

# MAPPING STUDY OF THE CAPACITY-BUILDING NEEDS AND GAPS OF SMES TO ENGAGE IN CLIMATE ACTION IN THE MENA REGION

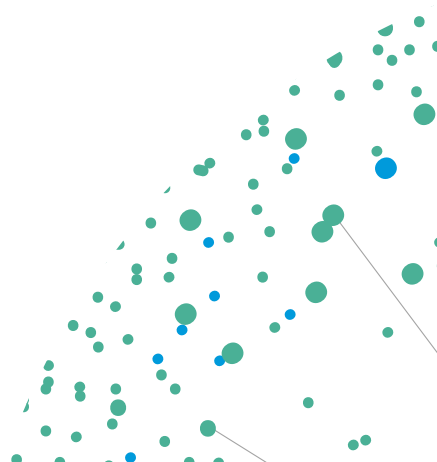
## EXECUTIVE SUMMARY

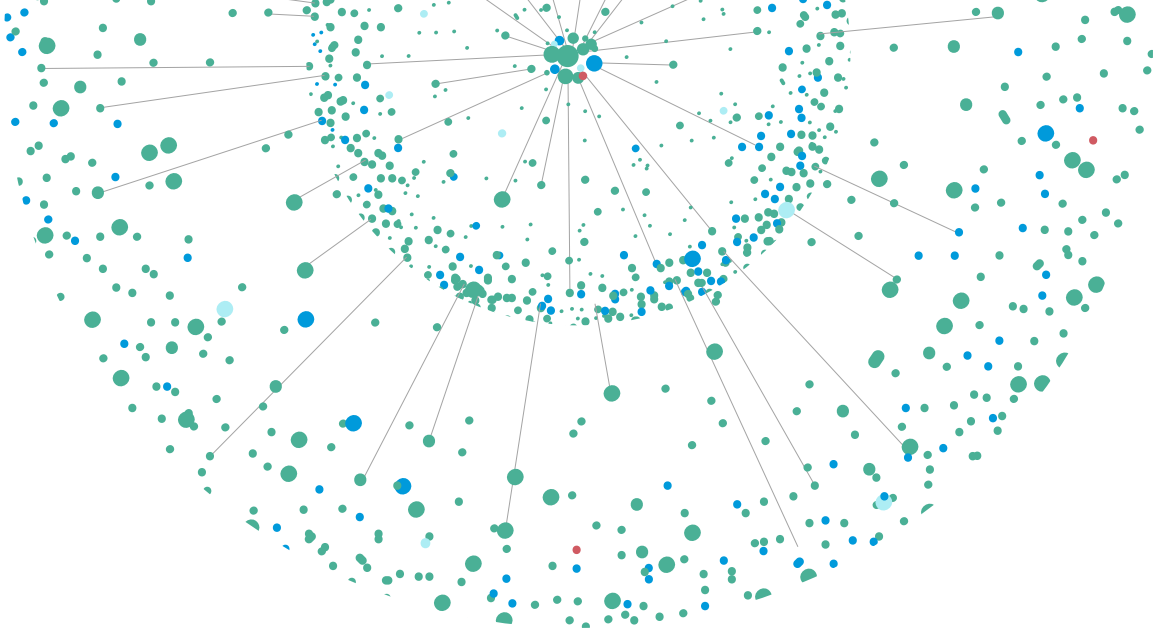


United Nations  
Framework Convention on  
Climate Change



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





Countries in the Middle East and North Africa region (MENA) are among the most vulnerable to the likely impacts of climate change and the region has been identified as a climate change hot spot by the IPCC<sup>1</sup>. Climatic impacts have already been seen in the region and are expected to accelerate and intensify in the future<sup>2</sup>. Engaging the private sector in climate change adaptation and mitigation is essential to achieve global climate goals and build climate-resilient nations. This is particularly relevant in MENA countries, where economies are set to be heavily impacted by climate change.

Private sector involvement is essential. Climate change presents a material risk to business, and future business success may hinge on resilience to climate impacts. It will be very difficult or even impossible to build global climate resilience without the private sector. More precisely, the private sector can mobilize finance, leverage government efforts, engage civil society and

communities and develop innovative technologies and business models. Strengthening private sector capacity opens opportunity to encourage and invest in the green, resilient businesses that will lead in the future.

