

Experts Group Meeting: Mainstreaming Climate Action into National Development Planning in the Arab Region
Climate Finance for Achieving Sustainable Development Objectives

The Economics of Climate Finance and Development Finance Flows: Predictability of Financial Flows

27 November 2019



OUTLINE

1

What is the financing need for climate change in MENA?

2

What ELSE can we do?

3

Why do we think we can?

4

Conclusion

Making Markets work for Development: IsDB President's 5 Year Plan

Aim

Attract private capital into the Development Finance Mix as never before in our Member Countries

Reason

To achieve the SDGs, we need financing from MCs+ Development Partners + Private Capital

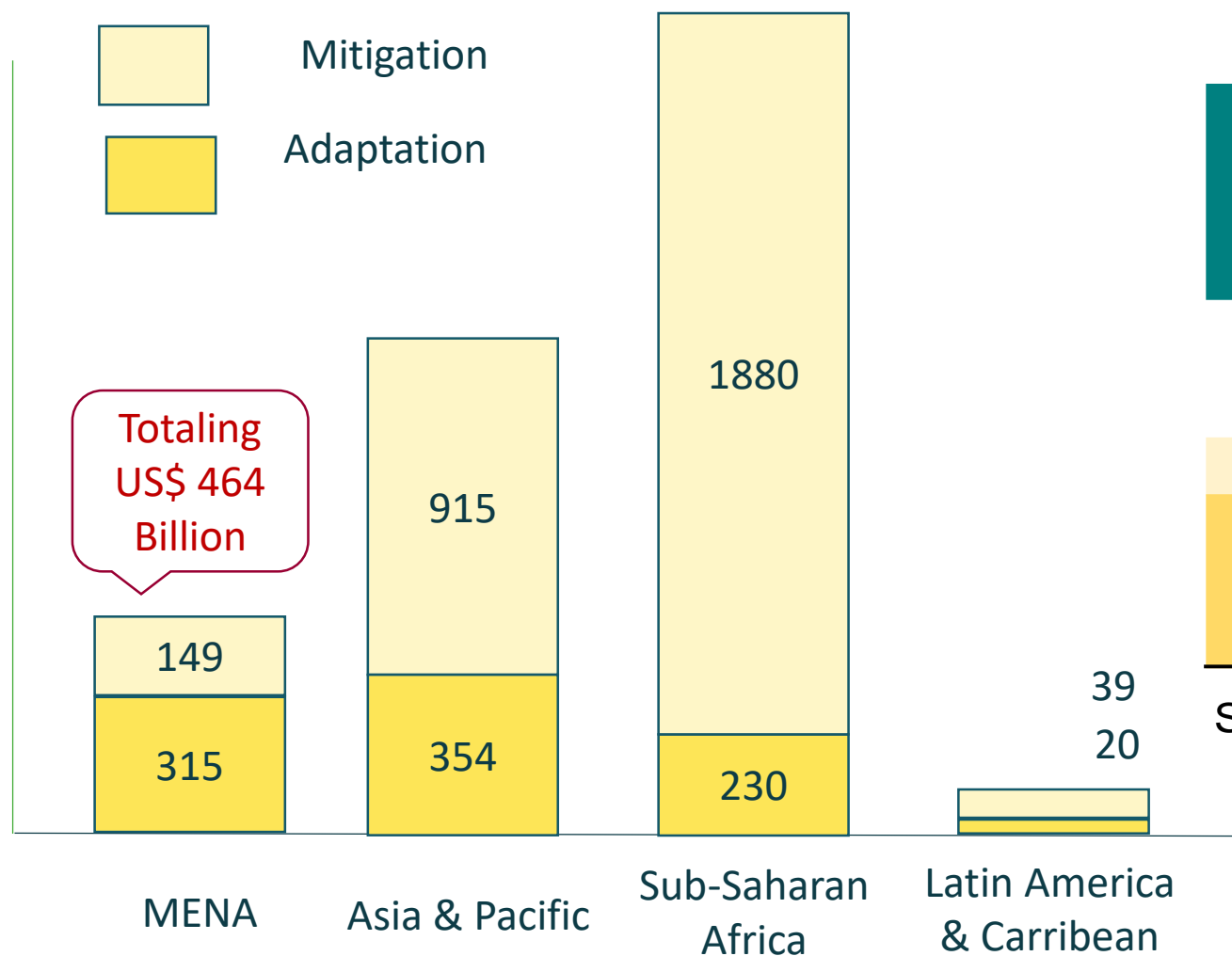
How

Global Value Chain based Member Country Partnership Strategies

- Identify 2-3 product champions to plug their economies along their GVC
- Development outcomes of increased employment, increased fiscal space, etc. achieved
- Financial returns also achieved for the private capital

My presentation is on attracting private capital to finance mitigation and adaptation projects

Cost of Mitigation and Adaptation by Region (US\$ Billion) (based on NDC Explorer (Pauw et al 2016))



Net ODA and Official Aid received by MENA (excluding High Income Countries) (US\$ Billions)

