

# SUSTAINABLE GROWTH IN QATAR

Road to ESG investing

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## Foreword

The United Nation's (UN) Sustainable Development Report released earlier in 2024 showed that the progress toward Sustainable Development Goals (SDGs) is alarmingly off track. Sustainable investments not only address immediate global challenges but also foster long-term resilience and stability, creating a robust foundation for meeting the targets set for 2030. Unfortunately, only 16% of the targets set for 2030 are progressing as planned, while the remainder have either made minimal progress or experienced setbacks since 2020. This stark reality underscores the need for a renewed focus on environmental, social, and corporate governance (ESG) and sustainable investment. ESG considerations are essential for steering global efforts back on course and achieving the SDGs. By integrating ESG principles into investment strategies, stakeholders can make meaningful progress in areas such as climate action, poverty reduction, and equitable growth.

ESG and sustainable investment are gaining traction due to rising demand for sustainable products. A growing number of countries are developing ESG frameworks to promote sustainability and facilitate investments in sustainable development sectors. According to a recent report by the Global Sustainable Investment Alliance, global sustainable investment reached \$30.3 trillion in five major markets (Europe, USA, Canada, Australasia and Japan) in 2022, a 20% increase in the past two years. The United Nations Conference on Trade and Development (UNCTAD) revealed in its 2024 report that global issuance of green, social, sustainability and sustainability-linked bonds has grown fourfold since 2018. The organisation also estimates that the value of the sustainable finance market—which includes bonds, funds and voluntary carbon markets—reached \$7trn in 2023. This represents a 20% increase from 2022, despite the volatility in global capital markets.

The move toward sustainability will fundamentally change how countries think about competitiveness and investment attraction. The ESG trend in the Middle East is no different; ESG considerations are increasingly being integrated into investments, emerging as the most common approach to sustainable investing. In Qatar, momentum around ESG is growing, driven by various government initiatives, efforts to diversify the economy, and increasing requirements for sustainable activity disclosures and reporting.

Acknowledging the significance of ESG in driving foreign direct investments (FDI) and shaping the future of the investment landscape, the Investment Promotion Agency Qatar (Invest Qatar) pursues its crucial role of promoting and facilitating investment across sustainable development sectors in Qatar, in line with national aspirations set by the Qatar National Vision 2030. In this vein, attracting sustainability-conscious investors, providing them with investment solutions and connecting them with relevant stakeholders to channel their investments to lucrative opportunities remain at the core of Invest Qatar's objectives. This report provides a thorough overview of the integral role of FDI in advancing sustainability initiatives and underlines the array of sustainable finance opportunities in Qatar. It also sets out further analysis and recommendations on the transition toward ESG-based investments.

## Executive summary

Sustainable finance is an emerging area that is rapidly gaining traction around the world. It is most succinctly defined as the process of taking environmental, social and governance (ESG) considerations into account when making financial investment decisions. The emerging international consensus on sustainability, marked by the adoption of the UN SDGs and the Paris Agreement in 2015, and further emphasised by the COP28 summit in 2023, has underscored slow progress toward ESG goals and sustainable development. This lag is evident across multiple areas, from reducing greenhouse gas emissions to enhancing resilience against climate change, as well as in providing financial and technological support to vulnerable nations. As a result, momentum has been building to accelerate action across various areas, including calls to expedite the transition away from fossil fuels.

On the business front, companies are increasingly adopting green initiatives—ranging from pursuing carbon neutrality to disclosing their ESG efforts to shareholders. This shift has led to a proliferation of sustainable finance instruments, such as ESG bonds, green bonds and climate funds in recent years. Additionally, regulatory developments are playing a crucial role in advancing sustainability reporting. New mandatory standards, including the European Sustainability Reporting Standards, IFRS Sustainability Standards and the US Securities and Exchange Commission (SEC) climate disclosure requirements, are set to take effect from late 2023 through 2025. These regulations are poised to transform global capital markets.

Neglecting ESG principles and trends can result in lost investment opportunities, market underperformance and diminished customer and employee loyalty to companies. Similarly, nations may experience reduced foreign investment, economic instability and declining global competitiveness. Both risks fall behind in an increasingly sustainability-focused world that values transparency and social responsibility.

In Qatar, the driving force behind national development is the National Vision 2030 (QNV 2030), which is built on fundamental pillars of environmental and social progress. The Third National Development Strategy (NDS3) represents Qatar's transition to the next phase of its development, emphasising the importance of environmental sustainability to enhance resilience against future environmental challenges. The strategy outlines specific targets and action points to improve air quality, protect biodiversity, manage water resources, further develop a circular economy and promote a sustainable built environment. In terms of financing, the strategy aims to establish a sovereign green financing framework to increase financial flows to sectors critical for sustainable development.

The launch of the Climate Change Policy in 2021, National Environmental Change Strategy and the establishment of a dedicated Ministry for Environment and Climate Change are significant milestones in Qatar's journey toward sustainability. Qatar, signatory to all major international agreements and conventions related to sustainable development, has submitted its Voluntary National Review for UN SDGs and enhanced Nationally Determined Contribution targets for the Paris Agreement in 2021. These commitments have ensured that the country remains at the forefront of the sustainability initiatives, particularly in the major areas of urban planning, transportation, energy and ESG reporting. Players such as Ashghal, the Ministry of Transport and Communication, Qatar Petroleum, Kahramaa and the Qatar Stock Exchange are driving these efforts through significant milestones, including the hosting of the first carbon-neutral FIFA World Cup, the development of electric public transportation, the establishment of renewable energy projects and the implementation of robust ESG reporting frameworks.

The Qatar Central Bank (QCB) unveiled in 2024 its ESG and sustainable strategy, with the goal of establishing Qatar as a primary hub for sustainable finance. Sustainable finance in Qatar has holds significant potential on both the supply and demand sides. In 2024, Qatar's sustainable finance reached new heights with the issuance of green bonds totaling \$2.5bn—the first of its kind in the region—to fund environmentally friendly projects. This initiative allows investors to engage in Qatar's efforts to combat climate change while advancing the sustainable finance sector, following the successful launch of a \$600m green bond by Qatar National Bank (QNB) in 2020.

Additionally, financial institutions like Doha Bank are offering sustainability-related products such as green car loans and green mortgages. The Qatar Financial Centre (QFC) also became the first in the GULF Cooperation Council (GCC) to introduce a sustainable framework for Sukuk and bonds in 2022. Sustainable FDI is vital for achieving ESG goals, as it directs capital toward projects that support renewable energy, environmental conservation and social equity. By attracting sustainable FDI, countries can drive economic growth while integrating social and environmental considerations into business practices. This investment not only creates jobs and facilitates transfers technology but also helps countries meet their ESG targets and build resilience against climate change impacts. Together, these goals and the various measures launched by the government and the private sector in Qatar present an investment opportunity of at least \$75bn by 2030.

To seize these significant opportunities, the Investment Promotion Agency Qatar (Invest Qatar) is making a concerted effort through various initiatives for businesses. This includes providing a platform to access government incentives, assisting in finding the right business partners and reducing information asymmetries and other investment barriers. Invest Qatar serves as a gateway for investors to connect with key stakeholders—regulators, lawmakers, supervisors, financial institutions, large corporations, SMEs, NGOs and universities—all of which play an essential role in sustainable development. The recent milestones achieved by the nation are a result of these diverse entities working collaboratively toward a common goal.



## Introduction

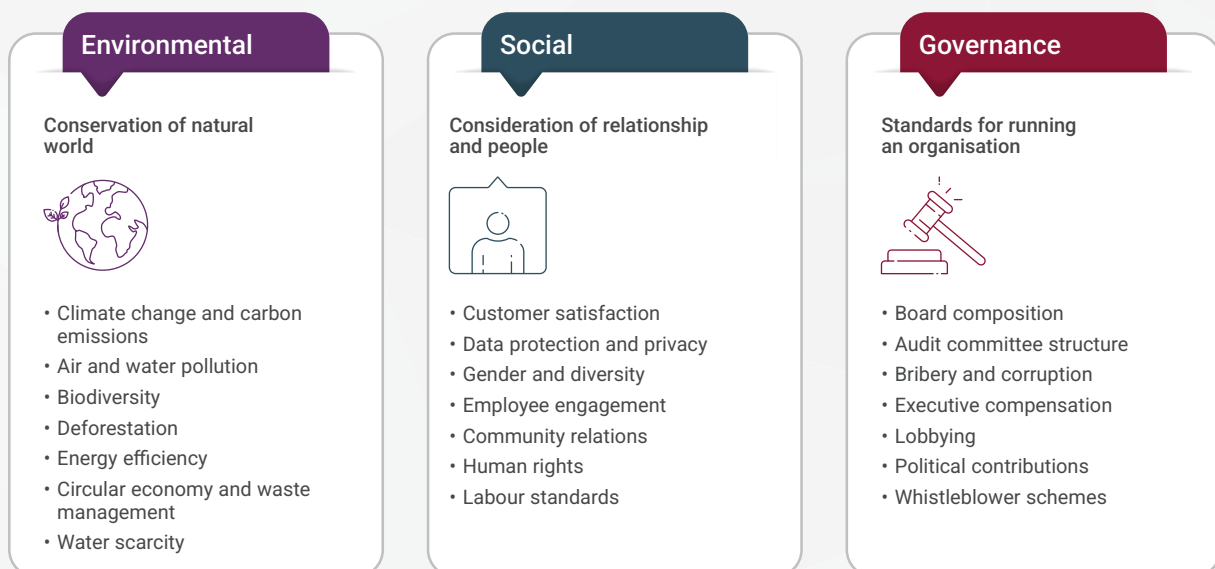
### Simplifying sustainable finance

Sustainable finance, despite extensive usage, is a concept whose meaning is not yet clearly defined due to its evolving nature. European Commission which has been one of the frontrunners in climate change and sustainability agenda, defines sustainable finance as -

**“.. the process of taking environmental, social and governance (ESG) considerations into account when making investment decisions in the financial sector, leading to more long-term investments in sustainable economic activities and projects.”**

Investors increasingly apply these non-financial ESG factors as part of their analysis process to identify material risks and growth opportunities. However, there is no single exhaustive list for ESG examples. Moreover, ESG factors are often interlinked, and it can be challenging to classify an ESG issue as only an environmental, social or governance issue (Figure 1.1).

