



COP27
SHARM EL-SHEIKH
2022 EGYPT

COP27: Will Egypt Bring New Life to Climate Conferences?

Thibaud VOÏTA

► Key Takeaways

- Many elements are pointing to a particularly difficult COP27, among which the unfinished work of the Glasgow COP, the worsening of the climate crisis, the tensions in the hydrocarbon markets, and the risks of economic recession.
- This COP in Sharm-El-Sheik is nevertheless the first hosted outside the European continent since 2016 and the first under the aegis of a rapidly changing UN Climate Change.
- It takes place on the African continent and, like the COP28 chaired by the United Arab Emirates, is held in a country that wants to be a hub for all types of energies. Therefore, the role of gas in the energy transition has become a central topic.
- Finally, African countries are pushing for a greater contribution from rich countries to the fight against climate change, especially regarding the financial adaptation, and the acceleration of implementation efforts (rather than announcements of new initiatives).

Introduction

The COP26, held at the end of 2021 in Glasgow, was emphatically heralded as “the last best hope for the world to get its act together”.¹ These hopes were bound to be dashed,² as illustrated by the tears of the President of COP26, Alok Sharma, at the end of the negotiations, the calls for help from several island-States whose very existence is threatened, or the discontent of civil society. The heat waves, droughts, and fires that most G20 countries experienced in the summer 2022 or the publication of the reports of the Intergovernmental Panel on Climate Change (IPCC) accentuated this feeling of climate inaction, despite unprecedented commitments to carbon neutrality. To make things even worse, the Bonn negotiations in June 2022 revealed positions that seem irreconcilable, so that this COP27, hosted by Egypt in Sharm-El-Sheikh in November 2022, is expected to be particularly difficult.³ It is the first of the new head of the UN Climate (the new name of the United Nations Framework Convention on Climate Change) and the first to be held outside Europe, in a developing country, since 2016. Finally, the energy, economic and geopolitical crises are also leading to concerns that strategies for implementing commitments, security of supply and support for economic activity will be diluted and may take precedence over decarbonization policies.

The Evolutions of UN Climate Change and the COPs

This COP will be the first of Simon Stiell, who was appointed in August 2022 as the new Executive Secretary of UN Climate Change. He replaces Patricia Espinosa, who took up her duties a few months after COP21 and whose results appear mixed, largely due to events over which she had no influence: departure (then return) of the United States from the Paris agreement, Covid-19 crisis, in addition to a cancer she suffered during her tenure. The choice of Simon Stiell, until then Minister of the Environment and Climate Resilience of Grenada, came as a surprise and sends a strong signal: the man comes from a country particularly vulnerable to climate change. He has in the past committed to very ambitious climate policies, which has sometimes led him to oppose China, the United States, and the European Union (EU).⁴ Stiell had less than three months to prepare for COP27 and will then have to resume the projects left undone by his predecessor, in particular the reform of the UN Climate Change.

1. Quote from John Kerry, the US Special Presidential Envoy for Climate. “John Kerry Says Glasgow COP26 Is the Last Best Hope for the World”, *BBC News*, 19/10/2021, available on: www.bbc.com.

2. See for example: T. Burelli, A. Lillo *et al.*, “We Were at COP26: It Had Mixed Results”, *The Conversation*, November 29, 2021, available on: theconversation.com.

3. “Bonn Climate Talks End with ‘Almost Empty Pages’”, *China Dialogue*, June 24, 2022, available on: chinadialogue.net.

4. “Grenada’s Simon Stiell Appointed to Lead the UN Climate Change Body”, *Climate Home News*, August 12, 2022, available on: www.climatechangenews.com.

This COP also raises the question of the UN Climate Change's functions.⁵ Initially dedicated to the organization of COPs, many would like it to focus on the implementation of concrete projects,⁶ a question that should be at the heart of the COP27.⁷ However, it is difficult to see how it could obtain clear mandates, competencies, and budgets to do so, and above all demonstrate added value as compared to actors such as the United Nations Development Program, the German development agency (GIZ), or the NDC Partnership. Another potential evolution would be a rapprochement with the conventions against desertification and that of biodiversity. The subject comes up regularly in discussions between negotiators, the convention secretariats are invited to work together more often, yet without any concrete results.

