Southern Voice

2015 On Post-MDG International Development Goals

Occasional Paper Series

6

Global Partnership for Post-MDGs and Resource Mobilisation

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Preface

The *Millennium Development Goals* (MDGs) constitute one of the ideas of the United Nations (UN) that has literally changed the world. Conversely, the actual state of delivery of the MDGs continues to remain a matter of intense debate. With the 2015 deadline drawing near, the international development community remains preoccupied with reflecting on 'MDGs' future'. Indeed, an explicit understanding seems to have emerged that the MDGs are going to continue beyond 2015 in one form or another. Consequently, questions are being asked about the processes that are being followed to decide on the substance of the post-2015 international development goals as well as about what would be their distinguishing features.

The *Southern Voice on Post-MDG International Development Goals* is a network of 48 think tanks from Africa, Latin America and South Asia that has identified a unique space and scope for itself to contribute to this post-MDG dialogue. By providing quality data, evidence and analyses that derive from research in the countries of the global South, these think tanks seek to inform the discussion on the post-2015 framework, goals and targets, and to help give shape to the debate itself. In the process, *Southern Voice* aims to enhance the quality of international development policy analysis, strengthen the global outreach capacity of Southern think tanks, and facilitate professional linkages between these think tanks and their respective governments.

The initiative emerged in Cape Town, South Africa in June 2012 at a meeting of awardees of the Think Tank Initiative (TTI), a multi-donor facility managed by the International Development Research Centre (IDRC), in Ottawa, Canada. Since then, the Centre for Policy Dialogue (CPD) has further conceptualised the initiative and prepared its programme document through a consultative process with the other think tanks. The initiative was launched to various stakeholder groups including the larger development community in November 2012. Subsequently, CPD organised an expert group meeting in Dhaka on 11-13 January 2013, to set the agenda for the initiative. The key outcome of the Dhaka meeting was captured in the document *First Approximations on Post-MDG International Development Goals*, which was forwarded as a contribution to the High-Level Panel appointed by the UN Secretary-General to draft the post-2015 framework.

It is reckoned that the guiding spirit and initiative of the programme will rest with the Southern think tanks, but it will operate as an *open platform*, where concerned institutions and individuals from both South and North will interact with the network members. This approach will help to enhance the quality of international development policy analysis, strengthen the global outreach capacity of Southern think tanks, and facilitate professional linkages among these institutions as well as with their respective governments.

Southern Voice Occasional Papers are based on inputs received at various platforms of the initiative. The present issue of the Paper includes contributions made at the fourth session on "Global Partnership for Post-MDGs and Resource Mobilisation" of the Dhaka Expert Group Meeting (11-13 January 2013). The publication is a collection of seven presentations and interventions which focus on the emerging issues of global partnership and resource mobilisation in the context of the post-2015 agenda. The contributions highlight the changing contours of global partnership, and sources of development finance, as well as underscore the importance of institutions and governance in accessing and utilisation of the mobilised resources.

In connection with the launch of the *Southern Voice Occasional Paper Series,* I would like to thank *Professor Mustafizur Rahman*, Executive Director, *Ms Anisatul Fatema Yousuf*, Director, Dialogue and Communication, *Dr Fahmida Khatun,* Research Director and *Dr Khondaker Golam Moazzem*, Additional Research Director of the CPD for their support in getting the *Southern Voice* off the ground. I recall with thanks that a number of CPD

colleagues have worked hard in rapporteuring the sessions of the Dhaka Expert Group Meeting and preparing the transcriptions of the presentations and comments.

On this occasion, I would like to recall with gratitude the contribution of *Dr Peter Taylor*, Programme Leader, Think Tank Initiative (TTI) in shaping the *Southern Voice on Post-MDG International Development Goals* and taking the initiative forward.

I would also like to acknowledge with thanks the contribution of *Ms Mahenaw Ummul Wara*, Research Associate, CPD for coordinating the publication process; *Mr Michael Olender* for stylistic and copy editing of the papers; and *Mr Avra Bhattacharjee*, Deputy Director, Dialogue and Outreach, CPD for designing the cover of the series.

I hope the engaged readership will find the document stimulating.

Dhaka, Bangladesh
February 2014

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Acronyms

ADB	Asian Development Bank
AfT	Aid for Trade
ASEAN	Association of Southeast Asian Nations
BRICS	Brazil, Russia, India, China and South Africa
DAC	Development Assistance Committee
DF-QF	Duty-Free Quota-Free
EU	European Union
GDP	Gross Domestic Product
GNI	Gross National Income
G-8	Group of Eight
G-20	Group of Twenty
HIPC	Heavily Indebted Poor Countries (Initiative)
ICT	Information and Communication Technology
IDA	International Development Association
IMF	International Monetary Fund
LDC	Least Developed Country
MDG	Millennium Development Goal
MFN	Most Favoured Nation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
SAARC	South Asian Association for Regional Cooperation
TRIMS	(Agreement on) Trade Related Investment Measures
TRIPS	(Agreement on) Trade Related Aspects of Intellectual Property Rights
UN	United Nations
UNICEF	United Nations Children's Fund
USD	United States Dollar
WTO	World Trade Organization

Global Partnership for Post-MDGs and Resource Mobilisation

Redefining the Global Partnership for Development

Saman Kelegama*

Millennium Development Goal (MDG) 8, the global partnership for development, was essentially designed to achieve the other seven goals by playing a supportive role. Developed countries were to be the partners of developing countries in the process of goal attainment. However, MDG 8 did not have any quantitative benchmarks to be reached by the end of 2015. In fact, this was one of the issues that Southern voices highlighted, but was not incorporated into the design of the goal. Since there are no concrete benchmarks in the case of MDG 8, it is important to think about a new agenda for resource mobilisation that has definitive targets and indicators.

