TRENDS IN GLOBAL DEVELOPMENT

Shaping the New Development Agenda

By: James Michel
September 2014
Dear Readers:

I am proud to present the third paper in series on Trends in Global Development. Creative’s primary goal is to share innovative perspectives about the most important and timely issues facing the development community. We seek out the most highly respected and knowledgeable writers and practitioners in the international development community and give them a forum for presenting facts, figures, case studies and recommendations about critical issues facing our industry today.

This issue of Trends in Global Development is written by Former U.S. Ambassador James Michel. This is Ambassador Michel’s second major publication in this series.

The New Millennium Development Goals and the Post-2015 Development Agenda are particularly pressing and important topics to explore. The many donor agencies and host-country clients that work with Creative have focused significant time and energy on assisting the poorest countries and communities to reach the benchmarks set forth in the Millennium Development Goals.

Many of these goals have been achieved thanks to the alignment of policies and resources, as well as close cooperation among development agencies, private donors and firms such as Creative, and the inclusion of communities.

The Post-2015 Goals will affect the way we focus our development resources. It is essential for us all to understand the forces that are shaping the new development agenda and what such an agenda will look like.

The discussion presented in this paper is rich; the acumen with which it is written and the analysis it provides is substantial. It has already become the topic of high-level discussion at USAID, the OECD and elsewhere. I hope you enjoy reading it and learning from it as much as I have.

Peace,

M. Charito Kruvant
Co-Founder & CEO
Creative Associates International
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<tr>
<th>ACRONYMS AND ABBREVIATIONS</th>
<th>DESCRIPTION</th>
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<tr>
<td>BRICS</td>
<td>Association of five major emerging national economies: Brazil, Russia, India, China, and South Africa</td>
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<td>DAC</td>
<td>Development Assistance Committee of the Organization for Economic Cooperation and Development</td>
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<td>DCF</td>
<td>Development Cooperation Forum of the United Nations</td>
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<td>DESA</td>
<td>United Nations Department for Economic and Social Affairs</td>
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<td>ECOSOC</td>
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<td>g7+</td>
<td>Association of 20 countries affected by conflict</td>
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<td>G20</td>
<td>Group of Twenty (forum of leading economies)</td>
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<td>GPEDC</td>
<td>Global Partnership for Effective Development Cooperation</td>
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<td>Millennium Development Goals</td>
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<td>Open Working Group on Sustainable Development Goals</td>
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<td>PCD</td>
<td>Policy Coordination for Development</td>
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<td>Rio+20</td>
<td>2012 United Nations Conference on Sustainable Development</td>
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<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<td>SDSN</td>
<td>United Nations Sustainable Development Solutions Network</td>
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<tr>
<td>SMART</td>
<td>Specific, measurable, attainable, relevant, and time bound objectives</td>
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<td>UN</td>
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<td>UNDG</td>
<td>United Nations Development Group</td>
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<td>UNDP</td>
<td>United Nations Development Program</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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EXECUTIVE SUMMARY

INTRODUCTION

Development cooperation has evolved over the past 70 years as a distinct field in international relations. A consensus has emerged that the objective of development is to advance human security, well-being, and dignity. The United Nations Millennium Declaration reaffirmed that emphasis on the human dimension. The Millennium Development Goals (MDGs) focused the agenda on eradicating poverty and hunger, achieving universal primary education, promoting gender equality, reducing child mortality and promoting maternal health, combating disease, ensuring environmental sustainability, and developing a global partnership.

The basic period of performance for the MDGs will end in 2015. Deliberations on a new post-2015 development agenda are underway. These deliberations are taking into account significant changes since the MDGs were promulgated. In particular, the number and diversity of participants in the international development community have increased substantially and new participants are offering their own ideas. Development assistance has become a declining percentage of the resources for development as private and commercial transfers and domestic resources are of increasing importance. There are new questions and new expectations about development goals, local ownership and capacity for their implementation, coherent and effective international support in a spirit of partnership, and appropriate kinds and adequate amounts of financing. These questions and expectations are the subjects of this report.

DEFINING THE GOALS

The United Nations system has created an elaborate structure to advance the development agenda beyond 2015. Work streams have included a UN System Task Team with more than 60 participating UN agencies. The Task Team has provided analytical and technical support and published reports on its research and analysis. In addition, the United Nations Development Group has taken the lead on extensive consultations. Other UN advisory groups, including the Sustainable Development Solutions Network and the UN Global Compact have offered views from the academic, business, civil society, and scientific communities. This work has provided valuable input for the mechanisms that are developing specific proposals for the new development goals.

The High Level Panel of Eminent Persons on the Post-2015 Development Agenda received a mandate from the Secretary General to formulate recommendations regarding the vision and shape of the post-2015 agenda. The 27-member panel, co-chaired by the Presidents of Indonesia and Liberia and the Prime Minister of the United Kingdom, was appointed in July 2012. It submitted its report in May 2013.

The centerpiece of the Panel’s report is its elaboration of “five big transformative shifts” to drive a new universal agenda and create a new paradigm of development cooperation:

- Leave no one behind in ending extreme poverty.
- Put sustainable development at the core by integrating the social, economic, and environmental dimensions of sustainability.
- Transform economies for jobs and inclusive growth through sustainable patterns of consumption and production.
- Build peace and effective, open and accountable institutions that encourage the rule of law, property rights, freedom of speech and the media, open political choice, and access to justice.
- Forge a new global partnership of solidarity, cooperation and mutual accountability in a common effort, extending beyond an aid agenda, built on common humanity and mutual respect.

The Panel suggested 12 illustrative global goals along with 49 (mostly national) specific targets to succeed the eight MDGs and their 21 targets. Each
of the proposed goals and targets was intended to have a strong impact on a critical issue, convey a compelling message, be easy to understand and communicate, be widely applicable, grounded in the voice of people, and consensus-based. The 12 goals included the eight subject areas addressed in the MDGs and added four new subjects: sustainable energy; jobs, sustainable livelihoods, and equitable growth; good governance and effective institutions; and stable and peaceful societies.

**A Life of Dignity for All**, the UN Secretary General’s annual report for 2013 on progress toward the MDGs and the post-2015 development agenda, built on the work of the UN System Task Team, the UN Development Group, and the High Level Panel. It also took note of the ongoing efforts of the Open Working Group on Sustainable Development Goals and others. The Secretary General’s report, submitted in July 2013, suggested building blocks and key elements for an emerging vision of the post-2015 development agenda.

His Life of Dignity for All report also identified 14 “transformative and mutually reinforcing actions." Most of these are similar to the 12 goals proposed by the High Level Panel. Principal differences are that the Secretary General did not single out energy for a specific focus, but did suggest specific attention to exclusion and inequality, urbanization, demographic challenges, and the positive contribution of migrants.

**The Open Working Group on Sustainable Development Goals (OWG)** is a product of the 2012 Conference on Sustainable Development (Rio+20). Since it was established in January 2013 the OWG has operated in an extraordinarily transparent and inclusive manner. It has engaged UN member countries, consulted broadly with stakeholders, and invited suggestions from anyone who wishes to offer them, all available on the internet.

In July 2014 the OWG issued an outcome document containing 17 proposed sustainable development goals (SDGs), accompanied by 126 subordinate targets and 43 sub-goals that identified issues warranting particular emphasis. There is a high degree of convergence between the OWG’s proposed goals and the actions suggested in the Secretary General’s Life of Dignity for All report. The most significant difference is the addition by the OWG of a proposed goal to build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation. It is widely accepted that the OWG recommendations will have a major influence in the negotiation of the post-2015 development goals.

**A preliminary assessment** of progress to date confirms that the new goals will focus on poverty eradication, inclusion, and sustainability. They will constitute a universal, integrated, and comprehensive basis for the post-2015 development agenda. Understandably, this broad agenda has produced some differing stakeholder views, including with regard to the fundamental issues of inclusive growth and good governance.

While some differences persists about the compatibility of growth with sustainability, the Open Working Group’s proposed SDGs reflect a balanced view, consistent with Rio+20, that integrates the economic, social, and environmental dimensions of sustainable development. In particular, proposed goal 8 and related targets call for “sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all." This is clearly a pro-growth view of sustainable development. Likewise, the SDGs reflect admirable balance with respect to good governance. Goal 16 calls for “peaceful and inclusive societies, access to justice for all, and effective, accountable and inclusive institutions at all levels.”

A significant challenge going forward will be to integrate the many proposals and suggestions in the SDGs into a concise set of recommendations that will capture imagination and inspire enthusiasm as the MDGs have done. This will require unceasing efforts in a collaborative spirit over the period leading up to the 2015 summit.
MANAGING THE NEW AGENDA

The multiple efforts to create a framework for effective international cooperation in furtherance of the MDGs and their post-2015 successor goals involve primarily the implementation of the 2011 Busan Partnership for Effective Development Cooperation and the work of the UN Economic and Social Council for effective development cooperation.

The Busan Declaration endorsed shared principles as the foundation of effective development cooperation: ownership of development priorities by developing countries, a focus on results, inclusive development partnerships, and transparency and accountability to each other. Busan also declared a new vision, based on a framework in which:
- Development is driven by strong, sustainable and inclusive growth.
- Governments’ own revenues play a greater role in financing their development needs and governments are more accountable to their citizens for development results.
- Effective state and non-state institutions design and implement their own reforms and hold each other to account.
- Developing countries increasingly integrate into regional and global economies, creating economies of scale that will help them compete better.

More than 160 countries and more than 50 international organizations have subscribed to the Busan principles and framework.

The Global Partnership for Effective Development Cooperation (GPEDC) was provided for in the Busan Declaration as an inclusive and representative body to support the Declaration’s implementation and a forum for exchange of knowledge and review of progress. It is chaired by Ministerial-level representatives from three member countries, currently Malawi, Mexico, and the Netherlands. The GPEDC operates primarily through a Steering Committee selected from representatives of aid recipients, aid providers, civil society, multilateral development banks, UNDP/UNDG, and OECD/DAC.

The UNDP and OECD also provide a joint secretariat.

The GPEDC held its first plenary high level meeting in Mexico City in April 2014. More than 1,500 delegates from more than 130 countries attended, representing national and local governments, international organizations, civil society, the private sector, and academia. Their dialogue addressed key issues of development effectiveness in an enthusiastic and productive atmosphere. The UN Secretary General, the UNDP Administrator, and the OECD Secretary General were all active participants. Future high level meetings will be held at two-year intervals.

The Economic and Social Council (ECOSOC) has the lead for United Nations efforts to further the global partnership for development that is called for in Goal 8 of the MDGs. The Global Partnership is the subject of intensive activities focused on the post-2015 development agenda, which are described in a 2013 report of the UN System Task Team. Two principal instruments for guiding these activities are the Development Cooperation Forum and the High Level Political Forum on Sustainable Development.

The Development Cooperation Forum meets biennially under a mandate to ECOSOC from the 2005 World Summit. The Forum’s purposes, as set out in the World Summit Declaration, are to review trends in development cooperation strategies, policies and financing, promote greater coherence among the activities of development partners, and strengthen links between normative and operational work of the UN.

The High Level Political Forum on Sustainable Development is convened annually. In most years it meets under ECOSOC auspices. Every fourth year it meets at the level of heads of state and heads of government under the auspices of the General Assembly. Its mandate is derived from the Rio+20 outcome document. It is to provide political leadership, guidance, and recommendations for sustainable development, review progress, enhance
integration of the economic, social, and environmental dimensions of sustainable development, and ensure consideration of new and emerging challenges.

During the first two weeks of July 2014 the High Level Political Forum, the GPEDC Steering Committee, and the Development Cooperation Forum all met in New York. Their schedules overlapped considerably. Many delegates participated in two or all three of these meetings. Collaborative discussion and interaction among these forums confirmed that there will be enough work for all three entities in helping to shape an effective post-2015 development agenda and that continuing policy and operational coordination among them will be needed to achieve the ambitious aspirations represented by the emerging post-2015 goals.

FINANCING THE NEW AGENDA

The composition of financing for development is undergoing profound change. The contribution of official development assistance (ODA) relative to other sources is diminishing; resources from nontraditional donors, private philanthropy, expatriate remittances, private investment, and domestic sources have all increased. Innovative mechanisms and new institutions are being introduced.

The Intergovernmental Committee of Experts on Sustainable Development Financing (ICESDF) has called for better alignment of private incentives with public goals and a policy framework that encourages private investment while also mobilizing public resources for sustainable development. The Committee stressed the need to look to all financing sources – public and private, domestic and international - in integrated sustainable development strategies. The August 2014 ICESDF report recommended precepts for strategic approaches and a “toolkit” of policy measures to address national and global dimensions of sustainable development finance.

Official Development Assistance (ODA) is government aid designed to promote the economic development and welfare of developing countries according to the Development Assistance Committee (DAC) of the OECD. ODA is measured on the basis of disbursements by donors, including some that are not allocated to country programs. ODA volume increased from 1960 until the early 1990s. After a downward trend for several years it rose again, reaching almost $135 billion in 2013. However, this increased volume represents a reduced percentage of donors’ gross national income.

