

Issues paper for Roundtable 1 “Whose Ownership? Whose Leadership?”

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Introduction

This Issues Paper is designed to help stimulate discussions at “Whose Ownership? Whose Leadership?”: Roundtable 1 of the Accra High-Level Forum on Aid Effectiveness (2-4 September 2008). The Roundtable is being co-chaired by the governments of Colombia and Switzerland.

The Paper is premised on the recognition that ownership is a make-or-break principle of effective aid: experience has shown that without ownership, aid cannot be effective in reducing poverty and promoting sustainable economic development. The Paper also recognises the inextricable links between putting ownership into practice and implementing the other principles of the Paris Declaration on Aid Effectiveness. To take the example of the principle of alignment: strong country-owned development policies and country-led processes are easier to align with; alignment, in turn, helps build stronger ownership.¹

The objective of this Paper is not to list comprehensively all actions necessary to build ownership – even if this were feasible, it would be too much to cover in just one Roundtable. Rather, the Paper selects three key issues that have emerged from discussions on ownership in a number of dialogue processes over the past year.²

The following issues will be discussed during Roundtable 1:

1. The definition of ownership in the Paris Declaration is narrowly focused on central government: what would a broader definition of ownership look like at country level and what could partner country governments do to broaden ownership of development policies?
2. Donor agencies still have a long way to go in supporting partner-country leadership in the design of policies. How do they need to rethink – together with their partners – development co-operation in the particular areas of capacity development and conditionality?
3. Currently, progress in implementing ownership is measured through evaluations of the quality of Poverty Reduction Strategy Papers. Which actors and which existing monitoring mechanisms could help feed a more diverse and legitimate monitoring system for ownership?

¹ To take the example of the principle of alignment: strong country-owned development policies and country-led processes are easier to align with; alignment, in turn, helps build stronger ownership. The Progress Report on Aid Effectiveness, to be published ahead of the Accra Forum, clarifies these links further.

² Notably the OECD Global Forum on Development (www.oecd.org/development/globalforum), the Advisory Group on Civil Society and Aid Effectiveness and the Bonn Workshop on "Capacity Development: Accra and Beyond" (14-15 May 2008). The Paper also draws on inputs from the Institute for Democracy and Electoral Assistance, the European Centre for Development Policy Management, the International Labour Organisation, the Association of European Parliamentarians for Africa, the Netherlands Institute for Multiparty Democracy, Alliance2015, the Danish Ministry of Foreign Affairs and FRIDE (Fundación para las Relaciones Internacionales y el Diálogo Exterior).

Ownership in the Paris Declaration

The Paris Declaration defines ownership as developing countries exercising “effective leadership over their development policies, and strategies”. Developing-country signatories commit to translate these strategies into prioritised, results-oriented operational programmes, expressed in medium-term expenditure frameworks and annual budgets. Donors commit to respect partner-country leadership and help strengthen their capacity to exercise it. In order to monitor progress on ownership, the signatories of the Declaration agreed on one indicator, calling for at least 75 per cent of aid-recipient countries to have “operational development strategies by 2010”.

Three years on, there is general agreement that these commitments and the target still hold as important important components of ownership. According to the Evaluation Report of the Paris Declaration,³ some progress is being made, with several partner countries improving their leadership in coordinating development cooperation. However, the Report also finds that many countries are encountering obstacles in translating national strategies into sector strategies and operational and decentralized programmes.

This is confirmed by progress reports on the ownership indicator, which is measured by the World Bank as part of its review of Poverty Reduction Strategy Papers (PRSPs). Reviewing PRSPs in 2007, the Bank finds that 8 of the 62 recipient countries surveyed have “largely developed” operational development strategies.⁴ Most countries (67%) have at least “taken action” in putting together such a strategy, up from 56% in 2005. The Bank also finds that 5 per cent of countries have a largely-developed results-oriented framework, but that more than half have taken action towards such a framework.

