

Partnering for Success

Background Paper for the UNDP Ministerial Meeting

I. Introduction

This paper explores issues for discussion at UNDP's 50th anniversary Ministerial Meeting. It sets out UNDP's history and its perspectives on the changing development context; analyses what is at stake for implementation of Agenda 2030 and the Sustainable Development Goals (SDGs); and explains what UNDP can offer as an effective, reliable partner to support implementation. It has five over-arching messages:

- At the global level, *humanity has never enjoyed a higher standard of living nor commanded more resources* to find solutions to problems. Yet, significant deprivations persist and many *problems faced today are deep-seated*, structural in nature, and not susceptible to quick fixes. Unsurprisingly, *risks are proliferating and volatility increasing*, as a direct result of human action or inaction over time.
- Through substantive engagement in development transformation over fifty years, *UNDP has shown its capacity to be strategic and adaptable, and its value as a dependable, trusted, impartial adviser and partner for the long haul*. Development ultimately is a marathon, not a sprint.
- *Agenda 2030 is timely*. Serious problems and great opportunities call for an ambitious agenda. *No one should underestimate the task of implementing this Agenda or conclude that it is unachievable*.
- *UNDP can do much to advance Agenda 2030, working in common cause with partners*. UNDP will help ensure connectedness and coherence. It will support action on a range of SDGs according to its expertise and mandate, including on poverty eradication, reduction of inequalities, governance, the environment and climate change, and the social determinants of health. Our support will range from helping to implement ambitious national programmes, to building partnerships and connecting countries to expertise and finance, and supporting monitoring and assessment of results and learning and identification of solutions based on experience.
- Based on its mandate, broad perspective, scale, and near universal presence in developing countries, *UNDP leads the co-ordination of a large, diverse UN development system (UNDS) to support countries to achieve development results*. UNDP has invested over time to build practices, standards, relationships and systems to perform this role. These have been tested in a wide variety of settings and situations, offering Members States a proven, cost-effective entry point to the wider UNDS.

II. The World and UNDP Since 1966: Progress, Promise – But Also Threats

UNDP's Journey - Accompanying Development Progress¹

UNDP was established in January 1966 from the merger of two predecessor organisations: the Expanded Programme of Technical Assistance (EPTA) and the UN Special Fund, establishing 'the most extensive and most consistent presence of the entire UN system throughout the world'. It contributed directly to the emergence or growth of at least one-third of the development entities in the UN organisational set up.² UNDP's work was premised on solidarity between rich countries and poorer nations emerging from

¹ This section draws on C. N. Murphy, 'The United Nations Development Programme: A Better Way,' 2006.

² Ibid, pp. 5-7.

decolonisation, with an institutional culture that sought to ‘co-ordinate-and-cultivate’ rather than ‘command-and-control’.³ The organisation has evolved strategically over time, in at least three ways:

- **What UNDP did.** UNDP started as a provider of technical assistance (TA) and pre-investment services to strengthen state capacity and expand development potential. It moved with the times, to become an advocate, adviser, co-ordinator, and implementation partner as the challenges in the 1970s and 80s became more about long-term vision, economic policy choices (not least issues related to structural adjustment), institutional performance, South-South cCo-operation, and aid management (for example, establishing national co-ordination systems and country level reporting on aid flows). The end of the Cold War led to ground-breaking work to consolidate democratic governance in a number of places and to deal with crisis prevention and recovery. The 2000s brought UNDP a leading role in advancing the Millennium Development Goals (MDGs) – through its country-level score keeper role, as a catalyst for progress through the MDG Acceleration Framework (MAF) and, increasingly, through its work at the intersection of poverty eradication, democratic governance, and environmental sustainability, anticipating the approach in Agenda 2030.
- **What UNDP thought.** UNDP was built around the idea that development required a judicious blend of external advice and resources and local knowledge, capacities, experiences, and needs. UNDP has, by design, adapted as it has learnt. This started with concern about the impact of grand, often capital-intensive, development schemes, and moved towards recognition of people-centred development, culminating in the human development paradigm. UNDP sought to enlarge people’s choices, and not simply expand economic growth. It emphasized enhancing the richness of human lives, treating economic growth as a means to human development, and not as an end in itself; the central role of women in development (UNDP hosted UNIFEM, a precursor to UN Women); the importance of associating sustainability with development; and the need for attention to risk governance and resilience⁴. All these established UNDP’s credibility as a global thought leader.
- **How UNDP works.** This has seen major shifts: from being a central funding source for specialised UN agencies to being a major implementer using primarily national systems; from contracting expertise to developing in-house capabilities in specific areas; from being relatively centralised to becoming a decentralised, flexible, and country-driven global network; and from working exclusively with governments to increasing collaboration with civil society and the private sector.

