

Unclassified

DCD/DAC(2014)10

Organisation de Coopération et de Développement Économiques  
Organisation for Economic Co-operation and Development

19-Feb-2014

English - Or. English

DEVELOPMENT CO-OPERATION DIRECTORATE  
DEVELOPMENT ASSISTANCE COMMITTEE

**PREPARATIONS FOR THE FIRST HIGH-LEVEL MEETING OF THE GLOBAL PARTNERSHIP  
FOR EFFECTIVE DEVELOPMENT CO-OPERATION**

**DAC Senior Level Meeting,  
3 – 4 March 2014,  
OECD Conference Centre, Paris**

*This document will be discussed at the March 2014 DAC Senior Level Meeting.*

Contact:  
Brenda Killen - Tel +33 (1) 45 24 83 72 - E-mail: [brenda.killen@oecd.org](mailto:brenda.killen@oecd.org)

**JT03352755**

Complete document available on OLIS in its original format  
*This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.*

DCD/DAC(2014)10  
Unclassified

English - Or. English

## Introduction

1. The Global Partnership will hold its first High-Level Meeting in Mexico City from 15-16 April 2014. This event, bringing together the full membership of the Global Partnership, is a timely opportunity for the international community to examine how effective development co-operation can be advanced in the context of the post-2015 development agenda.

2. The High-Level Meeting will take stock of how the international community has delivered on Busan commitments, based on evidence emerging from the most recent monitoring exercise, and consider new directions for facilitating more inclusive development co-operation. The meeting will focus on four substantive themes:

- Tax and domestic resource mobilisation
- The role of middle-income countries in development co-operation
- South-South co-operation, knowledge sharing and triangular co-operation
- The role of business in development co-operation

3. A Communiqué summarising key political messages regarding effective development co-operation and meeting outcomes is being co-ordinated by the Government of Mexico. The Communiqué will also highlight agreed future actions to advance implementation of the Busan principles, particularly for the substantive themes to be discussed in Mexico.

### What is the Global Partnership?

The Global Partnership for Effective Development Co-operation supports nations, business, and organisations to work better together to end poverty. It was established in Busan in 2011 to sustain political dialogue on issues relating to the quality and effectiveness of development co-operation. It is a forum for advice, shared accountability and peer learning and experience-sharing in order to support the implementation of principles that form the foundation of effective development co-operation. The Global Partnership helps drive progress and can play a strong supportive role for implementing the global development agenda that will follow the Millennium Development Goal target year of 2015.

The Global Partnership is chaired by three ministers: Ms. Armida Alisjahbana (Indonesia), Ms. Ngozi Okonjo-Iweala (Nigeria) and Ms. Justine Greening, (United Kingdom). Its Steering Committee of 18 members includes states, civil society, the private sector and parliamentary organisations, reflecting the broad diversity of development co-operation actors and the inclusive scope of the Busan "Partnership Agreement". Three DAC members (the European Union, Korea and the United States) as well as the DAC Chair are part of this Steering Committee.

Following the commitments made in Busan, the Global Partnership has set up an international monitoring process, structured around 10 agreed indicators. Approximately 45 developing countries from all regions are participating in the monitoring process. The first report will be released on 19 March at the United Nations Development Co-operation Forum (UNDCF) Symposium in Germany.

## The Global Partnership: a new way of working

*“A renewed global partnership will require a new spirit from national leaders, but also – no less important – it will require many others to adopt new mind-sets and change their behaviour”*

*“Each priority area identified in the post-2015 agenda should be supported by dynamic partnerships”.*

Extracts from *A New Global Partnership*, the report of the UN Secretary General’s High-Level Panel of Eminent Persons on the Post-2015 Development Agenda.

4. There is general consensus that implementation of the post-2015 MDG framework will require spaces in which the main actors of international development co-operation can debate, share experiences and be fully accountable for their commitments. The Global Partnership – a novel international forum where a wide variety of stakeholders already join efforts to ensure that aid contributes, in synergy with other sources of development finance, to reduce poverty - stands ready to become one important element of “the how” for implementing the post-2015 development framework.

5. The Global Partnership has developed a flexible, functional operating model that promotes exchange, learning and accountability across its members through the efforts of a small cross-agency (UNDP/OECD) secretariat. Members are expected to participate actively -- directly or through groups, networks or regional arrangements -- identifying obstacles and providing ideas and factual information on approaches and actions for making development co-operation more effective. Challenges have arisen in the early stages of implementing the Global Partnership’s operating model, and the Steering Committee has identified options for adjusting and adapting working arrangements to enhance participation, ownership and dialogue.

