



Time for New Global Governance on International Development Cooperation (IDC)



The Fourth International Conference on Financing for Development (FfD4) is a crucial opportunity to reach a political agreement on a UN Convention on International Development Cooperation, including establishing a mechanism for the fulfilment of the trillions in unmet ‘aid debt’ owed to the Global South through decades.

The root of the problem: The current governance is based on inequality and non-representation

IDC entails the transfer of a concessional resource from one country to another, to support the development objectives of the recipient country. While IDC covers many forms of development cooperation the discussion on the topic is typically restricted to traditional IDC - in other words Official Development Assistance (ODA), or aid. This is in and of itself a telling observation, and weakness, especially when the focus is on where decision-making and policy setting on IDC takes place. It is not acceptable that the complex IDC landscape, with its many hubs of influence and interest, including countries from all regions, of all sizes and types, and at various stages of their development paths, is primarily governed by a select group of rich countries that are the traditional providers - i.e. the Organisation for Economic Cooperation and Development Assistance Committee (OECD-DAC).¹

The (political) inequality embedded in the current system of governance where not all of the interested and impacted parties are represented is certain to fail on the commitments it makes. An exclusive governance architecture will:

- Struggle with issues of legitimacy and weak application and adherence to its commitments, especially when the impact of those commitments extends beyond those making the decisions;
- Find it difficult to ensure accountability due to the perceived lack of legitimacy, as well as the inability or lack of authority to hold non-represented parties to account;
- Risk creating other constellations of governance which are not aligned, thus fragmenting the governance architecture and creating an uneven playing field.

Creating an inclusive governance framework becomes ever more important in a context where development cooperation as a whole, and ODA in particular, are under increased pressure in an uncertain global political context.

At the same time and in the spirit of ensuring that all forms of international development cooperation are democratic, fair, accountable and development-oriented it is important to recognise the need to also review, under the same governance system, other types of development cooperation beyond ODA, like South-South cooperation (SSC) and triangular cooperation. South-South flows have grown rapidly in the past few decades and have raised concerns about accountability and inclusive participation in this type of development cooperation.

To put it simply, the current governance structure which shapes international development cooperation policy and decision making is outdated and urgently needs to be reformed.

The unintended consequences of changing the rules: Less IDC to countries in the Global south

“The hand that holds the pen writes history”, or in the case of the OECD DAC the rules of the game most favourable to their own interests thanks to the deep-rooted political inequality and unfairness in the current IDC governance system. The clearest recent example of this is an ODA modernisation process, where the OECD DAC has changed what can be counted as ODA.² The changes have had far-reaching impacts on the volumes of ODA being reported, the policies and priorities of bilateral donors and ultimately how ODA is being allocated and to where.

In parallel, to the modernisation process there have been increasing demands on public finance to address issues like climate change and humanitarian causes, especially relating to peace and security. In principal, climate finance and peace and security causes should be financed from non-ODA budgets, but this is increasingly not the case.

Consequent trends in ODA allocations present a very concerning picture for developing countries and signal a diversion of IDC, especially away from Least Developed Countries (LDCs), who rely upon ODA as a significant portion of their external development finance. Indeed, ODA allocation continue to fall well short of the volume commitment by donors to ensure that .15-.20 percent of their GNI go to LDCs.³ This may only worsen as the new

¹ “Development Assistance Committee - Membership as 28 November 2024.” On-line guide to OECD Intergovernmental activity. Accessed November 28, 2024. <https://oecdgroups.oecd.org/Bodies/ShowBodyView.aspx?BodyID=869&BodyPID=15814>.

² “The Modernisation of Official Development Assistance (ODA).” OECD temporary archive. Accessed November 28, 2024. <https://web-archieve.oecd.org/temp/2023-11-13/395130-modernisation-dac-statistical-system.htm>.

³ “The Modernisation of Official Development Assistance (ODA).” OECD temporary archive. Accessed November 28, 2024. <https://web-archieve.oecd.org/temp/2023-11-13/395130-modernisation-dac-statistical-system.htm>.

rules now incentivise rich countries to channel their ODA through modalities like Private Sector Instruments (PSI) which gravitate to middle income countries (MICs) and not LDCs.⁴ These trends beg the question: do a more comprehensive set of rules under a more democratic governance architecture need to be developed and applied for international development cooperation? Many CSOs in the Global South and North believe they do.

