

# A deal on loss and damage, but a blow to 1.5C – what will be Cop27’s legacy?



The Sunday morning deal that was greeted with euphoria by developing countries was being damned as a severe disappointment by most of the rich world. Photograph: Sedat Suna/EPA

Anger at western hypocrisy heated to boiling point in Sharm el-Sheikh, but after intense talks the impasse was finally broken

**Fiona Harvey** *in Sharm el-Sheikh*

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On the eve of the **Cop27** climate conference that has just finished in Sharm el-Sheikh, the UN secretary general, António Guterres, warned of the stark consequences of failure.

“There is no way we can avoid a catastrophic situation, if the two [the developed and developing world] are not able to establish a historic pact,” he said, **in an interview with the Guardian**. “Because at the present level, we will be doomed.”

In the end, after two weeks of fraught and often bitter negotiations, the “historic pact” Guterres wanted was finally struck. For the first time in 30 years of climate talks, **developed countries agreed to provide finance** to help rescue and rebuild poorer countries stricken by climate-related disasters, known as a loss and damage fund.

“Cop27 has done what no other Cop has achieved,” said a jubilant Mohamed Adow, director of the thinktank Power Shift Africa. “This has been something which vulnerable countries have been calling for since the 1992 Rio Earth Summit. To quote the Three Lions England football song, after 30 years of hurt, climate action is finally coming home on African soil here in **Egypt.**”



Xie Zhenhua, China's special envoy for climate, left, and Sherry Rehman, minister of climate change for Pakistan, pose for photos near the end of the summit. Photograph: Peter Dejong/AP

It very nearly did not happen. The deal – formally gavelled through soon after 9am on Sunday after a marathon negotiating session running 40 hours beyond the Friday evening deadline – only came together as dawn was breaking over the Red Sea that morning.

By then, the talks, which began on Sunday 6 November, had been logjammed for most of the previous fortnight. On day 12, last Thursday, Guterres flew in

from the G20 meeting in Bali and **looked visibly shocked by the atmosphere** he found. The doom he had warned of seemed to be unfolding.

“There has been clearly, as in past times, a breakdown in trust between north and south, and between developed and emerging economies,” he warned. “This is no time for finger pointing. The blame game is a recipe for mutually assured destruction.”



[‘We can do the impossible’: how key players reacted to end of Cop27 climate summit](#)

By Saturday afternoon, the talks **stood on the brink of collapse**. “This is the worst Cop I’ve ever known,” said one longtime Cop attendee. Countries were still far apart, not only on loss and damage but on the key issue of action to bring down greenhouse gas emissions. Oil-producing countries and some big emitters were trying to water down commitments on fossil fuels.

What eventually broke the impasse was intense negotiations, all through Friday and Saturday nights with barely a break, backed up by wider pressure from civil society, and – crucially – what was effectively a capitulation by the developed countries. The Sunday morning deal that was greeted with euphoria by developing countries for the loss and damage fund was being damned as a severe disappointment by most of the rich world.

Frans Timmermans, vice-president of the European Commission, said: “What we have in front of us is not enough of a step forward for people and planet. It does not bring enough added efforts from major emitters to increase and accelerate their emissions cuts. It does not address the yawning gap between climate science, and our climate policies. The EU came here to get strong language agreed and we are disappointed we didn’t achieve this.”

**I said in Glasgow that the pulse of 1.5 degrees was weak. Unfortunately, it remains on life support**

**Alok Sharma, president of Cop26**

Alok Sharma, the UK president of last year’s Cop26 talks in Glasgow, was **even more scathing**. The UK’s key achievement a year ago was to “**keep 1.5C alive**”. Limiting global temperature rises to 1.5C above pre-industrial levels is vital, according to scientists, as beyond that threshold, the cascading impacts of climate breakdown will quickly become catastrophic and in some cases irreversible.

“Those of us who came to Egypt to keep 1.5 degrees alive, and to respect what every single one of us agreed to in Glasgow, have had to fight relentlessly to hold the line,” Sharma told the conference on Sunday morning. “I said in Glasgow that the pulse of 1.5 degrees was weak. Unfortunately, it remains on life support. And all of us need to look ourselves in the mirror, and consider if we have fully risen to that challenge over the past two weeks.”

