



## **Climate Consciousness:**

### **Progressing from Carbon Emissions**

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Climate change is considered to be the biggest threat to humanity today, the United Nations has stressed that the world has until the year 2030 to take action and stop irreversible damage to our planet's climate (UN, 2019). Climate scientists predict some of the effects from climate change that we will face are: Changes in global temperature, precipitation patterns, more droughts and heat waves, and the intensification of hurricanes, among others (NASA, 2020).

In response to the climate crisis, in 2015 the United Nations and all of the world's countries signed the Paris Climate Agreement. The agreement brings together all nations under one cause, to take decisive and strong action to combat climate change and keep the Earth's temperatures from rising 2 degrees celsius with a further ambitious effort to keep the temperature from rising 1.5 degrees celsius (UNFCCC, n.d.).

One of the many countries that have taken the climate crisis to heart and has taken steps towards tackling their carbon emissions is Egypt. The country has dedicated resources to tackling the issue through different projects, signed the Paris Climate Agreement, adopted the Sustainable Development Goals, and developed its own Sustainable Development Strategy.

In the year 2012 at a UN conference in Rio De Janeiro the United Nations and attending members agreed to replace the Millenium Development Goals (MDGs), which were set to be accomplished by the year 2015, with the Sustainable Development Goals (SDGs).

The new goals were a way to renew the world's commitment towards key issues we are all facing (UN, n.d.). The SDGs consist of 17 goals that range from gender inequality to climate action. In an effort

to support countries with achieving the goals, the UN released a set of targets and indicators for each of the goals (UN, n.d.). One of the 17 goals is goal 13 - Climate Action, which refers to the action to combat climate change and its impacts (UN, n.d.).

The threat of climate change and the rise of GHG emissions have forced countries to rethink the way we conduct business and monitor our operational activities. In recent years countries have been employing multiple initiatives to help offset and reduce GHG emissions (Heine, 2019). Of these green initiatives and policies, some countries have elected to implement green bonds and carbon taxing policies in a conjoined manner in an effort to achieve a greater environmental impact while also lowering potential risk and mitigation costs (Heine, 2019).

**Green Bonds:**

Green bonds are quite similar to the regular understanding of what a bond is, they are essentially a loan from private investors to a corporation or government, except they are earmarked towards sustainable initiatives and projects such as clean energy, transportation, climate change, etc (Climate Bonds Initiative, 2019). Green bonds were first introduced into the market in 2007 by the World Bank, the move came into effect as an effort to counteract the growing climate crisis by utilizing private investors and the market to help fund sustainable projects (Climate Bonds Initiative, 2019).

**Carbon Tax:**

Carbon taxing is an approach to tackling the current climate crisis through the monetization of carbon emissions produced (Earth, 2020). The goal of carbon taxing is to disincentivize corporations and others from using fossil fuels, address the climate crisis, and uphold the environmental standards and agreements made on a national and international level (Earth, 2020). In 2017, The Guardian reported based on research done by the Carbon Majors, that just 100 corporations were responsible for around 71% of global carbon emissions emitted (Riley, 2017). Carbon taxing would place pressure on corporations, discourage them from relying on fossil fuels, and encourage a shift towards green energy and initiatives.

Two examples of countries that have implemented a carbon tax are Sweden and Britain. Both countries have seen a decrease in their greenhouse gas emissions and a positive expansion to their economy due to, in part, the implementation of carbon taxing and other green initiatives (Plumber, 2019).

Sweden set a good example with how carbon taxing can be implemented, they priced carbon emissions at \$127 per ton, this has helped them lower their emissions by 25% and grow their economy by 75% since 1995 (Gaspar, 2019). Britain on the other hand has implemented a carbon tax of around \$25 per ton, this encouraged corporations to move from their reliance on coal to much cleaner energy resources (Plumber, 2019).

After the launch of the Sustainable Development Goals, the Egyptian government released the Sustainable Development Strategy (SDS), a working plan to place the country on the path to achieving the SDGs. One of the dimensions of the SDS is a focus on the environment and climate crisis (UNDP, n.d.). Egypt acknowledges its part in tackling the climate crisis and has put an effort into combating greenhouse gas emissions (GHG), the Ministry of Environment has launched multiple large scale environmental projects, participated in conferences, released strategies for mitigation and development, and have conducted other initiatives to tackle the climate crisis (EEAA, n.d.).

In September of 2020 Egypt issued its first annual green bonds, which were worth around \$500 million (Egypt Today, 2020). The action established Egypt as the first country in the Middle East and North Africa to issue green bonds, a move which hopes to motivate more countries in the region to follow suit. The issuance of green bonds by Egypt reaffirms the country's commitment towards sustainable energy, it also potentially paves the way for corporations and other government entities within Egypt to issue green bonds.

Egypt currently does not have any reported policies that place a tax on carbon emissions, but it has started to issue green bonds. We believe that the next steps for Egypt to move forward in its sustainable energy journey is, to begin discussing a carbon tax policy that can be implemented on corporations and greenhouse gas emitters, and continue to issue and incentivize corporations to issue green bonds. The World Bank has also suggested that companies that have the capacity to, should implement both green bonds and carbon taxes jointly, as both initiatives together can have a stronger impact on both the climate crisis and the economy of the country (Heine, 2019). Given Egypt's current track and investments in sustainability, it seems sensible to believe that Egypt will expand its green bonds initiative and invest in a carbon tax policy.

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