MDG 8 has four components: trade, aid, debt and new technologies. Trade is dealt with under Target 8.A, aid under Targets 8.B and 8.C, debt under Target 8.D, and new technologies under Targets 8.E and 8.F.

Under the trade component, there has not been much progress in regard to tariff reduction other than for the agriculture sector, where margins of preferences have declined since the initiation of the World Trade Organization's (WTO) Doha Development Agenda, and some preferential access to developed countries for least developed countries (LDCs) has been granted. Doha has come to a complete standstill and the MDG 8 group at the United Nations (UN) has been unable to influence the WTO agenda.

The aid component looks at development assistance as a percentage of the gross national income (GNI) of donors, i.e. member countries of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD). Between 2000 and 2010, the average percentage increased and reached a high of 0.32 per cent before declining to 0.31 per cent. The global financial crisis had an impact on these figures. Aid continues to concentrate on the poorest countries, with the least developed countries group receiving more than one-third of donors' total gross aid.

Under the debt component, new initiatives for Heavily Indebted Poor Countries (HIPC) and multilateral debt relief were launched. Indeed, there has been some progress in debt servicing as a percentage of exports of goods and services. According to the UN, out of the 39 countries eligible for debt relief, 36 reached the so called decision point and 32 reached their completion points. The debt service ratio of developing countries and regions declined from 12.6 per cent to 3.4 per cent, although the trend was interrupted by the global financial crisis. In 2010, developing countries' export earnings rebounded and the total debt service ratio remained steady overall. Still, there are disparities regarding debt service as a proportion of exports. In small island developing economies the ratio has gone up, while in LDCs the ratio went up and then down again and has yet to reach its 2008 level.

In terms of access to new technologies, the focus is on information and communication technologies (ICT). All available data indicate that the number of people who own mobile phones has increased in developing countries recently. More than 160 countries have launched mobile broadband services and 45 per cent of the global population is covered by high-speed mobile broadband signals. Almost

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two-thirds of Internet users are now in developing countries. This progress is highly commendable. However, progress in this area is not due to MDG 8, even though ICT is referred to in Target 8.F. Progress is mainly due to technological progress, lower prices of technology-intensive equipment, infrastructure investment, and other factors.

There are some issues that must be looked at seriously when redefining the global partnership. Because there are no benchmarks against which its progress can be measured and no sanctions for governments that do not comply with their commitments to it, MDG 8 has been one of the less effective MDGs. Targets 8.B and 8.C set out promises to increase official development assistance (ODA), but no specific targets were set for developed countries. At the 2005 G-8 (Group of Eight) Summit in Gleneagles, Scotland, donor countries reaffirmed their pledges to provide ODA worth at least 0.7 per cent of GNI by 2015. However, a review of the ODA data shows that in total only five donor countries are on track to reach that level.

MDG 8 has not been successful in incentivising changes in trade rules, as demonstrated by the stalling of Doha. In 2008, LDCs' share of exports declined to less than 1 per cent of global trade. In addition, MDG 8 does not consider equity. The bulk of increased trade by developing countries has happened in Asia, while Africa has the smallest share of world exports at 3 per cent.

According to the 2009 MDG Gap Task Force Report, while the debt service ratio has come down, in 2006, 52 developing countries spent more on debt servicing than on public health, and 10 countries spent more on debt servicing than on education. Further, MDG 8 does not capture all the actions that countries need to take within a cooperative framework to deliver on the global partnership. Importantly, it lacks integration. For example, progress under the HIPC Initiative and Multilateral Debt Relief Initiative are considered proxies for dealing comprehensively with the debts of all developing countries. Moreover, the indicators do not always reflect the spirit of the targets.

The global partnership framed between the rich North and the poor South is increasingly losing its strength because the lines between policies are blurred. As it is, new modes of cooperation are becoming relatively more important (especially South-South knowledge sharing), there is more regional integration, corporate initiatives and public-private partnerships are increasing, the influence of emerging donors like China and philanthropic organisations is growing, and trade and investment have risen. The post-2015 development agenda has to incorporate these new developments in the global environment and others, particularly global demographic transition, increased migration, fast-growing economies, increasing inequality, technological improvement, climate change and the global economic crisis.

With regard to domestic resource mobilisation, a critical element is that various components of macroeconomic policy have to be in place. In the MDGs, there was little reference to the overall macroeconomic environment and economic stability. Both are very important for promoting savings and investment, which in turn will improve tax bases for domestic resource mobilisation. Tax reforms are also important because tax bases in most developing countries are relatively narrow, and value added tax or taxes on goods and services that were introduced in the late 1990s and early 2000s have failed to expand them. New ways of increasing domestic resources to underwrite the achievement of the post-MDGs are welcome.

