THE 2015 DATA REPORT

PUTTING THE POOREST FIRST

EXECUTIVE SUMMARY

INTRODUCTION

2015 is a year that will shape the course of history. A new set of Global Goals – the Sustainable Development Goals – will be launched in September, which will set out the path to a fairer, more prosperous world and an end to extreme poverty. But goals alone are not enough – they need a clear plan of action and the determination to deliver it.

The Millennium Development Goals (MDGs) – the set of development targets adopted in 2000, which expire this year – achieved some great successes, including halving the proportion of people living in extreme poverty. But some goals will be left unmet and too many people were left behind. That is why, this year, we need to reach the poorest people first. The last girl at the end of the last mile must be prioritised in the Global Goals that will replace the MDGs.

Decisions taken this summer will have repercussions for years to come. In early June, representatives of seven of the world's largest economies will convene at Schloss Elmau in Germany for the G7 summit. Just after this, African leaders will meet in Johannesburg for the 25th African Union (AU) Summit. The AU's focus this year on women's empowerment and development is recognition of the enormous role that women play in driving development outcomes and catalysing results. If we are to 'leave no one behind' in the next 15 years, then the goals and the financing plan need to put girls and women first.

In mid-July, governments will convene for the Third International Conference on Financing for Development (FfD) in Addis Ababa, Ethiopia: this will be the pivotal point of the year, setting the financial path towards the end of extreme poverty by 2030. It will require leaders, civil society and the private sector to play their parts in mobilising greater resources for development, curbing illicit financial flows and corruption, which strip countries of precious development resources, and making all financial flows transparent and accountable, so as to track spending and results. It will also require significant investment in data so that we can understand the problems we face and track the impact of investments. The world needs a new global compact to finance the end of extreme poverty which is targeted at those who need it most – the poorest countries and the poorest people, particularly girls and women. The Addis Ababa Accord must be a rare gem amongst the abundant (and without proper implementation, redundant) global communiqués we have seen to date.

2015

May
- **EU Development Ministerial** (26 May, Brussels, Belgium)
- **Annual Meeting of the African Development Bank** (25–29 May, Abidjan, Côte d'Ivoire)

June
- **G7 Summit** (7–8 June, Schloss Elmau, Germany)
- **25th African Union Summit**, 'Year of Women's Empowerment and Development towards Africa's Agenda 2063' (7–15 June, Johannesburg, South Africa)

July
- **Third Financing for Development Conference** (13–16 July, Addis Ababa, Ethiopia)

August

September
- **Adoption of the Sustainable Development Goals (SDGs)** (25–27 September, New York City, USA)

October
- **High-level meeting of the Committee on World Food Security** (World Food Day, 16 October, Milan, Italy)

November
- **G20 Leaders Summit** (15–16 November, Antalya, Turkey)

December
- **COP 21/CMP 11 – United Nations Climate Change Conference** (30 November–11 December, Paris, France)

Since 2006, the DATA Report has been monitoring development assistance and holding leaders accountable on their commitments to the world's poorest people: monitoring the G7's momentous Gleneagles commitments, tracking the European Union (EU)'s promise to reach a proportion of 0.7% of gross national income (GNI) spent on official development assistance (ODA) and, in the past few years, holding African leaders accountable for their own spending targets. This year, the DATA Report looks ahead, setting out key commitments that – if agreed to in Addis – can be game-changers for the poorest and most vulnerable people, particularly those living in the poorest countries, the least developed countries (LDCs). At Addis in July, ONE is advocating for a mutual accountability pact to meet the most basic needs of the poorest people, which will require increased mobilisation of international and domestic resources. Everyone must raise their levels of ambition and play their part.

The key components of this mutual accountability pact include: (1) minimum spending levels on essential services such as basic health, education and some social protection, which will be provided through: (2) increased domestic government revenues; (3) increased ODA, targeted in particular to sub-Saharan Africa and the LDCs; (4) specific investments in agriculture, infrastructure, energy and technology, in order to support sustainable, inclusive growth and development; and (5) delivery of a data revolution to help support a robust accountability framework that sets out clear mechanisms for ensuring that commitments are followed through. These five key recommendations, presented in turn below, are explored in more detail in this report.

Beyond these recommendations, the whole gamut of financing flows will be included in the Addis Ababa Accord and will be essential to a successful outcome. Private investment, innovative finance, remittances, climate financing and other mechanisms all play a crucial role in countries' development; these, however, are beyond the scope of this report. Nevertheless, ONE supports some specific and deliverable commitments in these areas.

The world needs a new global compact to finance the end of extreme poverty which is targeted at those who need it most – the poorest countries and the poorest people, particularly girls and women.

FIVE KEY ELEMENTS OF AN ADDIS MUTUAL ACCOUNTABILITY PACT

1. ACCESS TO BASIC SERVICES

Governments must agree to a nationally owned minimum per capita spending level to deliver, by 2020, a basic package of services including health and education for all, but particularly for the poorest and most marginalised, with a focus on girls and women.

2. DOMESTIC RESOURCE MOBILISATION

Governments should increase domestic revenues towards ambitious, nationally defined revenue-to-GDP targets and halve the gap to those targets by 2020 by implementing fair tax policies, curbing corruption and stemming illicit flows.

3. DEVELOPMENT ASSISTANCE: SHOULD GROW TO 0.7% OF GNI OF WHICH 50% GOES TO LDCS

Development partners must allocate 50% of development assistance to LDCs by 2020,[1] and DAC countries must set timetables immediately to meet the target of 0.7% ODA/GNI – ideally by 2020. All partners must implement agreed development effectiveness principles.

4. INCLUSIVE GROWTH

Development partners should agree specific initiatives in Addis Ababa to boost productive capacity, particularly on agricultural development, infrastructure, energy, trade and private finance.

5. STRONG ACCOUNTABILITY THROUGH A DATA REVOLUTION

A new global partnership should be delivered to finance the collection of data and their use, with development partners reporting and delivering on all commitments and opening up their own financial flows and budgets to scrutiny.

KEY FINDINGS

1. ACCESS TO BASIC SERVICES: Governments must agree to a nationally owned minimum per capita spending level to deliver, by 2020, a basic package of services including health and education for all, but particularly for the poorest and most marginalised, with a focus on girls and women.

