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The global partnership for effective development cooperation: origins, actions and future prospects

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The Global Partnership for Effective Development Cooperation: Origins, Actions and Future Prospects

Talaat Abdel-Malek

Published in cooperation with:

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The Global Partnership for Effective Development Cooperation: Origins, actions and future prospects

The German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE) is a multidisciplinary research, policy advice and training institute for Germany's bilateral and multilateral development cooperation. On the basis of independent research, it acts as consultant to public institutions in Germany and abroad on current issues of cooperation between developed and developing countries. Through its nine-month training course, the German Development Institute prepares German and European university graduates for careers in the field of development policy.

Talaat Abdel-Malek is a former Senior Economic Adviser to the Minister of International Co-operation in Egypt and former chair of the OECD/DAC Working Party on Aid Effectiveness.

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The Global Partnership for Effective Development Cooperation: Origins, actions and future prospects

Talaat Abdel-Malek

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The book draws much on the experience gained during my years at the OECD/DAC Working Party on Aid Effectiveness. I owe special thanks to Jon Lomoy, Brenda Killen and members of the Secretariat, as well as to Brian Atwood – the DAC chair at the time – with whom I worked closely. They provided invaluable professional and logistical support. My experience in development cooperation was enriched through my work as Senior Economic Adviser to Fayza Aboulnaga, then Egypt's Minister of International Cooperation, who was instrumental in shaping Egypt's development cooperation policies and actions.

A special appreciation goes to my wife, Sylvia, and two sons, Hani and Alex, for their patience and encouragement during the more than two and a half years that kept me busy completing this book, and for allowing me to take this time away from them.

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It remains to be said that any errors or omissions are solely my responsibility.

March 2015

Talaat Abdel-Malek
Sidney, British Columbia, Canada

To all those whose actions are helping to improve poor peoples' lives through more effective use of development assistance

Foreword by Brian Atwood

The words “foreign aid” have generally produced more controversy than enlightened debate. This volume is not the typical polemic taking sides in an ill-informed debate over whether development assistance is helpful or harmful. Talaat Abdel-Malek provokes the reader in a different way. He describes with precision and insight the decades-old struggle to change the behaviour of those engaged in delivering development.

The author has been an active participant in this process, but he demonstrates the unique capacity to step back from his own significant achievement, review past progress and describe the road ahead. Abdel-Malek is a scholar / practitioner who chronicles the evolutionary change that gradually has improved – and he would say too slowly – the relationships among traditional donors, developing-country partners, the private sector and civil society.

I had the privilege of working closely with this impressive leader during my tenure as chair of the Development Assistance Committee (DAC), the place where traditional donors from member nations coordinate policy at the Organisation for Economic Co-operation and Development. I represented the United States at high-level DAC meetings in the 1990s as the head of the Agency for International Development. I participated in the DAC discussions that led to the issuance in 1996 of a political statement that presented development goals for the 21st century. These goals were modified slightly and adopted in 2000 by the United Nations as the Millennium Development Goals.

Talaat chaired a Working Party on Aid Effectiveness, created by the DAC, a highly diverse group of some 90 government representatives, bilateral and multilateral donors, civil society, parliamentarians and the private sector. The task was to write a new chapter in development cooperation that would institutionalise, through a global partnership, a more effective and better coordinated approach to alleviating poverty.

Born in Egypt and a citizen of both Egypt and Canada, Talaat has studied and taught the development mission at universities in Egypt, Canada, the United Kingdom and China; advised development ministers in Egypt; and worked with UN agencies focussed on improving the impact of project-based assistance in Africa, Asia and the Middle East. No one could have

been better prepared to chair the OECD/DAC Working Party. An effective communicator across cultures and at senior levels, Talaat was sensitive to the concerns of both donors and recipient countries. He had witnessed the successes and the foibles of aid in the field and understood the great benefits of trusting partnerships. This comprehensive account is a reflection of more than 50 years of deep engagement in the development community at both the intellectual and practical levels.

The Working Party Talaat chaired operated at arm's length from its sponsor, the DAC, but even then detractors from developing nations voiced suspicions that it was not truly independent. Talaat could look at development issues from the perspective of developing nations, but he also understood the concerns and risk perceptions of donors. His credibility with all parties enabled the Working Party to make progress in preparing for the most inclusive international forum on development cooperation ever held. The Fourth High Level Forum on Aid Effectiveness, held in Busan, Korea, in 2011, was the culmination of a decades-old process described in all its dimensions in this detailed account. The author walked every metre of that journey over the years, and these pages are rich with his experiences and perspectives.

Talaat captures extraordinarily well the challenge of moving governments and civil society away from the practices of the early days of "aid" to an era of increased development cooperation and partnership. He demonstrates with candour that reaching for an ideal in a complex and highly political global environment is a long and arduous journey, not a final destination. And he recognises that assistance is only one element in poverty alleviation, albeit a valuable instrument when employed well.

This study details the shortcomings of donors who find it easier to agree to diplomatic commitments than to implement them. Conversely, it describes the behavioural changes that can occur under the glare of international scrutiny. Achieving agreement on a diplomatic document in Busan that includes shared principles and specific commitments was an extraordinary feat, but reaching an accord on a new institution, the Global Partnership for Effective Development Cooperation, provided a way to hold governments' feet to the fire. This study makes a persuasive case that this body, if adequately staffed and led, could accelerate behavioural change and improve coordination.

In the past few decades, nothing was more significant in placing the development community on a path towards mutual accountability than the adoption of the UN Millennium Development Goals in 2000. As imperfect as these 8 goals and their 21 targets may have been, they gave all partners objectives against which they could be judged. A study released by the DAC just before the Busan Forum showed inadequate progress in meeting these targets. There was some significant progress. Extreme poverty had been reduced by more than 50 per cent, and improvements in infant mortality rates and the availability of potable water were recorded. Still, the overall results were disappointing.

Official development assistance had been increased by 50 per cent over the period, but the global financial crisis was beginning to reverse progress towards the UN goal of 0.7 per cent *per capita* of gross national product. As Talaat chronicles, developing countries had every reason to be concerned in the run-up to the Busan Forum. This made them even more aggressive in the negotiations over an outcome document.

Of equal concern, the global aid architecture had grown fragmented and uncoordinated. In an article for the Center for Global Development, former French Development Minister Jean-Michel Severino characterised the effort as "hypercollective activity" involving thousands of diverse national and sub-national entities who too often were working at cross purposes.

The Busan Forum and the Working Party Talaat chaired seemed to be microcosms of this diverse and uncoordinated world. The challenge of bringing together this strange admixture of perspectives and interests is vividly described on these pages. It is a story of negotiating tactics and behind-the-scenes diplomacy with a degree of intrigue that is fascinating – told by the person in the middle of it all.

Talaat also provides an insider's history of the aid effectiveness forums that preceded Busan. The first two, in Rome and Paris, had minimal participation from partner countries and civil society. That all changed in Accra, Ghana, in 2008 as developing nation representatives came in large numbers. The principles agreed to in Paris in 2005 were beginning to signal a change in the donor–recipient relationship, particularly the one that called for local ownership. But words had not yet translated into action. Talaat details here the agitation of the developing-country partner

caucus he ably advised. The "Accra Agenda for Action" became a clarion call that the donors would have a harder time ignoring.

As co-chair of the expanded Working Party after Accra, Talaat had the credibility to convince the developing-country doubters that this would truly be an open process, and that their views would be heard. He was initially paired with prominent leaders representing the donor world. Each of the donor-designated co-chairs left the process early, appointed respectively to other positions at the European Commission and the United Nations. Former Netherlands Development Minister Bert Koenders was appointed the UN Secretary General's representative in Cote d'Ivoire just a few months before the Busan Forum.

A debate ensued as to whether a new donor representative should be appointed. I was convinced that this was unnecessary, and DAC ministers came to agree. Talaat's reputation for fairness and integrity was by now appreciated well beyond the developing-country partner caucus; he personified the new partnership all were hoping would emerge at Busan. He remained the sole chair for the difficult negotiations to come.

Talaat knew that it was important to engage the new providers from the emerging economies in any global partnership. He also knew that no manner of cajoling from the traditional donors would move the Chinese, Indians and Brazilians to accept principles coming from a DAC body (South Africa and Russia had participated on the Working Party). The only influence worth its weight would come from the so-called South. He worked behind the scenes to make that happen. In looking back, the presence of a brilliant Egyptian with credibility in the developing world was a crucial piece of the puzzle. How this happened and why is an important story, and one that has lessons for future endeavours of this kind.

This study is must-reading for the professionals who operate in the development field; for those who want to see development progress in saving the global commons and in developing countries; and for scholars and students of both development and diplomacy. The Global Partnership for Effective Development Cooperation is a unique institution, as it is a home for those charged with the development mission as well as a relatively safe and apolitical place to express ideas, coordinate approaches and close the gaps between "South-South" and "North-South" cooperation. Talaat Abdel-Malek makes a persuasive case that this institution should be at the

centre of the effort to implement the United Nations' post-2015 Sustainable Development Goals. He has contributed this superb study and his own life's work to this worthy effort.

Brian Atwood

Foreword by Dirk Messner

The global system of international development cooperation has undergone a significant transformation over the past decades. A key driver of change is the commitment by traditional donors from the Organisation for Economic Co-operation and Development (OECD) to streamline their practices with the aim of accomplishing a higher degree of aid effectiveness. In parallel, the OECD Development Assistance Committee (DAC) has reached out to new actors, particularly rising powers from the South and other middle-income countries, to join efforts for enhanced coordination. Without any doubt, the OECD/DAC initiatives have engendered programmatic and institutional innovations. Through a series of High Level Forums on Aid Effectiveness – the last one at Busan, South Korea, in 2011 – providers and beneficiaries of external support agreed to a new paradigm of inclusive development cooperation with mutual responsibilities. The Busan Global Partnership, established in 2012, strives to establish itself as a universal platform of all stakeholders – albeit, so far, with limited success on the side of major providers of South-South cooperation.

There could not be a more authoritative account of the recent dynamics in international development cooperation than the one presented here by Talaat Abdel-Malek. As former Senior Economic Adviser to the Egyptian Minister of International Cooperation and co-chair, later chair, of the now disbanded OECD/DAC Working Party on Aid Effectiveness, he has been one of the most influential policy-makers in this field. Building on the author's personal experiences and countless OECD documents, the comprehensive study traces the evolution of the international aid system during the post–Second World War period and analyses the potential of the Global Partnership for Effective Development Cooperation to mature into a universally accepted institution.

A particular strength of the volume lies in Abdel-Malek's in-depth analysis of the process dimension in international development cooperation. Through his privileged insider perspective, the author gains invaluable insights into the "why and how" issues behind strategies and decisions of key actors in the aid sector. His study demonstrates how the OECD/DAC has successfully established an innovative global regime for development cooperation by organising a string of High Level Forums from 2003 to 2011. However, as his findings reveal, success did come with a price in generating unexpected

outcomes. Although the interests and perspectives of traditional donors dominated the process at first, developing countries were successively able to assert their place as equals at the negotiating table. Abdel-Malek's findings point to the critical impact of shifting power structures for this dynamic to evolve. Within the relatively short period of just a decade, the rise of Southern providers, such as China, India and Brazil, has increasingly challenged the dominant OECD/DAC narrative and opened new political space for recipient countries. As a consequence, South-South cooperation has been recognised as a distinct category that is not to be guided and assessed by the standards of North-South cooperation. In analysing the ambivalent position of rising powers towards the new aid architecture, the author provides important insights for future action. He hopes that Southern providers will begin to understand the benefits of a genuinely universal framework for international cooperation that is built on the principle of common but differentiated responsibilities.

The insider story by Abdel-Malek is of particular relevance for us at the Käte Hamburger Centre for Global Cooperation Research, as it addresses the opportunities and constraints of cooperative approaches in support of developing countries and global public goods in a multipolar world. What does it take for OECD countries to join hands with rising powers and other middle-income countries in addressing global challenges? How can the myriad of public and non-state actors from local to global levels become partners committed to a common vision for change? Abdel-Malek's rich analytical findings point the way towards shaping an effective framework for the implementation of the United Nations post-2015 global development agenda.

The German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE) is honoured to present this publication by an eminent practitioner as a unique contribution to its research programme on the transformation of international development cooperation, undertaken in cooperation with the network Managing Global Governance (MGG). Specials thanks are due to the Federal Ministry for Economic Cooperation and Development / Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ), which has commissioned and generously funded the MGG programme since 2007.

Dirk Messner

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Abbreviations

AAA	Accra Agenda for Action
ACBF	Africa Capacity Building Foundation
ACP	Association of African, Caribbean and Pacific French-speaking Countries
ADB	Asian Development Bank
AfDB	African Development Bank
Afrodad	African Forum and Network for Debt and Development
AU	African Union
AWEPA	Association of European Parliamentarians with Africa
BMZ	German Federal Ministry for Economic Cooperation and Development / Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung
BRICS	Brazil, Russia, India, China and South Africa
CASSALD	China and South-South Scoping Assessment for Adaptation, Learning and Development
CD	Capacity Development
CD Alliance	Capacity Development Alliance
CDDE	Capacity Development for Development Effectiveness
CDSF	Capacity Development Strategic Framework (NEPAD)
CIDA	Canadian International Development Agency
CPA	Country Programmable Aid
CPDE	CSO Partnership for Development Effectiveness
CPIA	World Bank Country Policy and Institutional Assessment
CSO	Civil Society Organisation
DAC	Development Assistance Committee
DCD	Development Co-operation Directorate
DCF	Development Cooperation Forum (ECOSOC)
DFID	Department for International Development

DIE	German Development Institute / Deutsches Institut für Entwicklungspolitik
EC	European Commission
ECOSOC	Economic and Social Council (UN)
ERD	Economic Relations Division
EU	European Union
FAO	Food and Agriculture Organization
G20	Group of 20 leading economies
GNI	Gross National Income
GNP	Gross National Product
GPEDC	Global Partnership for Effective Development Cooperation
HAP	Harmonisation Action Plan
HIPC	Highly Indebted Poor Country
HLF	High Level Forum
IBLF	International Business Leaders Forum
IBON	A Philippine-based non-government organisation concerned with development issues
IDA	International Development Association
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
IFI	International Financial Institution
IISD	International Institute for Sustainable Development
ILO	International Labour Office
IMF	International Monetary Fund
INCAF	International Network on Conflict and Fragility
IPU	Inter-Parliamentary Union
ISIS	Islamic State in Iraq and al-Sham
ITC	International Trade Centre
JBIC	Japan Bank for International Cooperation
JICA	Japan International Cooperation Agency

KfW	German Development Bank / Kreditanstalt für Wiederaufbau
LDC	Least-developed Country
LIC	Low-income Country
LMIC	Lower-middle-income Country
MDB	Multilateral Development Bank
MDG	Millennium Development Goal
MfDR	Managing for Development Results
NEPAD	New Partnership for Africa's Development
NGO	Non-governmental Organisation
Nordic Plus Group	Denmark, Finland, Ireland, the Netherlands, Norway, Sweden and the United Kingdom
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
PBIG	Post Busan Interim Group
PCCG	Partner Country Contact Group
PD	Paris Declaration
PFM	Public Financial Management
PGAE	Partnership Group on Aid Effectiveness
PIU	Parallel Implementation Unit
SDC	Swiss Agency for Development and Cooperation
SSC	South-South Cooperation
SWAps	Sector-wide Approaches
TC	Technical Cooperation
UAE	United Arab Emirates
UMIC	Upper-middle-income Country
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDG	United Nations Development Group

UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
WB	World Bank
WBI	World Bank Institute
WP	Working Party
WP-EFF	Working Party on Aid Effectiveness

Executive summary

This study is about development aid, or development assistance as it is now called. It traces the evolution of aid during the post–Second World War period, with emphasis on efforts of the international community – providers and recipients alike – during the past 15 years to improve assistance effectiveness. The term "development assistance" is used here interchangeably with "development aid" and "development cooperation". The study uses the term "aid providers" rather than "donors", as the latter has rightly been objected to by developing countries, since it implies that aid is a form of charity or a donation, which, of course, it is not.

Aid effectiveness may be defined as the extent to which aid provided to a country supports its plans to achieve development goals in a sustainable and measurable way. Measurement poses many challenges, which will be discussed later. The key point is whether and how aid contributes to tangible development *outcomes*. The evidence examined in various chapters shows that such outcomes have been, in the main, well below what would / should have been expected as a result of the enormous amounts of assistance extended over many decades.

Why this study? After all, there is an extensive and rich literature on aid. Do we need yet another study? Two reasons encouraged me to write. First, I believe there is a gap in the literature when it comes to dealing with the *dynamics* of managing aid from the perspectives of aid providers and aid recipients. Often, writings concentrate on substantive aspects concerned with the "what", "how much" and "what for" issues of aid, without paying enough attention to the "why" and "how" issues behind aid decisions. Our premise here is that aid effectiveness is a function of both substantive and process dimensions, which come into play in shaping aid decisions on both sides of the aid equation. Focussing on one side only does not allow us to gain a full picture of what may seem like unexpected aid results, as reflected by the lacklustre performance of billions of dollars of assistance given to help address a wide array of development challenges.

The second reason is my desire to share the experiences – professional and personal – I have been fortunate enough to acquire during a career of

more than 50 years. In so doing, I wish to invite feedback from policy-makers and other practitioners to share their experiences, and thereby further enrich our understanding. Initially involved in teaching and researching development, I later gained insights about how development aid works – and does not – through technical and management assignments undertaken with a number of UN agencies (including the International Labour Office (ILO) and International Trade Centre (ITC)) in the field and at headquarters. More experience was acquired when I served as policy adviser to international cooperation ministers in Egypt and as founder of Egypt's national project evaluation centre. My concurrent involvement in the aid effectiveness debates through the Organisation for Economic Co-operation and Development / Development Assistance Committee (OECD/DAC) Working Party on Aid Effectiveness (WP-EFF) since 2005 (and the honour of having been elected as its co-chair, and later its chair, from 2009 to 2012) provided invaluable insights, enriching my knowledge and shaping my views by giving me the opportunity to work closely with a wide range of stakeholders worldwide, including senior policy-makers and practitioners. To all of them, I am grateful for their contributions.

The study begins by painting broad brushstrokes of the contextual background within which the aid effectiveness debate has progressed for more than six decades. Chapter 1 outlines a macroeconomic and political-economy analysis of trends in the volume of development aid; growth of aid agencies and stakeholders (both official and non-official); aid allocation among recipients; and the role of aid relative to other external resource flows, such as trade and foreign investment, in supporting recipient countries' development. It also refers to two landmark UN conferences at the beginning of this century on Development Financing and the Millennium Development Goals (MDGs). These helped trigger a series of High Level Forums (HLFs) by the OECD/DAC in 2003, which ultimately led to the Global Partnership for Effective Development Cooperation (GPEDC) negotiated in Busan, Korea, in December 2011. This chapter also addresses the question whether this long journey – and the arduous efforts associated with it – has been worthwhile. Sceptics, and there are plenty of them, have often lamented the gross waste of time and money invested in this exercise, which led to feeble results.

Against this background, the study proceeds to examine the commitments, actions and challenges of the international community, which has been engaged in ongoing consultations about development cooperation through four HLFs organised by the OECD/DAC in collaboration with the World Bank and other sponsors. Chapter 2 examines the outcome of the Rome HLF in 2003, which concentrated on two issues: how to enhance assistance harmonisation among various providers, and how to better align such assistance with recipient countries' development goals and priorities. Certain commitments had been made to achieve these goals – commitments that are subsequently reviewed in Chapter 3 to assess the progress made in meeting them.

Chapter 3 then proceeds to highlight the agenda and outcome of the second HLF, held in Paris in 2005, and attended by much larger numbers and a wider range of participants, especially from recipient countries. Although the progress in achieving better harmonisation and alignment was modest, the Paris Forum identified and allowed for discussions on more issues impacting aid effectiveness and put forward five key principles of aid effectiveness, which were subsequently endorsed by participants. These comprised ownership, harmonisation, alignment, managing for development results, and mutual accountability. These key principles captured a more realistic (though incomplete) setting of the factors to be dealt with in actions to enhance aid effectiveness.

Having endorsed the Paris Principles, participants committed their countries / agencies to address bottlenecks hampering progress in abiding by these principles. Chapter 4 reviews the extent to which progress was made in meeting such commitments through a monitoring survey conducted by the OECD/DAC. The responses received from recipient and provider countries / agencies showed that some more progress was achieved – varied across countries and individual principles – but was still below expectations. It was argued then that more time was required to show better results in view of the difficulties faced in dealing with a number of issues. For example, the principle of country ownership of development strategies required actions by both recipient and provider partners – weak leadership in some recipient countries and/or reluctance of some providers to change existing policies to respect the recipient country's ownership principle – were among the obstacles identified in the survey.

Chapter 5 outlines how the OECD/DAC, through the WP-EFF, which was established shortly after the Rome HLF, prepared for the third HLF held in Accra in 2008. The key agenda was how to mobilise more energy and actions to deal with persistent unsatisfactory progress in improving aid effectiveness. The Accra Forum represented a tangible change in format, breadth of participation, agenda and resulting commitments. Frustration with inadequate progress and the involvement of a wider range of stakeholders (including civil society, private sector, parliaments and a majority of developing countries) introduced more dynamism into the dialogue, which was no longer solely between officials from recipient and provider governments, and called for more ambitious commitments pledging a faster pace of progress along a broad spectrum of issues.

Chapter 6 is devoted to a review of the actions taken by stakeholders to meet their respective commitments, including actions by a much expanded WP-EFF. This expansion was called for during the Accra meetings to give more voice to developing countries and restructure its operative capacity (by creating work clusters and establishing an Executive Committee to deal with day-to-day issues on behalf of the now 80-member WP-EFF) to handle the challenges ahead. The chapter also reports the results of the second monitoring survey on progress achieved. These activities were part of the preparations for the fourth HLF, held in Busan, Korea, in 2011. Although the survey showed better progress, the "glass was still only half full". Nevertheless, the progress made – and the remaining challenges – served as a major impetus to design the next HLF in such a way as to produce a "game changer".

Chapter 7 outlines how continued slow progress and persistent challenges led to a shift in thinking about approaching development cooperation effectiveness issues, paving the way for negotiating the Global Partnership for Effective Development Cooperation. These negotiations continued until well into the night before the final day of the Busan Forum and lumbered under thick clouds of uncertainty. Several lessons were drawn from that experience. A key challenge was how to negotiate a *global* partnership, rather than continue "business as usual" and be dominated – as perceived by many – by OECD. This perception had been an irritant to stakeholders championing South-South cooperation modalities used by emerging economies and many middle-income

countries. But there were also calls to broaden the development effectiveness agenda in order to take note of the changing economic, political and environmental settings – changes that have become more vivid during the past 10–15 years and can no longer be ignored.

Chapter 8 presents the highlights of the Busan Forum – its format, agenda, profile of the 3,500 delegates taking part and the contents of the Busan outcome document. In terms of ambition, the Busan outcome document is by far the most ambitious set of principles, goals and commitments made by the largest number of actors to date (countries, agencies, non-government delegates). Even the sceptics in the media and think tanks, who had predicted that the Busan outcome was going to produce few meaningful results, admitted their surprise at what Busan has produced. The vast majority of observers and reviewers welcomed it as ushering in a new era of development cooperation – an outcome dependent on how commitments will be met during the next few years.

Two of the more persistent challenges facing development cooperation have been how to assist recipient countries in strengthening their development capacities, in terms of both institutions and human resource skills, and how best to support fragile states and post-conflict countries in coping with fragility and regaining resilience by adopting a different approach. Chapters 9 and 10 address these two key issues respectively, drawing on available evidence and recent conceptual contributions. The key message for institutional capacity calls for a critical review and change of existing policies and approaches to develop a more holistic view of enhancing these capacities – capacities that are so crucial for achieving sustainable development and empowering recipient countries to take charge of their development. The message for those working in fragility situations is to urge assistance providers to respect country ownership, avoid pre-conceived ideas about what these states should do to cope with fragility issues and take a longer-term perspective in providing assistance – in short, to rethink and restructure their future interventions to address resilience challenges and beyond.

Chapter 11 gives an overview of the actions taken to operationalise the Global Partnership accord. The accord called for specific actions to be carried out by the WP-EFF during a six-month extension of its mandate in order to finalise work on the new global monitoring indicators – 10 in

all, which would be used to assess progress in implementing Busan commitments at the global level. The GPEDC was "open for business" in July 2012, with its three minister-level co-chairs and its Steering Committee on board, and ready for action. The chapter considers the early actions – including the first post-Busan ministerial forum, hosted by Mexico in April 2014, and the results of that important meeting – and takes a look back at how the global setting has changed since the first HLF, as well as at past achievements and the lessons learnt during that 10-year period.

The final chapter identifies the challenges facing the new Partnership, critiques the Mexico meeting and takes note of two subsequent workshops held in Bellagio, Italy, and Seoul, Korea, in October and November of 2014 to discuss the GPEDC strategies and actions to date and propose recommendations for the future. Chapter 12 concludes with the author's own perspective on the future prospects of the Partnership, emphasising its substantial potential to become an important change agent contributing to greater effectiveness of development cooperation.

It should be mentioned that although HLFs were the "flagships" that provided the main venue for the aid effectiveness debates, many regional and inter-regional meetings, held at the initiatives of stakeholders everywhere, enriched the debate and underlined the regional contexts and thematic issues that shaped aid effectiveness priorities. Our analysis refers to the main outcomes of their deliberations, as was done during Working Party meetings. They have contributed in no small way to the debate and sponsored valuable initiatives to enhance the cause of aid effectiveness in their regions.

A key feature of this study reflects my efforts to base the analysis on available *evidence* as much as possible, rather than on statements and announcements alone. The analysis also attempts to capture the viewpoints of many actors and stakeholders and does not focus on any given viewpoint, in order to provide both balance and transparency in the arguments put forward and to avoid endorsing any camp's position, unless supported by considerable evidence.

The prospects of the GPEDC are hard to exaggerate. This new architecture, imperfect as it may be, in my opinion holds considerable promise in

pushing development cooperation actions forward and mobilising the enthusiasm and energy of development actors – traditional and non-traditional alike – to support developing countries in achieving their development goals and in contributing to the achievement of the post-2015 development agenda.

Tapping these energies, however, depends on regaining a sharper focus on Busan principles and goals, and giving priority to "unfinished business", deferred from the old aid effectiveness agenda, and guided by the Paris Principles, which remain as valid and relevant today as when they were endorsed in 2005. Success also depends on expanding GPEDC operational capacity to deliver what is expected of it, ensuring more continuity in its leadership and Steering Committee, and according developing countries a stronger voice in setting future agendas.

After all, it is these countries for which the whole development cooperation effectiveness exercise was initiated in the first place.

1 Global setting for aid effectiveness: Opportunities and challenges

"The World as we have created it is a process of our thinking.
It cannot be changed without changing our thinking."
Albert Einstein

1.1 Introduction, rationale and brief history

Any meaningful discussion on aid effectiveness requires a good understanding of the global context of development cooperation, and of the factors and changes influencing its direction and priorities. The purpose of this introductory chapter is to review how this context has evolved in the course of the past five to six decades, and to identify the key factors that have reshaped development cooperation and its impact on developing countries' progress towards sustainable development.

The origins of foreign aid, according to some writers, were traced to "*the development activities of the colonial powers in their overseas territories*" (Führer, 1996). But this was a different kind of "development assistance" administered during colonisation, when colonial powers built infrastructure (roads, bridges, waterways, ports and harbours, schools, etc.) and promoted the development of certain agricultural crops as well as the exploitation of mining and other natural resources. Such actions were driven primarily by the occupying powers' economic and political interests, including gaining access to raw material resources for their industries, opening local markets for their products and assuming control of strategic locations along vital trade routes (such as the Suez Canal, as an example). Although some benefits accrued to the colonised countries, the lion's share went to the colonial powers – in fact, some have argued that these powers' actions have caused a reversal in developing countries' paths out of poverty (Mazrui, 2010; Ayittey, 2005).

Be that as it may, our focus is on foreign aid since the end of the Second World War – a period in which an increasing number of developing countries achieved their political independence and began the process of building national institutions and managing their development efforts. In

so doing, they sought external assistance to supplement their domestic resources, which were inadequate to meet development needs.

Today's development assistance refers to both official and non-official (private) sources. Official development assistance (ODA) dominated the scene for several decades until private assistance started assuming increased significance in more recent years. Post-war ODA was conceptually based – at least partly – on the success of the Marshall Plan, which supported Europe's reconstruction and promoted cross-border trade as a first step towards regional integration. The plan involved massive food aid, infrastructure rebuilding, raw materials and re-education of the workforce to a Europe starved of basic economic resources. It was thought then that a similar approach could be used to assist developing countries in addressing poverty and other causes of underdevelopment – a view that turned out to be too simplistic, as later events would show, if only because these countries lacked Europe's well-developed institutional and skill-base, which the war had damaged but did not demolish (Sagasti, 2005).

Our concern throughout this study is with how effective aid has been in achieving its objectives. Aid effectiveness, while seemingly simple and straightforward, has evolved in concept and practice over many years as a result of interacting events and actions that have produced a vastly different setting for development cooperation, giving rise to more opportunities as well as new challenges. An outcome of these interactions was the launching of the first High Level Forum on Aid Effectiveness in 2003, ushering in a new era in which key development actors adopted a sharper focus on aid effectiveness issues.

Before we begin our review, readers may wonder why it has taken so long to achieve what many consider to be too little. A question posed in the Preface is whether the aid effectiveness exercise and the substantial time and monies invested in it have been worthwhile. I hope the analysis presented in this study will provide a clear answer, backed by much evidence. For now, my summary response to this crucial question is that, initially, I had my own serious doubts about the value of this endeavour – doubts triggered by the outcome of early discussions, repeated statements of support and of commitments to improve aid effectiveness, which produced meagre results. I wondered whether my further participation in meetings was justified. This was the view of many observers as well. And

this is where most sceptics have felt justified in concluding that this was a futile process doomed to failure.

But this is precisely where sceptics were mistaken. Before long, while I was still on the periphery of this process, I came to realise that there was much more to achieving this goal than high-level statements and pumping in more money. Aid effectiveness, properly understood, is a complex socio-political-economy process with layers of vested interests and conflicting views. Even when there was agreement on the ultimate goals, the parties involved had differing views and perspectives on "how to get there". This explains why generally-worded statements and commitments were not difficult to endorse; but imbedded in the non-specificity of these (mostly sincere) statements were the seeds of failure and poor results. Once such complexity was gradually (and slowly) understood, the approach to greater aid effectiveness had to change in order to cope with this reality. There was neither a magic formula nor a shortcut to reach that destination.

Only more in-depth analysis, more careful listening to competing viewpoints, more efforts to enhance an open dialogue and build trust, more patience and an unshakable persistence to stay the course could deliver better and more sustainable outcomes. This study traces how the international community has acquired a better understanding of this process, travelling a bumpy road with many ups and downs until we managed to agree on the necessity and urgency to launch a Global Partnership for Effective Development Cooperation (GPEDC). In a nutshell, this is the theme of this study, or, if you prefer, its storyline.

It is interesting that critics of the process, who rightly pointed to its many failing, have not come up with more viable alternatives. Without the dialogues, numerous forums and lessons learnt with every up and down during the past dozen years, it is my view that development cooperation would have become a jungle ruled by the dictates of the most powerful players, lacking any codes of conduct or rules of play. The more powerful actors still (and will continue to) exercise their influence, as we do not yet have a level playing field, but such influences have been tamed through well-established modalities and agreed frameworks.

Some observers have also asked whether aid effectiveness issues should continue to receive much attention today, when aid's importance has been

declining relative to other international financial flows to developing countries. Although this decline is significant and will probably continue in relative terms for the foreseeable future, it is not prudent to judge aid (or any other financial flow for that matter) merely by volume. Aid tends to contribute most through its catalytic effect by mobilising other resources (domestic and external) for development, and transferring successful development modalities and approaches. In addition, the lessons learnt from efforts to improve aid effectiveness are applicable to other forms of development cooperation, including, for example, assistance to developing countries in coping with climate change. Unless these lessons are heeded, we risk repeating avoidable mistakes in managing such assistance. Finally, there is an "unfinished agenda", which requires more actions to produce better aid impact.

Does the launching of the GPEDC mean we can look forward to a smooth path of progress from now on? Not really, as this would be simplistic! The global setting – politically, economically and socially – has changed and is generating fresh opportunities and new challenges. The GPEDC is potentially a game changer, but vigilance and coherent actions have become essential to meet challenges, as is discussed in the last two chapters.

We now commence or review with a brief note on the motives and pressures behind post-war development assistance, and proceed to trace the emergence of specialised aid agencies (traditional and non-traditional), and identify the main trends in aid growth, sources, allocations, delivery modalities, innovative financing and quality aspects. We also take note of aid commitments and pledges at key international conferences, the changing roles of key actors and the receding importance of ODA relative to other forms of development finance. The chapter concludes with a summary of the main features of the emerging aid architecture.

1.1.1 Initial motives and pressures

Several motives may be identified to justify rich countries' actions to extend development aid. The United States was concerned about the threat of the spread of communism to other parts of the world and was willing to, and did, use foreign aid as an explicit foreign policy tool. The Soviet Union used its central planning approach to integrate Eastern European

countries further into the Soviet economic structure through aid and other means, while also eying the prospects of aid to developing countries as a means of extending its reach. Recovering European countries wished to maintain their ties with their former dependencies, and viewed aid as an effective means to rebuild relations with these countries on a new basis. Developing countries started exerting their own pressures on the United Nations body to set up a UN aid agency to cater to their development needs at a time when they could not afford to borrow from, or access, the World Bank (WB) or available commercial sources of finance.

There was, therefore, a mix of motives that blended security and protection of US and European global / regional power interests with the recognition of a "moral imperative" to assist poor countries in improving their living standards. Underlining this imperative was also a long-term vision of self and mutual interest, as improved standards in these countries promised to open markets and to promote investment opportunities for more developed countries.

Gradually, the United States and West European countries put in motion actions that launched aid initiatives of different kinds. The United States enacted the "Point Four" assistance programme in 1949, the Mutual Security Agency in 1952 and the PL480 in 1954, which provided the legal basis for the Food Aid programme; the United Nations established the Expanded Programme for technical assistance in 1950; the Paris Club was created in 1956 as a multilateral mechanism for renegotiating developing countries' official debts; and in 1957 Europe established the European Development Fund as part of the Rome Treaty, which gave birth to the European Economic Community.

1.1.2 Development Assistance Committee

In an effort to coordinate development assistance among providers, the Development Assistance Group was established under the auspices of the Organisation for European Economic Co-operation in 1960 and became the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) a year later. The DAC has played a leading role in the aid effectiveness debate from its inception. It was created as "*a forum for consultations among donors on assistance*

to developing countries" (Führer, 1996; Organisation for Economic Co-operation and Development [OECD], 2006a). Its mandate has been

> *to promote development co-operation and other policies so as to contribute to sustainable development, including pro-poor economic growth, poverty reduction, improvement of living standards in developing countries, and to a future in which no country will depend on aid* (Sagasti, 2005).

DAC membership gradually expanded to comprise 29 countries by 2014, including the Czech Republic, Iceland, the Slovak Republic and Poland, which joined in 2013.[1] All major aid providers are represented at the DAC as well as a few members contributing smaller ODA amounts. The WB and International Monetary Fund (IMF) serve as observers, as do the regional development banks (except the European Bank for Reconstruction), the United Nations Development Programme (UNDP) and the United Nations Children's Fund (UNICEF). OECD countries that are not members of the DAC are entitled to participate in all its meetings and those of its subsidiary bodies. "*The DAC is part of an extraordinary surge in aid-related institutional developments which have laid the foundation for the current aid system*" (OECD, 2010f).

One of the DAC's first tasks was to agree on a definition of ODA, as this Committee became responsible for, among other things, gathering, analysing and publishing ODA statistics. The official definition states that ODA consists of

> *[f]lows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objective, and which are concessional in character with a grant element of at least 25 percent. By convention, ODA flows comprise contributions of donor government agencies, at all levels, to developing countries ('bilateral ODA') and to multilateral institutions. ODA receipts comprise disbursements by bilateral donors and multilateral institutions* (OECD, s.a.a).

1 The OECD/DAC members are Australia, Austria, Belgium, Canada, Czech Republic, Denmark, European Union, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, the United Kingdom and the United States. See: http://www.oecd.org/dac/dacmembers.htm#members.

An important landmark initiative was the DAC's 1996 21st Century Report. The report recognised the changing global environment in which distinctions between East and West, and South and North, were no longer relevant; the importance of "propitious environments" for aid to work; and the urgency with which developing countries' challenges had to be addressed, despite progress made. It proposed a global partnership effort to achieve given goals:

> *a reduction by one-half in the proportion of people living in extreme poverty by 2015; universal primary education in all countries by 2015; demonstrated progress toward gender equality and the empowerment of women by eliminating gender disparity in primary and secondary education by 2005; a reduction by two-thirds in the mortality rates for infants and children under age 5 and a reduction by three-fourths in maternal mortality, all by 2015; access through the primary health-care system to reproductive health services for all individuals of appropriate ages as soon as possible and no later than the year 2015; and implementation of national strategies for sustainable development in all countries by 2005.* (OECD, 1996)

There is little doubt that this initiative – and the goals it put forward, which were endorsed by the G-8 summit in 1999 – made a significant contribution to the formulation of what were articulated later as the Millennium Development Goals (MDGs).

1.1.3 Emergence of other aid agencies

In addition to the OECD/DAC, other development agencies emerged during the second half of the past century, playing increasingly important roles in development cooperation. These agencies comprised regional development banks in Africa, Asia and Latin America; the European Bank for Reconstruction and Development and the European Investment Bank; affiliates of the WB such as the International Finance Corporation, International Development Association (IDA) and the Multilateral Investment Guarantee Agency; they expanded the UN system of agencies and global funds as well as hundreds of non-governmental organisations (NGOs) (international and local), and public-private partnerships (Bürcky, 2011; OECD, 2010c). Space does not permit for any elaboration of the mandates and activities of these institutions. But it is important to recognise the vast spread of development-engaged institutions for a better

understanding of the complexities of the aid effectiveness debates, as will become clear later on.

Adding to the institutional complexity are other factors and events that have been instrumental in shaping how development cooperation has evolved over the years. We have, for example, not touched on the major economic and political changes during the past 50–60 years – changes that have affected the fortunes of countries in different ways and left their mark on ODA policies and practices on both sides of the aid divide. Add to this the impact of the Cold War and subsequent dismantling of the Berlin Wall; regional and cross-border conflicts causing their victims to become fragile states; the so-called Arab Spring uprisings and their aftermath; repeated financial crises in Asia and elsewhere, including the 2008 meltdown and persistent slow pace to recovery; recurring oil crises; food shortages; the HIV/AIDS pandemic and the most recent Ebola epidemic afflicting west Africa; persistent debt issues; negative consequences of globalisation; the growing impact of climate change; and the recent Euro-zone crisis, to name a few key factors.

These and other events have had, and continue to have, a direct impact on both developing countries' needs for assistance and aid providers' ability / willingness to respond more fully to these needs. On the positive side, we note the improvement in the economic performance of middle-income countries; the rise of the emerging economies, led by China, India and Brazil, which are contributing substantial additional flows of assistance; the introduction of new aid delivery modalities; the successful reform efforts by developing countries to address institutional and policy challenges; and the global calls to institute more effective regulatory financial and economic coordinating frameworks to mitigate the impact of future crises.

1.1.4 Millennium summit and conference on development financing

The cumulative impact of the quickening pace of change on developing countries, and particularly the seriousness of the challenges facing those that have lagged behind, led the United Nations to call the Millennium Summit in New York in 2000. Attended by all 193 member states and

leading international organisations, the key issue was how the global community could best handle the urgent and chronic challenges posed, which undermined developing countries' efforts to achieve sustainable development. As Kofi Annan, then UN Secretary-General, said, this was also a unique opportunity "*to identify the challenges that it will face in the future and to engage in an imaginative exercise to enhance and strengthen a unique institution*" (Johnsson, 2014). The summit led to the establishment of the Millennium Development Goals, to be achieved by 2015, following the adoption of the UN Millennium Declaration. Since then, the MDGs have been the key benchmark intended to guide development policies and international cooperation efforts (Annan, 2000). About to supersede these is the forthcoming post-2015 development agenda, which is capturing current and future challenges not fully incorporated in the MDGs (United Nations [UN], 2013; UN, 2014).

The Summit of 2000 was followed in 2002 by the UN International Conference on Financing for Development, in Monterrey, Mexico. Recognised were the "*current estimates of dramatic shortfalls in resources required to achieve the internationally agreed development goals, including those contained in the United Nations Millennium Declaration*" (UN, 2003), dealing with issues of poverty, universal education, gender equality, child health, maternal health, HIV/AIDS, environmental sustainability, and global partnership. This last goal, MDG 8, has clear implications for the international development community to deal with issues pertaining to trade, debt relief, development finance, least-developed countries (LDCs) and landlocked countries, cooperation with pharmaceutical companies to access drugs to treat HIV/AIDS, and the private sector's role in accessing new technologies.

Subsequent reviews show some progress towards achieving the MDGs, though

> *progress has not been uniform across countries, and there have been setbacks and disappointments. But overall, the rate of progress in reducing poverty and in increasing access to basic health, education, water, and other essential services is unparalleled in many countries' histories* (Overseas Development Institute [ODI], s.a.).

While this was considered encouraging, actual progress varied substantially among countries. For example, members of the g7+ group (now comprising 20 countries (G7+, 2014)) have had real difficulties in

achieving tangible progress – a fact that should impact aid providers' priorities and policies on the ground. The 2010 UN MDG Summit Declaration reiterated the commitments to achieve MDG targets by 2015, as originally set, and called on aid providers to fulfil

> *all ODA commitments is crucial, including the commitments by many developed countries to achieve the target of 0.7 percent of gross national product (GNP) for ODA to developing countries by 2015 and to reach the level of at least 0.5 per cent of GNP for ODA by 2010* (UN, 2010).

In referring to MDG 8, the title of the UN MDG Gap Task Force report for 2012, "The Global Partnership for Development: Making Rhetoric a Reality", carries a clear and sobering message. The Secretary-General's preface to the report gives a condensed summary of the situation:

> *The protracted global economic crisis has begun to take its toll on international development cooperation. Last year, official development assistance fell for the first time in many years, while trade protectionist measures increased. There has also been too little progress in fulfilling other key aspects of the global partnership for development. While the poorest nations have received generous debt relief over the past decade, many still face unsustainable obligations. Essential medicines remain too expensive and difficult to obtain in many developing countries. And despite recent progress, the vast digital divide between developed and developing countries persists, in part because access to the Internet and mobile phones remains far too costly for low-income households.* (UN, 2012b)

1.1.5 The 0.7 per cent resolution and Gleneagles commitments

The Millennium Summit of 2000 referred to a pledge to set aside 0.7 per cent of rich countries' gross national incomes (GNIs) for ODA. The Summit Declaration urged "*developed countries that have not done so to make concrete efforts towards the target of 0.7 per cent*". This is an old story that dates back to the late 1950s, when the World Council of Churches proposed an annual target of 1 per cent of developed countries' GNP (comprising both official and private flows) to go to developing countries. Meanwhile, the United Nations Conference on Trade and Development (UNCTAD) formalised the 1 per cent goal, which was

endorsed by developing countries. The Pearson Commission's 1969 report "Partners in Development" proposed an alternative of 0.7 per cent of aid providers' GNP – to be reached by 1975, or no later than 1980.

The 0.7 per cent of GNI goal was embodied in a UN resolution in October 1970 and subsequently accepted by the DAC, at least as a long-term target, except for Switzerland and the United States (OECD, s.a.c). The latest figures show that only five DAC members have reached or exceeded that target: Denmark, Luxembourg, Netherlands, Norway, Sweden and the United Kingdom (UN, 2012c). Collectively, DAC providers allocated 0.31 per cent of GNI to ODA in 2011, declining to 0.29 per cent in 2012 (latest available figures) (OECD, 2013d). The 15 European Union (EU) member states made a commitment to reach the international 0.7 per cent GNI target by 2015, up from the most recent allocation of 0.47 per cent (Coppard et al., 2012) (an average that conceals differences among EU members but serves as a broad indicator).

In response to many pleas for more actions by rich countries, the 2005 Gleneagles Summit (G8, 2005) of the G8 agreed to increase ODA by US$ 25 billion a year by 2010 (more than doubling its 2004 level) and estimated that ODA would increase by US$ 50 billion (half to go to Africa) annually by 2010. The summit also approved a debt-relief plan to cancel the debts of 40 of the poorest countries to the WB, IMF and the African Development Bank (AfDB). Subsequent meetings on ODA repeatedly reminded the G8 leaders to honour their Gleneagles commitments. Five years later, ODA increased by US$ 30 billion, falling US$ 19 billion short of the Gleneagles target for 2010, and only US$ 11 billion of additional aid was delivered to Africa (instead of US$ 25 billion) (Gulasan, 2010). According to the 2013 Development Co-operation Report, net ODA rose in real terms in nine countries, with the largest increases being recorded in Australia, Austria, Iceland, Korea and Luxembourg. By contrast, net ODA fell in 16 countries, with the largest cuts being recorded in Spain, Italy, Greece and Portugal – countries most affected by the Euro-zone crisis (OECD, 2013d).

Although the recession since 2008 and the Euro-zone crisis have been blamed for this shortfall, the sums pledged at the summit pale in comparison with the budgets for military spending, for example. Notwithstanding defence needs, the question persists as to why rich countries see fit to spend that much on military hardware and software, and yet when it

comes to development aid, most of these countries somehow do not see the relevance – if not urgency – of supporting development efforts as an effective long-term means of enhancing political stability and opening new markets through improved living standards. This question was relevant in the 1950s and is still both relevant and begging for an answer more than 60 years later. We address a closely related question about the impact of political influence on aid allocations in a later chapter.

1.2 Trends in development assistance (1960–2013)

1.2.1 Overall picture

Against this background, we review how development assistance has evolved. This section draws heavily on the statistical database of the OECD/DAC and its latest annual reports. Tables 7 and 8 at the end of this chapter provide the data used to draw the figures that follow below.

ODA comprises three components: (a) bilateral flows, (b) multilateral flows by multilateral agencies such as the WB that meet certain conditions (including at least a 25 per cent grant element) and (c) non-core funding flows provided by bilateral agencies to multilateral agencies for specific development projects or issues. The last two components combined constitute multilateral ODA.

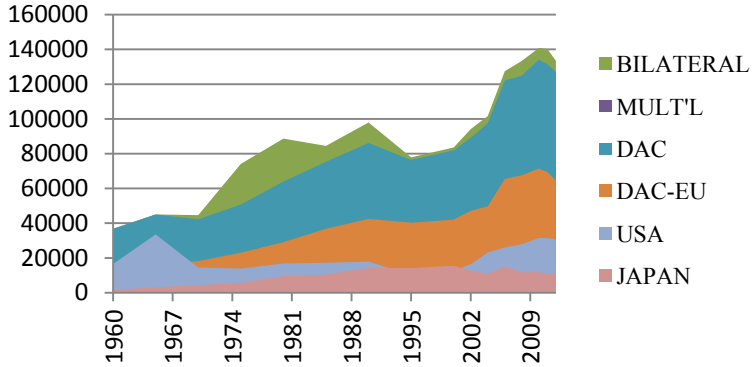
Table 7 (see also Figure 1) summarises long-term ODA trends for the whole period since 1960. The figures are adjusted for inflation and exchange-rate fluctuations to give a more accurate picture of trends and changes in ODA distribution (OECD Development Co-operation Directorate/Development Assistance Committee [OECD DCD/DAC], 2012d; OECD DCD/DAC, 2013). Concentrating first on the four decades ending in 2000 on the eve of the United Nations Millennium Summit, ODA in 2000 was 2.5 times the 1960 total in real terms. Bilateral ODA was 3.5 times its 1960 amount, whereas multilateral agencies' ODA was 5.5 times its value in 1970 (earliest available figures).

There are, however, considerable variations among ODA providers in growth rates. Starting from a low 1960 base, Japan scored the highest increase – more than eight-fold; and the DAC and DAC-EU groups recorded more than a two-fold increase. In contrast, the United States'

contributions declined by one-quarter (due mainly to dollar depreciation and price-level adjustments), though they increased in current dollar terms. The figures also show a peak of ODA in 1990 almost across the board, with its total reaching more than US$ 102 billion, but this was followed by a notable decline for the remainder of the 1990s.

DAC members accounted for virtually all ODA in 1960. EU members of the DAC and the United States together accounted for a little under half of the total, with Japan at a mere 5 per cent. By 2000, the DAC was still the major ODA contributor (89 per cent) and the DAC-EU maintained its share of around 46 per cent. Meanwhile, the United States' share declined steadily, reaching 14 per cent, in contrast to Japan, whose share went up from 5 per cent in 1960 to 17 per cent in 2012.

Figure 1: Long-term ODA trends (1960–2012) in constant 2012 US$ '000 000

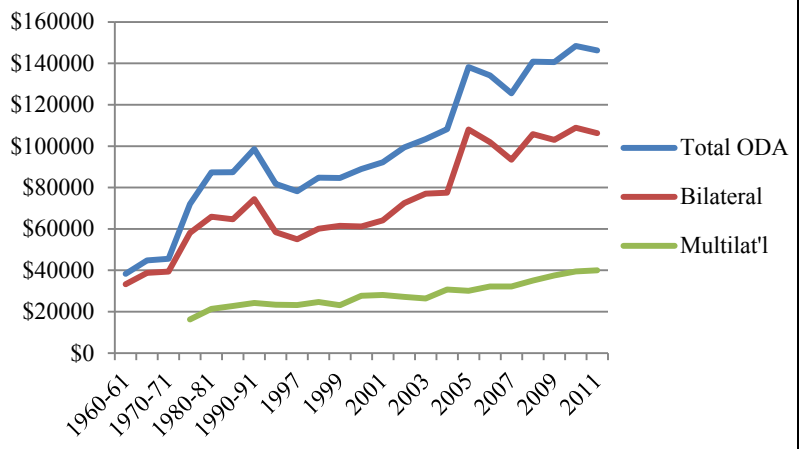


Source: OECD International Development Statistics, online at: http://www.oecd.org/development/stats/idsonline.htm

Bilateral contributions to ODA grew by 75 per cent from 2000 to 2012, while multilateral agencies' share more than doubled during that period. Both DAC and DAC-EU contributions increased by 55 per cent and the United States' by 140 per cent, whereas Japan was the exception, with a drop of almost one-third. In terms of relative positions, the DAC remains the major source of ODA (88 per cent), with DAC-EU countries

contributing 43 per cent of the total, the United States 20 per cent and Japan 7 per cent (Figure 2).

Figure 2: Total ODA classified by bilateral and multilateral components in constant 2010 US$ '000 000 (1960–2011)



Source: OECD International Development Statistics, online at: http://www.oecd.org/development/stats/idsonline.htm

More recent (2013) figures show a total decline in ODA of 3.5 per cent in real terms in 2012. "*The continuing financial crisis and euro zone turmoil has had a direct impact on development aid, coupled with a noticeable shift in allocations away from the poorest countries in favour of middle-income countries*" (DACnews, 2013). Country programmable aid (CPA)[2] was projected to increase by 9 per cent in real terms in 2013, mainly due to planned increases by Australia, Germany, Italy, Switzerland and the United Kingdom, and in soft loans from multilateral agencies (e.g. the International Development Association and the International Fund for

2 Country programmable aid is the portion of an aid providers' programme for individual countries, over which partner countries could have a significant say. Developed in 2007 in close collaboration with OECD/DAC members, CPA is much closer to capturing the flows of aid that go to the partner countries than the concept of ODA.

Agricultural Development (IFAD)). Total CPA was then expected to remain stable from 2014 to 2016, reflecting the continued uncertainty of the economic environment (OECD, 2013e).

1.2.2 Why multilateral?

Multilateral ODA comprises two components: official concessional contributions to multinational organisations, labelled as core funding; and non-core funding, which is bilateral aid earmarked by its providers for specific development initiatives channelled through – and implemented by – multilateral agencies. One of the most notable trends in the past 20 years (Figure 2) has been the steady growth in multilateral ODA, which has risen in the past decade from US$ 27 billion to US$ 38 billion, accounting for close to one-third of gross ODA. In 2010, an additional 12 per cent of total ODA – thought to have been recorded as bilateral – was, in fact, earmarked aid channelled through multilateral agencies, with total multilateral ODA representing almost 40 per cent of gross ODA in 2010 (OECD DCD/DAC, 2012e, p. 15; OECD DCD/DAC, 2011j; OECD DCD/DAC 2010a; OECD DCD/DAC 2008e).

The United Nations receives the lion's share of non-core multilateral ODA, which represented 74 per cent of its total funding for development (including humanitarian) activities. The second-largest recipient of non-core funding is the World Bank Group, with the EU being a distant third, in view of the fact that it started only recently to accept earmarked funds from its member states.

- Does multilateral ODA present a better alternative to bilateral aid?
- Has it been used more or less to the same extent by ODA providers?
- If there are a range of differences regarding its use, what reasons might explain this?
- What are the future prospects for multilateral ODA?

These questions are among the many that DAC reports have addressed while pointing out the pros and cons of using multilateral organisations to channel part of the ODA.

Essentially, the choice of whether to go multilateral boils down to a trade-off between greater efficiency by pooling resources into a multilateral venue (or a "principal agent model", i.e. an agent acting on behalf of participating bilaterals) and maintaining national scrutiny over funding usage through bilateral channels. The main pros of going multilateral include achieving economies of scale; taking advantage of multilateral organisations' knowledge and other resources; lowering unit costs; gaining greater flexibility of movement, thereby facilitating a faster response to needs; benefiting from perceived political neutrality and legitimacy; and supplementing limited aid-delivery capacities of some bilaterals. In addition, there is evidence that multilateral aid is less geographically fragmented and delivers a higher proportion of programmable aid.

The cons refer to multilateral agencies' institutional complexity, adopting time-consuming procedures, and lacking in transparency and accountability. Going through multilaterals reduces the visibility of the bilateral aid provider – a politically important issue. Some have also argued that the effectiveness of multilaterals should not be taken for granted. Several bilaterals carry out – or are planning to – their own evaluations of the effectiveness of multilaterals as an option. DAC members that are members of the Multilateral Organisation Performance Assessment Network are reported as using the Network's common approach in making their own assessments to decide on future multilateral allocations.

The tensions between those presenting arguments in favour of and against the use of multilaterals serve to explain the considerable variations among ODA providers. This also explains why some providers (Portugal, Korea, Spain, the German Federal Ministry for Economic Cooperation and Development (BMZ), among others) have placed limits on channelling their ODA contributions through multilaterals (OECD DCD/DAC, 2012e). The usage range varied from 27 per cent for the United States to 78 per cent for Italy, with other countries falling somewhere in between (Austria 65 per cent, Canada and France 46 per cent, Switzerland 37 per cent, New Zealand 34 per cent, Japan 25 per cent). For non-DAC countries, members reported that 66 per cent of ODA went to multilaterals in 2009, mostly to the European Development Fund and the EU budget development programme.

Although there are more than 200 multilaterals, ODA providers have concentrated on using five main clusters. The DAC channelled 81 per cent of its multilateral ODA into these clusters, which consist of the European Development Fund–plus–EU budget, the World Bank IDA, UN funds and programmes, the AfDB, the Asian Development Bank (ADB), and the Global Fund to Fight AIDS. The remaining multilaterals account for less than 20 per cent of DAC multilaterally-earmarked flows, according to the 2009 figures.

The DAC 2011 report listed "Good Practice Lessons on Good Multilateral Donorship", which suggested periodically reviewing the balance between multilateral and bilateral programmes, assessing multilateral performance, publicising the indicators and ratings affecting the choice of multilateral allocations, etc. These are important lessons from the ODA providers' perspective. But is this enough? The same report rightly says that multilateral ODA and organisations must pay attention to recipient countries' interests and concerns about conditionalities as well as to delays in responding to recipient countries' requests. They must also refrain from adopting policies deemed counterproductive and avoid any reluctance in partnering with other agencies to conduct assessments or joint missions, etc. Such practices have given rise to considerable transaction costs. Overall, multilateral ODA can play an important complementary role to bilateral ODA, but both could use more actions to improve development assistance impacts. The proliferation of multilaterals has inevitably caused more aid fragmentation – an issue that has become more serious for developing countries, which have suffered as a result, and it has yet to be resolved effectively.

In terms of future prospects, the 2012–2015 Survey on Donors' Forward Spending Plans reported that, of the sixteen that responded, nine planned to increase their multilateral ODA in real terms by 2013, whereas seven predicted a decrease in their multilateral spending, indicating an emerging downward trend, as compared to previous patterns of increased growth in multilateral aid. "*These projections may indicate the beginning of a drying-up of the traditional source of multilateral funding*" (OECD DCD/DAC, 2012e, p. 19).

1.2.3 ODA/GNI ratios

We now consider the extent to which ODA contributions have met the pledges made. Table 1 gives the overall ODA / GNI ratios since 1960. The figures show a more or less steady decline in these ratios over time until the end of the past century before stabilising at 0.32 per cent in more recent years. This reflects an inverse pattern between income growth and ODA/GNI ratios, though it does not necessarily imply a causal relationship. Given the rise in GNI in provider countries over the past several decades, and notwithstanding the adoption of the UN resolution in 1970 stating a target of 0.7 per cent of GNI, most providers have seemed content to increase their absolute ODA contributions rather than move closer to achieving that target.

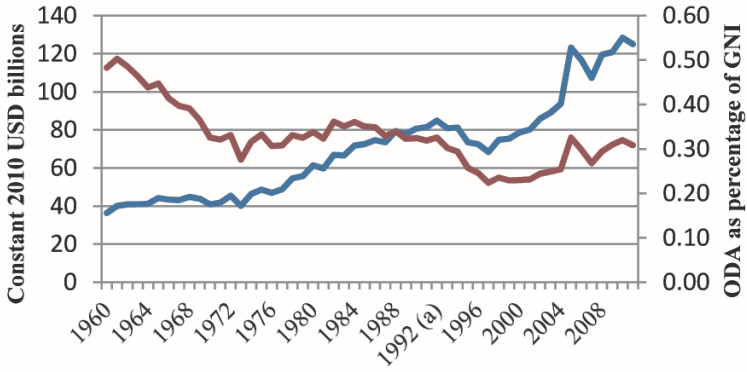
Table 1: Overall ODA / GNI ratios in US$ billions (1960–2013)

Year	Total ODA (US$ bn)	ODA / GNI ratio	Year	Total ODA (US$ bn)	ODA / GNI Ratio
1960	36	0.48	1995	73	0.26
1965	44	0.45	1999	75	0.23
1970	41	0.33	2000	79	0.23
1975	49	0.33	2005	123	0.33
1980	61	0.34	2010	128	0.32
1985	73	0.36	2011	125	0.31
1990	81	0.32	2013	135	0.30*

Source: OECD International Development Statistics, online at: http://www.oecd.org/development/stats/idsonline.htm

* Data available for DAC members only

Figure 3: Net official development assistance in US$ billions (1960–2011)

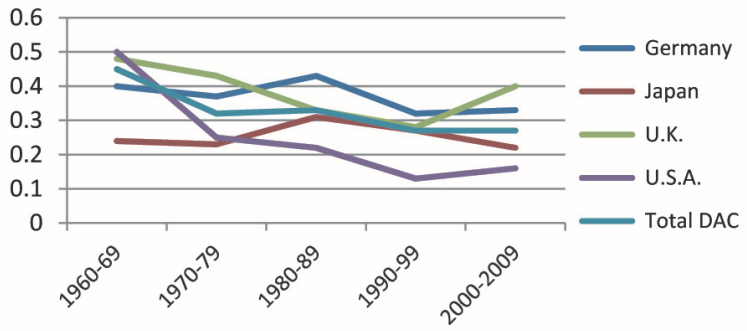


Source: OECD International Development Statistics, online at: http://www.oecd.org/development/stats/idsonline.htm

This conclusion also applies to the DAC as a whole, for which the long-term trend has been downward, dropping from 0.45 per cent for the 1960 to 1969 period to 0.27 per cent by the end of last century and remaining at that level for the period from 2000 to 2009. This trend conceals important differences among DAC members. Figures 4 and 5 show data for two groups: the table above brings together countries with a steady increase in their ODA/GNI ratios, exceeding the 0.7 per cent target. These are Denmark, Norway, Sweden, the Netherlands and Luxembourg, though the 2013 data show the Netherlands scoring below that target for the first time (OECD, 2014).

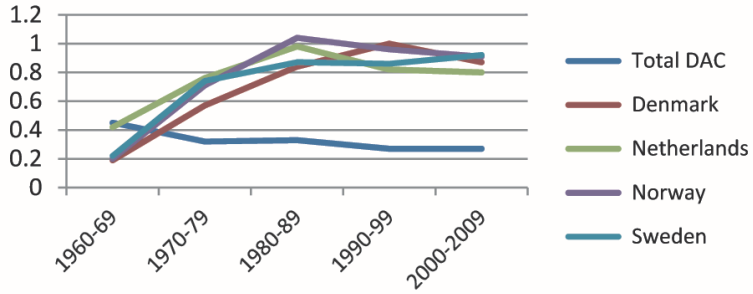
The second group consists of major ODA providers (Germany, Japan, United Kingdom and United States) that show a long-term decline in these ratios and are well below the 0.7 per cent target, though the United Kingdom has attempted to reverse this trend since 2000 and finally met the 0.7 per cent target in 2013. The latest available data for non-DAC providers show modest ODA/GNI ratios – for example, 0.10 per cent for Poland and 0.11 per cent for the Czech Republic – except for the United Arab Emirates (UAE), which scored 1.25 per cent, mainly as a result of recent sums of substantial aid to Egypt (OECD, 2014).

Figure 4: ODA / GNI ratios for selected DAC members exceeding target



Source: OECD International Development Statistics, online at: http://www.oecd.org/development/stats/idsonline.htm

Figure 5: ODA / GNI ratios for selected DAC members not meeting target



Source: OECD International Development Statistics, online at: http://www.oecd.org/development/stats/idsonline.htm

1.2.4 ODA allocations to recipient countries

What changes in ODA allocations to recipient countries have occurred in recent years? A significant shift has occurred in favour of the LDCs which now account for half of DAC's allocations, up from one third a decade ago (Table 2); this has occurred primarily at the expense of the lower-middle-income countries (LMICs). The figures for the DAC-EU reflect much the same pattern. One still recalls the pleas by the latter countries not to reduce their ODA share as these countries account for the majority of the World's poor.

Table 2: Distribution of ODA by income groups (net disbursements as a percentage of total ODA)

Years	LDCs	Other LICs	LMICs	UMICs
2000-01	35	2.9	39	23.1
2010-11	49	8.8	33.8	13.4

Source: OECD DCD/DAC (2013d), Statistical Annex Table A10

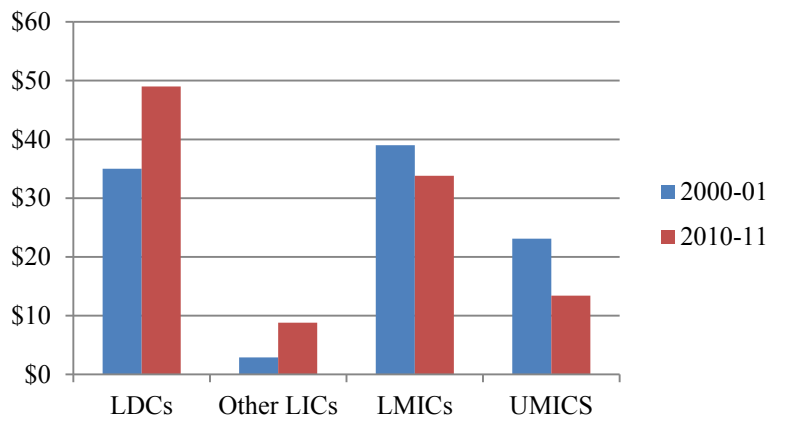
Note: LDCs = least-developed countries; LICs+ other low-income countries; LMICs = lower-middle-income countries; and UMICs = upper-middle-income countries. See DAC report for lists of these countries.

This dilemma has yet to be resolved, since the LDCs, with a population of 832 million, are facing considerable challenges, including widespread poverty. Some ODA providers have reduced the number of countries, typically LMICs, to focus on assisting the LDCs. Denmark, Austria and the Netherlands are examples. Do these actions, understandable as they may be, improve aid effectiveness by providing a greater focus? Do they help reduce fragmentation? If more providers pursue similar strategies, what would this do about the "aid darlings and aid orphans" dilemma?

These are among the questions repeatedly raised during the High Level Forums (HLFs) and are the subject of later chapters. Suffice it to say here that current practices of aid allocation leave much to be desired. A 2008 study concluded that "*almost half of the predicted value of aid is determined by donor-specific factors, one-third by needs, a sixth by self-interest and only 2% by performance*" (Hoeffler & Outram, 2008). The costs are obvious. Lack of coordination pushes transaction costs up, wastes

scarce aid funding through duplication and, in the case of orphans, ignores legitimate development initiatives badly in need of funding.

Figure 6: ODA allocations by income groupings in US$ billions (2000–2011)



Source: OECD International Development Statistics, online at: http://www.oecd.org/development/stats/idsonline.htm

ODA allocations by sectors also show important shifts. Practically all sectors received more ODA funds in absolute terms since the 1970s. ODA funding increased from an average of US$ 14.6 billion in the 1971–1980 period to US$ 178.9 billion in 2012. However, Table 3 (see also Figure 6) shows shifts in allocation priorities over that period. Education lost a 6 per cent share. The health sector gained, particularly during the first decade of this century, but then declined to previous levels in 2012. Other social services gained steadily during the 1990s and the decade that followed but experienced a substantial drop in 2012. Economic infrastructure received high priority during the 1980s and 1990s, declined during the first decade of this century, but then regaining priority in 2012, partly in response to the considerable restructuring undertaken by developing countries; the production sector steadily lost half the share it captured during the 1970s and accounted for a mere 10 per cent in 2012. Multi-sector cross-cutting aid has made notable gains in recent years, partly due to recognising the challenges of climate change.

Table 3: Percentages of ODA allocations by main sectors (1971–2012)					
Sector	**1971–1980 %**	**1981–1990 %**	**1991–2000 %**	**2001–2010 %**	**2012 %**
Education	13	11	10	8	7
Health and population	4	5	5	9	6
Other social sectors	5	9	13	19	3
Economic infrastructure	14	19	20	14	21
Production	21	19	11	6	10
Multi-sector	2	3	5	8	11
Source: Based on OECD International Development Statistics, online at: http://www.oecd.org/development/stats/idsonline.htm					

1.2.5 Non-DAC ODA providers

There was a time when reference to ODA was synonymous with DAC members' ODA provisions. This has changed gradually during the past two decades, though at times the pace of change has quickened, showing a rise in non-DAC ODA contributions. Non-DAC members fall into four groups (World Bank, 2008b): (i) OECD countries that are not DAC members, such as Mexico, Turkey and several European countries; (ii) new European Union countries that are not members of the DAC; (iii) Middle East and OPEC countries, particularly Saudi Arabia and the UAE; and (iv) non-OECD aid providers that do not belong to any of the previous groups, including Brazil, China, India and Russia. These groups are heterogeneous; some members, particularly the emerging economies, lead different development assistance policies and practices, with limited information about the volume and terms of their assistance, although more information about aid volume has become available in the past few years.

An increasing number of non-DAC providers now report their ODA to OECD, with 21 non-DAC members reporting regularly and a few more in the process of doing so. These include Chinese Taipei, the Czech

Republic, Hungary, Kuwait, Poland, Russia, Saudi Arabia, Thailand, Turkey and the UAE.[3] Data show that Saudi Arabia provided US$ 1.3 billion in 2012, and US$ 5.7 billion in 2013 (provisional data), although the latter figure reflects exceptional aid to Egypt in that year. Turkey contributed almost US$ 1.0 billion. The range of ODA provisions has varied widely among this group, with some, such as Cyprus, Estonia and Latvia, providing less than US$ 50 million. The BRICS (Brazil, Russia, India, China and South Africa) are also increasing their ODA, which totalled US$ 3.7 billion in 2011, with China providing almost US$ 2.5 billion and India US$ 0.7 billion (OECD, 2013b).

Non-DAC provisions as a whole show significant levels of volatility (Table 4). The period from the mid-1970s to the early 1990s saw a sharp rise in ODA, particularly from members of OPEC, peaking at US$ 25 billion by 1980, recording a sharp decline thereafter, and then increasing again starting in the mid-2000s. These estimates are incomplete; some are not accurate. But the recent upward trend is clear, signalling the growing significance of non-DAC members as stakeholders in the aid debate.

Table 4: Non-DAC ODA in constant 2012 US$ '000 000 (1970–2012)

Year	1970	1975	1980	1985	1990	1995	2000	2005	2008	2010	2012
Amount	2,424	23,405	24,778	9,124	11,819	1,514	1,640	3,714	8,515	6,774	6,488

Source: OECD International Development Statistics, 2014, online at: http://www.oecd.org/development/stats/idsonline.htm

1.2.6 Private development assistance

Another important development has been the rise of private development assistance, which is supplementing ODA funding. Some forms of private assistance have existed for a long time and are now an important development factor. Philanthropic assistance dates back many centuries, when religious entities of one kind or another became part of the social

3 Other non-DAC members include Cyprus, Estonia, Iceland, Israel, Latvia, Liechtenstein, Lithuania, Malta, Romania, Slovak Republic and Slovenia. See OECD/DAC Statistics for more details about ODA contributions.

fabric of many societies. The aim has been to help the poor, the sick and those in need of the support that they cannot obtain due to lack of means. There are also agencies that provide humanitarian aid to help victims of natural or man-made disasters. Our focus here is on private foundations that are active in delivering development assistance – a phenomenon that is more recent than traditional aid giving, including charity assistance (OECD/DAC, 2003). Private foundations tend to stress long-term goals rather than fill in short-term needs. There are also public foundations that are not part of the public sector and raise money from a variety of sources, including private foundations, individuals and government. Fundraising is usually supported through the tax exemptions granted in many developed countries.

The range of activities of these foundations can be as wide as those undertaken by official development agencies or non-government organisations, but each foundation develops a special focus based on research to help formulate policies for delivering targeted assistance. Two distinct features of private foundations are: their flexibility and speed in decision-making; and their freedom of choice in engaging in activities they deem appropriate and timely, without having to obtain approval from official sources. However, the effective delivery of assistance obviously depends on reaching a clear understanding with recipient countries' governments and development beneficiaries.

This degree of independence has often caused difficulties in coordination between foundations and official development agencies in their base countries. This may change soon, as each side feels the need for better coordination and exchange of experiences. A conference was organised in Bellagio, Italy, in November 2011 – the Bellagio Initiative: Philanthropy and Global Development – to focus on these issues and discuss how foundation activities could be made more accountable and transparent (McGregor, Burns, Waldman, Watson, & Williamson, 2012).

The United States is home to most of the large private foundations, due to the accumulation of considerable wealth and tax-friendly laws. Leading names include the Bill & Melinda Gates Foundation, the Rockefeller Foundation, the Ford Foundation, the Kellogg Foundation and the Carnegie Foundation, among many others. These foundations have earmarked half, or more, of their total giving to developing countries, and have become important international development assistance sources.

Although Europe is the original source of private foundation concepts and practices, world wars and high taxation on personal and corporate incomes have had a dampening effect on the growth of these foundations, but they have recently re-emerged as significant players. Leading names include Charities Aid Foundation and GlaxoSmithKline (UK), Fundacio La Caixa (Spain), Compagnia di San Paolo (Italy), Volkswagen Stiftung and Deutsche Bank Stiftung (Germany). Japan revived it pre-war foundations after regaining sovereignty and is now home to several corporate-built foundations, such as the Sasakawa Peace Foundation, the Toyota Foundation and the Sumitomo Foundation.

In Asia and elsewhere, private foundations tend to be smaller and focus mostly on local giving. This pattern may be in the process of changing as a result of the impressive growth of the emerging economies in recent years and their growing levels of development assistance – mostly through government-to-government modes so far.

The volume of development aid delivered through what the Hudson Institute called "global philanthropy" amounted to US$ 53 billion in 2009, increasing to US$ 59 billion in 2011 (of which US$ 366 million came from emerging economies) (Hudson Institute, 2013). This and other estimates are rough, as more accurate and complete information is missing; there is also the tendency for some sources to exaggerate contributions. But the figure does show the growing role of the private sector and its expected continued rapid growth. This prompted the Working Party on Aid Effectiveness to initiate a dialogue with the private sector in 2009 to discuss its role in development cooperation. This led to an active involvement by the private sector and foundations in the High Level Forum in Busan. The private-sector role is gradually expanding beyond private foundations as a result of recent discussions exploring how businesses can become more effective contributors to development efforts.

1.2.7 Aid modalities

Our review would be incomplete without a reference to aid modalities, that is, how development assistance is agreed between provider and recipient, delivered, monitored and evaluated. Discussions on modalities have focussed on the first two steps, though monitoring and evaluation steps are no less important. Broadly, there is a distinction between North-South and

South-South modalities. North-South has long been established through decades of practice, evolving gradually in light of experiences at both ends of the aid equation.

These have also been guided by principles and recommendations emerging from HLFs since 2003 and before. Such practices are not standardised, as there continue to be significant differences among DAC members as well as recipient countries. But the general principles, although legally not binding, are clearly articulated and supported. North-South modalities have accounted for the overwhelming portion of ODA until now.

The South-South cooperation (SSC) modalities are more complex, if only because they vary from one provider to another, and they have yet to be articulated in a clear and transparent manner. Efforts in recent years have brought together SSC participants to discuss issues and explore ways of strengthening future initiatives. The Bogota High Level Event of 2010 was the first significant meeting, which attracted more than 400 participants. Regional meetings continue to explore the special features of this modality. Non-DAC ODA providers are active in SSC activities; they have managed to mobilise support from Northern ODA providers through triangular cooperation.

