BACKGROUND PAPER 2

A Global Partnership for Sustainable Development: Essential Ingredients

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IRF2015 is a collaboration of 11 leading research institutes from across the globe that responds to the need for independent, rigorous and timely analysis to inform the evolution of the post-2015 development agenda and the concurrent intergovernmental process on Sustainable Development Goals (SDGs) agreed to at Rio+20. IRF2015 partners envision a post-2015 development agenda that is universal in scope, takes an integrated approach to the economic, social and environmental dimensions of global development challenges, and can lead to more sustainable and equitable development outcomes for all.

Introduction

With the Outcome Document agreed by the Open Working Group on Sustainable Development Goals in July 2014, discussions on the post-2015 development agenda increasingly focus on *how* the new Goals will be delivered and less about *what* the Goals and their targets will be. Issues of means of implementation – including the final shape of a post-2015 Global Partnership for Sustainable Development to be agreed in September 2015 – are taking on an ever-higher profile.

There are multiple partnerships at different levels that need to be considered to implement an integrated and universal post-2015 development agenda: from support the international community provides to help meet sustainable development needs to the 'global commons' with a universal action agenda for all. In addition, there are partnerships at country level and at vertical (thematic or goal) level that are needed to ensure delivery.

This background note presents a perspective on what should ideally be captured in a Global Partnership for Sustainable Development (GPSD) as a minimum, and discusses:

- What worked and what didn't with MDG8, the world's MDG era attempt at forging a global partnership for development;
- The political, economic, social, and environmental context for a Global Partnership;
- What design principles should underpin a Global Partnership; and
- Specific elements that could form part of a Global Partnership.

This background document does not propose to re-open the Outcome Document. Rather, it serves to stimulate a discussion how poor people and a fragile planet in need could best be served by individual governments, other stakeholders and the international community. This draft paper will be finalized with a concluding section reviewing Goal 17 of the Outcome Document against the above design principles and elements, building among others on the informal discussions during the 5th IRF retreat on 7-8 November 2014, looking at ways to optimize the GPSD at multiple levels, with multiple stakeholders, within the context of the post-2015 development agenda as well as beyond.

What worked and what didn't with MDG8?

The idea of a Global Partnership to support and deliver development is not new: the eighth Millennium Development Goal also focused on this area, and was unique among the MDGs in focusing on delivery rather than outcomes. It included six targets:

Millennium Development Goal 8: Develop a global partnership for development

1. Develop an open, rule-based, predictable, non-discriminatory trading and financial system
2. Address the special needs of least developed countries
3. Address the special needs of landlocked developing countries and small island developing states
4. Deal comprehensively with the debt problems of developing countries
5. In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries
6. In cooperation with the private sector, make available the benefits of new technologies, especially information and communications

There were some successes in these areas, most notably in the **finance for development** spheres of debt relief and aid flows. Debt relief is a particularly major success story, with debt service ratios now at a quarter of their level in 2000[1] – the result of clear recognition and articulation of the problem, a strong sense of the consequences of not addressing it, concrete and time-bound action plans such as the Highly Indebted Poor Countries initiative (HIPC), the involvement of diverse players ranging from the World Bank and aid donors through to developing country governments, and a strong accountability framework including regular reporting.

Aid flows, meanwhile, rebounded from 0.22% of OECD DAC countries' gross national income (GNI) in 2000 to a high of 0.32% of their GNI in 2010. Since then, though, the proportion of OECD countries' GNI spent on aid has declined – to 0.30% in 2013.[2] Although the 2013 total of $134.8 billion was an all-time high in absolute terms[3], aid is falling in relative and absolute terms to least developed countries (LDC). LDCs received 0.09% of OECD GNI in 2013, in contrast to the target of developed countries allocating 0.15-0.20% of GNI to LDCs.[4]

[1] United Nations (2013). Millennium Development Goals 2013. Available at: http://www.un.org/millenniumgoals/pdf/report-2013/mdg-report-2013-english.pdf
[2] Source: OECD DAC data. See http://www.compareyourcountry.org/chart.php?cr=20001&cr1=oecd&lg=en&project=oda&page=1
[3] OECD news release, 8 April 2014. See http://www.oecd.org/newsroom/aid-to-developing-countries-rebounds-in-2013-to-reach-an-all-time-high.htm
[4] Source: OECD DAC data. See http://www.oecd.org/dac/stats/TAB31e.xls and OECD, *Development Cooperation Report 2014, Mobilizing Resources for Sustainable Development*, Paris, October 2014 (page 260)

In the **trade** arena, the terms of trade for developing countries also improved, despite the failure to make progress on the Doha round for most of the MDG era, especially thanks to easing of tariff barriers. (Non-tariff barriers such as rules of origin have become progressively more of a barrier to LDC exports in particular, however, and remain a key issue in the WTO.) 43% of global trade is now accounted for by developing countries, with over half of this as South-South trade.[5]

On **technology**, access to IT and electronic communications has risen sharply, though it is not clear that MDG8 was a significant driver of this. Cellular phone subscriptions have grown from 4% of people at the turn of the century to over 80% today[6], for example, and this is increasingly also driving large increases in internet access as 3G and 4G networks become the norm even in least developed countries (at least in urban areas).

On access to medicines, finally, progress has been mixed. On one hand, there have been marked improvements in rates of vaccination against some diseases, notably measles and polio, and access to AIDS treatment has also improved substantially. On the other hand, less headway has been made on the access and affordability of essential medicines, such as generic drugs.

MDG8 also suffered from a number of key **omissions**. The role of the private sector was only touched on in the area of access to medicines. Neither Goal 8 nor the other MDGs focussed on productive sectors such as agriculture, manufacturing, and energy, and their role in creating prosperity. While technology was addressed in the specific areas of drugs and ICT, it was not tackled in other areas like energy or agriculture, or as an overarching area for progress.

Other areas, meanwhile – including migration and remittances, tax and illicit flows, and finance for development from sources other than aid and debt relief – were overlooked altogether. The need for developed countries to move to more sustainable patterns of consumption and production was also not tackled anywhere in the MDGs. MDG7 (on environmental sustainability) omitted to say anything about developed country consumption levels, seeming instead to imply that sustainability was mainly a task for developing countries, and also represented a silo-based approach with no acknowledgement of the need for sustainability concerns to be mainstreamed throughout all Goals and all development plans.

