

# What are the current sources and channels for climate finance in the region?

**Technical Workshop on Climate Finance for Finance Experts in the Arab region**

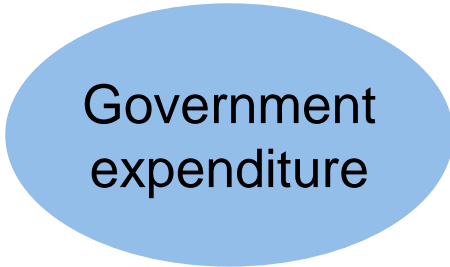
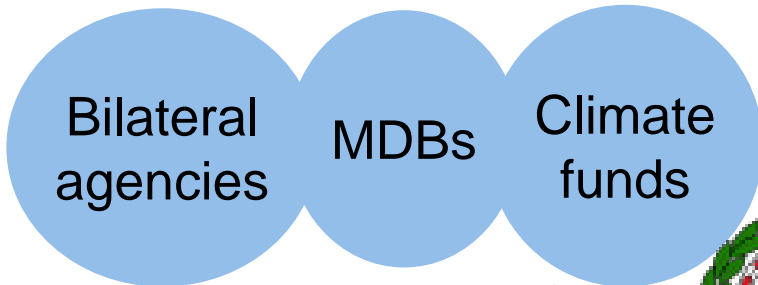
Headquarters of the League of Arab States, Cairo, Egypt

