

## Effective development co-operation: an important enabler in a post-2015 global development framework

- As discussions on the breadth and scope of future development goals get underway at the United Nations, one thing is clear: in addition to deciding new goals the international community will need to agree on how those goals will be implemented.
- Development co-operation is one key tool for implementing the new development framework. The quality – or effectiveness – of co-operation is as important as the volumes of resources provided. A strong post-2015 development framework will need to include incentives for more effective development co-operation.
- The OECD is leading international efforts to monitor the effectiveness of development co-operation. It has lessons and tools to offer the post-2015 framework.
- A post-2015 development framework needs to reach beyond national governments to harness the resources of a diverse range of actors involved in development – including civil society, businesses, philanthropists, local government and parliaments. It also needs to recognise diversity across countries, and the specificities of different types of co-operation extended by governments including through south-south and triangular co-operation.
- The widely-endorsed Busan Partnership agreement (2011) offers helpful principles that could underpin the “how” of a post-2015 development framework. The Global Partnership for Effective Development Co-operation provides a broad political coalition of stakeholders to advocate for effective development partnerships, and drive progress in developing countries where it matters the most.
- The OECD is committed to supporting the Global Partnership for Effective Development Co-operation. In addition to its role in monitoring progress, the OECD is well placed to share its tools and knowledge in other areas of relevance to the Partnership – for example, work on tax and development, effective institutions, and tackling illicit financial flows.



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EFFECTIVE DEVELOPMENT  
CO-OPERATION



International development co-operation can be a powerful tool in helping countries to realise their own development goals and ambitions. This paper outlines ways in which the *effectiveness* of development co-operation can be deepened as part of a post-2015 global development framework, how new approaches to partnership can be promoted, and what the OECD can offer in support of these international efforts.

The OECD approach attaches importance to the *quality* dimension of development policies and results, as well as the resources and partnerships that support them. Too often, goals and targets focus on *quantity* and *volumes* – either of a given outcome (e.g. children completing primary school) or of resource inputs (e.g. amounts of aid). Just as the OECD has shown how a focus on quality should feature in a post-2015 goal on education (OECD, 2013a), it can also bring to the debate evidence and lessons on the quality of inputs – namely development co-operation.

This paper aims to inform debate by making suggestions and highlighting relevant evidence and experiences. It is by no means comprehensive. Thinking on effective partnerships will continue to evolve, and will be shaped by discussions in various fora – not least the Global Partnership for Effective Development Co-operation, and UN entities such as the Development Cooperation Forum.

## Why do effective partnerships matter for development?

Partnerships lie at the heart of most MDG success stories. Efforts to bring together different actors, promote innovation and strengthen mutual accountability have proved effective in achieving results – such as getting children into school, slowing the rate of deforestation, and caring for people affected by HIV/AIDS and malaria. For example, effective aid targeted at health systems in some of the poorest parts of Tanzania contributed to a 50 per cent reduction in child deaths in less than a decade (Killen, 2011). Successful partnership models need to be replicated and scaled up.



Much of the international debate on a post-2015 framework has so far focused on development outcomes – and rightly so. But as global consultations advance, we also need to consider the means we have at our disposal to achieve those outcomes. The international discourse around the MDGs has tended to focus on aid – or international development co-operation – as an important enabler (Box 1).

Aid will continue to be an important resource for many countries in the medium-to-long term. For example, aid from OECD countries is likely to remain an important source of finance for many of the least developed countries, countries facing situations of conflict and fragility, and populations in need of humanitarian assistance. However, those countries that depend less on aid to fund public investments and service delivery will seek different benefits from the partnerships they engage in: for example, co-operation to design and implement better public policies, or to attract private investment.

### **Box 1. Effective development co-operation and the MDGs – a brief history**

The eighth Millennium Development Goal (MDG 8), *Develop a global partnership for development*, was an attempt to provide the other goals – which focus on outcomes – with a recipe for implementation. The targets and indicators for MDG 8 focus on issues that are relatively straightforward to measure – action on aid, trade, debt, and access to drugs and telecommunications. The OECD helps monitor MDG 8 through its statistical work on development finance.

MDG 8 is not without its shortcomings. Its emphasis on aid volumes is important, yet it neglects some of the harder-to-measure aspects of development co-operation. For example, to what extent does aid target developing countries' own priorities? How cost-effective is it? To what extent does aid help nurture solutions that are sustainable over time? In other words, is aid being delivered effectively and is it having an impact?

Through the Monterrey Consensus (2002), UN member states recognised the need to address bottlenecks to effective co-operation, alongside continued efforts to scale up aid and promote other forms of development finance – both domestic and international.

