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## Financing Sustainable Development through Development Cooperation: Role for Arab Donors

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## Executive Summary

- A global framework for financing development over the next decade and a half is outlined in the Addis Ababa Action Agenda (AAAA), launched in 2015. The AAAA supports the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) through concrete policies and actions, focusing in particular on their 'means of implementation' targets, which relate to finance, technology, capacity building and trade, among others.
- Reaching the AAAA's targets will require the alignment of efforts by numerous actors, and will necessitate both domestic and international actions. This includes development assistance donors, which should strive to ensure that all financial flows and other forms of support are aligned with the goals of the 2030 Agenda.
- In line with a broader trend in development finance, the AAAA reflects the growing prominence of private flows and the fact that the role of official development assistance (ODA) as the main source of development finance is diminishing, which means ODA should be targeted at those who need it the most and also increasingly used for leveraging financing from other sources.
- There are several areas where both northern and southern aid donors could consider further aligning their development assistance activities with the AAAA. These include, for example, supporting FDI in host countries, especially the least developed countries (LDCs), through financial and technical support, capacity building, insurance, investment guarantees and investment promotion regimes, among others.
- Four Gulf Cooperation Council (GCC) member states are significant donors of international development assistance and sources of development finance. A further alignment of foreign assistance flows and policies with the goals and measures outlined in the AAAA can help GCC states to enhance the impact and leveraging capacity of their official development assistance. By doing so, the GCC countries can also position themselves as emerging economy leaders in international sustainable development finance.
- Some AAAA-aligned policies and measures for Arab donors to consider include:
  - Setting an aspirational target for increasing the share of ODA/GNI going to the LDCs and other low-income countries;
  - Broadening the scope of data collected for reporting disbursed assistance and increasing forward-looking reporting;
  - Enhancing coordination on alignment with the 2030 Agenda with both host countries and other donor countries;
  - Developing systematic approaches to leveraging additional financing flows, including in the area of private sector engagement; and
  - Actively participating in the development of commonly-agreed global criteria for reporting and tracking sustainable development financing, including on the development of a measure of total official support for sustainable development.

## The Issue

In 2015, Member States of the United Nations agreed on three broad frameworks that will guide development policies and finance through 2030 and beyond: on universal goals for sustainable development, on preventing dangerous climate change and on development finance.

A global framework for financing development over the next decade and a half is outlined in the Addis Ababa Action Agenda (AAAA). The AAAA supports the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) through concrete policies and actions, focusing in particular on their 'means of implementation' targets, which relate to finance, technology, capacity building and trade, among others.

The implementation of the AAAA has been described as a litmus test for global commitment to realise the 2030 Agenda.<sup>1</sup> Reaching its targets will require the alignment of efforts by numerous actors, and will necessitate both domestic and international actions. At the national level, governments have the central role in mobilising the needed resources and putting in place the appropriate regulatory and governance frameworks. Governments are also key in making adequate data available for monitoring progress and ensuring that follow-up at the international level delivers strong messages of determination to all actors involved.

Alongside domestic actions, international cooperation plays a fundamental role in supporting developing countries' efforts to reach the goals of the 2030 Agenda. Given how the development finance and sustainable development agendas are now converging, development assistance donors should now seek to ensure that all financial flows and other forms of support are aligned with the goals of the 2030 Agenda.

This EDA Insight explores ways in which development cooperation donors can support the implementation of the AAAA through alignment of relevant policies and actions. The Insight starts by presenting the AAAA and identifying its key aspects for development cooperation donors. It then turns to emerging economies, which are playing an increasingly important role in global development finance, and zooms in on the Gulf Cooperation Council (GCC) donors, examining their experience so far. Finally, the Insight makes initial suggestions regarding how the GCC, as well as other 'emerging' (non-Development Assistance Committee, DAC) donors, could (a) support the implementation of the AAAA through their development cooperation

policies and measures and (b) strengthen their role in shaping the new international framework for development cooperation and finance.

## Relevance for GCC Donor Countries

Many GCC member states are significant donors of international development assistance and finance. In 2015, Kuwait, Saudi Arabia and the UAE, which report aid data to the Organisation for Economic Development and Co-operation (OECD), provided a total of US\$11.4 billion in official development assistance (ODA) to developing countries. This equates to 7% of all ODA disbursements that year. The OECD further estimates that Qatar's ODA in 2013 (latest available year) totalled US\$1.3 billion.<sup>2</sup>

This Insight argues that, by aligning their development cooperation with the relevant goals and mechanisms of the AAAA, GCC donors can:

- Enhance the impact and leveraging capacity of their official development assistance;
- Further enhance the alignment of their development cooperation with the 2030 Agenda; and
- Position themselves as emerging country leaders in defining and strengthening the international sustainable development finance agenda going forward.

