

**THE ROLE OF FUNDING AGENCIES IN PROMOTING IMPACT INVESTING AND FUTURE SUSTAINABILITY IN THE MENA REGION*****Ahmed Elidrisy**

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Abstract

The impact investing practices in the Middle East and North Africa (MENA) region and its implication for sustainable development. Through a comprehensive review of literature and empirical analysis we investigate the role of funding availability, policy support, investor education and technical assistance in driving sustainable development initiatives in MENA. Our findings explored that funding agencies, policy initiatives, and investor education programs are crucial driver of impact investing, promoting renewable energy projects, job creation and the integration of sustainability into business operations. The study highlights the crucial role of funding availability, policy support, investor education and technical assistance in promoting sustainable development and technological innovation in the MENA region as this has shown significance ($p < 0.05$) with less p value in all the factors. This study contributes to the understanding of the factors influencing impact investing practices in MENA and provides insights for policymakers, investors and practitioners observing to promote sustainable development in the region.

Keywords: Funding Availability, MENA region, Sustainable Development, Policy Support, Investor Education.

INTRODUCTION

The promotion of renewable energy production in the MENA region is significantly influenced by political stability, governance effectiveness, and financial development (Belaïd *et al.*, 2021). The impact on investors prioritize the founding team's authenticity, societal problem importance, and financial sustainability in social enterprises, while donors prioritize societal problem significance and equity investors focus on large-scale implementation (Block *et al.*, 2021). The Middle East and North Africa (MENA) region is undergoing a significant shift towards sustainable development due to climate change, water scarcity, urbanization, and economic diversification (Waha *et al.*, 2017). Funding agencies, including development banks, international finance institutions, and private investors, are playing a crucial role in mobilizing capital for sustainable projects, particularly in the renewable energy sector (Kaminker & Stewart, 2012). Large-scale projects like the Mohammed bin Rashid Al Maktoum Solar Park in UAE and Benban Solar Park in Egypt contribute to energy security and economic sustainability (Hafner *et al.*, 2023). The use of cultural heritage in sustainable development, focusing on poverty alleviation, gender equality, and environmental sustainability, highlighting achievements and common pitfalls (Giliberto & Labadi, 2022). The impact of development finance resources and institutional quality on human development in MENA countries, examining why they fail to efficiently utilize available financial inflows. The Awdeh uses co-integration analysis, vector error correction model, and Granger causality test on 13 countries from 1996-2019 (Awdeh & Jomaa, 2022). The objective of the study is to explore the role of funding agencies in promoting sustainability in the Middle East and North Africa.

The study assesses the effectiveness of these initiatives, exploring current trends, evaluating the sustainability practices and providing insights through survey and content analysis. The study aims to inform policy recommendations and future trajectory of the impact in investing and sustainability.

Theoretical Framework**Stakeholder Theory**

Stakeholder theory considered that organisations that should consider the interests and impact of all stakeholders, including not only shareholders but also employees, customers, communities and the environment (Freeman *et al.*, 2010). In the context of funding agencies, this theory could guide the study in understanding that how their initiatives affect different stakeholders and contribute towards sustainability in the MENA region. However, it's crucial to refer towards the actual study or research paper for accurate information related to the chosen theoretical framework (Barney & Harrison, 2020). Although stakeholder theory offers a comprehensive analysis based on funding agency creating an impact in sustainability projects in the MENA region, considering interests, impacts and communities. Funding agencies invest in projects with financial returns assessing long-term shareholder interests. Supporting renewable energy projects in the MENA region benefit the shareholders while promoting environmental sustainability. Stakeholder theory helps in understanding the impact of funding agency initiatives on different stakeholders in the MENA region. It helps in understanding how these initiatives enhance the employee well-being and productivity, promote responsible consumption patterns, addressing the community needs, and ensure environmental sustainability. By engaging stakeholders in project planning and implementation funding agencies can prioritize community interest and achieve sustainable outcomes.