UNDP has thus become an agile global organisation with strong local roots and sensitivities, longstanding relationships, and a deep pool of knowledge, experience, and expertise. There have been many lessons from successes and failures. But UNDP’s evolution shows it has consistently been adapting for the future.

A Wealth of Development Achievements – But Persistent Deprivation

While the 1960s and 70s were focused on the basics of building states and growing economies, the past quarter century has unleashed potential to a degree that should confound sceptics. When UNDP published the first Human Development Report in 1990, over three billion people (then sixty per cent of the world’s population) lived in countries with low human development. Today, that number stands at a little over one billion, or around fifteen percent of the world’s population⁵. The world has grown richer, and is healthier and better educated, giving more people the opportunity to live the lives of their choice.

³ Ibid, p.18.

⁴ Louis Emmerij, Richard Jolly, and Thomas G. Weiss, ‘Ahead of the Curve? UN Ideas and Global Challenges,’ 2001.

⁵ UNDP, Human Development Report, 2015, p.56.

These achievements are reflected in a global extreme poverty rate now projected to be 9.6 percent compared to 37.1 percent in 1990.⁶ As the latest Human Development Report highlighted, ‘Between 1990 and 2015, the child mortality rate fell by more than half, and under-five deaths fell from 12.7 million to 6 million. More than 2.6 billion people gained access to an improved source of drinking water, and 2.1 billion to improved sanitation facilities, even as the world’s population rose from 5.3 billion to 7.3 billion.’⁷

This impressive progress should not obscure continuing high levels of deprivation – people living below a minimum threshold of wellbeing. Almost a billion people still live in poverty, and nearly 800 million suffer from chronic hunger. Every minute almost a dozen children under five die, and every hour we lose 33 mothers in child-birth. Billions of people lack access to safe water and basic sanitation. Nearly 800 million adults are still illiterate⁸. This phenomenon reinforces strongly the imperative to leave no one behind. It also highlights the difficulty of overcoming the most intractable and acute bottlenecks to development.

A Rebalancing of the Global Economy, Middle-Income Countries and Changing Needs

Development achievements and persistent challenges have come at the same time as a profound shift in the global economy with the rise of large emerging economies, the growth of frontier markets, massive increases in trade and investment flows within the developing world, and deepening development co-operation between countries of the South. The 2013 Human Development Report (*‘The Rise of the South: Human Progress in a Diverse World’*) noted the magnitude of this shift. Even with economic volatility and stresses imposed on the planet, most countries will continue to grow, with the incomes of poorer and richer countries continuing to converge. By 2030, the map of the world’s poorest countries eligible for World Bank concessional financing could be reduced significantly on current definitions.

The fact that countries’ GDP on average is rising does not mean that they no longer face development challenges. Small Island Developing States (SIDS), for example, face ongoing vulnerabilities related to extreme weather. High levels of inequality, low institutional capacities, and/or citizen insecurity can be challenging in Middle Income Countries (MICs) as well. Just as rich nations have not completely resolved the problem of marginalisation, significant social groups remain trapped in poverty in economies that have also created a large middle-class. MICs must also contend with moving up the value chain by increasing levels of skills, knowledge, efficiency, and productivity. Moreover, economic challenges faced by several emerging economies – and others – show that higher income levels are no guarantee of protection against economic volatility. Poor countries, as well as poor people elsewhere thus have to become the priority for new development strategies.

Changing Technology, Connectedness and the Risk of Contagion

Connectedness and inter-dependence have moved in step with development progress. They are bringing together peoples, economies, and countries through travel, trade, migration, and movements of capital, technology and information. There are almost as many mobile phone subscribers today as people; among the poorest 20 per cent of households, nearly 7 out of 10 have a mobile phone, more than the proportion with access to clean water and adequate sanitation⁹; and most Internet users are outside Europe and the

⁶ World Bank and International Monetary Fund, Global Monitoring Report, 2015, p.31; World Bank Ending Extreme Poverty and Sharing Prosperity, Policy Research Note, October 2015.

⁷ UNDP, Human Development Report, 2015, p.4.

⁸ UNDP, Human Development Report, 2015, p.62; United Nations, Millennium Development Goals Report, 2015.

⁹ World Bank, World Development Report 2016: Digital Dividends, p.v.

Americas.¹⁰ Mobile communications have created entirely new industries, transformed social inter-action and access to information, and helped developing economies make a generational leap in technology. These benefits will continue but more must be done to broaden access to digital technologies.

There will be dangers as well from this transformational process, with winners and losers in developed and developing economies. Reducing the social and economic costs and handling the transition while avoiding discontent and political disruption will be difficult and fraught with risks. Another danger arises from the spill over effects of economic crises, violent extremism, outbreaks of contagious disease, and potential misuse or unintended negative effects of new technologies. Both the upside and the downside will demand that governments and others become much more risk-informed.