The limits of the historic definition of ODA have become increasingly evident as the development cooperation paradigm has shifted away from one of rich countries assisting poor countries. The DAC has inaugurated the practice of reporting on “country programmable aid” and is working on a new, more comprehensive measure of external finance for development.

At one time, ODA was the largest component of international flows to developing countries. By 2012 non-ODA flows accounted for more than 80 percent of external resources, mainly from the private sector. Net domestic expenditures by developing countries now account for about three times the volume of external flows. ODA remains the principal source of development finance for the poorest and most fragile countries. Beyond the highly aid-dependent environments, however, ODA will have a more strategic role – helping countries to improve their capabilities to attract private investment, gain access to capital markets, mobilize domestic resources, and administer their public finances.

External financing other than ODA has become the overwhelming source of flows to developing countries. While accounting for non-ODA flows is somewhat uncertain, one reliable estimate suggests that total flows exceed $2 trillion, with ODA constituting less than $150 billion of that total. It is necessary to bear in mind that resources flow out of developing countries as well as into them and that outflows, including illicit flows, are equal to a very large percentage of inflows. It is also important to
note that private capital flows are selective and are directed mainly toward middle income countries. **Mobilization of domestic resources** is reflected in the dramatic growth of government spending in developing countries. Research on the development implications of this phenomenon suggests a correlation between higher spending, increased external flows, and reduced levels of extreme poverty. Systematic, readily available information about governmental and nongovernmental spending and investment in developing countries is hard to find. There is a clear need for improved access to timely and reliable data.

Domestic resource mobilization through improved tax policy and tax administration has been a subject of increased international attention. It was emphasized in the 2008 Doha Declaration on Financing for Development. A collaborative arrangement among several multilateral organizations facilitates information sharing. Another international group has provided recommendations to the G20 on how international cooperation could support their efforts. A UN Committee of Experts provides recommendations on capacity building and technical assistance. The International Monetary Fund has developed a tax administration diagnostic assessment tool.

The OWG-proposed SDGs include a recommendation for international support to improve domestic capacity for tax and other revenue collection. Also, the ICESDF endorsed the promotion of tax reform, tax administration, and enhanced international cooperation on taxes along with good financial governance and public financial management. The GPEDC, at its high level meeting, undertook to support the strengthening of fair and just taxation systems.

**IMPLICATIONS FOR DEVELOPMENT COOPERATION**

The old agenda of global goals applied to poor countries and pursued through donor-recipient relationships is no longer adequate to meet the contemporary demand for accelerated and sustainable human development. The new agenda is really about a new paradigm for development cooperation.

We have observed that the process of development takes place in different ways in diverse societies with distinctive geographies, histories, values, capacities, and commitments. There is broad recognition that development means change in complex adaptive systems and is strongly influenced by local context. Yet, development agencies have strong incentives to try to attribute development progress to their interventions as if development were a linear process in which donor inputs could be expected to produce anticipated outputs with predictable outcomes and impacts.

Current effort to shape the post-2015 agenda present a big opportunity to revitalize a global commitment to compelling development goals, transform agreement on principles into effective action, and achieve a coherent and transparent financing structure. This big opportunity is accompanied by big challenges and a multitude of questions.

**The structure and content of the goals** presents a challenge because the proposed goals deal with more key aspects of development than the MDGs. But a list of 17 goals might be perceived as lacking clear priorities. A shorter list might be more easily presented, understood and remembered. One possible approach could be to consolidate some of the proposed goals as targets under the three principal themes of the emerging goals: poverty eradication, inclusive societies, and comprehensive sustainability.

Definitional issues also present a challenge. For example, it will be necessary to consider the non-monetary factors to be included in the meaning of “poverty” as well as the geography of poverty, including the reality that many poor people live in countries that are not poor. Another definitional
example is the challenge of achieving consensus on the factors to be incorporated in the meaning of sustainability. Evident impediments to progress in previous global climate negotiations will surely complicate this effort.

International support for implementing the new goals will require overcoming the extraordinary diversity of views within the expanding development community. This will call for sharing of knowledge, good communication, and incentives for collaboration and trust. The four Busan principles – developing country ownership, a focus on results, inclusive partnerships, and mutual accountability and transparency – offer a sound foundation.

Primary responsibility for giving effect to those principles will require leadership capacity on the part of developing country governments and other local stakeholders. An important supporting role can be played through multilateral efforts, in particular through ECOSOC and the GPEDC but also including the IMF, multilateral development banks, the G20, the WTO, the specialized agencies of the UN, the OECD, and other institutions of global governance.

The need for a comprehensive view of development finance is evident. As the ICESDF has reaffirmed, the profound change in the composition of financing for development compels attention to the totality of available resources, beyond concentration on aid to the broader challenge of supporting locally led efforts to achieve effective development. This broadened attention needs to include consideration of outflows of resources, especially illicit outflows, and public financial management.

The need for a data revolution has been broadly recognized, including by various international bodies and civil society organizations. The proposed SDGs have responded to this strong interest in its explicit acknowledgement of the “need to take urgent steps to improve the quality, coverage, and availability of disaggregated data to ensure that no one is left behind.”

There is a particularly acute need to expand transparent knowledge of the sources, range, volume, and timeliness of financial data. This was recognized by the ICESDF, which recommended that a data revolution be included in measures to improve sustainable development financing. Achieving a better understanding of the entire range of financing for development will be a major part of adapting to the increasingly complex and diverse relationships of post-2015 development cooperation.

The challenge of policy coherence is integral to efforts to transition from an aid-centered, north-south view of development cooperation to a universal, integrated, and comprehensive international partnership. The transition will necessarily confront multiple and sometimes conflicting policy interests and priorities of various stakeholders.

Conflicts between development objectives and competing policy interests have long been the subject of critical analysis. Recently the idea of policy coherence for development (PCD) has gained increased prominence as a way to maximize the impact of national policies in a multipolar global economy.

A 2009 amendment to the Treaty on the Functioning of the European Union, the national development policies of many countries, and policy instruments of the UN and the OECD have all called for increased efforts to enhance policy coherence for development. The Busan Partnership Declaration confirmed the necessity “to examine the independence and coherence of all public policies – not just development policies.” The OECD has made PCD a featured component of its development strategy as a “policy tool for integrating the economic, social, environmental, and governance dimensions of sustainable development.” Proposed SDG 17 on revitalizing the global partnership for sustainable development includes a target to enhance policy coherence for sustainable development.
The logic of PCD is compelling. However, experience indicates that policy coherence has seldom been a significant factor in determining the outcome in global negotiations. Giving practical effect to the ideal of greater coherence will require responses to several challenges.

Part of the challenge is the complexity of the concept. There are various levels of coherence: between global goals and national contexts; among international agendas and processes; between economic, social and environmental policies; between different sources of finance; and between diverse actions of multiple actors and stakeholders. It is necessary to distinguish among these levels to identify the most appropriate areas of priority concern that are amenable to corrective action.

A second challenge is the asymmetry of competing interests. The benefits of policy coherence tend to be generalized, long-range, and potential; by contrast, those who object can often point to specific and immediate costs.

There is a risk that efforts to achieve policy coherence will produce only limited results. On the other hand, there is an evident need to consider the linkages among economic, social, environmental, and governance factors. Efforts to foster greater policy coherence for development are a crucial aspect of integrating development considerations more fully into the broad international agenda and achieving sustained progress toward the emerging post-2015 development goals.

CONCLUSIONS
Experience gained with the Millennium Development Goals has demonstrated the value of goal-oriented development cooperation. The evolution in thinking from aid effectiveness to effective development cooperation has deepened the international consensus on principles of local ownership, focus on results, inclusiveness, and transparency and mutual accountability. There is good reason for confidence that an agreed set of post-2015 development goals and targets will emerge in the coming year. The stakes are too high to allow remaining differences to prevent a timely consensus.

The bigger challenge will be to build informed networks of effective partnerships. The recurring question will be whether the perceived benefits of development through partnership will be sufficiently compelling to influence the decisions and behavior of political leaders, economic interests, and other concerned constituencies throughout the universe of development actors and stakeholders. The biggest challenge of all will be to make the transformative change in behavior away from aid-centered traditions and toward more coherent partnerships that take into account the full array of policies, practices, and financing that can help to accelerate progress toward the agreed development goals.

The UN Secretary General’s High Level Panel called for all who will be responsible for shaping and carrying out the post-2015 development agenda to find the ways to engage with vigor and sensitivity to convert this new agenda from ideas into reality. The potential benefits and the quality of the work to date provide grounds for hope and optimism that these efforts will contribute greatly to a sustainable world of freedom, opportunity, and dignity for all. The outcome cannot be guaranteed, but the vision is certainly worth pursuing.
INTRODUCTION

Development cooperation has evolved over the past 70 years as a distinct field in international relations. It has come to be seen as a complement to traditional instruments of military force and diplomacy and an integral component of “smart power” and of national security in the United States and other countries.

During the post-World War II history of development cooperation various goals and approaches have had prominence from time to time. However, in the 1990s a series of global conferences organized by the United Nations helped to shape an international consensus that continues today in favor of development goals that emphasize human security, well-being, and dignity. This emphasis on the human dimension of development was reinforced by the writings of intellectual leaders such as Amartya Sen and Mahbub ul Haq.

In 1996, following extensive consultations, the Organization for Economic Cooperation and Development (OECD) proposed the adoption of a set of specific and time-bound international development goals derived from some of the recent United Nations conferences. After four years of further consultations and deliberations the United Nations Millennium Summit established the basis for a broad international consensus on the Millennium Development Goals (MDGs). That set of eight goals and related targets focused the development agenda on eradicating poverty and hunger, achieving universal primary education, promoting gender equality and women’s empowerment, reducing child mortality, improving maternal health, combating HIV/AIDS, malaria and other diseases, ensuring environmental sustainability, and developing a global partnership for development.

Since the promulgation of the Millennium Development Goals another series of international conferences has shifted the subject from defining the goals of development to building a more effective international system to support achievement of the agreed goals. It can be said that the conferences of the 1990s were about the question of what the goals of development should be and that many of the 21st century conferences have been more about the question of how the international community should go about pursuing the goals.

The principal conference themes have included financing for development; harmonization of development cooperation practice; aid effectiveness through local ownership, donor alignment with local strategies, harmonized donor action, managing for results, and mutual accountability; and the bold challenge of the Busan Partnership Declaration that “it is now time to broaden our focus and attention from aid effectiveness to the challenges of effective development.”

The basic period of performance set out in the MDGs will end in 2015. Progress toward the specific MDG targets has been closely monitored on a global, regional, and national basis. An active debate is now underway within the United Nations system to determine the content of the post-2015 development agenda and support its implementation. At the same time, the Global Partnership for Effective Development Cooperation, an institutional framework established at Busan to help coordinate and support development cooperation, is undertaking to put in place an efficient organizational structure and an effective program of action.

The current deliberations on the new development agenda are taking place at a time when the international development community is growing in numbers and diversity. Membership in the OECD Development Assistance Committee (DAC) has expanded (from 24 to 29 in 2013) and many non-DAC government providers, including some recent and current recipients of development assistance, have created substantial development cooperation programs. The number of private providers and the volume of resources they are providing are also growing.

The Busan Partnership Declaration in 2011 welcomed “the diversity of development cooperation actors” and
acknowledged that the Declaration was the product of “the representatives of different types of public, civil society, private, parliamentary, local, and regional organizations...united by a new partnership that is broader and more inclusive than ever before.” These diverse participants in the expanded, more inclusive development community are offering their own ideas about the goals and the implementing framework for the post-2015 development agenda. Both the question of what the goals of development should be and the question of how international cooperation can best support those goals are currently matters of participatory deliberations in multiple forums.

A third element, which will have a substantial impact on both the “what” and the “how” questions, is that development finance is going through a major transformation. Official development assistance constitutes a declining percentage of the resources for development. Future aid volume trends are uncertain, country and sector allocations are changing, domestic resource mobilization is stronger in many countries, and alternative sources and innovative financing mechanisms are of increasing importance. These questions of policy, implementation, and finance combine to present a challenge of how to achieve coherence in development policy and activities.

This paper reviews the current efforts by networks of national and international actors to define the goals of the post-2015 development agenda, to foster local ownership and capacity for their implementation with coherent international support, and to encourage adequate and appropriate financing. While the identification of goals, design and enhancement of institutional arrangements, and arrangements for financing are interdependent issues, different groups have their areas of primary attention. The following discussion is organized around these three major areas of content, implementation, and financing of development efforts. But it also considers the influence of each of the three elements on the other two in shaping an integrated and coherent international agenda that will contribute to the ultimate goal of advancing and sustaining human security, well-being, and dignity.

DEFINING THE GOALS OF THE NEW AGENDA

At the conclusion of its 2010 review of progress toward the Millennium Development Goals the United Nations General Assembly requested the President of the General Assembly to organize a special event in 2013 on efforts toward achieving the Millennium Development Goals. It also requested the Secretary General to make recommendations in his annual reports “for further steps to advance the United Nations development agenda beyond 2015.” In 2011 the Secretary General created a United Nations System Task Team on the Post-2015 United Nations Development Agenda and announced the launch of an inclusive, open, and transparent consultation process with multi-stakeholder participation to facilitate deliberations on the post-2015 development framework.