This modality is expected to gain further momentum and account for an increasing percentage of future ODA as countries such as China, India and Brazil play greater roles as aid providers. An OECD/DAC 2012 report based on a survey of aid providers, international organisations and recipient countries engaged in triangular cooperation showed that there is convergence regarding their understanding and definitions of this modality; that it is being adopted by an increasing number of partners, though still limited in volume; that these actors have yet to articulate specific policies towards it; and that opinions about its advantages remain diverse, though they tend to agree on the reasons for engaging in it (OECD, 2013c).

1.2.8 Innovative financing instruments

The growing uncertainties about future ODA growth, dampened by recent persistent budgetary deficits and slowdowns in the major economies, have led to a search for additional funding sources, including innovative

financing. The subject of innovative financing was first mentioned during the UN International Conference on Financing for Development in 2002 and has since come to the fore as a promising option to help fill the gap between needs and traditional sources of funding.

There is no universal definition of "innovative finance". The World Bank defines it as methods departing from traditional approaches that involve "*non-traditional applications of solidarity,* [public-private partnerships]*, and catalytic mechanisms that (i) support fundraising by tapping new sources and engaging investors beyond the financial dimension of transactions, as partners and stakeholders in development; or (ii) deliver financial solutions to development problems on the ground*" (World Bank, 2009). OECD defines it as comprising "*mechanisms of raising funds or stimulating actions in support of international development that go beyond traditional spending approaches by either the official or private sectors*" (Sandor, Scott, & Benn, 2009), such as new approaches for pooling private and public revenue, new revenue streams (e.g. new taxes, bond-raising or voluntary contribution schemes), and new incentives to address market failures or to scale-up ongoing developmental activities.

By its definition, the WB estimates that innovative financing has contributed US$ 57 billion in official flows between 2000 and 2008, including almost US$ 12 billion in concessional flows, such as solidarity levies. Other estimates give much lower figures, depending on the definition used.

A 2012 UNDP discussion paper classifies innovative finance instruments / methods into four categories: (a) taxes, dues or other obligatory charges on globalised activities such as airline ticket taxes; (b) voluntary solidarity contributions such as contributions when making online hotel bookings and to digital solidarity funds; (c) frontloading and debt-based instruments such as debt swaps and diaspora bonds; and (d) state guarantees, public-private incentives, insurance and other market-based mechanisms (Hurley, 2012).

Innovative finance initiatives involve a wide and growing range of sponsors and participants. For example, the airline ticket tax initiative was launched in 2006 by the governments of Brazil, Chile, France, Norway and the United Kingdom and endorsed by the UN Secretary-General. The digital solidarity initiative urges public institutions and private companies

to donate 1 per cent of the value of an ICT-related contract to the Global Digital Solidarity Fund to help developing countries narrow the digital divide with more developed countries. The International Financial Facility for Immunisation was launched in 2006 by the governments of the United Kingdom, France, Italy, Spain, Sweden and Norway, which were subsequently joined by other governments to increase children's access to vaccines. Funds are channelled through GAVI the Vaccine Alliance (formerly the Global Alliance for Vaccines and Immunisation), which is a public-private partnership. A variety of debt-swap arrangements have been instituted to leverage funds for education and other development initiatives, with many Latin American countries taking the lead in adopting this instrument.

Multilateral and regional development finance institutions have contributed to, and joined, many innovative finance initiatives. The WB and other development banks have introduced an instrument called "sustainable investing bonds", which are aimed at investors planning to incorporate social and environmental concerns into their decisions. Another feature has been the increasing role played by public-private partnerships in innovative fundraising and implementation, combining the respective comparative advantages of the public and private sectors.

The Leading Group on Innovative Financing for Development (Leading Group on Innovative Financing for Development, 2010) was set up in 2006 as an international platform focussing on innovative finance. Themes include education, health, climate change, financial transactions, illicit flows and food security. The Group comprises 63 member countries, international organisations, foundations, NGOs and civil society organisations (CSOs). The Group seeks to address a broader range of issues to draw more attention to the prospects of extending and strengthening innovative finance initiatives beyond health and climate change, which have been the two main focus areas so far.

Two sets of issues should be considered in assessing the impact and future prospects of innovative financing: issues of mobilising new sources of development funding; and issues of implementation and delivery of such funds, and how these compare with traditional methods.

Of the questions raised, four serve to illustrate the need for more analysis:

- First, has innovative financing generated additional funds, over and above ODA and other existing sources? The provisional answer is mixed. Some have; others have merely diverted funds from one source to another, as when aid providers count their contributions to innovative funds as being part of their ODA (Sandor, Scott, & Benn, 2009).
- Second, have innovative finance initiatives avoided the pattern of concentrating aid on relatively few recipient countries under traditional ODA modalities? The evidence from the health sector suggests that these initiatives have done better by covering more countries with higher levels of need. On the other hand, the picture is more mixed for climate change, with some of the smaller countries receiving little or no innovative funding to mitigate climate change effects.
- Third, what about the predictability and stability of funding? Once again, available evidence shows that a few instruments seem to provide more stability, such as airline ticket tax proceeds, though these are subject to volatilities in air travel and general economic conditions. The stability and predictability of innovative finance is also dependent on the ups and downs of government budgets, where these contribute to innovative funding initiatives, and are thus likely to be pro-cyclical.
- Fourth, has innovative financing strengthened national development capacities and respected country ownership? Most innovative funding has been channelled through theme-focussed "vertical funds", which have their own operating methods and procedures and do not guarantee good alignment with host countries' priorities and budget objectives. Thanks to their financial and technical strengths, vertical programmes tend to be in a stronger position to negotiate with potential recipients, which may sacrifice part of their sovereign decision-making prerogatives in order to avail themselves of the benefits offered by these funds. Likewise, the ability of the funds to achieve quick results is a positive outcome, as long as this does not ignore the urgent need to strengthen recipient countries' capacities – a risk that must be considered if these quick results are not to be short-lived.

These assessments, drawn from the UNDP paper, are tentative. But they flag important questions requiring more attention, especially from recipient countries, in order to seek improvements in what is potentially a very significant source of development financing. The UNDP paper states that the

> *challenge will be to ensure that innovative finance mechanisms are governed in an inclusive manner, allocate resources equitably and transparently between countries and 'issues' on the basis of clear and objective criteria, build capacity and respond flexibly to beneficiary countries' needs and priorities as expressed by them* (Hurley, 2012).

1.2.9 Quality of aid and untying of aid

The term "quality of aid" is a complex concept that presents more questions than answers. Attempts to measure quality are, at best, partial and very tentative. As a result, they should be interpreted with caution. Two commonly-used measures concern the concessionality of aid and how much of it is tied in terms of procurement aspects. OECD publishes data on grants as a percentage of ODA and on untied aid. Table 5 shows that the grant element seems fairly stable over the period, with modest variations and an overall average of 65 per cent.

The percentage of untied aid has gone up from 46 per cent in the early 1980s to 85 per cent in 2008–2009, registering a very significant increase. There is also "partially" untied aid, which is official aid "*for which the associated goods and services must be procured in the donor country or among a restricted group of other countries, which must however include substantially all developing countries*" (OECD, s.a.). These figures, therefore, inflate the percentage of fully untied aid. They also fail to account for practices such as informal persuasion – urging recipient countries to procure their needs from the provider country, despite the availability of more competitive or appropriate sources available elsewhere.

To speed up aid untying, particularly for LDCs and highly indebted poor countries (HIPCs), the DAC issued recommendations in 2001 urging DAC members to do more in view of the decline – or at least stagnation – of the level of untied aid. A review was conducted of progress made during the 10 years that followed these recommendations. The reviewers concluded that many DAC members reported untying all or most aid to these

countries, but as many as 13 members have increased the share of tied aid since 2008, and about half reported having no future plans for the further untying of aid (OECD DCD/DAC, 2012d). As of 2010, total DAC tied bilateral aid amounted to US$ 25.9 billion, of which US$ 6.4 billion was allocated to technical cooperation (ibid.). Some members have argued that keeping this level of tied aid was essential to maintain public support for development assistance. Performance has, therefore, been mixed, as are future prospects of fully untying of aid.

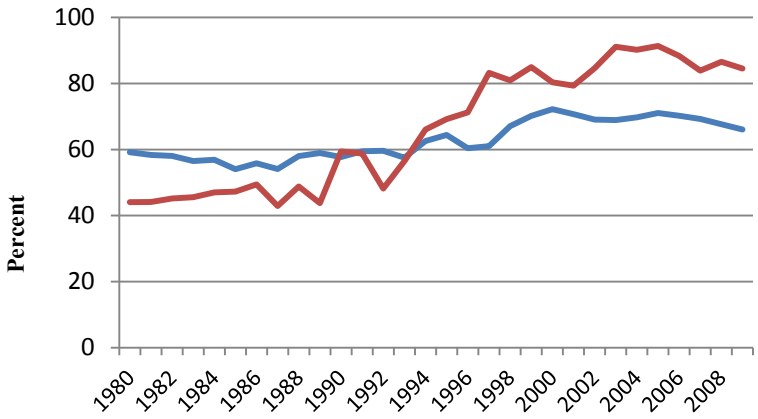
There is more to aid quality than untied aid. A serious assessment must consider the outcome of aid on the ground, that is, the extent to which aid has assisted the recipient country in achieving its priority development objectives and improving its MDG standing. If this is recognised as the "bottom line", it raises questions about the policies and practices of providers and recipients alike. Constructing an index to capture such a complex set of issues is very demanding due to the methodological difficulties that such an exercise would encounter. The use of such terms as "quality of aid" should, therefore, be avoided due to its limitations, and a more accurate term should be used to describe the data exhibited.

Table 5: Aid quality indicators

Year	Grant element / ODA loans % of untied aid	
1980	59	44
1985	54	47
1990	58	59
1995	64	66
2000	72	80
2005	71	91
2006	70	88
2007	69	83
2008	67	86
2009	66	84

Source: OECD DCD/DAC (2011k, Annex B)

Figure 7: Aid quality indicators (1980–2009)



Source: Table 5

Note: Blue line for grant element / loans; red for untied aid

1.2.10 ODA versus other financial flows

Development assistance (official and private) is only one of several forms of financial flows received by developing countries. Net inflows are an addition to domestic resources and (for outflows) vice versa. In viewing these flows, a distinction is made between earned inflows, such as export revenues and workers' remittances, and borrowings in the form of foreign direct investment, portfolio investment and loans.

A key objective is to boost a country's earnings while also improving the investment environment to attract foreign investments, particularly direct investment, which is less volatile than short-term capital flows. Of these earnings, workers' remittances to developing countries climbed rapidly during the past 10–14 years, rising from US$ 90 billion in 2001, to US$ 320 billion in 2010, and to US$ 404 billion in 2013, representing triple total ODA to these countries, and they are expected to rise to US$ 516 billion in 2016 (World Bank, 2012). Remittances are also more stable than

private debt and portfolio inflows, and are an important source of foreign exchange, often surpassing earnings from exports.

Table 6 gives an overview of net annual financial flows to developing countries for the 1999–2013 period (International Monetary Fund [IMF], 2013). The total figure of net flows shows a substantial increase, from US$ 50 billion at the end of the 1990s to a peak of US$ 558 billion in 2010, declining to US$ 235 billion in 2013. At the same time, developing countries' official outflows increased from US$ 9 billion at the end of the 1990s to US$ 65 billion in 2013. These represent repayment of principal and debt service charges on loans, current account deficit payments and capital flights.

There has been a steady increase in the inflow of private capital, particularly direct investment, which increased from US$ 152 billion at the end of the 1990s to an estimated US$ 372 billion in 2013. These inflows have compensated for the outflows and contributed a net addition to developing countries' financial resources, boosting their reserves to a peak of US$ 915 billion in 2010 but dropping to US$ 637 billion in 2013, as indicated in Table 6. The building of official reserves seems to be a deliberate policy to cushion against future volatility in external earnings and unforeseen global financial crises (IMF, 2011).

These figures do not tell the full story. The World Economic Outlook Report for 2012 pointed out that developing countries invested a large portion of their reserves in low-yield (perceived safe) US Treasuries and other sovereign paper in advanced countries, estimated at US$ 827 billion,[4] most of it having originated in upper-middle-income countries, which have earned substantial trade surpluses. At the same time, many countries have attracted short-term foreign capital, taking advantage of their higher interest rates, with the typical volatilities that go with this type of inflow.

4 The net transfer of financial resources measures the total receipts of financial and other resource inflows from abroad and foreign investment income minus total resource outflows, including increases in foreign reserves and foreign investment income payments. The net transfer of a country's financial resources is thus defined as the financial counterpart to the balance of trade in goods and services.

Table 6: Net financial flows to developing countries and economies in transition in US$ billions (1999–2013)

	Average annual flow		2009	2010	2011	2012 (a)	2013 (b)
	1999–2002	2003–2008					
Developing countries							
Net private capital flows	59.1	200.2	450.2	525.4	427.7	206.1	300.0
Net direct investment	151.9	251.7	253.1	332.1	435.9	374.4	371.7
Net portfolio investment (c)	-31.7	-39.5	36.6	91.0	33.7	50.1	59.2
Other net investment (d)	61.1	-12.0	160.6	102.4	-44.8	-218.4	-130.0
Net official flows	-9.3	-88.6	8.1	32.6	-94.3	-36.4	-64.7
Total net flows	49.8	111.6	458.3	558.0	330.4	169.7	235.3
Change in reserves (e)	-121.7	-630.2	-706.5	-914.8	-777.1	-558.8	-636.9

Source: Table extracted from UN (2013a, Table III.1)

a. Preliminary. b. Forecasts. c. Including short- and long-term bank lending, and possibly including some official flows owing to data limitations. d. Including portfolio debt and equity investment. e. Negative values denote increases in reserves.

Note: Net financial flows are defined here as “net net”, that is to say, net financial inflows less net financial outflows.

The report stated that total external debt of developing countries rose from US$ 2.5 trillion in 2005 to more than US$ 4 trillion in 2010, causing serious concern, as debt and service charge payments represent a heavy burden on their budgets and foreign currency reserves. According to WB figures, in that year, total debt represented 21 per cent of these countries’

GNIs. Long-term debt accounted for approximately 75 per cent (short-term debt 25 per cent). Long-term debt was more or less equally divided between public and private debts. These are averages that conceal considerable variations among groups of developing countries (World Bank, 2012). Interest payments on external debt stock rose from US$ 104 billion in 2005 to US$ 154 billion in 2010 annually. Debt-relief measures have been taken to alleviate the negative impact of heavy external debt under the Gleneagles agreement and recent World Bank/IMF facilities.

The joint IMF-World Bank comprehensive approach to debt reduction is designed to ensure that no poor country faces a debt burden it cannot manage. Debt-reduction packages under the HIPC Initiative were approved for 36 countries – 30 of them in Africa – providing US$ 76 billion in debt-service relief over time. Although these measures help alleviate debt difficulties, they are far from adequate to cope with the debt-burden issues. Part of the solution lies in better macroeconomic management in debtor countries (including dealing with corruption and other causes of wasting resources; and partly in more debt relief as well as robust and speedy actions by the international community and multilateral organisations.

1.2.11 Non-government actors

Civil society organisations

For a long time, government agencies on both sides of aid transactions have been the primary, if not exclusive, actors in development assistance. This pattern has undergone very significant change in the past 15–20 years with the advent of non-government entities and demand for greater participation in aid policies and plans.

Definitions of CSOs vary somewhat but are essentially the same in terms of their overall missions and objectives. The WB refers to CSOs as a

> *wide array of organizations: community groups, non-governmental organisations (NGOs), labour unions, indigenous groups, charitable organisations, faith-based organisations, professional associations, and foundations* (World Bank, 2013).

OECD defines CSOs as

> *groups which contribute to development – ranging from global networks such as the Open Forum to international organisations such as ActionAid International, to development NGOs with headquarters in donor countries, and to bodies based in donor and developing countries such as trade unions, community-based and faith-based organisations* (OECD DCD/DAC, 2011a).

CSOs have become major players in international debates about a wide range of economic and social issues, especially during the past two decades, influencing many global policy decisions. The World Social Forum, held annually since 2001, is a clear manifestation of their growing influence. CSOs have been represented at various OECD/DAC Working Party meetings since 2005, when they participated in the Paris HLF. We shall focus here on NGOs, comprising the majority of CSOs, though care must be taken not to overlook the role of trade unions as well as private sector and philanthropic foundations, which have also emerged as distinct voices in the debate.

Estimates of the number of NGOs vary widely, from a WB estimate of "between 8,000 and 30,000 NGOs operating in developing countries", to others, which put the number at 100,000 or more. As NGOs are found at local, community, national and international levels, their numbers must be well over 100,000, comprising various types, sizes and degrees of sophistication. Among the internationally active NGOs are the Wikimedia Foundation, Partners in Health, Oxfam, BRAC, Care International and Médecins Sans Frontières among the top 10 (Kalagas, 2012). Another leading NGO network is "BetterAid", which has represented CSOs at various OECD/DAC Working Party meetings since 2007, acting on behalf of more than 700 CSOs, including trade unions through membership of the International Trade Union Confederation in the BetterAid platform.

Role of parliament

Another non-government (more precisely, non-executive) development actor is parliament. With a few exceptions, the role of parliaments in many developing countries has been modest in terms of engaging in serious discussions and reviews of government development policies and priorities. In recent years, mainly as part of a popular movement calling for greater citizen participation and more transparency, parliaments are

becoming more active in debating development issues and in holding governments accountable for results.

This process of empowering parliaments is in many cases still in its infancy. Two key issues determine the role of parliament in this context: existing laws and rules defining the distribution of power among executive and non-executive branches of government often set in the country's constitution; and the capacity of parliament to carry out its oversight tasks. A number of parliamentary associations, such as the Association of European Parliamentarians with Africa (AWEPA) and the Inter-Parliamentary Union (IPU) focus their efforts on strengthening the capacity of parliaments to promote more effective engagement in development issues. In recognition of their role, the IPU and AWEPA became members of the OECD/DAC Working Party on Aid Effectiveness. Other parliamentary representatives have also been regular participants in the symposia organised by the UN Economic and Social Committee (ECOSOC) Development Cooperation Forum (DCF).

1.3 Emerging aid architecture

In summing up our review, the numerous changes in the global setting for aid effectiveness have produced an aid architecture that bears little resemblance to its predecessor from the 1950s and 1960s. Today's architecture is different in structure and organisation, breadth of relationships, range of aid actors, ODA rules and guidelines, and new aid delivery modalities. The following eight points capture the essential features of the new architecture.

- First, there has been an explosion in the number of aid providers and recipients during the past 50 years or more. From 5 to 6 "donors" and 20 to 30 recipients in the late 1950s, these numbers now refer to more than 250 development agencies and more than 190 recipient countries. These countries, which seemed fairly homogeneous in the immediate post-war years, as they shared most symptoms of underdevelopment, have since taken different paths to development and experienced widely differing political and economic conditions, in addition to being exposed to events that have impacted their pace of progress. These changes have required aid providers to fashion more tailor-made aid policies and approaches to meet varying development needs.

- Second, aid policies shifted from being tentative and informal initially to become increasingly formalised, more structured and more complex. They are now managed by aid-specific agencies that have bureaucratised aid practices through guides, manuals, directives and the like. Though the same process has occurred in recipient countries at a slower pace and with less-complex structures, if only because of limited means.
- Third, evolution has gone beyond an increase in numbers and been influenced by the emergence of new and different players, with the rise of emerging economies and middle-income countries, who are challenging traditional ODA providers in terms of policies and practices. Recent years represent a period of transition in which North and South are beginning to engage in a more serious dialogue for the exchange of experiences and mutual learning.
- Fourth, the early days of ODA were dominated by bilateral agencies, which accounted for the lion's share of ODA. However, the past two decades have seen the rapid growth of multilateral organisations – reaching more than 250 and still counting! In addition to the majors (WB, IMF, UN, etc.), the majority vary in size, functions and special focus. Multilaterals are changing key features of development cooperation through sheer numbers and different delivery practices. Although this enriches the aid options, it also adds complexity to what is already a complex architecture.
- Fifth, the rise of private foundations and the increased significance of innovative development financing are contributing a welcome increase in development assistance resources while posing challenges to recipients and traditional providers alike. The independent status and management style of these foundations allow them flexibility and rapid decision-making abilities to achieve set goals, but there has been a lack of coordination with other development partners and inadequate harmonisation with recipient countries' priorities.
- Sixth, recipient countries have undergone enormous changes in terms of their abilities to articulate and express development priorities, what they need from aid and how they deal with providers. This has been a gradual and sometimes slow process, but it has picked up pace in the past decade and is likely to continue as more recipient countries gain

confidence and reap the benefits of structural and policy reforms started two decades ago or more. This is affecting the balance of powers between providers and recipients.

- Seventh, the aid industry has expanded beyond anyone's expectations. In addition to bilateral and multilateral aid agencies, global funds, CSOs and NGOs, there are thousands of consultants, experts and practitioners providing advisory services and performing functional tasks – from design to implementation and evaluation. This industry growth is due largely to the much larger volume of aid and greater diversity of actors and activities. Nevertheless, there are obvious inefficiencies through increased bureaucratisation and duplication. The industry has also given rise to many vested interest groups in both developing countries and their development partners. At issue here is not only the question of efficiency but the more serious question about the tendency to perpetuate the *status quo* instead of working to help these countries exit from aid dependency.
- Eighth, the early years focussed on helping developing countries deal with poverty and other causes of underdevelopment. Poverty remains a priority challenge. At the same time, new concerns and priorities have emerged, including global financial crises, food shortages and HIV/AIDS – and more recently, topping the list are Ebola epidemics, climate change and security issues. In addition, the structural changes in the global economy, the global slowdown and the failure to make progress in trade negotiations are "facts of life" to be reckoned with. ODA cannot – and is not intended to – deal with all these challenges, but the persistence of these global problems underlines the importance of greater collaboration among international institutions to achieve greater policy coherence.

It is against many of these challenges that the DAC and the WB organised the first High Level Forum to discuss aid effectiveness in Rome in 2003. Adding to these challenges is the forthcoming post-2015 development agenda, which will build on whatever has been accomplished under the MDGs and expands its objectives to address emerging challenges.

Table 7: ODA in constant 2012 US$ '000 000 (1960–2013)							
	Key ODA providers						
Year	**Total ODA**	**Bilateral**	**Multilat. agencies**	**DAC**	**DAC-EU**	**US**	**Japan**
1960	36781	31651	---	36781	16997	16566	1759
1965	45047	38618	---	45047	16747	33564	3098
1970	46160	39393	1519	42217	18187	14517	4374
1975	77177	62874	3059	50714	23056	13916	5592
1980	92028	67899	3356	63894	29118	16871	9549
1985	89384	67121	4914	75345	36820	17230	10471
1990	102527	77010	4580	86114	42509	17898	14233
1995	84936	59807	7054	76369	40288	10259	14203
2000	92041	63417	8457	81944	42086	12764	15561
2002	102882	74919	8730	89157	47119	16407	12768
2004	111800	80185	10159	97519	49739	23213	10929
2006	138879	105548	11414	122092	65464	26060	15042
2008	145657	109516	12269	124873	67557	27973	11789
2010	153502	112635	12682	134046	71425	31490	11827
2011	156500	116194	16288	131454	69450	31460	10723
2012	150916	111030	17479	126949	64724	30687	10605
2013	---	---	---	134692	68117	31081	14486
Source: Based on OECD QWIDS International Development Statistics (DAC1) 2014, online at: http://www.oecd.org/development/stats/idsonline.htm							

Table 8: ODA / GNI for selected DAC countries (1960–2012)						
	1960-69	**1970-79**	**1980-89**	**1990-99**	**2000-09**	**2012**
Australia	0.52	0.52	0.44	0.31	0.28	0.36
Belgium	0.54	0.53	0.5	0.36	0.47	0.47
Canada	0.23	0.48	0.46	0.38	0.29	0.32
Denmark	0.19	0.57	0.84	1.00	0.87	0.84
France	0.87	0.43	0.57	0.53	0.41	0.46
Germany	0.40	0.37	0.32	0.33	0.33	0.38
Italy	0.16	0.11	0.23	0.19	0.19	0.13
Japan	0.24	0.23	0.31	0.27	0.22	0.17
Netherlands	0.42	0.76	0.98	0.82	0.80	0.71
Norway	0.20	0.71	1.04	0.96	0.91	0.93
Sweden	0.22	0.74	0.87	0.86	0.92	0.99
Switzerland	0.09	0.18	0.29	0.35	0.40	0.46
UK	0.48	0.43	0.33	0.28	0.40	0.56
US	0.50	0.25	0.22	0.13	0.16	0.19
Total DAC	**0.45**	**0.32**	**0.33**	**0.27**	**0.27**	**0.29**
Source: OECD DCD/DAC (2011k, Annex B, p. 227), and OECD DCD/DAC (2013d, Annex A, Table A1)						

2 Addressing harmonisation and alignment issues: First High Level Forum – Rome 2003

"Even if aid providers do nothing more than drill wells in a village, coordination among them is necessary to avoid drilling 30 wells in the same village, use of different types of pumps and maintenance methods, and diverse modes of payment."

France Diplomatie, 2004

2.1 Background to the issues

2.1.1 Addressing the challenges of harmonisation and alignment

Harmonisation and alignment problems are not new to the international development community. The above quote highlights one dimension of the problem. The following adds another:

> *A conservative estimate for a typical African country is that 600 projects translate into 2400 quarterly reports a year submitted to different overseeing entities; and more than 1000 annual missions to appraise, monitor and evaluate. Each mission asks to meet with key officials, and each will ask the government to comment on its reports. The most common complaint voiced by officials is that aid "imposes too many administrative burdens".* (OECD, 2002; Stolk, 2006)

As stated in Chapter 1, the aid effectiveness debate has been going on for some time through one venue or another, regionally and internationally. Instrumental among these venues has been the DAC, which has grown considerably since its establishment in the 1960s. A few years later, OECD set up the Development Co-operation Directorate (DCD), the Development Centre and a statistical aid reporting system as well as a series of working parties addressing specific issues, including a DAC working group on technical cooperation.

The series of actions and technical reports issued over the years made the DAC the principal international forum for discussing ODA issues (Führer, 1996; OECD, 2006a). One of the many outcomes was a set of aid coordination principles, agreed in 1986 to guide members' policies.

Notwithstanding this progress, some issues continued to persist. Two examples illustrate the difficulties faced. In 1970, the DAC launched an initiative to promote multilateral untying of aid, but no agreement was reached (OECD, 1970). The DAC communiqué stated that:

> *There was considerable discussion of the untying of bilateral development assistance. For the first time, a large majority of Members declared themselves prepared in principle to adhere to an agreement to untie their bilateral financial development loans. They agreed to enter into discussions in DAC on an urgent basis on the technical problems of implementation and to prepare a detailed scheme for governmental consideration. Other Members, some of whom had already untied substantial portions of their aid by other means, were not in a position to commit themselves on the principle or on the urgency of such a scheme. While they were prepared to participate in further discussions concerning the establishment of such an agreement, they stressed that any such scheme should take into account their special circumstances and their aid composition. These other Members included notably France, Italy and Canada. However, in the end the United States, facing growing balance of payments problems, also withdrew support for multilateral untying*. (Ibid.)

The second example refers to aid coordination and policy coherence. Since the early 1980s, discussions have been taking up these two related issues, stressing that they represent a fundamental precondition for improving aid effectiveness. Meanwhile, the United Nations Environment Programme called on international development agencies to coordinate and complement their activities to effectively influence sustainable development efforts in developing countries (Horberry, 1983).

The difficulties faced in making progress along these lines were highlighted in a 1989 study by the German Development Institute (DIE), which identified three main constraints:

- recipient countries' inability to take actions to coordinate;
- providers' lack of discipline in setting aside short-term interests; and
- providers' concerns that coordination is time-consuming and labour intensive.

The study concluded that complete donor coordination is unrealistic, since it would be impeded by structural differences, but urged that coordination

must continue on the part of both recipients and providers (Burghard, Hofmann, Lemke, & Zehender, 1989).

The quote at the opening of this chapter characterises – in a highly simplified form – the dilemma facing low-income partner countries. On the one hand, the need for more ODA is all too obvious to merit an argument; but the multitude of aid providers keen to help and the virtual absence of coordination / harmonisation were heavily taxing the capacities of countries being able to cope. A World Bank paper distinguished two types of aid fragmentation costs to recipient countries.

- The first type comprises short-term "reversible" costs causing unnecessary wasting of resources; examples include tying aid to providers' contractors, which was estimated to reduce aid's real value by 15–30 per cent, plus transaction costs of having to deal with different providers' languages, procedures, fiscal calendars, etc., in addition to the costs of duplication of providers' country-analytic studies and project evaluations.
- The second type is "more insidious and long term", involving providers' practices that undermine the quality of governance and public-sector capacity development; examples include bypassing central government and funding projects with unrealistically high, longer-term financial requirements beyond recipient countries' means (Knack & Rahman, 2004).

An OECD study indicated that in the 2005–2006 period:

> *38 partner countries had 25 or more DAC and multilateral donors. In 24 of these countries, 15 or more donors collectively provided less than 10 per cent of that country's total aid. At the other extreme, 38 countries – mostly small island states – had fewer than 10 donors in total. These results – especially when further analysed by the sectors in which each donor is operating – offer insights into where it might be possible to reduce the number of actors that each partner has to deal with. At the same time, they make it clear that that in some countries, usually fragile states, there is a need for more, not fewer, donors in order to improve diversification and scale-up aid without incurring undue transaction costs.* (OECD, 2008b)

Before proceeding further, a question that needs to be asked is: What do "aid harmonisation" and "aid alignment" actually mean? Aid

harmonisation simply refers to actions by providers for joint consultation in order to coordinate their assistance in terms of target recipient countries and priority sectors; minimise overlap and duplication of efforts; and reduce the costs and confusion to recipient countries caused by non-harmonised aid inputs. Alignment requires that aid providers note and respect a recipient country's development priorities in allocating assistance, and thereby support its efforts to achieve development goals.

2.1.2 Why Rome?

Harmonisation and coordination have been of priority concern to recipient countries ever since the 1970s, due to their critical impact on aid effectiveness. But these two issues have not been the only concerns. A number of events and developments had underlined the urgency for more concrete commitments and coordinated actions to deal with the international community's unsatisfactory performance, as reflected in the contrast between rising volumes of ODA and poor impact on development cooperation outcomes. Among these, we refer to five main developments:

a) As stated in Chapter 1, the end of the Cold War and the subsiding threat of communist expansion prompted major aid providers to reconsider the rationale for aid. This called for more attention to poverty reduction than to political issues in allocating aid funds. Western powers also realised that early simplistic notions of replicating the successful experience of the Marshall Plan had to be replaced by a more realistic understanding of the causes of underdevelopment. In addition to providing more funds, development required technical assistance in the broad sense of the term;

b) Gradual acceptance by aid providers of the conclusions of earlier DAC reports, which stressed the urgency of improving individual providers' coordinating and harmonisation actions;

c) Mounting evidence that confirmed significant and mostly unnecessary costs of maintaining the s*tatus quo* of poor coordination to both sides of the aid equation;

d) Introduction of a poverty-reduction strategy approach for all HIPCs, adding more procedures and requirements, despite the fact that this approach made reference to alignment; and

e) Recommendations of the UN Summit of 2000, urging the international community to mobilise more ODA and become more coordinated in their actions.

Responding to these concerns, DAC established a Task Force on "Donor Practices" in late 2000 to develop proposals to improve harmonisation among members. The Task Force included a number of aid-recipient countries, as well as the WB and IMF. A number of "good practice" papers were prepared on the scope for greater harmonisation, and an overview was prepared of the disparate initiatives, which were similar to those that were already being developed within the UN system, the multilateral development banks and in the "Special Programme for Africa", prompting its aid providers to discuss operational issues.

2.2 Rome agenda and commitments

Against this backdrop of events, the Rome High Level Forum was launched in 2003. Rome signalled a commitment – followed by a series of actions – to give continuity to the debate, building on previous discussions but also bringing together the major players to agree on concrete goals and plans. The Rome meeting was sponsored by the WB, the AfDB, the ADB, the European Bank for Reconstruction and Development, the Inter-American Development Bank (IDB), the IMF, and the OECD/DAC, and was hosted by the Italian government. It was attended by 150 delegates from 28 developing countries in various regions, in addition to DAC members and representatives of UNDP and other UN agencies.

Although not explicitly stated at the time, one ventures the thought that the organisers of the HLF might have considered that its outcome, once endorsed, would somehow represent binding commitments to be honoured. As it turned out later, however, the question of "binding" was not on the cards then and was replaced by peer pressure and similar soft mechanisms. There was also a concern that insisting on a binding clause would discourage both aid providers and recipients to participate in what was still a new exercise. Forum participants were best described as a "coalition of the willing", which aptly characterised the nature and rationale behind their getting together in this and future forums.

The two-day meeting, on February 24–25, focussed on harmonisation issues. In preparation, regional workshops were held to review the state of harmonisation practices, listen to the views of recipient countries and make recommendations for consideration in Rome. An example of these meetings was the workshop organised by the ADB, the WB and the government of Japan, in cooperation with the government of Vietnam, and attended by representatives of seven developing countries from the region (Ministry of Foreign Affairs of Japan, Republic of Japan, 2003).

2.2.1 The agenda

What did developing countries' representatives have to say in Rome? The lead speaker, Tanzania's then-president, Benjamin William Mkapa, called for greater coherence of trade and other global policies, as well as more ODA to help meet the gap between MDG targets and recipient countries' limited resources.

Other interventions emphasised the need for simplification of development partners' procedures; urged these partners to meet actual recipient countries' needs; stressed the role of their countries' ownership of the harmonisation agenda; and pleaded for assistance in building national capacity to cope with aid management as a high priority.

It was not standardisation *as such*, which was called for, but rather the harmonisation of procedures to reduce transaction costs, while respecting the diversity among recipients and providers. References were made to Vietnam's and other countries' experiences, which showed that the benefits of better harmonisation exceeded its costs.

Addressing the HLF, then-president of the World Bank, James Wolfensohn, stressed three points:

a) evidence had to be provided that ODA funds were being spent effectively;

b) assistance should be extended to strengthen recipient countries' capacities for development, including the exercise of greater local ownership and participation; and

c) the international community had to do a better job of coordinating their actions.

In a clear admission of the lack of coordination, he said:

> *But when we came to take a look at our own behavior, and rather timorously at the behavior of many of our other partners, we discovered, at least that we, as an institution, were perhaps not as cooperative, not as minded to partnership, and not as good a listener as perhaps we might be, and so we decided that we would have a personality change, a culture change* (World Bank, 2003d).

World Bank studies reported that a recipient country typically dealt with 30 aid providers, hosted overlapping and duplicate projects and received numerous missions taxing its capacity to manage the aid portfolio. Meanwhile, "*a vast consultancy industry has sprung up around aid delivery and is worth US$ 4 billion a year in Africa alone*" (World Bank, 2003a).

A call was also made for more global policy coherence – an issue that would be repeatedly made at just about every international and regional meeting dealing with development issues. Coherence in trade was high on the agenda, especially since the prospects of a positive outcome for the Doha Round of negotiations, the so-called Development Round, still seemed promising. That was in 2003. Some economists, however, cautioned against pinning high hopes on exaggerated estimates of what a successful Doha Round would offer (Wise & Gallagher, 2006).

2.2.2 Key commitments

A Rome Declaration on Harmonisation was issued at the end of the meetings. It was the first in a series of commitments to be acted upon and monitored, with progress to be reported at the second HLF, set for Paris in March 2005. In the preamble to the Declaration, delegates stated that:

> *We in the donor community have been concerned with the growing evidence that, over time, the totality and wide variety of donor requirements and processes for preparing, delivering, and monitoring development assistance are generating unproductive transaction costs for, and drawing down the limited capacity of, partner countries. We are also aware of partner country concerns that donors' practices do not always fit well with national development priorities and systems, including their budget, programme, and project planning cycles and public expenditure and financial management systems. We recognise that*

> *these issues require urgent, coordinated, and sustained action to improve our effectiveness on the ground.* (OECD, 2003)

This statement conveys a clear recognition of bottlenecks hampering aid effectiveness. Delegates also endorsed the good harmonisation principles proposed by the OECD/DAC Task Force on Donor Practices. Aid providers and recipient countries committed themselves to the following actions to enhance harmonisation.

Box 1: Rome commitments

- Ensure that development assistance is delivered in accordance with partner-country priorities.
- Review and amend individual institutions' and countries' policies, procedures, and practices to facilitate harmonisation.
- Reduce donor missions, reviews, and reporting, streamline conditionalities, and simplify and harmonise documentation.
- Implement progressively the good-practice standards or principles in development assistance delivery and management.
- Intensify donor efforts to work through delegated cooperation at the country level and increase the flexibility of country-based staff.
- Develop, at all organisational levels, incentives that foster management and staff recognition of the benefits of harmonisation.
- Provide support for country analytic work in ways that will strengthen governments' ability to assume a greater leadership role and take ownership of development results.
- Expand or mainstream country-led efforts to streamline donor procedures and practices, including enhancing demand-driven technical cooperation.
- Provide budget, sector, or balance of payments support where it is consistent with the mandate of the donor, and when appropriate policy and fiduciary arrangements are in place.
- Promote harmonised approaches in global and regional programmes.

Source: OECD (2003)

These commitments are clearly stated and comprehensive in addressing what had become a persistent set of challenges. They called for aid providers and recipient countries to put together action plans that could be monitored. In looking forward, "stocktaking meetings" were to be held in early 2005 following the review already scheduled to take place at the OECD/DAC in 2004. The French government announced in Rome its willingness to host another such event in Paris in 2005.

2.3 Post-Forum actions

Examples of the many follow-up activities are given below to illustrate the types and range of actions taken.

a) *Multilateral development banks*: The financial management working group of multilateral development banks (MDBs) reviewed harmonisation progress (Multilateral Development Bank Financial Management Harmonisation Working Group, 2003). It noted that "*there are few if any explicit policy provisions that would impede financial management harmonisation. However, and notwithstanding the broad similarity of MDBs, there can be quite significantly different business models across each organisation*" (ibid.).

   Lessons learnt underlined that:

   1. harmonisation could take place at different levels (country, institution and project);
   2. it would succeed to the extent that it demonstrated its relevance to project / programme implementation;
   3. the emergence of sector-wide approaches (SWAps) offered promising prospects for more harmonisation but also posed some challenges.

   The group agreed to enhance collaboration among the MDBs on diagnostic work; share experiences and know-how; examine how to harmonise standard practice notes, common definitions and covenants; and share financial analysis models.

   The heads of MDBs subsequently expressed the "*highest importance to supporting countries in strengthening their capacity to better manage*

for development results", and recognised that their development agencies needed to enhance their organisational focus on results in the face of different mandates and modalities. They also recognised the need to "*align cooperation programmes with country results and strengthen partner countries' monitoring and evaluation systems to assess progress*" (European Commission & United Nations Partnership on Gender Equality for Development and Peace, 2004).

b) *Regional workshops*: Regional workshops were conducted in Asia, Latin America, Central Asia, Africa and the Middle East to assess progress in harmonisation, alignment and results. Workshops focussed on country studies presented by partner countries, which signalled their more active participation in the aid effectiveness dialogue. A summary of workshop outcomes is found in Annex 2 of the OECD/DAC report "Harmonisation, Alignment, Results" (OECD/DAC, 2005).

   Workshop conclusions varied, depending on each region's needs and priorities. The Asia region stressed SWAps as being an instrument to promote alignment and the need to strengthen institutional reform to achieve better alignment. Latin America underlined the diversity of experiences between middle- and lower-income countries and the need for better communication on lessons and good practices; it urged giving attention to the fiscally different environments and advocated alignment with country-owned development strategies. Central Asia pointed to its status as countries in transition, emphasising the role of the private sector, CSOs / NGOs, and the urgency of developing the human resource base of governments.

   Africa considered harmonisation and alignment to be a means of enhancing aid effectiveness, pointing to the uneven progress among African countries and the need to do more to share experiences, extend harmonisation efforts to the project level and move from "rhetoric to reality".

   All workshops produced common messages: pay more attention to all aspects of building institutional and organisation capacities; base alignment on country-owned strategies; and encourage more involvement of the private sector and CSOs in harmonisation and alignment efforts.

c) *Vietnam's harmonisation plans:* Vietnam offered an example of country harmonisation plans, as described by its delegate at the Paris HLF in 2005:

> *Since the first High Level Forum in Rome, Vietnamese agencies have actively collaborated with the donor community to move the process forward. With a large number of donors, including 25 bilateral donors, 15 multilateral donors and nearly 400 INGOs operating in the country and with a big volume of committed ODA, totalling US$ 28.82 billion over the 1993–2004 period, Vietnam has faced a great challenge in its efforts to utilize this important resource in the most effective way, especially in the context of complexity of donor guidelines and procedures. In order to deal with this challenge successfully, Vietnam has used harmonization as an instrument for more effective aid delivery.*
>
> *A key challenge has been to bring together the different harmonisation initiatives of various donor groups, including the 5 Development Banks, (WB, ADB, JBIC, KfW and* [Agence Française de Développement]*), the Like Minded Donor Group (12 bilateral donors), the EU and the UN system. There have also been initiatives by some other bilateral donors, for example: "sit down and talk" – an initiative from JICA of Japan that aims to address and implement a number of measures to improve the effectiveness of technical cooperation and general grant aid. Therefore, to harmonise harmonisation efforts and to maximise benefits, the Government and the donors have adopted a common framework called the Vietnam Harmonization Action Plan (HAP). This has three guiding principles (i). it is country-owned; (ii). it is country-led and (iii) it provides for diverse modes of ODA delivery.*
>
> *The HAP helped to make full use of its leading role in coordination, management, monitoring and evaluation of harmonization in Vietnam. The HAP has also provided excellent conditions for the establishment of the Partnership Group on Aid Effectiveness (PGAE). This brings together on a monthly basis the Government and key representatives of the different donors and donor groups and pushes the aid effectiveness agenda and monitors progress. The PGAE will, for example, after this High Level Forum benchmark progress in Vietnam against the expected declaration. The active role of the PGAE so far has made a significant contribution to speeding up an inclusive harmonization process in Vietnam. The PGAE report to our last Consultative Group meeting in December, 2004 is available to participants here*. (Duc Ung, 2005)

Vietnam's example showed its emphasis on a consultative approach with aid providers and a commitment to pursue a nationally-owned pragmatic approach. It served as a model for other developing countries, most of which did not come even close to Vietnam's performance.

d) *Tanzania's experience:* Although this is not a post-Forum action, Tanzania's harmonisation experience is quite relevant to this analysis as well as timely. A study by the Norwegian and Swedish development agencies in 2003 showed an example of a successful approach to improve aid harmonisation. The study referred to major changes in Tanzania's policies, which paved the way for positive responses from its aid providers. It identified the following factors, which explain their willingness to move forward on aid harmonisation:

> *We believe that there are four underlying factors, which to a large extent explain the willingness in recent years of many aid agencies to move forward on aid harmonisation and new aid modalities in Tanzania. They are political stability, macroeconomic stability, increased economic growth and confidence in the Tanzanian commitment to public sector reforms. Other explaining factors in the harmonisation context are a stronger commitment among key people in Tanzania to take the lead, the decentralisation of decision making to the field offices of the aid agencies and staff committed to harmonisation in Government and aid agency offices. There is also agreement between most donors and the Government that the Poverty Reduction Strategy and the Tanzania Assistance Strategy should be the main basis for the co-operation.* (Odén & Tinnes, 2003)

The study added:

> *New aid modalities, notably programme aid in various forms, have been a response by donors to improved Government policies and spurred further policy reforms. It has strengthened the Government ownership and changed its quality. At the same time the main donors have got better insight in central government processes. To further sustain the improvements, it is important that donors see budget support and Sector Wide approaches as long-term commitments and develop instruments to avoid stop-go situations.... A contributing factor to the improved aid harmonisation and alignment has been that many of the local offices of the key aid agencies have been delegated a higher level*

of responsibility from the headquarters, facilitating a more flexible and rapid interaction with the Government and among themselves.

These factors need no further elaboration. They confirm once more that political commitments by recipient governments and follow-up actions to implement them and aid providers' quick and positive responses are requisites for creating the right climate for improved harmonisation. Collaboration among aid providers in actions taken go a long way to consolidate harmonisation results. At the same time, the study warned that the new aid modalities (programme and sector-wide aid) should coincide with a reduction in project aid to avoid an increase in total transaction costs to both sides.

e) *DAC members' peer reviews*: Based on five DAC peer reviews (of France, Italy, Austria, Norway and Australia), combined with visits to nine recipient countries (Benin, Mauritania, Mozambique, Tunisia, Nicaragua, Bosnia & Herzegovina, Zambia and Cambodia), the results showed that:

- Four countries had action plans on harmonisation and alignment, but only one had established a focal point to promote harmonisation and alignment at the Head Office and on the field;
- Very few cases had alignment actions geared towards locally-owned strategies; and
- None had established multi-annual funding commitments to improve aid predictability.

The reviews recommended the following:

- Take measures to improve decentralisation of authority to field offices and more adequate human and financial resources;
- Engage in deeper dialogue and coordination with partner countries and aid providers to concentrate on fewer recipient countries and sectors to improve results;
- Establish DAC monitoring systems to measure harmonisation and alignment progress;
- Avoid using different channels and modalities to reduce transaction costs for both sides; and
- Urge and support partner countries to show more leadership (Odén & Tinnes, 2003).

In general, this work showed the lack of real traction of the Rome commitments at the country level, and a significant lack of knowledge of the commitments in some aid providers' country offices. The absence of monitorable indicators of these commitments added to the difficulties encountered.

f) *Japan's Harmonisation Action Plan*: Japan's harmonisation plan had three elements: (a) align country assistance with country-owned development plans and sector strategies; (b) continue to support local capacity-building to formulate sector strategies, training of project management and statistical capabilities; and (c) minimise transaction costs by participating in joint analytic work, adopting a cost-benefit approach to give priority to projects of the highest marginal benefit, and reducing administration costs of debtor countries (Government of Japan, 2005).

   Japan also outlined the lessons it learnt:

   - Reaffirm the importance of respecting the voices of partner countries, and maintain the diversity in aid modalities to enable recipient countries to select the best that meet their needs;
   - Stress capacity-building to enhance national ownership and involvement; and
   - Adopt a selective approach to focus on specific targets for improving aid effectiveness.

g) *Civil society*: The role of CSOs in the aid effectiveness process was not visible until the Paris HLF, despite their active participation in UN conferences since Monterrey. Ahead of the UN Summit, NGOs called for a forum "*to focus attention on issues such as innovative sources of finance and global public goods, economic, social, cultural and other human rights issues as well as the environment, gender, labour, and global economic governance*" (Financing for Development Coordinating Secretariat, Department of Economic and Social Affairs, 2012).

The Global NGO Forum at Monterrey emphasised that "*Civil Society Organizations, with their diverse voices and priorities, should and will continue to be instrumental in the follow-up to the Monterrey Consensus, both in pressuring policy makers for better coherence at the institutional level and as partners in the attainment of the Millennium Development*

Goals" (Financing for Development Coordinating Secretariat, Department of Economic and Social Affairs, 2012). It was, therefore, surprising that CSOs were not involved in – or invited to – Rome (Open Forum for CSO Development Effectiveness, 2014).

2.4 Aid harmonisation and alignment indicators

2.4.1 Measuring progress

How was progress in harmonisation to be monitored? The World Bank outlined a proposal on how it intended to proceed. This followed the setting-up of the OECD/DAC Working Party on Aid Effectiveness and Donor Practices to support implementation of the Rome agreement. A Task Team on harmonisation and alignment launched a survey of harmonisation at the country level, which was carried out in the 14 partner countries participating in Rome. Survey questions sought responses about aid providers' actions, recipient governments' actions and common actions, using 13 indicators.

The survey concluded that some progress had been made to achieve better aid alignment with partner countries' development priorities and that "*about 60 partner countries and 40 bilateral aid agencies and multilateral institutions are engaged in these efforts*" (International Development Association [IDA], 2004). The report pointed out that:

- further work was required but that it was costly and unfunded;
- effective institutional mechanisms were needed to encourage staff to pursue harmonisation actions; and
- existing policies and practices discouraged the change of behaviour necessary to make progress.

The WB, which chaired the Task Team under the WP-EFF, made the following observations:

a) the list of indicators was too long, with questions requiring information on 118 items;

b) some indicators were not relevant, and work was needed to focus on more pertinent indicators; and

c) there was a need for a scoreboard on aid providers' performance to focus on certain indicators, as follows:

   i. percentage of aid support linked to explicit priorities

   ii. percentage of disbursements that are untied

   iii. percentage of projected commitments / disbursements recorded in the government budget

   iv. percentage of actions such as analytic work and portfolio reviews that are conducted jointly with other aid providers in the same sectors

In conclusion, the report called for a "culture of collective self-discipline" as being critical for further progress.

2.4.2 WP-EFF Task Team on harmonisation and alignment

The WP-EFF Task Team on Harmonisation issued guiding principles to promote top-level advocacy of harmonisation, engage in demand-driven actions and build on existing work. Support required clarification of what harmonisation meant in operational terms, the limits to the flexibility of action, and where to turn to address problems without adding costs to field offices and local authorities. As an initial step, the Team planned to identify "lead players" of harmonisation in different countries and sectors.

A global web-based information facility was planned for exchanging experiences. A detailed set of good practices was to be developed illustrating where guidance would be most helpful. Tracking progress was to be supported through a stocktaking exercise to monitor progress and report results to a DAC Senior Level meeting and to the second HLF in Paris. The Team was also to prepare a report documenting achievements, identifying bottlenecks and making recommendations for the Paris HLF.

The Team undertook to:

a) prepare a "framework of indicators" on harmonisation, relying on quantitative indicators; and

b) enhance mechanisms for maintaining peer pressure and mainstreaming harmonisation in peer reviews.

A joint country-learning and assessment exercise was planned for two partner countries to provide assessment of progress at the country level. The 14 partner countries present in Rome were invited to participate in the Team's meetings.

2.4.3 Incentives for harmonisation and alignment

Lack of incentives was one of the main stumbling blocks to real change in policy and behaviour by both aid providers and partner countries. A working paper by the Overseas Development Institute (ODI) in 2005 examined these issues (de Renzio, Booth, Rogerson, & Curran, 2005). It based its analysis on six case studies done by the DAC Task Force on Harmonisation and Alignment, including the United Kingdom, Switzerland, Sweden, Spain as well as the World Bank and the EU.

The paper argued that the behaviour of aid agencies' staff was influenced by political, institutional and individual factors; it added that there was "*a certain degree of 'disconnection' between the high level declarations and commitments*" (de Renzio, Booth, Rogerson, & Curran, 2005). The initiatives taken did not amount to a coherent strategy to ensure that incentives were adequate to meet harmonisation challenges.

Of the political factors, the issue of visibility was significant for politicians who felt that harmonising with other aid providers subdued such visibility. NGOs and private-sector contractors lobbied to ensure they did not lose funding under harmonisation. Partner countries did not show the leadership and ownership of harmonisation initiatives necessary to take meaningful actions.

Institutionally, decentralisation to country offices in managing aid activities was not supported by the Head Office. This was the famous "disconnect" between the Head Office and country offices. Where harmonisation focal points had been established, they were not given sufficient resources to carry out their mandates. In a nutshell, there was a lack of a coherent institutional framework to guide, promote and monitor progress.

No less important was the question of incentives to individual staff members. Where harmonisation requirements were not duly considered in

recruiting, training and assessing their performance, harmonisation responsibilities were not likely to be taken seriously.

The paper concluded by arguing that organisations with innovative cultures – rather than those requiring compliance with existing rules – were more likely to proceed with harmonisation work, which often required changes in policies and practices. Positive incentives – coupled with stronger link between the Head Office and country offices – as well as more interactions between aid agencies at the international level were essential for achieving better results. It also underlined the role of personalities and individual characteristics as "fundamental factors" in success.

It was clear in Rome that harmonisation issues were critical to improve aid effectiveness, and that efforts and actions to meet these challenges were costly, in resources and time. Even then, these factors were underestimated in their impact on progress, as later evidence would show.

2.5 Concluding remarks

The Rome HLF put in motion many activities to deal with harmonisation. These activities helped define more clearly where progress was being achieved and why progress was limited in most cases. Underlying stakeholders' actions are complex processes that prompted each either to act or maintain the status quo. In concluding this chapter, we identify the main factors to help understand the dynamics of these processes.

- First, the pressures to hold the first HLF were primarily externally driven, prompted at least in part by the two UN conferences referred to earlier, at which leaders called for concrete and swift actions to address a failed ODA track record.
- Second, leaders called for an increase in ODA funding to meet rising challenges. Concurrently, the media in several aid-providing countries highlighted aid failures and their causes, including corruption; lack of focus on priority development issues; duplication among aid providers and lack of harmonisation; and poor accountability. These generated more internal pressures within provider countries to "do something" in the face of heightened criticism.

- Third, it is interesting that partner countries called for increased funding, overlooking the need to overhaul the aid machinery itself. There were probably a few exceptions that urged aid providers to streamline their delivery methods, as in the case of Vietnam for example, but the majority had not undertaken internal assessments of how aid was being utilised, how clear national development strategies were, etc.
- Fourth, civil society – active in partner countries in implementing development initiatives – was concerned primarily with increasing its share of ODA disbursements. Most CSOs were still undergoing a stage of maturation and reorganisation and had to cope with their own internal challenges, including developing a code of behaviour and a more unified front to speak with one voice in aid symposia.

It is, therefore, not surprising that the first HLF in Rome was mostly "aid provider-designed and driven". This is not meant as a criticism but merely a factual statement describing the dynamics of the aid effectiveness dialogue at the time. The meetings were dominated in numbers and inputs by aid-providing agencies including multilateral organisations, led by the WB, though invitations to attend were sent to 14 partner countries from different geographic regions. The extent to which these countries actively participated was quite modest. Even among the aid providers' community, attendance was in general at the senior official level – rather than at the ministerial level – indicating that the agenda was perceived as being more technocratic than political.[5]

Well over 80 per cent of speakers represented aid providers and multilaterals, and less than half a dozen ministers and senior officials from partner countries addressed the meeting. Three country situations were outlined – Vietnam, Ethiopia and Jamaica – with the help of regional development banks in the respective regions. These dynamics were to change later.

Perhaps the rise in ODA provisions since 2002 served as a palliative, which relieved the pressures for more serious reform of the aid machinery. Total ODA (see Table 7, Chapter 1) went up from US$ 99 billion in 2002 to US$ 103 billion in 2003, jumping to US$ 108 billion in 2004 and US$

5 This last observation was contributed by a senior official attending the Rome meetings.

138 billion (boosted by major debt write-offs) in 2005. These substantial increases, while welcomed, derailed further reform and allowed the incentive deficits to continue to prevail in constraining behaviour change.

What could be learnt from the Rome experience? With the benefit of 20/20 hindsight, Rome attempted to address the tip of the iceberg and, even so, implementation of commitments proved to be painful, costly and lacking in leadership actions to honour the pledges made less than a short 18 months earlier. These indications did not bode well for the future, leading to questions such as: Were we heading for more rhetoric than action while preparing for the Paris Forum? Given the few successful experiences with aid harmonisation, what was hindering progress in this vital issue? Was it recipient countries or their aid providers? The next chapter sheds light on the events that followed.

I did not have the opportunity to participate in the Rome Forum, but my perception – based on my close reading of the reports issued and views of a few delegates that did attend – is that the outcome was probably pre-determined, and that the prescriptions written by the major DAC members and the WB had little input from recipient countries, whose few leaders in attendance could only plead for better policies. Such was the lopsided balance of power that dominated this phase of deliberations; most developing countries felt they were, at best, invited as observers, listening to what their aid providers believed was best for them. This may sound a little harsh, and I had hoped that my perceptions were mistaken, since DAC members had made some explicit commitments to address harmonisation issues. Did they meet these commitments?

3 Paris Principles of Aid Effectiveness: Second High Level Forum – Paris 2005

"The Superior man acts before he speaks, and afterwards speaks according to his actions."
Confucius, The Confucian Analects

3.1 Progress since Rome

3.1.1 From Rome to Paris

The organisers of the first HLF decided to keep the momentum initiated in Rome by planning to launch the second HLF two years later, in Paris. A set of commitments had been agreed in Rome and were to be implemented. Implementation was to be monitored and the results reported at the Paris meeting. This chapter traces actions to carry out these commitments, outlines the preparatory steps for the second HLF in Paris, and reviews the Paris Declaration (PD) and the mechanisms set to monitor future progress.[6]

What and how much progress was made during the two-year period since the conclusion of the Rome Forum? Some actions have already been outlined in the previous chapter. These represented a forward movement by policy-makers, who recognised the priority attached to harmonisation and alignment issues.

a) *OECD/DAC Progress Report:* An OECD/DAC report captured the progress achieved and the challenges ahead. The following are the report's key findings:

   - On harmonisation: Aid providers "made a start" by using simplified procedures and joint analytical work, and by placing more focus on

6 The Paris HLF was my first direct involvement in the aid effectiveness discussions, which I attended as a member of Egypt's Delegation, led by the then-Minister of International Cooperation. Under her leadership, Egypt was beginning to take serious interest in aid effectiveness and had taken a few initiatives to review existing policies as a prelude to guiding future actions. A few other countries began taking similar actions.

development results; delegated cooperation; common procurement and financial management procedures; and common arrangements for sector-wide approaches and budget support (OECD/DAC, 2005). The key term here is "made a start". The report stated that "*not a single aid provider*" in the 14 partner countries of the survey reported using country systems across the board; providers were discussing to agree on how to assess and strengthen country systems and harmonise their requirements, and doing so in consultation with partner countries.

- On alignment: The report stated that "*there is a promising trend toward increased donor alignment behind country strategies*", with a surge of interest in SWAps. There was increased use of programmatic and budget financing in support of these strategies.
- Partner countries started to develop harmonisation plans to meet Rome commitments. Nine countries had such plans in place by the end of 2004; four countries had draft plans and three were preparing these plans.[7] A few other partner countries had started actions to harmonise even before the Rome HLF, as in Mozambique, Bangladesh and the Philippines.
- Why was progress slow? The report identified the following reasons: insufficient clarity of partner countries' policies and priorities; absence of a robust framework linking priorities to budget decisions; lack of agreement on indicators triggering disbursements; inadequate use of delegated cooperation among aid providers (where one provider plays the lead role after consulting with others in a given sector). Particularly challenging were harmonisation needs of fragile states.
- The report stressed the importance of sustained top-level attention to deal with them, and referred to the "high upfront cost" for both sides of taking serious steps to improve harmonisation and alignment. Few aid providers had explicit training programmes and

7 Action plans ready by Cambodia, Nepal, Kyrgyz Republic, Nicaragua, Niger, Rwanda, Tanzania, Vietnam and Zambia; draft plans made by Bangladesh, Dominican Republic, Ethiopia and Serbia; plans under preparation by Bolivia, Fiji, Kenya and Mongolia.

procedures, together with incentives, to encourage staff behavioural change and dispose of arrangements that discourage such change. As a result, only 8 per cent of aid providers' missions in 2003 were jointly carried out, and only 35 per cent of partner countries reported that providers were streamlining their conditionalities.

- In conclusion, the report urged more focus on "higher-value" goals to avoid what it called the "clutter" of multiple processes on harmonisation, alignment and results. It also highlighted the importance of partner-country ownership and mutual accountability, noting that emphasis on results was fairly recent, with priority attention typically given to inputs and outputs.

b) *European Union initiative*: An Ad Hoc Working Party on Harmonisation was commissioned in 2004 to report on how to advance coordination, harmonisation and alignment. The report pointed out that, within the EU, these issues were a core business and that implementation of the harmonisation agenda started in four pilot countries. It outlined the following recommendations, which were subsequently approved by the Council and forwarded as input to the Paris HLF:

- Establish an EU Action Plan in pilot countries where two or more EU members had a cooperation programme;
- Encourage member states and the European Commission (EC) to decentralise competencies, responsibilities and decision-making to the country delegations;
- Develop a strategy to apply sector and thematic guidelines at the EU level to bilateral and community assistance and use them as a platform for dialogue with partner countries and aid providers;
- Strengthen joint EU actions on concrete aspects of harmonisation and coordination;
- Formulate a multi-annual programming and harmonisation strategy to guide analytical and diagnostic work around each pilot country's national policy and budget cycle;
- Develop a strategy to adopt complementarity within the EU; and
- Develop a common framework for aid implementation procedures and a monitoring mechanism to review progress.

c) *Nordic Plus Group and the Swiss Agency for Development and Cooperation (SDC)*: The Nordic Plus Group outlined a Harmonisation Action Plan, based on common areas of focus in members' bilateral plans in eight countries, in which four or more members were active. It comprised measures at the global level and at the HQ level to harmonise policies and guidelines for joint arrangements and country programming, develop common approaches to procurement, and encourage joint programming of evaluations (OECD, 2005). The SDC submitted "fact sheets" (State Secretariat for Economic Affairs SECO, 2005) on its harmonisation commitments, referring to its experiences in countries such as Tanzania, Bolivia, Afghanistan and Mozambique.

d) *UK Department for International Development (DFID):* DFID undertook a study to assess harmonisation progress. It defined harmonisation as *"coordination and merging of processes, institutions and systems among aid agencies"*, as distinct from alignment, *"which is development assistance coherence with and integration into the government systems and institutions of the receiving country"* (Balogun, 2005). These were two sides of the same coin, making it difficult to separate the impact of harmonisation from that of alignment.

   Balogun, author of the study, underlined the need for a methodical evaluation framework to assess the benefits accrued, arguing that this required:

   - gathering empirical evidence of interactions between harmonisation, alignment and country ownership at the country level, to identify immediate benefits and those beyond the reduction in transaction costs;
   - developing feasible methodologies for measuring immediate benefits, to collect data on time savings. These were more difficult to gather as they were a function of changes in staff behaviour and their motivations; and
   - instituting a methodology to establish the linkage between immediate benefits and likely improvements in government policy and management on both sides of the aid equation.

   The paper was based on three case studies to assess harmonisation benefits in Mozambique, Tanzania and Bangladesh. This showed a "relatively modest" reduction in transaction costs – a conclusion that

had to be qualified, since harmonisation was not the focus of evaluations. There was also no consensus on how to measure its effects; in addition, specific aspects of improved harmonisation required front-end investments in systems, policy and procedural changes, and incentives, and these took time to generate benefits.

These early attempts to harmonise without a consensus on how to do it in a coordinated manner suggested the need of an initiative to "harmonise the harmonisers". This, of course, would pose its own challenges. As a result, it could be seen that harmonisation and alignment issues were not about to be resolved. Meanwhile, an interesting study was carried out by the ODI on fragile states.

e) *ODI study:* The study examined the special situation of fragile states in harmonisation and alignment. It stated that these issues "*may be even more relevant in difficult than 'normal' environments*", as they were a precondition to restore ownership of domestic policy processes. Unharmonised and unaligned behaviour by aid providers could further "*undermine an already weak institutional setup*" (Christiansen, Coyle, & Lockhart, 2004), as they tended either to avoid fragile states or set up parallel implementations units (PIUs) and priorities. This led to increased fragmentation among aid providers and fragile states due to the multiplicity of players on both sides.

   The study distinguished four categories of situations:

   - those with strong country leadership (Afghanistan and Timor-Leste)
   - those with strong aid providers' leadership (Sierra Leone, Solomon Islands)
   - those with weak local leadership and fragmented aid providers
   - those countries with armed conflict and/or severe concerns with legitimacy (Burundi, Haiti, etc.)

   It recommended the following actions to improve harmonisation and alignment in such partnerships:

   - Undertake diagnostics of the country's processes and systems.
   - Align, where possible, aid providers' activities to all stages of government strategy, policy and implementation cycle.

- Where alignment was not possible, harmonise between aid providers to allow alignment later on.
- Adopt selectivity and proper sequencing of interventions as a critical means to produce results.
- Support policy-making and aid management in partner governments.
- Monitor progress on alignment and harmonisation.

f) *Civil society reactions to the Paris Declaration:* In reviewing the second consultative draft of the PD, NGOs from North and South met in early February to discuss it with aid providers' representatives. They argued that the draft did not tackle fundamental obstacles preventing aid from going where it was needed and did not adequately address issues of ownership, capacity-building, predictability and untying. They recommended that the final draft (a) include a commitment to increase aid going to least-developed countries to improve basic social services; (b) reduce tied aid; (c) enhance country ownership and strengthen local capacities; (d) provide greater predictability and commit both sides to fight corruption; and (e) set up a framework for mutual accountability. A total of 26 CSOs signed the document issued at the end of the meeting (African Forum and Network for Debt and Development (Afrodad), ActionAid International, Asia Pacific Mission for Migrants, BanglaPraxis, Basc Caritas, BOND, Catholic Institute for International Relations et al., 2005). This led directly to the inclusion of "mutual accountability" as being one of the key principles in the subsequent PD.

Oxfam issued a condemning report, blaming rich countries for lack of action since Rome: "*these same countries made a series of commitments to reform the aid system, and transform it into an effective instrument of change. Instead of celebrating progress, they will be confronted by the results of two years of inaction*" (ActionAid International & Oxfam International, 2005). The report recommended the following:

a) Make aid accountable by improving aid quality, reviewing progress annually and creating an independent UN commission on aid effectiveness;

b) Make aid effective by untying it and using local country systems; and

c) Reform the aid architecture.

Although the above summary does not capture all progress since Rome, it shows that a series of serious actions were being taken to address these issues. The results, however, continued to be well-below expectations. Was this perhaps because more time was needed to show better results? Or were there deep-rooted causes that required more drastic surgery? Answers to these questions would have to wait until a fresh assessment was made prior to the next HLF.

3.2 Paris High Level Forum

3.2.1 Participants and agenda

The second HLF was held in March 2005 in Paris. It was attended by 60 partner countries; 30 bilateral aid-providing countries and 30 development agencies, including multilateral and regional development banks; and civil society organisations. This was a much larger and more diverse audience than at the Rome HLF. There was also a much greater participation at the ministerial level than at Rome.

The Paris Agenda addressed an expanded agenda. It added "development results" to Rome's two issues, as recommended by a Marrakesh meeting in 2004 (OECD DCD/DAC, 2005). Paris experienced a visible increase in partner countries' engagement. Roundtables addressed concrete issues of aid effectiveness around five themes: ownership, alignment, harmonisation, managing for development results and mutual accountability. Although partner countries were more vocal in the debate, the agenda and many contributions were led / made by aid providers, with the WB playing a substantial role. It chaired the Steering Committee set up to deal with substantive issues and chaired or co-chaired five of the Working Party's five sub-groups (World Bank, 2005a).

CSOs were represented by 14 agencies. Some were based in more developed countries, including the Japan NGO Center for International Cooperation, the Bill & Melinda Gates Foundation, ENDA Tiers Monde and the Canadian Council for International Cooperation; others were based in partner countries, such as the Tanzania Social and Economic Trust, Afrodad, and Reality of Aid network.

3.2.2 The Paris Declaration

The PD was an ambitious undertaking for its scope of commitments (56 in total) and the number of countries / institutions endorsing it. It called for adopting an elaborate set of 12 indicators, targets and a monitoring system to assess progress. These were organised under the five themes stated above, which later became known as the Paris Principles.

The 12 indicators were to be applied nationally and monitored internationally. Box 11 at the end of Chapter 7 gives a list of indicators and targets agreed. The Declaration was also viewed as being a more balanced document of concrete commitments on both sides. Box 2 gives a review of the substance underlying each principle.

The 12 indicators had different targets, set for 2010. For ownership, at least 75 per cent of partner countries were to have operational development strategies by the target year. Under alignment, 50 per cent of technical cooperation flows were to be implemented through coordinated programmes. Aid not using partner countries' public financial management systems was to be reduced by two-thirds. For harmonisation, 40 per cent of missions to partner countries and 60 per cent of analytic work were to be jointly conducted. For managing for results, a one-third reduction was to be achieved in the number of countries without transparent and monitorable performance-assessment frameworks. And for mutual accountability, all partner countries were to have mutual assessment reviews in place.[8]

The full text of indicators and targets, with the methodological basis for their application, gives an even more complex account of challenges ahead. Measurement soon became an issue in determining what data to gather and how to assess their significance in assessing progress. We will come back to this important issue later, when we discuss the monitoring surveys conducted for that purpose.

8 Despite a consensus on objectives and indicators, a persistent disagreement among aid providers on indicators and "targets" for 2010 threatened efforts to reach a final consensus on the whole package of commitments, which would have rendered the Declaration (or at least part of it) non-operational. It was the facilitating skills of the chair of the DAC, Richard Manning, using a Japanese compromise proposal, which finally led to an agreement to endorse the Declaration, except for the items in dispute – involving mainly Japan and the United States – which were to be sorted out by September 2005.

Box 2: The five Paris Principles – 2005

- *Ownership*: Partner countries were to exercise effective leadership over their development policies and strategies, and coordinate development actions. These included establishing prioritised results-oriented programmes and taking the lead in coordinating aid at various levels.
- *Alignment*: Aid providers were to base their overall support on partner countries' national development strategies, institutions and procedures, including the use of strengthened country systems and supporting partner countries in strengthening their development capacities.
- *Harmonisation*: Aid providers were to implement common arrangements and simplify procedures; follow up on Rome commitments; reduce the number of separate, duplicative missions and field reviews; agree on a more effective division of labour to deal with excessive aid fragmentation; and deliver effective aid to fragile states.
- *Managing for development results*: Managing and implementing aid was to be done in a way that focusses on achieving results, with partner countries acting to strengthen the links between development strategies and budget processes, and establishing frameworks to monitor progress against key dimensions of these strategies; and with aid providers committing to link country programmes to results and align them with performance-assessment frameworks.
- *Mutual accountability*: Partner countries and their aid providers were to become accountable in the use of development resources to their respective constituencies, as well as to each other, by strengthening the role of parliaments and reinforcing participatory approaches involving the broad range of development partners, and by aid providers providing transparent and timely information on aid flows.

Source: Author

Mindful of the challenges ahead, delegates stressed the importance of sustained political support and of engaging a wider circle of stakeholders. Two monitoring surveys were to be carried out in 2006 and 2008 to assess progress. For now, there was a sense of accomplishment among delegates, in that the PD drew a roadmap for future actions, recognising aid

effectiveness as a joint responsibility. At the same time, partner-country delegates felt that the Declaration was essentially driven by the OECD/DAC and the WB. Some questioned the fairness in allocating responsibility for actions between partner countries and development partners. But it was too late to argue this point now. The key message carried home by partner-country representatives was the urgency of translating the PD into national action plans.

In a press release at the conclusion of the Paris meeting, Richard Manning stated:

> *In 2005, poverty and development are the issues of the year. Aid flows to developing countries are on the increase after a sustained drop for many years. So we must demonstrate that we are using that aid effectively. This will give people the confidence that aid helps the poorest people in the world, and that more aid is a sound investment in all our futures.* (World Bank, 2005b)

3.3 Monitoring of implementation

3.3.1 Lessons from the first baseline survey

An agreement of this nature without effective periodic monitoring would not be worth the efforts leading to its endorsement. However, monitoring progress under the PD proved to be a demanding exercise of several dimensions, nationally and internationally. It required actions under the guidance of the WP-EFF, which replaced the Task Force on Donor Practices, expanding in Paris from a small group of mostly aid providers in 2003 to more than 50 members representing partner countries, aid providers, development institutions and civil society.

The first baseline survey in 2006, which was voluntary, drew responses from 34 partner countries (of the 60 that participated in Paris) and 60 aid-providing countries and institutions. This sample did not necessarily give a proportional representation of partner countries; survey findings, therefore, would have to be read with this in mind. There were only a few fragile states that took part, making it difficult to generalise about this particular group. The survey had two purposes: (a) to establish a baseline against which to measure future progress, and (b) to assess progress since Rome.

Survey results were to identify issues and challenges for future consideration (OECD, 2007b).

Monitoring arrangements consisted initially of survey design and fieldwork preparations, including a "Help Desk" to respond to questions. The 2006 survey was launched in May. A number of regional workshops were launched for officials in charge of survey work in partner countries; the workshops dealt with technical aspects, addressed database issues and explained the role of help desks. Following country-data analysis, country chapters were drafted and sent to survey National Coordinators for comment.

Nationally, arrangements varied from one partner country to another, but with many similarities. Having served as the Acting National Coordinator for Egypt twice, my experience shows that the most challenging task was how to organise and manage survey work within a fairly tight three-month time frame. National Coordinators had the authority to manage data collection from government and country-based aid providers, and each of the latter was an independent entity with its own set of priorities and pressures. Workshops were organised for local contributors and country-based aid providers to facilitate the work ahead and solicit cooperation. The workshops had the added value of strengthened lines of communication among survey participants and dealt with issues of mutual concern.

One of the problems in data gathering was the use of different definitions for such items as aid disbursements, based on each department's mandate. A task group of seven agencies (Central Bank, Ministry of Finance, Ministry of International Cooperation, Central Agency for Statistics, Ministry of Foreign Affairs, Ministry of National Planning and the Cabinet's Information for Decision-Support Centre) was set up to reconcile their figures and come up with one validated number.

Another issue was reconciling data received from aid providers with those recorded in government books, as these inputs were often based on different financial-year frames. Negotiations with aid providers led to the provision of flow- and disbursement estimates corresponding to government time frames.

Overall, the three-month period set to complete survey work proved too short. Communication problems, technical and definitional issues, lack of

data, response delays and lack of interest were the main reasons. An added pressure was the organising of a "validation" meeting of government and aid providers to endorse data and the Coordinator's country report prior to submitting them to the OECD/DAC.

In the end, most collaborators felt this was a useful learning experience; it helped spread the word about aid effectiveness and the PD goals, and stressed the importance of "getting better value for aid received". It was also a clear signal urging aid providers' country offices to understand what their Head Offices had signed up to. Nevertheless, the process was too time-consuming and costly to be repeated in that format, suggesting the urgency to deal with these issues ahead of the next survey.

