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European NGO confederation for relief and development

WHO OWNS DEVELOPMENT EFFECTIVENESS? A EUROPEAN REALITY CHECK

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The quantity of Official Development Assistance (ODA) remains key for achieving sustainable development, but 'how' ODA is used is equally crucial to ensure that no one is left behind. Despite renewed commitment to effective development cooperation, there are concerns that development partners are losing focus on effectiveness, hence undermining the impact of ODA. This discussion paper highlights a number of key aspects of the EU and its member states' performance against the development effectiveness principles, and also puts forward a set of recommendations.

WHAT IS DEVELOPMENT EFFECTIVENESS?

Most EU Member States and the European Commission have committed to the principles of aid and development cooperation under the Busan Partnership Agreement. This Agreement led to the establishment of the Global Partnership for Effective Development Cooperation (GPEDC) in 2012, a multi-stakeholder platform that carries out voluntary and country-led monitoring exercises in line with a set of indicators aligned with the four principles for effective development cooperation as listed below.

The third GPEDC monitoring round, carried out between 2018-2019 and aimed at assessing progress on the 10 indicators of the GPEDC framework, was analysed for this paper along with the EU Development Effectiveness 2019 Report - Preliminary Summary of Results. Conclusions drawn in this paper are based on these two reports. Four of the twelve indicators were taken into account in order **to focus the analysis on the development effectiveness performance of donor countries.** The sample in this paper however also includes **four indicators reported on by partner countries** - mutual accountability (indicator 7), gender (indicator 8), civil society (indicator 2) and the private sector (indicator 3), which CONCORD considers as key priorities.

Table 1: Overview of GPEDC principles and indicators as analysed in this paper

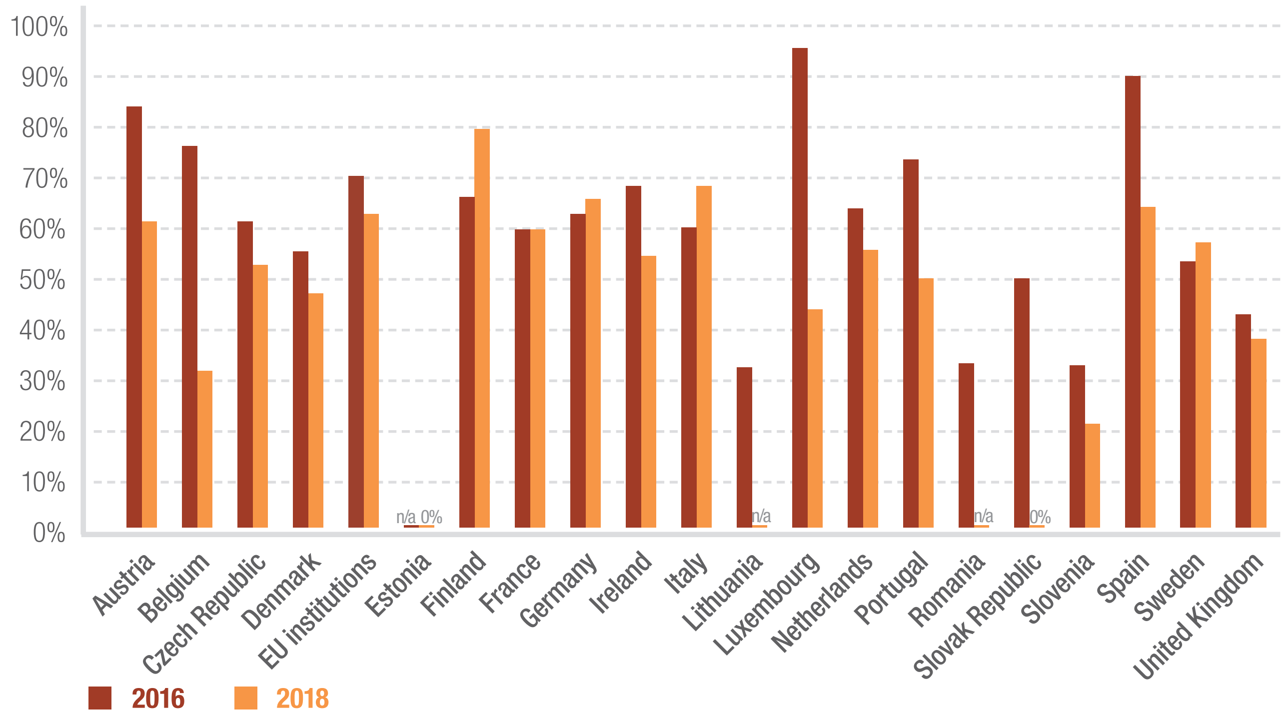
Principle	Indicator	Analysed in this paper
Focus on results	1b Countries strengthen their national results frameworks	
	1a Development partners use country-led results frameworks (SDG 17.15)	
Country ownership	5a & b Development co-operation is predictable (annual and medium term)	
	9a Quality of Countries' Public Financial Management (PFM) Systems	
	9b Development partners use country systems	
	10 Aid is untied	
Inclusive partnership	2 Civil society organisations (CSOs) operate within an environment that maximises their engagement in and contribution to development	
	3 Quality of Public Private Dialogue	
Transparency and mutual accountability	4 Transparent information on development co-operation is publicly available	
	6 Development co-operation is included in budgets subject to parliamentary oversight	
	7 Mutual accountability among development actors is strengthened through inclusive reviews	
	8 Countries have transparent systems to track public allocations for gender equality and women's empowerment (SDG 5c)	

1. IS EU DEVELOPMENT COOPERATION FOCUSED ON RESULTS?

Indicator 1a: Development partners use country-led results frameworks.