PRSPs are praised for having helped focus policies on the achievement of the Millennium Development Goals. And the fact that governments hold the pen signifies a major shift from past donor-dominated aid relationships. However, the decision to use PRSPs as a proxy in measuring ownership has been questioned.

There are two major lines of criticism. The first questions whether a document a document drafted with donor participation – and subsequently assessed by donors for its quality – can truly be “owned” by its drafters. The strongest of critics now refer to “ownership” as a euphemism for developing countries’ adoption of externally-conceived policies, and call for “home-grown” documents to form the basis of owned policies.

The second line of criticism asks whether any document, regardless of who drafts it, can adequately capture the development priorities of a country. This argument has gained favour among many policy makers from donor and developing countries alike, who see ownership – and development more generally – not as a ‘Gosplan’, but as a *process* that involves a broad range of actors beyond central government. Aid, they say, is more effective when a broader constituency of stakeholders is consulted and engaged in the definition of national development priorities, and is empowered to monitor their implementation.

Broadening ownership: what partner governments can do

For a start, such a process involves not just the Ministry of Finance, but also line and sector ministries and local governments. Parliaments and other national institutions such as audit agencies are further pillars of broader ownership and, more recently, calls have been made to reinforce the role of political parties and traditional authorities.

³ See http://www.oecd.org/document/60/0,3343,en_21571361_34047972_38242748_1_1_1_1,00.html.

⁴ See Progress Report on Aid Effectiveness.

In the case of parliaments, for example, the Economic Commission for Africa found that early PRSPs were neither discussed nor endorsed by parliaments. When Members of Parliament were consulted, the process was rushed and MPs found themselves commenting on foregone conclusions. To promote a greater role for parliamentarians in monitoring the quality of aid, the Inter-Parliamentary Union adopted a Resolution on Parliamentary Oversight of State Policies on Foreign Aid in April of this year.

Besides governmental or national institutions, much attention in the preparations for Accra has been paid to the role of civil society actors in enhancing aid and development effectiveness. Non-governmental organisations help ensure the crucial connection with the ultimate beneficiaries of aid. The media has a role in catalysing policy debates, providing citizens information about policies for poverty reduction and furnishing a space for the beneficiaries of public services to question their quality and propose changes. Think tanks have the potential to contribute viable alternative recommendations to the policy debate given their familiarity with local economies, and employers' and workers' organisations help assure the important link between employment and sustainable development. There are, of course, many other civil society organisations that must be considered in diverse contexts, for example grassroots organisations, religious organisations and women's organisations.

There are several reasons for the insufficient engagement of these groups of actors in the policy process. In the case of early PRSPs, evaluations such as those of the Economic Commission for Africa revealed that the short time frames given for their development did not allow for elaborate consultation processes. Similar findings have emerged from PRSP evaluations in other regions. Moreover, many of these actors simply lack the human and financial resources, as well as the necessary knowledge and capacity, to participate more fully in technical policy debates and contribute to national development efforts.

Alongside capacity gaps, however, many actors outside government still face extremely hostile environments with human rights under threat. Many countries, for example, do not protect sufficiently the right to assemble and freedom of information, both of which are crucial to ensuring broad-based ownership.

Governments seeking to broaden ownership thus need to pledge concrete legislative steps to improve the ability of parliaments, the media and others outside government to monitor public expenditure, including aid. Such legislative steps could include giving parliaments a constitutional role in the oversight of development resources and reinforcing national institutions such as auditors and anti-corruption commissions. Earmarked proportions of national budgets, or indeed of aid budgets, could support the capacity of these institutions.

Governments could also foster public debate by establishing independent broadcasting authorities and repealing laws that discourage or even censure investigative journalism. They could also include measures to improve transparency and timely public access to official documents, including documents related to aid management. Preparations for Accra have also highlighted the need to implement international commitments on gender equality and women's empowerment, such as the CEDAW29 and the Beijing Platform for Action.

