COP26: hope and disappointment in the "new normal"

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"New normal" has become the buzzword of a world still reeling from the Covid-19 outbreak. But as it sought to break through the new normal of lockdowns and restrictions, the 25,000-strong COP26 gathering in Glasgow may have become the latest addition to the "new normal" of climate change negotiations: bold commitments that inspire hope, while their implementation plans ring hollow and seed doubt.

The Conference of Parties (COP), the flagship annual convention of the UN Framework Convention on Climate Change, has been an emotional rollercoaster since the 2015 Paris Agreement. Expectations of COP26 were high to begin with – after a scrambled COP25, it came hot on the heels of urgent landmark reports on the climate crisis and was the first test for the Paris 'ratchet' ambition mechanism, whereby governments pledge emissions reductions through the submission of new National Determined Contributions (NDCs) prior to the conference. All this was doubled by an outstanding pressure from civil society for unprecedented and immediate action on climate change. And if world leaders had by any chance hit the snooze button on this fact, they were amply reminded of it in the opening ceremony by some of the world's most well-known voices - and some of the most uncompromising about the continued dumping of emissions by industrial countries at the expense of those most vulnerable.

Nonetheless, from the stark reminders of the disastrous status of climate change, several big wins seemed to emerge for climate negotiators, as they ploughed through the interminable and controversial Article 6 of the Paris Agreement, which outlines how international emissions trading will work. Agreeing on Article 6 marked the end of negotiations drawn out since 2015, creating an accounting system capable of avoiding the double-counting of emissions reductions. The major accomplishment of the finalized Article 6 is that it enables linkages between separate emissions trading schemes, such as those currently operating in Europe, China, and some states in the US.

In other positive news, 197 countries pledged to strengthen the 2030 targets of their NDCs. The final 11-page COP26 agreement, named the Glasgow Climate Pact, established that greenhouse gas emissions must be reduced by at least 45% by 2030 relative to 2010 levels, to have a high chance of maintaining global average temperature increases under 1.5°C. Aside from the formal negotiations, a plethora of side deals, agreements, and initiatives – a common practice at COPs – also delivered game-changing commitments. Multiple collective statements were put forward on some of the most pressing climate-related issues, including reducing coal-fired power, cutting methane emissions, and halting deforestation.

A "death knell for coal power" – or at least a Do Not Resuscitate order

A series of "confusing" new and existing commitments on coal were made during COP26. A few media blunders caused by UK diplomatic staff ended in watered-down ambitions on coal power: from initial ambitions to "phase-out" coal, to the final official text presenting a rather timid "phase-down," following a late intervention by China and India. Nevertheless, UK prime minister Boris Johnson was right to label the deal a "game-changing agreement" which sounds "the death knell for coal power." Despite the eleventh-hour damping down of ambitions on coal phase-out, the Glasgow Climate Pact remains the only COP agreement to include a pledge to reduce unabated coal use, a historic agreement between nearly 200 countries.

Significant advances on eliminating coal were also announced in parallel to the formal COP negotiations. Signatories of the Global Coal to Clean Power Transition Statement committed to scaling up clean power and energy efficiency, phasing out coal and curbing new unabated coal power, all while ensuring a just transition. The statement was signed by three of the world's largest coal users (South Korea, Indonesia, and Vietnam), as well as several of Europe's main coal power producers including Germany, Poland, and Ukraine. On the eve of COP26, a landmark agreement was reached by G20 countries, including China, to stop international financing of coal power. This is a monumental shift that cannot be overstated: over 40GW worth of ongoing projects in 20 countries relied on Chinese finance alone. Other side-deals at COP26 committed to mobilize financing for coal phase-out, such as the $8.5 billion Just Transition Partnership for South Africa, where France, Germany, the UK, the US and the EU pledged to supporting the country to phasing out coal power.

Notwithstanding the failure to formalize a clear global coal phase-out and the patchwork of announcements with varying degrees of ambition, COP26 has de facto cosigned the end of coal. This had already been underway for some time. In the run-up to the COP21, when the Paris Agreement was signed, Bangladesh, Pakistan, Sri Lanka, and 40 other countries announced they would not build any new coal. And since the negotiation of the Paris Agreement, there has been a 76% reduction in proposed coal power projects, including the cancellation of more than three quarters of planned projects in China, which accounts for more than half of the global pre-construction pipeline. Morocco, the Ivory Coast, and Poland had a single remaining project in development - all now expected to be cancelled - and Egypt will also stop building new coal-fired power plants.

Thus, at COP26, no-new-coal officially became the norm. More than 60 countries pledged to not build new coal power plants, and there is no space for new coal in Indonesia and Vietnam's net-zero targets, nor in India's new 2030 NDC. The Just Energy Transition Partnership for South Africa is a praiseworthy effort to eliminate coal power while maintaining a just transition for workers and communities. Based on these developments, the global focus will now shift from agreeing on a coal phaseout to negotiating the pace at which it will be achieved.

It's not all about carbon dioxide – spotlight on methane emissions

In possibly one of the most talked-about agreements at COP26, 109 countries pledged to reduce their methane emissions by 30% until 2030 and to use the best available inventory methodologies for quantifying emissions. Methane is a potent greenhouse gas, with a warming potential 80 times higher than carbon dioxide. Methane leakages ("fugitive emissions") occur across the entire gas value chain, from both unintentional (e.g. during extraction or in low pressure distribution systems that still use cast iron pipes) and purposeful sources (e.g. when gas is vented rather than flared). The agreement was jointly announced by the EU and the US in September and formalized during COP26, signed by countries responsible for more than half of current global methane emissions, including Indonesia, Canada, Brazil, and the UK. The agreement fell short of a breakthrough, as some of the largest methane emitters, namely Australia, China, and India, did not sign up. Nonetheless, China has already agreed to meet with US officials in early 2022 to discuss the specifics of this agreement, as pressure mounts to eliminate fugitive methane emissions globally.

