

Aid Effectiveness: Preparation of Slovakia for the Fourth High Level Forum (HLF-4) Busan

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The Paris Declaration on Aid Effectiveness (PD 2005)¹ founded five core principles:

1. Recipient countries forge their own national development strategies supported by their parliaments (**ownership**).
2. Donors align their programs behind these strategies to support them (**alignment**).
3. Donors should work to streamline their efforts in-country (**harmonisation**).
4. Development policies have to be directed so that clear goals are achieved and progress towards these goals is monitored (**results**).
5. Donors and recipients alike should be jointly responsible for achieving these goals (**mutual accountability**).

Beyond its principles on effective aid, the document establishes a monitoring system to assess progress towards agreed objectives.

The **Accra Agenda for Action** (AAA 2008) was designed to strengthen implementation of the Paris Declaration. It proposed the following three main areas for improvement:

- **Ownership: Countries have more say over their development processes through wider participation in development policy formulation, stronger leadership on aid co-ordination and more use of country systems for aid delivery.**
- **Inclusive partnerships: All partners participate fully - including donors in the OECD DAC and developing countries, as well as other donors, foundations and civil society.**

¹ Source: OECD, <http://www.oecd.org/dataoecd/11/41/34428351.pdf>

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- **Delivering results: Aid is focused on real and measurable impact on development. AAA stresses the necessity** to build capacities of countries to manage their own future.

The independent monitoring and evaluation of the Paris Declaration commitments shows minimal progress in achieving goals. Among the five aid effectiveness principles *ownership* has advanced furthest. *Alignment* and *harmonization* have progressed unevenly, while the use of partner country systems has not increased despite improvements in those systems. Managing for development *results* and *mutual accountability* have advanced the least. The trend in *aid predictability* has even reversed as compared to 2005.²

Only one out of the 13 targets established for 2010 – co-ordinated technical co-operation - has been met. What is interesting is that in **targets where responsibility lies primarily with developing country governments, progress has been significant** (developing national plans, introducing the system of measuring progress, collecting relevant data). For those **targets, for which donors and recipients are jointly responsible, the progress is mild or uneven** (e.g. involvement of non-state actors in development planning, capacity building, quality of systems of public finance management, use of country systems, aid transparency). However, almost **no progress has been achieved in targets, which are relevant especially and only for donor countries** (e.g. aid fragmentation, common donor procedures, aid predictability). In many cases actors point out that the obstacles in achieving goals are political by character and origin.³

Coming back to these results is one of the HLF-4's objectives. Civil Society Organizations (CSOs – Open Forum for CSO Development Effectiveness)⁴ request that governments analyze in detail and specify causes of the above and that they reaffirm fully their previous commitments.

The main trend

Compared to PD and AAA the values like democracy, human rights, gender equality, or inclusiveness are much more emphasized not only by CSOs but also by governments, and EU in particular. Effectiveness of policies and strategies depends on their direct impacts on the lives of individuals and communities in recipient countries. The events of the Arabian Spring contributed to this advance significantly. Recipient countries are becoming more clearly the subject rather than an object of development cooperation. They are bearing the weight of coordination and of setting priorities and indicators of success.

² Source: General Secretariat, Council of the EU: Draft Council Conclusions – The EU Common Position for the Fourth High Level Forum on Aid Effectiveness. 21.10.11

³ Source: OECD, Aid Effectiveness 2005-10: Progress in implementing the Paris Declaration, Executive Summary <http://www.oecd.org/dataoecd/28/4/48734301.pdf> . See also: UK Aid Network Paris Declaration Monitoring Survey: What the Results Tell Us, and What they Don't,

http://www.ukan.org.uk/fileadmin/user_upload/Paris_Monitoring_Survey_Briefing_270911.pdf

⁴ Source: Open Forum for CSO Development Effectiveness, <http://www.cso-effectiveness.org/-regional-and-thematic-cso,085-.html>

Challenges and recommendations in this paper are arranged into chapters according to themes of the HLF 4's program.