**EU loss and damage proposal provokes unexpected backlash**



Activists at a climate strike on Friday. Youth groups issued a closing demand for a global fund for loss and damages in developing countries. Photograph: Peter Dejong/AP

How could a deal hailed as “historic” and world-changing by so many poor countries be such a bitter blow to those fighting for the 1.5C limit?

Some of the blame must lie with the oil-producing countries that blocked stronger text on 1.5C. “Saudi Arabia was the worst, and they’re the worst at every Cop,” says Ashwini Prabha, of the Global Gas and Oil Network, a climate campaigning group. The Egyptian presidency was also sharply criticised, called “untransparent, unpredictable and chaotic” by one senior attendee.

But if the rich countries want to understand why they did not get the deal they wanted, they will also have to examine their own actions over the past fortnight of talks in Sharm el-Sheikh – and learn the lessons for future conferences.



U.S. Special Presidential Envoy for Climate John Kerry at a session on the Global Methane Pledge. Photograph: Nariman El-Mofty/AP

The fortnight of talks kicked off with everyone listening to world leaders. From the start, the issue of financial help for developing countries took centre stage. Sameh Shoukry, the Egyptian foreign minister and Cop27 president, stressed that this was an African Cop, focusing on those countries' needs. "African countries, as well as most developing nations, have expectations that the priority issues that they deem fundamental should be achieved, [to create] trust between developed and developing countries," he told the Guardian in an interview before the summit. "Cop27 is the venue where that trust can be enhanced and consolidated."

Despite repeating that they were willing to discuss loss and damage, however, the rich countries failed to make much progress on it. Developing countries were clear and united in their demands: they wanted a new fund, dedicated solely to loss and damage, that would be able to disburse funding quickly when countries were struck by disaster. "It's no use having funding that comes three weeks later, if you're hit by a hurricane," said Seve Paeniu, finance minister of Tuvalu.

A new fund was exactly what the EU, and to a lesser extent the US and the UK, did not want. Instead, they wanted a “mosaic” approach that would involve funding from many different existing institutions, such as the World Bank and other development banks, existing climate funds such as the Green Climate Fund and Global Environment Facility, and national funds. “I know from experience it takes time to establish a fund, and more time to fill it,” said Timmermans. “Whereas we have existing instruments.”



The president of the Federation of the Huni Kui People in Acre, Brazil, Ninawa Inu Huni kui Pereira Nunes (R) and other members representing indigenous communities, perform a ritual prayer. Photograph: Khaled Elfiqi/EPA

That did not wash with poor nations and campaigners. Teresa Anderson, global lead for climate justice at ActionAid International, said: “We’ve heard endless speeches from developed nations saying they care, but all they want to do is kick the can down the road when it comes to establishing a financing facility to address loss and damage.”

Then, in the early hours of last Friday morning, the EU made an abrupt U-turn. Having argued vehemently against a fund from the outset, suddenly they wanted to set one up. “We have listened to the developing countries,” **Timmermans told journalists at 8am that day.** “Since they are so attached to a fund, we have agreed.”

There was a catch: the donor base for any such fund must be expanded, to include countries that were classed as developing when the UN Framework Convention on Climate Change was signed in 1992, and thus carry no obligations under the treaty, but which have since had burgeoning emissions and rapidly growing economies. Chiefly, that meant **China, the world's second biggest economy**, responsible for more cumulative greenhouse gas emissions to date than any country apart from the US.

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**Teresa Anderson, ActionAid**

The EU clearly expected its U-turn to have a transformative effect, with the added bonus of dividing the G77 bloc of developing countries from their traditional ally, **China**. That is not what happened. Instead, many developing countries and climate campaigners rounded angrily on the proposal. One G77 negotiator, who asked not to be named, said: "It is a predictable attempt by the EU to break up the G77 in talks. Of course, it's not a breakthrough. They are merely repeating its original negotiating position by making it sound like a compromise when they know very well that it is not. It is completely disingenuous."

Some developing country negotiating teams were visibly exasperated at what they saw as the illogicality of countries with tiny emissions siding with China, the world's biggest emitter, which wants to continue to use coal and has targets on cutting emissions that are widely judged inadequate. "They are acting against their own interests," said a member of one, on Saturday afternoon.

But what the EU and its allies failed to appreciate was how bitterly developing countries would resent feeling that they were being "played", and how they might see more "solidarity" in finding common cause with countries also historically poor. "Vulnerables were played big time by Timmermans and the EU," said one person from a developing country, closely involved in the negotiations.



