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The *Khaleeji* Mode of Development Cooperation by M. Evren Tok and Cristina D'Alessandro

The emergence of alternative forms of development cooperation has been gaining ground in recent years. The growing involvement of new actors, such as the BRICS group, Indonesia, Mexico, Turkey, the United Arab Emirates and Qatar, has brought increasing attention to new priorities, strategies and methods of development cooperation. Their actions are challenging the Development Assistance Committee (DAC) model of development and the way aid is both conceived and delivered. Among these new donors, Gulf countries present a specific “*khaleeji* mode” that focuses heavily on bilateral aid arrangements and is cautious of multilateral cooperation. This approach represents the Gulf states’ efforts to become soft power gateways of influence between the Global North and South.

Defining the *khaleeji* mode

The *khaleeji* mode is framed within a South-South development cooperation model, but distinct in some ways, because Gulf countries are not part of the Global South. Despite still-challenging inequality levels, their development status is generally higher. There are aspects and practices of the *khaleeji* mode that resemble those of the OECD-DAC donor model, including macro-level efforts to build a unified Gulf Development Fund. However, most other aspects reveal that the *khaleeji* mode of development cooperation is

more in line with South-South cooperation approaches, which emphasize a partnership among equals for mutual benefit and the valorization of historical links and connections.

Most Gulf donor funds tend to go to countries in the Middle East and North African (MENA).¹ However, Gulf donors are increasingly directing funds toward lower- and lower-middle income countries in sub-Saharan Africa and South and Central Asia.² In terms of multilateral flows, development aid has increasingly been distributed through Gulf institutions, with Gulf multilaterals allocating nearly two-fifths of their assistance to Official Development Assistance (ODA)-eligible recipients, one-fourth of which specifically went to sub-Saharan African countries.³ It is unclear whether the Gulf donors' expansion into sub-Saharan Africa is rooted in a fundamental shift in development priorities or whether this simply reflects the perceived opportunity to expand into new regions. The political and economic landscape in sub-Saharan Africa is certainly becoming more attractive and trustable for donor countries generally—there is a decreasing number of conflicts, high economic growth and frequent natural resource discoveries in the region.

As for the sectoral priorities that drive Gulf donors, they tend to also differ from those of DAC donors. Historically, Gulf donors have channeled aid more heavily toward infrastructure projects aimed at improving transportation, access to water and providing energy—similar to what China and fellow members of the BRICS group have been doing in sub-Saharan Africa. DAC donors instead tend to provide aid for service provision (education and healthcare), governance improvement (often via budget support) and debt relief (for economic stability). These differences are mostly explained by underlining strategy: Gulf development assistance has been consistently tied to technical cooperation projects, material goods and concessional loans, and a general interest in soft power enhancement. Conversely, DAC donors have tried to invest in democratic governance—through conditionality, tying aid to long-term development strategies in recipient countries. DAC donors have also focused on sustainable economic development and quality of life improvement that are measured through Western indicators such as the Human Development Index.

Measuring aid effectiveness

Several Gulf states do meet the United Nations target of allocating 0.7 percent of GDP to development assistance. But heavy reliance on oil revenues as a funding source for bilateral aid spending has led to some recent volatility in aid spending and called into question the sustainability of Gulf financial assistance. An important challenge to the effectiveness of Gulf aid is the lack of transparency, and two factors are crucial here.⁴ Firstly, inconsistent data reporting in the region has led to large gaps in annual aid statistics. While Gulf multilateral institutions typically provide comprehensive documentation of aid spending, bilateral donors have been less consistent. Bilateral Gulf donors do not generally report certain types of aid spending, such as debt relief, which hinders transparency.

Secondly, Gulf donors tend to make additional contributions above and beyond regular aid spending. Referred to as “political aid,” some Gulf donors supplement development aid spending with contributions distributed directly to ministries of finance in recipient countries. (A distinction should be made between “political aid” and politically-motivated “development aid.” The latter may be susceptible to the geopolitical interests of donor governments, but remains ultimately geared toward development-based initiatives; the former does not explicitly target enhancing “development” per se, but it is a political tool.) Moreover, charitable donations made by Gulf rulers have blurred the lines between public and private spending.⁵ It remains difficult to disentangle these types of donations from the state's public finances—some of these “private” donations could indeed be financed from public revenues.

II. Analysis

As global power shifts eastward, Gulf states have demonstrated a greater willingness to take proactive steps to reshape their position within the international system.