1. Ownership of development policies and strategies, accountability

1.1. Global challenges

Whereas PD and proposals of HLF-4 outcomes⁵ mention just *country ownership* or *inclusive ownership*, European Commission as well as CSOs⁶ stress *democratic ownership*:

- Partner countries should be responsible for creating friendly environment for participation of the civil society and for multiple consultations with all relevant stakeholders. To reach consensus on development, donors should support inclusive and open process of policy forming while respecting civil and political rights.
- Engagement of parliaments, local governments, CSOs, oversight bodies, media, and private sector is emphasized.
- Accountability of donors and recipient governments as well as other development actors should be guaranteed namely by transparency and wide public engagement.
- Participation of women and women's organizations, respect to gender equality and rights of marginalized and vulnerable groups in formulating policies are particularly underlined.

1.2. Recommendations for Slovak Republic (SR)

- To strengthen the dialog with governments of the Slovak ODA recipient countries.
- **Each ODA recipient country should have its own country strategy paper (CSP) elaborated.** It must be broadly consulted with: the government, local governments, civil society, other stakeholders in the country, stakeholders in SR, and other donors active in the country.
- Consultations must precede all development interventions. Prior to approval of every development project, the government ensures that it is aligned to recipient's country strategy. There should be social consensus on every intervention in the place of its planned realization.
- SR could use its know-how of the transformation process in organizing and facilitating such multi-stakeholder consultations.

⁵ Source: DCD/DAC/EFF(2011), Third Draft Outcome Document for the Fourth High Level Forum on Aid Effectiveness, Busan, Korea, 29 November – 1 December 2011. http://www.cso-effectiveness.org/IMG/pdf/third_draft_outcome_document_for_busan-2.pdf

⁶Source: CSOs on the Road to Busan, Key messages and proposals. April 2011. http://www.cso-effectiveness.org/IMG/pdf/cso_asks_final_.pdf

2. Alignment of aid with country priorities and systems

2.1. Global challenges

The matter is not only how to align development programs with country strategies while using more country systems. At the same time, these *systems should be strengthened by capacity building and by making national policies more effective and appropriate*, while opening them to more types of development actors.

- Development programs should be flexible enough to respond to changing conditions in recipient countries.
- Recipient countries should lead the process of strengthening the country systems. Risk identification and management, however, should be done jointly with donors.
- Using country systems does not apply only to budget contributions but to all other forms of aid, guaranteeing maximum openness and transparency, respecting human rights, and securing friendly environment for civil society participation.
- It is necessary to introduce anti-corruption measures as specified in the UN Convention against Corruption, in case these are missing in country systems.
- Stop aid conditionality, which does not help democratic ownership. Aid conditions that comply with international human rights and anti-corruption agreements must be transparent and subjected to public control.
- End all formal and informal practices of aid tying, including food aid and technical assistance, and give preference to local and regional procurement. Local procurement is a prerequisite for having a development impact on the growth of national production sector. Procurement policies should emphasize impact on people living in poverty, social inclusion, environmental sustainability, and labor rights.

2.2. Recommendations for SR

- **Consolidate the program approach to development aid.** Consultations and negotiations with stakeholders in recipient country, as well as with other donors (including multilateral), must be a part of such approach.
- Reevaluate the selection of program countries taking into account the existing capacities within SR, situation of embassies, and the overall possibilities to actively contribute to development of the given country.
- All ODA supported countries, not only the program countries, need to have their own CSP. Those will show priorities and forms of aid, which are aligned to national plans and have been widely consulted.
- In case of existing program countries the CSP must be completed urgently: CSP for Afghanistan must comply with The Afghanistan National Development Strategy 2008-2013, which is elaborated down to district level. In case of Kenya, CSP should be aligned to plans of

the Ministry for Planning, National Development and Vision 2030. In case of South Sudan, SR should be actively involved in broad consultations linked to preparation of national plans and make use of its expertise.

