



News and ideas from the OECD Development Assistance Committee (DAC) Secretariat

February 2012

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## The new shape of development co-operation

*Following through on the consensus reached at Busan to forge an effective, innovative and inclusive partnership for development is one of the biggest challenges the DAC and its partners face today. Continued improvements in the tracking and delivery of information on financial flows will be an important part of this effort. Here, we look at several aspects of the work the DAC does to make available transparent and relevant information in support of effective development. We examine a "New Deal" that sets the course for a renewed global approach to engaging with fragile states. And we examine the changes in Myanmar and the signals donors' decisions can send out as they examine how to contribute to "a constructive return to the fold of international relations".*

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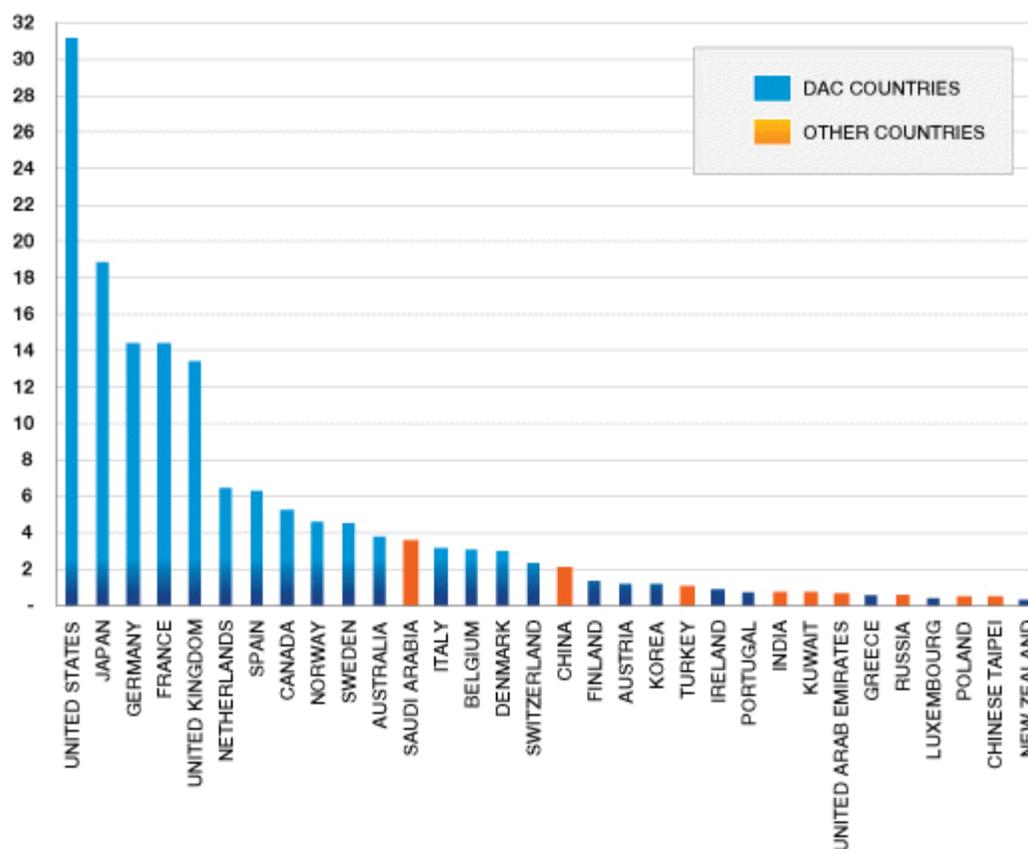
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## Official development assistance in 2010: How do countries stack up?

Today the world's major providers of development finance include a number of countries from beyond the DAC's membership. The figure below shows 2010 gross flows of official development assistance (ODA) of DAC countries (blue) and selected other countries (orange). Saudi Arabia is the largest donor outside the DAC, with development co-operation expenditure that surpasses that of 12 DAC countries. China also delivers a large amount of concessional financing for development, with estimated development co-operation flows reaching USD 2 billion in 2010. Third in non-DAC levels of ODA is Turkey, which despite the financial crisis increased its 2010 development assistance by 24% in real terms over 2009 flows, reaching USD 967 million. Other countries, including India, Kuwait, the United Arab Emirates and Russia, deliver development co-operation flows that are roughly in line with those of the DAC's smaller donors, in volume terms.

### Countries' gross ODA in 2010 (Current USD billion)



Source: OECD DAC statistics 2012 (plus estimates for China and India).

