

## **Main messages from the New Aid Architecture Round Table**

### General issues

Several partner countries expressed their concern with respect to the Paris Declaration approach being too centered in the relationship between traditional (DAC) aid providers and developing countries that are aid-dependent. The terminology itself, e.g., “donor countries”, is not able to provide a good conceptual framework for the reality of the “new development assistance architecture”. It was said that more flexibility and an effort to broaden the Paris declaration conceptual framework to encompass the emerging situation of greater South-South cooperation and a specific place for medium income countries, as well as for non-official development assistance, was needed to bring it up-to-date. In that regard, the approach of issues such as prevention and mitigation of climate change or regional/global public goods could play a role.

### South-South Cooperation

Several partner countries highlighted the importance of South-South cooperation in the new architecture of development assistance, underscoring that it has specific features and is not subordinated to the traditional modalities of cooperation. Three important issues were mentioned as potential comparative advantage of South-South cooperation: i. the greater similarity (or even temporal proximity) of development experience; ii. less transaction costs, by not requiring as much bureaucratic work, and more use of partner country’s systems; and, iii. the imposition of less conditionality. Part of these potential advantages relates to the fact that the cooperating countries can use their own experience as “recipients” in more traditional DAC (or IFI)-Developing Country assistance.

While it was said that the Non-DAC providers of development assistance accept the principles of the Paris Declaration, it was reminded that the indicators (and even the terminology, as mentioned above) were not adequate, as they were conceived within a mainly DAC-LDC (least developed countries) relationship framework. Good practices of South-South cooperation are not properly reflected in the PD, for example the cooperation between middle income partner countries that is based on shared costs.

It was widely accepted that there was a significant synergy stemming from bringing together the new providers of development assistance and traditional DAC providers in triangular operations/programs. The reasoning is that the exchange of experience that is closer to the beneficiary could magnify the results of employing the larger pool of technical and financial resources from more developed countries. More specifically, a country emphasized the need of searching for more integrated territorial approaches, which could benefit from the closeness of a partner that share (or has recently shared) many of the same features of the region/population being addressed. In that context, it was recalled that the PD should address the issue of decentralized cooperation, which has become increasingly important.

The role of the IFIs in support of S-S cooperation was also underscored. In particular, it was mentioned that the IFIs could help systematize and disseminate information regarding S-S programs and related good-practices and successful cases, help develop results framework and monitoring systems for them, provide financial and TC instruments that are better tailored to S-S cooperation, among others.

It was recalled that the UN system, given its characteristics of neutrality and multilateralism, is an option to facilitate greater harmonization among the new international cooperation actors.

There was also a consensus regarding the specific conditions of Middle Income Countries and the way they should be considered for cooperation, taking into account the diminishing amounts of cooperation they are receiving, which ignores the in-country asymmetries.

### Global Programs

The main issue raised was that global programs should be more flexible, accounting for partner countries' specificities, making eligibility easier and increasing the use of resources. The way global programs currently work ends up creating too many requirements for institutional changes in the partner countries, making access to the Fund very difficult. In particular, it was highlighted that global programs should adjust to national problems and have an embedded flexibility to accommodate that. In addition to considering the technical capacity for the execution of projects, the global funds should also take into account the limitations in fiscal space and financial ability of countries and/or involved sectors. That more pragmatic approach enhances the chances to participate in the programs and make them more dynamic. This is important to avoid that earmarked development resources remain untapped for a long time. It was also mentioned that the assignment of resources based on poverty rates could be misleading and result in huge asymmetries.