

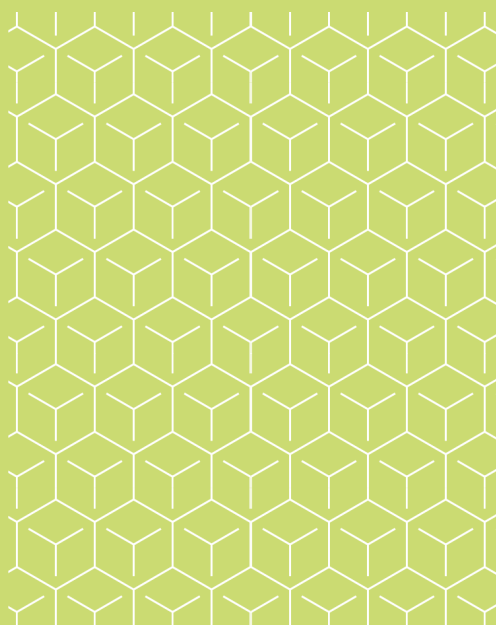
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AFCM
ARAB FEDERATION OF
CAPITAL MARKETS

Mobilizing **MENA**
Capital Markets:

A Roadmap to Net-Zero Transformation



Post
COP28

December 2023



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Executive Summary



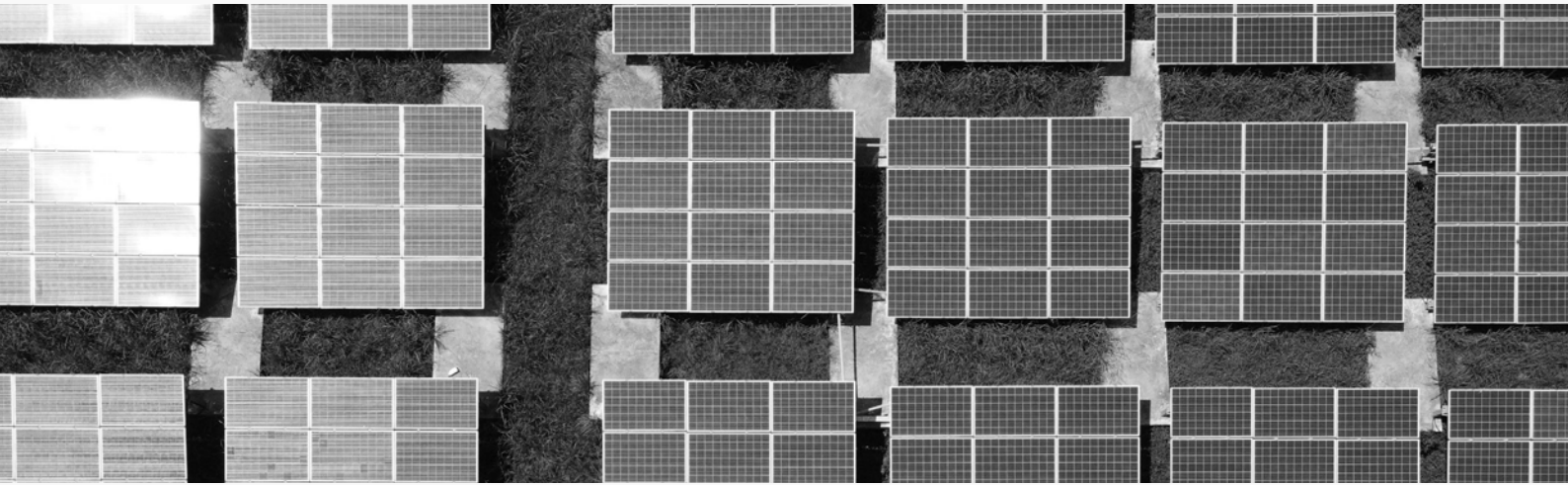
The urgency to address climate change has placed the Middle East and North Africa (MENA) region at a critical juncture. As the world collectively strives to meet the ambitious targets outlined in the Paris Agreement, this whitepaper endeavors to explore, educate, and mobilize MENA's capital markets. By dissecting actionable strategies, regulatory challenges, and technological innovations, we aim to propel the region toward sustainable practices to meet net-zero commitments.

Key Insights :

- **Global and Regional Net-Zero Activities:**
Examining the global shift towards sustainable practices in capital markets, we highlight MENA's contributions, including the inevitable launch of a global carbon market and the surge in green finance.
- **Challenges in Regulation, Governance, and Technology:**
Identifying persistent challenges such as non-standardized regulations, technological barriers, and concerns about the integrity of carbon credits that hinder the seamless transition to sustainability.
- **Thoughtfully Designed Solutions:**
Proposing a multi-faceted approach, including regulatory harmonization, technology integration, and incentivizing corporate sustainability, emphasizing the crucial roles of governments, financial institutions, corporations, and investors.
- **Unlocking the Power of a Global Carbon Credit Market:**
Introducing an assessment checklist for a Blockchain-Powered Carbon Credit Marketplace Technology, outlining essential features for effective global trade.
- **Mobilizing Stock Exchanges = Mobilizing the MENA Region:**
Presenting key milestones to transition from planning to action, fostering a sense of urgency and commitment to net-zero goals.
- **Impact Assessment Chart:**
Visualizing positive outcomes of market mobilization on sustainability, investment attractiveness, and market confidence.
- **Conclusion:**
Call to Action for Collective Responsibility: Urging stakeholders to prioritize net-zero activities, emphasizing the role of technology in this transformation, and inviting active participation in the collective journey toward sustainability.

