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COP27

What you need to know



The dust has settled on COP27 and in order to support our clients as they navigate this fast-moving space, we have put together the key issues and take-aways from the conference.

- 1 | Loss and damage
- 2 | Climate finance
- 3 | Climate adaptation and risk reduction
- 4 | Food and water security
- 5 | Our green credentials: what we do



1. Loss and damage

The discussion of a loss and damage fund was a late addition to the official agenda of COP27. The fund is intended to help developing countries respond to loss and damage caused by climate change. Developing countries have been pressing for industrialised countries to prioritise the issue of loss and damage for several years, but were met with resistance when they attempted to table it at the COP26 event in Glasgow last year.

A compromise was reached in order to make loss and damage a consideration at COP27: cooperation and facilitation in relation to loss and damage funding were discussed, but neither the liability of nor compensation from high-emitting nations were on the agenda.

Proposals for the loss and damage funding were made by the EU and by a separate coalition of developed nations that included the UK and the US. Loss and damage was the most intensely negotiated issue at the conference, but an agreement to establish a loss and damage fund was finally reached in the final days of the conference. The agreement marks a step forward for advocates of the fund, but many vital details about how the fund will operate are yet to be decided. A “transitional committee” will meet early in 2023 to prepare recommendations for how the fund will operate. We can expect these recommendations to be presented at COP28 next year.





Spotlight on Pakistan

Floods and landslides caused by torrential monsoon rains have displaced 33 million people in Pakistan this year, and have caused damage to agricultural land, buildings and other crucial infrastructure. For many, the damage has cut off access to healthcare and clean water. The cost of reconstruction is estimated to be US\$30bn (which is around 10% of Pakistan's GDP).

The floods followed a record heatwave that affected Pakistan in early 2022, and a study by the World Weather Attribution initiative concludes that rainfall over the worst-affected provinces was 75% more intense than it would have been had the climate not warmed by 1.2°C.

Pakistan is currently chair of the G77, a bloc of developing countries that pushed for negotiations of the agreement to establish a loss and damage fund to be concluded towards the end of the conference. Throughout the conference, the extent of the devastation in Pakistan provided a stark example of the challenge facing countries on the frontlines of the climate crisis.



The G-77 has been pushing for loss and damage for some time and we have been very clear that the financing should be additional. We believe it is key to maintain a balance between different segments of finance because adaptation finance is equally important. And developed countries who agreed to a doubling of adaptation finance haven't delivered it either. So we don't see it as an 'either or situation'. Also, loss and damage and adaptation are complementary because if you adapt better, the need for loss and damage will be reduced."

Pakistan's Chief Negotiator, Nabeel Munir

From an interview with *Carbon Copy*

2. Climate finance

Whilst loss and damage was a key financial issue at this year's conference, broader discussions about climate finance also dealt with how the international community might meet the costs of mitigation and adaptation.

A number of key figures backed the reform of international financial institutions and development banks as a means of unlocking some of the funding that will be necessary to achieve objectives relating to climate change.

“...public money must work with private money, to make it possible for ... business and financial institutions...to invest...civil society must be partner to help us do the right thing...we must be efficient in promises and disciplined in delivery. We must all be more disciplined – and that applies to all of us, including the IMF.”

IMF Managing Director Kristalina Georgieva
speaking during her opening remarks at COP27's Finance Day

A more controversial consideration, particularly in light of the spike in energy prices since Russia invaded Ukraine, has been what the relationship should be between climate finance and profits generated by the sale of fossil fuels.

Leaders from the Global South drew attention to the effects of the debt crisis, exacerbated by the upheaval of the pandemic, on the abilities of indebted countries to meet the needs of their citizens in the short term.





Spotlight on Barbados

During COP26, Barbados' Prime Minister Mia Mottley made a number of high-profile comments about climate finance and the wider issue of the imbalance of power that she argues has slowed progress on the global climate change agenda.

Since then, Mottley has been working with senior UN officials, academics and other experts to put together the "Bridgetown Initiative", a detailed finance plan to meet the climate needs of developing countries. The plan includes a request for \$650bn in special drawing rights from the IMF and low-interest loans from development banks, and encouraged a discussion about fundamental reforms to the way international institutions address climate and development.



We need to have a different approach, to allow grant-funded reconstruction grants going forward, in those countries that suffer from disaster. Unless that happens, we are going to see an increase in climate refugees. We know that by 2050, the world's 21 million climate refugees today will become 1 billion."


Prime Minister of Barbados, Mia Mottley

3. Climate adaptation and risk reduction

In previous COPs, mitigation was front and centre: negotiations were centered around limiting greenhouse gas emissions, conserving nature and reducing global warming. However, for the first time, COP27 saw equal attention given to adaptation.

Having accepted that a global temperature rise of at least 1.5°C (as agreed in the Paris COP) is already ‘baked in’, issues of adaptation were firmly on the agenda at Sharm-el-Sheikh: member countries, NGOs and the private sector considered how to allocate funding, create frameworks and develop technologies to minimise the impact of that pre-existing 1.5°C temperature increase on especially vulnerable communities across the world.

The UK Government announced a commitment to triple climate adaptation funding, noting the existential threat climate change is already posing around the world.



Egypt, the COP27 Presidency, launched an Adaptation Agenda, providing 30 ‘Adaptation Outcomes’ focussed on 5 key topics.