Some governments see demands for broad-based ownership as an infringement of sovereignty. When donors demand participatory approaches to development, democratically elected governments have a strong claim that the process through which they consult with citizens on policies is country- and culture-specific. In this context, it is worth noting that, for partner country governments, broadening ownership of policies and programmes could also be a pragmatic way to strengthen their negotiating position vis-à-vis donors. The broader a country's support for a particular policy, the less inclined donors will be to attempt to impose their own ideas on policies and processes.

It is also important to note that participatory approaches are called for in the Paris Declaration itself, despite the fact that participatory approaches are not evaluated within the framework of the Paris Declaration's indicators. In committing to lead the co-ordination of aid, developing countries agree to encourage the participation of civil society and the private sector (commitment 14). They agree to "reinforce participatory approaches by systematically involving a broad range of development partners when formulating and assessing progress in implementing national development strategies" (commitment 48). Finally, it is important to remember that the Declaration calls for greater accountability by governments to their citizens and parliaments (paragraph 3).

The Final Draft of the Accra Action Agenda builds on these commitments:

"We will broaden country-level policy dialogue on development

13. We will engage in open and inclusive dialogue on development policies. We acknowledge the critical role and responsibility of parliaments in ensuring country ownership of development processes. In order to further this objective we will take the following actions:

- a) Developing country governments will work more closely with parliaments and local authorities in the preparation, implementation and monitoring of national development policies and plans. In doing so, governments will engage with civil society organisations (CSOs).*
- b) Donors will support efforts to increase the capacity of all development actors – parliaments, central and local governments, CSOs, research institutes and the private sector – to take an active role in dialogue on development policy and the role of aid in contributing to countries' development objectives.*
- c) Together, developing countries and donors will ensure that development policies and programmes are designed and implemented in ways consistent with agreed international commitments on gender equality, human rights, disability and environmental sustainability."*

Donor support for broad-based ownership: developing capacity, reviewing conditionality

The demands on partner country governments seeking broad-based ownership are high and it is they who have the prime responsibility for development. Yet, donors have considerable potential to make a positive contribution to broad-based ownership. Two areas of donor behaviour appear particularly pertinent: donors' support for capacity development and donors' use of conditionality.

a) Capacity Development

Capacity development is the flipside of ownership: they are mutually reinforcing. Many governments lack the institutional and technical capacities to design and implement development strategies, and to take the lead in coordinating donors. At the same time, effective capacity development requires partner country ownership. So if ownership is a process, capacity development is too.

This means that capacity development should no longer be regarded as the provision of inputs, for example through technical assistance or once-off transfers of technology. The recently agreed Bonn Consensus on Capacity Development goes a long way in recognising this shift in thinking.

"We recognize that capacity development is critical for sustainable development and national ownership. It is primarily a developing country responsibility.

Capacity development is a fundamental change process requiring that:

- a) *Developing countries commit to the capacity development of their human resources, systems and institutions at all levels, and*
- b) *External partners commit to strengthen their own capacity and adapt their approaches to deliver responsive support for capacity development.*

Six areas of action:

- *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, 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.”*

Whilst all six action areas relate closely to ownership, two of the issues they address have attracted particular attention throughout the preparations for Roundtable 1, including the OECD Global Forum on Development. The first relates to the use of local and South South expertise in technical cooperation (the third action area above). The second relates to support for civil society and the private sector (the fourth action area).

Using more local expertise requires forethought: before beginning new technical support programmes, attention should be paid to capacities that already exists at country level, and how to build on these capacities. For example, many developing countries have national training centres on disaster prevention or on the adaption to climate change. Countries also have think tanks for endogenous economic analysis, which could help governments critically evaluate the policy proposals resulting from negotiations with donors.