Since those beginning steps, the international community has compiled an extraordinary amount of information and conducted extensive consultations. The reports of the Task Team provide impressive accounts of the research and consultations carried out within the United Nations system. Additional materials are available on the website of the United Nations Department of Economic and Social Affairs. From these deliberations, several specific proposals for new development goals have now emerged.

THE SECRETARY GENERAL’S HIGH LEVEL PANEL OF EMINENT PERSONS

In July 2012 the United Nations Secretary General appointed 26 civil society, private sector, and government leaders who, together with the Special Advisor of the Secretary General on Post-2015 Development Planning, constituted a High Level Panel of Eminent Persons on the Post-2015 Development Agenda. The Secretary General named the President of Indonesia, the President of Liberia
and the Prime Minister of the United Kingdom as co-chairs. The group’s mandate was to formulate “recommendations regarding the vision and shape of a Post-2015 development agenda that will help respond to the global challenges of the 21st century, building on the MDGs and with a view to ending poverty.”

The guidance to the Panel provided that it should take into account the Millennium Declaration, the Outcome Document of the 2012 Conference on Sustainable Development (Rio+20), the 2012 report of the UN Task Team, and other available materials. The guidance also noted that it would be essential for the Panel and the separate international working group on sustainable development goals (described below) “to inform each other in order to ensure both processes are mutually reinforcing.”

The High Level Panel submitted its report on May 20, 2013. The report’s centerpiece is the articulation of what the panel called “five big transformative shifts” to drive a new universal agenda and create a new paradigm of development cooperation:

1. **Leave no one behind** calls for ending extreme poverty in all its forms, ensuring that no person is denied universal human rights and basic economic opportunities.

2. **Put sustainable development at the core** cites the need to integrate social, economic, and environmental dimensions of sustainability and halt the alarming pace of climate change and environmental degradation.

3. **Transform economies for jobs and inclusive growth** asserts a need for a rapid shift to sustainable patterns of consumption and production, inclusive growth, and diversified economies with equal opportunities for all.

4. **Build peace and effective, open and accountable institutions for all** recognizes peace and good governance as core elements of well-being and calls for responsive and legitimate institutions that encourage the rule of law, property rights, freedom of speech and the media, open political choice, access to justice, and accountable government and public institutions.

5. **Forge a new global partnership** invokes a new spirit of solidarity, cooperation, and mutual accountability to underpin the new agenda. The partnership should involve governments, disadvantaged and marginalized populations, multilateral institutions, the business community, academia, and private philanthropy in a common effort, extending beyond an aid agenda, built on principles of common humanity and mutual respect.

The panel suggested a set of illustrative goals and targets that reflected the vision of these five big transformative shifts and built on the progress that has been achieved toward the MDGs. It sought to design specific recommendations that would be based on the concept of “SMART” (specific, measurable, attainable, relevant and time-bound) objectives. Each proposed goal and target was intended to have a strong impact on a critical issue, convey a compelling message, be easy to understand and communicate, be widely applicable, grounded in the voice of people, and consensus-based.

Four features of these suggested goals and targets are particularly noteworthy. First, the panel was proposing a universal agenda with responsibilities for all, not just goals for developing countries. Second, it recognized that countries were at different starting points and levels of readiness and could not all be expected to achieve progress at the same pace and...
in equal measure; therefore, universal goals need to be accompanied by national targets. Third, to the extent possible, goals and targets should “reflect what people want, without dictating how they should get there.” And fourth, the target date for achieving the goals should be set at 2030.

Even though the panel sought to avoid diluting the agenda, it suggested 12 illustrative goals – eight corresponding to the subject matter of the eight Millennium Development Goals, plus four that have no counterparts in the MDGs. As shown in table 1, the four new subjects are secure sustainable energy; jobs, sustainable livelihoods, and equitable growth; good governance and effective institutions; and stable and peaceful societies.

In comparing the panel’s illustrative goals with the MDGs it should be noted that both sets of goals are accompanied by specific targets. All of the 21 MDG targets are global ones while most of the panel’s 49 targets are national or local and only a few are of global scope. Some of the aspirations identified as “goals” in one of the two lists are addressed as “targets” in the other. For example, completion of primary education, an MDG goal, is a target for the High Level Panel (included in the quality education and lifelong learning goal); likewise, the Panel goal of

<table>
<thead>
<tr>
<th>HIGH-LEVEL PANEL UNIVERSAL GOALS</th>
<th>MDGs</th>
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<tbody>
<tr>
<td>End poverty</td>
<td>Eradicate extreme poverty</td>
</tr>
<tr>
<td>Empower girls and women and achieve gender equality</td>
<td>Promote gender equality and empower women</td>
</tr>
<tr>
<td>Provide quality education and lifelong learning</td>
<td>Achieve universal primary education</td>
</tr>
<tr>
<td>Ensure healthy lives</td>
<td>Reduce child mortality; improve maternal health; combat HIV/AIDS, malaria, and other diseases</td>
</tr>
<tr>
<td>Ensure food security and good nutrition</td>
<td>Eradicate hunger</td>
</tr>
<tr>
<td>Achieve universal access to water and sanitation</td>
<td>Ensure environmental sustainability</td>
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<tr>
<td>Secure sustainable energy</td>
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<tr>
<td>Create jobs, sustainable livelihoods, and equitable growth</td>
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<tr>
<td>Manage natural resource assets sustainably</td>
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<tr>
<td>Ensure good governance and effective institutions</td>
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<tr>
<td>Ensure stable and peaceful societies</td>
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<tr>
<td>Create a global enabling environment and catalyze long-term finance</td>
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<tr>
<td></td>
<td>Ensure environmental sustainability</td>
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<td></td>
<td>Develop a global partnership for development</td>
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Sources: High Level Panel Report; MDG website.
universal access to water and sanitation is an MGD target (included in the environmental sustainability goal).

THE SECRETARY GENERAL’S LIFE OF DIGNITY FOR ALL REPORT AND THE GENERAL ASSEMBLY SPECIAL EVENT ON THE MILLENNIUM DEVELOPMENT GOALS

The United Nations Secretary General’s annual report in 2013 responded to the General Assembly’s request made in 2010 for recommendations “for further steps to advance the United Nations development agenda beyond 2015.” His report called attention to the need articulated by the United Nations Conference on Sustainable Development in 2012 for a development framework that “reflects our commitment to three interconnected objectives: economic development, social inclusion and environmental sustainability.”

The Secretary General’s report acknowledged the contributions of far reaching consultations coordinated by the UN Development Group, the work of the UN System Task Team, the report of the High Level Panel of Eminent Persons, and the ongoing efforts of the Open Working Group on Sustainable Development Goals and others. On the basis of all inputs, the Secretary General suggested a need for agreement on four building blocks and identified six key elements of an emerging vision for the development agenda beyond 2015.

The four suggested building blocks were:

a. a far-reaching vision of the future firmly anchored in human rights and universally accepted values and principles, including those encapsulated in the Charter, the Universal Declaration of Human Rights, and the Millennium Declaration;

b. a set of concise goals and targets aimed at realizing the priorities of the agenda;

c. a global partnership for development to mobilize means of implementation; and

d. a participatory monitoring framework for tracking progress and mutual accountability mechanisms for all stakeholders.

The six key elements of the emerging vision included:

1. universality, to mobilize all developed and developing countries and leave no one behind;

2. sustainable development, to tackle the interlinked challenges facing the world, including a clear focus on ending extreme poverty in all its forms;

3. inclusive economic transformations ensuring decent jobs, backed by sustainable technologies, to shift to sustainable patterns of consumption and production;

4. peace and governance, as key outcomes and enablers of development;

5. a new global partnership, recognizing shared interests, different needs and mutual responsibilities, to ensure commitment to and means of implementing the new vision;

6. being “fit for purpose”, to ensure that the international community is equipped with the right institutions and tools for addressing the challenges of implementing the sustainable development agenda at the national level.

The Secretary General enumerated 14 “transformative and mutually reinforcing actions that apply to all countries.” Most of these actions were similar to the 12 goals proposed by the High Level Panel. Principal differences are that the Secretary General did not single out energy for a specific focus, but did suggest specific attention to exclusion and inequality, urbanization, demographic challenges, and the positive contribution of migrants. The Secretary General’s recommendations are summarized in table 2, in a comparison with the largely consistent 17 goals later proposed by the Open Working Group on Sustainable Development Goals.

Obviously, the Secretary General’s report sought to provide direction for the ongoing processes underway to reach consensus on the post-2015 development vision and agenda. In this context
of active deliberations, his report proposed broad principles and issues to be addressed while leaving specific recommendations to emerge from the various activities in progress.

The “special event” organized in September 2013 was a related response to the General Assembly’s 2010 resolution on the MDGs. On this occasion, heads of state and government and delegation heads at the General Assembly welcomed progress to date toward the MDGs, called for accelerated efforts (especially where progress has stalled), and emphasized “the central role of a strengthened global partnership for development,” led by national efforts and assisted by international support and an enabling international environment.

With regard to the post-2015 agenda, the special event’s outcome document commended the Secretary General’s Life of Dignity for All report as a helpful input. It noted that the Secretary General had drawn on inputs from the High Level Panel of Eminent Persons, UN Development Group consultations, the United Nations Global Compact (a private sector initiative that promotes alignment of business operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption), and the United Nations Sustainable Development Solutions Network (a group launched by the Secretary General in 2012 to mobilize scientific and technical expertise from academia, civil society, and the private sector in support of sustainable development).

The outcome document singled out for appreciation the processes “mandated in the outcome document of the United Nations Conference on Sustainable Development... in particular the Open Working Group on Sustainable Development Goals and the Intergovernmental Committee of Experts on Sustainable Development Financing.” It urged that the processes currently underway complete their work “in a comprehensive, balanced and expeditious manner” by September 2014 and called on the Secretary General to prepare a synthesis report on the full range of available inputs before the end of 2014. The outcome document anticipated that the final phase of intergovernmental work would then take place and “culminate in a summit at the level of Heads of State and Government in September 2015 for the adoption of the post-2015 development agenda.”

THE OPEN WORKING GROUP ON SUSTAINABLE DEVELOPMENT GOALS

Within the international development community the concept of sustainable development has attained a special prominence. While sustainability is considered a desirable quality in any development effort, the term “sustainable development” has taken on a specific meaning derived from a substantial body of work focused on the environment and its relationship to economic and social progress.

The history of this concept can be traced from the 1972 Conference on the Human Environment, the 1989 Report of the World Commission on Environment and Development: Our Common Future (Bruntland Commission), and the 1992 Rio de Janeiro Conference on Environment and Development (UNCED). In essence, sustainable development has come to be characterized as a bringing together of three dimensions of development – economic, social, and environmental – endorsed by the 2012 Conference on Sustainable Development (Rio+20).

Rio+20 resolved to establish “an inclusive and transparent intergovernmental process on sustainable development goals that is open to all stakeholders, with a view to developing global sustainable development goals to be agreed by the General Assembly.” The General Assembly established the Open Working Group of 30 Member States, drawn from country groups including a total of 70 UN Members, in January 2013. The Committee is chaired by the Permanent Representatives of Hungary and Kenya. The OWG has operated with an extensive network that included representation...
by committee members of multiple states, steering committees, consultations, and 26 thematic clusters receiving input from stakeholders, all accessible on the internet. The unprecedented openness and transparency in the Committee’s work has been one of its most impressive characteristics.

Following its 13th session in July 2014 the Open Working Group issued an outcome document containing refined versions of 17 proposed sustainable development goals, accompanied by a total of 126 subordinate targets to be attained (almost all by 2030) and 43 sub-goals that identified issues warranting particular emphasis. Nineteen of the targets are under goal 17, which is directed to the means of implementation and the global partnership for sustainable development. The proposed goals are set out below in Table 2, compared with the actions recommended by the UN Secretary General in his Life of Dignity for All report.

Table 2 (following page) illustrates the high degree of convergence between the lists compiled by the Open Working Group and the Secretary General. That convergence is even stronger because the Secretary General, while not proposing a specific goal for promoting sustainable consumption and production patterns, cited “inclusive economic transformations… to shift to sustainable patterns of consumption and production” as one of the six key elements of the emerging vision of the new development agenda.

In addition, although the Open Working Group did not propose a goal regarding migrants, it included under its Goal 8 on growth, employment and decent work a reference to “migrant workers” in its call for protection of labor rights and promotion of safe and secure working environments.

It is widely accepted that the recommendations of the Open Working Group will have a major influence in the negotiation of the post-2015 development goals. The OWG has a unique legitimacy for two reasons: (1) it is an intergovernmental group made up of UN members and chosen by regional groups, created by the General Assembly in response to an agreement reached at the Rio+20 conference; and (2) it has carried out its work in an extraordinarily transparent and inclusive manner that has been open to all views.

