

The Nairobi Outcome
Global Partnership for Effective Development Cooperation
Towards an Inclusive and Accelerated Implementation of the 2030
Agenda for Sustainable Development
1st December 2016

1. We, Heads of State and Government, Ministers and High representatives of developing and developed countries, together with Heads of multilateral and bilateral development corporation, financial and regional development institutions and including, Parliamentarians, local and regional authorities, the Private Sector, Civil Society, trade unions and Philanthropic Organizations, meeting in Nairobi, Kenya from 31 November to 1 December 2016, during the Second High Level Meeting (HLM2) of the Global Partnership for Effective Development Cooperation (GPEDC), reaffirm the 2030 Agenda for Sustainable Development which recognizes that eradicating poverty in all its forms and dimensions, combating inequality within and among countries, preserving the planet, creating sustained, inclusive and sustainable economic growth and fostering social inclusion are linked to each other and are interdependent. The scale and ambition of the new Agenda requires a revitalized Global Partnership to ensure its implementation.
2. We recognize that the Addis Ababa Action Agenda is an integral part of the 2030 Agenda for Sustainable Development. The Addis Ababa Action Agenda supports, complements and helps to contextualize the 2030 Agenda's means of implementation of targets. It focuses on mobilization of domestic public resources, domestic and international private business and finance, international development cooperation, international trade as an engine for development, debt and debt sustainability, addressing systemic issues and science, technology, innovation and capacity-building, and data, monitoring and follow-up. We also recognize that a focused and revitalized Global Partnership will facilitate an intensive global engagement in support of means of implementation of all the goals and targets, bringing together governments, civil society, the private sector, the UN system and other actors and mobilizing all available resources to implement the 2030 Agenda.
3. We recognize the progress made in the implementation of the MDGs over the last 15 years, such as reducing the levels of poverty, fighting diseases and hunger and promoting gender equality. We also note that the progress has been slow and uneven where poverty and inequality levels remain high especially in Africa, least developed

countries, landlocked developing countries, small-island developing States, and middle income countries. The reality of exposure to risks and the inability to cope with advance effects of global economic and social shocks, unemployment and underemployment income volatilities, climate change and unpredictable weather patterns, migration challenges, non-resilient livelihoods, and insecurity and labour market failures are common in these countries.

4. We acknowledge the recognition of the potential contribution of the Global Partnership for Effective Development Cooperation (GPEDC) contained in the Addis Ababa Action Agenda on Financing for Development (AAAA). In particular, the implementation of Paragraph 10 and 58 of the AAAA which will require a dynamic and reinvigorated Global Partnership for Effective Development Cooperation to achieve the elimination of poverty. The partnership will be supported by strong policies, commitments, actions, and financial support that will help achieve the effective development cooperation goals and targets which will help in the eradication of poverty.
5. We reaffirm the Addis Ababa Action Agenda (AAAA) on Financing for Development which recognizes that evidence and lessons learned in forums such as the GPEDC will also be considered in a complementary manner (Para 58 of AAAA and indicator 17.6?)” in the context of the Global Review of Progress on the implementation of SDGs through the HLPF, the Financing for Development forum and the Development Cooperation Forum. We recognize the need to re-engineer the GPEDC and calibrate its mandate to make it more effective in order to draw in more partners and accelerate implementation of the universal and transformative development agenda which strives to leave no one behind and to reach those furthest behind first.
6. The principles of aid and development effectiveness remain relevant to achieve the 2030 Agenda for Sustainable Development. The last development effectiveness progress report titled '**Making Development Co-operation More Effective: 2014 Progress Report**' based on the 1st Global Monitoring Survey of the GPEDC, reported data for less than half (46%) of the total Official Development Assistance (ODA). In view of increased commitments expected following the AAAA greater disclosures of financial flows in future GPEDC Monitoring Surveys must be assured to capture data that truly represents the totality of development financial flows.
7. To further safeguard ownership of development priorities by developing countries the HLM2 therefore emphasized the use of country results frameworks and noted that the

delay in use of country systems has led to increased transaction costs and misalignment of development support further leading to contingent liabilities for developing country governments. The HLM2 urged development partners to fully align to national development strategies, planning processes, budgeting systems and monitoring process of recipient countries, and recipient countries to develop and strengthen their aid or partnership policy and Public Finance Management operational guidelines. Moreover, the GPEDC was urged to continue promoting the use of Country Public Financial Management Systems by, untying of aid, and focusing on results, especially transparency and accountability for development results.

