

UNEP Finance Initiative

Overcoming Barriers to Sustainable Finance Through Responsible Banking

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UNEP FI

The United Nations partner with the global financial sector



We work with 500+ banks, insurers and investors, representing \$100+ trillion assets, to agree on frameworks and norms and provide guidance to advance market practice on sustainable finance and responsible investment.

We catalyse action across the financial system to align economies with the Sustainable Development Goals and the Paris Climate Agreement.

We co-create practical research, tools and peer-exchange forums to help financial institutions deliver on their sustainability journey for stakeholders.

UNEP FI industry frameworks

UNEP FI hosts industry frameworks to integrate sustainability into financial practice



300+

signatories to the **Principles for Responsible Banking** now represent more than 40% of banking assets worldwide



200+

insurers, reinsurers and supporting institutions are now implementing the **Principles for Sustainable Insurance** initiative



200+

banks and investors join **UN Net-Zero Alliances** (banking, insurance, investors) committing to 1.5C by 2050.

THE ROAD TO BANKING DECARBONISATION

A business case for the Arab Region

The Arab Region has some unique advantages to lead the decarbonisation transition and carry off its significant benefits

- The most abundant region in **renewable energy resources** with **large areas of land** that are suitable for project development for solar / wind / hydroelectric / hydrogen power.
- Has the **highest photovoltaic power potential capacity** globally and could theoretically produce more than 5.8 kilowatt hours (kWh) per square metre daily (1).
- Uniquely positioned to lead in new CO₂- free sectors such as:
 - **Green / blue hydrogen steel production**, a market estimated to reach 56% of primary steel production by 2040 (2).
 - **Carbon capture and storage (CCS) technologies**, given concentrations of heavily-emitting industries in close proximity to giant subsurface reservoirs.
- There are increasing signals from Arab country governments and policymakers to accelerate the decarbonization transition including **financial incentives**.



(1) World Bank (2) Bloomberg NEF

Enabling Financial Sector Alignment with Sustainable Development Goals in the Arab Region

Varying Sustainable Finance Maturity Levels

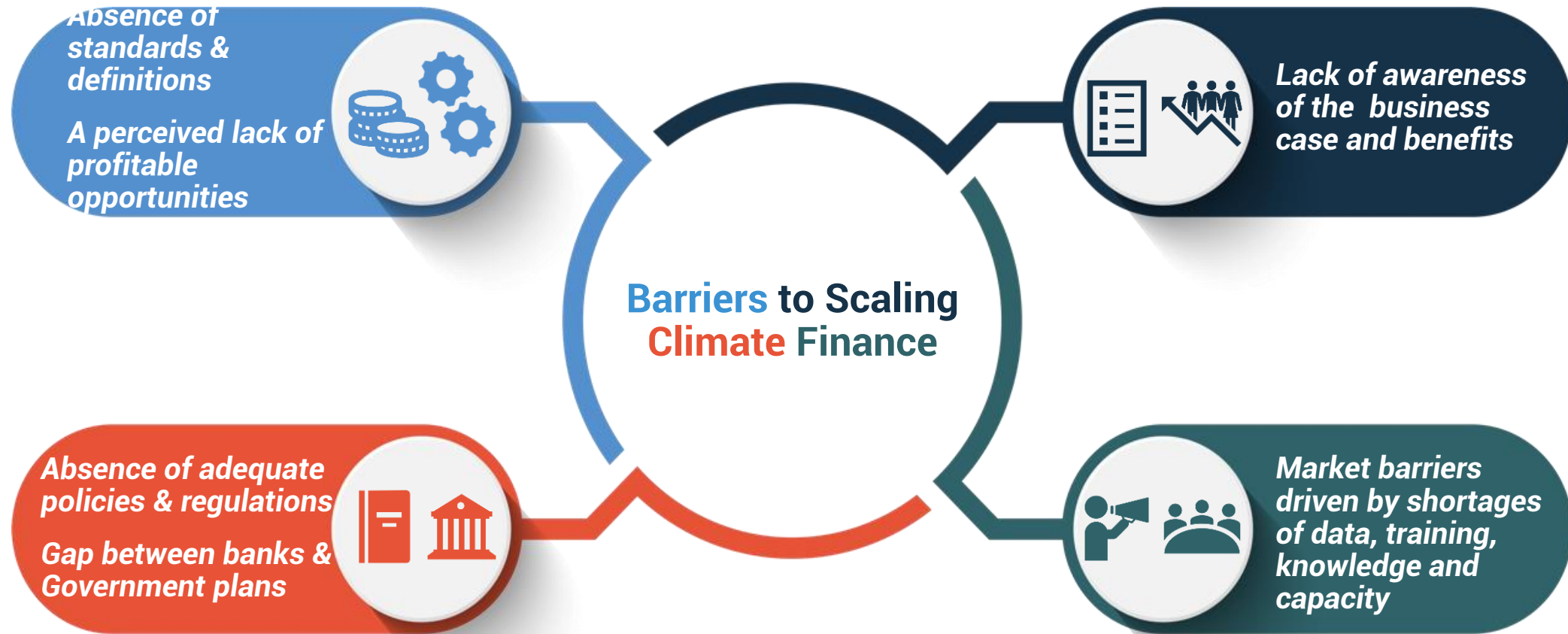
- ✓ Progress in aligning national financial systems with sustainable development needs and goals is varied.
- ✓ The future of development plans, economic and social resilience in the Arab countries hinges on scaling up finance for climate especially adaptation.
- ✓ Most banks in the region are currently disconnected from national climate plans, policies, and adaptation needs.

