Realizing Agenda 2030:

Will donor dollars and country priorities align with global goals?

EXECUTIVE SUMMARY

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AIDDATA
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Policymakers often claim that agenda-setting exercises like the Sustainable Development Goals (SDGs) help secure political commitments, galvanize financial resources, and incentivize collective action. But actions speak louder than words. To what extent are governments and their development partners willing to align their investments and policy priorities in support of a common vision?

The SDGs may be new packaging, but the majority of the underlying ideas they represent predate the post-2015 era. It is therefore reasonable to assume that historical financing for the SDGs is not zero. For advocates, policymakers, and citizens to effectively mobilize and monitor future resourcing against the SDGs – we need a new baseline. With such a yardstick, it becomes possible to measure changes in financing over time and align future investments with areas of greatest need.

Past official development assistance (ODA) spending can tell us a great deal about the revealed priorities of development partners and how these actors respond to global development agendas. However, global goals must not only motivate international donors, but also influence the priorities and development strategies of domestic leaders. If national-level policymakers buy-in to global development goals and adopt them as their own, they are more likely to allocate precious time, money, and effort to realize progress in these areas than if they do not.

In the Realizing Agenda 2030 report, we seek to uncover the extent to which global goals crowd in international financing and inform domestic policy priorities toward development outcomes in low- and middle-income countries (LICs and MICs). Specifically, the authors have three objectives for this research: (1) to offer a baseline of ODA financing to the SDGs prior to 2015; (2) to provide a historical perspective on how ODA financing was aligned with the Millennium Development Goals (MDGs) and the perceived influence of these global goals in shaping domestic priorities; and (3) and to translate past lessons learned from the MDGs era into actionable insights to realize Agenda 2030.

This executive summary highlights six key findings from this analysis and presents five forward-looking strategies for governments and their development partners to optimize future financing for the SDGs.

Baseline: How much financing did sustainable development receive pre-2015?

Using a pilot methodology developed by AidData, the authors analyzed ODA flows during the MDGs era (2000-2013) and approximated baseline financing for each goal prior to the adoption of Agenda 2030 in September 2015. With this baseline, we identified which goals claimed the lion's share of attention from development partners to date and parts of the 2030 agenda that may be at risk of being left behind, barring any changes to ODA allocations.

Finding 1: Peace and justice (SDG16) received the most attention from development partners, overall; education (SDG4) and health (SDG3) may be under-funded relative to anticipated costs to achieve them

Peace and justice (SDG16) attracted the most ODA of all the goals during the 2000-2013 period – nearly twice as much ODA as health (SDG3) and partnerships (SDG17), which each received around $175 billion.[i] This could arguably reflect a mainstreaming of interest among development partners in helping countries address challenges of conflict and poor governance in order to break free from "development traps" (Collier, 2007). In this respect, donors may perceive strong institutions and effective governance as necessary conditions to achieving progress on other goals.

Development partners substantially increased their ODA spending in health (SDG3) and education (SDG4) between 2000-2013. These trends could point to the growing prominence of a multi-dimensional view of poverty – including lack of access to education and health – and a broadening of strategies to bolster the assets of the poor with a human capability approach. However, even goals that have historically received relatively more financing than others may still be experiencing a shortfall in what is needed to achieve them.

Using a previous costing estimate by Devarajan et al. (2002), baseline ODA funding likely falls short of what would be needed to achieve goals related to quality education (SDG4) and health (SDG3).[ii] For example, Devarajan et al. estimated that countries would need an additional $10-30 billion per year to achieve universal primary education (MDG2) alone. Historical financing for quality education – much broader in scope than the original MDG – only reached $10 billion per year between 2000-2013. Similarly, the $12.8 billion a year in historical financing for health falls far short of the anticipated cost of $20-25 billion in financing estimated by Devarajan et al. (2002) to meet the MDGs related to reduce child mortality, promote maternal health, and fight malaria, HIV/AIDS, and other diseases.

Finding 2: ODA financing during 2000-2013 placed a strong emphasis on industry and infrastructure (SDG9) and sustainable cities (SDG11), with relatively less attention to environmental goals (SDGs13-15).

