Gulf Aid, Soft Power and the Qatar Crisis

by Jane Kinninmont

Budgetary pressures are demanding greater value for aid money

As Texas seeks to rebuild after Hurricane Harvey, Gulf donors have been among the first to offer aid. The UAE offered $10 million, while Qatar topped this with a $30 million donation, the largest of any foreign country so far. Such gestures of economic support, which also came from countries as diverse as Venezuela and Israel, illustrate that international aid plays a variety of important soft power roles: in relationship-building, foreign policy signaling and simple public relations, as well as its more overt aims of humanitarian and development assistance.

Over the past 15 years, a combination of hydrocarbons wealth and growing foreign policy ambition have led Gulf Cooperation Council (GCC) governments to become major players among the emerging international aid donors. According to the OECD, for the last three years, the UAE has given a higher percentage of its Gross National Income (GNI) as aid than any other country it has data for. In 2016, UAE aid was equivalent to 1.12 percent of GNI, far above the OECD average of 0.3 percent. For its part, Kuwait has become the sixth-largest donor to Syrian refugees, and the largest donor to them per capita, through the UN. Saudi officials have said their country donates an even higher percentage of GDP, but aid statistics for Saudi Arabia (and Qatar) are much less transparent than for the UAE and Kuwait. Moreover, the OECD data does not account for the private donations that make up a significant part of the financial flows coming from the Gulf—these contributions affect the soft power and public perceptions of Gulf states even though they are not directly controlled by government.

Aid money, in perspective

This is not the peak era of Gulf aid. As a proportion of GDP, it reached far higher levels in 1973, when the oil embargo and resulting price spike left Gulf states with huge fiscal and current account surpluses—and an awareness that poorer oil-importing countries had suffered as a result. That year, the UAE spent an unprecedented 12 percent of its GNI on aid, while both Kuwait and Saudi spent a similarly robust 8.5 percent, setting up development funds including the Islamic Development Bank. Over time, aid donations declined. But since the most recent oil-price boom began in 2003, Gulf aid has surged again, at a time when the Gulf states have also become more important foreign policy players.

At the moment, GCC governments face competing pressures over aid. With today's lower oil price environment, and austerity at home in Saudi Arabia in particular, public opinion is likely less sympathetic to overseas aid spending. At the same time, however, the Qatar crisis makes it even more likely that the Gulf states will be competing with each other for the soft power that aid is generally presumed to bring.

Staying close to home

Over the past decade, Gulf aid has been increasingly tied to strategic foreign policy aims, and has been heavily concentrated in a few key countries that each government prioritizes. Rhetoric and literature from Gulf donor organizations usually describes a broad international reach, listing large numbers of projects in many different countries. But the vast majority of spending is concentrated close to home, in countries prioritized for their political importance rather than development needs.

For instance, the driver of the recent surge in UAE aid has been its support for the Sisi government in Egypt, which it sees as a lynchpin of authoritarian stability against a transnational political Islam. After Egypt's military overthrew the Brotherhood in 2013, the UAE, Saudi Arabia and Kuwait gave its government $15 billion. And in 2015, aid to Egypt accounted for 64 percent of the UAE's entire aid spend.

For Qatar, according to data reported through UN-OCHA's humanitarian aid tracking system, three-quarters of its 2016 aid spending went to just three countries: Syria (41 percent), Libya (22 percent) and Jordan (10 percent). From a soft power point of view, Qatar has actually had more value from the aid and economic ties it has established with Morocco, which has vowed to stay neutral in the Gulf crisis but indicated its sympathy for Qatar by symbolically sending it food aid.

Meanwhile, in Saudi Arabia data published in August 2017 by its recently-established humanitarian aid agency, King Salman Humanitarian Relief Centre (KSRelief), shows projects worth $629.5 million in Yemen, compared to $30.2 million in Syria and $18.2 million in Somalia. The decision to pledge further money to Yemen through various UN funds helps to ensure that it is seen as a key player in the country's reconstruction as well as in its conflict. This has also enabled Riyadh to offset or dilute some of the criticism it has faced within the UN system over Yemen, by making UN agencies depend upon it.

That being said, the UAE, Qatar and Saudi Arabia have a general preference for bilateral aid rather than working through multilaterals. This form of assistance can be more closely tied to relationship-building—and to the political influence that often comes as an intangible, unspoken "return on investment" where aid is concerned.

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Aid and foreign policy activism

The close linkage between aid and foreign policy reflects the growing foreign policy assertiveness of Gulf leaders over the past two decades, which represents a particular change for the UAE and Qatar, countries that were previously seen as too small to have much international influence. Nevertheless, this influence has also led to calls for the Gulf states to take on more responsibility for the humanitarian fallout of regional crises—notably Syria and Yemen. In September, the head of the UN's World Food Programme said Saudi Arabia should fund 100 percent of its aid appeal for Yemen because of its role in fueling the conflict. And overall, Western donors have mixed feelings about the rise of Gulf donors; they want to work with them but sometimes competing agendas make this difficult. As Gulf countries continue to pay more, Western countries will naturally have less leverage.

For most of the last decade, it was easy for Gulf donors to ramp up aid budgets, as conflicts in the region escalated at a time when oil and gas revenues were ballooning. Now the uncertainty continues, but with less wealth to draw upon. Recipient countries will probably seek to bid up the price of their friendship as the soft power competition between Gulf states heats up. Yet this pressure will also dictate greater value for aid money—political as well as economic.

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