

**Economic and Social Commission for Western Asia**

## Input of the Economic and Social Commission for Western Asia to the thematic review of the 2023 High-level Political Forum on Sustainable Development

(a) Progress, experience, lessons learned, challenges and impacts of the COVID-19 pandemic on the implementation of SDGs 6, 7, 9, 11 and 17 from the vantage point of your intergovernmental body, bearing in mind the three dimensions of sustainable development and the interlinkages across the SDGs and targets, including policy implications of their synergies and trade-offs.

### **SDG 6**

#### **Measuring progress:**

- Most of the Arab region's population uses safely managed drinking water services (76.6 per cent) and has access to handwashing facilities (86.7 per cent). Although there is still work to be done, particularly in rural areas and least developed countries (LDCs), progress on these indicators has been steady.
- However, freshwater withdrawals have increased from 101.1 per cent in 2015 to 120.8 per cent in 2019, deepening the region's level of water stress.
- Water use efficiency is poor. At \$10.10/m<sup>3</sup>, the region underperforms the world's average (\$19.40/m<sup>3</sup>), and is well behind leading regions (Europe, for example, has a return of \$63.20/m<sup>3</sup>).
- Safely managed sanitation services covered 33.4 per cent of the region's population in 2020, compared with 23.1 per cent in 2006. Although the trendline remains positive, progress has slowed.

**Experience and lessons learned:** Achieving SDG 6 in the region requires adopting a human rights-based approach to water, sanitation and hygiene, robust water management, and transboundary cooperation. Climate change impacts in the region are already leading to increased dependency on groundwater at a time when groundwater recharge is also projected to decrease, necessitating conjunctive management of surface water and groundwater. Strategies must also link water, energy and food security for maximum impact, and must be supported by investment in infrastructure, technology (such as technology to fill the data and information gap hindering the management of groundwater) and non-conventional water sources (such as treated wastewater, which is increasingly being re-used in several Arab countries).

**Challenges:** The Arab region faces severe water scarcity challenges, with 90 per cent of its population living in countries with less than 1,000m<sup>3</sup> of fresh water per capita. Climate change is exacerbating water scarcity, with rising temperatures and record low rainfall threatening all Arab countries. Protracted conflicts have destroyed water, sanitation and hygiene (WASH) infrastructure, contaminated water supplies, and increased the risk of waterborne diseases in parts of the region.

**Impact of COVID-19:** The COVID-19 pandemic has highlighted the importance of ensuring access to WASH services for all to protect health and welfare. Water consumption increased while water utility

revenues fell, further straining systems' capacity to provide access to water for all. The right to WASH services has been particularly slow to materialize for rural residents, persons with disabilities, refugees, migrants and internally displaced persons, and people living in Arab LDCs.

## **SDG 7**

### **Measuring progress:**

- The Arab region has made good progress in increasing access to electricity (now at 90.3 per cent of the population) and clean fuels and technology (at 86.8 per cent). However, significant urban-rural divides persist, and the LDCs remain significantly behind regional averages. Some 42 million people in the region lack electricity access, and 53 million lack access to clean fuels.
- Although renewable energy capacity (51.9 W per capita) has risen sharply since 2015 (33.1 W per capita), the region remains below the world's average, and has untapped potential for a renewable energy transformation. Meanwhile, the share of renewable energy sources in final energy consumption fell from 6.7 per cent in 2000 to 4.6 per cent in 2019, highlighting the need for further investment.
- Primary energy intensity is higher in the Arab region than the global average. Despite improvements over the past decade, the pace of improvement has slowed and lags behind SDG target 7.3 on improving energy intensity by 2.6 per cent per year until 2030.

**Experience and lessons learned:** The Arab region has enormous renewable energy potential, with massive wind and solar projects contributing to the transformation of Arab countries' energy mixes. Particularly in Gulf Cooperation Council (GCC) countries, modern renewable energy technologies have grown in recent years, as falling costs and effective policies designed to remove market barriers and encourage private sector investments have made them increasingly attractive. In contrast, in the Arab LDCs where about 90 per cent of the region's population without access to electricity resides, prevailing economic, institutional, technical and sociocultural barriers continue to prevent the widescale use of renewable energy. In these countries in particular, additional investment is needed, and whole-of-society approaches based on partnerships with the private sector, academia, civil society and other partners are necessary to achieve clean energy access. International financial flows and support for clean energy research and technology are also greatly needed.