The context for a Global Partnership for Sustainable Development

More broadly, the world has changed utterly since MDG8 was agreed. The most recent debt crises have been in developed, not developing countries. A long-term commodity slump has given way to a world of food price spikes, and the triple shock of food, finance and climate change pushed millions back into poverty. Global population has passed seven billion and is now primarily urban. The formerly rigid line between developed and developing countries has become more blurry, with the rise of the emerging economies and a rapidly growing global middle class creating a new geopolitical and economic context. With these developments, new and additional challenges have emerged, such as vulnerabilities arising from trade and economic globalization; rising inequalities between regions, countries and people; and challenges to the natural environment. An added layer of

[5] Kenny, C., and Dykstra, S. (2013). *The Global Partnership for Development: A review of MDG8 and proposals for the post-2015 development agenda*. Background paper for UN High-level Panel on the Post-2015 Development Agenda. New York: United Nations.
[6] *Ibid.*

complexity is the growing interconnectedness of energy, water, and food systems, which bring greater risk of synchronous failures across these systems arising from simultaneous, interacting stresses as pressures on all these resources increase with a growing population with greater purchasing power. Such failures would have a huge human development cost.

Countries and nation states are increasingly unable to determine their future, economic or otherwise, in isolation. Addressing the new challenges we face today (and will face by 2030) in the same way as in the MDG framework is unlikely to lead to eradication of poverty or inclusive economic growth within planetary boundaries. A global partnership is thus more vital than ever. There are also new players that have gained prominence, such as local governments and regional institutions, the private sector, philanthropic foundations, and increasingly the general public in the era of social media. Thus, more players with different agendas will share responsibility for delivering on a new global partnership. In the context for discussions of a new Global Partnership, five macro-trends are especially important.

- First, the **new geography of poverty and insecurity.** MDG1's target of halving income poverty was met several years ahead of schedule, and the number of low income countries (LICs) has declined as more economies have 'graduated' to middle income status. However, many people still need to be lifted out of poverty, with three quarters of the world's living in middle income countries (MICs) now.[7] In future, there is likely to be greater concentration of poverty in Africa, with one scenario suggesting that 69-89% of poor people will live there by 2030.[8] If the world is to get to zero on poverty, then progress will need to be made in many more countries – many of them fragile or in conflict – rather than (as during the MDG era) being heavily concentrated in a relatively small number of emerging economy success stories.[9] In addition, keeping countries out of poverty is increasingly a challenge. Many countries that have graduated to LMIC-status are highly vulnerable to slipping back as a result of the concurrent impacts of climate change, natural hazards, global economic risks, and socio-political tensions.

- Second, the **changing global profile of inequality.** Inequality between countries' GDP per capita fell during the MDG era, with incomes of most people in developing countries rising dramatically in real terms even as middle class incomes in developed countries stagnated. However, incomes in real terms of the poorest income decile have not risen significantly since the 1980s.[10] The 'breakout generation' that escaped poverty in the last 15 years and now lives on between $2 and $13 per day remain insecure due to low paid or informal work, limited social protection, and other risks. Income inequality within many countries in Asia and Latin America has grown (although it has fallen in others, notably Brazil).[11] The top 5% of earners captured 44% of the increase in global income between 1988 and 2008.[12] Wealth

[7] Sumner, A. (2010). *Global poverty and the new bottom billion: Three quarters of the world's poor live in middle-income countries*. Brighton: Institute for Development Studies.
[8] Evans, A. and Steven, D. (2013). *The Future is Not Good Enough: Business As Usual After 2015*. Background paper prepared for UN High-level Panel on the Post-2015 Development Agenda.
[9] *Ibid.*
[10] Milanovic, B. (2012). *Global Income Inequality by the Numbers: In History and Now*. Washington DC: World Bank.
[11] See for example Arnold, J. and Jalles, J. (2014). *Dividing the Pie in Brazil: Income Distribution, Social Policies and the New Middle Class*. Paris: OECD.
[12] Lakner, C. and Milanvoc, B. (2013). *Global Income Distribution: From the Fall of the Berlin Wall to the Great Recession*. Washington DC: World Bank.

inequality is more glaring than in nearly a century, with 8.4% of the world's adults owning 83.4% of wealth while the bottom 80% of the world's people own just 6% of wealth.[13]

- Third, **continuing negative trends on sustainability.** Global greenhouse gas emissions rose 46% from 1990 to 2012[14], and the world is close to losing the chance of limiting warming to 2° (the IEA suggests that current policies imply long term warming of 3.6-5.3° C[15]), and two key climate tipping points – the loss of Arctic summer sea ice and of the West Antarctic Ice Sheet – now appear to have been passed, the latter committing the world to up to 10 feet of long term sea level rise[16]. The world is also beyond safe 'planetary boundaries' on biodiversity and the global nitrogen cycle, and heading into the danger zone on ocean acidification, deforestation and other land use change, and fresh water availability.[17] These trends will become more intense as global population continues to rise, and amid greater affluence among a larger 'global middle class' together with continuing unsustainable per capita consumption levels in developed countries. Trade-offs between different kinds of scarcity and between different user groups will become increasingly contentious, as will the need to safeguard 'environmental space' for the world's poor.

- Fourth, **globalization appears to be coming under increasing stress**. While the world did not slide into 1930s style tit-for-tat tariff barriers after the 2008 financial crisis, G20 members have introduced 1,500 'stealth protectionist' measures (those other than tariffs or quotas in hard-to-identify areas such as bailouts or trade finance) since committing not to do so in 2009.[18] Trade is growing more slowly than GDP for the first time in 30 years.[19] Growth is slowing in many emerging economies and remains anaemic in much of the developed world, where support for globalisation is falling[20] as median wage earners face continuing high unemployment rates and real terms wage stagnation. There is a risk that globalisation will stall or go into reverse if political support for it – in developing as well as developed economies – is insufficient.

