



# Climate leadership in the Middle East

Calls for a just and fair net-zero transition



Building a better  
working world







# Contents

Executive summary	04
<b>Section 1:</b> Setting the scene: the world is finally on the transition pathway	06
<b>Section 2:</b> Complex interactions on the trajectory toward realizing a just transition	10
<b>Section 3:</b> The role of the financial industry in connecting the dots	14
<b>Section 4:</b> Turning to the Middle East: from laggards to leaders?	16
<b>Section 5:</b> Creating an enabling landscape: the role of governments and regulators in supporting a just transition in the Middle East	22
<b>Section 6:</b> Climate diplomacy is critical: time to be bold	28
Conclusion	32
References	33





# Executive summary



The Middle East plays a critical role in our global climate transition. As it carves its own pathway to net-zero, it becomes increasingly important to ask two questions: How can the benefits of this radical transition toward net zero be widely shared across the region? How can the transition be not just fast but also just and fair, with the assurance that no one is left behind?

As we reflect on the outcomes of the 28th Conference of the Parties (COP28), these questions take on greater significance, and our focus must shift from "what" to "who." Capital allocators are unquestionably important participants in this complex game, notably the financial sector. Financial institutions play a vital role in achieving net zero, which benefits everyone and so, it is important to emphasize both a quick and fair transition.

While the significance of decarbonization is well-known, it could be argued that the financial industry in the Middle East is not quite ready to play this mission-critical role. Many of the region's financial institutions remain overly focused on decarbonization at all costs but are not considering the broader social dimension of the transition. The very real risk of leaving marginalized communities behind and, in some cases, further deepening existing inequalities is still a challenge.

To achieve this objective, financial institutions should not limit their focus to achieving net-zero emissions in their transition plans. Instead, they should also carefully consider and address the social risks and opportunities that arise during the transition. This means looking beyond binary net-zero targets and taking into account the implications for people, communities and society as a whole.

The financial industry must also consider and reflect the sectoral nuances and needs that different industries play in the transition. This is critical because different sectors and industries have very different transition pathways, and these are intrinsically linked to the communities they support and how these communities adjust and recover.

At the same time, governments and regulators must play their part in creating the right incentives, expectations and structures to support the financial industry in driving a just and fair transition. National policy frameworks, market regulations, as well as governments' approaches to climate diplomacy and international cooperation, are some of the ways governments can help facilitate this transition in collaboration with the financial sector.

COP28 highlighted the momentum gathering in the Middle East on reducing emissions. But emissions reductions is not the only goal. At COP28, we also witnessed the importance of considering the needs of all people in society and to put these the heart of our transition to a more just, brighter and sustainable future.

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## Section 1

# Setting the scene: the world is finally on the transition pathway





While our collective understanding of decarbonization has advanced significantly in recent years, there is still grappling with the sheer magnitude and complexity of the required transformation. However, decarbonization strategies are now happening at the highest levels – across boardrooms, national governments and international institutions. The world is finally on the transition pathway, albeit slower and more cumbersome than most are calling for.

Today, there is an increasing demand to align decarbonization plans with broader sustainable development objectives at a global, regional or national level through the Sustainable Development Goals (SDGs).<sup>1</sup> While our global transition needs to be timely and sizeable, it cannot be to the detriment of marginalized groups. It needs to be just and fair so that no one is left behind.

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## What is a just and fair net-zero transition?

Any transition is about driving significant change from one state to another. In the context of the net-zero transition, the focus goes beyond the goals of decarbonization alone. A just and fair transition represents a much smarter, more impactful and fairer way to achieve a sustainable future, one in which all people and all societies can reap the benefits of the transition. While definitions differ, by and large, a just transition is anchored in the concept that the transition to a net-zero future allows all people to participate and that no one is left behind.

The concept of a just transition has been rapidly gaining support and traction since it was referred to in the Paris Agreement in 2015,<sup>2</sup> which clearly states that Parties to the Agreement must take account of the imperatives of a just transition. Beyond the Paris Agreement, the just transition became a central theme at both COP26 and COP27 and was subsequently addressed in the priorities of the United Nations Secretary-General and the IPCC report on the Mitigation of Climate Change in 2022.<sup>3</sup> The UAE's COP28 Presidency carried the baton on, focusing dialogue on driving a just, orderly and equitable transition.