Figure 1: Sustainable finance seen through an ESG lens



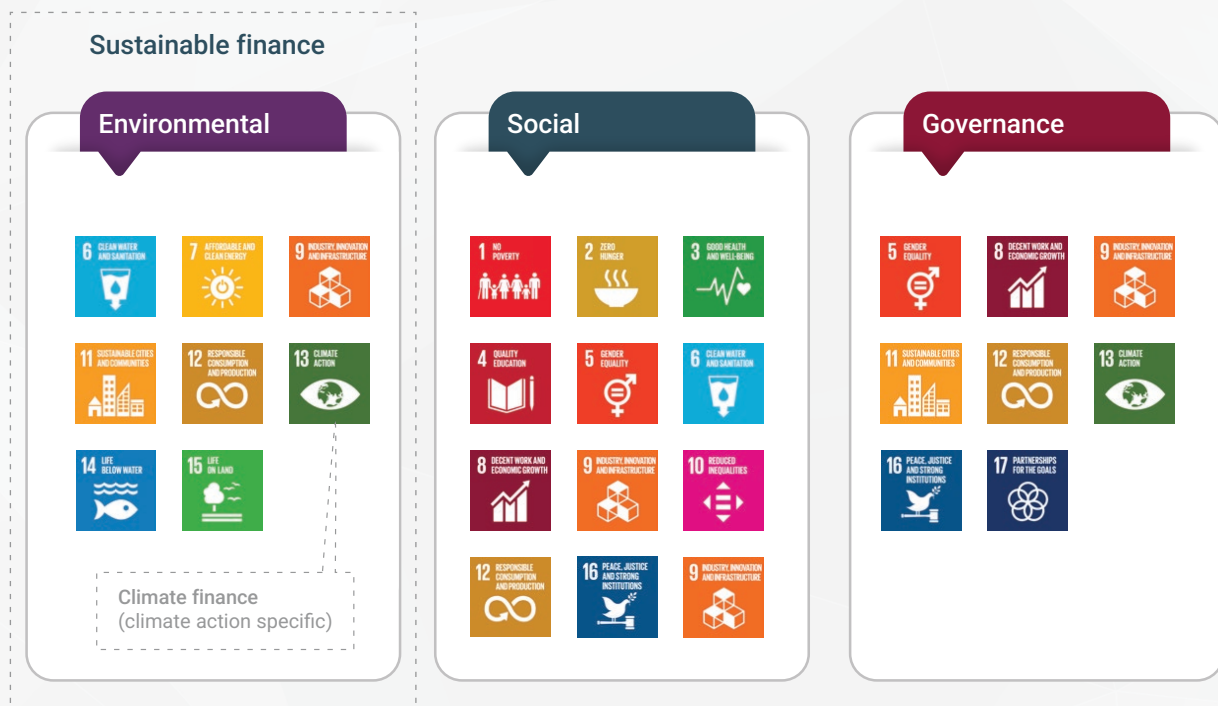
A noteworthy aspect within the environmental bucket that needs more elaboration is the **circular economy** model of production and consumption. The circular economy is an economic system in which generation of waste is avoided across the value chain. In this model, waste is reintegrated into the economy or utilised more effectively. Invest Qatar’s study on circular economy emphasises the importance of green investment for economic development and climate change mitigation strategies.

A significant step in developing a common understanding of sustainability has been the development of SDGs by the UN in 2015. The 17 SDGs are integrated (i.e., action in one area affects the outcome in the other), and collectively, they give a universal call to action to end poverty, hunger, AIDS and discrimination against women and girls, protect the planet and ensure that all people enjoy peace and prosperity<sup>1</sup>. With the onset of the COVID-19 pandemic, the progress made on SDGs in recent years on poverty, economic equality, education and discrimination has been under severe pressure.

1 UNDP. (2021). The SDGs in action. <https://s3.amazonaws.com/sustainabledevelopment.report/2024/sustainable-development-report-2024.pdf>

According to the Sustainable Development Report 2024, on average, only 16% of the SDG targets are on track to be met globally by 2030, with the remaining 84% showing limited progress or a reversal of progress. Progress varies across countries and regions, with Nordic countries leading the SDG achievements, while developing countries lagging far behind<sup>2</sup>. According to the report, long-term investment challenges continue to pose obstacles to sustainable development. The importance of aligning global efforts towards SDGs has never been as urgent as it is now. Some entities have broadened their ESG framework and mapped it to the 17 SDGs to better guide their investment activities (Figure 2.2). If sustainable finance focuses only on the environmental aspect of ESG, it is often referred to as **'green finance'**. Within green finance, if the primary focus of investment is on climate action (mitigation and adaptation), it is referred to **'climate finance'**.

Figure 2: Mapping UN SDGs across the three ESG factors<sup>3</sup>



Sustainable investing, which uses ESG metrics and frameworks, lies in the middle of the broad spectrum of several types of investment activities - with conventional investments and philanthropy at the two extreme ends (Figure 2.3). Various global entities (e.g., Sustainability Accounting Standards Board, the Global Reporting Initiative and the Task Force on Climate-related Financial Disclosures) are developing standards and frameworks on ESG metrics to make investment decisions.

According to the Organisation for Economic Co-operation and Development (OECD), it was estimated that achieving the SDG goals requires financing of \$2.5trn per year- a gap which may have increased by 70% since COVID-19. FDI is an important source of finance to help meet these global commitments to sustainable development. Beyond the quantity of FDI, its quality also matters. Thus, global economies have developed sustainable investment frameworks to encourage investments that promote long-term economic, social and environmental benefits. The OECD FDI Qualities Initiative provides governments with the policies, data and expertise necessary to promote sustainable investment. This helps enhancing environmental sustainability, fostering quality jobs and skills development, advancing gender equality and contributing to a more productive and innovative economy.

2 UNDP. (2024). The SDGs in action. <https://s3.amazonaws.com/sustainabledevelopment.report/2024/sustainable-development-report-2024.pdf>  
3 Berenberg, J. (2018). Understanding the SDGs in sustainable investing. Joh. Berenberg, Gossler & Co. KG.

Figure 3: Spectrum of investment activities<sup>4</sup>

		Use of metrics frameworks					
		Philanthropy		Social impact investing		Sustainable investing	Conventional finance investing
		Traditional philanthropy	Venture philanthropy	Social investing	Impact investing	ESG investing	Fully commercial investment
Focus		Address societal challenges through the provision of grants	Address societal challenges with venture investment approaches	Address societal challenges with venture investment approaches	Address societal challenges with venture investment approaches	Enhance long-term value by using ESG factors to mitigate risks and identify growth opportunities	Limited or no regard for environmental, social or governance practices
Return expectation		Social return only	Social return focused	Social return and sub-market financial return	Social return and adequate financial market rate	Financial market return focused on long-term value	Financial market return only
		Social impact				Financial returns	

Several key themes and trends are shaping the ESG landscape. One significant development is the evolution of ESG reporting, with companies increasingly expected to provide transparent and comprehensive disclosures regarding their ESG practices. New regulations are emerging globally to enforce stricter standards and enhance accountability for corporate sustainability efforts. Additionally, the rise of sustainable finance products, such as green bonds and sustainability-linked loans, is expanding as investors seek opportunities that align with their values and long-term goals. Furthermore, advancements in AI and technology are transforming how ESG data is collected, analysed and utilised, enabling more precise assessments and fostering innovation in sustainable practice.



<sup>4</sup> Boffo, R., and R. Patalano (2020), "ESG Investing: Practices, Progress and Challenges", OECD Paris, [www.oecd.org/finance/ESG-Investing-Practices-Progress-and-Challenges.pdf](http://www.oecd.org/finance/ESG-Investing-Practices-Progress-and-Challenges.pdf)

## ESG reporting becoming mandatory: Global trends

The focus of global ESG and sustainability reporting is transitioning from largely voluntary to mandatory disclosure. This shift is driven by a patchwork of global regulations, each with its own ESG disclosure requirements. In January 2023, the European Union's (EU) Corporate Sustainability Reporting Directive (CSRD) took effect, adding to the growing array of global ESG compliance rules that mandate standardised and often verifiable reporting on ESG performance<sup>5</sup>. As a result, over 50,000 EU-based companies and approximately 10,400 non-EU enterprises will be required to comply with the CSRD<sup>6</sup>. The forthcoming regulations from the US Securities and Exchange Commission (SEC) are also game changers, requiring companies to disclose certain climate-related information, ranging from greenhouse gas emissions to expected climate risks to transition plans. According to the SEC, the newly adopted rule will require SEC-registered domestic or foreign companies to include climate-related information<sup>7</sup>. Companies not subject to the CSRD but operating in other global regions will need to enhance their sustainability reporting to comply with stringent new ESG-related disclosure laws in countries like the UK, Switzerland, Japan, Singapore and Australia. The message is clear: the growing mandatory reporting necessitates global companies to comply with these requirements.

