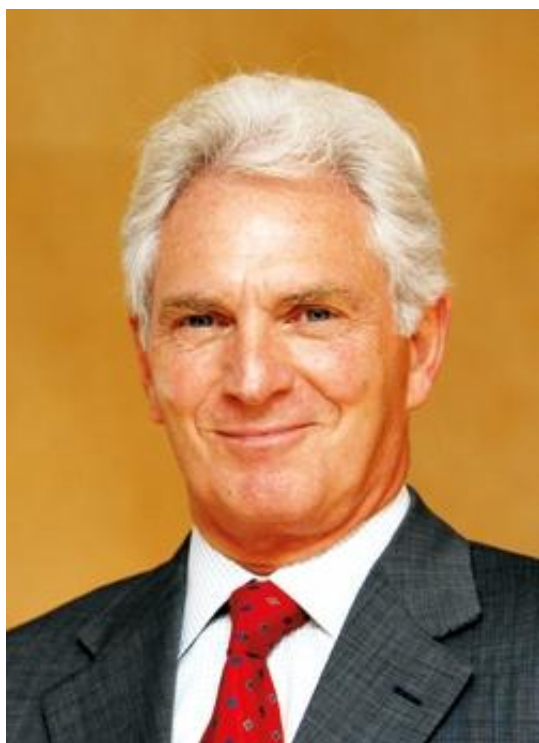


# The Business Year <sup>[1]</sup>

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**Bumper years, growth years, record-breaking years, challenging years. The key players and their stories are all in thebusiness year.**



## BIOGRAPHY

In addition to his role as Chairman of the Clean Energy Business Council, Nasser H. Saidi has been the Chief Economist of Dubai International Financial Centre (DIFC) since 2006. He leads the links with governments, central banks, and international organizations. He is also the Executive Director of the Hawkamah Institute for Corporate Governance and the Mudara Institute of Directors at the DIFC. He is a member of the IMF's Regional Advisory Group for MENA and Co-Chair of the Organization of Economic Cooperation and Development's MENA Corporate

Governance Working Group.

## INTERVIEW

**Nasser H. Saidi**

### Clean & Green

TBY talks to Nasser H. Saidi, Chairman of the **Clean Energy Business Council**, on the development of clean energy, the impact of reduced fuel subsidies, and

the potential for green financing.

### **TBY What potential does this region have for the development of clean energy?**

**NASSER H. SAIDI** The Clean Energy Business Council (CEBC) is actually regional in scope, and we look at the whole Middle East and North Africa (MENA) region as one that has enormous potential for renewable energy and clean technology. It clearly has a comparative advantage in solar, but also wind in a few countries as well. One of the major characteristics of a clean energy program—and clean energy in general—is the necessity to have in place a strong policy and regulatory framework. Clean energy is very much in its infancy as an industry, and we are only at the beginning of the roll-out of clean energy and renewable energy solutions. If you look at how the world produces energy, and how it uses it, clean energy and renewable energy is still a very small fraction of the total—maybe 5% or 6%. But it is very promising for a large number of reasons, including climate change. Climate change is clearly the principal driver of these efforts, both public and private, aimed at reducing pollution and preserving the environment. Unfortunately in our region there is an absence of any policy or regulatory framework. Although this region has this enormous comparative advantage—particularly for solar—it has not invested in it. If you look at total investment in solar energy, renewables, and clean energy in general across MENA in 2011, it was only about \$840 million or so, out of a world total of \$260 billion.

### **How is CEBC involved in supporting the development of a sustainable local environment?**

CEBC was set up firstly to promote greater awareness of the need for clean energy as a source to replace our use of fossil fuels, which are non-renewable. Secondly, the organization was set up to help governments and other policymakers put in place a policy and regulatory framework. Thirdly, its aim is to work with the private sector in terms of introducing clean energy and clean technology. Fourthly, and probably most importantly from my viewpoint, is that not only do we have the potential for the increased use of clean energy and renewables, but we can be major producers.

### **How large a role does the subsidization of fuel play in this story?**

Regionally, we heavily subsidize the use of fossil fuels. We are the biggest subsidizers of fossil fuels in the world; in 2010 our subsidies amounted to \$166 billion. That is two-thirds of the world's fuel subsidies, just in our region. The subsidies we put on fuel are greater than what we invest in education. Part of our message in the CEBC is to start a discussion on gradually removing fossil fuel subsidies. If you still want to maintain the level of subsidies, reorient them towards renewable and clean energy. In the MENA region, 80%-85% of the subsidies go to the richest 20% of the population. The people who benefit are the rich. If you look at Dubai, there is a high percentage of wealthy expatriates who are paying no taxes, yet contributing to the heavy consumption of fuel. Removing the subsidies would fix a distortion in the price system from an economic point of view.

### **What opportunities are there to develop the green financing sector in Dubai?**

On a global basis, there is no center that is focused on clean energy finance, and I believe the Dubai International Financial Centre (DIFC) has great potential in that sense. Given the resources available, and given the companies that we have in the DIFC, we believe there is potential for the DIFC, and therefore for Dubai, to emerge as a clean energy and clean technology financing center, certainly for the Middle East. Anybody who has a clean energy project could then come and get the financing from the DIFC. We could list securities, we could list funds, or find financing for funds, project finance, infrastructure finance, and all the consulting related to that in terms of structuring. For example, public-private partnerships are another thing we are missing in the region that we should really put in place. One other thing we have looked at that is promising for the future is a "green sukuk" initiative, which we have launched. There are, of course, conventional sukuk being issued, but we have looked at having green sukuk that would finance projects that satisfy both international climate criteria and be sharia-compliant. That would mean the Islamic finance industry could then be using Islamic "green sukuk" to finance projects across the world.

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1. <http://thebusinessyear.com/>

