

WECOOP NEWS BULLETIN

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1. INTRODUCTION

European Union – Central Asia Water, Environment and Climate Change Cooperation (WECOOP)

The EU renewed the project “**European Union – Central Asia Water, Environment and Climate Change Cooperation (WECOOP)**” in October 2019 to run for three years. The project will continue strengthening the policy dialogue on sustainable development between the CA partner countries and to facilitate their cooperation with the EU on environment and climate change. Specifically, the project efforts will be focused on improving and rationalising policies and enhancing the capacities of national ministries and government agencies working in relevant fields.

The WECOOP project aims to enhance environment, climate change and water policies in Central Asia through **approximation to EU standards** and to **promote green investments** in relevant sectors with the aim of contributing to measurable reductions in man-made pollution, including CO₂ emissions.

Priority areas for consultations and cooperation include **environmental governance, circular economy and sustainable consumption and production, climate change adaptation and mitigation, and water resources management.**

The WECOOP News Bulletin provides brief information on the recent developments in EU policies and legislation, as well as on new relevant reports and studies published by the European Environment Agency, OECD or other specialized agencies (UNECE, UNEP, IEA). Special attention is paid to the documents developed under the umbrella of the European Green Deal.

Detailed information on the WECOOP project is available at the project website <https://wecoop.eu>.

2. EU POLICIES AND LEGISLATION

2.1 EU AT COP26

The 26th UN Climate Change Conference (COP26) took place from 31 October to 12 November 2021 in Glasgow. Under the UK presidency in partnership with Italy, the COP26 summit brought parties together to accelerate the measures towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change (UNFCCC).

Key results of COP26:

- Several major emitters have announced new emission reduction targets
- More than 100 countries have joined the Global Methane Pledge, an EU-US initiative
- New partnerships were forged to support countries on their transition to clean energy
- Progress was made on climate finance – with the latest pledges, USD 100 billion goal should be reached as soon as possible
- A set of rules that will boost international carbon markets is available

Financing climate action:

Developed countries have committed to mobilise a total of USD 100 billion per year of international climate finance from 2020 until 2025 to help the most vulnerable countries and small island states in particular in their mitigation and adaptation efforts. **The European Union is the largest donor, contributing over a third of the current pledges, accounting for EUR 23.39 billion (USD 27 billion) of climate finance in 2020.** President von der Leyen announced an additional EUR 4 billion from the EU budget for climate finance until 2027.

COP26 global initiatives:

• Global Methane Pledge

The United States, the EU and partners formally launched the Global Methane Pledge, an initiative to reduce global methane emissions to keep the goal of limiting warming to 1.5 degrees Celsius within reach. Over 100 countries representing 70 % of the global economy and nearly half of anthropogenic methane emissions have now signed onto the pledge.

• EU-Catalyst Partnership

The partnership between the European Commission, European Investment Bank and Breakthrough Energy Catalyst will mobilise up to EUR 820 million (USD 1 billion) between 2022-2026 to accelerate the deployment and rapidly commercialise innovative technologies. This will help deliver the European Green Deal ambitions and the EU's 2030 climate targets.

• Global Forests Finance Pledge

The European Commission announced EUR 1 billion as the EU's contribution to the Global Forests Finance Pledge. This 5-year support package from the EU budget will help partner countries to protect, restore and sustainably manage forests worldwide and deliver on the Paris Agreement.

• Just Energy Transition Partnership

The governments of South Africa, France, Germany, the UK and the US, along with the EU, have announced a new ambitious, long-term Just Energy Transition Partnership to support South Africa's decarbonisation efforts. The Partnership aims to accelerate the decarbonisation of South Africa's economy, with a focus on the electricity system.

At the end of the COP26, the European Commission supported the consensus reached by over 190 countries after two weeks of intense negotiations. COP26 resulted in the completion of the Paris Agreement rulebook and kept the Paris targets alive, giving us a chance of limiting global warming to 1.5 degrees Celsius.

"COP26 is a step in the right direction. 1.5 degrees Celsius remains within reach, but the work is far from done. The least we can do now is implement the promises of Glasgow as rapidly as possible and then aim higher",

**concluded Ursula von der Leyen,
President of the European
Commission.**

2.2 NEW EU POLICIES

EU Soil Strategy for 2030 – Reaping the benefits of healthy soils for people, food, nature and climate

Healthy soils are the foundation for 95 % of the food we eat, they host more than 25 % of the biodiversity in the world, and are the largest terrestrial carbon pool on the planet. Yet, 70 % of soils in the EU are not in a good condition.

