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SUSTAINABLE FINANCE AND ITS ROLE IN PROMOTING DEVELOPMENT IN DEVELOPING COUNTRIES

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ABSTRACT

This article presents an analytical study on the role of sustainable finance in achieving the Sustainable Development Goals (SDGs), with a particular focus on developing countries. It begins with a central problem: the limited effectiveness of traditional financing in addressing environmental and social challenges. Sustainable finance is thus highlighted as a strategic alternative that combines economic efficiency with social and environmental responsibility. Following a conceptual framework and an overview of global and regional challenges, the study examines successful comparative experiences, such as those of the European Union and China, in order to identify factors of success and areas of failure. The article emphasizes the importance of legal and institutional reforms in enabling developing countries to benefit from sustainable finance, and concludes with a set of recommendations to develop efficient, integrated, and context-appropriate models of sustainable finance.

KEYWORDS

Sustainable Finance, Sustainable Development, Fiscal Policies, Green Economy

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1- Introduction:

In recent decades, the world has witnessed fundamental transformations in the structure of economic, social, and environmental relations, due to the intensification of global crises such as climate change, the widening gap between the Global North and South, and the rise in poverty and inequality rates. These transformations have revealed the limitations of traditional development models, which are based on short-term profitability and environmental and social exclusion.

The international community has thus embraced a new, more comprehensive and integrated agenda, represented by the Sustainable Development Goals (SDGs) adopted under the United Nations 2030 Agenda. In this context, sustainable finance has emerged as one of the vital tools for activating the new development agenda. It represents a mode of financing that does not merely secure capital but integrates Environmental, Social, and Governance (ESG) criteria into investment decisions. This reflects a qualitative shift in the function of finance and a growing global awareness of the need to redirect financial flows toward activities and projects that create added value—not limited to economic growth but also encompassing social impact and environmental preservation.

However, this global trend is not reflected equally in the reality of developing countries, which suffer from fragility in their financial systems, weak environmental legislation, and challenges related to resource mobilization. Although these countries recognize their need for comprehensive and sustainable development, the financing tools available to them remain largely traditional and not oriented toward sustainability. They often rely on consumption- or rent-based models that lack environmental and governance dimensions. This leads us to pose the following research problem:

How can sustainable finance effectively contribute to achieving sustainable development goals in developing countries, and what are the challenges that hinder its implementation compared to leading international experiences in this field?

Based on this research problem, the study assumes that sustainable finance represents a strategic lever for promoting development in developing countries—not only by providing financial resources but also by redirecting these resources in alignment with environmental and social priorities. This, however, requires the presence of an enabling institutional and regulatory environment, and a national vision for balanced development.

The significance of this study lies in its attempt to bridge an existing gap in Arabic literature, which still addresses the issue of finance from a narrow economic perspective, without adequately linking it to sustainable development issues. It also highlights the importance of modernizing financial systems in developing countries to keep pace with global transformations, thereby improving their ability to attract sustainable financing and achieve their development objectives.

This study seeks to achieve several key objectives, the most prominent of which are:

- To define the core theoretical concepts related to sustainable finance and sustainable development.
- To analyze the challenges that hinder the implementation of sustainable finance in developing countries.
- To compare leading international experiences and derive lessons that are adaptable to local contexts.
- To propose practical recommendations aimed at enhancing the effectiveness of sustainable finance as a tool for achieving the UN development agenda.

To accomplish these objectives, the study adopts a multi-dimensional analytical methodology that combines qualitative analysis of concepts and policies with quantitative analysis of international data, relying on official sources such as World Bank reports, SDG indicators, UN publications, and international economic forums. It also includes a comparative analysis of successful national experiences in developing sustainable finance tools.

In light of this methodology, the study aims to provide a critical and in-depth reading of the potentials of sustainable finance in developing countries and to explore prospects for its development, in a way that contributes to building a new development model that is more inclusive, just, and sustainable, through the following axes:

- Axis I: The Conceptual Framework of Sustainable Finance and Sustainable Development
- Axis II: Challenges of Sustainable Finance in Developing Countries
- Axis III: Comparative Experiences and Lessons Learned

2- Axis I: The Conceptual Framework of Sustainable Finance and Sustainable Development

This axis constitutes the theoretical foundation upon which the study is built, as it seeks to clarify the core concepts related to sustainable finance and sustainable development, considering them as interconnected elements at the heart of modern economic policies. Understanding the nature of sustainable finance, its tools, and its environmental, social, and governance (ESG) dimensions is a prerequisite for analyzing its role in achieving the United Nations Sustainable Development Goals (SDGs). This axis also sheds light on the multidimensional concept of sustainable development and the 17 goals of the 2030 Agenda, highlighting the vital interaction between finance and directing development toward more equitable and sustainable paths in developing countries.

