



29 November 2021

COP26 INSIGHTS FROM THE NBI

Whether COP26, held in Glasgow (Scotland) in November 2021 can be deemed successful, or not, depends on your perspective. If you are an experienced negotiator, cognisant of what could be politically achieved, you would be pleased. The conference did not quite live up to its 'finance COP' label but it did make small, but significant steps, in the right direction. If you are from a developed economy, you were more likely to be happy than if you were from a developing one. If you are a civil society member hoping for greater gains on equity and social justice, you are likely disappointed. If you are an optimistic South African, you are quietly very pleased with how the country was portrayed. However, any environmentalists amongst you should be horrified.

The Gains: What was achieved at COP26?

Some significant gains were made, or entrenched, in the latest set of outcomes from CO26. Multilateralism, under threat during the reign of Trump, is strong again. This is critical for developing countries like South Africa. If global decisions were taken bilaterally between superpowers, it is almost certain that we would not fare well. The forum to have strategic conversations, where developing countries at least have a voice, is really important. Furthermore, there was a much greater acceptance of the Science and an urgency around achieving 1.5 degrees, at least in language. This is an important reflection of society's understanding of climate change and its urgency. An annual mitigation ambition work program has been established, which has critically been coupled with ministerial roundtables, to assess progress on implementation. Countries are encouraged to review and update their Nationally Determined Contributions (NDCs) and long-term low emissions development strategies more regularly, with the opportunity to do so annually. The UNFCCC Secretariat will

also produce an annual synthesis report on updated strategies and NDCs. A 5-year common time frame for the implementation of the NDC has been agreed, starting in 2031. This will allow for easier tracking and aggregation of collective impact, as time periods will be more consistent across countries.

An important step forward was completing the Paris Agreement Work Programme or the Paris Rulebook. This includes finalising rules on Carbon Trading, the Enhanced Transparency Framework, a Common Timeframe for implementing NDCs, and especially rules on Article 6 (fundamentally carbon trading). Without these rules, the Paris Agreement was never truly complete, so it was a major achievement to get these rules in place to enable the full implementation of the Paris Agreement. This is especially significant as there was a lot of scepticism over whether we could conclude Article 6. While these rules are weak, crucially they preserve the environmental integrity of credits and prevent double counting.

Fundamental to South Africa, a platform has been set up to address the Just Transition and to align financial flows, consistent with a low greenhouse gas pathway and climate resilient development. This aligns well with the intention of South Africa and other developing countries to use clear net-zero plans to attract financial support. This approach in South Africa, is already bearing fruit, as developed countries responded to South Africa's enhanced NDC and more detailed implementation planning with the much celebrated US\$ 8.5 Billion loan to South Africa. There is still much work to be done to understand how the loan will be used and agreeing acceptable terms. At this point, it is merely a political declaration recognising the significant efforts of a range of stakeholders, including the Presidential Climate Commission (PCC), the Presidency, the Department of Fisheries, Forestry and Environment (DFFE), Treasury and many others. We believe that the work done by the NBI, BUSA and BCG on net-zero pathways was an important input into these deliberations.

The COP was also an unqualified success for team South Africa. The South African Pavilion at COP was incredible. Co-hosted by government and business, the pavilion was a hive of activity. Three to four well attended events were held each day. Events were well attended both in person and also online. The Pavilion opening was attended by the DFFE Minister, Barbara Creecy, the South Africa Ambassador to the United Kingdom, Nomatamba Tambo, various Parliamentarians, several CEOs and team South Africa. For the first time, nine CEOs attended the COP. The look and feel of the pavilion, the positioning of South Africa, the breadth of topics, the attendance of events and the outstanding performance of team South Africa did a great deal to position South Africa in high regard in the eyes of international financiers and policy makers. Team South Africa certainly excelled at COP26.

Qualitatively, there was a feeling at COP of enhanced solidarity and an emphasis on working with non-state actors. Despite the inherent post-COVID inequity in the COP meeting, there was a feeling of more voices being listened to more sincerely. There is a sense of common understanding that the burden of climate change will be shared, perhaps not equally, but hopefully equitably, as the cost of inaction steadily increases. There was a lot of work that occurred outside the COP, in support of enhanced ambition within the COP, which was driven by private sector, local and regional government commitments (see Figure 1 borrowed from Climate Action Tracker below^[1]). The conversation around nature-based solutions received a much greater emphasis in blue zone side events.

