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## Offense is the best defense?

### The EU's past and future engagement in promoting effective development cooperation: ideas for Busan

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#### Introduction

In March 2002, an International Conference on Financing for Development was organised by the United Nations in Monterrey, Mexico. The report adopted during this conference was dubbed the “Monterrey Consensus” and contains agreements reached in six major areas, most of which have driven policy debates on financing for development since then<sup>2</sup>: (1) mobilising domestic financial resources for development; (2) mobilising international resources for development, including foreign direct investment and other private flows; (3) trade as an engine for development; (4) increasing international financial and technical cooperation for development; (5) external debt; and (6) systemic issues including enhancing the coherence and consistency of the international monetary, financial and trading systems.

As a follow up to this UN conference, a high-level forum on harmonisation was held in Rome in 2003 to allow donors to discuss joint action to take forward commitments made in Monterrey in the area of harmonisation of development cooperation. A second high-level forum covering the wider subject of ‘aid effectiveness’ was subsequently held in Paris in 2005, and resulted in the ‘Paris Declaration on Aid Effectiveness’, which was signed by representatives from both the developed and the developing countries, and revolves around five well-known partnership commitments.<sup>3</sup>

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<sup>1</sup> The author would like to thank Jeske van Seters and Volker Hauck for their comments on a draft version of this Note.

<sup>2</sup> The 2002 Monterrey Consensus is available here: <http://www.un.org/esa/ffd/monterrey/MonterreyConsensus.pdf>. It should be noted that the Monterrey Consensus and international declarations on aid effectiveness have also been influenced by earlier policy initiatives, including the World Bank's Comprehensive Development Framework but also the UN Millennium Declaration.

<sup>3</sup> Ownership; Harmonisation; Alignment; Management for Development Results; and Mutual Accountability.

In retrospect, the decision to include relatively arbitrary quantitative targets in the declaration, led to some substantial 'peer-pressure' and a monitoring process which helped the implementation of the declaration, not unlike the Millennium Development Goals that were linked to the UN Millennium Declaration.

The Accra High Level Forum on Aid Effectiveness that followed in 2008 focused on (1) identifying bottlenecks and actions for successful implementation of the Paris Declaration; and (2) broadening and deepening dialogue on aid effectiveness. Four partner country consultation meetings, as well as numerous (sub-)regional preparatory events, reflected the commitment of various partners to broaden and deepen the dialogue on development. The forum was concluded by the adoption of ministerial statement building on the Paris Declaration, the so-called 'Accra Agenda for Action' (AAA).

While the High Level Forum in Rome brought together around 50 participants and its subsequent meeting in Paris accommodating for 150 participants, the number of participants in Accra has been estimated at around 1500 people.<sup>4</sup> Following the Accra forum, the inclusiveness of the DAC Working Party on Aid Effectiveness has been further increased with those who attended the Accra meeting or its preparatory events, including non-governmental organisations, trade unions, and members of parliament. For the next high level forum, to be held from 29 November to 1 December 2011 in South-Korea, the expectation of around 2000 participants led the organisers to move the event from Seoul to the nearby coastal town Busan, where more suitable conference facilities are located.

Since the signing of the Paris Declaration, the topic of 'aid effectiveness' has practically developed into a separate professional discipline of its own in the development cooperation sector, with donors and partner countries creating dedicated units at headquarters and recruiting dedicated technical assistants to support them in following and responding to the process. Many important and sometimes fundamental changes in the practice of development cooperation have taken place since 2005, and were recorded in a joint-evaluation of the Paris Declaration that was finalised in 2008 (with the synthesis report for its second phase expected to be concluded in early June 2011). This joint-evaluation in itself represented the willingness of many signatories of Paris to take part in harmonised and coordinated processes.

Europe's own attempts at improving its collective effectiveness in the area of development cooperation, as reflected in EU Treaties since 1992, has been regarded as an important driving factor in what has been referred to as the 'aid effectiveness agenda' or even the 'new aid paradigm'. Europe has particularly contributed to setting a high level of ambition in discussions on aid effectiveness and pushing others to do so, for instance by including additional targets on aid effectiveness in the 2005 European Consensus on Development which go beyond what was agreed in Paris.

