



## **AFED's 11<sup>th</sup> Annual Conference Opens in Beirut**

### **FINANCING SUSTAINABLE DEVELOPMENT IN ARAB COUNTRIES**

**Beirut, 8/11/2018**

The Arab Forum for Environment and Development (AFED) launched its annual report, *Financing Sustainable Development in Arab Countries*, at its 11<sup>th</sup> conference on Thursday November 8 at the Bristol Hotel in Beirut. AFED's most recent report takes note of the Arab region's immense funding gap towards achieving the Sustainable Development Goals and highlights the detrimental effects of long-lasting war and conflict on sustainable development and the region's economy.

The conference hosted 400 delegates from 40 countries representing governments, regional and international organizations and the private sector. Those present include the World Bank, ESCWA, FAO, the Organization for Economic Co-operation and Development (OECD), the European Bank for Reconstruction and Development (EBRD), the Islamic Development Bank and the Kuwait Fund.

AFED report notes that the Arab region needs more than USD 230 billion a year to achieve the Sustainable Development Goals (SDGs). The annual funding gap is estimated at more than USD 100 billion. The report also highlights the losses in economic activity due to the region's wars and conflicts since 2011, which have amounted to about USD 900 billion. The price tag for achieving sustainable development will likely increase as money will also need to be reserved for reconstruction efforts in war-torn countries.

The report points out the decline of public and private sources of funding in the Arab region. For every dollar entered through foreign direct investment inflows, about USD 1.8 is reinvested abroad, either through direct investment inflows or through the diversion of profits generated by foreign investors. At the same time, the region remains a lender to foreign banks based abroad, with deposits of Arab customers at major international banks consistently higher than loans given to Arab customers from these banks. The AFED report calls for reversing this investment into the Arab region, which requires reforming fiscal policies, combating corruption and providing the incentives and facilities to encourage investment and efficient use of resources.

#### **SINIORA: OPPRTUNITY NOT OBSTACLE**

The opening ceremony was addressed by former Lebanese Prime Minister Fuad Siniora, who stressed the need for fiscal reforms and enabling policies to open the way for a green economy in the Arab region. He highlighted the importance of investing in the water-energy-food nexus, and fighting climate change "which is a major challenge in the Arab region." A former banker and minister of finance, he called upon the private financial sector to reform its operations and adopt innovative approaches to secure the funds needed for implementing sustainable development goals. He called this "an opportunity not an obstacle." However, he stressed the need to put in place the necessary regulatory measures, public policies and incentives to attract private investments in long-term projects.

### **Rajhi: A Strategy for Financing Sustainable Development**

Taoufik Rajhi, Tunisia's Minister in charge of large-scale reforms pointed out that the new constitution emphasizes the right to a healthy environment. Implementing SDGs had necessitated the development of the Financing Strategy for Sustainable Development in Tunisia, through environmental funds, such as the Pollution Control Fund and the Energy Transfer Fund, public-private partnerships and international financial cooperation.

### **BADRAN: FROM ARMAMENT TO DEVELOPMENT**

The conference was inaugurated with a welcome speech by Dr. Adnan Badran, Chairman of AFED Board of Trustees and former Jordanian Prime Minister. He said that "Arab governments are required to efficiently manage human, financial and natural resources, eliminate corruption and establish public-private partnership to achieve sustainable development." He called for "the fostering of peace through active diplomacy to resolve conflicts in the region," focusing on the importance of "diverting the heavy costs of arms procurement in the region towards financing the green economy and supporting sustainable development which would also open up new employment opportunities."

### **SAAB: DEVELOPMENT SHOULD RESPECT HUMAN DIGNITY**

Najib Saab, AFED's Secretary General, presented the new report, explaining that "while the previous ten AFED reports identified the status of the Arab environment and proposed solutions, now is the time for implementation, and this requires finding adequate funding sources." Saab outlined AFED's achievements for the year 2018 and their impact on Arab environmental policies, especially in the areas of water and energy efficiency, by adjusting subsidy systems, diversifying the economy, the introduction of renewable energy on a large scale, and participating positively in international efforts to address climate change. He concluded by stressing the need to invest in people-centered development based on the respect for human dignity, accountability, transparency and justice."

### **"LIFETIME ACHIEVEMENT AWARD" TO HERBISH**

The AFED Environmental Lifetime Achievement Award was presented to Suleiman Al-Herbish, who ended his 15-year term as Director General of the OPEC Fund for International Development (OFID) just days before the conference. "Suleiman Al-Herbish has been a global driving force in people-centered development. During his tenure, OFID advocated sustainable development and placed its principles at the heart of its work," a statement from AFED said. It added that "one major contribution of Mr. Al-Herbish had been his tireless fight for energy poverty alleviation."

Al-Herbish said in a speech after receiving the award that he had always "recognized that access to modern energy services is a vital precondition to realizing these Sustainable Development Goals," explaining that OFID's campaign to eradicate energy poverty preceded the UN's Energy for All initiative. "Our actions are based on a strategy with three pillars: Advocacy, expanding operations on the ground, and partnerships."

## **SESSIONS: DEVELOPMENT FUNDS AND PRIVATE SECTOR**

The conference continued its first day in four sessions in which the results of the AFED report were presented and the main recommendations discussed. Representatives of various Arab and international development funds discussed ways of collaborating to mobilize additional resources to achieve the Sustainable Development Goals. They stressed that not all investments needed require new funds, but are largely dependent on the diversion of funding from traditional projects to sustainable ones, alongside increasing efficiency and fighting corruption. A session was devoted to financing sustainable energy, calling for the adoption of new instruments such as green bonds and Sharia-compliant *sukuks*, and stressing the importance of attracting private sector investment to renewable energy. Business representatives spoke of the trade opportunities offered by the transition to sustainable development, provided that incentives, legislation and appropriate laws are put in place.

The Organization for Economic Co-operation and Development (OECD) held a special session in which it presented a report entitled *Investing in Climate, Investing in Growth*. It highlighted the positive impact of controlling climate change on advancing sustainable development.

The conference resumes Friday, with sessions on linking financial systems to the Sustainable Development Goals and financing development by fighting corruption. A group of young entrepreneurs will present strategies they adopt to fund their projects. Another session will be held with 50 Arab students from AFED's Future Environment Leaders Forum (FELF). The recommendations of the conference, which will be circulated later to governments and Arab and international bodies, will be announced at the end of the last session on Friday afternoon.

*The AFED report on financing sustainable development in Arab countries can be found at [www.afedonline.org](http://www.afedonline.org)*