**OTHER PROCESSES TO DEFINE POST-2015 DEVELOPMENT GOALS**

Within the United Nations system the work of supporting the processes described above has been shared by the United Nations Development Group and the United Nations Task Team to Support the Preparation of the Post-2015 UN Development Agenda. In addition, as mentioned above, the new agenda has been addressed by the United Nations Sustainable Development Solutions Network (SDSN) and the United Nations Global Compact.

The Intergovernmental Committee of Experts on Sustainable Development Financing (discussed below in section IV of this report concerning financing) was established in June 2013 pursuant to the Rio+20 outcome document. It was to “assess financing needs, consider the effectiveness, consistency and synergies of existing instruments and frameworks, and evaluate additional initiatives.” The committee’s August 2014 report responded to its mandate to propose “options on an effective Sustainable Development Financing Strategy to facilitate the mobilization of resources and their effective use in achieving sustainable development objectives.”

The Sustainable Development Solutions Network website mentions additional processes involving civil society and business stakeholders, including those of the Independent Research Forum, the Southern Voice on the Post-2015 MDG Development Agenda, and others cited on websites tracking the definition of the post-2015 development agenda. More than 1,000 civil society organizations are participating in the global civil society campaign Beyond 2015.
<table>
<thead>
<tr>
<th>OPEN WORKING GROUP PROPOSED SUSTAINABLE DEVELOPMENT GOALS</th>
<th>SECRETARY GENERAL TRANSFORMATIVE AND MUTUALLY REINFORCING ACTIONS</th>
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<tbody>
<tr>
<td>End poverty in all its forms everywhere</td>
<td>Eradicate poverty in all its forms</td>
</tr>
<tr>
<td>End hunger, achieve food security and improved nutrition, and promote sustainable agriculture</td>
<td>End hunger and malnutrition</td>
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<tr>
<td>Ensure healthy lives and promote well-being for all at all ages</td>
<td>Improve health</td>
</tr>
<tr>
<td>Ensure inclusive and equitable quality education and promote life-long learning opportunities for all</td>
<td>Provide quality education and lifelong learning</td>
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<tr>
<td>Achieve gender equality, empower all women and girls</td>
<td>Empower women and girls</td>
</tr>
<tr>
<td>Ensure availability and sustainable management of water and sanitation for all</td>
<td>Improve health (includes water, sanitation, and hygiene)</td>
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<tr>
<td>Ensure access to affordable, reliable, sustainable, and modern energy for all</td>
<td>Promote inclusive and sustainable growth and decent employment (includes sustainable energy)</td>
</tr>
<tr>
<td>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</td>
<td>Promote inclusive and sustainable growth and decent employment</td>
</tr>
<tr>
<td>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</td>
<td>Tackle exclusion and inequality</td>
</tr>
<tr>
<td>Reduce inequality within and among countries</td>
<td>Meet the challenges of urbanization</td>
</tr>
<tr>
<td>Make cities and human settlements inclusive, safe, resilient and sustainable</td>
<td>Address climate change</td>
</tr>
<tr>
<td>Ensure sustainable consumption and production patterns</td>
<td>Address environmental challenges (includes marine resources base)</td>
</tr>
<tr>
<td>Take urgent action to combat climate change and its impacts</td>
<td>Address environmental challenges (includes terrestrial resources base)</td>
</tr>
<tr>
<td>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</td>
<td>Build peace and effective governance based on the rule of law and sound institutions</td>
</tr>
<tr>
<td>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt biodiversity loss</td>
<td>Foster a renewed global partnership</td>
</tr>
<tr>
<td>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</td>
<td>Address demographic challenges</td>
</tr>
<tr>
<td>Strengthen the means of implementation and revitalize the global partnership for sustainable development</td>
<td>Enhance the positive contribution of migrants</td>
</tr>
</tbody>
</table>

Sources: OWG outcome document; UN Secretary General Life of Dignity for All Report.
PRELIMINARY ASSESSMENT OF PROGRESS

The work done thus far makes clear that the principal focus of the new goals will be on poverty eradication, inclusive societies, and sustainability in all aspects of development. It is also clear that the current effort is quite different from what began in the 1990s as a modest proposal to select a few significant internationally agreed targets that could serve “as meaningful proxies for broader development goals” while affirming that sustainable development required attention to many additional issues through effective partnerships. As is evident in the broad sweep of the proposed sustainable development goals, the post-2015 development agenda is to be based on a universal, integrated, and comprehensive set of goals that are supportive of peaceful and inclusive societies, inclusive economic growth and social development, and environmental sustainability. This expansion of the goal-based approach to development seems likely to give rise to many implementation issues.

With such a broad agenda it is understandable that there have been different views among stakeholders on a number of issues. The documents prepared for the Open Working Group’s meetings illustrate the variety of stakeholder views. The OWGs thoughtful management of the fundamental issues of inclusive growth and good governance merits particular attention. There is broad international support for the proposition that these elements are necessary for sustainable development. Yet, this proposition has encountered some concerns within the development community, including sensitivity to sustainability and local ownership issues.

With respect to growth, the well-known study commissioned by the Club of Rome in 1972, The Limits to Growth, concluded that economic growth (together with population growth) was in conflict with sustainable development. That view persists in more recent literature. In large measure though, the tension between the “growth” and “no-growth” perspectives has been alleviated by broad agreement that the economic, social, and environmental dimensions of sustainability should all be integrated “in a balanced manner.” While differences remain in deciding how to strike that balance in particular contexts, it is generally accepted that sustainable development means sustainable patterns of production and consumption, but it does not mean an effort to achieve development without growth.

The Open Working Group adhered to the balanced, multidimensional view of sustainable development in its treatment of growth in the proposed SDGs. Proposed goal 8 calls for “sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.” The targets specified for that goal include at least 7% per annum GDP growth in the least developed countries, higher levels of productivity, development-oriented policies, and formalization of enterprises – as well as efforts “to decouple economic growth from environmental degradation.” This is a pro-growth view of sustainable development.

With respect to governance, Rio+20 acknowledged that democracy, human rights, good governance, and the rule of law “are essential for sustainable development.” However, as noted above, the Rio+20 outcome document described sustainable development as having only three interrelated elements: economic, social and environmental. The SDSN suggested that governance should be regarded as the fourth element. This call for increased emphasis on governance in the post-2015 development agenda was echoed in a survey of public opinion and related civil society advocacy. Consistent with General Assembly’s 2012 rule of law declaration, many organizations also endorsed the inclusion in the new agenda of specific goals and targets on access to justice and the rule of law.

Again, the Open Working Group has adopted a balanced approach. Goal 16 calls for peaceful and inclusive societies for effective development, access to justice for all, and effective, accountable and inclusive institutions at all levels. This goal’s targets include promotion of the rule of law; reduced corruption and
bribery; participatory and representative decision-making; public access to information and protection of fundamental freedoms; strengthened national institutions to build capacity for preventing violence and combating terrorism and crime; and promotion and enforcement of non-discriminatory laws and policies.

Figure 1, below, published by SDSN, illustrates the breadth – and the complexity – of participation that has characterized the ongoing efforts to define the goals of the new development agenda. The admirably inclusive processes illustrated in this chart have necessarily produced many recommendations from many stakeholders for additional goals and targets. Beginning with the Secretary General’s synthesis report to be submitted in 2014, a significant challenge going forward will be to integrate the many proposals and suggestions in the SDGs into a broad consensus on a concise set of high-priority recommendations that will capture imagination and inspire enthusiasm as the original MDGs have done.

The Rio+20 outcome document underscored “that sustainable development goals should be action-oriented, concise and easy to communicate, limited in number, aspirational, global in nature and universally applicable to all countries while taking into account different national realities, capacities and levels of development and respecting national policies and priorities.” Achieving goals that meet those high standards will require unceasing efforts in a collaborative spirit over the period leading up to the 2015 summit.
MANAGING THE NEW AGENDA

As in the case of defining the post-2015 development goals, there are multiple efforts underway to create a framework for effective international cooperation in furtherance of the MDGs and their post-2015 successor goals. These efforts involve primarily the implementation of the Busan Partnership Declaration for Effective Development Cooperation and the work of the United Nations Economic and Social Council to advance effective development cooperation.

THE BUSAN DECLARATION AND THE GLOBAL PARTNERSHIP FOR EFFECTIVE DEVELOPMENT COOPERATION

Building on the agreements about aid effectiveness reached in Rome, Paris, and Accra, the Busan Partnership Declaration endorsed shared principles consistent with agreed international commitments as the foundation of cooperation for effective development. These shared principles endorsed at Busan were ownership of development priorities by developing countries, a focus on results, inclusive development partnerships, and transparency and accountability to each other. The agreed pre-existing international commitments referred to were those relating to human rights, decent work, gender equality, environmental sustainability, and disability.

On the basis of these principles and commitments, the Partnership Declaration set out a bold vision to broaden the focus from aid effectiveness to effective development, within a framework in which:

- Development is driven by strong, sustainable and inclusive growth.
- Governments’ own revenues play a greater role in financing their development needs. In turn, governments are more accountable to their citizens for the development results they achieve.
- Effective state and non-state institutions design and implement their own reforms and hold each other to account.
- Developing countries increasingly integrate, both regionally and globally, creating economies of scale that will help them better compete in the global economy.

At this writing, 161 countries and 56 international organizations have subscribed to the Busan principles and framework.

The Global Partnership for Effective Development Cooperation (GPEDC) was created in 2012 pursuant to the Busan Declaration as an inclusive and representative platform “to support and ensure accountability for the implementation of commitments at the political level” and to provide “a forum for the exchange of knowledge and the regular review of progress.” Its core functions are to maintain and strengthen political momentum for more effective development cooperation; ensure accountability for implementing Busan commitments; facilitate knowledge exchange and sharing of lessons learned; and support implementation of Busan commitments at the country level.

The GPEDC was initially co-chaired by the development ministers of Indonesia, Nigeria, and the United Kingdom. During its initial two years of existence, the GPEDC operated through an 18-member steering committee led by the three GPEDC co-chairs with the other members selected from aid recipients, aid providers, and representatives of the private sector, parliamentarians, civil society, multilateral development banks, UNDP/UNDG, and OECD/DAC. The UNDP and OECD also provide a joint secretariat for the Global Partnership.

The GPEDC governance arrangements were modified in April 2014 in the context of the Partnership’s first High Level Meeting in Mexico City. The steering committee, now expanded to 24 members (including the co-chairs), with six representatives of development cooperation recipients, with at least one from the g7 group of fragile and conflict affected states and one
from Africa; two from countries that are both providers and recipients; four from providers, including one Arab provider; two from civil society, including one nontraditional or trade union representative; and one each from the private sector, parliamentarians, the multilateral development banks, foundations, local governments, the UNDP/UNDG, and the OECD/DAC.

New co-chairs have been elected for the next two years: José Antonio Meade Kuribréña, Secretary of Foreign Affairs of Mexico; Lilianne Ploumen, Minister for Foreign Trade and Development Cooperation of the Netherlands; and Goodall Gondwe, Minister of Finance, Economic Planning and Development of Malawi.

More than 1,500 delegates from over 130 countries attended the April 2014 high level meeting of the GPEDC, representing national and local governments, international organizations, civil society, the private sector, and academia. Their dialogue addressed key issues for increasing development effectiveness: progress since Busan and inclusive development, domestic resource mobilization, south-south and triangular cooperation, middle income countries, and business as a partner in development.

The high level meeting’s participatory character was demonstrated by the inclusion in the agenda of 36 well attended focus sessions organized by various stakeholders and numerous information booths established by participating organizations. In addition, a range of countries and organizations committed themselves to 39 separate voluntary initiatives relating to different aspects of development cooperation. The deliberations in Mexico City benefited from a report prepared by the GPEDC secretariat on progress in implementing the Busan principles. Based on reporting from 46 countries on 10 indicators of performance, this report provided convincing evidence of progress as well as needs for improvement.

The term “global partnership” has a long history and broad usage in development cooperation. A Google search of “international development partnership” will produce thousands of examples. The OECD/DAC adopted a policy statement on “Development Partnerships in the New Global Context in 1995.”

The UN Millennium Declaration called for the creation of “an environment – at the national and global levels alike – which is conducive to development and to the elimination of poverty” and the eighth Millennium Development Goal is to “develop a global partnership for development,” with six related targets. An extensive array of activities is underway within the United Nations system to prepare for a “renewed global partnership” for the post-2015 development agenda.

As described by the Secretary General, the UN global partnership beyond 2015 should extend to the broad array of development issues addressed in his Life of Dignity for All report, discussed above. That is, they should include: poverty eradication, exclusion and inequality, women and girls’ empowerment, education and lifelong learning, health, climate change, the environment, growth and employment, hunger and malnutrition, demographic challenges, the contribution of migrants, urbanization, peace building, and effective governance.

