COP 27 – The Outcome

Sharm El-Sheikh Climate Change Conference – November 2022

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Summary

This briefing focuses on the outcome of the COP 27 Climate Change Conference held in Sharm El-Sheikh between the 6th and 18th November '22. It follows a previous article *'Conference of Parties – COP 27*[i]*'* *(**insert link to LGiU article**)* that examined the vision, targets and priorities for what was then the forthcoming Conference of Parties 27 and, had regard to the outcomes of the Glasgow COP 26 and the Intergovernmental Panel on Climate Change (IPCC) report of February 2022 – *Climate Change 2022: Impacts, Adaptation, and Vulnerability*[ii]. Five target areas identified for COP 27 included:

1. From Pledging to Implementation
2. Adaptation,
3. Support for Loss and Damage,
4. Making Finance Flows a Reality, and
5. Just Transition

The Briefing will be of interest to senior policy makers across government and local government in Ireland, all of whom are presently advancing actions under the Climate Action Plan, 2021.

Context.

Sharm El-Sheikh was never billed as a major Conference of Parties. Unlike Kyoto which gave rise to the Kyoto Protocol, Copenhagen, the Copenhagen Accord or Paris, the Paris Agreement, COP 27 was more of an implementation COP. Developments were anticipated to take place in the margins. The Framework was to move to the next steps of nationally determined contributions and a global stocktake, but no new Treaty. Yet it evolved into the 'Loss and Damage' COP.

Expectations were impacted by geo-political events including the reversal of the Trump Administration policy to the Paris Agreement, destabilising impact of the Russia/Ukraine conflict on energy policy and supplies, and relations between the superpowers of China and the US. Nancy Pelosi's visit to Taiwan in August resulted in the respective Chinese and US teams not talking or meeting prior to the COP, a situation that was only resolved with Presidents Biden and Xi meeting on the margins of the G20 Summit in Bali. Only then did relations thaw with negotiations now being stepped up again.

Outcomes

Having set the context, what then were the COP 27 takeaways? There were four primary outcomes with challenges and frustrations liberally dispersed throughout.

Finance was the first and main topic of focus of participating countries. As well as developed countries supporting mitigation and adaptation in poorer countries to reduce carbon emissions and prepare for the impacts of climate change, agreement was reached for a funding vehicle that addresses loss and consequences in developing countries i.e. Loss and Damage. Should an island or land mass be lost because of climate change, the question arose as to what can be done about the loss and what impact it will have on the wellbeing and welfare of the citizens affected? It transpired to be a contentious debate with the US expressing a concern as to whether there would be a notion of liability that went with such compensation.

Loss and Damage is the term given to the consequences of climate change and include issues such as droughts that turn once-productive farms barren, or rising seas that permanently flood low-lying island communities. Prior to COP 27, there was a recognition of the need for action to clarify support for loss and damage to those most vulnerable to climate change impacts.

According to Professor Stavins[iii], the most dramatic and contentious COP 27 decision by the negotiators from 195 countries was the establishment of the Loss and Damage fund. His assessment is based on the issue having been first raised by Vanuatu – a small island nation in the Pacific – in 1991 and being delayed for over 30 years.

At COP 27 however, China, while supporting a proposal from developing countries, came out in favour of the establishment of an explicit fund for Loss and Damage although frustratingly saying they were not going to put any money into it. Nevertheless, a momentum was developed when the European Union and several other developed countries came out in favour. The position left the US somewhat isolated. John Kerry had stated before COP that the US did not support the creation of such a fund only to reverse its' position at the negotiating table.

Aside from China's self-proclaimed exemption from financial contributions, there is some convergence on the issue between the two greatest emitters. Of the two, China is the largest contributor to annual emissions and a major contributor to the atmospheric 'stock' of greenhouse gases. It's important to differentiate here that damages are a function of stock, not emissions.

As to the fund itself, there is a significant gap between the supply and demand side. The World Bank estimates the cost of the recent floods in Pakistan alone to be $40bn. At this scale, the potential global cost of an increasing number and severity of climate events will be in the hundreds of $Billions and perhaps $Trillions.

