development initiatives

investments to end poverty 2018

meeting the financing challenge to leave no one behind

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Thank you

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Preface

India, 2009
A young woman uses mobile phones during a community meeting in Aurangabad.

Credit: © Simone D. McCourtie/World Bank

Preface

Dear reader,

Welcome to *Investments to End Poverty 2018: meeting the financing challenge to leave no one behind.* Development Initiatives seeks to provide essential analysis based on the best available data and evidence to support all actors – global, regional and national – working to implement the Sustainable Development Goals (SDGs).

Since the launch of our Investments to End Poverty series the world has been changing fast. During the Millennium Development Goals period poverty fell by half – showing progress is possible when we work together to a shared agenda. But real challenges remain and some are becoming more acute. Climate change, conflict and violence, economic, social and political events have led to an all-time high number of people displaced, putting great strain on domestic and international resources. Fragility and poverty still converge while national-level inequality is on the rise. We have also witnessed a rise in populist-led movements in many countries driven by isolationist tendencies resulting in an uncertain future for global trade.

All these events challenge the commitments the world made in 2015 through the SDGs – and make the spirit of cooperation and multilateralism that have brought us this far more important to uphold than ever. *Investments to End Poverty 2018* takes stock of where we are and sets out a renewed agenda on how financing should respond to meet the priorities of Agenda 2030, specifically SDGs 1 and 10 to end poverty and inequality in all their forms everywhere.

This report is the third in a series launched in 2013 ahead of Agenda 2030 to provide evidence-informed analysis on the impact of aid on poverty, the right balance between promoting growth and direct assistance to people in poverty and the need to mobilise more resources and use them effectively. The second report provided greater insight on all the potential resources available to finance the SDGs. *Investments to End Poverty 2018* sets out a clear agenda on how aid, within the broad development finance landscape, can be better targeted to support Agenda 2030's ambitions by focusing on the poorest people first.

This report and the in-depth analysis published alongside it aim to be critical resources for donors, multilateral agencies and stakeholders financing Agenda 2030. DI wants to work closely with you to ensure you have the information and evidence you need in an accessible and relevant format to improve the targeting of your work and make every dollar you spend to support Agenda 2030 count. We hope this – and the advisory role we offer openly to all – will ensure you can make the right choices on how to target your scarce resources to end poverty.

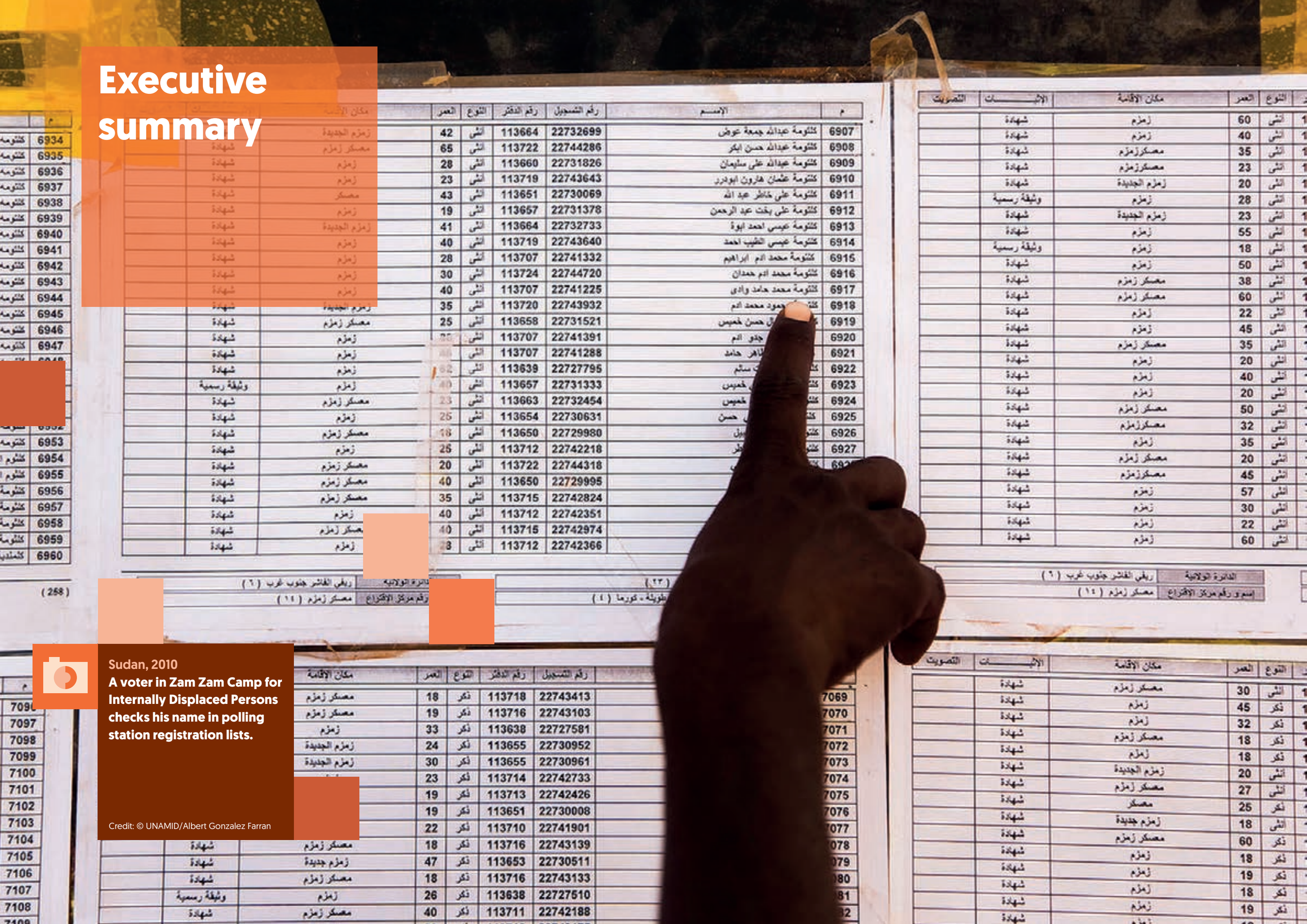
As ever, we have sought to base our analysis on the best data available. I look forward to receiving your feedback and working together to end poverty by 2030.

Thank you for your interest.

Harpinder Collacott

Executive Director

Executive summary

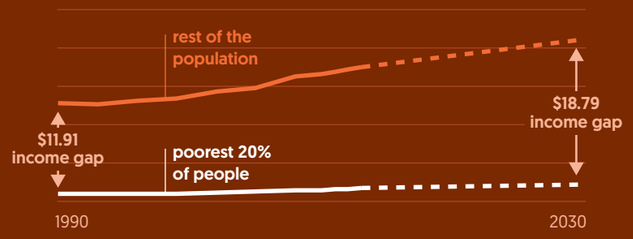


Sudan, 2010
A voter in Zam Zam Camp for Internally Displaced Persons checks his name in polling station registration lists.

Credit: © UNAMID/Albert Gonzalez Farran

business as usual means leaving people behind

while poverty halved during the MDGs, many people have made little or no progress ...



by 2030 the gap between the poorest people and everyone else will be even greater

A data revolution for sustainable development | Sustainable Development Goals | World Humanitarian Summit

we must take urgent action to change trajectory

action

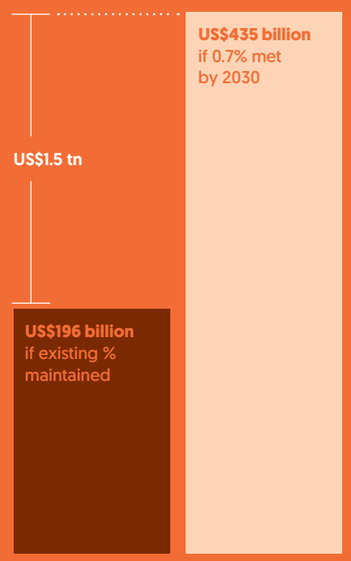
- **Identify** complementarity and synergies between different resources to maximise their development impact
- **Meet** 0.7% GNI commitments by 2030
- **Prioritise** the data that countries need to tackle poverty, and invest in capacity to use it
- **Invest** in people for their well-being and economic potential, with much greater focus on social protection, health and education
- **Redirect** ODA towards the people furthest behind and invest in areas that have greatest impact on poverty

2030

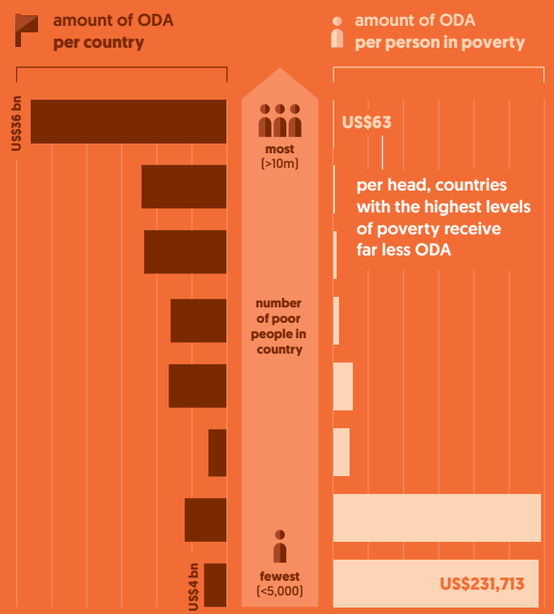
business as usual

... but there is a real opportunity to get back on track

An extra **US$1.5 trillion** ODA by 2030 is possible, if donors meet their commitment to 0.7% GNI



And this vital resource could be much better targeted towards poverty

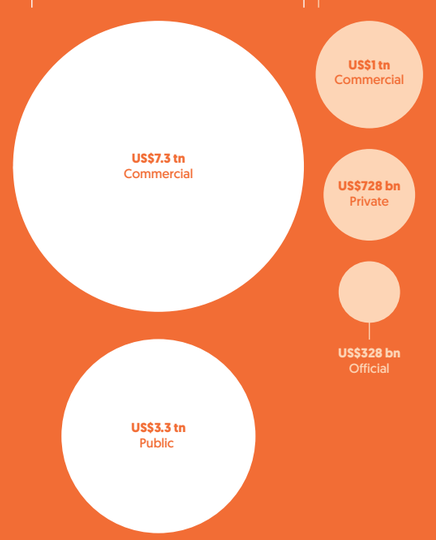


For sources and notes see Figures 1.1., 2.3, 2.8, 2.9, 3.1 and 3.2 within the full report. Domestic and International aggregate totals exclude China.

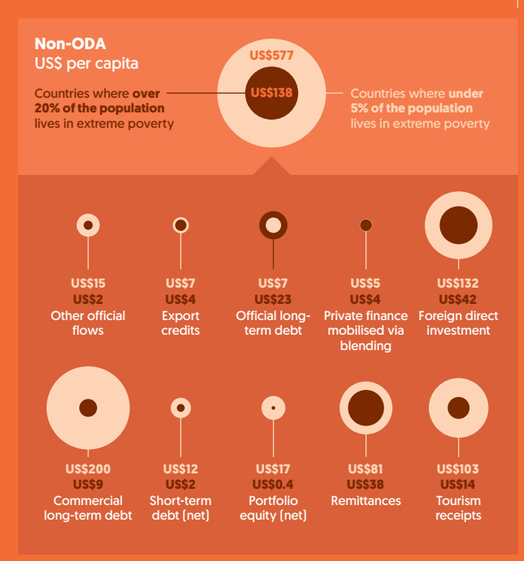
MDGs: Millennium Development Goals; ODA: official development assistance; GNI: gross national income.

Note: The extra US$1.5 trillion disbursed if donors meet their commitment to 0.7% GNI is based on the additional total in ODA that would be generated in each year between 2017 and 2030 if donors meet the target by 2030, compared to levels if the existing ODA/GNI proportions are maintained.

Overall, more resources exist than ever before



They, too, can be better mobilised to reach the people most in need



Meeting the financing challenge to leave no one behind

The 2030 Agenda for Sustainable Development (Agenda 2030) sets an ambitious but achievable, universal and holistic agenda for all. There is a clear call for action to dramatically scale up development finance and improve the development impact of all financial flows. But it is at risk as the gap between the poorest people and the rest of the world widens.

- The **poorest people are falling further and further behind everyone else** as the income gap grows, consumption floors remain functionally stagnant for the poorest people and critical investment is not made in social protection and building human capital.
- In that context, **official development assistance (ODA) continues to be the most critical source of external financing** for development to support and complement national investments, particularly for the people and places most at risk of being left behind. Yet **worrying trends show a shift away** from a clear allocation to the people, countries and sectors most critical to ending poverty.
- All resources and all actors have a responsibility and a role to play, but **investing to end poverty and closing the gap needs more than scaling up resources** as many international resources increasingly bypass where they are needed most – in countries with high poverty rates and low domestic resource capacity.
- **Information and data have not kept pace with the need for ever more disaggregated data** to effectively identify the people and places most at risk and the resources available to them. And nor has investment and support for data use to target resources to the people furthest behind.
- All these factors mean that **Agenda 2030 and its aspirational call to action are at risk** – financing is only part of delivering sustainable development for all, but a necessary part. A future of business as usual will fail too many people, in too many places.

Investments to End Poverty 2018 explores how development finance is responding to this new and more challenging development and poverty landscape. It sets out an agenda to get back on track and ensure the promises the world has made to the poorest and most vulnerable people are met.

Action for Agenda 2030

Our agenda for action and key recommendations are as follows:

Invest in people

To end extreme poverty by 2030 and leave no one behind, the focus must be on people and on the poorest people first. That means increasing investment in human capital, including social protection schemes, health and education.

Close the widening gap to the poorest people

There is an urgent need to mobilise additional resources for the SDGs. All resources – international and domestic, public and private – have important roles and responsibilities, but for the poorest countries and people, ODA will remain vital. Donors therefore have a responsibility to ensure their ODA is being spent in line with the priorities of Agenda 2030. It is time for a refreshed vision of aid, recast as a resource to ensure no one is left behind. In support of that new vision:

- The volume of ODA should be increased in line with existing targets.
- ODA should be redirected to the people and places who need it most.
- The quantity, quality and development impact of other resource flows need to be improved.
- More effective approaches are needed in fragile contexts and crises to meet rapid and longer-term response needs.

Invest in data

Better data is required to target resources effectively to the people who need them most and, for each of those resources, to measure who is included and who is left out. That means greater investment in systems to ensure everyone is counted, and in the collection and use of data disaggregated by income, gender, geographic location, age and disability to identify the people at greatest risk of being left behind.

Political will and leadership are critical: Despite limitations in data, who is at risk of being left behind and where they are, or will be, is broadly known. As are many of the types of investments, tools and mechanisms to best reach them. The allocation of resources is ultimately a political act, shaped by competing political incentives. How successfully these are overcome during the next decade will be measured by how many people remain in extreme and other dimensions of poverty, how many people remain excluded from progress and for how long the gap between the poorest and the rest continues to grow.

1
New mindsets for investments to end poverty

Mali, 2015
A man walks through an empty field in Mali.

Credit: © Curt Carnemark/World Bank

Key messages

- Despite commitments to inclusive, pro-poor and broad-based growth, the poorest 20% of people still receive just 1% of global income.
- Including everyone in progress can no longer be a matter of rhetoric. It must be measured. The imperative to leave no one behind means looking beyond averages to see **who** is left behind, globally and in **every** country. Any government, any business, any civil society organisation that claims to be contributing to inclusive progress should be required to measure impact. No data should increasingly mean no credibility.
- Sustainable Development Goal (SDG) 10 calls for faster-than-average growth for the poorest people to reduce inequality. But while the incomes of the poorest 20% of people have grown faster than the rest of the population since 1990, the gap between the poorest 20% and everyone else has continued to widen. This is because poor people's incomes are so low. Closing the gap between the poorest 20% and the rest of the population requires a step change in investment.
- Social protection systems have a vital role in ending extreme poverty. Some 36% of people in extreme poverty who received safety net benefits escaped extreme poverty.[1]
- As governments report on their 2030 Agenda for Sustainable Development (Agenda 2030) commitments to the High-Level Political Forum at the UN General Assembly in 2019, a key focus for accountability will be the leave no one behind commitment.
    - What progress has been made on incomes, health, education and nutrition for the poorest 20% of people?
    - What specific steps have been taken to deliver on the Agenda 2030 commitments to reach the people furthest behind first?
    - How many more people now have the security of social protection?
- 30 countries – mostly in sub-Saharan Africa – emerge as being most at risk of being left behind. Together these countries account for 23% of global poverty, but are expected to be home to around 80% of people in poverty by 2030.
- Investment strategies need to focus not only on where and who – but when. Frontloading investments in immunisation is estimated to have averted 2.75 million deaths. The consequences of poverty on lost education, stunted growth and lost years of life are irreversible. And as countries consider investment in growth, evidence suggests that the jobs and wealth of tomorrow increasingly depend on human capital investments in health, education and nutrition which open up choice and opportunity for people and countries.

Agenda 2030 and investments to end poverty

Ending poverty requires a sustainable and comprehensive approach which will lift and sustain people above the poverty line while also ensuring they are more resilient to crisis and are able to benefit from opportunity and progress. It is not simply a matter of lifting every one of the 782 million people living on 2011 PPP$1.90[2] a day or less above the international poverty line. If it were a matter of increasing income alone, this would be a more achievable challenge. Ending poverty, however, requires fundamental changes to the systems that will drive its end and the factors that perpetuate it, ensuring the people lifted out of poverty are then able to access services, fully participate in society and benefit from national and global growth.

In the poorest countries, nearly two decades into the millennium, poverty is still a matter of life and death. Forty million people, more than the population of Canada, will live or die depending on whether the world delivers on the promises agreed by 193 countries in 2015.[3] Even beyond this preventable loss of life, malnutrition, a lack of literacy and numeracy skills and a distinct health burden has put the poorest 20% of people in the world at a life-limiting disadvantage.

Many of the outcomes children growing up in poverty experience, including stunted growth and illiteracy, are not reversible; a child whose growth is stunted in their early years will likely remain disadvantaged. A lost education cannot be recovered, and the losses to the person and society are permanent.

This is the reality behind the imperative to leave no one behind: decades of rhetoric on pro-poor, broad-based, inclusive growth have not led to shared prosperity or acceptable standards of living for the poorest people.

Therefore, achieving the twin goals of SDG 1 (ending poverty in all its forms everywhere) and SDG 10 (reducing inequality within and among countries), alongside the goals on nutrition, health and education, represents a more fundamental and universal challenge that requires new thinking on investments to end poverty.

Ending poverty and leaving no one behind require new thinking

The first of the investments needed to deliver on the SDG 1, SDG 10 and Agenda 2030 commitment to leave no one behind is not monetary. It is an intellectual investment in a new mindset.

Many people in development agencies and governments do not seem to have fully registered the fundamental shift from Millennium Development Goals (MDGs) to SDGs. For all the strengths and achievements of the MDGs, their focus on action by partners did not lend itself either to 'developed' countries making great changes to their policies at home or abroad, or to developed and developing countries[4] working together to achieve common goals.

The ambitions of the SDGs and Agenda 2030 are different and require a new universal perspective. Changes in policy and investment choices are needed in rich as well as poor places, and the responsibility to include the poorest people in progress is shared.

For the poorest countries these imperatives mean investments to reach every last person – investments that will need external assistance. For better-off countries including traditional OECD DAC members, the challenge is both global and domestic. On the global side, the first step is to see how well existing development approaches reflect the leave no one behind agenda. But domestically, new focus on identifying and prioritising groups of people who are especially difficult to reach will be vital.

As this shift occurs, it is important to be mindful of other related changes in the way support for the poorest people is targeted and delivered. For example, as official development assistance (ODA) is increasingly delivered through diverse arms of government, it will be crucial for all agencies to engage with the imperative to leave no one behind. This means not only development cooperation institutions, but other government ministries and institutions delivering financing and projects, including the private sector.

Delivering on Agenda 2030 means not only thinking about the 17 SDGs in terms of **what** needs to be delivered. It means thinking about **how** the goals are delivered for everyone. It means looking beyond averages to see **who** is left behind, globally and in **every** country – because the factors that cause and perpetuate poverty and inequality are universal and reduce growth, well-being, choice and opportunity in every country.

The new imperative is both ending poverty and reducing inequality

Achieving SDG 1 and SDG 10 means both ending extreme poverty and reducing inequality. In income terms this means simultaneously ensuring no one is living on less than the international poverty line ($1.90 a day),[5] and achieving and sustaining faster-than-average income growth for the poorest people.[6]

Fundamentally, it means prioritising and measuring actions that can:

- narrow the gap between the poorest people and everyone else
- raise the consumption floor
- measure inclusive progress – who is included and who is missing out.

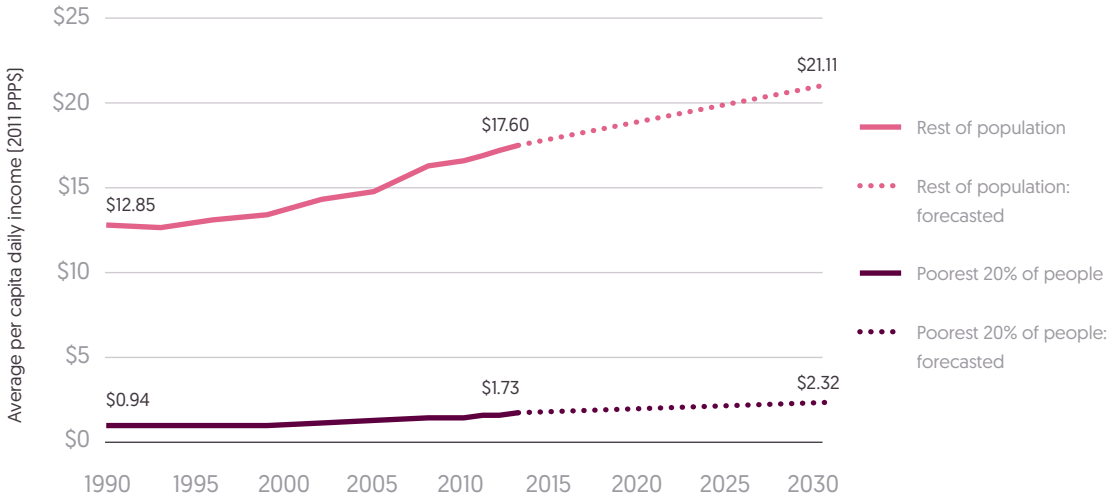
Narrowing the gap

The logic of SDG 10 is clear and explicit – the incomes of people in poverty must grow faster than average if inequality is to be reduced. But faster-than-average growth is not enough.

The incomes of the poorest 20% of people have grown faster than the rest of the population since 1990 – they have increased by more than 80%, compared with 37% for the rest. But the poorest 20% of people are already so profoundly disadvantaged and the level of inequality between them and rest of the world is so extreme that their 'faster-than-average growth' has not come close to narrowing the gap. Inequality has increased and the gap between their income and everyone else's is projected to increase (Figure 1.1).

Figure 1.1

Despite incomes growing for the poorest 20% of people, inequality has increased and the gap is projected to widen



Source: Development Initiatives based on World Bank PovcalNet.
Note: PPP: purchasing power parity.

The widening gap between the poorest 20% of the population and the rest can be seen in almost every country in the world. To change the direction of travel, the income growth rate of the poorest 20% of people needs to increase by 5.9 times between now and 2030 while the rest of the population remains on the same trajectory.

That people are being left behind is not only a matter of income: over the decade to 2014 disparities in infant mortality between the richest and poorest 20% of people have increased, reflecting "slower improvements among the disadvantaged".[7] Narrowing the gap is important not only for human capital and social sectors but for infrastructure, energy, financial services and all aspects of economic development, if the commitment to leave no one behind is to be met. This means growth and investment strategies in all sectors that identify who is excluded and specifically measure progress for different parts of the population.

Raising the consumption floor: Why social protection matters

To close the gap between the poorest people and the rest, the consumption floor must be raised.

The very poorest or 'ultra-poor' people[8] are those who are subsisting at or close to the consumption floor. Simply put, this is the bare minimum – the lowest levels of income or consumption that can be seen in society. Reaching these people is a moral imperative, and it is also essential to deliver on the commitment to reach the people furthest behind first.

In 1999 the consumption floor was 99 cents ($0.99). By 2013 – the most recent data available – it had gone up by a cent to reach $1; essentially unmoved.[9] While some people in extreme poverty have seen their incomes rise, those living at the consumption floor have seen virtually no improvement in over a decade. If the floor stays the same, it is a mathematical certainty that the disparity between the very poorest people and everyone else will continue to increase. They will be left further behind. Reaching the people furthest behind first must mean urgent political attention, followed by action and resource allocation devoted to systematic efforts to raise the floor. As governments report progress on their Agenda 2030 commitments to the High-Level Political Forum on Sustainable Development under UN General Assembly auspices in 2019, two key questions need to be answered in response to the call under SDG target 1.3 for countries to "implement nationally appropriate social protection systems and measures for all, **including floors**,[10] and by 2030 achieve substantial coverage of the poor and the vulnerable".

The questions are:

1. What progress has been made on delivering social protection to people in poverty, and especially to the poorest 20% of people?
2. What steps are underway to raise the current consumption floor – to give priority to reaching the people furthest behind first?

We know from the data that an inclusive growth strategy can be pro-poor in the sense that overall poverty numbers are falling, while at the same time, the poorest 20% of people are being left behind and some of the very poorest people – those living at the floor – are seeing no improvements in their level of subsistence at all.

We also know from evidence accumulated over the last two decades of the effective contribution of social protection. Two statistics can illustrate the tip of a positive iceberg of evidence on the impact of social protection on reducing poverty:

- More than a third (36%) of people in extreme poverty who received social safety net benefits have escaped extreme poverty as a result of social safety net programmes.[11]
- Even where these programmes cannot manage to get people above the poverty line, they have been shown to reduce the poverty gap by 45%.[12]

What this means in human terms is some of the world's poorest people having a little more money, a little less risk, a little more choice. Social protection programmes targeting the poorest people are the first step toward achieving SDG 1, not the last.

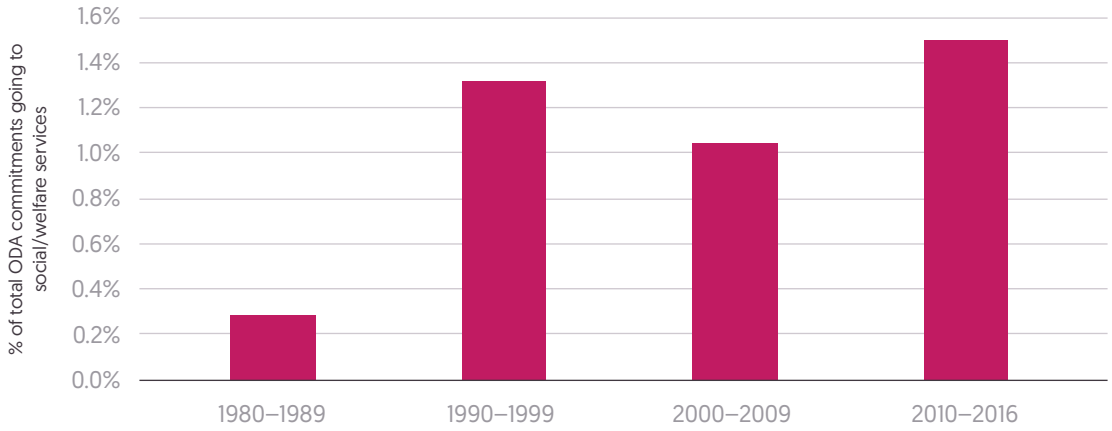
Globally around 650 million people in the poorest 20% are covered by some kind of social safety net. But this leaves 856 million people without any kind of social protection.[13] In the poorest countries the situation is even worse. Only 18% – less than the fifth – of the poorest 20% of people in low income countries are covered by social safety nets.[14] The World Bank estimates that countries at high risk of natural disasters have coverage that is worse still.

In many sub-Saharan African countries, the role of aid in ensuring that governments can provide social safety nets is key. In countries such as the Central African Republic, the Democratic Republic of the Congo (DRC), Republic of Congo, Ethiopia, Malawi and South Sudan, these social protection programmes are entirely donor funded. In Liberia, Uganda and Sierra Leone, aid funds over 80% of social safety nets. In Benin and Zimbabwe the figure is over 60%. Even in middle income countries such as Kenya and Ghana, donors fund respectively around a third and a fifth of social safety nets.[15]

In recent years, aid for social protection and welfare has occupied roughly a similar share of ODA as in the 1990s (Figure 1.2). Ensuring no one is left behind and that people do not fall into poverty will require more investment in social protection. Furthermore, domestic governments need to be supported to plan for the transition of programmes from relying on donor funding to domestic funding in the medium to long term.

Figure 1.2

In recent years, ODA in support of social/welfare services has accounted for a similar proportion as in the 1990s



Source: Development Initiatives based on OECD DAC Creditor Reporting System (CRS).
Note: Data reflects projects that may have focused on issues such as support for persons with disabilities without necessarily providing social protection.

Measure inclusivity – if it's not measured, it can't be claimed

The word 'inclusive' is used 45 times in Agenda 2030. Claims are regularly made for processes and strategies which are inclusive – but unless we know who is included and who is not, these are largely meaningless.

A country's growth strategy therefore should be based explicitly on the investment implications for the poorest people. It should report on who benefits from the investment and where it is best placed – sectorally and geographically – to enable poorer people to take up opportunity as well as how it addresses the different types of asset deficits – human, physical, financial, social, and natural – that the poorest people experience. Similarly, any investment which is claiming to contribute to the SDGs must specify which parts of the population it will benefit and monitor to whom, where and when the benefit is evident.

A wasteful historic fissure over the almost six decades of aid and development cooperation has been between investment in economic development and investment in human well-being – as though there were little connection between the two.[16] But increasingly evidence suggests that if effective social protection frameworks are built into an economic development strategy, governments can ensure the benefits of growth will be more likely to reach the poorest fifth of the population – while at the same time investing in the human capital essential in the changing world of work and reducing inequality, which is widely seen as contributing to instability and putting a brake on growth.[17] Evidence suggests that where the complementarity between social protection spending and economic development is strong, and the growth process is not too inequitable, then the floor will rise with economic development.[18]

The capacity of social safety nets to enable investments in human capital is particularly important. To use a productivity lens, the only way to ensure that young people grow up equipped to find a livelihood and make an economic contribution tomorrow is to invest in human capital today. Committing funds to human capital development can also safeguard against the impacts of poverty that are not reversible – stunting and lack of early years education, for example.

Facilitating making the right investments: Better data

Data gaps add substantially to uncertainty about who is being left behind. Many people are simply not counted in surveys, censuses and administrative data. Many censuses and surveys exclude certain populations as a rule, for instance, people living in institutions, homeless people, refugees, nomadic people and internally displaced persons. Estimates suggest that the systematic undercounting of urban populations could lead to distortions of population estimates by over 300 million people.[19] The underestimation of these populations and subsequent under-sampling in surveys could significantly distort national estimates of poverty, urbanisation and many other indicators.

There are also gaps in disaggregation and indicators relevant to particular populations. For instance, only recently have countries begun to capture data on disability using comparable questions that can reliably be used for disaggregation following the Washington Group on Disability Statistics. The World Bank is beginning to address issues of better disaggregating its poverty statistics with a promise to feature this subject in the upcoming *Poverty and Shared Prosperity* report.[20]

Additionally, there are several countries where there has never been a survey that the World Bank has considered adequate for international comparisons. Here, too, there have been improvements. While Somalia has not had a full-scale poverty survey, there is a large programme to conduct High Frequency Surveys (which provide less coverage and depth than standard surveys) to better fill in data gaps.[21]

Finally, improved administrative data, civil registration and vital statistics systems hold real potential for providing sustainable data systems that can be disaggregated. These systems can also provide better insights into who is benefiting most from government services.

In the era of the data revolution, transparency and accountability mean that anyone who claims to be contributing to inclusive progress should be required to measure impact – which means identifying a baseline and generating distributional data. Organisations at all levels and in all sectors share responsibility for this; and for any organisation claiming an inclusive approach or a contribution to the SDGs, no data should increasingly mean no credibility.

Yet we cannot wait for these data limitations to be resolved before taking action. Some may be addressed more quickly than others, but it is a long-term investment. 2030 is approaching fast and the progress of the poorest people is not sufficient to reach universal targets. While there is still time to get back on track the time must be now. Based on the data that is available it is clear that, in the absence of action, many people and places will become even further left behind as global, national and local progress benefits some more than others.

Without change progress will become more uneven, gaps will widen, and people, places and countries will be left further behind

Where are we now? Global poverty today

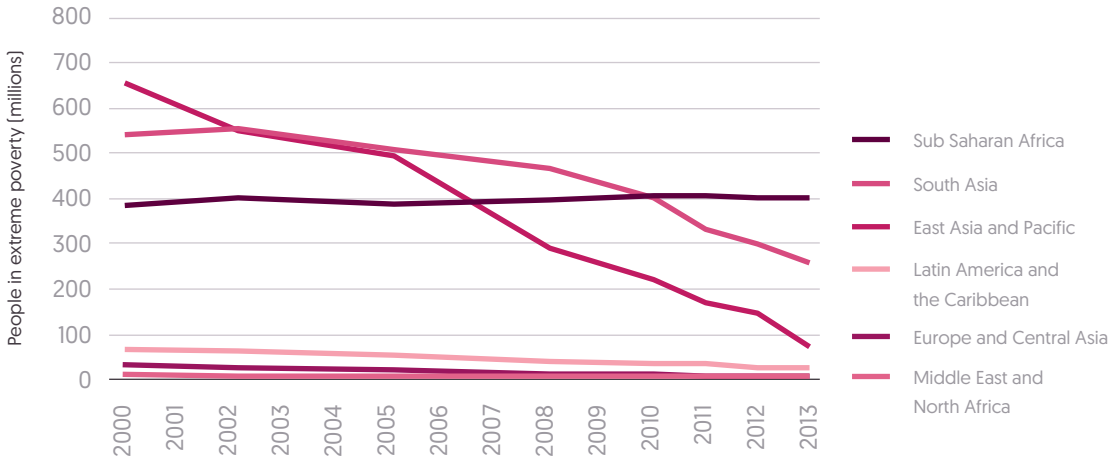
In the years leading up to the MDGs, poverty reduction was mostly achieved through progress in a few countries.[22] But from 2000 to 2013, every region saw decreases in the share of their population living in poverty. Most countries saw economic growth and progress across a range of key indicators including maternal mortality and stunted growth.

Despite these general trends, not all countries and certainly not all people saw progress. Hundreds of millions of people still live in extreme poverty and while the share and numbers of the population in poverty has decreased across most regions, the number of people living in poverty has risen in sub-Saharan Africa. The available data shows that in this region, 380 million people were living in extreme poverty in 1999; by 2013 this number had increased to 401 million people. Faster progress will be needed to ensure that no one is left behind.

Economic growth has been a major driver for the progress seen, particularly in China and India. However, growth alone is not enough. Growth must be measurably pro-poor – despite decades of claims for inclusive, pro-poor or broad-based growth, the poorest 20% of people in the world still have just 1% of global income. Additionally, growth needs to translate into progress beyond monetary dimensions of poverty and beyond simply moving people above a low threshold with little to prevent them from falling below the line again.

Figure 1.3

Global progress in reducing poverty was mainly driven by a sharp decrease in the number of people living in extreme poverty in East Asia largely as a result of economic growth



Source: Development Initiatives based on World Bank PovcalNet.

Where will people in extreme poverty be?

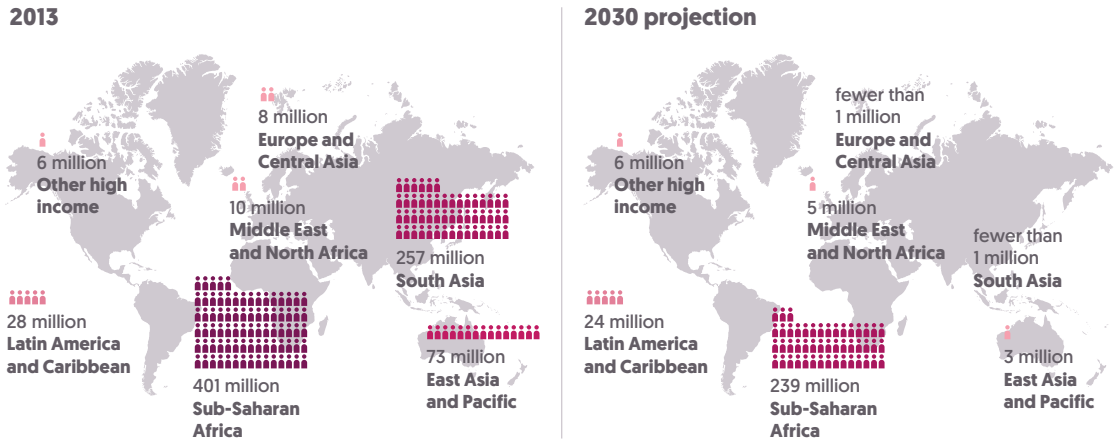
Over the next decade extreme poverty is likely to be increasingly concentrated in a smaller number of countries, as well as in subnational regions within countries, many of which share common characteristics that may contribute to their vulnerability.

Poverty will become increasingly concentrated in a small number of countries at risk of being even further left behind

In 2013, *Investments to End Poverty*[23] reported projections on levels of extreme poverty in 2030 – the range went from 108 million to over a billion people. Five years later, new projections show a best case of 200 million and worst of 400 million people.[24] More than 80% of the people in extreme poverty are projected to be in sub-Saharan Africa, compared with about 50% today (Figure 1.4).

Figure 1.4

In 2030, poverty will become increasingly concentrated in sub-Saharan Africa



Source: Development Initiatives based on World Bank PovcalNet and International Monetary Fund (IMF) World Economic Outlook.
Note: Projections shown in this chart are for the middle-case scenario between best and worst cases.

