ENERGY-WATER-FOOD SECURITY CHALLENGE FOR MIDDLE-EAST AND NORTH AFRICA (MENA)

Bahareh Berenjforoush Azar

A thesis submitted to the University of Technology Sydney in partial fulfilment of the requirements for the degree of Doctor of Philosophy

University of Technology Sydney
Faculty of Engineering and Information Technology

June 2020

CERTIFICATE OF AUTHORSHIP/ORIGINALITY

I, Bahareh Berenjforoush Azar declare that this thesis, is submitted in fulfilment of the requirements for

the award of Doctor of Philosophy, in the School of Information, Systems and Modelling at the

University of Technology Sydney.

This thesis is wholly my own work unless otherwise reference or acknowledged. In addition, I certify

that all information sources and literature used are indicated in the thesis. This document has not been

submitted for qualifications at any other academic institution. This research is supported by the

Australian Government Research Training Program.

Production Note:

Signature: Signature removed prior to publication.

Date: 11/06/2020

i

ACKNOWLEDGMENTS

I would like to express my sincerest gratitude to people who have supported me during my Ph.D. study.

Firstly, I would like to express my profound gratitude to my supervisor Prof. Deepak Sharma for his continuous support during my Ph.D. journey with his insightful feedback, his patience, motivation, and immense knowledge. His guidance helped me in all the time of research and provided me with valuable opportunity to finish my Ph.D. study.

Besides my principal supervisor, I would like to thank my co-supervisor: Dr. Suwin Sandu, for his insightful comments in my modelling section. His advice and guidance enable me to go through this research from various perspectives. I also appreciate Hazel Baker for proofreading my entire thesis.

My sincere thanks also go to Faculty of Engineering of the University of Technology, Sydney, for providing me an opportunity to access the research facilities. Without their precious support, it would not be possible to conduct this research.

To my family, I thank you so much for your incredible support during my Ph.D. journey. I am sincerely grateful to my mother Mahnaz Dadashzedeh, and my father Mohammad Berenjforoush Azar, for their continuous encouragement, emotional support, and prayers. This work would not finish without you.

To my husband, Dr. Reza Fathollahzadeh Aghdam, and my son, Araz, words cannot describe your love and your support. Thank you so much for being patient with me and encourage me during my Ph.D. journey.

Table of Contents

Certificate of Authorship/Originality	i
Acknowledgments	ii
List of Figures	vii
List of Tables	x
List of Abbreviations	xi
Abstract	xii
Chapter 1: Introduction	1
1.1 Background	1
1.2 The EWF security nexus	3
1.3 Research objectives	7
1.4 Research framework	7
1.4.1 Historical analysis	9
1.4.2 Input-output analysis	9
1.4.3 Scenario analysis	10
1.4.4 Assessment of policy implementation	10
1.5 Scope of this research and data considerations	11
1.6 Significance of this research	13
1.7 Organisation of the thesis	15
Chapter 2: A review of the EWF security nexus	16
2.1 Linkages between energy, water and food	16
2.2 EWF Security in the MENA region	17
2.3 Nature of nexus	26
2.3.1 Environmental dimension	26
2.3.2 Economic dimension.	27
2.3.3 Technological dimension	28
2.3.4 Social dimension	28
2.3.5 Political dimension	29
2.4 A review of existing studies	31
2.4.1 Section A: EWF studies globally	31
2.4.2 Section B: EWF studies in the MENA region	42
2.5 Major limitations in previous studies	46
2.6 Summary and conclusion	50
Chapter 3: Review of the region of study: MENA	52