3.3.2 Survey results

Survey results were based on activities carried out in 2005, which provided the baseline data. Some survey findings used the World Bank's 2005 Comprehensive Development Framework and its Annual Country Policy and Institutional Assessment (CPIA). The following paragraphs underline key survey results. Despite simplifying the language, some technical jargon is inevitable.

- ***Ownership***: Strengthening ownership posed a substantial challenge: only 17 per cent of survey countries were meeting agreed quality thresholds for operational development strategies. (See World Bank Comprehensive Development Framework for definition of quality.) Reaching the 2012 target of 75 per cent of survey countries would require political commitments and more technical efforts.
- ***Alignment***: Use of country systems was a prerequisite for better alignment with national development priorities. Responses showed that public management financial systems were rated as being between moderately weak to moderately strong, with 31 per cent of countries having moderately strong systems. Although this indicates that the 2012 target of "half of the countries move up at least half a point up" was feasible, other country systems, such as procurement, were not rated due to lack of data.

  Alignment also addressed the *gap between budget figures and actual aid disbursements* (a wider gap implied less alignment). The data

showed a considerable discrepancy between the two figures, with half the countries showing a gap of as much as 70 per cent. To reach the 2010 goal of reducing the gap by half required coordinated actions by partner countries and aid providers. This gap was caused by providers' less realistic expectations of their ability to disburse on schedule, and partner countries' insufficient attention to capture disbursement intentions or make realistic estimates of shortfalls.

Capacity development (CD) was another issue. Some partner countries stated that no technical cooperation programmes existed that met the coordination criteria. Aid providers argued that the survey definition was too stringent. The survey's aggregate baseline figure must, therefore, be taken with serious reservations, in view of conceptual differences that called for a re-examination of definitions.

Data on the *use of country systems* (Indicator 5) suffered due to the use of different interpretations and ambiguity in survey guidelines' definitions. As a result, survey numbers tended to overstate the extent of using country systems. The target for 2012 was to reduce by one-third the non-use of country systems. A disturbing finding was that the correlation between the quality of a country's systems and providers' use was weak, implying that factors other than quality influenced the systems' use. If this pattern continued, it would be quite difficult to reach the 2010 target.

Use of *parallel implementation units* was another aspect affecting alignment. Varied interpretations of definitions and criteria – with many aid providers applying flexibility while National Coordinators stuck to the narrower definitions – produced suspect results understating the use of PIUs. The 2010 target was to reduce the baseline stock of 1,832 PIUs by two-thirds. But meeting this target faced difficulties: a backlog of projects had been set up without concern for alignment and ownership; reluctance of PIU local staff to give up superior employment conditions, including fringe benefits; and aid providers' unwillingness to switch from PIUs for fear this would adversely affect implementation.

Aid predictability and untying were two more issues affecting alignment. Predictability data (reflecting the combined ability to disburse aid on schedule and record disbursements to the government

sector) showed a gap between the 100 per cent target and average baseline figures of 70 per cent (Indicator 7). For untying, 75 per cent of aid to survey countries was untied, suggesting that more action by aid providers was needed.

- ***Harmonisation*** was assessed by applying two criteria: use of common arrangements within programme-based approaches, and undertaking *joint* missions and analytic work. The 2010 target for the first (Indicator 9) was to have 66 per cent of government sector aid using programme-based approaches. A controversial baseline estimate suggested a 43 per cent compliance ratio, but – again due to different interpretations of the criteria – this figure overestimated the reality on the ground. Indicator 10 dealt with the second factor and showed that only 18 per cent of missions were conducted jointly, versus the 2010 target of 40 per cent. A substantial contribution to joint missions came from UN agencies. For joint analytic work, the ratio was 42 per cent.
- ***Managing for results*** (Indicator 11) was a new principle introduced by the PD. It assessed the extent to which a partner country had established results-based performance frameworks (as opposed to the traditional emphasis on measuring inputs and outputs), using WB scores based on an A to D classification system (highest to poorest). These showed that only two countries achieved a B grade, with 59 per cent and 34 per cent of survey countries receiving C and D grades, respectively. The 2010 target was to reduce by one-third the percentage of countries not achieving a B grade. This was another challenge that called for rethinking existing policies and practices to focus on results and produce credible data for monitoring.
- ***Mutual accountability*** (Indicator 12) was another new principle, stressing the mutuality of commitments and responsibilities to improve the quality of aid. It called for strengthening systems, whereby governments on both sides would become more accountable to their respective parliaments and citizens, while also being accountable to each other as development partners to assess progress. Survey data indicated that 44 per cent of countries had mutual review mechanisms in place, with the remaining 56 per cent still having to establish them. Again, these results should be interpreted carefully, as the notion of "mutual review" tended to be applied flexibly, with varying degrees of effectiveness in conducting serious reviews.

3.4 Findings and recommendations

3.4.1 Transformation of the aid paradigm

Given the available evidence, the baseline clearly showed that most countries and aid providers were at an early phase of the road towards higher aid effectiveness. A major contribution of the PD was that it sharpened the focus on five key principles as determinants of aid quality. In simple terms, the PD argued that better quality required serious actions, particularly:

- stronger exercise of leadership by partner countries of their development plans, strategies, priorities and aid management;
- alignment of aid providers' support to these strategies and priorities, and refraining from using parallel priorities inconsistent with those of partner countries;
- harmonisation among aid providers of their support and aid delivery methods, in consultation with partner countries;
- reorientation of policies and practices by partner countries and development partners, working together, to focus on development results; and
- establishment of effective mutual-review mechanisms to assess progress and address challenges.

Each of these requisites constituted challenges, some of them formidable. Difficulties existed on both sides and required "policy and behavioural changes", which required strong political leadership and commitments to move the change process forward.

A useful summary of the shifts required to move from the "old" to the "new" aid paradigm was given in a Danish study, summarised in Table 9.

Table 9: Reversing the negatives: From the old to the new aid paradigm		
"Old" aid paradigm	**"New" aid paradigm**	**PD principles**
Donors prioritise, impose priorities on, and plan aid recipients	Country ownership of their own priorities	Ownership
Donor priorities uncoordinated, imposing high transaction costs on aid recipients	Greater coordination and consistency with country priorities	Harmonisation and alignment
Parallel implementation systems weakened national planning, budgeting and implementation; process rather than results are the focus	Resources channelled through governments' own budgetary and planning systems with a results-orientated focus	Alignment and managing for development results
Accountability was "outwards", with limited accountability by donors for the consequences of their policies or decisions	Both donors and recipients of aid are responsible and accountable	Mutual accountability
Source: Stern (2008)		

Experience with first monitoring round

The first monitoring survey produced a necessary baseline to assess subsequent progress. It also helped "spread the word" about the Paris Declaration and broader aid effectiveness issues. However, a number of criticisms were expressed by respondents and experts who established the system.

- First, some definitions were not as precise as needed, leading to confusion and varied interpretations, producing data of suspect reliability and comparability.
- Second, questions arose as to whether all the data required was of relevance and high priority. This called for shorter and more selective monitoring indicators.

- Third, the exercise proved costly in terms of time, human resources and money.
- Fourth, data inconsistencies were not a minor problem, as illustrated when partner country and aid providers' figures were compared and reconciled.
- Fifth, the three-month period set for fieldwork was too tight to allow sufficient time for in-country consultations with government departments and country-based providers' offices.
- Sixth, there was little evidence that partner countries had been consulted or involved in monitoring survey design. Involvement would have anticipated implementation difficulties and led to revision of certain aspects.

On the partner countries' side, the first monitoring round underlined the necessity of setting up a coordinating task team of key departments to generate and validate data. Such a team – at least in Egypt's experience – was instrumental in helping resolve apparent inconsistencies in figures due to the use of more than one definition. Coordination with aid providers was no less important.

The Survey Report acknowledged many shortcomings. As a result, organisers planned changes in future surveys, including

> *improving the guidance; clarifying and standardising definitions; complementing the scope of the survey with localized and qualitative data; expanding country coverage; including more fragile states; strengthening the role of National Coordinators; reducing the burden to partners and donors in filling out the survey; and ensuring that the 2007 aid disbursement data is collected at country level well before the end of the first quarter of 2008.* (OECD, 2007b)

3.4.2 Who is driving the implementation bus?

Much of the progress in aid effectiveness depends on collaboration between partner countries and development partners, with the former exercising leadership and ownership of their development agenda. Logical as this is, some development partners had their doubts about partner countries' abilities to lead.

These doubts were expressed eloquently during a Paris roundtable discussion. An aid-provider delegate was reported to have said:

> *There may be many ways to get to the airport, but first of all you need to agree that the airport is where you want to go!, and if we have agreed that the airport is the common destination, we need to be prepared to take a bus there, instead of everybody taking his own mode of transport: ... and donors need to accept that the partner country is driving the bus!* (OECD, 2005a)

In response, a number of aid providers questioned "*whether the partner country had a valid driver's licence*"!

This is a legitimate question, of course. But the answer should not be that difficult to establish. The spirit, aside from commitments, of the PD suggested that development partners should assist "would-be and learner drivers" to obtain their driver's licences, and refrain from placing obstacles on the road towards drivers' destinations and continually raising the bar of expectations.

3.4.3 Consequences of poor progress

We conclude this chapter by using layman's language to describe the consequences of lack of progress in applying the Paris Principles. These principles urge partner-country leaders to take ownership of their development priorities and put their houses in order to ensure that aid received is put to effective use. Without this, aid funds could be misaligned with development priorities – a serious problem that delays progress and derails the direction of development itself. This is a joint responsibility, in which aid providers must adjust their policies and practices to conform to these priorities, and desist from imposing their own vision of "what is good for the partner country".

Regrettably, evidence shows that – well-meaning or not – some aid providers found the departure from existing policies to be too difficult or unacceptable. Similarly, the multiplicity of aid providers active in a given partner country necessitated the harmonising of their contributions to avoid duplication of efforts and a wasting of resources. The difficulties facing this objective were discussed above and cannot be ignored. However, harmonisation is as essential to improving aid quality as

alignment. Once again, this requires joint action by both sides, with partner-country leadership setting the direction of harmonised actions. Evidence showed that, if left to aid providers alone, this task could not be accomplished.

Part of the responsibility of partner-country leaders is to focus on achieving and assessing results, not how much was received or what was spent on what. These inputs have their place in aid management but are not the "bottom line". In fact, the lack of focus on results could be regarded as a partner country's worst enemy. And there are many temptations not to focus on results, especially when these look shaky and politicians on both sides are eager to report "something positive", forming a silent and tacit alliance to announce expenditures, visible brick-and-mortar construction, and similar "inputs and outputs".

Finally, to the extent that development assistance represents a partnership, both partners have an obligation to be accountable to each other for their actions. As these actions directly impacted their political constituencies at home, each partner also had to be accountable to its domestic constituents. This is the essence of the mutual accountability principle.

All five Paris Principles are intertwined and inseparable. Although these were by no means perfect, they represented a very significant move forward, underlining that there was more to aid effectiveness than harmonisation and alignment, important as these are. The five principles capture the essence of what it takes to ensure viable future designs and implementation of development assistance initiatives in any setting. In fact, with the benefit of hindsight, Paris became a landmark event, which not only survived for a few years before being replaced by another set of commitments, but also actually laid firm foundations guiding all future aid effectiveness discussions and serves as a reference point for any form or modality of development cooperation. In that sense, the impact of the Paris outcome was underestimated by many stakeholders at the time.

4 Implementing Paris commitments: Actions, results and new agenda

"Speak out in acts; the time for words has passed,
and only deeds will suffice."
Alfred North Whitehead

A positive outlook

Delegates to the Paris HLF left Paris with a positive feeling, having participated in wide-ranging discussions about a broader agenda, which led to concrete commitments by both sides. Aid providers were to undertake the changes called for by the Paris Declaration while partner countries were to accelerate the pace of reforms at home. Yet, everyone was mindful of the "long journey ahead", requiring difficult adjustments and challenging policy changes.

Supporting this positive outlook was a healthy global economy, which recorded higher growth rates and the growing prosperity of the emerging economies. These started to contribute not only more ODA funds but also a rich source of development experience. There was also an increase in the number of aid providers – bilateral and multilateral – and a more active involvement of regional organisations and networks.

Given these encouraging signs, how did the international development community perform? We review in this chapter key actions to implement Paris commitments and summarise the progress achieved. We then track the process of consultations in preparation for the next HLF and highlight the new agenda emerging from these consultations. The review of actions below serves to present a concrete, though brief, account of measures, without which an assessment of results would be quite difficult.

4.1 Actions and stakeholders' feedback

The multitude of actions since Paris spoke well for the seriousness with which participants in Paris took their commitments. How did these translate into actions? And what feedback did they generate? What follows is a sample of actions taken, first by partner countries, followed by bilateral and multilateral partners, and by other key stakeholders.

4.1.1 Partner countries

Partner countries focussed on refining their poverty-reduction-strategy programmes and carrying out a variety of reform measures. They had come to realise that, although these measures were urged by aid providers and international financial institutions (IFIs), such actions promised to improve their overall development outcomes. We will not discuss the controversy about the efficacy of these programmes in their original or modified forms, but the fact remains that these triggered a series of country-owned actions that went beyond their framework.

Ghana had shown, from the outset, firm commitments to implement the Paris Principles in close consultation with its development partners. It outlined a harmonisation and aid effectiveness action plan, endorsed by its Consultative Group. This was an ambitious plan specifying actions under four headings: country environment, programme-based frameworks, transaction costs and partnership framework. Details under each of these spelt out expected outcomes, planned activities, responsibility for implementation, target completion dates and current status (Government of Ghana, 2005).

The large majority of these activities were to be either initiated or completed by the end of 2006. Taking procurement as an example, the objective was to "score substantially better" over the period to that date. Actions included implementing the public procurement act, developing legislative instruments to implement, establishing standards for monitoring, issuing manuals and conducting necessary training. Promoting joint analytic work was another example shared with Ghana's partners to agree on areas for joint work such as public financial management and procurement and evaluation, and on the terms of reference for each task.

Vietnam was another country that made firm commitments and participated early in the aid effectiveness dialogue, even prior to the Rome HLF. A Hanoi Statement on Aid Effectiveness was issued (Government of Vietnam, 2005), with a plan outlining actions to implement Paris Principles, together with set goals, outputs, and parties responsible for each action. These measures were guided by a consultative process with aid partners and a list of definitions under each Paris indicator.

Under harmonisation, joint reviews were carried out to establish baselines as a basis for defining a strategy and roadmap to share diagnostic work and take stock of aid providers' systems and procedures as a prelude to agreeing on common arrangements. Under "mutual accountability", the goal to be reached by 2010 was to have in place a periodic mutual assessment mechanism to review progress in implementing commitments, with a first mutual and independent assessment to be conducted in 2006, and results published.

Bangladesh was the third country example. Its Harmonisation Action Plan was prepared by a Task Force of representatives of key ministries. Similar to Vietnam's approach, measures were listed under Paris Principles with specific outcomes and target-completion dates and lead actors. Under alignment, for example, government and development partners considered how to align assistance to the country's poverty-reduction priorities in line with the comparative advantage of each partner, and how to involve NGOs and other stakeholders in aid delivery and coordination at the sector level. Under managing for results, monitoring was to be strengthened, with an emphasis on evaluating development impact. Strengthening development partners' accountability was part of the plan, requiring their aid policies and procedures to become more public and transparent (Government of the People's Republic of Bangladesh, 2006).

What about other partner countries? These cases were not the only ones demonstrating efforts to meet commitments. But the same could not be said of other partner countries. One could visualise a continuum where, at one end, countries not only made commitments but implemented specific action plans; at the other end are countries that have not yet taken serious actions. In between are the majority of countries, which are at various stages of action-planning and implementation (Ministry of Finance and Economic Development of the Republic of Mauritius, 2008).

It is important to note that many partner countries developed their action plans with important – if not "pressuring" – inputs and guidance from the World Bank and the IMF, in addition to an intensive dialogue between them and their bilateral development partners (Tujan, 2007). It was not uncommon to hear of statements indicating that some partner countries simply followed the edicts of their major external funding agencies as a precondition to receiving financial support. Well-intentioned as these pressures may have been, they were clearly inconsistent with the Paris

Principle promoting national ownership and leadership. Not only that, but there were also claims that the stringent conditions imposed caused unnecessary damage to the economic and social fabric of society and the suffering of its citizens (Levinsohn, 2003).

Regional workshops were organised to share partner countries' experiences in improving national action plans. An example was the two-day workshop held in Uganda and attended by African countries, development partners and civil society, during which implementation issues were discussed and contacts established among delegates for future consultations (African Development Bank Group [ADBG], 2005).

An integral part of partner countries is the group called "fragile states", which had called for special attention from the outset due to the particular circumstances that distinguished them from other partner countries. The Paris Declaration stated: "*While the guiding principles of effective aid apply equally to fragile states, they need to be adapted to environments of weak ownership and capacity and to immediate needs for basic service delivery*." This was translated into specific recommendations as Principles for Good International Engagement developed in January 2005 (and later updated in 2007) (OECD, 2005d):

The Principles recognise that:

- *Fragile states confront particularly severe development challenges such as weak governance, limited administrative capacity, chronic humanitarian crisis, persistent social tensions, violence or the legacy of civil war.*
- *A durable exit from poverty and insecurity for the world's most fragile states will need to be driven by their own leadership and people.*
- *Although international engagement will not by itself put an end to state fragility, the adoption of the shared principles can help maximize the positive impact of engagement and minimise unintentional harm.*

These principles required coordinated actions by development partners, which had to take "national contexts" as the starting point; apply the "no harm" principle; focus on state-building; recognise the links between political, security and development objectives; and act fast but staying long enough to give success a chance. Fragile states continued to draw

attention at international forums and organised themselves into the g7+ group, inaugurated during its first meeting in 2010.

4.1.2 Bilateral aid providers

Actions taken by aid providers on harmonisation and alignment were expanded to cover other aid effectiveness issues. The following are excerpts from the 2007 OECD/DAC Development Co-operation Report, summarising members' actions (Manning, 2007):

Canada: "*In its 2007 budget, the government stated its intention to concentrate aid in fewer countries, to be among the five largest donors in core countries, increase field presence and inform the Canadian public and parliament about results.* [The government was committed to internal reforms] *to strengthen financial management, accountability, audit, and service delivery.*"

France: "*An action plan to implement commitments was ratified in December 2006, which included recommendations to enhance predictability, complementarity and division of labour between donors, and the decentralisation of human and financial resources. Partnership framework documents constituted the basis for dialogue between all players in French development co-operation and the countries in the priority solidarity zone, the main aim being to support the latter's ownership of development policies. France's strategy for democratic governance also highlighted the notion of ownership*."

Germany: "*Germany adopted a reform agenda to improve effectiveness in its development co-operation ministry. BMZ adopted a plan to implement commitments through specific, time-bound actions. It disseminated operational guidance to headquarter staff, embassies and implementation agencies, and revised its guidelines on the programme-based approach and other effectiveness issues. To promote better division of labour, aid portfolios were limited to one priority area in small partner countries and to a maximum of three in larger ones. The number of partner countries was being reduced from 80 to 60; Germany also used multi-year commitments and participated in joint financing with other donors.*"

Japan: "*Japan launched an action plan which stressed the importance of: i) further aligning Japan's ODA with partner country national development strategies; ii) capacity development; iii) public financial management; iv) untying; v) rationalising aid procedures; vi) managing for development results; and vii) enhancing the planning and implementation framework of Japanese ODA. The government and its implementing agencies were in the process of major organisational reforms to strengthen ODA strategic focus and effectiveness.*"

Sweden: "*The Paris Declaration was integrated into Sweden's guidelines for co-operation strategy, stressing flexible implementation procedures, supporting increased use of programme-based approaches and funding for capacity building. Together with the Nordic+ group, Sweden developed a common action plan for harmonisation, division of labour and complementarity. It played a lead role in promoting harmonisation and alignment in the DAC, European Union and other multilateral fora. Sweden narrowed down the number of partner countries receiving bilateral aid from 70 to 33.*"

United Kingdom: "*The 2006 White Paper on International Development features specific commitments on aid effectiveness. DfID updated its medium term action plan and set priorities for improving the effectiveness of its bilateral and multilateral aid. The UK was working with others on innovative ways of financing development, improving overall effectiveness of the international aid system, increasing medium-term predictability of aid flows and strengthening country and global mechanisms for mutual accountability.*"

United States: "*The U.S. paper 'A New Compact for Global Development' (2003) advocated collaboration among development actors, international and American. Field agencies engaged in development co-operation were asked to work with local partners to avoid overlap, increase effectiveness, and support host country ownership. The government was pursuing major reforms of its foreign assistance, sponsoring a global development alliance to promote public-private partnerships among US organisations working in development. USAID* [US Agency for International Development] *had several international partnerships on themes such as HIV/AIDS. For many years, USAID used a system tracking results through a co-ordinated planning-implementation-monitoring process.*"

4.1.3 The European Union

The European Commission issued its "Action Plan for More, Better and Faster Aid" in 2007 in three parts: monitoring of commitments, immediate action and completing the agenda. Under monitoring, the EU Donor Atlas was to be revised to: deal with aid concentration in "attractive" countries and sectors to the detriment of others, causing aid fragmentation; review aid rules in member states and achieve long-term joint programming; and adopt the 2005 European Development Policy Statement and EU Strategy for Africa, which provided for better division of labour.

Under Part II, steps were to be taken to revise the Donor Atlas; strengthen monitoring of EU and DAC aid processes; finalise the roadmap; and design the joint programming framework. Part III defined how, by the end of 2006, five objectives were to be achieved: operational complementarity, increasing joint activities with EU co-financing, strengthening EU vision, improving joint local arrangements and producing a compendium of Community development rules. Also notable was the EU document (2007) on the code of conduct on division of labour (European Commission [EC], 2007). This addressed complementarity issues and implementation principles advocating a flexible, voluntary and self-policing approach.

The EC was handling two sets of challenges: to develop an EU-wide development assistance policy and set of rules; and to harmonise member states' bilateral aid policies and delivery modalities and promote more joint actions / programmes.

4.1.4 International financial institutions

IFIs play an essential role in development, providing financing and policy advice. IFIs of particular interest here are the World Bank Group, the IMF and regional development banks.

The WB has been a lead player for many years, having participated in UN summits and other development finance meetings, subsequently taking an active part in the preparation and delivery of High Level Forums. It issued a report on "Aid Financing and Aid Effectiveness" (WB/IMF, 2005b), which outlined new aid commitments (including at the G8 Gleneagles Summit), new innovative financing modalities, and reviewed progress in

achieving the aid effectiveness agenda. The WB was to "ensure delivery on aid commitments", as a substantial increase in ODA flows was expected, which totalled an anticipated extra US$ 50 billion in real terms by 2010. ODA flows had started recovering from its low levels of 2001 – levels that had caused widespread concern among partner countries at a time when their development efforts were gathering steam. The expected ODA increase was meant to satisfy one of the two major issues in aid effectiveness, i.e. to increase the volume of ODA and improve its quality.

Innovative financing has received more attention since the early years of this century, as both aid providers and recipients have searched for new means to mobilise additional development funding sources. Debt relief – an established modality – plus the creation of an international financial facility, advance market commitments (whereby aid providers would guarantee set funding for new vaccines to meet given requirements) and blending arrangements (mixture of grants and concessional loans) were being explored to mobilise more funding. Airline ticket taxation proposals emerged in 2005 and were being considered by the EU and others to assess their impact on airlines and passengers. The WB established core principles, including efficiency to minimise administration costs, respect country ownership, improve predictability and transparency in the use of these funds, and avoid extra conditionalities.

To meet the Paris Principles, the WB decided to focus on the following areas:

- supporting partner countries in strengthening strategic planning and building results-based public-sector management as well as statistical capacity and monitoring and evaluation systems;
- continuing to focus on results in all WB strategies and systems;
- establishing strong partnerships with working groups, including the OECD/DAD joint venture on managing for development results.

Regional development banks devised their own plans to meet Paris commitments. The African Development Bank reported (African Development Fund, 2007) a series of actions at the institutional, country and global levels. Institutionally, it was focussing on building "harmonisation-friendly" programming instruments, implementation and monitoring tools, and enhancing internal capacity. At the country level, the

WB was improving coordination and use of common arrangements, and supporting strengthening of country capacities. Globally, it strengthened its participation in international aid effectiveness forums.

Evaluation of the WB's performance indicated "strong progress" in aligning assistance with national priorities and undertaking joint country-analytic work; "moderate progress" in coordinating assistance with other providers, use of country systems and common arrangements; and "insufficient progress" in aid predictability and avoiding parallel implementation unit arrangements. Remedial actions were being adopted, including reviewing staff incentives, strengthening the WB's internal capacity, creating greater flexibility in rules and procedures, and putting more emphasis on strengthening country capacities.

The Asian Development Bank undertook an evaluation study of its performance under the PD. It had previously no corporate plan to implement its commitments; it adopted a bottom-up approach under which country offices took actions consistent with the Paris Principles. The WB had been applying concepts of country ownership and building country capacities in member countries prior to the Rome and Paris HLFs. On ownership and leadership, it revised its guidelines to support the PD and noted that some policies, strategies and processes were hindering efforts to meet some targets of the Paris indicators.

The WB's costs for harmonisation and coordination were found to be "significant". Its staff had low awareness of the "managing for results" principle and had no specific incentive to implement the Paris Accord. Implementation differed across departments and among resident missions.

It was concluded that actions were needed to improve performance over a 9- to 12-month period:

- Provide stronger management to implement the Paris Declaration.
- Designate a focal point to provide guidance.
- Set up a framework to design action plans and track progress.
- Strengthen staff capacity.
- Improve understanding of resource implications to implement the Declaration more fully.

The Inter-American Development Bank conducted a comprehensive realignment to increase the effectiveness of its activities through "*greater country focus, deeper sector expertise and improved management based on risk management and attainment of results*" (IDA, 2009). In 2009, the IDB planned an evaluation of its realignment activities. Since 2007, the WB has increased its lending sharply to enhance its role as a development partner.

All in all, the IFIs took actions soon after the Paris HLF to implement the Paris Principles. These varied from one institution to another, though they shared the same common objective. They also faced common challenges, particularly the need to improve staff incentives to encourage implementation and mobilise resources to upgrade harmonisation and alignment efforts, as these were described as "not resource neutral". The results of these actions varied, as described later.

4.1.5 The Commonwealth Secretariat

The Commonwealth Secretariat, serving 53 member states, had been involved in development financing and aid architecture discussions for many years. It held a London workshop in 2008 to underline the importance of the forthcoming Accra Forum and discuss the Commonwealth's role in the Paris process. It was noted that: participation of partner countries and civil society had been low and that future dialogue must go beyond ministries of finance to reach other ministries; some issues had not been given enough attention: disbursements remained well below the 0.7 per cent commitments; aid was not allocated on the basis of need; fragmentation was on the rise and causing higher transaction costs; vertical funds threatened to distort national priorities and ownership; and capacity development required more actions by partner countries and development partners.

4.1.6 The United Nations

The PD was "referred to positively" in the UN Summit Declaration of September 2005. Although the Paris HLF was co-sponsored by UNDP, it was not considered a UN event, since participation was not universal and the PD had no formal international status (United Nations Economic and

Social Council [UN ECOSOC], 2008a). This status gave rise to confusing treatment of the HLFs by the UN body, drawing opposition from its organs, such as the G77 and others. Nevertheless, UN involvement had grown visibly over the years, led by UNDP, and culminated in the 2011 Busan Forum, where the UN became one of the sponsors and partners in the Global Partnership (see Chapter 11).

We refer particularly to the UN Development Group (UNDG), created in 1997 to improve the effectiveness of UN development activities at the country level. Its founding members included UNDP, UNICEF, the United Nations Population Fund and the World Food Programme, who were also members of the UNDG Executive Committee. Membership in total included 27 agencies and UN offices, such as WHO, IFAD, the Food and Agriculture Organization (FAO), UNCTAD, the United Nations Industrial Development Organization, the Office of the High Commission for Human Rights, the UN Environment Programme, the Department of Economic and Social Affairs, among others, plus five observers, including the World Bank. The UNDP Administrator chaired the UNDG.

The UNDG contribution to the Paris Declaration was evaluated. The results – covering IFAD, the UN Joint United Nations Programme on HIV/AIDS, the UN Economic Commission for Africa, the UN Development Fund for Women, the United Nations Population Fund and UNDP – were issued in 2008 using Cameroon, Ethiopia, Gabon, Lao PDR, Mauritania and the Ukraine as case studies. It was concluded that implementing the Paris Principles varied substantially among UN agencies. Progress was most evident regarding country ownership and alignment with national priorities, with some progress in mutual accountability. Progress was least evident in the use of country systems and harmonisation. The following actions were suggested to improve UNDG performance:

- Increase the use of relevant results frameworks that enable countries to monitor and evaluate results in improving their capacities to achieve the MDGs;
- Harmonise members' approaches with other development partners; and
- Incorporate cross-cutting issues such as gender and CD in members' plans.

4.1.7 Civil society

Civil society organisations gradually emerged to become an active force in the aid effectiveness dialogue, following many years of modest participation. Following the Paris HLF acknowledgement of CSOs as development actors in their own right, CSOs got together to discuss how to move forward. Members welcomed this acknowledgement as a step forward but were also critical of its ignoring key issues stated in their comments to the High Level Forum (International CSO Steering Group, 2007) and Reality of Aid. Among these issues were democratic governance, centrality of poverty reduction, gender, untying of aid, harmful conditionalities, debt cancelation, meeting aid pledges, openness and transparency, etc. (Tujan, 2007).

An Advisory Group on Civil Society and Aid Effectiveness was established by the Working Party in 2007 as a coordinating forum involving CSOs, aid providers and partner countries. The Group was chaired by Canada and had 12 members representing Southern CSOs, Northern CSOs, partner countries and aid providers. It conducted six regional consultations to clarify the role of CSOs as development actors, understand the prospects and limitations of the PD, and discuss good practices as applied to CSOs, aid providers and partner countries regarding aid effectiveness.

The outcome of these consultations was reviewed at a global multi-stakeholder forum organised in Canada in 2008. A Synthesis Paper (Advisory Group on CSOs and Aid Effectiveness, 2008) stated that Paris commitments were too focussed on managing aid delivery mechanisms when they should be more concerned with the impact on development effectiveness. It stressed that CSOs should be seen as distinct development actors and as bridge-builders in society calling for "democratic ownership".

CSOs recognised their responsibility to be accountable and underlined the need for more opportunities to engage in policy dialogue and programme partnerships. They could assist in implementing the Paris Principles, taking advantage of the fact that they were situated within their respective local communities, applying "CSOs principles for effectiveness". The CSO movement thus gathered momentum by engaging more actively in internal discussions among themselves and dialogue with aid providers

and partner countries. They were also getting ready for a visible and impactful presence and participation in Accra.

4.1.8 Human Rights Council

The Human Rights Council reviewed the Paris Declaration from the "right to development perspective", concluding that it did not deal with the commitments stated under MDG 8 on global partnership (trade, finance, debt, etc.) and focussed instead on aid delivery. A paper (Bissio, 2007) presented at a Council Geneva meeting stated that:

> *as a framework for bilateral partnerships between donors and creditors on the one hand and individual aid recipient countries on the other, the PD failed to provide institutional mechanisms to address the asymmetries in power.... the practical implementation of the PD and down to earth objectives, as spelled out in its indicators, can work in practice against RtD and erode national democratic processes.*

These opinions did not necessarily represent the view or commitments of the United Nations. Nevertheless, such a critique should not be taken lightly, even where claims implied a misinterpretation of the PD.

4.2 Changing dynamics of the aid effectiveness dialogue

The flurry of activities by the DAC and partner countries and the deepening of consultations among stakeholder groups since Paris sent clear signals about the shape and dynamics of future dialogues on aid issues.

- First, traditional actors, primarily DAC members joined by IFIs, credited with having taken the initiative to organise the first two HLFs, had to realise that Paris was the last event they dominated in substance and process. Regional workshops and similar consultative meetings among partner countries led them not only to share experiences but to gradually shape a consistent vision articulating common issues and challenges. At the same time, these countries seemed to be moving at different speeds in preparing action plans and had no established platform they could call their own. It remained to be seen how they planned to overcome this difficulty.

- Second, DAC members intensified the dialogue among themselves, taking advantage of existing, well-established consultation mechanisms, including regular review meetings, peer reviews, senior-level forums and so on. They also had the advantage of access to a wealth of information about ODA stored and regularly updated and upgraded through their database. Shifts in the relative importance of key providers started to manifest themselves, particularly the emergence of the EU as the largest ODA supplier, replacing the United States. The "emerging economies" had not yet emerged sufficiently to challenge the DAC's leadership of the process.
- Third, the aid effectiveness agenda was bound to be expanded to accommodate issues not being given attention, or at least explicit mention, in the Paris Declaration. Democratic ownership was an example; meeting aid pledges and ensuring that future discussions tackle both aid volume and aid quality were other examples.
- Fourth, in addition to the more vocal voices of partner countries, CSOs were planning to assert themselves and do everything possible to bring attention to their demands as distinct and independent development actors.
- Fifth, IFIs were likely to come under more pressure to speed up the reform of their policies and procedures and to listen more seriously to partner countries' development priorities. The consultations organised by the WB in 2005 regarding conditionalities and how these should be amended to become more relevant to middle-income countries were only a beginning. The reported slow pace of response to partner countries' requests for financial assistance was another issue that had to be more seriously addressed.
- Sixth, fragile states were getting more organised to ensure that the PD principles were being adapted to suit their special circumstances. Even though this was stated in the Declaration, the challenge was how to undertake such adaptation and what commitments development partners were likely to make for the long haul.

Overall, future aid-effectiveness dialogues promised to become more complex, more contentious but also more rewarding once consensus was reached. It was how to manage future consultations and how to reach consensus that had become the most immediate challenges.

4.3 Monitoring implementation progress

The second round of progress-monitoring was conducted in January 2008. It is instructive to outline briefly the survey's preparatory arrangements – as these were later subject to criticism – and follow this with a summary survey of findings and conclusions.

4.3.1 Regional workshops

Five regional workshops were organised for southern and eastern Africa and the Arab States; Latin America and the Caribbean; Asia and the Pacific; West and Central Africa; and Europe and the Commonwealth of Independent States. The workshops introduced survey instruments and guidelines to National Coordinators, development partner focal points and other government representatives. The meetings were also an opportunity to exchange country experiences and identify CD needs.

The Kigali workshop (OECD, 2008c) was typical of others. It dealt with the Accra HLF preliminary programme, reviewed the findings of the 2006 survey, and discussed the 2008 survey contents and process, including CD needs and support. A parallel all-day session was conducted to review aid information management systems and assist countries in deciding how to upgrade their own management systems.

4.3.2 Second monitoring survey

The second monitoring survey was carried out during the first three months of 2008. A total of 54 countries participated – 20 more than in the 2006 survey – in addition to bilateral and multilateral agencies.

What did survey findings have to say? Overall findings (Wood, Kabell, Muwanga, & Sagasti, 2008) are summed up in Box 3.

Box 3: Summary of survey conclusions

- Progress was being made in some respects but not in others, and has varied by partner country and development partner.
- More satisfactory progress required political leadership, which did not yet seem adequate.
- Future progress meant a change in behaviour by both sides, and such change required a shift in underlying incentives.
- Progress also called for the involvement of more stakeholders beyond government and development partner officials.
- Notwithstanding the benefits from the two surveys, there was a need to improve the systems of monitoring and evaluation

Source: Author

The findings identified priority measures to accelerate progress. Partner countries were urged to reinforce ownership of development strategies, enhance domestic accountability, engage more with the private sector and intensify leadership in strengthening country systems.

Development partners were called upon to develop communication and public education strategies to strengthen political support for the PD, decentralise authority to country offices, provide more support in strengthening partner countries' systems and build their own capacities to improve aid management.

Jointly, partner countries and their partners were encouraged to show high-level political leadership to undertake reforms; enhance dialogue with all stakeholders within the DAC as well as non-DAC providers; revise incentives to accelerate behaviour change; move forward with harmonisation, but in the context of aligning aid with partner-country priorities; take more actions to implement the two principles of managing for results and mutual accountability; and improve aid effectiveness through more coherent trade, finance, migration and environment policies. There was a call to recognise civil society as development actors and to address issues of concern to CSOs, including how they could better contribute to aid effectiveness.

For fragile states, progress was made by adopting the principles for international engagement and the "whole of government" approach in

addressing their development challenges. However, implementation remained a hurdle, as governments continued to be "risk-averse" and were responding "too slowly, inefficiently and in an uncoordinated manner".

Monitoring results also called for recognising the growing importance of non-DAC aid providers and the need to develop stronger and more inclusive partnerships to enhance mutual learning from experiences.

In summary, survey findings clearly indicated that much work needed to be done by both development partners and recipients if the 2010 targets were to be realised. There was some progress in reforming country systems but this did not result in greater use by their partners. Nor was there more than modest progress in adopting the two principles of managing for results and mutual accountability. These findings could hardly be publicised as notable achievements in applying the Paris Principles.

This assessment might be viewed by some as being too pessimistic, considering the actions taken by both sides. We need to keep in mind that progress was reviewed over a short two-year period (2006–2008), and in some cases even a shorter period due to the overlap in survey timing with fiscal years (rather than calendar years). Some actions also required longer periods to show results, whereas others may not have been adequate to generate desired outcomes. This, however, is not meant to be a defence of the modest and disappointing progress made, which sent a clear and anxious message to the Accra Forum, underlining the urgency of speedier, more effective and more collaborative actions.

4.4 Consultation processes for Accra

4.4.1 Scope of consultations

The consultation processes preceding the Accra HLF broke all records in their extensiveness and intensity (Organisation for Economic Co-operation and Development Working Party for Aid Effectiveness [OECD WP-EFF], 2008a). A series of regional preparatory meetings in Fiji, Bangkok, Kigali, Colombia and Jeddah brought together representatives of partner countries, development partners and civil society, aiming to "*deepen understanding of aid effectiveness issues, build ownership of the Accra agenda, and develop broad*

consensus around key issues" (OECD WP-EFF, 2008a). Conclusions were sent to the chair of the WP-EFF as inputs in preparing for Accra.

DAC members met in May to discuss partner countries' concerns about three issues: slow behaviour change, division of labour and untying of aid (OECD DCD/DAC, 2008c). Legal impediments and existing practices hindered DAC members' ability to meet their commitments. Pressures were mounting for actions to remove such impediments and improve staff incentives. Division of labour difficulties generated high transaction costs and aid fragmentation, leading to calls for agreement on how to improve approaches to deal with these issues. More progress regarding the untying of aid required the adoption of good practices to promote more local procurement in partner countries and fully untie aid to non-LDC highly indebted poor countries.

CSOs, through their International Steering Group, discussed how to establish consensus on issues of concern, based on regional consultations in 2007 in Hanoi, Vietnam, Lusaka, Cotonou, Managua and Kathmandu. More consultations took place during the World Bank / IMF Spring meeting in April 2008, the OECD High-Level Meeting in May and the UN Development Cooperation Forum meeting in June to identify issues for the Accra agenda. These supplemented bilateral discussions within the DAC and among partner countries to agree on common positions.

4.4.2 Working Party arrangements

The WP-EFF had full responsibility to organise the Accra HLF. Its members worked on various drafts of the official statement to be submitted for endorsement at the end of the meeting, reviewing each in light of comments received. This was a time-consuming but necessary and worthwhile process. The "final" draft was to be submitted ahead of the Accra HLF for comments by members and other stakeholders. All drafts were posted on the HLF-3 website to ensure transparency and invite comments. Some comments suggested changes to make the document politically more appealing, less technocratic and more ambitious. Other comments called for narrowing the "legitimacy gap" to encourage non-DAC aid providers to participate, stressing the contributions of CSOs as development actors and placing more emphasis on mutual accountability as a central topic (OECD, 2008f).

A Steering Committee was formed to advise on the organisation and contents of the HLF3, composed of representatives of DAC members, partner countries and civil society (OECD, 2006b). It was decided that the Accra Agenda for Action (AAA) would be pre-negotiated, with some issues kept open for final discussion. A "market place" proposal was endorsed to allow countries and agencies to demonstrate initiatives promoting aid effectiveness.

4.4.3 More voice to partner countries

Two innovations were introduced in consultation and negotiation processes, both of which provided more input by partner countries in the drafting of the Accra document. The first was an initiative by K.Y. Amoako,[9] who proposed the setting-up of a Partner Country Contact Group (PCCG). The purpose was to convene this group from about 15 partner countries "*to play a strategic role in the negotiations leading up to the Accra Agenda for Action, ensuring that a coherent developing country position on the principles underlying the Paris Declaration emerges from various consultative processes*". The Group was to "*agree on its role and strategy for influencing the process that will produce the Accra Agenda for Action.*"[10] Its first meeting[11] was at the World Bank offices in Washington, DC, in April 2008 – this was the beginning of my more active involvement in the "inner circles" influencing the direction of aid effectiveness discussions.

The PCCG met twice. The first meeting was to define its role and exchange views on partner countries' priorities prior to the preparation of

9 K.Y. Amoako was former Executive Secretary of the UN Economic Commission for Africa and, at the time, special advisor to the Government of Ghana for the HLF3.

10 See personal correspondence with the author, inviting him to join the PCCG, dated 29 March 2008. An informal invitation had been delivered by the World Bank Cairo Office Director during a luncheon at the Mexican Ambassador's residence in Cairo to discuss South-South cooperation issues.

11 Member countries included Cambodia, Egypt, Guyana, Kyrgyz Republic, Liberia, Mauritius, Rwanda, Samoa, Sri Lanka, Vietnam and Yemen.

a position paper.[12] The second meeting reviewed the paper, which dealt with eight issues: strengthening country ownership; policy and procedural conditionality; CD; aid predictability and flexibility; managing for development results; mutual accountability; aid allocation; and the role of civil society (Accra high-level forum partner country preparation process, 2008). The paper (OECD DCD/DAC & Partner Country Contact Group, 2008) sent a clear message to the Accra Forum, identifying problems that had become "chronic" and handicapped efforts to improve aid effectiveness. It stated that:

- *Partner countries would continue efforts to maximise domestic and non-aid international resources through trade and investment, and to reduce their dependence on aid.*
- *Aid providers were urged to increase the coherence of aid and other development-related policies.*
- *Top priority would be given to democratic country leadership, capacity development and use of country systems.*
- *Aid providers could help by reducing policy and procedural conditionalities, enhance medium-term and in-year predictability, untie aid, and allocate aid better.*
- *Mutual accountability should be based around managing for mutually agreed development outcomes.*

The other innovation was the formation of a WP-EFF Consensus Group, mandated to negotiate on behalf of the full membership a draft AAA for WP-EFF approval. This Group comprised representatives of four partner countries (South Africa, Vietnam, Nicaragua, Ghana), four members of the PCCG (Colombia, Egypt, Sri Lanka, plus the PCCG Chair), four bilateral aid agencies (United States, United Kingdom, Japan, EU), five multilateral institutions (WB, UNDP, AfDB, ADB, IDB), and the chair of the CSO

12 The PCCG was to consist of 15 members but boiled down to 11, and the first meeting was attended by only 7 members due to visa difficulties and unusually tight security at the World Bank, which made entry quite a tough exercise. In fact, I almost gave up and was about to return to Cairo after over a two-hour wait at the reception if it was not for the appearance of the Cairo WB office director who was attending the Spring meetings and was leaving the premises when he spotted me and contacted the right people to speed up the issuance of the entry badge.

Advisory Group and Chair of the DAC. Although DAC and multilateral agencies' representatives outnumbered partner-country members, the Consensus Group was a step forward in watering down the dominance of the former. It was chaired by the chair of the WP-EFF and vice-chaired by Ghana and the World Bank.

The Group had three meetings, during which various submissions were reviewed, including the PCCG position paper. An annex (OECD WP-EFF, 2008a) was prepared to compare offers / demands by partner countries and development partners regarding the priority areas identified by the PCCG. These meetings were not without disagreements and occasional confrontations[13]; credit had to be given to its Chairman, Jan Cedergren, for maintaining the famous Swedish neutrality in handing conflict and skilfully steering the discussion towards compromise. The meetings proved useful in articulating different points of view, narrowing the gap between the two sides, and incorporating into the draft key issues, including use of country systems, predictability, conditionality, division of labour, CD and aid untying, among others.

4.5 A new agenda for Accra

4.5.1 Priority actions

As a result of the agreement, consensus was reached within the Consensus Group (see Box 4); the key agenda items for Accra were as follows:

Box 4: Priority actions proposed as key agenda items for Accra

- Strengthening country ownership
- Building local capacity to make effective country-ownership possible
- Strengthening country systems
- Increase medium-term predictability of aid

13 An example of the difficulties encountered during negotiating sessions was the lack of consistency between some conclusions reported in session draft summaries and the recollections of PCCG members (plus a few other members), who insisted on appropriately revising the record before resuming negotiations.

- Improving allocation of aid among, and within, developing countries
- Increasing aid's value for money by untying it
- Promoting good governance
- Strengthening mechanisms for accountability
- Managing for development results
- Adapting aid policies in fragile states
- Establishing incentives for aid effectiveness

Source: Author

More than 100 partner countries were expected to participate – in addition to development agencies and CSOs – totalling more than 800–1,000 participants. HLF3 was to be launched a few months prior to the Doha Financing for Development conference, which provided an opportunity to publicise the outcome of the Accra Forum at that conference.

The Forum was structured around three components / objectives: to report on progress in implementing Paris commitments; to discuss in-depth issues to accelerate future progress and address emerging issues; and to specify what was then called a "small set of concrete actions" for endorsement. Nine roundtables constituted the core of the Forum, generating lively and open debates. Three concluding sessions were set aside for the ministerial dialogue. Running parallel to the three-day sessions were the Market Place exhibits of approximately 250 posters explaining the "what and how" of initiatives taken by sponsoring stakeholders. The next chapter gives a brief account of the outcome of these debates.

Ghana had been chosen in response to its offer to host the event and also because it presented a good example of a partner country that took concrete measures to "put its house in order" and showed promising results in improved aid effectiveness. This choice was also a response to calls for holding the Forum in a developing country, away from Paris (and other Western capitals).

4.5.2 Some early reactions

The posting of AAA drafts on the OECD website – and the issuance of the Phase I Synthesis Report on Evaluation of the Implementation of the Paris Declaration (Wood, Kabell, Muwanga, & Sagasti, 2008) – triggered a number of responses. The Synthesis Report stressed that the "*Paris Declaration is a political agenda for action, not just a technical agreement. In the difficult processes required for implementation, real issues of power and political economy come into play, in many cases requiring political solutions*".

The following are samples of early reactions.

- A North-South Institute Note (Brown & Morton, 2008) reviewed progress in light of the survey findings and made policy recommendations for the Accra HLF: adapt more forcefully to the "new reality" of the increasing role of new actors and explore ways to engage with them; take actions to reform the aid architecture in light of the increasing complexity brought about by increasing the number of actors and different aid modalities; achieve a more representative, inclusive and equitable aid architecture; develop new ways of addressing domestic pressures for accountability and obtaining results; take more note of gender and civil society issues and place less emphasis on the visibility of their own efforts and use of tied aid; and consider the broad range of development finance issues beyond aid.
- The South Centre (South Centre, 2008) was critical of the structure of the draft and the process adopted. It questioned: the assumption that the PD provided the best framework for improving aid effectiveness; the continued focus on conditionality-based aid delivery, pointing to the imbalance in the commitments of partner countries and development partners; the lack of attention to how partner countries can be enabled to develop national capacities and a viable aid-dependence exit strategy; and the absence of suggestions for changing the lopsided governance structure, which was donor-driven.

  The Centre argued that developing countries did not have adequate representation on the Steering Committee; the consultation process did not allow state-to-state negotiations and used regional consultation meetings instead; and the zero draft was prepared with other WP-EFF

members who were invited only to provide written comments. The drafting process "*was undertaken using exclusionary, closed-group, and non-participatory modalities*".

- The ODI gave a generally positive reaction, commenting that the draft was more specific and inclusive of issues not covered in the PD, such as the references to gender and human rights as well as effective and inclusive partnerships. But it cautioned that implementation was likely to be slow unless there was a strong political will and commitment, and it questioned the extent to which this would realistically happen, since the aid agenda did not command sufficiently high political priority in many aid-providing countries, adding that "*the politics of aid effectiveness should not be underestimated ... since implementation of commitments will likely require unpopular actions to be taken*" (Wathne, 2008).

  An earlier ODI briefing paper made similar assessments and argued that, although the Paris / Accra Agenda was not radical enough, it was "*conducive to exaggerated responses and undue political correctness*". It urged development partners to "*micro-manage less and engage more with policy debates and institutional factors underlying the deficit in country ownership*". The paper argued that political leaders on both sides should stop blaming incentives of a political nature and start acting to change them (ODI, 2008).

- Homi Kharas of Brookings (Kharas, 2008) was not optimistic about the prospects that the AAA would lead to any significant changes, maintaining that bolder measures were required, yet faster progress was, in his view, unlikely "*because of lack of political will and leadership in some of the largest donors*". The absence of the United States as a chair or co-chair in any of the nine roundtables suggested that its attention was focussed on bilateral cooperation, with low priority being given to issues of harmonisation and coordination with others.

The gist of these commentaries on the eve of the HLF3 gave the feeling that not much could be expected from the Accra meetings, despite recognising that the AAA was more specific and more inclusive than in previous HLFs. There was a strong consensus that unless political will and

commitment could be mobilised on a far wider scale at Accra than before, it was likely in the end to be "business as usual".

My own assessment was that these pessimistic reactions were not without justification. The record of performance in implementing Paris was lacklustre, if not unacceptably modest, considering all the deliberations and pledges made. But to place the blame fully at the doorstep of political will would be unwarranted and would ignore the many other obstacles hampering progress. These rested on both sides of the aid equation, though not at all in equal measures. Many partner countries had been suffering from weak national development capacities beyond the much talked about use of country systems. This is an issue that receives more attention in a later chapter.

My view has been that weak capacities, which have been badly defined for a long time, were – and continued to be – one of the most chronic and difficult challenges that had yet to be given the technical and political attention they deserved. Nevertheless, having been active in the "kitchen" that produced the Accra draft menu, I believed it was the most realistic as well as necessary agenda, which was ripe for open discussion in Accra. For this reason – and considering the evolving setting in which aid effectiveness issues had to be reviewed – I found no reason to join the pessimists' camp.

On the eve of the Accra Forum, the key question was whether implementation of the AAA, once approved, would prove the pessimists wrong. Let us review how that event addressed the issues at hand.

5 Dealing with unsatisfactory progress: Third High Level Forum – Accra 2008

"There is a lot of room for improvement. There is much more to do. We have to admit that the pace of progress made since 2005 is too slow."
Mary Chinery-Hesse, Chief Adviser to the President of Ghana

"We came to Accra with a mission to make aid work better for the people for whom it matters most – the poor. We simply cannot afford to fail. And there is no reason why we should."
Angel Gurria, OECD Secretary-General

Welcome to Accra!

The disappointing survey results and mixed observers' views about what Accra might accomplish were not the best news to those planning the Second High Level Forum. But these did serve to mobilise the energies thought necessary to make Accra a turning point in aid effectiveness.

- How was the Accra Agenda designed to achieve this?
- What were its essential messages?
- And what commitments did stakeholders make?
- Was the WP-EFF up to the new challenges? Or did it have to be restructured to cope?

We now turn to address these questions. Before doing so, however, a word about the host country is in order.

Ghana has come a long way since the mid-1980s. It was able to recover from years of mismanagement thanks to new leadership, which focussed on putting the country's "house in order", with financial and technical assistance from its development partners. As one of the fastest-developing economies, with an annual growth rate of more than 8 per cent, Ghana's diverse natural resources, including recent oil discoveries, brightened its future prospects. Ghana also actively engaged in the aid effectiveness dialogue from an early stage, participating in all HLFs and other aid conferences. Its endorsement of the Paris Declaration and actions to

reform its systems and policies reflected positively on its standing as a WP-EFF member.

It was, therefore, not surprising that Ghana's offer to host HLF3 was readily accepted. Organising such an international meeting to receive 1,500 delegates or more was no easy challenge – a challenge for which Ghana received support from OECD and the WB as co-organisers of the event.

5.1 Proceedings of the Accra High Level Forum

5.1.1 Forum roundtables

The Accra event (2–4 September 2008) attracted more than 1,700 participants, representing 120 developing and more-developed countries and scores of agencies, global funds, foundations as well as 80 civil society organisations. The two quotations above, from leaders' remarks at the Forum, sent two clear messages: the pace of progress since Paris had been unacceptably slow, and it was urgent to do better to help those for whom all these meetings and pledges had been made – that is, the poor.

The bulk of the discussions took place at a series of nine roundtables, each focussing on a priority theme / issue. Five of these roundtables (OECD WP-EFF, 2008c) have been chosen to gives a sense of the lively debate and conclusions reached.

- *Roundtable 1* on Ownership addressed two questions: Whose ownership? Whose leadership? Discussions reaffirmed the importance of a broader definition of ownership, committing governments to engage with parliaments, local authorities and civil society. This called for a review of monitoring mechanisms on ownership and stressed the importance of CD for all development actors, using lessons learnt through South-South cooperation and based on the Bonn Consensus on capacity-building. There was also a need to revisit the indicator for country ownership or to complement it to reflect the broader definition.
- *Roundtable 4* on Managing for Development Results (MfDR) addressed public sector management issues. MfDR was considered to be at the core of public-sector reforms, and it was necessary to broaden

the coverage of "results" to include implementation of human rights, gender equality and environmental protection. The process of change underlying this shift had to be supported by political leadership. It also required champions and incentives to promote a "results culture", adopting new performance measurement tools. This implied that under-performance would be uncovered and dealt with under a transparent accountability mechanism. To establish a "results culture", capacity development in MfDR not only has to apply to government but also to parliamentarians, civil society, the private sector and the media. In this context, harmonisation of aid providers' support and strengthening of South-South learning mechanisms stand out as important drivers.

- *Roundtable 5* on Mutual Accountability witnessed lively discussions involving parliamentarians and civil society representatives. Mutual accountability was a crucial means of supporting behaviour change, together with the need to strengthen both country-level and international accountability and enhance partner countries' roles. It also called on development partners to respect domestic accountability. The role of parliaments proved to be the weakest link in existing practices. It needed to be strengthened and supported by upgrading access to information and its quality. "*The best mutual accountability mechanisms and development results come from those countries with the strongest domestic accountability mechanisms*" (OECD WP-EFF, 2008c).
- *Roundtable 7* on situations of Fragility and Conflict built on the results of an earlier meeting in Kinshasa, which reached agreement between partner countries and development partners on priority actions in these situations. Actions that were considered priority included: monitoring the implementation of Good International Engagement Principles in Fragile States; addressing peace-building and state-building priorities; and improving the delivery of international assistance to reduce fragility and conflict. An *ad hoc* group was to be set up to consider how to improve funding policies and mechanisms to speed up recovery in these situations. A key message was that "in order to make progress – and to demonstrate progress – work is needed on the preconditions for achieving the MDGs by addressing state-building and peace-building needs" (ibid.).

- *Roundtable 9* on the changing Aid Architecture placed particular emphasis on how countries can manage all aid within a harmonised framework and procedures in order to attain maximum development results, and addressed the consequences of increased aid sources and delivery modalities. Although this diversity was welcome, aid fragmentation had become an urgent issue requiring aid to be aligned to country priorities while using local coordinating mechanisms. Partner countries pushed for speedier reform to improve responsiveness, speed, predictability and transparency; to respect Paris Principles and adapt them to local contexts; and to engage in more inclusive dialogues with development partners, internationally and locally. They called for better local coordination of all assistance under their leadership, which required more transparency of information on all flows of assistance, from government and non-government sources.

Interactions between participants were candid and specific, with partner countries forcefully arguing their case for speedier reform measures by aid providers, and the latter responding either by demanding more transparency and better country systems or simply acknowledging that both sides had to do better. The roundtable format could not have produced the vivid dialogue had it not been for a more vocal performance by partner countries, which evidently did much preparatory homework.

Supplementing the roundtables was the ministerial debate. Rather than make the usual conventional statements – non-specific and of little value in getting things done – ministers identified three major challenges facing efforts to improve aid effectiveness:

- strengthening country ownership through: broadening country-level policy dialogue on development; strengthening developing countries' capacity to lead and manage development; and strengthening and using developing-country systems to the maximum extent possible;
- building more effective and inclusive partnerships through: reducing costly fragmentation of aid; increasing aid's value for money; welcoming and working with all development partners; deepening engagement with CSOs; and adapting aid policies for countries in fragility situations;
- achieving development results and openly accounting for them through: focussing on delivering results; being more accountable and

transparent to our publics for results; continuing to change the nature of conditionality to support ownership; and increasing the medium-term predictability of aid.

They agreed on the following directions to guide future actions and meet the three challenges they identified:

- reforming aid systems was urgent to meet changing global challenges;
- improvement must be based on understanding that political constraints should not be an excuse; it demands strong political ownership, not merely technical solutions;
- aid volume and aid effectiveness were closely linked, and the shortfall in meeting ODA commitments had to be addressed;
- aid systems suffered from many shortcomings, which required joint actions by both sides;
- aid fragmentation had become more serious due to the rise in the number of aid sources and delivery modalities, which raised transaction costs;
- changes in behaviour had become a central task in order to deal with the above challenges; some of these were deeply entrenched and required interventions by top political leaders;
- strengthening capacity was recognised as a high priority, not only at the technical levels, but also to enhance leadership and democratic accountability;
- South-South and triangular cooperation were not adequately recognised for their potential; middle-income countries urged that such potential be more actively explored;
- greater aid transparency was needed to facilitate aid management and benefit from good practices learnt.

Each of these recommendations required not only top leadership approval and commitment but *continued engagement* to steer the change process. This was really the acid test whether public statements at these high-level meetings had the "shelf life" necessary to bring about desired change and resilience to overcome resistance. They later confirmed these directions as being essential during a BBC World Debate on "Africa and its partners:

What works". Wherever I was invited to speak about the factors that really make a difference in improving aid effectiveness, including Working Party sessions, I stressed that leadership commitments alone do not suffice, arguing that there was plenty of evidence to support my argument. It was *continued commitment and follow-up actions that make the difference*. This remains my strong view to today.

Accra organisers introduced an innovation in the form of a "marketplace of ideas". This was a facility to go beyond technical discussions, allowing sponsors to showcase initiatives illustrating how they were implementing aid effectiveness measures (World Bank, 2008a). More than 50 posters were presented by partner countries, more than 30 by development partners, and 30 by NGOs, advocacy groups and networks. These posters highlighted that: (a) the diversity of experiences required more flexibility in applying Paris Principles to suit national contexts; and (b) weak national capacities hindered progress, caused deficits in performance data and slowed progress in aid harmonisation and alignment.

Civil society: The CSOs' first serious participation in the aid debates occurred during the Paris Forum. Since then, they have organised themselves to mount a Parallel Conference on Aid Effectiveness in Accra, which attracted the largest concentration of CSO representatives to discuss aid issues. More than 600 representatives from 325 CSOs and 88 countries took part. Those attending the parallel meeting voiced their concerns about the PD and reservations about the expected Accra statement (Dake, 2008).

The Paris Declaration and proposed Accra Agenda were criticised in many respects, with CSOs arguing that:

- the HLF3 should move beyond aid effectiveness to development effectiveness;
- democratic ownership should be ensured, based on beneficiaries' actual needs;
- harmonisation with government priorities was incompatible with civil society due to the diversity of its roles, and applying Paris Principles reduced CSOs to the role of aid providers only;
- human rights, a rights-based approach, gender equality and environmental sustainability should be added as essential topics in the dialogue, in addition to trade, debt and resource mobilisation issues.

They complained about several issues: the problems of engagement they were facing as development advocacy groups, caused by restrictive government policies; parliaments and the media were facing similar issues aggravated by lack of transparency; reporting by some aid providers was misleading; use of country systems had not improved, despite reforms by partner countries; and no real progress had been made on tied aid and technical assistance. In addition, aid providers failed to address conflict within as well as across borders in fragile states; and more actions were required to: empower women and civil society with skills for conflict prevention, remove administrative rigidity in aid delivery, and apply human rights and humanitarian law frameworks as important agenda items.

CSOs advocated: a country-level tripartite monitoring mechanism involving aid providers, government and civil society; improved transparency; shifting aid management to a more inclusive institution; improving governance of global funds; and greater control by Southern governments in managing aid.

These messages were highlighted by the convenor of the Network for Women's Rights in Ghana, Rose Mensah-Kutin, who called for "*addressing unprecedented combination of natural, political, economic and social crises that increase poverty*" and for "*understanding the political context and unequal power relationships within the aid architecture*". She added that "*the sum of our message is very clear: change has to happen to ensure that issues of poverty eradication, gender equality, human rights, disability and environmental sustainability are the real pillars of development effectiveness*" (Mensah-Kutin, 2008).

Brian Tomlinson (2008) felt that CSOs had made progress by: advancing the HLF3 discourse towards development effectiveness; underlining the failure of the Paris Declaration to deliver "even modest reform"; helping developing countries strengthen the language on mutual accountability, use of country systems and SSC; and broadening country ownership to stress democratic ownership and the role of CSOs as development actors.

The extent to which these claims could be attributed exclusively to CSOs is a matter of judgement; however, it would be inaccurate to ignore the effect of the stronger voice of developing countries, which was on a hitherto unprecedented scale, which called for "actionable ideas" to

improve CSO effectiveness (OECD WP-EFF, 2008c, p. 15) as well as recognising the need to strengthen the capacity of local CSOs, enhancing their accountability mechanisms, and defining the principles and guidance for their own behaviours and effectiveness as development actors. Having said that, there is no doubt that CSOs contributed to a more lively aid debate, extending its scope beyond recipients and providers and challenging both sides to look beyond the Paris Agenda.

5.2 The Accra Agenda for Action

The excitement generated by these debates and showcases was reassuring, in that the final AAA draft, to be presented on Day 3 at the ministerial session, seemed to be heading for a smooth endorsement. But the Accra gathering was due for a surprise ... and not a welcome one. On the eve of the final day's dinner, as participants were enjoying a well-earned relaxing social event, word came through that a few ministers did not feel comfortable endorsing the document as circulated. A mini-crisis erupted.

We were not aware of their specific concerns, but they were apparently adamant about not endorsing the document as it stood, unless certain (then unidentified!) changes were made. I had some of my colleagues at the same dinner table, and we retired to an adjoining room to discuss how to address this crisis. Following urgent consultations, we agreed to call a special meeting to discuss the ministers' concerns and involve other leaders to resolve whatever issues were troubling those ministers. We were able to send a message suggesting that we all meet first thing in the morning to discuss their concerns and suggestions. We also invited a few other ministers who had signalled their agreement with the draft document, hoping they would help resolve the problem.

The two-hour meeting involved delicate negotiations to hammer out an agreement. Two ministers were reluctant to make any compromise initially. A compromise was finally reached just before lunch, diffusing a tense situation that had threatened the Accra Forum outcome. Initiatives by the United Kingdom and the United States signalled their intentions to compromise as long as Japan and other ministers were prepared to reciprocate. This ministerial "give and take" finally led to a consensus on contentious issues including untying of aid, use of country systems and medium-term predictability of aid flows. There were sighs of relief all

round. The AAA was presented at the final session and endorsed on a no-objection basis. It was celebrated as yet another breakthrough, which promised deeper commitments for actions by all stakeholders.

The AAA aimed to deepen the principles of the PD and benefit from the lessons learnt in its application. It had three themes: ownership and leadership by partner countries of their development goals and priorities; inclusive partnerships including various aid providers and civil society; and emphasis on delivering results. Under each of these themes were listed 56 specific actions to be implemented by all concerned. This was more than what the Consensus Committee had anticipated, but it was the result of inevitable compromises made to accommodate the concerns of one stakeholder or another. Although these compromises kept everyone happy at the time, they are costly when it comes to meeting the extra commitments they imply. Box 5 lists the key actions under each theme.

Box 5: The three themes of the Accra Agenda for Action

Theme I: Strengthening country ownership over development by

- broadening country-level dialogue to work more closely with local authorities, parliament and civil society, and adhering to internationally agreed commitments on gender, human rights and disability and environmental sustainability;
- strengthening local capacity to lead and manage development, and enhancing development partners' own capacity to be more responsive to partner countries' needs;
- supporting partner countries in improving local capacities on a demand-driven basis by jointly managing technical cooperation and taking advantage of available local expertise and South-South cooperation;
- strengthening and using country systems to the maximum possible extent, using these as the first option, and jointly assessing the quality of systems to define reform measures needed with support from development partners.

Box 5 (cont.): The three themes of the Accra Agenda for Action

Theme II: Building more effective and inclusive partnerships for development by:

- reducing costly fragmentation of aid, with partner countries leading the effort by determining the optimal roles of development partners and the latter respecting the development priorities of partner countries; ensuring that division of labour will not lead to reduced aid flows; and addressing the issue of countries receiving insufficient aid;
- increasing aid's value for money by increasing the untying of aid, especially to HIPCs;
- working with all development actors, including those engaged in South-South cooperation, and encourage them to apply the Paris Declaration principles;
- acknowledging the contribution of middle-income countries as both aid providers and recipients;
- recognising the important role of global funds as complementary efforts and encourage them to use country systems, align and harmonise their assistance, and use existing aid delivery mechanisms to avoid creating new ones and adding complexity and cost;
- deepening engagement with civil society and encourage CSOs to improve coordination of their activities with those of government, enhance their accountability for results and improve information on their activities;
- adapting aid policies for fragile countries through joint assessment of causes of fragility and conflict, jointly agree on a set of objectives and policies, with development partners' providing demand-driven, tailored capacity development assistance and work on flexible, rapid, longer-term funding modalities based on pooled resources, and jointly monitor the implementation of the principles for good engagement in fragile states and situations.

Box 5 (cont.): The three themes of the Accra Agenda for Action

Theme III: Delivering and accounting for development results by:

- focussing on delivering results through better quality of policy design, implementation and assessment; use of cost-effective results-management instruments; strengthened statistical capacities and information systems; better incentives to change behaviour to pursue aid effectiveness goals; and more delegated authority to development partners' country offices;
- becoming more accountable and transparent to our publics with results by facilitating parliamentary oversight in partner countries through more public disclosures of budgets and use of audits, mutual assessment reviews at country level and strengthening international accountability mechanisms, including peer reviews, and jointly fighting corruption;
- changing the nature of conditionalities to support ownership by agreeing on a limited set of conditions based on national development strategies, making public all conditions related to disbursements, and working to develop and disseminate good practices on conditionalities;
- increasing medium-term aid predictability to enable partner countries to better plan their development programmes through actions by development partners to provide timely and regular information on their rolling three- to five-year forward expenditures with indicative resource allocations.

Source: Author

How did the Paris and Accra declarations compare? Was it a difference in wording, or was there more? Here are some significant differences.

- First, Accra was more specific about endorsed actions and more inclusive in recognising the roles of key stakeholders, including partner countries, development partners, SSC actors, civil society, local government and parliaments. Accra was also more comprehensive in addressing a broadened agenda that went beyond the more limited aid effectiveness agenda discussed in Paris.

- Second, Accra witnessed more vocal partner-country interventions and a more organised input through the newly-formed Partner Country Contact Group, as well as a visible CSO presence and interventions.
- Third, Accra highlighted the priority of results-based aid management, confirming the Paris "managing for development results" principle, and specified how this could be achieved.
- Fourth, Accra made capacity development a core issue that cut across the aid effectiveness agenda and detailed the joint responsibilities of partner countries and aid providers.

These differences reflected a steady evolution in the substance and process of the aid effectiveness dialogue, leading to a slow but definite change in aid architecture. Of course, it remained to be seen how the fuller Accra Agenda was to be implemented and whether the obstacles in achieving the Paris objectives could be successfully overcome. All in all, Accra was a success – an achievement celebrated at the closing session with the endorsement of the AAA. The celebratory climate was, however, somewhat clouded by one dissenting voice – Brazil.

Dissenting Voice: Brazil – The Brazilian delegation issued a statement (Statement by the Brazilian delegation, 2008) that it was "*not comfortable to endorse the Accra Agenda for Action's final draft*" and presented four points to amend it. First, the standards applied by aid providers and IFIs did not have to be automatically observed in South-South cooperation; second, SSC providers should not be classified as new providers; third, there was no single way to achieve more aid effectiveness; and fourth, documents issued for HLF3 should not consider North-South cooperation as the only international standard of quality.

This statement was reportedly being read during a panel on Day 1 when the moderator cut it off. If true, this was regrettable indeed, and aggravated by a refusal to give the floor to the Brazilian delegate to speak during another roundtable. In what sounded like a conciliatory note, the DAC chair, in his concluding remarks, stated that there was

> *increasing engagement of a broad range of development partners, notably providers of South-South Co-operation. Their contribution to development and to the aid effectiveness agenda – through resources, experiences and new perspectives – was very welcome and important.*

We shall see later how Brazil continued to press these points at subsequent meetings when it was, rightly, given the floor whenever its delegate asked to articulate its position.

Commenting on the outcome of the Ghana High Level Forum, Ghana Minister of State, Anthony Akoto Osei, observed:

> *We are under no illusions – the AAA is a challenging agenda. But I think I can speak for all the participants in the HLF – those who were in Accra, those who were involved through the preparations, and those around the world who paid close attention to what we were doing in Accra – when I say that we are confident that, with strong political support and the dedicated efforts of all actors, we can translate this Agenda into meaningful actions to increase the effectiveness of aid and bring nearer a future in which no countries will depend on aid*. (OECD WP-EFF, 2008b)

Shortly after everyone left for home, we received the very sad news that the Minister of Finance and Economic Planning, Kwadwo Baah-Wiredu, passed away on September 24. He provided active leadership and vision, which helped overcome some of the difficult aspects of negotiating the AAA, and had led Ghana's many efforts to introduce needed reforms, which helped place Ghana as one of the leading African economies in successfully implementing a wide range of reforms.

5.3 Post-Accra Working Party status: Substance and process

The question on everyone's mind – as delegates headed for home – was how to deliver on the Accra commitments. To this, we now turn to review how various stakeholders tackled this challenge.

5.3.1 WP capacity and restructuring

One of the questions posed earlier in this chapter was whether the WP-EFF was up to meeting the challenges of handling the outcome of Accra. To those of us on the inside, the answer was no. The WP-EFF was entering a phase that required organisational restructuring and a different work approach. It had its first meeting after Accra in November 2008 to discuss a proposed new mandate and structure, and organise the process of electing a new chair.

The WP mandate stressed two responsibilities: (a) facilitate and monitor the implementation of the AAA, and (b) arrange for launching the fourth HLF in 2011, agreed in Accra. With barely more than two years left to the next HLF, it was necessary to focus on a few key issues: country-level implementation and a partner-country-driven agenda; better institutional structure for partner countries' participation; and results, deliverables and deadlines. Priorities had to be refined, which included: giving more attention to South-South and triangular cooperation; bringing in the private sector; and using regional development banks and UN regional offices for regional meetings (Amoako, 2008*)*.

The agreed WP restructuring produced new features, which influenced the course of future work and how decisions were made. Thus:

- Membership was expanded from 54 to 80, with five group categories being representing: countries receiving ODA; countries both receiving and providing assistance; countries reporting ODA to the DAC; multilaterals and CSOs; foundations and parliaments.[14]
- An Executive Committee was set up as a more manageable executive with a clear mandate and strong terms of reference to push implementation and follow up on WP decisions.
- Instead of one chair, a two co-chair option was adopted – one coming from partner countries and the other from a development partner country. This was seen as a timely response to the evolving aid architecture, prompted by increased participation of partner countries and pressing demands for a greater voice in guiding the aid effectiveness process.
- Five "clusters", three "work streams" and two reference groups were set up to focus on given issues. Clusters dealt with ownership and accountability; strengthening / using country systems; transparent and responsible aid; assessing progress on the PD and AAA; and managing for development results. Work streams dealt with SSC, health as a tracer sector, and global programme learning. Reference groups dealt with evaluation of the Paris Declaration, civil society and aid

14 The composition represented a shift from three to five categories: 30 aid providers plus the EC; 25 aid recipients; 9 providers / recipients; and 6 civil society members. Brazil, China, India and Russia were invited but declined, or decided to come to meetings but not as members.

effectiveness. Each cluster was coordinated by two co-chairs, one from a development partner and the other from a partner country – co-chairs of Cluster A: Switzerland and Tanzania; Cluster B: United States and Ghana; Cluster C: Germany and South Africa; Cluster D: Japan and Sri Lanka; Cluster E: AfDB / ADB and the Philippines.

- The WP (OECD WP-EFF, 2009e) was hosted and funded by the OECD/DAC as a subsidiary body, but "reported" only to the High Level Forum on Aid Effectiveness. It was left alone to handle its mandate without interference; it was seen as a "coalition of the willing" and had the flexibility to set its course to fulfil its mandate.

5.3.2 Appointment of co-chairs and Executive Committee

Another key departure from the previous structure was to appoint two co-chairs of the WP to replace the one-chair option. The selection / nomination process led to two nominees: Koos Richelle (European Commission) and myself (Egypt). Our names were put forward for endorsement and we took over from the outgoing chair, Jan Cedergren, who had ably managed the WP deliberations. Japan, which had registered some uneasiness about a perceived lack of transparency in the process, subsequently expressed its full support for the new co-chairs (OECD WP-EFF, 2009e).[15] Two vice-chairs were nominated: Barbara Lee (World

15 For the record, my nomination was initiated as follows: Egypt was among the partner countries contacted to establish interest in nominating a suitable senior individual as a candidate to be assessed according to a selection process administered by the DCD Secretariat, who contacted 23 partner countries and 30 OECD members to submit nominations. The straw voting for the four candidates showed no consensus on any nominee, causing the Secretariat to make fresh requests for submitting new names. In response, the Egyptian Minister for International Cooperation proposed my name and submitted an official nomination on 4 December 2008. The EC submitted the name of Koos Richelle. A total of four nominees was announced on closing the nominations on 31 January 2009, and each was requested to submit a one- to two-page outline of their visions for what the WP needs to achieve, how they would seek to contribute as chair or co-chair, and to affirm their readiness to commit the time needed for the task. I submitted the outline on February 10. The nominations were then submitted to straw votes in the second round, and the results indicated that the highest votes went to Abdel-Malek and Richelle, respectively, with both partner countries and OECD members expressing their preference for the two candidates as co-chairs. The official announcement was made on March 17, barely two weeks prior to the WP meeting.

