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K n o w l e d g e f o r A l l

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Workshop No. 1

The Economic Architecture and Diplomacy of Climate Change in the Gulf: Financing the Transition

1. Directors

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2. Abstract

This workshop examines the financial systems, policy frameworks, and diplomatic tools required to support the Gulf region's energy transition. Achieving climate goals requires coordinated, large-scale investment mobilization across public and private sectors. The workshop moves beyond high-level announcements to analyze practical financial mechanisms, market structures, and instruments that can enable the transition. It evaluates the role of financial markets and innovative sustainable finance instruments such as green bonds, sustainability-linked loans, and green sukuk. The workshop also explores prospects for establishing regional carbon markets and integrating them with global systems. It further examines investments in green technologies and the strategic roles of NOCs and SWFs in driving climate-aligned investments. To strengthen its position in global climate finance, the Gulf must reconcile continued hydrocarbon revenue generation with long-term sustainability. The workshop also analyzes transition-related risks and emerging economic opportunities.

This workshop brings together scholars, regulators, and industry experts to discuss, exchange insights, share recommendations, and develop consensus solutions to accelerate sustainable financing in the Gulf. This collaboration among academics, industry professionals, and regulators will help shape the overall strategy for energy transition and climate goals.

3. Context

The Gulf states stand at a historic crossroads, facing the dual challenge of maximizing value from their hydrocarbon resources while leading ambitious transitions to sustainable economies. Sustainability is not merely an environmental imperative; it is a core economic strategy essential for the long-term diversification and resilience of the Gulf economies. The stakes are particularly high, as these economies remain heavily hydrocarbon-dependent and have only recently begun establishing themselves in renewable energy, clean technology, and climate diplomacy.

Globally, pressure for decarbonization is accelerating, with investors and regulators increasingly scrutinizing carbon exposure. Within the Gulf, the oil market continues to be volatile, making diversification into sustainability and other sectors imperative. Attracting funding for emerging green technologies and sustainable infrastructure is highly competitive, requiring the region to navigate both risks and opportunities with innovative financing approaches.

Political commitment to climate diplomacy is growing, as evidenced by major announcements on renewable energy projects and net-zero targets. Yet the core challenge remains the scale of investment required. Over the coming decades, the region will need to mobilize trillions of dollars for renewable energy and green technologies. This raises key questions:

- I. How can the Gulf mobilize capital locally and internationally?
- II. Which financial instruments are most likely to attract investment?
- III. For publicly funded green investments, how can the Gulf balance fiscal sustainability with social priorities?
- IV. What institutional frameworks, policies, or regulations are best suited to bridge the investment gap?

This workshop directly addresses these questions by bringing together leading scholars, regulators, and industry experts in economics, finance, and energy policy to explore practical financial tools, market structures, and investment strategies that will determine the pace and success of the Gulf's energy transition. Key topics include:

- I. Asset classes are best suited for sustainable investment (e.g., green bonds, loans, and Sukuk)
- II. Strategic deployment of Sovereign Wealth Funds (SWFs) into green assets
- III. The emergence of carbon markets in the region
- IV. The role of national oil companies as transition investors

By situating the Gulf's trajectory within broader theories of sustainable finance and economic development, the workshop aims to generate actionable insights linking global debates to regional realities. It seeks to foster a comprehensive understanding of the risks, opportunities, and financial architectures necessary to reconcile hydrocarbon wealth with a sustainable future. Ultimately, the workshop aspires to position the Gulf not only as a participant but also as a key innovator in the global climate finance landscape.

4. Workshop Focus/Objectives

- Financial Instruments for Energy Transition

Assess existing and emerging instruments supporting the Gulf's energy transition—green bonds, sustainability-linked loans, and public-private investments—focusing on their risk-return profiles.

- SWF and NOC Investment Strategies

Examine how Gulf Sovereign Wealth Funds (SWFs) and National Oil Companies (NOCs) strategically diversify into renewable energy, hydrogen, carbon capture, and other green technologies.

- Carbon Markets and Pricing Mechanisms

Evaluate the potential and challenges of developing regional carbon markets and integrating them with global markets, including implications for carbon pricing and border adjustment mechanisms for Gulf exports.

- Risks and Opportunities of Transition

Identify the main economic risks, such as stranded assets and labor market shifts, alongside opportunities, including new export markets and technological leadership arising from the Gulf's energy transition.