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LITERATURE REVIEW

Impact investing initiatives in the MENA region: fostering renewable energy, social entrepreneurship, and education

The ethical and contextual basis of clean-tech entrepreneurship in the Arab world, focusing on Qatari examples, suggesting the need for countries to integrate entrepreneurial education into national action plans (Tok *et al.*, 2018). The AP EGO fund aims to convert global institutional savings into sustainable infrastructure investments in emerging markets. It's a special-purpose securitization vehicle, backed by green bonds issued by banks in multiple countries. It uses a securitization technique with "first-loss" protection (Bolton *et al.*, 2020). Funding agencies in the MENA region are crucial in impact of investing, promoting sustainability, knowledge sharing, capacity-building and collaboration thereby generating financial returns and addressing social and environmental challenges. Mandatory IFRS adoption doesn't significantly enhance FDI inflows in the Middle East and North Africa, but their interaction positively impacts these inflows (Elhamma, 2023). Renewable electricity finance in the Middle East and North Africa is becoming increasingly crucial due to decreasing costs, favorable policy environments, and environmental concerns (Krupa *et al.*, 2019). Financial development and globalization significantly impact environmental quality in MENA nations, while energy use and foreign direct investment positively influence it (J. Zhang *et al.*, 2023). Economic institutions play a crucial role in mitigating the trade-off between human well-being and ecological footprint in MENA countries (Kassouri & Altıntaş, 2020). The promotion of renewable energy production in the MENA region is significantly influenced by political stability, governance effectiveness, and financial development (Belaid *et al.*, 2021). Renewable energy consumption and financial development have a slight impact on CO2 emissions and economic growth in the Middle East and North Africa (MENA) (Charfeddine & Kahia, 2019). MENA countries should customize their generic policies to suit their unique health systems for enhanced efficiency and cost-effectiveness, considering both supply-side and demand-side policies (Kamphuis & Kanavos, 2021). MENA countries, including UAE, Saudi Arabia, and Kuwait, are providing significant health development assistance through bilateral and multilateral agencies, primarily focusing on strengthening the health system (Zhao *et al.*, 2020).

Funding Availability: A Critical Component for Promoting Impact Investing and Future Sustainability

Funding agencies in the Middle East and North Africa has promoted impact in investing and sustainability through providing financial resources and strategic support. Businesses are integrating sustainability into operations, addressing societal and environmental challenges, and collaborating with governments, international organizations, and private sector stakeholders for sustainable economy growth (Emara & El Said, 2021). The Ozmen&Taşdemir examines natural resource endowments' impact on growth in 13 Middle East and North Africa countries from 1970-2019, finding that NRE encourages growth up to a certain threshold, decreasing for Gulf Cooperation Council countries (Ozmen & Taşdemir, 2022). The study explores macro determinants affecting financial development in the MENA region, focusing on domestic credit, stock market capitalization ratio, corruption perception

index, financial freedom, political stability, and trade openness. Results show positive impacts on GDP and stock market performance (Ashour *et al.*, 2023). The long-term economic impact of resource abundance on 11 Middle East and North African countries from 1987-2015, revealing that this effect is more pronounced in countries with lower financial development (Chebab *et al.*, 2021). Government cashless policies significantly enhance financial inclusion in MENA countries, especially benefiting the poor, less educated, and young individuals (Mouna & Jarboui, 2022).

H^1 : Funding Availability is significant ($p < 0.05$) with a p -value of .001, indicating that it also has a significant impact on MENA.