The post-2015 development agenda should combine an effective partnership between developed countries and developing countries with South-South cooperation and domestic resource mobilisation. This partnership should also take into account the outcomes of the Doha Development Round, Rio+20, and Busan High Level Forum on Aid Effectiveness. The expected impact should be clearly defined, and debt relief should not come at the expense of ODA. There is a need for a clear regulatory framework for working with the private sector to improve access to new technologies and essential medicines. There ought to be wider participation by developing countries in international negotiations to reduce trade barriers. Incentives must be created for developed countries to have effective partnerships with developing countries. And establishing a monitoring mechanism and baseline for monitoring the impact of agreements is essential.

Time for a Rethink of the Global Partnership?

Paula Lucci*

The MDGs focus on social sectors and use an outcome-based approach – with the exception of MDG 8. While MDGs 1 through 7 set out desirable outcomes, MDG 8 refers to the means to achieve those outcomes. It encompasses actions that required cooperation from other actors – mostly from developed countries, but also from non-state actors, such as large companies – to attain the rest of the goals. Hence, it is labelled the "global partnership for development" goal. Access to markets for LDCs, knowledge transfer and aid commitments – all feature as parts of it. In addition, it seeks collaboration from the private sector on issues such as access to ICTs and affordable medicines.

While the importance of the issues it addresses is undeniable, MDG 8 is held to be one of the weakest goals. One reason for this is that progress on it has been slow. In fact, the last report of the UN MDG Gap Task Force[1] found it difficult to cite areas of significant new improvements for this goal and for the first time spotted signs of reversing progress. For example, as evident in Table 1, the total volume of ODA fell and poor countries suffered setbacks in market access for their exports.

Table 1: Progress against selected indictors for MDG 8: 2010 and 2011

Area	Selected Indicators	Breakdowns	2010	2011
ODA	Total ODA	UN target	0.7% of GNI	
		Delivery	0.32% of GNI	0.31% of GNI
		Gap	0.38% of GNI	0.39% of GNI
Access to markets	Tariff peaks in high-income OECD countries*	All goods	8.8	9.3
		Agriculture	34.6	36.3
		Non-agriculture	2.2	2.3
	Tariff escalation in high-income OECD countries**	All goods	0.1	0.2
		Agriculture	9.8	11.2
		Non-agriculture	1.2	1.2

Source: MDG Gap Task Force (2012).
Note: *Aggregated values over countries are the weighted average by share of world imports. Tariff peaks refer to the proportion of total tariff lines in a country's most favoured nation (MFN) tariff schedule with tariffs above 15 per cent.
** Tariff escalation is estimated as a percentage-point difference between the applied tariffs for finished (or fully processed) goods and the applied tariffs for raw materials. Prior to aggregation over countries, the country average is a simple average of "Harmonised System" six-digit duty averages.

Another reason the goal is considered weak is that, by design, it does not include what are considered as strengths in some of the other goals – e.g. specific and time-bound targets and indicators. Whether slow progress on MDG 8 has to do with the weak design of the goal itself or with the politically challenging nature of the issues it considers, is hard to say, as these two points are closely intertwined.

Suggestions for Rethinking the Global Partnership

A new agreement could provide an overall narrative for other global processes

The post-2015 debate is not happening in a vacuum. In the specific case of a global partnership goal, there are a number of relevant discussions happening elsewhere, from the truncated Doha trade negotiations to the aid effectiveness talks last held in Busan. So what could a new agreement add to these ongoing processes? One answer is that a new framework could set a direction, bringing coherence and an overall narrative to the discussions taking place in different fora. Such a narrative could be "eradicating poverty in our time", if the new framework prioritises the poverty focus of the

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[1]MDG Gap Task Force. (2012). *The Global Partnership for Development: Making Rhetoric a Reality*. New York: United Nations.

MDGs, or "promoting sustainable development", if current debates on poverty and sustainability converge into one set of goals.[2]

In other words, it would be pointless for a new development agreement to try to replicate other complex processes. Instead, what it could usefully do is signpost them as appropriate for the purposes of a new framework.

Linking (global) means to specific ends could help to make the case for global action

Another common criticism of MDG 8 is that it does not establish explicit links between the need for global cooperation in specific areas and its impact on the desirable outcomes set out in MDGs 1 to 7. A possible way of overcoming this issue – although the specifics would need to be thought through carefully – could be to embed implementation plans within each goal in the new agreement. These plans could include policies at the international level, where relevant.

Take a goal on poverty and jobs as an example. The need for development-minded reforms of the global trading and financial systems, including macroeconomic coordination, among others, could be mentioned as part of an implementation plan for this goal. These are key enablers of inclusive growth at the international level, ultimately needed to sustain poverty eradication over time.

Specific, time-bound targets

The inclusion of specific targets and indicators to measure progress has differentiated the MDGs from other development frameworks and agreements. Measurable outcomes can become powerful advocacy tools for tracking progress on commitments made and pushing for changes at different levels. At the national level, civil society organisations can put pressure on governments. At the regional level, measurable outcomes can encourage healthy competition between neighbours, as well as cooperation, where applicable. At the global level, although the politics are harder to ignore, continuous civil society and peer pressure could eventually help encourage shifts in global governance arrangements, at least in places that may be more politically ready for it.

Although the magnitude of the political challenges cannot be underestimated, efforts should be made, where possible, to provide more specific, time-bound commitments for a global partnership in the new agreement. If indicators are being discussed in other fora (for example, those for the debate on greenhouse gas reductions in the context of climate change negotiations), spaces could be left to fill in targets and indicators as and when they are agreed.