12–13 February 2020

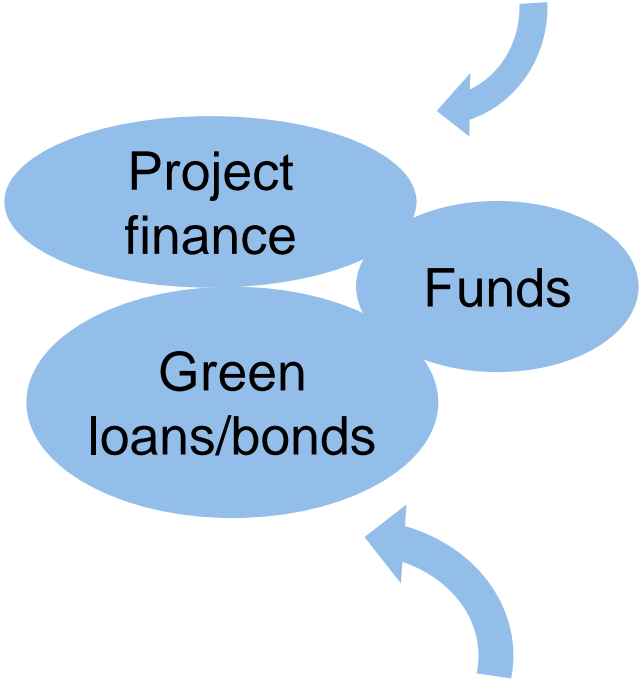


# Sources and channels for climate finance

International public climate finance



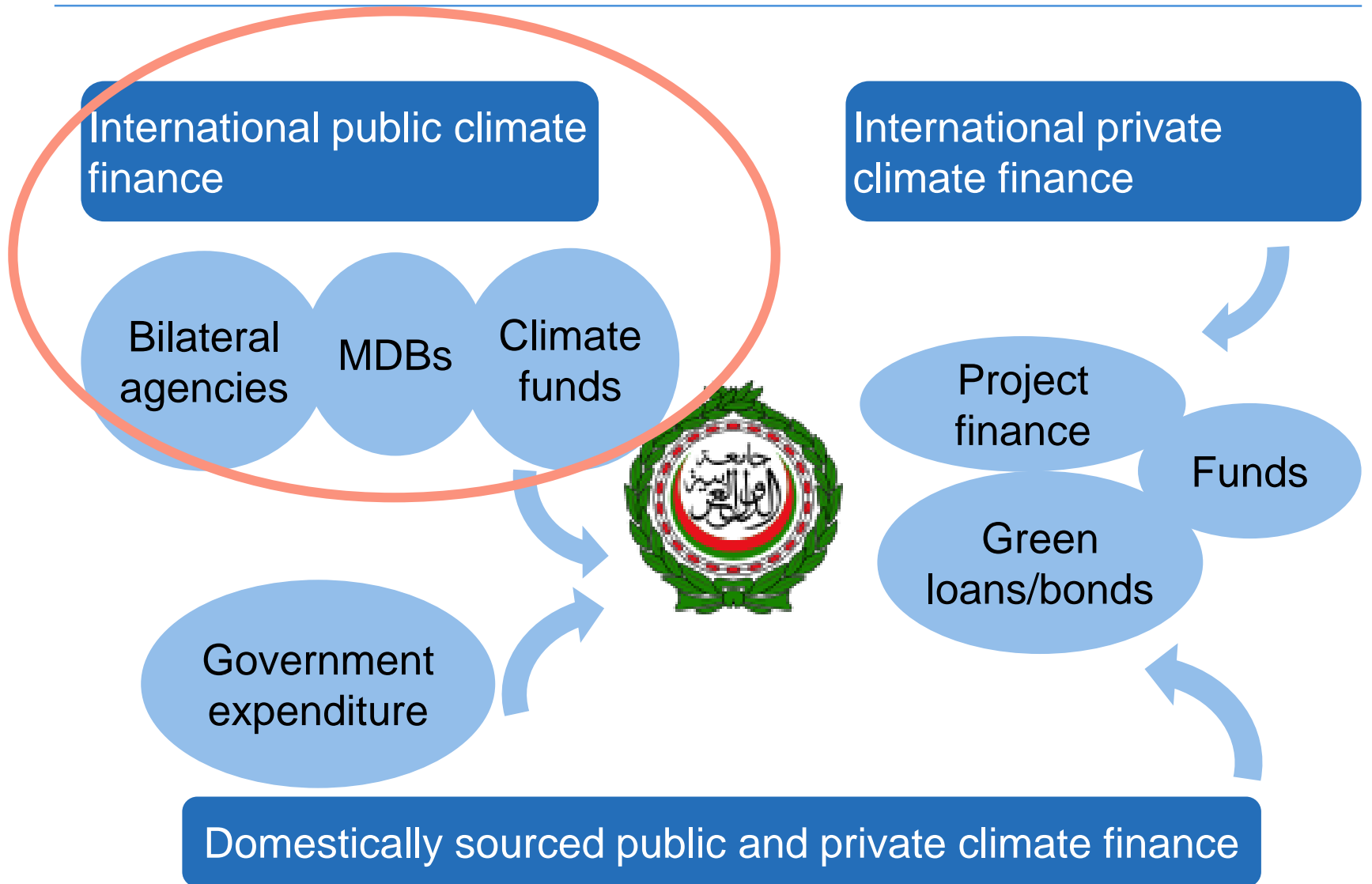
International private climate finance



Domestically sourced public and private climate finance



# Sources and channels for climate finance



## Climate Funds active in the region

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### Financial Mechanism of the Convention

Adaptation Fund

Global Environmental Facility

Least Developed Country Fund

Special Climate Change Fund

Green Climate Fund

### Other climate funds

Climate Investment Funds

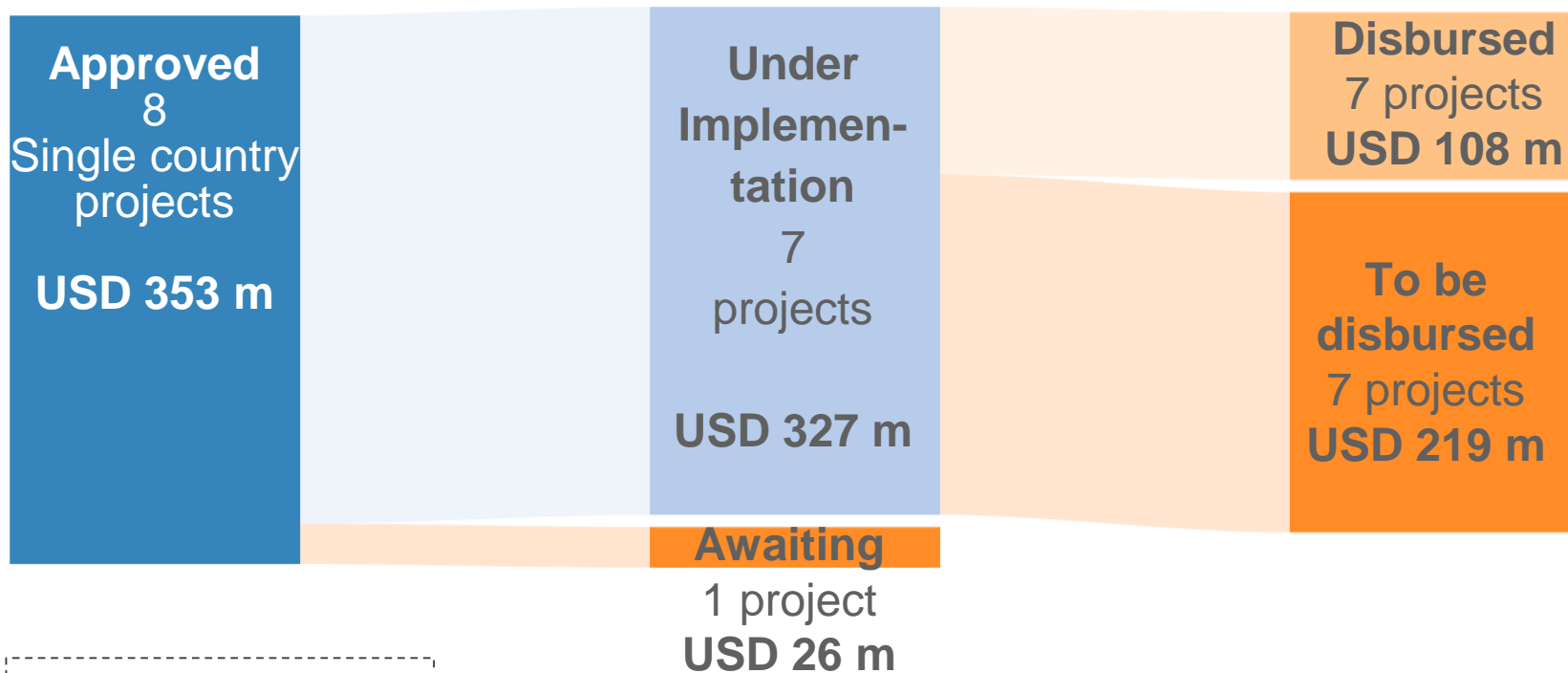
Clean Technology Fund

Adaptation for Smallholder Agriculture Program



## Green Climate Fund projects in the region

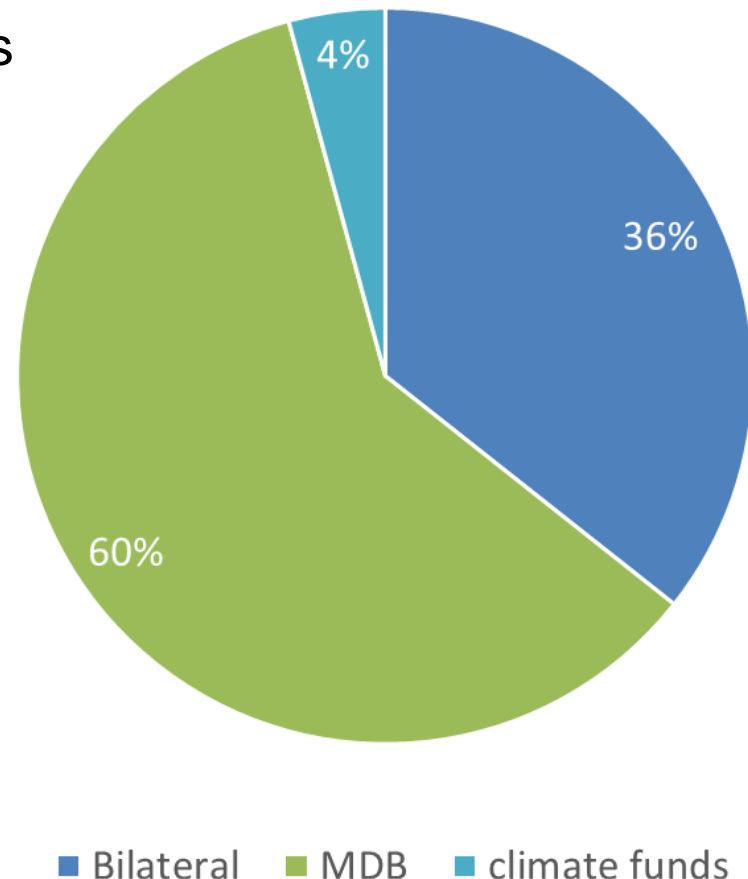
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## International public climate finance – channels

