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Public-Private Partnerships and Climate Finance in the MENA Region

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Executive Summary

The Public-Private Partnerships and Climate Finance conference, convened by the Carnegie Endowment for International Peace in partnership with the Politics and Society Institute and supported by the Swedish International Development Agency, brought together policymakers, researchers, and development practitioners to examine the intersection of governance reform, economic resilience, and climate-responsive development, with a particular focus on financing mechanisms and public-private partnerships (PPPs).[i]

Following the insights from the conference, the central argument of this paper is that the climate finance challenge in the MENA region is a question of institutional readiness. Countries in the region need stronger capacities to translate climate commitments into bankable projects, credible investment pipelines, and implementable public-private partnership models.

Building on the guiding questions outlined in the concept note, discussions centered on how countries in the region—particularly Jordan, Egypt, Lebanon, Morocco, Oman, and the UAE—can mobilize sustainable finance, strengthen institutional capacity, and design integrated policy frameworks that respond to overlapping economic, political, and environmental pressures.

The paper therefore approaches climate finance as a governance and implementation challenge. It argues that mobilizing finance requires three connected shifts: moving from fragmented institutional arrangements to coordinated climate finance systems; moving from grant dependency to diversified financing instruments; and moving from project-by-project interventions to scalable models that link public priorities, private-sector participation, and measurable social benefits.

Key Insights

1. Governance and Institutional Readiness
Effective climate finance and PPP frameworks depend on the capacity of public institutions to plan, coordinate, regulate, and monitor long-term investments. Weak coordination across ministries, unclear mandates, regulatory ambiguity, and limited transparency reduce investor confidence and slow access to international climate funds. Institutional readiness should therefore be understood as a core condition for climate finance: Governments must be able to prepare bankable projects, manage procurement processes, negotiate risk-sharing arrangements, and track social and environmental outcomes.

2. Climate Finance Gaps and Opportunities
The region's climate finance gap reflects both limited access to international finance and weak domestic capacity to absorb and deploy available resources effectively. Many adaptation projects generate broad public benefits but limited direct revenue, making them less attractive to commercial investors. This creates a need for financing models that combine grants, concessional loans, guarantees, blended finance, green bonds, resilience bonds, and PPP structures. The central policy challenge is to match each type of climate project with the appropriate financing instrument rather than treating climate finance as a single funding stream.

3. Public-Private Partnerships as a Strategic Tool
Public-private partnerships should be treated as strategic implementation tools when they help governments convert climate priorities into deliverable projects. Their value lies in combining public policy direction with private-sector finance, technology, operational expertise, and risk-management capacity. In renewable energy, water infrastructure, resilient transport, and climate adaptation, PPPs can expand investment options and improve delivery when they are tied to clear public objectives, framed within participatory national strategies, which contain SMART initiatives, affordability safeguards, transparent procurement, and measurable performance indicators.

4. Integration of Technology and Data
The role of digital tools, including artificial intelligence and data analytics, was highlighted as a transformative factor in improving efficiency, transparency, and decisionmaking in both public finance and service delivery. Leveraging these tools can enhance project planning, monitoring, and evaluation in climate-sensitive sectors.

5. Inclusive Policy Design
Sessions highlighted the importance of designing climate and economic policies that are inclusive of vulnerable populations, especially youth and women.

6. Project Readiness and Bankability

A recurring theme across the workshop was the importance of project readiness. Access to climate finance depends not only on the availability of funds, but also on the ability of governments and local institutions to produce technically sound, financially viable, and socially responsive proposals. This requires feasibility studies, environmental and social

safeguards, risk assessments, revenue models where possible, and credible monitoring systems. Strengthening project-preparation capacity is therefore one of the most practical entry points for improving climate finance outcomes in the region.

Policy Recommendations

Conference discussions resulted in the following, main set of policy recommendations:

- Enhancing regulatory and institutional frameworks to support transparent and efficient PPPs.
- Improving national capacities to design and implement climate finance projects aligned with international standards.
- Expanding the use of innovative financing instruments, including blended finance and green bonds.
- Strengthening regional cooperation and knowledge exchange platforms.
- Integrating advanced technologies into public and private sector management for climate-related planning.
- Ensuring inclusive participation in policy design and implementation processes.

Looking Ahead

Participants underscored the importance of consolidating these insights into actionable policy recommendations that can inform both national strategies and international dialogues. In this context, it was suggested that a refined set of recommendations be prepared and presented at the upcoming COP conference scheduled to take place in Türkiye in November.