8. Due to the changing and dynamic world order, the global development financing landscape has changed rapidly. It has become more complex and diverse with new and different development actors who have different financing modalities and targets. The role of a partnership with the private sector and Civil Society in governance and development has also changed. The ambitious and universal 2030 Agenda for Sustainable Development will require a huge increase in the quantity and diversity of resources if we have to achieve our universal goal of leaving no one behind. The increase in the quantity and diversity of resources will demand more capacity support, knowledge sharing, skills revolution and technology transfer and the strengthening of associated institutions. This will help to realize rapid and effective development results, including eradication of poverty, promotion of social and environmental, wellbeing and reduced inequality in the world.
9. We recognize the role played by multi-stakeholder partnerships in achieving effective development cooperation. We note that the role of multi-stakeholder players is not a substitute to the role of the public sector but is complementary to the latter. In this regard we look forward to full engagement of the private sector, the Civil Society Organizations and the Trade Unions in the partnerships that are key in achieving the new development Agenda. We commit to continue to build bridges between all relevant stakeholders within the holistic framework of the means of implementation contained in the Financing for Development framework of the Addis Ababa Action Agenda. The role of multi-stakeholder partners is important in the follow up and review process of the commitments of effective development cooperation.
10. In this regard the HLM(2) emphasizes that GPEDC must continue to focus on:
 - i. Multi-Stakeholder partnerships for effective development.
 - ii. That all Government development must align with the Sustainable Development Goals and their targets with national priorities.

- iii. That Effective Development Cooperation should recognize that each country faces specific challenges in its pursuit of sustainable development. The most vulnerable countries and, in particular, African countries, least developed countries, landlocked developing countries and small island developing States, deserve special attention, as do countries in situations of conflict and post-conflict countries.
 - iv. That middle income countries face challenges such as remaining high levels of poverty and inequality, deep infrastructure deficits, and the difficulty of accessing concessional finance.
11. The HLM2 also paid special attention to the role of multi-lateral and bilateral agencies and emphasized the importance of harmonizing links between their institutionally priorities with that of national development priorities. Leaders at the HLM2 discussed the centrality of economic empowerment of women and youth, the importance of domestic resource mobilization, the negative consequences of illicit financial flows, and the importance of broadening the role of South-South cooperation and triangular cooperation in the Global Partnership for Effective Development Cooperation (GPEDC).
12. We therefore emphasize that the GPEDC aims to sustain political momentum for more effective development cooperation based on shared principles effective development, country ownership, focus on results, inclusive partnerships and transparency and mutual accountability. The principles of effective development cooperation provide the foundation for the policy and behavioral changes needed by all stakeholders to strengthen the effective use of partnerships and development resources at country level. In order to buttress the promotion of effective development cooperation, data and information from existing reporting mechanisms should be used, including JST, where possible. We agree to intensify efforts to strengthen statistical capacities in developing countries, particularly African countries, least developed countries, landlocked developed countries, small island developing states and middle income countries.
13. We also recognize that sustainable development that respects the preservation of the environment is critical as contained in SDGs 13 and 15. The ambitious Climate Finance Agreement negotiated in Paris during the 21st Conference of Parties (COP 21) of the United Nations Framework Convention on Climate Change and its implementation will run parallel to other development financing modalities. In this regard we recall the decision 1/CP.22 by which, in accordance with Article 9 of the Paris agreement,

developed countries commit to continue their existing collective mobilization of resources goal, through 2025 in the context of meaningful mitigation actions and transparency on implementation; and to set a new collective quantified goal from a floor of USD 100 billion per year, taking into account the needs and priorities of developing countries. We welcome the decision of the Board of the Green Climate Fund, taken on 6 November 2015, to approve a total of 8 projects and programmes worth USD 624 million, marking the end of its launch phase and starting the flow of climate finance through the Fund to developing countries. These developments call for more robust monitoring mechanisms at national, regional and international levels.

