(Re)Activating the Honeywell of Energy in MENA - From Black Gold to Green Investment

Bonn. August 10, 2021. *MENA is mostly associated with oil, a fossil resource that has brought significant wealth to the region and powers major economies worldwide. With the impending and inevitable depletion of oil at some point in time, along with the devastating consequences of climate change, the MENA-countries are turning toward renewable energy to fuel their future.*

Indeed, the region enjoys some of the best preconditions for a successful energy transition, for example with photovoltaics: Long hours of sunlight throughout the year, wide-open spaces, political and social readiness, access to technologies and innovation. In fact, the MENA region is home to the largest solar projects worldwide. Nonetheless, to date only 7% of power in the region is from renewable sources with overall energy consumption increasing further. A successful transition will require a significant increase in renewable energy capacity and use while consumption decreases. However, despite the readiness and suitability, of the 546 Billion USD (2018) global climate investments, only 14 billion USD stem from the MENA region.

In the MENA region, there a multiple barriers to the scaling up of finance, most of which come down to a lack of information and communication.

- The perceived and actual risks of investing in and shipping to developing countries in fragile conditions.
- The political economy in the region needs to transfer from a longstanding successful extractive industry to a comparatively young industry.
- Despite the unparalleled growth of the renewable energy industry over the past few years, there is still a lack of awareness among the majority of investors about suitable renewable energy solutions.
- Small and medium sized enterprises often experience difficulties accessing finances for their tailored renewable energy solutions.

To counteract the misinformation, the Clean Energy Business Council communicates the viability of renewable energy as a worthwhile investment by reducing information barriers and clarify perceived risks.

However, there are also baseline infrastructural conditions that hinder investments.

- The existing grid requires adaptation to facilitate renewable energy solutions.
- Despite being home to the largest solar projects worldwide, the lack of industrial or commercial storage prevents a suitable supply of energy in accordance with the consumption pattern.
- Due to the dependency on primary resources from outside the region, the transition is reliant on international trade, which includes a shift in the general economic setup for energy production.

To attract investments, it is therefore necessary that policies are consistently designed to promote the use of renewable energy. Such include the elimination of subsidies for fossil fuels while adopting a zero net emissions policy. Unified regional standards to remove barriers for trade and investments can support SMEs as well as small-scale installations. Simultaneously, adopting and encouraging innovations in the local context, such as energy storage, blockchain technologies or hydrogen, secure a fundamental establishment of inclusive, just and sustainable electricity supply.
Green finance schemes, such as carbon taxes, green bonds, as well as Islamic financial certificates (sukuk) support the transition.

Ultimately, overcoming the barriers and insecurities leads to a financial benefit. According to the Global Commission on Adaptation, every Dollar invested in building comate resilience could result in 2 to 10 USD in net economic benefits. Furthermore, renewable energy finance has multiple benefits, affecting and influencing several sustainable development goals (as defined by the UN). Implementing renewable energy sources and thereby reducing the devastating effects of climate change influences livelihoods, health and food security, equality and of course the social and economic development opportunities for future generations.

These insights were presented on August 10, 2021 at the Solar & Storage DigiCon by Ahmed Samir Elbermbali, Managing Director of the Clean Energy Business Council**. If you missed the conference, a recording will be available in the auditorium until August 26, 2021.**

About Clean Energy Business Council:
The Clean Energy Business Council (CEBC) is a non-profit, non governmental association that brings together leading local and international organizations in the MENA clean energy sector from both the private and public spheres. CEBC is a leading forum for local, international corporations and government entities focused on the development and deployment of clean energy in the MENA region. We promote constructive dialogue and collective action by all stakeholders, in order to guide public policy and private investment in the region's nascent clean energy sector.

CEBC is active throughout the MENA region with our Working Groups and Programmes, a range of events and networking opportunities, and by promoting connections between private and public sector organisations.

About Solar & Storage DigiCon:
The Solar and Storage DigiCon (SSDC) is the leading virtual stage for the global solar PV and energy storage industry. SSDC offers a successfully proven space to gain brand attraction, market innovative product solutions and gather latest market intelligence. Showcase, connect and experience at the SSDC!