
Development Cooperation: Not Just Aid

**Key Issues:
Paris, Seoul and Beyond**

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Civil society voices for
Better Aid

Around the world, the number of women, children, and men who suffer from hunger and malnutrition, treatable infectious diseases, lack of access to education and endemic poverty remains disturbingly high and has recently increased due to the impact of the financial crisis. Of almost seven billion people on the planet, approximately 1.4 billion still live on less than US\$ 1.25 per day.ⁱ **The current crises – financial, economic, food, climate, energy and care – only exacerbate inequalities between peoples and among nations,** with women being disproportionately affected. The international aid system cannot singlehandedly address current, let alone growing, needs around the world. This inability points to the need for changing our current international structures — change that will address imbalances, such as unfair global trade rules and growing South-North financial flows, which only serve to exacerbate poverty and inequality.ⁱⁱ

Developed and developing countries are failing to live up to internationally agreed development goals (IADGs) and commitments made in Paris (2005) and Accra (2008). As a result of these two last agreements, countries have collectively committed to reform the ways in which aid is delivered and managed in order to increase its impact in reducing poverty and inequality, increasing growth, building capacity and accelerating achievement of the Millennium Development Goals (MDGs)ⁱⁱⁱ. Yet their performance is falling short.

To achieve sustainable advancements for the poor, the Better Aid Platform, an open platform of civil society organizations from around the world, is calling for fundamental reforms in current aid priorities and practices, guided by principles and approaches to ensure development effectiveness drives international development cooperation.^{iv}

As acknowledged by the Accra Agenda for Action (AAA), development effectiveness must be rooted in human rights and based on decent work^v, gender equality and women's rights, inclusive democratic power sharing and coherent national and global governance.^{vi} Effective development requires an equitable multilateral architecture for determining policies and priorities for donors and developing country governments, based ultimately on the legitimacy of the United Nations. The UN Development Cooperation Forum (UNDCF) could provide an important multilateral and open platform to contribute to these goals.

Better Aid recognizes the urgent need for an aid architecture that is equitable and focused on social and economic justice for people living in poverty. Additionally, the emergence of new donors such as China, India and Brazil, growing South-South cooperation, large scale private philanthropy and the increasing role of non-governmental organizations as donors, challenge existing aid arrangements and must be addressed.

Better Aid calls on all development partners to work together to respond to these challenges. The Working Party on Aid Effectiveness (WP-EFF) can

make an important contribution to this work. The processes underway in the lead-up to the Fourth High Level Forum (HLF4) to be held in Seoul, South Korea in 2011 also provide an opportunity for action. But the WP-EFF can do so only by proposing forward-looking and transformative commitments that go beyond the current aid framework. For now, the HLF4 continues to be governed by an aid effectiveness regime arising from the Paris Declaration and the AAA that is primarily under the auspices of the donor Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD).

While establishing important principles and directions for aid reform that must still be implemented, the Paris Declaration and AAA structures should give way to a broadened and deepened "Seoul Declaration". Such a new framework should be one that is based not on aid effectiveness, but on development effectiveness, which advances human rights, solidarity, equality, responsibility and mutual accountability. It must go beyond what the Paris Declaration and AAA have offered and truly be implemented and respected by signatories.

The Better Aid Platform of CSOs is proposing the following issues, which must all be equally prioritized, addressed and elaborated in commitments by all development partners as part of the preparations for the HLF4 and 2010 UN Development Cooperation Forum.^{vii}

ISSUE #1: Promote development effectiveness as the guiding framework for reforms in international development cooperation.

