

: Global Governance Spotlight

2 | 2012

sef:

The Busan Process: Milestone or Stumbling Block for International Development Cooperation?

Elena Sondermann

A year ago, the Fourth High Level Forum on Aid Effectiveness (HLF4) took place in Busan, South Korea. One of its main goals was to integrate the major emerging countries, such as Brazil, China and India, into the international system of development cooperation. In this respect, the adoption of the Busan Partnership document as the outcome document of the conference can be regarded as a success: the importance of new development actors for international cooperation is underlined several times in the text. In summer 2012 – as agreed in Busan – the Working Party on Aid Effectiveness (WP-EFF), hosted by the OECD’s Development Assistance Committee (DAC), was replaced by the new Global Partnership for Effective Development Cooperation as the key player in shaping the aid effectiveness agenda. A year after the Busan Summit, however, the role being played by the emerging countries is still low-key – even though the success of the new partnership crucially depends on their involvement. This presents a major challenge for the DAC and DAC donors: on the one hand, they need to engage actors involved in South-South cooperation more fully, and on the other, they must further deepen the current effectiveness agenda in the context of North-South cooperation.

The aid effectiveness decade

Since the mid 1990s, the donors organised within the OECD’s Development Assistance Committee have taken an increasingly critical stance towards the lack of effectiveness of their aid, particularly in light of budgetary constraints on development

financing. Since the adoption of the Millennium Development Goals (MDGs), which defined poverty reduction as the overarching goal of international development, the question of how to increase the effectiveness of aid has moved to the top of the international political agenda and has been discussed and elaborated at various High Level Forums.

For the aid effectiveness agenda, a high point was reached in 2005 with the Paris Declaration on Aid Effectiveness. This defined ownership as an overarching principle and goal. Although the Paris principles largely reflected donors’ experiences and were initiated by them under the auspices of the “donors’ club”, the DAC, they generated momentum beyond this group. Partner countries and civil society representatives were involved in the discussions within the WP-EFF framework, which saw itself – and positioned itself – as an open working group. The Accra Agenda for Action (AAA), adopted at the 2008 Summit in Accra, Ghana, attempted to respond to some of the points of criticism. Although little more than a declaration of intent which lagged behind the Paris Declaration in terms of its specifics and verifiability, it nonetheless ensured that the effectiveness process kept moving forward. Not least, the evaluations of the results achieved by donor and partner countries against the Paris indicators (in 2006, 2008 and 2011) unleashed a flood of publications, reports, events and interest in the DAC-dominated agenda and discussion process. So despite outspoken and entirely justified criticism, the Paris Declaration has become a central reference point for international development practice and discourse over the past eight years.

Emerging countries still out in the cold

This changed mindset, however, applies solely in relation to the experiences and practices of the “traditional” DAC donors. The Paris Declaration and the principles and indicators agreed in it have very limited appeal for other development actors, even though the DAC has increasingly attempted to involve a wider group of stakeholders, mainly via the WP-EFF, which has dominated and steered the debate since 2003. As part of this process, a meeting with “new” donors was convened a good five years ago, in November 2007. The WP-EFF also established a Task Team on South-South Cooperation, which analysed more than 100 case studies of South-South cooperation in terms of their aid effectiveness and, in 2010, hosted a High Level Event on South-South Cooperation and Capacity Development in Bogotá. In the meantime, countries such as Brazil, China, India and South Africa have all signed the Paris Declaration, but solely in their capacity as recipient countries. Beyond that, they make little or no reference to the agreement, firstly because they cannot identify with the experiences which it reflects; secondly, because they reject the blueprint for the “right” or “good” form of development cooperation set out in the Declaration; and thirdly, because they do not see themselves as donors, nor do they have any desire to be seen as such, viewing themselves instead as partners for South-South cooperation. Furthermore, the aid effectiveness debate has only ever taken place under the DAC/OECD “umbrella” – no matter how broad its reach in a bid to involve other actors. Since the 2002 Monterrey meeting, however, the “new” donors have pressed for the United Nations (UN) to be placed at the heart of international development.

Busan: the end of the Paris Agenda?

By the time the HLF took place in Busan in 2011, the development world had moved on from Paris. In the intervening years since 2005, the traditional donors’ official development assistance (ODA) budgets had come under increasing pressure due to the economic and financial crises, while the contributions from non-state donors steadily grew in significance, along with those of “new” donors and alternative financial flows to recipient countries. In other international policy fields and negotiating processes, too, the increased influence and more overtly expressed self-confidence of the emerging countries were already apparent. The recipient countries, for their part too, no longer formed a homogeneous group, which is how they had been viewed in the Paris Declaration. Furthermore, the final Paris evaluation showed that successes in implementing the principles were very patchy and inconsistent overall, and that donors in particular had not fulfilled many of the tasks they had set themselves.

