

Joint side event from the Dutch Government, the Islamic Development Bank, and the Regional Center for Renewable Energy and Energy Efficiency for COP24

"Sustainable Energy Transition in North Africa and the Middle East: Role of Climate Finance"

Theme

The Middle East and North African (MENA) countries have set their Nationally Determined Contributions (NDCs) in line with Sustainable Development Goals 7 and 13 and are taking action towards achieving them. Progress is being made and efforts are ongoing, but implementation is only scratching the surface so far and the full potential of the region has yet to be tapped.

The MENA region has an abundance of renewable energy resources, yet the economies are still heavily dependent on fossil fuels in order to cover energy needs that are growing rapidly. The need to diversify energy markets with Renewable Energy (RE) and to implement more Energy Efficiency (EE) projects provides a multitude of business opportunities. Improved access to financing for RE and EE projects is urgently needed to accelerate, roll-out, and reach the countries' national sustainable energy targets. Partnerships on implementing NDCs with blended finance, combining public and private financial resources, could have a long-lasting impact on catalyzing the implementation of RE and EE projects.

The Regional Center for Renewable Energy and Energy Efficiency (RCREEE) is mandated by the League of Arab States (LAS) to support MENA countries in implementing their RE and EE policies as part of their NDCs. As such, RCREEE is building partnerships with the EU, national governments and financial institutions to drive the sustainable energy transition in the Arab region. The partnership with The Netherlands is one example, which will be highlighted during the session.

International Financial Institutions (IFIs) have a crucial role in achieving the Paris Agreement, especially regarding sustainable energy in relation to climate and more particularly access to finance and concessional terms for the relative cost of capital.

As affirmed during COP21¹ of Paris Agreement, the world is expected to invest approximately USD² 90 trillion in infrastructure over the next 15 years. The investment choices over the next few years will start to lock-in a climate-smart and inclusive growth pathway or a high-carbon and unsustainable pathway for decades to come. More than 80% of the required investments will need to come from Foreign Direct Investments (FDIs) and private sector, however IFIs – as anticipated – have to lead this ambitious inclusive growth pathway.

While the Green Climate Fund committed USD 10.3 billion, the European Union as a world leader for combating climate change has committed Euro 48 billion (= plus USD 50 billion) in June 2018 for the two regions of Southern and Eastern Mediterranean and Sub-Saharan Africa, mainly climate-related investment projects by the private sector, the so-called European External Investment Plan (EIP). The EIP was officially launched last June 2018 and consists of Euro 4.1 billion from European Commission plus more than Euro 44 billion from European Development Financial Institutions (EDFIs) for serving the targets set globally in the Paris Agreement (COP 21).

¹ Conference of Parties No. 21

² United States Dollars

During the side event, the challenges and opportunities for SEMED/MENA countries will be discussed: how to scale up their access to climate finance and reduce the cost of capital for climate finance, without crowding out national financial markets.

RCREEE is officially mandated by the EU³ – under the UfM⁴ – to lead the platform for RE & EE markets in the SEMED⁵/MENA⁶ countries at the regional level, in order to accelerate access to climate finance and catalyze climate action at the regional level.

Further, a new business model will be presented among the largest Pan-Islamic Multilateral Development Bank in terms of subscribed capital i.e. Islamic Development Bank (IsDB), based on Jeddah – Kingdom of Saudi Arabia and the second largest European Development Financial Institutions in terms of subscribed capital i.e. FMO – Dutch Development Bank.

Date: 12 December 2018

Time: 2.00- 3.00 PM

Location: MDBs Pavilion, Blue Zone (ground floor of the main complex E, slot 25, near the UN and EU pavilions)

Panelists:

- H.E. Ms. Sigrid Kaag, Minister for Foreign Trade and Development Cooperation of the Kingdom of the Netherlands
- H.E. Dr Yasmin Fouad, Minister of Environment, the Arab Republic of Egypt (TBC)
- European Commission, TBC
- Idsert Boersma, Director Partnership for Impact, FMO – Dutch Development Bank
- Mohamed Al Sayed, Manager Economic Infrastructure- Islamic Development Bank

Moderator:

Dr. Ahmed Badr, Executive Director, Regional Center for Renewable Energy and Energy Efficiency

³ European Union

⁴ Union for the Mediterranean

⁵ Southern and Eastern Mediterranean

⁶ Middle East and North Africa