Bank) and Joon Oh (Republic of Korea). It must be said that the Secretariat (who was entrusted with the job of handling nominations, "elections" and appointment announcements) did a professional and non-biased job through wide-ranging consultations with stakeholders and by keeping everyone informed. I was therefore somewhat surprised by Japan's reaction about a lack of transparency. More details about the nominations for co-chairs are found in footnote 15 above.

Taking up such a joint responsibility of managing a large and very diverse group of members was no mean task. It was positive that Koos – whom I had never met before – and I discovered that we shared a similar vision about how to approach the assignment and resolve differences of opinion. This helped manage the sometimes highly controversial discussions and steer the dialogue towards consensus.[16] Nomination by our constituencies did not imply that each co-chair would support his constituency's position. This would have damaged our credibility and undermined the even-handedness in dealing with issues. This was made clear at the outset.

The Executive Committee was composed of 26 members: 10 partner country members; 10 members representing DAC and multilateral institutions; 1 civil society representative; and 5 ex-officio members, which included the 2 co-chairs, the 2 vice-chairs and the DAC chair. Clusters' co-chairs joined as members. I voiced clear concerns about committee size, preferring that it be 12–15 members for the sake of efficiency. But this was considered too small to accommodate stakeholders' demands. Such was the nature of the compromise that the co-chairs had to finally give in, but we paid a price, as I said earlier in terms of adopting a cumbersome and lengthy decision-making process. WP members were kept informed by sharing documents and communicating via email, text message, etc. Transparency was essential to the Committee's work as well as that of its subsidiary units. Looking back, my concerns about committee size were supported by issues that arose during committee meetings. There is little doubt in my mind that the smaller the size, the more efficient the

16 Koos and I made a habit of regularly spending some coffee breaks and lunches together to review issues and agree on a unified approach prior to the WP and Executive Committee meetings. This was time well invested. Sometimes we agreed to disagree and took the discussion to the plenary meeting for sorting out. This also showed that the co-chairs did not "collude" to impose or promote any particular position.

handling of issues at hand, and that this did not imply keeping some stakeholders guessing about what was going on.

Our top priority was now to focus on what was needed at the country level. We were determined to focus on implementation, and we managed meetings in a business-like manner. As it was not feasible to deliver on all 56 AAA actions within the two-year frame, clusters and work streams were asked to prepare a strategic outline of key deliverables and how to achieve them. Box 6 lists clusters' deliverables.

Given the importance of continued partner-country participation, the Committee endorsed a proposal by the Philippines to "institutionalise the Caucus" as a Southern platform. A similar proposal was presented earlier by K. Y. Amoako, who called for strengthening the PCCG (Amoako, 2008). Caucus Group meetings were held on the margins of WP sessions and drew anywhere from 15 to 25 members. This was perhaps one of the best actions taken to give more space to developing countries by recognising them as a group and receiving their requests as delivered by one of their spokespersons.

Although by my background I was associated with the Caucus Group and asked to chair some of their meetings, I made it clear that I could participate only in my capacity as co-chair and declined to serve as the Group's spokesman. This was accepted and it was the correct stand to take, especially since a few (only a very few, to my knowledge) implied or assumed that, as co-chair, I represented developing countries at the WP – an assumption that I corrected at the first meeting and affirmed a couple of times later, stressing that neither co-chair acted to defend one side or the other, but were elected rather to represent everyone without taking sides. Koos and I were in full agreement on this point, often arguing issues raised by developing countries or aid providers as objectively as possible. I was told later that this added to our credibility in running WP meetings.

Another agenda item was a proposal by Korea to host the next HLF in Seoul in October 2011, which was welcomed. This was followed by a proposal by Colombia to host a high-level event on SSC and capacity development in 2010, which was also strongly supported.

- We concluded the first meeting by summing up the points agreed to guide future work and avoid the risk of spreading our limited resources thinly over the whole "battle front":
- WP was to become more action-oriented, emphasising country-level delivery.
- Work units were to produce two-page outlines showing expected deliverables.
- The disconnect between the Head Office and field missions of aid providers had to be addressed.
- The WP structure was to be simplified and clearer directions set, stressing partner-country leadership and taking note of limited resources.
- Emphasis was to be placed on results rather than rules, mechanisms and reports.

A comment about clusters is in order here. Cluster coordinators – supported by their members – felt uncomfortable with co-chairs restricting their outline of deliverables to two pages. References were made to the AAA document and to the need to address its recommended actions more fully than was possible in two pages. Our point, however, was not to deal with everything in that document but only focus on the actions that each cluster deemed would make a difference. This was easier said than done, and the co-chairs had to argue repeatedly that focus meant sifting through the more than 50 actions and distilling them into a more manageable set of deliverables. It took at least two plenary sessions to get this point across – and in the end we had to show some, but not much, flexibility. Essentially, we managed to reduce the number of deliverables to what we hoped we could actually deliver.

Overall, this was a good meeting, in which WP members shared their visions about priorities and laid down the foundations for supporting the implementation of an ambitious set of goals.

Box 6: Illustrative cluster deliverables

Cluster A – Ownership and accountability

- Mapping of practices and systems to agree on definitions of components of domestic and mutual accountability; definition of components of broad-based ownership
- Mapping of CD practices; reaching common understanding of how to promote and support Southern think tanks

Cluster B – Strengthening and using country systems

- Practitioner's guide to using country systems
- Communication tools on the benefits of using country systems
- Guidance on doing diagnostic work on country systems
- Guidance to support preparation of CD strategy
- Good practice in strengthening parliamentary oversight

Cluster C – Transparent and responsible aid

- Good practice principles in country division of labour (DoL)
- International dialogue on cross-country DoL
- Indicators to monitor in-country DoL
- Monitoring improvements in aid transparency
- Collecting good practices on conditionalities

Cluster D – Assessing progress

- Developing enhanced Paris monitoring survey
- Agree arrangements to monitor Fragile States principles
- *Ad hoc* reviews of progress

Cluster E – Managing for development results

- Support partner-country learning on MfDR
- Strengthen public-sector capacity for MfDR
- Refine and adapt self-assessment tools for MfDR
- Good practice on results-reporting in partner countries and aid providers

Box 6 (cont.): Illustrative cluster deliverables
Task team on health as a tracer sector – Prepare interim report on best practice in cluster areas for use in health and other sectors – Stock-taking event on aid effectiveness progress in health sector **Task team on South-South cooperation** – Guidelines to determine good and bad practices of SSC – Case studies on SSC – Summary report and documentation on SSC for inclusion in preparations for HLF4
Source: WP-EFF (2009b)

6 A renewed focus on producing results: International community actions and responses

"The difference between what we do and what we are capable of doing would suffice to solve most of the world's problems."

Mahatma Ghandi

After Accra, the buzzword in aid effectiveness jargon was no longer "implementation", it was "results" – how to go about getting to results articulated and endorsed at HLFs. Past records showed that the international community had much to do. All actors needed to adopt a more systematic approach to deal with a challenging agenda and accelerate the pace of progress. New actors appeared on the scene; some were assuming a more significant role in aid delivery than before, such as the global funds and private foundations. Structural changes were emerging among developing countries, with middle-income countries playing a dual role as aid recipients and providers. There were pressing demands to assist post-conflict and fragile states in their peace-building and state-building efforts and move towards a more stable and sustainable developmental state. Increasing the volume of aid was no longer *the* way to produce desired results without commensurate aid quality.

6.1 Working Party and international community actions

What did different stakeholders do to facilitate faster progress? How did they coordinate their actions? What did they show for their efforts? Did we come closer to reporting a more impressive (or rather less unsatisfactory) "bottom line" at the next HLF?

Looking back at the period April 2009 to November 2011, no one could have anticipated the magnitude and range of activities by old and new stakeholders. Not only did discussions become more intense in substance and interactions, their scope also went beyond the Paris Agenda to deal with what came to be known as "development cooperation" issues. The graphic (Figure 8) below gives an idea of the expanding world of stakeholders, whom the WP was responsible for engaging with – a challenge as well as an opportunity to enhance the outcomes of development cooperation. Invisible in the graphic are the multi-way links between the WP and each stakeholder group, and the complex web of links interconnecting them. Each played a somewhat different role in the aid dialogue, depending on their mandates and priorities; but what was certain was that none took a backseat or acted merely as an observer. It is therefore appropriate to acknowledge their contributions by reviewing a sample of the events and measures they took in preparation of HLF4.

6.1.1 WP actions

We start with the WP's actions and proceed to highlight other stakeholders' initiatives. The WP pursued four parallel paths:

- working with clusters and work streams to scale-down expectations and agendas to more manageable levels;
- following up with stakeholders on their action plans;
- engaging with partner countries and aid providers on a regional basis to discuss each region's concerns; and
- taking part in *ad hoc* meetings with groups such as Arab Funds, New Partnership for Africa's Development (NEPAD) Capacity Development and EU ministers.

a) *Framework for work plans*

Clusters and work streams were the WP workhorses. Given the scoping exercise carried out in late 2008 (OECD WP-EFF, 2008a) and focus on concrete deliverables, these units were to (a) identify good and bad practices; (b) provide solutions to problems and produce tool kits; and (c) respond to requests for support by partner countries (OECD WP-EFF, 2009a). Examples of key issues were: for Cluster B – public financial management and public procurement; for Cluster C – capacity development diagnostic tools, good practice and guidance source book; and for Cluster E – guiding principles for reporting results.

Figure 8: Development cooperation stakeholders

Source: Author

b) *Follow-up with stakeholders*

Follow-up with stakeholders was done through WP members; co-chairs' letters to solicit responses about implementation, and regional and international meetings organised to discuss progress. Based on feedback, the co-chairs mobilised the political leadership's attention and reminded them of commitments.

c) *Regional venues*

Regional venues were used to enlist the involvement of regional development banks and UN institutions in the dialogue and use their facilities to organise meetings to discuss regional concerns. These were subscribed to by partner countries and development partners. Guidelines (OECD WP-EFF, 2009b) were prepared to ensure maximum benefits from regional initiatives by encouraging peer-to-peer reviews, inviting inputs from key development actors and ensuring cost- and time-effectiveness to avoid becoming mere "talk shops".

d) *Ad hoc meetings*

Political-level meetings were used to engage policy-makers in the aid effectiveness discourse and enlist their support and commitments. Some meetings were initiated by the co-chairs or the DAC chair; others were co-sponsored by the DAC and host country, whereas others were called by the host institution that had invited our participation. Examples included co-chairs' meetings with DAC and partner-country ministers, the EU Development Commissioner, the UNDP Administrator and Arab Funds' Directors.

These meetings became progressively more important as we embarked on preparing for the Busan HLF, as we realised how crucial it was to engage political leaders *as early as possible* in setting agenda priorities. This lesson had been learnt from our Accra experience, which made it clear that ignoring or delaying such a dialogue could be detrimental to the outcome of the whole exercise.

"Beginning Now" initiative

The first order of business was to prompt stakeholders' actions, using the theme "Beginning Now", by soliciting a response about initiatives to implement commitments. A few partner countries[17] reported working on: prioritising actions in consultation with aid providers; refining plans to improve effectiveness and broaden ownership to include civil society, local authorities and others; and institutionalising commitments as part of

17 Bangladesh, Benin, Cambodia, Colombia, Mali, Sri Lanka, Tanzania and Vietnam.

ongoing reforms. These plans shared much in common, but with varied emphasis.

Responding bilateral and multilateral agencies[18] reported more attention to issues such as: use of country systems; aid predictability; strengthening staff incentives and guidelines; formulating country-specific actions; and upgrading monitoring mechanisms. These plans also had much in common, with varying emphasis (OECD WP-EFF, 2009c). For example, Canada's plan was to untie all bilateral aid by 2012–2013 and concentrate on "focus countries" to improve effectiveness (Biggs, 2010), whereas Germany chose to focus on division of labour issues.

Focus Country initiative

These reports were encouraging. Initiatives were being launched by both sides translating commitments into actionable plans. But we needed to get closer to country-level implementation actions. The next major step was to develop an EU proposal to establish "Facilitation Teams". A WP team, led by a co-chair and supported by Secretariat staff, was created to work with any partner country willing to volunteer as a "Focus Country". The team served as a broker between that country and its aid providers to expedite implementation of agreed commitments, based on an agenda that set the issues to be addressed. The team worked with country officials and its leading aid provider's in-country and headquarters' representatives. Others could join the team as needed. Depending on feedback, 5–10 Focus Countries seemed a feasible target. Affirmative responses were received from Cameroon, Indonesia, Ghana, Cambodia, Nepal, Djibouti, Rwanda, Mali, Senegal and Nigeria.

What did the Facilitation Teams accomplish?

Two country examples illustrate the steps taken and their outcomes. Ecuador, not a WP member, became the first Focus Country to receive a mission led by Koos Richelle. Consultations led to an agreed action plan (OECD WP-EFF, 2009d; OECD, 2010d) dealing with ownership, use of

18 The EC, Germany, the Global Programmes Learning Group, Italy, the Netherlands, Sweden, the United Kingdom, the World Bank, Australia, the ADB, Denmark and Portugal.

country systems, aid information management and division of labour. A follow-up was scheduled, with the results to be shared with WP members. Ghana was the second Focus Country (United Nations Procurement Capacity Development Centre, 2010). The agenda included a review of Ghana's budget execution system and audit reports; strengthening local capacity to reduce the burden on its audit service; how to facilitate better linkages between development partners' Head Offices and country offices; and how to provide support in "politically sensitive" areas where bottlenecks persisted.

Global Partnership on country systems

Use of country systems by development partners had been a contentious issue for many years. Most partners had been reluctant to use local systems on procurement, public financial management and other functions, arguing with good reason that such systems lacked quality and transparency to ensure that aid flows were scrutinised and audited. Having achieved progress in upgrading its own systems, Ghana launched a "Global Partnership" initiative to assist other countries.

- Two countries joined: Malawi and Mali. This initiative was led by Ghana and the United States as co-chairs of Cluster B, mandated to promote greater use of country systems. It received financial support from the AfDB and the Collaborative African Budget Reform Initiative (OECD DCD/DAC, 2010c).

How did it work?

- It worked in a similar fashion to the Facilitation Team approach, but the focus was on country systems. First, guidelines were drawn to ensure results-based actions. Actions proceeded in three phases: (a) the partner country and its development partners jointly identified concrete ideas for strengthening specified systems; (b) implementation plans were drawn up jointly; and (c) plans were implemented and progress monitored, with the results shared with stakeholders and other countries (OECD WP-EFF, 2009h).

In Ghana's case, government outlined priorities and issues to discuss, with priority being given to public financial management, procurement,

monitoring and evaluation, and environmental assessments. It suggested an agreed assessment tool; joint assessment of the audit institution; improving the quality of development partners' information and procedures; upgrading Ghana's accounting practices and statistical systems; and a tracking system to ensure funding reached intended programmes. Joint consultations focussed first on "quick wins" that made a "meaningful difference" as an incentive to move forward. Once accomplished, more actions were taken to improve country systems by 2012 (OECD DCD/WP-EFF, 2010).

In Malawi's case, issues identified focussed on strengthening public procurement; improving coordination regarding budget support through better policy dialogue; strengthening mutual accountability; and inviting more development partners to join in the consultations (International Trade Union Confederation, 2010). In Mali's case, the health sector was designated for special focus to develop common evaluation and assessment approaches, strengthen coordination mechanisms at the country level, and improve dialogue on public financial management and procurement. Other actions were taken along similar lines to those used in the previous two cases, with a target completion date of November 2011 (International Trade Union Confederation, 2010).

Lessons learnt

These two initiatives were examples of work done at the country level by practitioners who were directly involved in dealing with aid issues. Success depended on several factors: serious commitment (technical and political) by all sides; clarity of issues and priorities; good understanding of country context; continued engagement of senior levels in the target country and at the Head Offices of development partners; sufficient incentives to change behaviour (policies and practices, not merely stated intents); a realistic task list that could be handled by local institutional capacities; and a medium-term time perspective (two to three years at least) for tangible results to materialise.

These exercises were not without risks. Lack of results was due to failure to meet one or more of these conditions. But success promised significant positive multiplier effects as experiences were shared with other countries and development partners. Both initiatives were voluntary. But, once

accepted, everyone had to abide by the rules agreed. We shall see other instances later where success factors were not met, resulting in poor delivery on commitments.

"Building block" initiative

This was an innovative concept endorsed as a means of showcasing results at HLF4. Certain criteria were agreed in order to qualify under this concept: it should be action-oriented, game-changing, forward-looking, multi-stakeholder championed, partner-country led or co-led, and politically supported. Each building block had to show how it was supporting greater aid effectiveness at the country level and what future plans its sponsors had for continuity.

More than 35 proposals were received, of which seven areas were deemed suitable: fragility and conflict; South-South cooperation; private sector and development; climate finance; transparency; effective institutions; and results and accountability (OECD WP-EFF, 2011b). These initiatives were presented at Busan, and some have continued since then. While not officially linked to the Global Partnership structure, their contributions are of interest in supporting delivery of results at the country level.

6.1.2 DAC and OECD actions

Leaving WP actions aside, we turn to those taken by key stakeholders. The DAC and OECD continued to play a lead role in many respects. Both launched a series of events and actions to support members' commitments implementation efforts. Noteworthy among these was the commissioning of a study by the DAC to *draw lessons from the Accra experience*.[19] It recommended: more support to strengthen partner countries' role and adopt a more inclusive approach; expansion of membership of the Consensus Group and Steering Committee, providing more information on the negotiating process; addressing asymmetries in information access and imbalances in drafting team membership; and agreeing clear rules for negotiations and reporting progress to a broader audience. These recommendations were timely and taken on board by the co-chairs.

19 OECD WP-EFF source no longer available.

Inadequacy of incentives was a major obstacle to meeting commitments by DAC members, as recognised in the 2008 survey, which found "*little overall indication that the incentives underlying donor practices ... have not altered significantly since the signing of the Paris Declaration*" (OECD WP-EFF, 2009g). To help deal with this issue, a "Tool Kit for Donors" was prepared to encourage adoption of good practice principles.

More significant were two initiatives dealing with longer-term issues: a **DAC Reflection Exercise** to ascertain "*how best to sustain and increase the relevance of the DAC*" in the face of current and future anticipated changes (OECD DCD/DAC, 2009a), which led to a revision of its mandate, calling for strengthening statistics, peer reviews and aid effectiveness measures. It also urged DAC to engage actively in global governance reform, improve policy coherence and integrate global public goods into development strategies. The DAC was also to reach out to key development stakeholders, carry out in-house reform to improve performance and expand advocacy for public support to development cooperation.

The other event focussed on how to "**Make Aid Make a Difference**", where partner countries, DAC members and aid agencies discussed aid architecture issues. Participants agreed to strengthen coordination among actors, avoid creating new entities, and act to reduce the aid fragmentation and poor use of local expertise that were undermining partner countries' abilities to deliver better results. More attention was to be paid to the collective impact of aid providers' activities and refrain from creating project implementation units instead of supporting local systems (OECD DCD/DAC, 2009b).

The DAC also scheduled periodic "Senior Level" meetings to consider aid effectiveness and other policy issues. One meeting considered how to support countries in **conflict and fragility situations** and accelerate progress towards the MDGs. Such support rested on four pillars: improving the impact of aid; taking actions to sustain livelihoods and generate peace dividends for the poor; fostering institution-building, state accountability and a voice for all; and enhancing conflict prevention and peace-building efforts.

Several actions were suggested. For example, to improve aid impact: provide more predictable aid, reduce disparities and invest in under-

resourced sectors. For institution- and state-building: support core state functions; strengthen health and education systems; and address corruption by creating incentives for integrity and respect for the law. For conflict prevention: invest in national and international capacities to understand the causes of conflict; strengthen prevention capacities; and support regional and global initiatives to protect fragile countries from economic shocks. Another meeting discussed how the private sector could contribute to Busan outcomes (OECD DCD/DAC, 2009c; OECD DCD/DAC, 2009d).

As the date of the Busan HLF approached, DAC members discussed how to articulate a common position regarding managing for results, engaging non-DAC aid providers and extending the agenda to include topics beyond aid (OECD DCD/DAC, 2011b; OECD DCD/DAC, 2011e). A change of mindset was necessary in handling the results issue (OECD DCD/DAC, 2011f). There was mounting pressure from taxpayers seeking justification for aid disbursements. Responding to this pressure could lead to a "perverse" effect, in that aid providers would focus, instead, on actions that produce easy-to-measure and quick results. Multilateral banks made progress by developing common-results frameworks, but aid providers were still using disparate methods, driven by their own requirements, and lacked incentives for change.

The most significant recommendation was to shift all results frameworks towards becoming partner-country owned, supported by development partners. This required investments in institutional and statistical capacities to produce data for results-management, and to take note of varying speeds of partner countries' efforts. Aid providers were urged to develop common indicators for measuring progress in institutional capacities and accountability mechanisms. The complex situation of fragile states called for due regard to peace-building and state-building priorities, and to setting realistic time frames (short and long-term). For non-DAC aid providers, a statement welcoming new partnerships was a positive step forward, intended to dispel emerging economies' concerns that closer ties might imply adopting OECD standards. In this way, "a comfort zone" was created to encourage them to join discussions on aid effectiveness.

Coinciding with DAC meetings, the parent organisation, OECD, issued its "**Strategy on Development**" as part of its celebrating 50 years of operations (OECD, 2011a). It outlined a broader approach to development

and set out key elements of the strategy, aiming at increasing OECD contributions to "*more sustainable growth by building on its collective expertise in a wide range of policy areas. This would allow greater sharing and strengthened partnerships with more developing countries, resulting in a more inclusive approach to development*".

The strategy called for strengthened partnership for knowledge-sharing and policy dialogue; adoption of a more comprehensive approach; and fostering policy coherence at the level of members, OECD, and emerging and developing countries. A series of actions were suggested. For example, enhancing partnerships required mutual learning with developing countries and promoting peer-to-peer learning; and benefiting from the knowledge of local actors and other field-based providers to avoid duplication and learn from SSC experiences. The strategy was a step forward in enriching OECD expertise and relevance to developing countries. Speaking at a special launching luncheon, I welcomed this important paper and felt certain that actions along these lines would be warmly welcomed by partner countries.

Another OECD event at its Development Centre reviewed a paper on "**Results-Management and International Development Cooperation**". It discussed how to measure results – on what and for whom (OECD Development Centre, 2011). Public policy for results-management was based on transparency and accountability, strategic management and knowledge management. Results-management was shaped by public concerns about foreign assistance impact, whole-of-government approaches, the shift from input/output to development outcomes, and pressures by partner countries. Supply and demand issues for results-information, based on technical and political considerations, required more work to identify how to strengthen results-management as a policy principle and practice.

Important questions presented themselves: How to agree on specific indicators of progress? How do different users consume information? How could results measurement by development partners help partner countries? Was it possible for development partners to agree on a common set of output indicators in reporting results? Implicit in these questions is the nagging "attribution" factor. How much of the outcome of an initiative could justifiably be attributed to development assistance without considering the complexity of other factors behind that outcome? A more

appropriate response, therefore, was to refer to "contributions to" outcomes, instead of attributing these entirely to development assistance.

These OECD and DAC measures were both significant and timely. The extent to which their outcomes were put into effect remained to be seen. Meanwhile, there is more to the world of aid effectiveness than the OECD/DAC! What initiatives did other key players take to enhance implementation of commitments? Let us consider those taken by partner countries.

6.1.3 Partner-country initiatives

One of the most impressive initiatives was the establishment of **Capacity Development for Development Effectiveness** (CDDE), launched in Manila and sponsored by the ADB, Japan, the OECD/DAC, the World Bank and UNDP to serve the CD needs of the Asia-Pacific region. CDDE focussed on strengthening national capacities for implementing commitments. More than 90 policy-makers and practitioners from 11 countries, parliamentarians, CSOs and development partners endorsed its mandate: to provide services on a demand-driven basis, encourage peer-to-peer learning and facilitate knowledge-sharing. The CDDE served as a valuable regional link with the WP-EFF. Many of its members were also WP members.

Columbia hosted a **High Level Event on South-South Cooperation and Capacity Development,** attended by more than 400 participants representing various stakeholders. The lion's share of discussions focussed on SSC as a Southern-led process, complementing North-South cooperation. A Bogota Statement underlined the need to "*mutually enrich and adapt the aid effectiveness and good practice from SSC*" and to explore synergies with North-South cooperation. More than 100 case stories were contributed by different regions. Although these were useful, more rigorous evidence of SSC modalities and outcomes was lacking.

Capacity bottlenecks were recognised as a major impediment to aid and development effectiveness. A more inclusive approach was a prerequisite for success (Steering Committee of the Bogota High Level Event, 2010) to take note of the failure to invest adequately in CD due to lack of know-how; resistance to change by those with a vested interest in maintaining

the *status quo*; a less enabling environment in which institutions functioned; and weak national ownership and leadership for change (Abdel-Malek, 2010).

Another event was the **Cairo Workshop on Capacity Development** (Government of Egypt, OECD, & Japan International Cooperation Agency [JICA], 2011a), which discussed how to assess CD needs; make greater use of country systems; upgrade institutional capacity in partner countries, including fragile states; improve technical assistance for CD; use SSC as a resource; and establish CD as a policy priority. The importance of translating into action the broader capacity concepts was stressed, taking note of the essential elements for strengthening institutional and human resource capacity. The "Cairo Consensus on Capacity Development: Call to Action" was endorsed as a contribution to HLF4 on the subject.

A year earlier, I had launched a "**Capacity Development Alliance**" (CD Alliance) in response to what seemed to be enthusiastic support of CD. Ingrid Hoven, then a Director-General at the German Federal Ministry for Economic Cooperation and Development, agreed to serve as co-chair and generously hosted the first meeting in Bonn. We discussed CD strategies and action plans to mobilise Southern involvement in identifying real difficulties behind weak capacities, and invite solutions that could be shared with development partners for joint action. Capacity development was examined from different perspectives and a work plan to move forward was agreed (CD Alliance, 2009). Unfortunately, this initiative did not survive for long and was an example of ideas that did not have what it took to become sustainable, despite initial apparent interest and "vocal support".

What about Africa? What actions did African policy-makers take? It was reassuring that, at last, this continent, which had been a lagging behind for a long time, was now moving to address its own aid effectiveness challenges. The meeting in Tunis was a good example. A gathering of nearly 200 delegates from government, parliaments and civil society discussed how to move "**from aid effectiveness to development effectiveness**" and debated diverse views on development cooperation as part of a process to identify a common African position as well as prepare for HLF4. Six elements were identified as central to the agenda: building capable states; developing democratic accountability; promoting SSC; thinking and acting regionally; embracing new development partners; and

outgrowing aid dependence to make aid "less addictive". The meeting endorsed the Tunis Consensus: Targeting Effective Development (Government of Tunisia, 2010).

Another meeting followed, in Addis Ababa, to develop a **post-Busan agenda**. Africa's 54 member states stressed that aid was only one of many resources and should be used as a catalyst. They pressed for greater policy coherence between aid and non-aid policies; urged that the CD agenda consider gender equality, social protection and human rights; and encouraged adopting a more comprehensive approach to cater to the need for transformation and benefit from SSC experience. They also called for strengthening regional integration, including regional parliaments. Rwanda was selected as country champion to coordinate Africa's position in negotiating HLF4 outcomes, based on a position paper that was due to be drafted shortly thereafter (African Union & The New Partnership for Africa's Development, 2011).

A more issue-focussed meeting in Dar es Salaam dealt with Africa's **mutual accountability** challenges (Africa Platform for Development Effectiveness, 2011). This concept was global but had to be locally contextualised. Accountability was seen not only in the aid context but relevant to other issues such as trade and foreign direct investment, as well. Improved practices required clear standards and the exercising of strong country ownership. Mutual accountability worked at three levels: global, regional and local. As a practice, it was still in its infancy in most African countries; developing it as a more common practice required an evidence base accessible to all stakeholders to obtain information on what worked and what did not. Political leadership had to be mobilised to drive the process forward and act on its outcomes.

Asia-Pacific region: Asia continued to take measures jointly with its aid providers to accelerate implementing mutual commitments and made tangible progress. In preparing a common position for Busan, a Manila "**Consensus on Effective States and Public Financial Management**" was issued in two parts. Part I dealt with strengthening "effective states"; Part II with public financial management issues (Task Force on Public Financial Management, 2011). For effective states, a holistic approach was advocated towards public-sector management, accountability and transparency. Partner countries were to exercise ownership and leadership of their development agendas, and development partners were to support

country-driven approaches to results-management. Development partners were urged to enhance their capacities to support efforts to build effective states, promote the role of core state functions and create fiscal space for growth. Capacity development, including strengthening oversight institutions, was to be an integral part of development strategy.

On public financial management (PFM), partner countries were to strengthen their PFM through credible reform measures, and development partners were to honour their commitments to channel more aid flows through country systems. Achieving these objectives required stronger policy dialogue to jointly take actions over the medium and longer terms.

Fragile states: A promising initiative? Concerns about the dilemmas facing fragile states and post-conflict countries had been mounting as a result of their increasing inabilities to make progress in restoring peace and security and achieving the MDGs. A significant step in this direction was the signing of the **Dili Declaration**, brokered by the International Dialogue on Peacebuilding and Statebuilding – a platform representing partner countries, bilateral and multilateral partners, and CSOs. The Declaration built on a g7+ announcement reaffirming members' commitments to the Paris Declaration, the Principles for Good International Engagement in Fragile States and the Accra Agenda for Action. The Declaration encouraged members to take immediate actions to prepare an international action plan to address fragile states' challenges.

Partner Country Contact Group: Given partner countries' increased participation, they sought a platform to consult and develop common positions on various issues. The most obvious option was to revive the old PCCG, whose mandate expired in 2008. I was asked to present a proposal to this effect at the next WP meeting, which endorsed the proposal. The PCCG mandate was to play a lead role in coordinating, identifying and articulating messages from partner countries. It later formed a drafting team to prepare a partner-country position paper for HLF4.[20]

20 Members included Bangladesh, Cameroon, Colombia, Egypt, Ghana, Honduras, Indonesia, Mali, Mexico, Morocco, the Philippines, South Africa, Tanzania, Timor-Leste and Vietnam. Other members followed, including the Uganda National NGO Forum and CARICOM Secretariat.

The drafting team submitted its paper, "**Partner Countries' Vision and Priority Issues for HLF4**", after receiving an endorsement from political leaders, which was circulated to the full WP membership and to DAC members (OECD, 2010b). The paper served as the principal negotiating document to which partner-country Sherpas referred. Interestingly, the PCCG declined an offer to engage an external consultant to assist in drafting the paper – a practice used before in preparing the Accra position paper. This was another indication of their growing maturity and stronger ownership of their development priorities.

6.1.4 Other initiatives

Enriching the aid effectiveness dialogue were events organised by other stakeholders that often brought together partner countries, their aid providers and development experts in a mix of policy-makers and practitioners to exchange views and narrow the gap between them.

- An *international conference on ownership and accountability*, co-sponsored by Switzerland, Germany and the London School of Economics, considered the practical implications for national development strategies. Country-level experiences in accountability, sovereignty, policy success factors, policy-making and power dynamics were examined. My input was to highlight the following points (Abdel-Malek, 2009c) based on WP experience.

  a) It was a mistake to treat ownership and accountability separately – these were two sides of the same coin.

  b) CSOs had an important role in enhancing ownership and accountability, but they needed to develop guidelines to govern their behaviour and become more accountable.

  c) Interaction among development actors occurred within a power-sharing continuum and showed that stakeholders' participation thrived where plurality prevailed.

  d) The limited progress was due to entrenched practices on both sides and lack of capacity and incentives to deliver results.

  e) Achieving more progress depended on political leadership leading behaviour change and building stronger capacities. In citing these

points, I tried to caution against using abstract constructs or fragmented approaches that deal with issues in "silos".

- A *Policy workshop on how to move beyond the Paris Framework*, in Berlin (BMZ, 2009),[21] considered two issues: implementing Paris and Accra commitments, and constructing a "light governance framework" to give more space to non-DAC, private sector and partner countries. There was agreement to (a) use simpler language to sustain political engagement and publicise the benefits of improved aid effectiveness; (b) strengthen partner-country capacities, confirm commitments for greater use of country systems and avoid monopolising the debate in discussions with partner countries; and (c) focus on monitoring credible results of "delivering real things to real people" and strengthening mutual accountability frameworks. This was also a lively meeting in which one could detect a meeting of minds on some crucial issues.
- A *Mexico policy dialogue* invited participants from Latin America, Europe, the Middle East and international and regional development agencies to review the region's experience in managing development assistance and explore how different actors could collaborate to improve aid impact. Challenges of capacity-building and supporting fragile states received much attention. My input underscored the need to strengthen country-led development strategies, use concrete plans to improve institutional capacity, tap middle-income countries' experiences, and refrain from magnifying differences between the Paris and Accra principles and those governing SSC. I argued that we, instead, must seek common good practices in both modalities (Abdel-Malek, 2009b).
- *Tidewater meetings*: These brought together senior development officials to discuss timely agendas. The 2010 meeting dealt with four issues: how to accelerate progress in achieving the MDGs; capacity for governance and its weaknesses; harmonising development assistance; and trans-boundary issues (OECD DCD/DAC, 2010b). Both technical and political dimensions were debated, including institutional

21 The workshop was hosted by the BMZ and InWEnt Capacity Building International, in collaboration with The Wolfensohn Center at the Brookings Institution.

accountability. A holistic approach was necessary to examine supply- and demand-sides of governance as a basis for remedial actions.

The agenda of the 2011 meeting was devoted to **development cooperation issues**: how to put results at the centre of the development agenda and individual partnerships; results as value for money; risk and mutual accountability in situations of fragility; approaches to the development challenges of the Middle East and North Africa region; policy reform and stronger private-sector engagement; and the future global development agenda.

Widely differing views debated the critical results issue, asking: Whose results? How should value-for-money be defined? Options such as the US "cash on delivery" modality were reviewed with mixed outcomes. Participants appealed for a sense of humility when attempting to assess ODA impact; others stressed the need to respect partner countries' ownership and priorities in assessing results. My view was that it is not sufficient to talk about "value for money" or other names giving the same meaning from the aid providers' perspective alone. In fact, this could be counterproductive, as it would give the impression that these providers are driving their own agendas without regard to the interests of recipient countries. There was finally an agreement that any lasting response must be based on an open dialogue with recipient countries and be based on jointly agreed objectives.

For fragility situations, the challenge was how to operate effectively and efficiently, and manage risks. Aid providers were risk-averse, not giving enough attention to state-building and stability before addressing longer-term challenges. Their contributions had to be better coordinated and note the extremely limited institutional capacities of these countries. The recent turbulence in the Middle East and North Africa region called for a "smart" approach, as reforms required time to show results. Their political and social contexts varied a great deal, requiring tailor-made approaches to restore growth and job creation.

An update on WP progress was given, the meeting endorsed the approach taken and priority issues were set for HLF4, emphasising the importance of having non-DAC providers join any future architecture, and finding sufficient incentives to encourage candid dialogue and learn from one another's experiences.

- A Wilton Park (UK) meeting discussed **UN Development System Reform**. The potential UN contribution to the Busan agenda and future development cooperation raised the question of how best to engage with the World Body. Inclusion of the UN as a key partner in the post-Busan aid architecture became more or less mandatory to add legitimacy and use its extensive country-office network facilities. At the same time, the UN development system was due for serious reform to contribute more effectively to development. To address this, the Wilton Park meeting (United Nation Development Programme [UNDP], 2010; Wilton Park, 2010) discussed reform questions, including: Did the 30 agencies and organisations of the UN development system still give value for money? As development challenges evolved – and with the emergence of many alternatives to UN assistance – how should the system that grew up without a blueprint change also? What was still unique about the UN? And how relevant were the traditional UN development roles of norm-setting, global policy-making, research and analysis, and technical assistance? Why had UN reform been so slow?

As there were alternatives to the system, an urgent process of renewal was necessary to strengthen relevance and improve effectiveness, including strengthening coherence at the country level in Africa and Latin America. In joining the discussion, I referred to the implications for the UN of the yet-to-be-negotiated Global Partnership and the increasing emphasis on delivery of aid results at the country level, where the UN network was expected to play a key role.

- *Development Cooperation Forum initiatives:* The DCF had been active in the aid dialogue for many years.[22] It sponsored a symposium in Vienna, which discussed **mutual accountability and aid transparency** issues, seeking agreement to set up standards for all actors on mutual accountability mechanisms and transparency initiatives. The symposium also sought to address how to strengthen national ownership and leadership and ensure active engagement of all development actors; enhance the capacity of institutions responsible

22 I served as a member of the USG Advisory Group of the DCF for seven years, building another link between the DCF and the WP. This was a valuable learning experience.

for mutual accountability; and improve access to information and promote peer learning. There was no "one-size-fits-all" formula; a local culture of accountability (which was virtually absent) was essential, and so was an inclusive approach. It was reassuring to refer to the WP-EFF as "*one of the most relevant official mechanisms on accountability*" (UN ECOSOC, 2010a).

Another DCF initiative on **development finance** was held in Helsinki against the backdrop of multiple global crises. It stressed the urgency of policy coherence in the context of fragility; the need for accountable and equal global partnerships in development cooperation; and the impact of development cooperation in reaching the MDGs. Redressing imbalances in the global governance power structure merited urgent actions, and so did the tackling of policy coherence impacting cooperation and development (Honkaniemi, 2010).

Related to this, but organised by the UN body, was a conference on development finance in New York, which called for reforming the global financial system and increasing the volume and quality of development assistance to help cope with the impact of the crisis. Policy coherence was also a principal topic (UN ECOSOC, 2010b). Although the substance of UN resolutions remained the same, meetings continued to remind political leaders of their responsibility to meet their commitments.

The DCF also commissioned a **study on mutual accountability and aid transparency** at the national and international levels. It examined certain questions such as: What progress was made in following best practices agreed at the DCF Vienna Symposium in November 2009? What factors appeared to determine progress? And what were the next steps to accelerate progress? Its findings (Martin, 2010) on mutual accountability pointed out that:

a) progress was limited except in a few countries that had established foundations for future progress;

b) the WP-EFF should encourage partner countries to develop annual targets for Paris indicators, such as increasing aid predictability and transparency and reducing conditionalities;

c) confusion about what accountability meant and how to measure it had to be addressed;

d) there was a strong need for regular global assessment of progress at national levels;

e) improving non-executive participation in accountability was a top priority; and

f) progress among aid providers required more peer pressure for policy change at national and global levels.

The study served as a principal reference on this issue.

- *EU accountability initiative:* The EU Council decided to adopt a holistic approach to accountability and transparency, with domestic accountability in partner countries being a key to ensuring good governance. It undertook to disclose information on aid volume and allocation, ensuring that data was internationally comparable by using the OECD/DAC Credit Reporting System. This included the provision of indicative, forward-looking spending plans for three to five years and disaggregated data on all aid flows. A joint framework for monitoring joint commitments on aid effectiveness was to be set up (Council of the European Union, 2011). This measure, when implemented, was likely to streamline EU procedures and alleviate recipient countries' burden of dealing with a variety of requirements.
- *What about civil society actions?* Civil society had been aware for some time of the need to undertake in-house reform, prompted by the realisation that discussions of aid effectiveness implied having to "look themselves in the mirror" to identify weaknesses and the means to deal with them. CSOs – both international and local – were facing mounting criticism about certain practices and had clashed with governments in partner countries, which acted by restricting their activities. A CSO meeting in Istanbul addressed these challenges to strengthen their integrity and speak with a stronger voice in advocating aid reform.

The Istanbul Statement (Open Forum for CSO Development Effectiveness, 2010) stressed CSOs "*as voluntary, diverse, non-partisan, autonomous, non-violent development actors*". It formulated principles to guide their work, which included: respect and promote human rights and social justice; embody gender equality and equity while promoting women and girls' rights; focus on peoples' empowerment, democratic ownership and participation; promote environmental sustainability; practice transparency

and accountability; pursue equitable partnerships and solidarity; create and share knowledge; and commit to mutual learning and realising positive, sustainable change. These were laudable principles that, once mainstreamed in CSO practice, would produce a much needed win-win outcome all around.

Although our review refers to a long list of initiatives, it does not do justice to other worthwhile events advancing the same objectives. Our purpose has been to demonstrate in some concrete manner the magnitude and range of events by key stakeholders rather than give a comprehensive account.

What did these initiatives mean? Apart from the sheer magnitude and scope of the dialogue and interactions that occurred, most initiatives adopted a pragmatic style rather than a theoretical approach to the issues addressed. Having been a participant to most of these events, I was also impressed by the wide range of stakeholders invited to these events who were considering different viewpoints and seeking areas of agreement as well as identifying differences. The events served as a "melting pot" of ideas and approaches, which could only produce a better understanding – if not full agreement – of opinions defended by others. In the final analysis, the outcomes of these initiatives had to be tested in terms of:

- how stakeholders' interactions were likely to help generate a consensus in Busan, and
- to what extent the benefits of the dialogue translated into changes of behaviour that would lead to actual improvements in development cooperation policies and procedures.

Only time would tell.

6.2 Preparations for the Busan Forum

While many of these initiatives were being organised, the WP had to take preparatory measures for the Busan HLF. Once again, we consider measures by the WP, partner countries, development partners and other agencies.

6.2.1 WP initial preparations

These preparations started early in 2010 (OECD DCD/DAC, 2010a) and intensified steadily until November 2011. In-house actions came first. An Executive Committee retreat produced a clear sense of direction and key priorities (OECD WP-EFF, 2010a). A number of fundamentals were set for: HLF4 to be a political event; bureaucracy to be streamlined to ensure cost-effectiveness; focus to be given to achieving country-level results; and the Busan document to be short and political in language. Busan's objectives were to: (a) report on the results of implementing Paris and Accra commitments, identifying what worked and what did not; and (b) take account of how the changing environment and diversity of actors were likely to influence the agenda. Results of monitoring surveys were to provide a solid evidence base for HLF4 events. In total, the WP held 15 meetings: 5 plenary and 10 Executive Committee meetings that spanned its 32-month mandate.

HLF4 was structured in three segments: plenary for opening and closing; interactive sessions; and a forward-looking political debate. Themes were to be identified in light of evidence, though some were obvious priorities: CD and capable states; inclusive country ownership; and accountability and transparency. Partner countries urged that priority be accorded to the use of country systems, division of labour, predictability and national strategies for CD. Other topics were suggested: conflict and fragility, an enabling environment for CSOs, aid architecture, gender, and policy coherence; and recognising differences among aid providers in their comparative advantages. The list of topics grew rapidly and risked including too many themes and losing focus.

HLF4 negotiations were the responsibility of the WP and its Executive Committee. Steps were to be taken to ensure legitimacy, ownership, transparency and cost-effectiveness. A core group on logistics chaired by Korea was to concentrate on invitations, onsite logistics, partner-country travel, managing the HLF4 budget, event choreography and the official website. A communication strategy was to be devised using OECD experts and outside specialists. Funding pledges were sought from the DAC and other members to fill the gap in funding the event – not an easy task during a time of budget constraints.

Thus, an **overall framework** was established as a guide to future actions. This was subsequently approved by the WP full membership, which was the final decision-making body. Having completed in-house preparations, attention was focussed on working with other stakeholders to inform them of progress, urge them to give high priority to Busan issues, respond to their questions and ensure senior political leadership engagement.

As a WP member and vice-chair, Korea showed both commitment and energy in playing host to the Busan HLF from the outset. An early initiative was organising two back-to-back workshops in Seoul to discuss **aid architecture and how to catalyse aid**, which led to identifying the following areas for more attention in the months leading to HLF4:

- strengthening efforts to engage the BRICS, private sector and other new actors in development;
- supporting stronger government leadership of development;
- engaging in more discussion with DAC members on aid transparency; and
- underlining results, accountability and value-for-money as key issues for HLF4; and developing a "bridge" between aid and development effectiveness.

These were useful outcomes that contributed to the Busan agenda.

6.2.2 High-level political meetings

It will be recalled that **emerging economies** had long resisted participation in any OECD/DAC-led aid event. To attempt to resolve this issue, an international conference in Moscow brought together traditional (DAC) aid providers, emerging providers and international agencies to share views on cooperation modalities and strategies. This dialogue was referred to by Robert Zoellick, World Bank president, as an opportunity "to modernise multilateralism" through sharing information on development finance as a means of better coordination, replacing competitiveness and duplication. Emerging development partners were invited (urged) to become active in setting the policy framework for multilateral channels.

A DAC statement (OECD, 2011c) "*welcoming new partnerships in international development cooperation*" recognised "*the essential role that major nations from beyond our membership have had in contributing to global progress towards the Millennium Development Goals*". The statement acknowledged the dual role of nations engaged in SSC, as recipients and providers, and welcomed the sharing of data on aid flows. Later events, however, showed that the conceptual and ideological gaps dividing traditional and emerging aid providers remained too wide to bridge; greater efforts had to be made to adjust the OECD/DAC structure to the satisfaction of non-DAC countries.

Another measure to broaden participation in Busan was to attract members of the **Arab Coordination Group** to join – their substantial aid reached several billions of dollars annually. A high-level dialogue had been established by the DAC over many years, exploring mutual interests and ways of sharing experiences. The 2011 dialogue was held in London (OECD DCD/DAC & Arab Fund for Economic and Social Development, 2011) and attended by multilateral institutions and experts. The "Arab Spring" created more pressures for reform, as the changes were far-reaching and required financial and technical support to stabilise the situation. Delegates discussed their plans and how to better coordinate them in the face of these challenges and different country settings.

The London meeting also took stock of HLF4 preparations and explored how Arab Funds could take part in the proposed Global Partnership to be negotiated in Busan. As co-chair, I reported on our work-in-progress and invited Arab leaders to become more actively engaged. I later visited the headquarters of the Arab Coordination Group in Kuwait in response to their invitation. Arab Funds' directors subsequently issued a Statement of Resolve reflecting their position and intent to participate by sending a high-level delegation. An excerpt is shown in Box 10. I was also invited to visit Abu Dhabi for consultations with Arab organisations based there. These meetings produced worthwhile outcomes in terms of more inclusiveness by having Arab Funds join the Global Partnership.

We were also mindful of the need to stay connected with major aid agencies and welcomed an invitation to attend the **EU Development Ministers'** informal meeting in Sopot, Poland. Recent upheavals in North Africa and the Middle East were on the agenda. Ministers discussed how to assist countries of the region in dealing with what became an extremely

difficult situation, which had virtually stopped development efforts in most sectors. The next agenda item was how to contribute to a positive outcome in Busan. We presented an update on progress in implementing commitments and the plans for launching HLF4.

Ministers were keen to discuss a broad range of issues: shortfalls in transparency and aid predictability; difficulties in assessing development results; dealing with bureaucratic structures; achieving more efficiency in providing and receiving aid; coping with fragmentation; enhancing the role of the private sector and parliamentarians; recognising the contributions of SSC and triangular cooperation; using aid as a catalyst; mobilising domestic resources of partner countries; and keeping the Busan statement "simple". In summing up, the Polish minister chairing the meeting expressed the EU ministers' endorsement of the priorities guiding WP work and pledged continued political support.

The Commonwealth represented a unique mix of member states comprising aid providers, recipients, members with a dual recipient / provider role, and fragile states. We made efforts to arrange an invitation to address the **Commonwealth Finance Ministers'** meeting on the margins of the World Bank / IMF Fall meetings in Washington, DC. The invitation received provided an opportunity to address senior finance officials and, subsequently, the finance ministers' session. I reported on WP progress, identifying challenges and opportunities ahead, and fielded many questions from the floor. The awareness of these officials of the issues at stake and of partner countries' priorities was quite impressive.

In summing up the meeting, Finance Minister Pravin Gordhan (Gordhan, 2011) acknowledged the progress made, but urged developed countries to meet their commitments. He suggested more focus on improving transparency, increased use of country systems, risk management, climate change, mutual accountability, engaging non-DAC actors, and post-Busan aid architecture. He also noted that a new approach to effective partnership was emerging, shaped by SSC, the contributions by emerging economies and a greater sharing of responsibilities by developing countries in promoting their own development. The overall endorsement of WP progress and direction – expressed at the end of the meeting – was a significant step in securing Commonwealth support and active involvement in HLF4.

Another prime objective in Washington, DC, was to address a **WB special ministerial luncheon** on the margins of the WB / IMF meeting, which was a follow-up to the Spring meeting.[23] There were 25 ministers and senior officials at the table who received progress reports from Brian Atwood on behalf of the DAC and I as WP co-chair. We shared the latest preparations for Busan and the expected outcomes. Ministers were satisfied with progress and stressed the importance of a politically-oriented Busan document. We urged them to help mobilise other political leaders to participate at the Busan Forum.

There is no doubt that these timely interactions with political leaders through high-level meetings contributed significantly to our success in Busan.[24] We made the point to share with them candidly both the progress and the difficulties we had been facing in seeking acceptable compromises in drafting the Busan outcome document. Their feedback and suggestions proved invaluable in clarifying *their political priorities*. The political endorsement of the document must be attributed at least partly to having gained their confidence and listened to their priorities *in advance of the event.*

6.2.3 Changing of the guard!

Accepting the nomination to serve as WP co-chair in March 2009 was both an honour and a huge responsibility. One of the things I was not counting on was a change in my co-chair partner. In a surprise move, however, Koos Richelle announced stepping down from co-chairing in

23 The luncheon was co-hosted by Mulyani Indrawati, WB Managing Director; Enna Park, Korea's Director General of International Cooperation; and Brian Atwood, DAC Chair, on 25 September 2011. In attendance were ministers / senior officials from partner countries and aid providers, World Bank and OECD representatives. Countries included Australia, Germany, Sweden, the United Kingdom, the United States, the EC, Bangladesh, Colombia, Egypt, Ghana, India, Indonesia, Mali, Mexico, Rwanda, South Africa and South Korea. I served as the meeting facilitator, presenting a progress report and fielding questions from around the table.

24 Other meetings were organised with the ACP/Francophonie and with International Cooperation ministers in Germany and the United Kingdom, as well as with the EU Development Commissioner. Similar briefings were presented at the AU ministerial meeting in Addis Ababa. While it was not feasible to meet with the G20 senior officials, a draft outcome document was sent and a positive response received.

November 2010 due to an EC Council decision appointing him as DG of Social Affairs. This was unwelcome news to me, as we had been working quite well together as a team in guiding WP activities for more than 18 months. Koos left his mark on the approach we adopted and must be credited for his share of what the WP accomplished later on.

The search for a new co-chair finally led to the appointment of former Dutch Minister of International Development Bert Koenders as co-chair, starting in the spring of 2011. Bert's ministerial experience and commitment to development cooperation issues were clear assets. Meanwhile, Eckhard Deutscher's term as DAC chair ended in December 2010, and the search led to the appointment of Brian Atwood as chair as of January 2011. A few months later, Richard Carey retired after many years of service as Director of the Development Co-operation Directorate. Richard had been a strong supporter in providing advice based on his long experience at DCD.

These leadership changes caused initially some uncertainty at a time when all of us were looking for stability and smooth sailing in what was becoming somewhat turbulent waters ahead. However, the new leadership brought fresh thinking, which reinforced the base built under outgoing leadership. My closest working relationship was obviously with Bert Koenders, with whom I spent many hours to update him on various issues and harmonise our somewhat different views on how to approach future decisions.

But these changes were certainly not the last. Bert was called in September 2011 to take up his post as UN S-G special representative in Cote d'Ivoire more or less immediately – a post for which he had applied months earlier. The news broke during the WB / IMF ministerial luncheon meeting, causing discomfort among ministers, who urged that an immediate replacement had to be found. An emergency meeting of the WP Bureau was called that day to discuss the issue. Prospective high-calibre candidates were suggested and time was of the essence. But I became apprehensive about having a new co-chair at this eleventh hour to share responsibility, with the delicate negotiating phase about to start in a few weeks.

After much reflection, I stated that I was prepared to take full responsibility to chair the WP. The newcomer would rightly require detailed briefings about actions taken since April 2009 and would express

how he / she would propose to co-manage. In my opinion, there was no time to harmonise approach differences and no guarantee of compatibility. The last thing the WP needed was to be guided by two co-chairs who might not see eye-to-eye on some fundamentals. Meanwhile, Bureau members were doubtful about the prospects of finding a suitable candidate *immediately*, but they were also understandably apprehensive about the risk of me managing on my own. The meeting ended with me stating that I would consider stepping down should members insist on a replacement. I simply did not wish to take responsibility for the unknown consequences of managing with a new co-chair at this late hour. This seems to have settled the matter, and an announcement was made shortly afterwards about my appointment as chair of the WP.

6.3 Reporting survey results

Given the considerable volume of activities since Accra, it was time to take stock of progress. Two major exercises were undertaken: the OECD/DAC Third Monitoring Survey and the Evaluation of Phase 2 of the Paris Declaration; the latter was carried out by an independent team of evaluators.

1. Third Monitoring Survey: What did all the consultations and actions produce in concrete results on the ground? What results were tangible enough to support partner countries' push towards more sustainable development? Two results-scenarios were conceivable: one would plead for more time to generate results, as the tough global recession was not conducive to accelerating the pace of progress; the other would argue that enough time had gone by and, given sweeping expressions of support by stakeholders, we should have expected positive results by now.

   The third Monitoring Survey was launched in January 2011 with a reporting deadline set for the end of March (OECD, 2010g). The Survey Report (OECD, 2011d) outlined the findings about the 2010 status of implementing commitments. The following paragraphs quote from the report. The key finding stated that:

> *The results are sobering. At the global level, only one out of the 13 targets established for 2010 – co-ordinated technical co-operation (a measure of the extent to which donors co-ordinate their efforts to support countries' capacity development objectives) – has been met, albeit by a narrow margin. Nonetheless, it is important to note that considerable progress has been made towards many of the remaining 12 targets.*

There had been considerable variations in progress "across donors and partner countries" since 2005. Partner countries made significant progress in the quality of tools and systems for financial planning and results-management resulting from "deep reforms" that went beyond aid to address broader government processes. It was hoped that the exchange of information and experiences among partner countries would motivate those lagging behind to accelerate the pace of reform. Where results required joint actions by partner countries and development partners, stakeholders at the country level often cited constraints imposed by the headquarters of many of the latter – constraints mainly of a political nature. Box 7 sums up key findings.

Were these overall results disappointing? Absolutely, especially for those who were deeply immersed in activities to facilitate progress and who had been encouraged through repeated announcements which confirmed that both political and technical measures would be taken to honour them.

Box 7: Aid effectiveness 2005–2010: An overview of progress

Substantial progress in:

- Sound development strategies in place – no. of countries more than triples since 2005
- Results-oriented frameworks for monitoring progress in 25 per cent of 2005 survey countries

Moderate / mixed progress in:

- More non-state actors involved in development strategies, but challenges remain in providing enabling environment for CSOs to play their role

Box 7 (cont.): Aid effectiveness 2005–2010: An overview of progress

- Capacity development efforts were mixed; technical assistance still mainly supply-driven
- For PFM systems, more than one-third of partner countries introduced quality improvements, whereas one-fourth experienced setback in quality
- Aid providers made somewhat more use of country systems, but this has not been systematic in areas where these systems were made more reliable

Little or no progress in:

- Untying aid in participating countries
- Implementing common arrangements for joint analytic work and missions
- Dealing with aid fragmentation, which has increased
- Medium-term aid predictability, which improved in isolated cases rather than being the norm

Setting up mutual reviews of performance, based on broader participation

Source: OECD (2011d, Executive Summary)

One must, however, take heart in that significant progress was made in a few critical areas, as detailed in the Survey Report. One of the significant findings was that more partner countries had gone ahead with reforms, unpopular and challenging, to put their own house in order *for their own sake*, not merely to meet commitments. These reflected a healthy change in behaviour, which would ultimately enable more partner countries to exit aid and become self-reliant.

2. Independent Evaluation of the Paris Declaration – Phase 2**:** The independent evaluation had two phases: Phase 1 was completed in 2008 and Phase 2 in May 2011, which was in time to provide updated, concrete evidence for HLF4. Both phases dealt with a wide range of aid effectiveness issues. Phase 2 comprised more than 50 studies in 22 partner countries and across 18 donor agencies in addition to several thematic studies (Wood et al., 2011). The evaluation responded to three key questions:

- What were the factors that shaped and limited implementation of reforms?
- What improvements were made in aid effectiveness?
- What contributions did such improvements make to sustainable development results?

Boxes 8 and 9 give a condensed summary of conclusions and recommendations. An independent audit confirmed the report to be "*trusted as independent, evidence-based and adhering to international standards of quality evaluation*" (Patton & Gornick, 2011). These reports gave the negotiating group – which had yet to meet – plenty of food for thought.

Box 8: Summary conclusions

- First, the Paris Declaration proved relevant to improving aid quality and resilient in withstanding the negative effects of global crises; it raised expectations for rapid change and higher norms and standards – leading to an aid situation based on greater transparency – and became less "donor-driven" than it was 20–25 years ago.
- Second, of the five Paris Principles, country ownership advanced the most, with alignment and harmonisation progressing unevenly, and managing for development results and mutual accountability showing the least progress.
- Third, although the quality of aid improved, there was no evidence of a reduction in the overall burdens of aid management.
- Fourth, there was lack of transparency and data reliability in "*other forms and flows of cooperation beyond the current scope of the Declaration*", thereby urging the adoption of transparency and mutual accountability principles to these flows, which amounted to as much as one-quarter of OECD/DAC aid flows.
- Fifth, expectations about rapid reforms were unrealistic and unreasonable, and a wider perspective was needed to carry out these reforms to their full potential.

Source: Author

The intent was not to replicate another Paris or Accra in drafting the Busan Document, but to become more ambitious and set our sights higher to put in place an architecture that would motivate, press and engage the international community to really deliver in earnest what had been pledged.

Based on these evaluations, why have many aid providers consistently lagged behind in meeting their commitments under Paris, relative to the pace of reform undertaken by most recipient countries? Although the latter have more reform work ahead and show varying paces of progress, why is it that many of their providers, equipped with more resources and institutional capacities, have been resistant to reforming their own systems and policies? If the Paris Principles were not in their interest, why did they endorse them unanimously? Could it be bureaucratic inertia or opposition on the part of their agencies or politicians? Did / do they feel some reforms threaten vested interests? Was the risk of changing policies and practices higher than acceptable? And, if so, what about sharing risk management? Or – as argued by some – do such reforms require much more time than we had anticipated? I personally do not subscribe to the last "excuse", because experience shows that similar – or even more challenging – actions have been taken when there was enough political will and determination to act.

Were we heading once more to a repeat scenario in which we organise another HLF, listen to energising political pledges, spend limitless hours in consultations – not to mention allocating significant financial and human resources – only to end up a few years later with similarly disappointing results? Let us see what Busan could contribute to change this gloomy outlook to one that is more promising.

Box 9: Recommendations of the Independent Evaluation Report

The report addressed policy-makers in partner countries and development partners and agencies, urging them to:

a) make the hard political choices and follow through to achieve desired results;
b) focus on transparency, mutual accountability and shared risk management;
c) reinforce aid effectiveness efforts at the country level to take due note of national contexts and encourage multi- stakeholder involvement;

d) extend aid reform gains to all forms of development cooperation; and
e) reinforce the improved international partnerships in the next phase of reforms.

For policy-makers in partner countries:

a) take full leadership and responsibility for reforms in their respective countries;
b) set strategies and priorities for strengthening capacities;
c) intensify political priorities and actions to combat poverty, exclusion and corruption.

For policy-makers in aid-providing countries:

a) match crucial global stakes in aid and reform to better deliver on promises made;
b) face up to and manage risks honestly and admit failures;
c) intensify peer pressure on free-riders for more balanced efforts by aid providers.

Source: Author

Box 10: Excerpt from the Arab Funds' Statement of Resolve at Busan

"We are prepared to play an active role in the post-Busan Development Agenda. We believe that this Agenda will be built on the values of solidarity and global partnerships and would include the principles of sustainable and equitable development. We commit to building a broad paradigm based on the new development landscape and involving all resources and all actors in line with Goal 8 of the MDGs and in the continuation of the Monterrey Consensus. The experience of the Coordination Group in development issues and the close relations its institutions have built with the developing countries as beneficiaries and shareholders are most valuable. We believe that the Group is in a particular position to play an active role in the international efforts to devise a post-Busan architecture that integrates aid efficiency and development effectiveness."

Source: Arab Funds of the Coordination Group (2011)

7 Negotiating the Global Partnership: Processes, issues and outcomes

"Partnerships are commonly defined as voluntary and collaborative relationships between various parties, both State and non-State, in which all participants agree to work together to achieve a common purpose or undertake a specific task and to share risks, responsibilities, resources, competencies and benefits."

Towards Global Partnership, Report of the UN Secretary-General

Getting ready

Given more than two years of interactions and consultations since Accra, and armed with the not-so-positive monitoring results, WP members had to take another look at their preparatory plans for Busan to see what could be done to take this fresh evidence on board. I felt that the disappointing evidence had a silver lining. Properly used during negotiations and during the Busan Forum, poor delivery could become a powerful incentive for all to double their efforts. It was not more effort that was to be sought; we had to identify and push in the *right direction to hit priority targets*. We also had to be mindful of the continuing changes in the global scene, which, as in the case of development assistance, had failed to deliver on many fronts, including world-trade issues and persistent economic slowdown.

Our review of preparations led to agenda fine-tuning to highlight issues on results, delivery at the country level, engaging the emerging economies and middle-income countries, and addressing the needs of fragile states. We now turn to examine the processes, challenges and outcomes of negotiating the Global Partnership for Effective Development Cooperation (GPEDC). Negotiations generated a considerable amount of substantive information and technical details accumulated over several months, if not years. Our purpose here is to portray an authentic account of the dynamics of the process and highlight agreements and differences among negotiators. In so doing, only a sampling of interactions is used to spare readers unnecessary elaboration.

7.1 Preparing to negotiate: The soft phase

By October 2011, a negotiating team was officially formed. However, a soft negotiating phase (which turned out at times not to be that soft) had started months earlier with WP members articulating their positions and applying pressure to have their priorities included in early drafts of the document.[25] This was not unexpected, of course, but we, as co-chairs, soon discovered that the earlier consensus reached on certain issues often did not hold in the face of these pressures. This was lesson No. 1. Others were to follow soon.

To bring more focus on content and priorities, a "living document" (Box 11) was drafted early that year as a trial balloon to see how political leaders would react. This was *not* a first Busan draft document but only a preliminary outline of ideas for content. Once feedback was received, the narrative was endorsed by WP members in plenary and became the basis for creating a "proper" draft. Yet, despite our assurances as co-chairs, some WP members suspected that we – in cooperation with members of our Bureau – crafted something akin to a semi-final document. As discussions progressed, however, these suspicions faded away and we gave a sigh of relief. The worst thing that could happen at that delicate stage – in which we were in the process of building mutual trust among negotiators – was for there to be suspicion that a second agenda was in the making.

Anyway, we hoped that a final version would be ready after a third revision. This turned out to be overly optimistic. We went through five drafts by the time we arrived in Busan; even then, last-minute hitches threatened the whole exercise with failure. The old saying "the devil is in the details" proved true in the drafting exercise. As co-chairs, we were obliged – as well as committed – to go through a lengthy process to avoid

25 What had gone unreported and is duly acknowledged here is the exchanging of views during informal lunches, working dinners and coffee breaks, which facilitated interactions among members of others' views and attempted to narrow differences. WP co-chairs, vice chairs and the DAC chair took advantage of such occasions to keep updated on how stakeholder groups' views and priorities were evolving and clarify issues that members considered confusing or appeared inconsistent with what had been discussed in formal meetings. These exchanges contributed positively to the success of negotiations.

allegations of lack of transparency and "back door" arrangements. This was lesson No. 2.

The heart of the negotiating process lay in how negotiators handled various drafts and in the power plays some used to make a point and, at times, bring the process to a virtual standstill. We realised the sensitivity and critical importance of managing differences in a way that allowed for the open expression of opinions, all while avoiding transforming the WP membership into an 80-person editing committee dealing with every word in the draft. That was not easy, as words mattered.

- **The first draft** (OECD, 2011c) was discussed in July at a full WP meeting, based on the *Partner Countries' Position Paper; a Menu of Options*; and stakeholders' comments. Members agreed with the proposed "political" messages and urged that post-Busan monitoring should be "strategic", avoiding lengthy surveys, focus on the country level and be guided by partner-country priorities. The implementation of Paris and Accra undertakings was reaffirmed. These were strategic decisions framing the next revisions.

- **The second draft** (OECD, 2011d), discussed in October, had more of a political and actionable focus and was kept short. It had a preamble, pointing out relevant global changes and underlining the goal of "*forging a new global development partnership based on shared principles while recognising diversity of contexts, aid providers and delivery modalities*". These terms were vigorously debated – causing dissent and disruption of negotiations as we will see later – but they became core points in the final outcome document.

  A second section dealt with areas to improve aid effectiveness, including ownership; results and accountability; transparency; as well as fragility and conflict situations. A third section discussed how to go "beyond aid to development effectiveness", referring to knowledge-sharing, the role of the private sector, corruption and climate change finance. The last section was forward-looking, aiming at linking development cooperation with the MDGs and stressing implementation of agreed commitments.

  Discussions were lively and at times emotional, as they reflected widely differing views. The debate was enriching and often led to more substantive text. Ownership was redefined as "democratic ownership",

including CSOs and parliament, in addition to government; reference was also made to gender equality. Accountability also included CSOs' commitment to the Istanbul Principles. Emphasis was placed on achieving results for partner countries. Stronger text was suggested for the themes of transparency and aid predictability. State-building and peace-building issues in fragile states were given priority. The post-Busan agenda was to include South-South and triangular cooperation, capacity-building, the private sector and corruption issues. On climate change finance (not a WP mandate), those in charge were to be urged to heed the lessons learnt from aid effectiveness.

A post-Busan group was to work on institutional and monitoring structures, based on partner-country ownership and leadership, bringing development actors together in a global partnership, and adopting a multi-track approach that differentiates between those who endorsed Paris and Accra and "newcomers" to the Partnership. Indicators were to be flexible and tailored to country contexts without ignoring global aspects to ensure accountability for progress in differentiated commitments. It was encouraging to note the emerging conversion of views and consensus on key points, though controversial issues remained, such as aid untying and fragmentation. All in all, the review was meticulous, and amendments were included in a third draft to reflect agreements reached.

- **The third draft** was sent to ministers and heads of delegations for review. It was by no means perfect, but it was the best WP members could endorse as being forward-looking and ambitious, yet realisable in goals and actions. This was no mean achievement; credit was due to all WP members for their efforts. The next step was to refer the draft to the formal negotiating group to review and finalise it.

7.2 Formal negotiating phase

7.2.1 Nomination of Sherpas and terms of reference

The task of finalising the outcome document was assigned to a group of Sherpas representing political constituencies. Nominated persons had the mandate to negotiate on behalf of ministers and/or heads of organisations,

and the responsibility to consult with their constituencies (OECD, 2011e). The WP chair, Bureau members and the Secretariat were to adhere to full transparency throughout the process. Box 12 lists the Sherpa group composition of 16 members plus the WP chair. Those meeting to address the terms of reference were to discuss the third draft to ensure political consensus on the final version and representation of all heads of delegations; and to guide and oversee the drafting of the final text.

7.2.2 Negotiating sessions

- **First meeting** (OECD, 2011f): The group was first convened on October 27 through a teleconference call, during which the third draft was introduced, pointing out points for which no consensus had been reached: aid untying, medium-term predictability, transparency, aid architecture, climate change finance, post-Busan arrangements and how to apply a differentiated approach to stakeholders with varied commitments. Two more meetings were scheduled in Paris on November 4 and 18. Draft revisions were made available to all delegations following each meeting. To ensure continuity, members were to attend meetings in person, with one non-participating observer allowed per Sherpa.
- **Second meeting**: The second meeting was held on November 4, with Enna Park, Korea's delegate and WP vice-chair, chairing in my absence while I was on a short medical leave. Discussions led to agreed amendments to the preamble to refer to human rights, poverty alleviation, North-South cooperation and use of country systems. The text on "Differentiated responsibilities and commitments" clarified that indicators and criteria for North-South cooperation did not apply to South-South and triangular cooperation. Enna handled that meeting with her usual diplomacy and tact.

Aid untying was problematic. Full untying by 2013 was unacceptable to Japan and the United States for "political reasons", but a move towards further untying of technical assistance or more local procurement could be explored. The EU was not prepared to go beyond the Accra Agenda for Action commitments. The United Kingdom could accept a compromise that further untying be specific to certain kinds of aid. Mexico was in favour of the UK proposal.

On transparency, the aims of different standards for publishing aid information needed to be clarified, and support for statistical reports on aid flows added. Japan could not adhere to a single standard and expressed concern about setting timelines. China did not consider these standards applicable to South-South cooperation. The United Kingdom and Rwanda argued that commitments to improving aid quality (ownership, results, accountability, transparency and predictability) should apply to all development actors.

Medium-term predictability was to be achieved through rolling three- to five-year forward expenditures, as agreed in Accra. China maintained that this applied only to North-South providers. The United States objected to "introducing structural and legal reforms where needed" to meet predictability commitments, and was unable to go beyond a one-year time frame due to "political realities". No agreement was reached. Aid fragmentation also posed difficulties. Rwanda's proposal to set targets for 2013 to implement Accra commitments was not accepted. On climate change finance, it was acknowledged that the United Nations Framework Convention on Climate Change was the appropriate forum; the intent was to urge the use of lessons learnt from experience in development cooperation. China maintained that HLF4 was not an appropriate forum.

As for global structure issues, a "global light" structure was agreed, with monitoring at the country level without ignoring global monitoring aspects. France and the EC called for a limited set of indicators to be chosen from those available, and Mali suggested indicator simplicity. An OECD/UNDG Secretariat was to serve the needs of the Global Partnership.

Looking back, negotiations during the second meeting were mostly exploratory, as members were "testing the waters" to assess the extent to which the draft's flow and contents could be influenced. Member defended their own constituents' interests by taking firm (or rigid) positions, at least initially, seeking concessions before showing signs of compromise. The end result was modest in reconciling viewpoints and reconfirming commitments made earlier. It was obvious that tough negotiating lay ahead.

- **Third meeting**[26]: Mindful of tightening time constraints, I appealed for more of a focus on unresolved issues. Nevertheless, this turned out to be a long session. A small sample of members' interactions suffices to convey the flavour of the session. To start with, agreement was reached on transparency by accepting suggestions as to where it should be placed in the text. It was finally included as a principle linked to accountability in the preamble (OECD, 2011f). BetterAid wanted a reference to social protection; France to the private sector; the EU to public-private partnerships; and Rwanda to CD. These were accommodated in the text while keeping it short (OECD, 2011f).

Differentiation of responsibilities among actors remained a difficult issue, with China repeating its argument that this should be made explicit and inserted in the preamble. A suggested reference to "common goals, differentiated commitments and an aspiration to implement" was considered but not accepted. France preferred the emphasis on complementarity rather than differences among aid providers. The issue remained unresolved. On middle-income countries, Mexico argued that they were both aid recipients and providers who "have a right to ODA". This was not contested.

On aid untying, difficulties persisted. Japan did not accept untying of all aid by 2015, claiming this would reduce public support for its future aid. The United States suggested that the goal should be to untie aid beyond DAC recommendations and planned to increase the use of local institutions in aid delivery. Partner countries, led by Bangladesh and Rwanda, insisted on setting 2015 for all aid untying. Korea proposed "aiming to untie aid by 2015", with those unable to meet this target setting a timetable for more progress, but the EU and France objected. Mali and Timor-Leste argued for going beyond AAA commitments and adding an untying timetable. As differences persisted despite informal consultations during breaks, the issue was referred to the Busan ministerial meeting for resolution.

Likewise, issues of transparency, aid predictability, fragmentation, the role of multilateral institutions, and climate change finance continued to be

26 A working dinner was organised on the eve of the formal meeting to give members an opportunity to informally discuss areas of agreement as well as divergent views. This also helped them to get to know one another better.

controversial; although some compromises were reached, differences persisted. In summing up, I acknowledged the consensus reached on several issues, as indicated above, as well as on the setting up of a global partnership to replace the WP-EFF, limiting the number of indicators for country-level monitoring, and allowing a transition period to work on the specifics of the Partnership and indicators. As time was running out, remaining issues had to be discussed further by members upon arrival in Busan. A fifth draft, which was to be shared with all stakeholders, incorporated agreed amendments and was circulated on November 22. Members were to resume their sessions on November 28 in Busan.

7.2.3 Tough issues and high stakes

Some readers may wonder what all this fuss is about. It is worth pausing briefly to address this important question. Improving the effectiveness of aid (and other forms of development cooperation) is a complex task and process involving *real changes* in policies and practices on *both sides* that go beyond statements of good intention. What do these changes require? Let us take a look at some controversial issues such as aid predictability, transparency, fragmentation, aid untying, use of country systems and democratic ownership. We use three of these to demonstrate the importance of the issues at stake.

Predictability: Aid recipients rely on aid to varying degrees; all welcome (a few cannot do without) aid's inputs in supporting their development plans. Problems occur when received aid is not sufficiently predictable to allow medium-term planning (three to five years), which is standard for any sound development plan. In cases where a country is unable to predict what aid is likely to be received for that time frame, and where aid plays a significant part in implementing projects, disruptions arise. Predictability does not have to be 100 per cent, only reliable enough to permit planning to go ahead, with a degree of flexibility in case not all aid pledged is disbursed or delivered on time.