New issues?

While a number of issues captured by MDG 8 are still relevant, there are others to be considered in the post-2015 debate. These could include macroeconomic stability, given that the state of the global economy has an impact on trade and investment opportunities for poorer economies, perhaps migration, which, in some cases, can be a relevant poverty reduction tool[3], and climate change – the links between vulnerability to climate change and poverty are widely known and cannot be ignored if poverty reduction efforts are to be sustainable over generations.

In rethinking how a global partnership could be integrated into a new framework, consideration should be given to these new issues. Perhaps it would be useful to develop criteria to prioritise them. Provided there was sufficient evidence available (which may not be the case), issues could be ranked

[2]At the moment there are two UN processes relevant to this agenda. There is the High-Level Panel on the Post-2015 Development Agenda advising the UN Secretary-General that will produce a report in May 2013 with recommendations for a new framework. In addition, the UN intergovernmental Open Working Group on Sustainable Development Goals has been established to look at a set of sustainable development goals. The intention is that these two processes will be brought together, and will combine poverty and sustainability concerns in a single set of goals.

[3]Lucci, P. and Martins, P. (2013). *Post-2015: Can we talk about migration?* London: Overseas Development Institute (ODI).

in order of the magnitude of their impact on sustainable development in the poorest countries. This could help to set priorities as well as to provide compelling evidence to make the case for these issues harder to ignore.

In addition, MDG 8 includes aid commitments that would help finance the goals. However, the aid landscape has changed significantly since the MDGs were conceived. The global financial crisis and consequent fiscal tightening has put increasing pressures on the budgets of traditional aid agencies. At the same time, new actors and cooperation modalities are gaining prominence. Philanthropic organisations, emerging donors, and the private sector are among the new actors. South-South cooperation, vertical funds, new financing mechanisms, and a renewed emphasis on domestic resource mobilisation, including tackling tax evasion at the international level, all feature in discussions about future cooperation and financing modalities. When it comes to resource mobilisation and financing new goals, a new agreement should reflect these trends.

Overcoming difficult politics

Specifying a global partnership and shared responsibilities involves striking a delicate balance between ambition and pragmatism. If the level of ambition is too high, there is a risk of overloading and potentially derailing the already complicated process to agree on a new development framework. At the same time, if the level of ambition is not high enough, the framework may not be as effective as needed.

Three General Principles for a New Framework

Agreeing on a new development framework, including a renewed global partnership for development, will not be an easy task. Three general principles – simplicity, specificity and symmetry[4] – could prove useful in envisaging a new development compact.

Let's start with simplicity. The MDGs did not reinvent the wheel – they simply condensed an extensive list of well-known issues to a manageable few. This helped to keep efforts focused instead of diluting attention across a long wish list. In the early stages of discussing a new framework, it is natural that long lists will be created, with different groups pointing to many left out areas, particularly those most relevant to their constituencies and interests. Yet at some point, if the strength of simplicity is to be retained, there needs to be a process of prioritisation. Being disciplined about the number of issues for consideration should ideally remain an important feature for the future set of goals.

Specificity – that is, the inclusion of measurable targets – is another often-quoted strength of the MDGs. Specificity is what allowed different actors to track progress on commitments made and use the MDGs as an advocacy tool. This does not deny the fact that some important areas in the new set of goals may not be easily captured using quantifiable indicators (and this applies to some of the issues for consideration under a new global partnership). However, based on the experience of the MDGs, efforts to develop and explore specific targets and indicators should continue.

Finally, there is the issue of symmetry – that is, sharing responsibilities across countries, according to their capacities, for taking actions to achieve the new goals. Perhaps the well-known principles of "common but differentiated responsibilities" and "special and differential treatment" could prove useful in guiding architects of a new development framework that includes a new global partnership. There is a sense that the MDGs were not implemented symmetrically, putting more emphasis on what developing countries had to do rather than other countries' commitments as captured by MDG 8. It is becoming apparent that, in order to be successful and have sufficient buy-in, particularly from certain middle-income countries, a new deal will need to incorporate a stronger element of shared

[4]Melamed, C. (2012). "David Cameron, Beware: The Post-2015 Aid Agenda is an MDG Minefield." *Poverty Matters Blog*, *Guardian*, October 31. http://www.guardian.co.uk/global-development/poverty-matters/2012/oct/31/david-cameron-post-2015-aid-mdg.

responsibility than that in the MDGs. It will also need to reflect the new trends in development cooperation and financing.

The extent to which countries are politically ready to confront the fundamental but complex issues that are integral to a new global partnership still remains to be seen. This will become clearer as the intergovernmental negotiations start in earnest.

A Development Partnership Framework for the Post-MDGs

Richard Marshall*

I offer two sets of remarks. First, some reflections on MDG 8 and its framework as currently established. Second, I will try to say some more radical things, with the hope of provoking a response from the room.

What is wrong with MDG 8? Its lack of cogency, lack of reciprocity, lack of incentives for ODA disbursement, and lack of a mechanism for claims made on donor countries. Indeed, the MDGs were described by David Hulme as "the world's greatest promise." The idea he was articulating was the deal between the developing and developed worlds. Now it is quite striking that if you look through the MDGs, MDG 8 is the only goal that commands some reciprocity on both sides. As David also remarked, the MDGs are a marriage of human development to resource-based management. Yet, MDG 8 is the only goal I can see that is not, in the language of performance management, SMART. It fails on most of the key criteria – it is not specific, not measurable, not so relevant, and definitely not time-bound. This, I submit, raises questions about its functionality and purposes.

