Ahya

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Issue Brief

Climate Change | Recommendations for the United Arab Emirates

Abstract

United Arab Emirates (UAE) is one of the largest economies in the Gulf Cooperation Council (GCC) and is the world's 35th largest emitter of greenhouse gases (GHGs), representing 0.53% of global emissions[1]. UAE's median temperature has risen above the global average, approximating to 1.8°C since 1900[2]. The country is vulnerable to climate impact due to its low-lying coastal areas, susceptibility to desertification and drought as well as food insecurity.

Consequences from physical climate risks will be experienced by the national economy as 85% of population and more than 90% of infrastructure is located in coastal areas[3]. This would harm desalination plants, power stations, transport and the tourism industry. Tackling UAE's climate challenges through innovation and technology can give the Emirates a first-mover advantage to achieve long-term growth and improve its resilience to climate change.

UAE has exercised several policy measures to preserve the environment, while balancing economic and social development. It became the first country in the Middle East, North Africa and Pakistan (MENAP) to pursue a net-zero pathway in line with the Paris Agreement upon the launch of the UAE Net Zero by 2050 strategic initiative. UAE revised its Nationally Determined Contributions (NDCs) in 2023 to 40% of business-as-usual (BaU) emissions by 2030, amounting to an absolute reduction of 119 million tCO_2e (tonne of carbon dioxide equivalent).

The National Climate Change Plan is a robust framework that comprises of the following three (3) key pillars; (i) GHG Emissions Management - develop a national GHG emissions database, (ii) Building Climate Resilience - assess climate risk and implement adaptation planning and (iii) Economic Diversification - incentivise private sector to innovate. UAE's Energy Strategy 2050 has set emission reductions targets in four (4) key areas[4]; (i) Renewable Energy - increase share of clean energy by 50% in 2050, (ii) Energy Efficiency - increase energy efficiency by 40% in 2050, (iii) Hydrogen Strategy - increase hydrogen production to 15 Mtpa in 2050 and (iv) Green Mobility - increase share of electric vehicles and hybrid vehicles to 53% by 2050.

The 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28) hosted by UAE has reached landmark agreements which is testament to a global commitment for collective climate action. The government of UAE launched a private

[1] WRI. (n.d.). Data Explorer . Climate Watch.

[2] Accelerating Action Toward a Green, Inclusive and Resilient Economy Third Update of Nationally Determined Contribution for the UAE. (2023). In UNFCCC.

[3] National Climate Change Adaptation Program Adaptation of the UAE's Environment to Climate Change Risk Assessment & Options for Action. (2019). In MOCCAE.

[4] UAE Energy Strategy 2050. (n.d.). UAE

Net Zero 2050 pathway is projected to boost national GDP (from 2019 levels) by

3.2% (AED 1,080 billion)

UAE has committed via ALTÉRRA a capital of

USD 30 billion

investment platform to drive climate investments to improve access to climate finance in emerging markets called ALTÉRRA. The Emirates committed USD 30 billion towards the investment platform which aims to mobilise USD 250 billion globally by 2030 as a climate-focused fund. The UAE Banks Federation announced an initiative from the UAE banking sector to mobilise AED 1 trillion in sustainable finance by 2030. A historic agreement has been reached to establish a loss and damage fund to support vulnerable countries to address climate impact. The Emirates has pledged USD 100 million to the fund.