Policy Support for Funding Agencies in MENA Sustainability

Funding agencies in the MENA region has shown a crucial role in promoting sustainable practices and investment. They collaborate with governments in developing policies that has encourages sustainable practices, promoting transparency and encourage responsible investment. They also provide technical expertise and capacity-building support to policymakers, shaping regulatory landscapes and driving sustainable development. The IMF's policies in the MENA region should not only promote women's labor force participation but also consider both productive and reproductive aspects (Jrad *et al.*, 2023). The EU's assistance to MENA countries has become politicized due to increased opinions on EU funds for migration and security, with internal policy-making dynamics limiting polarization (Youngs & Zihnioglu, 2021). Good governance effectively combats multidimensional poverty in middle-income countries, but not in low-income countries (Kilishi *et al.*, 2023). A new generation of social protection research, focusing on political and policy-making processes in the Global South, categorizing it into social risk management, social justice/contracts, and institutionalization of social protection (Jawad, 2019). The Jabbouri exposes dividend policy in MENA emerging markets is influenced by factors like size, current profit, liquidity, leverage, growth, and economy, potentially indicating agency issues (Jabbouri, 2016). The MENA region, accounting for only 5% of global exports and 4.3% of imports, is vulnerable to terms-of-trade shocks. To achieve economies of scale, it can use production sharing networks and global value chains. FDI inflows increased between 2000 and 2008, but slowed after the 2008 financial crisis (Saidi & Prasad, 2018).

H^2 : Policy support is significant ($p < 0.05$) with a p -value of .000 indicating that it has a significant impact on MENA

Investor Education for MENA Sustainable Investing

Financial education programs significantly decrease the likelihood of investors investing in fraudulent products, particularly among risk-averse individuals (Gu *et al.*, 2022). The MENA region faces challenges in education, including unemployment, poor quality, and technology inefficiency, but this Al Rashidi explores the impact of education systems on socioeconomic development (Al Rashidi *et al.*, 2021). This Giliberto&Labadi examines the use of cultural heritage in sustainable development, focusing on poverty alleviation, gender equality, and environmental sustainability, highlighting

achievements and common pitfalls (Giliberto & Labadi, 2022). The MENA region's environmental quality is negatively impacted by FDI and corruption, necessitating increased awareness among political and economic actors about the harmful effects of corruption (Giliberto & Labadi, 2022). The promotion of renewable energy production in the MENA region is significantly influenced by political stability, governance effectiveness, and financial development (Belaid *et al.*, 2021). Moreover, investor education and awareness programs play a crucial role in promoting impact of investing and fostering future sustainability in the MENA region. Financial education programs enhance investment diversification, improve financial welfare by reducing attention bias, fostering social trust, and encouraging the use of professional advisors (Y. Zhang *et al.*, 2023). Financial advisors enhance investors' financial awareness, especially among independent clients, by providing a gradual and stable method to improve financial literacy without directly impacting public funds (Lozza *et al.*, 2022).

H³: *Investor education is significant (p < 0.05) with a p-value of .000, indicating that it also has a significant impact on MENA.*

Technical Assistance Funding Availability: A Critical Component for Promoting Impact Investing and Future Sustainability and Expertise: Facilitating Impact Investing in MENA

Technical assistance and expertise provided by funding agencies has shown a crucial role in promoting impact investing and advancing future sustainability in the MENA region. However, these agencies offer valuable support to investors, businesses and organisations by providing specialised knowledge guidance and resources to navigate the complexities of impact investing. Renewable electricity finance in the Middle East and North Africa is becoming increasingly crucial due to decreasing costs, favorable policy environments, and environmental concerns (Al-Sarihi & Mansouri, 2022). Project management is vital for UAE's sustainable development initiatives, with both corporate and government stakeholders working together to achieve success (Al-Marri & Pinnington, 2022).

The promotion of renewable energy production in the MENA region is significantly influenced by political stability, governance effectiveness, and financial development (Belaïd *et al.*, 2021). MENA countries, including UAE, Saudi Arabia, and Kuwait, are providing significant health development assistance through bilateral and multilateral agencies, primarily focusing on strengthening the health system (Zhao *et al.*, 2020).

H⁴: *Technical Assistance is significant (p < 0.05) with a p-value of .010, indicating that it has a significant impact on MENA.*

METHODOLOGY

The study analyzed 219 participants through quantitative methods, including correlation and regression analysis, and content analysis for subjective results.

