

ARAB-DAC DIALOGUE ON DEVELOPMENT

18 January 2016 at OFID in Vienna

CO-CHAIRS' SUMMARY

Members of the Arab Coordination Group (ACG) and the OECD Development Assistance Committee (DAC) met for the third consecutive year to share views and promote synergies to support implementation of the 2030 Agenda for Sustainable Development. The Dialogue was co-chaired by Mr. Erik Solheim, DAC Chair, and Mr. Abdlatif Al-Hamad, Director General and Chairman of the Board of Directors of the Arab Fund for Economic and Social Development; and was hosted by the OPEC Fund for International Development (OFID) in Vienna on 18 January 2016.

As on previous occasions, the 2016 Arab-DAC Dialogue brought together high-level representatives from a range of bilateral and multilateral providers of development co-operation, this time to discuss how to support achievement of the Sustainable Development Goals (SDGs). The event focused on development finance and partnerships, on collaboration around the role of the private sector in fragile and conflict-affected states, and on working together to promote energy access in Sub-Saharan Africa through a joint ACG-DAC Task Force on Energy.

Progress since the 2015 Arab-DAC Dialogue on Development

Arab countries and institutions and DAC members are among the largest providers of concessional development finance. Their ability to forge trust, collaborate and work together, as they are now doing through the Arab DAC Dialogue, is crucial to achieve the 2030 Agenda for Sustainable Development. The two communities continued collaborating during 2015, sharing experience and good practice at the Arab-DAC Dialogue (in January 2015), the DAC Senior-Level Meeting (in October 2015) and the International Development Co-operation Forum (in November 2015). More specifically:

- Arab providers and the OECD continued their discussion on standards that ACG institutions can use to report their development co-operation flows.
- The United Arab Emirates (UAE) piloted the use of the Total Official Support for Sustainable Development (TOSSD) concept. The UAE also sought guidance from the OECD Development Co-operation Directorate as it developed its new development co-operation strategy and policy.
- Interested ACG institutions and DAC members launched the joint ACG-DAC Task Force on Energy.

Looking ahead, the Secretariat of the ACG and the OECD Development Co-operation Directorate will track progress with implementing the agreed action points and follow-up activities, as set out below, and will report on their findings at the next Arab-DAC Dialogue on Development.

Development finance to achieve the 2030 Agenda for Sustainable Development

Implementing the 2030 Agenda for Sustainable Development requires adequate levels of development finance, particularly from domestic and private sources. More bilateral and multilateral development co-operation will also be required in many developing countries. This international public finance needs to be coupled with alternative sources of development finance, such as faith-based finance or philanthropy, as well as domestic resources and private sector investments, to maximise the development impact. The ACG presented a declaration titled "The Arab Coordination Group and the 2030 Development Agenda", in which the Group declares its commitment to the SDGs and their funding through global and local partnerships. The declaration draws a road map which supports country-defined SDG strategies and encourages the development of new financing instruments; the road map calls for a focus on capacity building and encourages regular reporting.

Unlocking the potential of alternative financial sources requires a better understanding of how novel financing modes operate and interact with public development finance. The new concept for measuring development flows, the TOSSD concept, can assist in this respect, by capturing a broader set of financial instruments beyond Official Development Assistance (ODA) and creating a basis for different actors to join forces and collaborate, potentially through innovative financing approaches. Greater engagement with the private sector, in particular, will be important in the context of the SDGs, e.g. by including private sector actors in the planning and implementation processes of development co-operation activities and in discussions on how to address policy barriers that hold back investments and job creation.

Going forward, participants agreed on the need for Arab providers, DAC members and other partners to:

- Continue all efforts to achieve respective commitments including, for those who have endorsed it, the United Nations' target of 0.7% of Gross National Income as ODA.
- Encourage additional TOSSD pilot studies to be conducted in a country in the MENA region, to understand better alternative financing modes in the 2030 Agenda context, notably Islamic financing instruments (e.g. Zakat) and approaches to mobilise private financing for development.
- Consider two topics for further Arab-DAC co-operation: financial inclusion and the links among global development frameworks, trade and development finance.

Strengthening partnerships to implement the 2030 Agenda for Sustainable Development

Development finance alone will not be enough to ensure successful implementation of the 2030 Agenda: partnerships will also support collective action to expand the quantity and improve the quality of all the forms of financing required. As an inclusive, multi-stakeholder platform, the Global Partnership for Effective Development Co-operation (GPEDC) is well-placed to convene development actors and stakeholders to support implementation by finding solutions to the challenges of fostering co-operation. Arab and DAC providers are key GPEDC constituencies and can help shape and prioritise the potential contributions that the GPEDC can make to the newly agreed development agenda. The GPEDC will also ensure that international attention will remain focused on the core aspects of the Paris, Accra and Busan commitments on aid and development effectiveness in the lead up to the second GPEDC High-Level Meeting in Nairobi, November 2016.

Going forward, participants agreed on the need for Arab providers, DAC members and other partners to:

- Identify which SDGs could best be supported through the peer learning, exchange and dialogue advocated by the GPEDC in particular with strong local and country ownership.
- Engage in more effective, joint development co-operation activities at country level, including through a sharing of information on planned as well as current activities.
- Contribute actively to the second monitoring round of the GPEDC, particularly when partner countries request data from providers of development co-operation, and to improve the quality of the external financing provided.

The private sector in fragile and conflict-affected states

Promoting more and better business in fragile and conflict-affected environments can facilitate inclusive, sustainable development and thereby contribute to the implementation of the 2030 Agenda. DAC providers shared with their Arab colleagues some approaches to and good practice in working with the private sector to ensure it can contribute effectively to promoting sustainable development in fragile and conflict-affected settings.

Going forward, participants agreed on the need for Arab providers, DAC members and other partners to:

- Increase, as much as possible, their ODA levels to fragile states, to leave no one behind, and in ways that can leverage more and better private sector investments, and using humanitarian aid 'smartly' to build capacity and enhance resilience.
- Address in greater depth in future meetings the role of the private sector in conflict-affected and fragile states, ensuring active participation of private sector representatives in discussions.

The United Kingdom encouraged participants to make multi-year commitments to address crises in conflict-affected states, such as Syria, and to share knowledge and experience with dealing with the inherent challenges of working in such contexts, including at the conference on Syria in London in February 2016.

Building on the results of the AGC-DAC Task Force on Energy

A Task Force on Energy, comprising interested members of the ACG and the DAC, was established after the Arab-DAC Dialogue in 2015 to determine the feasibility of working together in a specific sector, energy. To pursue its mandate, the Task Force explored opportunities to promote greater energy access in two pilot countries: Malawi and Uganda. Greater access to modern energy is essential for promoting growth, ensuring long-term environmental sustainability and social development. Through the Task Force, the ACG and the DAC have learnt how to work together better at the country and sector levels and are ready to take forward this work to address some of the challenges of ensuring energy access for all in Sub-Saharan Africa (e.g. ensuring adequate levels of energy access and affordability).

Going forward, participants agreed on the need for Arab providers, DAC members and other partners to:

- Monitor the cases of Malawi and Uganda and report back on progress at the next Arab-DAC Dialogue.
- Seek to broaden the membership of the Task Force and engage other Sub-Saharan African countries.
- Allocate institutional and eventually budgetary resources to support the work of the Task Force and develop a new work programme, should membership of the Task Force expand.
- Explore triangular co-operation options in the energy sector.
- Explore the feasibility of using the collaborative model developed by the Task Force in other thematic areas, such as education.