

# First Global Dialogue and Investment Focused Event under the Sharm el-Sheikh Mitigation Ambition and Implementation Work Programme

## Session III: Regional opportunities for mobilizing investment Arab Region



UNITED NATIONS

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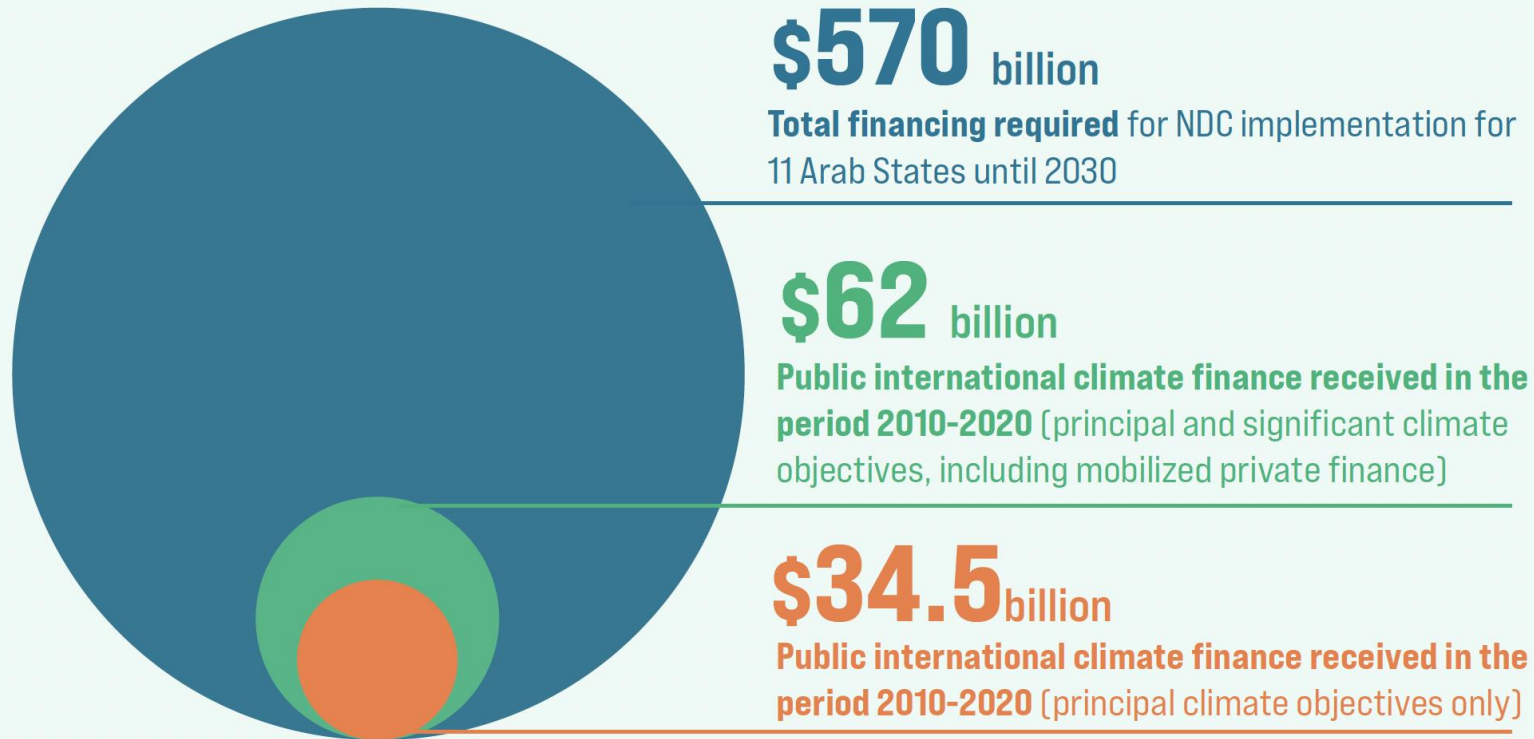
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Resource Sustainability Cluster, UNESCWA