Overall, the conference reaffirmed the critical role of cross-sectoral partnerships, evidence-based policymaking, and international cooperation in advancing sustainable development and climate resilience in the region.

Introduction

The MENA region stands out as one of the world's most climate-vulnerable areas, yet it faces a staggering funding deficit. Its share from major climate funds is limited to just $16 billion—less than 6.6 percent of the global total. This constrained support comes at a time when the region requires an estimated $500 billion to fulfill its Nationally Determined Contributions (NDCs). The adaptation finance gap in the region is one of the largest globally. In addition to this problem, many regional projects are not financially viable and not bankable; there is a need for more revenue-based models.

This policy paper, based on the workshop on Public-Private Partnerships and Climate Finance, aims to analyze key regional needs regarding climate financing as well as synthesize policy recommendations and country-specific case studies. Main constraints that were discussed in the conference were the lack of a structural framework, as well as trust and cooperation, and the current dependence on grants. Possible strategies included the

implication of innovative financing mechanisms like debt-for-climate-swaps, a stronger emphasis on trust building, and transparent governance structures. This financing gap also explains why PPPs featured prominently in the workshop discussions. Many climate-related projects in the region require private investment and technical expertise, but private actors are unlikely to participate unless projects are commercially viable, risks are clearly allocated, and public authorities provide predictable regulatory and procurement frameworks.

Public-private partnerships refer to long-term arrangements through which public authorities and private actors share responsibilities, risks, and resources in financing, developing, operating, or maintaining projects of public value. In the climate finance context, PPPs are particularly relevant because many adaptation and mitigation projects require levels of capital, technical expertise, and implementation capacity that public budgets alone often cannot provide.

Analytical Framework: From Finance Gaps to Implementation Capacity

This paper uses an implementation-centered framework to analyze climate finance in the MENA region. The framework rests on a simple policy logic: Climate vulnerability creates investment needs; investment needs require financing instruments; financing instruments require bankable projects; bankable projects require institutional capacity; and institutional capacity depends on governance, coordination, transparency, and public-private alignment.

This sequence helps explain why climate finance gaps persist even when global commitments expand. Funding availability does not automatically produce climate resilience. Finance must pass through national institutions, regulatory systems, financial intermediaries, procurement processes, and local implementation structures. Weaknesses at any point in this chain can delay investment, discourage private participation, or prevent resources from reaching vulnerable communities.

The paper therefore assesses climate finance through four linked dimensions: institutional readiness, financing instruments, private-sector participation, and social inclusion. These dimensions provide the basis for evaluating the country's cases and for translating workshop discussions into policy recommendations.

The following section organizes workshop discussions around the main policy challenges that shape climate finance in the region.

Framing Workshop Discussions: Key Themes

At the center of the dialogue was an important theme: Climate finance should not be decoupled from ambitions for socioeconomic empowerment. Jordan illustrates the interaction between climate vulnerability and development pressures. Water scarcity, fiscal constraints, energy-security concerns, and demand for employment make climate finance a national development issue rather than a sectoral environmental concern. The Jordanian case shows why climate-related investment must be linked to service delivery, economic resilience, and institutional coordination. It also demonstrates why PPPs can be relevant when public budgets

are constrained, provided that private participation remains aligned with public priorities and affordability concerns.

A second message from the workshop concerned the quality of institutions. Climate finance requires public bodies that can coordinate across sectors, define investment priorities, prepare credible projects, and manage long-term partnerships. Fragmented institutions weaken the ability of governments to access international funds, negotiate with investors, and monitor implementation. For PPPs, institutional weakness creates uncertainty over procurement, risk allocation, tariffs, and accountability. Stronger coordination among ministries of finance, planning, environment, water, energy, and investment authorities is therefore central to improving climate finance outcomes.

Framing Climate Finance as a Systemic Issue

Climate finance is best understood as a systemic issue linked to economic fragility, youth unemployment, public trust, fiscal pressure, and environmental stress. This framing is important because climate finance cannot succeed as a narrow technical exercise. Adaptation projects affect water access, food security, energy costs, public services, and local livelihoods. For this reason, climate finance strategies must connect investment decisions to broader development planning. PPPs can support this process when they are designed as instruments for implementing public priorities rather than as isolated financial arrangements.