- The process of preparing CSPs should be inclusive on both sides, in Slovakia and in recipient countries. Local governments, CSOs, private sector, and professional audience should be involved.

3. Addressing aid fragmentation

3.1. Global challenges:

Fragmentation is one of the main obstacles of aid effectiveness and there is a real threat of its increasing as various new donors enter the development area. It is important to improve cooperation among all relevant development partners. For Busan it is important that political will is declared for close cooperation among both national and multinational donors.

- The third draft of the Busan Outcome Document⁷ directly points out that countries will commit to reduce transaction costs caused by presence of too many donors in each area.
- All development actors (including the multilateral ones) must move away from individual strategies and towards partner strategies of common help for particular country (at least in case of those donors who have the political will to work together).
- Multilateral aid should be streamlined. EU⁸ declares its will to stop further proliferation of programs and funds. It promotes better use of existing tools.
- EU stresses also the role of recipient countries. Their capacity to manage the coordinated aid should be purposefully built up. States commit to strengthen and empower the common programming lead by recipient countries where possible.
- In Busan, the debate on cross-country division of labor should be fostered based on the OECD DAC data on under-funded countries. Multilateral institutions should play a key role in addressing situations of under-funded countries.
- BOD3 requires from countries to improve coherence of their policies and positions held in multilateral institutions, programs and funds.

⁷ Source: Third Draft Outcome Document for the Fourth High Level Forum on Aid Effectiveness. http://www.cso-effectiveness.org/IMG/pdf/third_draft_outcome_document_for_busan-2.pdf

⁸ Source: General Secretariat, Council of the EU: Draft Council Conclusions – The EU Common Position for the Fourth High Level Forum on Aid Effectiveness. 21.10.11

- On the EU level, policy coherence of the donors towards development countries is more strongly emphasized, as trade policies should be consistent with development efforts. CONCORD underlines that there is no mechanism within EU to deal with complaints from development countries' governments or civil society, so that they cannot appeal for remedies in cases when trade, customs or donation policies of the EU or any of its member states directly contradicts development in recipient countries.

3.2. Recommendations for SR

- Actively participate in formulating strategies and policies of multilateral donor institutions. Ministry of Foreign Affairs should gradually take over the agenda of representing SR in international investment institutions (e.g. World Bank, EBRD, etc.) which is now the responsibility of the Ministry of Finance. MFA would need to have at its disposal a group of diplomats with expertise in financial area, in similar fashion as in other EU countries.
- Prepare a **strategy of purposeful use of the existing multilateral tools of development aid in such a way that they allow for implementation of meaningful foreign and development policies of SR**. The possibility would open to conduct the multilateral ODA through select focused financial mechanisms with active participation of SR, instead of anonymous financial contributions.
- Strengthen capacities of MFA (including SAMRS) and jointly with MF build conditions for using tools of multilateral ODA. Those may be already existing narrowly oriented mechanisms that would correspond with territorial and sector priorities of Slovak ODA, e.g. trust funds (West Balkan Fund of EBRD or Afghanistan Reconstruction Trust Fund of the World Bank).
- Create partnerships with experienced EU countries in Slovak ODA recipient countries. Slovak CSPs for every recipient country must be formulated with regard to goals and outputs of other donors' activities. Strive for creating partner programs with joint financing. The value added by SR lies not only in its transformation experience, but also in some technical and natural science specializations that can be used in such programs.

4. Aid predictability and transparency

4.1. Global challenges

Aid transparency is understood mainly as *publishing all relevant information* not only related to financing, but also to results and impacts of development interventions, which are funded by public sources. This information must be standardized and comparable.

- BOD3 proposes introducing a new standard format for information publishing. It would build up on the success of IATI, OECD-DAC and of other initiatives in this area. The new format should be fully implemented and functional by the end of 2015. EU proposes to publish national ODA budgets, expenditures and audit results.

