

Busan Partnership Agreement Analysis Report

Introduction

At the end of November, 2011, more than 3000 representatives of governments (Ministers of developing and developed world), international Organisations, Civil Society Organisations, OECD development partners, emerging economic providers of South-South, triangular cooperation, new development partners, Multilateral Agencies, Global funds and Parliaments convened in Busan for the Fourth High Level Forum (FHL-4) to take stock and review whether targets in previous agreements have been met and to decide on the future of aid effectiveness agenda. The Working Party on Aid Effectiveness which was technically a sub-committee of the OECD/DAC spearheaded the process. The forum culminated in the signing of the most inclusive agreement on global cooperation, Busan Partnership for Effective Development Cooperation (BPEDC).

The BPEDC recognized the new development partners (non-DAC) and official donors, private philanthropy, international NGOs, Southern Civil Society and private business community. It also noted the growing importance of South-south cooperation. The new actors will participate on the basis of common goals, shared principles and differential commitments.

The HLF-4 took place against a backdrop of impatience with the pace of development and the perceived failures of development assistance. There are fragile and conflict affected countries than ever before and none of these are on track to meet a single Millennium Development Goal (MDG). There are also concerns over climate

change financing, food security volatile financial and global stagnation series of sustained and deep financial, food, fuel crisis which continue to affect poor, vulnerable and marginalized people across the world. BPEDC also came at time when many donors were freezing or reducing their aid budgets due to the financial crisis and other factors.

BPEDC shifts the focus from technically aid effectiveness agenda towards a new development effectiveness agenda that is more inclusive, and focused on results or development outcomes instead of simply results of aid delivery, which meant that the world was now embracing the broader concept of development effectiveness. As a result, the partnership is founded on common set of principles that underpin all forms of development cooperation. The shared guiding principles were identified in the BPEDC are:

- Developing countries have to be owners of the development process and on the country level, the country itself should lead the processes;
- The focus is on results;
- The development partnership has to be inclusive;
- Mutual accountability and transparency for donor and

● beneficiaries¹

BPEDC succeeded the Working Party on Aid Effectiveness (WP-EFF) and is expected to move the development agenda towards a broader framework that is more inclusive to involve not only OECD Cooperation actors, United Nations Development Programme, South-South Cooperation partners, parliamentarians, local authorities, civil society and the private sector. At Busan, the key issue was how to use aid more effectively to accelerate the pace of sustainable development, considering that only 10% of the global poor live in stable low income countries, 40% live in fragile and conflict affected countries and 50% in middle income countries.² Therefore there is need to have alternative strategies to address poverty reduction in Africa, the BPEDC is to support and ensure accountability for the implementation of commitment at the political level.

- While Accra Agenda for Action (AAA) saw increased recognition of civil society Organisations development actors, BPEDC went further by including civil Society organisations in the negotiation process , thus confirming key spaces for greater civil society organizations involvement in

- development decisions and processes

The implementation of the BPEDC will however depend on the follow-up process. The BPEDC did not finalise on its membership and working arrangements. All this was agreed and finalized by June, 2012 when 10 indicators were developed with targets and timelines of up to 2015.

The BPEDC simply reaffirms what was echoed by African Governments to shift focus to be on non-aid policies and development outcomes. The BPEDC acknowledges the change of focus and notes that, aid is part of the solution to development but the focus should be broadened from aid effectiveness to more effective development. (Para 28)³ The BPEDC went further to define the framework under which effective development shall operate:

Inclusive growth is the key driver of development;

- Governments mobilize more of their own resources to finance development, and be accountable to their own people;
- Role of state in collaboration with non-state actors design and implement reforms and account to each other and
- Regional and global dimensions of

- development effectiveness.

From this framework, aid is expected to play a catalytic role in development.

Analysis of the outcomes

BPEDC was marked by cooperation between regional groupings of countries both in developing countries and the donor community where the stakeholders published joint position paper well in advance that included a more detailed analysis and critique of the global process in the implementation of the Aid Effectiveness Agenda and made proposals towards the new agenda for development. However, despite these preparations the question remains that most of the targets for improving aid effectiveness identified in 2005 have not been met. Speaking on behalf of the African governments, Rwandan President, Mr. Paul Kagame, reaffirmed that the Paris principles have not been effectively operationalised at country level. There is a fundamental shift in the use of aid as an investment for mutual gain of all stakeholders. This shift also implies that South-South cooperation has increased in importance in the international development framework.