In this Issue Brief we have presented nine (9) key pillars for the Emirates to continue to be a climate leader in MENAP:

(I) **Status quo** - UAE net-zero expected to contribute a 3.2% increase in national GDP, must include aviation and international shipping in NDC's;

(II) **Prioritise** - the UAE must continue to prioritise policy-making and incentive schemes in line with global market forces and transition risks;

(III) **Diversify** - with fossil fuels contributing 30% to GDP and 13% to exports, the UAE must continue its path of economic diversification;

(IV) **Enhance** - to increase transparency, UAE must enhance technical capacity to measure, monitor and disclose GHG emissions;

(V) **Report** - the UAE must mandate reporting regulations in line with global standards for large scale businesses;

(VI) **Finance** - the UAE must ensure that key commitments made are realised and frameworks are introduced to increase investor confidence;

(VII) **Secure** - UAE must continue to increase the climate resilience of its food systems;

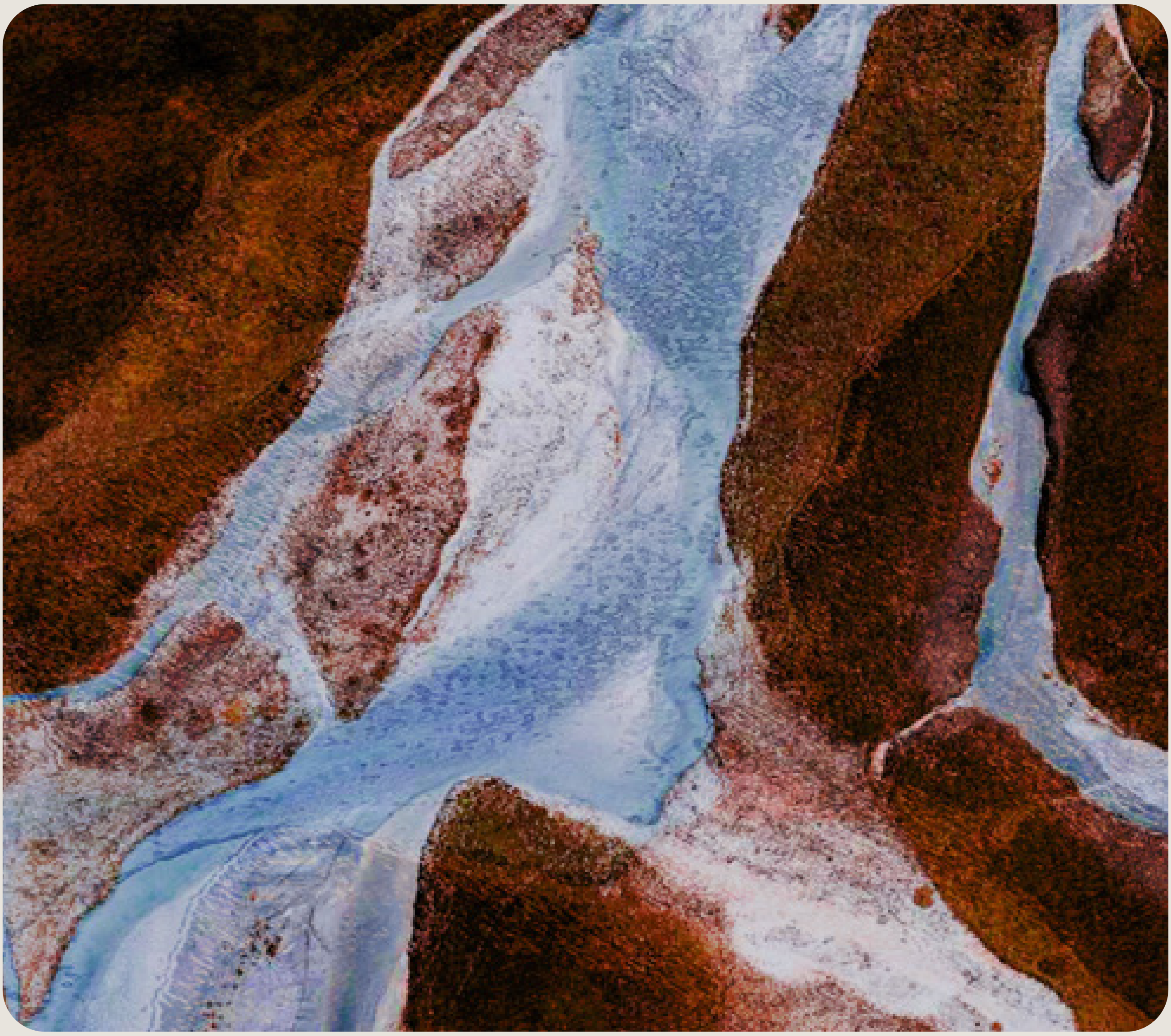
(VIII) **Empower** - with a 99% internet penetration in the UAE, technology can be used to empower enterprises and their customers to take climate action;

