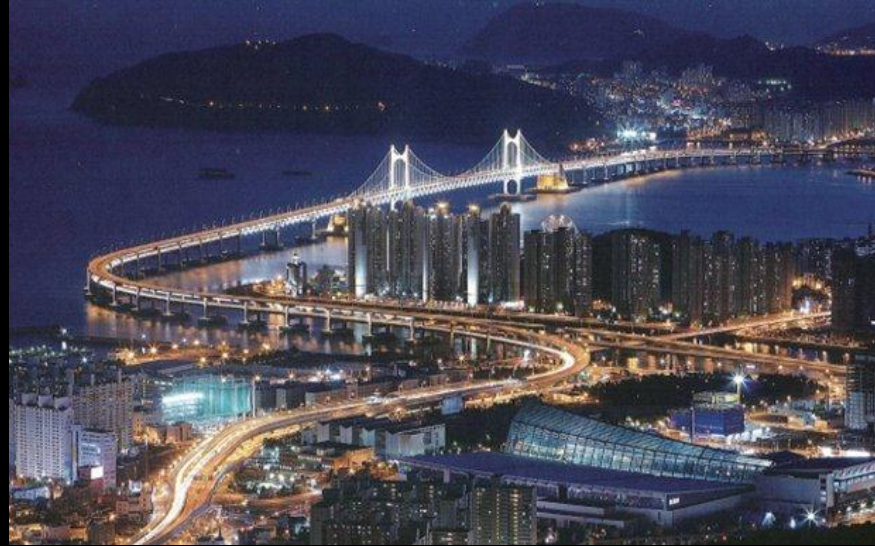


After Busan



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



PROSPERITY

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.

'The Effects of Donor Fragmentation on Bureaucratic Quality in Aid-Recipient Countries' Stephen Knack (2006)

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.

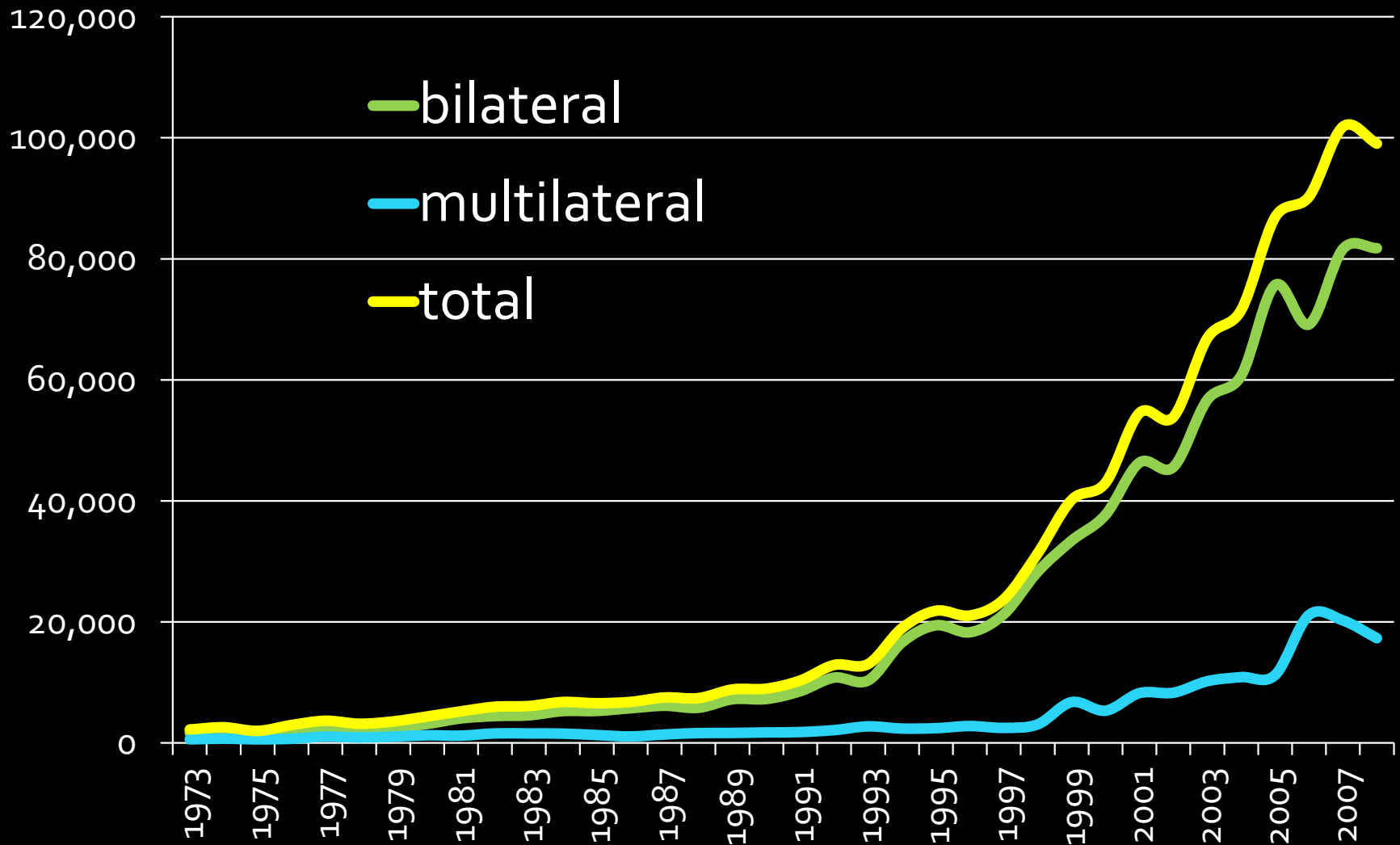
Source: Kharas, H. (2008). Measuring the Cost of Aid Volatility.
Wolfensohn Center for Development Working Paper No. 3.

Aid effectiveness matters

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

Source: Jepma, OECD (1991) 'The tying of aid'

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

Rome	Paris	Accra
2003	2005	2008
Harmonisation	+ 5 Paris principles	+ 'Ownership' redefined
Country systems	+ Monitoring	+ Civil society

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
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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



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