# Climate action needs in investments

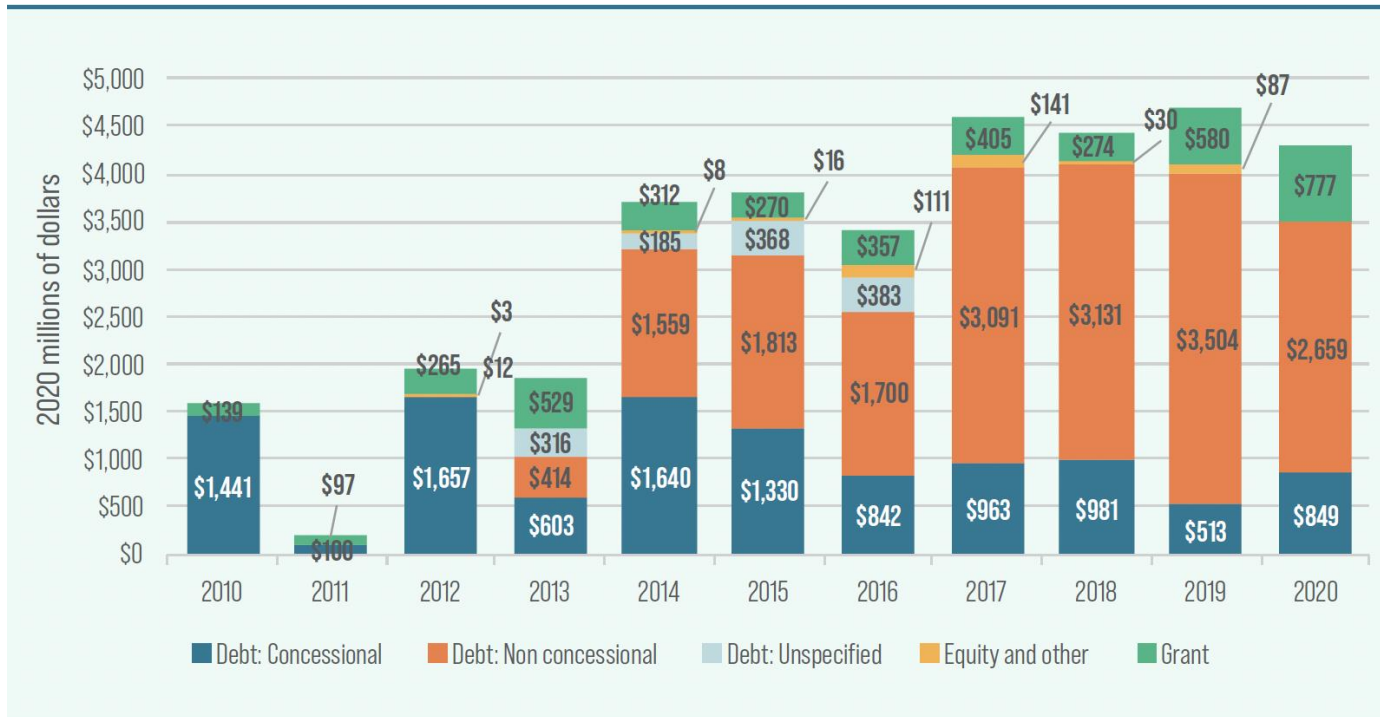
*Climate finance received over the past decade relative to financing needs expressed for NDC implementation of 11 Arab States over the coming decade*



- **Climate finance gap:** Existing climate finance flows coming to the Arab region fall far short of needs

# Public international climate finance in the Arab region: High debt financing

Total public international climate finance in the Arab region by type of financial instrument



Compiled by ESCWA based on the OECD database entitled "Climate-related development finance at the activity level: Recipient perspective 2000-2020". It includes commitments with climate marked as a principal objective (Rio tag) and includes climate components reported by multilateral development banks. Flows with climate marked as a significant objective are not included.

