Implementation of activities on financing for development
and of recommendations made by the Committee at its first session

Summary

Since the first session of the Committee on Financing for Development in the States Members of the Economic and Social Commission for Western Asia (ESCWA), held in Amman on 11 and 12 December 2019, the ESCWA secretariat has implemented a number of activities relating to financing for development under its programme plan and in accordance with the recommendations of the Committee. These activities included publications, reports, policy briefs, technical papers, capacity-building workshops, in addition to advisory services and policy toolkits. After the outbreak of the COVID-19 pandemic, ESCWA has increasingly focused on supporting recovery efforts and building financial resilience.

The present document provides an overview of those activities. The Committee on Financing for Development in the States Members of ESCWA is invited to take note of them and provide comments and suggestions for future work.
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Introduction

1. The Committee on Financing for Development in the States Members of the Economic and Social Commission for Western Asia (ESCWA) held its first session in Amman on 11 and 12 December 2019. The Committee mandated the ESCWA secretariat to implement a suite of financing for development (FfD) activities under subprogramme 3 on economic development and integration, which aims to achieve a basic standard of living for all people in the Arab region through sustained and integrated economic development. The subprogramme also aims to achieve equitable economic growth, amplify regional interconnectedness and integration, and advance the effective implementation of the Addis Ababa Action Agenda (Addis Agenda) of the Third International Conference on Financing for Development in support of the 2030 Agenda for Sustainable Development.

2. Activities undertaken by the ESCWA secretariat included publications, reports, policy briefs, technical papers, capacity-building workshops, in addition to advisory services and the development of toolkits to support the financing of the Sustainable Development Goals (SDGs) at the national level. The secretariat also helped member States in their COVID-19 recovery efforts, and advanced interests and priorities of the Arab region at several global and regional FfD workstreams, contributing to the work of the United Nations Sustainable Development Group (UNSDG) on SDG Financing, the Inter-Agency Task Force on FfD, and United Nations country teams (UNCT). The present report provides an overview of the activities and initiatives implemented since November 2019, including those carried out pursuant to the recommendations made by the Committee on Financing for Development in the States Members of ESCWA in its first session. The Committee is invited to take note of the content of the document, make comments thereon and provide recommendations for future work.

I. Implementation of FfD activities under the ESCWA programme plan in 2020-2021

A. Publications and reports

   Inter-agency Task Force on Financing for Development

3. The report provides an assessment of the socioeconomic impacts of COVID-19 and identifies the financing rifts and inequalities that have been aggravated by the pandemic. ESCWA contributed to the report, highlighting that the fiscal space in the Arab region was further constrained due to dwindling domestic resources and tax revenues, direct investment, trade and high debt exposures which exacerbate the challenges of financing the 2030 Agenda for Sustainable Development. The report sets out actionable recommendations to prevent further setbacks in FfD, instigate the necessary reforms to the global financial architecture and ensure its alignment with the 2030 Agenda.

2. Survey of Economic and Social Developments in the Arab region 2020-2021:
   Realities and Prospects in the Arab Region
   (forthcoming)

4. This ESCWA flagship publication provides analytical insights on taxation in the Arab region in terms of revenue generation potentials, tax progressivity and efficiency, including assessments of the tax abuses that permeate tax systems and undermine their integrity. Furthermore, the report highlights enforcement challenges, including the potential implications of the OECD/G20 Inclusive Framework on Base erosion and profit shifting (BEPS) along with the two-pillar blue prints currently being proposed to address the tax challenges arising from the digitization of the global economy. The report puts forward a tax reform agenda to preserve the role of taxation in revenue generation and macro-economic stability.
   (forthcoming)

5. ESCWA is contributing to the forthcoming Financing for Sustainable Development Report 2022, which
   will analyse the state of financing for development in eight priority areas identified by the Addis Agenda. ESCWA
   inputs to the report address the impact of COVID-19 and revenue trends in the Arab region. ESCWA will also
   provide inputs on the distributional consequences of taxation in the Arab region to showcase the
   efficiency of tax systems in selected Arab countries.

4. **Strengthen the means of implementation and revitalize the global partnership for sustainable development: financing**

6. This report, issued jointly by ESCWA and the United Nations Development Programme (UNDP), is the
   main substantive input for the high-level plenary organized on financing sustainable development during the
   fifth session of the Arab Forum on Sustainable Development (AFSD) (online, 30 March 2021). The document
   addressed the challenges and impacts of COVID-19 on SDG financing in the Arab region, and advanced a
   functional finance approach to enhance public financial management to ensure the effective mobilization of
   financing for the SDGs.

5. **Remittances in Crisis: Response, Recovery, Resilience**

7. The report furnishes a ‘Blueprint for Action’ to sustain and scale-up the cross-border flow of remittances,
   a major source of external private finance that generates more than three times the amount of official
   development assistance, and supports the livelihoods of 800 million migrant family members. As a member of
   the Remittance Community Task Force, ESCWA provided substantive inputs to the report and analytical
   insights pertaining to the potential implications of the pandemic on Arab remittance recipient countries, and
   recommendations to mitigate them.

8. **Financial Accountability, Transparency and Integrity (FACTI) Panel Interim Report**

B. **Policy briefs**

9. Pursuant to the recommendation of the Committee calling upon the ESCWA secretariat to “report on
    regional and global developments in the area of financing for development, analyse their regional implications,
    and showcase their results through policy briefs”, ESCWA has produced and widely disseminated a series of
    thematic policy briefs addressing the implications of the COVID-19 crisis on different aspects of financing for
    development. The briefs were disseminated to Member States to help them devise COVID-19 mitigation
    measures and formulating financing policies.