5. Paper Focus/Topics

Paper proposals are invited on the following topics:

1. Innovative Financial Instruments for Energy Transition

- Design, issuance, and performance of green bonds, Sukuk, sustainability-linked loans, and other debt instruments.
- Public-private partnership structures for financing renewable energy and low-carbon infrastructure.
- Economic modeling of transition risks (e.g., stranded assets) and opportunities (e.g., green hydrogen exports) in specific Gulf economies.
- Risk-return dynamics and investor preferences in sustainable finance.

2. Sovereign Wealth Funds (SWFs) and National Oil Companies (NOCs) Investment Strategies

- Strategic allocation of SWFs and NOCs to renewable energy, hydrogen, carbon capture, and other green technologies.
- Portfolio diversification, risk management, and governance challenges in transitioning investment strategies.
- Analysis of SWF and NOC investments in renewable energy and cleantech, both domestically and internationally.
- Case studies of successful green investments by Gulf SWFs and NOCs.

3. Carbon Markets and Pricing Mechanisms

- Development and integration of GCC carbon markets with global systems.
- Economic implications of carbon pricing, emissions trading, and border adjustment mechanisms for Gulf exports.
- Market-based instruments to incentivize emission reductions and low-carbon innovation.

4. Economic Risks and Opportunities of Energy Transition

- Assessment of stranded assets, labor market shifts, and sectoral transitions in GCC economies.
- Opportunities for technological leadership, new export markets, and industrial diversification.
- Socioeconomic and policy implications of the energy transition for long-term economic resilience.

5. Policy, Governance, and Regulatory Frameworks

- Effectiveness of national visions and climate strategies (e.g., Saudi Vision 2030, UAE Net Zero 2050) in mobilizing capital for sustainable development.
- Institutional frameworks to support green finance, renewable energy deployment, and climate diplomacy.
- Comparative studies of GCC climate finance policies with other fossil-fuel-dependent economies.

6. Cross-Cutting and Interdisciplinary Topics

- Integration of ESG (Environmental, Social, and Governance) criteria in GCC financial markets.
- Role of digital finance, fintech, and innovation in supporting energy transition.
- Interactions between global energy markets, geopolitical dynamics, and regional decarbonization strategies.

7. Publication Plans

All accepted papers will be published—either jointly in an edited volume or special issue, or as individual journal articles or working papers. Peer review ensures rigorous academic and policy standards, with joint publications preferred to highlight collaboration and maximize impact. Journals and publishers will be announced following paper acceptance.

Publication Formats

- Edited Volume
- Special Issue in a High-Ranking Journal
- Individual Journal Articles or Working Papers

Core Themes

- Instruments & Mechanisms: Green finance tools such as green bonds, sukuk, and public-private partnerships (PPPs)
Key Actors & Strategies: Sovereign wealth funds, national oil companies, and central banks
Market Integration & Risk: Carbon markets, global regulations (e.g., CBAM), and economic risk management strategies

8. References

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9. Workshop Directors

Aktham Maghyereh is a Professor of Finance at the United Arab Emirates University (UAEU), specializing in financial economics, risk management, and energy finance. He holds a Ph.D. in Finance from Durham University and has authored over 120 publications, primarily

on emerging markets. His research examines financial risk management, market efficiency, and the effects of oil price fluctuations on financial markets. Professor Maghyereh has published in leading academic journals and is actively engaged in scholarly and policy discussions on sustainable finance, green investment, and economic development in the Middle East. He has extensive experience in organizing and leading workshops and conferences, fostering collaborative research initiatives in the region.

Basel Awartani is an Associate Professor in the Department of Accounting and Finance at King Fahd University of Petroleum and Minerals (KFUPM) in Dhahran, Saudi Arabia. He earned his Ph.D. in Economics from Queen Mary College, University of London. Prior to KFUPM, Dr. Awartani served as a Reader in Finance at Westminster University and as an Associate Professor at Plymouth University in the UK. His research focuses on financial market linkages, energy economics, and volatility forecasting, with publications in leading journals including the *Journal of Business and Economic Statistics*, *International Journal of Forecasting*, and *Energy Economics*. A CFA charterholder and Certified Financial Risk Manager (FRM), he brings both academic rigor and practical expertise to policy discussions and financial risk management in energy and emerging markets.