2-1 First: Sustainable Finance and Sustainable Development: Concepts and Interrelated Dimensions

Development and finance are among the most intertwined concepts in contemporary economic literature. However, the emergence of global environmental and social challenges in recent decades has necessitated a redefinition of the core of these concepts—going beyond classical notions that linked finance solely to quantitative growth and development merely to industrial transformation. In response to these transformations, the concept of sustainable finance has emerged as a qualitative response. It refers to "the process of making investment and financial decisions that take into account environmental, social, and governance (ESG) factors alongside financial returns, in order to achieve long-term impact on society and the environment" (Ziolo et al., 2021).

The World Bank defines sustainable finance as "the structured flow of capital toward projects that contribute to sustainable development—such as clean energy, water, and green infrastructure—through financial tools that ensure transparency, efficiency, and social responsibility" (World Bank, 2020).

The European Commission views sustainable finance as "a system that integrates environmental and social factors into economic activities to ensure alignment with the Paris Agreement goals and the 2030 Agenda" (European Commission, 2018).

The components of sustainable finance are manifested in several prominent tools, including:

- Green Finance: Investments directed toward environmental projects such as renewable energy, water treatment, and clean transport.
- Green Bonds: Financial instruments dedicated to financing projects with a tangible environmental impact.
- Socially Responsible Investment (SRI): An investment approach that incorporates ethical and social principles alongside financial returns.

Similarly, the concept of sustainable development constitutes the general framework that justifies the importance of adopting sustainable finance policies. The Brundtland Report, issued by the World Commission on Environment and Development in 1987, defined sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987). This definition serves as the cornerstone for formulating contemporary concepts of intergenerational environmental and social justice.

In 2015, the United Nations General Assembly adopted the "2030 Agenda for Sustainable Development," which includes 17 goals and 169 targets, covering integrated dimensions such as poverty eradication, health, education, clean energy, decent work, climate action, peace, and justice (United Nations, 2015). A global SDG indicator system was developed to measure countries' progress in implementing these goals, where sustainable finance resources play a crucial role in bridging the global financing gap, estimated at over $2.5 trillion annually for developing countries alone (UNDP, 2023).

It is evident that sustainable finance and sustainable development are not merely adjacent concepts, but rather two interdependent projects in terms of vision and tools. Development goals cannot be achieved without restructuring financing mechanisms, nor can finance be directed toward societal and developmental objectives without a conceptual and operational framework grounded in sustainability principles.

2-2 Second: The Interconnection Between Sustainable Finance and Achieving the Sustainable Development Goals

Sustainable finance constitutes a critical pillar in the architecture of achieving the Sustainable Development Goals—not only as an alternative financing tool but as an integrated strategic mechanism that directs resources toward developmental projects with long-term social and environmental impact. The question today is no longer about the amount of available financing, but about its quality and alignment with the requirements of environmental justice, social equity, and sound governance.

International institutions, especially the United Nations and the World Bank, have recognized that implementing the 2030 Agenda necessitates a qualitative transformation in traditional financing models, by incorporating environmental and social dimensions into economic decision-making. Each of the 17 SDGs is linked—directly or indirectly—to financial mechanisms that must be managed responsibly and sustainably.

For instance, achieving Goal 7 on "Affordable and Clean Energy" is impossible without massive investments in renewable energy such as solar and wind power. Here, green finance plays a crucial role in securing the necessary resources for such projects, whether through green bonds or targeted environmental loans. A World Bank study indicates that investments in clean energy require over $1.3 trillion annually to meet climate goals by 2030 (World Bank, 2020).

The same applies to Goal 13 on "Climate Action," which also demands specialized financing tools for climate change mitigation and adaptation, including infrastructure resistant to natural disasters, climate-smart agriculture, and low-emission transport. This underscores the importance of initiatives such as the Green Climate Fund and sovereign green funds that provide developing countries with access to climate finance.

Meanwhile, Goal 9 on "Industry, Innovation and Infrastructure" is directly linked to the need for financing sustainable innovation and supporting small and medium-sized enterprises (SMEs) that adopt clean technologies. This necessitates creating a flexible investment environment that combines financial returns with ethical standards. The European Commission affirms that "empowering the private sector to direct its investments toward sustainable innovation requires clear financial incentives and regulatory frameworks that ensure transparency and accountability" (European Commission, 2022).