By prioritizing actions, solutions and systems that specifically do not leave marginal groups or certain communities, a just transition can be achieved. If designed correctly and intelligently, this rapid and wholesale transformation can address existing social and economic inequalities. In doing so, marginalized groups that exist today will be included in our collective future.



# Designing a just transition for net-zero

How can a fair journey to net zero be designed? The key design principle guiding a just transition to net zero is the consideration of both environmental justice and social equity in transition plans. But the harsh reality is that often marginalized and vulnerable groups bear the brunt of climate change and the transition processes. This is often observed in economies that rely on carbon-intensive industries and with lower-income populations, particularly where the risk of a disorderly transition will lead to the significant stranding of high-carbon assets.<sup>4</sup>

Therefore, any transition must necessarily account for and consider both environmental justice and social equity in its design as well as the measurement of its success. The Just Transition Initiative takes this further by outlining a preliminary framework that can be used to assess processes and practices by requiring action across two critical dimensions: social inclusion and distributional impact.<sup>5</sup>

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## Section 2

# Complex interactions on the trajectory toward realizing a just transition

By involving local voices in the decision-making and planning processes, all needs can be understood and heard.



Just transition processes will necessarily involve complex interactions between perceptions, expectations and realities, at local, regional and international levels. Effective design will require understanding the intersection of these – from financial flows to geopolitics, from technology shifts to supply chain dynamics. The list of interdependencies is extensive.

Government policies and regulations are required to incentivize not only decarbonization and sustainable practices, but also focus on creating new opportunities and employment for marginalized groups and directly impacted communities. The economic shifts referred to previously should be focused on creating jobs and expertise in critical spaces such as clean technology, sustainable agriculture, resource management and circular carbon practices.

Local communities will be the driving force behind new and emerging industries that support a just transition. By involving local voices in the decision-making and planning processes, all needs can be understood and heard. At the same time, policymakers must provide adequate access to training and education to be readily available to support communities in fully participating in the transition economy.

With all this in place, ultimately delivering a net-zero world where no one is left behind will require mobilizing institutional capital at scale. This requires full engagement by the financial industry to create new products that move capital toward areas that need the most support; for investors to capitalize on market momentum and drive competition; for banks to effectively manage the societal risks of the transition and ensure these are priced into financing decisions; and for governments and regulators to shape a landscape that promotes these behaviors and actions.

## Shining a spotlight on the Middle East

Countries in the Middle East are among the world's most exposed states to the extreme and accelerating impacts of climate change, with several countries already experiencing higher temperatures, more frequent droughts, increased water loss and extreme weather events.<sup>6</sup> To compound this, the decarbonization pathway in the region is very challenging, with many intertwined dependencies. Among competing demands, resource scarcity and existing conflicts, a pressing need arises for solutions that foster sustainability and cooperation, addressing significant dilemmas for policymakers and society.

In recent years, several countries have set ambitious national net-zero targets. The influence of these commitments has trickled into the private sector, with many major companies, particularly “national champions,” setting their own decarbonization goals. Several policies, regulations and initiatives are being carefully crafted to drive a more sustainable economy that actually reflects the priorities of diversification as well as inclusive growth. Importantly, for the more forward-thinking and proactive countries in the region, the transition is understood as a huge opportunity for both economic growth and societal progress.



## Leading by example: the Middle East green initiative

Initiated in 2022 and led by Saudi Arabia, the Middle East Green Initiative (MGI) stands as an exemplary demonstration of climate action leadership. At its core, MGI prioritizes collaboration and cooperation, illustrating the region's commitment by bringing countries together to collectively address climate change challenges. The MGI aims to reduce emissions per the Paris Agreement targets while promoting economic diversification, job creation and private sector investment. Its vision is anchored in enhancing the quality of life and safeguarding future generations while helping to maintain global energy security. With all of these ambitions in place, the seeds of a just transition are already being laid in the Middle East.

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## Moving the region beyond decarbonization

Given the complexity of Middle Eastern economies, particularly with the inevitable and continued importance of fossil fuel production to these economies, the concept of net zero holds a unique challenge for policymakers. However, the transition has been increasingly recognized by some national leaders and will drive a critically important conversation on how the journey toward net zero will be shaped for the region. This conversation can further open discussions on the opportunities that the regional transition pathway can explore and the benefits that can be reaped beyond decarbonization goals alone.

In the Middle East, more than any other region in the world, societal development is completely intertwined with the need to diversify its economies.

