



SUMMARY

Development Co-operation Report 2012

Lessons in linking sustainability and development

Development challenges in 2012

Despite a steady climb in the world's overall GDP, wide gaps remain from country to country and region to region – and there are growing inequalities throughout. In the world today:

- The population has passed the seven billion mark.
- One billion people live on less than two dollars a day and most of them are malnourished.
- 1.3 billion people have no access to electricity.
- One billion people lack clean drinking water.
- More than 2.2 million children under the age of 14 die because of unsanitary water.
- We are using 1.5 times the resources needed to support global activities.
- Developing countries are facing the first drop in official development assistance (ODA), in real terms, since 1997.

This year's *Development co-operation report* (DCR) explores these and other challenges – and what they mean for sustainable development – through the ideas and experiences of leading development thinkers and practitioners.

Linking sustainability and development: Global partnerships and national initiatives

With these harsh global realities, we need solutions that are practical, effective and replicable. The DCR 2012 looks at how the development community – developing, emerging and OECD countries, multilateral organisations, civil society organisations (CSOs) and the private sector – have combined efforts to tackle specific environmental challenges and help us move towards sustainable development. It presents initiatives and ideas that offer valuable lessons and perspectives:

- Recognising the urgent role of energy in supporting growth and development, the European Union has worked to improve energy access in Africa since 2002. It currently plays an active role in the United Nation's (UN) Sustainable Energy for All initiative, joining efforts with numerous developing countries to deliver solutions to their energy challenges.
- Combating short-lived climate pollutants (SLCP) lessens the negative impact of climate change while reducing the toll of air pollution on human health, agriculture and ecosystems. As a committed member of the Climate and Clean Air Coalition, Sweden is helping developing countries scale up their efforts to combat SLCP.
- Breaking the mineral and resource curse can improve economic performance and reduce both poverty and conflict. Through twinning arrangements with Norwegian institutions under the Oil for Development programme, Ghana and several other African countries are working to ensure economically, environmentally and socially responsible management of their petroleum resources.

There are many more examples of such efforts, both in this DCR and worldwide: multilateral agencies are designing and implementing projects that promote sustainable livelihoods; companies are driving positive social impact and creating new opportunities for innovation and growth through global partnerships; and countries like China and Kenya are demonstrating that the concepts of “green” and “growth” can and must go hand in hand.



This brochure provides a brief overview of the Development co-operation report 2012. This report seeks to provide insights into how to address today's sustainable development challenges, with a focus on inclusiveness and good governance to ensure that our finite resources are equitably distributed, now and in the future.

<http://www.oecd.org/dac/dcr2012>

Development co-operation's role in the “future we want”

In 2012, world leaders and thousands of participants from governments, the private sector, CSOs and others came together in Rio de Janeiro for the Rio+20 UN Conference on Sustainable Development. The conference produced *The future we want*, the world's newest vision for sustainable development. How can development co-operation help achieve this future?

This report sees the following actions as crucial as we move beyond Rio+20, working to ensure that green growth drives sustainable development:

Adopt a new model for development co-operation

The Millennium Development Goals (MDGs) have guided development co-operation since 2000, focusing political attention on combating hunger, fighting child mortality, providing universal education and promoting environmental sustainability. Looking beyond the MDGs, providers and recipients of development co-operation recognise that the challenges ahead require a new operating model. To ensure effectiveness in supporting the needs and priorities of developing countries, this new model must:

- **Integrate green growth thinking into all areas of development co-operation:** This should go beyond emphasising natural resource management in aid portfolios to: ensure that aid for poverty reduction promotes livelihoods that are secure and resilient to climate change; ensure that support lent for infrastructure development and land use is climate- and disaster-proofed.

- **Reflect the value of natural capital in aid-supported programmes:**

This is particularly important when prioritising the investment of development financing in physical, natural or human capital; more and more evidence suggests that investment in natural capital pays greater social dividends than investment in carbon-intensive infrastructure.

- **Ensure that development resource allocations evolve from the current sectoral approach to a whole-of-government approach:** This means that the bulk of funding should be used to finance national sustainable development plans that will support countries in addressing green growth priorities in a more comprehensive manner.

Use aid effectively as a catalyst for sustainable development finance

OECD Development Assistance Committee (DAC) projections forecast a levelling off – if not a decrease – in aid spending in the immediate future. How can we use our limited resources more effectively to ensure value for money?

- **Countries need to stick to their pledges to give 0.7% of gross national income (GNI) as ODA.** At the same time, they need to make sure that their commitments are feasible, and that they enhance the accountability and transparency of aid.
- **ODA needs to address wider sustainable development concerns** (from food security in Africa to the negative impacts of mass urbanisation in Asia) and a **broader range of developing countries**; it also needs to comprise a **full spectrum of financing instruments** (from grants to risk guarantees).

- **ODA needs to be used as a catalyst** to foster private-sector development and stimulate investment and trade flows that can help to **“de-risk” sustainable development activities.**

- **Development finance needs to promote the uptake of green growth policies using innovative channels.** This can include measures such as putting a price on carbon, thereby encouraging companies to reduce carbon emissions while generating new public revenue for developing nations to support their climate-related development projects.

As the development community moves toward defining the post-2015 agenda, we should revisit valuable knowledge and experience and integrate relevant ideas and approaches – such as those presented in this DCR – to foster innovation in our thinking, our institutions, our behaviour and our technologies.