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Administrative, financial and institutional matters

UNFCCC annual report

2021 secretariat activities, programme delivery highlights and financial performance

Annual report by the secretariat

Summary

The secretariat's 2021 annual report has been prepared in response to the mandate contained in decision 21/CP.23, paragraph 18. It provides an overview to a broad range of stakeholders of the secretariat's activities, key achievements in the UNFCCC process and financial data for 2021. The full publication will be available at <https://unfccc.int/annualreport>.

Abbreviations and acronyms

Annex I Party	Party included in Annex I to the Convention
BR	biennial report
BUR	biennial update report
CMA	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
COP	Conference of the Parties
COVID-19	coronavirus disease 2019
ETF	enhanced transparency framework under the Paris Agreement
GHG	greenhouse gas
IPCC	Intergovernmental Panel on Climate Change
LCIPP	Local Communities and Indigenous Peoples Platform
LDC	least developed country
NAP	national adaptation plan
NDC	nationally determined contribution
PCCB	Paris Committee on Capacity-building
REDD+	reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks (decision 1/CP.16, para. 70)
SBI	Subsidiary Body for Implementation
TEC	Technology Executive Committee

I. Introduction

A. Mandate

1. COP 23 requested the secretariat to prepare and make available an annual report, to be considered at each session of the SBI following the closure of the preceding financial year, providing information on the secretariat's activities in the preceding year, programme delivery highlights and financial performance.¹ The annual reports should facilitate the understanding of a broad range of stakeholders and interested observers with regard to what the secretariat is delivering and the challenges it is facing, and thus contribute to improved outreach and provide Parties, non-Party stakeholders, the public and the media with easy-to-understand information on the UNFCCC process.² SBI 49 considered the enhancements for future annual reports³ proposed by the secretariat.⁴

B. Scope of the document

2. This document provides a summary of the 2021 annual report, which presents the key achievements in the UNFCCC process and the activities of the secretariat, particularly their impact in relation to the implementation of the Convention, the Kyoto Protocol and the Paris Agreement. It also provides an outlook for 2022.

II. Secretariat activities and key achievements in the UNFCCC process in 2021

A. Overview

3. While the COVID-19 pandemic posed several challenges to work in the UNFCCC process, the secretariat responded by updating the virtual platform and other tools and measures to ensure the effective and efficient continuity of various workstreams.

4. The compelling need for all countries to take climate action is reinforced in the contribution of Working Group I to the IPCC Sixth Assessment Report.⁵ Responding to the urgency expressed through science and in support of the implementation of the Convention and the Paris Agreement, the secretariat supported Parties in increasing climate ambition, strengthening implementation of action and ensuring accountability.

5. Specifically, the secretariat:

(a) Continued to support and facilitate progress in the intergovernmental process, including the negotiations on mitigation, adaptation, means of implementation, and transparency and accountability;

(b) Facilitated stakeholder engagement in the UNFCCC process and climate action;

(c) Enabled the logistical operation of the intergovernmental process, especially in the context of the challenges posed by the pandemic.

¹ Decision 21/CP.23, para. 18.

² As per document FCCC/SBI/2016/INF.14, para. 37.

³ See document FCCC/SBI/2018/INF.19, chap. IV.

⁴ FCCC/SBI/2018/22, para. 114.

⁵ IPCC. 2021. *Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change*. V Masson-Delmotte, P Zhai, A Pirani, et al. (eds.). Cambridge: Cambridge University Press. Available at <https://www.ipcc.ch/report/ar6/wg1/>.

B. Delivery of the secretariat work programme

6. The secretariat facilitated work undertaken formally, informally, in person and virtually by the COP 25 and 26 Presidencies, the Chairs of the subsidiary bodies, delegates and Party representatives in the lead-up to COP 26 in Glasgow.

1. Mitigation

7. In the Glasgow Climate Pact,⁶ Parties agreed to take action to reduce emissions and pursue efforts to limit the increase in the global average temperature over the current decade to 1.5 °C above pre-industrial levels. They have been called upon for the first time to accelerate specific mitigation measures, including phasing down unabated coal power and phasing out inefficient subsidies for fossil fuels, while recognizing the need for Parties to receive support to enable a just transition.