This diversification away from fossil fuel dependency and toward a cleaner future must be done in such a way that it is fair and just to all populations across the region. The conundrum facing governments today is how to support this so that everyone can reap the benefits of economic diversification. This includes extending beyond the immediate focus of decarbonization and considering the goals of sustainable and inclusive development more broadly.

For example, in terms of water security, the Middle East faces extreme water scarcity and high levels of water stress, exacerbated exponentially by the ravishes of climate change as well as rapidly expanding populations.<sup>7</sup> Historic mismanagement, the unsustainable abstraction of natural resources and conflict are prominent challenges.

As the region crafts its net-zero action plans, it must necessarily address these challenges of water security and management at the same time. Done well and done carefully, the regional transition can seek to boost the water management industry which in turn can drive sustainable agriculture, promote water-efficient technologies, and boost water management practices and industries. All of these developments produce positive second-order effects and deliver significant benefits to many people, driving impact beyond decarbonization.

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## Section 3

# The role of the financial industry in connecting the dots





As capital allocators, financial institutions play a crucial role in achieving the goal of net-zero emissions and addressing climate change. Their control of vast amounts of capital can guide how this capital is invested, as well as which projects to finance. This results in a significant influence on businesses and the path that these businesses follow in their inevitable transition. With increasing pressure around the integration of environmental, social and governance (ESG) criteria into investment and financing decisions, the financial industry plays an elevated role in driving businesses to adopt more sustainable practices and reduce their carbon footprint.

However, it is also about risk management. Across the world, banks are now expected to incorporate climate-related and environmental risks into their risk management processes and procedures. Climate risks affect the safety of financial markets, from physical risks related to extreme weather events to transition risks from policy changes and market shifts. Today, most financial institutions are taking the necessary steps toward ensuring that climate risks inform key business applications such as strategic planning and pricing models.

## Does it stop there? The financial industry can and should strive to do much more

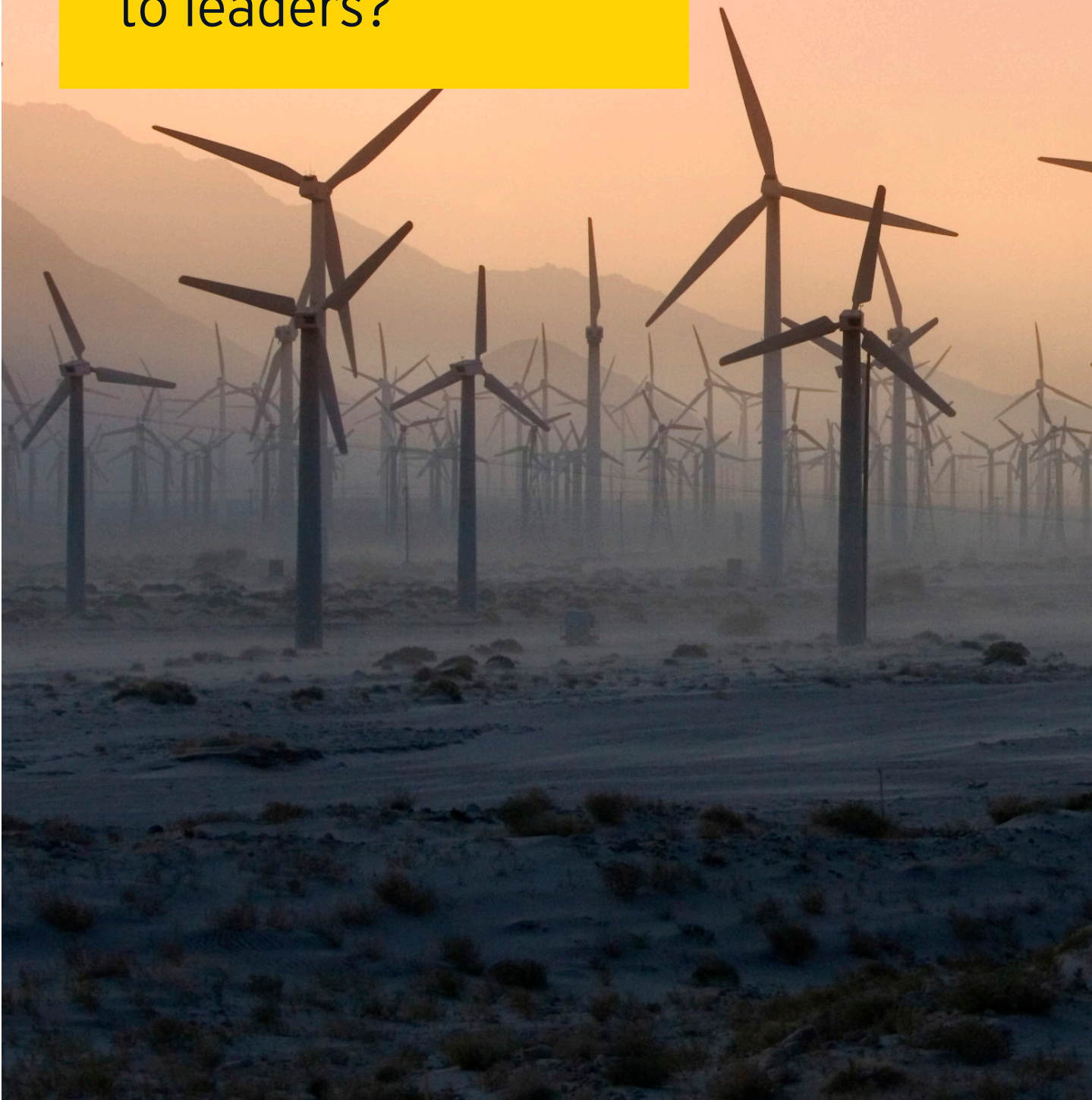
But how can the financial industry strive for much more? The net-zero transition is a whole-economy imperative, and therefore, financial institutions must drive capital to where it is needed and manage the risks of transition to a better future for all. The transition to net zero in our energy systems is progressing well, but it must extend across the wider economy. This is where the financial industry plays its part: in connecting the dots between the world of climate policy and ambition, and the change that needs to happen in our real economies and markets.