## The Addis Ababa Action Agenda

The AAAA was agreed by the 193 UN Member States in Addis Ababa, Ethiopia, in July 2015, and consolidated in a UN General Assembly resolution (A/RES/69/313) in August the same year. While the AAAA is part of the international Financing for Development process, which began in 1997 and has convened three major conferences since, it also seeks to lay the financial foundation for implementing the 2030 Agenda by establishing a framework under which UN Member States commit to concrete actions (see Box 1).

The AAAA contains more than 100 measures, is global in scope and targets all financing actors, including governments, intergovernmental and philanthropic organisations, businesses and civil society. As concrete deliverables the AAAA established a Technology Facilitation Mechanism and a Global Infrastructure Forum, and agreed on a package of commitments to support the Least Developed Countries (LDCs).

In line with a broader trend in development finance, close observers have noted that the AAAA 'reflects the growing salience of the private sector and the reality that ODA is diminishing as the major source of development finance' and 'must be used in a more catalytic manner'<sup>3</sup> (see Box 2).

The AAAA also reaffirms the goal of focusing development assistance efforts on the poorest and most vulnerable countries, namely LDCs, landlocked LDCs and Small Island Development States (SIDS) – a focus area also enshrined in the Paris Agreement on climate change (Article 9.4, *inter alia*). In recent years, ODA to the LDCs has been declining, and stood at 0.09% of DAC countries' GNI in 2014.<sup>4</sup> Under the AAAA, countries commit to reversing this trend (paragraph 52).

Other major policy action areas highlighted in the AAAA include: strengthening domestic resource mobilisation, with much attention dedicated to tax policy and cooperation (despite the failure to agree on a global tax body); combatting illicit financial flows; and rationalising inefficient fossil fuel subsidies.

Social protection and public services are another area of domestic action on which AAAA places importance, establishing a 'new social compact' aimed at ending poverty in all its forms.

The AAAA's implementation is monitored at the UN level through an Inter-agency Task Force (IATF) and an annual forum organised under the UN Economic and Social Council (ECOSOC). In May 2017, ECOSOC convened its second Forum on Financing for Development, which took stock of the AAAA's implementation, including through ministerial roundtables and by drawing from the second report of the IATF, which called for increases in long-term investments in sustainable development (including in infrastructure) and for addressing economic vulnerabilities. The Forum's conclusions and recommendations (E/FFDF/2017/L.1), agreed between governments, will be submitted to the broader follow-up and review of the implementation of the 2030 Agenda under the UN High-level Political Forum on Sustainable Development, convening in July 2017.<sup>5</sup>

### **Box 1: The 2030 Agenda and the AAAA – Convergence of UN (Sustainable) Development and Development Finance Agendas**

The year 2015 saw the convergence of a number of UN processes:

First, the SDGs and the 2030 Agenda process brought together the UN development agenda (which had hitherto focused on the Millennium Development Goals) and the UN sustainable development/environment agenda (which started in 1992 with the Rio de Janeiro Earth Summit).<sup>a</sup>

Second, it could be argued that the development finance and sustainable finance tracks were consolidated in the AAAA document. The AAAA builds on the Financing for Development process that started in 1997, and in particular the Monterrey Consensus document of 2002, but goes beyond it by establishing an explicit link to the post-2015 development agenda and its means of implementation.

Third, the AAAA is recognised in the 2030 Agenda document as an integral part of the 2030 Agenda and critical for achieving the SDGs. Each SDG includes means of implementation (Mol) targets and, in addition, SDG number 17 ('Strengthen the means of implementation and revitalize the global partnership for sustainable development') is dedicated to Mol. These Mol, in turn, are reflected in various parts of the AAAA.<sup>b</sup> Close observers have pointed out that the AAAA was explicitly negotiated as the Mol 'pillar' of the SDGs so that these negotiations would not have to take place again in the context of the SDGs.

a) IISD RS (International Institute for Sustainable Development Reporting Services). 2015. 'Brief Analysis of the Meeting', in Summary of the Seventh and Eighth Sessions of Intergovernmental Negotiations on the Post-2015 Development Agenda: 20 July – 2 August 2015: *Earth Negotiations Bulletin*, Vol. 33, No. 20, pp. 23–25.

b) UN Secretariat. 2015. *Linkages between the Means of Implementation of the Sustainable Development Goals and the Addis Ababa Action Agenda*. Informal note. July 2017.

## Box 2: Two Major Trends in Post-2015 Development Finance

Two major trends can be identified in recent policy debates around global development finance: (a) aligning finance with the goals of the 2030 Agenda for Sustainable Development and the Paris Agreement on climate change; and (b) optimising the use of ODA, either through using it to leverage other sources of financing or through targeting it to countries that need it the most, for example due to their lower ability to attract private financing.

