

WHAT DOES A COP26 PACKAGE THAT KEEPS 1.5C ALIVE LOOK LIKE?

BY: RENATO REDENTOR CONSTANTINO, ICSC EXECUTIVE DIRECTOR

Remarks as delivered in the London Climate Action Week event organized by E3G (Third Generation Environmentalism) on 2 July 2021. COP26 President Designate The Rt Hon. Alok Sharma MP delivered the keynote speech. E3G Chief Executive Nick Mabey moderated the panel composed of Constantino and Christian Aid Chief Executive Amanda Khozi Mukwashi.

Thank you for having me.

The event flyer states “2021 is not a single year but the starting gun of a decisive decade that will determine how we live, where we live, and if we live.” That’s a year late. The starting gun was 2020. Vulnerable nations called out the “Midnight Survival” deadline for NDCs at the end of last year because that was THE timeframe agreed in Paris. Some 70 countries delivered, including the UK and the EU. However, as vulnerable countries were fighting to uphold Paris and deliver in 2020, the UK was communicating countries shouldn’t hurry to meet the midnight deadline. Now, where exactly are we?

The US is playing catch-up, but only a handful of countries have come through. Not only did the strategy to wait clearly fail, but the COP presidency has undermined the Paris agreement by NOT exhorting all countries to stick to agreed timeframes. Weeks away from COP26, most countries haven’t updated their NDCs.

UNLESS they’re supported by strong action in this decade, 2050 strategies do not help keep 1.5 C of warming at bay. That’s why “2030 is the new 2050.” COP26 must mandate new ambition raising platforms and timeframes to encourage countries to do more before 2025, when the next already mandated timeframe comes due. If we wait for 2025 and then see the same dismal result as in 2020, we are literally cooked.

There’s also the “F” word. Finance is not just about CBDR. It’s about pragmatism and establishing confidence in international cooperation. We look at vulnerable countries and we expect Paris compliance. This is normal; everyone must act together to implement Paris. However, we expect developing countries to upgrade the ambition of their 2015 NDCs, which they have been struggling to deliver YET the climate finance house is in chaos. We know the missing \$20 billion is largely due to the US climate finance default, BUT it’s also a collective commitment of all developed countries to deliver. We are weeks from the COP, and the missing money has become like a joke. Except it’s not funny. Default on climate finance now is like an incantation to summon the worst Kyoto politics from the 1990s. If you wait till the

COP to announce how the gaping near 50 billion gap in climate finance will be plugged, COP26 WILL end up like Copenhagen.

The G7 failed but the G20 is meeting in the next weeks. Please, Mr Sharma, an emphatic plea to your presidency: put out a clear statement on how individual countries will lift their finance to plug the gap, OR face failure in Glasgow.

Please note, outside of the \$100 billion level, mustered finance is still not fit for purpose. There is almost no funding for adaptation. An easy fix: announce the allocation of 50% of international public climate finance to adaptation.

It's time we go beyond the \$100 billion which – spread over more than one hundred developing countries – is NOT enough to finance a transition or build resilience. Far stronger efforts are needed to reform finance and leverage new opportunities. MDBs MUST STOP funding fossil fuels. Why do we expect developing countries to push ambition when regional and global development banks are still trying to sell them new fossil projects while disdaining renewable energy? COP26 is also a prime opportunity for genuinely new fund streams: the carbon markets. The levy on transactions is also a new potential source for adaptation. Vulnerable countries are calling for at least 5% proceeds from the carbon markets. Let's make this happen!

And finally: LOSS AND DAMAGE. Let's be clear: there is ZERO finance for loss and damage internationally right now. But vulnerable nations are paying for loss and damage constantly. Each time a community is struck and incurs material damage, the repairs are paid for from the public treasury of the affected country, or they are paid for by the poor communities hit, or they are not paid for at all and the poor lose everything, yet again. It is a monstrous cycle!

Action on loss and damage finance needs to be at the center of Glasgow. Stamp it on the agenda! In the name of common prosperity, in the name of climate justice, we expect the COP President will make this happen.

OPEN FORUM

Summary of points raised by Constantino during the event's Q&A session

On the climate-COVID-19 nexus:

Climate change and the COVID-19 pandemic continue to expose structural weaknesses in the global economy that would have otherwise taken decades to reveal. Both are stark reminders saying we can no longer afford to measure development only through the narrow lens of productivity and that it's time to establish resilience at the heart of macroeconomic fundamentals.

What additional steps can and need to be taken:

By failing on finance, do we really want to give more petrol to countries who remain superficially committed to the Paris Agreement?

It's time to listen more to the Vulnerable 20 Group (V20) of Finance Ministers. They are calling for guarantees to help finance climate action through the instrument they developed, the Accelerated Finance Mechanism. They are calling for smart subsidization to grow domestic financial protection markets such as the case of V20's Sustainable Insurance Facility (SIF). V20 Finance Ministers are also calling for debt swaps to direct servicing payments to climate investments for countries the G7 should forgive debt to anyway because they are not in a position to pay back, among many other reasons. Do not forget to pay attention to the Climate Prosperity Plans (CPPs) initiative of the Climate Vulnerable Forum (CVF) and its sister association, the V20. CPPs are hugely ambitious AND practical in providing investment frameworks and financing solutions to deliver new ambition that is not even contained in NDCs yet! If successful the next, higher ambition NDCs would come automatically.

The V20 Climate Vulnerables Finance Summit is on the 8th of July and we expect economic and financial actors in Europe and the US to be there. The absence of the UK -- as G7 and COP president will not only be noticed; it will not only breed more skepticism; it will poison the fragile trust still currently holding the climate talks together.

Bangladesh is a good example, where up to 4 GW of a wind giga array linked to a large greenbelt of mangrove will be realized via the country's CPP process, delivering its first hybrid RE adaptation project. CPPs can also unlock the power of capital markets to support delta resilience.