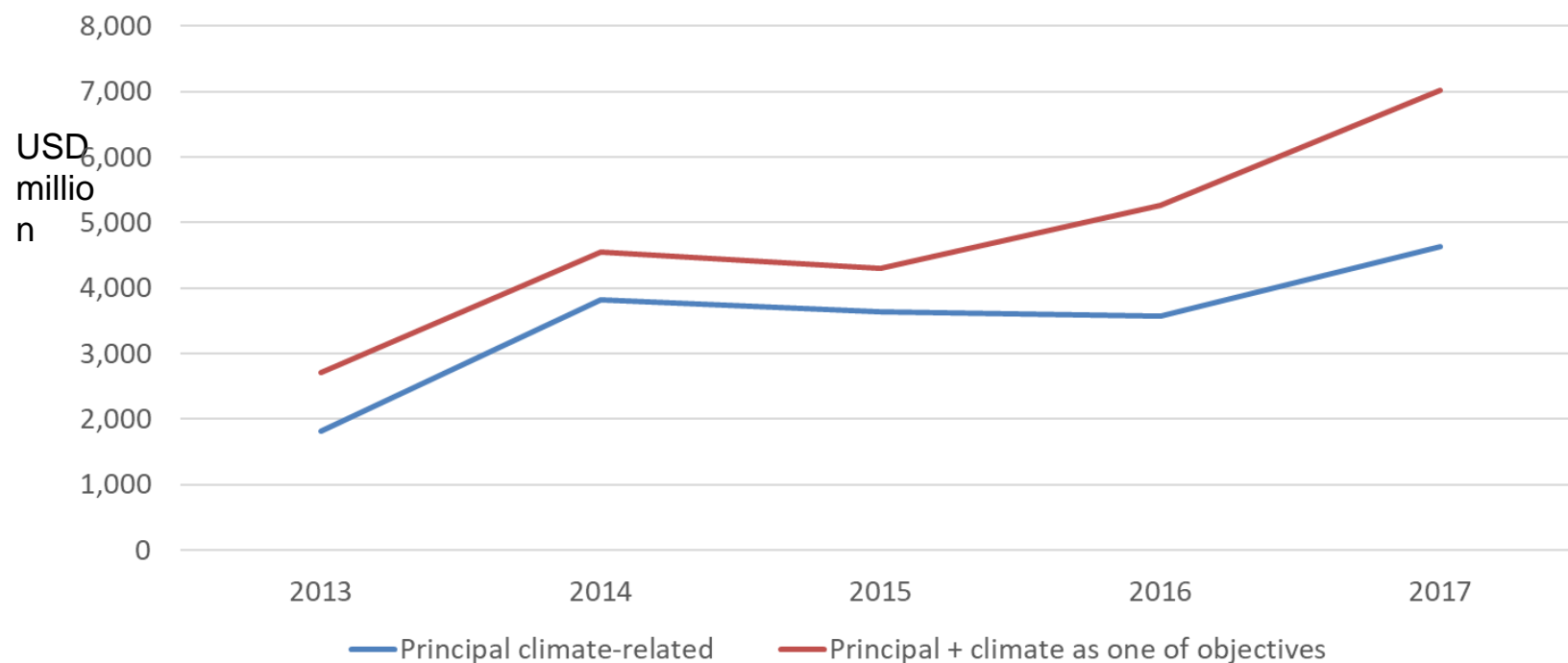
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- 36% derives from bilateral sources with France as significant donor
- 60% derives from multilateral development banks such as the World Bank and EBRD
- Climate funds flows have been most targeted at Morocco, Egypt, Sudan and Yemen