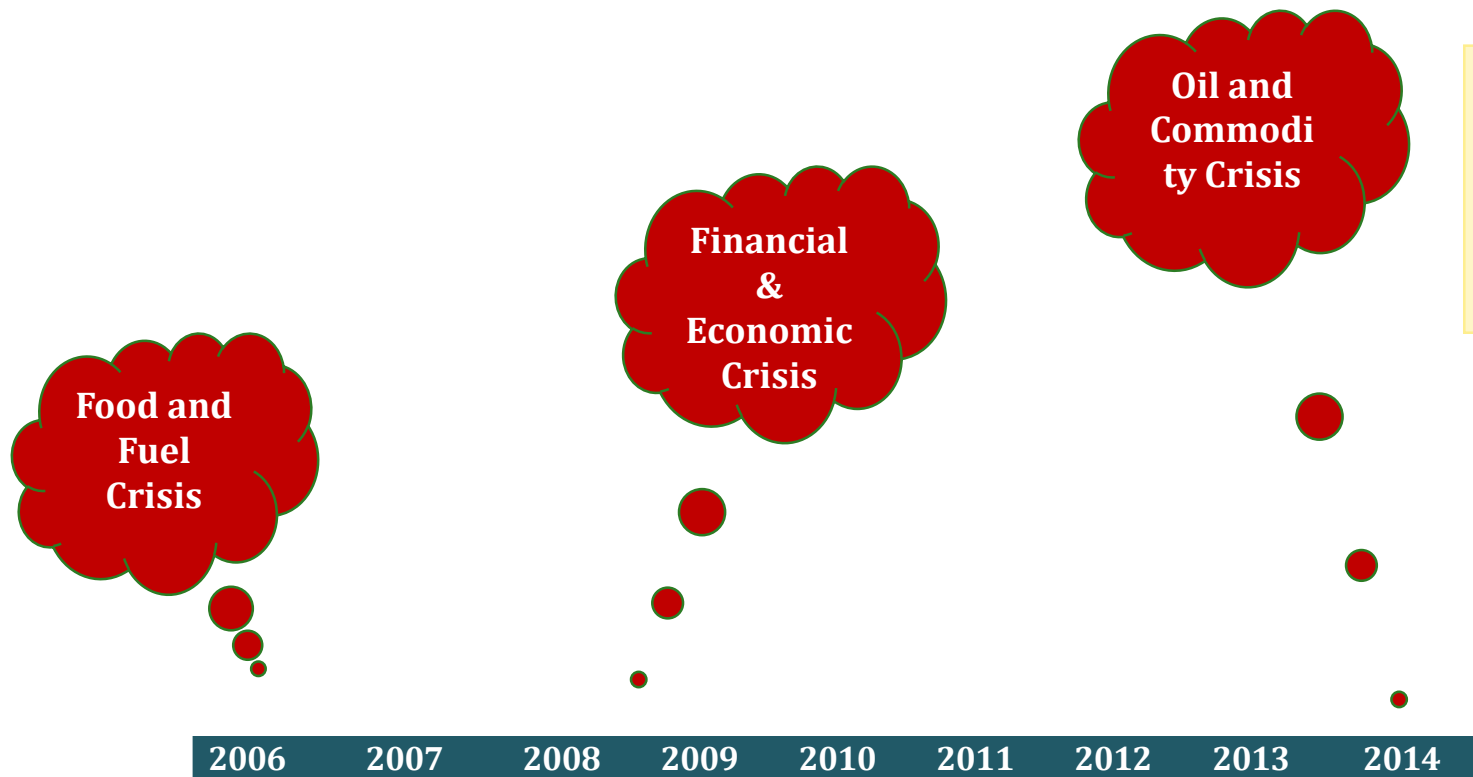
2016	26.1
2017	27.2

Total	53.3
--------------	-------------

Annual Average between 2010 to 2017	22.2
--	-------------

Source: WDI, Last Updated 10/28/2019

But the averages do not always hold because of external shocks that affect these numbers. Take for instance, the major crises we had in less than two decades



.... hence the need for **predictability**

.... hence the need to look at Non-traditional sources to complement the traditional ones

Lets look at Net ODA and official aid received by MENA Countries (IDA & IBRD countries) (US\$ B)



OUTLINE

1

What is the financing need for climate change in MENA?

2

What ELSE can we do?

3

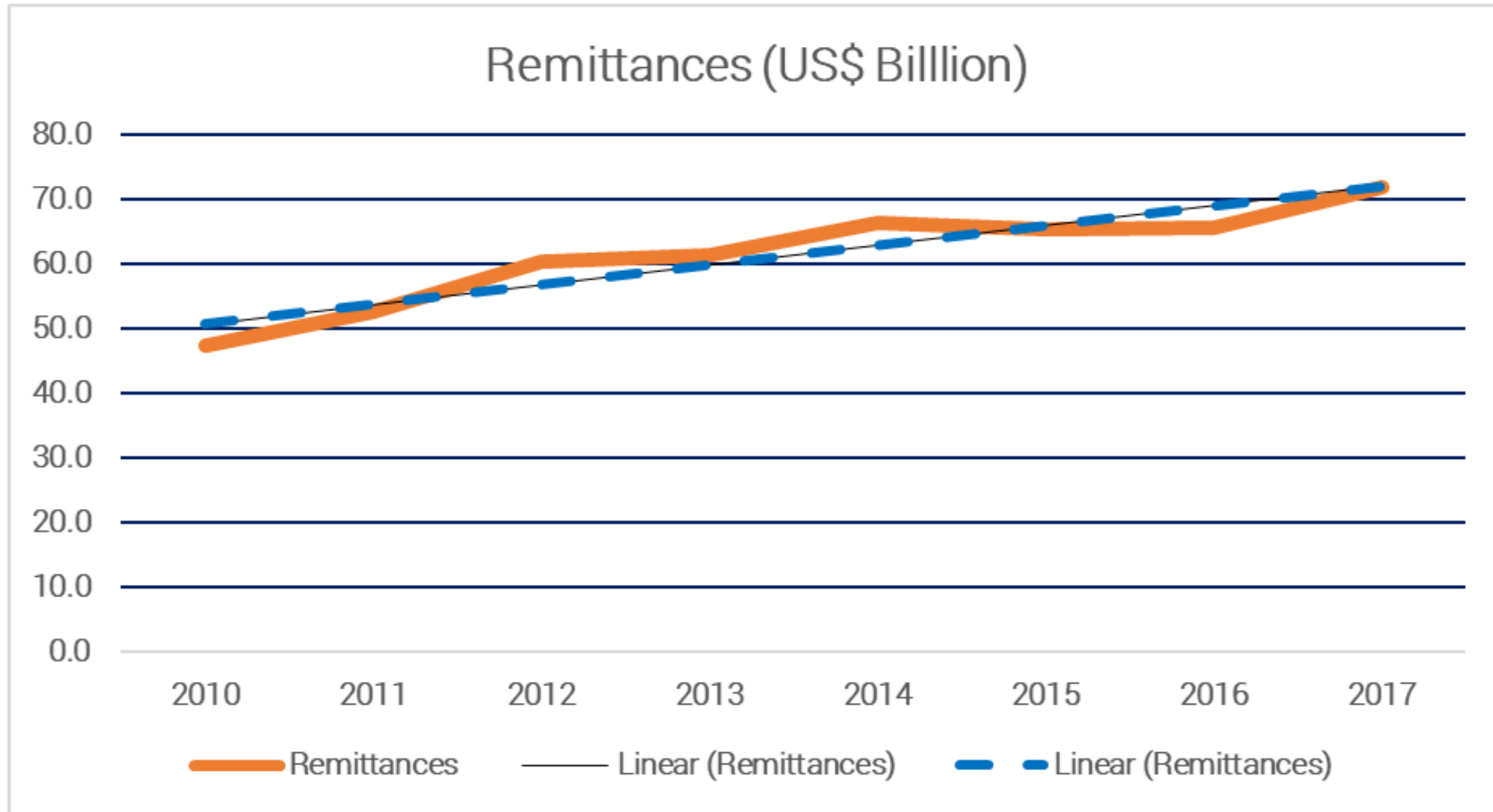
Why do we think we can?

