

# 2019 BUSAN GLOBAL PARTNERSHIP FORUM

## Towards a New Conversation on Development Effectiveness

Keynote Presentation

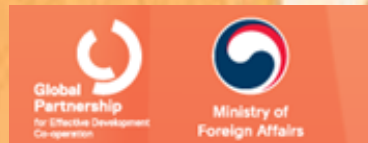
by

***Debapriya Bhattacharya***

Distinguished Fellow, *Centre for Policy Dialogue* (CPD), Dhaka  
and

Chair, *Southern Voice* network of think tanks

**Seoul: 04 December 2019**



# Content

1. Setting the Scene
2. Empirical Trends and Observations
3. Analytical Assumptions
4. Testing out the Assumptions at the Country Level
5. Towards a New Conversation

*The presentation is based on a fuller study titled, Rethinking Development Effectiveness: Perspective from the Global South by Debapriya Bhattacharya and Sarah Sabin Khan, CPD & Southern Voice (2019)*

# 1. Setting the Scene

## *Context*

- Discourse on effectiveness of external public development finance flows currently at an inflection point
- Evolution of effectiveness agenda from “aid effectiveness” to “development effectiveness”
- Dramatic shifts in landscape of development cooperation

## *Key Questions*

- Are the changes at the global level in line with demands on the ground?
- Are development interventions on the ground effective?

## *Assumptions*

- Current discourse is almost exhausted. There is need analytical exposé of new grass-root materiality coming from recipient countries
- New realities increasingly pushing new issues to the discourse opening avenues for new knowledge to be created
- **So time for a new conversation based on the new realities!**

# 1. Setting the Scene

## *Enabling Factors*

- Three enabling factors that make the time opportune
  - i. More openness under the new leadership of the GPEDC
  - ii. New found pragmatism among the Southern providers
  - iii. A new stock of accumulated knowledge backed by a dedicated group of people

## *Objectives*

- Push the needle on the framing of a new narrative
  - Identify critical areas of concerns and gaps in the current discourse that could benefit from more ground level substantiation
  - Come up with a guiding framework for the methodological approach for country level investigation
- Explore the possibility of creating a secured platform to take the “new conversation” forward
  - Set out the rules of engagement in a non-negotiating environment

# 2. Trends and Observations

## 2.1 The Changing Development Cooperation Landscape

- Proliferation of **new actors** (e.g. DAC, Non-DAC, Southern providers, private philanthropy), **institutions** (e.g. IFIS, DFIs, MDBs, RDBs) and **instruments** (e.g. Blended finance, climate finance)
- The **profile** of **recipient** countries are changing with their **heterogeneous** development **trajectories** and **multiple graduation** from different development categories (e.g. UN LDC, World Banks Income Classifications, RDB lending categories etc.)
- **Financing needs** of recipient countries changing with , **less dependence** on ODA (as thus less leveraging capacity) changing **geography** of **poverty** (more poor in MICs), more relatively-poor, and developmental results more connected with the provision of global and regional **public goods**
- Changing global environment due to **humanitarian** crisis, **climate** change, **4IR**, **trade** war, EU **fragmentation**, **currency** risk, fading **multilateralism**
- New demands from SDGs/LNOB

## 2. Trends and Observations

### *2.2 Changing allocative priorities of official providers*

- Highest spending in **social infrastructure** and services, but with declining allocation
- Increased allocation towards **economic infrastructure** and services
- Increased spending towards **humanitarian** aid (by bilateral providers and especially non-DAC)
- Increased allocation towards in-country **administrative costs** by DAC providers
- **Infrastructure** preferred sector for **all genres** of providers including Southern providers as well as for blended finance projects
- Proliferation of funders to multilaterals resulting in increased **conditionalities**, reporting requirements affecting MDB performance
- Increase in **ear-marked funding** to multilaterals, less **core funding** from bilateral providers. Loss in efficiency and autonomy over own mandate

## 2. Trends and Observations

### 2.3 Leveraging ODA for scaling up the private sector

- **Slower** growth of **ODA** compared to **private flows** e.g. FDI, remittances
- Increase in volume of **private philanthropy**
- Blended finance gaining momentum
- **Philanthropy** and **blended finance** mainly towards **MICs**, not the **neediest** (e.g. LDC, LIC, fragile)
- **Mobilisation rate** of private finance by **ODA low** in poorer countries; mostly from **provider** country (not from recipient country)
- Blended finance in poorer contexts confined to **less risky** sectors and **large scale** projects
- Blended finance not contributing to market development (as promised). Doubts regarding “**additionality**” of mobilised finance