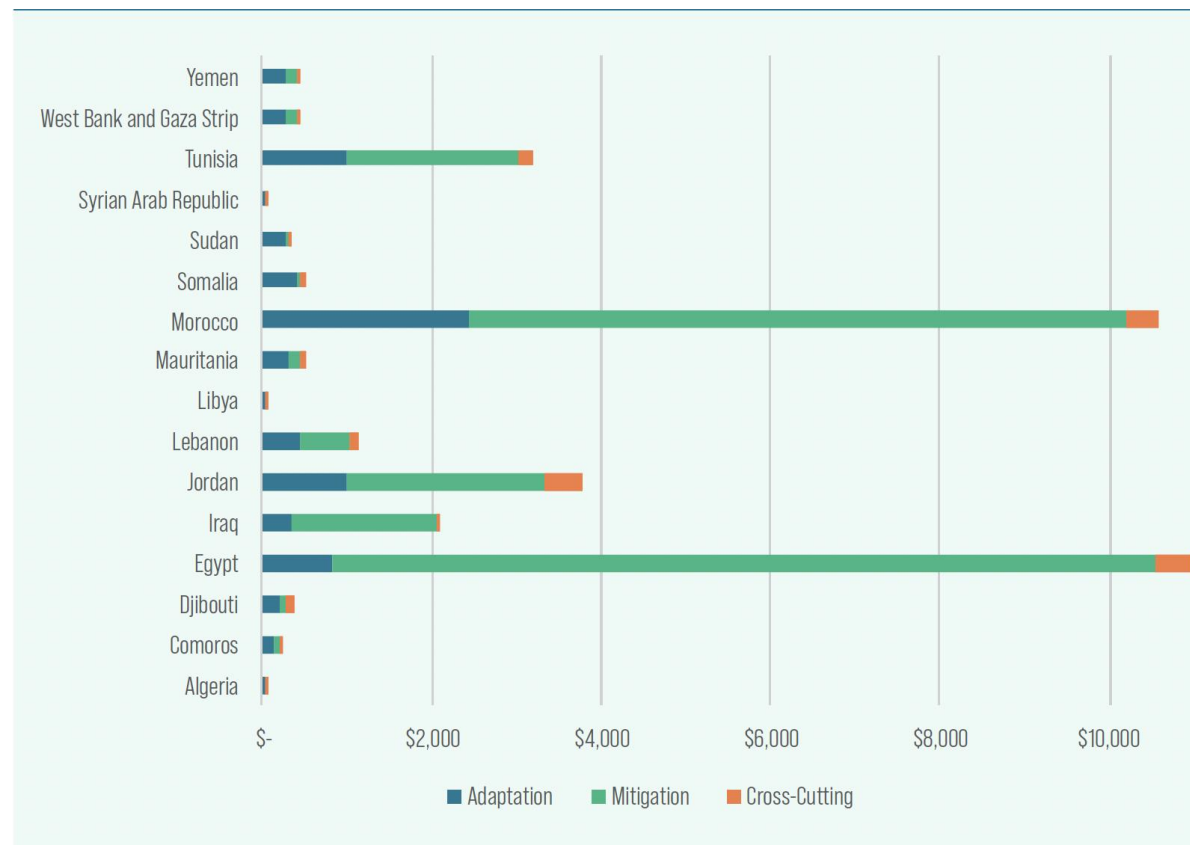
- **Positive trend:** Financing increased over past decade and funds disbursed during pandemic

But:

- **Excessive debt financing:** 7 times more loans than grants between 2010-2020 despite historically high gross public debt of \$1.4 trillion in 2020 in the Arab region
- **Increase** in financial commitments from **multilateral sources** in recent years, but bilateral support declining
- **Private sector finance** that is not mobilized by public international climate finance is **not widely available**
- Only **4%** of finance is sourced from global **climate funds** in Arab region

# Public international climate finance in the Arab region: Geographic disparities in the distribution of funds

Climate finance flows in the Arab region by country and purpose, 2010–2020  
(In 2020 millions of dollars)



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- Egypt and Morocco most successful in costing needs and accessing climate finance (\$21.6 billion 2010-2020)
- Jordan, Morocco, and Tunisia have established national public funds to support climate projects, while Egypt, Lebanon, Morocco, Qatar, KSA and the UAE raised \$12.8 billion through green and mixed sustainability bonds.
- The 6 Arab **LDCs** received only **6.6%** of public international climate finance coming to the region over the past decade, but **increase in financing share for LDCs** in past 2 years

