

Section 1

INTRODUCTION



The 2030 Agenda for Sustainable Development was finalized during the United Nations Sustainable Development Summit in September 2015. The core component of the Agenda is the Sustainable Development Goals (SDGs), 17 cross-cutting goals which will guide global action and investment for sustainable development over the next 15 years.

Past strategies in Arab countries lacked the holistic and inclusive approach to development. The 2030 Agenda and its enshrined goals, embracing the economic, social, and environmental perspectives of sustainable development provide a historic and promising opportunity for the well-being of the world's future generations and the planet. In this context, it is critically important for the Arab countries to reinstate a positive track of development to meet the aspirations of their current and future generations for decent living with dignity. However, to achieve sustainable development Arab countries need to address a series of challenges they face, including:

- Political changes, manifested in the significant political turmoil in some Arab countries, are expected to have far-reaching repercussions on achieving the sustainable development goals. Similarly, the challenges of peace and security will pose additional impediment to the process.
- Scarcity of water, energy, and arable land,



aggravated by impacts of climate change, and high inefficient dependency of the region on fossil fuels to meet its energy needs, all resulting in extremely high Ecological Footprint.

- Food security threats due to land degradation, water scarcity, and inefficiency of water use in agriculture, and the reliance on imported food products to cover between 50 and 100 percent of the region's food needs.
- climate change impacts, mainly as emphasized in sea level rise, worsening water scarcity, land and biodiversity degradation, food security, and the economic impact on the oil producing countries due to the world's shift to renewable sources of energy.
- Unsustainable consumption and production as a result of extreme demographic changes, rising urbanization, changing lifestyles, and the subsidy policies.
- Population growth of about 2.2 percent, which represents a major driving force for high demand on limited natural resources.
- Heavy subsidies of energy, water, and food led to irrational consumption behaviors, depletion of finite natural capital, misallocation of resources, which have made it difficult to upscale sustainable energy and water options.

Progress on implementation of the SDGs will be greatly influenced by the extent of achievements related to the MDGs over the past 15 years. In this respect, there are notable differences in the region. Some countries have made strong progress on most indicators, such as those of the Gulf Cooperation Council (GCC), while others have witnessed limited or no progress. The Least Developed Countries (LDCs), Iraq, and Palestine have been the weakest performers due to their special circumstances. One of the most remarkable achievements of the region has been its progress towards education targets and extending access to improved sanitation. On the negative side, the region is nearly 20 percent below the target on reducing undernourishment and in providing access to drinking water. In addition, the divide between rich and poor Arab countries in health indicators is big. In addressing the issues, it is critically important to recognize the distinctive

features, priorities, political, and social contexts of Arab countries. Sustainable development priorities and goals in Qatar are certainly different from those in Jordan. And for a country mired in strife, such as Yemen, the needs of a post-conflict era would still be vastly different. Certainly, there are commonalities to build on, and regional cooperation is of paramount importance.

This report builds heavily on the previous AFED reports addressing the major development issues in the Arab region including Water, Agriculture, Food Security, Energy, Green Economy, Sustainable Consumption, and Climate Change. In light of the new political, economic, and social developments, this report highlights the policy options available for the Arab countries in order to realize the Sustainable Development Goals.

A. WATER-ENERGY-FOOD NEXUS

Water security, energy security and food security are inextricably linked in the Arab region. Generally, the region is energy rich, water and land scarce, and food deficient. These inter-linkages are intensifying in the region as demand for resources is increasing with population growth, consumption patterns are changing, and low efficiencies would be further compounded by the impacts of climate change. The current water-energy-food-climate policy landscape in the Arab region is complex and fragmented; this necessitates the crucial need to adopt the integrated nexus approach when addressing the management of those three vital resources.

B. POVERTY, AGRICULTURE AND FOOD SECURITY

Poverty is one of the major challenges in the region, which has been increasing since 2010 due to several factors including peace and security conditions, weak social safety nets and inability to create job opportunities. By shifting the poverty line from \$1.25 to \$2 and \$2.75 per capita per day, the poverty rate in the region increases from 4 percent to 19 percent and 40 percent respectively. Such a spectacular increase in poverty rate is a distinct feature of the Arab region compared to other regions of the world. The achievements on poverty however do not correlate with other indicators such as the undernourishment rate, noting that the Arab region is the only one in the

world to witness an increasing undernourished population. The number of undernourished people jumped from 30 million to over 50 million, between 1991 and 2011, mainly due to rapid population growth. It is to be noted that undernourishment is linked to the prevalence of hunger and lack of adequate levels of food security, which remain critical challenges in the region. In addition, the majority of the countries in the region suffer from double burden of malnutrition: the persistence of under-nutrition with a rise in overweight, obesity and diet-related chronic diseases with different scales according to the level of economic development. To address the challenges of poverty, hunger, and food security, the Arab countries have a number of policy options that include improving crop and water productivity, recycling and use of treated waste water, minimizing the high level of post-harvest losses, development of other high quality sources of proteins such as fisheries, considering the concept of virtual water in their national planning to foster cross-border cooperation, and last but not least, the inevitable regional cooperation based on the comparative advantage in agricultural and financial resources of different Arab countries.

