

**LOGIC
INSIGHTS**

COP27 AT A GLANCE:
YOUR GUIDE TO COP27



COP27
SHARM EL-SHEIKH
EGYPT 2022

LOGIC
CONSULTING

COP27... A Defining Moment in The Fight Against Climate Change

Just a few days left until the kickoff of COP27, and the world's eyes are geared towards Egypt that will be hosting this year's COP with high hopes that the deliberations and discussions will accelerate global efforts to confront the climate crisis. Hosting COP in Egypt is a huge opportunity to shed the spotlight on the continent and Egypt's increasing demands for financing from the developed countries.

But First What is COP?

The Conference of Parties (COP) is the decision-making body responsible for monitoring and reviewing the implementation of the United Nations Framework Convention on climate change that is concerned with stabilizing the greenhouse gas concentrations. The COP brings together the 197 nations, named parties, that have signed on to the Framework convention.

Where Does Egypt Stand on The Climate Crisis?



According to the World Bank, **Egypt is responsible only for 0.6% of the global greenhouse gas emissions (GHG)** and ranks 28th on the global list of polluters, reflecting **Egypt's low impact on climate change and environmental degradation.**

Yet, climate change is posing a significant threat to Egypt on multiple fronts:



A. Food Insecurity: Egypt's Agricultural production might decrease by up to 47% by 2060, raising questions on the strategic crops' future supply.



B. Water Scarcity: The per capita share of water in Egypt now ranges between 550-560 cubic meters per year, which is slightly above the 500 m³ threshold that defines the **"absolute water scarcity"** level.



C. Diminishing Livelihoods: According to the Intergovernmental Panel on Climate Change, Alexandria's beaches are likely to be flooded by a 0.5-meter sea level rise. Also, 8 million people would be displaced by flooding in Alexandria and the Nile Delta if no protective measures are taken.

What Are the Important Milestones That Have Been Reached in Previous COP Conferences?

- 1997**
COP3 - Kyoto
- Adoption of Kyoto protocol, world's first greenhouse gas emissions reduction treaty that commits industrialized countries and economies to limit and reduce greenhouse gases emissions to 5.2% below the 1990 levels for the period 2008 – 2012. In addition, it established the foundation of the carbon market, in an aim to cut carbon emissions by setting limits on emissions and enabling emissions to be traded.
- 2007**
COP13 - Bali
- The Bali roadmap sets a timetable for negotiations for a new international agreement to replace the Kyoto Protocol and include all countries, not only the developed ones.
- 2009**
COP15
Copenhagen
- Reaching a non-binding agreement known as “Copenhagen Accord” that:
- ▶ The increase in global temperature should be below 2 degrees Celsius to prevent dangerous interference with the climate system.
 - ▶ Developed countries shall be committed to finance developing countries in the long term with a goal to raise \$100 billion a year.
- 2015**
COP21 - Paris
- Experiencing one of the most significant milestones that has cemented COP's contribution to the planet. COP21 has resulted in the universal adoption of the Paris Agreement, which is the first legally binding global treaty on climate change that aims to keep global warming below 2 °C above pre-industrial and is continuing its efforts to limit it to 1.5 °C. Countries must document and report the commitments they made related to how much they will reduce their national emissions each year, which are known as Nationally Defined Contributions (NDCs), that need to be updated every 5 years to ensure that Paris target is met.
- 2021**
COP26
Glasgow
- There were several milestones made at COP26:
- ▶ Finalizing the Paris Rulebook that lays out how countries are held accountable for delivering on their climate action promises and self-set targets under their NDCs.
 - ▶ 90% of the world is committed to **net zero**.
 - ▶ 20 countries have committed to stop public financing for fossil fuels projects abroad by the end of next year and re-allocating their spending (~ \$18 billion a year) into clean energy.
 - ▶ Requesting from countries to increase their efforts in reducing their emissions through “**Glasgow Climate Pact**”.