1. **Extractive Industries Transition to Sustainable Systems**

10. In collaboration with the four other United Nations regional commissions, ESCWA issued a regional
    policy brief to ensure that extractive industries play a supporting role in the post-pandemic era and support
    sustainable development. The policy brief underscores the importance of extractive industries and their
    contribution to domestic resource mobilization and sets out 15 recommendations to maximize the revenue
    generation potentials of extractive industries. Moreover, the brief provides an assessment of how extractive
    industries fall prey to illicit financial flows and capitalizes on the findings of the first regional report on Illicit
    Financial Flows in the Arab region.
2. **Mitigating the Impact of COVID-19: Poverty and Food Security in the Arab Region**  
(E/ESCWA/CL3.SEP/2020/Policy Brief.2)

11. The policy brief finds that the Arab region spends nearly $110 billion annually on food imports and that more than 50 per cent of the region’s daily calory intake is consumed from imported food. The brief warns that the region may suffer from food shortages and price hikes if a prolonged pandemic disrupts global food supplies. This comes at a time when the region itself is losing $60 billion annually owing to food loss and waste. The brief recommends providing tax relief to safeguard the middle-income populations from falling into poverty and extending credit support to the self-employed, alongside instituting a multilateral ‘Code of Conduct’ on public stockpiling.

3. **Limited Fiscal Space Puts the Arab Region Recovery from COVID-19 at Risk**  
(E/ESCWA/2020/Policy Brief.13)

12. This document provides an overview of the stimulus packages and liquidity measures that have been taken by several Arab economies in response to the COVID-19 pandemic. Furthermore, the policy brief assesses the stimulus packages within the Arab region by comparing them to other measures taken in other regions. The brief finds that nearly 11 per cent of the announced fiscal stimulus in the region has targeted the poor through social protection and health related measures, while nearly 40 per cent went to supporting small and medium enterprises (SMEs) and businesses. The brief also proposes a debt-service moratorium, increased access to concessional loans and smart spending while stressing the importance of enhanced international cooperation and solidarity.

4. **The Impact of COVID-19 on Arab Financial Systems**  
(E/ESCWA/2020/Policy Brief.8)

13. ESCWA issued this policy brief in collaboration with the Union of Arab Banks. The document presents an analysis of the state of the Arab financial markets and banking sectors in the aftermath of the pandemic, and sheds light on the unprecedented drop in demand for equities and commodities, the tightening of financial conditions due to high-risk premiums born by Arab countries, and the low banking resilience in low income countries. A series of measures have also been proposed to sustain financial liquidity and facilitate credit to support COVID-19 recovery efforts.

5. **COVID-19: Towards an Inclusive, Resilient and Green Recovery — Building Back Better through Regional Cooperation**

14. This policy brief is the product of a collaboration between United Nations regional commissions. It stresses the crucial role of regional cooperation in COVID-19 response, mitigation and recovery efforts. The brief calls for stronger social protection measures and stepping up health and education expenditures. It highlights that coordinated policies can accelerate, upscale, harmonize and mobilize investments to address gaps in health and social protection systems, including extending such protection to the informal sector which contributes 25-60 per cent of GDP in some Arab economies. The brief also calls for regional monetary and financial coordination to support the provision of regional public goods, and provide a stable source of countercyclical finance, advocating for the establishment of an Arab Social Solidarity Fund to support vulnerable Arab countries.

6. **Regional Emergency Response to Mitigate the Impact of COVID-19**  
(E/ESCWA/2020/INF.3)

15. The policy brief furnishes a regional emergency response and recovery strategy to mitigate the socioeconomic consequences of COVID-19. It analyses the financing implications resulting from the knock-off effects of the pandemic on fiscal space, arising from the fall-out in oil prices and export proceeds, the rising tide of trade and investment protectionism, and the flight of capital and private investments, all of which
exacerbate unemployment pressures, poverty, inequality and food insecurity. The policy brief proposes a set of financing and fiscal measures to support the poor and vulnerable, including extending financial support to ensure that productive entities do not slip into informality.

7. The Impact of COVID-19 on Arab Economies: Trade and Foreign Direct Investment
   (E/ESCWA/2020/Policy Brief.3)

16. The policy brief assesses the impact of the pandemic on trade and financing in the Arab region, including potential losses resulting from the decline in commodity and services exports, and the public revenue deficits associated with the loss of indirect trade taxes resulting from the deterioration in the region’s terms of trade. The brief also presents an account of the decline in inbound international private financing, notably in the levels of foreign direct investments as well as the distortions that have been inflicted to supply chains and production networks in the region. A number of recommendations have been set out, including urging Arab members of the World Trade Organization to invoke their rights and flexibilities availed to them under the Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) and public health emergencies to ensure timely access to medical products and the production of COVID-19 vaccines.

8. Special Drawing Rights and Arab Countries: Financing for Development in the Era of COVID-19 and Beyond
   (E/ESCWA/CL3.SEP/2021/POLICY BRIEF.1)

17. ESCWA issued this policy brief highlighting the main aspects of the International Monetary Fund’s historic allocation of special drawing rights (SDRs) worth $650 billion. The brief draws a comparison between the SDR share of the Arab region with that of the rest of the world, taking into account the financing needs and outstanding debt in the region. It finally offers recommendations on how to ensure that adequate levels of liquidity are channelled to Arab developing countries.