[1] https://climateactiontracker.org/documents/1002/CAT_2021-11-11_Briefing_GlasgowSectorInitiatives.pdf

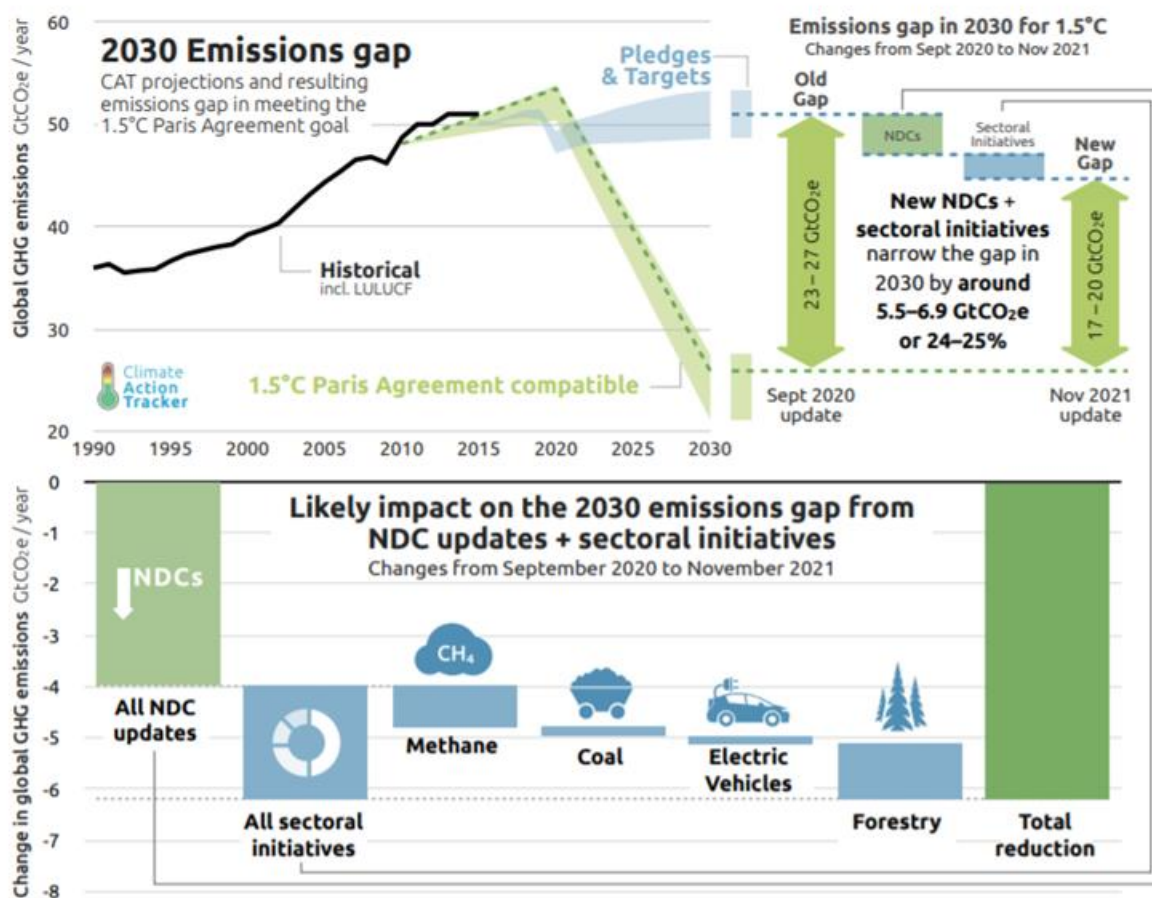


Figure 1 Potential of sectoral initiatives (methane, deforestation, coal exit, electric mobility) announced at COP26 to close the 2030 emissions gap in addition to new Glasgow NDC updates. Note: The likely emission reduction impact of updated NDCs ranges from 3.3 to 4.7 GtCO₂e (15-17% of the 2030 emissions gap), displayed as the average of 4 GtCO₂e above.