In conclusion, the whitepaper aims to equip MENA's capital markets with actionable insights, laying the foundation for a sustainable, environmentally responsible, and net-zero future. Through collaborative efforts and collective responsibility, we can ensure a resilient capital markets ecosystem that aligns with global sustainability goals.

Introduction



Scope and Objectives

The urgency of addressing climate change has never been more pronounced, and as the world collectively marches towards the targets set by the Paris Agreement, the Middle East and North Africa (MENA) region stands at a pivotal crossroads. In response to the global call for sustainable practices, this whitepaper endeavors to examine, educate, and mobilize the capital markets within the region by discussing actionable strategies, regulatory challenges, and technological innovations.

This whitepaper is crafted with a threefold purpose. First, it seeks to review and respond to the region's progress, identifying key actionable activities that can pave the way for achieving net-zero targets. Second, it aims to educate stakeholders about existing gaps in the ecosystem, spanning regulatory frameworks, governance structures, technological capacities, and organizational actions.

The ultimate goal is to introduce well-considered solutions that address these gaps, ensuring a timely transition to net-zero. Third, and perhaps most crucially, to mobilize the capital markets within the region by fostering collaboration, encouraging realistic actions, and facilitating access to carbon markets, thereby safeguarding the integrity of the capital markets.

The Paris Agreement and Achieving Net-Zero in the MENA Region

Seven years have elapsed since the world united under the banner of the Paris Agreement. The MENA region plays a critical role due to its unique geopolitical and environmental characteristics. Encompassing diverse economies, cultures, and landscapes, the MENA region faces the challenge of aligning its development goals with the imperative to mitigate climate change. There are intricate dynamics between the Paris Agreement and the MENA region, signifying the urgent role of the region's commitments and responsibilities in the pursuit of a sustainable future. We seek to encourage capital markets to become the main facilitator and regulated marketplace for green projects such as renewable energy adoption to carbon capture and storage, and to formulate targeted and pragmatic solutions that align with the urgency of achieving net-zero by 2050.



Capital Markets Net-Zero Activities



Global Net-Zero Activities in Capital Markets:

There is a significant global shift towards sustainable practices within capital markets. Nations and financial institutions worldwide are recognizing the importance of aligning financial activities with climate goals. Examples include:

1

Stock Exchange Carbon Markets:

Exchanges such as the London Stock Exchange's Voluntary Carbon market enables funds and operating companies to raise capital to be channeled into projects that mitigate climate change. The Tokyo Stock Exchange will list international credits, existing J-credits and clean energy certificates, and the Indonesia Stock Exchange (IDX) has launched a national carbon credit exchange for local buyers and developers. Indonesia has historically been a major market for global offset buyers like Volkswagen, Shell and Delta Airlines.

2

UN Convened Net-Zero Asset Owners Alliance :

Launched in 2019, this initiative brings together influential institutional investors committing to transition their investment portfolios to net-zero greenhouse gas emissions by 2050, this is US\$ 9.5 trillion AUM. [Reference: Net-Zero Asset Owners Alliance]

3

Task Force on Climate-related Financial Disclosures (TCFD):

Established in 2015 by the Financial Stability Board, the TCFD has gained traction globally across 103 jurisdictions. It encourages companies to disclose their climate-related risks and opportunities, fostering transparency and informed decision-making in financial markets. As of Nov 2023, IFRS Foundation has taken over the monitoring of the progress of companies' climate-related disclosures. [Reference: TCFD]

4

Green Bonds Market:

The issuance of green bonds, aimed at financing environmentally friendly projects, has experienced exponential growth. Global green bond issuance reached record levels, exceeding US\$ 480 billion in 2022. [Reference: Climate Bonds Initiative]

MENA Net-Zero Activities in Capital Markets:

In the MENA region, strides toward net-zero commitments within capital markets are becoming increasingly evident. Notable developments include:

1. Carbon Markets to Launch:

Dubai Financial Market (DFM) announced the introduction of a pilot program for trading carbon credits, scheduled to debut at COP28. The Egyptian Exchange (EGX) announced launching Africa's first regulated voluntary carbon market, Saudi Arabia will launch a greenhouse gas credits scheme early next year and Saudi Arabia's Public Investment Fund (PIF) auctioned off 1.4 million tons of CORSIA-compliant carbon credits, the largest-ever in the world. [Reference: DFM Carbon Pilot]

2. GCC Green Finance:

The Gulf Cooperation Council (GCC) has introduced guidelines to promote green finance, outlining principles for sustainable investment. Specifically, green finance is experiencing a surge in popularity in the GCC, as evidenced by the record high total value of over \$8.5 billion in green and sustainable bonds and Sukuk issuance in 2022. [Reference: GCC Green Finance]

3. Dubai Sustainable Finance Working Group:

Dubai has established a Sustainable Finance Working Group, bringing together financial institutions to collaborate on sustainable finance initiatives. This initiative will also focus on their approach to ESG-related capital markets and continue to meet the objectives of sufficient transparency, consumer protection and discouraging greenwashing. [Reference: DFSA]

4. Renewable Energy Investments:

Several MENA countries, including the UAE and Saudi Arabia, are actively investing in renewable energy projects. The UAE's commitment to investing US\$ 163 billion in clean energy by 2050 is a testament to the region's dedication to sustainable development. [Reference: UAE Energy Strategy 2050]

Comparative Analysis:

While global and MENA net-zero activities share commonalities in embracing sustainable finance principles, the MENA region is tailoring its approach to address unique regional priorities. The GCC's specific guidelines and Dubai's targeted working group exemplify the region's commitment to aligning capital markets with sustainability. As the world moves towards a greener financial landscape, the MENA region is carving its path and leveraging its distinct strengths to contribute to the global net-zero agenda.



