

July Ministerial Chair's Summary

Introduction

On 25-26 July 2021, more than 50 ministers and high-level representatives including the UN Deputy Secretary General and the UNFCCC Executive Secretary met informally to discuss their expectations for COP26, the shape and substance of the Glasgow outcome, and to provide guidance on outstanding negotiations issues. The COP26 President Designate was grateful to all ministers who travelled to London and followed the COVID-19 testing procedures in order to participate, as well as those who joined virtually across various time zones.

The agenda consisted of five topics: scaling up adaptation, keeping 1.5°C alive, loss and damage, finalising the Paris Rulebook – focusing on Article 6, and mobilising finance. Discussions took place in a combination of plenary and breakout groups, and a number of ministers were invited to support with co-facilitation. The COP President Designate is extremely grateful to all colleagues who acted as co-facilitators. To inform the discussion as well as for transparency and inclusivity, the COP26 President Designate published an open letter ahead of the meeting, and was grateful for written inputs received from Parties and observers. A range of civil society and indigenous peoples representatives were also invited to produce input videos to help frame the ministerial discussions.

Meeting outcomes and next steps

The COP26 President Designate was grateful for the energetic and frank engagement of Ministers during a positive and constructive two-day exchange. All Ministers spoke to the urgency of action and the need to act with courage and in a spirit of solidarity to ensure that the Glasgow outcome reflects the reality of the situation that the world is facing. The impacts of climate change are already being felt, particularly by the most vulnerable, and will continue to grow in severity and frequency. Ministers emphasised that Glasgow must keep 1.5°C in reach, addressing the ambition gaps on adaptation, mitigation, loss and damage and finance; and completing the Paris Rulebook. There is a political imperative to ensure that real and tangible progress is made across all of these issues in the critical decade to 2030. A number of Ministers called for the spirit of collaborative and constructive effort fostered at this meeting to be carried forward in working together towards these goals at COP26.

The key points raised by Ministers and next steps are summarised below, with a more detailed summary set out in the below Annex to inform work towards Glasgow. The incoming Presidency will continue to consult on these issues in the coming weeks and months.

Recognising the need to elevate the political importance of adaptation action, a number of Ministers called for COP26 to produce a roadmap to

accelerate action towards the Global Goal on Adaptation, and for a package of adaptation finance that reflects the need to increase levels of and access to adaptation finance and achieve a better balance between mitigation and adaptation. The COP26 President Designate and the COP26 Champion for Adaptation & Resilience, Anne-Marie Trevelyan, emphasised the incoming Presidency's determination to secure an ambitious outcome on adaptation at COP 26 that reflects the need for increased action and support, and have asked officials to facilitate work to develop further proposals for consideration by Ministers ahead of Glasgow.

Emphasising the critical need to keep 1.5°C alive in order to reduce the impacts of climate change, and expressing concern about the scale of the mitigation gap, many Ministers called for all Parties to come forward with ambitious Nationally Determined Contributions (NDCs) aligned to 1.5°C as well as Long-Term Strategies (LTSs) to net zero by 2050 and/or mid-century ahead of COP26. Many noted the particular responsibility of developed countries and the G20 in this respect. There were also calls to accelerate actions to phase down coal power and coal-finance, and the need for a just transition and to place such action in the context of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances. The COP President Designate emphasised that the incoming Presidency would take forward the request from Ministers to explore options for how the Glasgow outcome could respond to any gap in 2030 ambition, including through exploring the proposal for a roadmap towards keeping 1.5°C in reach.

Ministers agreed that Glasgow should recognise that the threat of loss and damage from climate impacts is escalating and demands attention and action. Many countries, from all parts of the world, recalled the severe challenges they were each facing from escalating extreme weather. It was recognised that the Santiago Network and governance issues for the Warsaw International Mechanism must be addressed; and there were calls by some for outcomes in Glasgow to go beyond the Santiago Network and address wider issues on Loss and Damage, including relating to support. The incoming Presidency will circulate a discussion paper and hold a meeting of Heads of Delegation in August to hear views and consider next steps with a view to further discussion by Ministers ahead of Glasgow.

