Scanning the Horizon: Future Directions for Development Cooperation Data Transparency & Partnerships in the Context of the 2030 Agenda for Sustainable Development

Context

This paper is designed to stimulate thinking around the future strategic direction for the International Aid Transparency Initiative (IATI), following a decision by its members in July 2018 to undertake a broad consultative exercise to establish the strategic direction for the initiative from 2020-23 and beyond.

This is one of two papers prepared to kick off the strategic review process. The first overviews the current status of IATI since its inception in 2008, and looks at the progress achieved and challenges that remain. This companion paper takes a forward-looking enquiring approach and involves a very broad range of stakeholders beyond current membership.

Such broad consultation recognises that IATI has reached a stage at which it is expected to deliver more results to more groups of users on both the supply and demand sides of data on development and humanitarian work than originally foreseen. The process seeks to confirm or renew the current strategic thinking and set IATI on a path toward further success and growth in the future that meets the needs of an increasingly diverse set of stakeholders.

The following is a high-level overview of various global landscape-related considerations. This is followed by reflections on current IATI partnerships and closes with a series of guiding questions, that may be reflected upon as part of the IATI strategic plan development exercise.

Global Sustainable Development Challenges

The development challenges we face today are ever more pressing, complex and inter-related. Around the world more than 650 million people live below the international poverty line ($1.90 US dollars per day) and 800 million people sit close to this threshold[1]. All are vulnerable to social, economic and environmental shocks that can push them into poverty. When considering overlapping and multiple deprivations that individuals face, the figures are staggering: a total of 1.45 billion people[2] are multidimensionally poor[3]. Poverty has disproportionate impacts on women, and half of

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[1] UNDP, *UNDP Support to the Implementation of the Sustainable Development Goal 1: Poverty Reduction* (New York, 2016)

[2] Sabina Alkire and Gisela Robles, "Global Multidimensional Poverty Index 2017". OPHI briefing 47. http://ophi.org.uk/global-multidimensional-poverty-insdex-2017/

[3] Multi-dimensional poverty identifies deprivations at the household and individual level in health, education and standard of living, measured across 10 indicators: nutrition levels, child mortality, years of schooling, children enrolled in schools, access to cooking fuel, toilet access, water access, electricity access, flooring, and

all people living in poverty are younger than 18 years old[4], increasingly living in urban settings[5]. Nearly 1.6 billion people live in countries affected by fragility and repeated cycles of violence and conflict—this includes approximately half of the world's poor.

In addition, today's world is experiencing an unprecedented level of human mobility. The total number of international migrants surpassed 244 million, growing at a rate faster than the world's population. While most of them move without incident, there are roughly 65 million forcibly displaced persons, including over 21 million refugees in 2015. Managing migration has become one of the most profound tests of international cooperation[6].

Despite notable progress made in global development, large pockets of poverty and exclusion persist. Inequality and conflict are on the rise in many places; climate change and other environmental concerns are undercutting development. Increased incidences of disasters and conflict, as well as public health emergencies are reversing development gains in affected countries.

Eradicating poverty in its all forms and in all dimensions is our greatest common challenge and an indispensable requirement for sustainable development.

The 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs) respond to this challenge, focusing on collective actions, measuring progress, and exploring how to deliver effectively long-lasting, integrated solutions for people and planet at scale. Making this agenda a reality will require a move from billions to trillions of dollars (***mobilising a diverse range of public and private resources***); leveraging the capacities, skills, technology, and knowledge of all partners (***multi-stakeholder partnerships***); and exploring context-specific solutions to address increasingly complex development challenges (***context-specific, bottom-up approach***).

Global Financing Landscape

The development financing landscape is dynamic and constantly evolving. Globally, domestic public resources are the central pillar for the financing for development[7]. Domestic private investment is the main source of capital formation in most countries, noting its volatility and despite its recent drop. The volume of external finance available has seen a substantial increase between 2000 and 2016[8]. The private sector provides the bulk of the cross-border finance, with commercial investors as the single largest provider through foreign direct investment (FDI) and portfolio investment.

