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**EFFECTIVE DEVELOPMENT CO-OPERATION: AN IMPORTANT ENABLER IN A POST-2015
GLOBAL DEVELOPMENT FRAMEWORK**

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The document offers preliminary views on how effective development co-operation can be positioned as an important enabler to ensure that international goals agreed as part of the post-2015 global development framework are implemented.

Members may find this paper useful as they prepare for discussions on development and effective co-operation at the United Nations General Assembly, and also in advance of the next Steering Committee meeting of the Global Partnership for Effective Development Co-operation.

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EFFECTIVE DEVELOPMENT CO-OPERATION: AN IMPORTANT ENABLER IN A POST-2015 GLOBAL DEVELOPMENT FRAMEWORK

DRAFT

Executive Summary

- As discussions on the breadth and scope of future development goals get underway at the United Nations, one thing is clear: the international community will need to agree on a “package” of enablers or tools to ensure that the goals, once agreed, are implemented.
- Development co-operation is one such enabler. The quality – or effectiveness – of co-operation is as important as the volumes of resources provided. A strong post-2015 development framework should acknowledge this and help create incentives for more effective development partnerships, and in turn results.
- Goals and targets for effective partnerships can help bring about change and strengthen accountability. The OECD is leading international efforts to monitor the effectiveness of development co-operation. Lessons from this work should inform any partnership goals agreed as part of a 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 they matter 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.

1. 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.

2. 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.

3. 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 ECOSOC Development Cooperation Forum.

Why do effective partnerships matter for development?

4. Partnerships lie at the heart of MDG success stories. Efforts to bring together different actors, promote innovation and strengthen mutual accountability have proven to be effective in achieving results – such as getting children into school, caring for people affected by HIV/AIDS and malaria, and slowing the rate of deforestation. Successful partnership models need to be replicated and scaled up.

5. 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, it will be important to turn to the means 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).

6. 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. 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 important attempt to match the other goals – which focus on outcomes – with a recipe for implementation. The MDG 8 targets and indicators point to selected 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 that determine its effectiveness and in turn its impact. 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?

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).

7. 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, including 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 marked this evolution (Box 1).

8. Despite slow progress in its implementation, a major independent evaluation of the Paris Declaration on Aid Effectiveness concluded that it had made some contribution to better development results, and that it has played an important role in strengthening good practices and legitimising higher expectations in relation to 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.

9. In November 2011, the international community convened at the Fourth High Level Forum on Aid Effectiveness in Busan, Republic of Korea. It 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, 2012). 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.

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

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?

10. In its report, the UN Secretary-General's High Level Panel on the post-2015 development agenda points to the need 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". It points to efforts on corruption, illicit financial flows, money-laundering, tax evasion, climate change, trade and other policies having an impact on development, and calls for fresh, transparent and accountable ways of working (United Nations, 2013).

Greater emphasis on national-level goals, backed by effective and inclusive international partnerships

11. Developing countries' own goals and plans form the backbone of effective development co-operation. 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).

12. 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).

13. New alliances such as the Global Partnership for Effective Development Co-operation may offer the answer (Box 3). It is sufficiently loose, flexible and open 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. The Global Partnership for Effective Development Co-operation

At the Busan High Level Forum on Aid Effectiveness (Korea, 2011), 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;
- Facilitate knowledge exchange and sharing of lessons learned; and
- 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 the Partnership’s inception, and to 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.

Inclusive, multi-stakeholder approaches that recognise the diversity of development partners

14. 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 involve actively both national governments and a broad range of other actors: civil society, the private sector, parliamentarians, local government and philanthropists – to name a few. 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.

15. Governments need to sustain efforts to meet their respective commitments to development – including the United Nations target for providing 0.7% of 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.

16. Rather than setting *universal* targets on volumes of development finance, modalities, or co-operation practices, a post-2015 framework for development co-operation will need to recognise the differentiated roles of various co-operation actors. For example, the responsibilities of philanthropists or private business would be quite different to the sorts of commitments that sovereign states might make – recognising their different characters, purposes, strengths and abilities to support development.

17. Even across the wide group of states, development co-operation efforts will need to be differentiated to reflect differences in income, geography, and ability to support international development efforts. 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.

A greater focus on the quality of all forms of development co-operation

18. A post-2015 framework will need to consider the scale of development co-operation efforts – financial and otherwise – as well as its quality. 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.

19. 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. 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.

What role can the OECD play?

20. 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.

Evidence on effective development co-operation: central to learning and accountability

21. 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 its implications for the tracking of development co-operation through the DAC statistical system.

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 have 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 monitoring framework agreed in Busan (below) (OECD and UNDP, 2013).

Supporting effective, inclusive platforms for international collaboration

22. The OECD supports and participates in a range of partnerships and initiatives that can be drawn on to help shape a post-2015 development framework, and contribute to its implementation. For example:

- The OECD recognises the Global Partnership for Effective Development Co-operation 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).
- Working with others to make development co-operation more transparent by developing a common standard for information, which leverages the DAC's track record on aid statistics.
- Helping to bring about a “data revolution” through the Partnership in Statistics for Development in the 21st Century (PARIS21).

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

23. The OECD's Strategy on Development aims to strengthen the contribution of the OECD to development through evidence-based policies and mutual learning. As a development co-operation actor and centre of policy experience, the OECD could contribute a range of other “tools” or “enablers” to help implement future development goals in partnership with others. 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.
- Efforts to promote 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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