(IX) **Unify** - in line with the Paris Agreement, the UAE must adopt a unified approach that is mutually beneficial for the Emirates and their emerging market partners.

Ahya - Mission

A unified, AI-enabled platform for scaling climate action.

Ahya harnesses the power of technology in computation, climate science, data science and artificial intelligence to help enterprises measure, track and reduce their carbon emissions and purchase carbon offsets with transparency, verifiability and environmental robustness.



Introduction

The United Arab Emirates is geographically located in a region vulnerable to climate change due to temperature rise, shifts in rainfall patterns, drought, water scarcity, higher sea levels and increased frequency of sandstorms. Consequently threatening the country's economic prosperity in the absence of climate mitigation and adaptation.

UAE's climate policy framework has taken significant measures to diversify its economy from fossil fuels which accounts for 30% of its gross domestic product (GDP) in comparison to a historical contribution of 60% in 1980[5] [6]. The country's commitment to net-zero by 2050 is considered a climate opportunity that is projected to boost the national GDP of UAE by up to 3.2% in 2050 compared to 2019[7].

We are pleased to present Climate Change Recommendations for the UAE as it takes a leadership role to host the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28). This year's conference is pivotal as it conducts the first Global Stocktake to assess the collective progress of countries and stakeholders towards meeting the goals of the Paris Agreement to limit global warming to 1.5°C. This will inform governments to accelerate their ambition in their 2025 climate action plans.

COP28 coincides with the Year of Sustainability in UAE which centres on the theme: *Today for Tomorrow*. Fostering collective action, various initiatives across energy, water management, transportation and sustainable development will seek to make a long-term investment for the country. The national strategy aligns with COP28's call for every country to take urgent action by reducing GHG emissions to preserve the planet.

We believe UAE must continue to diversify its economy, while reducing its production of fossil fuels to augment the global movement towards a sustainable future. The country should leverage technology to develop a database of historical emissions in support of evidence-based climate policy and climate planning. To further enhance climate transparency, the UAE should set a precedent for other countries to mandate enterprises to measure, track, reduce and report GHG emissions using a standardised framework as part of their national agenda.

Ahya is very pleased to hear the commitments made by UAE at COP-28 in line with Year of Sustainability to galvanise support for climate adaptation and climate mitigation in emerging markets. Emirates must ensure that commitments made by the Government and financial institutions (FIs) are realised in order to set a precedent for other stakeholders to drive global climate action.

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[5] United Arab Emirates - Country and Commercial Guide. (2022, July 26). ITA.

