

Summary of Discussion

Virtual Arab Regional Workshop: Investing in the SDGs through South-South and Triangular Cooperation Beyond COVID-19

30 November – 2 December 2020

Background:

The United Nations Office for South-South Cooperation (UNOSSC) jointly with the United Nations Development Programme (UNDP), in partnership with the Middle East and North Africa Public Administration Research Think Tank Network (MENAPAR TTN), organized a virtual Arab Regional workshop on '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'. The event was held from 30 November-2 December 2020.

Opening Session:

H.E. Abdulla bin Faisal bin Jabur Al Doseri, Assistant Foreign Minister, Ministry of Foreign Affairs of the Kingdom of Bahrain in his opening remarks highlighted the significance of the topic to the growth of both the local Bahraini and regional economy. He further highlighted that the Kingdom of Bahrain views foreign investment as a crucial part of its economy. The country's Vision 2030 plans to develop the economy and its competitiveness. The SDGs are primary focus area and the government would lead by example for shared interests through South-South Cooperation for collective growth. He expressed his confidence that with the opportunities for the corporations in various fields, there can be a positive effect on the region, particularly as we face the consequences of an unprecedented pandemic.

On the significance of the virtual workshop, he highlighted that cooperative efforts and innovation are needed to address and minimize the existing and future challenges the region, particularly in the wake on the current pandemic which, according to initial UNSCWA estimates could lose at least US\$42 billion dollars and face rise in unemployment rates. Dialogues such as this will support countries towards finding solutions to keep people and economies protected while promoting a collaborative environment. While the region has its own challenges, looking at the global initiative will help gain a broader understanding of how to move forward. In the end he commended the success of the workshop in bringing together various players in the region, including the academic research and scientific institution as a key stakeholder to inform decisions makers and how sustainable strategies can be employed

Mr. Adel Abdellatif, Director a.i., UNOSSC expressed his gratitude to the Ministry of Foreign Affairs of the Kingdom of Bahrain for their patronage for the event. This subject of this discussion has been one of the priority areas of the [South-South Global Thinkers Network](#), a coalition of thinktank networks for South-South Cooperation which is a joint initiative between UNOSSC and

UNDP, launched in 2017. Similar workshops have been organized in Asia, Africa and Europe. This event focuses on the theme of promoting conducive policy, enabling business and legal environment and integration in the Arab states region. Mr. Abdullatif provided a brief background of UNOSSC and its role to promote, coordinate and support South-South and triangular cooperation globally and within the UN system. He also informed that UNOSSC has recently been coordinating the first Inter-agency action plan of the UN- System wide South-South Cooperation strategy which seeks to further enhance the coordination to support South-South and triangular cooperation.

Referring to the second High-level UN Conference on South-South cooperation in Buenos Aires, he highlighted that the outcome document of the conference recognized the contribution of think tanks and research institutions to the improvement of South-South and triangular cooperation practices. He reiterated that UNOSSC, in collaboration with UNDP, will continue strengthening the sharing of knowledge and research on South-South cooperation to advance thought leadership and produce evidence-based research to inform policy dialogues and decision-making on South-South cooperation in the context of sustainable development. In addition to the Global thinkers platform, the South-South Galaxy platform also supports and focuses on the coordinating creating and sharing knowledge and partnership brokering.

He highlighted that the regional workshop aims to identify challenges and good practices in policy and legal areas that can facilitate better South-South investment for sustainable development while scoping the impacts of COVID-19. He further informed that the discussions and outcome of the event will feed into the formulation of a research agenda that aims to inform better policymaking to promote and strengthen investment policies. Secondly, there will be a comprehensive research publication on South-South trade investment and regional integration, also compiling inputs from previous similar workshops. The event will also contribute to the development of a repository of financing mechanisms that exists in the region and aims to facilitate partnerships between governments, development partners, IFIs, academia civil society and think tanks to support more SDGs aligned with public policies. This will also help to define research and collaboration to advance the regional cooperation.

Mr. Khaled Abdel Shafi, Deputy Director a.i, Regional Bureau for Arab States, UNDP highlighted that South-South cooperation is strongly anchored in UNDP's Strategic Plan. UNDP launched its corporate strategy on South-South cooperation in 2016 and renewed its commitment at the BAPA +40 conference in 2019. In this spirit, UNDP Regional Bureau for Arab States addresses challenges and opportunities shared across Arab countries that require multi-country interventions and collaboration in areas such as trade, climate change, human security and anti-corruption, to mention a few. UNDP with its presence in 140 countries has a comparative advantage in scaling up successful initiatives at the country level through regional platforms and networks that enable peer-to-peer exchanges and South-South cooperation. Also, as a substantive knowledge partner, UNDP is capable of influencing policy in most strategic areas for the governments in the region. It consolidates the knowledge base that promotes research analysis, data gathering and dissemination enabling evidence-based policymaking and knowledge exchanges in the region and beyond.