QUANTITATIVE ANALYSIS

Correlation Analysis

The correlation matrix provides insights into the relationships between the variables included in the analysis that has included policy support, investor education, technical assistance, funding availability, and MENA (Adoption of impact investing practices in MENA region). The Pearson correlation coefficient has indicated that the strength and direction of the linear relationships between pairs of variables. Notably significant correlations were observed between MENA and policy support ($r = -0.278$, $p < 0.01$) and MENA investor education ($r = 0.356$, $p < 0.01$). The study suggested that the moderate negative and positive linear associations between certain variables and the adoption of impact investing practices in the MENA region. Further, a significant positive correlation is observed between investor education and technical assistance ($r = -0.141$, $p < 0.05$), Showing a weak positive linear relationship between these two variables. However, the correlations between MENA and technical assistance as well as between MENA and funding availability are statistically significant ($p > 0.05$), suggesting that there were weaker linear associations among these variables and the adoption of impact investing practices in the MENA region.

Table 1. Correlation Analysis

		Correlations				
		PolicySupport	MENA	Investoreducation	technicalass	Fundingavailability
PolicySupport	Pearson Correlation	1	-.278**	-0.089	-.276**	-0.124
	Sig. (2-tailed)		0.000	0.191	0.000	0.067
MENA	Pearson Correlation	-.278**	1	.356**	-0.121	.231**
	Sig. (2-tailed)	0.000		0.000	0.073	0.001
Investoreducation	Pearson Correlation	-0.089	.356**	1	-.141*	0.006
	Sig. (2-tailed)	0.191	0.000		0.037	0.932
technicalass	Pearson Correlation	-.276**	-0.121	-.141*	1	0.050
	Sig. (2-tailed)	0.000	0.073	0.037		0.459
Fundingavailability	Pearson Correlation	-0.124	.231**	0.006	0.050	1
	Sig. (2-tailed)	0.067	0.001	0.932	0.459	
	N	219	219	219	219	219

Table 2. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.501 ^a	0.251	0.237	0.08943

Table 3. Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.575	4	0.144	17.968	.000 ^b
	Residual	1.712	214	0.008		
	Total	2.287	218			

Table 4. Coefficient

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.456	0.061		23.678	0.000
	Policy Support	-0.086	0.020	-0.270	-4.323	0.000
	Investoreducation	0.123	0.024	0.307	5.101	0.000
	technicalass	-0.048	0.018	-0.163	-2.609	0.010
	funding availability	0.075	0.022	0.204	3.424	0.001

Regression Analysis

The model summary has found that 25.1% of the variance in the MENA region's adoption of impact investing practices has been explained through independent variables that has included policy support, investor education, technical assistance and funding availability. Though model complexity with 23.7% of the variance has been explained.

The ANOVA table has shown that the significance of the regression model in explaining the variance with MENA through independent variables have been included. The model significance has been confirmed with the p-value of .000 and an F-statistic of 17.968 indicating high variability with the dependent variable.

The results of the coefficient analysis from table 4 have shown different factors that has shown significant roles influencing the dependent variable MENA. First policy support demonstrates a significant impact with a p-value .000 underscoring the importance of supportive policies in the region's economic landscape. Similarly, Investor Education also emerges as a significant contributor with p-value .000 suggesting that enhancing investor knowledge and awareness can positively affect outcomes in the MENA region. Further, technical assistance despite having a slightly higher p-value of .010 exhibits significant influence, implied that targeted assistance programs can yield low p-value .001, indicating that adequate financial resources are crucial for fostering through p-value .001, showing that adequate financial resources are crucial for fostering economic development in MENA.

CONTENT ANALYSIS

Impact of Funding Availability on Sustainable Development in MENA:

Renewable energy projects in the MENA region are becoming economically viable due to falling capital costs, favorable policy environments, technical sustainability, increased liquidity, job creation opportunities, and sustainable growth (Kassi, 2020). However, financial development and renewable energy sectors have limited impact on CO2 emissions and growth (Charfeddine & Kahia, 2019). A 100% renewable energy system, primarily solar and wind, is technically feasible and cost-competitive in the MENA region, with an estimated levelised electricity cost of 40.3-52.8 €/MWh (Aghahosseini *et al.*, 2020).