Localizing Climate Adaptation

Local ownership emerged as a central condition for effective climate adaptation. Many international frameworks provide useful technical guidance, yet they often require adaptation to local political, social, and institutional realities. Climate projects are more likely to succeed when local authorities, communities, researchers, and civil society actors participate in defining priorities and assessing risks. Local knowledge is especially important in water management, land use, agriculture, and community resilience. In this sense, localization means embedding climate finance within national and local knowledge systems that understand vulnerability on the ground and are not overshadowed by international expertise.

Building Inclusive Climate Development Models

Inclusion should be treated as a core element of climate finance design. Women, youth, low-income communities, rural populations, and marginalized groups often face the greatest exposure to climate stress while having the least influence over investment decisions. Climate finance that overlooks these groups may improve infrastructure while reproducing social vulnerability. Inclusive policy design requires consultation mechanisms, gender-sensitive planning, local employment targets, affordable access provisions, and benefit-sharing arrangements. These tools help ensure that climate finance strengthens resilience at the community level rather than only improving national investment indicators.

Bridging Climate Finance, Governance and Innovative Technology

The effectiveness of climate finance depends not only on the availability of financial resources but also on the quality of information, institutions, and implementation systems that guide investment decisions. Across the MENA region, governments face growing pressure to allocate scarce resources efficiently while responding to increasingly complex climate risks. This challenge requires stronger links between climate governance, financial decisionmaking, and technological innovation.

Digital technologies can play a critical role in improving the quality of climate finance decisions. Geospatial mapping, climate-risk modeling, remote sensing, artificial intelligence, and data analytics allow policymakers to identify vulnerable communities, assess infrastructure exposure, monitor environmental changes, and prioritize investments based on measurable risks and expected outcomes. These tools can help governments move from reactive responses to more anticipatory and evidence-based planning.

Technology can improve resource allocation and oversight in climate finance. More accurate information can help direct resources toward communities facing severe water stress, infrastructure vulnerable to extreme weather events, and sectors where adaptation investments can generate the greatest social and economic returns. At the same time, digital monitoring systems, those that provide a platform for live and direct monitoring of operations, inputs, project and initiative completion, and measure their impact regularly, can strengthen transparency, improve accountability, and provide investors and development partners with greater confidence regarding project implementation and performance.

Project readiness and institutional preparedness are critical determinants of climate finance effectiveness. Access to international climate funds and private investment increasingly depends on the ability of governments and local institutions to develop technically credible and financially viable projects. This includes conducting feasibility studies, preparing environmental and social assessments, establishing transparent procurement systems, defining implementation responsibilities, and developing clear monitoring and evaluation frameworks.

In this context, public-private partnerships can serve as practical implementation mechanisms that help bridge capacity, financing, and delivery gaps. Their contribution extends beyond mobilizing capital. Private partners can provide technical expertise, operational experience, technology transfer, and project-management capabilities, while public authorities define strategic priorities, establish regulatory frameworks, protect affordability, and ensure accountability. This division of responsibilities is particularly relevant in sectors such as renewable energy, desalination, wastewater treatment, irrigation efficiency, climate-resilient infrastructure, and public services.

Integrating Inclusivity in Climate Finance Frameworks

Climate finance and development planning are more effective when women, youth, and other underrepresented groups participate in decisionmaking processes. Marginalized communities

are often the first to experience the effects of environmental stress and the last to benefit from policy responses.

Developing a Regional Approach to Climate Governance

Climate risks in the MENA region increasingly transcend national borders, making regional cooperation a practical necessity rather than a policy preference. Water scarcity, desertification, extreme heat, food insecurity, energy transitions, and population displacement affect multiple countries simultaneously and often generate cross-border economic and social consequences. As a result, national climate strategies are likely to face significant limitations when implemented in isolation.

The conference discussions highlighted a broader regional reality: Many countries in the region confront similar structural challenges, including constrained fiscal space, fragmented institutional frameworks, limited access to climate finance, and difficulties in translating climate commitments into bankable projects. While national circumstances differ, the underlying governance and financing challenges are often comparable. This creates opportunities for collective learning and regional coordination.

A regional approach can help countries reduce transaction costs associated with climate finance, improve access to technical expertise, and strengthen their collective ability to engage with international climate funds and development finance institutions. Regional cooperation can also facilitate the exchange of regulatory models, project-preparation methodologies, risk-assessment tools, and successful PPP frameworks, reducing the need for each country to develop these systems independently.