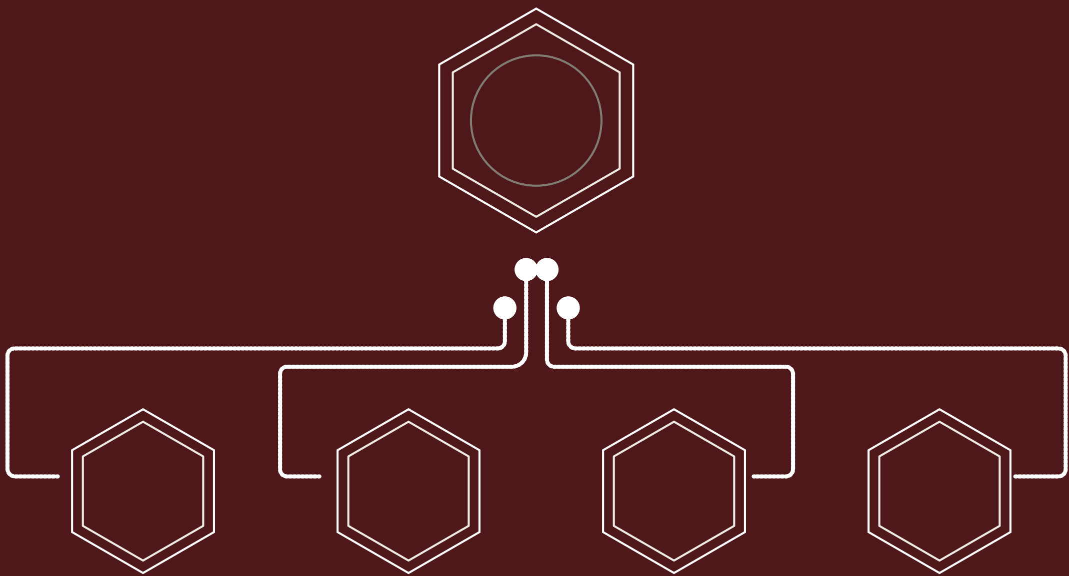
[6] United Arab Emirates: Recent Economic Developments. (1998, December). In IMF.

[7] UAE Unveils National Net Zero by 2050 Pathway at COP27 in Sharm El Sheikh. (2022, November 11). MOCCAE.

Contents

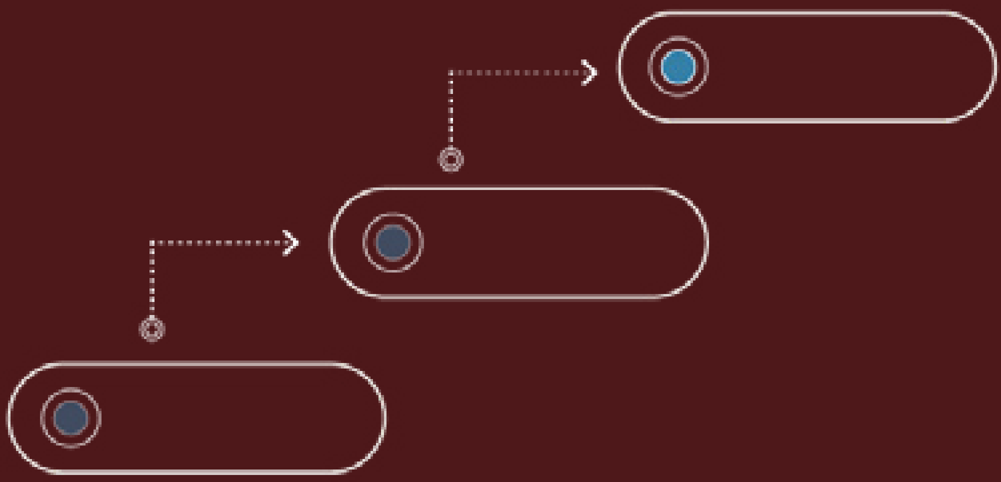
1.0 | Status quo

UAE has a comprehensive policy framework consisting of 4 key pillars to facilitate a net-zero transition by 2050: (i) Net-Zero 2050 (UAE Federal Government), (ii) Nationally Determined Contributions (MOCCAE), (iii) National Climate Change Plan (MOCCAE), (iv) UAE Energy Strategy (MOEI).