8. In the lead-up to COP 26, the secretariat supported more than 14 technical expert dialogues under the authority of the Chair of the Subsidiary Body for Scientific and Technological Advice and various informal meetings organized under the COP 25 and 26 Presidencies. On this basis, at CMA 3, an agreement was finally reached on the rules for voluntary cooperation among Parties in implementing NDCs.⁷ Such agreement allows for higher ambition in relation to mitigation and adaptation action and promotes sustainable development and environmental integrity through the use of carbon markets and non-market approaches under Article 6 of the Paris Agreement. It is also a step forward in ensuring the effectiveness of carbon markets and paves the way for increased involvement of the private sector. In addition, many existing activities under the Clean Development Mechanism can be transitioned to the new mechanism established by Article 6, paragraph 4, of the Paris Agreement under the rules adopted.

9. The secretariat operates the clean development mechanism registry, which ensures accurate accounting of the issuance, holding and acquisition of certified emission reductions. In 2021, 42 per cent more certified emission reductions were issued and over 90 per cent more were voluntarily cancelled than in 2020.

10. Six UNFCCC regional collaboration centres⁸ support clean development mechanism projects and facilitate stakeholder engagement worldwide. They organized 75 meetings, workshops and webinars, which advanced collaboration on NDCs, long-term low-emission development strategies, sectoral mitigation and region-specific adaptation ahead of COP 26. In addition, three virtual regional climate weeks⁹ were held, which provided a space for more than 12,000 Party and non-Party stakeholders to engage in open and solution-oriented dialogues. The regional climate weeks served as a collaborative platform for promoting the enhancement of NDCs, raising confidence and building momentum towards COP 26.¹⁰ The Glasgow Climate Pact recognizes and encourages regional collaboration to strengthen credible and durable responses to climate change.

11. Furthermore, the secretariat organized three virtual technical expert meetings on issues related to the impacts of measures taken in response to climate change, at which Parties and stakeholders expressed an increased demand to further enhance collaboration and action on just transition and for the technical work of the Katowice Committee of Experts on the Impacts of the Implementation of Response Measures to result in action-oriented recommendations.

2. Adaptation

12. The secretariat supported the Adaptation Committee in, for example, finalizing work on capacity gaps in accessing adaptation funding;¹¹ preparing a technical paper on the global

⁶ Decisions 1/CP.26, 1/CMP.16 and 1/CMA.3.

⁷ Decisions 2/CMA.3, 3/CMA.3 and 4/CMA.3.

⁸ See <https://unfccc.int/about-us/regional-collaboration-centres>.

⁹ See <https://unfccc.int/climate-action/regional-climate-weeks>.

¹⁰ See <https://unfccc.int/regional-climate-weeks/rcw-2021-cop26-communicue>.

¹¹ See Adaptation Committee document AC20/INFO/7A.

goal on adaptation,¹² which provided a solid basis for the negotiations that led to the establishment of the Glasgow–Sharm el-Sheikh work programme on the global goal on adaptation;¹³ and hosting virtual meetings, including webinars on the global goal on adaptation and adaptation communications. The secretariat also supported the Adaptation Committee’s activities aimed at ensuring coherence of work on adaptation across relevant institutions.

13. The secretariat supported the work under the Nairobi work programme on impacts, vulnerability and adaptation to climate change by organizing a workshop, in partnership with the Secretariat of the Pacific Regional Environment Programme and the United Nations Environment Programme in the context of the Lima Adaptation Knowledge Initiative.¹⁴ The workshop prioritized addressing the critical knowledge gaps of the Pacific small island developing States. It also supported the collaboration of the Nairobi work programme expert group on oceans¹⁵ with other stakeholders on an event to promote integrated technological and ecosystem-based approaches to building the climate resilience of ocean and coastal communities and ecosystems.¹⁶

14. The Least Developed Countries Expert Group, with the secretariat’s support, celebrated 20 years of supporting the LDCs on adaptation-related matters.¹⁷ The Group advanced activities to enable the LDCs to achieve their vision of submitting NAPs as soon as possible. It continued to provide support directly to countries through the Open NAP initiative¹⁸ by assisting national experts in the African LDCs in drafting NAPs. By the end of 2021, 31 NAPs were available, which is 11 more than in 2020.