What about *fragmentation*? Picture a situation where a country receives aid from as many as 15–20 providers. While it is all welcome, they require institutional and human resource capacities to "manage the aid flow traffic", directing aid to priority sectors and minimising overlap and fragmentation of assistance in any given sector, which creates "aid

orphans and darlings". Compounding these difficulties is that many partner countries lack these capacities to cope and have yet to deal with corruption and the misuse of funds.

Democratic ownership: Traditionally, central governments in partner countries had a virtual monopoly over the management of development assistance (and designing / implementing national plans). Not only did this pattern lead to an absence of accountability; the use and impact of aid often failed to address pressing issues of poverty alleviation, gender equality and other social concerns. The use of "democratic" in defining ownership serves to broaden its meaning to include civil society and parliament as being important *partners* in development who have the right to hold a government accountable for its actions.

Given the logic of these arguments, why are we not witnessing more progress to resolve these issues when the answers are not hard to grasp? This was really the crux of the whole aid effectiveness debate. The preceding outline of interactions among negotiators demonstrates that there are two (or more) sides to each issue with vested interest in maintaining the *status quo* as a stumbling block to progress. Take ownership. Governments were most reluctant to give up any of their authority, let alone look forward to being held accountable by others. And this was not, by any means, a monopoly of partner countries alone. It takes enormous energy and courage to challenge a government to share power. The good news is that progress has been made, slowly but steadily. Use of democratic ownership in the Busan document sends a strong message to all.

What was stopping aid providers from dealing with predictability and fragmentation? First, the huge aid bureaucracy is famous for its inertia and resistance to change. Second, greater predictability implies a serious commitment to deliver as close to the predicted amount of aid as possible to avoid media questions and political embarrassments caused by failure. A lack of predictability gives more flexibility to aid providers, never mind the consequences to recipients.

Likewise, why worry about fragmentation? Aid providers usually have their own preferences in terms of countries and sectors – preferences that help minimise "headaches" caused by poor infrastructure, corruption, shortage of local skills, etc. They go where they can produce tangible

output (build more schools and hospitals), and raise the national flag to take credit for their contributions. Aid orphan sectors are not their problem.

Once again, there has been progress in dealing with these issues, and the compromise consensus among negotiators was encouraging, though it did not meet ambitious expectations from earlier. That is why Busan was considered both timely and critical in helping speed up the pace of progress. And that is why negotiations consumed substantial amounts of energy and time, and taxed negotiators' abilities and patience in reaching agreement.

7.3 Negotiating during the Busan Forum

7.3.1 Sticky issues

We had originally planned to finalise the outcome document prior to the start of HLF4. But we arrived with an unfinished document and had to continue negotiations. The Sherpas met on November 28 with a heightened sense of urgency. Yet many appeared – at least initially – reluctant to move towards a compromise to reconcile differences. They acknowledged the improvements reflected in the fifth draft but felt these had either not gone far enough or were ambiguous, and thus open to different interpretations.

The most "sticky" issues were well-defined: use of country systems; an enabling environment for CSOs; fragile states; and demands by China, India and Brazil as a condition to join the Global Partnership. The last of these issues proved decisive in whether efforts to forge a Global Partnership succeeded or failed. We review below how these contentious issues were resolved.

Use of country systems: Rwanda, Mali and Honduras insisted on the use of clear language that the use of country systems be the "default option". Rwanda's president later confirmed Africa's priorities to enhance the use of reformed country systems and African countries' plans to continue reforming them. The United States and other development partners opposed Rwanda's wording and the setting of deadlines to meet targets for greater use. France, Japan, the United Kingdom, and the United States

supported a World Bank proposal that country systems be part of the statement on "effective institutions" in the document. The United Kingdom offered a compromise text, but more discussion was needed.

I consulted with representatives of Rwanda and the United States to find acceptable wording that was more ambitious while taking note of the United States' concerns. These consultations – with both sides deferring to their principals for direction – lasted a few hours during and following the end of the official negotiating session of the day, until almost midnight on the 28th, and led to the following wording:

> *The use and strengthening of developing countries' systems remains central to our efforts to build effective institutions. We will build on our respective commitments set out in the Paris Declaration and Accra Agenda for Action to:*
>
> *a) Use country systems as the default approach for development cooperation in support of activities managed by the public sector, working with and respecting the governance structures of both the provider of development cooperation and the developing country.*
>
> *b) Assess jointly country systems using mutually agreed diagnostic tools. Based on the results of these assessments, providers of development cooperation will decide on the extent to which they can use country systems. Where the full use of country systems is not possible, the provider of development cooperation will state the reasons for non-use, and will discuss with government what would be required to move towards full use, including any necessary assistance or changes for the strengthening of systems. The use and strengthening of country systems should be placed within the overall context of national capacity development for sustainable outcomes.* (OECD, 2011a)

An enabling environment for CSOs: The rising restrictions on CSO activities by many developing countries in recent years had to be addressed in the outcome document to emphasise their role as development actors in their own right. CSOs were not satisfied with the wording used in the fifth draft and proposed stronger terms. Various options were considered and an agreement was finally reached on wording that stressed the need to provide an "enabling environment consistent with agreed international rights". The agreed text read as follows:

> *Civil society organizations (CSOs) play a vital role in enabling people to claim their rights, in promoting rights-based approaches, in shaping development policies and partnerships, and in overseeing their implementation. They also provide services in areas that are complementary to those provided by states. Recognizing this, we will:*
>
> *a) Implement fully our respective commitments to enable CSOs to exercise their roles as independent development actors, with a particular focus on an enabling environment consistent with agreed international rights that maximizes the contribution of CSOs to development.*
>
> *b) Encourage CSOs to implement practices that strengthen their accountability and their contribution to development effectiveness, guided by the Istanbul Principles and the International Framework for CSO Development Effectiveness.* (OECD, 2011a)

Fragile states' New Deal: The fifth draft made reference to the needs of fragile states. However, the g7+ Sherpa asked that the document reflect the language agreed by the International Dialogue on Peacebuilding and Statebuilding in the New Deal for Engagement in Fragile States, endorsed in other fora, including the International Network on Conflict and Fragility (INCAF) (OECD, 2011h). An agreed text was approved on November 29 (OECD, 2011a):

> *Fragile states are for the large part off track to meet the Millennium Development Goals (MDGs). Achieving these goals will depend on our active ability to understand the unique challenges facing fragile states, overcome these challenges, and promote foundations for lasting development. We welcome the New Deal developed by the International Dialogue on Peace-building and State-building, including the g7+ group of fragile and conflict-affected states. Those of us who have endorsed the New Deal will pursue actions to implement it and, in doing so, will use:*
>
> *a) The Peace-building and State-building Goals (PSGs) – which prioritise legitimate politics, people's security, justice, economic foundations and revenues and fair services – as an important foundation to enable progress towards the MDGs to guide our work in fragile and conflict-affected states.*
>
> *b) FOCUS – a new country-led and country-owned way of engaging in fragile states.*

c) *TRUST – a set of commitments to enhance transparency, manage risk to use country systems; strengthen national capacities; and improve the timeliness and predictability of aid – to achieve better results.*

7.3.2 Emerging economies: Dynamics of deadlock and compromise

Efforts to invite the participation of emerging economies – led by China, India and Brazil – dated back to HLF3 or earlier. These included visits to Beijing and other capitals by OECD officials; bilateral consultations by OECD ministers; joint studies, notably the OECD-China study; initiatives by Korean and Mexican officials; and exchanges between OECD and representatives of these countries during UN-sponsored events. UN events held special significance for China, India and Brazil, who believed the UN forum was more internationally legitimate to discuss development cooperation than the "OECD-led" fora, which could not claim to be as globally inclusive.

The reluctance (and outright refusal) by the three leading countries to take part in OECD-DAC WP activities was based on three factors:

- OECD was seen to have an inherent bias favouring OECD/DAC members and was bent on applying its aid principles and modalities worldwide while failing to recognise the increasing maturity of developing countries.
- OECD/DAC principles and practices were viewed as being incompatible with the underlying principles and practices of SSC, which promoted solidarity and the exchange of development experiences more than the provision of financial assistance.
- The relatively narrow OECD/DAC aid effectiveness agenda was viewed as being inadequate to address emerging issues in the broader development cooperation context.

Simply put, the lack of active dialogue between providers of SSC and the OECD/DAC has been due to a mix of ideological and conceptual differences of opinion.

Within the OECD/DAC membership, one could sense mixed feelings about SSC, especially in the early years of this century, with varying

degrees of scepticism about the lasting effectiveness of SSC and a lingering suspicion of the real motives behind it. Gradually, however, due to developing countries' positive reception of SSC and the emergence of evidence about its positive impact, attitudes towards SSC of traditional aid providers began to change, with guarded recognition that SSC had become a reality that is hard to ignore. These attitudes became more evident recently, as countries such as Japan, Germany and Italy agreed to participate in triangular cooperation initiatives.

Nevertheless, the progress in enhancing SSC providers' participation remained timid and constrained. As HLF4 preparations progressed, Bert Koenders and I as well as many DAC members intensified efforts to engage emerging economies in discussions to join the Global Partnership. Such a *global* partnership was not possible without China, India and Brazil. Visits by Brian Atwood, DAC ministers and UNDP Administrator Helen Clarke to Beijing reassured Chinese policy-makers that HLF4 was designed as a global forum, that the OECD/DAC was only one (albeit an important one) of the key stakeholders involved, and that the agenda was open to accommodate broader issues of development cooperation and recognise the importance of SSC. Similar messages were conveyed by Mexico to Brazil and by Korea to both India and China through the G20 development ministers' forum. These countries were invited to join discussions and nominate negotiating Sherpas.

In response to the invitation, Paris-based embassy representatives were nominated, but participation in discussions varied. Brazil was the most vocal, followed by China and lastly by India, which acted as an observer. Officially, all three insisted on maintaining an observer status, and I urged them (with limited success) to become "participant observers". Their presentations during the last few WP and Sherpa meetings reflected the official attitudes in the three capitals.

Brazil's views on Busan were made in a written statement referring to the changing ODA context over the past decades, greater maturity of developing countries and emergence of new agencies engaged in SSC and triangular cooperation. A re-evaluation of North-South cooperation practices, expansion of SSC and mobilisation of civil society and the private sector opened "space for a dialogue on much-needed, common strategies that tackle the real causes of poverty and hunger". To limit the debate to aid effectiveness without discussing key questions of trade,

finance, technology, etc., would result in "minor and inefficient results". There was no reason to adopt DAC-set models by others. It was necessary for all parties to debate the interactions between major structural factors affecting development, and ensure the existence of strong local focal points in developing countries with the capacity to indicate what they needed and did not need.

Brazil decided to "be present" in Busan to share its views, and recognised OECD efforts to create an aid agenda to improve impact. But different approaches between North-South and South-South cooperation limited the intent to establish aid effectiveness as a "global standard". "*The principle of non-intervention in internal affairs of partner countries; absence of political conditionality; respect to local sovereignty; and demand-driven approach, were singularities of South-South Cooperation.*" Mutual recognition of ODA and SSC providers about their respective practices and overcoming "historic prejudices" was a first step to finding common grounds and exploring the comparative advantages of all actors. Brazil was ready to discuss proposals for joint actions but initiatives coming out of Busan should be committed to on "a voluntary basis" to facilitate conciliation of converging strategies under the principle of "common but differentiated responsibilities" (Government of Brazil, 2011).

Brazil's second submission, three days prior to HLF4, reiterated the need to differentiate responsibilities and commitments of stakeholders; asked for clarification of certain wording and suggested inserting "diverse" to recognise that SSC was about exchanging development experiences more than financial flows; and repeated that implementation had to be voluntary for SSC providers in issues such as transparency to which they made no prior commitments. In addition, Busan was not the appropriate forum for climate change issues, which were the domain of the United Nations Framework Convention on Climate Change.

India had been providing development assistance for many years, especially to its neighbours in Asia, and recently expanded its assistance beyond that region. Its impressive growth during the past 12–15 years, willingness to become more active as an SSC provider and rising importance as a leading member of the G20 were signs of its potential contribution to development cooperation. India's WP representative presented its position on HLF4 – a welcome move especially since India had until then been a silent observer.

He urged traditional aid providers to meet their commitments; rejected the one-size-fits-all approach to development cooperation; stated that aid was a complement to trade and investment to achieve sustainable development; and argued that negotiations succeeded only when "all stakeholders were on board". "*An inclusive partnership with common but differentiated approach will be the key to the success of the Global Partnership*". India was concerned that ODA delivery fell short of commitments, and proposed a statement to refer to non-interference in internal affairs, equity among development partners and respect for developing countries' independence, sovereignty and culture.

China's participation in negotiations was constrained by instructions from Beijing to refrain from making any commitments. The China WP member occasionally intervened to explain China's reluctance to join an OECD/DAC process to set its standards as global standards. I had had telephone consultations with senior levels in Beijing to persuade them to become more active, with little result. The UK Minister for International Development, Andrew Mitchell, approached senior government levels in Beijing to secure China's willingness to attend HLF4 without making commitments. In Busan, China maintained its position without giving any indication of moving towards a more active participation.

It became clear later that Brazil, India and China had been consulting to present a unified position on the proposed Global Partnership. While progress was being made up until late evening on the 29th – when Sherpas endorsed all amendments negotiated so far – the best that the three SSC countries offered was to "attend Busan but make no commitment to endorse the document". The Sherpas' meeting adjourned around 9.30 pm, still with a big question mark as to whether the three countries would join. We were rapidly approaching the time when we had to announce to the HLF4 plenary the result of negotiations, which continued well beyond what had been planned.

Mark Tran reported in a Guardian Blog that:

> *China pulled out of talks to form a global partnership. China has snubbed rich countries in their attempts to establish a worldwide partnership on aid effectiveness, saying it is not ready to endorse a partnership for global development. China had been participating in pre-conference talks that have been going for months on a summit draft outcome document, and negotiators from OECD countries had been*

> *hoping – naively according to some observers – that it would sign off on a Busan agreement … Those hopes were dashed when a Chinese official, Zhu Hong, arrived on Monday afternoon and told Talaat Abdel-Malek, chair of the working party on aid effectiveness, that China was not ready to endorse a partnership for global development. Brazil and India have also decided to stay outside of the Paris-Accra-Busan framework in a blow to attempts to forge a common front on aid.* (Tran, 2011)

This was the last thing negotiators needed to hammer out an acceptable document all round. It was learnt very late that evening that, following consultations between their capitals, China and India prepared a proposal for a text change / addition as a condition to engaging in negotiations. The one-paragraph text was handed to me in the early morning of November 30. It stated that the principles, commitments and actions agreed in the outcome document shall be "*the reference for South-South partners on a voluntary basis*". This was a movement in the right direction. At a DAC ministerial breakfast meeting the same morning, Brian Atwood and I updated ministers on progress and referred to the China / India proposal. Ministers, except for Canada, expressed support for progress made and viewed the proposal as a breakthrough. Politically, this implied tacit agreement by the majority of DAC ministers to accept the proposal. Atwood assured the meeting that this was an opportunity not to be missed by DAC members.

The Sherpas' reactions to the proposal were guarded and mixed; some were inclined to reject it on the grounds that a global partnership must be based on shared principles without making exceptions. The United States, the United Kingdom, Rwanda and others pointed to the contradiction between the statement, to which both China and India agreed, that "*we are all part of a development agenda in which we participate on the basis of common goals and shared principles*" and proposed insertion that the principles shall be adopted on a "voluntary basis". The mood of the meeting was unsettled, and there was scepticism about the prospects of agreement. I felt that it was both urgent and crucial to reconcile differences to accommodate the China / India proposal, as I believed that a *global* partnership without them would be questionable.

To add to the tension, Brazil's representative asked for the floor before noon on November 30, announcing Brazil's "endorsement of the Outcome Document" if the document was modified as proposed by China and India. The meeting adjourned for lunch and I urged members to reflect on the

proposal and Brazil's conditional endorsement. The proposed amendment was the most controversial issue of the whole negotiations. On resuming negotiations, the United States and Rwanda requested a long break to consult with their principals. Rwanda reported that it had received a green signal to accept the proposal. But the United States asked for more time to get in touch with Secretary of State Hillary Clinton, who was on her way to other meetings in Asia. Finally, the proposal was accepted, provided both China and India make a public statement that they would endorse the document once the amendment was made in the text. Enna Park met with the Chinese head of delegation, who confirmed that understanding.

The Sherpas' meeting adjourned around 8 pm with a sense of relief that the prospects of a Busan Global Partnership document were in sight. Shortly afterwards, I was informed that the Chinese and Indian delegates were insistent on moving the proposed paragraph to become paragraph 2 in the preamble, arguing that it should be part of the overall context of the document.

It was 9.30 pm and there was no time to waste. I decided to meet with delegates of the three countries, and invited Jon Lomoy, Director of DCD, to join. We went over some "minor" refinements in the wording and placement of the paragraph. Final agreement was reached after two-hour on-and-off consultations with the three delegations and between them and their principals, ending close to midnight on the 30th. The amendment read as follows:

> *Both in nature and modalities and the responsibility that apply to North-South Cooperation differ from those that apply to South-South Cooperation. At the same time, we recognize that we are all part of a development agenda in which we participate on the basis of common goals and shared principles. In this context we encourage increased efforts to support effective cooperation based on our specific country situations. The principles, commitments and actions agreed in the outcome document in Busan shall/must be the reference for South-South partners on a voluntary basis.*

Walking out of the conference centre to find a taxi back to the hotel, we shared a sense of relief and accomplishment. Delegates were about to launch the much hoped for Global Partnership with the prospects of turning a new page in the evolution of development cooperation. We were under no illusion that our mission was fully accomplished, as much work

lay ahead. But for now, there was cause for celebration. At the hotel lobby we ordered a beer and a bite to eat before retiring to our rooms. It was approaching 1.00 am on December 1.

The Sherpas met for the last time in the morning of December 1 and were informed of the latest results. The issue was whether to approve moving the text to become the second paragraph of the document. This was not enthusiastically received initially, but was later agreed, bringing our work to a successful conclusion. At last, we had secured consensus on an outcome document to establish the Busan Global Partnership for Effective Development Cooperation. What was left was making the big announcement. The news hit a positive cord with Busan delegates and took the news media by surprise. We had finally delivered!

7.4 Lessons learnt

The negotiating experiences, which lasted several months and were concluded successfully, offered some valuable lessons. A reflection on the negotiating process, its ups and downs, continued uncertainty to the very end, and its final outcomes generated some insights that are worth sharing.

- The early "soft" phase of negotiations proved valuable in putting key issues on the table and identifying stakeholders' priorities without the pressure to take firm negotiating positions. Its downside was that an 80-member group could not, and should not, become involved in "word editing and negotiating". It took much effort to dissuade members from doing so.
- The timing and duration of the formal negotiating phase could have been more generous, as it was too optimistic to plan only three negotiating sessions. With hindsight, more time should have been set aside to avoid the risk of undue pressure, which was exactly what happened. We did not seriously think that negotiations could spill over to continue during the Busan event.
- Considering that negotiators were not the final arbiters on key issues, they needed more time to consult with their principals. This caused unforeseen delays, as occurred in the last hours of negotiations. One wonders if this could have been avoided if more senior negotiators had

been negotiating, though dealing with technical issues required more technical hand-on experience.

- Although never confirmed, some suspected that the Global Partnership might be an excuse to back off from Paris and Accra commitments. Partner countries were particularly sensitive about this issue and maintained the emphasis throughout on having clear reference to implement these commitments. This also illustrated their ability to coordinate and portray a common position on priority concerns. The Partner Country Contact Group and Country Caucus played a critical role in this respect.
- Despite a common front on some issues, traditional aid providers (DAC members) were divided on others. Japan and the United States, in particular, opposed proposals calling for more ambitious reforms (aid untying, predictability, and use of country systems). Last-minute compromises were reached only after their principals approved. This illustrated the reluctance of a few major providers to "lead" the reform process, and did not sit well with partner countries or receive support from providers such as the Nordic Plus Group. The implications of these reactions to the Global Partnership need to be considered.
- The original ambition for a bold Busan outcome was watered down through the compromises referred to earlier. Some lamented this dilution, but sticking to original expectations was not realistic. Negotiations are the art of the possible! The less ambitious outcome, however, retained enough substantive commitments, which – if properly carried out – were enough to change the deeply-entrenched "business as usual" setting. We did our best to distinguish between fundamentals as non-negotiable and other issues (important as they are) where give-and-take flexibility became essential to reconcile views. Time will tell if we applied the right approach.
- Most negotiations experience one or more "turning points" that change the course of negotiations, for better or for worse. This was best demonstrated by the changing positions of emerging economies – from acting as strict observers without any commitment to Busan to softening their stances to engage in discussions and, subsequently, to making demands as a precondition to joining. Brazil's bold and timely statement of its willingness to endorse the document (conditional on

accepting wording proposed by China and India) injected a ray of hope in what was becoming a depressingly hopeless scenario. Managing stressful negotiating situations with patience and clarity of the end goal, and keeping lines of communication with everyone open at all times, proved necessary to rescue the exercise from collapse.

- Negotiators were not equal! I identified negotiating blocks (formal and informal) early on and gradually learnt the priorities that each was pushing. Essentially, there was the EU, the United States, Japan, the Nordic Plus Group, the United Kingdom (also representing New Zealand), developing countries, g7+, UNDG and the World Bank, in addition to CSOs and China (the latter frequently acting as an observer unless negotiators addressed an issue to the China delegate and she had instructions from Beijing to speak). But these were not stable blocks. It was instructive to watch how alliances formed to present a unified front regarding an issue, and once resolved these alliances dissolved.
- The toughest negotiators were Japan and the United States, which "stuck to their guns" on critical issues (including aid untying for example), giving the rationale that their countries' current position was major policy that could not be reconsidered without top-level (and in the case of the United States, congressional) involvement. The challenge here was how to apply enough pressure and gain time by persuading the opposing delegate(s) to contact top-level policy-makers. Although this did not always work, it did produce good compromises, as in the issue of using country systems (referred to above).
- Another thought is that negotiations are never over until everyone is on board and shares the same conclusion about the outcome, positive or negative. Even when we all thought that an agreement was well in hand on the eve of the last day of the Busan Forum, it took more than two hours to sort out the emerging economies' demand to edit and move the placement of a paragraph forward to the front of the outcome document.
- Negotiators had to abide by the OECD/DAC Working Party rule of seeking consensus, which made sense, since WP members formed a "coalition of the willing". This approach was in sharp contrast to majority voting in consultations and negotiations, which is widespread in the corporate world (which I witnessed first-hand in my earlier days

as a corporate management consultant). Although majority voting is considered more efficient, I have come to respect and support the consensus approach in settling most development cooperation issues, as it is likely to produce more lasting outcomes, despite the longer period it typically requires.

- Finally, this type of negotiation had to be a team effort, although someone had to be on the front line leading the process. The professional support and dedication of Bureau members and the Secretariat throughout were exemplary. Enna Park as co-chair contributed towards smoothing the course at critical times, and so did Brian Atwood, who worked diligently with DAC members to enlist their support. Jon Lomoy and Brenda Killen led the DCD support team professionally and impeccably. Without their support, my role as chair of the Negotiating Group would have suffered. In the end, success was a shared accomplishment and celebration.

Box 11: Living document: First narrative for an outline of the Busan outcome document

1 Preamble

- Political resolve: indispensability to work on aid and development in current global environment
- General principles: reaffirmation and refreshment of PD and AAA
- Link with MDGs and sustainable economic growth for development
- Diversification of countries (fragile states, MICs, LDCs, etc.)

2 Conclusions on aid effectiveness progress

- What has the evidence shown?
- What has worked and what has worked less well?
- Examples of good practices as role models
- What were the underlying processes and causes of lack of progress (political economy, incentives, behavioural change, etc.) and could these be overcome? If so, how?
- How effective / efficient was the aid effectiveness governance structure?

Box 11 (cont.): Living document: First narrative for an outline of the Busan outcome document

3 Role of aid as contributor / catalyst for development results

- Aid is a limited resource – need to look at aid as a catalyst and other resources to support development (including blending financing and other instruments)
- Development effectiveness / development results
- Use of aid for country-level results or global-level results
- Use aid as a contributor to domestic resource mobilisation

4 List of commitments to enhance the aid effectiveness agenda

- Results and transparency for better accountability
- Ownership and leadership (inclusive ownership)
- State-building / public-sector institution-building
- Capacity development – human and institutional
- Fragile-state agenda
- Diversity at the country level
- Recognise all forms of partnerships and recognise differentiated responsibilities and complementary strengths
- Role of democratic accountability, transparency: role of CSOs and parliaments

5 Agenda on other development resources (to be defined)

- Non-traditional ODA providers
- South-South cooperation
- Foundations
- CSOs
- Private-sector (public-private partnership) investments, remittances
- Domestic resources of partner countries as well as taxation

6 Follow-up governance system and monitoring framework (not discussed yet)

- Country-level implementation; partner-led
- What support needed at global level for country-level implementation?
- Define roles for various institutions based on their mandates and value-added
- Balance between inclusiveness and manageable / efficient structures
- Other elements for the architecture to be decided

Source: Author

Box 12: Composition of the Sherpas' negotiating group

No. of members representing:	To be nominated by:
3 partner countries	Partner Country Caucus
3 middle-income countries	Coordinated by Korea
5 the DAC	DAC Chair to finalise
1 g7+	g7+
1 civil society	CSO WP members
1 UNDG	UNDP Administrator
1 Korea	Korean vice-chair
1 World Bank	World Bank

Group to be chaired by the WP Chair who will also coordinate the final drafting of the document.

Note: An additional nominee from Africa was agreed at Sherpas' first meeting to support balanced representation of these countries' needs.

Source: Author

Box 13: List of Sherpas

	Talaat ABDEL-MALEK	Chair, Working Party on Aid Effectiveness
Bangladesh	**Iqbal MAHMOOD**	Secretary, ERD, Ministry of Finance
BetterAid	**Antonio TUJAN**	International Director, IBON
China	**Ruhua CHEN**	First Secretary, Embassy of the People's Republic of China, Paris
European Commission	**Gustavo MARTIN PRADA**	Director, EU Development Policy
France	**Serge TOMASI**	Director of Global Economy and Strategy, Ministry of Foreign and European Affairs
Honduras	**Lidia FROMM CEA**	Director General for Co-operation, Ministry of Planning and Co-operation

Box 13 (cont.): List of Sherpas		
Japan	**Mitsuhiro WADA**	Deputy Director General, International Cooperation Bureau, Ministry of Foreign Affairs
Korea	**Enna PARK**	Director General, Ministry of Foreign Affairs and Trade, Korea (WP-EFF Vice-Chair)
Mali	**Modibo MAKALOU**	Coordinateur, Mission de Développement et Coopération, Présidence de la République
Mexico	**Gerardo BRACHO**	Counsellor to the OECD
Rwanda	**Ronald NKUSI**	Director, External Finance, Ministry of Finance and Economic Planning
South Africa	**Mmakgoshi PHETLA-LEKHETHE (participating by video link)**	Director General, National Treasury of South Africa
Timor-Leste	**Helder DA COSTA**	National Co-ordinator, International Secretariat of g7+, Aid Effectiveness Directorate, Ministry of Finance
United Kingdom	**Richard CALVERT**	Director General, Department for International Development
United Nations Development	**Sigrid KAAG Programme**	Assistant Secretary-General and Assistant Administrator, Partnerships Bureau
United States	**Dirk DIJKERMAN**	US Representative to the DAC
World Bank	**R. Kyle PETERS**	Director, Operations Policy and Country Services
Source: Author		

8 Ushering in a new era of development cooperation? Fourth High Level Forum – Busan 2011

"Our mission in this new century is clear. For good or ill, we live in an interdependent world. We can't escape each other. Therefore, we have to spend our lives building a global community of shared responsibilities, shared values, shared benefits."

Bill Clinton

Although the negotiating group had been kept busy negotiating for most of the first two days of the Forum, we managed to take part in some sessions, receive periodic updates and listen to political leaders' messages. The Busan Forum was attended by the largest gathering of leaders, practitioners, civil society and parliamentarian representatives (more than 3,500 delegates) ever brought together to discuss development cooperation issues.[27] They came together during an unsettling time in the global environment with many unresolved issues of concern – to developing and more developed countries alike. Persistent financial crises and their impacts on future development assistance, trade and investment flows added to the concerns. It was in the midst of all this that the Busan Forum took place, with some media projecting that Busan was unlikely to cause a change in "business as usual" policies and practices.

Given this gloomy picture, what did Busan deliver? We examine here what actually transpired by responding to the following key questions:

- What messages and outcomes emerged from stakeholders' lively interactions?
- What did leaders say and commit to in pledges to improve development cooperation effectiveness?

27 A word about our host is in order. The Republic of Korea has accomplished impressive economic and social development over the past 50 years, and is often referred to as a model offering many lessons to other developing countries. Korea started preparing for this event at least two years in advance, sparing no effort to ensure a successful meeting. BEXCO, Korea's major conference and exhibition facility, was chosen as the HLF4 venue. It has a capacity for 5,000 delegates, offers state-of-the-art technologies, and encompasses support facilities including hotels, restaurants, shops, etc. The quality of the facility and services offered contributed significantly to the success of the HLF4.

- How was the proposed Global Partnership, if approved, to be structured and operated?
- To the extent that serious commitments were made, who and how were these to be monitored to assess progress?
- What were the reactions of the media and academia?
- And, finally, what did the Partnership's prospects for success look like?

This last question will be addressed in Chapter 11. We start by reviewing HLF4 highlights. Next, we outline Busan's core commitments and the main features endorsed in the outcome document and conclude by sketching the structure and operating mechanisms of the new Partnership.

8.1 Busan Forum highlights

8.1.1 Session outcomes and key messages

Table 10 gives the HLF format and programme outline. Day 1 dealt with progress since Paris, lessons learnt and how to move beyond aid to development cooperation effectiveness. The morning of Day 2 was set aside for the official opening and "unfinished business" agenda, including transparency, results and accountability, and managing fragmentation. In the afternoon, issues of diversity (South-South and triangular cooperation, fragile states, and climate change) were addressed. Day 3 continued with sessions on building-block initiatives, effective institutions and the role of the private sector. The concluding session presented the post-Busan governance framework and sought delegates' endorsement of the Busan outcome document. A large number of side events covered virtually the "whole waterfront" of development cooperation issues.

HLF4 generated an impressive dialogue and provided an opportunity to share experiences and promote different approaches. The following paragraphs summarise the outcome of selected "thematic, building block and side event" sessions. These are followed by quotations from leaders' statements at the Forum (OECD DCD/DAC, 2011i).

The thematic session on development results viewed "managing for results" as being the heart of the development effectiveness agenda. Developing countries needed effective public sectors to deliver results, based on country-led reforms and long-term support from development partners. The session stressed the importance of capacity development to support sustainable development results. Although sporadic cases of success (Cambodia, Rwanda, Kenya, Korea) were reported, there were multiple cases of failures. Success required sustained political leadership and commitment and institutional reforms to manage the change process. Good CD practices focussed on improving institutional performance; strong results logic; systematic planning, implementation, monitoring and exit strategy; and joint learning. A more organised approach was needed to capture and share knowledge on CD, using existing networks and global knowledge architecture. CD for results should be treated by political leadership as a centrepiece in country-led development priorities.

Table 10: Programme of the Busan Forum

	Day 1 (Nov. 29)	Day 2 (Nov. 30)	Day 3 (Dec. 1)
Morning	Plenary Welcome address **Programme since Paris: How far have we come?** Review evidence from PD monitoring and evaluation	**Opening ceremony** Key speeches by VIPs (President of Korea, Heads of State, UNSG, OECD SG) setting the scene Report from CSO Forum and Parliamentary Forum	**3. How to maximise impact on development? (in plenary)** Building blocks presentation on: • Effective institutions and policies • Private sector
	Thematic sessions (in parallel): **"Lessons learned from Paris and Accra: Actions to move forward"** 1. Ownership and accountability 2. Country systems	**1. Unfinished business and remaining challenges (in plenary)** Building blocks presentation on: • Transparency • Results and accountability	**A new consensus on aid and development (in plenary)** Discussion on: • Direction and principles of future development cooperation

Table 10 (cont.): Programme of the Busan Forum

	Day 1 (Nov. 29)	Day 2 (Nov. 30)	Day 3 (Dec. 1)
Morning	3 Addressing aid fragmentation 4. Aid predictability and transparency 5. Results	• Managing fragmentation **Special session** on **gender** (in parallel with plenary 1)	• Post-Busan Governance Framework
Afternoon	**Thematic sessions (in parallel):** **"From aid effectiveness to development effectiveness"** 1. CD and knowledge-exchange 2. Rights-based approaches 3. Fragility, conflict and vulnerability 4. South-South and triangular cooperation 5. Public-private cooperation	**2. Diversity and opportunities in an evolving development landscape (in plenary)** Building blocks presentation on: • South-South and triangular cooperation • Fragile states • Climate finance	**Closing ceremony**
	(Time allocated for side events)	(Time allocated for side events)	
Ongoing	**Knowledge and Innovation Space and programme of side events**		

Source: Reproduced from OECD WP-EFF (2011h, p. 8)

The session on South-South and triangular cooperation underlined lessons of experience and proposed actions to address two main issues: how to build institutional capacities by choosing from different models to suit a country's context, and how to secure more financial support for SSC. One way was through triangular cooperation, in which assistance agencies create synergy between North-South and South-South cooperation, playing the role of "global connectors" and promoting knowledge-exchange. A wider constituency of actors should become involved to include development practitioners, academia, civil society, and regional and multilateral organisations. More discussion was needed on how to promote knowledge and skills and identify South-South and triangular cooperation comparative advantages.

The building-block session on public-private cooperation identified the potential of public-private cooperation and discussed how to strengthen results-oriented public-private dialogue. Topics discussed were fragmentation, the lack of coordination among cooperation providers in promoting public-private cooperation, and how to translate support statements into actions at the country level, since "inter-donor discussions on aid effectiveness is bewildering for business"; a one-stop shop was proposed to engage business in discussing public-private cooperation. The importance of an enabling business environment (rule of law, effective government, open markets and fair competition) was stressed, as well as promoting business practices that are compliant with human rights. The private sector was "an equal, complementary partner in development", and efforts to create synergies through public-private cooperation were inadequate. It was suggested that the focus be on facilitating private-sector engagement in the broader development effectiveness agenda.

The building-block session on conflict and fragility presented proposals to implement commitments under the New Deal on Engagement in Fragile States. Its five goals were seen as being relevant and urgent in lifting these countries out of fragility. Three issues were discussed: prioritising underfunded areas such as security, access to justice, (youth) employment, agriculture; supporting conflict prevention and dialogue by building local capacity to manage conflicts; and setting up inclusive development programmes and strengthening the role of women in peace-building. Ministers from Timor-Leste, South Sudan and the Central African Republic shared their expectations, referring to short- and longer-term

challenges facing their countries. Australia, the United Kingdom, Switzerland and the World Food Programme expressed support for the New Deal and committed to work closely with leaders of these countries. The focus must be at the country level, under country ownership and leadership.

The building-block session on aid transparency expanded the boundaries on transparency to include better predictability, engagement and accountability; political support for initiatives to share experiences and demonstrate good practices was urged during the session. Actions were also called for to mobilise global community support to strengthen aid and fiscal transparency. Joint actions by partner countries and development partners were key to improving: transparency; the availability of information on development cooperation that funds public goods and services; and the provision of comparable, accessible and easy-to-understand information and results. These requirements were essential for making meaningful progress, as was the enhancement of national technical capacities for dealing with fiscal and other complex issues. Partner countries were urged to become more open in financial decision-making, adopt outcome-based public financial management, allow CSOs to take part in accountability, and strengthen budget audit systems. Development partners were asked to improve the quantity and quality of information on aid flows.

The side-event session on risk management to get results called for explicit recognition of risk taking as an inherent feature in this field and recommended shared risk management as a principle of aid reform. A growing consensus emerged on what was meant by key risk categories, risk definitions, risk identification, risk assessment, risk tolerance and risk response. Although countries have different risk tolerance, there was a need to agree on a common framework and principles for risk management. Engagement in fragile states presented high risks, yet early intervention presented long-term opportunities, whereas non-engagement presented even higher risks. Better risk-informed management was an opportunity to improve aid effectiveness and accountability. This requires sustained political commitment and pragmatic response based on sound analysis. Principles of risk management advocated "smart" risk taking, weighing risks against desired outcomes; recognising that development objectives determined how to approach risks; acknowledging that developing countries

had the least risk-bearing capacity; and recognising that other risks were significant in impacting results, besides fiduciary risk.[28]

What messages did these exchanges stress for the future?

- First, there was no return to "business as usual", as all sides seemed determined to initiate mutually beneficial win-win policies.
- Second, interactions produced a rich pool of recommendations to deal with persistent bottlenecks, and it was up to each side to take responsibility for its share of actions.
- Third, positive results were beginning to filter through a few initiatives, providing incentives for others to follow suit.
- Fourth, fragile states were no longer sitting on the periphery of concerns; they now commanded a visible political priority backed by recent agreements to deliver better assistance, over the long and short term.

Talking and listening to delegates coming out of these sessions conveyed a "positive mood", as many felt we were moving in the right direction. As an added sign, very few delegates left for home before the end of the three-day dialogue. Leaders' statements on Day 2 (which marked the "official" opening, as some leaders could not arrive on Day 1) were both encouraging and, in some instances, inspiring as well, as the quotes below show.

8.2 Key messages of political leaders

> *Without the partnership of healthy developing countries, the global economy cannot attain sustainable growth and enduring peace. I would, therefore, like to emphasise the importance of resolutely fulfilling the pledges we have made for official development assistance in spite of economic difficulties.... It is crucial that governments and citizens have full ownership of their development and share the vision for advancement in order for development cooperation to fulfill its promise.... The international community should support partner*

28 On a personal note, the author regrets having missed the opportunity to actively participate in many Busan sessions due to his involvement as chair of the Sherpa negotiating group, which required a great deal of time during the three-day forum, ending only in the early hours of the last day of the HLF.

countries in strengthening the capacities so that they can formulate their own goals and plans, tailored to their development priorities and national contexts.

President Lee Myung-Bak of Korea

"Progress in Implementing the Paris Declaration" is sobering: At the global level, only one out of the 13 targets established for 2010 – coordinated technical cooperation. This time we must deliver. Busan must provide strong political impetus and leadership to step up our efforts and meet our commitments on aid effectiveness. The world's population has hit the 7 billion mark; and war, famine and sicknesses continue to decimate the most vulnerable and threaten to turn back the clock on hard won human progress in many areas of the world.

OECD Secretary-General Angel Gurria

We meet at a critical time. Only four years remain before we hit the target of the Millennium Development Goals by 2015. And aid is everywhere under pressure. We continue to feel the bite of the global economic crisis. Many countries face growing budgetary constraints. Do not let short-term austerity deflect you from your long-term commitment to the world's poorest people. [Developing countries should] *set clear development priorities and strategies. Build up your planning capacity. Deliver on your policy commitments. Enhance transparency. Stamp out corruption.*

UN Secretary-General Ban Ki-moon

In Paris we committed, and reaffirmed in Accra, to channel aid through country systems so as to strengthen national capacity to execute development plans, to budget efficiently and deliver services. While donors may not be entirely to blame for bypassing these systems where they are weak, or non-functional, why not use aid to build up and strengthen such critical systems?... Aid can be effective in achieving our development objectives if we allow greater trust in our partnerships and recognise that this is a shared responsibility built on common values and goals.

President Paul Kegame of Rwanda

Often, in meetings like this, politics can take precedence and the human dimension can get buried in the bureaucracy. Going forward, let us remember our common humanity.... Old aid models ... need to be

> *adapted and edited for today's narrative. And there has never been a more exciting time to re-imagine development cooperation. We have a dynamic new ecosystem of partners; countries whose successes we can all learn from.... Education is more than a right; it's a resource. It can combat every global humanitarian challenge today. It is the best value for the development dollar there is.*
>
> ***Queen Rania of Jordan***

> *We need to get serious about what we mean when we talk about country ownership of development strategies.... Too often, donors' decisions are driven more by our own political interests or our policy preferences or development of get out.... We have to be clear about what our outcomes should be and then hold ourselves and all of our partners to them.... We make and implement decisions more slowly than the private sector and often more slowly than some emerging economies.... Our procedures have become bureaucratic and cumbersome. So we should take ... a hard look at how we streamline our protocols ... without sacrificing either high standards or outcomes.*
>
> ***US Secretary of State Hillary Clinton***

These quotes carried urgent messages and showed increasing concern for the limited progress achieved in improving aid effectiveness and meeting the 2015 MDG targets. They reminded us of the increasing interdependence of developing and more developed countries and the risks of reducing ODA as part of ongoing austerity measures underlining the importance of political leadership to deliver better results and of government and citizen ownership of the development agenda. They also urged actions to reform and use country systems, promote mutual trust, consider aid as a catalyst to mobilise other resources for development, and adapt policies and practices to deal with complex development cooperation issues. We were also reminded of aid's human dimension, which is often treated as being subservient to political considerations.

Laudable as these political statements were, the real challenge was how to translate them into actionable plans to change behaviour, practices and outcomes at the country level – a challenge placed at the doorsteps of the leaders of the new Global Partnership.

HLF4 final session

Concluding three days of dialogue, the Korean Minister of Foreign Affairs took the floor in the final session to announce that agreement had been reached to establish the Global Partnership for Effective Development Cooperation. He called for strong political leadership to implement it, with a focus on the country level, limited bureaucracy (global light and country heavy) and a joint UNDP/DAC Secretariat to monitor and support progress. The Brazilian minister welcomed the agreement as providing good opportunities to share knowledge. Other leaders followed. The Busan outcome document was endorsed by delegates on a no objection basis. Finally, our efforts over several months had paid off.

8.3 Busan outcome document

The Busan outcome document had been in the making for more than two and a half years. Its text was carefully worded to accommodate the views and priorities of various stakeholders. It serves now as a key reference for policy-makers and practitioners, and guides GPEDC work. The full document is reproduced as an appendix to this study. The document has four sections: principles and commitments / pledges endorsed by all stakeholders; actions to reach common goals; stipulations related to the broader agenda of development cooperation; and monitoring and follow-up articles.

The following highlights the principles and pledges agreed and GPEDC features and its commitments.

1) The GPEDC is the most inclusive development cooperation accord ever reached with regards to the diversity of stakeholders and its broader agenda.

2) It recognises a set of common goals, shared principles and differentiated commitments and responsibilities, accommodating the demands of SSC providers unwilling to be bound by Paris and Accra commitments to which they were not a part.

3) It commits all stakeholders, notwithstanding their diversity, to follow the principles of developing countries' ownership of their development

priorities, focus on sustainable results, and enhance transparency and accountability to each other.

4) It reminds stakeholders who endorsed Paris and Accra to fulfil commitments made, and it allays developing countries' concerns that the GPEDC may be used as a back door for evading such commitments.

5) It recognises the importance of strengthening institutions – including the greater use of country systems – and the role of development cooperation providers in supporting the implementation of country-led plans.

6) It underpins the need for accelerating efforts to achieve gender equality through the collection and use of relevant data for policy-making and integrating targets in accountability mechanisms.

7) It acknowledges the role of CSOs as independent development actors, pledges actions to improve their enabling environment and encourages them to strengthen their accountability, as guided by the Istanbul Principles and International Framework for CSO Development Effectiveness.

8) It stresses the role of parliament and commits stakeholders to accelerate actions to strengthen its function as an oversight of the development process.

9) It calls for actions to improve transparency by establishing transparent PFM systems and implementing a common open standard for electronic publication of timely, comprehensive and forward-looking information by cooperation providers that meets developing countries' needs.

10) It commits stakeholders who endorsed the Accra Agenda for Action to improve medium-term predictability of aid provided and introduce reforms where needed. By 2013, rolling three- to five-year indicative forward expenditures will have become available to all developing countries.

11) It urges reduced aid fragmentation through country-led coordination arrangements; improvements of policies of multilateral institutions and global funds; and accelerated efforts to address the issue of countries receiving insufficient assistance.

12) It welcomes the New Deal developed by the International Dialogue on Peacebuilding and Statebuilding, and commits those who endorsed it to use its goals as a guide for working in fragile and conflict-affected states, and to build trust through enhanced transparency, joint risk-management and improved predictability of aid.

13) It recognises aid as only part of the solution to development challenges and – serving as a catalyst – establishes the need to broaden the focus from aid effectiveness to effective development; it underlines the importance of mobilising domestic resources in financing development, reforming state and non-state institutions, and highlights the responsibility of development cooperation providers to support such actions.

14) It acknowledges the role of South-South and triangular cooperation and commits stakeholders to strengthen the sharing of knowledge through exchange networks and peer learning, and to support efforts to strengthen local and national capacities to engage in these cooperation modalities.

15) It also acknowledges the role of the private sector in advancing innovation and creating wealth and jobs; it commits stakeholders to consult with business associations as well as trade unions to ensure a sound policy and regulatory environment and enhance their participation in development policy formulation and implementation; and to promote "aid for trade" as an engine of sustainable development.

16) It promotes coherence, transparency and predictability for effective climate finance and encourages sharing lessons learnt in development effectiveness with entities engaged in climate activities.

17) It underlines the importance of holding each other accountable for meeting commitments by agreeing – at the level of individual developing countries – on country-led frameworks for monitoring progress and promoting mutual accountability, and on a selective and relevant set of indicators and targets to monitor progress on a rolling basis to support international and regional accountability for implementation.

18) It commits delegates to establishing a new, inclusive and representative Global Partnership for Effective Development Cooperation, offering an open platform that embraces diversity and provides regular review of progress; it commits delegates to set up – by June 2012 – light working arrangements for this Partnership.

19) It calls on the WP to convene stakeholders' representatives to reach agreement on the working arrangements for the Partnership and the indicators for monitoring and accountability, in preparation for the phasing out of the WP and its associated structures by June 2012.

20) It calls on OECD and UNDP to support the effective functioning of the Global Partnership, building on their respective mandates and areas of comparative advantage.

These commitments showed a level of ambition beyond those set in previous HLFs. Such ambition is a two-sided coin, raising the bar for all stakeholders to scale-up actions while elevating the risk of disappointment if results were to fall short of expectations.

8.4 Post-Busan Interim Group

Negotiating the Global Partnership agreement was "Phase 1" of the negotiating process. The WP was tasked to work through a smaller group called the Post-Busan Interim Group (PBIG) to translate the framework agreement into more operational terms. This meant spelling out the GPEDC mandate, specifying how it would be organised and operated, and how progress in meeting commitments would be monitored. The WP's mandate was extended by six months to June 2012, by which time PBIG would report its proposals to a final plenary session. Once approved, the WP-EFF and its affiliated entities would be dissolved and replaced by the new Partnership structure.

8.4.1 PBIG mandate and membership

PBIG's mandate was to propose working arrangements and monitoring mechanism for the Global Partnership. Its membership consisted of 25 members representing various stakeholders (Annex A). I was asked to continue to serve as chair of the WP and PBIG, with Korea and the World

Bank serving as vice-chairs. The DAC chair and UNDP delegate joined the WP-EFF Bureau, reflecting the latter's role in supporting the Global Partnership. India, Brazil and China acted as "participant observers" of the Group.

First PBIG meeting

PBIG met first in mid-February. Members reviewed the mandate and time frame. A "reference group" was set up to which representatives of larger groups such as regional development banks and regional organisations could join. Summaries of discussions were to be distributed to WP membership, with online consultations through a Community Space.[29]

The same pre-Busan negotiating rules and procedures applied to PBIG. Two more PBIG meetings were scheduled in April and May in advance of the June WP plenary. Members were urged to map priorities for post-Busan monitoring in their consultations with constituencies. PBIG was to reach agreement by April on the functions and governance structure, GPEDC commitments to be monitored through global indicators, as well as linkages between country and global monitoring efforts. A proposal for supporting the GPEDC on a joint UNDP/DAC basis was also to be reviewed. By mid-May, PBIG was expected to reach agreement on a package of proposals for the organisation / governance structure of the GPEDC, joint team support, and indicators to monitor progress (OECD WP-EFF, 2012b). This was a demanding set of tasks, especially in terms of monitoring indicators – a topic that was subject to intense discussions and widely differing viewpoints, which negotiators decided to refer to PBIG for resolution.

Discussions on the core functions of the GPEDC were conducted without much difficulty. Four core functions were identified. The GPEDC was to:

i. maintain and strengthen political momentum for more effective development cooperation;
ii. ensure accountability for implementing Busan commitments;
iii. facilitate knowledge-exchange and sharing of lessons learnt; and
iv. support implementation of Busan commitments at the country level.

29 See online: https://community.oecd.org/community/aideffectiveness.

How were these functions to be delivered? It was agreed that GPEDC membership should be open and inclusive to stakeholders who endorsed Busan and its commitments. Its structure would consist of a ministerial meeting, supported by a Steering Committee and a UNDP-OECD Joint Support Team. Ministerial meetings would be the key working and decision-making core, with the Steering Committee preparing the substantive agenda and following-up on the ministerial directives. The Joint Support Team would meet the needs of the GPEDC's Secretariat.

Regional organisations would play a supporting role in light of their comparative competences and capacities but would not be part of the formal GPEDC structure. Likewise, building blocks were to be encouraged to continue their activities, but should remain as independent entities without formal links to the GPEDC structure to avoid multi-layered structures and adhere to the "global light" approach.

Options for a post-Busan monitoring framework were reviewed. Initial exchanges led to identifying the following elements as guides:

1) emphasis on country-level monitoring, with support to partner countries in building their monitoring capacities;
2) importance of flexibility in design to meet differences in country contexts and priorities;
3) need to develop both quantitative and qualitative modes of analysis, making best use of available data sources;
4) need to include both "outcome" and "behaviour change" monitoring indicators.

For global monitoring, links were to be developed between country levels and global levels. To retain continuity and comparability in global monitoring, some pre-Busan indicators would be considered while ensuring flexibility to adapt them as needed. More discussion was to follow.

Brazil and Mexico, as SSC providers, indicated that they were not in a position to participate in the monitoring framework at present, referring to the voluntary aspect stated in the Busan document and to differential commitments. Other members stressed the desirability of learning more about *all forms* of development cooperation monitoring practices.

Second PBIG meeting

In response to the first meeting, stakeholders sent many comments that informed the second meeting, held on April 4–5. Discussions included (a) the functions and governance structure of the GPEDC, and (b) the overall approach to global monitoring, criteria to be developed and commitments / actions to be monitored (OECD DCD/WP-EFF, 2012).

The meeting endorsed the core functions, as identified earlier (OECD WP-EFF, 2012d), adding "the sharing of experiences of different modalities of development cooperation" as another function. Ministerial meetings would be held once every 18–24 month, with the first to be targeted for the first half of 2013. A 12–14 member Steering Committee was also endorsed, and a UNDP-OECD Joint Support Team was to act as Secretariat. The Steering Committee size turned out to be larger than originally expected, but it struck a balance between efficiency and fair representation of stakeholders. The GPEDC chairs would be named during the WP meeting in June. The focus of the GPEDC would be on implementing Busan commitments, bearing in mind the principle of shared goals and differential commitments and the voluntary nature of SSC providers' engagement. Success depended on the sharing of knowledge by all stakeholders.

Members resumed discussions on monitoring. Partner countries presented a proposal based on Busan commitments, focussed at the country level, with global indicators to inform ministerial meetings of progress. BetterAid endorsed the proposal, adding that non-state actors had limited involvement in monitoring and called for an ambitious monitoring framework to enhance global-level accountability. With a "global light" approach in mind, a consensus was reached on setting up global monitoring based on HLF4 and focussed on "behaviour change" to implement Busan commitments. A distinction was made between results and efforts to implement, as both were important. Brazil reminded the meeting that the different nature of SSC required a "diversified" approach to monitoring. Use of a select few existing indicators for global monitoring for Paris and Accra commitments was considered, but no extensive use of the elaborate existing indicators was entertained, as this would be contrary to the intent of the Busan agreement.

Which indicators should be measured at the partner-country level to aggregate for global reporting? Views differed. Canada, Rwanda, the African Union and

Honduras argued in favour of selecting a few indicators for aggregation, but no agreement was reached. More attention was to be paid to qualitative indicators to supplement qualitative data for better assessment of progress.

Discussions led to identifying seven issues or areas as being priorities for monitoring: results; inclusive ownership and partnership; transparency; predictability; accountability; gender; and capacity development (including country systems). Rwanda and the United Kingdom were to consult with other members and to come up with a joint outline for further review. The outline listed 10 indicators for global monitoring. After lengthy debate, they were endorsed and the following criteria were proposed on their use. Indicators should focus on:

> *behaviour change that matters most for development results; relevance to a broad range of country contexts and actors; need for global political attention to ensure implementation; emphasis on specific, measurable actions and efforts; attribution of efforts, supporting accountability (highlighting differences in the pace of implementation across actors to promote behaviour change); and feasibility and cost-effectiveness of monitoring.* (OECD WP-EFF, 2012d)

The UNDG outlined the scope and objectives of the proposed UNDP-OECD Joint Support Team, urging flexibility to meet members' needs once the GPEDC structure and functions had been approved. Further specification of support services would guide preparation of a revised draft.

Third PBIG meeting

The last PBIG meeting was held in May. It acknowledged the progress made and addressed the remaining business at hand, including reaching a clear understanding of how to nominate the co-chairs and Steering Committee members. Three items were discussed: mandate of the GPEDC; governance structure, including core functions, Steering Committee membership and the process of naming the co-chairs; and global monitoring framework based on the 10 indicator areas identified earlier.

- *GPEDC working arrangements***:** Core functions agreed earlier were endorsed, adding a more explicit statement calling for coordination between the GPEDC and UN Development Cooperation Forum to ensure complementarity. A clarification was to be added that the final

decision-making body was the ministerial meeting, with the Steering Committee making decisions as directed by the ministerial meeting.

- The Steering Committee size and composition turned out to be problematic. The original proposal for a nimble size of 12–14 did not receive much support, as members asked for more seats to represent other stakeholders. The controversy persisted as more members (providers and recipients) asked for better representation in order to "restore balanced membership". BetterAid (representing civil society) continued to press its demand for a fourth co-chair to represent civil society at that level. These requests put the prospects of functionality in serious doubt. Agreement had already been reached on the constituencies to be represented, categorised into four entities of i) recipients of development cooperation; ii) providers of development cooperation; iii) recipient-providers of development cooperation; and iv) non-executive stakeholders, including all other constituencies represented on the committee that play supportive roles.
- In the end, four extra seats were added, two to recipients and two seats to assistance providers, totalling 18 members of the Steering Committee, including the three co-chairs. Rotating committee membership was considered but had to be gradual to ensure continuity. Committee membership was to consist of senior-level officials, and PBIG members were to consult with their constituencies to seek suitable nominations for co-chairs and committee membership.
- *Global monitoring framework*: Bearing in mind the voluntary nature of participation in monitoring and SSC providers' stated position, Korea, Brazil, Mexico and India did not rule out participation at a later stage. Members discussed how to identify a "selective set of relevant indicators" for global monitoring focussing on behaviour change. Quantitative indicators alone would be inadequate and had to be supplemented with selective qualitative indicators. Members suggested more indicators on gender equality, programme-based approaches, private sector, domestic accountability, CSO enabling environment, fragmentation, transparency and use of country systems. This contradicted the development of a limited number of global indicators being approved as a principle earlier. Finally, the list of 10 indicator "areas" was reaffirmed, and members explored how to develop these into measureable indicators, with targets to be met by 2015.

As an example, the indicator "civil society environment" should measure the environment within which civil society operated (rather than its contribution to development). These and other comments were taken into account in the revision. Some members proposed "halving the gap" by the 2015 target rather than specifying absolute numbers for each indicator. Rwanda and the United Kingdom delegates agreed to draft a revised version, which was amended and subsequently endorsed. It was also made clear that monitoring at the country level was the key to assessing progress on the ground and that it should be tailor-made to suit each partner country's development priorities and needs.

Box 14 lists the agreed indicators, or more accurately the statements of goals. More work was required to produce definitions and targets. This was to be done and shared with the WP membership in advance of its final meeting in June. Strategically, however, PBIG members reached consensus on the important *conceptual framework* for global monitoring.

Box 14: Agreed global indicators

1) Development cooperation is focused on results that meet developing countries' priorities
2) Civil society operates within an environment that maximises its engagement in and contribution to development
3) Engagement and contribution of the private sector to development
4) Transparency: information on development cooperation is publicly available
5) Development cooperation is more predictable
6) Aid is on budgets, which are subject to parliamentary scrutiny
7) Mutual accountability among development cooperation actors is strengthened through inclusive reviews
8) Gender equality and women's empowerment inclusive reviews
9) Effective institutions: developing countries' systems are strengthened and used
10) Aid is untied

Source: OECD (2012a)

- The last agenda item was the UNDP-OECD Joint Support Team. Members agreed that it should not be institutionalised, and that services should be defined once the GPEDC had developed a work programme. A distinction was drawn between UNDP and DAC roles when forming a Joint Support Team and their roles as Steering Committee members.

In concluding the meeting, members' efforts were acknowledged, which led to consensus on the tasks entrusted to PBIG on the following issues:

1) mandate for the Global Partnership;
2) governance structure of the Global Partnership, including core functions, the composition of the Steering Committee and the process whereby nominations for co-chairs and committee members would be endorsed by the WP-EFF in June;
3) on the post-Busan global monitoring framework, a list of 10 indicator headlines for assessing progress, tentative agreement on several indicators and on the basis through which targets will be finalised; and
4) agreement on the basis of which providers of South-South cooperation will engage in monitoring efforts.

8.5 The final act: Working Party meeting – June 2012

The WP met in plenary for the last time on June 28–29, attended by more than 250 delegates and guests. The core of the agenda was to review PBIG's proposals.[30] This was followed on Day 2 by senior guests sharing their visions for the GPEDC.

30 Following a welcome by the UNESCO Assistant Director General, a panel chaired by Bert Koenders reflected on WP accomplishments and reviewed features of the GPEDC agreement. Brian Atwood drew attention to the changing nature of development cooperation and reaffirmed DAC members' willingness to contribute actively to the GPEDC.

8.5.1 Mandate of the Global Partnership

PBIG's recommendations on the GPEDC's mandate (objectives and functions) were endorsed without amendment. But the proposed working arrangements triggered much discussion and calls by some members (Africa Union (AU), BetterAid, the Business and Industry Advisory Committee (of the OECD), Pacific Islands, and United Cities and Local Governments) to add seats at the Steering Committee. This was a repeat of arguments made during the PBIG meeting on the same issue. Other members, however, cautioned against reopening an issue that had already been discussed at great length. Other suggestions were made regarding the frequency of committee meetings, the role of building blocks, and the role of the partner-country caucus. These were referred to the incoming Steering Committee for consideration.

I acknowledged the legitimacy of requests for additional seats but reaffirmed that – going by majority opinions and in the interest of a "nimble and efficient" working arrangement – the Steering Committee composition and size, as presented by PBIG, should be endorsed, adding that nothing could stop those calling for a larger committee from raising the issue at the first GPEDC ministerial meeting. Although this was endorsed by a clear majority, BetterAid still objected to the decision and withdrew from the meeting in protest, but returned later to resume participation in the meeting.[31]

8.5.2 Indicators, targets and monitoring frameworks

PBIG's recommendations for global monitoring were presented as the result of a careful study of different proposals and a compromise to develop a workable framework. Much technical work on the definition of indicators and the identification of data sources remained to be done. But the framework presented provided a sufficient basis for review; once endorsed, technical work would continue. The selected indicators were to

31 BetterAid and other CSO representatives approached the chair during the lunch break, regretting the misunderstanding resulting from their withdrawal, saying their intention was not to disrupt the meeting but to consult with their colleagues.

be reviewed periodically and adapted in light of post-2015 MDG goals and other global issues.

Broad support was expressed from the floor for the proposal. Cambodia, Canada, France, Greece, Honduras, the Netherlands, Sweden, Switzerland, the World Bank and Zambia believed that these indicators could not be used until technical work was completed. Such work had to be conducted in a transparent manner and involve partner countries. The United States recommended the Steering Committee to give due attention to measurement issues. Germany, the Association of African, Caribbean and Pacific French-speaking Countries (ACP), the AU and Rwanda voiced concerns about the absence of indicators dealing with fragmentation and the institutional development quality of PFM systems. These would be accommodated within the 10 indicator "areas", pending additional work. The proposal was endorsed as presented on that understanding.

Following the end of these reviews, guest speakers, including Helen Clark (UNDP Administrator), Andrew Mitchell (UK Minister for International Development), Angel Gurria (OECD Secretary-General), Emilia Pires (Timor-Leste Finance Minister) and Maxwell Mkwezalamba (AU Commissioner for Economic Affairs) shared their visions for the GPEDC, expressing support and pledging to do what they could to meet Busan commitments.

8.5.3 Chair's conclusions and closing remarks

In chairing the last session of this plenary meeting, I, as chair, acknowledged the contributions of PBIG members and WP members as a whole in making it possible to "be where we are today, having successfully delivered on what Busan had tasked us to deliver". Together, we established the foundations for the Global Partnership, endorsing PBIG's proposals for the GPEDC mandate, the global monitoring framework and endorsing the common standard for electronic publication of information on resources provided through development cooperation, which constituted a major step in implementing Busan commitments on transparency. I announced that agreement was reached on the following steps to finalise the governance structure and initiate the work of the Global Partnership:

a) Steering Committee membership was to be finalised in the next 30 days, building on nominations received from constituencies, and allowing time for fuller consultation among partner countries. To this end:

b) Recipient countries were to confirm their co-chair and remaining vacant four Steering Committee members. The WP-EFF welcomed the AU's proposal to nominate an African minister as a co-chair, to be agreed with recipient countries.

c) Countries identified as both providers and recipients of cooperation were to confirm their co-chair and Steering Committee member.

d) The private sector and civil society were to confirm nominating one member each to the Steering Committee.

For monitoring indicators, the UNDP-OECD Joint Support Team was tasked to refine the definitions and criteria underpinning the approach to measurement, work in a transparent way and draw on the expertise of others. This work was to be completed and presented to the Steering Committee by the end of the year. The WP's endorsement of working arrangements for the Global Partnership, as outlined above, signalled the launch of the Partnership, turning a new page in the evolution of development cooperation.

In my final remarks, I offered a personal perspective on progress, referring to the evolution of the dialogue and broadening of the agenda to address various forms of development cooperation, as well as the inclusiveness of stakeholders, which formed the basis for a truly global partnership. I expressed my appreciation to many WP colleagues and associates, the Executive Committee, members of the Bureau, the Secretariat, and others in international and regional organisations and networks who had been very supportive, and to whom much of the credit for what has been accomplished to date must go.

The final moments of the meeting were quite emotional, as I was overwhelmed by delegates' references to our accomplishments and to my role as well as the role of many others who facilitated a successful conclusion. There was no doubt that this was an example of teamwork, patience and willingness to listen to others' views and to compromise without sacrificing key principles. It was an experience of a lifetime.

8.6 Reactions of the media and academia

The then recently-launched Global Partnership drew many comments, mostly positive and supportive. The Partnership agreement came as a surprise to sceptics who had predicted Busan would accomplish little and maintain a "business as usual" approach. The following is a sample of reactions to the agreement.

- The ACP-EU Joint Parliamentary Assembly reviewed the Busan agreement and concluded: "*It is vital that political attention remain focused on the issues that remain to be addressed in follow up of Busan, as without high and progressive ambitions being brought to these decisions Busan will end up being simply a footnote in the history of development cooperation rather than a turning point*" (CONCORD European NGO confederation for relief and development, 2012).
- Oxfam International, in a briefing note, concluded that "*by reaching out to a diverse range of development stakeholders – Northern and Southern donor governments, the private sector, CSOs, parliamentarians, local authorities, etc. – Busan has provided a more realistic framework to improve the way cooperation is implemented on the ground and how it works with other development drivers. Ensuring that every Busan stakeholder is held accountable for its commitments will be essential to determining the success of the Global Partnership, starting at the global level to build robust country-level accountability mechanisms*" (Oxfam International, 2012).
- The Open Forum for CSO Development Effectiveness was pleased "*with the acknowledgement of its main outcomes as the guiding reference for civil society in their development work*". But civil society was "*deeply disappointed that commitments from partner governments and donors on providing favourable conditions for people's organizations to operate are not fully defined according to international rights standards on which they can be held accountable, particularly in light of the growing evidence of a crackdown on civil society in many parts of the world*" (Open Forum for CSO Development Effectiveness & BetterAid, 2011).
- The International Trade Union Confederation, in a press release, acknowledged the positive aspects of the new Partnership but

expressed a few reservations as well. "*Overall, the trade union movement cannot share the underlying economic development model of the Partnership based, nearly exclusively, on growth as driver for development. We regret the limited role for the state primarily seen as the enabler of market and private sector driven policies, and the lack of attention to job creation, local and sustainable entrepreneurship and public sector driven strategies*." The statement voiced concern about the failure to "*specify a framework for effective and responsible private sector commitment*" based on ILO standards and UN Guiding Principles for Business and Human Rights, and to recognise trade unions as key players in development (International Trade Union Confederation, 2012).

- Oxford Global Economic Governance Programme, organised a seminar on "Emerging Donors in the International Aid System: What Kind of Global Partnership?" in February 2012. Questions were raised about the role of emerging economies. Panellists argued that "*a genuinely inclusive global development partnership cannot be built overnight, but there is room for mutual learning. On the one hand, emerging donors can learn how to deal with such problems as project sustainability, tackled by traditional donors for decades, as their aid programmes grow in size. On the other hand, traditional donors can learn from the emphasis of emerging donors on the spirit of self-reliance*". It was concluded that the Global Partnership "*has the potential to contribute to the governance of development co-operation efforts that are characterised by a multiplying number of actors and agendas, in a context of major shifts in global economic power*" (Xu, 2013).
- Homi Kharas, of the Brookings Institution, believed that the Busan agreement offers much to be encouraged about, but "*as with most efforts for institutional change, the devil is in the details. While the Global Partnership promises to deliver substantial and significant improvements in governance, its proposed new monitoring indicators are still rooted in the past and do not reflect the new style of development cooperation*". He listed four challenges facing the Partnership: designing a governance structure to reflect the broad nature of new actors in development cooperation; ensuring a more inclusive role for emerging economy donors and integrating the

modalities and responsibilities of South-South cooperation into a global framework; mainstreaming the private business sector into the development cooperation effort; and constructing manageable indicators to monitor progress while differentiating between country contexts (Kharas, 2012).

- Kindornay and Samy, of the North-South Institute, argued that "*the success of Busan in establishing a Global Partnership and making it truly global will depend on the extent to which stakeholders see the governing mechanism as legitimate in terms of its inclusivity, representativeness and effectiveness*". They added that the tripartite notion refers to input legitimacy, quality of decision-making processes and effectiveness in achieving outcomes (Kindornay & Samy, 2012).

- Neissan Besharati, of the South African Institute of International Affairs, argued that "[w]*ith the inclusion of parliamentarians and the private sector, the new governance arrangements of the Global Partnership are slightly more 'inclusive and legitimate' than the previous WP-EFF. Nonetheless, many important Global Partnership stakeholders … are still unhappy with the make-up of the steering committee and are demanding a seat at the decision-making table*". And that the big emerging economies are "*only marginally engaged in the post-Busan institutions, which they view as still dominated by a DAC imprint and Northern development co-operation paradigm*". Although 2012 witnessed more high-level political engagement than the previous WP-EFF era, it is "*unclear whether this is merely window dressing or confirmation of serious political will*" (Besharati, 2013).

- Rachel Hayman, of the International NGO Training and Research Centre, comments on the Busan outcome and states that "[i]*n contrast to its predecessors, the Partnership was negotiated with strong input from developing countries, from new donors, and from civil society. It represents a welcome break from an agenda dictated by a few large OECD donors. However, the price of inclusion is a document that offers few firm commitments and that proposes a vision of development which will disappoint many civil society activists and which spells the end of aid effectiveness as we know it*" (Hayman, 2012).

- Yash Tandon, of the South Centre, was very critical, speaking of Busan "*as an end of a long journey that began with the Paris*

> *Declaration on Aid Effectiveness in 2005. It was a misguided journey right from the beginning. Its authors were probably well intentioned, but they legitimised and built on a monstrous global aid industry that is largely Eurocentric and self-serving, and that has nursed illusions for over half a century*". He added that "*HLF4 was launched with much fanfare but ended with the recognition by its architects that they were on a wrong course*" (Tandon, 2012).

Aside from this last critique, which is opposed to the whole approach since Paris, other reactions have offered suggestions to help the forthcoming ministerial meeting to enlist stronger and broader support. Of particular importance are the calls for holding every stakeholder accountable for its commitments; stressing the GPEDC's intentions to uphold international rights standards; drafting – jointly with private-sector representatives – a set of principles to guide private-sector engagement in development cooperation in light of ILO and UN standards; and emphasising the GPEDC's support of the role of regional organisations in helping to implement Busan commitments. Although these suggestions are embodied in the Busan document, co-chairs' reassurances of respecting the principles in question and ensuring a really inclusive level of participation will go a long way to dispel any doubts in this respect.

Some concerns were beginning to surface about the level of political support for the GPEDC. Two issues were flagged in a blog by Mark Tan of *The Guardian*, who referred to a funding shortfall in voluntary financial support to the Joint Support Team, of US$ 4.5 million.[32] Although this is not an insurmountable hurdle, it might be a signal of a slackening political commitment. The other issue is that the partnership might be suffering "*from its links to the OECD, still viewed by many in the G77 group of developing countries as a club for the rich*". He wondered whether the global partnership's travails "*are embryonic or terminal*" (Tran, 2013). The perceptions by some members of the G77 about the link with OECD caused genuine concern prior to Busan; it is hoped that the more inclusive Partnership, with strong UN engagement, will soon address this issue.

32 This was reported also at the recent Steering Committee meeting in Addis Ababa and an appeal was made for more voluntary contributions to allow the UNDP to continue its support.

A fitting last commentary that captured the spirit of Busan was contributed by Brian Atwood, former DAC chair and someone who observed – as well as participated in – the events leading to Busan for the preceding three years. In fact, the paper he wrote in which he recalled how progress was gradually made during that period gives the most detailed account of the processes and events that mattered. In reflection, he had this to say:

> *If Busan is to reach its goals, the stakeholders will need to feel the pressure that only transparency and hard evidence can provide. Busan has helped trace a very clear path to a broader understanding of the potentially complementary roles of North and South in securing improved performance. Relationships will evolve in this new multi-stakeholder development community and if they evolve positively, Busan will have been the vital turning point. Many individuals and institutions contributed to the public value gained; they wanted to create positive self-fulfilling prophecies, not negative ones. Optimistic leadership by literally hundreds of people – often acting separately, often together – produced a real opportunity for global action in the cause of poverty reduction.* (Atwood, 2012; Atwood, 2011)

My own reaction is that I firmly believe that the Busan Global Partnership *is* capable of turning a new page in the history of development cooperation. This strategic forward move would not have been possible without the experiences gained by an ever-expanding network of stakeholders and their determination to improve on what has been a lacklustre performance. The focus for the first ministerial meeting is only a beginning, which is expected to develop into a longer-term focus in which priorities are set clearly and in a sequence acceptable to all stakeholders. The Steering Committee has yet to finalise the agenda, as it is trying to fit in many priority issues while maintaining the focus necessary to produce hard-hitting political actions. They realise that a difficult compromise has to be made, and – judging by past experience – that a focussed agenda addressing pressing priorities would win the day.

Partner countries, for which the whole exercise was initiated over half a century ago, have come of age. In Atwood's words:

> *Few of us had imagined that – in the seven years since the Paris High-Level Forum – developing countries would come together as such a powerful force within international negotiations of this scale. Representatives of Bangladesh, Honduras, Mali, Rwanda and Timor-Leste would meet in advance of each round of negotiations, and the*

> *degree of outreach and co-ordination behind their positions became apparent quite quickly.* (Atwood, 2012)

Members of the g7+ group have demonstrated exceptional stamina in organising themselves and formulating a concrete roadmap. The emerging economies, which have much to contribute, as well as to learn, will hopefully become more actively engaged before long. DAC leaders have shown a willingness to change approaches, which promises to allay the apprehensions of emerging economies about a Global Partnership agenda dominated by the OECD.

These are encouraging signs that give us reason to be (guardedly) optimistic. The next few (very few) years will show whether such optimism is justified and the aspirations for "doing things differently" and better are fulfilled. We will return to assess the Global Partnership prospects in later chapters.

Box 15: Membership of the Post-Busan Interim Group

- Dr Ibrahim Assane Mayaki, Chief Executive Officer, Planning and Coordination Agency, African Union / NEPAD
- Mr Iqbal Mahmood, Senior Secretary, Economic Relations Division, Ministry of Finance, Bangladesh
- Mr Antonio Tujan, International Director, IBON / BetterAid
- Mr Ricardo Guerra de Araujo, Minister Counsellor, Embassy of Brazil in France, Brazil**
- Ms Caroline Leclerc, Director General, Strategic Planning and Performance Reporting, Canada
- Ms Ruhua Chen, First Secretary, Embassy of the People's Republic of China in France, China**
- Mr Brian Atwood, Chair, Development Assistance Committee*
- Mr Vincent Grimaud, Head of Unit, Aid and Development Effectiveness and Financing, European Commission
- Mr Harald Klein, Director General, BMZ, Germany
- Ms Lidia Fromm Cea, Director General for Co-operation, Ministry of Planning and Co-operation, Honduras
- Mr Rakesh Sharma, Second Secretary, Embassy of India in France, India**

Box 15 (cont.): Membership of the Post-Busan Interim Group

- Mr Martin Chungong, Director of Program Division, Inter-Parliamentary Union
- Ms Yukiko Okano, Counsellor, Permanent Delegation to the OECD, Japan
- Ms Enna Park, Director General, Ministry of Foreign Affairs and Trade, Korea*
- Mr Modibo Makalou, Coordinator, Development and Cooperation Initiative, Mali
- Mr Gerardo Bracho, Deputy Director General of Mexican Agency for Development Cooperation, Ministry of Foreign Affairs, Mexico
- Mr Ronald Nkusi, Director of External Finance, Ministry of Finance and Economic Planning, Rwanda
- Ms Noumea Simi, Pacific Islands Representative, Assistant CEO, Ministry of Finance, Samoa
- Ms Mmakgoshi Phetla-Lekhethe, Director-General, National Treasury, South Africa
- Mr Johan Borgstam, Director General for International Development cooperation, Ministry of Foreign Affairs, Sweden
- Mr Helder da Costa, National Coordinator, Ministry of Finance, Timor-Leste / g7+
- Mr Richard Calvert, Director General, Finance and Corporate Performance, Department for International Development, United Kingdom
- Ms Sigrid Kaag, Assistant Secretary-General and Assistant Administrator, United Nations Development Programme*
- Mr Steven Pierce, US Delegate to the Development Assistance Committee, United States
- Ms Barbara Lee, Manager, Aid Effectiveness Unit, World Bank*
- Mr Talaat Abdel-Malek, Chair, OECD/DAC Working Party on Aid Effectiveness, PBIG Chair

* Member of the WP-EFF Bureau

** Denotes delegations that take part in the work of the group as participant observers

Source: Author

9 Strengthening institutional capacity: An elusive development cooperation goal?

"Without robust capacity – strong institutions, systems, and local expertise – developing countries cannot fully own and manage their development processes."