Growing Inequality and Concentration of Wealth

A significant benefit of inter-connectedness, the growth of emerging and other developing economies, and social progress has been a degree of income convergence between poorer and richer countries. At the same time, distribution of income and wealth *within* countries has reached high and increasing levels in many cases. Furthermore, inequality in opportunities often reinforces inequality of income and wealth.

The adverse effects of these shifts are already serious and debilitating. Evidence suggests that income inequality often impedes long-term growth and development in several ways. When economic inequality intersects with health and education inequalities, it leads to poorer human development outcomes.

Horizontal inequality – for example, related to gender discrimination or to geography, ethnicity, religion, age, or disability – can generate political instability and higher rates of violence and erode social cohesion. This undermines capacity for collective decision-making for effective public policies which would reduce inequalities. Compounding the situation, high income inequality can interact with political processes in ways that enable elite capture of policy-making, leading to pursuit of narrow rather than public interests. Inequality accompanied by concentration of wealth – a growing phenomenon - makes such outcomes more likely. It diminishes social mobility and increases potential for self-perpetuation of privilege.¹¹ Just as social cohesion is a stabiliser, so inequality *destabilises* societies.

An Increasingly Volatile and Uncertain World

Economic shocks, conflicts, natural disasters, or epidemics like Ebola deepen the deprivation of people living in poverty, and create new poor. Conflict and instability have brought numbers of displaced people to an all-time high of sixty million, driven by a steady increase in numbers of people newly displaced, from about 5 million in 2010 to close to 15 million in 2014.¹² Particularly worrisome in the medium-term is the spread of violence and extremism as political tools, state collapse in some cases, a deepening of divisions in some societies that will be hard to reverse, and the protracted nature of a number of conflicts.

Disasters linked to natural hazards are also an important driver of poverty and displacement. Climate change is likely to exacerbate the problem, and trigger more displacement. With the increase in greenhouse gases emissions and global average temperatures, the risks of more severe weather events increase, as do the probabilities of breaching planetary boundaries. This is a major crisis unfolding in slow

¹⁰ UNDP, Human Development Report 2015, p.83.

¹¹ Helen Clark. 2015. Can We Make 'The Future We Want' A Reality? Horizons Winter 2015 / Issue No.2 http://www.cirsd.org/publications/magazines_article_view_short/english/43

¹² UNHCR 2015, Global Trends: Forced Displacement in 2014, p.5.

motion. Transitioning to low emission and climate resilient growth and development is, therefore, an urgent matter requiring sustained action and difficult choices.

Economic performance and volatility are also important determinants of societies' abilities to bring people – and keep them – out of poverty. Economic performance in the developing world, with some exceptions, is at its weakest point since the immediate aftermath of the global economic and financial crisis that spread in 2008. A key factor has been a sharp drop in commodity prices over the past year that has heralded the end of the commodities super cycle. One consequence has been the particular weakening of economies which are resource-rich, even as others, especially oil importing countries, have benefited. The effects, however, are complex, given high levels of global interdependence. The medium-term economic outlook is unpredictable and, at present, generally unfavourable.

The Changing Demography of Development – New Possibilities, Fresh Challenges

Even as policy-makers contend with economic volatility, other longer-term changes will increasingly preoccupy them. The effects of demographic change are being felt in many countries and regions. On the one hand, a significant number of developing economies can reap the demographic dividend of a large, young, working-age population that can help raise productivity, output, and incomes, provided that decent jobs and livelihoods are generated in sufficient quantity to tap into this generational opportunity.

The alternative could be a ticking time bomb of economically and politically disenfranchised and alienated youth. Pressure to migrate to richer nations, either developed or developing, will be acute, compounded by the effects of climate change on resources and livelihoods. Politically disenfranchised youth will be susceptible to violent ideology. The risk is highest in the Middle East and Sub-Saharan Africa.

Meanwhile some developing economies, for instance, in East Asia and Latin America, are aging faster than developed economies that were at the same level of income in the past. This is giving rise to the next generation of policy challenges: transforming economies to reach higher levels of income before the age distribution changes decisively; managing the demands of an increasing proportion of the population that is not prepared for what lies ahead; and building systems of social insurance and welfare that are targeted appropriately, affordable, and managed efficiently.

Another phenomenon is the changing 'geography of development' as a majority of people live in cities for the first time in history – and as urbanisation continues in the developing world and at one of its fastest rates in Sub-Saharan Africa. This potentially creates a huge opportunity to update institutions, adopt new technologies more quickly, connect people, stimulate services and the creative economy and, overall, boost jobs, livelihoods, incomes, and wellbeing. Moreover, important cultural shifts might accompany increasing urbanisation, most of them positive, as people previously separated by distance, caste, religion, age, or gender learn to live, work, and collaborate together. There are major risks as well from a failure to manage this process effectively: the growth of informal settlements with poor services, the spread of ungoverned spaces where the writ of the state does not apply, worsening citizen security, overwhelmed infrastructure, a rapidly deteriorating physical environment, and an increase in the disease burden.