No definition or mandate for development cooperation is problematic

To suggest that IDC is being diverted, would imply that there is an agreed upon understanding that dictates how it is meant to be used. Surprisingly, this is not the case. ODA, as defined by its original architects, is broad, and “is defined as government aid that promotes and specifically targets the economic development and welfare of developing countries”.⁵ SSC is even less clearly and formally defined, though is often linked to the Bandung principles.⁶ While a broad definition has its merits, as it should allow for countries to agree on how development cooperation can be best deployed to improve the welfare of developing countries, the reality is that this flexibility has resulted in development cooperation being deployed in ways that do not fit its core mandate. Clear examples include development cooperation that is channelled through development finance institutions which have a clear profit motive, or the development cooperation that comes with a clear favouritism towards a rich countries private sector and geopolitical interests.

Solving this problem requires agreeing on a clear definition that includes inalienable obligations development cooperation must meet, and which may mean reversing some of the recent closed-doors decisions made by a small non-representative group of countries.

While there are a set of broad principles and commitments which are meant to ensure that development cooperation is effective, by ensuring that it respects country ownership, it is inclusive, it is transparent and accountable, and it focuses on results⁷, these commitments have suffered from lack of political will even by the countries that originally crafted them, which speaks again to the failures of the current governance arrangements.

A breakthrough milestone: A new normative framework on IDC

The United Nations offers all of the necessary attributes to establish a new normative framework on IDC, which can respond to the need for a transparent and inclusive multilateral process under UN auspices for agreeing on a common understanding of parameters and objectives of IDC flows. Through its universal and equal member state representation, and the legal instruments it has at its disposal the UN can bind member states to the commitments they make, for example through a framework convention. A framework convention could provide the needed scale, scope and leverage to house all commitments, new and existing, in a single legally binding instrument while also creating the space where these commitments can be monitored and assessed.⁸

A new normative framework would need to:

- Establish norm and rule setting on use and flow for development cooperation and democratise the governance of IDC;
- Be binding to avoid the pitfalls of past voluntary agreements and commitments which remain unmet decades later;
- Be agreed to by all countries and applied to and enforced for all actors;
- Provide a concrete, universally understood and airtight definition of international development cooperation;
- Include systems of monitoring and accountability to track progress and make adjustments in policy and behaviour to fulfil the agreed upon commitments;
- Uphold and not abandon existing commitments, but instead integrate them and apply them in a manner consistent with the principle of common but differentiated responsibilities and a recognition of past harms;
- Create a level playing field, promote greater alignment, and overcome fragmentation of development cooperation;
- Extend to all forms of development cooperation and providers, including traditional development cooperation, South-South and Triangular cooperation, and other forms of cooperation.

FfD4 is the place to recognise and agree that a new normative framework and global governance of IDC, on the basis of a framework convention. This would be the first step towards giving the UN the needed mandate to take forward such a proposal as a follow up to the FfD4 outcome.

⁴ Leveraging Private Finance for Development | OECD. Accessed November 28, 2024. <https://www.oecd.org/en/topics/sub-issues/leveraging-private-finance-for-development.html>.

⁵ “Recommendation on Terms and Conditions of Aid.” OECD Legal Instruments. Accessed November 28, 2024. <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-5006>.

⁶ “Revisiting the 1955 Bandung Asian-African Conference and Its Legacy.” The South Centre. Accessed November 28, 2024. <https://www.southcentre.int/question/revisiting-the-1955-bandung-asian-african-conference-and-its-legacy/>.

⁷ “The Effectiveness Principles.” operation. Accessed November 28, 2024. <https://www.effectivecooperation.org/landing-page/effectiveness-principles>.

⁸ An IDC convention as envisaged by civil society would address other important elements in addition to a reformed global governance. These can be found in the CSO FfD Mechanism Submission on the elements paper call for inputs. <https://financing.desa.un.org/sites/default/files/2024-10/Civil%20Society%20FfD%20Mechanism%20Submission%20to%20FfD4%20Elements%20Paper.pdf>