Among goals that tackle the pressures of economic growth (SDGs7-12); industry and infrastructure (SDG 9) and sustainable cities (SDG11) received the largest shares of ODA for most of the period. Clean energy (SDG7) and economic growth (SDG8) also saw an overall increase in financing. This appears to reflect a growing recognition among development partners of the combustible mix of high rural-urban migration, oversubscribed urban infrastructure, and displacement creating conditions for vulnerability and insecurity (Davis, 2007). The post-2000 prominence of these issues also coincides with an upsurge in documentation on the urbanization of poverty (Ravallion, 2002; Ravallion et al., 2007).

Baseline financing for the three goals related to environmental sustainability – climate change, oceans and marine resources, and forests and biodiversity (SDGs13-15) – has been negligible by comparison. Transnational efforts to curb climate change and protect oceans face a classic collective action conundrum: who pays for the provision of these global public goods? The absence of an explicit financial target for environmental sustainability in the MDGs era may have undercut the motivation of development partners to commit resources to these issues (Thiele et al., 2006; Martin & Walker, 2015). It may also be argued that the private sector can play a much more significant role than ODA in this sector, through investments in low-cost technologies to reduce carbon emissions and scaling up clean energy initiatives.[iii]

Baseline ODA commitments to the SDGs, all donors (2000-2013)

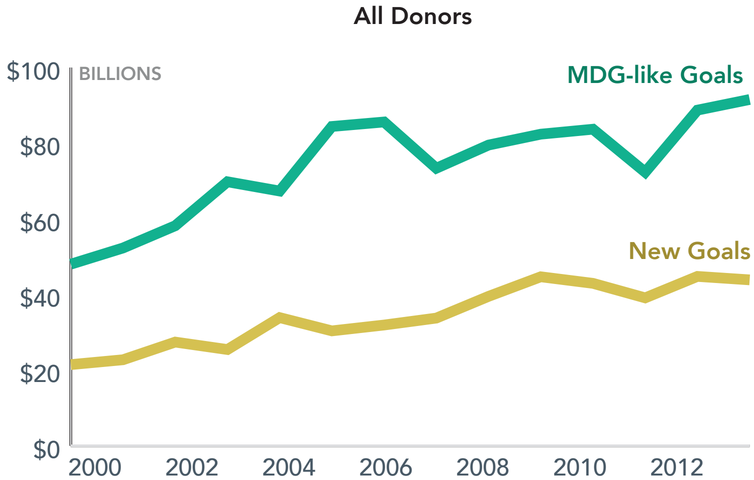
Billions of 2011 USD

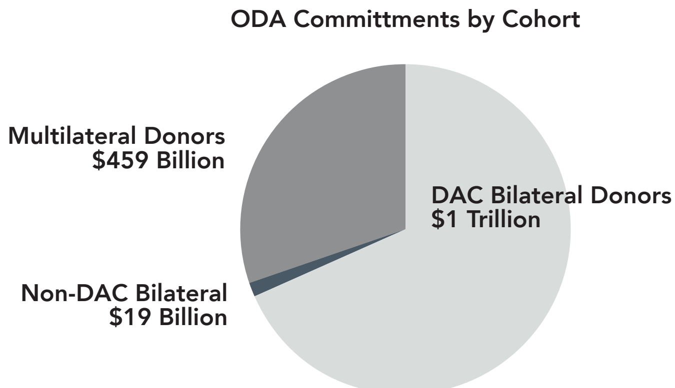
SDG	Amount
Poverty (1)	$22.2
Hunger (2)	$94.3
Health (3)	$180.3
Education (4)	$144.3
Gender (5)	$9.2
Water (6)	$76.6
Energy (7)	$93.3
Growth (8)	$68.1
Industry (9)	$129.9
Inequality (10)	$9.6
Cities (11)	$147.4
Consumption (12)	$0.6
Climate (13)	$1.9
Oceans (14)	$2.9
Land (15)	$19.1
Peace (16)	$342.5
Partnerships (17)	$176.8

