

Discussion paper – non-DAC providers of development assistance

About this paper

The purpose of the paper is to contribute to the process of capturing the views and experiences of non-DAC providers on aid effectiveness with the view to forming a position towards the HLF-3 and the Accra Agenda for Action (AAA). To this end, the paper includes 4 key issues which are targeted towards non-DAC and partner countries. The discussion paper forms part of the activities of the Informal Working Group on non-DAC Providers of Development Assistance, mandated by the Working Party on Aid Effectiveness (WP-EFF) to look deeper into the key issues on aid effectiveness identified by non-DAC providers of development assistance.¹

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1. Introduction

The international aid architecture is going through substantial changes as the number of actors in development assistance is rapidly increasing. This dynamic is bringing both opportunities and challenges for aid effectiveness, including for the implementation of the Paris Declaration on Aid Effectiveness. Ongoing measures to improve the quality of aid are closely linked to the commitments of scaling up aid, including those within the framework of the Financing for Development (FfD) process. Aid increases and aid effectiveness form part of and will contribute to the fulfilment of globally agreed development goals including the Millennium Development Goals (MDGs).

2. Non-DAC providers bring increases in resources and valuable experiences

The so called non-DAC providers of development assistance, that is to say not part of the Development Assistance Committee (DAC) of the OECD, are in fact a heterogeneous group of countries and institutions which are providing a significant and increasing amount of aid.² Their contribution will thus result in more resources as well as a broader range of aid modalities, for developing countries to achieve global and national development targets.

Despite their diversity, some similar traits in the form of their added value have been observed. Non-DAC providers, often as former aid recipients, or in their dual role as both recipients and providers of aid, are well placed to be effective in delivering development

¹ The key issues identified at the Special Session with Non-DAC Providers of Development Assistance OECD, Paris 27 November 2007 were:

- Tripartite cooperation and South-South cooperation, which is an aid modality of specific importance and considerable experience for non-DAC providers of development assistance;
- Comparative advantage in the context of harmonisation, and its implications;
- Making cooperation between non-DAC and DAC more efficient, particularly on sharing experiences and knowledge with newer development cooperation agencies;
- Looking at practical ways to improve coordination and cooperation at the country level, taking into account the challenge of weak field capacity for some non-DAC countries; and
- Capacity development and technical assistance.

² Non-DAC providers of development assistance include non-DAC OECD members, major emerging and transition economies, Middle Eastern donors, non-OECD EU members, and other countries from South East Asia and Latin America. Source: *Working Party on Aid Effectiveness Special Session with Non-DAC Providers of Development Assistance* OECD, Paris 27 November 2007.

assistance, drawing on their own experiences of good and bad practices. Furthermore, they frequently share similar challenges to developing countries, including that of reducing poverty, and have relevant successes to draw upon from their own countries. Others have long-standing relations with partner countries, given their regional ties, cultural or historical affinities.

More specifically, South-South cooperation and trilateral cooperation have been identified as two important aid modalities of non-DAC providers which potentially improve effectiveness of aid in line with the Paris Declaration principles. The latter has also been identified as a means to increase the cooperation between non-DAC and DAC as well as partner countries in order to enhance the impact and effectiveness of aid.

3. The Paris Declaration, the aid effectiveness agenda and non-DAC providers

The Paris Declaration on Aid Effectiveness and the principles it enshrines - ownership, alignment, harmonisation, managing for results and mutual accountability - reflect the lessons learned over decades of development cooperation experience. The Paris Declaration, to which over 100 DAC, non-DAC and partner countries and institutions have adhered at the Second High Level Forum on Aid Effectiveness in Paris in 2005, is seen as a useful instrument for effective use of aid resources and to achieve common objectives such as MDGs.

The first dialogue between the Working Party on Aid Effectiveness and non-DAC providers, in November 2007, found that there is a general consensus among both DAC and non-DAC countries that the Declaration's principles are about improving the effectiveness and quality of aid.³ Many non-DAC providers of development assistance have expressed that they apply part of the same, or similar, aid effectiveness principles.

However, non-DAC providers of development assistance have been less involved in the dialogue on aid effectiveness and there is a risk that the Paris Declaration is seen as not sufficiently reflecting their perspectives and experiences. There is a degree of reluctance towards and a perceived "legitimacy gap" in respect of the Paris Declaration, which by some is perceived as a DAC instrument which aims to homogenise donor practices or a blueprint for certain types of aid modalities. It is thus important to clearly communicate that the Paris Declaration is a framework which should be defined by and adapted to the needs of partner countries, and around which aid providers and partner countries should mutually engage in order to get the most value of the aid provided.