A principal United Nations activity in furtherance of the global partnership is the series of biennial forums convened by the UN Economic and Social Council (ECOSOC) since 2008. These meetings respond to the direction provided in the outcome document of the 2005 World Summit that ECOSOC to hold “a biennial high level Development Cooperation Forum.” The Forum is charged to review trends in international development cooperation, including strategies, policies and financing; promote greater coherence among the development activities of different development partners; and strengthen the links between the normative and operational work of the United Nations.
The preparations for the fourth Development Cooperation Forum (DCF) in July 2014, as described by the UN Department for Economic and Social Affairs (DESA), had indicated that the process would engage all stakeholders in deliberations to:

- Assess how a global partnership for development beyond 2015 could work in practice.
- Examine implications of a post-2015 development agenda for development cooperation.
- Identify ways to enhance national and global accountability and effective monitoring of development cooperation.
- Advance policy dialogue and concrete actions by Southern development cooperation partners on commons issues and challenges.

In addition, Rio+20 called for a High Level Political Forum on Sustainable Development to replace the Commission on Sustainable Development and, inter alia, “to provide political leadership, guidance and recommendations for sustainable development.” The General Assembly took action to create this body in 2013. Consistent with the outcome document of Rio+20, the General Assembly conferred a broad mandate on this new entity:

- The high level political forum...shall provide political leadership, guidance and recommendations for sustainable development, follow up and review progress in the implementation of sustainable development commitments, enhance the integration of the three dimensions of sustainable development in a holistic and cross-sectoral manner at all levels and have a focused, dynamic and action-oriented agenda, ensuring the appropriate consideration of new and emerging sustainable development challenges.

The High Level Political Forum meets annually under the auspices of the Economic and Social Council to review progress and make recommendations. Every four years it will meet at the level of heads of state and government under the auspices of the General Assembly. The Forum first met in 2013. Its second meeting was held from June 30 through July 9, 2014, in New York with the theme of “achieving the Millennium Development Goals and charting the way for an ambitious post-2015 development agenda, including the sustainable development goals.”

One responsibility of the Forum is to strengthen the interface between science and policy, including through a global sustainable development report. A collaborative effort by many scientists and UN entities produced a prototype Global Sustainable Development Report for the Forum’s 2014 meeting. This document contains a wealth of information on sustainable development issues, including numerous assessments, analyses of challenges and linkages, and examination of alternative paths toward sustainable development. It also presents alternative approaches toward establishing a report of this nature as a continuing tool, with periodic updates, to support the High Level Forum’s annual deliberations.

There were questions prior to the 2014 meetings of the Development Cooperation Forum and the High Level Political Forum about the potential overlap of their respective agendas with that of the recent high level meeting of the Global Partnership for Effective Development Cooperation. However, this did not become an issue, in part due to the enthusiastic and productive atmosphere at the Mexico City high level meeting of GPEDC and the active participation there of the UN Secretary General and the Administrator of the UNDP.

Inter-institutional collaboration was facilitated by the decision of the GPEDC Steering Committee to hold its sixth meeting in New York to coincide with the related UN meetings. During the first two weeks of July 2014, there were overlapping schedules of the High Level Political Forum (June 30-July 9), the GPEDC Steering
Committee (July 8-9), and the DCF (July 10-11). Many delegates participated in two or all three of these meetings. A side event at the DCF on July 10 featured a panel discussion on how the GPECD could complement the work of the United Nations entities and support the post-2015 agenda. Collaborative discussions among participants in the three meetings confirmed that there will be enough work for all these forums to help shape an effective post-2015 development agenda and that continuing policy and operational coordination at multiple levels will be needed to achieve the high aspirations represented by the emerging post-2015 development goals.

The UN Secretary General’s 2014 report on trends and progress in international development, prepared for the high level segment of the DCF, took note of the ability of the GPEDC to make specific contributions to the effective monitoring and continued policy dialogue at the United Nations “to make greater progress towards effective development cooperation.” In addition, the DCF and GPEDC have created an informal working group to promote collaboration.

FINANCING THE NEW AGENDA

All the ongoing efforts to reach agreement on a new development agenda – both on the post-2015 goals and on effective ways to facilitate and coordinate international support for them – seek to advance the idea of a peaceful and stable world in which all people benefit from increased freedom and a sustainably improved quality of life. Progress toward these ends will depend in large measure on the evolution of development finance.

The shaping of the new development agenda is taking place at a time when the composition of financing for development is undergoing profound change. The relative contribution of official development assistance is diminishing as nontraditional donors, private philanthropy, expatriate remittances, private investment, and – most important – domestic resource mobilization have all increased. Innovative financing mechanisms, such as resources for infrastructure arrangements and diaspora-backed bonds, are being introduced. New financial entities, such as the recently announced BRICS Development Bank, are being proposed.

Contemporary analyses of development finance point out that the level of resources needed to achieve development goals will depend on the quality of relevant policies and institutions and the efficiency with which financial resources are used. Nevertheless, even assuming that many developing countries will have adequate policies, institutions, and implementation capabilities, a new development agenda with ambitious goals to be achieved within a period of 15 years can be expected to place large demands on all financing sources – national and international, public and private.

The organizations working on the post-2015 development agenda are very much aware of the changing picture of development finance. In particular, the UN’s Intergovernmental Committee of Experts on Sustainable Development Financing (ICESDF) has called for better alignment of private incentives with public goals and a policy framework that will encourage private
investment while also mobilizing public resources for sustainable development. The committee, consisting of 30 experts nominated by regional groups, began work in August 2013 and released a preliminary version of its report in August 2014.

The ICESDF report took note of the unavoidable imprecision of efforts to quantify development financing needs. It also recognized that those needs are vast and that it will be necessary to look beyond simple solutions. It concluded that “a basket of policy measures will be necessary, encompassing a toolkit of policy options, regulations, institutions, programs and instruments, from which governments can choose appropriate policy combinations.” The report emphasized that “the choice of specific policy measures should be determined by domestic political considerations and other country-specific circumstances.”  

The ICESDF report endorsed the need to draw on all sources and kinds of development financing and proposed a strategy based on the following nine precepts:

1. Ensure country ownership and leadership in implementing national sustainable development strategies, along with a supportive international environment.
2. Adopt effective government policies as the lynchpin of a sustainable development financing strategy.
3. Make use of all financing flows in a holistic way.
4. Match financing flows with appropriate needs and uses.
5. Maximize the impact of international public finance.
7. Exploit synergies across the economic, environmental, and social dimensions of sustainable development.
8. Adopt a multi-stakeholder, people-centered and inclusive approach to achieve tangible results on the ground.
9. Ensure transparency and accountability of financing at national, regional and international levels.

The committee recommended that countries develop coherent sustainable development strategies that incorporated these precepts and related policy measures for integrating the various sources of financing: domestic public, domestic private, international public, and international private, as well as blended financing that pools public and private resources and expertise.

In addition, the ICESDF made recommendations for measures of global governance to help make space for these integrated national strategies as well as measures to strengthen the global partnership for sustainable development. Specifically, the committee’s global governance recommendations called on the international community to strengthen systemic coherence and economic governance; adopt trade and investment rules that are fair and conducive to sustainable development; strengthen global financial stability and regional cooperation; enhance international cooperation on taxes and fight illicit financial flows; strengthen sovereign debt crisis prevention and resolution; foster harmonized monitoring and accounting systems and a data revolution; and strengthen global partnership to facilitate effective sustainable development cooperation.

In effect, the ICESDF report has confirmed that the six areas addressed in the Monterrey Consensus remain central to the challenge of development finance: mobilizing domestic financial resources; mobilizing international resources; promoting international trade; increasing international financial and technical cooperation; sustainable debt financing and external debt relief; and addressing systemic issues such as enhancing coherence and consistency of the international monetary, financial and trading systems. The still unfulfilled aspiration of Monterrey, quoted
below, remains the expectation for development finance in the post-2015 era:

Mobilizing and increasing the effective use of financial resources and achieving the national and international economic conditions needed to fulfill internationally agreed development goals...to eliminate poverty, improve social conditions and raise living standards, and protect our environment, will be our first step to ensuring that the twenty-first century becomes the century of development for all.83

As indicated by the foregoing description, the ICESDF report is fundamentally consistent with, and makes reference to, other extensive research on development finance. (Principal issues are discussed below in this report.) The committee’s report will make a significant contribution to the continuing effort to define the post-2015 development agenda and will also serve as a basic preparatory document for a new global conference on financing for development (following on to the Monterrey and Doha conferences) to be convened in 2015 in Addis Ababa.84

OFFICIAL DEVELOPMENT ASSISTANCE

Historically, much attention has been focused on that part of development finance called official development assistance (ODA). ODA is defined by the OECD Development Assistance Committee (DAC) as “government aid designed to promote the economic development and welfare of developing countries.” It includes grants and loans on concessional terms by the 29 DAC members to the more than 150 developing countries and territories named on a list maintained by the DAC (the DAC list). For some time, the DAC has also collected and reported data from non-DAC members of their “ODA-like” disbursements.85

Because ODA flows are measured on the basis of actual disbursements when they are made by donors, they sometimes reflect budget decisions taken in earlier years. ODA also includes disbursements to multilateral development banks and other international organizations which may be spent in country programs in future years. Some disbursements counted as ODA are for activities that are not programmable by recipient countries, such as administrative costs or global research by development agencies. Therefore, the amount of ODA disbursed in a given year is not the same as the amount of aid received by developing countries in that year.86

From the founding of the DAC in 1960, total ODA volume increased until the early 1990s. Then, after a downward trend through most of that decade, it began to rise again in 1998. ODA volume fell in 2011 and 2012, but then increased to a record high of almost $135 billion in 2013.87 Even as total ODA volume has increased, there has been a decline in the percentage of the donors’ gross national income spent for development assistance. Also, the most recent projection of future aid suggests a likely continuation of what the OECD calls a “worrying trend of declines in programmed aid to...low-income countries, in particular in Africa...reflecting reduced access to grant resources on which these countries are highly dependent.”88

Figure 2 – ODA, 1960-2011

<table>
<thead>
<tr>
<th>Year</th>
<th>Total ODA</th>
<th>ODA/GNI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>1970</td>
<td>150</td>
<td>50</td>
</tr>
<tr>
<td>1980</td>
<td>100</td>
<td>25</td>
</tr>
<tr>
<td>1990</td>
<td>50</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: OECD
become increasingly evident as the development cooperation paradigm has been shifting away from one of rich countries assisting poor countries. The more eclectic and polycentric global development community has expressed the aspiration to become “united by a new partnership that is broader and more inclusive than ever before, founded on shared principles, common goals and differentiated commitments for effective international development.”

In 2007 the DAC inaugurated the practice of monitoring and reporting on “country programmable aid,” as a way to better capture the flows of aid that go to developing countries. In 2011 country programmable aid constituted about 55 percent of ODA. This was an important innovation to increase knowledge about concessional external financing for development. However, the differentiated commitments of all actors (including south-south cooperation and non-state actors) are still not fully captured by this category. The DAC is now working to produce a new, more comprehensive measure of external finance for development. The new measure is not intended to replace ODA, a unique type of financing for which there is no substitute, especially for the poorest countries. The objective is to complement ODA with an accurate and continuing broad measure of the many kinds of financing for development.

The counting of development assistance flows has been the subject of debate for many years. That debate continues. For example, the Center for Global Development recently published an extensive study and multiple proposals for ODA reform. That study’s long list of references to other works on this subject is evidence of the durability of the focus on aid despite the changing global circumstances.

At one time, ODA was the largest component of international flows to developing countries. However, flows from private sources such as foreign direct investment, remittances from nationals working abroad, and access to bond markets, have grown faster. As a result, the relative share of ODA as a percentage of external finance has declined. By 2012 non-ODA-like flows accounted for more than 80 percent of external resources received by developing countries with more than two-thirds coming from the private sector. Moreover, net domestic expenditures have grown rapidly in many developing countries and, in total, now amount to about three times the volume of external flows.

ODA remains the principal source of development finance for the poorest and most fragile countries. It is estimated that low-income countries rely on public international finance (almost all ODA) for about 25 percent of their financing. ODA is likely to be increasingly concentrated on these poor and fragile countries.

Looking beyond the highly aid-dependent environments, ODA will have a more specialized, strategic role in the new development agenda. ODA will need to be a catalyst – helping developing countries overcome aid dependence by improving their capabilities to attract private investment, gain access to capital markets, mobilize domestic resources, and administer their public finances (such as tax administration, public procurement, and safeguards against corruption). This specialized catalytic role for ODA will be an integral part of the shift of development cooperation to a new level beyond the narrow context of aid relationships.

EXTERNAL FINANCING OTHER THAN ODA

The growth in external financing has been overwhelmingly in non-ODA transfers to developing countries. This remarkable growth is illustrated in Figure 3, next page, covering the period from 2000-2011.

Accounting for flows other than ODA is somewhat uncertain. There is less uniformity in reporting and less certainty in the available data. Uncertainty is compounded by the growing diversity of actors in
profits does not necessarily negate the value of initial investments. On the other hand, the large and growing volume of illicit financial flows from developing countries, estimated by Global Financial Integrity to be almost $950 billion in 2011 and estimated by the European Union to be about $620 billion, constitutes an unambiguously disturbing negative factor in development finance.

It is also important to note that private capital tends to flow more to middle-income than to low-income countries, and mostly to a small number of middle-income countries. The World Bank estimates that of US$390 billion in net foreign direct investment and US$250 billion in net bonds and credits to developing economies in 2011, only about $13.5 billion went to low income countries.