Equally so, the just transition is as much a strategic opportunity for the financial industry as it is a responsibility to participate in. The dual challenges of both scaling up climate finance as well as reducing inequality can and should be part of the broader ambition to deliver sustainable and transitional finance to clients and customers. After all, this is the future of their business models and the key to long-term growth and success.



## Section 4

# Turning to the Middle East: from laggards to leaders?







Businesses in the Middle East have made significant strides in building the necessary strategies and tools to reduce emissions. In some instances, businesses have been able to entirely negate these emissions. For financial institutions in the region, it has taken longer to awaken to the climate imperative than their international counterparts, with some remaining far behind the curve compared with their international peers.

However, with the attention given to COP27 in Egypt and COP28 in the UAE, focus has been placed on the role that financial institutions can play in advancing decarbonization.<sup>8</sup> While the region has seen its fair share of grand declarations, with many financial institutions becoming signatories without necessarily committing to tangible action itself, the scaling up of increasingly impressive sustainable finance deals indicates that banks in particular are seeing opportunities for their business, their clients and their portfolios.

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In more advanced institutions, transition strategies are taking shape with concrete targets and goals related to both net zero and sustainable finance. Attention is now being given to the measurement of financed emissions – the emissions associated with lending, investment and insurance products and services provided,<sup>9</sup> – because ultimately firms recognize that this is where they will have a sizeable impact. However, as with firms across the globe, many are finding the reality of decarbonizing financed emissions incredibly difficult – perhaps even more so in a region where major clients are primarily from high-carbon sectors and are often reluctant to engage or commit.

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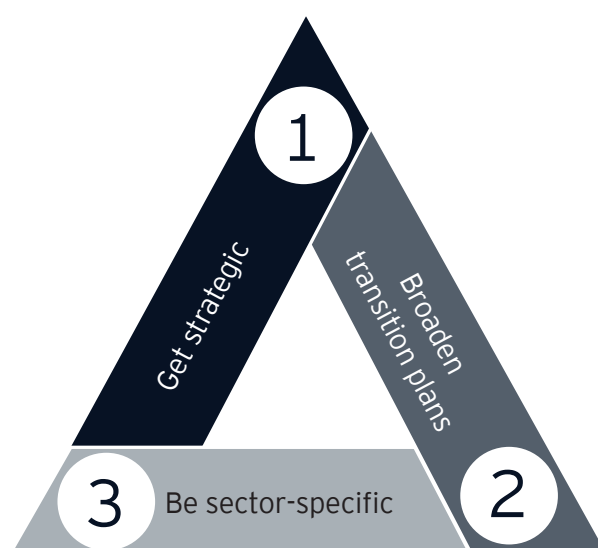
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## Recommendations for the financial industry: actions that can drive progress

Financial institutions in the Middle East need to urgently accelerate their preparation for a wholesale shift in thinking as opposed to piecemeal action. This action must occur at the levels of industry and institutions as well as at the level of individual portfolios. The significant action will not only drive new business opportunities for the financial industry but also deliver for the region's economies, societies and populations.