While meeting aid effectiveness commitments is essential for development effectiveness, current reforms are insufficient because they are focused primarily on aid efficiency. Development effectiveness is about the impact of development actors' actions on the lives of poor and marginalized populations. Development effectiveness promotes sustainable change that addresses the root causes as well as the symptoms of poverty, inequality and marginalization. This approach positions poor and marginalized populations as central actors and owners of development, challenging many of the current approaches to aid effectiveness.^{viii}

Development effectiveness requires significant changes in international global governance structures at all levels, including trade, financial markets, foreign direct investment and debt. In practical terms, it means empowering the poor and respecting, protecting and fulfilling international human rights standards. This includes economic, social and cultural rights and means that gender equality and women's rights are explicit in every sector, rather than only "mainstreamed", which can result in the interests of women becoming invisible. These objectives must guide policy discussion, orient participation and underpin priorities in aid budgeting, planning and monitoring. A development effectiveness approach should take advantage of existing monitoring and reporting systems for international human rights standards,

gender equality, decent work and sustainable development commitments, using these standards as a basis for measuring development outcomes.

ISSUE #2: Reform the aid architecture to be inclusive, multilateral and equitable.^{ix}

The current aid architecture — that is, the institutions and systems that govern the policies, provision, delivery and management of aid — must be reformed. The current system, in which the OECD DAC serves as the key forum for aid reform, has helped to bring the issue of aid effectiveness forward. But as the process has matured, there are challenges that make the OECD-based architecture, which is centered around the Working Party, unsustainable and in need of greater legitimacy in light of its limited effective membership. For example, developing countries are not equitably represented and multilateral parallel processes, such as the UN agenda on financing for development and the UN Development Cooperation Forum, are not sufficiently taken into account.

Reforms to the aid architecture must seek legitimacy by engaging all development actors and ensuring coherence across global structures and policies. Reformed structures should be grounded in international human rights covenants and achieve a vision of international development cooperation that goes beyond aid delivery processes to focus on development effectiveness and the concepts of solidarity and partnership. Specific recommendations include: 1) strengthening the participation of Southern actors and constituencies; 2) encouraging a Partner Country Caucus, that leverages the role of G-77 countries, within the WP-EFF; 3) inclusion of, or coordination with, relevant UN bodies (such as through UNDCF and other high level meetings); 4) systematic involvement of developing country regional block authorities; 5) strengthened participation of parliaments and other/civil society actors in the working party and related multilateral fora; and 6) inclusion of civil society national, regional and global networks in negotiations on aid architecture reform.

ISSUE #3: Promote full implementation of existing commitments in the Paris Declaration and Accra Agenda for Action.

Evaluations of Paris Declaration implementation in the lead-up to the Accra HLF highlighted major shortfalls, including operationalization of country ownership; its alignment with developing country strategies, institutions and procedures; aid predictability; the untying of aid; and mutual accountability.^x The AAA made further recommendations on many of these key areas, but lacked targets, timelines and indicators, making it difficult to hold signatories accountable.

Key issues advocated by the Better Aid Platform ahead of and subsequently to the Accra HLF include:

- A broader, more democratic understanding of country ownership; untying of aid (including food aid and technical assistance) and granting developing countries the right to maintain preferences for procurement of local goods and services; and predictable, multi-year aid commitments with information on forward spending;
- Committed donor use of country systems (e.g. procurement systems) and disclosure of reasons for non-use, and assistance, when relevant, for improving these systems;
- Commitment by donors to end the use of economic and policy conditionalities, which can render governments unaccountable to their citizens and parliaments by undermining democratic ownership and which contradict the right to development and self-determination.

ISSUE #4: Commit to gender equality and women’s rights.

The root causes of poverty and structural inequalities (e.g. gender inequalities and inequalities between and within countries) that lead to marginalization and exclusion must be addressed systematically and be taken into consideration in all policies and practices. Achieving development effectiveness means recognizing and acting accordingly and accountably to the fact that there is no gender-neutrality in any area or sphere. Indicators measuring progress must be gender sensitive, gender specific and focus on development.^{xi}

ISSUE #5: Promote decent work and equitable economic development as key objectives for sustainable development.