Statistics have always been at the core of the DAC's work and statistical collaboration with – and support to – countries outside of the DAC's membership is a key element of the DAC's global relations strategy. In addition to the 24 DAC members, most major multilateral organisations, plus the Bill & Melinda Gates Foundation, report their ODA flows to the DAC, as do 21 more countries (access the full list [here](#)).

In 2011, after many years of reporting at the aggregate level, Kuwait began reporting more detailed activity-level figures and Russia became the first of the BRICS (Brazil, Russia, India, China, and South Africa) to report its ODA flows to the DAC.

These reporting efforts help the DAC provide more detailed and comprehensive information on development co-operation flows – a key to helping providers and recipients alike make more informed decisions on allocations. The DAC stands ready to collaborate with others to improve the tracking of development co-operation flows at the global level.

For more detailed information, consult our [online databases](#) or the [annual statistics on resource flows to developing countries](#) (in particular, Table 33 which details ODA flows from the 21 countries outside of the DAC's membership, and the new Table 33a, which includes estimates of development co-operation flows from the BRICS).

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## The Asian Development Bank joins AidFlows

The Asian Development Bank (ADB) has joined the AidFlows partnership ([www.aidflows.org](http://www.aidflows.org)), a joint OECD-World Bank initiative whose site is designed to make global data on development co-operation funding more easily accessible and transparent.

The ADB data is presented in the same country-by-country visual format as OECD-DAC and World Bank Group data, and provides more comprehensive data and analytical content to the site.

AidFlows was launched in October 2010 to feature sources and uses of development finance and its content and functionalities have been growing since. The one-of-a-kind clarity and simplicity of the visual format is designed to support increased transparency on flows of development funds from donor to beneficiary countries.

AidFlows features:

- a “donor view” based on OECD statistics, which presents key data by theme on aid provided by DAC members and other sovereign donors reporting to the DAC
- a “donor view” based on World Bank and ADB data, which provides a comprehensive picture of a given donor’s contributions to each multilateral development banks (MDB) concessional window
- a “beneficiary view”, which presents each recipient country with an analysis of global development assistance received from DAC member countries and from each MDB.

[Access AidFlows](#)

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## A “New Deal” for fragile states: What’s next?

### Did you know? Fragile states in numbers

- **USD 46.7 billion** in official development assistance (ODA) went to fragile states in 2009 (or 37% of all ODA), up from USD 40.5 billion in 2008.
- **8 countries** receive 50% of total ODA to fragile states.
- **4 fragile states** depend on one donor for 50% or more of their aid.
- **7 fragile states** mobilise less than 15% of their gross domestic product (GDP) through tax revenue.
- **16 of the 20 most difficult countries** in which to do business are fragile states, according to the 2011 World Bank *Doing Business* report.
- **300%** was the increase in foreign direct investment (FDI) to fragile states between 2000 and 2009.

For more, read the 2011 factsheet on resource flows in fragile states [here](#).

More than 1.5 billion people live in fragile and conflict-affected countries. Caught in cycles of poverty and violence, few of these countries will achieve a single Millennium Development Goal (MDG) by 2015. The [New Deal for Engagement in Fragile States](#) sets out five goals built around legitimate politics, justice, security, economic foundations, and revenues and services. These targets are intended to focus priorities and set the course for a new global approach to engaging with fragile states – one that is country-owned, context-specific, focused, practical and responsive to urgency.

Over 40 countries and international organisations endorsed the New Deal at the [Fourth High Level Forum on Aid Effectiveness](#) in Busan, Korea. By focusing efforts and channelling funds to support an agreed set of peacebuilding and statebuilding priorities, increasing the accountability of national and international actors vis-à-vis their citizens, and ultimately increasing the rate of success of transitions out of conflict and fragility,

the potential for impact at the national, regional and global levels is tremendous.

The New Deal is a collaborative effort led by the [International Dialogue on Peacebuilding and Statebuilding](#), whose Secretariat is hosted by the OECD-DAC. The International Dialogue brings together DAC members, international organisations and the [g7+ group of fragile states](#) to address specific issues related to conflict and fragility, and to develop creative responses. In 2012, the International Dialogue will promote recognition of the

New Deal's goals at the United Nations; in this way, it seeks to broaden international recognition of these goals and ensure that they inform the post-MDG development framework. Meanwhile, these goals are used by countries like Afghanistan and South Sudan to reframe their transition strategies, and by major donors to revise their programmatic and financing policies.

For more information, visit [www.pbsdialogue.org](http://www.pbsdialogue.org) or contact: Donata Garrasi at [donata.garrasi@oecd.org](mailto:donata.garrasi@oecd.org).