14. For the world to prosper and eradicate poverty, peace and stability are prerequisites. With the recognition that states under conflict experience challenges in fostering socio-economic development. The HLM2 stressed the importance of better management of political and social diversity and the promotion of greater dialogue within and among countries. Effective development cooperation, particularly in “fragile states” requires enhanced capacities to prevent, manage and resolve conflicts in order to ensure a peaceful, developed and stable world. Countries will need to decisively address factors that give rise to violence, insecurity and injustice, such as inequality, corruption, poor governance, human rights and illicit financial and arms flows and invest in the promotion of peace building and strengthening governance institutions. Special and concerted efforts to address the existence of refugees and economic migrants in the world must also be addressed as a matter of urgency.
15. In conclusion, the Nairobi HLM2 welcomed the opportunity, as an inclusive multi-stakeholder platform, to advance the dialogue and commitment to ensure effective development cooperation to better fight global poverty, social and environmental challenges in line with the Busan Principles and the aspirations of the 2030 Agenda for Sustainable Development as adopted during the UN Summit in September 2015. The HLM2 reached consensus on commitments that will advance and ensure stronger political commitment and action by member states in the GPEDC agenda which include inclusivity and multistakeholder approach to the implementation of the Sustainable Development Goals,; Mutual Accountability and transparency, skills and knowledge sharing between stakeholders through the North South Cooperation, South-South and Triangular Cooperation approaches in order to fulfill unfinished Aid and Development Effectiveness Agenda.

ZERO DRAFFT

Part 1: PROGRESS IN IMPLEMENTING THE EFFECTIVE DEVELOPMENT COOPERATION PRINCIPLES

(This section is currently based on the findings from the First Monitoring Round and will be updated accordingly with preliminary results of the Second Monitoring Round)}

A. Ownership of development priorities by developing countries

4. This will further support the principle of country ownership where assistance is based on donor countries' strategy papers and priorities. Developing countries should be enabled to effectively assess the impact of development cooperation. To mitigate against this, we therefore commit to follow up to ensure that:

- (a) Providers of development finance reaffirm their commitment to fully align development assistance to the recipients' Country Results Frameworks.
- (b) Define development co-operation priorities; specify national targets for effective development co-operation for both government and providers of development co-operation; and establish well-coordinated development policy and technical dialogue between recipient Governments, provider countries, regional bodies, Civil Society, Parliaments and the Private Sector that target poverty eradication

I. Use of Country Public Financial Management Systems

5. We recall that in the Busan Agreement, provider countries committed that by 2015 they will, by default, channel 57% of all aid flows through public financial and procurement systems. Using parallel systems increases recipient governments' transaction costs and also making it difficult to track ODA support. Evidence from the First Global Partnership Round indicates that providers of development cooperation use recipient governments' national budget execution procedures more than financial reporting, auditing and procurement procedures. However some newer aid providers are avoiding using national budget execution procedures altogether or reducing on the amount of money they provide through national budget. Yet use of national budget execution procedures is the clearest indicator of use of country systems in developing countries.

6. In line with multi-stakeholder approach to Public Finance Management, Parliaments, the media and Civil Society Organizations need to fully embrace and participate in the financial

accountability dialogue processes. They should participate in: budgeting, negotiations, procurement, financial reporting, and auditing. This is in line with efforts to combat fraud, corruption and promoting good governance in the public sector. This will increase accountability to the taxpayers. It will also increase public confidence in the credibility of government institutions and systems.

7. We commit to: meet existing targets for the use of country systems and continue to make progress over time; continually assess strengths and weaknesses of existing country systems by reviewing indicator frameworks' reports and where necessary, give support for improvement of the quality of the Public Finance Management Systems; strengthen capacities of oversight institutions to enable them to fully perform their functions; ensure that aid is aligned to the entire policy cycle of budgeting, procurement, financial reporting and auditing; and support regional peer-learning and exchange networks on use of country systems.

Untying of Aid

8. We note the continuous efforts to improve the quality, impact and effectiveness of development cooperation. We continue to commit to adhere to the agreed development cooperation effectiveness principles. We commit to accelerate untying of aid particularly for least developed countries and countries in need. We will continue to periodically review contracting procedures to ensure that learning and capacity development for recipient countries are given priority. In this regard the Private Sector is encouraged to participate in local and international procurement source goods and services through local service providers.

Focus on results

9. We note the need to link the objectives of the "Use of Country Results Frameworks", where the development cooperation outcomes of the Global Partnership can provide inputs into the follow up and review of the 2030 Agenda for Sustainable Development especially at the national level. We look forward to country ownership, increased use of programme based approaches in budgeting to deliver tangible development results.

10. We as development partners, commit to align development cooperation policies and practice with National Development Planning processes and systems. We shall endeavour to scale-up development cooperation through the use of country systems and related results frameworks for effective impact. Development cooperation should support promotion key sectors of growth such as sustainable industries, investing in scientific research and

innovation and domestic resource mobilization. Development cooperation should help countries to combat the problem of illicit financial flows.

11. We commit to contribute to the objective of domestic resource mobilization for sustainability through development cooperation investments in value addition, processing of natural resource particularly in extractive industries, productive diversification, and addressing excessive tax incentives by promoting domestic private sector.