9. Liquidity and Debt Solutions to Invest in the SDGs: The Time to Act is Now

18. ESCWA contributed to the preparation of the Secretary-General’s policy brief on liquidity and debt solutions, highlighting that the sharp inequality in fiscal support between developed and developing countries endangers recovery in developing ones and further widens global inequality. ESCWA’s contribution underscored that reduced concessional lending, from both bilateral and multilateral development banks, is a major reason for the decline in fiscal space and the accumulation of debt stock in developing countries.


19. The brief uses empirical assessments made by ESCWA to survey the estimated losses inflicted on the Arab region in terms of GDP and stock market capitalization, jobs, in addition to reversals in poverty eradication gains. The document also takes stock of humanitarian assistance needs, and proposes an array of interventions to address long-standing structural weaknesses in the region and to finance and support an inclusive economic recovery from the pandemic.

11. Taxation in the Arab region: a reform agenda for resilient recovery and SDG financing
    (forthcoming)

20. ESCWA is preparing a policy brief that provides an in-depth assessment of tax reforms, revenue trends and the leakages that continue to undermine Arab tax systems. The brief addresses issues of tax progressivity, efficiency and compliance and highlights disparities in terms of revenue creation that are plaguing Arab tax systems. The brief also presents the first regional assessment of the tax revenue losses associated with corporate tax abuse and proposes a tax reform agenda for Arab countries, advocating for enhanced regional cooperation to address the tax challenges arising from digitalization.
C. Technical papers

1. SDG Indicators as an Input-Output System

21. The technical paper advances an input-output system of interlinkages to capture the efficiency gains in public investments that can be accrued from accounting for SDG synergies and trade-offs. Based on a panel regression, the paper produces a full set of interlinkages in matrix form to demonstrate the conditional strength and breadth of interconnectedness between SDG targets and indicators. The technical paper also demonstrates how this matrix can be used to project the impact of public policies and expenditures on SDGs indicators. The framework is employed to render optimized cost estimates of the SDGs at the national level.

2. Synopsis: National SDG Costing Framework

22. The technical paper provides a literature review of existing SDG costing methods, then proposes an Arab national SDG costing framework which takes its cue from work by the United Nations Task Force on the 2030 Agenda; the Working Group on SDG Costing and Financing; the Inter-Agency Task Force on FfD; and the costing guidelines published by ESCAP and ECLAC. The framework offers an elaborate costing methodology to assess national sustainable development priorities and augments them with corresponding estimates of United Nations specialized agencies, institutional stakeholders and SDG custodians.

D. FfD Gateway, toolkits and simulators

1. FfD Gateway

23. The ESCWA secretariat is currently developing an Arab Financing for Development Gateway to showcase a wealth of knowledge on the state of financing development in the Arab region. The gateway serves as a leading online platform and repository for all publications, reports and analysis undertaken by the ESCWA secretariat in the field of financing for development with a focus on the Arab region. The gateway also offers a digital space to access related data, simulate quantitative diagnostics and render analytical assessments of the different financing channels available to the region at the national and regional levels.

2. SDG costing toolkit and simulator

24. ESCWA is preparing a set of national SDG costing toolkits, supported by an interactive online interface to help national stakeholders estimate the costs associated with achieving the SDGs and national development goals, thresholds, targets and priorities. The toolkits also capture efficiency gains that can be made from optimizing financing decisions by accounting for SDG interlinkages, using a rigorous analytical technique to estimate national SDG costs and provide mirror estimates drawn from United Nations specialized agencies and SDG custodian entities.

25. ESCWA is also developing an interactive SDG-Financing Simulator to estimate SDG-related financing requirements. This tool employs a set of econometric models tailored for national contexts to identify and assess both financing densities and propensities. The simulator analyses total official support available to finance development at the country level, and identifies the potential sources that can be tapped to finance the implementation of national sustainable development plans and strategies, in addition to a tool to identify the potential gains from enhancing public expenditure efficiencies. The simulator offers projections and simulations for 2030 to determine the resources required (domestic public revenues, private and international finance and debt-leveraging) to achieve national sustainable development targets, and renders an estimation of the desired level of output needed to spur additional financing to bridge SDG-financing gaps.
E. Meetings and workshops

1. Global meetings

High-Level Political Forum (HLPF)
(Virtual, 14 July 2021)

26. ESCWA delivered a keynote statement, on behalf of the five United Nations regional commissions, to the plenary session of the HLPF addressing “The SDGs in time of crisis: a sustainable, inclusive and resilient recovery from COVID-19 as an opportunity to realize the Sustainable Development Goals (SDGs)”. In tandem, the report emanating from the fifth session of the AFSD, including proposed actions in the field of financing for development, was also submitted to the HLPF. The report accentuates the need for political commitment to combat illicit financial flows, tax evasion and financial corruption; increase fiscal revenue and redirect expenditure in the recovery phase; promote financial integrity. It also calls for the mobilization of financial resources and monitor resources by further aligning national budgets with the Sustainable Development Goals.

27. ESCWA also organized a side-event to HLPF on operationalizing a number of key FfD policy options to increase global liquidity and financial stability, and address debt vulnerability. In its concept note, ESCWA stressed the need to improve debt management to free up resources for the pandemic response, and to consider a range of financial instruments such as debt swaps, debt exchanges and reprofiling, debt buy-backs, and credit enhancements as well as debt-for-development swaps for countries with unsustainable debt burdens.