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## Donor engagement in Myanmar: Sending the right signals

Whether current events in Myanmar are "flickers of progress" (United States President Barack Obama), "tentative, but real signs of progress" (United Kingdom International Development Secretary Andrew Mitchell), or "quite extraordinary changes" (European Union High Representative for Foreign Affairs and Security Policy Catherine Ashton), there are three things the donor community will have to consider.

**First, everything donors do from now on sends a strong message – whether they scale up, engage differently or change nothing.** Since 2003, official development assistance (ODA) to Myanmar has been stagnating at around USD 5 *per capita* in real terms, except for 2008, when Cyclone Nargis struck. This is the lowest aid *per capita* among least developed countries and reflects the country's isolation on the international stage so far. Donors may wish to send a positive signal to acknowledge some recent development results (*e.g.* the poverty headcount has dropped from 32% to 26% between 2005 and 2010) and the fact that some policy and institutional benchmarks are gradually being met. Or they may choose to scale up only as further progress is achieved. Beyond aid volumes, how aid is channelled will also send signals. A European Union Common Position requires implementation through local administrations or through United Nations agencies and non-governmental organisations (NGOs) rather than through central government. But some donors are considering revisiting how they deliver in case of significant improvements in governance.

**Second, donors will have to co-ordinate their response to make sure they strengthen the hand of the reformers, not the spoilers.** Experience from other countries shows that while scaling up or changing delivery channels may make sense from a technical or a particular donor's point of view, it may also have a damaging impact if not well thought through. For example, the suspension of budget support in response to Sierra Leone's failure to meet agreed benchmarks just before elections has been wrongly interpreted as political support for the opposition over the incumbent. Similarly, the regime in Myanmar rests on constant negotiations between both reformers and spoilers, and each camp stands to win or lose from virtually everything the international community does.

**Third, donors have to build capacity to respond to opportunity.** For the first time in the history of its presence in Myanmar, the United Nations have engaged with the government and donors in a joint analysis of strategic priorities so as to be ready to engage with the regime effectively and constructively. If Myanmar is on the threshold of significant change, do donors and the United Nations have the standing financial and/or operational rapid response capacity required to implement this joint vision? In particular, will the shareholders of the Bretton Woods institutions authorise their re-engagement?

While signing a blank cheque is not an option, neither is failing to respond to the positive changes in Myanmar. What signals donors decide to send out in the next weeks will, as much as government's own reforms, set the direction and pace of a constructive return to the fold of international relations.

## Feature Article: DAC Chair J. Brian Atwood

### Creating a New Global Partnership for Development Co-operation

*The Busan Partnership, endorsed at the Fourth High Level Forum on Aid Effectiveness in Busan, Korea, sets the foundations for the most inclusive and collaborative international partnership for development to date. **DAC Chair J. Brian Atwood** shares his insights on the efforts that went into gathering the evidence that informed the Busan process, as well as the diplomacy and whole-of-government buy-in that helped bring about this landmark agreement.*

On 1 December 2011 – at the [Fourth High Level Forum on Aid Effectiveness](#) in Busan, Korea – 160 nations, civil society and the private sector endorsed an [11-page statement](#) creating a new Partnership for Effective Development Co-operation. A fundamental feature of this endorsement was that it included emerging economies such as China, India and Brazil – nations that, while still battling with poverty, have become important “providers” of development co-operation.

How did the OECD Development Assistance Committee (DAC) create such buy-in out of polarised and highly ideological debates so characteristic of global politics? How did a series of rather technical meetings on aid effectiveness turn into a forum for agreement on “the interdependence and coherence of all public policies”, engaging governments at all levels?

#### Preparation and participation

The Busan Partnership for Effective Development Co-operation is the product of an eight-year effort, founded on the engagement of developing countries and evidence of “best practice”. Its origins can be traced to the International Conference on Financing for Development in Monterrey, Mexico, in 2002, which mandated a focus on the quality of development programmes and reinforced a movement toward increased effectiveness. In Rome in 2003, DAC donors followed up by meeting with their partners to find ways to harmonise their efforts. This was followed by a Second High Level Forum in Paris (2005), which produced the Paris Declaration and established [five effectiveness principles](#) centred on local ownership, alignment of donor resources with country strategies, harmonisation of activities among donors, and mutual accountability for results. The Third High Level Forum in Accra (2008) took things forward, establishing the Accra Agenda for Action to speed up implementation of agreed commitments. At each of these stages, participation was widened to ensure inclusiveness.