The Strategy sets a framework with concrete measures for the protection, restoration and sustainable use of soils and proposes a set of voluntary and legally binding measures. This strategy aims to increase the soil carbon in agricultural land, combat desertification, restore degraded land and soil, and ensure that by 2050, all soil ecosystems are in a healthy condition.

The Strategy calls for ensuring the same level of protection to soil that exists for water, the marine environment and air in the EU. This will be done through a proposal by 2023 for a new Soil Health Law, following an impact assessment and broad consultation of stakeholders and Member States. The Strategy also mobilises the necessary societal engagement and financial resources, shared knowledge, and promotes sustainable soil management practices and

monitoring, supporting the EU ambition for global action on soil.

Links (English):

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: EU Soil Strategy for 2030 – Reaping the benefits of healthy soils for people, food, nature and climate. COM/2021/699 final: <https://europa.eu/!uNJgfg>

Commission Staff Working Document accompanying the document Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: EU Soil Strategy for 2030 – Reaping the benefits of healthy soils for people, food, nature and climate. SWD/2021/323 final: <https://europa.eu/!u7KPcB>.



2.3 NEW EU LEGISLATION

2.3.1 LEGISLATION IN FORCE

Commission Regulation (EU) 2021/2280 on the protection of species of wild fauna and flora by regulating trade therein

This amending regulation takes into account recent developments in the field of regulation of trade in species of fauna and flora including the results of the 18th Conference of the Parties (COP18) to the Convention on International Trade in Endangered Species (CITES).

Commission Regulation (EU) 2021/2280 of 16 December 2021 amending Council Regulation (EC) No 338/97 on the protection of species of wild fauna and flora by regulating trade therein and Commission Regulation (EC) No 865/2006 laying down detailed rules concerning the implementation of Council Regulation (EC) No 338/97

Link (English): <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2280&from=EN>

Readopted BAT conclusions for large combustion plants

By judgment of 27 January 2021 the General Court (of the EU) annulled Implementing Decision (EU) 2017/1442. On 30 November, the European Commission has readopted BAT conclusions for large combustion plants. The BAT conclusions set out in the Annex to Implementing Decision (EU) 2017/1442 have been readopted unchanged.

Commission Implementing Decision (EU) 2021/2326 of 30 November 2021 establishing best available techniques (BAT) conclusions, under Directive 2010/75/EU of the European Parliament and of the Council, for large combustion plants

Link (English): <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021D2326&from=EN>

BAT Conclusions in Russian language

Conclusions on Best Available Techniques (BAT Conclusions) in the form of legally binding Commission Implementing Decisions are available in Russian language for the following sectors:

- Manufacture of glass
- Iron and steel production
- Tanning of hides and skins
- Production of cement, lime and magnesium oxide
- Production of chlor-alkali
- Production of pulp, paper and board
- Refining of mineral oil and gas
- Wood based panels production
- Common waste gas and waste water treatment/ Management Systems in the chemical sector
- Non-ferrous metals
- Intensive breeding of poultry and pigs
- Large combustion plants
- Large volume organic chemicals

Link: <https://eippcb.jrc.ec.europa.eu/translation/index.html>

2.3.2 LEGISLATION IN PROGRESS

Proposal for a regulation on deforestation-free products

From 1990 to 2020, the world has lost 420 million hectares of forest – an area larger than the European Union. The proposed new rules would guarantee that the products that EU citizens buy, use and consume on the EU market do not contribute to global deforestation and forest degradation. The main driver of these processes is agricultural expansion linked to the commodities such as soy, beef, palm oil, wood, cocoa and coffee, and some of their derived products.

The proposed Regulation sets mandatory due diligence rules for companies, which want to place these commodities on the EU market, with the aim to ensure that only deforestation-free and legal products are allowed on the EU market. The Commission will use a benchmarking system to assess countries and their level of risk of deforestation and forest degradation driven by the commodities in the scope of the Regulation.

