Global Partnership for Development and Resource Mobilization

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Outline

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Introduction

- MDG 8- global partnership for development - is about the means to achieve the first seven MDGs.

- This is the only goal to address the responsibility of wealthier countries to assist poorer states in meeting their development and human rights commitments.

- MDG 8 places no concrete quantitative benchmarks to reach by 2015.
  - MDG 8 is a less effective vehicle

- Therefore, it is important to think about a new agenda for resource mobilization.

MDG 8 : Global Partnership for Development

Trade

- **8A**:Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

Aid

- **8B**: Address the special needs of the least developed countries
- **8C**: Address the special needs of landlocked developing countries and small island developing states

Debt

- **8D**: Deal comprehensively with the debt problems of developing countries

New technologies and essential medicines

- **8E**: Provide access to affordable essential drugs in developing countries
- **8F:** Make available the benefits of new technologies, especially information and communications

Progress on Global Partnership for Development - TRADE

- Least developed countries (LDCs) benefit from true preferential treatment in trade with richer nations.
  - Preferential arrangements conceded by developed countries tended to focus more on least developed and low-income countries
- Average tariffs declined only for agricultural products.
  - Decrease in tariffs applied to products exported by developing and least developed countries in 2010 was significant only in the agricultural products.
- Except for agricultural products, the margin of preference granted by developed countries on imports intensive in unskilled labour has remained practically constant over the past decade.

Source: United Nations (2012), 'The Millennium Development Goals Report 2012' , New York.

Progress on Global Partnership for Development – AID

- Overseas Development Assistance (ODA) as a percentage of the combined GNI of donors belonging to OECD-DAC increased between 2000 and 2010, reaching 0.32, before declining to 0.31% in 2011.

- Aid continues to concentrate on the poorest countries, with the group of LDCs receiving about one third of donors' total aid flows.

Source: United Nations (2012), 'The Millennium Development Goals Report 2012', New York.

Progress on Global Partnership for Development – DEBT

- A country's external debt burden affects its creditworthiness and vulnerability to economic shocks.

- Better debt management, expansion of trade and substantial debt relief for the poorest countries reduce the burden of debt service.

- Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI) were launched by IMF and WB to help MDGs.

- As a result, there is a progress in debt servicing as a percentage of export of goods and services.
  - Out of 40 eligible countries for HIPC, 36 have reached the "decision point"
  - 32 that have reached their "completion point"

Source: United Nations (2012), 'The Millennium Development Goals Report 2012', New York.

Progress on Global Partnership for Development – DEBT

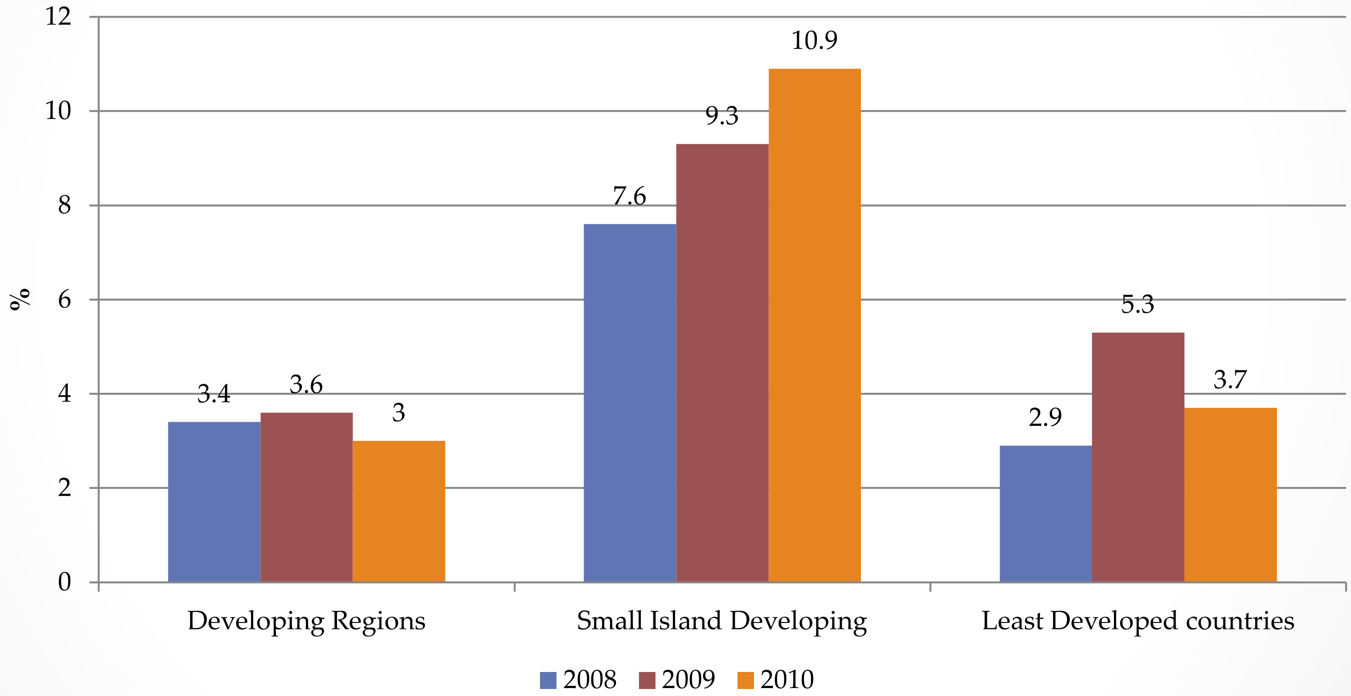
- Between 2000 - 2008, the ratio of public and publicly guaranteed debt service to exports for developing regions declined substantially, from 12.6% to 3.4 %.