Many if not most benefits of urbanisation will be realised – and costs contained - only by deliberate policy choice and sustained investment from public and private sectors, civil society groups, and households. The options are myriad, ranging from reform of outdated municipal and metropolitan governance, including financing, to greater civic voice and engagement; improved urban property rights; introduction of clean and flexible modern energy sources; low cost, safe, and sustainable water and sanitation services; investment in multimodal transportation systems; and active use of 'big data' for planning, management,

and monitoring. Significant policy inaction or failures in this regard will have profound consequences, not least in lower human development potential and substantial direct losses in productivity and output.

III. Implementing Agenda 2030: Untangling Complexity, Taking Action

The Baseline for Implementation

One of the most valuable assets for implementing Agenda 2030 derives from the Millennium Declaration and the Millennium Development Goals (MDGs). Coming after an interregnum of a few decades (1980s and 1990s) when broad global agenda-setting was generally weaker, the MDGs both revitalised common purpose and action on a global scale, and helped deliver genuine progress by 2015.

As the UNDS' co-ordinating agency for advocacy and score keeping since 2002, and since 2005 for policy advice on mainstreaming the MDGs into national development plans, UNDP has many insights on progress on the MDGs. The lessons learned need to be applied to the SDGs¹³. These include the importance of strong national leadership and ownership; inclusive growth that reaches the poor; strong linkages across sectors; choice of policy instruments to close development gaps and accelerate progress; quality of public expenditure; and the importance of good data for robust policy and programme design, implementation, and monitoring. Many of these lessons were validated by the 'My World' survey managed by UNDP which enabled nearly ten million people to contribute priorities and views to help shape Agenda 2030.

Transformation for Sustainable Development

Implementing Agenda 2030 and achieving the SDGs will not be easy, but nor will it be insurmountable. The first years of implementation will be crucial in establishing the framework and generating good results. UNDP's experience and analysis suggest there are effective *pathways* to success through **three 'transformational effects'** that work best when pursued together.

➡ **Integration effects:** achieving more by *connecting* work on related issues. This is about investments that unlock their *full* development potential *when* planned, sequenced, and delivered *together* rather than separately. For example, experience shows that decentralisation on its own does not necessarily improve local level service delivery to the extent desired without other, complementary, measures. Thus prospects improve when decentralisation is accompanied by a broadening and simplification of the tax base to raise domestic revenues; reform of the fiscal framework to increase transfers to local governments; building of viable planning, budgeting, and management systems at local level that are transparent and open to public scrutiny; and openness to experimentation with service delivery models that bring together capacities in the public, private, and non-governmental sectors.

Similarly, combining efforts to increase access to off-grid renewable energy; expand and improve agricultural research, extension, and marketing; and build a network of main, feeder and rural roads can help maximise productivity, output, and incomes of small farmers, and boost off-farm economic returns, reduce occurrence of seasonal hunger, and improve social indicators in the wider population.

➡ **Multiplier effects:** targeting areas of work which influence other conditions, triggering improvements across a broader range of goals and across generations, *even without explicit or deliberate planning*. In short, they generate substantial positive externalities. A powerful case is investment in women's and girls' education. This could be seen only as an education sector investment that boosts attendance

¹³ UN Chief Executives Board (CEB), 'Transitioning from the MDGs to the SDGs: Lessons and recommendations based on the CEB MDG Acceleration Reviews,' Discussion Paper, November 2015.

and learning. But that would understate the development value of the investment, as the improved position of women and girls has broad, positive effects for inclusive growth, the health, nutritional, and educational status of families, and the responsiveness and inclusiveness of political systems.

Another example is land surveying, titling, and registration. This can be seen as a technical matter, but the implications are wide-ranging: providing the poor with a secure asset base that can be tapped to access credit and raise incomes; laying a foundation to broaden the tax base and increase revenue; decreasing uncertainty over land ownership and accompanying property disputes that drive away investment; enabling emergence of a transparent land market; and lowering crime and corruption.

- ➔ **Acceleration effects:** identifying areas of work to help countries move more quickly across goals. This is about tackling structural conditions which limit the level and pace of development progress, such as long-term and entrenched inequalities. Increased investment in such circumstances will run into diminishing returns without sustained efforts to tackle constraints often deeply embedded in economic, social, and political structures and processes.

For instance, improving girls' and women's access to secondary and higher education will not yield full benefits for them, their families, and society if there are deeply rooted gender barriers to asset ownership and participation in job markets or systematic discrimination in earnings, including wages. Similarly, significant investment in irrigation, roads and research and extension will lead to 'elite capture' by large farmers in places where land ownership is highly concentrated, and smallholders and farm labourers are disenfranchised politically with limited access to land, credit, technology, and local government services. Where these structural constraints can be overcome, it is likely the return-on-investment will be higher and the speed at which development results can be achieved faster.