Accra Agenda for Action, paragraph 14

Introductory note

We referred to capacity development on many occasions in previous chapters. However, the special importance of capacity issues requires some in-depth treatment, which is the purpose of this chapter. Institutional capacity is a core prerequisite for sustaining development in any society. The following paragraphs give a short background to put the topic in an appropriate time perspective.

There is a consensus today that capacity plays a pivotal role in development, often explaining much of the difference between the successes and failures of development initiatives. Although not new as a concept, the meaning and implications of capacity have evolved rapidly in recent years, attracting greater attention and according it a high priority in debating development and cooperation issues. The recognition that "something had been missing" from development strategies and had to be identified and rectified is turning CD into a "big business". The World Bank Institute (WBI) estimated that "[e]*ach year, aid donors spend more than US$ 20 billion on products and activities designed to enhance the capacity of developing countries to make and carry out development plans*" (Otoo, Agapitowa, & Behrens, 2009). The question is whether these funds are producing better development capacities.

The evolution of CD as a concept has lagged behind our thinking on development, which progressed from equating development with higher levels of gross domestic product growth to acknowledging broader elements such as gender, environmental protection, income distribution, participatory approaches and good governance. Typical discussions of capacity issues referred to bureaucratic inefficiencies, poor infrastructure, the inability to formulate coherent policies and fight corruption, and too much political

interference in policies. The major culprit was identified as poor technical and professional skills of *individuals,* with little attention to institutional capacities, which are now a major challenge to development policy-makers and practitioners.[33]

Meanwhile, recent empirical work shed more light on the "capacity black box" through diagnostic tools and a growing database of CD knowledge, conceptually and in practice. The World Bank's comprehensive matrix summarising CD literature (World Bank, 2004) has been helpful in tracing the evolution of thinking and practice. Yet, many surveys showed that CD *policies and practices* on the ground have not caught up with current thinking, despite a few encouraging signs of progress. To address this gap, the Busan document made numerous references to strengthening development capacities and building effective institutions as a key development priority.

Given the fluid state of CD policy and practice, CD issues are likely to remain a challenge for some time to come, especially in countries where the political and social climate is not conducive to change. To do better, these countries would have to carry out reforms addressing capacity weaknesses. Ongoing capacity reforms in other countries are producing evidence of what works and what does not in specific country contexts.

In addressing capacity issues, we first trace how CD has evolved as a concept and define its meaning and elements, referring to landmark events behind its evolution; then explore and learn from CD initiatives launched by different institutions and agencies that are adopting promising approaches in concrete country settings; and lastly offer some thoughts on mainstreaming CD in national plans as a critical element in supporting sustainable development and improving development assistance impact.

9.1 Capacity development: An evolving concept

Our tracking of CD's conceptual evolution reviews four major events held in Bonn and Accra (2008), Morocco (2010) and Cairo (2011), whose outcomes provided substantive CD input to the Busan outcome

33 Most writers prefer to use the term "capacity development" rather than "capacity building", since the latter assumes that no capacity exists prior to CD work, which of course is not a correct assumption.

document. There is no claim that these events were the only contributors, as others before and during this period made their own contributions, as is stated later. However, these events were "markers", setting and reaffirming fundamental aspects of what capacity development is all about as we know it today – knowledge that will continue to evolve in concepts and practice.

9.1.1 Getting started

The Bonn workshop

The Bonn workshop, held in May 2008, was conceived to respond to delegates who recognised CD as being a high priority.[34] It aimed to (a) clarify CD concepts and approaches as involving integrated country-owned and -led actions dealing with institutional and human resource development; and (b) identify issues to be addressed at the Accra HLF in September.[35] CD issues were considered in the context of the Paris Principles (ownership, accountability, etc.), dealing with capacity aspects at the national and sector levels and reviewing the special needs of fragile states. A steering group drew up recommendations and drafted the "Bonn Consensus on Capacity Development" (OECD, 2008a), which was endorsed. The Bonn statement recognised CD as being critical for sustainable development and national ownership. Six action areas were recommended, as listed in Box 16.

34 The workshop was co-sponsored by the OECD/DAC and the BMZ in Bonn, 15–16 May 2008.

35 The workshop was co-chaired by Talaat Abdel-Malek, core member of the Accra Contact Group, and Richard Manning, former DAC Chair. It was coordinated by James Hradsky, DAC Senior Coordinator for Capacity Development; Thomas Theisohn, LenCD special consultant; and Ulrike Ebeling, Capacity Development Advisor, BMZ, Bonn. The workshop was attended by 68 policy-makers, practitioners and civil society from partner countries; aid providers participated in addition to 28 observers.

Box 16: The Bonn Consensus action areas

- Developing countries agree to integrate capacity development as a core element of national, sector and thematic development efforts.
- Developing countries will take the lead in addressing key systemic issues that undermine capacity development, with support from external partners as required.
- To enable developing countries to exercise ownership of capacity development through technical cooperation, external partners agree to a) the joint selection and management of technical cooperation to support local priorities, and b) expand the choice of technical cooperation providers to ensure access to sources of local and South-South expertise.
- Developing countries and external partners also jointly commit to enable the capacity development of civil society and the private sector to play their development roles more fully.
- In situations of fragility, notably in post-conflict areas, external partners will provide tailored and coordinated capacity development support for core state functions earlier and for a longer period. Interim measures should be appropriately sequenced and lead to sustainable capacities and local institutions.
- Beyond Accra, developing countries and external partners jointly agree to a strengthened and consolidated international effort to expand capacity development knowledge and apply resulting good practice.

Source: OECD (2008e)

An action plan for the medium term was proposed that went beyond Accra to HLF4 in 2011, acknowledging the long-term time frame for effective CD efforts; initiating a dialogue on CD between the South and the North under partner-country leadership; formulating an initial CD agenda for a joint international effort focussing on the Bonn Consensus priorities; placing major emphasis on learning about capacity development at the country level and making use of South-South knowledge-exchange; and developing a lightly structured international effort to support CD efforts.

9.1.2 Framing the concept

The Accra Agenda for Action

At Accra, delegates endorsed the Bonn Consensus and incorporated its proposals into the Accra Agenda for Action (OECD, 2008e), as the following text shows:

> *Without robust capacity – strong institutions, systems, and local expertise – developing countries cannot fully own and manage their development processes. We agreed in Paris Declaration that capacity development is the responsibility of developing countries, with donors playing a supportive role, and that technical co-operation is a means among others to develop capacity. Together, developing countries and donors will take the following actions to strengthen capacity development:*
>
> a) *Developing countries will systematically identify areas where there is a need to strengthen the capacity to perform and deliver services at all levels – national, sub-national, sectoral, and thematic – and design strategies to address them. Donors will strengthen their own capacity and skills to be more responsive to developing countries' needs.*
>
> b) *Donors' support for capacity development will be demand-driven and designed to support country ownership. To this end, developing countries and donors will i) jointly select and manage technical co-operation, and ii) promote the provision of technical co-operation by local and regional resources, including through South-South co-operation.*
>
> c) *Developing countries and donors will work together at all levels to promote operational changes that make capacity development support more effective.*

The AAA contained 16 passages on CD, reflecting its cross-cutting nature and impact on development cooperation beyond technical assistance, which had been the main modality for CD support.

UNDP "Capacity IS Development" workshop

Another contribution to the evolving CD concept was UNDP's initiative "Capacity IS Development" workshop, launched in March 2010 (UNDP, 2010), in which political leaders, policy-makers and practitioners discussed policy choices and decisions underpinning "institutional

transformation" to achieve goals as well as roles of partnerships and South-South cooperation. Themes stressed: how to build capable institutions for 2015 and beyond; capacity investments and policy choices at the local level; protecting capacity in crisis; new generation institutions for sustainable growth in Africa; capacity demand and capacity supply in middle-income countries; and capable institutions for climate change. Key messages for moving forward were agreed, listed in Box 17 (UNPD, s.a.).

Box 17: Key messages of UNDP's Capacity IS Development workshop

- CD is about people's ability to effect change in their local environments.
- Demand-driven change in capacity stems from investing in education reform.
- Capable institutions operate with flatter structures and responsive feedback mechanisms.
- CD in middle-income countries is driven by a new breed of institutions that are flexible, have cross-sector mandates and are run by visionary leadership.
- Transformational leadership is key to CD and is characterised by its ability to de-politicise state institutions, adopt longer-term vision, build partnerships between public and private organisations to solve development problems, and practice risk management as a core skill.
- Change is needed in domestic capacities to adapt and respond to global issues, which have become part of domestic development agendas.
- Investment in the capabilities of people and their institutions is a result of investing in effective institutional arrangements, use of knowledge and skills, and active public engagement.

Source: Author

9.1.3 From concepts to Southern-led implementation

The Cairo workshop: Call for action

Building on these developments, Egypt hosted a two-day workshop on capacity development in Cairo in March 2011.[36] It was to help move the CD dialogue from "concepts" to "implementation" and accelerate the pace of application under Southern leadership. More than 60 senior policy-makers and practitioners discussed various approaches and explored how to deal with bottlenecks impeding progress. The agenda included a wide range of issues: assessing CD priority needs; use of country systems; upgrading institutional capacity; CD in fragile states; technical cooperation in the CD context; South-South cooperation as a CD resource; making CD a policy priority; and civil society organisations and CD. Specific suggestions were put forward to deal with shortcomings and showcase success stories. The workshop produced seven messages to policy-makers in partner countries and development partners, later presented in Busan (Government of Egypt, OECD, & JICA, 2011a):

- Set CD as the central component of inclusive development efforts
- Recognise the various results that CD can deliver over the short, medium, and long term
- Enhance domestic leadership and country ownership of its CD agenda
- Build on existing capacities
- Focus on mutual learning through partnerships among Southern countries
- Shape demand-driven technical co-operation, and
- Acknowledge that CD is a priority for all partner countries, especially fragile states

The "Cairo Consensus on Capacity Development: Call for Action" (Government of Egypt, OECD, & JICA, 2011a) was unanimously endorsed. Its key points are listed in Box 18.

36 The workshop was supported by the OECD/DAC and JICA.

Box 18: Key points of the Cairo Consensus on Capacity Development

- CD is not an afterthought and should be at the heart of all development efforts.
- CD is strategic for the achievement of development results and accountable institutions.
- Domestic leadership of CD is essential.
- Existing capacities should be the backbone of any CD initiative and must not be undermined.
- Systematic learning on what works and what does not is key to improved capacity.
- Supply-driven technical cooperation rarely builds sustainable capacity and should be replaced by demand-led transparent approaches tailored to the country context.
- CD is top priority to all partner countries and especially to fragile states, and should be guided by the framework being formulated by the International Dialogue Group.

Source: Author

The workshop was the culmination of efforts since Bonn, calling for urgent attention on CD as being critical for development cooperation and development at large. The role of institutions was underlined as a key component in the CD initiative, as was the role of partner-country political leadership and commitments.

9.2 Refining and implementing CD approaches

While various events were being organised – and as a response to their outcomes – many agencies expressed greater interest in CD and sponsored events to explore ways of reforming CD policies and approaches. Some of these were international, others were regional. We review international events first.

9.2.1 International and aid agencies' initiatives

OECD/DAC: As an international agency, DAC's interest in CD went back to the Paris HLF, if not earlier. In 2006, it issued a Guidance Note (OECD, 2005e), which, as a reference, defined CD as "*the process by which people, organisations and society as a whole create, strengthen and maintain their capacity over time*", and defined capacity as their ability to "*manage their affairs successfully*". Since then, DAC has participated in a number of events encouraging members to improve contributions to CD in partner countries, and has approved a capacity development initiative to facilitate implementation of AAA capacity priorities over three years.

A small CD Unit (OECD, 2010e) was established consisting of James Hradsky and Silvia Guizzardi. The Unit formed a working partnerships with the CD Alliance for Capacity Development and the Learning Network on Capacity Development. Other linkages were developed inside and outside the DAC, including the New Partnership for Africa's Development, the EC, the Asian Capacity Development for Development Effectiveness, and the African Capacity Building Foundation (ACBF). A major objective was to promote the greater involvement of Southern partners in future DAC plans for development cooperation and enlist the support of civil society as well.

Despite its small size and tight budget, the Unit performed well during its three years of existence. It compiled an "Inventory of Donor Approaches to Capacity Development" (OECD DCD/DAC, 2009e), which listed three categories of information about policies, operational highlights and the current focus on CD priorities, as stated in the AAA. Although a wide range of policies and guidelines were identified, there was a consensus on the importance of capacity development in ODA contributions. Some ODA members had already developed written policies on CD and agreed about the role of civil society and the private sector in initiating / supporting CD actions (OECD DCD/DAC, 2011g).

Technical assistance was the main venue for CD support in partner countries.

> *Donors acknowledge that, ideally, technical co-operation should be country led, owned, managed, and fully integrated in the context of national sector programmes. Many strongly advocate South-South co-*

> *operation approaches and the use of local capacities. Yet, they technical co-operation at the field level remained far from these goals. Interventions focused on task specific, traditional training and skill building, sometimes qualified as – substituting rather than enhancing local capacity.* (OECD DCD/DAC, 2011g)

Suggestions were offered to improve existing policies and practices that called for

> *making CD a core and visible part of policy dialogues; adjusting members' policies and practices to meet AAA goals on CD; involving partner countries more fully in these adjustments; and encouraging coherence in CD approaches among members.* (Pearson, 2011)

The Unit also organised a consultation workshop, "CD in aid business processes: Getting it right!", in November 2010 (OECD, 2011b) to discuss how development partners addressed CD in practice; to review incentives, constraints and dilemmas in integrating CD in aiding business processes; and to consider challenges in cooperating with partner countries to keep CD high on the agenda. More than 50 aid agencies, partner countries, multilateral organisations, CSOs and experts identified major difficulties in: translating good CD principles into operational policies and practices; taking partner-country ownership seriously in formulating providers' CD actions; securing support from the top; dealing with the special and complex CD needs in fragile states and with public sector reform; and reforming technical assistance practices. The gap between concepts and practice remained wide and challenging.

Another contribution was the Synthesis Report (Baser et al., 2011),[37] which underlined lessons learnt in CD and put forward actions for consideration at the Busan HLF. The report served as a major input document at the Cairo Workshop and was instructive in providing

37 Drawing on a wealth of sources and experiences, the report adopted a mainly Southern perspective in order to highlight the importance of Southern leadership and local contexts as critical requisites for the success of joint South-North cooperation. Members of the High Level Group (Talaat Abdel-Malek, Frannie Leautier and Fernando Straface) set the framework and subsequently edited the draft. They wish to express their appreciation to the drafting team Heather Baser, Nils Boesen, Silvia Guizzardi, James Hardsky and Anthony Land, with the support of Thomas Theisohn (and the LenCD network), who worked diligently to produce earlier drafts.

comprehensive analysis on key aspects. Its executive summary stressed the following requisites for future CD:

- Acquiring a good understanding of the local context as a strategic starting point in mapping out country-level action;
- Focussing on sectors as the practical starting point in capacity development work;
- Engaging in open dialogues among stakeholders and partners to assess priority needs and identify best options;
- Dealing with political, technical and cultural aspects and processes of capacity development;
- Starting small, assessing progress, learning and adapting approaches and methods;
- Making use of aid as a catalyst while recognising its limitations as a means of coping with capacity development challenges;
- Adopting a results-based approach that takes due note of short and longer-term perspectives in assessing outcome.

Its political messages proposed:

a) adopting CD as a powerful vision for the aid process;

b) engaging Southern leadership, without whom efforts would not produce desired outcomes;

c) focussing development partners' support to meet genuine CD priority needs;

d) pursuing an inclusive partnership mobilising CSO and private-sector engagement based on their comparative advantages;

e) reforming technical assistance to go beyond conventional training and *ad hoc* assistance and address institutional issues; and

f) noting state-building as a key component / goal of CD in fragile states.

The practical messages called for applying results-based CD approaches; joint monitoring at the country level; adopting sector focus as the most promising starting point; and promoting local institutional capacity-building. It also called for reforming "aid business systems" to make them

more flexible, improve measurement of results and adopt longer-term perspectives for CD work.[38]

UN agencies: Nearly all UN agencies undertook CD responsibilities, and some initiated CD assistance long before recent emphasis on this topic. The UN Educational, Scientific and Cultural Organization's International Institute for Capacity Building in Africa was established in 1999 as one of eight institutes to serve African states in teacher education. The Institute focussed on building the capacity of individuals and institutions to improve the quality of African teachers. "*Neglecting the capacity building of institutions (organizations) may limit the effectiveness of capacity building of individuals*" – a statement that acknowledges the role of institutions in achieving sustainable results (Matachi, 2006).

The Food and Agriculture Organization developed a corporate CD strategy in 2010 to guide staff in project and programme design. It designed four learning modules on: enhancing FAO's practices for supporting CD of member countries; FAO approaches to CD in programming: processes and tools; FAO good-learning practices for effective CD; and organisation analysis and development. Module Two, for example, identified four themes and offered tools to design assistance projects. Emphasis was placed on how to engage with national actors, design context analysis, measure CD and build sustainability (FAO Capacity Development, 2012).

ECOSOC Development Cooperation Forum had been actively engaged in aid effectiveness issues for several years. In its First Report (UN ECOSOC, 2008b), the ECOSOC president stated "*country level capacities for coordinating and managing aid*" as one of the priorities, and underlined the importance of mutual accountability as another priority issue. A 2007 Vienna symposium focussed on mutual accountability capacities and was followed by a DCF survey of practices in mutual accountability in developing countries. Plans were announced to strengthen accountability mechanisms by enhancing "*the institutional and*

38 The Synthesis Report drew largely on the contributions of the team, which prepared five papers addressing specific CD issues, including: the enabling environment; perspectives note on sector CD; CD and CSOs; technical cooperation for CD; and perspectives on CD in fragile situations. These papers are available on the OECD/DAC website on aid effectiveness.

human resource capacity of aid management / coordination actors in government, parliament, civil society and local government to engage in the design and implementation of effective [mutual accountability] *frameworks*" (UN ECOSOC, 2013).

World Bank Institute (WBI): The WBI had been active in supporting CD through its knowledge-exchange network and publications. In 2009, it published its Capacity Development Results Framework (Otoo, Agapitowa, & Behrens, 2009) as a "*strategic and results-oriented approach*" to learning for capacity development. It was a comprehensive approach to the "*design, implementation, monitoring, management and evaluation*" of development programmes, dealing with capacity factors impeding the achievement of development goals. Three factors were identified: conduciveness of the socio-political environment, efficiency of policy instruments to pursue goals and effectiveness of organisational arrangements. Ten steps were suggested, starting with validating development goals and assessing capacity factors relevant to their achievement, to steps in programme design, to implementation and monitoring, and finally to assessing results and follow-up actions.

The framework was tested with some agencies, including the intergovernmental Authority on Development and Poverty Action Network in Addis Ababa, the ACBF in Zimbabwe, and government agencies in China. The framework was accordingly adapted to local contexts to facilitate implementation (World Bank Institute [WBI], 2010). The WBI had extensive CD documentation on its website. As a "global connector", it plays a significant role in connecting CD demand and supply sides to discuss needs and use knowledge sources.

European Commission capacity initiatives: One of the most significant CD initiatives was the EC's "Backbone Strategy" on reforming TC and PIU (EC, 2008), which was a response to dissatisfaction with technical-assistance outcomes. Disappointment in results was not confined to EU technical cooperation (TC) and included other development partners. The Strategy had eight guiding principles, which are shown in Box 19.

Box 19: EU guiding principles for technical cooperation

- Capacity development is the primary aim of TC.
- TC will be provided in response to a demand-led approach, not by default.
- TC inputs / activities will be linked to target outputs, leading to sustainable development outcomes.
- Partner-country ownership is the key underlying principle for EC-funded TC.
- TC will take account of country- and sector-specific requirements.
- TC will be closely coordinated with other development cooperation providers and aligned with country programmes.
- EU will avoid use of PIUs and promote effective project implementation arrangements.
- EU will consider innovative options for TC provision, including use of international and national consultants and twinning arrangements.

Source: Author

This was – and remains – a tall order. The Strategy initiated substantial changes in policies and practices. However, The EC's ability to persuade member states to adopt the same strategy was an open question. Anything close to full implementation promised tangible results. In 2009, the EC prepared guidelines on "making technical cooperation more effective", followed with a tool kit on CD in 2010 (Richelle, 2009). Until the time of writing, no progress report on implementing the Strategy had been published, and no mention was made of this issue in the EC's Peer Review of 2012 (OECD, 2012b).

In April 2012, it announced it was rethinking TC in light of the Busan accord. Earlier Guidance notes were reviewed following "*the lessons which have been learned after two years of implementation*" (EC, 2012). Tony Land, a CD consultant assisting the EC, remarked that

> [w]*e primarily work as bureaucracies or administrators of funds but we really need to make a shift towards being facilitators of change processes. And that meant different skill sets, different procedures, and different rules; in sum, a different mindset towards many of the things we have conventionally been doing. In addition, it is important that space is*

> *created within organizations to do things differently.* (Land, Pearson, & Riembault, 2012)

Participants in a pilot training course reflected on changes in the mindsets towards capacity development to help mainstream CD as a fundamental concept in the EC's work. An assessment of progress and difficulties in applying the Strategy would contribute to our knowledge in how to reform technical cooperation to produce better results.

EuropeAid set up "Capacity4dev.eu" in 2009 as an online knowledge platform, refined a year later to help in the exchange of knowledge among practitioners, academics, partner countries, civil society and aid providers. It resulted in some 69 discussion groups on diverse topics such as health in sub-Saharan Africa; conflict transformation and security; international river law network; policy forum on development; public group on governance; results-oriented monitoring; results and accountability; public group on migration and asylum; water issues in the Pacific; and so on. These groups went beyond capacity development *per se* and addressed other development issues in local and regional contexts.

Japan International Cooperation Agency (JICA)'s CD policies and practices: JICA maintained that it had been supporting CD in partner countries for many years, though it was not until 2004 that it published its Capacity Development Handbook for JICA Staff "*for improving the effectiveness and sustainability of JICA's assistance*" (JICA, Task Force on Aid Approaches, 2004). The Handbook defined CD as the process in which individuals, organisations and society develop their abilities to solve problems. JICA engaged in self-criticism, recognising that past policies were based on the transfer of knowledge and skills by Japan's experts to ill gaps in partner countries and were restricted to government organisations, without regard to institutional and social contexts. These proved ineffective and led to a re-examination of existing policies.

The Handbook listed the requirements of successful CD interventions to include:

- refraining from directly developing capacities in a partner country
- underlining the importance of partner-country ownership
- undertaking joint efforts with the participation of stakeholders in the partner country

- adopting a long-term commitment
- ensuring the creation of sustainable mechanism on project completion
- designing projects based on a good understanding of how development actors in partner countries interact, stressing the importance of programme-based approaches
- adopting a flexible approach responsive to each partner country's needs and conditions
- measuring and evaluating the long-term CD process

JICA compared different aid providers' policies and concluded that choosing between its traditional approach of gradual bottom-up change and "transformational change" used by Western providers had to be made on a case-by-case basis. Its CD Research Institute Director (Kato, 2008) questioned the agency's claim of widespread application of CD concepts and slow response to criticism, and argued for policy changes without delay. Efforts to mainstream CD as a core principle were still works-in-progress. A Capacity Assessment Handbook (JICA Research Institute, 2008) was published to help in project formulation and implementation, based on CD concepts. Another JICA Institute study looked at CD as a long-term endogenous process, encompassing several layers of capacities, embodying not only technical elements but core capacities such as the ability to engage, plan, budget, implement and monitor (Hosono, Honda, Sato, & Ono, 2011).

9.2.2 Regional recipient-country-based initiatives

Capacity Development for Development Effectiveness: Regional initiatives focussed on local issues and facilitated knowledge-sharing. One leading regional initiative is the CDDE, referred to in an earlier chapter, which was established "*to meet Asia-Pacific partner countries demands for peer-to-peer initiatives that help them improve the management of their aid partnerships in pursuit of development effectiveness and poverty reduction*" (Capacity Development for Development Effectiveness, s.a.). Its Steering Committee of practitioners ensured the delivery of quality CD support services to countries and institutions in the region. CDDE addressed other aid issues also through peer-to-peer learning and

knowledge dissemination. It has more recently expanded its links to Latin America, Africa and Europe.

Africa Capacity Building Foundation: ACBF was set up in 1991 to build institutional capacity in the public sector in sub-Saharan African countries. It has evolved to become the leading African institution – in partnership with other stakeholders – in building capacity for good governance and poverty reduction as well as building a network of 38 African partners and 13 bilateral partners by 2012 (African Capacity Building Foundation [ACBF], 2012). The change in leadership was behind the new strategic focus and energising of ACBF. It introduced a Strategic Medium-Term Plan based on three pillars: enhancing critical capacities for economic and social stability and transformational change; strengthening capacity to engage the productive sector; and improving capacity to track policy impact. A set of tools and actions were put in place to achieve these objectives.

An innovative feature was the use of CD indicators[39] and publishing progress results. An Africa Capacity Index ranked the performance of 44 African countries according to policy environment; processes for implementation; development results at the country level; and capacity development outcomes. The report was prepared by "*an independent team of scholars and practitioners and advised by an external reference group*" (ACBF, 2013). The report and its index offered inputs into decisions on what to finance in order to develop capacity – whether it was regulatory and institutional reforms or investment in public administration. The latest report shows improvements in Africa's capacities, as measured by these indicators.[40]

39 This effort is based on an earlier review of the literature conducted by Yamile Mizrahi (Capacity Enhancement Indicators, WBI Working Papers 2004), at the time Frannie Leautier was WBI vice president, before she took over the top management post at ACBF. Mizrahi's literature review is worth reading, as it goes into the conceptual and practical difficulties of measuring CD indicators and raised the questions of "whose capacity" and "capacity for what" as guides to make more progress in measuring CD.

40 For another attempt to develop CD indicators earlier on, see Morgan (1997). Morgan used a narrower definition of CD to refer to the growth of formal organisational relationships and abilities to carry out functions to achieve objectives. He states that his paper does not deal fully with all CD issues but looks at these from a "donor and funding agency" perspective. He argues that CD indicators should not take the traditional route of input-output-outcome-impact but rather focus on process and behaviour change. This point is worth noting.

The ACBF board chair stated that

> *a critical area of capacity that ACBF has focused on where work still remains to be done is the important element of building institutional capacity, [which] is very much like building human capacity – it needs time, patience, financial and moral support. The ability to partner in constructing an institution often requires that difficult ground be covered and hurdles tackled together with a focus on results and impact.* (ACBF, 2013)

With funding support, ACBF is poised to continue its role in strengthening Africa's capacities.

NEPAD's Capacity Development Strategic Framework: A sister institution is the NEPAD Capacity Development Programme, which designed the Capacity Development Strategic Framework (CDSF) in 2009 to overcome the prevailing focus on:

> *traditional skills training alone without fostering adaptive institutions or enabling environments capable of empowering individuals to put new knowledge and skills into practice.* [CDSF] *goes beyond quick fixes and fragmented interventions to address critical capacity gaps and deep systemic constraints. Most African programmes and projects have failed to make the expected impact because of weak implementing capacity. Ineffective relationships between states, regions, institutions, and individuals have exacerbated Africa's development challenges.* (African Union & The New Partnership for Africa's Development, 2009)

This diagnosis spelt out the causes of tough capacity challenges to the NEPAD Programme.

CDSF rested on six cornerstones: leadership transformation; citizen transformation; evidence-based knowledge and innovation; utilising African potential, skills and resources; developing capacity of capacity developers; and integrated planning and implementation for results. These ambitious features must be viewed within a long-term time frame. A network of more than 400 CD practitioners and bilateral and multilateral development agencies was formed to support implementation. Guidance Notes were prepared to help practitioners. Guidance Note 2 dealt with leadership and sector development at the regional and national levels and called for a "change of mindset" and "mindset for change" (NEPAD Capacity Development Strategic Framework, 2010b).

9.3 CD through South-South cooperation

9.3.1 Some cases

SSC focusses on transferring know-how on a demand-driven basis to strengthen a partner country's development capacities. The Bogota High Level Event highlighted the role of SSC as a horizontal partnership using more than 100 case studies reporting successes achieved building capacities and other areas. Success usually receives more attention than failure – a typical human reaction. Without discounting positive reports, it is important to identify reasons behind failed initiatives. These are in short supply. We present three cases – on public health, climate change adaptation, and aquatic weed clearing in an African lake – that attempt to give more balanced assessments.

Case 1 refers to the work of five Brazilian health researchers who reviewed Brazil's South-South "structural cooperation" approach in terms of its conception and implementation based on

> *five interrelated strategic, political and technical considerations: (a) priority for horizontal cooperation; (b) focus on developing health capabilities; (c) coordinated initiatives in the regional context; (d) strong involvement of health ministers in building strategic and political consensus; and (e) encouraging partnership between ministries of health and foreign relations.* (Almelda, de Campos, Buss, Ferreira, & Fonseca, 2010)

This was carried out in eight Portuguese-speaking countries in Africa plus Timor-Leste and several South American countries.

The approach aimed to "*strengthen recipient-country health systems institutionally, combining concrete interventions with local capacity building and knowledge generation, and promoting dialogue among actors, so that they can take the lead in health sector processes and promote a future health development agenda of their own*". It involved many actors. Decisions were taken at different levels in organisational cultures. Health capacity-building was reported as a major challenge, and "*little has been done to explore how to do it with a view to strengthening health systems … the role of international agents*" (ibid.) became less clear and more complex, while partnering was crucial to identifying issues and tackling problems.

Also, high expectations for effective results went hand-in-hand with seriously limited administrative mechanisms on both sides.

There was a need "*to define the most appropriate institutional arrangements to respond to foreign-policy decisions and avoid the risk of responsibilities being pulverised*" (ibid.). The researchers concluded that addressing such challenges required the support of a comprehensive health system to overcome fragmentation, adopt a long-term perspective and attend to recipient-country realities.

Case 2 relates to CD for climate change adaptation, based on a report on the "China and South-South Scoping Assessment for Adaptation, Learning and Development".[41] The six-month study covered 10 countries in Africa, Asia and the Caribbean (Simpson et al., 2012). All target countries made progress in developing and implementing climate adaptation strategies, but it had been slow due to limited funding and the complexity of challenges, including identifying sectors at risk; increasing adaptive capacity of vulnerable groups; fostering inter-agency cooperation; increasing appropriate technology and funding; limited human capacity; managing resources for adaptation programmes; integrating climate change strategies in sector plans; and achieving a faster pace of implementation. The level and mode of engagement varied across stakeholder groups. As adaptation was highly context-specific, "*most South-South learning and development currently occurs between individuals working for NGOs, development agencies and academia in the South*" (ibid.).

Additional effort was required "*to understand nuances at national and community level, giving civil society and academia an important role to play in South-South learning and development for adaptation to climate change*". Expanding South-South learning and development on adaptation faced the challenges of "*lack of institutional infrastructure and the long history of North-South relationships*" (ibid.). The study anticipated that the North was expected to remain the major donor and referred to language barriers and cultural differences as "other challenges". Understanding these differences was essential if countries were to learn from one another.

41 This was funded by the Adapting for Climate Change in China Initiative and conducted by INTASAVE Partnership and CARIBSAVE, non-profit groups specialising in innovative climate change solutions.

Case 3 came from Africa as an Egypt-Uganda initiative to control aquatic weeds in Uganda's Lake Kyoga. Weeds threatened the livelihood of fishing communities and spread disease through still lake water. Nearby villages were flooded due to the rise in the lake water level, causing displacement of three million villagers. To deal with this issue, assistance was first received from the United States, the Netherlands, Japan and UNDP until 1997. Egypt responded to a call for further assistance with an agreement between the two governments, under which Egypt offered a three-phase initiative, starting in 1999, at a cost of more than US$ 20 million to Egypt. The objectives (South-South Opportunity, 2010) were to control Uganda's aquatic weeds, build a number of ports, help develop a water policy for Uganda and establish water reservoirs to ensure more stability in the region's water supply. Uganda's capacity was to be strengthened to manage the situation.

The project was deemed successful, but certain challenges were identified. First, there was a misperception among Ugandans as to why Egypt was assisting – but this was overcome with the emergence of positive results. Second, transport of the project's equipment was difficult due to lack of direct routes, difficult terrains and theft on the way, resulting in equipment losses of 10 per cent. Third, approval of tax exemptions for Egyptian personnel and equipment was delayed due to the inflexible application on the Ugandan side. Finally, Egyptian personnel operated in a high-risk environment with many health hazards, tropical diseases and shortage of vaccinations, causing some loss of life and security risks.

Another assessment was carried out, interviewing both sides, which concluded that the capacity development objective was undermined by the difficulty of retaining Ugandan manpower to operate equipment, and due to the exit of knowledgeable politicians and senior management and technical staff. It suggested that: (a) project objectives should have been more clearly defined, (b) ownership and mutual accountability mechanisms needed to be streamlined as the guiding principle, (c) a CD plan should have been developed to maintain the capacity built.

These three cases emphasise the importance of conducting more objective assessments of SSC initiatives to ensure more transparency and more credible lessons of experience in order to minimise existing doubts about their net contributions.

9.4 Mainstreaming CD: Lessons and recommendations

The wide-ranging debates on CD and actions taken by stakeholders in recent years had a visible influence on the wording of the Busan document, with its many references to the vital role of CD, strengthening core institutions, use of country systems, and the roles of parliaments, local government and civil society. Paragraph 29 stipulated:

> *Effective institutions and policies are essential for sustainable development. Institutions fulfilling core state functions should, where necessary, be further strengthened, alongside the policies and practices of providers of development co-operation, to facilitate the leveraging of resources by developing countries. Developing countries will lead in efforts to strengthen these institutions, adapting to local context and differing stages of development*. (OECD, 2011f)

The Busan text is more specific than earlier HLF declarations and more explicit in identifying the responsibilities of partner countries and development partners in meeting CD commitments. It is hoped that the Global Partnership will have more success in promoting implementation of CD reforms and mainstreaming it into development policies and actions. Ongoing initiatives, such as those reviewed earlier, as well as the building blocks that have taken CD issues on board, can play a strong supportive role.

In concluding this chapter, we summarise key lessons learnt, drawn from the rich conceptual and empirical contributions reviewed in this chapter. Twelve lessons are worth highlighting.

- First, CD can become a complex topic conceptually and in practice. Yet, *CD's strategic underpinnings remain relatively simple*. The pyramid-shaped schematic below depicts its key elements: (a) the institution (or sector) organisational structure, which houses its human resources; (b) its internal operating systems (planning, monitoring and evaluation, audit and accountability, recruitment, incentives, etc.); (c) its internal environment (management and leadership style, teamwork, participatory approaches, communication, transparency, etc.); and (d) the external environment (legal, political, economic, and cultural influences) in which it functions. This schematic captures the essential CD dimensions and issues.

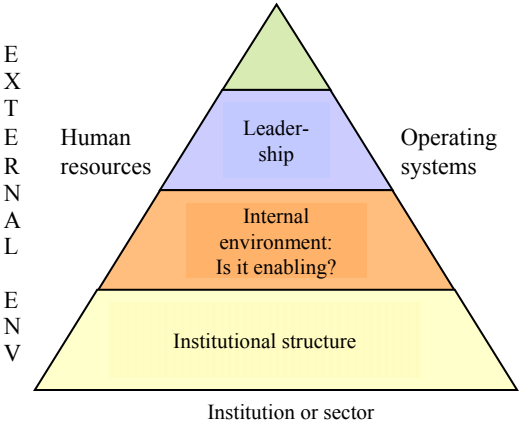
- Second, actors are giving *higher priority to institutional issues* as opposed to traditional – almost exclusive – attention to training. This switch is in its early stages and facing typical resistance to change pressures. It has to be recognised that external partners are limited in their ability and legitimacy to influence change without partner-country leadership – leadership that is easier said than done. Making political statements is one thing; acting on them is another. This is why *sustained leadership* is what matters to follow-up on progress as well as taking remedial measures.
- Third, *Southern leadership and championship* is crucial. In a WBI brief (Abdel-Malek, 2009a; Abdel-Malek, 2011b), I outlined reasons for the lack of leadership: inadequate knowledge of what it takes to develop capacity; undue reliance on training; centralisation of authority, which discourages staff participation in decision-making and dampens their sense of belonging; weak operating systems and culture; poor performance evaluation systems and incentives; and lack of accountability for results. There are exceptions in which leadership has been the initiator of change for better performance, but this is far from the norm. These are highly challenging shortcomings that require senior-level political understanding and courage to make tough decisions and enlist technical support to implement them.

  Mobilising and *sustaining Southern leadership* has been a tough challenge, as shown in many attempts, including an initiative I undertook by launching the CD Alliance (OECD, 2008d) in 2008 to promote attention of CD and mobilise political support. Working with Ingrid Hoven, then a BMZ Director-General, the Alliance was created as a *Southern-driven platform* of leaders championing the cause of CD. Hoven joined as co-chair and generously hosted its first meeting. After a promising start, which attracted policy-makers and practitioners and prepared a work plan, this momentum could not be sustained beyond its first two years. Members' initial interest faded, despite continued nominal support (CD Alliance, 2010). This was an example of an attempt to create an informal support network that failed to draw sustained membership and the modest funding to pursue its goals.
- Fourth, *CD goals should be both ambitious and feasible*. Objectives announced by some agencies were in some cases too broad and too ambitious. Ambition is to be applauded as long as it is grounded in

reality and supported by resources to deliver results in the near term, while noting that a long-term perspective is required due to the nature of the change process. It is also more realistic to identify sectors and institutions playing important roles in development to upgrade their capacities than to attempt to implement a national plan. Focussed success generates a multiplier effect, encouraging domestic stakeholders and external partners to provide more support.

- Fifth, *incentives are the lubricants smoothing the functioning of the change engine*. They have to be perceived from different angles and deal with the questions: What motivates leadership to "take the risk" of changing the *status quo*? How should interested leaders motivate lower levels to be part of the change process and recognise its benefits? Would these benefits be shared by all, or only by some at the expense of others? Assuming CD leads to positive outcomes, what incentives are needed to sustain results and build on them? Experience shows that some reforms can be short-lived unless sustainability provisions are in place. The track record of development assistance has consistently shown that many projects fail shortly after termination of external funding and suspension of benefits enjoyed by local project staff. Those that maintained a good level of performance are projects for which sustainability measures compensated for benefits lost.

Figure 9: A schematic showing key elements of capacity development



Source: Abdel-Malek (2008)

- Sixth, *incentives are also necessary for assistance providers*. Some feel that supporting capacity initiatives is less politically appealing than providing training. The latter has the "advantage" of easier measurement and reporting of inputs and outputs, and showing "results" in the short run (numbers trained, levels, etc.). However, assessing the impact of CD is more challenging, requiring a longer-term perspective and taking greater risks due to the uncertainty of success prospects. Ways have yet to be found to satisfy the concerns of assistance providers in justifying taxpayers' money to produce "evidence of results" and receive credit for their support.
- Seventh, *SSC can be an effective means of strengthening development capacities* by sharing successful experiences among Southern countries. It is most successful in training and transferring knowledge. However, it faces similar challenges in institutional upgrading, as does traditional North-South assistance. The three case studies examined earlier demonstrated the difficulties caused by a weak institutional set up, aggravated by cultural and political differences between and among collaborating countries. Such differences warn against "copying" organisational models that have proved effective in other countries, and calls for strengthening the dialogue between the South and the North, which share common challenges and can be enriched by genuine learning from each other's experiences.
- Eighth, *CD agencies need to overcome resistance of vested interest groups on both sides* to changing the *status quo.* Consultants and other service providers wish to protect their "turf", are joined by their counterparts in partner countries to maintain customary lines of work and are often rewarded financially. This is evident in training and *ad hoc* advisory projects. They might receive backing also from recipient-country officials. Other parties with vested interests in partner countries favour training and overseas study tours for senior management. These could be useful when based on a proper needs assessment and specially designed programmes, but too many beg the question about the real purpose and lack a lasting impact on performance.
- Ninth, one of the most formidable challenge to CD work is *coping with a national environment tainted with corruption*. This is not only a political difficulty but impacts negatively on CD outcomes. Where

implementation threatens corrupted vested interests, difficulties emerge that scuttle reforms. In public procurement, for example, "deals are made" to protect these interests in the absence of transparent procurement process and rules. Corrupt practices often uncover collusion on both sides of the aid equation, whereby collaborators share the benefits. Corruption, however, is not restricted to procurement and is detected in areas where much money is made by keeping the state of play as is. It is therefore essential that public accountability be part and parcel of effective CD work, supported by audit agencies and parliamentary oversight.

- In outlining his country's civil service reform plans, Kenya's Minister of Public Service reported some encouraging results. Bold actions had to be taken which stressed that "*promoting ethics and combating corruption in society directly contributes to positive implementation of the national development agenda and fast tracks the capacity to utilise aid for the intended purposes*" (Otieno, 2010).

- Tenth, the task of *developing indicators to assess CD impact* is in its infancy at present. Important as this is, the task is challenging, conceptually and empirically, and calls for caution in how to "measure" impact. Initiatives by ACBF and a few other agencies are commended but represent works-in-progress at best. Morgan's work showed a preference for measuring process and behaviour rather than input / output / impact (Morgan, 1997). I believe it is worth assessing both, as ignoring the process and modified behaviour would be a serious error. Well-meaning statements of supporting change are never enough to *initiate* it, let alone sustain its outcomes. The EC's Backbone Strategy and JICA's efforts have attempted to initiate and reinforce the change of mindset to facilitate behaviour change in the face of inertia, vested interests and risk aversion. These obstacles are still with us and have to be dealt with as one of the challenges facing the Global Partnership.

- Eleventh, *CD reform is best undertaken as a joint action* by partner countries and their partners. While emphasis until recently was placed on reforming partner-country systems, this was an unbalanced approach, causing frustration in partner countries, which argued they had made more progress than most of their partners. The time has come for development partners to take bold steps and set examples to

follow, thereby accelerating the pace of reforms on both sides. The call for development partners to strengthen their own capacity to deliver effective support has been made repeatedly and is overdue (Hradsky, 2011).

- Twelfth, *joint CD actions should take advantage of learning networks and diaspora*. These networks, such as the Learning Network on Capacity Development, are ready to assist through their pool of knowledge and access to professional practitioners to disseminate good CD practices and by helping to assess CD needs and implement plans. Similarly, diaspora members are often keen to help their native countries, using their understanding of local contexts and experiences abroad. Tapping these resources requires joint agreement on what is feasible, how to collaborate in addressing priorities and determining the responsibilities of both parties (Ionescu, 2006; Kuznetsov, 2006).

Emphasis in this chapter has been placed on institutional capacities, with a focus on individual institutions. Much of the analysis applies equally to sector and national capacities, though these are more complex in the structure, scope and sheer number of individual entities they encompass. Regardless of their level, successful CD initiatives are based on: (a) the adoption of a holistic approach or systems rather than a piecemeal approach, whether one takes a development theory or an organisational theory perspective; (b) committed ownership and leadership by those in charge of the sector and its constituent parts; (c) a good understanding of the local context, including the prevailing culture, which provides the setting for CD actions.

The more complex the target for CD actions, the longer the time period necessary to ensure that the outcomes are well-anchored in the institutions concerned, and that the principle of CD is mainstreamed as an ongoing process, not a "one off" task. Failure to observe these fundamentals has led to poor and unsustainable results, as well as to an unnecessary waste of resources. The complex analysis required for handling a sector, such as, for example, higher education and its institutions, was outlined in a recent paper that lists the specific steps involved (van Deuren, 2013).

A study by Eckel and Kezar (2003), quoted in that paper, about transformation in higher-education institutions indicated five main activities or interventions contributing to successful change:

- senior administrative support
- collaborative leadership
- flexible vision
- staff development
- visible action

Fifteen secondary interventions were identified supporting the main interventions.

> *Putting issues in a broader context, setting expectations and holding people accountable, persuasive and effective communication, invited participation, opportunities to influence results, new interactions, changes in administrative and governance processes, moderated momentum, supportive structures, financial resources, incentives, connections and synergy, external factors, outside perspectives and long term orientations.*
>
> *Both primary and secondary interventions are used in different combinations, whereby some combinations seem more logical than others and whereby alignment with specific cultural characteristics of the institution is of significant importance.*
>
> *The study suggests that transformational organizational change in higher education institutions is about construction of new meanings, about organizational sense-making. It is a process that is difficult, complex and messy and not linear and straightforward. It is a process comprised of activities that are interconnected and occur simultaneously.* (Eckel & Kezar, 2003)

As a final comment, CD remains challenging to the international development community. The list of CD tasks is long (Abdel-Malek, 2011) and calls for sustained commitments and actions. Recent discussions and announcements by leaders promise actions to generate outcomes that everyone hopes for. The emergence of partnerships among stakeholders active in CD work can only generate more synergy and better outcomes.

10 Development cooperation in fragile states: Adapting it to help exit fragility

"Development without security is impossible; security without development is only temporary."
Hillary Benn, UK Secretary for Development

"No low-income fragile or conflict-affected country has yet achieved a single United Nations Millennium Development Goal (UN MDG)."
World Development Report 2011

10.1 War, peace and security

We discussed capacity development issues in the previous chapter as being one of two issues deserving added attention in this study. The other issue concerns strengthening development capacities in fragile states and post-conflict countries. The two issues share much in common, except that the situation of fragile states is more complex, more severe and broader in scope, as it deals with the state's weakened core ability to function.

The rise in violence and armed conflicts during the post–Second World War period has been one of the major worldwide concerns. The cost of conflict – in human lives, properties, broken social fabric, foregone development opportunities and persistent insecurity – has escalated beyond all expectations and tolerance levels. One estimate of the combined cost of failing states amounted to around US$ 276 billion per year, twice than what would be generated if OECD countries had increased aid to 0.7 per cent of GNI (Chauvet, Collier, & Hoeffler, 2007). The impact of armed conflict has often spilled over to neighbouring states, causing disruptions and raising alarms about the further spread of conflicts. In such situations, talking about meeting the MDGs becomes premature and irrelevant, as it flies in the face of reason and fails to recognise that restoring peace and security is the overriding priority. Hillary Benn's quote above delivers the key message, which the international development community has come to accept and needs to translate into effective actions.

Call and Cousens (2008) reviewed the history of conflict in post-war years, stating that

> [t]*here is ground for some encouragement. More wars have ended than started since the mid-1980s, reducing the number and intensity of armed conflicts in the world by roughly half (Mack, 2007). A majority (70 per cent) have been concluded through negotiation or petering out rather than outright victory or defeat.* (Doyle & Sambanis, 2000; Fortna, 2004)

Although these outcomes are positive, recent conflicts and terrorist actions, including by so-called Islamic State in Iraq and Syria, do not provide a basis for complacency or reassurance about a more secure global peace. The so-called Arab Spring turned out to be anything but spring-like and has elevated the risk of more violence and insecurity in Tunisia and Syria and is taking its toll in Egypt.

According to recent World Bank estimates:

> *More than 1.5 billion people live in countries affected by violent conflict. Poverty rates are 20 percent higher in countries affected by repeated cycles of violence, and every year of organized violence is associated with lagging poverty reduction of nearly one percentage point. By 2015, an estimated 32 percent of the world's poor will live in fragile and conflict-affected situations (FCS). FCS account for a third of the deaths from HIV/AIDS in poor countries, a third of the people who lack access to clean water, a third of children who do not complete primary school, and half of all child deaths.* (World Bank, 2013c)

Such is the dismal picture that no elaboration is necessary to trigger urgent and coordinated actions by the international community.

- What has been the record of response so far?
- Who are the prime decision-makers and what are their roles?
- What other forms of support have these countries been receiving from multilateral and other agencies as well as civil society?
- What did scholars and researchers have to say?

In addressing these questions, the primary objective of this chapter is to consider how development cooperation has been assisting fragile states and post-conflict countries (fragile states, for brevity) in exiting fragility and moving towards sustainable development and with what is needed to

improve its impact. Our starting point is to look at how fragility is defined and measured. We then consider how fragile states have organised themselves into a vocal group called the g7+ and review the agreements they negotiated with development partners to improve assistance received as well as review the role of two key international groups that – together with the g7+ – determine the course of development cooperation in these countries. We finally refer to other forms of support from various organisations and how scholars view the situation.

10.2 Fragility definitions and measurement

10.2.1 Definitions

Defining fragility has proved problematic. Different definitions have been used by aid agencies in the absence of an agreed definition. Stewart and Brown reviewed definitions used by DFID, USAID, the Canadian International Development Agency (CIDA), the World Bank and OECD and attempted to draw a common definition combining their basic elements to make "*the concept of fragile states more operational for development policy purposes*" (Stewart & Brown, 2009). The definition states that "fragile states" is a term that applies to a "*country failing or is at high risk of failing, and distinguishes three dimensions of fragility: authority failures; service entitlement failures; and legitimacy failures*" (Stewart & Brown, 2009). A state is said to be fragile if it experiences one or more of these failures, though combined failures of two or three types is not uncommon. No hard-and-fast rule existed to determine if a state was failing, as each case had to be examined carefully. This definition helps identify key causes of failed states and assess their priority needs prior to prescribing actions. This and other definitions were formulated with no input from fragile states themselves and missed out on getting their perspectives on fragility.

Several approaches have been used to "measure" state fragility, including statistical indices and political-economy methodologies to understand its causes and risks (Mcloughlin, 2012). A number of indexes were developed to measure fragility and rank it against other states according to certain criteria, including the World Bank's Country Policy and Institutional Assessment, the Carleton University Country Indicators for

Foreign Policy, and the Brookings Index of State Weakness in the Developing World. All these indices are subjective, if not arbitrary, in assessing fragility, and caution is necessary in considering their use, which must be supplemented with qualitative assessments on a case-by-case basis.

The German Development Institute revisited the issue of categorising fragile states. Categorisation as an approach had been questioned by many analysts for its over-simplicity in dealing with complex fragility contexts. A recent DIE paper (Grävingholt, Ziaja, & Kreibaum, 2012) proposed grouping fragile states into a few categories, each with distinct characteristics, arguing this would lead to a better understanding of the challenges faced. Basing the analysis on fragility as a multi-dimensional condition, three dimensions of authority, legitimacy and capacity were used to develop a "multi-dimensional empirical typology".

This approach is similar to that developed by Charles Call, who identified "gaps" in the three dimensions. Rather than a "binary" assumption, DIE used a non-linear basis by developing indicators to "measure" the magnitude of each gap. Their analysis (Grävingholt, Ziaja, & Kreibaum, 2012) produced seven groups with specific characteristics warranting different policy prescriptions. Group A combined the largest deficiencies in all three dimensions, as compared to Group B, which scored low on capacity but had better authority and legitimacy scores, and so on. The paper then discussed policy implications for each group and recognised that more work was required to improve methodology.

10.2.2 Understanding and assessing fragility

A pioneering 2002 study of the World Bank Task Force examined how the international development community could help poor-performing low-income countries, which were characterised by very weak policies, institutions and governance, and where "aid does not work well" (World Bank, 2002). Engagement with these countries was recommended on a tailor-made basis, stressing the importance of improving policies and institutions and the provision of basic social services once capacity was strengthened. It also recommended a country transition strategy in partnerships with other assistance providers, especially those with a comparative advantage gained through longer engagement with these

countries. More focussed attention to these countries was urged and additional WB staff incentives were needed to undertake assignments in these situations.

On its part, the OECD/DAC gave priority to fragility situations in 2007, when it issued 10 principles to guide how to engage with fragile states:

> *Take context as the starting point; do no harm; focus on state-building as the central objective; prioritise prevention; recognise the links between political, security and development objectives; promote non-discrimination as a basis for inclusive and stable societies; align with local priorities in different ways in different contexts; agree on practical coordination mechanisms between international actors; act fast but stay engaged long enough to give success a chance; and avoid pockets of exclusion.* (OECD, 2007a)

The challenge was how to translate these common sense principles into policies and measures. To assist DAC members, the OECD/DAC released the findings of its 2008 study on state-building in fragility situations. These stated that state-building was:

> [a]*n endogenous process to enhance capacity, institutions and legitimacy of the state; it is founded on political processes to negotiate state-society relations and power relationships among elites and social groups; is a virtuous cycle of legitimacy based on minimum administrative capacity; is a continuous process that is non-linear and asymmetrical which is central to establishing resilience; it is also a process that takes place at all levels of state-society relations and is distinct from nation building, institution building and peace-building; and is a process with which international actors can align their actions.* (OECD DCD/DAC, 2008f)

State-building is an *asymmetrical long-term process*, as distinguished from institutional and peace-building processes. Development cooperation interventions had to take a different approach, guided by these principles, if better outcomes were to be achieved.

A study by the European Centre for Development Policy Management in 2007 (Brinkerhoff, 2007) addressed CD issues in fragility situations, drawing attention to the distinctive characteristics and history of each state and cautioning against generalised prescriptions. Five core capacities were distinguished: capabilities to self-organise and act; to generate development results; to establish supportive relationships; to adapt and self-renew; and to achieve coherence. States were expected to perform

three essential functions, including security, delivery of basic public goods and services, and political legitimacy. Absence of one or more signalled a risk of falling into fragility. Capacity was fundamentally rooted in society, and these five core capabilities were inter-dependent. "Trade-offs" between developing sustainable local capacities and meeting immediate needs were difficult, as they required "*leaders who can set direction, engender legitimacy for change, and build constituencies*" (Brinkerhoff, 2007).

What was the reaction of DAC members to the principles for good engagement and knowledge about fragility? In a word: disappointing. A 2009 survey found that "*a significant gap still exists between policy and practice*" among members and called on them "*to complement their focus on results, effectiveness and value for money with a focus on the field-level organisational and paradigm changes necessary for achieving better results*" (OECD, 2011e; OECD, 2010a). Of the 10 principles, only one, on promoting non-discrimination, was broadly met; alignment with local priorities was partly on track; four principles were partly off track; and the remaining four were off track, including "*do no harm, agree on practical coordination mechanisms, act fast but stay engaged for the long run, and avoid pockets of exclusion*" (ibid.).

This scorecard was discouraging. What obstacles were responsible for this failure? Where policies were changed at headquarters, these were often not translated into actions at the country level. Fragile states called for stronger mutual accountability mechanisms to jointly assess progress and deal with challenges. The emergence of the g7+ group of fragile states provided the opportunity to strengthen the dialogue to facilitate implementation of these principles.

10.3 The g7+ group and dialogue mechanisms

The g7+ group emerged to represent fragile states and post-conflict countries following consultations during and after the Accra HLF in 2008. It was established as a voluntary group to share experiences and advocate reforms in assistance provided. It had seven member states initially, expanding to 13 in 2011, 18 in 2013 and 20 in 2014. In a recent interview with Emilia Pires, former Finance Minister of Timor-Leste and former chair of the g7+, she recalled how the g7+ was formed. The seven

countries volunteered during Accra to test monitoring the application of principles for good engagement. And then, she added:

> *We decided, given that there are seven of us, why don't we just call ourselves the little g7 part – because we are at the bottom of the ladder – and then continue to have these meetings to share experiences? We found out that we had so many things in common, and when we never knew each other – we were so different in history, geography, religion, you name it, languages – we thought it was very interesting that we have very similar challenges. And so we wanted to continue that.… we decided that we would have a g7 – by that time it was a "+" already because, apart from the 7, the others wanted to join in, that felt that they shared in the same kind of challenges we had. So, in Timor-Leste, we launched the first meeting of the g7+ group and, at the time, there were thirteen of us.* (IPI Global Observatory, 2012)

10.3.1 Membership of the g7+ group – 2014

The g7+ marked a very important landmark in the process of designing and delivering cooperation assistance intended for its members. They were able to coordinate actions, speak with one voice and guide in-house reforms. A g7+ Secretariat carries out tasks as agreed by leaders, who meet periodically to formulate strategies and determine priority needs. Box 20 shows the membership as of 2014 and the map on the next page shows their geographic locations.

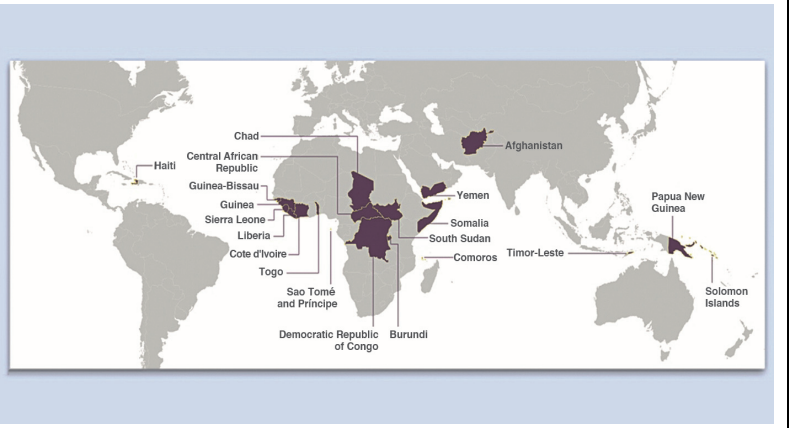
Box 20: g7+ membership
Afghanistan, Burundi, Central African Republic, Chad, Comoros, Côte d'Ivoire, Democratic Republic of the Congo, Guinea, Guinea-Bissau, Haiti, Liberia, Papua New Guinea, Sierra Leone, Somalia, Solomon Islands, South Sudan, Timor-Leste, Togo, Yemen, and São Tomé
Source: Author

Following consultations with development partners, the International Dialogue on Peacebuilding and Statebuilding was established to meet AAA commitments. Membership included 12 partner countries, 19 bilateral agencies and 4 multilateral organisations, which agreed on the Dialogue's mandate and its roadmap for 2009. More than 40 countries and

international organisations were participating as members at the time of writing. Their purpose was

> *to examine key bottlenecks and good practices in international support for peace-building and state-building and generate consensus around fundamental objectives and goals that could guide national and international partners when engaging in these spheres.* (International Dialogue on Peacebuilding and Statebuilding, 2009)

Figure 10: Map showing locations of g7+ member states



Source: Reproduced from the g7+ website, http://www.g7plus.org/

At approximately the same time, the DAC established the International Network on Conflict and Fragility as a decision-making forum to support development outcomes in fragility situations and facilitate dialogue with partner countries. The International Network on Conflict and Fragility works in partnership with the UN, the North Atlantic Treaty Organization, the World Bank and other agencies to coordinate and share experiences. It is pursuing "*a whole-of-government / system approach to improve policy coherence, coordination and complementarity (the 3Cs)*" (OECD, 2009b). It has four work streams: improving engagement with fragile states; ensuring coherent responses by development partners in peace-building, state-building and security; ensuring flexible, rapid and long-term

financing; and promoting open dialogue between fragile states and development partners.

The emergence of these three entities (g7+, International Dialogue and INCAF) has changed the aid architecture for fragile states, accelerating consultations with these states and among members. The networks have also engaged other actors not directly associated with these groups. It remains to be said that – important as the g7+ is – this group comprises only 20 out of a total of 47 fragile states, according to a 2013 OECD study (OECD, 2013a), which are estimated to account for half of the world's poor (surviving on less than US$ 1.25/day). Almost half of the 47 states are middle-income countries.

10.3.2 The Dili Declaration

The first collective agreement involving g7+ members and development partners was signed in 2010 in Dili. It was to translate the vision "*to end and prevent conflict and contribute to the development of capable, accountable states*" (International CSO Steering Group, 2010), through seven goals used as stepping stones to achieve progress (see Box 21).

Its leaders pledged to "*take leadership and express a strong, long-term vision*". This was to be reflected in national plans to guide providers' interventions. "*Transformation was a long process requiring flexible approaches sensitive to the stages of fragility and political context*" (ibid.). Challenges included lack of: shared vision for change among stakeholders; context and conflict analysis; trust between developing countries and their partners; and agreement on how to address short-term and long-term priorities. Other difficulties referred to overlapping plans and weak alignment; approaches creating pockets of exclusion and engaging only a few central state actors; and insufficient attention to the protection of women and children from armed conflict. The list was and remains simply overwhelming.

Box 21: Goals of the Dili Declaration

- Foster inclusive political settlements and processes, and inclusive political dialogue.
- Establish and strengthen basic safety and security.
- Achieve peaceful resolution of conflicts and access to justice.
- Develop effective and accountable government institutions to facilitate service delivery.
- Create the foundations for inclusive economic development, including sustainable livelihoods, employment and effective management of natural resources.
- Develop social capacities for reconciliation and peaceful coexistence.
- Foster regional stability and cooperation.

Source: International CSO Steering Group (2010)

It was not surprising that the OECD survey reported modest progress. To have expected better performance only one year after drafting the good engagement principles would have perhaps been unrealistic. But this was no excuse to slow down efforts by providers, some of whom had apparently been reluctant to carry out policy and procedural reforms to address fragility situations. The urgency of the situation could not be given anything less than top priority. An example of assistance that did not work had been its volatility (see Figure 11). In this context, the Dili Declaration was viewed as the first serious joint effort to recognise volatility and other issues and agree a plan of action to address them.

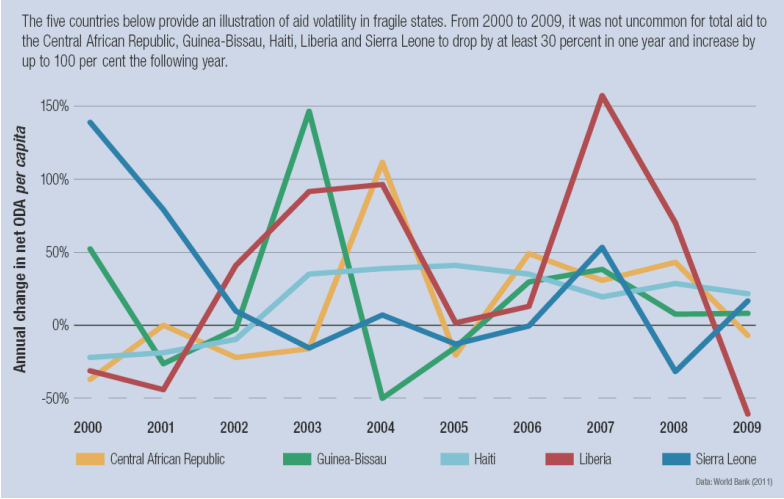
The Monrovia Roadmap

Consultations following Dili led to two more key agreements: the Monrovia Roadmap of June 2011 and the New Deal of December 2011. The Monrovia Roadmap outlined five objectives (International Dialogue on Peacebuilding and Statebuilding, 2011a) agreed with development partners, as follows:

- Legitimate politics – Foster inclusive political settlements and conflict resolution.
- Security – Establish and strengthen people's security.

- Justice – Address injustices and increase people's access to justice.
- Economic foundations – Generate employment and improve livelihoods.
- Revenues and services – Manage revenues and build capacity for accountable and fair social service delivery.

Figure 11: Aid fragility in fragile states



Source: Figure provided courtesy of the g7+ Secretariat

These objectives set the framework (political, economic and social) to guide actions by both sides. The "how" for each of these objectives outlined the approach to be adopted. Monrovia was also a preparatory step for drafting commitments for endorsement at Busan. Plan components stipulated the use of a *nationally-led* assessment of causes and features of fragility; increased space for participatory dialogue; country-level agreement with partners on joint priorities and measures of progress; and a new deal that delivered assistance to generate results aligned with objectives in a transparent and flexible manner, and which strengthened national capacities and institutions (International Dialogue on Peacebuilding and Statebuilding, 2011a). Building confidence and mutual trust was a pre-

condition to achieve progress in terms of delivering visible results quickly, based on clear priorities.

10.3.3 The New Deal for Engagement in Fragile States

A third agreement was reached with International Dialogue members, led by the g7+, which now comprised 19 member states (International Dialogue on Peacebuilding and Statebuilding, 2011b). The New Deal had a vision for a new architecture and new ways of working with fragile states, better tailored to their conditions and priorities. Parties committed themselves to:

- use the peace-building and state-building goals as a foundation to guide work in fragile states, and pledged to agree on monitoring progress indicators;
- focus on new ways to support country-owned and country-led transitions out of fragility; and
- build mutual trust by providing aid and managing resources more effectively and aligning these resources for results.

The agreement detailed actions to be taken by both sides and clarified issues on fragility assessment, which were to be led by fragile states, stressing the need for "one vision, one plan", and developing a compact in which stakeholders agreed on how to go forward and monitor progress annually. It stressed the importance of transparency, risk-sharing, use of country systems, strengthening capacities, and provision of timely and predictable aid. The New Deal was endorsed at Busan and acknowledged as a breakthrough in forging a meaningful approach to assist fragile states. The International Dialogue website[42] summed up the challenges as follows:

> *Our challenges now are to deliver the New Deal, to maintain an open dialogue, and to build new partnerships in support of it.*
>
> - *Implementation: Over the coming years, International Dialogue members will undertake the necessary actions and reforms to*

42 See online: http://www.pbsbdialogue.org/.

implement the New Deal. Concrete results require a focus at the country level. Some policy and political changes will require focus at the global level. It will be key to effectively monitor what works, and to swiftly adjust what does not.

- *Dialogue: Change processes are complex and political. They require inclusive leadership and open dialogue. We will maintain and enrich the critical dialogue we need to realise better results in transitions out of conflict and fragility.*
- *New partnerships: Fragility, difficult political transitions and widespread violence put the prosperity and lives of millions of people at risk worldwide, on all continents. There is much we can learn and much we can share. Hence, we will look for new partners to work with us in this enterprise.*

10.4 New Deal implementation

What actually happened in implementing the New Deal? A DAC survey among INCAF members in 2012 asked four questions (OECD, 2012a):

- How have members raised awareness of the New Deal?
- What are members doing to translate New Deal commitments into practice? And where are members engaging at the country level?
- What stands in the way of New Deal implementation?
- What can DAC-INCAF do to help?

Box 22 highlights the responses from 16 of the 27 members. Findings indicated that much preparatory work was being carried out, and that INCAF faced challenges requiring collective actions to reach consensus on strategic plans. Particularly challenging was integrating members' inputs into fragile states' plans, as this required a good understanding of local contexts and priorities and respect of national ownership, even where capacities were not yet adequate to show expected national leadership and management.

Box 22: Highlights of DAC survey responses

On Q1, members are focussed at the HQ level targeting officials directly involved with fragile states, though some have taken a whole-of-government approach in raising awareness.

On Q2, a variety of actions are reported, including issuing strategy documents, operational guidance for field staff, planned training modules and factoring New Deal into new programmes.

On Q3, for setting the stage for implementation: implementation challenges faced included how to prove "value added" to colleagues, adopting a whole-of-government approach, and maintaining momentum following pilot initiatives.

For coordination and consensus-building: challenges were reaching a common understanding among DAC members on fragility assessment and indicators; strengthening policy coherence among and within agencies; and aiming for holistic and broader engagement, including civil society involvement.

On avoiding duplication: strengthening local actors to cope with tasks; avoiding overburdening field staff asked to carry out different policy initiatives in difficult conditions; integrating actions into country-led processes; and learning from past experiences.

On technical issues: ensuring adequate resources; deciding on appropriate financial modalities; ensuring local relevance; engaging new countries; and applying the New Deal to regional contexts.

On Q4, the number of countries in which INCAF members were engaged varied from two by Portugal and Luxembourg and the United Kingdom to as many as eight by Switzerland and UNDP. At the same time, the number of INCAF members engaged in any given fragile state varied from one for Guinea Bissau to seven and six for Afghanistan and South Sudan, respectively.

Source: OECD (2012a)

To do better, it was suggested that members continue to share experiences through INCAF, assist in developing a consensus on key issues, prepare a toolkit of actions to guide pilot initiatives, integrate members' actions into national strategies, and overcome / avoid duplication of efforts.

At a recent director-level meeting in January 2014 in New York, INCAF members stated that they

> *overwhelmingly support the need for the post-2015 framework to incorporate issues of peace, justice, and governance. Members discussed the need for goals and targets specifically focused on peace and conflict, as well as the need to mainstream issues of conflict sensitivity throughout the framework. However, the political landscape in New York is delicate, and these issues are likely to be contentious. It is important for INCAF countries to build coalitions with other member states, including the g7+ and beyond.* (OECD DCD/DAC, 2014)

It is not clear what is meant by the delicate political landscape in New York, and one certainly hopes that no UN member state would object to endorsing a higher priority for peace and security in the post-2015 development agenda. Conflict is no longer contained in any given region but its terrorist outreach poses global threats to stability and development.

10.4.1 Third and Fourth International Dialogue global meetings

The International Dialogue Group met for the third time in Washington, DC, in 2013. A communiqué confirmed the intent to achieve better results and set the future agenda. It acknowledged the progress made under the New Deal since Busan, referring to initiatives and noting:

> *Tokyo Mutual Accountability Framework in Afghanistan; the fragility assessments in the Democratic Republic for Congo, Liberia, Sierra Leone, South Sudan, and Timor-Leste; and the new partnership on the New Deal between the Government of Somalia and development partners are good examples of progress.* (International Dialogue on Peacebuilding and Statebuilding, 2013)

It also recognised the "*huge transformative potential of the New Deal at country level*" and urged all stakeholders, including the g7+ governments, bilateral and multilateral development partners, civil society, and the broader international community, to "*step up their efforts to translate New Deal commitments into concrete changes in behaviour and practice, in support to country-owned and country-led priorities, and consistent with national law and internationally agreed principles*" (International Dialogue on Peacebuilding and Statebuilding, 2013).

These commitments referred to implementing policy and operational reforms, managing risks, increasing the use of country systems and supporting local CD by development partners; and to strengthening national ownership and leadership, building partnerships of trust and mutual accountability, and enhancing the role of civil society by g7+ governments. The role of the private sector was also recognised as a new area of cooperation. The interim set of indicators was welcomed; members made a commitment to use them in monitoring progress and to refine them in light of country experience.

The Washington, DC, meeting provided evidence that efforts were taking a more concrete shape. While the pleas voiced were mostly a repetition of earlier calls, the coming year would show if this momentum could be maintained with support from the new Global Partnership.

In addition to the stakeholders who signed the three international agreements on fragile states, other members of the international community had been active in supporting the change process as well. Key among these were (a) multilateral development banks, (b) CSOs; (c) knowledge networks of practitioners engaged in capacity development, and (d) the community of academics and think tanks.[43] We review their contributions in what follows.

The Fourth International Dialogue meeting was held in July 2014 in Freetown. Its communiqué welcomed the signing of the Mutual Accountability Framework, the completion of more fragility assessments, the fragile-to-fragile initiative and the draft New Deal Monitoring Report as a basis for tracking progress towards achieving stated goals. It also acknowledged and endorsed the continued use of the principles of engagement under the New Deal accord as a basis for ensuring country-led and -owned development approaches and strengthened dialogue with key stakeholders, including CSOs and the private sector.

During the fourth meeting, g7+ officials met with their development partners, represented by INCAF, to discuss the ability of the New Deal to

43 The extent to which academic writings have influenced policy-making on fragility issues is controversial, with some dismissing these writings as irrelevant to policy-makers, whereas others argue that they have shaped the thinking about policies by constructing conceptual frameworks and definitions (sometime confusing!) to bring more order to the policy-makers' world. See Paris (2010).

deliver peace in countries in crisis and transition. They examined the opportunities and failures of the New Deal over the 2012–2014 period and explored steps to take work forward. Side meetings and working groups focussed on how the justice systems in their countries could help achieve agreed goals.

The most recent global meeting (at the time of writing) of the g7+ was in New York on the margins of the 69th UN General Assembly in late September 2014. Ministers and other officials shared their own experiences and were unanimous that:

> *peace and capable institutions are essential dimensions of sustainable development. Attention was drawn to the current outbreak of the Ebola Virus Disease in Sierra Leone, Liberia and Guinea, which in addition to the tragic loss of life, threatens to derail recent development gains. This crisis has revealed the importance of capable institutions to tackle challenges like Ebola and deliver services under pressure…. Peaceful societies and capable and accountable institutions are top priorities for the 1.5 billion people living in conflict affected countries.... The nexus between peace and development has long been evidenced, but has not been operationalized through the international development agenda – we now have a chance to rectify this to ensure that the Post-2015 framework is transformative and does not leave anyone behind.* (g7+, 2014)

At a high-level side event, the prime minister of Timor-Leste declared that, regarding the 17 proposed Sustainable Development Goals, "*the current goal 16 which refers to peace and capable institutions should be goal number 1 as none of the other goals will be achievable without peace and effective state institutions*".

10.5 Multilateral and regional development banks

The World Bank: The 2002 WB study signalled its intention to intensify assistance to fragile states, in terms of additional funding support and capacity-building. Funding infrastructure (hardware and software) in these countries was essential to boost their productive and service delivery capacities. In a 2007 IDA report (IDA, 2007), the WB detailed its approaches to fragile states' financing. It referred to reforms implemented earlier, including the establishment of a special trust fund, amendment of the WB's Country Policy and Institutional Assessment to better capture

performance improvements in lowest-performing situations, and increased management attention to fragility issues.