- The trend was interrupted by the sharp fall of export revenues due to the 2009 economic crisis.
  - Total public debt service remained at about the same level as in 2008.

- In 2010, export earnings of developing countries rebounded by 23.4 % and total public debt service remained steady.

Source: United Nations (2012), 'The Millennium Development Goals Report 2012' , New York.

Debt Service as a Proportion of Exports



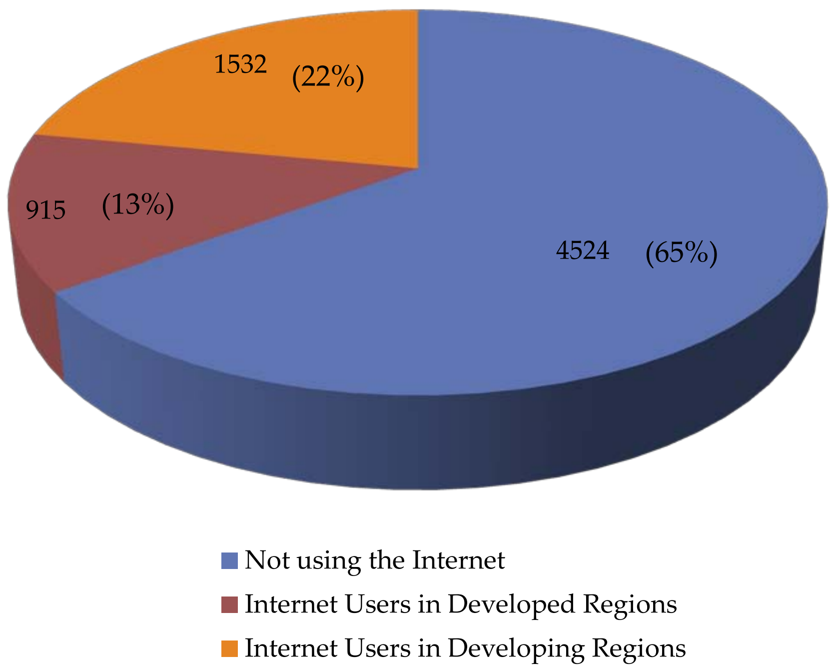
Source: United Nations (2012), 'The Millennium Development Goals Report 2012', New York.

Progress on Global Partnership for Development- Access to New Technologies, (Information and Communications)

- The extraordinary rise in mobile cellular subscriptions continued in the developing world
  - By the end of 2011, the number of mobile cellular subscriptions had grown to an estimated six billion
  - This increase brings mobile cellular penetration levels to 87 % worldwide and 79% in the developing regions
  - By the end of 2011, over 160 countries in the world had launched 3G mobile broadband services and 45 % of the population was covered by a high-speed mobile broadband signal
- Almost two thirds of Internet users are now in developing regions
  - By the end of 2011, close to 35 % of the world's population had access to internet.
  - The developing world share of the world's Internet users rose to 63 % in 2011

Source: United Nations (2012), 'The Millennium Development Goals Report 2012' , New York.