To unlock the full potential of these three effects, experience suggests countries need to address three **'fundamentals'** that constitute the bedrock or foundations of a society - its governance, economy, and resilience – whose strength will determine the success and sustainability of any transformational process.

- ➔ **The quality of governance**, especially in response to new realities and demands. It needs to be universal in the reach of services, including justice and rule of law, more effective and efficient, able to tap successfully into collaboration with social partners, more open to evidence of what works and to participation, and more flexible in response to volatile conditions. The significance of these considerations will increase substantially with Agenda 2030, for several reasons: the ambitious nature of the agenda; sustained turbulence facing the world which is straining governance institutions across the globe, including the multilateral system; delivery shortfalls and/or contested legitimacy affecting governance institutions and broader political systems in several cases; the effects of fast-moving technological innovation; and economic, social and demographic trends - such as the emergence of megacities with populations, economies, and CO2 emissions exceeding those of many countries, many located on coastlines vulnerable to the effects of climate change or in areas of seismic risk.
- ➔ **Transformation of development models** to be fairer, more inclusive, productive, resilient, and far less destructive of nature. Five possible dimensions stand out with particular clarity and significance:
 - First, moving towards use of cleaner and renewable energy sources whilst meeting expectations for growth and development.
 - Second, generating decent work, for a still rapidly growing working age population in many developing economies – most acutely in Sub-Saharan Africa – by improving health, education, and nutrition, and conditions to boost productivity and broad-based, labour-intensive, growth.

- Third, rapid aging in a growing number of developing economies, and increased vulnerability to shocks, requires close attention to building and sustaining social protection systems.
- Fourth, fundamentally reshaping the role of women in the economy and society, tearing down explicit and implicit barriers to full participation and full appropriation of gains from participation.
- Finally, a step change in international co-operation to accomplish two major tasks: predictably and sufficiently supporting the transition that developing countries need to make in technology, institutions, and economic structures; and building a solid foundation to address common and/or shared concerns that impinge directly and substantially on national development prospects.

➔ **Management of risk, uncertainty and volatility and resilience-building**, in other words, avoid assuming that development is a steady-state process. Experience shows that countries failing to make development progress are affected by one or more of a number of factors: persistent policy and institutional uncertainty; breakdown in social cohesion; conflict, violence and/or instability; pandemics; and environmental degradation, including the effects of climate change. These can come together in a ‘perfect storm’. Even after clear achievement against the odds, internal or external shocks can roll back years of gains.

Greater risk, volatility and uncertainty all point to the importance of strengthening resilience to shock – a *transformative* process to strengthen capacity of people, communities, institutions, and countries to anticipate, prevent, recover from, and transform after shocks, stresses, and change. This will bear directly on the possibility of implementing Agenda 2030 and achieving the SDGs.

Key Policy Issues

Analysis of transformational ‘effects’ needs to be translated into good, implementable, policies. To do that successfully, policy-makers worldwide will need to address a number of issues:

➔ **Managing the Policy Pipeline:** To achieve the SDGs, policy-makers need to see how choices over short- and medium-term cycles can add up to desired longer-term changes. The emphasis in several regions and countries over recent years on rolling plans and expenditure frameworks of shorter duration, usually three to four years, though necessary, has detracted from the importance of flexible, strategic and longer-term tools that can help limit the dangers of political and policy discontinuities over time.

Sequencing and prioritisation of action also matter. Even when the order in which actions could take place is clear, the next questions are ‘when?’ and ‘how fast?’ Agenda 2030 and the SDGs will land almost everywhere in the context of existing policy-settings with defined priorities; investments, some with long gestation periods, already underway; and fiscal space often limiting introduction of significant new programmes or initiatives, at least in the short-term. In these circumstances, a major task will be to decide when and at what speed to insert new or modified initiatives into the existing policy mix. This is vital to avoid institutional overload, secure necessary domestic and external financing, stay within prudent macroeconomic and fiscal parameters, and minimise working at cross-purposes, while maximising positive feedback loops between policies and programmes. There could otherwise be a high risk of poor returns from investment and of ‘start-and-stop’ development.

➔ **Data ‘Scarcity’ and Quality:** Implementation will be constrained without better availability and use of metrics, data, and analysis of policy options. The international community’s collective knowledge of what to look for and how to interpret it – and what to do, when, and with what resources over what timeframe – is growing, yet still limited in significant ways. Finding metrics for key concepts such as ‘sustainability’, ‘multi-dimensional poverty’, ‘resilience’, and ‘risk governance’, and closing data and

knowledge gaps, will be crucial to map the way forward. But statistical systems in many countries are already straining to provide timely, good quality data on even the most limited set of indicators, let alone more complex measures of development. The likelihood, therefore, is of planning based initially on incomplete information. While this is to be expected, the issue of data, including tapping into new approaches and technologies, will have to be looked at carefully and prioritised for investment.

