Busan and beyond

With the Fourth High Level Forum on Aid Effectiveness (HLF-4, 29 November-1 December 2011, Busan, Korea) just behind us, commentaries and opinions abound as to its significance for the future of development. There is, however, agreement on one point: this summit has resulted in the most inclusive agreement on global co-operation for development to date. At the same time, it highlighted the challenges of aligning diverse approaches, resources and experience, all of which must work together for effective development. The subjects debated at Busan ranged from the future "architecture" for development co-operation to existing – and as yet largely unmet – commitments to improve aid effectiveness. Participants also focused on the special challenges presented by fragile and conflict-affected situations, climate change finance, gender inequalities and many other fundamental development issues.

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The Busan High Level Forum: Five reasons why it was a success

The Fourth High Level Forum on Aid Effectiveness (HLF-4, in Busan, Korea, on 29 November-1 December 2011) marked a turning point in international discussions on aid and development. It was clear that this was a summit – contrary to its title – about development, not just aid. As such, the HLF-4 delivered a number of important outcomes. And while all of these contributed to making Busan a success, it is possible to single out some particularly clear measures of achievement:

1. Developing countries were at the centre of the deliberations in Busan, as they were in the process leading up to the forum. They drove the negotiations on the outcome document: the Busan Partnership for Effective Development Co-operation. And they fuelled – and led – the discussions on the unmet commitments from the Paris Declaration on Aid Effectiveness: 78 countries participated in the 2011 survey to monitor the implementation of the Paris Declaration (see the article entitled "Progress in the implementation of the Paris Declaration").

2. The discussions at Busan were clearly evidence-based, and the evidence – in particular the independent evaluation of the Paris Declaration – confirmed that the Paris Declaration aid effectiveness principles continue to be valid and relevant –
not only for aid, but for broader development efforts.

3. The HLF-4 was not a summit for development ministers, experts or technicians alone. It was a whole-of-government forum, with Heads of State and world leaders engaging in discussions on the future of development and committing high-level support for a global and forward-looking agenda.

4. The Busan Partnership for Effective Development Co-operation is the most inclusive agreement on global co-operation for development: donors, South-South co-operation partners, developing countries, civil society organisations (CSOs), private sector representatives and others participated in its formulation and lent their support to the final product. The agreement goes beyond the traditional “donor-recipient” dichotomy, with major South-South partners such as Brazil, China and India promoting the document as a reference for their co-operation too. This agreement was underpinned by an inclusive and transparent negotiation process, under the auspices of the DAC-hosted Working Party on Aid Effectiveness.

5. A series of building blocks — on results, transparency, fragmentation, fragile states, climate change, South-South co-operation, effective institutions and the private sector — laid the groundwork to enable countries, firms and CSOs to begin to implement the Busan commitments immediately. This helped to demonstrate that — while reaching consensus on a global agenda for development entails the willingness to compromise on many sides — flexibility is not the enemy of, but rather the key to successful innovation.

All of this has culminated in a commitment to work together in a new global partnership for effective development co-operation, supported by the OECD and United Nations Development Programme.

Numerous DAC workstreams were actively involved in the launching of a number of international agreements on core development challenges at Busan, including:

- the New Deal for International Engagement in Fragile States
- the Busan Joint Action Plan on Gender Equality and Development
- the Busan Action Plan for Statistics
- a New Consensus on Effective Institutions and Policies
- A joint statement on public private co-operation for broad-based, inclusive and sustainable growth

The HLF-4 also hosted several consultations on the new OECD Development Strategy involving developing countries, CSOs and many others.

The Development Co-operation Directorate (DCD) was fully engaged in the preparations for the HLF-4, providing substantive input to the thematic sessions and building blocks. In addition, DCD colleagues were instrumental in organising the following side events: Joint OECD-WTO Dialogue on Aid for Trade: Showing Results (see DACnews, September 2011), Making Reform Happen in Partner Countries (showcasing the reform experiences of Korea together with Colombia, Morocco, Uganda and Vietnam), Lessons Learned from Public Private Partnerships in the Health and Infrastructure Sectors, The New Aid Architecture: Trends and Opportunities, Greening Growth for More Effective Development, Domestic Resource Mobilisation, Taxation and Development: Implications for the Aid Effectiveness Agenda, Economic Transformation and Poverty Reduction: How It Happened in China, Helping It Happen in Africa.