The European Union’s analysis of development financing also shows a much higher reliance on official flows by low income countries and a high concentration of foreign direct investment in a small number of developing countries. The highly respected analysis by Development Initiatives in Investments to End Poverty looked beyond the sources included by the OECD estimate shown in Figure 3 to arrive at a total of international resource flows in 2011 of almost $2.1 trillion. This total includes, for example, financing for military and security purposes. The principal components of official, commercial, and private flows in this total are set out in table 3.

It is necessary to bear in mind that resources are flowing out of developing countries as well as into them, for example, as repatriated profits. While estimates vary in different reports, the findings are generally consistent. The Investments to End Poverty study by Development Initiatives found that outflows in 2011 almost equaled total inflows. A recent European Union study found that exports of profits from foreign direct investment in 2011 totaled about 95 percent of new foreign direct investment made that year. This is a blade that cuts both ways in that restrictions on capital exports tend to discourage investments and the repatriation of profits does not necessarily negate the value of initial investments. It is also important to note that private capital tends to flow more to middle-income than to low-income countries, and mostly to a small number of middle-income countries. The World Bank estimates that of US$390 billion in net foreign direct investment and US$250 billion in net bonds and credits to developing economies in 2011, only about $13.5 billion went to low income countries. The European Union’s analysis of development financing also shows a much higher reliance on official flows by low income countries and a high concentration of foreign direct investment in a small number of developing countries.

Table 3 - International Resource Flows to Developing Countries, 2011 (in US$ Millions)

<table>
<thead>
<tr>
<th>Type of Flow</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official</td>
<td>148.7</td>
</tr>
<tr>
<td>ODA</td>
<td>79.1</td>
</tr>
<tr>
<td>Other official flows</td>
<td>16.8</td>
</tr>
<tr>
<td>Development cooperation from non-DAC providers</td>
<td>37.8</td>
</tr>
<tr>
<td>Development finance institutions</td>
<td>213.4</td>
</tr>
<tr>
<td>Military and security expenditure</td>
<td>471.5</td>
</tr>
<tr>
<td>Commercial</td>
<td>28.3</td>
</tr>
<tr>
<td>Foreign direct investment</td>
<td>529.9</td>
</tr>
<tr>
<td>Short-term loans</td>
<td>130.0</td>
</tr>
<tr>
<td>Private</td>
<td>343.4</td>
</tr>
<tr>
<td>Remittances</td>
<td>45.4</td>
</tr>
<tr>
<td>Total Flows</td>
<td>2,082.4</td>
</tr>
</tbody>
</table>

Source: Development Initiatives
The difference between least developed countries (LDCs) and other developing countries is particularly acute in the case of fragile and conflict-affected states. The OECD estimates that in 2011 fragile LDCs relied on country programmable assistance (ODA) for 45 percent of external financing, on remittances for 42 percent, and on foreign direct investment for only 18 percent. This pattern has not changed significantly in recent years.\textsuperscript{100}

An evolving DAC taxonomy of external financing sources and instruments from a developing country perspective is based on case studies of Ghana, Senegal, and Timor Leste. The sources it identifies include DAC donors, multilateral agencies, bilateral development finance institutions, non-DAC sovereign providers, private philanthropic organizations, export credit agencies and the private sector (banks and enterprises), and private remittances. The instruments used by those actors, as reported in the DAC study, include grants, concessional loans, non-concessional loans to both governments and the private sector, equity and other market-like instruments from the public sector, and FDI and portfolio investment by the private sector (debt, bonds, equity and other securities).\textsuperscript{101} This model apparently has not yet been used in an effort to collect data on a worldwide basis.

A World Bank paper on long-term investment financing, prepared for the G20 February 2013 meeting of finance ministers and central bank presidents,\textsuperscript{102} included the estimates of international capital flows to developing countries in 2012 which provided the basis for Figure 5, above.

While specific amounts and categories differ among the several reports discussed above, some patterns emerge. It is clear that, in the aggregate, external financing available to developing countries has increased substantially in recent years. The trend was briefly set back by the 2008 global financial crisis, but has resumed since then. Most of the growth has been due to non-ODA financial flows, and especially to private investment, remittances, and loans. The high concentration of non-ODA flows to a still very limited number of countries is a matter for concern, as is the substantial outflow of resources from developing countries. These concerns are aggravated by the trend of declining ODA to low income countries, few of which are experiencing increased commercial or private flows.

**MOBILIZATION OF DOMESTIC RESOURCES**

The growth of government spending in developing countries has dramatically outpaced the growth in external flows. While Development Initiatives estimates total external flows at $2.1 trillion in 2011, it estimates government spending in developing countries was $5.9 trillion. The supporting analysis finds that such government spending has been growing since 2000 at an average rate of five percent in 70 developing countries and an average of 2.5 for the remainder...
(mostly very poor countries). This global trend is consistent with the declarations in the Monterrey Consensus that each country “has primary responsibility for its own economic and social development, and the role of national policies and development strategies cannot be overemphasized” and also that an “effective, efficient, transparent and accountable system for mobilizing public resources and managing their use by Governments is essential.”

A thoughtful analysis by Homi Kharas at the Brookings Institution (who served as Executive Director of the High Level Panel on the Post-2015 Development Agenda) provides a valuable insight into the differences in the sources of financing for low income, lower middle income, and upper middle income countries, as shown in figure 6. This figure shows the predominance of government revenues in development finance for countries in all income groups. Kharas also poses highly pertinent policy questions about development financing in general.

There is a body of recent scholarly research on the development implications of government spending in developing countries. The analysis by Development Initiatives finds a correlation between higher government spending by a developing country, increased external flows to that country, and reduced poverty. Conversely, countries that spend less than $1,000 per person per year (PPP) attract less in external flows and are also where more than 80 percent of people living in extreme poverty are found. Understandably, many low-spending countries are also the most aid dependent. In particular, fragile states, which tend to be more aid-dependent than more stable developing countries, are squeezed by declining levels of foreign assistance, low external commercial flows, and limited capacity to generate domestic revenue.

This correlation between domestic government spending and poverty suggests that a post-2015 development agenda focused on eliminating poverty should heed the Monterrey Consensus admonitions on: (1) the importance of “investments in basic economic and social infrastructure, social services, and social protection...for enabling people, especially people living in poverty, to better adapt to and benefit from changing economic conditions and opportunities”; and (2) the need “to reinforce national efforts in capacity-building...in such areas as institutional infrastructure, human resource development, public finance, mortgage finance, financial regulation and supervision, basic education in particular, public administration, social and gender budget policies, early warning and crisis prevention, and debt management.”

It is hard to find systematic, readily usable information about public finances and nongovernmental domestic spending and investment in developing countries. A 2013 report by the European NGO confederation CONCORD analyzed trends in various types of potential sources of development finance, including both tax revenues and domestic private investment. It found that, as a percentage of GDP, there has been growth in both tax receipts and gross capital formation in low, lower middle, and upper middle income countries. The report drew on multiple sources of data and reflected the challenges of gaps and overlaps in available reporting. It included the cautionary observations that “data on tax and revenues are not easy to find” and, more generally, that “mistakes and anomalies can be introduced at many stages of the collection and analysis stages, and the quality of the underlying data is highly variable and not always collected in comparable fashions.”

Also, there is analysis suggesting that, as might be expected, growth in remittances to developing countries has contributed to growth in bank deposits, and
thus to financial sector development and domestic investment. However, volumes of remittances are obviously difficult to estimate, complicating any effort to quantify their impact on domestic investment.

There is clearly a need for access to more timely and reliable information about domestic resources to finance development. There are relevant databases in the World Bank’s extensive system. The reporting in Investments to End Poverty on government spending is a helpful step, as is the planned addition of information from developing country budgets on the recently launched country-based information site “d-portal.” Specific data about the volume and composition of public resources at the country level are collected by the International Monetary Fund. But more needs to be done. As the IMF acknowledges, “such data tend to be either available in oversimplified high level aggregates and lacking in methodological transparency, or, available with a great level of detail and a unified methodological approach yet overly complicated to understand.”

An important new initiative is the Government Revenue Dataset created by the International Center for Tax and Development. This new research tool combines data from several databases and from IMF reports in order to improve both coverage and accuracy. This is clearly work in progress.

Domestic resource mobilization through improved tax policy and administration has been the object of international attention for some time. The 2008 Doha Declaration on Financing for Development strongly emphasized this aspect of development finance. In particular, it committed the international community to “step up efforts to enhance tax revenues through modernized tax systems, more efficient tax collection, broadening the tax base and effectively combating tax evasion.” While confirming each country’s responsibility for its own tax system, the Declaration also called attention to the importance of supporting “national efforts in these areas by strengthening technical assistance and enhancing international cooperation and participation in addressing international tax matters.”

The International Tax Dialogue, a collaborative arrangement among a number of multilateral organizations, maintains an extensive database that facilitates the sharing of information on this subject. A 2011 report by the IMF, OECD, United Nations, and the World Bank provided cogent analysis of the challenges faced by developing countries and offered recommendations about how international cooperation could support their efforts while respecting the principle of local ownership and recognizing that there are no “one-size-fits-all” solutions.

The United Nations has established a Committee of Experts on International Cooperation in Tax Matters, with responsibilities that include “making recommendations on capacity-building and the provision of technical assistance to developing countries and countries with economies in transition.” The OECD has published draft principles for international engagement in supporting developing countries in revenue matters. In addition, the International Monetary Fund has developed a tax administration diagnostic assessment tool, which it plans to make available in 2015 as a model for standardizing assessments of tax system performance.

The Busan Partnership Declaration’s call for a paradigm shift from effective aid to effective development contemplated a framework in which governments’ “own revenues play a greater role in financing their development needs.” In this context, Busan committed the international community to support “the implementation of institutional and policy changes, led by developing countries, resulting in effective resource mobilization and service delivery.”

Strengthened domestic resource mobilization, including through international support, is the first target under the Open Working Group’s proposed SDG 17. Also, the Intergovernmental Committee of Experts on Sustainable Development Financing has endorsed the promotion of tax reform, tax administration, and enhanced international cooperation on taxes.
Partnering for effective taxation and domestic resource mobilization for development was the theme of one of the five plenary sessions of the April 2014 high level meeting of the Global Partnership for Effective Development (HLM). At that plenary session participants forcefully pointed out the importance of effective taxation systems for sustainable development and building capable and accountable states. They called attention to the currently very small allocation of ODA to support for strengthened tax policy and administration and the extraordinary increases in tax revenue that some developing countries have achieved with modest external assistance. The HLM communiqué included an undertaking by the participants “to support the strengthening of taxation systems sustained by a broader tax base and a progressive structure that is fair and just, in line with international standards of tax good governance.”

In summary, efforts to achieve poverty eradication and other economic, social, and environmental goals can be expected to rely heavily on continued growth in the mobilization of domestic resources and investment of those resources in ways that contribute to progress toward the goals.

A related theme common to the various analyses and expert recommendations is the relationship between resource mobilization and sound public financial management that will demonstrate how taxes paid are being used for the public good. The ICESDF report, for example, contained a specific call for “good financial governance and public financial management,” including attention to combating corruption, budget planning and execution, evaluation of subsidies, strengthening of procurement systems, and financial controls and audits.

Further research is needed to overcome the quantitative differences found in various sources and to resolve some differing judgments about the impact of legitimate outflows on the value of private capital flows. Yet, despite these differences, the basic conclusions tend to be consistent. This consistency is illustrated by the findings in the April 2014 European Union report quoted below.

- Government spending is the largest domestic resource in most developing countries, and is growing rapidly in many countries, but more than three billion people live in countries where government spending is extremely low – less than purchasing power parity (PPP) USD 1,000 per person each year.

- Domestic private investment is also growing. Public and private investments, taken together, have grown as a proportion of GDP, from 24.1 % in 2000 to 32.3 % in 2011.

- Outflows of private financial resources are extremely large. Most are not productive investments in other countries but repayments on loans (over USD 500 billion in 2011), repatriated profits on foreign direct investment (FDI) (USD 420 billion) or illicit financial flows (USD 620 billion).

- Figures greatly overstate the real net financial private flows to developing countries. FDI is the largest resource flow to developing countries, but outflows of profits made on FDI were equivalent to almost 90 % of new FDI in 2011. In addition, FDI includes the reinvestment of earnings from within the ‘destination’ country: not an inflow.

Official Development Assistance (ODA) is the largest flow to least developed countries and those with the lowest levels of domestic resources. By contrast, 70 % of FDI in developing countries in 2011 went to just 10 countries, with China alone accounting for over a quarter of total FDI.
These findings should be viewed against the background of the sophisticated analysis by the World Bank of trends in savings, investment, and capital flows. The World Bank’s scenarios indicate a likelihood of continued growth in the capital available to developing countries as well as a growing share by developing countries in global savings, investment, and capital flows. While recognizing individual country and regional differences, a 2013 report by the World Bank reached judgments that global investment rates, saving rates, and yields on capital will remain fairly stable through 2030, that the global distribution of capital will shift toward the developing world (although wealth may remain concentrated among high-income households), and that Sub-Saharan Africa will be the only region not experiencing a decline in its saving rate.126
IMPLICATIONS FOR DEVELOPMENT COOPERATION

The “old agenda” has involved global goals that are applied to poor countries and pursued through donor-recipient relationships that rely primarily on development assistance. In recent decades this approach has coincided with impressive gains in poverty reduction, improved health and educational attainment, and increased freedom and opportunity. However, it clearly has lost relevance to a changing global environment and is no longer adequate to meet the contemporary demand for accelerated and sustainable human development.