Challenges in Regulation & Governance, Technological Barriers, and Perceived Integrity of Carbon Credits

While progress has been made, challenges persist, hindering the seamless transition to sustainable practices. By evaluating the region's successes, identifying bottlenecks, and acknowledging the challenges faced within the capital markets, we aim to glean valuable insights into the efficacy of current strategies.



Regulatory and Governance Gaps:

A notable challenge lies in the lack of standardized regulations across MENA countries. Divergent regulatory frameworks can create confusion and impede the development of a cohesive regional approach to sustainability.

The absence of clear enforcement mechanisms poses a significant hurdle creating uncertainty and a potential challenge where companies prioritize short-term financial gains over long-term sustainability. Regulatory bodies monitoring and enforcing market confidence and compliance with sustainable finance principles are critical areas that require attention.

The question is, without standardized regulations across MENA countries, can net-zero targets be achieved?

Technological Barriers

The integration of advanced technologies is crucial for achieving net-zero objectives, yet the region's capital markets face persistent technological barriers.

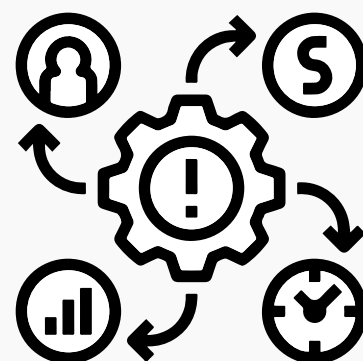
- Limited access to cutting-edge tools like data analytics and artificial intelligence hinders the accurate assessment of environmental impacts in sustainable financial solutions.
- Technology lacking the proper utilization of blockchain impedes transparency, traceability and hinders global trade.
- Imposing ESG disclosure and reporting standards without providing the necessary tools poses an additional burden for listed companies or those aiming to list.
- The absence of technology for a robust carbon marketplace, including tracking carbon credits and preventing double retirements, is a significant challenge. There is a lack of mechanisms to ensure the validity of carbon credits and interoperability for trading across jurisdictions.
- The absence of streamlined technology for green projects to obtain credits efficiently and the inability to cross-check project duplication across jurisdictions lead to issues such as duplicated and fraudulent carbon credits.
- Manual processes and lengthy backlogs also hinder companies from receiving carbon credits in a timely manner.
- The lack of technology for the custody of carbon credits and ensuring public accessibility in a trusted regulated space pose challenges.
- The opaque nature of current technology allows companies to raise capital with promises to invest in green projects, but the lack of traceability raises concerns and further exacerbates a lack of trust.

Perceived Integrity of Carbon Credits:

Ensuring the credibility of carbon credits is crucial for attaining net-zero targets. Yet, the absence of standardized verification processes, transparent mechanisms, and reliable third-party organizations for assurance raises concerns regarding the integrity of carbon credit systems.

Risks of Inaction:

The risks of inaction are stark and multifaceted. Failure to address the identified gaps in regulation, governance, technology, and perceived integrity of carbon credits may expose the region's capital markets to reputational risks and financial losses. For instance, major funds may abstain from investing or divest from listed companies with inadequate ESG reports, leading to a weakened buy side and sell side pressure that drives the stock down. This, in turn, could hinder the company's ability to raise capital or meet financial obligations, potentially shrinking the overall market index.



Thoughtfully Designed Solutions

A successful transition to net-zero requires a collective agreement that transcends individual interests. Each player within the MENA region has a unique role to play.



A

Governments must lead by crafting standardized regulations with incentives and enforcement mechanisms.

B

Financial institutions must drive sustainable initiatives by becoming facilitators of green finance and enable liquidity, transparency and uniformity of ESG reporting and carbon credits.

C

Corporations need to demand efficient tools and uniform guidelines in order to successfully embrace environmentally responsible practices.

D

and the Investors can act as a catalyst for change through advocacy by way of preferential ESG investing.

A. Solutions for Regulatory and Governance Gaps

Harmonization of Regulations:

Initiating a coordinated effort to standardize ESG regulations across the MENA region is crucial in ensuring that all market participants operate within a shared set of guidelines. This requires regulatory bodies and governments to empower capital markets and financial institutions to spearhead the formulation of a practical and unified ESG framework.

Acknowledging their position as trusted self-regulating organizations, Stock Exchanges in the region can effectively collaborate efforts to establish a unified regional task force dedicated to developing an effective ESG governance framework and ensuring swift implementation.

The framework, once rolled out, can undergo assessment and subsequent adoption by both environmental and financial regulatory bodies in the region, guaranteeing a unified approach.

The potential to significantly make a substantial contribution to meeting net-zero targets across the entire region is significant, enabling a trusted, sustainable and environmentally responsible financial landscape.

