



State of Green Finance in the UAE

The first national survey

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Outline

- **Introduction: UAE Green Agenda 2015-2030**
- **The first national survey on green finance**
 - Purpose & profiles of respondents
 - Current green finance practices
 - Drivers for introducing green finance
 - Barriers & Policy support to overcome
- **Way forward: How to disseminate green finance in the UAE?**



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UAE Approach to development

The principles of sustainable development have been adopted since the country's establishment in 1971.

- ❑ Investing resources for preserving the environment and culture, and charting the path for future generations



- 6 objectives were set to be **among the best countries** by the golden jubilee in 2021.
- “[Emiratis] will thrive as a cohesive society bonded to its identity, and enjoy the highest standards of living within a nurturing and sustainable environment.”
- **National KPIs** are being set to achieve the Vision.





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Vision for UAE's green growth

Launched in January 2012 under the slogan **“A Green Economy for Sustainable Development”**.

- Aim to enhance competitiveness and sustainability
- Become a global hub & a successful model of green economy



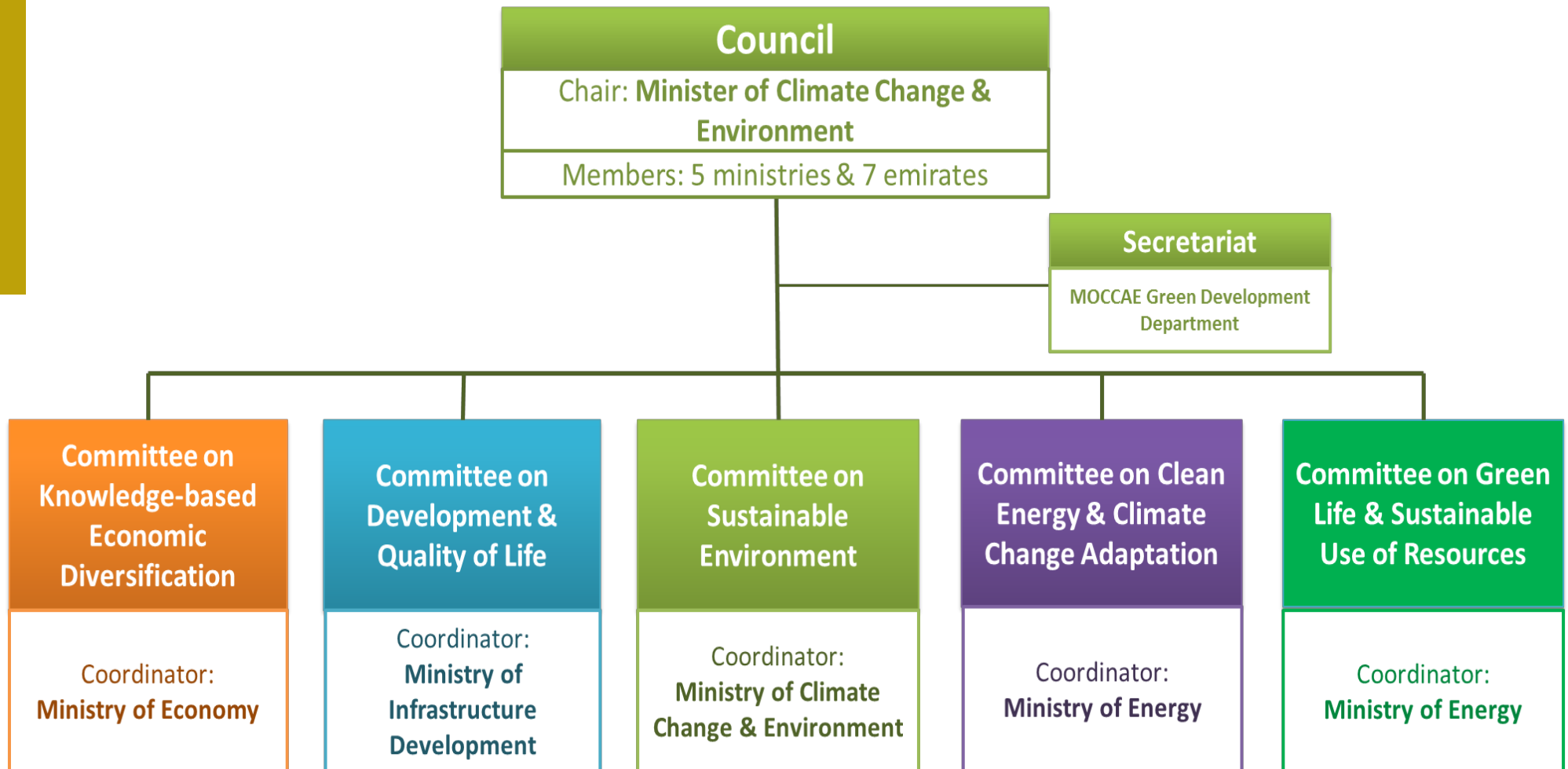
Structure of the UAE Green Agenda 2015-2030