## 2. Trends and Observations

### 2.4 Leveraging ODA for DRM

- ODA to improve capacity of tax administration has been **low** and **fell** in 2017 from 2016
- **Multilaterals** have been more **proactive** in supporting DRM
- **Addis Tax Initiative** target (of doubling ODA towards DRM) not **high** enough. **Efforts** too **little** too late.
- International tax evasion part of **illicit finance flows** instances of which is **high** in **developing countries**
- Increasing **digitalisation** of economy make fair taxation difficult
- **Participation** of developing countries in **tax cooperation** instruments still low, although improving



# 3. Analytical Assumptions

## 3.1 *A shared understanding on a global development effectiveness agenda yet to be achieved and politically owned by all development stakeholders*

- Has the evolution from aid effectiveness to development effectiveness been meaningful with regard to what the discourse wanted to achieve? – *Playing the old game?*
- How to create a consensus on consolidation of the understanding of development effectiveness? – *New rules of the game?*
- Is a consensus even desired given the organically diverse landscape of actors? – *Changing the game?*

Three alternatives for a future –

- **GPEDC Zero** – Maintain status quo
- **GPEDC Plus** – Tailored and contextualized assessment
- **GPEDC 2.0** – New mutual learning platform for all actors, non-negotiating atmosphere

# 3. Analytical Assumptions

*3.2 Consensus between providers of the North and providers of the South towards an effectiveness agenda and an assessment framework of development effectiveness difficult because of the distinctive positioning of SSC*

- Decades old differences in historical contexts, development experiences, relationships, ideational motivations and vision for future
- Consolidation unlikely at the global level given the diverse and disjoint nature of efforts even within Southern cooperation
- Reconciliation efforts more feasible at the country level
- Necessary political ownership can be triggered through conversations backed by evidence created at the country level

(Table in next slide)

# 3. Analytical Assumptions

## Differential positioning of SSC

	NSC	SSC
Scope	<b>Common elements</b>	
	Both include concessional and non-concessional sources of official finance Both sides seeking to broaden the scope of cooperation – from development cooperation to economic cooperation (trade, investment, education, tech transfer, contribution to globalised public goods)	
	<b>Different elements</b>	
	<ul style="list-style-type: none"> <li>Private sources included only to the extent that they are fully concessional (private philanthropy) or some element of public source is involved (blended finance)</li> <li>Volumes are commitment driven</li> </ul>	<ul style="list-style-type: none"> <li>Includes concessional and non-concessional “unofficial” sources of cooperation</li> <li>Volumes are not commitment bound, are demand driven and voluntary in nature.</li> </ul>
Principles	<b>Common elements</b>	
	National ownership Mutual Accountability and Transparency	National priorities and plans Result Orientation; Respect for national sovereignty Equality among partners
	<b>Different elements</b>	
	Harmonisation (among donors) Policy conditionality Policy coherence Untied aid Inclusive economic growth	Solidarity Non-interference in domestic affairs Non-conditionality Mutual benefits Economic independence/self-reliance

# 3. Analytical Assumptions

## Differential positioning of SSC

	NSC	SSC
Assessment Framework	<i>Common elements</i>	
	<ul style="list-style-type: none"> <li>Both process driven</li> </ul>	
	<i>Different elements</i>	
	<ul style="list-style-type: none"> <li>Measurement comparatively easier because of uniform definitions</li> <li>More disclosure available</li> <li>Commitment driven assessment</li> <li>Possible to assess at provider level/global level</li> <li>Cross-country comparison among providers within NSC possible</li> <li>Scaling up evaluations to meso and macro level a possibility</li> </ul>	<ul style="list-style-type: none"> <li>Measurement difficult because of technical and definitional challenges in concepts</li> <li>Less disclosure available</li> <li>Voluntary assessment</li> <li>More practical at recipient level/country level</li> <li>Cross-country comparison across providers within SSC difficult</li> <li>Scaling up evaluations beyond projects/programmes difficult</li> </ul>

