



Climate Finance Regional Briefing: Middle East and North Africa

Climate Finance Fundamentals 9

DECEMBER 2014

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Climate finance in the MENA¹ region is largely concentrated in a small number of large projects in the form of loans or concessional loans, funded by the Clean Technology Fund (CTF). The total² amount³ of finance approved is USD 993 million for 68 projects, 84% of which goes towards mitigation efforts despite pressing adaptation needs in the region, especially for water conservation and food security measures. Of the USD 993 million approved for the region, USD 270 million is in the form of grants, which support the majority of the approved projects. The remaining USD 723 million is provided in the form of loans or concessional loans for 5 large-scale energy infrastructure projects approved by the CTF. Since last year the amount approved has grown by 41%. Egypt and Morocco receive 83% of total approved climate finance in the region, while nine of the countries in the region receive no climate finance from the funds monitored by CFU.

Overview

The countries of the Middle East and North Africa (MENA) are highly vulnerable to climate change, which is likely to compound persisting development challenges. The MENA region is already the most water scarce region in the world and has to import more than half of its food. The IPCC predicts that climate change will rapidly reduce precipitation in the region, and resulting hydrological changes could reduce water availability per person by 30 - 70% by 2025, diminish agricultural productivity, and also heighten the risk of flooding in highly populated urban coastal areas (IPCC, 2014).

57% of the world's proven oil reserves and 41% of proven natural gas resources are in the MENA region (although not distributed evenly among the region's countries), and the exploitation of these fossil fuel resources is central to most of their economies. The prospect of reducing the consumption of fossil fuels in order to reduce greenhouse

gas (GHG) emissions therefore strikes the region's oil-producing countries as a costly proposition that will rob them of economic opportunity. Lifestyles and consumption patterns within these countries are also highly carbon intensive, and per capita emissions in many MENA countries are 60% higher than the average among developing countries. At the same time, poverty rates remain high in many resource-poor MENA countries, such as Yemen and Djibouti, the region's two LDCs.

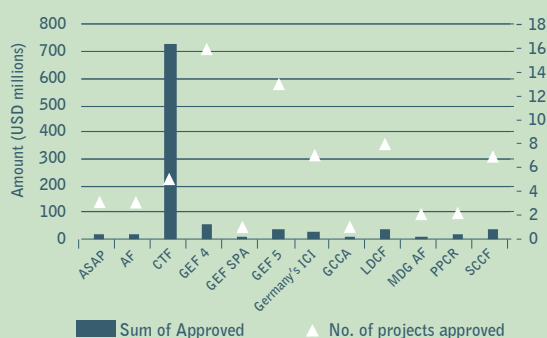
Who provides the finance?

Eleven multilateral funds are active in the region and one bilateral fund. The largest contributions are from the CTF, which has approved a total of USD 725 million for five projects in Morocco and Egypt. Most of this finance has been made available as concessional loans. An investment

Table 1: Funds supporting MENA region

Fund	Amount Approved (USD million)	No projects approved
ASAP	18	3
AF	19.42	3
CTF	725.00	5
GEF SPA	55.04	1
GEF4	4.62	16
GEF5	33.85	13
Germany's ICI	32.46	7
GCCA	4.05	1
LDCF	34.56	8
MDG AF	8	2
PPCR	20.50	2
SCCF	38.01	7

Figure 1: Funds supporting MENA region⁴



plan to support concentrating thermal power in the MENA region has also been approved. Bilaterally, Germany through its International Climate Initiative has also approved USD 32.46 million for seven projects in the region.

What is getting funded?