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1.2: Green Diversification Program

- Aim to provide a comprehensive solution for promoting the economic activities of green industries to help shift the UAE economy beyond hydrocarbon resources.





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GLOBAL ROUNDTABLE 2016

25 & 26 OCTOBER 2016 DUBAI, UNITED ARAB EMIRATES

OPENING DOORS: FINANCING SUSTAINABILITY
FEATURING ISLAMIC FINANCE



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The first national survey on green finance

- ❖ MOCCA hosts **UNEP FI Global Roundtable** in October under the patronage of HH Sheikh Hamdan bin Mohammed.
- ❖ In preparation, an overview of UAE's practices was deemed necessary as a baseline to engage financial sector.
- ❖ **An online questionnaire** was jointly developed by MoEW, Central Bank and UNEP FI.
- ❖ Sent to **450+ FIs** during the summer with support from CB, IA, SCA and DFSA.
- ❖ The survey consists of 4 sections and 17 questions.



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الإمارات العربية المتحدة
وزارة البيئة والمياه

UAE Green Agenda 2015-2030

State of Green Finance in the UAE

The first national survey on contributions of
financial institutions to Green Economy

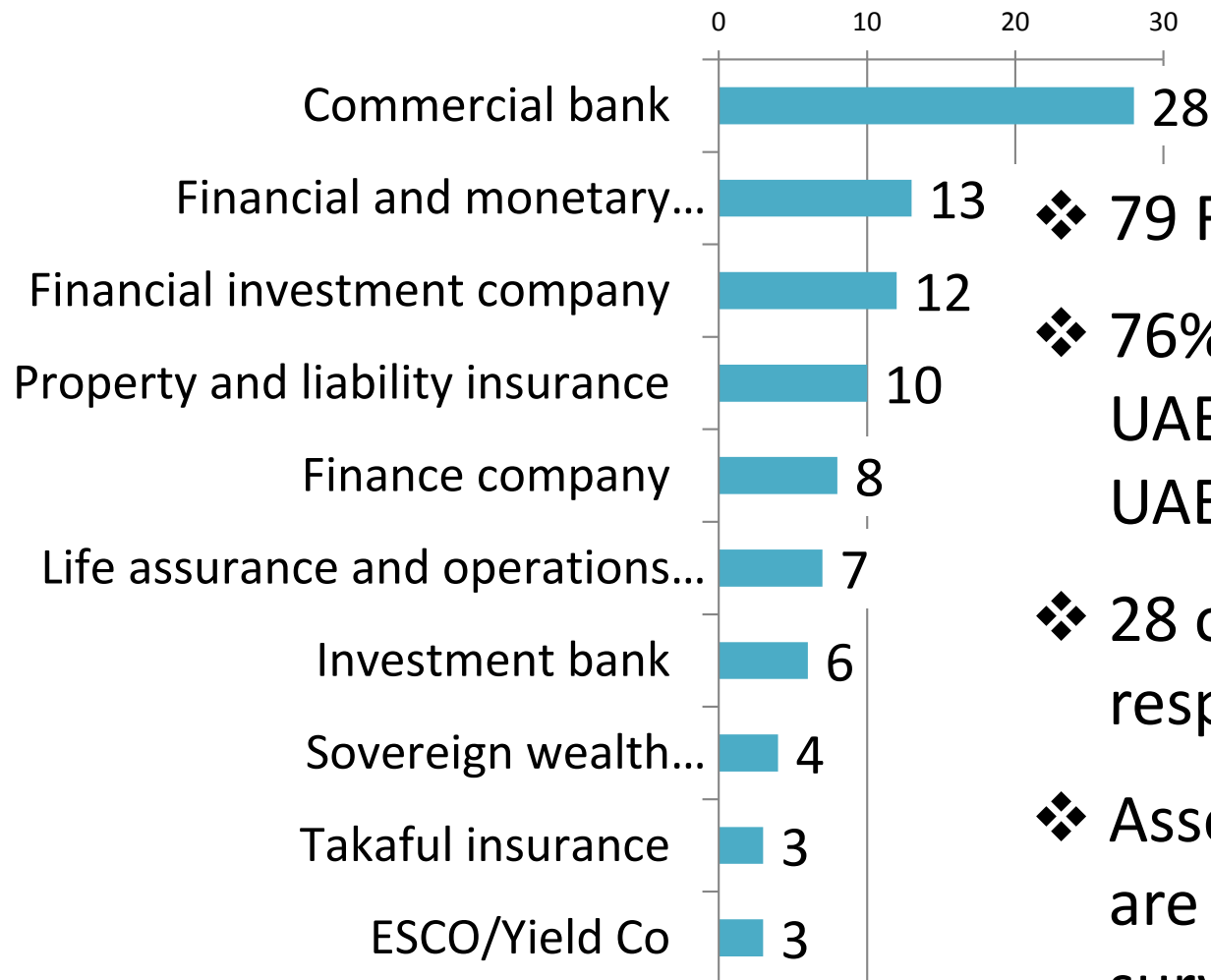


مصرف الإمارات العربية المتحدة المركزي
CENTRAL BANK OF THE U.A.E.





Profile of respondents



❖ 79 FIs (17%) responded.

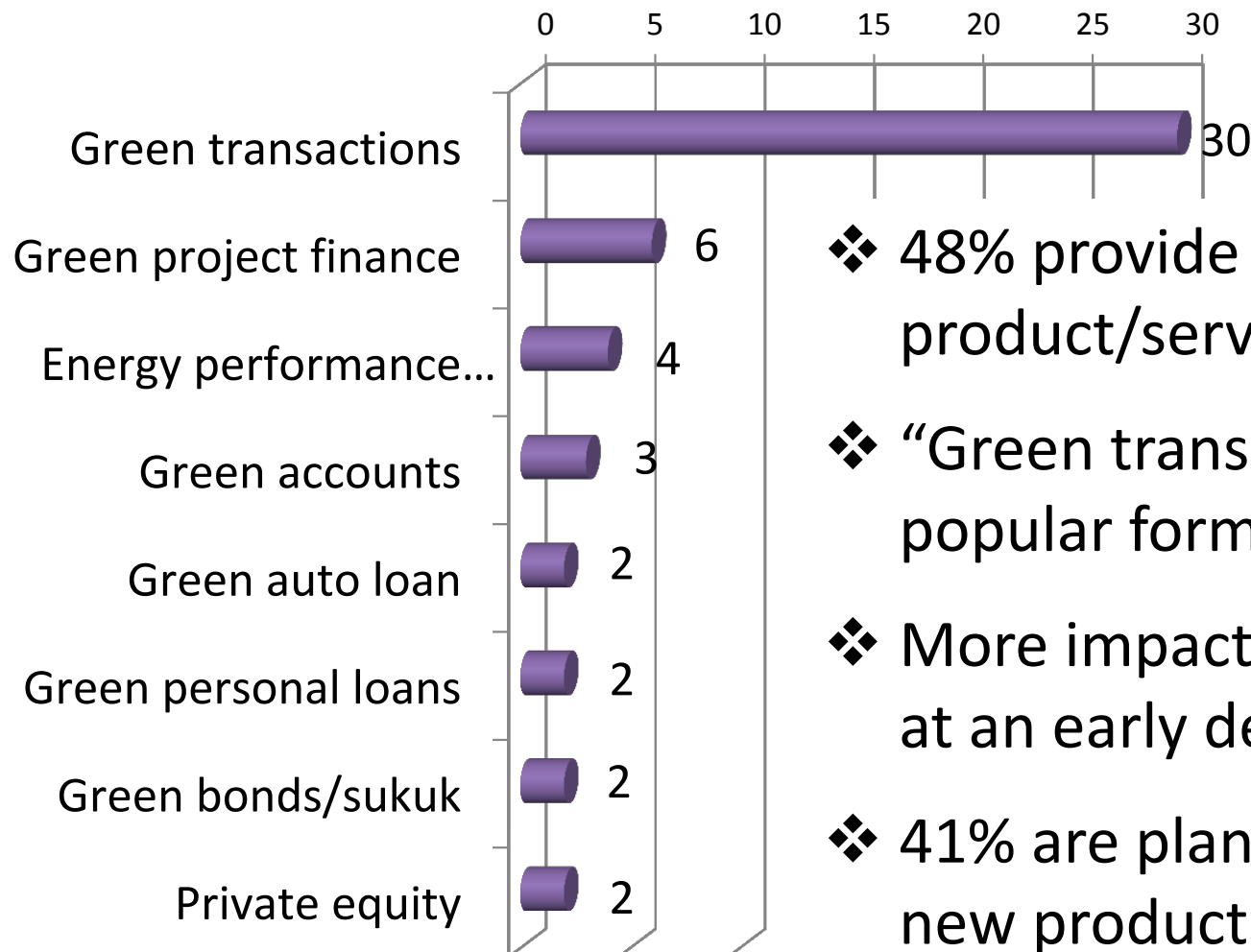
❖ 76% headquartered in UAE. 57% operate only in UAE

