The Future of Global Development

Exploring the changing landscape of development finance and implementer opportunity
The global development industry is fundamentally changing

- Forces of Globalization
- Political Pressure on Foreign Aid Budgets
- Rise of Middle Income Countries & Emerging Economies
- Increasing Private Sector Engagement
- New Funders, Approaches & Technologies
Complex and evolving global development challenges...

- 68.5 million forcibly displaced
- 2.1 billion lack access to safe water
- 34% of unemployed are youth
...influencing international donor agendas

- 71% of deaths caused by NCDs
- 26 richest people own as much as poorest 50%
- 6.7 billion projected urban population
The world has reached a consensus on the strategy

1. NO POVERTY
2. ZERO HUNGER
3. GOOD HEALTH AND WELL-BEING
4. QUALITY EDUCATION
5. GENDER EQUALITY
6. CLEAN WATER AND SANITATION
7. AFFORDABLE AND CLEAN ENERGY
8. DECENT WORK AND ECONOMIC GROWTH
9. INDUSTRY, INNOVATION AND INFRASTRUCTURE
10. REDUCED INEQUALITIES
11. SUSTAINABLE CITIES AND COMMUNITIES
12. RESPONSIBLE CONSUMPTION AND PRODUCTION
13. CLIMATE ACTION
14. LIFE BELOW WATER
15. LIFE ON LAND
16. PEACE, JUSTICE AND STRONG INSTITUTIONS
17. PARTNERSHIPS FOR THE GOALS
Major global development funding gaps remain

- **$300-400B** SDGs *LIDCs only*
- **$38B** Climate Change
- **$19B** Humanitarian

Source: U.N. Sustainable Solutions Network
Source: OECD
Source: U.N. OCHA
Critical multilateral initiatives seek replenishment

- Gavi: TBD 2020
- CEPI: $2 billion
- POLIO: $2.8 billion
- Green Climate Fund: $3.27 billion
- The Global Fund: $10.2 billion+
- $14 billion
Bilateral development assistance has generally stagnated...

Top 10 ODA Donors (USD billion)

Source: OECD
...but remains a core component of foreign policy and engagement

Top OECD DAC Bilateral Donors, 2017 (USD billion)

- US: 34
- Germany: 24
- UK: 19
- EU: 16
- Japan: 12
- France: 11
- Italy: 6
- Sweden: 5
- Netherlands: 5
- Canada: 4
Politics at home affecting aid policy and spending abroad

**United States**
- USAID reorganization: "Journey to Self-Reliance."
- New private sector engagement policy.

**European Union**
- Risk of diverting development funds to security and migration.
- Ongoing 2021-2027 budget negotiations.
- Proposal for a single instrument to cover external spending.

**United Kingdom**
- Reaffirmed DFID independence and spending commitments.
- Focus on conflict-affected and fragile states.
- Questions over cross-government strategy.

**Australia**
- Slight budget boost in 2018-19, but lowest levels predicted for 2021-22.
- "Step-up" in engagement with the Pacific.
- Australian Infrastructure Financing Facility for the Pacific.
MDBs shifting strategy and investments to address challenges

Total Climate Finance Commitments of MDBs (USD billion)

Source: Joint Report on MDB Climate Finance
Role of Development Finance Institutions is growing

Total Assets Managed by DFIs (USD billion)

For 17 bilateral development finance institutions

Source: Devex research and analysis
The Emerging Donors 2.0

Aid Flows from Emerging Bilateral Donors, 2010 vs. 2015 (USD million)


Source: Devex research and analysis
China: striving for a global aid footprint
Steady increases in Chinese foreign aid

China Foreign Aid (USD billion)

Chinese ODA-Like Commitments By Region (2014)

Source: Devex research and analysis
Donors prioritizing fragile and conflict-affected states

Total ODA to 58 Fragile States (USD billion)

Source: OECD
Focus on other resource mobilization strategies

Action Areas

- Domestic public resources
- Domestic and international private business and finance
- International development cooperation
- International trade
- Debt and debt sustainability
- Addressing systemic issues
- Science, technology, innovation and capacity building
Shared value has gone mainstream

Fortune Global 500 firms spend approximately $20 billion a year on CSR activities.
Private philanthropy reaching all-time highs

All US Foundations International Giving (US billion)

Source: Foundation Center & Council on Foundations
Bill & Melinda Gates Foundation accounts for more than half of international giving


<table>
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<tr>
<th>Foundation Name</th>
<th>Total Giving 2011-2015 (US billions)</th>
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<td>Bill &amp; Melinda Gates Foundation</td>
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Source: Foundation Center & Council on Foundations
Global development looking to capital markets

More than $228 billion in impact investing assets

**Total Assets Under Management (USD billion)**

For B2 impact investors over a five-year period

- **2013**: 30.8
- **2017**: 50.8

Source: Global Impact Investing Network
Major potential for innovative finance instruments

**Results- or Performance-Based Financing**
Ties funding to specific performance or results that are typically agreed upon in advance.

**Blended Finance**
Occurs when grants, loan, guarantees or philanthropic funds are used to de-risk investments and attract or leverage private capital into developing countries.

**Development Impact Bonds**
Private investors pay up front for the costs of an intervention and, if it succeeds in achieving specific goals, the investor gets paid back from a government, donor agency, or foundation.
The Next Generation Development Professional

How proficient should today’s development professional be with the following soft skills?

- 77% Flexibility & Adaptability
- 73% Cross-Cultural Sensitivity
- 70% Verbal Communication
- 66% Resourcefulness
- 63% Written Communication
- 62% Building Consensus
More private sector engagement requires different knowledge and skills

- More skills in resource mobilization, fundraising and partnership development
- Deeper understanding of how market dynamics strengthen development processes
- Shifting from donor and government-oriented skills to more business-driven skills
- More focus on productivity, results and value for money
- Soft skills such as flexibility, adaptability and innovative mindset
- Learning corporate techniques and jargon
- More finance-related skills
Big implications for your development business

- Navigating a more competitive environment
- Doing what you do and doing it better
- Focusing on value for money and M&E
- Fostering strategic partnerships

- Building business acumen, discipline and data assets
- Attracting and developing new talent and skills
- Diversifying your donor base
- Preparing for mergers and acquisitions
Deeper analysis and exclusive insights from our reporters and analysts.

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- Exclusive conversations with policymakers and leaders
- A global team of reporters and analysts following the money - both new and traditional
The new world of results-driven aid that could put an end to extreme poverty

Drawing on 2 decades covering global development as editor in chief of Devex, Raj Kumar explores how nontraditional models of philanthropy and aid are empowering the world's poorest people to make progress. Old aid was driven by good intentions and relied on big-budget projects from a few government aid agencies, like the World Bank and USAID. Today, corporations, Silicon Valley start-ups, and billionaire philanthropists are a disrupting force pushing global aid to be data driven and results oriented.

Refreshing and accessibly written, The Business of Changing the World sets forth a bold vision for how we can use our voice, our voice, and our wallet to turn well-intentioned charity into effective advocacy to transform the world for good. Businesspeople, policymakers, entrepreneurs, nonprofit executives, philanthropists, and aid workers around the world will all be influenced by this transformation.
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