Climate Funds Update

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CLIMATE FINANCE REGIONAL BRIEFING: MIDDLE EAST AND NORTH AFRICA

CLIMATE FINANCE FUNDAMENTALS 9

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Climate finance from the multilateral climate funds in the Middle East and North Africa (MENA)[1] region is largely concentrated in a small number of large projects in the form of loans or concessional loans, funded by the Clean Technology Fund (CTF) and the Green Climate Fund (GCF). The total amount of finance approved between 2003 and 2025 is USD 2.1 billion for 218 projects. This money has largely gone towards mitigation efforts despite pressing adaptation needs in the region, especially for water conservation and food security measures. Of the total funding approved for the region, USD 911 million has taken the form of grants. Adaptation projects have all been supported by grants. USD 1.2 billion has been provided in the form of loans or concessional loans for just a few large-scale energy infrastructure and REDD+ projects approved by the GCF, the CTF and the Forest Investment Program (FIP). The top two recipients – Morocco and Egypt – respectively have received 36% and 21% of total approved climate finance in the region, while three of the countries in the region have received no climate finance from the funds monitored by Climate Funds Update (CFU). Approved finance grew by USD 391 million in 2025.

Introduction

Countries of the MENA region are highly vulnerable to climate change, which is likely to compound persisting development challenges, making climate change adaptation a priority (ESCWA, 2019 and 2022). The region is already the most water-scarce region in the world and has to import more than half of its food (Namdar et al., 2021; Mahmoud, 2024). The Intergovernmental Panel on Climate Change (IPCC) predicts that climate change will rapidly reduce precipitation in the region and that the resulting hydrological changes could reduce water availability per person by 30% to 70% by 2025, affecting hydropower capacity, diminish agricultural productivity by reducing yields of rainfed crops by 64% in some locations, and also heighten the risk of flooding in highly populated urban coastal areas, with ocean warming and acidification in the Mediterranean region impacting marine ecosystems and fisheries (IPCC, 2014; Mahmoud, 2021; Ali et al., 2022).

Of the world's proven oil and gas reserves, 55% and 40%, respectively, are in the MENA region (although not distributed evenly among the region's countries), and the exploitation of these fossil fuel resources is central to the economies of most MENA countries, with fossil fuels averaging more than half of exports for several countries in the region (World Bank, 2022). The prospect of reducing the consumption of fossil fuels in order to reduce greenhouse gas (GHG) emissions therefore strikes the region's oil-producing countries as a costly proposition that will rob them of economic opportunity. Lifestyles and consumption patterns within these countries are also highly carbon-intensive, and per capita emissions in many MENA countries are 60% higher than the average among developing countries. In fact, several large oil producing MENA countries, including Qatar, United Arab Emirates and Saudi Arabia, are now among the highest per capita emitters in the world (Our World in Data, 2025). At the same time, poverty rates remain high in many resource-poor MENA countries, such as in Yemen and Djibouti, the two countries in the region that are classified as Least Developed Countries (LDCs). However, the region has a still largely untapped potential for renewable energy, with 75% of MENA reaching wind speeds that exceed the minimum threshold for utility-scale wind farms and a solar energy potential that could meet at least 50% of global electricity demand (World Bank, 2022). This presents a major opportunity for economic and social transformation.

Where does climate finance come from?

There are 14 climate funds active in the MENA region (Table 1 and Figure 1). The largest contributions are from the CTF, which has approved a total of USD 854 million for eleven projects in Morocco, Tunisia, Egypt and one regional

Table 1: Climate funds supporting the MENA region (2003–2025, USD millions)

Fund	Amount approved	Projects approved
Clean Technology Fund (CTF)	854.2	11
Green Climate Fund (GCF-IRM, GCF-1, GCF-2)	729.7	12
Global Environment Facility (GEF-4, 5, 6, 7, 8)	171.8	68
Adaptation Fund (AF)	115.5	19
Least Developed Countries Fund (LDCF)	44.1	9
Forest Investment Program (FIP)	43.5	3
Special Climate Change Fund (SCCF)	37.3	7
Adaptation for Smallholder Agriculture Programme (ASAP)	21.6	5
Global Energy Efficiency and Renewable Energy Fund (GEEREF)	16.6	1
Global Climate Change Alliance (GCCA)	11.6	2
Partnership for Market Readiness (PMR)[2]	10.2	6
Millennium Development Goals Achievement Fund[3] (MDG-F)	7.6	2
Pilot Program for Climate Resilience (PPCR)	3.1	3
Scaling Up Renewable Energy Program in Low Income Countries (SREP)	0.9	2

project. Most of this finance has been made available as concessional loans. An investment plan to support concentrated thermal power in the MENA region has also been approved.