The financing needs for the SDGs will be significant: the UN Conference on Trade and Development (UNCTAD) has estimated that developing countries alone will require US\$3.3–4.5 trillion of public and private investment going to SDG-relevant sectors per year through 2030, compared to current total annual investment levels of US\$1.4 trillion.<sup>a</sup> ODA alone will not be able to deliver at this scale – it currently accounts for about one tenth of development finance flows.<sup>b</sup>

In 2015, major multilateral development banks (MDBs) called for the global community to ‘move the discussion from “billions” in ODA to “trillions” in investments of all kinds: public and private, national and global, in both capital and capacity.’<sup>c</sup> The banks stressed that the largest potential for development spending will come from private sector business, finance and investment.

It is broadly recognised that private investment could go a long way in filling the approximate US\$2.5 trillion investment gap for realising the SDGs in developing countries. UNCTAD highlights infrastructure, food security and climate change mitigation as areas of particular potential in this regard. It notes that while private investors worldwide hold sufficient funds, these are currently ‘not finding their way to sustainable development-oriented projects, especially in developing countries’: total foreign direct investment (FDI) in LDCs, for example, equates to only 2% of global FDI flows.<sup>d</sup>

The AAAA reflects this by stressing the role of ODA in catalysing additional resource mobilisation from other sources. It further reflects the growing agreement that ODA should be targeted at countries that need it the most by reaffirming the 1990 UN donor target of providing 0.15–0.2% of their GNI for ODA to LDCs.<sup>e</sup>

a) UNCTAD (UN Conference on Trade and Development). 2014. *World Investment Report 2014. Investing in the SDGs: An Action Plan*. New York and Geneva: UN, pp. xi and xiii.

b) African Development Bank et al. 2015. *From Billions to Trillions: Transforming Development Finance – Post-2015 Financing for Development: Multilateral Development Finance*. Development Committee Discussion Note DC2015-0002. Joint Ministerial Committee of the World Bank and IMF Boards of Governors on the Transfer of Real Resources to Developing Countries. 2 April 2015, p. 1.

c) African Development Bank et al. *From Billions to Trillions*, p. 1.

d) UNCTAD. *World Investment Report 2014*, p. 137.

e) UNGA. *Addis Ababa Action Agenda*, paragraphs 51 and 54.

## Role for Development Cooperation Donors

The AAAA contains a number of areas in which both northern and southern aid donors alike could consider further enhancing their development assistance activities. These are examined below.

The AAAA document is structured in three parts: a section outlining the global post-2015 framework for financing development, which identifies seven crosscutting areas (including delivering social protection and essential public services, ending hunger, protecting ecosystem and establishing a new infrastructure forum); seven action areas; and a section describing related data, monitoring and follow-up goals and mechanisms.

The AAAA action areas comprise the different channels and modalities through which development

finance can be supported. Detailed over 28 pages of the document, they are: domestic public resources; domestic and international private business and finance; international development cooperation; international trade as an engine for development; debt and debt sustainability; addressing systemic issues (including global economic governance); and science, technology, innovation and capacity building.

Policies and actions relevant from an aid donor perspective are spelled out across various action areas of the agenda, but are focused mainly in the sections on: domestic and international private business and finance; international development cooperation; and international trade. For example, in the section on private finance, the agenda refers to several ways in which ODA could be used to leverage investment, including supporting FDI in host countries, especially LDCs, through financial and technical support, capacity building, insurance, investment guarantees and investment promotion regimes, among others.

Table 1 summarises specific related policies and actions that are of *direct*<sup>i</sup> relevance for development cooperation from a donor perspective.

