

# SEEING THROUGH BUSAN: GAINS AND LOSSES FOR EFFECTIVE AID

A Mokoro Seminar, Thursday 12th January 2012

## Seminar report

With the dust settling from the 4th global high level forum on aid effectiveness, Mokoro convened a seminar to reflect on the Busan outcomes from the perspective of selected critical themes that dominated discussions at the high level forum: transparency, effective institutions, South-South cooperation and ownership.

Stephen Lister (*Mokoro Principal Consultant*) chaired the event with inputs from panellists Karin Christiansen (*Managing Director, Publish What You Fund*), Alta Fölscher (*Mokoro Principal Consultant and a Collaborative Africa Budget Reform Initiative delegate at Busan*), Jonathan Glennie (*Research Fellow, Overseas Development Institute's Centre for Aid and Public Expenditure*) and Laura Collins (*PhD Candidate, Politics and International Studies, University of Cambridge*). There were 40 participants from diverse backgrounds including development practitioners, researchers and consultants.

This summary provides a synopsis of the key points made in the wide-ranging and lively discussion at the seminar.<sup>1</sup>

### How to judge Busan

It is hard to weigh up the outcomes of Busan. Around any event there is a certain amount of spin and many stakeholders have a (personal, organisational) stake in relaying a positive story. At the same time the Busan outcome document is a negotiated document that is broad and descriptive enough to please a wide range of interests with its inclusion of a number of key concepts ('results-based', 'rights-based' etc.) while many of the commitments are not pinned down to concrete actions and therefore are open to interpretation.

In judging Busan it is important to remember what the expectations were before the event: getting high-level political participation was a key concern, and this was achieved with the involvement of U.S. Secretary of State Hillary Clinton and the knock-on effect this had on other countries' representation.

Some think Busan did not push anything new (with the exception perhaps of gains on transparency). From this perspective the Busan *building blocks*<sup>2</sup> are seen as certainly useful but something that would have happened anyway, given they are 'coalitions of the willing'. One view is that Busan's merits come from the process, judged by some a great success because 1) it reflected the change in geo-politics by broadening the development partnership and 2) it moved away from a stifling over-technocratic agenda by engaging with issues of political will and development (rather than aid) effectiveness. Brian Atwood's (OECD DAC Chair) summing up that following Busan we can finally stop using this word 'aid' may be premature but is in the right direction.

However, others think we had forgotten the exam question that was set for Rome and Paris: how to stop the damage caused by aid on partner countries. As a result of losing sight of this fundamental concern, all manner of issues have become loaded onto Busan but the aid effectiveness agenda was

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<sup>1</sup> The seminar applied Chatham House rule. This report highlights key issues raised without identifying speakers.

<sup>2</sup> A series of 'building blocks' have been designed to take forward the Busan commitments.

<http://www.aideffectiveness.org/busanhlf4/en/topics/building-blocks.html>

never meant to be about solving development *per se*. Meanwhile the problem of, and damage by, ineffective aid persists.

There was some discussion on whether Busan was sufficiently informed by evidence and whether a huge amount of money has been spent on monitoring what has happened and insufficient on understand why what has been agreed hasn't occurred. The lack of a keynote presentation at Busan on the Paris Declaration evaluation could be due to the high level of scepticism voiced on the quality of many of the Paris Declaration indicators.

### **Snakes and ladders**

Busan outcomes can be judged as having created some 'ladders' of opportunities to deliver and manage aid more effectively; conversely critics have also identified 'snakes' – or risks – arising from Busan that threaten the achievement of results.

#### ***China – and other non-traditional donors***

The underlying tension at Busan was whether China would or wouldn't sign up to the commitments. The eventual participation of China, India and Brazil has been the yardstick for judging Busan's success; however broadening the partnership has introduced volunteerism and special conditions into compliance.<sup>3</sup> The seminar discussed the risk that this could weaken the traditional donors' implementation of their own commitments.

The seminar discussed the importance of China for development, noting that China is a relatively smaller donor with aid levels currently about the size of Switzerland, but already a major presence in some countries (e.g. Cambodia, Sudan) and globally from the perspective of trading and economic power.

#### ***Transparency***

Transparency, not on the table at Rome or Paris, was first discussed in Accra and by Busan it became one of the key themes of the forum. Busan served to build momentum and drive donors to publish to the International Aid Transparency Initiative (IATI), with the number of publishing donors exploding in November. IATI signatories represent 74% of official development finance (ODF); at present signatories that have already published to IATI represent 42% of ODF. A big win has been the commitment at Busan by the world's largest donor – the U.S. – to publish to IATI (and with the second largest donors World Bank and EC already publishing). IATI is also one of the more concrete commitments in the Busan outcome document with two dates agreed (agreement by 2012 and full implementation by 2015).

There are a number of implementation issues for IATI, some of which are potential snakes: how to ensure data quality, completeness and compliance; how to use aid transparency to solve the off-budget problem; how to work with the HLF4 blanket exemption for commercial sensitivities<sup>4</sup>; how far down the contracting chain to go with implementing partners; starting the conversation with private sector implementers (who manage a large proportion of implemented aid); how to deal with blended flows from Public Private Partnerships; working with donors that have not yet signed (e.g. Japan, France).

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3 Busan Outcome Document (OD) 2011, para. 2: *'The principles, commitments and actions agreed in the outcome document in Busan shall be the reference for South-South partners on a voluntary basis'*.

