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FAO REGIONAL CONFERENCE FOR THE NEAR EAST

Thirty-sixth Session

10-13 January 2022 and 7-8 February 2022

Climate change finance in the Near East and North Africa

Executive Summary

The first part of the 6th Assessment Report by the Intergovernmental Panel on Climate Change (IPCC AR6) released in October 2021 confirmed that climate change has already led to major impacts on land and water resources. The irreversibility of many of the effects call for urgent adaptation measures and enhanced efforts to reduce greenhouse gas (GHG) emissions to keep the global increase in temperature to below 1.5 °C. Agrifood systems contribute to, and are affected by, the impacts of climate change, land and water resources degradation and biodiversity loss. In order for countries to respond and adapt to the impacts of climate change, particularly in the agricultural sectors in the region, there is a need for enhanced access to climate finance. There is potential to leverage investment and climate finance opportunities to address unmet needs in adaptation and mitigation and strengthen financing of climate change projects in the agriculture and land use sectors.

Suggested action by the Regional Conference

The Regional Conference is invited to call upon Members to:

- a) take note of the findings of the IPCC AR6 (Working Group 1): *Climate Change – The Physical Science Basis*, and the outcomes of the United Nations Climate Change Conference (COP 26) including the need for increased financing for adaptation;
- b) encourage relevant institutions to scale up commitments to climate action in agriculture and land use in the lead up to COP 27;
- c) improve technical expertise among government agencies and partners within the agricultural sectors on the impacts and solutions to climate change; and
- d) seize opportunities in climate finance by strengthening coordination between agricultural sectors towards whole-of-government, evidence-based national climate change action.

Documents can be consulted at www.fao.org

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Introduction

1. Regional studies estimate that temperatures could rise from between 1.7 to 2.6 °C by mid-century, reaching up to 4.8 °C by end-century.¹ The effects on agriculture, livestock, fisheries and forestry would be significant, given that the productivity of these sectors is already negatively affected by the gradual degradation of land, soil and water resources.
2. The 6th Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR6) on the physical science basis of climate change, affirms that human-induced climate change is already occurring, and estimates there will be an increased frequency and intensity of droughts and extreme events. Responding to these risks is necessary to increase the resilience of the most vulnerable smallholder farmers and producers, and requires scaling up climate-smart agricultural practices, ecosystems restoration actions, and addressing water scarcity and efficiency in agriculture. Accelerating climate action (Sustainable Development Goal (SDG) 13) is a necessary foundation for the achievement of other SDGs, including the achievement of Zero Hunger.
3. Despite good progress by the Near East and North Africa (NENA) countries on shifting to policies and practices that help agriculture sectors mitigate and adapt to climate change, analyses indicate that drought and water scarcity problems in the region will be exacerbated under medium- to long-term climate scenarios. A large proportion of the region's population practicing small-scale rainfed agriculture face particular risk, threatening current food production systems and the livelihoods of agriculture-dependent communities.

I. Status of climate finance flows to NENA countries

4. Climate finance needs in the NENA region exceed current rates of investment.² In the first-round of Nationally Determined Contributions (NDCs), eight countries in the region identified climate finance needs totalling USD 371 billion. Countries identified public international climate finance support needs of around eight percent of the total, or USD 30 billion. UN Economic and Social Commission for Western Asia's (ESCWA) analysis of the Organisation for Economic Cooperation and Development (OECD) data finds that the NENA region receives an average of USD 4 billion per year in public international climate finance support, which is far below the needs of the eight NENA countries who communicated their finance needs. Of these, countries request more than double the amount of climate finance for adaptation than for mitigation. 43 percent of funding in the NENA region between 2000 and 2018 targeted adaptation.³
5. Climate finance flows to the agriculture and land use sectors in the NENA region lag behind that of other regions. Contributions of public international climate finance over the period 2000-2018 for the agriculture and land use sectors amounted to 26 percent of total global climate finance flow, for a total of USD 122 billion.⁴ The NENA region accounts for the lowest share of this allocation (see Figure 1).

¹ United Nations Economic and Social Commission for Western Asia (ESCWA) et al. 2017. Arab Climate Change Assessment Report – Main Report. Beirut.

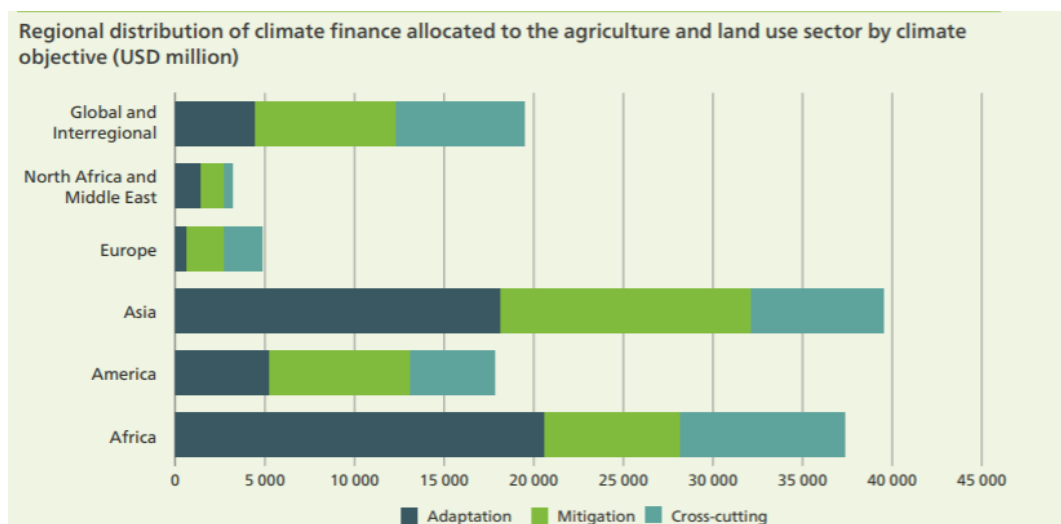
http://riccar.org/sites/default/files/riccar/RICCAR%20Publications/Pdfs/Main%20Report/Arab%20Climate%20Change%20Assessment%20Report-%20Main%20Report_2017.pdf

² Based on analyses by FAO and ESCWA of Organisation for Economic Co-operation and Development (OECD) data.

