

2010 Development Cooperation Forum

President's Summary

Development Cooperation Forum 2010

29-30 June

United Nations Headquarters

The Second Development Cooperation Forum (DCF) of the Economic and Social Council (ECOSOC) took place on 29 and 30 June 2010 at United Nations Headquarters in New York. The deliberations served to provide strategic input to the High Level Plenary Meeting of the General Assembly on the Millennium Development Goals in September 2010. Contributions by all stakeholders including national governments, parliamentarians and representatives of civil society and local governments were instrumental to bringing forth action oriented recommendations on promoting development cooperation and making it more coherent and effective.

1. Promoting Coherence for development

- Progress in most areas of the global partnership for development is not living up to expectations and, without progress across the board, development cooperation will have limited impact.
- Policy coherence is important for development. It must be anchored around national development strategies of programme countries, which highlight their needs and priorities.
- While the traditional providers of development cooperation are taking steps to enhance policy coherence for development, much more needs to be done. There has been relatively little progress in ensuring coherence between development cooperation and “beyond-aid” policies on trade, investment or technology. More impact analysis and systematic political engagement by provider countries and programme countries and organizations is required.
- ODA needs to be used better to leverage domestic resources and other sources of financing for development.
- Parliaments should have a greater role and enhanced capacities to ensure policy coherence.
- An international economic architecture that is development friendly is crucial which includes: Migration, Trade and Finance. To date, there is no framework within which migration and development issues can be discussed. Trade has seen a collapse of multilateralism with bilateral agreements proliferating and a continued need to counter protectionism. While there is a need to reform the dollar-denominated financial system, it is also necessary to address cross-border capital flows (capital flight) and capital account volatility. A debt workout mechanism should also be considered.
- Greater coherence is also needed between United Nations system organizations, including with the international financial institutions.
- Convening of a High-level event on policy coherence for development could be considered.

2. Aid quantity and Allocation

- The multiple global crises have increased the financing needs of developing countries dramatically. Low-income countries, countries with economies in transition and fragile states suffered serious set backs in progress towards development goals.
- The capacity of most developing countries to use expansionary fiscal policies has been severely constrained by lack of resources and conditionalities to access international funds.
- Development cooperation becomes even more vital and urgent in this context and should be used to play a countercyclical role. It is however unclear whether it will be sustained due to the global economic slowdown, fiscal pressure and possible new shocks.
- Aid flows are still falling short of earlier promises, in particular for Africa. Aid providers need to set ambitious targets for 2011-2015, put in place five-year plans for scaling up disbursements in line with national MDG acceleration plans and financing gaps, and live up to their promises. The High Level Plenary Meeting of the General Assembly on the Millennium Development Goals in September this year will be a good opportunity to indicate these commitments.
- It is vital to increase the proportion of aid going to those countries with the greatest development needs, financing gaps and structural vulnerabilities to external shocks – notably least developed countries and fragile states, especially in Africa. Providers of development cooperation should set concrete annual targets to that end.
- Allocation in terms of channels, sectors and types of aid is sub-optimal. Gender, agriculture and food security, education, health, water and sanitation all need sharp increases; infrastructure and aid for trade need to continue recent rises. Assistance in strengthening social safety nets is also important. The role of aid in bolstering creating employment and the fight against poverty cannot be overemphasized.
- ODA should be better used to foster innovation at the programme country and local levels. This can be possible only if provider countries refrain from pursuing policies that are at odds with each other.
- More ODA from countries Members of the Development Assistance Committee needs to reach country programmes, and future donor progress should be assessed based on country programmable aid. General and sector budget support needs to rise much more sharply to increase ownership, capacity development, accountability and efficiency.
- Public funding for climate change adaptation and mitigation needs to increase far beyond current commitments. It also need to be 100% additional to the ODA needed to reach the Internationally Agreed Development Goals, to make maximum use of innovative financing, and to be spent in pro-poor ways so as not to divert funding away from reaching the Internationally Agreed development Goals.
- With volatility becoming a characteristic of the world economy, building resilience to shocks should become an integral part of development cooperation.

- While aid is essential for the development of many developing countries, mobilization of domestic resources, trade and foreign direct investment is also critical. Further innovative sources of development financing, including the proposed tax on financial flows and carbon tax, have to be developed. Public-private partnerships may also be used to bolster development cooperation.

3. Aid Effectiveness

- Progress on Paris Declaration targets for aid effectiveness, reinforced by the Accra Agenda for Action, needs to accelerate dramatically, especially in fragile states.
- Provider countries need to respect their commitments under the aid effectiveness agenda. Recipient countries also have a responsibility to commit to the best global standards and practices.
- The principle of national ownership and leadership is of fundamental importance. There is no “one size fits all” approach that will guarantee effective assistance.
- Fragmentation of aid puts pressure on programme countries’ capacities to coordinate external assistance. Coordination of donor activities is important to make maximum use of available resources.
- Transparent and accountable governance is relevant for effective aid delivery.
- Aid effectiveness processes need to engage fully programme countries and non-executive stakeholders. They also need to improve the way progress is measured on issues related to untying aid, capacity development, predictability, and mutual accountability.
- Aid quality assessments need to be broadened to include additional key concerns of non-OECD stakeholders, on issues such as the use of programme country evaluation systems, flexibility to combat exogenous shocks, and reducing policy and procedural conditionality.
- Promoting gender equality and women’s empowerment is essential for effective development cooperation.
- The DCF should aim to look into the broader concept of development effectiveness, taking into account the impact on development outcomes of aid and other development cooperation flows and policy coherence.