More than \$230m in new pledges and contributions were also announced by contributors to the Adaptation Fund. The fund supports concrete adaptation solutions, including food and water security projects and disaster risk reduction.

“Accelerated adaptation action is needed as we face unprecedented climate change challenges, and the Adaptation Fund is a source for optimism...These dollars will be well spent to build resilience and make a tangible difference on the ground through tangible projects and programmes that are tailored to local adaptation needs in the most vulnerable countries.”

Adaptation Fund Board Chair Mr. Albara Tawfiq



Spotlight on South Sudan

For African countries, adaptation to climate change impacts is an existential challenge in the coming years. Although the continent accounts for less than 3°C of the world's CO2 emissions, it is particularly vulnerable to extreme climate events. This is acute in South Sudan, where increased temperatures leading to cycles of flood and drought, and desertification, have contributed to internal displacement, disease outbreaks and economic difficulties.

The UN Office for Disaster Risk Reduction announced the development of the [Risk Information Exchange Tool](#) (“RiX”), a platform to improve access to and use of hazard, exposure, vulnerability and climate data to inform approaches to disaster risk reduction at national and local level.

[RiX will launch in South Sudan](#), where it is hoped it will help South Sudan reduce the impact of weather events on its communities, building on previous UN programmes for South Sudan's climate adaptation.



there are few other countries that really demonstrate the interconnectedness and cascading nature of risk like we have in South Sudan, a country that has endured appalling suffering and massive displacement due to political upheaval but also due to the serious climatic shocks and extreme weather events that make it very difficult for families to cope.”

Ms Sarah Beysolow Nyanti, the Deputy Special Representative of the UN Secretary-General to the Republic of South Sudan

“Reducing disaster risk to break the cycle of recurrent humanitarian crises is a priority. RiX is a collaborative inter-agency effort which will support nationally led efforts and the vulnerable communities to anticipate and plan for future disaster events and climate crisis.

Ms Hieber-Girardet, UNDRR'S Chief for Risk Knowledge



4. Food and water security

In line with the increased prominence of adaptation at COP27, freshwater scarcity, food shortages and natural disasters caused by disruption to the global water cycle become more urgent issues at Sharm-el-Sheikh.

In recognition of the effects of climate change on farming communities, delegates announced investment in developing new agricultural technologies, such as developing crops resilient to drought risks, and announced several new initiatives to address land degradation driven by climate change.

“This COP27, held on the African continent, underlined the importance of sustainable land management in addressing the climate crisis and multiple global challenges of our time. The announcement of new initiatives such as the International Drought Resilience Alliance, the ENACT partnership to promote nature-based solutions, and the progress on the Great Green Wall have mobilized decision-makers around concrete proposals to address both the climate emergency and the land degradation crisis that threaten billions of people around the world.”

Ibrahim Thiaw, Executive Secretary, UN Convention to Combat Desertification

Progress was made on soil conservation technologies, countering desertification through the Great Green Wall Initiative, and restoring degraded land with increased investment in biodiversity.

The Action for Water Adaptation and Resilience (AWARe) was launched to help contribute to efforts to reduce water loss and encourage adaptation and cooperation, alongside the Food and Agriculture for Sustainable Transformation (FAST) initiative, intended to scale up financing in the agri-tech sphere.

“The impact of climate change is disproportionately impacting vulnerable communities around the world. To address this imbalance, we need to develop sustainable farming and food systems and meet the urgent needs of food importing developing countries. Through the FAST initiative, we will be mobilizing the world to unlock finance flows to increase climate resilience and implement urgently needed transformation across agrifood systems.”

COP27 President Sameh Shoukry



Spotlight on Iraq

Iraq is ranked as the fifth most vulnerable country to climate change in the world. The region of Basra, for instance, has suffered from increases of temperature of 2.5°C on average in the last two decades alone. In the ‘land between two rivers’, a region known for its fertility, farming has become unsustainable due to water scarcity and the impact of land degradation driven by that temperature increase. As the rivers dry up, farmers have seen their fields grow arid and livelihoods collapse.

“This conference is of a particular importance given the serious challenges that climate change imposes on the region and the world. We are suffering from the imminent danger of drought and land degradation and drought in addition to a big decline in our water resources.”

Iraqi Deputy Minister of Environment, Dr. Jasim Abdulazeez Humadi

In light of these challenges, COP27 saw Iraq feature prominently in discussions surrounding food and water security. Increased funding was announced for Iraq’s Environment and Climate Change Programme, and the first steps have been made towards creating a framework for MENA countries to combat the effects of climate change through funds for loss and damage and adaptation.

5. Our green credentials: what we do

We combine cutting-edge understanding of the diverse issues at play in the ESG space with our vast global experience across a wide range of industries to craft the right solution to your unique ESG focus, whatever it may be. Our legally-driven holistic approach to managing ESG issues draws on the full scope of our global practice and sector capabilities to drive long-term profits and maximize positive impact for clients. We help our clients use the law to build a better and more sustainable business and world.

We take our own climate change commitments seriously and are founder members of the Legal Sustainability Alliance and the Net Zero Lawyers Alliance. We have recently launched the next stage of our global sustainability plan, focusing on reducing our carbon impact and achieving the use of 100% renewable energy, and are committed to UN Business Ambition 1.5° and Race to Zero.



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