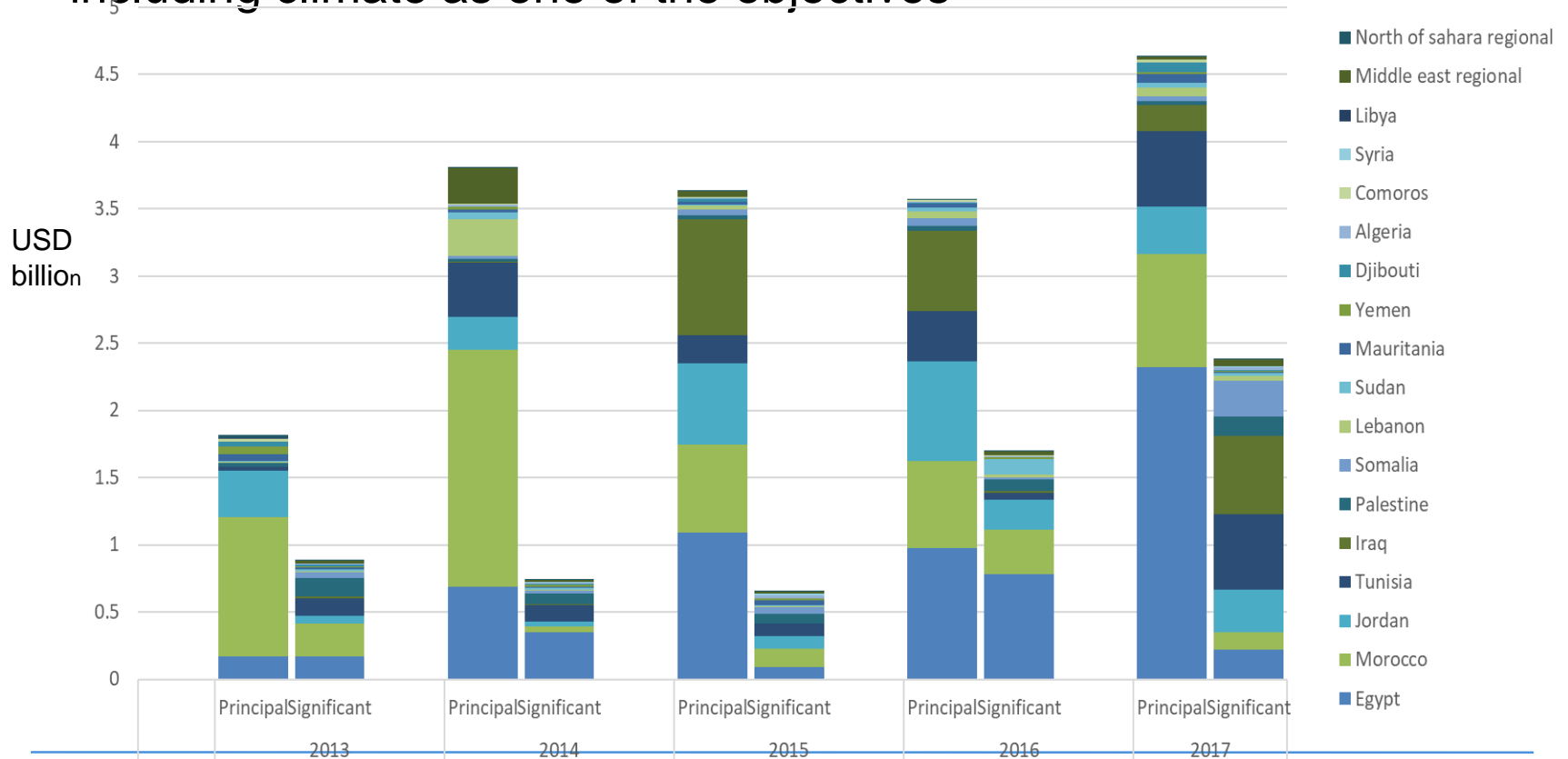
## International public climate finance flows –trend

- International climate public finance averages USD 3.5 billion a year to 16 of the 22 member countries
- 30% increase in 2017
- When you include finance for development projects with climate as one of the objectives, financing averages USD 4.7 billion a year.



## International public climate finance flows – country recipients

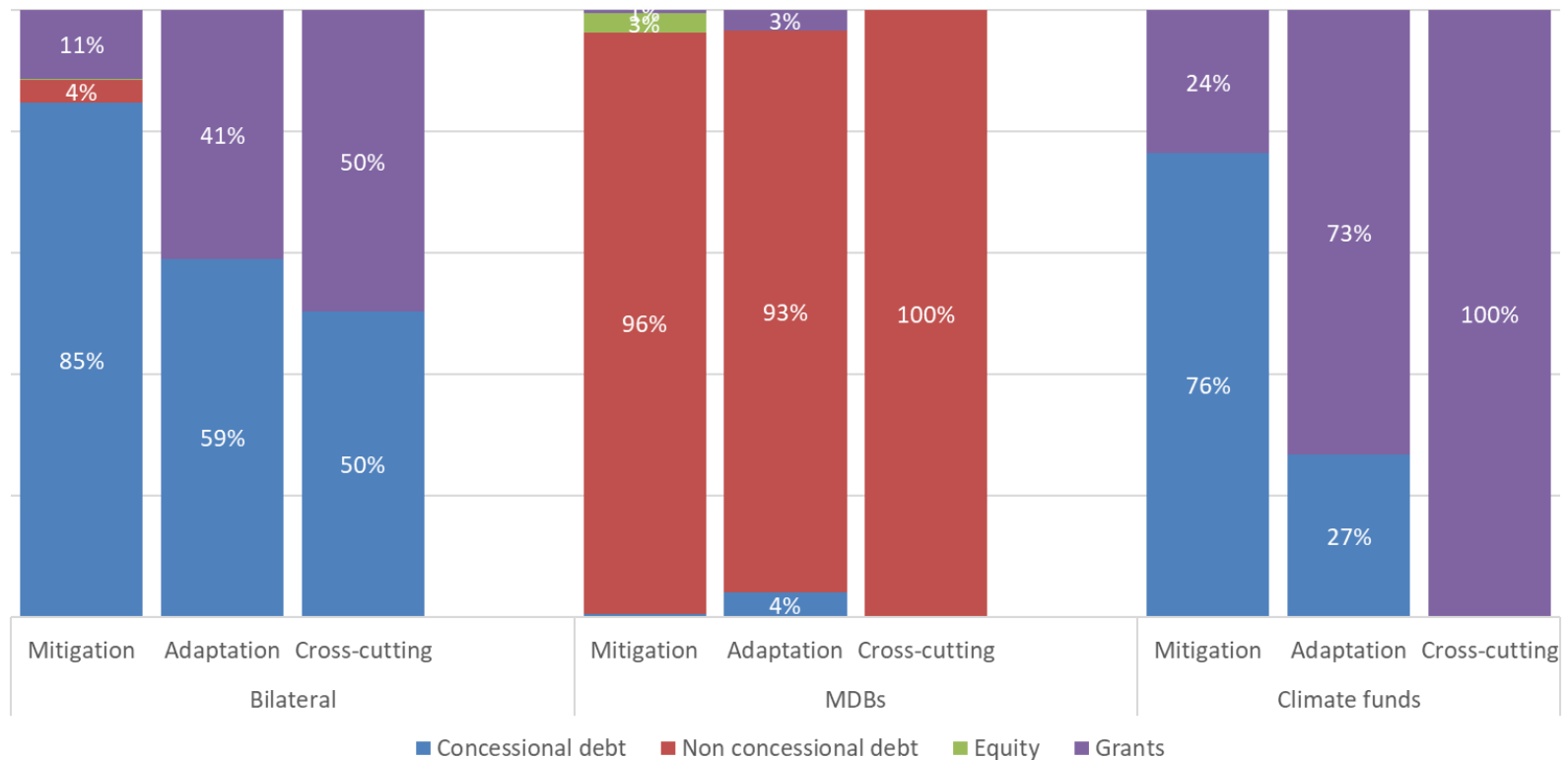
- Egypt, Morocco, Jordan, Tunisia and Iraq have received 90% of international climate public finance in 2013-2017, 86% of flows including climate as one of the objectives