The fund's supply side is notable for the absence of commitments to date and although the US can criticise China's funding commitment, there is a question mark over its own ability to contribute. Given the Republican majority in the House of Representatives following the mid-term elections, the possibility of the US providing any contribution to the fund has greatly diminished. Perhaps this figured in John Kerry's about turn.

The agreement to create the fund is undoubtedly a watershed and can be considered a COP 27 success. While significant, it must also come with some qualifications. It can in theory be said to be responsive to the actual needs of countries and communities in vulnerable situations, but it must be accompanied by a transformative and fully funded adaptation agenda, the realisation of which is still some way off.

Making finance flows a reality was a pre-COP 27 ambition and, in that regard, the respective funding positions of China and the US are a cause of concern. Europe and the EU can be relied on to step up to their responsibilities. They always do. But the funding issue will require firm commitments from the top two global superpowers if the ambitions are to be realised. At this point, the hoped-for new mindset required for providing, mobilising and delivering climate finance for developing countries has not been achieved.

A second takeaway relates to carbon (see previous article on Carbon Policy - **insert link to LGiU *Carbon Policy* article**). Activities in the non-state sector in recent years have witnessed the development of a voluntary carbon market. Organisations, companies and jurisdictions are pledging reductions of their carbon emissions where possible and, for the emissions they can't reduce, are buying credits in the equivalent of a carbon commodities market. Up to $2bn are thought to be traded to date[iv] with ten times the growth rate of the market anticipated over the next decade. It is envisaged that carbon will become increasingly important with the environmental impact of every facet of public and private sector activities and proposals for development having to measure and mitigate carbon in some manner.

Thirdly, despite the broad recognition that we are not on track to meet the Paris Agreement goals and targets of limiting warming to 2 Degrees or 1.5 Degrees, there were no dramatic announcements of increases in ambition. COP 27 was supposed to be about implementation but the evolution into a Loss and Damage COP resulted in some frustration at the slow pace of reform. There was a lack of dramatic increases in ambition despite the failure to meet the Paris Agreement targets.

A primary target coming into COP 27 was to inject urgency into the process and shift from pledging to implementation at scale and on time. Based on the agreed work streams in Paris and the ambition reflected until and during Glasgow, the target of accelerating, scaling up, replicating success stories and delivering through the right mechanisms, has not been achieved.

In contrast however, the fourth takeaway is positive in that it concerns the relationship between two global superpowers and the world's biggest emitters, China and the US, as discussed above. The fact that they are once again engaging notwithstanding withdrawal from the process by the Trump administration and Nancy Pelosi's visit to Taiwan, is positive. Despite US partisan politics, there is consensus that the Paris Agreement would not have been agreed were it not for the highly effective co-leadership and engagement of the two superpowers at the time. While the cooperation broke off under President Trump, it hadn't yet returned under the Biden administration because of disagreements on international trade, human rights, South China Sea, Hong Kong, Taiwan and other non-climate issues. Despite the vastly divergent position of the two superpowers, the fact that they are talking is positive.

Amidst the talking however, Vanuatu, the initiator of the funding concept in 1991, is drawing up plans to relocate dozens of long-established coastal communities within the next two years as they come under threat from rising sea levels. Additional settlements are earmarked for relocation in the longer term. Fiji likewise is preparing for relocation of some of its endangered communities. It appears the talking is too late for these communities.

Discussion and Comment.

At what point does a country evolve from a 'developing' to a 'developed' country? By what criteria is it measured? If a global superpower categorises itself as 'developing' despite increasing its per capita GDP by 3,330% since its recorded per capita level of less than $400 in 1992[v], others will follow that lead. It does not bode well.

What are the implications for Ireland? On accession to the then EEC in 1973 and for decades within the now EU, Ireland's development lagged other EU member countries and benefited along with Portugal, Greece and Spain (former 'PIGS' countries) from additional support in the form of EU structural funding. Despite becoming a net contributor to the EU in recent years and to continue benefitting from structural funding arrangements, considerable work has been undertaken to classify different regions within Ireland under the various Nomenclature of Territorial Units for Statistics (NUTS) categories.