**Challenges:** Rapid increases in domestic energy consumption and rising energy intensity associated with economic growth remain significant challenges. The region is still struggling to increase the share of renewable energy in its energy mix. For oil exporting Arab countries, investments in green energy and extractive industries are driven by fluctuations in carbon-based energy prices. Discipline and determination are therefore required to secure investments for green energy transformations. For oil importing Arab countries, high energy prices, political instability and conflict have seen many people lose access to electricity, as services have been destroyed or rendered excessively expensive.

**Impact of COVID-19:** Energy was critical to the success of COVID-19 response strategies, powering hospitals and vaccine cold-chains, while also enabling activities such as schooling and work to move online. Instability in energy prices have impacted national budgets for both oil importers and exporters, casting uncertainty over the directions of energy investments. Moreover, amid rising poverty levels in the region, many people can no longer afford clean cooking fuels, particularly in the LDCs.

## **SDG 9**

### **Measuring progress:**

- Manufacturing growth has been slow in the Arab region. Manufacturing value added (MVA) accounted for 10.7 per cent of GDP in 2021, compared with 9.6 per cent in 2000 (globally, MVA as a percentage of GDP stood at 16.9 per cent in 2021). On a value-added per capita basis, growth has also been slow, standing at \$630.80/person in 2021, compared with \$448.70 in 2000. Employment in the sector fell from 10.6 per cent in 2000 to 9.8 per cent in 2020.
- Research and development expenditure grew to 0.6 per cent of GDP in 2020, well behind the global average of 1.9 per cent. Furthermore, the number of full-time researchers per million inhabitants (614.1) is less than half of the world's average (1,341.8).
- Significant progress has been recorded in the number of people covered by a mobile network, which in 2020 stood at 92.5 per cent of the region's population, compared with 74.6 per cent in 2015. At 74.2 per cent in 2020, Arab LDCs trail behind the rest of the region on this metric.

**Experience and lessons learned:** Both oil-rich and non-oil-rich Arab countries are pursuing economic diversification. A better-developed industrial sector can support these efforts while providing productive employment opportunities. Recent crises have driven Arab Governments to support the resilience of supply chains through multistakeholder efforts involving Government and business. Digitization has been one area that has seen progress since the pandemic: 55.2 per cent of the region's population was using the Internet in 2019 compared with 70.3 per cent in 2022, although significant gender and urban-rural disparities remain. The circular carbon economy (CCE) framework has also gained traction as a pathway to deliver resource efficiency and relieve pressure on natural resources. CCE is particularly important in the heavy industry sector, as a growing emitter of carbon. Taking advantage of rapidly falling renewable energy costs can aid in decarbonizing the industrial sector.

**Challenges:** The Arab region has a relatively weak manufacturing sector, characterized by low productivity growth, and is often reliant on informal labour. Efforts for economic diversification are observed in both oil-rich and non-oil-rich countries, but a solid manufacturing sector that can absorb semi-skilled and low-skilled workers is yet to be developed. Moreover, the region's skill profile has not kept pace with the employment demands of the Fourth Industrial Revolution, which risks causing Arab countries to fall even farther behind.

**Impact of COVID-19:** The effects of the pandemic varied across industrial sectors and firms. Micro and small enterprises were hardest hit, especially those more exposed to global value chains disruptions and reliant on international transport systems. Since plummeting in early 2020, industrial production recovery has been uneven in the region, and has yet to return to pre-pandemic levels in several Arab countries. Informal workers, women, young people and low-skilled workers were most impacted by layoffs.

## **SDG 11**

### **Measuring progress:**

- Data is insufficient to track regional progress in the majority of SDG 11 indicators.
- The proportion of urban populations living in slums has increased over the years, going from 24.3 per cent in 2000 to 31.2 per cent in 2018.

