THE GLOBAL PARTNERSHIP FOR EFFECTIVE DEVELOPMENT CO-OPERATION: ENHANCING THE FUTURE CONTRIBUTION TO DEVELOPMENT BY ALL STAKEHOLDERS

DAC High Level Meeting, 4 (p.m.) and 5 (a.m.) December 2012
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The paper is presented for DISCUSSION at the DAC High Level meeting. Earlier drafts were discussed by the DAC on 2 October and 12 November and were the subject of written comments. This version cancels and replaces the initial document: the title has been changed.

The paper outlines the opportunity presented by the Global Partnership for Effective Development Co-operation to make a tangible impact on development co-operation and results.

It considers the role of the DAC in sustaining the momentum built at Busan. It sets out some of the areas in which DAC leadership and experience can contribute to the objectives of the Global Partnership. The DAC High Level meeting may wish to discuss further how the DAC wishes to engage with and support the new partnership. Linkages with other global processes and in particular the UN-led post-2015 process should be considered. A continued emphasis on commitments in areas such as untying, transparency, predictability and aid allocations, including under-aided countries and proliferation of channels, will also be important.

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A. The Global Partnership for Effective Development Co-operation – *The opportunity for the DAC to engage with all development partners*

1. The Global Partnership for Effective Development Co-operation, emerging from the Busan High Level Forum on Aid Effectiveness in 2011, was established by the final meeting of the Working Party on Aid Effectiveness on 28-29 June 2012. On that occasion, the governance structure and working arrangements for the partnership were agreed, including a monitoring framework to support global accountability as mandated in Busan. The Global Partnership has already demonstrated its convening power by attracting three high-profile ministers as co-chairs: Ms. Armida Alisjahbana (Minister of State for National Development Planning, Indonesia), Ms. Ngozi Okonjo-Iweala (Minister of Finance, Nigeria) and Ms. Justine Greening, (Secretary of State for International Development, United Kingdom). The Steering Committee will meet for the first time on 5-6 December under the co-chairs’ leadership to guide initial work of the Global Partnership, including preparations for the ministerial level meeting of the Global Partnership scheduled for the latter part of 2013.

2. The three co-chairs of the Global Partnership met for the first time on the margins of the 2012 IMF/World Bank Annual Meetings in Tokyo. Their initial discussions pointed to a common vision for co-operation beyond a narrow focus on development assistance flows, looking at how partnerships can best support development and recognising the importance of inclusive and transparent approaches to development co-operation. The co-chairs also agreed on the need to ensure that the Global Partnership complements and contributes to other international processes – in particular a post-2015 framework for development.

3. The DAC has played a crucial role in supporting the work that led to the creation of the Global Partnership. For the DAC, it is now important to receive strong political guidance for support to and strategic engagement with the Global Partnership. This includes how DAC members envision the use of the inclusive space for political dialogue provided by the Global Partnership to shape the international agenda on effective development co-operation and for partnering with all other development actors as equals, particularly South-South co-operation partners, the private sector, civil society and parliamentary organisations. Reaffirming sustained political leadership in delivering on the promises made in Busan will be important in this regard, to enable the DAC to lead by example and continue to be seen as a committed partner.
B. Effective development co-operation – linking global processes on “what development is about” with “how to go about supporting it”

4. Within the Global Partnership, the DAC is one of several important constituencies. Although it may be neither desirable nor feasible to have a common approach on every aspect of the Busan agenda, it will be important, however, to identify areas where the DAC can contribute to shaping political debates in the Global Partnership. Possible approaches are outlined in Box 1.