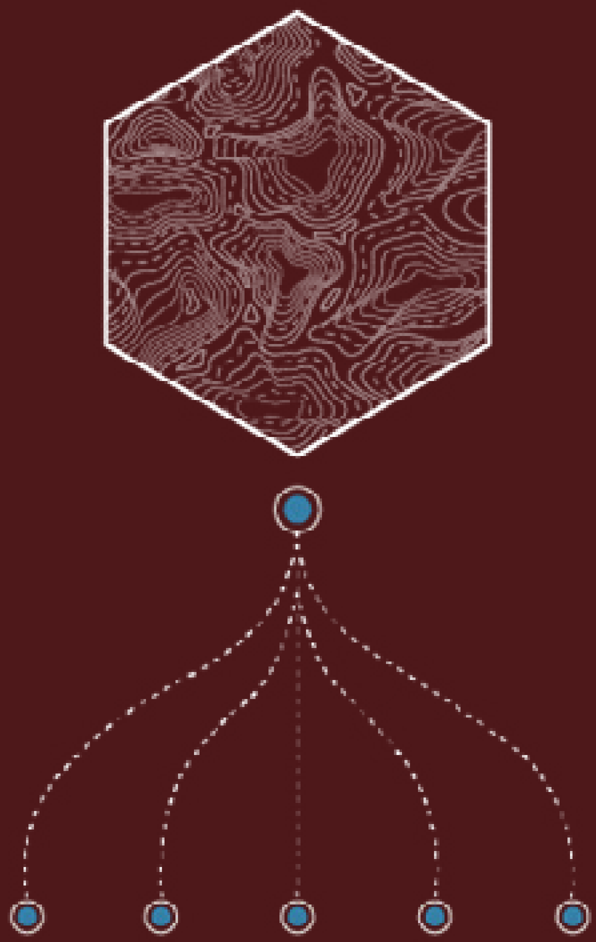
2.0 | Prioritise

UAE must prioritise an assessment of the technological, legal, market and reputational risks associated with a global transition to a low-carbon economy.



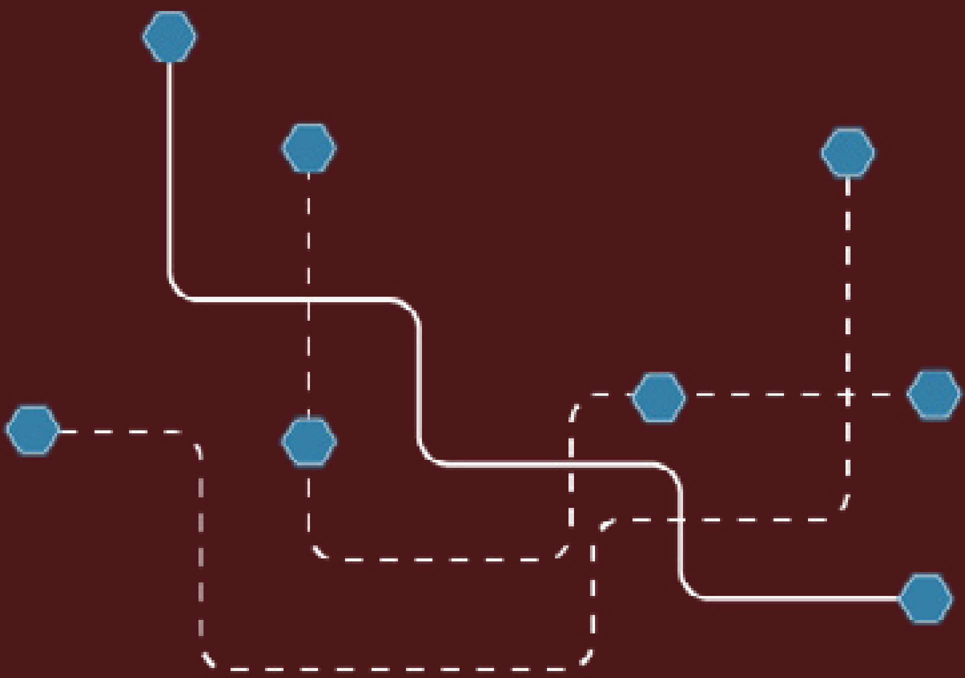
3.0 | Diversify

The UAE has decreased its reliance on fossil fuels in line with its economic diversification plan, imperative for net-zero goals.