Still, we have to be more positive about MDG 8. There has been progress on debt, there was progress initially on the scale of aid provided, and the quality of ODA has improved. Notably, tied aid is no longer a common feature of the international aid system. Further, I think the goal promotes a consensus that there has to be a dialogue between donors and recipients about the delivery of development outcomes. Now having said all of that, the history of successful development points elsewhere. Where we have witnessed the transition from developing country status to developed country status, the story has not been about the pivotal role of ODA. For countries such as South Korea and Taiwan, which were developing countries, and now China and Vietnam, and also Bangladesh perhaps, the development story has been about policy and the marshaling of domestic resources. Therefore, the focus ought to be shifting to issues such as domestic resources, trade concessions, and increasingly climate change. Policy space is important – resolving things like Agreements on trade-related investment measures (TRIMS) and trade related aspects of intellectual property rights (TRIPS) within the WTO remain crucial.

So what might we do about MDG 8? I think the possible reforms have been well laid out by others and I agree with much of what has been said. I might add harmonisation of funding streams within the UN system as a possibility. The UN engaged in a series of MDG costing exercises that actually provided price tags for individual national governments. Perhaps those would provide indications of the kinds of costs, transfers and actions that might be required for post-MDGs. Further, I think some more policy space is owed to LDCs on issues like International Monetary Fund (IMF) surveillance, and IMF and World Bank credit agreements. Although far from pivotal in terms of funds granted, such agreements with their accompanying conditionalities and policy pronouncements matter because they have a catalytic role. If the IMF stands up and dismisses national policy responses, this has effects on all donors and investors. Thus, I think it would be useful, perhaps in the successor goal to MDG 8, to define the scope of national sovereignty in relation to ODA.

Having said all of this, I am still doubtful that anything like MDG 8 can actually succeed. I wonder if the goal is even intended for LDCs. It seems to me that it was written for developed countries and for their own political reasons. Donor governments needed to *sell* the goals. This is all part of the deal that David describes. Listening to all of the great ideas that people are coming forward with, I am left wondering if they can succeed within the MDG framework, given the apparent cross-purpose of MDG 8.

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So the question then is: what might replace it? What would I do? I have some vague notions of what an alternative could look like, but it is unclear whether leading donors and international financial institutions would sign up to something that is more locked in and progressive.

If I were designing the next development agenda, I would not have anything like MDG 8. I would instead build its commitments into individual post-MDGs. I would work on the kinds of institutions that Mustafizur described. I would look at things like the Tobin tax seriously and look to integrate them into incentive frameworks and quasi-legalistic instruments that we have seen around climate change and trade. Indeed, I think that the heterodoxy toward the WTO has been too negative. Unlike the international financial institutions, the WTO has allowed least developed country governments to maneuver within a legalistic framework, with cases being heard and judged (to some degree) under rules of neutrality. The WTO does not operate on the kind of shareholder model that the IMF and the World Bank do. It is a court in which arguments matter. To reiterate, I would try to frame the kinds of institutions that Mustafizur described and instruments like the Tobin tax and climate change funding modalities within that kind of legalistic framework.

I will remain pessimistic about this whole enterprise because we would have to get buy-ins from all shades of opinion and crucially from donors and international financial institutions. There again we come back to considerations of global governance and global political economy. While I agree that the Brazil, Russia, India, China and South Africa (BRICS), and sometimes China alone, are changing the rules of the game, things are still in transition and we still have not seen major changes in the working models of the IMF and World Bank. The United States still has a de facto veto within both institutions. I am also worried about the Group of Twenty (G-20), as it seems to me that one club of the powerful, the G-8, has been replaced with another. Securing a workable post-MDG outcome that delivers, is therefore, in doubt.

Additionality for the Post-MDGs

Mustafizur Rahman*

In whatever manner we design the post-MDGs, the fact remains that attaining new goals and targets will depend on harnessing additional resources. Applying our minds to identifying new resources and institutional arrangements to generate them is critically important to servicing the post-MDGs, in whatever shape and form they eventually emerge. We could release resources for new activities through better allocative efficiency, try to raise the efficacy of resource utilisation, and ensure better distributive justice. All these are worthwhile. The issue of additionality nevertheless stands out and will continue to remain a key concern in discussions on the post-MDGs.

When the MDG targets were set out in 2000, estimates of new resources were envisaged to be about USD 61 billion. There was a review of resource needs in 2005 that projected an amount of USD 167 billion would be required to attain the eight MDGs. Estimates carried out more recently indicate that to reach the targets in education and health alone, USD 120 billion is needed each year until the end of 2015. When Jan Vandemoortele, one of the architects of the MDGs, was asked about the cost of meeting the MDGs, he replied that the only cost was “more, some more, much more!” That gives us an idea about the nature of the demand for resources.

I will thus concentrate on possible new resources for the post-MDGs, how to generate those resources, and what has been the thinking on that front until now.

How can we generate the much needed resources? I have five points in this regard: how best to make MDG 8 work for other MDGs, raising the efficacy and efficiency of using domestic resources, new institutions that will need to be put in place, new instruments of resource mobilisation, and potential sources of new resources.