But perhaps the most innovative device employed in this process was a DAC-hosted body – the [Working Party on Aid Effectiveness](#) – which evolved into a highly representative group of some 80 members, with one co-chair from the developing countries and another from the donor countries. While DAC members were represented in the group, their position was not dominant, but rather one of shared ownership.

#### Evidence for action

Then, just before the Busan summit, an [independent study](#) provided empirical evidence that, when applied, the Paris Declaration principles produced tangible results. Nonetheless, another study – a [survey of 78 developing countries](#) – showed that of the thirteen targets established in Paris, only one had been met by donor nations. On the other hand, it evidenced the important progress made by developing countries in improving their own national systems; these systems, nonetheless, remain largely ignored by donors.

With this evidence in hand, developing world partners were anxious to pressure donors to comply with their commitments. Civil society had come on board, recognising the wisdom of embracing the effectiveness agenda. Human rights organisations, unions, women’s equality organisations, youth groups, environmental advocates and other non-governmental organisations (NGOs) had formed a single umbrella group around

the effectiveness principles. The more amorphous private sector also made moves to participate; they recognised that this could lead to innovative financing investment tools as well as new methods for reducing risk in developing countries.

### **Diplomacy**

The biggest challenge to reaching consensus at Busan was bringing countries like China, India and Brazil on board in their capacity as providers of South-South co-operation. They were not deeply engaged in previous High Level Forums and a few had even questioned the legitimacy of the agreements reached. It was clear that the DAC would have to employ creative diplomacy if was to overcome traditional and highly ideological opposition.

Yet conducting diplomacy by committee is no easy feat. It meant creating consensus on ways of welcoming dialogue and engaging other providers of assistance. It meant reaching out to create new and more effective partnerships. It meant building mutual respect, for example through initiatives such as the China-DAC Study Group, which examined China's domestic poverty reduction efforts and their applicability in Africa. South Africa, Indonesia and Vietnam were already active members of the Working Party, and the secretariat visited Brazil and India to share experiences.

### **Whole-of-government buy-in**

Before Busan, engagement in the aid effectiveness forums had been limited to ministries and agencies directly involved with development. The result: while commitments to implement the Paris Declaration and the subsequent Accra Agenda for Action were made in good faith, they lacked whole-of-government buy-in. Lack of progress in fulfilling these commitments, at least in part, resulted from constraints imposed by other parts of government, including executive and parliamentary bodies. Thus, it was necessary to elevate participation in Busan, directly engaging representative governmental bodies in the negotiations on the outcome document. This goal was made more achievable when United States Secretary of State Hillary Clinton and United Nations Secretary General Ban Ki Moon announced their intention to participate.

### **Conclusions**

Progress on major international issues in a world of dispersed power requires ongoing efforts by diverse bodies with a stake in the achievement of a common goal or goals. In Busan, the Millennium Development Goals – built around the common desire to reduce poverty – provided the unifying framework for the outcome agreement, founded on “common principles and differential commitments”.

As we prepare structures to enable the implementation of the Busan agreement, we will actively explore appropriate working mechanisms for this differential approach. But whatever the result, the great expenditure of effort this agreement represents offers a model and a way forward in a multi-stakeholder world.

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## **Also in this issue...**

### **News in brief**

**Shaping the Global Partnership for Effective Development Co-operation.** The [Fourth High Level Forum on Aid Effectiveness](#) (HLF-4) in Busan, Korea, set the stage for a new Global Partnership for Effective Development Co-operation. Among the first tasks of this partnership will be, by June 2012, to establish a framework for the implementation of the commitments agreed in Busan and to agree on a set of indicators and targets to monitor progress. On 13-14 February 2012, under the aegis of the [Working Party on Aid Effectiveness](#), the Post-Busan Interim Group (PBIG) held its first meeting in Paris to begin work on these objectives. [Read more](#)

**Empowering rural women.** On 31 January and 1 February 2012, members of the [DAC](#)

[Network on Gender Equality](#) and the United Nations Inter-Agency Network on Women and Gender Equality joined forces at a workshop in Addis Ababa to identify how to strengthen support for rural women. Participants called for bilateral and multilateral donors to:

- recognise rural women as leaders and agents of change
- strengthen rural women's property and user rights, including land rights
- ensure better results and impacts for rural women by building the evidence-base of what works
- improve practices and behaviours in support of rural women, in line with the aid effectiveness principles
- use traditional practices and indigenous knowledge to support rural women
- ensure that negative impacts of climate change on rural women are mitigated and that the benefits of green growth flow to women
- invest in and for rural women.