4 Busan OD 2011, para. 23a: *'Making the full range of information on publicly funded development activities, their financing, terms and conditions, and contribution to development results, publicly available **subject to legitimate concerns about commercially sensitive information**'*. [bold added]

### ***Effective institutions***

Another heralded positive outcome from Busan is the commitment by donors to use partner country systems as the default option. However there are concerns on how donors will apply the qualification to that commitment (that donors will decide on the extent to which they can use country systems).<sup>5</sup>

The Busan building block on effective institutions and policies for development (which started life as the building block on 'effective states') is considered more of a step forward than the outcome document, as it has specific donors on board, clearer commitments and recognition that building effective state institutions through country-led and country-appropriate processes is central to, and therefore should be considered on a par with, MDG outcomes. The recognition that these processes should seek to strengthen not only core institutions within the executive, but also parliaments and supreme audit institutions is also welcome. Similarly, the commitment to take into account local political economy and capacity constraints and the need for change management processes when designing reform programmes, is important.

### ***South-South (and triangular) cooperation***

South-South cooperation is a clear winner and central focus in the Busan outcome document. Triangular cooperation is also included; this is not yet talked much about in the developed world but it is a growing issue.

The grouping of North-South (or traditional DAC, vertical aid) and South-South (or horizontal aid) and the language around South-South cooperation of mutuality etc. is hard to apply to aid from emerging powers such as China: diagonal cooperation could be a new term to take into account the power differences between the donor and recipient but cover also the type of relationship that is distinct from traditional vertical aid.

### ***Ownership and accountability***

Having ownership high up on the agenda (moving from under results and accountability to back to the top in the final draft of the outcome document) is seen as a big success story of Busan. With accountability and results being pushed by some major donors, there was a risk ownership would fall off but this did not happen. At Busan ownership was linked to accountability and there was little debate about the relationship between the two.

There have been lengthy discussions on whether to have inclusive ownership with states off the agenda, government ownership seen as too limiting, country ownership seen as too bland and catch-all. Busan went for democratic ownership but it is not clear this has been explored as to what it really means.

### **Winners and losers**

There were mixed views on whether NGOs/CSOs won or lost from Busan. Some felt that paragraph 22 is not a vision that most NGOs would sign up to.<sup>6</sup> On the one hand Busan was a milestone in terms of NGO/CSO involvement: the voice of civil society – a global coalition – was organised and at the table.

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<sup>5</sup> Busan OD 2011, para. 19: '*a) Use country systems as the default approach for development cooperation in support of activities managed by the public sector, working with and respecting the governance structures of both the provider of development co-operation and the developing country. b) Assess jointly country systems using mutually agreed diagnostic tools. **Based on the results of these assessments, providers of development co-operation will decide on the extent to which they can use country systems. ...***' [bold added]

<sup>6</sup> Busan OD 2011, para. 22: '*Civil society organisations (CSOs) play a vital role in enabling people to claim their rights, in promoting rights-based approaches, in shaping development policies and partnerships, and in overseeing their implementation. They also provide services in areas that are complementary to those provided by states. ...*' [excerpt only]

But such involvement invariably leads to conflicts between maintaining a critical, independent voice and accusations of co-option and forced compromise. The tensions caused between NGOs' dual role as the voice of civil society and donor-contracted aid implementers was considered by some to be the elephant in the room.

Other winners reportedly included fragile states, who were very pleased with the New Deal for Fragile States. Other losers included the heavily aid-dependent low income countries: one view was that they lost out to other players (China, India, Brazil) in terms of number of sherpas and new sherpas.

### **We'll always have Paris?**

The discussion often returned to the lack of Paris-style concrete indicators and the decision to agree any indicators by June 2012. Some hoped for work on the technical specification of indicators in the run-up to Busan but this did not happen. It was noted that Busan was less prepared in this regard compared with Paris or even Accra. It is not clear how the negotiations to design and finalise the indicators will be managed over the next 6 months.

One view is that the lack of Paris-style concrete indicators is perhaps not something to mourn; a lesson from Paris is that we should be wary of measuring concrete commitments as success given the terrible scorecard on the indicators five years after Paris, and the criticism of the indicators themselves together with the tendency after Paris and Accra to focus on improving indicator scores, rather than getting functional aid effectiveness.

Some feel strongly that there is still much to be done to realise the Busan gains, requiring detailed work on specifying commitments and agreeing deadlines and targets.

### **Future options**

Busan has been a success for OECD DAC but at the same time OECD DAC is significantly reduced in stature because of Busan. Busan points to reform of aid coordination structures and the seminar discussed the role of OECD in managing this change process. There is no clarity as yet on what the future structure will look like or how we will get there. The Busan outcome document mentions the UN Development Cooperation Forum (DCF) and UNDP in the final paragraph, institutions in completely different parts of the UN.

### **Assessing the Busan effect in years to come**

The seminar discussion highlighted the critical importance of results at the country level.

While achievement of the Paris indicators have failed, the seminar discussed how the Paris Declaration gave recipient countries a language they could use to negotiate a better deal. It remains to be seen if Busan will deliver the same. Some participants highlighted that, even with Paris, countries' political realities combined with some persistent damaging donor behaviours often make a mockery of the aid effectiveness agenda.

One view is that with 3,000 people attending Busan, and many more technical people from partner countries participating compared with previous forums, more people have been part of the debate, and will have returned to their countries in a better position to take forward and work on the issues. One example is Colombia which is setting up an aid agency with new understanding of aid management taken from Busan. If Busan can give a boost to such country-level developments then it can be judged worthwhile.

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Our thanks to the panellists and the participants for contributing to a useful discussion.