

FROM AID EFFECTIVENESS TO DEVELOPMENT EFFECTIVENESS: PAYING TRIBUTE TO THE WP-EFF

When celebrating the success of the Busan High Level Forum on Aid Effectiveness (29 Nov – 1 Dec 2011), we have to acknowledge and pay tribute to the process led by the Working Party on Aid Effectiveness and its predecessors over the last two decades. “Paris was not built in a day”, neither was Busan. It is difficult to situate a real starting point in this process, but drawing a quick summary of the ideas and political processes that led to shape the current development effectiveness agenda is important, to help us decide where we should now be heading.

Academics have not spent a lot of time on aid effectiveness issues beyond the well-known econometric studies on aid and growth. The impulse for the aid effectiveness agenda mainly came from empirical reasoning and the energy of thoughtful people in the business (aid agencies, recipients, CSOs...). Like many of us, they had been for years observing dysfunctional behaviours, with for instance donors tripping over one another and hiring consultants to review the same sectors, and had a mind to do something about it.

Until 2002, the emergence of a consensual diagnostic

How to bring some degree of functionality to the activities of a busy, increasingly fragmented multi-donor industry in an aid-dependent country, often itself dysfunctional and without leadership or ownership?

At the end of the 1980s, the DAC produced a number of sets of principles for donor behaviour, including its Principles for New Approaches to Technical Co-operation. A DAC Taskforce on Technical Co-operation and Institutional Development (later absorbed into Govnet) developed the concepts of ownership and capacity building and teased out their operational implications, such as the problems inherent in donor support for salary supplements and the need to build local capacity. That taskforce also began to systematically involve developing country officials and experts.

During the 1990s, studies such as those of Elliot Berg, Paul Mosley or Tony Killick showed the ineffectiveness of much donor conditionality, underlining more broadly that donor-led, as opposed to locally owned, approaches were seldom sustainable. Many donors already shared that view. Nic van de Walle and David Naudet, among others, clearly documented in Africa issues such as weak ownership of policies, bypassing of country systems, too many donors doing the same things, or lack of transparency in the aid business.

One main root of the Paris Declaration process is the 1996 DAC document: “Shaping the 21st century: the contribution of development co-operation”. Jean-Michel Severino, as a member of the Reflection Group, observed that in a multi-donor world with multiple frameworks which make it impossible for an aid dependent country to manage its affairs efficiently or accountably, there should only be one framework, the countries' own development strategy. Without major collective reform, the aid system was dysfunctional.

“Shaping 21” had three key elements - the Vision (the MDGs in embryo), Partnerships and making aid work better (the aid effectiveness process in embryo) and Bringing our policies together (policy coherence, not in embryo – a long standing key issue). The later adoption of the MDGs in 2000 by the UN had profound implications for legitimising also the aid effectiveness agenda.

At that time, the main negotiation within the DAC was about aid untying (completed in 2001, marking one of the major achievements in DAC history), but the broader theme of aid “co-ordination” (as it was called) was also present in the same working group, which had existed for decades, called the “Working Party on Financial Aspects of Development Assistance”, or “FA”. That FA did in particular make a big push on

harmonising donor procurement rules. The World Bank, as an observer at the DAC, was particularly active in this.

By 1998-99, to trigger the aid reform agenda on the donor side, came the proposal for a DAC Task Force on Donor Practices. Created at the end of 2000, chaired by Richard Manning, this “TFDP” made the key decision of bringing in a panel of 16 partner countries, integrated into working sub-groups (in particular one on public financial management).

The TFDP worked closely with its sister “Roundtable of multilateral development banks” to support a High Level Forum organised by the World Bank and the Government of Italy in Rome in February 2003. In preparation to this, it organised a series of regional forums (Jamaica, Vietnam, Ethiopia), and produced an excellent Good Practice paper on aid delivery, acknowledged as a reference by the Rome Declaration (we’ll come back to this later).

Meanwhile the World Bank was entering its post-structural adjustment era, pioneering its concepts of sectoral strategies and alignment around them. And in early 1999 Jim Wolfensohn presented the Comprehensive Development Framework (CDF), which contained many ideas that influenced the aid effectiveness agenda. But the CDF lacked traction until its ideas were, at least in part, integrated into the Poverty Reduction Strategy Papers (PRSPs), which came as conditions of the Heavily Indebted Poor Countries (HIPC) initiative agreed at the Cologne G8 in June 1999. In the first phase of PRSPs an evaluation report however showed little effective increase in local ownership of policies. Hence there was a strong need for the aid effectiveness principles.

On the macroeconomic side of the aid effectiveness story, the World Bank published “assessing aid” in 1998, which also had profound implications, leading to the adoption of aid selectivity as a major feature of concessional funds’ allocation processes by most MDBs.