C. WATER

The water situation in the region is critical. Scarcity of freshwater resources, high dependency on shared resources, inadequate levels of water management, low water tariff, irrational water consumption and production patterns, and deteriorated water quality, compounded with a changing climate, remain a major concern threatening the region's stability and food security.

Access to safe drinking water in the region reached 81 percent, where it has declined in some countries that are suffering from conflicts and instability such as, Iraq, Palestine, Sudan and Yemen. Improved sanitation coverage has risen to 75 percent, with increases in almost all countries. However, rural areas remain behind, especially in LDCs, where improved sanitation is only available to roughly one fifth of the population.

This critical situation is worthy of an urgent forward looking water reform process. To achieve water related SDGs, national water strategies should include making shifts in water allocation among different sectors based on the concept of

integrated water resources management (IWRM), introducing new pricing policies using progressive tariffs for drinking water, while demanding water pricing at actual cost in industry, and enforcing new regulations to address groundwater abstraction, and to protect public water ways from industrial wastes. These strategies should also foster water demand management, especially to improve the performance of the agriculture sector. Finally, there is an urgent need for changing the mindset, attitude and practices in the Arab societies through raising water awareness. In addition, Arab countries should recognize the importance of reaching the poor and expanding water services to all, particularly in rural areas.

D. ENERGY

Energy has been a major driver for development in the Arab region. Both oil exporters and importers are tied to the global oil market. The Arab region has recently become one of the major demand centers in the world. Growth of primary energy consumption has surpassed economic and population growth. With total reliance on fossil fuels, these trends would put the region in an unsustainable path. Except for the Arab LDCs, where about 50 million people have no access to modern energy services, most countries have achieved commendable high energy access rates. In addition to heavy energy subsidies, the region is characterized by low energy efficiency as well as slow pace to tap on the huge potential of solar and wind resources. The recent slump in oil prices has provided an opportunity for several countries to reform energy subsidies, including Egypt, Jordan, Saudi Arabia, the United Arab Emirates, Oman, Qatar, Bahrain and Kuwait.

To achieve the SDGs, energy efficiency and renewable energy are crucial factors to enhance energy security, lessen financial burdens of oil imports, and diversify energy mix. They can also offer reliable and sustainable solutions for access to modern energy services to rural and remote populations, contributing to poverty alleviation. While MASDAR in Abu Dhabi is a shining example of a government -driven transformative initiative in renewable energy, Dubai was host to the world's cheapest kilowatt-hour of PV electricity, through a private company applying a market-based investment model. On the westernmost side of the Arab region, Morocco

is a notable example of a star performer when it comes to renewable energy investment with a daring 52 percent by 2030. In addition, regional cooperation and energy integration is a viable means to achieve the SDGs.

E. EMPLOYMENT AND THE GREEN ECONOMY

The working age population throughout the Arab region has experienced significant improvements in education and skills, owing to the substantial investments in human capital development. However, it is alarming that unemployment in Arab states generally remains too high, with an average of around 12 percent, reaching 30 percent among the youth, according to ILO 2014 figures¹. It is estimated that unemployment soared further in 2015-16, due to conflicts and declining economic growth.

The youth group in the region (15 to 24 years old) is the largest demographic group, with rapidly growing rates. This group could provide good opportunities for development and could also constitute major challenges at the social, economic and political fronts, unless there are policies to create opportunities for education and work.

The education sector is essential in providing the training and knowledge necessary to build human capacity. Heightened commitment to education spending is necessary, with particular emphasis on green economy-related scientific, technical, engineering and social sciences disciplines. Whilst social security and income support schemes can help, the only lasting solutions are new jobs. Renewable energy and waste management provide two examples of offering "green jobs". Bringing electricity to the poor populations using decentralized renewable energy systems is one of the most tangible contributions that an inclusive green economy can offer, while also stimulating job creation and supporting social enterprise development.