While there is more wealth in the world than ever before, extreme inequality is becoming far more acute, and those in the bottom income brackets have made the least progress against key development outcomes.[2] Without a concerted focus on the poorest people and the poorest countries, the most vulnerable will be left even further behind beyond 2015.

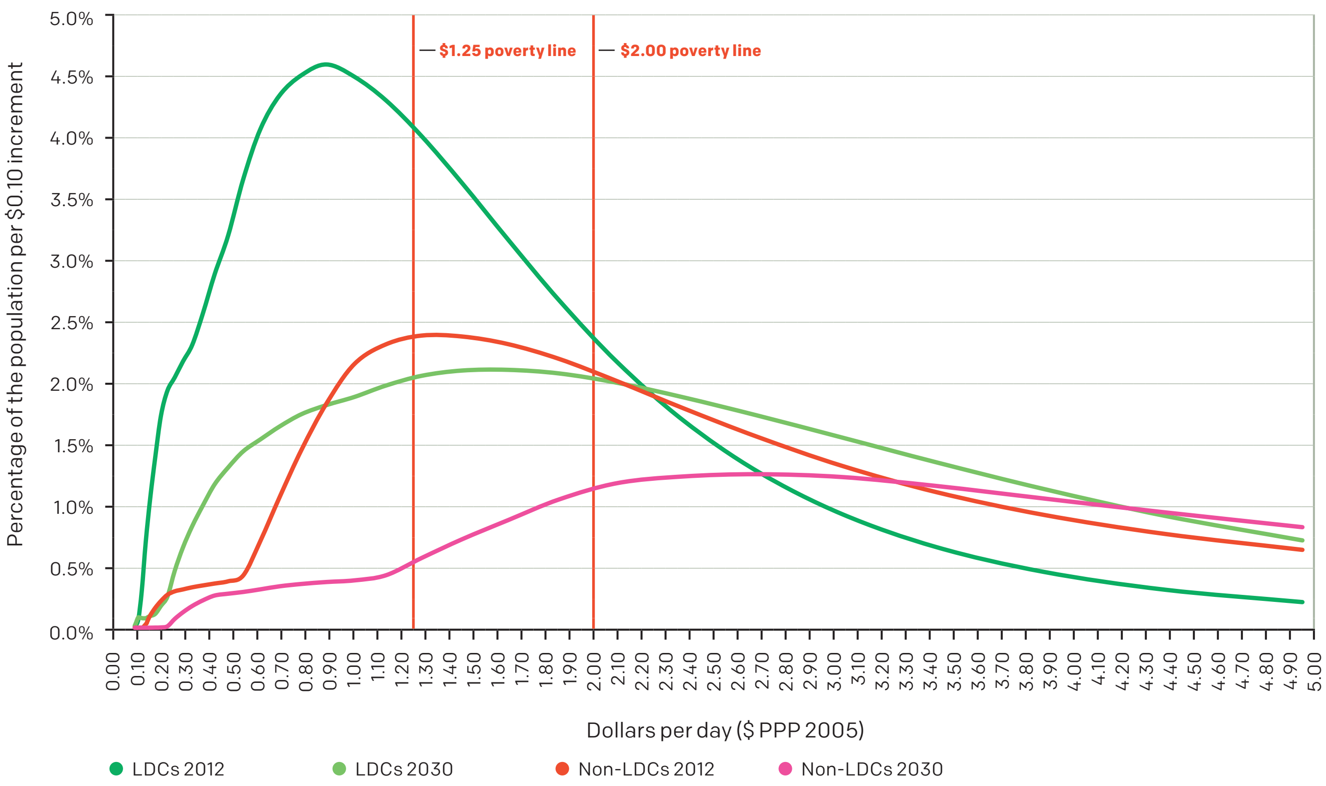
Two-thirds of the world's LDCs are in sub-Saharan Africa. These nations have some of the deepest levels of poverty, the lowest levels of domestic and international resources and the largest funding gaps. The extreme poverty rate across LDCs combined is 43%, compared with 13% across non-LDCs (excluding high-income countries (HICs)).[3] While LDCs tend to be smaller countries with lower populations and thus currently account for only 35% of the extreme poor globally, it is estimated that by 2030 their share of the global burden will rise to 50% (not accounting for any changes in the list of LDCs).[4] Figure 1 shows the relative proportions of the population living in poverty in LDCs and non-LDCs at $0.10 increments (up to $5 a day) along the income scale. It demonstrates that a larger proportion of the population in LDCs live very far below the $1.25 and $2 poverty lines,[5] meaning that the depth of poverty in LDCs is much greater than in non-LDCs. While poverty rates are expected to decrease significantly across both groups of countries by 2030, the extreme poverty rate across LDCs combined is still projected to be 16.4%, almost five times higher than in non-LDCs (excluding HICs), at 3.4%. Indeed, according to these projections, in 2030 a greater percentage of the population in LDCs will still be living below $1.25 a day than the proportion of the population living below $1.25 in non-LDCs in 2012.

Poverty and gender inequality go hand-in-hand: girls and women in the poorest countries suffer a double hardship, of being both born in a poor country and being born female. Put simply, **poverty is sexist**. Across virtually every measurable indicator, life is significantly harder for girls and women in LDCs compared with men, and compared with girls and women living in other countries.[6] The percentage of working women in vulnerable employment is 86.2% in LDCs, three times higher than in non-LDCs. Almost half (45%) of the world's maternal deaths occur amongst the 13% of the world's women living in LDCs. In LDCs, girls are far more likely to miss out on vital education. In Ethiopia, for instance, the number of girls of primary age currently missing out on schooling is the same as the total number of girls in school in the UK.[7] Focusing on girls and women is a crucial prerequisite for ending poverty. It is estimated that providing female farmers with the same access to productive resources as men could reduce the number of people living in chronic hunger worldwide by 100–150 million.[8] Ensuring that all students in low-income countries – including girls – leave school with basic reading skills could cut extreme poverty globally by as much as 12%.[9] And investing relatively small additional amounts in health interventions for women and children could yield a nine times return in economic and social benefits.[10]