These projections suggest that growth will lead to dramatic progress in South Asia, primarily driven by India. By 2030, 230 million people in the region are projected to be lifted above the poverty line, with the best-case scenarios suggesting that virtually no one in South Asia will be living below the international extreme poverty measure in 2030.[25] Conversely, in sub-Saharan Africa the best-case scenario suggests that while over 200 million people will have been lifted above the poverty line, that will represent only half of the people in extreme poverty in the region.

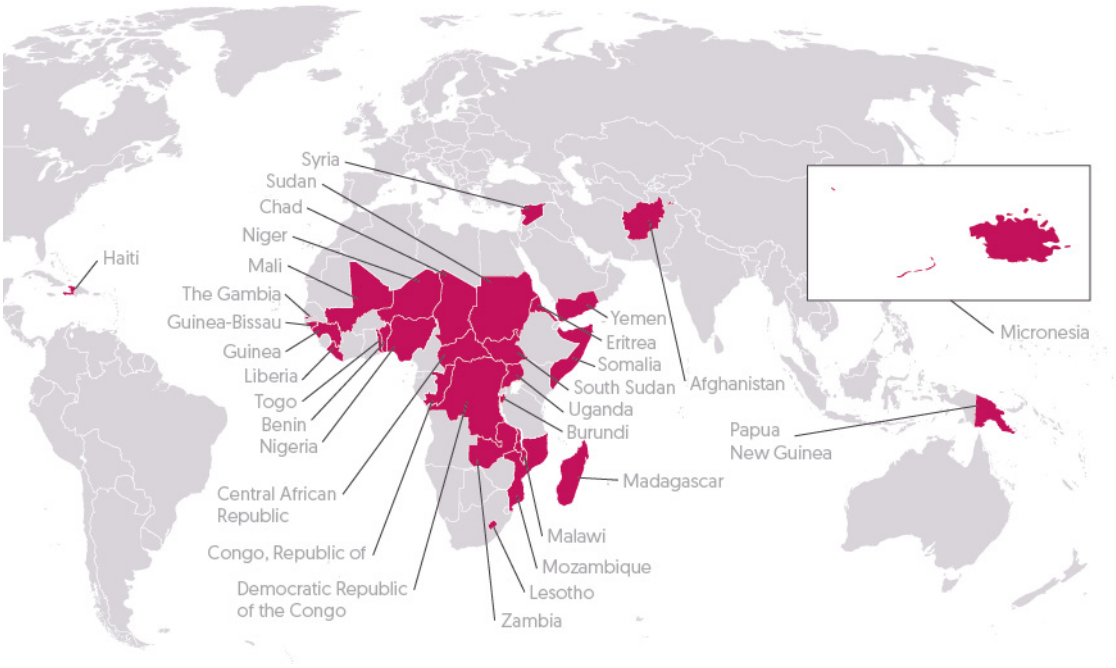
In fact, when considering trends in progress in human development indicators and political and economic insecurity alongside poverty projections, a select group of 30 countries – mostly in sub-Saharan Africa – emerge as being most at risk of being left behind.[26] Combined, these countries account for 23% of global poverty, but are expected to be home to around 80% of people in poverty by 2030. While these countries are diverse, many are characterised by political and environmental insecurity, low levels of human development, weak governance systems and an underdeveloped private sector. They also sit among countries least able to generate or attract resource flows that could address a number of these challenges (see Chapters 2 and 3). Others have also identified a similar number of countries describing them as 'seriously off-track' or 'at risk'.[27] Importantly there is considerable consistency and overlap in the countries identified among the various methodologies applied, suggesting that, at a country-programming level at least, there is growing consensus around where poverty and human insecurity will persist if no action is taken.[28]

The difference in progress between South Asia and sub-Saharan Africa on numbers of people living below the poverty line is mainly because of the depth of poverty – poor people in sub-Saharan Africa are living much further below the international poverty line than poor people in Asia are. But it is also due to factors such as conflict and political and environmental instability, which will continue to hold certain countries back.

But poverty is not only about income. It is multidimensional and the SDGs require addressing all its dimensions. The 2017 report from the Multidimensional Poverty Index emphasises the depth of multidimensional poverty in both South Asia and sub-Saharan Africa.[29] It reports over 700 million people living in households where there is severe malnutrition, or where two or more children have died, or where no one in the household has completed more than a year of schooling along with other profound deprivations such as practising open defecation.

Figure 1.5

Around 30 countries can be identified as most at risk of being left behind based on a combination of poverty, vulnerability and human development indicators



Source: Based on data from poverty forecasting models, fragility rankings, human development indicators and environmental risk measures. See Development Initiatives (2018).[26]
Note: Borders do not necessarily reflect Development Initiatives' position.

Where will people in extreme poverty be within countries?

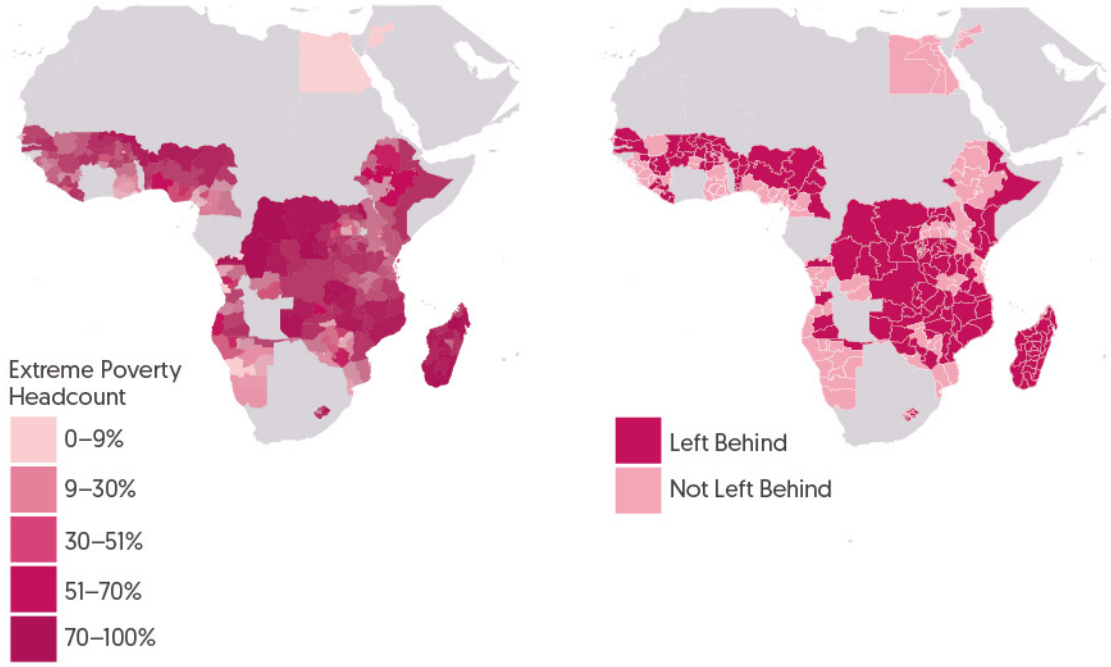
The challenge of leaving no one behind requires going far beyond national averages. It means focusing on individual people. To better understand who is at risk of being left behind, data needs to be disaggregated. One important dimension of exclusion is geography. People in one part of a country may feel fully integrated and benefit from access to services while people in another region may experience a very different economic, social and political reality.[30] Equally, poverty varies substantially within countries.

National averages hide substantial variations in the distribution of poverty within countries. Even in countries identified as most at risk of being left behind, subnational poverty rates can vary substantially: for instance, while Benin as a country is at significant risk of being left behind, 2013 poverty rates were as high as 87% in some areas and as low as 1% in others. This means that ending poverty is a challenge focused at the subnational as well as country level.

It is becoming increasingly possible to understand current subnational distributions and trends of poverty and thus better inform medium-term policy and targeting. This report applies two measures to assess which regions within countries are facing intractable poverty and are most at risk of failing to end poverty by 2030. If 45% of the regional population is in poverty (this proportion is considered too high to realistically end poverty within the time period), or if 20% of the population is in poverty but there has been no significant improvement (low rates of change are too slow to end poverty by 2030), then the region is considered to be highly likely to remain left behind.[31]

Figure 1.6

Extreme poverty is increasingly focused in certain subnational areas



Source: Development Initiatives based on World Bank PovcalNet and USAID's Demographic and Health Surveys.

Unsurprisingly, data suggests that in the countries projected to be left behind at national level, the share of the population living in regions (in that country) that are considered at risk of being left behind is high. For example, in Madagascar, Malawi, Burundi and DRC (all countries at risk of being left behind) between 92% and 100% of the population lives in regions considered highly likely to remain left behind. Meanwhile in Guyana (which is not considered at risk at the national level), only 6% of the population lives in subnational regions considered at risk.

For many countries, poverty is particularly concentrated in certain regions, states and districts. For example, in Egypt, 98% of people in extreme poverty are found in two of the countries' four regions. In Pakistan, two of the five regions – Punjab and Sindh provinces – account for 89% of people in extreme poverty. For other countries, notably those with some of the highest poverty rates, such as Madagascar and the DRC, poverty is widespread throughout the country.

The urbanisation of poverty has been a particular concern in understanding where people in poverty are. The World Bank noted in 2007 that, "urbanization has generally done more to reduce rural than urban poverty." While rural areas accounted for nearly three quarters of people in poverty globally, the proportion attributed to urban areas – up to 24.6% by 2002 – was growing.[32] However, the World Bank's latest published figures suggest that, as of 2013, 20% of extremely poor people live in urban areas, emphasising the persistence of rural poverty.[33] Many factors may contribute to poverty in rural areas. Rural areas may face limited access to populations, increasing the costs of buying and selling goods on the market. Remote areas also may have lower access to technology, leading to less productive labour. And population centres generally exist to begin with because they hold economic advantages over the rest of the country.

Who is at most risk of being left behind?

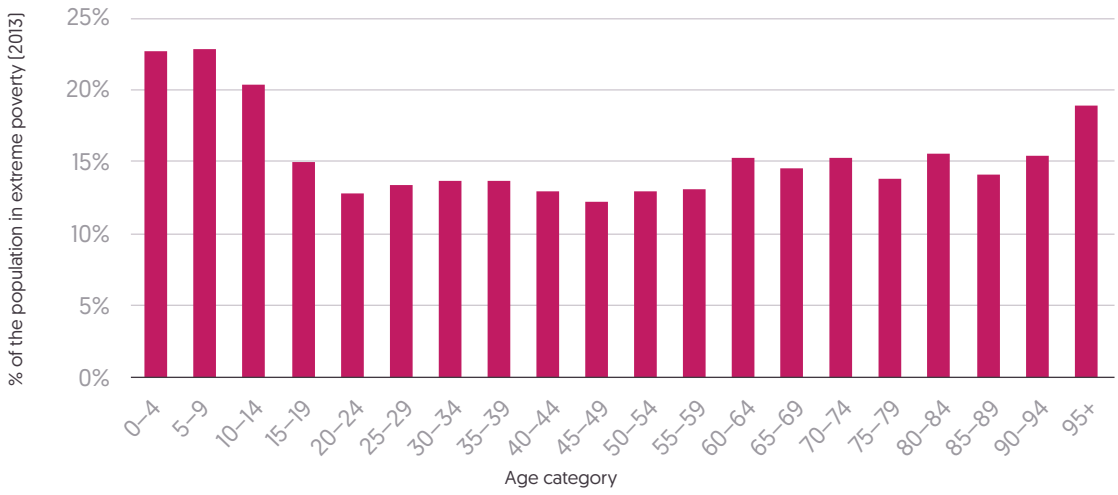
To ensure all people are included in the SDGs, resources and policy need to be targeted, based on data and understanding about the people and groups who are not sharing in progress. People are and will be left behind for various reasons. This may be because they are geographically marginalised, living in remote and hard-to-reach areas with harsh climate and poor infrastructure. They may be deliberately invisible because they are likely to be oppressed. They may be deliberately excluded because of ethnicity or religious identity. Overwhelmingly people may be left behind because of chronic deprivation and lack of human, political or economic capital.

Many dimensions of exclusion are bound up in the identities of individual people. We know that gender,[34] age,[35] disability status,[36] ethnicity,[37] citizenship status and other aspects of identity can have a profound effect on people's security, prospects and opportunities. These characteristics are not captured in aggregate data.

People living at the margins of society are also particularly likely to be missing from the data altogether; they may not be counted because of their citizenship status, or because of characteristics that have been stigmatised. People who are homeless or children without parental care may simply not be counted because they are not in a household.

Yet data analysis reveals one clear trend. People are much more likely to be living in extreme poverty if they are young or older. People in their forties are least likely to be extremely poor (Figure 1.7). This is remarkably consistent across virtually every country. The intersection of age and gender is also telling. The World Bank has found that girls under the age of 10 and women in their twenties and thirties are more likely to be poor. However, once they are in to their forties and beyond, they may be less likely to experience poverty.[38]

Figure 1.7
Young and older people are more likely to be living in extreme poverty and be left behind



Source: Development Initiatives based on World Bank PovcalNet and USAID's Demographic and Health Surveys.

To better understand how ageing links to being left behind, analysis for this report compared the poverty rates disaggregated by age, applying similar methods to those used to calculate subnational poverty rates. The conclusion: between poverty headcount data around 2002 and 2013 older people and younger people have seen poverty decrease more slowly than the rest of the population. This suggests that older people and children have benefited least from global poverty reduction and are being left behind.

It's not just *where* and *who* that are important, it's *when* – especially for human capital

As well as the commitment to leave no one behind, Agenda 2030 states "we will endeavour to reach the furthest behind first".[39] This calls for immediate action, especially on human capital. Any delay can be measured in terms of women dying in childbirth, or children dying of diarrhoea or growing up stunted or illiterate. Acting now is not only the moral thing to do. It is the cost-effective thing to do in terms of preventing human, local, national and global 'bads' and enabling everyone to contribute to progress.

The MDGs offer some lessons for accelerating human capital investment.[40] The MDGs that delivered the fastest rates of progress were the battles against child mortality, maternal mortality and the three major infectious diseases of HIV and AIDS, tuberculosis and malaria. This accelerated progress was evident in the poorest and therefore most challenging countries. One calculation puts the number of child deaths averted at 7.5 million compared with 'business as usual'.[41]

ODA to health grew by more than 250% over the MDG era. By contrast, education outcomes – while still significant with estimates of up to 111 million more people completing primary school during the MDG era[42] – did not accelerate at the same pace. ODA to education has shown only sluggish growth since 2002, increasing by 63%, and as seen in Chapter 2, not always going to the poorest places. Similarly, national investments in education have, among developing countries in aggregate, grown at a slower rate than those in health. Two innovations, the International Finance Facility for Immunisation and the Global Fund to Fight AIDS, Tuberculosis and Malaria, particularly contributed to this accelerated progress by frontloading investment and creating confidence among potential investors [see Box 1.1].

Box 1.1

Innovations in health financing: The International Finance Facility for Immunisation and the Global Fund to Fight AIDS, Tuberculosis and Malaria

The International Finance Facility for Immunisation, or IFFIm, was proposed in 2005[43] to allow immediate investments but financed over a longer term[44] based on the principle that the overall returns for reducing poverty will be greater, future costs prevented and lives saved.

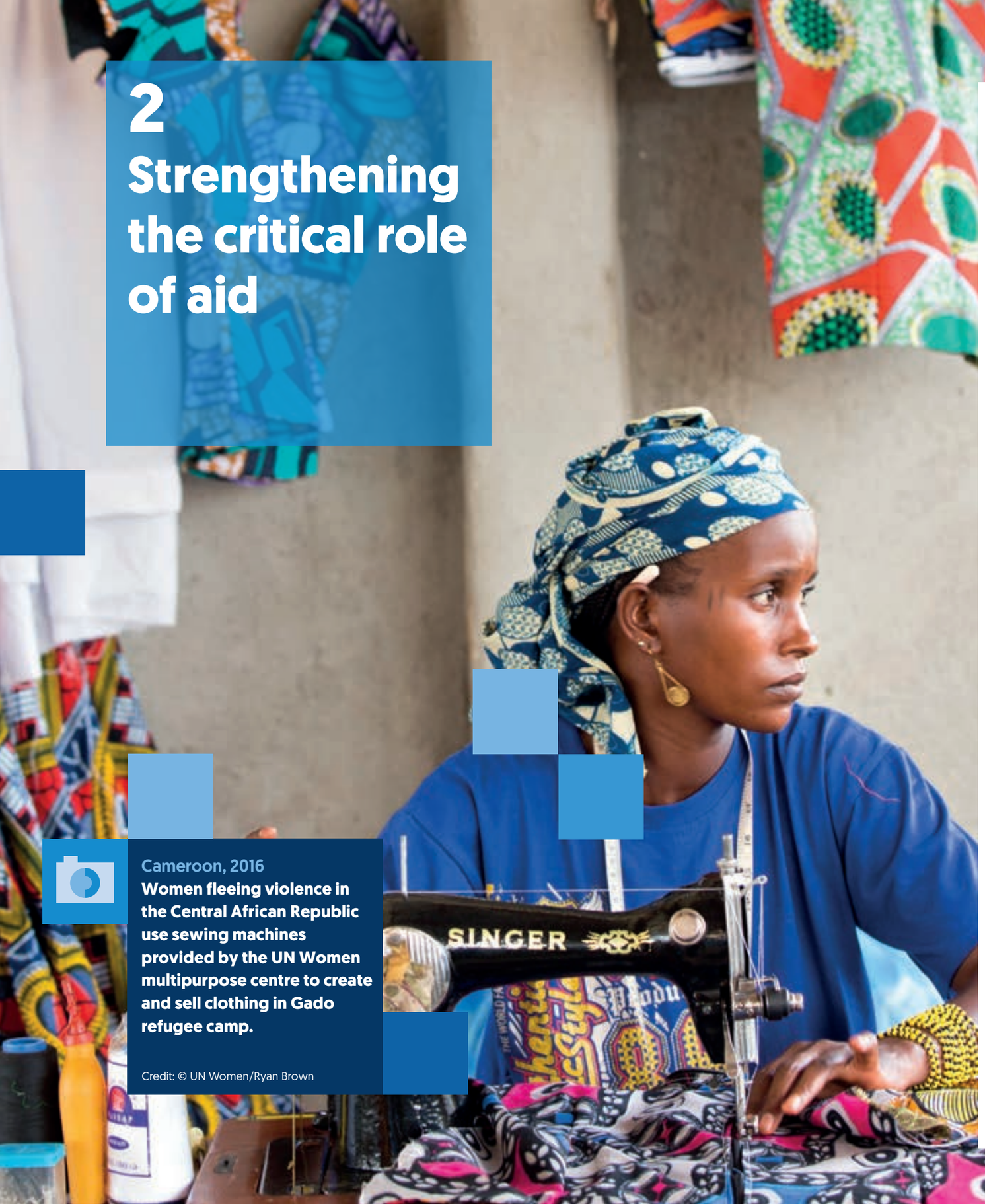
This frontloading for immunisation has had a direct and indirect impact on human capital. First, the number of deaths averted has increased. The evaluation of IFFIm[45] concludes that at least 2.75 million future deaths averted can be attributed to IFFIm. This increase in coverage is clearly valuable, but IFFIm has also increased impact:

- The benefits of reduced mortality and morbidity are felt sooner and so people are able to live healthier and more productive lives for longer.
- Investing in global public goods – such as eradicating a disease – means that by investing now, the costs are avoided for the future.
- There is a further indirect impact via the market, which is that predictable increased uses of the vaccines stimulate more reliable and cheaper supply.

The Global Fund, another well-known health initiative, accounts for a quarter of the growth in health ODA from donor governments and multilateral institutions. Beyond this it has managed to mobilise significant financing from other sources such as foundations and the private sector. The 2016 replenishment round, for example, saw investments from the private sector and innovative mechanisms double to US$250 million. Importantly, while much remains to be done, such as improving transitions in health financing from the Fund to domestic government institutions, the tide has turned on HIV and AIDS, malaria and tuberculosis.

The lessons for accelerated progress from the MDGs highlight ambitious, timebound goals, national implementation and a focus on results, standards and outcome metrics. The SDGs provide the shared agenda and shared framework with a clear timetable that should allow the progress on health to be replicated in other areas. The investments needed to end poverty and develop human capital go hand in hand with rigorous measurement on who is benefitting from each investment so that no one is left behind.

2
Strengthening the critical role of aid



Cameroon, 2016
Women fleeing violence in the Central African Republic use sewing machines provided by the UN Women multipurpose centre to create and sell clothing in Gado refugee camp.

Credit: © UN Women/Ryan Brown

Key messages

- The relevance and importance of aid is as great as ever. Official development assistance (ODA) is unique in being able to target poverty directly. But more ODA needs to be mobilised, better targeted to the poorest people and countries, and better focused on the right mechanisms, channels, sectors and modalities that build human capital and strengthen institutions.
- Aid continuing to stagnate should not be accepted. Donors can, and are, making new commitments. An additional US$1.5 trillion can be mobilised to support sustainable development if OECD DAC donors meet their 0.7% GNI pledges by 2030.
- The proportion of ODA being transferred into countries has fallen significantly such that less than two thirds of gross ODA is actually allocated to a particular country.
- The proportion and volume of ODA that is never transferred from a donor country is on the rise and stood at a peak of 18% total ODA in 2016, driven mainly by a four-fold increase in spending on refugee hosting since 2013.
- ODA is not benefiting the poorest populations nor the countries with the lowest government revenues proportionately to their needs. Just 35% of country-specific aid (or 22% of all aid) goes to countries that account for three quarters of people known to be in extreme poverty.[1] Countries with government revenues above $4,000 per capita receive more than three times the ODA per poor person than countries with less than $400 per capita.
- ODA to the group of countries identified as being left behind has fallen by 6% since 2010, while ODA to all other recipients has risen by 32%.
- ODA focusing on specific vulnerabilities is not effectively targeting countries with the greatest needs. Climate change adaptation finance, for example, is not always going to countries known to be the most vulnerable.
- The ways in which ODA is delivered has seen a shift towards loans and away from channels that can empower countries to lead their own development agenda. Over the last decade, ODA loans have grown more than three times faster than other forms of ODA. Almost a third of loans to low income countries went to nations deemed to be in debt distress or at high risk of being so. Investments in general budget support have fallen and aid not channelled via the public sector is mainly implemented by international rather than local actors.
- ODA is not consistently targeting the sectors most critical to the poorest people. On aggregate, health and education spending is stagnating, while small volumes of aid to social protection is growing slowly and remains at just 1.4% of total aid. Nor does the distribution of sector aid always reflect the needs of the poorest people: in countries with the highest poverty levels, spending on education was US$1.2 billion lower than that given to developing countries with the lowest levels of poverty.
- Development cooperation from government providers outside the OECD DAC has seen significant increases in recent years, though to maximise its potential in the wider concessional financing landscape, improved accountability and transparency remain key.

In a rapidly changing development finance landscape, the unique value of ODA is as important as ever

Since the 1960s, ODA has been the principal resource used to stimulate development and alleviate global poverty by members of the OECD DAC.[2] It plays a unique role in the growing mix of resources available to developing countries as it is the only flow that has poverty reduction as its core purpose and therefore has a critical role to play in reaching and helping the people furthest behind.[3]

In recent years the development finance landscape has changed rapidly. While national public and commercial resources remain the primary source for development investments for many countries (see Chapter 3), total volumes of finance are increasing and the range of international finance available to many countries has expanded. ODA is a comparatively small part of this growing mix and so many donors are starting to re-evaluate what its role can and should be.

First and foremost, ODA will continue to be needed and it is important to move away from pervading pessimism about ODA stagnating with little scope to increase: this is misplaced and undermines efforts to end poverty. As Chapter 3 argues, aid cannot be automatically substituted by other types of finance and the same outcomes achieved. Crucially therefore, donors need to be more strategic about how ODA is spent. The scale and variety of non-ODA resources at the global scale creates more space for ODA to do what it does best – reach the people at greatest risk of being left behind.[3]

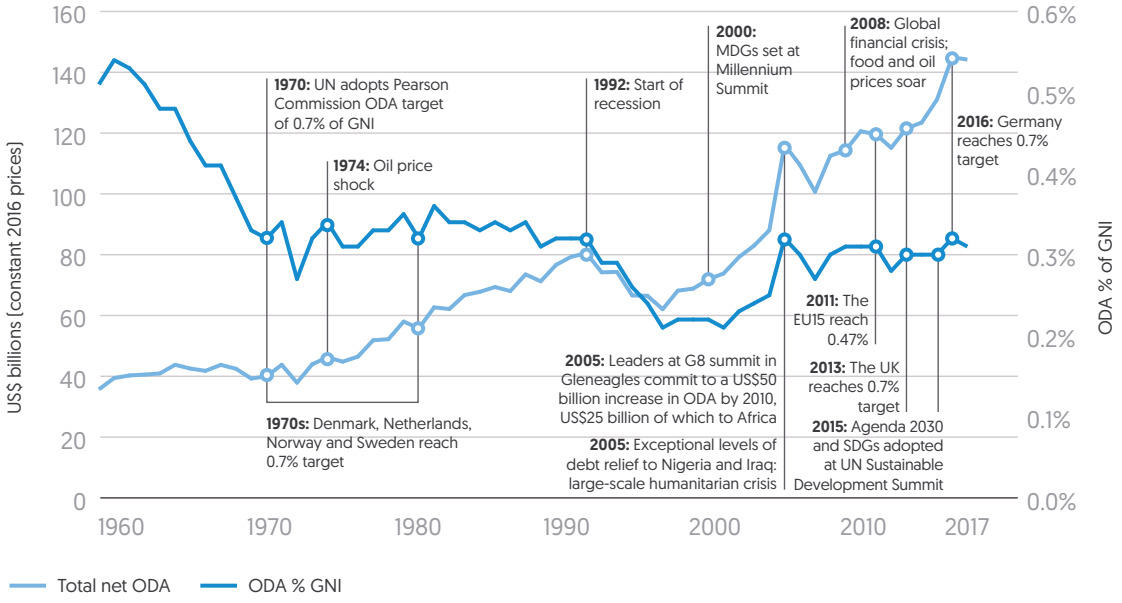
ODA has increased, but there is real scope to raise more

Apart from a decline during the 1990s, ODA volumes have generally followed an upward trend since 1960. In fact, in 2017, net ODA from DAC members was four times higher in real terms than in 1960. While ODA fell slightly in 2017 – the first drop in ODA levels since 2011 and 2012 when ODA fell in the aftermath of the global financial crisis – such crises come and go and should not undermine the counter-cyclical advantages of aid.

However, while ODA quadrupled, the GNI of DAC members rose more than six-fold in real terms between 1960 and 2017. This means ODA has not increased as quickly as growth and the share of DAC donors' national income spent on ODA has fallen from just over 0.5% in 1960 to just over 0.3% in 2017.

Figure 2.1

Net ODA has grown in $ terms since the 1960s but not as a share of donors' GNI



Source: Development Initiatives based on OECD DAC.

Notes: Agenda 2030: 2030 Agenda for Sustainable Development; MDGs: Millennium Development Goals; SDGs: Sustainable Development Goals

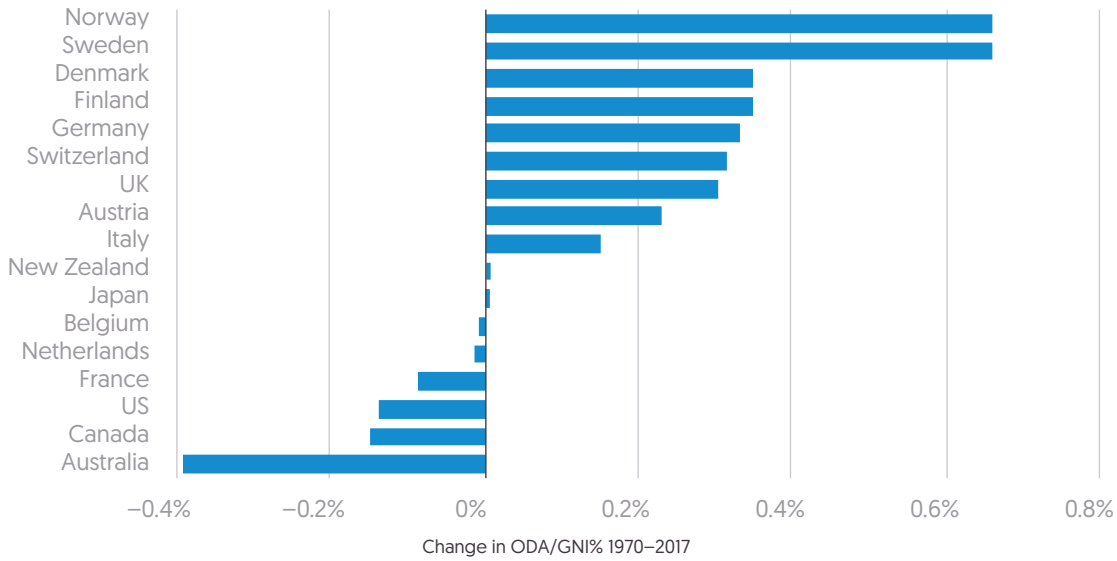
Major donors are taking steps to address this and setting new, specific and time-bound commitments to increase proportions of national income spent on aid.[4] France has committed to spending 0.55% of GNI on ODA by 2022 and reaffirmed its goal of reaching 0.7% by 2030.[5] These commitments are in line with the 1969 Pearson Commission[6] proposed target of 0.7% of donor GNI to be reached "by 1975 and in no case later than 1980" – a target taken up in a UN resolution on 24 October 1970. OECD DAC members have generally accepted the 0.7% target for ODA, at least as a long-term objective, except for Switzerland (which only became a member of the UN in 2002) and the US (although the US did state that it supported the general aims of the UN resolution).

Despite this near-unanimous support from donors 47 years after the adoption of the UN resolution, just five DAC members disbursed at least 0.7% of GNI as ODA in 2017. Eighteen DAC members had ODA levels that were 0.3% of GNI or less and ten of these gave less than 0.2%. Australia, Canada, the US and France have seen the most significant falls in ODA as a percentage of their GNI since 1970.

While on aggregate the GNI/ODA proportions of the original DAC members were the same in 2017 as in 1970, newer members of the DAC give much lower proportions and this accounts for the marginal fall overall (0.31% in 2017 compared with 0.33% in 1970). These newer donors joining the global development effort are typically newly industrialised countries without a long tradition of involvement in international development. Recently joined DAC members from Central and Eastern Europe typically have small bilateral aid programmes and a significant proportion of their ODA comes from their contributions to the EU. The average amount of ODA as a percentage of GNI for donors who joined the DAC after 1970 is just 0.19% in 2017.

Figure 2.2

Since 1970, some donors have seen falling levels of ODA as a % of GNI, but most have increased their proportions

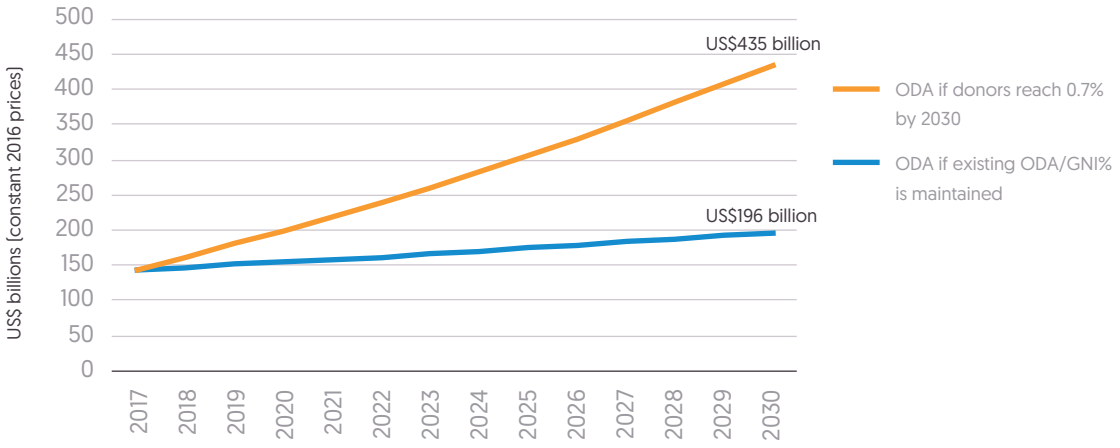


Source: Development Initiatives based on OECD DAC.

Low ODA to GNI ratios have significant implications: if all DAC donors had dispersed 0.7% GNI then net ODA would have been US$318 billion in 2017 – twice the current figure of US$144 billion.[7] Crucially, if all DAC members increased their ODA/GNI percentage year on year (so by 2030 they reach 0.7% GNI), US$1.5 trillion additional ODA would be disbursed between 2018 and 2030 compared with ODA/GNI percentages remaining at current levels. The impact that could be had if all donors followed those already reaching or pledging their commitment to 0.7% GNI by 2030 should put real impetus on other donors to do the same.

Figure 2.3

An additional US$1.5 trillion of ODA could be disbursed by 2030 if all donors achieved 0.7% by 2030



Source: Development Initiatives based on OECD DAC.

Note: Projections of GNI are based on applying the average annual growth rate of GNI over 2012–2017 to each successive year from 2017 up to 2030.

Box 2.1: How the reporting of ODA is changing

The apparent levels of ODA, in part, depend on the rules that govern which spending is eligible to be counted as ODA. As part of the OECD's 'ODA modernisation' process, these rules will change in 2018. This will mean potentially significant changes in the reported volume of ODA will occur, without any change in donor spending. This will also have implications for how donors perform against the 0.7% target.[8] The main changes, in brief, are described here.

Loans

At present, the full value of any new loan is counted as ODA, but capital repayments by the borrower to the donor are subtracted from ODA to give a 'net ODA' figure. In future only a percentage of the loan, known as the 'grant element',[9] will count as ODA, and loan repayments will no longer be subtracted from the headline ODA figure. This will affect different donors in different ways – Japan, a donor with highly concessional loans, which receives large amounts of repayments, will see its reported ODA rise as a result of these changes. Other donors, such as France and Germany, which give less concessional loans and which receive lower levels of repayments, may see their reported ODA reduce.[10]

Peace and security

Some additional activities in this area will now be eligible to be classed as ODA.[11] These are mainly non-coercive with a sustainable development objective such as support for costs where military personnel are delivering development services or humanitarian aid, or educational activities in an ODA-eligible country to prevent violent extremism.[12] Also, the percentage of core support for UN peacekeeping that can be counted as ODA will rise from 7% to 15%.[13]

Private sector instruments

Private sector instruments such as equity investments and guarantees are used by development finance institutions or investments funds set up by donors to engage in 'catalytic activities' that facilitate private sector growth. The existing rules do not allow for reporting of some activities that arguably have a development impact – such as loans to private sector entities that were less concessional than sovereign loans but still supported private sector development – and may have disincentivised investments in this area. In future more of these activities will be counted as ODA, but the exact rules have yet to be agreed, so the impact on ODA levels is not yet clear.

Reverse graduation and aid to high income countries in crisis

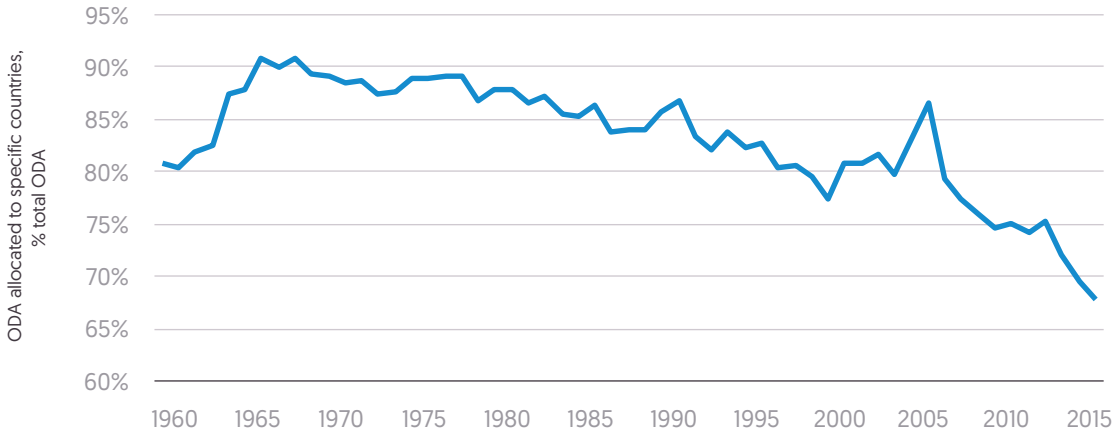
Once countries have 'graduated' from the list of ODA-eligible nations, there is no mechanism for them to be readmitted if their economic situations worsen. There are likely to be changes to the DAC rules to allow countries to be added to this list in such circumstances – so-called 'reverse graduation'. This would mean that any assistance being provided by donors to these countries would be counted as ODA. There is also debate around whether assistance to high income countries that suffer severe shocks (such as the hurricane damage to some Caribbean island states in 2017) should be allowed to count as ODA, and currently no agreement among DAC members on this issue has been achieved.

The share of ODA going directly to countries is falling, and rising volumes are not being transferred from donor countries

ODA accounts for a wide range of activities, expenditures and investments and not all aid actually goes to developing countries – whether it never leaves the donor country (a non-transfer, such as, for example, debt relief, costs for hosting students from developing countries, building development awareness, some administrative costs and in-donor refugee costs), or is not allocated to specific countries (a transfer, but not to countries, for example investments in research, global initiatives, and regional aid).

The share of ODA allocated to countries has fallen rapidly in recent years and in 2016 US$54 billion, nearly a third (32%) of gross ODA was not reported as going to a specific country. A further US$6 billion was reported as being allocated to specific countries but was in a form that resulted in no transfer of resources to those countries (e.g. debt relief). Large proportions of ODA not directly allocated to countries is a relatively new phenomenon, and before 2007 this form of ODA rarely accounted for more than 20% of the total.