- States should concentrate not only for setting up information systems, but also on capacity building for stakeholders to be able to use this information in their decision-making.
- Reaffirming the Accra commitments, donors should plan the amount of aid for 3-5 years ahead and submit this information to each recipient country. Such planning enables long-term investments in economy and social systems of developing countries.
- EU proposes to increase transparency of financing and operation of the multilateral institutions like UN, development banks, and other EU supported institutions.
- The goal of combating corruption should be common for donors and recipients - they need to take that responsibility jointly.
- CSOs emphasize that transparency and accountability should be based on the implementation of the UN Convention against Corruption and on strategies to promote good governance and to reduce aid dependence. Development cooperation agreements must set out explicit and public targets for individual donors and governments, to which they can be held accountable. They request that information databases be accessible to the public in both donor and recipient countries.

4.2. Recommendations for SR

See paper: *Transparentnosť rozvojovej pomoci (Development Aid Transparency)*, Platforma MVRO 2011⁹

- Confirm the commitments on aid predictability and try gradually to fulfill them. The formulation of CSP for each recipient country, though, must come first. They must be compatible with new ODA Medium-Term Strategy. When adopted, the budget commitments should be taken into account and the predictable model could be fostered. It is nevertheless unrealistic without introducing a program approach in Slovak ODA and without making the financial management more effective.

5. Results

5.1. Global challenges:

Judging by conclusions of monitoring, results are one of the elements of PD that has advanced the least since 2005. Sustainable and specific results are measured more by quality of peoples' lives than by macroeconomic indicators. The impact on reducing poverty and social inequalities, as well as capacity building in recipient countries are mentioned. Results are also linked to MDGs to be fulfilled by 2015. Since progress has been very slow until recently, there is a need to speed up the

⁹ Source: <http://www.mvro.sk/sk/kniznica/category/1-dokumenty>

implementation of commitments. Expressions such as *results* and *outcomes* have been replaced by the expression *outputs of development initiatives*.

- BOD3 proposes to monitor progress in reaching results on both national and international levels, based on unified indicators. A new initiative – the Global Partnership for Effective Development Co-operation – will be formed to oversee the compliance of commitments on political level.
- Key institutions and policies of development countries will be empowered by the approach to manage risks rather than try to eliminate them, which has been the trend until recently. Risks management procedures will be elaborated jointly with aid providers.
- Evaluation mechanisms should be built up primarily in recipient countries. Targets and indicators should not be forced from the side of aid providers, they should be a part of national development strategies instead. The public in recipient countries should be actively involved in the evaluation.
- EU proposes to include in this agenda also capacity building in recipient countries with respect to organizing and methodological processing statistical data, as well as monitoring or other ways of measuring development results.

5.2. Recommendations for SR

- Elaborate the **methodology for assessing efficiency and results of ODA. It should be part of the Medium-term strategy and yearly plans**. This assessment should take place on several levels: a) regular monitoring of projects conducted by SAMRS in cooperation with embassies; b) mid-term results evaluation conducted by an external subject or by foreign partner's evaluator; c) a long-term impact analysis (time frame of 5-7 years) conducted by SAMRS in cooperation with professional evaluators.
- Build capacities of SAMRS and TORP so that they will be competent to conduct monitoring by themselves and possibly also evaluation in cooperation with professionals. The staff needs competence in methodology used in EU countries and last but not least, individual practical experience. This can be achieved best by close cooperation with traditional donor EU countries (Germany, the Netherlands, Great Britain).
- **Results of monitoring and evaluation** must be actively implemented when updating strategies and short-term plans. They **should be publicly accessible** in compliance with principles of transparency and outside control by experts or broad public should be allowed.
- Indicators of success should be elaborated in the framework of CSPs, jointly with stakeholders in recipient countries.