The Middle East's approach to ESG reporting has clearly undergone a significant transformation in recent years. While the region, like the rest of the world, traditionally prioritised financial metrics, there has been a notable shift towards sustainability and responsible practices, resulting in a surge in ESG reporting initiatives. The global move towards sustainability and the heightened investor focus on ESG criteria have driven a paradigm shift. Middle Eastern companies have started acknowledging the long-term risks and opportunities associated with ESG. Several countries in the region have also introduced reporting guidelines and mandates. Some examples include<sup>8</sup>:

**Bahrain:** The Bahrain Bourse, in partnership with the Central Bank of Bahrain, implemented voluntary ESG reporting guidelines in 2020.

**Saudi Arabia:** In 2021, Tadawul (Saudi Stock Exchange) launched sustainability disclosure guidelines to promote greater ESG reporting.

**UAE:** In 2022, the Securities and Commodities Authority (SCA) mandated ESG reporting for listed companies, affecting over 130 entities.

**Qatar:** The Qatar Stock Exchange issued ESG reporting guidelines in 2022.

**Kuwait:** Boursa Kuwait released a voluntary ESG reporting guide for listed companies in 2021 and the Capital Markets Authority of Kuwait (CMA) implemented regulations to drive sustainability in the financial sector in 2022.

**Oman:** The Muscat Stock Exchange (MSX) launched voluntary ESG disclosure guidelines in 2023, with mandatory sustainability reporting expected in 2025.

5 European Commission. (n.d.). Corporate sustainability reporting. [https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting\\_en](https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en)

6 DeLoach, J. (2023, September 13). ESG reporting is already required: Here's what you need to know. Forbes. <https://www.forbes.com/sites/jimdeloach/2023/09/13/esg-reporting-is-already-required-heres-what-you-need-to-know/>

7 S&P Global. (n.d.). Addressing the new SEC climate disclosure rule. <https://www.spglobal.com/esg/solutions/addressing-the-new-sec-climate-disclosure-rule>

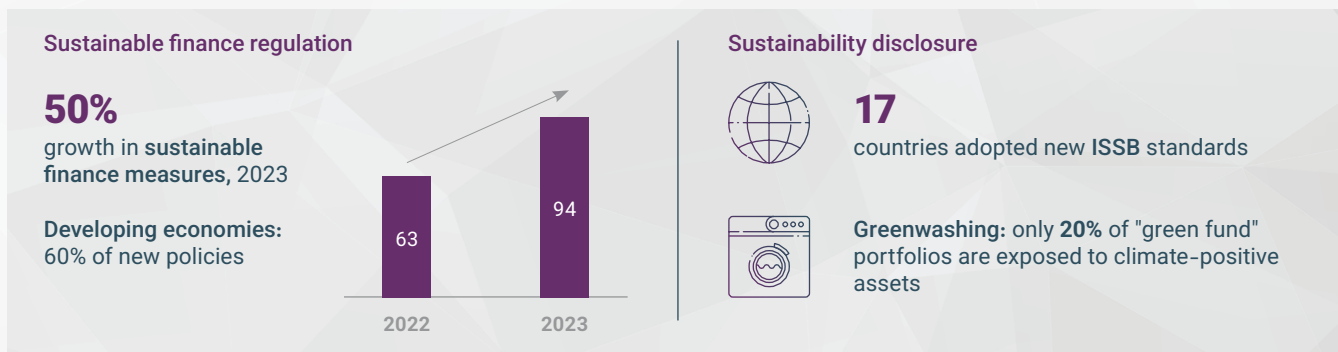
8 Azeus Convene. (n.d.). ESG reporting in the Middle East. <https://www.azeusconvene.com/esg/articles/esg-reporting-in-the-middle-east>

## New regulations and standardisation

ESG has become a crucial focus for businesses with a growing priority, not only to meet customer demands but also to navigate an increasingly complex regulatory environment. Regulators worldwide are broadening the legal frameworks surrounding ESG. On 31 July 2023, the European Commission adopted the Delegated Act on the first set of European Sustainability Reporting Standards (ESRS)<sup>9</sup>. As a result of expanding global regulations, there is a need to standardise and create alignment across existing ESG rules. The lack of standardisation complicates ESG processes as companies try to comply with the diverse regulations of the countries in which they operate. Consistent rules would not only alleviate confusion but also ensure more uniform outcomes and enhance their effectiveness.

Efforts to establish a standardised ESG framework are already in progress. The International Sustainability Standards Board (ISSB), established in 2021, aims to bring consistency to ESG reporting. Recently, the ISSB collaborated with the Global Reporting Initiative to create a unified framework for Asian companies to report on their environmental, social and governance impacts.

Figure 4: Regulations and standards are proliferating.



Source: UNCTAD

A global approach to sustainability reporting standards is necessary because<sup>10</sup>:

- ▼ Climate change and the SDGs require a coordinated global response.
- ▼ Businesses operate within global value chains, face global risks and seek capital from international investors.
- ▼ Investors, companies and other stakeholders benefit from a common language for sustainability reporting standards, facilitating comparisons.

Historically, financial information has been published in corporate reports and sustainability information in separate sustainability reports. However, as the impact of sustainability issues on a company's ability to create long-term value becomes more evident, there is a growing expectation for ESG information related to enterprise value creation to be disclosed in mainstream corporate reporting.

<sup>9</sup> European Commission. (2023, July 31). Commission adopts European sustainability reporting standards. [https://finance.ec.europa.eu/news/commission-adopts-european-sustainability-reporting-standards-2023-07-31\\_en](https://finance.ec.europa.eu/news/commission-adopts-european-sustainability-reporting-standards-2023-07-31_en)

<sup>10</sup> Deloitte. (n.d.). Globally consistent ESG reporting. <https://www.deloitte.com/global/en/about/people/social-responsibility/globally-consistent-esg-reporting.html>

## AI and ESG

The intersection of artificial intelligence (AI) and ESG factors represents a crucial advancement in today's swiftly changing business environment. The integration of AI and sustainability provides an effective solution to contemporary challenges. Companies increasingly leverage AI to accelerate their sustainability efforts, especially in response to rising demands from investors, regulators and the public for greater transparency in ESG practices. Aligning AI with sustainability is not merely a strategic choice but an essential approach to address the varied expectations of today's stakeholders.

Figure 5: AI in ESG

Use of AI in ESG	Description
 <b>Data analysis and reporting</b>	Processes large datasets to assess ESG performance and report on sustainability metrics.
 <b>Predictive analytics</b>	Analyses historical data to forecast environmental impacts and inform resource management.
 <b>Supply chain transparency</b>	Monitors supplier's practices for compliance with ESG standards and identifies related risks.
 <b>Risk assessment</b>	Evaluates environmental and social risks, aiding in the development of mitigation strategies.
 <b>Customer engagement</b>	Utilises chatbots and platforms to communicate ESG initiatives and gather customer feedback.
 <b>Resource optimisation</b>	Optimises energy consumption and waste management in real-time, reducing environmental footprints.
 <b>Social impact measurement</b>	Tracks and measures social impacts, such as diversity and inclusion efforts, aligning with governance goals.

source: Team Analysis

## Energy transition

Fossil fuel combustion and industrial processes contributed around 80% of the total GHG emission increase from 1970 to 2010<sup>11</sup>. Between 2000 and 2019, CO<sub>2</sub> emissions increased by more than 10Gt worldwide. As a result, global leaders commit to climate action with a high focus on renewables and cleaner fuels. In 2023, renewables' share of total primary energy consumption reached 14.6%, an increase of 0.4% over the previous year. Together with nuclear, they represented over 18% of total primary energy consumption<sup>12</sup>. Fossil fuel consumption as a percentage of primary energy dropped 0.4% to 81.5%<sup>13</sup>.

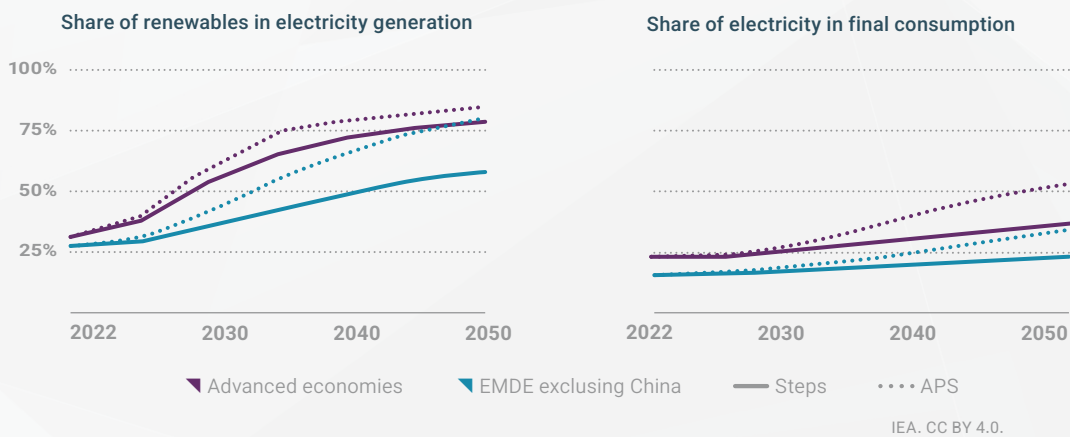
11 Intergovernmental Panel on Climate Change. (2014). Climate change 2014: Mitigation of climate change: Summary for policymakers. [https://www.ipcc.ch/site/assets/uploads/2018/03/WGIIIAR5\\_SPM\\_TS\\_Volume-3.pdf](https://www.ipcc.ch/site/assets/uploads/2018/03/WGIIIAR5_SPM_TS_Volume-3.pdf)

12 Energy Institute. (n.d.). Statistical review of world energy. <https://www.energyinst.org/statistical-review>

13 Energy Institute. (2024). Statistical review of world energy. <https://www.energyinst.org/statistical-review>

Renewable energy deployment is rapidly increasing, particularly in emerging markets and developing economies, where over half of the new electricity generation capacity added in the past five years has come from renewable sources. This represents a significant shift from the previous decade, with expectations for continued acceleration. By 2030, nearly two-thirds of new capacity additions are projected to be renewable, with generation expected to increase fivefold in the STEPS scenario and over tenfold in the APS by 2050<sup>14</sup>. Key factors driving this growth include the electrification of various sectors, such as transportation (with rising electric vehicle use), industry (electric furnaces and electrochemical processes) and agriculture (electric farm equipment). The share of electricity in total energy consumption is expected to rise significantly, reaching nearly 25% by 2050 in the STEPS scenario and almost 35% in the APS. Early signs of increased electrification are already visible in countries like India and South Africa<sup>15</sup>.

