

## Shift Toward Sustainable Business Models in Middle East & North Africa Could Unlock More Than US\$600 Billion by 2030

*New report also identifies key market “hotspots” that could generate up to 12.4 million new jobs in the MENA region*

CAIRO (4 December 2017) — As countries in the Middle East and North Africa (MENA)<sup>1</sup> look to capitalise on new opportunities and grow their economies, an accelerated and radical shift toward sustainable business strategies could unlock more than US\$637 billion and generate 12.4 million jobs across the region by 2030. These opportunities are the focus of *Better Business, Better World MENA*, a new report from the Business & Sustainable Development Commission published today.

“As countries in the Middle East and North Africa rise up to open new opportunities for women, welcome refugees and diversify their economies, there remains a long road for the region as a whole to become inclusive and sustainable,” said Mark Malloch-Brown, chair of the Business and Sustainable Development Commission. “*Better Business, Better World MENA* shows there is a compelling economic incentive for business and government to accelerate, embracing sustainable solutions and rolling out innovative strategies to ensure that the region exploits fully its potential.”

*Better Business, Better World MENA* is part of a series of reports, first launched in January 2017, which makes the business case for the Sustainable Development Goals, or Global Goals—17 objectives to eliminate poverty, improve education and health outcomes, create better jobs and tackle environmental challenges by 2030. The research shows companies pursuing strategies aligned with the Global Goals could open economic opportunities across 60 “hot spots” worth more than US\$12 trillion and generate up to 380 million jobs globally by 2030. *Better Business, Better World MENA* breaks down the estimated US\$637 billion of economic value for the MENA region across four key systems:

- Energy & Materials: US\$229 billion
- Cities: US\$183 billion
- Health & Well-being: US\$133 billion
- Food & Agriculture: US\$92 billion

The Business Commission in this MENA report has identified 20 of the largest opportunities across the four systems, which account for nearly 75 percent of this prize. The top five include: improved energy efficiency in buildings (US\$52 billion); affordable housing (US\$50 billion); circular models in the automotive industry (US\$37 billion); resource recovery (US\$33 billion); and risk pooling in healthcare (US\$31 billion).

“The Sustainable Development Goals offer a coherent framework to effectively address fundamental societal challenges. Most importantly, they also serve as a guideline for targeting where capital can be allocated most productively for investors and corporate leaders,” said Arif Naqvi, Founder and Group Chief Executive at The Abraaj Group, and Commissioner of the Business and Sustainable Development Commission. “The Goals are relevant to the Middle East and North Africa where we see a young dynamic population, motivated to seize opportunities and make positive contributions to the wider society. This is the time for CEOs and investors within the region to step up, take the lead and partner together for inclusive growth.”

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<sup>1</sup> This report covers the Middle East (Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar,

A number of oil-exporting countries in MENA, including Saudi Arabia, Bahrain, Oman, Qatar and the United Arab Emirates, have launched plans to diversify their economies, as oil prices drop and the primacy of fossil fuels wanes. Oil-importing economies in the region are also establishing goals to advance social progress and protect the environment. *Better Business, Better World MENA* puts a price tag on the economic opportunities if the entire region pursues a more inclusive, sustainable pathway, as outlined by the Global Goals. The total economic “prize,” however, could be far larger if other sectors, such as information and communication technology, and achieving women’s equality, were factored into the analysis. According to the report, pricing of externalities alone, for example, could boost the total prize value by 40 percent.

According to the Business Commission, 12.4 million jobs could be generated through SDG-aligned business models in the region. Developments in urban construction, mobility, and infrastructure will generate nearly 6 million jobs. One World Bank study shows that the region could generate 2.5 million jobs by meeting its estimated annual basic infrastructure needs. Almost one-fifth of the total employment potential in the region—around 2.2 million jobs—comes from just one opportunity: affordable housing. Sustainable business models could also open up 3 million jobs related to energy and materials, 2.1 million in health and well-being, and more than 1.5 million in food and agriculture.

“We believe in being a positive force by developing communities with balanced living environments, while building affordable, eco-friendly, and innovative solutions,” said William Ali Mills, Chief Executive Officer, Red Sea Housing Services, which is featured in the report. “As an early disruptor in affordable housing in the region, we believe this report underscores the significant value of sustainable and inclusive strategies for companies.”

To unlock these opportunities, the report argues that business must bridge the investment gap needed to achieve the Global Goals by 2030. It is estimated that an additional US\$2.4 trillion a year to 2030 will be needed to achieve the SDGs across the world, with US\$1.6 trillion needed globally for infrastructure financing alone. Blended financing—where public and philanthropic bodies take on the high risk and more policy-sensitive tranches of investment—can fill the funding gap and help bring in private investors at lower risk. One study shows that such investment could boost growth by as much as an estimated 3.7 percentage points among the region’s oil producers, and 1.5 percentage points for oil importers. Despite high levels of investment, the region still needs US\$106 billion a year to 2020 to bridge the infrastructure gap.