❖ 28 out of 48 banks (58%) responded.

❖ Assets of the respondents are big enough to take the survey as a good baseline.



Current green finance products



❖ 48% provide a green finance product/service.

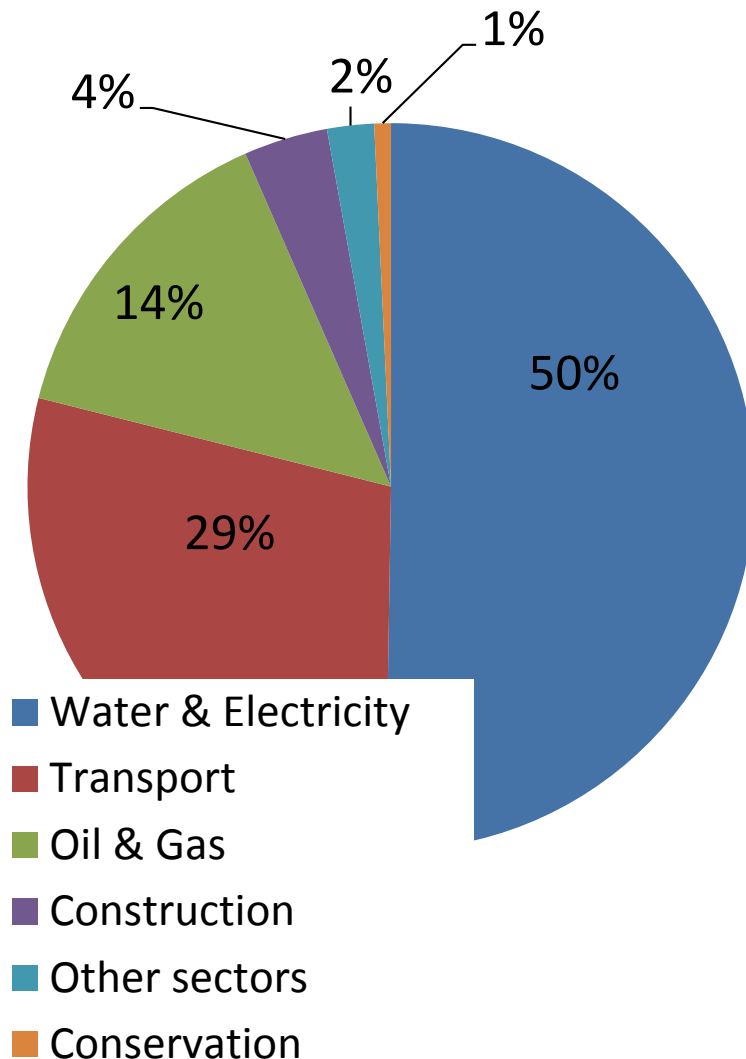
❖ “Green transactions” is the most popular form.

❖ More impactful products are still at an early development stage.

❖ 41% are planning to introduce new products/services.



Investment in green projects



- ❖ Total estimated to exceed AED 80 billion including nuclear.
- ❖ 18 FIs (23%) invest in green projects, one-third for overseas
- ❖ 75 domestic projects amount to 0.27% of GDP.
- ❖ Half of domestic investment go to water & electricity sector, followed by transport, oil & gas, and construction.