Decent work — along with the realization of human rights, gender equality and environmental sustainability — should be one of the central objectives of development efforts. Governments, in developed and developing countries alike, should live up to the commitments to decent work they have made, for example through the UN-ECOSOC and core labor standards mandated by the International Labour Organisation (ILO). They should promote people-centered development, full employment, decent work and social integration in development and other related policies, such as trade and finance. During this time of economic crisis, it is particularly important that government measures geared towards reinvigorating the economy (at both the national and international level) take into account the social dimension of their policy prescriptions.

If the cycle of aid dependency is to be broken, development cooperation, such as through technical cooperation, should focus on building diversified, productive, self-reliant domestic economies that provide individuals with jobs and livelihoods.

ISSUE #6: Create an enabling environment for democratic ownership and participation.

CSOs, along with parliaments, the media, the private sector and other actors (e.g. 'social partners'), have an important role to play in generating the social, political and economic changes necessary for the reduction of poverty and inequality. As the AAA recognized, CSOs are "independent development actors in their own right ... whose efforts complement those of governments and the private sector."^{xii} To that end, signatories of the AAA committed themselves to working with CSOs "to provide an enabling environment that maximizes their contributions to development."^{xiii}

While welcoming these commitments, CSOs unfortunately often find themselves instrumentalized as a means to implement commitments made by donors and governments or, conversely, marginalized or even oppressed. The civil society-led Open Forum on CSO Development Effectiveness presents donors and developing country governments with an opportunity to engage with CSOs on these issues and strengthen CSOs' accountability on development effectiveness.

Development effectiveness requires legal frameworks and mechanisms that provide for freedom of association, the right of citizens to organize and participate in national decision-making processes and a free and open media. The empowerment of poor and marginalized people to claim their rights is also essential to making development progress.

ISSUE #7: Improve mutual accountability for development results by expanding the range of actors involved in assessing aid and development effectiveness, particularly at the country level.

Implementation of current commitments in the Paris Declaration to mutual accountability is seriously lagging. The commitment to review existing international accountability mechanisms and mutual assessment reviews in the AAA will provide an important benchmark of progress. Nevertheless, these reviews must involve a wide range of actors and provide timely opportunities for country-level input by all development stakeholders. In addition, global monitoring of donor/government commitments should be multilateral, independent, open, accessible, and actively seek grassroots feedback. The HLF4 should build on the AAA recognition that "stronger parliamentary scrutiny and citizen engagement" is essential to accountability^{xiv} and must give parliament a prominent role in these activities.

ISSUE #8: Make aid transparent to improve the accountability of donors and developing countries to each other and to their citizens — and to increase the effectiveness of aid.

Better Aid acknowledges the commitments made by signatories in the AAA (paragraphs 24, 25, 26) for greater transparency and accountability. These include making available to citizens the information necessary to increase accountability, including public disclosure of revenues, budgets, expenditures, procurement, audits, and “all conditions linked to disbursements.” Additionally, donors committed to increase the medium-term predictability of aid by sharing information with developing countries on forward spending or implementation plans. These commitments, however, have not been implemented.

The International Aid Transparency Initiative (IATI), launched in Accra, presents a forum for donors to meet their transparency obligations, including those regarding greater predictability. Better Aid strongly encourages the participation of all donors in this initiative and stresses the need to ensure the breadth and scope of information to be disclosed, the Code of Conduct and the pace of standard development if the Paris Declaration and AAA commitments are to be achieved.

We also call upon Southern governments to work with their elected representatives, local and national CSOs, media and other partners to establish open and transparent policies and mechanisms to monitor how aid is sourced, spent, and evaluated.

ISSUE #9: Address the reduction of poverty and inequality through a comprehensive set of policy reforms (aid, agricultural, financial, trade, investment, migration and other policies) that impact development.

The financial crisis, which began in developed countries, turned into an economic crisis affecting all countries. Policy reforms that reduce the instability of the financial system are essential.

For aid to be effective in addressing poverty and inequality and achieving the rights of poor and marginalized populations, it must take place in a domestic and international policy environment that protects developing countries from massive financial outflows, unfair and un-transparent trade and investment regimes, and capital flight and tax evasion. Efforts to improve accountability for development resources should include UN coordinated exchanges among all national tax authorities, country-by-country reporting of financial transactions, an end to banking secrecy, the recovery of public assets stolen from developing countries, and the forgiving of illegitimate debts.

