PART III

Chapter 10

How is financing for development helping to leave no one behind?

by

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The 2030 Agenda requires a mobilisation of finance commensurate with its ambitious scope, which includes the bold pledge to leave no one behind. This chapter describes the twofold challenge for development financiers: scaling up finance to implement all 17 of the Sustainable Development Goals; and ensuring that the implementation of these goals benefits even the most marginalised people on the planet. The chapter examines the progress that financiers - public and private, domestic and international - have made towards both objectives and offers suggestions on how to accelerate progress. It highlights specific actions to mobilise greater volumes and more targeted allocations of finance, with a particular emphasis on external private investment, domestic public resources and official development finance.

This chapter also includes an opinion piece by The Right Honourable Keith C. Mitchell, Prime Minister of Grenada, which calls for “All partners to join forces to leave no small island developing state behind.”
Development financing

KEY MESSAGES

ODA remains a vital source of financing, particularly in the least developed countries, where it accounts for over two-thirds of external finance.

External private finance and domestic resources raised through taxation have a central role to play.

Total external financial flows disproportionately benefit upper and lower middle-income countries, while low-income countries are being left behind financially.

Trends in ODA allocations suggest they have some way to go to be fit for purpose: bilateral ODA to countries most in need dropped considerably for many from 2011 to 2016. ODA to least developed countries was only 0.09% of gross national income in 2017 – far from the 0.15–0.2% commitment.

Better tracking is needed to ensure ODA reaches the left behind and can be enabled by more granular data on aid activities.

To fulfil the 2030 Agenda and leave no one behind, development financiers must scale up funding and make sure that it is targeted towards the countries and people most in need.
Science fiction writer William Gibson affirmed that “the future is already here – it’s just not very evenly distributed.”¹ He first expressed this sentiment long before agreement of the Millennium Development Goals and was referring specifically to the unequal access to technology throughout the world. But Gibson’s point is equally applicable to development in general. The fact that political leaders felt it necessary, in the 2030 Agenda, to pledge to leave no one behind validates his conclusion.

To live up to this pledge, the global community must mobilise adequate financing and deliver it to the most remote and underprivileged people of the world. The sums of finance spent on development are vast, but their collective reach, as this chapter will demonstrate, has to date fallen short of the mark.

Mindful of the inability of any single resource to finance the full development framework, signatories to the 2030 Agenda called for efforts to mobilise multiple sources: domestic revenues, official development assistance, private investment and “additional financial resources” (UN, 2015[1]). With such a wide array of financing mechanisms and actors, leaving no one behind will require that development programming adapt to a variety of political and socio-economic environments. Chapter 9 considers that issue, while the present chapter focuses specifically on whether donors are living up to their financial commitments.

More specifically, this chapter attempts to determine: 1) the extent to which the major sources of financing for sustainable development are filling the funding gap; and 2) if these sources are reaching those countries and sectors most in need. In the absence of a commonly agreed definition for leaving no one behind, and in the interest of brevity, this chapter limits its scope to finance flows to countries and selected sectors. And in the absence of robust data, it focuses more on needs across countries and less on the needs of specific groups at risk of being left behind within countries. The chapter closes with some suggestions on how to improve the mobilisation and allocation of finance.

Scaling up development finance – all hands on deck

The 2015 Addis Ababa Action Agenda provided a new vision for development finance. It recognised that the ambition of the Sustainable Development Goals (SDGs) necessitates an equally ambitious financial underpinning (UN, 2015[2]). The United Nations Conference on Trade and Development estimates that the annual investment needed to finance the SDGs in developing countries ranges from USD 3.3 trillion to USD 4.5 trillion, with a USD 2.5 trillion annual shortfall in key sectors (UNCTAD, 2014[3]). While differing figures exist for this funding gap, the common theme running through all such estimates is the same: the financing challenge is formidable. Consider the donor community alone: the SDGs specifically single out international co-operation and official development assistance (ODA, although often referred to simply as “aid”) to feed into a very broad cross-section of the framework’s goals, targets and indicators (Table 10.1).