4

Conclusion

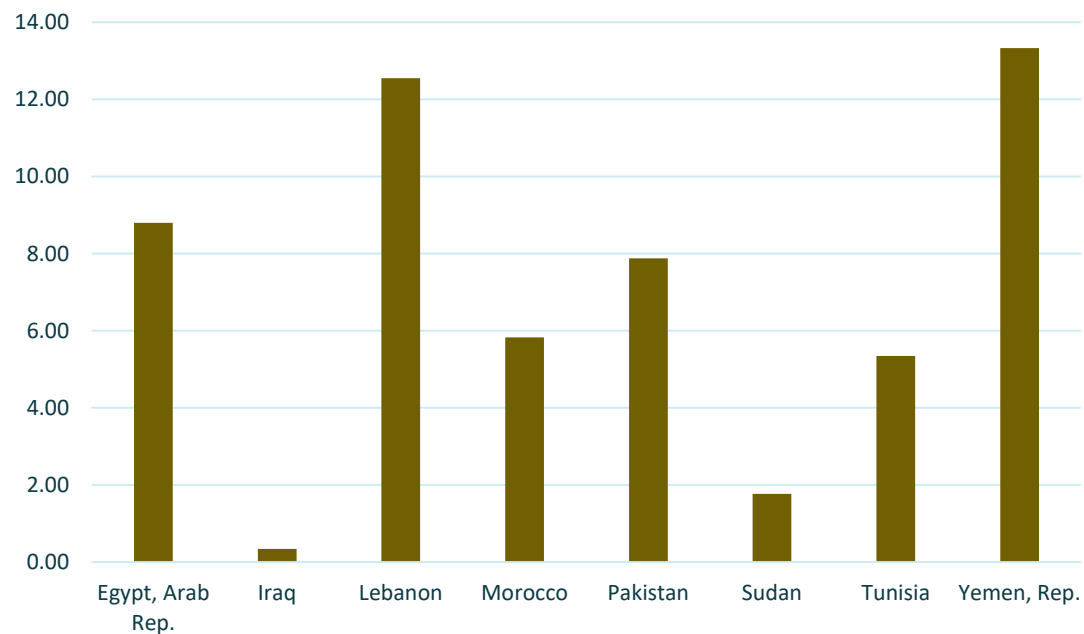
5

Engage the Diaspora and leverage the remittances. And for MENA (excluding High Income Countries)

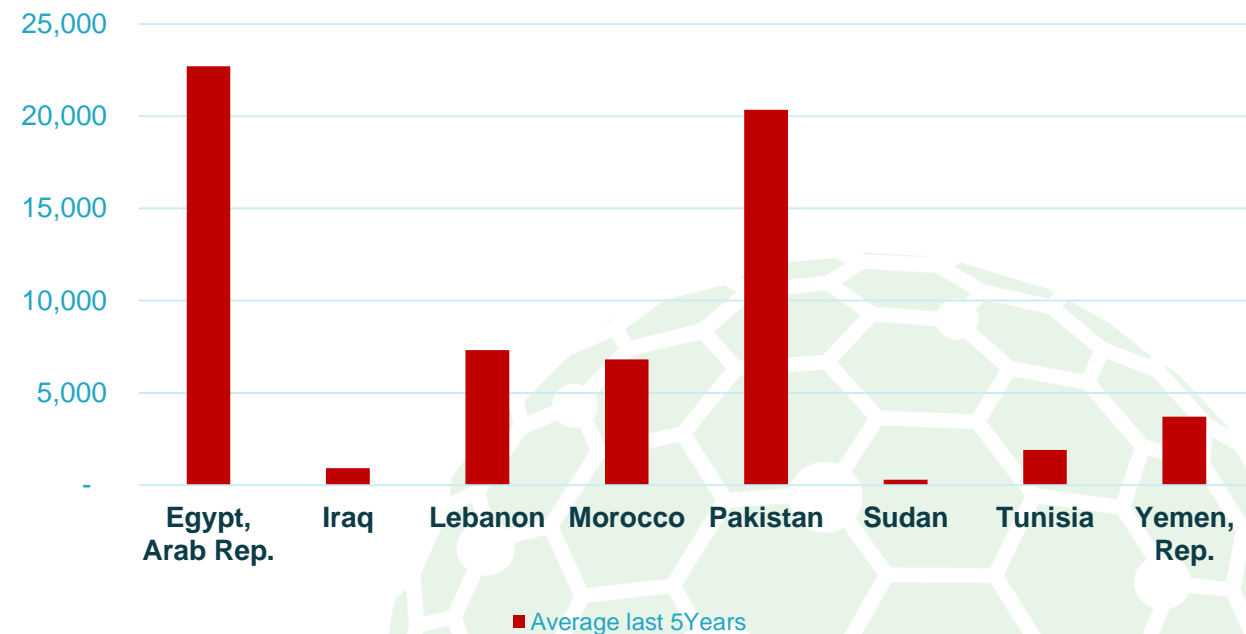


Remittances and their characteristics for selected MENA Countries

Remittances (/of GDP) in 2019 (%)



Averages in the last 5 years (US\$ M)



OUTLINE

1

What is the financing need for climate change in MENA?