The costed climate finance needs of 11 Arab States is

**\$570 billion**  
until 2030

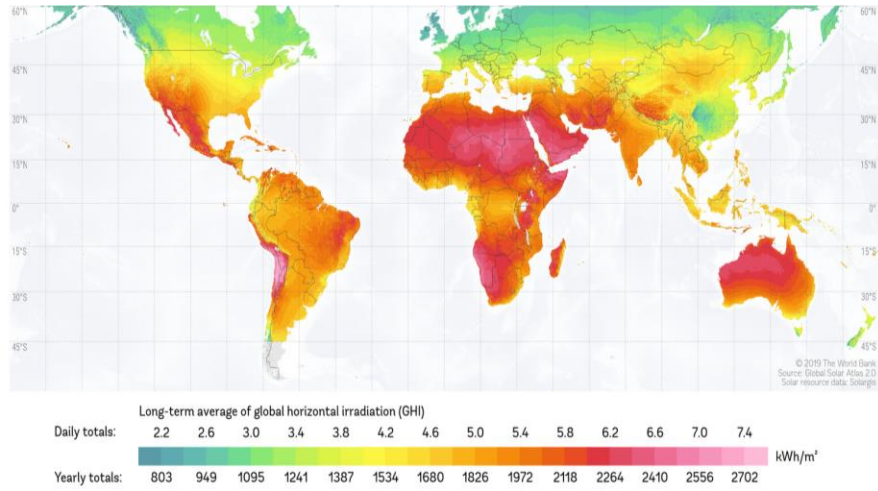
Egypt, Iraq and Morocco account for

**\$425 billion**  
of the total support requested



# High technical potential for RE and clean hydrogen in the Arab countries present an attractive way to attract climate finance

## Solar Irradiation



Nearly all Arab countries have committed to increasing the share of renewable energy in the national energy mix:

- Morocco committed to over 50% By 2030 & 100% By 2050
- Egypt to 42% by 2035;
- Oil producing states such as Algeria (27% by 2030), and Qatar (20%) committing to 20-30% within the next twenty years.
- The UAE targets 50% clean energy by 2050, including nuclear power, with renewables.

## Technical potential for clean hydrogen

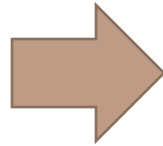


## The region is also making progress...

- The last couple of years saw three global record low bids for solar PV, all of which were in the GCC region - (Qatar: USD 0.0157/kWh, UAE: USD 0.0135/kWh and Saudi Arabia: USD 0.0104/kWh)
- Renewable generation in the Arab region set to grow by around 120x between now and 2050, more than any other region. (IEA, SD scenario)
- Fossil fuel exporters can leverage established energy infrastructure and existing energy trade relations in the ramp up of **clean hydrogen**.

# Mobilising and accessing **global** climate finance in the Arab region: **policy recommendations**

The quantity and quality of **current climate finance** coming to the Arab region falls **far short of needs**



Recommendations:

Scaling up climate finance

Grant-based financing for relevant sectors

Predictable financing to support planning for climate action

**Raising awareness** and **developing knowledge** among recipient country stakeholders for:

Developing a climate finance strategy

Costing climate finance needs

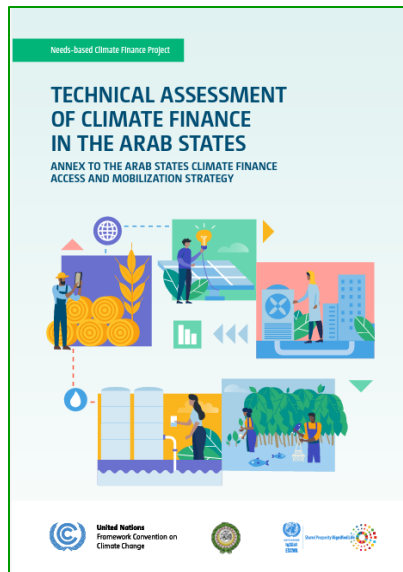
Demonstrating the climate rationale of projects