The European Commission will step up dialogue with other big consumer countries and engage multilaterally to join

efforts. By promoting the consumption of deforestation-free products and reducing the EU's impact on global deforestation and forest degradation, the new rules are expected to reduce greenhouse gas emissions and biodiversity loss. Finally, tackling deforestation and forest degradation will have positive impacts on local communities, including the most vulnerable people like indigenous peoples, who rely heavily on forest ecosystems.

Link (English): Proposal for a Regulation of the European Parliament and of the Council on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010. COM(2021) 706 final + Annex 1 and 2: <https://europa.eu/!7qVQnJ>.

Proposal for a new regulation on waste shipments

The European Commission delivers on the circular economy and zero pollution ambitions by proposing stronger rules on waste exports, a more efficient system for the circulation of waste as a resource and determined action against waste trafficking. Waste exports to non-OECD countries will be restricted and only allowed if third countries are willing to receive certain wastes and are able to manage them sustainably. Waste shipments to OECD countries will be monitored and can be suspended if they generate serious environmental problems in a country of destination. Under the proposal, all EU companies that export waste outside the EU should ensure that the facilities receiving their waste are subject to an independent audit showing that they manage this waste in an environmentally sound manner.

Within the EU, the European Commission is proposing to simplify the established procedures considerably, facilitating waste to re-enter the circular economy, without lowering the necessary level of control. This helps to reduce the EU's dependence on primary raw materials and supports innovation and the decarbonisation of EU industry to meet the EU's climate objectives. The new rules are also bringing waste shipments to the digital era by introducing electronic exchange of documentation.

The Regulation on waste shipments further strengthens action against waste trafficking, one of the most serious forms of environmental crime as illegal shipments potentially comprise up to 30 % of waste shipments worth EUR 9.5 billion annually. Improving the efficiency and effectiveness of the enforcement regime includes setting up an EU Waste Shipment Enforcement Group, empowering the European Anti-Fraud Office (OLAF) to support transnational investigations by EU Member States on waste trafficking, and providing stronger rules on administrative penalties.

Link (English): Proposal for a Regulation of the European Parliament and of the Council on shipments of waste and amending Regulations (EU) No 1257/2013 and (EU) No 2020/1056. COM(2021) 709 final + Annexes 1-16: <https://europa.eu/!mTNXcp>.

Hydrogen and Decarbonised Gas Package

- **Proposal for a Directive on common rules for the internal markets in renewable and natural gases and in hydrogen**

• Proposal of a Regulation on the internal markets for renewable and natural gases and for hydrogen

Renewable gases are gases produced from biomass including biomethane, as well as hydrogen produced from renewable sources. Low carbon gases produce at least 70 % less greenhouse gas emissions than fossil natural gas across their full lifecycle. Both types of gases substantially contribute to climate change mitigation, while renewable gases have a better performance in terms of carbon reductions than low carbon gases.

The Package (regulation and directive) seeks to facilitate the penetration of renewable and low-carbon gases into the energy system, enabling a shift from natural gas and to allow for these new gases to play their needed role towards the goal of EU climate neutrality in 2050. Within this context, it addresses the following areas:

- Low level of customer engagement and protection in the green gas retail market
- Hydrogen infrastructure and hydrogen markets
- Renewable and low-carbon gases in the existing gas infrastructure and markets, and energy security
- Network planning
- Security of supply and storage

The Hydrogen and Decarbonised Gas Package will enable the market to decarbonise gas consumption, and puts forward policy measures required for supporting the creation of optimum and dedicated infrastructure, as well as efficient markets. It will remove barriers to decarbonisation and create the conditions for a more cost effective transition. The present initiative is complementary to the revised Renewable Energy Directive (REDII), Energy Efficiency Directive (EED) and Emissions Trading Scheme (EU ETS).

Links (English):

Proposal for a Regulation of the European Parliament and of the council on the internal markets for renewable and natural gases and for hydrogen. COM(2021) 804 final: <https://europa.eu/!Xjvdkg>

Annexes 1-4: <https://bit.ly/3mIANeH>

Proposal for a Directive of the European Parliament and of the Council on common rules for the internal markets in renewable and natural gases and in hydrogen. COM(2021) 803 final: <https://europa.eu/!6Yudf3>

Annexes 1-4: <https://bit.ly/3ED7Qag>.