All Ministers highlighted the need to urgently scale up climate finance, with many noting their disappointment that the \$100bn goal has not yet been met. The COP26 President Designate emphasised that this is a matter of trust and asked State Secretary Flasbarth of Germany and Minister Wilkinson of Canada to lead work to set out how developed countries will collectively deliver the \$100 billion per year mobilisation goal through to 2025. Ministers also exchanged views on their expectations for the new collective quantified goal at COP26, noting the importance of agreeing a clear plan for setting the goal. The incoming Presidency will continue to deliver its work plan for submissions and consultations on this in order to develop proposals for discussion by Ministers ahead of and in Glasgow.

Finally, a number of Ministers highlighted that completion of the Paris Rulebook is vital for integrity, credibility, and ambition. Discussions on

Article 6 showed willingness to engage in bridging positions and proposals and in this context Minister Fu of Singapore and Minister Rotevatn of Norway agreed to continue their informal ministerial consultations towards Glasgow. Recognising the importance of completing all elements of the Rulebook, the COP26 President Designate announced that Minister Mujawamariya of Rwanda and Minister Sommaruga of Switzerland would lead informal consultations on Common Time Frames for NDCs. He also asked that technical discussions on the Enhanced Transparency Framework be accelerated so that he can decide the appropriate timing for this issue to be considered by Ministers.

The COP26 President Designate concluded by emphasising the commitment of the incoming Presidency to work tirelessly towards ambitious outcomes at COP26 and to engage all Parties, including those who could not be present in London, in an inclusive and transparent manner. He emphasised the huge amount of work to be done and encouraged all Ministers to actively drive forward work towards agreement, given that a successful outcome at COP26 is the responsibility of all.

Annex – Key issues raised during ministerial discussions

Scaling up adaptation

Ministers recognised the need for greater political attention to be paid to adaptation within the UNFCCC process, and greater parity with mitigation. They reinforced the importance of urgency, cooperation and solidarity to enhance action, and support, setting adaptation action in the context of sustainable development and keeping 1.5°C within reach.

Ministers agreed on the need to improve Parties' collective understanding of the Global Goal on Adaptation (GGA), with broad support for a roadmap or work programme to facilitate progress. A range of views were expressed on the extent to which the GGA needs to be further defined or quantified through increased resilience or other measures, the need for indicators/measures to assess progress, the extent to which progress is assessed globally versus regionally, nationally or locally, and links to adaptation finance and the needs of developing countries. There was agreement that measuring adaptation is complex, and that any system should not place additional burdens on developing country parties. A number of ministers asked what role different organisations (such as the Adaptation Committee and the IPCC) might play in the assessment of progress, for example on predictability, quality and effectiveness of adaptation finance, and of where future discussions on the GGA might take place, noting the importance of the Global Stocktake in that context. Some called for an agenda item at COP26 whereas others thought this could be addressed through existing items.

Ministers highlighted the need to urgently scale up adaptation finance and ensure it is more accessible and predictable. A number of ministers proposed a 50/50 split in climate finance for mitigation and adaptation action. Others noted the priority should instead be increasing the overall amount of adaptation finance, and expressed concern that this should be additional and

not come at the expense of mitigation finance. Whilst opinions on the approach were mixed, ministers shared a willingness to find common proposals to achieve the overall goal. This collegiate approach was encouraged by the COP26 President Designate, who called for further proposals.

A number of ministers focussed on accessibility, and eligibility, highlighting that vulnerability cannot be measured through gross domestic product (GDP). Some spoke to the need to better use existing funding mechanisms such as the Green Climate Fund (GCF) through revisiting the requirements and procedures. Others noted the importance of the Adaptation Fund and the links to discussions on share of proceeds through Article 6. Ministers referenced the impact of specific interventions including nature-based solutions or ecosystem-based approaches, water management, and climate-proofing infrastructure.

Ministers recognised the importance of National Adaptation Plans (NAPs), Adaptation Communications and/or Nationally Determined Contributions (NDCs) as tools to guide and demonstrate adaptation action, as well as to communicate local and national priorities and needs. They also recognised the importance of implementable plans to attract and guide finance, and of locally-led, practical action.

In closing, the COP26 President Designate noted the calls for more specific proposals to come forward and encouraged Ministers to put ideas on the table to address the issues identified. He confirmed that the incoming Presidency would explore the proposal that COP26 could produce a roadmap for assessing progress on the GGA. He also flagged the importance of Parties continuing to map out the way forward on adaptation finance ahead of further ministerial discussions on the matter, with ministers subsequently noting the plan for delivering the \$100bn plan as a potential vehicle to support this.