The region would particularly benefit from stronger collaboration in project preparation, accreditation processes, climate-risk assessment, and knowledge-sharing. Joint technical platforms could support governments in developing bankable projects, meeting international financing requirements, and identifying suitable financing instruments for different sectors. Such mechanisms could be especially valuable for countries with limited institutional capacity or restricted access to specialized expertise.

Regional cooperation also has an important strategic dimension. Individually, many countries face difficulties attracting large-scale climate finance and influencing international climate governance debates. Collectively, however, regional actors can strengthen their negotiating position, advocate for more flexible financing mechanisms, and highlight the specific adaptation challenges facing arid and water-stressed environments.

Key Workshop Findings and Case Studies

Closing the Adaptation Finance Gap in MENA

Several policy approaches can help address the region’s climate finance gap, for example using innovative financing mechanisms like green or resilience bonds to support climate mitigation and adaptation, blended finance models to encourage and leverage private

investments, or debt-for-climate swaps to reduce debt and facilitate investment in climate action.

For the closing of the finance gap both loans and grants are essential for the region as loans can mobilize larger amounts of capital, but grants are essential for the most vulnerable communities and projects that don't generate direct financial return but crucial adaptation benefits. Nevertheless, there was a strong consensus on the need to move beyond grant dependency. Therefore, exploring diverse financing options including public-private partnerships, blended finance, and innovative instruments like resilience bonds is essential. Resilience bonds are financial instruments designed to support investments that reduce climate-related risks, such as floods, droughts, or extreme weather events, while generating savings from lower future disaster and recovery costs.

Another strategy could be banking sector modernization especially regarding local banking systems. The implementation of International Financial Reporting Standards (IFRS) to improve transparency and comparability and climate risk disclosure frameworks aligned with Task Force on Climate-related Financial Disclosures (TCFD) would be possible steps in this direction. Other ideas focus on the development of specialized green lending products with appropriate risk assessment methodologies and building staff capacity in climate finance through training programs and knowledge exchange as well as establishing partnerships with international development finance institutions for technical assistance and co-financing.

Increase in Private Sector Engagement

Private-sector participation is essential for expanding investment in climate-resilient infrastructure across the MENA region. While public funding remains necessary, particularly for high-risk adaptation projects, greater private-sector involvement can help mobilize additional capital, technical expertise, and project implementation capacity. Improved coordination between governments, financial institutions, and private investors, combined with stronger risk-mitigation mechanisms, can reduce barriers to climate-related investment such as partial credit guarantees, political risk insurance, and currency hedging instruments. These tools can reduce investment uncertainty and improve the attractiveness of climate-related projects.

Blended finance structures and pilot projects can help demonstrate the commercial viability of climate investments and strengthen investor confidence. To facilitate investment, governments could simplify project approval processes by reducing overlapping regulatory requirements, establishing clear timelines for permit issuance, and creating dedicated one-stop investment platforms for climate-related projects. Additional measures could include the use of standardized PPP contracts, transparent procurement frameworks, and dedicated green finance windows within national development banks or financial institutions that provide technical assistance, project-preparation support, concessional financing, and guarantees for climate-related investments.

Greater efforts are needed to integrate small and medium-sized enterprises into climate-related PPP frameworks, as well as address structural biases in banking and legal systems that

deprioritize climate investments. Additional recommendations included developing standardized power purchasing templates for renewable energy projects and embedding private sector finance more systematically into national adaptation planning.

Facilitating Access to International Climate Finance

Simplifying access affects both the public and private sectors, albeit in different ways. A tool has been developed with the Islamic Development Bank to enable and simplify direct access to international climate finance, such as the Green Climate Fund (GCF). With this tool, the GCF accreditation efforts in the region could be accelerated and direct access improved. In addition, the planned GCF regional office in Amman might lead to improved access to technical support, faster processing of proposals, and a better understanding of regional ties, cooperation, contexts, and priorities, which helps with efficient participatory actions and funds.

Process mapping, institutional gap analysis, and cross-border cooperation can improve accreditation pathways and strengthen access to international climate finance to improve accreditation processes and identify which institutions are best positioned to receive and manage climate finance. International climate finance systems are often perceived as overly complex and difficult to navigate.

Trust Building and Regional Cooperation

Trust and good governance are the cornerstones for attracting investors to climate finance, and structures that lack sufficient transparency are considered a main constraint in this regard. Approaches worth considering could be creating accountability, viability, and building confidence in projects, for example by establishing track records through pilot projects. On that basis, increased regional cooperation is a next step for all countries to benefit from knowledge and information sharing or collaboration to reduce costs and maximize the outcome and visibility, for example, with collective advocacy, regional learning platforms, and the documentation and highlighting of regional success stories and achievements.

