



## Climate Finance Regional Briefing: Middle East and North Africa

## Climate Finance Fundamentals 9

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Climate finance in the MENA<sup>1</sup> region is largely concentrated in a small number of large projects in the form of loans or concessional loans, funded by the CTF. The total<sup>2</sup> amount<sup>3</sup> of finance approved is USD 701 million for 58 projects, 80% of which goes towards mitigation efforts despite pressing adaptation needs in the region, especially for water conservation and food security measures. Of the USD 701 million approved for the region, USD 225 million is in the form of grants, which support the majority of the approved projects. The remaining USD 471 million is provided in the form of loans or concessional loans for 3 large-scale energy infrastructure projects approved by the CTF. The total amount disbursed is USD 83 million (for implementation of 28 projects). Since last year the amount approved has grown by 13%, while the amount disbursed has only increased by USD 5 million. Egypt and Morocco receive 80% of total approved climate finance in the region, while eleven 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 stuffs. The IPCC predicts that climate change will reduce precipitation by up to 30%, and resulting hydrological changes will increase water scarcity, reduce agricultural productivity, and also heighten the risk of flooding in highly populated urban coastal areas.

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.

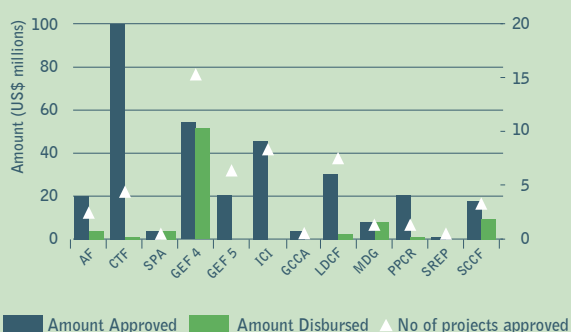
### Who provides the finance?

Eleven multilateral funds (AF, CTF, GEF4, GEF5, GCCA, SPA, LDCF, MDG, SCCF, PPCR, SREP) are active in the region. The largest contributions are from the CTF which has approved a total of USD 474 million for five projects in

Table 1: Funds supporting MENA region

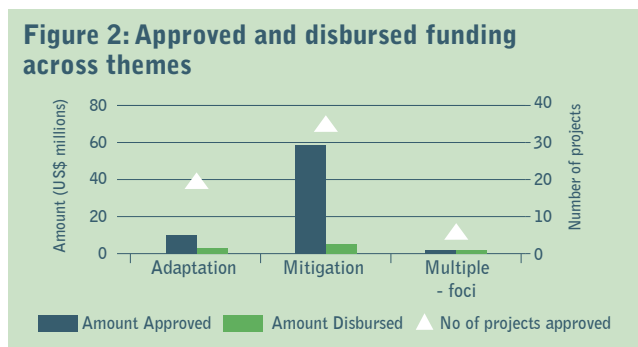
Fund <sup>5</sup>	Approved (US\$ millions)	Disbursed <sup>6</sup> (US\$ millions)	No projects approved
AF	19.42	4.26	3
CTF	474	unknown	5
SPA	4.62	4.62	1
GEF4	55.04	52.31	16
GEF5	21.09	0	7
Germany's ICI	45.94	unknown	9
GCCA	4.05	0	1
LDCF	31.28	2.4	8
MDG	8	8	2
SCCF	17.50	10.35	4
PPCR	20.50	0.49	2
SREP	0.30	0	1

Figure 1: Funds supporting MENA region<sup>4</sup>



Morocco and Egypt. Most of this finance has been made available as concessional loans. An investment plan to support concentrating thermal power in the MENA region has also been approved. The GEF4 has disbursed the largest volume of finance to date, however: approximately USD 47 million for 16 projects in the region, all as grants. Bilaterally, Germany through its International Climate Initiative has also approved USD 46 million for nine projects in the region.

## What is funded?



**Table 2: Approved and disbursed funding across themes**

Theme	Approved (US\$ M)	Disbursed (US\$ M)	No projects approved
Adaptation	97.32	26.12	19
Mitigation	585.10	52.61	35
Multiple foci	19.42	4	6

As the chart and table above show, more than 80% (approximately USD 585 million) of climate finance approved in the region is allocated to mitigation activities. Of this, only USD 52 million appears to have been disbursed so far. The largest project approved in the region is the USD 197 million concessional loan for the *Ouarzazate I Concentrated Solar Power Project* in Morocco, funded by the Clean Technology Fund. Several adaptation funds (AF, SPA, LDCF, MDG, SCCF and PPCR) are implementing 19 mostly smaller scale projects in the region with an approved total of USD 97.32

million. By far the largest adaptation project up to now is funded by the Pilot Program for Climate Resilience, which this year 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.

## Who receives the money?

**Table 3: Amount approved and disbursed in recipient countries**

Recipient Country	Approved (US\$ M)	Disbursed (US\$ M)
Algeria	18.54	8.24
Djibouti	26.31	3.25
Egypt	195.50	28.22
Iran	9.45	9.45
Jordan	19.82	13.97
Iraq	2.23	0
Lebanon	16.78	1.59
Morocco	354.70	8.24
Regional	8.06	0
Syria	3.46	3.46
Yemen	46.99	6.31

The distribution of climate finance appears concentrated in Egypt and Morocco, with a total amount approved respectively of USD 195.50 million and USD 355 million. However, when looking at amount disbursed a more homogenous picture appears. Egypt is still the largest recipient (USD 28.22 million), followed by Jordan (USD 14 million). The majority of the projects are funded at country level. Of the 52 projects approved in the region, only one is regional: *the Mediterranean Solar Plan and Union for the Mediterranean Initiatives* supported by Germany's ICI. CFU data shows that of the 21 MENA countries, only 10 countries are recipients of climate finance.

## References

Climate Funds Update Website: [www.climatefundsupdate.org](http://www.climatefundsupdate.org) (data accessed in October 2013)

Nakhooda, 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

1. 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/7UEP77ZCB0>).
2. All total figures refer to the period between 2003 and 2013.
3. Excludes contributions to multiple countries but includes regional projects.
4. 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>
5. The Climate Investment Fund (CIF) figures only include projects approved by both Trust Fund Committees and implementing Multilateral Development Banks.
6. Detailed project level disbursement data for the GEF 4 and 5, LDCF and SCCF are limited: the figures here may be overestimates.

The Climate Finance Fundamentals are based on Climate Funds Update data and available in English, French and Spanish at [www.climatefundsupdate.org](http://www.climatefundsupdate.org)