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Accountability for financing the Post-2015 agenda: Lessons from earlier agreements

Gideon Rabinowitz
Noriko Shimizu
Kanako Morita

1 Introduction

Over the last two years the international community has been negotiating the Sustainable Development Goals (SDGs), a framework of global sustainable development norms, objectives and targets to succeed the MDGs. The SDGs are due to be finalised and endorsed at the UN General Assembly meeting in September 2015.

Ahead of this key moment came another event critical to the pursuit of the SDGs - the third UN Financing for Development (FfD3) Conference in Addis Ababa. At the time of writing (September 2015) the outcome of the FfD3 had already been announced. This Conference attempted to identify and secure commitments to pursue the financing and related actions required to achieve the SDGs. These issues also will be subsequently addressed by the SDG framework itself, as the proposed SDG number 17 focuses on the need to "Strengthen the means of implementation and revitalise the global partnership for sustainable development", and the outcome document of the SDGs Summit is also expected to have a separate section on Means of Implementation (MOI), including financing. The commitments agreed at the Addis Ababa Conference are critical to determining whether developing countries will have the means to make SDGs a reality.

> ***Commitments agreed at these meetings will be critical to determining whether developing countries will have the means to make SDGs a reality***

It is however important to note that the impact of the FfD3 and SDG agreements on the financing context of developing countries will not be determined simply by the financing goals and commitments they address. It goes without saying that any goal or commitment means nothing without implementation. The importance of holding the signatories of these agreements accountable for their performance in implementing financing goals and commitments therefore cannot be overstated, especially as these commitments will not be legally binding.

Since the SDG process was launched in 2012, with the formation of the High Level Panel on post-2015, much has been written about the financing goals and commitments that need to be addressed by the SDG and FfD3 agreements (e.g. OECD, 2014; Schmidt-Traub & Sachs, 2015; UNICEF, 2014; World Bank Group, 2013). However, to date there has been far less attention on identifying how the design of these agreements and the follow-up processes that accompany them can help to ensure that there is strong accountability for implementing these goals and commitments. This is the theme addressed by this chapter.

The chapter reviews the accountability experiences of a range of contemporary international policy processes focussing on development and environmental financing. The chapter draws on these experiences to identify the main characteristics of effective accountability frameworks. Based on these analyses, the chapter provides recommendations for the SDGs agreement and related follow-up processes.

> ***The design of these agreements and the follow-up processes that accompany them can help to ensure that there is strong accountability for implementation***

Section 2 introduces the main policy processes reviewed by this chapter, most significantly the predecessors to the FfD3 and SDG processes, the Monterrey/Doha FfD (FfD1+2) and MDG processes respectively. Section 3 is structured around the three main sets of characteristics that determine the strength of accountability systems linked to international policy agreements, each of which is introduced based on analysis of the experiences of international policy processes. Section 4 then identifies some additional priorities for designing an accountability system for the financing goals and commitments addressed in the FfD3 and SDG agreements. Section 5 concludes the chapter by identifying the recommendations which emerge for the FfD3 and SDG agreements and efforts to pursue accountability for their implementation.

2 Overview of major international financing agreements and related accountability systems

This section identifies the international policy processes which provide the evidence base for this chapter—the processes covered include all the major international agreements on development and climate financing in the last two decades. It summarises the background to each of these processes, the policy issues they address and the systems that have been put in place to pursue accountability for their implementation.

MDG 8 – "develop a global partnership for development"

The MDGs addressed financing through MDG 8, which committed the international community to develop a global partnership for development. Amongst the sub-components addressed by MDG 8 was one which would "Develop further an open, rule-based, predictable, non-discriminatory trading and financial system" (UN, 2000). Although this commitment does not explicitly address aid and other forms of development finance, it has been widely interpreted that these sources are an important element of this agenda.