This study aims to identify knowledge gaps and capacity building needs to enable that private sector, and in particular Small and Medium Enterprises (SMEs), to contribute to MENA-region national climate plans. The study assesses carbon pricing instruments to support implementation of Nationally Determined Contributions as well. A mapping of capacity building needed at a regional or/and country level was conducted to help address the needs and gaps in climate action faced by SMEs. This study aims to better prepare businesses to address climatic impacts and improve their resilience. It can also support the private sector use of climate finance sources and encourage business involvement in the national climate policy environment.

1 <https://ufmsecretariat.org/project/clima-med/>

2 [https://www.iemed.org/osservatori/arees-danalisi/arxiu-adjunts/anuari/med.2019/Climate\\_Change\\_MENA\\_Region\\_Risks\\_Effects\\_Simone\\_Borghesi\\_Elisa\\_Ticci\\_IEMed\\_MedYearbook2019b.pdf/](https://www.iemed.org/osservatori/arees-danalisi/arxiu-adjunts/anuari/med.2019/Climate_Change_MENA_Region_Risks_Effects_Simone_Borghesi_Elisa_Ticci_IEMed_MedYearbook2019b.pdf/)

# Methodology and Scope

The assessment is based on a compilation of up-to-date climate-related capacity building needs of private sector entities, particularly SMEs, at national and local level in the MENA. This includes information on climate change programmes and activities of academic institutions and research organizations in the MENA that could address or integrate private sector capacity building needs. Moreover, a survey was designed to gather information from private sector entities with a particular focus on SMEs. MENA countries analysed for this study include Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, and Yemen.

Even with cultural and climate similarities, MENA-region countries have clear economic

and social disparities and political instabilities that hamper some countries from prioritizing climate action efforts and impact data availability. Consequently, the following approach was used:

- A desk-based review was conducted to collect primary data on the SME landscape, structure, and role in the national economy; knowledge gaps and capacity needs of SMEs; existing SME capacity building programmes; academia, research centers and private organization support.
- A targeted survey engaged SMEs on their own experiences and needs. This gathered information on sectors to include in the study, or business-specific information on capacity building needs and existing climate action capacity building programmes.

## Findings

The findings of the study indicate opportunities that can be leveraged to foster SME capacity and highlight the need for more awareness on climate regulations and the benefits of sustainability action.

### Climate change knowledge, sustainability reporting, reactive measures and existing climate action

- A majority of respondents considers their general knowledge about climate change at least 'fair' or even good or very good.
- More than half of the respondents already conduct sustainability reporting or have climate change/sustainability focal points in their organizations. This reflects motivation for implementing climate measures such as CSR, cost reduction and voluntary action. Regulatory compliance is hardly mentioned by respondents as a reason for sustainability reporting.
- Reactive measures are already implemented by nearly all respondents. These include energy efficiency, water, waste and paper reduction measures in operations and awareness raising in staff and community relations. Risk assessment and insurance against climate change impacts are hardly mentioned.

### Regulatory frameworks and incentive mechanisms

- Information on domestic climate policy and targets, regulatory requirements and business incentives is needed as over half of respondents are not aware of incentives or support.
- About a quarter are aware of free training support and only a small minority mention awareness of technical support for climate action for the private sector.
- A majority of more than 60 percent of respondents have not received or applied for any kind of financial support for climate action so far.

### Climate policies, targets and carbon pricing

- There are still quite a number of countries in the region with limited knowledge in the private sector and SME actors about climate policies and related targets.
- Understanding of carbon pricing systems is limited with only 50% of respondents knowing what the term refers to, and even less able to name examples of carbon pricing mechanisms.