This alignment must carry into other policy fora. With regard to the Doha round on global trade, special and differential treatment must be the

underlying principle for any conclusion. In terms of climate change, financing for mitigation and adaptation must be focused on development effectiveness, additional to Official Development Assistance (ODA) and financed under the operational governance of the UN Framework Convention for Climate Change (UNFCCC).

Endnotes

ⁱ Calculations based on World Bank data. See: <http://iresearch.worldbank.org/PovcalNet/povDuplic.html>.

ⁱⁱ Dev Kar and Devon Cartwright-Smith, 'Illicit Financial Flows from Developing Countries: 2002-2006' (Washington, DC: Global Financial Integrity, 2009). www.gfip.org/storage/gfip/economist%20-%20final%20version%201-2-09.pdf

ⁱⁱⁱ See: Paris Declaration on Aid Effectiveness, paragraphs 1 and 2. In: OECD, 'The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action' (Paris, France: OECD, 2008). www.oecd.org/dataoecd/30/63/43911948.pdf.

^{iv} The measures put forward in this paper are part of a continued consultation through the Better Aid platform with civil society organizations from around the world and will be revisited and revised as needed over the coming months.

^v Decent work is understood by the ILO to mean: a) productive work; b) protection of rights; c) adequate pay; and d) social coverage. According to the ILO, a fifth essential element should also be added: e) tripartite approach and social dialogue. See: www.ilo.org/public/english/region/ampro/cinterfor/publ/sala/dec_work/ii.htm.

^{vi} See: The Accra Agenda for Action. Paragraphs 3 and 13. Available at: <http://siteresources.worldbank.org/ACCRAEXT/Resources/4700790-1217425866038/AAA-4-SEPTEMBER-FINAL-16h00.pdf>.

^{vii} The AAA recognised civil society as a development actor in its own right. Civil society considers this as an important step forward. The WP-EFF invited the Better Aid Coordinating Group to coordinate CSO contributions as a member in its Executive Committee and in its clusters to review the PD/AAA and prepare the High Level Event (IV) in Seoul in 2011.

^{viii} Definition is based on materials from Reality of Aid (ROA). See: ROA, 'The Reality of Aid 2010 Report Theme Statement: Development Effectiveness: Human rights, social justice and democratic development', Unpublished. Also see: The Outreach Toolkit of the Open Forum on CSO Development Effectiveness, which can be found at www.cso-effectiveness.org.

^{ix} For references, see the BACG Strategy and Work Plan. www.betteraid.org.

^x See: OECD, 'Better Aid: 2008 Survey on Monitoring the Paris Declaration' (Paris, France: OECD, July 2008). www.oecd.org/dataoecd/58/41/41202121.pdf. Also see: DFID, 'Evaluation of the Implementation of the Paris Declaration' (London, UK: DFID, September 2008). www.developmentgateway.com.au/jahia/Jahia/pid/7166; and Eurodad, 'Old Habits Die Hard: Aid and Accountability in Sierra Leone' (Brussels, Belgium: EURIDAD, January 2008).

^{xi} See: AWID, 'From the aid effectiveness paradigm to development effectiveness? An initial position paper from a women's rights perspective', Association for Women's Rights in Development (AWID), internal draft - October 2009. Unpublished

^{xii} See: The Accra Agenda for Action. Paragraph 20. Available at: <http://siteresources.worldbank.org/ACCRAEXT/Resources/4700790-1217425866038/AAA-4-SEPTEMBER-FINAL-16h00.pdf>.

^{xiii} Ibid.

^{xiv} See: The Accra Agenda for Action. Paragraphs 24. Available at: <http://siteresources.worldbank.org/ACCRAEXT/Resources/4700790-1217425866038/AAA-4-SEPTEMBER-FINAL-16h00.pdf>.