## Western hypocrisy infuriates poorer countries



An activist holds a sign at Cop27. Limiting global temperature rises to 1.5C is vital, according to scientists. Photograph: Sedat Suna/EPA

While the EU, the US and the UK have been preoccupied with the Ukraine war, and its threats of nuclear terrorism and attendant cost of living crisis, many seem to have missed another major geopolitical change in this past year. There is a vast upswell of anger against developed countries among the poor of the world, and much of it springs from the handling of the Covid-19 crisis.

“If you look at developing countries, you need to understand that first of all vaccines were not distributed in a way that would be equitable and this is something that was deeply felt,” Guterres told the Guardian in the interview on the eve of Cop27. “Then, if you look at the economic recovery from the Covid, 16 trillion dollars were mobilised in financial instruments of different kinds, but those 16 trillion dollars were essentially mobilised in the developed world. On the other hand, there has been no debt relief.”

Moreover, he added, while poor countries struggle with debt mountains, rich countries have so far failed to fulfil the promise made in 2009 to provide \$100bn (£84bn) a year in climate finance by 2020.

Vaccines, debt, an energy crisis they did not cause, sharp rises in the price of food, western hypocrisy in expanding fossil fuels while calling on developing countries not to – before Cop27 started, these were already a combustible mix.

What heated that rage to boiling point in Sharm el-Sheikh was a **visceral reaction to the devastating floods in Pakistan**. Record rain across much of Pakistan led to unprecedented flooding earlier this year, covering more than a 10th of the country with water and affecting a third of the population. More than 20 million people needed humanitarian aid, and millions were made homeless.

### **Pakistan's floods seen as terrifying warning about missing 1.5C**



A man uses a satellite dish to move children across a flooded area in Balochistan province, Pakistan. Photograph: Fida Hussain/AFP/Getty

Shehbaz Sharif, Pakistan's prime minister, warned on day one of the talks: "The catastrophic floods impacted 33 million people, more than half our women and children, [covering] the size of three European countries. Despite seven times the average of extreme rain in the south, we struggled on as raging torrents ripped out over 8,000km of metal roads, damaged more than 3,000km of railway track and washed away standing crops on 4m acres and ravaged all of the four corners of **Pakistan**."

“We became a victim of something with which we had nothing to do, and of course it was a manmade disaster. Imagine on one hand we have to cater for food security for the common man by spending billions of dollars and on the other we have to spend billions of dollars to protect flood-affected people from further miseries and difficulties. How on earth can one expect from us that we will undertake this gigantic task on our own?”



‘We couldn’t fail them’: how Pakistan’s floods spurred fight at Cop for loss and damage fund

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Again and again at the plenary sessions throughout the fortnight, poor countries pointed to Pakistan and said, in various terms, “this is our future”. As Sharif warned, to thunderous applause: “What happened in Pakistan will not stay in Pakistan.”

Developed countries, according to Bernice Lee, director for futures at the Chatham House thinktank, failed to understand this new dynamic, and the sense of anger that animated poor nations at Cop27. “The G7 can seem tone-deaf,” she said.

What this all meant, according to one highly placed person in the negotiations, was that when developed countries sought support for their aims on keeping

1.5C alive, they found it lacking. They said the UK, EU and others had failed to understand that the issues of loss and damage, and the 1.5C goal, were connected. “They didn’t understand that if they wanted their desires to be reflected in the text, they needed to listen to what other countries were saying, to what their demands were,” said the source. “They didn’t listen.”

## **What happened in Pakistan will not stay in Pakistan** **Shehbaz Sharif, Pakistan’s prime minister**

The deal that was finally struck on loss and damage may provide a basis for the rich countries to better understand the concerns of the poor in future. They will have to work together on setting up the fund over the next year, and on filling it with the cash needed for the disasters countries are experiencing.

This still leaves the question of what to do about China. Developed countries as a bloc are still in the top five emitters, taking historical responsibility into account, but individually they are eclipsed by rapidly growing emerging economies, such as China, Russia, Saudi Arabia and other petrostates, according to Paul Bledsoe, a former Clinton White House climate adviser, now with the Progressive Policy Institute in Washington DC.

“This Cop was something of a failure, because it completely let the world’s biggest emitter, China, off the hook,” he said. “Global emissions can’t fall until China’s emissions fall. This is the key to climate protection.”