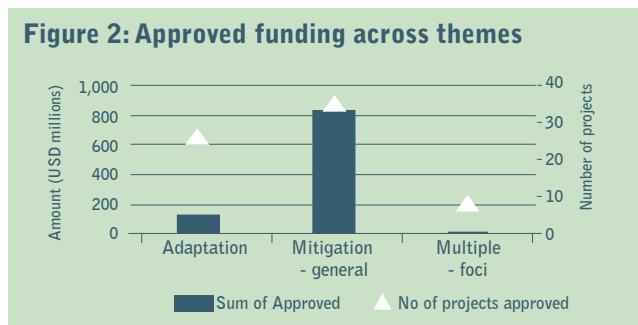


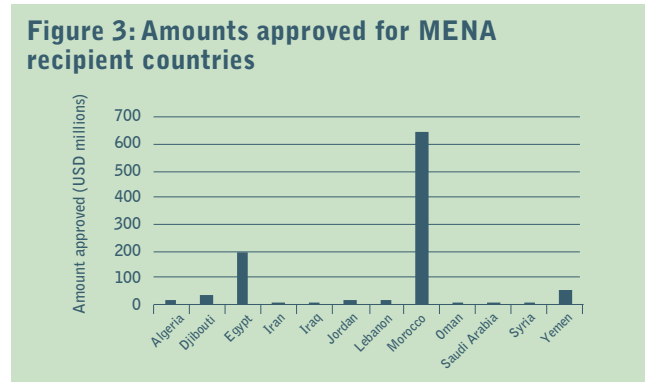
Table 2: Approved funding across themes

Theme	Amount Approved (USD million)	No projects approved
Adaptation	139.11	25
Mitigation	839.25	35
Multiple foci	15.45	8

As the chart and table above show, more than 84% (approximately USD 840 million) of climate finance approved in the region is allocated to mitigation activities. The largest project in the region is the USD 238 million concessional loan for the *Noor II and III Concentrated Solar Power (CSP) Project* in Morocco, approved this year by the CTF. This project is part of a concerted push by the CTF to scale-up the deployment of CSP technology across the region. Several adaptation funds are implementing 25 mostly smaller scale projects in the region with an approved total of USD 139.11 million. By far the largest adaptation project so far is funded by the Pilot Program for Climate Resilience (PPCR), which has approved a USD

19 million grant for the *Climate Information System and PPCR Coordination* project in Yemen. Implemented by the International Bank for Reconstruction and Development, the project aims to improve monitoring and assessment of climate variability and so increase capacity for climate-sensitive decision-making in vulnerable and water dependent sectors, such as agriculture. The Yemeni PPCR programme is still under development, and will eventually bring a minimum of USD 50 million in grant money to one of the poorest countries in the region. Yemen is also in the process of developing an investment plan under the Scaling-up Renewable Energy Program (SREP) of the World Bank.

Who receives the money?



The distribution of climate finance is concentrated in Egypt and Morocco, with total amounts approved of USD 195 million and USD 640 million, respectively. 88% and 96% of Egypt and Morocco's respective approved finance has been for mitigation projects. Over 96% of this finance has been for large-scale wind and CSP projects, primarily through the CTF, but USD 61.6 million has also been approved for eleven projects focused on energy efficiency, sustainable transport and small-scale solar technology. CFU data shows that of the 21 MENA countries, only 11 countries are recipients of climate finance.

References

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 IPCC (2014). *Climate Change 2014: Impacts, Adaptation and Vulnerability*.
 Nakhouda, S. et al. (2011) 'Regional briefing: Middle East & North Africa' Climate Finance Fundamentals series. Overseas Development Institute and Heinrich Böll Stiftung.
 Schalatek, L. et al. (2012) 'From Ignorance to Inclusion. Gender-Responsive Multilateral Adaptation Investments in the MENA Region'. Heinrich Böll Stiftung and Gender Action.

End Notes

- World Bank Classification: Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Malta, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, West Bank and Gaza, Yemen (see: <http://go.worldbank.org/7UEP77ZCBO>).
- All total figures refer to the period between 2003 and 2014.
- Excludes contributions to multiple countries but includes regional projects.
- Japan's bilateral FSF is excluded here as what it counts as climate finance is not comparable with other bilateral contributors of climate finance. For a detailed analysis of Japan's FSF and other top contributors of climate finance see: <http://www.climatefundsupdate.org/global-trends/fast-start-finance>

The Climate Finance Fundamentals are based on Climate Funds Update data and available in English, French and Spanish at www.climatefundsupdate.org