

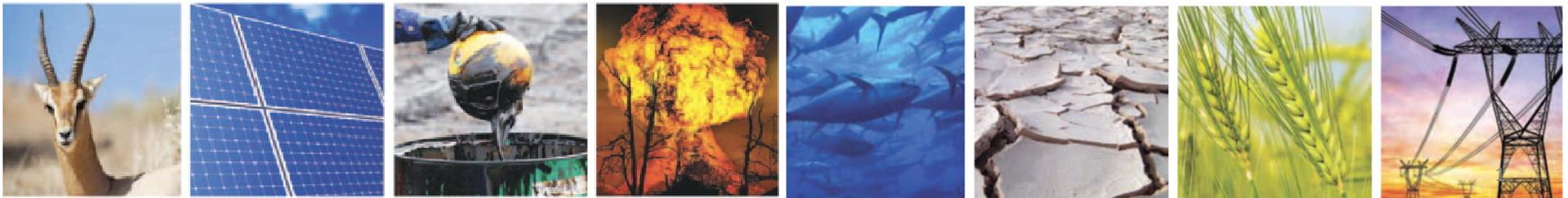
ARAB ENVIRONMENT IN 10 YEARS



2017 Report of the Arab Forum for Environment and Development

Green Economy and Green Finance

Hussein Abaza



Key Findings

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 ***revolution to integrate sustainability considerations in the global financial system*** (UN Environment Report “Financial System We Need, 2015”)
- ✓ ***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 ***incremental increase in green investments in Arab countries over the last decade***
- ✓ ***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 & inter linkages 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 asset..)

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