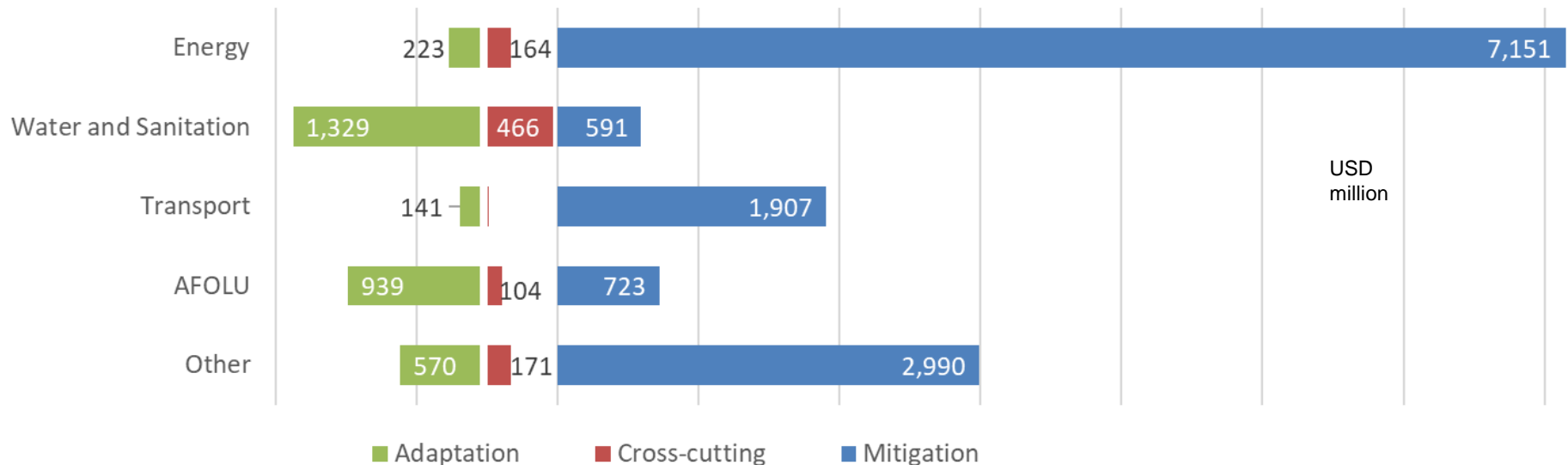
## International public climate finance flows – instruments by theme

- Bilateral flows favour use of concessional debt, with more grants allocated to adaptation projects proportionally
- MDBs focus financing on non-concessional debt
- Climate funds are a significant source of grant funding and concessional debt



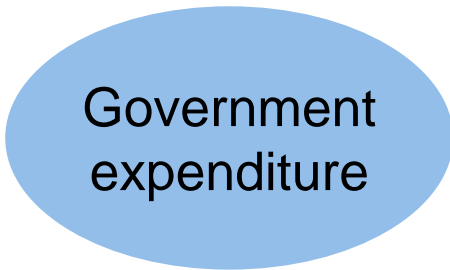
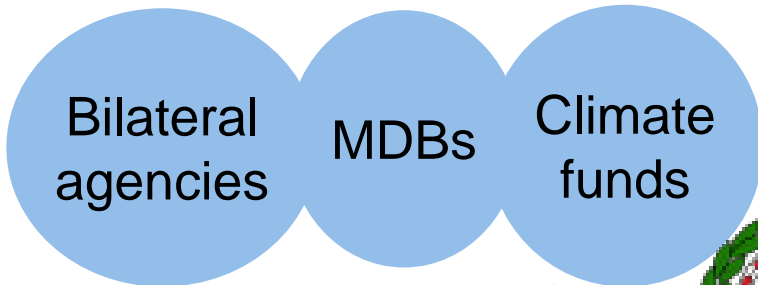
## International public climate finance - sectors

- Energy and Transport projects capture the most finance flows in mitigation projects
- Water and sanitation and agriculture, forestry and land use (AFOLU) capture the most in adaptation projects.

