



Recommendations

11th Annual Conference of the Arab Forum for Environment and Development (AFED) Financing Sustainable Development in Arab Countries 8-9 November 2018, Beirut, Lebanon

The 11th Annual Conference of the Arab Forum for Environment and Development (AFED) on "Financing Sustainable Development in Arab Countries" was held on 8-9 November 2018 in Beirut, with the participation of 420 delegates and 50 speakers from 36 countries, representing government bodies, the private sector, regional and international organizations, civil society, academics and students.

The participants agreed with the findings of the 11th AFED Report on Financing Sustainable Development, that commitment to achieve the 17 Sustainable Development Goals (SDGs) by 2030 and compliance with the Paris Climate Agreement entail huge investments, which in turn require innovative financing mechanisms. Recognizing that governments alone cannot meet all these needs, aid organizations, development funds, corporations and the banking sector are increasingly called upon to contribute. Participants also stressed the need to put in place the necessary laws and legislations to attract aid and investments, and stop waste and corruption. They called for the adjustment of price support systems for the efficient management of natural resources, particularly energy and water, and the development of tax systems to enhance sources of income while ensuring fair distribution of wealth.

At the conclusion of the discussions, and taking into account the outcome of consultations with delegates, the conference recommended the following measures:

1. Deployment of feasible integrated strategies and plans, with clear and sequenced priorities, which localize the SDGs and advance local solutions for local development challenges. This should be associated with a specific implementation schedule, supported by well-prepared feasibility studies, along with the adoption of an appropriate legislative and regulatory framework that can ensure donor confidence.
2. Strengthening data collection and statistical capacity, in particular those needed to determine the indicators of the SDGs, which is necessary to help prioritize programs and monitor progress.
3. Diversification of the economy, especially in oil-exporting countries, towards non-oil productive sectors. Adjustment of tax regulations to encourage sustainable production and consumption patterns, while increasing the tax base and activating the progressive tax system, resulting in an increase in the ratio of tax income to gross domestic product, while ensuring justice according to income and wealth.

4. Enacting financial reforms to encourage investment in human capital and natural capital (education, training, scientific research, technology, innovation), as well as trained-labor-intensive production activities and areas that support the social dimension in general. This includes allowing fair access to development financing to young entrepreneurs and women.
5. Endorsing a simplified and transparent tax administration to avoid tax evasion and bribery and to put an end to the illegal flow of funds, and cooperation in cross-border surveillance, in addition to fighting corruption and waste of resources.
6. Enhancing cooperation among Arab countries in all fields, including regional investments among them, and attracting adequate financing from external, regional and national sources dedicated to projects and programs in the sustainable development domain. Consider the use of loans from donor institutions as collateral for additional private loans.
7. Encouraging private sector funding for sustainable development projects, including savings, especially through financial instruments and products that can attract expatriate remittances, develop financial markets and attract foreign direct investment through policies and incentives that provide confidence to investors.
8. Developing mechanisms that encourage co-financing, such as public-private partnerships, and attracting investments from social security funds, sovereign wealth funds and insurance companies to finance green infrastructure.
9. Calling upon regulatory and supervisory bodies to work with banks to adopt measures and policies aimed at providing facilities and incentives for long-term financing of projects that support the path of sustainable development goals.
10. Granting incentives in the form of tax facilities and subsidized financing terms, credit guarantee policies and participation in investment risks, particularly in projects with social and environmental benefits, along with the phasing out of non-sustainable financial support measures. Developing monetary policies to promote green financing, in the form of incentives from central banks, such as the acceptance of certain green assets as collateral for loans.
11. Developing the green bond market and making use of the potential of Islamic finance through *Sukuk* (Sharia compliant bonds) to finance infrastructure, mainly clean and renewable energy projects, water recycling projects and desalination, as well as Islamic micro-finance with the objective of empowering the poor.
12. Improving the efficiency of the use of available financial resources, both public and private, and changing their destination according to a list of priorities, to support projects and programs to achieve the objectives of sustainable development.

- 13.** Reversing the deterioration of natural resources and adopting policies to stop waste and reduce environmental footprint, ensuring that the natural resources services required for future generations are sustained to meet future requirements.
- 14.** Calling on developed countries to meet their commitments to increase official development assistance at the internationally agreed rate, not less than 0.7 percent of their gross national income, and not to deduct humanitarian aid from development assistance.
- 15.** Urging national institutions to scale up their efforts to obtain the accreditation necessary to access the Green Climate Fund (GCF), with more support from the international organizations to ensure better access.
- 16.** Appealing to Arab countries that are not signatories to the Convention against Corruption to sign and ratify the convention.

Participants stressed the need to stop wars and conflicts and establish peace, security and political stability, as pre-condition to attract appropriate financing and achieve efficient and sustainable results. They highlighted the need for special focus on post-conflict countries, in view of integrating SDGs with reconstruction efforts. The conference called for investing in human-centered development, which is rooted in the respect of human dignity and human rights, including the right to development, public participation, accountability, transparency and non-discrimination.