3	.2 EWF security nexus challenges in MENA	55
	3.2.1 Population	55
	3.2.2 Urbanisation	57
	3.2.3 Climate change	59
	3.2.4 Economic growth	62
	3.2.5 Unsustainable energy	71
	3.2.6 Inadequate water	78
	3.2.7 Food insecurity	89
	3.2.8 Political state	92
3	.3 Summary and conclusion	93
Cha	apter 4: A review of EWF nexus methodologies	95
4	.1 Criteria for examining nexus methodological approaches	95
4	.2 Methods for assessing the EWF nexus	97
	4.2.1 Cost-benefit analysis (CBA)	98
	4.2.2 CLEW model	99
	4.2.3 Material Flow Analysis (MFA)	101
	4.2.4 Life Cycle Analysis (LCA)	102
	4.2.5 System Dynamics (SD)	103
	4.2.6 Econometric modelling	105
	4.2.7 Input-output analysis (IOA)	106
4	.3 A summary of observations	109
4	.4 Summary and conclusion	111
Cha	apter 5: Development of integrated framework for this research	113
5	.1 Overall description of the integrated framework	113
5	.2 Historical analysis	116
5	.3 Flexible IO modelling	116
	5.3.1 Determination of the baseline scenario	
	5.3.2 Implementation of alternative scenarios	122
	5.3.3 Assessment of price impacts due to changes in policy	123
	5.3.4 Examination of price-induced input factor substitution	124
	5.3.5 Assessment of economy-wide impacts of technological change	
5	.4 Scenario analysis using the IO model	131
	5.4.1 Attributes for assessing scenario impacts	132
	5.4.2 Scenario descriptions and key features	134
	5.4.3 Scenario assumptions	136
5	.5 Policy perspective of the EWF security nexus in MENA implementations	152

5.6 Sources of data required in the model	153
5.7 Summary and conclusion	156
Chapter 6: Assessment of the impact of the scenarios (I)	158
6.1 Economic and social impacts	158
6.1.1 Economic growth	158
6.1.2 Trade balance	163
6.1.3 Investment in key infrastructure	169
6.1.4 Employment	179
6.2 Energy security	185
6.2.1 Energy demand	185
6.2.2 Energy intensity	194
6.2.3 Energy conversion efficiency	201
6.2.4 Energy diversity	206
6.2.5 Energy import dependency	212
6.2.6 Energy import affordability	216
6.3 Summary and conclusion	219
Chapter 7: Assessment of the impact of scenarios (II)	231
7.1 Water security	231
7.1.1 Water availability	231
7.1.2 Water demand	233
7.1.3 Water stress	239
7.1.4 Water intensity	244
7.2 Food security	248
7.2.1 Food accessibility	248
7.2.2 Food import dependency	252
7.2.3 Food affordability	260
7.3 Summary and conclusion	263
Chapter 8: A Policy Perspective on the EWF Security Challenge in the sel countries	
8.1 Development of security indicators	269
8.2 EWF security trade-offs	271
8.3 Economic, social and security trade-offs	305
8.3.1 Trade-offs for the country grouping	305
8.3.2 Trade-offs for the individual countries	309
8.4 Some further discussion: policy trade-offs	313
8.5 Summary and conclusion	315

Chapter 9: Conclusion and recommendations for further research	318
9.1 Conclusions	318
9.2 Recommendations	328
Appendix A: Assumed values for scenario drivers for MENA countries	332
Appendix B: Data sets Applies for This Research	344
References	372

List of Figures

Figure 1.1: Middle East and North Africa (MENA)	2
Figure 1.2: Overall research framework	8
Figure 1.3: Sectoral coverage for this research	12
Figure 2.1: The interfaces of water, food and energy	25
Figure 3.1: Middle East and North Africa	
Figure 3.2: Population of the selected countries in the MENA in 1960, 1980 and 2018	56
Figure 3.3: Average rate of population change (percentage)	. 57
Figure 3.4: Percentage of population residing in urban areas, 1960-2015	58
Figure 3.5: Percentage of generating CO2 emissions by country in 2014	60
Figure 3.6: CO2 emissions Per-capita in 2014	60
Figure 3.7: Average climate risk index score between 2010 -2017	61
Figure 3.8: classification of MENA countries in 2017	62
Figure 3.9: GDP composite based on oil revenue in 2017	63
Figure 3.10: Oil and non-oil revenue in 2017	64
Figure 3.11: Real GDP growth (annual percentage change)	65
Figure 3.12: GDP per-capita in different regions, PPP (constant 2011 international \$) in 2017	66
Figure 3.13: GDP per capita, PPP between MENA countries (constant 2011 international \$) is	n 2017
	66
Figure 3.14: Income share held by the poorest and richest	67
Figure 3.15: Poverty and income inequality	68
Figure 3.16: Regional unemployment rates in 2018	69
Figure 3.17: Unemployment rate in 2018	70
Figure 3.18: Net energy export and import countries in 2017	71
Figure 3.19: Oil & Gas recoverable reserves by Country	72
Figure 3.20: Energy mix in countries in 2016	73
Figure 3.21: Hydropower history in Egypt, Iran and Morocco between 1990-2016	74
Figure 3.22a: Energy use (KWh per capita) in North Africa	75
Figure 3.22b: Energy use (KWh per capita) in the Middle East	
Figure 3.23: Energy efficiency in 2017	76
Figure 3.24: Energy access in Egypt and Morocco 1990-2016	
Figure 3.25: Water stress by 2020	78
Figure 3.26a: Share of population exposed to high or very high water stress	79
Figure 3.26b: Share of GDP exposed to high or very high water stress	79
Figure 3.27: Renewable internal freshwater resources per-capita (m3)	80
Figure 3.28: Water resources needed to meet demand	81
Figure 3.29: Total external renewable water resources (%)	83
Figure 3.30: Desalination in different regions	84
Figure 3.31: Desalinated water in 2010 (MCM/y)	85
Figure 3.32: Total wastewater production and treatment between 2008 and 2012	86
Figure 3.33: Water withdrawal in MENA	86
Figure 3.34: Share of Agriculture in GDP in 2010 and 2017	87
Figure 3.35: Water used in industry in selected countries	89
Figure 3.36: Overall Global Food Security Index	91
Figure 3.37: Food security for different countries based on GFSI criteria	92
Figure 4.1: CBA analysis steps	98
Figure 4.2: schematic of ethanol production and EWF linkages	99

