



## A long way from Monterrey to Addis: Placing an effective global partnership at the heart of development processes

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At the 3<sup>rd</sup> International Conference on Financing for Development, the global community should agree to:

1. fully operationalise the paradigm shift towards **democratic country leadership in development**;
2. define a global partnership for development as **the policy space that will allow each country to make its own sound and inclusive decisions on its development processes**;
3. acknowledge and safeguard the **effectiveness principles as the cornerstones to any kind of cooperation for development**, financed through either public or private funds;
4. **focus on the implementation of the effectiveness principles** by delivering on existing commitments and in line with agreed international commitments on human rights, decent work, gender equality, environmental sustainability and disability;
5. reiterate that **development public finance**, including ODA and domestic resources, should be **focused on reducing poverty, tackling inequalities and supporting sustainable development**;
6. ensure that **private investments produce both business and development outcomes, comply with existing accountability mechanisms and are consistent with a human rights-based approach**;
7. **reverse the declining trend of aid to those countries and people most in need**, including Least Developed and Middle-Income Countries;
8. clearly define **climate finance as additional to ODA and call for stronger transparency and accountability** in making climate finance effective;
9. **adopt a two-track accountability approach** that puts governments as the primary duty-bearers while promoting a multi-stakeholder global accountability framework for progress and behaviour change;
10. **strongly act against all illicit financial flows**, which prevent authentic sustainable development and **reverse their effect** towards a more equitable world.

## From Monterrey to Addis Ababa

Since the first conference on Financing for Development in Monterrey in 2002, the international community has come together to develop an agenda to improve the quality of aid as well. The conclusions of the High-Level Fora on Aid Effectiveness held in Rome, Paris and Accra are a clear testimony to these efforts. In 2011, the Busan conference marked **a shift from aid quality to the effectiveness of development cooperation**. The Busan partnership agreement and the establishment of the Global Partnership for Effectiveness Development Cooperation (GPEDC) encompass several chapters that push the global agenda beyond traditional aid quality: policies to promote a stronger focus on the mobilisation of domestic resources; taxation; South-South Cooperation; the role of the private sector; support for Middle Income Countries' development strategies, over and beyond the limitations imposed by the prevailing country classification based on GDP. Remarkably, this approach is also reflected in the discussions held by the UN Development Cooperation Forum, which has taken on the responsibility for gathering the whole of the UN family behind development cooperation best practices, including the effectiveness agenda.

Since the Busan conference of 2011, there has been a renewed emphasis **on development as a multi-stakeholder process whereby different actors have different responsibilities**, starting with the role of States as guarantors of the rights of communities and individuals. Most importantly, there is growing emphasis on the leadership of national governments over development processes and, consequently, **the primacy of the local level** in setting development priorities and strategies, as well as in driving monitoring and accountability processes.

## The Addis Ababa Conference as a turning point

The 2015 Addis Ababa Conference on financing for development offers the **opportunity to place the commitments and principles for effective development at the heart of the financing agenda** that will have to underpin the realisation of the sustainable development goals by 2030. In Addis Ababa, the international community should build on the commitments from the 2002 Monterrey consensus, which marked a key moment in the international community's efforts to improve the quality of aid and

international public finance in general. It is now time to go further and finish the job.

**The fundamental effectiveness principles – country ownership, transparency & accountability, inclusiveness and focus on results – all underpin the notion that countries should lead their own development.** The international community stated in Monterrey that national governments are ultimately responsible for the development of their own countries. Since then this basic principle has been reaffirmed in official declarations many times and is now taking centre place in the final negotiations for the Addis conference.

It is time for the international community to **fully operationalise the paradigm shift towards country leadership in development**. There can be no national responsibility without national democratic ownership of the development processes and without the global policy space that can allow each country to set its own path to development. Country leadership means **proper inclusive development processes at the national level** to engage all stakeholders, from civil society organisations to trade unions, from local authorities to parliamentarians and the domestic private sector.

For country leadership to work the international community also needs to **address** the root causes of **debt, tax evasion** and **tax elusion**, which limit countries' own financial sovereignty and their capacity to achieve their own development.

## Country leadership in practice

The realisation of the notion of country leadership of development processes is a multidimensional endeavour that involves many challenges reflecting economic, social and political conditions and constraints. However, the international community can benefit from best practices and lessons learned from development effectiveness to focus on certain components of country leadership.

In Addis Ababa, there is **the opportunity to redefine how a global partnership for development should work**. In this regard, the partnership the international community should realise is **the policy space that will allow each country to make its own sound and inclusive decisions on their own development processes**. The international community must support this partnership based on our common but differentiated responsibilities.

Thematic and operational partnerships – in charge of crucial but sector-specific agendas, from health to food and education – will play a fundamental role in making sure that development goals will be timely realised. However, **in the absence of clear rules and political will that safeguard national leadership, the sustainability of impact of these thematic platforms will be uncertain**.

**A renewed global partnership for development should acknowledge and safeguard the effectiveness principles as the cornerstones to any kind of cooperation for development**. The fundamental principles of ownership, transparency & accountability, inclusiveness and focus on results should be implemented by all kinds of development actors – traditional and emerging, public or private and applied to all sorts of financing.