Some observers have noted that further progress in aid effectiveness following the Accra High Level Forum has been hampered by a combination of reasons, including the global economic and financial crisis which emerged later in 2008, underestimation by both donors and partner countries of the required political and technical investments to translate the agenda into practice, as well the gradual marginalisation of Official Development Assistance itself. Additional challenges faced by the EU include reducing levels of public support for development cooperation, as well as signs of 'aid effectiveness fatigue' inside the development sector. Some EU Member States have recently argued that the Busan High Level Forum should conclude the 'Paris/Accra process', and feel that aid effectiveness agenda should be pursued at the national level

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<sup>4</sup> These figures were noted by Koos Richelle, former Director General of EuropeAid Cooperation Office of the European Commission, during a Maastricht Graduate School of Governance / ECDPM seminar titled "The Aid Effectiveness Puzzle - Completing the Picture?", 14 and 15 October 2008. A press-release on the website of the Accra High-Level Forum speaks of "(...) over 1200 representatives".

from 2012 onwards.<sup>5</sup> Against this backdrop, and with some former strong supporters now openly calling for the aid effectiveness process in the OECD/DAC itself to deliver ‘measurable results’, some could expect that making further progress in Busan will be much more difficult.

Given the current both crucial and challenging period for making progress to ensure ‘development effectiveness’<sup>6</sup>, it is commendable that Train4Dev, a network of multilateral and bilateral donors that aim to strengthen cooperation in the field of competence development and training, has chosen the upcoming meeting in Busan as the central topic for its 2011 annual meeting.<sup>7</sup>

This Briefing Note has been drafted to provide a basis for ECDPM’s contribution to this meeting. This Note will particularly focus on efforts made in the European context towards and after the Accra meeting, as well as reflect on the relevance and future contribution of the EU to advancing effective development cooperation.

## EU aid effectiveness debates pre- and post-Accra

### 1. Preparing and promoting a joint EU position for Accra

On 26 and 27 May 2008, the Council of European ministers responsible for development cooperation agreed on a number of actions which were deemed crucial for a collective response to the global development agenda. As one of these actions, the European Union agreed on priority areas which it wanted to jointly push for during the preparations for the Accra High Level Forum. The Council Conclusions adopted read as follows: *“In Accra HLF-3, the EU will focus on the following areas which are complementary to the core issues identified by the partner countries: division of labour, predictability of aid, enhanced use of country systems and mutual accountability for development results. The EU will further engage with civil society and local stakeholders to ensure transparency, strengthen democratic ownership and ultimately increase the impact of aid.”*<sup>8</sup>

The ministers further accepted the need for a common EU position in Accra, which they felt should be rooted in past achievements as well as oriented towards future concrete results and deliverables. With a view to preparing the EU’s contribution for Accra, the Council recommended 10 ingredients for the Accra Agenda for Action which mainly reflected the four priorities referred to above. These 10 ingredients formed a basis for Council Conclusions that were adopted on 22 July 2008, a detailed 22 page document in which the EU stated its priority to particularly push for the inclusion of the four issues it agreed to in May, where the Union felt it could make a difference and have an added value.<sup>9</sup>

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<sup>5</sup> Source: report on the Foreign Affairs Council of 9 December 2010, as sent to the Netherlands Parliament by the Secretary of State for Foreign Affairs: <https://zoek.officielebekendmakingen.nl/behandelddossier/21501-02/kst-21501-02-1009?resultIndex=48&sorttype=1&sortorder=4>

<sup>6</sup> The concept ‘development effectiveness’ is increasingly used in discussions on the future of the aid effectiveness agenda. Although there is no accepted definition of development effectiveness, the concept is increasingly used by actors who advocate for the broadening of the aid effectiveness agenda, which they feel should not discuss ‘aid’ in isolation but instead consider it as one of many processes that contribute to promoting development.

<sup>7</sup> See <http://www.train4dev.net/>

<sup>8</sup> <http://register.consilium.europa.eu/pdf/en/08/st09/st09907.en08.pdf> A footnote placed after the word ‘democratic ownership’ states: *“Democratic ownership’ is a large interpretation of ownership that includes, in addition to Governments, a broad range of relevant stakeholders such as Parliaments, civil society and the private sector.”*

<sup>9</sup> <http://register.consilium.europa.eu/pdf/en/08/st12/st12080.en08.pdf>

While there are not many publications available which analyse the negotiations during the high-level forum in Accra in detail, some observers<sup>10</sup> noted that various ministers arriving the night before the last day of the forum found that negotiations as led by their technical staff had reached a deadlock, which was reflected in a rather unambitious text. The EU at that time allegedly let the rumour go that they would issue a separate statement at the end of the Forum, to demonstrate their willingness to go beyond a too weak AAA on specific issues, particularly their four priorities.<sup>11</sup>

It was thus agreed just before the ministerial dinner that negotiations would be re-opened, given that many ministers were unhappy with the current text and the lack of room for political manoeuvre. It was reported that negotiators subsequently stayed at the table until 3.00 hr AM and met again early in the morning to work on the text. CSO observers subsequently heard the French representative of the EU Presidency expressed his content and optimism, and the then European Commissioner for Development Louis Michel reported as saying that *“With this Accra Agenda for Action, we have an operational framework that will allow us to turn our promises into concrete actions”*. The resulting final text was widely considered to be more ambitious than earlier drafts of the Accra Agenda for Action, and considered a success for the Union.