**Table 1: AAAA Actions Relevant from a Development Cooperation Donor Perspective**

Domestic and international private business and finance (section B)	
Promoting enabling conditions for inclusive and sustainable private sector investment	Paragraph 36
Encouraging impact investing, which combines a return on investment with non-financial impacts	Paragraph 37
Supporting microfinance institutions, development and agricultural banks, mobile network operators and others, to support financial inclusion	Paragraph 39
Increasing cooperation between philanthropic actors, governments and other development stakeholders	Paragraph 42
Supporting FDI through financial and technical support, capacity building and collaboration between home and host country agencies; and considering the use of insurance, investment guarantees and new financial instruments to incentivise FDI to developing countries (especially LDCs and other vulnerable countries)	Paragraph 45
Specifically on infrastructure financing, <i>inter alia</i> , providing technical support for translating plans into projects and project pipelines, building capacity to enter into public-private partnerships, promoting public and private investment in energy infrastructure and clean energy technologies, and facilitating modern and sustainable energy services to all developing countries	Paragraph 47
International development cooperation (section C)	
ODA providers reaffirming their ODA commitments, including developed countries affirming the 0.7% of ODA/gross national income (GNI) and 0.15–0.2% of ODA/GNI to LDCs targets, and (all) ODA providers being encouraged to provide at least 0.2% of ODA/GNI to LDCs; and committing to reversing the decline in the share of ODA to LDCs	Paragraphs 51–52
Increasing transparency of future development cooperation through forward-looking plans	Paragraph 53
Recognizing the role of international public finance, including ODA, in catalysing additional resource mobilisation from other sources (public and private)	Paragraph 54
Agreeing to discuss modernisation of the ODA measurement and the development of a measure of 'total official support for sustainable development' (TOSSD)	Paragraph 55
Recognising the increased importance of South-South cooperation and describing it as an expression of solidarity based on shared objectives	Paragraph 56
Encouraging (voluntary) strengthening of South-South cooperation and improving its effectiveness, according to the UN SSC Conference Nairobi outcome document; and committing to strengthening triangular cooperation (i.e. cooperation between Southern countries supported by developed country/-ies or multilateral organisation(s))	Paragraph 57
On aid effectiveness, agreeing to promote alignment with host country priorities and, on predictability, agreeing to provide regular and timely indicative medium-term information on planned support	Paragraph 58
Recognising the need to step up funding from all sources in areas, including climate action, disaster resilience, biodiversity, the marine environment, financing in conflict and post-conflict situations, and education	Paragraphs 59–68
International trade as an engine for development (section D)	
Agreeing to focus aid for trade (assistance to developing countries designed to increase exports of goods and services) on developing countries, in particular LDCs	Paragraph 89

<sup>i</sup> It should be noted that technical cooperation could in theory cover most of the areas of the AAAA, and there are many areas in which financial support could be (re)aligned with the goals of the AAAA. This paper, however, focuses only on the actions most directly related to development cooperation (including leveraging with ODA), which are primarily found in sections B and C, which focus on domestic and international private business and finance, and international development cooperation, respectively.

## Growing Role of non-DAC and Arab Donors in Development Finance

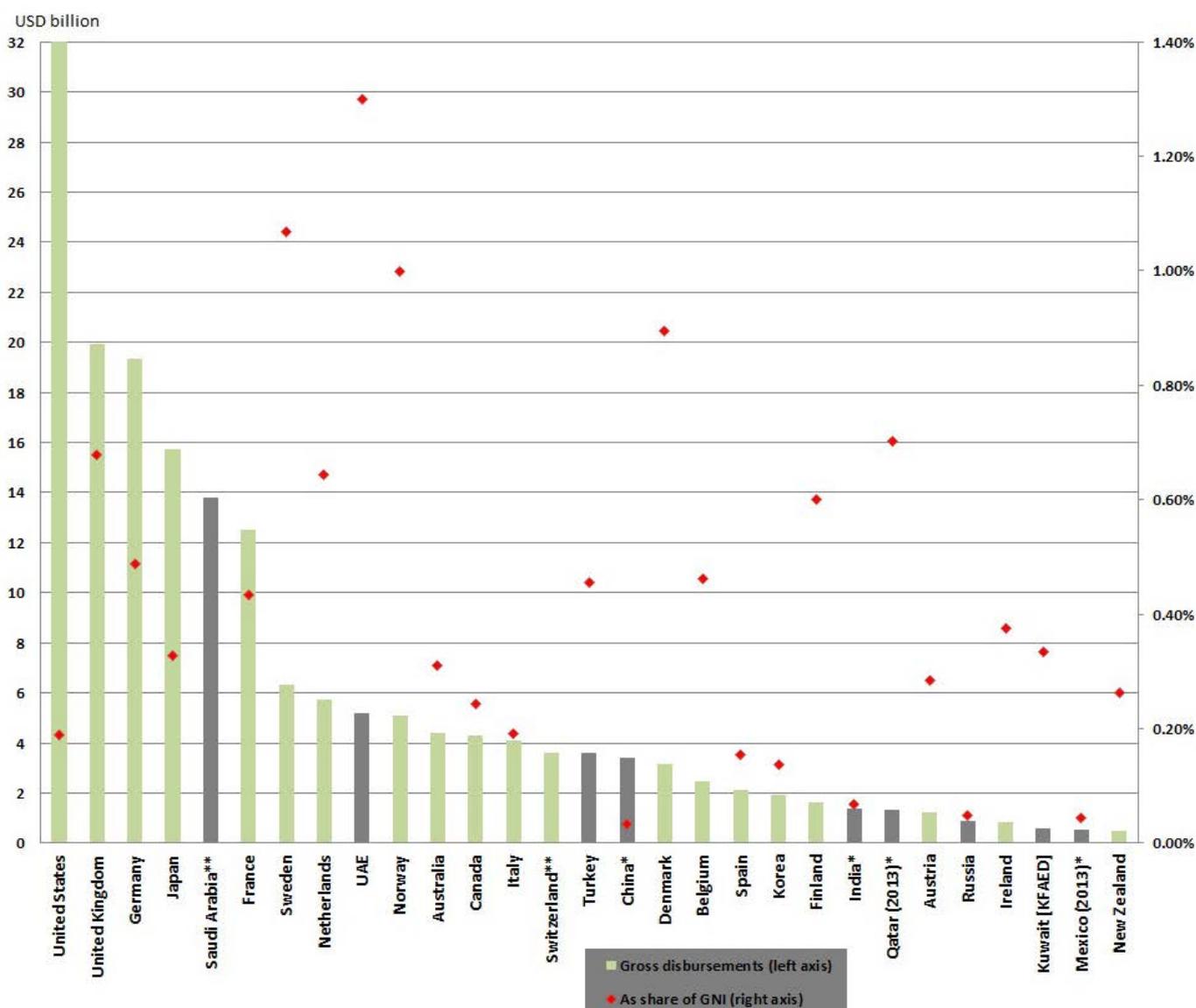
The common international frameworks for development cooperation have been traditionally led by the countries of the OECD's Development Assistance Committee (DAC), which currently has 30 members. At the same time, the role of non-DAC providers of development assistance has long been recognised, and their importance in overall aid flows has been increasing both in total volume and through the emergence of new donors. The OECD estimates that, in 2014, 18% (or US\$32.7 billion) of global development cooperation flows came from non-DAC member countries<sup>6</sup> (see Figure 1).