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assets. It complements monetary measures of poverty by considering overlapping deprivations suffered by individuals at the same time. http://hdr.undp.org/en/content/multidimensional-poverty-index-mpi.

[4] Estimates from the 2018 global Multidimensional Poverty Index (MPI) released today by the UNDP and the Oxford Poverty and Human Development Initiative (OPHI)

[5] Diana Mitlin and David Satterthwaite, *Urban Poverty in the Global South: Scale and Nature* (London and New York, Routledge, 2013). The World Bank estimates that, by 2035, most of the world's extreme poor will be found in urban areas. http://blogs.worldbank.org/governance/governance/more-voices-mean-smarter-cities

[6] Making migration work for all, the report of the UN Secretary General, 2018

[7] In 2016, tax revenues in developing countries amounted to USD 4.3 trillion.

[8] From roughly USD 675 billion in 2000 to USD 1.7 trillion in 2016, according to the OECD Global Outlook on Financing for Development (2019)

Remittances to developing countries have also grown considerably since 2000, amounting to USD 466 billion in 2017[9].

The Official Development Assistance (ODA), while remaining steady, is falling short of international commitments. In 2016, ODA from OECD-DAC members amounted to a total of USD 167 billion. In the same year, South-South cooperation flows from ten major countries beyond the Development Assistance Committee (DAC) countries were estimated to be at least USD 60 billion[10].

New development partners, including new development finance institutions, public-private 'single issue' vertical funds, philanthropic organisations[11], and private 'impact' investors have also emerged or expanded in recent years and now work actively alongside traditional donors, such as bilateral and multilateral agencies. These new sources of finance and expertise increasingly complement traditional development cooperation and create opportunities for new partnerships and collaborations that leverage the finance, expertise and networks of each different actor.[12]

Country and Regional Financing Perspectives

While the scale and diversity of finance available is growing, the mix of resources varies widely across regions and countries. For example, while domestic revenues remain the most viable resources for financing, increasing them remains a challenge for many governments, particularly in low-income countries. While commercial long-term debt and FDI are dominant for non-Least Developed Countries (LDCs), Official Development Assistance (ODA) remains a major source of international finance for the LDCs, as well as countries in fragile and conflict-affected situations.

For example, all resource types – domestic and international, public and private – are growing in volume in the Association of Southeast Asian Nations (ASEAN) countries as a whole, with domestic public and private resources growing most rapidly[13]. For example. domestic commercial investment accounts for 35% of total financing in the rapidly growth ASEAN-5 group of countries compared to 22% in the less economically developed CLMV countries[14]. However, despite resource growth at the aggregate level, key finance flows such as domestic revenue remain scarce and are growing slowly for some countries in the region[15]. Another example is Malawi's financing landscape. While domestic revenue remains the largest source of financing for development, domestic private investment remains relatively small – accounting for about one fifth of private investment made in the country.

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[9] OECD Global Outlook on Financing for Sustainable Development 2019

[10] Financing the UN Development System, Opening Doors, UNMPTF and Dag Hammarskjöld Foundation 2018

[11] Philanthropic foundations provided USD 24 billion for the period 2013-2015 (an average of USD 8 billion per year). OECD Global Outlook on Financing for Sustainable Development 2019

[12] Financing the 2030 Agenda, UNDP 2018

[13] Domestic public and private resources, each increased by around US 200 billion between 2007 and 2015, according to the ASEAN-China-UNDP Financing the Sustainable Development Goals in ASEAN Report (2017)

[14] CLMV = Cambodia, Lao PDR, Myanmar and Viet Nam. Source: Financing the SDGs in ASEAN, ASEAN-China-UNDP, 2017.

[15] Domestic revenues are rising in all countries, yet remain below $600 per person in six countries. Domestic private finance accounts for 35 percent of total financing in ASEAN-5 countries compared with 22 percent in the 'CLMV' countries of Cambodia, Lao PDR, Myanmar and Viet Nam.

