Union for the Mediterranean
Union pour la Méditerranée
الإتحاد من أجل المتوسط

CLIMATE FINANCE FLOWS IN THE SEMed REGION IN 2018

Report

December 2020

Union for the Mediterranean
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Authors

Alexandre Borde and Tania Righi

Definition

The countries included in this assessment are: Albania, Algeria, Bosnia & Herzegovina, Egypt, Israel, Jordan, Lebanon, Mauritania, Montenegro, Morocco, Palestine, Tunisia, and Turkey, as well as (to the extent possible) Libya and Syria. In the report, we refer to these countries in short as the 'study region' or more precisely 'Southern and Eastern Mediterranean region' ('SEMed region').

Legal notice

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List of abbreviations

AFD	***Agence Française de Développement***
AfDB	**African Development Bank**
AIIB	**Asian Infrastructure Investment Bank**
AMEE	***Agence Marocaine pour l'Efficacité Energétique***
AWB	**Attijariwafa Bank**
BCP	**Banque Centrale Populaire**
BRI	**Belt and Road Initiative**
CAMRE	**Council for Arab Ministers Responsible for Environment**
CCEG	**Climate Change Expert Group**
CDB	**China Development Bank**
CDP	**Carbon Disclosure Project**
CGIT	**China Global Investment Tracker**
CIF	**Climate Investment Funds**
CPI	**Climate Policy Initiative**
CTF	**Clean Technology Fund**
DAC	**Development Assistance Committee (OECD)**
EBRD	**European Bank for Reconstruction and Development**
EC	**European Commission**
EEHC	**Egyptian Electricity Holding Company**
EIB	**European Investment Bank**
ESG	**Environmental, Social, Governance**
ETS	**Emissions Trading Scheme**
EU	**European Union**
EPC	**Engineering, Procurement and Construction**
FDI	**Foreign Direct Investment**

GAM	**Greater Amman Municipality**
GCF	**Green Climate Fund**
GDP	**Gross Domestic Product**
GEF	**Global Environment Facility**
GGGI	**Global Green Growth Institute**
GRI	**Global Reporting Initiative**
Fac IMP/CC	**Facility for Regional Policy Dialogue on Integrated Maritime Policy Climate Change**
IBRD	**International Bank for Reconstruction and Development**
IEA	**International Energy Agency**
IFAD	**International Fund for Agricultural Development**
IFC	**International Finance Corporation**
IIGCC	**Institutional Investors Group on Climate Change**
IRESEN	***Institut de Recherche en Energie Solaire et Energies Nouvelles***
IsDB	**Islamic Development Bank**
ISES	**Integrated Sustainable Energy Strategy**
JEDCO	**Jordan Enterprise Development Corporation**
JEF	**Jordan Environment Fund**
JorSEFF	**Jordan Sustainable Energy Financing Facility**
JREEEF	**Jordan Renewable Energy and Energy Efficiency Fund**
LAS	**League of Arab States**
MAD	**Moroccan Dirham**
MASEN	**Moroccan Agency For sustainable Energy**
MDBs	**Multilateral Development Banks**
MENA	**Middle East & North Africa**
MRV	**Monitoring, Reporting, and Verification**
MorSEFF	**Morocco—Sustainable Energy Financing Facility**

NAMA	**Nationally Appropriate Mitigation Action**
NDC	**Nationally Determined Contributions**
NEF	**New Energy Finance (Bloomberg)**
MRP	**Market Readiness Proposal**
MRV	**Monitor, Report, Verify**
NDRC	**National Development and Reform Commission**
NESCO	**National Energy Services Company**
NERC	**National Energy Research Center**
NGOs	**Non-Governmental Organisations**
NHWMP	**National Household Waste Management Program**
NSP	**National Sanitation Program**
NSWRR	**National Strategy for Waste Reduction and Recovery**
ODA	**Official Development Assistance**
OECD	**Organisation for Economic Cooperation and Development**
OOPC	***Organismes de Placement Collectif en Capital***
PDO	**Project Development Objective**
PMR	**Partnership for Market Readiness**
PPP	**Public-Private Partnership**
RE	**Renewable Energy**
SASAC	**State-owned Assets Supervision and Administration Commission**
SCF	**Standing Committee on Finance**
SDGs	**Sustainable Development Goals**
SEDD	**State Secretariat in charge of Sustainable Development**
SEMed	**Southern and Eastern Mediterranean**
SIE	***Société d'Investissement Energétique***
UfM	**Union for the Mediterranean**
UNCTAD	**United Nations Conference on Trade and Development**

UNEP	**United Nations Environment Programme**
UNFCCC	**United Nations Framework Convention on Climate Change**
USD	**US Dollars**

Executive Summary

Developed countries have pledged to raise USD 100 billion per year by 2020 for global environmental climate action. Assisting developing countries by providing them with different types of funding is essential to helping them cope with the implications of climate change, especially in terms or vulnerability reduction and mitigation actions. During the COP25 in Madrid, concerns from developing countries related to current flows of finance, which they say is not yet high enough to meet a promised USD 100 bn per year by 2020, as well as the position of finance in the rulebook, where there are several points of dispute. Yet, developed countries do need to monitor, report, and verify (MRV) aid flows. So far, the extent to which developed countries have been providing sufficient assistance to developing countries remains unclear due to significant gaps in reporting and tracking. Negotiations and efforts have therefore been directed towards measuring, reporting, and verifying climate finance outflows from developed countries but little attention has been given to the experience of developing countries in tracking climate change-related flows.

This report is in continuity with previous annual reports published in July 2018[1] and in 2019[2] which focused on international public finance flows in the SEMed region in 2016 and 2017. It also is in line with the findings of other reports published by the Union for the Mediterranean, namely: Contribution to the Assessment and Overview of Climate Finance Flows[3], the National and Sub-national Climate Finance[4] report, and the report entitled Tracking and Enhancing International Private Climate Finance in the SEMed Region[5].

This report enables an analysis of international and regional climate finance flows in the Southern and Eastern Mediterranean countries. The SEMed region includes fifteen countries, namely: Albania, Algeria, Bosnia & Herzegovina, Egypt, Israel, Jordan, Lebanon, Mauritania, Montenegro, Morocco, Palestine, Tunisia, and Turkey, as well as Libya and Syria. This study provides, to the extent possible, a clearer overview on the SEMed countries' share of the USD 100 billion climate finance pledge under the UNFCCC.

From last year's report, a few additional sources of data have been collected, to complement public financial flows. Hence, it presents an extensive overview by adding financial flows from China and Arab countries, mainly through the Islamic Development Bank.

Commitments made by OECD countries

In terms of commitments made by OECD countries, the results of this updated report show that in 2018, USD 6.95 billion of climate finance were committed to the SEMed region by OECD contributors, comprising 9.7% of the USD 71.95 billion mobilized worldwide by OECD countries[6]. This represents a decrease of 16.5% from 2017, since USD 8.1 bn were committed in 2017. This can partly be explained by the absence of funding

[1] https://ufmsecretariat.org/wp-content/uploads/2018/12/UfM-Climate-Finance-Study-2018.pdf
[2] https://ufmsecretariat.org/wp-content/uploads/2019/12/ECA-Publication_Climate-Finance-Study.pdf
[3] https://unfccc.int/sites/default/files/resource/UfM-Contribution%20to%20Climate%20Finance.pdf
[4] https://ufmsecretariat.org/wp-content/uploads/2019/10/Executive-Summary-Report-UfM-FMDV-Morrocco-Jordan.pdf
[5] https://ufmsecretariat.org/wp-content/uploads/2019/09/Private-Climate-Finance-Tracking-and-enhancing-international-private-climate-finance-in-the-Southern-Mediterranean-Region.pdf
[6] These figures reflect both the DAC OECD and the AFD data. See section 2.1 for more information on the methodology.

from the GCF in 2018 (which committed USD 262 million in 2017), and the decrease in climate finance from the EBRD (which committed USD 640 million less in 2018 than in 2017). Also, at the global scale, total climate finance provided and mobilized by developed countries for developing countries reached USD 78.9 billion, up by 11% from USD 71.2 billion in 2017. This represents a slower growth rate than the 22% rise from 2016 (USD 58.6 billion) to 2017[7].

Development Banks contributed USD 4.055 billion (58%), particularly through loans with a total amount of USD 3.891 billion from the EBRD, EIB and the World Bank[8]. Bilateral climate-related ODA commitments amounted to USD 2.83 billion (41%), dominated by loans with a total amount of USD 1.36 billion from Germany, while climate related funds, particularly the IFAD and the GEF contributed USD 69 million (1%)[9].

Morocco, Turkey, and Egypt were the top-3 recipients of climate finance in the region, each with commitments of over 1 billion USD, altogether comprising 68% of total commitments (USD 4.322 billion out of USD 6.38 billion). The lowest commitments were identified for Algeria, Montenegro, and Syria (totaling USD 96 million).

The main sectors receiving finance were Power Generation from Renewable Energy (USD 972 million), Water Supply and Sanitation (USD 971 million), other unallocated/unspecified activities (USD 827 million).

Most of the funds went to mitigation activities (USD 4.915 billion), whilst adaptation activities received substantially fewer investments overall (USD 1.410 billion). Additionally, USD 1.344 billion were committed for activities with both adaptation and mitigation benefits, although the same activity could also be marked for either adaptation or mitigation individually.

This report also describes the trends in terms of climate commitments made to the SEMed region, especially between 2016 and 2018. There has been a 23% decrease in climate funding between 2016 and 2018. Over the last few years, MDBs have consistently been the most important type of donor in terms of financial commitments. Morocco, Turkey, Egypt, and Tunisia have consistently been the biggest recipients of commitments made by OECD countries. “Energy generation, Renewable Resources” and “Water Supply Sectors” have remained the two largest funded sectors these last three years. Additionally, loans have remained the most important financial instrument in the region. Moreover, the proportion of climate finance going to mitigation activities in the SEMed region has consistently been higher than the one going to adaptation activities (around three times higher each year). Lastly, public sector institutions were the main beneficiary for the years 2016, 2017 and 2018.

[7] http://www.oecd.org/environment/climate-finance-provided-and-mobilised-by-developed-countries-in-2013-18-f0773d55-en.htm

[8] These figures reflect both the DAC OECD and the AFD data. See section 2.1 for more information on the methodology.

[9] Ibidem

Commitments made by non-OECD members

Monitoring, reporting, and verification of climate finance is a challenging exercise, limited by a lack of standardised climate finance tracking methodologies, and inadequate transparency that is due to the confidentiality of project-level data, delays in the release of data and inconsistencies in publicly available project records. Estimating the amount of commitments made by non-OECD actors in 2018 to the SEMed region is therefore a challenging task. This report explores different initiatives launched by various actors such as China (in the context of the Belt and Road Initiative), Morocco, Jordan, Lebanon and the Islamic Development Bank.

1. Introduction

1.1 Context of the study

The UfM adopted in 2014 a Ministerial Declaration on Environment and Climate Change, where UfM Member States call for greater assistance and international cooperation with regards to finance, technology transfer and capacity building[10].

The Ministerial established the UfM CCEG to support the development of climate projects and initiatives, acting as a platform to enhance regional dialogues and to bring together climate initiatives, programmes, and stakeholders.

In addition, against the background of the Paris Agreement adopted by the Parties to the UNFCCC, the UfM Secretariat created the Regional Climate Finance Committee, with the aim to organize regular meetings and to facilitate information sharing among International Financial Institutions (IFIs) and donors active on climate finance and thereby ameliorate multi-stakeholders dialogue in the Southern and Eastern Mediterranean region (SEMed).

In light of the USD 100 billion pledged by developed countries by 2020 for climate action, the UfM Secretariat retained Particip GmbH to obtain an overview of climate finance committed to the SEMed region and enhance the accessibility of UfM SEMed countries to climate finance.

1.2 Scope of work and definitions

The lack of a formal definition of climate finance

The term “climate finance” does not have a single standardized definition. Instead, it is a broad and dynamic concept, which is difficult to define. This diverse concept is either discussed separately or integrated with related and overlapping concepts of green finance, sustainable finance, or low-carbon finance.

While there is no single definition, the United Nations Framework Convention on Climate Change (UNFCCC) Standing Committee on Finance (SCF) defines climate change finance as: “…finance that aims at reducing emissions, and enhancing sinks of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts”[11]. However, this definition has not been officially adopted by the Parties to the UNFCCC. This definition, which relates to the flow of funds to all activities, programmes or projects that support climate change related projects, is purposefully broad as various elements need to be considered, notably:

- the type of finance provided (development aid, private equity, loans, or concessional finance);
- the source of the finance (is it from public or private sources);

[10] https://ufmsecretariat.org/wp-content/uploads/2019/12/ECA-Publication_Climate-Finance-Study.pdf
[11] UNFCCC Standing Committee on Finance (2014) Biennial Assessment and Overview of Climate Finance Flows Report. https://unfccc.int/process/bodies/constituted-bodies/standing-committee-on-finance-scf

- where the finance flows from (developed countries to developing countries, within developed or developing nations, developing to developed nations or from other sources such as multilateral development banks);

- if this finance is over and above what would have been provided anyway ("new and additional"); and

- what is ultimately financed (direct or indirect climate change related actions, or compensation for damages)[12].

Regarding private investments, the lack of consistent definitions makes it difficult to estimate the global asset size of sustainability-aligned investment. For instance, the United Nations Conference on Trade and Development (UNCTAD) groups the variety of sustainable investments into two groups according to the ways and means of their contributions to sustainable development[13]:

- Sustainability-dedicated investment: investment funds targeting Environmental, Social, Governance (ESG) or Sustainable Development Goals (SDGs) related themes or sectors, such as clean energy, clean technology, sustainable agriculture and food security
- Responsible investment: general investment funds that behave responsibly in their investing strategies and operations, through due diligence such as negative/exclusionary screening, ESG integration, norms-based screening, best-in-class screening, and corporate engagement and shareholder actions. This type of investment is expected to be conducted in a sustainable-development-responsible manner, but not directly targeting ESG and SDG-related areas.

Finally, the Organisation for Economic Cooperation and Development (OECD) adopts the following definition: "Climate finance" is defined as finance mobilized for the explicit purpose of climate change adaptation (i.e., reduction of vulnerability) or mitigation (i.e., reduction of greenhouse gas emissions) on a project level (Rio-Markers)[14] or on an activity level basis (MDB Methodology) (OECD, n.d., IBRD et al. 2016)[15].

This definition, which is in line with the one of the United Nations Environment Programme (UNEP), acknowledges that financing, which may be drawn from public, private and alternative sources of financing, is critical to addressing climate change because large-scale investments are required to significantly reduce emissions, notably in sectors that emit large quantities of greenhouse gases. It also highlights that climate finance is equally important for adaptation, for which significant financial resources are similarly required to allow societies and economies to adapt to the adverse effects and reduce the impacts of climate change.

[12] http://www.lse.ac.uk/granthaminstitute/explainers/what-is-climate-finance-and-where-will-it-come-from/
[13] UNCTAD, World Investment Report 2020, https://unctad.org/en/PublicationsLibrary/wir2020_en.pdf
[14] Since 1998, the OECD DAC has set up the Rio markers system, consisting of policy markers to monitor and statistically report on the development finance flows targeting the themes of the Rio Conventions. Rio Markers are typically used by bilateral donors and funds. There are three possible values (or scores) for the Rio markers, indicating whether the Rio Convention themes are (0) not targeted, (1) a significant objective or (2) a principal objective of the action. The values are attributed according to the extent to which the themes are explicitly addressed at the level of problem analysis (context); objectives and results; and activities. Depending on the value attributed, fixed percentages of the overall budget are considered to be relevant for the respective themes. For instance, the EU has decided to use 0%, 40% and 100%, respectively.
[15] https://unfccc.int/sites/default/files/resource/UfM-Contribution%20to%20Climate%20Finance.pdf

The lack of consensus on the definition of the concept of climate finance is a serious obstacle to providing an accurate representation of climate finance flows in the SEMed region.

This report adopts the OECD's definition of climate finance.

Scope of work

This study focuses on the countries of Albania, Algeria, Bosnia & Herzegovina, Egypt, Israel, Jordan, Lebanon, Mauritania, Montenegro, Morocco, Palestine, Tunisia, Turkey, and to the extent possible, Libya and Syria. In the report, this region is referred to as the 'study region' or the Southern and Eastern Mediterranean ('SEMed') region.

The study tracks climate finance flows committed to the SEMed region in the calendar year 2018. This focus on commitments is in line with the scope of most current studies on international climate finance, including the Climate Policy Initiative's annual Global Climate Finance Landscape report[16], as well as the Joint Report on MDBs' Climate Finance[17]. This report describes and analyses the various flows of climate finance and their respective compositions from donors and donor institutions to recipient countries in the SEMed region.

[16] https://climatepolicyinitiative.org/wp-content/uploads/2019/11/2019-Global-Landscape-of-Climate-Finance.pdf
[17] Joint Report on Multilateral Development Banks' Climate Finance June 2019 https://reliefweb.int/sites/reliefweb.int/files/resources/2018_Joint_Report_on_Multilateral_Development_Banks_Climate_Finance_en_en.pdf

2. International climate funds committed by OECD countries

2.1 Methodology and process to collect climate finance data from OECD donors

The OECD statistics used in this report originate from the database on development assistance, to which the 30 members of the OECD Development Assistance Committee (DAC) submit data on an annual basis[18]. Their national contributions are tracked to a wide range of bilateral and multilateral institutions, including bilateral recipient governments, multilateral development institutions (such as the World Bank, EBRD, EIB, amongst others) and climate-dedicated funds and programmes (including the GEF, GCF, and World Bank CIF). With this, the OECD database provides a comprehensive and methodologically consistent approach for 30 countries worldwide.

Although not providing full worldwide coverage, the OECD DAC as the single largest source of climate finance information to date represents a useful source to ensure methodological consistency much higher than inventory approaches that combine a range of different sources. It provides exclusive coverage of bilateral contributions from donors such as Germany, Japan, and the World Bank, who do not release complete, publicly available information elsewhere.

The methodology underlying this report's section on commitments made by OECD countries relies on the OECD DAC's approach to tracking climate finance, which applies a combination of the Rio Marker Methodology and the MDB joint methodologies adopted by donor institutions worldwide[19] (see Annex for details).

The database of the OECD Development Assistance Committee (DAC) currently offers the most comprehensive collection of publicly available, project-level climate finance data. The information in this database is supplied by multilateral and bilateral donors themselves and has been verified[20].

The OECD database considers public climate finance flows (in USD) committed by bilateral donors (i.e., ODA for climate activities), multilateral donors (mainly Multilateral Development Banks), as well as funds that finance climate change mitigation or adaptation activities.

• Bilateral donors (i.e., ODA for climate activities)

Bilateral or ODA flows are contributions with a development purpose, which are committed directly by bilateral (national) donors to a recipient country. Funds are allocated by national governments and typically extended by national development agencies. ODA flows are earmarked for specific environmental purposes using the Rio Marker approach, such as (inter

[18] http://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/climate-change.htm
[19] http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/METHODOLOGICAL_NOTE.pdf

[20] It is nonetheless worth noting that the OECD DAC database used for the elaboration of this report is often updated by the OECD. Therefore, the analysis of section 1 "International climate funds committed by OECD countries" is based on the latest reporting received from OECD countries at the time of the elaboration of the report. UfMS contacted different organisations in order to clarify the exact amounts they committed to the SEMed region in 2018 in terms of climate finance. AFD communicated a dataset to UfMS presenting information on AFD funded projects in the SEMed region in 2018, which was not yet included in the OECD DAC database. This information can be found in Annex 2 of this report.

alia) climate change mitigation or adaptation, or biodiversity conservation. Multilateral flows are defined by contributions that originate from bilateral donors too but are pooled in multilateral agencies before being extended to recipient countries.

• Multilateral donors (mainly Multilateral Development Banks)

Multilateral contributions are typically integrated into a recipient institution's financial assets. In this report, multilateral flows are predominantly from multilateral development banks, including the EIB, EBRD and World Bank.

• Funds that finance climate change mitigation or adaptation activities

Funding that is earmarked for the purpose of climate finance through specific programmes or funds is presented separately from multilateral and bilateral flows. This includes major climate funds such as the Green Climate Fund (GCF) and the World Bank Climate Investment Funds (CIF), but also climate finance from broader environmental funds and/or specific climate finance windows (e.g. the Global Environment Facility, GEF, or the International Fund for Agricultural Development, IFAD).

More detailed descriptions regarding the scope of this report can be found in the Annex, including the categorisation and definitions of financial instruments, beneficiaries, and major areas of intervention.

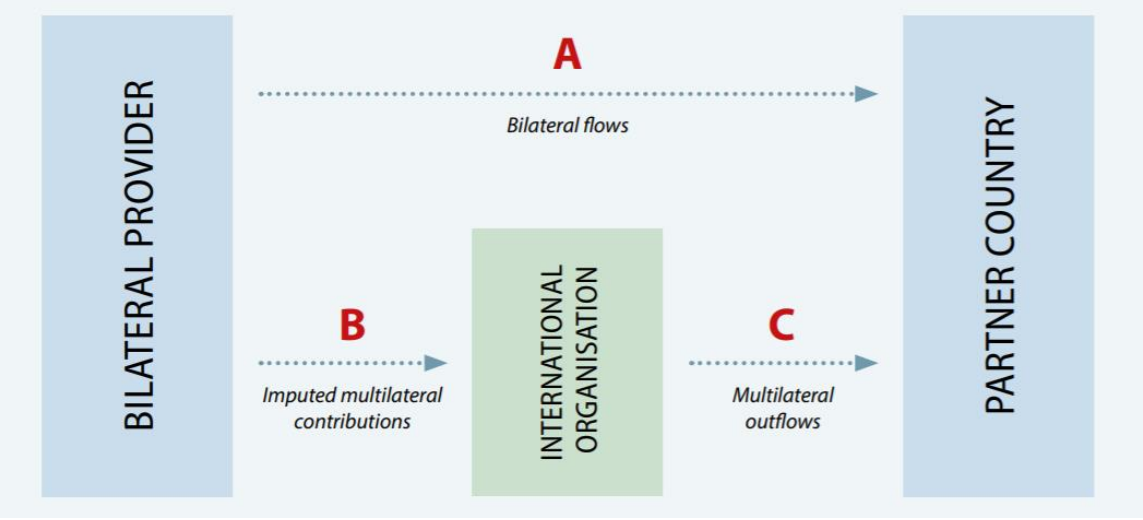


Fig 1. Types of flows collected in DAC Statistics[21]
Source: OECD, Climate Related Development Data in 2018

[21] https://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/Climate-related-development-finance-in-2018.pdf

The recipient perspective captures development finance committed [22] or disbursed to developing countries from both bilateral and multilateral providers (A+C in the figure above). The bilateral provider perspective is a measure of bilateral providers' effort in climate- related development finance, comprising their bilateral contributions as well as their estimated (imputed) contributions to international organisations (A+B in the figure above).