Researchers from the OECD have suggested grouping these other donors into three categories:

- **Emerging donors**, mainly East European countries;
- **Providers of South-South cooperation (SSC)**, namely emerging economies, such as Brazil, China, India, South Africa, and other middle-income countries, such as Colombia, Egypt and Thailand (some of which are simultaneously ODA recipients); and
- **Arab donors**, including Kuwait, Saudi Arabia and the UAE, which in most cases have been engaging in development cooperation for several decades.<sup>7</sup>

The main differences among these groups are their self-identification with the 'donor' label and level of engagement with the DAC: Arab donors, for example,

Figure 1: Main DAC and Non-DAC Development Cooperation Providers in 2014



Source: DAC 2015

have traditionally been engaging selectively with the DAC (unlike East European emerging donors) but are generally comfortable with being labelled as donors, as well as with the use of 'aid' in describing their cooperation (unlike many other emerging economies).<sup>8</sup>

In a broad sense, Arab donors have long been active participants in SSC, and many are also actively taking part in its most recent manifestations, most prominently the Asian Infrastructure Investment Bank (AIIB), of which Oman, Qatar, Saudi Arabia and the UAE are members.<sup>11,9</sup>

With the growing prominence of non-DAC donors, the need for coordination, coherence and complementarity increases. In line with this, in recent years, some Arab donors have increased their engagement with the DAC, with the UAE joining the committee as a 'Participant' in 2014 and Qatar doing the same in 2016. DAC Participants have access to most DAC meetings but do not take part in the committee's formal decision making. In addition, Kuwait and Saudi Arabia report their aid to the OECD – unlike Brazil, China and South Africa, for example. The UAE has shown peer leadership in this regard, providing whole-of-government reporting of its aid flows to the DAC since 2010.<sup>10</sup>

Historically, the UN aid target of 0.7% of gross national income (GNI) has been associated with developed (OECD) countries. However, only a handful of DAC members have ever reached the target, and the DAC average has, since the 1960s, averaged around 0.3%. Even if they do not explicitly commit to meeting the 0.7% target, total aid from the three main Arab donors, however, has consistently exceeded average DAC levels.<sup>11</sup> Since 2013, after kick-starting its broad assistance programme to Egypt, the UAE's total ODA has surpassed 1%/GNI.<sup>12</sup>

Over the past decades, Arab donors have increased their aid in terms of the number of countries and sectors they operate in, and in terms of the volume. Their focus continues to be particularly strong in the MENA region, and is mostly provided bilaterally. As noted by a World Bank report, fiscal capacity (depending on oil prices and government spending needs) has a significant influence on the volumes of Arab aid. Over recent decades, the composition of ODA has shifted from grants-dominated towards soft loans.<sup>13</sup>