15. To ensure the provision of technical support to developing countries in the process of formulating or implementing NAPs, the secretariat established UN4NAPs, a United Nations system-wide partnership initiative.¹⁹

16. Under the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts, with the secretariat’s assistance, further resources and expertise were mobilized to catalyse support for developing countries to address loss and damage. CMA 3 decided on the functions of the Santiago network for averting, minimizing and addressing loss and damage associated with the adverse effects of climate change,²⁰ including catalysing relevant technical assistance for vulnerable countries. Parties agreed to develop the institutional arrangements for implementing those functions in 2022.²¹ CMA 3 also decided to establish the Glasgow Dialogue to discuss the arrangements for the funding of activities for averting, minimizing and addressing loss and damage.²²

17. The Facilitative Working Group of the LCIPP, with the secretariat’s assistance, maintained and strengthened the progress of work under the LCIPP. This facilitated the engagement of indigenous peoples and local communities, making use of their knowledge and values in designing and implementing climate policies and actions. COP 26 reviewed and continued the mandate of the Facilitative Working Group and welcomed the second workplan of the LCIPP, recognizing the important role of the LCIPP in bringing together Parties and indigenous peoples and local communities to achieve the objectives of the Convention and the Paris Agreement.²³

¹² Adaptation Committee. 2021. *Approaches to reviewing the overall progress made in achieving the global goal on adaptation*. Bonn: UNFCCC. Available at <https://unfccc.int/documents/273844>.

¹³ Decision 7/CMA.3.

¹⁴ See [https://www4.unfccc.int/sites/NWPStaging/Pages/Lima-Adaptation-Knowledge-Initiative-\(LAKI\)-for-the-Pacific-sub-region.aspx](https://www4.unfccc.int/sites/NWPStaging/Pages/Lima-Adaptation-Knowledge-Initiative-(LAKI)-for-the-Pacific-sub-region.aspx).

¹⁵ See <https://www4.unfccc.int/sites/NWPStaging/Pages/NWP-Expert-Group-on-Oceans.aspx>.

¹⁶ See https://unfccc.int/tclear/events/2020/2020_event07.

¹⁷ See <https://unfccc.int/news/20-years-of-adaptation-support-for-least-developed-countries>.

¹⁸ See <https://unfccc.int/sites/default/files/resource/opennapbrief.pdf>.

¹⁹ See <https://unfccc.int/UN4NAPs>.

²⁰ The newest support arrangements under the Warsaw International Mechanism.

²¹ Decision 19/CMA.3, paras. 9–10.

²² Decision 1/CMA.3, paras. 73–74.

²³ Decision 16/CP.26, paras. 5–6.

3. Means of implementation

18. In the lead-up to COP 26, the secretariat facilitated outreach activities and consultations undertaken by the COP 25 and 26 Presidencies on climate finance. At COP 26 developed country Parties reaffirmed their duty to fulfil the pledge of providing USD 100 billion annually by 2020²⁴ and Parties agreed on a way forward in relation to the post-2025 climate finance goal.²⁵

19. The secretariat supported Parties in identifying their climate finance needs, and the strategies to meet them. The Needs-based Finance project,²⁶ mandated at COP 23 and reiterated at COP 26,²⁷ progressed, covering 10 regions encompassing more than 100 participating countries, despite the pandemic. Virtual workshops facilitated technical consultations among representatives of countries on their finance needs, finance flows and areas of strategic focus and priorities, and a further two regions joined the project.

