

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.



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# 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

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# HETEROGENEOUS REGION

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



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# OFFICIAL DEVELOPMENT ASSISTANCE

- 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%.



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# 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



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# INNOVATIVE FINANCE

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



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# 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.

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# 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.

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# Thank you



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