Notably, Arab aid has generally been untied, it has been offered without conditions or restrictions, and has largely not been tied directly to commercial

interests. In addition to multiple national-level aid agencies, mainly established between the 1960s to early 1980s, Arab donors channel some of their aid through multilateral funds, including the Islamic Development Bank (IsDB) and the OPEC Fund for International Development (OFID). According to the World Bank, in the 2000s (latest available aggregate data), approximately one quarter of Arab bilateral ODA disbursements went to low-income countries.<sup>14</sup>

A coordination mechanism exists between the Arab national and regional developmental institutions, IsDB and OFID,<sup>15</sup> which also coordinates with the OECD DAC. The latest Arab-DAC Dialogue on Development met in March 2017, agreeing to: share knowledge and experiences, and explore complementarities, *inter alia*, in the areas of financial inclusion and in fragile settings; map existing financing challenges; and explore ways to work with the private sector to achieve sustainable development.<sup>16</sup>

## The UAE's Experience with Engaging in Sustainable Development Finance

Ranked among the world's top aid donors measured by ODA/GNI since 2013, the UAE has been building up its development cooperation institutions and frameworks accordingly. The UAE's development assistance, which extends back to 1970,<sup>17</sup> has seen a major transformation in recent years. Data from the OECD and the UAE government indicate that, after fluctuating between US\$88–430 million/year in 2004–2008, the UAE's annual ODA surged first to US\$703–766 million/year in 2011–2012, and then to US\$4.4–5.4 billion/year in 2013–2015 – the latter rise largely being driven by government-to-government support provided to Egypt.<sup>18</sup>

The UAE also publishes data on its 'foreign assistance', which differs from ODA in that it also includes flows to non-ODA eligible countries, as well as private flows and religious and cultural assistance, and does not include loan repayments. Measured in these terms, the UAE disbursed US\$5.9–8.8 billion per year in 2013–2015.<sup>19</sup>

The institutional authority and sophistication of the UAE's aid governance has grown in tandem, with the Office for the Coordination of Foreign Aid (OCFA) established in 2008, the Ministry of International Cooperation and Development (MICAD) in 2013, and the creation of a Ministry of Foreign Affairs and International Cooperation (MoFAIC) in 2016, which

<sup>11</sup> While the definition of SSC is not fixed, it dates back to the 1960s. It has been defined in a 2010 UN General Assembly Resolution (A/RES/64/222, paragraph 18), as 'a common endeavour of peoples and countries of the South, ... based on their common objectives and solidarity, and guided by, *inter alia*, the principles of respect for national sovereignty and ownership, free from any conditionalities.' This same paragraph states that SSC 'should not be seen as official development assistance.'

integrated MICAD's functions with the UAE's foreign policy and trade affairs.

More than 45 organisations, comprising federal and local government, private sector, and semi- and non-governmental organisations, engage in the UAE's development cooperation.<sup>20</sup> The need to coordinate these actors, and ensure coherence and complementarity of their activities, prompted the development of the UAE's current foreign assistance policy. Set for the period 2017–21, the policy identifies a number of aid priority areas (humanitarian assistance, poverty eradication, support to children), thematic programmes (transport and infrastructure, government effectiveness, and empowerment of women and girls) and priority countries.<sup>21</sup>

Technical assistance and private sector engagement are further areas of emphasis. The policy is based on the principles of collaboration, addressing neglected issues, building on the UAE's characteristics and capabilities, and focusing on results and innovation.<sup>22</sup> It also outlines four elements for the UAE's international cooperation agenda, led by MoFAIC, namely: effective foreign assistance; technical cooperation that enhances the impact of foreign assistance; active participation in the work of multilateral organizations; and UAE-based international initiatives and events.<sup>23</sup>

Alignment with the UN 2030 Agenda has also been a priority for the UAE's development cooperation. In line with this, the new policy includes 'support [to] partner governments and communities to achieve their development plans and their priority Sustainable Development Goals' as one of its guiding principles.<sup>24</sup> The policy identifies eight priority SDGs for the UAE's foreign assistance in 2017–2021.

In 2016, the Ministry published results of its monitoring of foreign assistance across the eight Millennium Development Goals (MDGs), which expired in 2015: two-thirds of the UAE's 2015 aid went to MDG 1 on eradicating extreme poverty and hunger (as commodity aid to Egypt, largely) and nearly one-third to MDG 8 on a global partnership for development (as general programme assistance, mainly to Egypt).<sup>25</sup>

As part of its reporting efforts to the OECD, in 2015 the UAE began including 'other official flows' (official sector transactions that do not meet ODA criteria) and private flows in its reporting. The same year, it took part in a pilot project for calculating its 'Total Official Support for Sustainable Development' – a concept being discussed as part of the follow-up to the AAAA, with a view to modernising the ODA measurement.

