



Distr.  
LIMITED  
E/ESCWA/SDD/2017/WG.1/WP.2  
21 April 2017  
ORIGINAL: ENGLISH

**Economic and Social Commission for Western Asia (ESCWA)**

**Background paper**

**AFSD Plenary Session No. 7**

**Unlocking the potential of the Means of Implementation  
for the Arab region**



**United Nations  
Beirut, 2017**

17-00256

## **Introduction**

Development, which enables economic and social objectives and environmental sustainability, hinges on the ability of the region to unlock both financial and non-financial means of implementation. The session on “Unlocking the Potential of the Means of Implementation for the Arab Region” will explore what the region can do for itself in the context of declining levels of aid and FDI, falling oil prices and increasing vulnerabilities and instability. Focus of the session will be on systemic issues, with particular attention given to the linkages at the regional level. The themes include financing for development, trade, technology and innovation, and data. Discussions will be structured around what these regional mechanisms entail and how they can be localized within the Arab region to unleash partnerships on these issues. Although not central to the discussion, the session will also acknowledge the importance of coordinated policies at the regional level that enable regional partnerships in a timely and relevant manner.

## **Session Objectives**

1. Raise awareness among participants on Goal 17 at the regional level.
2. Identify entry points for stakeholders (governments, private sector, civil society, and regional entities with a mandate to work on development) to effectively identify, activate and deploy the means of implementation at the regional level.
3. Showcase examples and lessons learned regarding means of implementation at the regional level.
4. Identify at least one recommendation/action point per means of implementation discussed during the session that stakeholders will work on over the coming year and where progress will be measured during AFSD 2018.

## **Background**

The notion of ‘Means of Implementation’, anchored in Goal 17 of the 2030 Agenda for Sustainable Development, refers to the mix of financial resources, technology development and transfer, capacity building, inclusive and equitable globalization and trade, regional integration, as well as the creation of a national enabling environment required to implement the new sustainable development agenda, particularly in developing countries. It is premised on the understanding that the success and timely achievement of the 2030 Agenda is heavily dependent on moving swiftly from commitments to action, and that such a move requires strong, inclusive and integrated partnerships at all levels.

Given the universality of the Agenda and the fact that countries in any particular region share many common challenges and are influenced by the policies of their neighbours, there is a clear interest if not obligation for countries to engage in regional and global partnerships in order to jointly realize “the future we want”. At the same time, it is crucial to acknowledge the different national realities faced by individual countries in terms of capacities and levels of development, and to respect national policies and priorities. Nevertheless, only by adopting mutually reinforcing actions that maximize synergies, minimize trade-offs and optimize the use of resources, will countries in the Arab region be able to achieve the transformative potential of the Agenda 2030.

To date, the topic of regionalization and localization of means of implementation has been missing in the overall discourse on the means of implementation while focus has been mostly given to global and national initiatives in silos.

The following four dimensions of Means of Implementation have been selected as focus areas for the panel discussion against the backdrop of regional cooperation, and the opportunities and challenges specific

to the Arab region in regard to the 2017 Arab Forum for Sustainable Development theme of poverty and prosperity.

### *Financing for development*

The outcome document of the third international conference on Financing for Development, the Addis Ababa Action Agenda, ascribes significant importance to the diverse combinations of public and private financial resources in order to successfully finance the Agenda 2030. The greater need to mobilize and effectively use all sources of finance complementary – public and private, domestic and international – is also emphasized through the principle of shared responsibility.

Between 2015 and 2030, the expected total cumulative financing requirements to achieve sustained growth in the Arab region are estimated at \$3.6 trillion. However, the region's high levels of conflict, instability and crisis are likely to further increase the financing deficit.<sup>1</sup>

The lack of concerted efforts is currently hindering the Arab region from making meaningful advances towards financing the SDGs. Enhanced regional and international cooperation, guided by national priorities, is needed to expedite the process of reform that would lead to synergies to the benefit of all.

The session will evaluate existing regional finance mechanisms and proposals as well as their strengths and weaknesses, investigate what are productive investments for the region and how can resources be channeled towards them, and investment strategies that (can) generate development. Further to the session, it will explore the roles and responsibilities of key partners such as the Islamic Development Bank and the Arab Gulf Program for Development (AGFUND) and highlight the challenges encountered by them to help decrease the financing gap to achieve sustained growth.

### *Trade*

Trade is a key element to generate growth through increased commercial opportunities and investment. It also encourages innovation by facilitating exchange of know-how, technology and investment in research and development, including through foreign direct investment. Emerging economies like China, Brazil, India and South Africa have managed to steadily catch up with developed countries, thanks to increased trade. Moreover, by strengthening ties between nations, trade positively contributes to peaceful and mutually beneficial exchanges among people and as such contributes to peace and stability.<sup>2</sup>

As of January 2015, ESCWA member countries collectively took part in 750 investment agreements, including both bilateral investment treaties and international investment agreements. However, due to a shortfall of their implementation, the delivery of economic, environmental and social benefits deriving from them falls behind expectations.

Attempts to improve regional integration have been made through a number of both, regional and sub-regional trade partnerships, including foremost the Greater Arab Free Trade Area (GAFTA 2015), the Gulf Cooperation Council Common Market (GCC-CM, 2006), and the Agadir Agreement (2004). In addition, a pan-Arab Customs Union (ACU) as well as an Arab Common Market (ACM) have been planned under the auspices of the League of Arab States, to be launched in 2015 and 2020 respectively. The long-term goals of these initiatives is to establish a full customs union that would abolish—amongst its members—trade restrictions, trade quotas, and restrictions on residence, employment, labour, and transportation. Despite these efforts, the Arab region remains one of the least integrated regions of the world in terms of trade. Intraregional

---

<sup>1</sup> Financing Sustainable Development in the Arab Region.