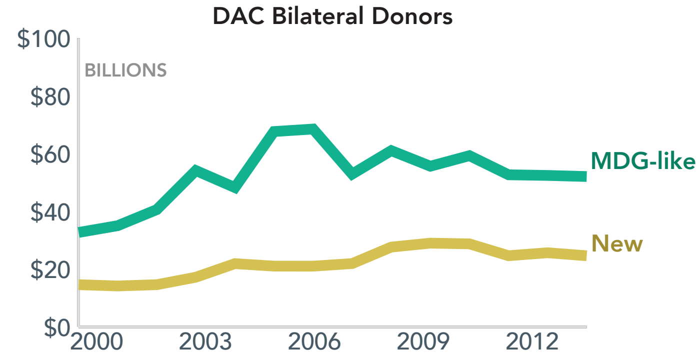
Source: AidData Research Release 3.1

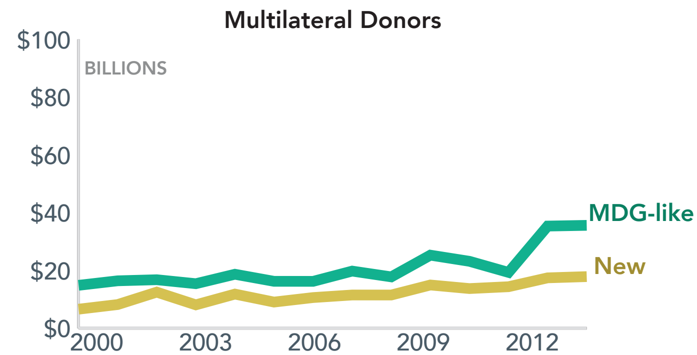
ODA Commitments to MDG-like goals versus new goals (2000-2013)

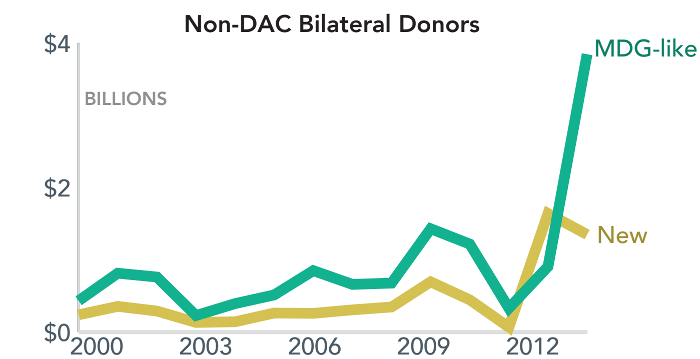
Total ODA Commitments: $1.5 Trillion











Notes: *We divide the 17 SDG goals into two groups – those that are associated with, or map to the MDGs (MDG-like goals) and those that do not (new goals). All figures are in billion 2011 USD. Source: AidData Research Release 3.1*

Alignment: Did donors align their financing with the MDGs?

If donor funding matches their rhetoric, we would expect to see higher and increasing levels of ODA financing for those aspects of the SDGs that were closely associated with the original MDGs, as the prevailing global development agenda prior to 2015. To test our hypothesis, we divided the 17 SDG goals into two groups – those associated with, or that map to, the MDGs (MDG-like goals) and those that do not (new goals) – to facilitate a comparison.[iv] We identified only three completely new goals: SDG 9 (industry and infrastructure), SDG 10 (inequality), and SDG 16 (peace and justice).

Finding 3: Global goals have limits as a focusing narrative: donor financing met the minimum threshold, but fell short of strongly aligning their ODA with the MDGs

Development partners met our standard of "minimum alignment", in that they gave roughly double the amount of ODA financing to MDG-like goals than new goals during the 2000-2013 period. However, this is admittedly a weak standard, as one might expect the MDG-like goals to receive more funding by virtue of being the larger group (14 goals), as compared to the new goals (3 goals). A higher bar measure of alignment would be to compare the growth trajectory of funding levels between the two groups: donors are considered to be "strongly aligned" with the MDGs if ODA to the MDG-like goals was increasing over time relative to the trend for new goals.

On this second measure of alignment, development partners fell short. They were most committed to the MDGs narrative in the early years. Between 2000 and 2005, donors increased their ODA allocation to the MDG-like goals by 76 percent compared with 41 percent for new goals. Nonetheless, between 2006-2013, donors pivoted to new priorities, increasing their ODA to MDG-like goals by only 7 percent, compared with 37 percent to issue areas captured by the new goals. This suggests that donors redistribute aid across goals in different years, balancing trade-offs between alignment with international agendas and their own (evolving) organizational imperatives.