2

What ELSE can we do?

3

Why do we think we can?

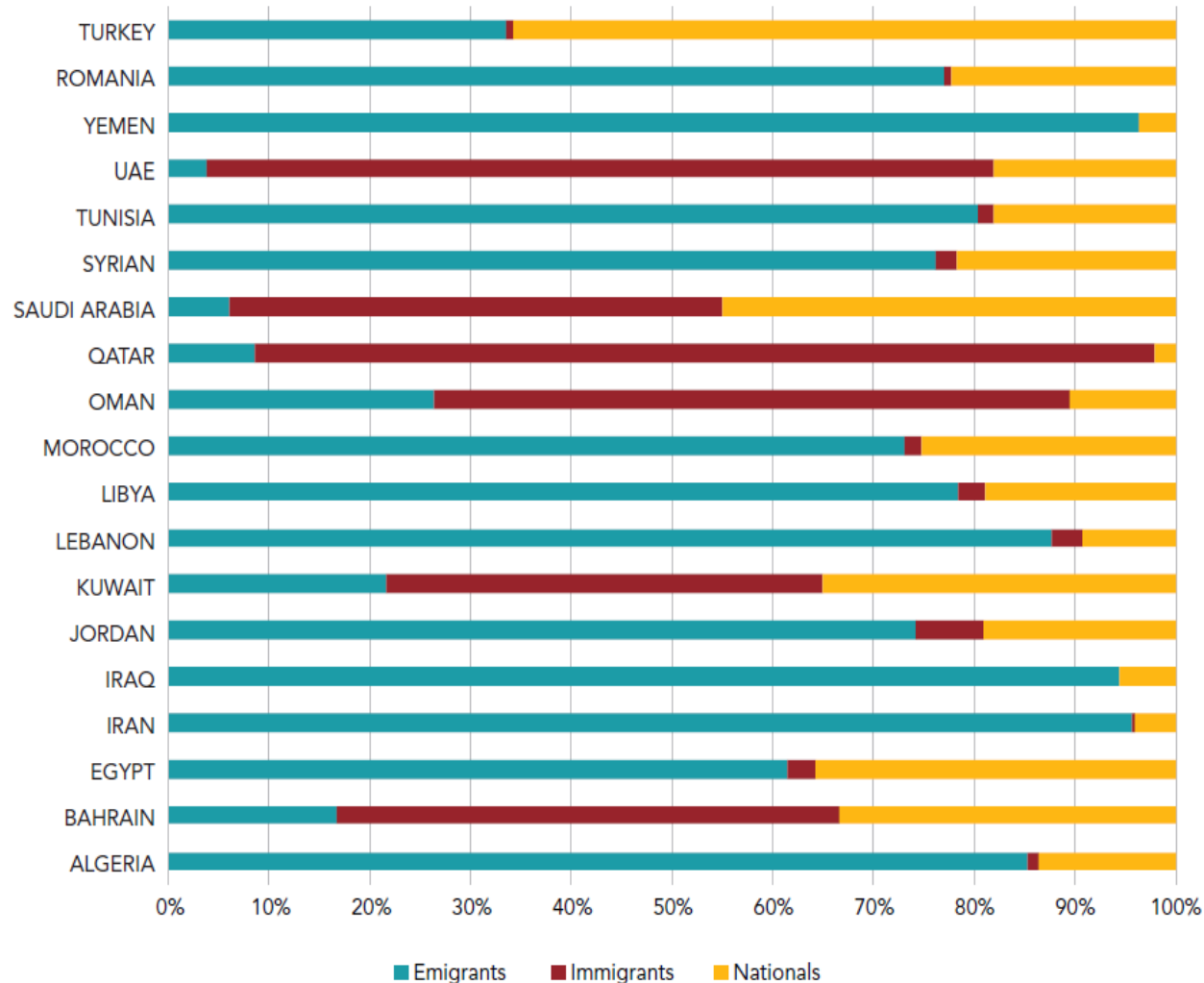
4

5

Conclusion

They told us so, Hence create Attraction Mechanisms to draw them

FIGURE 1D: Proportion of patents registered by emigrants, immigrants, and nationals



Mobilizing the Middle East and North Africa Diaspora for Economic Integration and Entrepreneurship