- ➡ Joining-up Government and Society: The MDGs mobilised considerable support across social partners across the globe. While welcome, that level of support will not be enough to implement Agenda 2030 because of the scale and depth of expected change. Governments will remain at the heart of the effort but cannot do all the work alone. Other pieces have to fall into place: broad and deep support for change within society; smart use of existing capacities wherever they are; endorsement from political actors and representative institutions; active commitment by business, domestic and foreign, to internalise principles, commitments and actions in their operations; engagement at individual, household and community levels; open and inclusive conversations across traditional and new media; evidence and thought leadership from academia and the scientific community; monitoring by different social partners; and all coming together in international fora and multilateral organisations.
- ➡ Financing the SDGs: Matching the level of ambition in Agenda 2030 will require financial resources that far exceed the current scale and form of development finance. A major task for policy-makers in financing Agenda 2030 is to devise pragmatic financing solutions, within the scope of domestic and international resources, and attract and direct investments with most potential for transformational effects. Resources will need to be allocated and utilized effectively for increased development impact. In the Addis Ababa Action Agenda, Member States recognized the importance of using all sources of finance for the SDGs – domestic and international, public and private, bilateral and multilateral, and alternative sources of finance – in a complementary and coherent manner.

The development finance landscape, however, presents a mixed picture. Official development assistance (ODA) increased by 7 per cent in real terms between 2005 and 2014 across DAC countries. Of concern is the reduction in total ODA to the Least Developed Countries (LDCs) by 9.3 per cent in real terms between 2013 and 2014¹⁴. This poses a serious challenge, given the limited access of the poorest and most vulnerable countries to other sources of development finance.

Foreign direct and portfolio investment to developing economies has accelerated, as has debt financing, filling some of the gaps. But such investments are unevenly distributed and volatile; and likely to be adversely affected by the end of the commodities super-cycle, changes in monetary policy in large developed economies, and significant structural pressures in major emerging economies.

In these circumstances, domestic resource mobilisation is vital, although slowing growth in several developing economies will negatively affect prospects. Nevertheless, there is untapped potential in low and middle income countries to broaden the tax base, tackle distortions that penalise production and exports, and improve the efficiency, integrity and yield of tax collection systems. It may be possible in this way to raise some additional percentage points of GDP in revenues to create fiscal space for high priority investments, especially those that can maximise transformational effects.

¹⁴ Organisation for Economic Cooperation and Development (OECD) Statistics, 2015;
<http://www.oecd.org/dac/stats/final2014oda.htm>

- ➡ **Non-traditional Forms of Cooperation:** Opportunities are being tapped and will continue to grow in other forms of cooperation. South-South Co-operation is growing, with important new Southern international and regional financial institutions (IFIs), and, despite possible slowdown triggered by falling growth in big emerging economies, is playing an important role as a complement to traditional ODA. Impact investing, hybrid public-private funding (such as on vaccines through GAVI,) and ‘big philanthropy’ are other important sources of new finance. In the latter case, the role of domestic philanthropy in a growing number of developing countries should not be underestimated. In the same vein, remittances remain a major ‘safety net’ in developing countries and could, with imaginative public policy and private action, become a source of investment rather than simply of consumption.
- ➡ **Coping with the Pressure of Expectations:** Wide adoption of and continuing support for Agenda 2030 will depend on evidence of early progress which builds public confidence and reinforces momentum. There may be a temptation at country level to embark on long, excessively technical, complex, and time-consuming planning processes to ‘get it all right’. This could prove to be a mistake. A practical alternative might be to look for ‘quick wins’ based on proven measures that offer breathing space to map out medium- to long-term options carefully and weigh their costs, benefits and feasibility.

‘Quick wins’ may come from prior investment in MDG acceleration or rapid adoption and diffusion of new but robust technologies. For example, the problem of hunger and malnutrition is structural, requiring a broad response over the medium- to long-term. But cost-effective actions can be taken in a short period of time, such as school feeding, fortification of staple foods, improved immunisation, control of diarrhoeal diseases, and schemes to boost sanitation and access to safe drinking water.

Other ‘quick wins’ can be secured at almost any stage of development; for example, reform of trade taxes that stymie domestic production; avoiding public borrowing that ‘crowds out’ the private sector or is inflationary; reform of the tax code to encourage micro and small businesses; changing subsidy schemes to improve targeting, reduce ‘leakages’ and boost delivery through use of new technologies; tackling inefficiency and lack of transparency in public procurement; and speeding up business registration processes. The challenge is not the dearth of options, but to create the will to act.