Keeping 1.5C alive

Ministers emphasised the urgent need to reduce emissions to keep 1.5°C within reach, recognising that this would significantly reduce the risks and impacts of climate change as made clear by the best available science. They highlighted that collectively Parties are not doing enough, with many referencing the initial version of the NDC Synthesis Report prepared by the UNFCCC Secretariat which highlighted that the NDCs that had been communicated by 2020 fell far short of what the science states is required. Many ministers called for all countries to submit NDCs and Long Term Strategies (LTS) that are aligned with 1.5°C pathways ahead of COP26. A number of ministers highlighted the importance of G20 leadership in this respect, given the group's responsibility for over 80% of global greenhouse gas emissions. They welcomed the commitment of the G20 to bring forward NDCs before COP26 and called for all such Parties to increase ambition accordingly.

A number of Ministers acknowledged that the 2020s represented the decisive decade, with several highlighting that the report from Working Group 1 of the IPCC's 6th Assessment Report was likely to make clear how close the world is to crossing dangerous thresholds. They stressed that should a 2030 mitigation gap remain in Glasgow, Parties would need to respond. Some ministers proposed

that this could include a clear political commitment to keep 1.5°C in reach, an acknowledgement of the gap, and a roadmap to close it.

Ministers discussed a number of concrete steps that could be taken to keep 1.5°C within reach as part of such a response. They were reminded that under the Paris Agreement Parties can update NDCs at any time and each iteration should be more ambitious. Specific proposals that enjoyed support included: encouraging NDCs not yet submitted or not aligned with 1.5°C to be brought in line before 2025; the opportunity to assess progress towards this at or before the Global Stocktake in 2023; strengthening the invitation for Long Term Strategies to be submitted which should set out concrete pathways to net zero emissions by 2050 and/or mid-century and to be updated regularly by Parties and synthesised periodically by the UNFCCC Secretariat; sending clear market signals through carbon pricing, phasing out unabated coal power and coal financing, fossil fuel subsidy reform, transport solutions such as zero emission vehicles and nature based solutions. The importance of using political, leader level milestones such as UNGA and the G20 to make progress on these issues was highlighted.

Ministers reinforced the importance of all Parties doing their fair share, with some Small Island Developing States and LDCs emphasising that they have even gone beyond this, and account for over a third of NDC submissions to the UNFCCC. A number of Ministers emphasised the importance of acting in accordance with the principles of equity and common but differentiated responsibilities and respective capabilities, in the light of different national circumstances, and the particular responsibility of developed countries. Ministers recognised the importance of ensuring a just transition that leaves no-one and no communities behind, and of means of implementation to facilitate ambitious mitigation action. All emphasised the need for increased support to developing countries, and that discussions on mitigation cannot be separated from finance and adaptation. One Minister suggested a financial mechanism to transition from existing to clean energy, linked to performance on the ground and incentives to move away from high greenhouse gas emissions options. A number of ministers also highlighted the importance of finalising the outstanding elements of the Paris Rulebook in a manner that supported keeping 1.5°C within reach. Ministers also emphasised the importance of technology, including new power sources such as hydrogen, of engaging the private sector and non-state actors, cooperation between cities, and aligning all finance flows with the Paris Agreement.

In closing the session, the COP26 President Designate reinforced the importance of all Parties coming forward ahead of COP26 with ambitious Nationally Determined Contributions (NDCs), as well as Long-Term Strategies (LTSs) marking a course to net zero emissions by 2050 and/or mid-century. The COP26 President Designate also confirmed that the UK as incoming Presidency will further consider with Parties the options for responding to the gap in Glasgow, including through the development of a roadmap to keep 1.5°C within reach.

Loss and damage

Ministers converged on the urgent need to step up efforts to address loss and

damage, recognising that impacts are growing exponentially, and informed by personal testimonies of the devastating impacts of extreme weather events shared by a number of ministers present. They highlighted the importance of urgent and practical action to avert, minimise and address loss and damage, tailored to national and local circumstances. They identified locally-owned plans, institutional capacity, technical expertise and accessible finance as critical enablers for this. Whilst ministers recognised the devastation caused by hurricanes and other events, they also emphasised the importance of action and support to cope with the impacts of slow onset events including rising sea levels.