Finding 4: DAC bilaterals aligned their ODA spending most closely to the MDGs, on average, as compared with multilateral development banks and non-DAC bilaterals

While overall ODA flows were only weakly aligned with the MDGs, this top-level picture may mask important differences between different donor groups – DAC bilateral, multilateral, and non-DAC bilateral. Of the three cohorts, we find that DAC bilaterals were the most closely aligned with the MDGs and channeled twice as much of their ODA to MDG-like goals as new goals. Comparatively, multilateral organizations were less definitive: they directed more of their ODA to the MDG-like goals than new goals for most of the time period, but the magnitude of the difference was not as substantial, except for a noticeable spike after 2011.

Non-DAC bilaterals were the least concerned of all donor groups about aligning their ODA with the MDGs. There was only a modest difference in their ODA to MDG-like goals versus new goals for most of the time period in review. One plausible explanation for this trend is that most non-DAC bilaterals are strong proponents of non-interventionism in the domestic affairs of other countries and, as such, may give more discretion to the countries receiving their assistance to determine sectoral priorities. However, in recent years, these donors have increasingly signaled their commitment to help countries achieve a broader set of global development goals.

Influence: To what extent did the MDGs shape domestic priorities and reforms?

Global goals must do more than motivate international donors if they are to spur development progress in LICs and MICs. Domestic leaders must also view these goals as relevant to their national development strategies and influential in shaping country-level priorities. Yet, beyond providing perfunctory "input at the outset" (Clark, 2015), to what extent do policymakers from LICs and MICs buy into international agendas? In this analysis, we draw upon AidData's 2014 Reform Efforts Survey to assess how nearly 7,000 national-level policymakers perceive the MDGs in light of their domestic reform priorities and what this may mean for the SDGs.[v]

Finding 5: Global development agendas can be visible domestically as well as resonate with domestic actors: most leaders were familiar with MDGs, and government and CSO leaders reported moderate influence on national priorities

If visibility is the first hurdle to clear on the road to buy-in, the fact that a vast majority of leaders reported being familiar with the MDGs is a good signal of its reach. The MDGs were best known among those working in sectors that were explicitly referenced in the goals. Over 70 percent of leaders working in health, family and gender, environmental protection, education, and social protection and welfare were familiar with the MDGs. Nonetheless, over 68 percent of leaders working in foreign policy, trade, agriculture and rural development, and energy and mining were familiar with the agenda even though these sectors did not feature as prominently in the MDGs. These findings give credence to the idea that international agendas can palpably increase the visibility of global development goals among domestic audiences.

Influence – the ability to inform how policymakers decide what to focus on in their reform efforts – is another critical ingredient of buy-in to global development agendas. Among those familiar with the MDGs, host government and civil society leaders perceived the goals to be moderately influential in their government's decision to address a particular policy problem or design related reforms. Leaders whose primary area of focus was family and gender or health perceived the MDGs to be most influential in the government's decision to pursue reforms to solve specific challenges in these sectors. Leaders from sub-Saharan Africa ranked the MDGs as the most influential compared to their counterparts in other regions.

Finding 6: Leaders want global agendas to help them identify practical solutions to policy problems, complement existing domestic reform efforts, and signal credibility internationally

Nearly a third of leaders familiar with the MDGs attributed the agenda's influence to its complementarity with existing domestic reform efforts or alignment with host government priorities. This finding calls into question the validity of the critique that the MDGs were imposed on developing countries at the expense of local priorities.

Yet, global agendas also shape domestic perceptions of which problems and solutions merit attention by leaders. Just over a third of survey participants pointed to the ability of the MDGs to help authorities acknowledge policy problems or identify practical solutions as the most important reason for the agenda's influence. A possible explanation might be that leaders view having the clearly defined goals and measurable targets within the MDGs as useful to that prioritization process.