Figure 2.4
The proportion of ODA allocated to specific countries has fallen rapidly in recent years

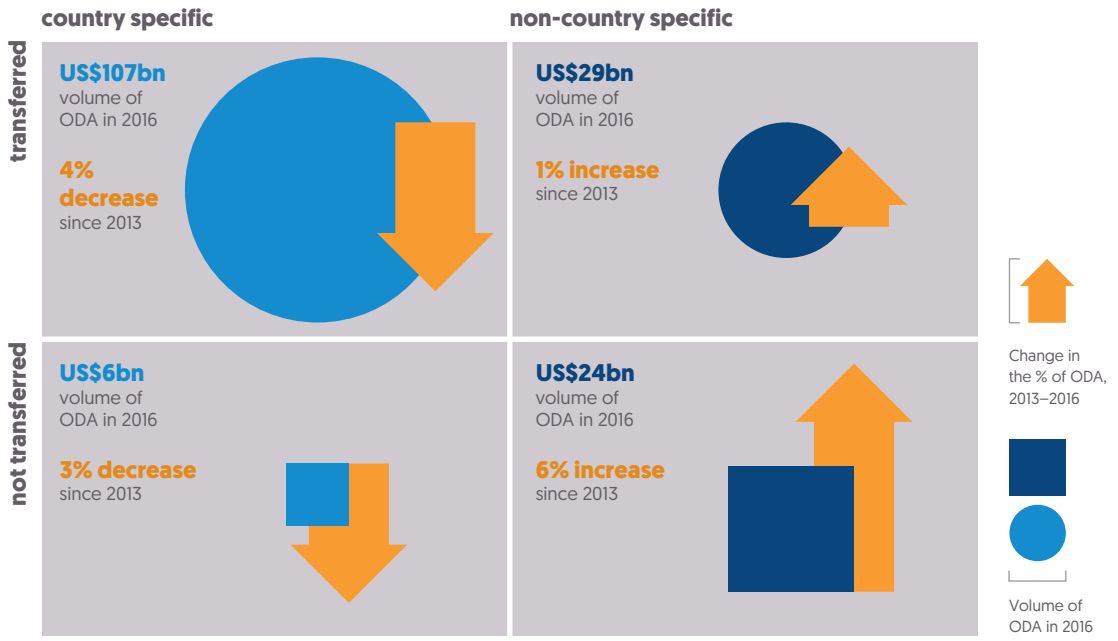


Source: Development Initiatives based on OECD DAC.

When coupled with a significant volume of ODA being spent in donor countries (non-transferred aid), a worrying trend can be seen. ODA going directly to countries is falling as a proportion of total ODA – with non-transfer and non-country allocated aid compounding one another. In-donor refugee costs are the largest factor causing this – up from just over 1% of total ODA in 2006 to almost 10% in 2016.

Figure 2.5

ODA spent within donor countries and not allocated to specific developing countries has risen rapidly



Source: Development Initiatives based on OECD DAC.
Notes: Arrows show direction of change in the proportion of each ODA category to total ODA between 2013 and 2016.

Of the US$166 billion in total gross ODA disbursed by DAC members and multilateral bodies in 2016, just US$107 billion was allocated to specific countries **and** in a form that resulted in an actual transfer of resources from the donor. This accounted for 69% of ODA in 2013 and had declined to 65% by 2016.

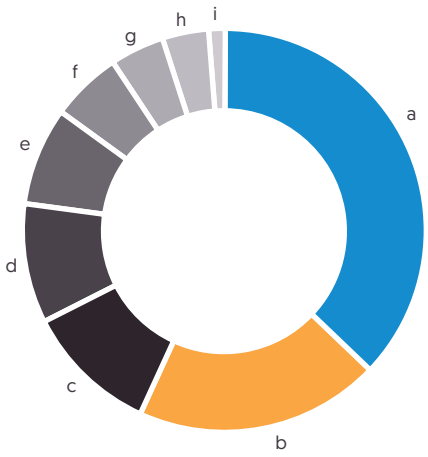
In 2016, US$30 billion of ODA was not transferred from donors and most of this (US$24bn) was not allocated to a specific recipient country. Indeed, the amount of ODA spent in donors' countries and not reported as allocated for a specific country has risen sharply, from 9% of ODA in 2013 to 15% in 2016, driven by an almost four-fold increase in spending on refugees in donor countries. The proportion of ODA that never left the donor country rose from 15% of total gross ODA in 2013 to 18% in 2016. These trends need to be reversed if ODA is to address the needs of the poorest people first.

ODA that is allocated to countries is not benefiting the poorest populations proportionately to their needs

The ODA that does result in transfers to specific countries is not always targeted at the poorest places. While the largest proportion of ODA allocated to specific countries goes to sub-Saharan Africa (37% in 2016), few of the countries in this region receive the largest amounts of ODA overall and only Ethiopia is one of the largest eight recipients of aid (US$4.2bn). The others, apart from Turkey, are all in Asia and the Middle East: India (US$5.3bn), Afghanistan (US$4.1bn), Viet Nam (US$3.8bn), Pakistan (US$3.6bn), Bangladesh (US$3.2bn) and Syria (US$2.9bn).

Figure 2.6

Of the ODA allocated to specific countries, more than half goes to countries in sub-Saharan Africa and South and Central Asia (US$ bn, %)



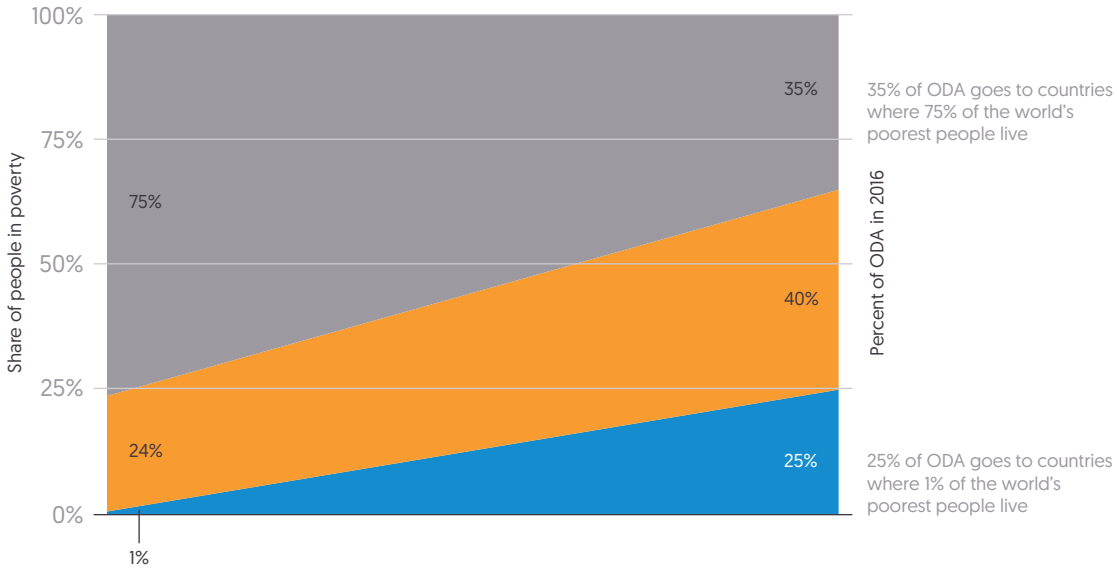
		ODA (US$bn)	% country-allocable ODA
a	South of Sahara	42.0	37.1%
b	South and Central Asia	22.3	19.7%
c	Middle East	12.1	10.7%
d	Far East Asia	10.9	9.6%
e	Europe	8.9	7.9%
f	North and Central America	6.4	5.7%
g	North of Sahara	4.9	4.4%
h	South America	4.2	3.7%
i	Oceania	1.5	1.3%

Source: Development Initiatives based on OECD DAC.

Looking at the prevalence of extreme poverty ($1.90 per day)[14] across countries, the amount of ODA received by countries with larger populations of people in extreme poverty is nowhere near proportionate. The countries that contain 75% of the world's poorest people[15] received 35% of the ODA disbursed in 2016, and countries with less than 1% of the world's poorest people received 25% of ODA.

Figure 2.7

There is only a small difference in proportions of ODA received by countries with the highest and the lowest levels of extreme poverty



Source: Development Initiatives based on OECD DAC and World Bank PovcalNet.
Note: ODA data shown is for 2016 and only refers to country allocable ODA to countries with poverty data available.

When looking at ODA per poor person, it is far from shared equally among people in extreme poverty. In countries with less than 5,000 people in extreme poverty, it is over US$230,000 – more than 3,500 times higher than the ODA per poor person in countries with more than 10 million people in extreme poverty. Considered in this way, ODA allocations appear regressive – with proportionately more resources per poor person going to the countries with the least poverty.

Figure 2.8

Although more ODA goes to countries with more poor people...

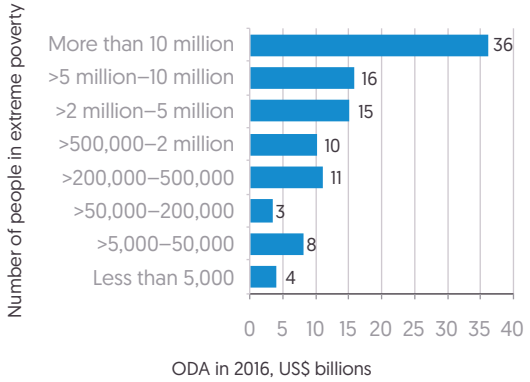
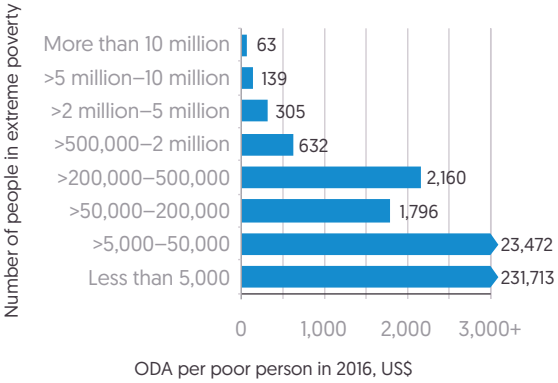


Figure 2.9

...the amounts are nowhere near proportional to the scale of poverty



Source: Development Initiatives based on OECD DAC and World Bank PovcalNet.
Notes: Countries for which no poverty data is available have been excluded. Extreme poverty is defined by the $1.90 a day international poverty line (2011 PPP$: purchasing power parity) and is based on most recent data available. Bands were identified in such a way as to contain as even as possible a number of countries within them. Less than 5,000 and 5,000–50,000 bands are truncated on chart (2.9).

Similarly, countries with the lowest levels of government revenue are not proportionately benefiting from ODA

There is significant variation in the government resources available in developing countries. Some ODA recipients only have a few hundred dollars or less per person to spend on providing services, infrastructure and governance in their countries; others have thousands of dollars per person in government revenues. While more ODA does go to countries with less government resources, ODA disbursed to the low-revenue countries is not proportionate to the level of poverty in these countries. Countries with revenues of between $2,000 and $4,000 per capita get seven times as much ODA per poor person as countries with government revenues of less than $400 per capita. Countries with government revenues of above $4,000 per capita get three times as much ODA per poor person as countries with the lowest government revenues. This reflects a similar picture to ODA disbursed based on extreme poverty levels.

Figure 2.10
More ODA goes to countries with lower government resources...

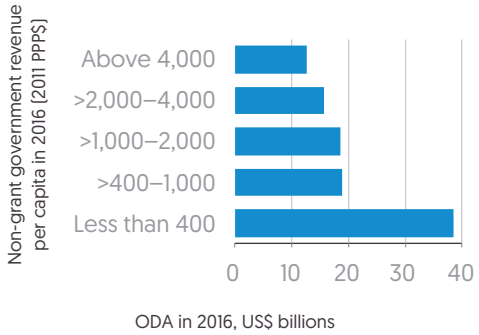
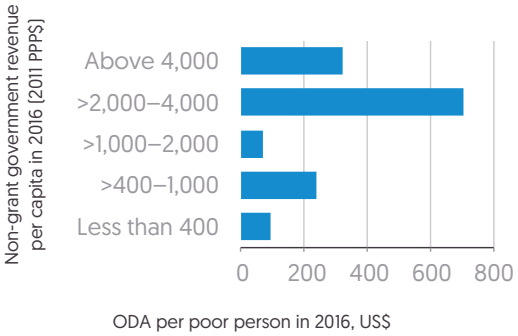


Figure 2.11
...however, ODA per poor person is significantly lower in countries with low government revenues

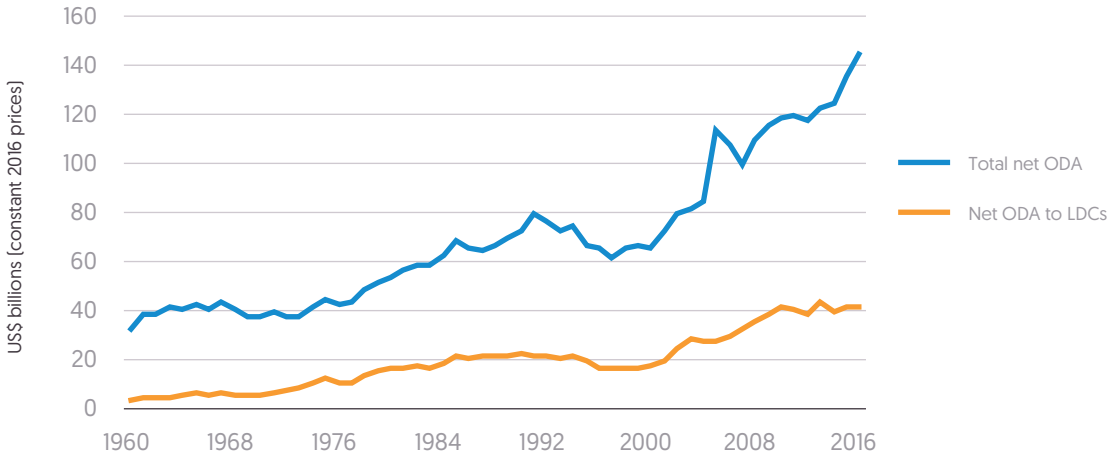


Source: Development Initiatives based on OECD DAC, World Bank PovcalNet and International Monetary Fund (IMF) World Economic Outlook database and IMF Article IV Staff and programme review reports (various).
Notes: Countries for which no poverty data or government revenue per person data is available have been excluded. Extreme poverty is defined by the $1.90 a day international poverty line (2011 PPP$: purchasing power parity). Bands were identified in such a way as to contain as even as possible a number of countries within them.

ODA to the least developed countries has not kept pace and has flatlined in recent years

Another indication that ODA is not being targeted at countries with the greatest need is donors not prioritising the least developed countries (LDCs). LDCs are described by the UN as: "low-income countries confronting severe structural impediments to sustainable development... highly vulnerable to economic and environmental shocks and have low levels of human assets".[16] While ODA to LDCs grew fairly sharply in the early years of the century, this growth then slowed and has now flatlined, falling from 35% of ODA in 2010 to less than 30% in 2016.

Figure 2.12
Growth in ODA to LDCs has lagged behind overall ODA growth

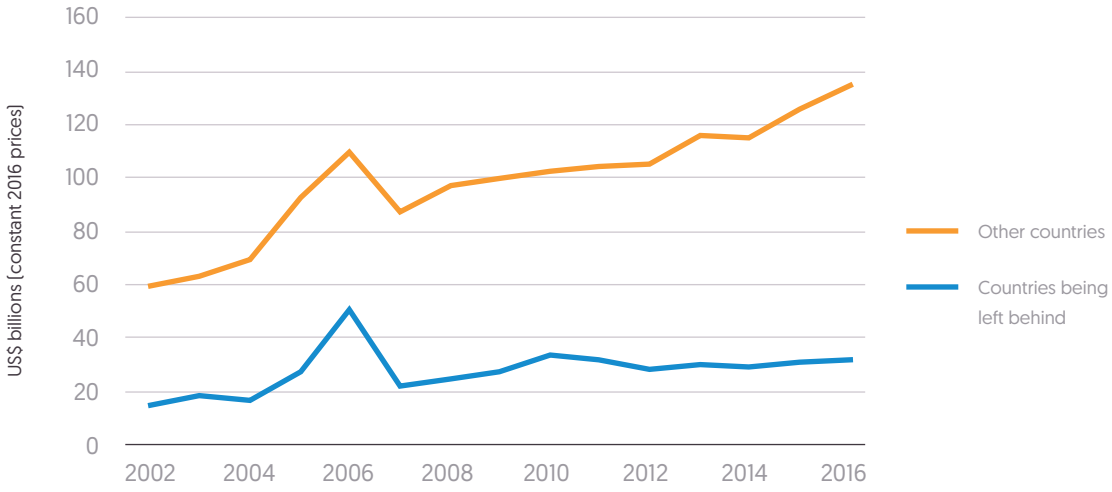


Source: Development Initiatives based on OECD DAC.
Note: LDCs: least developed countries.

ODA is not being sufficiently targeted to countries identified as being left behind

ODA allocations should also consider where poverty is likely to persist in the future. The countries referenced in Chapter 1 as at risk of being left behind currently account for 23% of global poverty, and on current projections will be home to around 80% of the world's poorest people by 2030. Yet recent growth in ODA has mostly bypassed these countries. In fact, gross ODA to this group of countries has fallen by 6% since 2010, while ODA to all other recipients has risen by 32%.

Figure 2.13
ODA to countries identified as being left behind is flatlining while ODA spent elsewhere is growing



Source: Development Initiatives based on OECD DAC.
Note: Other countries include other developing countries and regional and unspecified recipients.

Box 2.2
Understanding ODA's responsiveness to particular needs – a focus on climate change

As highlighted in Chapter 1, poverty is multidimensional and many complex factors make people vulnerable. This makes the targeting of issue-specific ODA important to understand. Climate change is one example – the relationship between climate change and poverty is now well known, yet it is not clear that this knowledge is translated into how and where climate-related ODA is allocated and whether it is effectively targeting the people who are most vulnerable to its effects. In 2016, around 145 countries received adaptation-related ODA[17] from DAC donors and multilateral institutions. Of the 20 largest recipients by volume, just 3 – Afghanistan, Uganda and Mali – could be described as the 'most vulnerable' to climate change based on data from the Notre Dame Global Adaptation Initiative (ND-GAIN). Many countries with relatively low levels of vulnerability received some of the largest amounts of adaptation-related ODA, including Turkey, Colombia and Jordan. Moreover, a very small proportion of their populations live in extreme poverty.

Figure 2.14

Adaptation ODA is not effectively targeting the people most vulnerable to climate change

Source: Development Initiatives based on OECD DAC Creditor Reporting System (CRS), Notre Dame Global Adaptation Initiative (ND-GAIN) and World Bank PovcalNet.

Notes: Amounts based on gross ODA disbursements. Includes ODA marked as principal and significant with the climate change adaptation policy marker. Regional and unspecified allocations are excluded. Size of bubble is relative to adaptation ODA in US$ (millions). Includes only countries for which there is data available for poverty, ODA and vulnerability.

There is not much variation between countries classed as having medium[18] or low[19] levels of vulnerability. They received an average of US$49.8 million and US$42.2 million respectively. The countries with the greatest[20] levels of vulnerability receive relatively little – on average US$65.3 million per country. Some of the most vulnerable countries received the lowest amounts – including Eritrea (US$11.3m), Chad (US$24.6m), the Solomon Islands (US$15.9m) and Micronesia (US$0.2m). Furthermore, certain countries with high levels of vulnerability and relatively high levels of extreme poverty are not prioritised, for example Guinea-Bissau and Central African Republic.

Such gaps and inequality in the distribution of adaptation-related ODA, considering patterns of vulnerability and poverty, reveal significant opportunity for DAC donors and multilateral institutions to improve the targeting of their climate-specific resources.

Trends in ODA modalities show a significant shift towards loans and ODA resulting in no transfers

Various means (often described as modalities or instruments) are used to deliver ODA. Modalities describe how aid is managed and disbursed and can influence what, where and who is targeted.[21] The impact of changes in modalities, particularly on those people and places furthest behind, can be hard to see immediately. Yet there is little doubt that **how** aid is used matters almost as much as **what** aid is used for, with **who** and **where**. The global figures may also obscure important distinctions and variations at the level of each donor. Here the use of ODA as loans demonstrates those variations and the potential long-term impact on the poorest people.

A significant dividing line in types of modalities is how concessional aid is – grants are 100% concessional while other forms such as ODA loans or other financial instruments vary in their concessionality, requiring some form or proportion of repayment and can thus create debt.

Just as gross ODA has fallen for a number of the poorest countries since 2010, so grants directly to projects, a key modality for such countries, have also declined. They have fallen as a proportion of total ODA – from 42% in 2010 to 36% in 2016, as loans and non-transfer aid have taken a larger share of ODA. And when only grants allocated to specific countries or regions are considered (thus excluding those that have no specific geographical focus), volumes have flatlined. For LDCs they have actually fallen in real terms by 12%, at a time when lending to such countries has risen (see below).[22]

Core grants to NGOs have risen quite rapidly in recent years, up by over 50% since 2012 to US$3.6 billion in 2016. The great majority of this spending (US$3bn) was targeted at international NGOs and NGOs based in donor countries. Core grants to specific-purpose funds and pooled funds have grown faster than total ODA – by 32% since 2010 to US$18.4 billion in 2016, 11% of total ODA. However, as discussed in depth in this chapter, loans have also risen significantly.

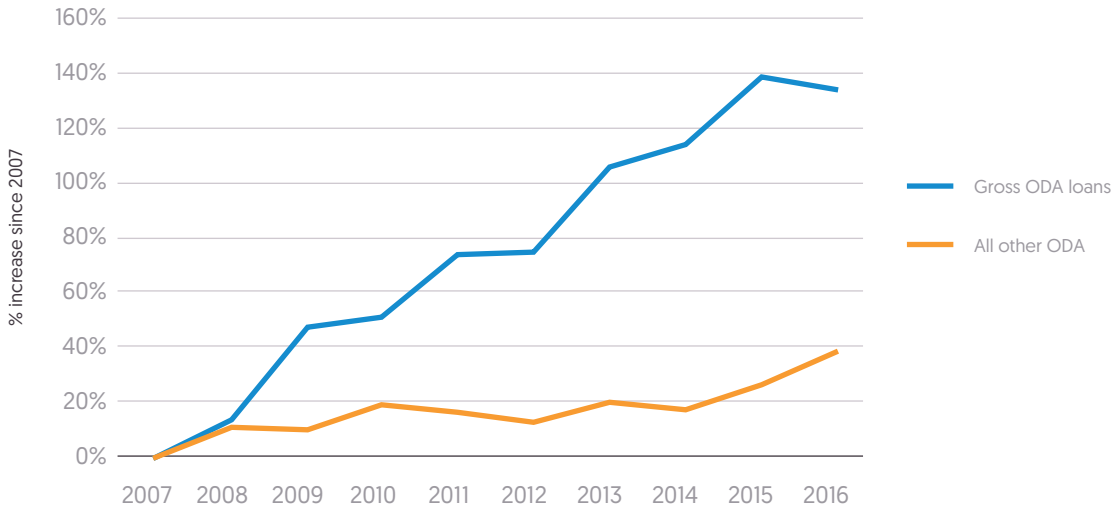
Some equity investments in companies in developing countries, usually made by development finance institutions (DFIs), are eligible to be counted as ODA. These investments peaked in 2010 and 2011 at US$1.6 billion in both years. From 2012 to 2014 gross equity investments reported as ODA stood at US$1.4 billion per year. Since 2014, tracking the use of these instruments has been complicated by some donors choosing to report capital sums into DFIs from donor governments as ODA, rather than the actual investments made by the DFIs. In 2014, the UK reported US$445 million of equity investments from CDC Group (the UK DFI) as ODA. In 2015, CDC ceased to report the detail of its investments to the OECD; instead the Department for International Development reported a US$688 million investment **into** CDC as an ODA grant. As a result, total equity investments reported as ODA fell to US$1 billion in 2015 and 2016.

Another important dividing line is whether the modality results in a transfer of real resources from the donor country and, as noted earlier, non-transfer ODA has been on the rise in recent years. Finally, some forms of ODA do not result in a transfer of 'cash' resources but a transfer of knowledge, experience and capacity, for example technical cooperation. Since 2007 this has fallen by 2.7% as a proportion of total ODA but grown in dollar value by 16.7%.

The most significant trend over the last decade has been the increasing use, by some large donors in particular, of concessional loans as a way of delivering aid. Loans now make up almost a quarter of total ODA, growing three times faster than other ODA modalities combined from 2007 to 2016 (Figure 2.15). This has meant a rise from 15% of gross ODA in 2007 to 24% in 2016 despite compelling evidence on the negative or counter-productive effects on the poorest countries, for which low absorptive capacity and unsustainable debt can seriously affect their current and future economic growth.[23,24]

Figure 2.15

Loans have grown much faster than other forms of ODA in recent years



Source: Development Initiatives based on OECD DAC.
Notes: Chart is indexed from 2007 showing percentage rise in gross ODA loans and all other ODA for subsequent years.

Just four countries – Japan, Germany, France and Korea – supply 98% of ODA loans from DAC member countries. Japan has long been the lead provider of ODA loans among the DAC donors, however Germany, France and Korea have rapidly expanded their lending programmes between three and five-fold between 2007 and 2016. Institutions of the EU, the only multilateral donor that is a member of the DAC, increased levels of ODA loans by a factor greater than 40 over the same period.

A substantial amount of lending goes to countries deemed in debt distress or at risk of being so, indicating donors are not consistently showing due diligence

Crucially, the rise in loans in recent years has been evenly spread across countries of different income groups, with no significant changes in the proportion of loans going to any particular income group between 2007 and 2016. This means many countries with high poverty levels and low government revenues are receiving large amounts of ODA loans. Looking further at low income countries, over 30% of the loans going to these countries were assessed by the International Monetary Fund as being lent to countries in or at high risk of being in debt distress.

In Africa significant volumes of loans went to countries at high risk of debt distress in 2016, including Ethiopia (US$1.5bn) Ghana (US$656m) and Cameroon (US$391m). Mozambique, a country rated as actually being in debt distress, received loans totalling US$417 million in 2016.

Figure 2.16

Large amounts of ODA loans in 2016 went to countries with high poverty levels...

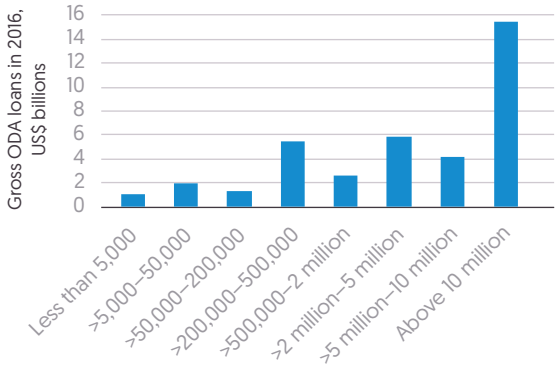
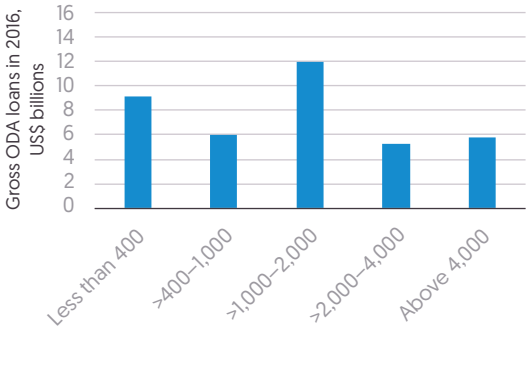


Figure 2.17

...and to countries with low government revenues



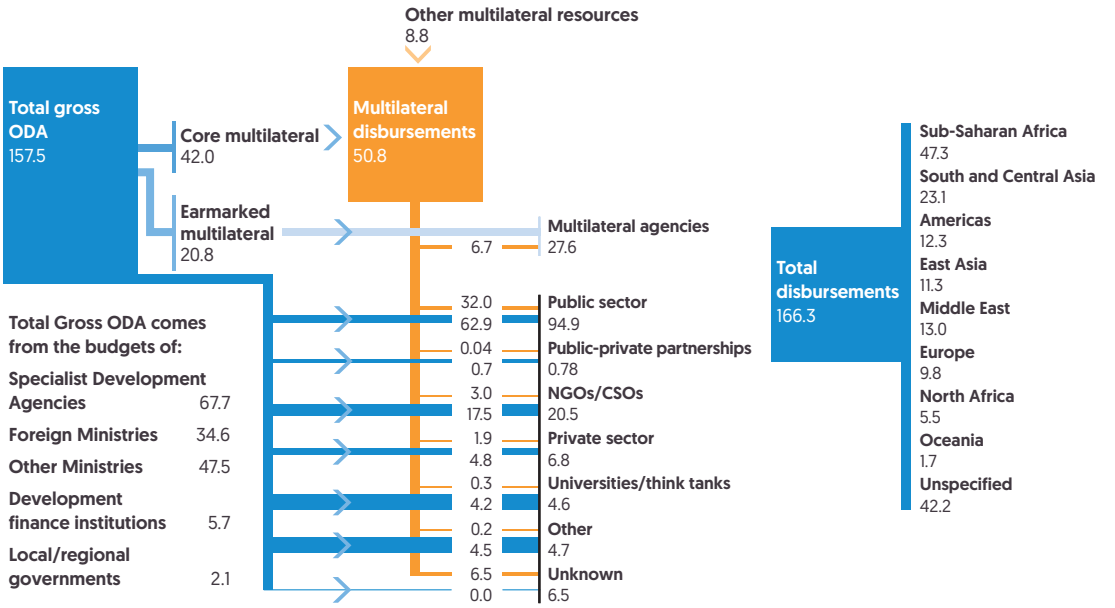
Source: Development Initiatives based on OECD DAC, World Bank PovcalNet (Figure 2.16), IMF World Economic Outlook database and IMF Article IV Staff and programme review reports (various) (Figure 2.17).
Notes: Countries for which no poverty data is available have been excluded. Extreme poverty is defined by the $1.90 a day international poverty line (2011 PPP$: purchasing power parity). Bands were identified in such a way as to contain as even as possible a number of countries within them.

Significant volumes of ODA are being dispersed by a wide range of government departments and channelled outside countries' domestic government and civil society institutions

As well as being delivered in a variety of modalities, ODA is channelled by and through a complex network of agencies and actors. Most donors have a dedicated aid agency or development specialists in foreign affairs ministries to disperse ODA. However, certain donors such as the UK are making a conscious effort to push spending increasingly via other departments.[25] ODA being administered by such 'other' government ministries accounted for 30% of ODA reported by DAC donors in 2016. Interestingly, small amounts of ODA from some donors also come from local, regional or municipal government bodies – just over US$2 billion in 2016.

With growing emphasis on the role of the private sector in promoting development, it is expected that bilateral DFIs may in future account for a larger proportion of ODA (see Chapter 3). At present, however, their contribution is fairly small – accounting for just under US$6 billion of ODA in 2016.

Figure 2.18
The flow of ODA in 2016 (US$ bn)



Source: Development Initiatives based on OECD DAC.
Note: 'Other multilateral resources' represent funds disbursed by multilateral bodies over and above the resources transferred to these organisations by donors in a given year. This may include core funding carried over from previous years or, in the case of development banks, amounts drawn from profits on lending activities.

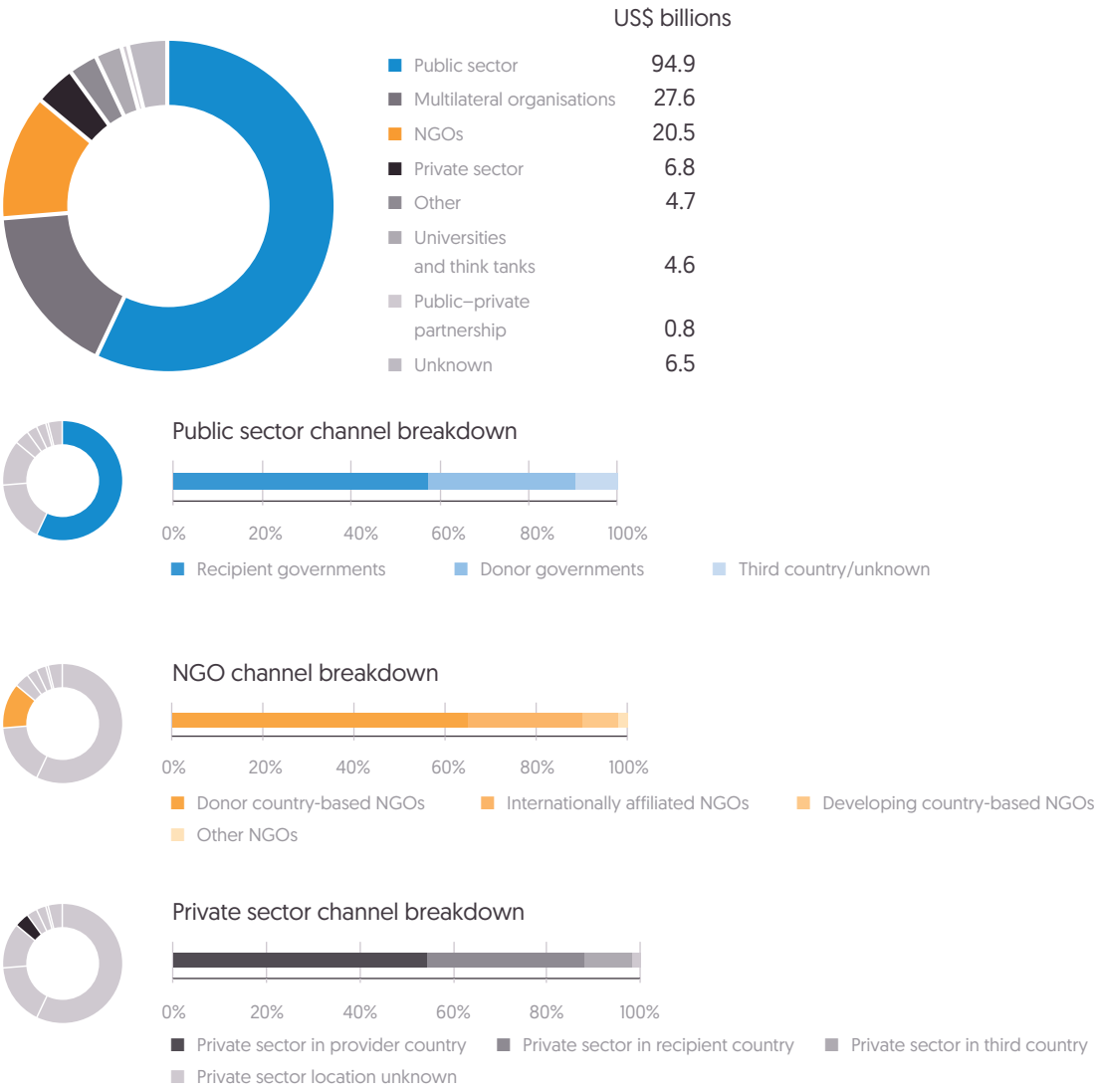
Most ODA is channelled via public sector institutions, but significant portions bypass local or national actors

Over half of all ODA is channelled via public sector institutions. Of this, a third (33%) is implemented by the donor government directly, with a larger 57% via the government of the recipient country. For aid not channelled via the public sector, the great majority is implemented by international rather than local actors.[26] International multilateral agencies account for 17%, the second-largest amount of ODA being channelled, two thirds of which is via the UN. NGOs channel a similar amount (12%); almost all of this is channelled through organisations headquartered in donor countries. Finally, the private sector only accounts for 4% with over half (54%) via firms in the donor country. These proportions of total ODA have remained almost static since comprehensive data became available as channel of delivery began to be reported by donors in 2009.

Donors and implementing agencies have committed to providing more humanitarian funding as directly as possible to local and national actors who are regularly the first to respond in humanitarian crises. To date, volumes of reported international humanitarian assistance are well below the 2020 target agreed in the Grand Bargain of 25% of all assistance.[27] In 2017, 3.6% of international humanitarian assistance reported to UN Office for the Coordination of Humanitarian Affairs (OCHA)'s Financial Tracking Service was delivered directly or through one intermediary to local and national responders.[28]

Figure 2.19

Overall, most ODA is channelled via public-sector bodies

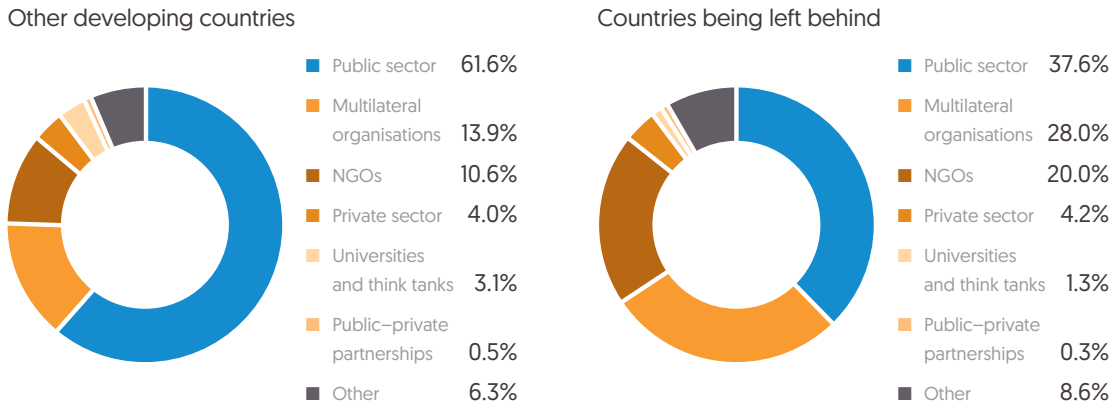


Source: Development Initiatives based on OECD DAC Creditor Reporting System (CRS).
Note: The channel of delivery refers to the first implementing partner of the ODA disbursement, which has implementing responsibility over the funds.