6. The meeting in Mexico will be crucial for the future of the Global Partnership. It can enhance the political profile of international discussions on development effectiveness, promote participation by a range of actors and stakeholders, and identify concrete forward initiatives - particularly in areas that have been identified as priorities by the Chairs and the Steering Committee. It will identify actions to accelerate the Busan commitments. And it will generate crucial momentum for ensuring that the Global Partnership features in future intergovernmental discussions on the post-2015 agenda which will be launched in September 2014 at the UN General Assembly.

7. The DAC has a lot at stake in ensuring that the Global Partnership delivers on its potential – this should be one of the DAC’s major political and policy-making priorities.

### Question for discussion

What could the DAC – both as a political body and through its individual members -- do to ensure the success of the High-Level Meeting in Mexico, particularly to attract high-level attendance and bring concrete proposals to the table?

## Leading by example

8. The DAC played a crucial role in supporting work that led to the creation of the Global Partnership. The role it needs to play now -- sustaining political momentum for the Global Partnership and leveraging the inclusive space for political dialogue it provides to shape the international agenda on effective development co-operation – is crucial. Reaffirming political leadership in delivering on the promises made in Busan will be important, enabling the DAC to “lead by example” and continue its legacy as a committed partner and leader in effective development co-operation practices.

9. Developing countries, particularly aid-dependant and fragile states, have confirmed the pertinence of Busan commitments and stressed the importance of sustained efforts to achieve them. DAC members need to continue to make progress in delivering on their promises – particularly where their actions can have a clear and significant impact, including:

10. **Use of country systems** The Busan Partnership agreement commits countries and organisations to “use country systems as the default approach for development co-operation in support of activities managed by the public sector”. Most DAC donors have adopted policies on the use of country systems in the wake of the Paris Declaration commitments in 2005. A number of donors have reviewed or initiated new policy guidance to specifically address the strengthened language in the Busan agreement. Illustrative examples include: USAID, which issued new policy guidelines (Local Systems: a Framework for Supporting Sustained Development, 2013), and others such as Finland including the use of country systems in guidelines for bilateral co-operation (2012), whilst still others (Switzerland) have developed new joint guidance on using public financial management systems for projects (2013).

11. Evidence suggests that more still needs to be done in the field, however, in order to ensure a significant increase in the use of country systems. PEFA assessments in 2012 and 2013 found that only 5 out of 14 countries showed an increase in the use of country systems. Further, as reflected in previous Paris Declaration Monitoring Reports (2008 and 2011), questions remain as to the correlation between the quality of public financial management and country system use by the development assistance community. Case studies suggest that other reasons -- beyond quality -- determine the degree of use (Collaborative Africa Budget Reform Initiative, forthcoming).

12. DAC donors continue to highlight challenges in the use of country systems, including the need for increased resources and different staff skillsets for assessing in-country institutional, legislative and regulatory frameworks alongside the performance of local systems. In addition, whilst it has been recognised that the mix of aid modalities and instruments remains important in taking a pragmatic approach to country systems, many donors continue to develop and implement frameworks that are only linked to one modality (budget support).

13. **Predictability** A prerequisite for improving medium-term predictability is the availability of forward spending information from the provider’s side. However, procedural and legal constraints continue to hamper the provision of indicative forward spending information. Many co-operation providers lack the internal multi-year programming tools needed to fulfil this commitment or have frameworks built around annual budget processes which prevent the disclosure of estimates of future spending to developing countries.

14. Another factor impeding progress is the intensity of communication between providers and government. While some providers regularly provide partner countries with indicative information on future spending, others only provide information upon the request of partner country governments. Generally, providers’ priority countries receive not only more financial resources, but the exchange of information is also more extensive and systematic. This is attributed to the increased level of co-operation

and the fact that development providers' activities are generally supported by country offices and country strategy papers.

15. Although progress may be slow, providers are making an effort to improve medium-term predictability. Since its inception in 2008, the number of countries and agencies participating in the annual DAC Survey on Forward Spending Plans has significantly increased, while continuously improving the quality and coverage of their reporting. Since 2012, most providers also allow publication of their indicative spending plans.