High-level Meeting on Development Cooperation with Middle-income Countries
(New York, 17 June 2021)

28. ESCWA was invited to share insights and relay the position of Arab middle-income countries at the High-level Meeting on Middle-Income Countries (MICs), convened by the President of the 75th Session of the United Nations General Assembly. At this event, ESCWA highlighted that the pandemic exacerbated financing gaps and raised the sovereign and corporate debt levels in MICs. ESCWA also underlined the adverse impacts of current graduation policies on the development prospects of MICs and called for a series of urgently needed actions, including: bringing a halt to graduation policies; adopting multidimensional approaches to classify levels of development in line with the SDGs; ensuring access to concessional development financing and sustaining ODA levels; and implementing a new multilateral mechanisms for debt restructuring and debt relief.

Global Investors Alliance for Sustainable Development: High-Level Discussion of the Core Group
(Virtual, 28 May 2021)

29. The Global Investors for Sustainable Development (GISD) Alliance was launched to scale-up finance and investment for sustainable development. As a member of the core group of entities supporting GISD, ESCWA participated in the meeting organized by Sweden and United Nations Department of Economic and Social Affairs (UNDESA) on 28 May 2021 to build on the outcomes of the Annual GISD meeting and take stock of the achievements made by GISD with respect to providing guidance on defining sustainable investing; taking action to scale sustainable finance and for COVID-19 bond issuances, and to promote the SDG investors fair.

Africa Regional Review on the Implementation of the Istanbul Programme of Action (IPoA)
Session 4: Mobilizing resources for sustainable development in African LDCs
(Virtual, 22 - 26 February 2021)

30. ESCWA took part in the Africa Regional Review which offered an opportunity to assess the structural challenges and vulnerabilities facing least developed countries (for of which are ESCWA members). At this session, ESCWA showcased its work in the area of resource mobilization and expanding financing space for Arab LDCs.
Liquidity and Debt Solutions to Invest in the SDGs: The Time to Act is Now
Meeting of the Heads of State and Government
(Virtual, 29 March 2021)

31. ESCWA contributed to the organization of this High-level event, which provided an opportunity to discuss the recommendations raised through the policy brief on liquidity and debt solutions. ESCWA also contributed to the preparation of the policy brief and provided regional insights on enhancing global liquidity and extending the G20 debt service suspension initiative to vulnerable middle-income countries, including to countries in the Arab region.

Meeting of Heads of State and Government and Ministers of Finance
(Virtual, 8 September 2020)

32. ESCWA supported the participation of Arab Finance Ministers at the meeting co-convened by the United Nations Secretary-General and the Prime Ministers of Canada and Jamaica on September 8, 2020 to advance the ‘FfD Initiative in the Era of COVID-19 and Beyond’. The aim of the meeting was to generate consensus over an ambitious menu of policy options to support recovery from the COVID-19 crisis in the short term, and to chart the path needed for mobilizing financial resources to achieve the 2030 Agenda. ESCWA advanced several recommendations and policy options and put forward an integrated set of Arab financing priorities, in addition to analysis and perspectives on the proposed FfD menu of options. Furthermore, ESCWA suggested a common approach to be advanced by Arab ministers and dignitaries, paving the way for the endorsement of the FfD menu of options by Heads of State and Government at the high-level event of the ‘Financing for the Development in the Era of COVID-19 and Beyond Initiative (FFDI)’ held on the 29th of September 2020.

Global Liquidity and Financial Stability
(Virtual, 16 July, 5 August and 27 August 2020)

33. ESCWA provided substantive inputs to the work of the discussion group on global liquidity and financial stability emanating from FFDI. ESCWA recommended several inputs into the menu of options supporting liquidity and suggested that unused issuances of SDRs be reallocated to countries facing challenges in mitigating the impacts of the pandemic; and that new issuances need to be in place to finance the SDGs.

2. Regional meetings

High-Level Plenary on Financing Sustainable Development
Arab Forum for Sustainable Development (AFSD)
(Virtual, 31 March 2021)

34. A High-Level Virtual Plenary was organized at the fifth session of the Arab Forum for Sustainable Development to advance concrete financing solutions across all funding sources, including public and private financing to support COVID-19 recovery efforts. The plenary brought together several high-level panellists, including the former president of Lithuania and co-chair of the High Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda (FACTI Panel); the United Nations Special Envoy on Financing the 2030 Agenda; the President of the United Nations Economic and Social Council (ECOSOC) Forum; and the former Minister of Energy and Mineral Resources of Jordan. The high-level plenary deliberated on a series of recommendations that need to be anchored in the regional context to facilitate COVID-19 recovery and to ensure a more resilient, inclusive and sustainable future.
The GCC Economies in the Wake of COVID19: Charting the Road to Recovery and Resilience  
(March 10, 2021)

35. ESCWA participated in the conference co-organized by the Economic Research Forum (ERF) and Dubai International Financial Center (DIFC) to discuss the economic impact of COVID-19 on the Gulf Cooperation Council (GCC) countries and explore policy responses that would improve the efficiency and resilience of the GCC economies going forward. In this regard, ESCWA highlighted that intra-GCC non-oil trade remains low compared to peer economic blocks although there are untapped export potentials in the GCC estimated at $105.5 billion.

GCC economies in 2021 and Beyond: Prospects and Policy Challenges  
(Virtual, 10 February 2021)

36. ESCWA participated in Chatham House regional conference addressing the challenges and prospects for GCC economies given the double impact of the COVID-19 crisis and drop in oil prices. ESCWA highlighted the need to undertake swift structural reforms to enhance diversification efforts, strengthen private sector-led growth, and increase job creation as well as broaden the GCC tax base.