- The number of internally displaced persons has also grown sharply owing to the region's multiple conflicts, and the pace of displacement has accelerated. In 2008, there were 130,000 new cases of displaced persons compared with 1,770,000 in 2020.
- Air pollution has increased slightly since 2000. At 58.7 PM2.5, it is worse than the global average of 45.5 PM2.5.

**Experience and lessons learned:** The Arab region is one of the most urbanized worldwide, with 75 per cent of inhabitants expected to live in cities by 2050. Systemic, integrated and inclusive approaches to urban planning and governance aligned with the New Urban Agenda can help cities respond to various issues, including vulnerability to climate change, non-consultative governance, and insufficient socioeconomic opportunities. The COVID-19 crisis spurred an increase in partnerships between Governments, local authorities, the private sector, civil society and other stakeholders, and demonstrated the significance of public participation in decision-making processes.

**Challenges:** Urbanization has progressed rapidly and has often not been planned, leading to the spread of slums and exacerbating poverty, inequality and environmental stress caused by human settlements. Challenges include inadequate urban governance; insufficient affordable housing and accessibility to basic services, including transport; a lack of green and public spaces; weak protection of cultural and natural heritage; and inadequate management of pollution and climate change adaptation.

**Impact of COVID-19:** The pandemic highlighted the consequences of uneven spatial development, as access to support services varied between urban and rural areas. COVID-19 infections were higher in informal settlements, refugee camps, and poorly designed and overcrowded migrant worker dormitories. The pandemic increased domestic and medical waste generation, and hampered waste recycling programmes implemented by local authorities and stakeholders.

## SDG 17

### Data

#### **Measuring progress:**

- Despite progress in SDG data collection, only 10 of the 17 SDGs can be monitored effectively owing to a lack of sufficient data in the remaining Goals.
- Birth and death registration have seen improvements since the adoption of the 2030 Agenda for Sustainable Development. In 2015, 40.9 per cent of Arab reporting countries had completed 90 per cent of birth registrations, compared with 59.1 per cent in 2020. Moreover, 40.9 per cent of reporting countries had completed at least 75 per cent of death registrations in 2015, compared with 45.5 per cent in 2020.
- Only 59.1 per cent of reporting countries have conducted at least one population census in the last 10 years, and the number of government-funded statistical plans has decreased slightly, underscoring the need for increased data prioritization.

**Experience and lessons learned:** Data collection was forced to innovate during the pandemic, with new tools being used to make contact for surveys, adjust modalities for sharing administrative data to facilitate information gathering, and increase use of big data for insights. New data partnerships with the private and public sectors and with international partners are facilitating these shifts.

**Challenges:** The Arab region continues to struggle with data availability. For all Goals, only 52 per cent of SDG indicators have sufficient data at the regional level, and 37 per cent have no data at all. This inhibits evidence-based policymaking and impedes targeting measures to groups most in need.

**Impact of COVID-19:** Lockdowns temporarily interrupted the functioning of national statistical offices across much of the region, while highlighting data gaps and the needs to enhance data-sharing systems.

## **Financing**

### **Measuring progress:**

- Inward personal remittances in the region increased from 2.1 per cent of GDP in 2005 to 2.9 per cent in 2020.
- Data are insufficient to track regional progress in other SDG 17 indicators related to finance.

**Experience and lessons learned:** Arab countries need to create the fiscal space to reduce debt-financing overhangs, tap liquidity lines to avoid insolvency, sustain social spending, and ensure social cohesion by safeguarding overall economic, fiscal, monetary and financial stability. Affirmative action is needed to enhance the targeting and efficiency of public spending, and to pursue fiscal equalization and systemic approaches, so as to mobilize all strands of financing (public, private, domestic, international, plurilateral, multilateral, innovative and traditional). Affirmative action is also needed to sustain investments (domestic and foreign) through a rights-based and gender-responsive lens, so as to mitigate imminent health hazards and the socioeconomic impact of the pandemic. In addition, it is critical that Arab countries combat tax avoidance and evasion, tax havens, corruption, financial crimes and aggressive tax planning practices that diminish national revenues and erode the tax base.