The pursuit of MDG 8 was monitored through a range of processes. Firstly, the annual UN MDG Report included a chapter reporting global trends related to each of sub-components of MDG 8. Since 2008 the MDG Gap Task Force - which was created by the UN Secretary-General to improve the monitoring of MDG 8 - produced a dedicated in-depth report on progress in implementing MDG 8. In 2005 and 2010, there were high level inter-governmental reviews of progress on the MDGs (including on MDG 8) held through the UNGA. More recently, in 2012, the UN established the Integrated Implementation Framework (IIF), a web-tool to monitor all commitments made by UN members states to help meet the MDGs, which also addressed progress on MDG 8.

The 2002 Monterrey Consensus and 2008 Doha Declaration on financing for development

The Monterrey Consensus was adopted at the first International Conference on Financing for Development in Monterrey, Mexico, in March 2002 (FfD1). It emerged in response to the challenges posed by efforts to "fulfil internationally agreed development goals, including those contained in the Millennium Declaration" (UNDESA, 2003). The Doha Declaration was adopted at the second International Conference on Financing for Development in Doha, Qatar in November/December 2008 (FfD2). Its main objective was to respond to the "severe impact on development of multiple, interrelated global crises", including the emerging global financial crisis (UN, 2008). Both of these agreements were structured around six main policy themes: 1) Domestic financial resources; 2) Foreign Direct Investment and other private flows; 3)

International trade; 4) International financial and technical cooperation; 5) External debt; and 6) Systemic issues relating to the operation of the international monetary, financial and trading systems.

The 2002 Monterrey Consensus identified a number of channels through which follow-up to its commitments would be pursued. These channels include a biennial high-level intergovernmental Dialogue on FfD, to be held through the UN General Assembly (UNGA); an annual report from the UN Secretary General (UNSG) on FfD follow-up efforts, which has fed into annual UNGA resolutions; and an annual formal dialogue on FfD between the UN, the World Bank, the International Monetary Fund (IMF) and the World Trade Organisation (WTO). Since the Doha conference, the Economic and Financial Committee (also called the Second Committee) of the UNGA has also facilitated regular debates on FfD issues.

The Rome, Paris, Accra, Busan and Mexico aid and development cooperation effectiveness conferences

Since 2003 there have been a number of international conferences organised under the auspices of the Organisation for Economic Cooperation and Development (OECD) and (since 2011) the Global Partnership for Effective Development Cooperation to address challenges related to aid and development cooperation effectiveness. These have led to the adoption of Rome (2003), Paris (2005), Accra (2008), Busan (2011) and Mexico (2014) agreements, which identify a wide range of aid reform commitments for both developing country and donor governments to implement.

The 2005 Paris Declaration on Aid Effectiveness introduced a framework for monitoring implementation of a select group of commitments addressed in the agreement, including targets against which to assess the performance of signatories (OECD, 2008). This framework was subsequently used to undertake in-depth monitoring surveys of performance by individual signatories of these agreements in 2005, 2008 and 2010, with a revised framework used for an additional round of monitoring in 2014. The results of these surveys have provided an opportunity to compare the performance of individual actors, and also offered a critical input to the high level discussions on progress in implementation held at the Accra, Busan and Mexico conferences.

COP 15 and 16 commitments on climate change financing

At the 15th Conference of the Parties (COP15) of the UNFCCC held in Copenhagen in 2009, developed countries pledged to provide USD30 billion in additional climate finance to developing countries for the period 2010-2012 (UNFCCC 2010). This collective commitment has come to be known as 'fast-start finance (FSF)'. Following this at COP16 in Cancun in 2010, developed countries committed to jointly mobilise USD100 billion per year by 2020 through a wide variety of sources - public and private, bilateral and multilateral (including alternative sources) - to address the long-term financing (LTF) needs of developing countries in relation to climate change (UNFCCC, 2011).