# 3. Analytical Assumptions

## 3.3 Is SSC and NSC heading towards mutual alignment?

- Increased **interaction** and **dialogue** with **North** leading to more collaboration – Triangular cooperation
- Increased **exposure** and ensuing **scrutiny** compel Southern providers to gradually shift from **non-interference** and **non-conditionality** to **accountability** and **impact** factors
- As quality of assistance becomes important in SSC, providers find it harder to resist a more “**interventionist**” stance
- “**Southernisation**” of traditional providers – pursuit of ‘win-win’ development efforts; refocusing on the ‘**economic growth**’, “blending” of development finance agendas with trade and investment. North moving towards economic cooperation (scaling up private sector, Blended Finance, TOSSD)
- NSC becoming demand driven, increasingly **contextualised** (e.g. GPEDC and fragility context)
- “**Northernisation**” of large Southern providers or emergence of a new “North” within the “South”
- Further **marginalisation** of poorer and needier Southern countries
- Decreasing **policy space** as well as negotiating space for recipient countries

# 3. Analytical Assumptions

## *3.4 Measurement challenges of assessing effectiveness of development cooperation less technocratic and more conceptual, if not political in nature*

- Alternate Metric for Provider's Effort (**CPA** over ODA)
- **Disclosure** and **transparency** issues from non-traditional sources
- Inferring outcomes or impact at scale has proven to be difficult. A **sectoral approach** at the country level in this regard may be more manageable
- Actual and perceived **capacities** (absorptive as well as implementation) of recipients, which are often functions of factors related to both providers and recipients' also need factoring in the assessment frameworks
- Rising **debt levels** and an imminent debt crisis need consideration in measuring effectiveness especially given the new era of debt distress has a different set of (non-traditional) **creditors**.
- **Global systemic concerns**, an understudied aspect of development cooperation have implications for effectiveness on the ground and require to be addressed.
- **New data** (e.g big data and satellite imagery) provide opportunities for breakthroughs in measuring effectiveness

# 3. Analytical Assumptions

## *3.5 Power imbalances entrenched in provider-recipient relationships underlying cause of many other political economy challenges hindering the practice of the principles of effectiveness on the ground*

- The challenges of reaching a consensus on global and national levels – more than just **collective action problems**, often complicated by conflicting interests and preferences of diverse actors
- Concept of **ownership** more of a political one defined by power dynamics between providers and recipients and exercise of **control** over the outcomes of that relationship. In practice, **democratic** ownership still a far cry
- In the presence of differential motivations, power asymmetries and **broken feedback loops**, **mutual accountability** channels fail to perform effectively
- Failure to meet commitments from both providers and recipients make aid flows **unpredictable**, further begetting power imbalances



# 3. Analytical Assumptions

## *3.6 Need for more ground level substantiation and recipient country perspectives*

- Restating the importance of recipient country **perspectives** may seem redundant, but experience suggests it has not been emphasised and integrated enough in the discourse
- Recipients perspectives do not only mean **voice** and **representation**, but also **evidence** and **knowledge** created on the ground
- The nature of the challenges delineated by the analytical assumptions are so context specific, they demand going down to the **project level**
- The only constructive way to grasp these issues and prescribe solutions is to gather as much as possible, **recent evidence** and perspectives from a wide range of **stakeholders** on the actual **practices** and norms at the **country level**

## 4. Testing out at the Country Level

*Four broad areas for testing out the analytical assumptions at the country level -*

1. Conceptual Concerns
2. Landscape Issues
3. Measurement Challenges
4. Political Economy Matters

Choice of Tools  
Choice of Countries  
Choice of Instruments  
Choice of Sectors

## 5. Towards a New Conversation

### *Proposal for framing a new narrative based on*

- New evidence reflecting grass-root realities as against changing global landscape
- Experience and knowledge of dedicated group of people with extensive research in this area
- Embedding of Southern perspectives as much as possible

### *The new conversation may be*

- Kicked-off with a core group of thought-leaders and process-leaders; avoid acrimonious negotiating postures
- Evolve into a broad-based platform with balanced participation from the North and the South plus the set of new actors, engage in a mutual learning approach
- Interface with other relevant discourses on financing for development including implementation of Addis Ababa Action Agenda

***We can not solve our problems  
with the same thinking we used  
when we created them.***

***- Albert Einstein***

# *Thank You*

[<deb.bhattacharya@cpd.org.bd>](mailto:deb.bhattacharya@cpd.org.bd)