- Finally, the MDG era has been a period of increasing difficulty for **multilateralism and collective action on global challenges.** Much less progress was made than had been hoped at the Copenhagen climate summit in 2009, the Rio sustainable development summit in 2012, and the Doha trade round over nearly a decade and a half. The optimism over action-oriented, powerful G-8 and G-20 groups has given way to increased concern about the risk of a 'G Zero' world in which no countries are willing to show real global leadership. Many developing countries feel frustration at what they see as OECD countries' failure to deliver on their promises, while emerging economies often seem to eschew opportunities to lead globally. The G20 has not emerged as the engine of global action that many hoped it would

[13] Credit Suisse (2013). *Global Wealth Report 2013*.

[14] United Nations (2013), *A Life of Dignity for All: Accelerating progress towards the Millennium Development Goals and Advancing the United Nations Development Agenda Beyond 2015*. New York: United Nations.

[15] International Energy Agency (2012). *World Energy Outlook 2012*. Paris: IEA.

[16] Joughin, I., *et al.* (2014). "Marine ice sheet collapse potentially under way for the Thwaites Glacier Basin, West Antarctica". *Science* Vol. 344 no. 6185.

[17] Rockstrom, J., et al. (2009). "A Safe Operating Space for Humanity". Nature 461, pps. 472-475. 24 September 2009.

[18] Evenett, S. (2013). *What Restraint? Five Years of G20 Pledges on Trade*. London: Global Trade Alert.

[19] Donnan, S. (2013). "Trade: Into uncharted waters". *Financial Times*, 24 October 2013.

[20] See among others Stiglitz, J.E. "The Globalization of Protest", Project Syndicate, 4 November 2011 and Economist Intelligence Unit, *Rebels without a cause, What the upsurge in protest movements mean for global politics*, London 2013

be when it was launched at leaders' level in 2009. All the while, collective action on global issues becomes more urgent than ever.

Design principles for a Global Partnership

In an ideal world, how would we construct a post-2015 Global Partnership capable of meeting these challenges? This section considers some core principles that should underpin the design of a 'fit-for-purpose' Global Partnership.

A Global Partnership for whom and for what purpose?

To start with, there is the concrete question of who a new Global Partnership is primarily intended to support. For example, while MDG8 was strongly focused on the world's **poorest *countries*** (including the explicit reference made to LDCs, landlocked countries, and small island developing states), a post-2015 Global Partnership might focus primarily on the world's **poorest *people.*** This would ensure in-built flexibility to adapt to changing circumstances – as noted earlier, as many as three quarters of the world's poor may now be in MICs, but this is likely to change significantly in the coming decades.

A post-2015 Global Partnership could also be designed to marry continuing focus on absolute poverty with much greater emphasis on **relative poverty and inequality**, including finding new ways to reduce the risks faced by people who have escaped absolute poverty but could easily slide back into it – whether as a result of macro-level risks such as food spikes or slowing growth, climate change and natural disasters, or individual or household-level risks such as when illness or external shocks leads to loss of income, children being taken out of school, and households assets being sold.

Above all, there is the agreement that the new Goals will be universal, implying that a new Global Partnership will likewise need to have **universal** application and relevance – for example by focusing strongly on global sustainable development outcomes in areas like climate change or sustainable consumption and production in developed countries, and taking into account the need for equity with future generations not yet born as well as among those alive today. Alternatively, the new Partnership could be intended as a way of revitalising global governance in a world of both new powers and increasingly important shared challenges.

Specific priorities, broad norms or both?

As important as *what* a Global Partnership is intended to achieve will be the question of *how* it does so. On one hand, an effective Partnership will probably need to focus on a relatively small number of areas, and identify **concrete priorities** that pass the 'SMART' test of being Specific, Measurable, Achievable, Relevant, and Time-bound. For example, a Global Partnership Goal could include a timetable for developed countries to reach the target of spending 0.20% of their gross national income on official development assistance (ODA) to LDCs, or to achieve full duty-free / quota-free market access for LDC exports.

On the other hand, a Global Partnership Goal could also set out some of the broad **normative principles** that should underpin the post-2015 agenda. For example, universality assumed an increasingly high profile in the discussions of the OWG SDG. A successor to MDG8 should specify whether universality and the complementary notion of differentiation continues to apply solely to ‘developed’ and ‘developing’ countries, or should be based on a more nuanced spectrum of countries at different stages of development, with disparate needs, different options for how to finance development, and varying responsibilities for supporting other countries.

How would different kinds of countries be engaged?

Relatedly, there is the question of what a Global Partnership goal should say about the role(s) of different typologies of countries. For example:

- Should a post-2015 Global Partnership Goal set out an explicit focus on **LDCs, small island developing states, and landlocked countries**? If so, should this be a general recognition of their special circumstances (as in MDG8), or should it be made specific to particular policy areas (for example, aid flows or special and differential trade provisions for LDCs)?

- Should a Global Partnership make explicit reference to responsibilities for **higher income developing countries**, for example in areas like South-South trade or technology transfer, as sources of foreign direct investment or aid flows, or in the environmental sustainability context? How should different levels of development be taken account of?

- As the post-2015 Goals will be universal, then how would they cover **developed countries**? Should *every* Goal apply to *every* country, including developed ones? And if so, what are the key developed country responsibilities that should be covered in the GPSD, and how does this relate to the notion of Common but Differentiated Responsibilities (CBDR)?

What kinds of policy actions?

What balance a Global Partnership goal takes to the above design principles will in turn affect the relative weight that a Partnership places on various potential focus areas, such as:

- Unlocking additional **finance for development** flows – whether from the private sector, donors (both old and new), innovative flows, domestic resource mobilisation, remittances or elsewhere;

- Catalysing other forms of **action that can support implementation in developing countries** – such as technology cooperation and capacity building for green, low carbon growth;

- Creating **enabling conditions for development that span all categories of countries** from highly to least developed, such as commitments to data transparency or open government;

- Supporting **collective action in other multilateral forums** that will be a critical determinant of international development or sustainability to 2030 – such as the WTO or the UNFCCC;

- Driving new **partnerships for sustainable development** at multiple levels of governance, for example with local governments, the private sector, civil society, and other actors;

- Or **catalysing governments to take domestic actions** that will have global as well as national benefits – such as eliminating perverse subsidies, tackling illicit flows, or reducing resource use intensity.

How should means of implementation relate to a Global Partnership Goal?