Monitoring the delivery of FSF and LTF has largely involved self-reporting by developed country governments through submissions to the UNFCCC. As a result, it has been found that those reporting 'have not used strict thresholds for assessing what is additional', and therefore FSF figures should be treated with caution (Nakhooda et al., 2013; OECD, 2011a).

In addition to monitoring efforts, the first biennial high-level ministerial dialogue on climate finance was held in 2014 during COP20 in Peru to discuss progress on delivery of climate finance commitments amongst other issues.

3 International development financing agreements – What characteristics determine accountability for their implementation?

This section identifies the characteristics of international development financing agreements which affect accountability for their implementation (2.1-2.3), and provides some insights about how these characteristics interact (2.4). In the analysis that follows no attempt is made to empirically test (e.g. through statistical analysis) the relationship between particular characteristics of these agreements and the extent of their delivery or accountability outcomes. The characteristics were derived from the literature; here they are organised into a two-layered analytical framework which is then applied to the financing agreements included in the study. This analysis illustrates how the characteristics affected accountability in each case, either negatively or in a positive sense.

3.1 Focused and clearly defined commitments

The first set of characteristics relevant to pursuing accountability for the implementation of international development financing agreements relates to the nature of the goals and commitments addressed in these agreements. It is clear from reviewing the experiences of the policy processes identified in section 1 that the more clearly defined the goals and commitments in these agreements are, the easier it is to pursue accountability for their implementation. It is also clear that such definitional clarity is required along three main dimensions.

> *The more clearly defined the goals and commitments in these agreements are, the easier it is to pursue accountability for their implementation*

The first dimension relates to the types of goals and commitments addressed in the agreement itself. It is important that these are not too general in nature and provide clear detail on the actions required for implementation. This point is illustrated by the Monterrey/Doha agreements, in which, with the exception of some of the commitments relating to aid quantity (to provide 0.7% of Gross National Income (GNI), with 0.15%-0.2% to LDCs), commitments are mostly quite general and provide limited clarity on the actions required to implement them. For example, paragraph 61 of the Monterrey Consensus states that "[good] governance at all levels is also essential for sustained economic growth, poverty eradication and sustainable development…", but it does not state what aspects of governance are important or what corrective actions should be taken (UNDESA, 2003, para 61) (see Chapters 1 and 2 of this book for discussions of varying functional properties of governance). Another example is provided by the MDG 8 framework, which includes general commitments such as to "develop further an open, rule-based, predictable, non-discriminatory trading and financial system" (UN, 2000, target 8a), again providing limited clarity on how this outcome should be pursued. These characteristics of the Monterrey and Doha agreements may go a long way towards explaining the weak accountability and follow-up processes that have emerged in relation to their commitments.

A useful contrast to the mostly general commitments in these agreements is provided by the aid/development effectiveness agenda. For example, the Paris Declaration committed signatories to pursue alignment of aid with national institutions, and identified that this goal could be pursued through a specific range of actions (e.g. using country financial management and procurement systems for aid delivery) (OECD, 2008). This specificity has clearly helped to promote a substantive and concrete monitoring process for these commitments to emerge.

> ***Specificity has helped promote a substantive and concrete monitoring process for these commitments to emerge***

The second dimension in this area relates to the concepts and terms used to introduce the agreement's goals and commitments. It is important that there is clarity on the definition of these concepts and terms, as ambiguities on how to interpret them can undermine efforts to monitor implementation progress. An illustrative example of this point is provided by the climate finance agenda. Although there seems to be sufficient clarity on the commitments made by developed countries at COP9 and COP10 on climate finance – USD30bn between 2010-12 for FSF and USD100bn annually in LTF by 2020 – these agreements left climate finance undefined[1] (especially in the case of LTF). As a result, providers have had "substantial latitude to define for themselves what counts as climate finance, and they have done so in different ways" (Nakhooda et al., 2013, p. 39). Such substantial variation of counting can be seen in Figure 4.1 below, which illustrates how estimates of North-South climate financial flows in 2009-10 range from approximately USD70bn to USD120bn.

