DELIVERING ON THE PROMISE OF BUSAN: WHERE DOES THE DAC NEED TO FORGE POLITICAL CONSENSUS?

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DELIVERING ON THE PROMISE OF BUSAN:
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I. Overview

1. The outcomes of the Fourth High-Level Forum on Aid Effectiveness (HLF4) bring with them fresh opportunities for leadership by the DAC as a committee, as well as clear commitments that need to be implemented by its members. The process through which the DAC contributed to an inclusive high-level forum is well documented, as are the political negotiations with developing countries, emerging economies, private sector and civil society stakeholders that led to the endorsement of the Busan Partnership for Effective Development Co-operation, a broader, farther-reaching agenda that goes well beyond traditional aid.

2. The DAC Senior Level Meeting (SLM) offers a timely opportunity for members to agree on priorities for the DAC’s engagement with the Busan agenda in the short- and medium-term. Busan reaffirmed the relevance of international efforts to improve the quality of aid – inspired by the work of the DAC – and went further in confirming the importance of a broader set of efforts for the effectiveness of development co-operation. The Busan commitments, and the agreement to put in place a new and inclusive Global Partnership, offer opportunities for the DAC to deepen and sustain its collaboration with non-members – including aid recipients, emerging economies and non-state actors – as it builds on its track record to address existing and new development challenges.

3. As they meet in April 2012, senior-level officials will need to reflect on:

   a) **How the DAC should seize the immediate opportunity to help shape the new Global Partnership for Effective Development Co-operation from its outset**, sustaining and strengthening the political momentum generated by HLF4 to ensure that an inclusive partnership is operationalised;

   b) **How the DAC will position itself in the medium-term vis-à-vis the Global Partnership**, recognising that it presents an opportunity for the DAC to engage with a wide range of stakeholders; and

   c) **How DAC members – and the DAC as a committee – will spearhead the implementation of some of the most important and time-bound Busan commitments**, building on the momentum generated by the Busan consensus and the track record of the DAC to date.

Decisions taken at the SLM around these three points will guide the preparation of the DAC’s programme of work and budget (PWB) for the next biennium (2013-14), and provide a starting point for the regular review of the DAC’s progress in implementing its commitments through future senior- and high-level meetings in the run up to 2015 (Figure 1).
II. The DAC within a new Global Partnership for Effective Development Co-operation: opportunities for engagement with other stakeholders

4. The Global Partnership will have an important impact on the way in which DAC members – and the international community as a whole – work together to support development over the coming years. As DAC members implement their own commitments, the Global Partnership presents opportunities for collective engagement with stakeholders going beyond the membership of the DAC.

**The post-Busan Interim Group: a moment of opportunity to be seized by the DAC**

5. While the agreement reached in Busan to put in place a new Global Partnership for Effective Development Co-operation was the subject of consensus among a broad range of actors, many decisions still need to be taken to ensure that it becomes a reality. HLF4 mandated the Working Party on Aid Effectiveness (WP-EFF) to consult broadly with a view to reaching agreement on both the working arrangements for the Global Partnership and a framework through which progress in implementing Busan commitments will be monitored at the global level.
6. The DAC is represented in the post-Busan Interim Group – a group of senior officials representing the key constituencies that endorsed the Busan agreement, and who are leading consultations on the working arrangements for the Global Partnership and its monitoring framework. DAC members should use their representatives in the group to push for a model that will be attractive to the widest possible range of stakeholders and that will build and sustain political momentum to ensure that the Busan agreement is implemented. The DAC is well placed to support a co-ordinated approach to members’ outreach and consultation with non-members at the political level, ensuring that consensus is strengthened at the political level.

7. It will be important that discussions on working arrangements are concluded before the end of June 2012, and that DAC members begin to nurture political dialogue that is substantive in nature and helps raise the profile of the principles and commitments agreed in Busan. In this respect, the SLM presents a timely opportunity for the DAC to reflect on how it will spearhead the implementation of the Busan agreement. The action areas in part III of this paper also offer elements of a substantive contribution by the DAC to the Global Partnership in the early stages of agenda-setting.