6. Capacity development and knowledge exchange

6.1 Global challenges

One of the repeated expressions linked to sustainable development is capacity building. It means mainly building capacities of governments, parliaments, local governments of recipient countries so that they are then able to plan and manage their own development. At the same time, the exchange of experience is one of the attributes of *south-to-south cooperation* or *trilateral cooperation* where also donor countries receive new knowledge and skills.

- BOD3 proposes to strengthen exchange of knowledge and mutual learning by supporting trilateral cooperation (north-south-south). It appreciates successes of this approach in reducing poverty, eliminating inequalities, and achieving MDGs. It also wants to support networking of recipient countries and their institutions with the purpose of mutual learning, and exchange of knowledge and skills.
- EU stresses that local capacity building and empowering of country systems should aim at having effective institutions respect human rights and comply with principles of good governance and rule of law. Help in capacity building should comply with local priorities, demands and context.

6.2 Recommendations for SR

- Offer more intensively our transformation experience from building new state institutions, democratization processes in various social spheres, as well as forming statehood as such. **Actively look for partners** among countries of global south, which could make most use of these experiences.
- In the future, concentrate on creating programs that would correspond with the model of trilateral cooperation. Play a role of facilitator in the process of exchanging experience.

7. Rights based approaches

7.1. Global challenges

Human rights, gender equality and decent work, are the values to be shared by all global development partners. Rights observance and implementation are the indicators of success of development interventions. BOD3 declares them in general terms, specifying no concrete commitments for states. CSOs go more into greater detail in this regard.

- States should directly implement into practice the human rights approach to development. Human rights standards cover, inter alia, non-discrimination (e.g. consideration to marginalized groups), due diligence (regards to conditions influencing capacity of people to exercise their rights), participation, empowerment, mutual interconnection of rights (with regard to economic, social, and cultural rights), democratic ownership (respect to political rights, accountability and transparency). CSOs demand from states to commit ratification of

the Optional Protocol to the International Covenant of Economic, Social, and Cultural Rights, which they see as crucial from human rights approach perspective in development.

- Promote and implement gender equality and women's rights as one of the key indicators of success in development strategies. It requires detailed monitoring and adjustment of the statistical processing so that all data are gender-disaggregated. Development strategies should include not only gender mainstreaming, but also special programs for women's rights promotion dedicating concrete resources also to supporting women's organizations.
- Implement the Decent Work Agenda of ILO as the cornerstone pillar of socially inclusive and sustainable development strategies. Aims of the DWA are: jobs creation, guaranteeing of labor rights, broadening of social protection, support to social dialogue. It should become visible in development strategies through support of the livelihoods-focused economic development, inclusion of minorities and marginalized groups, respect towards rights enabling participation and dialogue.

7.2. Recommendations for SR

- The human rights approach should be embedded into strategic ODA documents. Human Rights, gender equality, and decent work should be incorporated into aims and indicators of success of development activities.
- Concrete human rights observance should be a part of activities directed on capacity building in public or nongovernmental sectors in ODA recipient countries.
- **Require from ODA implementing subjects** (CSOs, public institutions, private companies) **that they incorporate human rights approach in their projects and, moreover, apply this approach in their everyday work** (e.g. respect to human dignity of beneficiaries, participative way of organizing need assessment, elimination of child labor and hidden exploitation of women and children). This should be covered by monitoring and evaluation methodology and indicators.

8. Fragility, conflict, vulnerability

8.1. Global challenges

Special attention is paid to fragile states. Experience shows that MDGs are almost inaccessible for them unless special criteria are implemented in strategic planning of development. Core principle promoted by the OECD is: *State building and peace building even before Millennium Development Goals*.

