Green Economy and Green Finance

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Green Economy

- In several instances, the shift towards a green & sustainable economy was sparked by the sheer need to address critical priority problems.

- Moreover, a transition has been prompted by increased awareness & recognition of the real economic, social, & environmental gains resulting from transitioning to a green & sustainable economy.

- Adoption of the SDGs in 2015 has provided another to intensify efforts aimed at developing sustainable & green strategies and policies for achieving the SDGs.
Apart from the lack of real progress in several Arab countries in the region facing political unrest & instability, other countries have made strides towards shifting onto a more sustainable path, with major financial resources directed towards environmental investments.

From almost no country adopting a green economy or a SD strategy, to more than 7 countries that have either developed such strategies or have included elements of green economy & sustainability in their plans.

Green strategies have been translated in a package of regulatory & incentive measures introduced in these countries to facilitate such a transition. This also gave a strong signal to the private sector to increase investments in green economy sectors by many folds.
Major investments in energy efficiency & in renewable energy have been prompted by an increased demand for energy as a result of population increase, changes in consumption patterns, & increased rate of urbanization & economic activities.

Water shortages in Arab countries have also led to investments in water efficiency & in renewable sources of water, including wastewater recycling, reuse & seawater desalination projects.

In order to achieve food security, efforts in many Arab countries have been directed towards sustainable agricultural practices.

Adopting a nexus water, food, & energy approach is increasingly being considered in Arab countries in order to enhance synergies & complementarities between water, food, & energy policies in the region.
Green Finance

- There is currently a real \textit{revolution to integrate sustainability considerations in the global financial system} (UN Environment Report “Financial System We Need, 2015”)

- \textbf{Accessible & affordable finance & technological innovation} is a necessary requirement for achieving inclusive finance & sustainable development

- Given that there is increasing recognition to the need & importance of adopting a green & sustainable development path, there is an \textit{incremental increase in green investments in Arab countries over the last decade}

- \textbf{Trend is expected to increase in coming years}, particularly as Arab countries are bent on achieving the SDGs
It is estimated that **US$ 90 trillion will be needed over the next 15 years** to achieve sustainable development worldwide.

Cumulative financing by Arab countries by major development funds operating in the region, amounted to about **USD 164 billion over a period of 40 years up to December 2015. Out of this, USD 90 billion, or 55%, was spent over last 10 years**.

Applying 2% of GDP, **US$ 57.38 is estimated annually to support sustainable development in Arab countries** (based on GDP US$ 2.867 trillion in 2014).
Recommendations

National Level

- Promote political *stability and security*

- Promote a *stable macroeconomic environment through predictable fiscal policies, regulations and market incentives*

- *Adoption of an integrated approach* in order to ensure the integration for policy formulation & decision making & ensure close coordination & interlinkages between sectoral policies

- *Create a national mechanism* to ensure the development & implementation of integrated sustainable development policies
Allocate sufficient financial resources for R&D & innovation & the development of green technologies

A package of coherent regulatory & incentive measures that facilitate the transition to green economy designed to create jobs, eradicate poverty, & reducing inequalities

Encourage domestic & foreign investment by the finance sector in green through a package of regulatory & incentive measures

Make available sufficient finance to provide the necessary infrastructure – US$ 1 trillion to US$ 1.5 trillion annual gap in developing countries -
✓ Combat illicit financial flows, tax evasion, & money laundering

✓ Coordination between financial institution & the provision of a regulatory framework that supports innovation, environmental investment & increased role of private sector

✓ Reforming national markets & development plans to ensure integration of SDGs & the Paris Agreement

✓ Ensuring that the financial system is designed to achieve SD & promote clear linkages between the SDGs & the Paris Agreement

✓ Green public procurement (consumable products, services, and fixed assets..)
Regional Level

✓ Enhance *regional cooperation to end the state of occupation of Palestinian territories, hostilities & wars in the region*

✓ Promote the *exchange of experience, knowledge, good practices & policies* in the field of green economy & sustainable development, including exchange of experience & expertise

✓ Promote regional cooperation among Arab countries in the field of *innovation, research, & capacity development*

✓ Undertake *joint regional projects particularly in the field of sustainable agriculture, water, & energy*

✓ Promote *market access & trade between Arab countries* in green & environmentally friendly products
✓ **Create regional university** in the field of green economy & sustainable development in order to provide necessary calibers needed to support development & implementation of green & sustainable development strategies, plans & programs

✓ **Develop a regional plan for refugees** in the Arab region to promote their integration in the economies of the host countries & contribution in the national sustainable development plans of those countries

✓ **Create an Arab Green Fund to finance green and sustainable projects** in the Arab region, & consider the use of green bonds as a means to promote investments in this area

✓ **Convene annual Arab conference on Green Economy & Sustainable Development** in order to promote cooperation, exchange experience & knowledge in field of green economy & sustainable development
**International Level**

✓ **Promote South-South cooperation & access to international finance** through funding mechanisms such as the Green Fund

✓ Achieve long-term debt sustainability through *coordinated policies that foster debt financing, debt relief, debt restructuring & sound debt management*

✓ **Strengthening the multilateral trading system & contribution of trade to job creation & SD**

✓ Call for a *reform of the international financial architecture*, including properly regulated international finance sector to discourage speculative investment
Thank you