20. The 5th meeting of the PCCB, held virtually with the support of the secretariat, gathered PCCB members and over 170 observers to discuss progress in the work of the PCCB. The secretariat supported the PCCB in implementing its workplan for 2021–2024, including the 3rd Capacity-building Hub,²⁸ a week-long event series at COP 26 that attracted over 4,700 participants, who discussed a wide range of urgent capacity-building issues in thematic areas such as adaptation and resilience, and finance and technology. The PCCB Network,²⁹ coordinated by the secretariat on behalf of the PCCB, had reached 276 member institutions worldwide by the end of 2021, including 29 from the LDCs and 10 from small island developing States.

21. The TEC and the Climate Technology Centre and Network, with the support of the secretariat, prepared a joint publication providing a comprehensive analysis and synthesis of information on technology needs and challenges, linkages between policy and implementation, and linkages between NDCs and NAPs. Building on this, they developed recommendations for Parties on stimulating the uptake of climate technology solutions to support NDC implementation. The secretariat supported the TEC in implementing its workplan for 2019–2022, which included organizing events³⁰ and producing publications³¹ to support countries in addressing climate technology related issues in collaboration with various stakeholders.

4. Transparency

22. The secretariat supported Parties in communicating and understanding NDCs. In total, 98 new or updated NDCs were submitted to the secretariat and made publicly available via the NDC registry. A full version of the NDC synthesis report was published in September 2021,³² followed by an update of the key findings in October 2021 to ensure that the most up-to-date information was available for consideration at the Glasgow Conference.³³

23. It was a critical year in the continuing international effort to transition from the existing measurement, reporting and verification arrangements under the Convention to the ETF. The secretariat focused its efforts on preparing and engaging Parties to ensure the successful finalization of the negotiations on operationalizing the ETF, while continuing to advance internal business practices, tools and systems in preparation for the ETF. At COP 26 the secretariat supported the relevant co-facilitators in preparing the transparency-related decisions for consideration and adoption.

²⁴ Decision 4/CP.26, paras. 1, 5 and 7.

²⁵ Decision 9/CMA.3.

²⁶ See https://unfccc.int/NBF_Project.

²⁷ Decisions 6/CP.23, para. 10; and 4/CP.26, para. 22.

²⁸ See https://unfccc.int/pccb/CB_Hub_3.

²⁹ See <https://unfccc.int/pccb-network>.

³⁰ See <https://unfccc.int/ttclear/events/index.html>.

³¹ See <https://unfccc.int/ttclear/tec/documents.html>.

³² FCCC/PA/CMA/2021/8 and Add.1–3.

³³ FCCC/PA/CMA/2021/8/Rev.1.

24. The secretariat provided technical advice and support to developing country Parties with the aim to enhance their institutional and technical capacity to prepare and submit reports that support transparency, including BURs and national GHG inventories. The secretariat supported the Consultative Group of Experts in undertaking virtual regional training workshops, webinars and an informal forum for more than 700 experts worldwide. The secretariat conducted training on preparing and tracking progress towards achieving NDC targets for more than 300 experts from 50 developing countries, and on using the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* for 314 experts from 100 developing countries. Further, the secretariat continued implementing four training programmes for review experts, resulting in more experts being eligible to participate in reviews or technical analysis: 142 for the review of BRs and national communications from Annex I Parties, 50 for the technical review of annual GHG inventories from Annex I Parties, 22 for the annual review under Article 8 of the Kyoto Protocol and 112 for the technical analysis of BURs from Parties not included in Annex I to the Convention.

25. The secretariat coordinated the review of submitted national reports with a view to enhancing transparency and identifying capacity-building needs. The following national reports were reviewed and analysed:³⁴

- (a) 36 BURs from Parties not included in Annex I to the Convention;
- (b) 11 BR4s from Annex I Parties, with further guidance provided to improve the consistency and effectiveness of BR reviews;
- (c) 22 annual GHG inventory submissions from Annex I Parties. In addition, a special assessment was undertaken to identify any potential problems regarding reporting on land use, land-use change and forestry activities under the Kyoto Protocol in advance of the final annual GHG inventory reviews for the second commitment period of the Kyoto Protocol, to be conducted in 2022.

