After Busan

Owen Barder
January 20, 2012

Center for Global Development
www.cgdev.org
Agenda

- The road to Busan
- What happened at Busan?
- After Busan?
From Kampala …

1996 – Election
1997 – Poverty Eradication Action Plan
1999 – E-HIPC
2002 – 30+ PRSPs

“5 PRS Principles”
- Country driven
- Results oriented
- Comprehensive
- Partnership oriented
- Long term
The need for harmonisation

In Vietnam, it took 18 months and the involvement of 150 government workers to purchase five vehicles for a donor-funded project, because of differences in procurement policies among aid agencies.

Rome (2003)

- Support country priorities
- Reduce donor missions, reviews and reporting
- Decentralize, improve incentives
- Align with budget cycles
- Harmonize donor approaches

Three observations:
1. Commitments only for donors
2. Required head-office action
3. Largely ignored in practice
Aid effectiveness matters

Lack of predictability costs 15-20% of the value of aid.

Aid effectiveness matters

Tying of aid reduces the value of aid by 20-30%

Projects are proliferating

Source: AidData (www.aiddata.org)
March 2010
Project sizes are falling

Source: AidData (www.aiddata.org)
March 2010
Aid effectiveness matters

EU countries launch around 22,000 new aid projects in developing countries each year, with an average budget of about €0.7 million.

The costs to EU donors of preparing new projects is about €2-3 billion per year.

Source: ‘The Aid Effectiveness Agenda: the benefits of going ahead’, EU, September 2011
From Kampala to Paris

<table>
<thead>
<tr>
<th>Rome</th>
<th>Paris</th>
<th>Accra</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>2005</td>
<td>2008</td>
</tr>
<tr>
<td>Harmonisation</td>
<td>+ 5 Paris principles</td>
<td>+ ‘Ownership’ redefined</td>
</tr>
<tr>
<td>Country systems</td>
<td>+ Monitoring</td>
<td>+ Civil society</td>
</tr>
</tbody>
</table>

My view:
- these declarations ignored the political economy of aid
- the problems are serious - perhaps an existential threat
Agenda

- The road to Busan
- What happened at Busan?
- After Busan?
Busan: four positive steps

1. Broader partnership
2. New governance (‘building blocks’)
3. Transparency
4. New deal for fragile states
Busan: five interesting trends

1. ‘Development effectiveness’ not ‘aid effectiveness’
2. Results
3. Civil society
4. New ideas on mutual accountability
5. Role of the private sector
Busan: my verdict

- Big bet on transparency & results
- Accepts defeat on Paris approach
  - Coalitions of the willing
  - Fewer committees and harmonization
- Focus on country-level progress (e.g. Rwanda)
  - Doesn’t address HQ problems
- Dressed up as reflecting new realities
Agenda

- The road to Busan
- What happened at Busan?
- After Busan?
The bureaucracy rolls on

- Global Partnership on Effective Development Co-operation (WP-EFF)
- New secretariat (OECD & UNDP)
- Light (?) global monitoring (WP-EFF+)
Figure 1. HLF4 outcome document and relationship with building blocks and related initiatives

Busan Partnership for Effective Development Co-operation
(includes reaffirmation of commitments contained in the Paris Declaration and Accra Agenda for Action)

- New Deal for Engagement in Fragile States
- Elements of the Results and Accountability building block
- Agreement on Expanding and Enhancing Public and Private Co-operation for Broad-based, Inclusive and Sustainable Growth
- Follow-up initiative on Managing Diversity and Reducing Fragmentation
- Busan Action Plan for Statistics

- New Consensus on More Effective Institutions for Development
- Elements of the Climate Change Finance and Development Effectiveness building block
- Elements of the Transparency building block
- Elements of the South-South and Triangular Co-operation building block
- Busan Joint Action Plan on Gender Equality and Development
8 building blocks

- Conflict & fragility
- South-south cooperation
- Private sector
- Climate finance
- Transparency
- Effective institutions & policies
- Results & accountability
- Managing diversity & reducing fragmentation
My advice

- Focus on transparency & results
- Resist bureaucracy, committees
- Make the building blocks dynamic
- Embrace new partners
- Celebrate innovation & diversity
- Aid is not development
- Evaluate, learn, adapt
- Post-2015 is more important than post-Busan