The recognition of the importance of South-South Cooperation (SSC) has gained momentum, particularly with many middle-income countries becoming more involved in the global dialogue on effective development finance. Partner countries have cited a number of advantages of SSC. So-called “emerging” donors often have experience as former recipients of aid, allowing them to share know-how on how development success was achieved in their own countries. They often have greater knowledge of partner countries based on regional and cultural ties and can thus adapt their aid better to local contexts. In addition, aid from emerging donors has been praised for its flexibility and speed, for example in scaling-up financing for infrastructure in African countries.

However, there remains considerable scope for SSC to improve. SSC is often tied to the use of the donors’ experts, running counter to the Paris Declarations’ call for aid to be untied. Also, SSC aid agreements are often implemented outside existing aid management systems, which makes it difficult to assess the impact of their activities and risks undermining progress in donor harmonization. Some participants in the Global Forum on Development have called for greater discussion about SSC and about further investigations into the value of triangular cooperation, through which traditional and emerging donors collaborate jointly under the lead of partner countries. The impact of South-South Cooperation could be explored further through regional platforms and regional organizations, and would benefit greatly from the active participation of middle-income countries.

Capacity shortages are particularly acute among actors outside central government. Local governments, especially in countries marked by a strong inequality in income distribution, require greater support. Civil society actors often lack the capacity to monitor government performance and make constructive contributions to the policy debate. Empowering these actors would help broaden ownership by stimulating local demand for accountable governments. This, in turn, means that governments require greater capacities to take into account the diverse interests of the various constituencies that form civil society. Alongside crucial capacity development initiatives in public financial management, procurement, statistics, environmental analysis and aid management, governments thus also need support in managing – and leading – consultative processes.

Of course, supporting civil-society organisations, parliaments or the media in domestic policy dialogue is a double-edged sword for donors. On the one hand, donors know that participatory approaches broaden country ownership; on the other, their support of them may undermine a government's authority and reduce its space for decision-making. Policy space is at the heart of the discussions on conditionality.

b) Conditionality

The Evaluation Report of the Paris Declaration finds that a majority of donors are now expecting partner country leadership and are responding to it with, for example, high-level political statements, and training and guidelines for staff. Agencies that are strongly decentralised to the field level have had the strongest success in promoting ownership. However, many donors still appear constrained in acknowledging leadership by their own political and administrative systems. They are under pressure to maintain visibility vis-à-vis home constituencies and need to satisfy their individual fiduciary and accountability requirements. Moreover, some donors appear to pursue foreign policy or commercial interests through their aid programmes.

These donor constraints translate into the imposition of conditions in aid contracts. Policy conditions, in particular, are controversial in discussions about country ownership. Many aid experts now agree that past attempts to impose policies from the outside have not proven effective, with structural adjustment programmes of the 1980s and 1990s heavily criticised. This recognition does not prevent some decision makers from believing that policy conditions can help governments reinforce urgent reforms without broad local support. However, such conditions risk becoming scapegoats for governments seeking to avoid national debate about unpopular policy measures. They directly undermine ownership – and effective development policy – by shifting governmental accountability towards donors rather than citizens.

The Paris Declaration is not silent on conditionality, but it is not committal either. Paragraph 16 commits donors to base conditions on recipient-country priorities "wherever possible". It allows exceptions with "sound justification". And it calls on donors and recipient countries to develop a "manageable" set of indicators to which aid might be tied.

The World Bank's conditionality principles, adopted in 2005 and widely recognised as good practice, are more strongly worded. Inter alia, they call for conditions to reinforce country ownership, be harmonised, be agreed with governments up front in a coordinated framework, be transparent, and be limited to actions that are critical for achieving results. The principles respond to the criticism that developing countries need more predictability about when aid tranches will be disbursed. Aid predictability has been progressing, with many donors operating on multi-annual programming frameworks, but many donors are still not sharing information sufficiently, particularly in the area of budget support.

Evaluations are mixed on how well the principles on conditionality are being applied. The World Bank, according to its own review, is progressing well. According to the Strategic Partnership for Africa, other donors, while appearing to reduce the number of conditions attached to their aid, have increasingly resorted to underlying conditions in their budget support programmes. Thus, conditions might not be listed as specific disbursement triggers in aid agreements, but aid recipient countries are expected to adopt certain policies before any agreement is signed.