26. Since 2014, the secretariat has coordinated the assessment of the progress of 56 developing countries in tackling deforestation. The Lima REDD+ Information Hub³⁵ reported verified emission reductions from REDD+ activities of over 8 gigatonnes of carbon dioxide equivalent at the end of 2021. As a result of their success in addressing drivers of deforestation and improving the sustainable management of forests, and transparently demonstrating their results, eight countries were granted results-based financing, amounting to USD 500 million, from the Green Climate Fund.

5. Stakeholder engagement

27. The improved Marrakech Partnership for Global Climate Action for enhancing ambition in 2021–2025, which is supported by the secretariat, was presented and welcomed at COP 26.³⁶ It defines priority areas for the Partnership, including regionalization, strengthening collaboration between Party and non-Party stakeholders and enhancing the credibility of the climate-related commitments of the latter. The Race to Zero campaign,³⁷ launched by the current high-level champions in 2020 and supported by the secretariat, mobilized more commitments to achieve net zero emissions by 2050 in 2021, representing, among others, 1,049 cities and 5,227 companies. Race to Resilience,³⁸ a sibling campaign launched in 2021, has brought together over 30 partners representing over 2,500 organizations.

28. As a means of promoting increased ambition, more than 100 climate action initiatives by a range of non-Party stakeholders were showcased at COP 26 and on the global climate action portal.³⁹ Notably, further commitments in line with 1.5 °C-compatible pathways were

³⁴ The majority of the reports were also subject to multilateral assessment or facilitative sharing of views under the SBI.

³⁵ <https://redd.unfccc.int/info-hub.html>.

³⁶ Decision 1/CP.26, para. 56.

³⁷ See <https://unfccc.int/climate-action/race-to-zero-campaign>.

³⁸ See <https://racetozero.unfccc.int/join-the-race-to-resilience/>.

³⁹ <https://climateaction.unfccc.int/Events/COP26>.

announced, such as specific action plans for the sport, fashion, events and tourism sectors, facilitated by the secretariat and partners.

29. The engagement of youth in climate action and their critical role as agents of change continued to grow. In support of the active participation of youth in the intergovernmental process, the secretariat contributed to the Youth4Climate: Driving Ambition event⁴⁰ hosted by Italy in Milan, the youth-led sixteenth Conference of Youth,⁴¹ and the United Nations Development Programme Regional Dialogue on Youth Empowerment in Climate Actions.⁴²

30. To ensure inclusivity of climate action, together with Parties and other stakeholders, the secretariat sought to galvanize support for the establishment of ambitious new commitments on gender-responsive and transformative climate action. Such commitments were announced at a high-level event,⁴³ hosted by the United Kingdom of Great Britain and Northern Ireland in collaboration with the secretariat, on Gender Day at COP 26.

31. The reach and engagement across the secretariat's social media channels was over 1,600 per cent higher during COP 26 than COP 25, driven by increased public interest in climate change and strategic partnerships with key digital companies. Strategic collaboration with all major digital platforms, including Facebook, Twitter, YouTube and Google, was established. With more than 4,000 journalists in attendance, COP 26 saw a record number of media representatives attending a COP, with more than 260 press conferences organized over the two weeks.

6. Operations and logistics

32. The three-week May–June 2021 sessions of the subsidiary bodies, the first such sessions to be held virtually, were organized, deploying of new and innovative communication tools. Meeting for the first time since COP 25 in 2019, Party representatives engaged constructively across all time zones to address the agenda items and advance technical work despite the significant challenges that the virtual format posed for many, especially in developing countries. Progress achieved was captured in informal notes, which served as the basis for the successful outcomes of COP 26.

33. For the organization of a safe, inclusive and productive COP 26, the secretariat worked closely with the host country, the United Nations Department for General Assembly and Conference Management, the United Nations Department for Safety and Security, and the World Health Organization, to overcome pandemic-related challenges. The Government of the United Kingdom of Great Britain and Northern Ireland conducted a COVID-19 vaccination programme, offering vaccinations to delegates lacking access to them. The secretariat supported the vaccination programme in close collaboration with the United Nations Department of Operational Support.