There are variations in aggregate totals when looking at different sets of countries, with less ODA to countries at risk of being left behind being channelled through government institutions than is the case for other countries. In fact, the proportion of ODA channelled via the public sector in countries being left behind has declined noticeably since 2011. Between 2008 and 2011 around 50% of ODA to countries being left behind went through the public sector, but this proportion declined in each year from 2011 to 2016. ODA to this group of countries is more than twice as likely to be channelled through a multilateral body or NGO than other ODA. To some extent this is unsurprising as the poorest and most vulnerable countries may have weaker government institutions, if present at all, via which ODA can be administered. However, this is not the case for all countries being left behind, some politically fragile countries may have functioning subnational institutions. Yet their low levels of government revenue make ODA channelled via their government institutions all-the-more vital if they are to be empowered to lead their own development agendas.[29] There is clearly substantial scope for donors to work better through local institutions – state and non-state.[30]

Figure 2.20

Less ODA is channelled through the public sector in countries being left behind



Source: Development Initiatives based on OECD DAC Creditor Reporting System (CRS).
Notes: Data is for 2016. The channel of delivery refers to the first implementing partner of the ODA disbursement, which has implementing responsibility over the funds.

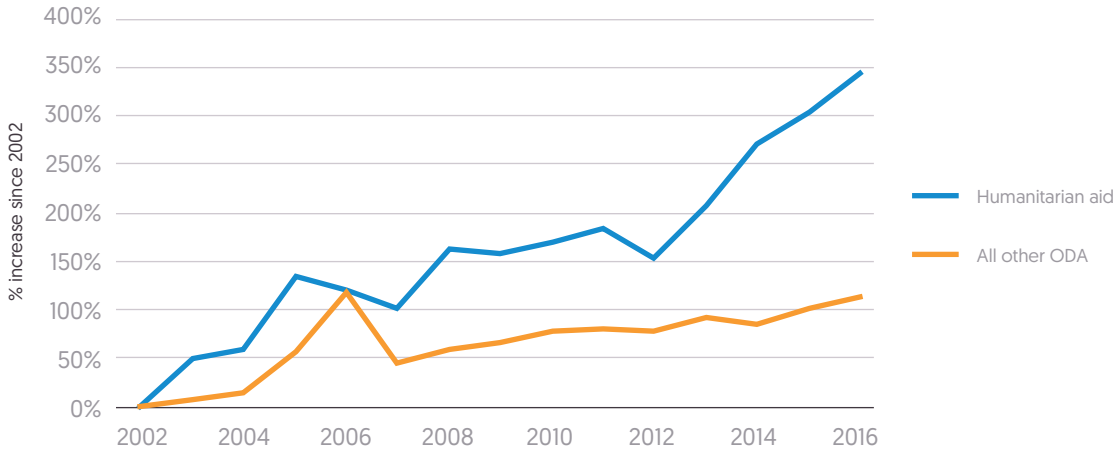
ODA is not consistently targeting the sectors most critical to leaving no one behind

ODA supports a wide range of activities and health, infrastructure and governance-related sectors consistently receive the largest amounts. In 2016, these three sectors combined accounted for more than a third of gross ODA disbursements (health 13%, infrastructure 12% and governance 10%).

Humanitarian aid has risen notably faster than total gross ODA, with proportions of total aid almost doubling from 6% in 2006 to 11% in 2016 (see Chapter 5 for a discussion of implications). Another significant rise is in spending on refugees in donor countries, which typically accounted for around 2 to 3% of total ODA before 2014 but has increased almost four-fold to US$16 billion in 2016, 10% of total gross ODA.[31]

Figure 2.21

Humanitarian aid has grown much more quickly than other ODA since 2012



Source: Development Initiatives based on OECD DAC Creditor Reporting System (CRS).
Note: Chart is indexed from 2002 showing percentage rise in humanitarian aid and all other ODA for subsequent years.

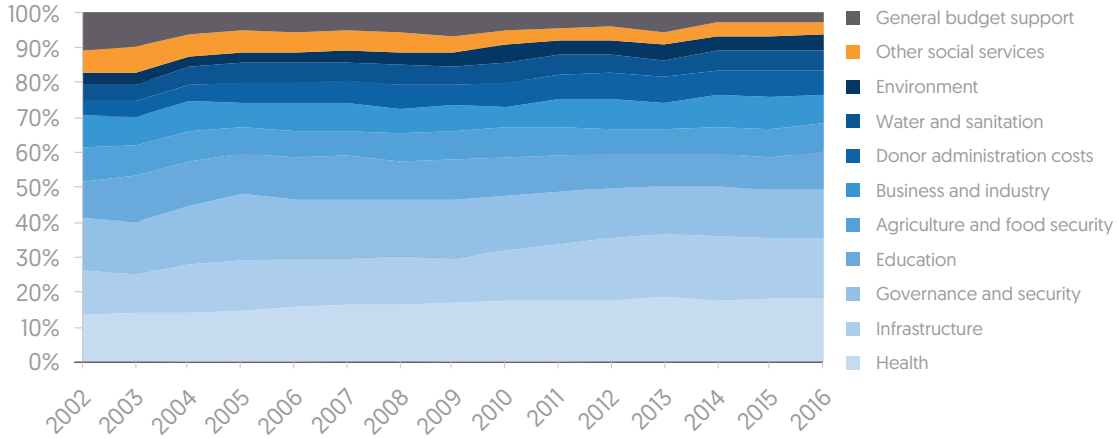
Focusing in on development ODA, a broad range of sectors receive significant amounts of aid, with notable trends related to a number of the sectors that should be the greatest priorities to ensure no one is left behind. Spending on health has stagnated since 2013 after a 250% increase between 2002 and 2013. ODA to education has also remained fairly static, only rising by 6% in real terms between 2010 and 2016. This means the share of total ODA going to education slipped from 8.4% to 7.3% over that period.

Other social services (social services excluding health and education) saw the slowest growth, with spending rising well below the rate of ODA as a whole. In fact, spending on this sector was over 20% lower in 2016 than a peak year in 2008. Although there is no data specifically on ODA to social protection, ODA to social and welfare services, a subdivision of other social services that largely comprises spending on social protection, is tracked. ODA spent here peaked in 2010 at US$2.6 billion before dropping to US$1.7 billion in 2012. Since then such aid recovered to US$2.4 billion by 2016 – although still only 1.4% of total ODA. Data on ODA support for social protection programmes may improve in coming years as the OECD has updated its data to allow donors to track spending on social security, pensions and other social protection schemes in the form of cash or in-kind benefits.

Finally, general budget support[32] has been cut substantially – falling from over 5% of ODA in 2009 to just 1.7% in 2016. This is particularly pertinent since the Busan Partnership for Effective Development Cooperation made country ownership one of its stated principles for effective development.[33] Budget support was widely viewed as a key mechanism through which aid would be delivered in such a way as to increase country ownership of development outcomes.[34]

Figure 2.22

Proportions of ODA to Education, Other social services and General budget support have fallen



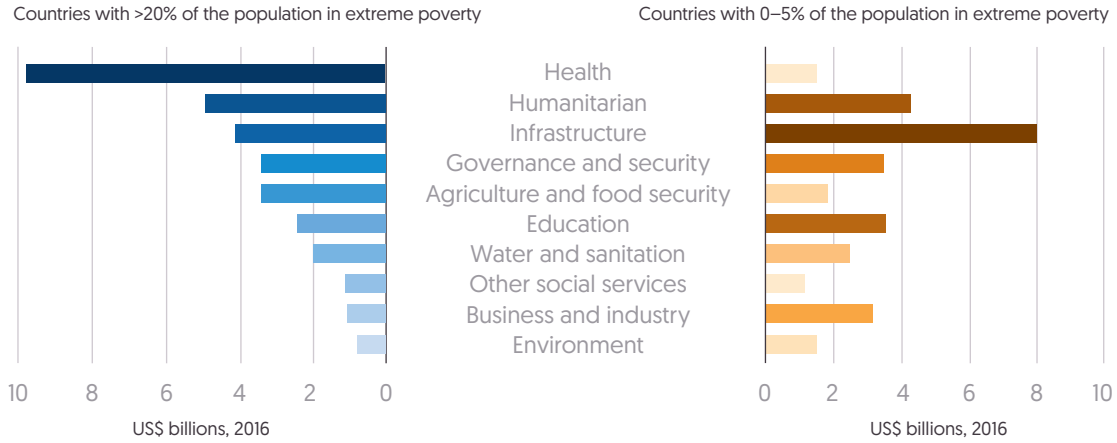
Source: Development Initiatives based on OECD DAC Creditor Reporting System (CRS).
Note: Chart excludes humanitarian assistance, in-donor refugee costs, debt relief, other commodity assistance, multisector ODA and ODA not specified to a sector.

When focusing in on different countries, there are clear variations from the aggregate trends on sector allocations. Many of these variations are to be expected. For example in countries with high levels of extreme poverty (more than 20% of the population living on less than US$1.90 per day) 30% of developmental[35] ODA is spent on health and 13% on infrastructure projects. In countries with lower levels of poverty (less than 5% of the population living on less than US$1.90 per day) the reverse is true, with 27% of developmental ODA spent on infrastructure and less than 5% on health.

However, looking at sectors that are particularly significant to ensuring the people furthest behind are lifted out of poverty, there are some surprising trends. ODA spending on education in countries with high poverty levels was US$1.2 billion lower than the amount given to countries with the lowest levels of poverty. Spending on water and sanitation projects is also higher in low poverty developing countries (US$2.5bn) than in high poverty countries (US$2.0bn).

Figure 2.23

There are clear differences across sector allocations of ODA between countries at different levels of extreme poverty



Source: Development Initiatives based on OECD DAC and World Bank PovcalNet.
Note: The poverty bands were drawn for each group to contain similar amounts of total ODA to allow the analysis to demonstrate that differences in total volumes are not the main source of any differences in sector allocations.

With increasing focus on donors attracting private sector investment in developing countries, it is also important to acknowledge trends in ODA spending on business and industry in developing countries. At present countries with the lowest levels of poverty are receiving large amounts of ODA targeted at these sectors, meaning investments are primarily targeting where there is the least risk and greatest chance of receiving a profitable return.[36] This could call into question such ODA allocations on the basis that billions of dollars of donor funding may be going to the same areas that could instead benefit from private investment. If this is the case, it should incentivise donors to redeploy ODA to countries and sectors that are otherwise underfunded.

Countries being left behind receive the least investment in infrastructure and business and low amounts to education – with potential ramifications for human capital

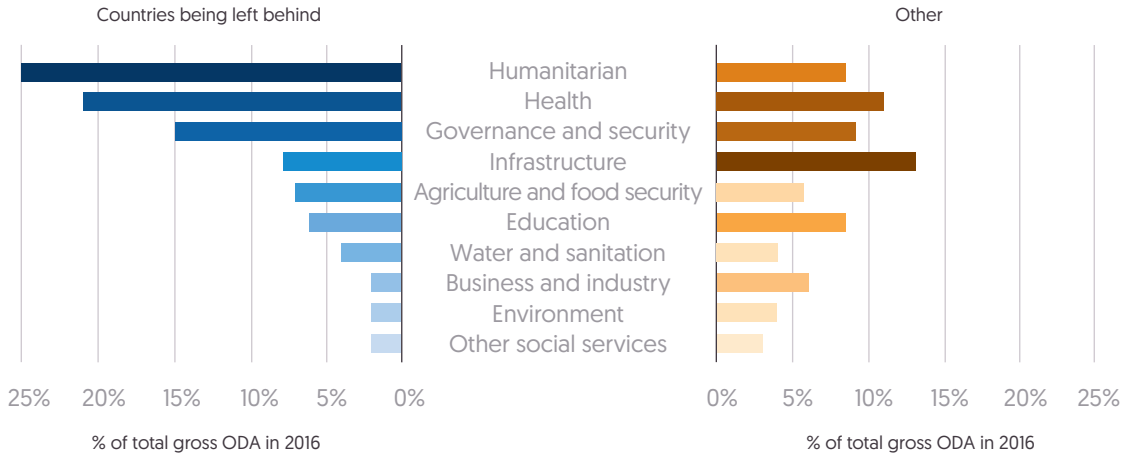
Focusing in on the countries being left behind, allocations are largely as expected. Humanitarian aid and health dominate. They comprise almost half of gross ODA received and account for the largest increases (see Figure 2.25). Meanwhile the proportion of ODA allocated to infrastructure, business and industry is substantially lower than for other countries. Similarly, the trend in education follows the same surprising disparity seen when comparing countries based on income poverty levels. In fact, the amount being allocated to education in countries being left behind is falling.

Another worrying trend is the decline in general budget support. As reflected globally, the relative significance of this modality has continued to fall, and accounts for one of the largest proportional decreases, from 14% in 2002 to just 3% in 2016.

A number of countries being left behind are characterised by fragility and political insecurity. However, despite large and growing volumes of aid to humanitarian assistance, aid for conflict prevention and peacebuilding is low, accounting for US$1.1 billion, or 3% of aid to countries being left behind in 2016. This reflects trends of funding to fragile states more widely, where commitments in these areas have largely stagnated since 2010. Conflict prevention now accounts for just 2% of aid to fragile states, and peacebuilding just 10%.

Figure 2.24

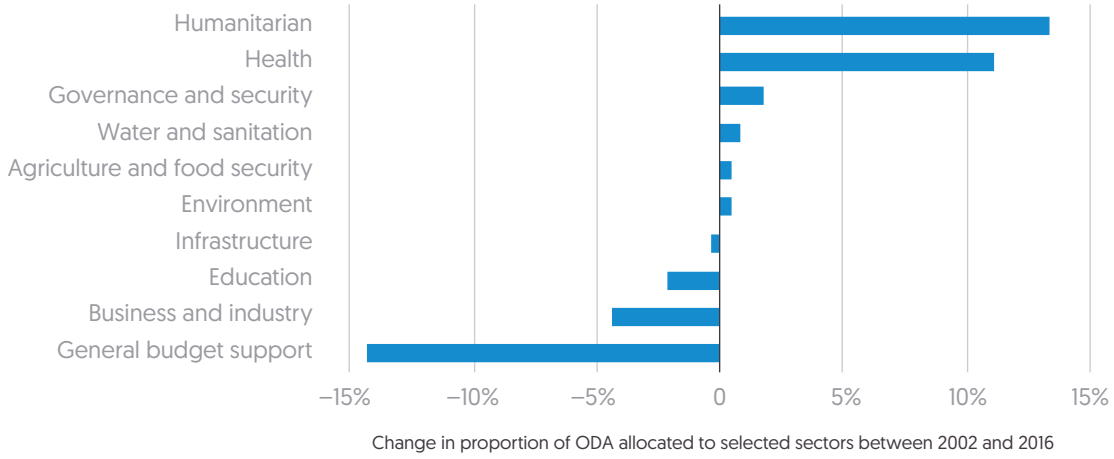
Sector allocations of ODA to countries being left behind and other developing countries differ, but social protection remains among the lowest for both



Source: Development Initiatives based on OECD DAC Creditor Reporting System (CRS).
Note: 'Other' includes ODA to regional and unspecified recipients. Percentages on chart will not total to 100 due to the exclusion of ODA to debt relief, general budget support and other sectors including donor admin costs and refugee hosting costs on the chart.

Figure 2.25

Since 2002, ODA to countries being left behind has become increasingly concentrated on health and humanitarian interventions, while budget support and aid to business and education has fallen



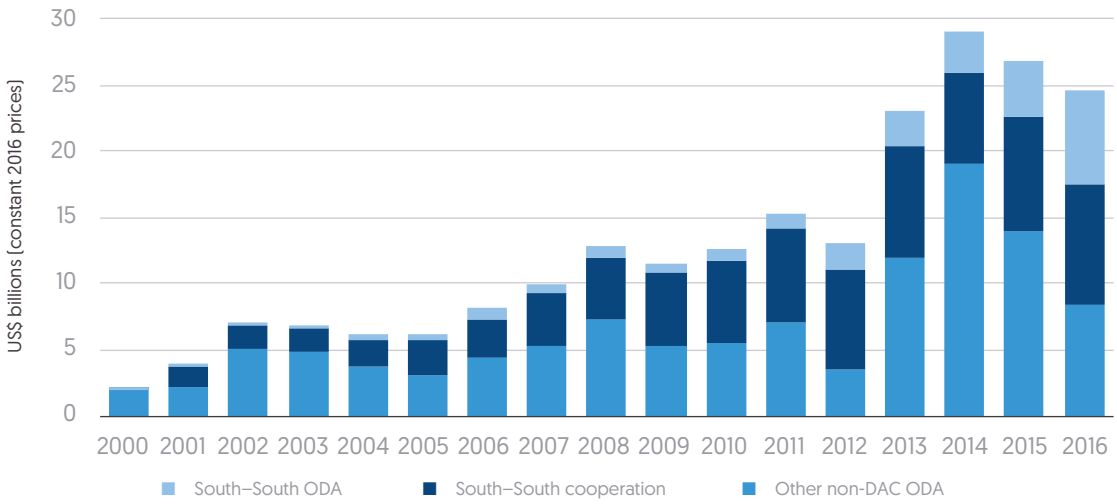
Source: Development Initiatives based on OECD DAC Creditor Reporting System (CRS).

Development cooperation from other government providers has seen significant increases in recent years

Levels of development cooperation from government providers outside the OECD DAC, including South–South cooperation[37] and ODA from other government providers, have increased significantly since 2000 and stood at US$25 billion in 2016. It is therefore important to acknowledge these volumes alongside ODA as, while classified differently, their purpose is aligned. Figure 2.26 shows development cooperation from three types of provider: developing countries not reporting ODA to the OECD (South–South cooperation), developing countries reporting ODA to the OECD (South–South ODA) and non-developing countries which are not members of the OECD DAC, but which report ODA to the OECD (ODA from other government providers).

Figure 2.26

Total development cooperation from other government providers stood at US$25 billion in 2016



Source: Development Initiatives based on OECD DAC, JICA Research Institute, Government of India Union Budget, South Africa National Budget, Brazil ABC and IPEA, Mexican Agency for International Development Cooperation and other national sources
Note: Composition of data and definitions of development cooperation can vary by provider.

South–South cooperation and South–South ODA combined have grown in particular from just US$1.7 billion in 2001 to US$16.2 billion in 2016, of which Turkey (US$6.9bn), China (US$6.6bn) and India (US$1.8bn) were the largest donors.[38] ODA from other government providers – from developed countries reporting to the OECD but not DAC members such as the United Arab Emirates, Kuwait and European donors like Bulgaria – has also increased overall to US$8.4 billion largely due to spending by Gulf donors.

Data remains sparse, patchy and incomplete for much South–South cooperation and volumes may be underestimated. There are also significant challenges in assessing where it is going, what it is being spent on and what impact it is achieving. While volumes are smaller than ODA or other resources such as foreign direct investment, they are clearly rising and these actors are likely to play an increasing role in the future.

While Southern providers consider such flows as unique relationships based on solidarity and expressed through collaboration rather than reflecting a 'donor–recipient' transaction, this does not mean that accountability and transparency are any less important. Understanding better the contribution such actors are making, or could make, will be important to identify where they can most add value to countries' needs in relation to other types of assistance. It could also ensure they are mobilising these flows effectively in support of Agenda 2030 in a transparent and accountable way.

3
Mobilising all resources to leave no one behind

Afghanistan, 2014
Women process saffron by hand as part of the Afghanistan Rural Enterprise Development Program.

Credit: © Abbas Farzami/Rumi Consultancy /World Bank

Key messages

- All actors will benefit from achieving the Sustainable Development Goals (SDGs) and have a responsibility to contribute towards them.
- Investing to end poverty and close the gap between the poorest people and places and the rest is not just about scaling up total resources, but also the right types of finance for the right interventions. Increasing one type of finance will not automatically substitute the need for another.
- International financing often bypasses countries that need it most – those with the lowest domestic capacity and highest levels of poverty:
    - Countries where over a fifth of people live in extreme poverty receive a quarter of the volumes of international financing per capita (excluding official development assistance (ODA)), compared with countries where less than 5% of people do.
    - Countries where per capita government revenue is less than $400 receive less than a sixth of the levels of non-ODA financing per capita compared with countries where government revenue levels are above $4,000 per capita.
    - Countries at most risk of being left behind receive a quarter of the flows per capita going to other developing countries (excluding ODA).
- The private sector will be key, but poor people cannot wait for international commercial investments – currently concentrated in countries with low risk and healthy business environments – to shift towards them. International financial and development finance institutions providing blended finance and de-risking are equally constrained from working in the poorest and most vulnerable places and will need changes to mandates to start mobilising resources to where they are needed most.
- Beyond volumes, identifying synergies between types of finance, by knowing what resources are available and how they are being used, can maximise impact and free up scarce ODA.
- National public finance and ODA will continue to be central to investments directly focused on strengthening human capital development, which are being left behind by other forms of finance.
- Comparable subnational data across resources is limited but shows the gap in access to resources between the poorest people and others at local level. Better production, availability and use of local data can help guide where different resources are needed most.

All resources have a role to play in, and a responsibility to contribute to, leaving no one behind

ODA, while critical in its ability to target poverty directly, will not be enough to meet the ambitions of the 2030 Agenda for Sustainable Development (Agenda 2030); it is far from the largest resource flow available and arguably not the most important. Nor will the economic growth that resulted in achieving Millennium Development Goal (MDG) 1 early be sufficient if poverty is to be ended and inequality reduced.

In the SDG era, all resources – public, private, local, national and international – have a role. They also have a responsibility to contribute to the universal goals. The gains made by achieving them will be felt by all, rich and poor, individual, household, corporation and government. Shared benefits mean shared ownership of shared objectives – and shared responsibilities.

But it is not just about numbers – it is more than a question of scaling up total financing. Simply increasing investments in developing countries will not result in the progress needed to achieve the twin SDGs 1 and 10, nor the other SDGs addressing human capital, infrastructure, security and the environment on which these two depend. The quality of investments, backed up by political will driving the right choices, will also matter: the types and sources of financing being used, the areas where they are being invested and the people who are benefiting. While more financing is needed, it has to be the right type.

This means it cannot be assumed that increasing one type of resource will be an automatic substitute for another. 'Billions to trillions' may be misleading for the potential scale of some of the resources available to the poorest people and countries, but so is its suggestion that the end of poverty lies in achieving a single aggregate monetary sum.

Looking beyond numbers means looking at the efficiencies and additional impact to be gained from different types of finance, and the actors that control them, working together, either within a defined framework of sequencing or layering, or a more loosely defined approach grounded in clear awareness of what other resources there are and what they are doing.

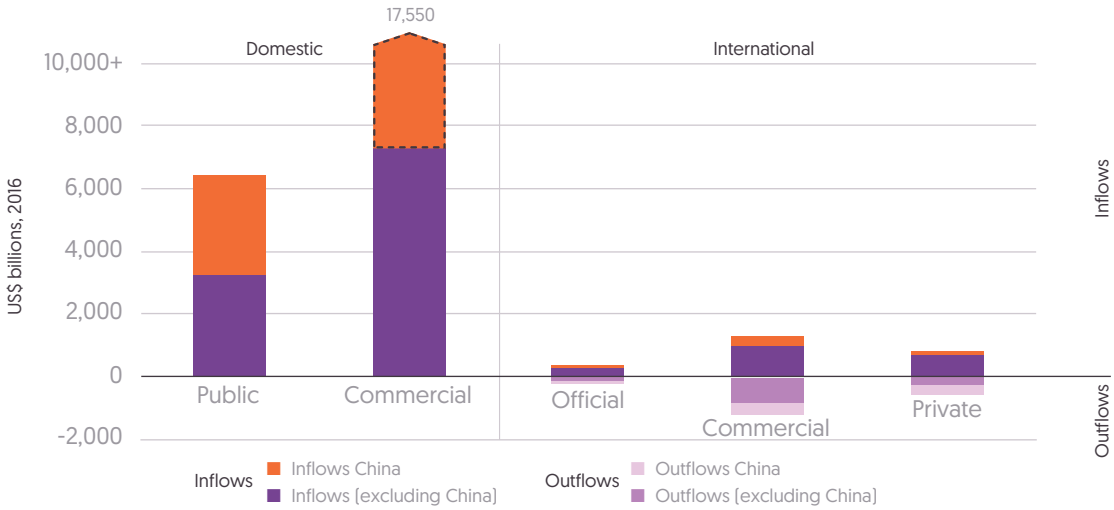
Within a burgeoning range of often interconnected sources, types, and modalities of funding and finance, each with their own sets of objectives, incentives and comparative advantages, strengthening their complementarity and building synergies will be as important as overall volumes.[1] To do this, the landscape of available resources and how they are used needs to be understood. Donors and governments need to know where their scarce concessional finance can make the most difference in the absence of other sources of investment. And other diverse actors need to know where opportunities are that both meet their own objectives and build momentum towards the SDGs. Having a clear picture of the overall landscape, including what type and scale of financing is being invested where, on what and at whose benefit, is thus a crucial step to more effective and impactful investments to end poverty.[2]

Globally, domestic resources and commercial financing are the most significant sources of investment

Domestic resources are the primary source of finance in developing countries and will be the key driver in country-level investments to end poverty. In 2016, domestic public resources controlled by developing countries (estimated by non-grant government revenue) totalled US$6.4 trillion, almost 20 times the US$0.3 trillion of international official financing flowing to these countries. Similar scales of magnitude differentiate domestic commercial resources (US$24.9 trillion) from international commercial inflows (US$1.3 trillion) in these countries (Figure 3.1). China accounts for the vast majority of this difference, but even when excluding China the differences are impressive, with domestic public resources accounting for over nine times the volume of international official financing, and domestic commercial resources (estimated by domestic credit to the private sector) accounting for over seven times the volume of international commercial inflows to developing countries. Combined, these domestic resources are 12 times those of international flows to developing countries.

Figure 3.1

Domestic resources in developing countries are 12 times larger than international finance flows to developing countries, of which commercial sources of finance dominate



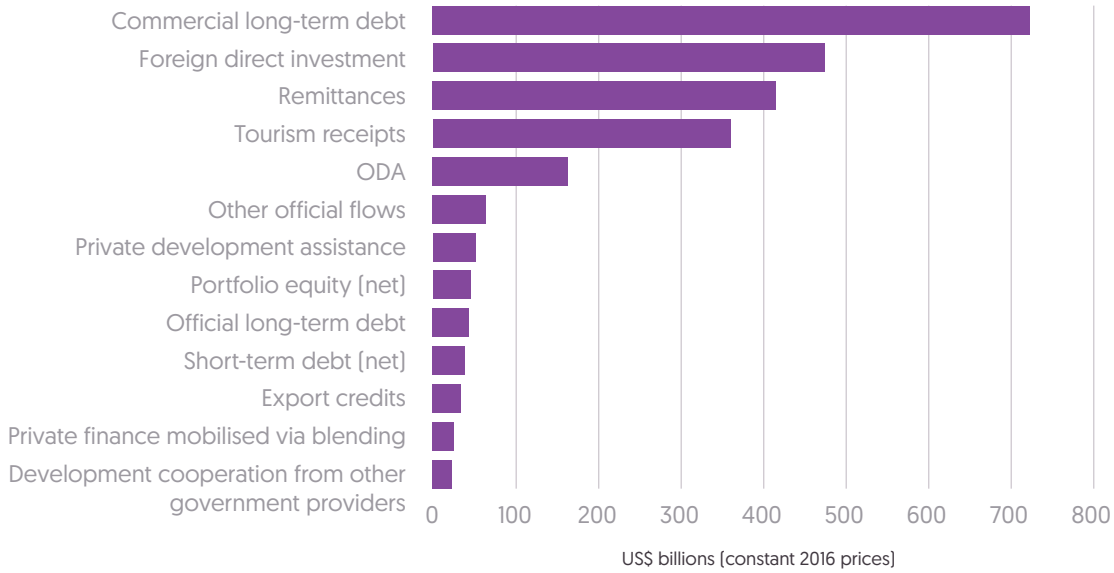
Source: Development Initiatives based on International Monetary Fund (IMF), World Bank, UN Conference on Trade and Development, OECD DAC and national sources.
Note: Data is for the most recent available year across all categories; this is 2016, except for private finance mobilised via blending (included in international commercial estimates) and private development assistance (included in international private estimates).

Commercial resources are the largest category of financing in both domestic and international investments and flows (Figure 3.1). Beyond the aggregate level, the two main components of international commercial financing – commercial long-term debt and foreign direct investment (FDI) – are the two largest sources of international financing to developing countries as a whole, at US$723 billion and US$476 billion respectively (2016), equivalent to 4.3 times and 2.9 times ODA (Figure 3.2).

Notably, large proportions of international commercial resources ultimately flow out of developing countries. In 2016, commercial outflows from developing countries totalled US$1.19 trillion, equivalent to 90% of inflows (Figure 3.2). Of this, US$254 billion were outward FDI investments – more than half of the volume of FDI inflows. The remainder, US$935 billion (equivalent to 79% of the total) comprised interest and capital repayments on loans as well as outflows of profits on FDI.

Figure 3.2

Commercial long-term debt and FDI are the two largest sources of international financing to developing countries



Source: Development Initiatives based on World Bank, UN Conference on Trade and Development, OECD DAC and national sources.
Notes: FDI: foreign direct investment. Data is for 2016, except for private finance mobilised via blending and private development assistance. Development cooperation from other government providers includes data on disbursements of development cooperation from non-DAC members that report to the OECD DAC as well as data on disbursements of development cooperation from other government providers that do not report to the OECD DAC and for which data was compiled from national sources.

Growth in domestic public resources is slowing: some countries could increase levels further but many will still fall short of requirements

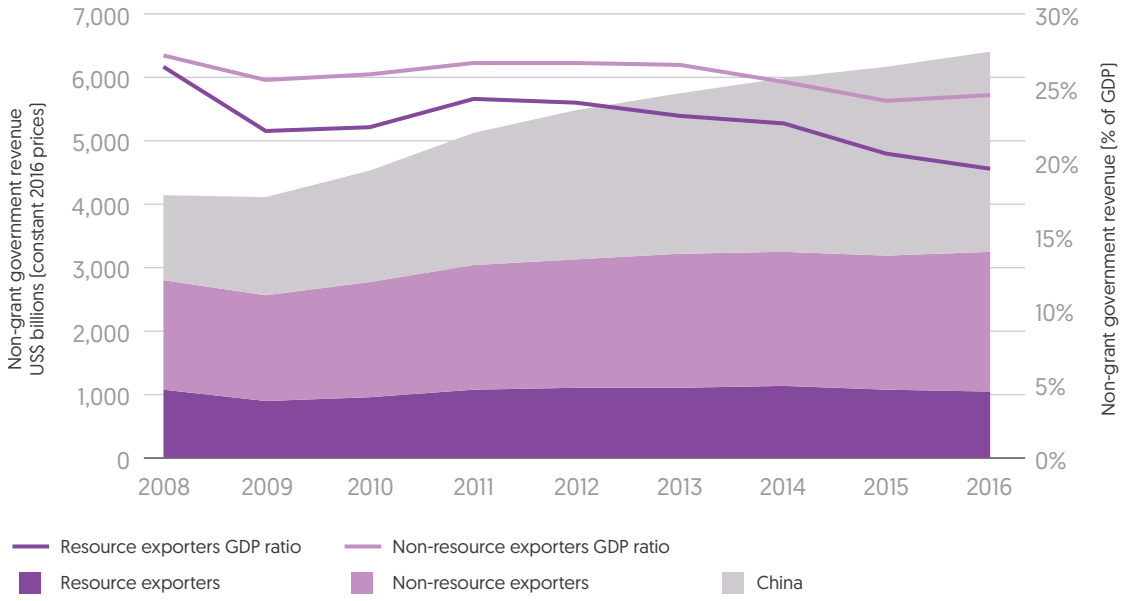
Domestic public resources are by far the largest development finance flow that can be invested directly in reducing poverty and be redistributive in nature through, for example, investments in social protection, health and education. Domestic public resources are managed by governments who hold ownership over national development agendas. They are responsible for aligning their expenditure with domestic development priorities and can strengthen accountability between decision-makers and the people that development efforts are supposed to serve.

Growth in domestic public resources is slowing across developing countries

Aggregate domestic public resources (measured by non-grant government revenue) have grown from 2008 levels of US$4.1 trillion to US$6.4 trillion in 2016. Growth, however, has not been equally distributed across countries. While China's non-grant government revenues more than doubled since 2008, other developing countries saw more moderate growth (non-resource exporters) or a marginal decline (resource exporters) (Figure 3.3). Growth has almost halved since 2012 compared with the previous five years (from an average annual growth rate of 7.3% between 2008 and 2012, to 4.0% between 2012 and 2016). Meanwhile it has not kept pace with economic growth – government revenue as a share of GDP has fallen across developing countries (excluding China) since 2011, while levels in advanced economies have remained relatively constant in aggregate.[3]

Figure 3.3

In aggregate, domestic public resources have increased by 55% since 2008 but growth has slowed



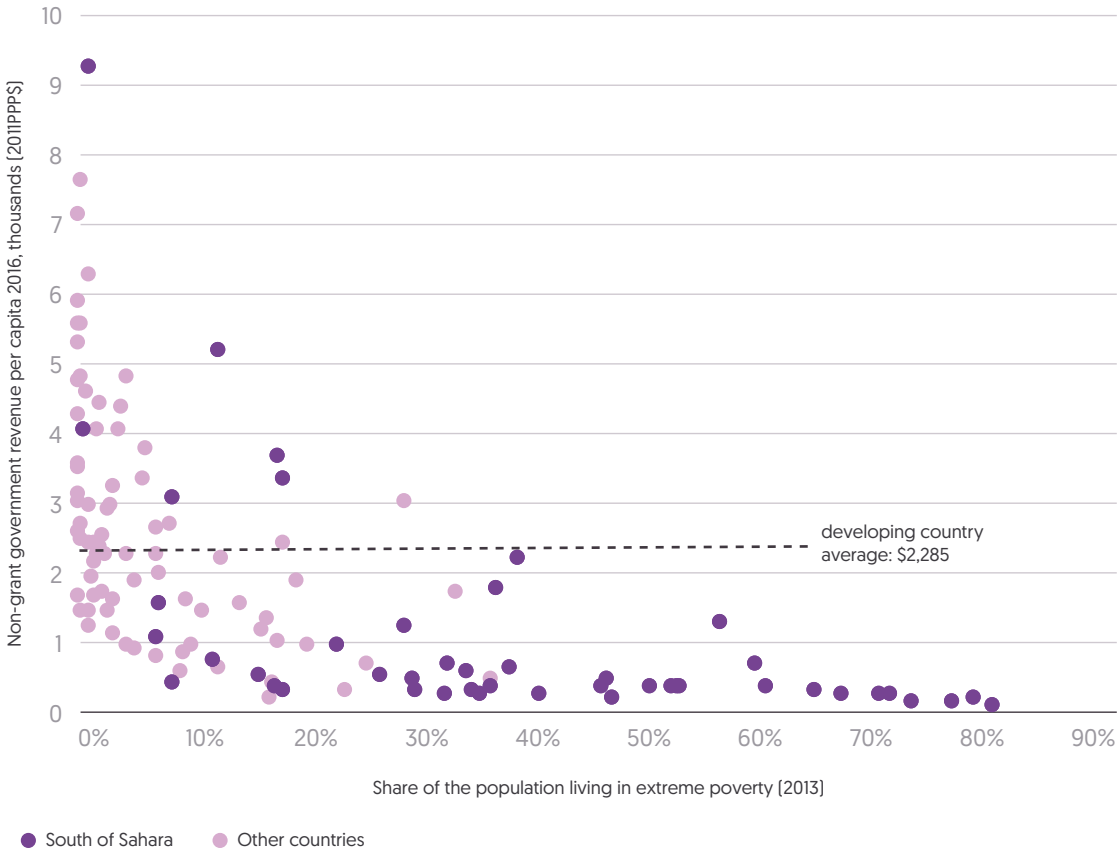
Source: Development Initiatives based on IMF World Economic Outlook database, April 2018 and IMF Article IV Staff and programme review reports (various).
Note: Countries whose government revenue data is not available for entire span of 2008–2016 are not included.

Domestic public resources are lowest where poverty is highest and is projected to be highest by 2030

Absolute volumes of domestic public resources are also lowest where poverty is highest. In sub-Saharan African countries, where over a fifth of the population lives in extreme poverty, levels of per capita government revenue are below – and in many cases, far below – the $2,285 per capita developing country average (Figure 3.14). And the countries identified as most at risk of being left behind – where approximately 80% of poor people globally are projected to live by 2030 – are also among those with the lowest levels of domestic public resources globally. Achieving SDG1 will require progress at the individual level, but the countries needing to make the most progress are those with the least per capita resources.

Figure 3.4

Domestic public resources are lowest where extreme poverty is highest



Source: Development Initiatives based on World Bank PovcalNet, and IMF World Economic Outlook database and IMF Article IV Staff and programme review reports (various).
Notes: Countries for which no poverty data or government revenue per person data is available have been excluded. Extreme poverty is defined by the $1.90 a day international poverty line (2011 PPP$: purchasing power parity).

The gap in domestic public resources between these countries and others will also widen

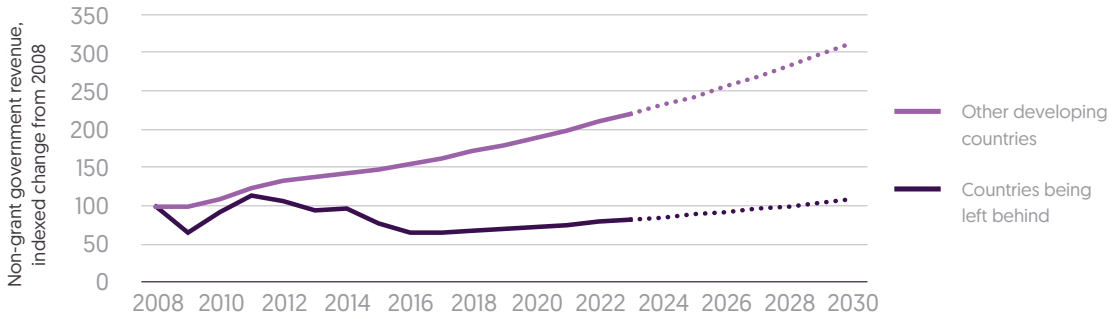
While the countries where most progress is needed to achieve SDG1 have low levels of revenue now, projections suggest that the gap in revenue levels between these and the rest is going to increase between now and 2030. Growth rates for high poverty countries will be only marginally higher than others, and low baselines mean wealthier countries are pulling further away.