The 2019 Global Progress Report concludes that the alignment of development partners with country-led results framework is declining: **12 of 19 reporting EU Member States along with EU institutions decreased their use of country-owned results frameworks and planning tools.**

GRAPH 1: EU USE OF COUNTRY-OWNED RESULTS FRAMEWORKS AND PLANNING TOOLS (INDICATOR 1a)



Indicator 1a considers four different elements of country-led results frameworks:

- **Alignment of project objectives:** In 2018, 12 out of 19 reporting EU Member States decreased their share of project objectives drawn from developing partners strategies and plans. The only six that increased their share of objectives drawn from partner country from 2016 to 2018 were the European Commission, Denmark, Finland, Germany, Italy, and the UK (Estonia did not report in 2016 so not possible to compare to 2018 data).

- **Results indicators drawn from country-led results frameworks:** nine EU Member States and the EU institutions decreased their performance while only seven resorted to more country led frameworks between 2016-2018.

- **Result indicators monitored using partner country's own sources:** Only Finland, France and Italy used more of their partner countries' own sources while all other Member States and EU institutions decreased significantly in this approach.

- **Partner country government involvement in project evaluation:** Only four EU respondents decreased the level of partner country government involvement, the overall tendency of both the EU and other development partners having slightly increased.

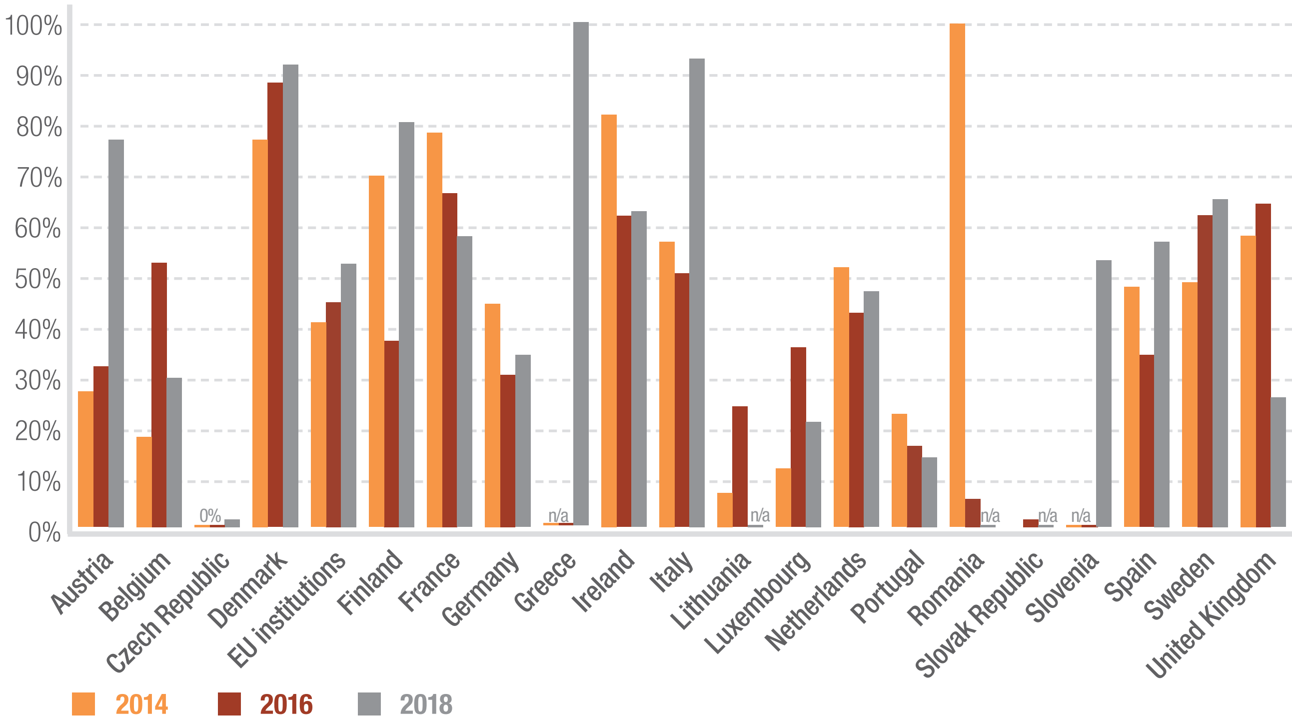
This means that progress on SDG 17.15 " Respect each country's policy space and leadership to establish and implement poverty eradication and sustainable development" is meagre and the EU is not positively contributing to it by decreasing its use of country-led results framework.