Through the GCF, three projects support Morocco (for a total of USD 99 million), two Egypt (with USD 186 million), three Jordan (with USD 365 million), two Iraq (with USD 49 million), one supports the West Bank and Gaza (with USD 27 million) and one Bahrain (USD 2 million). Countries in the MENA region will also potentially benefit from several multi-country GCF programmes, although the portion of finance that will be allocated to each country is still unclear. Egypt, Jordan, Morocco and Tunisia will benefit from the GCF's USD 378 million global programme for sustainable energy financing, while Jordan, Morocco and Tunisia could receive funding for sub-projects to be approved under the Global Subnational Climate Fund (USD 150 million) and a high impact mitigation programme for the corporate sector (USD 258 million). Tunisia and Djibouti might receive funding under a USD 237 million global programme for energy efficiency buildings, with Morocco and Djibouti included as potential beneficiary countries under the Climate Investor Two equity funding programme. Additionally, Morocco is included in the list of countries to benefit from the GAIA project, which will establish a finance platform that offers long-term loans to the most climate vulnerable countries in the world, to which the GCF contributes USD 153 million in equity. Tunisia is one of the nine countries benefiting from a USD 160 million project aiming to support energy transition toward more sustainable energy sources. Djibouti is also a target country under a USD 254 million regional programme focused on stimulating investments to support the development of climate-resilient infrastructure. In 2025, the GCF approved one additional multi-country project affecting the MENA region: the Mirova Sustainable Land Fund, which aims to support efforts to reverse land

Figure 1: Funds supporting the MENA region (2003-2025)

