

UNITED NATIONS ECONOMIC AND SOCIAL COUNCIL



**Official Summary by the President of the
Economic and Social Council**

**2012 ECOSOC DEVELOPMENT
COOPERATION FORUM**

New York, 5- 6 July 2012

The third biennial Development Cooperation Forum (DCF) of the Economic and Social Council (ECOSOC) was held on 5 and 6 July 2012 at United Nations Headquarters in New York.

The official summary of the President of the Economic and Social Council highlights some of the key messages that emerged from the 2012 DCF deliberations. The discussion focussed on the following themes: (1) the future of development cooperation, (2) the mobilization and allocation of development assistance (3) mutual accountability, (4) South-South cooperation, (5) the role of private philanthropic organizations and decentralized cooperation, (6) gearing development cooperation towards sustainable development post Rio+20, (7) partnering for the future of development, and (8) the future role of the Development Cooperation Forum.

In addition to Member States, a large number of representatives from civil society, parliaments, local governments and the private sector, and representatives of international organizations and UN agencies participated in the 2012 DCF. The summary reflects the multi-stakeholder nature of these discussions.

1. Drivers of change: *what is the future of development cooperation?*

- As the *development landscape* continues to evolve, development cooperation needs to adapt to these changes and respond to current and new challenges. The future development cooperation in some ways will be shaped by (a) the follow-up to the Rio+20 Summit, including the development of Sustainable Development Goals; (b) design of the post -2015 development agenda. While these issues were briefly reviewed at the current session, it was suggested that 2014 DCF provide an opportunity to discuss the future of development cooperation in light of these specific changes. It was also mentioned that sustainability is likely to be at the centre of future development agenda with direct implications for development cooperation.
- *Development assistance remains vital*, especially in low-income countries (LICs) and countries emerging from conflict. The gap between aid commitments and disbursements needs to be closed, with development financing provided on a more sustainable and predictable basis. Also, with the Heavily Indebted Poor Countries (HIPC) initiative coming to an end soon, new ways to help countries in severe debt distress need to be identified;
- Looking ahead, development cooperation should continue to focus on ensuring that developing countries secure their own path towards development while reducing their long-term *dependency on aid*. Development cooperation can play a role by helping developing countries mobilize additional domestic and external resources;
- Equally important is the *quality of aid*. Aid which strengthens human and institutional capacity and enables developing countries to catalyse new sources of finance should be encouraged. At the same time, expensive technical cooperation, tied aid, aid-for-trade and micro-managed projects should be gradually phased out;
- The impact of development cooperation should be assessed from the dual perspective of donors and recipients. *Mutual accountability* frameworks and aid management policies can help place developing countries in the driver's seat in the recipient-donor relationship. As the number of actors and the variety of modalities continue to increase, stakeholders should draw on their comparative advantages;
- *South-South cooperation* continues to flourish. Providers reaffirmed that South-South cooperation differs from and complements North-South cooperation. They also reaffirmed that South-South cooperation is based on the principles of mutual respect, equal-

ity, national ownership, special cultural ties, non-interference, non-conditionality, and the provision of better and more flexible resources which respond to the needs of developing countries;

- *Gender equality and the empowerment of women* should be at the heart of the emerging development agenda and global partnership for development. Gender equality goes beyond income to encompass access to services, land and resources. Providing equal access to clean water and energy for instance, is essential for inclusive social and economic development;
- Development cooperation actors should strive for greater coherence between (a) sectoral aid allocation policies and (b) aid and non-aid policies, and the beyond aid agenda. Stakeholders called on the DCF to play an active role in promoting *policy coherence* in international cooperation for development.

2. Where should development cooperation go and how can it unlock other resources?

Can development cooperation be made more equitable, efficient and strategic?