Workshop participants will use these messages to make rural women and gender equality count at the United Nations Conference on Sustainable Development (Rio+20) later this year. [Read more](#)

**Evaluating budget support.** Developing countries and their international partners are testing ways of working together to produce better development results. Over the past two decades, some donor countries have contributed part of their assistance as "budget support", channelling it directly through national systems. By aligning with a country's policies and priorities, and using country financial and management systems, budget support aims to reduce the burden of fragmented aid projects and also strengthen the national systems. But in recent years policy makers have begun to ask: How do we know if this actually works to reduce poverty and strengthen country systems? Using a new methodology developed by the [DAC Evaluation Network](#), independent teams have evaluated the impact of budget support in Mali, Tunisia and Zambia. [Read more](#)

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## The DAC in recent blogs and articles

"[What Makes International Philanthropy Work?](#)", Philanthropy Roundtable, 14 February 2012.

"[G20 Priorities: Advance Sustainable Development. Bolster Fragile States](#)", *The Internationalist*, 14 February 2012.

[For subscribers of *Development Today*] "[Busan, the new global partnership](#)", *Development Today*, 14 February 2012.

"[A 'New Deal' for Fragile States? Promises and Pitfalls](#)", *The Internationalist*, 1 February 2012.

"[From emergency aid to development aid: agencies are failing to connect](#)", Poverty Matters blog, *The Guardian*, 19 January 2012.

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## Peer reviews

[Spain](#). Spain's Third Master Plan – the country's development policy for 2009-2012 – has raised development co-operation to the level of a key foreign policy pillar. The breadth of Spain's programme, however – including the high number of partner countries, themes and cross-cutting issues – is overly ambitious, causing Spain's aid to be spread too thinly.

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## Publications

[Greening Development: Enhancing Capacity for Environmental Management and Governance](#). This report outlines a number of steps to be considered when building capacity for greening national development planning, national budgetary processes and key economic sector strategies. It identifies the key actors to be engaged in the decision-making processes, outlines possible capacity needs and suggests how these can be addressed.

[DAC Quality Standards for Development Evaluation – trilingual version in Arabic/French/English](#). The *DAC Quality Standards for Development Evaluation* provide a guide to good practice in development evaluation. Designed to help improve the quality of evaluation processes and products in Arabic-speaking countries, this edition is the result of a collaboration between the United Arab Emirates Office for the Coordination of Foreign Aid, the African Development Bank, the Islamic Development Bank and the DAC Evaluation Network.

## Other releases

[The Busan High-Level Forum: Five reasons why it was a success](#). The Fourth High Level Forum on Aid Effectiveness (Busan, Korea, 29 November to 1 December 2011) marked a turning point in international discussions on aid and development. While the conference had a number of important outcomes, this leaflet singles out five particularly clear measures of achievement.

[DAC List of ODA Recipients](#). Every three years, the DAC updates its list of ODA-eligible countries; the accompanying [factsheet](#) includes useful background information on the list.

Findings of the [DAC Special Review: Slovak Republic](#). The Slovak Republic has taken numerous legislative, strategic and institutional measures to strengthen its development co-operation and achieve its development objectives more efficiently, effectively and transparently. The review finds that to respond to remaining challenges, Slovakia should strengthen the leadership of its development co-operation, increase its visibility and improve ODA delivery.

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<p><b>OECD DAC countries' ODA in 2010: Highest ever level of ODA</b>  <b>USD 128.5 billion, up 6.3% in real terms and</b>  <b>0.32% of DAC members' combined GNI</b></p>
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OECD [DAC Statistics](#) including Aid at a Glance charts for [DAC members](#), [recipient countries](#), and [by region](#).

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## Vacancies

**Senior Policy Analyst/Team Leader – Environment, Climate Change and Development** ([Reference 08103](#)): We are looking for a dynamic and experienced professional to design, develop and implement our work programme on environment and sustainable development. The successful candidate will help strengthen the development dimensions of the OECD Green Growth Strategy, working with other OECD directorates to build the relevance and credibility of green growth concepts for developing countries.

**Junior statistical analyst** ([Reference 08090](#)): We are looking for a junior statistical analyst to advance the collection, analysis, processing and publishing of data on aid and other resource flows from bilateral and multilateral donors and to ensure consistent reporting across donors.

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### **About Us**

The [OECD DAC](#) is the main global forum where bilateral donors, alongside multilateral donors, work together to achieve real development progress for poorer countries. [Inside the DAC](#). What is the DAC? How does it function? This brochure will give you all the answers.

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