



ENHANCING NATIONAL DEVELOPMENT COOPERATION POLICIES FOR THE POST-2015 AGENDA

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STRUCTURE OF PRESENTATION

- Explanation of what a national development cooperation policy contains, and the positive impact it can have (from IPU stakeholder guidance note on best practice)
- Suggestions on what is needed to make national DC policies fit for the post-2015 period:
 - Ways in which many fall short of best practice (based on DCF mutual accountability survey and DFI work with countries)
 - Ways in which post-2015 agenda requires national DC policies to change (based on DCF scoping study and DFI work)
- Aim: to promote discussion, consensus, and preferably action to improve national DC policies

WHY A NATIONAL POLICY ?

Two key reasons:

1. NATIONAL DEVELOPMENT FINANCING

- DC is important finance source, especially in LICs/LDCs
- Most countries have strategies for raising/spending budget revenue, but many lack DC policies.
- Policy can increase development results from DC, and help channel DC via budget/coordinate off-budget.

2. ACCOUNTABILITY FOR DEVELOPMENT RESULTS

- Most countries/DPs have made global commitments to enhance results (Busan, New Deal, Nairobi South-South, Istanbul CSOs)
- Key element: recipients/providers are “mutually accountable”
- Most recipient countries are accountable to citizens (and providers) via annual devt reports, and policy action matrices
- Most providers are not accountable to gvts, parliaments, citizens
- DC policies vital to hold providers to account (DCF MA studies)

MUST ADAPT TO NATIONAL NEEDS

- Content, processes and monitoring mechanisms must vary with country circumstances/needs
- Content adapts to national/global frameworks, types and expected future direction of DC
- Indicators adapt to priorities of government for improving results, and level of gvt/DP trust
- Processes and mechanisms adapt to national and country-DP structures for accountability
- But still need to benefit/learn from best practices (consult experts from best practice countries)

CONTENT OF POLICY

- **Rationale and purpose/objectives (1-page)**
- **Guiding principles (1-page): Alignment, Managing for Results, Accountability, Value for Money, Lower transaction costs, Including all DPs/national stakeholders, Coordination** via existing nationally-led structures
- **Key policy objectives (7-8 pages)**. Core of policy. Defines commitments by gvt and DPs (numbers should be balanced). Draw from global agreements, but go beyond
- **Institutional/Coordination Arrangements (4-5 pages)**. Which gvt entities are responsible for managing DC, mechanisms for coordination within gvt and with DPs. Opportunity to clarify responsibilities/reduce duplication
- **Processes for Review/Dispute Resolution**

POLICY OBJECTIVES/INDICATORS (1)

- DP commitments might include:
 - **Reduce aid dependency:** eg increase tax revenues (end tax exemptions on DC, increase TA to help DRM)
 - **Aid modalities:** preferred %s of budget support/projects/TA, and ways to improve each modality.
 - **Off-budget aid:** measures to reduce and improve alignment/reporting/results
 - **Alignment:** all programmes/projects in development strategies.
 - **Streamline conditionalities:** limit policies to devt strategy, constitution, international conventions. Limit procedural conditions eg counterpart funds, procurement, disbursement.
 - **Government systems:** maximize use for financial management, procurement and results monitoring/evaluation

POLICY OBJECTIVES/INDICATORS (2)

- DP commitments might also include:
 - **Untying:** minimise tying to providing country, rigorously verify value for money of any tied aid
 - **Reduce transaction costs:** eg (a) divide labour among DPs; (b) “silent” co-financing or pooled funds; (c) coordinate missions/analysis; (d) “closed season” w no missions; (e) reduce PIUs
 - **Increasing predictability:** DPs to forecast quarterly disbursements, disburse on schedule, project indicative allocations for 3–5 years
 - **Concessionality:** align policy with debt strategy, maximising grants/concessional loans
 - **Mutual accountability:** monitoring framework (indicators for gvt and individual donors), annual reviews, evaluation every 3 years
 - **Domestic accountability:** report annually to parliament, strong representation of parliament and CSOs in implementation
 - **Transparency:** full, publicly accessible reporting by DPs on DC flows/results

DESIGN/IMPLEMENTATION

- Processes vary widely depending on trust, political pressures and shared goals/commitments
- Most countries establish task force of gvt, donors and domestic stakeholders (parlt, CSOs, private) to drive the process
- Best practice input from “champions” preferably directly > via consultants/DPs
- Include all providers prepared to engage at national level, domestic stakeholders
- Often many less connected/informed need capacity-building (including local DP representatives !)
- Guidance note describes detailed process for design and implementation
- As indicated in DCF MA studies, clear indicators especially for DPs, annual review assessing progress of each DP, regular policy review

**WHAT DO WE NEED TO CHANGE
FOR AGENDA 2030 ?**

IMPROVING EXISTING POLICIES

- Findings of DCF MA surveys: 46 countries have “policies”, but when look at quality and detail, only around 10 match best practice and are improving results
- Weaknesses of contents:
 - lack indicators/process to measure individual provider behaviour
 - lack specificity on roles of different actors in implementation
- Limited engagement of parliaments, non-state and non-central actors/communities, partly explains weakness
- Challenges getting providers to report/change behaviour

WHAT DO SDGs CHANGE ?

- Probably all countries need to review DC policies
- **Broader results** – need to link with new CRFs, but also bring in key global results for private sector eg paying “fair” taxes, creating “decent” work
- **Diversification of financing sources** – yes must especially adapt to South-South priorities, but don’t exaggerate – can we expect foundations which are not present in country, individual private enterprises or those benefiting from “blending”, CSOs, to be held accountable nationally?
- Other **means of implementation**: could develop indicators for technology transfer, capacity-building etc (developing countries did so for Accra but not accepted). Others are “beyond DC” ?
- **Capacity needs** esp. for non-executive sholders/DPs

GOING BEYOND AID ?

- Key message of Addis Ababa FfD conference was – need to think “beyond aid” as concessional flows wont be rising so fast – so should policies go beyond development cooperation ?
- ✓ Many other DP policies impact development (and DC) results:
 - eg tax policies can reduce or increase tax revenues/reduce aid needs
 - farm subsidies can undermine agricultural aid results
- ✓ Policies should therefore logically extend “beyond aid”, thereby increasing policy coherence
- Aim of Uganda’s 2012 “Partnership Policy”, contained commitments for government and DPs in trade, technology, climate change, tax, agriculture, regional integration, migration and remittances, but:
 - X Impossible to agree annual targets for DPs, because involve separate challenges and different stakeholders not present at national level. Gvt and donors agreed annual analysis of progress , and regular discussions to promote policy coherence
 - X “Beyond DC” will be impossible unless DPs have coherence policies

WHAT SHOULD NOT HAVE TO CHANGE

- Discussed with 3 countries which have best policies and achieved most DP behaviour change in 2007-12. Their views:
 - DPs have lost interest in MA, so effectiveness/quality/results stagnating or going backwards
 - developing countries in turn losing interest (few new policies or advances since 2012) - “treading water and soon will start sinking”
 - should not have to change policies (are doing) because some DPs are abandoning budget support, use of country systems, going back to own results frameworks, taking arbitrary decisions like end DC to MICs, streamline “focus” countries, switch grants to loans
 - better to focus on increasing budget revenue and mobilising SSC
- If we are serious about SDG results, countries and citizens have to be in charge – when they have been, development has worked – if they aren’t, it hasn’t – we need development policies in DPs which reaffirm this and get serious again about country leadership or no point in/prospects of success for country DC policies !