## 2. Life after Accra

Only three days after the adoption of the AAA, on 7 September 2008, the US Treasury decided to place the enterprises Fannie Mae and Freddie Mac under conservatorship, while eight days later the Lehman Brothers filed for bankruptcy. One month later, on the 13<sup>th</sup> of October, individual EU Member States announced plans to renationalise or otherwise recapitalise large banking enterprises.

This emerging financial and economic global crisis which thus unfolded at a rather unexpected pace contributed to catalysing ongoing evolutions in the state of the world governance and the global balance of power. Although the European Union discussed and adopted guidelines in its Council meeting of 11 November 2008 in relation to its participation at the Doha conference on Financing for Development (29 November – 2 December 2008), the level of ambition was much different from the one shown towards Accra: while in Accra the EU wanted to increase the international effort to improve aid effectiveness, in Doha the EU mainly wanted (and succeeded) to avoid the 2002 Monterrey Consensus from being negotiated down.

The changes at the international level were clearly visible in the EU's next political conclusions on its performance in the area of aid effectiveness in May 2009, which were titled *“EU support to developing countries on coping with the global economic and financial crisis.”* The Council Conclusions urged for action to act ‘counter-cyclically’ to help developing countries that were faced with reductions in access to global finance, aiming at sustaining economic activity and employment, with particular attention to the private sector and productive capacity.<sup>12</sup> Detailed statements on aid effectiveness were only shown at the end of the Council Conclusions. In the document, the EU recalled its four key priorities for aid effectiveness where it can make a real difference, and proposed the following three actions:

1. The preparation of individual action plans by Member States, outlining actions to remove, where possible, technical, legal and administrative obstacles to aid effectiveness;
2. Moving forward in advancing Division of Labour and identifying other issues where aid effectiveness commitments can be better pursued through collective EU action, calling for an ‘operational framework’ on aid effectiveness reflecting these issues; and

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<sup>10</sup> E.g. <http://blog.caritas.org/2008/09/02/accra-summit-blog-entries/>

<sup>11</sup> While partner countries showed a lack of coordination and divisions among themselves, Brazil reportedly also tried to get other partner countries of Latin America to sign a common separate statement.

<sup>12</sup> <http://register.consilium.europa.eu/pdf/en/09/st10/st10018.en09.pdf>

3. Coordinating and promoting EU positions and approaches at international level, in particular with a view to the HLF IV in Seoul in 2011.

Under the Swedish Presidency in the second half of 2009, policy discussions on aid effectiveness intensified again and were specifically informed by a Joint Commission/Presidency Paper which put forward proposals for an EU ‘operational framework’ on aid effectiveness, a term which was also used by the Development Commissioner in his statement soon after the adoption of the AAA in 2008.

In the Council Conclusions adopted under the Swedish Presidency, the Council agreed to three key issues as representing the first chapters in its evolving operational framework, and endorsed actions put forward in relation to these: Division of Labour, Use of Country Systems, and Technical Cooperation for Enhanced Capacity Development. The Council also noted that inspiration for remaining priority areas could be drawn from the Council Conclusions of November 2008 and May 2009, such as mutual accountability, predictability of aid, and cross country division of labour.

Following the adoption of this operational framework in 2009, the Council revised the chapter on division of labour in June 2010, and in December 2010 added a fourth chapter on Mutual Accountability and Transparency. Building on these discussions, the Council published a consolidated text for its operational framework in January 2011.<sup>13</sup> The following table compares the four chapters with the four EU priority areas for the AAA.

2008 priority areas	2011 operational framework
1. Division of Labour,	1. Division of Labour
2. Enhanced Use of Country Systems	2. Use of Country Systems
3. Predictability of aid,	3. Technical Cooperation for Enhanced Capacity Development
4. and Mutual Accountability for Development Results	4. Mutual Accountability and Transparency

The main difference shown in the table is the apparent substitution of the predictability of aid as a topic by technical cooperation, which as a separate topic was not among the EU’s initial priority areas for Accra.<sup>14</sup> An important driver behind the inclusion of this topic in the operational framework was the publication critical report by the EU Court of Auditors in 2007 which looked into the effectiveness of technical assistance in the context of capacity development. As part of the European Commission’s response to the findings and recommendations of this report, it launched a fundamental reform of its policies and practices in the area of technical cooperation in July 2008 which are described in a ‘Backbone Strategy’ and a set of accompanying documents.<sup>15</sup>

The chapter on mutual accountability and transparency also goes some way towards addressing the EU’s commitment in the area of predictability, notably by the reference to the commitments made in Paris and

<sup>13</sup> <http://register.consilium.europa.eu/pdf/en/10/st18/st18239.en10.pdf>

<sup>14</sup> It did however feature under the additional commitments on aid effectiveness made in paragraph 31 of the EU Consensus on Development.

