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Economic and Social Commission for Western Asia

Session 7, Working Group 2 Report Back: **Climate Finance and Technology for Climate Mainstreaming**

Expert Group Meeting on Mainstreaming Climate Action into
National Development Planning in the Arab Region

Amman, 26 November 2019

Outcomes of Working Group 2: Climate Finance (1/3)

- Geopolitics is an important factor in accessing to finance: the State of Palestine, Sudan, Iraq, Yemen and Syria are not eligible to apply to climate funds. In these countries, support is limited to Emergency and humanitarian aid;
- The issue of small-scale versus large scale investments for climate action was discussed: Sometimes limited local absorptive capacity hinders the efficient use of large investments;
- In Sudan, for example government resources were only able to cover national reporting on climate change through mechanisms such as NAPs and NAMAs as well as National communication submitted to UNFCCC;
 - Sudan, highlighted two small-scale successful experiences which were financially feasible and were hence maintained over many years. Under these arrangements, private companies supported initial investments which were then recovered in installments from beneficiaries

Outcomes of Working Group 2: Climate Finance (2/3)

- In Tunisia, the need to support small scale projects at community level was recognized by the government (one aim was to address the energy poverty problem);
- In Tunisia, experience with “Prosol” was presented. Implemented since 2005, it aims through a “Win-Win” financial Mechanism to support consumers to purchase solar water heaters with minimal initial costs by providing investment subsidies, complemented with 5-years soft loans. National banks were involved in providing loans through the power Utility; which also administered collection of debts, allowing for a dramatic reduction in risks
- The various financing mechanisms in countries were listed and included: NAMA facilities, GCF, various arrangements involving foreign governments and international organizations in addition to private sector contributions. The experience with “revolving fund” was also discussed.

Outcomes of Working Group 2: Climate Finance (3/3)

- The challenge is not limited to finding adequate resources of funding but to formulate projects that are bankable. In the Arab region, there is a need to engage the various stakeholders to identify, design and implement viable projects;
- The concept and philosophy of national taxes was discussed, and the recommendation was to think about implementing specific re-allocation approaches to allow resources to be used to direct people behavior and development paths
- Implementation of climate actions: Need for more sustainable national-based resource mobilization as to allow effective and immediate implementation of climate related priorities and urgent measures:
- There are rooms for adapting/replicating successful experiences of various countries and developing “smart” mechanisms that at the same time mobilize resources and allocate them to promote climate-friendly technologies that serve immediate national priorities

Outcomes of Working Group 2: Climate Technology (1/2)

- Need for promoting researches and supporting research centers to adapt/develop climate-friendly technologies
- Need to promote climate-friendly indigenous technologies/practices
- Use of technology was differentiated from the **manufacturing** of technological solutions;
- The localization of technology starts by its application at the national level to generate demand and develop the market for its use;
- Following that, the private sector engages and leads the manufacturing process which also support localization of technology transferred;
- Challenges in scaling up use of technologies from pilot projects to large scale applications were identified by the private sector reluctance to engage in such project;
- Other barriers include the lack of sovereign guarantees for investments

Outcomes of Working Group 2: Climate Technology (2/2)

- Absence of price regulation of commodities in some countries is a big barrier facing efficient technologies implementation, e.g. energy efficiency (EE)/renewable energy (RE);
- Re-thinking the subsidy issues (*it diverts resources from national development priorities*) is needed to support the development of energy efficient technologies: need for strictly targeted subsidies, smooth implementation approaches, immediate coping mechanisms (such as providing incentives for EE/RE);
- Further efforts are needed for better regional integration to support complementarity in technical capacities among countries of the region;
- Unification/ homogenization of quality standards among neighboring countries is crucial.

Thank you

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