Talking about the Arab Region, he highlighted that Arab States historically have shown increasing support for South-South Cooperation as seen by the creation of several regional and multilateral channels of cooperation such as The Arab League, the GCC council, the Maghrib union and the African Union Regional Economic Communities. South-South cooperation in the Arab states is mostly facilitated through public-private partnerships and also through specialized funds such as the Islamic Development Fund, the Arab Monetary Fund for Economic and Social Development, the OPEC Fund, the Kuwait Fund, etc. He further added that high income Gulf countries of the region have played a significant role in South-South cooperation and providing substantial financial contributions to least developed countries and conflict affected countries.

However, the potential for South-South cooperation in the Arab states remains largely untapped and it is one of the world's least globally and regionally integrated regions, with world's lowest levels of FDI and the share of total global exports of oil goods is under 2 per cent. The intra-regional trade among the Arab states countries is also very low. These issues, together with crises posed by COVID-19 crisis and dramatic drop of oil prices resulted in socio-economic and development crisis. To conclude, he reiterated that South-South cooperation presents an opportunity to build forward better through regional integration, innovation, competition and adhering to the principle of leaving no one behind. South-South/ regional cooperation is key to the region's long-term economic development growth and for the achievement of SDGs, especially for the middle income and least developed countries as well as fragile countries.

Dr. Ra'ed M. BenShams, Director General of Bahrain Institute of Public Administration (BIPA) and President of MENAPAR Network highlighted that the workshop discussion will be an essential component for the way forward on towards the SDGs for the region. There are great examples of good practices across the region, yet a unified direction is needed, SDGs can serve in unifying and serve as a common framework.

He further added that the discussions in this workshop will be essential to formulate the bigger picture. This will require a paradigm shift and aspirations to positively influence our families neighborhoods communities and localities.

Session 1:

Dr. Anida Yupari Aguado, Economic Affairs Officer, Office of the Secretary-General, United Nations Conference on Trade and Development (UNCTAD) highlighted the challenges as a result of the economic consequences of COVID-19 crises both for developed and developing countries. The pandemic and the crisis mitigation measures have interrupted international flows of goods, services, investment finance, transport and the movement of people. There will be decline in the global trade by 16 trillion dollars representing a drop of 20 per cent and the global combined GDP is projected to contract by 4.3 per cent in 2020. In addition, international tourism is also expected to decline by about 70 per cent and remittances flows, one of the external sources of financing for developing countries, are expected to decline by 28 per cent in 2020. There are millions of livelihoods and it is estimated that an additional 130 million people would be living in extreme

poverty. At the regional level, trade in certain regions such as East Asia appears to be relatively better than in other regions. On the other hand, the sharpest decline has been for the West and South Asia region where imports have dropped more than 35 per cent and export by 41 per cent.

FDI in developing countries, which is a more stable modality of external financing, is expected to contract by 40 per cent in 2020 compared to its levels in 2018. The pandemic has led to the delay in implementation of ongoing investment projects and the shelving of new projects as well as the drying up of foreign affiliate earnings. Highlight its implication for the implementation of the SDGs, she explained that the COVID-19 crisis will further derail the timely implementation of the 2030 agenda, particularly, in the global South as the investment in key areas remain inadequate.

Regarding the opportunities, challenges and possibilities to spur and to stimulate investment flows and trade among developing countries, she highlighted that trade among the South offers several economic opportunities. In 2019, over 26 per cent of the world trade was conducted among developing countries. Policy responses in developing countries need to be geared towards boosting both domestic and foreign investment as well as better exploring the linkages between these types of investment in order to maximize their development impact.

For cooperation at the regional level, developing countries play an instrumental role, particularly in investment policy coordination and harmonization. UNCTAD also provides guiding principles for investment policies for sustainable development including, for example, balancing liberalization with regulation and balancing a push for private investment with public investment. Measures of cooperation to stimulate trade between developing countries offer several opportunities to promote economic growth and development by capitalizing on South-South trade. To conclude, Ms. Aguado emphasized the importance of strengthening South-South trade cooperation including under the GSTP as called by the outcome of the BAPA 40+ .

