

## ECOSOC 2006 – Special Event

### Informal Ministerial Roundtable

#### ***“Biennial Development Cooperation Forum”***

3 July 2006, 17:00 p.m. – 19:00 p.m.

UN Palais des Nations, Geneva, Switzerland

### Summary

#### **Introduction**

The Economic and Social Council (ECOSOC) organized a special event “*Informal Ministerial Roundtable – Biennial Development Cooperation Forum*” on 3 July 2006 - the first day of the High-Level Segment. The roundtable discussion provided an opportunity for ministers, high-level government representatives, senior UN officials and other key development cooperation actors to engage in an inter-active and focused dialogue on the objectives and expectations for the first Development Cooperation Forum (DCF).

The roundtable was chaired by H.E. Gediminas Serksnys, Ambassador and Permanent Representative of Lithuania to the United Nations and Vice-President of the Economic and Social Council. The moderator was Mr. Richard Manning, Chair, OECD/DAC. The panelists in the roundtable were: H.E. Ms. Suhair Al-Ali, Minister of Planning and International Cooperation, Jordan, H.E. Ms. Annika Söder, State Secretary for Development Cooperation, Ministry for Foreign Affairs, Sweden (Lead Discussant), H.E. Mr. Walter Fust, Ambassador and Director-General, Swiss Agency for Development and Cooperation, Mr. Jose Antonio Ocampo, Under Secretary-General, UNDESA, and Mr. Bruce Jenks, UN Assistant Secretary-General and UNDP Director, Bureau for Resources and Strategic Partnerships.

The inter-active dialogue was organized around four key questions:

1. What are the major ***challenges*** affecting development cooperation?
2. What innovative ***process*** could the DCF apply to foster the participation of a wide range of stakeholders?
3. What would be the ideal ***outcome*** of the first DCF?
4. What could be the ***vision*** for development cooperation in the year 2015?

#### **Background**

The 2005 World Summit reaffirmed the fundamental role of the United Nations in the promotion of international cooperation for development. ECOSOC, in particular, has a major role to play in improving aid effectiveness and impact, as a principal body for coordination, policy review and

policy dialogue and recommendations on issues of economic and social development, as well as for the implementation of the internationally agreed development goals (IADGs), including the Millennium Development Goals (MDGs). Prior to the 2005 World Summit, however, the role of ECOSOC in promoting coordination, policy review and policy dialogue on issues related to international development cooperation, was mainly limited to review of UN operational activities for development, which accounted for approximately one-tenth of total official development assistance (ODA) on average during the past decade.

Among the new functions assigned to ECOSOC by the 2005 World Summit is to convene a high-level biennial Development Cooperation Forum. The Forum will review trends in international development cooperation, including strategies, policies and financing, promote greater coherence among the activities of different development partners and strengthen the link between the normative and operational work of the United Nations.

The DCF will provide a new global platform for diverse development cooperation actors to engage in a dialogue on key policy issues affecting the quality and impact of aid. The Forum is particularly expected to play an important role in promoting greater impact of international development cooperation pursued by multilateral institutions, including OECD/DAC, the Bretton Woods institutions and the United Nations, as well as bilateral development agencies and South-South cooperation arrangements.

## **Overview of discussions**

A rich exchange of views and perspectives took place in the roundtable discussion. Below, is a brief summary of the key points raised.

### **1. What are the main challenges affecting development cooperation?**

The roundtable participants highlighted various challenges facing the current global development cooperation system. These challenges can be broadly divided into three main categories: (a) national ownership, (b) aid effectiveness, and (c) the coherence of the global development cooperation system.

**(a) *National ownership.*** Weak alignment of development assistance with national development priorities has been a longstanding concern in the debate on how to improve the impact of aid. Many governments, particularly in recipient countries, argue that disconnect of development assistance with national development goals has greatly undermined national ownership and mutual accountability for aid effectiveness. On the other hand, donors often express the view that alignment of development assistance with national development plans has been mainly hampered by poor governance and weak human resources capacities in recipient countries. These diametric perspectives have though gradually begun to converge in recent years. Governments now generally agree that improved impact and effectiveness of development assistance will require commitment by all parties to mutual accountability that promotes both national ownership and development results, combined with predictable flows of financial resources.