# Mobilising and accessing climate finance in the Arab region: Existing efforts

Policy recommendations **complement existing efforts**:

Needs-based **Climate Finance Strategy** for Arab States

- Technical Annex (2022) informed consultations
- Seeks to develop capacity for **assessing financing needs** and priorities, **accessing climate finance** and mobilising **resources from global funds**



Climate/SDGs **Debt Swap** – Donor Nexus Initiative

- **Innovative** financial instrument to secure reliable and **long-term** financing
- Seeks to **reduce** countries' **debt burdens**, improve climate finance, and **accelerate implementation** of the Paris Agreement and the 2030 Agenda



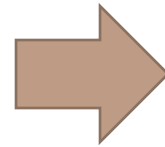
[www.unescwa.org/debt-swap](http://www.unescwa.org/debt-swap)

# Mobilising and accessing **regional** climate finance in the Arab region: **policy recommendations**

Arab funds, financial initiatives, and regional processes seem to **respond better to the region's needs** compared to global flows coming to the region

BUT commitments **not adequately reflected** in international databases:

- Limited reporting of financial commitments to the OECD
- Tagging patterns differ from global flows



To better **showcase commitments** and spending in global databases, we could **operationally**:

Raise awareness and build knowledge for **reporting** on climate finance commitments

Develop a **regional knowledge platform** to help demonstrate financial flows within Arab States

Develop a harmonised regional climate finance **taxonomy tailored** to the Arab region's needs



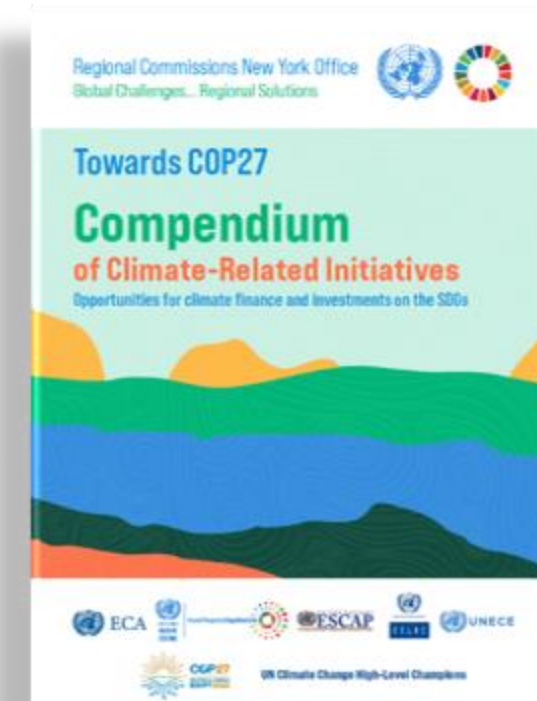
# Mobilising and accessing climate finance in the Arab region: Existing efforts

Policy recommendations **complement existing efforts**:

Towards COP27:

## Arab Regional Forum on Climate Finance

- Mobilising climate finance for **country-driven** projects in Arab States
- \$4.2 billion in adaptation & mitigation projects proposed by Arab States



[www.unescwa.org/events/towards-cop27-arab-regional-forum-climate-finance](http://www.unescwa.org/events/towards-cop27-arab-regional-forum-climate-finance)



## Mobilizing Climate Finance: Boosting Mitigation in the Critical Decade

- Develop and implement **supportive policies, regulations, and incentives** and more comprehensive climate change strategies, and embed these within their NDCs, and create supportive policy frameworks.
- **Establish/Strengthen public-private partnerships to leverage public sector resources** and expertise while attracting private sector investments.
- Establish **investment promotion agencies and capacity building programmes** for project developers and investors to identify and evaluate viable mitigation opportunities and to subsequently provide finance.
- Adopt **blended finance mechanisms to mobilise investments**, including utilising green bonds, impact investing, and blended finance structures that combine concessional funding with commercial capital.
- **Introduce risk mitigation instruments**, such as guarantees, insurance products, and renewable energy insurance fund
- Establish **robust reporting and monitoring systems** to track the impact and progress of mitigation projects



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**Thank you**