Let us finally mention the Special Programme for Africa (SPA) work. The SPA was transforming itself from a shrinking fast-disbursing fund into the Strategic Partnership for Africa, a donor forum for working on budget and sector support. Much of this work was absorbed into Rome, Paris, and Accra. At a later stage, the SPA brought in African governments (notably the Minister of Finance of Ghana as chair) and the notion of rating donor performance.

All in all, by the time of Monterrey (March 2002), in the context of aid recovery after a decade of aid fatigue, there was a large consensus among the aid community that to reach the MDGs, ODA was certainly part of the solution - and had to be further increased again - but also part of the problem, leading to limited results globally and even possibly doing harm in some cases. The Monterrey Consensus stressed the need of enhanced aid effectiveness, and already included recommendations of most current aid effectiveness issues, including leveraging, south-south cooperation and triangular cooperation. One year before Rome, the diagnostic was clear and the road was shown.

Rome and Paris, 2003-05: a mutual commitment

The first of the High Level Forums, Rome was attended by most DAC donors and Saudi Arabia, the main multilateral donors, close to 30 developing countries, and some regional organisations. For the first time, a ministerial-level declaration was proclaimed about aid effectiveness: the Rome Declaration on Harmonisation (25 Feb 2003).

Broad public attention to aid effectiveness issues came to light later, with Paris in 2005, but the Rome Declaration, altogether with the above-mentioned paper “Harmonising Donor Practices for Effective Aid Delivery”, certainly was the first set of the Paris principles, providing the basis of a standardised framework of co-operation between a donor and a recipient. The Good Practice paper included a survey completed by the University of Birmingham, summarizing more than 400 interviews carried out in 11 developing countries to assess the needs of partner countries. Complexity and lack of harmonisation of donor procedures, need for alignment of these procedures in national systems, untying, budget support, building national capacities in public financial management featured heavily in the responses.

After Rome, the FA and TFDP merged into a new group, the “Working Party on Aid Effectiveness and Donor Practices¹”, or WP-EFF. Formally a DAC subsidiary body, it became an actual partnership of donors and recipients, with the participation of the main multilateral organisations and, from 2004 onwards, of 14 developing countries (plus others in the sub “task teams” and “joint ventures”). Main issues included harmonisation and alignment, procurement, public financial management, management for results, and untying.

The second High Level Forum, which France had offered at Rome to host in Paris, and which was first planned as a stocktaking exercise of the Rome Declaration, benefitted from more open preparation, thanks to the extended WP-EFF. Meetings were also held between the WP-EFF and CSOs representatives. Several non-DAC donor countries and about 15 major CSOs participated in the Paris event.

Based on the broad existing consensus, Paris negotiation turned to be a major “trade off” between donors and recipient countries:

- Donors relax constraints on aid, in particular about conditionality; they not only co-ordinate among themselves (this is “harmonisation”), but also “align” their aid policies and practices to the partner country policies, strategies, institutions and systems.
- Recipients adopt their own development policies (this is “ownership”) and improve their governance, notably policies, strategies, institutions and systems, so that donors can “align” on them.
- Both agree to measure progress on some of the 56 mutual commitments, to set up targets for 2010, and to reconvene in 2008 and 2011 to take stock and hold each other accountable against their commitments.

Why was the Paris Declaration so much more influential than the equivalent statement at Rome? Certainly because it touched key and sensitive issues, object of debate not only between donor and recipient countries but also inside many agencies and countries, such as the debate at that time between the project approach and budget support. But also, and this is probably why it is still a reference seven years later, because it was not just another statement of intent, but included a set of 12 quantitative performance indicators associated with agreed targets, and a calendar of regular monitoring surveys and further High Level Forums.

To date, 137 countries and about 30 international organisations have endorsed the Paris Declaration.

Before and after Accra, 2005-10: building a comprehensive aid effectiveness agenda

Paris’s success raised interest in the WP-EFF, which then grew both in membership and substance.

Parity in numbers between donor and developing countries was decided in 2005 (23 on both sides), before the ‘big-tent’ approach adopted for Accra (Sept 2008) was reflected in the WP-EFF in 2009 with about 80 regular participants in five groups of stakeholders: donors, recipients, countries that are both at the same time, multilateral donors, and civil international institutions (CSOs, parliamentarians, local governments, private sector...).

CSOs, in particular, present in Paris but with limited involvement, decided to prepare for Accra as a major event. They formed a large network of 700+ CSOs (later known as Better Aid) to co-ordinate joint positions, while the WP-EFF set up an “Advisory Group on Civil Society and Aid Effectiveness”, composed of governments and CSOs from the North and the South.