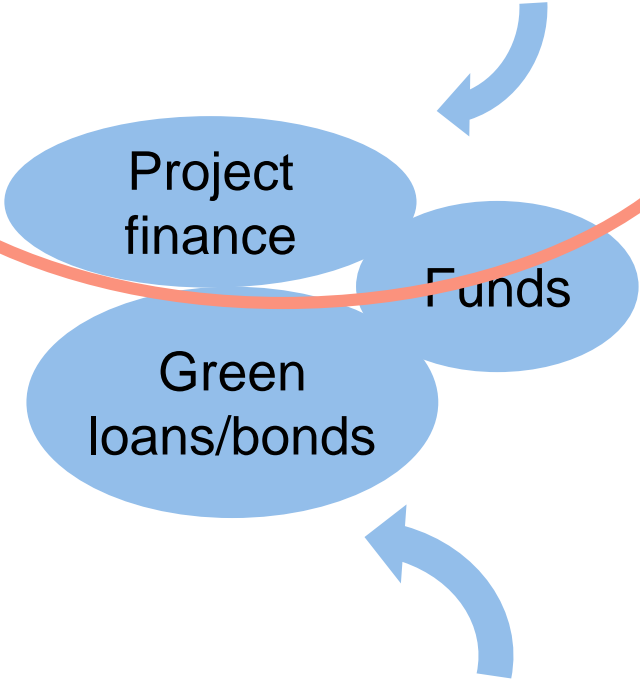


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International private climate finance

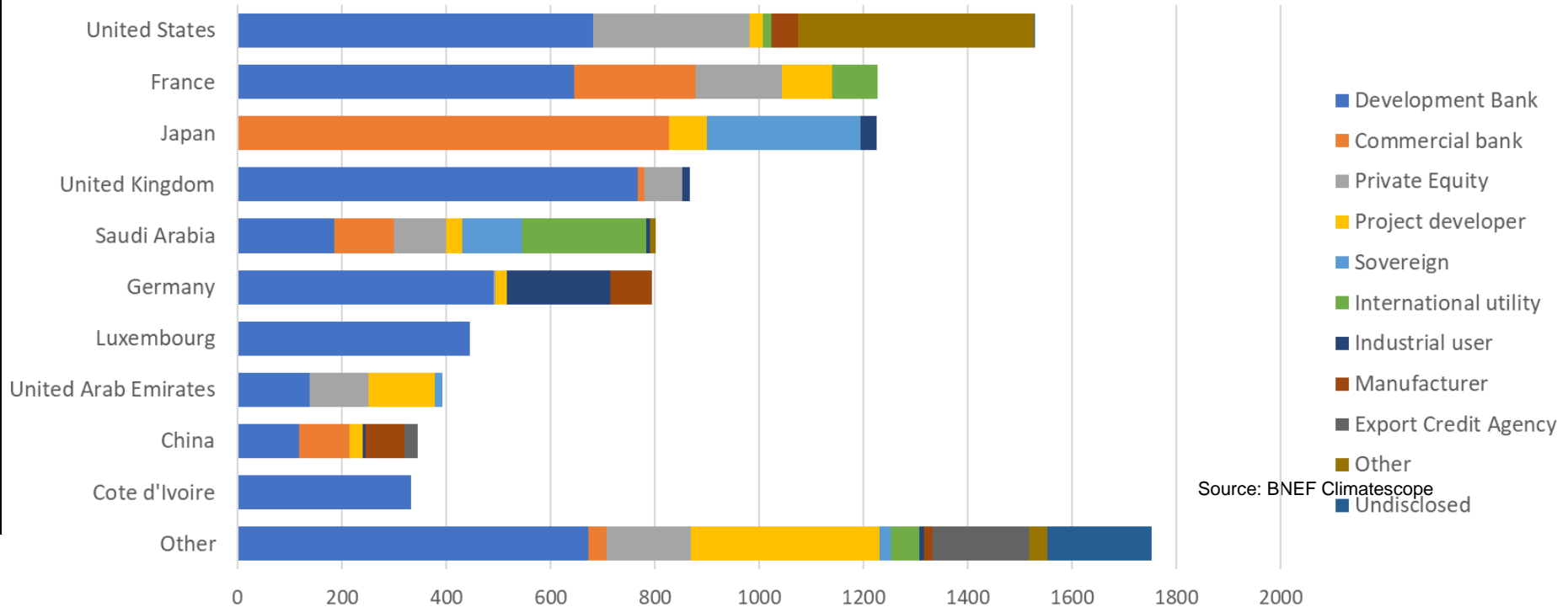


Domestically sourced public and private climate finance



## Renewable energy international private finance

- Disclosed cross border investments USD 9.7 billion over the period 2013-2017
- International private sources are dominated by commercial banks from Japan, private equity funds from US

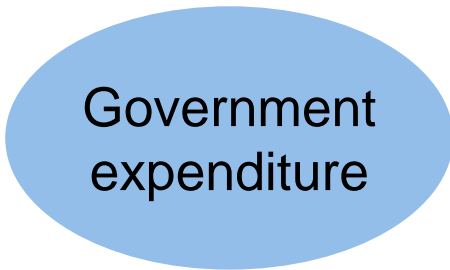
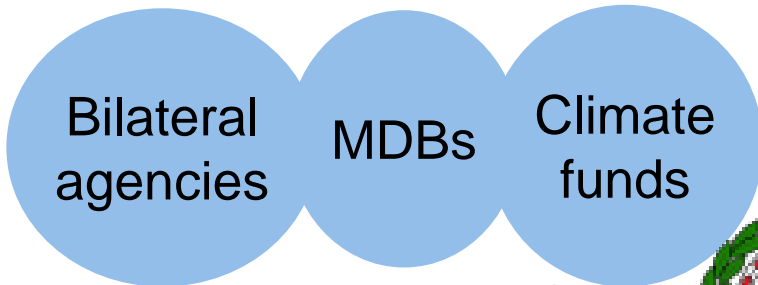