The very purpose of the COPs is also increasingly questioned

The very purpose of the COPs is also increasingly questioned.⁸ The impact of the Paris Agreement on emission trajectories remains uncertain, while the climate crisis worsens and the target of 1.5°C seems increasingly unrealistic. In addition, the many announcements, which “no one will remember at the next COP”, suffer from a lack of credibility.⁹ Finally, the process seems to be seizing up, due to positions that are difficult to reconcile, between on one hand the developed countries, which also happen to be the main historical emitters and international donors, and on the other hand, the developing countries, which are often more vulnerable and request more financial support from the rich countries. Rich countries are generally criticized for focusing on mitigation issues, asking low emitters to contribute to the effort, despite their low carbon footprint, at the expense of adaptation – a subject that should therefore be central at COP27. As a reminder, the 46 least developed countries on the planet are home to 14% of the world's population and are responsible for barely 1% of CO₂ emissions from fossil fuels.

Sensitive Topics: Compensations, Finance, and Transparency

These tensions should crystallize around three topics in particular: loss and damage, finance, and carbon markets (linked to Article 6).

The issues of loss and damage are defined as “the negative effects of climate variability and climate change, that people have not been able to cope with or adapt to”.¹⁰

5. L. Hermwille, W. Obergassel *et al.*, “UNFCCC Before and After Paris: What's Necessary for an Effective Climate Regime?”, *Climate Policy*, Vol. 17, No. 2, 2017, pp. 150-170, available on: wupperinst.org.

6. N. Cogswell and N. Warszawski, “5 Challenges the UNFCCC Must Overcome to Spur Climate Action”, WRI Insights, March 14, 2022, available on: www.wri.org.

7. “Egypt Says Climate Finance Must Be Top of Agenda at Cop27 Talks”, *The Guardian*, May 25, 2022, available on: www.theguardian.com.

8. See “The Transformation of Greta Thunberg”, *The Guardian*, September 25, 2021, available on: www.theguardian.com.

9. “Wer sich jetzt besonders anstrengen muss”, *Spiegel*, November 13, 2021, available on: www.spiegel.de.

10. K. Warner and K. van der Geest, “Loss and Damage from Climate Change: Local-level Evidence from Nine Vulnerable Countries”, *Int. J. Global Warming*, Vol. 5, No. 4, 2013, pp. 367-386, available on: unu.edu.

More specifically, these questions refer to financial compensation aimed at repairing the damage caused by climate change to housing, infrastructure, communities, etc. The amounts of these losses could rise to USD 580 billion per year in 2030, but the developed countries refuse to accept a text which would recognize their responsibility and could have legal consequences. During COP26, the proposal to create a dedicated fund was not followed, and the discussions simply led to the setting up of a two-year dialogue (it should be noted that despite the disappointment displayed, observers were delighted behind the scenes to see the subject discussed in this way during a COP).¹¹ Some changes could however occur during COP27, typically Denmark's position on this topic is evolving.¹²

The second particularly sensitive subject relates to finance and more specifically financial support to implement climate commitments. Egypt has chosen to make it a priority.¹³ In 2009, developed countries committed to mobilizing USD 100 billion per year by 2020 for developing countries to finance their actions for fighting climate change. The promise was not kept: according to the Organisation for Economic Co-operation and Development (OECD), in 2020, aid reached USD 83.3 billion, that is to say, USD 16.7 billion less than what had been decided.¹⁴ In addition, Oxfam estimates that the actual aid amounts are between USD 19 and 22.5 billion

Tensions crystallize around three topics: loss and damage, finance, and carbon markets

(see graph below). The non-governmental organizations (NGO) essentially criticizes the inclusion of loans in the calculation methods, but also the way the aid is defined (inclusion of projects with uncertain climate impact or which marginally include the climate). These funds are mainly oriented towards actions aimed at mitigation, with only USD 20 billion being devoted to adaptation in 2019 (according to the OECD).¹⁵ Ideally, improving the information on available data should be a priority and result in clarification of what the USD 100 billion target means and greater requirements for aid transparency.¹⁶

11. "Climate Change Compensation Fight Brews Ahead of COP27 Summit", *Reuters*, August 8, 2022, available on: www.reuters.com.