<table>
<thead>
<tr>
<th>Box 1. How might the DAC engage with the Global Partnership?</th>
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<tbody>
<tr>
<td>There are a range of approaches available for the DAC to engage with the Global Partnership:</td>
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<tr>
<td>• Working with others to address issues requiring <strong>collective action</strong>. For some issues (e.g. the challenge of fragmentation in the multilateral architecture and its adverse affects on development), solutions need to be found and implemented by a wide range of stakeholders together. The Global Partnership offers a forum where the DAC can work with others on such challenges.</td>
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<tr>
<td>• Using the opportunity provided by the Global Partnership as an avenue for <strong>consultation</strong> with others. The Global Partnership will relate first and foremost to the agenda all stakeholders have set collectively. Within and related to that agenda, it can offer a valuable forum for feedback on the progress and future direction of DAC efforts.</td>
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<tr>
<td>• <strong>Promoting stronger accountability</strong> through the Global Partnership, which offers a platform for international mutual accountability. Efforts in the thematic areas where the DAC has specific commitments (e.g. transparency) support this.</td>
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<tr>
<td>• Using the Global Partnership as a platform for <strong>knowledge-sharing</strong>. The Global Partnership provides space for engaging with others to share experience regarding different forms of development co-operation (e.g. triangular co-operation).</td>
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<td>• Experimenting with <strong>different ways of working together</strong>. The Global Partnership, with its focus on what works to support results on the ground, provides a new framework for collaboration, contributing to a reinvigorated partnership for development and innovative approaches to development co-operation.</td>
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5. The Busan Partnership agreement represents a tangible contribution to the realisation of the Millennium Development Goals by offering some parameters within which a truly inclusive partnership for development can be built to drive progress, supported by a new political platform, the Global Partnership. In light of this, the co-chairs and many other constituents have emphasised the importance of promoting synergies between the Global Partnership and the post-2015 process taking place under UN leadership. Given the important role of development co-operation in supporting the achievement of development goals, the Global Partnership could provide an important forum to advance thinking on development co-operation within the post-2015 development framework and ensure mutually supportive debates. One possibility to promote synergies with the post-2015 process could be to derive lessons from the Paris/Accra/Busan processes that may be relevant for the design of the post-2015 UN framework. This could include, for example, how to reconcile common goals with differential responsibilities, or how to match global ambitions with context- and country-specific frameworks.

6. The Global Partnership is also an important forum for deepening and sustaining collaboration among a wider range of development partners, including the private sector, civil society and parliamentary organisations and other providers of development co-operation which are not members of the DAC. To this end, it is important to recognise the willingness of countries at different stages of development and with different priorities to come together and advance an agenda built on shared principles and common goals.
7. An immediate route for deepening and sustaining DAC members’ collaboration with non-members is through work on triangular co-operation. This form of development co-operation creates useful opportunities for sharing knowledge and expertise among all partners involved, building in a complementary way on their comparative advantage and uniting them in pursuit of the common goal of reducing global poverty. Work has begun at expert level in the area of triangular co-operation through an inclusive approach that involves all parties in the process. Political support for this work would strengthen the basis for further collaboration. The on-going work should be a contribution to the Global Partnership, a key avenue to pursue it further.

8. A basic objective of the Global Partnership is to deepen understanding and trust among all partners. Agreement to work on the following three dimensions would hold significant promise in this regard:

- Commitment to promoting synergies between the Global Partnership and the UN post-2015 development framework, with the Global Partnership focusing on “how” to work together in implementing such a framework.
- Sharing experience, good practice and information on development co-operation so as to facilitate mutual learning between different constituencies working with different systems and approaches.
- Encourage further analytical work and increase dialogue on triangular co-operation, leading to improved impact and scaling-up of these activities.

C. Leading by example – the DAC needs to deliver on the promises made in Busan

9. One of the central outcomes of Busan was to establish a future agenda focused on development partnerships and their effectiveness, rather than a narrow focus on ‘aid effectiveness’. At the same time, some sceptics fear that DAC members will use the shift towards a broader development effectiveness agenda to step back from commitments undertaken in relation to their Official Development Assistance (ODA). Meeting the Busan commitments is essential for the trust that provides the foundation on which the Global Partnership operates. Through leading by example, the DAC can assert its credibility and contribution in areas where DAC members have an important role to play - both individually and collectively. This includes supporting developing countries’ own results agendas and frameworks and promoting transparency and a more efficient international development co-operation architecture.