The impact of sustainable finance is not limited to economic and environmental aspects. It also extends to achieving core social goals such as poverty eradication (Goal 1), gender equality (Goal 5), and quality education (Goal 4). Social finance—as a component of sustainable finance—allocates resources to projects with human and social dimensions, such as building schools, improving healthcare systems, and supporting vulnerable groups. UN reports show that countries which integrated social sustainability dimensions into their financing policies have made greater progress in social justice indicators (ESCWA, 2023).

Nevertheless, the relationship between sustainable finance and development goals is not automatic; it is subject to institutional, legal, and structural conditions. The success of sustainable finance in achieving development outcomes depends on the presence of effective governance, accounting transparency, and financial institutions capable of accurately assessing environmental and social risks. A report by the World Economic Forum emphasizes that "the lack of unified indicators to measure the environmental and social impact of investments is one of the biggest challenges facing the effectiveness of sustainable finance" (WEF, 2022).

3. Axis II: Challenges of Sustainable Finance in Developing Countries

Despite the major promises that sustainable finance holds in achieving a qualitative transformation in development trajectories, developing countries face real difficulties in translating it into an effective mechanism on the ground. The disparity in institutional capabilities, weak legal frameworks, and fragile financial markets are all factors that hinder the adoption of financing policies that take into account environmental, social, and governance (ESG) dimensions. This challenge is of particular importance in developing contexts, where development crises intersect with financing and environmental crises simultaneously. Accordingly, this axis seeks to analyze the most pressing global and regional challenges that obstruct the implementation of sustainable finance in these countries, with special emphasis on the structural constraints and available opportunities in the Arab world.

3-1 First: Global and Regional Challenges Facing the Implementation of Sustainable Finance

Despite the conceptual and institutional progress sustainable finance has made over the past decade, its practical application still faces significant obstacles at both global and regional levels, which limit its real contribution to achieving the Sustainable Development Goals (SDGs), particularly in developing countries.

These challenges include regulatory and standardization issues, in addition to difficulties related to the global misallocation of financing and poor coordination between international and local actors. One of the most prominent of these challenges is the absence of a unified global taxonomy for defining what constitutes "sustainable" finance. To date, there is still no globally agreed-upon set of standards to determine whether an investment is genuinely sustainable, opening the door to non-transparent practices commonly known as "greenwashing" (Delmas & Burbano, 2011).

According to a study by the European Economic Academy, many financial institutions market products as "green" without subjecting them to strict criteria, which undermines investor trust and distorts efforts toward a green economy (Streimikiene et al., 2023).

The lack of harmonized environmental accounting standards also limits the ability of investors and regulators to assess the alignment of economic activities with sustainability objectives. The European Commission affirms that this gap constitutes one of the main barriers to mobilizing resources for sustainable projects (European Commission, 2022).

Added to this is the issue of weak international cooperation. Despite repeated commitments from developed nations to support the Global South in funding climate and development initiatives, the financing gap persists. According to the UNFCCC's COP28 report, developed countries have failed to honor their earlier pledges to provide $100 billion annually for developing countries to confront climate challenges, exacerbating a sense of injustice and undermining trust in international financing mechanisms (UNFCCC, 2024).

From a regional standpoint, the Arab world presents a complex case of financing system imbalances. In most countries in the region, financial markets remain shallow and illiquid, lacking essential sustainable finance instruments such as green bonds or social investment funds. Reports by the Arab Monetary Fund (AMF) indicate that the number of sustainable finance initiatives in the Arab world is still low compared to Asia and Europe due to market fragility, limited product diversity, and lack of transparency (AMF, 2022).

In addition, the rentier structure of many Arab economies, particularly in Gulf states reliant on natural resource exports—primarily oil—undermines the momentum for transitioning to a sustainable economy and renders financing policies dependent on volatile global markets, rather than driving innovation and green investment (World Bank, 2021).

Moreover, many countries in the region suffer from weak legal and regulatory frameworks concerning environmental disclosure and governance standards. In the absence of binding and enforced environmental and social reporting laws, efforts toward sustainable finance remain symbolic or superficial. A study in the Journal of Sustainable Finance & Investment found that most Arab banks do not systematically incorporate ESG standards into their credit policies and lack specialized units for evaluating non-financial risks (Al-Saleh & Taleb, 2020).