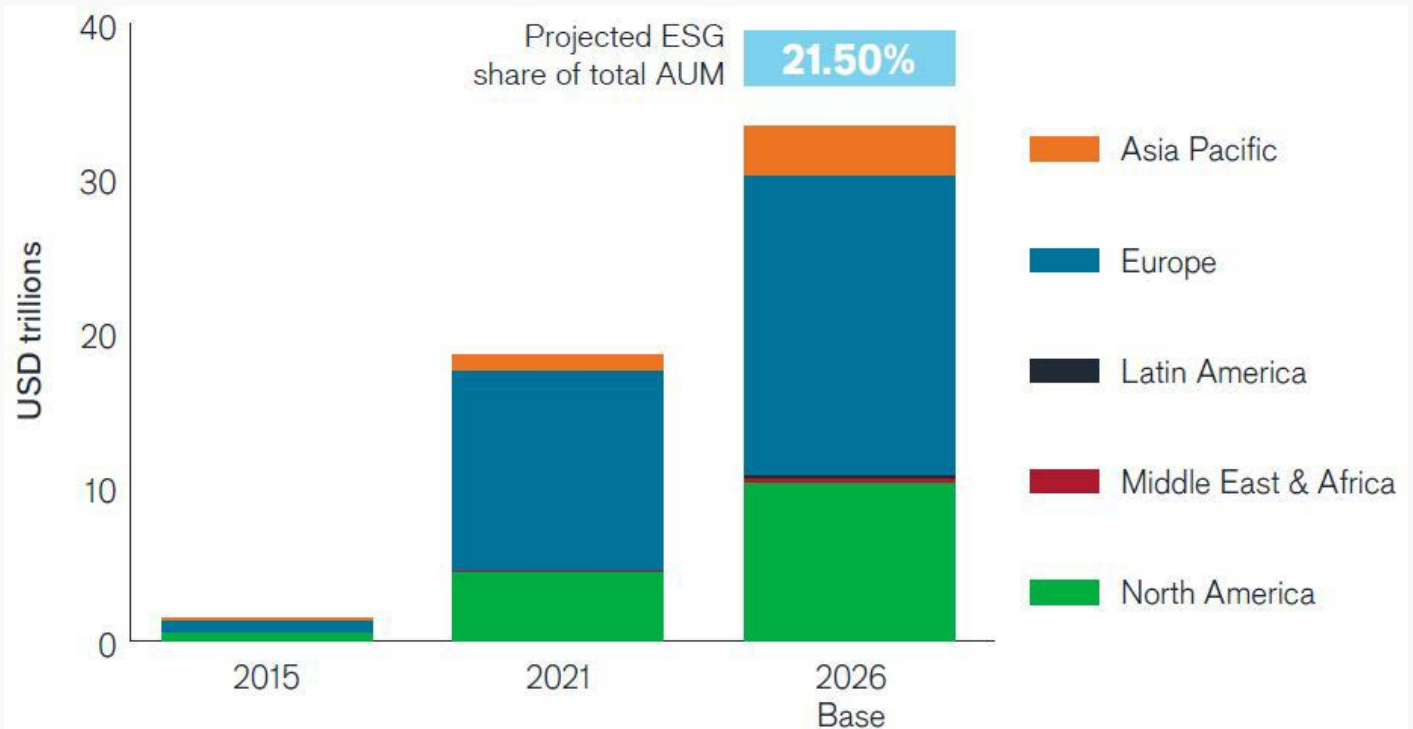
Reporting and Enforcement Mechanisms:

To enhance ESG regulatory effectiveness, it is imperative to strengthen enforcement mechanisms. This includes supporting reporting mechanisms that can enhance the quality and consistency of sustainability reporting, deploying advanced monitoring technologies, and imposing meaningful penalties for non-compliance.

Incentivizing Corporate Sustainability:

Establishing financial incentives for corporations that adopt sustainable practices is a powerful strategy to address the challenge of companies prioritizing short-term financial gains over long-term sustainability. Incentivizing corporate sustainability through tax incentives, grants, subsidies, and recognition programs can serve as motivational tools encouraging companies to adopt and integrate sustainable practices and achieve a widespread embrace of net-zero commitments.

Projected global ESG AUM growth (2021-2026)



Source: 'Asset and wealth management revolution 2022: Exponential expectations for ESG', PwC, October 2022.

Government and Regulatory Technology Integration:

Technology assumes a critical role in the context of responsible reporting, where data demands precision, uniformity, and reliability in information. The integration of expansive technology solutions within government and regulatory processes, especially in areas where corporations seamlessly report ESG data, enhances the overall quality and consistency of regional ESG information.

94%

of investors surveyed believe corporate reporting contains at least some level of unsupported sustainability claims (i.e., greenwashing)

Source: PwC's Global Investor Survey 2023, PwC's Global Investor Survey 2021

B. Capital Markets: Becoming Green Finance Facilitators

Capital Markets play a pivotal role in spearheading the transition to net-zero, leveraging their unique position to drive sustainable investments and practices.

"If you look at the performance of sustainable investing funds in recent years, they've tended to outperform their traditional counterparts and they've offered better protection in periods of choppy market performance."

Andrews Simpson, Sr. VP Portfolio manager head of Mackenzie Betterworld Team

Operating the Carbon Market:

Exchanges, renowned for transparency, disclosure, and fair market practices, are the ideal hubs for operating the Carbon Market. Through collaborative standard-setting, exchanges can facilitate the listing of green projects, ensuring the issuance of trusted carbon credits and simplifying the process for successful green projects and eliminating unreasonable wait times currently faced for the generation of carbon credits.