But, although ODA is important, comprehensive implementation of the SDGs requires a holistic approach to rally contributions from the full gamut of financing sources – not just aid, but also external private finance, domestic public resources, remittances and philanthropy. Table 10.2 provides 2016 estimates for these flows, with the exception of domestic public resources. Regarding the latter, the ratio of tax revenue to gross domestic product (GDP) is more relevant. In 2016, the median ratio among low-income countries was just 13% (IMF et al, 2016[4]) – that is, below the 15% threshold recognised as the minimum level necessary to sustain development outcomes. For comparison, the median ratio in OECD countries stood at 34.3% in 2016 (OECD, 2017[5]). Encouragingly, donors and partner countries participating in the Addis Tax Initiative² have pledged to scale up the mobilisation of domestic revenue, including by doubling support through technical co-operation.
The caveats, assumptions and explanations (outlined in the notes below) for the data in Table 10.2 temper any premature elation over the USD 1.6 trillion total. However, the figures do paint an overall picture of the available finance and therefore hint at the scale of the challenge to fill the remaining gap.

So how far has total financing for sustainable development progressed over the years?

Figure 10.1 illustrates the combined contribution of the various financing sources (excluding domestic public resources), which grew considerably between 2000 and 2016. One cannot easily assess what percentage of external private finance and remittances is attributable to development objectives, but the collective trend is reassuringly upward. Nevertheless, the international community still has significant ground to cover in harvesting the finance required to implement the SDGs.

Table 10.1. **Sustainable Development Goals/targets and indicators explicitly referencing aid**

<table>
<thead>
<tr>
<th>SDG/targets</th>
<th>Indicators</th>
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<tbody>
<tr>
<td>1.a</td>
<td>2.a.2</td>
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<tr>
<td>2.a</td>
<td></td>
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<td>4.b, 4.c</td>
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<td>6.a</td>
<td>6.a.1</td>
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<tr>
<td>7.a</td>
<td>7.a.1</td>
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<tr>
<td>8.a</td>
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<tr>
<td>9.a</td>
<td>9.a.1</td>
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<td>10.b</td>
<td>10.b.1</td>
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<td>11.c</td>
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<td>12.a</td>
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<td>13.a</td>
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</tr>
<tr>
<td>15.a, 15.b</td>
<td>15.a.1, 15.b.1</td>
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<tr>
<td>17.2, 17.9</td>
<td>17.2.1, 17.3.1, 17.9.1</td>
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Source: [IAEG-SDGs, 2017](https://unstats.un.org/sdgs/indicators/indicators-list), "Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development”

Table 10.2. **Cross-border finance to developing countries, 2016**

<table>
<thead>
<tr>
<th>Type of flow</th>
<th>Total (billion USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>External private finance¹</td>
<td>930</td>
</tr>
<tr>
<td>Remittances²</td>
<td>423</td>
</tr>
<tr>
<td>Official development finance³</td>
<td>134</td>
</tr>
<tr>
<td>- Bilateral, concessional</td>
<td>54</td>
</tr>
<tr>
<td>- Bilateral, non-concessional</td>
<td>33</td>
</tr>
<tr>
<td>- Multilateral, concessional</td>
<td>68</td>
</tr>
<tr>
<td>- Non-OECD Development Assistance Committee</td>
<td>22</td>
</tr>
<tr>
<td>Philanthropy⁴</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1 672</strong></td>
</tr>
</tbody>
</table>

Targeting development finance to countries and sectors most in need

Few dispute the urgency to increase overall volumes of development finance. But in parallel with this drive to increase funding “from billions to trillions” (Development Committee, 2015\(^9\)), development actors must also “shift the trillions” to make demonstrable progress in the neediest countries and sectors. This shift is central to delivering the agenda to leave no one behind.

Although the overarching objective of the OECD Development Assistance Committee (DAC), as expressed in its mandate, is to contribute to implementation of the 2030 Agenda, the committee does not have a definition for “leaving no one behind”. However, the DAC has committed to scaling up its efforts for “countries most in need,” which include least developed countries (LDCs), low-income countries (LICs), small island developing states (SIDS), land-locked developing countries (LLDCs), and fragile and conflict-affected contexts (FCAC) (OECD, 2017\(^{10}\)). It is worth noting that these country groupings include around 70 middle-income countries, which are home to a large share of the world’s poor and high levels of inequalities (World Bank Group, 2016\(^{11}\)).