Benefits of green finance

\$ 20 million
\$ 150,000
\$ 2 million per annum
AED 15,000 per month

Significant cost savings of
paper and storage
Saved over AED 3 million per
year
6,186 million sheets of paper
saved in 2014

2% of profit
1.5% of profit

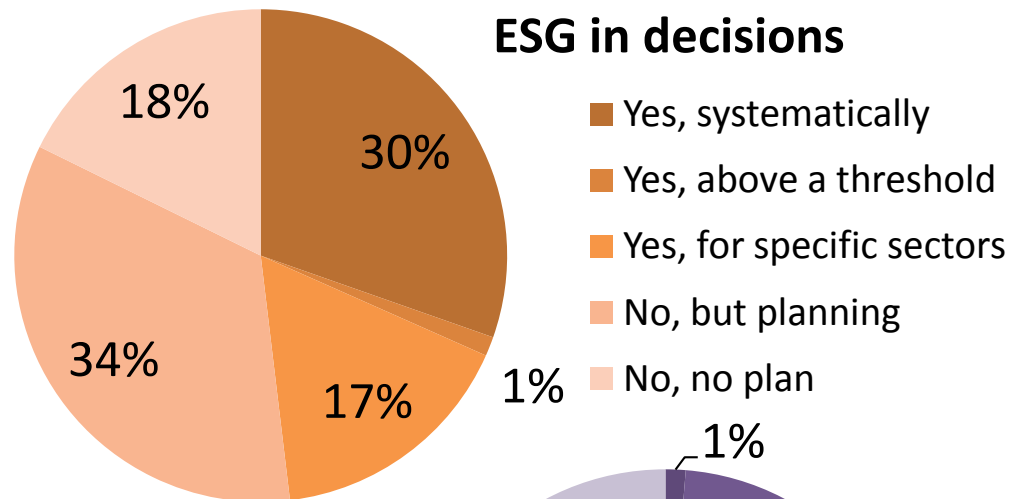
Gained more customers and
transactions

Cannot be quantified
Currently very low as market is
not prepared for green finance

- ❖ Benefits from and degree of success in green finance are varied but generally success rates are above 50%.

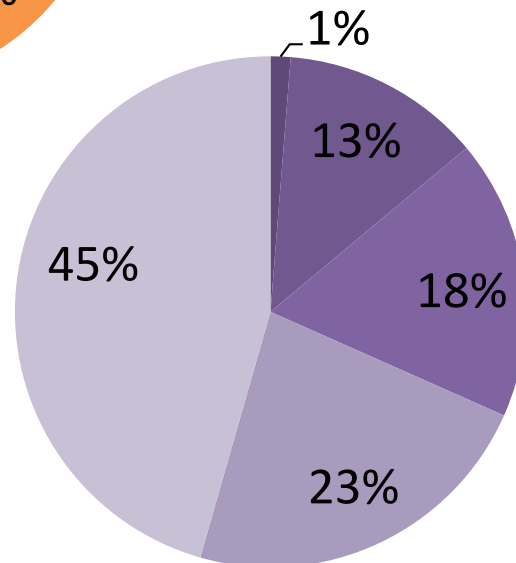


Integration of sustainability



Non-financial reporting

- Environmental report
- Sustainability/CSR report
- Integrated report
- No, but planning
- No, no plan



- ❖ 32% incorporate sustainability into strategies. 42% planning.
- ❖ 30% systematically integrate ESG in decision-making. 18% partly do.
- ❖ 32% regularly publish non-financial performance.
- ❖ 15% take part in global initiatives. 4 join UNEP FI.