Existing systems are challenged by the expanding number and types of participants in development cooperation, the increasingly diverse forms that their cooperation is taking, changing trends in development finance, and the growing demands for access to timely, reliable, and usable data to inform local, national, regional and international development efforts. The new agenda is really about a new paradigm for development cooperation.

Much has been learned about policies and practices that are favorable to development, and those that impede it. In particular, we have observed that the complex process of development takes place in different ways in diverse societies with distinctive geographies, histories, values, capacities, and commitments. One of the most important lessons learned is that there is no single path all countries can follow. International support needs to respect local leadership based on local knowledge, accompanied by good communication and stakeholder input.

There are promising models that recognize the development process as one of change in complex adaptive systems. For example, the “problem driven iterative adaptation” (PDIA) recommended by Matt Andrews, Lant Pritchett, and Michael Woolcock offers a context-specific, opportunistic approach to strengthening state implementation capabilities, based on four elements:

1. reform activities that aim to solve particular problems in particular local contexts via
2. creation of an “authorizing environment” for decision making that encourages experimentation and positive deviance, which gives rise to
3. active, ongoing and experiential learning and the iterative feedback of lessons into new solutions, doing so by
4. engaging broad sets of agents to ensure that reforms are viable, legitimate and relevant – that is, are politically supportable and practically implementable.

Owen Barder, Ben Ramalingam, and Brian Levy all provide persuasive analyses of the implications of complexity. Like Andrews, Pritchett and Woolcock, they emphasize the importance of local context and ownership. Case studies compiled by David Booth and Sue Unsworth suggest how sensitivity to local politics and encouragement of local ownership can contribute to better development results.

However, development agencies have strong incentives to try to attribute development progress to their interventions. They still often operate as if development were a linear process in which their inputs could be expected to produce anticipated outputs with predictable outcomes and impacts. Experience repeatedly indicates there is a gap between acceptance in principle of the complexity implicit in the Busan Partnership principles and framework and the linear thinking still often found in the day-to-day practice of development cooperation.

This paper has described activities currently underway that seek to shape the post-2015 development agenda. These activities are responding to a unique opportunity to revitalize a global commitment to a compelling set of contemporary development goals, to transform expressed agreement on the principles of effective development cooperation into action, and to achieve
a coherent and transparent structure for financing development. This is a big opportunity. As is usually the case, this one is accompanied by big challenges and a multitude of questions. Some of the important challenges and questions are described below.

**STRUCTURE AND CONTENT OF THE GOALS**

The Millennium Development Goals have been a valuable resource for concentrating attention on the human dimension of development. However, they have been the object of legitimate criticisms and experience has shown needs for improvement. Current proposals, in particular the proposed SDGs, would make global goals applicable to all countries while leaving room for each country to establish national targets consistent with its own situation. These proposals also deal directly with more key aspects of development than was attempted in the MDGs.

The first challenge will be to create a short, inspiring list of universal global goals and related topics for national targets. The list needs to be concise, integrated, and responsive to recognized high priorities for the well-being of our planet and its inhabitants.

A list of 17 global goals, as proposed by the Open Working Group, might be perceived as lacking clear priorities. A smaller number could more easily be presented, understood, and remembered as a coherent and consistent body of key indicators of human progress. Also, fewer goals might facilitate a structure that would ease the burden, especially on developing countries, of measuring and reporting on the details of implementation, a burden that could absorb attention and resources that might better be committed to efforts to attain the highest priorities. These considerations could well influence the extent to which the new goals will remain at the center of national and international efforts to achieve “politically supportable and practically implementable” development results.

One possible approach could be to consolidate a number of proposed goals as targets under the three principal themes of the emerging global goals: poverty eradication, inclusive societies, and comprehensive sustainability. Such a consolidation might help to convey a coherent vision of sustainable development. For example, health and education targets might be treated as parts of a multifaceted poverty eradication goal. National targets for overcoming exclusion and inequality might be combined with targets for empowering women and girls and for effective and capable institutions within a global goal of inclusion. Similarly, conservation of marine resources and biodiversity could be embraced within a comprehensive sustainability goal.

Such a grouping of specific targets under a reduced number of broad goals might better accommodate the inclusion of those goals that are not readily measurable. The admonition from Rio+20 about the qualities the goals should have and the conceptual coherence conveyed by the “five big transformational shifts” described by the High Level Panel on the Post-2015 Development Agenda (sources which are already reflected in the proposed SDGs) should be further considered in the finalization of the post-2015 goals and in their organizational structure.

Definitional issues also present a challenge. There seems to be broad agreement that poverty should be regarded as a multidimensional condition, involving far more than a measurement of income. Defining the concept of poverty in a way that captures its multiple dimensions while assuring sufficient precision so that it can be measured will be difficult. One aspect of the challenge is the fact that poor people live in different kinds of countries, including some countries that are not poor. The OECD has illustrated this question with a set of country groupings which formed the basis for Table 4 (next page). This view of “where” is based on income poverty; a multidimensional poverty focus might produce different results.

In any event, whether measuring income or multidimensional poverty, the result is that the majority of the world’s poor now live in middle income countries.
Another perspective shows that more than 80 percent of the world’s poor live in 60 countries with annual government spending of less than $1,000 PPP per person per year.\(^{139}\)

A sustainability goal will also present definitional challenges. Ideally, continuing deliberations will lead to a meaningful consensus that incorporates issues of water, industrialization, climate change, and conservation of natural resources. The evident impediments to progress in negotiations since the 1992 Framework Convention on Climate Change and the 1992 Rio Declaration on Environment and Development will surely complicate efforts in this area.\(^{140}\) Substantial progress in continuing deliberations, building on the September 2014 climate summit, could help to overcome the complications and foster an improved climate for consensus on this aspect of the post-2015 development goals.\(^{141}\)

### INTERNATIONAL SUPPORT FOR IMPLEMENTING THE NEW GOALS

Turning to the question of how international cooperation can best support a new set of development goals, the basic challenge is to accommodate the extraordinary diversity of views and perceptions within the expanding development community. This will be an exercise in the management of common resources in a multi-polar system, an activity that calls for sharing of knowledge, good communication, and incentives for collaboration and trust.\(^{142}\)

The four Busan principles – developing country ownership, a focus on results, inclusive partnerships, and mutual accountability and transparency – offer a sound foundation. The Busan principle of focus on results reflects the widely accepted view that “sustainable development results are the end goal for development cooperation.”\(^{143}\) Inclusive partnership is an essential ingredient for building the necessary trust and willingness to collaborate among highly diverse actors. As pointed out by the Modernizing Foreign Assistance Network, transparent accountability and ownership together can help “developing country stakeholders have the tools to make smart decisions about their own development priorities and...enable developing governments to embrace accountability to their citizens and ensure citizens have a way to hold their own governments accountable.”\(^{144}\)

Primary responsibility for creating and using mechanisms and systems that give effect to the Busan principles must fall to the various actors engaged in development cooperation. This will require leadership capacity on the part of governments and other stakeholders in developing countries. They will need to assure that their incentive structures reward partnerships reflecting local ownership and emphasize results orientation, inclusion, and accountability and transparency. Efforts to expand knowledge through operational collaboration, sharing of experience and communicating lessons learned should be encouraged and facilitated, including in international cooperation.

An important supporting role can be played through...
multilateral efforts. The United Nations Economic and Social Council and the Global Partnership for Effective Development Cooperation, in particular, have convening authority to bring together the diverse actors. Coherent development cooperation must also involve other multilateral organizations, such as the International Monetary Fund, the World Bank and regional development banks, the G20, the World Trade Organization, the specialized agencies of the United Nations system, the OECD, and other institutions of global governance. Working in harmony, multilateral activities can stimulate communication, sponsor research, monitor and report on progress and shortcomings, and promote collaboration.

A particular role for the multilateral entities could be one of disseminating information to increase public knowledge about the goals of development cooperation, efforts being made to increase the effectiveness of partnerships seeking to further those goals, results being achieved, and the implications of those results beyond those immediately affected. Such a public information effort seems especially important at a time when public opinion surveys and voter preferences in many countries are indicating skepticism about the benefits of international engagement, including development cooperation.

International coordination is at the heart of realizing the transformation from a focus on assistance to a focus on development. The old agenda is deeply ingrained in practice and is sustained by outmoded institutional incentive structures. Although the vocabulary has changed, current references to “development cooperation” are often still meant to be references to “aid.” For example, references to “development cooperation” in the present monitoring framework for the Busan Partnership are clearly intended as a synonym for “aid.”

THE NEED FOR A COMPREHENSIVE VIEW OF DEVELOPMENT FINANCE

A serious strategy to achieve ambitious development goals will have to integrate sound policies, capable institutions, and carefully chosen actions with appropriate, sufficient and timely resources. As discussed in section IV of this paper, the profound change in the composition of financing for development compels attention to the totality of available resources. Skilful change management will be needed to move international attention beyond the continued concentration on aid to the broader challenges of fitting the most appropriate financial and other resources to locally led efforts to achieve effective development.

Just as the international community can no longer think of development cooperation primarily in terms of aid relationships, it can no longer think of development finance primarily in terms of the $150 billion that is identified as ODA. As suggested by Development Initiatives, development finance involves consideration of the almost $6 trillion in government spending plus an unknown volume of domestic capital formation in developing countries, with about $2 trillion in international flows (made up of commercial, private and official flows).

At the same time, attention must be given to the hundreds of billions of dollars in outflows, and especially the illicit outflows that severely diminish resources otherwise available for development, and to the related issues of public financial management. Raymond Baker and his colleagues at Global Financial Integrity have pointed out the connections between massive illicit flows and reduced domestic resource mobilization. Their recent study of five African countries estimated that potential average annual tax loss from trade misinvoicing, as a percentage of total government revenue, was about 12.7 percent for Uganda, 11.0 percent for Ghana, 10.4 percent for Mozambique, 8.3 percent for Kenya, and 7.4 percent for Tanzania. The OECD has given prominence to these linkages in its work on coherence for development.

Consideration of the broad financing picture can enable developing countries and their international
partners to make better decisions about how to allocate different kinds of resources to competing priorities. For example, would it be better in a given case to use scarce development assistance to finance service delivery or, instead, to enhance capability to attract private investment, combat illicit capital flows, or mobilize tax revenues? The answer would depend in part on knowledge of alternative financing possibilities. A more comprehensive approach for responding to the changing patterns of development finance will be central to the transition from a focus on aid to a focus on effective development.

THE NEED FOR A DATA REVOLUTION

The High Level Panel on the Post-2015 Development Agenda called for a data revolution and elaborated on this appeal in a posting on the Panel’s website. The stated objectives were to integrate statistics into decision making and to build trust between society and state through increased transparency and accountability. The response to the High Level Panel’s initiative has indicated wide recognition that better data are needed. A number of conferences and discussions have explored next steps.

At the 2014 spring meetings of the IMF and World Bank, UN Deputy Secretary General Jan Eliasson suggested a four-step agenda to “generate high-quality, timely and sustainable data in support of the post-2015 development agenda.” His four steps can be summarized as follows: first, invest in national statistical capacity; second, explore new data sources, including those that come from citizens themselves; third, harness the power of advanced technologies and computing, such as big data; and fourth, facilitate open access to promote transparency and accountability and unleash the analytical creativity of users.

The high level meeting of the Global Partnership for Effective Development Cooperation explicitly supported "calls for a data revolution for sustainable development to build capacity for quality data collection and statistical analysis to monitor progress and evaluate impact." The Prototype Global Sustainable Development Report also identifies a "need for capacity building to improve the availability and quality of data on sustainable development," adding that “high quality and sustainably produced statistics are crucial both for setting targets and for monitoring progress.” Likewise, the 2014 Millennium Development Goals Report highlighted the importance of data for development, concluding: “The monitoring experience of the MDGs has shown that data will play a central role in advancing the new development agenda. We need sustainable data to support sustainable development.”

Those calls have been echoed by others, such as Paris 21, the network engaged in strengthening statistical capacity for development at the developing country level. The civil society alliance CIVICUS has launched a “Big Development DataShift” to build civil society capacity to collect, curate, and use citizen-generated data. It presented this undertaking as a voluntary initiative at the April 2014 GPEDC high level meeting.

The Center for Global Development and the African Population and Health Research Center have collaborated on a thoughtful examination of challenges and impediments to better collection and use of data for development. They have organized a working group with broad participation by statistics and development experts and have published a report with recommendations for overcoming the impediments. The Center for Global Development also reminds us that the reasons for poor data quality are political as well as technical.