Scaling adaptation finance requires stronger institutional coordination and trust-building among governments, investors, civil society organizations, and local communities, not only between public and private sector actors, but also with civil society organizations and local communities. Transparent and adaptive policy frameworks are essential for strengthening investor confidence and expanding adaptation finance.

Country Case Studies

The conference participants discussed different country case studies including Lebanon, Egypt, Oman, and Morocco, focusing on different subtopics. Other countries can learn from these experiences and implement best practices through knowledge-sharing.

The country-specific cases illustrate different dimensions of a common regional challenge. Lebanon highlights the role of trust and blended finance in fragile institutional settings. Oman demonstrates the importance of national financial institutions and sustainable finance frameworks. Morocco illustrates how local and indigenous knowledge can strengthen adaptation strategies. Egypt highlights the constraints that emerge when private-sector capacity exists but regulatory, financial, and procurement systems do not effectively channel that capacity toward climate-related investment.

Taken together, these cases reveal a broader regional pattern: Climate finance outcomes depend not only on the availability of funding, but also on the institutional arrangements that connect finance, regulation, project preparation, implementation capacity, and public trust. The central challenge facing many countries in the region is therefore not simply mobilizing additional resources, but building the governance and implementation systems capable of translating available finance into effective climate action.

Lebanon: Innovative Blended Finance Model

The Lebanese case offers an important lesson for fragile contexts: Climate finance can advance when trust mechanisms compensate for institutional weakness. Decentralized implementation, credible intermediaries, outcome-based financing, and locally grounded partnerships can reduce perceived risks and attract private participation. The broader lesson for the region is that governments and donors should focus not only on financing individual projects, but also on building financial structures that can be replicated across sectors such as schools, hospitals, water systems, and decentralized energy.

In the case of Lebanon, the focus of the case study is on successful and effective private capital mobilization, especially regarding the solar energy sector, in the country's challenging institutional environment and fragile context. The applied model combined donor funding with private capital and was characterized firstly by decentralization of decisionmaking and implementation, with multiple actors involved to avoid dependence. Secondly, the system was built on trust and credibility which proved crucial and effective in the context of Lebanon's institutional fragility. Further focal points include outcome-driven finance, emphasizing measurable results rather than process compliance, and flexibility, especially in adaptation to local contexts and constraints. In conclusion, the key is creating the right incentive structures and trust mechanisms, not waiting for perfect institutional conditions. Additional examples highlighted the establishment of financial structures such as the Lebanese Green Investment Fund and PPP-based financing approaches supporting schools, hospitals, clinics, and water systems through decentralized energy solutions. Discussions also emphasized that the focus should not only be on funding projects themselves, but on building replicable financial structures that can support scalable green solutions.

Oman: Sustainable Finance Framework

Oman's experience points to a different policy lesson: Climate finance improves when national financial institutions internalize sustainability criteria. Green lending frameworks,

environmental, social, and governance (ESG) screening, accreditation with international climate funds, and project certification systems can help transform climate finance from an external donor–driven process into a domestic financial-sector practice. This approach is especially important for countries seeking to align climate commitments with long-term economic diversification and net-zero strategies.

Comprehensive insights into Oman's climate finance initiatives were provided, focusing on the Development Bank of Oman's efforts to advance sustainable finance. The key initiatives included the implementation of ESG criteria into lending decisions through systematic screening processes and impact assessment methodologies. Secondly, the achievement of Green Climate Fund (GCF) accreditation and therefore direct access by meeting the fiduciary, environmental, and social safeguard standards. In addition to those initiatives, the alignment of Oman's financial strategies with its 2050 net-zero targets through portfolio decarbonization plans, green lending targets and capacity building programs to develop knowledge and expertise among financial sector actors are part of the sustainable finance framework.