To reach the poorest and most marginalised people, no matter where they live – and in particular girls and women – governments must commit to **a minimum level of spending to deliver basic services**, including health and education, to the poorest people in the poorest countries, while also increasing productive investments to boost growth and jobs.[11] Several different proposals have been made in the run-up to the Addis Ababa Conference. Homi Kharas and John McArthur of the Brookings Institution have suggested public spending targeted to individually consumed essential public services such as health and education to reach at least $300 PPP per person per year or 10% of GNI (whichever is higher).[12] The Overseas Development Institute (ODI) is calling for a new global social compact covering primary and lower secondary education, universal health and cash transfers of the scale needed to eliminate extreme poverty, which it estimates would cost around $200 per person per year in most low-income countries (LICs) and LDCs and around $300 in most middle-income countries (MICs) (in nominal terms).[13] And Development Initiatives, in its calls for ODA to focus on poverty reduction and the welfare of the bottom 20%, has assessed the gaps in external financing needed to achieve minimum health, education and cash transfers to close the extreme poverty gap in LDCs, costed at $86, $60 and $49 per capita respectively (a total of $195 in nominal terms).[14] ONE's analysis suggests that an appropriate per capita spending target to guarantee nationally appropriate and nationally owned minimum levels of essential services would be $500 PPP, or 10% of gross domestic product (GDP) (whichever is higher), to deliver the scale of ambition needed to achieve the new Global Goals.

As part of the proposed mutual accountability pact, ONE is calling for these spending targets to be defined at the Addis Ababa Conference and for all partners to agree to fully fund and implement them by 2020, five years sooner than the timeframe that was suggested in the first iteration of the outcome document for Addis, the 'Zero Draft' that was released in February 2015. In the 'Revised Draft' released in May 2015, the reference to specific quantitative targets was removed.[15] Governments should produce plans that

Figure 1: Income Distribution in LDCs vs. non-LDCs, 2012 and 2030 (estimated)



Data from P. Edward and A. Sumner, Growth, Inequality and Poverty (GrIP) model and ONE calculations. For further details about the GrIP model, see P. Edward and A. Sumner (2015) 'New estimates of global poverty and inequality: how much difference do price data really make?' Centre for Global Development Working Paper No. 403. http://www.cgdev.org/publication/new-estimates-global-poverty-and-inequality-how-much-difference-do-price-data-really?callout=1-1

Note: LDCs are categorised according to UN classification as of April 2015. Non-LDCs include all other low-income countries (LICs) and middle-income countries (MICs). Countries with data missing in PovcalNet have been filled in using other data sources to provide 98% coverage. Projections presented here are based on a 'moderate' growth scenario (assuming that average national growth rates, as projected in the IMF's World Economic Outlook, are sustained into the future, minus 1%) and on the assumption of static inequality. The GrIP model adjusts between countries that use income-based surveys and consumption-based surveys. Figure 1 shows the increased percentages of the respective populations for each $0.10 increment in income. The analysis here has been normalised according to the respective total population in LDCs (11.8% and 15.1% of world population in 2012 and 2030 respectively) and non-LDCs (69.6% and 68.5% of world population in 2012 and 2030 respectively). These population figures relate only to the countries included in the GrIP model and thus may not correspond precisely with population figures sourced from elsewhere. Vertical lines indicate the two global poverty lines at $1.25 and $2, in 2005 purchasing power parity (PPP) as currently used by the World Bank. Note that the World Bank will update its poverty figures later this year according to the most recent 2011 PPPs, which will result in rebased poverty lines.

define and set out the financing plan for this package of services by the end of 2016, in full consultation with all key stakeholders.[16] Future FfD conferences – ONE recommends the next one should take place in 2020 – should review and upwardly revise the thresholds.

Table 1 shows that 27 countries (all but two of which are LDCs) currently spend less than $150 per person in a whole year on basic services.[17] ONE is calling for this group of countries to achieve an interim target of $300 PPP by 2020. According to data, 24 countries (half of which are LDCs) spend between $150 and $500. For these and all other countries, ONE proposes a target of $500 PPP or 10% of GDP (whichever is greater). Table 1 includes only the countries with targets of $300 or $500, but an additional 20 developing countries are currently spending less than 10% of GDP, including the Republic of Congo, Equatorial Guinea, Gabon and Swaziland. Some of these countries have enormous resources at their disposal but spending is not distributed equitably, which highlights the need to combine tracking of per capita inputs with real results on the ground. **The total cost of meeting this basic needs package will be $152 billion for the 66 developing countries that are below their targets, including 20 developing countries (not shown in Table 1) with GDP per capita of more than $5,000 PPP that are not meeting the 10% GDP target. Some $34.5 billion of the shortfall is accounted for by 37 LDCs**.

Table 1: Government Expenditure on Individual Consumption, 2011 PPP $

Target: $300			
Country	**Current PPP $**	**Gap PPP $**	**Additional needed ($ nominal millions)**
Liberia*	6	294	317
Comoros*	8	292	62
Haiti*	22	278	1,083
Democratic Republic of Congo*	31	269	5,212
Guinea*	32	268	313
Niger*	47	253	975
Central African Republic*	54	246	253
Sudan*	57	243	1,633
Rwanda*	62	238	838
Tanzania*	63	237	1,994
Ethiopia*	65	235	2,484
Burkina Faso*	69	231	893
Guinea-Bissau*	72	228	48
Madagascar*	73	227	888
Sierra Leone*	74	226	199
Chad*	75	225	762
Mozambique*	82	218	2,065
Bangladesh*	85	215	4,967
Malawi*	90	210	947
Bolivia	100	200	791
Cameroon	105	195	1,224
Mali*	113	187	604
Burundi*	125	175	201
Togo*	125	175	194
Benin*	138	162	366
The Gambia*	141	159	37
Nepal*	143	157	735

Target: $500			
Country	**Current PPP $**	**Gap PPP $**	**Additional needed ($ nominal millions)**
Senegal*	162	338	1,276
Côte d'Ivoire	164	336	2,054
Zambia*	170	330	1,365
Djibouti*	206	294	85
Zimbabwe	216	284	924
Uganda*	256	244	1,476
Pakistan	257	243	6,386
India	264	236	54,288
Nigeria	281	219	8,264
Lao PDR*	311	189	91
Honduras	358	142	582
Cambodia*	378	122	195
Ghana	398	102	551
São Tomé and Principe*	415	85	2
Yemen*	418	82	303
Nicaragua	428	72	100
Kenya	437	63	596
Lesotho*	462	38	28
Mauritania*	469	31	21

* denotes LDCs

Source: International Comparison Program, 2011 Round, http://siteresources.worldbank.org/ICPEXT/Resources/ICP_2011.html

Note: Table includes all LDCs, LICs and MICs currently below target levels of $300 and $500 PPP. LDCs are indicated by an asterisk. The 20 additional developing countries with GDP per capita of more than $5,000 and not meeting the 10% of GDP target are: Republic of Congo, Suriname, Philippines, Equatorial Guinea, Guatemala, Dominican Republic, Swaziland, Belize, El Salvador, Indonesia, Peru, Paraguay, Fiji, Gabon, Ecuador, Colombia, Panama, Venezuela, Anguilla and Taiwan.