Key sources of finance for Malawi have been domestic public revenue, official development assistance – both grants and concessionary loans, foreign private investment, and non-governmental organisation (NGO) resources. For countries with large diasporas, remittances are often prominent within the financing landscape. In Comoros, with one fourth of Comorians living abroad, remittance inflows represent four times more than ODA receipts in balance of payment in the country[16]. In the Gambia, remittances accounted for about 22% of GDP, and one of the growing financial flows (an average annual growth rate of 15% over the past decade)[17]. The wide range and variety of financing for sustainable development actors and their resources bring opportunity as well as complexity. Ideally, each of different actors would make informed decisions about where, how, and what types of financing to provide, access, or use to meet their needs and achieve its objectives in the most effective way. Data is available in IATI on billions of dollars' worth of development and humanitarian projects published by over 900 donor and implementing organisations and can be accessed and used by national governments to inform their decision-making and financial planning. Nonetheless, finding the optimal financing mix remains challenging for several reasons[18]:

- The multitude of available financing options, solutions and instruments is increasing and their applicability vary across countries and partners. These solutions and instruments range from debt and equity, grants, fiscal, market to regulatory and risk transfer instruments.
- Types of financing available and instruments accessible are strongly correlated to income level and changes in country contexts.

Interlinkages among resources and actors create synergies and trade-offs, and choices in one domain (such as aid) can impact financing in another (such as tax), increasing or decreasing financing capacities.

Partnerships Beyond Finance

While the question on how to finance the SDGs remains essential, meeting the ambition of the transformative 2030 Agenda equally requires leveraging the capacities, skills, technology, and innovation of all partners – beyond the public-sector and financiers. Civil society organisations (CSOs), the private sector, academia and others have an important role to play in this context.

Beyond transfer of cross-border finance among countries in the global South, South-South cooperation offers opportunities for technology transfers, knowledge sharing and mutual learning drawing on their own development experiences. There is growing consensus throughout the UN system and beyond that South-South learning and policy coordination and transfer of expertise and technology are effective ways to accelerate sustainable development.

In addition, businesses, which provide an estimated 60 percent of Gross Domestic Product (GDP) and 90 percent of jobs in developing countries, have a core role to play in forging a sustainable

[16] Forthcoming: Development Finance Assessment Report in Comoros, UNDP 2019
[17] Development Finance Assessment Report in the Gambia (draft), UNDP 2018
[18] OECD Global Outlook on Financing for Sustainable Development 2019

development path that eases the burden on finite resources and includes those currently left behind. There is an increasing number of initiatives and efforts undertaken globally, regionally and at country level that range from: (i) fostering the core roles of businesses, including through enabling corporate responsibility to helping firms scale their positive contributions to the achievement of the SDGs; (ii) measuring and reporting on impact of business contributions; and (iii) challenging companies to develop inclusive business models.

Furthermore, in the 2030 Agenda, broader engagement has become a springboard for CSOs to serve as advocates working both inside and outside government-led development systems, as well as for spearheading innovative approaches to leave no-one behind.

A Renewed Focus on Results

From all sides, there is a renewed focus on showing the impact of development interventions. In provider countries, this takes the form of demand for 'value for money', as citizens want to see how their tax dollars are being spent. In partner countries, there is a disconnect between stories of action at the national level and evidence of results at the local level. This has led to an increase in auditing development programmes and projects for results. While this is important, showing short-term impact should not discount the long-term returns on investment of development cooperation. That being said, there is a need to better showcase when incremental progress is made and the important role that these small steps play in achieving overall progress.

The Sustainable Development Goals (SDGs) framework, including SDG targets, indicators and reporting, and the shared commitment to achieving the SDGs provide an opportunity and a basis to work towards a more coordinated (harmonised) approach that facilitates increased alignment of provider results frameworks with those of partner countries. In this vein, there is ongoing analysis undertaken by the OECD-DAC Results community on how development co-operation providers and partners can concretely use the SDG framework as an entry point for co-ordinating around, investing in and using partner country-led results frameworks and data systems which are aligned to the SDGs.

In addition, with the view to linking financing data to SDG goals and indicators to highlight financing contribution and gaps towards SDGs, there has been a recent decision to include an SDG focus field in the OECD Creditor Reporting System (CRS) database. Within the UN Development System, UNDP and UN Women are already publishing information on their contributions to the SDGs to IATI.