Besides these initiatives, significant challenges remain in overcoming risk-averse attitudes in the market and building broader understanding of sustainable finance instruments. Key needs for Oman are demonstration projects that showcase the commercial viability of green investments, risk-sharing mechanisms that reduce perceived risks for first-movers, regulatory incentives that reward sustainable finance practices and public awareness campaigns that build understanding of climate risks and opportunities. Demonstration projects are particularly important because they help investors assess whether green investments can generate predictable revenues, cost savings, or other financial returns that justify long-term participation. In climate projects, this may include stable power-purchase agreements, user-fee models, avoided energy costs, reduced water losses, or public guarantees that make expected returns more reliable. Oman's experience also demonstrates the potential contribution of initiatives such as the Sustainable Asset Finance Registry and the Oman Net Zero Center in supporting project certification and sustainable investment standards in certifying projects that meet green and sustainable criteria. Discussions also noted the Development Bank of Oman's grassroots-level approach and emphasis on accountability mechanisms to track financing flows and ensure that resources reach underserved communities.

Morocco: Indigenous Knowledge and Water Management

The case of Morocco highlights the importance of protecting local knowledge from extraction or tokenistic inclusion. Traditional water management systems can strengthen adaptation policy, but only when communities retain decisionmaking authority and benefit from the revenue generated by climate projects. This requires legal recognition of water rights, safeguards against commercial exploitation, and mechanisms that distribute benefits to local communities, within local monitoring mechanisms that are democratically represented in local and municipal councils.

Traditional water management systems in Morocco, based on indigenous climate knowledge, encompass adaptation strategies developed over centuries and adapted to local conditions.

Supporting those systems with formalized partnerships between states and private finances can offer a solution to vulnerable communities. To prevent the risks of marginalization, exploitation, and commercialization pressure on indigenous communities, rules must be in place to guarantee legal recognition, protection of water rights, and management practices, as well as the involvement of communities with the decisionmaking authority. The implementation of monitoring mechanisms to ensure accountability and prevent concentration of benefits is crucial in connection with a framework to safeguard the fair distribution of profits to vulnerable communities. Successful adaptation strategies require meaningful collaboration with local communities, particularly women and traditional knowledge holders, as well as the need to address tensions between traditional leadership structures and urban-based advocacy groups. Those that by their nature include periodic local reviews, participatory local hearings, and transparent communication channels, allow residents to evaluate, improve, and develop mechanisms in a way that suits them in terms of objectives and methods. Participants also stressed that international funding mechanisms often fail to adequately reach local communities due to excessive bureaucratic layering and intermediary channels.

Egypt: Challenges for Public-Private Partnerships

The case of Egypt shows that private-sector presence does not automatically translate into private-sector participation in climate finance. Firms need access to project information, predictable procurement rules, financing channels, and banking products suited to adaptation and resilience investments. Small and medium-sized enterprises face barriers when PPP processes favor large firms or when banks lack the tools to assess climate-related projects. This case underlines the need to connect industrial capacity with climate finance systems through clearer project pipelines, credit guarantees, technical support, and more inclusive procurement frameworks.

The Egypt case study focused on public-private partnerships (PPPs) and specifically addressed the country's influential yet struggling private sector. Key impediments are information sharing gaps with private sector actors concerning projects or regulations and a greater tendency to collaborate with large companies and a bias against smaller private corporations in procurement and partnership processes. In addition, the complications in the access to international climate funds represent limitations as well as the lack of expertise in the banking sector regarding climate projects and hurdles in the legal system like inconsistent regulatory frameworks. The Egypt case highlights a gap between the presence of a relatively capable private sector and its limited participation in climate-related PPPs. Many firms, especially small and medium enterprises, face barriers linked to limited information about project pipelines, unclear procurement requirements, restricted access to climate finance, and weak banking-sector familiarity with adaptation and resilience projects. These experiences illustrate common challenges in the MENA region. They highlight the need for coordinated policy reforms regarding governance, transparency, and institutional capacity. Addressing these challenges requires closer alignment among ministries, regulators, procurement authorities, banks, and climate-finance agencies. Frequent changes in approval procedures, procurement requirements, and risk-allocation frameworks continue to create uncertainty for

project developers and investors. Despite Egypt's relatively strong industrial base, many small and medium-sized enterprises remain excluded from climate-related financing opportunities and PPP frameworks. Improving market transparency and strengthening banking-sector expertise in climate adaptation and resilience investments would support broader private-sector participation.

Comparative Lessons from the Case Studies

The four case studies point to a shared conclusion: Climate finance effectiveness depends on the interaction between finance, institutions, and implementation capacity. Lebanon demonstrates that trust and flexible financing structures matter in fragile environments. Oman shows the value of embedding climate finance within domestic financial institutions. Morocco highlights the need to protect local knowledge and community rights. Egypt illustrates the importance of regulatory clarity and banking-sector readiness for private-sector participation.