2. DOMESTIC RESOURCE MOBILISATION: Governments should increase domestic revenues towards ambitious, nationally defined revenue-to-GDP targets and halve the gap to those targets by 2020 by implementing fair tax policies, curbing corruption and stemming illicit flows.[18]

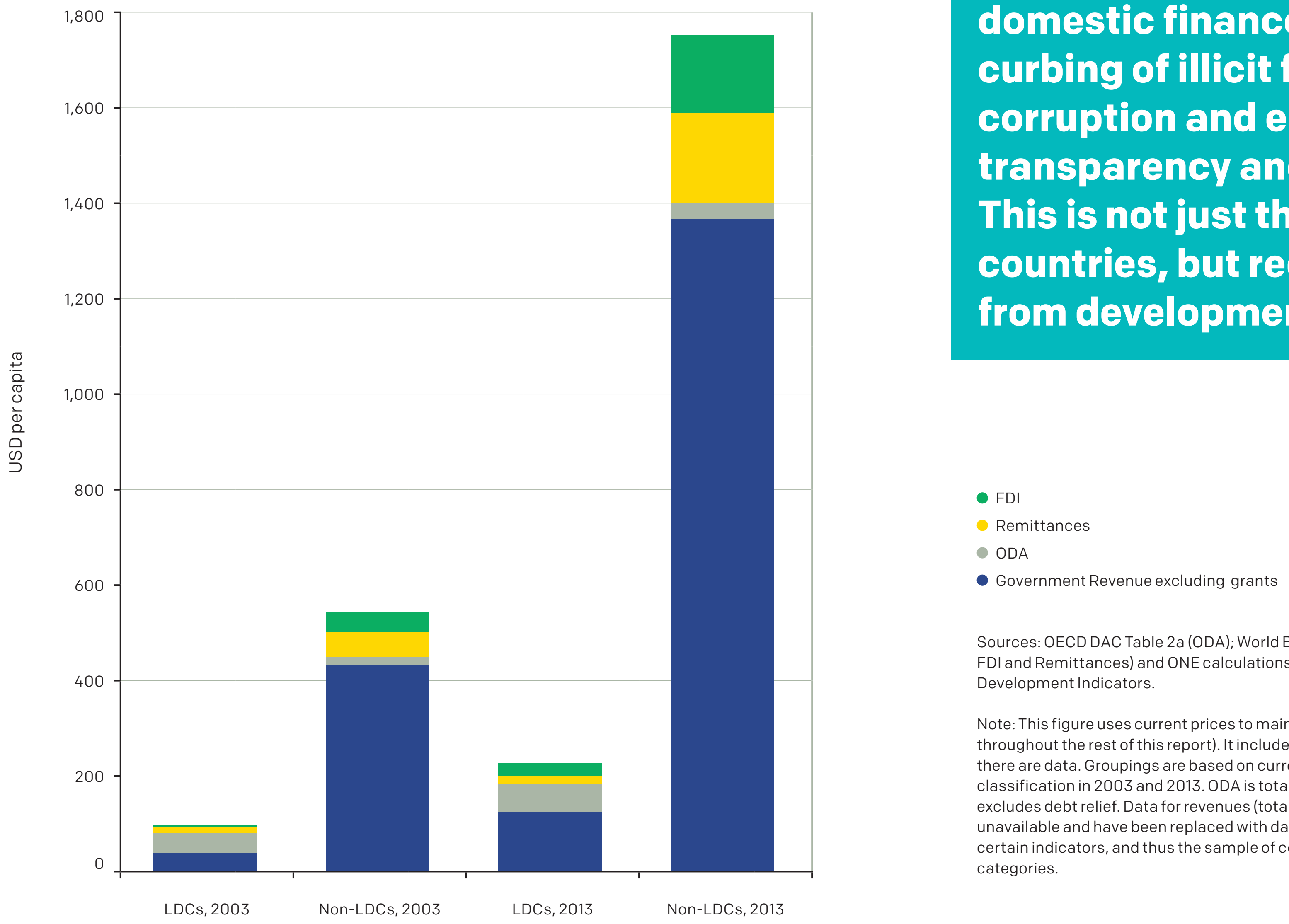
The largest financing flows for development are countries' own resources (as seen in Figure 2), and governments should increase domestic revenue mobilisation efforts in an equitable manner in line with their abilities and in partnership with developed countries. Having reviewed current revenue levels and trends since 2000, ONE recommends that countries work towards ambitious, nationally defined revenue-to-GDP targets – 20% for LDCs and other LICs; 22% for lower-middle-income countries (LMICs) and 24% for upper-middle-income countries (UMICs) and HICs[19] – and calls on countries to halve the gap to their target by 2020.[20] Those countries already meeting (or very close to meeting) this target should continue to raise revenues ambitiously to a higher level.[21] As an illustration, OECD countries typically mobilise in the range of 25–40% of GDP. However, ONE acknowledges that some countries – those furthest behind – will struggle to halve the gap by 2020 and will require a longer timeframe.

ONE's analysis shows that halving the revenue gap could increase overall domestic resources by $106.8 billion across 46 developing countries, excluding China and India[22] ($14.4 billion in LDCs alone), which could help increase investments in meeting basic needs. Half of this total is accounted for by Nigeria and the Philippines. Half of the LDC total is accounted for by Bangladesh. However, this does not imply that the gaps in every country can be filled by greater domestic resources. Indeed, some of the poorest countries may already be meeting targets, but their total revenues remain devastatingly low or their capacity to raise additional revenue will be extremely limited. For those countries, development assistance will be crucial to help fill the gap.

