Energy Transition Dialogues
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Banks Need to Increase Capability and Infrastructure to Provide Green Finance!

Policymaking surrounding green finance has matured substantially and is gathering good pace. The UAE's $50bn pledge to tackle climate change clearly gives a signal to banks that there is a need in the MENA region for increased capacity, capability, and infrastructure to provide green finance. All those commitments need to find the appropriate opportunities which in turn needs to be assessed. Knowledge gap in the market should be addressed in the next five years and more emphasis should be given towards investment policies.

Public Private Partnerships Can Support Project Validation

Collaboration between the public and private sector can be put in place to enable the validation of projects that are subjected to green financing by banks. While private contractors and institutions may be available with their experts capable of doing the evaluation, it would be subjective. We have seen examples in the UAE where there are still some areas that need clarity in their tender process in the renewable energy business. This limits banks' ability to understand and evaluate those projects much more effectively. More attention needs to be given in the regulatory oversight as well and in ensuring that there is standardization in best practices, assessment of technology development and deployment. This is an area which will require more effort in the next two or three years. For instance, when an investor comes up with a project which needs to be validated, a particular authority will be reviewing that and providing the necessary guidance and feedback to put the proposal into action.

Funding Flexibility

All aspects must be considered, including the technology transfer. Grants may be necessary in the developing countries when financial capacity is not readily available but where areas that financial capability is available, the public sector must be involved. ∎

Paraphrased Comments

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