Seventh Meeting of ESCWA Executive Committee  
(Virtual, 21 December 2020)

37. The seventh session of the Executive Committee reviewed the progress in implementing the work of ESCWA in several areas, including financing for development. The meeting took note of ongoing work being carried out to advance the financing for development agenda at the global and regional levels, including through the development of the Arab SDG and Financing for Development Gateways. The Committee also took note of the work being undertaken for the preparation of national frameworks for financing development in a group of member States. The Committee recommended that the secretariat continue to develop the Arab SDG Gateway, including frameworks for financing development in Arab countries.

How COVID-19 and the Oil Shock will Reshape the Middle East  
Brookings Center for Middle East Policy  
(Virtual, 1 June 2020)

38. ESCWA participated in the webinar organized by the Brookings Center for Middle East Policy to address the implications of COVID–19 and the plunge in oil prices, remittances, and tourism, all of which risk exacerbating the effects of the pandemic. ESCWA highlighted the immense pressures that the region is enduring with 55 million people in need humanitarian aid; 26 million that are forcibly displaced; 53 percent of the region’s population classified as poor; and 50 million people are undernourished. ESCWA also shared its estimations indicating that, in 2020, foreign direct investment is expected to fall by 44.8 per cent; fiscal deficits will soar resulting in additional fiscal revenue losses and high-debt intake; draining foreign reserves, and prompting a liquidity issue for the region.

Expert group meeting on “Taxation in the Arab region: challenges and opportunities for raising tax revenues”  
(Virtual, 22 September 2021)

39. ESCWA organized an expert group meeting to peer review the Survey of Economic and Social Developments in the Arab Region 2020-2021 (para. 4 of the present document). During the meeting, ESCWA presented the main thematic chapter of the Survey that focuses on taxation, and an assessment of tax reforms, revenue trends and the leakages that continue to undermine Arab tax systems. Discussions and expert views will inform the Survey and all forthcoming work on taxation, including the brief mentioned in paragraph 20 of the present document.
3. National meetings

**Egypt National Report on Financing for Development**
*Ministry of Planning and Economic Development and League of Arab States*  
(Virtual, 4 and 7 March 2021)

40. Upon the invitation of the Ministry of Planning and Economic Development of Egypt, ESCWA participated in a series of meetings to discuss the first Financing for Development report for Egypt, led by the United Nations Special Envoy for Financing the 2030 Agenda, under the aegis of the League of Arab States. ESCWA provided substantive commentaries during these meetings on the different chapters of the report and presented an extensive written submission to the authors of the draft report for consideration.

**Global Megatrends: Prospects for the Egyptian Economy**
*Cairo University (Faculty of Economic and Political Science)*  
(Virtual, 15 December 2020)

41. ESCWA participated in the conference organized by the University of Cairo to address the economic prospects of Egypt and taking stock of the lessons learned from international experiences. At the conference, ESCWA shared its findings and recommendations on navigating the complex global landscape, especially during the COVID-19 crisis, and recommended that Egyptian stakeholders consider optimizing the use of resources by enhancing the efficiency and effectiveness of public expenditures; improving economic governance with particular focus on budget structure and debt management; enhancing social protection systems and expenditure; transforming Egypt into a regional logistic hub; and levelling the competitive field between formal and informal firms while encouraging firm-size growth and informal-to-formal transitions, and expanding the tax base.

**Effects of Public Debt and International Financial Obligations on Human Rights in Lebanon**
*UNHCR webinar in collaboration with the Lebanese Parliament*  
(Virtual, 20 October 2020)

42. ESCWA participated in the webinar organized by the Regional Office of the High Commissioner for Human Rights for the Middle East and North Africa under the auspices of the Parliamentary Committee for Human Rights in Lebanon. ESCWA highlighted the effects of foreign debt obligations on the full enjoyment of economic, social and cultural rights, and called for controlling public finances and reducing debt in Lebanon in order to protect human rights, including civil, political, economic, social and cultural rights.

F. Support to Inter-agency FfD workstreams and coordination mechanisms

**Inter-agency global FfD workstreams**

**UNSDG Principals: The Decade of Action: Integrated United Nations Support for the SDG-Costing**

43. As a member of the United Nations Sustainable Development Group (UNSDG), ESCWA participated in several UNSDG meetings at the principal level. During the meeting held on the 3 May 2021, ESCWA showcased its efforts to support national strategies and solutions for SDG financing.

**Framework for Socio-Economic Response to COVID-19**

44. ESCWA contributed to the work of the United Nations Task Team in charge of preparing the Socio-Economic Response Framework to COVID-19. ESCWA highlighted the contours of the regional emergency response package proposed to respond to the pandemic and the socioeconomic response strategies adopted by Arab countries to mitigate the impacts of the COVID-19 crisis.
G. Support and Contributions to the Inter-Agency Task Force on Financing for Development (IATF)

45. As a member of the Inter-Agency Task Force on Financing for Development, ESCWA provided inputs and contributed to the launch of the 2021 Financing for Development report. The report highlights the risk of a sharply diverging world and the financing rifts that have been exacerbated by the lack of financial resources to respond to the COVID-19 crisis. The report benefited from a series of informal technical meetings and informal public consultations organized by the Inter-Agency Task Force and an expert group meeting to discuss the thematic chapter of the report which addresses financing resilience. ESCWA provided inputs to these meetings and to the report on international tax matters, private investment and debt vulnerabilities in the Arab region.

