

## Stakeholder Forum

### Special event in conjunction with the launch of the Development Cooperation Forum

*How can the DCF promote enhanced oversight of aid commitments and aid effectiveness for the realization of the internationally agreed development goals?*

Palais des Nations, Geneva,

5 July 2007 (3:15 pm– 5:15 pm)

### Informal Summary

**Moderator:** Rebecca A. Kadaga, Deputy Speaker, Parliament of Uganda

**Panelists:** Olav Kjørven, Assistant Administrator and Director, Bureau of Development Policy, UNDP  
Chitriya Pinthong, Director-General, Thailand International Cooperation Agency  
Kumi Naidoo, Chief Executive Officer, CIVICUS - World Alliance for Citizen Participation  
Carlos Braga, Head, International Policy and Partnership Group, World Bank

#### *Global partnership for development*

Speakers noted that, as part of the global partnership for development, the Development Cooperation Forum – under the aegis of ECOSOC – will bring development actors together on a universal basis and as equal partners. Through broad participation of governments, international institutions and civil society organizations alike, the Forum is positioned to establish direct connections between political instruments with concrete political and financial commitments, such as the 2002 UN Monterrey Consensus, and actionable agendas, such as the 2005 Paris Declaration which outlines steps to achieving aid effectiveness for development.

It was proposed that the Paris monitoring process could inform both the Monterrey process and the DCF on concrete steps that donor and recipient countries are undertaking to improve aid effectiveness as well as identifying gaps and obstacles. Similarly, the DCF could provide a locus where the review of these two mechanisms would inform international action and stimulate aid effectiveness on a resource, results and mutual accountability platform.

As a hub for partnerships, it was furthermore emphasized that the inaugural DCF in July 2008 would have to be closely coordinated with a number of related events next year, such as the High-level Forum on Aid Effectiveness in Accra in September and the Financing for Development Follow-up Conference in Doha in December.

#### *Trends in development cooperation*

As a precursor for discussing the possible areas of work for the DCF, the mixed experiences of development cooperation in recent years were highlighted. The declining ODA dependence of developing countries was ascribed primarily to unprecedented economic growth rates, yet it was cautioned that this growth has been uneven and that in many countries there are still huge pockets of poverty.

After declining in the 1990s, ODA has been growing steadily at an average of more than 11 per cent over the period 2001-2005 meanwhile programmable aid which is crucial for supporting the development process has shown an average growth of less than 5 per cent. Since the 1990s, the share of programmable aid to social sectors has increased from 29 per cent to 52 per cent. Although improved education and health are key priorities, issues such as infrastructure and the growth agenda should not be neglected since solely emphasizing investment in the social sectors may ultimately be shortchanging the capacity to deliver on social goals.

### ***Enhancing the quality of aid***

In assessing progress in terms of aid quality, poverty reduction strategy papers were considered to have changed how development assistance is delivered to developing countries and the dialogue in the current aid system was seen to be increasingly conducive to fostering national ownership. Yet challenges persist and aid predictability, for example, is still a major concern even though general budget support of programmable aid increased from 8 per cent in 2001 to 20 per cent today. The DCF could gauge the measures undertaken to ensure predictability of aid, including medium term predictions by donors and steps taken to remove legislative and budgetary impediments.

Similar to promoting sustainable aid modalities, the DCF could discuss ways of achieving donor coherence at the country level through enhanced national ownership and locally developed visions for development. Considering the common agreement by the international community that national ownership and leadership are basic tenets of effective development cooperation, the DCF could also help assess whether donors accordingly are changing behaviour and practices at the country level and whether these actions enhance mutual accountability, transparency and results. In addition, the DCF could identify and address the principal obstacles to strengthening country-led development cooperation, in particular structural and capacity barriers.

It was furthermore proposed that the DCF could be instrumental in accounting for the changing aid architecture and the increasing importance of various development actors, including special purpose funds, foundations and developing countries contributing to development activities, in a manner consistent with existing frameworks on aid effectiveness. It could thus enhance the effectiveness of all development efforts and learn what channels are particularly successful. It was cautioned, however, that discussions on aid effectiveness and harmonization should not become a self-sustaining exercise and that development more than being a set of products is also a process of human development.