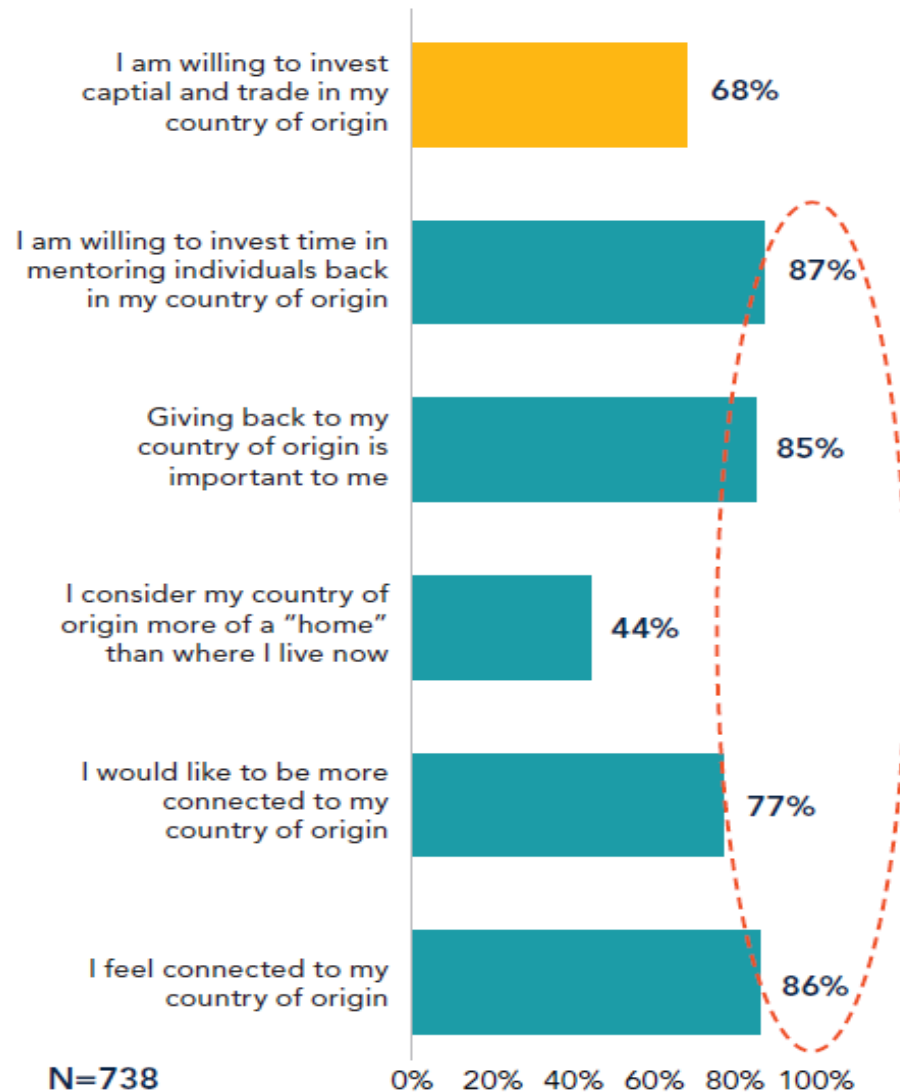
World Bank DECEMBER 2016

- Mariem Mezghenni Malouche
- Sonia Plaza
- Fanny Salsac

Algerian Emigrants registered 85% of their patents
 Egypt 62%
 Lebanon 88%
 Tunisia 80%
 Syria 75%

Source: Authors using World Intellectual Property Organization data

Do you agree with the following statements?