- The *geography of poverty* is changing. Today, 75 per cent of the world's poorest are estimated to live in middle-income countries (MICs). By 2025, however, the same percentage of the absolute poor is expected to be concentrated once again in LICs and conflict-affected countries;
- The geography of poverty has implications for *aid allocation priorities*. Reducing poverty is no longer only an issue of redistribution of wealth between developed and developing countries but also within MICs;
- Many countries are under-aided, both in terms of their needs and in terms of their performance. Today, less aid is going to MICs countries while more assistance is being provided to LICs. Both groups of countries need continued support. While the LICs require budgetary resources, the MICs would benefit from technical assistance and knowledge-sharing. A *transition strategy* can facilitate smooth graduation of LICs;
- Although aid allocation decisions will continue to be influenced by broader political considerations, the provision of more disaggregated information on under-aided countries could improve the effectiveness of the allocation process. Civil society representatives called for a human-rights based framework to allocate aid, and the prioritization of *gender equality and the empowerment of women*;
- Stakeholders also underscored the need to enhance the *quality of aid*, especially to LICs. Policy conditionality should be reduced or abandoned, and predictability and flexibility for resources flows improved. Striking the right balance between short-term gains of citizens' buy-in and the longer-term sustainability of development results remains a challenge in efforts to improve the quality of aid.

How can development cooperation serve as a catalyst for other sources of development financing?

- ODA must be deployed more effectively and strategically to maximise its development impact. It should be used to *leverage additional sources of finance*, promoting financial innovation and access to inclusive and stable financial services. The use of aid to leverage other resources should be guided by principles of equal opportunity, sustainability and equality;

- Development cooperation can support the mobilization of *domestic resources* through tax and public financial management reforms, including by strengthening capacity for collection and enforcement. This needs to be accompanied by global efforts to eliminate tax heavens and illicit capital flows. Smarter social protection schemes can replace inefficient subsidies with better targeted measures, such as cash transfers, thereby generating additional fiscal space for social expenditure. Access to inclusive and stable financial systems can also play an important role in reducing poverty;
- By creating and supporting enabling institutions, legislation, good governance and transparency, countries can also *encourage external capital flows*. At the same time, countries should strengthen their capacity to provide effective surveillance. An instrument to hedge against credit risks should also be put in place.

3. Making accountability operational: *practice and perspectives*

Strengthening capacity and political buy-in for mutual accountability

- In many countries, development partnerships remain imbalanced. Two-way, balanced, and *inclusive mutual accountability* frameworks can play a critical role in redressing this imbalance. Evidence has shown that mutual accountability frameworks with performance targets for individual providers and partner countries, coupled with regular high-level reviews have resulted in better development results;
- Donors should improve *aid quality* by increasing aid predictability, allowing programme country governments to freely identify national priorities, routing more aid through national systems, reducing conditionality and distributing aid without distorting markets. Partner countries should *strengthen institutional and legal frameworks* and country systems to better identify their needs and to ensure effective, coherent and transparent management and coordination of development cooperation. The national budget should be the central entry point to promote accountability;
- *Domestic accountability* needs to be strengthened by integrating parliaments, civil society, the general public, and local beneficiaries in a more meaningful manner in decision-making processes relating to development cooperation. Strong parliamentary engagement is critical to connect national and international accountability. The establishment of platforms and disclosure of information, including through better use of information technologies, can help address the lack of transparency. This will require heavy investment in data collection, analysis, interpretation and dissemination;
- The DCF could expand its role as a driver for greater national and global mutual accountability and support the development of a *minimum accountability standard*, e.g. initially for African countries. The DCF could also support individual countries in their efforts to put in place full-fledged mutual accountability mechanisms and dialogue platforms. Building on analytical findings, the DCF could develop a *model aid policy* that countries could use as a template for their own mutual accountability efforts. Member States could also use the DCF to make voluntary presentations on the progress and challenges in mutual accountability with the participation of relevant national stakeholders.

Mutual accountability in post-conflict countries and countries in vulnerable situations

- Mutual accountability in post-conflict and fragile situations is context-specific. At the same time, the recommendations on mutual accountability of the Fourth United Nations Conference on Least-Developed Countries and the New Deal for Engagement in Fragile States, adopted at the Busan High-level Forum on Aid Effectiveness provide important pointers on mutual accountability and innovative ways to manage risk.