Figure 4.3: Life Cycle Assessment Framework	103
Figure 4.4: Basic structure of an IO table	107
Figure 5.1: Integrated framework for security nexus of EWF	113
Figure 5.2: Overall modelling procedure	114
Figure 5.3: Overview of an Input-Output model	117
Figure 5.4: IO coefficients table	118
Figure 5.5: 'satellite' accounts table	
Figure 5.6: Typical nested structure of IO coefficients	
Figure 5.7: Nested structure of demand-side analysis	
Figure 5.8: Nested structure for electricity generation sector	
Figure 5.9: Nested structure for food production sector	
Figure 5.10: Nested structure for other production sectors	
Figure 5.11: Attributes for assessing the impacts of scenarios	
Figure 5.12: Population of MENA from 1960 to 2050	
Figure 5.13: Population of Selected Countries by 2050	
Figure 5.14: GDP Per-capita in different income groups	
Figure 5.15: Per-capita GDP in the selected MENA countries	
Figure 5.16: Annual percentage of change in GDP	
Figure 5.17: A comparative overview of economic structure (%), 2015	
Figure 5.18: Economic structure (%) of selected countries in MENA, 2015	
Figure 5.19: Change in economic structure in the alternative scenarios (except BAU)	
Figure 5.20: A comparative overview of components of GDP (%), 2015	
Figure 5.21: A comparative view of energy use (kg of oil per capita) in 2015	
Figure 5.22: A comparative view of energy use (kg of on per capita) in 2015	
Figure 5.23: Lost and wasted food in different regions, 2009	
Figure 5.24: Logistic performance index	
Figure 6.1: Change in GDP in 2050 compared with the BAU scenario	
Figure 6.2: Change in trade balance in 2050 compared with the BAU scenario	
Figure 6.2: Change in trade balance in 2000 compared with the BAO scenario	
scenario	
Figure 6.4: Required investment for key infrastructure in BAU, 2015-2050	
Figure 6.5: Additional investment requirements for the MENA countries	
Figure 6.5: Additional investment requirements for the MENA countries	
Figure 6.7: Change in employment in 2050 compared with the BAU scenario	
Figure 6.8: Total energy demand for all countries in the BAU scenario	
Figure 6.9: Primary energy mix overall in the selected countries in MENA in the BAU	
Figure 6.10: Share of electricity in the selected countries in MENA, BAU scenario	
Figure 6.11: Total primary energy demand in all the countries, in all the scenarios	
Figure 6.12: Change in primary energy demand in 2050 compared with the BAU scenario	
Figure 6.13: Primary energy mix overall in the selected countries in MENA, NSC scenario	
Figure 6.14: change in primary energy demand (compared with the NSC)	
Figure 6.15: Average energy intensity trend across the countries in various scenarios	
Figure 6.16: Energy intensity in the countries in the BAU, ESC, WSC and FSC scenarios	
Figure 6.17: Change in energy intensity various scenarios compared with BAU scenario	
Figure 6.18: Change in energy intensity between NSC and ESC scenarios in 2030 and 2050	
Figure 6.19: Average Trends in energy conversion efficiency in the countries of the MENA	
Figure 6.20: Energy conversion efficiency in the MENA countries	202
Figure 6.21: Change in energy conversion efficiency improvements, 2015-2050	204