» Watch the HLF-4 curtain raiser video here

**New! Data on aid for climate change**

Since 1998, the DAC has monitored aid for climate change mitigation. In December 2009, DAC members approved a new marker to track aid in support of climate change adaptation. The OECD Secretary-General released the new figures on climate change aid...
The data show that these flows reached USD 22.9 billion in 2010, representing 15% of total official development assistance. One-third of the estimated climate-change-related aid in 2010 went to support adaptation (USD 9.3 billion) while two-thirds was for mitigation (USD 17.6 billion, up 69% from 2009). Of the total USD 22.9 billion, an estimated USD 4 billion supported both mitigation and adaptation objectives.

**AID TO CLIMATE CHANGE ADAPTATION AND MITIGATION, 2010**

![Bar chart showing aid distribution](chart1.png)

**RECENT TRENDS IN AID RELATED TO MITIGATION, 2006-10**

![Line chart showing mitigation trends](chart2.png)

Source: OECD Development Assistance Committee – CRS, Rio Markers series

» Download the underlying data in Excel

**Busan: A sherpa’s view**

DACnews asked Lidia Fromm – Director General for External Co-operation, Ministry of Planning and External Co-operation, Honduras – to give her view of the significance of the HLF-4. Ms Fromm was one of the 18 sherpas who led the negotiations on the Busan
Aid effectiveness is important for Latin America and for the Caribbean region because in a challenging international context of oil and food crises, economic downturns and growing citizen dissatisfaction with weak development advances, we must make the most out of our declining aid flows. This is why, in the region, we work hard at improving accountability to our citizens and people, as well as to our providers of aid and taxpayers. We are also exploring innovative ways of interacting with the new actors: civil society organisations, academia, the private sector and South-South partners.

For Honduras, the Busan outcome document represents a breakthrough and a real turning point in terms of ensuring higher aid quality, poverty reduction and development effectiveness. Our citizens and people cannot – and should not – wait any longer. We must close inequity gaps quickly and efficiently.

This document was not easy to negotiate. Nonetheless, the sherpa drafters were interested and committed to coming up with a solid and comprehensive roadmap that defines a new global partnership with many different actors, all with relevant roles to catalyse development in each of our countries.

The document, like any other, can be perfected. But the perfect should never be the enemy of the good. We aspire to accomplishing higher stakes as we strive for immediate actions towards human development. Honduras has the political will as well as the technical competency for this.

Debating the future of development co-operation

A special anniversary edition of the Development Co-operation Report was launched on 4 October 2011 with the participation of OECD Secretary-General Angel Gurría, DAC Chair J. Brian Atwood, former DAC Chair Richard Manning (2003-08), former Director General of the French Development Agency Jean-Michel Severino and Mary-Anne Addo, Director, Ghana Ministry of Finance and Economic Planning.

OECD Secretary-General Angel Gurría opened the launch by congratulating the DAC on 50 years at the service of development co-operation, following which DAC Chair J. Brian Atwood introduced and moderated a lively panel discussion on “The Future of Development Co-operation”. For a summary of the discussions, click here.

This special edition of the Development Co-operation Report, prefaced by United States Secretary of State Hillary Rodham Clinton, features contributions from development leaders and long-standing partners of the DAC: James Wolfensohn, former World Bank President; United Nations Development Programme Administrator Helen Clark; African Development Bank President Donald Kaberuka; Michelle Bachelet, Executive Director of UN Women; Hernando de Soto, President of the Institute for Liberty and Democracy; Sadako Ogata, President of the Japan International Co-operation Agency; R.K. Pachauri, Chair of the International Panel on Climate Change; former DAC Chair Richard Manning; and former Director General of the French Development Agency Jean-Michel Severino share their views on some of today’s most pressing development issues.

The special 50th anniversary statistical annex takes a look at trends in development flows over the past 50 years, highlighting, among others things, official development assistance (ODA) compared to other flows; ODA as a percent of gross national income (GNI) per capita; distribution of ODA by donor, region, type of country and sector; and aid quality indicators.
In 2005, countries around the world agreed to meet the set of commitments set out in the Paris Declaration on Aid Effectiveness by 2010. A voluntary monitoring process for measuring progress and enabling recommendations for improvement was set up, the results of which are presented in the OECD report Aid Effectiveness 2011: Progress Report on Implementing the Paris Declaration. The report was launched on 22 September 2011 at the Brookings Institution with a panel discussion including DAC Chair J. Brian Atwood, Talaat Abdel-Malek, Co-Chair of the Working Party on Aid Effectiveness, Paul O’Brien, Vice President for Policy and Campaigns at Oxfam, Emilia Pires, Minister of Finance for the Democratic Republic of Timor-Leste, and K.Y. Amoako, founder and President of the African Center for Economic Transformation and former Executive Secretary of the Economic Commission for Africa. Homi Kharas, Deputy Director of Global Economy and Development at Brookings, provided introductory remarks and moderated the discussion. In his words, the report represents “a treasure trove of material on how to improve aid (that) sheds light on some quite tough issues”. Together with the independent evaluation of the implementation of the Paris Declaration, this report provided valuable input to the negotiations and discussions leading up to and during the Busan HLF-4.