# **COP27 summit agrees to help climate victims. But it does nothing to stop fossil fuels**

By Ivana Kottasová, Ella Nilsen and Rachel Ramirez, CNN  
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The recent devastating floods across Pakistan are just one example of the suffering caused or made worse by the climate crisis.

Fida Hussain/AFP/Getty Images

### **Sharm el-Sheikh, EgyptCNN —**

The world has failed to reach an agreement to phase out fossil fuels after marathon UN climate talks were “stonewalled” by a number of oil-producing nations.

Negotiators from nearly 200 countries at the COP27 UN climate summit in Egypt took the historic step of agreeing to set up a “loss and damage” fund meant to help vulnerable countries cope with climate disasters and agreed the globe needs to cut greenhouse gas emissions nearly in half by 2030.

The agreement also reaffirmed the goal of keeping global warming to 1.5 degrees Celsius above pre-industrial levels.

However, an attempt to address the biggest source of the planet warming emissions that are causing the climate crisis ended in a fiasco after a number of nations, including China and Saudi Arabia, blocked a key proposal to phase out all fossil fuels, not just coal.



Kerry: Formal climate talks between US and China have resumed at UN summit

“It is more than frustrating to see overdue steps on mitigation and the phase-out of fossil energies being stonewalled by a number of large emitters and oil producers,” German Foreign Minister Annalena Baerbock said in a statement.

Addressing the summit early on Sunday morning, the European Union’s Climate Chief Frans Timmermans said the EU was “disappointed” with the final outcome of the summit.

“What we have in front of us is not enough of a step forward for people and planet ... we should have done much more,” Timmermans said.

Victory for climate crisis victims

The agreement to help the world’s most vulnerable countries deal with loss and damage represents a breakthrough, however, in what has been a contentious negotiation process.

It marks the first time countries and groups, including longtime holdouts like the United States and the EU, have agreed to establish a fund for nations vulnerable to climate disasters made worse by pollution disproportionately produced by wealthy, industrialized nations.

Negotiators and non-governmental organizations observing the talks praised the deal as a significant achievement, after developing nations and small island countries banded together to amplify pressure.



## Ukraine is finding new allies in a Russian tourist hotspot

“The agreements made at COP27 are a win for our entire world,” Molwyn Joseph, chair of the Alliance of Small Island States, said in a statement. “We have shown those who have felt neglected that we hear you, we see you, and we are giving you the respect and care you deserve.”

The creation of the fund also became one of the key demands of activists attending the summit. Unlike in previous years, when huge protests and loud calls for action become part of the event, demonstrations were muted this year.

Protests are rare and mostly illegal in Egypt and the Egyptian government put strict limits on protesters attending the conference.

Still, the biggest protest of the summit saw hundreds of activists marching through the venue last weekend, demanding climate payments. On Friday, 10-year-old Ghanaian activist Nakeeyat Dramani received a standing ovation in the plenary after calling on the delegates to “have a heart and do the math.”



Climate activists staged a number of protests during the conference, demanding end of fossil fuels and climate finance.

Sean Gallup/Getty Images

The fund will focus on what can be done to support loss and damage resources, but it does not include liability or compensation provisions, a senior Biden administration official told CNN.

Reaching the agreement was not easy. The summit was originally scheduled to end on Friday, but went well into overtime with negotiators still trying to hammer out the details as the conference venue was being dismantled around them.

The US and other developed nations have long sought to avoid such provisions that could open them up to legal liability and lawsuits from other countries. And in previous public remarks, US Climate Envoy John Kerry had said loss and damage was not the same thing as climate reparations.

“‘Reparations’ is not a word or a term that has been used in this context,” Kerry said on a recent call with reporters earlier this month. He added: “We have always said that it is imperative for the developed world to help the developing world to deal with the impacts of climate.”

Details on how the fund would operate remain murky. The text leaves a lot of questions on when it will be finalized and become operational, and how exactly it would be funded. The text also mentions a transitional committee that will help nail down those details, but doesn’t set specific future deadlines.

And while climate experts celebrated the win, they also noted the uncertainty going forward.

“This loss and damage fund will be a lifeline for poor families whose houses are destroyed, farmers whose fields are ruined, and islanders forced from their ancestral homes,” World Resources Institute CEO Ani Dasgupta said. “At the same time, developing countries are leaving Egypt without clear assurances about how the loss and damage fund will be overseen.”