Domestic public resources in countries where over 20% of the population live in extreme poverty are projected to grow faster, in aggregate, between 2019 and 2030 (5.2% a year) than those in countries where less than 5% of people are extremely poor (on average 4.9% a year), assuming medium-term forecasts continue through to 2030.[4] Similarly, domestic public resources in countries where current per capita levels are extremely low (below $400) are projected to grow faster than those in countries where they are above $4,000 (5.7% compared with 4.9%). However, just as Chapter 1 shows a growing gap between the poorest 20% of people and others, so the lower revenue baselines mean the gap between the poorest and richest countries is going to widen.

Notably, in countries at risk of being left behind, domestic public resources are actually projected to grow more slowly than in other developing countries, meaning that if no action is taken the gap between these and other countries can only widen (Figure 3.5).

Figure 3.5

Countries being left behind will see slower growth in domestic public resources than other developing countries



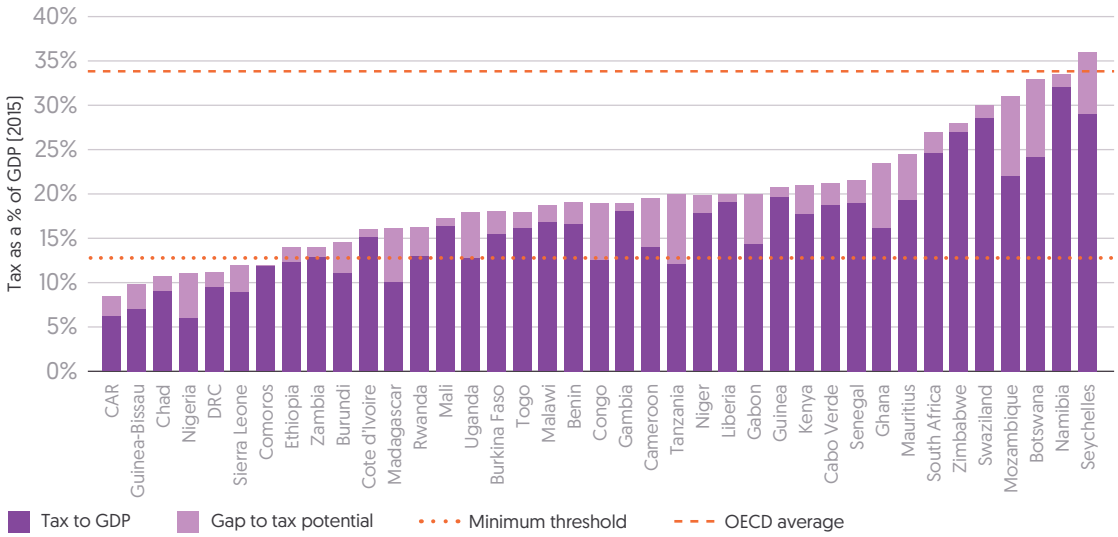
Source: Development Initiatives based on IMF World Economic Outlook database, April 2018 and IMF Article IV Staff and programme review reports (various).
Notes: Chart is indexed from 2008 showing levels of change in non-grant government revenue for countries being left behind and other developing countries. Projections assume a constant government revenue-to-GDP ratio. Real GDP growth is available at the source until 2023; growth for 2024-2030 is set equal to 2023 at the country level.

But domestic revenue mobilisation could be increased, even in some of the poorest countries, and donors can play a key role in supporting the right efforts

Beyond the aggregate level, the picture is less stark. While not equal across all countries, there is potential to increase government revenue – estimated by the 'tax potential', the level of tax revenue a country can achieve by maximising its tax effort, subject to economic and structural constraints. The overall tax potential across developing countries is substantial, estimated at around US$2 trillion, although low income countries account for just 1% (US$15bn).[5] Sub-Saharan African countries vary considerably in the scale of the 'tax potential' or 'tax gap' (i.e. the difference between current and potential tax collection capacity) (Figure 3.6). Donors can work to assist governments in filling these tax gaps or expanding their potential, depending on the particular challenges faced.

Figure 3.6

In many sub-Saharan African countries there is potential to grow the tax base, but also a need to increase tax potential



Source: Development Initiatives based on IMF and OECD.
Notes: CAR: Central African Republic. The 12.88% minimum threshold refers to the tax-to-GDP ratio to enable the state to perform some of its most important government functions, especially adequate spending on developmental programmes.

These challenges can be grouped into two distinct areas: challenges collecting revenues and weak enabling environments. The former refers to challenges faced by governments due to resource or capacity constraints, low levels of taxpayer compliance and tax abuses by multinational corporations practising aggressive tax planning strategies to lower tax burdens in developing countries and exploit weak administrations (see Box 3.1). The latter refers to challenges related to areas such as economic growth and structure (e.g. informal, formal and subsistence labour markets), trust in government to improve compliance (e.g. perception, rule of law, transparency and accountability) and other underlying factors such as security and stability, and broader political and power dynamics that may steer governments away from implementing pro-poor tax reforms.

Box 3.1: The impact of multinational tax avoidance on leaving no one behind

There is an ongoing debate about whether the definition of illicit financing flows should be widened beyond 'dirty money' to include financial flows associated with multinational tax avoidance (or profit shifting), which can be legal.[6] While it is beyond the scope of this report to participate in this debate, the detrimental impact that multinational tax avoidance has on governments' ability to mobilise resources at the domestic level is important to highlight. While estimates of the volume of revenues lost to profit shifting are lower than ODA in countries that receive substantial aid levels (such as Nigeria and Bangladesh), evidence suggests that on average, lower income countries lose more corporate tax revenue as a proportion of their GDP than higher income countries do.[7] Against the backdrop of Agenda 2030 and the commitment that actors across the globe and across industries have made to leave no one behind, this calls for urgent action to address international tax loopholes on the one hand and to strengthen capacity of tax administrations on the other to reduce the extent of exploitation by multinational corporations, especially in the poorest countries and those most at risk of being left behind.[8]

These barriers determine whether efforts to most effectively strengthen revenue mobilisation should focus on building government capacity, the wider enabling environment or a combination of the two. For example, in countries such as Tanzania and Congo where current tax-to-GDP ratios are just below the minimum threshold identified by the International Monetary Fund (IMF) as adequate for providing basic services,[9] and where current capacity to collect taxes is lower than estimated potential capacity, efforts to support governments in overcoming challenges related to tax collection may be sufficient. In other countries, such as Liberia, Côte d'Ivoire and Comoros, where the tax gap is very small or close to zero, and where tax-to-GDP levels are very close or above the minimum threshold, enabling environment interventions will be key. Finally, in countries such as Chad, Nigeria and the Democratic Republic of the Congo (DRC), where even by closing the tax gap government revenue levels would still be below the minimum threshold, raising sufficient domestic public resources will require efforts to both strengthen governments' revenue collection capacity as well as the broader enabling environment.

Domestic commercial resources can be a key source of financing to end poverty and there is scope to strengthen their potential

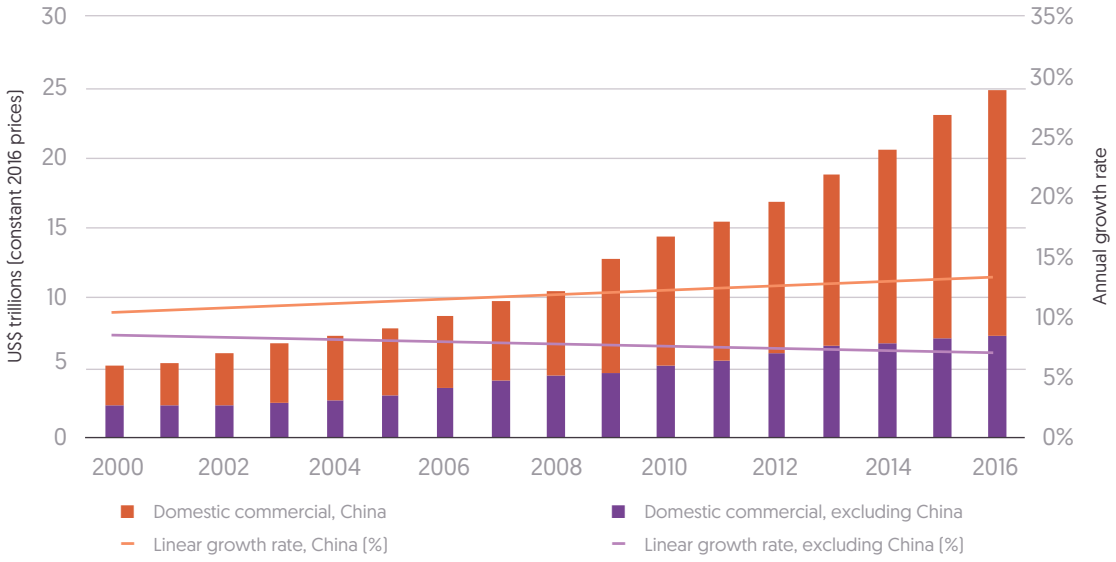
Domestic commercial resources are key to driving local and national economic growth. But with the right incentives and enabling environment they can also drive social and environmental progress through, for example, job creation and innovation.[10] Also, taxes paid by commercial entities operating in the country are an important source of government revenue, which can in turn be used towards national development priorities. Domestic commercial actors are therefore key partners in the quest to achieve the SDGs and ensure no one is left behind.

Growth in domestic commercial investment has been slowing in developing countries (except China) and remains concentrated in a handful of them

However, excluding China, growth in domestic commercial resources (estimated by domestic credit to the private sector) has been slowing down (Figure 3.7). Excluding China's near-six-fold growth from US$2.94 trillion to US$17.5 trillion between 2000 and 2016, commercial resources in developing countries tripled to an aggregate US$7.3 trillion. Meanwhile annual growth rates decreased from an average of 9% between 2000 and 2007 to an average of 7% since 2008.

Figure 3.7

Since 2000, domestic commercial resources have grown substantially but, excluding China, growth has been slowing down



Source: Development Initiatives based on World Bank data.
Note: Domestic commercial refers to domestic credit to the private sector.

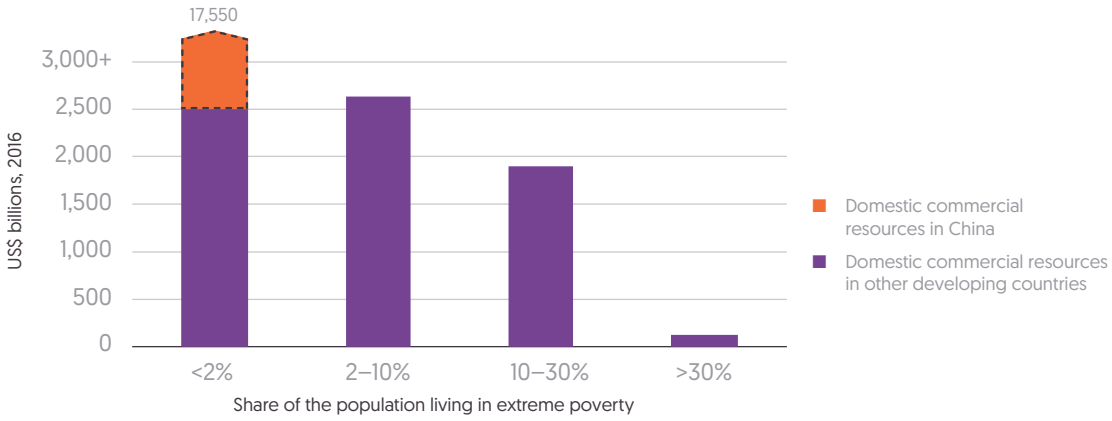
Importantly, this type of financing also remains concentrated in a few countries. Only a handful account for most of the growth in domestic commercial resources outside China: India, Brazil, Turkey, Thailand and South Africa (all middle income countries (MICs)).

Countries where poverty is highest and those being left behind have the least domestic commercial resources

In contrast, many countries, particularly those with high poverty rates, continue to lag behind on domestic commercial investments. Based on latest available data (from 2016), countries where extreme poverty is highest have the least domestic commercial resources (Figure 3.8). The majority (70%) of developing countries' domestic commercial resources are in China, where less than 2% of people live in extreme poverty. When China is excluded, 37% of these resources are in the 26 countries where between 2% and 10% of people live in extreme poverty, and another 35% in the 29 countries where less than 2% of people do. In contrast, the 28 countries where more than 30% of people live in extreme poverty account for just 2% of developing countries' domestic commercial resources. Also, as a share of GDP, domestic commercial resources remain less significant in countries where poverty is highest – accounting on average for 18% of GDP in countries where over 30% of people live in extreme poverty, compared with 140% in countries where less than 2% of people do.

Figure 3.8

Domestic commercial resources are lowest where poverty is highest



Source: Development Initiatives based on World Bank data, including World Development Indicators and PovcalNet.
Notes: Countries for which no poverty data is available have been excluded. Extreme poverty defined by the $1.90-a-day international poverty line. Bands were identified to contain as-even-as-possible numbers of countries.

Similarly, in countries where poverty is projected to be highest and which are at risk of being left behind, the significance of domestic commercial resources continues to be lower than elsewhere – as a percentage of GDP they account, on average, for around a quarter of the levels found in other developing countries excluding China. Between 2000 and 2016, they accounted for just 12.5% of GDP in countries being left behind. This is despite relatively rapid growth in recent years in several of the countries being left behind, which are also resource exporters (e.g. Congo, South Sudan, Chad and DRC).

With the right investments there is scope to strengthen the private sector in many of the poorest countries. Domestic commercial financing can play an important role in driving the 'right kind of growth', particularly in light of the attention paid in international development discourse to mobilising international commercial finance in developing countries (e.g. through blended finance).[11] Just as foreign commercial investments can contribute to growth and poverty reduction, so domestic commercial actors can drive economic and social progress through the sectors in which they operate.

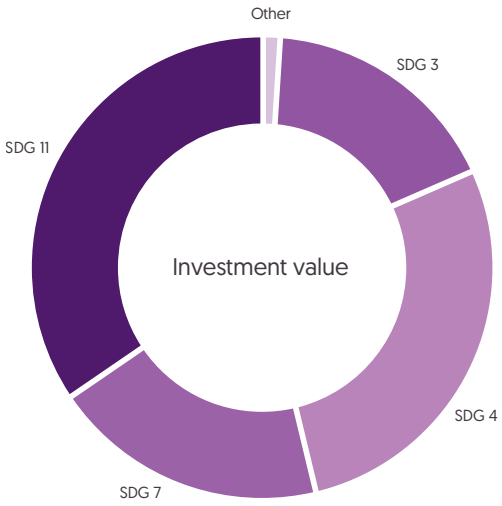
Beyond emphasising blending and international private capital, donors can support governments to scale up the mobilisation of domestic commercial resources through private sector development interventions aimed at strengthening the broader enabling environment. They can also do so by directly supporting domestic enterprises, with the ultimate aim of assisting countries in putting the structures and incentives in place to encourage sustainable and inclusive growth strategies.[12] In many countries at risk of being left behind where the private sector is underdeveloped, such interventions may yield more sustainable returns and create the conditions for a more vibrant domestic private sector than crowding in increased international private capital investments.

What domestic commercial investments are made, and where, are difficult to assess, but emerging initiatives show encouraging SDG trends

Given the lack of international, comparable, disaggregated data on domestic commercial resources, it is difficult to assess what this type of financing is being spent on and invested in. Yet initiatives are emerging to monitor the contributions of domestic businesses to the SDGs. And the signs are encouraging.

In the Philippines, for example, the UN Development Programme and the Philippine Business for the Environment brought together evidence on the Filipino business community's contribution to the SDGs and published findings from research and voluntary reporting from 75 companies in 2017. Key contributions were to sustainable cities (SDG11) and responsible consumption and production (SDG12), while significant investments were also made in the human capital-focused SDGs 3 and 4 (Figure 3.9). Initiatives supporting SDG3 were largely focused on ensuring accessibility and affordability of healthcare services, including through mobile technology. The largest proportion of SDG4-aligned investment went toward student scholarships and lending to employees who have insufficient resources to send their children to school.[13]

Figure 3.9
Most Filipino business investments targeted SDGs 11 (34%) and 4 (28%)



SDG 3	Good health and well-being	17%
SDG 4	Quality education	28%
SDG 7	Affordable and clean energy	19%
SDG 11	Sustainable cities and communities	34%
Other		1%

Source: Development Initiatives based on UN Development Programme and Philippine Business for the Environment data.
Notes: No investments were recorded for SDGs 9, 10, 16 and 17. Total does not add up to 100% due to rounding.

As well as changes in businesses' own strategies and operations, there are increasing capital market-related initiatives that aim to promote more sustainable behaviour by domestic commercial actors and investors.[14] For example, the Stock Exchange in Thailand has encouraged firms to establish sustainability reporting practices and provides training to support these efforts.[15] And the Jakarta Stock Exchange in Indonesia has implemented the Sri Kehati Index which values listed firms against factors related to sustainability and responsible investment including environment, community, corporate governance, human rights, business behaviour and labour practice and decent work.[16]

International financing can complement domestic resources, but volumes are lowest in the places and sectors where progress needs to be fastest

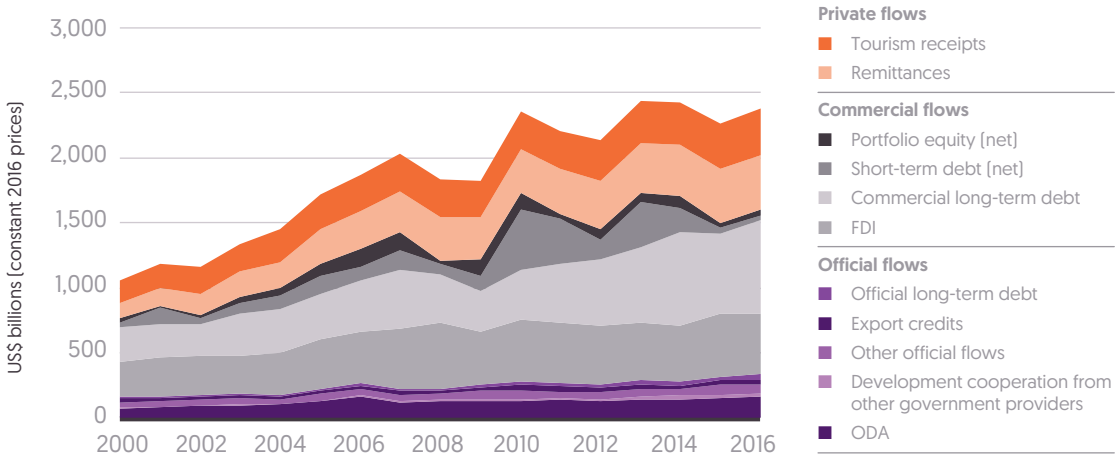
International forms of financing – official, commercial and private – can complement domestic sources in supporting countries achieve national development goals and end poverty. However, different flows have different objectives and comparative advantages, meaning that they cannot always substitute one another's role in the overall financing mix. And while other forms of international financing have been increasing overall in recent years, ODA will continue to be crucial in supporting the poorest countries and the sectors being bypassed by such financing, not least because of the timelines that must be acted on to ensure no one is left behind by 2030.

International financing has risen across all categories, some more than others

International resource flows to developing countries have more than doubled since 2000 to almost US$2.4 trillion, with all types of financing increasing – though some faster than others. Private resources – including remittances and receipts from international tourism[17] – have seen the greatest growth rates (more than 150%), from US$302 billion in 2000 to US$779 billion in 2016. Commercial flows – including FDI, commercial lending (both long- and short-term) and portfolio equity investments – grew more than two-fold from US$605 billion to US$1.3 trillion, though they are more volatile than other types of finance. Official financing – including both concessional and non-concessional flows from public actors – has grown at a slower rate and accounts for lower volumes than others, increasing from US$168 billion in 2000 to US$338 billion in 2016 (Figure 3.10).

Figure 3.10

In aggregate, all international financing flows have been increasing with private flows increasing the fastest overall



Source: Development Initiatives based on World Bank, UN Conference on Trade and Development, OECD DAC and national sources.
Notes: Flows for which historical data is not available are excluded; these include private finance mobilised via blending and private development assistance. Development cooperation from other government providers includes data on disbursements of development cooperation from non-DAC members that report to the OECD DAC as well as data on disbursements of development cooperation from other government providers that do not report to the OECD DAC and for which data was compiled from national sources.

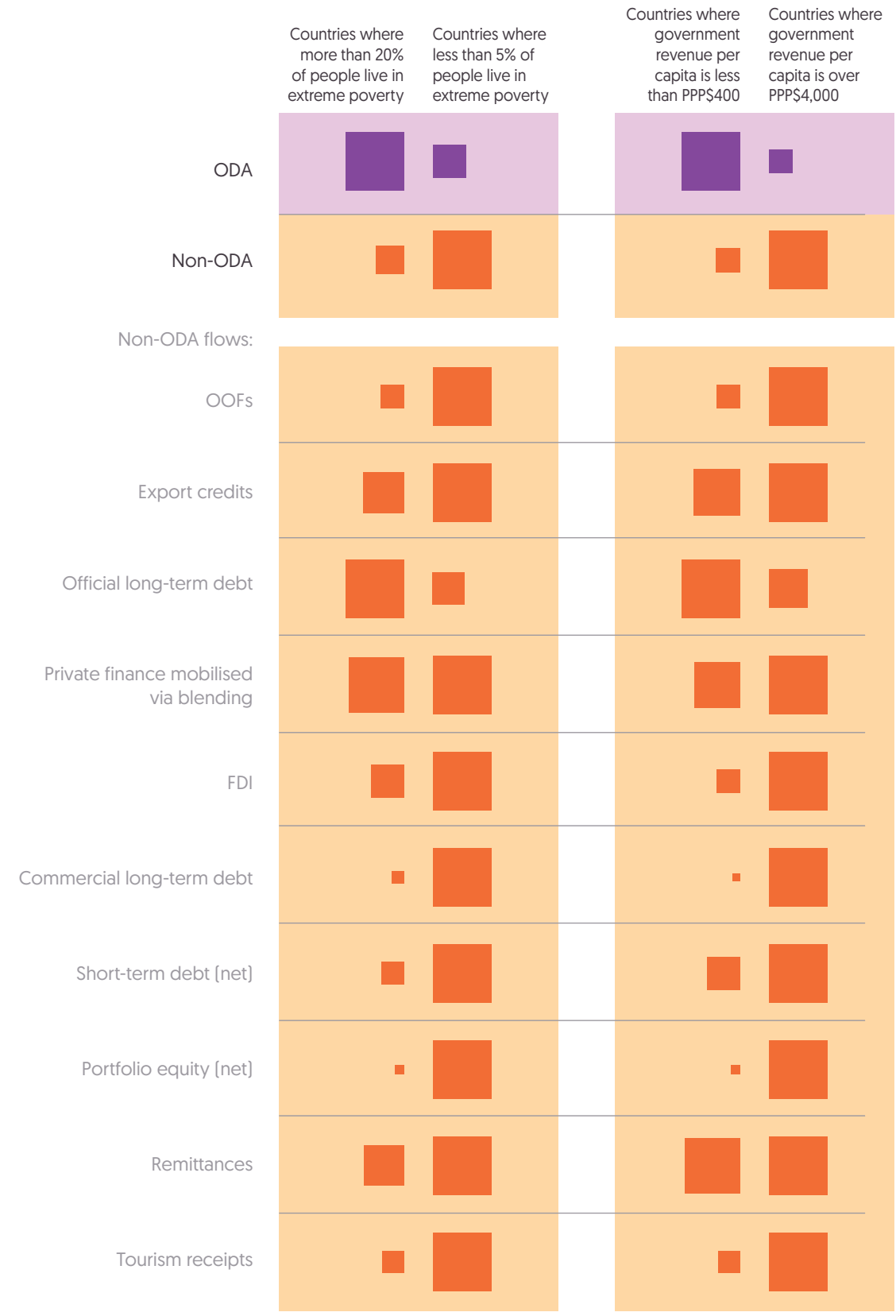
But countries with high poverty and low revenues still have least access to international financing

The trends and distribution of different forms of international financing vary when looking at individual countries but two trends are clear: some flows are highly concentrated in a limited number of countries and most bypass the countries where extreme poverty is highest and domestic resources are lowest.

In 2016, per capita non-ODA financing in countries where over 20% of the population live in extreme poverty amounted to US$138, less than a quarter of the US$577 in countries where the proportion of extremely poor people was less than 5%. Similarly, countries with per capita government revenue levels below $400 received less than a fifth (US$97) of the US$559 received by countries with over $4,000 in per capita government revenue. Except for ODA and official long-term debt, these differences are reflected across all flows (Figure 3.11).

Figure 3.11

Non-ODA flows are far smaller where poverty is greatest and where domestic public resources are lowest



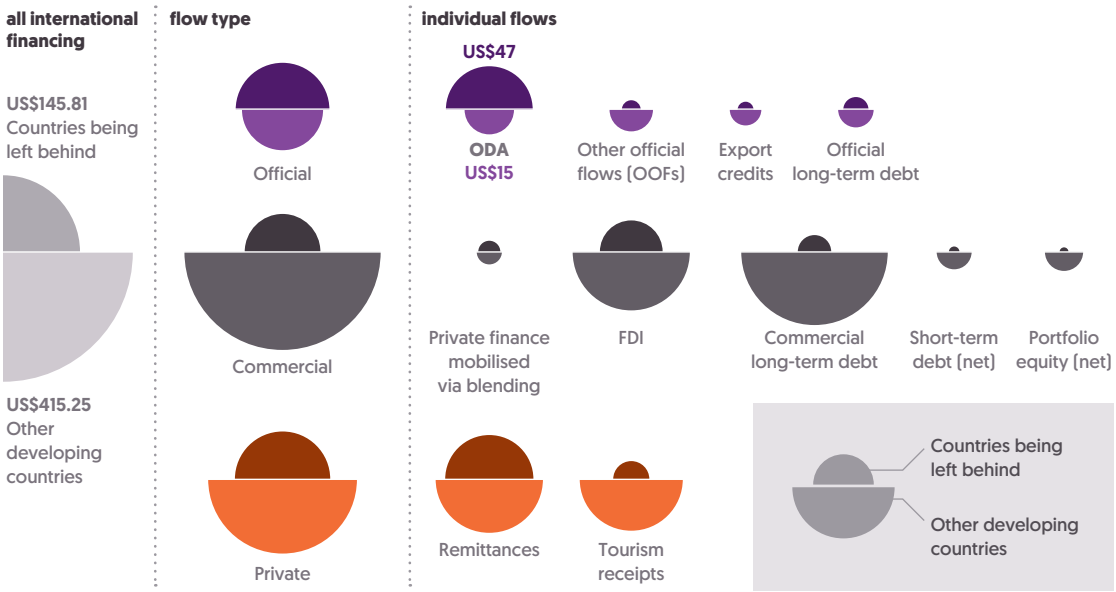
Source: Development Initiatives based on OECD DAC, UN Conference on Trade and Development IMF and World Bank data.
Notes: OOFs: other official flows. Flows for which recipient-level disaggregation is not available are excluded. Scaled shapes represent per capita volumes of each type of finance flowing into the country groupings identified in the column headings.

Beyond ODA, countries at most risk of being left behind receive particularly low levels of international financing compared with other developing countries

As well as countries with high poverty and low revenues, international financing is bypassing those that need to be making the greatest progress to achieve the SDGs. Countries identified as most at risk of being left behind are among the smallest recipients of such flows (except ODA). Figure 3.12 illustrates the gap between these and other countries. In 2016, the countries being left behind received on average US$146 per capita in total international financing, compared with US$415 in other developing countries, and the gap is visible across all flows except ODA.

Figure 3.12

Excluding ODA, countries most at risk of being left behind receive the least international financing



Source: Development Initiatives based on OECD DAC, UN Conference on Trade and Development and World Bank data.
Notes: Flows for which recipient-level disaggregation is not available are excluded. Data is all for 2016, except for private finance mobilised via blending which is for 2015 (latest year available). Flows for which recipient level data is not available are excluded from this analysis.

This is further illustrated in Table 3.1, which shows that most countries at risk of being left behind (for which data is available) are among the smallest recipients of other official flows (OOFs), private finance mobilised via blending, FDI and remittances and are often low recipients across multiple flows.

Table 3.1

Countries being left behind are among the smallest recipients of OOFs, FDI, private finance mobilised via blending and remittances

Source: Development Initiatives based on OECD DAC, UN Conference on Trade and Development and World Bank data.
Notes: CAR: Central African Republic. Countries are established as among the 30 smallest recipients of each flow using US$ per capita figures. Countries receiving zero for a flow are indicated as such from the source, this includes negative values set to zero for FDI.

Growth in non-concessional official finance is resulting in debt servicing levels that are rising faster in the countries that can afford it least

Non-concessional official flows (comprising OOFs, export credits and official long-term debt) can be an important source of additional finance, particularly in productive sectors that generate returns, such as infrastructure projects. Yet the supply of such financing (particularly non-concessional official loans) must be considered first and foremost against the use and terms of the investments – although this remains difficult to do in the absence of disaggregated data on what this type of financing is being spent on. It should also be considered against the scale and scope of investments that would be foregone as a result of having to service increasing debt (e.g. growing interest payments squeezing government spending in sectors such as health and education).

A more-than six-fold growth in non-concessional official financing to sub-Saharan and North African countries between 2000 and 2016 is a key regional trend of such financing over the last one-and-a-half decades – particularly when compared with a more modest doubling of concessional ODA in sub-Saharan Africa and the 25% growth in aid to North Africa over the same period. While North Africa saw substantial growth across all non-concessional flows, in sub-Saharan Africa the trend is mainly attributable to a nearly thirteen-fold increase in non-concessional lending by official creditors that is not reported as OOFs (i.e. official long-term debt) led by Angola, Ethiopia, Senegal and Djibouti.

Given the potential contribution of this type of financing to development outcomes, such growth need not, necessarily, be concerning. However, the rising outflows that this type of financing creates, through interest and capital repayments, is a concern to be monitored, particularly given growth is currently faster in the countries identified as being at risk of being left behind, including countries already identified as being at risk of debt distress (e.g. DRC) or already in debt distress (e.g. Mozambique).[18]

Box 3.2

Building synergies between flows requires better data: Security and development spending

A new mindset that looks beyond traditional development programming is needed if growth and progress in people's well-being is to be sustained; a mindset that recognises the importance of a broad and dynamic network of public global policies and goods – including development aid – from environmental and political security to communicable diseases and global counter-terrorism.

A safe, healthy place to live is central to everyone's lives, including people living in extreme poverty. Instability, conflict and insecurity are key drivers of poverty and barriers to progress, and as numbers of displaced people reach record levels year on year and as poverty becomes increasingly concentrated in fragile contexts, so a wider scrutiny of the full range of resources available to address these challenges, alongside a better understanding of how they are used, will be an essential baseline to drive synergies between different types of flows and expenditures. Strengthening synergies will be as important as scaling up and targeting resources.

Some aid serves security and peacekeeping objectives (see Chapter 2), but such flows are insignificant against the estimated US$1.7 trillion global military and security expenditures each year. Such spending has grown only marginally over the last decade, driven by a slow but steady growth in developing countries, which now account for 29% of expenditures. Spending in developed countries fell 5% over the decade after peaking in 2010. Total peacekeeping operations in developing countries – both bilateral and through multilateral operations with a mandate from the UN security council or the country government in which operations take place – have fluctuated between US$8 billion and US$10 billion since 2008. However single major operations such as in Afghanistan and Iraq have intermittently pushed totals significantly higher, such as the US$212 billion spent in 2011.

Developing comparable data on how much is being spent by any government in any particular developing country – including apportioning of grants and official lending for military capital and services to certain places across a broad range of activities – is a substantial task yet to be undertaken. Yet such spending could profoundly impact people in poverty. Having a baseline of what is being spent where will be one step towards identifying the synergies needed to harness this potential.

International commercial resources are growing but lagging behind commitments to increase spending in the poorest and left behind countries

International commercial flows can complement domestic commercial investments and, if appropriately directed, be important drivers of economic development and inclusive growth. However, to maximise their contribution to national development goals and to reducing poverty more broadly, they must also complement public efforts through, for example, supporting domestic revenue mobilisation by paying tax in the country of operation, adhering to environmental and social standards in their operations, and ultimately embracing the SDGs as a core aspect of their business models (as some are already doing – see Box 3.5).

The Addis Ababa Action Agenda, which complements Agenda 2030 in particular in the area of financing, highlighted the need to expand international commercial financing, particularly FDI, to unfunded or underfunded places.[19]

Data shows these commitments are not being met. While international commercial finance to developing countries, including FDI, has increased in volume, it has actually been decreasing overall in countries identified at risk of being left behind.[20] This widening gap in commercial flows is also seen when expressed as a percentage of GDP. International commercial finance in these terms has been falling since the late 2000s across developing countries, but more steeply for countries being left behind – from 5.7% of GDP in 2007 to 2.9% in 2016, compared with 7.8% of GDP in 2007 to 5.2% in 2016 in other developing countries.

International private financing is concentrated in a few countries and has been falling as a share of GDP

International private finance – made up here of remittances and international tourism receipts – has an important role in complementing other types of finance. Remittances tend to be countercyclical and can provide vital sources of income to poor households in crisis or smooth consumption patterns. And a small-but-growing body of evidence suggests they can potentially contribute to development through, for example, local growth linkages. Instruments, such as diaspora bonds, seek to harness this potential further. International tourism – as highlighted in SDGs 8, 12 and 14 – can be a source of sustainable job creation and can promote local culture and products.

While significant overall, international private financing remains concentrated in a relatively small number of countries that either have large diasporas or are popular tourist destinations. In 2016, India and China accounted for 30% of all remittances to developing countries, while the five largest developing country recipients of international tourism spending – all (except India) with less than 5% of the population living in extreme poverty – accounted for 46% of the total. When compared with the overall size of the economy, international private financing remains higher in countries being left behind. But, similarly to commercial sources of finance, since the late 2000s it has been decreasing as a proportion of GDP faster in these countries compared with other developing countries – from 8.2% in 2009 to 5.0% in 2016 in countries being left behind. This compares with a more marginal drop from 3.4% in 2009 to 3.0% in 2016 in other developing countries. Thus while international private flows will bring substantial benefit to some developing countries, they cannot be expected to be a substitute for national or international public finance for a number of the poorest countries and those at most risk of being left behind.

Box 3.3

Philanthropic spending is growing but more data is needed to assess and exploit its synergies with other flows

Data on private development assistance, including philanthropic spending, is still inadequate to paint a full, disaggregated picture of where and on what this type of financing is being spent. This makes it difficult to fully understand, and subsequently exploit, its synergies with other flows.

However, there is some standardised, disaggregated data[21] and this shows that overall spending by international foundations has increased by 47% between 2013 and 2015, reaching US$9.1 billion in 2015 (of which US$5.2 billion was from the Bill & Melinda Gates Foundation). Data also shows that similarly to ODA, international philanthropic financing targets poor and vulnerable places more than other sources of finance (e.g. between 2013 and 2015, 42% of the share going to countries with poverty data available went to countries with a poverty headcount above 20%) and also plays an important role in human capital-related sectors, particularly health.

The role of international foundations should be considered alongside that of domestic local foundations, which is important in many countries and is also growing – between 2013 and 2015 available data (for which coverage is limited) shows a 10% increase to US$435 million. Some encouraging initiatives aim to strengthen the evidence base on this type of financing, such as Philanthropy Nigeria, which aims to reduce redundancy across Nigerian charitable organisations by making more data available on spending across the country.[22]

Public–private financing approaches, such as blending and public–private partnerships, are increasing but need substantial behavioural shifts to move investments to where they are needed most

Against the backdrop of the ambition and universality of Agenda 2030 together with concerns over stagnating aid flows, the private sector is increasingly seen as a solution for meeting the scale of investments needed to achieve the SDGs. Domestic governments and development partners alike are exploring blending and public–private partnership mechanisms to use public resources, including ODA, to leverage commercial financing toward development projects.

But while commercial actors have an important role to play in economic development and broader SDG achievement, fundamental differences in motivations and objectives prevent them from being automatic substitutes for national and international public finance.[23] While balancing commercial returns with social outcomes is a challenge, countries need both social and economic progress. There should not be a trade-off between supporting investments in social or economic goals, and the former may be a precondition for the latter, especially in the poorest countries with low levels of human capital (see Chapter 1). Efforts to mobilise additional volumes of commercial funding into development should, therefore, not be separated from considerations around the risk of diverting scarce ODA resources away from interventions with known and more direct pro-poor outcomes.

Investments in blended finance and public–private partnerships, while on an upward trend, remain short of what is needed. Private finance mobilised via blending – which is used as a proxy for blended finance investments as no data exists on how much money is invested by donors – has doubled from US$13 billion in 2012 to US$26 billion in 2015 (latest year for which country-level data is available). But volumes remain far from meeting need, such as the G20-estimated US$1.5 trillion a year for developing country infrastructure investment. Limited growth can be attributed, among other things, to low mobilisation ratios and limited supply of commercially-viable projects.