To determine if the neediest or poorest countries are attracting the largest share of finance, Figure 10.2 illustrates the relative volumes and to which country groupings some financing sources directed their flows in 2016, including to LICs, lower middle-income countries (LMICs) and upper middle-income countries (UMICs). The figure demonstrates that these flows disproportionately benefit upper and lower middle-income countries over low-income countries. Furthermore, Chapter 3 identifies 31 countries that are severely off track to meet the headline SDG target (1.1) to end extreme poverty. Eighteen of these 31 countries are low-income countries, which Figure 10.2 suggests are being financially left behind. Recent OECD research on blended finance mirrors this finding: 77% of private finance mobilised by interventions of official development finance went to LMICs and UMICs (OECD, 2018\(^{12}\)).

As for official development assistance (ODA), DAC members have recently reaffirmed their commitments to allocate 0.15-0.20% of their gross national income (GNI) as ODA towards the least developed countries (OECD, 2017\(^{10}\)). However, while bilateral aid to the LDCs increased by 4% in 2017 in real terms, this uptick followed several years of decline and, at 0.09%, is still below the GNI target. In fact, Chapter 13 demonstrates that bilateral ODA to many of the countries most in need dropped considerably from 2011 to 2016.
Those most in need do not necessarily live in the poorest countries

That poorer countries should be the primary beneficiaries of development finance seems self-evident, and yet development challenges do not magically vanish the moment a country ascends above an arbitrarily defined rung of the income ladder. In 2013, around 181 million more of the world’s global poor lived in lower middle-income countries than in low-income countries, despite the former’s higher income levels per capita (World Bank Group, 2016). So, while development finance can do a better job in supporting the poorest countries, the slightly richer countries still require assistance.

In response to this phenomenon, the OECD is currently conducting research into the behaviour of various financial flows as countries transition through the development continuum. Figure 10.3 demonstrates that ODA drops precipitously as income per capita rises, but that other external flows are slow to compensate for this change. However, when including flows from non-DAC actors (primarily the People’s Republic of China), a very different picture emerges (see Figure 1.3 in Chapter 1). Of particular note is the fact that in lower income countries, private flows from non-DAC actors outspend relative to such flows from DAC countries, whereas the reverse is true through official flows. The OECD’s ongoing research strives to unpack how development financiers can best calibrate the mix of resources available to countries at various points along the development continuum. In turn, this research can help financiers make sure that no one, in any country, is left behind.

Aid does not always reach those most in need within a country

At the same time, channelling flows to central governments in countries across the development continuum may not be sufficient: recent research suggests that aid does not always directly target the neediest populations within a country (Box 10.1). To address such within country inequalities, the World Bank has prioritised, and made progress in promoting, “shared prosperity” even if continued attention is necessary to achieve income growth in the bottom 40% of populations within countries (World Bank Independent Evaluation Group, 2017).
Figure 10.3. **Financing resources available to developing countries, 2012-16, at 2015 prices**

Note: The resources include concessional flows (official development assistance, ODA), non-concessional flows (other official flows, OOF), private flows (foreign direct investments, private securities, and claims from banks and other sources such as bonds, equity, etc.), and remittances.


### Box 10.1. Does aid target the poorest?

**Ryan Briggs, Assistant Professor, Department of Political Science, Virginia Tech University**

One way to test if foreign aid is leaving people behind is to see if it targets places of relative poverty or wealth within countries. Research shows that aid generally does not target poorer places within recipient countries. In Africa, for example, aid flows to the richer parts of countries. Pro-rich targeting of aid is not so prevalent outside of Africa, but there are no world regions that specifically target aid to poorer locations. Similarly, different aid sectors are more likely to target the rich than they are the poor.

While aid is not disproportionately targeted to poorer places within counties, this does not mean that it is deliberately targeted towards the wealthy. For example, aid may be able to provide more social benefits per dollar if it is targeted to more densely populated, but also richer, urban areas. However, in this case there may be a trade-off between providing more social benefits per dollar and reducing within-country inequality.

