



### **Bahrain's Green Aspirations: Navigating Challenges and Embracing Opportunities on the Path to Net-Zero**

In recent years, Environmental, Social, and Governance (ESG) principles have gained substantial traction worldwide. Governments and businesses alike are increasingly recognizing the importance of integrating ESG into their operations to mitigate climate and social risks while also leveraging opportunities presented by responsible practices. Alongside ESG, the pursuit of net-zero emissions has become a global imperative to combat climate change's adverse effects. Bahrain, being an economically significant Gulf nation, has also embarked on this journey, aiming to achieve net-zero carbon emissions by 2060, with an interim target of a 30% reduction through decarbonization and energy efficiency initiatives by 2035, as per KPMG reports. Although Bahrain has made commendable progress in adopting ESG initiatives, it faces unique challenges in its endeavor, which must be addressed to pave the way for a sustainable future.

The country's limited natural resources, including water scarcity and an arid landscape, pose significant hurdles to sustainability efforts. The nation's historical dependence on fossil fuel exports, particularly oil and natural gas, presents a formidable obstacle to transitioning to a

low-carbon economy, demanding diversification. Furthermore, the task of revamping its infrastructure to accommodate renewable energy sources, electric vehicle charging networks, and sustainable transportation systems is monumental.

Achieving net-zero emissions necessitates profound shifts in individual and organizational behavior, alongside a pressing need for education and awareness campaigns. Bahrain must also navigate the transition risks associated with rapid technological and market changes to avoid economic setbacks. Additionally, the nation faces mounting physical risks due to climate change, such as rising sea levels and extreme weather events, necessitating comprehensive adaptation strategies to secure its future.

### **Harnessing Opportunities for a Greener Future**

While Bahrain grapples with these challenges, numerous opportunities for sustainable growth await.

Bahrain has abundant sunlight, making it well-suited for solar energy production. Investing in solar power projects can not only reduce carbon emissions but also create jobs and stimulate economic growth. Moreover, encouraging green investments and sustainable finance can mobilize capital for projects that support the transition to a low-carbon economy. Bahrain's financial sector can play a pivotal role in attracting green investments.

Embracing cutting-edge technologies and innovation can accelerate the transition to net-zero emissions. Bahrain can develop its technological ecosystem, fostering entrepreneurship and research in clean energy and sustainable solutions.

Collaborating with neighboring countries in the Gulf region can lead to shared solutions for common challenges. Joint efforts can drive the adoption of sustainable practices and strengthen the region's resilience to climate change.

### **Implementation and Oversight**

To effectively address the challenges and seize the opportunities presented by ESG and the path to net-zero emissions, Bahrain must implement a robust framework and oversight mechanisms:

- **A robust policy and regulatory framework:** Bahrain needs clear and comprehensive policies and regulations that help build a favourable environment for sustainable

practices. This includes incentives for renewable energy adoption, carbon pricing mechanisms, and ESG reporting requirements.

- **Engaging all stakeholders:** The transition to net-zero emissions requires the active involvement of all stakeholders, including government entities, businesses, civil society, and citizens. Collaborative efforts and partnerships will be crucial in driving progress.
- **Comprehensive monitoring system:** Bahrain must establish a comprehensive monitoring system with clear metrics to track its net-zero journey. Regular reporting and transparency will be essential to measure progress and hold stakeholders accountable.
- **Capacity building at all levels:** Education and capacity building programs must be integrated into schools, universities, and workplaces. Training and awareness campaigns can empower individuals and organizations to contribute effectively to the sustainability agenda.

### **Paving the Way for a Sustainable Bahrain**

Bahrain stands at a critical juncture in its journey towards sustainability. By overcoming its unique challenges and embracing the numerous opportunities that lie ahead, Bahrain has the potential to create a lasting positive impact on the planet and its people.

As the world's attention turns increasingly towards environmental responsibility, financial institutions like Mashreq are playing a pivotal role in supporting their clients in their journey to sustainability. Mashreq's commitment to sustainable finance, including green loans, green bonds, and sustainability-linked debt capital market issuances, reflects the broader shift towards sustainable practices. Moreover, the bank's expertise in green supply chain financing solutions has facilitated over USD 20 billion in sustainable finance over the past three years, demonstrating a dedication to advancing the cause of sustainability and helping clients navigate the path to net-zero emissions.

In this collaborative effort, Bahrain's green aspirations hold the promise of a brighter, more sustainable tomorrow.