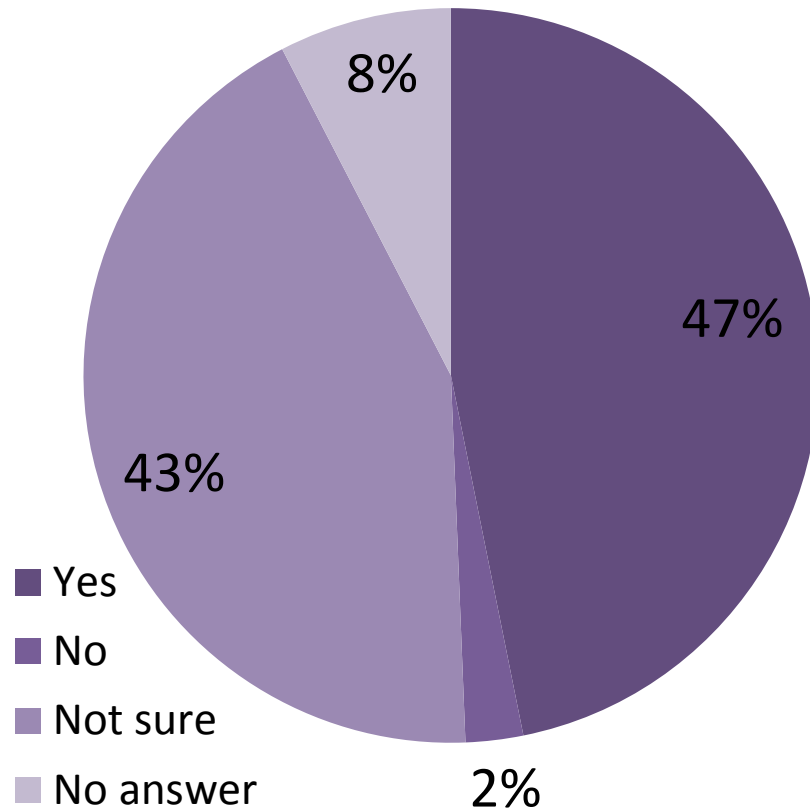
Rationale for green finance



- ❖ CSR is the top of reasons for green finance, and reputation came 3rd.
- ❖ Economic factors such as cost savings, competitiveness and profitability were also strong, showing that green finance makes business sense.
- ❖ 71% expect ESG issues will be more emphasized in 5 years.