Finally, a key design issue for the post-2015 Goals – and one that's especially relevant to the effectiveness of a Global Partnership – would be how means of implementation (MOI) should be reflected in the Goals. It is important to distinguish between different elements of MOI substantively (capacity building, (inter)national financial flows, technology, trade, etc.) and at different levels, with domestic MOI (what countries do themselves, at national or subnational level) and international MOI (what countries do to support other countries/regions). Domestic and international MOI are clearly complementary – neither can deliver the post-2015 development agenda in isolation.[21] In fact, the key is to unlock the synergies between them, which in turn may mobilize other financial streams, such as private sector engagement and Foreign Direct Investment (FDI).

There are three options to reflect MOI in the Goal Framework.

First option would be a **continuation of MDG8**, with a self-standing goal on Partnership which would capture the key elements of MOI such as aid, international trade, debt relief and other financial policy commitments that the 'North' would undertake, either independently or in cooperation. While this option is in all likelihood the easiest design option, it would be unable to capture the changed nature of a global partnership, spanning the 3 dimensions of sustainability in a markedly changed world order.

A second option would be to exclusively specify the MOI required to ensure delivery **under each individual Goal** in the post-2015 framework. These MOI could include all kinds of elements – for example, proposed targets and timeframes; proposed actions, resources, and institutional mechanisms; arrangements for co-ordination, monitoring, and stakeholder involvement; or assessments of the sustainability of the implementation plan. [22]

However, doing so exclusively at the level of individual goals also has significant flaws in that it does not take account of cross-linkages between Goals, and would hence lead to double counting. The elimination of perverse agricultural subsidies would clearly contribute to a Sustainable Development Goal on food, for example – but it would also clearly be significant for Goals on water, or health. Likewise, it would make little sense to try to quantify the level of ODA spending needed to achieve universal energy access while simultaneously disregarding the effect that achievement of this Goal would have on growth, income poverty, or employment. Or to take a third example, domestic resources expended on achieving women's empowerment would clearly also drive progress in children's morbidity and mortality. Finally, and perhaps most significantly, specifying MOI on a Goal-by-Goal basis would also make it difficult to differentiate between countries – for example, the fact that LDCs or resource-poor economies clearly remain much more reliant on ODA and international public finance than MICs or resource-rich economies, which have access to greater alternative financing options.

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[21] See among others Evans, A. (2014) *Post-2015 Means of Implementation: What Are We Trying to Win?*
[22] Dodds, F. (2014). *A perspective on the new paper by the co-chairs of the Sustainable Development Goals Open Working Group*. Available at: http://earthsummit2012.blogspot.com/

The third option would be a mixture of the two: both MOI for **each of the Goals**, as well as capturing the **collective MOI** under the Global Partnership for Sustainable Development. This would have the benefit of being sector-specific where needed, yet capturing the collective action towards resolving "problems without passports" including a precarious financial environment and unfair trade terms. However, this approach begs the question how specific MOI for every Goal would relate to a Global Partnership Goal. MOI for every Goal would presumably also entail listing the international support actions on a Goal-by-Goal basis; there are inherent tensions reconciling this with the idea of bringing a clear international delivery agenda together under a Global Partnership Goal, taking account of cross-linkages. (Similarly, many national requirements – for example increasing domestic resource mobilisation, or increasing the proportion of government budgets spent on the social sector rather than, say, military expenditures, are also cross-cutting.)

An alternative approach would be to specify MOI on a **country-by-country** (rather than Goal-by-Goal) basis. Under this approach, a Global Partnership Goal would have set out an overarching global support package for post-2015 Goals, but with the flexibility to adapt it as needed to different country contexts – allowing, for example, the very different finance for development needs of Burkina Faso versus Brazil and Bangladesh to be accounted for and tailored to fit.

Irrespective of the (combination of) option(s) that is chosen, the key is to have these shared commitments spelled out in a **measurable** way with **unequivocal delineation of responsibilities** and **clear deadlines**, rather than a list of commitments stated in noncommittal language.

Elements of a post-2015 Global Partnership for Sustainable Development

Building on the design principles of an effective Global Partnership, this section explores key areas that should be an integral part of a meaningful, impactful post-2015 Global Partnership for Sustainable Development.

1. International public finance

The finance for development (FFD) landscape has been transformed over the MDG era. Total Official Development Assistance (ODA) reached a new all-time high of $134.8 billion in 2013, representing a large pool of financial and technical support. But donors as a group are clearly not advancing to the UN ODA target of 0.7% of gross national income (GNI), with the ratio in 2013 at 0.30 per cent of GNI. While aid spending grew substantially, rebounding from post-financial crisis declines, the larger story is about aid's declining significance within finance for development.[23] In 2013, the $135 billion ODA represented only 28% of all official and private flows from the 29 member countries of the OECD's Development Assistance Committee (DAC).[24] And while ODA doubled from 2001 to 2010 – a major achievement – foreign direct investment (FDI) and remittances to developing countries *tripled* over the same period, to $514 billion and $325 billion in 2010 respectively.[25] Net debt flows and portfolio equity investment to developing countries have also grown hugely (to $295 billion and

[23] OECD news release, 8 April 2014. See http://www.oecd.org/newsroom/aid-to-developing-countries-rebounds-in-2013-to-reach-an-all-time-high.htm; OECD *Development Cooperation Report, Mobilizing Resources for Sustainable Development*, Paris, October 2014 (page 44)
[24] OECD, *Development Cooperation Report 2014, Mobilising Resources for Sustainable Development*, Paris, October 2014
[25] Greenhill, R., and Prizzon, A. (2012). *Who Foots the Bill? What new trends in development finance mean for the post-MDGs*. ODI Working Paper 360. London: Overseas Development Institute.

$130 billion each).[26] This reflects the growing diversity in international financial options available to developing countries. Domestic resource mobilisation, considered in the section below, also rose substantially during the MDG era.

