

Outcomes Article

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Private sector engagement in capacity-building in the MENA Region

Building the capacities of SMEs to engage in Climate Action

Organised by the UN Climate Change Secretariat's Capacity-building subdivision and Regional Collaboration Centre - Dubai at the [Middle East and North Africa \(MENA\) Climate Week](#), the side event "Private sector engagement in capacity-building in the MENA Region" took the format of a regional panel discussion as a hybrid event. The side-event provided a platform for regional dialogue to highlight the role of small and medium-sized enterprises (SMEs) and their capacities to engage in climate action. Panelists from [TriCiclos](#), [HSBC Bank Middle East](#), the [Clean Energy Business Council \(CEBC\)](#), [UNFCCC-WGEO RCC for the MENA and South Asia](#), and [UNDP Regional Hub for Arab States](#) shared their experiences, recommendations, and best practices in the context of the MENA region.

Private sector engagement in capacity-building in the MENA Region

Building the capacities of SMEs to engage in Climate Action

Moderator



Alejandro Kilpatrick
Manager,
Capacity-building subdivision,
UNFCCC

Panellists



Sabrin Rahman
Managing Director, Head of Sustainability for Europe and the Middle East,
HSBC Bank Middle East, UAE



Ahmed Elbermbali
Managing Director,
Clean Energy Business Council (CEBC), UAE



Mohammad Darrag
Senior Climate Action Specialist & Coordinator
UNFCCC-WGEO RCC for the MENA and South Asia, UAE



Sujala Pant
Regional Chief Technical Advisor on climate change,
UNDP Regional Hub for Arab States, Jordan

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14:45-15:45 GST






Regional Collaboration Centre - Dubai
Promoting Climate Action in the Middle East, North Africa and South Asia

Gonzalo Muñoz, former UN High Level Climate Action Champion for the Conference of the Parties (COP 25), kickstarted the panel discussion with an introductory statement. He emphasized that in 2021, after receiving the IPCC report on 1.5 degrees, the number of companies committed to the 1.5-degree target increased significantly, with most of these organizations being SMEs. The reasons, he says, are that large companies cannot achieve net-zero emissions without taking into account their value and supply chains, which are formed by many SMEs. In addition, companies that want to attract talent need to focus on climate and commit to zero emissions. Besides that, SMEs are beginning to understand their role in the energy transition and recognize that they have many opportunities to gain in terms of efficiency, for example, by using renewable energy. He ended his speech by emphasizing that the financial sector is investing large sums of money in waste-to-zero funds and also demanding for SME supply chains to be engaged in climate action, further driving these changes.

Alejandro Kilpatrick, Manager of the Capacity-building subdivision of UNFCCC, continued the panel discussion by asking what the urgent needs and gaps are in relation to building the capacity of the private sector, particularly SMEs, to deal with climate change. All panelists agreed that while many SMEs lack access to knowledge and climate information, they are already struggling with climate-related impacts. Sabrin Rahman, Managing Director and Head of Sustainability for Europe and the Middle East at the HSBC Bank Middle East, also pointed out in her response that SMEs are looking for national support to understand how to integrate sustainability into their businesses, but that they lack information on how to incorporate the SDGs into their organizations, for example, and how to access data on access to finance. Ahmed Elbermbali, Managing Director at the Clean Energy Business Council, built on this, emphasizing that, at least in the clean energy sector, SMEs still face challenges such as access to information, access to finance, and competition with the fossil fuel sector. Regarding the enabling environment, he mentioned that a lot of data is not published due to governments' decisions and that current regulatory frameworks are not conducive to the transition to green energy.

Sujala Pant, Regional Chief Technical Advisor on climate change, UNDP Regional Hub for Arab States, agreed that SME access to finance is still limited, but also highlighted that there are few commercially viable early-stage SMEs addressing climate security and water and food scarcity impacts in the region. This is because existing businesses are driven by technical engineers who lack the entrepreneurial thinking necessary to create bankable business proposals, and also because these SMEs lack a robust peer-to-peer system and partnerships to support these new ventures, particularly in the climate sector. Mohammad Darrag, Senior Climate Action Specialist & Coordinator UNFCCC-WGEO RCC for the MENA and South Asia, further argued that the knowledge gap among SMEs themselves is still one of the biggest challenges to overcome and suggested that large private sector companies could provide these SMEs with the necessary capacity and knowledge to engage them in their own value and supply chains. Such measures would enable SMEs to expand the use of technologies, gain better access to finance, and integrate the risks associated with climate change into their business models.

Next, the conversation then turned to examples and characteristics of relevant initiatives that are helping to improve SME capacity in the MENA region. Sabrin commented that initiatives to help SMEs integrate sustainability, SGD, and climate finance into their governance structures need to focus on their disclosure methods because banks require it when reviewing proposals and also because governments such as the UAE and Egypt have mandated ESG disclosures for companies. She cited the program [“Target Climate”](#), developed by the [UAE Ministry of Environment](#) as well as with the local chapter of [WWF](#), which focuses on tracking carbon emissions across all sectors by offering workshops and support in preparing technical reports, and also ensuring that SME disclosures are aligned with science-based targets. Ahmed added that the creation of various frameworks and regulations can facilitate access for investors, which in turn can open up various opportunities for SMEs. Governments can also provide grants to companies to incentivize them to adopt new sustainable measures. Sujala went on to stress that projects and initiatives need to support accelerators and SMEs in developing key performance indicators (KPIs) and other metrics that reveal their socioeconomic information, not do the work for them. She also spoke about UNDP's role in providing spaces and platforms for SMEs to meet with investors, accelerators, and institutional partners to allow different stakeholders to come to the table to discuss opportunities.

Finally, the panelists were asked about the role of green technologies for SMEs and also what the private sector has learned with SMEs. On this, Sabrin said that in her experience, people cannot have expectations of SMEs that they would not have of companies of other sizes, and that SMEs are constantly struggling to improve their capacity and evolve. Ahmed emphasized that SMEs in the MENA region tend to face more risks, but at the same time are able to innovate. However, he also argued that the region is one of the most talent exporting regions, making the supply of highly skilled labor scarcer. In terms of technologies, Sujala pointed out that initiatives must consider technologies that can be adapted to the MENA context, otherwise they may become irrelevant. Mohammad added that many technologies are still not affordable for SMEs, so they need to have access to funding.

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