Three cross-cutting lessons emerge. First, climate finance must be adapted to institutional contexts. Countries with strong financial institutions may prioritize accreditation, disclosure, and green lending products, while fragile contexts may require blended finance, guarantees, and trusted intermediaries. Second, private-sector participation requires more than legal permission; it requires project pipelines, predictable rules, and instruments that reduce risk. Third, inclusion must be built into project design from the beginning through consultation, benefit-sharing, and affordability safeguards.

These lessons suggest that the region's climate finance agenda should move from isolated project financing toward system-building. The priority is to create national and regional mechanisms that prepare projects, structure finance, manage risks, and ensure that benefits reach affected communities.

Policy Priorities

The workshop findings point to five policy priorities for governments, donors, development finance institutions, and private-sector actors.

First, governments should strengthen climate finance coordination by clarifying institutional mandates and creating dedicated units capable of preparing projects, managing accreditation processes, and coordinating with international funds.

Second, public authorities should build project pipelines that identify priority climate investments, assess their feasibility, and match them with suitable financing instruments.

Third, development partners should support project-preparation facilities, technical assistance, and capacity-building rather than focusing only on direct funding.

Fourth, private-sector engagement should be structured through transparent procurement, risk-sharing instruments, and performance-based contracts that protect public interest.

Fifth, climate finance should include social safeguards, local participation, and benefit-sharing mechanisms to ensure that investment contributes to resilience among vulnerable communities.

Policy Recommendations

The recommendations below translate the workshop findings into an implementation agenda. They are organized around the main constraints identified in the paper: institutional capacity, regulatory clarity, financial innovation, technology, and inclusion. The recommendations are intended for governments, development partners, financial institutions, and private-sector actors seeking to improve access to climate finance and strengthen the delivery of climate-related projects in the MENA region.

Institutional Capacity Building

Across all panels and discussions, the critical importance of institutional capacity building emerged as a central theme. Recommendations included:

- Establish national climate finance coordination units with clear mandates to link ministries of finance, planning, environment, water, energy, and investment authorities. These units should coordinate project pipelines, support accreditation processes, and ensure that climate finance proposals align with national priorities.
- Develop project-preparation facilities that help public agencies and local institutions conduct feasibility studies, financial modeling, environmental and social assessments, and risk analysis for climate-related projects.
- Build technical capacity in national and local institutions to negotiate PPP contracts, assess value for money, allocate risks, and monitor long-term performance.
- Create regional climate finance support platforms that provide technical assistance on project preparation, PPP design, climate fund accreditation, financial structuring, and capacity-building for public institutions and local financial actors.
- Create mentorship programs that pair experienced climate finance practitioners with emerging professionals.
- Support training and awareness programs for marginalized communities and local actors to improve understanding of available financing mechanisms and loan access.

Policy and Regulatory Reforms

Participants identified several priority areas for policy and regulatory reform:

- Develop national climate finance strategies that provide clear frameworks and targets.
- Reduce administrative barriers to climate investments through streamlined permitting procedures, clearly defined approval timelines, coordinated review mechanisms across government agencies, and transparent criteria for project evaluation and licensing.

- Strengthen private-sector participation through transparent procurement systems, clearly communicated project pipelines, predictable licensing and permitting requirements, stable investment incentives, and regulatory frameworks that provide clarity on tariffs, guarantees, and risk allocation throughout the project lifecycle.
- Establish legal frameworks that recognize and protect traditional knowledge and practices.
- Require banks and financial institutions to disclose their exposure to climate-related risks and integrate climate considerations into lending and investment decisions, helping improve transparency, risk management, and the allocation of capital toward climate-resilient projects.
- Develop dynamic policy frameworks that strengthen institutional coordination between governments, private sector actors, and civil society organizations.
- Introduce public guarantees and sovereign instruments to improve investor confidence and mobilize private capital for adaptation projects.
- Publish national climate investment pipelines that identify priority projects, estimated financing needs, expected social benefits, and suitable financing instruments.
- Develop standard PPP guidelines for climate-related projects, including model contracts, risk-allocation principles, affordability safeguards, and performance indicators.
- Strengthen procurement transparency by requiring open information on project selection, bidding criteria, contract awards, and implementation progress.