Innovations are crucial for achieving the Sustainable Development Goals by 2030, but Middle East and North African countries struggle due to dependence on hydrocarbon resources and inability to spread them. The COP22 summit aimed to address these issues, emphasizing the need for a resurgence of innovation in education and employment (Sinha *et al.*, 2020). Financial inclusion is crucial for poverty reduction and sustainable development, especially in the MENA region with high unemployment rates and political instability. SMEs contribute significantly to GDP and employment, with formal SMEs contributing up to 45% (Emara & Mohieldin, 2020). The Middle East and North Africa are transitioning towards a more environmentally sustainable electricity supply, driven by economics, falling renewable energy capital costs, policy environments, technical suitability, and concerns about climate change and pollution (Al-Sarihi & Mansouri, 2022; Salim & Alsyouf, 2020). The MENA region is leveraging funding for sustainable development, particularly renewable energy projects, due to falling capital costs and supportive policies. This has led to job creation and entrepreneurial finance. Despite challenges like dependence on hydrocarbon resources, efforts towards achieving sustainable development goals emphasizing innovation in education and employment. This region is transitioning towards environmentally sustainable electric supply.

Policy Support for Sustainable Practices and Investment in MENA:

Hamilton Lane aims to generate attractive returns and measurable social and environmental impact through impact investments. Since, 2001 they have developed customized portfolio solutions for clients, leveraging Hamilton's Lane's global platform and deal flow (Hill, 2020). The impact of human development and political stability on environmental quality in 16 Middle Eastern and North African countries from 1990-2016. It reveals an inverted U-shaped relationship between human development and ecological footprint, with political unrest delaying environmental improvements. The findings are crucial for policymakers to improve education and healthcare systems (Mrabet *et al.*, 2021). The impact of e-government on good governance, sustainable development, and resilience in the MENA region. It expects significant impacts on good governance indicators, sustainable development dimensions, and various indicators of sustainable development (Dhaoui, 2022).

The impact of institutions on economic performance in MENA countries, revealing that improvements in labor, investment, public, and political institutions are key to enhancing real per capita GDP. Resource-rich, labor-poor, and OECD countries have better capacity for institutional effects, while labor-abundant countries experience lower performance due to weak institutions. Policy implications include enhancing knowledge setting within institutions (AlShammari *et al.*, 2023). Over the past two decades, international capital inflows from developed countries to developing countries have significantly boosted economic activities. This has led to the transfer of advanced technology and job creation. FDI, particularly Greenfield investment (GDI), is a key driver for developing economies, particularly in countries with abundant natural resources and skilled workers. GDI reduces income disparities between rich and poor countries (Raza *et al.*, 2021). Industry 4.0 has facilitated digital transformation and automation, but increasing energy demand is a global issue. The Sustainable Development Goals (SDGs) emphasize reducing energy consumption, particularly in emerging economies like the Middle East and North Africa (MENA). Chen utilizes the CS-ARDL method and Panel Causality test to address the shadow economy and informal employment in countries heavily reliant on fossil fuels, thereby hindering technological progress and economic development (Chen *et al.*, 2021).

Role of Investor Education and Awareness Programs in Promoting Sustainability:

ESD fosters the acquisition of knowledge, skills, values, and actions for a sustainable world, promoting environmental protection, social equity, and economic sustainability. Sustainable investment is influenced by corporate governance, economic performance, and market risks, with transparency, anti-corruption, and board diversity being key criteria (Darsono *et al.*, 2022). Sustainable investing, incorporating environmental, social, and governance criteria, can enhance performance and social impact by promoting greener firms and shifting real investment towards green firms (Pástor *et al.*, 2021). Khan suggests an open method for generating sustainable funding for higher education, reducing government costs and presenting market opportunities for institutional investors and systems (Khan *et al.*, 2022). The impact of knowledge transfer activities on green innovation in manufacturing firms. It found that buyer-driven activities have a greater positive impact on green product innovation than green process innovation. Investment in environmental management fully mediates the relationship between buyer-driven knowledge transfer activities and green process innovation. The study suggests that internal competencies and buyer involvement are critical for explaining green product and process innovation (Awan *et al.*, 2021). The MENA region's economic sustainability is bolstered by economic development, trade openness, and political stability, despite government expenditures and corruption hindering its progress (Ibrahim & Alola, 2020). AI and block chain technologies can enhance sustainable tourism growth in the Middle East and North Africa by balancing economic prosperity and environmental conservation (Kashem *et al.*, 2022).