In 2007 OECD introduced 10 principles for fragile states:¹⁰ *take context as the starting point (inevitable in-depth analysis of conflicts, strength of the political institutions, and ability to administer*

¹⁰ Source: OECD Principles for Fragile States and Situations.

the state); ensure all activities do no harm; focus on state-building¹¹ as the central objective; prioritise prevention; recognise the links between political, security and development objectives; promote non discrimination as a basis for inclusive and stable societies; align with local priorities in different ways and in different contexts; agree on practical co-ordination mechanisms between international actors; act fast... but stay engaged long enough to give success a chance; a void pockets of exclusion (“aid orphans”).

- BOD3 proposes to create common plans for particular countries based on common indicators of fragility as well as on common methods of reaching goals. No peace process should stagnate just for lack of finances. It is necessary also to develop quick systems of financing that would be flexible enough for fragile countries’ conditions. Attention is paid to planning of risk and disaster management as well as building capacities of recipient countries in this respect.
- EU stresses that in case of vulnerable states the need for inclusive political dialogue, transparency and local capacity building is even more pressing.
- CSOs experts emphasize gender aspects of the situation in vulnerable countries, as well as especially *positive and productive role played by women in peace-building and post-conflict arrangement of the society*. This role is often forgotten by donors so they do not reflect it in their strategies.

8.2. Recommendations for SR

Among Slovak ODA supported countries, Afghanistan and South Sudan are considered to belong to fragile states. Egypt and Tunisia that will be probably supported in the future, overcome a deep political transformation, however, they cannot be included into this category. South Sudan and Afghanistan differ by:

- interrupted or non-existing tradition of state structures and institutions; both states are being institutionally built “on green grass”; non-existence of notion of statehood;
- deep trauma left in the society by multiple conflicts; ethnic and religious conflicts dividing the whole society; non-existence of social consensus on basic issues of state-building;
- persisting illegal violence that is practically impossible to restrict; inability of the state to get violence under control, non-existence of unified and functioning legal system and system of justice;

¹¹ State-building is not understood here just as empowering and strengthening of the state institutions that should fulfill its main functions related to elimination of poverty. Even more attention is paid to building the relation between the state and the society. It is seen as an area where international engagement is needed. Legitimacy and accountability of the state should be increased by addressing the human rights, good governance, involvement of civil society and peace building. Source: http://www.oecd.org/document/42/0,3746,en_21571361_42277499_45359786_1_1_1_1,00.html

- non-existence of the middle class and lack of own intellectual elites that are able and capable of leading the country through reforms;
- inability to guarantee the basic attributes of decent life to most citizens (access to drinking water, basic health care, protection against starving, basic literacy), as well as protection of basic human rights (right to life, protection against torture), and political rights (right to information, right to participate in decision-making).

No professional involvement of the Slovak ODA in these countries is possible without updated and complex CSPs. **They should take into account all OECD principles for fragile states**, and especially focus on the following:

- **Do no harm:** Strictly require internalization and consistent following of this methodology by all ODA actors, would it be the government, CSOs, or the private sector. Do not repeat mistakes from the past that resulted from insufficient competence and will to act in compliance with *do no harm* rules.
- **Focus on state-building as the central objective:** Making use of the potential of SR as a bearer of new state-building experience should be a part of ODA strategies. Aligned with this principle, Slovak ODA should be more interested in good governance, principles of rule of law, respect to human rights, and inclusion of the civil society. It is worth considering what may be our contribution in forming of new state structures, combating corruption, empowering states to be able fulfill its functions.
- **Align with local priorities in different ways and in different contexts**, regardless whether they are or are not formally written. Prevent aid fragmentation, reevaluate the real chances to reach measurable results in supported areas. Communicate with stakeholders in recipient countries more systematically.
- **Act fast... but stay engaged long enough to give success a chance:** Strive to get public support to ODA in fragile countries by focused and professional information sharing policy. Reduce spreading negative information about countries and aid recipients. Counterweight the tabloid and trivial information by positive examples. Support professional discussion on development results not only, but especially in fragile countries. Develop expertise for Slovak ODA in various sectors.