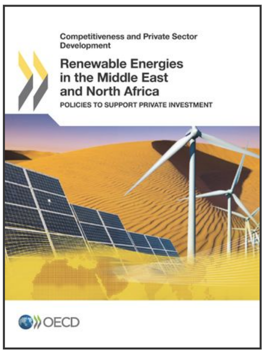
Foreword

The combined effects of the global financial and economic crisis and the recent popular uprisings in parts of the Middle East and North Africa have brought social and economic challenges to the centre of attention of policy makers. For governments seeking to stimulate economic growth in order to create jobs, to satisfy the growing energy demand of their populations and to diversify their economies, the appeal of renewable energies is strong. In the wake of the International Conference on Renewable Energies in 2004, most Middle East and North Africa (MENA) countries set targets for renewable energy deployment. Following on from the European Union's 2020 energy plan, and in the face of rising environmental concerns, there has been an increase in multilateral initiatives in support of the development of "renewables" in the Middle East and North Africa. However, the right policy framework and support need to be put in place if the region wants to attract private investment in the sector and reap the benefits of its favourable resource endowment, especially as regards solar and wind energy.

In this context, Renewable Energies in the Middle East and North Africa: Policies to Support Private Investment *makes the case for a stronger deployment of renewables in the MENA region and identifies the appropriate support policies required to stimulate the necessary private investment. Aimed at policy makers in the MENA region, the report contains an assessment of existing policy frameworks in the region and examples taken from good practice in OECD member countries which are used as pointers to help guide MENA governments in their choices.*

The analysis contained in this report suggests that policies that aim at supporting the life-cycle of renewable energy projects such as feed-in tariffs and power purchase agreements are more effective and less distortive than policies subsidising the initial investment, such as cost reductions. The optimal incentive scheme provides investors with stability through a guaranteed but declining minimum return while imposing enough market risk to foster technological progress.

This study is one among a number of studies and advisory projects currently undertaken by the MENA-OECD Investment Programme. To guide the work and pinpoint recommendations targeted at the private sector, the authors were supported by the MENA-OECD Task Force on Energy and Infrastructure.



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