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English - Or. English

**DEVELOPMENT CO-OPERATION DIRECTORATE
Development Assistance Committee**

Working Party on Aid Effectiveness

CO-CHAIRS' LETTER TO THE WP-EFF ON THE PROPOSAL BY THE POST-BUSAN ADVISORY GROUP

6-7 October 2011

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16 September 2011

Dear Members of the Working Party on Aid Effectiveness,

In preparing for our next – and final – Working Party meeting before the Busan High Level Forum, we would like to draw your attention to the issue of institutional arrangements post-Busan.

As you may recall, participants agreed in the previous Working Party meeting to the setting up of an informal working group to develop options for post-Busan institutional arrangements and to present the outcome at the October WP-EFF plenary meeting.

To pursue this task, we invited a group of recognised experts, with strong understanding of development at international and country level, to compose an informal Advisory Group to discuss and prepare options for implementing the outcomes of the Busan High Level Forum.

The Advisory Group convened in Paris 6-7 September 2011 with a view to developing a proposal on the post-Busan governance and monitoring framework. The Group benefited from the participation of the following members:

- **Mr. Homi KHARAS**, Senior Fellow and Deputy Director, Brookings Institute
- **Mr. K.Y. AMOAKO**, President, African Centre for Economic Transformation
- **H.E. Mr. Chhieng YANARA**, Secretary General, Cambodian Rehabilitation and Development Board
- **Mr. Nikhil Seth**, Director, Division for Sustainable Development, UN Department for Economic and Social Affairs
- **Ms. Alison Evans**, Director, Overseas Development Institute
- **Ms. Eveline HERFKENS**, former Netherlands Minister for Development Cooperation

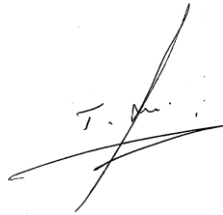
Drawing on their own experience as experts in the aid and development effectiveness field, and building on lessons learned and on critical reflection of the monitoring and evaluation processes to date, the Group formulated the attached proposal to support the broad Working Party membership in its considerations regarding the post-Busan institutional set-up.

We are convinced that in Busan we should turn a new page on development: we need a coherent effort to reach the MDGs. In uniting a partnership that is broader and more inclusive than ever before, the Busan High Level Forum is the last and best opportunity to fully implement MDG 8 – a Global Partnership for Development – and bring together all relevant stakeholders around common shared goals and principles for effective development.

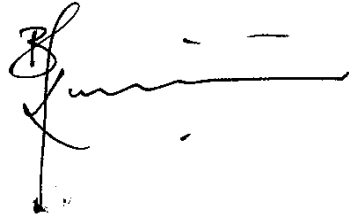
Post-Busan, there is a definite need to continue discussions on the effectiveness of aid and development efforts. Any institutional set-up at global level should be designed to primarily support efforts at country level. In our view, the proposal of the Advisory Group provides valuable input to formulating a governance structure that would be both legitimate and effective. The Advisory Group's analysis of the strengths and weaknesses of our current way of working provides an excellent starting point for our discussions next month.

As Co-Chairs of the Working Party, we express our deepest appreciation for the efforts and input of the Advisory Group and trust that, in providing an independent and constructive view, this proposal will contribute to fruitful discussions in our plenary meeting. We look forward to discussing the proposal with you and hope to count on your support to reaffirm and refresh the good work done so far and to agree on a way forward that will ensure a continued common effort for more effective aid and development to reach the MDGs.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'T. Malek', with a long horizontal stroke extending to the left.

Talaat Abdel-Malek

A handwritten signature in black ink, appearing to be 'Bert Koenders', with a long horizontal stroke extending to the right.

Bert Koenders

Co-Chairs, Working Party on Aid Effectiveness

Proposal of the Advisory Group

POST-BUSAN GOVERNANCE AND MONITORING FRAMEWORK

Outcome of the meeting held 6-7 September 2011 in Paris

1. As a starting point for considering the post-Busan governance framework, the group sought to identify **strengths and weaknesses of the current governance system** around aid effectiveness. In terms of **strengths**, the increased **inclusiveness** of the aid effectiveness process since the Accra High Level Forum was considered as a direction that should be maintained and strengthened. The fact that the Working Party on Aid Effectiveness brings together the **relevant people to the process**, namely the people responsible for managing aid and development efforts both in partner countries and in donor organisations, was found to be an important asset as compared to other international fora for development. As regards follow-up mechanisms, the competency of the **DAC Secretariat in assessing progress and reviewing donors** was considered a strong point of the current governance set-up.

2. In terms of **weaknesses** of the current aid effectiveness set-up, the **lack of high level political engagement** to the aid effectiveness process was considered a key bottleneck for progress. This was seen, in part, to be due to the **difficult and technical language** that is associated with the Paris and Accra agendas. **Linkages** to other relevant development dialogue, including the UN Development Cooperation Forum and the **G20** process, as well as **political space** for the involvement of a broader range of stakeholders, including **emerging donors and the private sector**, were found to be **insufficient**. Lastly, the Group found the current **monitoring cycle as too infrequent**, leading to loss of momentum and unnecessary transaction costs in kicking-off monitoring rounds.