With regard to MDG 8, when the next WTO Ministerial Conference takes place in Bali, we ought to try to relate the post-MDG discourse to the Doha Development Round negotiations and discussions. We should focus on how trade could be made to work for the economic development of developing countries in the post-2015 period. There are a number of issues that will be on the table in Bali – duty-free quota-free (DF-QF) market access for the LDCs, aid for trade (AfT), support for trade facilitation, and TRIPS and transfer of technology, to name but a few. If there is a global consensus with regard to making trade work for development, which is the declared ambition of the Doha Development Round, then the discourse in Bali could be influenced in a certain way so that the post-MDGs could be serviced in a cogent and coherent manner. The possibilities in this connection should be teased out in Bali.

With regard to debt relief, Saman has rightly pointed out that out of the 39 heavily indebted poor countries, 36 reached the decision point while 32 reached their completion points. The amount of debt relief for countries that have reached completion points was equivalent to about 35 per cent of their combined gross domestic product (GDP). This is a substantial sum by any measure. However, it is also true that out of those same 32 countries that reached their completion points, seven are now in debt distress, and 12 have been put under the debt-risk category. So when we talk about the way that MDG 8 has been pursued on the ground, we also need to think about the sustainability of related interventions. Evidently, some of the initiatives implemented in the context of the MDGs, such as debt relief, will need to be continued.

With regard to aid, average ODA provided at present is equivalent to 0.31 per cent of GNI, when the target is to reach 0.7 per cent of GNI. This target was one of the very first commitments by developed countries. The gap between total ODA provided and the target is estimated to be to the

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tune of USD 167 billion. This commitment by developed countries should be kept in mind when resource availability for the post-MDGs is discussed.

With regard to the efficacy and efficiency of domestic resources, raising more is important and more attention should be given to strengthening tax efforts. Developing countries will have to do the necessary homework in this respect. There are estimates that a significant amount of additional resources can be raised through institutional and operational changes. Related to this is the issue of capital flight. The recently published *Global Integrity Report* states that over the past 10 years capital flight of about USD 14 billion took place from Bangladesh alone (i.e. USD 1.4 billion each year). For other countries, the figure was even higher. Measures should be adopted to address the attendant concerns and efforts should be renewed to recover resources and prevent capital outflow in the future.

With regard to new institutions, Professor Rehman Sobhan mentioned that large surpluses are being generated in the South. He proposed the establishment of a Southern monetary fund that could be a conduit to harness these surplus resources for development. Saman also mentioned South-South cooperation. Indeed, various forms of new institutions and partnerships are imaginable. Besides, there remains a need to discuss the democratisation of key existing global institutions where the voice of Southern countries ought to be adequately reflected.

With regard to new instruments of resource mobilisation, ideas have been mooted as regards debt conversion swaps as a tool of debt relief. If money is spent, for example, on education or health, donor countries would allow debt swaps against that money. Frontloading support through debt instruments could also be possible, particularly in view of the current slowdown in developed countries and the consequent lower appetites to commit resources to aid. By deploying the principle of "use now and pay later" and floating various medium to long-term instruments, resources could be raised from the capital market. The idea of instituting a Tobin tax – a tax on foreign exchange transactions – has also been brought up. Estimates indicate that such a tax could generate a significant amount of financial resources. Some have also suggested applying global solidarity levies, such as a tobacco levy and a global carbon tax. All these instruments could raise finance for the post-MDGs.

Potential sources of new resources include vertical funds, the so called targeted funds. For example, the United Nations Children's Fund (UNICEF), which is a targeted fund, deploys resources only for activities that target children. Various global philanthropic funds remain major sources of untapped resources. These have not been accessed until now in any significant manner. In the United States, annual private contributions to various charities and other initiatives were about USD 220 billion, equivalent to about 2 per cent of GDP. In contrast, the contributions to philanthropic funds working toward MDG-related targets have been rather insignificant. There is a need to step up efforts to access these potential sources of finance and target interventions in the post-2015 period.

I would like to conclude by referring to the issue of ambition versus pragmatism. Che Guevara, the renowned revolutionary, is said to have spoken the words: "We are realists… We dream the impossible." Today there is an acute need to be ambitious. If the bar is set lower, we will fail to rise to the demands of the times. *Southern Voice* ought to set its ambitions high because it claims to represent the voice of the developing world. It is thus only logical that we are as ambitious as we can be.

Resources, Institutions and Governance for the Post-MDGs

Sultan Hafeez Rahman*

I will speak about three issues: resources, institutions and governance, as they relate to the post-MDGs.

We know that international support for the MDGs has been short of expectations. Having seen the system work from the inside, my sense is that the international assistance environment is very constrained. Over the past three-and-a-half years, both the World Bank and Asian Development Bank (ADB) have had substantial increases in their capital, particularly the component of concessional funds. Despite being substantial, these capital increases only allow these multilateral development banks to continue their non-concessional assistance at current levels and slightly increase their concessional assistance. If I am not mistaken, this is also true for the African Development Bank.