New goals and targets will mean new needs for baseline data relating to those goals and targets, disaggregated in various ways. These goals and target will also give rise to a need for indicators to measure progress at national, regional, and global levels. Effective management of inclusive partnerships will require access to data to help identify priority needs, inform efforts to address those priorities, attract coordinated international support, share
Many aspects of a data revolution are far beyond the scope of this paper. Working out specific details will surely involve an inclusive and transparent process of consultation with technical experts, policy officials, and civil society not unlike that which has preceded the negotiation of the post-2015 development goals. Undoubtedly, capacities will need to be strengthened and incentives modified in multilateral organizations and at multiple levels in industrialized as well as developing countries. This enormous challenge is a prime example of the need for collaboration among development actors in establishing, managing, and financing a new development cooperation system that can make a real difference in efforts to eliminate poverty, achieve sustainable practices, and improve the quality of people’s lives.

THE CHALLENGE OF POLICY COHERENCE

A transition from an aid-centered, north-south view of development cooperation to a universal, integrated, and comprehensive international partnership will need to take account of the sometimes conflicting policy interests and priorities of the various stakeholders. Conflicts between development objectives and competing policy interests have long been the subject of critical analysis.

Evidence-based decisions about development policies, strategies, and specific actions will require a good understanding at all levels of the availability and potential sources of financing as well as cost comparisons and tradeoffs. A data revolution that, inter alia, dramatically expands the sources, range, volume, and timeliness of financial data and makes the results available and usable will be a major contribution to the effectiveness of development efforts and to partnership-based development cooperation.

The above-mentioned work by the DAC to create a new, more comprehensive measure of financial flows, the growing participation in the International Aid Transparency Initiative, and the research and advocacy of civil society organizations such as AidData, Publish What You Fund, Development Initiatives, and others are important. But all these efforts are just a beginning. The Busan principle of transparency and accountability to each other is not limited to aid transparency. Achieving a better understanding of the entire range of financing for development with better data will be a major part of adapting to the increasingly complex and diverse relationships of post-2015 development cooperation.

Historically, these analyses have focused mainly on the policies of donor countries and have urged that “resources devoted to development cooperation... be integrated into coherent policy frameworks in which development objectives are given their full weight.” More recently the idea of policy coherence for development (PCD) has gained increased prominence and a broader scope. It has been suggested that work on policy coherence needs to reflect a multipolar global economy and that governments “in developed, emerging and developing countries alike can maximize the impact of their policies...by assessing and tackling possible policy incoherencies.”

The Treaty on the Functioning of the European Union was amended in 2009 to require that the Union
“take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries.”

A number of European Union members have adopted national policies on policy coherence in furtherance of this treaty commitment. Denmark’s Development Cooperation Strategy, for example, provides: “Political measures in other areas such as trade, energy, climate, security, migration, taxation, agriculture and fisheries often play a far more important role than development cooperation. Unless a stronger coherence between these policies is ensured, we run the risk of undermining the aim of poverty reduction and sustainable development.”

The UN General Assembly’s resolution following its 2010 review of the MDGs, discussed above, called for “increased efforts at all levels to enhance policy coherence for development.” This appeal was repeated in the UN Secretary General’s 2014 report on trends and progress in development cooperation, which states that “greater policy coherence between aid and non-aid policies (e.g. trade, debt, agricultural subsidies, financial and tax regulations, and technology) is critical for all countries.”

The Busan Partnership Declaration in 2011 noted that in the process of increasing independence from aid, making full use of investment and trade, and expanding domestic capital markets, “it is essential to examine the independence and coherence of all public policies – not just development policies.” UNDP Administrator Helen Clark has spoken about policy coherence for development as being “about eliminating the policy incoherence which can undermine or hamper development progress, and identifying other policies which can contribute positively to development.”

In 2011 the OECD published a set of recommendations for policy coherence based on the premise that a wide range of policies “have a profound impact on the prospects for achieving sustainable development” and “require collective action by the entire international community.” The report contained recommendations on 18 topics, divided among four major areas: economic growth, economic governance, the environment and natural resource security, and society. It also included a checklist of key areas for international cooperation with respect to all 18 topics, together with an extensive reading list.

Since then the OECD has made this topic a featured component of its development strategy. It has identified PCD as “an approach and policy tool for integrating the economic, social, environmental, and governance dimensions of sustainable development at all stages of domestic and international policy making.”

The OECD’s growing body of work on PCD is centered on three main objectives: addressing the negative spillovers of domestic policies on long-term development prospects; increasing governments’ capacities to identify trade-offs and reconcile domestic policy objectives with internationally agreed objectives; and fostering synergies across economic, social, and environmental policy areas to support sustainable development. The 2011 report with initial recommendations has become the first of a series, with subsequent reports featuring policy coherence issues relating to food security and illicit financial flows. A website provides access to a range of tools, publications, events, and a dialogue portal.

The 2014 OECD report on PCD includes summaries from a number of OECD countries on their national efforts to promote coherence. Several of these indicate support for advancing PCD in the post-2015 development agenda. Both the European Union and the OECD have been advocating inclusion of PCD in the new agenda. These efforts appear to have been successful. Proposed Sustainable Development Goal
17 on strengthening means of implementation and revitalizing the global partnership for sustainable development includes targets to “enhance global macroeconomic stability including through policy coordination and policy coherence” and to “enhance policy coherence for sustainable development.”

The logic of PCD is compelling. Policies working in harmony can reasonably be expected to produce better results than policies working at cross-purposes. However, concern for policy coherence has seldom been a significant factor in determining the outcome (or failure to reach an outcome) in global negotiation on various topics from trade to the environment. What to do about this has become the subject of several recent studies.

Part of the challenge is to sort out and prioritize the kinds of policy coherence that will be important and attainable in particular situations. The complexity of this question is illustrated by the five-level coherence typology set out in the OECD’s 2014 PCD report, reproduced in figure 7, below. Those responsible for the various policies that affect development need to make several threshold decisions before embarking on an effort to enhance policy coherence. These include, for example, judgments about what level of effort they can provide to issues of PCD, which levels of incoherence present the most important obstacles, and which of these lend themselves to remedial action that is politically attainable and practically implementable.

A second part of the challenge is that, despite the rhetoric of “whole-of-government” and “comprehensive engagement,” an argument in favor of generalized, long-range, potential benefits from coherent support for development often fails to overcome the objections of particular stakeholders faced with specific and immediate costs. For example, recipients of agricultural subsidies, producers of fossil fuels, industries sheltered from competition, or governments that rely on revenue from high tariffs can prevail in many cases by demonstrating how they would incur real injury from pro-development harmonization. High level political leadership beyond the limited role of development agencies will be necessary to overcome resistance from these kinds of powerful interests.

The United Nations can play a valuable leadership role in strengthening the role of PCD in national and international policy deliberations. This issue clearly falls within the competence of the High Level Panel on Sustainable Development. The GPEDC can play a complementary role in helping to give effect to this dimension of the Busan Partnership Declaration, perhaps through the work of its Effective Institutions Platform. The G20 could also play a pivotal role.

There is a risk that efforts to achieve policy coherence will produce only limited results. Past efforts have not been encouraging. This is reason for caution and informed cost-benefit analysis. On the other hand, in today’s increasingly complex global economy there is an evident need to consider the linkages among economic, social, environmental, and governance factors. Efforts to foster greater policy coherence for development are a crucial aspect of integrating development considerations more fully into the broad international agenda and achieving sustained progress toward the post-2015 development goals.
In addition to the specific reference to coherence in the SDG outcome document, many of the proposed post-2015 goals are quite broad and necessarily will involve cross-sectoral analysis and strategies. Pursuit of multi-sectoral goals will mean pursuing opportunities for achieving a better balance and greater harmony between development and other policies at both international and national levels. For example, efforts to reduce inequality among countries under sustainable development goal 10 could interact with efforts to address unequal treatment in the norms and practices of global regulatory bodies.¹⁸⁴

Recent publications and workshops have suggested a number of ways to proceed. In addition, countries that have adopted PCD strategies are gaining experience that can be instructive for others. The following ideas are illustrative of approaches that might be considered for action or further research:

At the national level:
- Establish a cross-sectoral coordination structure with a lead government department, focal points in other departments, and links to stakeholders, including parliamentary oversight bodies, civil society, private sector, and international partners.
- Undertake self-assessments to identify the most significant and remediable policy incoherencies that are impeding development and devise strategies for mitigating them.
- Examine opportunities for enhancing synergies among economic, social, and environmental policies that can provide incentives for an environment more conducive to inclusive and sustainable development.
- In particular, examine opportunities for changes in tax rules and administration that can incentivize greater policy coherence while increasing available resources for development.

At the international level:
- Strengthen arrangements for global policy coordination.
- Promote multilateral trade liberalization.
- Promote international standards for responsible business conduct.
- Improve financial surveillance, harmonized standards, and disclosure.

At both the national and international levels:
- Establish and maintain monitoring and evaluation systems to increase accountability.
- Share positive and negative experiences and publicize costs of incoherence and benefits of diminishing it.
- Strengthen controls on and diminish incentives for illicit financial transfers.
- Increase capacities for integrated policy making and overcoming incoherence.

At this time, as the new development agenda is being defined and governance structures to encourage and support its implementation are being formed, it seems certain that the debate on how to address policy coherence for development will continue. It should be a priority to reach early decisions on how to address this crucial aspect of the transition to a new era of effective development cooperation.
CONCLUSIONS

The ongoing efforts to shape the new development agenda are building on a substantial foundation of knowledge that has been gained through decades of work to define agreed goals of development progress and better understand how to pursue those goals effectively through contextually appropriate partnerships and multilateral collaboration.

Experience gained with the Millennium Development Goals has demonstrated the value of goal-oriented development cooperation. The evolution in thinking from aid effectiveness to effective development cooperation has deepened the international consensus on principles of local ownership, focus on results, inclusiveness, and transparency and mutual accountability.

The principal organizations engaged in defining post-2015 development goals are proceeding in a serious and transparent manner. They have conducted highly professional research and analysis and published the results; they have engaged in broadly inclusive consultations and invited comments from anyone who wishes to offer them; and they have formulated thoughtful recommendations. The process is now entering its final stages and there is good reason for confidence that an agreed set of post-2015 development goals and targets will emerge in the coming year. While some will criticize the result as being too broad or too narrow, too vague or too precise, one thing is clear: the stakes are too high to allow remaining differences to prevent a timely consensus.

The bigger challenge will be to build informed networks of effective partnerships. The Busan Declaration’s formula of “shared principles, common goals and differential commitments” provides guidance. But effective development cooperation is an exercise in what Elinor Ostrom called polycentric governance of complex systems. The multiple participants will encounter conflicting perceptions that need to be addressed through sharing of knowledge, good communication, and incentives that promote collaboration and trust. The recurring question will be whether the perceived benefits of development through partnership will be sufficiently compelling to influence the decisions and behavior of political leaders, economic interests, and other concerned constituencies throughout the universe of development actors and stakeholders.

While the principal responsibility will lie with the leaders, institutions, and societies of developing countries working with their international partners, multilateral mechanisms can provide valuable coordination and support. In particular, coordinated actions under the auspices of the United Nations Economic and Social Council and the Global Partnership for Effective Development Cooperation can add value in several ways. Their monitoring of the performance of the various actors and of the progress being made toward the agreed goals and targets can provide incentives for persevering. Their promotion of research and convening of opportunities for sharing experience and increasing awareness of what has and has not been successful can help to sustain momentum and overcome doubts and skepticism.

Also important are ongoing multilateral efforts to resolve conflicts, protect rights, and promote peace and security, to manage the global financial system, to expand access to global markets, and to find consensus on climate change and related issues of energy and sustainable use of natural resources. All of these efforts can make important contributions to creating a positive environment for building effective partnerships and achieving sustainable development results. Likewise, development progress can improve the environment for making progress in other policy areas.

The biggest challenge of all will be to make the transformative change in behavior away from aid-centered traditions and toward more coherent partnerships that take into account the full array of policies, practices, and financing that can help to accelerate progress toward the agreed development goals. Aid relationships have sometimes lacked needed sensitivity to local political, economic and social contexts and have failed to support local capabilities to address real problems in ways that are politically and operationally sustainable. Outcomes
in other policy areas that affect development, such as resolution of regional conflicts, reform of global institutions, or trade liberalization, have seldom been determined by development considerations. Enhancing the influence of development on the international agenda and better aligning declared pro-development policies with international practice will require a sustained and multifaceted strategic effort.

The UN Secretary General’s High Level Panel called for “a new spirit of solidarity, cooperation, and mutual accountability” and a new partnership “based on a common understanding of our shared humanity, underpinning mutual respect and mutual benefit in a shrinking world.” This is a call for all who will be responsible for shaping and carrying out the post-2015 development agenda to find the ways to engage with vigor and sensitivity to convert this new agenda from ideas into reality. The potential benefits and the quality of the work to date provide grounds for hope and optimism that these efforts will contribute greatly to a sustainable world of freedom, opportunity, and dignity for all. The outcome cannot be guaranteed, but the vision is certainly worth pursuing.
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