Figure 6: Share of renewables in power generation and electricity in final energy consumption by region and scenario, 2022-2050



Share of renewables in power generation and electrification of economies increase in all regions

Note: EMDE = emerging market and developing economies.

Source: IEA

## Sustainable finance

The global financing gap for achieving the SDGs is estimated at \$5 to \$7trn annually<sup>16</sup>. As a result, Assets under management (AUM) of sustainable funds have been growing constantly. The sustainable finance market is expanding rapidly. In 2023, the total assets of sustainable funds nearly reached \$3trn in 2023, mainly driven by rising share prices in equity markets, particularly in Europe and the United States<sup>17</sup>.

Sustainability-related bonds have grown at an exponential rate since 2015. By December 2023, the total size of the green bond market was \$2.8trn, two-thirds of the total value of the climate bonds issued in 2023, with issuers across 96 countries and in as many as 53 currencies. Including social and sustainability bonds, the market size goes up to \$4.4trn from more than 43,000 instruments<sup>18</sup>.

Therefore, capital markets have a decisive impact on the level and direction of sustainable investment and are increasingly contributing to filling the SDG financing gap. Financial institutions, including stock exchanges and derivatives exchanges, are expected to further integrate sustainability values and performance criteria in their activities.

14 International Energy Agency. (2023). World energy outlook 2023. <https://www.iea.org/reports/world-energy-outlook-2023>

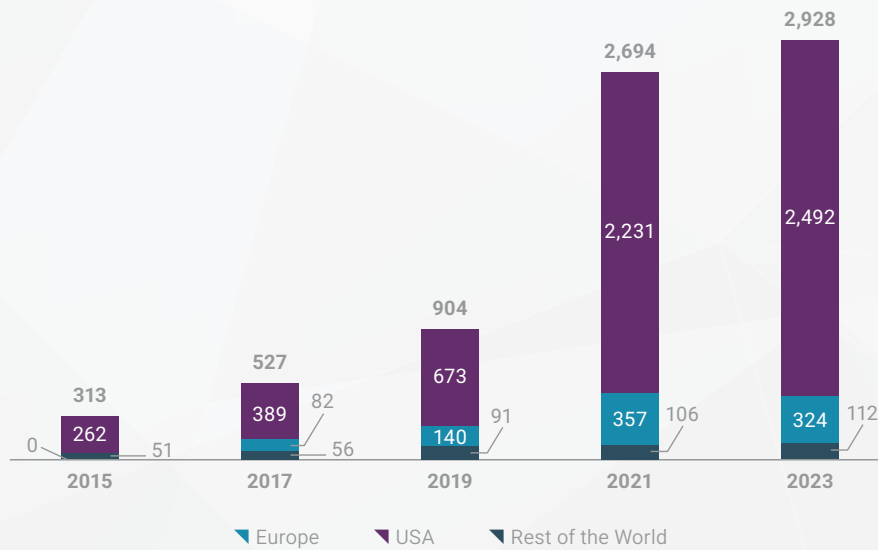
15 International Energy Agency. (2023). World energy outlook 2023. <https://www.iea.org/reports/world-energy-outlook-2023>

16 Climate Bonds Initiative. (2021). Sustainable debt market summary H1 2021. <https://www.climatebonds.net/resources/reports/sustainable-debt-market-summary-h1-2021>

17 United Nations Conference on Trade and Development. (2024). World investment report 2024. <https://unctad.org/webflyer/world-investment-report-2024>

18 Climate Bonds Initiative. (2020). Sustainable debt: Global state of the market. <https://www.climatebonds.net/resources/reports/sustainable-debt-global-state-market-2020>

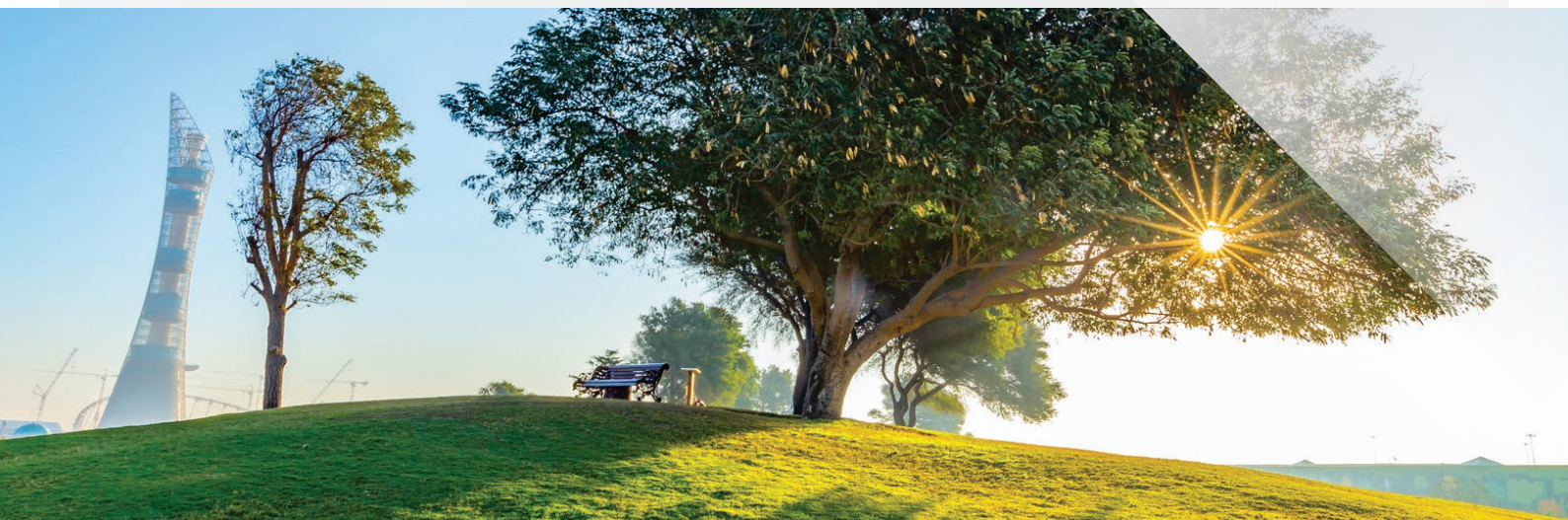
Figure 7: The market value of sustainable funds (Billions of USD)



Source: UNCTAD World Investment Report 2024

## Green initiatives

The global push on sustainability has deeply impacted all sectors. Governments and private sector entities are giving due importance to the ESG aspects. In the US, the climate plan announced in 2021 allocates \$2trn over a span of four years to substantially increase the adoption of renewable energy within the transportation, electricity and construction industries<sup>19</sup>. Similarly, the implementation of the European Green Deal (EGD) demands substantial investments, estimated at approximately \$554.5bn annually from 2021 to 2030<sup>20</sup>. Moreover, additional investments totaling around \$98.4bn between 2023 and 2030 are required to enhance the EU's capability to produce net-zero technologies<sup>21</sup>. Investors have become increasingly conscious of sustainability, and customer preference for sustainable products has risen significantly in recent years.



19 Cohen, J. (2021, March 31). Biden announces \$2 trillion climate plan. The New York Times. <https://www.nytimes.com/2020/07/14/us/politics/biden-climate-plan.html>

20 European Environment Agency. (2023). Investments into the sustainability transition. <https://www.eea.europa.eu/publications/investments-into-the-sustainability-transition/>

21 European Environment Agency. (2023). Investments into the sustainability transition. <https://www.eea.europa.eu/publications/investments-into-the-sustainability-transition/>