DAC support for the functioning of the Global Partnership

8. The Busan Partnership agreement reflects a broad consensus among the international community that follow-up efforts should be “country-focused” and “globally light”. The Global Partnership provides a platform for political dialogue, accountability and mutual learning across a range of stakeholders. The Busan agreement invites the OECD, together with UNDP, to support the Global Partnership. Collaboration among the two organisations will ensure stronger linkages with country-level efforts to support the implementation of the Busan principles and actions.

9. Drawing on its experience and in-house expertise, the OECD is well placed to lead the development and implementation of a light global monitoring framework, and the production of regular analysis based on it. In addition, it will generate and disseminate evidence and policy advice on selected thematic issues relevant to the principles and commitments agreed in Busan. The OECD and UNDP will share responsibility for providing secretariat support and for facilitating the regular ministerial-level meetings foreseen by the Global Partnership.

10. In fulfilling its secretariat role to the Global Partnership, the OECD can draw on the expertise of the DAC to promote good practices in development co-operation. At the same time, the Organisation will need to strike an appropriate balance to ensure that it functions as an impartial provider of support to the work of the Global Partnership at large, within which the DAC and its membership are one of several key constituencies.

The Global Partnership as a longer-term opportunity for engagement and an exchange of good practices

11. For the DAC, the Global Partnership presents an opportunity to deepen and sustain its collaboration with non-members in the context of the DAC Global Relations Strategy and the OECD Development Strategy. The Global Partnership will provide a forum for sharing views on development and development co-operation challenges and goals, including on the best means of addressing them. In this context, the DAC can share its norms and standards while also learning from others.
12. Many of the Busan commitments made by DAC members are medium- and long-term endeavours, and current political economy constraints faced by members will influence the pace of action vis-à-vis a number of these challenges. The DAC will play an important role in leading the implementation of specific actions by deepening its work on substantive areas anchored in the Paris and Accra principles. It will also strengthen its work in emerging substantive areas in anticipation of a post-2015 development framework.

13. The current PWB proposal is shaped to respond to these challenges, mapping expected outcomes to a range of substantive areas (e.g. re-imagining development and development cooperation post-2015; effective governance; peacebuilding and statebuilding; green growth, climate change and environment; flexible and responsive policy support; mobilisation of resources / tax and development / aid for trade; development architecture and global governance; development financing and the role of ODA; and managing for, measuring and evaluating results). Each of these outcome areas of the PWB proposal will contribute to the implementation of the Busan principles and commitments, with results, transparency and accountability as overarching guiding principles.

14. While the Busan “building blocks”– on transparency, effective institutions, results and accountability, fragmentation, climate change, south-south and triangular co-operation, public and private sector co-operation, fragile states, statistics, aid untying and gender equality and women’s empowerment – are voluntary initiatives, there are obvious synergies between many of these building blocks, the core commitments set out in the Busan agreement, and ongoing DAC work. The DAC and DCD should engage in supporting the activities of the building blocks where members deem these to be the best way to deliver the DAC’s priorities, and where there are opportunities for mutual learning and reinforcement between the building blocks and the work-streams under the 2013-14 PWB.

**Issues for reflection by the DAC**

- How can DAC members ensure that consensus is reached with a wide range of stakeholders on the Global Partnership by June 2012, consolidating the participation of non-members?

- On which issues does the DAC see itself converging towards common approaches or positions as it engages in political dialogue with developing countries, emerging economies and others through the Global Partnership?

- How can the DAC ensure its ministerial-level involvement in and commitment to the Global Partnership?

**III. Where can the DAC take immediate decisions in order to improve the quality of development co-operation?**

15. HLF4 showed that previous efforts to improve the effectiveness of aid had been more challenging to implement than had been initially imagined. Yet it also demonstrated that the original principles underpinning the Paris Declaration and Accra Agenda for Action remain relevant to addressing the challenges faced by developing countries. While the results of global monitoring showed limited progress towards the targets agreed in the Paris Declaration on Aid Effectiveness, the willingness of the DAC to engage in a rigorous and transparent assessment process has strengthened its credibility to continue making progress on some of the challenging issues.