Number of Internet Users -2011 (in Billions)



Source: United Nations (2012), 'The Millennium Development Goals Report 2012', New York.

Progress on Global Partnership for Development - Access to New Technologies (Information and Communications)

- **This progress cannot be entirely attributed to MDG8.**

- **This progress is mainly due to:**
  - o Technological progress
  - o User-oriented services
  - o Information and communication Technology (ICT) infrastructure investment
  - o Falling ICT service prices.

Limitations of MDG 8

- **No concrete quantitative benchmarks to reach by 2015**

    - Because there are no benchmarks against which the progress can be measured, and no sanctions for governments who do not comply with previously-made aid commitments, MDG 8 is less effective.

    - Targets 8B and 8C set out promises to increase ODA, but no specific targets were set for developed countries.

Limitations of MDG 8 (Cont.)

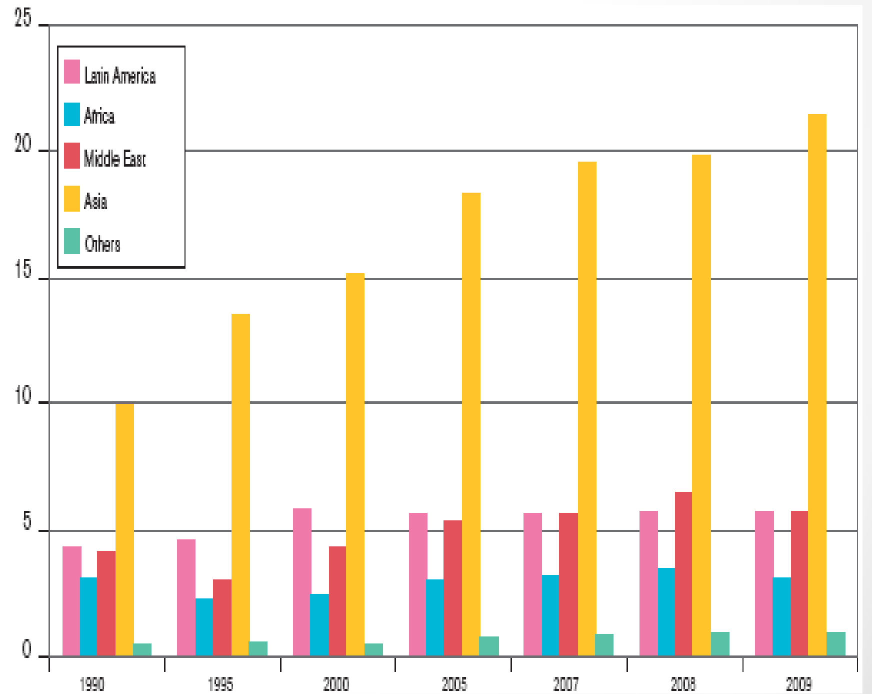
- **MDGs have not succeeded in incentivizing changes in trade rules.**
  - **Though the percentage of goods from developing countries has increased since the 1990s, actual trade patterns among developing countries vary enormously.**
    - **Exports from many Asian countries have continued to increase, but least developed countries have lost out,**
      - The share of exports of least developed countries declined to less than 1 % in 2008.

Source: Claire Melamed (2012), 'After 2015: contexts, politics and processes for post 2015 Global Agreement on Development', overseas development institute.

Limitations of MDG 8 (Cont.)

- Target 8A does not consider 'equity'
  - Not all developing countries participate equally in international trade.
  - Asia is by far the most important exporting region in the developing country group, with a 10 % share of world exports in 1990 which increased to 21 % in 2009.
  - In contrast, Africa had the smallest share in world exports, at 3 %, both in 1990 and 2009.

Share of developing economies in the value of world exports, by region: 1990 to 2009 (%)



Source: WTO Secretariat estimates

Limitations of MDG 8 (Cont.)