However, these shifts have not benefited all developing countries equally. Low income countries remain much less able to access FDI (just 2.5% of FDI to developing countries goes to LICs) or remittances (7%)[27]; 80% of FDI to developing countries goes to just six countries (India, Chile, Russia, Singapore, Brazil, and above all China[28]. Moreover, while low income countries' capacity to mobilise domestic resources has risen significantly over the MDG period, it has done so nowhere near as fast as middle income countries. As a result, ODA continues to account for almost 10% of the average LIC's GDP, compared to just 0.3% for MICs. For LDCs, the dependence is even higher – with ODA representing 70% of the total financial inflows to LDCs amounting to $ 70 billion in 2011, well above the average of 16% for all ODA recipients in that year.[29]

Meanwhile, global public goods also remain chronically under-financed. In 2009, funding for global public goods including agricultural research and development, vaccine production and distribution, UN peacekeeping, biodiversity conservation, and greenhouse gas emission mitigation totalled just under $12 billion, less than a tenth of global aid spending that year; of this, three quarters was accounted for by the UN peacekeeping budget alone.[30]

Climate mitigation and adaptation remains significantly under-financed, though financing to these areas has grown substantially in recent years to approximately $364 billion in 2010-11.[31] This total includes finance from both public and private sources: the private sector is the most significant source these, accounting for $217-243 billion of the total. (Non-ODA public sector money, meanwhile, was a mere $16-23 billion, with the rest accounted for by public and private intermediaries such as national development banks.) By contrast, the International Energy Agency estimates that $53 trillion of cumulative investment is needed in energy supply and energy efficiency over the period from now to 2035 in order to put the world on course to limit global average warming to 2° Celsius – and this before climate adaptation needs are even considered.[32] With the Green Climate Fund becoming operational, hopes are high that climate finance will increase significantly in years to come.

Against this backdrop, two key questions for member states on international public finance are (a) what prospects exist for expanding the total amount of public resources available – including both ODA and climate finance; and (b) how best to prioritise whatever funds are available. On the latter, they could potentially consider:

- **Focusing more international public finance on LDCs**, given their lower ability to secure FFD from other sources. The High-level Panel on post-2015 reiterated the long standing target

[26] *Ibid.*
[27] *Ibid.*
[28] World Bank data – see http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD
[29] OECD Development Cooperation Report 2014, Mobilizing Resources for Sustainable Development, Paris October 2014, page 44
[30] Birdsall, Nancy and Ben Leo, Find Me the Money: Financing Climate and Other Global Public Goods, Center for Global Development Working Paper 248, Washington DC, 2011
[31] Climate Policy Initiative (2012). *Landscape of Climate Finance 2012*. Available at: http://climatepolicyinitiative.org/wp-content/uploads/2012/12/The-Landscape-of-Climate-Finance-2012-Executive-Summary.pdf
[32] International Energy Agency (2014). *World Energy Investment Outlook*. Special report. Paris

that OECD countries should allocate 0.15-0.20% of their GNI to LDCs. Another option, which the High Representative for the LDC, Landlocked Developing Countries and SIDS is currently calling for, is that all donor countries should allocate at least 50% of their aid spending to LDCs; a call recently reiterated by the chair of the OECD-DAC.[33]

- **Differentiate financial instruments according to countries' level of development.** Moving away from the 'donor-recipient' type of relationship also allows for differentiation of financial needs and the ability to mobilize development financing other than aid. For example, while ODA may continue to be the right instrument for LDCs, assistance to middle income countries may increasingly come in forms that count as Other Official Assistance (OOF) rather than ODA, such as de-risking instruments or non-concessional public lending, potentially through a revolving fund.

- **Spending more international public finance on global public goods**, given the limited prospects for funding this from non-public sources – for example, spending 10% of ODA on global public goods other than peacekeeping and climate change by 2020.[34] The OECD's Development Cooperation Report 2014 suggested an overall target of 2% of GDP 'to fund global public goods, global sustainable development and welfare'. [35]

- **Accelerating efforts to enhance aid effectiveness.** Scarce money should be put to best use to accelerate the progress towards poverty eradication. Quantitative aid targets, with timelines, such as the above, should be complemented by development effectiveness targets for all countries and other stakeholders, based on the ongoing work within the Global Partnership on Aid Effectiveness. A related issue is how to design mechanisms that yield effective impact on the ground where needed most, yet facilitate efficient access by countries most in need, especially for LDCs, fragile states and SIDS which may have limited capacity.

2. Supporting domestic resource mobilisation

Developing countries as a whole have made strides in their ability to mobilise domestic resources, with their tax revenue rising from $1.5 trillion in 2000 to $7 trillion in 2007, In absolute numbers, tax revenues dwarf ODA: the total collected in 2012 in Africa was ten times the volume of development assistance provided to the continent. [36] Similarly, impressive growth is being achieved in domestic savings rates, with developing countries likely to account for almost two-thirds of global savings by 2030[37]. To build on this track record, a post-2015 Global Partnership could potentially focus attention on:

- **Tax avoidance and other illicit flows.** The High-level Panel on Illicit Financial Flows, set up by the UN Economic Commission for Africa, estimates that African loses $50-60 billion a year through illicit financial flows.[38] While the 2013 G8 committed to significant action on

[33] OECD Development Cooperation Report 2014, Mobilizing Resources for Sustainable Development, Paris October 2014, pages 20 & 47
[34] Kenny, C., and Dykstra, S., *op. cit.*
[35] OECD Development Cooperation Report 2014, Mobilizing Resources for Sustainable Development, Paris October 2014 (chapter 17)
[36] OECD/AfDB/UNDP, *African Economic Outlook 2014: Global Value Chains and Africa's Industrialisation,* Paris, 2014
[37] World Bank (2013). *Capital for the Future: Saving and Investment in an Interdependent World*. Global Development Horizons report. Washington DC: World Bank.
[38] Premium Times (2014). "Africa loses $60 billion annually through illicit financial flows – Mbeki". 31 March 2014. Available at: http://www.premiumtimesng.com/news/157783-africa-loses-60-billion-annually-illicit-financial-flows-mbeki.html

reducing international tax avoidance – including standardised country-by-country reporting to tax authorities by transnational companies and multilateral exchange of information –much more could be achieved if the same measures were adopted globally.