Apart from multilateral assistance, I also sense that if you look at bilateral assistance all the traditional donors have been hit hard by the global financial crisis. Of course, we will be looking at a different time horizon in the post-2015 period, but I think that we have to accept that the current economic crisis is not an ordinary fluctuation in economic activities. It has exposed deep-seated vulnerabilities in advanced market economies. Correcting the current situation will take a long time, and therefore, I think that it will be difficult economically and politically for the traditional donor agencies to maintain the kinds of assistance that they have in the past. The exceptions in Asia, which are praiseworthy given respective country situations, have been Japan, Australia, and the United Kingdom. These countries have contributed and increased their contributions to the multilateral system significantly, even with the backdrop of severe crisis.

Regarding emerging donors in the context of the concessional funds replenishment exercise – for example, replenishing the Asian Development Fund of the ADB – and the general capital increase exercise, we did not see significant appetite or interest from South Korea, China and India. China, however, did make a significant contribution to the International Development Association (IDA) of the World Bank. Emerging donors run large bilateral programmes, and it is entirely possible for them to contribute more to the multilateral system. China and India will argue that their per capita incomes are still relatively low. I think this should be part of the Southern Voice initiative – articulate that emerging donors must now take up a share of the burden of financing the development of those countries which are still developing.

My sense is that the international assistance environment will continue to be constrained as we move beyond 2015. Good policy advice for developing countries is to focus more on mobilising domestic resources. These countries have to do their part as well. In the past, we have seen them be much more expectant of development assistance, but by now they have made progress, their capital accumulation in many cases is substantial, and I think that they should be able to do more for themselves. I think that developing countries must play a much larger role in sharing the costs of achieving the next set of development goals.

I also think that private philanthropy is going to become increasingly important. Developing countries must find ways of creating and nurturing enabling environments for private philanthropy to thrive in their countries, not just look to private philanthropy for external resources.

Regarding institutions, I think that, on the donor side, donors have actually evolved quite a bit. I think that even stark critics of donor agencies would concede that their agendas have become much more aligned with the MDGs. If we look at patterns of lending, we will see that they are more focused today on economic growth and especially health and education agendas than they were a decade

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ago. A framework has emerged – Managing for Development Results – in which both donors and recipient countries agree on common objectives and targets, and monitor whether or not they are being achieved. Some donors are doing a very good job of monitoring results internally. But this model is still in its infancy. It is not strong enough, and needs a lot more investment and work before it can become a meaningful partnership model for monitoring outcomes.

On the developing country side, I think absorption is a huge issue, which really has a lot to do with institutions. Many institutional reforms are needed. Governments need to address this issue with concrete actions because my sense again is that this is something that donors will demand much more of. Absorption should be an issue for the post-MDG agenda.

And lastly, I think that governance standards remain wanting, despite many capacity building efforts in developing countries. Given that external assistance and domestic resources are funded largely from taxes, and domestic resource mobilisation is an increasing priority, I think that far greater accountability will be demanded in the future than has been in the past. Zero tolerance toward corruption should be a significant priority in the next development agenda.

I believe that the MDGs were timely and apt and they did a great job in moving developing countries' focus away from the international development dialogues centred on the Washington Consensus. The goals moved their focus to a narrative and the meta-narrative in which we now participate – and I understand that the future indeed lies in an extension of this ethical, compassionate, and strident a narrative.

Financing the Post-MDGs

Nadeem Ahmed*

Since the beginning of the 20th century, Northern countries have seen their living standards continually rise through extraordinary economic development. A large number of Southern countries have continually faced serious developmental challenges such as poverty, food insecurity, illiteracy, endemic diseases, maternal and child mortality, unsafe drinking water, and lack of shelter. The socio-economic disparity between the North and South is at the core of the ongoing discourse on global governance.

It is important to question why the South has lagged behind in socio-economic development despite having reasonable human and material resources. It has been argued that Southern countries have unfavourable conditions for development and have been denied meaningful representation in global decision making. Decision making through the UN system is dominated by North, which continues to advocate development policy options that are divorced from realities on the ground in Southern countries. International development cooperation should be based on aid effectiveness and improving self-reliance. One important aspect that has impeded effective global governance is the distrust between North and South. There is ample evidence of non-adherence and non-cooperation by the North regarding the Kyoto Protocol, WTO and UN resolution on the Responsibility to Protect. Building trust is the key to international peace and security, sustainable economic development and prosperity, and global welfare. Contemporary understandings of global processes indicate that a new framework for global decision making that includes voices from the South is needed.

We have seen that global governance has become increasingly difficult in recent years because of changing patterns of production and consumption. The emergence of new economic growth engines such as the BRICS is challenging established global governance mechanisms. This is an economic and political paradigm shift in international affairs that is causing the South to look inwards to address its developmental challenges. Southern countries should focus more on South-South cooperation and adequately dealing with the governance problems that most of them face. Notably, there is a lack of political will on the parts of many governments to improve the well-being of their populations. For instance, many developing country governments were not willing to make the MDGs national priorities.

Much has been said about the design, value, and need for the MDGs, especially in the context of the South. Interestingly, the international community does not seem to be very concerned about the success or failure of the MDGs at the country level. Rather, it has begun deliberations on the post-MDGs. A Southern perspective on the post-MDGs is necessary for a number of reasons. First, the MDGs were imposed on countries without consultation and consideration of the economic, political, institutional, social and environmental capacities of countries. Second, respective roles were not clearly defined, with major stakeholders such as the private sector and civil society organisations viewing the MDGs as the responsibility of governments.