### Training

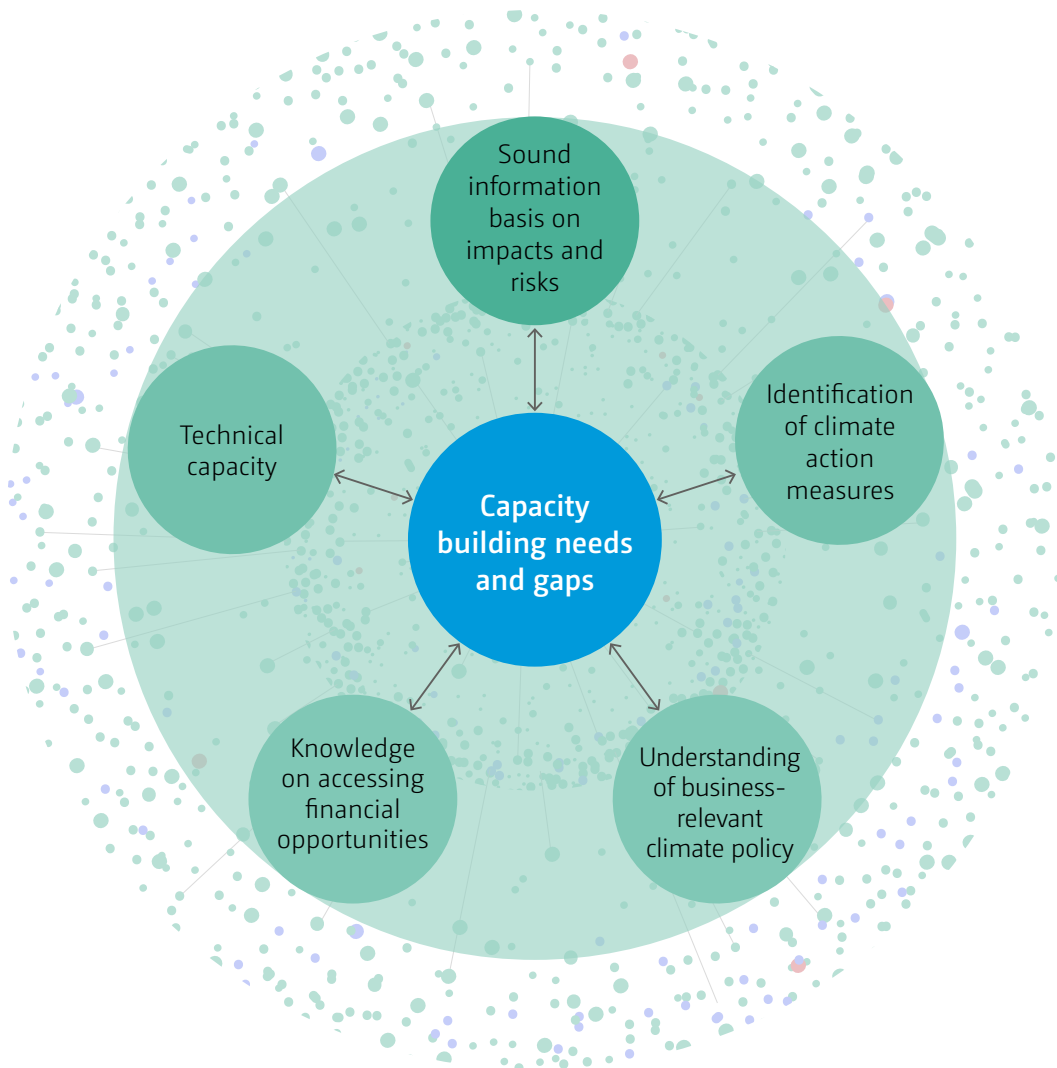
- The majority of training in the region attended by respondents covered background information on climate change impacts and policies and regulations.
- Only a third of regional training covered technical skills on product development and financing proposal developments.
- The majority favors online and remote training.

- Reliable information on impacts and trends for decision making and planning
- Training on actual measures and practical solutions
- Information on accessing financial resources and support for implementation

Overall, the findings from the survey confirmed knowledge gaps identified in the literature review. Most training needs arise in technical capacities for risk assessment, product development and proposal writing. Sound data is needed for strategic planning and risk-assessment. Business also needs feasible climate measures and an understanding of domestic climate change policies, targets and regulations. Information and access to financing options are key.

### Information requirements

Three areas emerged regarding support needed by SMEs to react to climate risks, take climate action and benefit from related financial opportunities:



# Recommendations

## Improve private sector capacities to contribute to higher climate ambition and collective actions – including the implementation of NDCs and NAPs

The survey yielded five points that provide insight into what should be offered via training support.