- **Improving tax collection (especially in LDCs).** Research from the OECD suggests that every dollar of ODA spent on building up developing countries' capacity to collect taxes results in $350 of incremental tax revenue[39]. Kenya achieved a rate of revenue return of $1,650 for every dollar of development co-operation spent on tax reform.[40] Yet only a tiny proportion of aid (just $45.7 million in 2009, according to the OECD) is actually focused on tax institutions, despite the sizeable multiplier effects. [41]

- **Reducing remittance costs.** Remittances are the largest source of external finance for many developing countries, reaching USD 351 billion in 2012 – higher than both ODA and foreign direct investment.[42] While remittances are forecast by the World Bank to reach $540 billion by 2016, transaction costs on average absorb 9% of the sum being transferred (12% in Africa).[43] Governments could help bring these costs down by enhancing market transparency, and doing more to avoid unintended consequences from anti-money laundering regulations.

- **Elimination of perverse subsidies.** Governments spend vast sums on subsidies, such as the $544 billion on subsidising fossil fuel consumption in 2009[44], $100 billion on fossil fuel production, $384 billion on agricultural production and consumption (including biofuels), and $35 billion on fisheries subsidies.[45] While the net economic benefits of these subsidies are questionable, and much of this spending is in effect subsidising environmental problems that governments are simultaneously trying to address elsewhere, progress on eliminating such subsidies has been very limited. These subsidies also deprive governments of financial resources that could otherwise be used elsewhere, and have asymmetrical impact. Fossil fuel subsidies, often promoted with a view to alleviate energy poverty, have a particularly lopsided effect: the richest 20% in low and middle income countries get six times the benefit of the poorest 20%.[46]

3. Increasing the private sector's contribution to development

Finding ways to increase the private sector's role and contribution in driving inclusive growth, job creation and environmental sustainability has emerged as a key focus of interest for many stakeholders in the post-2015 debate – unsurprisingly, given that the private sector accounts for

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[39] Okonjo-Iweala, N. (2013). "Aid as a Catalyst for Domestic Resource Mobilisation in Africa". Note prepared for AU Commission, NEPAD, and Africa Platform for Development Effectiveness meeting, 24 July 2013.
[40] OECD Development Cooperation Report 2014, Mobilizing Resources for Sustainable Development, Paris October 2014 (page 17)
[41] IMF *et al*. (2011). *Supporting the Development of More Effective Tax Systems*. Report to the G20 Development Working Group by the IMF, OECD, UN and World Bank. Available at: http://www.oecd.org/ctp/48993634.pdf
[42] OECD*, Development Cooperation Report 2014, Mobilising Resources for Sustainable Development*, Paris, October 2014
[43] Cirasino, M. (2013). "We need to fix the leaks in remittance transfer systems around the world". The Guardian, 8 February 2013.
[44] Source: International Energy Agency. See: http://www.worldenergyoutlook.org/resources/energysubsidies/
[45] United Nations (2011). *Resilience People, Resilient Planet: A future worth choosing*. Report of the UN Secretary-General's High-level Panel on Global Sustainability. New York: United Nations.
[46] IMF, *Energy Subsidy Reform, Lessons and Implications*, Washington, 28 January 2013 (page 19)

90% of jobs in developing countries, 60% of GDP in these countries, and 80% of capital flows to them.[47]

The financial sector is also a key focus of interest: private flows to developing countries now greatly outweigh international public flows. The fact that $50 trillion is now held on international equity markets, and $100 trillion on sovereign and intergovernmental debt markets, underscores how even small improvements in how capital markets allocate investment can catalyse huge changes – if financial regulation, accounting standards and the availability of investor information are aligned with long term sustainability goals. It is often stated that there is 'an abundance of money' and that the challenge is how to direct it to the right places. There is clearly a lot of work left to redirect the global financial system to one that finances the world we need.

However, debate about 'the role of private sector' or 'partnerships' also often suffers from a lack of clarity about ends, means, and accountability – which may in turn help explain why there is often also considerable suspicion, wariness and unease about this agenda. It may therefore be helpful to unpack the critical dimensions of the 'private sector' agenda and consider each in its own right as a potential element of a Global Partnership.

- First and most fundamentally, all companies must **obey the law, pay their taxes, and respect human rights, including labour rights.** Achieving this objective alone would represent a major breakthrough in sustainable development.

- Second, there are major opportunities in building on the success of **partnerships** such as Sustainable Energy For All or the Global Alliance for Vaccines and Immunisation. While voluntary partnerships have achieved major impact, mobilized significant resources, and advocated for important issues, they have a poor record of promoting systemic change.[48] They are unlikely to drive major change unless there is a clear business case (or if they are accompanied by policy change – see below). In many cases, 'Partnerships' should be considered in terms of needs and opportunities in specific sectors or value chains – including, perhaps, options for a dedicated partnership framework for every post-2015 Goal area – at global but more importantly, at country level.

- Third, **governments' unique role in incentivizing change** remains essential. Some of the most impactful partnerships will be less about companies taking voluntary actions than about public and private sectors working together to unlock change – as, for example, when progressive companies work with governments to underscore the need for them to price carbon in order to unlock real progress on climate mitigation as was done during the September 2014 Climate Summit. [49] Governments also have a crucial role in creating markets for sustainable goods and services through their public procurement criteria, and can drive further change by ensuring strong environmental impact assessments in infrastructure investment.

[47] European Commission (2014). *A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries*. Available at: http://ec.europa.eu/europeaid/what/economic-support/private-sector/documents/psd-communication-2014_en.pdf
[48] Post-2015 Task Team, *Renewed Global Partnership for Development,* March 2013
[49] See http://www.un.org/climatechange/summit/2014/09/2014-climate-change-summary-chairs-summary/

- Fourth, 'bending the curve' on **capital investment** so that more of it supports poverty reduction and sustainable models of growth. Partnership is relevant here too, for example where public investment can help leverage private investment or help to 'de-risk' investment projects in developing countries. Changes to financial regulations to incentivise investments in sustainable development – for example through alterations to financial reporting rules, fiduciary responsibility regulations, and asset valuation methodologies – are also needed.

- Finally, the need for an **enabling environment**: what governments need to do (individually and collectively) to unlock private sector development and maximise (decent) job creation and private sector development. Change in regulations could catalyse and support 'green' SMEs that contribute to greater economic and social equity, as well investments from multinationals. While many of the key challenges in this area are at national level (e.g. rule of law including contract enforcement or customs regimes), there are also key Global Partnership aspects such as a stable financial system.