12. "Denmark Becomes First Country to Pay for 'Loss and Damage' from Climate Change, September 21, 2022, available on: www.euronews.com.

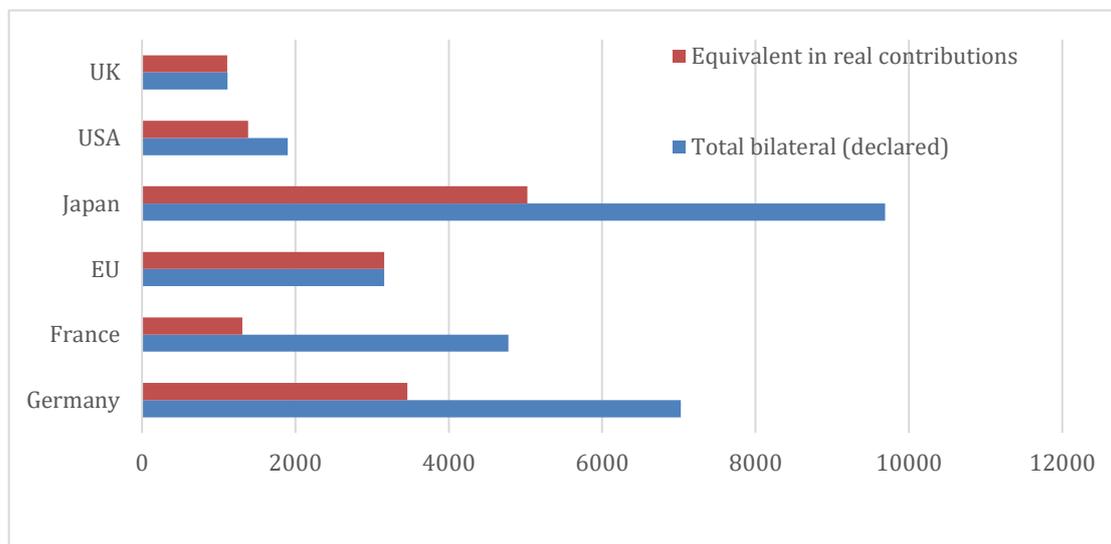
13. "Egypt Says Climate Finance Must Be Top of Agenda at Cop27 Talks", *op. cit.*

14. See: www.oecd.org.

15. J. Timperlez, "The Broken \$100 Billion Promise of Climate Finance – and How to Fix It", *Nature*, October 20, 2021, available on: www.nature.com; T. Carty, J. Kowalzig and B. Zagma, *Climate Finance Shadow Report 2020*, Oxfam, 2020, available on: oxfamlibrary.openrepository.com.

16. W. P. Pauw *et al.* "Post-2025 Climate Finance Target: How Much More and How Much Better?", *Climate Policy*, 2022, available on: www.tandfonline.com.