Beside the OECD DAC database, this section of the report also makes use of data communicated by AFD to the UfMS. Indeed, as further explained in Annex 2, at the time of the elaboration of this report, consistently with the latest reporting received from France by the OECD, the OECD DAC database did not include every project funded by AFD in the SEMed region in 2018. This report, by including the data communicated by AFD, therefore presents a more accurate overview of climate finance flows originating from OECD countries in 2018. However, the listing methodologies of the OECD DAC dataset and the AFD dataset diverge greatly (in terms of currency used, categorization of sectors etc.) thus making the merge of the two datasets challenging. **Therefore, when the figures also account for the AFD's data, a footnote explicitly mentions it.**

2.2 Overview

Climate Finance aggregate and flows

Climate finance commitments to the SEMed region amounted to USD 6.95 billion[23] in 2018, around USD 1.1 billion less than in 2017 (USD 8.1 bn). This can mostly be explained by the decrease in commitments made by multilateral development banks (the four biggest multilateral donors committed USD 0.496 bn less in 2018 to the SEMed region than in 2017). Additionally, the decrease can also be explained by the lower commitments made by climate funds to the region in 2018: the three biggest donors committed USD 0.306 bn less than in 2017.

Also, at the global scale, total climate finance provided and mobilized by developed countries for developing countries reached USD 78.9 billion, up by 11% from USD 71.2 billion in 2017. This represents a slower growth rate than the 22% rise from 2016 (USD 58.6 billion) to 2017[24].

[22] A commitment is a firm written obligation by a government or official agency, backed by the appropriation or availability of the necessary funds, to provide resources of a specified amount under specified financial terms and conditions and for specified purposes for the benefit of a recipient country or a multilateral agency (OECD, 2018).
[23] AFD data included
[24] http://www.oecd.org/environment/climate-finance-provided-and-mobilised-by-developed-countries-in-2013-18-f0773d55-en.htm

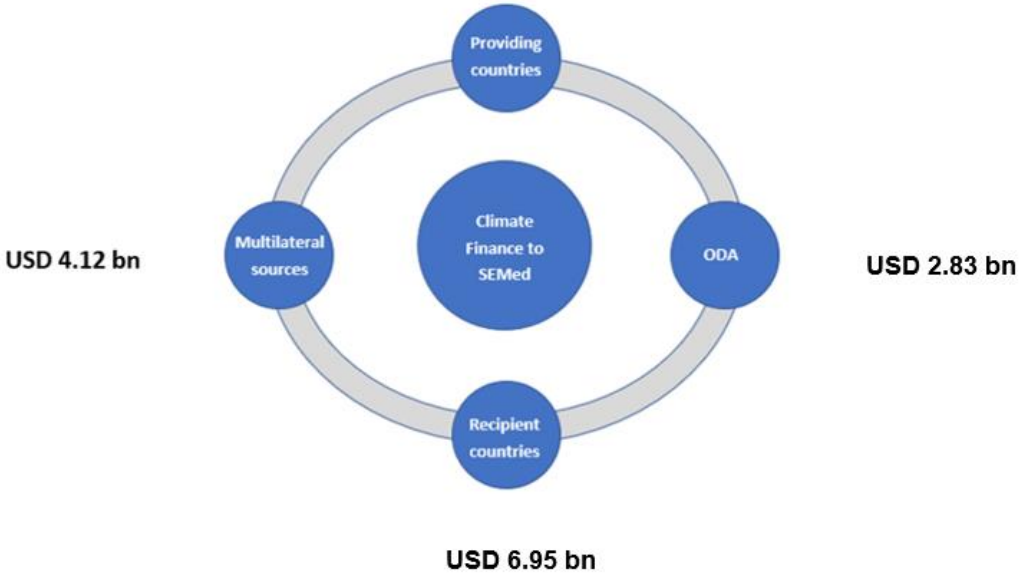


Fig 2. Total climate finance commitments to the SEMed region, 2018, USD billion (bn)[25]

In 2018, as shown on figure 2, while multilateral sources (MDBs and climate funds) committed USD 4.12 bn to the SEMed region, ODA flows amounted to USD 2.83 bn[26].

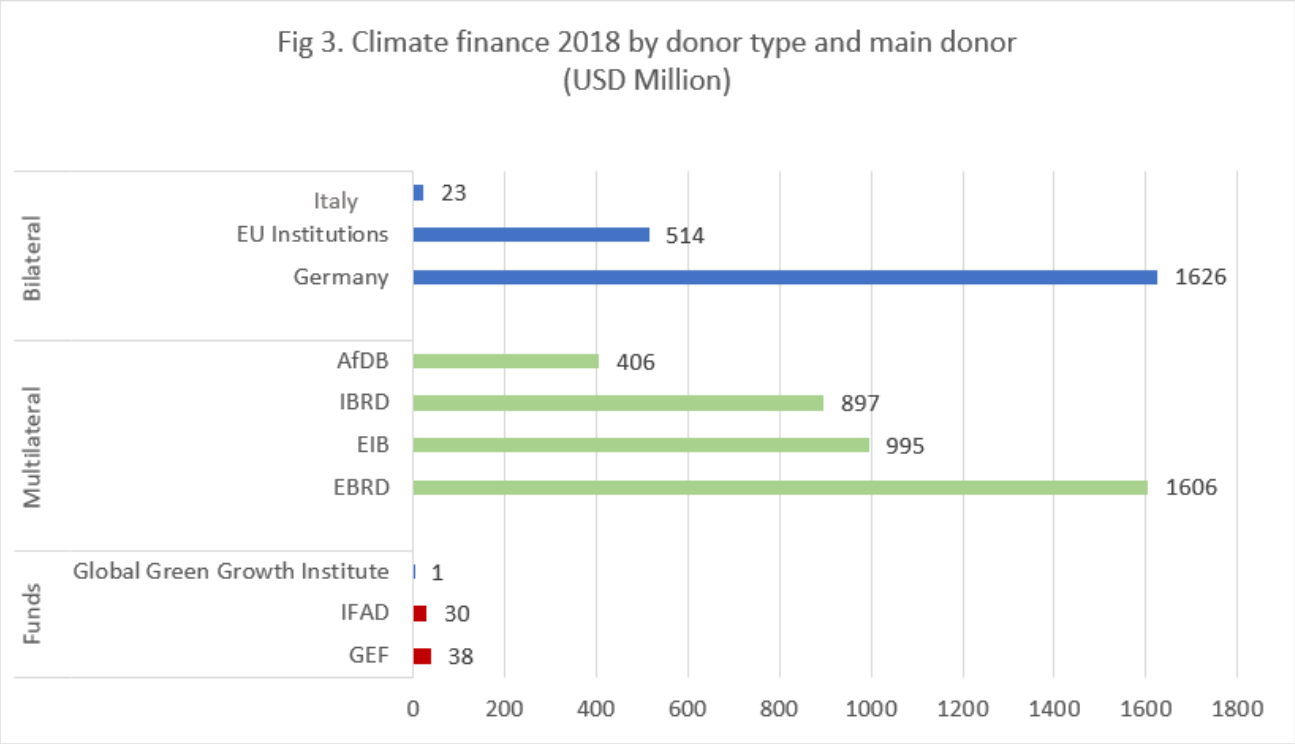
Climate Finance by major donors

Bilateral finance comprised 41% (USD 2.83 billion)[27] of the overall amount committed to the SEMed region in 2018. Major bilateral donors include Germany, France, and the EU institutions (Figure 3). Germany committed USD 1.6 billion, mainly for activities in Energy generation (renewable sources), Water supply and Energy distribution. Germany is followed by EU institutions, which essentially targeted the Water Supply and Sanitation, Government and Civil Society, Population Policies/Programmes and Reproductive Health sectors (USD 514 million in total).

MDBs accounted for 4.055 billion (58%) of total commitments in 2018, thus being the single-largest finance source for the region. The EBRD dominated with USD 1.606 billion. The EIB and WB (IBRD) provided USD 995 and USD 897 million, respectively. Whereas the EIB invested mainly in the Transport and Storage sector and Banking and Financial services, the EBRD focused on Water Supply and Sanitation, Other Social Infrastructure and Services and Energy distribution.

Multilateral climate funds provided the smallest share of overall climate finance to the SEMed region, with USD 69 million USD (1%). By far the most active fund was the GEF, which provided USD 38 million, followed by the IFAD (USD 30 million).

[25] AFD data included
[26] Ibidem
[27] Ibidem – With the AFD data is also considered, France would become the second biggest donor after Germany, with EUR 669 million (USD 567 million, using the 2018 annual average exchange rate).



Finance by recipient country

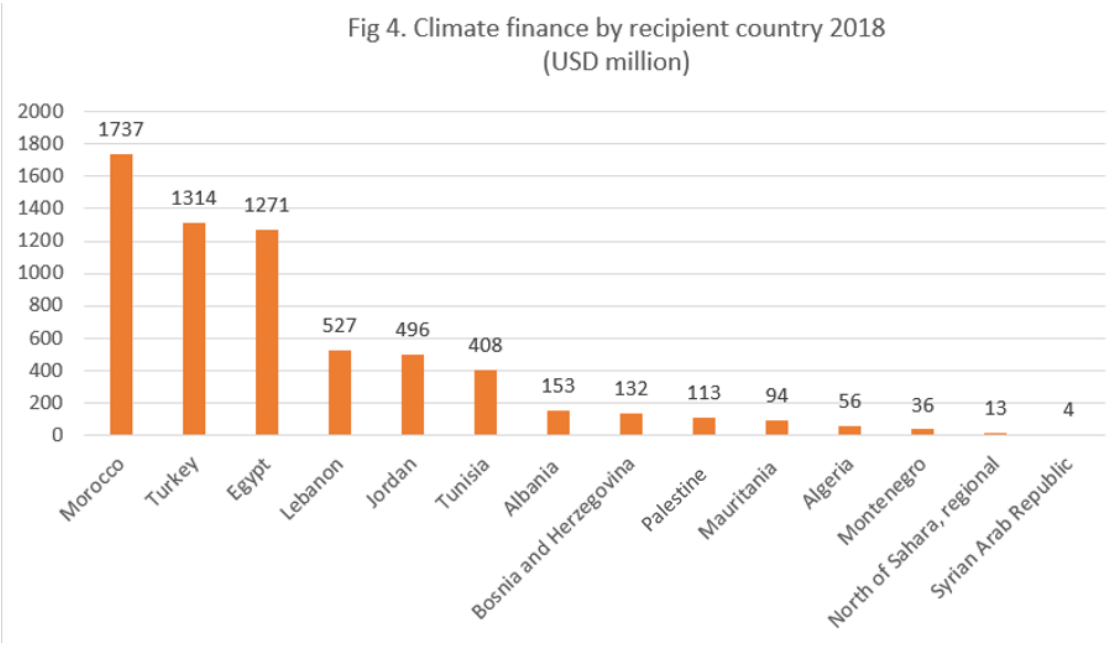
Primary recipients: Morocco, Turkey, and Egypt

The main recipient countries in 2018 were Morocco, Turkey, and Egypt, which together comprised USD 4.3 billion, or 56% of total commitments.

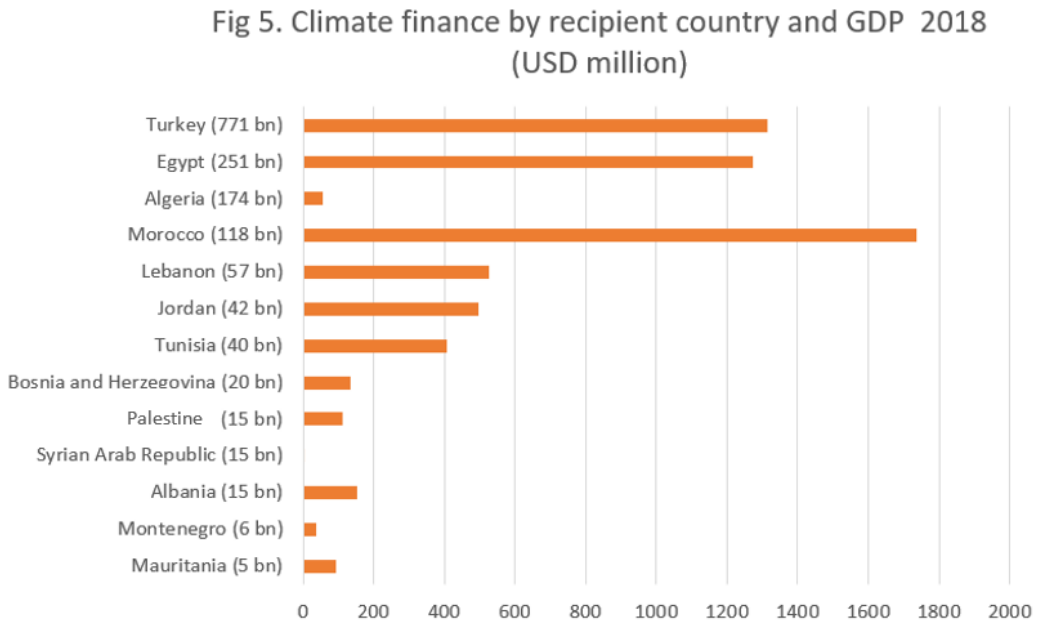
While Morocco saw big increase in commitments (from USD 990 million in 2017 to USD 1.7 billion in 2018), Turkey saw a slight decrease in commitments (from USD 1.827 billion in 2017 to USD 1.314 billion in 2018). Egypt's commitments decreased by 51% between 2017 and 2018 (from USD 2.585 billion to USD 1.271 billion in 2018).

In 2018, Morocco alone comprised 23% of total funding commitments in the SEMed region, and Turkey comprised 17%. The role of Turkey as second largest recipient of climate finance flows is ambiguous, because Turkey has signed the Paris Agreement as a developed country, which by default makes them a donor country rather than an eligible recipient of financial climate support under the UNFCCC. Despite the fact climate finance flows to Turkey are officially reported by the provider institutions in the DAC database, these flows should not be counted towards the USD 100 billion pledge.

The figure below represents the commitments made to the different recipient countries of the region in 2018. As per the OECD's statistical reporting directives, "North of Sahara" corresponds to the region comprised of Algeria, Egypt, Libya, Morocco, and Tunisia.



Illustrating climate finance per country in relation to the Gross Domestic Product (GDP) and the population size (finance per capita) can provide additional insights. Fig.5 depicts recipient countries sorted by the national GDP. Each country's GDP is presented between parentheses on the left axes. Whereas Algeria, despite a relatively high GDP, does not attract high amounts of climate finance, it can be noted that some leading recipient countries, such as Egypt, Turkey, and Morocco, are economically very strong. Fig. 6 displays each country's share of total commitments made to the region in 2018, as well as each country's share of the region's total GDP, therefore enabling a better understanding of the relation between climate finance and GDP.



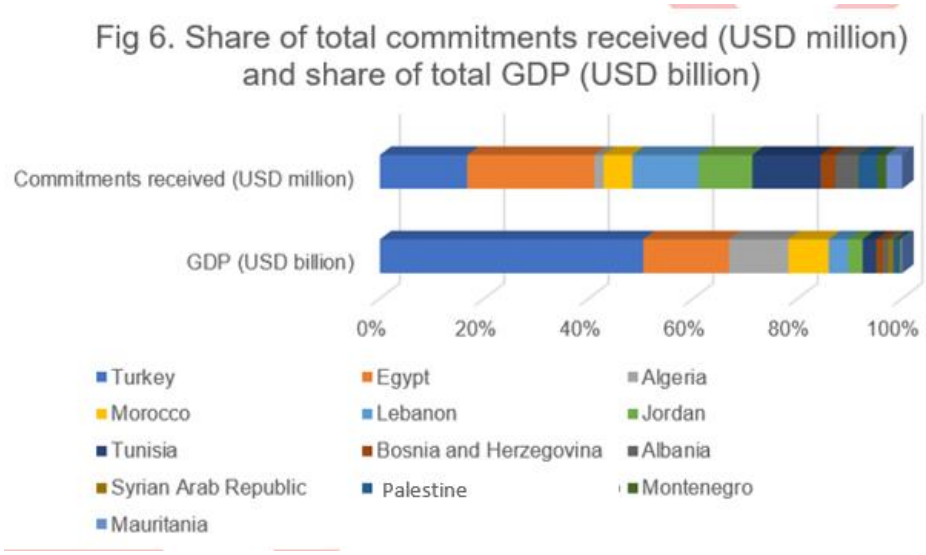
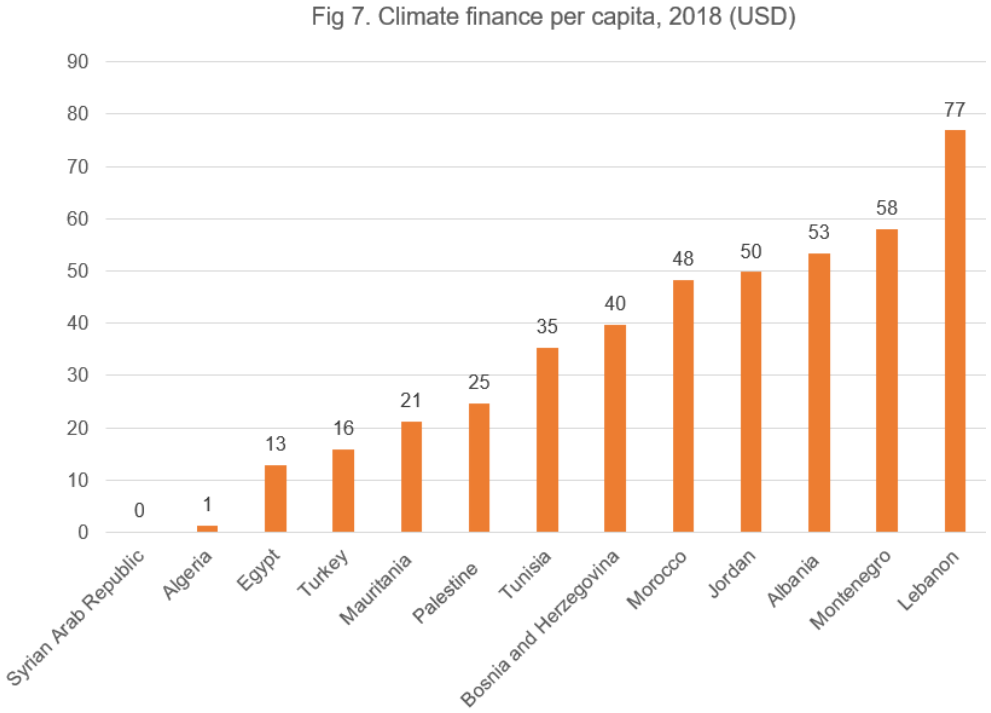


Fig.7 illustrates climate finance per capita, with Lebanon and Montenegro (because of their small population) leading the ranking. Other countries with high climate finance per-capita include Albania, Jordan, Morocco, and Bosnia- Herzegovina.



Similarly to 2016 and 2017, enabling conditions for attracting high amounts of climate finance to Morocco, Turkey and Egypt include their relatively large population size and economic strength in the region, but also historically strong strategic ties to the European Union.

Climate finance to Morocco was mainly dedicated to Agriculture, whereas Turkey saw commitments for Banking and Financial Services. Egypt received a major part of finance for various sectors and unspecified purpose, and Lebanon saw commitments mostly for Transport

and Storage purposes. An overview is provided in Table 1 below, for more details see Table A3 in the Annex.

Table 1: Key sectors funded in the four main recipient countries; in USD million: Total funding (bold); sectoral funding

Recipient and main sectors	USD million
Morocco	**1 737**
Agriculture	832
Unallocated / Unspecified	507
General Environment Protection	176
Turkey	**1 314**
Banking and Financial Services	368
Agriculture	200
Transport and Storage	187
Egypt	**1 271**
Other Multisector	408
Unallocated / Unspecified	231
Water Supply and Sanitation	165
Lebanon	**527**
Transport and Storage	231
Banking and Financial Services	113
Water Supply and Sanitation	82

According to the OECD's statistical reporting directives, the sectors of destination of a contribution is selected by answering the question "which specific area of the recipient's economic or social structure is the transfer intended to foster". If some category names are self-explanatory, others require more defining[28]. For instance, the category Banking and Financial Services includes contributions going to financial policy and administrative management, central banks, financial intermediaries, remittance facilitation, promotion and optimization, as well as education/training in banking and financial services. The category Other Multisector includes contributions going to multisector aid, urban development and management, rural development, non-agricultural alternative development, multisector education/training (including scholarships), as well as research/scientific institutions (when the sector cannot be identified). According to the OECD's definition of each sector, the category

[28] For more information, see (Annex 12. Classification by sector of destination and purpose codes, p.94)

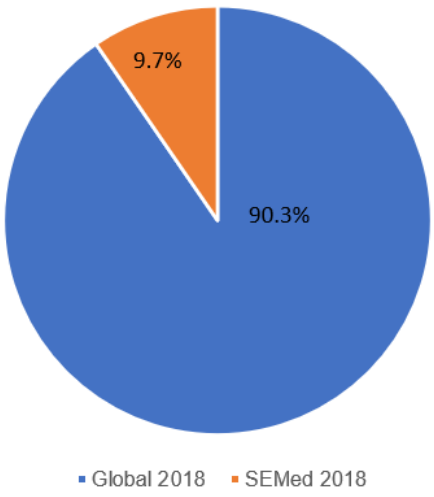
Unallocated/Unspecified corresponds to sectors not specified (contributions to general development of the recipient should be included under programme assistance), and the promotion of development awareness (Spending in donor country for heightened awareness/interest in development co-operation, by using brochures, lectures, special research projects, etc.).