Using the NUTS II and III categorisations, could Ireland justify and sustain an argument of being a 'developing' country, avoid contributing to the Loss and Damage fund and instead use it as a funding source? Perhaps we could draw on our island, small open economy and low population density status. Add to that homelessness, current state of the housing market, obligations to refugees fleeing war, impact of inflation on the marginalised, infrastructural deficits, health deficiencies and other urgent political priorities. Either way, a politically fraught debate over the making of a contribution to the 'Loss and Damage' fund is ensured, particularly as the benefits will not be readily apparent in Ireland.

Ireland faces serious climate challenges as an island nation. Some twenty-one counties have soft parts of a coastline that are vulnerable to coastal erosion and rising sea levels. Difficult decisions loom for Councils with coastal communities, not only in respect of the depth of analysis and research involved in determining appropriate interventions for each site, but also the timescale, cost and community engagement required for the implementation of successful measures. Witness the level of debate over the proposed Clontarf sea wall, a debate that's likely to be replicated in other high density coastal communities. Portrane, Bray, Galway and Salthill readily come to mind.

As with Vanuatu, Fiji and other vulnerable island nations, Ireland will be faced with the issue of 'managed retreat'[vi] (**insert link to LGiU article on Managed Retreat**) in the short term. Add to that the location of critical infrastructure in 'at-risk' coastal areas including the Belfast to Rosslare rail line and wastewater treatment plants and the scale of the issue becomes more apparent.

There are however significant positives arising from our island status and location. Ireland's offshore wind energy potential has the capacity to provide up to 10 times the existing national energy demand. Harnessing such potential allows us not only to reduce our reliance on imported fossil fuels, but will cut carbon emissions, provide energy security and, raise the prospect of exporting renewable green energy once the interconnectors to France[vii] and Wales[viii] are in place.

An absence of fossil fuel resources has in the past hindered our island's prosperity and development. Now in the 21 Century, access to a reliable, secure and renewable energy source has the capacity to be of benefit. Notwithstanding our island location and climate challenges, early conversion to renewable energy sources will bring competitive advantages to Irish industry and the economy. Energy, Industrial and Educational policies should be aligned to accelerate the transition, underpin our competitive advantage and our location as the only English-speaking country in the EU and ensure a continued conveyor belt of a young workforce educated for a zero-carbon environment.

Summary

Despite the build up to Sharm El-Sheikh, COP 27 has been a disappointment. There are two main takeaways, the establishment of a Loss and Damage fund and a renewed engagement on climate change issues by the top two global superpowers – and two top emitters. Although welcome, lauding both successes may be hollow if the required supply side funding for Loss and Damage is not realised.

Funding is the key. Renewed engagement between China and the US will count for nothing in the absence of financial commitments if rising emissions and the atmospheric 'stock' of emissions is not addressed. 'At risk' island countries cannot wait for the outcome of the negotiations and find themselves increasingly forced into the managed retreat route. Communities that have resided, invested and made their livelihood in coastal areas for many generations are being uprooted. The cost is incalculable and the need for comprehensive and expensive adaptation measures will continue to fall on 'developing' countries despite the cause of global warming resting with the 'developed' nations.

Ireland too faces challenges albeit on a different scale to the Pacific islanders. In addressing those challenges however, we should neither await the outcome of the China/US discussions nor be overly focussed on the negative effects of climate change. Funding and short-term political priorities will be ever-present but there are positives that, with the right policies, can not only achieve economic prosperity and development, but provide the vision and leadership required to succeed in a zero-carbon future.

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[i] LGiU article: Conference of Parties – COP 27 by Ciarán Hayes, Nov. '22
[ii] https://www.wri.org/insights/ipcc-report-2022-climate-impacts-adaptation-vulnerability
[iii] Glimmers of movement, hope at COP27 – Harvard Gazette
[iv] Billy Pizer, Vice President for Research and Policy Engagement at Resources for the Future, in discussion with Professor Rob Stavins, Harvard Kennedy School, in an 'Environmental Insights' podcast, 22nd Nov. '22.
[v] Glimmers of movement, hope at COP27 – Harvard Gazette
[vi] LGiU article: Managed Retreat by Ciarán Hayes, March '22
[vii] Eirgrid Celtic Interconnector | Home
[viii] Onshore cable-laying starts in Ireland: latest newsletter distributed to community (greenlink.ie)