

Countdown to COP27

From Deliberation to Delivery: Forging a Path from Glasgow to Sharm el Sheikh

As we look forward to COP27, which will be held in Sharm el Sheikh in November 2022, we take stock of developments at COP26 and what we can expect from COP27.

COP26 in Context: Glasgow 31 October to 12 November 2021

The 26th annual UN climate change conference, known as COP26, was held in Glasgow from 31 October to 12 November 2021. COP26 came at an interesting moment in time, representing the end of the Kyoto Protocol era and the beginning of the post-2021 Paris Agreement era. Further, it marked the re-entry of the US into the Paris Agreement.

On the whole, COP26 was deemed a qualified success in moving the global community towards stronger climate action and “keeping 1.5C alive”. It is considered to have been one of the most successful climate negotiations in history, raising collective ambition globally despite the significant constraints of a complex multilateral negotiation process.

Key Areas of Development

In terms of the success of COP26, progress was made across four key fronts:

Mitigation Ambition

- 140 countries committed to halt and reverse forest loss and land degradation by 2030 under the Glasgow Leaders’ Declaration on Forests and Land Use.¹
- 100 countries pledged to reduce methane emissions by 30% below 2020 levels by 2030 under the Global Methane Pledge.²
- The US and China progressed their climate cooperation, releasing the US-China Joint Glasgow Declaration on Enhancing Climate Action in the 2020s.³
- India committed to net zero emissions by 2070, which means that 87% of the world’s greenhouse gas emissions are now covered by net zero targets.
- The Glasgow Climate Pact, adopted at COP26, urges parties to transition away from fossil fuels and to accelerate efforts towards the phase-down of unabated coal power and phase-out inefficient fossil fuel subsidies.

1. <https://ukcop26.org/glasgow-leaders-declaration-on-forests-and-land-use/>

2. https://ec.europa.eu/commission/presscorner/detail/en/statement_21_5766

3. <https://www.state.gov/u-s-china-joint-glasgow-declaration-on-enhancing-climate-action-in-the-2020s/>

Climate Finance

- The failure of developed countries to deliver on the promised €100 billion in climate finance per year overshadowed COP26 negotiations.
- However, new commitments from the US, Germany and Japan, among others, renewed some level of confidence that developed countries would deliver on their commitment by 2022 or 2023 at the latest.
- Parties agreed to the establishment of an ad hoc work programme to initiate deliberations on setting a new collective quantified goal, with the new goal to be set by 2024.⁴
- The private sector also played its part with the Glasgow Financial Alliance for Net Zero (GFANZ)⁵ announcing that it represented over €130 trillion of private capital from over 450 firms across 45 countries, all committed to transforming the economy to achieve net zero.

Carbon Markets

- Although discussed in Paris (at COP21), the rules governing the voluntary cooperative approaches under Article 6 of the Paris Agreement Rulebook were formally agreed at COP26.
- These rules make clear the close relationship between compliance with nationally determined contributions and the possibility to participate in the international carbon market.
- The agreement of these rules is a significant marker of the success of COP26.

Other

- €800 million was pledged for adaptation over COP26. Importantly, €232 million of this was committed specifically to the Adaptation Fund, which represents the highest single mobilisation in the history of the Adaptation Fund.
- A “Glasgow – Sharm el-Sheikh work programme” was launched. Among other things, this work programme aims to enhance the implementation of adaptation actions in developing countries that are particularly vulnerable to climate change.
- In spite of the above, many developing countries expressed regret over the lack of action and support with respect to loss and damage. In fact, the COP27 Presidency has been invited to organise the high-level ministerial dialogue on climate finance in 2022 in order to progress this goal.

4. Parties in Glasgow established an ad hoc work programme on the NCQG from 2022 to 2024, to be facilitated by co-chairs, one from a developed country and one from a developing country for the duration of one year. <https://unfccc.int/event/information-update-from-the-co-chairs-of-the-ad-hoc-work-programme-on-the-new-collective-quantified-0>

5. <https://www.gfanzero.com/>

COP26 and Ireland

At a national level, following COP26, Ireland introduced a number of climate action policies. In particular, the introduction of Carbon Budgets and the launch of an ambitious Climate Action Plan 2021, outlining actions set to achieve a 51% reduction in overall greenhouse gas emission by 2030, and net zero emissions by 2050.

However, a recent report from Eurostat shows that Ireland has the third highest level of greenhouse gas emissions per capita in the EU.⁶ The report also notes worryingly that Ireland's greenhouse gas emissions are rising which is clearly contrary to Irish government policies and targets. If not acted upon, these trends could threaten Ireland's ability to achieve its stated greenhouse gas emission targets for 2030 and no doubt be on the Irish government's mind ahead of COP27.

Beyond COP26

Reflecting on progress made since COP26, in May 2022, Alok Sharma reminded us that he had previously described the Glasgow Climate Pact "as a fragile win" and cautioned that leaders needed to accelerate delivery.⁷

After a summer of record-breaking heat waves, droughts, famine and a "monsoon on steroids" in Pakistan⁸, the climate change challenges facing the world are now all too real. The onus is firmly on national governments and the private sector to keep 1.5°C alive, alongside mitigation and adaptation actions that promote sustainable development, human rights and biodiversity and avoid negative social, environmental and economic consequences.

These stark realities, combined with concerns of global recession and regional conflict, will be the backdrop to COP27.

It is fitting then that Egypt's COP27 presidency vision is to move from negotiations and planning to implementation with a recognised need for progress around mitigation, adaptation, and finance.



6. <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/ddn-20220816-1>

7. <https://ukcop26.org/cop-president-alok-sharma-marks-6-months-to-cop27/>

8. <https://www.bbc.com/news/world-asia-62722117>

What to expect from COP27?

Implementation	<ul style="list-style-type: none"> ■ Egypt’s COP27 presidency intends to make COP27 an “implementation COP”, focused on ensuring that countries are acting, and continue to act, on their agreed climate goals. ■ The nature of multilateral discussion like COP is such that it can be challenging to agree to concrete implementation plans and agreements can focus instead on ‘big picture’ principles. It will be interesting to see, in this context, how an “implementation COP” will pan out and what concrete steps will be agreed by parties.
Climate Finance	<ul style="list-style-type: none"> ■ In line with COP27’s focus on implementation, there is likely to be a strong focus on how climate finance can be facilitated. ■ Climate finance levels are not yet sufficient to achieve the rate and scale of decarbonisation required and it is essential that trillions of dollars in climate finance are mobilised per year over the next decade.
‘Just and Managed’ Transition	<p>As in previous COP conferences, the question of climate justice and the obligations of ‘developed nations’ and ‘developing nations’ in the context of the proposed ‘just and managed’ transition to a sustainable economic model is likely to be a hot topic at COP27.</p>

How Matheson Can Help

The transition to a low-carbon economy is a fast-evolving area and Matheson continues to be at the forefront, advising on some of the most cutting edge projects and transactions in this area. If you would like more information on this or any other ESG matters, please get in touch with [Garret Farrelly](#), [Owen Collins](#), the [ESG Advisory Group](#) or with your usual Matheson contact.

Full details of the ESG matters, together with further updates, articles and briefing notes written by members of the ESG Advisory Group, can be accessed at www.matheson.com.

This Matheson LLP (“Matheson”) material contains general information about Irish law and about our legal services. This material is not intended to provide, and does not constitute or comprise, legal advice on any particular matter and is provided for general information purposes only. You should not act or refrain from acting on the basis of any information contained in this material, without seeking appropriate legal or other professional advice.