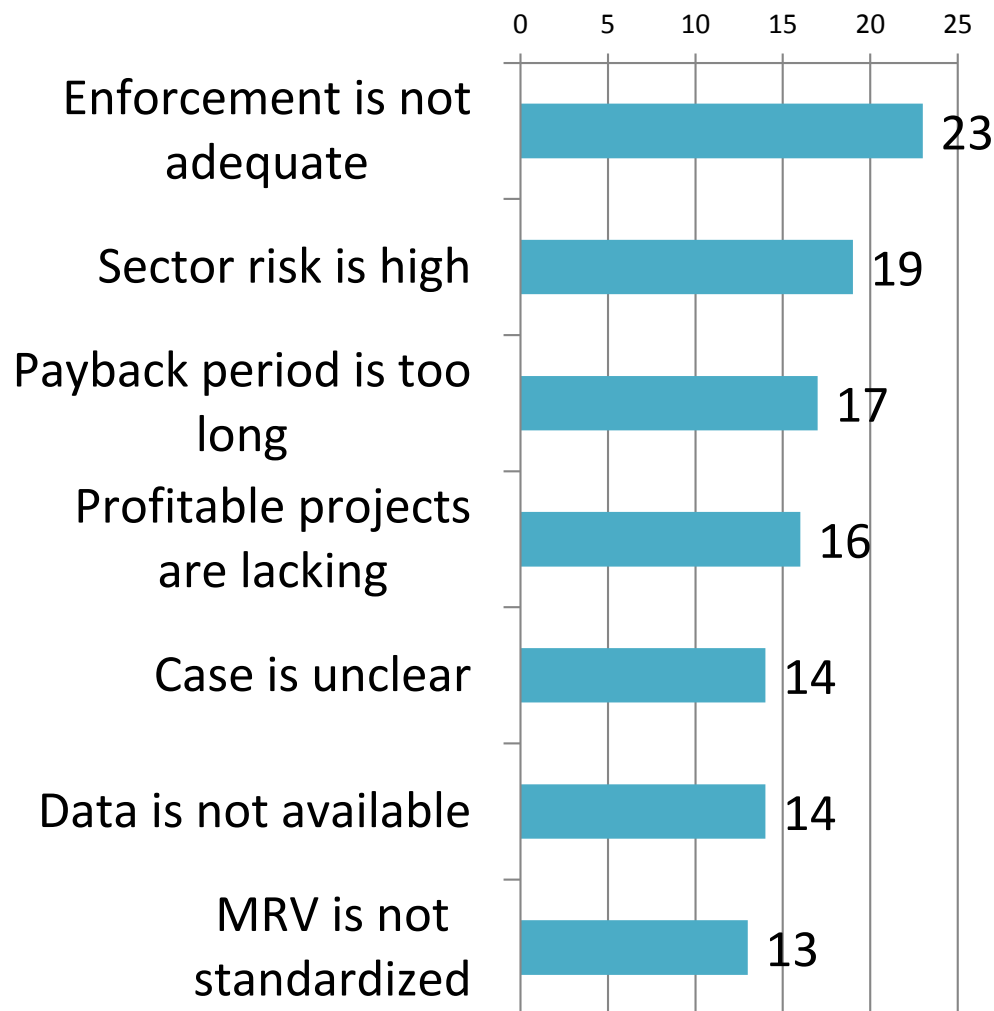
Prospect in Islamic finance



- ❖ 8 registered as Islamic bank.
- ❖ 47% offer diverse Islamic finance products, such as banking, sukuk, shariah investment funds and takaful.
- ❖ 47% consider the rise of Islamic finance will lead to more green finance opportunities, while 43% answered unsure.



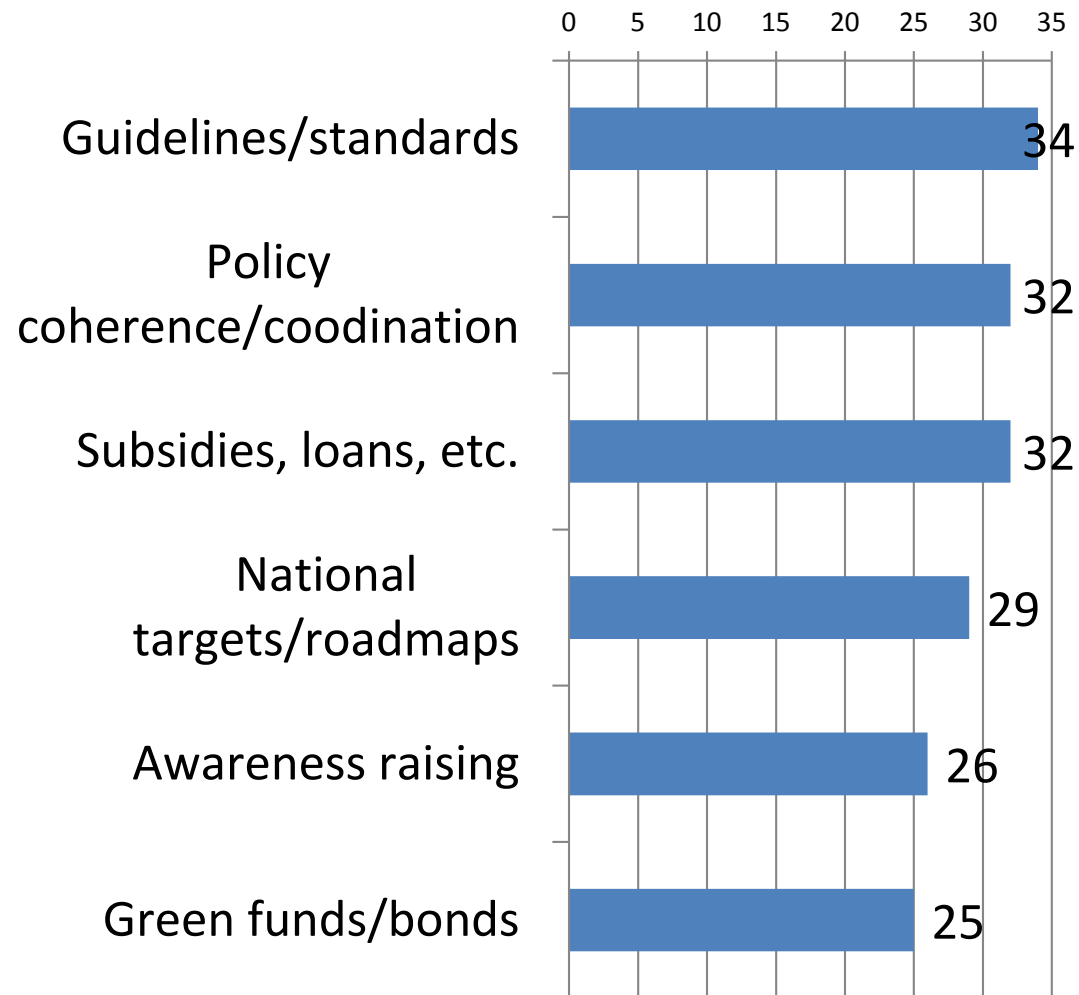
Barriers to green finance



- ❖ Lack of adequate enforcement was considered the biggest barrier.
- ❖ Followed by economic factors such as risk of green sectors, long payback and lack of profitability.
- ❖ Lack of data and measurement standards were also recognized.