Extensive work within the OECD and the DAC in the 1990s and early 2000s provided a backdrop for the 2005 Paris Declaration on Aid Effectiveness, which helped set out the elements of a “compact” for good aid between donors and aid-receiving countries (OECD, 1996; 2005). Its five principles – ownership, alignment, harmonisation, management for results, and mutual accountability – were backed by 56 commitments and, crucially, a framework of 12 indicators and targets.

The OECD developed a pioneering approach to monitoring aid effectiveness and co-ordinated three successive rounds of the global Survey on Monitoring the Paris Declaration. Seventy-eight developing countries – covering over three-quarters of global aid – participated in the final round of the survey (2011), providing a crucial evidence base for the Busan High-Level Forum on Aid Effectiveness (Republic of Korea, November 2011).

Thinking on development co-operation has evolved, placing “aid” from OECD-DAC members as one type of assistance within a much broader palette of development co-operation approaches and instruments. These include non-concessional finance, South-South and triangular co-operation, climate finance, co-operation among governments on non-aid policies, and co-operation with and among non-governmental actors such as businesses and civil society. Effective co-operation is about maximising the impact of all of these instruments and inputs. Political declarations in Monterrey, Rome, Paris and Accra have reflected this evolution (Box 1).

Despite slow progress in its implementation, a major independent evaluation of the Paris Declaration on Aid Effectiveness concluded that it had contributed to better development results, and that it has played an important role in strengthening good practice and legitimising higher expectations of aid and its effectiveness (Wood *et al.*, 2011). The same evaluation recommended that the “unprecedented coalition in the international campaign for more effective aid” should be extended to other forms of development co-operation and actors.

In November 2011, at the Fourth High Level Forum on Aid Effectiveness in Busan, the international community recognised that more needed to be done to implement existing commitments on aid effectiveness. Evidence compiled by the OECD showed that only one of the 12 global targets established under the Paris Declaration had been met (OECD, 2012a). But it also went further, achieving consensus on common principles for effective development co-operation (Box 2). Over 160 governments and 45 organisations endorsed the Busan agreement.

## **Box 2. The Busan principles: a shared foundation for effective development partnerships**

The Busan High Level Forum on Aid Effectiveness (2011) laid the foundations for better partnerships to achieve the MDGs, and will be crucial to international development efforts beyond 2015. Its outcomes emphasised four key themes:

**Ownership by developing countries** – ensuring developing countries are in the driving seat, and tailoring international co-operation to the specific needs of individual countries.

**A focus on results** – targeting investments and efforts in ways that have a lasting impact, and that fit with developing countries' priorities.

**Inclusive partnerships** – recognising that a whole range of actors are crucial to development successes, and that openness, trust, mutual respect and learning are important.

**Transparency and accountability** – making sure that stakeholders are accountable to each other and, most importantly, to citizens. Transparency plays an important role in this.

## **How might effective partnerships feature in the post-2015 development agenda?**

The UN Secretary-General's High Level Panel on the post-2015 development agenda calls for a new global partnership in which the international community will “use new ways of working, to go beyond an aid agenda and put its own house in order” (HLP, 2013). It highlights how corruption, illicit financial flows, money-laundering, tax evasion, climate change, trade and other policies have an impact on development, and calls for fresh, transparent and accountable ways of working. As discussions on these issues evolve, the international community will need to address several major challenges:

### **The need for greater emphasis on national-level goals, backed by effective and inclusive international platforms**

The backbone of effective development co-operation must be countries' own goals and plans. Global goals for effective co-operation can and should play a role in legitimising good practice, but countries will need sufficient leeway to adapt or build on such goals to ensure that they meet their particular needs.

Efforts led by fragile and conflict-affected states as part of the New Deal – a major international initiative launched in 2011 – show how partnership objectives shaped on the global stage can provide a useful starting point for negotiating country-specific partnership agreements or “compacts” (OECD, 2013b). For example, as this brochure went to press, Somali and international stakeholders endorsed a compact for Somalia setting out key steps needed for peace, stability, reconstruction and development. The Somalia compact includes principles for effective aid delivery which are inspired by the Paris, Accra and Busan agreements and are tailored to meet the country's context and priorities.



Until recently, the *global partnership for development* foreseen by MDG 8 has remained largely abstract – it is not clear who is “part of it”, how it is supposed to function (beyond the indicators and targets associated with MDG 8), and where political capital will be leveraged to ensure that commitments are met. A fragmented global governance architecture brings challenges. Existing global fora working on aid and partnership issues vary in their legitimacy (inclusiveness) and proven ability to deliver (effectiveness) (Killen and Rogerson, 2010).



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New alliances such as the Global Partnership for Effective Development Co-operation may offer the answer (Box 3). It is loose, flexible and open enough to provide space for innovation. It is designed in a way that encourages leadership by willing coalitions, benefits from the support of key international organisations, and promises to bring together politicians and decision makers to take action on pressing issues when needed.