Mutual accountability and transparency in Africa: progress and challenges

- An *African standard for mutual accountability* should be adopted as a base line to promote accountability, peer exchanges and more targeted capacity development. Such a standard should build on the African Peer Review Mechanism (APRM) and the Comprehensive Africa Agriculture Development Programme (CAADP). The development of a regional standard could be complemented by efforts to formulate a *global framework for mutual accountability*, with the involvement of all stakeholders.

Strengthening development cooperation in the Pacific: what can regional compacts contribute?

- Programme countries should follow their own path and pace to design and implement accountability structures, while building on universal values and analytical findings and experiences from other countries. One successful example is the *Cairns Compact on Strengthening Development Cooperation among the Pacific Islands*.

4. Lessons learned from South-South and triangular cooperation

What can we learn from South-South cooperation?

- At the 2012 DCF, countries recognized the growth of *South-South and triangular cooperation*, and its complementary role to ODA.
- Like North-South cooperation, South-South cooperation should *respond to the national priorities of programme countries*, be people-centred, and involve all relevant actors, including civil society. The predictability and flexibility of South-South cooperation flows need to be enhanced over time;
- Southern providers highlighted the great speed of delivery, low cost, greater space for sovereignty, and a harmonious approach to development as *key strength of South-South cooperation*;
- Participants agreed that more needs to be done to benefit from the lessons learned and the distinct development experience of Southern providers. There is a need to go beyond anecdotal evidence and case studies in order to better understand the comparative advantage of South-South cooperation;
- One such example with significant multiplier effect is the transfer of skills and appropriate technologies through expert exchanges. The transfer of technology, for example, can help reduce long-term aid dependency by promoting local investment and job creation.

Institutions for South-South development cooperation: emerging trends

- Institutional structures for South-South cooperation with the participation of all stakeholders can help render South-South cooperation more effective. In this regard, Southern providers should be encouraged and supported to reinforce their institutions to deliver South-South cooperation, and *enhance coordination and evaluation* within their own governments;
- Southern providers need a forum for open dialogue and analysis where they can have a *frank exchange of knowledge, experiences and lessons learned* through horizontal partnerships. Given that much of South-South cooperation is taking place within regions, regional platforms can be particularly helpful in this regard;
- Several Southern providers felt that the DCF and other United Nations forums are best placed to facilitate discussions on how to gradually systematize and optimize South-

South development cooperation, promote synergies, and exchange examples of good practices.

5. Global development cooperation: *evolving role of private philanthropic organizations and decentralized cooperation*

The evolving role of private philanthropic organizations

- Private philanthropic organizations (PPOs) can help *pilot new approaches*. Unlike other development cooperation actors, PPOs can introduce innovative approaches, take risks and focus on results more closely. Traditional development actors can help scale-up successful approaches pursued by PPOs;
- As with traditional donors, *accountability and transparency* should be ensured and the development impact of an intervention properly assessed. Moreover, an effective *exit strategy* should be put in place to ensure sustainability of such partnerships;
- Most PPOs have limitations in terms of *funding global public goods*. The establishment of a forum where stakeholders can come together and make multi-year pledges for financing global public goods could possibly help overcome this limitation.

The evolving role of decentralized cooperation

- Over the past few years, decentralized cooperation has gained importance in global development cooperation. Local governments have a *comparative advantage* in reaching out directly to local communities. Decentralized cooperation can help to better tap into this potential.
- More *detailed statistics, analysis and reporting* on the quality and impact of decentralized development cooperation is needed. The South-South dimension of decentralized development cooperation should also be part of such analysis;
- Engaging local governments at regional and global levels through networks and representatives can help enhance the effectiveness of decentralized development cooperation. Better donor coordination and an improved division of labour can help avoid fragmentation arising from increased number of actors;
- Stakeholders also suggested that the DCF could review more closely how to capitalize on the comparative advantage of decentralized development cooperation in a changing development landscape.