**Challenges:** Key barriers to finance as a means of implementation in the Arab region include high levels of debt servicing, ineffective or inequitable tax systems, inefficient public spending, high reliance on non-productive sectors, low growth, pervasive illicit financial flows, and high cost of remittance corridors. The region continues to sustain a financing reflux amounting to \$2.5 on average for every dollar gained in cross-border financing. In addition to the pressing challenges in securing necessary financing at the national level, global economic structures must also adapt through stronger implementation of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development.

**Impact of COVID-19:** Responding to the pandemic exacerbated multiple financing challenges in the Arab region, including financing insolvencies, funding shortfalls, fiscal space constraints, debt-financing overhangs, and severe financing inequalities. The pandemic and decreased oil revenues pushed the region's overall debt burden in 2021 to a historic high of \$1.5 trillion, equivalent to 58 per cent of its GDP. At the same time, foreign direct investment (FDI) inflows fell by an estimated 45 per cent, leaving the region with reduced fiscal space for addressing its challenges. Although increased energy prices owing to the war in Ukraine have improved the fiscal positions of Arab oil-exporting countries, debt remains a serious problem for others. Arab MIC debt is estimated at 79.1 per cent of GDP, and Arab LDC debt is estimated at 78.1 per cent of GDP. Moreover, the region has witnessed an alarming trend of increasing non-concessional borrowing, and a reduction in the grant element of official development assistance.

(b) **Three key areas** where transformative actions for accelerated progress have been successful, and **three key areas where support is most urgently needed**, with regard to the cluster of SDGs under review in July 2023.

**Areas where transformative actions have been successful:**

1. **Energy market reforms and investments in technologies** have drastically lowered the cost of renewable energy production in the Arab region, particularly in GCC countries that saw three consecutive world records on low-cost solar energy power generation bids in 2020 and 2021.
2. **Digitization** has rapidly advanced in the Arab region as a direct result of measures to tackle the COVID-19 pandemic. In 2019, 55.2 per cent of the region's population was using the Internet compared with 70.3 per cent in 2022, although significant gender and urban-rural disparities remain. During the pandemic, many Arab countries increased Internet bandwidth speed, unblocks IP telephony applications, extended public Wi-Fi availability, and even offered IT training and equipment. This allowed students to attend school remotely, employees to work from home, businesses to maintain operations amid pandemic restrictions and, in some cases, for services such as health care and legal systems to continue parts of their operations remotely.
3. **Water management policy reforms are starting to show some positive results.** For example, in the area of irrigation, which accounts for 85 per cent of water use in the region, reforms have succeeded in improving water use efficiency in agriculture in some Arab MICs, with high potential for replication in the LDCs. These countries have shifted their irrigation policy away from simply increasing supply (including through water reuse) and reducing irrigation water wastage (including the promotion of drip irrigation) towards decentralized and inclusive irrigation water management (such as water user associations in Egypt), and an irrigation water-pricing policy that not only recovers water provision costs but also reflects water scarcity and opportunity costs (such as the removal of irrigation subsidies in Morocco).

**Areas where support is most urgently needed:**

1. **The region must increase investments in renewable energy generation and low-carbon technologies**, create an enabling environment for investment, and integrate strategies with other policy areas. For example, measures should be implemented to ensure that increased demand for energy in the industry sector does not compromise access to clean and reliable energy for households. Development of low-carbon technologies in the Arab region must be driven by both the private and public sectors, and the application of CCE principles in the region must be accelerated to achieve climate goals.
2. **Human settlement planning and governance must be improved.** Notable needs include reducing urban-rural inequalities, increasing access to adequate and affordable housing with basic services that prevent pollution and other waste, implementing inclusive and sustainable urbanization strategies that account for biodiversity, implementing disaster risk reduction strategies that increase urban resilience, and respecting environmental management considerations in the reconstruction of cities in conflict and post-conflict contexts.
3. **The region needs urgent support to improve groundwater governance**, which has been historically weak and characterized by fragmented laws and policies, limited funding, lack of coordination and lack of data and knowledge. The projected impacts of climate change on water resources in the region will further increase dependency on groundwater at a time when

groundwater recharge is also projected to decrease, necessitating joint management of surface water and groundwater. The often shared nature of major aquifers further complicates the implementation of measures that ensure equitable access to these resources.