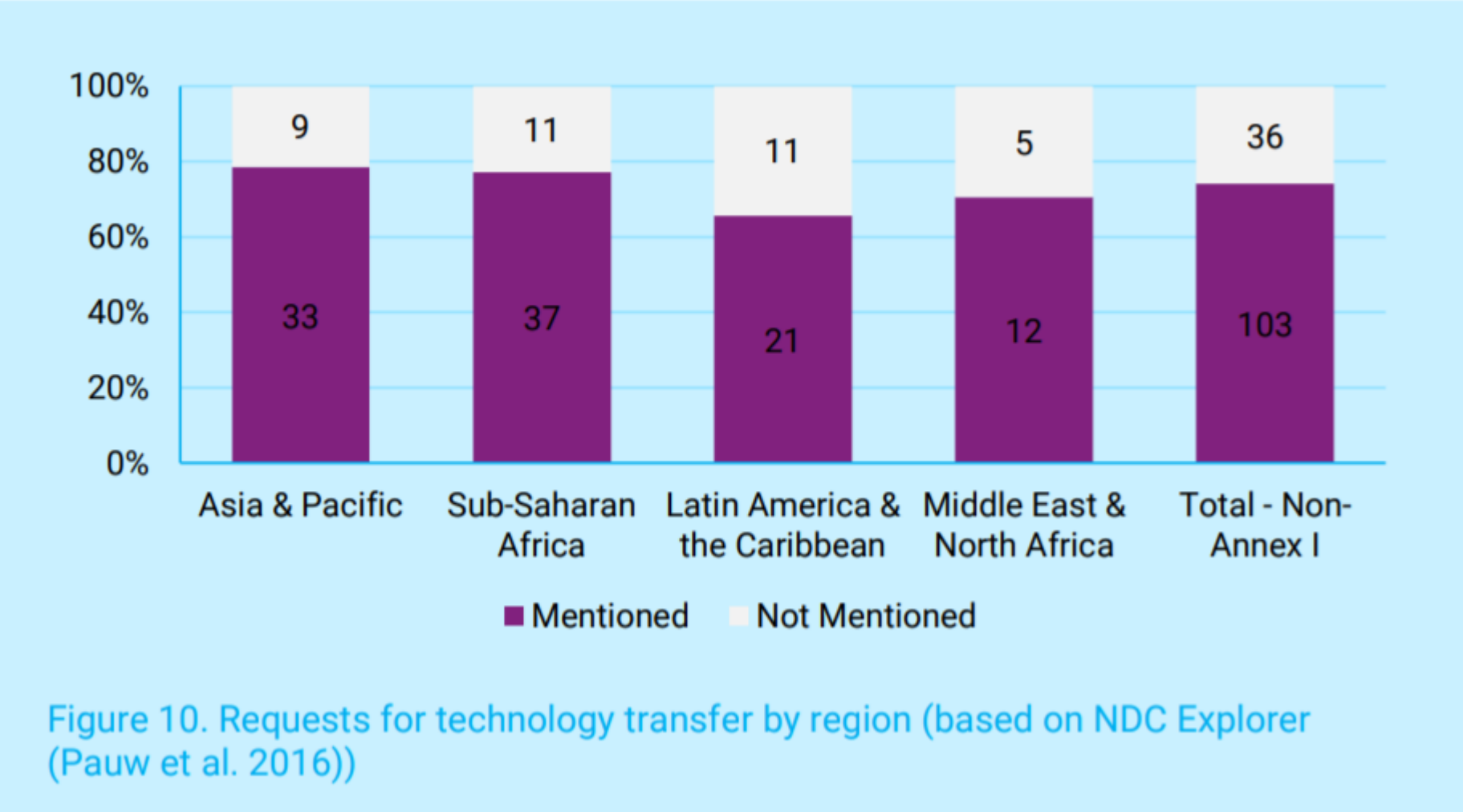


68% wants to invest capital and trade in their countries

87% of them wants to invest time in mentoring individuals back home

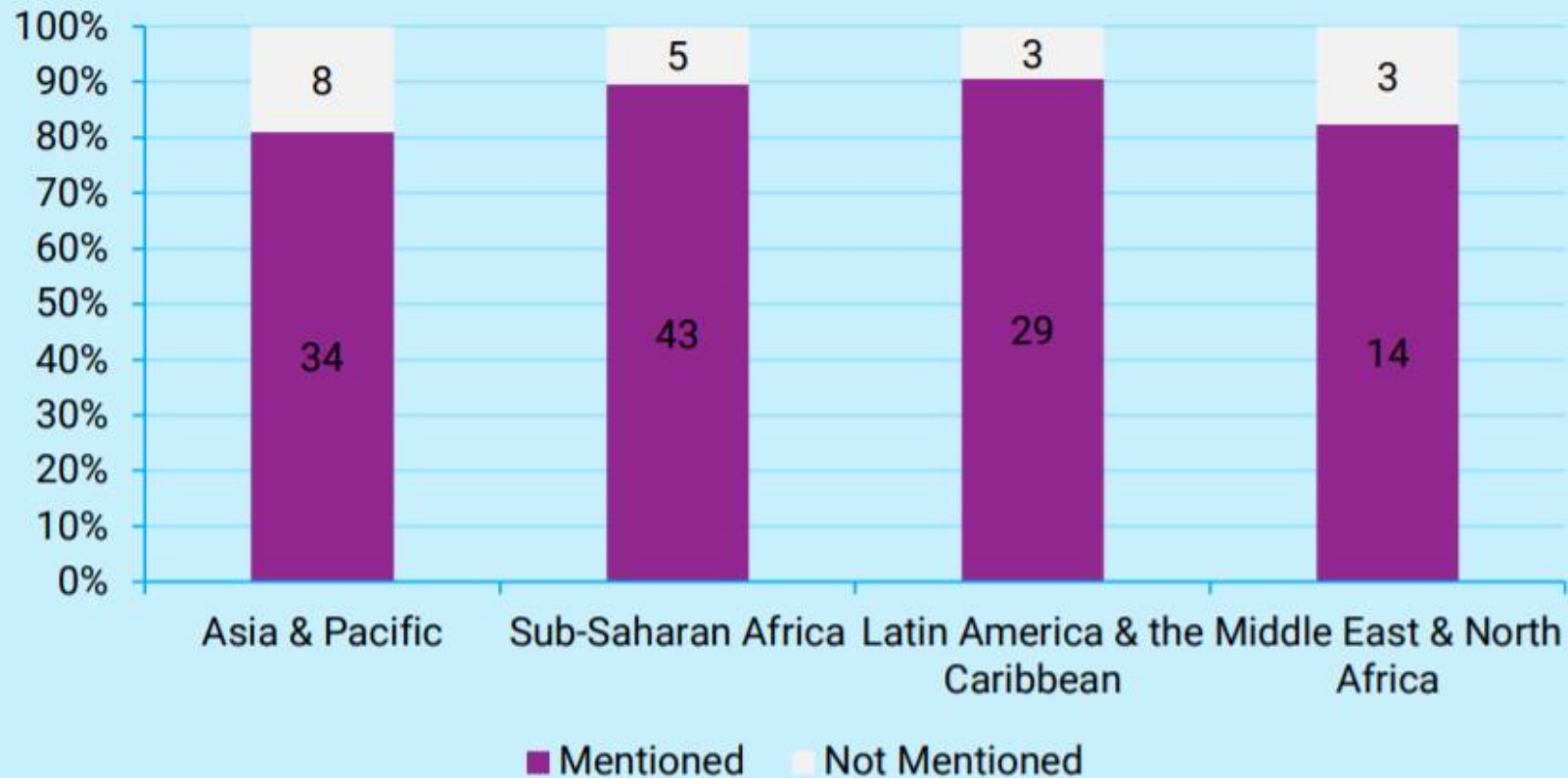
85% feel that giving back to their countries of origin is important to them..

And look at what the MENA countries are asking for in their NDCs



Technology Transfer –
103 out of 139
Requests

...74% of the requests
from MENA



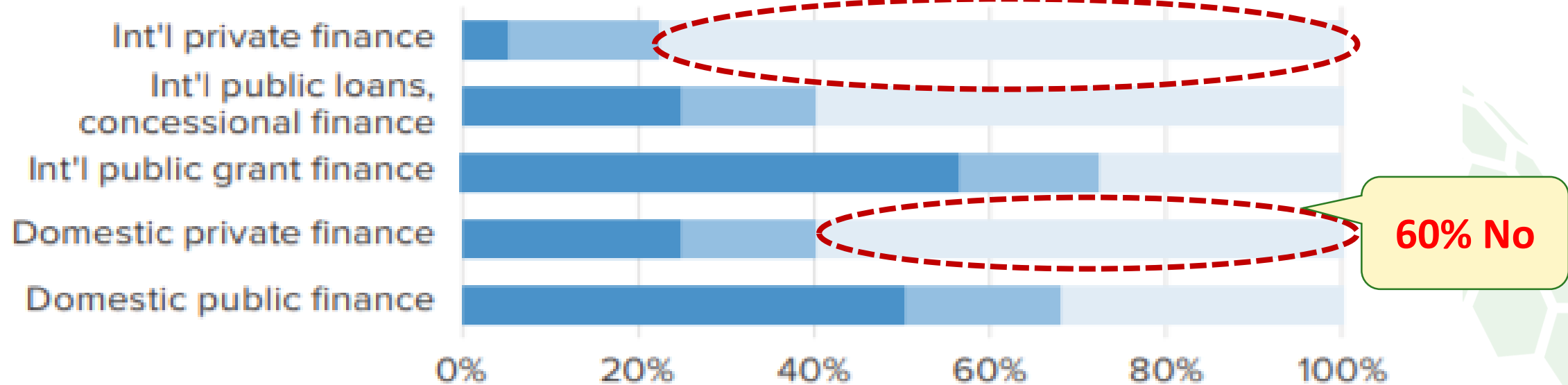
Capacity Building
– 14 out of 17
Requests