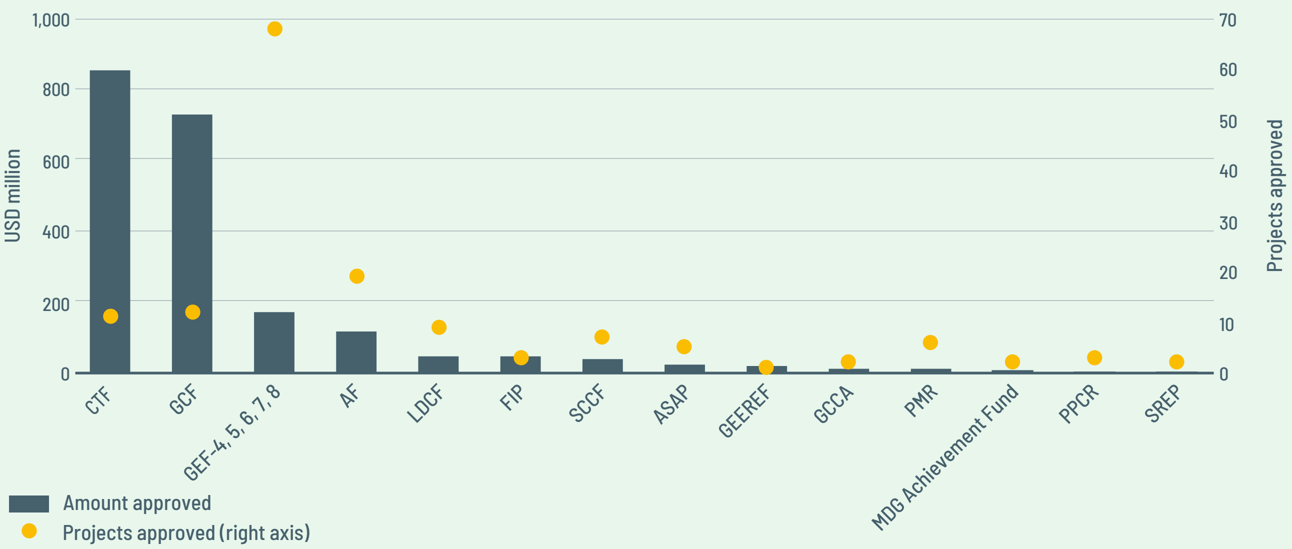
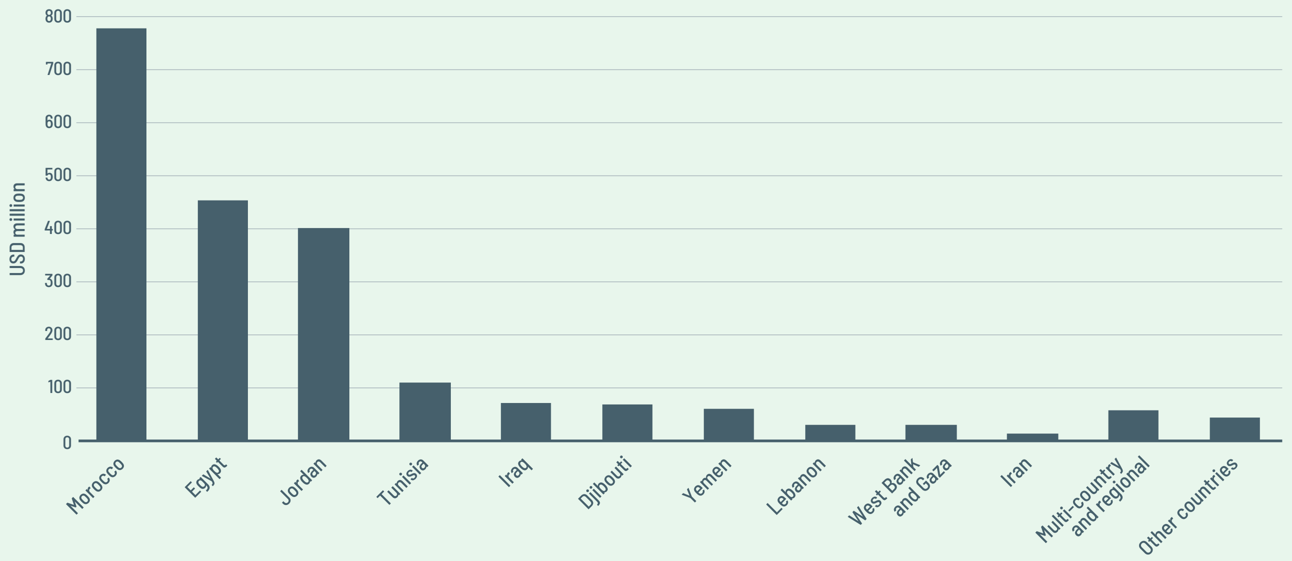


Figure 2: Amount approved for MENA recipient countries (2003-2025)



degradation in seven countries, including Morocco. The project's approved financing amounts to USD 83 million in equity and USD 6 million in grants.

Bilateral climate finance also flows to MENA. Such climate finance complements the multilateral climate fund flows. This includes the bilateral climate fund of Germany.[4] Bilateral funds are not tracked by CFU, however, given their relative lack of transparently available detailed information of current activities and spending.

Who receives the money?