- **Lack of commitment by rich countries**
  - **At the G8 Summit in Gleneagles, Scotland, in 2005, many donor countries reaffirmed their pledge to provide ODA at the level of 0.7% of gross national income by 2015**
    - A review of the OECD data on ODA during 2001-2009 shows that only five donor countries are on track to reach that level.
  - **Target 8D makes promises to address the debt problems of developing countries.**
    - Only the HIPC have received a committed debt relief of $48.2 billion, and many other countries still face incapacitating chains of debt.
    - According to the 2009 MDG Gap Task Force, in 2006, 52 developing countries spent more on debt servicing than on public health.
    - Ten countries spent more on debt servicing than on public education

Source: Center for Economic and Social Rights

Limitations of MDG 8 (Cont.)

- Goal 8 does not capture all of the actions that countries need to undertake within a cooperative framework to deliver a ‘global partnership’.

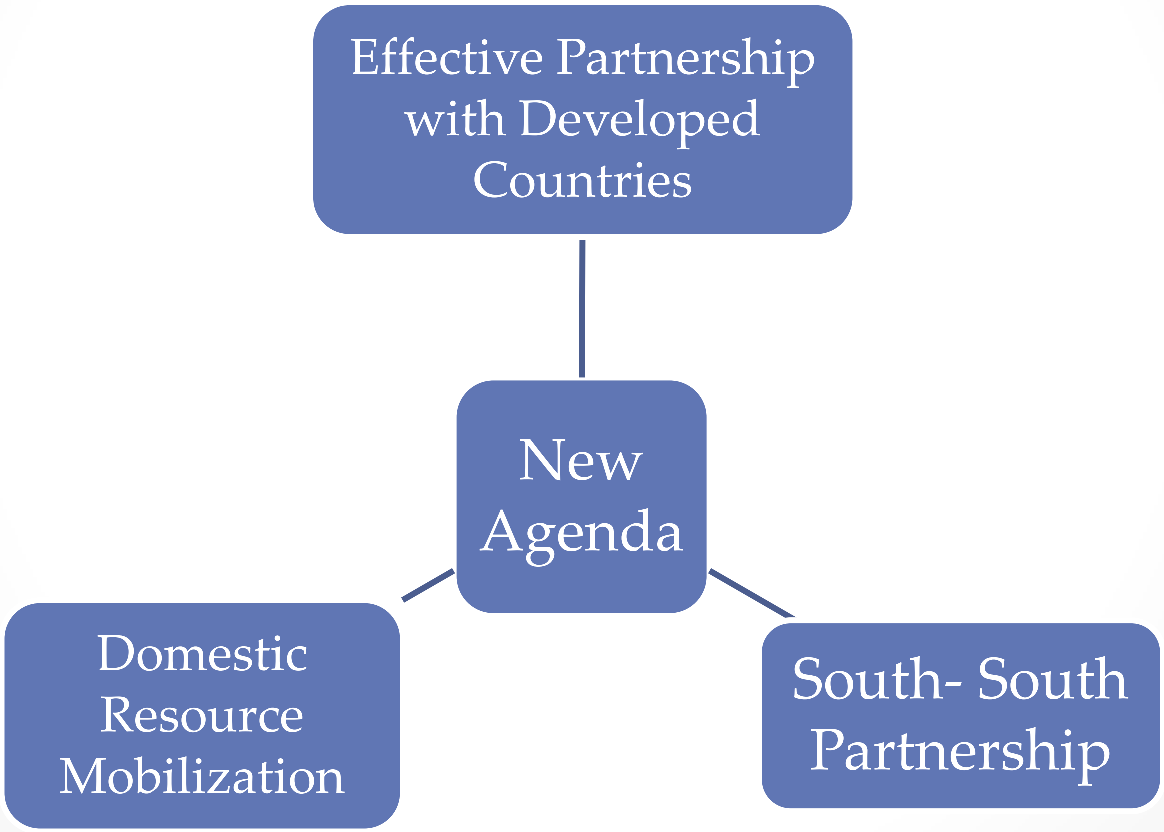
- The indicators do not always reflect the spirit of the targets
  - Dealing comprehensively with the debt problems of all developing countries is proxied by progress under the HIPC and Multilateral Debt Relief Initiative (MDRI) initiatives that were restricted to a poorer subset of developing countries.