Mobilising greater levels of domestic finance will require the curbing of illicit financial flows and corruption and enhancing transparency and accountability. This is not just the job of developing countries, but requires cooperation from development partners. Some key measures to achieve this include:

- All governments investing more in the capacity of revenue-raising authorities;
- All governments requiring the disclosure of payments by extractives companies;
- All governments requiring companies to publicly report financial and non-financial data on a country-by-country basis for each country in which they operate;
- The opening up of government budgets and public procurement contracts;
- All governments requiring companies to publicly disclose the beneficial ownership of companies and trusts;
- Developed countries including developing countries in agreements on the automatic exchange of tax information.

Figure 2: Median per Capita Resources Available in LDCs vs. Non-LDCs



Mobilising greater levels of domestic finance will require the curbing of illicit financial flows and corruption and enhancing transparency and accountability. This is not just the job of developing countries, but requires cooperation from development partners.

Sources: OECD DAC Table 2a (ODA); World Bank, World Development Indicators (Revenue, FDI and Remittances) and ONE calculations using population and GDP data from World Development Indicators.

Note: This figure uses current prices to maintain comparison between flows (unlike ODA data throughout the rest of this report). It includes all LDCs and remaining LICs and MICs for which there are data. Groupings are based on current classification at the time of publication, not classification in 2003 and 2013. ODA is total net ODA (bilateral + imputed multilateral) and excludes debt relief. Data for revenues (total revenues excluding grants) in 2013 are mostly unavailable and have been replaced with data for 2012. Various countries have data gaps for certain indicators, and thus the sample of countries is not constant across resource categories.

3. DEVELOPMENT ASSISTANCE: SHOULD GROW TO 0.7% OF GNI OF WHICH 50% GOES TO LDCS: Development partners must allocate 50% of development assistance to LDCs by 2020, and DAC countries must set timetables to meet the target of 0.7% ODA/GNI – ideally by 2020. All partners must implement agreed development effectiveness principles.

Most developed countries have thus far not lived up to their ODA commitments, particularly that of 0.7% ODA/GNI: overall ODA/GNI stands at 0.29%, lower than the peak in 2010. The EU as a whole, who hold each other accountable to meeting 0.7% through EU processes, are short of meeting their promise, providing 0.41% of GNI in 2014, although higher than the OECD DAC average. Champions of development assistance, such as France and Canada, have declined markedly in their performance over the past few years. However, some countries are providing cause for hope. As Figure 3 shows, the UK has broken away from the G7 pack to become a real leader on development assistance. In March 2015, Germany announced a planned (cumulative) increase of €8.3 billion between 2016 and 2019.

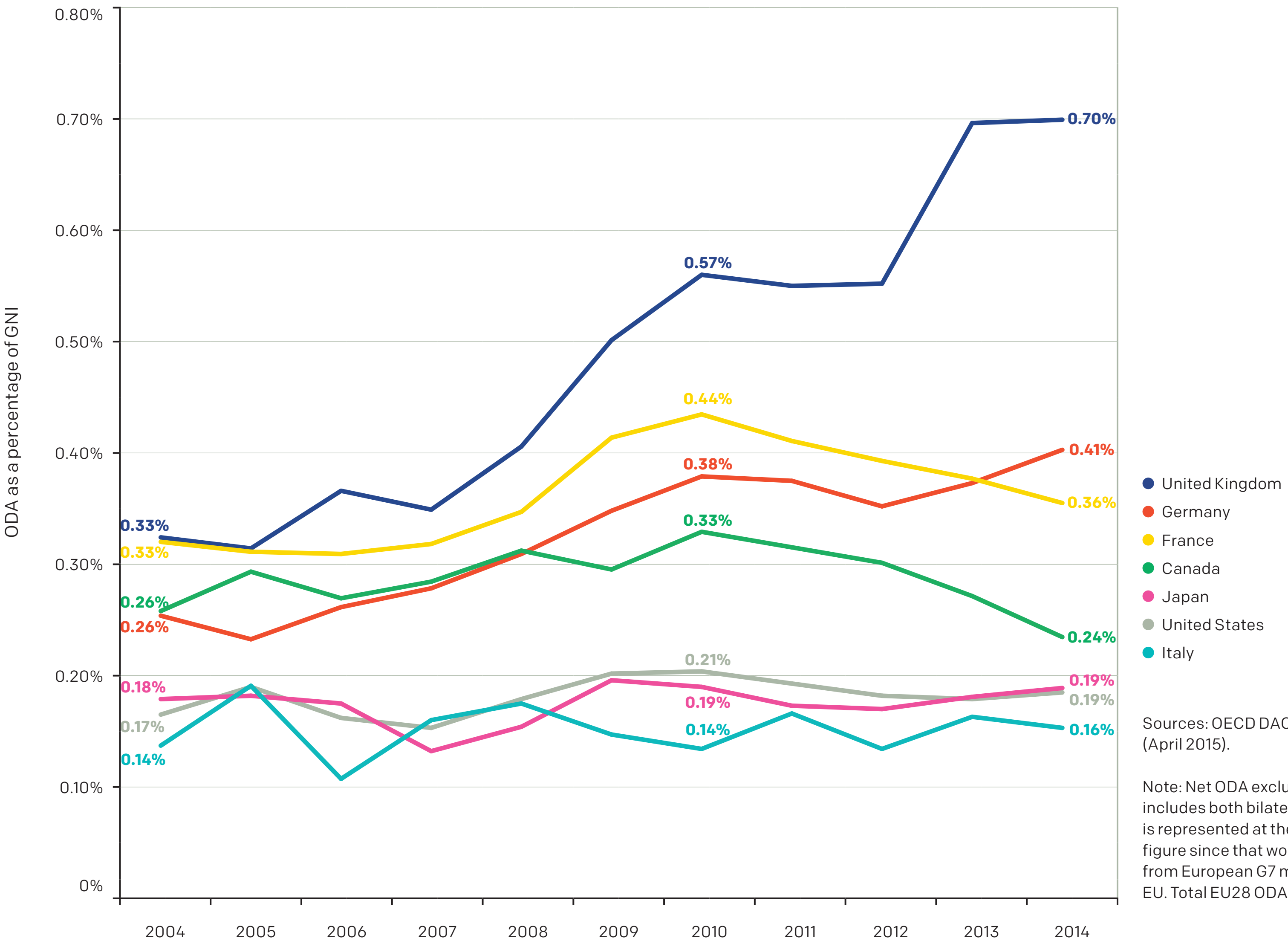
Development assistance is, and will continue to be, crucial to providing basic services, including education and health, in LDCs. Many of the poorest countries, such as Tanzania (profiled in this report) with a GDP of only $695 per capita, could not make adequate investments in human and productive capacity if they had to rely solely on domestic resources. Figure 2 shows the levels of different resources available (per capita) over time on average in LDCs and other developing countries. While both groups of countries have seen resources (revenues, ODA, remittances and foreign direct investment (FDI)) more than double over the decade to 2013, the per capita amount of all these four resources combined was still much lower, on average, in LDCs in 2013 compared with all other developing countries in 2003 – a worrying indication that the most vulnerable countries (with the highest levels of poverty) are being left behind. ODA flows to LDCs, on average, are still equivalent in 2013 to 48% of the value of domestic revenues.