[1] There is currently a range of definitional issues on climate finance on which there is a lack of consensus, including: 1) there is no commonly accepted definition of climate finance, e.g. whether climate finance includes efficient coal fired power plants or not; 2) there is no widely shared understanding of when climate finance should be counted (at the commitment stage or disbursement stage); 3) there is no agreement on whether climate finance is counted as net or gross and how insurance and other guarantees will be counted. (Stadelmann et al., 2013); 4) there is no consensus on whether and how to account for other official flows in comparison to ODA; and 5) there is no agreement on whether only "additional" public and private flows should count (Clapp et al., 2012).

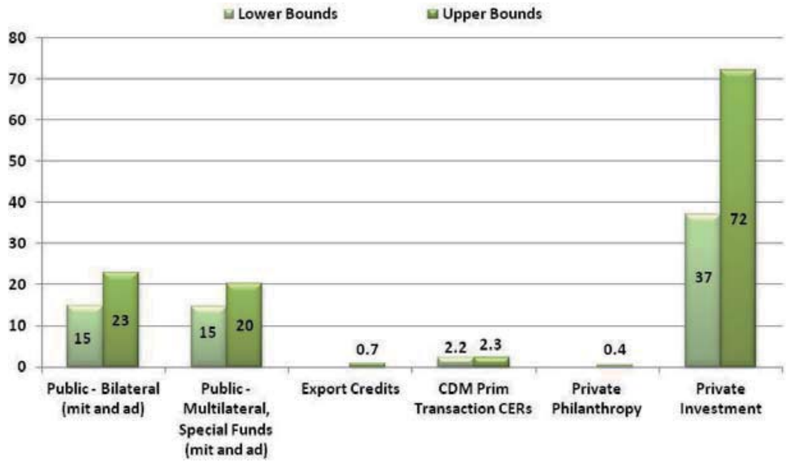

Figure 4.1 Estimates of North-South climate finance flows (USD billion), 2009-2010

Source: Clapp, Ellis, Benn, & Corfee-Morlot (2012)
Note: "mit" and "ad" stand for mitigation of and adaptation to climate change.

Again, the aid/development cooperation effectiveness agenda provides a useful contrast to these agreements with regard to such conceptual issues. Although there are some significant questions about the commitments in the Busan Partnership agreement, its text and monitoring framework provided details vital to identifying required implementation actions in a range of areas. For example, to fulfil the commitment to strengthen aid transparency, the Busan agreement directs signatories to implement a "common, open standard for electronic publication" (OECD, 2011, para 23c) of information on aid. This standard was then defined further through a process of negotiations following the Busan conference. These details have provided an important foundation for the concrete monitoring of efforts to strengthen aid transparency since the Busan conference.

Specificity has helped promote a substantive and concrete monitoring process for these commitments to emerge

A final dimension in this area relates to whether there is clarity on the roles and responsibilities of individual signatories in pursuing implementation. Amongst the agreements addressed in this chapter, those on climate finance are notable in identifying commitments to be met by developed countries collectively. As a result, it has not been clear to what degree individual governments should take responsibility for implementation, and therefore it becomes more challenging to hold signatories accountable for their performance. In contrast, not only did the Paris Declaration and Busan Partnership agreement make it clear that commitments were addressed towards individual signatories, they also identified performance targets to be met in a range of policy areas which could be applied to individual governments. This clarity has helped to facilitate a strong process of monitoring implementation of these agreements focused on the performance of individual signatories.

3.2 A strong monitoring system

The second set of characteristics which seems to be significant in supporting accountability for internationally agreed financing commitments relates to the monitoring system in place to track implementation. It is clear from reviewing the experiences of the policy processes identified in section 1 that where there is a clear commitment to take forward an ambitious monitoring process, accountability efforts have progressed further. It is also clear that such definitional clarity is required in a number of main dimensions.

