



Distrust Reigned at COP27

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The COP27 climate summit, which took place on 6-20 November 2022 in Sharm el-Sheikh, Egypt, led to one important conclusion. The parties to the Conference approved the creation of a loss and damage fund for countries particularly vulnerable to climate change. However, the decision-making process and the course of the negotiations make it difficult to talk about the success of the climate summit. The future implementation of the provisions of COP27 is also questionable, as countries that previously promised to provide funds for adaptation and mitigation have not yet fulfilled their obligations.

What were the most important topics and decisions at COP27?

The Egyptian presidency of COP27 set the goals of, among others, raising the ambition of Nationally Determined Contributions (NDCs), prioritising climate change adaptation, and accounting for progress in pooling finance to support developing countries in tackling climate change. Egypt also promoted its own interests, drawing attention to the problem of access to water and establishing closer gas relations with the EU. Despite the scepticism of China and India about the possibility of achieving the goal of limiting the increase in global temperature to 1.5 degrees Celsius, it was maintained in the COP conclusions. It also was agreed with great difficulty to launch a loss and damage mechanism for developing countries, the so-called global South. Due to opposition from Russia and Saudi Arabia, a coalition of about 80 countries led by India, the EU, and the U.S. failed to include in the COP27 conclusions a call for a gradual phase-out from all fossil fuels, not just coal.

What is the dispute between the North and the South about?

Since the Earth Summit in Rio in 1992, the countries of the Global South, especially the poorest and most vulnerable to the effects of climate change, have called on the richest countries to recognise their responsibility for climate

degradation. They argue that these rich countries, located in the northern hemisphere, have largely built their economic power on the use of fossil fuels, which is the main cause of global warming. They also have the means and opportunities to improve the situation of developing countries by reducing their own emissions and through financial support. However, developed countries have still not met their commitments to provide \$100 billion per year in climate financing for developing countries, as enshrined in the conclusions of COP15 in 2009. An additional axis of dispute between the North and the South is the payment of compensation for loss and damage caused by the effects of climate change, e.g. rising sea levels or droughts, which deteriorate the quality of life and force the inhabitants of vulnerable countries to migrate.

How will the loss and damage fund work?

The inclusion in the COP27 conclusions of the “financing arrangements for addressing loss and damage” confirms that developing countries and those most vulnerable to the negative effects of climate change will be able to receive targeted support. The funding is to come from the budgets of developed countries and financial institutions; however, as demanded by the EU and the U.S., the list of donors is to be eventually expanded (e.g., to include developing countries with a high level of emissions, such as China). The beneficiaries of the fund are also not yet clearly defined and may include middle-income countries (e.g., Pakistan or

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Cuba, which have recently been particularly affected by severe weather events). The operational details of the fund are to be developed before the next summit, which will take place in December 2023 in Dubai. However, some Pacific island nations are already declaring their intention to take the question of climate responsibility to the International Court of Justice.

What can the next climate negotiations bring?

The next negotiations will take place in the United Arab Emirates (UAE). It is one of the largest exporters of fossil fuels, but for years the country also has been investing in the development of renewable energy sources (RES) and wants to emphasise its green image. For example, in November this year the UAE signed an agreement with the U.S. on

\$100 billion in joint investments in developing countries by 2035. After this year's COP conclusions included for the first time the development of RES, it can be expected that the conference in Dubai will bring further progress in this regard, perhaps not as much in the form of new financial transfers from the North to the South, but in the form of technological transfers. Further negotiations on the effective implementation of the loss and damage fund and the revision of the NDCs should also be expected. For the EU, which, giving way to the countries of the South on the loss and damage fund, set an example for other developed economies to act, it will be crucial to find followers and thus prove the Union's climate leadership. It will also be important for the EU's image to maintain internal cohesion by considering the interests of its members on the road to joint decarbonisation.