### ***Scaling up of aid***

The DCF could also contribute to improving the transparency on whether commitments and roadmaps for scaling up of aid are being respected and furthermore help mobilize political support for the international development agenda, including increased aid flows. Considering the number of people that each day perish from preventable causes, the collective efforts of governments as well as inter-governmental and civil society organizations were seen to fall short of what is required to realize the internationally agreed development goals. It was mentioned that taking into account the wide support for these commitments, it would now be critical to further instill a sense of urgency in meeting them. In this regard, it was rhetorically asked what the purpose of grand conferences was if the international community was not willing to be held accountable to the commitments that have been voluntarily agreed upon.

The importance of showing results was emphasized as means to ensure political and public support, in particular since perceptions in some cases tend to overestimate inputs and

underestimate results of the development process. Countries that are able to show the results of using ODA are also likely to be able to scale up aid and efforts along those lines. It was suggested, however, that aid flows were not increasing sufficiently due to concerns over the ability of national capacities to manage increased flows. The DCF could help assess the readiness of national capacities for such scaling up of aid.

### ***Global challenges***

It was proposed that in order to enhance the impact of development cooperation, various levels of intervention would have to be addressed. The work at the micro-level, including the discussion on effectiveness and efficiency in aid delivery, would have to be complemented by addressing the level of policies as well as the governance system within which policies operate. While the potential of the DCF to have an impact on the coherence and effectiveness of development cooperation was recognized, it was also noted that not realizing this potential would be detrimental to a number of development actors investing time and scarce resources in the process. In this regard, hope was expressed that in addition to focusing on progress in aid effectiveness and commitments, the Forum would also address structural and institutional logjams that hold back development.

As part of a broader agenda, the DCF could also help further energize and broaden the South-South exchange of experiences and cooperation such as the exchange of knowledge and expertise between emerging partners and other developing countries that already have experience with donorship. In addition, the DCF could also consider devoting attention to countries in transition which according to one definition account for 19 per cent of the population in low-income countries, but  $\frac{1}{3}$  of the extreme poor and  $\frac{2}{5}$  of child deaths.

Climate change was also addressed as a key concern in terms of vulnerability issues as well as the danger it poses for development in general. Notwithstanding the concern that climate change could take resources away from achieving key poverty reduction objectives, it was noted that climate change could no longer be considered only an environmental issue, but that it was taking center stage as a development issue. Yet dealing with climate change from an emissions reduction viewpoint through actions of mitigation cannot be addressed directly by ODA. Instead, it would be important to position the role that the development community would play in relation to climate change in the context of capacity development which includes the ability to take risk into account and deal with adaptation challenges.

The DCF could address climate change in a way that would not shortchange aid for development, but rather stimulate partnerships at country level. Such partnerships could be built around national development strategies and formulate aid scenarios that would be comprehensive and respond to climate change, vulnerability and other sustainable development goals while providing mid-term, if not longer predictable resources. In addition, the DCF could at some point discuss a future development finance architecture which would be concerned with global public goods. This could in part be based on lessons from the Kyoto experience and would aim at developing new instruments of development finance that would complement the existing aid paradigm. The ambition would be to provide solutions to global public good issues that would allow resources based on market mechanisms to flow to these problems.

### ***Preparing for the DCF***

It was noted that the coherence deficit resulting from a lack of coordination between different actors within the aid system is not confined to the global scene. Global incoherence also has an impact on national coherence where the absence of real coordination equally is hampering

development. Thus, in addition to the DCF becoming a platform that brings together development actors at the global level, this model of a development cooperation nexus could also be replicated at the national level with similar actors, in particular considering that servicing each individual donor at the national level is time-consuming for developing countries governments and takes away scarce resources. With regard to the full representation of development actors, it was noted that the DCF should be mindful of the link between development and democracy since participation of civil society organizations require that they are allowed and able to function in their own countries as well as at the global level.

It was noted that one critical challenge for the DCF will be to define exact goals and to measure its success in terms of impact, which in part would rest on a thorough understanding of what actions would be feasible and what would be beyond the reach of the Forum. As part of this process, the preparatory process for the 2008 DCF will include a High-level Symposium by the end of 2007 in Egypt as well as regional, and possibly national, consultations. It was furthermore noted that civil society organizations would be most welcome to partake and provide input to these events.