Fifteen percent of survey participants cited the importance of the MDGs in highlighting the government's policy credentials to international development partners. This could indicate a reasonable desire on the part of national policymakers to 'get credit' for progress against internationally agreed upon goals. Alternatively, this interest in bolstering the government's credentials vis-à-vis international donors could create perverse incentives for domestic policymakers to divert attention from other valid national priorities if adopting the MDGs is seen as a precondition to accessing international assistance.

Roadmap: Five forward-looking strategies

Reflecting upon these six retrospective insights from the MDGs era, we present five forward-looking strategies for governments and organizations to ensure that the SDGs live up to their rhetoric to crowd in financing and help countries make measurable progress on the road to 2030.

Strategy 1: Routinize ongoing tracking of ODA financing to the SDGs to enable course corrections

Inclusion in a global agenda does not guarantee equal mindshare: donors converged on some goals, but others were neglected. The risk of goals being "left behind" is more pronounced given the breadth of the SDGs agenda. Continuous monitoring of financing committed and allocated towards each of the SDGs at the goal and target level will be critical to ensure that no part of the agenda is inadvertently "dropped off" on the road to 2030. Policymakers at all levels need disaggregated data on funding by goal and target to detect financing gaps and trends, as well as make course corrections.

Funders could self-report with greater specificity on the intended outcome of those flows, perhaps utilizing standardized OECD purpose codes[vi] or performing a crosswalk between the goals and a funder's own sectoral/thematic classification scheme for managing their investment portfolio. Alternatively, international reporting regimes could require public and private providers of sustainable development finance to transparently disclose project-level detail on their investments. Third-party organizations, governments, or multi-stakeholder initiatives could use this granular information to directly map project-level investments to specific SDGs for a disaggregated view.

Strategy 2: Incentivize project-level reporting on all sustainable development finance flows, not just aid

There is an urgent need to systematically capture how a more diverse set of actors and financing modalities are contributing to sustainable development beyond aid alone. The current effort led by the OECD to build consensus around a new measure of total official support for sustainable development (TOSSD) is an important move in the right direction (Inter-Agency Task Force on Financing for Development, 2017).[vii] Kharas and Rogerson (2016a, p.3) advocate for a simplified alternative of international development contributions (IDC) that would narrow the aperture to focusing on only "funding of investments in the public interest".[viii]

However, the real litmus test for both TOSSD and IDC should be the extent to which they will improve the real-world capacity of countries to effectively mobilize, deploy, and manage a diversified pool of financing for sustainable development. Ensuring consistent compliance with project-level reporting is controversial, as funders may decry the additional reporting burden, but we would argue that incentivizing this transparency is essential for countries and organizations to monitor and manage sustainable development financing (Desai et al., n.d.).[ix]

Strategy 3: Invest in reliable costing estimates disaggregated by goal and target to anticipate short-falls

When it comes to quantifying how much it will take to achieve each of the SDGs, there have been numerous one-off costing studies, but limited consensus around reliable estimates that policymakers at all levels can use to optimize their investments. However, as ambitious as these efforts are, they rely upon aggregate estimates, rather than breaking this down by country, goal, and target. International organizations and governments should place greater emphasis on supporting more systematic needs assessments at the sector and country level to approximate costs to achieve the goals versus available financing and update this information in 3-5 year increments.

Nonetheless, even the more routinized completion of needs assessments will be insufficient if it is not in a form that makes it easy for funders, policymakers, and watchdogs to use in monitoring progress against the SDGs. International organizations and host country governments could commission a series of Global and Country-Level Monitoring Reports that "track public and private investments in the SDGs" and "compare these flows against projected investment needs" on a 3 to 5 year basis (Schmidt-Traub, 2015). The UN system should also create and maintain a publicly available database of the most up-to-date costing estimates by sector, goal, and country in order to empower governments and organizations to conduct their own assessments of the distribution and effectiveness of financing for the SDGs.

Strategy 4: Focus SDG financing to align with national development priorities for greater influence

Based upon the responses to the 2014 Reform Efforts Survey, we know that domestic leaders want global goals to help them identify practical solutions to pressing policy problems and complement existing domestic reform efforts. The survey responses give us an important insight into how to position the SDGs for maximum uptake at the country level – focus financing and implementation of the SDGs as closely as possible with national development priorities.