Many Ministers recognised the importance of technical assistance for loss and damage. They welcomed the incoming Presidency's efforts to take forward the development of the Santiago Network established at COP25 in Madrid in an inclusive manner, and stressed the need to get the Network up and running as soon as possible to link up the institutions, knowledge and resources available with vulnerable developing countries. Some ministers emphasised that this network needs to be able to respond to parties and so cannot be restricted to a website.

Some ministers stressed that response to loss and damage required action over and above that for adaptation and mitigation and called for a dedicated funding stream or mechanism. While there was consensus on the urgent need for action, other ministers cautioned about the fragmentation of funds and the importance of existing mechanisms within and outside the UNFCCC being enabled to devote sufficient resources to effectively avert, minimise and address loss and damage.

A number of ministers also highlighted the challenge of increasing indebtedness as a result of needing to borrow to address increasingly frequent natural disasters alongside parallel challenges including COVID-19, and the importance of innovations including natural disaster clauses to help break the debt cycle, particularly for those small island developing states suffering economic losses multiple times greater than their gross domestic product (GDP) as a result of climate impacts. In this they noted that eligibility for concessional and grant finance needs to take into account vulnerability, not be simply based on measures of GDP. Ministers also highlighted the centrality of taking an integrated approach to loss and damage, with action on slow onset events and disasters being led by national plans and integrating adaptation, disaster risk reduction, disaster preparedness, and humanitarian assistance.

In closing the session the COP26 President Designate called for Parties to bring solutions to the table. He reminded Parties of the Heads of Delegation meeting convened by the UK and Chile on 3-4 August to discuss the presidencies' second discussion paper on the Santiago Network as part of a broader discussion on loss and damage, including matters relating to the governance of the Warsaw International Mechanism for Loss & Damage.

Finalising the Paris Rulebook – Article 6

Ministers converged on the need to finalise the outstanding mandates relating

to the Paris Rulebook at COP26 to enable the full implementation of the Paris Agreement. They recognised that it was necessary for ministers to now play a more active role in these negotiations in order to reach a successful resolution.

During this session, ministers focused on the feasibility of possible bridging proposals on three issues within Article 6: avoiding double counting through the Article 6.4 mechanism; the use of pre-2020 units to meet NDC targets; and supporting adaptation action through Article 6. The possible bridging proposals were suggested by Parties during two virtual ministerial consultations held on 7 and 12 July and shared with ministers ahead of the July Ministerial meeting. A copy of this document can be found on the UNFCCC website.

Ministers recognised that compromise will be necessary to reach an agreement. While a few ministers welcomed the possible bridging proposals in their current form, others indicated reservations and suggested that further work would be required if the options were to be further considered. Many ministers stressed that an outcome could not come at the expense of the environmental integrity of Article 6 and could not undermine the ambition of the Paris Agreement. In this context, some ministers suggested further work on additional safeguards to the possible bridging proposal to avoid double claiming through the Article 6.4 mechanism, to reduce the risk of perverse incentives against the expansion of NDCs and to increase transparency.

In reflecting on the use of pre-2020 units to meet NDC targets, many ministers highlighted the risk of allowing their use, including on our collective ability to keep 1.5°C within reach. Others stressed the importance of enabling carry-over of pre-2020 units to retain investor confidence. Without prejudice to the acceptability or not of a possible bridging proposal involving a limited amount of use of pre-2020 units to meet NDC targets, ministers recognised the benefit of a greater understanding of the potential impact of different options, including how many pre-2020 units might be eligible under different scenarios and the impact on environmental integrity. Ministers also discussed other approaches, for example, putting the units into a reserve to avoid flooding the market and to preserve investor confidence.

While ministers agreed on the importance of more predictable adaptation finance, there remains no clear bridging option on how Article 6 should achieve this. Many ministers expressed existing views: a mandatory share of proceeds on Article 6.2 activity as the only way to ensure balance between the instruments and to generate finance; or such an approach being outside of the mandate set out in the Paris Agreement, which limits a share of proceeds to Article 6.4. A few ministers referenced the approach of a voluntary encouragement together with mandatory reporting in Article 6.2, as proposed in COP25, but others questioned whether this would generate predictable finance. A number of ministers pointed out the link between this issue and other discussions on adaptation and finance; which should be addressed as part of the ongoing work on those issues.