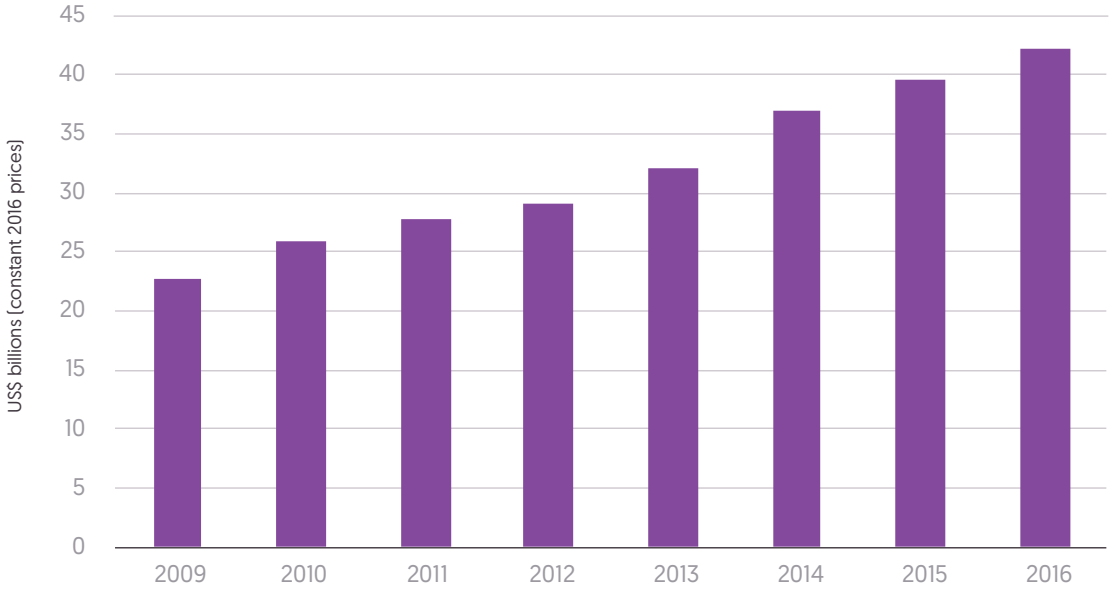
Investments are also highly concentrated in a few large emerging markets where risk is low and the business environment strong – meaning their potential to reduce the gap between the poorest and other developing countries may be limited, and unlikely in the timeframe Agenda 2030 requires. These trends have also been driven by the risk-averse mandates of many international financial institutions that need to demonstrate profitability and maintain credit ratings. Consequently, seven countries – all MICs and with poverty levels below 20% – account for over half (52%) of the country-allocable amounts mobilised in 2015. Similarly, available data on public–private partnerships shows that in 2016, almost two thirds of global investments went to five countries – Brazil, Colombia, Indonesia, Philippines and China – also all MICs and with poverty levels below 20%.[24]

Development finance institutions (DFIs) are becoming prominent actors in the financing landscape and have an important role to play in mediating co-financing and de-risking investments, as well as making direct investments themselves. The International Finance Corporation (IFC)'s investment commitments, for example, grew from US$7.5 billion in 2011 to US$11.1 billion in 2016 (a 48% increase over five years). Between 2009 and 2016, the combined portfolios of European DFIs also grew: from US$22.6 in 2009 billion to US$42.2 billion in 2016 (equivalent to an 86% increase in real terms over seven years) (Figure 3.13). But available data again shows that the vast majority of bilateral DFIs' investments are targeting wealthier middle-income countries.[25]

This does not mean there is no role for blended or public–private partnerships financing in the SDG agenda. Rather, their strength is in working in synergy with other concessional and commercial finance, focusing on where each is most effective in sectors and countries at different stages of development. As seen in Chapter 2, aid is spent across a broad range of countries and not always the poorest. There are opportunities, for example, to build efficiencies and release aid in places where both blended finance and ODA are significant, particularly if mobilisation ratios are improved. And by amending mandates of international financial institutions to address disincentives towards risk, they can more effectively work in the places that need it most, particularly if they incorporate a focus on building strong government partnerships and a healthy business environment.

Figure 3.13

The combined portfolios of European DFIs have grown by 86% between 2009 and 2016



Source: EDFI Annual Report 2011 for data for 2009–2011, and data provided by EDFI for other years.
Note: Most of the European DFIs included in this chart limit their investments to developing countries, except Finnfund, which can also invest in Russia and SIMEST, which can invest in all countries, thus their figures may include non-developing countries investments too.

Box 3.4

Better data and transparency is needed to establish who benefits from public–private investments

Investing aid through public–private partnerships should be subject to scrutiny just like all ODA. If any initiative can demonstrate who is being included and who will directly benefit, with a clear emphasis on people in extreme poverty, then it should be considered a viable option.

While volumes and the prominence of public–private arrangements increase and the total portfolios of DFIs rise, their impact on the lives of the poorest people remains unclear. Data on the volumes and distribution of blended finance, public–private partnerships and broader DFIs investments has been improving in recent years,[26] but important gaps remain that limit the ability to assess what public–private finance is being spent on and, crucially, who benefits.

Poor data and a lack of evidence has left a number of key questions unaddressed, including: which types of private actors (e.g. foreign, domestic, small- and medium-sized enterprises and multinational corporations) benefit from such arrangements? What financing instruments are being used? What are the channels through which different mechanisms can benefit the poorest people in developing countries? What are the conditions for these channels to be most effective? What are the effects on local capital markets when international commercial capital is subsidised to encourage entrance into these markets? How do public–private financing mechanisms respond to nationally identified development priorities?

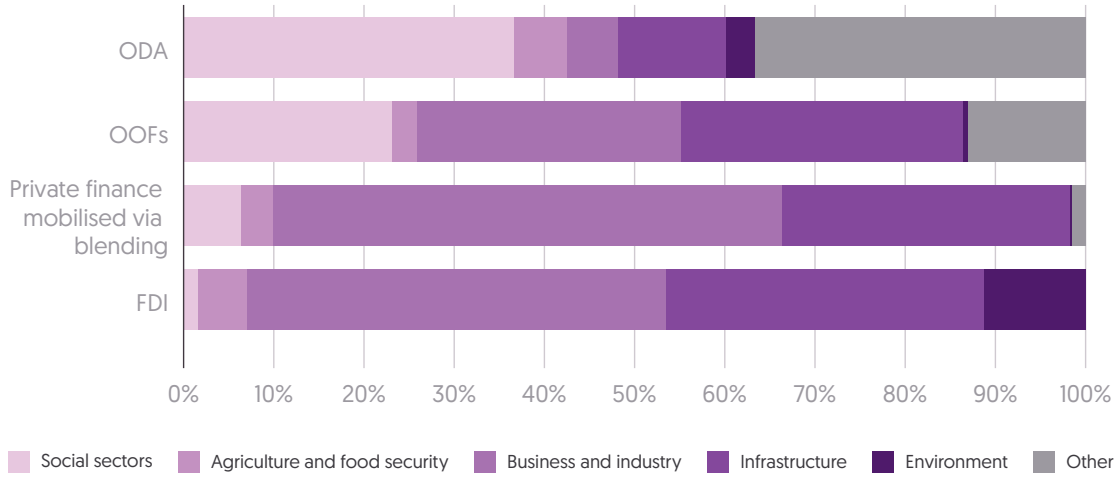
To ensure that public–private financing, and ODA within it, is put to its best possible use for Agenda 2030 and the leave no one behind imperative, it is crucial that action is taken to improve the quantity and quality of data and information available.

Wider forms of international financing alone are unlikely to deliver sufficient investments in human capital investment sectors in the required timeframe

Comparable sectoral data across types of finance flows is limited but can build a picture of which sectors are being prioritised by different actors and resources. This can inform an analysis of which sectors are being 'left behind' by wider sources of finance and identify where investments need to be strengthened – especially sectors that are directly related to poverty reduction and human capital development such as health, education and social protection.

Non-concessional public and private flows target sectors that offer economic returns – such as productive sectors and infrastructure projects – more than social sectors such as health and education (Figure 3.14). Just under a third of OOFs spending and private finance mobilised via blending targets infrastructure projects (including energy, communications and transport). A significant proportion of private finance mobilised via blending (56% of these flows) and FDI (46%) focuses on business and industry, which includes trade-related investments, productive industries such as construction, mining and tourism, and banking and financial services.

Figure 3.14
Non-ODA financing targets infrastructure and business and industry more than social sectors



Source: Development Initiatives based on OECD and fDi Markets from Financial Times Ltd.
Notes: Data for ODA, other official flows (OOFs) and FDI is for 2016; data for private finance mobilised is for 2012– 2015. FDI data is based on announcements of planned investments, not actual recorded flows.

So, while substantial overall, wider sources of finance not only bypass the poorest countries and those most at risk of being left behind but also social sectors. This is not surprising. But when combined, the figures are stark: only 5.7% of FDI to developing countries for which a sectoral breakdown is available goes to countries where over 20% of people live in extreme poverty; and of that, just 1.6% goes to sectors that directly support investments that promote developing a country's human capital. This means only 0.1% of the global total accounts for investments in human capital sectors in high poverty countries.[27]

This is not to say that wider forms of financing, including commercial resources, cannot have an important impact on poverty reduction and human capital development. For example, in 2016, FDI projects in developing countries created 1.4 million jobs across various industries, notably transport, ICT and electronics and construction. And in the same year, almost 2% of FDI projects (99 of 5,339) in developing countries – accounting for US$986 million – involved education and training activities, a percentage that, though small, has increased from 0.7% in 2003.[28]

But while this may indeed signify future potential, the extent to which wider forms of finance are likely to provide the urgent investment needed for Agenda 2030 now – particularly in areas of human capital – is limited.

Box 3.5

International businesses and industries are stepping up to the SDGs but much more is needed to meet the commitments

There are increasing examples of industries and multinational corporations embracing the SDGs in their business models and recognising their shared responsibility to leave no one behind – driven at least in part by the US$12 trillion in market opportunities that the SDGs have been estimated to provide, together with the need for big business and big finance to regain public trust.[29]

In February 2016, for example, the mobile industry was the first to commit as a whole to the SDGs and through the annual impact reports GSMA has been publishing since, has created a framework to assess its impact across them.[30] Danone, a world-leading food company, has set 2030 company goals aligned with the SDGs and selected SDGs of 'major focus' – such as SDG2 (no hunger) and SDG3 (health) – and others to which it is committed, which include SDG1.[31] More broadly, initiatives like the UN Global Compact – the world's largest corporate sustainability initiative with over 12,000 signatories[32] – and, more recently, Plan B[33] reflect business leaders' growing recognition of the need to catalyse a better way of doing business, one that goes beyond maximising profit and considers the well-being of people and the planet too. And the Business Call to Action initiative continues to challenge companies around the world to develop inclusive business models to reach the poorest communities and engage people at the base of the pyramid as consumers, producers, suppliers, distributors and employees. To date it has involved over 200 companies working in 67 countries.[34]

Despite these encouraging signs, only a small proportion of businesses understand the importance of, and opportunities to be gained from, aligning to the SDGs.[35] There is, therefore, an important role for donors, domestic governments and civil society to continue to engage the business community and support efforts, including coordinating rules and incentives, that can strengthen the enabling environment for private sector actors to increase their impact.

Bringing it back to people: the power of subnational resource data

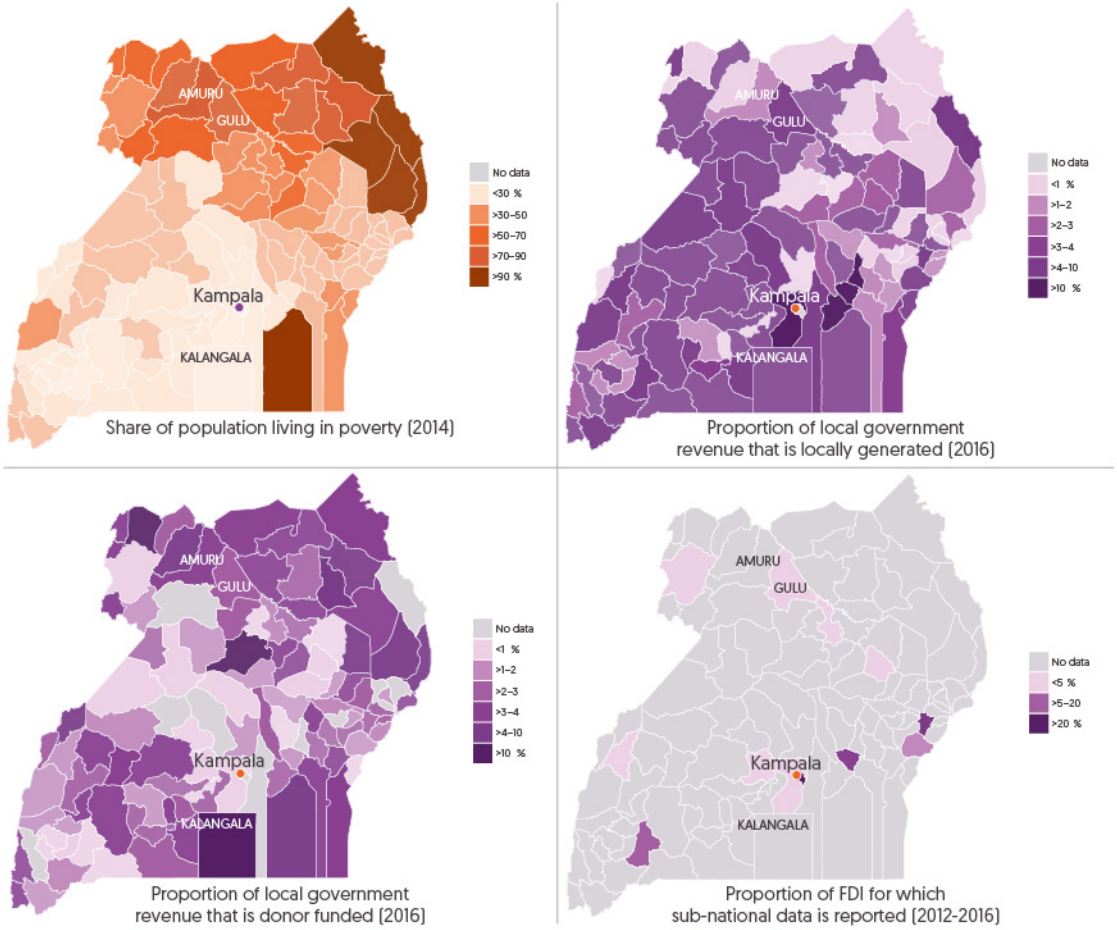
Knowing that aid goes to a particular country is a long way from understanding how it is reaching people in poverty. Mapping FDI flows to the national level tells little about who is getting jobs and benefiting from these investments. The closer resources to people and communities can be tracked, the better their impact can be truly assessed and the substantial resources available harnessed and coordinated. And given the trend of devolution of government spending in many developing countries to local level, the more this subnational information can be shared locally, the more effective all investments can be.

Data on needs and resources at subnational levels is patchy at best and rarely allows for comprehensive cross-country analysis. But data does exist, and as better data is made available and transformed into local-level information – such as Development Initiatives (DI)'s Spotlights on Kenya and Uganda[36] – the ability to map where different types of investments are and are not being made, and the ability to compare this against poverty or a plethora of other socioeconomic indicators, becomes increasingly achievable.

Data from the Spotlight on Uganda shows that the identified inverse relationship between poverty and the scale of different resources is often replicated at subnational level. For example, in the Amuru district in Uganda's Northern Region, where 77% of the population lives below the national poverty line, only 2.5% of local government revenue is locally raised and 5.5% is donor funded. Conversely, in the Kalangala district, where the share of poor people in the local population is just 8%, locally raised revenues account for 4.2% of local government revenue and donor funds for well over a third (38%) (Figure 3.15). Higher locally raised revenues from wealthier districts may be expected; higher proportions from international aid are not.

Figure 3.15

Districts with the highest poverty tend to have proportionally less resources



Source: Development Initiatives' Development Data Hub Spotlight on Uganda and fDi Markets from Financial Times Ltd.
Notes: Poverty data is for 2014 and relates to the proportion of people living under the national poverty line; data on the proportion of local government revenue that is locally raised and donor funded is for 2016.

Investments from other sources such as FDI follow a similar trend. Between 2012 and 2016 FDI in Kampala – where 4% of the population lives under the national poverty line – accounted for over a third (37%) of all FDI to Uganda. In 2016 alone, over half of all FDI flowing to Uganda (55%) and six of the eight projects for which a destination city was reported were in Kampala. This compares with areas beyond Kampala, where poverty levels are higher, which receive less (and less stable) FDI. For example, the Gulu district where poverty rates reach 69% accounted for only 1.4% of all FDI to Uganda between 2012 and 2016.

Both governments and donors can take action based on better availability and use of local data, as Chapter 4 addresses. Factors such as poor road and transport networks coupled with sparse populations, and less vibrant private sector activity can at least explain partly why locally raised revenues in poorer districts are lower and why commercial financing such as FDI does not often venture far from the capital city. But governments can provide incentives to encourage FDI to target poorer regions, bringing with it jobs and infrastructure. Myanmar, for example, explicitly links its strategy to providing such geographic incentives to SDG1.[37] Donors too, need to strengthen the support they provide to the poorest subnational areas – where poverty is high and other investments are low – cognisant that it is at that level that individual people, including those most at risk of being left behind, can be directly reached.

4
Moving from data to impact – transparency and data use

Key messages

- Data and information are essential for decision-making and accountability at all stages of the development process – they underpin correct problem identification, design of policies and targeting of resources, monitoring of effectiveness and impact, and critically, learning and adjustment.
- As global levels of poverty fall in aggregate so improved targeting and a focus on the local become increasingly important to ensure the people and places hardest to reach, and at most risk of being left behind, benefit from appropriate action and investment.
- However, availability and accessibility of data and information and the ability to use evidence vary greatly – across and within countries, sectors and among types of actors.
- Despite this wide distribution, lack of transparency and statistical capacity may be particular hindrances to countries projected to be left behind, although such challenges are not limited to poor countries alone: 24 of the 30 countries at the greatest risk of being left behind either publish scant or minimal budget information or have very low statistical capacity.
- While there has been considerable progress in transparency, much remains to be done to ensure that in the increasingly complex development landscape, evidence on people is improved and resources – both volumes and impact – are traceable from mobilisation to spending.
- In particular, investments are needed in disaggregated data that respond to information needs, especially at the local level.
- Crucially, strong emphasis also needs to be placed on the uptake of data and evidence to target the right resources to reach the people furthest behind. Producing data will not be enough – capacity and an enabling environment for responsible data use are required.
- This is a challenging agenda, but by focusing on domestic data and information needs and on sustainability and inclusiveness, governments, civil society, businesses and donors can build on learning from many emerging efforts. The sustainability of investments in data production and use will depend on the extent to which they respond to domestic priorities. Investments should therefore prioritise domestic needs for disaggregated, high-frequency administrative data over surveys primarily designed to satisfy global monitoring needs.

Ethiopia, 2018
A CBNC Regional Technical Officer supports Amelework with regular visits to her health post.

Credit: © UNICEF Ethiopia/2018/ Demissew Bizuwerk

Transparency and data use are critical for sustainable development

Transparency is fundamental for accountability and a first step to ensure effective targeting of resources

There is broad consensus, expressed in target 16.10 of the Sustainable Development Goals (SDGs)[1] that access to information is critical for sustainable development, and for people in poverty to overcome the multiple deprivations they face. Indeed, access to information is increasingly considered a basic democratic right. As global poverty falls in aggregate so improved targeting and a focus on the local become increasingly important. Access to information is thus critical for implementing policy and targeting resources. It enables planners and service providers, civil society actors and donors to design and deliver effective programmes, and to be held to account for their decisions.

Since the call for a data revolution for sustainable development – first made in the report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda,[2] there has been strong recognition of the importance of disaggregated data. This is data that counts everybody and enables analysis to identify how people's age, gender, location, disability and ethnicity relate to poverty.

From an economic perspective, information plays a central role in how markets function. It helps businesses, investors, regulators and civil society identify opportunities for sustainable business and stop harmful practices. Conversely, a lack of transparency contributes to creating the conditions for ineffective or damaging interventions and corrupt practices to persist.

Over the past decade, longer-standing freedom of information and transparency campaigns have increasingly been complemented by open data initiatives – bringing focus beyond general transparency to the degree of openness of data as a condition for its usefulness. From local to global levels, open data initiatives focus on demanding and delivering disclosure of data and information in machine-readable formats licenced for reuse. In the context of growing amounts of digital data collecting and processing, these initiatives have become an important means of enabling transparency.

In an increasingly complex global landscape, current social, economic and environmental challenges need to be understood and addressed. Data can help enable this and technological advances are driving fast growth in the production of data and its economic value. However, transparency and openness are essential to ensuring fair access to the opportunities this brings, and to mitigating the associated risks.

Use is crucial to ensure data and information can make the difference needed

It is assumed that transparency, data and information will enable decision-makers and those holding them to account to achieve better results. However, it is increasingly evident that while these are important conditions, they do not drive transformative changes in and of themselves.

Information makes an important difference when it is acted on. For example, the participatory budgeting approach pioneered in Porto Alegre, Brazil, contributed to increased investments in services for people in poverty.[3] In Indonesia's rice subsidy programme, providing targeted information on recipients' rights contributed to an average increase of 25% in received subsidies.[4] The opening and use of public contracting information in citizen campaigns and by government agencies in Paraguay and Colombia uncovered financial mismanagement in the education sector and resulted in the resignation of the public officials mismanaging the funds. It also contributed to increased competition in the school supplies markets as well as increased participation in the governance of the education sector.[5,6]

Strengthening data use – which includes better understanding of barriers – will be a key priority to ensure the increased data and information being produced and made available truly feeds into planning, decision-making, monitoring and learning.

There has been considerable progress in transparency but levels are still not satisfactory and new needs are emerging

Improvements have been made particularly in the area of financing

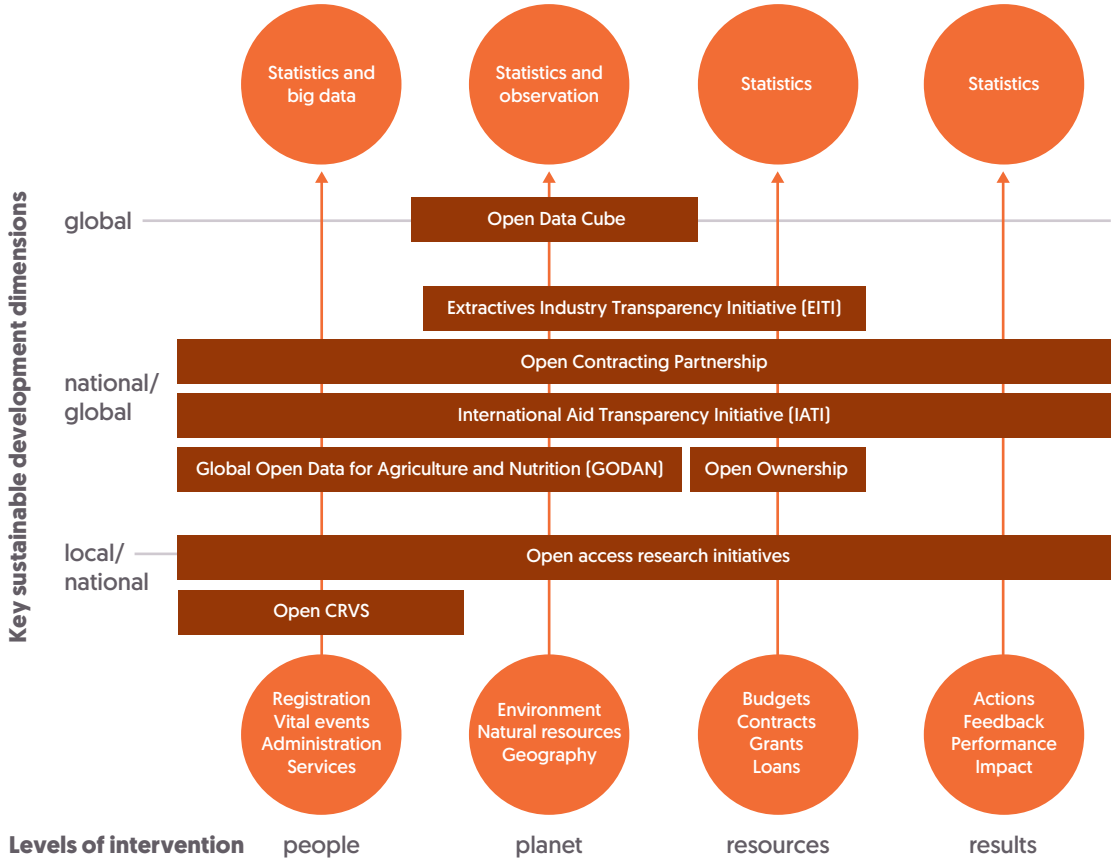
- The International Aid Transparency Initiative (IATI) has grown to include more than 800 publishers from bilateral and multilateral donors to NGOs and private sector organisations. Increasingly, major humanitarian organisations are adopting IATI's open data standard too: as of 1 May 2018, 44 of 59 Grand Bargain signatories (75%) were publishing to IATI, noting potential benefits – such as improving organisational performance, efficiency, opportunities for collaboration, evidence-based decision-making, accountability and transparency.[7] While not all IATI publishers provide data at the necessary level of quality yet, major aid agencies have significantly improved timeliness of their reporting over time. Around half of the organisations assessed in the latest Aid Transparency Index now publish monthly, up from about a quarter in 2016.[8]

- Private sector actors are increasing their corporate sustainability reporting, with the Global Reporting Initiative (GRI) emerging as the leading standard. GRI is exploring how reporting can lead to better understanding of the role of business in reducing poverty, while providing data on progress on SDG target 12.6.[9]
- In the area of domestic resources, between 2008 and 2015, the International Budget Project had noted steady improvements in the transparency of domestic budget information – especially in South Asia.

In the context of increasing calls for data to become more open, a number of initiatives also exist across core dimensions of sustainable development (e.g. people, planet, resources and results), spanning different levels of interventions (Figure 4.1). These have strong potential to contribute to openness and interoperability of data across key domains.

Figure 4.1

Various initiatives are pushing for the opening of domestic and international data sources



Source: Development Initiatives, various.

However, progress in transparency and capacity to use data and statistics varies considerably across developing countries

Roughly three quarters of the 115 countries assessed do not provide enough budget transparency according to International Budget Partnership's Open Budget Survey 2017. Meanwhile the global average transparency score fell between 2015 and 2017 for the first time following a decade of improvement.[10]

Of the 47 countries classed as providing scant or minimal public budget information, 30 are in Africa. A number of poor-performing countries are among those with the lowest government revenues and high populations of people in poverty. Of the 30 countries with revenues below $400 per capita, more than half (18) publish scant or minimal budget information. Similarly, of the 31 countries with recorded poverty populations of over 5 million people, 18 publish scant or minimal budget information. These include countries with both large populations of people in poverty and high poverty rates such as Nigeria, Tanzania and Madagascar.

However, low transparency is not limited to poor countries. Nine of the eleven lowest-ranked countries for budget transparency are middle or high income countries. Among the 47 countries publishing scant or minimal budget information, 10 are upper-middle income countries, 17 are lower-middle income countries and 3 are high income countries.

Statistical capacity also differs widely across developing countries. Roughly half (14) of the 30 countries with the lowest levels of statistical capacity as measured by the World Bank are in Africa.[11] Half of the 20 countries with the lowest per capita government revenues sit in this group (while a further three do not have per capita government revenue data available for 2016).[12] But again, low capacity is not limited to poor countries: approximately a third of the 30 lowest-scoring countries are upper-middle or high income countries (with island states featuring particularly among these).

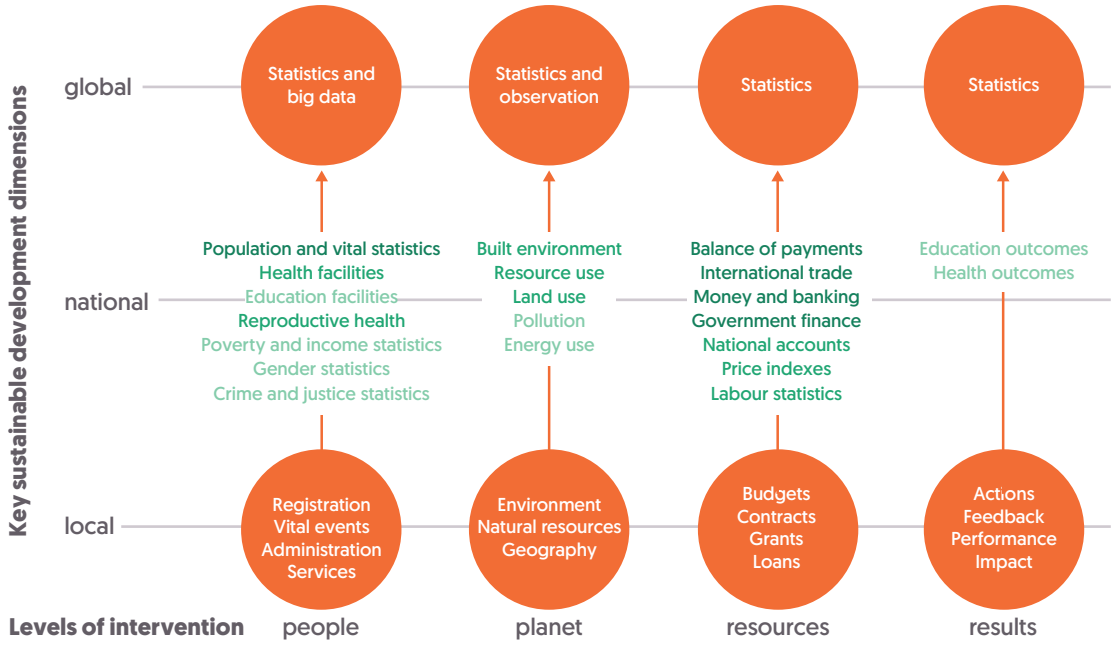
Despite this wide distribution transparency and statistical capacity may be a particular hindrance to countries at risk of being left behind. Of the 30 countries identified in this report, 24 either publish scant or minimal budget information or have very low statistical capacity.[13] Of the 27 countries with the lowest performance in budget transparency, 7 also have very low statistical capacity. Six of these are in Africa and four (Somalia, South Sudan, Chad and Yemen) are among those most at risk of being left behind.

Important data gaps remain, especially in relation to disaggregation and data on people

Notwithstanding this considerable progress, important challenges remain to ensure that essential data for development is both available and accessible to stakeholders (Figure 4.2). According to recent evidence from 180 countries, even at national level many lack data in key areas and openness of available data remains limited.[14,15] According to the Open Data Inventory, data availability and accessibility is lowest in areas that are especially important for local decision-making and accountability (e.g. concerning land use and ownership and domestic spending information) as well as in those concerning performance and impact data (e.g. education and health outcomes data).

Figure 4.2

The availability and openness of development data varies across different dimensions of sustainable development



Source: Development Initiatives based on Open Data Index (2017) https://index.okfn.org/dataset/ and Open Data Inventory (2017) http://www.odin.opendatawatch.com/.

Note: Text shading on national-level dimensions represents data coverage scores: a darker shade of green represents higher average data coverage scores.[16]

With particular reference to areas covered in earlier chapters of this report, key gaps relate to:

- **Data on people:** significant challenges still need to be overcome in collecting comprehensive and disaggregated, locally relevant data to make all people visible. For example while 65% of births are registered globally, only 34% of births are registered for the poorest 20% of people.[17] (See Chapter 1.)
- **Disaggregated data on international resources:** data on what financing reaches people beyond the national level is still very limited – without this, it is impossible to establish where the largest funding needs are and to refocus resources accordingly. (See Chapter 3.)
- **Timeliness of data on international resources:** there are substantial lags in available data and a continued lack of forward-looking data by donors – for example less than half of major donors assessed for the 2018 Aid Transparency Index[18] provide forward-looking data on their funding.
- **Traceability of resources:** particularly in the humanitarian financing sphere, there is a lack of traceability of funding from donor to people affected by crises.
- **Interoperability:** producing relevant, high quality evidence for use in decision-making and accountability typically requires joining up data across multiple sources. With the plethora of open data initiatives and the increasing range of organisations actively contributing to development outcomes, inefficiencies created by diverse reporting standards and platforms must be addressed – including between domestic and international sources of data.

- **Domestic budget transparency:** improvements in this area have stalled and there are indications of backsliding – for example 22 sub-Saharan African countries' scores fell in the 2017 Open Budget Survey.

Overall, these challenges hinder the use of available data for planning, targeting and monitoring. They must be overcome if transparency is to fulfil its potential in supporting more effective allocation of resources, more efficient and effective delivery of development outcomes and ultimately an end to poverty everywhere.

Box 4.1

Transparency, data and privacy

Individual privacy rights are the essential counterpart of public transparency.

This issue has moved to the centre of attention through the advent of connected data systems (including beyond national borders) and machine-driven data analysis, and increasing amounts of private data being held by businesses and public actors as well as recent privacy scandals. Particularly given the increased collection, sharing and use of disaggregated data on individuals, appropriate means of protecting privacy and preventing misuse have to be found while ensuring that data can be used for legitimate purposes in the public interest.

Challenges in this area arise in different contexts. For example, the Nepalese government recently released the personal details of beneficiaries of a housing reconstruction programme in the aftermath of the 2015 earthquake.[19] In the UK's National Health Service, repeated breaches of confidentiality affected hundreds of thousands of people through data loss[20] and malfunction of opt-out mechanisms.[21] So far, these do not appear to have affected the public's trust in the service's data handling but there is clear concern that they could. Trust, however, is central to the functioning and sustainability of data systems.

Updated legal frameworks – notably the entry-into-force of the EU General Data Protection Regulation (GDPR) in May 2018 – are emerging in this area. In the development and humanitarian sectors, various studies and good practice guidelines have been developed, for example by the International Committee of the Red Cross.[22] However, in many countries there are often no clear legal safeguards, at the same time as there are serious risks such as the potential misuse of detailed biometric data on refugees for surveillance purposes.

There will continue to be new challenges as technology-driven data collection, sharing and use evolve. Private and public interests will need to be weighed up when formulating an appropriate context-specific response to these challenges.

However, development data initiatives must work to protect individual rights and public trust equally wherever they operate, particularly those of the most vulnerable people. This requires applying key principles of privacy protection such as active consent, data ownership and limitations on use according to specified purposes.

Improving data use is a fundamental next step to better development outcomes

Transparency is indispensable to increasing use of data. But on its own, it is not enough to deliver transformative change in accountability and results. How available data is used is critical to better understand where need is and to better target resources to improve the lives of the people most at risk of getting left behind.

There is very limited evidence on how data is being used in development

Information is used in decision-making in different ways. This report, to give an example, focuses on advancing instrumental and conceptual use to improve development outcomes. It applies evidence to solve specific problems and to broaden understanding and knowledge about a given issue. But information can also be used to legitimise views or decisions that may not seek public interest outcomes.

There are limited systemic studies of data use in development. However, a recent report based on a multi-country survey of development leaders by AidData[23] indicates that research and analysis, and monitoring and evaluation are the areas that make the most use of information. Meanwhile it is used less for implementation and design purposes.[24] For actors at national level, domestic official data and statistics are especially critical for decision-making and accountability. Among international sources, evidence produced by multilateral actors is preferred. There is strong demand for context-specific analysis and practical recommendations.

Barriers to data use are complex and relate to multiple factors

Available evidence – mostly qualitative – suggests that the uptake of information in decision-making depends on multiple factors. These range from the technical features of data and information to highly contextual questions of whether there is an enabling environment that motivates evidence use.

The extent and urgency of challenges vary, for example, by sector, implementation stage, organisation and location of an intervention. However, from problem identification to impact evaluation, barriers to data and information use can be assessed and relevant approaches to overcoming them devised. Figure 4.3 introduces a conceptual model framework that can be used to prioritise efforts in specific contexts. At each stage of delivery (planning, implementation and evaluation) it assesses demand for data at local, national and international levels, and an indication of where the challenges of both supply and use of the data are most urgent. Drawing on limited available case study evidence for this report, it then applies the framework to identify where key challenges lie.

Figure 4.3

The extent and urgency of challenges related to data use can be measured across levels of intervention and stages of delivery

		local		national		international	
planning	demand	Frequent, location and service-level comparable statistics. Credible, policy-relevant analysis.		At least annual, subnationally comparable statistics. Credible, policy-relevant analysis.		Annual, nationally comparable statistics. Credible, policy-relevant analysis.	
	supply	data	information	data	information	data	information
	use	capacity	environment	capacity	environment	capacity	environment
implementation	demand	Frequent and detailed, project and service-based monitoring and feedback information.		At least quarterly information by domestic/sector plan and budget, programmes and projects.		Quarterly or less frequent programme/project based information.	
	supply	data	information	data	information	data	information
	use	capacity	environment	capacity	environment	capacity	environment
evaluation	demand	Context-relevant, actionable information for learning and improvement.		Domestic plan and budget, programme and project-based information. Credible, policy-relevant analysis.		Project/programme based, and attribution-focused statistics. Credible, policy-relevant analysis.	
	supply	data	information	data	information	data	information
	use	capacity	environment	capacity	environment	capacity	environment

cross-cutting requirements

Availability and accessibility of data: High quality, disaggregated and comparable data on all people and resources

Availability and accessibility of information: Credible analysis relevant to policy and level/area of intervention

Adequate and sustainable capacity: Human and technical capacity for production, sharing and use of data and analysis

Enabling environment: Transparency and access to data and information, willingness and incentives for use, inclusive statistical system

Notes: This is a conceptual model for assessing demand, supply and use of data and information. A darker shade of orange indicates less data is available or open; shading is illustrative based on case study evidence.

Supply

Supply side barriers remain for both data and information – with information defined as the result of analysis to interrogate and interpret data, thus making it relevant to specific policies and contexts.

At present, household surveys are key sources of development data in most developing countries but are not designed to enable accurate subnational-level analysis. Less than a third of countries produce statistics that can be disaggregated by gender on informal employment, entrepreneurship, violence against women and unpaid work.[25] Organisations working on disability likewise have been drawing attention to the need for disaggregated data.[26] Similarly, survey datasets resourced by large donors and multilateral institutions remain insufficiently comparable, while global SDG monitoring platforms are proliferating with risks of duplication.[27] And data collection to satisfy donor demand has long dominated long-term investments into data capacities, setting misplaced incentives for national statistics officers.