To listen to the debate or read the transcript, click here.

Can’t we do better in fragile states?

Participants in the Busan HLF-4 had the special needs of fragile states very much in mind as they deliberated on more effective modes of development. The HLF-4 came four years after ministers of the OECD Development Assistance Committee endorsed the Principles for Good International Engagement in Fragile States and Situations (FSPs).

The 2011 monitoring report International Engagement in Fragile States: Can’t We Do Better? is the result of a stock-taking exercise on the application of these principles, embarked upon by 13 countries: Burundi, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Guinea-Bissau, Haiti, Liberia, Sierra Leone, Somalia, South Sudan, Timor-Leste and Togo. The survey, which looked at the combined application of the FSPs and Paris Declaration in the 13 countries, examines the quality and impact of international engagement across the areas of diplomacy, development and security.

According to the 2011 survey, things not improved significantly in the participating countries and there is still a huge gap between development policy and practice. The findings challenge development partners to complement their focus on results, effectiveness and value for money with the field-level organisational and paradigm changes needed to produce better outcomes. It urges providers of development assistance to work harder to make their engagement more effective.

Read more.

Working for responsible minerals

Just as minerals can bring jobs, growth and domestic revenues to developing countries, in conflict-affected countries they can also benefit armed groups and fuel conflict (see DACnews December 2010). For several years now, the OECD has been active in de-linking minerals and conflict (see The Wall Street Journal from 25 November 2011).

To begin with, the OECD has brought together companies that extract or source minerals from conflict-affected countries, host and donor governments, and civil society...
organisations (CSOs) to develop the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

The guidance was endorsed by all 34 of the OECD member governments and eight non-members (Argentina, Brazil, Egypt, Latvia, Lithuania, Morocco, Peru and Romania), as well as by the United Nations Security Council (Resolution 1952, 2010) and the Heads of State of the 11 countries making up the International Conference of the Great Lakes Region (ICGLR). As follow up, the OECD has set up Working Groups on implementation of the guidance: one on tin, tantalum and tungsten, and another on gold.

Nonetheless, ongoing certification and traceability efforts will not solve the issue if rogue or illegal armed groups still loom around the mine sites and along transportation routes. This is why future efforts will include the facilitation of joint donor analysis across the African Great Lakes sub-region of the top priorities to complement these efforts – e.g. security sector reform, customs and border management and sustainable livelihoods – and to catalyse concerted action both within and beyond the mining sector. This is a joint OECD-ICGLR-World Bank effort that will build on existing mechanisms, such as the Groupe Thématique Mines in the Democratic Republic of the Congo, and the Donor Co-ordination Platform being set up by the ICGLR. Policy coherence – as recognised in paragraph 9 of the Busan outcome document (see the article entitled “The Busan High Level Forum: Five reasons why it was a success”) – and co-ordination across donors are essential for current efforts to turn the so-called “natural resource curse” into a blessing.

**Feature Article**

**Fragile states: Problem or promise?**

Laurence Chandy shares with DACnews his insights on one of the most pressing issues on the table in Busan at the Fourth High Level Forum on Aid Effectiveness: the special needs – and potential – of fragile and conflict-ridden states. Mr Chandy is a Fellow in the Development Assistance and Governance Initiative at the Brookings Institution. His research focuses on aid effectiveness, fragile states and global poverty.

Of the many aid effectiveness issues taken up in Busan, the fragile states agenda came away with one of the most promising outcomes and the potential to engender far-reaching change. The New Deal, agreed by a group of fragile states and their key donor partners, sets out a strategy for supporting development that is country-owned, context-specific, focused, practical and urgent.

The success of this New Deal should be judged not just by how closely its details are followed and its commitments are implemented – though these are obviously important – but by whether it can usher in a more fundamental change in the way fragility is perceived by the international development community. An updated narrative can be built around three simple arguments.