Ministers highlighted that the three issues above represent a subset of

issues to be addressed under Article 6. Other priority issues raised by ministers include operationalising the Article 6.8 work programme, ensuring an overall mitigation of global emissions (OMGE), protecting human rights and the role and rights of indigenous peoples, and capacity building for participation in Article 6 activities. Many ministers stressed the importance of not considering the outstanding issues in isolation but instead as part of a package.

In closing the session, the COP26 President Designate thanked Minister Fu of Singapore and Minister Rotevatn of Norway for agreeing to continue their informal ministerial consultations on Article 6 as we approach COP26. The COP26 President Designate also thanked Minister Mujawamariya of Rwanda and Minister Sommaruga of Switzerland for accepting his request to lead informal consultations on Common Time Frames for NDCs. The COP26 President Designate encouraged urgent progress to be made on the Enhanced Transparency Framework at the technical level and he will consider the appropriate timing to elevate to Ministers.

Mobilising finance

Ministers emphasised the need to scale up climate finance and the fundamental importance of delivery on the \$100bn goal for trust, credibility and confidence in the UN climate change process, recognising finance as an enabler for driving ambitious climate action at scale, and for binding other elements of the Glasgow outcome together. A number of ministers stressed that developed countries must set out how they will mobilise the \$100bn a year through to 2025, and supported the proposal for a delivery plan or roadmap to do so. Ministers from developed countries noted encouragement in the upwards trajectory, their regret at not having achieved the collective goal to date, and expressed their commitment to doing so with urgency.

Some ministers highlighted that the Paris goals can only be secured through the rapid mobilisation of significantly increased levels of climate finance from all sources, including international public climate finance, domestic and private flows, and the importance of ensuring that all finance is consistent with a pathway to low emission, climate resilient growth. Some ministers highlighted specific innovations, such as green bonds, which were helping to raise finance for enhanced action. Ministers noted that this growth in climate finance from domestic and private sources and international support both have a critical role to play in meeting the needs of developing countries.

Ministers highlighted the need to improve the accessibility, quality and effectiveness of climate finance. This included both the need to significantly increase levels of adaptation finance, as well as the importance of concessional and grant-based finance given the reduced fiscal space of many vulnerable countries in the context of Covid-19. In this context, the importance of progress being made on indebtedness beyond the direct provision of climate finance was highlighted, with some ministers proposing the consideration of debt swaps. Some ministers also noted that their countries face challenges accessing concessional finance despite being acutely vulnerable to climate change and noted the need for further

consideration of this matter.

Ministers converged on the importance of constructively initiating deliberations on the new collective quantified goal at COP26. The proposal of formulating a clear plan with structured milestones for setting the goal, which involved discussions at both political and technical levels, enjoyed broad support. Ministers stressed the importance of an inclusive process, with some suggesting a role for informal settings such as workshops and one minister raising a proposal for a transitional committee to undertake work. The need for inputs from non-Party stakeholders, including the private sector, was also noted.

A range of views were expressed on matters that should be taken into account in future deliberations. These included, inter alia, that the setting of the goal should: be based on the needs and priorities of developing countries; be in the context of Article 2.1c of the Paris Agreement; be informed by lessons learnt from the \$100bn goal and previous climate finance provision; provide greater clarity on what is being counted towards the goal; consider the circumstances of those Parties most vulnerable to climate impacts; be informed by a consideration of how a balance should be struck between mitigation and adaptation; and consider the base of climate finance contributors. One Minister provided a specific proposal on the quantified level of the new goal, suggesting that this could be a \$750bn mobilisation goal made up of public and private sub-components. This was supported by some Ministers whereas others expressed significant concerns over putting numbers on the table before deliberations commenced.

In closing the session, the COP26 President Designate thanked State Secretary Flasbarth of Germany and Minister Wilkinson of Canada for agreeing to lead developed countries in setting out a plan for how they will collectively deliver the \$100 billion per year climate finance mobilisation goal through to 2025. He also encouraged further consideration of how to scale up adaptation finance in advance of further ministerial discussions ahead of COP26, which could be reflected in the developed country plan. Some ministers raised a proposal for a pledging moment at or around the UN General Assembly, which the UK as incoming Presidency will consider. The incoming Presidency will continue to take forward its intersessional work plan on climate finance, including on the new collective quantified goal. The incoming Presidency will also keep Ministers apprised of both the Access to Finance Taskforce, and work launched under the Glasgow Financial Alliance for Net Zero to mobilise private finance into developing countries.