

**Organisation for Economic Co-operation and Development
Development Assistance Committee**

**On Common Ground¹
Converging Views on Development and Development Co-operation
at the Turn of the Century**

Growing Convergence

The international community has in recent years built a stronger consensus on what constitutes sustainable development, and how it can be achieved. Following the international conferences sponsored by the United Nations, which have set out an agenda and brought consensus to what people-centred development means in process and substance, bilateral and multilateral agencies are explicitly taking a more systemic and strategic approach to co-operation arrangements and techniques based on ownership and participation by the governments and civil societies of developing countries themselves. These concepts, goals and endeavours stem from a host of major policy documents issued in the past few years.²

Development agencies increasingly recognise the need for a ***long-term integrated vision of development***, emerging from and supporting the ***country's ownership*** of its own development process; they call for ***partnership*** with government, civil society, assistance agencies, NGOs and the private sector in defining development needs and implementing programmes. Finally, they all stress the need for concrete ***development results***. Encouragingly, it appears that a wide range of developing countries in all regions of the world have moved, to varying degrees, to exercise their own leadership in designing and implementing their strategies, in monitoring results and in co-ordinating with their external partners.³

Common Principles

The following principles form building blocks for partnership among all development actors. They are common to all partnership efforts, whether initiated by developed or developing countries.

Long-term integrated vision of development

Over the years, the understanding of development and development co-operation has undergone fundamental change. It has expanded to take more fully into account how markets, societies and governance interact and evolve. The importance of human and social capital in these development processes has also received more recognition. From this, it follows that sustainable development can only be achieved by integrated strategies that incorporate key economic, social, environmental and political elements. All components -- macroeconomic, financial, structural, social and human -- should be brought together in a long-term, holistic and strategic approach.

To achieve effective sustainable development, it is necessary to address economic and financial issues on the one hand, with structural, social and human issues, on the other, in a balanced way, thereby integrating the following key elements:

- **A sound policy framework encouraging stable, growing economies with full scope for a vigorous private sector and an adequate fiscal base.**

- Investment in pro-poor approaches and social development, especially education, primary healthcare and population activities.
- Enhanced participation of all people, and notably women, in economic and political life, and the reduction of social inequalities.
- Good governance and public management, democratic accountability, the protection of human rights and the rule of law.
- Building institutions, including social safety nets, that cushion the negative effects of and enhance developing countries' resilience vis-à-vis external shocks and crises, while helping them to take advantage of the opportunities offered by globalisation.
- Sustainable environmental practices.
- Addressing root causes of potential conflict, limiting military expenditure, and targeting reconstruction and peace-building efforts towards longer-term reconciliation and development.

Ownership by the country

The view that each developing country and its people are ultimately responsible for their own development is widely accepted nowadays. Experience shows that success has been achieved only where the people and the institutions of developing countries themselves have made sustained efforts. It therefore follows that the developing country is the essential agent for organising co-operation efforts. There is no room for paternalistic approaches. Countries must be in the driver's seat and set the course. They must generate the commitment to development, and determine goals and the phasing, timing and sequencing of programmes.

The responsibility for development, reducing poverty and the preservation of a political environment conducive to peace, security and respect for human rights lies with the developing countries themselves, the role of developed partners and multilateral institutions being to support such efforts.

The developing country is the legitimate organiser for co-operation efforts, through relationships and mechanisms that reflect the particular local circumstances.

Prime responsibility for overall country-specific co-ordination, including macro-economic and project/programme issues, lies with the developing countries; in cases where local interest or capability is not tuned to this ambition, external partners will encourage regular forums for co-ordination with all stakeholders, including the government, civil society and the private sector -- and ensure that their own representatives participate; where capacity for co-ordination is insufficient, external partners will support efforts for capacity building.

Partnership

Earlier aid efforts involved working almost always with central governments. Today the international development community is working with many more partners to meet demands for greater efficiency, respond to more pluralistic and decentralised political systems, and recognise the importance of a dynamic private sector, local ownership and participation by civil society. Defining development needs and implementing programmes should be done in the partnership mode, with government (national, state,

city and municipal) in the driver's seat and involving civil society in all its forms, private sector (domestic and foreign) and development agencies (both multilateral and bilateral). Such partnerships may also be needed at the regional and global levels to identify and supply "public goods" required to overcome specific barriers and bottlenecks to development.