Financial commitments made to SEMed countries VS commitments made globally by OECD members

Commitments to the SEMed region reached USD 6.95 billion[29] in 2018, corresponding to 9.7% of global climate finance flows. This represents a decrease in the proportion of commitments going to the SEMed region from 2017, as the region received 12% of the global total climate finance flows reported to the OECD annually in 2017.

The total amount of international public climate finance committed globally towards the USD 100 billion pledge by the OECD DAC members was USD 71.95 billion in 2018.

Fig 8. Climate Finance 2018: SEMed VS Global total



2.3 Composition

Funding by sector and activities

The areas of intervention, or sub-sectors, receiving most funding for climate adaptation and mitigation are shown in Figure 9. For more detail on the OECD sector categories, see Table A2 in the Annex.

[29] AFD data included

Primary sectors and sub-sectors receiving climate finance

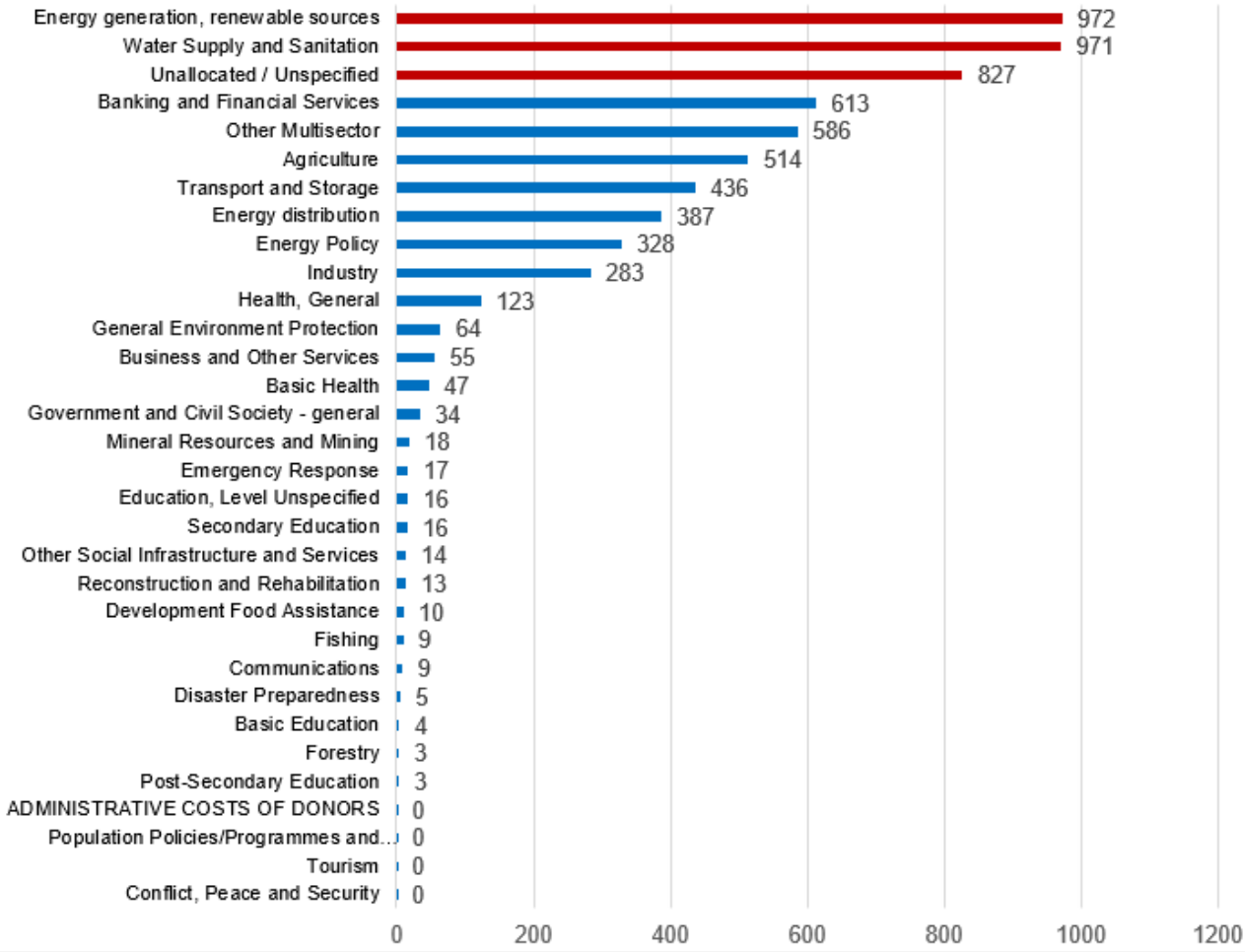
The sector receiving most finance in 2018 was Renewable Energy Generation, with approximately USD 972 million (15% of total commitments). The two main sub sectors were Energy generation and Renewable sources - multiple technologies, mainly financed by Germany and the EBRD.

The second largest funding category was Water and Supply Sanitation, with USD 971 million (15% of total commitments), concentrated on the activities from the following sub-sectors: Water Sector Policy and Administrative Management and Water Supply - large systems, primarily receiving finance from Germany and EU institutions.

Unallocated and Unspecified was the third most financed sector with USD 827 million (13% of total commitments) provided by EIB and EBRD. Most of this funding was for the Promotion of development awareness and sectors non specified.

Banking and Financial Services ranked fourth in this list, with USD 613 million overall.

Fig 9. Climate finance by sector, 2018
(USD million)



A few sectors, such a Population Policies including Programs and Reproductive Health, as well as Tourism, Conflict, Peace and Security, received zero funding. The above figure already indicates the strong focus on mitigation activities, just as in 2017 (see 'purpose of funding' below).

Table 2 below provides an overview of the three main funding areas by the two largest donors from each category (bilateral, multilateral and funds).

Table 2: Main funding areas by the largest donors (USD million, 2018)

Main donors	CF 2018 (USD million)	% of total commitments per donor
Germany	**1 626**	86
II.3.b. Energy generation, renewable sources	740	
I.4. Water Supply and Sanitation	577	
II.3.f. Energy distribution	83	
EBRD	**1 606**	16
I.4. Water Supply and Sanitation	144	
I.6. Other Social Infrastructure and Services	110	
II.3.f. Energy distribution	7	
EIB	**995**	20
II.1. Transport and Storage	177	
II.4. Banking and Financial Services	18	
III.2.a. Industry	1	
IBRD	**898**	2
I.1.a. Education, Level Unspecified	15	
I.1.b. Basic Education	4	
I.1.c. Secondary Education	4	
EU Institutions (European Commission & European Development Fund)	**568**	29
I.4. Water Supply and Sanitation	151	
I.5.a. Government and Civil Society - general	12	
I.3. Population Policies/Programmes and Reproductive Health	0	

African Development Bank	**419**	58
III.1.a. Agriculture	169	
I.4. Water Supply and Sanitation	60	
II.1. Transport and Storage	12	

Financial instruments

As shown on figure 10 below, most climate finance to the SEMed region in 2018 was provided through debt instruments (i.e., loans, comprising 83% of the total – USD 5.275 billion), while grants comprised 15% (USD 941 million), and the remaining 3% consisted of equity (UDS 164 million). Figure 10 presents financial instruments by recipient country, and Figure 10 shows the use of these instruments by funding sources.

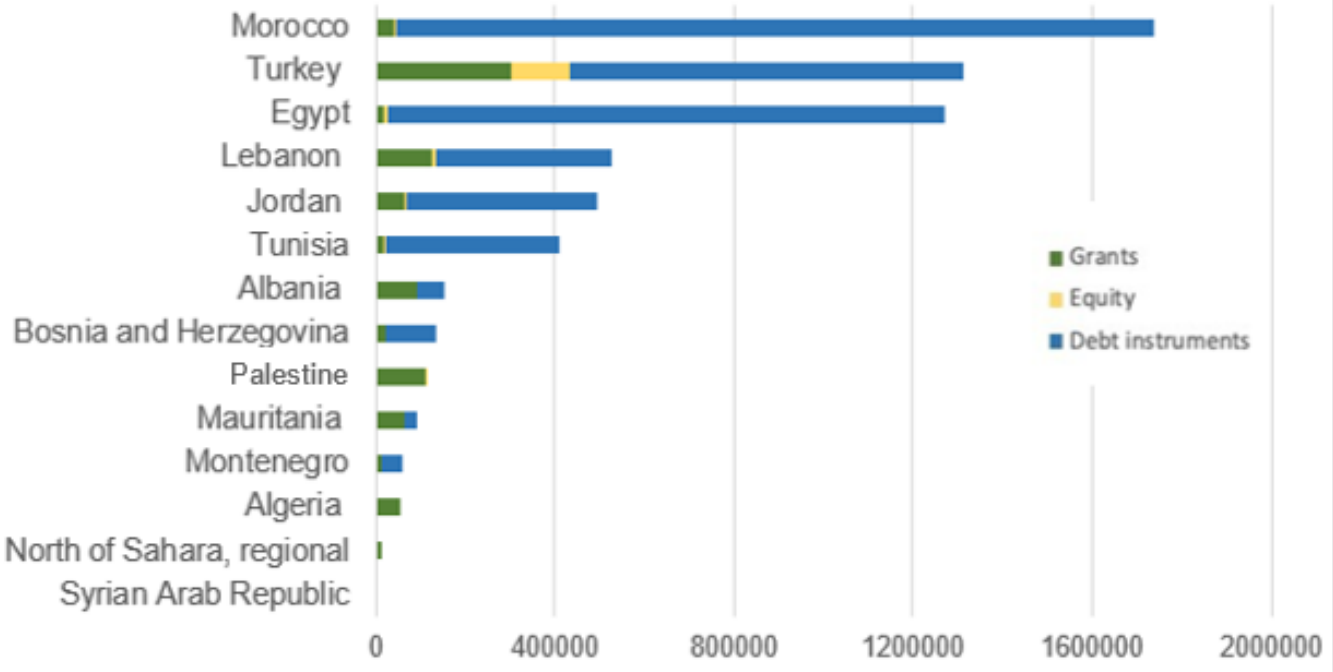
Primary instruments used in main recipient countries: Morocco, Turkey, Egypt

Nearly the complete project portfolio in Morocco is funded through debt instruments, meaning loans worth USD 1.691 billion (97,5%), whereas only 2,4% (USD 42 million) is funded through grants. Major loan providers to Morocco include Germany, EU Institutions, and the African Development Bank.

The climate finance landscape in Turkey is a bit more balanced, with 67% provided as loans (USD 880 billion) and 23% as grants (USD 301 million). A smaller amount of equity (USD 133 million) was provided by the EBRD. The largest loans come from EBRD and EIB, whereas the largest grants come from EU institutions.

With a strong focus on debt finance Egypt shows a distribution similar to Morocco. Around 98% or 1.247 billion USD have been committed in form of loans, whereas only 1% (USD 15 million) were grants. Large loans were provided by the EBRD (USD 241 million for Other multisector) and the IBRD (USD 100 million for Energy Policy sector), whereas the largest grant comes from the Global Environment Facility (USD 4 million for General Environment Protection).

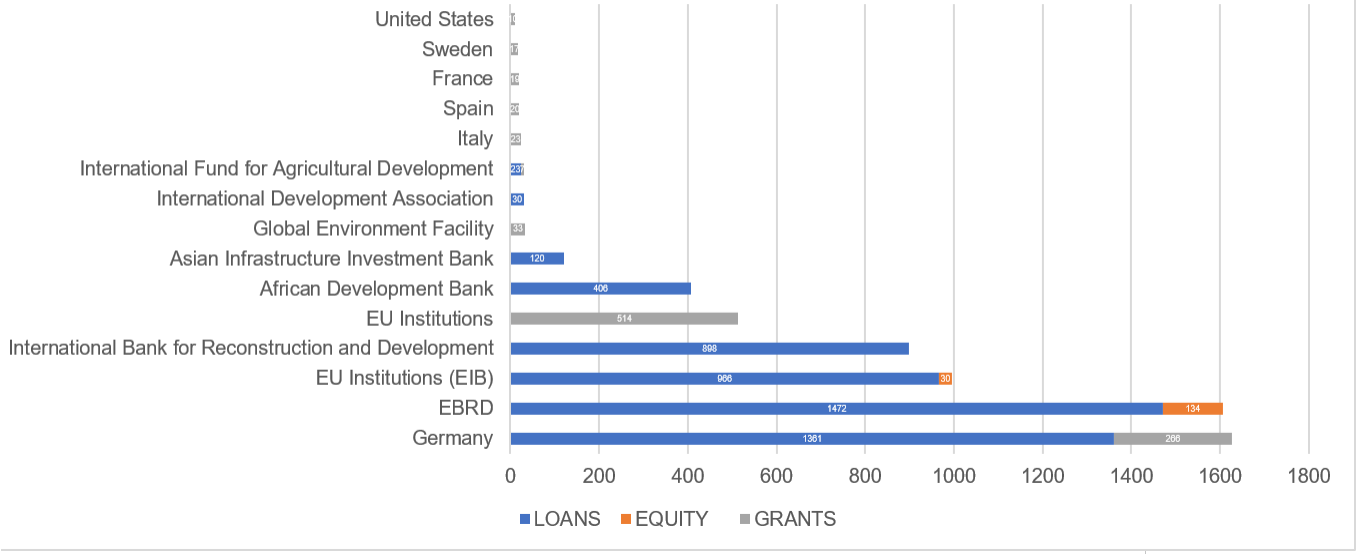
Fig 10. Climate finance by recipient country and financial instrument, 2018
(USD thousand)



Grants, loans, and financial instruments by providers

Overall, loans comprised the greatest proportion of finance instruments from all provider categories (MDBs, bilateral donors, and multilateral funds). A total amount of USD 5.276 billion was committed as loans, whereas grants amounted to USD 902 billion. The rest was provided in the form of equity, mostly by EBRD and EIB.

Fig 11. Climate Finance by donor and financial instrument, 2018
(USD million)



In this context, loans are usually large sums whereas grants are divided up in multiple smaller amounts. This is reflected by the fact that a total of USD 5.28 billion in loans was provided across all donor types, compared to USD 909 million in grants. Most loans were provided by MDBs (USD 1.47 billion), followed by bilateral donors with USD 1.36 billion. Certain contributors, such as EU institutions, the GEF, or bilateral donors like Italy, Spain, France, Sweden, and the US only provided grants.

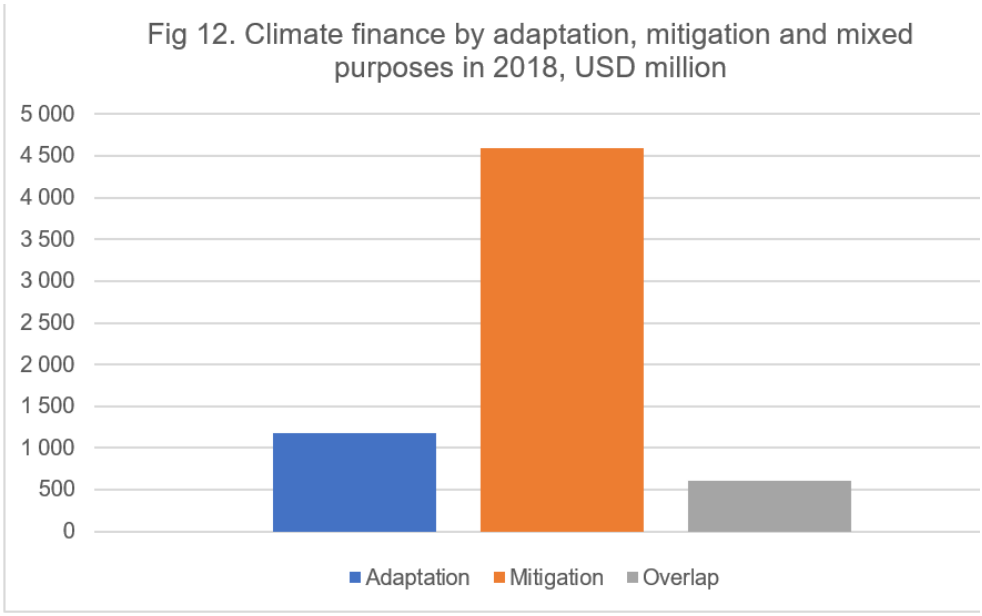
Purpose of funding: adaptation, mitigation, and dual benefits

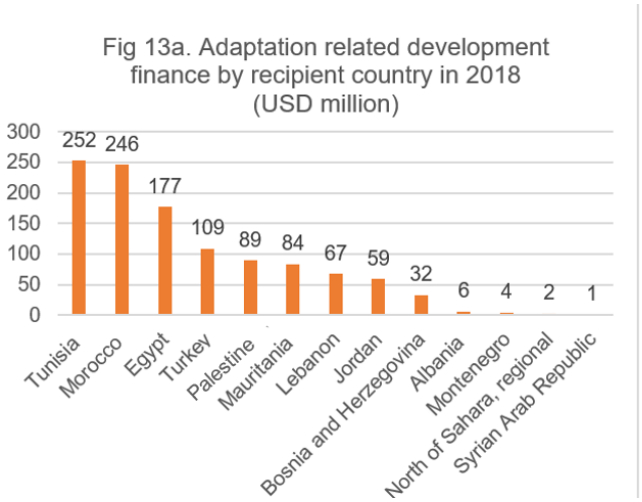
Funding for adaptation vs mitigation

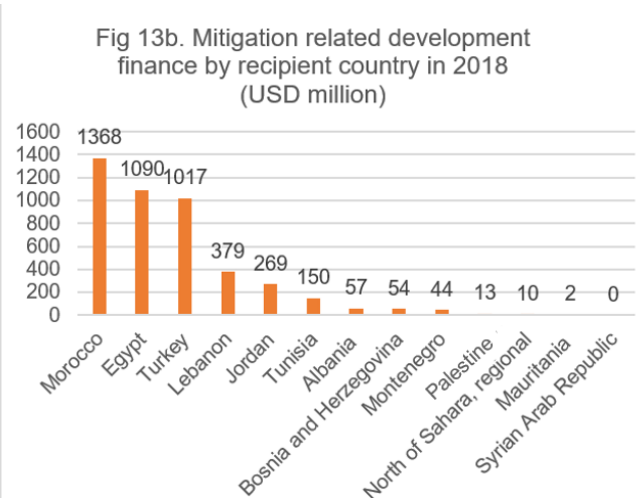
A very clear tendency of climate finance in the SEMed region is the preference for mitigation activities, which received almost 4 times more funding than adaptation measures (Figure 12).

This tendency is also true globally: in 2018, USD 31 bn were committed to adaptation activities, while USD 52 billion were committed to mitigation activities (USD 11 bn were committed for activities with both adaptation and mitigation benefits).

Indeed, adaptation activities received USD 1.178 billion and mitigation activities received USD 4.594 billion. Additionally, USD 608 million bn were committed for activities with both adaptation and mitigation benefits, although the same activity could also be marked for either adaptation or mitigation individually. As this entails a risk for double counting, the three categories presented in the figure below cannot be aggregated. Total climate finance can therefore be computed as “adaptation” + “mitigation” -” overlap”





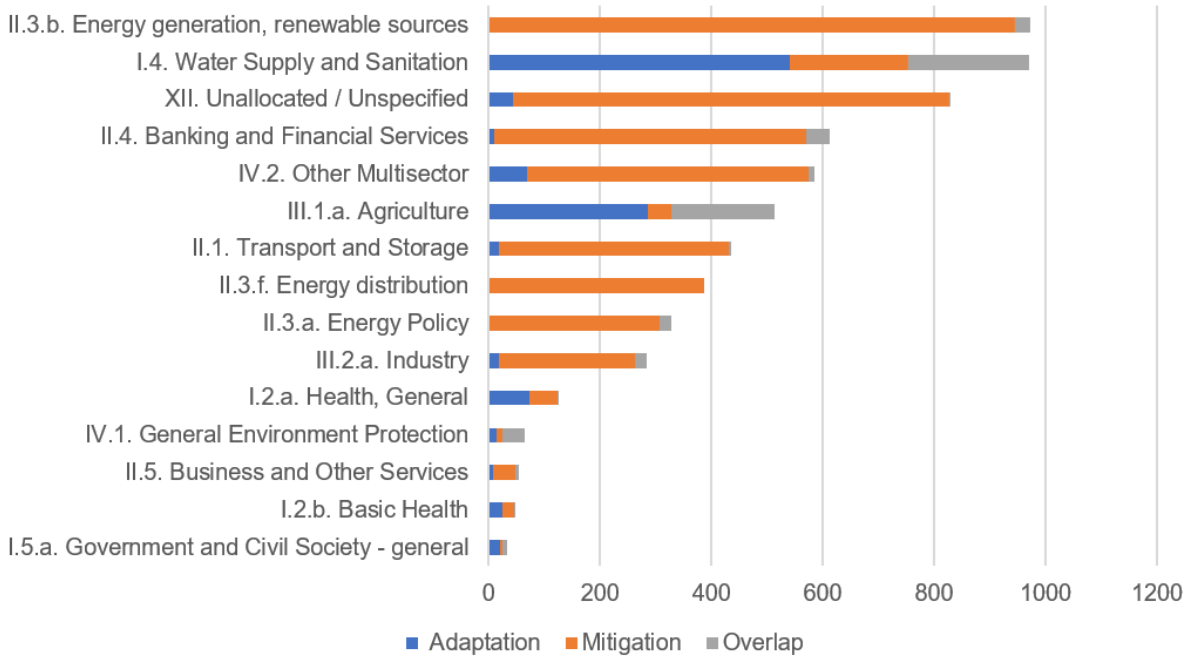


Areas of intervention in adaptation and mitigation

The sector analysis (Figure 14.) shows that the strongest overlaps between mitigation and adaptation are in General Environment Protection, Water Supply and Sanitation, as well as in Agriculture[30]. This is because activities in these sectors often have multiple benefits, both enhancing climate resilience as well as reducing emissions. For example, land use change and livestock farming are large emitters of greenhouse gas emissions and are critical areas of vulnerability for many rural farmers. There is potential to both reduce emissions and aid farmers to adapt using sustainable farming and livestock management techniques that reduce crop and livestock losses from climate-related pests and diseases. In water supply and sanitation, improving wastewater management by developing clean sanitation systems can both decrease the emission of greenhouse gases by wastewater (mitigation), and decrease the vulnerability of populations to the spread of water-borne diseases, like malaria (adaptation).