Transparency and accountability for development results

12. We urge the citizens and governments of both provider and recipient countries, advocacy and human rights groups, the private sector and top global leadership caucuses such as the African Union and G8 to ensure that the principles of transparency and accountability are upheld. We note the progress so far made to provide timely, comprehensive, accessible, usable and forward looking information. We also note that this can be improved if we all agree that:

- (a) Recipient countries, while learning from successful evidence in the larger South, will work collaboratively with provider countries in establishing or strengthening of innovative Public Finance Information Management Systems that are context-specific. This will lead to improved multi-year planning and efficiency and co-ordination of provider activities, budgeting, reveal funding gaps and monitor the processes.
- (b) Provider countries that have not met the common standard of aid transparency by 2015 should publish plans and implementation schedules for the DAC Creditor Reporting System (CRS), Forward Spending Survey (FSS) and International Aid Transparency Initiative (IATI).
- (c) Provider countries and recipient Governments should come up with workable proposals to always capture off-budget support to local and international Private Sector entities and the Civil Society Organizations. This is critical in ensuring sound fiscal governance especially in countries which are more dependent on aid.

Part II: Development Financing in a Changing Landscape

Multi-Stakeholder Partnerships for Effective Development

13. Inclusive partnerships are a critical principle of effective development cooperation. We note that public finance, both domestic and international, will play a vital role in providing

essential public goods and services and in catalyzing other sources of finance. (Para 41 of 2030) We acknowledge the role of the diverse private sector, ranging from micro enterprises to cooperatives, to multinationals and that of civil society organizations and philanthropic organizations.

14. Inclusive coordinated and effective multi-stakeholder partnerships are necessary for the realization of Sustainable Development. We commit to upscale our efforts in ensuring an enabling environment for inclusive multi-stakeholder partnerships as well as for individual actors to perform their complementary roles in a transparent and accountable manner.

15. We note that realization of effective multi-stakeholder partnerships calls for clarity of responsibilities. We will need clearly defined expectations and performance standards for the effective implementation of the 2030 Agenda for Sustainable Development. This will require that:

Governments of developing and developed countries

(a). Governments will align the Sustainable Development Goals and their targets with national priorities. They will also mobilize the required resources, implement rules that govern development finance, draft policies and operational guidelines necessary to implement the Sustainable Development Goals and facilitate South-South and Triangular Cooperation, as well as, national and regional peer review exercises.

Effective development cooperation in countries in special situations

The challenges facing middle-income countries

(c). We recognize that there are also serious challenges within many middle income countries. We note that levels of poverty and inequality remain high in middle income countries. Middle income countries usually experience reduced concessional finance. Many MICs are not able to access sufficient affordable financing from other sources to meet their needs. We commit to ensure that development cooperation addresses the transition challenges faced by countries joining the middle income category. We reiterate the need to develop policies that are sequenced, phased and gradual as exit strategies for countries transitioning from lower to middle-income status. We also call for the strengthening of systems, processes and structures that will effectively address the challenges of transition. We commit to support the process of refinement towards a more comprehensive inclusive MIC indicator. In this regard, we will upscale support to improve the level of experience-sharing between countries that have successfully transitioned to MICs.

Multilateral and bilateral agencies

(d). Are expected to continually link their institutional priorities with the national development priorities.

Economic Empowerment of Women and Youth

16. We recognize the importance of ensuring inclusive and accelerated development, building stronger, healthier and more equal societies. We note the importance of full integration of women and youth into national policies. The youth in many parts of the world present a source of incredible untapped innovation and talent. We will continue to address barriers that women and youth face in realizing their full potential. Issues such as violence against women and girls, child labour, harmful cultural practices, high rates of youth unemployment, employment of women and youth in vulnerable sectors, unpaid care and domestic work, require special attention.

17. We therefore commit to ensure meaningful engagement and participation of youth and women in development and implementation of strategies, policies, programmes and budgets for sustained inclusive and equitable economic growth. We will continue to call for gender mainstreaming and targeted affirmative actions in the formulation and implementation of all financial, economic, environmental and social policies.

Domestic resource mobilization

18. Mobilization and effective use of domestic resources is important for sustainable development. Effective development cooperation can catalyze and strengthen domestic resource mobilization (DRM) efforts through innovative financing instruments. We also note that international public finance can play an important role to complement countries to mobilize domestic resources. We call for development cooperation in strengthening capacities of national tax authorities to this effect.