But current research only examines the direct effects of aid, and in doing so may miss important general equilibrium effects. For example, aid that promotes industrialisation and is targeted to a relatively wealthy city may in time reduce poverty for rural people outside the urban area. Also, current research leans heavily on data from just a small number of donors: it is only these donors whose aid projects are geocoded. Much more could be learnt if more donors produced geocoded information on the aid they provide.

Sources: (Briggs, 2017[15]) (Briggs, 2018[16]) (Briggs, 2018[17]) and (Öhler and et al., 2017[18]).
In my view: 
Joining forces to leave no small island developing state behind

by The Right Honourable Keith C. Mitchell,  
Prime Minister of Grenada

The 2017 hurricane season was a wake-up call. It caused devastation worth billions of dollars to nine Caribbean nations. Dominica suffered damages of over 200% of its gross domestic product (GDP); reminiscent of Grenada’s experience with Hurricane Ivan in 2004. The increased intensity and frequency of extreme weather events further illustrate that small island developing states (SIDS), like Grenada, are the most vulnerable to climate change while being the least responsible for the emissions that create climate change.

No crisis should be squandered, and a new narrative is emerging amongst SIDS. Dominica aims to become the world’s first climate-resilient nation. Similarly, in Grenada, our capital city St. George is poised to become the first climate-smart city in the Caribbean with significant technical and donor support. Moreover, collaborating with other Caribbean leaders, Sir Richard Branson and some 40 international private sector players, we announced the Caribbean’s aim to become “the world’s first climate-smart zone”. This coalition of 26 nations is being supported by the Inter-American Development Bank, the World Bank and Mexico. For the OECD and the private sector in member countries, this is an unprecedented opportunity to join forces to ensure that no one is left behind. The Caribbean and other SIDS can be Petri dishes for new climate policies and technologies addressing resilience, renewables and efficiency.

Across the Caribbean there is an USD 8 billion opportunity to install some 8 gigawatts of renewable energy. Renewables are essential for sustainable development. Caribbean nations and other SIDS spend a disproportionate amount of foreign exchange on imported fossil fuels. Compounding this, frequent extreme weather events are creating fiscal imbalances, forcing our nations to borrow expensively with the heightened risk of debt distress. This “triple trap” of fossil fuel dependence, climate impacts and debt overhang create a conundrum that can be resolved at the stroke of a pen by the OECD.

A SIDS Fiscal Space Initiative, consistent with the 2014 SAMOA Pathway, is essential. Such an initiative to enhance environmental sustainability should include a fundamental review of the graduation principle and access to concessory financing. It should consider the climate risks that are peculiar to SIDS which uniquely experience damages by single climatic events, in excess of 30% of GDP. In Grenada, we pioneered the inclusion of a hurricane clause into our debt instruments. This should become a standard feature of debt issuance to SIDS by the Paris Club, multilateral banks and capital markets. Increasing the options for state-contingent debt instruments and buying down insurance costs should also be considered alongside collaboration on blockchain solutions to the de-risking matter.

SIDS are not seeking handouts, but a level playing field on which to compete in global markets with a view to becoming self-reliant. Our small size and diseconomies of scale militate against participation in commodity markets. A targeted financing mechanism, such as a global fund of funds, supporting public-private development collaboration could help transform SIDS economies towards specialisation in niche, low-volume, high-value goods and services to serve international markets, underpinned by broadband connectivity. Support of OECD member countries towards these ends would ensure that we join forces to leave no one behind.
Opportunities to combat within country inequalities may exist through digital technologies (Chapter 12). For example, the healthcare provider Sehat Kahani\(^4\) deploys an all-female ICT-based network of staff to deliver information and advice to rural and low-income urban communities via “e-health hubs” in Pakistan.