Beyond data, the limited availability of evidence – that is, policy-relevant analysis in user-appropriate formats – is also a constraining factor. In an example from Nepal, despite significant aid data supply, stakeholders note the absence of actionable information that meets their needs, and primarily web-based information portals do not appear to respond to actual information preferences and behaviours, particularly of non-government actors.[28] And a case study from Uganda illustrates the importance of community knowledge and interpretation of development challenges – exploring the link between education sector resources and outcomes, external experts' problem hypothesis and initial findings missed important aspects of local constraints.[29,30]

Demand and use

On the demand and use side, barriers relate to aspects of both capacity (financial, technical and human) and the broader environment (e.g. degree of openness, institutional incentives and power asymmetries). For example, limited resources mean that addressing increasing demands for global statistics (mostly driven by the SDG agenda) can conflict with the detailed, context-specific data and analysis needs of national and local actors. The OECD *Development Co-operation Report 2017* commented that a low demand for evidence-based policymaking in many developing countries can lead to under-resourcing of data production, which in turn results in low quality data for which there is little demand.[31] Evidence production and use are therefore closely linked as well as connected to wider challenges of capacity and governance.

Use also increasingly involves advanced data and programming literacy, technical infrastructure and governance capabilities. While technology can be an important enabling factor, evidence clearly demonstrates the importance of user-appropriate, locally sustainable solutions (as well as the limitations of technology-led interventions in the absence of political incentives for action).[32]

There is also growing acknowledgement of the political economy challenges to data and information use. Power asymmetries determine public policy outcomes to a greater extent than information availability. Evidence will highlight or omit political, cultural, economic and social dimensions of any given issue, with the fragmentation of online information communities heightening contentiousness.[33] Without an enabling environment in which evidence can be actively and safely sought out, openly discussed, correctly appraised and acted on, data availability will not lead to positive outcomes.

Increasing data use is a shared responsibility of all development stakeholders

In different scenarios, different stakeholders – government, civil society and business – can all act as data producers, users and infomediaries. From collaborating on common data collection, publishing and quality standards to increasing data accessibility to incentivise and ensure responsible data use, they all have critical roles to play. Many actors are stepping up efforts to increase data use.

Examples of government efforts include Indonesia's Unified Database for Social Protection Programmes, delivering data for a range of programmes and facilitating collaboration across central and local levels. Many other governments from Albania to Malaysia have created different types of performance and evidence units.[34] In South Africa, the need for more actionable information was an important factor in establishing a Department for Planning, Monitoring and Evaluation.[35]

Various multi-country and multi-stakeholder efforts are also emerging to support data use. UNICEF's ambitious framework for data on children, now being rolled out across country offices, aims to address multiple barriers from data redundancy and interoperability to demand and capacity for use.[36] Through the recently launched Africa Regional Data Cube, many partners aim to enable the use of earth observation data for environmental monitoring purposes.[37] Data collaboratives are being proposed to make private data sources usable for public policy purposes.[38] The Open Algorithms[39] project for example is piloting the use of large-scale, privately held datasets.

Civil society practitioners in particular are placing emphasis on locally led problem-driven and iterative approaches to increasing data and evidence use. Efforts such as Open Institute (Kenya)'s work on collecting and using community-level data,[40] Global Integrity's Treasure Hunts tool,[41] and Development Initiatives (DI)'s own work with partners in Nepal[42] focus on the role of information in responding to local development challenges and learning with communities.

Open data initiatives have begun to explicitly ground their work in evidence on user needs[43] and increased support for data uptake, for instance through programmes to support use of open contracting data[44] and IATI's Data Use Strategy and Fund.

Among donors, the UK's Department for International Development has been a longstanding supporter of evidence production and uptake,[45] as have philanthropic funders such as the Ford Foundation, the Bill & Melinda Gates Foundation, the Hewlett Foundation, the Open Society Foundations and Omidyar Network. Major donors to transparency and accountability efforts are increasing their focus on strengthening data use, as demonstrated by recent efforts by the Bill & Melinda Gates[46] and Hewlett Foundations.[47]

Actors from all sectors will continue to play critical roles in advancing data use, each according to their particular strengths and responsibilities.

Governments must prioritise transparency and openness as enabling conditions for evidence-based policy and accountability, and to ensure that official data and statistics can be accessed and used. They can also ensure that adequate privacy frameworks and inclusive national statistics systems are developed. It is also primarily governments' role to prioritise investments into long-term domestic statistical capacity and evidence use, including through aligning bureaucratic incentives.

Civil society actors and the media play an indispensable role in producing independent evidence, for example through community-led data collection approaches, and in empowering citizens to access and use information for accountability. At the same time, it is critical that non-state actors work – in respect of privacy – make the data they produce accessible and usable, including through a greater focus on data standards that enable comparability across official and non-official data sources.

Businesses have significant amounts of data, expertise and resources to contribute to the data revolution. At the same time, many data-driven business models rely on proprietary data and/or information systems, which can conflict with public interests.[48] Effective regulatory frameworks for the modern data economy are only emerging now. Concepts such as 'data philanthropy'[49] therefore require re-evaluation in light of the latest understanding of corporate social responsibility extending to the overall impact of businesses on society.

Donors have an important catalytical role to play but must take care that they do not distort domestic priorities, and appropriately balance short-term priorities (e.g. for SDG monitoring data) with long-term needs. Donor support – in terms of funding, policy support and technical expertise – is, however, critical, especially in areas such as statistical development and capacity for data use in government and among civil society organisations. This requires patient funding and a willingness to iterate. Within this, donors can set clear incentives for inclusive, multi-stakeholder approaches and for balanced support to the production, sharing and use of data.

Box 4.2

Funding for data use

Over the last few years, there has been significant discussion on the need for investments in better data to meet and monitor the SDGs.

A Global Partnership for Sustainable Development Data report,[50] building on an earlier study by the Sustainable Development Solutions Network[51] estimated the investment needed for data on the tier I and II SDG indicators at about US$2.8–3.0 billion per year up to 2030 for 144 low and middle income countries.[52] Additional aid funding required to support censuses, survey production and improvements to administrative data systems would be about US$350–400 million.[53] Aid to statistics is estimated at US$541 million for 2015 (the most recent year for which data is available), although not all of this goes directly to individual countries. Assuming that countries eligible for international development assistance can meet half of the cost required to monitor the SDGs, donor investments in individual countries of US$635–685 million are required annually through to 2030. This reflects a near doubling of current aid that goes directly to country governments.[54]

An earlier critique of the data revolution focused on a supposedly unfavourable cost–benefit ratio of such investments. This argument rested on much higher cost estimates,[55] non-consideration of the benefits to be derived from the data, and a critique of the fact that SDG monitoring data would not meet domestic needs.[56]

While current cost estimates are likely more realistic, financing for data discussions focused on the SDGs still risk underestimating the effort needed in two important areas.

Firstly, the sustainability of investments in data production will depend on the extent to which they respond to domestic priorities, for example national and local development plans that may include but also extend beyond SDG targets. Investments should therefore prioritise domestic needs for disaggregated, high-frequency, administrative data over surveys primarily designed to satisfy global monitoring needs.

Secondly, it is through the use of data for accountability and decision-making that impact and social benefit will be achieved. The extent to which this happens will be conditioned by capacity and contextual factors such as access to information and transparency, participatory governance, willingness and incentives for evidence use. It is critical that future analysis of investment needs for development data include more thorough consideration of these issues.

These are, of course, not only data-specific and funding-related concerns. At present, without clear markers in multi-sector projects, it remains challenging to accurately estimate aid for statistics. It is even harder to assess funding needs and results of all interventions that could potentially impact on data use, such as through wider public administration and governance reforms.

Nonetheless, as stakeholders continue to advocate options for increased investments in development – for example through a global data fund as discussed during the 2018 Data for Development Festival[57] – it is critical that a sharp focus is kept on the need to strengthen long-term domestic data production and capacity, systems and incentives for data use.

5
Getting back on track – an action agenda for 2030

Ethiopia, 2011
A farmer examines which coffee fruits are ready to be picked.

Credit: © Pete Lewis/Department for International Development

Key messages

- 2030 Agenda for Sustainable Development (Agenda 2030) is at risk – the gap between the people furthest behind and the rest is growing, targeting investments critical for ending poverty remains mixed and the availability and use of data needed to better address these challenges remains insufficient.
- Resources are not always or predominantly reaching the people most in need: a growing proportion of official development assistance (ODA) is not being transferred to countries, that which is transferred does not systematically target the poorest people first and other resources are not strongly focused on poverty.
- These trends could worsen. If the current distribution of ODA continued, the 36% of aid going to countries with poverty rates over 20% now could fall by almost two thirds to 13% by 2030. And the proportion of non-ODA inflows to some of the poorest countries would also fall, from 5.6% to 2.2%.
- Achieving Agenda 2030 requires a new mindset in how we think about and respond to poverty. And it needs a shift in both financing and behaviour to drive the necessary progress everywhere and particularly in fragile contexts, to manage long-term crises better and to ensure that all resources incorporate principles that improve development effectiveness.
- ODA should and can increase to meet the 0.7% target; simply assuming and allowing aid to stagnate over the next decade is not acceptable, and there are signs of progress in non-ODA flows too.
- Government expenditures and ODA remain core for the poorest people and places. Action is needed now to refocus ODA on:
  - who needs it most – the people furthest behind who have not and may not benefit from growth in the future, for whom targeted short and long-term support are necessities
  - where it is needed most – the places and countries being left behind, in particular fragile contexts, where external resourcing is needed to address critical needs for sectors such as social protection alongside the strengthening of domestic public and private finance
  - when it is needed most – the sooner investment reaches the people, places and sectors necessary to achieving the Sustainable Development Goals (SDGs), the more likely Agenda 2030 will become a reality.
- ODA has four broad legitimate purposes which must be balanced according to the needs of the people furthest behind and the availability of other suitable resources. Delivering to a 2030 timeframe requires a focus on direct investments in countries to drive better social and economic outcomes, supported by efforts to build enabling environments for a thriving domestic and international private sector and global goods that disproportionately benefit the poorest people.
- All actors have a responsibility and critical role to play. Identifying and capitalising on synergies and recognising comparative advantages are as important as mobilising additional volumes of finance.
- Political leadership is fundamental to achieving an ambitious change agenda.

Global ambition and action are failing to meet the needs of the people in most poverty

Agenda 2030 will not be achieved if it fails the poorest and most vulnerable people and leaves them out of progress. 2030 is approaching fast, already almost a third of the SDG era has passed, but progress remains lacklustre and in too many places, for too many people it has not only been lacking, it has been a relative decline. The future does not look promising: not only is there a gap between the poorest people and the rest but that gap is growing and looks set to continue. It is possible to get back on track – but reaching the people furthest behind, including those living in some of the most challenging contexts, requires action now to meet the 2030 deadline.

Without renewed action now Agenda 2030 will fail

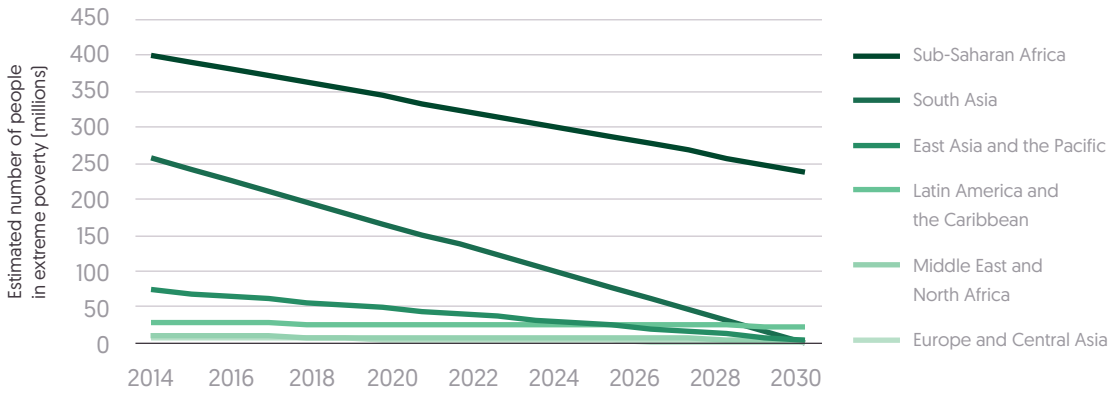
More of the same will not be enough. Economic growth, together with national and international public investments, has seen progress through the Millennium Development Goal era, not least in reducing poverty by half. But progress has been uneven, with some people in some countries growing out of poverty while levels have increased elsewhere.[1] Unequal progress is set to become even more acute: even optimistic projections of growth over the next decade, while helping to lift some people out of poverty, will not be enough to get to zero with between 200 million and 400 million people projected to remain in extreme poverty by 2030. Poverty will also become increasingly hard to address the closer it gets to zero, meaning change is needed now and simply replicating or scaling up past strategies may not work. Investing today will pay a dividend not only in the greater impact seen today and over the longer term but also in living up to the promise implicit in the SDGs to reach the poorest people first.

The implications of continuing with business as usual are serious – no change will likely mean relatively little to no progress for the poorest people in the ambitions, goals and targets that were set to much fanfare and, rightly, to much acclaim in 2015. No change would mean that the gap in poverty – in income and in standard of living – and the gap in access to resources could continue to widen as progress and economic development remain uneven and unequal. This will not just mean a failure to meet the SDGs but a failure to deal with inequality and an ever-greater concentration of poverty. This chapter looks at the implications of a 'no-change' scenario to show what the world could look like in 2030 if the necessary action and changes are not made now.

Too many people will be left behind

Scaling up more of the same will result in a failure to meet the SDGs (Figure 5.1) – and SDGs 1 and 10 in particular. While for many people, continued economic growth will see progress and development with more opportunity and potential, for too many people, economic growth will not be enough to lift them out of poverty and will instead see them falling ever further behind the rest of the world. Despite global growth and decades of development effort, the consumption floor – the lowest observed level of income or consumption – has remained virtually unchanged for over 20 years. The poorest people today have a living standard no better than the poorest people 20 years ago, and there is no suggestion it will be any higher in 10 years unless action is taken.

Figure 5.1
Business as usual means uneven and unequal progress for people



Source: Development Initiatives based on World Bank PovcalNet and IMF World Economic Outlook.
Note: To estimate the poverty headcounts up to 2030 current distributions of incomes or consumptions below the extreme poverty line were projected forward based on the average GDP growth rates in the IMF World Economic Outlook.

While the paucity of disaggregated data limits analysis of precisely who the people left behind will be in 2030, Chapter 1 shows that some people will be more at risk than others of falling into this group and least likely to be helped by market-based economic growth. These are and will likely remain young and older people, women and those with complex needs such as persons with disabilities. These people will be the hardest to reach, living in politically and environmentally insecure environments, and will represent a growing proportion of people in poverty globally by 2030 as, for example, income and consumption gaps between them and the rest of the world continue to widen.

Current ODA allocations (per person living in poverty) give preference to people in countries at less risk of being left behind – who receive, on average, over 1.5 times more ODA than people in countries being left behind. By 2030 that gap could expand exponentially to over 15 times unless significant shifts are made in where ODA is allocated.

Action – Improve allocation and targeting of government investments and ODA to reach the people furthest behind, first.

National government investments, ODA and other concessional resources need to be targeted at the poorest people – who will not be reached by other interventions or whose needs are too complex (or insufficiently profitable) to be reached by other resources. And interventions need to be focused to support strengthened social protection and to raise the floor (of consumption, of income and of standard of living) for the poorest people so the gap between them and everyone else starts to narrow.

Too many places will be left behind

Poverty will continue to be a challenge many people face, and the bulk of extreme poverty will be increasingly focused in a smaller set of countries with common characteristics such as conflict, other causes of fragility and vulnerability such as climate change, weak governance and an underdeveloped private sector.[2] But these are also the places that will receive the least external resources. In the absence of action this inequality in access to resources will continue to grow, requiring a shift in mindset about how and where ODA and other forms of public finance are allocated as well as renewed commitment and action to increase ODA.

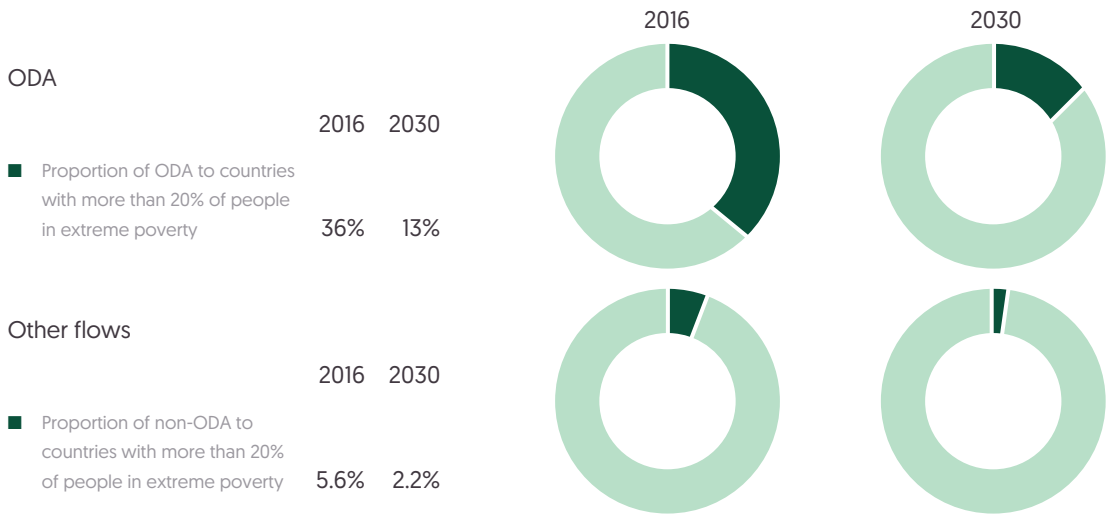
Increasing the total amount of ODA available over the next 12 years is vital to meeting the growing need for additional, appropriate financing. But short-term projections look bleak with country programmable aid projected to flatline or even fall over the next few years.[3] Political commitment and serious action are needed – this means meeting the 0.7% ODA/GNI target as fast as possible and as an absolute minimum.

Aid is not currently targeting poverty effectively and that could worsen in the absence of improved allocations. Countries with poverty rates of 20% or higher receive 36% of ODA today. If allocations remain unchanged this could fall to just 13% by 2030. Similarly, the current 65% of aid going to countries with populations of 2 million or more people in extreme poverty would fall to just 19% if ODA is not more strongly aligned to shifting poverty trends, further exacerbating strongholds of extreme poverty. The resource challenge is not limited to ODA (Figure 5.2).

Even under relatively optimistic scenarios, the average growth of resources beyond aid to developing countries most at risk of being left behind may not be sufficient to close the gap between these countries and the rest. On average, their non-ODA inflows have grown at a slower rate than those to other developing countries on a per capita basis – 2.7% for countries being left behind and 4.5% for other developing countries since 2000. Projecting flows into the future is an inherently risky exercise, particularly given the volatile nature of international commercial investment and finance, but a continuing of existing growth and distribution trends could see the resource gap widen further.

Figure 5.2

Without change, current trends and distributions may lead to ever-decreasing proportions of aid and other international flows to high-poverty countries



Source: Development Initiatives based on OECD DAC, UN Conference on Trade and Development and World Bank data.
Notes: FDI: foreign direct investment. Flows for which recipient-level disaggregation is not available are excluded. The analysis works on the basis that the proportion of flows received by each country stays the same in 2030 as in 2016. The analysis applies the resource data to the current and projected poverty rates.

Such shifts in allocations, for many donors, will require overcoming long-term historical and political determinants as well as existing trade and economic relations that continue to shape allocation decisions. Wide distributions of poverty have, to date, allowed this accepted reality to silently endure. But such political and economic incentives will grow ever more apparent if donors do not respond to trends that will see extreme poverty falling in some countries and concentrating in others.

Reaching the untapped existing tax potential of developing countries could mobilise an estimated US$15 trillion a year. But with only 1% of this available to the poorest countries, increases will likely not be sufficient to address development needs.[4] These resources are already lowest where poverty is high (see Chapter 3). For a number of countries the potential of increased revenues from economic growth have not been realised and remain substantially lower than in developed countries. Domestic public revenues, excluding China, have declined as a proportion of GDP across developing countries (both resource export- and non-export oriented countries), from 27% in 2008 to 23% in 2016 while advanced economies have remained fairly constant at around 36%.

Supporting stronger domestic private sector development that can in turn provide scope for greater job creation and revenues will also be critical. But much needs to be done given that the countries where extreme poverty is expected to be increasingly concentrated are often the places with challenging private sector environments. Countries being left behind have, on average, low domestic commercial resources (12.5% of GDP) and a weaker Global Competitiveness Index ranking of 3.2 compared with the average of 4.4.[5] ODA can and should be supporting improvements.

Action – Increase ODA to meet need and targets, allocate more to countries most in need, including to leverage and mobilise other resources and through strategic support to enabling environments.

A strategic approach to ODA allocation – balanced against high and growing levels of need in many places – should foster a private sector that can support sustainable development, working with governments to nurture a strong institutional and policy-enabling environment for private sector growth. Equally, ODA can provide important support in building long-term capacity and growth of public revenues.[6]

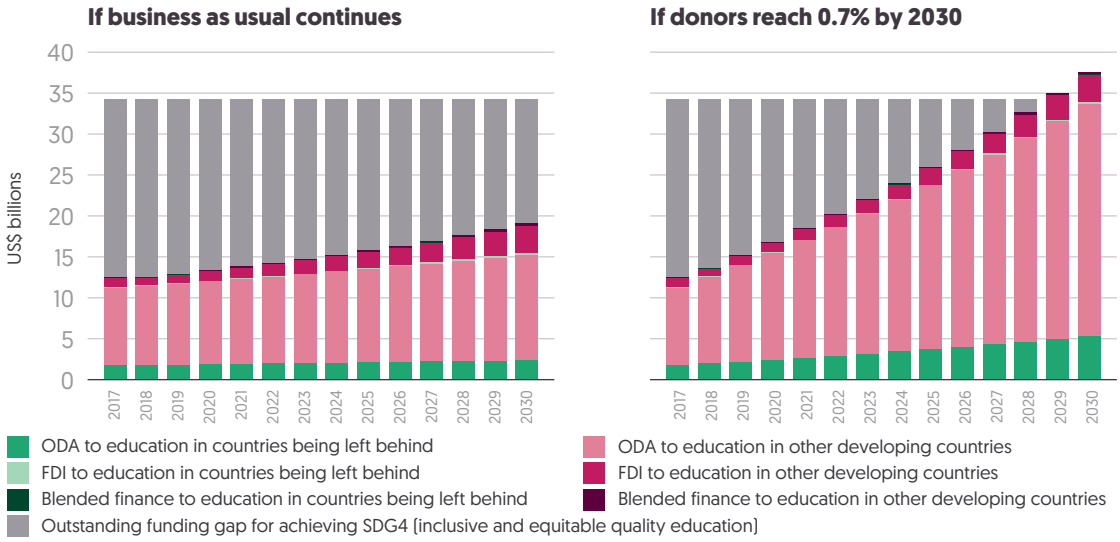
Too many critical sectors will be left behind

Certain sectors, particularly those related to social protection and those that directly build human capital, are fundamental to ending poverty and redressing inequalities. Domestic public resources will continue to play the central role in funding, but some countries will not see expenditures grow fast enough and will continue to require external financing. As the illustrative example in Figure 5.3 shows, this challenge is likely to be most acute in countries furthest behind. It highlights the challenges in education – a fundamental enabler of long-term development and economic growth.

Assuming ODA/GNI ratios and proportions spent on education remain unchanged, just under half of the annual need – as estimated by UNESCO[7] – will still be unfunded by 2030 while less than half (44%) of the total investments will have been made. If the 0.7% target is met by 2030, annual global education funding needs may be met by 2029, but even then only 69% of the finance needed over the period will have been delivered due to underfunding in previous years.

Figure 5.3

Business as usual will leave many poverty-critical sectors like education underfunded particularly in those countries furthest behind



Source: Development Initiatives based on OECD DAC, fDi Markets from Financial Times Ltd and Global Partnership for Education data.
Note: The figure highlights whether in two different scenarios the education funding gap will be met by 2030. The scenario in which DAC donors reach the 0.7% target for ODA as a percentage of GNI by 2030 is based on applying estimated growth rates for each respective flow and current levels of the flow to education to each successive year from 2017 up to 2030. The required funding for education level is based on the UNESCO's Global Monitoring Report statement of an additional US$22 billion per year to bring quality and universal education by 2030 added to the volume of existing external education flows in 2016. ODA data shown is in net disbursements.

Similar analysis by the World Health Organization finds that funding to meet ambitious SDG health commitments will also need to increase dramatically – almost tripling from US$134 billion annually to US$371 billion by 2030. While up to 85% of this may be met by domestic resources, many countries will continue to need external financing with up to 32 facing an aggregate annual gap of US$54 billion.[8] Recent work by the Brookings Institution shows that a business-as-usual scenario will see many 'basic needs' SDGs (those essential for a basic quality of life for people) unmet with some (often populous) countries experiencing multiple gaps and significant numbers of people being left behind for diverse needs from primary education to family planning, and from gender equality in leadership to birth registration.[9] Of the 30 'most off-track' countries under business as usual across a set of 15 absolute indicators, 23 are identified by this report as countries most at risk; 28 are in the 40 most off-track.

Action – ODA needs to prioritise sectors, such as social protection, critical to ending poverty and promoting sustainable, inclusive development and growth in the poorest countries.

Meeting the SDGs will mean ensuring that the significant investments needed to improve people's lives and livelihoods are met. The separation of investments serving either social or economic goals is a false one – both are key and progress in human development is needed both for the SDGs and for inclusive growth. ODA is a scarce and valuable resource and should be allocated according to where other resources are not available, and where its impact can both drive improvements to people's wellbeing and steer growth increasingly towards the poorest people.

Meeting the SDGs requires a change in mindset and action now

Current development practice has taken us far, but not far enough. Reaching the poorest people, redressing the growing imbalance and inequality for the people and places furthest behind, will now require more than upscaling what is already done. It demands a shift in mindset to address challenges that both growth and direct development investments have failed to address. Action needs to go beyond simply acknowledging the existence of these challenges – they are not new and continuing to functionally ignore them is no longer an option.

Action needed to address growing challenges of fragility, conflict and long-term crises

Agenda 2030 and the SDGs will fail if the complex problems of fragility, conflict and long-term crises are not addressed.

- Over half (59%) of all people in extreme poverty live in countries affected by either fragility, environmental vulnerability or both.[10]
- The number of extremely poor people living in fragile contexts is expected to overtake those in more stable countries by 2020 and by 2030 up to 80% of people in extreme poverty will be in such places.[11]

- In 2017 complex crises (involving at least two of conflict, disasters associated with natural hazards and refugee situations) occurred in 29 of the 36 countries with the highest numbers of people considered in need of humanitarian assistance, while half of the largest 20 recipients of humanitarian aid were countries most at risk of being left behind.[12]

Clearly connected to this is the reality that long-term and recurring crises are the new norm. Most countries needing humanitarian assistance face multiple, often enduring, crises that are neither confined to the poorest countries nor contained within national borders.

Funding also poses challenges. While official humanitarian assistance has grown at a far greater rate than other development assistance (seven times faster than country programmable aid since 2010), the global system is struggling to meet the level of need from countries facing long-term crises and respond to a widening range of functions: a record US$14.2 billion for UN-coordinated appeals in 2017 failed to plug a record funding gap of 40%.[13] Humanitarian aid cannot replace near-stagnant development assistance when crises are long term and yet by 2017, 33 countries had been receiving high proportions of their aid envelope as humanitarian assistance for 8 years or more.[14]

The challenge facing such countries is substantial: in 2016 these 'long-term' humanitarian recipients accounted for 12 of the 20 countries with the greatest numbers of people in need and 16 of the 20 largest recipients of humanitarian aid – three quarters (74%) of all such assistance in that year. Such countries often have limited domestic capacity themselves: 13 are among countries at risk of being left behind, with many appearing at the bottom of lists for per capita domestic revenues.[15]

Action – All actors need to change their approach to fragile contexts and crises to meet both rapid response and longer-term needs.

Funding, particularly ODA, must increasingly tackle fragility and build resilience to shocks and protracted crises whether from conflict, environmental vulnerability, or both. But funding will have little impact without a shift in mindsets. Working effectively in fragile contexts means working more in uncertain situations where short-term and result-oriented approaches to value for money, for example, sit uncomfortably beside the need for flexible, highly context-specific and long-term investments and political commitment.

Short-term response and long-term investments can no longer be seen as separate instruments addressing separate problems: they must come together around common objectives and collective outcomes. For example, during crises assistance can help develop and establish government-owned social protection systems where they do not exist, and development aid can be surged through such systems where they do. Fresh commitments for joined-up humanitarian, development and peacebuilding approaches reflect this, such as the 2016 World Humanitarian Summit[16] calling for a shift in thinking from "delivering aid to ending need" and the World Bank driving discussions around the 'New Way of Working'.[17] But progress to date has been slow.

Defining the strategic purpose of ODA based on the needs of the poorest people

ODA that is transferred out of donor countries broadly serves four key purposes: providing and supporting direct programming, strengthening institutions and an enabling environment, leveraging additional finance for development, and delivering or supporting global public goods. These are all legitimate uses of aid. Providing direct service delivery, investing in global health research or working with the private sector are all important things to do. The challenge is rather more in determining which is the most urgent, most effective and most needed use of aid in any given place and how to balance those competing demands. Implicit in that challenge is the question of what should be, or is already, funded by other sources.

The appropriate balance of these four purposes will change according to context and over time. But in each case, the balance must be determined first and foremost by the needs of the poorest people. Each investment must be measured against who is benefiting, and over what timeframe.

The urgency of the poverty problem and the promise of Agenda 2030 mean investments in direct programming and support for government institutions – at both national and local levels – remain vital. Sufficient investments to build human capacity are beyond the scope of a number of the poorest countries and are unlikely to be financed significantly by other sources within the timeframes needed. There is also scope to strengthen governments' capacities and the wider enabling environment for resource mobilisation in some countries – including those in fragile contexts. Such assistance may only require small amounts of aid to catalyse revenues and can represent an efficient form of investment. However, a number of trends are going in the opposite direction, with falling proportions of aid ending up in countries; very small expenditures on government social protection schemes; and severe cuts in modalities, such as general budget support, that support country ownership.

This should be balanced by highly strategic uses of aid to leverage private capital. Crowding in private finance through blended mechanisms is largely confined to wealthier developing countries[18] and is likely to remain so in the short term. Benefits can be gained through synergies: if development priorities can be maintained while leveraging ratios improve, aid may be released to the countries and people that need it most. It is also important to recognise that in some places some forms of leveraging may not yet be appropriate – where for example, the domestic environment is not yet sufficiently developed. In these circumstances, support for the enabling environment, which will also support growth for a thriving domestic private sector, could be more effective than trying to crowd in vast sums of international finance, and not require large amounts of ODA.

Not all drivers of poverty can be addressed at the country level. Global public goods will also be critical to ending poverty and enabling sustainable development in the long term. Investments in research development or tackling communicable diseases, for example, can directly impact people in extreme poverty or people vulnerable to falling into poverty. Attributing such investments to specific places and people can be challenging, but achievable. A balanced approach for aid should initially focus, therefore, on direct country or regional interventions alongside strategic investment in those global goods that have a demonstrable impact for the poorest people. And as poverty decreases, there is increasing scope for ODA to also support development finance institutions in their efforts to leverage other sources of finance including commercial investments.

Action – ODA should focus primarily on transfers to the poorest countries and people, supported by investments in global public goods with demonstrable impact on poverty.

First and foremost, the trends of rising volumes of aid not leaving the donor country and falling proportions of country-specific aid must be reversed. Allocations will change over time as poverty falls but the immediate and most pressing need is to tackle extreme poverty for the people and places being left behind. If the gap between the poorest people and the rest starts to close, the balance can shift to provide additional support to other important elements such as wider investment in global public goods and working with private capital, but that balance should always be defined by poverty and the greatest need.

Political leadership and action needed to accelerate improving aid quality

ODA is a limited resource. Using it effectively and efficiently is as vital as how much is spent but there has been little to no recent progress (and in some cases regression) in meeting commitments made to improve the quality of aid[19] and little to suggest that will improve. The agenda has become more complex, with more actors playing a more significant part, greater attempts to deal with challenging contexts such as fragility and efforts to look beyond aid effectiveness to the quality and impact of all development cooperation. But the principles[20] remain relevant. Despite the importance (and efficiency) of being more effective with limited development resources, there is little political attention and energy.

Agenda 2030 enshrines countries' right and responsibility to manage and drive their own development, while current trends in ODA – less programmatic aid and less use of countries' own systems – suggest instead a move in the opposite direction. And yet, ownership of development by people in developing countries is critical, both to ensure that development serves their needs and to promote strong accountability and governance – equally important for sustainable, long-term development. This is perhaps nowhere more important than in the countries furthest behind, for the people being left behind, and in the places facing the complexities of fragility where uncertainty prevails and traditional approaches to aid and the relationships between different actors that structure its use may not be as relevant or effective.[21]

Action – All donors, governments and other stakeholders need to recommit and act to implement development effectiveness commitments.

Empowering people builds a more solid foundation for delivery of Agenda 2030. More can be done to better and more effectively support countries and people to drive their own development and to build shared responsibility for delivering the SDGs.

Action for Agenda 2030

The clear message that emerges from the analysis on poverty, resources and data is that the ambitions of Agenda 2030 are at risk and the time for action is now. Three years have passed since the SDGs were agreed, not enough has changed, and it is increasingly clear that business as usual will not deliver. Unless decision-makers at all levels take stock and change track, the ambitious goals and targets they agreed in 2015 will soon be out of reach. If current trends continue, the gap between the poorest 20% and the rest of the population will continue to grow, both globally and in most countries, and by 2030, millions of women, men and children will be left behind, consigned to a life of extreme poverty. It does not have to be this way. With 12 years to go until 2030, there is still time for decisive action to get the world back on track to meet the SDGs. Our agenda for action and key recommendations are as follows:

Invest in people

To end extreme poverty by 2030 and leave no one behind, the focus must be on people and on the poorest people first. That means increasing investment in human capital, including social protection, health and education.

Close the widening gap to the poorest people

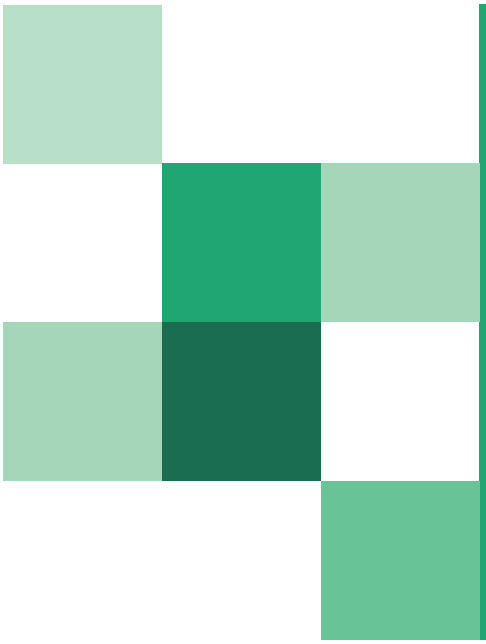
There is an urgent need to mobilise additional resources for the SDGs. All resources – international and domestic, public and private – have important roles and responsibilities, but for the poorest countries and the poorest people, ODA will remain vital. Donors therefore have a responsibility to ensure their aid is being spent in line with the priorities of Agenda 2030. It is time for a refreshed vision of aid, recast as a resource to ensure that no one is left behind. In support of that new vision:

- **The volume of ODA should be increased in line with existing targets.** Donors who have yet to meet the 0.7% ODA/GNI target should set a timetable for doing so, committing to annual increases in aid volumes in support of Agenda 2030. If ODA was increased to meet the 0.7% GNI target, an extra US$1.5 trillion would be raised by 2030.
- **ODA should be redirected to the people and places that need it most.** The trend of an increasing proportion of ODA remaining in the country of origin needs to be reversed, so that more ODA goes to specific countries, and is targeted to the people most at risk of being left behind, or the global public goods most likely to benefit them.
- **The quantity, quality and development impact of other resource flows need to be improved.** All actors need to work together to deliver the SDGs, including implementing development effectiveness commitments. Working in partnership means identifying and acting on synergistic opportunities.
- **More effective approaches are needed in fragile contexts and crises to meet rapid and longer-term response.** All actors need to work more effectively in these complex contexts to reflect the need for long-term investment, highly context-specific support, flexibility, political commitment and leadership. Investments in peacebuilding, prevention and resilience must be prioritised alongside post-crisis response.

Invest in data

Better data is required to target resources effectively to the people who need them most and, for each of those resources, to measure who is included and who is left out. That means greater investment in systems to ensure everyone is counted, and in the collection and use of data that is disaggregated by income, gender, geographic location, age and disability to identify the people who are at greatest risk of being left behind.

Poor disaggregated data, particularly at the subnational level, undermines both national and global efforts to direct the right amount of the right types of resources and investments to the people who need it most. But the best data, information and evidence are only as useful as the will to act on them.



Political will and leadership are critical: Despite limitations in data, who is at risk of being left behind and where they are, or will be, is broadly known. As are many of the types of investments, tools and mechanisms to best reach these people. The allocation of resources is ultimately a political act, shaped by competing political incentives. How successfully these are overcome during the next decade will be measured by how many people remain in extreme and other dimensions of poverty, how many people remain excluded from progress and for how long the gap between the poorest people and everyone else continues to grow.