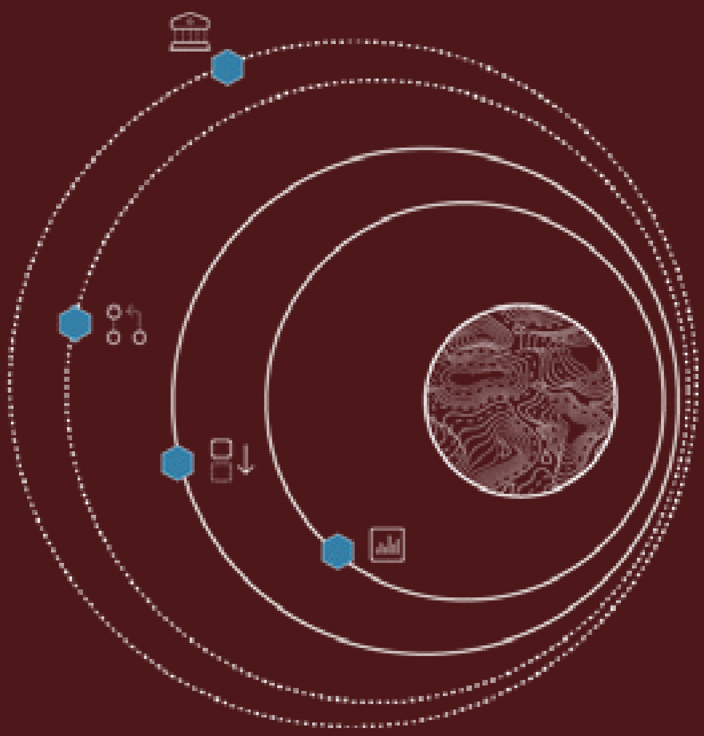
4.0 | Enhance

UAE can enhance transparency of its net-zero roadmap by improving its technical capacity to measure, monitor and disclose GHG emissions.



5.0 | Report

Enterprises should be regulated to report (and reduce) their GHG emissions, assess climate risks and opportunities that create long-term value for business, stakeholders and the nation as a whole.

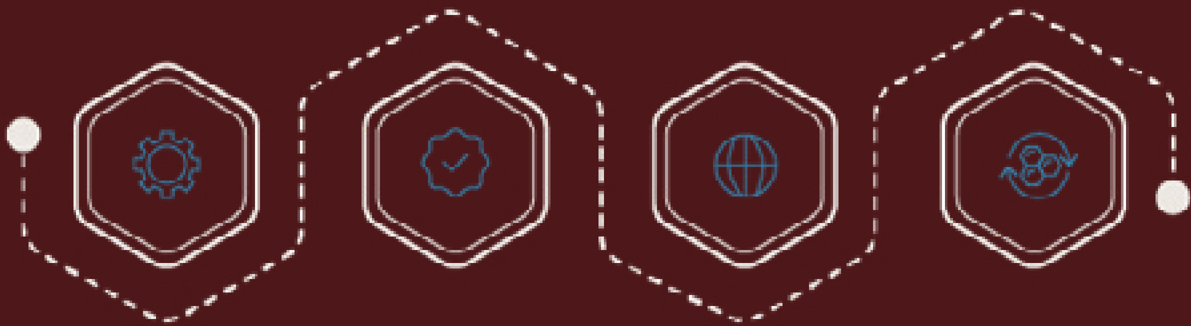


6.0 | Finance

In order to galvanise sustainable finance, the UAE must ensure that the key commitments are realised and a framework for voluntary emission reductions (VERs) is enforced.

7.0 | Secure

Food systems in the UAE are being transformed to become more climate-resilient to ensure food security for its population.