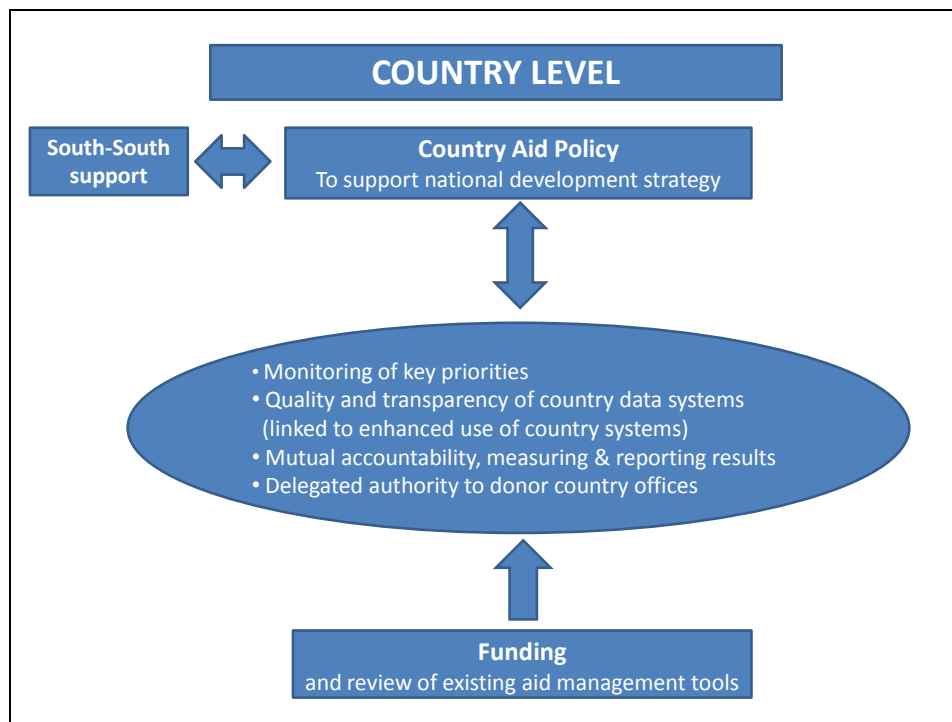
3. Based on the above analysis, the Group considered options for a post-Busan governance framework that would be both legitimate and effective and that would primarily serve to strengthen effectiveness of development efforts and results at partner country level.

4. The Group was largely unanimous that the foundation for effective development stems from partner country **ownership and leadership** for steering national development efforts. In this respect, a **National Aid Policy** plays an important role to support the National Development Strategy. The Aid Policy should clearly state the government's requirements for assistance and needs for capacity development, with a view to fully gearing external assistance to support the National Development Strategy. In formulating aid policies, **south-south cooperation and peer-support** were found to have significant potential. With a National Aid Policy in place, the Group identified four additional components for country level effectiveness:

- i) Implementation of the National Aid Policy should be **monitored annually**, focusing on key priorities and challenges specific to the country context;
- ii) In order to support monitoring, to strengthen partner country leadership over development efforts and to enhance donors' use of country systems, **quality and transparency of country data systems**, including donor aid data at the country level as well as budget data on overall public expenditures, should be strengthened;
- iii) **Mutual accountability frameworks** at the country level should be further strengthened, drawing on successful experiences to date. To realise accountability between all parties, the **results** of implementing development cooperation founded on the Aid Policy and its principles should be **measured and reported**;

- iv) In order to adapt country level operations to national aid policies, institutions and systems, donor agencies should seriously step up efforts to **delegate authority to country offices**.

5. To support the strengthening of country level governance frameworks as described above, the Group calls for a **review of the existing aid management tools** in order to identify and share standards of best practice. Finally, the Group emphasises the importance of **making available the required funding** for strengthening governance mechanisms and institutional arrangements at country level.