This CSO mobilisation improved inclusiveness. If Rome can be seen as symbolised by “harmonisation”, and Paris by “alignment”, Accra brought more flesh to “ownership”. Still focused on the quality of country development policies, ownership became also identified with open and inclusive dialogues to define and implement them, in ways consistent with agreed international commitments on issues like gender equality, human rights and environmental sustainability (whereas beforehand it was mainly related to the PRSPs).

¹ The “and donor practices » was later dropped in 2007, leaving the well-known name of “Working Party on Aid Effectiveness”.

During the preparations for Accra, close to 50 international thematic groups, within or outside the WP-EFF structure, offered to contribute on substance. Thanks to this, the Accra Agenda for Action (AAA), adopted on 4 Sept 2008 after lively last-minute negotiations, was probably the most comprehensive review of everything that every stakeholder must do to make aid effective. Midway through the Paris cycle (2005-10), Accra gave an additional momentum to the Paris agenda.

This formidable analytical process mobilised before Accra was streamlined and reinforced for Accra's follow up into a new "cluster" structure of thematic working groups within the WP-EFF. These groups provided important knowledge and analysis, particularly needed for commitments which were "orphans" of Paris indicators, such as participation, transparency, medium-term predictability, limiting fragmentation, etc... Most of this work was deeply rooted at the country level, and provided a valued source of knowledge exchange among countries.

Over the Paris cycle, evidence of implementation was gathered through three WP-EFF-led monitoring surveys covering data from 2005 (as a baseline), 2007 (as first orientations and as background for Accra) and 2010 (year of the Paris targets), and two independent evaluations (2008 and 2010). About 80 developing countries participated in the last round of monitoring, showing their adherence to the whole process. The "Paris principles" had become such a widespread reference that a parliamentary report in a donor country stated in 2010:

"Co-operation efforts that are not grounded in partnership approaches to working, results-oriented programming and the ownership and use of beneficiaries' public management systems are ever more scarce. This paradigm has influenced all aid actors irreversibly, whether multilateral or bilateral, and the threat of being held to account by peers means that it cannot be ignored."

The Paris Declaration also had influence on some major CSOs, encouraging some rationalisation of their traditionally dispersed efforts.

It does not mean that all the Paris targets were reached, at least in 2010. Most of them were not. But the evaluation showed that the principles were clearly relevant, and things were changing on the field for the better. Some countries and institutions have undergone deep structural reforms. The split in this area was not between donors and recipients, but between fast runners and those who lag behind, in both camps.

What has been the role of the WP-EFF, with the benefit of hindsight, in these major achievements? It has clearly provided the structure to discuss, design and disseminate the principles and monitor their implementation. Doing so, it played a normalisation role, codifying scattered practice into commonly recognised "good practices". Furthermore, it provided an informal but efficient and inclusive place for developing country representatives to discuss these principles and to participate in their progressive codification.

Busan and beyond, 2011-15: a new partnership for development effectiveness

Busan could not only be the "sunset clause" of the Paris cycle. With only three years to go before the MDG target date, Busan had to look forward. Of course, those who endorsed Paris took stock of the limited progress, and reaffirmed their commitment to complete the "unfinished agenda". Some major elements were announced to that end, such as the EU joint programming, the limitation of multilateral proliferation, or the setting of a common transparency standard by the end of 2012.

But the context was changing, and more was needed. Drawing on the best aspects of the WP-EFF, Busan called for a new global partnership.

Since Rome, the WP-EFF had progressively associated with new, significant aid providers. The small initial DAC body had grown into a large coalition of the willing, the main international partnership for aid effectiveness. It was then time to go further and bring together all potential development actors on an equal footing, around the common principles and differentiated commitments stated in Busan.

Since Rome, the WP-EFF had progressively included more aid related topics, working as a network of working groups. It was then time to invite other sources of development finance to the debate, as started in Busan with the climate change community and the private sector.

But even more importantly, since Rome, the WP-EFF has successfully invented and experimented with the High Level Forums a fully inclusive, high-level but informal kind of meetings, combining strong analysis with serious political commitments under “soft” law. Beyond the WP-EFF, it is the HLF concept itself which is now required to be the future framework of this new Global Partnership for Effective Development Cooperation.

So, thanks again to the WP-EFF and its effective chairs, and welcome to the Global Partnership.

Hubert de MILLY,

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In tribute to the chairs of the TFDP and WP-EFF:

Richard Manning, chair 2000-03

Michel Reveyrand, chair 2003-06

Jan Cedergren, chair 2006-08

Talaat Abdel-Malek, co-chair 2009-12

Koos Richelle, co-chair 2009-10

Bert Koenders, co-chair 2011