...82% of the
requests from
MENA

Figure 12. Capacity-building needs by region (based on NDC Explorer (Pauw et al. 2016))

Percentage of countries that have already mobilized finance to support NDC implementation, specified by type of source

● Yes ● Pipeline ● No



80% No

60% No

OUTLINE

1

What is the financing need for climate change in MENA?

2

What ELSE can we do?

3

Why do we think we can do this?

4

5

Conclusion

We should engage the Diaspora in Policy-Making Universe and get them to invest in

Mitigation

Greater use of Renewable Energy

Efficient Transport – **Electric buses**

Electrification of Industrial processes

Adaptation

More Efficient Infrastructure

Flexible and Diverse cultivation to be prepared for natural catastrophes

R@D into adaptation solutions

Given their willingness to support the home country through remittances.

Make them investors in climate friendly infrastructure areas as well

THANK YOU !



Introduction

MENA calls for the need for coherent policies and increased investments.

MENA countries have already developed their plans to operationalize their commitments should adequate financing, technology, among others be available.



WB Commitments to MENA (US\$ Billions)

	FY17	FY18	FY19	Cummulative FY17 to FY19
IBRD	4.9	5.9	4.9	15.7
IDA	1.0	0.4	0.6	2.1
Total	5.9	6.4	5.5	17.7