Furthermore, there is an increased attention to the delivery of development intervention ('how'). As the international development community strives to deliver the intended impact of development interventions on people's life, many efforts have been made to rethink the practice of development, and a number of new strategies and initiatives have emerged for 'doing development differently'[19].

[19] A workshop on Doing Development Differently, hosted by the Building State Capability (BSC) program at the Center for International Development at Harvard University, and the Overseas Development Institute (ODI).

The Global Delivery Initiative (GDI), a collective effort to create cumulative evidence base of delivery know-how to inform development practice and improve implementation is one such an example. Another example is the Global Learning for Adaptive Management (GLAM) initiative, a globally networked learning alliance that aims to actively identify, operationalise and promote rigorous evidence-based approaches to adaptive management.

Transparency and Effective Cooperation, Partnerships and Financing

The 2030 Agenda and the SDGs recognise the inter-linked nature of actions by all countries and stakeholders and accountability to one another. With only 12 years to go until 2030, the urgency to accelerate efforts by all to reach the SDGs will require enhancing the quality, impact and effectiveness of all types of cooperation, partnerships and financing. The effectiveness agenda is therefore seen as a foundational dimension of the 2030 Agenda, to make a sustained difference in the lives of people as quickly as possible in the most efficient way. Transparency of development activities in this context is a critical component for building stronger partnerships for SDGs that are based on mutual trust. There are three critical components needed for greater transparency in development activities: (1) better data; (2) better information management; and (3) better access and increased use of data[20][1].

Access to high-quality and timely information on development cooperation assists governments in planning and managing resources for results and can guide development partners in coordinating their support. Further, transparency is the basis for enhanced accountability, as information on past, current and future efforts contribute to holding different stakeholders accountable for their performance and use of resources.

Open Data and Transparency

Access to data can lead to better decisions and actions. Globally, there is increasing movement towards ensuring data is open – meaning that data is freely available online for anyone to use and republish for any purpose. This movement extends beyond the development sphere but is vitally important for both achievement of development goals, as well as the measurement of progress in meeting them.

Key players in the open data for development space include the Global Partnership for Sustainable Development Data, the Open Data for Development Network and the Open Government Partnership, which together supported the establishment of the Open Data Charter, a set of principles related to the release of data, with the aim of ensuring data is open by default, that it is released in a timely manner and that it is interoperable. These initiatives also support governments in strengthening national data ecosystems, including facilitating partnerships for enhanced data reporting and providing training on data use.

While open data is acknowledged as essential for transparency and accountability, its impact in the development context has been more muted than in advanced economies. There is a growing

[20] UNDP Issue Brief: Towards Transparent and Accountable Development Cooperation, 2015

recognition that the approaches to open data must change, to focus more on local priorities and needs, and expected sustainable development outcomes beyond merely releasing datasets[21].

Furthermore, as data ecosystems of producers and users become more complex, there is recognition for the efforts to improve data availability need to explore a harmonised and/or joined-up approach for how data published to competing standards can be made usable, and how development data standards can be designed, improved and governed to enable greater interoperability. The Joined-up Data Standards project is one of the example for taking a joined-up approach to data standards.

Innovation and Technology

Technological progress harbours enormous opportunities for sustainable development. It affects not only economic growth and the social and environmental quality of growth, but also could transform the way in which resources for sustainable development are being mobilised and spent. The use of Blockchain Technology in cross-border transfer is such an example, although its development impact as well as applicability and adaptability remains to be seen, as there are major downsides and vulnerabilities associated with the use.

In addition, the complexity of sustainable development challenges also means the need for much larger and complex data sets in order to track progress on SDGs and their indicators. In this vein, various initiatives are exploring the use of innovative data approaches in strengthening data systems. For example, the UN Statistical Commission established the UN Global Working Group on Big Data for official statistics in order to explore the benefits and challenges of the use of new data sources and technologies for official statistics and SDG indicators.

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[21] The Africa Data Revolution Report 2018: The Status and Emerging Impact of Open Data in Africa, UNDP, UNECA, Open Data for Development Network and World Wide Web Foundation (*forthcoming*)