Debt relief and additional steps were planned to strengthen WB support to fragile states. Extra support was to be achieved by identifying "gaps in exceptional financing arrangements" and addressing them through changes in the duration, pattern and volume of resources allocated, and eligibility criteria. The WB later adopted a revised business model (IDA, 2013) in dealing with these countries in light of its 2011 World Development Report. The revision aimed at delivering better response to their needs through quicker and more flexible engagement. "Exceptional support" was to be provided to countries facing "turnaround situations", and the Bank's regular programme-based allocation system was to have greater poverty orientation. Total funding of US$ 32 billion in assistance to fragile states has been reported since the year 2000, with accelerated disbursement rates since 2006 (World Bank, 2013a).

The WB devoted its 2011 World Development Report to fragility issues (World Bank, 2011), asking why violence and conflict proved so difficult to deal with, and what could be done about the challenges they posed. We highlight below some key points and messages.

- Twenty-first-century violence does not fit 20th-century patterns. It tends to be ongoing and repeated, taking different forms that disrupt development, causing instability due to weak governments and institutions.
- A combination of internal and external stresses is at the root of violence and conflict. Failure of state and non-state institutions to provide security, justice and opportunities to citizens generates conflict and violence.
- Transforming institutions in fragile states is particularly difficult, due to a lack of trust and credibility, and low expectations for rapid change. Restoring confidence and building trust constitute key challenges, yet they are prerequisites to developing inclusive coalitions to achieve sustained resilience.
- Creating legitimate institutions is a slow process – taking a generation, not a few years – because of society's limited ability to handle change at any given time. Transformation that leads to delivering better

security, justice and jobs needs to be sequenced over time to include political reform, decentralisation, privatisation and a change in attitudes towards marginalised groups.

- Societies need to manage external pressures; developing their institutions cannot be done in isolation and requires openness to discuss security and development cooperation issues across borders, and the willingness / ability to negotiate joint processes to deal with the causes of pressures.
- To reduce the risks of violence, a four-track approach was proposed:
  - Track I: providing specialised assistance for violence prevention
  - Track II: transforming procedures and risks / results-management in international agencies
  - Track III: acting regionally and globally to reduce external stresses on fragile states
  - Track IV: marshalling support from different countries and international institutions

A key message is that *ad hoc* measures have been inadequate in meeting fragile states' challenges. Under each track, the report presented lessons and recommendations, of which a few examples are given below, providing a roadmap of actions to address these challenges.

Under track I, A key lesson is that dealing with conflict through military intervention alone has failed, and an "*integrated set of programmes combining elements of security, justice and economic transformation*" (ibid.) was needed.

Under track II, international agencies should make "*fundamental changes in their systems to deliver effective interventions, by basing fiduciary processes on the 'real world' of fragile states, balancing risks of action with those of inaction, and managing a degree of failure in some assistance programmes*". They should "*increase budget contingencies to adjust activities without disruption to overall support*" (ibid.) and lengthening the duration of assistance to meet the realities of institutional transformation.

Under track III, tracking illicit financial flows is at the heart of action against illegal trafficking of drugs and natural resources. These call for "[s]*trengthened capacity to conduct strategic analysis of these flows and expanded commitments from developed states and financial centers to carry out joint investigations with law enforcement authorities in fragile and violence-affected countries*" (ibid.).

Under track IV: "*Increase South-South and South-North exchanges. South-South exchanges have enormous potential to provide relevant capacity and lessons in fragile and violence-affected situations*" (ibid.). More focussed and realistic expectations of the timetables for governance improvements would also help bridge gaps from the perspectives of all concerned.

Regional development banks: The African Development Bank, whose domain covered 11 of the 18 g7+ member states, issued its strategy for enhanced engagement (ADBG, 2008) in January 2008. It was grounded on the OECD principle for good engagement, providing supplemental financing, arrears clearance and targeted support to serve the needs of fragile states. Areas of support focussed on rehabilitation / reconstruction of basic infrastructure, governance and capacity-building, and strengthening regional integration.

In its 2012 review (ADBG, 2012), the AfDB reported providing funding of US$ 2.5 billion between 2009 and 2011 to Africa's 17 fragile states (as defined by the AfDB), through enhanced bank capacity and adjusting its policies to cater to priority needs. There was a significant drop in "problematic projects" in fragile states funded by the AfDB. An independent evaluation was conducted for the 1999–2009 period, which recommended: more flexible and merit-based mechanisms for resource allocations to fragile states; ensuring that field offices had adequate responsibility and accountability; investing more in "donor coordination" networks; and defining targets as well as a monitoring and evaluation framework.

The Asian Development Bank, having the second-largest number of fragile states, developed special programmes to meet needs of fragile states in its region. An ADB Special Evaluation Study in 2010 reported that "*implementation adjustments led to lower levels of efficiency and caused delays and major changes in scope. Problems centred on building*

capacities and institutions, and effecting policy reforms" (Asian Development Bank Independent Evaluation Department [ADB], 2010).

The Inter-American Development Bank had only one fragile state in its region, namely Haiti, formally classified as a fragile state in Latin America. However, other Caribbean islands and countries in the Central American isthmus were experiencing increasing vulnerability to external shocks. Working in these countries required a customized approach. These issues were due to be considered in light of the recently published results of the "realignment evaluation" (Inter-American Development Bank [IDB], 2013b) of activities to improve the IDB's relevance and presence in its region.

To help coordinate their efforts and exchange experiences, a seminar was organised in 2013 by the IDB for participants from the multilateral development banks to review lessons learnt in working with fragile states. The discussions concluded that international support to these countries was:

> *often too slow to arrive, too volatile, too quickly to exit, and characterized by lack of coordination among Donors. As a consequence, governments in Fragile States are overwhelmed by competing demands and sudden high inflows of aid into the country, which distort wages, incentives, and planning and implementation capacity. Under these conditions, the Panel reckoned, development projects are often ineffective in achieving their stated goals, and the risk of implementation and fiduciary issues increases*. (IDB, 2013a)

The impact of insecurity and institutional fragility was considered, underlining the importance of three cross-cutting areas in project design: citizen security, justice and job creation. These comments were an indication that the MDBs needed to refine their assistance and ensure better alignment with fragile states' development plans.

World Bank Institute: The WBI offered a wide range of services to strengthen capacities in developing countries, including fragile states. Its vision was

> *to empower state and non-state actors with the right tools, and access to relevant knowledge and experience. This enables them to contribute to successful transitions, sustained peace and state-building processes, and to form broad-based coalitions that promote reforms and enhanced citizen-state relations.* (WBI, 2012)

The WBI focussed on enhancing fragile states' capacity to manage resources to achieve and maintain development. Services included capacity development, skills-building, in-country leadership skills, mobilising innovative technologies, supporting public-private partnerships and promoting improved governance in extractive industries.

It carried out activities in Afghanistan, Burundi, the Central African Republic, the Democratic Republic of the Congo, Chad, Haiti, Liberia and South Sudan. A South-South knowledge event provided g7+ countries new to extractive industry with advice on how to form governance organisations, including structuring fiscal systems, award of licences, contract-compliance monitoring and revenue management (WBI, 2012).

10.6 CSOs and think tanks on fragile states

10.6.1 Civil society and fragile states

Most assistance to fragile states has been provided by bilateral and multilateral agencies, with modest involvement of CSOs. A paper (Dowst, 2009) dealing with CSO engagement with fragile states explored how this could best be achieved. It reviewed recent thinking and experiences of engagement and posed questions for members of CSOs to discuss, acknowledging the following challenges of how to:

a) undertake advocacy in the face of oppressive governments or view essential service delivery as the sole priority;

b) bear extremely high costs and security risks that NGOs must face and manage;

c) manage mistrust by building trust and social cohesion at the community level; and

d) develop flexible NGO goals and strategies to meet the particular circumstances of each fragile state.

For CSOs to play a significant role, they had, first, to address these challenges. At issue was how NGOs could build proper capacities to carry out their advocacy and other roles, as agreed with fragile state governments; how their engagement should be coordinated with those of the

international community; and what were the comparative advantages NGOs had that were relevant to fragility contexts. CSOs' participation in the International Dialogue meetings remained modest.

A 2012 North-South Institute policy brief (Salahub, 2012) explained the reasons behind this. First, the International Dialogue structure focussed on government-to-government interface. Second, the original structure stated that CSO participation was to be decided on a case-by-case basis, though this was changed later to acknowledge CSOs as a core actor and member of the International Dialogue working groups. Third, engagement with the International Dialogue network was coordinated through a few CSO organisations in more developed countries with the resources for staff involvement. Fourth, CSOs in fragile states had very limited resources, preventing them from doing more than just perform essential functions.

The brief suggested ways to improve CSO engagement. CSOs should be recognised as having equal status with the government as development actors. They should (a) act as mediators between the state and grassroots organisations to enhance the legitimacy of state institutions, (b) facilitate the integration of country-level experiences in the international processes and assist in identifying the root causes of fragility, and (c) help with implementing the New Deal to achieve its objectives and monitor pilot programmes.

In the meantime, rising concerns about the increased restrictions on CSO activities in several developing countries could not be ignored. There were a number of reasons behind this disturbing phenomenon: a lack of mutual trust, a tendency of some CSOs to take a confrontational approach in its advocacy and the malpractices of a few CSOs. The situation in fragile states is more complicated in view of the political tensions, rivalry among factions and suspicion about the real objectives of some CSOs.

The status of CSOs in fragile states was considered by Paul Okumu (2013), who focussed on the enabling environment necessary for effective CSO operation. He underlined the lack of trust as being a key factor and argued that strengthening CSOs was an important element in building a more stable society. The lack of trust has led governments to label CSOs as threats to national security, complicating the latter's involvement.

He referred to a survey in 15 African fragile states that identified key elements to create an enabling environment for CSOs. Civil society had to

take actions to address conflicts among them based on ethnic or political differences and cope with the impact of influential, international humanitarian actors who limited the space for action by CSOs and risked perceiving them as opposing progress. They also had to deal with funding shortages in the absence of an institutional structure and human resource capacity. Nevertheless, progress was noted in improving the enabling environment in Africa and elsewhere, including the Democratic Republic of the Congo, Sierra Leone, South Sudan and Timor-Leste, where CSOs were working with governments to establish indicators to guide state relationship with citizens and civil society. In Afghanistan and Liberia, CSOs were addressing funding and human resource issues they were facing. Other examples cited CSO actions in Haiti, Burundi and Togo.

Okumu recommended that: support be given to governance institutions to become functional and impartial; all actors in conflict be recognised and their concerns addressed; conflict among local CSOs based on ethnic and other differences be dealt with; funding be provided to local CSOs beyond humanitarian support; and CSOs build legitimacy through sustained consultations with voices from grassroots organisations.

These contributions have a few common themes. The enabling environment for CSOs in situations of fragility required urgent action to deal with restrictions on their abilities to serve as effective development actors. The role of international humanitarian and development partners has limited the space for CSOs to act. Mistrust runs across all segments of society, casting doubts over the CSOs' actions. Local CSOs also suffered weak financial capacity as well as weak human resource capacity, besides poor credibility. But the situation is not as bleak as it might seem, with positive initiatives in some fragile states emerging where CSOs were building trust with government and finding a path for future progress. Yet, promoting a more enabling CSO environment does not seem to have been accorded a priority by governments or development partners.

10.6.2 Think tanks on fragile states

There is an impressive volume of academic writing by a large number of scholars, think tanks and research institutions. Of these, we start with a Brookings Institution policy paper by Chandy (2011), who reviewed World Bank approaches to fragile states and pointed to the need for a more

appropriate definition of these countries, while recognising that the WB did away with fragility as comprising only "low-income countries under stress" and recognised that fragility could extend to middle-income countries as well.

New aid models, such as "donor-recipient compacts", were more suited to fragility situations, as they addressed constraints undermining their relationships. He suggested a new approach to aid allocation, which recognised that fragility did not end upon becoming a middle-income country and allowed for more stable and more cost-effective financing. His points have yet to be given more attention. They echo persistent pleas by middle-income countries (many of which still have significant pockets of poverty) to fund agencies and not to cut development funding to them in order to provide more funds to low-income countries.

Seth Kaplan (2013a), of Johns Hopkins, argued that – while welcome – the New Deal did not have much that was new, except that it was fragile states themselves that were now pushing for change in their development providers' practices to suit local contexts. He pointed to three risks: first, the risk of continuing "business as usual" by prioritising security issues and bringing criminals to justice, even when local stakeholders argued that reconciliation was a better long-term option; second, the risk of not pursuing better outcomes by improving how to deal with complex fragility contexts and instead attempting to maintain political leverage in these countries; and third, the risk of fragile state governments failing to deliver on their commitments due to poor planning and a weak capacity to govern. This particular risk was of special concern to development partners, whose slow change of behaviour could be partly blamed on such fears.

These risks could not be dismissed. However, there has been much learning on both sides, who have highlighted the high costs of maintaining "business as usual". To claim that neither OECD nor the World Bank understood the complexities of fragility does not sound convincing. We are reminded of Emilia Pires, who stated that fragility complexities are not homogeneous, as g7+ members are different with regards to political, social and religious backgrounds as well as the causes of conflict.

Pursuing a different approach to fragility was also advocated by Alastair McKechnie, of the ODI, who argued that aid was making a difference in several fragility situations, thanks to a growing understanding of fragility

causes and recognition that building strong local institutions could take decades.

> *Helping countries to establish their own capable, accountable and legitimate institutions, so as to avoid chronic aid dependency and allow the withdrawal of peacekeepers, requires a shift in aid spending that "does no harm" to local institutions.* (McKechnie, 2011)

He put forward four steps to approach fragility issues: first, speed up delivery of results to alleviate the costs of slow progress caused by complex procurement procedures and lack of flexibility; second, strike the right balance between the risk that aid money might go to waste and the risk that programmes might fail to deliver development by producing too little; third, use local country systems to channel aid money and refrain from waiting until full reforms have been completed; and fourth, act in a more transparent manner by all concerned, including development partners, CSOs and fragile state governments themselves. The single-most pressing challenge was how and when sufficient changes in behaviour by all sides could be triggered and sustained.

The ODI, in a policy brief (ODI, 2010), presented four recommendations to move beyond quick wins. First, it was essential to gain better understandings of fragility and to stay away from simple categorisation, which could "obscure more than reveal". Second, development partners had to become more realistic in their expectations of short-term results, which could be counterproductive over the longer term. Third, it was important that political settlements be a basis for longer-term stability. Fourth, improved international architecture was needed to ensure that basic needs are met while local capacities are built in order to assume state responsibilities.

To sum up these views, categorisation approaches should not be dismissed as long as their results are not taken exclusively as diagnostic tools of fragility causes. A more sensible approach is to supplement these with in-depth assessments on a case-by-case basis jointly conducted with local stakeholders.

10.7 The road ahead

10.7.1 g7+ and the road ahead

There is little doubt that the emergence of the g7+ and its continued expansion in membership represents one of the important contributions to the evolving architecture of development cooperation. So, what have they achieved to date? Considering its short history of a few years, its accomplishments list is fairly impressive. Strategically speaking, four achievements stand out.

First, the diversity of its members signifies that there is no "one size fits all" approach, a message they have stressed in discussions with their development partners; they have been able to develop consensus on key issues on how to approach state- and peace-building in their respective contexts. The recent fragile-to-fragile initiative shows that they are now in a position to assist one another using South-South cooperation modalities without relying exclusively on Northern development partners.

Second, they have undertaken to carry out fragility assessments and have completed and published several reports on their findings. The recent signing of a mutual accountability framework and issuing of the first Monitoring Report are concrete measures to help assess progress in meeting New Deal targets.

Third, they have been engaging with development partners to help establish a better and deeper understanding of fragility and urge a faster pace of change in existing policies and practices. In so doing, they have assumed ownership and leadership of their development agenda, and stressed that their priorities – and not those perceived / dictated by some key partners – must become the reference and guide for actions. Although this has not been thoroughly achieved yet, progress has been made.

Fourth, g7+ member states have embraced the principle of a multi-stakeholder approach of addressing local challenges and engaging with CSOs, parliaments and the private sector. This requires coming to terms with the parties in political conflict through the understanding of grievances and a spirit of mutual compromise – easier said than done! But the adoption of a multi-stakeholder approach holds promise.

These are not insignificant accomplishments, and they form a solid basis for future progress, which should lead to exiting fragility and starting on the road towards sustainable development. These achievement would not have been possible without a dedicated political leadership, particularly of its founding chair, Minister Emilia Pires of Timor-Leste, whose knowledge and vision as well as insistence on local ownership of the whole fragility agenda have contributed much to the international standing of the g7+ today.[44] Her recent stepping down as chair – but continued involvement as special envoy – allows for leadership rotation among member states and maintains continuity of strategies and approaches.

At the same time, it would not be prudent to minimise the enormous challenges facing g7+ member states. Scarce resources and unpredictability of external assistance remain the No. 1 challenge, despite the progress made. Even if / when more adequate resources become available, building state institutions is a long-term goal, which has defied any shortcuts to speed its pace. The recent alarming spread of the Ebola epidemic and unavailability of tested treatment drugs are additional difficulties facing several members of the g7+ group. This is a time to show not only verbal solidarity but more robust actions by the international community to help affected countries deal with this menace. The following is an excerpt from the fragility assessment report for Sierra Leone (Sierra Leone, Ministry of Finance and Economic Development, 2013):

> *The current position of Sierra Leone in the fragility spectrum indicates that the country has made considerable progress from its lowest point of crisis toward greater resilience. Sierra Leone is currently well situated in the 'transition' stage. Since the crisis, key achievements have been made in relation to institutional reform, and the appropriate structures, laws, policies and processes to enable development are now in place. Sierra Leoneans feel that the necessary foundations for resilience are now in place, upon which a strong and stable nation can be built.*
>
> *The critical challenge for Sierra Leone going forward relates to the development of the right systems and skills to enable these strong structures to work as they should. There is a need to enhance the*

44 These comments are based on first-hand knowledge of Minister Pires acquired while serving in my capacity as co-chair, and then chair of the OECD/DAC WP-EFF, as a member of the advisory group of the International Dialogue for Peacebuilding and Statebuilding, and participation in subsequent international events.

> *implementation of policies, enforcement of laws and compliance with processes to ensure that the structures that have been built are effective. A number of key factors currently prevent effective translation of policies and processes into practice, including:*
>
> - *Over flexibility – governance processes are not always strictly followed, leading to a lack of consistency and effectiveness*
> - *Capacity constraints – limited resources, personnel and skills*
> - *Regional differences – conditions vary dramatically across Sierra Leone, both between the capital and provinces and within parts of Freetown itself*

It is worth noting that this assessment was completed before the Ebola epidemic hit the country.

10.7.2 Looking beyond fragility: Trade development

I have observed and admired the progress achieved by g7+ member states in recent years in terms of taking actions to put their own houses in order with external assistance but under national leadership. The knowledge acquired and my contacts with Minister Pires, who was, until mid-2014, chair of the Group, and is now its special envoy, led me to suggest to her the need to start thinking further ahead and consider how Timor-Leste (and other interested Group members) should go about developing trade capacity. This would be a step forward on the road to recovery by enhancing the country's ability to earn foreign currency and strengthen trade contacts. Trade does more than generate foreign exchange earnings. Properly planned and carried out, trade development opens new horizons and opportunities to help exit fragility, attracts investments and promotes more private-sector involvement. This will take several years to produce results but, because of this, it is never too early to address trade issues.

This suggestion was a follow-up to a meeting organised by the Geneva-based Peacebuilding Platform, in collaboration with the International Institute for Sustainable Development and the International Trade Centre in July 2012 to discuss "conflict-sensitive" trade issues, to which I was able to persuade Minister Pires to attend. Her candid "fresh from the front" update of the challenges facing g7+ member states – including trade challenges and priorities to be addressed under the economic pillar of the

New Deal – provided a timely background for the discussion that followed. As moderator of the meeting, I drew attention to the need for a more accurate definition of "conflict-sensitive" trade (focussing on the interrelationships between aid, trade and security), and for mapping existing practice and research findings in order to avoid duplication of efforts. Many existing aid and trade policies tend to exasperate conflict (unwittingly or otherwise) and fragility. Participants identified a number of focus themes for further exploration, among which are: aid-for-trade for fragile states; value-chain development, particularly for food security; public procurement; trade development processes; natural resource management; and institutional capacities. The latter theme was underlined as being of prime importance in dealing with trade and other issues (International Institute for Sustainable Development [IISD] & Geneva Peacebuilding Platform 2012; IISD & IUCN, 2006).

Initial reaction to my earlier suggestion seemed favourable, but no specific actions were taken. I had another round of discussions during the Mexico meetings and found her quite receptive to exploring prospects of getting professional assistance in this regard. Subsequent contacts with the ITC through former colleagues produced an exchange of letters between Minister Pires and Arancha Gonzales, ITC Executive Director, in December 2014, to explore how to proceed. It was suggested that a joint small team be set up from both sides to review work already done by the ITC with some fragile states and the findings of the self-assessments undertaken by g7+ member states as a background to drafting a proposal of an action plan. This would be followed by a visit from Minister Pires to ITC to finalise the plan.

It remains to be seen whether this initiative would focus on Timor-Leste alone or include one or two other states. Ideally, a pilot phase should be launched to address the needs of Timor-Leste first. Experience under this phase would allow both sides to refine the approach taken before extending assistance to other members. This, however, is a decision to be made by g7+ in consultation with the ITC.

10.7.3 Future directions for peace-building

Peace-building has become a pivotal activity of UN agencies and many development cooperation partners. Although special focus has been, rightly, given to the g7+ member states, these no longer account for

conflict-affected hot spots around the world. Witness what has been happening in Africa, the Middle East, Eastern Europe and other regions where terrorists, drugs and arms mafias and other gangs have been terrorising innocent citizens, toppling governments and dismantling state institutions. The latest of these atrocities and crimes against humanity are being committed by the Islamic State in Iraq and al-Sham (ISIS), a self-appointed Islamic State in control of much territory in Syria and Iraq and still expanding its influence in other neighbouring states.

This is a new type of violence, in that ISIS is well-funded and has a vast network recruiting youth from this region as well as appealing to those in Europe, North America and Asia to join its ranks. Its fighters are well-equipped and trained to conduct a ruthless war that abides by no rules except those of ISIS. Containing – let alone destroying – these terrorists will take much longer than initially expected and require more than armed confrontation. A holistic approach is in the making but still far from capturing the full elements necessary to defeat that enemy.

It is therefore urgent and critical that the international community take a "future perspective" of how best to tackle this evil challenge. One such effort in this direction was the Geneva Peacebuilding Platform annual meeting for 2014 (November 21), which addressed three key questions:

- How does peace-building practice need to change today in order to be ready to face the future?
- What are the risks to peace we need to prepare for?
- What are the underlying principles of peace-building to guide policy and action?

These questions deal with the rapidly changing characteristics of violence and fragile contexts (Geneva Peacebuilding Platform, 2014b). Discussions took note of the White Paper on Peacebuilding, which recognises the multiplicity of understandings of peace-building, ranging from a narrow focus on building peace to the broader understanding of this process as a "*systemic transformation of states, societies and communities*" (Geneva Peacebuilding Platform, 2014a). The White Paper was issued as a preparatory document for the forthcoming 10-year review of the United Nations peace-building architecture. The meeting will be an opportunity to assess and rethink the practice of UN peace-keeping but also to draw lessons for peacekeepers around the world.

11 The Global Partnership in action: Global indicators and post-Busan high-level meeting

"It is no use saying, 'We are doing our best.'
You have got to succeed in doing what is necessary."
Winston Churchill

Open for business

The soft launching of the Global Partnership for Effective Development Cooperation in June 2012 was a signal that the Busan Partnership accord had received all the necessary endorsements by the global community, giving it legitimacy as the new international platform for development cooperation. But such endorsements did not mean that the Partnership was open for business yet. It took a few months to make the new structure operational and activate its working mechanisms.

We outline in this chapter the steps taken to get the GPEDC ready for action, highlight the activities and results of the first post-Busan high-level meeting and review how selected stakeholders have reacted to its outcomes. We conclude this chapter by looking back at aid effectiveness (now called "development cooperation") discussions over the past nearly 15 years to take stock of what has been accomplished, and identify key lessons that should be helpful in addressing the GPEDC's future agenda and priorities. This chapter and the final chapter look ahead and consider the prospects and challenges facing this promising but untested architecture in the context of the changing global setting and past achievements.

11.1 Global monitoring indicators

11.1.1 Finalising the indicators

Actions to activate the Partnership started soon after the soft launch. The UNDP-OECD Joint Support Team worked to finalise global monitoring indicators, approved earlier as a framework. A preliminary version of the Guide to the Monitoring Framework was issued in March 2013 (Global

Partnership for Effective Development Co-operation [GPEDC], 2013a). It gives an overview of the 10 indicators and their targets to meet global accountability commitments, as well as offers suggestions for data collection, drawing on country-level sources of information supplemented by international databases. Behaviour change was a key consideration in monitoring progress.

Stakeholders' participation in monitoring was an important factor to provide evidence, encourage dialogue and stimulate actions to facilitate further progress. Although South-South cooperation providers were not expected to participate, they were encouraged to share experiences in meeting the principles agreed in Busan.

Table 11 gives the list of global monitoring indicators and targets proposed to be met by 2015. Where 2010 data was available, it was to be used as a baseline; otherwise, the baseline was to be determined by data availability. Where indicators used country-level data, results were to be aggregated to give an overview at the global level. Other indicators were to be measured using desk reviews and other sources to obtain global aggregates, such as the UN Department of Economic and Social Affairs sources on mutual accountability and the CIVICUS Enabling Index (for CSO engagement), etc. (GPEDC, 2013a). An annex showed how to calculate indicators, and partner countries were encouraged to adopt these in their data analysis to ensure maximum consistency and comparability. On receipt of data and completion of analysis, results were to be reported ahead of the first ministerial meeting.

Although global monitoring was now based on fewer indicators, non-specialists (as well some of the more knowledgeable observers) looking at Table 11 could not help but wonder how much easier these are likely to be in data gathering, analysis and interpretation of results. To assist, a Help Line was set up by the Joint Support Team to answer enquiries. A Copenhagen workshop (GPEDC, 2013a) introduced the monitoring framework and guide, and generated feedback from participants, which was used to refine the guide.

Table 11: Global indicators and targets for 2015	
INDICATORS	**TARGETS FOR 2015**
1. Development co-operation is focused on results that meet developing countries' priorities	
Extent of use of country results frameworks by co-operation providers	All providers of development co-operation use country results frameworks
2. Civil society operates within an environment which maximises its engagement in and contribution to development	
A subset of measures from the Enabling Environment Index	Continued progress over time
3. Engagement and contribution of the private sector to development	
Measure of the quality of public-private dialogue	Continued progress over time
4. Transparency: information on development co-operation is publicly available	
	Implement the common standard – All development co-operation providers are on track to implement a common, open standard for electronic publication of timely, comprehensive and forward-looking information on development co-operation
5. Development co-operation is more predictable	
(a) annual: proportion of development cooperation funding disbursed within the fiscal year within which it was scheduled by co-operation providers; and	***Halve the gap – halve the proportion of aid not disbursed within the fiscal year for which it was scheduled (Baseline year 2010)***
(b) medium-term: proportion of development cooperation funding covered by indicative forward spending plans provided at country level	***Halve the gap – halve the proportion of development cooperation funding not covered by indicative forward spending plans provided at country level***

Table 11 (cont.): Global indicators and targets for 2015	
INDICATORS	**TARGETS FOR 2015**
6. Aid is on budgets which are subject to parliamentary scrutiny	
Percentage of development cooperation funding scheduled for disbursement that is recorded in the annual budgets approved by the legislatures of developing countries	***Halve the gap*** – halve the proportion of development cooperation flows to the government sector not reported on government's budget(s) (with at least 85% reported on budget) (Baseline year 2010)
7. Mutual accountability among development co-operation actors is strengthened through inclusive reviews	
Percentage of countries that undertake inclusive mutual assessments of progress in implementing agreed commitments	***All developing countries have inclusive mutual assessment reviews in place (Baseline year 2010)***
8. Gender equality and women's empowerment	
Percentage of countries with systems that track and make public allocations for gender equality and women's empowerment	***All developing countries*** have systems that track and make public resource allocations for gender equality and women's empowerment
9. Effective institutions: developing countries' systems are strengthened and used	
(a) Quality of developing country PFM systems; and	***Half of developing countries move up at least one measure*** (*i.e.* 0.5 points) on the PFM/CPIA scale of performance (Baseline year 2010)
(b) Use of country PFM and procurement systems	***Reduce the gap. [use the same logic as in Paris – close the gap by two-thirds where CPIA score is >=5; or by one-third where between 3.5 and 4.5] (Baseline year 2010)***
10. Aid is untied	
Percentage of aid that is fully untied	***Continued progress over time (Baseline year 2010)***
Source: GPEDC (2013a, p. 5)	

The first post-Busan monitoring survey was conducted in 2013, mid-point between Busan and the target year of 2015 (target for achieving Paris and subsequent commitments as well as the MDGs). This was the first real test of how the new set of indicators would work. A total of 46 developing countries volunteered to participate, including low- and middle-income countries from different geographic regions; they accounted for 46 per cent of programmed ODA at that time. In addition, OECD data was used for 77 aid providers, including bilateral and multilateral agencies as well as global funds (OECD/UNDP, 2014).

Not unexpectedly, some difficulties arose in applying the new indicators, despite efforts to address them. One difficulty is caused by the fact that many of these indicators comprise "composite variables" rather than attempting to measure a single variable, as, for instance, in the cases of Indicator 5 on aid predictability and Indicator 9 on effective institutions. I recall the tough session discussing how to limit the number of indicators to 10 (or a similarly low number), which generated heated debate about what not to include – a difficult decision, given that many more indicators than 10 qualify as important in assessing progress. I attempted to accommodate some concerns by seeking agreement to use a more flexible definition of each indicator and broaden its scope, thus incorporating relevant variables under the same indicator label (hence, producing composite indicators). This was perhaps not the wisest approach to adopt, though it was effective in limiting the number of indicators finally endorsed.

There is therefore no doubt that more intensive work is necessary to further refine how to calculate and verify some indicators, as stated in the 2014 Progress Report. Even then, caution has rightly been called for in interpreting results for at least two reasons: (a) the 10 indicators do not measure progress in meeting all Busan commitments and principles on development cooperation; and (b) there are qualitative aspects, particularly those pertaining to behaviour change of different actors, that pose very challenging methodological questions as to how to design a reliable approach to assessing them, given the special importance attached to behaviour change as the means of addressing persistent slow progress in making aid more effective (OECD/UNDP, 2014).

11.1.2 Survey results

So, what has the monitoring survey revealed? The 2014 Progress Report states that:

> *Globally, the results are mixed. Longstanding efforts to change the way development co-operation is delivered are paying off, but much more needs to be done to transform co-operation practices and ensure country ownership of all development efforts, as well as transparency and accountability among development partners.* (OECD/UNDP, 2014)

And that:

> *Overall, the glass is half full. Efforts to implement the monitored commitments are underway. At the same time, much more is needed to implement commitments by 2015. Findings confirm that reform takes time – but it works. Despite slow progress, previous achievements towards the "aid effectiveness" commitments have been broadly sustained; efforts initiated in 2005 shape how development co-operation is carried out today…. The fact that previous investments in more effective practices have resisted a less favourable environment indicates a profound transformation in the way development cooperation is managed and delivered today – and confirms that reform yields lasting results.* (OECD/UNDP, 2014)

We have chosen the particular indicators tracking progress in ownership, results, accountability and untying of aid, which have been among the most pressing objectives for many years. The progress recorded in accountability is encouraging and promising to speed up similar progress in focussing more on results (more precisely, outcomes) rather than aid inputs. Untying of aid has remained more or less stagnant since 2010 – a disappointing finding.

Taking mutual accountability as an example, five criteria were used to assess the state of play, including the existence of an aid development policy, specified country-level targets, assessment of progress towards targets, conduct of reviews involving non-executive stakeholders and making assessment results public. The survey showed that almost 70 per cent of the 46 surveyed countries met the first three criteria, 50 per cent published review results and 45 per cent involved participation of non-executive parties. This compares favourably with previous survey results (OECD/UNDP, 2014).

However, we should remember that numbers alone do not tell the whole story, and in fact can sometimes underestimate – and at other times overestimate – actual progress, as discussed in an earlier chapter. Overall, these results, while incomplete, show further progress but, with few exceptions, reiterate the overall findings of earlier monitoring surveys. The global economic slowdown is certainly a factor not to be ignored but could not possibly be the major explanation for this persistent slow pace of progress. There is hope as well as an expectation that the GPEDC will provide the drive and stimulate firm commitments by all parties to accelerate progress, but this remains to be seen. We will address this issue when we discuss future prospects and challenges later on.

Table 12: Ownership, accountability and results of development cooperation

Indicators	2015 targets	State of implementation
Indicator 1. Development co-operation is focused on results that meet developing countries' priorities.	All providers of development co-operation use country results frameworks.	Too early to assess progress – indicator piloted in eight countries. Preliminary feedback suggests great variation in use between providers but consistent provider behaviour across countries.
Indicator 6. Aid is on budgets which are subject to parliamentary scrutiny.	Halve the gap – halve the proportion of development co-operation flows to the government sector not reported on governments' budget(s). By 2015: 85% reported on budget.	Some progress – 64% of scheduled funding is reported on government's budgets. Only seven countries have reached or are close to reaching the 85% target.
Indicator 7. Mutual account-ability among co-operation actors is strengthened through inclusive reviews.	All developing countries have inclusive mutual assessment reviews in place.	Some progress – 59% of countries have mutual assessment reviews in place. Encouraging efforts are underway to mutually track progress, but more is needed to make reviews inclusive and transparent.

Table 12 (cont.): Ownership, accountability and results of development cooperation		
Indicators	2015 targets	State of implementation
Indicator 9. Developing countries' systems are strengthened and used.	- Half of developing countries move up at least one measure (i.e. 0.5 points) on the PFM/CPIA scale of performance. - Reduce the gap in the use of PFM and procurement systems (by two-thirds where CPIA score ≥ 5; or by one third where between 3.5 and 4.5). By 2015: 57% of funding uses country systems.	- Previous achievements sustained but more progress is needed. No overall change in the quality of countries' public financial management systems. - No change in use of country systems: Development co-operation funding using PFM and procurement systems remained at its level of 2010 (around 49%).
Indicator 10. Aid is untied.	Continued progress over time.	Some progress – 79% of bilateral ODA is untied (in comparison with 77% in 2010).
Source: OECD/UNDP (2014, Tables 1.1 and 1.3)		

11.2 Co-chairs and Steering Committee meetings

While the Joint Support Team and the experts invited to assist in refining global monitoring indicators were busy with their assignment, the GPEDC leadership and Steering Committee started exploratory discussions to formulate a strategy and action plans to move forward. High on their agenda was preparing for the first post-Busan ministerial meeting, due in later 2013 or early 2014. The following gives a brief overview of the outcomes of the meetings held.

The three co-chairs of the Global Partnership had their first meeting in Tokyo in October 2012 to identify concrete steps to mark the first

anniversary of the Busan agreement. They acknowledged its shared principles and common goals and its other key elements and expressed

> *their commitment to strengthening accountability for the implementation of Busan commitments and actions, and to promoting transparency in our development co-operation. While discussions in Busan highlighted many technical solutions to the challenges we face, we emerged from the High-Level Forum recognising that the biggest bottlenecks to effective co-operation are political.* (Alisjahbana, Okonjo-Iweala, & Greening, 2012)

The co-chairs decided that the 18-member Steering Committee would meet in December to shape the agenda and tasked them to consult with their constituencies on how best to transform Busan commitments into realities.

The Steering Committee met several times:

- *The first meeting* was hosted by the United Kingdom and held in London in December 2012 (GPEDC, 2012). The co-chairs outlined their visions for the Global Partnership and what it could contribute: by delivering "something different" to both developing and more developed countries and to the post-2015 MDGs; by broadening the circle of stakeholders through linkages with other networks such as the DCF and ensuring that spending on development "is an investment" in development; and by avoiding duplication of efforts.

  Committee members expressed their ideas for the agenda, reiterating priority issues stated in Busan (moving beyond aid, the role of civil society and the private sector, respect for human rights, maintaining a focus on aid effectiveness, creating a "comfortable" space for dialogue among all stakeholders, etc.). It was agreed to focus on a few clear priorities for the first ministerial meeting while considering broader issues.

  Some initiatives were reported in implementing Busan commitments by the g7+; Korea's government-wide Task Force to consider implementing Busan commitments; the Pacific Islands' effort to strengthen country capacities with UNDP assistance; OECD guidelines to limit proliferation of multilateral channels; BetterAid transition process leading to the establishment of a CSO global partnership, among others.

Four priority issues were identified for the first ministerial meeting as follows:

- What has changed on the ground since Busan, and what more needs to be done?
- Domestic resource mobilisation
- Leveraging private-sector resources for development and strengthening the regulatory and investment environment
- Knowledge-sharing

The meeting also discussed the "value added" that the Partnership was expected to contribute, ensuring that priority areas required political action, and coordinating policies of different actors to achieve better coherence. No change in committee membership was agreed, and requests for additional seats were referred to the ministerial meeting.

- The second meeting was held in Bali in March 2013 (GPEDC, 2013d). The vision for the ministerial meeting was discussed, with a focus on its relevance and the value it would add by engaging political-level actions to reduce extreme poverty. Knowledge-sharing as well as private-sector and South-South cooperation were to be highlighted without ignoring the "unfinished aid effectiveness business agenda". The vision for that meeting was to be on "poverty eradication, wealth creation and inclusion". Work on the four themes was divided among members, as shown in the Box 23.

To engage more stakeholders in preparing for the ministerial meeting, common messages were to be disseminated by members and put on the Global Partnership website.[45] The United Kingdom and Korea were asked to use their membership in the G20 Development Working Group to strengthen the link with the G20. Other members were to strengthen linkages with other relevant organisations.

45 See online: http://www.effectivecooperation.org.

Box 23: Four priority themes proposed for the first ministerial meeting
a. *Domestic resource mobilisation,* including issues of tax, illicit flows, natural resource management and institutions: IPU/AWEPA, EU, Nigeria, OECD/DAC, Timor-Leste, UNDP b. *Private sector,* including how ODA can leverage private resources, and how an enabling environment for private-sector investment can be achieved: CPDE, IBLF (private sector), UK, US, UNDP, World Bank c. *Inclusive development,* including the role of civil society and other actors, and innovative forms of inclusiveness: CPDE, IPU/AWEPA, Peru, Samoa, US d. *Knowledge-sharing*: including work on mapping efforts underway and piloting work within the framework of the Global Partnership: Bangladesh, Chad, Indonesia, Korea, Peru, Samoa, UNDP, World Bank
Source: Author

- The third meeting was held in Addis Ababa (GPEDC, 2013e) in July 2013, hosted by the African Union. Two aspects were particularly welcome, namely (a) holding the meeting in Africa, which is the largest recipient of development cooperation and the continent attracting priority attention for future assistance, and (b) inviting selected stakeholders to attend as observers. Among those invited were the African Union (hosting the event), the Arab Coordination Group, Brazil, China, India, South Africa, Turkey, the Rockefeller Foundation and the STARS Foundation.

Most meeting sessions were devoted to continuing preparations for the ministerial meeting, now due in April 2014. A Secretariat Note (GPEDC, 2013c) proposed a focus around four themes:

- Progress achieved since Busan
- Strengthening the role of business in development
- Scaling-up knowledge-transfer between developing countries and emerging economies

- Strengthening domestic-resource mobilisation efforts by addressing tax, illicit flows and transfer-pricing practices

Ministerial meeting sessions were outlined, with the following proposed deliverables under each theme:

- *For supporting commitment implementation*: taking a few immediate actions to remove bottlenecks obstructing progress towards targets; strengthening inclusive partnerships and mutual accountability mechanisms at the country level; and launching a roadmap to improve CSOs' enabling environment and democratic ownership;
- *For resource mobilisation*: scaling-up support for tax administration; linking resource mobilisation and combating illicit flows; and supporting policy reforms to strengthen resource mobilisation;
- *For knowledge-sharing*: scaling-up support for existing hubs and platforms; and suggesting principles to improve quality of knowledge-sharing cooperation;
- *For private-sector involvement*: endorsing a roadmap to identify what different stakeholders would do to support public-private partnerships; and supporting initiatives at the country level to stimulate a positive role of business and leverage private investment for development;

Another Note (GPEDC, 2013b) detailed a political roadmap to the ministerial meeting to help Steering Committee members in their outreach efforts, listing key events – international and regional. A communications action plan was proposed to engage committee members in "evidence-based conversations" at the country level on how to improve development cooperation; build the credibility of the Global Partnership as the forum that delivers progress; and encourage opinion leaders to write about the work of the Global Partnership (GPEDC, 2013f).

As host of the ministerial meeting, Mexico proposed that the agenda place greater emphasis on middle-income countries; explore South-South and triangular cooperation; make the link with the post-2015 framework and the sustainable development agenda in the aftermath of Rio+20; and strengthen civil society participation and how youth and parliamentarians might be more engaged in the agenda. Participants reiterated the need for the meeting to be political and action-focussed to deliver clear political

messages, and for an emphasis on demonstrating progress since Busan, without forgetting the "unfinished aid effectiveness agenda".

In summing up,[46] it was agreed that further substantive preparatory work was needed. Seven areas were identified for elaboration, but not all of these would necessarily be assigned stand-alone sessions, as illustrated in Table 13.

Table 13: Distribution of responsibilities during the preparatory process	
1. Implementation of the Busan commitments	EU, CPDE
2. Domestic resource mobilisation	Nigeria, AU, EU
3. Knowledge-sharing	Indonesia, World Bank, Korea
4. Private sector	World Bank (MDBs), UK, private sector
5. Middle-income countries	Mexico
6. South-South and triangular cooperation	Mexico, Indonesia, Bangladesh
7. Inclusive development	US, CPDE
Source: Author	

- A fourth Steering Committee meeting was to be held in October, and a fifth early in 2014 to finalise the programme. The practice of inviting observers was to be continued. No change in Committee membership was to be made until requests were considered at the ministerial meeting. The last meeting before the big event put the final touches on the agenda and various arrangements without any further substantive changes.

46 A third Note by the Secretariat gave a progress report on the status of global monitoring efforts, including an outline of the steps envisaged to gather, analyse, present and disseminate findings during the second half of 2013. The Note referred to the work reported earlier, including updates on the selected indicators. An annex presented an overview of expected evidence to be gathered as a result of this exercise.

11.3 First post-Busan high-level meeting – Mexico

11.3.1 Mexico meeting agenda

The Mexico high-level meeting agenda was packed. The two-day meeting schedule consisted of five plenary sessions and 35 focus sessions, in addition to numerous side events sponsored by a variety of stakeholders (Government of Mexico, 2014). Plenary sessions dealt with progress since Busan, domestic resource mobilisation; South-South and triangular cooperation and knowledge-sharing; the role of middle-income countries; the private sector as a development partner; and a final plenary at the end of the second day.

Focus sessions covered virtually the "whole waterfront" of development cooperation issues. Examples of topics covered included managing diversity in development cooperation; locating SSC within the emerging architecture; the enabling environment for civil society; development cooperation in MICs; partnering with private investors; human rights-based approach for inclusive development; delivering through good governance and transparency; media and accountability; using country systems; and gender equality. To say the agenda was compact would be an understatement! There is a difference, in my mind, between being inclusive and being comprehensive – with regards to the topics – within the span of two days. Having tried to take part in as many sessions as feasible, I missed a large number of these sessions, and I was not the only one who felt that way.

The Mexico meeting was attended by more than 1,500 delegates, including top country leaders hosted by the President of Mexico; heads of multilateral, regional and bilateral agencies, including the UN Secretary-General and the OECD Secretary-General; and senior-level officials, parliamentarians, practitioners and academics; in addition to international and local media. The number and range of participants was a positive indication that "Busan was still alive and well", as quipped by some observers. Both plenaries and focus sessions were packed in terms of speakers and panellists, who, understandably, took most of the session time to make their presentations, leaving little time in most cases for interventions from the floor. Apparently, in seeking to attract as many senior delegates as possible, the Mexican hosts and organisers invited

them as speakers and/or panel members. As a result, inclusivity of participation in Mexico was unfortunately limited mostly to those playing these roles, although a few focus sessions enjoyed a greater degree of floor interventions.

What were the key outcomes of the Mexico meeting?

No communiqué can capture all the results of discussions of such an intensive two-day meeting, as some of the results will emerge only later in one form or another, depending on what delegates take away for their own actions when they return to their countries / agencies. A Note (Escanero, 2014) introducing the draft communiqué referred to the "*inclusive process of preparation and consultation which has benefitted from the inputs and advice kindly provided by a wide array of partners at various forums and exchanges around the world*". These included, among others, inputs by UNDP, the EU, the OECD/DAC, UN DCF, the Arab Coordination Group, CSOs, multilateral banks, the g7+ group, the IPU, the GPEDC Steering Committee and NEPAD.

Given this, the Mexico Communiqué essentially reiterated Busan principles and goals (including common goals and shared principles) and reaffirmed delegates' commitments to them; underscored that poverty, inequality and progress on the MDGs remained central challenges; encouraged continued progress in following all-inclusive approaches and in supporting the transition to the resilience of fragile states, etc. It then stressed the importance of addressing the challenges of domestic resource mobilisation, underlining the role of MICs, SSC, triangular cooperation and knowledge-sharing as well as the greater involvement of the private sector as a development partner (GPEDC, 2014a). Although such re-affirmations and encouragements were timely and supportive of future progress, a careful reading of the Communiqué leaves one with the feeling that it has added little by way of robust actionable commitments with time frames for monitoring.

An annex to the Communiqué listed more than 38 voluntary initiatives taken by countries and organisations to showcase different forms of development cooperation being practised. The annex was referred to as a "living document", to which more initiatives are expected to be added. Examples of initiatives cited include the Africa action plan on

development effectiveness, EU joint programming to manage diversity, CSO enabling environment framework, country dialogues for strengthening local systems, a network of Southern think tanks, guidelines for effective philanthropic engagement, and youth-led data-driven accountability and governance.

Laudable as these voluntary initiatives are, they are characterised by two features: (a) it is positive in that each has supposedly been launched through joint consultations and commitments by the stakeholders involved; but (b) it is not so positive in that a voluntary initiative can be terminated or become dormant for any number of reasons without there being a monitoring mechanism to inform the wider development community. In short, its sustainability rests on the continued commitment of its sponsors. The voluntary initiatives annex is a far cry from the firm commitments made in Busan and previous High Level Forums, notwithstanding that many such commitments have yet to be honoured, but they nevertheless showed a willingness "to commit", not merely to volunteer.

11.3.2 Reactions to the Mexico meeting outcome

- Reactions to the meeting were mixed. A few comments are worth noting:
- Erik Solheim, chair of the OECD/DAC: "*The most important thing is that the Global Partnership has grown. It has established itself as the main body for exchange of views and experience on which policies work, and which do not work when it comes to eradicating poverty and promoting development. The most concrete result from Mexico was the call to curb illicit capital flows and the establishment of proper tax systems"* (Development and Cooperation [DC], 2014).
- Thomas Fues, head of the training department at the German Development Institute: "*The significance of South-South cooperation (SSC) was widely acknowledged.… Voices from southern providers, partner countries and traditional donors converged in calling for enhanced transparency, evaluation and impact assessment of SSC. With the aim of closing critical knowledge gaps in this regard, a network of southern think tanks called Nest was founded at the*

sidelines of the HLM. It intends to work on concepts and methodologies reflecting the specifics of SSC" (DC, 2014).

- Sachin Chaturvedi, professor, Research and Information System for Developing Countries, a think tank, New Delhi: "*It was disappointing to see that China and India did not participate. The trouble seems to be that the OECD is not letting the GPEDC blossom on its own. The agenda, the communiqué, the choice of speakers at the plenaries largely reflected its narrative. The issues that the UK has been raising were dominant, including domestic tax reforms and the role of private sector*" (DC, 2014).
- Publish What You Fund was hoping there would be new commitments on transparency but there was none; however, Mexico stressed the use of more information in development cooperation decisions and SSC providers' willingness to share more information (Publish What You Fund, 2014).
- ODI's Jonathan Glennie: referred to China's and India's absence signalling their unwillingness to take part in the GPEDC, and to Brazil's major reservations about the whole exercise, stating in the plenary that it was not a part of the partnership but then engaging in mobile phone diplomacy over the communiqué, implying an appreciation of the meeting's importance (Glennie, 2014). He felt that the Mexico agenda was a welcome departure from the "*obsession with ODA issues*". The meeting was inclusive but "*the term partnership was a misnomer as the latter implies clear roles and goals*".
- IPU's Anders B. Johnsson (although not strictly a reaction to the meeting), in a read statement at the meeting, observed that "*there is still a huge gap between statements of principle and actual practice. We will hear a lot in the coming days about 'a mixed picture' and 'some progress' taking place, but we must remember that only some of the commitments made in Busan are being monitored systematically at the global level"* (Johnsson, 2014).
- CSO Partnership for Development Effectiveness: "*The HLM communiqué is an outcome of collaborative efforts among Partnership stakeholders. But it does not bring us closer to the goals of development effectiveness. CSOs have pushed for stronger commitments and objected to several points during consultations*". No concrete commitments have

been made to guarantee mechanisms for CSOs enabling environment, "*in sharp contrast to the unbalanced promotion of the private sector, such as* [public-private partnerships]*, and the lack of commitments on its accountability and transparency to the people*" (CSO Partnership for Development Effectiveness, 2014).

- Xiaoyun Li, Chair of the China International Development Research Network: "*The decline in the participation of China and India, as well as apparent disagreement from Brazil, despite its attendance, raised questions over how this new partnership can be further developed. It would be very difficult to imagine the future of the partnership without participation of these three countries. The West has been using a similar approach through its controlled institutional structure and well-elaborated framework to secure the 'buy-in' of others in order to sustain its basic agenda. China and, I believe, others have been very cautious not to be 'bought in'*" (Li, 2014).

Although it was not expected that a consensus would emerge in assessing the outcome of a meeting of this magnitude and wide range of participants, it is obvious that the "takeaways" from the meeting varied considerably among delegates. A number of issues, as reflected in the few observations noted above, call for the GPEDC's attention, particularly the issues of perceived legitimacy and inclusiveness. This point is revisited later under prospects for the GPEDC.

11.3.3 Change of leadership and Steering Committee

At the end of the Mexico meeting, it was announced that the three co-chairs were stepping down, having served a two-year term. The new co-chairs are ministers from the Netherlands, Mexico and Malawi, representing the DAC (traditional aid providers), a leading MIC and a developing country. Much consultation and negotiation must have taken place to secure these nominations, and one assumes that efforts to attract one of the major emerging economies to join the leadership failed, which is regrettable. Some Steering Committee members also stepped down and new members were appointed. The 23 committee members represent recipients of development cooperation (5), recipients and providers (2), providers (3), the Arab Coordination Group (1), the private sector (1), parliamentarians (1), local governments (1), civil society (2), private

foundations (1), multilateral banks (1), UNDP/UNDG (1), and the OECD/DAC (1), in addition to the three co-chairs. This seems to be a balanced representation and a more inclusive membership, which now also includes local government, private foundations and the Arab Coordination Group.

To conclude this review, the Mexico meeting was the prime event, which had kept the GPEDC leadership, its Steering Committee and Joint Support Team busy for many months. This should not detract attention from many other events organised around one or more development cooperation issues before and since the Mexico meeting – a positive sign that is reassuring, in that the discussions of these issues have developed their own momentum and will hopefully lead to incremental improvements in their impact development. The Mexican hosts and organisers did their best to ensure smooth implementation of the event and made everyone feel welcome.

11.4 Dynamic setting of the Global Partnership

Given the opportunities and challenges facing the Global Partnership in the years to come, it is useful to take a short break from recent and ongoing events and look back at the past almost 15 years of intensive and extensive dialogue among an even broader community of stakeholders to identify key aspects of the dynamic global setting in which development cooperation is (and will continue to be) perceived, planned, delivered, implemented and evaluated. The Global Partnership is the latest phase of an ongoing series of changes reshaping how the international community addresses development cooperation issues.

The prospects and challenges facing the new Partnership, therefore, cannot be assessed in isolation from the dynamic global setting in which it has started to function, a setting that has changed dramatically over the past several years; the Partnership is also expected to build on past achievements and take note of lessons learnt so far. We review here these two aspects before offering comments on the Partnership's prospects and challenges. The observations to follow are based mainly on the

experiences I gained[47] in following the course of the aid effectiveness process: first from a distance following the UN Monterrey Conference, and later by actively participating in it following the Paris HLF in March 2005.

11.4.1 Salient features of the global setting

Starting with the big picture, a succinct overview of the changing development setting was portrayed in the UN High Level Panel Report on the post-2015 development agenda. We quote the following from the report's executive summary:

> *We considered the massive changes in the world since the year 2000 and the changes that are likely to unfold by 2030. There are a billion more people today, with world population at seven billion, and another billion expected by 2030. More than half of us now live in cities. Private investment in developing countries now dwarfs aid flows. The number of mobile phone subscriptions has risen from fewer than one billion to more than six billion. Thanks to the internet, seeking business or information on the other side of the world is now routine for many. Yet inequality remains and opportunity is not open to all.*
>
> *The 1.2 billion poorest people account for only 1 per cent of world consumption while the billion richest consume 72 per cent. Above all, there is one trend – climate change – which will determine whether or not we can deliver on our ambitions. Scientific evidence of the direct threat from climate change has mounted. The stresses of unsustainable production and consumption patterns have become clear, in areas like deforestation, water scarcity, food waste, and high carbon emissions. Losses from natural disasters – including drought, floods, and storms – have increased at an alarming rate. People living in poverty will suffer first and worst from climate change. The cost of taking action now will be much less than the cost of dealing with the consequences later.* (UN, 2013)

47 Readers would agree that we are not dealing with precise science, where we observe experiments conducted under a controlled laboratory environment, but rather with an ongoing, complex political and social process in which perceptions and views may differ, depending on the observer's perspective. I have tried not to "defend" any particular position or result but maintained as objective an assessment as is humanly possible without using very general or diplomatic language devoid of any meaning.

This quotation sums up the challenges facing humanity today. Through detailed analysis, the report presents "bold yet practical vision" for development beyond 2015. This is the global setting within which efforts – individual and collective – must be made to help realise this ambitious vision. It is the setting that reflects the evolving challenges and priorities that all development cooperation actors need to use as their reference in shaping future policies and practices.

Turning to the relatively narrower "development cooperation" setting, it has changed no less dramatically since the turn of the new century. We are looking at a development cooperation "industry" driven by the actions of its leading actors, the goals they pursue, the modalities they use, the reactions to services they provide / receive, and the political and institutional changes that have occurred as a result of growing complexity and external pressures.

What are the key changes that have reshaped the industry's global setting?

We identify 15 of these changes and factors at work, which continue to fuel the future evolution of this industry and challenge conventional thinking and practices to adapt:

- *A stronger role of partner countries*: From virtually silent observers and "guests" in the early international gatherings, these countries have emerged as a vibrant force driving most of the development cooperation agenda today. They have achieved their current status as a result of ongoing domestic reform, clearer development priorities, better coordination between them regionally and globally, and a more articulate expression of their needs of development cooperation. Partner countries are diverse in many aspects; some have become middle-income countries whereas others are in a fragile state. In between, the majority are in a race against time to become MICs in the foreseeable future. The pace of development has varied considerably among them – calling for tailor-made development assistance in each case.
- *Emergence of a cohesive and expanding g7+ group*: As discussed in the previous chapter, the g7+ countries were organised only a few years ago to voice the concerns of fragile states and conflict-affected

countries. In a short period, they have managed to draw the attention of the international community through the International Dialogue on Peacebuilding and Statebuilding, and led the DAC to establish INCAF as a focal point for discussing how best to provide meaningful development cooperation. Although the g7+ has many challenges in common with the rest of the developing countries, their situation is unique in important respects, calling also for special and long-term measures to help them exit from fragility and move towards more sustainable development. Their top priority is restoring peace and political and social stability as a precondition for sustained development.

- *Recognition of South-South cooperation as an increasingly important aid modality*: SSC was "there" for a long time before it was recognised as SSC, and it has developed rapidly in recent years. There is no precise count for the number of countries engaged in SSC nor the magnitude of transactions carried out, but anecdotal evidence indicates that the large majority of developing countries are involved – to some degree or another – mostly as recipients, but increasingly as providers as well. MICs are playing a major role in this respect, sharing lessons learnt through their successful development strategies. The debate is no longer whether or not SSC is a worthwhile modality, but how to make fuller use of its comparative advantage as a cooperation modality supplementing North-South cooperation and its triangular cooperation derivative, which is gaining strength and acceptance from traditional ODA providers. A key contribution of SSC is the provision / exchange of *relevant* development knowledge, and a key challenge for recipients is how to *adapt* such knowledge to suit local contexts.
- *Growing influence of China, Brazil and India*: These three leading emerging economies have been providing substantial assistance to other developing countries while maintaining their status as recipients of ODA. They have, until recently, maintained their distance from OECD-initiated agendas and principles, preferring to stick to their SSC principles, based on solidarity and horizontal modalities of assistance, which they argue have no political conditionalities. As the size and spread of assistance delivered by this trio (and by other SSC providers) could no longer be ignored by the international community, efforts

have been made in recent years to establish a dialogue platform, with partial success.

Their participation in WP-EFF meetings was sporadic, at times inactive, despite their attendance. Brazil was quite vocal on a few occasions; its delegate articulated the country's philosophy that shapes its development assistance and criticised OECD approaches as being less effectives and beneficial to developing countries. Given this reluctance to join existing platforms (except UN-based venues such as the DCF), their last-minute endorsement (and joining) of the Busan Global Partnership agreement was hailed by many as one of the major successes at Busan, though they still maintain an observer status, which leaves much to be desired.

- *Closer links with Arab funds for development*: Arab funds have "surfaced" relatively recently on the development cooperation landscape, having been in existence for decades. Their willingness to join international networks such as OECD and the Global Partnership as active members is a relatively new phenomenon. They contribute billions of dollars a year to development, mainly to Islamic countries, and have helped finance much infrastructure in addition to humanitarian initiatives. They have decided only in the past two to three years to engage in open dialogue with OECD-led platforms, building on bilateral and regional consultations, and issued a Statement of Resolve (see excerpts in Box 10 at the end of Chapter 6) endorsing and joining the Global Partnership in Busan. Some of them are now issuing detailed annual reports of their assistance activities in target countries. This promises to add yet another type of development support experience as well as enable these funds to learn more from other providers' practices.
- *Recognition of the role of private foundations*: Private foundations now contribute billions of dollars of assistance and are altering the balance between official development assistance and private sources. Apart from the welcome addition to financial resources at a time of declining ODA flows, private foundations are influencing aid delivery modalities by being more focussed on a relatively few development issues (health, education, climate change, etc.) and managing their initiatives in a more business-like manner. This focus and their higher efficiency levels have produced tangible results in a relatively short period and

provided longer-term commitments than is typical under traditional ODA. Their independent status and quick responses have complicated the task of coordinating assistance going to recipient countries, and have at times competed or displaced other sources of cooperation. This poses a special challenge at the country level, where coordination rests and where local capacity deficiencies have been unable to manage aid flows effectively.

- *Stronger presence of CSOs*: CSOs are acknowledged as independent development actors and have developed their own code of conduct (Istanbul Declaration). They have grown substantially in numbers during the past 15–20 years and continue to grow at a rapid rate. While their potential as contributors to development cooperation impact is recognised widely today, recent trends show growing restrictions on CSO activities in many developing countries where the environment has become "less enabling".

  This issue is complicated by the often unclear division of labour between international NGOs and local counterparts, which are dependent on the former for funding and technical support. The dominant role of international NGOs has given some discomfort to governments in some developing countries who view their actions as being politically motivated, if not counterproductive and going against state security. Recent experiences in Egypt and other countries show that this issue has yet to be resolved. The limited capacity of local CSOs compounds the problem and calls for strengthening their capacity and for improved access to local funding if they are to contribute more as development partners.

- *An outreaching, less dominant DAC*: For many years, DAC members have concentrated on developing ODA policies and systems, strengthening statistical databases, supporting peer reviews and expanding membership and outreach efforts to establish more links with developing countries. It would be untrue to claim that the DAC remained idle when it came to reforming its ways in response to calls of partner countries to meet commitments. What is true, however, is that the pace of reform has remained slow and sporadic, lagging well behind reform measures taken by the latter countries. Another issue has been the "disconnect" between headquarters and country offices, where

policy changes and guidelines have taken a long time to reach these offices, causing frustration and restricting progress.

Some DAC members have done better than others. A major difficulty has been the need to change legislative and regulatory stipulations in order to introduce certain reforms – an action that is highly political, as exemplified by the case of the United States, where Congressional approval of some changes is required. Another difficulty has been getting members to agree on uniform – or at least consistent – policy frameworks and major decisions. The main example is the EU, where the Commission's approved Backbone Strategy is awaiting fuller implementation by member countries years after its endorsement. Finally, the DAC has to adjust to the reality of transition from being *the* predominant to a less dominant ODA provider with the rise of non-DAC sources and the decline in ODA in the past few years. The DAC accounted for more than 80 per cent of the total aid volume in the 1995–1998 period, dropping to 56 per cent in the 2005–2008 period, whereas aid from private philanthropy and non-DAC donors saw an increase from 18 per cent to 38 per cent during the same period (Kharas, Makino, & Jung, 2011).

- *A growing network of knowledge hubs*: The exchange of development know-how is not new, but recent trends show a rapid increase in a variety of exchange networks, hubs and other forms of linkage. Some of these are sponsored by multilaterals such as the WBI and the EU capatity4dev; others are networks of practitioners specialising in certain development issues such as the Learning Network on Capacity Development, which focusses on capacity development, the Health Hub sponsored by Australian Aid, the Pan-African Knowledge Hub dealing with issues of relevance to Africa, and so on. These networks use different operating methods but share the common objective of facilitating knowledge-sharing and -transfer, and act as knowledge brokers. They represent an asset of increasing importance, as developing countries seek more relevant knowledge to their contexts.

  Although strictly not a hub or network, a number of regional institutions specialising in supporting national and regional initiatives has to be recognised as a significant resource. The ACBF and NEPAD are two examples from Africa. Similar examples exist in other regions, such as the CDDE in Asia-Pacific, which enriches the knowledge base

for the countries it serves. The role of regional UN offices (including UNDP and other UN agencies' country offices) is becoming more important as they assume more responsibilities to assist member countries in developing national capacities in development fields, and begin to translate their endorsement of the Global Partnership into more specific action plans.

- *Proliferation of development consultants*: Our overview of the industry would be incomplete without reference to the role of consultants and experts who engage in the design, implementation and evaluation of ODA-funded projects and programmes. From a few hundred in the 1950s and 1960s, the number of consultants and others (such as practitioners associated with networks and associations) providing such services has "gone through the ceiling". No exact figures are available. But it is safe to assume they number in the tens of thousands today. These are in addition to their counterparts in developing countries, who have been growing more rapidly in the past 15–20 years. Most have the skills and experiences necessary to deliver and implement projects in developing countries through a variety of modalities, as project managers, chief technical advisers, specialised experts, policy advisers, etc.

  These groups play more than a technical role. They can – and sometimes do – influence government policy decisions, lobbying for or against certain changes that might affect their "businesses". An often cited complaint by developing countries is ODA providers' over-reliance on expatriate experts in delivering and implementing projects as well as ignoring – or not making appropriate use of – qualified local experts. It is not merely a question of cost-savings (where local consultants of similar qualifications earn far less than expatriates) but also of relevance of experience and ability to deal with government and other local authorities as well as contributing to local capacity.

- *Expanding range of tools and modalities*: The tools and modalities used by development cooperation actors in managing aid business have evolved a great deal. The rise of SSC has added new "horizontal cooperation" modalities, whereby aid is given as a package of inputs, of which knowledge-transfer rather that funding is typically the major element. A variant of SSC is triangular cooperation, which involves a Northern partner who contributes funding and technical experience to

complement the Southern provider's inputs. Modalities of aid delivery have also evolved from traditional project-based to programme and sector-wide approaches, and experimented with various forms of budget support in an effort to improve impact and efficiency.

The use of country systems in aid flows has been slow, as many providers have to date preferred to use parallel implementation units as a more efficient mechanism. Although this is true in the short run, PIUs undermine efforts to strengthen local capacities in the longer run. New innovative financing methods have been developed to leverage more financial support. Traditional tied-aid practices have come under increasing criticism and were characterised as "recycling of aid". More aid is being untied through different means, although some is not fully untied due to written or unwritten rules of procurement requiring the use of aid provider's sources. Finally, a few developing countries have graduated from aid, having succeeded in becoming more or less self-reliant, replacing ODA by adopting policies to boost export revenue, mobilise domestic resources, attract foreign direct investment and use international money markets to obtain additional financing on reasonable terms.

- *Rapid increase in global funds*: There was a time when one could count these funds on both hands, but with well over 250 of such funds, all of which are active in virtually all aspects of development, their impact has been felt – positively and negatively – at the country level. Although most funds tend to specialise in certain domains / sectors or themes of development, there is a great deal of overlap in their activities with inadequate coordination (not to mention competition), causing excessive transaction costs and confusion in recipient countries. The OECD/DAC (OECD DCD/DAC, 2012a) reported that as much as 40 per cent of total aid is now channelled through multilateral (including global) agencies – a fact which prompted a DAC meeting in 2012 to propose actions to limit such proliferation in order to bring its adverse effects under control. Among these proposals are encouraging providers to use existing channels; ensuring that multilateral programmes are time-bound and do not call for additional reporting requirements by recipient countries; supporting the latter countries' harmonisation efforts; and monitoring performance regularly. It is too early to assess how these recommendations have

been adopted by major actors. This remains a challenge that has yet to be addressed more effectively.

- *Escalation of violence, extremism and terrorism*: As discussed in the chapter on fragile states, the simplistic assumption that we have seen the last of global or major wars following the dismantling of the Berlin Wall has given way to an era that contains all forms of violence – on cross-country, sub-regional and regional scales, and in some scary instances, on a worldwide scale. The 9/11 attacks; chronic and persistent ethnic and political rivalries, especially in many parts of Africa; the "Arab Spring" and its aftermath in the Middle East and west Asia; the Ukraine crisis; and before it the Balkan War are the most cruel reminders of the atrocities that violate human rights and any standards of decent and humane behaviour committed in the name of religion, the protection of ethnic minorities or other excuses. The latest is the so-called Islamic State's terrifying assault on helpless civilian populations as they continue to engage in untold barbaric and criminal acts the world has not witnessed for many centuries. These extremist and terrorist acts are no longer contained to a few countries or a region but are posing worldwide threats to peace and security. There are obvious implications for how current and future development (not only humanitarian) assistance should be reprioritised to face this menace, not only through military actions but by configuring a medium- to long-term strategy (education, poverty alleviation, women rights, etc.) to address the massive brainwashing, especially of young people attracted to join these terrorist militia.
- *Revisiting health and education capacities*: The recent eruption of the Ebola epidemic and disastrous impact of HIV/AIDS, particularly in Africa, have exposed the serious deficiencies in public health capacities in many African countries and the need to pay more attention to the quality of and access to education as well. Notwithstanding the large ODA allocations over the years to strengthen these capacities and the progress made, the reported traumatic impact of these epidemics and chronic diseases takes us back to "Development 101" to address some infrastructure basics. Asia's better development performance owes a great deal to heavy investment in these two pillars of sustainable development from early on.

- *Embracing the post-2015 development agenda*: The forthcoming launching of the post-2015 development agenda is likely to generate substantial rethinking – if not a quantum shift – of development cooperation by both providers and recipients alike. Building on what has been achieved under the MDGs, both sides have to examine how best to meet the new goals and adapt existing policies and practices to improve performance beyond the less than satisfactory outcome produced since the launching of the MDGs. The vision of development, as elaborated by the UN Task Team, is based on three fundamental principles: human rights, equality and sustainability.

  Four interdependent dimensions are suggested as a basis for defining goals and targets: inclusive economic development, inclusive social development, environmental sustainability, and peace and security. A set of "development enablers" was also identified to guide policy coherence without being prescriptive or adopting a "one-size-fits-all" approach. "*Two requisites in particular seem to be of paramount importance: developing genuine partnerships between providers and recipients based on recipient-country ownership and leadership of its development agenda and sustainability improving assistance coordination and harmonization among providers*" (UN, 2012a). These requisites echo two of the fundamental goals that the international development community has been attempting to achieve for the past 10 years or more, with less than full success.

The salient features of the global setting listed above are by no means comprehensive. It is hoped that they provide a sufficient perspective on a dramatically different environment in which, and with which, the Global Partnership has to function and interact if it is to become a driving force in helping countries move at a faster pace towards sustainable development in the face of these enormous challenges.

11.5 Past achievements and lessons

Although the changing global environment poses these challenges, the GPEDC does have access to a reservoir of knowledge and experience accumulated over several decades. We reviewed in previous chapters the findings of monitoring surveys. Chapter 6 has the detailed results of the last pre-Busan (2011) OECD Monitoring Survey and reported the findings

of the independent evaluation study. Here is what the Survey Report had to say in terms of improvements in aid effectiveness[48] based on established criteria and the 12 targets stated in the Paris Declaration:

> *The results are sobering. At the global level, only one out of the 13 targets established for 2010 – co-ordinated technical co-operation (a measure of the extent to which donors co-ordinate their efforts to support countries' capacity development objectives) – has been met, albeit by a narrow margin. Nonetheless, it is important to note that considerable progress has been made towards many of the remaining 12 targets*. (OECD, 2011d)

The most recent survey (referred to earlier in this chapter) has reported essentially the same overall results with some modest progress here and there. Taking a broader perspective, however, we argue that other achievements, in addition to those listed in the Survey Report (see Chapter 6), deserve to be explicitly recognised. We draw attention to three strands of progress:

- policy reforms
- institutional reforms, and
- coordinating mechanism development

These processes constitute the foundations for *behaviour change* – change that has been called for and emphasised throughout the aid effectiveness debate as lacking or being insufficient. Although the outcomes of some reforms have yet to become more concrete, a major task for the Global Partnership is to acknowledge, support and facilitate these "work-in-progress" strands to deliver the outcomes envisaged more fully.

48 Our concern here is with aid effectiveness rather than with the impact of aid on development results. The latter has been debated for decades and remains controversial. The literature offers a wide range of opinions, from extreme views arguing that aid is not only ineffective but counterproductive to development efforts, to those who argue that aid has been critical in supporting development, which would have accomplished less without it. Many views lie in between, expressing varied reservations on aid while acknowledging that it has a positive role to play. We will not join this debate, as there is not much that can be usefully added to it, except to say that generalisations of wholesale condemnation or praise are not meaningful, and that a more reasoned approach would be to undertake an in-depth contextual examination of evidence.

Policy reforms: Of the three categories of process outcomes, policy change is the most important, as it determines what institutional and coordinating mechanism measures are necessary to support policy changes. Partner countries have undertaken substantial steps to overhaul existing development planning systems by introducing plans and policies that have become more cohesive and realistic, with better-defined results-based objectives, and well-defined aid priorities.

Underlining these reforms is the increased use of aid as a catalyst and realisation by leaders that pursuing reform actions is in their countries' *own* interest, not merely as a means to meet commitments. The stronger sense of national ownership and leadership has been recognised by cooperation providers who are under pressure to adjust their approaches accordingly. The emergence of SSC as a credible option has caused developing countries to review traditional dependence on North-South assistance and take steps to benefit from available SSC opportunities as a supplement rather than an alternative.

By comparison, the pace of reform in development partners has lagged behind, as stated earlier. Nevertheless, significant reform measures have been taken as, for example, by the European Commission, which issued its Backbone Strategy, still to be fully implemented. The aid untying issue has also been subject to review and change, resulting in a higher percentage of untied aid, though still below expectations. The DAC has also given capacity development in partner countries more attention, and its members have been reviewing policies in light of Accra and Busan commitments.

Institutional reform: Institutional reform has been accorded high priority in many developing countries to deal with organisational weaknesses. Measures have resulted in the establishment of better aid-management institutions and capacities to address development cooperation issues, through the creation or strengthening of government structures (specialised ministries or sections within existing ministries, aid agencies, etc.) and recruiting qualified personnel. Although Survey Reports tended to downplay the efforts to establish mutual accountability mechanisms, there is no doubt that more and more developing countries are adopting the principle of accountability, domestic and international, and many are setting up operational mechanisms; these steps should also be recognised

as encouraging "work-in-progress" initiatives, strengthening the role of parliament and other oversight agencies.

Institutional changes were not a priority for most development partners, as they already had well-established aid management structures. Two exceptions are the recent measures to strengthen the capacities of country office personnel to address issues such as capacity development, for example; and measures to rectify the "disconnect" issue between headquarters and these offices.

Coordinating mechanism development: There has been a notable increase in coordination efforts among partner countries, globally and regionally. They realised that, despite the diversity of their conditions, they shared common goals and needed a stronger position in negotiating with development partners. These mechanisms have taken different forms. In Africa, the African Union has recently been taking an active part in aid effectiveness forums and similar meetings such as the DCF. It has prepared a position paper outlining their aid priority needs on behalf of the 52 member states. The CDDE has for many years been the principal Asia-Pacific forum for aid effectiveness issues. There are also consultations at the sub-group level in all regions. The other aspect of coordination refers to internal coordination among ministries and other aid-receiving units. Only recently has more attention been given to this aspect, which remains challenging.

As with institutional change, more developed countries have enjoyed the benefits of coordinating mechanisms through OECD and other organisations. Noteworthy are their recent outreach initiatives to strengthen links with developing countries, emerging economies and fragile states. Other outreach efforts have established links with NEPAD and strengthened the dialogue with Arab funds. Ironically, DAC coordinating mechanisms have not been as successful as expected in improving aid harmonisation and coordination practices among members, partly due to the priority given to retaining control over policies and practices and "waving the national flags".