The BPEDC, acknowledged the changing global conditions since the beginnings of development cooperation and the development of a new complex architecture which has necessitated the international community to come together in Busan in order to agree on common goals for aid effectiveness and also to define common rules and procedures.

For the first time, it established an agreed framework for development cooperation that embraces a multitude of stakeholders that included traditional donors, south-south cooperators, the International Organisations, civil society organizations and private sector. The agreement went beyond the traditional (donor-recipient) dichotomy or northern donor driven arrangement towards a new international framework that is more inclusive of the other players like the emerging lenders, for example China, India and Brazil.

As a result a renewed concept of development effectiveness grounded on the notion of holistic and long-term development that address the fundamental causes of poverty and inequality has to be formulated. To this end, the goal of development aid became aligned with issues of equality,

human rights, and a sustainable environmental and decent work.

Developing countries were at the centre of the deliberations in Busan where they led discussions on the unmet or unfinished commitments from the Paris Declaration on Aid Effectiveness and drove the negotiation processes towards the outcome document. 78 countries were part of the 2011 survey to monitor implementation of the Paris Declaration.⁴

Due to unequal power balance and despite the strong appeals from the developing countries, the BPEDC similar to the AAA, failed to address unfinished aid effectiveness agenda on issues of untying of aid, conditionality and predictability just to mention a few. Little progress has been made by donors to implement common arrangements, procedures and joint missions. In fact aid is becoming increasingly fragmented, despite some initiatives that aim to address this challenge. Issues around predictability of aid are still a challenge among developing countries because donors do not avail information on their future aid to African Governments making planning in these developing countries difficult.

A series of building blocks were launched at the Fourth High Level Forum enabling development partners and organisations to unite behind pressing development issues on results, climate change, south-south cooperation, private sector, fragile states, transparency and fragmentation. The BPEDC made progress on the core of aid effectiveness by strengthening commitment towards democratic ownership by giving space to civil society organizations and Parliaments, using country systems and untying of aid. It emphasized greater role of Parliamentarians, the business community, civil society. It also highlighted accountability to citizens, reducing gender inequality. Busan also acknowledged that there are many paths to development that require alternative models.

Therefore the discussions in Busan on fragile states were critical for Africa as its overarching objective is to attain development effectiveness across the continent. Under the New Deal, the countries committed themselves to use Peace Building and State building Goals (GPA) whereby September, 2012, the fragile states and international parties would develop a set of indicators to track progress at the global and country

levels. They also committed to focus on new ways of engaging to support country led fragile assessments developed by the G7 with support of international community. They further committed to build mutual trust by providing aid and managing resources more effectively and aligning these resources for results so as to enhance transparency, strengthening national capacities and timeliness of aid. The Busan Agreement strengthened the need for country –led development and the use of country systems. It broadened the notion of countries led to include civil society and other groups.⁵

Africa requires strategies for sustainable development which must be initiated from within. This is because decade of development cooperation have not benefitted the region in any significant way. The poverty reduction strategies imposed on Africa have served the interests of donors. There is need therefore for robust research on Africa to fully examine realities and the aspirations of the ordinary Africans.

As the south- south cooperation continues to evolve, continued engagement between traditional donors and emerging lenders can lead to a harmonized aid framework. South-

South cooperation is now estimated at around 10% to 15% of total official aid and this reinforces the perception that the cooperation is a major component of global development cooperation which cannot be ignored.⁶ However to apply the same architecture and principles that have governed developed activities of OECD-DAC members to the new partners who operate in a very distinct manner under the banner of South-South Cooperation is problematic.⁷ For example, the bulk of China's development assistance falls outside of the definition ODA.⁸ Cooperation is provided through a package of aid, trade and investment combining features of both development (especially infrastructure) and economic cooperation. In view of this, BPEDC recognizes the common principle of common but differentiated responsibilities by moving away from a one-size fits –all approach to development cooperation.

One of the overarching principle on which there seems to be consensus among traditional and emerging (Non DAC) donors alike is that of country ownership. Both recognized that development priorities and programmes need to be driven by the recipient countries themselves.