Interconnected Carbon Credit Marketplaces For Global Impact:

To facilitate the worldwide trade of carbon credits, ensure seamless international transactions, attract investments, and bolster confidence in the market, it is essential for carbon credit marketplaces to be interconnected. Regulated Stock Exchanges equipped with ecosystem carbon credit technology can oversee the market, taking into consideration the needs of all participants and enabling the interconnection of the carbon credit marketplace across different jurisdictions, creating a cohesive and globally accessible platform.

Capital Markets Technology Infrastructure:

The integration of advanced technologies is pivotal for overcoming existing technological barriers within the MENA region's capital markets. By leveraging innovative solutions, the region can enhance its ability to measure, monitor, and report on environmental impacts, and operate a robust carbon market powered by a strong tech-driven approach to sustainable finance.

Strategic investments in technological infrastructure are crucial. This involves creating a supportive ecosystem for the adoption of advanced technologies such as blockchain, artificial intelligence, and digitization. Collaboration between financial institutions, technology providers, and regulatory bodies can catalyze the implementation of a robust technological foundation for sustainable finance.

Streamlining the Application and Disclosure Process:

The importance of removing friction from the application and disclosure processes for green projects is significant. Simplifying and digitizing procedures allows these projects to flourish and align seamlessly with global expectations for environmentally responsible initiatives.

Facilitate Marketplace Activity With Retail, Institutional and Corporate Participation:

Creating an active marketplace by enabling retail, institutional investors, and corporate entities to buy, sell, and trade carbon credits transparently and fairly will create an active marketplace and facilitate transparent and fair carbon credit trading. Stock Exchanges can act as facilitators, providing a platform for matchmaking between project developers and potential investors.



C. Corporations and Green Projects: Commitments and Actions

Standardized ESG guidelines:

Corporations must chart a strategic course to contribute significantly to net-zero initiatives, focusing on areas where they can make the most substantial impact. It is imperative for leaders not only to align with standardized ESG guidelines but also to actively engage in or endorse meaningful and credible projects. Leveraging their brand and influence, corporate leaders should use their voice to advocate for sustainable practices, thereby fostering a positive impact on both the business and the broader community.

85%

of investors think ESG leads to “better returns, resilient portfolios and enhanced fundamental analysis.”

Adeline Diab, BI's director of ESG strategy and research.

Implementation of Robust Technology:

Whether a corporation is directly emitting greenhouse gasses, utilizing energy from a power plant with emissions, or connected to suppliers generating such emissions, the chosen software should empower them to configure and account for their associated greenhouse gas emissions in alignment with their chart of accounts. Integrating ESG reporting seamlessly with accounting, key performance indicators (KPIs), and other critical metrics ensures a comprehensive approach, covering the majority of the corporate scope in addressing sustainability challenges.

The software chosen is paramount to efficiently measuring their environmental impact and reporting their carbon footprint accurately. This strategic utilization of technology contributes to the broader commitment to sustainability, enabling corporations to navigate net-zero commitments with ease.

Corporations with Green projects:

Corporations can contribute significantly by initiating green projects that prioritize environmental conservation, social well-being, and ethical governance. This involves investments in renewable energy, conservation efforts, and community development projects, showcasing a commitment to a positive impact to net-zero.

An additional benefit of green projects lies in their ability to generate carbon credits. These credits can serve a dual purpose for corporations: firstly, they can be utilized to offset the corporation's own emissions, contributing to their commitment to environmental responsibility. Secondly, corporations have the option to sell these carbon credits to other entities, allowing them to offset their carbon footprint. This creates a symbiotic relationship within the corporate ecosystem, promoting the exchange and utilization of carbon credits to collectively work towards a more sustainable and environmentally friendly future.

Corporations with Notable Carbon Emission:

Corporations with notable carbon footprints can implement robust mitigation strategies and invest in innovative technologies to reduce emissions, actively participating in carbon offset initiatives, and adopting sustainable practices to gradually transition towards a more eco-friendly operational model.

D. Investors can act as a catalyst for change

Civil Society Engagement:

Civil society plays a vital role in holding stakeholders accountable. Advocacy, awareness campaigns, and constructive dialogue are instrumental in driving change. Civil society organizations can act as watchdogs, ensuring that commitments are honored, and sustainability goals are met.

Thoughtfully designed solutions in education, collective regional agreements, regulatory harmonization, technological innovation, and corporate commitment are pivotal in propelling the MENA region towards net-zero targets. By addressing gaps in regulation, governance, technology, and corporate action, we can create a resilient and sustainable capital markets ecosystem that aligns with the global initiative to combat climate change.



Unlock the Power of a Global Carbon Credit Market

A Comprehensive Assessment Checklist:

Essential Features of a Blockchain Powered Carbon Credit Marketplace Technology for Global Trade.

