



Concept Note

Special Event of the Advisory Group On the UN Development Cooperation Forum

“Rethinking development: towards a new sustainable development architecture”

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Department of Economic and Social Affairs
United Nations

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I. Background

The United Nations biennial high-level Development Cooperation Forum (DCF) is convened every two years by the Economic and Social Council (ECOSOC). The DCF aims to review trends in international development cooperation; promote greater coherence among the development activities of different development partners and strengthen the normative and operational link in the work of the United Nations.

The first two forums in 2008 and 2010 have positioned the DCF as a universal platform where various development cooperation actors can deliberate on development cooperation issues. They held extensive discussions on the impact of the multiple crises on development cooperation, quantity and quality of aid, aid allocations, policy coherence, South-South and triangular cooperation as well as mutual accountability between donor and programme countries.

Preparations for the Forum are guided by an Advisory Group¹, chaired by the United Nations Under-Secretary-General of Economic and Social Affairs. With the Rio+20 Conference in June 2012, cooperation for sustainable development will be a special focus of the DCF and its preparations. Against this backdrop, the DCF Advisory Group decided to organize a side event at the Busan High-level Forum on Aid Effectiveness on the theme of ***“Rethinking development: towards a new sustainable development architecture”***

II. “Rethinking development: towards a new sustainable development architecture”

2.1. Rationale and scope of the side event

In June 2012, slightly over half a year after the Busan High-level Forum on Aid Effectiveness, the United Nations will convene a Conference on Sustainable Development (Rio+20). The Conference is going to address two themes, namely, (i) Green Economy, in the context of sustainable development and poverty eradication; (ii) Institutional Framework for Sustainable Development (IFSD).

Sustainable Development is a concept that is designed to integrate policies pertaining to economic growth, social development and environmental protection. It promotes a development path which meets the needs of present generations without compromising the ability of future generations to meet their own needs. The process of integration of the three pillars of sustainable development in national development strategies has been disappointingly slow since the first Rio Conference held in 1992. Slow progress is being attributed to both the absence of an overarching operational framework as well as institutional gaps.

Green Economy is being presented as one pathway to sustainable development. It focuses on the intersection between environment and the economy. The Rio and Johannesburg conferences on sustainable development have underscored the importance of social dimensions and the need to ensure that economic growth achieves human development. Designed properly, green economy policies and programmes can directly contribute to poverty eradication by helping to align environmental and social objectives.

There is a growing recognition that each country will need to tailor its transition to its specific situation in pursuing sustainable development. Yet, such a transformational transition will have wide

¹ To engage key stakeholders in guiding the preparatory process for the DCF, the UN Under-Secretary-General for Economic and Social Affairs has established an informal Advisory Group for the Forum. More information is at: <http://www.un.org/en/ecosoc/newfunct/advisory.shtml>

ranging implications for national policy making. A major rethink of the way development cooperation will also be necessary so that development cooperation supports a sustainable development approach while remaining focused on MDG achievement and targeted at the most vulnerable and disadvantaged. These implications have not yet been fully grasped - let alone translated into systematic policies, actions and institutional structures.

The main objective of this side event is to kick-start a discussion on the implications of giving greater priority to sustainable development for development cooperation and for decision making processes and institutional mechanisms related to development cooperation.

2.2. Substantive Focus of the Side Event

The nexus between development cooperation and the sustainable development agenda

Today, there is a general agreement that each country has primary responsibility for its own development and that national development is most effective when it is country-owned and country-led. At the same time, it is recognized that national efforts must be supported by concerted and concrete measures at all levels.² This notion of mutual accountability underpins the internationally agreed “Global Partnership for Development” encapsulated in the Millennium Declaration and Millennium Development Goal 8 and later crystallized in the Monterrey Consensus and the Johannesburg Plan of Implementation.

Agenda 21 and the JPoI as well as the draft Busan outcome document all recognize that the global partnership for development between developing countries and donors still needs to become more balanced and inclusive. They also all embrace the concept of partnerships and call for a greater involvement of all stakeholders.

Development cooperation and the sustainable development agenda share many common principles and objectives. For instance, additional climate change funds should be spent in a way that reduces poverty, and all efforts to mobilize financing should target these twin objectives³.

However, the two agendas are not automatically mutually reinforcing. There is a concern that ODA must not be diverted to fighting climate change, and that climate change financing be truly additional. There is also a need to ensure that support for addressing climate change is inspired by lessons learned in the aid effectiveness processes. For example, if the fight against climate change is pursued through global vertical funding or market mechanisms with programmes which are not effectively integrated into countries’ national strategies, climate finance could increase fragmentation and reverse past progress in increasing coordination and country ownership and leadership. Such vertical funds could undermine past commitments by donors to untie aid and increase budget support.