The Paris Declaration provided a corrective for a specific form of development cooperation. In view of the changes described, however, it became apparent, in the run-up to Busan, that it was even further from being an ideal blueprint for all the existing forms of development cooperation, and that merely expanding the agenda was no longer an adequate response to changed realities. The aid effectiveness decade was over. The time seemed ripe for new ideas.

Exploring commonalities, accepting differences

More actors than ever before, including the “new” donors, participated in the preparations for the Busan Summit. Their input and the efforts by the wider DAC community to move the debate in their direction are reflected in the phrasing of the outcome document. On the face of it, this would seem to express little more than some minor shifts in emphasis but in reality, it contains important strategic and substantive changes.

Busan was also intended to intensify efforts to achieve the MDGs and, in some ways, marked the start of the final run-up to 2015. Only against this background can the presence of high-ranking politicians such as United States Secretary of State Hillary Clinton, UN Secretary-General Ban Ki-moon, former British Prime Minister Tony Blair and many other presidents, premiers and ministers be understood – clearly marking Busan out from all its predecessors. But despite references to the MDGs, it was clear that it was no longer poverty reduction but economic development which was now formulated as the overarching goal, along with economic growth and a continued focus on results – reflecting the development experience of host country South Korea. These concepts were regarded as a potential frame of reference for DAC members and non-DAC donors alike, as well being as criteria by which to judge the success of various forms of development resource allocation – independently and beyond normative frameworks.

Instead of talking about “aid effectiveness”, the discussion in Busan focused on “development effectiveness”. On the one hand, this points to a broadening of the thematic debate, which is certainly very useful, with development cooperation being integrated explicitly into the wider context of development promotion. On the other hand, it makes the debate more accessible for “new” donors, which have difficulty with, and tend to reject, the concept of “aid”.

The Busan outcome document attached great importance to South-South cooperation. However, it also attempted to strike a balance between past aspirations and the future policy course. On the one hand, the countries which endorsed the Paris principles should not be absolved of their responsibility to

implement the standards and processes agreed there. On the other hand, it was clear that the “new” donors would never consent to this form of cooperation, which was based on alignment of procedures and approaches; at best, these countries would agree to coordination in the form of dialogue and exchange. This led to the formulation of common goals and differential commitments. In response to an inter-

tended to be somewhat reticent in the discussions as well. Overall, however, it is noteworthy that the tight timeframe has been adhered to and that in summer 2012, the Global Partnership officially began its work. This has changed the stakeholder landscape once and for all: the WP-EFF, which until the Busan meeting was the main platform for dialogue and negotiations on aid effectiveness, took a decision to disband – a very unusual act by any institution. The DAC thus took a step back and, in conjunction with the United Nations Development Programme (UNDP), now “hosts” the Partnership, which means that a joint team has been set up to support the work of the Co-Chairs and the Steering Committee.

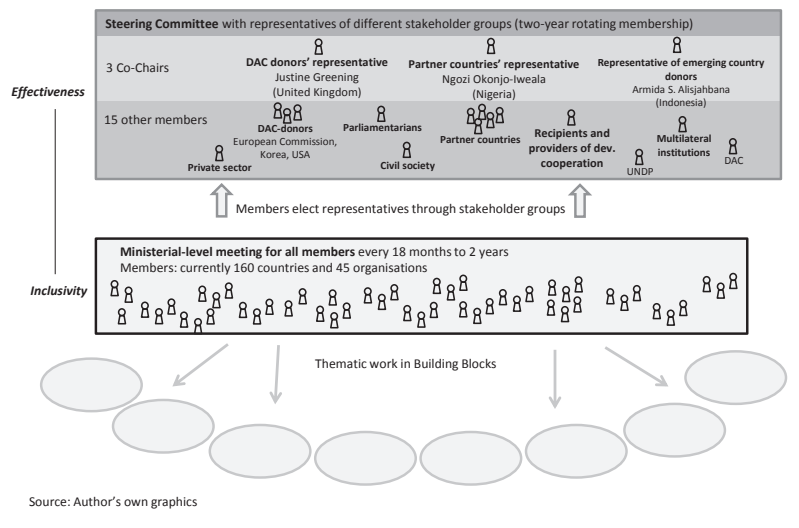
The Global Partnership is attempting to significantly boost its legitimacy compared with the DAC institutions by showing itself to be more inclusive and effective. The participation by a wide range of state and non-state actors means that the Partnership can be seen as a new type of governance format whose main task, as a global forum, is to facilitate access to the development policy debate for as many stakeholders as possible. It is also worth noting that the recipient countries provide one-third of the members of the Steering Committee. The Global Partnership has also formalised the role and participation of new actors, including “new” donors. However, the procedure for the election of the representatives of the individual stakeholder groups has not yet been finalised, which has caused some problems among emerging country donors as well. One of the problems brought to light is that this is certainly not a homogeneous group, nor does it see itself in those terms, but comprises a wealth of highly diverse countries. The same applies to the DAC donors and partner countries as well, of course, but the “new donors” have not even arrived at a shared understanding of what should be defined as development cooperation and which principles and procedural rules are, or should be, applicable to it.

