



# THE 2021 ARAB-DAC DIALOGUE ON DEVELOPMENT

3 February 2021

## SUPPORTING PARTNER COUNTRIES RESPOND AND RECOVER FROM THE COVID-19 CRISIS

Progress towards the implementation of the 2030 Agenda for Sustainable Development, especially in partner countries, was already off-track before the COVID-19 outbreak. The distance to the goals is increasing as the crisis unfolds and progress towards the achievement of the Sustainable Development Goals (SDGs) is regressing, as hundreds of millions lose their jobs and fall back into poverty. At the same time, partner countries' capacity to respond and rebuild is severely constrained. The COVID-19 crisis are defining the launch of the Decade of Action to achieve the SDGs. Against this context, Arab and DAC donors are reflecting on how to contribute to partner country sustainably and a more equitable recovery, while reducing the risk of future systemic crises. Inclusive, resilient and sustainable growth, job creation, social protection and reducing inequality are more critical now than ever, and can be achieved through strengthened partnerships, enhanced co-ordination and dialogue between the two communities of providers.

### The COVID-19 pandemic thwarts progress to achieve the 2030 Agenda for Sustainable Development

The 2030 Agenda and the Addis Ababa Action Agenda provide a global framework to build a more resilient and sustainable world. Yet, progress towards achieving global objectives is threatened by the current COVID-19 pandemic and economic crisis – just at the time when the international community launched the Decade of Action to achieve the SDGs. It is more urgent than ever to mobilise new and varied sources of finance for the response and recovery of the COVID-19 crisis and to achieve, simultaneously, the SDGs. Hundreds of millions of people in partner countries have now lost their livelihoods and are likely to fall back into poverty due to the COVID-19 crisis. The [2021 OECD Global Outlook on Financing for Sustainable Development](#) estimates that external finance to developing countries may drop by USD 700 billion in 2020 – almost four times more than the face value of the Official Development Assistance (ODA) provided by Arab and DAC donors, while the SDG financing gap has widened from USD 2.5 trillion to USD 4.2 trillion after COVID-19.<sup>1</sup>

In this context, Arab and DAC donors need to join forces to beat the COVID-19 virus and emerge from the pandemic better prepared and equipped to tackle and mitigate global threats, as highlighted in the [2020 OECD Development Co-operation Report](#). Indeed, the COVID-19 pandemic has shaped the development co-operation agenda for 2021 and beyond. Delivering on an agenda that results in more integrated cross-sectoral programmes, builds country systems, increases development financing, steps up action on global public goods and improves co-ordination would put the development co-operation community on track to support a resilient, green and inclusive recovery from the COVID-19 crisis.<sup>2</sup>

<sup>1</sup> OECD (2020), *Global Outlook on Financing for Sustainable Development 2021: A New Way to Invest for People and Planet*, OECD Publishing, Paris, <https://doi.org/10.1787/e3c30a9a-en>.

<sup>2</sup> OECD (2020), *Development Co-operation Report 2020: Learning from Crises, Building Resilience*, OECD Publishing, Paris, <https://doi.org/10.1787/f6d42aa5-en>.



## Arab and DAC providers are responding to the COVID-19 pandemic

On 9 April 2020, DAC members issued a [statement](#) expressing their support to the COVID-19 response led by UN agencies, multilateral development banks and civil society, and welcomed calls by G20 and G7 leaders to focus on the impact on partner countries. The statement also notes the importance of ODA as a means to support national responses to the COVID-19 crisis. It also recognises that the global response will require sustained action by many actors to address the health and humanitarian crisis, as well as support for economic, environmental and social recovery and resilience. In the statement, the DAC members agreed to “strive and protect ODA budgets, encourage other financial flows and support governments and communities in partner countries, and invite other development co-operation partners to do the same”. They agreed to “endeavour to support Least Developed Countries and other countries with specific needs via coherent and co-ordinated humanitarian-development-peace response”.