However there have been fewer consensuses on transparency and accountability as some partners, especially the Emerging Lenders (China in particular) are not forthcoming in terms of availing publicly information about their development cooperation activities. The DAC countries use transparency on aid reporting joint dialogue with partner countries on poverty reduction strategies, budget support and any other accountability tools to promote cooperation on the ground.⁹

Gains for Africa at the Busan Meeting

For the first time Africa (representation from African Union and NEPAD) presented a consensus on its development effectiveness agenda at Busan– an important and crucial step forward. This approach of one voice needs to be maintained and applied towards Emerging Lenders who are now playing a critical role in proving additional diversity of resources for development. Africa needs to increase its bargaining power in negotiations by coming up with a continental position with a view to realize meaningful agreements with them. China just like India and Brazil have a strategy for

Africa and therefore Africa needs a similar strategy/policy towards emerging lenders.

African's position at Busan meeting, represented by Rwanda, include among others, calls for untied aid, reducing fragmentation, among donors, overstepping country system, global monitoring targets and issues of predictability as some donors do not honor their commitments to recipient countries. The Agreement gives a new impetus for untying aid and use of country systems which are critical areas for making aid contribute to enhancing capacity that is needed to end dependency. The donors failed to agree on a target for ending tied aid". In the Agreement, donors just committed to "...accelerate our efforts to untie ... and improve reporting on the tying status. {Para 18 (e)}¹⁰. The Agreement also spells out the opportunities available for purchasing locally instead of buying from donor countries. In terms of use of country systems a default approach was recommended. The governance structures of both the provider of development cooperation and the developing country will be respected. This is however not very welcome with Africans as the continued establishment of parallel units will fail to

create sustainable long term capacity as well as adding transaction and overhead costs of aid by between 10% and 20%.¹¹

At Busan, the key issue was how to use aid more effectively to accelerate the pace of sustainable development, considering that only 10% of the global poor live in stable low income countries, 40% live in fragile and conflict affected countries and 50% in middle income countries.¹² Therefore there is need to have alternative strategies to address poverty reduction in Africa. Out of total of 19 fragile and conflict –affected countries, 11 are found in Africa and these are Burundi, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Guinea Bissau, Liberia, Sierra Leone, Somalia, South Sudan and Togo.¹³ The focus on these has been shifted from to the centre of international development agenda, in Busan because of several factors. It was realized that not a single fragile state has yet achieved any of the Millennium Development Goals, the proportion of world's poor in these fragile states has increased tremendously, from 20% to 40% from 2005 and in low income countries and majority are fragile.¹⁴

- The BPEDC addresses emerging

●market nations as donors and appreciates South-South Cooperation. Emerging markets goals do not commit to principles of Paris Declaration but accept them as points of reference. The South-South cooperation was welcomed mostly by developing countries especially by Africans, as a major source of development assistance, its “flexibility”, speed of delivery, and no conditionality that they so much value in cooperation. For example, Chinese investment has helped spur high economic growth. According to IMF Regional Economic Outlook for Sub-Saharan Africa estimates growth in Africa by 5, 8% for 2011. However some Africans were of the view that this will increase fragmentation of aid and even prefer that these new lenders join established coordination mechanisms¹⁵

Policy Options from the Agreement

●Africa should embrace the new development actors as elaborated by the BPEDC such as the private sector and Civil Society organisations and work towards an enabling environment towards the achievement of development.

●Governments and donor agencies thus need to be scale up efforts towards transparency and accountability. Bilateral negotiations between Emerging Lenders and African governments should be transparent with a form of accountability in the agreements to be signed.

●Civil society through the citizens should also demand accountability from their respective governments.

●Where country systems are weak capacity building should be employed. Fundamental to this will result in move from use of parallel structures to resort to use country systems

Conclusion

It is now imperative for the world to move from rhetoric to action in ensuring that the agreement achieved its desired outcomes. AFRODAD notes that donors should ensure that they do not continue doing business as usual and usher out their aid endeavour in a way that subscribes to the BPEDC. AFRODAD recognizes that more actors in the development effectiveness agenda such as private sector, emerging lenders, civil society and

parliamentarian's calls for a more prioritization of harmonization, alignment and inclusive development as an operational necessity of by all the actors involved. Donors both traditional and emerging donors should align so as to make aid more effective. Through the philosophical underpinnings the BPEDC propose of principles such as inclusive partnerships, focus on results and others which will ensure the move from aid to development effectiveness. For Africa development effectiveness should result in the Africa scaling up efforts towards the achievement of the MDGs. Finally the document is welcome as development in the aid architecture as it has broadened the scope of aid effectiveness and its principles best suit Africa.

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