4. Trade

The MDG era saw significant reductions in tariffs and quotas on many developing country exports – but many other issues remain contentious, including elimination of subsidies, special and differential treatment for LDCs, export bans and stockholding provisions in the food trade context, and non-tariff barriers.

While the period since 2000 was frequently hallmarked by disappointment on the Doha trade round, December 2013 saw the first deal reached in the World Trade Organisation (WTO) since its launch in 1995. The next WTO ministerial meeting is now scheduled for December 2015 – creating the opportunity for advances in trade to form a significant part of a Global Partnership. Three key areas that could potentially become folded in to a post-2015 Global Partnership are:

- **Special and differential treatment (S&DT) for LDCs.** Recent years have seen a generalised reduction in tariff barriers – a welcome development in itself, but also one that has had the paradoxical effect of reducing the value of least developing countries' existing S&DT provisions. While 'development' issues formed one of three baskets for the Bali negotiations, results in this area were relatively disappointing. One key area where progress could be made is full duty-free and quota-free access for LDC exports, in line with commitments made in 2005; another is action on non-tariff barriers such as rules of origin and sanitary and phytosanitary standards (SPS).

- **Measures to reduce food price volatility**. International food markets were affected by price spikes in both 2008 and 2011. While structural changes were involved on both the supply side (high input costs, competition for land, extreme weather, long term declines in yield gains) and the demand side (biofuels, more consumers eating 'western diets', growing global population), both spikes were made worse by export bans in producer countries, and panic buying by import-dependent countries. A Global Partnership could include measures to reduce the risks of these kinds of zero-sum behaviours, for instance through new food reserve arrangements or emergency coordination arrangements.

- **Agriculture in the Doha round.** There is an open question as to whether it would be helpful – or not – for a Global Partnership Goal to get into the larger opportunities for development if the Doha round were resurrected and brought to a successful conclusion, above all in the areas of OECD farm support, agricultural market access, and food stockholding rules. All of these areas clearly matter for both farmers and consumers in developing countries; on the other hand, the post-2015 agenda will have minimal traction on such contentious areas of the WTO's agenda.

5. Technology

Many developing countries place strong emphasis on technology transfer, particularly in key areas such as energy and agriculture, and this issue emerged as a major theme at the Rio 2012 conference on sustainable development. Among the technology options that could potentially be included in a post-2015 Global Partnership Goal are:

- **A new Clean Technology Facility.** This proposal, formally tabled at Rio 2012 (para 273) and then further developed in seven meetings during the 67th and 68th UNGA sessions, and in a resolution adopted on September 15, 2014 suggested amongst others a Technology Facilitation Mechanism. While there are different opinions what this would entail, as a minimum it would require the establishment of a management and coordination structure within the UN for enhanced capacity development and technology needs assessments. In addition, building public-private partnerships including on collaborative Intellectual Property (IP) systems and licensing; setting up a dedicated technology development fund; incentivizing Research and Development (R&D) to foster technological innovation and measures to leverage Intellectual Property Rights (IPRs) and market-based principles to encourage the voluntary dissemination of privately-held technology are needed.

- **Further progress on access to medicines**, such as improving developing country stocks of generic medicines and improvements on research and development, testing, and drug resistance. Intellectual property is also a key issue, and there is a proposal to extend LDCs' transition compliance period on TRIPs (the Trade-Related Intellectual Property agreement) through to 2030 (the current transition period is due to expire in 2016).

6. Institutional reform

While the recent track record for multilateralism has often been hallmarked by difficulty and frustration, this is in many ways due to unresolved issues about **representation, voice, and equity** in today's global governance institutions. While the International Monetary Fund has made limited but significant moves to reform its quota allocations and board membership, these reforms are currently being held up in the US Congress (the Fund's largest shareholders). Moves in 2005 to reform the membership of the UN Security Council came to naught. And while the emergence of a leaders' level G20 in 2009 represented an important step forward from the G8, it has not proved to be the engine of global leadership that many initially hoped it might be.

At the same time, many issues of international **institutional effectiveness** remain unresolved. A focus on UN system coherence following the 2005 World Summit, most notably through the 'One UN' approach, has delivered relatively limited gains, with reform efforts limited to operational activities and effectiveness, and even these only at country level. On the other hand, little thinking has been done about the UN system's fitness for purpose in dealing with the changes that have taken place in the development context over the MDG era, including global risks and opportunities, or the stark contrast between the UN's silo-based governance and programming structure and the integrated nature of the challenges it faces.[50]

Finally, there is also a range of broader questions about how to embed a **multi-stakeholder approach** across multiple tiers of governance. While governments continue to be central actors in development and sustainability, there remains a clear need for both collective action on shared challenges at regional and multilateral level, and for more rigorous application of the principle of subsidiarity (that problems should be dealt with at the lowest level of governance capable of dealing with them) and recognition of the role of local (including city) governments.

Although governments and the UN have made some attempts to get to grips with these challenges to international institutional legitimacy and effectiveness, they have not achieved the breakthrough that they need to. A post-2015 Global Partnership Goal could therefore include a target of upgrading the international system between 2015 and 2030 to make it fit for purpose in these areas, perhaps referencing a small number of key areas in which progress needs to be made.

Similarly, a wide range of **non-state actors** – civil society organisations, science and academia, the private sector from small and medium sized enterprises to transnational companies, financial sector, local and religious communities – are also key players in making sustainable development happen. Some of these actors have a role within the contexts of the 'Major Groups' in the UN. However, whilst they may participate in debates, they are not part of the negotiated outcomes in the UN context. The private sector is often seen as an engine of growth and additional resources for sustainable development, but many companies need support in understanding how they can contribute to the SDGs; how they can align their goal setting to the SDGs and how they can assess and communicate their impact. A more fruitful and mutually accountable way to collaborate between the intergovernmental system and the non-state actors, building trust and concerted action, is needed.

