2018 Report of the Arab Forum for Environment and Development

FINANCING SUSTAINABLE DEVELOPMENT IN ARAB COUNTRIES



CONCLUSIONS AND RECOMMENDATIONS

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OBSERVATIONS



- Major shift in policy design and implementation, vast investments, innovative financing mechanisms.
- Financing sources not at the level of the trillions needed for SDGs.
- Mobilize national & regional resources, re-allocate funds.
- Foreign financing: ODA, FDI, international funds, banks, treaties.



AT A GLANCE



USD 5-7 trillion

Needed each year until 2030 to meet the SDGs worldwide

USD 230 billion

Needed annually for achievement of SDGs in Arab countries

USD 100 billion

Annual financing gap in the Arab countries

USD 900 billion

 Losses in economic activity due to wars and conflicts in the region since 2011

USD 204 billion

 Development assistance by Arab development institutions 1970-2016- 54 percent to Arab countries.

USD 216 billion

Total Arab bilateral assistance between 1970-2016

USD 100 Billion

Estimated annual losses from corruption in Arab countries

HETEROGENEOUS REGION



- Oil-rich countries
- Oil-poor middle-income countries
- Low-income countries
- Conflict-torn countries







OFFICIAL DEVELOPMENT ASSISTACE



- USD 22.3 billion- 2016.
- 15% to refugees and humanitarian assistance.
- Share of ODA to education declined. Sanitation, health and water supply inadequate at 2-4%.



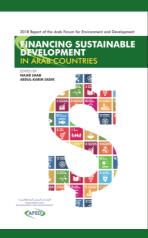
PRIVATE FINANCE



- Volatile FDI inflows, fluctuate with oil prices and political instability.
- FDI inflows limited to certain countries and sectors.
- FDI inflows decreased to USD 32.4 billion in 2016, from USD 88.5 billion in 2008.
- Net exporter of capital
- Poor performance PPP



INNOVATIVE FINANCE



- Results-based, debt-fordevelopment swap, climate finance.
- Green bonds market marginal.
- Big potential for Islamic financing through *sukuk*.
- Special instruments for expatriates.



POLICY AND REGULATORY FRAMEWORK



- Clarity and stability, integrated public policies.
- Regulatory and market-based measures.
- Illicit finance flows major challenge. Proceeds from fighting corruption USD 100 billion annually.



RECOMMENDATIONS



- Financing strategies geared to SDGs.
- Economic diversification.
- Reform taxation system.
- International commitments to agreed development assistance levels.
- Regional cooperation, especially infrastructure projects.
- Regional-international co-financing.
- Sound business environment, good governance, rule of law, political stability.

RECOMMENDATIONS



- Redirect existing funds to sustainable development.
- Good governance, efficient fiscal policies, eradication of corruption.
- Risk-sharing.
- Incentives to promote SDGs. Cut market distorting subsidies.
- Private finance tapped. Savings mobilized. FDI attracted.
- Reverse the direction of FDI towards the region.



Thank you



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