10. Evidence suggests that efforts by DAC members remain patchy. Sustained political leadership is needed to ensure that DAC members continue to carry out the reforms necessary to fully meet their Busan commitments. A summary of progress and options for ways forward are provided below, drawing on stock-taking of members’ individual and collective efforts to implement selected time-bound Busan commitments requiring immediate action.

Accelerating efforts to untie aid

11. In Busan, participants agreed to “accelerate efforts to untie aid”, and to review plans to achieve this in 2012. They further agreed to undertake efforts to “improve the quality, consistency and transparency of reporting on the tying status of aid.” Good progress has been made on untying ODA. By 2010, nearly 90% of the ODA covered by the 2001 DAC Recommendation on untying ODA to the Least Developed Countries and Highly Indebted Poor Countries was untied. More generally, looking at all categories of ODA and all recipients, the untied share of total bilateral ODA had progressed to 76% by 2010. However, some issues remain concerning the extent to which such de jure untied ODA is actually untied in practice.
On the basis of available and partial data, some donors have a quite balanced distribution of contract awards between the donor, other DAC members and developing countries while for some other donors, a very large share of aid-funded contracts goes back to suppliers in the donor country.

12. Compared to donor responses to untying commitments agreed at Accra in 2008, intentions to ‘accelerate efforts to untie aid’ post-Busan are more patchy. A number of donors are already fully untied. A number of others have untied 90% or more of their ODA and while some are committed to making further progress, others see little scope for additional untying in areas that they see as politically difficult to untie. For the remaining donors, some have set out where they will further untie ODA, but others signal difficulties in making significant progress arguing, for example, that tying helps maintain public support for ODA budgets, especially in the present environment of severe budget constraints.

13. With this background, DAC members will give effect to Busan untying commitments in the following ways:

- Looking at partner country demands and priorities for untying, DAC members will accelerate efforts to untie ODA by considering the opportunities and political feasibility of further untying, taking account of lessons from the experience of other donors.

- DAC members will undertake efforts, as agreed in Busan, to improve the quality, consistency and transparency of reporting on the tying status of ODA.

- In addition to the above, DAC members will also support other actions to promote greater partner country benefits from untying, e.g. by helping to strengthen local procurement systems, by increasing recourse to local supplies and by contributing to efforts to increase the capacities of local enterprises to compete for and win aid-funded contracts.

**Making progress on transparency – globally and locally**

14. Transparency is a pillar of the Busan Partnership agreement. It underpins the relationship between governments and citizens and is also essential to build trust among governments as they work together for development.

15. The DAC can help advance transparency by supporting efforts by its members to implement the common, open standard for aid information and increasing medium-term predictability of aid. In doing so, the DAC needs to work closely with the Global Partnership in shaping the transparency agenda further in a way to engage the full range of development partners on their priorities and needs.

**Making the DAC a hub for transparency**

16. Transparency of information on development co-operation and other development resources is one element of the Busan Partnership agreement where the DAC members have a key role to play, both collectively and individually. Collectively, the DAC Working Party on Development Finance Statistics has adopted a transparency strategy which provides a strategic framework to guide further action and decision-making. At the individual level, most DAC members indicate that they have taken steps towards implementing “a common, open standard for electronic publication of timely, comprehensive and forward-looking information on resources provided through development co-operation”. This suggests that they are on track to publish their respective implementation schedules by December 2012, with the aim of implementing the common, open standard fully by December 2015. Given the different systems of countries and organisations, stakeholders will determine how and to what extent they are able to implement the common standard. This will allow for flexibility in setting their priorities among the items comprised in
the standard. Several DAC members note that they have started making changes to their systems since 2011, by introducing new data collection and/or publication systems, some of which contain more forward-looking and current data.