Despite the continued importance of ODA for LDCs, already low levels of development assistance to LDCs have declined further since 2010, and in 2014 only 30.3% of ODA went to these countries. This decline must be reversed to put the poorest countries first.

If all DAC countries had provided 50% of their total ODA to LDCs in 2014, this would have made $26.5 billion of extra support available to those countries to fund vital investments in nutrition, education, maternal and child health and other social and productive sectors.

Despite the continued importance of ODA for LDCs, already low levels of development assistance have declined further since 2010, and in 2014 only 30.3% of ODA went to LDCs.

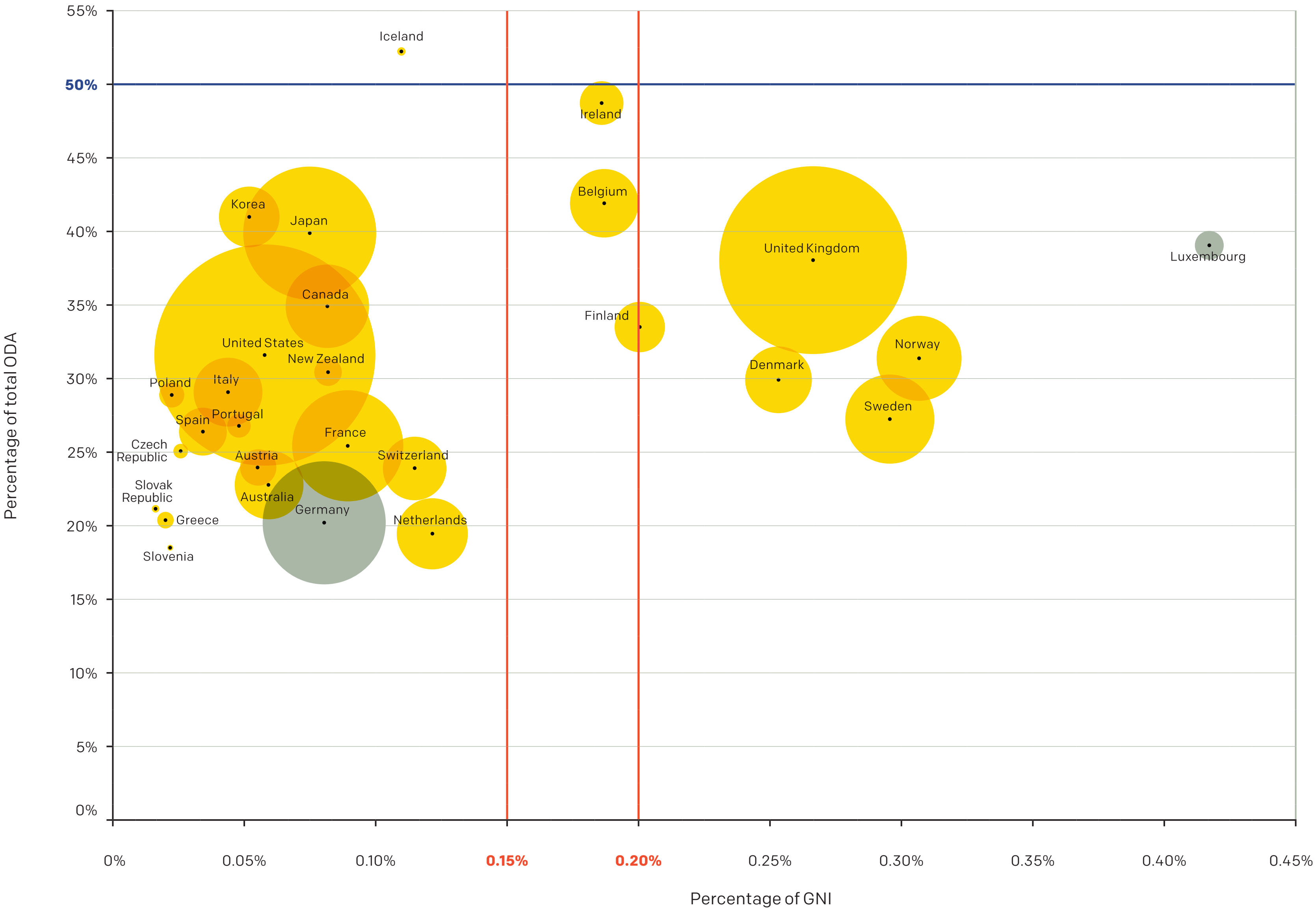
Figure 3: Global ODA/GNI for G7 Countries (total net, excluding debt relief), 2004–14



Sources: OECD DAC Table 1 and Preliminary Release (April 2015).

Note: Net ODA excludes bilateral debt relief, and includes both bilateral and multilateral flows. The EU is represented at the G7 but is not included in this figure since that would double-count some of the ODA from European G7 members, which is delivered via the EU. Total EU28 ODA/GNI stood at 0.41% in 2014.

Figure 4: ODA to LDCs, as % of ODA and % of GNI, 2014



Source: DAC Preliminarily Release (April 2015).

Note: All figures are net flows, bilateral and imputed multilateral, excluding debt relief. LDC debt relief is not provided in the OECD Development Assistance Committee (DAC)'s preliminary release. Following the practice of the DAC, ONE has assumed that 100% of bilateral debt relief in 2014 was for LDCs. ONE does not count an estimated portion of regional and global unallocated ODA to LDCs.