Impact of Technical Assistance and Expertise on Sustainable Development Initiatives:

Technological innovation enhances energy efficiency in MENA countries, but shadow economy growth negatively

impacts it, highlighting the need for structural transformation for sustainable development (Chen *et al.*, 2021). AI's impact on Sustainable Development Goals is assessed using consensus-based expert elicitation. AI can achieve 134 targets but may inhibit 59. However, current research overlooks regulatory oversight for AI-based technologies, causing gaps in transparency, safety, and ethical standards. AI's increasing prevalence threatens sustainability (Vinuesa *et al.*, 2020). ICT, excluding fixed telephones, drives economic growth in MENA and SSA developing countries, with MENA countries leading in internet usage and broadband adoption (Vinuesa *et al.*, 2020). The impact of environmental regulations (ER), trade, economic growth, and energy consumption on the ecological footprint (EF) in the Middle East and North Africa (MENA) countries. It found that ER has no significant influence on EF, suggesting that ER is not yet at a desirable level for enhancing environmental sustainability. The study also revealed that economic growth is energy-dependent in MENA. Future research and policy directions are proposed (A Omojolaibi & P Nathaniel, 2022). The transfer of technology from Europe to the MENA region can expedite sustainable development and economic reactivation by utilizing local resources for circular economy-based building components (Antoniol & Ferrari, 2021). Machine learning-based modeling, utilizing remote sensing and video analytics, can accurately predict urban growth in MENA cities, thereby aiding in sustainable growth policy development (Jaad & Abdelghany, 2021).

DISCUSSION

The findings suggested that policy support pose challenges, enhancing investor education, providing targeted technical assistance, and ensuring adequate funding can collectively contribute to the advancement of impact investing practices in the MENA region thereby fostering sustainable development. The growing population in MENA countries necessitates a solution to limited access to freshwater resources, seawater desalination. However, this process requires significant energy, primarily from fossil fuels. Advancements in renewable energy technologies offer a promising alternative (Sayed *et al.*, 2023). In the MENA region, a multi-faceted approach towards sustainable development is underway, driven by various factors (Salem *et al.*, 2022). By 2030, the Middle East and North Africa region aims to transition to a 100% renewable energy-based power system, utilizing cost-competitive solar and wind energy sources (Aghahosseini *et al.*, 2020). Financial literacy in the Middle East and North Africa is linked to positive savings behaviors and reduced borrowing, but not equally for all individuals, especially those most vulnerable (Lyons & Kass-Hanna, 2021). ICT and renewable energy in the MENA region are questioned for their potential to improve environmental quality, with initial effects on CO₂ emissions lasting 1-7 years (Charfeddine & Kahia, 2021). The study analyzes FDI allocation and direction in 24 countries from 1995-2016, revealing sensitivity in the Middle East and high-income countries. Practical implications include high-income countries attracting funds, updating trade regulations, and reducing tariffs (Hussain *et al.*, 2021). The impact of environment-related technologies and renewable energy on reducing CBCO₂ emissions in seven emerging economies, suggesting increased investment in ERT is necessary for sustainable reduction (Hussain *et al.*, 2022). Funding availability is increasingly supporting renewable energy projects, encouraged by falling capital costs and supportive policies, thus fostering job creation and entrepreneurial finance