[30] The total numbers in Fig 14 add up to more than 100% due to double counting of funding for both purposes.

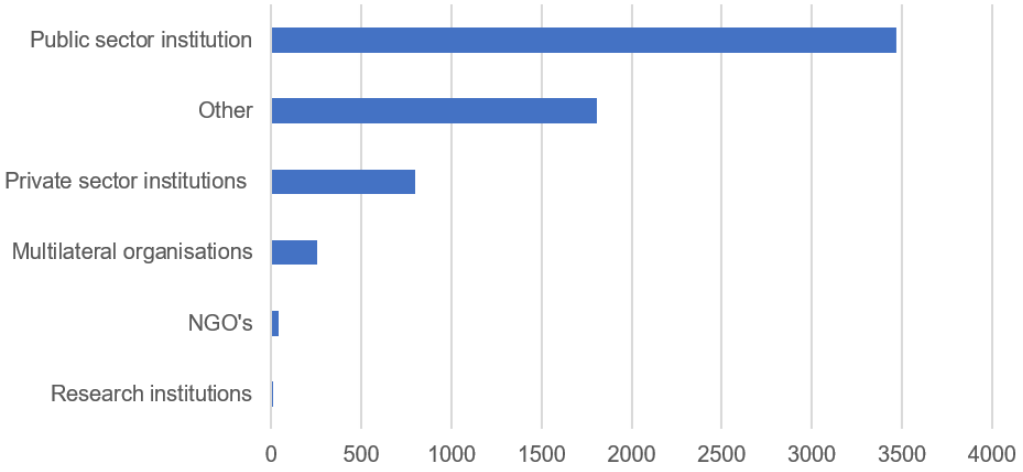
Fig 14. Adaptation and mitigation by sector, 2018 (USD million)



A sectoral breakdown of adaptation and mitigation activities is shown in Figure 11. Apart from unallocated/unspecified activities, mitigation finance is dominated by renewable energy generation, banking, and financial services, other multisector activities, transport, and storage as well as energy distribution. Adaptation finance, on the other hand, concentrates mostly on water and sanitation and agriculture.

Funding by beneficiary

Fig 15. Climate finance by beneficiary category, 2018 (million, USD)



The beneficiaries of climate finance are defined in this report as the first implementing partner to receive finance by the donor institution (i.e., the 'channel of delivery' in the OECD DAC database; see Annex A1 for the methodological details).

• Public sector institutions, including governments, local authorities, and delegated cooperation with other recipient countries, are listed as main recipient (USD 3.473 billion), as shown on figure 15.

• A large share of the funds (USD 1.807 billion) was compiled under the general category “other”, which broadly includes any other implementers that cannot be placed in private, public, nongovernmental or research institutions.

• The private sector ranks third in 2018, with different categories of banks, corporations, and private sector institutions; these beneficiaries received USD 798 million.

• Multilateral organisations as a primary implementing agency (including international, public institutions such as the World Bank or multilateral groups) received USD 252 million.

• NGOs (including international, donor-country based as well as recipient country-based NGOs) were listed as channel of delivery for USD 42 million.

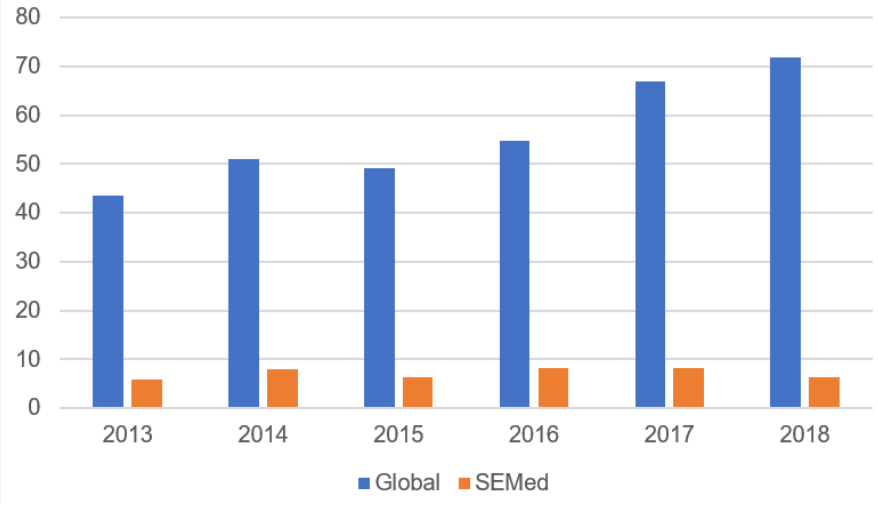
• Funding directly reaching research institutions, including universities, colleges or other teaching institutions, research institutes and think-thanks amounted to only USD 8 million in 2018.

2.4 Historical comparison of climate finance flows

This section aims at showing tendencies from a historic viewpoint, in order to compare the evolution of climate finance commitments made by OECD contributors to the SEMed region.

Trends: financial commitments made to SEMed countries VS commitments made globally by OCDE members

Fig 16. Annual global climate finance commitments (blue), compared to commitments to the SEMed region (orange), USD billion



If global finance commitments made by OECD contributors have consistently been increasing since 2015 (46% increase between 2015 and 2018), the evolution of commitments made to the SEMed region has been less consistent. There was a 29% increase between 2015 and 2016 but an 23% decrease between 2016 and 2018.

Evolution: types of donors

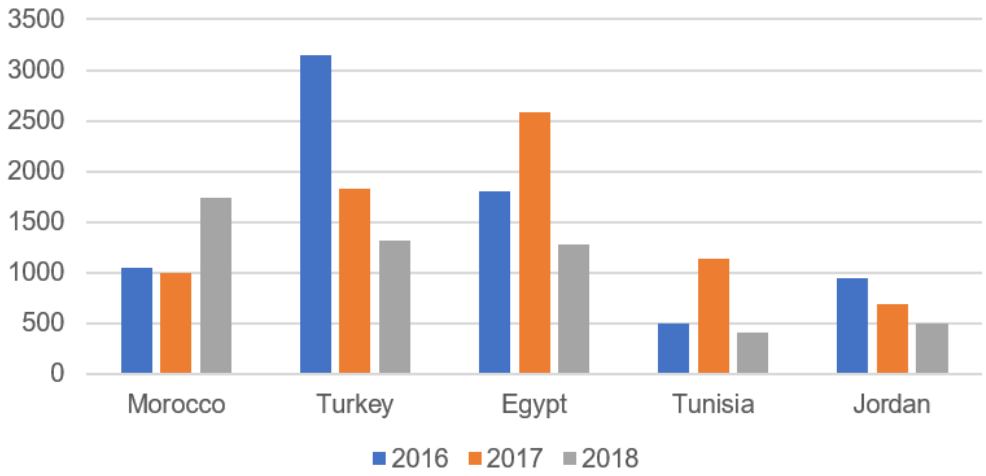
Over the last few years, MDBs have consistently been the most important type of donor in terms of financial commitments. MDBs accounted for 63% of total commitments in 2018, compared to 59% in 2017. The EBRD has been the biggest donor since 2016: it committed USD 3.9 billion in 2016, USD 2.24 billion in 2017, and USD 1.6 billion in 2018. IBRD and EIB have also consistently been major donors. Funding from AfDB increased in 2018 (406 USD million), compared to 2016 (USD 209 million) and 2017 (USD 203 million).

The trend seems to be the same for bilateral finance, which comprised 36% of the overall amount committed to the SEMed region in 2017 and 35% in 2018. Major bilateral donors include Germany, which moved from the third position in 2016 to the first position in 2018 with USD 1.6 billion, getting ahead Japan and France.

Multilateral climate funds again provided the smallest share of overall climate finance to the SEMed region with a total amount of 49 million in 2018, a lot less than in 2017 (USD 392 million) and in 2016 (USD 379 million). By far the most active fund in 2016 and in 2017 was the GCF; but in 2018, it was replaced by the GEF (USD 38 million), followed by the IFAD (USD 30 million). In 2018, the GCF did not contribute to climate finance flows in the SEMed region.

Evolution: climate funds committed to the biggest recipient countries

Fig 17. Evolution of climate finance committed to the 4 biggest recipient countries (USD million)



Morocco, Turkey, Egypt, Tunisia, and Jordan have consistently been the biggest recipients of commitments made by OECD countries. In 2016, the biggest recipient was Turkey; in 2017, it was Morocco; and in 2018, it was Egypt.

Commitment levels to Morocco, although very similar in 2016 and 2017 (around USD 1bn), saw a net increase in 2018 (USD 1.7 billion). Commitments to Turkey have been consistently decreasing since 2016: commitments made to Turkey were two and a half times bigger in 2016 than in 2018. Moreover, if Egypt saw an increase in commitments from 2016 to 2017, commitments in 2018 were only half of those made in 2017. Tunisia saw its commitments multiplied by more than two between 2016 and 2017 (from USD 500 million to USD 1.1 billion), before its commitments decreased back to a lower level. Lastly, commitments to Jordan were divided by two between 2016 and 2018. One of the reasons behind these fluctuations is the year in which projects which received important amounts of climate finance go through the validation phases. There can be a certain amount of time before some projects are added to the OECD database's project pipeline.

Evolution: sectors and sub sectors

"Energy generation, Renewable Resources" and "Water Supply Sectors" remain the two largest funded sectors these last three years.

The "Transport and Storage" sector received most of the climate funds in 2016 with approximatively USD 1.6 billion with a slight decrease in 2017 (USD 1.2 billion) positioning it at the third position.

In 2018, the primary sector receiving climate finance was "Renewable Energy Generation", with approximatively USD 971 million (USD 1.6 billion in 2017), followed by "Water Supply" with USD 971 million (USD 1.4 billion in 2017).

The last evaluation shows a change of trend with an increase in climate finance for “Banking finance and service”.

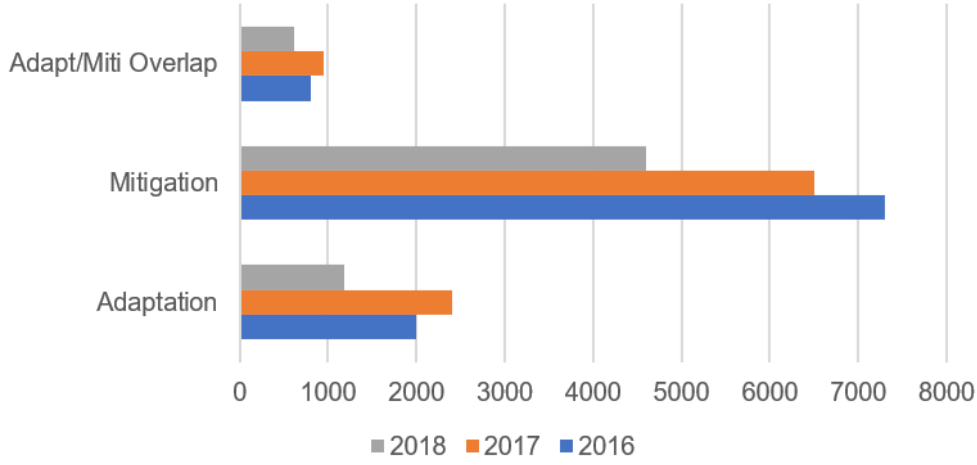
Evolution: financial instrument

Overall, in 2016, 2017, and 2018, loans comprised the greatest proportion of finance instruments from all provider categories, mostly provided by MDBs followed by bilateral donors and multilateral funds. In this context, loans are usually large sums whereas grants are divided up in smaller amounts.

Most of the grants came from bilateral donors such as EU institutions (excluding EIB), which consistently provided at least 50% of the total grant amount: USD 514 million in 2018, USD 550 million in 2017, and USD 616 million in 2016.

Evolution: adaptation/mitigation activities

Fig 18. Climate finance by adaptation, mitigation and mixed purposes (USD million)



The proportion of climate finance going to mitigation activities in the SEMed region has consistently been higher than the one going to adaptation activities (around three times higher each year). Adaptation activities are therefore less funded by OECD actors.

The three years (2016, 2017, 2018) have also been characterized by a decrease in finance going to mitigation activities, which was only accompanied by an increase in finance going to adaptation in 2017.

Evolution: beneficiaries

Public sector institutions were the main beneficiary for the years 2016, 2017 and 2018. Indeed, these institutions received each year, at least USD 3.4 billion. If research institutions were the second biggest beneficiary in 2016, they received zero funding in 2017 and 2018. Moreover, 2017 and 2018 saw a significant increase in commitments going to private sector recipients, since these beneficiaries did not receive funding in 2016.

3. Funds committed by non-OECD contributors

3.1 Methodology, process to collect climate finance data on commitments made by non-OECD contributors, and data access limitations

This report builds on previous studies by providing an overview of climate funds committed by non-OECD public and private donors.

In the global commitment to fight climate change, the involvement of contributors such as China or various development banks is critical to increase the amount of financial flows into mitigation and adaptation projects, particularly necessary in SEMed countries. However, the current lack of data concerning international private climate finance is a significant obstacle for fully capturing the state of total climate finance in the SEMed region.

Tracking international private climate finance

There is currently no standardised methodology to estimate **international private climate finance**. The limitations on the relevant databases for both tracking private investments and climate-related investments has forced a wide-range of relevant actors to come up with different methodologies on estimating international private climate finance. Due to the lack of consensus on the parameters that compose climate-related private investments (e.g., the boundaries of climate finance, the definition of private, and so forth) the scope of the methods focus on different variables and have, therefore, varying limitations of measurement.

Free public databases are lacking details and accuracy to interpret, while private databases are rather expensive and limited to particular sectors/projects (large renewable energy facilities) or specific financial flows (such as FDIs).

Despite the extensive data gaps and limited scope of measurement, FDI's and RE investments are currently the most practical method for estimating international climate private finance. However, this method misses a significant amount of climate-related financing due to the broadness of the classification systems of the sources[31]. Moreover, such data derives from commercial databases, which require lucrative annual subscriptions that are above the budget of this study. Bloomberg New Energy Finance (which cost of subscription is around USD 25000 per year), like other commercial databases, tracks project-level data on RE investment, and to

[31] https://ufmsecretariat.org/wp-content/uploads/2019/09/Private-Climate-Finance-Tracking-and-enhancing-international-private-climate-finance-in-the-Southern-Mediterranean-Region.pdf

a certain degree, investments in energy efficiency and electric vehicles market. Most of the recorded projects are within the G20 countries, though it includes projects in other countries.

At the moment, most estimations on private climate finance are mainly based on data regarding private investments in renewable energy projects (e.g., Climate Policy Initiative: annual Landscape reports). On the other hand, the IEA method tracks global investment, and it is not country specific. For instance, the IEA's World Energy Investment 2019 Report[32] provides information on power sector investments by major countries and regions, but this information is not disaggregated by country.

However, it is worth noting that some private reporting is encouraged through initiatives such as:

- Carbon Disclosure Project (CDP) [33]: CDP scoring drives corporate transparency and helps to guide, incentivize, and assess environmental action. In 2018, over 7016 companies disclosed through CDP. Reporting companies now represent over 50% of global market capitalization.

  In 2018, 139 companies received an "A" rating for their response to CDP's Climate Change questionnaire. These 139 A-list companies identified USD 13.9 billion in costs associated with managing physical climate-related risks in 2018. This value does not reflect the companies' annual investment in climate change, as CDP respondents have significant leeway to report anticipated costs over a timeframe of their choosing, which makes it difficult to track the flows they report to a specific year. The reporting does represent a first step in identifying the scale of investment by private sector leaders in climate change, and, as companies continue to report climate-related risks and mitigation strategies, their ability to track and report on adaptation finance will improve[34].

- Sustainability Accounting Standards Board (SASB)[35]: SASB helps businesses around the world identify, manage, and report on the sustainability topics that matter most to their investors.

- Global Reporting Initiative (GRI) responses[36]: GRI aims at supporting an effective sustainability reporting cycle, which includes a regular program of data collection, communication, and responses, that should benefit all reporting organizations, both internally and externally.

However, this type of reporting is not regulated and, thus, companies are not incentivized to report as rigorously as in regulatory financial filings.

Additionally, the UNFCCC 2018 Biennial Assessment Report[37] displays ongoing voluntary efforts to develop approaches for tracking and reporting on consistency of public and private sector finance with the Paris Agreement. The 2018 BA includes information on available data sets that integrate climate change considerations into insurance, lending and investment

[32] https://webstore.iea.org/download/direct/2738?fileName=WEI2019.pdf
[33] https://www.cdp.net/en
[34] https://climatepolicyinitiative.org/wp-content/uploads/2019/12/Tracking-Adaptation-Finance-Brief.pdf
[35] https://www.sasb.org/
[36] https://www.globalreporting.org/Pages/default.aspx
[37] https://unfccc.int/sites/default/files/resource/2018%20BA%20Technical%20Report%20Final%20Feb%202019.pdf

decision-making processes and that include information that may be relevant to tracking consistency; however, the data for 2018 is not yet available.

Tracking domestic climate finance flows

On a domestic level, the flows and channels of climate finance are also poorly known in SEMed countries and poorly monitored. It is impossible to know exactly how much climate finance is allocated, both in the execution of the State national budget, at the level of the local and regional governments, and at the level of domestic private investors.

National central banks are recipients of international financial flows; however, their databases do not include useful data for estimating international climate finance, and specifically international private climate finance. That the most relevant data available is on FDIs, which is already reported in the UNCTAD database (only until 2016)[38]. Hence, international public climate finance is not tracked in the databases of national central banks.

The databases of national central banks have information on total financial flows trends. Few have data concerning FDIs. Nevertheless, data on total value of FDIs is too broad to estimate international climate finance. Therefore, national central banks could start to effectively track and report on international public climate finance and at least part of international private climate finance.

In addition, as described in UfM's report on National and Subnational Climate Finance[39], it is often the case that the Ministries of Finance (such as in Morocco and Jordan) share little information about ongoing processes or partnerships. They are often not very proactive when it comes to transforming a budget tracking system that is already cumbersome on a day-to-day basis.

The complexity of defining climate finance

Finally, the question of the differentiation between traditional finance and climate finance, between development aid financing and the share corresponding to a mitigation or adaptation action in the project financed, constitutes an additional complexity. While much progress has been made on common metrics and frameworks among development players, at the national level very few initiatives like the Climate Public Expenditure and Institutional Review of the World Bank exist today, and are implemented by countries in a sustainable way.

The lack of transparency and database on climate finance being a serious obstacle to providing an accurate representation of climate finance flows originating from non-OECD donors, in the SEMed region, this section of the report is therefore the product of extensive research (websites, reports and additional resources) on various actors' engagement. Additionally, it includes information gathered in the previously mentioned UfM report on national and sub-national climate finance, published in December 2018[40].

[38] https://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=96740
[39] Executive Summary available at: https://ufmsecretariat.org/wp-content/uploads/2019/10/Executive-Summary-Report-UfM-FMDV-Morrocco-Jordan.pdf
[40] *Ibidem*

This report, unlike previous ones published, also aims at providing an overview of international climate finance flows originating from outside the OECD. This study therefore also describes and analyses climate finance commitments made by China in 2018 for projects in the SEMed region.

China ratified the UNFCCC in 1993. It has participated in all annual Conferences of the Parties (COPs) to the UNFCCC and many related meetings, with a steadily growing delegation and role[41]. President Xi Jinping joined the opening ceremonies of the Paris climate conference, declaring that "tackling climate change is a shared mission of all mankind." The Chinese delegation participated actively in shaping the Paris Agreement, which was adopted on December 12, 2015. China ratified the Paris Agreement on September 3, 2016 in a joint ceremony with the United States.[42]

The Belt and Road Initiative

Announced by China's President Xi Jinping in 2013, the Belt and Road Initiative (BRI) is the largest infrastructure initiative in the world. The word "belt" refers to overland routes from China to the Europe, (including the ancient Silk Road through Central Asia, Iran, and Turkey); the word "road" refers to a sea route which starts in China, stops in South East Asia, then reaches (Kenya, Djibouti etc.) and Europe.

Funding for the Belt and Road Initiative comes through many channels. Those include Chinese policy banks, such as the China Development Bank and Chinese Export-Import Bank; multilateral development banks in which China plays a leading role, including the Asian Infrastructure Investment Bank and New Development Bank; and Chinese state-owned enterprises. [43]

As of October 2018, Chinese companies had participated in roughly 6000 infrastructure projects under the BRI, according to China's State-owned Assets Supervision and Administration Commission (SASAC). Approximately half were undertaken by state-owned enterprises controlled by the central government, according to SASAC. Projects developed under the BRI include roads, railways, ports, pipelines, transmission lines and power plants[44].

The most common estimates for the current proposed total budget for BRI are USD 1 trillion and USD 1.3 trillion. However, neither Xi Jinping nor any other member of the Chinese top leadership has ever announced an overall budget figure attached to BRI[45]. The rough estimate is generated by totaling various announcements over the years, including - but not limited to-

[41] https://www.chinadialogue.net/article/show/single/en/8369-Entering-the-mainstream-an-evolution-in-China-s-climate-diplomacy
[42] "President Xi's speech at opening ceremony of Paris climate summit," China Daily (December 1, 2015) http://www.chinadaily.com.cn/world/XiattendsParisclimateconference/2015-12/01/content_22592469.htm
[43] National Bureau of Asian Research, Nadège Rolland, A Concise Guide to the Belt and Road Initiative, National Bureau of Asian Research (April 11, 2019)
[44] "Central enterprises undertake 3116 projects along the "Belt and Road," State-owned Assets Supervision and Administration Commission (October 31, 2018)
[45] https://www.nbr.org/publication/a-guide-to-the-belt-and-road-initiative/

announcements from the China Development Bank (which announced in June 2015 it would invest USD 890 billion in 900 BRI projects, and which committed USD 250 billion in loans to BRI in January 2018), and the Asian Infrastructure Investment Bank (which began operations in January 2016 with USD 100 billion in capital).