The US-China Climate Agreement released during COP is certainly worth noting. Critical to their joint statement was its support of science, multi-literalism and a commitment to cooperate on critical industrial challenges, such as green design, resource reuse and direct air capture.

The Losses: Where did COP26 fall short?

Ultimately, there were some things that did not go as well. In general, the discussion on adaptation as well as loss and damage was weak and pushed out to future COPs. The ambition on temperature reduction and finance provision fell short of what is needed, especially on dependable finance for adaptation. There were also three narratives that are disturbing:

- First, were political statements from governments and from non-state actors that minimised the importance of the COP outcomes, including the text. The idea that we are not making gains in the negotiations and that therefore we should rely more and more on voluntary initiatives is dangerous. There is no doubt that non-state action is critical, but it should not be portrayed as either one or the other. Backing up gains in implementation with strong policy support through ambitious text is critical.
- Second, was the disparagement of developing country actors, especially India, and positioning them as obstructive. Developing countries objecting to ambitious text must be seen in the context of developed

countries blocking text enhancing their obligation to global transitions and equity. Expecting India to phase out (as opposed to the agreed phased down language) of coal, without a concomitant increase in the commitment of support from developed countries, is not reasonable. In this context, understanding COP outcomes is really complicated and must be understood within the overall negotiation politics.

- Finally, there were hints of companies and countries starting to deliberately inhibit collective processes in order to defend their competitive advantage built over time. Sam Geall, in his opinion in the Guardian (12 November 2021) put it well: “In the near future, competitive and cooperative dynamics on climate will have to coexist”.

Where ambition was low, there were still encouraging outcomes. A two-year work programme (largely driven by the Africa group of negotiators) has been agreed to operationalise the Global Goal on Adaptation. There were a range of financial outcomes related to both mitigation and adaptation. Critically, a new collective goal on climate finance discussions were initiated and will run to 2025, the purpose being to increase the current US\$ 100 billion a year, from 2020 to 2025, due to be contributed by developed countries. According to the DFFE press release, issued after COP26 on 14 November:

“An additional \$300 million has been pledged by developed countries for the Least Developed Country Fund and \$450 million towards the Adaptation Fund. Dedicated climate finance to the Global Environment Facility (GEF) will be increased. [...] Africa’s key requirement of using the markets to secure a predictable and at-scale source of funding for adaptation is partly accommodated through a voluntary share of proceeds contribution to the Adaptation Fund from the Article 6.2 mechanism and reporting under the enhanced transparency framework.”

The Way Forward to COP27

COP27, to be hosted by Egypt in Sharm el-Sheikh, is therefore a critical extension of this COP. We hope for further enhanced ambition, further support for finance and given it is an African COP, to focus on adaptation as well as loss and damage, contextualised within the special needs and circumstances of the African continent.

Ultimately, COP26 made incremental gains. Gains that are appreciated if you are in it and know how hard they were to achieve. However, these same gains are worrisome if you are objectively analysing what is needed to stay below 1.5 degrees. Many headlines suggested that “COP26 kept hope alive... just.” It’s worth remembering what that hope is based on. Massive amounts of Carbon Capture Utilisation and Storage (using technologies not yet viable) and developed countries sticking to their existing commitments (for which there is no historical evidence) and becoming more ambitious over time. One thing is for certain, adaptation now needs to be the hottest topic of conversation in town.

COP26 Resources:

Access the recordings of the media briefing held by Minister of Forestry, Fisheries and the Environment, Ms Barbara Creecy, on the outcomes of the international climate change talks on 17 November 2021 [here](#).

Read BUSA’s COP26 feedback [here](#).

For a detailed list of all the side events held at the South African pavilion at COP26 visit the website and catch up on the SA Pavilion COP26 side events on the NBI [YouTube page](#).

^[1] https://climateactiontracker.org/documents/1002/CAT_2021-11-11_Briefing_GlasgowSectorInitiatives.pdf



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The National Business Initiative (NBI) is an independent and voluntary coalition of South African and multinational businesses launched in 1995 by the then President, Nelson Mandela.

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