**(b) *Aid effectiveness.*** The issue of “aid effectiveness” was particularly prominent in the roundtable discussion. Participants highlighted the following: lack of consensus on the definition and conceptual framework of aid effectiveness; need to move the debate on aid effectiveness to the multilateral level; aid effectiveness often hampered by lack of commonly agreed performance criteria; weak mutual accountability of both donors and recipient countries for development results, as well as for living up to commitments relating to harmonization, coherence, up-scaling of resources and national ownership; need to pursue different development cooperation strategies in different country contexts, for example, some countries may receive too much aid, while others may receive too little; low predictability of aid flows and pledges not always kept by donor countries; limited progress in harmonizing donor procedures and practices at the country level; significant methodological difficulties in measuring the impact of development aid; need to define ways to balance aid effectiveness criteria and needs-based considerations in the allocation of development assistance; and lack of effective regulation of the global development cooperation system.

**(c) *Coherence of the global aid system.*** The 2005 World Summit Outcome defined the promotion of coherence within the development cooperation system as one of the three key tasks of the Development Cooperation Forum. In this context, the following issues were particularly highlighted during the roundtable discussion: global development cooperation is characterized by two contradictory trends, first, the growing demand of both donors and recipient countries for improved policy coherence among the various actors, and, secondly, increased fragmentation of the development cooperation system, as reflected in the recent proliferation of special-purpose funds and the steady increase in the number of bilateral donors; lack of coordination at the institutional and inter-governmental level in the development cooperation system, often resulting in both overlaps and gaps; a severely disjointed funding architecture; and some concern that development aid may be increased over the next few years to compensate for lack of progress in ongoing global trade negotiations.

## **2. What innovative process could the DCF apply to foster the participation of a wide range of stakeholders?**

It was emphasized at the outset of the roundtable that by organizing this informal dialogue, the Council had embarked on a process of consulting with a wide range of stakeholders on the objectives and substantive focus of the first DCF. As the preparatory process moves forward, these consultations would also extend to organizers of other fora, such as the Africa Partnership Forum, the OECD Global Forum on Development and the World Economic Forum, which influence regional and global policy-making in important areas that intersect with international development cooperation. It was also stressed by many roundtable participants that the DCF should focus on issues of global significance in order to secure high-level participation of the various stakeholders in both the meeting itself and the preparatory process.

Only by actively engaging all the key stakeholders in the preparatory process will the DCF be able to facilitate the development of a policy outcome that promotes enhanced coherence of the global development cooperation system. This will require the DCF to build effective bridges between the policy agendas of diverse development cooperation actors, whether multilateral institutions, traditional or non-traditional bilateral donors, South-South cooperation partners or private sector and civil society organizations.

Careful consideration should therefore be given to the form of both the preparatory process as well as the meeting itself, with the aim of promoting high-level participation and interactive exchange of views. A view was also expressed that the DCF could foster collaborative arrangements with the private sector by promoting public-private partnerships and by organizing multi-stakeholder fora at the regional/national levels to discuss issues such as how to leverage ODA through Foreign Direct Investment (FDI).

A number of participants highlighted the importance of the Development Cooperation Forum undertaking focused and cutting-edge analysis of key issues affecting the quality of the development cooperation system as part of the preparatory process. Extensive teamwork among all the key institutions in this area was seen as an important success factor for the DCF. The preparatory process could also facilitate closer collaboration between UNDESA and UNDP in the preparation of analytical inputs.

Moreover, the organization of the DCF could be used to modernize the format of future ECOSOC meetings and to reform the High-Level Segment, within the broader objective of revitalizing the work of the Council. In this context, it was suggested that the DCF could examine the format of the Commission on Sustainable Development, as a possible model for organizing an important multi-stakeholder event.