**Countries whose populations are left furthest behind are diverse and non-homogenous**

Gertz and Kharas’s approach of identifying severely off-track countries in Chapter 3 is welcome, as it recognises that those populations left furthest behind do not live exclusively in those countries with the lowest income levels overall. Likewise, the OECD Development Assistance Committee has cast a wide conceptual net with its focus on “countries most in need”.\(^5\) These countries form a diverse category: of the 100 countries included, more than two-thirds are middle income, and many overlap across sub-groupings. Their needs are far from homogenous: The “In My View” testimony from the Prime Minister of Grenada provides a particularly revelatory study of small island developing states.

As illustrated in Figure 10.4, the recent trend of official development finance flowing to those countries most in need is little more than flat. From 2011 to 2016, the average yearly rate of growth for these sub-groupings was as follows: LICs (-1%), LDCs (1%), LLDCs (5%), FCACs (6%) and SIDS (7%). The collective trend is therefore modestly positive. And although fragile and conflict-affected contexts receive large and rising sums of ODA, this increase is mainly due to a hefty outlay for humanitarian assistance, rather than more strategic, longer term development assistance (OECD, 2018\(^{14}\)).

![Figure 10.4. Trends for official development finance to the sub-groupings of countries most in need, 2011-2016](http://dx.doi.org/10.1787/888933880280)

**Support for education, health and energy does not always target those most in need**

But what about different development sectors? Does aid target countries where sectoral needs are the greatest? An analysis of data on sectoral and sub-sectoral aid against indicators for sector-specific needs\(^6\) suggests that an adjustment in allocations would better reach those left behind.
Take, for example, three major SDG sectors: education, health and energy. Together, these sectors accounted for 26.8% of overall ODA in 2015-16 (from bilateral and multilateral donors). If one were to identify those countries that collectively represent 80% of global needs in key sub-sectors, what percentage of ODA would flow to them?

Let’s start with education. Although this sector experienced an upward blip in its share of total aid (excluding debt relief) in 2016, education previously suffered five consecutive years of falling aid, from 10% of ODA in 2009 to 6.9% in 2015 (UNESCO, 2018[19]). Of ODA targeting education, the sub-sector of primary education enjoys one of the largest shares (24.7% in 2015-16). However, these funds do not always reach those most in need. Data from the United Nations Educational, Scientific and Cultural Organization (UNESCO) reveal that 23 countries account for more than 80% of the total of primary age children out of school in developing countries. But donors allocated just 26% of aid commitments in primary education to these countries.

The health sector fares considerably better. The SDG target 3.8 calls for universal health coverage, thereby seeking to leave no patient behind. The health sub-sector that received by far the largest share of ODA (31%) in 2015-16 was control of sexually transmitted diseases, including HIV/AIDS. Data from the World Health Organization reveal that 17 countries account for around 80% of the population living with HIV/AIDS in developing countries. More than 52% of ODA for HIV flowed to these 17 countries.

As for the energy sector, nearly all the aid provided goes to electricity (99%), but does not necessarily reach those most in need. Data from the International Energy Agency reveal that 21 countries represent 80% of the world population without electricity. However, donors allocated only 38% of their ODA for electricity to these 21 countries.

One would not expect 100% of ODA allocations in a given sector to target exclusively the countries with the highest concentration of needs – this would actually be counter to the pledge to leave no one behind, since sectoral needs fan out across the developing world and many countries with smaller concentrations still require aid to meet those needs. However, a simple eyeball test (Figure 10.5) suggests aid is underserving large segments of the neediest populations, at least for these three priority sub-sectors.

Figure 10.5. Share of official development assistance targeting those countries with 80% of global needs in key sub-sectors of the Sustainable Development Goals

Equally important in the drive to leave no one behind are the cross-sectoral “global public goods”, e.g. gender equality, peace and security, global financial and environmental stability, and development data. The global community could usefully provide clarity on those partners responsible for safeguarding these goods and the division of labour among them; increased volumes and predictability of funding to preserve these goods would also be welcome (OECD, forthcoming[20]). Cross-boundary issues such as forced displacement further complicate efforts to leave no one behind. Aid to a single country is insufficient in such cases, since refugee communities often straddle borders in fleeing conflict. The development community must therefore adapt to fluid situations and engage a variety of actors in order to reach all those affected.