This has quickly become the key issue at COP27 -- and the most difficult to resolve



An outcome on a fund came this year in large part because the G77 bloc of developing nations stayed unified, exerting increased leverage on loss and damage than in past years, climate experts said.

“They needed to be together to force the conversation we’re having now,” Nisha Krishnan, resilience director for World Resources Institute Africa told reporters. “The coalition has held because of this conviction that we did need to stay together to deliver this – and to push the conversation.”

For many, the fund represents a hard-fought years-long victory, pushed over the finish line by the global attention given to climate disasters such as Pakistan’s devastating flooding this summer.

“It was like a big buildup,” former US climate envoy Todd Stern told CNN. “This has been around for quite a while and it’s getting all the more aggravating to vulnerable countries because there’s still not a lot of money getting put into it. As we can see the actual disaster impacts of climate change are getting more and more intense.”



The EU's Frans Timmermans speaks to reporters during the summit.

Thomas Trutschel/Photothek/Getty Images

Text on 1.5 degrees remains

Global scientists have for decades warned that warming must be limited to 1.5 degrees above pre-industrial levels – a threshold that is fast-approaching as the planet’s average temperature has already climbed to around 1.1 degrees.

Beyond 1.5 degrees, the risk of extreme drought, wildfires, floods and food shortages will increase dramatically, scientists said in the latest UN Intergovernmental Panel on Climate Change (IPCC) report.

But while summit delegates affirmed the goal of keeping global warming to 1.5 degrees Celsius, climate experts expressed dismay about a lack of mention of fossil fuels, or the need to phase them down to keep global temperatures from rising. As it did last year at the Glasgow summit, the text calls for a phasedown of unabated coal power, and “phase-out of inefficient fossil fuel subsidies,” but does not go further to call for a phase-out of all fossil fuels, including oil and gas.



Activists hoped Egypt's COP27 would bring a focus on Africa. They were disappointed

“The influence of the fossil fuel industry was found across the board,” Laurence Tubiana, CEO European Climate Foundation, said in a statement. “The Egyptian Presidency has produced a text that clearly protects oil and gas petro-states and the fossil fuel industries. This trend cannot continue in the United Arab Emirates next year.”

It took some dramatic action to even hold onto the 1.5-degree number struck in Glasgow last year.

On Saturday, EU officials threatened to walk out of the meeting if the final agreement failed to endorse the goal to limit warming to 1.5 degrees Celsius above pre-industrial levels. In a carefully choreographed news conference, Timmermans, flanked by a full line-up of ministers and other top officials from EU member states, said that “no deal is better than a bad deal.”

“We do not want 1.5 Celsius to die here and today. That to us is completely unacceptable,” he said.

The talks were further complicated by the fact that Kerry, who was leading the US delegation, tested positive for the coronavirus on Friday. He continued to communicate with his team and his foreign counterparts by phone, but his physical absence was noticeable during the crunch time at the summit.



US Climate Envoy John Kerry gestures toward his Chinese counterpart Xie Zhenhua at the COP27 summit.

Nariman El-Mofty/AP

The US and China resume climate talks

Aside from the final agreement, the summit brought several other significant developments including the resumption of formal climate talks between the US and China – the world’s two largest greenhouse gas emitters.

After China froze climate negotiations between the two countries this summer, US President Joe Biden and China President Xi Jinping agreed to reestablish US-China communications when they met last week at the G20 summit in Bali, paving the way for Kerry and his Chinese counterpart Xie Zhenhua to meet again formally.

“Without China, even if the US is ... moving towards a 1.5-degree program, ... if we don’t have China, nobody else can make ... that goal,” Kerry told CNN last week.



US climate envoy John Kerry tests positive for Covid-19 as UN summit heads into overtime

The two sides met throughout the second week of COP, trying to pick up where they left off before China suspended the talks, according to a source familiar with the discussions. They were focused on specific action points, such as enhancing China's plan to reduce emissions of methane – a powerful greenhouse gas – and their overall emissions target, the source said.

Unlike last year, there was no big, joint climate announcement from the two countries. But the resumption of formal communication was seen as an encouraging sign.

Li Shuo, a Beijing-based global policy adviser for Greenpeace East Asia said this COP “saw extensive exchanges between the two sides, led by Kerry and Xie.”

“The challenge is they should do more than talk, [and] also need to lead,” Shuo said, adding the restarted formal dialogue “helps to prevent the worst outcome.”