

Chapter 8

The Role of Government in Promoting Sustainable Finance: A Pathway to Achieving the SDGs in Arab Countries

Raed Awashreh

 <https://orcid.org/0000-0002-2252-0299>

A'Sharqiyah University, Oman

ABSTRACT

This chapter explores the challenges hindering the advancement of sustainable finance in the Arab region, including regulatory gaps, limited awareness, and restricted access to funding. Using a qualitative approach based on secondary data, the research identifies key barriers such as inconsistent ESG reporting, inadequate financial infrastructure, and perceived investment risks. To foster a more enabling financial ecosystem, the study recommends regulatory reforms, capacity-building initiatives, and awareness campaigns. Additionally, strengthening development banks, promoting public-private partnerships, and leveraging emerging technologies like blockchain can enhance transparency and financial accessibility. Future research should assess these strategies to position the Arab region as a leader in sustainable finance.

DOI: 10.4018/979-8-3693-8079-6.ch008

1. INTRODUCTION

The Arab region is faced with an intricate array of socio-economic challenges, characterized by high unemployment rates, significant social disparities, and rising environmental deterioration (United Nations, 2024). These issues are further compounded by accelerated demographic growth, incomplete diversification in most economies, and exposure to exogenous shocks, such as volatility in the global oil market. Therefore, to tackle these imminent challenges, there is a need to embark on a fundamental shift towards sustainable development strategies—one that promotes long-term economic stability, social equity, and environmental sustainability. In this regard, sustainable finance has become a fundamental tool, providing innovative solutions to close financial gaps and promote social innovation, while aligning with the SDGs (Ukoba et al., 2024).

Moreover, sustainable finance is not just one financial approach or system, but rather one with the goal of achieving interconnected development outcomes. The practice consists of a variety of financial instruments and tools designed to spur investments generating economic, social, and environmental benefits (Dirie et al., 2023). For the Arab countries, with their severe resource limitations and development gaps, the adoption of sustainable finance is crucial for addressing pressing challenges such as climate change adaptation, poverty alleviation, and job creation. However, despite its potential, the implementation of sustainable finance in the region remains uneven. This imbalance requires more government intervention to create an enabling environment and effectively allocate resources (Raimi et al., 2024).

Furthermore, obstacles to the penetration and adoption of sustainable finance in Arab countries stem from gaps in the policy environment, financial instruments, and stakeholder coordination. Governments often lack incentives to encourage private sector participation, while conventional financing mechanisms are not adequately structured to address long-term sustainability issues. Additionally, empirical evidence and documentation of government-initiated projects supporting sustainable finance are scarce. These gaps hinder the region's progress in achieving the SDGs and building resilient, inclusive economies (Ikevuje et al., 2024).

The central objective of this chapter is to explore the pivotal role of the government sector in advancing sustainable finance throughout the Arab region. Through an analysis of prevailing policies, financial products, and

38 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage: www.igi-global.com/chapter/the-role-of-government-in-promoting-sustainable-finance/379854

Related Content

Founding an Organization Theory of Work Policy as Imperative Regimes of Regulated Freedom for ITC Development

Raymon R. Bruce (2012). *International Journal of Information Communication Technologies and Human Development* (pp. 39-55).

www.irma-international.org/article/founding-organization-theory-work-policy/69973

Building Identity through Online Collaboration

Janice Krueger (2008). *Handbook of Research on Computer Mediated Communication* (pp. 240-251).

www.irma-international.org/chapter/building-identity-through-online-collaboration/19750

Study of Feature Extraction Techniques for Sensor Data Classification

Anupama Jawaleand Ganesh Magar (2021). *International Journal of Information Communication Technologies and Human Development* (pp. 33-46).

www.irma-international.org/article/study-of-feature-extraction-techniques-for-sensor-data-classification/272749

The Impact of Personality on Virtual Team Creativity and Quality

Rosalie J. Ocker (2008). *Handbook of Research on Computer Mediated Communication* (pp. 647-655).

www.irma-international.org/chapter/impact-personality-virtual-team-creativity/19777

Security Threats for Big Data: An Empirical Study

Muhammad Nazrul Islam, Tarannum Zaki, Md. Sami Uddinand Md. Mahedi Hasan (2018). *International Journal of Information Communication Technologies and Human Development* (pp. 1-18).

www.irma-international.org/article/security-threats-for-big-data/215432