16. **Transparency** As of February 2014, all DAC members except one, together with 11 multilateral organisations and two foundations have published their *common standard* implementation schedules. The first analyses of the status of implementation of the common standard show that, although a number of Busan endorsers have achieved some progress in providing information on their development co-operation in line with Busan commitments, major efforts are still needed to reach the objectives defined in Busan. Development co-operation providers need to continue improving the quality, timeliness and level of detail of the information they report to the *common standard*, to redouble their efforts in making public forward-looking budgets for their entire portfolio, and to facilitate the actual use of the data by developing countries and non-state stakeholders.

17. **Aid untying** In the 2011 Busan Partnership agreement DAC Members committed to “accelerate efforts to untie aid” and to “improve the quality, consistency and transparency of reporting on the tying status of aid”. All in all, donors have been delivering on their commitments in Accra and Busan to untie more ODA. The share of ODA that is untied stood at 79% in 2012, the highest level recorded, and this despite pressures on aid budgets more generally. There are, of course, some important differences between donors in their ability to meet Accra and Busan untying commitments. There has been clear improvement in the volume and share of ODA for which tying status is reported. In 2012, tying status was not reported for only 3.5% of ODA. However, in order to more fully meet Busan reporting and transparency requirements, donors still need to resolve some long-standing issues concerning where and how to report consistently on the tying status of certain activities.

#### **What commitments have donors made on Fragile States?**

At the Fourth High-Level Forum on Aid Effectiveness in Busan, the members of the International Dialogue on Peacebuilding and Statebuilding endorsed the “New Deal”. The agreement proposes key Peacebuilding and Statebuilding Goals (PSGs) to guide work in fragile and conflict-affected states, focuses on new ways of engaging, and identifies commitments to build mutual trust and achieve better results in fragile states.

The PSGs are seen as an important foundation to enable progress towards the MDGs. The OECD's 2014 Fragile States Report revealed that of the seven countries that are unlikely to meet a single MDG, six are fragile; and that – by 2018 – fully 50% of the world's poor will live in fragile states. Meanwhile, aid to fragile states declined by 2.4% in 2011 and by a further 0.3% in 2012 – especially in least-developed fragile states.

Several sources have called the report a “wake up call for the donor community” to pay more attention to the development needs of fragile states. The report emphasises the need for the international community to recognise the importance of domestic revenue mobilisation in fragile states as one of the most sustainable sources of development funding. It reveals that fragile states still only collect 14% of their GDP in taxes on average, well below the 20% UN benchmark viewed as the minimum needed to meet development goals. Yet a mere 0.07% of official development assistance (ODA) to fragile states is directed towards building accountable tax systems. The report therefore asks how donors can use their aid to support fragile states in mobilising more domestic revenue, and provides many recent country examples.

#### **Question for discussion**

What can the DAC do to accelerate full implementation of Busan commitments -- particularly those that are chiefly the responsibility of DAC members?

### **What are the DAC's priorities for Mexico?**

18. The success of the meeting in Mexico will hinge on the capacity of members to galvanise action on the forward agenda, including specific initiatives that could improve development co-operation in line with Busan commitments. It will be important that DAC members actively contribute to debates – and to follow-up actions in the priority areas identified for the meeting.

19. There is a renewed recognition of the crucial role that aid can play in promoting social and economic progress and addressing urgent needs and challenges, particularly in low-income countries and fragile states. Aid effectiveness commitments will remain relevant beyond 2015, and accordingly the first session of the Global Partnership's HLM will address progress achieved since Busan on the basis of evidence from the monitoring survey and other relevant reports. In particular, this session will review progress and possible deliverables for i) inclusive development partnerships, ii) results, iii) transparency and accountability, iv) country ownership and v) fragility and conflict. The European Commission, United States and Korea are directly involved in preparing this session

20. Beyond the follow-up of long-standing commitments directly related to the more traditional aid effectiveness agenda, in Mexico DAC members should also aim to integrate new elements that were identified in the Busan agreement. This includes i) focusing on aid as a catalyst for change and ii) ways to enhance the impact of traditional aid flows as well as other sources of development finance.

21. The discussion on effective taxation and domestic resource mobilisation will be oriented towards how institutional capacity for domestic revenue mobilisation and management can be strengthened; the link between revenue and good financial governance; and, the role development co-operation could play in improving transparency and accountability as well as tackling tax avoidance and illicit financial flows. Innovative forward initiatives -- such as the "Coalition for Sustainably Resourced Public Service Delivery", the IMF's Tax Administration Diagnostic Assessment Tool (TADAT) and "Tax Inspectors without Borders" – will be tabled at the meeting. The deliverables could include a commitment from DAC members to significantly increase aid for taxation, such as a call to "double the levels of aid to taxation."

