

Summary of the Special High-Level Event of the DCF Advisory Group at the Fourth High Level Forum on Aid Effectiveness on “Rethinking development: towards a new sustainable development architecture”

29 November 2011, Busan, Republic of Korea

The meeting, which was attended by DCF Advisory Group members and 4 participants of the Fourth High-Level Forum on Aid Effectiveness (HLF-4), examined the nexus between development effectiveness the three pillars of sustainable development and the green economy. It highlighted that, moving forward, coherence will be needed not only at the level of policies but also at the level of institutions.

In his introductory remarks, **Mr. Thomas Stelzer**, Assistant Secretary-General for Policy Coordination and Inter-Agency Affairs, UNDESA, highlighted that with only four short years to go, an all out effort is needed to meet the MDGs by their 2015 target date. At the same time, there is a need to develop a new generation of sustainable development goals. Rio+20 is a chance to break with the current suicidal development path. It is also an opportunity to pursue economic, social and environmental goals in a mutually reinforcing way, with the well being of human beings at the centre. A rethinking of development cooperation is hence needed both in terms of policies and in terms of the institutional framework.

H.E. Ms. Heidi Hautala, Minister of Development Cooperation of Finland, said that the United Nations must stay at the centre of institutional arrangements and that one way of avoiding aid fragmentation is to channel more aid through multilateral organizations. She recognized the continued importance of aid, while underscoring that it only constitutes a small part of overall development resources. With regard to the institutional set-up, she argued that strengthening the environmental dimension of ECOSOC would be difficult, given that this would require a UN Charter amendment. She therefore preferred elevating the Commission for Sustainable Development to a Sustainable Development Council, building on the example of the Human Rights Council. On the MDGs, she expressed a preference for complementing rather than replacing them by Sustainable Development Goals (SDGs). SDGs could undermine MDG progress and are unlikely to be ready for Rio+20. An energy target, which would have been parts of the MDGs had they been designed today, should be added. She also stressed the need for a universal right of citizens to information to increase development effectiveness.

H.E. Mr. Augustine Ngafuan, Minister of Finance, Liberia highlighted the crucial importance of sustainable power generation for Liberia’s development. The country plans to move from diesel generators to hydropower. This has high investment costs but will be economically and environmentally efficient in the long-run. He described the difficult trade offs his country of using Liberia’s natural resources sustainably, while trying to address the urgent needs of a country emerging from conflict, such as reintegrating unemployed ex-combatants, especially youth, back into the labor market which is critical for peace. He also emphasized the challenge of striking the balance between commercialization and conservation of forests. He called upon the development

community to compensate countries that opt for a sustainable development path by providing truly additional resources. Otherwise, developing countries would have little choice but to first develop and to adopt ecology principles later.

Mr. Jonathan Glennie, Research Fellow, Overseas Development Institute also pointed out that 77 per cent of the poor live in countries in which aid accounts for less than 2 per cent of GDP. He sees HLF-4 and Rio+20 as an opportunity to de-aid the development discourse. He welcomed that HLF-4 recognized that the aid effectiveness principles are also relevant for other sources of development finance. High levels of aid have proven ineffective in the long term as they reduce domestic accountability and lead to a misallocation of resources. At the same time, there is evidence in low income countries that aid can be helpful in filling in huge financing gaps and in serving as a catalyst, he explained. He also favored continued support for middle income countries to help them deal with “global public goods and bads”. He warned that action by developing countries should not serve as an excuse for inaction by the “North”. The six months leading up to Rio+20 are crucial to work out an arrangement allowing an equal sharing of the burden. SDGs should apply to all countries, not only developing countries. He would like to see a future development framework include technology as the largest driver of progress.

During the interactive discussion, **Mr. Tony Tujan jr.**, International Director and Chairperson, IBON and Reality of Aid Network, who moderated the session, invited countries to initially focus on the nexus between development cooperation and sustainable development and to focus on the institutional framework in a second step. Participants discussed the relevance of the aid effectiveness principles for advancing sustainable development. They also shared their views on how to relate Rio+20 and the green economy proposal with the focus of the Busan outcome document on inclusive and sustainable growth. They further discussed the upgrading of the Commission on Sustainable Development.

One participant said that Rio+20 will aim to bring together the MDG, FFD and environmental tracks. It was also said that, in the future, donors will increasingly only fund development that is sustainable. This will require a new institutional set up. One proposed option is to set up collaborative platforms at the country level with multistakeholder participation. A civil society representative suggested that the World Social Forum, which will focus on Rio, should be brought inside the Rio process. Another CSO representative expressed concerns that the focus on the theme of a green economy was sidelining the issue of social equity and justice. He also called for a greater focus on distributional implications.

In her response, **H.E. Ms. Heidi Hautala** said that the key was indeed that the SDGs are for all countries. She recalled that the World Summit on Sustainable Development in Johannesburg decided to create national platforms for sustainable consumption and production, which needed to be revamped. She shared Mr. Glennie’s view that is critical for the small amount of aid money available to be spent strategically. To convert aid into something more sustainable, Finland therefore focuses on three crosscutting issues: a human rights based approach, gender equality and a focus on climate friendly

development. She said that due to the prevailing silo approach policy coherence for development had not sufficiently entered the sustainable development discussions, despite the many similarities between the two approaches discussions on sustainable development.

H.E. Mr. Augustine Ngafuan, Liberia highlighted that new laws on investment and partnerships such as EITI help to create credibility with respect to extractive industries. He also said that a major rethink was needed if there was a common vision to achieve the sustainable development goals globally. It will require efforts from developed and developing countries. Developed countries would need to cut back dramatically on the amount of CO₂. Developing countries need to forfeit short term economic gains and incur real costs for long term revenue from the sustainable use of their resources. Developed countries should compensate developing countries for the disproportionate contribution which they make to global sustainability.

Mr. Jonathan Glennie, Overseas Development Institute agreed it was important to give equal attention to all three dimension of sustainable development, including the social dimension. He also agreed that it was important to start thinking where we go beyond Busan. Evidence shows that post Busan we should continue to apply the Paris principles to traditional donors given the evidence that aid is more effective when it is more “Paris like”. He suggested that as emerging donors showed little interest in joining the Paris principles there was a need to start from scratch with establishing new principles for development cooperation. Securing financing will get more complicated, not less complicated, over the next ten years. It is up to the developing countries to be organized and to lead the management process of development cooperation at the country level.