Estimated bilateral climate contributions as reported and equivalent in actual contributions (2017-2018, annual average, USD millions)



Source: T. Carty, J. Kowalzig and B. Zagema, Climate Finance Shadow Report 2020, *op. cit.*

Article 6 of the Paris Agreement on carbon markets is another sensitive topic. While its operating rules were finalized at COP26, important details remain unresolved. These concern paragraph 2 of the article, concerning the requirements for transparency of data and actions, but also the integration or not of voluntary carbon markets. Some countries like China oppose overly restrictive transparency requirements, while other negotiators and experts call on the contrary for more data sharing, arguing that “naming and shaming” remains the best way to ensure that article 6.2 is applied. Finally, the discussions also focus on the inclusion of mechanisms related to the forest sector (REDD+, or Reducing Emissions from Deforestation and forest Degradation), on article 6.4 and the creation of a supervisory body, and on the future of clean development mechanisms inherited from the Kyoto Protocol. Negotiations, particularly on the issue of transparency, promise to be difficult. However, their conclusion remains necessary for Article 6 to be fully implemented.¹⁷

Gas and the Energy Transition

During COP26, difficult discussions took place on the inclusion of fossil fuels in the final text and the need to stop supporting them.¹⁸ The international situation has changed a lot since then, particularly in the context of the energy crisis. European states have validated the use of coal as a backup source and the construction of new gas import infrastructure, without calling into question their decarbonization objectives. It is generally accepted that, if limited in capacity and in time, this use of fossil fuels should only have a very

17. “Article 6 Raises Questions at Bonn Conference”, Argus Media, June 15, 2022, available on: www.argusmedia.com.

18. “COP26 Climate Deal Includes Historic Reference to Fossil Fuels But Doesn’t Meet Urgency of the Crisis”, CNN, November 13, 2021, available on: cnn.com.

marginal effect on emissions and not put into question the trajectories of decarbonization.¹⁹ This has somehow been confirmed by the leaks on raising the ambition of the European Nationally Determined Contribution (NDC), with a view to submission before or during COP27.²⁰ However, it did not prevent the United Nations from calling on the EU not to backtrack on its energy transition.²¹ The energy crisis was also part of the June 2022 negotiations in Bonn: a new work program on mitigation was put in place there. Among the issues addressed, those of the status of China and other emerging countries (the United States pushing – in vain – for Beijing, the second largest emitter in history,²² to be considered as such), the duration of the program or the relevance of sectoral objectives that can be included in the NDCs. However, no progress on these topics has been made.²³

How will these issues come out during the negotiations? The question remains open, especially since Egypt and many African countries support the use of gas, Cairo uses both fossil and renewable energy sources as pillars of its development and its diplomacy. Egypt has been praised for its ambitious measures to improve its electricity network and develop its renewable energy capacities.²⁴ It also committed in June 2022 to reduce its methane emissions, joining the Global Methane Pledge initiative launched at COP26.²⁵ At the same time, in 2019, fossil fuels accounted for 90% of its national energy mix.²⁶ Egypt is also one of the very few countries that did not update its NDC by COP26, only submitting it earlier in 2022.²⁷ Cairo also often joins its voice to other African gas-exporting countries, in particular Senegal, for which natural gas must play a key role in the energy transition. Egypt intends to jointly develop its renewable and gas capacities and play a platform role for electricity by developing interconnections with Africa, the Middle East, and Europe. Another important project is hydrogen, with Egypt planning to launch a national strategy to develop this energy vector. Finally, carbon capture and storage is expected to get attention.

19. See F. Birol, “Three Myths about the Global Energy Crisis”, *The Financial Times*, September 6, 2022, available on: www.ft.com; S. Brown, “Coal Is Not Making a Comeback: Europe Plans Limited Increase”, *Insights*, Ember, July 13, 2022, available on: ember-climate.org.

20. “EU Plans to Upgrade Its Paris Agreement Climate Target – Document”, *Reuters*, September 19, 2022, available on: www.reuters.com.

21. “UN to EU: Don’t Backtrack on Climate Goals amid Energy Pinch”, *The Washington Post*, September 12, 2022, available on: www.washingtonpost.com.

22. “Analysis: Which Countries Are Historically Responsible for Climate Change?”, *Carbon Brief*, October 5, 2021, available on: www.carbonbrief.org.

23. “China Rejects ‘Major Emitter’ Label in Talks to Step Up Climate Action”, *Climate Home News*, June 15, 2022, available on: www.climatechangenews.com.