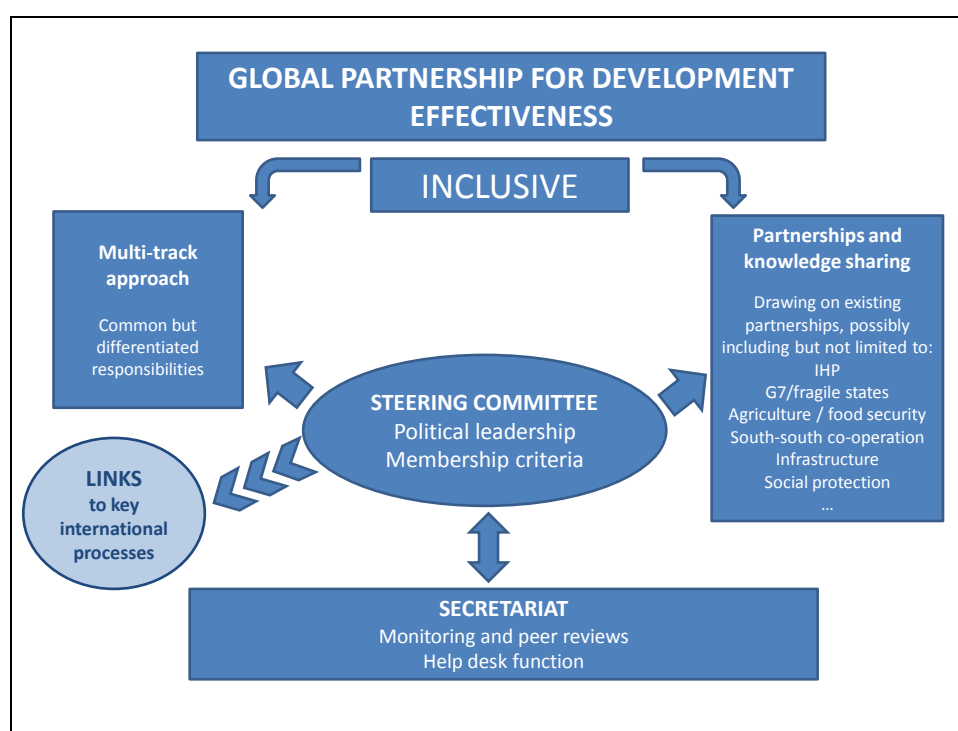
6. As to the key features of the global governance structure post-Busan, the Group agreed that it should reflect country level norms and principles and draw together a wide range of stakeholders to facilitate knowledge sharing as well as identification and adoption of agreed global principles for various groups of actors to support effective development.

7. The Group proposes that post-Busan, the various flows and actors relevant to aid and development effectiveness be brought together under a **Global Partnership for Development Effectiveness**, which is founded upon **inclusiveness** of multiple stakeholders. Following the principle of **common but differentiated responsibilities**, the Partnership would adopt a **multi-track** approach, where on the one hand, commitments agreed in **Paris and Accra** would continue to be implemented and relevant parties would be held accountable for implementing the unfinished aid effectiveness agenda, and on the other hand, the **broad Partnership** would jointly implement **commitments agreed in Busan**.

8. With the objective of **knowledge sharing** and identifying a manageable set of **global norms and standards** for strengthening aid and development effectiveness, the Global Partnership would bring together a limited number of **existing development partnerships**, including, but not limited to, the International Health Partnership, the G7+ Group on fragile states, partnerships of south-south cooperation, work streams on infrastructure, agriculture and food security as well as partnerships centred around social protection.

9. To ensure the political traction of the Global Partnership and to retain focus on effectiveness of development efforts, a **Steering Committee** would be selected to draw together **best practices and norms** and seek horizontal **linkages to key international processes** (for example the UN Development Cooperation Forum, G20 agenda and the Rio +20 process), which should be identified in more detail by the Working Party on Aid Effectiveness. To ensure a functional set-up, the size of the Steering Committee should be strictly limited (20-24 members). Members should be selected by using objective criteria, so as to represent those **aid providers and aid recipients that have the most at stake** for making aid and development more effective. Additionally, key stakeholders from **emerging donors, business community, southern and northern civil society, international NGOs and foundations** and **parliament** would be represented on the Committee. A more detailed formulation of the role and functions of the Committee should be carried out in the run-up to Busan. Overall, the most essential functions of the Steering Committee would be to **strengthen links to key international processes** and strengthen and convey the **voice of partner developing countries** to these processes.

10. Necessary support for driving and measuring progress would be provided by a **Secretariat** that builds on existing competencies of the DAC secretariat and on southern think tanks and regional work streams where ever possible. The Secretariat would manage **global monitoring** efforts aimed at strengthening country level accountability, generating peer pressure for implementing agreed commitments and sharing knowledge and best practice among various partners. In addition to monitoring progress, the Secretariat would provide a **help-desk function to country level**, which could help mobilise support for addressing bottle-necks in country level implementation.



11. The Global Partnership, while being inclusive, would provide a **sufficiently light governance mechanism** by drawing on existing work streams and partnerships and by anchoring debate on aid and development effectiveness into key international processes, where discussions on global development already take place. With the establishment of the proposed Global Partnership, there would be no assumption of a High Level Forum 5. It would be for the Global Partnership to decide when and how often it meets at high level. However, in order to ensure sufficient time for implementing agreed commitments

and for improving effectiveness at country level, meetings should not take place too often (a triennial basis for meetings could be considered).

12. Overall, key assets of the proposed governance framework, as opposed to the existing aid effectiveness set-up, would be to **refocus effectiveness efforts at country level** on nationally identified key issues and priorities that have proven to make a difference for development results. Moreover, there would be a sharpened emphasis on the **institutional processes and arrangements** necessary for successful joint efforts at country level. At global level, the proposed Partnership would respond to the need for stronger **political leadership**, better **linkages** to key international processes and greater **inclusiveness** of a diverse range of relevant stakeholders along with recognizing and supporting different modes of working together to achieve common development objectives.