Ms. Roula Majdalani, Cluster Leader, Climate Change and Natural Resources Sustainability Cluster, United Nations Economic and Social Commission for Western Asia (ESCWA) highlighted that there have been a lot of efforts for regional integration and regional cooperation, such as the established League of Arab states, Maghrib Union, there are a number of intergovernmental processes that have led to very concrete initiatives on the ground. This included collaborative initiatives such as energy security. There is need for a serious effort to address the question of sustainability as countries are vulnerable in terms of their energy resource. Other areas include food security strategy that also relies on regional cooperation, especially with different economic endowments i.e., environmental endowment, water endowment in the region and opportunities for better trade facilitation. These intergovernmental processes have produced the concrete initiatives on the ground at least at the technical level.

Issue-based inter-agency regional collaboration platforms have allowed countries and partners to learn from each other and to invest resources to scale up efforts and maximize the benefits and also build policy coherence. Examples include work on water governance, tracking the SDGs and building capacity on climate change. She also shared examples facilitating the learning

process through collaborative platform, not only through an intergovernmental process but also through multi stakeholder process.

Dr. Bahgat Abu El Nasr, Director General of the Arab Economic Integration Department (AEID), League of Arab States's presentation on Investing in the Arab countries in Achieving the Sustainable Development Goals focused in three major areas: The reality of sustainable development, investment, business and competitiveness, and the efforts of the League of Arab States in improving the investment environment in the Arab countries. Despite the importance of the provision of investment in achieving SDGs, the primary determinant in their achievement is the generation of an attractive investment environment. In the context of the COVID-19 pandemic, FDI flows have seen a distinct decline and market seeking investment and FDI projects in extractive industries have decreased, significantly impacting Arab economies.

In order to improve and increase the flow of investment, sound and stable legal structures governing investment at national, regional and international levels play an important role. The need to amend the Unified Agreement for the Investment of Arab Capital was important to create an open, secure and predictable work environment for investors from the region. Thus, mechanisms to improve investment and strengthen the business environment include: The unified agreement for the investment of Arab capital in the amended Arab countries, the Greater Arab Free Trade Zone, and the agreement to liberalize trade in services between Arab countries. Finally, Dr. Nasr presented a set of recommendations for improving the business environment in the exit phase including providing freedom to exit and close activity through an effective judicial system; reconsidering the fees and costs from the owners of companies when they want to liquidate them; and simplifying the dissolution procedures.

Mr. Khaled F. Alkhaled, Regional Manager for International Organization, Kuwait Fund for Arab Economic Development, State of Kuwait highlighted the necessity of promoting bilateral and multilateral relations as well as the importance of collaborative efforts to overcome the catastrophic health and socio-economic impacts of the pandemic.

In the case of Kuwait, in 1961, State of Kuwait established (KFAED) to organize financial aid with a capital that reached USD 7 billion by 2019/2020, along with over USD 12 billion in financial reserves. As the main body of Kuwait prepares to execute its commitments towards international development, the Fund manages all direct donations and grants of the State of Kuwait to developing countries, with a focus on the humanitarian aid and relief at time of disasters or catastrophes. Dr. Khaled thus highlighted four key contributions of KFAED up until November 2020: (a.) 990 loans to developing southern countries, valued at USD 22 billion that benefited 107 countries; (b) 315 grants and technical subsidies valued at USD 1.2 billion that benefited 173 countries and development institutions; (c) USD 2.5 billion as contributions to the capital funds of regional and international developmental institutions contributing to the development of the Third World Countries, and particularly southern developing countries; (d) 80 non-refundable net grants for the southern countries valued at USD 7.3 billion and benefiting 44 countries in humanitarian and emergency relief. Dr. Khaled illustrated the anti-discriminatory approval criteria for financing the projects at the southern countries. The Fund, through more flexible

policies, incentivized southern countries to apply through very generous grants and technical subsidies for any potential feasibility studies or operational plans. Furthermore, the Fund contributed to the international initiatives calling for the developing southern countries' debt relief. It delayed and rescheduled many debts under the HIPC or G20 initiatives, to relieve any extra burdens placed upon countries as a result of the pandemic. This benefited approximately 60 developing southern countries.

The Fund, despite new hurdles faced under the COVID-19 economic conditions, has remained very active by adapting its mechanisms of communication and updating of financial procedures, meeting the requirements to function in the midst of the pandemic. Finally, Dr. Khaled reiterated the Fund's commitment to work with all partners and international institutions to aid and support Southern countries through any possible measures or instruments during this difficult time.