Sustainable Finance Practices in select Arab Countries

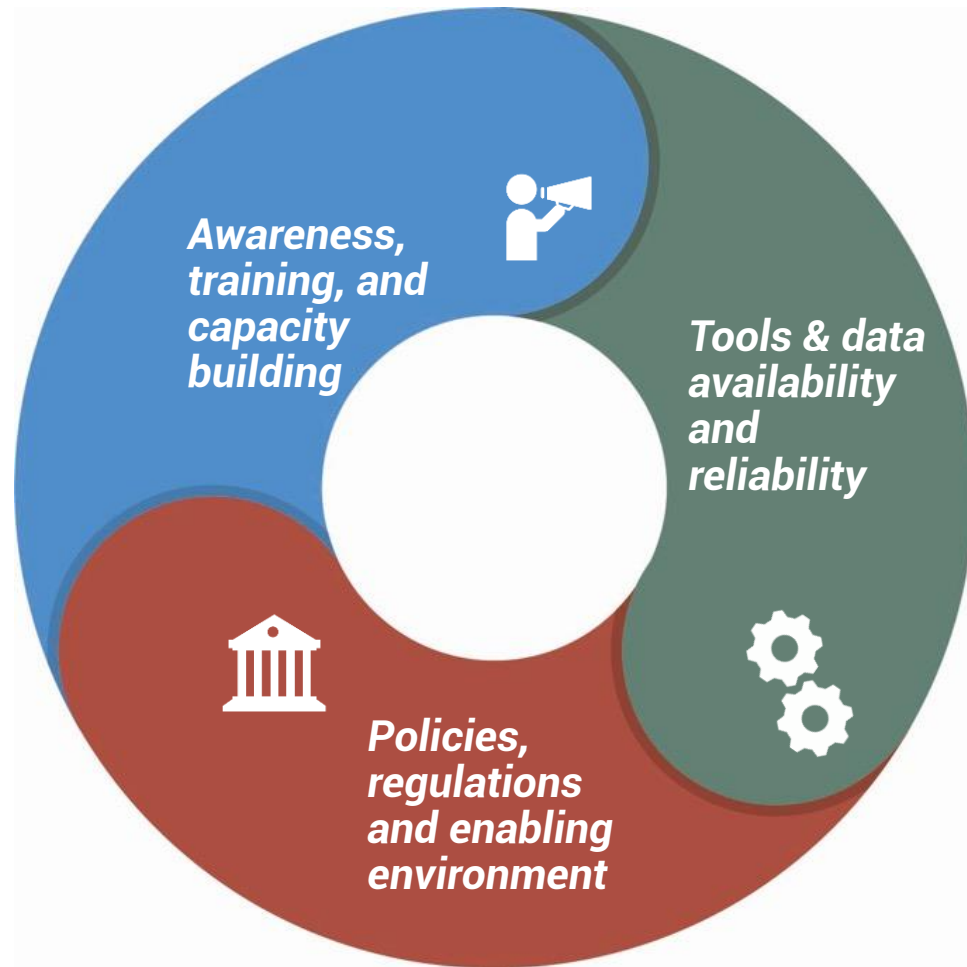
	UAE	Egypt	Jordan	Morocco	Bahrain	Saudi Arabia
Sustainable Development/ Green Growth Agenda	✓	✓	✓	✓	✓	✓
Sustainable Finance Framework	✓	✓	✓	✓	✓	
ESG Guidelines	✓	✓	✓	✓	✓	
Sustainability/ESG Reporting	✓	✓	✓	✓	✓	
Financial Market Innovations: Green Bonds	✓	✓		✓		
Financial Market Innovations: Islamic Bonds (conventional <i>sukuks</i>)	✓	✓	✓	✓	✓	✓
Sustainable Finance Awareness and Education Initiatives	✓	✓	✓	✓	✓	
Supportive Regulatory Framework: PPP Laws	✓	✓	✓	✓		✓

Source: Promoting Sustainable Finance and Climate Finance in the Arab Region(UNEP FI, 2021)

Supporting the Financial Sector in Overcoming the Barriers to Sustainable Finance



Collaboration is critical to Scaling and Accelerating Sustainable Finance



- The business case for Sustainable finance should be interpreted in the context of collective loss and damage prevention versus the return on investment to individual investors.
- The physical impacts of climate change affect all sectors to varying degrees, so isolated individual investments cannot build resilience on their own.
- Overcoming barriers to Climate Mitigation and Adaptation Finance requires collaboration between a range of stakeholders, including financial institutions, national and local government, businesses, development banks, and civil society organizations.

Charting the way forward for Sustainable Finance in the Arab Region