Country-owned development strategies and targets should result from an open and collaborative dialogue between developing country authorities, civil society and the private sector, of their shared objectives and their respective contributions to the common endeavour; such strategies and targets should be the basis for external partners in their dialogue with the developing country authorities on their country assistance strategies.

Each external partner's programmes and activities should be set within the framework of a country-owned strategy in ways that respect and encourage strong local commitment, participation, capacity development and ownership, as well as in ways that avoid duplication and enhance synergy.

Development results

In order to effectively relate financial inputs -- whether their origin be domestic or foreign, public or private -- to the ultimate outcome of development efforts, it is increasingly acknowledged that, in addition to setting quantitative goals for such financial inputs, quantitative goals must be set for results countries want to achieve with their development efforts, especially in the area of poverty reduction. Setting goals implies the establishment of processes for systematic monitoring of their achievement. The articulation of development goals and monitoring of results promotes participation and accountability, two basic elements in sustainable development.

Development co-operation and the procedures by which its implementation is governed, should be accountable, transparent, effective and visible; partners should undertake to harmonise tools and practices and should use channels and methods that do not undermine the values of ownership and partnership.

Joint monitoring and evaluation mechanisms, including quantitative indicators, should be set up to monitor development progress.

External partners should ensure that the entire range of their policies are consistent with and thus do not undermine development objectives.

Partnership approaches to development tend to be time-consuming and labour-intensive, especially in the beginning; however, external partners should not consider this as a burden, but rather as an investment towards achieving sustainable development, and development agencies' staff should therefore be effectively interested, motivated and trained to put partnership principles into practice.

Future directions

Experience shows that implementing the approach described above is not an easy task, neither for local nor for external partners. Agreement by the international community on the above principles will not automatically lead to full-scale implementation. Despite converging ideas, there is still proliferation of isolated efforts. This leads sometimes to confusion and misunderstanding at the operational end. It is also detrimental to the need for partners involved to build mutual trust and confidence. Thus, while recognising the responsibility of developing countries under these arrangements, external partners should be prepared to re-visit and discuss their own practices so as to indeed give space to assumed ownership. Harmonising tools and procedures will not only help developing countries through reduced administrative demands, but should also lead to a significant reduction in the transaction costs of development co-operation. In this respect, so-called sector-wide approaches should be seriously considered as a viable alternative to project approaches to development.

The number of people living in poverty has reached an historic high, while the Official Development Assistance effort has reached an historic low. If we do not succeed in significantly improving the quality of development assistance, we risk entering the Millennium with globalisation -- which should enhance the foundations for development -- possibly weakening them. What is required is a concerted push to sustain the political will to pursue development co-operation in a way that will reduce the inequalities between rich and poor countries. The international development co-operation system needs to ensure that its performance is measured against the above principles; that we harness collective strengths and knowledge to improve the impact at the country level; and that we engage vigorously with those "outside our ground" -- government agencies responsible for other policy areas, the private sector, trade institutions, investment houses, and the public at large -- to attain the goals for an inclusive global society. Doing so will add *substance* and *value* to the process of convergence.

APPENDIX

POLICY DOCUMENTS BY MULTILATERAL ORGANISATIONS

- MDB Task Force, *Serving a Changing World*, March 1996.

In this report, the Task Force on Multilateral Development Banks recommended closer co-operation and harmonisation among the five multilateral development banks (the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank and the World Bank) in support of "borrower ownership of reforms, programmes and projects". All the banks supported the main conclusions of the report and in a joint report to the Development Committee in 1998, the Presidents of these banks reconfirmed their support for the directions indicated in the report, while recognising "a clear need to deepen their co-operation beyond what has been achieved thus far".

- OECD/DAC, *Shaping the 21st Century: The Contribution of Development Co-operation*, May 1996.

In this report, Members of the OECD's Development Assistance Committee - at the level of Ministers for Development Co-operation and Heads of Aid Agencies - laid down their agreement on the principles of inclusive and people-centred development strategies, and proposed a global effort to achieve priority-specific goals within a give time frame, calling for partnership and local ownership.

- IMF, The ESAF at Ten years: Economic Adjustment and Reform in Low-Income Countries, 1997 and External Evaluation of the ESAF, 1998.