These available figures are however not disaggregated per region, and are not specific to the year 2018, which constitutes a significant barrier to defining the exact amount of commitments made to the SEMed region in 2018. Moreover, these figures are not only restricted to climate finance flows, but to all investments, from "hard" infrastructure projects which occur mostly in sectors such as transportation (ports, roads, railways), energy (pipelines, power grids, hydropower dams), and information technologies and communications (fiber-optic networks, data centers, satellite constellations), to "soft" infrastructure projects, such as the creation of special economic zones and the negotiation of free trade agreements, currency swap agreements, and reduced tariffs. Due to the lack of transparency and of an aggregated official database, obtaining a clear and reliable figure regarding climate finance commitments made by China to the SEMed in 2018 is therefore not achievable today.

Green Development Policies as part of the BRI

The climate change impacts of the Belt and Road Initiative are very significant. The BRI's role in the construction of coal-fired power plants is especially important[46]. However, China also elaborated Green Development Policies as part of the BRI.

The Chinese government identifies green development as a goal of the BRI. In November 2018, Green Finance Committees of China and the UK published the Green Investment Principles (GIP) drafted by the Green Finance Committee of China Society for Finance and Banking and the City of London Corporation[47]. Dr Ma Jun, Chairman of China Green Finance Committee, said, "The majority of global infrastructure investment in the coming decades will be in the Belt and Road region, and they will have a significant impact on the implementation of the Paris Agreement and UN Sustainable Development Goal"[48].

One of BRI's goals is therefore to connect business initiatives with green development. Investing in the energy sector, especially in renewable energy projects, has been the most attractive route for China.

The Energy Sector

Energy sector projects are a significant part of the Belt and Road Initiative. The overwhelming majority of the projects are in coal, oil, and gas, although the number of renewable energy projects is growing. These mega projects highlight a growing gap between China's vision of South-South climate cooperation, which prioritises clean energy projects, and its actual investments across the African continent, which still include coal and hydropower projects that

[46] https://energypolicy.columbia.edu/sites/default/files/file-uploads/Guide%20to%20Chinese%20Climate%20Policy_2019.pdf
[47] https://green-bri.org/bri-cooperation-mainstreaming-esg-investments
[48] http://en.people.cn/n3/2019/0426/c90000-9572684.html

pose serious environmental risks[49]. Nonetheless, a 2018 study published by Baker McKenzie and IJGlobal[50] showed Chinese lending has predominantly been shifting towards African power projects in the last few years.

Studies and databases on the topic of Chinese investments in the energy sector are very rare and do not show the disaggregated numbers, making difficult to evaluate the amounts of funding going to renewable energy projects.

According to Greenpeace, from 2014 to 2018, Chinese companies invested in wind and solar projects totaling about 12.6 gigawatts of capacity combined. Overseas solar photovoltaic projects with Chinese equity investments in Turkey amounted to 64.71 MW, 1360 MW in Egypt and 117 MW in Jordan, between 2014 and 2018[51]. Overseas wind projects with Chinese equity investments in Montenegro, between 2014 and in 2018, amounted to 48 MW.

Energy demand in Belt and Road countries is expected to grow. As pointed out in a recent NRDC (Natural Resources Defense Council) report, based on BRI countries' targets for renewable energy, the projected installed capacity of renewable energy for 38 countries in BRI could reach 644 GW from 2020-2030, and total investment in wind and solar power could reach USD 644 billion[52].

According to the China Global Investment Tracker (CGIT) [53]- a comprehensive public data set covering China's global investment and construction, which are documented both separately and together - in 2018, Chinese investments in Egypt in the energy sector amounted to USD 4.4 billion.

Below are two case studies which correspond to two contracts signed between Egypt and Chinese banks and contractors in 2018.

[49] https://www.eco-business.com/news/are-chinas-energy-investments-in-africa-green-enough/
[50] https://www.bakermckenzie.com/en/newsroom/2018/07/chinese-lending-for-african-infrastructure
[51] Greenpeace, China's Equity Investments in Overseas Coal, Wind, and Solar Energy Projects (July 29, 2019)
[52] Han Chen, "Greener Power Projects for the Belt & Road Initiative," Natural Resources Defense Council (April 22, 2019)
[53] https://www.aei.org/china-global-investment-tracker/

Case study: Egypt – n°1

The world's largest solar farm

The giant Benban Solar Plant, for which construction started in 2018, and which occupies an area of 37 square km, will help Egypt increase its use of renewable energy to 22% of all domestic energy use by the end 2020. Egypt partnered with China's clean energy company TBEA Sunoasis in order to build the first four solar power stations. The total investment of the stations is USD 180 million. The IFC and a consortium of nine international banks, including ICBC (Industrial and Commercial Bank of China), will finance thirteen out of a total of nineteen solar plants, according to Forbes Middle East[54].

Case study: Egypt – n°2

The world's largest coal-fired power plant and the debates around its negative climate impacts

In June 2018, Dongfang Electric Corp. and Shanghai Electric Group signed an EPC (Engineering, Procurement and Construction) contracting deal with the Egyptian Ministry of Electricity and Renewable Energy, for USD 4.4 billion[55]. The project planned for the construction of six ultra-supercritical, near-zero polluting coal-fired power generating units with a total generating capacity of 6.6 GW for the Hamrawein power plant. Ultra-supercritical power plants require less coal per megawatt-hour, leading to lower emissions (including carbon dioxide and mercury), higher efficiency and lower fuel costs per megawatt. The power plant, over 800 km from Cairo, Egypt's capital, was expected to be built by 2022 to become Africa's largest "clean-coal" power plant.

The project has been subject to much debate in terms of its impact on the environment, mainly due to the environmental impacts of a so-called "clean coal"[56].
In early 2020, the Ministry of Electricity indefinitely postponed the construction of the Hamrawein power plant[57]. In the coming period, the Egyptian Electricity Holding Company (EEHC) plans to rely on new and renewable energy, in line with Egypt's energy diversification strategy, known as the Integrated Sustainable Energy Strategy (ISES) to 2035, to ensure the continuous security and stability of the country's energy supply. The delay of the Hamrawein project can also be attributed to the country's recently achieved self-sufficiency and surplus in energy. This decision is also in line with China's shift in priorities from controlling air pollution to reducing greenhouse gas emissions (also illustrated by its recent decision to exclude clean coal projects from the list of eligibles for green bonds[58]).

[54] https://egyptindependent.com/egypt-builds-worlds-largest-solar-park/
[55] http://www.xinhuanet.com/english/2018-09/03/c_137441424.htm
[56] https://eipr.org/en/blog/ragia-elgerzawy/2018/09/coal-generated-electricity-not-clean-not-cheap-and-no-guarantee-energy
[57] https://wwww.dailynewssegypt.com/2020/02/24/electricity-ministry-defers-construction-of-hamrawein-coal-fired-plant-indefinitely/
[58] https://www.reuters.com/article/us-china-environment-finance-idUSKBN2350FW

3.3 Funds committed by Arab countries

Morocco

In the recent years, Morocco has been working towards building a strong enabling environment for investments to happen in support of the overarching climate policies and plans, and players coordination, and towards ensuring solid perspectives for climate finance flows to feed the national and subnational pipelines of projects.

Morocco has developed various climate related resources, programs, dynamics and entities, capturing and channelling international, as well as national climate funding and financing to fuel domestic sectorial strategies and projects. In this regard, Morocco has already positioned itself as a referent country in the Mediterranean region when it comes to climate financing, and in a relatively short period of time.

Climate-related initiatives in Morocco

Partnerships with MDBs

Morocco has partnered with international development banks to support the creation of domestic credit lines dedicated to climate action taken by the private sector in Morocco: the European Bank for Reconstruction and Development (EBRD), in cooperation with the French Agency for Development, European Investment Bank, and KfW Development Bank, have extended credit lines to local partner financial institutions in Morocco that then on-lend to their clients.

These clients—small business and corporate borrowers—use this financing to invest in efficient and renewable energy equipment and services that decrease their carbon footprints and improve their bottom lines.

Up to 2018, the Morocco—Sustainable Energy Financing Facility - MorSEFF had mobilized over EUR 110 million towards local businesses to finance clean projects, through domestic partner banking institutions (BMCE Bank and Banque Centrale Populaire - BCP).

Green bonds

In September 2018, Casablanca Finance City Authority issued USD 35 million in green bonds in order to pursue the implementation of its high environmental performance real estate program.

In addition, the Al Omrane Holding (a construction company) issued an innovative "green and social" bond in November 2018 for MAD 1 billion (USD 104.4 million). The issuer has demonstrated the green and social benefits of its investment projects (social housing equipped with technologies to reduce their ecological footprint). MAD 500 million will be directed towards building projects which definition, objectives and impacts have a positive environmental, social, and societal footprint.

Moroccan banks' accreditation to the GCF

Although they are yet to develop projects, two Moroccan banks have been accredited to the GCF to fund GCF private finance projects.

CDG Capital S.A. (CDG Capital) is a national entity based in Morocco, with a project portfolio that is composed of a variety of sectors and financial instruments. It has provided financing through equity, loans, and guarantees for both public and private sector projects in sectors such as power generation and distribution, port infrastructure, water supply infrastructure, real estate, rail, highways, telecommunications, services, and industry. CDG Capital was accredited by the GCF on July 6th 2017[59]. The bank will be able to develop medium sized projects (up to USD 250 million). CDG Capital was the first bank of the MENA region to achieve GCF accreditation.[60]

The second Moroccan bank to have been accredited by the GCF is Attijariwafa Bank (AWB), a regional private sector entity working as a financial group. It is headquartered in Morocco, with regional operations in many countries throughout Africa, and has a large project portfolio related to sustainable development. It was accredited on February 28th 2019[61]. AWB will be able to develop large sized projects (above USD 250 million).

Funds

Undertakings for Collective Investment in Capital (OPCC, Organismes de Placement Collectif en Capital). At the end of 2018, the private equity sector experienced a moderate evolution with the creation of only one new fund and an overall net asset value below MAD 1 billion. The number of funds increased from 4 to 5 OPCCs with the launch of the GreeN Innov Invest FPCC, managed by the management company Global Nexus and which objective is to invest in innovative startups operating in the green sectors and sustainable development.

The 5 active OPCCs manage total net assets of MAD 708.31 million. They are involved in all phases of the life cycle of the companies they finance and implement general or specialized investment strategies in the following sectors: Energy, "Green technologies", Agro-industry, Infrastructure, Innovation. However, the Green Innov Invest fund went through dissolution in 2019 beacause of disputes between the investors - CCG, IRESEN, Sefiana, H&A Investment Holding (El Fehdi Family) -and the management company Global Nexus headed by Hynd Bouhia[62].

The Casablanca Stock Exchange – ESG index

The Casablanca Stock Exchange, in collaboration with the independent international ESG research and services agency Vigeo Eiris, launched in 2018 the first "Casablanca ESG 10" index, an Environment, Social and Governance benchmark index. Casablanca ESG 10 is composed of 10 stocks which represent 68% of the total capitalization of MASI stocks namely

[59] https://www.greenclimate.fund/ae/attijariwafa-bank
[60] https://www.cdgcapital.ma/fr/publications/rapport-dactivite-et-de-responsabilite-2018
[61] https://www.greenclimate.fund/ae/cdg-capital
[62] https://ledesk.ma/enoff/affaire-gobal-nexus-dissolution-du-fonds-green-innov-invest-la-demande-des-investisseurs/

Attijariwafa bank, BCP, BMCE Bank, BMCI, Cosumar, Ittisalat Al- Maghrib, LafargeHolcim Maroc, Lydec, Managem and Wafa Assurance. This composition is reviewed annually based on the ratings assigned by Vigeo Eiris. These companies have been evaluated and ranked on the basis of their compliance with the 38 criteria and more than 330 indicators of environmental, governance, social and societal responsibility applied by Vigeo Eiris[63].

Main sectors

Morocco's most financially demanding sectors in the field of climate change are Energy Production, Water & Sanitation, Agriculture, and Transport. These core sectors in Morocco catalyse efforts and attempts to implement an effective and efficient national climate finance governance ecosystem and funding.

- **Renewable energy production**

Morocco invested USD 2.8 billion in renewable energy in 2018[64], it is one of the 22 countries to have invested more than USD 2 billion in clean energy according to a report by Bloomberg New Energy Finance (NEF)[65]. In particular, according to Bloomberg NEF, Morocco's Noor Midelt project was the largest major solar project financed worldwide in 2018. The cost of the project has been estimated at USD 2.4 billion.

Main players:

SIE

In 2018, the Energy Investment Company (SIE-Société d'Investissement Energétique) officially became a national energy services company (ESCO) that aims to concretely facilitate the implementation of energy performance projects for the benefit of public and private sectors. A new structure will soon be created under a new name and will act as an ESCO in accordance with international standards.
Exclusively dedicated to the execution of energy efficiency projects, the latter will address the sectors of public buildings, street lighting, mobility and industry; it will also provide support to local SMEs and ESCOs with the aim of contributing to the creation of a stronger national ecosystem. The capital of this new ESCO has been lowered for now to USD 30 million. Its former mandates on Renewable Energy and Strategic Envisioning have been transferred respectively to MASEN and AMEE (see below).

MASEN

In addition to the SIE, the Moroccan Agency for Sustainable Energy (MASEN) created in 2010, plays an important part in financing specific solar energy projects.
Its capital of USD 225 million is mostly owned by the Moroccan government, and 25% by ONEE-National Office for Water and Energy.

[63] https://lnt.ma/rse-bourse-de-casablanca-lance-lindice-de-reference-esg-10/
[64] https://www.moroccoworldnews.com/2019/02/265544/bloomberg-morocco-top-clean-energy-investor/
[65] http://global-climatescope.org/assets/data/reports/climatescope-2019-report-en.pdf

For 2018, Masen's investment plan reached USD 76 million in order to hold 20% of shares in project companies, while only representing 15% of total investment costs. Thus, Masen aims to maintain the country's ownership of solar projects, as the public company plays a major role in defining business processes which will enable deal closure, and most importantly financial stability.
The main goal of the agency is to elaborate bid solicitations for solar power plants – such as Noor Ouarzazate[66] and Noor Midlet[67] - of a total capacity over 2 Megawatts. Its second goal is to attract national and international investors in order for the State to progressively withdraw from the energy sector, and create an attractive and dynamic domestic sector, securing investments, and enhancing innovation. MASEN may choose partners of public or private law, Moroccan or foreign and entrust them, with the agreement of the State, some of these missions on the basis of convention. The company may also create subsidiaries or take stakes in any group or company carrying out activities related to its purpose.

AMEE

In the sector of urban mobility, in June 2018, the AMEE (Agence Marocaine pour l'Efficacité Energétique) signed a memorandum of understanding with the Swiss ABB group with the aim of carrying out a techno-economic study to install electric buses in Morocco.

Moreover, in May 2018, AMEE launched a project portfolio of small size projects, in partnership with the Andalusian Agency for International Cooperation and Development (AACID), for a total budget of 6 Million dhs (EUR 500 000).

Current significant projects include:
- Project 1: Electrification of rural schools with solar PV systems;
- Project 2: Optimisation of energy in the public sector;
- Project 3: Equipment of childbirth houses and health centres with solar water heaters.

IRESEN

In 2018, IRESEN's (Institut de Recherche en Energie Solaire et en Energies Nouvelles) funding agency has reported funding for 20 projects for a total amount of 5 Million USD

- **<u>Water & Sanitation</u>**

The National Household Waste Management Program (NHWMP) can be considered as a mitigation program, as it includes several waste to energy projects, and also aims to develop a solid waste recycling market. Indeed, the valorisation of waste is a key component of the National Strategy for Waste Reduction and Recovery (NSWRR), under finalization, especially through the creation of waste sorting and recovery centres within existing landfills. For this latter purpose, the SEDD mobilized an amount of nearly USD 54.3m in 2018.

Thus, the National Sanitation Program (NSP) is an essential piece in Morocco's strategy of adaptation to climate change, as it implements a water treatment cycle to ensure solutions to

[66] http://www.masen.ma/en/infographics/noor-ouarzazate-solar-complex
[67] http://www.masen.ma/sites/default/files/inline-files/Rapport%20MASEN-DL%202018-VF%20%281%29.pdf

water scarcity, an issue amplified by climate change in the Mediterranean region. The National Sanitation Program is implemented under the joint authority of the SEDD and the Ministry of Interior.

For the time period 2018-2025 NSP anticipates investing DH 19.29 billion (USD 2.01 billion), and a total investment of USD 4.46 billion between 2018 and 2040.
The National Office for Water and Electricity invested against MAD 4.54 billion in 2018. Many of its projects are climate-related: funding for the development of renewable energy projects, energy efficiency (mitigation) and improved water consumption management (adaptation) can be considered as climate finance expenditures.

- **Agriculture**

The Green Morocco Plan for a sustainable agriculture (2008 - 2022), developed by the Ministry of Agriculture and sea fishing, aims at increasing agricultural production and farm income, and to ensure the sustainable development of rural territories.

The plan focuses on improving water recovery for agricultural purpose and rationalising water consumption, and on accelerating the energy transition and improving the penetration rate of renewable energy in the agricultural sector. The total budget (2008-2018) leveraged amounts to MAD 35 billion (USD 3.5 billion USD), with the Moroccan Government funding 20%, and international contributors funding 80%.

- **Transport**

In 2018, Morocco inaugurated the 200 km long high-speed train between Tangier and Casablanca, known as *Al Boraq*. The high-speed services already boost traffic volumes, set to increase to 6 million passengers and contribute to sustainable transportation[68]. At these passenger numbers, the line is reducing CO_2 levels by 210,000 tonnes equivalent per year (for the duration of the entire master plan)[69]. The total investment for this project was EUR 2.1 bn.

[68] https://www.oncf.ma/fr/Entreprise/Durabilite/Rse
[69] International Union of Railways (UIC), presentation on "Rail in Emerging Economies".

Jordan

The Hashemite Kingdom of Jordan was the first Arab country to address climate change and its implications on vital sectors through a national policy: The National Climate Change Policy and Sector Strategic Guidance Framework of the Hashemite Kingdom of Jordan (2013-2020), which is to be extended at the end of its term to 2030.

There has been some ongoing progress in Jordan in terms of climate finance and environmental policies, however, Jordan is still characterised by important gaps and shortcomings in these areas. Most climate initiatives and projects in Jordan are still donor driven and the pledged emissions reductions will require substantial international financial support and a shift in national planning and budgeting that includes the allocation of domestic resources for mitigation and adaptation.

Jordan has taken a number of steps to increase and strengthen internal financing and to optimize the use of its available resources. Capital expenditures have been linked to the EDPs (executive development programmes), which are multi-year integrated national government development plans, crafted using a participatory approach, to integrate and track development and sectoral plans and strategies under the "Jordan 2025". Phase one of implementing "Jordan 2025" is part of the current 2016-2019 EDP which also includes outputs of the Jordan Economic Growth Programme 2018-2022.

This section of the report aims at addressing the current barriers to climate finance and access to data in Jordan, as well as highlighting key institutions, initiatives, and mandates supporting climate finance mobilization in Jordan in 2018.

Key Jordan Institutions & Mandates supporting Climate Finance Mobilization in 2018

The National Energy Research Center (NERC)

Established in 2000, the NERC is a specialized technical centre of the Royal Scientific Society (RSS), established for the purposes of research, development and training in the fields of new and renewable energy and raising the standards of energy use in different sectors.

In 2018, the NERC/Royal Scientific Society signed an agreement with the Jordan Renewable Energy and Energy Efficiency Fund (JREEEF) to implement the second phase of King Abdullah II Initiative to heat 35 schools and enhance their energy efficiency, a project with a total budget of USD 1.4 million.

Governorates

The twelve Governates' councils approve the governorates' yearly budget. The councils feature sectoral committees, including a committee for Finance, Economy, Development and Tourism; a committee for Agriculture, Water, Energy and Mineral Wealth; a committee on Education, Health, Environment and Public Works; and a Community Committee[70].

[70] Article 4 of the Rules of Procedure of the governorate councils.

Here are a few examples of projects listed as part of the Governorates' budget for 2018 – 2020, which are implemented through the local directorate of the corresponding ministries[71]:

Table 3: Examples of projects by governorates[72]

Governorate	Project	Estimated Fund 2018-2020 (in USD)	Executing Ministry
IRBID	Mosques equipped with solar PVs for electricity	98 700	Ministry of Awqaf And Islamic Affairs
	Eco-friendly hostel in Bani Kinana	564 000	Ministry of Tourism and Antiquities
	Water harvesting systems and land reclamation	1 263 000	Ministry of Agriculture
	Solid Waste Project	21 000	Ministry of Environment
	Schools Plant nurseries	21 000	MOE
Mafraq	Afforestation of public parks	564 000	Ministry of Agriculture
	Solar energy project in Agricultural research centres	352 600	Ministry of Agriculture

Municipalities

There is an important gap between the Greater Amman Municipality (GAM) and other municipalities in Jordan, either in terms of climate finance capacities and involvement.

According to the 2018 IFC Climate Investment Opportunities in Cities Report[73], the Greater Amman Municipality is the first city in the SEMed region to join the Green Cities Framework, to identify and address priorities for green development. The estimated climate investment opportunity between 2018 and 2030 by sector amounts to: USD 4 bn for public transport, USD 4 bn for green buildings, USD 3 bn for electric vehicles, USD 550 million for urban water, USD 385 million for waste, and USD 220 million for renewable energy.

The GAM is also more involved in international climate networks, most notably C40 Cities, and 100 Resilient Cities. The C40 supports the municipality by giving it access to its GHG reporting open data portal, or by providing punctual experts support.