But how can the transition be shaped to benefit all stakeholders? And what actions should the region's financial institutions take to promote collective progress? Answering these questions involves enhancing the capacity of both regional and national financial institutions to integrate climate change into their business strategies. Additionally, it requires building climate resilience within financial systems and markets to bolster the capability of driving climate adaptation efforts that safeguard people's livelihoods and promote future prosperity.

**Three immediate actions to be prioritized by the financial industry are:**





## Get strategic

Setting clear ambitions and strategies that incorporate net-zero targets and address broader social risks and opportunities is the key step. Put simply, setting specific targets cannot be done in an emissions vacuum because there are multiple and complex interdependencies that drive impact far beyond the greenhouse gases emitted or reduced.

Another critical action is to engage key stakeholders. Engaging stakeholders plays a critical role because of the need to bring in complex and diverse perspectives when defining strategy. It also drives other benefits, such as building support and enhancing a firm's social license to operate. Importantly, most large investors are now specifically including in their investment analysis the impact of the transition on key stakeholders that extend to employees, suppliers and customers, and reporting on this externally.

Accountability and transparency are important components of a strategy because they feed directly into maintaining momentum and building trust across the wider ecosystem as the transition progresses. For financial institutions, there is much that can be done, and with the plethora of reporting frameworks and standards available, it is an easy win to begin shaping and articulating the institution's transition narrative. In the Middle East, ESG and sustainability reporting are rapidly accelerating, with more and more financial firms aligning with their global peers.<sup>10</sup>

As a final note on the importance of the ambition and strategy-setting process, carbon offsetting and nature-based solutions should not be overlooked by financial institutions.

These products are increasingly offering opportunities to drive finance toward projects and assets that not only remove carbon dioxide from the atmosphere, such as through afforestation and reforestation initiatives, but also achieve broader sustainable development objectives and co-benefits that align closely with the concept of a just transition. For example, these may include supporting clean water management, enhancing community employment opportunities or developing sustainable agriculture practices.

The impetus behind the carbon markets in the Middle East is very exciting, accentuated further by commitments made at COP28. For example, ADGM, the international financial center in Abu Dhabi, announced in 2022 the formation of the first fully regulated voluntary carbon trading exchange and clearing house<sup>11</sup> – a significant development for the region. Subsequently, as this momentum grows, several local banks are looking to open carbon trading desks and take advantage of this booming market mechanism, while investors are taking positions as part of portfolio diversification.



## Broaden transition plans

Starting with their transition plans, financial institutions can creatively incorporate societal risks and opportunities into their climate strategies in numerous ways. A net-zero transition plan for a financial institution represents a blueprint or playbook for how to transition all of the firm's activities to a net-zero future, the idea being to soften long-term impacts and build businesses resilient for the future.

The SDGs provide an obvious anchor for these plans as well as long-established practices related to human rights, inclusive development and other social objectives. In essence, a transition plan and the transition finance provided by financial institutions must drive action to change other sectors beyond energy: for example, education, health and consumption.

But how do financial institutions tackle the central issue of risk? The risk component is central, and any transition plan should fully identify, scope and measure the social risks that may be faced. However, while understanding people-related implications is core, it is also about enabling the social-related opportunities through which the transition can address inequalities and deliver a positive impact to communities and marginalized groups.

In part, this requires designing transition and sustainable finance strategies that both support high-carbon businesses in transitioning to lower-carbon business models, while also scaling up climate solutions and technologies that deliver benefits to people. For example, this may include creating jobs for the new economy, driving products and platforms that address energy poverty and building businesses that eradicate long-standing gender and income inequalities.

There is also a role for financial institutions to drive broader change through influencing and advocating for supportive policies and regulations that accelerate the transition, or even by participating in meaningful dialogue and planning for the transition. In short, an inclusive approach requires inclusive action, which demands that all actors, including banks, insurers and investors, play an elevated role.





## Be sector-specific

Sector-specific transition pathways are essentially the unique strategies and actions required to achieve a transition to a low-carbon and sustainable economy within specific industries or sectors. Each sector has its own set of challenges, opportunities and emissions profiles, and therefore, the transition approaches will vary accordingly.<sup>12</sup> This applies to how a just transition will be achieved across different sectors, from energy to transport and buildings to agriculture.