One option would be to add to create a two-tier accountability system. For example, a dedicated '**Accelerator Forum**' session back-to-back with the intergovernmental High Level Political Forum (HLPF) meeting has been suggested to discuss progress towards the Goals of the post-2015 development agenda. Such an 'Accelerator Forum' could focus on synergies of national governments with other stakeholders, including the private sector, and could discuss progress on, and binding constraints in, achieving their collective contribution to achieve the goals. This would allow for a more structured, continued engagement of several non-state stakeholders, now often only invited occasionally to speak as part of a panel, and could end with joint conclusions outlining mutual commitments. Whilst such a forum could not formally be part of the UN, it could be held under the auspices of the UN. A similar multi-stakeholder forum could be thought of at country level.

7. Data, transparency, and metrics for measuring progress and ensuring accountability

[50] UNDP appointed a Senior Coordinator "UN Fit for Purpose" for the Post-2015 Development Agenda to support UNDP Administrator in her role as chair of UNDG, working in close collaboration with UNDOCO and the UNSG's Special Advisor on Post 2015 Development Agenda, per 1 November 2014

Finally, there are the crucial areas of reporting, data, transparency, and accountability, where a Global Partnership could set out targets on a range of areas. Five of the most important are as follows:

- **A partnership for a development data revolution.** As many experts have emphasised, a 'data revolution' is already underway in the quantity, quality, availability, and usability of data for development. The UN Secretary General's Independent Expert Advisory Group on a Data Revolution for Sustainable Development (IEAG) suggests developing a Global Partnership for Sustainable Development Data to mobilize and coordinate initiatives and institutions, and to promote the establishment of a biannual "World Forum on Sustainable Development Data".[51] Such a partnership could be built around a network model and country-specific working groups that would undertake diagnostic assessments, identify gaps and problem areas, and then focus on ways of fixing them.[52] No less important, at a more basic level within countries and across countries, there is limited standardisation, data sharing and analysis. Partnerships are needed at this level as well.

- **Baseline data.** As part of a possible Global Partnership as per the above, there is an *urgent* need for a global campaign on baseline data. As these baseline data are to benchmark progress on the Goals and targets, both at national level as well as collectively, they should ideally be available from the moment the post-2015 development agenda kicks in on January 2016. Comprising of different key aspects of data gathering, from big data to census data and household surveys, the (considerable) funding needs require attention, including a review of possible options and incentives for private sector, academia, and civil society to collaborate.

- **Government transparency.** Many governments have committed to and undertaken far-reaching improvements to their transparency, with 65 countries ranging from Brazil and the US to Malawi and Liberia already signed up to the Open Government Partnership. Areas where further commitments could be made include natural resource and extractive revenues, and data on tax and company ownership.

- **People's participation.** Based on the experience of MyWorld as a public opinion baseline (which reached 5 million of people till now) there is new momentum and opportunity for citizens to share their views and perspectives. With social media and new technologies, giving people a voice can be done at relatively low cost, whilst such perception data mobilize and engage societies for change, and give enhanced credibility as part of the Global Partnership for Sustainable Development.

- **New metrics and integrated reporting.** Natural resources need to be mainstreamed in national economic accounts and in development planning. 70 Countries are now part of the WAVES global partnership on Natural Capital Accounting (NCA).[53] NCA and other approaches for ecosystem service accounts are a crucial part of the paradigm shift required to put the

[51] See http://www.undatarevolution.org/report/
[52] See for example Cameron, G. (2013). "What would a Global Partnership for a Data Revolution look like?" *World Bank Open Data blog*, 10 August 2013. Available at: http://blogs.worldbank.org/opendata/what-would-global-partnership-data-revolution-look
[53] http://www.wavespartnership.org/

world on a more sustainable pathway. Within the private sector, the MDG era saw an increasing number of more progressive global companies starting to report in an integrated way on their sustainability performance; more recently, the European Commission has unveiled a legislative proposal to compel all companies with more than 500 employees to disclose information on environmental, social and employee-related matters, as well as human rights, anti-corruption, and anti-bribery. The proposal of the World Business Council for Sustainable Development (WBCSD) goes beyond that, and wants business to be measured by its 'True Value', 'True Costs' and 'True Profits' in its internal and external reporting. Profit and loss, performance and value creation, should be redefined to consider longer-term environmental and social impacts, and most importantly, prices should reflect all externalities – costs and benefits. Yet for many private sector stakeholders, the inconsistency between a rules-based multilateral trading system and an essentially unregulated financial system make it a challenge to incentivize the right (sustainable) behavior. A post-2015 Global Partnership Goal could call for:

- stronger disclosure rules for the financial sector;
- compulsory integrated reporting to be systematised globally across the private sector for all companies above a certain size; and
- a call for governments to make similar commitments, using natural capital accounting at country level as well as a wider range of indicators in addition to GDP.

Conclusion

For the post-2015 agenda to succeed in its aims, the level of ambition implied by the Goals agreed will have to be matched by equivalent action on delivery and means of implementation. A Global Partnership for Sustainable Development will be a critical part of that.

But success on a Global Partnership will depend on member states' ability to make real progress on a range of agendas outside the post-2015 Goal-setting process – including, among others, the UNFCCC climate process, the post-Bali WTO process, and work to prepare for the first Finance for Development summit since the Doha conference in 2008.[54] As we approach 2015, an increasingly important issue is how the FFD Conference and the Climate COP relate to a Global Partnership for Sustainable Development in the post-2015 development agenda. There are clear transaction costs of having different and disjointed MOI tracks, not just on negotiators now, but moreover so during the implementation of the post-2015 development agenda.

What is needed, is a Global Partnership that speaks to all countries' interests from least to highest developed, and in every region. Much will depend on whether member states are able to find ways of working together to make a Global Partnership work in reality. If talks leading up to the Summit in September 2015 slide into acrimony or deadlock, or if the final Goals and targets end up being vague aspirational declarations that lack the power to address systemic issues and drive real action, then not only will the post-2015 Goals be unlikely to be achieved; confidence in and future prospects

[54] A/CONF.212/7

for multilateralism itself will also be severely damaged, at just the moment when the world needs it to work more than ever.

If, on the other hand, a Global Partnership is crafted that drives real transformation in ending extreme poverty, slashing inequality and insecurity, and putting the global economy on track for long-term sustainability – then it will represent an extraordinary achievement in international relations; one of the most significant, arguably, since the drafting of the UN Charter and the Universal Declaration on Human Rights.

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