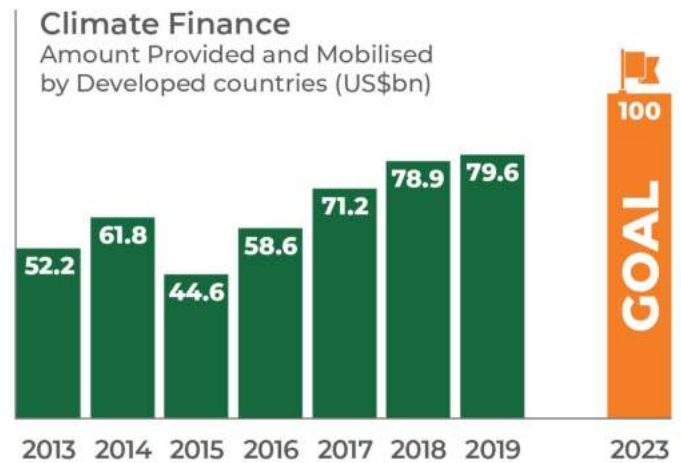
COP 27: What is on the Agenda?

There will be particular attention on 3 main areas:

- A** Accelerating Climate Finance
- B** Strengthening Climate Adaptation
- C** Resilience, & Encouraging Emissions mitigation.

A. Accelerating Climate Finance:

Where things stand: In 2009, developed countries promised to **mobilize \$100 billion per year to pay for climate mitigation and adaptation in developing countries**. However, according to OECD, developed countries **are falling behind the set targets**, which many argue that those numbers are vastly inflated, and the actual figures are just around 30% of OECD's estimates once the loans are deducted.



Source: OECD

Everyone agrees that there should be more money for climate finance, but this is where the consensus ends. There is a little agreement on **how this money should be spent, who should receive it, how much each country should contribute:**



Poor Countries Aren't Receiving Their Share:

The poorest-most vulnerable countries are facing a great threat as they don't receive their **allocated funds**. The International Institute for Environment and Development in London reported that it had tried to **track funding for adaptation projects in the UN's 46 'least developed countries'** and could account for only **\$5.9 billion between 2014 and 2018, less than 20% of the amount developed countries said they had given.**



Lack of Clear Definition for Climate Finance:

There is no agreed definition of what climate finance is, and it is left for each country's own interpretation. For example, **Japan counted the \$1.6 billion spent on building new coal plants that are more efficient than old ones in Indonesia and Bangladesh as "climate finance"**. Another example, **some road construction projects are reported as climate aid** and accordingly these project costs are included in the OECD's numbers for climate finance.



Countries Are Not Paying Their Fair Share:

The \$100 billion promise was a collective goal from the rich countries, **yet there was no formal deal on what each should pay.** This has resulted in a situation where some countries are paying more than their fair share such as Norway and others are falling short such as the USA.

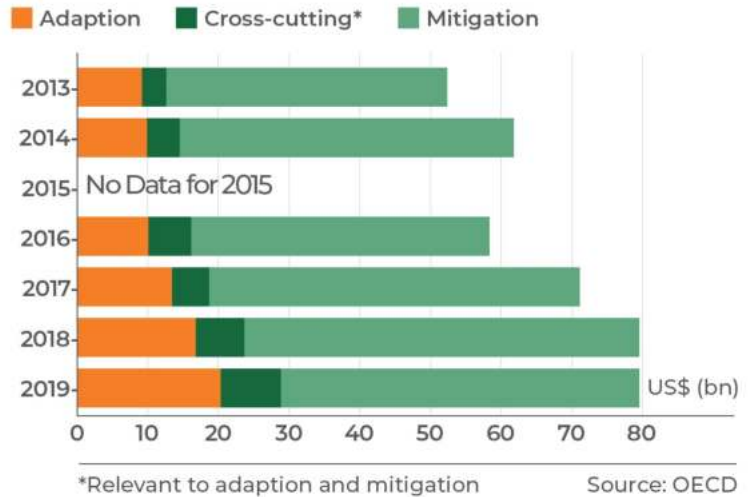
B. Strengthening Climate Adaptation and Resilience:

Where things stand: The Paris Agreement established a **Global Goal on Adaptation (GGA) to increase resilience and strengthen global climate change.** Moreover, it specified that **climate finance should be used to fund both mitigation and adaptation.**

However, the reality is different, just **\$20 billion went to adaptation projects in 2019, which is less than half the funds for mitigation projects.** In parallel, the UN estimated that developing countries already need \$70 billion per year to cover adaptation costs and will need between \$140 billion - \$300 billion in 2030.