Notes

Chapter 1

1 World Bank Group, 2018. The State of Social Safety Nets 2018, Table 3.26. Available at: www.openknowledge.worldbank.org/bitstream/handle/10986/29115/9781464812545.pdf?sequence=5&isAllowed=y

2 We define extreme poverty as measured using the 2011 PPP$1.90 extreme poverty line. Purchasing power parity (PPP) prices are the rate at which a country's currency would have to be converted into that of another country to buy the same amount of goods and services in each country. PPPs are constructed by comparing the cost of a common basket of goods in different countries. Where subsequent figures in the report are in PPP these are denominated as $. Other denominations are referenced with a currency abbreviation, eg US$.

3 Brookings (Kharas H., McArthur J. and Rasmussen K.), 2018. Counting who gets left behind: Current trends and gaps on the Sustainable Development Goals. Available at: www.brookings.edu/blog/future- development/2018/07/13/counting-who-gets-left-behind-current-trends-and-gaps-on-the-sustainable-development-goals

4 The term 'developing countries' in this chapter and elsewhere in the report is used to refer to countries in the 'DAC list of ODA recipients', available at: www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DAC_List_ODA_Recipients2014to2017_flows_En.pdf

5 SDG target 1.1: "By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than $1.25 a day." The World Bank has been deemed responsible for tracking this indicator. It has since updated the extreme poverty line to $1.90 a day (2011 PPP). This line was developed by averaging the national poverty lines of several low income countries, adjusted for PPP. The World Bank's PovcalNet has estimates of the extreme poverty headcounts adjusted by PPP.

6 SDG target 10.1: "By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average."

7 International Monetary Fund, 2017. World Economic and Financial Surveys. Fiscal Monitor: Tackling Inequality.

8 Poverty is defined and measured in different ways. The World Bank's definition of extreme poverty is based on the median national poverty lines among a set of low income countries. These poverty lines themselves are based on income or consumption thresholds that were sometimes based on the caloric needs of people. The Multidimensional Poverty Index is weighted based on living conditions, health and education. BRAC's concept of 'ultra-poor' draws on dimensions including access to markets and social stigma. We are most interested in the question: regardless of how poverty is defined, are people seeing improvements?

9 DI calculations based on Ravallion M., Jolliffe D., Margitic J., 2018, Social Protection and Economic Development: Are the Poorest Being Lifted-Up or Left-Behind? NBER Working Paper 24665.

10 Our emphasis.

11 World Bank Group, 2018 (see note 1), Table 3.26.

12 See note 1.

13 See note 1, Figures 3.1 and 3.2.

14 See note 1, Figure 3.3.

15 See note 1.

16 The purpose of ODA as defined by the OECD DAC, which was established in 1960, is to promote the "economic development and welfare" of developing countries.

17 The considerable debate on the extent to which inequality is or is not inimical to growth continues. But the weight of opinion in key global institutions such as the International Monetary Fund and OECD is that "excessive inequality can erode social cohesion, lead to policy polarization and ultimately lower economic growth". International Monetary Fund, 2017 (see note 7). See also G20 Leaders' Summit, 2017, Fostering inclusive growth: IMF Staff Paper. 7 and 8 July 2017, Hamburg, Germany, available at: www.imf.org/external/np/g20/pdf/2017/062617.pdf: "High and persistent inequality can have significant negative implications for both longer-term growth and macroeconomic stability".

18 See note 9.

19 Carr-Hill R., 2013. 'Missing Millions and measuring Development Progress.' World Development 46:30–44.

20 Sanchez C. and Munoz-Boudet A.M., 2018. No, 70% of the world's poor aren't women but that doesn't mean poverty isn't sexist. World Bank blog, 8 March 2018.

21 Somalia Directorate of National Statistics, 2018. Poverty Profile: First Comprehensive Snapshot of Welfare Conditions (5 October 2018), available at: www.dns.org.so

22 The vast majority (98%) of the reduction of global poverty was from China between 1981 and 2005. See Chen S. and Ravallion M., 2008. The developing world is poorer than we thought, but no less successful in the fight against poverty. World Bank. Available at: https://elibrary.worldbank.org/doi/abs/10.1596/1813-9450-4703

23 Development Initiatives, 2013. Investments to End Poverty. Available at: www.devinit.org/post/investments-to-end-poverty/

24 The 2013 projections used a model based on different scenarios with a two-percentage-point margin of error on each side of a baseline consumption projection, in line with differences observed between past forecasts and actual outcomes. The scenarios use different outlooks for inequality based on the shares of national consumption among the poorest 40% of people and the richest 10%. The analysis sees these shares moving up or down by 0.25 percentage points annually. For the forecasts included in Figure 1.4, a more parsimonious model was used. A distribution-neutral growth pattern was assumed and the average growth rates from the IMF World Economic Outlook for the next five years were carried forward with plus or minus two percentage points to provide a range of estimates. The distribution-neutral approach provides lower poverty estimates but much of the differences between the forecasts made in 2013 and those today are due to faster-than-expected poverty reduction in recent years.

25 The progress in South Asia and India should not be taken for granted. The Multidimensional Poverty Index estimates that over half of all children in India are living in multidimensional poverty and there are more destitute people in India than in the whole of sub-Saharan Africa (Oxford Poverty & Human Development Initiative Multidimensional Poverty Index 2017, Briefing paper 47, page 13. Available at: www.ophi.org.uk/wp-content/uploads/B47_Global_MPI_2017.pdf

26 For more detail on the methodologies applied to identify countries at most risk of being left behind and analysis of their characteristics, see Development Initiatives 2018, Countries being left behind: tackling uneven progress to meet the SDGs. www.devinit.org/wp-content/uploads/2018/07/countries-being-left-behind_report.pdf

27 For example, Brookings, 2018. Leave no country behind: ending poverty in the toughest places, working paper. Available at www.brookings.edu/wp-content/uploads/2018/02/leave_no_country_behind_working_paper.pdf; Chandy L., 2017; World Poverty Clock, 2017; Manuel M., Desai H., Samman E. and Evans, M., 2018. Financing the end of extreme poverty. ODI. Available at: www.odi.org/publications/11187-financing-end-extreme-poverty

28 See Development Initiatives, 2018 (note 26) for more detailed assessment of the overlap of countries identified through different methodologies.

29 Alkire S. and Robles G., 2017. Global Multidimensional Poverty Index 2017. Available at: www.ophi.org.uk/wp-content/uploads/B47_Global_MPI_2017.pdf

30 The World Bank's PovcalNet is the most influential tool for understanding poverty and wealth on a global level. Currently, it does not provide geographically disaggregated data by region. To better understand which regions are at risk of being left behind, we have used subnational region data from the Demographic and Health Surveys (DHS). These include estimates of wealth based on household assets. Following Wagstaff (2004) we have assumed that the percentile rankings of households by wealth index roughly compares with percentile rankings of households by income or consumption. This is a very crude proxy but gives a general sense of who is most likely to be left behind. We first looked at the latest DHS surveys conducted since 2005 (51 countries with household-level data). Two of these, Afghanistan and Cambodia, do not have data in PovcalNet and are excluded. Among the remaining countries, we took the extreme poverty rate (defined as $1.90 per person per capita in 2011 PPP) from PovcalNet at the national level and found the lowest wealth scores that add up to an equivalent percentage in the DHS surveys. We then can disaggregate the DHS surveys by survey region. Among the 51 countries, the latest available poverty rates from 2013 range from 0.2% for Jordan to 77.8% for Madagascar.

31 Brookings (Chandy, L.), 2017. No country left behind: the case for focusing greater attention on the world's poorest countries uses this methodology at the national level, which we have replicated at subnational level.

32 World Bank Research Digest, Summer 2007, The Urbanization of Global Poverty page 1. http://siteresources.worldbank.org/DEC/Resources/84797-1154354760266/2807421-1183396414833/The_Urbanization_of_Global_Poverty.pdf: 24.6% in 2002 represented an increase over the 18.9% of global poverty attributed to urban areas in 1993.

33 Munoz-Boudet A.M., Buitrago P., Leroy de la Briere B. et al, 2018. Gender Differences in Poverty and Household Composition through the Life-Cycle: A Global Perspective. World Bank Policy Research Working Paper 8360, page 10.

34 Poverty and wealth calculations are typically defined at the household level, masking inequalities that may exist within households. However, the World Bank has shown that gender seems to have different impacts for the likelihood of living in extreme poverty along life cycle lines. See Munoz-Boudet A.M., Buitrago P., Leroy de la Briere B. et al, 2018 (note 33).

35 See, for instance, UN Economic and Social Council, 2017. Report of the United Kingdom of Great Britain and Northern Ireland on ageing-related statistics and age-disaggregated data. Available at: www.un.org/development/desa/ageing/wp-content/uploads/sites/24/2018/03/Report-of-the-United-Kingdom-of-Great-Britain-and-Northern-Ireland-on-ageing-related-statistics-and-age-disaggregated-data.pdf

36 See, for instance, Mitra S., 2017. Disability, Health and Human Development, Palgrave McMillan.

37 Detailed disaggregations of child mortalities by ethnicity and other dimensions can be found at the Save the Children's Group-based Inequality Database (GRID). Available at: https://campaigns.savethechildren.net/grid

38 See: Munoz-Boudet A.M., Buitrago P., Leroy de la Briere B. et al, 2018 (note 33).

39 Transforming our world: the 2030 Agenda for Sustainable Development. Available at: https://sustainabledevelopment.un.org/post2015/transformingourworld

40 McArthur J.W. and Rasmussen K., 2018. Change of Pace: Accelerations and Advances During the Millennium Development Goal Era. Brookings Global Economy and Development Working Paper 97. Available at SSRN: https://ssrn.com/abstract=2941856

41 McArthur J.W. and Rasmussen K., 2018 (note 40).

42 McArthur J.W. and Rasmussen K., 2018. (note 40).

43 The Guardian, 2005. 'Brown calls for African Marshall Plan,' 3 June 2005. Available at: www.theguardian.com/society/2005/jun/03/internationalaidanddevelopment.hearafrica05

44 IFFIm raises money by issuing bonds on the international capital markets. The financial strength of IFFIm to repay the bonds is based on legally binding agreements with donors for payments into IFFIm. This frontloads the funding but allows payback over 20 years. IFFIm delivers the funding to Gavi, which manages and invests the money.

45 Gavi. International Finance Facility for Immunisation evaluation. Available at: www.gavi.org/results/evaluations/iffim-evaluation

Chapter 2

1 Poverty data exists for 124 of the 146 countries that receive ODA. In this group of 124, 35% of gross ODA goes to countries home to 75% of the people living on less than $1.90 per day. Also in this group of 124, 25% of gross ODA goes to countries home to 1% of the people living on less than $1.90 per day.

2 Hynes W. and Scott S, 2013. The Evolution of Official Development Assistance: Achievements, Criticisms and a Way Forward. OECD, Paris. Available at: http://dx.doi.org/10.1787/5k3v1dv3f024-en

3 UN, 1970. International Development Strategy for the Second United Nations Development Decade, 24 October 1970. Available at: www.un-documents.net/a25r2626.htm

4 UN Sustainable Development Knowledge Platform. France Voluntary National Review 2016. Available at: https://sustainabledevelopment.un.org/memberstates/france

5 En Marche, 2017. Le programme d'Emmanuel Macron. Available at: https://en-marche.fr/emmanuel-macron/le-programme

6 Pearson, 1969. Partners in Development: Report of the Commission on International Development.

7 This assumes that all donors that were DAC members in 1970 reached 0.7% by 1980 and donors that joined the DAC after 1970 reached 0.7% 10 years after joining.

8 Development Initiatives (DI), 2017. ODA modernisation: Background paper. Available at: www.devinit.org/wp-content/uploads/2017/09/Backgound-paper_ODA-modernisation.pdf

9 'Grant element' is the standard way of measuring how concessional a loan is. It can be seen as the difference between the cost, in today's prices, of the future repayments a borrower will have to make on the loan in question and the repayments the borrower would have had to make on a non-concessional loan. It is therefore the amount of money considered to have been 'given away' by the donor, hence 'grant' element. It is normally shown as a percentage of the value of the loan.

10 For a fuller treatment of this topic see DI, 2018. Accounting for ODA loans – the effect of the new rules. Available at: www.devinit.org/wp-content/uploads/2018/03/Accounting-for-ODA-loans-Feb-2018-briefing.pdf

11 DI, 2017. ODA modernisation – an update following the October 2017 HLM: Briefing paper. Available at: www.devinit.org/wp-content/uploads/2017/11/ODA-modernisation-an-update-following-the-October-2017-HLM.pdf

12 See note 11.

13 OECD, 2017. The ODA Coefficient for UN Peacekeeping Operations Explained. Available at: www.oecd.org/dac/financing-sustainable-development/development-finance-standards/ODA-Coefficient-for-UN-Peacekeeping-Operations.pdf

14 For 124 of the 146 countries that receive ODA, there is data on the number of people living on below $1.90 per day – the World Bank's definition of living in extreme poverty. Our analysis of ODA to countries at different levels of poverty is, of necessity, limited to this group of 124 countries.

15 People in extreme poverty.

16 United Nations, www.un.org/development/desa/dpad/least-developed-country-category.html [accessed 1 October 2018]

17 'Adaptation-related ODA' refers here to ODA reported to the OECD DAC CRS, marked as 'principal' or 'significant' to climate adaptation with the climate change adaptation Rio Marker. Totals here refer only to ODA from DAC donors and multilateral institutions. They include projects and their associated ODA scoring 'principal' and 'significant'.

18 Quartile with the third greatest scores.

19 Quartile with the lowest scores.

20 Quartile with the greatest scores.

21 For a more compete list see www.oecd.org/dac/stats/type-aid.htm

22 Grants as debt relief are also excluded from analysis, which peaked around 2009–2011 for a number of countries.

23 Cordella T. and Ulku H. 2007. Grants vs. Loans, International Monetary Fund Staff Papers 54:1.

24 Odedokun, M. 2004. Bilateral and Multilateral Loans versus Grants: Issues and Evidence. The World Economy, 27.

25 Institute for Fiscal Studies, 2017. The changing landscape of UK aid. Available at: www.ifs.org.uk/uploads/publications/bns/BN204.pdf

26 The OECD data on channel of delivery tracks the aid to its first recipient. Apart from aid channelled via the public sector, most of these implementing agencies are international rather than local actors. Some of the aid funding channelled via international actors may be passed on to local organisations further down the value chain, but it is not possible to determine how much ODA eventually makes its way to local NGOs, for example.

27 Grand Bargain signatories, 2016. The Grand Bargain – A Shared Commitment to Better Serve People in Need. Available at: www.agendaforhumanity.org/initiatives/3861. The Grand Bargain is a set of 10 commitments agreed by donors and implementing agencies at the 2016 World Humanitarian Summit to deliver humanitarian assistance more effectively and efficiently.

28 DI, 2018. Global Humanitarian Assistance Report 2018. Available at: www.devinit.org/wp-content/uploads/2018/06/GHA-Report-2018.pdf, page 51

29 UN, 2015. Addis Ababa Action Agenda of the Third International Conference on Financing for Development. Available at: www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf

30 UKAN and Bond, 2011. Country Ownership: the only way forward for development cooperation. Busan Partnership Documents, December 2011. Available at: www.bond.org.uk/data/files/publications/Country_Ownership.pdf

31 These figures should be taken as less concrete than other spending data due to the OECD finding significant inconsistencies between the way different donors calculated the amount of In-donor refugee costs that were eligible for reporting as ODA (see Box 2.1 on measures being brought in to rectify this).

32 While a modality of aid delivery, general budget support is classed as a sector within OECD data. Given the substantial decline in such ODA it is highlighted here.

33 OECD, 2012. The Busan Partnership for Effective Development Cooperation agreement, July 2012. Available at: www.oecd.org/development/effectiveness/busanpartnership.htm

34 For example, OECD, 2010. Development Co-operation Report 2010. Available at: www.oecd-ilibrary.org/development/development-co-operation-report-2010_dcr-2010-en

35 Gross ODA minus humanitarian spending.

36 DI, 2016. Blended finance: Understanding its potential for Agenda 2030. Available at: www.devinit.org/post/blended-finance-understanding-its-potential

37 While there remains no agreed common definition of South–South cooperation, it is commonly understood as an exchange between developing countries and South–South cooperation actors see their contributions as quite different and unique compared with formal ODA.

38 Notably, data on expenditure from Saudi Arabia – a relatively large donor providing US$12.4 billion in 2014 and US$6.9 billion in 2015 – is not available in this year and may account for the apparent decrease in the 2016 total. Large proportions of Turkey's expenditure are spent on humanitarian assistance, most of which is spent in Turkey on refugee hosting – see note 27.

Chapter 3

1 A study by the Sustainable Development Solutions Network suggests that the SDGs are affordable and the challenge is mainly one of organisation and implementation: SDSN, 2015. Investment Needs to Achieve the Sustainable Development Goals. Available at: http://unsdsn.org/wp-content/uploads/2015/09/151112-SDG-Financing-Needs.pdf

2 Resources considered in this chapter include: *Domestic public:* non-grant government revenue. *Domestic commercial:* domestic credit to the private sector. **Inflows:** *International official:* ODA, development cooperation from other government providers, OOFs, export credits, official long-term debt. *International commercial:* FDI, commercial long-term debt, short-term debt, portfolio equity, private finance mobilised via blending. *International private:* remittances, private development assistance, international tourism receipts. **Outflows:** *International official:* ODA interest payments, ODA capital repayments, OOFs interest payments, OOFs capital repayments, official long-term debt interest payments, official long-term debt capital repayments, repayments on officially supported export credits. *International commercial:* FDI, outflows of profits on FDI, commercial long-term debt interest payments, commercial long-term debt capital repayments, short-term debt interest payments. *International private:* remittances, international tourism expenditures.

3 IMF, 2017. IMF Fiscal Monitor: Tackling Inequality. Available at: www.imf.org/en/Publications/FM/Issues/2017/10/05/fiscal-monitor-october-2017

4 Projections assume a constant government revenue-to-GDP ratio. Real GDP growth is available at the source until 2023; growth for 2024 to 2030 is set equal to 2023 at country level.

5 Manuel M., Desai H., Samman E. and Evans, M., 2018. Financing the end of extreme poverty. Overseas Development Institute (ODI) Report, available at: www.odi.org/publications/11187-financing-end-extreme-poverty

6 Inter-Agency Taskforce on Financing for Development (Chowla, P., Falcao, T.), 2016. Illicit Financial Flows: concepts and scope. Available at: www.un.org/esa/ffd/wp-content/uploads/2017/02/Illicit-financial-flows-conceptual-paper_FfDO-working-paper.pdf; Tax Justice Network (Picciotto, S.), 2018. Illicit financial flows and the tax haven and offshore secrecy system. Available at: www.taxjustice.net/2018/02/08/illicit-financial-flows-tax-haven-offshore-secrecy-system/; Center for Global Development (Forstater, M.), 2018. Illicit Financial Flows, Trade Misinvoicing, and Multinational Tax Avoidance: The Same or Different? Available at: www.cgdev.org/sites/default/files/illicit-financial-flows-trade-misinvoicing-and-multinational-tax-avoidance.pdf; Elcano Royal Institute (Cobham, A.), 2018. Target 2030: illicit financial flows. Available at: www.realinstitutoelcano.org/wps/portal/rielcano_en/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_in/zonas_in/ari81-2018-cobham-target-2030-illicit-financial-flows

7 UNU-WIDER (Janský, P., Palanský, M.), 2017. Estimating the scale of profit shifting and tax revenue losses related to foreign direct investment. Available at: www.wider.unu.edu/publication/estimating-scale-profit-shifting-and-tax-revenue-losses-related-foreign-direct

8 See www.devinit.org/post/understanding-illicit-financing-flows-in-a-development-financing-context for further discussion on illicit financing flows.

9 IMF, 2018. Regional Economic Outlook, Sub-Saharan Africa: Domestic Revenue Mobilization and Private Investment. Available at: www.imf.org/en/Publications/REO/SSA/Issues/2018/04/30/sreo0518

10 UN, 2015. Addis Ababa Action Agenda of the Third International Conference on Financing for Development. Available at: www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf (paragraphs 35 and 48)

11 Center for Strategic and International Studies, 2018. Blended Finance and Aligning Private Investment with Global Development. Available at: www.csis.org/analysis/blended-finance-and-aligning-private-investment-global-development; OECD, no date. Blended Finance. Available at: www.oecd.org/dac/financing-sustainable-development/development-finance-topics/blended-finance.htm; DI, 2018. Will blended finance lead to private sector growth in developing countries? Available at: www.devinit.org/post/will-blended-finance-lead-private-sector-growth-developing-countries/

12 For a more detailed discussion of various approaches donors can adopt to catalyse private sector resources in developing countries, including from the domestic private sector, see DI, 2018. The enabling environment for private sector development: donor spending and links to other catalytic uses of aid (pages 10–11). Available at: www.devinit.org/post/enabling-environment-private-sector-development/

13 Philippine Business for the Environment and UNDP, 2017. Transformational Business: Philippine Business Contributions to the United Nations Sustainable Development Goals. Available at: www.ph.undp.org/content/dam/philippines/docs/SDGs/Transformational%20Business%20-%20Philippine%20Business%20Contributions%20to%20the%20UN%20SDGs.pdf

14 UN Conference on Trade and Development, 2017. World Investment Report 2017. Available at: http://unctad.org/en/PublicationsLibrary/wir2017_en.pdf

15 UNDP, 2018, forthcoming. Country innovations for integrated SDG financing.

16 Republic of Indonesia, 2017. Voluntary National Review Available at: https://sustainabledevelopment.un.org/content/documents/15705Indonesia.pdf (pages 70 and 71).

17 International tourism has a recognised, important role to play in achieving sustainable development outcomes (e.g. see SDGs 8, 12 and 14) and for many developing countries it represents an important source of foreign exchange income. Financing flows related to foreign visitors' spending at the country level are included in the analysis to reflect a more comprehensive picture of the overall financing landscape in developing countries. For more detail, see Methodology online. Available at: www.devinit.org/post/investments-to-end-poverty-2018.

18 IMF, 2018. List of LIC DSAs for PRGT-Eligible Countries. Available at: www.imf.org/external/pubs/ft/dsa/dsalist.pdf

19 Department of Economic and Social Affairs, 2017. Global context for achieving the 2030 Agenda for Sustainable Development International financial flows and external debt. Development Issues No. 10. Available at: www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/dsp_policy_10.pdf; UN, 2015. Addis Ababa Action Agenda. Available at: www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf

20 Since 2013 for aggregate commercial flows, and since 2012 for FDI specifically (source: DI based on UN Conference on Trade and Development and World Bank data).

21 Analysis on spending by philanthropic foundations uses data from the 2016-17 OECD Survey on Global Private Philanthropy for Development. For the purposes of this report an estimate for international private development assistance was calculated (as included in Figure 3.2) but it was not possible to create a historical series with available data. To assess trends in international private giving, data from this OECD survey was used – albeit this only includes foundations and the period 2013 to 2015. This data was also used to estimate spending by domestic foundations in developing countries; however, this is likely to be an underestimate of actual volumes given country coverage limitations.

22 Philanthropy Nigeria. Get To Know The Nigerian Philanthropic Sector. Available at: http://philanthropynigeria.org (accessed 18 August 2018).

23 In relation to public–private partnerships, critics have also pointed (among other things) to the lack of transparency and power imbalance between commercial actors and domestic governments when projects are initially negotiated. See for example: Inter-agency Task Force on Financing for Development, 2018. Financing for Development: Progress and Prospects 2018. Available at: https://developmentfinance.un.org/sites/developmentfinance.un.org/files/Report_IATF_2018.pdf (p. 22).

24 Data on public–private partnerships relies on World Bank's Private Participation in Infrastructure Database and refers to country-level total investments.

25 See, for example, OECD data on DFIs available here: https://public.tableau.com/views/NONODA_DFIs/DFIs_EN?:embed=y&:display_count=no?&:showVizHome=no#1

26 See, for example: data on amounts mobilised from the private sector for development published by the OECD. Available at: www.oecd.org/dac/financing-sustainable-development/development-finance-standards/mobilisation.htm; data on blended finance funds and facilities published by the OECD. Available at: www.oecd-ilibrary.org/development/making-blended-finance-work-for-the-sustainable-development-goals/methodology-for-surveys-on-blended-finance-funds-and-facilities_9789264288768-15-en; data published by the Association of European Development Finance Institutions (EDFI). Available at: www.edfi.eu; and the 2018 Joint Report by EDFI, IFC and other multinational development bank members of the IFI-DFI Working Group on Blended Concessional Finance for Private Sector Projects, which documents a shared methodology for quantifying amounts of funding mobilised from private investors. Available at: www.edfi.eu/wp/wp-content/uploads/2018/06/201806_Mobilization-of-Private-Finance_v2.pdf

27 FDI data used for this analysis is sourced from the fDi Markets Financial Times Ltd database, which allows for disaggregation of investments by destination country and industry. While health-related investments are included in the industry breakdown, education-related investments are not as education is considered a cross-cutting business activity. Therefore, the proportions of FDI related to human capital sectors reported here are likely to be an underestimation.

28 All data in this paragraph is sourced from the fDi Markets Financial Times Ltd database.

29 Business & Sustainable Development Commission, 2017. Better Business, Better World. Available at: http://report.businesscommission.org/uploads/BetterBiz-BetterWorld_170215_012417.pdf

30 GSMA, 2016. 2016 Mobile Industry Impact Report: Sustainable Development Goals: Executive Summary. Available at: www.gsma.com/betterfuture/wp-content/uploads/2016/11/UN_SDG_ExecSumm_v03_WEB_Singles.pdf

31 Danone. Danone Goals by 2030: Serving a food revolution by 2030. Available at: www.danone.com/about-danone/sustainable-value-creation/our-company-goals.html; http://iar2017.danone.com/performance-in-2017/our-contribution-to-the-uns-sustainable-development-goals/?L (accessed 18 August 2018).

32 UN Global Compact, 2018. Kofi Annan, 1938–2018: The visionary who launched the UN Global Compact and inspired the world's largest corporate sustainability initiative. Available at: www.unglobalcompact.org

33 The B Team. Home page. Available at: www.bteam.org (accessed 18 August 2018).

34 Business Call to Action. About page. Available at: www.businesscalltoaction.org/business-call-action (accessed 18 August 2018).

35 In the words of the Business and Sustainable Development Commission: "The Commission represents a considerable combined corporate value and a wide range of geographies and sectors. But we are still, in the global scheme of things, a tiny handful of people armed only with a big idea". Available at: http://report.businesscommission.org/uploads/BetterBiz-BetterWorld_170215_012417.pdf (p. 8).

36 DI. Spotlights on Uganda and Kenya. Available at: http://data.devinit.org/spotlight-on-uganda and http://data.devinit.org/spotlight-on-kenya (accessed 18 August 2018).

37 UNDP, 2017. Development Finance Assessment Snapshot Myanmar. Available at: www.asia-pacific.undp.org/content/dam/rbap/docs/dg/dev-effectiveness/RBAP-DG-2018-Development-Finance-Assessment-Snapshot-Myanmar.pdf

Chapter 4

1 SDG target 16.10: Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.

2 UN High-Level Panel of Eminent Persons on the Post-2015 Development Agenda, 2013. A New Global Partnership: Eradicate Poverty and Transform Economies through Sustainable Development. Available at: https://sustainabledevelopment.un.org/index.php?page=view&type=400&nr=893&menu=1561

3 World Bank, 2017. World Development Report 2017: Governance and the Law.

4 MIT (Banerjee A., Hanna R., Kyle J., Olken B.A. and Sumarto S.), 2014. Information is Power: Identification Cards and Food Subsidy Programs in Indonesia. Available at: https://economics.mit.edu/files/9931

5 Brown S. and Neumann G., 2017. Paraguay's transparency alchemists. How citizens are using open contracting to improve public spending, Open Contracting Partnership. Available at: https://medium.com/open-contracting-stories/paraguays-transparency-alchemists-623c8e3c538f

6 In the Paraguay example, the education minister had to resign over a spending scandal concerning mismanagement of public resource in schools. This was triggered by a media and civil society campaign that uncovered inflated spending for a catering contract. The example demonstrates a confluence of factors in addition to high levels of availability of public information and open data in Paraguay, such as existing concerns over low levels of public education spending and education outcomes, a collapsing school structure, and strong pre-existing levels of youth mobilisation and other civil society actors (available at: https://medium.com/open-contracting-stories/paraguays-transparency-alchemists-623c8e3c538f). In Bogota, Colombia, the national procurement agency and the local education secretariat were able to bring significantly greater transparency and openness to the market for school supplies and services. This was driven by concerns over anti-competitive practices and inflated prices for key supplies. Reforms focused on moving to the use of structured market data and public information campaigns. They resulted in much expanded market participation by new suppliers. Key challenges to overcome in the process included strong resistance such as threats of legal challenges from established suppliers. Local stakeholders emphasise the critical role of political will in overcoming these barriers. Available at: https://medium.com/open-contracting-stories/the-deals-behind-the-meals-c4592e9466a2

7 DI, 2018. Supporting Grand Bargain signatories in meeting commitments to greater transparency. Progress Report 1. Available at: www.devinit.org/post/grand-bargain-progress-report-1

8 Publish What You Fund, 2018. Aid Transparency Index 2018. Available at: www.publishwhatyoufund.org/the-index/2018 (accessed 18 August 2018).

9 SDG target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle, see: https://sustainabledevelopment.un.org/sdg12

10 International Budget Partnership, Open Budget Survey, 2017. Available at: www.internationalbudget.org/open-budget-survey/open-budget-index-rankings/. Analysis includes countries shown on survey results.

11 World Bank. Statistical Capacity Indicator Dashboard. http://datatopics.worldbank.org/statisticalcapacity/SCIdashboard.aspx (accessed 18 August 2018).

12 Libya, Syria and Somalia

13 Considered here as having a score of 50 or lower in the World Bank's Statistical Capacity Indicator. This accounts for roughly 18% of countries assessed.

14 Open Data Watch, 2018. The Open Data Inventory 2017 Annual Report. A Progress Report on Open Data. Available at: http://odin.opendatawatch.com/report/pressReport

15 Energy use statistics were the least reported data in the ODIN 2017 Annual Report: 120 out of 180 countries reported none of the indicators in this data category.

16 DI, based on Open Data Index (2017) https://index.okfn.org/dataset/ and Open Data Inventory (2017) www.odin.opendatawatch.com/. Colour shading of data categories is DI's, based on Figure 11 of the Open Data Inventory (2017). Available at: http://odin.opendatawatch.com/. Categories used are 0–29% = light, 30–49% = medium, 50–100% = dark.

17 DI, 2017b. The P20 Initiative. Data to leave no one behind. Baseline Report. Available at: www.devinit.org/post/p20-initiative-data-to-leave-no-one-behind

18 See note 8.

19 Dennison L. and Rana P., 2017. Nepal's emerging data revolution. DI (web blog), April 2017. Available at: www.devinit.org/post/insights-into-nepals-emerging-data-revolution

20 Syal R., and Campbell D., 2017. NHS data loss scandal deepens with further 162,000 files missing, The Guardian, 16 October 2017. Available at: www.theguardian.com/society/2017/oct/16/nhs-data-loss-scandal-deepens-with-162000-more-files-missing

21 Evenstad L., 2018. NHS data breach caused details of 150,000 patients to be shared, Computer Weekly, 3 July 2018. Available at: www.computerweekly.com/news/252444145/NHS-data-breach-caused-details-of-150000-patients-to-be-shared

22 International Committee of the Red Cross, 2017. Handbook on Data Protection in Humanitarian Action. Available at: www.icrc.org/en/publication/handbook-data-protection-humanitarian-action

23 Masaki T., Custer S., Eskenazi A., Stern A. and Latourell R., Decoding data use: How do leaders use data and use it to accelerate development?, AidData at the College of William & Mary, 2017. Available at: www.aiddata.org/publications/decoding-data-use

24 This is based on the responses of 1,769 of about 3,500 public, private and civil society leaders who participated in AidData's Listening to Leaders Survey. Top categories for information use were Research and analysis (73.3%), Monitoring and evaluation (71.6%), Implementation (65.3%), Design (63.4%), Capacity building/technical assistance (62.4%), Advocacy and agenda-setting (61.2%) and External communications (42.9%).

25 Buvinic M., Furst-Nichols R. and Koolwal G., 2014. Mapping Gender Data Gaps, data2x. Available at: http://data2x.org/wp-content/uploads/2017/11/Data2X_MappingGenderDataGaps_FullReport.pdf

26 Allen C. and Geiser P., 2017. World Data Forum blog: Persons with disabilities must and can be counted in, International Disability Alliance and International Disability and Development Consortium, [web blog], 6 January 2017. Available at: www.internationaldisabilityalliance.org/blog/world-data-forum-blog-persons-disabilities-must-and-can-be-counted

27 At the time of writing, there were at least four separate, global SDG monitoring data platforms by UNSTATS [https://unstats-undesa.opendata.arcgis.com/], the World Bank [http://datatopics.worldbank.org/sdgatlas/], UNSDSN and Bertelsmann Stiftung [https://dashboards.sdgindex.org/#/] and Our World in Data [https://sdg-tracker.org/]. While these represent primarily reuse of existing data, investment into essentially duplicative global efforts is in stark contrast to the limited resources available for data production and use relevant to the local level [and may in itself confuse global data users].

28 DI and the Asia Foundation [Pradhan K. and Zellmann C.], 2018, Aid data needs and use cases in Nepal. An initial assessment of selected user needs for data and information on aid flows and suggestions for action. Available at: www.devinit.org/post/aid-data-needs-use-cases-nepal

29 Sabiti B., 2015. Adventures in the Data Revolution: When the Data Tells no Story, DI, [web blog], 10 March 2015. Available at: https://digitalimpact.org/adventures-in-the-data-revolution-when-the-data-tells-no-story

30 Cf. DI's case study on analysis of official Ugandan education resources and outcome data, which showed no significant relationship between these factors. When contrasted with local stakeholders' theory of problems affecting the sector at local level, important alternative theories were developed, such as on the role of physical locations, provision of school lunches and other potential impact factors. Available at: https://digitalimpact.org/adventures-in-the-data-revolution-when-the-data-tells-no-story

31 OECD, 2017. Development Co-operation Report 2017. Data for Development. Available at: www.oecd-ilibrary.org/development/development-co-operation-report-2017/rethinking-donor-support-for-statistical-capacity-development_dcr-2017-9-en

32 See for example Toyama K., 2015. Geek Heresy. Available at: https://geekheresy.org/; World Bank, 2003. Information and Communication Technologies, Poverty and Development: Learning from Experience. Available at: http://documents.worldbank.org/curated/en/741291468779079516/Information-and-communication-technologies-poverty-and-development-learning-from-experience; and World Bank Group, 2016. World Development Report, 2016. When Does ICT-Enabled Citizen Voice Lead to Government Responsiveness? Available at: https://openknowledge.worldbank.org/handle/10986/23650.

33 Brown G.W. and Horton P., 2018. Integrating evidence, politics and society: a methodology for the science-policy interface, Nature. Available at: www.nature.com/articles/s41599-018-0099-3

34 World Bank, 2017. Driving Performance from the Center. Malaysia's Experience with PEMANDU. Available at: http://documents.worldbank.org/curated/en/318041492513503891/Driving-performance-from-the-center-Malaysia-s-experience-with-PEMANDU

35 Cassidy C. and Tsui J., 2017. Global evidence policy units: Department for Planning, Monitoring and Evaluation, South Africa, RTI International, Australian National University, Nossal Institute for Global Health and Overseas Development Institute [ODI]. Available at: www.odi.org/publications/10829-global-evidence-policy-units-department-planning-monitoring-and-evaluation-south-africa

36 UNICEF, 2017. Data for Children Strategic Framework. Available at: https://data.unicef.org/resources/data-children-strategic-framework

37 Agrawal A., 2018. Brokering a Solution to Address Country-Level Challenges: The Africa Regional Data Cube, Global Partnership for Sustainable Development Data, [web blog] 21 March 2018. Available at: www.data4sdgs.org/news/brokering-solution-address-country-level-challenges-africa-regional-data-cube

38 This model is being promoted by OpenGovLab, and proposes that private sector data stewards lead the definition of appropriate sharing practices. Available at: http://datacollaboratives.org [accessed 18 August 2018].

39 The OPAL project involves, among others, the MIT Media Lab, Imperial College London, Orange, the World Economic Forum and Data-Pop Alliance. It has been piloted in Senegal and Colombia. Available at: www.opalproject.org [accessed 18 August 2018].

40 Open Institute, 2017. How Lanet Umoja Got Its Medical Centre, Open Institute. Available at: www.youtube.com/watch?time_continue=48&v=4CPkzkbJBhQ

41 Global Integrity. Treasure Hunts. Available at: www.globalintegrity.org/treasure-hunts/ (accessed 25 July 2018).

42 Dennison L. and Theunissen T., 2017. Supporting Nepal in the sharing and use of (open) data for development. DI and The Asia Foundation, (web blog), 20 November 2017. Available at: www.devinit.org/post/supporting-nepal-sharing-use-open-data-development

43 See for example Open Contracting's use case guide: www.open-contracting.org/2016/08/18/use-case-guide and Sunlight Foundation's process for design of local open data initiatives: https://sunlightfoundation.com/policy/open-cities/tactical-data-engagement/equitable-neighborhoods-in-madison-wi

44 The Open Contracting Partnership is in the process of launching a Peer-Coaching and Mentorship programme: https://open-contracting-partnership.forms.fm/open-contracting-peer-coaching-and-mentorship-program/forms/5289 (accessed 1 August 2018) and Dutch NGO Hivos is implementing a €12.5 million programme to support use of open contracting data by civil society actors in Bolivia, Guatemala, Indonesia, Kenya, Malawi, Philippines and Tanzania (2016-2020). Available at: www.hivos.org/program/open-contracting/ (accessed 25 July 2018).

45 For example through the ODI-led Evidence-based Policy in Development Network programme 2005-2011. Available at: www.odi.org/projects/71-evidence-based-policy-development-network (accessed 25 July 2018) and the Building Capacity to Use Research Evidence (BCURE) programme from 2013–17. Available at: https://bcureglobal.wordpress.com/ (accessed 25 July 2018).

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