Stock Exchange Function

- ☐ Carbon Marketplace Management
- ☐ Real Time Reports
- ☐ Offerings and Project Listing
- ☐ Disclosure Review and Approval
- ☐ Market Monitoring
- ☐ Onboarding of broker-dealers

Carbon Credit Function

- ☐ Institution On-boarding
- ☐ Project Disclosure
- ☐ Issuance, Trading and Retirement
- ☐ Global Carbon Credit Trading
- ☐ Tokenization of Carbon Credits
- ☐ Verification and Assurance Portal

Securities Function

- ☐ Capital Raise Execution
- ☐ Raise Management
- ☐ Secondary Market
- ☐ Circuit Breakers
- ☐ Clearing & Settlement

Custodian/Depository Function

- ☐ User Access
- ☐ Key & Vault Management
- ☐ Funding Management
- ☐ Clearing & Settlement
- ☐ Allotment and Registry Management
- ☐ Connect / Block Regions

Broker Dealer Function

- ☐ Investor Onboarding
- ☐ AML & KYC
- ☐ Account Funding
- ☐ Trade Management
- ☐ Portfolio Management
- ☐ Suitability Management

Verifier Function

- ☐ Green Project Verification
- ☐ Carbon Credit Validity Reporting
- ☐ Green Project Locator

Issuer / Project Function

- ☐ Disclosure Access
- ☐ Underwriter / Verifier Engagement
- ☐ Vault & Key Configuration
- ☐ ESG Reporting

Investor Function

- ☐ Funding Management
- ☐ Trading Management
- ☐ Portfolio Management
- ☐ Participate in Offerings

Regulator Function

- ☐ Offering / Project Approval
- ☐ Market Monitoring

Service Level

- ☐ Security & Data Access
- ☐ Data Integrity Maintenance
- ☐ Backup Management
- ☐ Continuity Planning

Capacity Building Initiatives:

Promoting capacity building initiatives is essential to ensure that market participants have the skills and knowledge to leverage advanced technologies effectively. Training programs, workshops, and knowledge-sharing platforms can empower financial professionals to navigate the complexities of sustainable finance in the digital age. Moreover, collaboration with educational institutions and industry associations can contribute to raising awareness and fostering a culture of responsible investment.

Mobilizing Stock Exchanges = Mobilizing the MENA Region

While there has been extensive discussion and planning to date, tangible actions have remained limited and at times, outright confusing. The question now is: how can capital markets elevate the initiative from mere planning to decisive action? Progressing beyond the planning stage to the action phase is crucial for realizing net-zero targets in the MENA region. Presented here is a timeline with optimized high-level steps to ensure the region effectively meets its net-zero goals.

Key Milestones:

From the planning phase to envisioned action.



Impact Assessment Chart:

Positive Outcomes on Sustainability, Investment Attractiveness, and Market Confidence.

Market Mobilization Solution	Market and Regional Impact
Capital markets and financial institutions to spearhead the formulation of a practical and standardized ESG framework.	<p>Market participants operate within a shared set of guidelines.</p> <p>Faster implementation and adoption by both environmental and financial regulatory bodies is possible.</p> <p>Provide visibility and funding opportunities for companies that prioritize sustainability-driven innovation.</p> <p>Standardized reporting ensures that investors have access to benchmark data, fostering confidence and trust.</p>
Strengthen enforcement, reporting, monitoring and meaningful penalty mechanisms.	<p>Reliable data collection, enhanced compliance, improved reporting accuracy.</p> <p>Increased investor confidence and market integrity.</p> <p>Deterrence of greenwashing.</p>

Establish financial incentives for corporations that adopt sustainable practices	<p>Address the challenge of companies prioritizing short-term financial gains over long-term sustainability.</p> <p>Faster and widespread embrace of net-zero commitments.</p>
Integrate a scalable technology solution to aid in achieving net-zero in the region.	<p>Collaboration between regulators, financial institutions, and corporations becomes seamless with a unified platform..</p> <p>Government and regulatory processes are streamlined for seamless reporting.</p> <p>Enhances the quality and consistency of regional ESG information.</p> <p>Seamless international transactions and attractive investments.</p> <p>Remove friction from the application and disclosure process for green projects.</p> <p>Matchmaking platform between project developers and potential investors.</p> <p>Enables interconnected carbon credit marketplace across different jurisdictions, creating a cohesive and globally accessible platform.</p>
Choosing a blockchain technology solution	<p>Prevents double spend.</p> <p>Prevent double registration.</p> <p>Transparent tracking.</p> <p>Fosters trust.</p>
Exchanges become the ideal operators of the Carbon Market.	<p>Facilitate and simplify the listing of green projects.</p> <p>Ensure the issuance of trusted carbon credits</p> <p>Eliminate unreasonable wait times for the generating of carbon credits.</p> <p>An active marketplace enables retail, institutional investors and corporate entities to buy, sell, and trade carbon credits transparently.</p> <p>Facilitate the worldwide trade of carbon credits.</p> <p>Bolster confidence in the market.</p>

Conclusion: Call to Action for Collective Responsibility

The journey toward achieving regional net-zero targets is a collective endeavor that demands unwavering commitment from every stakeholder. This call to action serves as an urgent call, urging governments, financial institutions, and corporations to actively participate in shaping a sustainable future. Prioritizing net-zero activities that support the mitigation of climate change is paramount, given that climate change poses a global risk.

It is imperative for collective responsibility to echo throughout the MENA region's capital markets ecosystem. By mobilizing Stock Exchanges, fostering collaboration, instilling market confidence, and nurturing a shared commitment to responsibility, we can pave the way toward establishing a trusted carbon credit infrastructure. This, in turn, will catalyze the exponential growth of green projects, creating an environment where net-zero targets can be effectively realized.

