

DEVELOPMENT CO-OPERATION DIRECTORATE

TOWARDS MORE EFFECTIVE DEVELOPMENT CO-OPERATION: AFRICA, CHINA AND DAC MEMBERS SHARING LESSONS LEARNT**China-DAC Study Group**

The China-DAC Study Group was formed in 2009 to share knowledge and exchange experiences on promoting growth and reducing poverty in developing countries, including how international assistance can be effective in supporting this objective.

As part of its work programme for 2011-12 [see: DCD(2011)5], the Study Group held a Roundtable discussion in Beijing on 18 June 2013 on "Effective Development Co-operation: Drawing Lessons from Agricultural Development in Africa" [see: DCD/DIR(2013)4]. Around 80 high and senior-level officials, development practitioners, academics and researchers from Africa, China and members of the OECD Development Assistance Committee (DAC) contributed to this sharing of knowledge and experiences. Several multilateral agencies, that participate in the DAC's work as observers, also contributed. Discussions at the Roundtable drew on evidence obtained during joint study visits the Study Group organised to Tanzania [see: DCD(2012)3] and Zimbabwe [see: DCD(2013)1]. This note (which is only available to download in pdf format) presents the key messages and main conclusions from discussions at the Roundtable.

Further information on the China-DAC Study Group and its activities is available at: www.iprcc.org or www.oecd.org/dac/cdsg

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JT03346263

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DCD(2013)9

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THE CHINA-DAC STUDY GROUP

A Roundtable on “Effective Development Co-operation: Drawing Lessons from Agricultural Development in Africa” was organised by the China-DAC Study Group¹ on 18 June 2013 in Beijing, PR China. Around 80 high and senior-level officials, development practitioners, academics and researchers from Africa, China and members of the OECD Development Assistance Committee (DAC) contributed to this sharing of knowledge and experiences. Several multilateral agencies that participate in the DAC’s work as observers also contributed.²

Context

Improving the quality of international development co-operation is an objective for both China and the DAC. But how exactly are China and DAC members providing their international assistance? What can they do to improve the quality and make their international development co-operation more effective? What lessons can China and DAC members share with each other? To provide a basis for answering these questions, the China-DAC Study Group organised joint study visits to [Tanzania](#) and [Zimbabwe](#), countries with

very different sets of characteristics. Agricultural development provided the specific sectoral context for the studies conducted. The findings and observations from these visits were presented at the Roundtable and provided an important input for discussions. These findings showed that China and DAC members often have common goals and objectives but pursue these in different ways.

Harmonisation and co-ordination

Both China and DAC members give high priority to supporting African countries’ own development strategies. While China co-operates directly with the national government, DAC members co-ordinate their assistance in donor committees, which are often chaired by the national government. This may result in a division of labour, with different external partners channelling their support to specific sectors in the country’s development strategy. In situations of fragility where humanitarian needs are great, DAC members may work predominantly with non-governmental organisations (NGOs) instead of the national government. Whatever the situation, there is general agreement that the developing country should be in the driving seat, guiding both China’s and DAC members’ assistance. To this end, it is essential that developing countries have sufficient administrative capacity to co-ordinate and harmonise all in-coming assistance. This will ensure that external support is provided efficiently.

Sustainability

Both China and DAC members share the objective of ensuring that their assistance is sustainable. But they apply this concept in different ways. In supporting African agricultural development, for example, China, in drawing on its own development experience, manages its

¹ Further information on the China-DAC Study Group and its activities is available on the Internet at: www.iprcc.org or www.oecd.org/dac/cdsq

² The current members of the DAC are: Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, the European Union, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, the Slovak Republic, Spain, Sweden, Switzerland, the United Kingdom and the United States. All other OECD members participate in the DAC as observers, as do the World Bank, the IMF, the UNDP, the African Development Bank, the Asian Development Bank and the Inter-American Development Bank.

interventions with a focus on financial sustainability. DAC members interpret sustainability in a more comprehensive way that encompasses environmental, social and financial aspects. A common challenge, however, is how to ensure revenue generation and domestic support once external assistance phases out. Again, building human and institutional capacity and ensuring ownership at local and national levels are important for improving sustainability.