46. ESCWA also participates in the Inter-Agency FfD Principals-level meetings which provide a high-level venue to deliberate on the state of financing for development. During those meetings, ESCWA pointed out that the global FfD framework remains a normative ideal, and that the Arab region has turned into a net exporter of both capital and primary income; a lender of convenience, a debt service financier and became a medium for illicit finance, all of which have led the Arab region to endure a financing reflux whereby, for every $1 the region gains/mobilizes through the different cross-border FfD channels, it effectively loses/returns $2, including to several high-income bracket economies.

1. Menu of FfD Policy Options

47. ESCWA took part in three-month long deliberations that led to the fruition of an extensive report that encapsulates more than 250 policy options to mitigate the short-term financing implications of COVID-19 and support long-term resilience in the post-pandemic period. ESCWA participated in three of the six discussion groups emanating from the Financing for Development Initiative launched by the Prime Ministers of Canada and Jamaica and the United Nations Secretary-General, and provided substantive inputs to advance regional priorities, notably in three domains: “External Finance and Remittances, Jobs and Inclusive Growth”; “Debt Vulnerability” and “Illicit Financial Flows”. In preparation for the endorsement of the menu of FfD policy options by the Ministers of Finance at the meeting held virtually on 8 September 2020, ESCWA communicated a synthesis report to Arab ministers on the outcomes of the meeting, and called for a concerted Arab position, based on a suggested number of high-impact financing options, at the FfD initiative high-level event.

2. Illicit Financial Flows

48. Following the endorsement of the FfD menu of policy options to support COVID-19 recovery at the Heads of State and Government Meeting on 29 September 2020, a roadmap was put in place to ensure the implementation of the most pressing FfD policies. Six inter-agency Clusters were established, including Cluster 5 which is dedicated to illicit financial flows. ESCWA, in its capacity as coordinator of regional commissions in 2021, advanced an integral work plan to achieve progress in the conceptual framework for the statistical measurement of illicit financial flows and to work-out a multilateral legal instrument to ensure the return of stolen assets and their recovery. ESCWA also is advancing work on the tax challenges arising from digitization in the context of the global negotiations underway within the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting, and is leading the articulation of a global pact for financial integrity to clamp down on trade and tax-based illicit financial flows.

49. The work undertaken by ESCWA and regional commissions in Cluster 5 will serve as an input in the review of the United Nations Secretary General’s Strategy and Roadmap for Financing the 2030 Agenda (2019-2021). Activities of Cluster 5 included a conceptual framework that was developed by UNCTAD and UNODC to put forth a topology for the statistical measurement of illicit financial flows, paving the way for reclassification of SDG16.4.1 from Tier III to Tier II. ESCWA, on its part, contributed to the work of Cluster 5 through a discussion paper to advance the conceptual framework, highlighting the need to bridge the divide.
between statistical and legal concepts as the absence of a multilateral legal definition holds severe consequences for illicit financial flows measurement and efforts to combat them.

3. Regional Cooperation in the Economic, Social and Related Fields: Contribution to the report of the Secretary-General to the Economic and Social Council

50. The report highlights regional dimensions in the ESCWA’s efforts to support member States. It identifies the domains advanced by the secretariat including financing sustainable development, notably in the areas of fiscal consolidation and domestic resource mobilization. The report provides a comparative synopsis of the work undertaken by regional commissions, and the interventions undertaken by ESCWA, particularly the technical expertise availed to Governments on matters of fiscal policy reform. The report also showcases the work being undertaken by ESCWA in collaboration with United Nations partners to develop integrated national financing frameworks for a pilot group of middle-income economies in the Arab region that indicated their interest during the first meeting of the Committee on Financing for Development.

H. Support to the Chief Executives Board for Coordination

51. The Executive Secretary of ESCWA took part in the Chief Executives Board (CEB) annual meeting that brings together, under the chairmanship of the United Nations Secretary-General, the Executive Heads of the United Nations, its 12 Funds and Programmes and 15 Specialized Agencies. The purpose of the meeting was to formulate a United Nations common agenda and response to current and future challenges. ESCWA capitalized on its participation at the meeting to present the financial constraints, funding shortfalls and financing inequalities that beset the Arab region, and called for a new “financing architecture and governance” to build-back recovery towards a sustainable path to finance the 2030 Agenda, both amidst Covid-19 and beyond.

I. Support to the G20 Presidency (2022)

52. Upon the request of the UNDESA, ESCWA submitted inputs to help articulate the regional priority areas to be advanced by Indonesia when it holds the rotating presidency of the G20 in 2022. Priority areas include: the preparation of a sustainable finance agenda with a framework for growth, infrastructure financing, reform of the international financial architecture, financial regulation, financial inclusion and international taxation. ESCWA highlighted the challenges facing the Arab region and proposed several recommendations to advance the work of the G20 in concordance with the priorities that have been set out in the following areas: SDG-financing, ensuring sustainable and inclusive growth, securing external private financing, recovering better for sustainability, liquidity and financial stability, and debt vulnerability.

1. A View of the New Debt Landscape for Developing Countries

53. ESCWA provided its substantive contributions and perspectives on the new debt landscape and its implications on developing countries which was delivered by the Executive Secretary of the Economic Commission of Africa on behalf of the five regional commissions on 17 October 2020. ESCWA urged that consideration be given to the degree of debt vulnerabilities that are growing in the Arab region and put into question whether borrowing taking place now is achieving its productive potential for Arab economies.