- The global partnership framed between the ‘rich North’ and a ‘poor South’ is increasingly losing. Because
  - the lines between country typologies are blurred,
  - new modes of cooperation become relatively more important
    - Specially, South-South knowledge sharing accelerated by ICT
  - regional integration has increased
  - cooperation initiatives and public-private partnerships are increasing
  - influence of new donors and philanthropy is growing
  - trade and investment have increased

Post-2015 Development Agenda

- New agenda for development after 2015 is important, because:
  - MDG 8 was not successful
  - Global environment has changed due to :
    - **Demographic transition**
    - **Increased migration**
    - **Fast growing economies**
    - **Increased inequality**
    - **Technological improvement**
    - **Climate change**
    - **Global economic crisis**

Post-2015 Development Agenda



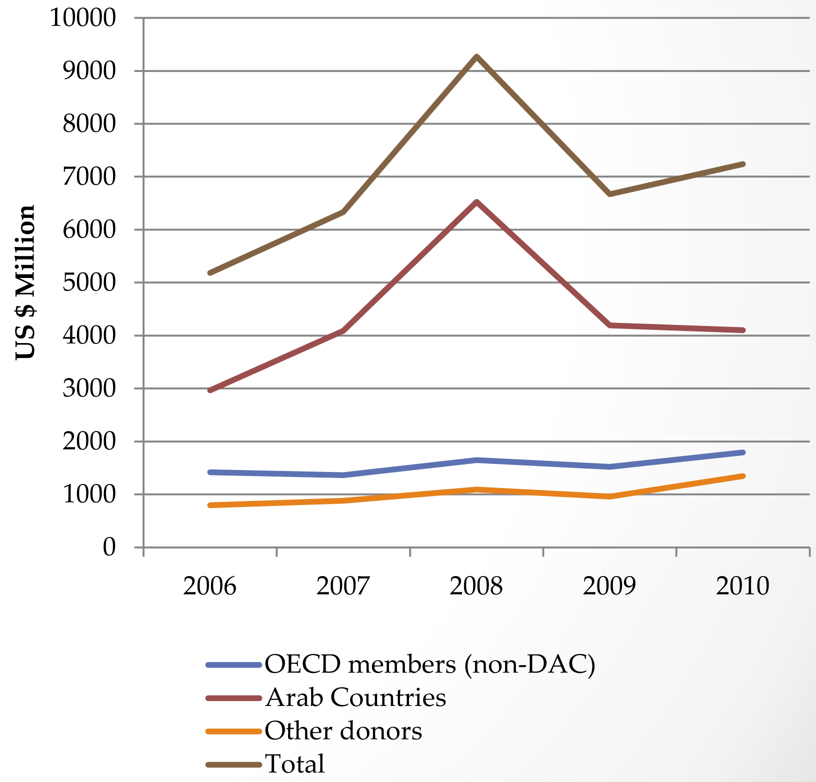
Effective Partnership with Developed Countries

- The expected impacts should be clearly defined
- Debt relief should not come at the expense of ODA
- Create incentives for developed countries for an effective partnership
- Establishment of a monitoring mechanism
- A baseline for monitoring the impact of an agreement should be established
- A clear regulatory framework for working with the private sector to improve access to new technologies and essential medicines.
- Ensure a wider participation of developing countries in international trade-reducing trade barriers

South- South Partnership

- Development cooperation activities by non-DAC members have increased in recent years
  - o **In some cases surpass those of individual DAC members.**

Overseas Development Assistance from Non- DAC Donors 2006-2010



Domestic Resource Mobilization

- Increase domestic savings
  - **In all developing regions, savings, investment, economic growth and the reduction of poverty have been positively correlated over the past three decades *(World Development Indicators)***
- Foster a favourable investment climate
  - **Macroeconomic stability**
  - **Good governance**
  - **appropriate policy and regulatory frameworks**
  - **sound macroeconomic policies**
  - **transparency**
  - **adequate infrastructure**
  - **developed financial sector**

Domestic Resource Mobilization (Cont)

- Tax reforms
- Increase access to credit
- Maximum and effective use of natural resources

Thank You

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