International organizations and host country governments could employ a number of strategies to achieve this alignment. They could conduct country-level mapping exercises that explicitly look for areas of synergy between existing national development strategies and the SDGs in order to prioritize public and private investments. A second approach would be to utilize surveys of citizens and leaders to triangulate their perspectives on the most important SDGs to address in their country and use these data points to inform investment strategies that are responsive to revealed demand.

Strategy 5: Create a race to the top for funders to codify commitments and report on follow-through

It is clear that some goals succeed in capturing development partner attention to a greater degree than others. Development partners are often pulled in many different directions in terms of their own organizational mandates, other international agendas, and the desire to be responsive to the priorities of their host government counterparts. Moreover, while there may be fanfare when governments, organizations, or companies make financial commitments to support the SDGs, this information is seldom captured systematically and the extent to which these actors follow-through on their promises is often a black box. These forces create powerful incentives for donors to direct resources to areas that are not necessarily aligned with the SDGs.

At the national level, transparency advocates could work together with reform-minded leaders to spotlight the extent to which their country's public finance is "on strategy" with the SDGs and whether governments, companies, and donors are living up to their commitments. At the international level, there is much that can be learned from third-party benchmarking exercises that report on how countries and organizations perform relative to a set of objective measures and then utilize ranking indices to galvanize attention and influence behavioral change with key policymakers. We propose a similar effort to focus on the extent of contributions of governments, multi-national companies, and international organizations to financing the SDGs, comparing their public statements against their actual investments.

Endnotes

i Our methodology may over-estimate ODA financing to SDG16, since any project descriptions that specify that they are building the capacity of domestic institutions get mapped to this goal. As a robustness check, we examined the project descriptions of the top 100 projects mapped to SDG16. We find that approximately two-thirds have a clear connection and the rest have varying degrees of alignment with Goal 16. Even if we adopted a more conservative estimate, SDG16 is still likely to have received the most ODA during 2000-2013.

ii Though not an apples-to-apples comparison, there is a sufficient overlap between the MDGs and SDGs on topics related to education (MDG2/SDG4) and health (MDGs4-6/SDG3) to serve as a rudimentary yardstick to assess baseline financing for the SDGs in light of projected costs needed to achieve these goals. For this exercise, we use one such costing exercise from Devarajan et al. (2002), who calculated the estimated annual financial resources LICs and MICs would need to meet each of the MDGs by 2015.

iii While this may partly explain the near-negligible ODA financing for these goals, we anticipate that our methodology may not be capturing all project-level environment-relevant investments. See full report for details.

iv This is based on a mapping between the MDGs and SDGs at the goal or target level.

v AidData's 2014 Reform Efforts Survey captures the views of leaders in 126 LICs and MICs who held positions of decision-making authority in their organizations between 2004 and 2013. Participants identified whether they were familiar with the MDGs and the extent to which they felt that the goals influenced their government's decision to adopt certain priorities or reforms. Participants rated the influence of development partners on their country's decision to undertake reforms on a scale of 0 (no influence) to 5 (maximum influence).

vi See: http://www.oecd.org/dac/stats/purposecodessectorclassification.htm

vii See: http://www.oecd.org/dac/financing-sustainable-development/tossd-public-consultation.htm

viii Two benefits of this approach would be to reduce the measurement burden and increase the certainty that the measure is picking up only that financing which is truly contributing to the SDGs. A major critique of TOSSD is the concern that it is a fuzzier approach that blurs the lines and may overstate financing for the SDGs. See: IATF-FFD (2017), OECD.org (2017), Kharas and Rogerson (2016a and 2016b).

ix For example, the Philippines National Economic and Development authority response to the TOSSD public consultation was to rightly argue for a "metric that is useful and practical to partner countries… [so that they can] better manage all development flows". See: http://www.oecd.org/dac/financing-sustainable-development

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About AidData

AidData is a research lab at the College of William & Mary. We equip policymakers and practitioners with better evidence to improve how sustainable development investments are targeted, monitored, and evaluated. We use rigorous methods, cutting-edge tools and granular data to answer the question: who is doing what, where, for whom, and to what effect?

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