2. Towards a Better Debt Architecture

54. ESCWA took part in the roundtable organized by the Brookings institution entitled “Towards a Better Debt Architecture” on 18 February 2021 which hosted the United Nations Special Envoy for Financing the 2030 Agenda. The roundtable discussed the debt overhangs facing developing countries, the proposals on debt service suspension and the limited eligibility of middle-income debt heavily indebted countries.
3. **Inter-agency regional FfD workstreams**  
*Regional Collaborative Platform (RCP) for Arab States*

55. ESCWA is co-leading the Issue-Based Coalition (IBC) on macro-economic management and financing for development within the RCP in the Arab States established pursuant to the United Nations Secretary-General’s report on restructuring the United Nations Development System (A/74/73–E/2019/14). In this capacity, ESCWA organized a webinar on 1 February 2021 with the participation of several United Nations entities working in the region to showcase an assessment of the debt sustainability challenges facing the Arab region in the context of the COVID-19.

56. ESCWA also prepared a draft proposal on the establishment of an Arab Financing for Development and Tax Forum. The document draws on a scoping exercise undertaken to identify the range of topics that need to be addressed in the Arab region in connection with the global negotiations on tax cooperation and to specify the best format(s) for such a forum, based on a comparative assessment of other existing regional forums. The proposal is based on the recommendation of the twenty-fourth Regional Coordination Mechanism (RCM) meeting (April 2019) where UNSDG entities requested scoping the feasibility of creating such a forum to converge positions and share experiences and collaborate on administering cross-border flows.

4. **High-Level Event on the Role of Islamic Social Financing**

57. ESCWA, in collaboration with the United Nations Secretary-General’s Special Adviser and the United Nations Secretary-General’s Special Envoy for Financing the 2030 Agenda, organized a high-level virtual event to launch a series of virtual seminars on the role of Islamic Social Finance in achieving the SDGs. The aim of these seminars is to map existing mechanisms that leverage Islamic social financing for the SDGs to fully understand how these mechanisms operate, identify gaps, unlock potentials and determine how the different actors and stakeholders can support these mechanisms to address the challenges of ending extreme poverty, boosting shared prosperity and achieving the SDGs.

5. **Impact of COVID-19 on Regional Integration of Intra-OIC Trade and Investment**

58. ESCWA, in collaboration with the Islamic Centre for Development of Trade and the Islamic Development Bank and the League of Arab States, organized a webinar on 23 July 2020 to assess the impact of COVID-19 on regional integration among member countries of the Organization of Islamic States (OIC). ESCWA highlighted during the webinar its assessments of the impact of the pandemic on trade and investments among OIC members, and put forward an eight point action plan to support COVID-19 recovery efforts, including the need to uphold the full implementation of the Pan-Arab Free Trade Agreement; reverse the export restrictions over medial products and foodstuffs; reduce tax and administrative burdens on SMEs; and review the peace clause on public stockpiling.

6. **Inter-agency national coordination mechanisms and support to United Nations country teams (UNCTs)**  
*Inter-Agency Task Team for FfD Support to Egypt*

59. ESCWA, in collaboration with UNSDG entities, established an inter-agency task force to support the Resident Coordinator Office (RCO) in delivering target assistance to the Egyptian Government in the field of financing for development. One of the main aims of this collaboration is to develop an Integrated National Financing Framework (INFF) for Egypt. ESCWA provided substantive inputs and shared the findings, methods, tools and outcomes of the work undertaken with respect to costing Egypt’s 2030 Vision and national sustainable development priorities. Such contributions provided pivots for relevant United Nations bodies to deliver a coherent and unified SDG-costing offer to Egypt. ESCWA is also working with the task team on developing Egypt’s Development Finance Assessment (DFA). To that effect, ESCWA shared the outcomes of its work on SDG-financing with the task team, and the financing simulator developed to capture the dynamics associated with the topology of Egypt’s financing propensities.
Support to the Resident Coordinator Offices in Egypt and Jordan

60. ESCWA provided substantive inputs and contributions to the formulation of the United Nations Common Country Analysis for Egypt and Jordan. A set of national technical analysis and empirical assessments were conducted to provide recommendations to enhance domestic resource mobilization, the effectiveness of tax systems; promote international private finance and debt sustainability. In the case of Egypt, ESCWA also developed a Partial Free Disposal Hull Model to estimate public investment efficiency in Egypt.

8. Egypt National Report on Financing for Development  
Ministry of Planning and Economic Development

61. ESCWA contributed, upon the request of the Ministry of Planning and Economic Development of Egypt, to the preparation of the first Financing for Development report for Egypt led by the United Nations Special Envoy for Financing the 2030 Agenda.

9. The Arab Region’s Performance on Financing for Development  
Support to Ministry of Planning and International Cooperation, Jordan

62. Upon the request of the Ministry of Planning and International Cooperation in Jordan, ESCWA furnished its assessment of the state and performance of the Arab region in the field of financing for development to support Jordan’s participation at a regional virtual workshop organized by the United Nations Office for South-South Cooperation (UNOSSC) and the UNDP Resident Representative of the Kingdom of Bahrain entitled ‘Investing in the SDGs through South-South & Triangular Cooperation Beyond Covid-19: Promoting conducive policy, enabling business and legal environment, and integration in the Arab States Region’ held during the period 30 November – 02 December 2020.