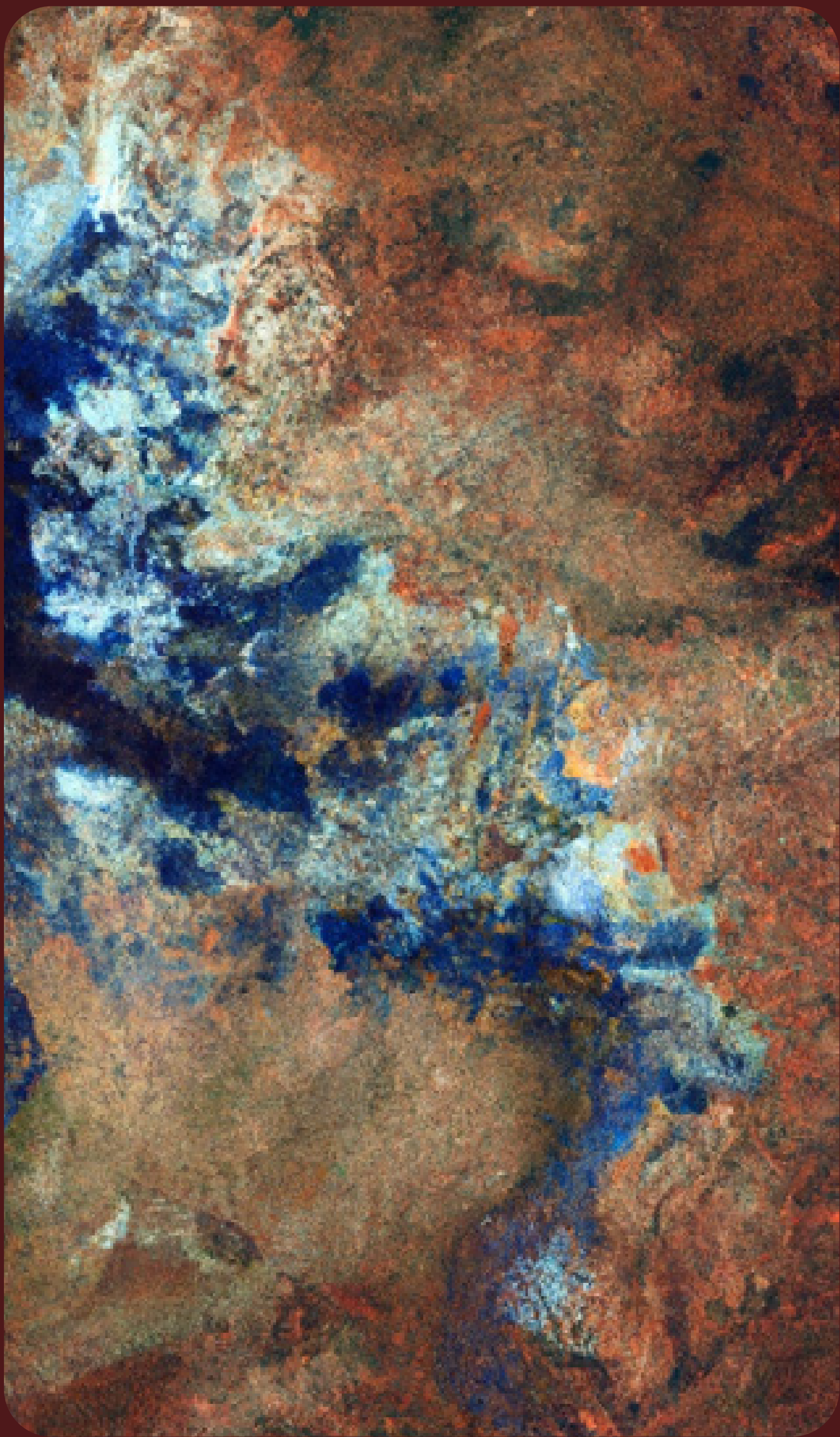
8.0 | Empower

Enterprises and individuals can be empowered to manage their emissions by leveraging technology.

9.0 | Unify

The UAE should adopt a unified approach to tackle climate change that is mutually beneficial to international communities.

Contact us to learn more about our products and services.



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