The UAE pilot identified three areas in which the UAE's policies support (sustainable) development:

- **Support to global public goods**, including peacekeeping, human rights and multilateral norm-setting (such as through hosting the International Renewable Energy Agency);
- **Support through financial instruments**, including non-concessional loans and equity investments by the Abu Dhabi Fund for Development (ADFD) in developing countries; and
- **Mobilisation of private finance with official sector intervention** is an area where the UAE is keen to act in at least two ways: by engaging its private sector in investments (including through supporting enabling environments in partner countries) and through providing technical assistance in specific sectors (a Technical Assistance Programme supported by government entities already exists). In this area also, the UAE's public sector could raise private charitable funding for (sustainable) development through the Zakat Fund (a fund collecting charitable contributions by Muslims) and through issue-specific charitable campaigns.<sup>26</sup>

The project concluded that 'a broader measure of development finance would give a much better overview of UAE's development-related policies' and could be useful, beyond giving visibility to the UAE's broader development finance efforts, for providing partner countries (and arguably the UAE itself as well) with a more comprehensive view of the UAE's development-related activities.<sup>27</sup> Should the UAE government decide to work further on this concept, the next step would be to establish a platform for collecting the necessary data, which could include, among other things, FDI, private charity flows and officially supported export credits.

## Areas for Alignment with the AAAA for Arab Donors

Two years after the agreement on the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda, most countries are still exploring ways to mainstream these two ambitious agendas into their national policies and strategies. Some fora, such as the voluntary national reviews (VNRs) undertaken under the UN High-level Political Forum (HLPF), aim to provide a space for sharing of experiences in this regard. Even so, the implementation of both agendas is challenging as this requires close coordination at all levels, from national through regional to international.

Despite the fact that the AAAA is not legally-binding, countries are expected to strive to implement it, in a similar manner as the 2030 Agenda. Given the above-mentioned challenge, no country will be able to implement all the AAAA's actions and policies at once. Therefore, it may be useful to examine where each country is already aligned with the AAAA and where the country could do more in a way that is both in line with the country's existing policy priorities and strengths.

Arab donors, in particular the UAE, are well-equipped to push ahead with further alignment with the 2030 Agenda and the AAAA in their development assistance. This is supported by their high ODA levels, long-standing experience in development cooperation, increasing coordination efforts with relevant aid actors both internationally (OECD) and nationally (for example through the UAE's aid policy), eagerness to engage the private sector, as well as growing domestic alignment with the global sustainable development agenda (for example through the UAE's Green Agenda 2015–2030).

Based on the analysis above, some suggestions on possible areas of emphasis are suggested in Table 2, below, with the main Arab donors' foreign ministries and other aid coordination entities in mind.

With regards to targeting ODA, these could include considering setting an aspirational target for increasing the share of ODA/GNI going to low-income countries and the LDCs, and exploring how to leverage philanthropic actors' potential in this area. The UAE, for example, already achieved the AAAA target of 0.2%, with its ODA/GNI to the LDCs reaching 0.32% in 2015.<sup>28</sup> Regarding monitoring and reporting, GCC donors could include broadening the scope of data collected for reporting disbursed assistance and increasing forward-looking reporting.

Regarding aligning aid with the 2030 agenda, donor country entities responsible for foreign assistance (such as foreign ministries) could explore expanding coordination with host countries' development planning agencies, as well as actively participating

in host country donor coordination working groups. This could include planning exercises that (i) identify the donor country's areas of 'competitive advantage' in terms of delivering on specific SDGs, (ii) map them against the partner country's priority SDGs, and (iii) take into account the role of other donors in the partner country.<sup>29</sup>

In terms of using ODA to leverage further development assistance, and particularly in the area of engaging the home country private sector, Arab donors could explore systematic approaches that build on the home country's strengths.<sup>30</sup> One example in this direction is the UAE's Technical Assistance Programme, under which participating UAE governmental and semi-governmental entities offers expert missions, training courses and study visits, among others, in four thematic areas.

In addition to leading in innovative ways to mobilise additional resources for sustainable development financing, the total official support for sustainable development (TOSSD) measure is a further area for leadership and norm-setting opportunities. Commonly-agreed criteria for reporting and tracking sustainable development financing would greatly help in, not only improving the comparability of foreign assistance data across DAC and non-DAC donors, but in supporting the measurement of progress towards meeting the goals of the AAAA and the 2030 Agenda.