National and subnational sources of climate finance

The National Climate Change policy pushes for mobilizing national resources via national, regional and local budgets to co-finance mitigation in combination with international sources; despite first efficient initiatives implemented to date, this option is yet to be further explored[74]

[71] Draft General Budget Law for the year 2018

[73] IFC Climate investment opportunities in cities, 2018, https://www.ifc.org/wps/wcm/connect/875afb8f-de49-460e-a66a-dd2664452840/201811-CIOC-IFC-Analysis.pdf?MOD=AJPERES&CVID=mthPzYg

[74] The National Climate Change Policy

in terms of coordination, consistency and cohesion between domestic institutions and financial players' dynamics.

National budget

The public sector constitutes the major source of local funding for green projects in Jordan as a majority of them is financed through national budgetary contributions.[75] Although there does not seem to be any consideration of earmarking a line of the national budget specifically for climate finance, Jordan has been proceeding to the integration of climate change components in budget allocation. The national budget currently does not estimate its share dedicated to climate finance as expenditures which could be considered as climate finance are scattered among "traditional" functional divisions. For instance, in the Summary of functional classification for estimated public expenditures for the fiscal year 2018, agriculture, forestry, energy, transport and construction are classified under the "Economic affairs" division; waste, waste water, pollution reduction and biodiversity under "environmental protection".[76] This accentuates the difficulty of quantifying the amount of public expenditures characterised as being climate financing.

Dedicated Funds

JEREEEF, JEF, the Agricultural Credit Corporation that establishes a minimum amount to lend to businesses in sectors of the green economy, Jordan Loan Guarantee Facility, Jordan Enterprise Development Corporation (JEDCO), Jordan Sustainable Finance Facility (JorSEFF), Amman Chamber of Industry.

Private sector financing

Since the private sector is to have a role in providing technical solutions to the implementation of NAMAs and investing in NAMA-projects, incentives have been under identification and definition in order to better engage the private sector in this process, and complement the public interventions when it comes to climate financing. However, according to the Green Growth Institute (GGGI), the local private sector is still not deeply involved in climate financing. Commercial banks such as the Arab Bank, Ahly Bank, Capital Bank or Cairo Amman Bank offer classic financial instruments of a rather small size, mainly targeting loans to households for energy efficiency projects. They are not deemed leaders, but rather entities channelling national initiatives such as that of the Central Bank of Jordan, which allows preferential interest rates for loans financing energy efficiency projects. At the local level, the GAM for instance indicated that it does not currently identify the private sector as a major supporting partner on climate finance, contrarily to the Ministry of Environment.

The Green Growth Plan recommends launching a continuous private sector green finance engagement programme and working groups to evolve sector knowledge and provides a forum for project presentations and matchmaking in order to complement, support and enhance (raise ambition) of exiting and foreseen public policies and incentives. It also suggests developing databases to help the Jordanian private sector access finance.

[75] A National Green Growth Plan for Jordan
[76] Main Tables, Law N°1 for the Year 2018, General Budget Law for the Fiscal Year 2018

Lebanon: A new green bond market since 2018

Lebanon is the only country of the SEMed region to have developed a new green bond market in 2018.

According to Climate Bonds Initiative's 2018 State of the Market Report [77], today, green bond issuance from the Middle East is very limited, with only two deals in the United Arab Emirates (USD 587 million in 2017) and Lebanon (USD 60 million in 2018).

In 2018, Lebanese Fransabank SAL sold its first green bond (USD 60 million) as a private placement to IFC and EBRD to raise funds for lending on renewable energy, energy efficiency and green buildings.

Fransabank SAL, the fourth-largest Lebanese bank, is the first Bank to issue green bonds in Lebanon and the Levant region to boost the green economy, promote environmentally friendly projects and help fight climate change. This initial issuance of USD 60 million green bonds will be followed by other series out of a global green bond program of USD 150 million. The IFC, a member of the World Bank Group, invested USD 45 million in the first issuance and has board approval to invest another USD 30 million in the program, bringing the total up to USD 75 million. The EBRD's subscription of USD 15 million marks the institution's first debt project in Lebanon and follows the USD 50 million trade finance line signed with Fransabank on 15 March 2018 in Beirut.[78]

Fransabank will raise money through the bonds then channel those funds to companies that want to invest in renewable energy and energy efficiency. The bonds will help Fransabank provide financing to a spectrum of eco-friendly projects in commercial energy efficiency, renewable energy, and green buildings. It will support the transformation to a greener Lebanese economy in several sectors, including industry, manufacturing, universities, and schools, as well as energy (solar arrays, wind farms, efficient buildings, etc.) among others.

Lebanon's greenhouse gas emissions have increased by 28% since 1994 and continue to rise. This green bond issuance will help reduce these emissions by at least 6,000 tons per year by 2022. The green bond issuance builds on IFC's multi-year sustainable energy finance advisory work with Fransabank and is part of the bank's "Go Green" strategy and falls within its commitment to the United Nations Sustainable Development Goal (SDG 13) on Climate Action. Ultimately, the goal will be to create a market for green financing in Lebanon and encourage other companies to go green[79].

[77] Climate Bonds Initiative, Green Bonds, State of the Market 2018 Report, https://www.climatebonds.net/files/post/files/cbi_gbm_final_032019_web.pdf
[78] http://www.fransabank.com/CSR/News/Pages/irst-green-bonds.aspx
[79] https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/cm-stories/lebanon_green_bonds

The Islamic Development Bank's involvement in the region

The Islamic Development Bank (IsDB) is a significant actor in the region, in terms of climate finance. The IsDB 2018 Annual Report[80] displays the sectoral distribution of IsDB net approvals in 2018, as well as the regional distribution. Unfortunately, the data is not disaggregated by country, but only by regions. The figure below shows the energy sector received the largest share at 31% amounting to USD 333.5 million. Transportation additionally received 19%, amounting to USD 208.2 million, while 9.1% of the total approval, amounting to USD 97.4 million was allocated to the Water, Sanitation and Urban Services sector.

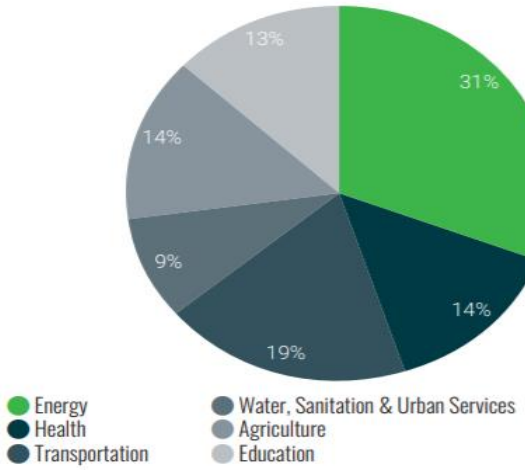


Fig 19. Sectoral distribution of IsDB net approvals 2018
Source: IsDB 2018 Annual Report

In terms of the distribution of approvals among the regional groups of member countries, about 49% (USD 3.4 billion) was allocated to countries in the MENA[81] and Europe-25 regions in 2018.

Table 4: Regional distribution of IsDB Group net approvals in 2018

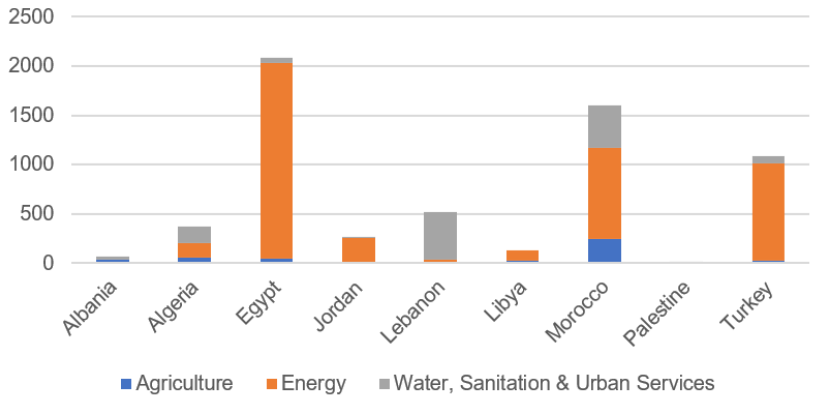
	No.	ID million	$ million	%
IsDB-57	258	4,933.2	6,938.2	98.8
CRS Africa & Latin America-22	111	1,509.1	2,090.5	29.8
CRS MENA & Europe-25	90	2,436.9	3,443.4	49.0
CRS Asia-10	57	987.2	1,404.3	20.0
Non-Member Countries	25	18.5	25.8	0.4
Regional Projects	30	41.9	58.3	0.8
Total	313	4,993.6	7,022.3	100.0

Source: IsDB 2018 Annual Report

[80] https://www.isdb.org/sites/default/files/media/documents/2019-04/usb%20Annual%20report%20English%202018_softproof.pdf
[81] MENA: Afghanistan, Albania, Algeria, Azerbaijan, Bahrain, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Pakistan, Palestine, Saudi Arabia, Sudan, Syria, Tunisia, Turkey, U.A.E., Yemen

The report also provides sectoral distribution of cumulative IsDB net approvals by country between 1975 and 2018. The figure below shows sectoral distribution of cumulative IsDB net approvals by country between 1975 and 2018, for 9 countries of the SEMed region.

Fig 20. Sectoral distribution of cumulative IsDB-OCR net approvals by country - 1975-2018 (USD million)



Urban services aim to tackle the challenges related to the pace of urbanization and to the provision of decent housing and Solid Waste Management (SWM) services giving rise to public health and environmental concerns. Activities included in the water sector correspond to projects which enhanced access and quality of water supply, sanitation services and modernized irrigation technologies. These investments pre-dominantly target rural areas in order to help bridge the existing access gap between rural and urban areas. Agriculture being the dominant economic activity for the majority of the population in several IsDB member countries and, as such, being an important source of economic development and poverty reduction, investments in sustainable agricultural infrastructures are a key aspect of IsDB's strategy. The investments going to the energy sector are not disaggregated, which implies it is impossible to evaluate the amount going to renewable energy projects.

Case study: Jordan

As an important milestone, the Abour Wind Project, a Public-Private Partnership (PPP), reached its financial close in September 2018. The project is designed to develop a 51.75 MW Wind Power Project under the FIT regime in Jordan. The Project is to Build, Own and Operate (BOO), a wind farm. The PPP arranged and committed to provide almost 66% of the project's long-term financing needs under its traditional Ijara-based Islamic finance structure. The Abour project is part of Government of Jordan's efforts to increase the renewable energy supply to 10% by 2020 and will also serve the purpose of promotion of FDI into the country and help reduce dependence on imported feedstock for the thermal generation of power. The Project forms part of IsDB's commitment to support the SDGs (Sustainable Development Goals)[82] by providing affordable and clean green energy to its member countries. This is the second clean energy project that IsDB has financed in Jordan.

[82] The IsDB's 2030 Agenda aspires to achieve 17 high level Sustainable Development Goals (SDGs) and 169 specific targets, encompassing the social, economic and environmental dimensions of development.

The Emissions Trading System in the SEMed region

In the EU, a cap-and-trade legislation regulates the amount of greenhouse gases emitted by major emitters. The EU emissions trading scheme (ETS) is the region's key policy tool for containing rising greenhouse gas emissions and meeting internationally agreed emission reduction targets cost-effectively. The EU ETS is currently in its third phase, which began in 2013 and will continue until the end of 2020. In the SEMed region, efforts have been made to implement an ETS, in Turkey, but also in Jordan, Morocco, and Tunisia.

- Turkey

A synthesis report outlining carbon market policy options for Turkey was submitted to the Climate Change and Air Management Coordination Board in November 2018. With additional funding from the Partnership for Market Readiness (PMR) through 2018 (a grant of USD 3 million) [83], Turkey has been developing draft legislation and improving technical and institutional capacity, to prepare the groundwork for piloting a suitable carbon pricing policy. Specifically, there are five components to the country's plans during the second phase, which is expected to complete by the end of 2020: (1) development of the 'Climate Change Law,' ETS regulation, and institutional framework for a pilot ETS; (2) development of the pilot ETS cap and allocation plans for the MRV sectors; (3) development of Turk-SIM, an ETS simulation with gamification features; (4) development of a transaction registry for the pilot ETS; and (5) assessment of Article 6 and options for Turkey[84].

Turkey plays a prominent role in the global voluntary carbon market. The voluntary carbon market relates to transactions in carbon credits that fall outside the compliance schemes created under the Kyoto Protocol. Demand for carbon credits in this market is driven largely by companies that pursue voluntary greenhouse gas emissions targets and intend to demonstrate climate leadership within the industry.

Through the strong trading ties with the EU, many commercial clients of Turkish banks are directly or indirectly exposed to the prices of emission allowances traded under the EU ETS.[85]

- Jordan

Launched in 2010, the PMR is helping to establish carbon markets in developing, emerging and transition countries.
In Jordan, the PMR project, executed by the world Bank, received a grant of USD 3,000,000.00 (Grant Effectiveness and Closing Dates: 07/11/2016 - 06/30/2020).
The Project Development Objective (PDO) is to assist the Government of Jordan in piloting an integrated Monitoring, Reporting and Verification (MRV) framework in targeted sectors, and developing the technical capacity of public and private sector stakeholders for identification of a potential market based instrument for greenhouse gas mitigation. For the purposes of the PDO, capacity development includes: (i) capacity of private sector engaged in energy efficiency and renewable energy projects, focusing on small and medium scale project developers and intermediaries; (ii) capacity of financial institutions; (iii) evaluation of mitigation

[83] https://www.thepmr.org/system/files/documents/2019%20Turkey%20PMR%20Project%20Implementation%20Status%20Report.pdf
[84] https://icapcarbonaction.com/en/?option=com_etsmap&task=export&format=pdf&layout=list&systems%5B%5D=66
[85] http://turkishcarbonmarket.com/carbon-markets

potential in the targeted sectors; and (iv) collaborative analysis of policy framework and technical potential to identify future market based instruments.[86]

- Morocco

The PMR project, executed by the Kingdom of Morocco, received a grant of USD 3,000,000 (Grant Effectiveness and Closing Dates: 10/20/2015–12/31/2018). The Implementing Agency of the project is the State Secretariat in charge of Sustainable Development (SEDD) under the Ministry of Energy, Mines and Sustainable Development of the Kingdom of Morocco.
The overall objective of the project is to support the definition of a national strategy for the implementation of the appropriate market-based instruments of climate policy in Morocco. The project is examining the different mitigation instruments available to the government of Morocco and the relative weight of the MBIs in the possible mix of instruments.
The project provides support to the development of a sectoral crediting mechanism, to allow Morocco's participation in the carbon market(s) through the cooperative mechanisms established under the Article 6 of the Paris Agreement. These activities will support the creation of a regulatory framework needed for mitigation in each sector, the definition of sectoral baselines, and the evaluation of the mitigation potential of each sector.[87]

- Tunisia

Tunisia joined the PMR as an implementing country participant in April 2018. The PMR is helping Tunisia assess and understand how carbon pricing can strengthen its commitment to decarbonizing the Tunisian economy.

In June 2018, the Partnership Assembly approved the Tunisian Market Readiness Proposal (MRP) and granted the country with USD 3.1 million to design, manage and implement carbon pricing instruments. The Tunisian MRP aims to support the Tunisian Government to enhance stakeholder capacities in order to foster the emergence of carbon pricing instruments and strengthening mitigation and decarbonisation policies of the Tunisian economy. The MRP will focus on the implementation of thirteen activities, structured in an integrated, coherent and complementary way, to facilitate the understanding and the implementation of the concept of carbon pricing. The project activities will enhance the achievement of the NDC implementation vision through energy transition. In particular, the project supports the existing financial instruments that will play a crucial role in the development of carbon pricing, particularly the Energy Transition Fund. In addition, the project also supports the design of various instruments adapted to the targeted sectors and to the Tunisian context specificities (carbon tax, results-based payments, etc.) and the identification of carbon pricing instruments (update of mitigation scenarios and impact assessment, MRV system, capacity building, etc.).[88]

[86]https://www.thepmr.org/system/files/documents/Jordan%20PMR%20Project%20Implementation%20Status%20Report_April%202019.pdf
[87]https://www.thepmr.org/system/files/documents/2019%20Morocco%20PMR%20Project%20Implementation%20Status%20Report.pdf
[88]https://www.thepmr.org/system/files/documents/2019%20Tunisia%20PMR%20Project%20Implementation%20Status%20Report.pdf

Cooperation with Middle Eastern countries on climate finance

Pathways toward improved regional cooperation in the Middle East are rarely smooth, and the road towards environmental and climate action is no exception. The potential benefits of increasing climate finance would very likely be neutralised by a lack of alignment between similarly affected countries.[89]

Sub-regional groups such as the Levant (Lebanon, Palestine, Jordan, Syria, and Iraq) and the Maghreb (Algeria, Libya, Mauritania, Morocco and Tunisia) have had little success in intergovernmental cooperation on the environment so far, even as these states seek to transform to post-oil and gas-based economies. Morocco, however, has been an active player ever since COP22 in Marrakech in November 2016; it has been actively investing in renewable energy (for instance with the solar thermal projects Noor I, II and III) and has called for greater regional cooperation on grid-sharing in the Maghreb region.

Apart from the various initiatives led by the Union for the Mediterranean in terms of environmental action, cooperation actions are also undertaken under the League of Arab States (LAS). The LAS is an intergovernmental organization comprising 22 Arab States, 10 of which are located in North Africa and 12 in West Asia. The League of Arab States is an umbrella system which includes around 20 specialized Arab technical agencies, 13 specialized ministerial councils including the Council for Arab Ministers Responsible for Environment (CAMRE). CAMRE is the regional mechanism through which the council aims to facilitate and support cooperation between Arab countries in areas relating to the environment including setting regional strategies on climate change. A new LAS Department of Sustainable Development and International Cooperation established in 2016 leads coordination for forging new partnerships to achieve climate goals[90].

[89] Can fighting climate change bring the Arab world closer together? https://www.weforum.org/agenda/2019/04/to-fight-climate-change-the-arab-world-needs-to-come-together/ 01 Apr 2019, Neeshad Shafi, Executive Director, Arab Youth Climate Movement Qatar

[90]https://www.undp.org/content/dam/undp/library/Climate%20and%20Disaster%20Resilience/Climate%20Change/Arab-States-CCA.pdf

3.4 Private climate finance in the SEMed region

Private climate finance is crucial in order to achieve the objective of transformational impact in terms of climate change. Private sector investors—whether individual investors, private equity including venture capitalists, or larger institutional investors like pension funds, insurance companies, or sovereign wealth funds—have assets under management representing several trillions of dollars globally. In addition, global, regional, and local financial institutions have the capacity to provide much needed capital and financial services to finance privately developed climate change projects.[91]

Private climate finance is difficult to estimate, especially because of the lack of disaggregated data per country. A first step to estimating the attractiveness of a country in terms of private climate finance flows is to look at a country's FDI inward flows.

Table 5: FDI inward flows in the SEMed region[92]

Country	Amounf of FDI in 2018
Egypt	USD 8,141 million
Israel	USD 20,789 million
Jordan	USD 955 million
Lebanon	USD 2,654 million
Morocco	USD 3,559 million
Tunisia	USD 1,036 million
Turkey	USD 12,981 million

Additionally, in September 2019, UNCTAD launched the SDG Investment Trends Monitor to provide an overview of trends in financing and investment performance in each of the 10 SDG sectors. The monitor responds to the Addis Ababa Action Agenda calling for high-quality disaggregated data and monitoring as inputs for evidence-based decision-making to support the SDGs.[93]

Sustainable investment has a long-standing provenance, the scope of which can cover everything from socially responsible investing to the more recent integration of ESG criteria in investment decisions. The strategies adopted by the investment industry also vary in the extent to which they embrace sustainability and responsible investment criteria (GSIA, 2018). The lack of consistent definitions makes it difficult to estimate the global asset size of sustainability-aligned investment. According to the IMF's 2019 Global Financial Sustainability Report, estimates of the global assets of sustainability investment as of 2018 range from USD 3 trillion (JP Morgan, 2019) to USD 30.7 trillion (GSIA, 2018).

[91] https://www.wri.org/our-work/project/climate-finance/climate-finance-and-private-sector
[92] https://www.nordeatrade.com/en
[93] https://unctad.org/en/PublicationsLibrary/wir2020_en.pdf

Although there are variations across the different data sources, the overarching trend shows stagnant or declining private sector investment in the SDGs. The power, renewable energy and transport infrastructure sectors draw the majority of investment in developing economies, often led by a few large economies. Overall, the levels of SDG investment are insufficient to close the investment gap, even in countries and sectors with improving trends. Although the full range of sources of finance for investment in SDGs (domestic and international, public and private) is significantly broader than what is reported here, the downward or at the very least tepid trends in foreign private investment is a significant cause for concern.

According to UNCTAD, between 2015 and 2019, climate change mitigation projects in developing economies received USD 182 billion in average per year (no data is available for climate change adaptation projects).