**(c) Examples of specific actions taken to recover from the COVID-19 pandemic that also accelerate progress towards multiple SDG targets, including actions identified by your intergovernmental body, building on interlinkages and transformative pathways for achieving SDGs.**

- Efforts to accelerate digitization have helped respond to short-term needs resulting from the pandemic, while also building resilience and, in general, improving access to services.
- Expansion of social protection systems in response to the COVID-19 crisis, which protected many from falling into poverty, thus helping avoid further deterioration in the affordability of utilities, early marriage, school drop-out rates and SME closures, among other issues. Expansion in coverage required additional financial resources, which compelled countries to optimize the use of their domestic financing.
- Net-zero pledges in GCC countries, and submitting nationally determined contributions more generally, despite the challenges posed by the pandemic and the war in Ukraine.

**(d) Assessment of the situation in the mid-point of the implementation of the 2030 Agenda and the SDGs, against the background of the COVID-19 pandemic and within the respective areas addressed by your intergovernmental body, and policy recommendations, commitments and cooperation measures for promoting a sustainable, resilient and inclusive recovery from the pandemic while advancing the full implementation of the 2030 Agenda.**

Overall, the region is not on track to achieve the 2030 Agenda. Accelerating action is required to ensure that Arab countries achieve the SDGs and fulfil their promise of leaving no one behind.

**Recommendations include the following:**

- Use tax incentives, investment funds, public and private consortiums, and other models to inject additional resources into sustainable development; and encourage stakeholders to make sustainable choices.
- Enhance implementation of debt-swap mechanisms and technical assistance programmes to alleviate burdens on developing countries and increase fiscal space for sustainable policy transitions.
- Pursue comprehensive integration of the 2030 Agenda into policies at all levels, including by aligning national and global targets and the actions of various levels of governance, so as to support policy coherence, encourage cooperation, and reduce competition for scarce resources.
- Enhance intra-regional cooperation and trade to manage key cross-boundary issues and benefit from economies of scale, so as to support a variety of SDGs by improving food, water and energy security, and spurring economic growth and innovation. Unified regulatory reforms, including those related to the adoption of clean technologies, will further support clean energy transitions and environmental management.
- Enhance data collection, mapping and management tools, while also investing increased capacity to use and share key figures to support evidence-based policymaking.
- Address inequalities, especially those faced by women and young people in the region, who continue to be disproportionately penalized with insufficient access to social protection and

significant challenges in entering the job market, where structural obstacles are already a barrier to decent jobs.

**(e) Key messages for inclusion into the Political Declaration of the September 2023 SDG Summit.**

- The international community has a duty to support developing countries in managing debt in a sustainable manner, increase access to affordable long-term financing, and align financing flows to the SDGs. The global financial system must ensure that LDCs, countries in conflict and highly indebted countries are not left behind.
- Climate finance for adaptation must be increased especially for regions that suffer water scarcity and the disproportionate impact of climate change. Energy transitions across countries must be just and inclusive.
- Policies and initiatives to leave no one behind are necessary to stem the tide of rising inequality and ensure that SDG actions and investment lead to more inclusive and just societies. In the Arab region, groups including refugees and the displaced, informal workers, persons with disabilities, women, youth, older persons and others face varying degrees of marginalization and increasing vulnerability especially, in the face of crises.
- The multilateral trade system needs urgent reform. Protectionist measures need to be revoked and recourse over the use of prohibited subsidies should be warranted. Export restrictions on the supply of food -for non-humanitarian purposes- need to be rolled-out to safeguard food security interests of net food importing developing countries.
- Tariff and non-tariff measures affecting the supply of environmental products need to be revisited and local content requirements for strategic industries and decarbonization technologies should not be maintained in a manner that impairs the trade and industrial interests of developing countries.
- The international community must exert all efforts to stop violations of international law, including occupation.
- Donor countries must operationalize the humanitarian-development-peace nexus, with a focus on long-term institution building.
- Scaling up digitization efforts and technology transfer are critical to accelerate achievement of the SDGs, support economies and job creation in developing countries.