17. At the DAC Senior Level Meeting earlier this year there was agreement to make the DAC the hub for transparency in development co-operation. An important question in this regard relates to the International Aid Transparency Initiative (IATI), which is considering options for a future hosting organisation. Expressing their support to exploring possibilities for hosting IATI at the OECD/DAC would be a concrete expression of this agreement. Such an arrangement would have the advantage of marrying the political momentum of IATI with the technical expertise and experience of the OECD-DAC. This would also provide the development community with a one-stop-shop for statistics and information on development co-operation, with harmonised systems and cost-effective solutions, as synergies could be exploited between IATI and existing OECD-DAC systems. In going forward, the various administrative options and implications will have to be discussed, including with non-IATI signatories. It is understood that any arrangements should be as administratively light as possible and respect the continued governance of IATI as an independent multi-stakeholder initiative.

Making aid more predictable at both the country and global levels

18. Making ODA more predictable remains a key challenge for greater effectiveness. ODA is more effective when regular, detailed and timely information on volumes and allocations is available. This allows developing countries to make their own strategic plans, to link development strategies with budgetary frameworks and to ensure effective use of resources. The annual DAC Survey on donors’ forward spending plans makes a critical contribution to increasing global predictability of ODA by providing a perspective on future ODA flows which helps to identify gaps and opportunities in the context of strategic discussions on future ODA allocations. This instrument is, however, not a substitute for the efforts of individual members to implement practices that improve medium-term predictability vis-à-vis their partners in developing countries. Analysis based on feedback from members indicates that, despite efforts by some DAC members, few are on track to meet fully their Accra and Busan commitments on medium-term predictability at country level. Bottlenecks in providing reliable three- to five-year forward expenditure figures or implementation plans to all developing countries by 2013 include legal and procedural constraints.

19. The HLM is an opportunity to promote the DAC as a platform to support knowledge exchange and peer pressure to identify relevant political solutions in line with the commitment made in Busan to introduce reforms where needed. For greater accountability in this area, the DAC could review efforts and actions by members to overcome constraints to providing more predictable ODA, in line with members’ national sovereignty. This could be done through existing mechanisms, such as DAC Peer Reviews and Surveys on Donors’ Forward Spending Plans, with the view to showcasing good practices regarding changes in government policies and procedures.

Streamlining development co-operation architecture and improving ODA allocations

20. Two other commitments made in Busan referring to the development co-operation architecture and allocations reaffirmed the previous commitments made in Accra (2008) and require both collective and individual action. The first commitment is “to reduce the proliferation of multilateral channels” and the second commitment is “to accelerate efforts to address the needs of under-aided countries”. The DAC – as the largest constituency of ODA providers – needs to show engagement in advancing the implementation of these commitments.
Towards principles to limit the proliferation of multilateral channels...

21. Global and thematic funds and initiatives have mushroomed over the past five years, despite prior commitments to limit proliferation and use only existing channels. Proliferation increases transaction costs and complicates in-country co-ordination. Minimising duplication and overlaps ensures that ODA delivered through multilateral channels (including global funds) provides the highest possible benefit for the partner country – and better value for donors’ money. Reducing the number of multilateral channels can make management far more straightforward – and effective. In response to this, the Busan Partnership agreement contains a commitment to develop a consensus, before the end of 2012, on “principles and guidelines to reduce multilateral proliferation.”

22. The proposed draft principles in Box 2 are based on recent consultations. The HLM is invited to agree to these proposed principles to reduce the proliferation of multilateral channels as a contribution to international action. HLM support would signal an important step in contributing to a global consensus, and towards further buy-in from all stakeholders of the Global Partnership.

