strengthen international loss and damage institutions and provide climate finance for the climate impacts that are already acutely felt by the poorest and most vulnerable.

These outcomes are urgently needed to regain momentum within the international climate process. They will serve as critical next steps in the multilateral effort to address climate change. But they will hinge in part on the pandemic setting of the COP. LDC delegates face many steep challenges in even getting to Glasgow. Despite best efforts to vaccinate delegates in advance of COP26, how inclusive will it be given international travel restrictions and uneven global vaccine distribution? To achieve the ambitious outcomes that are so critical to our common future, the priorities of developing nations must be addressed. The presence of LDC delegates at COP26 is therefore vital — the outcomes of COP26 will be credible and ambitious only if no one is left behind.

Anna Schulz, Illari Aragon, Camilla More and Sonam P Wangdi

Anna Schulz is a principal researcher and head of global climate law, policy and governance in IIED's Climate Change Group. Illari Aragon is a researcher in IIED's Climate Change Group. Camilla More is a researcher in IIED's Climate Change Group. Sonam P Wangdi is Chair of the LDC Group on Climate Change and National Environment Commissioner for Bhutan.



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Contact

Anna Schulz
anna.schulz@iied.org

Third Floor, 235 High Holborn
London, WC1V 7DN
United Kingdom

Tel: +44 (0)20 3463 7399
www.iied.org

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Notes

¹ IPCC (2021) Climate Change 2021: The Physical Science Basis. www.ipcc.ch/report/ar6/wg1 / ² UNFCCC (2021) Nationally determined contributions under the Paris Agreement. Synthesis report by the secretariat. https://unfccc.int/documents/306848 / ³ OECD (2021) Climate finance provided and mobilised by developed countries: aggregate trends updated with 2019 data. https://bit.ly/2Wn5aNL / ⁴ OECD (2020) Climate Finance Provided and Mobilised by Developed Countries in 2013–18. https://bit.ly/3kOJ7sD. Recent 2019 OECD figures indicate only a marginal increase in adaptation finance with an extra US\$3.4 billion representing 25% of the total for that year (US\$79.6 billion). / ⁵ Oxfam (2020) Climate Finance Shadow Report 2020: assessing progress towards the \$100 billion commitment. https://bit.ly/3ATHX4X / ⁶ By this we mean private finance mobilised by public funds. / ⁷ For more information see Chhetri, RP, Dransfeld, B, Harmeling, S, Köhler, M and Nettersheim, C (2020) Options for the post-2025 climate finance goal. Climate Finance Advisory Service policy brief. https://bit.ly/3AUtu8C / ⁸ Civil Society Review (2019) Can climate change fuelled loss and damage ever be fair? http://civilsocietyreview.org/report2019 / ⁹ See paragraph 43 in UNFCCC (undated) Draft decision -/CMA.2: Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts and its 2019 review. https://bit.ly/3CYWX2a / ¹⁰ United Nations Climate Change, Santiago Network: Catalyzing technical assistance on loss and damage. https://unfccc.int/santiago-network / ¹¹ Article 6 of the Paris Agreement recognizes that some Parties choose to pursue voluntary cooperation in the implementation of their [NDCs] to allow for higher ambition in their mitigation and adaptation actions and to promote sustainable development and environmental integrity." See https://bit.ly/3ifKlvi / ¹² See our analysis in advance of COP25 in 2019: Kpaka, G, Prolo, C, Schulz, A, and Gebreyes, B (2019) Ensuring COP25 delivers increased ambition in 2020. IIED, London. https://pubs.iied.org/17734iied. See also Schulz, A, Swaby, G and Wangdi, S (2021) LDC priorities from COP25 to COP26: Unfinished business and pandemic disruption. IIED, London. https://pubs.iied.org/20081iied