Dr. Ahmed Ghoniem, Professor, Faculty of Economy and Political Science, Cairo University highlighted that there is a huge gap between the SDGs and their link with the Trade and investment. The National developmental plans in Arab countries have addressed SDGs but failed to link to investment and trade. The Arab countries, though, aim at diversification of exports, enhancing FDI as well as domestic investment etc. but are not looking into the green investment issues. Most the investments in the Arab region are concentrated in oil, natural gas or heavy industries. It rarely takes into account what SDGs are actually about.

He emphasized the need of having a conceptual framework. Whether it is a bottom up approach or a top down approach but countries need to identify the link between SDGs given the causality effect between the both. In connection with the conceptual framework, the catalytic goals that can enable investment and trade to play an efficient role in achieving core SDGs are not in place. For example, the institutional setups are not in place (e.g. RTAs or BITs either suffer from vagueness or full of clear obstacles that hinder market access), and the existing infrastructure is modest (eg. problems associated with trade facilitation and port management). Some remote goals are highly negatively affecting investment and trade (e.g. climate change, and water scarcity).

Dependence on investment and trade for Arab countries is an indispensable mean to overcome challenges associated with food security since self-sufficiency rates are low and prospects for enhancing agriculture are limited. This implies that Arab countries should pursue the necessary efforts to enhance the role of investment and trade in achieving SDGs, provided that it is utilized within an efficient framework. Despite the fact that many variables can be hardly controlled as they are exogenous to the context of investment and trade policy making, yet several home grown policies can be efficiently managed to achieve their developmental objectives stated in the core SDGs.

Dr. Heidi Saidi, Director General, Arab Institute for Training and Research in Statistics (AITRS) highlighted the importance of data and statistics for informed policy making and a speedy response in the context of COVID-19, providing an overview of AITRS' strategic plan to overcome

such challenges. Statistical reports are significant in solving and addressing issues concerning SDGs. In this context, there is a lack of certain SDG statistical indicators requiring more information for statistical reports and accurate performance indicators. COVID-19 has recently revealed statistical shortages both regionally and globally, highlighting the need for a speedy response that heavily depends on accurately measuring its social impact. Many countries in the Global South lack capacities to respond with adequate statistical data. Regionally, the main challenges faced by the Arab region include technical issues, financial challenges, legal and legislative barriers, and political challenges.

Arab statistical systems vary greatly due to the variance in the levels of development from state to state, legal systems, human capital available, and technical capacities, resulting in regional inconsistencies and a lack of unity. Further, resources available are also limited regionally and countries thus continue to receive little support for the provision of indicators that follow international statistical reporting standards. Regional political instability is another significant barrier requiring greater cooperation and support. One of the main steps in solving these challenges regionally is the need to update legal dimensions to cope with technological and statistical developments. This would mean systems that can facilitate technologies including geographic satellites and big data, and geospatial data collection. As such, AITRS can be of great support in the implementation of statistical projects in the region with the will and cooperation of various government institutions across the Arab states.

H.E. Amb. Imad Zuhairi, Director General, Palestinian International Cooperation Agency (PICA), State of Palestine highlighted that despite the challenges faced, the country participated in the realization of the UN's 2030 Agenda and the SDGs. He introduced the role of PICA as a main player in providing technical assistance and know-how to the southern countries. He further highlighted that public-private partnerships are fundamental in delivering the agency's message of inclusive and sustainable development programs. These are related to promoting and enhancing partnerships and has contributed to creating employment opportunities and mitigating poverty. The Agency has provided opportunities to fresh graduates, skilled workers and practitioners who are willing to improve their professional skills. These investments have contributed to elevating women's empowerment and gender equality initiatives at the local level. He highlighted that Palestine is using COVID-19 pandemic as an opportunity to develop its human and institutional capacities and capabilities. Improving the health sector has become a necessity of national importance and the source of investment from within the State of Palestine and outside has facilitated the resulted positively.

On the policies and regulations, the Government of Palestine amended the Investment Encouragement Law in 2014, designed for enhancing the development efforts through investment. The law offers incentives to dynamic sectors that contributed towards achieving local and global development goals such as information technology and the energy section. The government has adopted the national plan based on SDGs which is a strategic and national focus to keep the calibration of the government development oriented. In 2019, the government put in place a national plan, focusing primarily on several aspects i.e., industrial and agricultural production, gender equality and combatting poverty. Supporting startups, small businesses and

incubators is also a key part and National Academy for IT, outsourcing careers was also created early 2020. On improving Palestinian capacity for increased investment, he mentioned that there is still plenty of potential and efforts need to be made to promote resilient, agile and contemporary partnership. Palestine relies on its private sector. Public-private partnerships can generate a sustainable impact towards achieving the 2030 SDGs. He further highlighted various initiatives in partnership with various development partners and southern countries.

