

Report on Arab Regional Consultation on Financing for Development

Amman, 7-8 April 2015

The Economic and Social Commission for Western Asia (ESCWA) held a consultative meeting to prepare its member countries for the Third International Conference on Financing for Development. The meeting was held as part of the Ninth Session of the Intergovernmental Meeting on Financing for Development, Amman, 7-8 April 2015.

All ESCWA member countries (except Libya and Yemen) participated in the meeting. Algeria and Mauritania also participated as observers. The Arab Group (New York) focal point for financing for development, Mr. Tamer Mostafa, took part in the meeting. Mr. Troy Torington, from the Guyanese Mission to the UN and Ms. Lena Ryde Nord, from the Norwegian Mission to the UN, acted as co-facilitators. Mr. Alexander Trepelkov, Director, Financing for Development Office, DESA, represented Mr. Wu Hongbo, USG, DESA. A large number of international and regional organizations, members of the private sector, regional development funds and NGOs also participated in the meeting.

Experts discussed the financing gap in the Arab region which is estimated at \$3.6 trillion for the period 2015 – 2030, as well as the spread of conflicts in the region which is negatively affecting the ability of many Arab countries to achieve sustainable growth. It was noted that an estimated \$650 billion are needed to reconstruct conflict-affected countries in the region.

Delegates discussed various financial resource mobilization strategies to help Arab countries achieve sustainable development. It was emphasized that remittances are not a substitute for public finance. However, supporting remittances for development and enhancing coordination between different government entities dealing with migrants and their remittances, are important steps in developing complements to public finance, including financial products tailored to the needs and priorities of migrants. Furthermore, reducing the cost of remittances and eliminating all disguised charges are necessary to encourage the transfer of remittances through official channels.

Delegates emphasized the importance of exploring other forms of innovative finance, in particular green sukuk and the development of new models for public-private partnerships. It was emphasized that public-private partnerships are not suitable to all sectors and should not be seen as a perfect substitutes for the role and responsibilities of the public sector. The public and private sectors have different but complementary roles that are both essential in successfully implementing the new development agenda.

The Islamic Development Bank made a presentation on the role of Arab Development Funds(ADF) in development finance. Delegates appreciated the generous assistance of ADF but recognized that the required funds to achieve sustainable development and reconstruct conflict-affected countries are much larger than the resources available to ADF. Delegates requested that ESCWA study the feasibility of establishing an Arab bank for reconstruction and development.

Mr. Alexander Trepelkov briefed the delegates on the current status of intergovernmental preparations for the Third International Conference on Financing for Development. Mr. Troy Torington discussed the various regional perspectives.

Mr. Tamer Mostafa shared with the delegates the Arab view related to the zero draft of the outcome document of the Third International Conference on Financing for Development.

Delegates held a productive discussion over the zero draft and ESCWA draft on key priorities for the Arab region. Delegates noted that the zero draft is a good starting point for negotiation but the Arab Group has a number of issues still to be addressed:

- The draft outcome document should adopt the Monterrey and Doha structures;
- Negotiations should be direct and between member countries;
- The Zero draft ignores the common but differentiated responsibility principle which was replaced by shared responsibility;
- The climate fund should be financed separately from ODA;
- Remittances are not a substitute for ODA;
- There is no consensus on carbon tax and taxing financial transactions;
- The draft should mention the challenges facing developing countries in mobilizing financial resources due to unresolved issues related to international trade and subsidies provided to the agricultural sector in developed countries;
- The request from developing countries to specify commitments and a timetable for funds granted with south-south cooperation should be removed from the zero draft.

Delegates requested that ESCWA keep its work programme for 2016-2017 as flexible as possible to accommodate the outcomes of the Third International Conference on Financing for Development and the Post-2015 Sustainable Development Goals.

Delegates requested that ESCWA amend its draft on key priorities for the Arab region according to the discussions and suggestions provided during the meeting, and send its final draft to all Heads of Arab Missions to the UN as well as to the co-facilitators.