### **3. What would be the ideal outcome of the DCF?**

The mandate to convene the high-level Development Cooperation Forum provides ECOSOC with a unique opportunity to promote enhanced coordination and greater development impact of international development cooperation. A key role of the DCF could be to improve the functioning of the development cooperation system, particularly within the UN, and to demonstrate the impact of aid. The DCF is the only forum with a global mandate that can engage all the relevant stakeholders in a dialogue on critical issues affecting the quality and relevance of the international aid system. The DCF could therefore become a key instrument for partnership-building and enable policy-makers to achieve high-level focus on important development issues.

Some participants also expressed the view that the DCF could play an important role in: harmonizing and improving the relationship between bilateral, multilateral, and other development assistance mechanisms; moving the discussion on aid effectiveness to a truly multilateral level; offering a platform where the voices of beneficiaries, including the governments, could be given adequate consideration; providing a comprehensive overview of the

existing funding channels, including major private foundations, as well as emerging and non-OECD/DAC donors; promoting consensus on the harmonization and balancing of the funding architecture; developing performance-based strategies for development cooperation, including relevant indicators; assessing the effectiveness of the Paris Declaration; establishing a monitoring process for the realization of agreed goals relating to the global development cooperation system, in particular, those not covered by the existing OECD/DAC monitoring system; providing effective guidance to the UN development system; and contributing to the follow-up to the Monterrey Conference on Financing for Development.

#### **4. What could be the vision for development cooperation in the year 2015?**

If both donors and recipient countries live up to their international commitments, some stakeholders argue that by 2015, the character of the global aid system will have changed quite considerably, from the currently predominantly fragmented and foreign policy-driven focus, towards one less subject to competition, but, more directed by a collaborative effort to realize the internationally agreed development agenda, as well as other major global public goods. The latter model would envisage a larger role for organizations, such as the United Nations and the European Union in the coordination of the delivery of development aid. South-South cooperation is also likely to play a much more visible role in development cooperation in the future.

An important implication of the latter model would be a reduction in the number of development cooperation actors at the country level (consolidation), and aid budgets more aligned with internationally agreed development goals. The multilaterals would have a comparative advantage over the bilateral donors in the latter model. ECOSOC would also have a strong role in global policy dialogue, review and coordination in the area of development cooperation in this model. ECOSOC would exercise this role through various instruments, in particular, the new functions assigned to it at the 2005 World Summit, namely the *Annual Ministerial Review*, the *Development Cooperation Forum* and the *Global Policy Dialogue*. Through these forums, Member States will be able to ensure that regular reviews of progress in realizing the international development agenda provide an effective baseline for promoting policy coherence within the global development cooperation system.

#### **Key Policy Messages**

- The Development Cooperation Forum will provide the first global platform where all development cooperation actors have an opportunity to engage in a dialogue on key policy issues affecting aid effectiveness and impact.
- The creation of the Development Cooperation Forum (and the Annual Ministerial Review) offers a unique opportunity to revitalize the work of the Economic and Social Council. The organization of the DCF (and the Annual Ministerial Review) could be used to modernize the format of future ECOSOC meetings and to reform the High-Level Segment, within the broader objective of revitalizing the work of the Council.

- The Development Cooperation Forum could aim to result in a policy outcome of global significance. High quality analytical documentation and wide participation of stakeholders need to characterize the preparatory process for the DCF. The Council can facilitate the preparatory process by setting up effective institutional mechanisms to encourage the participation of all relevant stakeholders.
- The Development Cooperation Forum needs to build effective collaborative arrangements with organizers of related fora, such as the Africa Partnership Forum, the OECD Global Forum on Development and the World Economic Forum, that influence global and regional policy-making in key areas that intersect with international development cooperation.
- The Development Cooperation Forum, as a truly multilateral forum, could promote a global agreement on the definition and conceptual framework for “aid effectiveness”.
- The Development Cooperation Forum could promote mutual accountability of both donors and recipient countries for living up to international commitments relating to harmonization, coherence, up-scaling of resources, national ownership and development results.
- The Development Cooperation Forum could contribute to the debate on how to balance aid effectiveness criteria and needs-based considerations in the allocation of development assistance.