- **Contributing to required regulatory frameworks and incentive mechanisms** – Build capacity for private sector to understand regulations or laws that incentivize or require change in business
- **Implementing climate policies and strategies at the national and local levels** – Thorough, comparative reviews and analyses of strategies, programmes and initiatives need to be conducted for private sector actors to understand priorities and incentives
- **Developing technical skills on product and services development and climate finance** – Focus on what businesses need to do to contribute to GHG emission reductions, looking beyond their own businesses by considering the sustainability of their value chains
- **Knowing the functions of carbon pricing systems and mechanisms** – An overview of existing systems and mechanisms that can support emissions reductions across sectors, including emissions trading systems, carbon taxes or budgets, the CDM and the upcoming Article 6 mechanism under the Paris Agreement
- **Enabling business contributions to mitigation, resilience and adaptation targets at local and national levels** – Examples of companies that already apply or work with GHG accounting and tracking systems trained by institutes such as the GHG Management Institute or CDP

## Harness platforms and other engagement means to enable private sector climate action

Key actors need to cooperate and bring the theoretical knowledge of private sector players into measurable climate actions and contributions to NDCs and NAPs. Collaborators should include:

- Academia and research organizations including specialized agencies, expert organizations, NGOs and private institutions
- Associations and umbrella organizations at the national & regional/international level
- UN or international organizations such as the UN Climate Change secretariat, RCC Dubai, Global Compact and CDP
- Governments at all levels

## Promote champions in the region to engage the private sector on climate action

Countries can be trailblazers in the region by building or strengthening the foundation of private sector actors and SMEs in the context of climate action engagement in the MENA region.

## Build on private sector understanding of carbon pricing instruments

Training is needed by qualified academia and research organizations directly related to carbon pricing instruments as well as related topics such as on regulatory frameworks and incentives and meeting mitigation, resilience, and adaptation targets.

## Establish coalitions and consortia for increase private sector climate action – allowing moving forward swiftly in a climate change hotspot

A building block of private sector climate action engagement strategy in the region should be the creation of coalitions and consortia to expedite progress.

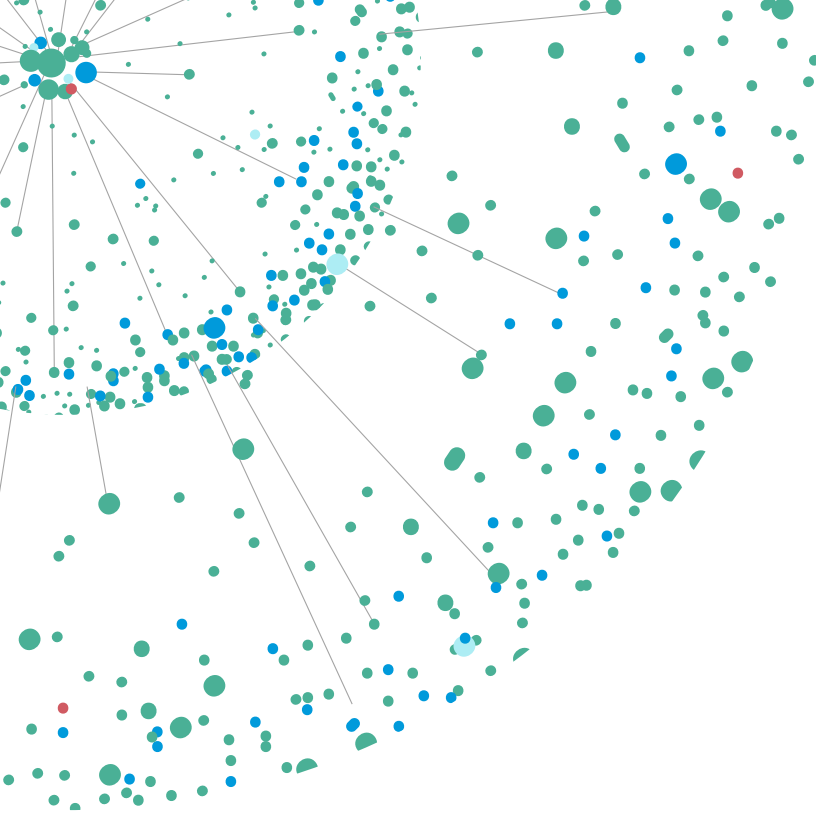
# Acknowledgement

The *Mapping study of the capacity-building needs and gaps of SMEs to engage in climate action in the MENA region* report was performed by the Capacity-Building Team of the UN Climate Change Means of Implementation Division and RCC Dubai with the support of WGEO. The full

report was produced by ClimateKOS and will be available online.

This summary is produced to provide an overview of findings and speed implementation of the Paris Agreement through SME engagement.





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