

**DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE**

DCD/DAC(2012)9
Unclassified

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

DAC Meeting, 7 March 2012

This document is submitted for DISCUSSION under Item 3.b. of the Draft Annotated DAC Agenda [DCD/DAC/A(2012)2].

A paper based on this draft will be submitted to the DAC Senior Level Meeting.

Contacts:

Ms. Suzanne Steensen, tel: +33 (0)1 45 24 76 23, email: suzanne.steensen@oecd.org

Mr. Robin Ogilvy, tel: +33 (0)1 45 24 94 48, email: robin.ogilvy@oecd.org

JT03316695

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.

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

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 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; and
- b) *How the DAC will position itself in the medium-term vis-à-vis the new Global Partnership for Effective Development Co-operation – the multi-stakeholder political forum set up in Busan to strengthen international accountability and oversee the implementation of Busan commitments.*

Decisions taken at the SLM around these two points will in turn guide the preparation of the DAC's programme of work and budget (PWB) for the next biennium (2013-14).

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

4. 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.

5. 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.

6. 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

7. 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. Agreement on this standard must be reached by the end of 2012. The DAC should aim to:

- Set out how it will engage with developing countries and non-state actors to agree on a common standard by December 2012, bearing in mind that several of these stakeholders are already engaged in efforts in this area through IATI, and that the DAC can contribute its own norms, standards and experience to influence this work.

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

8. 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

9. 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.
- Improve transparency of policies and criteria underpinning individual members' decisions on choices of aid channels and bilateral aid allocations, this being important as a 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

10. 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 on practical actions that would see all DAC members improve the quality, consistency and transparency of reporting on the tying status of aid as well as meeting the transparency provisions of the DAC Recommendation on Untying.
- Address more systematically the issue of aid untying during discussions or meetings with developing countries, including emerging providers of development co-operation.

The DAC within a new Global Partnership for Effective Development Co-operation: seizing opportunities for engagement with other stakeholders

11. 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 Global Partnership as an opportunity for engagement and to share DAC norms and standards

12. The new Global Partnership for Effective Development Co-operation is expected to provide a platform for political dialogue, accountability and mutual learning. The DAC can use the Global Partnership to deepen and sustain its collaboration with non-members in the context of the DAC Global Relation's Strategy and the OECD's Development Strategy.

13. The Global Partnership will also provide a forum in which the DAC can share its norms and standards. Many of the Busan commitments made by DAC members are medium- and long- term endeavours, and current political economy constraints faced by members will undoubtedly 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.

14. The current PWB proposal is shaped to respond to these challenges, mapping expected outcomes to a range of substantive areas (*e.g.* results; effective institutions; fragile states; green growth, climate change and environment; flexible and responsive policy support; mobilisation of resources and tax and development; aid architecture and global governance; and development financing and the role of ODA). 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. In addition, the “building blocks” and similar initiatives emerging from Busan provide robust groundwork to help implement the commitments immediately. Many DAC members are involved in these building blocks on an individual basis and may wish to see more explicit linkages being made with relevant areas of the DAC’s work.

DAC support for the functioning of the Global Partnership

15. The Busan Partnership agreement recognises the importance of sustaining political momentum to ensure that commitments are implemented, and 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 while building on existing expertise.

16. 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. This will involve drawing on the expertise of the DAC to promote good practices in development co-operation. The OECD and UNDP will share responsibility for providing secretariat support and for facilitating the regular ministerial-level meetings foreseen by the Global Partnership.

Issues for reflection by the DAC

- 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?