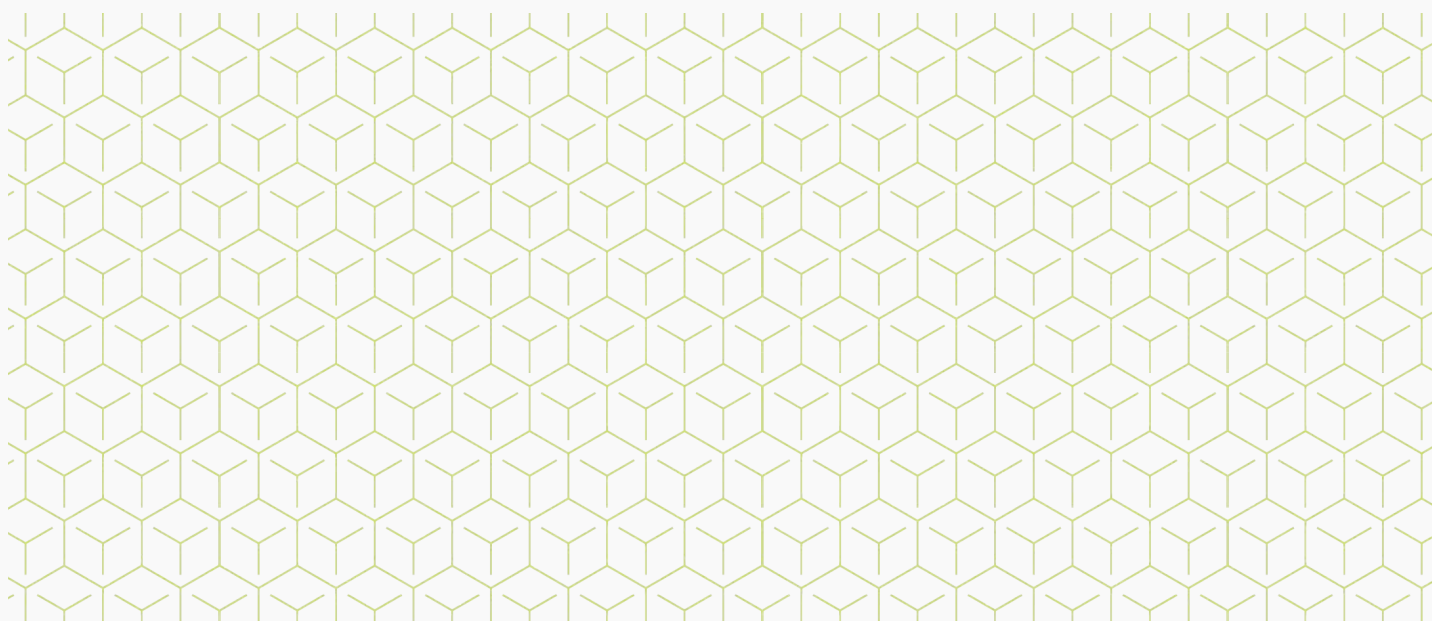
It's crucial to recognize that choosing the right technology plays a pivotal role in this transformation, ensuring efficiency, transparency, and seamless integration of sustainable practices. Regulated Stock Exchanges equipped with an ecosystem carbon credit technology can interconnect carbon credit marketplaces across different jurisdictions, creating a cohesive and globally accessible platform.

It is essential for the technology to :

- build confidence in the ESG disclosure, reporting and results
- facilitate the worldwide trade of carbon credits
- protect capital markets and attracting investments

This whitepaper provides specific action plans and technological recommendations for Stock Exchanges and Market Operators, providing a roadmap to lead transformative change in the MENA region's pursuit of net-zero.

Join us in the collective journey towards a sustainable and net-zero future.





The Sustainable Stock Exchanges (SSE) initiative is a UN Partnership Programme with a mission to provide a global platform for exploring how exchanges, in collaboration with investors, companies (issuers), regulators, policymakers and relevant international organizations, can enhance performance on ESG (environmental, social and corporate governance) issues and encourage sustainable investment.

The SSE initiative has three inter-related pillars of activity:

Research:

The SSE initiative conducts research and compiles information about sustainability measures implemented in different jurisdictions. This research is compiled and made public through open sources via its database of fact sheets and online publications. The SSE is the only source for sustainability-related data on stock exchanges world-wide.

Consensus Building:

The SSE works with its five key stakeholder groups and other key experts to build consensus around sustainability topics such as sustainability reporting, green finance, SME platforms, gender equality and other sustainability themes.

Technical assistance:

Through its Academy the SSE develops certified training programs for capital market participants with the objective of supporting the education and training needs of stock exchanges.

The SSE aims to include representatives of all capital market stakeholders in all of its work streams and has a network of exchanges, regulators, market participants, standard setters and other experts that engage with the SSE on a regular basis.

For more information: <https://sseinitiative.org>



Net Zero Financial Service Providers Alliance

The **Net Zero Financial Service Providers Alliance (NZFSPA)** is a global group of service providers committed to supporting the goal of global net zero greenhouse gas emissions by 2050 or sooner, in line with the ambition to limit the global temperature increase to 1.5°C above pre-industrial levels.

The NZFSPA is designed to enable and accelerate the role that service providers play in providing clients, including institutional investors and their managers, with products and services that recognise their need to align their assets, products, services and investment strategies with a just transition to a net zero and resilient economy.

How is the Net Zero Financial Service Providers Alliance different from other net zero investment alliances?

It is the only global alliance specifically focused on service providers.

Commitment:

NZFSPA commits to support the goal of net zero greenhouse gas emissions by 2050 or sooner, consistent with a maximum average global temperature rise of 1.5°C above pre-industrial levels.