³ FAO, 2021. Climate finance in the agriculture and land use sector – global and regional trends between 2000 and 2018, p.15. Available online: <https://www.fao.org/3/cb6056en/cb6056en.pdf>.

⁴ *ibid*

Figure 1:



Source: OECD Development Assistance Committee (DAC) Climate-minded Development Finance database, compiled and calculated by FAO

6. The rate of increase of climate finance flows to the NENA region has been more gradual than that to regions like Africa, Asia and the Americas. International climate finance flows to energy, transport and other sectors in the region outnumber flows to water and sanitation sectors by five times and agriculture, forestry and other land uses (AFOLU) by seven times, respectively.⁵
7. The percentage of projects marked as ‘not significant’ for gender in NENA projects was 60 percent (2000-2018), compared to 35 percent in Asia and 52 percent in Africa, showing there is still potential for future funding activities to target gender equality in actions related to climate change adaptation and mitigation.

II. Progress in support for mobilizing climate finance in the agriculture and land use sectors

8. Since early 2020, resource mobilization efforts by FAO in collaboration with countries have added significantly to the portfolio of the region. Two Green Climate Fund (GCF) projects in the Sudan and Jordan totalling USD 35 million were approved and are commencing implementation. The project in the Sudan focuses on leveraging the mitigation and adaptation potential of Gum Arabic, while Jordan’s project focuses on increasing water use efficiency in the agricultural sectors. Five GCF readiness projects have been approved in countries to date, with others in the pipeline. The readiness projects are aimed to enhancing the operational and technical capacities of Nationally Designated Authorities and key stakeholders to access climate finance, and to advance the National Adaptation Plans processes in countries.

9. FAO’s Global Environmental Facility (GEF) portfolio in the NENA region grew from USD 22 million in 2020 to USD 34.6 million in 2021. Upcoming projects under the project preparation grant phase amount to almost USD 37 million, up from USD 9.4 million in the previous year. This brings FAO’s support to 12 countries in 2022. These projects are assisting countries to restore oasis

⁵ ESCWA, 2021, *Background Paper for the FAO Regional State of Land and Water Report for the NENA region*. (unpublished).

and forest landscapes, address pests and diseases, biodiversity loss, and desertification with the aim of increasing resilience to climate change.

10. Increased alignment of some of these and upcoming projects to the Great Green Wall initiative will allow for the achievement of climate and land restoration actions at scale, benefitting countries like Algeria, Mauritania, the Sudan and Tunisia.

11. In 2020, FAO became a multilateral accredited entity of the Adaptation Fund, and several project concepts in the region are under development.

III. Future directions and priorities under the FAO Strategic Framework 2022-31

12. Member countries have identified needs in enhancing their enabling environment to access climate finance for mitigation and adaptation actions in the agricultural sectors. Institutional challenges include the need for better synergies between national and sectoral climate change plans. Capacity building of agricultural sector actors on climate-smart agricultural solutions, including in water and irrigation and restoration of degraded lands and soils, will contribute to the increased prioritization of agricultural sectors in national plans. Ensuring that these solutions are also gender-sensitive is important for achieving SDG objectives in equality. Enhancing capacities in monitoring and measuring mitigation and adaptation actions and in accessing climate finance have the potential to be undertaken within readiness projects and sectoral, national and regional capacity building efforts.

13. There is potential for projects with cross-cutting support to adaptation and mitigation. Climate flows towards water and sanitation and AFOLU sectors are dominated by adaptation, and there is unexploited potential for achieving adaptation and mitigation co-benefits in these sectors,⁶ especially given the interconnectedness of climate resilience with addressing land and soil degradation, water use efficiency and water scarcity. There are opportunities to prioritize these in the Programme Priority Area on climate change under 'better environment' and the new FAO Strategy on Climate Change. The Strategy presents an integrated organizational approach to achieve the vision of "*Transformed agri-food systems are climate-resilient and adaptive to the impacts of climate change, contribute to low-carbon economies while providing nutritious food for healthy diets, feed, fibre and fuel through innovative solutions, for present and future generations.*" Further opportunities are presented through and the forthcoming FAO's first ever Science and Innovation Strategy which will be an opportunity to integrate science, technology and innovation into climate change adaptation and mitigation actions.

14. A programmatic approach to accessing climate finance in agriculture and water sectors should be pursued, one that harnesses evidence-generation, gap assessments, multi-sectoral coordination and capacity building towards systematically identifying investment opportunities. Greater knowledge-generation by promoting new areas of research and innovation and sharing them within the region (through community of practice networks or platforms) as well as strengthening national and regional climate change coordination mechanisms could eventually aid in the development of region-wide climate finance initiatives.

⁶ ESCWA, 2021.