The processes outlined above have been instrumental in changing the architecture and agenda of development cooperation by establishing a more inclusive global partnership; broadening the agenda to encompass other aspects of development cooperation in addition to aid; and striking a

greater balance in comparative negotiating powers among key development cooperation actors by adjusting some of their policies and practices. This is exactly the kind of behaviour change called for, but it is far from prevalent. The onus is clearly more on aid providers to match their stated commitments with concrete actions, which translate into results at the country level.

12 The Global Partnership: Where to? Key challenges and future prospects

"We are continually faced by great opportunities brilliantly disguised as insoluble problems."
Lee Iacocca

"You can never plan the future by the past."
Edmond Burke

Introduction

The previous chapter provides an overall framework that portrays the initial activities of the GPEDC, the changing dynamics of global development cooperation and the key achievements of the international community over the past 15 years, in particular to improve the effectiveness of aid (which is used here to refer to development cooperation). Given these realities, the question we pose now is: What are the challenges and future prospects facing the Global Partnership? It will be recalled that delegates shared a sense of renewed optimism about the future of development cooperation as they left Busan, despite some disappointing past achievements. They began to look forward to a game changer, to doing things differently, and to narrowing conceptual and ideological distances between old and incoming stakeholders. They also felt a sense of accomplishment that a global partnership agreement had just been endorsed against a backdrop of failed attempts to reach similar agreements in international trade and climate change, and of the continued lack of progress in reaching more flexible pro-development technology-transfer rules and practices.

Such optimism has pushed the bar for expectations higher since Busan. With consensus reached by a more inclusive body of political leaders, professionals and practitioners, brighter success prospects lay ahead. There are opportunities for mobilising additional resources through better coordination among development finance institutions and private foundations, reducing fragmentation and minimising duplication of efforts among aid providers, tapping the benefits of knowledge-sharing between North-South and South-South cooperation, and contributing to the post-2105 development agenda. But just as these opportunities were to be captured by bold and timely actions, difficult challenges also had to be tackled.

This final chapter first considers the GPEDC's challenges as "opportunities in disguise", reports the findings of the most recent workshops on the GPEDC's activities and puts forward the author's views on the future prospects of the GPEDC. It remains to be said that the declining role of development cooperation, relative to the roles of trade and foreign investment, is undeniable. However, it is premature to dismiss aid on the basis of its volume alone. The most important lasting impact of aid, as shown by considerable evidence, lies in its catalytic role to mobilise other resources – domestic and international – to support sustainable development.

In reviewing these opportunities and challenges, it is important to take note of the interactive relationships between the GPEDC and the changing geopolitical and economic settings in which it functions. As the GPEDC attends to what might be called "internal" issues of capacity expansion and meeting stakeholders' expectations, for example, it also needs to become more sensitive and responsive to ongoing global changes impacting development cooperation. This does not imply a broadening of its agenda, which was expanded in Busan. The key question here is how to strike a balance between efforts to address the unfinished and still important aid business and those aiming to tackle broader cooperation issues and doing the latter in light of the GPEDC's comparative advantage.

12.1 Challenges facing the Global Partnership

We highlight in what follows 12 specific challenges, not listed in any particular order.

- *First, the toughest and overarching challenge is that of promoting and facilitating "behaviour change"*. This is the "master key" required to turn a new page in order to formulate policies and practices that are "different", replacing business-as-usual approaches, which have dominated much of our development cooperation landscape for a long time. But how different would such an approach be? And how quickly should we expect behaviour to change?

  Bureaucracies are not accustomed to dramatic change and are experienced in avoiding it, often settling for incremental change that does not "upset the apple cart". Yet, Busan will not meet expectations unless bold actions are taken by political leaders willing to take risks and manage its consequences. Rwanda, Brazil, Liberia, Vietnam and a few other countries serve as examples where leadership championed change programmes to put their countries on a different development track. In each case, a tailor-made action programme was designed to meet nationally-owned priorities and exigencies. Implementing these programmes did not happen overnight, but the direction of change was set early on as the framework guiding actions over a period of time.

  We also know that successful change champions do not work alone, but bring together a team qualified and dedicated to the change agenda, responsible for translating overall strategy into action plans, monitoring progress and taking necessary measures to deal with issues that arise in implementation. This is mainly the responsibility of national leadership, but it requires support by development partners to enhance institutional capacity development. The challenge is how the GPEDC will handle such badly needed behaviour change.

  Behaviour change is more than a leader's statement of intent but triggers a chain of actions – often difficult and unpopular, especially for those with vested interests in the *status quo*! Although any significant change requires leadership's will, support and commitment, it can be effective only if it brings about real benefits – political and economic – to those championing it. These benefits have to outweigh perceived costs, both political and economic; otherwise, talking about behaviour change becomes meaningless, except for realising short-lived publicity.

An extreme example of behaviour change, borrowed from Middle East politics, is Egyptian President Anwar el-Sadat's surprise and bold visit to Israel in 1977, during which he paved the way for the Peace Accord between the two countries, against all odds and expectations. His behaviour change has had repercussions throughout the region, and indeed worldwide. However, because he was unable to enlist the support of extremist factions, he paid with his life for having championed this dramatic (and positive) change. We do not need to go to that extreme in explaining behaviour change, but only underline that it must be seen by those leading it as beneficial and likely to attract the support of the stakeholders that matter, as in the examples of Vietnam, Rwanda and others referred to above.

- *Second, the GPEDC ministerial / high-level meetings need to strike an acceptable balance among all actors,* in what is expected or required of each in concrete actions, and be seen to do so. This would avoid a repetition of the sense of frustration and unfairness expressed during Working Party meetings by partner countries that often viewed Paris and Accra commitments as being more demanding on them than on their development partners. Whether or not this was the case, balancing future undertakings is a matter of delicate negotiating that seeks consensus in translating Busan commitments into a fair and equitable package, without watering down commitments. Global monitoring indicators will play a key role but should be supplemented by country-level indicators to add evidence of what is happening on the ground and transmit it to the global level.
- *Third, the GPEDC has to avoid the risk of ignoring Paris and Accra commitments, while addressing the broader agenda.* This agenda was rightly viewed as one of the achievements of HLF4. The so-called unfinished aid effectiveness business is not less important today than it was when endorsed as a prerequisite for improving aid quality. Moreover, the breadth of the agenda requires the GPEDC co-chairs to choose issues deserving priority attention, especially in its first few operating years. The choice between a focussed approach and one that accommodates a wider range of issues will not be easy. The focussed approach will be more productive in defining actions to be taken, although these may not address the demands of stakeholders not directly affected by such actions, and therefore could feel "left out".

This approach does not imply disregarding their concerns, which can and should be addressed through sponsored initiatives such as the building blocks, for example, and reporting progress to high-level meetings. But clear priorities on a few key issues for a designated time period should be set to produce more tangible results.

- *Fourth, while the principle of common and differentiated commitments has made it possible for leading emerging economies to join the partnership, actions are necessary to activate their participation.* The co-chairs and key stakeholders need to go beyond reassuring statements of welcome as a means of overcoming the reluctance shown by China, India and Brazil. Three measures may help in achieving this goal:

  a) Ensure more space for these countries to share their experiences without imposing a pre-determined agenda.

  b) Show a genuine interest in learning from their experiences and refraining from conventional criticism that undermines positive accomplishments.

  c) Engage partner countries more actively in the dialogue to avoid it being an "emerging economies versus DAC" debate.

  In fact, it is partner countries that are best qualified to comment on and acknowledge the pros and cons of SSC received from these countries. These measures aim at building mutual trust and more genuine assessment of different cooperation modalities.

  Looking back, no effort was spared by members of the Bureau and myself – as well as by countries such as Mexico, Korea and South Africa – to persuade India, China and Brazil in particular to name a candidate as co-chair of the Partnership, but all attempts failed. Instead, they endorsed Indonesia's candidature to represent the emerging economies. Indonesia has much to offer in development experience and will continue to do so in many respects. However, recognising the rotational format for the co-chairs, more effort should be made to persuade one of the three emerging economies to become one of the co-chairs in the next rotation, if we are to speak about a genuinely more inclusive global platform and leadership.

- *Fifth, the GPEDC needs to give special attention to fragile states and accelerate the pace of international community actions in support of state-building and peace-building.* Recent meetings of the International Dialogue and INCAF acknowledged the New Deal as the framework to guide future assistance. But at least two challenges remain: instituting better coordination among development partners, and making firm longer-term commitments. The g7+ countries are progressing at different speeds, and ways have to be found to help them "catch up" with others, using a tailor-made approach based on each country's ownership and leadership in designing and managing it. These actions also require g7+ members to maintain, if not accelerate, the pace of efforts to restore domestic and cross-border peace and stability; they have a much better understanding of the causes and remedies of conflict than any assistance provider. The recent membership expansion is welcome, but it also adds pressure to consolidate overall strategies towards external partners and address the diversity of conditions.
- *Sixth, as institutional and human capacity development is pivotal to sustainable development, the GPEDC needs to mobilise synergy through collaborative initiatives to build on progress made.* The roles of countries that succeeded in building resilient development institutions and of development partners are crucial in supporting nationally-led initiatives. Such support calls for a change in traditional approaches based on providing stand-alone training and sporadic *ad hoc* policy advice, which have not produced lasting results. Recalling one of the GPEDC co-chairs' vision that it should ensure that development monies are "investments in development", investments to strengthen institutions and manpower skills promise to generate high yields. In the same vein, development partners have the challenge of strengthening their own capacities to design and deliver support in a timely manner and in line with agreed national priorities. Asset whose resources should be tapped more fully are the regional and international networks of CD entities, which stand ready to contribute to institutional know-how and skills-building.
- *Seventh, a lasting contribution of the GPEDC would be to help partner countries exit from aid and tap global trade and investment opportunities more fully.* It can accelerate these countries' progress by

serving as a knowledge broker to benefit from middle-income countries' experiences in managing their transition. It can also contribute to global policy coherence challenges through inputs in G20 and similar summits. An indicator tracking progress towards "aid exit" would be a measure of the GPEDC's success. While the goal of exiting aid is not on the near horizon for many of these countries, this has to be the ultimate goal. Some work has already been undertaken by the g7+, which conducted fragility self-assessment exercises showing where members stood on the fragility scale and identified those that have reached the resilience stage – an important step forward.

- *Eighth, to perform effectively, the GPEDC needs to expand its own capacities to fulfil its mandate.* Without ignoring its "global light" structure, the fact that the combined resources of the OECD/UNDP are constrained financially, and in terms of specialised manpower, suggests that more needs to be done to bring on board more operating capacity. Actions are also called for to mobilise the capacities of regional institutions and networks, including those of UN country offices. Each of these institutions has its objectives, and an effort is required to explore what capacity and what specific contributions each could make. Some networks have already taken initiatives to help members implement Busan commitments, such as the CDDE, for example. A formula has to be found to extend the GPEDC's capacity without creating a huge bureaucracy through networking and a clear division of labour.

- *Ninth, maintaining political support and engagement constitutes a tough challenge, but it is a necessary means of achieving results, as we have learnt through four HLFs.* Announcements and declarations of support are welcome but insufficient to trigger and follow-up on some of the tough decisions that have to be made as a means of triggering behaviour change. How this challenge should be met requires creative thinking and recruitment of global leaders who can mobilise like-minded change champions to uphold the GPEDC's drive towards more effective cooperation. This will not be easy because of competing demands on these leaders, both at home and internationally. However, it is almost a foregone conclusion that such political engagement is absolutely necessary to deal with the many political issues of development cooperation.

- *Tenth, the non-binding nature of the GPEDC embodied in the Busan and earlier accords calls for its leadership to use its moral suasion and peer pressure to urge members to honour commitments.* Distinguished awards and similar forms of recognition may not do the job but could support the pursuit of defined goals and provide incentives for more reforms. Otherwise, the GPEDC could run the risk of members defaulting on their commitments. One commentator reacted recently to the Mexico outcomes by suggesting that the term partnership "is a misnomer" (since a partnership typically means assigning clear responsibilities to partners and holding each accountable for meeting them) and should be replaced with something like "global forum". This was never the intention of the Busan accord, which aims at accelerating the fulfilment of commitments and pledges made. We therefore have to think of ways of injecting more firmness and seriousness in the manner in which those who endorsed Busan take their commitments, and of doing away with the notion that "non-binding" implies no obligation to deliver.
- *Eleventh, the GPEDC needs to recognise that other international platforms have been active in addressing development cooperation issues, particularly the UN ECOSOC and other UN agencies, each in its own domain.* We recognise the growing collaboration over many years between OECD/DAC and the DCF especially, which has been mutually beneficial. I was fortunate to be involved with both entities, having served as a member of the advisory group to the ECOSOC UN Under-Secretary-General for seven years. The UNDG is a founding partner of the GPEDC – a fact that cements and strengthens such collaboration. Yet, UN reports continue to refer to its Global Partnership for Sustainable Development and similar terms; and many UN voices and members (notably China, India and Brazil, and perhaps others as well) have questioned the "legitimacy" of the GPEDC and other platforms that claim their status as global and inclusive. Although there is no question about the legitimacy of UN platform(s), the question remains how the GPEDC should handle its legitimacy challenge in a way that satisfies those who are questioning it. There is no simple answer that comes to mind, and the GPEDC leadership needs to consider how to respond to it. What is obvious is that no single institution can claim exclusivity of legitimacy to address these

issues; a more productive approach is to seek complementarity and collaborative mechanisms.

- *Twelfth, there is an issue of continuity of the GPEDC's leadership and its "global light" architecture, which should be revisited.* This architecture is an important improvement over its predecessor, though one wonders whether it is "too light" to cope with the demands made on the GPEDC, as we indicated in reference to the capacity issue above. At the same time, the two-year tenure of the co-chairs seems too short, especially at this early stage of the GPEDC's operations. Continuity of leadership is at a premium in any organisation and can be secured in more than one way, including overlapping tenure and/or serving for longer (three years?) in that capacity. The same applies to Steering Committee membership. There are political (such as elections for instance) and other factors that could affect leadership engagement, but it would be prudent to reconsider these issues to avoid abrupt change and assure more continuity.

To sum up these challenges, there are fundamental issues that will define the future standing and effectiveness of the GPEDC and require its attention. We suggest that the GPEDC:

- consolidate its legitimacy in the eyes of stakeholders;
- pursue greater inclusiveness by doubling efforts to accommodate the legitimate demands of those who have not joined yet;
- strengthen the sense of partnership through firmer commitments by all and regular monitoring and assessment of progress;
- ensure more credibility by responding to emerging priority issues of concern to stakeholders, particularly developing countries, for whom the whole exercise of development cooperation effectiveness was launched, and by more actively contributing to UN deliberations to "make a difference"; and
- expand its operating capacities to cope with the challenges cited earlier through collaborative networking and use of Steering Committee members to take up designated tasks.

We will return to these suggestions in the last section of this chapter by reviewing options for the GPEDC's actions.

12.2 A critique of the GPEDC's performance to date

How has the GPEDC performed so far? The refinement of global indicators was a positive first action that will make – once more refinements are incorporated – a lasting contribution towards improving its ability to monitor progress in achieving the GPEDC's goals. Also positive has been the approach adopted by the co-chairs to maintain and expand communication and consultations between the GPEDC and stakeholders as an ongoing activity. These are achievements not to be belittled.

Turning now to the first high-level meeting in Mexico, its agenda stressed progress made since Busan; domestic resource mobilisation; South-South and triangular cooperation; knowledge-sharing; the role of MICs; and the private sector as a development partner. There were a plethora of sessions dealing with numerous other issues, as reported earlier. These key themes are both appropriate and ambitious. Domestic resource mobilisation has become a priority, not only because of declining external development assistance funding but as a necessary measure in implementing developing countries' ongoing reforms. However, the session on progress since Busan fell short of giving adequate attention to what has really been achieved in concrete terms, leaving the "unfinished aid effectiveness business agenda" (aid fragmentation, harmonisation, alignment, etc.) in limbo.

Stimulating greater engagement by the private sector in development is really an integral part of domestic resource mobilisation (which requires an improved enabling environment, among other measures) and would preferably have been treated as such rather than as a separate issue. Many participants felt the meeting gave undue and unbalanced attention to this issue, as it did little to address the obligations of the private sector to become more of a development partner – which is more than can be said at present for many private enterprises. Adopting and practising the principles of responsible business conduct is an essential requisite for genuine partnership.

It is interesting that the private sector agenda has been promoted by the United Kingdom, the World Bank and a few other DAC members, but was not aggressively pursued by developing countries. This statement should not be misinterpreted; there is no doubt that these countries do need injections of more private capital and technology, and greater efforts are

needed to mobilise domestic resources (including dealing with tax evasion) for sustainable development.

The Mexico Communiqué contains little by way of concrete actions or commitments, and the suggestions it contained call for actions mainly by developing countries. The fact that the annex lists voluntary initiatives lacking any degree of disciplined commitment to implement the goals set is another disappointing outcome of the meeting. Although such initiatives are to be applauded, they are no substitute for specific commitments such as those made in Paris, Accra and Busan.

We can only reiterate the need for a more balanced package of commitments (and specific time-bound actions) by various stakeholders. This is where the GPEDC can gain or lose credibility. There is no need to repeat some of the reactions cited in the previous chapter, but it is hoped that all reactions would be studied carefully when deciding how to move forward.

Overall, the scorecard of the GPEDC to date is mixed (Fues & Klingebiel, 2014). This is not perhaps surprising, given its short initial track record and ambitious agenda. Nor is it too disappointing. Much has been carried out to get the GPEDC ready for action and to attract more than 1,500 senior delegates to take part in the first post-Busan meeting, signalling continued strong interest in the Busan agenda.

But time is of the essence. The sooner a critical review of performance is done the better, and this critique seeks to make a contribution to a fuller review. Based on such a review, it would be desirable to draft a preliminary longer-term plan (or two / three options thereof) and circulate it among stakeholders for feedback as part of the preparations for the next high-level meeting.

12.3 Post-Busan follow-up workshops

Several events took place after Busan, including regional and international workshops in addition to numerous in-country meetings. In this section, we review the outcome of the two most recent (at the time of writing) workshops, held in Bellagio under the auspices of the Rockefeller Foundation on October 27–31 and in Seoul, Korea, hosted by the Korean government on 6–7 November 2014.

12.3.1 The Busan workshop

My continued interest and commitment to the GPEDC's agenda led me to submit a proposal to the Rockefeller Foundation in late 2013 to organise a three-day workshop in its Bellagio Centre six months after the Mexico meeting (April 2014) to review progress on the ground, that is, at the country level, since Busan and invite participants' reactions to that meeting. The proposal was approved and the workshop was held on October 28–30. What was its outcome? To this we now turn.

The purpose of the workshop was three-fold:

- to report on progress in meeting Busan and earlier commitments, as identified by participants, who in all cases are close to senior policy-making levels and in charge of implementing development cooperation policies;
- to assess participants' reactions to the Mexico high-level meeting in terms of facilitating these commitments; and
- to draft suggestions and recommendations to the leadership of the GPEDC for their consideration and actions.

A maximum of 23 spaces was made available at the Bellagio Centre for the workshop. Initially, 24 candidates accepted the invitation, but subsequent cancellations resulted in a total of 17 participants who provided progress reports in advance. Three of those who cancelled sent progress reports, making a total of 20 contributions to discussions. Emphasis was on an interactive and candid dialogue using Chatham House rules. The following is a summary of workshop outcomes.

The first item of business was to review progress since Busan. Presentations made by representatives of Bangladesh, Cameroon, Ghana, Mali, the Pacific Islands, Indonesia, Mexico, Timor-Leste and Uganda pointed to continued reforms of policies and systems to meet existing commitments. A few examples of these actions (which do not fully reflect what has transpired) include:

- capacity assessment and improved processes for aid utilisation, developing results frameworks jointly with development partners, improving aid transparency in aid flows and in public procurement (Bangladesh);

- establishing sector platforms to improve aid alignment and harmonisation, launching development partner performance mechanism, promoting public-private sector dialogue and strengthening cooperation with emerging economies (Cameroon);
- signing compact for 2012–2022, under which development partners would align assistance to national development priorities, more active engagement with CSOs as development partner in budget issues, launching development partner performance-assessment framework and initiating gender-sensitive budgeting (Ghana);
- established poverty-reduction framework for 2012–2017, gender budget tracking mechanism, slow improvement in PFM systems, increase in untied aid (Mali);
- embracing an inclusive approach (government, CSOs, parliament) and formulating national action plan with 26 indicators to track progress, continued use of mutual accountability system, parliamentary scrutiny of budget and updating national action plan in light of Mexico meeting (Mozambique);
- strengthened regional cooperation framework to complement country efforts, conducting government and development partners' driven peer review of country systems, progress reporting by development partners based on Paris and Busan commitments, stronger political leadership of member countries for more involvement of CSOs (Pacific Islands);
- more focus on knowledge-sharing where Indonesia has much experience, sharing of experience with 59 countries on poverty reduction, community development in decentralised contexts and in disaster reconstruction (Indonesia);
- improved transparency and actions on institutional reform, establishing mechanisms for easier access to Mexico's development experience and more attention to improving information on development cooperation (Mexico);
- establishing portal for aid data based on International Aid Transparency Initiative leading to improved transparency, improving country systems, undertying own fragility assessment as member of g7+, sharing knowledge on natural resource management and providing aid to Guinea Bissau on election process (Timor-Leste);

- improved public financial country systems, 60 per cent of aid going through budget, more space for CSOs to contribute to budget debate, gender-sensitive budget in place and more information on aid provided by development partners (Uganda); and
- more emphasis on the use of mutual accountability for development partners to support national development priorities, continued dialogue on how to involve CSOs more actively in development issues and modest improvement in role of private sector as development partner (Zambia).

Participants also reported several challenges, including the following:

- limited use of country systems despite reforms carried out;
- limited aid alignment and harmonisation of development partners' assistance;
- continued aid volatility;
- limited or no progress involving the private sector and/or CSOs as development partners;
- recent setbacks in aid predictability due to irregularity of country-level dialogue with development partners;
- limited use of mutual accountability frameworks due at times to weakened political leadership;
- slow progress in untying of aid;
- inadequate database capturing aid information;
- making progress to deal with "unfinished business" remains a challenge;
- eruption and/or continuation of armed conflict in a few countries' derailed efforts to improve aid management and in cases caused suspension of aid;
- reluctance of some development partners to support monitoring mechanisms;
- lack of knowledge hubs at country level to facilitate greater knowledge-sharing;

- inadequate progress in "aid on budget"; and
- reluctance of some development partners to provide sufficient information for aid monitoring.

A few themes emerged from these reports, which are consistent with the findings of the GPEDC's first Progress Report of 2014. First, developing countries continue to reform development and aid policies and plans and are doing so increasingly in consultation with development partners. Second, mutual accountability and aid management information systems appear to have become high priorities, together with aid transparency issues. Third, country compacts signed with development partners represent a concrete means of anchoring a framework for regular consultations and joint monitoring of performance. Fourth, the leading challenges include the "unfinished business" – the reluctance of development partners to use reformed country systems and share more aid information, which is necessary for aid monitoring and better management. Fifth, there is a slow, gradual movement towards embracing Busan commitments and mainstreaming them in national development plans.

Progress reports by development partners comprised those made by the EU, Portugal, USAID and Switzerland.

- A study by European Union member states and institutions reported progress in improving transparency and reducing fragmentation, greater use of country-led coordination arrangements, more inclusive partnerships, promoting the role of the private sector, greater CSO involvement and gender equality. Support of fragile states remains a priority. The EU leads in the use of partner countries' PFM systems (EC, 2013).
- Challenges cited include: sustaining the political will of both sides, the need to introduce time-consuming legislation to allow more progress, limited capacities to accelerate progress in using country systems and complexity of actions to achieve further improvement in aid predictability.
- Portugal reaffirmed its commitment to use country systems as the default approach; is making more use of local and regional procurement and avoiding parallel implementation structures; and is

supporting institutional capacities in fragile states and LDCs, which are Portugal's main partners. It provides medium-term spending plans in bilateral programmes, participates in mechanisms enhancing predictability and transparency of aid, and is fully committed to aid untying to LDCs.

- The USAID highlighted the key role of top US political leadership in introducing reforms to meet Paris, Accra and Busan commitments, including procurement measures to increase the use of local country systems, improving management systems, rebuilding policy capacity, and strengthening monitoring and evaluation mechanisms. Time-bound commitments include setting targets for increasing local procurement, simplified regulations on origin of goods and services purchased with foreign assistance, and increasing US aid transparency, including continued indicative forward spending information on a country-by-country basis.
- The Swiss Agency for Development and Cooperation issued guidance for helping country offices to implement the Busan commitments, emphasising the implementation of the New Deal for Engagement in Fragile States, Results and Mutual Accountability, Climate Change Finance and Public-Private Cooperation as well as addressing in particular the unfinished business from Paris and Accra. Switzerland is co-chair of INCAF and plays a leading role in implementing the New Deal in South Sudan. It is active in efforts to strengthen complementarity between the DCF and the GPEDC.

Participants next addressed issues that received priority attention at the Mexico meeting. Domestic resource mobilisation covers a wide range of issues: from tax reforms to corruption and managing natural resources. Three key issues arise: (a) how to leverage aid to mobilise domestic resources; (b) how to redress the imbalance in commitments between developing countries, which shoulder the lion's share of actions, and their development partners; and (c) how to motivate the latter to change their subsidy practices (as, for example, in agricultural subsidies) to deal with the incoherence of these practices with aid policies.

The increasing role of middle-income countries offers significant advantages in terms of sharing development experiences and complementing North-South assistance. However, the definition of what constitutes a middle-

income country is too broad and urgently requires revision due to its implications for assistance allocation policies. There is also a need to strengthen knowledge-sharing mechanisms to make it more easily accessible.

The private sector is recognised as a development partner, especially in view of the declining relative importance of ODA. To play its role more effectively, the private sector must take more action to improve its enabling environment (which could be considered as an integral part of mobilising domestic resources) and should at the same time ensure that private enterprises (local and international) adopt "responsible conduct", as advocated by the UN Global Compact, for instance.

The role of parliament, according to the IPU, does not seem to have advanced much in recent years, and its potential in serving as an oversight institution and participating more actively in budget and development policies remains under-fulfilled. To do better, there is a need to consider the imbalances in the governance structure and the levels of power between the three branches of government and enhance parliament's technical and financial capacities. The question here is: What actions – and how – should the GPEDC take in order to help achieve these changes?

South-South and triangular cooperation are acknowledged as increasingly important modalities of development cooperation that have been gaining in use over the past 15–20 years. To benefit more fully from these modalities, more actions should be taken to improve the SSC database, strengthen SSC monitoring and evaluation mechanisms, and make the results of evaluations more publicly available. Although the Busan accord does not require SSC partners to adopt North-South mechanisms, participants in both Mexico and Bellagio felt that more needs to be done by the GPEDC to encourage progress in this respect.

For the final day of the workshop, participants formed two teams to independently review the outcome of discussions and formulate recommendations to be considered by the GPEDC's leadership. These were subsequently consolidated by a four-member drafting team. The following is a summary of participants' recommendations:

> *We acknowledge the important work and commitment that previous and current co-chairs and Steering Committee (SC) members have shown towards taking forward the commitments outlined in the 2011 Busan*

Partnership agreement. Our recommendations are presented in the spirit of contributing to your leadership.

We suggest that the GPEDC should: (a) focus more specifically on effective development cooperation (EDC) and use EDC as the lens to determine whether and how issues are addressed; (b) clearly articulate its comparative advantage in any area or issue that it addresses within the framework; (c) focus its work on being a partnership to promote effective development cooperation for the post-2015 sustainable development framework and intensify collaboration with the UN Development Cooperation Forum in line with the Action Plan being developed; and (d) urgently create a "missing middle" of activity and information flow to link up action at country and global levels. GPEDC capacity to capture the evidence and information available is currently very inadequate.

We also believe that the focus should revert to effective development cooperation and Busan commitments. The current focus on the broader agenda of effective development shifts emphasis away from Busan Commitments, and particularly the "unfinished business" of aid effectiveness. It is important to get back to basics; to address the reasons why this entire discussion commenced in the first place.

There are challenges both at the governance level and implementation level which need to be addressed.

Governance of the GPEDC:

a) *There is a "missing middle" between political and technical levels required to better link ongoing activities on the ground with the global level. Keep it "global light", but ensure better links to Regions and Countries; and create a web-based platform to promote lessons learned and continued dialogue by a better resourced Joint Secretariat.*

b) *The Partner Country Caucus Group allowed partner countries to bring consolidated views to the WP-EFF; a similar platform in relation to the GPEDC Steering Committee should be considered.*

c) *The Joint Support Team should have a regional level presence (perhaps through a "hub" structure from UNDP regional offices) and establish standard operations procedures for communications between country – regional – global levels. Regional and constituency based platforms need to be strengthened. (Note: the co-chairs have pledged to strengthen the Support Team particularly in developing the global monitoring framework.* (GPEDC, 2014b)

GPEDC implementation level:

a) *We need to develop baselines on current activities of development cooperation in the context of Sustainable Development Goal 17 (which relates to the Global Partnership).*

b) *The Steering Committee (SC) needs to provide more space for constituencies to come together to allow GPEDC to focus more on what is changing at the country level which is currently not captured. The SC could provide space to discuss evidence presented by different representatives (e.g. from Building Blocks and/or Voluntary Initiatives).*

c) *The key issues for Partner Countries remain: Transparency and mutual accountability (including aid-on-budget); Policy coherence; Use of country systems; Alignment with partner countries' priorities; and Aid fragmentation.*

d) *Building Blocks, Voluntary initiatives as well as regional platforms are not being made use of as platforms for dialogue nor in terms of bringing evidence to the Steering Committee and*

e) *The Busan monitoring process is the hallmark of GPEDC's comparative advantage. It is urgent to finalise and strengthen this monitoring framework to provide a robust and credible process.*

Participants also made certain recommendations regarding the Mexico meeting theme topics: domestic resource mobilization, roles of private sector, middle income countries and parliament, and south-south cooperation (SSC). Essentially, these stressed building capacities of development institutions and parliaments, continuing with policy reforms in developing countries and (for development partners) dealing with policy incoherence as reflected in agricultural subsidies for example, doing more to improve the enabling environment for the private sector while ensuring the latter adopt responsible business behaviour, and improving SSC monitoring and evaluation mechanisms and making evaluation results publicly available. (Rockefeller Foundation, 2014).

12.3.2 The Korea workshop

The Korea workshop is an annual event hosted by Korea to discuss issues concerning the GPEDC. Its objectives and outcomes are expected to (Ministry of Foreign Affairs, Republic of Korea, 2014):

a) provide qualitative evidence and build a consolidated knowledge base on the implementation of the Busan commitments on the ground;

b) provide an inclusive forum for multi-stakeholders to bring their experiences and insights and share innovative ideas on how to deliver effective development results;

c) feed into the work of the Steering Committee and biannual HLMs by collecting inputs and recommendations to strengthen the GPEDC's work;

d) provide space for showcasing and intellectual advocacy for key Busan HLF4 Building Blocks as well as the voluntary initiatives submitted at the Mexico HLM; and

e) enhance the role of the Global Partnership in the context of the post-2015 development agenda by facilitating reflections and dialogues on the agenda in relation to the Partnership principles and commitments.

The 2014 workshop was attended by more than 100 participants representing various stakeholders for a technical-level discussion on progress since Busan. They emphasised the importance of "*advancing efforts to translate the Busan principles into action on the ground*", to strengthen the monitoring framework to ensure the GPEDC's effective contribution to the post-2015 implementation and accountability efforts, and sharpen the focus on the regional level in addition to the "global light, country-heavy approach". Developing countries called for "*more commitment to the Busan principles from cooperation providers and for more cohesion and complementarity between the different mechanisms of the Global Partnership*" (Ministry of Foreign Affairs, Republic of Korea, 2014).

These outcomes reinforce those of the Bellagio workshop. They urge the GPEDC's leadership to refocus future activities on Busan's commitments and address the priorities underlined by developing countries as a first order of business.

12.3.3 Joint Mexican Development Agency / GIZ workshop

Another event was organised jointly by the Mexican Development Agency and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in Mexico City. It enabled SSC providers and recipients to discuss how to move "from conceptual discussions" on SSC to find ways to measure and capture its contribution to overall development. Participants agreed that Busan principles were both relevant and applicable to SSC and other forms of development cooperation, and they called for more work to translate these principles into practice in an SSC context. They also reaffirmed the importance of strengthening the GPEDC's monitoring framework and called for inclusion of more qualitative analysis in monitoring. Such inclusion, although methodologically challenging, would make a valuable addition to the monitoring process, as it would capture progress (and bottlenecks) not easily tracked by quantitative means alone.

12.3.4 Steering Committee meeting and EU planning workshop, January 2015

We finally refer to the GPEDC's Steering Committee meeting in The Hague in January 2015, followed by an EU planning workshop in Brussels, organised in coordination with the GPEDC's co-chairs. These two events set priorities for future work and are therefore of particular importance at this juncture, where recent meetings do not seem to be following a consistent path but instead have overlapping and divergent agendas. This calls for reflection. The EU planning workshop is expected to involve key stakeholders, including regional organisations such as the Asia-Pacific Development Effectiveness Facility and NEPAD, as well as the GPEDC. Its expected output:

> *would be a two year work plan for the Global Partnership, with clear work-streams and corresponding activities, captured in a coherent framework that would encompass aid and development effectiveness undertakings of the GPEDC constituencies, regional organisations, thematic Building Blocks and voluntary initiatives, namely those included in the Mexico Communiqué. The work plan will also contain key milestones and deliverables, along with mechanisms for communicating*

and reporting these to the Steering Committee and in a broader manner.[49]

Enhancing the GPEDC's future prospects

The aid effectiveness dialogue and actions have come a long way since the two landmark UN conferences at the turn of this century. It is no longer "aid" but "development cooperation"; no longer "DAC" but a "Global Partnership"; and no longer "ODA" but a composite of development cooperation modalities and provisions. What are the future prospects of this budding Partnership being a game changer? This is the question we address in this final part of the study. The views expressed here are my own; they are shaped and coloured by years of intense experience gained while I served at a variety of development institutions on both sides of the aid equation, culminating with my active role at the OECD/DAC Working Party on Aid Effectiveness, which allowed me to interact with the widest possible range of stakeholders worldwide.[50]

It is perhaps best to begin these personal reflections by referring to my summary of the GPEDC's challenges, which I shared with participants at the Bellagio workshop, building on their contributions. I classified the challenges into two categories:

a) *Structural issues*: including those of more adequate capacity to deliver (filling the missing middle); continuity of leadership and establishing a longer-term vision; putting partner countries back in the driver's seat;

49 Summary Concept Note: Global Partnership for Effective Development Cooperation Planning Workshop: Strengthening Coordination to Deliver Results. Available online: http://www.africa-platform.org/sites/default/files/summary_concept_note_gpedc_planning_meeting_for_public_use_10-11-2014.pdf

50 I was very fortunate to have had the opportunity to engage in development and aid issues first as an academic, and later as an adviser and project manager of projects in the field in Africa and Asia (with the ILO and ITC) and at Headquarters; subsequently as Senior Economic Adviser to ministers of international cooperation in Egypt, which was combined (from 2005 until 2012) with my involvement with the OECD/DAC. These responsibilities have been true "eye openers", allowing me to learn – from aid-providing and aid-receiving perspectives – how development assistance decisions are made, how development projects are implemented and what are the conflicting priorities retarding greater effectiveness. The views outlined above are my own and do not necessarily represent those of any of the institutions I was affiliated with.

reaching out to regions and Building Blocks; aiming for more inclusiveness by finding ways to engage emerging economies as partners and founding members; strengthening links with the UN based on comparative advantages; and setting up more solid links between country-level actions and global monitoring and assessment of outcomes.

b) *Substantive issues:* including greater focus on the "unfinished business agenda"; setting future agendas for the GPEDC that are compatible with developing countries' priorities; refocusing the GPEDC's activities on development cooperation and limiting the broader development-effectiveness issues to include only those for which it has a comparative advantage (to avoid becoming a "Jack of all trades, master of nothing"); redressing persistent imbalances in commitments between partner countries and development partners; formulating firm, time-bound targets to meet Busan commitments while welcoming voluntary initiatives; and incorporating the post-2015 development agenda, particularly Goal No. 17, as a mainstreaming theme in future actions of the GPEDC.

Given these challenges, the bottom line is: Where is the GPEDC heading the next five to seven years? The answer lies in how the GPEDC's leadership navigates the ship to reach given destinations amid rough waters. Management principles urge managers to define clearly their objectives and priorities within a given time frame and pursue them in light of available resources. Do we have well-defined goals / targets as our destination? It seems to me that we need to do more work in this regard and heed the suggestions made recently by many participants in Mexico and Bellagio to go back to basics and mobilise resources of the GPEDC to ensure implementation of the "unfinished agenda", without ignoring other important development cooperation issues. Looking at the announced broad goals, which constitute neither firm commitments not time-bound targets, the GPEDC is perhaps biting off more than it can chew and is likely to produce outcomes well below expectations.

I believe we urgently need a longer-term perspective than appears to be the case at present. The direction and goals are set (or reset) once every two years by the incoming co-chairs, who are doing an admirable job but have not duly considered the importance of continuity of direction. The ship seems to be changing direction, or at least modifying its course, once

every two years and could, as a result, lose sight of its ultimate destination. How long of a perspective is needed? I suggest seven to ten years as being optimum, with the proviso that a review be made every four or five years to revise targets and strategies, incorporating more development cooperation issues as deemed necessary, including actively contributing to the post-2015 development agenda. This would best be done in collaboration with the DCF.

Setting targets and priorities as suggested above does not imply adopting a "one-size-fits-all" approach because this would be doomed to fail, given the diversity of stakeholders who have legitimate differences in priorities, which must be respected and taken on board. The question is how to accomplish this without being a jack of all trades. This is where a carefully crafted strategic plan comes in, identifying each constituency's priorities within the framework of development cooperation reached in Busan, formulating specific targets (commitments) and taking actions to facilitate their implementation. The Busan outcome document has shown that there is no necessary contradiction or conflict among stakeholders in adopting its principles or targets. The challenge is how to translate this document in a way that ensures or encourages each stakeholder to honour its commitments and play by agreed principles.

But the GPEDC's leadership alone cannot, and should not, make these crucial decisions without extensive consultations with stakeholders. This raises the question of whether the existing network of contacts is sufficient to provide leadership with meaningful inputs representing the interests of stakeholders. The Joint Support Team, together with active Building Blocks and a few regional platforms, are doing their best. But the capacity of that Team is very constrained by limited personnel and financing. The other contributors are currently acting on a voluntary basis.

There is therefore a need to take specific steps to expand the GPEDC's consultative-, information-gathering and monitoring capacities by:

a) strengthening the Joint Support Team and revisiting its mandate;

b) filling in the "missing middle" – a term I coined several months ago after Mexico (Abdel-Malek, 2014a) – by setting up (or rather reviving) the Partner Country Contact Group as an integral part of the GPEDC's structure, to be entrusted with the task of scanning, analysing and integrating the priorities of partner countries (including preparing

position papers) to be submitted to the GPEDC's leadership as an agenda item; and

c) formalising a network of "regional partners or hubs" in collaboration with UNDP to serve as platforms to keep the GPEDC's agenda and activities alive between its biannual meetings. Filling this "middle" will add much to the GPEDC's capacities, credibility and ability to follow through on whatever time-bound commitments are reached at the biannual meetings.

An important part of this network is the link between the GPEDC and the DCF – a link that has proved mutually beneficial, with each side contributing to a common agenda based on its comparative advantage. The GPEDC's comparative advantages are very significant and make it unique in many respects: it is a genuine multi-stakeholder partnership, enjoys a considerable database in which its members have the widest range of technical and practical experience and knowledge available anywhere, and it is less politically driven than some UN and other groups.

The DCF has the UN stamp of legitimacy, the capacity to convene meetings engaging UN member states, and has done commendable work through its mutual accountability initiatives and regular symposia discussing other development cooperation issues (transparency, predictability, etc.). This partnership needs further strengthening by jointly developing a work plan over, say, a five-year time frame setting roles and targets for action, including deciding how best the GPEDC can contribute to the post-2015 development agenda. It is hoped that through such a joint plan, the subtle rivalry sometimes felt between the two entities would give way to a genuine complementarity of purpose and actions (Janus, Klingebiel, & Paulo, 2014b).

Other opportunities for collaboration with the UN would be through its regional commissions, which have become increasingly involved in development cooperation issues. An example is the Africa Economic and Social Commission, which serves as an important platform for African countries. A recent example is the Social Commission's review of Africa's peer review mechanism for sustainable development. Another example is the Economic and Social Commission for West Asia, which has launched an initiative to establish a regional mutual accountability mechanism for

its member states in anticipation of the forthcoming post-2015 development agenda requirements (Abdel-Malek, 2014c).

The HLF lasted until the late hours of the second day and – thorough patience and persistence – it was possible to secure their agreement (yes, explicit agreement) to endorse the Busan document, based on the conditions they insisted on incorporating into the document. The fact that the document provided them with the flexibility not to adopt monitoring and evaluation modalities in the use of North-South development cooperation does not mean total abstinence from playing any role in the GPEDC's activities. It is very unfortunate that India, for example, has chosen to be absent from Mexico and is not involved in any activities of the GPEDC, despite the fact it has much to offer.

It is also regrettable that efforts to invite the three emerging economies to designate their representative as one of the co-chairs have failed. The argument given at the time was that they preferred to act as observers for the time being. This was reluctantly accepted to allow them to monitor how the GPEDC would perform until such time when they can decide what roles they wished to play. But how can they observe from a distance? One also suspects that there is more to their abstinence than limiting themselves to observer status. Is it political? Statements were made to the effect that the GPEDC lacks the legitimacy to encourage them to become active, preferring to have their inputs through UN entities. It was also stated that the GPEDC is dominated and run by traditional (DAC) stakeholders, and thus does not give sufficient attention to emerging economies, SSC modalities and practices. However, the absence of emerging economies' participation has created a vacuum of leadership, which prompted Northern partners and others to step in and take actions.

It is neither prudent nor realistic to rule out the role played by the politics of foreign aid as major powers do what they can either to retain political influence or strengthen it (as is the case of newcomers joining an international forum). There is nothing wrong with political influence *per se* as long as it does not become a zero-sum game or generate negative consequences for recipient countries. Unfortunately, major providers seem to feel threatened by the growing influence of emerging countries through their so-called non-conditional assistance, whereas the latter are anxious to gain what they feel is their rightful place on the world stage of development cooperation.

The United States has for a long time openly declared that its development assistance is an instrument of US foreign policy. The record shows that such an approach was not always compatible with the priorities of recipient countries. The United States is, of course, not the only aid provider to adopt this policy, but it is the leading advocate and practitioner. More recently, Canada has borrowed a leaf from the American aid manual by abolishing CIDA and merging it as a component of the foreign affairs and international trade portfolio. This is unfortunate, particularly since CIDA has enjoyed a positive reputation and established a solid record of accomplishments in the developing world as an agency that addresses recipient countries' priority needs based on mutual consultations. It remains to be seen how the more pronounced politicisation of Canadian aid will evolve.

The real victims of this type of political influence and power confrontation among providers are the developing countries, particularly those significantly dependent on foreign aid. Political influence is a double-sided coin (Abdel-Malek, 2014b): it can be positive when political leaders exert influence on their counterparts to adopt more reforms, improve policy coherence, activate mutual accountability mechanisms or establish genuine partnership relationships to jointly manage development cooperation; or it can be counterproductive when aid providers' leaders, for example, dictate priorities that are incompatible with those of recipient countries', or when recipient countries' leaders fail to address corruption and other malpractices.

What matters now is: How to address this challenge posed by emerging economies? I believe it is essential that a meeting between the co-chairs and senior-level officials representing China, India and Brazil be arranged as soon as possible – probably in the margins of one of the UN or G20 meetings – to have a candid discussion to clarify the real intentions of the three countries that may have different reasons and demands regarding their involvement in the GPEDC. They should not be assumed to have the same agenda and views *vis-à-vis* the GPEDC. During such a meeting, it should be made clear to them that Northern partners do not determine or dominate the GPEDC's agenda and priorities, and assurances to that effect should be made by the OECD/DAC in particular.

One can understand the impressions these three leading emerging economies have gained, correctly or otherwise, about the West's dominant

role by looking at the list of speakers and available documentation at the Mexico meeting, for example. *Why not make a genuine offer that the three economies be put in charge of a full day of the next two-day biannual global meeting, whereby they could design the agenda according to their preferences as a real step to assume some control of the agenda?* Of course, other stakeholders would have to be kept informed, but China, India and Brazil would have overriding responsibility for the design and implementation of that day. At the same time, the OECD/DAC would have to give serious thought to playing a lesser role, contributing as one founding partner but still be seen as being in the driver's seat, in order to give more credence to whatever agreement may be reached, without necessarily becoming less substantively involved.

At the same time, it is important that developing countries be consulted and involved in resolving this inclusiveness issue. The point was made during a Working Party meeting that emerging economies are more likely to be receptive to requests / demands voiced by developing countries themselves, if only because the former countries have huge interests not to respond positively to these demands. The problem, also stated at the same meeting, is that many recipient countries are reluctant to push their SSC providers to be more transparent and carry out more effective monitoring and evaluation of assistance rendered for fear of losing future assistance. There is hope, though, that some African countries have started to express concerns about how some of their development partners (unnamed in public but privately well-known) have taken unfair advantage of their natural resources through less-than-professional and not environmentally sound exploitation. Partly in response, the WBI started offering tailor-made training programmes on natural resource management to strengthen partner countries' negotiating and management capacity in dealing with foreign partners engaged in natural resource initiatives.

Do we need multiple Development Cooperation Forums to replace the GPEDC?

I do not believe that fragmenting the development cooperation agenda among two or three competing global or regional structures would serve the best interests of any stakeholder. Apart from duplication of efforts and potential confusion resulting from different approaches, the end result of a multiple structure would be very questionable. The GPEDC provides –

and should stress its role to expand – space for expressing different views, experiences and modalities based on verifiable evidence. The overall objective would be to enhance mutual learning through candid exchanges rather than the exchange of diplomatic niceties. Therein lies the real strength of a strong global partnership that aims to enrich everyone's knowledge and practice. With this in mind, a major challenge of the GPEDC is to accelerate the pace of progress by supporting developing countries in building more robust evidence bases and strengthening the links between country-level data and the global level.

There is no reason not to revisit Busan principles and objectives under the umbrella of the GPEDC to fine tune them in accordance with stakeholders' changing priorities or interpret them in a way that accommodates the preferences of given stakeholders, as long as such fine-tuning does not water down key commitments to pursue greater effectiveness of development cooperation. The Busan document was not carved in stone; it simply represented the best set of principles and objectives for which consensus was reached at the time. In addition, this is a time when the challenge of improving policy coherence has become of prime importance. There is a better chance of making progress through a unified GPEDC interacting with other international institutions such as the World Trade Organization and others dealing with technology-transfer, climate financing, etc.

Does the architecture of the GPEDC discourage other platforms or new ones from setting their own agendas?

I can think of no reason why this should occur, as long as there is coordination of efforts and mutual learning through an agreed network. For example, the initiative by Colombia in 2010 to host an international event focussing on SSC was welcomed by the OECD/DAC Working Party, which actively participated in that successful three-day meeting together with 400 other delegates. In fact, it is in the interest of the GPEDC to encourage similar initiatives focussing on specific issues and to contribute their outcomes to the biannual meetings. It is a question of coordination and the exchange of lessons learnt.

I wish to conclude by making two comments. First, I remain quite optimistic about the GPEDC's potential to be a game changer for more

effective development cooperation and an active contributor to the post-2015 development agenda. This optimism stems from my belief that those who endorsed Busan continue to maintain interest and enthusiasm in its agenda but are looking for a clearer leadership vision and continuity about the way forward. This enthusiasm needs to be nourished through the GPEDC's actions, which respond to stakeholders' aspirations and justified expectations. After all, it is behaviour change regarding better development cooperation policies and practices on the ground that would reignite everyone's energy to push in the same (right) direction.

Second, a more robust GPEDC can, and should, play a leading role in advancing the debate on how best to reform the current development cooperation industry. The proliferation of actors (both official and non-official), delivery modalities, and diversity of goals, and the persistent global challenges facing both providers and recipients call for serious discussions of how this industry should adapt to the dramatically changed and changing global setting. It is beyond the scope of this study to dwell on these reforms. However, two categories of issues and reform measures may be distinguished.

- First, issues and measures within the scope of individual countries or agencies; these reforms have been ongoing – if only slowly – for some time now. Examples include steps by smaller aid providers, such as Denmark and the Netherlands, to reduce the number of recipients and/or development issues they will focus on to achieve better outcome and impact. Many recipient countries also have been reforming their country systems as part of their overall development strategies and to meet Paris, Accra and Busan commitments. Other reforms are being undertaken by multilateral institutions, notably the World Bank and regional development banks, which are revising policies to meet the particular needs of fragile states, for example.
- Second, there are issues of a global nature that lie beyond the domain and prerogatives of any individual country or agency, such as climate change or policy incoherence, aid fragmentation and proliferation of actors (Janus, Klingebiel, & Paulo, 2014a). These require concerted global actions to address them and to do so efficiently and effectively. It is the second type of reforms where the GPEDC should play an active advocacy and consultative role, based on its comparative advantages, besides continuing to support reforms at the country /

agency level. What are the possibilities of reaching agreement on how to improve focus and specialisation through clearer division of labour among providers and regional and multilateral institutions? How should issues of policy incoherence be addressed in a more serious manner? These and other questions require senior political will and determination to tackle such thorny issues. The GPEDC can contribute concrete evidence and mobilise substantial support through its stakeholders to push this debate forward as a key member of international development institutions.

These challenges are opportunities in disguise – opportunities that a robust GPEDC can help to tap in close collaboration with other institutions. The ultimate measure of the success of the GPEDC is its ability to assist aid-dependent countries to exit from aid, become providers of assistance to those still in need of it, help them emerge as self-reliant economies capable of participating more fully in international trade and investment opportunities to sustain their future development, and contribute to the post-2015 agenda. As stated earlier, I firmly believe that the GPEDC – with the right vision and expanded capacity – has what it takes to deliver on these strategic goals.

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Annex

BUSAN PARTNERSHIP FOR EFFECTIVE DEVELOPMENT CO-OPERATION

FOURTH HIGH LEVEL FORUM ON AID EFFECTIVENESS, BUSAN, REPUBLIC OF KOREA,
29 NOVEMBER-1 DECEMBER 2011

1. We, Heads of State, Ministers and representatives of developing and developed countries, heads of multilateral and bilateral institutions, representatives of different types of public, civil society, private, parliamentary, local and regional organisations meeting here in Busan, Republic of Korea, recognise that we are united by a new partnership that is broader and more inclusive than ever before, founded on shared principles, common goals and differential commitments for effective international development.

2. The nature, modalities and responsibilities that apply to South-South co-operation differ from those that apply to North-South co-operation. At the same time, we recognise that we are all part of a development agenda in which we participate on the basis of common goals and shared principles. In this context, we encourage increased efforts to support effective co-operation based on our specific country situations. The principles, commitments and actions agreed in the outcome document in Busan shall be the reference for South-South partners on a voluntary basis.

3. The world stands at a critical juncture in global development. Poverty and inequality remain the central challenge. The Millennium Declaration sets out our universal mandate for development and, with the target date for the Millennium Development Goals less than four years away, the urgency of achieving strong, shared and sustainable growth and decent work in developing countries is paramount. Moreover, the Declaration identifies that promoting human rights, democracy and good governance are an integral part of our development efforts. Nowhere are our development goals more urgent than in fragile and conflict-affected states. Political will is vital if these challenges are to be addressed.

4. As we reaffirm our development commitments, we realise that the world has changed profoundly since development co-operation began over 60 years ago. Economic, political, social and technological developments have revolutionised the world in which we live. Yet poverty, inequality and hunger persist. Eradicating poverty and tackling the global and regional challenges that have adverse effects on the citizens of developing countries are central to ensuring the achievement of the Millennium Development Goals and a more robust and resilient global economy for all. Our success depends on the results and impact of our joint efforts and investments as we address challenges such as health pandemics, climate change, economic downturns, food and fuel price crises, conflict, fragility and vulnerability to shocks and natural disasters.

5. We also have a more complex architecture for development co-operation, characterised by a greater number of state and non-

state actors, as well as co-operation among countries at different stages in their development, many of them middle-income countries. South-South and triangular co-operation, new forms of public-private partnership, and other modalities and vehicles for development have become more prominent, complementing North-South forms of co-operation.

6. International development co-operation has achieved many positive results. When we met in Monterrey a decade ago, we recognised that increases in volumes of financing for development must be coupled with more effective action to generate sustainable and transparent results for all citizens. Our dialogue in Busan builds on the foundations laid by previous High Level Fora, which have been proven to remain relevant, and which have helped to improve the quality of development co-operation. Yet we recognise that progress has been uneven and neither fast nor far-reaching enough. We each reaffirm our respective commitments and will implement in full the actions to which we have already agreed.

7. We can and must improve and accelerate our efforts. We commit to modernise, deepen and broaden our co-operation, involving state and non-state actors that wish to shape an agenda that has until recently been dominated by a narrower group of development actors. In Busan, we forge a new global development partnership that embraces diversity and recognises the distinct roles that all stakeholders in co-operation can play to support development.

8. Our partnership is founded on a common set of principles that underpin all forms of development co-operation. At the same

time, we recognise that the ways in which these principles are applied differ across countries at various stages of development, and among the different types of public and private stakeholders involved. Lessons should be shared by all who participate in development co-operation. We welcome the opportunities presented by diverse approaches to development co-operation, such as South-South co-operation, as well as the contribution of civil society organisations and private actors; we will work together to build on and learn from their achievements and innovations, recognising their unique characteristics and respective merits.

9. Sustainable development results are the end goal of our commitments to effective co-operation. While development co-operation is only part of the solution, it plays a catalytic and indispensable role in supporting poverty eradication, social protection, economic growth and sustainable development. We reaffirm our respective commitments to scale up development co-operation. More effective co-operation should not lead to a reduction in resources for development. Over time, we will aim to increase independence from aid, always taking into account the consequences for the poorest people and countries. In this process, it is essential to examine the interdependence and coherence of all public policies – not just development policies – to enable countries to make full use of the opportunities presented by international investment and trade, and to expand their domestic capital markets.

10. As we partner to increase and reinforce development results, we will take action to facilitate, leverage and strengthen the impact of diverse sources of finance to support sustainable and

inclusive development, including taxation and domestic resource mobilisation, private investment, aid for trade, philanthropy, non-concessional public funding and climate change finance. At the same time, new financial instruments, investment options, technology and knowledge sharing, and public-private partnerships are called for.

Shared principles to achieve common goals

11. As we embrace the diversity that underpins our partnership and the catalytic role of development co-operation, we share common principles which – consistent with our agreed international commitments on human rights, decent work, gender equality, environmental sustainability and disability – form the foundation of our co-operation for effective development:

a) Ownership of development priorities by developing countries. Partnerships for development can only succeed if they are led by developing countries, implementing approaches that are tailored to country-specific situations and needs.

b) Focus on results. Our investments and efforts must have a lasting impact on eradicating poverty and reducing inequality, on sustainable development, and on enhancing developing countries' capacities, aligned with the priorities and policies set out by developing countries themselves.

c) Inclusive development partnerships. Openness, trust, and mutual respect and learning lie at the core of effective partnerships in support of development goals, recognising the different and complementary roles of all actors.

d) Transparency and accountability to each other. Mutual accountability and accountability to the intended beneficiaries of our co-operation, as well as to our respective citizens, organisations, constituents and shareholders, is critical to delivering results. Transparent practices form the basis for enhanced accountability.

12. These shared principles will guide our actions to:

a) Deepen, extend and operationalise the democratic ownership of development policies and processes.

b) Strengthen our efforts to achieve concrete and sustainable results. This involves better managing for results, monitoring, evaluating and communicating progress; as well as scaling up our support, strengthening national capacities and leveraging diverse resources and initiatives in support of development results.

c) Broaden support for South-South and triangular co-operation, helping to tailor these horizontal partnerships to a greater diversity of country contexts and needs.

d) Support developing countries in their efforts to facilitate, leverage and strengthen the impact of diverse forms of development finance and activities, ensuring that these diverse forms of co-operation have a catalytic effect on development.

13. We recognise the urgency with which these actions must be implemented. Beginning implementation now – or accelerating efforts where they are ongoing – is essential if our renewed approach to partnership is to have the maximum possible impact on the realisation of the Millennium Development Goals by 2015,

as well as on development results over the longer term. We will hold each other accountable for implementing our respective actions in developing countries and at the international level. As we focus on implementing our commitments at the country level, we will form a new, inclusive Global Partnership for Effective Development Co-operation to support implementation at the political level.

Realising change: Complementary actions to reach common goals

Inclusion of new actors on the basis of shared principles and differential commitments

14. Today's complex architecture for development co-operation has evolved from the North-South paradigm. Distinct from the traditional relationship between aid providers and recipients, developing nations and a number of emerging economies have become important providers of South-South development co-operation. They remain developing countries and still face poverty at home. As such, they remain eligible to benefit from development co-operation provided by others, yet they have increasingly taken upon themselves the responsibility to share experiences and co-operate with other developing countries. The Paris Declaration did not address the complexity of these new actors, while the Accra Agenda for Action recognised their importance and specificities. While North-South co-operation remains the main form of development co-operation, South-South co-operation continues to evolve, providing additional diversity of resources for development. At Busan, we now all form an integral part of a new and more inclusive development agenda, in which these actors participate on the basis of common goals, shared

principles and differential commitments. On this same basis, we welcome the inclusion of civil society, the private sector and other actors.

Improving the quality and effectiveness of development co-operation

15. Progress has been made in advancing the aid effectiveness agenda, yet major challenges persist. Evidence has shown that – despite the challenges encountered in the implementation of our respective commitments – many of the principles underpinning the Paris Declaration on Aid Effectiveness and Accra Agenda for Action have contributed to higher quality, more transparent and effective development co-operation.

16. We will sustain our high-level political leadership to ensure that the commitments made here in Busan are implemented. Within this context, those of us that endorsed the mutually agreed actions set out in Paris and Accra will intensify our efforts to implement our respective commitments in full. A growing range of actors – including middle-income countries, partners of South-South and triangular co-operation and civil society organisations – have joined others to forge a broader, more inclusive agenda since Paris and Accra, embracing their respective and different commitments alongside shared principles.

17. Drawing on the evidence generated through periodic monitoring and the independent evaluation of the Paris Declaration, we will be guided by a focus on sustainable results that meet the priority needs of developing countries, and will

make the urgently needed changes to improve the effectiveness of our partnerships for development.

Ownership, results and accountability

18. Together, we will increase our focus on development results. To this end:

a) Developing countries' efforts and plans to strengthen core institutions and policies will be supported through approaches that aim to manage – rather than avoid – risk, including through the development of joint risk management frameworks with providers of development co-operation.

b) Where initiated by the developing country, transparent, country-led and country-level results frameworks and platforms will be adopted as a common tool among all concerned actors to assess performance based on a manageable number of output and outcome indicators drawn from the development priorities and goals of the developing country. Providers of development co-operation will minimise their use of additional frameworks, refraining from requesting the introduction of performance indicators that are not consistent with countries' national development strategies.

c) We will partner to implement a global Action Plan to enhance capacity for statistics to monitor progress, evaluate impact, ensure sound, results-focused public sector management, and highlight strategic issues for policy decisions.

d) As we deepen our efforts to ensure that mutual assessment reviews are in place in all developing countries, we encourage the

active participation of all development co-operation actors in these processes.

e) Pursuant to the Accra Agenda for Action, we will accelerate our efforts to untie aid. We will, in 2012, review our plans to achieve this. In addition to increasing value for money, untying can present opportunities for local procurement, business development, employment and income generation in developing countries. We will improve the quality, consistency and transparency of reporting on the tying status of aid.

19. The use and strengthening of developing countries' systems remains central to our efforts to build effective institutions. We will build on our respective commitments set out in the Paris Declaration and Accra Agenda for Action to:

a) Use country systems as the default approach for development co-operation in support of activities managed by the public sector, working with and respecting the governance structures of both the provider of development co-operation and the developing country.

b) Assess jointly country systems using mutually agreed diagnostic tools. Based on the results of these assessments, providers of development co-operation will decide on the extent to which they can use country systems. Where the full use of country systems is not possible, the provider of development co-operation will state the reasons for non-use, and will discuss with government what would be required to move towards full use, including any necessary assistance or changes for the strengthening of systems. The use and strengthening of country systems should be placed

within the overall context of national capacity development for sustainable outcomes.

20. We must accelerate our efforts to achieve gender equality and the empowerment of women through development programmes grounded in country priorities, recognising that gender equality and women's empowerment are critical to achieving development results. Reducing gender inequality is both an end in its own right and a prerequisite for sustainable and inclusive growth. As we redouble our efforts to implement existing commitments we will:

a) Accelerate and deepen efforts to collect, disseminate, harmonise and make full use of data disaggregated by sex to inform policy decisions and guide investments, ensuring in turn that public expenditures are targeted appropriately to benefit both women and men.

b) Integrate targets for gender equality and women's empowerment in accountability mechanisms, grounded in international and regional commitments.

c) Address gender equality and women's empowerment in all aspects of our development efforts, including peacebuilding and statebuilding.

21. Parliaments and local governments play critical roles in linking citizens with government, and in ensuring broad-based and democratic ownership of countries' development agendas. To facilitate their contribution, we will:

a) Accelerate and deepen the implementation of existing commitments to strengthen the role of parliaments in the

oversight of development processes, including by supporting capacity development – backed by adequate resources and clear action plans.

b) Further support local governments to enable them to assume more fully their roles above and beyond service delivery, enhancing participation and accountability at the sub-national levels.

22. Civil society organisations (CSOs) play a vital role in enabling people to claim their rights, in promoting rights-based approaches, in shaping development policies and partnerships, and in overseeing their implementation. They also provide services in areas that are complementary to those provided by states. Recognising this, we will:

a) Implement fully our respective commitments to enable CSOs to exercise their roles as independent development actors, with a particular focus on an enabling environment, consistent with agreed international rights, that maximises the contributions of CSOs to development.

b) Encourage CSOs to implement practices that strengthen their accountability and their contribution to development effectiveness, guided by the Istanbul Principles and the International Framework for CSO Development Effectiveness.

Transparent and responsible co-operation

23. We will work to improve the availability and public accessibility of information on development co-operation and other

development resources, building on our respective commitments in this area. To this end, we will:

a) Make the full range of information on publicly funded development activities, their financing, terms and conditions, and contribution to development results, publicly available subject to legitimate concerns about commercially sensitive information.

b) Focus, at the country level, on establishing transparent public financial management and aid information management systems, and strengthen the capacities of all relevant stakeholders to make better use of this information in decision-making and to promote accountability.

c) Implement a common, open standard for electronic publication of timely, comprehensive and forward-looking information on resources provided through development co-operation, taking into account the statistical reporting of the OECD-DAC and the complementary efforts of the International Aid Transparency Initiative and others. This standard must meet the information needs of developing countries and non-state actors, consistent with national requirements. We will agree on this standard and publish our respective schedules to implement it by December 2012, with the aim of implementing it fully by December 2015.

24. We will also work to make development co-operation more predictable in its nature. To this end:

a) Those of us who committed, through the Accra Agenda for Action, to improve medium-term predictability will implement fully our commitments in this area, introducing reforms where needed.

By 2013, they will provide available, regular, timely rolling three- to five-year indicative forward expenditure and/or implementation plans as agreed in Accra to all developing countries with which they co-operate. Other actors will aim to provide developing countries with timely and relevant information on their intentions with regard to future co-operation over the medium term.

25. We welcome the diversity of development co-operation actors. Developing countries will lead consultation and co-ordination efforts to manage this diversity at the country level, while providers of development assistance have a responsibility to reduce fragmentation and curb the proliferation of aid channels. We will ensure that our efforts to reduce fragmentation do not lead to a reduction in the volume and quality of resources available to support development. To this end:

a) We will, by 2013, make greater use of country-led co-ordination arrangements, including division of labour, as well as programme-based approaches, joint programming and delegated co-operation.

b) We will improve the coherence of our policies on multilateral institutions, global funds and programmes. We will make effective use of existing multilateral channels, focusing on those that are performing well. We will work to reduce the proliferation of these channels and will, by the end of 2012, agree on principles and guidelines to guide our joint efforts. As they continue to implement their respective commitments on aid effectiveness, multilateral organisations, global funds and programmes will strengthen their participation in co-ordination and mutual accountability mechanisms at the country, regional and global levels.

c) We will accelerate efforts to address the issue of countries that receive insufficient assistance, agreeing – by the end of 2012 – on principles that will guide our actions to address this challenge. These efforts will encompass all development co-operation flows.

d) Providers of development co-operation will deepen and accelerate efforts to address the problem of insufficient delegation of authority to their field staff. They will review all aspects of their operations, including delegation of financial authority, staffing, and roles and responsibilities in the design and implementation of development programmes; and they will implement measures that address the remaining bottlenecks.

Promoting sustainable development in situations of conflict and fragility

26. Fragile states are for the large part off-track to meet the Millennium Development Goals (MDGs). Achieving these goals will depend on our collective ability to understand the unique challenges facing fragile states, overcome these challenges, and promote foundations for lasting development. We welcome the New Deal developed by the International Dialogue on Peacebuilding and Statebuilding, including the g7+ group of fragile and conflict-affected states. Those of us who have endorsed the New Deal will pursue actions to implement it and, in doing so, will use:

a) The Peacebuilding and Statebuilding Goals (PSGs) – which prioritise legitimate politics, people's security, justice, economic foundations and revenues and fair services – as an important

foundation to enable progress towards the MDGs to guide our work in fragile and conflict-affected states.

b) FOCUS – a new country-led and country-owned way of engaging in fragile states.

c) TRUST – a set of commitments to enhance transparency; manage risk to use country systems; strengthen national capacities; and improve the timeliness and predictability of aid – to achieve better results.

Partnering to strengthen resilience and reduce vulnerability in the face of adversity

27. We must ensure that development strategies and programmes prioritise the building of resilience among people and societies at risk from shocks, especially in highly vulnerable settings such as small island developing states. Investing in resilience and risk reduction increases the value and sustainability of our development efforts. To this end:

a) Developing countries will lead in integrating resilience to shocks and measures for disaster management within their own policies and strategies.

b) Responding to the needs articulated by developing countries, we will work together to invest in shock resistant infrastructure and social protection systems for at-risk communities. In addition, we will increase the resources, planning and skills for disaster management at the national and regional levels.

From effective aid to co-operation for effective development

28. Aid is only part of the solution to development. It is now time to broaden our focus and attention from aid effectiveness to the challenges of effective development. This calls for a framework within which:

a) Development is driven by strong, sustainable and inclusive growth.

b) Governments' own revenues play a greater role in financing their development needs. In turn, governments are more accountable to their citizens for the development results they achieve.

c) Effective state and non-state institutions design and implement their own reforms and hold each other to account.

d) Developing countries increasingly integrate, both regionally and globally, creating economies of scale that will help them better compete in the global economy.

To this effect, we will rethink what aid should be spent on and how, in ways that are consistent with agreed international rights, norms and standards, so that aid catalyses development.

29. Effective institutions and policies are essential for sustainable development. Institutions fulfilling core state functions should, where necessary, be further strengthened, alongside the policies and practices of providers of development co-operation, to facilitate the leveraging of resources by developing countries. Developing countries will lead in efforts to strengthen these institutions, adapting to local context and differing stages of development. To this end, we will:

a) Support the implementation of institutional and policy changes led by developing countries, resulting in effective resource mobilisation and service delivery, including national and sub-national institutions, regional organisations, parliaments and civil society.

b) Assess country institutions, systems and capacity development needs, led by developing countries.

c) Support the development of improved evidence on institutional performance to inform policy formulation, implementation and accountability, led by developing countries.

d) Deepen our learning on the determinants of success for institutional reform, exchanging knowledge and experience at the regional and global levels.

South-South and triangular co-operation for sustainable development

30. The inputs to sustainable development extend well beyond financial co-operation to the knowledge and development experience of all actors and countries. South-South and triangular co-operation have the potential to transform developing countries' policies and approaches to service delivery by bringing effective, locally owned solutions that are appropriate to country contexts.

31. We recognise that many countries engaged in South-South co-operation both provide and receive diverse resources and expertise at the same time, and that this should enrich co-operation without affecting a country's eligibility to receive

assistance from others. We will strengthen the sharing of knowledge and mutual learning by:

a) Scaling up – where appropriate – the use of triangular approaches to development co-operation.

b) Making fuller use of South-South and triangular co-operation, recognising the success of these approaches to date and the synergies they offer.

c) Encouraging the development of networks for knowledge exchange, peer learning and co-ordination among South-South co-operation actors as a means of facilitating access to important knowledge pools by developing countries.

d) Supporting efforts to strengthen local and national capacities to engage effectively in South-South and triangular co-operation.

Private sector and development

32. We recognise the central role of the private sector in advancing innovation, creating wealth, income and jobs, mobilising domestic resources and in turn contributing to poverty reduction. To this end, we will:

a) Engage with representative business associations, trade unions and others to improve the legal, regulatory and administrative environment for the development of private investment; and also to ensure a sound policy and regulatory environment for private sector development, increased foreign direct investment, public-private partnerships, the strengthening of value chains in an equitable manner and giving particular consideration to national

and regional dimensions, and the scaling up of efforts in support of development goals.

b) Enable the participation of the private sector in the design and implementation of development policies and strategies to foster sustainable growth and poverty reduction.

c) Further develop innovative financial mechanisms to mobilise private finance for shared development goals.

d) Promote "aid for trade" as an engine of sustainable development, focusing on outcomes and impact, to build productive capacities, help address market failures, strengthen access to capital markets and to promote approaches that mitigate risk faced by private sector actors.

e) Invite representatives of the public and private sectors and related organisations to play an active role in exploring how to advance both development and business outcomes so that they are mutually reinforcing.

Combating corruption and illicit flows

33. Corruption is a plague that seriously undermines development globally, diverting resources that could be harnessed to finance development, damaging the quality of governance institutions, and threatening human security. It often fuels crime and contributes to conflict and fragility. We will intensify our joint efforts to fight corruption and illicit flows, consistent with the UN Convention Against Corruption and other agreements to which we are party, such as the OECD Anti-Bribery Convention. To this end, we will:

a) Implement fully our respective commitments to eradicate corruption, enforcing our laws and promoting a culture of zero tolerance for all corrupt practices. This includes efforts to improve fiscal transparency, strengthen independent enforcement mechanisms, and extend protection for whistleblowers.

b) Accelerate our individual efforts to combat illicit financial flows by strengthening anti money laundering measures, addressing tax evasion, and strengthening national and international policies, legal frameworks and institutional arrangements for the tracing, freezing and recovery of illegal assets. This includes ensuring enactment and implementation of laws and practices that facilitate effective international co-operation.

Climate change finance

34. Global climate change finance is expected to increase substantially in the medium term. Recognising that this resource flow brings with it new opportunities and challenges, we will endeavour to promote coherence, transparency and predictability across our approaches for effective climate finance and broader development co-operation, including to:

a) Continue to support national climate change policy and planning as an integral part of developing countries' overall national development plans, and ensure that – where appropriate – these measures are financed, delivered and monitored through developing countries' systems in a transparent manner.

b) Continue to share lessons learned in development effectiveness with those entities engaged in climate activities and ensure that

broader development co-operation is also informed by innovations in climate finance.

The road ahead: Partnering for progress towards and beyond the MDGs

35. We will hold each other accountable for making progress against the commitments and actions agreed in Busan, alongside those set out in the Paris Declaration on Aid Effectiveness and Accra Agenda for Action. To this end, we will:

a) At the level of individual developing countries, agree on frameworks based on national needs and priorities for monitoring progress and promoting mutual accountability in our efforts to improve the effectiveness of our co-operation and, in turn, development results. Developing countries will lead in the elaboration of such frameworks which, together with any indicators and targets agreed, will respond to their specific needs and will be grounded in their aid and development policies. The results of these exercises will be made public.

b) Agree, by June 2012, on a selective and relevant set of indicators and targets through which we will monitor progress on a rolling basis, supporting international and regional accountability for the implementation of our commitments. We will build on the initiatives led by developing countries and learn from existing international efforts to monitor aid effectiveness. We will review these arrangements in the context of the post-MDG framework. We will periodically publish the results of these exercises.

c) Support initiatives at the national and regional levels led by developing countries that strengthen capacities to monitor progress and evaluate the impact of efforts to improve development effectiveness.

36. We accept that the strengthening of our co-operation and the adherence to both common goals and differential commitments calls for continued high-level political support, as well as an inclusive space for dialogue, mutual learning and accountability at the global level. Regional organisations can and should play an important role in supporting implementation at the country level, and in linking country priorities with global efforts. The UN Development Cooperation Forum is also invited to play a role in consulting on the implementation of agreements reached in Busan. To this end, we will:

a) Establish a new, inclusive and representative Global Partnership for Effective Development Co-operation to support and ensure accountability for the implementation of commitments at the political level. This Partnership will offer an open platform that embraces diversity, providing a forum for the exchange of knowledge and the regular review of progress.

b) Agree, by June 2012, on light working arrangements for this Global Partnership, including its membership and opportunities for regular ministerial-level engagement that complements, and is undertaken in conjunction with, other fora.

c) Call on the Working Party on Aid Effectiveness (WP-EFF) to convene representatives of all countries and stakeholders endorsing this document with a view to reaching agreement on

the working arrangements for the Global Partnership – and the indicators and channels through which global monitoring and accountability will be supported – in preparation for the phasing out of the WP-EFF and its associated structures in June 2012.

d) Invite the Organisation for Economic Co-operation and Development and the United Nations Development Programme to support the effective functioning of the Global Partnership, building on their collaboration to date and their respective mandates and areas of comparative advantage.

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