The post-MDG agenda should first of all be simple. The more complex it is, the more difficult it will be for governments to achieve targets and goals. We should also recognise that there is a trust deficit between the North and South that has to be bridged. Northern countries can do their part by fulfilling commitments to provide ODA equivalent to 0.7 per cent of GNI and adhering to the principles of aid effectiveness.

This leads to the fundamental issue that both Northern and Southern countries should be thinking about – financing the post-MDGs. At present, Northern countries are providing ODA that is on average equivalent to only 0.31 per cent of GNI. These countries' contributions should be scaled up gradually according to predictable timetables to reach the 0.7 per cent target. Five European Union

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(EU) countries – Denmark, Luxembourg, the Netherlands, Norway, and Sweden – have already surpassed the 0.7 per cent benchmark. If these countries can fulfill their commitments, why can't the others?

The development cooperation discourse should not be separated from the broader political power discourse. Donor agencies have drawn lines, considering which countries to develop and which not to. These lines need to be addressed for effective global development cooperation. We know that international development is asymmetrical and donor-driven. There is also a need to address asymmetries in power, wealth, technology and knowledge.

Southern countries can do their part by enhancing domestic resource mobilisation. Inefficiencies and the lack of resources prevent the South from achieving sustainable development outcomes. Sharply reducing corruption, improving tax systems, and recovering resources lost due to capital flight are but a few available policy options.

Finally, both Northern and Southern countries need to address issues in international trade and global governance. Given that multinational corporations play a major role in the global economy, it is imperative to incorporate the private sector into the post-MDG agenda. More regional trade and regional cooperation is welcome. Working through the South Asian Association for Regional Cooperation (SAARC), Association of Southeast Asian Nations (ASEAN), and other multilateral arrangements is desirable. Trade should be considered the primary solution for financing the post-MDGs. But if we cannot resolve major issues at the global level, such as the ongoing global economic crisis, high energy prices, and persistent trade barriers, we cannot expect trade to provide sufficient finance. To resolve such issues, global governance institutions and mechanisms that currently favour the North should be reconfigured to incorporate views and potential solutions generated by the South. Developing countries, on the other hand, should ask a fundamental question: what do we intend to achieve over the next 10 to 15 years?

Partnerships and Participatory Research for Influence in the Post-MDG Process

Tom Thomas*

It is important to engage further with the MDGs but not entirely without critique. Some critics say that the MDGs are kind of a product like the neoliberal agenda and they reflect a kind of depoliticised engagement by governments with large poor segments of communities. Other critics say that the MDGs are an agenda that keeps developing countries busy and keeps them from looking at their structural issues. Now, we know about separating trade and aid. I think that we should engage with the aid agenda more critically and an attempt should be made to converge the trade and aid agendas. The poor are not asking for charity. They are asking for a level playing field where they have opportunities to earn, they are paid fairly, and they can live dignified lives. They want stigma-free environments where they can demonstrate their full potential. When we think about development, we need to think about both aid and capacity building for trade.

Importantly, what are we attempting to do as a group to amplify community voices? We are operating in a context where universities and academics are beginning to lose their say. Corporations and the media are increasingly setting agendas. I think that it is extremely important for think tanks of the South to come together and share what they have to say. One of the most important aspects going forward is to ambitiously build strategic partnerships to make voices louder and gain ground on well-funded actors. It is also very important to amplify voices from local communities.

One attempt to amplify voices is the conduct of participatory research. Twenty-five organisations are engaging in participatory research with community-level and ground-level participants. This initiative is anchored by the Institute of Development Studies at the University of Sussex. Key areas that researchers are looking at are:

1. What we have learned from participatory research in the past 5-7 years from across the globe. This involves secondary analysis of primary data. Meta-analyses and syntheses of recent and current research are ongoing.
2. How to embed the post-MDG agenda into existing participatory research processes in 25 different countries.

One goal is to create a ground-level panel comprised of community members, particularly minorities and urban poor. If a ground-level panel can provide input to the High-Level Panel on the Post-2015 Development Agenda, that would make real differences. A longer-term vision is to promote engagement between policymakers and individuals at the ground level so that policymakers become more familiar with realities on the ground.

Notably, researchers are using video to directly amplify voices. Video is being used to capture individuals' messages, with the understanding that they should not be diluted. In this way, individuals can speak directly to policymakers, which is a change since someone else is usually speaking on behalf of individuals and communities. This is a promising method for getting local voices heard by the High-Level Panel and communities' concerns fed into the post-MDG process.

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Southern Voice on Post-MDG International Development Goals (*Southern Voice*) is a network of 48 think tanks from Africa, Latin America and South Asia, that has identified a unique space and scope for itself to contribute to the post-MDG dialogue. By providing quality data, evidence and analyses that derive from research in the countries of the South, these institutions seek to inform the discussion on the post-2015 framework, goals and targets, and to help give shape to the debate itself. In the process, *Southern Voice* aims to enhance the quality of international development policy analysis, strengthen the global outreach capacity of Southern think tanks, and facilitate professional linkages between these institutions and their respective governments. *Southern Voice* operates as an open platform where concerned institutions and individuals from both South and North interact with the network members. *Southern Voice Occasional Papers* are based on inputs received at various platforms of the initiative. *Centre for Policy Dialogue (CPD)*, Dhaka works as the Secretariat of the *Southern Voice*.

Southern Voice
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