Figure 6.22: Change in energy conversion efficiency improvements NSC vs ESC	206
Figure 6.23: Energy diversity indices for the MENA countries, 2015-2050	
Figure 6.24: Change in energy diversity in the MENA countries by 2050	
Figure 6.25: Changes in Herfindahl indices in NSC (compared with ESC)	
Figure 6.26: Energy import dependency for the countries in this research	
Figure 6.27: Impact of alternative scenarios on energy imports (2015-2050)	
Figure 6.28: Changes in energy imports in the NSC scenario compared with the ESC	
Figure 6.29: Share of the energy expenditure in the countries in this research	
Figure 7.1: Water availability Per-capita for the countries	
Figure 7.2: Total water demand in in the selected countries in various scenarios	
Figure 7.3: Per-capita per year water demand in the BAU scenario, 2015 – 2050	
Figure 7.4: Changes in water demand in 2050, compared with the BAU scenario	
Figure 7.5: Changes in water demand in the NSC scenario compared with the WSC scenario	
Figure 7.6: Water stress levels in the countries of the study	
Figure 7.7: Changes in water demand in the NSC scenario compared with the WSC scenario	
Figure 7.8: Water intensities for the countries in this research	
Figure 7.9: Water intensity reduction, 2015-2050	
Figure 7.10: Change in water intensity, NSC scenario compared with the WSC scenario	
Figure 7.11: Food accessibility for the countries in this research in BAU scenario	
Figure 7.12: Food accessibility changes in the alternative scenarios compared with the BAU	
Figure 7.13: Average food import dependency for the countries in this scenario	
Figure 7.14: Food import dependencies for the countries in this scenario by 2050	
Figure 7.15: Food import dependencies for the countries in 2030, compared with the BAU	
Figure 7.16: Food import dependencies for the countries in 2050, compared with the BAU	
Figure 7.17: Share of food expenditure in the countries of this research	
Figure 8.1: Change in EWF security in the BAU scenario	
Figure 8.2: Composite water security index in BAU scenario	
Figure 8.3: Composite food security index in the BAU scenario	
Figure 8.4: Composite energy security index in BAU scenario	
Figure 8.5: Trade-offs between EWF securities in the ESC scenario	
Figure 8.6: EWF security in the ESC scenario by 2030 and 2050	
Figure 8.7: Trade-offs between EWF securities in the WSC scenario	
Figure 8.8: EWF security in the WSC scenario by 2030 and 2050	
Figure 8.9: Trade-offs between EWF securities in the FSC scenario	
Figure 8.10: EWF security in the FSC scenario by 2030 and 2050	
Figure 8.11: Trade-offs between EWF securities in the NSC scenario in 2030 &2050	
Figure 8.12: EWF security in the NSC scenario by 2030 and 2050	
Figure 8.13: Composite energy security index in the various scenarios	
Figure 8.14: Composite water security index in the various scenarios	
Figure 8.15: Composite food security index in the various scenarios	
Figure 8.16a: Composite EWF security in 2015, by country groupings	
Figure 8.16b: Composite EWF security in 2015, by country groupings	
Figure 8.16c: Composite EWF security in 2015, by country groupings	
6	