Illicit Financial Flows

19. We note that development efforts of many developing countries continues to be undermined by high capital outflows. We commit to support the development of capacities for our national tax authorities, enhance accountability mechanisms for businesses and financial institutions to help combat illicit financial flows. Further, we will encourage sharing of information among financial institutions in this regard. We further support harmonization of tax policies and strengthening of systems to stop illicit flows and accelerate repatriation of stolen funds and assets to countries of origin.

South-South Cooperation and Triangular Cooperation

20. South-South and Triangular Cooperation have become important modalities in supporting human, institutional and knowledge-based capacities for increased technological, bio-medical and industrial advancement with huge potential to boost the performance of drivers of inclusive growth in the South.

21. We commit to support the advancement of South-South and Triangular Cooperation policies and their coherence in contributing to overall inclusive growth and development through national priorities and related results frameworks. Further, we endeavor to scale-up support in linking SSC to national priorities and thereby allow for effective monitoring and measuring of SSC which will in-turn help in advancing the modality's contribution to Agenda 2030.

Business as a partner in development

22. Private business activity, investment and innovation are major drivers of productivity, inclusive economic growth and job creation. We acknowledge the diversity of the private sector, ranging from micro enterprises to cooperatives to multinationals. We will continue to pursue the five shared principles of sustainability, transparency, accountability for results, consultation and inclusive dialogue as guidelines for the Public-Private partnerships in development agreed at the 2011 Busan High Level Forum.

23. We commit to implement the 2030 Sustainable Development National Public-Private platforms that: clarify streamlined processes for setting up and operationalizing Private Sector Working Groups; encourage cross-sector dialogue and partnerships in assessing 'comparative advantages' for public and Private Sector engagement; support governments in aligning national development plans with the Sustainable Development Goals; set up central reporting systems on economic and social impacts (taxes paid, jobs created, training provided etc.); and pursue a transparent and accountable financial reporting of public funds transferred to the private sector. Further, we commit to support the growth of a solid domestic private sector, particularly in advancing developing countries' extractives and overall industrial potential.

Enabling greater participation by civil society

24. The CSOs are expected to promote social accountability with respect all development finance (to be developed further)

25. Enhancing the contribution of Foundations (to be developed)

26. Enhancing participation of Local and Regional Government (to be developed)

Enhancing participation of Parliaments

27. We acknowledge the essential role of national Parliaments through their enactment of legislation and adoption of budgets and their role in ensuring accountability for effective implementation of our commitments. Parliament will continue to play the oversight function which is critical in enforcing improved financial accountability, combating fraud and corruption and promoting good governance in the public sector.

Timely, Reliable and Comprehensive Data for Monitoring

28. We acknowledge that quality, accessible, timely, and reliable disaggregated data will be needed to help in the measurement of progress in development cooperation. Availability of quality and timely data is central to the implementation of the GPEDC and SDGs monitoring frameworks. We affirm our commitment to intensify efforts to strengthen statistical capacities in developing countries, particularly African countries, least developed countries, landlocked developing countries, small island developing states and middle income countries. Providers of development cooperation are called upon to strengthen capacities of institutions. This will improve partner countries' national monitoring exercises and public sector debates.

Part III: GPEDC Mandate and Working Arrangements

Mandate

29. Aligning the GPEDC with the aspirations of the 2030 Agenda for Sustainable Development Agenda, calls for review of the existing national, regional and global development finance architectures to reflect the new realities. This calls for coherence, inclusivity, stronger mutual partnerships and multistakeholder dialogues among various actors.

Monitoring Framework

30. We recommend that the GPEDC Monitoring Framework continually mainstreams development effectiveness across all relevant Sustainable Development Goal indicators to contribute to the follow up and review of the SDGs. This will make the GPEDC one of the authentic sources of data for the wider Sustainable Development Goals' follow up and review framework.

Working Arrangements

31. We will continue to work towards minimizing of overlaps in mandates between the GPEDC and the Development Cooperation Forum. We propose a mutually supportive operational framework that will address this concern which recognizes the unique role of each.

Streamlined composition, role and decision making powers of the GP Co-chairs, Steering Committee and JST towards an inclusive Global Partnership in both policy and practice.

Annexes

- List of Global Partnership Initiatives
- Mandate and Working Arrangements
- Monitoring Framework
- Addis Ababa Action Agenda
- (Develop Financial Flows to Support Implementation of the Sustainable Development Goals?)
- Develop financial flows to support implementation of the Sustainable Development Goals
- Assistance is based on recipient country strategy
- (Add Recipient DFM)

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