Source: BNEF Climatescope  
Undisclosed

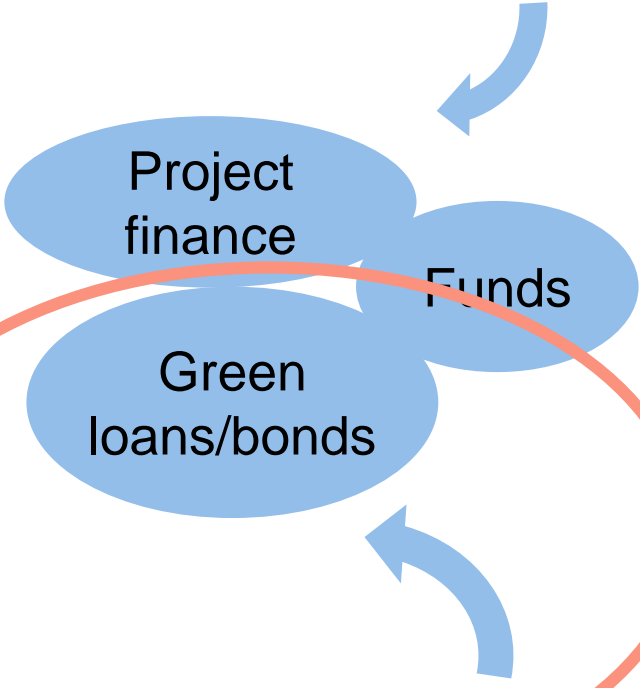


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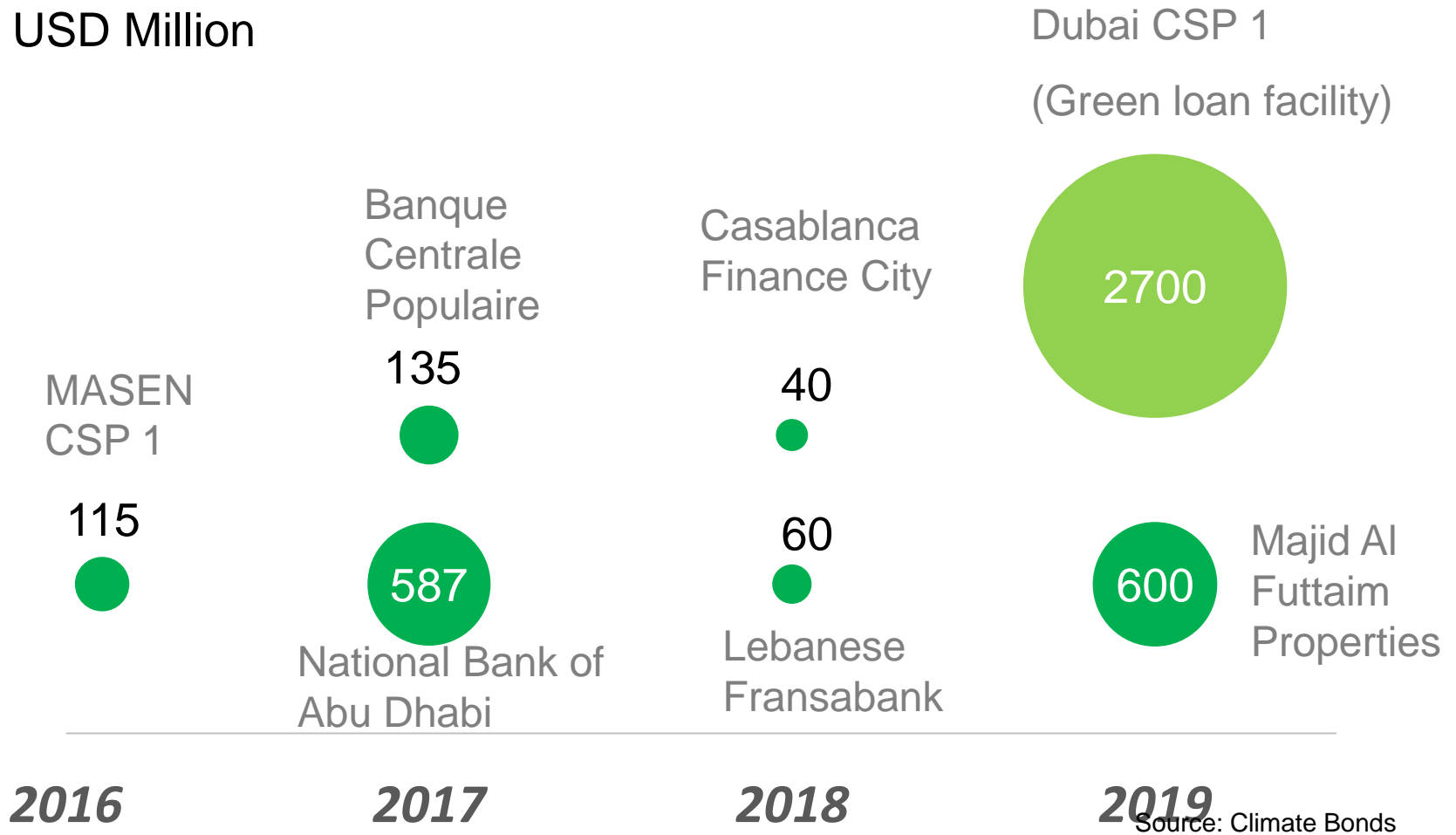