In this regard, the effectiveness principles offer an appropriate framework to assess whether emerging modalities, such as those involving the forprofit sector, and mechanisms such as blending, abide by basic development requirements. This means **establishing clear regulatory frameworks** to ensure proper accountability of all development actors and consistency of emerging financing modalities **with agreed international commitments on human rights, decent work, gender equality, environmental sustainability and disability**.

**The international community should focus on the implementation of the effectiveness principles by delivering on existing commitments and in line with a human rights-based approach**.

These include, for instance: the use of country systems and alignment with country development priorities; the implementation of transparency standards (e.g. IATI); the endorsement of mutual accountability frameworks, at global and country level, that equally bind different development partners; the full untying of any kind of financial assistance, both formally and informally; and better management of diversity to reduce the burden of fragmentation.

The Addis Ababa Conference should reiterate that **development international public finance, starting with ODA, should evidently focus on poverty reduction and the elimination of unethical financial mechanisms to support sustainable development**.

### Effective international public finance

Official Development Assistance will play a critical role in the years to come, given its unique features. Hence, it is essential to reinstate that the current aid volumes are far from apt for financing the future post 2015 agenda and that the 2015 deadline of providing 0.7% of GNI for ODA will be missed. As a bare minimum, donors need to recommit to providing 0.7% of effective aid by 2020, specifying – with stringent timetables at the national level – when and where they will gradually increase effective aid to meet the target by 2020.

Given the limited volume of aid flows, donors need to make sure that aid contributes to achieving sustainable development with the maximum impact, which applies in particular to a sensible definition of catalytic strategies. Whereas the catalytic role of ODA in supporting tax collection, public services and domestic enabling environments is welcome, **the added value of using ODA as a catalyst to leverage private finance has yet to be demonstrated**. There is insufficient evidence to prove the importance and positive development impact of pooled and blended finance, risk mitigation etc. and a lack of balancing safeguards, therefore donors should refrain from using current aid volumes to generate these resources shifting them away from the great sustainable objectives.

On the other hand, we should pay special attention to the promotion of **private sector investment** in

development, so these funds are not used to finance private interests only and **comply with existing accountability frameworks** and internationally agreed human rights, as outlined above.

**Effective aid has a crucial role to play in the poorest countries and communities**, in particular in the Least Developed Countries (LDCs) and wherever domestic resource mobilisation is low. However, aid levels to these countries have declined over the past few years with, for instance, less than a third of EU aid going to LDCs. In this context:

**Donors need to reverse the declining trend of aid for those countries most in need, by committing 50% of development aid to the Least Developed Countries and providing 0.15% of GNI to LDCs by 2020, and 0.2% of GNI by 2025, as a bare minimum.**

The harmful impact of certain donor policies leads us to question whether we should be talking about aid at all or, rather, a form of redress to developing countries. This question becomes even more relevant if we consider that in the last decade aid volumes have paled in comparison to the illegal accumulation of resources from international finance.

Busan has rightly recognised the **need to support development strategies in Middle Income Countries where most of the poor population live**. In order to eradicate poverty and tackle inequalities everywhere, targeted effective aid to Middle Income Countries – with a focus on strengthening the collection of domestic resources and a domestic enabling environment – has a crucial role to play as well. The Addis Ababa Conference needs to define next steps on how the global partnership for sustainable development can support both – LDCs and MICs – in realising their national development strategies.

The final outcome document will also need to clearly **distinguish between aid and climate finance**, which is to be considered additional. In line with what was agreed in Busan, effective climate finance should be underpinned by strong policy coherence, transparency and predictability, particularly when in support of Small Islands Developing States (SIDS) and the Least Developed Countries.

## Accountability for the Addis Ababa Conference

**An inclusive, transparent, and country-led accountability frameworks should be adopted as common tools to assess performance by all partners**, based on a manageable number of outcome indicators drawn from the FfD priorities and goals articulated by the Addis Ababa Conference. Providers of development cooperation should not impose additional frameworks, objectives or performance indicators on developing countries. Accountability frameworks should be based on “shared principles and differentiated commitments”. **The FfD Commitments** should be grounded in the specific commitments and actions set out already in the Monterrey and Doha outcomes, with the aim of measuring progress while at the same time supporting accountability of the Addis Ababa outcome document.

The CSO Partnership for Development Effectiveness (CPDE) calls for **a two track approach for accountability frameworks that places the primacy of accountability at the door of governments** while promoting a multi-stakeholder global accountability framework for progress and behaviour change, which facilitates the proactive participation of civil society. Developing countries must ensure adherence to nationally owned and led agreements for accountability frameworks at the country level.

CPDE gathers a broad coalition of community organisations, trade unions, faith-based organisations, youth groups, feminist movements, indigenous groups and NGOs, which are all committed to turning the promise of an effective development cooperation into concrete actions by governments, international organisations, business and any other development actors. CSOs do have their own principles to comply with, starting with the Istanbul Principles on CSO Development Effectiveness. CPDE will keep on mobilising for effective development in the years to come, including its role in holding the Global Partnership for Effective Development Cooperation members accountable. For this very reason, we feel compelled to call on governments and on the whole international community to make the Addis Ababa conference a real breakthrough in effective financing for development.