First, fragile states matter for development. In the space of a few years, fragile states have moved from the periphery of the international development agenda to a focus of global aid efforts. To understand why, consider the following three facts: the share of the world’s poor living in fragile states has doubled from 20% to 40% since 2005; no fragile country has yet achieved a single Millennium Development Goal (MDG); and two-thirds of the world’s remaining low-income countries are fragile. Helping fragile states has thus become inseparable from commitments to fighting poverty, achieving the MDGs and assisting low-income countries. The combination of these facts and the persistence of their underlying trends will come to have a significant effect on how donors allocate resources. Aid agencies are being forced to recognise the growing tension and competition between the allocation criteria of critical development needs, on the one hand, and on the other, good governance; only a few years ago, these were seen to regularly coincide.
Second, aid to fragile states can achieve results. Donors’ historical preference against aiding fragile states was informed by research indicating that the impact of aid on growth and poverty is diminished in countries with poor policies and institutions. While this research has been enormously influential in shaping donor views, serious doubts have been cast on the reliability of its findings, and there are plenty of reports of aid interventions being successful in even the most complex and unstable environments. For instance, the World Bank’s annual evaluation report for this year noted that its projects in fragile states now have a 70% satisfactory rating, which is not significantly lower than ratings in other countries. Similarly, a recent report on the experience of the Global Fund to Fight AIDS, Tuberculosis and Malaria found that their active grants in fragile states achieved, on average, 83% of their targets and performed well across all measures. Other studies have drawn attention to successful donor interventions in fragile states across a range of different sectors and settings. The World Bank’s 2001 Task Force on Low-Income Countries under Stress – a predecessor to the fragile states epithet – made sweeping conclusions: that aid “does not work well”, that it “may even be counterproductive” and that “donors are impotent against poverty” in these environments. Yet these conclusions can no longer be defended, given the mounting evidence to the contrary.

Third, effective aid in fragile states depends on donors delivering aid differently. The strong results cited above did not come about by following a business-as-usual approach. Rather, they were achieved by experimenting with new ways of working that better conform to fragile states’ characteristics and needs. Some common lessons can be discerned from this experience, many of which are echoed in the New Deal. Donors should narrow their resources on a few specific sectors that correspond to core functions of the state, to help foster its legitimacy based on demonstrable performance and to strengthen citizen-state and citizen-citizen trust. The scope of donor activities within these areas must be sufficiently large to bring about transformative change at the country level. To achieve this degree of scope and scale, donors should place a greater onus on donor co-ordination, risk management and institutional development. Finally, donors must design their engagement and interventions in fragile states around longer timeframes and use their aid programmes to counter the instability inherent in these environments. These lessons can help donors to satisfy the Paris principles, which remain a touchstone for effective donor-recipient relations in any setting.

The past decade has been a period of rapid learning about fragile states both inside the development community and beyond. Now that Busan is over, the challenge is to use this stock of knowledge to establish a consensus on why fragile states matter and what the international community can do to help.

A more in-depth examination of these issues can be found in Mr Chandy’s essays, “Ten Years of Fragile States: What Have We Learned?” and “Aiding Stability: Improving Foreign Assistance in Fragile States.”

Also in this issue...

**News in brief**

**Showing results in aid for trade:** On 20 October 2011, Jon Lomøy, Director of the OECD Development Co-operation Directorate, and Raed Safadi, Deputy-Director of the OECD Trade and Agriculture Directorate, presented to OECD Council the joint OECD/WTO monitoring report entitled *Aid for Trade at a Glance 2011: Showing Results*. Launched on 18-19 July 2011 in the context of the Third Global Aid for Trade Review (see [DACnews September 2011](http://www.oecd.org/dataoecd/54/5/49263189.htm)), this bi-annual report provides a comprehensive analysis of trends and developments in aid. It aims to help developing countries integrate into the global economy and benefit from trade opportunities.

**Launch of civil society development framework:** On 6 October 2011, the
International Framework for Civil Society Development Effectiveness was launched. The framework is based on inputs from thousands of civil society organisations (CSOs) and multi-stakeholder dialogue with governments and donors. In attendance at the launch were senior representatives of the OECD, the governments of South Korea and Mali, and—by video—Nobel Peace Prize Laureate Aung San Suu Kyi. In his opening address, DAC Chair J. Brian Atwood said, "Government cannot be effective without civil society, and civil society cannot be effective without effective government. We have to make sure that synergy between governments and CSOs is established in the mind of those who care deeply about development". [Read more.]

**Climate change finance and development effectiveness in Africa:** By 2020, developing countries will receive USD 100 billion every year to combat climate change—nearly as much as they receive in official development assistance. Discussions in Nairobi during the African Climate Change Finance and Development Effectiveness Dialogue (21-23 September 2011) centred on how this money can be governed effectively to maximise its positive impact towards low-carbon and climate-resilient development in Africa. [Read more.]