F. SUSTAINABLE CONSUMPTION AND PRODUCTION

The rapid population growth, urbanization and rural migration, alongside inadequate subsidy policies, have resulted in an increased demand

on natural resources in the Arab region and have promoted unsustainable consumption and production patterns, causing environmental degradation. In order for the Arab countries to gradually shift to Sustainable Consumption and Production (SCP), every country, based on its respective socio-economic circumstances, needs to identify priority actions and enabling conditions necessary to facilitate that transition. These include: good governance, integrated policy planning, sound regulatory regime, use of market-based instruments, capacity development, access to finance and investments, research and development, public awareness, and green procurement. Furthermore, it is crucial to invest in education and social interactions, to change mind-sets, raise awareness of sustainable lifestyles, and facilitate change in consumers' behavior, especially amongst youth as agents of change, as users of social media, and as future entrepreneurs and decision-makers.

G. CLIMATE CHANGE

The Arab countries are among the most vulnerable to the potential impacts of climate change because of their existing vulnerabilities, notably water scarcity and recurrent drought. The Arab region's coastal zones – which are vulnerable to sea level rise – are of immense importance as most of the region's major cities and economic activities are in the coastal areas. Vastly fertile agricultural lands are located in low-lying, coastal areas such as the Nile Delta, where popular tourist activities depend on marine and coastal assets, like coral reefs and associated fauna. The predicted impacts of climate change place more stress on the limited fresh water resources. With around 85 percent of fresh water resources devoted to agriculture, food security in the Arab world has long been subject to environmental and socio-economic pressures.

Arab countries need to continue working on building national capacities to deal with different aspects of the climate change threats, adapt to the international climate regime, foster regional cooperation to adapt to the potential climate risks, and work closely with the international community to make use of the opportunities offered for climate finance, and climate friendly technology transfer.

H. REQUIREMENTS FOR THE IMPLEMENTATION OF THE SDGS IN ARAB COUNTRIES

A change in the mindset and culture of designing development strategies, policies, and plans, and their monitoring and assessment is essential if Arab countries are to achieve SDGs and address climate change concerns. Adopting an integrated approach to policy making is necessary to ensure policy coherence. This should be supported by a package of regulatory and market-based measures, in order to ensure that the proposed policies, plans, and programs are economically viable, socially equitable, and environmentally acceptable. Moreover, adopting a transparent, accountable, and participatory approach is a prerequisite for achieving this end. Building human capacity is one of the key requirements needed to make a qualitative shift towards sustainable development. It is recommended to reform the current institutional arrangements at the regional as well as national levels, such as establishing “High Councils for Sustainable Development”. This would ensure integrated policy formulation, adequate cooperation and coordination among different government entities, and between the government and non-state stakeholders. The councils would also be responsible for overseeing and assessing the implementation of the proposed strategies, suggest remedial actions as may be required, and ensure adequate communication between the government, the general public, the private sector and civil society.

I. FINANCING THE SDGs

The financial system as currently designed is not geared to supporting sustainable development. However, ensuring the financial sustainability of policies, plans and programs is key to achieving the SDGs. To support sustainable development in the Arab countries, an additional US\$ 57 billion would need to be specifically allocated annually for this purpose. There are many potential sources for international sustainable development finance and multilateral funds. However, apart from securing additional financial resources, focus should be on the mobilization and the redirection of existing local financial resources, both public and private, such as integration of

the informal sectors in the Arab economies, public-private partnerships projects, tax and subsidies reforms, philanthropic institutions, remittances, and private investments.

Arab country donors and their national and regional development institutions have over the past several decades played an important role in providing development and humanitarian assistance to Arab and other developing countries. A Coordination Group (CG) for development financing currently includes eight Arab national and regional development institutions, in addition to the Islamic Development Bank and the OPEC Fund for International Development. These institutions have amassed tremendous experience in development cooperation worldwide. Their combined contributions to financing development operations in over 140 countries across the globe amounted to about US\$ 147 billion at the end of 2014, with a share of over 55 percent for Arab recipient countries.

Arab national and regional development institutions have been supporting the financing of the Millennium Development Goals (MDGs), and have declared their strong

commitment to continue delivering assistance for financing the Sustainable Development Goals (SDGs) of the 2030 development agenda. Arab country recipients can attract more funding for their SDGs from the region's development financing institutions by orienting their development strategies towards the SDGs and setting their priorities accordingly in a sequenced manner based on well-prepared and feasible development operations and projects.

A pre-requisite to attract external assistance is to mobilize local resources through reforms in policies and revamping subsidies and tax collection practices, alongside promoting transparency and public participation.

Achieving the Sustainable Development Goals in Arab countries by 2030 cannot be done in isolation from the state of conflict in the region. Beyond acting with multiple local, regional, and international aid organizations today to provide safety and basic necessities to those affected, the AFED report recommends laying the foundation for integrating the SDG's implementation with the anticipated rebuilding efforts.