<sup>15</sup> The Court of Auditor’s report is available here: <http://eca.europa.eu/portal/pls/portal/docs/1/673583.PDF> , more info on the Backbone Strategy is found at: <http://capacity4dev.ec.europa.eu/article/backbone-strategy-what-who-where>

Accra to “(...) provide timely and detailed information on current and future aid flows in order to enable more accurate budget, accounting and audit by developing countries.” Notwithstanding these agreements, it should be noted that the terms ‘predictability’ and ‘predictable’ do not appear anywhere in the document, and transparency is definitely not the same thing. Instead, the absence of commitments to predictability might reflect the ongoing discussions between the Member States and the Commission on the use of budget support, as well as on how to respond when the conditions for partnership deteriorate.

One other interesting feature of the current operational framework is that the ‘mutual accountability and transparency’ chapter also includes several actions in relation to the concept of domestic accountability, with separate actions proposed, including to support “(...) civil society organisations including women’s groups, as well as the media, local governments, parliaments and national audit institutions, in holding partner country governments and donors to account, including the provision of necessary capacity development support. The EU and its Member States will support more inclusive frameworks for a strengthened involvement of partner countries, including local authorities, parliaments, civil society and the private sector.”

The actions described in the operational framework present thus the EU’s collective agreements on how to operationalise and take forward the commitments made in Paris and Accra. A different though obviously linked matter is what changes the Busan high-level forum might bring to the aid effectiveness ‘acquis’, and what the EU itself might push for in the preparation towards the forum. The next section will examine this in more detail and aims to generate some ideas for action to be taken by Train4Dev and its members, as well as other key actors.

## EU efforts in preparation of Busan

### 1. European and global challenges affecting the success of Paris

The previous sections described how the adoption of the Paris Declaration in 2005 and the AAA in 2008 led to quite a solid peer pressure and international attention. In 2005, the European Consensus on Development confirmed the EU’s ambition to take a leading role in implementing the Paris Declaration<sup>16</sup>, leading to the Commission’s proposals in 2006 to deliver ‘more, faster and better’ aid. Another important step was the adoption of the EU Code of Conduct on Complementarity and Division of Labour in May 2007, which also influenced the adoption of good practice principles on this subject by the DAC in 2009.<sup>17</sup> Between 2008 and today, the EU has mainly been engaged in a process of both internalising and operationalising the commitments made in Accra and Paris.

In addition to these European endeavours, the EU has also taken a politically visible role in the Paris/Accra agenda by delegating its previous Director General for EuropeAid, Mr Koos Richelle, as co-chair of the DAC Working Party on Aid Effectiveness following the adoption of the AAA, who was recently succeeded by former Netherlands Minister for Development Cooperation Mr Bert Koenders.

Notwithstanding the progress made, and the fact that past surveys conducted by the DAC and the EU still clearly place the EU at the forefront of the implementation of the Paris Declaration, the EU faces difficulties

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<sup>16</sup> The European Consensus on Development was signed by all three main institutions of the EU in December 2005, and is still regarded as the corner stone of European development cooperation policy. Paragraph 31 of the Consensus states that “[t]he EU will take a lead role in implementing the Paris Declaration commitments” and identifies four additional commitments: [http://ec.europa.eu/development/icenter/repository/eu\\_consensus\\_en.pdf](http://ec.europa.eu/development/icenter/repository/eu_consensus_en.pdf)

<sup>17</sup> The DAC good practice principles are available here: <http://www.oecd.org/dataoecd/32/21/43408412.pdf>



in continuing and consolidating its collective effective contribution to development, or in other words 'maximising impact' of the EU public funding invested therein. A non-exhaustive list of such challenges:

1. The operational framework could be criticised for not being what it aims to be: operational. Although it sets out clear political directions and horizontal decisions, a lot of additional '**real operationalisation work**' should (still) be done at lower levels<sup>18</sup>, including through various networks such as the Practitioner's Network of European Development Cooperation or Train4Dev.
2. Various studies, such as one published by the European Commission in 2009<sup>19</sup>, point to a lack of European integration in the area of development cooperation which significantly and negatively affects its joint value and effectiveness. Although the 'low-hanging fruits' have been picked, several **structural transformations** are still to be made to really move forward the Union's aid effectiveness. Many of such transformations are however seen as 'sovereign' Member State decisions (e.g. action to improve harmonisation in the programming cycles, with Member States currently adopting their own country strategy papers, or making decisions to add or subtract partner countries from their preferred lists relatively independent from one another).
3. Domestically, the EU is faced by an **imbalance in the levels of Official Development Assistance** as provided by different member states, while some of the least performing Member States in terms of ODA levels also score low on the implementation of the Paris Declaration.<sup>20</sup> Some Member States that have advanced much in translating the Paris Declaration into action and with high ODA levels also have to manage highly politicised and polarised debates which no longer take public support for development cooperation for granted.
4. In the EU, **discussion on the use of budget support** in bilateral and European development cooperation have been heated in previous years, with public support for this approach to providing aid reducing in a number of Member States despite growing evidence on the conditions for its effective use. The choice made for a separate public consultation on the future of EU budget support however provides a good basis for an evidence-based debate later this year.
5. Finally, although the European Union continues to be the largest provider of Official Development Assistance, **the relative influence of ODA itself has been reducing** over the past decade. This is mainly the case for all developing countries and less for the Least Developed Countries (LDCs).<sup>21</sup> The growing presence of emerging countries such as China and Brazil in LDCs, particularly on the African continent, brings benefits in terms of trade, massive investment in infrastructure and resources development. These emerging economies reject the notion that some countries are 'donors' and others 'recipients' and thus prefer not to express their investments in

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<sup>18</sup> There are however a few exceptions where some more fundamental reforms have been made at the operational level, including by the Commission in the aforementioned Backbone Strategy on 'Reforming Technical Co-operation and Project Implementation Units'. Here, and in other areas, progress made by the Commission and/or Member States will be reflected by the upcoming OECD/DAC monitoring survey of the Paris Declaration and the AAA, which will be published later this year.

<sup>19</sup> The study concluded that three to six billion Euros of European ODA is wasted each year due to the lack of implementation of existing aid effectiveness commitments:

[http://ec.europa.eu/development/icenter/repository/AE\\_Full\\_Final\\_Report\\_20091023.pdf](http://ec.europa.eu/development/icenter/repository/AE_Full_Final_Report_20091023.pdf)

<sup>20</sup> See [http://ec.europa.eu/europeaid/how/accountability/eu-annual-accountability-reports/index\\_en.htm](http://ec.europa.eu/europeaid/how/accountability/eu-annual-accountability-reports/index_en.htm)

<sup>21</sup> Analysing data for the period 2000-2006, a paper by the Danish consultancy Development Associates concludes that "Although ODA seems as a relatively small inflow compared to remittances and furthermore equals DI on a global scale, ODA does account for a great part of the financial flows when it comes to Sub Saharan Africa and the LDCs. (...) ODA matters as a source for development in many countries – especially in Sub Saharan Africa and LDCs. Remittances and DI are significant flows, but cannot substitute for ODA." <http://www.dev-ass.dk/uploads/architecture-of-international-development-finance.pdf>

terms of 'aid'. Hence they do not feel bound by the contents of the Paris Declaration, and instead only agreed to some commitments under the heading of south-south cooperation in the AAA.<sup>22</sup>

A recent ECDPM Briefing Note by Bertil Odén and Lennart Wohlgemuth examined how the Paris Declaration was translated into action in three countries in Africa which have been considered among the principal 'laboratories' for the Paris Declaration: Mozambique, Tanzania and Zambia.<sup>23</sup> They observe that for these three countries, despite positive results in areas such as harmonisation, overall results are far from what was expected. Moreover, they observe that the dialogue between donor and recipient governments is becoming increasingly difficult. Among the assumed reasons for the growingly critical attitudes towards Paris by both the donors and the partner countries, the authors referred to (1) expectations being too high in 2005, (2) real and substantial problems of technical and/or political nature in the implementation of the key features, and (3) the disregard of unequal power relations between donors and partners in the Paris Declaration.

As is argued by Odén and Wohlgemuth, failure of the Paris Agenda would be a major set-back to aid effectiveness and development in the poorest countries, partly because it is difficult to envisage effective aid today in the absence of efforts to promote alignment and harmonisation and the use of programme-based approaches, but also because in the current more competitive and crowded development sector there would simply be too many projects to manage.

## 2. Prospects and timeline for a joint EU position in relation to Busan

The last formal debate at the political level among EU ministers on the Union's future engagement on aid effectiveness took place almost half a year ago, in December 2010. During this meeting, some EU Member States stated the view that the Busan High Level Forum should conclude the 'Paris/Accra process', and that the aid effectiveness agenda should be taken further at the national level from that time onwards. While this debate took place over dinner and was not reflected in Council Conclusions, such a position – if adopted by the EU – would likely also have implications for the shape, place or even the future for international policy discussions on this topic.