> *Where there is a clear commitment to take forward an ambitious monitoring process, accountability efforts have progressed*

The first dimension in this area relates to whether there is consensus (ideally within the agreement itself) that a substantive monitoring process should take place. The Monterrey/Doha agreements contained poorly elaborated commitments on follow-up (i.e. for an annual report to be produced by the UNSG), which did not even reference the term "monitoring". This seems likely to have contributed to a relatively weak follow-up and monitoring process, which has done little to strengthen accountability for implementation by individual signatories.

In contrast, the aid/development effectiveness agreements and climate finance agenda have explicitly called for substantial monitoring activities to be pursued. These commitments have led to donors and recipients collaborating on monitoring in the former case, and donors self-reporting in the latter case. These substantial monitoring efforts have helped to deepen dialogue on implementation progress and challenges in both cases, albeit on the basis of monitoring outputs on which questions of quality and impartiality (especially with regard to climate finance reporting) have been raised (Nakhooda et al., 2013; OECD, 2011b).

The second dimension in this area relates to whether there is consensus on indicators which can be used to undertake monitoring. In the absence of such a consensus, inconsistent and unfocused monitoring efforts can emerge, which ultimately weakens efforts to promote accountability. A clear example of this dynamic is provided by monitoring of the Monterrey agreement. Paragraph 13 of this agreement focuses on corruption, and states "[f]ighting corruption at all levels is a priority" (UNDESA, 2003, para 13). In addressing this commitment, the UN Secretary General's annual follow-up reports for 2011 and 2012 (UNGA, 2011, 2012) both make references to progress in taking forward the United Nations Convention against Corruption, but the 2013 report (UNGA, 2013a) fails to reference this Convention.

Also, with regard to the MDG 8 framework there was no agreement at the time of its endorsement on indicators to be used for monitoring. This is likely to have contributed to the fact that the first official substantive monitoring report on the MDG 8 commitments was not produced until 2008, as well as this report's limited focus on the performance of individual signatories.

Again the Paris Declaration and Busan Partnership agreements provide somewhat of a contrast to the relatively weak monitoring terms elaborated in the Monterrey/Doha agreements and MDG 8 framework. The Paris and Busan agreements included a detailed monitoring framework, which elaborated a set of clearly defined indicators negotiated by its signatories (OECD, 2008, 2011b). However, it is also the case that such indicators were only identified for a very narrow set of commitments in this agreement, which has ended up skewing monitoring towards these commitments and away from a wide range of other commitments in this and subsequent agreements (Wood et al., 2011).

3.3 Substantive high level dialogue on follow-up

All of the agreements explored in this chapter display significant weaknesses in the degree to which their follow-up processes involve substantive high level dialogue amongst signatories. Such dialogue can help to bring attention to where and amongst whom there are gaps in implementation, and thereby inform agreement on remedial action to take implementation further. Such dialogue requires two important elements to be in place.

> *Follow-up processes should involve substantive high level dialogue amongst signatories*

The first element of such a dialogue that seems to be important is discussion of the implementation performance of individual signatories to agreements. Clearly where there has been only weak monitoring of implementation across signatories such discussions are more difficult to undertake. However, the absence of formal official monitoring does not preclude substantive discussion on implementation by signatories. This is because, as is the case with most of the agreements reviewed in this chapter, there is no shortage of independent external analysis (i.e. conducted outside of the governance structures established by or overseeing these agreements) available to inform these discussions.