16. Addressing “unfinished business” from the Paris Declaration and Accra Agenda for Action is high on developing countries’ agendas. It will be important that the DAC reflects on those areas where progress has been challenging to date – and where constraints to progress have been largely political – if it
is to play its role in sustaining the trust partnership built during the HLF4 preparations. As it uses its SLM to build on the momentum presented by Busan, the DAC can take decisions now that would see it implementing a number of important and time-bound commitments through which it can be an agent for change.

17. The four action areas identified below propose a limited number of themes where decisions taken at the SLM could lead to immediate action to implement important commitments. For the large part these are areas in which barriers to change have been largely political, but where the state of the DAC’s work now presents significant potential for further progress.

**Action area 1: The transparency agenda – leading by example**

18. The Busan agreement commits stakeholders to improve the availability of information on publicly funded activities. It calls on stakeholders to agree on “a common, open standard for the 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 (IATI) and others”. Agreement on this publication standard must be reached by the end of 2012. The DAC should aim to:

- Set out how it will assist the Global Partnership in agreeing by December 2012 on a common, open standard for publication of comprehensive and forward-looking information on aid resources that meets the information needs of developing countries, while taking full advantage of existing DAC products such as the forward spending survey.

**Action area 2: Making fuller use of country systems and results frameworks**

19. DAC members recognise the importance that developing countries attach to the use of country systems in co-operation with the public sector. This was one of the highest priorities for developing countries in the run up to HLF4, and donor efforts to addressing demands in this area are likely to be the subject of close scrutiny in future political dialogue between DAC members and developing countries. Systematising the use of joint assessments and moving towards mutual agreement on approaches to risk management are medium-term endeavours that are shared by aid providers and partner countries. In the medium-term, DAC work in this area could focus on identifying and sharing good practices, and strengthening linkages with the broader capacity development and good governance agendas. In addition, the Busan agreement places an emphasis on ensuring that developing countries have high quality results frameworks and that donors draw on them as they manage for and communicate on results. In the meantime, DAC members should work together to:

- Beginning now, make transparent the reasons for non-use of developing countries’ systems, and members’ requirements in terms of the improvements that would enable full use of developing countries’ systems.
- Assess and share lessons learned from capacity building in the domain of public financial management (PFM) and make broader use of these to strengthen and enhance the use of countries’ PFM systems.

**Action area 3: Improving transparency around aid allocation decisions as a step towards a more efficient international development architecture**

20. The Busan agreement recognises the need to address jointly a number of issues relating to the international aid architecture. The proliferation of aid channels and activities, and the challenge of
countries receiving insufficient assistance, are issues that will need to be addressed in collaboration with others. Nevertheless, the DAC can and should lead actions in this area. DAC members’ aid allocation decisions and their choices of channels and modalities are central to ensuring a more efficient aid architecture. As a first step, the DAC should:

- Agree to make public information provided by members on their indicative forward spending plans collected by the DAC, this being central to both developing countries’ efforts to plan effectively, and to efficient collective decision-making among donors on aid allocations. A transparent approach at the global level should complement DAC members’ efforts to provide transparent and predictable information on future spending plans at the country level, which need to be accelerated.

- Support improvements in the transparency of policies and criteria underpinning individual members’ decisions on choices of aid channels and bilateral aid allocations, this being an important starting point for efforts to address the proliferation of multilateral channels, and also the issue of countries receiving insufficient assistance.

**Action area 4: Paving the way for more transparent efforts to untie aid**

21. Aid untying was also one of the highest priorities for developing countries during the HLF4 negotiations, with several countries calling for a time-bound commitment from DAC donors to end the tying of aid. Meeting developing countries’ demands for untied aid will require dialogue with developing countries on their priorities for untying, and on what can realistically be achieved. Global progress will also depend on the efforts of non-DAC donors. In the meantime, DAC members should work together to:

- Agree a standard for publication of credible and transparent statistics on the tying status of aid, taking into account the data quality reviews and proposals of the Working Party on Statistics to improve the quality and consistency of reporting on the tying status of aid.

- Address more systematically the issue of aid untying during discussions or meetings with developing countries, including providers of south-south co-operation.