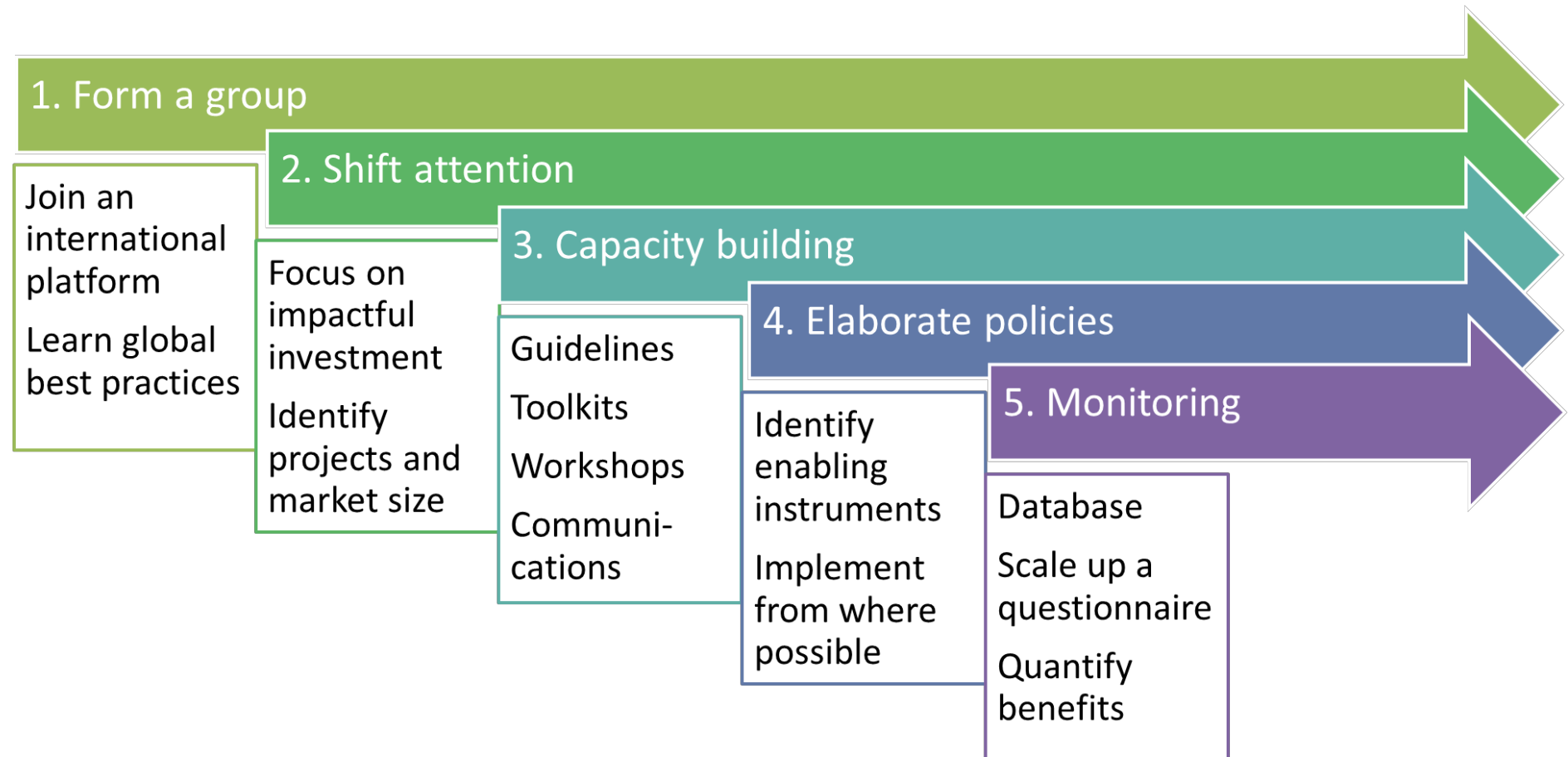
Policy support for green finance



- ❖ Practical, direct support like guidelines and financial support came first.
- ❖ Also policy coherence and national roadmaps are required.
- ❖ “Getting the prices right” policies are less popular.



Recommended next steps



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والبيئة

Thank you!

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