

Conclusions and Next Steps

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June 15, 2015, Paris, France

The following conclusions and next steps are those presented by the Center for Global Prosperity (CGP) at the Hudson Institute following the conference on Policy Coherence for Mobilising Private Financial Flows for Sustainable Development. The conference was co-organized by the OECD Policy Coherence for Development Unit and the Hudson Institute's Center for Global Prosperity in collaboration with the OECD Development Centre. The day-long event brought together experts from all parts of the OECD, academia, think tanks, foundations, charities, associations, private corporations, and bilateral and multilateral government agencies to discuss the role of private financial flows in preparation for the Financing for Development meeting in Addis Ababa in July 2015 and for the United Nations discussions of the SDGs in September 2015. The recommendations below represent the views of CGP and also reflect data presented at the conference by various experts in philanthropy, remittances and private capital investment flows.

1. With a changed and more diverse developing world, private financial flows, including foreign direct investment, remittances, and philanthropy, represent 80% of the developed world's economic engagement with the developing world. Government aid is now only 20% of all financial flows, the opposite of less than 50 years ago. To achieve the SDGs, policy-makers and practitioners should place a high priority on the measurement of private financial flows since they are the dominant financial stream to the developing world. Those working to achieve the SDGs should also encourage countries to collect and publicize best practices of all private giving, including philanthropy, remittances, and social investment.
2. There is a need to fully include all the players in global private assistance and foreign direct investment from the beginning of the discussion of SDGs. These sources include foundations, charities, corporations, religious organizations, high net worth individuals, and diaspora populations. If these groups are not present at the take off of SDGs, the global development community cannot expect them to be there for a successful landing. A change in mindset of development resources is needed to reflect the new reality between developed and developing countries. The global development community should look at the total economic engagement between developed and developing countries to understand the full impact of FDI, remittances, ODA, and philanthropy on economic growth and development.
3. SDG targets should emphasize innovation in partnerships for a new developing world. Public Private Partnerships (PPPs) are a proven mechanism to unleash private funding sources in collaboration with public assistance. There are numerous examples of PPPs, including the River Blindness Elimination Program of the Carter Center, World Bank,

WHO, NGOs, and Merck & Co drug donations, and the Consultative Group on International Agriculture Research (CGIAR), a worldwide partnership of academia, private companies, and bilateral and multilateral governments successfully increasing crop production and improving nutrition and food security.

In addition to PPPs and traditional philanthropic giving, innovative financial tools are changing the landscape of global philanthropy. Impact and social investing, diaspora bonds, social stock exchanges, program-related investments, cause-related giving, internet giving, and crowd funding, are just some of the financial tools that can be used to promote social and economic growth. New trends include technology to assist small donors scale up, peer-to-peer relationships in project implementation, transparency in funding and operations, competition for demand-driven ideas, continuous evaluation with feedback loops to program redesign, and flexibility for new development problems in a diverse and changing world.

4. Philanthropy and remittances are mentioned sparingly in the SDG documents and primarily as simply sources of funding for SDG targets. These flows, however, are not just undifferentiated resources for ODA country plans and programs. They are used in conjunction with ODA programs, but they also are unique in the types of partnerships they support and how they provide it. In addition to traditional sectors of development aid, private resources are engaged in local institutional and individual capacity building, basic human needs, social justice, human rights, and political reform. They are often more community-based with local involvement and volunteerism as important program components. It is important that those involved in SDG targets and processes recognize and enumerate how these private resources have contributed to poverty reduction and how these large and growing resources can be encouraged and leveraged in the future.
5. Good governance and clear and consistent legal/regulatory environments for increasing investments in both for-profit and not-for-profit endeavors is critical to achieving the SDGs. At present the ease of giving and foreign direct investing is restrictive in many countries. Various reports, such as CGP's new *Index of Philanthropic Freedom* and the World Bank's *Doing Business*, measure and rank countries on their enabling environments for philanthropy, remittances, and capital investments. Solutions to policy constraints should be a part of the messaging and discussions in the upcoming Financing for Development and UN General Assembly SDG meetings.
6. In a world dominated by private financial flows and partnerships, there is a new role for bilateral and multilateral government aid funders. This role is one of a catalyst and connector of private resources in developing countries. In this way, governments can evaluate best practices of different projects, help scale up successful ventures, and communicate what works and what doesn't to in-country practitioners as well as in-country and foreign donors. The new world of foreign assistance is being driven by innovation, hands-on management, venture capital, and is demand-driven through local participation. In addition to its important roles in public services, disasters, humanitarian assistance, and conflict and post-conflict situations, government aid still plays a vital role in the new landscape of foreign assistance.