To enrich the discussion on aid effectiveness it is important to consider whether the principles adequately reflect or not the perspectives and efforts of non-DAC providers in relation to aid effectiveness. The international community can learn greatly from the experiences and perspectives of these countries, and also understand better some of the challenges, in relation to the Paris Declaration and non-DAC providers; whether these are connected to feasibility, or if they can be explained by fundamental differences in perspectives, or if the principles are of limited relevance. Recipient countries are also invited to share their views on the significance and characteristics of assistance from non-DAC providers with regards to the five principles of the Paris Declaration. It is important to stress that, in order to promote

³ Special Session with Non-DAC Providers of Development Assistance of the Working Party on Aid Effectiveness, Paris, 27 November 2007.

collective effort for improving the quality and impact of aid, inclusive of DAC and non-DAC providers, it is necessary to continuously improve the framework for the implementation of the Paris Declaration in order to respond to the challenges that arise from the changing aid architecture.

4. Non-DAC providers of development assistance and the Accra Agenda for Action (AAA)

The upcoming Third High-Level Forum on Aid Effectiveness (HLF-3) in Accra, Ghana 2-4 September 2008, provides a key opportunity for non-DAC providers to give their input to the aid effectiveness agenda and the Paris Declaration principles.

The HLF-3 - bringing together ministers from over 100 countries, heads of bilateral and multilateral development agencies, donor organizations, and civil society organizations - will set the framework for discussions on aid effectiveness for the next few years.

To capture the views and experiences of non-DAC providers of development assistance, and their suggestions for further improvements in the international aid architecture, is crucial in order to ensure a successful outcome of the HLF-3 and beyond. **The HLF-3 will also be a key opportunity for the international community to recognise the importance and particularities of non-DAC development assistance providers.** These opportunities will hopefully translate into concrete results contributing to further advancement on aid effectiveness which will make a difference for poor people and development.

5. Increased need for dialogue and cooperation between DAC and non-DAC providers

The increased engagement of non-DAC development assistance providers is coupled with a growing need for dialogue, concrete cooperation and sharing of information and experiences between non-DAC and DAC countries on aid effectiveness principles, in order to improve the quality and impact of aid. Partner countries should be at the centre of such processes.

Sharing of information is for example necessary in order to avoid duplication and to increase complementarity. In particular, information sharing on who does what at the partner country level is important so as to maximise the comparative advantages of different actors and identify gaps based on the needs of the partner countries.

More broadly, is it clear that it is valuable for non-DAC and DAC providers to share experiences and perspectives on what constitutes aid effectiveness and what factors are considered to be crucial to enhance this, so as to mutually learn from each other. Furthermore, such experience sharing could spur ideas and further initiatives for joint cooperation. The Paris Declaration is a key instrument for such dialogues and cooperation in the field of aid effectiveness.

Questions and topics for discussion

1. Non-DAC providers of development assistance and the Paris Declaration:

- To what extent do the principles of the Paris Declaration on Aid Effectiveness adequately and sufficiently reflect the perspectives and efforts of non-DAC providers in relation to aid effectiveness? If this is not the case, what are the reasons for this, e.g.

is it related to feasibility in implementation, or to limited relevance, or to fundamental differences in perspectives?

- What are some of the challenges for translating aid effectiveness principles into practice at the home country and partner country level?

2. Non-DAC providers of development assistance and the Accra Agenda for Action (AAA)

- What key issues do non-DAC providers see as important to bring into the AAA, to be endorsed at the HLF-3, in Accra, Ghana, 2-4 September 2008?
- What are the views of non-DAC providers on the priorities partner countries have identified for the HLF-3 in Accra?⁴

3. Non-DAC providers of development assistance and partner countries:

- What various approaches and measures are taken by non-DAC providers to enhance their cooperation with partner countries, which contributes to promoting aid effectiveness principles?
- What good practices from and constraints of aid modalities can be shared with DAC providers, e.g. from South-South cooperation?
- What are the views of partner countries on the advantages of South-South and triangular cooperation? What are the benefits and difficulties with regards to the growing diversity of aid channels?

4. Non-DAC providers of development assistance and DAC providers:

- What various approaches and measures are taken by non-DAC providers to enhance cooperation with DAC-providers with the purpose of promoting aid effectiveness?
- What are the opportunities, e.g. trilateral cooperation, and what measures need to be taken to be able to increase cooperation to promote aid effectiveness?

⁴ The six priority areas presented by partner countries are: untying of aid, conditionality, predictability of aid, incentives, capacity development and complementarity/division of labour.