**Conclusion**

It is clear that the global community must both scale up its financing levels to achieve the SDGs and improve its targeting of allocations in order to reach the countries and sectors where needs are greatest. Each type of development financier, through each type of financial flow it offers, can make improvements to its way of working to accelerate progress towards leaving no one behind, as outlined below.

**External private finance has a central role to play**

In light of its current (and potential) volume of finance flowing to developing countries, the private sector is the vein that development financiers ought to tap the most vigorously (OECD, 2018[8]). External private finance does flow into development, but corporations need adequate incentives to fully integrate developing country investments into their business models.

Donors can help provide these incentives by de-risking investments in areas where the private sector is particularly reluctant to work (e.g. fragile and conflict-affected contexts). Blended finance, for example, “can address the risk-return profiles of investments in developing countries and help attract commercial investors” (OECD, 2018[12]). The European Union sets a good example: grants through its blending facilities have “helped overcome the viability gap for projects that would have otherwise not been bankable for many European development finance institutions” (OECD, 2018[12]).

**Development is not sustainable without adequate levels of domestic public resources**

Domestic public resources are the keystone of any country’s capacity to direct and sustain its own development. Countries must increase domestic capacities to collect revenue and boost their tax-to-GDP ratio. Greater engagement in the Global Forum on Transparency and Exchange of Information for Tax Purposes, the Inclusive Framework on Base Erosion and Profit Shifting, and the Addis Tax Initiative can also help mobilise resources.

Further investment to build the Global Revenue Statistics database[14] would help provide comparable and reliable statistics and thereby inform the development of better tax policies. Governments should also curb tax avoidance and evasion as well as wasteful tax incentives to reduce the amount of finance and assets flowing out of their countries. They should also invest in diaspora bonds to stimulate capital inflows from expatriate investors.

Donors and their developing country partners must combat illicit financial flows, which drain resources away from a country’s coffers. Current analyses suggest that illicit flows from Africa exceed the amount of ODA to that continent (OECD, 2018[21]). In addition, the 2015 Addis Ababa Action Agenda and the SDGs both call for a reduction in the transaction costs of migrant remittances to less than 3%. Such a reduction could trigger a windfall for recipient countries, as the global average cost in the first quarter of 2018 more than doubles that figure at 7.1% (World Bank Group, 2017[22]).
But one mustn’t let aid off the hook

Official development assistance is far from sufficient to cover the full price tag of the 2030 Agenda. Admittedly, even if all 29 member countries of the DAC were to reach the United Nations target of allocating 0.7% of their gross national income to ODA, the total ODA volume in 2017 would not have exceeded USD 350 billion. That figure alone cannot bankroll the SDGs, but it would certainly provide a welcome financial boost. One must remember that aid remains a vital source of financing, in particular in the least developed countries, where it accounts for over two-thirds of external finance and in fragile and conflict-affected contexts, where it is often the only recourse for the provision of basic services (OECD, 2018).

Increased and better targeted allocations of official development finance are an obvious and necessary starting point for achieving progress in reaching the furthest behind. Measures include leveraging private investment, safeguarding global public goods, and strengthening tax capacities in developing countries – in particular in the “severely financially challenged countries” that struggle to fund core social sectors from public revenues (Manuel et al., 2018). In addition, to better track support for leaving no one behind, donors should provide more granular data on their aid activities to the DAC Creditor Reporting System. They can do this by geocoding activity-level data to identify the subnational populations benefiting from their finance (which “blockchain technologies” can potentially facilitate – see Chapter 12) and by reporting against the reporting system’s forthcoming markers to track disability and SDGs.

Philanthropic organisations and individuals also have a role to play: these development actors should invest even further in innovative approaches and increase the availability of data on their donations (OECD, 2018). As major players in global health initiatives, philanthropists should recalibrate their disease-specific funding in order to strengthen the national health systems in developing countries (Storeng, 2014).

Deeper and more systematic engagement between philanthropic foundations and other development actors, and the Global Network of Foundations Working for Development, could also help the broader development community better coordinate and target its interventions. In recent years, a number of global dialogue platforms have helpfully opened their governing boards to include philanthropic organisations. These platforms include the Global Partnership for Effective Development Co-operation and the International Health Partnership for Universal Health Coverage 2030 (OECD, 2018).