24. “Egypt-Country Commercial Guide: Electricity and Renewable Energy”, US International Trade Administration, updated on August 8, 2022, and available on: www.trade.gov.

25. “Sisi: Egypt Joins Global Methane Pledge, Will Enhance Efforts to Reduce Methane Emissions”, *Egypt Today*, June 18, 2022, available on: www.egypttoday.com.

26. “Egypt”, Ember, available on: ember-climate.org.

27. Egyptian Government, *Egypt’s First Updated Nationally Determined Contributions*, June 8, 2022, available on: unfccc.int.

EU's interests are linked to Egypt's. Brussels is seeking to strengthen its cooperation with Egypt in the context of its energy crisis. They plan to work closely together, mainly on gas and hydrogen and a new agreement on these topics was signed in April 2022.²⁸ The United Arab Emirates, hosts of COP28, have a similar profile and could very well adopt positions close to that of Egypt. The American negotiators, benefiting from the climate plan just voted in Congress in August (and forming part of the Inflation Reduction Act), can be expected to be aligned on these subjects. However, likely, the results of the mid-term elections to be held on November 8 (two days after the start of the COP) will capture the attention of negotiators and possibly influence their positions. Finally, following China's decision to stop engagement with the United States on climate, despite the announcement of new cooperation at COP26, the two world's biggest emitters have not been able to set aside their differences to work together on the climate. This could prompt other countries to lower their ambitions.²⁹

On the side of developing and emerging economies, African countries hope to play an important role and be supported by Egypt. The financial support discussed above is among the main expectations, with the continent insisting that it accounts for only 12% of estimated climate finance needs, despite a reduced carbon footprint and significant damage from climate change.³⁰ Gas is another priority of many countries on the continent. Typically, Senegal, which currently chairs the African Union and is courted by Europe for its gas, seems to be in complete agreement with Egypt. It places the use of gas resources at the same level of importance as finance.³¹ Meanwhile, some officials underline the irony of the situation: the Europeans ask African countries for their gas while they supported the phase out of fossil fuels in Glasgow.³² Emerging economies, more specifically the Like-Minded Group of Developing Countries, are also expected to support these demands. However, it seems likely that small island developing states (SIDS) will call for more ambition, citing their extreme vulnerability. The presence of Simon Stiell at the head of the UN Climate could be an asset for them.

Finally, the issue of energy transitions is also likely to be addressed in the context of development aid. One of the successes of Glasgow has been the announcement of the Just Energy Transition Partnership, an alliance between major Western donors (United States, United Kingdom, France, Germany, and EU), and that aims to grant USD 8.5 billion in loans at preferential rates to South Africa over the next five years. The objective is to help

African countries hope to play an important role and be supported by Egypt

28. "EU Strengthens Climate and Energy Cooperation with Egypt in the View of COP27", European Commission, April 11, 2022, available on: ec.europa.eu.

29. "The Implication of the US and China Suspending Climate Cooperation", *The China Dialogue*, Roundtable, August 23, 2022, available on: chinadialogue.net.

30. "African Leaders Aim to Put Climate Finance Top of COP27 Agenda", *News24*, September 13, 2022, available on: www.news24.com.

31. "H.E. President Macky Sall Opens MSGBC Oil, Gas, & Power 2022", *African Business*, September 2, 2022, available on: african.business.

32. "Senegal Sees Opportunity and 'Hypocrisy' in Europe's Search for Gas", *Washington Post*, May 13, 2022, available on: www.washingtonpost.com.

the country transition out of coal and meet its climate commitments while ensuring that the transition does not leave coal workers behind and accelerating the development of capacities in renewables.³³ Many expect more programs of this type to be announced, for example with Indonesia or Vietnam. Discussions would also take place with Senegal. However, it seems that the program is taking time to set up in South Africa and is experiencing some delays, although announcements could be made.³⁴ In Asia, the Asian Development Bank is also working to set up a similar mechanism and Singapore intends to position itself as a player driving the development of green finance.

