



Press Release-Climate Finance Workshop  
October 27<sup>th</sup>, Conrad Hotel

A few weeks ahead of the global climate conference COP21 in Paris, experts in climate finance and climate negotiations, civil society organizations, representatives of the Egyptian government and academia convened at the Conrad Hotel on October 27<sup>th</sup> to discuss mechanisms for funding climate-relevant projects in Egypt.

The “Climate Finance workshop”, jointly organized by the European Union Delegation to Egypt, the Cairo Climate Talks and the French Cultural Institute was opened by the ambassadors of the European Union, Germany and France, and by Egypt's Minister of Environment, Khaled Fahmy, who agreed that a comprehensive agreement has to be reached in Paris and that climate finance needs to play a pivotal role in this process.

H.E. James Moran, Head of the EU delegation to Egypt, stated that “we are in a very important moment in the run up to this extraordinarily significant climate conference.” He highlighted that the European Union was one of the first to announce its ambitious contribution and that all states are expected to submit a clear roadmap illustrating how they will reduce emissions in the shape of an Intended Nationally Determined Contribution (INDC).

While Egypt has not submitted its INDC yet, H.E. Ambassador Moran expects it to be published very soon. “Climate Change objectives have been integrated in the EU budget for the next 6 years,” says H.E. Ambassador Moran, and a whopping 20% of the EU budget will be spent on climate-related activities. The value of ongoing climate-relevant projects and projects in preparation exceed 700 million EUR in grants for the benefit of Egypt.

H.E. Julius Georg Luy, Ambassador of the Federal Republic of Germany to Egypt, started his opening remarks by stating that climate change has long surpassed the strictly environmental sphere and poses threats to peace and stability worldwide.

“Failing to reach an agreement in Paris would have severe but uneven consequences on countries across the globe. Egypt will be among those countries most severely hit by climate change and global warming: Rising sea levels, desertification and water scarcity are only some of the dangers brought about by an increase in average temperature.”

H.E. Ambassador Luy emphasized that the German experience with its energy transition “Energiewende” has shown that economic progress and climate-friendly investments go hand in hand.

French Ambassador to Egypt, H.E. André Parant, announced that climate finance will be a key aspect in the upcoming negotiations in Paris as part of the “ambitious and binding agreement we are looking for”.

The Green Climate Fund within the framework of the UNFCCC is a mechanism to assist developing countries in adaptation and mitigation practices, constituting the centerpiece of efforts to raise climate finance. “We must be able to collect the \$100b dollars pledges this year, from both public and private funding, and developing countries should also take their responsibilities,” he concluded

“We are gathered today to discuss a crucial issue”, said H.E. Khaled Fahmy, Minister of Environment. “We are discussing finances, and this is more an economic and political talk rather than environmental”, he added. He urged the audience to bear in mind that while the African continent produces a mere 4% of global emissions, it is the most vulnerable one, suffering from droughts, heat stress, water scarcity and extreme weather events.

According to the H.E. Minister Fahmy, there is a political will to make this COP a success, guaranteeing that Egypt and the African States will do their best to ensure this outcome. “We can't separate funding from technology transfer and capacity building,” concluded H.E. Minister Fahmy, demanding more transparency and trust in the negotiation process.

The first session of the climate finance workshop aimed at shedding light on existing climate finance mechanisms in the framework of the climate negotiations and beyond. Matthieu Ballu (European Commission) gave a comprehensive overview of where we stand today, in light of the approaching COP21. He explained that 155 states have submitted their INDCs to this date, and that despite all efforts, those commitments do not limit temperature rising by an extra 2 degrees but rather 3 degrees, which might not be sufficient to halt climate change. Ballu explained that climate finance cannot be an issue of public funding for industrialized countries only, and that increased south-south action is needed with broad range of differentiation possibilities.

Ralf Bodle (Ecologic Institute, Germany) focused his presentation on INDCs, and lamented that no clear pathway was given as to how countries should frame their national contribution. “Since INDCs have formulated each country' financial needs in such different ways, it is very difficult for us to estimate how much money should be allocated,” he explained. The Paris agreement's key objective is to set up a high level political agreement that will plant the seed for mid and low level decisions for the next decades. “The climate circus is not a place to apply and get money, it is a political sphere,” said Bodle.

Casper Van der Tack (Clima South project) illustrated ways to attract climate funds for southern Mediterranean countries. “If you try to attract finance, identify win-win-win options, which mean that they will benefit the development of the country while having adaptation and mitigation benefits.” He also recommends focusing on a rather narrow subject, because specific documentation is needed to attract finance.

During the second workshop session, representatives of different funding organizations provided an overview of already ongoing projects in Egypt. Janis Aizsalnieks (EU Delegation) presented the EU climate mitigation and adaptation relevant assistance to Egypt covering over 770 million EUR in grant assistance. Part of this has also helped leveraging additional concessional loans from the European Investment Bank and other EU development Banks for some 4.65 Billion Euros. Priority sectors of

intervention are energy, transport, water and sanitation and environment. Regional climate policy relevant projects include the Clima South project as well as the Low Emission Capacity Building Programme (LECB).

Hadrien Gaudin (AFD) presented ongoing projects funded and implemented by AFD in Egypt, which routinely go through a carbon footprint measurement system and focusing on agriculture as well as energy and private sector development. A prominent project is the financing of different phases of Cairo's new metro line 3.

Maria Rica Alvaro explained the criteria relevant for projects funded by EIB as well as EIB's strategy to measure the carbon footprint of projects.

Dr. Mohammed Bayoumi (UNDP) gave examples of smaller-scale projects in the field of renewable energy with a social component. Two successful examples are the establishment of a biomass unit for poor farmers using low-cost technologies as well as an energy efficiency project by convincing a large bank in Egypt to switch to LED bulbs in all their branches. Furthermore, UNDP is involved in the creation of bike lanes in various governorates across Egypt.

Lastly, Marcus Tibbo (FAO) introduced climate-relevant projects in the portfolio of FAO Egypt emphasizing the threat to food security posed by climate change and the need of adaptation in agriculture, forestry and fisheries.

Taking existing funding mechanisms and ongoing projects into account, the third session of the workshop put an emphasis on Egypt's needs in terms of climate finance in the run-up to the Paris negotiations. Hisham Eissa (Climate Change Department, EEAA) explained that Egypt's priority is adaptation, involving finance and technology transfer. He believes that in order to succeed in Paris, a higher level of confidence and trust between developed and developing countries' needs to be established. "In Egypt, we need support under article 4 of the convention, which looks at the means of implementation in detail", he said.

Osama Abd El Aziz (Integral Consult) affirmed that even a pledge of \$ 100bn would not meet the mitigation and adaptation needs of all states in the long run, which makes private sector involvement indispensable. Governmental policies, such as the feed-in tariff for renewables, should therefore aim at encouraging companies to invest in low-carbon projects and limit price distortion provoked by subsidies and other barriers.

Pre-COP discussions will continue to take place in the wake of Paris, and the 34 pages draft document discussed in Bonn -which constitutes the basis for COP21- will need to be tweaked to satisfy all stakeholders involved. Much will now depend on informal consultations during the next weeks, hopefully putting the negotiators in the best position to reach an agreement.