Innovation and Technology Transfer

The workshop highlighted the need for greater emphasis on innovation and technology transfer:

- Create innovation hubs and incubators focused on climate solutions.
- Facilitate technology transfer through partnerships with international institutions.
- Support local adaptation of technologies by testing climate solutions under specific national conditions before scaling them more widely. For example, water-saving irrigation tools, solar cooling systems, early-warning applications, and climate data platforms can be piloted in local communities, adjusted to local needs and costs, and then shared regionally when they prove effective and affordable.
- Promote indigenous and traditional sustainability practices alongside modern technologies.
- Establish intellectual property frameworks that balance innovation incentives with access needs.
- Integrate emerging tools such as blockchain verification systems, fintech solutions, and parametric insurance mechanisms, while maintaining affordability and access to local communities.
- Use climate-risk data platforms to identify vulnerable areas, prioritize adaptation investments, and guide the allocation of public and private finance.

- Support pilot projects that test locally appropriate technologies in water efficiency, renewable energy, early warning, and climate-resilient infrastructure before scaling them nationally or regionally.
- Ensure that digital tools used in climate finance remain accessible to public institutions, local authorities, and communities rather than becoming limited to highly specialized technical actors.

Equity and Inclusion

Participants emphasized the importance of ensuring that climate finance and adaptation efforts are equitable and inclusive:

- Prioritize support for the most vulnerable communities and regions, including indigenous groups with traditional knowledge.
- Ensure proactive, concrete participation of marginalized groups in decisionmaking.
- Benefit-sharing mechanisms should ensure that climate project gains are distributed fairly among public authorities, private investors, local communities, small businesses, women, youth, and vulnerable groups directly affected by the project. This may include local employment, affordable access to services, community compensation, revenue-sharing arrangements, or targeted support for affected households.
- Address gender dimensions of climate vulnerability and adaptation.
- Require social impact assessments for major climate finance and PPP projects, with attention to affordability, access to services, gender impacts, and effects on vulnerable communities.
- Include local consultation processes during project design, especially in water, agriculture, land use, and infrastructure projects that directly affect livelihoods.

Implementation Roadmap

To move from recommendations to implementation, the region needs a phased approach.

In the short term, governments should map existing climate finance institutions, identify gaps in accreditation and project preparation, and establish inter-ministerial coordination mechanisms. This phase should also include the preparation of priority project pipelines in sectors such as water, renewable energy, agriculture, and resilient infrastructure.

In the medium term, countries should develop dedicated project-preparation facilities, standard PPP templates, climate-risk disclosure rules, and green finance windows within national banks or development finance institutions. Development partners can support this phase through technical assistance, concessional finance, and capacity-building.

In the long term, countries should move toward integrated climate finance systems that combine domestic budgets, international climate funds, private capital, blended finance, and locally grounded adaptation mechanisms. Regional cooperation should support this process

through shared technical tools, peer learning, and joint advocacy for more accessible and flexible international climate finance.

Conclusion

The workshop on climate governance, public-private partnerships, and climate finance in the MENA region highlighted a central policy challenge: The region's adaptation finance gap is inseparable from questions of institutional readiness, project bankability, private-sector confidence, and social inclusion. Financing needs are large, but the ability to convert finance into effective climate action depends on the quality of governance systems, regulatory frameworks, financial institutions, and local implementation capacities.

The country cases discussed in the workshop show that there is no single model for climate finance in the region. Lebanon points to the importance of trust and flexible blended finance in fragile settings. Oman demonstrates the value of strengthening national financial institutions and sustainable finance frameworks. Morocco highlights the need to protect local knowledge and community rights in adaptation planning. Egypt illustrates the importance of regulatory clarity, banking-sector capacity, and inclusive private-sector participation.

Taken together, these lessons suggest that climate finance in the MENA region should move from a narrow focus on securing funds toward a broader agenda of building systems capable of absorbing, structuring, and delivering finance effectively. PPPs can play an important role in this agenda when they are designed around public priorities, transparent procurement, fair risk allocation, affordability safeguards, and measurable outcomes.

The next step is to translate workshop findings into a practical regional agenda. This requires stronger national climate finance units, credible project pipelines, project-preparation support, risk-sharing instruments, transparent PPP frameworks, and inclusive mechanisms that ensure benefits reach vulnerable communities. By focusing on institutional readiness and implementation capacity, the region can improve its ability to access climate finance, mobilize private investment, and strengthen resilience in ways that respond to both environmental pressures and broader development needs.

Notes

[i] This paper is based on the workshop "Climate Governance: Public-Private Partnerships and Climate Finance," held April 21, 2026.