Germany and Luxembourg are shaded gray because their data is based on 2013 levels, due to the fact that they did not provide any data on their 2014 ODA to LDCs in the recent DAC Preliminary Release (April 2015). The size of the bubble gives proportional representation of the overall volume of ODA to LDCs for each donor.

4. INCLUSIVE GROWTH: Development partners should aim for specific deliverables in Addis Ababa to boost productive capacity, particularly around agricultural development, infrastructure, energy, trade and private finance.

A step change is required in both public and private investments – especially in the most important productive sectors in LDC economies.

- **Agriculture:** Growth in agriculture is 11 times more effective at reducing poverty than growth in any other sector in sub-Saharan Africa, which is home to 34 of the 48 LDCs.[23] With proper investment, agricultural output in Africa could increase from $313 billion (in 2010) to as much as $1 trillion by 2030.[24] Developed countries should renew the commitments made on agriculture and food security at L'Aquila in 2009, and African leadership should follow the recently agreed 'Implementation Strategy and Roadmap to Achieve the 2025 Vision on CAADP'[25] to meet and exceed Malabo commitments to invest in agriculture.

- **Infrastructure:** The poor quality of critical infrastructure is responsible for a loss of two percentage points in national economic growth every year and reduces productivity by as much as 40%.[26] Development partners, including multilateral development banks (MDBs), and developed country governments should work together, particularly to build capacity in LDCs that improves access to markets and ports, improving the attractiveness and stability of developing countries' business environments.

- **Energy:** Access to safe and reliable electricity at competitive costs is essential to economic development. Governments and the private sector must work together to finance long-term investments in energy infrastructure, increasing capacity for output, expanding access and exploring new opportunities to harness Africa's rich natural and renewable resources.

- **Technology:** According to the UN, technology transfers from wealthy countries can support LDCs' efforts to attain annual growth of 7% in GDP.[27] Commitments such as the 1994 Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and the 2011 Istanbul Programme of Action must be further implemented to ensure that LDCs can improve their productive capacities.

- **Trade:** South–South trade is on the rise, growing from 8% of world trade in 1990 to around 25% in 2014. It is projected to reach 30% by 2030.[28] Governments should revisit tariffs and non-tariff barriers, commit to strengthening trade and technical capacity and improve regional trade linkages in Africa and the developing world. Regional governments should work with all stakeholders to harmonise trade and investment laws and standards to attract new and responsible investments in emerging economies. Developed countries should pursue trade agreements that help further integrate LDCs into the global economy.

- **Private Finance:** Long-term institutional investors such as pension funds, charitable endowments and sovereign wealth funds control trillions in assets worldwide. These large asset holders benefit from reduced market volatility and as nascent economies develop. They therefore have both an interest and a fiduciary obligation to pursue impact investments that reduce volatility, improve governance and advance the Global Goals. ONE recommends that long-term institutional investors commit to dedicating at least 1% of their assets or profits to social impact investment, development finance or civil society support, with a target of investing 50% of all investments in LDCs, as set out by the Bretton Woods II Progress Pledge.[29]

5. STRONG ACCOUNTABILITY THROUGH A DATA REVOLUTION: A new global partnership should be delivered to finance the collection of data and their use, with development partners opening up their own financial flows and budgets to scrutiny and reporting and delivering on all development commitments.

In order for the Addis Ababa Conference to truly deliver, this time the approach must be different. Accountability must be built into the framework from the outset. All development partners must commit to time-bound, measurable financing, including year-on-year timetables for the delivery of all commitments set out in Addis. ONE recommends implementing the TRACK principles,[30] in addition to which:

- All partners should commit to the transparent and timely reporting of all financial flows into, within and out of developing countries in as close to real time as possible;
- Governments should open themselves up to an annual review mechanism, inviting comments from civil society and from regional bodies; and
- Follow-up international conferences to review and further advance the implementation of the Addis Ababa Accord should be held in 2020 and 2025 to monitor progress.

Governments should commit to financing a data revolution through domestic investments, through opening up datasets and by ODA supporting a financing mechanism that builds capacity for national statistical offices to focus on the hardest-to-reach populations in order to ensure that everyone is counted, particularly girls and women. Given the number of data initiatives and processes that currently exist, a new global mechanism is needed which can spur this political leadership, coordinate resources and ensure that the necessary investments are delivered now to allow progress to be tracked on an annual basis. Data poverty is a crisis for sustainable development. Without serious attention, the world could be dangerously off course without even knowing it.

THE TRACK PRINCIPLES CALL FOR COMMITMENTS TO BE:

Transparent; **R**esults oriented; clear both about which resources are **A**dditional and any **C**onditionalities; and most importantly, **K**ept.

ENDNOTES

EXECUTIVE SUMMARY

1 There is an existing UN target to allocate 0.15–0.20% of GNI to LDCs, to which all governments committed in the 2002 Monterrey Consensus. Donors committed to putting their best efforts into achieving this target. Those which have already met 0.15% committed to expedite reaching 0.20%, and those which already provide more than 0.20% pledged to maintain and further increase their level of ODA/GNI to LDCs. However, in 2014 DAC donors spent just 0.09% of their collective GNI on aid to LDCs.

2 Oxfam (2015) 'Even It Up'. http://policy-practice.oxfam.org.uk/publications/even-it-up-time-to-end-extreme-inequality-333012; 'Save the Children (2015) The Lottery of Birth'. http://www.savethechildren.org.uk/sites/default/files/images/The_Lottery_of_Birth2.pdf

3 The poverty statistics in this paragraph are derived from P. Edward and A. Sumner's GrIP model.

4 Ibid. See Figure 1 in Methodology section (p.109) for LDCs used.

5 $1.25 and $2 in purchasing power parity (PPP) terms are the two lowest international poverty lines as set by the World Bank.

6 ONE Campaign (2015). 'Poverty is Sexist.' March 2015. https://s3.amazonaws.com/one.org/pdfs/poverty_is_sexist_report.pdf

7 Ibid.

8 Ibid.

9 Ibid

10 Ibid.

11 Final figures for the per capita spending target on basic needs and the right dataset for tax-to-GDP ratios should be explored now and decided upon in Addis. Health, education and other social spending for the poorest people must be prioritised at the Addis Ababa Conference. All countries must be held mutually accountable to deliver that package by 2020, and this should be at the heart of the final agreement.