IV. UNDP’s Partnership with Countries

UNDP’s analysis of policy issues raised by Agenda 2030 and the SDGs suggests that only a model of *sustained* co-operation, not occasional or episodic advisory work, will assist countries with the task ahead of them. It is also clear that the next 15 years will see more Low Income Countries (LICs) graduate to MIC status, while existing MICs try to reach the status of high income economies. This will be as consequential a transition for UNDP’s work as any experienced by the organisation over the past fifty years. The current UNDP Strategic Plan (2014-17) and the recent internal change process have been a first response to this phenomenon. Much more will need to be done moving forward, whether in the quality and scope of advisory and implementation services, country office business models, partnerships or financing.

Another consideration of similar scope is how the UNDS responds to Agenda 2030. Member States have created a more comprehensive agenda – and the UNDS will need to rise to it. Given its unique role in the system, UNDP understands that the UNDS will need to be a more strategic partner of countries in their efforts to secure big, structural, shifts; be more flexible and adaptable in the face of volatility; deepen its culture of collaboration by advancing further on a ‘joined-up’ approach in programmes and operations that

taps fully into the strengths of resident and non-resident agencies and entities; and further raise efficiency, minimise duplication, and offer greater value for money, to demonstrate the best use of scarce resources.

With these factors and its UN character and values in mind, UNDP partnerships with programme countries, donors, sister agencies and entities and other actors will be driven by the following considerations:

- ➔ **engaged and present for the long haul**— fifty years of country-level presence and activity, now in 168 countries and territories, speaks of UNDP's relationship and commitment to developing countries;
- ➔ **work with others** – forge and contribute to broad issues-based coalitions, and broker partnerships to connect financing and expertise to match the ambition of Agenda 2030, applying what UNDP has learned from playing a key role in helping to advance the MDGs agenda;
- ➔ **take a pragmatic approach** – learn along the way, recognising successes and acknowledging shortfalls, adjusting to challenges and opportunities, taking into account UNDP's capacities, setup, and footprint;
- ➔ **adapt to the specific needs of countries and regions** – capitalise on local presence and deep relationships to help countries tailor Agenda 2030 to their specific circumstances, needs and priorities.

Consistent with its mandate, approach and analysis, UNDP offers support for Agenda 2030 implementation on Coherence; Linkages; Expertise; Access; and Reporting (CLEAR). This offer sits well within the Mainstreaming, Acceleration, and Policy Support (**MAPS**) approach that has been endorsed by the UNDG as a whole as its framework for support to programme countries.

A. COHERENCE and LINKAGES that maintain the integrity of Agenda 2030 and the SDGs

- ➔ Help ensure **substantive coherence by highlighting connections across different elements of Agenda 2030**. UNDP can help advance a **'whole of agenda' + 'whole of society'** approach to maintain the substantive integrity of Agenda 2030 and the SDGs. UNDP's work is intrinsically about 'connecting the dots' between economic, social, political, and environmental issues, born out of its cross-sectoral mandate and its mission to eradicate poverty and reduce inequalities and exclusion.
- ➔ **Link partners**, tapping UNDP's experience as **a knowledgeable and impartial facilitator of complex planning and consensus-building processes**. UNDP can help countries bring together the knowledge, expertise, and resources of partners, including across the UNDS, to form broad coalitions to explore options, identify priorities, and determine pathways towards SDG implementation. UNDP can facilitate these processes, linking them to existing national plans; co-ordinate work across multiple policy areas; and enable engagement with citizens – for example, as requested by the UN Secretary-General, by managing the SDGs Action Campaign to mobilize public support for Agenda 2030.

B. EXPERTISE and programme support for transformational change in specific areas

Countries will ask for the latest insights into 'what works in what circumstances and with what investments' to make the right policy and financing decisions for sustainable development. UNDP has an extensive base of expertise in analysing root causes of poverty, drivers that can propel households above the poverty line, and risk factors that can lead to reversals in human development. UNDP has identified lessons and policy options that can be helpful to policy- and decision-makers in a wide variety of settings.

To this end, based on national priorities and demand, UNDP can offer specialised programming and advisory expertise, including on across poverty eradication, reduction of inequalities, governance, the environment and climate change, and the social determinants of health. UNDP's support can cover the full spectrum of assistance according to national request and need, from analysis and advisory work to

preparation of proposals for policy, legal, and regulatory reform, capacity development, partnership-building, and monitoring and assessment of progress. UNDP's capabilities extend to implementation of public programmes and projects, where requested to do so by governments, to accelerate delivery while building-up the capacity of public institutions. UNDP can also help set up, or strengthen and offer technical support to intra-governmental and aid co-ordination mechanisms.