List of Tables

Table 1.1: Data considerations for each specific objective	. 14
Table 2.1: Major energy, water and food nexus studies	
Table 2.2: Major EWF nexus studies in MENA	. 40
Table 3.1: Regional classification for MENA	. 53
Table 3.2: Key characteristics of MENA countries considered in this research	. 54
Table 3.3: Major basin in MENA	
Table 3.4: State of hunger in the selected MENA countries in 2018	. 90
Table 3.5: Consumer food price index (2010=100)	
Table 4-1: Selection of applied methodologies in the EWF nexus	. 98
Table 4.2: Key features of selected methods for EWF nexus	
Table 5.1: Assumed values for CES in nested structure production sectors	130
Table 5.2: Assumed values for CES in nested structure for electricity sector	131
Table 5.3: Alternative scenarios considered in this research	137
Table 5.4: Assumed values for the scenario drivers in the MENA region	138
Table 5.5: Electricity generation mix in the BAU, ESC and NSC scenarios	147
Table 5.6: Energy productivity growth	148
Table 5.7: Water intensity of agricultural production	149
Table 5.8: Agricultural productivity growth	
Table 5.9: Water supply mix in the BAU, WSC and NSC scenarios	
Table 5.10: 57 sectors in GTAP9	
Table 5.11: Sectors included in this research	
Table 6.1: GDP of selected countries in MENA for various scenarios	
Table 6.2: Growth in population and GDP per-capita between 2015 and 2050Table	
Table 6.3: Trade balance of selected countries in MENA for various scenarios	164
Table 6.4: Total employment in the selected countries (million persons)	
Table 8.1: Selected indicators of EWF security	270
Table 8.2: Change in economic, social and EWF security results in the BAU scenario	
Table 8.3: Change in economic, social and EWF security results in 2015-2030 and 2030-205	0 in the
BAU scenario	
Table 8.4: Change in economic, social and EWF security in ESC scenario by 2030 and 2050	
Table 8.5: Change in economic, social and EWF security in the WSC by 2030 and 2050	
Table 8.6: Change in economic, social and EWF securities in the FSC by 2030 and 2050	
Table 8.7: Change in economic, social and EWF security in the NSC by 2030 and 2050	
Table 8.8: Change in economic, social and EWF securities trade-offs, by country groupings	
Table 8.9: Change in economic, social and EWF securities trade-offs, by country	303

List of Abbreviations

FAO Food and Agriculture Organization

GCC Gulf Cooperation Countries

GDP Gross Domestic Product

GFSI Global Food Security Index

GHI Global Hunger Index

GTAP Global Trade Analysis Project

HKH Hindu Kush Himalayan

IAEA International Atomic Energy Agency

IEA International Energy Agency

ILO International Labour Organization

IO Input-output

IOA Input-output analysis
LCA Life Cycle Analysis

MDG Millennium Development Goals

MENA Middle East and North Africa

MFA Material flow analysis

MIRO Multi-Regional Input-Output

OEC Oil exporting country

OIC Oil importer countries

SD System Dynamics

SEI Stockholm Environment Institute

UAE United Arab Emirates

UNEP United Nations Environment Programme

VWT Virtual water trade

WHO World Health Organization

WPI Water Poverty Index

WRI World Resources Institute

Abstract

In the backdrop of emerging concerns about Energy-Water-Food (EWF) security, this research analyses the impact of alternative developmental policy pathways (Scenarios) on EWF security and economic and social outcomes, for the period 2015-2050, for the Middle East and North Africa (MENA) region - a region typified by highly uneven distribution of energy endowments, acutely scarce resources, rather limited arable land, and high degree of political volatility. These impacts are assessed in terms of seventeen selected attributes, grouped into four areas of interest – energy security, water security, food security, and economic and social outcomes. Five Scenarios considered in this research, namely, Business-as-Usual (BAU), Energy-oriented (ESC), Water-oriented (WSC), Food-oriented (FSC), and EWF Nexus-oriented (NSC) - reflect alternative sets of technological, economic and social developmental trajectories - as relevant for each country included in this research. A specifically designed Input-Output framework - incorporating flexible (nested) production functions, factor substitution possibilities through price mechanism, and with high degrees of sectoral disaggregation - is employed to analyse the medium-to-long term impacts of alternative scenarios. Analysis suggests that while the BAU scenario (representing country policy trends) will lead to highly precipitous water security outcomes for most countries considered, and considerably worsened food security outcomes for some countries. Analysis also suggests that while domain-special scenarios (e.g., ESC) will have a perceptibly positive outcome for the domain (i.e., energy), but detrimental outcomes for other domains (e.g., water, food, economic and social). The research also reveals that improvements in water security will come at the expense of economic and social outcomes. Overall, the NSC scenario provides modest outcomes for most domains, although with sharp contrasts across countries - thus demonstrating the 'value' of nexus-informed policy considerations. The analyses were undertaken in this research - it is contended - provides innately useful insights into the trade-offs that policymakers in various countries can consider while develop resource, economic and social policies. Further, while this research has been undertaken for the MENA region, the analytical framework developed, and the overall 'philosophy' adopted to develop a more nuanced perspective on EWF security challenge should serve as a robust platform for other countries as they endeavour to develop policy prescriptions to redress the EWF security challenges. Therein resides yet another significant feature of this research.