Table 1: Key global pressures driving the green initiatives

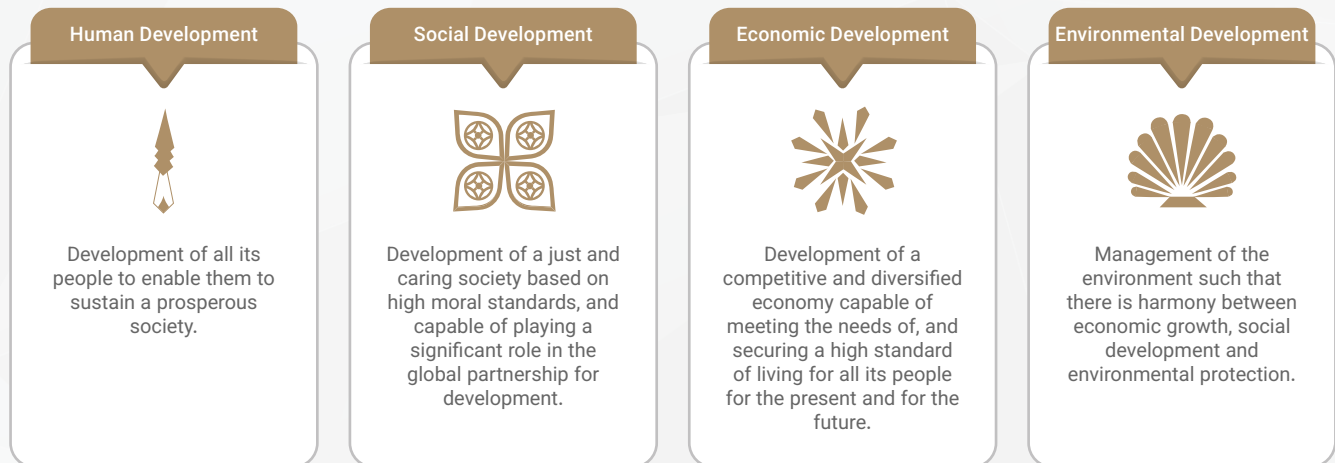
Sector	Key pressures
Energy	<ul style="list-style-type: none"> <li>▼ Increased focus on energy transition and climate risk management.</li> <li>▼ Significant investment opportunities in clean energy infrastructure, including hydrogen and advanced battery technologies.</li> </ul>
Transportation and services	<ul style="list-style-type: none"> <li>▼ Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) offsetting for aviation goes live to mitigate 2.5 of CO2 and generate over \$40bn in climate finance.</li> <li>▼ The International Maritime Organization has set a limit on sulphur in ships and is expected to expand to CO2.</li> <li>▼ Growth in electric and autonomous vehicles is accelerating, with increasing infrastructure investments.</li> </ul>
Automotive and manufacturing	<ul style="list-style-type: none"> <li>▼ Internal combustion engines vehicle phaseouts are being planned globally, as well as at national and sub-national levels.</li> <li>▼ There is a visible move toward e-mobility.</li> </ul>
Financial services	<ul style="list-style-type: none"> <li>▼ In 2023, the value of sustainable investment products, encompassing bonds and funds, reached more than \$7trn, a 20% increase from 2022.</li> <li>▼ Increasing disclosure requirements are being insisted upon by investors and being enforced by regulators.</li> <li>▼ Rising importance of integrating ESG factors into investment decision-making and risk assessment.</li> </ul>
Comms, media and technology	<ul style="list-style-type: none"> <li>▼ 50 global mobile operators have agreed to disclose their climate impacts, energy and GHG.</li> <li>▼ Increased focus on reducing the carbon footprint of data centres and digital infrastructure.</li> <li>▼ The tech sector is investing in renewable energy and energy-efficient technologies.</li> </ul>
Healthcare	<ul style="list-style-type: none"> <li>▼ Climate change is shifting the burden of disease, new research and development (R&amp;D) needs.</li> <li>▼ Healthcare has become a big industry emitter – with institutions like Health Care Climate Challenge driving the mitigation efforts.</li> </ul>



## Qatar's current positioning

The State of Qatar has set itself on the path of sustainability with the release of its historic **Qatar National Vision 2030 (QNV 2030)** in 2008<sup>22</sup>. QNV 2030 anchors the developmental activities along four pillars, the two being social development and environmental development (Figure 2.1). These two pillars lay the foundation of Qatar's path towards ESG-guided development.

Figure 8: Four pillars of Qatar National Vision



To materialise QNV 2030, Qatar has released a series of National Development Strategy (NDS), with the latest being the Third National Development Strategy (**NDS3**) for 2024–2030. NDS3 has specific targets for the promotion of sustainable development. It aims to conserve natural resources, protect ecosystems, reduce greenhouse gas emissions and build resilience against future environmental threats.

NDS3 has the following targets for ESG:

- ▼ GHG emissions reduced by **25%** relative to the business-as-usual.
- ▼ **30%** of Qatar's land area and **30%** of its marine area protected.
- ▼ **30%** of degraded natural habitats restored.
- ▼ Groundwater extraction reduced by **70%**.
- ▼ **33%** reduction in per-capita household water consumption.
- ▼ **4-Gigawatt** renewable energy capacity.
- ▼ **50%** reduction of food waste.
- ▼ NDS3 will empower citizens to increasingly participate in economic development, providing them with a future-ready skill set and unlocking their full potential and enabling them to enjoy a high quality of life.
- ▼ NDS3 will foster an environment where women can flourish, empowering them across all fields to assume their desired role economically, socially and politically.
- ▼ Become a world-class provider of government services to citizens, residents, businesses and institutions and a top nation for effective, efficient and transparent governance.

22 Government Communications Office. (2008). Qatar national vision 2030. State of Qatar.

Climate sustainability is an important theme for the growth path for Qatar, and addressing environmental issues has been under the protection. For example, **Article 33** of the Permanent Constitution stipulates that the State shall protect the environment and maintain its natural balance to achieve comprehensive and sustainable development for all generations<sup>23</sup>.

Figure 9: Qatar's Permanent Constitution mandates



Qatar has also developed its National Climate Change Policy in 2021 with three key pillars.

#### Pillars of National Climate Change Strategy, 2021<sup>24</sup>.

- 1. Balancing economic growth and climate protection through economic diversification**  
To be achieved through initiatives aimed at reducing carbon emissions, e.g., carbon capture, renewable energy projects, green buildings, smart grids and infrastructure, recycling, smart farming methods, circular local economy and resource efficiency.
- 2. Setting regulations to accelerate rates of change**  
Includes both market and non-market approaches by adopting new rules and standards to promote market development and capacity building in the public and private sectors.
- 3. Engaging and empowering stakeholders to achieve a shared vision for the future**  
Includes both local and international dimensions, with the local dimension laying the foundations for joint cooperation between the government, companies and individuals to promote work in the field of climate change.

**Qatar National Environment and Climate Change Strategy (QNE)** marks a key milestone in the country's mission towards sustainability. The strategy aims to enhance the health and vitality of the environment, improve the well-being of the Qatari population and ensure the economy's resilience<sup>25</sup>.

<sup>23</sup> Hukoomi Qatar e-Government. (2020). Environmental sustainability strategy 2017–2022. State of Qatar.

<sup>24</sup> Gulf Times. (2021, October 10). Minister: Climate change affects world's economies, human welfare. <https://www.gulf-times.com/story/701849/Minister-Climate-change-affects-world-s-economies-huma>

<sup>25</sup> Mohamed, S. (2021, October 21). Qatar unveils environment and climate change strategy. Gulf Times. <https://www.gulf-times.com/story/703641/Qatar-unveils-environment-and-climate-change-strategy>

Figure 10: Five objectives of QNE



National Planning Council (NPC) of Qatar has been fundamental in collating and disseminating the data on the sustainable development indicators since 2009, even before the UN SDGs became adopted. Since their adoption in 2016, NPC has aligned its indicators to the UN SDGs and has been publishing a comprehensive report on the 17 goals on a nearly annual basis. As per NPC's report published in 2022 on Qatar Voluntary National review, 207 SDG indicators are available making up 83.5% of total 248 indicators<sup>26</sup>.

Qatar's dedication to ESG is evident in various legal frameworks, including:

- ▼ The 2015 Commercial Companies Law and its 2021 amendment
- ▼ The Qatar Financial Market Authority (QFMA) Corporate Governance Codes (2014 and 2016)
- ▼ The Qatar Stock Exchange (QSE) ESG Guidelines (2016)
- ▼ The creation of the Ministry of Environment and Climate Change in 2021
- ▼ Multiple updates to the country's labor laws, with recent changes in 2022

## International conventions

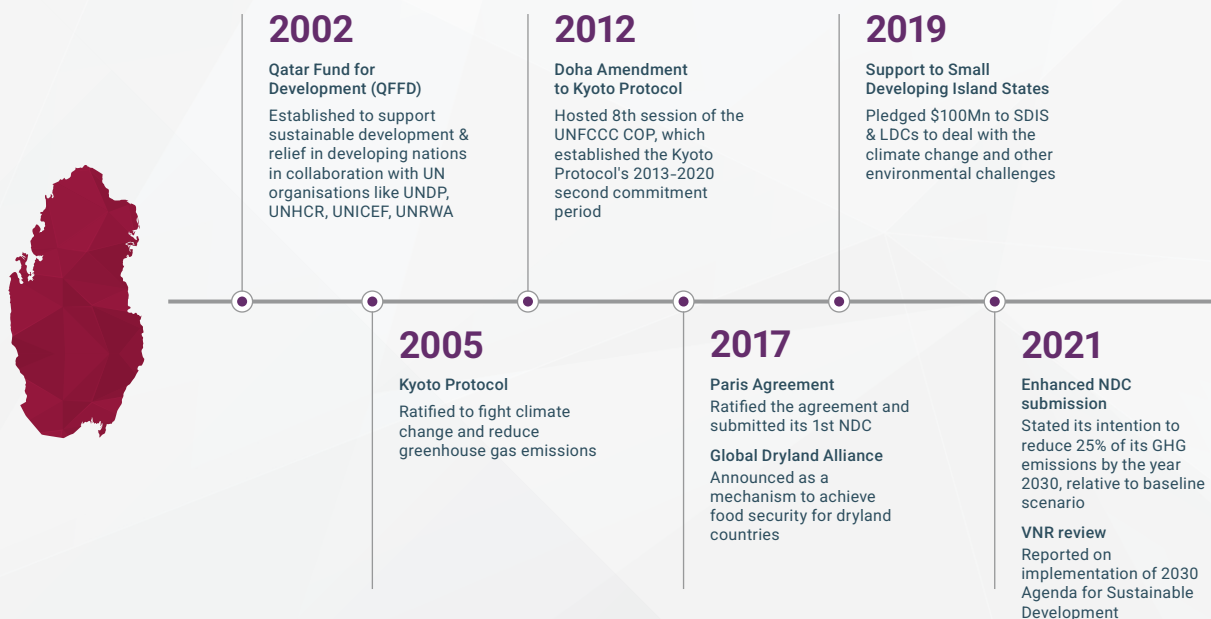
Qatar has been a signatory to all the major international conventions aimed at creating a sustainable future. 1996: Qatar ratifies the UN Framework Convention on Climate Change (UNFCCC), in accordance with its long-standing commitment to addressing global environmental challenges. As stated by HE the Permanent Representative of Qatar to the UN Sheikha Alya bint Ahmed bin Saif Al-Thani in July 2021:

“the State of Qatar will not hesitate to play its role as an active partner in the international community, in light of the urgent need to address the negative impacts of climate change that the cooperation on an international level that such efforts require.”

