COP27 – Key takeaways

The 27th United Nations Climate Conference finally came to an end on 20 November, two days behind schedule. We previously looked at the key topics to watch out for over the summit. Now, let's see how our predictions went and what the main takeaways from the climate talks were.

1. Creating an action plan that bites

The urgent calls for greater action seemed to fall on deaf ears. Even big powers, like the US and India, failed to convince countries to raise ambitions on reducing emissions. Calls to peak global emissions by 2025 were also shot down by many oil-exporting nations.

A UN report last month concluded that there is *'no credible pathway to keeping within the safe limit of 1.5°C'* and the reality is that our current trajectory leads us to 2.8°C. COP27's failure to provide an action plan to avoid this outcome is a disappointment for many.

2. Reparations

In a win for developing countries, COP27 did result in a breakthrough for reparation efforts. This historic agreement will see a fund developed to compensate developing countries for losses and damages caused by the climate crisis.

It will look something like a pot of funds, paid for by developed countries and other private and public sources such as international financial institutions, which poorer countries impacted by climate disasters can claim from.

How much money will be committed to the fund? Who commits money to the fund? How will this actually work? Will it be an empty bank account? Most of the details have not been decided. Diplomats will need to get their heads down to work all of this out before next year's COP.

3. Energy transition

In our recent article we said we would be watching to see in what direction COP27 will drive the global agenda for fossil fuels. It feels like we are still very much in the same place with the Sharm El-Sheikh agreement repeating COP26's call for "accelerating efforts towards the phasedown of unabated coal power and phase-out of inefficient fossil fuel subsidies". This affirms the use of fossil fuels for the near future and deals a blow to many of those hoping to raise ambitions to phase out, or at least phase down, fossil fuels.

India proposed a phase-down of all fossil fuels, not just coal – a suggestion that won the support of more than 80 countries, but which was ultimately not passed. It looks like fears around energy security are slowing down global energy transition efforts.

4. Climate finance

In the wake of COP27, some important climate finance deals which incentivise emerging economies to stop using coal, were announced:

- South Africa approved an investment plan for an $8.5 billion package to accelerate its transition from coal to clean energy.
- Indonesia, the third largest coal producer, signed the Indonesia Just Energy Transition Partnership.

This $20 billion deal offers a mix of finance, grants and loans from the US, Japan, and other wealthier nations to help pay for the country's transition to renewable energy. Indonesia has pledged to generate a third of its energy from renewable sources by 2030.

- This week, US Vice President Harris announced $20 million in funding for clean energy projects in the Mekong region in Vietnam.

These deals are a promising indicator that wealthier countries and developing countries are working together to promote the energy transition.

5. Mitigation and adaptation

The Mitigation Work Programme continues to be a source of contention amongst countries. The idea is to make everyone set clear and consistent targets, plans and metrics to reduce emissions on pace to meet climate goals. The end compromise was for the programme to run until 2026, with a chance to extend it. This will hopefully end with measurable targets set, which countries are accountable to (instead of political statements and promises).

COP27 reaffirmed the pledge to double adaptation finance by 2025 and the Adaptation Fund received more than $230 million for the most climate-vulnerable in 2022. COP27 also resulted in a framework to measure the Global Goal on Adaptation's achievement and enable reviews of progress over the next year.

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