6. Gearing global development cooperation towards sustainable development: *where do we go from Rio+20?*

- Participants felt that the Rio+20 outcome document provides a helpful roadmap and has initiated a series of important follow-up processes;
- The establishment of a new *High-level Forum on Sustainable Development* was seen as an opportunity to move towards a more balanced consideration at the intergovernmental level of the three dimensions of sustainable development. The strengthening of UNEP was also welcomed;
- Participants acknowledged the need to move away from a *narrow focus on GDP* and to agree on a broader set of indicators which takes into account all the three dimensions of sustainable development;

- The Monterrey Consensus was seen as a starting point when developing a *sustainable development financing strategy*. Such a strategy should be guided by the *Rio principle of common but differentiated responsibilities*;
- The transition towards a *green economy, within the overall context of sustainable development and poverty eradications*, creates a multitude of opportunities but also costs: human and financial. Participants underscored the importance of recognizing this fact including the need to promote a social protection floor and social dialogue to deal with the potential downside effects of the transition;
- Against this backdrop, there is a need to *mobilize additional resources* for the transition towards a green economy, including through innovative sources of development finance and the leveraging of private funds, in view of high upfront costs. Several speakers also highlighted the importance of accelerating the sharing of environmentally sound technologies;
- The DCF can become a key forum to distil *lessons learned* in gearing development cooperation towards sustainable development. Under the auspices of ECOSOC, the DCF can help ensure a more balanced consideration of the three pillars of sustainable development and promote coherence between the sustainable development goals and the post-2015 UN development agenda.

7. Forging ahead: *partnering for the future of development*

- Participants called for a *post-2015 UN development agenda*, which responds to the challenges of today and recognizes the changes in the international development landscape. It should be inspired by the values of the Millennium Declaration, be rooted in the Universal Declaration on Human Rights and a human rights-based approach to development;
- While a future agenda should apply to both developed and developing countries, it should be based on the Rio principle of *common but differentiated responsibilities* and build on the strengths of the MDGs. Participants also stressed that it should be developed around a realistic set of goals and continue to have poverty eradication at its core;
- A post-2015 development agenda should take into consideration the new capabilities of *emerging donors* and the increasingly important role of *non-executive stakeholders* in development cooperation, finding ways to include them more effectively in international development efforts;
- Convergence should be promoted between the work on a post-2015 UN development agenda and the General Assembly process of establishing *sustainable development goals*. In addition to Rio+20, the outcomes of other major UN review conferences should also be taken into account when developing a post-2015 development agenda;
- Ongoing efforts to develop a post-2015 development agenda should be brought together at the United Nations while ensuring *complementarity* with the work of other major forums, including the Group of 20 and the recently launched Global Partnership for Effective Development Cooperation;
- There is a need to reflect on the kind of development cooperation required to realize the “Future We Want” post-Rio. The DCF can play an important role in helping stakeholders reflect on the implications of putting sustainable development at the heart of a future development agenda.

8. The future role of the Development Cooperation Forum

- Stakeholders felt that the DCF should continue to serve as a *universal forum* for policy dialogue and a platform for knowledge and information sharing of best practices. The Forum should develop *best practice standards* on key development cooperation issues which can be adapted and applied to different country contexts;
- Participants also called upon the DCF to build on its strong *multi-stakeholder nature*. The review of resolution 61/16 on the “*Strengthening of the Economic and Social Council*” was seen as an opportunity to review the relationship of the Council with non-executive actors. The need to secure sufficient funding to enable developing countries and non-executive stakeholders to participate in the DCF was also highlighted;
- Several speakers stressed that the DCF should evolve into an apex body for global development cooperation working more closely with other major development forums, including the Group of 20 and the Global Partnership for Effective Development Cooperation with a view to promoting synergies and prevent overlaps. This could include holding meetings of the Global Partnership for Effective Development Cooperation back-to-back with DCF-related events.