HE Sheikha Alya bint Ahmed bin Saif Al-Thani

26 Planning and Statistics Authority of Qatar. (n.d.). Sustainable development goals Qatar. Retrieve from <https://sdg-en-psaqatar.opendata.arcgis.com/>

Figure 11: Qatar has been an active participant in the global efforts to tackle climate change



Other key international conventions ratified by Qatar



United Nations  
Framework Convention on  
Climate Change



United Nations  
Convention to Combat  
Desertification



STOCKHOLM CONVENTION



30  
MONTREAL  
PROTOCOL



## Green initiatives

Qatar's actions have been following its stated ambition and vision, and it has taken several initiatives. In particular, key milestones have been achieved in the path to sustainable development in the ecosystem development, buildings and transportation and energy sector.

Figure 12: Summary of major green initiatives in Qatar

### To be converted to infographics

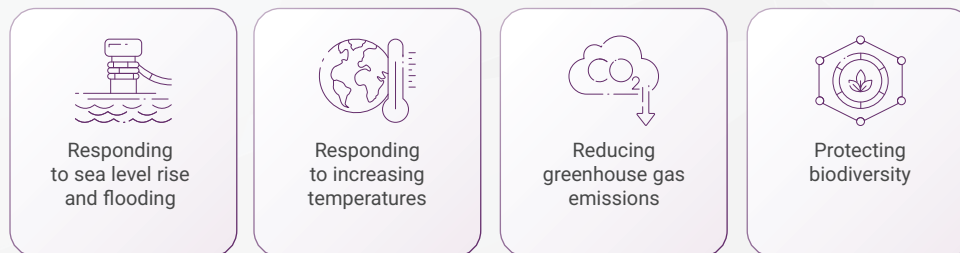
<b>Environmental Pioneers Initiative</b>	<ul style="list-style-type: none"> <li>▼ An initiative launched by the Ministry of Environment and Climate Change aims to raise awareness about the challenges of climate change and the importance of environmental protection. It engages various activists, individuals and institutions to address these challenges and preserve Qatar's fungal environment and biodiversity.</li> <li>▼ The Ministry of Environment and Climate Change was established by the decision of His Highness Sheikh Tamim Bin Hamad Al Thani, the Emir of the State, No. (57) of 2021, to propose and implement public policies to protect the environment and reduce emissions that cause climate change.</li> <li>▼ In 2021, the Ministry of Environment and Climate Change launched the <b>National Environment and Climate Change Strategy</b>.</li> </ul>
<b>Urban planning</b>	<ul style="list-style-type: none"> <li>▼ Ministry of Municipality's Climate Change Strategy to guide urban planning.</li> <li>▼ The Qatar Urban Design Compendium (QUDC) is the primary reference for achieving good urban design in Qatar. It includes sustainable urbanism, transit-oriented design, climate-responsive design and landscape urbanism.</li> <li>▼ Adoption of Global Sustainability Assessment System (GSAS) standards in buildings.</li> <li>▼ Hosting the first carbon-neutral FIFA World Cup.</li> <li>▼ Exemplary planning of Lusail and Msheireb downtown.</li> <li>▼ Ashghal's efforts in waste recycling, emission monitoring, tree plantation and reclamation projects.</li> <li>▼ Qatar Foundation's role in developing green campuses.</li> </ul>
<b>Transportation</b>	<ul style="list-style-type: none"> <li>▼ Public electric buses by MoTC of which 70% of public buses are electric as of 2024.</li> <li>▼ Transportation Master Plan for Qatar-2050, sustainability is the cornerstone of this plan.</li> <li>▼ Doha Metro and Lusail Tram use 100% renewable energy to power, which exemplifies their sustainable approach.</li> <li>▼ Electric vehicle charging stations by Qatar General Electricity and Water Corporation (Kahramaa).</li> <li>▼ Hamad International Airport's efforts towards achieving 30% carbon efficiency.</li> <li>▼ Qatar Airways' achievements in waste reduction, biodiversity and energy consumption.</li> </ul>
<b>Energy</b>	<ul style="list-style-type: none"> <li>▼ Qatar Petroleum's transition to Qatar Energy and its ongoing sustainability initiatives.</li> <li>▼ Establishment of 800MW capacity Siraj solar power plant.</li> <li>▼ Technological innovation by QSTech and Qatar Science &amp; Technology Park (QSTP) towards solar energy.</li> <li>▼ Kahramaa's sustainability ambitions and recent achievements through Tarsheed programme.</li> <li>▼ Reducing 10% of Qatar's total annual CO2 emissions from the power sector.</li> <li>▼ Reduce the Carbon intensity in Qatar's annual CO2 intensity by 27% for each unit of electricity produced.</li> </ul>
<b>ESG reporting</b>	<ul style="list-style-type: none"> <li>▼ Launch of ESG Guidance by QSE and its own initiatives to be ESG compliant.</li> <li>▼ Qatar Sustainability Platform to monitor ESG reporting by publicly listed entities in Qatar.</li> <li>▼ Launch of MSCI QSE 20 ESG Index.</li> <li>▼ Open Data Portal by TASMU to make the environmental and social data publicly available.</li> <li>▼ In late 2022, the QFMA published a draft amendment to its Main Market Governance Code. The draft amendment includes several provisions that reflect advancements in Qatar's corporate governance landscape, aligning it with international best practices.</li> </ul>

## Urban planning

In line with QNV 2030 and NDS3, **Climate Change Strategy (CCS)** was developed in 2015<sup>27</sup>. It proposed mitigation and adaptation measures to be incorporated into the urban planning and development sector.

Qatar National Environment and Climate Change Strategy 2021 covers five principle areas: greenhouse gas emissions, air quality, biodiversity, water, circular economy, waste management and land use.

Figure 13: Key pillars of Climate Change Strategy, 2015



Qatar is playing an active role in transforming its building standards towards higher sustainability levels by adopting the **Global Sustainability Assessment System (GSAS)** standards. The number of projects registered for GSAS certifications has been rapidly increasing thereby facilitating the transition towards green buildings.<sup>28</sup> Qatar has developed established its own assessment called Global Sustainability Assessment System (GSAS), formerly known as the Qatar Sustainability Assessment System (QSAS) system specifically developed for the State of Qatar. It ranks second on the list of countries outside the U.S. with the highest number of LEED-registered and certified buildings.

In 2022, Qatar successfully hosted the first **carbon-free FIFA World Cup Championship (WC)**. This was the first FIFA World Cup to feature a dedicated programme to manage stadium energy, water and waste impacts through design, construction and operations. All eight tournament stadiums achieved Global Sustainability Assessment System building certification<sup>29</sup>. The stadiums were designed to be reused and repurposed, with all but one of the arenas featuring demountable components. All the venues were accessible via public transport<sup>30</sup>.

### World Cup 2022 sustainability game changers

The stadiums boasted efficient cooling and ventilation systems, LED lighting and state-of-the-art building control systems and were 30% more energy efficient than international benchmarks (ASHRAE 90.1).

**40%** less water was used than international benchmarks (ASHRAE 90.1/the International Plumbing Code).

**79%** of stadium construction waste was reused and recycled.

**15%** of construction supplies were obtained from sustainably sourced materials, e.g., indoor spaces finished with non-toxic paint and light-coloured exteriors to minimise heat retention.

**170k** stadium seats from six stadiums will be donated for other purposes. They can be easily disassembled, reused and relocated thanks to their modular design.

27 Ministry of Municipality and Environment. (2021). Climate change strategy for urban planning and urban development sector in the State of Qatar.

28 Ministry of Municipality and Environment. (2021). Nationally determined contribution (NDC). State of Qatar.

29 FIFA. (n.d.). FIFA World Cup Qatar 2022 sustainability. Retrieved from <https://inside.fifa.com/fifa-world-cup-qatar-2022-sustainability>

30 FIFA. (n.d.). FIFA World Cup Qatar 2022 sustainability. Retrieved [Access date], from <https://inside.fifa.com/fifa-world-cup-qatar-2022-sustainability>

Two important landmarks in sustainable planning have been the Lusail and Msheireb Downtown development. Lusail includes all the features of a sustainable city – pneumatic waste collection, sewage treatment plant, district cooling, centralised facilities, and GSAS.