Conditionality and ownership

In general, both China and DAC members support country-led development processes. China provides its support to the national government almost without conditions (except that the country needs to respect the “One China” policy). DAC members typically link their assistance to certain criteria – e.g. effective governance, transparency, anti-corruption or country capacity. Depending on the extent to which these criteria are in place, DAC members use different co-operation instruments and decide if they channel their contributions through NGOs, provide capacity development, offer budget support or contribute to basket funding for specific sectors. This has an effect on who “owns” the development intervention. While in the case of China it is mainly the national government that leads the process, in the DAC context it might be the national or the local government or civil society groups. “Conditionality” is sometimes seen as an important difference between China and DAC members. This might be true in a situation of fragility where state representation is sometimes unclear or administrative capacities weak. The issue of “conditionality” is often cited by Chinese experts as a barrier to collaboration with DAC members. However, Tanzanian officials met during the joint study visit did not view the donor assistance their country had received as being conditioned and noted that “traditional donors” supported Tanzania even in periods where its economic and agricultural policies were contrary to DAC members’ recommendations or preferences. This supposed barrier to China’s participation in broader development partnerships should be re-examined.

Management capacity

Maintaining sufficient programme
management capacity and keeping

implementation cost-effective is a challenge for all providers of development co-operation. When compared to China, DAC members tend to have larger numbers of programme managers and so often have higher overhead costs. This allows for more specialisation and co-ordination as well as better programme and project management. With only a very limited number of development staff in the field to manage its portfolio of development projects, China’s co-operation is more cost-effective. At the same time, China faces constraints in quality assurance and co-ordination. China also does not provide general budget support, sector-wide approaches or basket funding, new aid modalities used by some DAC members with the comparative advantage that they strengthen local ownership and the alignment of foreign assistance with national policies.

It became obvious from the joint study visits to Tanzania and Zimbabwe that the question of how to maximise development impact using available resources requires a more comprehensive discussion about different “co-operation models” and modes of delivery, issues of sustainability, ownership and accountability, and the division of labour and co-ordination. The Roundtable in Beijing provided an opportunity to discuss these issues, share experiences and further deepen understanding between Africa, China and DAC members on making development co-operation more effective.

Key messages from the Roundtable

Developmental pragmatism

There remains a high degree of interest in discussing and further exploring the implications of China’s development path for other developing countries, especially its impact on boosting economic growth, reducing poverty and promoting global development more generally. Many participants at the Roundtable emphasised that China’s experience can serve as an important reference for policy making in other parts of the world, with pragmatism seen as a core element of China’s success. Since China also learned and adapted experiences from other countries when preparing its development programmes, developing countries are encouraged to do the same and to search for useful experiences in a range of countries, and not just from China or OECD members. External partners can support

developing countries in identifying, comparing and adjusting policy options that can serve as a basis for their own pragmatic approach to promoting growth and reducing poverty. The OECD, with its experience in analysing and comparing policy options from different countries, can play a useful advisory role in this process.

Strengthening country systems for effective co-ordination

There is no lack of strategies in Africa. The challenge is to implement these and follow-up on commitments. More effective co-ordination is needed to reduce transaction costs on host-country institutions. For this to happen, the host government needs to play a central role and have strong ownership of the development process. External support is more effective if developing countries have a legal and institutional framework in place that guides its multiple development partnerships. In addition, developing countries need to have sufficient administrative capacity to implement external contributions. But many developing countries do not yet have this capacity and so are not able to lead the development process as they would wish to do. While these capacity constraints may provide a justification for using a range of financing modalities, they also highlight the importance of external partners giving high priority to strengthening the host country's capacity to lead the development process. There was widespread agreement that China and DAC members can complement each other in supporting countries to strengthen administrative capacities from local to national level. In addition, China's own experience provides a useful reference on how different levels of government can link up effectively in disseminating and scaling up development results.