Under the Hungarian EU Presidency, the EU Member States and the Commission have in recent months had several formal discussions on the 'narrative', a framework for an outline of the Busan outcome document that was informed by the meeting in March of the Executive Committee (ExCom) of the OECD/DAC Working Party on Aid Effectiveness. In addition to these meetings, civil servants have also engaged in several related EU technical seminars on aid effectiveness, joint programming and Busan in general.

Notwithstanding these investments made, the EU has not yet announced a timeline for agreeing on its own priorities for the Busan forum yet, quite unlike its preparations for the Accra forum when it published its priorities a few months in advance. An informal meeting of the Council is planned for July where a first basis for such priorities might be looked into, and where the EU can provide an input into the narrative proposed by the Co-chairs. Meanwhile, some Member States (including Germany and the Nordic group)

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<sup>22</sup> For a recent elaborate analysis of how emerging economies affect EU-Africa relations, please refer to: Rampa, F. and Bilal, S. (2011). Emerging economies in Africa and the development effectiveness debate. (ECDPM Discussion Paper 107). Maastricht: ECDPM. <http://www.ecdpm.org/dp107>

<sup>23</sup> Odén, B. and L. Wohlgemuth. (2011). Where is the Paris Agenda heading? Changing relations in Tanzania, Zambia and Mozambique (ECDPM Briefing Note 21). Maastricht: ECDPM. <http://www.ecdpm.org/bn21>



have submitted bilateral contributions to the OECD/DAC with their views on the zero draft, as reported in a recent letter from the two Co-chairs to members of the Working Party on Aid Effectiveness (WP-EFF).<sup>24</sup>

Against the backdrop of the challenges highlighted in the last sub-section, it seems further progress in Europe in moving towards a joint position on Busan (and hence a strong influence in the direction of the debates) has been hampered by:

1. A rather **reactive stand** in most EU capitals towards the preparatory process, where policy makers are in a **'waiting mode'** anticipating the proposals from Paris (a generalisation which does not do justice to ongoing debates in a minority of Member States);
2. A process of gradual **'depoliticisation'** of the EU debate on aid effectiveness following the adoption of the AAA in 2008, with the exception of budget support which has been subject of a more polarised debate in the EU. This depoliticisation is partly a result of attempts to operationalise political commitments made, during which perhaps insufficient efforts were made to avoid that the agenda becomes overly technical given the obvious political aspects associated (e.g. issues of national sovereignty implied by division of labour).
3. **Disagreement between Member States** on what should be the focus in Busan. Some are in favour of Busan to concentrate on the essence of the Paris Declaration – and hence the core of the present 'aid effectiveness agenda' – while other Member States want to fundamentally 'open up' this agenda by bringing in new actors, interests, funding sources and/or policies.<sup>25</sup>

If sufficient progress is made in discussions planned for July, the EU's position might be finalised before the autumn so that it can feed into the meeting of the WP-EFF's Executive Committee meeting scheduled for September.

## Possible elements for the EU's position: fleeing forward?

Given ongoing globalisation and the gradually reducing influence of ODA in developing countries, but also in view of the EU's high contribution to global ODA, it can be argued that it is against the EU's interest to continue attempting to prove the relevance and success of ODA in a 'vacuum'. Unfortunately this is still very much the case in most influential evaluations as well as discussions on aid effectiveness in Europe, e.g. the recent interest in concepts such as 'value for money' or 'cash on delivery'. This continuing isolation of 'aid' also misrepresents the reality of the EU's contributions to global development, of which aid is but one element. While aid can continue to be a central element in Busan, the EU can also choose to 'flee forward' by advocating for much more attention to the need to promote 'Policy Coherence for Development' (or PCD), which is expressed in the Treaty for European Union's chapter on development cooperation as taking *"(...) account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries."*

While this requirement is gradually changing from an exotic idea into a more accepted principle for good policy-making<sup>26</sup>, the Union's 'accountability' to this Treaty requirement is progressing by a snail's pace. In November 2009, while appreciating the progress it had made in recent years, the EU member agreed that

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<sup>24</sup> Letter addressed to "Members of the Working Party on Aid Effectiveness", dated 29 April 2011.

<sup>25</sup> It should be noted that this disagreement is not only seen in the EU, but also in WP-EFF discussions. Moreover, besides disagreement but especially a high degree of indecisiveness between (groups of) countries, the same can be found within individual countries – both for the agenda as a whole but also on individual components.

<sup>26</sup> It is for instance becoming more and more referred to in resolutions by the European Parliament in Committees such as PECH and INTA.