This was followed, on 18 May 2020, by another [statement](#) by the Heads of the Arab Coordination Group (ACG) institutions on a co-ordinated initiative to mitigate, contain and recover from the negative impacts of the COVID-19 pandemic. In this joint statement, the ACG institutions committed to allocate USD 10 billion to support developing countries in their immediate response and recovery efforts. Guided by the SDGs and resilience principles, the statement emphasises the need for a holistic approach and co-ordinated strategy to the crisis. It also underlines that, while the immediate response prioritises the provision of medical supplies and protective equipment against the virus, further financial assistance to other strategic sectors affected by the crisis is needed, such as agriculture, energy, and education.

Finally, the DAC High Level Meeting (HLM) [Communiqué](#), issued on 10 November 2020, noted the need to address the consequences of the massive drop in global development finance, possible donor responses and priority actions to help partner countries build back better and greener from the crisis. In the Communiqué, the DAC committed to “endeavour to recover and rebuild more sustainably and more equitably – between countries, regions, women and men and generations, as well as reducing the risk of future crises”, and acknowledged that “inclusive, resilient and sustainable growth, job creation, social protection and reducing inequality are more critical now than ever”.

## Supporting partner countries together to build back better and greener

Development co-operation operates on the basis that development problems and solutions are rarely contained within national borders. The COVID-19 pandemic and its multiple effects underline the need to pay greater attention to the impact that domestic actions have not just on the country in which they occur, but also on others that are affected by policy choices. Joined up solutions are required to respond to the immediate crisis as well as to build resilience to protect against future systemic shocks.

Such collaboration, first and foremost, needs to encompass **development finance**. Arab and DAC donors make up the two largest groups of official providers of development co-operation worldwide together with the People’s Republic of China. The Arab and DAC communities have been collaborating for a long time, not least to respond to the changing global development landscape and to make development co-operation more effective, for example, through the Arab-DAC Dialogue. The current crisis is providing an opportunity for the two communities to take a



step forward in this collaboration, to ensure they can mobilise official and private resources for sustainable development, including by promoting more – and more effective and innovative – sources of finance, with particular attention to the poorest and most fragile countries. Some of this could be done jointly, e.g. in multilateral fora such as the UN, as could be done by exploring how Islamic Finance concepts and tools can support the recovery.

But the collaboration also needs to stretch beyond finance to **share knowledge, technical assistance and policy advice to partner countries**, not least, by placing renewed emphasis on partner country ownership to strengthen resilience – the ability to withstand, absorb and be transformed positively by shocks – in communities, institutions, and economic, social and environmental systems. In this sense, donors also need to strengthen efforts to support partner countries to meet their environmental, biodiversity and climate change goals, concretely, to achieve low-emission, climate-resilient pathways and a sustainable recovery. Only through such a pathway could future systemic shocks be averted and, as the pandemic shows, this could be for the benefit of all.

Finally, **more and better partnerships** between the two communities, as well as with civil society and the private sector, can generate more impetus towards the achievement of the 2030 Agenda. There are several possible avenues of global engagement for Arab and DAC donors, which will allow building on synergies and foster complementarities to scale up efforts for the Decade of Action. For instance, both communities could join forces to facilitate mutual exchange and joint learning on good practices on financing for development, technical assistance or policy advice, e.g. through on-going work in the Task Force on Water and Sanitation or potentially in other areas such as employability and vocational training through digitalisation, as well as join up efforts to the COVID-19 response and recovery through DAC Subsidiary Bodies on gender equality, the environment, evaluation and conflict and fragility, or some of its communities and groups, such as the Private Sector Platform (PSDC) and the DAC-CSO Reference Group - towards greater engagement of Arab CSOs in the DAC and DCD's work. The OECD is also hosting the Secretariats of the Global Partnership for Effective Development Co-operation and the COVID-19 Global Evaluation Coalition, two other platforms that will be critical in ensuring a more effective response and recovery, and that can enable donors with the appropriate learning opportunities from the experiences of supporting partner countries.