**Recent blogs and contributions**

_J. Brian Atwood, the Chair of the OECD Development Assistance Committee (DAC) and the OECD Development Co-operation Directorate (DCD) regularly share their thoughts and insights on development co-operation through articles, blog posts, interviews and their participation in conferences. A selection of recent contributions follows:*

- **“Brian Atwood: Busan will test donors’ political will”**, Development Today, by DAC Chair _J. Brian Atwood_. 14 December 2011.

- **“Brian Atwood Reflects on Busan Progress”**, Center for Global Development, by DAC Chair _J. Brian Atwood_. 8 December 2011.

- **“Busan Beckons with New Promise”**, IPS, Sanjay Suri interviews DAC Chair _J. Brian Atwood_. 22 November 2011.


- **“The Source of Innovation”**, Devex, by DAC Chair _J. Brian Atwood_. 21 November 2011.


- **“USAID is foreign policy's best dollar value”**, _Politico_, by DAC Chair _J. Brian Atwood_, Henrietta Holsman Fore, M. Peter McPherson and Andrew Natsios. 2 November 2011.

- **“One month to Busan”**, event hosted by the Overseas Development Institute, with participation of Brenda Killen, Head of the OECD Aid Quality and Architecture Division. 31 October 2011.


"Aid Effectiveness 2005-2010: Progress in Implementing the Paris Declaration", publication launch hosted by the Brookings Institution (see the article "Progress in the implementation of the Paris Declaration"). 23 September 2011.

"Setting the bar high for the G20 development agenda", OECD Insights blog, by DAC Chair J. Brian Atwood. 21 September 2011.

"Busan High-level Forum on Aid Effectiveness: An opportunity not to be missed", OECD Insights blog, by DAC Chair J. Brian Atwood. 17 September 2011.


"Aid for trade: $100 billion well spent", OECD Insights blog, by Frans Lammersen, DCD Senior Policy Analyst. 8 September 2011. An article on the same subject was written by DCD Deputy Director Stephen Groff for The Huffington Post (here).

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**Peer reviews**

**Greece**: The Peer Review recommendations will help Greece build a sound and modern development co-operation system while also improving the quality and impact of its scaled-back aid programme under the current national context.

**The Netherlands**: The Netherlands continues to achieve its target of allocating 0.7% of its national income as official development assistance and should sustain this. While retaining its emphasis on the Millennium Development Goals, the Netherlands is now revising its approach to development co-operation.

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**Publications**

**Development Co-operation Report 2011: Special 50th Anniversary Edition**: This special edition commemorates the 50th anniversary of the Development Assistance Committee (DAC). With a Foreword by OECD Secretary General Angel Gurría, Preface by United States Secretary of State Hillary Rodham Clinton and Introduction by OECD DAC Chair J. Brian Atwood, it features contributions from noted actors in development who have helped in their various capacities to shape thinking on the important issues and needs that face us today. (See the article entitled “Debating the future of development co-operation”.)

**Aid Effectiveness 2005-2010: Progress in Implementing the Paris Declaration**: 78 countries and territories participated in the third and final monitoring survey to assess progress towards the Paris Declaration targets for more effective aid. The results are sobering, with only one target met. (See the article entitled “Progress in the implementation of the Paris Declaration”.)

**International Engagement in Fragile States: Can’t We Do Better?** Fragile states require different donor responses. This annual monitoring survey looks at how international engagement in 13 fragile and post-conflict states and territories has fared based on the ten Fragile States Principles. (See the article entitled “Can’t we do better in fragile states?”)

**Other releases**

**Assessing Progress in Gender Equality**: A specific module of the 2011 Monitoring Survey of the Paris Declaration on Aid Effectiveness (see the article entitled “Progress in the implementation of the Paris Declaration”) to give a gender equality dimension to
progress monitored.

**From More Effective Aid to More Effective Institutions**: This analysis of evaluations in the areas of governance and aid effectiveness brings together perspectives from policy groups working on country systems, governance and capacity development.

**How DAC Members Work with Civil Society Organisations**: Although donors have made progress in developing policies and strategies for working with CSOs, challenges remain. This report points to areas where donors, developing country governments and CSOs from developing and developed countries can improve the way they work together.

**Stories of Empowerment (online only)**: Poverty is as much about lack of power as it is about lack of money. To mark the International Day for the Eradication of Poverty, POVNET compiled real-life stories told by people living in poverty about how they have empowered themselves and improved their livelihoods. These stories provide practical advice for donors on supporting empowerment through their aid programmes.

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| OECD DAC countries' ODA in 2010 | USD 128.5 billion up 6.3% in real terms and 0.32% of DAC members’ combined GNI |


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