*“further work is needed to set up a more focused, operational and result-oriented approach to PCD in order to more effectively advance this commitment within the EU at all levels and in all relevant sectors.”<sup>27</sup>*

Key for making further progress is continued political attention to the need for more coherent, joined-up policy making and the successful adoptions of policies meeting such criteria. Some ongoing policy processes have already shown interest in accommodating this concept, one example being the outcome document adopted at the 2010 UN high level meeting on the Millennium Development Goals (MDGs) which features a general commitment as well as recognition of specific incoherencies which hamper the achievement of the MDGs (e.g. trade distorting measures, tax evasion, capital flight, export subsidies, intellectual property rights).<sup>28</sup>

Some of the actors that take part in the preparatory discussions for Busan have already suggested the inclusion of the influence of ‘non-development’ policies in the aid effectiveness, hence enlarging this agenda to cover actions in relation to ‘development effectiveness’. A day-long seminar that was organised at the OECD on the 26<sup>th</sup> of October to look into the relevance of this concept for the work of the WP-EFF led to the conclusion that there is no agreed definition of what this expression means, as it is applied by various actors for different purposes. Definitions used can range from (1) ‘enlarging the tent’ to examine the combined effectiveness of ODA and other development investments, including those made by non-development actors, (2) the interrelations between aid and other policies of OECD countries on developing countries, or (3) a multi-dimensional view of development, i.e. looking at development as beyond economic development. In addition to noting the lack of a ‘shared definition’, participants at the workshop also noted that development effectiveness should not be used as a means to dilute commitments made on aid effectiveness, but argued dilute that aid effectiveness principles and the Paris / Accra commitments, if implemented fully, can in fact be an important means to realising development effectiveness.

Little more than a week after the WP-EFF meetings in October 2010, the NEPAD Planning and Coordinating Agency and the African Development Bank jointly organised the Second Africa Regional Meeting on Aid Effectiveness, South-South Cooperation and Capacity Development. The event, held in Tunis on 4 and 5 November brought together nearly 200 representatives of African governments, parliaments and civil society. During the conference, participants debated how well the Paris Declaration on Aid Effectiveness had served Africa’s needs, and what new issues African countries would like to see on the international policy agenda for development cooperation. The resulting document, dubbed the ‘The Tunis Consensus: Targeting Effective Development’, summarises key points of agreement reached during the conference and which will contribute to setting the agenda for Busan. The Tunis event identified six elements that were considered central to an African agenda for development effectiveness, and which will be enriched and expanded further during the remaining preparations for the high level forum: (1) building capable states, (2) developing democratic accountability, (3) promoting south-south cooperation, (4) thinking and acting regionally, (5) embracing new development partners and (6) outgrowing aid dependence.<sup>29</sup>

Given these recent discussions, it is clear that it could be perceived as awkward if the European Union – who was among the key actors pushing the Paris Declaration further during the Accra forum – would now be taking a rather more conservative/preservative stand during the preparation for Busan. Instead, it could be seen as part of its agenda (which it already communicated in the run-up to Accra) to simultaneously push for two things:

1. a full realisation and implementation of the commitments in the Paris Declaration and AAA; and

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<sup>27</sup> The Council conclusions are available at: <http://register.consilium.europa.eu/pdf/en/07/st14/st14921.en07.pdf>.

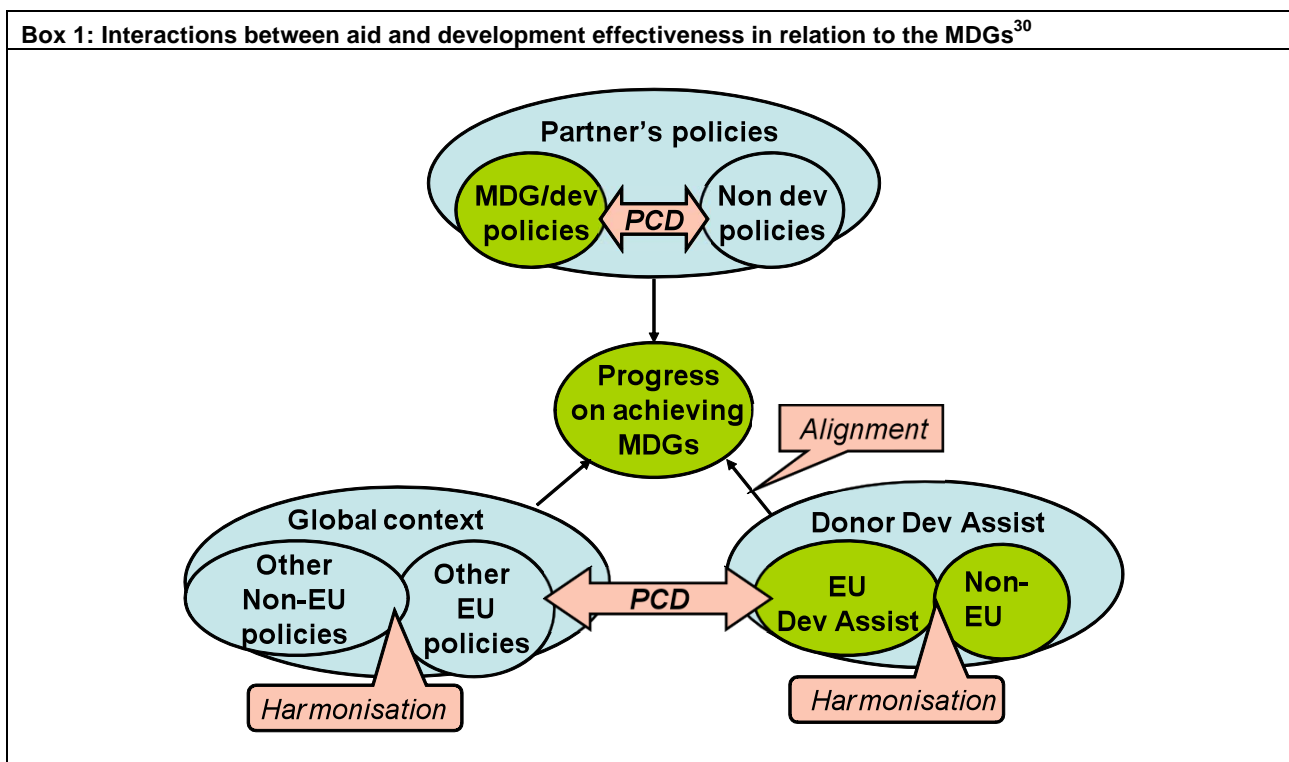
<sup>28</sup> See paragraphs 41, 42, and 78: <http://www.un.org/en/mdg/summit2010/pdf/mdg%20outcome%20document.pdf>