Milestone or stumbling block?

In order to reduce poverty on a lasting basis and promote development, dialogue among all relevant stakeholders is essential. In this sense, Busan can be seen as a milestone: it has thrown open the gates and cleared the way for an international development process in which the DAC and DAC donors have less of a determining role, making it more inclusive. South-South cooperation is now recognised as an important contribution to global development, and the role of emerging country donors is underlined and formalised, at least to some degree, within the framework of the new partnership.

However, this also presents a major challenge: the legitimacy of the process crucially depends on the participation of the “new” donors. But if their engagement continues to be as low-key as it is at

The two-tier governance structure of the Global Partnership and current membership



vention by China, which put a question mark over the adoption of the Busan outcome document until the very last day of the conference, it was explicitly stated that the principles, commitments and actions agreed in the outcome document in Busan would be the reference for the “new donors” as well – but on a voluntary basis. Given that in legal terms, this applies to all signatories, it underlines the distance with which the “new” donors approached the debate and the special role which they explicitly assign to themselves. For example, they have yet to join the International Aid Transparency Initiative, even though transparency on the scope and allocation of funding would greatly facilitate the debate about the effective use of funds, and lack of transparency has traditionally been one of the main points of criticism levelled at the “new donors”.

The new “Global Partnership”

The Global Partnership for Effective Development Cooperation, announced in the outcome document, also reflects the emerging two-tier structure of international development governance (see Figure). Responsibility for fleshing out the provisions of the Busan outcome document – some of which were very vague – lay with the Post Busan Interim Group (PBIG), which included representatives of China, India and Brazil, albeit merely as “active observers”, not as fully fledged participants. These countries

present, this could jeopardise not only the inclusivity but also the effectiveness of the partnership. One possible way of boosting the emerging countries' involvement, starting from a lower level, is afforded by the Building Blocks: these are thematic working groups set up in advance of HLF4. Brazil, China and India's engagement here is still minimal, even in the "South-South and Triangular Cooperation Building Block". Their interest in participation could increase, however, if the building blocks focused on issues with which the emerging countries feel a stronger connection, or where they have expertise which they wish to share. One such topic might be "Agriculture and Food Security", for example, where both Brazil and China have an interest and relevant experience. The involvement of "new" donors in the Transparency Initiative is also important for a well-reasoned debate about aid contributions and their allocation.

The DAC and those DAC donors which have driven the aid effectiveness agenda in recent years now face a major challenge: they must find a way to involve the new actors while also upholding the Paris principles with a view to making aid more effective. The urgency of this task is unchanged, but its significance in the global context has now been aligned with reality. Democratic ownership and accountability were strongly reaffirmed in Busan, once again highlighting the need for donors to harmonise their procedures. The expansion of the group of stakeholders offers DAC donors a potential excuse to focus on the lowest common denominator (transparency) and, faced with a plethora of stakeholders, to evade any additional commitments. But the responsibility of the DAC and its donors is unchanged: they must continue along the path they have embarked upon, even if this is far longer and less straightforward than appeared to be the case in Paris in 2005.

Further information:

Numerous documents about the Busan Summit and previous HLFs and the latest information about Global Partnership meetings and agreements are available on the official HLF4 website:

<http://www.aideffectiveness.org/busanhlf4/>

J. Brian Atwood, DAC Chair, analyses the positions, negotiating processes and achievements at Busan in his article *Creating a Global Partnership for Effective Development Cooperation (2012)* and offers an insider's fascinating perspective on the events.

http://www.oecd.org/dac/atwood_global_partnership_article.pdf

Homi Kharas, Senior Fellow at the Brookings Institution and formerly a chief economist in the East Asia and Pacific Region of the World Bank, is the author of *The Global Partnership for Effective Development Cooperation – one of the few comprehensive studies published on this topic to date.*

http://www.brookings.edu/~media/research/files/papers/2012/6/06_global_partnership_kharas/06_global_partnership_kharas.pdf

Author

Elena Sondermann | Studied political science, history and economic policy at the University of Münster and is now a Researcher at the Institute for Development and Peace (INEF), University of Duisburg-Essen.

Imprint

The Development and Peace Foundation was founded in 1986 on the initiative of Willy Brandt. As a cross-party and non-profit-making organisation, the SEF provides an international high-level forum for shared thinking on urgent peace and development issues.

Global Governance Spotlight is a policy-oriented series whose purpose is to critique international negotiation processes from a global governance perspective.

Published by
Development and Peace Foundation/
Stiftung Entwicklung und Frieden (SEF)
Dechenstr. 2 : 53115 Bonn : Germany
Phone +49 (0)228 959 25-0 : Fax -99
sef@sef-bonn.org : www.sef-bonn.org

Editor
Sabine Gerhardt
Dr Michèle Roth

Translation
Hillary Crowe

Design Basic Concept
Pitch Black Graphic Design
Berlin/Rotterdam

Layout
Gerhard Süß-Jung

Contents do not necessarily reflect the views of the publisher.