Domestically sourced public and private climate finance



## Green bond market in the region at nascent stage

USD Million



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Thank you



## Members

Algeria

Bahrain

Comoros

Djibouti

Egypt

Iraq

Jordan

Kuwait,

Lebanon

Libya

Mauritania

Morocco

Oman

Qatar

Saudi Arabia

Somalia

Sudan

Syrian Arab Republic

Tunisia

UAE

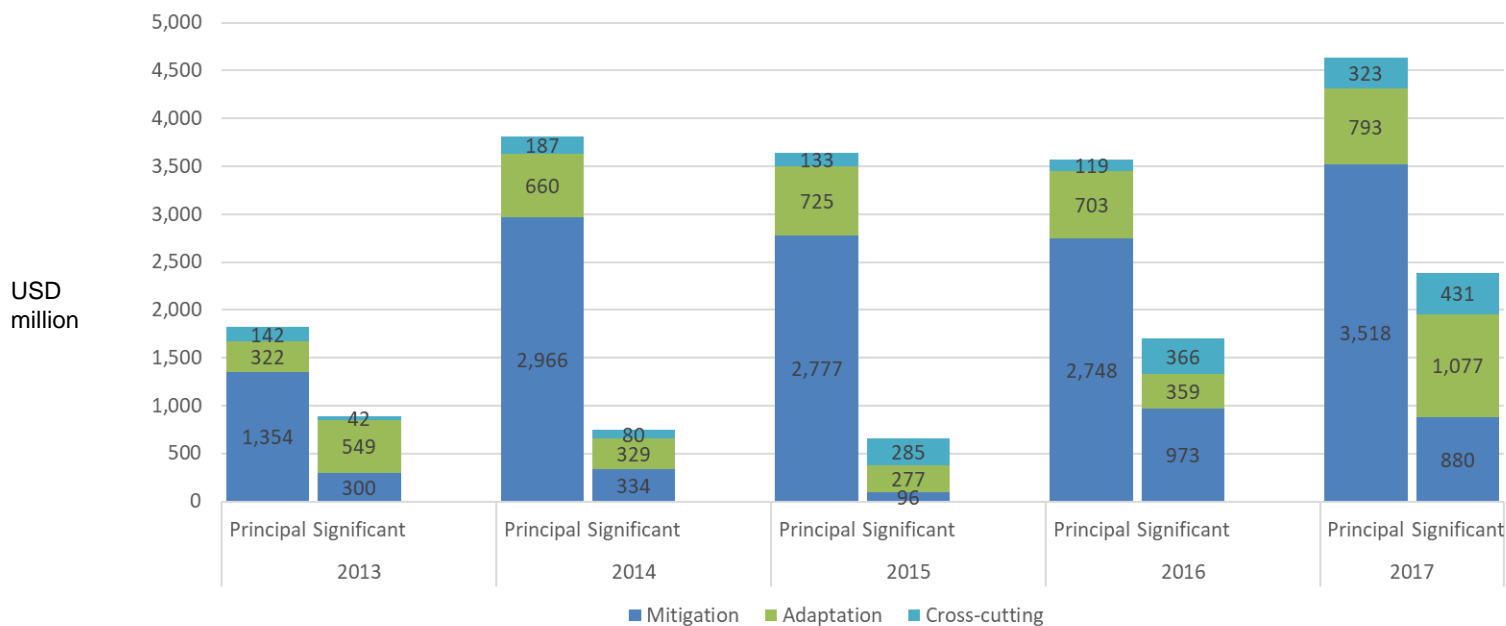
Palestine

Yemen





- For international climate public finance flows, 76% went to mitigation projects over the time period
- Adaptation finance flows were consistently 17-20% over the period.
- Flows to projects with climate as one of the objectives were balanced between mitigation and adaptation at 40% each



## International public climate finance – type of activities

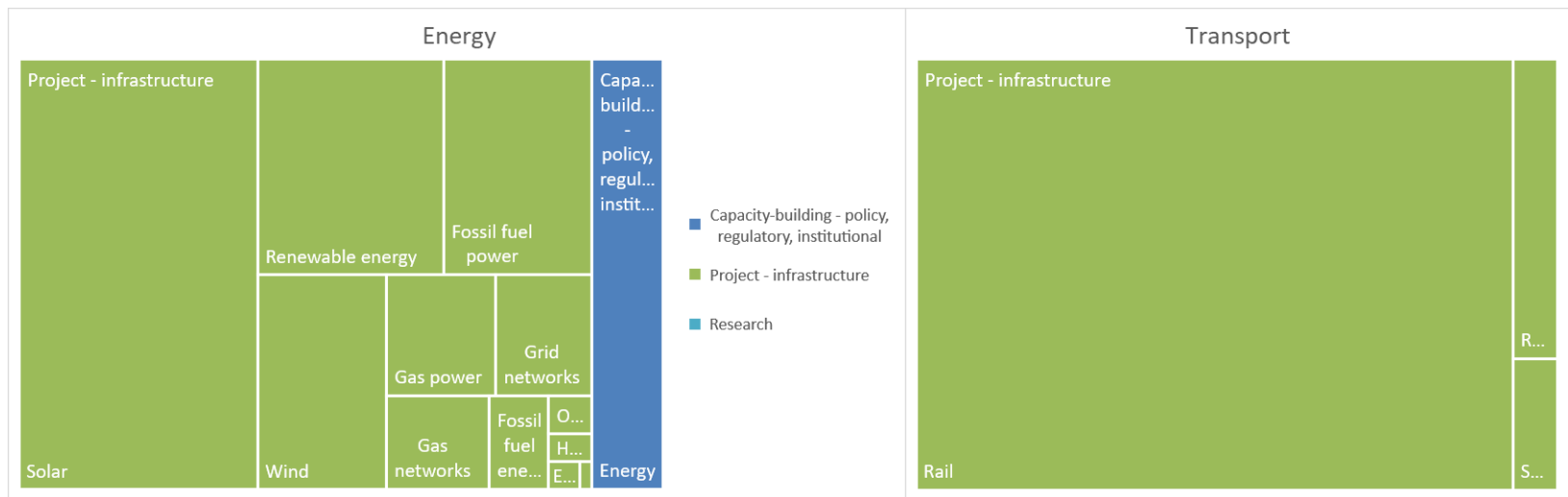
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- 71% of the activity is focused on projects on infrastructure or production
- 13% is focused on capacity building
- The remaining is on delivering services such as in health, education and social sectors or is unspecified



## International public climate finance – mitigation sector activities

- In energy sector, 11% of flows went to capacity building activities.
- RE 62% of energy infrastructure flows with solar power projects receiving the most (37%). Fossil fuel projects received 22%.
- In transport sector, all of the flows went to infrastructure projects.
- Rail infrastructure and transit systems received 93% of flows, followed by roads



# International public climate finance – adaptation sector activities

- 19% of flows for water and sanitation went to capacity building
- 73% went to infrastructure for water supply and sanitation
- 9% went to waste management, water conservation and river basins development

Water and sanitation



- Capacity-building - policy, regulatory, institutional
- Project - infrastructure
- Project - service delivery

- 79% of flows for agriculture and land use went to infrastructure with water resources and urban development receiving the most flows
- 11% went to food crop production and 10% to capacity building

Agriculture and Land Use