An illustration of a follow-up process where substantive discussions on implementation have failed to materialise is that related to the Monterrey and Doha agreements. The summary reports of the biennial high-level dialogues on FfD suggest that these dialogues commonly address only a very limited range of commitments in any significant detail, with almost no discussion of the performance of individual signatories. The lack of a more focused and substantive process for monitoring implementation of these agreements is certainly an obstacle to such dialogue emerging. There is a wide range of external analysis which could inform these high level dialogues, but this does not seem to be referenced in any substantive way. The following statement from the UNGA President's summary of the 2013 biennial high-level dialogue of FfD is typical of the type of dialogue on implementation which seems to have been addressed in these spaces: "The President noted that…the perilous state of public finances in many developed countries had led to a fall in official development assistance" (UNGA, 2013b, para 6). This statement says nothing about where ODA had fallen and where it had not, nor does it offer any judgement on this outcome.

It is also important to highlight with regard to the MDG 8 framework that high level dialogues on implementation performance have only taken place infrequently (as part of the overall MDG review process), with such dialogues occurring in 2005 and 2010. Also, a review of documents produced in relation to the MDG review process suggests that dialogue on MDG 8 has been addressed in quite general terms, with only a limited range of issues addressed in any detail, and little substantive use of official or external analysis to assess the performance of individual signatories.

A somewhat contrasting case is provided by the aid/development effectiveness agreements, for which detailed monitoring reports and evaluations were produced in order to inform the dialogue on implementation at High Level Forums in Accra, Busan and Monterrey. As a result these High Level Forums involved quite substantive discussion on aid/development cooperation policy areas where progress was least advanced, as evidenced by the outcome documents which emerged from them (OECD, 2008, 2011b) (see paragraphs that follow for more details).

The second element is the discussion and identification of follow-up priorities and actions which can help to address shortcomings in implementation. This step is important in helping to bring the accountability process full-circle and ensure that priorities evolve as implementation efforts proceed. These priorities can then be followed up in further phases of monitoring and dialogue.

> ***Largely general follow-up priorities and actions have done little to bring clarity to the measures needed to implement these agreements***

Generally the high level dialogue processes attached to the agreements reviewed in this chapter do not perform strongly with regard to this second element. The outcome documents from dialogues relating to the Monterrey/Doha agreements and the MDG 8 framework propose largely *general* follow-up priorities and actions (beyond those on ODA), which have done little to bring clarity to the measures needed to implement these agreements. For example, the outcome document from the MDG Review Summit in 2010 states the importance of pursuing "measures to curtail illicit financial flows at all levels, enhancing disclosure practices and promoting transparency in financial information," but fails to identify what specific actions in these areas are required (UNGA, 2010, para 78(i)).

Another example of less than ideal practice in this area is provided by the climate finance agenda. A range of high level international summits and gatherings have been held since the 2010 COP where the USD100bn LTF commitment was reached, and little has been achieved to date in clarifying the terms of this commitment. The introduction of biennial high-level ministerial dialogues on climate finance (the first in 2014) may help to address this issue.

Amongst the cases reviewed in this chapter the high level dialogues on the aid/development effectiveness agreements have involved the most concrete follow-up agenda, including a number of clear commitments in the outcome documents from the Accra and Busan summits to address shortcomings in implementation. However, most of the commitments in these outcome documents are general in nature, and therefore provide limited guidance for follow-up implementation efforts.

Table 4.1 Overview of the accountability characteristics of selected sustainable development financing agreements

	MDG8 framework	Monterrey/Doha FfD agreements	Aid/development effectiveness agreements	Climate finance commitments
Concrete and clear commitments	Weak – mostly general and poorly defined commitments (except on ODA)	Weak - mostly general and poorly defined commitments (except on ODA)	Strong/moderate – concrete commitments in a range of areas, with monitoring framework helping to elaborate actions required by individual governments	Weak – no clarity on how to define finance to be delivered, as well as on responsibilities of individual governments
Strong monitoring process	Weak – very limited before 2008; limited focus on individual governments since 2008	Weak – limited range of commitments monitored, and little on individual governments	Strong/moderate – detailed framework of indicators and targets on select issues, although neglected most commitments	Moderate – annual/bi-annual self-reporting by signatories
Substantive high level follow-up process	Weak – limited and infrequent dialogue on MDG8 in MDG review processes	Weak – regular dialogues, but little emphasis on individual governments and mostly general follow-up actions	Moderate – some clear commitments to respond to state of implementation, although many still general in nature	Weak /moderate – limited high level dialogue to date, although bi-annual high level process initiated in 2014