10. Integrated National Financing Framework for Jordan  
Collaboration with the UNDP and RCO in Jordan

63. ESCWA is collaborating with UNDP and RCO in Jordan on developing an Integrated National Financing Framework to support the Jordanian Government’s efforts to build a resilient post-pandemic recovery for the achievement of the 2030 Agenda. ESCWA and collaborating entities are in the process of mapping the financing landscape and providing backstops to the development of a Development Finance Assessment for Jordan. This collaboration builds on the support and inputs provided by ESCWA to the United Nations Country Annual Results Report for Jordan.

11. Position Paper to the International Monetary Fund  
United Nations Country Team in Lebanon

64. ESCWA shared its substantive and technical insights with the United Nations Country Team in Lebanon for its position paper to the International Monetary Fund. The paper aims to inform technical discussions with the Lebanese authorities with the insights regarding the proposed reforms, processes and programmes that need to be implemented to ensure that Lebanon builds a better and resilient economic path to overcome multiple socioeconomic crises. In this regard, ESCWA outlined its recommendations for essential reforms and their sequencing.

J. Capacity-building workshops and advisory services

1. National workshop on International Tax Matters - Base Erosion and Profit Shifting  
(Amman, 27-30 January 2020)

65. ESCWA organized a four day national workshop on International Taxation and the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS) upon the request of Jordan (the Income and
Sales Tax Department (ISTD) in the Ministry of Finance), and as a follow up to the High-Level Conference on Financing Sustainable Development organized by ESCWA (28-29 November 2018). The workshop was attended by 39 officials representing the different directorates of the Ministry of Finance. ESCWA presented its recent findings concerning illicit financial flows in relation to tax abuses in the Arab region. The workshop drew on international experiences and provided several case studies and comparative assessments covering the following topics: An assessment of the BEPS Project and its 15 action points; the Inclusive Framework and its five minimum standards requirements; BEPS minimum requirements and their implications in the context of Jordan; the impact of the BEPS project on national regulatory framework in Jordan; and harmful tax schemes, particularly in relation to the industrial/development zones and the possible impact on implementing BEPS Action 5.

2. **Advisory services on the Necessary measures to Reopen Arab Economies**

ESCWA was requested by the Union of Arab Banks to review and provide commentary on the paper entitled “the necessary steps to re-open Arab economies”. The paper provides a synopsis of the measures taken by national authorities to prevent the spread of the COVID-19 at the national level in several Arab countries.

K. Projects


ESCWA collaborated with the UNDESA in developing an integrated project proposal entitled “Towards Integrated National Financing Frameworks” (INFFs) which has been approved within the 13th Tranche Development Account (DA) projects. Several countries in the Arab region have been identified as target countries, expressed interest in the implementation of INFFs, including during the first session of the regional intergovernmental committee on financing for development.

2. **Estimating the Economic Cost of Gender Equality**

Methodologies for estimating the cost of achieving gender equality (SDG 5)

ESCWA, in collaboration with the United Nations Entity for Gender Equality and the Empowerment of Women (UN-WOMEN), embarked on a project to estimate the cost of achieving SDG 5 in the Arab region. The project aims to provide insights on the scale and types of investments needed to achieve SDG 5. The project aims to produce a report that provides a comparative assessment of the different methods employed to cost gender inequality and articulate a methodology that can capture the costs associated with achieving several targets under SDG 5 in order to trigger the necessary needs-based financial planning to meet countries’ nationally defined SDG 5 targets. Within this context, ESCWA co-organized an expert group meeting (26-27 July 2021) to take this work forward with the participation of United Nations agencies, the World Bank and several national officials from Egypt, Jordan and Morocco and experts from academia and the civil society.

II. Implementation of recommendations made by the Committee at its first session

ESCWA, in collaboration with the United Nations Entity for Gender Equality and the Empowerment of Women (UN-WOMEN), embarked on a project to estimate the cost of achieving SDG 5 in the Arab region. The project aims to provide insights on the scale and types of investments needed to achieve SDG 5. The project aims to produce a report that provides a comparative assessment of the different methods employed to cost gender inequality and articulate a methodology that can capture the costs associated with achieving several targets under SDG 5 in order to trigger the necessary needs-based financial planning to meet countries’ nationally defined SDG 5 targets. Within this context, ESCWA co-organized an expert group meeting (26-27 July 2021) to take this work forward with the participation of United Nations agencies, the World Bank and several national officials from Egypt, Jordan and Morocco and experts from academia and the civil society.
### Recommendation to the ESCWA secretariat

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<td>(b)</td>
<td>Continue to publish the findings of the Arab Financing for Development Scorecard, given its importance as a tool that enables decision makers to formulate policies that support development financing.</td>
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<td>(c)</td>
<td>Continue preparing technical reports on regional and global developments in the area of financing for development, analyse their regional implications, and showcase their results through policy briefs.</td>
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<td>(d)</td>
<td>Develop the contours for integrated national financing frameworks to support the implementation of national sustainable development plans, and to build national capacity in adopting the necessary policies to mobilize funding to implement the SDGs as required by the Addis Ababa Action Agenda.</td>
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<td>(e)</td>
<td>Provide technical support and training to member States on issues related to financing sustainable development, including in the area of financial and tax cooperation to reduce harmful tax practices, tax avoidance and tax base erosion.</td>
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<td>(f)</td>
<td>Continue to consider the establishment of an Arab forum on financing for development tasked with assessing ways of aligning fiscal and tax policies, mobilizing various regional sources of financing to fund national sustainable development plans and related regional strategies, and enhancing regional integration in the areas of development finance.</td>
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