The side event will offer the opportunity to explore the following questions:

- 1. *What would be priority actions to ensure that development cooperation fosters a sustainable development agenda while continuing to advance the MDGs?***
- 2. *Are aid effectiveness principles fully relevant in the context of the concept of sustainable development? Do they need to be supplemented by other considerations?***
- 3. *How do we ensure that an increased focus on sustainable development does not undermine past progress on country ownership and leadership and donor coordination?***

² JPoI para. 7

³ United Nations International Development Cooperation Report, 2010

Implications of a transition to a green economy for aid allocation

Some evidence shows that the allocation of international development cooperation is that it is not sufficiently conducive to maximizing progress towards assisting developing countries achieve the internationally agreed development goals, including the Millennium Development Goals. This applies to allocation among developing country groups, regions, individual countries, and within countries, as well as to allocation among various sectors and channels.

Since 2006, the proportion of aid going to the most vulnerable country groups fell: for least developed countries from 38 per cent to 29 per cent, for landlocked countries from 23 per cent to 17 per cent and for fragile States from 40 per cent to 35 per cent. Among vulnerable groups, only small island States received a slightly increase of 0.5 per cent.⁴

A considerable number of countries continue to receive more aid than would be expected on the basis of need or performance (“donor darlings”), and an almost equal number receive less than would be expected (“donor orphans”). Most of the funding currently spent on adaptation and mitigation has been spent in middle-income countries and by the private sector. Some have expressed concerns that an increased focus on sustainable development could shift development assistance away from sub-Saharan Africa to other regions with a large ecological footprint,

An increased focus on sustainable development could also lead to reallocation of aid between sectors. Some have expressed concern that ODA may be diverted away from funding agriculture, health and education in order to better fund water and energy, if no additional financing sources are found. Further, within countries, already today, aid does not necessarily go to the poorest regions or the poorest groups. A focus on sustainable development could further exacerbate this trend if an excessive focus is placed on urban centers at the expense of remote rural areas.

The side event will offer the opportunity to explore the following question:

- 1. *What are the implications of a transitioning sustainable development for aid allocation between countries, regions, sectors and within countries?***
- 2. *How can it be ensured that the needs of the most vulnerable are being met?***

Current patterns and decision making processes and the role of the DCF

While humankind has made enormous progress in improving the material welfare over the past two hundred years, this progress has come at a lasting cost of a degradation of the natural environment. To achieve a green economy, a radically new economic strategy is needed where economic growth, social progress, and environmental stewardship are treated as complementary strategic objectives and where trade off among them can be overcome.

Current decision making processes are not conducive to such an integrated approach. Economic governance maintains a narrow focus on economic growth. Too often, concerns for social equity and protection of the natural environment come as an afterthought. There is also a disconnect between trade and climate policies. The Intellectual property rights regime hinders the transfer of technology to enable developing countries to adopt low carbon and energy efficient production methods⁵. Developing countries continue to be underrepresented in the Bretton Woods institutions and the major groups

⁴ Report of the Secretary-General on trends and progress in international development cooperation, E/2010/93

⁵ United Nations World Economic Survey 2010

identified by Agenda 21 have little say. Overall, trade and investment rules, financing facilities, intellectual property rights and multilateral environmental agreements will all need to be revisited and realigned to facilitate a transition to a green economy.

Greater coherence among these various areas is also necessary to spur the fundamental technological overhaul necessary for transitioning to a green economy. While many of the technologies needed for a green economy already exist today, the current economic systems remains locked into the use of non-green and non-sustainable technologies. Since many of the environmental challenges are global in nature, the green revolution will need to be facilitated by intense international cooperation.⁶ Nurturing and upgrading green production and consumption technologies in developing countries must become a key goal of international development cooperation.

The United Nations Development Cooperation Forum with its work on the quality of aid and on policy coherence can make a contribution to rethinking development cooperation from a sustainable development perspective.

The side event will offer the opportunity to explore the following question:

- 1. Are the current patterns and decision-making processes for aid allocations conducive to progress on the three pillars of sustainable development? If not then how these can be improved or transformed?***
- 2. What role can the DCF and other international fora play in rethinking the new architecture for development cooperation that is responsive to the challenges of sustainable development?***

⁶ The Great Green Technological Transformation, World Economic and Social Survey 2011, United Nations Department of Economic and Social Affairs