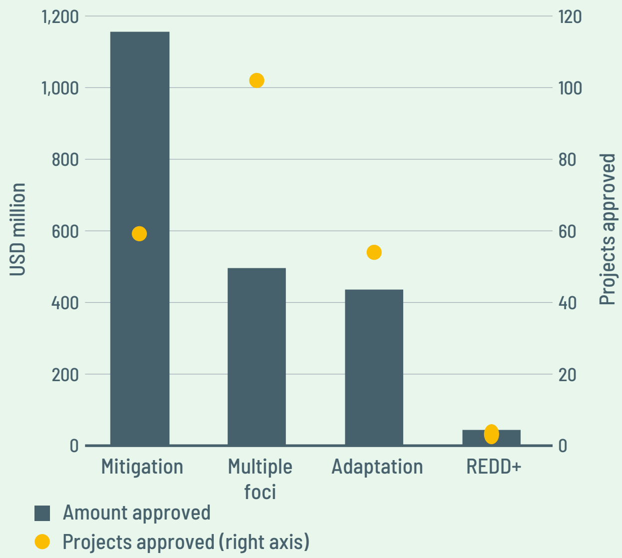
The distribution of climate finance from dedicated climate funds is concentrated in Morocco and Egypt, with total approved amounts of USD 778 million and USD 454 million respectively from the multilateral climate funds tracked by CFU. CFU data shows that of the 21 MENA countries, only 18 countries are recipients of climate finance. The three countries not receiving climate finance include wealthy oil-producing states such as the United Arab Emirates (UAE). Djibouti and Yemen, two countries classified as LDCs in MENA, have together received USD 130 million. 72% of this funding is dedicated to adaptation projects. Lastly, USD 60 million for the region comes in the form of multi-country or regional programmes, for which the exact financial distribution among recipient countries is not yet known at the time of approval.

What is being funded?

As Figure 3 and Table 2 show, 54% (USD 1.15 billion) of climate finance approved in the region is allocated to mitigation activities. This is largely driven by the CTF's eleven MENA projects, which have an average size of USD 78 million (compared to USD 6 million for non-CTF projects in the region). However, the single largest project ever approved in the MENA region is a GCF project: the Aqaba-Amman Water Desalination and Conveyance Project in Jordan, approved in October 2025, with total financing of USD 295 million, comprising USD 220 million in loans and USD 75 million in grants. The largest single CTF investment in the region so far came in 2014 with the approval of the USD 238 million concessional loan for the Noor II and III Concentrated Solar Power (CSP) Project in Morocco. This project is part of a concerted push by the CTF to scale up the deployment of CSP technology across the region. CSP has considerable potential to generate clean electricity at scale. The CTF's investments in MENA are beginning to showcase the value of targeted international public finance in order to demonstrate the viability of this promising technology (Stadelmann et al., 2014).

Cumulative funding for adaptation projects in MENA, which on average are significantly smaller than mitigation investments, only reaches about 38% of approved mitigation financing in the region, despite significant adaptation needs. Several funds are implementing 54 adaptation projects in the region with an approved total of USD 435 million.

Figure 3: Approved funding across themes (2003-2025)



New funding approvals for the region in 2025 amount to USD 391 million across all funding themes. The CTF and the FIP each approved one project in Tunisia, totalling USD 44.5 million. In addition to the largest project discussed above and eight readiness projects (totalling USD 12.7 million), the GCF approved a further project in Iraq for USD 20 million. Meanwhile, the GEF-8 approved two new mitigation projects in Algeria and Egypt, totalling USD 4.1 million. Finally, the AF approved two new projects in 2025: one to restore landscapes through nature-based solutions in Lebanon (USD 4.3 million) and one to improve water management systems and infrastructure in Yemen (USD 10 million).

Table 2: Approved funding across themes (2003-2025)

Theme	Amount approved (USD millions)	Projects approved
Mitigation	1,157.7	59
Multiple foci	494.1	102
Adaptation	435.4	54
REDD+ (reducing emissions from deforestation and forest degradation, forest conservation, sustainable forest management and the enhancement of forest carbon stocks)	43.5	3

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Endnotes

1. World Bank classification: Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Malta, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, West Bank and Gaza, Yemen (see: https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups).
2. The Partnership for Market Readiness (PMR) concluded its operations in 2022.
3. The Millennium Development Goal Achievement Fund (MDG-F) was operational from 2007-2013. As of May 2019, all of its projects had been financially closed.
4. In 2014, the last year when CFU was able to track bilateral climate funds, cumulative bilateral flows to MENA since 2008 included USD 38 million from Germany's Internationale Klimaschutzinitiative (IKI, international climate initiative).

The Climate Finance Fundamentals are based on Climate Funds Update data and up to 2021 also available in French and Spanish at **www.climatefundsupdate.org**

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