Proposed approach for an investment and financing vision for transitioning towards a green economy in the Arab region

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Contents

- What’s a green economy?
- Why Arab countries need to move towards green economy?
- What’re the top priority policy options for such a move?
- How these priority policy options can be identified, assessed and prioritized?
- Demo case: energy
There is no unique definition of the green economy,

Green Economy responds to the “growing recognition that achieving sustainability rests almost entirely on getting the economy right” (UNEP).

“Green stimulus packages” in specific areas where large-scale investment could kick-start a “green economy”.

Arab Regional Implementation meeting
Dubai - 29-30 May 2013

Green economy added value

- Create decent work and green jobs
- Promote resource & energy efficiency
- Use integrated decision making
- Maintain economic growth
- Drive innovation
**Why Green Economy for Arab countries: Current global crises**

- Financial crisis
- Economic crisis
- Food crisis
- Lower tourism revenues and lower remittances
- Lower foreign investment and aid
- Decline in export growth
- For oil producing countries, lower oil prices

**Demography: country population growth**
Creating more pressure on the environment & resource depletion

Demography: population growth

More pressure on economic system to provide job opportunities

More pressure on infrastructure and services

GDP annual growth: Arab vs. world

The size of the working age population, i.e. 25 to 59 years, is totaling 145 million and is expected to almost double by 2050, to reach 278 million

Current unemployment is estimated to be 14.65 million, representing about 13%.
Economic situation: GDP per capita

Natural resources depletion (%) of GNI
10/06/2013

Arable land (per capita)

This study in hand intends to:

- develop an Investment and Financing Vision for Transitioning towards Green Economy in the Arab Region. Furthermore, it aims to formulate proposals for activating mechanisms of green financing and technology transfer in the region.

- Approach adopted is based upon Multi-Criteria Analysis

Objective


Arab Regional Implementation meeting
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Whatever policy options are, they should be accompanied by:

- Fostering innovation for green growth
- Investing in capacity building, training & education
- Establishing sound regulatory framework
- Removing policy-induced distortions
- Supporting green financing
The majority of Arab countries are considered among the world’s most water scarce, which lead to a series of effects, particularly on energy and food security.
**Food Imports (% of merchandise imports) in 2006**

Source: UNCTAD.

**Demo sector: Energy intensity use**

(constant 2005 PPP $ per kg of oil equivalent)
Demo sector: Energy per capita use

(kg of oil equivalent per capita)

Source: IEA, 2010
Effects of energy subsidies

**Economic effects**
- Misallocation of energy resources
- Encourage wasteful use of resources
- Discourage investment in more energy-efficient technologies
- Limit investment in alternative energies

**Environmental effects**
- Encourage over-exploitation of energy resources
- Lead to more air emissions

**Social effects**
- Low prices may assist low income groups to gain access but typically high income groups tend to benefit proportionately the most from such subsidies

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**Work methodology**

1. **Review potential policy options**
2. **Prescreening of policy options viability**
   - **Yes**
     - **Assessing impacts of policy options**
     - **Ranking sectorial policy options**
     - Weighing impacts of policy options
     - Weighing viability of policy options to socioeconomic context
     - Identifying most feasible and viable policy options
   - **No**
     - **Eliminated**
     - **Technological**
     - **Economic**
     - **Environmental**
     - **Institutional**
1. Data collection and indicators

1.1. Phase out of inefficient lighting products

1.2. Strategies and action plans

1.3. Competitive energy markets, with appropriate regulation

2. Mandatory building codes and MEPS

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2.2. Improved energy efficiency in existing buildings

2.3. Building energy labels or certificates

3. Test standards and measurement protocols

3.1. Mandatory MEPS and labels

3.2. Test standards and measurement protocols

3.3. Market transformation policies

4. Energy efficient lighting systems

4.1. Phase out of inefficient lighting products

4.2. Energy efficient lighting systems

5. Measures to improve vehicle fuel efficiency

5.1. Mandatory vehicle fuel-efficiency standards

5.2. Measures to improve vehicle fuel efficiency

6. Energy efficiency services for SMEs

6.1. Energy management

6.2. Energy efficiency services for SMEs

6.3. Complementary policies to support industrial energy efficiency

7. Promote renewable and clean energy sources

7.1. Promote renewable and clean energy sources

7.2. Energy efficiency services for SMEs

8. Complementary policies to support industrial energy efficiency

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Mashreq Policy options (preliminary)

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Maghreb Policy options (preliminary)

LDCs Policy options (preliminary)
The work presented is a work in progress.

There’s a need to consider in some details, at country level, prioritization of green economy policy options.