Proposal for a Directive on the energy performance of buildings (recast)

The revision of the Energy Performance of Buildings Directive (EPBD) is an essential element of the Renovation Wave Strategy. It upgrades the existing regulatory framework to reflect higher ambitions and more pressing needs in climate and social action while providing Member States with the flexibility needed to take into account the differences in the building stock across Europe.

The revised directive sets out how Europe can achieve a zero-emission and fully decarbonised building stock by 2050. The proposed measures will increase the rate of renovation, particularly for the worst-performing buildings in each Member State. It will modernize the building stock, making it more resilient and accessible. It supports better air quality, the digitalisation of energy systems for

buildings and the roll-out of infrastructure for sustainable mobility. Crucially, the revised directive facilitates more targeted financing to investments in the building sector, complementing other EU instruments supporting vulnerable consumers and fighting energy poverty.

In line with the Renovation Wave, this proposal introduces EU-wide minimum energy performance standards for worst performing buildings and leaves Member States the scope to set their own standards in addition. The proposal includes a definition of zero-emission buildings, deep renovations and mortgage portfolio standards. It introduces 'Renovation passports' and facilitates the use of new performance metrics, including final energy consumed and lifecycle carbon emissions. It also addresses other non-economic barriers to energy renovations and provides reliable building information tools to citizens and data to the public.

Link (English): Proposal for a Directive of the European Parliament and of the Council on the energy performance of buildings. COM(2021) 802 final: <https://europa.eu/!Mdkr7U>.

Proposal for a Regulation on methane emissions reduction in the energy sector and amending Regulation (EU) 2019/942

In the first-ever EU legislative proposal on methane emissions reduction in the energy sector, the European Commission will require the oil, gas and coal sectors to measure, report and verify methane emissions, and proposes strict rules to detect and repair methane leaks and to limit venting and flaring. It also puts forward global monitoring tools ensuring transparency of methane emissions from imports of oil, gas and coal into the EU, which will allow the Commission to consider further actions in the future.

The proposal would establish a new EU legal framework to ensure the highest standard of measurement, reporting and verification (MRV) of methane emissions. The new rules would require companies to measure and quantify their asset-level methane emissions at source and carry out comprehensive surveys to detect and repair methane leaks in their operations. In addition, the proposal bans venting and flaring practices, which release methane into the atmosphere, except in narrowly defined circumstances. Member States should also establish mitigation plans, taking into consideration methane mitigation and measurement of abandoned mine methane and inactive wells.

Finally, with respect to the methane emissions of the EU's energy imports, the Commission proposes a two-step approach. First, importers of fossil fuels will be required to submit information about how their suppliers perform measurement, reporting and verification of their emissions and how they mitigate those emissions. The Commission will establish two transparency tools that will show the performance and reduction efforts of countries and energy companies across the globe in curbing their methane emissions: a transparency database, where the data reported by importers and EU operators will be made available to the public; and a global monitoring tool to show methane emitting hot-spots inside and outside the EU, harnessing our world leadership in environmental monitoring via satellites.

To effectively tackle emissions of imported fossil fuels along

the supply chain to Europe, the Commission will engage in a diplomatic dialogue with international partners and review the methane regulation by 2025 with a view to introduce more stringent measures on fossil fuels imports once all data is available.

Links (English):

Proposal for a Regulation of the European Parliament and of the Council on methane emissions reduction in the energy sector and amending Regulation (EU) 2019/942. COM/2021/805 final: <https://europa.eu/!HVRGRu>
Annexes 1-8: <https://bit.ly/3eyABKu>.

2.4 RECOMMENDATIONS

Commission Recommendation (EU) 2021/2279 of 15 December 2021 on the use of the Environmental Footprint methods to measure and communicate the life cycle environmental performance of products and organisations

This Recommendation promotes the use of the Environmental Footprint methods in relevant policies and schemes related to the measurement and/or communication of the life cycle environmental performance of all kinds of products, including both goods and services, and of organisations.

This Recommendation is addressed to Member States and to private and public organisations that measure or intend to measure the life cycle environmental performance of their product or of their organisation, and/or communicate or intend to communicate life cycle environmental performance information to any private, public and civil society stakeholder in the EU.

This Recommendation does not apply to the implementation of the EU mandatory legislation that foresees a specific methodology for the calculation of the life cycle environmental performance of products or organisations. It may however be referred to by the EU legislation or policy as a method for the calculation of the life cycle environmental performance of products or organisations.