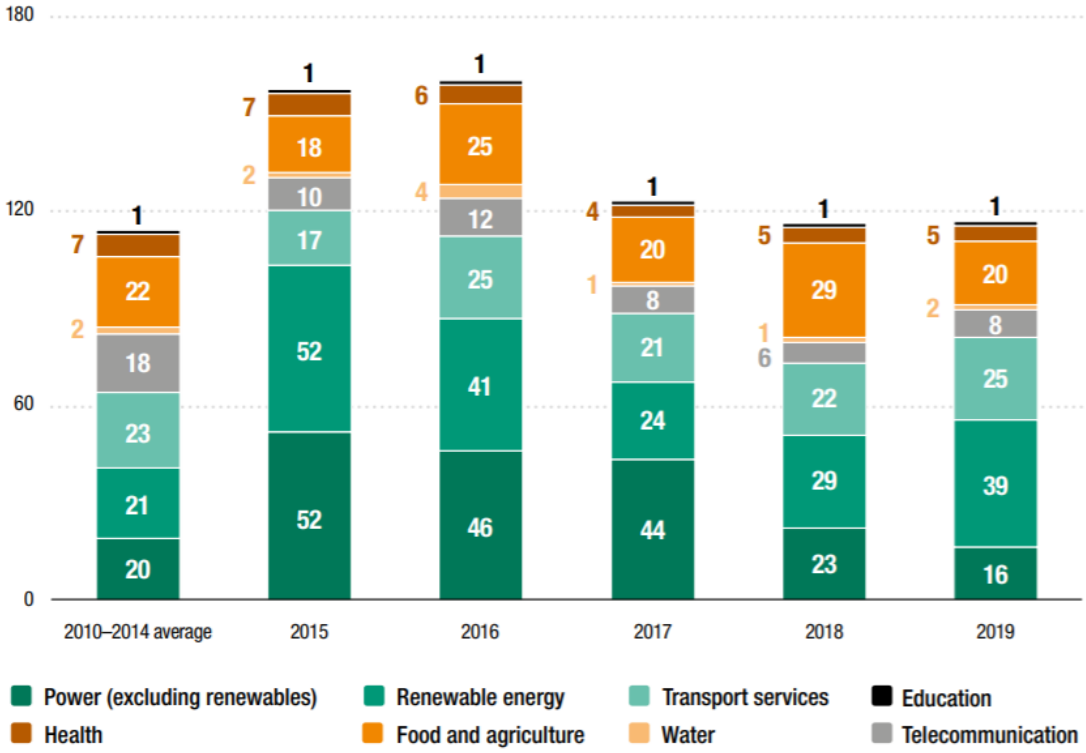


Figure 21: Announced greenfield FDI projects in developing economies, estimated capital spending by SDG sector (billions of dollars)
Source: UNCTAD based on Financial Times Ltd, fDi Markets

The role of OECD contributors

This study shows that up to USD 6.95 billion climate finance was mobilised in the SEMed region in 2018. This amount corresponds to 8.9% of global public climate finance commitments, as reported by the OECD DAC, or 7% in case the funding to Turkey is not considered.

The largest share of climate finance to the SEMed region stemmed from MDBs, which provided 64% of total commitments. The EBRD had the largest portfolio of projects, totalling USD 1.6 billion. Bilateral ODA comprised 35% of the commitments, headed by Germany and the European Union. Dedicated climate funds contributed the remaining 1% of the funding to the region, with the GEF as the main provider.

Morocco, Turkey, and Egypt received the largest proportion of climate finance to the region (56% combined). Mitigation activities dominated and were centered on the renewable energy, while adaptation measures focused on water supply and sanitation. However, adaptation activities overall remained underfunded in comparison to mitigation. The main beneficiaries of climate finance, approximated through the first implementing partner receiving funding, were largely public bodies, which received USD 3.473 billion.

While the OECD DAC database provides the most comprehensive climate finance database available, is also subject to potential errors. These may occur from human error, as most data is self-reported by donors who artificially fit the data to the OECD tracking system, or from systematic error relating to, for example, a subjective understanding of what climate finance should include or exclude. In addition, the OECD DAC database covers data from only 30 member states, excluding information from potential climate investors that are not part of the DAC.

The role of non-OECD contributors

OECD donors were not the only active contributors in the SEMed region in 2018. Contributors such as China – in the context of the BRI – as well as various development banks like the ADB, the IDBG and the IsDB, also greatly contributed to climate finance flows in the region in 2018.

Monitoring, reporting, and verification of climate finance is a challenging exercise, limited by a lack of standardised climate finance tracking methodologies, and inadequate transparency that is due to the confidentiality of project-level data, delays in the release of data and inconsistencies in publicly available project records. While public climate finance is often recorded by donor agencies and international financial institutions, private climate finance and domestic expenditures are rarely documented. Very few incentives to record private climate finance exist, confidentiality is often prioritised, and there are limited means of tracing cascade climate finance mobilised in the private sector, making the exercise of providing total aggregates difficult.

Looking forward on private climate finance tracking

The current common environmental challenges faced by states of the SEMed region present opportunities for improved policymaking and closer cooperation at the regional level. The countries' vulnerability to climate change is real, and joint action to move towards low-carbon development and green growth will in turn enable them to make further contributions to global climate action. Improved information sharing, technical cooperation and political negotiation at regional and sub-regional levels will play an important role in forging this cooperation. While it is easy to identify obstacles to cooperation in the SEMed region, the reality is that climate change presents both a threat and an opportunity to the region.

The private sector is essential in the fight against climate change. Initiatives and commitments from the private sector, despite being properly reported so far, are ever growing. For instance, Amazon's CEO, Jeff Bezos, announced in February 2020, a commitment of USD billion to address the climate crisis in a new initiative he called the Bezos Earth Fund.

Additionally, some organisations, such as the Institutional Investors Group on Climate Change (IIGCC), the European membership body for investor collaboration on climate change, mobilise capital for the low carbon transition and ensure resilience to the impacts of a changing climate by collaborating with business, policy makers and investors. One of IIGCC's initiative, Climate Action 100+, is a five-year initiative led by investors to engage over 160 companies across the global economy that have significant opportunities to drive the clean energy transition and help achieve the goals of the Paris Agreement. To date, 370 investors (including 93 IIGCC members) with more than USD $35 trillion in assets under management have signed on to the initiative.

Nonetheless, increasing climate finance commitments is not enough on its own. Today, more than ever, it is crucial to phase out investment in the fossil fuel supply chain from exploration to generation, which far outstripped finance for renewables generation in 2018[94] in the SEMed region. Public and private actors must therefore coordinate to rapidly scale up finance in the renewable energy generation sector, and, more generally, in climate-related sectors. Switching to renewable energy plays a vital role in addressing climate change, but this alone cannot be enough. Transitioning to a circular economy - an economy in which waste and pollution do not exist as design, products and materials are kept in use, and natural systems are regenerated - by addressing root causes, also provides promise to accelerate the implementation of the 2030 Agenda.

Finally, the lack of transparency and database on commitments made by private donors is a serious obstacle to providing an accurate representation of climate finance flows in the SEMed region. This obstacle limits our analysis, as well as the ability of governments to make informed choices in their attempts of scaling up climate finance. The present limitations illustrate that it is paramount that governments promote policies to support investors to report on their climate-related investments. Furthermore, public and private bodies should collaborate to create a standardised system to track international private climate finance. Countries may consider taking similar steps as the EU, which in July 2018, set up a technical expert group on

[94] Climate Policy Initiative November 2019, Global Landscape of Climate Finance 2019, https://climatepolicyinitiative.org/wp-content/uploads/2019/11/2019-Global-Landscape-of-Climate-Finance.pdf

sustainable finance with the task of developing a classification system that better identifies sustainable investments, as well as establishing guidelines to improve corporate disclosure[95].

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[95] https://ec.europa.eu/info/publications/sustainable-finance-technical-expert-group_en

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Annexes

Annex 1. OCDE: Methodology Discussion & Data Tables

The OECD DAC Methodology and Approach

The OECD DAC is a publicly available, comprehensive database that relies on self-reporting by donors on their bilateral commitments to developing countries. It applies the definitions of two well-established climate finance tracking methodologies: the Rio-Marker methodology[96] (typically used by bilateral donors and funds) and the Joint MDB Approach to Climate Finance Tracking (used by multilateral development banks). The data on projects tagged as climate finance is submitted in the OECD reporting format by the donors themselves, and then integrated into the DAC database by the OECD, a process that causes a time lag of nearly two years until the data is released.

Despite representing an improvement to the previous methodology, the use of the OECD DAC database also has several inherent limitations when it comes to climate finance tracking and reporting:

• Emphasis is on climate finance aggregates, meaning that project-level detail is sometimes limited;

• The OECD DAC reporting methodology is constantly evolving, which means that attention must be paid to changes in the approach over the years. An updated methodology is expected to be in place from 2021 onwards.

• The methodology relies on voluntary reporting of climate flows. Some projects may, therefore, be subjectively categorised or excluded if their climate benefits cannot be tracked quantitatively.

This is particularly relevant in adaptation, where project inclusions may still be disputed. Human or systematic errors may also occur during reporting, for example, via incorrect reporting or in subjective judgements of what constitutes climate finance. Systematic errors could also occur as MDBs use different sector groupings to the OECD, and translation of project data between databases constitutes an important potential error source.

• The Rio Marker system requires donors to indicate whether a project contributes “principally” or “significantly” to climate change mitigation or adaptation. However, there has been evidence of inconsistencies in this system, brought about by unclear definitions and political motivations that affect the use of the coding system (Michaelowa and Michaelowa (2011), Junghans and Harmeling (2012), Adaptation Watch, (2015)).

• The purpose of the Rio Markers was not originally to track finance flows and therefore provides only an approximate quantification of finance flows (OECD DAC, n.d.). This method takes the entire project value into consideration, whereas the MDB Joint Approach only considers the proportion of finance designated specifically for a climate activity. It, therefore, provides a sharper delineation of actual climate finance. In addition, only projects with a Rio Marker “principal objective” may contribute towards the notion of “additionality” that is discussed in the context of the USD 100 billion target, although most estimates include projects with both "principal" and "significant" objectives.

• The current OECD methodology excludes climate finance flows that are subject to uncertainty and methodological limitations. This includes greater private climate finance flows, flows from

[96] https://www.oecd.org/dac/environment-development/Annex%2018.%20Rio%20markers.pdf

domestic government expenditure flows from additional investors that do not report to the OECD and flows that are not officially earmarked for climate.
• The categorisation of flows as bilateral or multilateral means that only larger, multilateral climate specific funds and programmes are clearly separated from bilateral flows. While this still provides accurate aggregates, details from secondary donors are not accounted for.

Details on the OECD DAC Donors to the SEMed region in 2018

Table A1: Full list of donors to the SEMed region in 2018, and their recorded commitment, OECD DAC Dataset.

Donors	Climate-related development finance, 2018 - Commitment - USD thousand
Bilateral - DAC members	**2254994**
Germany	1626472
EU Institutions	513665
Italy	23033
Spain	19931
France	19175
Sweden	17147
United States	9741
Switzerland	7551
Canada	5169
Belgium	3432
Japan	2242
Norway	2235
Czech Republic	1604
Poland	1302
Korea	782
Slovenia	477
United Kingdom	363
New Zealand	262
Finland	129
Portugal	110

Austria	83
Netherlands	58
Ireland	30
Australia	2
Multilateral development banks	**4055141**
European Bank for Reconstruction and Development	1605677
EU Institutions (EIB)	995403
International Bank for Reconstruction and Development	897790
African Development Bank	406316
Asian Infrastructure Investment Bank	120000
International Development Association	29956
Bilateral - Non-DAC members	**9**
Lithuania	9
Climate Funds	**69268**
Global Environment Facility	33255
International Fund for Agricultural Development	29772
Global Environment Facility Least Developed Countries Trust Fund (LDCF)	5000
Global Green Growth Institute	1240
Total	**6379412**

The table above shows the full list of donors to the SEMed region for 2018 recorded by the OECD DAC, and how their flows were categorised by the OECD (although climate funds were separated from other flows in this report). The methodology of each donor is also recorded (MDB Joint Method, or the Rio Marker Method). Their total commitments are included as a measure of the importance of the donor to the region.

Approaches and definitions used in this update report, based on the OECD categorization

The OECD data included in this report are:

- *Financial instruments* to the SEMed countries included: grants, loans and equity.
- *Adaptation and mitigation activities* were reported in aggregates with the knowledge of the limitations of the Rio Marker and MDB Joint methodology system.
- *Major areas of intervention or sectors and sub-sectors* are differentiated by a coding system, more information is provided in Table A2.
- *Beneficiaries* were recorded as the OECD DAC's Channel of Delivery[97], which allows for a boundary to be drawn for climate finance flows. This includes:
    - Public sector institutions: donor governments, recipient governments, local authorities and delegated co-operation with another recipient country. More information on sub-categories is provided in OECD (2007).
    - NGO's: international, donor-country based and developing country-based NGOs o Multilateral organisations: international, public institutions such as the World Bank or multilateral groups.
    - Research institutions: University, college or other teaching institution, research institute or think-tank.
    - Private sector institutions: Includes all "for-profit" institutions, consultants and consultancy firms that do not meet the definition of a public-sector institution, and private sector within and outside the country
    - Other: Includes any other implementers that cannot be placed in another channel category or that are left blank

Table A2: Summary of the OECD DAC sectors (including sector number) and sub-sectors funded in the SEMed region in 2018

This table below shows the sector classification used in this report to investigate major sectors of intervention (including sector numbers used). More detailed sub-sectoral categories are provided, where possible. A complete list of explanations is given in OECD (2016a).

OECD DAC Sectors and Subsectors (OECD, 2018a)	Total (USD thousand)
I.1.a. Education, Level Unspecified	**16 431**
Education facilities and training	10304
Education policy and administrative management	6061
Teacher training	66
I.1.b. Basic Education	**3 879**
Basic life skills for youth and adults	18

[97] The channel of delivery is the first implementing partner. It is the entity that has implementing responsibility over the funds and is normally linked to the extending agency by a contract or other binding agreement and is directly accountable to it. Where several levels of implementation are involved (e.g. when the extending agency hires a national implementer which in turn may hire a local implementer), report the first level of implementation as the channel of delivery (OECD, 2007)

Primary education	3861
I.1.c. Secondary Education	**15 774**
Secondary education	3900
Vocational training	11874
I.1.d. Post-Secondary Education	**3 269**
Advanced technical and managerial training	321
Higher education	2948
I.2.a. Health, General	**123 290**
Health policy and administrative management	3084
Medical services	120205
I.2.b. Basic Health	**46 655**
Basic health care	20792
Basic health infrastructure	71
Basic nutrition	1210
Infectious disease control	24582
I.3. Population Policies/Programmes and Reproductive Health	**277**
STD control including HIV/AIDS	277
I.4. Water Supply and Sanitation	**970 692**
Basic drinking water supply	977
Basic drinking water supply and basic sanitation	44970
Basic sanitation	636
Education and training in water supply and sanitation	162
River basins development	20
Sanitation - large systems	144053
Waste management/disposal	137607
Water resources conservation (including data collection)	11724
Water sector policy and administrative management	324316
Water supply - large systems	154039
Water supply and sanitation - large systems	152188
I.5.a. Government and Civil Society - general	**33 815**

Decentralisation and support to subnational government	12445
Democratic participation and civil society	5604
Domestic revenue mobilisation	1020
Ending violence against women and girls	1131
Human rights	1996
Legal and judicial development	50
Media and free flow of information	8103
Public finance management (PFM)	165
Public sector policy and administrative management	850
Women's rights organisations and movements, and government institutions	2452
I.5.b. Conflict, Peace and Security	**35**
Civilian peace-building, conflict prevention and resolution	35
I.6. Other Social Infrastructure and Services	**13 617**
Culture and recreation	6
Employment creation	6137
Housing policy and administrative management	7447
Social Protection	27
II.1. Transport and Storage	**436 150**
Rail transport	177033
Road transport	243818
Transport policy and administrative management	15300
II.2. Communications	**8 706**
Information and communication technology (ICT)	8706
II.3.a. Energy Policy	**328 312**
Energy conservation and demand-side efficiency	75467
Energy education/training	567
Energy policy and administrative management	252207
Energy research	70
II.3.b. Energy generation, renewable sources	**972 443**
Energy generation, renewable sources - multiple technologies	147750

Solar energy for centralised grids	824693
II.3.f. Energy distribution	**386 746**
District heating and cooling	254
Electric power transmission and distribution (centralised grids)	379102
Retail gas distribution	7390
II.4. Banking and Financial Services	**612 830**
Financial policy and administrative management	54407
Formal sector financial intermediaries	558423
II.5. Business and Other Services	**55 169**
Business development services	15377
Business Policy and Administration	39792
III.1.a. Agriculture	**513 944**
Agricultural alternative development	490
Agricultural co-operatives	3351
Agricultural development	11259
Agricultural education/training	884
Agricultural extension	44
Agricultural financial services	4131
Agricultural inputs	556
Agricultural land resources	5130
Agricultural policy and administrative management	354726
Agricultural research	1766
Agricultural services	13
Agricultural water resources	83614
Food crop production	44563
Livestock	3418
III.1.b. Forestry	**3 432**
Forestry development	1848
Forestry education/training	306
Forestry policy and administrative management	1190

Forestry research	89
III.1.c. Fishing	**9 337**
Fishery development	729
Fishing policy and administrative management	8608
III.2.a. Industry	**283 421**
Agro-industries	7747
Chemicals	80287
Cottage industries and handicraft	9
Energy manufacturing (fossil fuels)	132945
Industrial development	1298
Small and medium-sized enterprises (SME) development	60166
Technological research and development	92
Textiles, leather and substitutes	875
III.2.b. Mineral Resources and Mining	**18 293**
Industrial minerals	13140
Oil and gas (upstream)	5153
III.3.b. Tourism	**92**
Tourism policy and administrative management	92
IV.1. General Environment Protection	**64 120**
Bio-diversity	8663
Biosphere protection	89
Environmental education/training	1080
Environmental policy and administrative management	51683
Environmental research	2516
Site preservation	89
IV.2. Other Multisector	**585 548**
Disaster Risk Reduction	5722
Multisector aid	207927
Multisector education/training	36
Research/scientific institutions	1236

Rural development	30592
Urban development and management	340035
IX. ADMINISTRATIVE COSTS OF DONORS	**357**
Administrative costs (non-sector allocable)	357
VI.2. Development Food Assistance	**9 986**
Food assistance	9986
VIII.1. Emergency Response	**17 130**
Emergency food assistance	2828
Material relief assistance and services	13117
Relief co-ordination and support services	1185
VIII.2. Reconstruction and Rehabilitation	**13 474**
Immediate post-emergency reconstruction and rehabilitation	13474
VIII.3. Disaster Preparedness	**5 210**
Multi-hazard response preparedness	5210
XII. Unallocated / Unspecified	**826 978**
Promotion of development awareness (non-sector allocable)	264
Sectors not specified	826713
Total	**6 379 412**

Table A3: Number of projects and total amount of climate finance for activities by recipient country, 2018 (USD thousands)

This table presents the assessed recipient countries and the activities they host by sub-sector, as approximation for the individual projects in each country.

Recipient countries and activities	Nombre de Sub-sector	Total USD thousand
Albania	**35**	**153 262**
Agricultural policy and administrative management	2	14435
Agricultural water resources	1	23120
Bio-diversity	1	333

Democratic participation and civil society	1	373
Education facilities and training	1	8
Energy conservation and demand-side efficiency	1	3455
Energy policy and administrative management	2	2718
Environmental policy and administrative management	3	1285
Financial policy and administrative management	2	35407
Forestry policy and administrative management	1	18
Formal sector financial intermediaries	2	4131
Higher education	1	43
Media and free flow of information	1	1141
Multisector aid	3	3573
Promotion of development awareness (non-sector allocable)	1	3
Road transport	1	6375
Site preservation	2	24
Vocational training	1	55
Waste management/disposal	2	1497
Water sector policy and administrative management	3	37492
Water supply - large systems	1	74
Water supply and sanitation - large systems	2	17703
Algeria	**27**	**56 267**
Agricultural development	2	34
Agricultural education/training	1	18
Business Policy and Administration	1	2360
Culture and recreation	2	6
Decentralisation and support to subnational government	1	11802
Democratic participation and civil society	2	339
Energy conservation and demand-side efficiency	1	11802
Energy generation, renewable sources - multiple technologies	1	11

Energy policy and administrative management	3	5031
Environmental policy and administrative management	2	8014
Food crop production	1	9
Health policy and administrative management	1	568
Legal and judicial development	1	50
Material relief assistance and services	1	590
Multisector aid	1	96
Small and medium-sized enterprises (SME) development	1	11802
Technological research and development	1	89
Vocational training	1	3541
Water sector policy and administrative management	3	103
Bosnia and Herzegovina	**56**	**132 329**
Agricultural development	1	1124
Agricultural policy and administrative management	1	1754
Business Policy and Administration	2	551
Civilian peace-building, conflict prevention and resolution	1	35
Democratic participation and civil society	2	598
Disaster Risk Reduction	1	120
District heating and cooling	3	79
Domestic revenue mobilisation	2	1020
Education facilities and training	1	491
Electric power transmission and distribution (centralised grids)	1	8852
Energy conservation and demand-side efficiency	5	26805
Energy generation, renewable sources - multiple technologies	5	964
Energy policy and administrative management	3	32229
Environmental education/training	1	18
Environmental policy and administrative management	3	5755
Formal sector financial intermediaries	6	9324

Media and free flow of information	1	1161
Multi-hazard response preparedness	1	1227
Multisector aid	1	3
Public finance management (PFM)	1	165
Relief co-ordination and support services	1	736
Rural development	1	4523
Sectors not specified	3	26461
Small and medium-sized enterprises (SME) development	2	7689
Social Protection	1	9
Solar energy for centralised grids	3	337
STD control including HIV/AIDS	1	277
Vocational training	1	5
Water supply - large systems	1	17
Egypt	**73**	**1 271 327**
Agricultural development	2	67
Agricultural education/training	1	7
Agricultural research	2	405
Basic health care	2	20776
Bio-diversity	7	3516
Business Policy and Administration	3	12250
Chemicals	6	3500
Education policy and administrative management	1	5850
Energy conservation and demand-side efficiency	5	27679
Energy generation, renewable sources - multiple technologies	2	710
Energy manufacturing (fossil fuels)	1	132945
Energy policy and administrative management	4	100263
Environmental policy and administrative management	2	551
Environmental research	2	5
Financial policy and administrative management	1	9000

Formal sector financial intermediaries	3	35364
Higher education	1	18
Industrial minerals	1	13140
Infectious disease control	2	23850
Medical services	1	67416
Multisector aid	2	165093
Primary education	1	3850
Research/scientific institutions	2	252
Sanitation - large systems	1	59999
Secondary education	1	3900
Sectors not specified	4	231104
Small and medium-sized enterprises (SME) development	2	953
Solar energy for centralised grids	1	212
Technological research and development	1	3
Textiles, leather and substitutes	1	875
Tourism policy and administrative management	1	0
Transport policy and administrative management	1	11
Urban development and management	2	242265
Waste management/disposal	1	93237
Water resources conservation (including data collection)	1	14
Water sector policy and administrative management	1	32
Water supply and sanitation - large systems	1	12215
Jordan	**58**	**495 915**
Administrative costs (non-sector allocable)	1	295
Advanced technical and managerial training	2	144
Agricultural co-operatives	2	602
Agricultural development	2	301
Agricultural policy and administrative management	2	249
Basic drinking water supply	1	15