Adaption Lagging

Most public climate financing to developing nations has gone to projects that reduce carbon emissions, rather than helping people adapt to climate change.



One of the main reasons behind the imbalance between mitigation and adaptation is that money is increasingly provided as loans rather than grants.

“If you’re giving poor people money to help them deal with the impacts of climate change, that doesn’t generate money.”

-Saleemul Huq, Director of the International Centre for Climate Change and Development in Dhaka.

On the other hand, **mitigation projects such as installing solar panels or wind farms can generate return on investments,** positioning it as an attractive choice for developing countries.



C. Encouraging Emissions Mitigation:

Where things stand: **The world remains off track to limit climate change to the agreed levels**, which is a logical outcome to the increasing global emissions every year.



The Intergovernmental Panel on Climate Change (IPCC) has projected different pathways for the global emissions status in 2030 depending on how the world will act. The analysis showed that **reaching the needed 1.5 degrees Celsius threshold will require halving the global emissions by 2030**, which seems to be unrealistic given the current behavior.

As mentioned, a formal outcome of COP26 was the **“Glasgow Climate Pact”** that requested from the parties to strengthen their 2030 targets in their NDCs as a result to the weak NDCs submitted by 120 parties ahead of COP26. **The current 2030 targets (without long-term pledges) put us on track for a 2.4°C temperature increase by the end of the century, which remains totally inadequate.** Despite this, **only 24 countries have submitted new, revised or updated NDCs, and Egypt is one of them.** Majority of these countries have not conformed to the “Glasgow Climate Pact” call to strengthen their targets, including COP27 host country Egypt. Climate Action Tracker (CAT) rates **Egypt’s overall efforts as “Highly Insufficient”** as its updated NDC for its 2030 targets is barely an improvement and that Egypt could easily achieve its new, weak target without the need to introduce any new policies.

**ALL IN
FOR 1.5°C**

Are you?

How Could Egypt Capitalize on Hosting COP27?

A. Positioning Egypt as an Innovation Hub:

The recent challenges the world is facing from a pandemic to a climate crisis and other challenges have amplified the importance of investing in innovation. Egypt has clearly recognized this trend as an opportunity that can drive investments. COP27 can be a proof that innovation is on top of the country's agenda for development where multiple initiatives have been implemented to emphasize on this including:

- ✔ The **Transformation of Sharm El-Sheikh into the first sustainable green city** in Egypt, where various environmentally-friendly projects have been launched, including solar energy plants, a new central park, and a robust transportation system, all of which utilize clean energy.
- ✔ The event will be powered by a **5 megawatts solar plant** in which Egypt aims to demonstrate its commitment to the development of renewable energy. Also, the operation systems at all Sharm El-Sheikh hotels will be depending on solar energy.
- ✔ The adoption of high-tech security measures where **cars entering Sharm El Sheikh will undergo electronic inspection.**



B. Promoting Tourism:

COP taking place in Sharm El Sheikh which has always been the “go-to” destination for many tourists is an ideal opportunity for boosting the tourism sector. Accordingly, the Minister of Tourism and Antiques has announced that the **ministry is planning a tourism program for the delegates participating in COP27**. The program will be conducted in several cities that have been known for their attractiveness such as Sharm El Sheikh, Hurghada, Aswan and others aiming to show the delegates the different touristic attractions in Egypt.

C. Pushing for Climate Finance:

Ensuring that developed countries are committed to their pledges in supporting and financing the developing countries is something Egypt will push for as it can benefit from such commitments. On one hand, **many parties are advocating for increasing the adaptation finance**, which will directly impact Egypt as it is one of the countries that will be significantly impacted by climate change. According to ND-GAIN Index that ranks countries according to their vulnerability to climate change, **Egypt is recognized as “highly vulnerable”** to climate change. On the other hand, **developed countries are under immense pressure to increase their efforts in reducing the global emissions** through funding mitigation projects in which Egypt will be in a strong position to attract some of these investments given how **Egypt is becoming an Energy Hub** (*Read More on This in Our Next Article “Egypt Energy Outlook Report”*).