Despite the poor statistical reporting, there have been small recent improvements to the issue of transparency. In 2010, the UAE released its first whole-of-government report on its aid flows and associated activities, making it the first country

outside of the DAC to report its aid activities in such detail.⁶ Similarly, Kuwait has provided data on its response to the Syrian refugee crisis. More recently, the establishment of the Gulf-funded Coordination Group (Coordination Secretariat of the Arab National and Regional Developmental Institutions, the Islamic Development Bank and the OPEC Fund for International Development) has created a new space to facilitate communication and cooperation among Gulf aid agencies. There is certainly potential for this forum to engage further on accountability and transparency.⁷

Prospects for the *khaleeji* mode

As global power shifts eastward, Gulf states have demonstrated a greater willingness to take proactive steps to reshape their position within the international system. They have made concerted efforts to influence the institutional design of global governance frameworks, devised nuanced strategies to manage the impact of globalization processes, enhanced their visibility and voice on the international stage, and begun to separate both their hard and soft power from hydrocarbon stockpiles.⁸ The *khaleeji* mode of development assistance serves as an implicit recognition and a direct response to such changes in global power.

Crucially, the strength of the *khaleeji* model is its ability to be flexible and malleable. Because it is not tied to any conditionality in relation to governance, it enables Gulf countries to try new development approaches. Gulf development cooperation has therefore largely eschewed ideology, and has no allegiance to one particular strategy and far less ownership of the principles of South-South cooperation than other emerging economies. The Gulf states are able to use development cooperation as a geopolitical and economic tool to achieve their goals, and they differ from DAC countries in this context. But this “opportunistic” side of *khaleeji* aid is more interested in practical goals than in ideology.

One major drawback of the *khaleeji* mode is the limited regional integration of Gulf aid. The Arab Gulf Programme for Development (AGFUND) and the Coordination Group could counter this. Yet, there remains deep differences between Gulf countries in their practices and traditions of development cooperation. While some are historical donors, like the UAE and Kuwait, other countries like Qatar have very specific approaches to development cooperation.

The sheer variety of Gulf approaches to development cooperation together with the 2017 GCC diplomatic crisis is perhaps further proof that regional integration and a coordinated approach to aid are not going to be achieved in the short term. A homogeneous ODA strategy in the Gulf would help counter the dominance of the DAC model, projecting the *khaleeji* mode further on the international stage. It would also prove its originality in relation to the donor strategies of emerging economies. But, for now, the lack of a unified approach renders the *khaleeji* mode more a trend than a unified model.

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- ¹ Eric Neumayer, "What Factors Determine the Allocation of Aid by Arab Countries and Multilateral Agencies?" *Journal of Development Studies* 39, no. 4 (2003): 145-46.
- Homi Kharas, "Trends and Issues in Qatari Foreign Aid" (Working Paper 15-11, Doha, Silatech, 2015), 5-6.
- ² Kristian Coates Ulrichsen, "South-South Cooperation and the Changing Role of the Gulf States," *Brazilian Journal of Strategy and International Relations* 1, no. 1 (2012): 111-112.
- ³ "Foreign Aid Report 2013" (Report, Department of International Development, Doha, State of Qatar, 2014) 4-6.
- ⁴ Debra Shushan and Christopher Marcoux, "The Rise (and Decline) of Gulf aid," *World Development*, 39:11, 1969-1980.
- ⁵ Bessma Momani and Crystal Ennis, "Between Caution and Controversy: Lessons from Arab Gulf States as (Re-)Emerging Donors," *Cambridge Review of International Affairs* 25, no. 4 (2012).
- ⁶ "2011 DAC Report on Multilateral Aid" (Report, OECD, Paris, France, 2011), <https://www.oecd.org/dac/aid-architecture/49014277.pdf>.
- ⁷ "Coordination Secretariat of the Arab National and Regional Developmental Institutions, the Islamic Development Bank, and the OPEC Fund for International Development," Arab Fund for Social & Economic Development, <http://arabfund.org/Default.aspx?pageID=472>.
- ⁸ Kristian Coates Ulrichsen, "The GCC States and the Shifting Balance of Global Power" (Occasional Paper No. 6, Location, Center for International and Regional Studies, 2010), 1-2, <https://repository.library.georgetown.edu/bitstream/handle/10822/558292/CIRSOccasionalPaper-6KristianCoatesUlrichsen2010.pdf?sequence=5>.