Join the NZFSPA >> <https://www.netzeroserviceproviders.com/our-commitment>



The Net-Zero Capital Markets Alliance (NZCMA) is a global initiative uniting Stock Exchanges and capital markets operators in the pursuit of a net-zero greenhouse gas emissions future by 2050. Embracing the transition to a low-carbon economy is not only an ethical choice but also a strategic one. We believe the path to net-zero is propelled by capital markets.

NZCMA Members

- ✓ Operate Global Carbon Markets.
- ✓ Facilitate green project listing, trading, clearing, settlement and price discovery of carbon credits.
- ✓ Are subsidized to receive education, training and technology implementation.
- ✓ Are powered by Blockstation's CORE technology – a blockchain-based Carbon Offset Registry Ecosystem platform.

How is the Net Zero Capital Market Alliance different from other net zero alliances?

The NZCMA is the only alliance that equips stock exchanges, their issuers and capital markets operators with the technology to translate goals into tangible results. NZCMA bridges the gap between education and implementation by offsetting the cost of the technology needed to achieve net-zero.

Check Eligibility >> <https://netzerocapitalmarkets.org>

COP28 HIGHLIGHTS

COP28 featured daily themes, each influencing global climate action. Here are the pivotal moments and decisions that emerged from the summit.

- The UAE announced a landmark Global Decarbonisation Accelerator, to fast-track a new, global energy system.
- Oil and gas companies committed to near-zero methane emissions by 2030, for the first time, and 116 countries agreed to treble renewable energy capacity by 2030.
- The UAE committed \$30 billion to steer private money to the Global South, under ALTÉRRRA, the world's biggest private climate action fund.
- Pledges of \$777 million at the Last Mile Forum to combat Neglected Tropical Diseases, including \$100 million announced by the UAE, as well as contributions by the Bill & Melinda Gates Foundation, Children's Investment Fund Foundation, Belgium, and the US, among others.
- The "Charter on Finance for Managing Risk: Getting Ahead of Disasters", was signed by 39 countries and partner agencies. An outline was developed to facilitate pre-arranged finance to act ahead of disasters, advance adaptation efforts, and improve delivery systems to mitigate risks and protect the most vulnerable. Additionally, \$221 million was pledged to disaster preparedness, risk insurance, and anticipatory action through contributions from the UK, Norway, France and the European Union.
- The Islamic Development Bank announced \$1 billion in climate finance for member countries affected by fragility and conflict. It will be directed towards an initial package of programming, finance and capacity strengthening solutions to close the climate action gap to fragile and frontline communities. Contributions were also made to the UN Climate Security Mechanism, and the Women's Peace and Humanitarian Fund.
- Race to Resilience initiatives have pledged to enhance the resilience of 3.17 billion people by 2030, mobilizing substantial financial resources, amounting to nearly \$40 billion. This effort not only benefits people but also nature, covering 5.48 million hectares.
- COP28 announced the launch of transition credits, an innovative new market-based solution that supports the early retirement of coal plants around the world, in line with energy resilience and just transition.
- Over 400 companies joined RE100 and 128 EP100, taking immediate action to source 100% of their electricity from renewable sources, and increase their energy productivity.
- The International Union for Conservation of Nature, International Indigenous Forum on Biodiversity (IIFB), and IUCN Indigenous Peoples Organisations (IPO) members launched the Podong Indigenous Peoples Initiative. Indigenous leaders presented the priorities of this co-led, co-designed initiative, which will facilitate the creation by Indigenous Peoples of direct funding approaches and the increase of direct investment in Indigenous-led conservation and climate actions.
- The Local Climate Action Summit at COP28 raised \$467 million for urban climate action, and welcomed more than 250 mayors.
- Thirty-eight countries committed to climate education in their NDCs, with the 'UNESCO Greening Education Partnership Declaration.
- The UAE announced \$220 million new funding to drive better health outcomes in Africa.
- 21 new countries committed to develop Sustainable Ocean Plans, to bring half of the world's oceans under sustainable management by 2030. UAE announced \$100 million of new funding for nature and climate projects.
- UAE and Indonesia launched the International Mangrove Research Center.
- Ministers issued a joint statement on the use of sustainable timber, on forest protection, and to scale high-quality forest carbon finance and markets by 2025.
- The UN High-Level Champions unveiled a broad bench of initiatives and commitments supporting the COP28 agenda on food, including the Regen10 framework, critically bringing along non-state actors, including producers such as Nestlé, Unilever, and Danone, among others, and NGOs such as The Nature Conservancy.
- 43 countries joined the Freshwater Challenge, committing to protect and restore 300,000 km of rivers and 350 million hectares of wetlands by 2030, marking the largest-ever freshwater conservation effort.

- Philanthropic funders announced \$389 million to support food producers and consumers and help to drive ambitious implementation of the objectives that leaders agreed in the Declaration.
- The COP28 UAE Presidency, FAO, the World Bank, CGIAR and the International Fund for Agricultural Development (IFAD) announced the creation of a 3-year Agrifood Sharm El-Sheikh Support Program.
- GENESIS committed to invest \$50 million for wide-scale deployment of sustainable, efficient, and scalable solar-powered drip irrigation and heating systems across Africa.
- A two-year partnership on building water-resilient food systems was launched under the UNFCCC Climate Resilient Food Systems (CRFS) Alliance. It aims to support the countries and non-state actors in delivering on commitments regarding integrated water and food system management, especially for NDCs and NAPs for COP30.

The message to the world is simple: the global community demands climate action. We must meet their expectations at COP28.

Mobilizing MENA Capital Markets :

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