As financial institutions become more sophisticated in understanding their role in the just transition, there is an observable shift. More are moving from a binary decision as to whether to divest or engage toward a comprehensive and nuanced understanding of the transition, particularly about specific sectors and industries. This requires a view on the different sectoral pathways for the transition which is much more sophisticated than previously held perspectives. Understanding and anticipating the transition pathways of key industries is crucial to imagining how the global economy will look 10, 20 or 30 years from now.<sup>13</sup>

Net-zero transition plans will need to consider and reflect differing geographical and market needs and priorities; for example, the demands of emerging markets are radically different from those of industrialized nations, when energy and transport infrastructure are considered. Financial institutions at the head of the pack will be able to closely understand and incorporate such differences at a granular level and bring this value into their business with clients.

So, what is the key to translating strategies into sector-specific transition pathways? As financial institutions in the Middle East frame their response to the transition expectations and commitments set at COP28, tailoring transition pathways to the unique circumstances of each sector, considering factors such as regional contexts, available resources and technological advancements, will be key to success. This also means advancing a just transition approach to ensure that vulnerable communities and workers are not disproportionately affected by the changes and can benefit from the new opportunities arising from the transition to a sustainable economy.





## Section 5

# Creating an enabling landscape: the role of governments and regulators in supporting a just transition in the Middle East

Fortunately, in the Middle East, an enabling environment is taking shape for financial institutions to support a sustainable transition.





Internationally, the right policy foundations for a just and fair transition are now being put in place to foster an equitable transition. The Paris Agreement already cemented the key design features for a just transition by requiring governments to take into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs as nationally defined development priorities.<sup>14</sup> Encouragingly, a UNDP report found recently that “just transition” is referenced in 38% of the latest national climate pledges under the Paris Agreement and in 56% of long-term strategies.<sup>15</sup>

In the end, climate action is driven by governments, and it is the policy imperative that will define the speed and success at which the world transitions toward a clean and sustainable future. However, the primary actors that could make this a success story are the financial institutions that play guiding roles in the direction of our economies and markets. Governments, as well as central banks and regulators, must deeply consider how to create an enabling landscape that encourages positive and constructive behavior by financial institutions in support of the just transition.

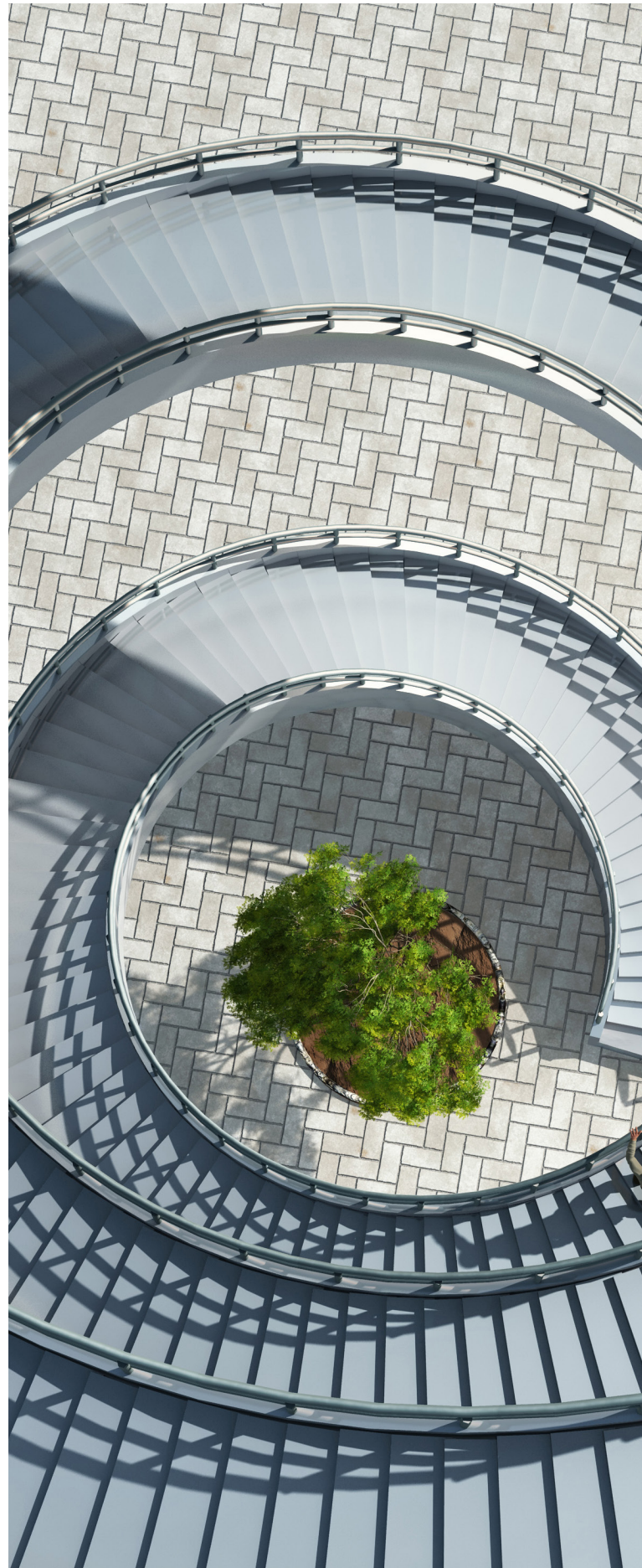
Fortunately, in the Middle East, an enabling environment is taking shape for financial institutions to support a sustainable transition. However, it is important to eliminate the risk of being too narrowly focused on the bold net-zero commitments and decarbonization targets without adequately thinking through inclusive and sustainable development for the region. In the aftermath of COP28, changing this involves incorporating key considerations into the policy and regulatory dialogue in the region.