**Box 2. Proposed principles to reduce the proliferation of multilateral channels**

In line with the commitment set out in the Busan Partnership for Effective Development (paragraph 25), we welcome the diversity of development co-operation actors, and agree to work to reduce the proliferation of multilateral channels by using existing channels and frameworks for programme design, delivery and assessments, drawing on the following principles:

1. **Use existing channels as the default**, adjusting them where necessary, and address any legal and administrative barriers that may prevent their use.
2. **Innovate within the existing multilateral system**, harnessing the political appetite for new initiatives and the desire for visibility to catalyse innovation and reform.
3. **Regularly review the number** of multilateral organisations, funds and programmes with the aim of reducing their number through consolidation without decreasing the overall volume of resources.
4. **Provide core or un-earmarked contributions** to multilateral organisations, where relevant and possible.
5. **Ensure that new multilateral programmes and channels**: are multi-donor arrangements; are time-bound, subject to mid-term reviews; and do not impose excessive reporting requirements if the creation of multilateral programmes and channels is unavoidable.
6. **Support country-level harmonisation** among all providers of development co-operation, including through representation on governing boards of multilateral organisations, funds and programmes.
7. **Monitor progress** to curb the proliferation of channels at the global level; inform monitoring in partner countries.

...and addressing the issue of under-aided countries

23. The phenomenon of under-aided countries is in part the consequence of the current global development co-operation system, where ODA allocation practices are to a large extent uncoordinated. While providers of development co-operation will continue to make their sovereign decisions on the objectives, priorities and incentive frameworks of their programmes, they have expressed concerns about gaps and overlaps that result from the lack of co-ordination. Since Accra, little progress has been observed. The Busan Partnership agreement included a commitment to “accelerate efforts to address the issue of countries that receive insufficient assistance, agreeing – by end of 2012 – on principles that will guide our actions to address this challenge”.
24. Since there is no single agreed definition for under-aided countries, the DAC has, as a first step, suggested a practical approach using different methodologies to identify such countries. The resulting reference list of potentially under-aided countries is presented in Box 3. Given the political nature of this commitment, the DAC’s analysis does not aim to prescribe how ODA should be allocated or imply that ODA to these countries should automatically be scaled up. However, the DAC has an opportunity to demonstrate leadership in deepening its intellectual work in this area and in finding a solution, as this lies to a large extent with DAC members. The HLM is invited to mandate the DAC to regularly monitor and report on the pattern of ODA allocations so as to recognise possible gaps in global allocations. This is also an opportunity for the DAC to bring the work on ODA allocations to the attention of all stakeholders in the Global Partnership, in order to engage with all other providers of development co-operation.

Box 3. Identifying potentially under-aided least developed and low income countries

Nine countries have been identified as under-aided according to both needs- and performance-based approaches: they constitute the proposed reference list of potentially under-aided countries that merit further country-specific review. The discussions should be informed by DAC members’ qualitative and political country-specific assessments, that identify underlying factors, such as broad political and governance aspects or constraints in absorptive capacity that are not captured in quantitative assessments. Most of these countries also appear to be the chronically under-aided (according to the same criteria) over the past five years. The DAC has also identified another eleven countries that would merit some examination because they appear potentially under-aided according to allocation criteria that emphasise either needs or performance.

<table>
<thead>
<tr>
<th>Country</th>
<th>Region</th>
<th>Fragile and/or conflict-affected state*</th>
<th>Least Developed Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madagascar</td>
<td>Sub-Saharan Africa</td>
<td>Fragile</td>
<td>LDC</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>South and Central Asia</td>
<td>Fragile</td>
<td>LDC</td>
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<tr>
<td>Burkina Faso</td>
<td>Sub-Saharan Africa</td>
<td>Fragile</td>
<td>LDC</td>
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<td>Guinea</td>
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<td>Fragile</td>
<td>LDC</td>
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<tr>
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<td>LDC</td>
</tr>
<tr>
<td>Malawi</td>
<td>Sub-Saharan Africa</td>
<td>Fragile</td>
<td>LDC</td>
</tr>
</tbody>
</table>

Total: 9 countries
6 fragile states
9 LDCs

* These are countries classified as fragile and/or conflict-affected states according to the working definition of the International Network on Conflict and Fragility (INCAF).