

ARAB-DAC DIALOGUE ON DEVELOPMENT

26-27 January 2015 at the OECD in Paris

CO-CHAIRS' SUMMARY

Members of the Arab Coordination Group Institutions (ACGI) and the Development Assistance Committee (DAC) met at the OECD in Paris on 26-27 January 2015. This meeting followed on from successful Arab-DAC Dialogue events held in recent years in Kuwait, London and Vienna. Several multilateral institutions and international experts also attended. The dialogue was co-chaired by Mr Erik Solheim, DAC Chair, and Mr Abdlatif Y. Al-Hamad, Director General and Chairman of the Board of Directors of the Arab Fund for Economic and Social Development.

Progress since the 2014 Arab-DAC Dialogue on Development

DAC members and Arab countries and institutions provide the lion's share of external financing for development. The effectiveness of this support depends to a considerable extent on their ability to forge trust, collaborate and work in partnership. In this context, participants at the meeting welcomed the substantial progress that had been made in advancing collaboration since the last Arab-DAC Dialogue on Development in January 2014 in Kuwait:

- The DAC and the Arab Co-ordination Group participated in each other's meetings.
- The United Arab Emirates became a Participant in the DAC.
- Dialogue and collaboration on development finance statistics had increased, with several Arab countries and institutions reporting their statistics to the OECD and improving the quality of their reporting.
- Agreement was reached to organise the Arab-DAC Dialogue on Development on an annual basis.

Collaboration also expanded in other fora in which both Arab countries and institutions and the DAC participate, including the Global Partnership for Effective Development Co-operation.

Ensuring sustainable energy for all

Access to clean energy is essential for human well-being and a key factor in reducing poverty and promoting development. It is also essential for ensuring long-term environmental sustainability and addressing climate change. DAC members and Arab countries and institutions have supported the substantial progress that has been made in recent decades towards expanding access to reliable energy services, developing renewable energy and improving energy efficiency. Participants emphasised that partnerships are important to advance this agenda. Examples are initiatives such as Sustainable Energy for All, Power Africa, the International Renewable Energy Agency and Energy for the Poor. Through this last initiative, the Arab Coordination Group commits around USD 2 billion per year to the energy sector in developing countries. In 2013, the DAC committed in total USD 10 billion in official development assistance (ODA) to this sector. Nevertheless, achieving universal access to energy requires more resources. The International Energy Agency estimates that annual investments of USD 48 billion are needed to provide universal access to modern energy by 2030. This exceeds the possibilities of ODA so resources from domestic and private sources will be necessary, which could be leveraged through ODA. The recent decrease in oil prices also provides an opportunity to reduce fossil fuel subsidies, which could free up funding for investments to support development.

Going forward, participants agreed that:

- There is a need to increase concessional and non-concessional funding – from public and private sources – to the energy sector. This support should be aligned with developing countries' energy strategies.
- Their efforts should build on and strengthen the current national, regional and international partnerships focused on increasing access to sustainable energy.
- They will establish a joint ACGI-DAC task force to contribute to broadening poor people's access to energy services. This task force will focus on actions on the ground, especially in Sub-Saharan African countries with low access rates. It will provide a concrete example of how to finance and implement the sustainable development goal of ensuring energy for all. Where relevant, it will link to existing partnerships in energy.

Reducing trade and investment costs to promote the private sector's contribution to development

The expansion of global value chains brings opportunities for economic development and more jobs in developing countries, where small and medium-sized enterprises predominate. However, inadequate access to finance can hold back the growth of firms and there are still many costs to doing business in these countries, in particular in the least-developed countries, preventing them from tapping into such



opportunities. In response, DAC members and Arab countries and institutions are already supporting developing countries to expand infrastructure and reform their policy and regulatory frameworks to reduce the costs of doing business. They are also helping to expand access to credit and financial services in developing countries, especially for women entrepreneurs. More could nevertheless be done to co-ordinate the two communities' efforts in these areas and promote dialogue with the private sector:

- Participants recognised that it would be useful to share more information about flows and activities targeted at promoting the private sector's contribution to development. As one measure, they agreed to report on concessional and non-concessional flows related to trade and investment to the DAC statistical system.
- There could also be greater involvement of Arab countries and institutions in the OECD/WTO Aid for Trade Global Reviews; a particular focus on land-locked states in Central Asia would be timely and of interest to both communities.

Strengthening the means of implementation to achieve the sustainable development goals

The UN will agree on a new global development agenda in September 2015. As major providers of development co-operation and finance, DAC members and Arab countries and institutions will play an important role in supporting developing countries to implement this agenda. As well as financial support, it will be important that both communities promote technology development and transfer, invest in building human and institutional capacity, support production of data and monitoring and accountability around the sustainable development goals, and work through multi-stakeholder partnerships to meet the agreed goals. ODA will remain important, particularly for countries most in need, but it will also be necessary to increase tax revenues and mobilise international resources – both concessional and non-concessional in nature – from public and private sources. These different resources must be combined and used effectively.

Heads of delegation discussed the specific needs of countries in situation of conflict and fragility, particularly Somalia. They recognised that progress in these countries can only be achieved if development actors engage in pragmatic co-operation, going beyond exchanges of information and capitalising on their different experiences and co-operation models. It is also important to work collectively to manage the risks associated with engaging in fragile contexts. Finally, they highlighted that the international community needs to provide support to Somalia through the existing Somali Compact, to avoid undermining the good results achieved so far.

Participants committed to support implementation of the new global development agenda:

- On finance, they agreed to continue to make all efforts to achieve their respective commitments including, for those who have endorsed it, the UN target of 0.7% of Gross National Income as ODA.
- On data, monitoring and accountability, they acknowledged the existing good collaboration between DAC and Arab countries and institutions and committed to making further progress.
- On multi-stakeholder partnerships, they reaffirmed their support to the Global Partnership, which can have a major role in implementing the new global development agenda. It can bring different actors together in partnerships for action and provide a platform for sharing, supporting and spreading development successes.

Next steps to strengthen co-operation

The two communities expressed a strong desire to continue deepening their collaboration. Participants welcomed the offer by the OPEC Fund for International Development (OFID) to host the next Arab-DAC Dialogue on Development in Vienna in the first quarter of 2016. In addition:

- The DAC will encourage other Arab countries to follow the example of the UAE and expand their collaboration with the Committee. It will also continue to invite Arab countries and institutions to its High- and Senior-Level Meetings as well as to relevant meetings of DAC subsidiary bodies. Finally, the DAC would welcome the participation of Arab countries and institutions at the next OECD Global Forum on Development, to take place in Paris on 1 April 2015.
- The Arab Coordination Group will invite OECD experts to make presentations at their technical meetings, as appropriate.
- The Co-Chairs will continue to meet when opportunities present themselves, including at World Bank/IMF meetings.
- The Secretariat of the Arab Coordination Group and the OECD Development Co-operation Directorate will continue to communicate on a regular basis to strengthen co-operation.

The DAC and Arab countries and institutions also agreed to continue to strengthen dialogue and co-operation on development finance statistics. Both communities committed to discuss reporting concepts and methodologies and to share data, information and forward plans, so as to identify opportunities for co-operation on a more regular basis.