Link (English): <https://bit.ly/3EK4Us9>.

3. REPORTS AND STUDIES

3.1 EUROPEAN ENVIRONMENT AGENCY (EEA)

Reflecting on green growth: Creating a resilient economy within environmental limits. EEA Report No 11/2021

The idea that European economies and societies need to develop within environmental limits is at the heart of EU policy. The EU's flagship strategic roadmap, the European Green Deal, aims to create an economy 'where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use', while



acting 'to protect, conserve and enhance the EU's natural capital'. The EU's draft 8th Environment Action Programme (8th EAP) likewise envisages that, by 2050, Europe will 'live well, within the planet's ecological limits'.

Link (English): <https://www.eea.europa.eu/publications/reflecting-on-green-growth>

Urban sustainability in Europe: Avenues for change. EEA Report No 6/2021

For the EEA urban environment sustainability means encouraging revitalization and transitions of urban areas and cities to improve livability, promote innovation and reduce environmental impacts while maximising economical and social co-benefits. This report is based on the EEA conceptual framework for urban environmental sustainability and brings together results of a combined analytical approach based on literature review (a top-down assessment based on nexus analysis) together with results from a survey and interviews with selected cities (a bottom-up approach) on drivers of urban transitions.

Link (English): <https://www.eea.europa.eu/publications/urban-sustainability-in-europe-avenues>

Urban sustainability in Europe: Learning from nexus analysis. EEA Report No 7/2021

This report presents the detailed analysis of eight urban environmental sustainability nexus. These constitute examples to help understand the complexity of urban systems and explore how, in practice, using nexus analysis can help identifying existing challenges, potential trade-offs and co-benefits on actions to achieve urban sustainability objectives and opportunities to move towards better coordinated and integrated policy and action. Findings have been summarized in the main Urban Sustainability in Europe – Avenues for change report.

Link (English): <https://www.eea.europa.eu/publications/urban-sustainability-in-europe-learning>

3.2 UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE (UNECE)

Handbook on Water Allocation in a Transboundary Context

The first-ever 'Handbook on Water Allocation in a Transboundary Context' explains the various phases, benefits and challenges of transboundary water allocation and guides interested states through the process of assessing its potential usefulness in their shared basins. The Handbook contains 46 exemplar case studies highlighting key features of allocation and demonstrating their practical application in different transboundary water contexts around the world. It also helps build the capacity needed to address complex issues of water allocation, supports governments in establishing water allocation arrangements and, as such, sends a strong message on the importance and feasibility of transboundary cooperation and of adaptability. Last but not least, the Handbook presents the first-ever overview of water allocation agreements in transboundary waters.

Link (English): <https://unece.org/info/publications/pub/363010>

Agreements for Transboundary Water Cooperation: A Practical Guide

More often than not, transboundary waters can be better governed via an agreement or other arrangement, which typically applies to both surface and groundwaters. Just how can countries and other stakeholders of a shared water basin work towards an effective, adaptable and sustainable agreement? What do they need to consider in the design and drafting phase of such an agreement? Once in place, how could and should such an arrangement be reviewed and updated?

This new publication, titled "Practical Guide for the Development of Agreements or Other Arrangements for Transboundary Water Cooperation", addresses these questions and supports countries and other stakeholders on their journey towards an arrangement for their transboundary waters. It is intended for state representatives, legal and technical experts, decision-makers involved in negotiation of agreements or other arrangements for transboundary waters, the staff of river basin organisations, regional organisations, and other stakeholders working on transboundary cooperation and water diplomacy.

Link (English): <https://unece.org/info/publications/pub/361821>

3.3 ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD)

A global analysis of the cost-efficiency of forest carbon sequestration. OECD Environment Working Papers No. 185

This paper proposes a ranking of 166 countries, for which data are available, where forest carbon sequestration is the most cost-efficient. Taking into account the main cost factors lead to a more nuanced ranking of the countries to be favoured for cost-efficient forest carbon sequestration compared to the assumption that these would always be in tropical areas with high rainfall. The ranking reflects the differences in the opportunity cost of land use and labour cost (production costs), the quality of the business environment (transaction costs), natural conditions (forest productivity), wildfire risk and the avoided GHG emissions from alternative land use. Cost-efficiency also depends on the type of forest project (afforestation, reforestation or forest conservation) and how private (wood harvest) and non-private (environmental and social) co-benefits are counted. A sensitivity analysis is undertaken to examine the robustness of the results with respect to uncertainties in values of the cost and quantity factors of forest carbon sequestration. The results support the view that forests can be a cost-efficient way to offset GHG emissions and that significant cost reductions are possible by targeting the country and sub-national regions, in which to locate forest carbon sequestration projects. The report also reviews the literature on the significance and cost of forest carbon sequestration and provides an overview of forest carbon offset schemes.