22. As highlighted in the Busan Partnership agreement, achieving the MDG and post-MDG framework will require efforts to leverage additional resources and to mobilise partners from both the private and public arenas. Development co-operation could be a key driver of new forms of partnerships catalysing private sector contributions to development (e.g. infrastructure, impact investing, innovative finance). "The private sector – business as a partner in development" agenda item will cover three key topics: i) "Public-private dialogue" as a starting point for broader co-operation between public and private actors in the field of development; ii) "Catalytic partnerships to create shared value" such as the alignment of business and development objectives by adjusting the business models of private enterprises to put additional or new emphasis on issues such as financial inclusion, supply chain management, training and vocational education; and iii) "Innovative finance for development" covering smarter financial partnerships among private corporate and financial entities, development assistance providers, and foundations which are creating new opportunities for scaling up development finance.

23. Other topics for the High-Level Meeting of the Global Partnership, including discussions on South-South and triangular co-operation, knowledge-sharing and middle-income countries, will be mainly organised and led by non-OECD countries and organisations. However DAC members' inputs and approaches are also relevant to these agendas – such as how triangular co-operation might feature in the context of trends by DAC members to reduce the number of partner countries they directly support, or how aid allocation decisions might incorporate other criteria beyond country income levels. The DAC is well-placed to become the knowledge exchange hub on triangular co-operation.

24. There will also be approximately twenty “special focus” discussions taking place in between plenary sessions which will provide platforms for sharing insights and experience regarding specific, forward-looking substantive themes or related to other relevant commitments from Busan.

25. The Global Partnership is a new body that will evolve over time. There is now widespread recognition that the “global-light, country-focused” approach is not working: momentum to achieve progress is flagging, feedback loops between operational and political hierarchies are weakening, and knowledge-sharing across constituencies is weak. While the UNDP-OECD joint support team is working well, pioneering new ways of working across institutional boundaries, it needs adequate resources to realise its full potential. This is the moment to strengthen its operations. Some thinking is also needed regarding ways of reinforcing linkages between country priorities and global efforts.

26. The 31 January 2014 DAC Workshop on Preparing for Mexico recognised that the Global Partnership provides the world with a place to have a global conversation about what the right policies are and how to implement them. It provides an opportunity for DAC members to reinvent the way “we do business” and to return to the basis of our work – aid – so as to respond more effectively to partner country needs. However, at present the DAC lacks an effective means to prepare for such discussions. Whilst initiatives such as Korea’s annual technical workshop on the Global Partnership provide an important opportunity to discuss the aid effectiveness agenda, given rapid changes in the aid and development landscape, DAC members may wish to consider additional space(s) to discuss aid modalities and development partnerships.

27. At the Fifth Steering Committee Meeting in Abuja (13-14 February 2014), significant decisions were made on strengthening and consolidating the working arrangements of the Global Partnership’s Steering Committee. It was agreed that the rotation of Steering Committee Co-Chairs would be announced at the Mexico High Level Meeting. Nigeria and Indonesia will facilitate a process among partner countries to identify suitable Co-Chairs to represent recipient countries as well as provider-recipient countries. The DAC will entrust the DAC Chair with the responsibility for co-ordinating the process of identifying a new provider country Co-Chair and provider country Steering Committee members.

28. Steering Committee members in Abuja also agreed to a partial rotation of the original members of the Steering Committee and an expansion to 24 members (from 18) to include an Arab donor, an additional representative from Africa, an additional representative from a provider-recipient country, an additional civil society stakeholder, a local government representative, and representation from philanthropic foundations. Members will be selected by each constituency.

29. The current Co-Chairs and Mexico are working towards identifying a host for the next High-Level Meeting of the Global Partnership which is expected to be announced at the 1<sup>st</sup> High Level Meeting in Mexico City.

30. The DAC is well-placed to play a role in shaping how the Global Partnership’s working arrangements can be improved and strengthened in order to deliver on its potential.

#### **Questions for discussion**

What are the main outcomes that DAC members are seeking from the First High-Level Meeting in Mexico -- and what concrete deliverables are in view?

Beyond Mexico, if the Global Partnership is an enabler for post-2015 implementation, how might DAC members work together in intergovernmental discussions to ensure it plays a vital role?

Do members agree to establish a mechanism to enable policy experts and practitioners from across the Global Partnership to share good practice in implementing Busan commitments and working in partnership?