12 H. Kharas and J. McArthur (2015) 'Nine Priority Commitments to be made at the UN's July 2015 Financing for Development Conference in Addis Ababa, Ethiopia'. The Brookings Institution. http://www.brookings.edu/research/papers/2015/02/united-nations-financing-for-development-kharas-mcarthur

13 Converted to PPPs, these figures translate roughly to $500 and $600 in LICs and MICs, respectively. M. Manuel and C. Hoy (2015) 'Background Paper: Social sector spending and aid allocation to achieve the SDGs'. http://www.odi.org/publications/9462-financing-future-international-public-finance-should-fund-global-social-compact-eradicate-poverty

14 Converted to PPPs, this figure translates roughly to $450 in LDCs. Development Initiatives (2015) 'Getting to zero – coverage and financing of social protection in LDCs'. http://devinit.org/wp-content/uploads/2015/04/DI_Social-Protection-LDCs-briefing_April-2015_1.pdf

15 UN (February 2015) 'Addis Ababa Accord – Zero Draft'. http://www.un.org/esa/ffd/wp-content/uploads/2015/03/1ds-zero-draft-outcome.pdf. UN (May 2015), 'Addis Ababa Accord - Revised Draft'. http://www.un.org/esa/ffd/wp-content/uploads/2015/05/revised-draft-outcome.pdf

16 A minimum spend of $300 PPP per capita on a package of basic services was proposed by Homi Kharas and John McArthur (op. cit.) and is based in part on the UN MDG costing (of $150) from the early 2000s, updated for inflation and converted to a purchasing power parity (PPP) figure. PPPs normalise amounts to account for differences in prices and enable comparison of 'real' value across different economies. Kharas and McArthur also propose a secondary target for countries with a GNI per capita of more than $3,000 to allocate 10% of their GNI towards these same basic public services. The $300 figure appears in square brackets within the Addis Zero Draft. H. Kharas and J. McArthur (2015) 'Nine Priority Commitments to be made at the UN's July 2015 Financing for Development Conference in Addis Ababa, Ethiopia', op. cit.

17 The 27 countries currently spending less than $150 are: Bangladesh, Benin, Bolivia, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Ethiopia, the Gambia, Guinea, Guinea-Bissau, Haiti, Liberia, Madagascar, Malawi, Mali, Mozambique, Nepal, Niger, Rwanda, Sierra Leone, Sudan, Tanzania and Togo. The additional 11 countries spending between $150 and $300 are: Côte d'Ivoire, Djibouti, India, Nigeria Pakistan, Republic of Congo, Senegal, Suriname, Uganda, Zambia and Zimbabwe.

18 Illicit financial flows are defined as illegal movements of money or capital from one country to another. http://www.gfintegrity.org/issue/illicit-financial-flows/

19 An alternative is to use tax capacity estimates (individually calculated for each country, rather than straight benchmarks based on income levels) but

there is currently no official, reliable set of data on tax capacity.

[20] 20% is considered an appropriate floor to which almost any country should be able to aspire. However, ONE recognises that for some countries this may be an extremely challenging target in the short/medium term. For these countries, a lower target and/or a longer time-scale – with targeted support from development partners – would be appropriate.

[21] They should adopt the next tiered threshold as their target. For example, an LDC already at or very close to 20% would adopt a target ratio of 22%, and so on.

[22] These 46 countries are: Afghanistan, Bangladesh, Benin, Burkina Faso, Cabo Verde, Cambodia, Central African Republic, Côte d'Ivoire, Dominican Republic, Egypt, El Salvador, Ethiopia, Ghana, Grenada, Guatemala, Honduras, Jordan, Kenya, Kyrgyz Republic, Lao PDR, Lebanon, Madagascar, Malaysia, Mali, Mauritius, Mozambique, Nepal, Nicaragua, Nigeria, Pakistan, Paraguay, Peru, the Philippines, Rwanda, Samoa, São Tomè and Prìncipe, Senegal, Sierra Leone, Sri Lanka, St Lucia, Tanzania, Thailand, Togo, Uganda, Vanuatu and Zambia. The inclusion of China and India would bring the total to $770.3 billion.

[23] World Bank (2007) 'World Development Report 2008: Agriculture for Development'. Washington, DC; L. Christiaensen, L. Demery and J. Kuhl (2010) 'The (evolving) role of agriculture in poverty reduction – an empirical perspective'. *Journal of Development Economics*.

[24] D. Byerlee, A.F. Garcia, A. Giertz and V. Palmade (2013) 'Growing Africa – Unlocking the potential of agribusiness: Main report'. Washington, DC: World Bank. http://documents.worldbank.org/curated/en/2013/03/17427481/growing-africa-unlocking-potential-agribusiness-vol-1-2-main-report

[25] The Comprehensive Africa Agriculture Development Programme (CAADP) was established as part of the New Partnership for Africa's Development (NEPAD) in 2003 and focuses on improving and promoting agriculture across Africa. This implementation strategy and roadmap is a product of the 2014 Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods. http://www.nepad.org/foodsecurity/knowledge/doc/3569/implementation-strategy-and-roadmap-achieving-2025-vision-caadp

[26] UN DESA (2014) TST Issues Brief: 'Needs of Countries in Special Situations – African Countries, Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, as well as the specific challenges facing Middle-Income Countries'. https://sustainabledevelopment.un.org/content/documents/2080TST%20Issues%20Brief%20on%20Countries%20in%20Special%20situations_Final_14_Nov.pdf

[27] UN-OHRLLS (2013) 'State of the Least Developed Countries 2013: Special Theme- Productive Capacity Building in the Least Developed Countries and the Post-2015 Development Agenda'. http://unohrlls.org/custom-content/uploads/2013/10/State-of-the-LDCs-2013.pdf

[28] World Trade Organization (2014) 'Trade and development: recent trends and the role of the WTO, p.42.

[29] Bretton Woods II, Progress Pledge, https://www.newamerica.org/bretton-woods-ii/

[30] The TRACK principles call for commitments to be Transparent, Results-oriented, clear about which resources are Additional and any Conditionalities, and, most importantly, Kept.

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