Mr. Malek Al-Breazat, Head of Department of Cooperation with Arab and OIC Institutions, Ministry of Planning and International Cooperation, Hashemite Kingdom of Jordan focused on the importance of regional shortages and challenges encountered in cooperation initiatives. SDG challenges are linked to financial shortages and gaps in political stability across the region. Currently, Arab regional trade has lagged at a low 6 per cent. Bilateral trade and investment have thus faced many national and regional challenges requiring internal reform to increase South-South cooperation. In the case of Jordan, increased cooperation includes capacity building in data development, education, and health. Jordan has been successful in developing a knowledge-based economy and increasing platforms for regional knowledge sharing opportunities. Such practices have been further enhanced in the fight against COVID-19 across the region. Despite Jordan's significant domestic challenges including political instability and the Syrian refugee crisis, the country has been working to turn the crisis into an opportunity.

In this context, Jordan's SSC practices include a Memorandum of Understanding between Jordan and GCC countries, increased regional partnerships with financial institutions such as the Kuwait Fund and the Arab Investment Fund. Such partnerships have led to increased support for SSC through strengthening private sector activities. Jordan has also been fundamental in facilitating knowledge sharing across the GCC in terms of public administration and policy generation support to regional partners. The focus of this presentation has thus been the ability of Arab countries, and Jordan in particular, to utilize existing SSC platforms to shift current challenges into future opportunities in trade and investment across the region. Arab countries have an opportunity to focus on creating a unified front to fight against the fast-paced changes and challenges brought about by global economic conditions.

Ms. Rima Younes Khatib, Deputy Director, Foreign Affairs Department, Banque du Liban, Lebanese Republic addressed the concerns regarding the policies and regulations Lebanon has put in place to better facilitate South-South trade and investment, the challenges faced and the regional frameworks Lebanon has utilized to engage in South-South investment and trade. Lebanon has particularly faced many challenges due to postponed policies and financial, physical, social and political barriers following the COVID-19 crisis. Recently, Lebanon was struck with the third largest non-nuclear explosion in the world. This devastating event has caused much political and economic turmoil across the country, adding to the existing concerns that have been heightened by consistently inadequate policy implementation.

Over the past decade, Lebanon has seen many initiatives that have not materialized which have impacted the country's economic growth and development. One of the key paths to stability, as mentioned by Ms. Khatib, is the need for a national policy that is strategically linked to SDGs. The

survival of Lebanon's resilient economy thus far is thanks to its thriving human capital and diaspora. In order to tackle the future concerns of economic growth, it is important to understand national political dynamics and balance these relations in the context of South-South Cooperation mechanisms. Lebanon must also shift its attention and innovate away from political and military focus towards building a strong knowledge economy and the institutions needed for a unified regional digital agenda. This means engaging target regional priorities for the strengthening of South-South digital cooperation and investment.

Mr. Ahmed Mohamed Abro, Deputy Director of Social and Cultural Department, Ministry of Foreign Affairs & International Cooperation Republic of Djibouti highlighted the long history of bilateral and multilateral relation that ties Djibouti with its neighboring countries as well as other southern countries. Djibouti's commitment to the SDGs has been changing significantly over the past decade with more strategic decisions that tackle centric issues such as poverty and hunger. Djibouti has put immense effort behind aligning its national vision with the current SDGs goals and continues to seek international aid and assistance in all aspects and fields. The country adopted a framework diversifying its funds as well as maintaining excellent bilateral and multilateral relations with regional and international partners. This resulted in exceptional collaborations and agreements that improved health systems across Djibouti as well as services and facilities through fruitful collaboration with neighboring countries such as Sudan and Ethiopia.

Djibouti also continues to maintain engagement in many regional and international events and economic conferences which have been aimed at strengthening economic relations, particularly with the Arab countries and the GCC. Many projects have also been funded by Arab partners and aligned with the SDGs to continue improving the State's infrastructure and health systems. Djibouti also dedicated different state officials and departments to follow up and coordinate any possible international collaboration to achieve the SDGs goals. These initiatives have specifically targeted increased South-South collaboration. Regarding the COVID-19 pandemic, the travel suspensions have impacted the economic growth in Djibouti. However, the overall performance of the economy remains positive.