### **Box 3. What is the Global Partnership for Effective Development Co-operation?**

At the Busan High Level Forum on Aid Effectiveness (Box 2), development leaders agreed to set up a new Global Partnership for Effective Development Co-operation. Over 160 countries and 45 organisations have since endorsed the Busan agreement and become members of the Partnership.

A free-standing and voluntary “coalition”, the Partnership was set up to advance four main aims:

- Maintain and strengthen political momentum for more effective development co-operation.
- Ensure accountability for implementing Busan commitments.
- Exchange knowledge and lessons learned.
- Support implementation of Busan commitments at the country level.

Three ministerial-level co-chairs preside over a 15-member international steering committee comprised of senior representatives from governments, international organisations, civil society, and the parliamentary and business communities. Since its inception, the group has helped clarify a vision for the Partnership, positioning it as part of the “how” of a post-2015 development framework.

The real potential of the Partnership lies in its ability to support progress on effective development co-operation at the country level. This is achieved through the sharing of good practice; by attracting political support for needed reforms; and by linking national and international accountability efforts in development co-operation.

Ministers and development leaders from across the full membership of the Partnership will gather in Mexico in the first half of 2014 to take stock of progress since its inception. They will also take action on several issues that are crucial to realising the vision endorsed in Busan. The OECD and the United Nations Development Programme support the functioning of the Partnership, building on existing work undertaken by both organisations to advance effective development co-operation.

## **The need for inclusive, multi-stakeholder approaches that recognise the diversity of development partners**

While nations will play a lead role in shaping the post-2015 development framework through the UN processes, an international framework for better development co-operation needs to actively involve national governments and a broad range of other actors: civil society, the private sector, parliamentarians, local government and philanthropists – and many others. A post-2015 framework can help lay foundations – and build a sense of common purpose – that will be crucial as the full range of stakeholders involved in development seeks out opportunities for smarter partnerships and synergies.

Governments need to sustain efforts to meet their respective commitments to development – including the United Nations target of providing 0.7% of gross national income (GNI) as official development assistance (ODA). Historical commitments on development co-operation will need to fit alongside new commitments or aims on the part of a wider set of actors.

Rather than setting universal (or “one size fits all”) targets on volumes of development finance, modalities, or co-operation practices, a post-2015 framework for development co-operation will need to recognise the distinct roles of different types of co-operation actors. For example, the responsibilities of philanthropists or private business would be quite different to those of sovereign states – recognising their different characters, purposes, strengths and abilities to support development.

Even across states, development co-operation efforts will need to be differentiated to reflect differences in income, geography, and ability to support international development efforts. For instance, the Busan agreement points to the differences between north-south and south-south co-operation. The deliberations that led to it highlighted the particular challenges that governments face in middle-income countries that are growing their own international co-operation efforts while continuing to tackle poverty at home.

## **The need for a greater focus on quality development co-operation**

A post-2015 framework will need to consider the quality of development co-operation efforts as well as its quantity – financial and otherwise. Both are closely linked. The ways in which different types of development finance are defined and accounted for by international organisations can shape incentives for governments. A donor’s choice of aid channels might be influenced by the extent to which international rules allow it to count resources as ODA, for example. Similarly, efforts to improve effectiveness might focus on concessional aid, while ignoring the effectiveness of non-concessional lending – which is much more important for some developing countries.

A post-2015 vision for development co-operation should not be limited to financial flows and instruments. These need to sit alongside other forms of co-operation that can have a positive impact on development and poverty reduction. For example, better co-operation among governments to track and recover illegal assets can have a significant development impact.

Targeted well, development co-operation can have a catalytic effect, helping to raise both private investment and public funding. Relatively modest international support for a developing country's tax authority can have a dramatic impact on that country's ability to raise domestic revenues, which can in turn be channelled to fund development priorities. For example, a USD 15 000 project to support Colombia's tax authority on transfer pricing matters led to an increase in revenue of around USD 2.5 million. Advice provided to Kenya at a cost of around USD 10 000 led to a recent transfer pricing adjustment resulting in additional tax revenue of USD 12.9 million.

## What can the OECD offer?

The OECD is well placed to bring its expertise in a range of policy areas – as well as its track record in promoting effective development co-operation – to the design and implementation of a post-2015 development framework:

### Providing tools to track progress towards effective co-operation, strengthening accountability

The OECD can play an important role in strengthening the evidence base on development co-operation and its effectiveness, including by:

- Spearheading international efforts to monitor key Busan commitments, helping countries to collect data, and providing the Global Partnership for Effective Development Co-operation with an impartial assessment of progress (Box 4).
- Sharing lessons from almost a decade of work measuring aid effectiveness to inform the design of future indicators and targets on the quality of development co-operation as part of a post-2015 framework.
- Continuing to promote peer pressure among OECD/DAC members, and sharing lessons on members' approaches to development co-operation with others.
- Exploring the incentives that underpin high quality development co-operation, and the implications for the tracking of development co-operation through the DAC statistical system.