These regional challenges further deepen the global climate finance gap, which exceeds $2.5 trillion annually in developing countries, with the Arab region alone accounting for over $230 billion annually in unmet financing needs (ESCWA, 2023). This highlights that the problem lies not in the absence of global financial resources, but in ineffective mechanisms for mobilizing and fairly distributing them.

These interrelated and complex challenges urgently raise the need for comprehensive structural reforms, which will be addressed in the following section. These reforms include legal adjustments, modernization of financial institutions, and capacity-building in the assessment of sustainable investments, thus enabling the transformation of sustainable finance principles into effective and actionable policies in developing contexts.

3-2 Second: The Need for Structural Reforms to Support Sustainable Finance in Developing Countries

In the face of multiple challenges hindering the implementation of sustainable finance in developing countries, the urgent need arises for comprehensive structural reforms that reshape the regulatory, institutional, and financial environments of these countries to ensure their alignment with global sustainability requirements. These reforms are a prerequisite for enabling developing nations to benefit from the opportunities offered by sustainable finance, transforming it from a theoretical concept into a practical and impactful reality.

The first of these reforms involves developing the legal and regulatory frameworks related to sustainable finance. Many developing countries still lack explicit legislation regulating environmental and social disclosure or requiring financial institutions to adopt good governance standards in their investment policies. The World Bank stresses that the weakness of environmental financial legislation in developing countries is one of the main obstacles to attracting sustainable investments, calling for the alignment of local legal systems with international standards such as the Task Force on Climate-Related Financial Disclosures (TCFD) (World Bank, 2020).

Financial governance reforms are also vital to activating sustainable finance. These reforms include strengthening the independence of regulatory bodies, modernizing accounting standards to include environmental and social impact metrics, and establishing dedicated units within banks and financial institutions to assess sustainability-related risks. According to the International Monetary Fund (IMF), improving regulatory and accounting frameworks in developing countries would enhance transparency, reduce the cost of green finance, and increase investor confidence (IMF, 2023).

Developing countries also need to restructure financial intermediaries—including commercial banks, investment funds, and capital market authorities—to make them active players in sustainable finance. Traditional institutions generally lack the human expertise and technological tools necessary for assessing the non-financial impact of investments. Hence, the importance of capacity-building, through training financial professionals in climate, governance, and social justice issues, as well as updating university curricula and professional programs to include concepts of the green economy and sustainable finance. A study by the Green Finance Initiative (GFI) recommends launching national programs to train specialists in sustainability risk analysis and integrating green finance modules into economics and finance education (GFI, 2022).

The absence of these skills within financial institutions is among the structural reasons hindering progress toward sustainable finance in the Global South. According to the World Economic Forum (WEF), successful Southern experiments in activating sustainable finance relied on flexible public-private partnerships and innovated context-sensitive mechanisms instead of copying models from developed countries (WEF, 2022).

These financial reforms must be accompanied by a national strategy for sustainable development, ensuring the integration of fiscal policies, environmental policies, employment, and education strategies in pursuit of a green and inclusive economic model. Fragmented policies and inconsistent national priorities often lead to overlaps between development programs and dispersion of financing efforts. The United Nations confirms in its SDG report that success in implementing the 2030 Agenda is closely linked to the existence of a coherent and actionable national vision, grounded in sustainability principles and guiding public expenditure toward the most impactful objectives (UNDP, 2023).

4. Axis III: Comparative Experiences and Lessons Learned

Analyzing international experiences in the field of sustainable finance provides a crucial entry point for understanding the factors of success and identifying the challenges that developing countries may face. This axis aims to present leading models, such as those of the European Union and China, to extract lessons learned and evaluate the adaptability of these models to various economic and institutional contexts, in order to achieve comprehensive and sustainable development.

4-1 First: International Experiences in Sustainable Finance – The European Union and China as Models

In recent decades, the concept of sustainable finance has undergone significant evolution, driven by global environmental, social, and economic challenges. This has prompted many countries to develop financial models that consider non-financial dimensions in investment decisions. The experiences of the European Union and China are among the most prominent, given their differing approaches and relative success in implementing sustainable finance tools to support the SDGs.

4-1-1 The European Union: Legislative Leadership and Regulatory Governance

The European Union (EU) was among the first entities to adopt a systematic policy approach to sustainable finance. In 2018, the European Commission launched the Action Plan on Financing Sustainable Growth, which was built around three core priorities: directing capital toward sustainable investments, integrating sustainability into risk management, and enhancing transparency in the financial system (European Commission, 2018).