There is agreement that any move away from policy conditionality does not imply “carte blanche” for aid recipients. Donors need to be able to insist on transparency and good fiduciary practices to guard against the embezzlement of aid monies. Similarly, they can expect aid recipient countries to adhere to international human rights standards – national development strategies that do not adhere to internationally shared standards and objectives will not provide for a sustainable partnership between partner countries and donors. Finally, donors are entitled to a degree of quality assurance: without development results to show for their aid, OECD-based taxpayers will withdraw their support for aid programmes.

This is why some donors have begun linking aid disbursements to the achievement of agreed results, leaving the choice of policies with recipient countries. Yet performance-based approaches do carry risks. External shocks could put performance beyond the control of developing-country officials, and strict performance conditions could thus prove harsh and inflexible. Results-based conditions may also stifle innovation by discouraging policy makers from experimenting with unproven, more risky approaches, preferring to follow donor prescriptions for want of alternatives. But these risks could be factored into aid contracts with safeguard clauses. Further work is also warranted on developing methodologies and medium-term frameworks to measure the outcomes through which performance could be measured.

The Final Draft of the Accra Agenda for Action has this to say about conditionality:

“We are changing the nature of conditionality to support ownership

25. To strengthen country ownership and improve predictability of aid flows, donors agreed in the Paris Declaration to draw their conditions from partner countries’ own development policies. We reaffirm our commitment to this principle and will continue our efforts to change the nature of conditionality by taking the following actions:

- a) Donors will work with developing countries to agree on a limited set of conditions that are critical to achieving mutually agreed objectives and outcomes. We will jointly assess donor and developing country performance in meeting their commitments.*
- b) Donors and developing countries will communicate and make public all conditions linked to disbursements.*
- c) Developing countries and donors will work together at the international level to review, document and disseminate good practices on conditionality — and will be receptive to contributions from civil society.”*

Looking forward: a more diverse and legitimate monitoring system for ownership

Whilst PRSPs are signed by partner country governments, they remain strongly donor-influenced, not least because they are assessed by the World Bank and IMF before aid agreements are negotiated. So, while the quality of a PRSP might be a sign of effective development policy, it can hardly be the only criterion for determining country ownership and leadership. Both the Evaluation Report and Monitoring Report of the Paris Declaration recognise the need for improved monitoring mechanisms for ownership.

There is considerable scope not for establishing new, duplicative monitoring mechanisms, but for drawing on the results of existing ones. Nationally-generated governance assessments and peer-review mechanisms, such as the African Peer Review Mechanism, could be used to assess broad-based ownership. In the

context of discussions on mutual accountability, much attention is also being given to partner country assessments of donors behaviour. The Advisory Group on Civil Society and Aid Effectiveness, a mix of officials and civil society stakeholders from both donor and developing countries, could be asked to monitor progress on participatory approaches at the international level.

There is also much to be said for locally specific monitoring and accountability mechanisms. In a number of countries, donors and recipients have agreed on independent monitoring groups to encourage two-way dialogue. Country-level initiatives are complemented at an international level by the High-Level Dialogue for assessing Financing for Development, the Africa Partnership Forum, the Global Monitoring Report and the Paris Declaration Monitoring Survey.

The need for greater transparency lies at the centre of calls for more diverse and legitimate monitoring mechanisms on ownership. Thus, country-level monitoring encourages a greater demand for accountability and performance from local constituents.

From Accra to Doha

In closing, and looking ahead to the Doha review of progress in implementing the Monterrey Consensus, it is crucial to remember that broad-based ownership requires local resources. Demand for accountability and government performance is arguably stronger when the expenditure of taxes is at stake. This is why participatory processes and capacity development need to be conceived around budgets, not just aid expenditure.