Working with NGOs

Given the administrative capacity constraints that currently exist in many developing countries, external partners' ambitions to contribute effectively to addressing humanitarian needs and promoting development can lead them to utilise non-state actors to deliver their development co-operation. In particular, NGOs can be important partners in strengthening local capacities, establishing social services, providing technical expertise and ensuring local ownership.

In certain areas and specific circumstances, they are often closer to community needs and therefore provide an alternative way of delivering development co-operation effectively. The on-going reform within China's foreign aid system, with a strong interest in also including NGOs to deliver development co-operation, provides an opportunity for experience-sharing. Several representatives from China mentioned that China should further discuss with DAC members and developing countries how best to include this set of actors to provide more effective development co-operation.

Going beyond ODA

Developing countries are looking for additional sources of finance, beyond official development assistance (ODA), to trigger economic growth and private investments. This is increasingly recognised by many DAC members, which are discussing alternative modes of co-operation. Public-Private Partnerships (PPPs) were mentioned at the Roundtable as one way to promote development objectives by leveraging the contribution of foreign private investment and expertise in developing countries. Pooling government and private sector resources in developing co-operation might also be a way to ensure a higher degree of sustainability. China's experience in combining government and private sector resources, especially in bringing in business entities when implementing development projects (e.g. agricultural demonstration centres and special economic zones in Africa), could serve as interesting examples for discussions with DAC members on how to leverage non-ODA sources to promote development co-operation.

Providing comprehensive approaches

There was general agreement among participants at the Roundtable that development in Africa can best be supported through a comprehensive package of activities. In the agricultural sector, China is promoting development through technology transfer, investment, trade and policy development. DAC members are also providing comprehensive and integrated support comprising trade support, irrigation, roads, food processing, nutrition interventions, capacity development and policy advice. Participants emphasised that special attention should be paid to supporting regional

strategies and the development of regional markets. China and DAC members could usefully work more closely together to strengthen African regional initiatives, in particular the Comprehensive Africa Agricultural Development Programme (CAADP).

Utilising comparative advantages

The active participation of all development partners in host country's development processes expands the options available to that country. It offers the host country a "menu" of development resources, creates competition for appropriate development ideas and makes it more likely that the host country can apply optimal solutions to its development challenges. The current 27 DAC members, plus the DAC observers, provide a diverse set of development expertise and modes of delivery for developing countries to choose from. China, through its own development experience, can offer valuable knowledge on agricultural and infrastructure development that is often different but complementary to the knowledge that DAC members can provide.

Balancing ODA, South-South and trilateral approaches

Participants at the Roundtable encouraged China and DAC members to explore possibilities to co-operate in a trilateral setting as it can combine the comparative advantages of different development providers. This approach is increasingly seen as a promising way to link activities of DAC members with those of emerging economies. However, African participants also made clear that this kind of co-operation should be initiated by the developing country because it may also result in higher transaction costs. While China continues to strengthen its co-operation with developing countries under the framework of South-South Co-operation, it has also started to explore triangular co-operation mechanisms with several DAC members and African countries.

Conclusions

Two clear conclusions emerged from discussions at the Roundtable:

- China and DAC members can usefully complement each other in supporting

developing countries to reduce poverty and promote sustained, inclusive growth. Both offer valuable development ideas and resources and so were encouraged to communicate and co-ordinate more so as to be more effective in providing comprehensive support for regional and country-led activities. Trilateral arrangements provide a good basis for moving forward as they bring together the comparative advantages of different external partners and provide a basis for pooling resources and identifying more effective ways of promoting development in the future.

- China and DAC members have many areas in which further exchange and experience sharing can improve development effectiveness. Working with the private sector or non-government organisations, sharing lessons learnt on project management including monitoring and evaluation, maximising the impact of development activities while minimising costs, ensuring sustainability and promoting local ownership – these are all issues that were mentioned for follow-up and further exchange.

For its part, the China-DAC Study Group has established itself as a platform for experience sharing and dialogue. Through activities such as joint study visits, thematic studies, seminars and Roundtable discussions, the Study Group will continue to deepen mutual understanding and build trust among its members and the broader development community.