(Tian & Zhang, 2023). Alongside, policy support from organisations like Hamilton Lane is channeling investments towards impactful ventures, while governmental initiatives focus on improving human development, political stability, and e-government to nurture sustainable practices. The Abu Dhabi Fund for Development, Arab Fund, Kuwaiti Fund for Arab Economic Development, Qatar Fund for Development, and Saudi Fund for Development are international Islamic financial institutions promoting social and economic development in developing countries (Fund, 2022). They focus on job creation, education, health, information technology, community development, humanitarian aid, and collaboration with national and international partners to achieve sustainable development goals. Investor education programs, such as Education for Sustainable development are enhancing awareness and knowledge acquisition, influencing sustainable investing practices guided by corporate governance and economic performance metrics (El Amine, 2023). Moreover, technical assistance and expertise are propelling technological innovation and ICT advancements, complemented through environmental regulations and technology transfer, thus facilitating sustainable development endeavors. Though these initiatives holistically address environmental challenges, stimulate economic growth and evaluate societal well-being across the MENA region (Kader *et al.*, 2022). The study examines impact funds, primarily Venture Capital and growth equity funds, which aim to generate both social and financial returns. It uses Prequin data to identify 159 impact funds from 24,000 VC and growth equity investments by 3500 investors among 1995-2014. These funds focus on reducing greenhouse gas emissions, encouraging women and minority-owned firms, and developing local business communities (Barber *et al.*, 2021). The study explores Africa's green bond market, revealing its early stages, but countries adapting to economic conditions and investment attractiveness.

The first certified global green bond was issued in Africa (Taghizadeh-Hesary *et al.*, 2022). The MENA region, known for its oil and gas deposits, is transitioning to greener, low-carbon economies to reduce carbon emissions and reduce reliance on unpredictable oil and gas sources, contributing to global climate change (Albaker *et al.*, 2023). The MENA region, rich in natural resources, is experiencing rising CO2 emissions due to foreign trade and investments. Exports reduce emissions, while imports increase them. The pollution Haven hypothesis suggests promoting exports and reducing energy-intensive imports (Mahmood *et al.*, 2023). The study explores the effects of economic growth, patents, industrialization, and urbanization on CO2 emissions in 17 MENA economies, finding that urbanization increases emissions but reduces neighboring nations (Sinha *et al.*, 2020). Bahrain case study has highlighted the importance of transparency and governance in driving economic development in the MENA region. Since the mid-1970s Bahrain has focused on creating stable administration and legal frameworks, maintaining macroeconomic stability, and establishing transparent regulatory environments. Its membership in international organisations and the commercial company's law in 2002 further demonstrate its commitment to a liberalized economy (McCall, 2004).

Conclusion

The study conducted quantitative analysis on 219 participants by using correlation and regression analysis along with the

content analysis in exploring the impact of different factors on the adoption of the impact investing practices in the MENA region. The correlation analysis has found significant relationship between policy support, investor education, technical assistance, funding availability and MENA adoption with positive correlations. Whereas, in regression analysis all factors have contributed 25.1% of the variance in MENA adoption, highlighting the significance of these factors in sustainable development. Further, content analysis has highlighted the multifaceted approach needed for sustainable development in the MENAS region, including renewable energy, policy support, investor education and technical assistance.

Recommendation

- Initiatives should be initiated to boost investor education on impact investing, utilising educational programs, workshops, and seminars to equip investors with necessary knowledge and skills.
- Technical assistance programs should be developed to support organisations and entrepreneurs in impact investing, offering mentorship, capacity-building training and access to resources and networks.
- Increased funding availability for impactful projects can be achieved through collaboration between public and private sectors, impact investment funds, and innovative financing mechanisms like green bonds and social impact bonds.
- Promoting renewable energy and green technologies is crucial to handle environmental issues and reduce reliance on fossil fuels, through investments in infrastructure and research.

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Statement of Competing Interest

The authors declare that they have no competing interests.

List of Abbreviation

MENA - Middle East and North Africa
 NGO - Non-Governmental Organization
 ESG - Environmental, Social, and Governance
 SDGs - Sustainable Development Goals
 SMEs - Small and Medium Enterprises

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