## Implementing the right kind of policies to influence the financial services industry

To facilitate a successful net-zero transition across the Middle East that benefits everyone, policymakers must go beyond designing and implementing comprehensive policies that promote sustainable practices. They also need to create incentives for emission reduction simultaneously. This is no easy feat. It becomes all the more complex when applied to the financial industry, a heavily regulated industry that requires direction, clarity and sectoral guidance, but an industry that can often be resistant to accepting the rules that go along with this.

Starting with the obvious, policymakers can create a supportive regulatory environment for green finance and sustainable investments by encouraging and incentivizing financial institutions to prioritize both environmentally and societally friendly companies and projects. There are obvious solutions related to financial incentives through subsidies and tax breaks for the development and adoption of clean energy and other clean technologies that can be cleverly designed to deliver benefits far beyond the immediate goal of shifting away from fossil fuels. There are also opportunities for governments to lead efforts to raise capital, for example through green and sustainable bonds, to implement infrastructure and development plans that align with national net-zero ambitions.





## Greenwashing: dealing with the elephant in the room

There is an elephant in the room that urgently needs to be tackled: the challenge of greenwashing and the damage that it does to the achievement of climate commitments.

Greenwashing is when the public is misled to believe that a company or other entity is doing more to protect the environment than it is, or make false or misleading statements about the environmental benefits of practices, products or behaviors. This can easily be extended for claims of certain social benefits as well.

Greenwashing is as applicable and relevant to the financial industry as it is to any other industry or sector. In some instances, the risks are even greater because of the opaque nature of the business as well as the very practical difficulties of demonstrating the direct (and indirect) impacts of investment, financing and capital allocation decisions.

That said, the financial industry is moving at a pace toward integrating frameworks, screening processes and sustainable methodologies into operations and governance. However, more is needed in terms of legislative frameworks and regulatory definitions that provide the guidance and enforcement required to ensure greenwashing is averted at all levels. This is important in part because of reputational risks and market confidence in the transition itself. Societies need to know that actions are authentic and that there is a level of accountability in this process.

United Nations experts have already closely aligned the importance of taking action on greenwashing with broader actions such as creating clear transition plans, driving accountability and transparency and leveraging the use of carbon credits to lead to verifiable reductions in global emissions.<sup>16</sup>

This is because we cannot have a just transition without putting in place the measures needed to negate the risk of green, social, or even “transition washing”, in which organizations may not be fully transparent around how their transition initiatives impact all people and areas of society.

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## Innovation, innovation, innovation

Governments in the Middle East have come leaps and bounds in terms of delivering support for research and development to accelerate the transition across regional markets. For example, Saudi Arabia's Circular Carbon Economy National Program aims to drive investment into reducing, reusing, recycling and removing emissions, all of which require new ways of thinking and new technologies, as well as a whole-of-society approach.<sup>17</sup>

The key ingredients for our collective prosperity involve the region's influential sovereign wealth funds investing directly and explicitly in innovation, research and new climate technologies to drive a just transition. New climate-friendly technologies will only scale up with directed leadership from the top of the food chain – the asset owners who dictate the tone and trajectory of the market. At the same time, there is an opportunity to develop more innovative funding models and mechanisms that explicitly facilitate identifying and pricing the social risks and opportunities associated with the transition, to prioritize these components.