Source: Authors

3.4 Complementarity among the key characteristics

The analysis presented in this section has illustrated how crucial each set of characteristics is in its own right for facilitating strong accountability. This analysis does also point towards another important conclusion; that it is actually the combination of these characteristics which is most critical. Where there are deficiencies in even one of these sets of characteristics, this can be sufficient to weaken accountability efforts.

Having concluded this, it also seems to be the case that the most crucial set of all is the first - the elaboration of focused and clearly defined commitments. Where these are not in place the prospects of designing a monitoring process and addressing follow-up in a substantive way are extremely poor. This dynamic is clearly illustrated by the case of climate finance, the monitoring and accountability for which has been deeply undermined by continued ambiguities in agreed commitments. It is also emphasised by the experience of the Monterrey/Doha agreements, for which an extensive inter-governmental follow-up process was arguably rendered toothless due to the lack of clarity and direction provided by these agreements.

What seems to be crucial is that ambitions for and the parameters of accountability processes are clearly elaborated on in the agreements themselves, as without this the obstacles to agreeing to pursue this in an ambitious way seem unsurmountable.

4 Other priorities for tracking finance

Section four of this chapter provides insights into the characteristics and elements of post-2015 financing agreements and follow-up processes that will likely determine success in promoting accountability for their implementation. This section addresses some thematic issues which could usefully be given emphasis in efforts to pursue accountability for post-2015 financing.

4.1 Tracking private finance

Private finance is already playing an important role in both development and climate finance. In fact, in the case of climate finance, private sources have been more prominent than public sources to date, with private finance contributing the majority of resources for LTF.

However, despite its significance for sustainable development financing efforts, a number of technical and practical difficulties in tracing private finance remain unresolved. The private sector all too commonly does not undertake full information disclosure, and its financial flows can also be complex to track (Caruso & Ellis, 2013; Clapp et al., 2012; Shimizu et al., 2013; Stadelmann, Michaelowa, & Roberts, 2013). Table 4.2 below shows some examples of institutions that track some types of private finance, and illustrates that the current system of tracking private finance is patchy and inconsistent.

Table 4.2 Examples of private finance tracking and related gaps

Type of private finance	Who is tracking and what are the major gaps?
FDI	Available from OECD and UNCTAD, but this does not include 'confidential investment'
Portfolio Investment	Available from World Bank and IMF, although no sectoral data are available
Investments mobilised by bilateral agencies	Bilateral agencies do not report on the levels of private finance mobilised by their publicly financing activities
Voluntary payments by companies, NGOs, and private individuals	Available from OECD, but data from several countries are missing entirely and some other countries' data are incomplete

Source: Stadelmann et al. (2013)

It is therefore vital that the post-2015 financing process facilitates improved efforts to track private finance flowing to developing countries.

4.2 Monitoring effectiveness of private and blended finance

Secondly, the issue of effectiveness has been inadequately addressed in development finance agreements to date. These agreements have addressed issues related to effectiveness with regard to aid, but have failed to widen this agenda to also focus on the effectiveness challenges as they apply to other forms of development finance.

Amongst the priorities here could be to promote greater accountability for the effectiveness of aid which is pooled with and used to support the private sector. Efforts to scale-up using aid for such priorities was actively pursued during the Addis Ababa FfD negotiations and by many donor agencies in order to address financing gaps in areas such as infrastructure and private sector development. However, there are currently only weak social and environmental safeguards and standards which apply to these operations and therefore strengthening them could help to ensure that these financing approaches genuinely support sustainable development.