<sup>29</sup> [http://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Tunis\\_Consensus\\_3mars.pdf](http://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Tunis_Consensus_3mars.pdf)

2. as well as for broadening of the agenda to help push for further development effectiveness.

As argued above, such a broader agenda would also be a way to get the emerging economies more on board, since they do not consider themselves as providers of development aid. An example of an earlier attempt to bring the two agendas together can be found in the 2009 EU report on Policy Coherence for Development, and its accompanying Communication which suggested exploring the relevance of an 'ODA+' concept, based on the idea of harnessing the potential of non-ODA financial flows for development and increasing their development value (see also Box 1).

**Box 1: Interactions between aid and development effectiveness in relation to the MDGs<sup>30</sup>**



Although it is recognised that effective aid is a means to development and not an end in itself, some studies and observers also point to possible risks of pursuing aid in the context of a broader development effectiveness agenda. The basic point there is that once development policy permits itself to have an opinion about other policies, these policies will subsequently permit themselves to have an opinion about development policy. There are concerns that aid could increasingly be put at the service of other sectoral interests, or that sector ministries claim parts of the aid budget. While such risks are real and perhaps cannot be entirely avoided, continuing aid as a relatively self-standing and isolated area has an uncertain future in a globalised world, and is vulnerable to levels of public support and political debates. What should be clear is that EU Member States and others should not be held accountable for their levels of ODA, but rather for how their full spectrum of policies contributes to global development.

Such a new setting would imply substantial and largely unmet learning needs, to which a network such as Train4Dev could substantially contribute:

1. A need to 'legitimate' the considerable experience gained by development practitioners over the past years in **managing financial assistance to the public and private sector** in developing countries, an expertise worth sharing with other government officials engaged in similar

<sup>30</sup> Adapted from page 171: [http://ec.europa.eu/development/icenter/repository/SWP\\_PDF\\_2009\\_1137\\_EN.pdf](http://ec.europa.eu/development/icenter/repository/SWP_PDF_2009_1137_EN.pdf)

- endeavours (e.g. public-private partnerships, funds paid in the context of negotiated fishing opportunities).
2. The need to continue experimenting with the use of **political economy approaches** as a key element to designing effective interventions, while also broadening such analytical exercises to better cover the impact of external influences and global/regional policies on the long-term development prospects of a country or region.
  3. Linked to the previous point, development practitioners need to develop their expertise to understand and **contribute to the formulation and implementation of other policies**, and actively seek to make these policies coherent with development objectives. The current situation where Member States seem to struggle to even appoint a single 'focal point' on 'Policy Coherence for Development' shows that present investments are hardly satisfactory. Although aid will obviously remain the *raison d'être* for aid agencies to exist, and the need to manage the money responsibly remaining very real, aid cannot exist in a vacuum and accountability for development should relate to governments as a whole.
  4. Finally, continue investing in **improving communication** of what is exciting about innovations in effectively contributing to development. While project assistance can be made visible and marketed by well-known celebrities, the most tangible thing that seems to be communicated about new approaches such as budget support are the coordination meetings in anonymous hotel conference rooms.

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