Key takeaways from COP26 – excerpt of e-mail from Head of Climate Change Centre to EBC Executive Board, on 15 November 2021

The 2021 United Nations Climate Change Conference (COP26) meetings in Glasgow finished last Saturday. **Time to look back: is the glass half empty of half full?**

You will find our observations below and attached a more detailed overview of the key takeaways from the COP26 and an initial assessment what this means for the work of the ECB.

Takeaways from COP26 - Is the glass half empty of half full?
Half empty if you consider that the agreement falls short of achieving the Paris agreement goals 1.5°C. Collectively, the announced Nationally Determined Contributions (NDCs), including the updated pledges made at COP26, would according to the estimates by Climate Action Tracker lead to 2.4°C of warming. The language in the Glasgow Climate Pact on coal was watered down at the last moment from 'phase out' the use of coal (unless it has carbon capture and storage), to 'phase down' without a date, neither guarantees of action. The final Glasgow Climate Pact urges developed countries to at least double climate finance for adaptation to developing countries but developed countries have resisted the demands to increase total climate finance. And finally, there has been no tangible progress on the introduction of a CO2 price.

However, **half full** if you consider that the agreement at COP26 managed to keep alive the Paris Agreement goal of keeping climate change within 1.5 compared to the pre-industrial levels. The Glasgow Climate pact instructs countries to come back in 2022 with strengthened emissions reduction commitments. And, although the language on coal was watered down at the last moment, at least for the first time a COP text mentions fossil fuels. Also a glass half full consideration is that countries individually signed up to commitments to halt and reverse deforestation, reduce their methane emissions by 30% by the end of 2030, shifting away from coal power by the 2040s and end international public funding for unabated fossil fuels by the end of 2022. Finally, and perhaps most importantly, the momentum in to address climate change outside the political arena is bigger than ever before, this counts also very much for the financial sector.

Overall, the Monday morning spirit at the climate change centre was cautiously hopeful.

Steps have been set in the right direction, but it still requires action on all fronts to reach the 1.5°C goal and we will continue to do what we can to make it happen.

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