A final word on the DAC. The narrative on development co-operation advocated in Chapter 1 could usefully include a common definition for leaving no one behind. This definition should go beyond the DAC’s commitment to reversing the declining trend of ODA to countries most in need. For example, with an agreed list of forms of exclusion (e.g. marginalisation tied to sexual orientation or religious affiliation), the OECD could – through statistical markers or machine learning – track financial flows supporting inclusion. The DAC has already committed in its mandate to work toward “a future in which no country depends on aid”. However, aid must champion disadvantaged communities within countries if that future is to be, as Gibson would suggest, evenly distributed.

Notes
3. (i). The OECD defines external private flows as those provided under market terms and financed from private sector resources and private grants. (Private grants are included under philanthropy) While this source of finance is by far the largest flow in terms of volume, it is unclear what percentage of such finance targeted activities aligned with development objectives. (ii) This figure refers to remittances to low- and middle-income countries in 2016 (World Bank Group, 2017). (iii) The official development finance figures include official development assistance and other official flows. Definitions are available at: www.oecd.org/dac/financing-sustainable-development/
development-finance-data/dac-glossary.htm. The total official development finance figure of USD 310.6 billion extends coverage to include estimates of ODA-like flows from large non-DAC providers (e.g. People’s Republic of China and India), non-concessional lending from the International Monetary Fund, and commitments from the International Finance Corporation as proxies for disbursements. (iv) The figure USD 8 billion per year in philanthropy is a three-year average for the period 2013 15 (OECD, 2018[7]). This figure does not include private grants from non-governmental organisations, as these are captured under bilateral ODA.


5. It is important to note that the DAC definitions for these country groupings do not align perfectly with definitions from other organisations.

6. Admittedly, the choice of needs indicators was based in part on data availability. Furthermore, needs indicators are used as a proxy for the needs of the sector. ODA can, of course, cover other needs not identified by the indicator. For example, a country with no out-of-school children might still need education-targeted ODA for education facilities and training.

7. SDG indicator 4.1.1 is a Tier III indicator and has not yet been fully developed; therefore, the authors looked to UNESCO data on out-of-school children as an approximation of primary school needs, drawing on 2011–16 averages found at: http://data.uis.unesco.org/Index.aspx?DataSetCode=EDULIT_DS.

8. In descending order of magnitude, these countries are: Pakistan, India, Ethiopia, Sudan, United Republic of Tanzania, Indonesia, Niger, Kenya, South Sudan, Mali, Angola, South Africa, Burkin Faso, Côte d’Ivoire, Brazil, Uganda, the Syrian Arab Republic, Mozambique, Chad, Yemen, Senegal, Ghana, and Thailand.

9. It is interesting to note that the countries include some middle-income countries for which ODA might be quite small relative to the overall education budget. On the other hand, some of the countries for which data are not available (such as Nigeria and the Democratic Republic of Congo) might have relatively high populations of out-of-school children.


11. In descending order of magnitude, these countries are: South Africa, Nigeria, India, Mozambique, Kenya, Tanzania, Uganda, Zimbabwe, Zambia, Malawi, Brazil, Indonesia, Ethiopia, Cameroon, Côte d’ Ivoire, Thailand, and the Democratic Republic of the Congo.


13. In descending order of magnitude, these countries are: India, Nigeria, the Democratic Republic of the Congo, Ethiopia, Pakistan, Bangladesh, Tanzania, Uganda, Indonesia, Myanmar, Sudan, Mozambique, Madagascar, the Democratic People’s Republic of Korea, Niger, Angola, Kenya, Malawi, Burkina Faso, Yemen, and Chad.


15. As of 2017, the DAC comprises 30 members, including the European Union. However, gross national income figures for the latter do not exist; therefore, an ODA/GNI ratio for the EU cannot be calculated.

16. In 2017, five DAC members – Denmark, Luxembourg, Norway, Sweden, and the United Kingdom – met the 0.7% ODA/GNI target, as did non-DAC countries Turkey and the United Arab Emirates.


References


IAEG-SDGs (2017), Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development.


