



# DEVELOPMENT COOPERATION FORUM

## Informal summary of Roundtable 3

### *How are civil society and new actors enhancing impact at the country level?*

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- Moderator:* Peter Adams, Executive Director, New Zealand's International Aid & Development Agency
- Panelists:* Michel Kazatchkine, Executive Director, Global Fund to Fight AIDS, Tuberculosis and Malaria  
Kumi Naido, Chief Executive, CIVICUS;  
Shona Grant, Managing Director, World Business Council for Sustainable Development; and  
Peter Msola, Minister of Science, Technology and ICT, Tanzania.

#### **Introduction**

Recent years have seen a rapid growth in sources of funding for development cooperation from outside regular donor channels. Proliferation has some important advantages, including wider choices of funding sources for programme countries, which can enhance stability and predictability of flows by diversifying risk, especially for countries with relatively few sources. It also provides more diverse perspectives on development issues (from national and sectoral development strategies to technology and expertise transfer).

Yet proliferation also has potential disadvantages, including conflicts over development priorities and conditionalities, increased earmarking and a dramatic increase in transaction costs. In addition, it adds to the strain on programme country capacities by diverting staff to work as project counterparts and spending resources on technical assistance to manage projects.

The discussion was guided by the following questions:

- What are the *comparative advantages* of civil society, businesses and new actors, such as global funds and private foundations, in providing and contributing to development cooperation at the country-level?
- What are the experiences of *aligning support* of civil society and new actors with national development priorities, in particular in countries which are challenged in respect of national capacities?
- How may the development cooperation *activities* of non-bilateral and non-multilateral actors be better *accounted for* at the global level?
- How could the added value and development impact of *public-private partnerships* be better documented and disseminated to wider audiences?

## **Reaching remote and deprived populations**

It was recognized that the main comparative advantages of civil society, businesses and new actors in providing and contributing to development cooperation at the country-level lie in research, capacity building and innovation. In reaching remote and deprived populations, these actors often achieve an impact in a way that governments are not always capable of.

CSOs, for example, play an essential role as service providers and as agents for advocacy and information dissemination due to their proximity to local communities. The added value of these organizations was particularly attributed to their ability to take greater risks than government entities thereby increasing the number of available policy options. It was also argued that governments should increasingly leverage the resources of civil society in terms of innovative ideas.

Multistakeholder dialogue between civil society, business community, local governments, parliamentarians and government was considered essential to focus such development efforts and to ensure alignment. At the same time, CSOs were also seen to play an important oversight role by providing feedback to government in terms of monitoring and evaluation of development policies and acting as watchdogs by denouncing undemocratic practices, human rights violation and inefficient public expenditures.

## **Challenges in working together**

It was argued that the voluntary nature of funding compelled non-profit organizations to be more focused on actual service delivery than most government entities. The nature of contributions further suggested a strong incentive for these organizations to improve their results in order to secure continuous funding. However, concern was expressed at the lack of accountability and transparency on the activities of non-profit organizations as well as how they allocate funds.

They were also seen to benefit from the lack of competitive salaries in the public sectors in many programme countries – to the detriment of sustained national capacities. It was emphasized that civil society organization should approach internal staffing decisions as an extension of their capacity-building goals and seek to enhance local-level expertise on a non-competitive basis.

Nevertheless, non-profit organizations were seen as often lacking the technical knowledge to engage constructively with governments and donors in policy formulation and finance. In addition to limited technical and analytical skills, lack of coordination among different groups and lack of information in rural areas, which constrain participation in decision-making processes, were seen to hamper the impact of civil society.

## **Engaging the private sector**

Similar to civil society, the private sector plays a key role in development cooperation. Net private capital flows to developing countries reached more than \$1 trillion in 2007,

dwarfing development aid. More than simply bringing in direly needed funds, businesses also enhance implementation capacity by increasing project management skills, construction expertise and the ability to efficiently run and maintain operations. Further advantages include training, growth in small- and medium-sized enterprises, improved investment climates and social investment. Although some tools exist to document the development impact of the private sector, they are indented to primarily serve to inform business decisions.

The private sector may support development either through core business activities, generating employment and wealth, or through targeted social investment funds which specifically address development needs. Traditionally, development activities have been performed as a separate activity, but sufficient scale can only be achieved if these activities are associated with the core business of enterprises. Policy-makers need to understand that private sector involvement will only be sustainable and scalable if enterprises are able to combine development with commercial viability.

One approach mentioned in respect of agriculture was to implement programs that allow large companies to source from small farmers which have traditionally been side-lined in the global value chain. This would leverage the potential of trade for the benefit of the poorest. Another example was the Affordable Medicines Facility for Malaria which is based on the pharmaceutical industry applying segmented pricing to make malaria treatment affordable to the poor.

Public-private partnerships are essential in complementing the work of governments and plays a crucial role in both governance - by raising links with affected populations to an institutional level - and in implementation - by targeting resources and investments to the strengthening of community systems. One reason the Global Fund to Fight AIDS, Malaria and Tuberculosis has become the predominant multilateral supporter of programmes fighting the three pandemics is because it relies on a partnerships between civil society and governments in both policy design and implementation. For these partnerships to flourish, shared learning of both good and especially bad experiences is needed. It was noted, for example, that planning and financial cycles, common to development banks, are too inflexible to allow private companies and local entrepreneurs to invest.

### **Shifting mindsets**

A mind shift was called for in order for the business community to increasingly view the low income segment as real economic actors and desirable participants in the business process. Similarly, the international community should move away from a welfare and dependency mentality which is embedded in the term 'aid'. While a dependency relationship between a donor and a recipient was considered inevitable in respect of humanitarian efforts, it was not seen to resonate well with human development goals seeking to empower individuals to pursue their own sustainable development. Yet it was noted that soaring food and energy prices along with increasing poverty would require aid for a long time to come.