C. ACCESS that delivers on Agenda 2030 and the SDGs

Access to global and regional institutions, funds and mechanisms will be critical for countries to make tangible progress on the SDGs. This will mean finding the right mix of financial resources (domestic and international), smart technology, and targeted assistance for capacity development. It will demand the ability to contribute effectively to and benefit from global and regional integration and agenda-setting.

As an inter-governmental body, UNDP is **a natural partner for countries to strengthen their access to and facilitate engagement in sub-regional, regional and global processes and institutions**, for example to:

- ➔ improve awareness about and successfully navigate often complex requirements, procedures and processes related to international financing mechanisms;
- ➔ build or expand country capacity to plan, analyse, and negotiate;
- ➔ develop analytical, planning, and technical documentation skills;
- ➔ connect with peers around the world to exchange knowledge, experience, technology, and resources;
- ➔ assist with implementation.

Some examples of what UNDP can do include:

- ➔ supporting countries' participation and engagement in regional and global processes bearing on their implementation of the SDGs, including voluntary reporting to the High Level Political Forum (HLPF)
- ➔ helping countries meet regional and global obligations, as UNDP has done on preparation of Intended Nationally Determined Contributions (INDCs) crucial in the fight against climate change, or in domesticating international agreements, treaties, charters, standards, and rules; and
- ➔ strengthening countries' capacities to access finance and technology, public and private, domestic and international, not least existing and new streams of funding on energy and climate change such as the Green Climate Fund, the Global Environment Facility, and a wide array of public-private initiatives (for instance, the International Solar Alliance or the Breakthrough Energy Coalition).

With a global operational presence and UNDG coordinating role, and as host of the UN Office for South-South Cooperation (UNOSSC), UNDP can also help realise the full potential of South-South and Triangular Cooperation (SSC and TrC), to complement ODA to accelerate progress on the SDGs. As Agenda 2030 has come into being, UNDP is substantially overhauling the purpose, ambition, scope, and management of its work on SSC and TrC, building on its unique historical engagement on these modalities. UNDP proposes to work with partners to forge a global development solutions exchange for end-to-end support for countries and others to find, share, agree, source knowledge and expertise, and secure funding to get things done in priority areas within Agenda 2030. UNDP will also prioritise development of national and regional capacities to plan, manage, monitor, and assess SSC and TrC, and to carry out policy, legal and regulatory reforms to substantially increase opportunities to use these modalities for better results.

D. Monitoring and REPORTING to gauge performance and accelerate progress

Countries – decision makers and citizens alike – will want to know whether they are on or off-track against national milestones, whether the pace of progress is sufficient, and whether they are reaching those citizens previously left behind. At the same time, countries will be asked to share their experiences – successes and shortfalls – with peers at the regional and international level.

UNDP is in a strong position to help countries monitor, learn, report, and apply lessons learned. UNDP was the lead global entity to support monitoring and reporting of the MDGs at country level, and one of the main contributors to monitoring at regional and global levels. Given UNDP's cross-thematic mission and expertise, experience with the MDGs, and involvement in activities related to the 'data revolution', it can provide an original contribution to the development, testing and application of metrics that monitor implementation of Agenda 2030. UNDP can work with a broad range of partners to help countries monitor and report on the SDGs, as well as funnel feedback on progress, shortfalls and lessons back into the policy and investment loop. UNDP is already leading an effort with the UN Department of Economic and Social Affairs (UNDESA) to provide reporting guidelines on the SDGs at the national level, and will work to prepare regional and global reports with Regional Economic Commissions and UNDESA, respectively.

In Conclusion...

UNDP has served the world by co-creating some of the best development policy options of recent decades with its partners, learning from progress and setbacks, and evolving with the times. Fifty years after its foundation, the development scene is radically different, but much of the moral and structural dilemmas remain unchanged: how to improve the lives of those who suffer deprivations; how to generate dynamism so that societies can grow in a cohesive manner; and how to enhance voice and accountability.

UNDP continues its quest for policy solutions to these fundamental questions. The implementation of Agenda 2030 and the other international agreements of 2015 present an opportunity and a roadmap, which UNDP offers to accompany in partnership with programme and donor countries and an expanding circle of other actors. Risks are manifold and volatility is the new normal, but so are progress and the ambition for a better world for people and planet.

UNDP is ready to make its contribution. Building on a tradition of respect for each nation's ownership of their development journey, UNDP can help imagine our common future drawing upon a rich legacy of experience and a deep well of knowledge, translating into action development thinking that expands horizons for a new generation.

Key Questions for Ministers

- ➡ What are the critical policy choices to be made in addressing Agenda 2030?
- ➡ How can UNDP assist countries in moving forward on Agenda 2030? What in UNDP's offer to countries meets their expectations and needs and what does not?
- ➡ What critical challenges and choices face UNDP as it adapts to Agenda 2030 and a changing world?