> *Strengthening social and environmental safeguards could help ensure that financing genuinely supports sustainable development*

Ensuring that private finance also contributes in a more substantive way to sustainable development could also be a critical agenda to be addressed by the post-2015 financing discussions. This could involve some substantial additional commitments from the private sector to report on their social and environmental impacts and improve their general levels of transparency.

4.3 Scaling up domestic revenues

Domestic revenue is the most critical resource available to developing countries to support their development. This source of financing has grown rapidly across developing countries in recent years, although for the poorest countries these revenues are still some way below the levels they require even to invest in addressing basic development needs.

It is therefore critical that the FfD and SDG processes address the accountability issues related to domestic revenue mobilisation. An important element of this agenda should be promoting efforts to strengthen the transparency and accountability of developing country governments and to tackle corruption.

However, it is also vital that efforts are made by developed countries to address their responsibilities related to domestic revenue mobilisation in developing countries. This could include efforts to ensure that companies report fully on their business activities (through committing to apply company by company reporting, and the automatic exchange of information by tax authorities) in order to address challenges of tax evasion and avoidance, channels through which developing countries lose many billions of dollars in revenues each year (GFI, 2014).

4.4 Strengthening the focus on results

A limitation of this paper is that it has focused on accountability for the delivery of finance, but neglected an exploration of how accountability for the impacts of such financing can be strengthened. Section 3.2 contributes towards addressing these issues, as the approach that is taken to delivering finance is critical to ensuring support for sustainable development outcomes. This section offers some additional ideas on how to strengthen focus on outcomes of financing.

> *Results-based financing can help supporting sustainable development outcomes*

A measure to help pursue such an agenda is results-based financing. This involves making the delivery of financing conditional on the result it achieves, thereby rewarding those activities which deliver the most substantive results. Such an approach to delivering sustainable development financing has been most extensively tested with regard to aid, for which issues of programme effectiveness and quality have been long-standing challenges (Williamson & Dom, 2010). The proponents of results-based aid claim that it has the potential to ensure incentives related to performance, quality and results are directly targeted and strengthened in aid programmes (Birdsall, Mahgoub, & Savedoff, 2010).

Examples of results-based aid programmes include the European Union's MDG Contracts (budget support, a proportion of which is contingent on results achieved in priority areas), Cash on Delivery Aid (support to governments based on verified results in sectors such as education) and Output Based Aid (payment to third party delivery agents based on the number of people reached by services). Experience with such instruments suggests that they need to be designed carefully to ensure that they focus on the most critical results (World Bank, 2015), measure performance accurately (Sandefur & Glassman, 2014), and effectively address challenges of weak implementation capacity in many contexts (Chee et al., 2007).

5 Conclusions

This chapter has identified a range of characteristics of sustainable development financing agreements and their follow-up processes which are vital to promoting accountability for their implementation. These characteristics have been identified on the basis of reviewing the experience of contemporary agreements related to development and climate financing, and include focused and clearly defined commitments in the agreements; consensus on strong monitoring processes and indicators; and substantive high level dialogue to discuss performance and follow-up priorities. These characteristics are important in their own right, but it is also critical that they are present in combination in order to promote effective accountability.

An initial assessment of the outcome of the FfD3 meeting—the Addis Ababa Action Agenda—shows that the experiences with regards to accountability have only partly been considered. While the document stresses the importance of monitoring and follow-up and specifies modalities for this, it contains very few commitments for which signatories can be held accountable. This is regrettable, since clearly defined commitments are critical components of accountability frameworks. Looking forward, one should thus hope that the SDG agreements and other follow-up processes elaborate the general statements of the Addis Ababa Action Agenda.

This chapter has also identified a range of thematic areas in which accountability for action could be strengthened by the SDG agreement. These include strengthening the tracking of and accountability for private finance flows, applying effectiveness principles to all forms of financing, achieving results from financing efforts, as well as action from developing and developed countries to address domestic resource mobilisation challenges.

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