Basic sanitation	1	468
Education and training in water supply and sanitation	1	65
Electric power transmission and distribution (centralised grids)	1	169324
Ending violence against women and girls	1	69
Energy conservation and demand-side efficiency	2	1249
Energy policy and administrative management	1	1500
Environmental education/training	1	1002
Environmental policy and administrative management	5	6894
Forestry education/training	2	53
Health policy and administrative management	2	16
Material relief assistance and services	4	11453
Multi-hazard response preparedness	2	507
Multisector aid	2	177
Promotion of development awareness (non-sector allocable)	1	236
Research/scientific institutions	1	104
Sanitation - large systems	1	23604
Sectors not specified	2	32397
Site preservation	2	31
Transport policy and administrative management	1	5
Vocational training	1	1770
Waste management/disposal	2	17485
Water resources conservation (including data collection)	2	1216
Water sector policy and administrative management	6	97011
Water supply - large systems	1	70813
Water supply and sanitation - large systems	2	56651
Women's rights organisations and movements, and government institutions	1	207
Lebanon	**68**	**526 772**
Administrative costs (non-sector allocable)	1	48

Agricultural co-operatives	2	1537
Agricultural development	1	314
Agricultural education/training	1	241
Basic drinking water supply	2	43
Basic drinking water supply and basic sanitation	2	44848
Business Policy and Administration	4	18139
Electric power transmission and distribution (centralised grids)	1	18551
Emergency food assistance	1	885
Energy education/training	2	219
Energy generation, renewable sources - multiple technologies	2	6101
Energy policy and administrative management	2	3562
Environmental policy and administrative management	4	2959
Environmental research	2	2434
Fishing policy and administrative management	1	1106
Forestry development	1	127
Forestry education/training	1	252
Forestry policy and administrative management	1	1154
Formal sector financial intermediaries	5	113135
Higher education	2	48
Immediate post-emergency reconstruction and rehabilitation	2	4048
Information and communication technology (ICT)	2	7430
Medical services	1	1770
Multisector aid	1	404
Public sector policy and administrative management	1	850
Road transport	1	225200
Rural development	4	1703
Sectors not specified	5	20819
Small and medium-sized enterprises (SME) development	1	3541

Solar energy for centralised grids	2	329
Tourism policy and administrative management	1	30
Transport policy and administrative management	1	5311
Urban development and management	1	333
Vocational training	1	1223
Waste management/disposal	2	24450
Water resources conservation (including data collection)	2	3552
Water sector policy and administrative management	1	8852
Women's rights organisations and movements, and government institutions	1	1223
Mauritania	**61**	**93703**
Agricultural alternative development	1	75
Agricultural co-operatives	1	885
Agricultural development	7	7529
Agricultural land resources	1	13
Agricultural policy and administrative management	3	2221
Agricultural water resources	1	443
Agro-industries	1	1951
Basic drinking water supply	1	35
Basic nutrition	2	1210
Business Policy and Administration	1	590
Democratic participation and civil society	2	1770
Disaster Risk Reduction	3	5590
Energy generation, renewable sources - multiple technologies	1	12
Environmental education/training	1	9
Environmental policy and administrative management	4	10994
Food assistance	2	8793
Food crop production	2	473
Health policy and administrative management	1	2500

Human rights	2	1174
Immediate post-emergency reconstruction and rehabilitation	1	1149
Infectious disease control	1	732
Information and communication technology (ICT)	1	1276
Livestock	1	1932
Medical services	1	2040
Multi-hazard response preparedness	2	3476
Multisector aid	4	554
Research/scientific institutions	1	215
Rural development	4	22967
Small and medium-sized enterprises (SME) development	1	1036
Teacher training	1	66
Vocational training	1	4131
Water sector policy and administrative management	2	7600
Water supply and sanitation - large systems	2	237
Women's rights organisations and movements, and government institutions	1	26
Montenegro	**15**	**59 693**
Agricultural policy and administrative management	3	10679
Electric power transmission and distribution (centralised grids)	1	23604
Environmental policy and administrative management	2	1239
Fishing policy and administrative management	2	7484
Formal sector financial intermediaries	1	2360
Housing policy and administrative management	2	3859
Livestock	1	628
Multisector aid	1	2006
Retail gas distribution	1	7390
Sanitation - large systems	1	442
Morocco	**131**	**1 737 408**

Advanced technical and managerial training	1	0
Agricultural alternative development	1	9
Agricultural co-operatives	1	29
Agricultural development	1	57
Agricultural education/training	2	55
Agricultural policy and administrative management	1	169102
Agricultural research	2	898
Basic drinking water supply	3	786
Basic drinking water supply and basic sanitation	6	98
Basic health care	1	9
Basic health infrastructure	1	71
Basic life skills for youth and adults	1	3
Bio-diversity	2	4669
Biosphere protection	2	89
Business Policy and Administration	1	5901
Chemicals	1	541
Decentralisation and support to subnational government	2	643
Democratic participation and civil society	3	1206
Disaster Risk Reduction	1	11
District heating and cooling	1	176
Education facilities and training	3	498
Education policy and administrative management	1	211
Electric power transmission and distribution (centralised grids)	1	59011
Employment creation	1	236
Ending violence against women and girls	1	353
Energy conservation and demand-side efficiency	2	150
Energy education/training	1	9
Energy generation, renewable sources - multiple technologies	2	361

Energy policy and administrative management	2	5584
Environmental education/training	1	9
Environmental policy and administrative management	5	2451
Environmental research	1	77
Food assistance	2	721
Food crop production	4	309
Forestry development	1	7
Forestry research	1	89
Formal sector financial intermediaries	4	35667
Higher education	4	2053
Housing policy and administrative management	2	91
Human rights	2	791
Immediate post-emergency reconstruction and rehabilitation	1	15
Media and free flow of information	1	295
Medical services	2	48979
Multisector aid	3	1165
Multisector education/training	2	36
Oil and gas (upstream)	1	5153
Primary education	2	11
Promotion of development awareness (non-sector allocable)	3	16
Research/scientific institutions	2	240
River basins development	2	20
Road transport	2	48
Rural development	1	988
Sectors not specified	6	506963
Site preservation	4	26
Small and medium-sized enterprises (SME) development	1	3541
Solar energy for centralised grids	6	806405

Tourism policy and administrative management	1	2
Urban development and management	1	205
Waste management/disposal	2	698
Water resources conservation (including data collection)	1	15
Water sector policy and administrative management	2	1183
Water supply - large systems	4	67301
Water supply and sanitation - large systems	3	432
Women's rights organisations and movements, and government institutions	3	641
North of Sahara, regional	**14**	**12766**
Bio-diversity	2	146
Energy education/training	1	339
Energy generation, renewable sources - multiple technologies	2	9906
Energy research	1	70
Environmental policy and administrative management	1	8
Fishing policy and administrative management	1	18
Research/scientific institutions	1	118
Transport policy and administrative management	1	295
Urban development and management	1	2
Water sector policy and administrative management	3	1865
Syrian Arab Republic	**12**	**4314**
Advanced technical and managerial training	1	177
Agricultural education/training	1	519
Agricultural inputs	1	366
Agricultural water resources	1	22
Emergency food assistance	2	1475
Energy generation, renewable sources - multiple technologies	1	59
Livestock	1	295
Material relief assistance and services	1	1035

Relief co-ordination and support services	1	357
Site preservation	2	9
Tunisia	**60**	**408103**
Agricultural development	1	563
Agricultural financial services	1	4131
Agricultural land resources	3	4817
Agricultural research	1	463
Agricultural water resources	2	58800
Agro-industries	2	5796
Basic health care	1	7
Basic life skills for youth and adults	1	3
Business development services	1	34
Cottage industries and handicraft	1	9
Democratic participation and civil society	3	841
Education facilities and training	1	8820
Energy conservation and demand-side efficiency	1	28
Energy generation, renewable sources - multiple technologies	2	2670
Energy policy and administrative management	3	101314
Environmental education/training	1	25
Environmental policy and administrative management	2	43
Forestry development	1	4
Higher education	5	786
Industrial development	1	1298
Livestock	1	563
Multisector aid	1	390
Research/scientific institutions	1	117
Road transport	1	12195
Rural development	1	267
Sanitation - large systems	3	59031
Sectors not specified	2	7494

Social Protection	1	18
Solar energy for centralised grids	3	16487
Tourism policy and administrative management	1	0
Urban development and management	3	2784
Waste management/disposal	6	240
Water sector policy and administrative management	2	118066
Turkey	**51**	**1314333**
Agricultural land resources	1	300
Agricultural policy and administrative management	3	155699
Business development services	1	15343
Chemicals	6	76246
Electric power transmission and distribution (centralised grids)	1	99760
Employment creation	1	5901
Energy conservation and demand-side efficiency	2	4271
Energy generation, renewable sources - multiple technologies	7	125731
Environmental policy and administrative management	2	8262
Financial policy and administrative management	1	10000
Food crop production	3	43692
Forestry development	1	1711
Forestry policy and administrative management	1	18
Formal sector financial intermediaries	6	358442
Housing policy and administrative management	1	3497
Material relief assistance and services	1	39
Media and free flow of information	1	5505
Multisector aid	2	1429
Rail transport	1	177033
Small and medium-sized enterprises (SME) development	2	31598
Tourism policy and administrative management	1	0

Transport policy and administrative management	1	9678
Urban development and management	1	94418
Water resources conservation (including data collection)	1	2190
Water sector policy and administrative management	1	51930
Water supply - large systems	1	15708
Water supply and sanitation - large systems	1	15933
Palestine	**91**	**113220**
Administrative costs (non-sector allocable)	1	14
Agricultural alternative development	2	406
Agricultural co-operatives	3	297
Agricultural development	3	1270
Agricultural education/training	1	44
Agricultural extension	1	44
Agricultural inputs	2	190
Agricultural policy and administrative management	3	586
Agricultural services	1	13
Agricultural water resources	3	1229
Basic drinking water supply	4	98
Basic drinking water supply and basic sanitation	1	24
Basic life skills for youth and adults	1	12
Basic sanitation	1	168
Culture and recreation	1	0
Democratic participation and civil society	2	476
Education and training in water supply and sanitation	1	97
Education facilities and training	1	487
Emergency food assistance	3	467
Ending violence against women and girls	2	708
Energy conservation and demand-side efficiency	1	28
Energy generation, renewable sources - multiple technologies	3	1225

Energy policy and administrative management	1	6
Environmental education/training	1	18
Environmental policy and administrative management	4	3229
Fishery development	1	729
Food assistance	1	472
Food crop production	2	80
Human rights	1	31
Immediate post-emergency reconstruction and rehabilitation	1	8262
Multisector aid	2	33039
Promotion of development awareness (non-sector allocable)	2	9
Relief co-ordination and support services	1	92
Research/scientific institutions	1	190
Rural development	1	144
Sanitation - large systems	2	975
Sectors not specified	1	1475
Small and medium-sized enterprises (SME) development	1	6
Solar energy for centralised grids	4	922
Tourism policy and administrative management	3	59
Urban development and management	1	30
Vocational training	3	1149
Water resources conservation (including data collection)	3	4737
Water sector policy and administrative management	5	183
Water supply - large systems	3	126
Water supply and sanitation - large systems	4	49017
Women's rights organisations and movements, and government institutions	1	354
Total	**752**	**6379412**

Annex 2. Inputs from AFD

Information on AFD funded projects which were not reported in the OECD database at the time of the elaboration of this report.

At the time of the elaboration of this report, consistently with the latest reporting received from France by the OECD, the OECD DAC database only included three projects funded by AFD in the SEMed region in 2018. These three projects (two in Mauritania and one in Morocco) were funded through grants for a total amount of slightly above USD 1 million.

AFD was however contacted during the elaboration of this report by UfMS, in order to clarify the exact amount it committed to the SEMed region in 2018 in terms of climate finance. The dataset communicated by AFD to UfMS allowed for the following information to be gathered and analysed.

The French Development Agency (AFD) funded 18 projects in 7 different countries of the SEMed region in 2018, for a total of EUR 669 million[98].

Climate finance by recipient country:

The main recipient countries in 2018 were Turkey (which received EUR 256 million), Morocco (which received EUR 181.6 million), and Egypt (which received EUR 84.3 million). Morocco and Turkey alone comprised 65% of the commitments made by AFD to the region in 2018.

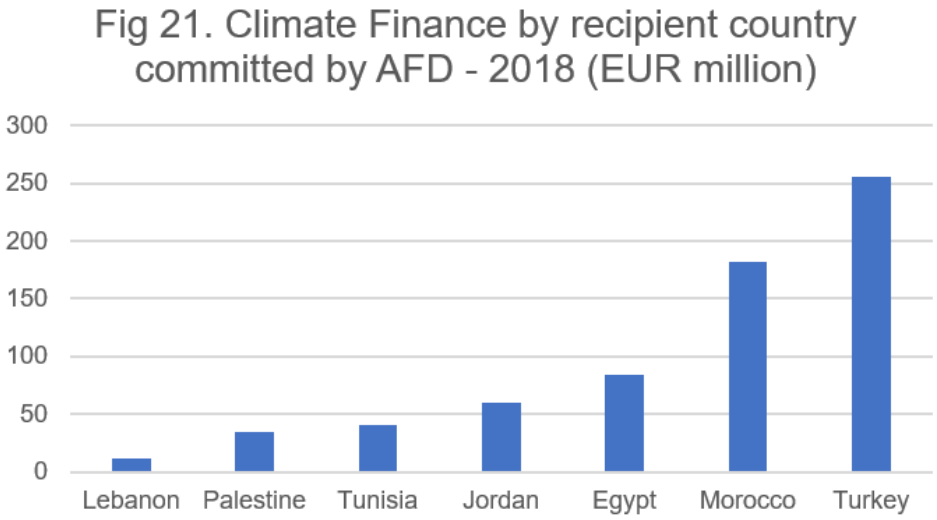


Table B1: Climate finance by recipient country, AFD funding, 2018 (EUR million)

[98] USD 567 million (Euro to U.S. dollar annual average exchange rate)

Country	Climate Finance committed by AFD, 2018 (EUR million)
Egypt	84,3
Jordan	60
Lebanon	12
Morocco	181,6
Palestine	35,1
Tunisia	40
Turkey	256
Total	669

Climate finance by financial instrument and recipient country

According to the database provided by AFD, the main financial instrument used was the loan. As shown in the table below, EUR 628 million were committed to the region through loans, which represents 94% of AFD's total commitments. Palestine was the only recipient to not obtain funding through loans; instead, it received EUR 12.35 through grants, and EUR 22.80 through an instrument labeled as "other".[99]

Fig 21. Climate finance committed by AFD by financial instrument and recipient country - 2018 (EUR million)

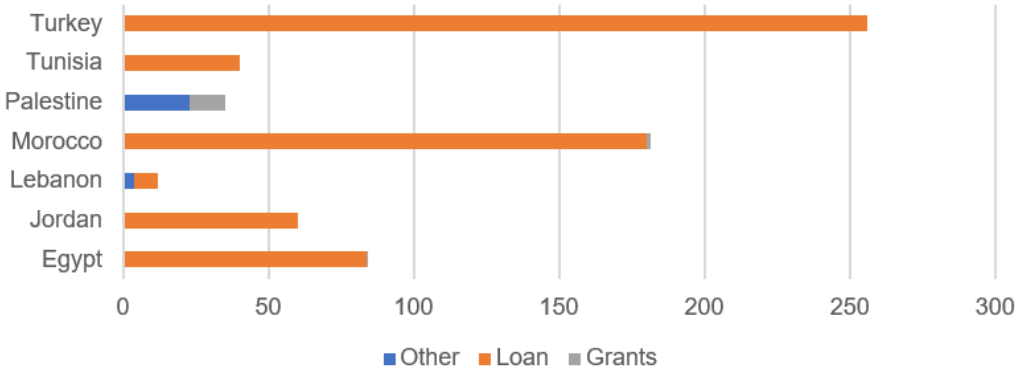


Table B2: Climate finance by financial instrument and by recipient country, AFD funding, 2018 (EUR million)

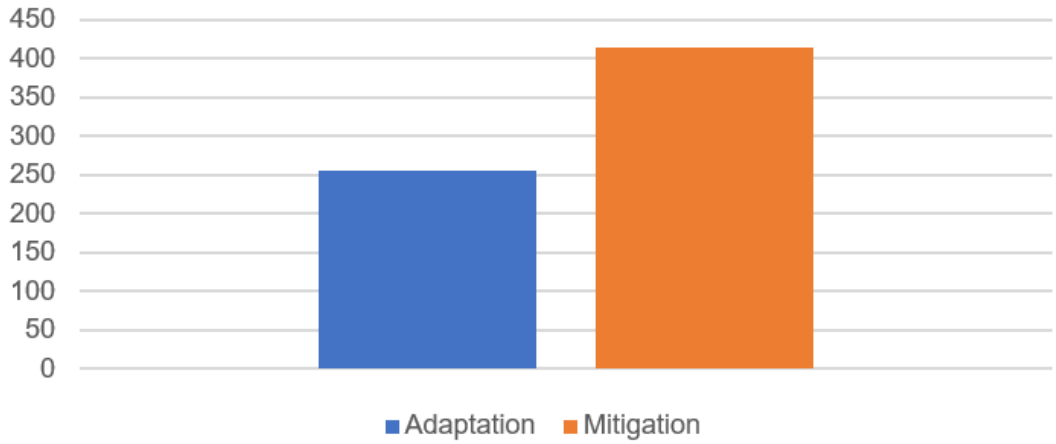
[99] In the AFD database, "other" corresponds to a mix of delegated credits and grants.

	Egypt	Jordan	Lebanon	Morocco	Palestine	Tunisia	Turkey	**Total**
Other	-	-	4	-	22,80		-	27
Loan	84	60	8	180	-	40	256	628
Grants	0,30	-	-	1,64	12,35	-	-	14
Total	84	60	12	181,64	35,15	40	256	669

Climate finance by adaptation and mitigation activities

In 2018, in line with global climate flows, AFD mainly funded mitigations activities. Indeed, in 2018, EUR 413.3 million (62%) went to mitigation activities, when only EUR 255.8 million (38%) went to adaptation activities.

Fig 22. Climate finance by adaptation and mitigation purposes committed by AFD - 2018 (EUR million)



Out of its 18 projects, AFD funded 2 projects with mixed purposes. There is no risk for double counting in the above graph, since the database provided by AFD shows disaggregated figures for the amount going to adaptation purposes and the amount going to mitigation purposes.

Climate finance by sector

The sector which received the most funding was Infrastructures and Urban Development, with EUR 288.3 million.

The second largest funding category was Environment and Urban Development, which received EUR 150 million.

Water Access and Water Sanitation was the third most financed sector with EUR 140.8 million.

Agriculture and Food Security received EUR 70 million.

Lastly, one project developed in Turkey, classified as Banking[100], received EUR 20 million.

Fig 22. Climate finance committed by AFD by sector - 2018 (EUR million)

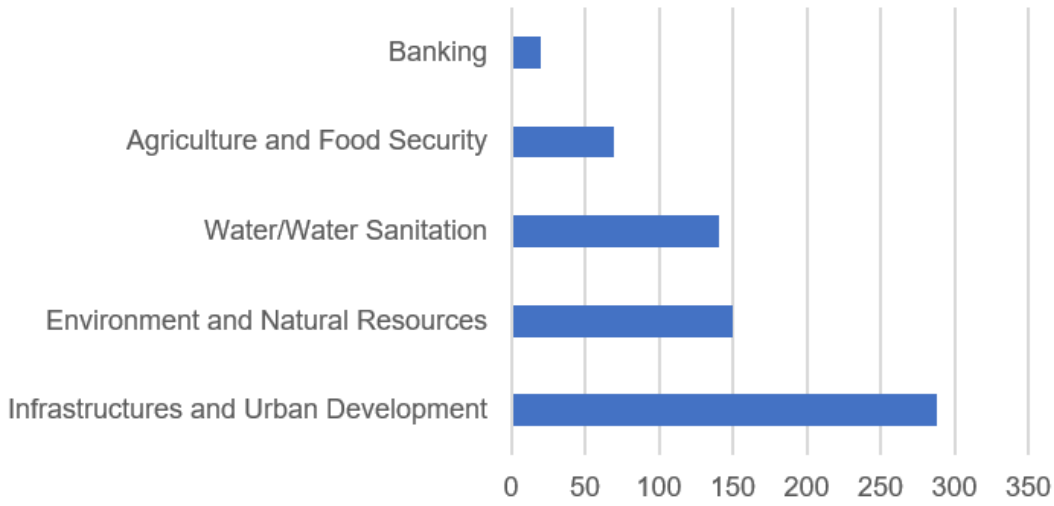


Table B3: Climate finance by sector and recipient country, AFD funding, 2018 (EUR million)

Recipient country and sector	Climate finance committed by AFD, 2018 (EUR million)
Egypt	84.3
Agriculture and Food Security	34
Infrastructures and Urban Development	50.3
Jordan	60
Water Access and Water Sanitation	60
Lebanon	12
Infrastructures and Urban Development	12
Morocco	181.7
Agriculture and Food Security	0.837
Water Access and Water Sanitation	80.8

[100] Corresponds to one project in Turkey regarding SME financing in the sustainable energy sector

Infrastructures and Urban Development	100
Palestine	35.1
Agriculture and Food Security	35.1
Tunisia	40
Infrastructures and Urban Development	40
Turkey	256
Environment and Natural Resources	150
Infrastructures and Urban Development	86
Banking	20
Total	669

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Palau de Pedralbes | Pere Duran Farell, 11 | 08034 Barcelona, Spain
Phone: 00 34 93 521 4100 | Fax: 00 34 93 521 4102