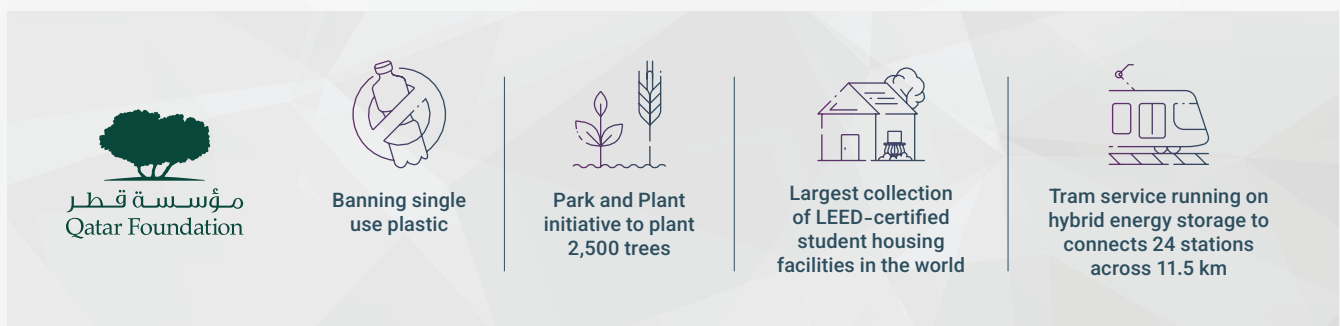
Figure 14: Key highlight of Lusail open spaces<sup>31</sup>



Green building is not just limited to the Ministry of Environment and Climate Change (MoECC) [which was part of the erstwhile Ministry of Municipality and Environment (MME)] but rather a general effort. For instance, the National Health Strategy 2018–2022 recommends the **Ministry of Public Health** build new hospitals and renovate the older ones to sustainable standards. Public Works Authority, **Ashghal** is also applying best environmental practices in projects work, and for the same, it was awarded the Government Sustainability Initiative Award by the Qatar Green Building Council in March 2020. Earlier, Ashghal had also received a Certificate of Sustainability in Design and Construction at a three-star level by the GSAS.<sup>32</sup>

**Qatar Foundation (QF)** is developing a green campus and housing facilities that directly impact the ecological footprint of facilities<sup>33</sup>. Recently, QF organised a national campaign under the umbrella of **Qatar Sustainability Week** to engage the wider community on a range of sustainability-oriented activities, showcase Qatar’s progress in sustainability, and raise awareness<sup>34</sup>. Furthermore, MoECC has expanded its cooperation with other non-government stakeholders, such as the **Environmental Science Center** at Qatar University, **Qatar Environment and Energy Research Institute (QEERI)** at Hamad Bin Khalifa University, **Qatar Green Building Council** and the **Friends of the Environment Center**.

Figure 14: Qatar Foundation sustainability initiatives in the Education City<sup>35</sup>



31 Lusail. Lusail master plan. Retrieved from <https://www.lusail.com/services/lcac/lusail-master-plan/>

32 Ashghal. (2020). Ashghal wins “Government Sustainability Initiative” award from Qatar Green Building Council. <https://www.ashghal.gov.qa>

33 Qatar Foundation. (2019). Qatar Foundation unveils the pioneering Education City tram. <https://www.qf.org.qa>

34 Qatar Foundation. (2019). Qatar Sustainability Week: QF initiative aims to create Qatar’s first urban forest. <https://www.qf.org.qa>

35 Qatar Foundation. (2021). Environmental sustainability initiatives in Qatar.

## Transportation

Qatar aims to have its entire public fleet system e-powered by 2030. The country has already signed an agreement with Volkswagen, '**Project Qatar Mobility**', to introduce a fleet of self-driving level 4 electric shuttles in the capital city of Doha in 2022<sup>36</sup>. Moreover, **MoT** has achieved to transform approximately 70% of the public buses to electric by 2024 and aims to achieve 100% electric by 2030<sup>37</sup>. MoT had conducted a pilot testing of electric buses in Qatar in collaboration with Kahramaa, Mowasalat (Karwa), and China Harbor Engineering Company in 2018<sup>38</sup>. In addition, **Qatar Free Zones Authority (QFZ)** signed a multilateral framework agreement with Yutong, one of the world's largest bus and coach suppliers, and Mowasalat in November 2020 to see electric buses manufactured in the free zones<sup>39</sup>.

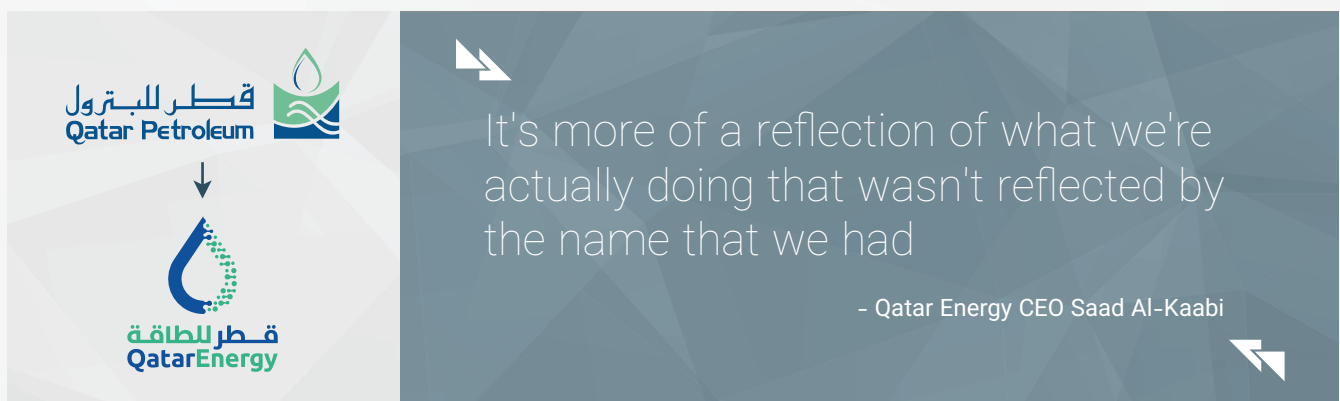
Kahramaa, through its National Programme for Conservation and Energy Efficiency (**Tarsheed**), has signed an MoU with Qatari Diar Real Estate Investment Company (Qatari Diar) to set up 10 electric vehicles (EV) charging stations in Lusail City. Through all these efforts, boasting the launch of over 200 swift chargers, Kahramaa is steadfast in its mission to commission 300 units by the end of 2024, with an ambitious target of 600 units in 2025<sup>40</sup>.

**Hamad International Airport (HIA)** is the only airport to have included carbon emissions generated since its very first day of operations in 2014. It has a target to improve carbon efficiency by 30% by 2030 through several steps, including replacing sodium lights with LEDs, installation of PV cells and expanding the fleet of clean vehicles<sup>41</sup>.

## Energy

Rapid transition and adoption of renewables and decrease in fossil fuel-based energy sources hold a high relevance for Qatar. The country has initiated several measures to make its hydrocarbon sector more sustainable. The biggest change has been the renaming of the erstwhile Qatar Petroleum to Qatar Energy.

Figure 15: key initiatives by Qatar Energy (QE)



Source: Qatar Energy, State of Qatar's Ministry of Municipality and Environment Nationally Determined Contribution (NDC)

<sup>36</sup> Volkswagen. (2019). 'Project Qatar Mobility': Self-driving shuttles set to take Doha's local public transport to the next level in 2022. <https://www.volkswagen.com>

<sup>37</sup> The Peninsula. (2024, March 11). Qatar on course to have 100% electric public bus fleet by 2030. <https://thepeninsulaqatar.com/article/11/03/2024/qatar-on-course-to-have-100-electric-public-bus-fleet-by-2030>

<sup>38</sup> Ministry of Transport and Communication. (2018). Ministry starts electric bus pilot testing in collaboration with KAHRAMAA, Karwa. <https://www.mot.gov.qa>

<sup>39</sup> Qatar Free Zones. (2020). Framework agreement signed to manufacture E-Buses in Qatar Free Zones. <https://www.qfz.gov.qa>

<sup>40</sup> The Peninsula. (2024, January 14). Kahramaa sets up 200 EV charging stations. <https://thepeninsulaqatar.com/article/14/01/2024/kahramaa-sets-up-200-ev-charging-stations#:~:text=Boasting%20the%20launch%20of%20over,the%20electric%20vehicle%20charging%20experien>

<sup>41</sup> Hamad International Airport. (2016). Hamad International Airport announces long-term commitment to reduce carbon emissions. <https://mciit.gov.qa/en/news-events/news/hamad-international-airport-announces-long-term-commitment-reduce-carbon-emissions>

Some of the key initiatives by Qatar Energy (QE) and its subsidiaries include<sup>42</sup>:

▼ Al Shaheen flare reduction project - one of the world's largest	▼ Jetty boil-off gas recovery project resulting in 90% reduction in jetty flaring
▼ Al-Shaheen Oil Field Gas Recovery and Utilisation Project, which was implemented to abate approximately 1.2MT of CO2 each year during 2014-2021	▼ Smart leak detection and repair programme (LDAR) by QE, introduced in 2019 for all upstream and downstream facilities
▼ Subsea cable from Ras Laffan to Halul Island to help reduce emissions from gas generators	▼ Development of GHG quantification practice with operated onshore assets – QP Refinery, NGL and Dukhan – and verification of their GHG emissions by a third party
<p>▼ Qatar Energy set within its strategy several targets, such as:</p> <ul style="list-style-type: none"> <li>▼ Methane intensity of 0.2% by 2025</li> <li>▼ Carbon reduction intensity of 15% from upstream and 25% from the LNG facilities by 2030</li> <li>▼ Zero routine flaring by 2030</li> <li>▼ Add 2GW to 4GW of renewable by 2030</li> </ul>	

Source: Qatar Energy, State of Qatar's Ministry of Municipality and Environment Nationally Determined Contribution (NDC)

Apart from the oil and gas sector, there are also other energy efficiency plans being undertaken in Qatar. Qatar has introduced its first **800 MW solar power plant** in Al Kharsaah, inaugurated in 2022. The project is owned by Siraj Energy (which in turn is owned by QE and Kahramaa), Marubeni, and Total, under the build, own, operate, and transfer (BOOT) model for 25 years, after which it will be transferred to Kahramaa<sup>43</sup>.

A **solar technology testing facility** has been set up at Chevron's Center for Sustainable Energy Efficiency, Qatar Science & Technology Park (QSTP) to evaluate 10-20 different solar technologies, both photovoltaic and thermal, and solar air conditioning and low-energy lighting technologies. **QSTech**, a polysilicon plant owned by Qatar Foundation and SolarWorld, is nearing completion and has a capacity to produce 8,000 tons per annum of high-grade polysilicon for exports. It is also constructing a 150 MW Solar Module manufacturing facility and a 1.4MW solar farm at Ras Laffan<sup>44</sup>.