In their discussion of these evaluation reports, IMF Directors considered that the mutually reinforcing ESAF objectives of growth and external viability called for ambitious strategies, but tailored to the situation and implementation capacity of countries, and set over a realistic time frame. They called for appropriate compensatory measures to be built into the design of the programme to protect low-income groups, including the provision of well-targeted technical assistance to the more vulnerable groups and the allocation of adequate resources for social sectors. They agreed that countries have primary responsibility for economic reform programmes and that IMF staff should consider the political constraints faced by the national authorities. They noted that some of the recommended measures to ensure ownership might prolong the initial stages of negotiations but considered that the investment would be compensated for over the period of implementation.

-World Bank, Partnership for Development: Proposed Actions for the World Bank, May 1998 and Partnership for Development: From Vision to Action, September 1998.

The first is a discussion paper proposing a new course for the World Bank, through an emphasis on supporting country ownership of the development efforts and working in partnership with governments and civil society as well as other donors in support of a nationally owned development strategy. The second, based on consultations in Africa, Asia, Europe and the Americas, outlines action to be taken to put the partnership approach into practice.

-James D. Wolfensohn (President of the World Bank), A Proposal for a Comprehensive Development Framework (A Discussion Draft), January 1999.

This proposal follows the World Bank's broad proposals on partnership in 1998. It recognises that to achieve sustainable development impact, it is necessary to address economic and financial issues, on the one hand, together with structural and social issues, on the other, in a balanced way. It also underlines the need for country's ownership of the development process and for all internal and external stakeholders to work together in partnership.

-United Nations, General Assembly resolution on Renewal of the Dialogue on Strengthening International Economic Co-operation for Development through Partnership, January 1999.

In follow-up to the UN's adoption of the Agenda for Development and to the first high-level dialogue of the General Assembly on the social and economic impact of globalisation and interdependence and their policy implications, the General Assembly reaffirms in this resolution the continuing need to strengthen constructive dialogue and genuine partnership in order to promote further international economic co-operation for development.

-United Nations, United Nations Development Assistance Framework, Guidelines, April 1999, and Common Country Assessment, Guidelines, April 1999.

As part of the UN Secretary general's programme for reform, the United Nations Development Group proposed in 1997, the United Nations Development Assistance Framework (UNDAF), with a view to bringing "greater coherence to the UN

programmes of assistance at the country level ...with common objectives and time frames in close consultation with governments". The UNDAF, both as a process and a instrument, is based on the Common Country Assessment (CCA), generating a common understanding of the causes of development problems as well as the needs and priorities of the country.

-ACP-EU, ACP-EU Joint Assembly Resolution on the Future of ACP-EU Relations, April 1999.

In 1998, the European Commission received the mandate from the council of the Union to negotiate a new partnership agreement with the ACP countries after the expiry of the Fourth Lomé Convention in the year 2000. The eradication of poverty will be the central plank of the agreement, which will require reforms in the ACP countries to achieve more sustained development and greater competitiveness as well as to develop the private sector, as well as to develop the private sector, create productive jobs, improve access to social services and extend the partnership to civil society. In a lengthy resolution, the ACP-EU Joint Assembly, among others, "maintains that, if sustainable development is to be achieved, human beings and their basic rights should be made the focal point of development policy deliberation and activities".... "maintains, in particular, that the new ACP-EU Convention will provide an important opportunity for honouring the commitment and achieving the objectives adopted at international summits and notes that the OECD's Development Assistance Committee has negotiated a number of useful reference points".... "reiterates that ownership of interventions is crucial and that this requires early involvement from civil society in the formulation of policies and programmes".

¹ Report on Development Co-operation, February 2000 - Chapter 5: Partnership and Co-ordination, Annex

² See Appendix. The present Appendix includes policy documents by multilateral organisations. It will later be supplemented with policy documents by bilateral agencies.

³ A non-exhaustive list includes: Tanzania - *Development Vision 2025*; Ghana - *Vision 2020*; Egypt - *Vision 2017*; Uganda - *Poverty Eradication Action Plan*; Bolivia - *Operational Action Plan 1997-2002*. Typically, where governments have been able to produce such strategies, they also manage reasonably well to organise the co-ordination process (although there are differences between various sectors).