Participation of the Civil Society

While previous COPs had seen very strong civil society participation, notably marked by the media successes of Greta Thunberg, COP27 risks being less inclusive, for several reasons. First, foreign NGOs might have visa problems and Egyptian activists are said to be facing government repression.³⁵ Local associations have already complained of being excluded.³⁶ Another reason for exclusion is the price of accommodation. A minimum of USD 500 would have been imposed for the price of a hotel room, an amount which could

COP27 risks being less inclusive

pose a problem for delegations from developing countries, as well as for NGOs.³⁷ Some have had their reservations canceled by the hotel and their room re-offered online at a price three times higher, others have been asked for an additional USD 100 per room per night, several months after having reserved and paid for their stay.³⁸

Another open question is that of private sector participation. Since COP21, COP presidents have appointed high-level champions whose role is notably to mobilize the actions of non-governmental actors. These champions have seen their role grow in recent years and now have a team, and lead various initiatives, including the Glasgow Financial Alliance for Net Zero (GFANZ), aimed at mobilizing the financial sector. This team was actively led by industry veteran Nigel Topping, who, along with COP President Alok Sharma, had become one of the faces of COP26. Taking over the role is likely to be challenging for Dr. Mahmoud Mohieldin, the champion of Egypt.

33. N. Kumleben, "South Africa's Coal Deal Is a New Model for Climate Progress", *Foreign Policy*, November 12, 2021, available on: [foreignpolicy.com](https://www.foreignpolicy.com).

34. Private discussions.

35. "It's a Sham': Egypt Accused of Restricting Protest in Run-up to Cop27", *The Guardian*, June 29, 2022, available on: www.theguardian.com.

36. "Egyptian NGOs Complain of Being Shut Out of Cop27 Climate Summit", *The Guardian*, August 24, 2022, available on: www.theguardian.com.

37. "Activists Raise Inclusivity Concerns for Cop27 as Egypt Hikes Hotel Prices", *Climate Home News*, February 24, 2022, available on: www.climatechangenews.com.

38. The first anecdote comes from *Carbon Pulse's* newsletter of September 12, 2022, and the second is a private one.

From COP27 to COP15

Unlike the UK for COP26, Egypt seems to be somehow seeking to moderate the expectations of the international climate community. The challenges of COP27 are nonetheless considerable: increase in financial contributions from rich countries and agreement on criteria to better define them, acceleration of implementation efforts, highlighting and better definition of adaptation and indicators to measure it, and, probably and implicitly, clarification of the role of gas in the transition. This COP will also play a role in the preparation of the Global Stocktake to take place in 2023 and which must identify the efforts still necessary to reach the Paris Agreement. The task promises to be difficult, particularly in the context of the energy crisis, galloping inflation, and downgraded economic prospects, which add to international tensions between the major emitters and the unknowns linked to the war in Ukraine.

Finally, one should not forget that this end of the year will be marked by the holding of another COP, the COP15 of the United Nations Convention on Biological Diversity (CBD), organized in Montreal but chaired by China. One of its objectives is the establishment of a global biodiversity framework for 10 years and of targets for 2050, with the extension of protected areas (“30x30”, i.e. 30% of land and sea surfaces to be protected by 2030), the end of harmful subsidies to nature and pollution reduction of. It seems that a global agreement on biodiversity is possible at the end of this COP.³⁹ If this were to be the case, we should probably expect COP15 to steal the show from a COP27 which is bound to be difficult.

This end of the year will be marked by the COP15 of the United Nations Convention on Biological Diversity

Thibaud Voïta is a research associate at the Ifri's Energy & Climate Centre and a specialist in climate policy and international cooperation on climate.

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39. “It Is 100 Days until COP15 – and the Omens Are Good for Global Plan to Protect Nature”, *The Guardian*, August 30, 2022, available on: www.theguardian.com.



27 rue de la Procession
75740 Paris cedex 15 – France

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