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## Section 6

# Climate diplomacy is critical: time to be bold







The new era of climate diplomacy calls on leaders to host and drive a constructive dialogue on what climate resilience and adaptation represent to local communities in the region. To this end, the financial industry must have a seat at the dialogue table to ensure that measures are both realistic as well as eligible and suitable for large-scale financing and investment. Proactive climate diplomacy, for example, could include promoting agricultural practices suited to changing climate conditions, implementing infrastructure to withstand extreme weather events, and developing early warning systems. We need the financiers at the table to help figure out how to make this happen in practice.

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## The pot of gold at the end of the rainbow – attracting capital to the Middle East

Climate leadership from Middle Eastern governments will play a game-changing role in attracting significant investment from a wide range of sources. With all eyes on the Middle East post COP28, there is a huge opportunity for bringing the case of a just transition to investors, and not only ESG and sustainable investors.

So, what attracts investors to a just net-zero transition strategy? A just net-zero transition strategy demonstrates the importance that governments are giving to long-term stability. This stability is attractive to investors seeking sustainable and resilient investment opportunities. The role of risk mitigation is also significant in that sophisticated global investors are increasingly seeking investments that demonstrate proactive risk management on climate.

Governments should work hand in hand with leading financial institutions in the region, to attract these investors as well as develop new and innovative green financing options. These options should explicitly incorporate social opportunities such as green job creation and access to new clean technologies, with net-zero initiatives qualifying for funding and increased access to capital.

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A just net-zero transition strategy demonstrates the importance that governments are giving to long-term stability.





## Women as agents of change – ensuring women are front and center

The involvement of women in a just net-zero transition in the Middle East is crucial for a multitude of reasons. Women are already demonstrating they are agents of change in defining and shaping the region's sustainable future. Women today serve as sustainability leaders across a wide spectrum of roles such as board members, entrepreneurs, policymakers and regulators, thought leaders, and educators.

While these spheres of influence are widening, women must be at the table in the financial industry to bring climate and sustainability leadership to the fore. At the same time, financial industry should also recognize the role that women are playing in the transition. This can be achieved by providing finance to female entrepreneurs building climate solutions and businesses or by ensuring that there are more women on the boards of the companies they invest in. Additionally, financial industries can also develop financial and investment products that are specifically tailored for women to invest sustainably. The financial industry can play a pivotal role, and this can be driven by governments.

From a policymaker perspective, women's participation in decision-making processes related to the net-zero transition also ensures that their views and priorities are considered. Furthermore, increasing women's representation in leadership positions within the energy, climate and sustainability sectors can lead to more holistic and inclusive approaches overall.

So, where do we start? The key is to start developing gender-centric policies that empower women to participate in the green economy. In addition, governments can specifically incentivize investors to invest with a gender lens, thereby driving capital toward having a transformative role and creating the right kind of economic opportunities for women.

Gender equality and women's empowerment are integral to a just transition. It is not only a matter of social justice but also a strategic imperative for addressing the climate crisis. Women have a unique role to play in driving positive change toward a net-zero future in the Middle East, and their full participation is essential for creating a sustainable, inclusive and prosperous region.

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Increasing women's representation in leadership positions within the energy, climate and sustainability sectors can lead to more holistic and inclusive approaches overall.





# Conclusion

The financial industry in the Middle East plays a pivotal role in driving the region's net-zero ambitions. However, we need a reframing of what that role entails. While facilitating the transition to a sustainable, low-carbon economy, our ambition to shape that future must consider what is fair and just for all.

While there will likely be winners and losers over the next decade, for financial institutions, such success factors will necessarily look beyond decarbonization as a binary decision. Rather, the financial industry should start planning for new business models that reflect our broader social and people-related priorities, and in particular, align closely with the SDGs.

As we look beyond COP28, much furor from financial institutions is anticipated, with bold net-zero commitments coming from every corner, all of which will be welcomed. However, the real test will come after COP28 when these commitments are translated into reality. Collectively holding the financial industry to account will become critical as people should sit front and center of our global climate transition.



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