34. At COP 26, the inclusion of persons with disabilities in the climate change process and climate action gained attention and momentum. The secretariat made further progress towards meeting, in its operations, the goals of the United Nations Disability Inclusion Strategy.

C. Financial performance

35. The annual report provides key financial results for 2021, including total revenue and expenses, funding by trust fund, and comparisons of budgeted and actual expenditure for the core budget and the international transaction log, as well as lists of Party and non-Party contributors to the Trust Fund for Supplementary Activities. These results are also captured

⁴⁰ See <https://youth4climate.live/>.

⁴¹ See <https://ukcoy16.org/>.

⁴² See <https://unfccc.int/about-us/regional-collaboration-centres/rcc-bangkok/youth-in-asia-and-the-pacific-unite-to-fight-climate-change-ahead-of-cop26>.

⁴³ See <https://unfccc.int/news/momentum-builds-at-cop26-for-gender-action>.

in the documents on the status of contributions and fees as at 22 October 2021⁴⁴ and the programme budget for the biennium 2020–2021.⁴⁵

D. Secretariat staff

36. The secretariat maintains a diverse and balanced workforce that is representative of the Parties it serves. Following the finalization of the implementation of the new structure, at the end of 2021, the secretariat workforce comprised 383 fixed-term and temporary staff. The annual report outlines the staff composition by gender, geography, level and funding source.

III. Outlook for 2022

37. 2022 is a critical year for action on mitigation and adaptation. The Glasgow Conference signalled the start of setting targets to implementing action and raising ambition further. Parties need to commit to more ambitious short- and long-term climate action plans to reduce GHG emissions. The contributions of Working Groups II⁴⁶ and III⁴⁷ to the IPCC Sixth Assessment Report, published in March and April 2022, respectively, constitute important foundations for work in 2022 and beyond as well as input to the global stocktake. The secretariat will be supporting the work towards a decision on the mitigation work programme⁴⁸ and a successful outcome from the high-level ministerial round table on pre-2030 ambition at CMA 4. The secretariat will also support work on adaptation and loss and damage, including launching the Glasgow Dialogue, advancing arrangements for the Santiago network and achieving progress under the Glasgow–Sharm el-Sheikh work programme on the global goal on adaptation.

38. The global stocktake of the implementation of the Paris Agreement will entail assessing collective progress towards achieving the purpose and long-term goals of the Paris Agreement. The secretariat is supporting the global stocktake to ensure opportunities for effective participation of all stakeholders and contribute to a common understanding of global efforts and priority actions in relation to climate change, to enhance national ambition and international cooperation.

39. The secretariat will engage Parties and stakeholders at the political and technical level in high-level dialogues, training events, information-sharing and webinars, town hall meetings, a communications campaign and other outreach events in preparation for universal participation in the ETF. The secretariat has initiated the scoping and design of new tools for reporting under the ETF. Following the agreements on transparency at COP 26, timely and adequate availability of financial resources is key to completing the development of the reporting tools for the ETF on time.

40. Finally, the secretariat is working closely with the COP 26 and 27 Presidencies, the Chairs of the subsidiary bodies and the Bureau of the governing bodies towards delivering a successful COP 27 on the basis of collaboration and high ambition.

⁴⁴ FCCC/SBI/2021/INF.8.

⁴⁵ FCCC/SBI/2019/4 and Add.1–2.

⁴⁶ IPCC. 2022. *Climate Change 2022: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change*. H Pörtner, D Roberts, M Tignor, et al. (eds.). Cambridge: Cambridge University Press. Available at <https://www.ipcc.ch/report/ar6/wg2/>.

⁴⁷ IPCC. 2022. *Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change*. PR Shukla, J Skea, R Slade, et al. (eds.). Cambridge and New York: Cambridge University Press. Available at <https://www.ipcc.ch/report/ar6/wg3/>.

⁴⁸ See decision 1/CMA.3, para. 27.