<sup>2</sup> This intuitive notion is confirmed by evidence. A study undertaken by the Centre for Economic Policy Research on empirical data showed that the probability of disputes escalating to conflict is lower for countries that trade more because of the opportunity cost associated with the loss of trade gains.

exports did not exceed 8 per cent of the total exports of the Arab region in 2012; a very modest ratio compared to intraregional exports in the European Union countries, which amounted to 62 per cent of total exports, or in the North American Free Trade Agreement (NAFTA) zone where it reached 49 per cent. In Asia, South and Central America and Africa the numbers amounted to 48, 17, 13 per cent respectively.<sup>3</sup>

Meanwhile, growth in exports with extra-regional partners has exceeded rates achieved inside regional markets, indicating that Arab countries are more willing to engage in deep economic commitments and concessions implied by those arrangements with other regions but are less willing to provide similar concessions to each other.

Moreover, a drop in intraregional investment correlates with the global decline in investment in the region, due to its continuous tensions and security challenges. Compared to Arab investments outside the region, Arab intraregional investments remain meager, not exceeding 11.2 per cent of total investments of Arab sovereign funds outside the region, which are estimated at around US\$1,600 billion.<sup>4</sup>

In order to significantly boost prospects for growth in the region, discussions on trade and investment need to focus on the regional efforts that are required to revitalize the region's main trade and investment agreements, intraregional as well as international, and on how to ensure a successful launch and implementation of the 2015 Arab Customs Union and the 2020 Arab Common Market.

### *Technology and Innovation*

Technology has and still continues to play a vital role in the development and advancement of economies. It is constantly reinforcing regional trends in business, investment, opportunities and modernisation, which accelerates globalisation in developing countries.

Taking the Global Innovation Index (2016)<sup>5</sup> into consideration, only the United Arab Emirates (41), Saudi Arabia (49), Qatar (50) and Bahrain (57) are among the first half of countries scored<sup>6</sup>. Of the 128 countries evaluated, Yemen comes in last, indicating major challenges in closing the digital divide.

The use of technology and innovation for the implementation of the Sustainable Development Goals can be improved through enhanced North-South, South-South and triangular regional and international cooperation which can help lead to sufficient access to science, technology and innovation. South-South and triangular development cooperation can also contribute towards the aim of ensuring sufficient financial resources. Further, countries are encouraged to support the development, transfer, dissemination and diffusion of environmentally sound technologies as well as to enhance the use of enabling technology, in particular information and communications technology in order to meaningfully contribute to the achievement of the SDGs.

Technological innovation represents a way for developing nations to foster economic development, improve levels of education and training, as well as address gender issues within society. Basic forms of technology – such as a simple mobile phones – proved to assist people to access market information, sell products across geographic areas, reach new consumers, enter mobile payment systems, reduce fraud and crime, and empower women and the disadvantaged. Meanwhile, the Arab region's information and technology

---

<sup>3</sup> <http://css.escwa.org.lb/SDPD/3572/15-ESC.pdf>.

<sup>4</sup> <http://css.escwa.org.lb/SDPD/3572/15-ESC.pdf>.

<sup>5</sup> The Global Innovation Index (GII) aims to capture the multi-dimensional facets of innovation by providing a rich database of detailed metrics.

<sup>6</sup> <https://www.globalinnovationindex.org/analysis-indicator>.

links are among the weakest in the world. Although the number of internet users is growing in the region, it has remained low by international standards.<sup>7</sup>

Incubating and accelerating start-ups in the Arab region is a growing trend. Young educated Arabs are finding themselves using information technology and developing digital solutions to a number of social and economic problems in their countries. This is the generation that owns the future, and their experience and efforts deserve more attention to help shape the means of implementation on the regional level.

### *Data*

High-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts are often not readily or wholly available, especially in developing countries. However, in order to ensure that the resources needed to implement the SDGs are effectively mobilized and monitored and to evaluate the effectiveness and impact of initiatives targeted at the same, quality data is indispensable.

Regarding the Arab region, there is not a single national household survey that provides data for estimating poverty by taking into account income and non-income characteristics, comparable to international surveys. In addition, challenges to cross-country comparison and regional aggregation of quality and reliable data arise from the lack of standardized surveys that follow a uniform method and that are based on consistent and regular data collection over time.

Therefore, there is a need for a data revolution that would produce combined indicators on income and standard of living conditions, along with information on health, education, employment and social protection. The availability of such data would then make it possible to construct better poverty indices and consequently help improve policy development and monitoring for achieving the SDGs.

To achieve the full potential of data-driven development, it will be necessary for all stakeholders – government, the private sector, development organizations, and the public – to work in coordination to bridge knowledge gaps. The implementation of the Pan-Arab Multi-Purpose Survey (PAMPS) in all countries in the region is an attempt to address this challenge. This tool for harmonized household survey modules can help to produce poverty data that will allow for more accurate monitoring of progress in achieving SDG targets. In specific, clarifications are needed on the role and responsibilities of various partners, especially the League of Arab States, the issue of administration and the actual implementation process. The aim is to provide valuable contribution to meaningful follow up and review as well as evidence based policy making to end extreme poverty and achieve a significant reduction in national income poverty rates.

---

<sup>7</sup> <https://www.imf.org/external/pubs/ft/med/2003/eng/abed.htm>.