Finally, while not in the purview of foreign ministries or aid agencies, for the GCC countries, which host large migrant labour populations, the AAAA's goals related to migrant workers' remittances (Section B, paragraph 40) are of high relevance. While remittances are not comparable to other international financing flows, they nevertheless constitute an important contribution to financing (sustainable) development in various developing countries and could constitute an additional area for leadership in development financing for the GCC countries. In this area, the AAAA's goals include reducing the average transaction cost of migrant remittances to less than 3% and ensuring that no corridor requires higher charges than 5% by 2030.

**Table 2: Suggested Areas of Further AAAA Alignment and Leadership for Arab Donors**

Possible area of leadership for donors	Relevant AAAA reference
Considering setting an aspirational 0.2% ODA/GNI to LDCs target, and exploring the potential for philanthropic actors to channel their aid increasingly towards countries most in need of ODA-type assistance	Section B Paragraph 42; Section C; paragraphs 51 and 56
Developing medium term development assistance plans that include indicative information on planned support	Section C; paragraphs 53 and 58
Enhancing dialogue with partner countries on aligning development assistance with: the 2030 Agenda; host country priorities, including their nationally determined contributions (NDCs) to the UN Paris Agreement on climate change; and home country priorities and strengths; and coordinating at the host-country level with other donors	Section C; paragraphs 58–68
Coordinating the collection of necessary national information for calculating a TOSSD and actively participating in the work on developing the measurement under the UN and other relevant fora, such as the OECD	Section C; paragraph 55
Initiating studies on how engaging with the existing mechanisms and fora of South-South Cooperation and triangular cooperation could support national aid objectives	Section C; paragraph 57
<p>Developing action plans to encourage the domestic (home country) private sector to support the national development assistance goals. The action plans could focus on the areas highlighted in the section above under 'domestic and international private business and finance', which could include:</p> <ul style="list-style-type: none"> <li>• Technical and financial support for promoting (host country) enabling environments for investment, for aid for trade, and for project preparation capacity, in particular in the area of infrastructure;</li> <li>• Technical and financial support, including information and other facilitative services, and investment guarantees, to the domestic (home country) private sector to encourage both FDI and impact investment in LDCs; and</li> <li>• Providing platforms for the home country private sector to engage and coordinate with domestic philanthropic actors.</li> </ul>	Section B, paragraphs 36–37, 42, 45 and 47; and section C paragraph 54
Building on the GCC countries' experience in the energy sector to support, in developing countries, the promotion of public and private investment in energy infrastructure and clean energy technologies, including carbon capture and storage, and reaching the SDG 7 targets of ensuring ensure universal access to energy, substantially increasing the share of renewable energy, and doubling the global rate of energy efficiency by 2030, including through regional initiatives.	Section B, paragraph 49

## Endnotes

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- 13) The World Bank. 2010. *Arab Development Assistance*, passim.
- 14) Ibid., pp. xii, xiv, 13.
- 15) See Arab Fund for Economic and Social Development's website: <http://www.arabfund.org/Default.aspx?pagelid=472> Accessed in May 2017.
- 16) Arab Fund for Economic and Social Development and OECD. 2017. *Arab-DAC Dialogue on Development – Co-Chairs' Summary*. 27 March 2017, p. 1.
- 17) Lecture by the UAE MoFAIC at the Emirates Diplomatic Academy, March 2017.
- 18) Smith, Yamashiro and Zimmerman. *Beyond the DAC*, p. 3; UAE MoFAIC, *UAE Foreign Aid 2015*, passim and p. 24; OECD. 2016. *Update on Reporting by Multilateral Organisations, Non-DAC Countries and Private Foundations*. DCD/DAC/STAT(2016)17. DAC Working Party on Development Finance Statistics, p. 7.
- 19) UAE MoFAIC. *United Arab Emirates Foreign Aid 2015*. 2016. Abu Dhabi: MoFAIC, pp. 9, 15.
- 20) Presentation at the Emirates Diplomatic Academy, March 2017.
- 21) UAE MoFAIC. *UAE Policy for Foreign Assistance*, p. 2.
- 22) Lecture by the UAE MoFAIC at the Emirates Diplomatic Academy, March 2017.
- 23) UAE MoFAIC. *UAE Policy for Foreign Assistance*, p. 2.
- 24) UAE MoFAIC. N.d. *Summary of the UAE Policy for Foreign Assistance (2017 – 2021)*, p. 2.
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- 27) Ibid.
- 28) Data provided by the UAE MoFAIC in June 2017. The UAE's ODA/GNI to the LDCs is estimated to have remained at similar levels, at 0.33%, in 2016.
- 29) The author would like to acknowledge Afra AlMheiri, Aisha AlSuwaidi, Fatima AlMheiri and Mahra AlShamsi who, as students at the EDA in 2016–2017, developed an innovative tool proposal in this area as part of their capstone group project.
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