An unprecedented breakthrough agreement for industrial decarbonization

The Glasgow conference also marked the first COP where industrial decarbonization was specifically discussed, marking a shift from general headline targets towards more concrete pledges for the actual implementation of climate commitments. The steel breakthrough agreement brings together over 30% of the global steel production. A long list of countries, including the EU, UK, US, Egypt, South Korea, Turkey, Japan, and India agreed ''to make near-zero emissions steel the preferred choice by 2030''. This is an unprecedented step forward for the global industrial transition - one of the tougher nuts of decarbonization to crack. Emissions from steel production are the largest of any industry (around 7% of total GHG emissions) and equally among the hardest to abate. However, the notable absentee from the agreement is China, the world's largest steel producer, evidencing that further diplomatic efforts are needed for broader participation in this agreement. Market pressures are also likely to unfold: as decarbonized steel will become increasingly available on international markets, other countries are expected to follow suit, especially given that India, one of the fastest-growing steel producers, is among the signatories of the COP26 steel agreement.

Ending deforestation – this time, with more money

COP26 also saw a globally significant commitment on deforestation. 100 countries, whose territories contain 85% of the world's forests, pledged to stop deforestation by 2030. This is not the first global agreement on deforestation (though previous ones have had vastly underwhelming impacts), but it is better funded: the pledge includes public and private funds amounting to over €16 billion, some of which will go to developing countries to restore damaged land, tackle wildfires, and support local communities. Brazil, which houses most of the vast Amazon rainforest, is among the signatories, and a €1.3 billion fund has been established to protect the world's second-largest tropical rainforest in the Congo Basin. 28 countries have also pledged to remove deforestation from the global food trade, and some of the world's largest financial companies have promised to end investment in activities linked to deforestation.

Now what?

All in all, the outcome of COP26 was a concert of promises in a relatively hopeful key, despite some countries striking a discordant note or missing a beat. However, an awkward quasi-silence falls after the applause, when the inevitable question of how all this will be implemented arises. True, concrete implementation agreements for industrial decarbonization have been agreed, and this is a hugely positive step. But how will the global pledge on deforestation be monitored? Even more basically, how do you define deforestation? Just days after Indonesia signed the deforestation pledge, its officials called it "unfair", saying among other things that there are multiple ways to define deforestation. What is the actual coverage of ending coal investments? In addition to the toned-down language around coal use in the Glasgow Climate Pact, the G20 agreement to stop international financing of overseas coal covers only a fraction of public financing for this dirtiest fossil fuel, and does not address the private sector. Of course, this pledge will have an impact – removing more than 40GW of coal power projects is no small feat – but celebrating this massive achievement should not fail to underscore what more needs to be done.

To solve the climate crisis, finance is key. Funding the transition towards a sustainable global economy has long been the subject of climate negotiations, and this year was no different: the Glasgow Climate Pact emphasizes the need for high- and middle-income countries to support developing countries with financing to the tune of over $100 bn/y (after failing to deliver on their original promise to mobilize $100 bn/y by 2020). Disappointingly, the lack of agreement on compensation for the most climate-vulnerable countries may have represented the largest failure of COP26. The negotiations for the ''Glasgow Loss and Damage Facility,'' a financial mechanism for responding to the unavoidable impact of climate change that cannot be adapted to, collapsed. This recent foundering in creating an insurance mechanism for countries affected by climate damage (the result of emissions which they did not generate) means that the uneven impact of climate change will still strike the hardest in the most vulnerable regions.

It should be mentioned that some finance has been mobilized, such as the Just Transition Partnership for South Africa – and not just public finance: the private sector is key to implementing climate ambitions, given that they require such a phenomenal and increasing amount of money. Earlier this year, the Glasgow Financial Alliance for Net Zero (GFANZ) was launched as a centralized forum bringing together sustainable finance initiatives into a 450+ company group holding $130 trillion in assets – which they have committed to the net-zero transition. However, these initiatives are no exception from the question of how they will be policed. Critics say that without certainty in governmental support (for example, in phasing out fossil fuels), the GFANZ may become yet another PR exercise. And without a global carbon price and details of how exactly the financial sector will shift market risk towards carbon-intensive technologies, these ambitious commitments of the private sector may end up under the same banner of "great idea, questionable execution."

The bottom line - see you next year

The road to net-zero is bound to be strenuous when nearly 200 countries need to agree on essentially reshaping their economies – particularly those who have only just found their seat at the table. COP26 is Exhibit Z – two weeks of wrangling in official and off-the-record negotiations to shift the world a bit closer to the sustainable future we all know is possible. And shift the world it did – first-of-their-kind global deals on reducing coal use, halting deforestation, and cutting methane emissions – incredible feats in themselves. But as always, it is down to the "boring" topics that are usually missing in inspirational speeches: financing, monitoring, evaluation, implementation, management. As is the case with COP, the world will have to wait – at most until the Global Stocktake in 2023, where an assessment of the actual delivery of commitments under the Paris Agreement will take place. Until then, the achievements of COP26 are indeed noteworthy – but the hope they breed will only last as long as leaders keep them in focus, implementation and all. Hopefully, until COP27 at least.