Figure 16: Kahramaa key initiatives

<p><b>Kahramaa is the sole transmission and distribution system owner and operator for the electricity and water sector in Qatar. By 2030, it aims to set global benchmarks in performance, innovation, environmental sustainability, and social responsibility. According to its 2020 sustainability report, some of its recent achievements are:</b></p>	
▼ Savings of 7,651GWh in the electricity sector in 2019 due to several targeted initiatives	▼ Winning of two Global Good Governance (3G) Awards for Sustainability and Innovation by its National Program for Conservation and Energy Efficiency (Tarsheed)
▼ Completion of 11 electric vehicle charging stations as of 2019	▼ 100% recycling of generated waste
▼ 65% reduction in potable water usage in 2019	▼ Rank 16th globally for Integrated Water Resource Management by the UN

42 Ministry of Municipality and Environment. (2021). Nationally determined contribution (NDC). State of Qatar.

43 Ellichipuram, U. (2020). Total to build 800 MW solar power plant in Qatar. Power Technology. <https://www.power-technology.com>

44 Zafar, S. (2021). Solar energy in Qatar. Ecomena. <https://www.ecomena.org/solar-energy-in-qatar/>

## ESG reporting

In 2016, Qatar Stock Exchange (QSE) became a signatory to the UN-sponsored **Sustainable Stock Exchange initiative**. In 2017, QSE introduced an **ESG Guidance** to assist listed companies wishing to incorporate ESG reporting into their existing reporting processes. In 2018, with the support from QFMA, QSE implemented a web service called **QSE Sustainability Platform** that allows investors to view and assess the performance of QSE listed companies<sup>45</sup>. As of date, there are 47 companies listed on the platform, and QSE ranks these companies annually based on the number of ESG indicators reported<sup>46</sup>. QSE plans to make reporting material ESG metrics in due course, and sustainability reports mandatory in the future for its listed companies, with some reports suggesting it as early as January 2022<sup>47</sup>. In November 2021, QSE with MSCI launched the **MSCI QSE 20 ESG Index** to identify the top 20 securities within the MSCI Qatar Investable Market Index demonstrating the best ESG profile. QSE intends this tradable index to serve as a basis for index-linked financial products, particularly exchange-traded funds<sup>48</sup>. This partnership with MSCI will elevate local companies' ESG efforts, aspirations, and reporting frameworks. To ensure good corporate governance and transparency, the QFMA, which supervises listed companies, issued its Governance Codes to ensure that Main Market and Venture Market companies comply with applicable corporate governance requirements<sup>49</sup>.

In addition, the digital and data ecosystem in Qatar has been improving significantly in recent years due to the Ministry of Communication and Information Technology (MCIT) initiatives through its TASMU programme. Its **Open Data Portal** has data on ESG-related themes such as 'Environment and Weather,' 'Employment and Labour' and 'Education and Training'<sup>50</sup>.



45 Qatar Stock Exchange. (2021). ESG initiative. <https://www.qe.com.qa/esg-del>

46 Qatar Stock Exchange. (2021). The Qatar Stock Exchange sustainability and ESG dashboard. <https://qse.arabsustainability.com/>

47 John, D. (2021). Qatar aims to attract global ESG sensitive investments: Official. The Peninsula. <https://thepeninsulaqatar.com>

48 Perumal, S. V. (2021). QSE, MSCI join hands to launch ESG index. Gulf Times. <https://www.gulf-times.com>

49 PwC. (2023). Qatar's progressive ESG journey: Key developments and future plans. <https://www.pwc.com/m1/en/media-centre/2023/qatars-progressive-esg-journey-key-developments-and-future-plans.html>

50 Qatar Open Data Portal. (2021). <https://www.data.gov.qa/pages/default/>

## Sustainable FDI

Annual investment of up to \$6trn is needed to meet national climate objectives and achieve decarbonisation<sup>51</sup>. Trillions of dollars in annual investment are essential for decarbonisation, transforming energy, production, and consumption and adapting to climate change. Such a substantial volume of investment cannot be mobilised solely within national borders; it requires both foreign capital and advanced technology. In 2023, tight financing conditions caused a 26% decline in international project finance, which is essential for infrastructure investment in sectors like power and renewable energy. Consequently, investment in areas related to the SDGs dropped by over 10%<sup>52</sup>.

Investment promotion agencies (IPAs) can play a pivotal role in advancing and facilitating climate related FDI projects. Their responsibilities include promoting, facilitating and retaining FDI, as well as collaborating with both public and private stakeholders to create an investor-friendly business environment. By doing so, IPAs are instrumental in meeting national and international climate goals while also driving economic development benefits. IPAs can enhance the attractiveness of climate-aligned investment projects by integrating climate FDI into their strategies and key performance indicators (KPIs). They should establish relevant sector priorities and assess and coordinate incentives for climate FDI projects. These actions should be carried out throughout the process of investor targeting, aftercare, and policy advocacy. According to a WAIPA and OCO Global survey in 2023, while 51% of IPA respondents have adjusted their strategies to align with sustainable development goals, just over a third are actively tracking the ESG impact of the projects they target and attract<sup>53</sup>.

Invest Qatar is making a concerted effort through a range of approaches to attract and capture the ESG benefits from FDI. Some of the efforts include (i) providing a platform to access the available mix of financial, fiscal and regulatory incentives for business set-up, (ii) targeting investment in particular sectors and activities through the right partner connections and introduction facilitation and (iii) reducing information asymmetries and other barriers to investment. As a single and complete source of investment solutions, Invest Qatar helps connect investors to the right people, resources and platforms throughout the investment process. Invest Qatar acts as a gateway for investors to get access to key stakeholders – regulators, lawmakers, supervisors, financial institutions, large corporations, SMEs, NGOs and universities that have been playing an inalienable role in sustainable development. The recent milestones achieved by the nation have been made possible by these different entities working in tandem with each other to achieve a common goal.



51 World Economic Forum. (2023). Guidebook on facilitating climate foreign direct investment. [https://www3.weforum.org/docs/WEF\\_Guidebook\\_on\\_Facilitating\\_Climate\\_FDI\\_2023.pdf](https://www3.weforum.org/docs/WEF_Guidebook_on_Facilitating_Climate_FDI_2023.pdf)

52 United Nations Conference on Trade and Development. (2024). World investment report 2024. <https://unctad.org/webflyer/world-investment-report-2024>

53 OCO Global. (2023). WAIPA innovation report 2023. <https://waipa.org/waipa-content/uploads/OCO-Global-WAIPA-Innovation-Report-2023.pdf>

## The journey ahead

Sustainable investment is a key opportunity for the countries looking to attract both issuers and investors. Investments could be driven to countries successfully putting the four key elements together: clear understanding, right governance, smooth regulations and supportive ecosystem.

Figure17: The journey ahead



### Clear understanding

Sustainable finance, being a developing topic, is ambiguous to many businesses. A clear understanding of its definitions, tools and indicators is required to generate discussions among the stakeholders to further its adoption. A few key initiatives in that direction are as follows:

- ▼ **A common taxonomy of activities** for eligible activities under sustainable finance to ensure investors' understanding of how to utilise their funds. A framework released by OECD in 2021 could be used to further develop and customise it to local needs. The recent initiative taken by the European Commission to develop the EU taxonomy as part of its green deal could be a starting point.
- ▼ **Guidelines to evaluate the quality of investments** being made by institutions to link them to sustainability. This will further foster the understanding among the investors on how to best utilise their funds.
- ▼ **Certification courses and full-time programmes** could be launched by educational institutions in collaboration with partner institutes globally.



## Right governance

Right governance ensures climate-related policies are embedded into the functioning of public and private institutions. The right supervision and stakeholder involvement could persuade entities to put responsible policies in place to translate sustainability into actual activities. Qatar has been a good example by constituting a ministry dedicated solely to environment. Some key initiatives that could be explored includes:

- ▼ **Formalisation of existing institutions** through expansion of mandates to incorporate Sustainable Development Goals.
- ▼ **Broad-based consultations with key private sector players** in policy matters for public and private sector entities' promotion and adoption of ESG.
- ▼ **Alignment of efforts of multiple stakeholders** to target investment in mitigation or adaptation projects consistent with nationally determined contributions and identifying opportunities to serve export markets' demand for environmental goods and services.
- ▼ **Local chapters** of the UN Global Compact and other ESG-related groups to promote active collaboration among private sector players and help identify innovation and investment opportunities.

## Smooth regulations

Regulating authorities are enabling conditions by adopting guidelines for faster and smoother adoption of sustainable finance by public and private sector entities:

- ▼ **Framework for sustainable finance** to guide national policies and initiatives to further sustainable finance.
- ▼ **ESG reporting** for listed companies and support to the smaller companies in the preparation of reports and upskilling the companies through incentives and dedicated programmes.
- ▼ **Guidelines on risk regulatory mechanisms** for financial institutions issuing green and climate-related products and services to mitigate key risks and ensure proper due diligence.

## Supportive ecosystem

A supportive ecosystem with strong foundations facilitates the development of quality ESG products and services in the market. Some initiatives include:

- ▼ **Inking of bilateral and multilateral treaties, MoUs and agreements** with the government, non-governmental and commercial entities to boost foreign and domestic investment into sustainable products and services in the country.
- ▼ **Use of technology and digitalisation to enhance the data landscape** and policies to enable the usage of relevant data by financial entities to develop tools to analyse the project's sustainability and impact. This reduces information asymmetry in the market provides a boost to capital markets in general.
- ▼ **Facilitate innovation in sustainable finance** through promoting entrepreneurs. Incubators and accelerators which are focussed on FinTech could launch dedicated programmes related to the promotion of SMEs dealing with sustainable financial products and services.

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