Link (English): <https://doi.org/10.1787/e4d45973-en>

3.4 UNITED NATIONS ENVIRONMENT PROGRAMME (UNEP)

Greening the Blue Report 2021. The 2021 edition of the Greening the Blue Report, detailing the UN system's environmental footprint and efforts to reduce it.

The annual Greening the Blue Report provides information on the UN system's environmental footprint and efforts to reduce it. It intends to determine if the UN system's facilities and operations are "on the right track" with their environmental objectives and show where adjustment might be needed. The Report also serves both to inform the public on how the UN system is doing in its environmental sustainability efforts and, hopefully, as a source of inspiration for other organizations.

Link (English): <https://www.greeningtheblue.org/reports/greening-blue-report-2021>

The Gathering Storm. Adapting to climate change in a post-pandemic world. Adaptation Gap Report 2021

The report finds that there is an urgent need to step up climate adaptation finance. Estimated adaptation costs in developing countries are five to ten times greater than current public adaptation finance flows, and the adaptation finance gap is widening.

COVID-19 recovery stimulus packages are also becoming a lost opportunity to finance climate adaptation. Less than one third of 66 countries studied explicitly funded COVID-19 measures to address climate risks up to June 2021. Meanwhile, the heightened cost of servicing debt, combined with decreased government revenues, may hamper future government spending on adaptation.

On the positive side, climate change adaptation is increasingly being embedded in policy and planning. Around 79 % of countries have adopted at least one national-level adaptation planning instrument – an increase of 7 % since 2020. Implementation of adaptation actions is also continuing to grow slowly, with the top ten donors funding more than 2,600 projects with a principal focus on adaptation between 2010 and 2019.

Overall, though, the report finds that further ambition is needed to progress in national-level adaptation planning, finance and implementation worldwide.

Link (English): <https://www.unep.org/resources/adaptation-gap-report-2021>

Production Gap Report 2021

First launched in 2019, the Production Gap Report tracks the discrepancy between governments' planned fossil fuel production and global production levels consistent with limiting warming to 1.5°C or 2°C. This year's report presents the first comprehensive update of the production gap analysis since the 2019 assessment. The report also tracks how governments worldwide are supporting fossil fuel production through their policies, investments, and other measures, as well as how some are beginning to discuss and enact policies towards a managed and equitable transition away from fossil fuel production. This year's report features individual country profiles for 15 major fossil fuel-producing countries and a special chapter on the role of transparency in helping to address the production gap.

Assessment of the production gap is based on recent and publicly accessible plans and projections for fossil fuel production published by governments and affiliated institutions. For other elements of the report, such as the magnitude of producer subsidies or the status of policies to limit production, the report draws from a mix of publicly available government, intergovernmental, and research sources as cited and listed in the references.

Link (English): <https://www.unep.org/resources/report/production-gap-report-2021>

3.5 INTERNATIONAL ENERGY AGENCY (IEA)

The cost of capital in clean energy transitions

Putting the world on a path to achieve net zero emissions by 2050 requires a substantial increase of capital-intensive clean energy assets – such as wind, solar PV, electric vehicles and hydrogen electrolyzers – which have relatively high upfront investment costs and lower operating and fuel expenditures over time. In the IEA Net Zero Emissions by 2050 Scenario (NZE), it is estimated that around 70 % of clean energy investment over the next decade will need to be carried out by private developers, consumers and financiers. Rapidly increasing investment in clean technologies also depends on enhancing access to low-cost financing, particularly in emerging and developing economies. While clean energy transitions rely on much higher levels of both equity and debt, capital structures also hinge on the widespread mobilisation of low-cost debt, e.g. for new capital-intensive, utility-scale solar projects supported by long-term power purchase agreements.

Link (English): <https://www.iea.org/articles/the-cost-of-capital-in-clean-energy-transitions>

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