This plan translated into several regulatory and legislative initiatives, most notably the creation of the EU Taxonomy for Sustainable Activities, which identifies environmentally sustainable economic activities based on six strict environmental criteria, including climate, resources, biodiversity, and the circular economy. This taxonomy played a vital role in combating greenwashing, a growing phenomenon in financial markets, whereby certain projects are falsely labeled as green without genuine environmental impact (Delmas & Burbano, 2011).

The EU also introduced the Non-Financial Reporting Directive (NFRD), which obliges large corporations to disclose information related to ESG factors. This significantly enhanced investor confidence and market transparency. Recent studies show that the implementation of these policies helped increase the issuance of green bonds in the EU by more than 40% within five years (European Commission, 2022).

Furthermore, the EU established platforms for dialogue between the public and private sectors to foster financial innovation in sustainability. New financial tools emerged, including green investment funds and climate guarantees, enabling small and medium-sized enterprises (SMEs) to access sustainable financing in alignment with the 2030 Agenda.

4-1-2 China: Directive Approach and Strategic Incentives

China has adopted a model distinct from that of the European Union, relying on centralized guidance and direct incentives for financial institutions. Since 2015, China has built a massive green bond market and has become, within less than three years, the second-largest global market in this field, after the EU (Lee, 2020).

The Chinese model revolves around the “Green Project Catalogue”, a reference document that specifies the activities and projects eligible for green financing. This list was jointly developed by the People’s Bank of China and regulatory bodies, helping to avoid ambiguity in project classification and thereby reinforcing trust in both domestic and international markets.

This model is also marked by policy instruments such as preferential interest rates, tax exemptions for green projects, and credit lines from state-owned banks for environmentally beneficial ventures. Moreover, environmental performance indicators are now part of the evaluation criteria for local officials, making green development a political priority (Liu et al., 2022).

Empirical evidence shows that these policies produced tangible results, such as reduced carbon intensity in major cities, increased investment in renewable energy, and improved air quality—all of which align with SDG targets.

China has also sought to internationalize its green finance strategy by integrating it into the Belt and Road Initiative, encouraging the financing of environmentally friendly infrastructure in Asia and Africa, thereby positioning China as an exporter of its green finance model.

4-1-3 Comparison of the Two Models

Despite their contrasting approaches, both the European Union and China share a deep understanding of the strategic role of sustainable finance in achieving the SDGs. The EU model emphasizes transparency, governance, and strict regulation, while China's model relies on political leadership, financial incentives, and centralized institutions.

Both models demonstrate that the effective implementation of sustainable finance does not require a single standardized framework but can instead take multiple forms adapted to national contexts. However, success in both cases hinges on the presence of a clear national vision, strong political will, and robust execution and monitoring mechanisms (Weng & Lin, 2023).

4-2 Second: Successful Sustainable Finance Experiences in Developing Countries

Some developing countries have demonstrated remarkable capacity in overcoming resource limitations by adopting sustainable financing strategies tailored to their specific economic and political contexts. Rwanda and Indonesia represent two standout examples of this approach, having launched ambitious programs that fund developmental projects with social and environmental sustainability objectives—making them exemplary models in the Global South.

4-2-1 The Rwandan Model: Sustainable Finance as a Tool for Structural Transformation

Despite being a small and fragile economy, Rwanda has succeeded in integrating sustainability into its development agenda through innovative financing tools. In 2011, the Rwandan government adopted a National Strategy for Green Growth and Climate Resilience, aimed at transforming the national economy into a low-carbon and climate-resilient model by 2050 (Government of Rwanda, 2011).

In September 2023, the Rwanda Development Bank issued East Africa's first sustainability-linked bond, designed to fund projects related to affordable housing, women's empowerment, and improved ESG governance. This bond was partially financed with support from the International Development Association (IDA) of the World Bank, reflecting strong international confidence in Rwanda's capacity to manage sustainable finance (World Bank, 2024).

One prominent project supported by this bond is Green Gicumbi, which showcases the integration of local development and environmental sustainability through investments in climate-smart agriculture, forest management, and climate-resilient housing in rural areas. This project exemplifies how sustainable finance can have direct impacts on livelihoods, climate resilience, and job creation (UNDP Rwanda, 2022).

4-2-2 The Indonesian Model: Leadership in Green Islamic Finance

Indonesia—Southeast Asia's largest economy—has successfully blended Islamic finance principles with sustainability, becoming the first country to issue sovereign green sukuk. The first such sukuk was launched in 2018, worth $1.25 billion, to fund projects in renewable energy, clean transport, water management, and climate adaptation (Ministry of Finance Indonesia, 2023).