The Business and Sustainable Development Commission argues, however, that business can only realise the Global Goals opportunity by paying its fair share of taxes, creating good jobs with fair wages and conditions, and addressing rising unemployment, particularly among young people and women. Businesses in the region can also provide solutions to promote inclusivity and connectivity to displaced and refugee populations.

Governments can build on the progress they have made in implementing reforms and opening opportunities for business. It now takes on average just 17 days to start a new business in the region, compared to more than 43 days in 2003. Governments can do more to combat corruption, work with business and create enabling policies to support growth, competitiveness and productivity. Finally, civil society must continue its important work monitoring companies and holding them accountable. As we move closer to 2030, the world will need more companies working closely with civil society to ensure the fulfillment of labour rights, gender equality and environmental stewardship.

Today’s release of BBBW MENA is a highlight of the American Chamber of Commerce (AmCham) Egypt and the United Nations Development Programme’s (UNDP) regional conference, “The Private Sector’s Role in Implementing the Sustainable Development Goals,” 4-5 December in Cairo.

“AmCham Egypt, through its longstanding partnership with UNDP is committed to advancing the implementation of Sustainable Development Goals, through engaging the private sector and governments in an active dialogue on new paths for building local and regional partnerships,” said Tarek Tawfik, AmCham Egypt President. “The launch of the *Better Business, Better World MENA* Report as part of this Conference

reiterates the evidence and provides the economic incentive for better alignment in pursuit of the Global Goals.”

“There is a global agreement that the private sector holds the key to a sustainable future for the planet. We will need to unlock the power of the trillions that are being invested in the market economy,” said Richard Dictus, UNDP Resident Representative in Egypt. “Sustainability can be good for business; it opens up new areas for investment such as renewable energy, climate resistant agriculture or sustainable cities. New economic growth potential and directions can be uncovered when we adjust our thinking. We are proud of our partnership with the American Chamber of Commerce in Egypt and the Business & Sustainable Development Commission. Our joint efforts and the recommendations of the report will stimulate a discussion for expanding engagement with the private sector in Egypt.”

Business leaders can learn more about aligning their companies with the Global Goals at [businesscommission.org/join](http://businesscommission.org/join).

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### ***Business & Sustainable Development Commission***

*The Business and Sustainable Development Commission was launched at the World Economic Forum in Davos in January 2016. It brings together leaders from business, finance, civil society, labour, and international organisations, with the twin aims of mapping the economic prize that could be available to companies if the Global Goals are achieved, and describing how they can contribute to achieving them. The Business Commission is working closely with its partners to mobilise companies to achieve the Global Goals. To learn more, visit [www.businesscommission.org](http://www.businesscommission.org).*

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### **The Abraaj Group**

*The Abraaj Group (“Abraaj”) is a leading investor, purpose-built for operating in the growth markets of Africa, Asia, Latin America, the Middle East, and Turkey. Employing over 300 people, Abraaj has over 17 offices spread across five regions with hubs in Dubai, Istanbul, Mexico City, Nairobi and Singapore. The Group currently manages c. US\$ 13.6 billion across targeted investment strategies.*



*Abraaj has realized c.US\$ 6.7 billion from over 100 full exits, and Funds managed by the Group have made over 200 investments across a range of sectors including consumer, energy, financials, healthcare and utilities. The Group is committed to the highest environmental, stakeholder engagement and corporate governance standards and is a signatory to the United Nations-backed Principles for Responsible Investment and the United Nations Global Compact. Abraaj’s founder, Arif Naqvi, was appointed to the United Nations Global Compact Board by UN Secretary-General Ban Ki-moon in 2012 and to the Interpol Foundation Board in 2014.*



### **American Chamber of Commerce in Egypt**

*The American Chamber of Commerce in Egypt (AmCham Egypt) established in 1982, is one of the largest and most active overseas affiliates of the U.S. Chamber of Commerce, connecting more than 1900 senior executives representing Egyptian companies with business interests in the United States and American and multinational companies doing business in Egypt. AmCham advocates for a favorable business environment, promoting trade and investment, and fostering a socially responsible business environment. AmCham produces a wide variety of research publications and offers numerous business services and training*

*programs to its members as well as to the business community at large. AmCham is a founding member and the permanent secretariat of the AmCham MENA Regional Council.*



### **The United Nations Development Programme**

*For over 50 years, UNDP has been supporting the Egyptian government and people in their efforts to reduce poverty and to promote sustainable human development policies. One of the hallmarks of UNDP Egypt's success is its long-term support to the Government in building and sustaining strategic national institutions that have added significant value to improving people's lives in the country.*

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