Source: The World Bank 2019 Annual Report

Total portfolio under implementation by 30 June 2019 is US\$ B 19.3

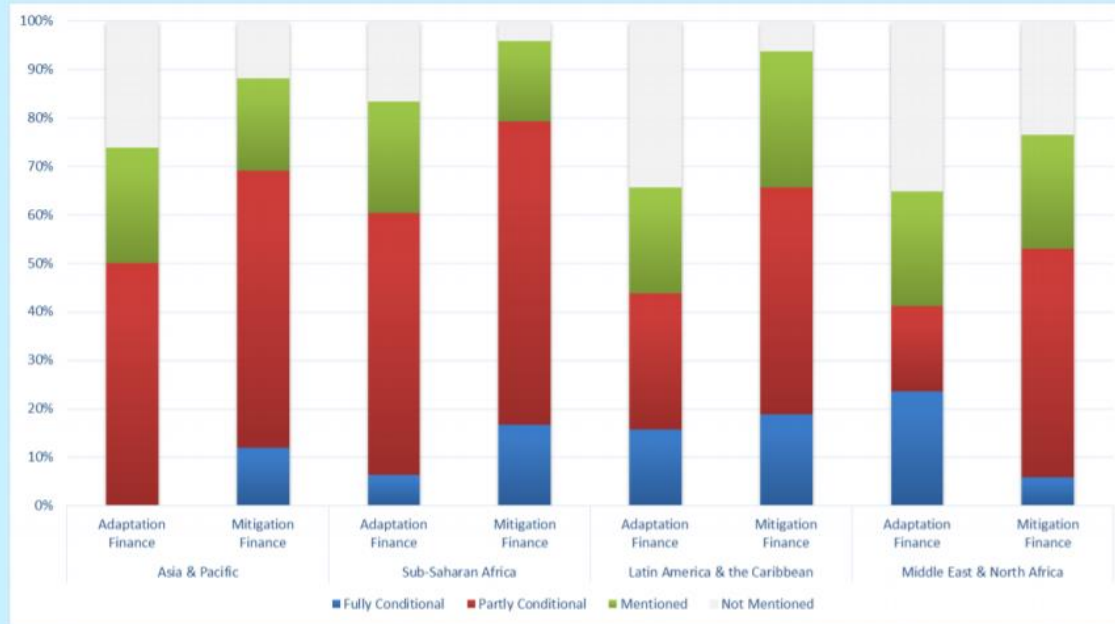
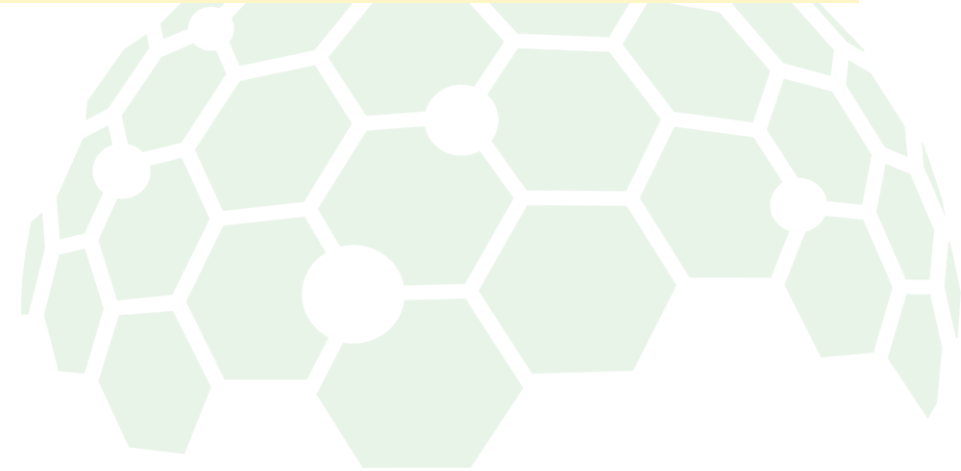
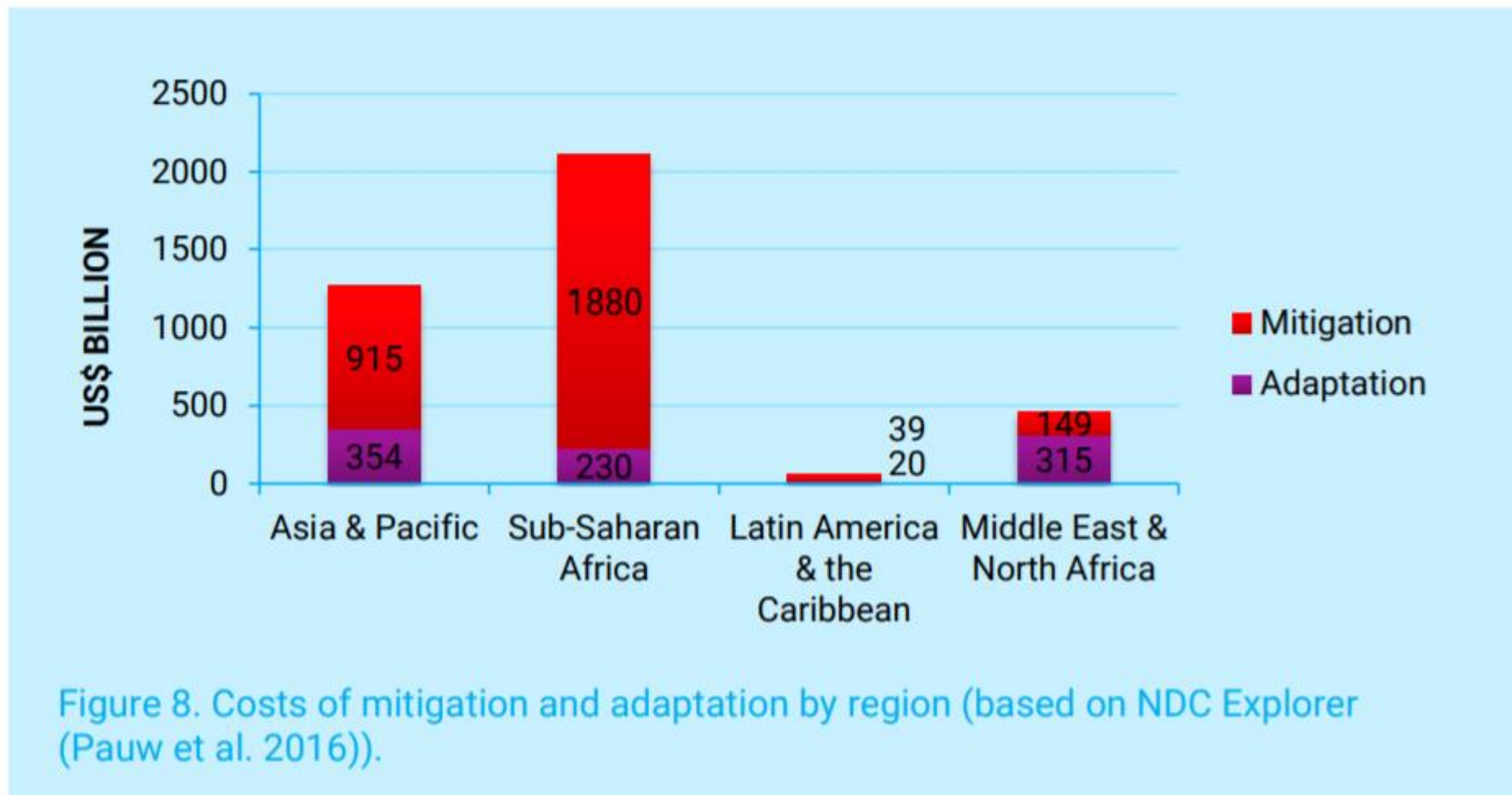
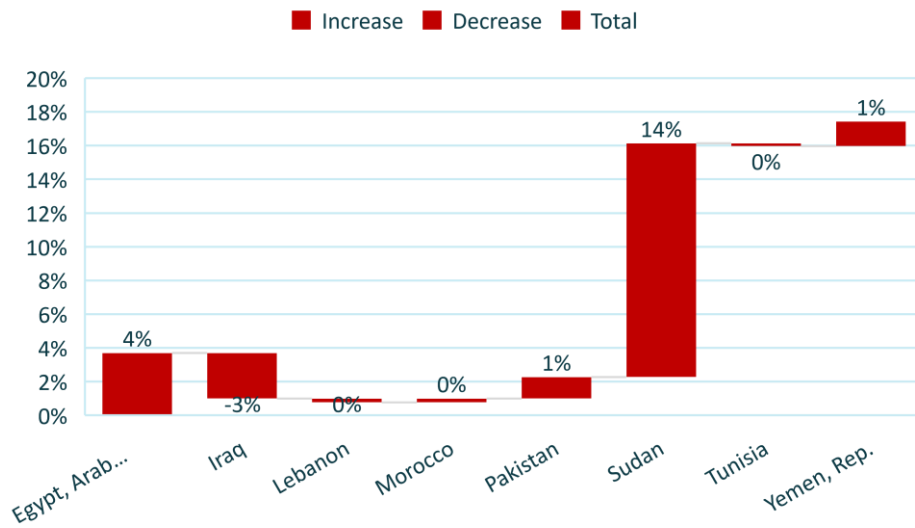


Figure 9. Requests for Mitigation and Adaptation Finance by region (based on NDC Explorer (Pauw et al. 2016))

What is the need for financing climate change in MENA?



Growth rates in last 5 years



Mobilizing the Middle East and North Africa Diaspora for Economic Integration and Entrepreneurship

World Bank DECEMBER 2016

- Mariem Mezghenni Malouche
- Sonia Plaza
- Fanny Salsac