The Green Sukuk Framework was developed in partnership with international institutions and reviewed by the Norwegian CICERO center, receiving a "medium green" rating that bolstered investor confidence. This issuance marked a turning point in aligning Islamic financial instruments with the global sustainability agenda (Raimi & Bamiro, 2025).

Further institutional efforts included the launch of Green Taxonomy 1.0 in 2024, identifying eligible green sectors, including traditional energy projects with clear decarbonization plans. Although controversial—especially for its inclusion of coal plants under specific conditions—it reflected Indonesia's attempt to balance sustainability with economic realities (Reuters, 2024).

The Rwandan and Indonesian experiences affirm that sustainable finance can be successfully activated in developing countries when there is a clear national vision, strategic partnerships, and context-specific tools. These cases also show that success is not contingent upon economic size or global ranking, but on the ability to build enabling institutional environments that integrate environmental, financial, and social policies.

4-2-3 Third: Success and Failure Factors in Global Sustainable Finance Models

The studied international experiences reveal that the success of sustainable finance is not dependent on a single model but rather on the availability of a political, legal, and institutional ecosystem tailored to national contexts. Despite the differences among the EU, China, Rwanda, and Indonesia, their success stories share several key enablers.

The first factor is the presence of a strategic vision supported by political will. The EU achieved this through its 2018 Action Plan, directing capital toward climate and social objectives. China incorporated green finance into its Five-Year Plans and enforced environmental performance indicators for local officials. Rwanda formulated a national green strategy as early as 2011 and successfully launched a regional sustainability bond, while Indonesia led the way with the first green sukuk in the Islamic world.

The second factor is the establishment of regulatory and legal frameworks, as seen in the EU's taxonomy and Indonesia's national green classification. These instruments were key to curbing greenwashing and improving market transparency.

The third factor involves financial innovation and diversification of tools, such as green bonds, sukuk, and tax incentives, which proved effective in resource mobilization. Environmental disclosure and transparency were critical in the EU model, where non-financial reporting became a mandatory practice.

Despite these successes, challenges persist, including the fragmentation of global standards, the neglect of social dimensions, especially in Asia, and the limited impact in vital sectors like health and education. The financing gap in the Global South remains significant, particularly in low-income African countries, highlighting the need for policy adaptation rather than model replication.

Conclusions and Findings

Sustainable finance represents a structural transformation in development paradigms. Modern development models have surpassed traditional frameworks based solely on quantitative economic growth, moving toward broader concepts grounded in climate justice, environmental sustainability, and social inclusion. In this context, finance is no longer merely a tool for resource mobilization, but a strategic instrument that redirects investments toward projects with multidimensional impacts, integrating economic, social, and environmental considerations.

This study began with a central research question:

How can sustainable finance contribute effectively to achieving the Sustainable Development Goals (SDGs) in developing countries, amid global challenges, increasing financing gaps, and the absence of effective institutional models in many Arab and African contexts?

To answer this question, the study addressed the conceptual framework of sustainable finance, examined its structural challenges, and reviewed a set of comparative international experiences in order to extract practical and adaptable lessons.

The analysis revealed that sustainable finance is not a technical or circumstantial choice, but rather a comprehensive approach that reshapes the relationship between the state, economy, society, and the environment. The reviewed experiences show that success is first and foremost dependent on political vision, as demonstrated by the European Union and China; second, on the development of legal and regulatory frameworks, as seen in Indonesia; and third, on the diversification of financial tools and their alignment with local needs, as exemplified by Rwanda.

However, these models also face ongoing challenges, such as the proliferation of sustainability standards, which leads to market confusion and weak comparability; the excessive emphasis on environmental dimensions at the expense of social inclusion, particularly in China and parts of Asia; and the limited impact in essential sectors like health and education. Furthermore, the global financing gap continues to hinder progress, especially in the least developed African countries, underscoring the need to adapt policies to local realities rather than replicate external models (Ziolo et al., 2021; UNDP, 2023).

For developing countries, the transition to sustainable finance demands integrated reforms that include:

- Updating legislative frameworks,
- Building human capital,
- Developing disclosure systems, and
- Aligning economic policies with environmental and social goals.

The success of this transition ultimately depends on a stable institutional environment, equitable international partnerships, and innovative financing mechanisms tailored to local specificities (IMF, 2023; GFI, 2022).

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