4. Mutual Accountability

- Making development cooperation more accountable and transparent is important for achieving the Millennium Development Goals. There has been very limited progress in developing effective and balanced mechanisms to hold both providers and recipients of development cooperation accountable for their commitments on development and aid quantity and quality.
- Mutual accountability processes at country level need to be owned and led by programme country governments. In both provider and programme countries, they should ensure full inclusion of parliaments, civil society organizations, and decentralized governments. They should focus more on gender impact of aid. This should be proactively supported by providers.
- Political will to develop such inclusive frameworks is often lacking or even waning, partly because their impact in changing development cooperation behaviours is often not yet visible on the ground. To avoid “mutual accountability fatigue”, countries have to further strengthen their national systems and promote high-level broad-based dialogue fora to agree on time bound aid strategies with clear responsibilities and yardsticks for all relevant actors.
- Providers also need to commit to individual targets to improve aid quality in each programme country, giving priority to Sub-Saharan Africa and fragile states which are lagging behind on IADG progress. Providers need to further support country systems and capacity development, including by agreeing on clear division of labour among development partners.
- Parliamentarians, civil society organizations and local government authorities need to be further empowered to actively engage in monitoring and evaluation processes on the ground, both as advocates and as development partners to be held accountable. While parliaments are fundamental hubs in any accountability process, an enabling environment is also required to enable civil society to engage. Both are in dire need of more resources to discharge their functions. Independent supreme audit institutions, research centres and media also need to be systematically strengthened and granted access to relevant information.
- Official global mutual accountability mechanisms have shown limited impact so far. The international community should set high standards for international and regional mechanisms to ensure mutual accountability between providers and recipients. It should assess progress annually, create a focal point to share lessons from best practices, and fully fund the most useful international mechanisms.
- International and regional mechanisms to ensure mutual accountability should make greater use of inputs by programme country governments and non-executive stakeholders, and improve country-level relevance to enhance impact on behaviour of providers and recipients.
- Greater transparency on development cooperation results should be strongly promoted by including more detailed and timely analysis of a wider range of actors and flows, with

information coming from wider sources and easily accessible to parliaments and citizens. Information on the preparation and use of the national budget should also be open to all.

5. South-South, Triangular and Decentralized Cooperation

- South-South cooperation is increasingly important in helping developing countries address development challenges, based on solidarity among developing countries. South-south cooperation has features that set it apart from North-South cooperation, such as absence of conditionality, horizontal relationships and complementarity between parties as well as cost effectiveness. It is no substitute for traditional North-South cooperation.
- South-South, triangular and decentralized development cooperation respond to specific needs and bolster areas not supported by traditional donors. They need to be better understood, bearing in mind their specific characteristics.
- South-South cooperation suffers from a deficiency of resources and insufficient capacities of institutions engaged in this type of cooperation.
- The international system needs to capitalize fully on the comparative advantage of South-South cooperation, in providing appropriate and cost-effective support and enabling peer learning.
- It should fully mainstream support for South-South cooperation in multilateral institutions programmes and increase funding for triangular cooperation. It is important to strengthen the United Nations as a democratic forum for political debate, as a possible broker for South-South and triangular cooperation arrangements, and as a system of organizations able to support such cooperation on the ground. The Special Unit for South-South cooperation has to be strengthened.
- It is important to assure that South-South cooperation sustains the principle of equality between partners and that mutual relationships and exchanges are equitable and respond to the needs of poor countries.
- There is also a need to invest more in regional/trans-border economic cooperation. South-South cooperation is often linked to regional or bilateral South-South standby loan, reserve currency, investment and trade agreements.
- South-South providers should develop their own ideas on how to assess quality and impact of their cooperation. Some speakers encouraged countries engaged in South-South cooperation to engage in the on-going work on effectiveness of South-South cooperation, in a depoliticized way.
- While South-South Cooperation should be transparent and of high quality, north-south cooperation practices should not be imposed on South-South cooperation, particularly the practice of aid conditionalities.

- Peer learning, knowledge sharing and exchange of experiences and policies on South-South cooperation should be encouraged. Important lessons can be drawn from South-South cooperation in such areas as poverty alleviation, microfinance and addressing climate change.
- There is need to channel a greater share of development cooperation to building the capacities of decentralized governments to deliver basic services for the MDGs. Decentralized development cooperation is seen to be close to people and responsive to needs. Networks of local governments should be harnessed in support of south-south cooperation.

6. Finally, the DCF should:

- Strengthen its work on policy coherence by identifying best practices for policies which go “beyond aid” to cover all aspects of MDG8, and for aid to promote wider finance for development.
- Continue to conduct regular assessments of trends in development cooperation (especially quantity, allocation, and quality), and of progress on mutual accountability and transparency, including peer learning among development cooperation actors.
- Promote cooperation for sustainable development, especially in Least Developed Countries.
- Advise on alternative pathways to development and on integrated development policies aimed at moving beyond aid dependence.
- Enhance its role in the development cooperation architecture as the legitimate apex for policy dialogue and norm setting.
- Continue to strengthen the multi-stakeholder nature of its consultations and analysis.