### Supporting effective, inclusive platforms for international collaboration

The OECD supports and participates in a range of partnerships and initiatives of relevance for shaping a post-2015 development framework, and its implementation. For example:

- The OECD recognises the Global Partnership for Effective Development Co-operation (Box 3 above) as a key body to help implement the post-2015 agenda, and is committed to supporting its effective functioning in the spirit of a voluntary partnership of equals.
- Continued support for key fora such as the International Dialogue for Peacebuilding and Statebuilding, and the Effective Institutions Platform.
- Hosting partnerships with and for non-governmental actors – such as the Network of Foundations Working for Development (netFWD).

#### Box 4. Measuring the effectiveness of development co-operation

Over the last decade, the OECD has played a pioneering role in developing international measures for the quality of development co-operation. Close collaboration with the World Bank and United Nations Development Programme on three global surveys to monitor the Paris Declaration on Aid Effectiveness has generated a wealth of evidence and lessons on what works and what doesn't when it comes to measuring quality and effectiveness in development partnerships. These lessons have informed the 10-indicator framework agreed after Busan to monitor key commitments (below).

TEN GLOBAL INDICATORS OF PROGRESS	
1	Development co-operation 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 co-operation is publicly available
5	Development co-operation is more predictable (annual and medium-term)
6	Aid is on budgets which are subject to parliamentary scrutiny
7	Mutual accountability strengthened through exclusive reviews
8	Gender equality and women's empowerment
9a	Quality of developing country PFM systems
9b	Use of developing country PFM and procurement systems
10	Aid is untied

Source: OECD and UNDP (2013).



- Working with others to make development co-operation more transparent by developing a common standard for information. This builds on the DAC's track record on aid statistics.
- Helping to bring about the “data revolution” called for by the High Level Panel (HLP, 2013) through the Partnership in Statistics for Development in the 21st Century (PARIS21) (OECD, 2013c).

### Bringing OECD experience to harness other “enablers” within a post-2015 framework

As a centre of policy expertise, as well as a development co-operation actor in its own right, the OECD can contribute a range of other tools and enablers to help implement future development goals in partnership with others. This is recognised in the OECD's Strategy on Development, whose objective is to forge a more inclusive and comprehensive approach to development based on coherent domestic and international policies in both developed and developing economies (OECD, 2012b). Examples include:

- Curbing illicit financial flows by helping OECD governments to strengthen their institutional, regulatory and legal arrangements, as well as by facilitating global dialogue.
- Promoting policy coherence for development, with a particular focus on food security.
- Incorporating inclusive green growth into development policies as part of efforts to promote sustainable development.
- Supporting capacity development for tax policy and administration in developing countries.



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**T**he United Nations (UN) Millennium Development Goals (MDGs) were established in 2000/1 and consist of eight development objectives to be achieved by 2015. It is widely agreed that the MDGs have been effective in mobilising worldwide awareness, leveraging resources, guiding global development efforts and increasing accountability. It is also impressive how close the world will get to most of the MDGs by 2015. There is need, however, for a successor framework once the MDGs expire in 2015 to keep the momentum built to date. The OECD played a pivotal role in defining the MDGs. With two years to go, the OECD is increasing its efforts to support the achievement of the MDGs, and at the same time thinking about how it can help the UN in developing a new agenda and framework post-2015. The OECD has a number of areas of expertise which could play an important role in shaping this post-2015 agenda and framework. In the overview brochure for this series, the OECD proposes eleven areas which would be of particular relevance (*Beyond the MDGs: Towards an OECD contribution to the post-2015 agenda*). This brochure focuses on one of these – effective development co-operation as an important enabler in a post-2015 global development framework.

- Element 1: Measuring what you treasure and keeping poverty at the heart of development
- Element 2: Developing a universal measure of educational success
- Element 3: Achieving gender equality and women's rights
- Element 4: Integrating sustainability into development
- Element 5: Strengthening national statistical systems
- Element 6: Building effective institutions and accountability mechanisms
- Element 7: Developing and promoting peacebuilding and statebuilding goals
- Element 8: Ensuring policy coherence for development
- Element 9: Sharing knowledge and engaging in policy dialogue and mutual learning
- Element 10: Promoting the Global Partnership for Effective Development Co-operation**
- Element 11: Measuring and monitoring development finance

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