2. IS THE EU PROMOTING COUNTRY OWNERSHIP?

Indicator 9b: Use of country systems

One of the key ways to measure country ownership is through the share of development cooperation disbursed through the partner country's own Public Financial Management (PFM) and procurement systems. Using the partner country's own PFM encourages partner country ownership.

GRAPH 2: EU USE OF PARTNER COUNTRY FINANCIAL MANAGEMENT SYSTEMS (INDICATOR 9b)



- OECD DAC (Development Assistance Committee) members were the only development partners showing an overall decrease in their use of PFM since the last monitoring round. **Among EU DAC members, Austria, Finland and Italy increased the use of PFM the most, by almost doubling their use.** However, progress was uneven across EU Member States and the EU institutions as some countries displayed **significant decreases like Belgium, which reduced their use of country systems by half, and the UK which reduced it by two thirds.**

- Among development partners, multilateral development banks are leaders in the use of PFM (57% in 2018, down from 63% in 2011), as development loans may require the use of PFMs which explains their lead on this indicator. **The European Investment Bank is however an exception as it rated 0% in 2016 and did not report in 2018.**

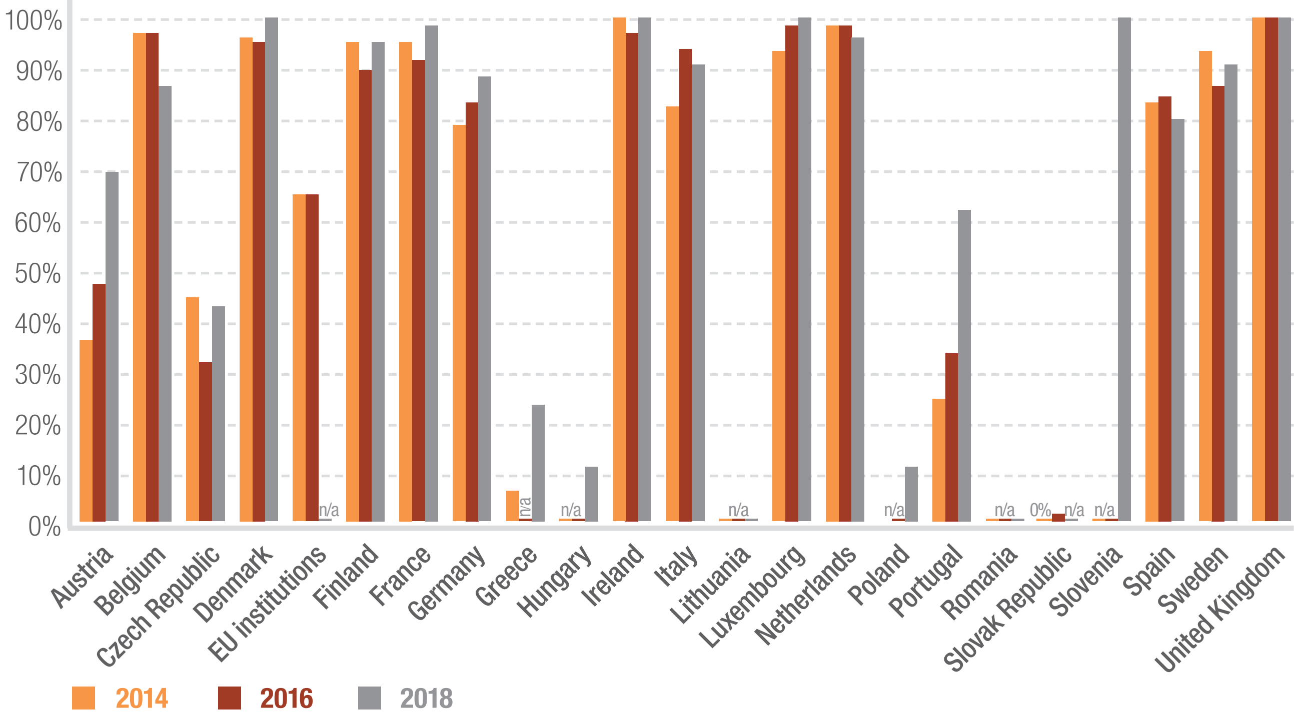
- The 2019 GPEDC Report seems to indicate that the use of PFM may not be **linked to the quality of the system in place, but rather to the quality of the relationship between development partner and partner country.**

Indicator 10: Untying aid

The GPEDC third monitoring round shows an overall increase in the share of untied aid from development partners. **The EU has indeed increased its overall share of untied aid,** which is a welcome trend even though some countries have decreased their share of untied aid, albeit marginally, such as Belgium, Italy, The Netherlands and Spain.

- A worrying trend is however that **over a third of Least Developed Countries (LDC) have reported a drop in untied ODA in 2018, meaning more tied aid.** This drop is mainly due to practical barriers such as language, range of communication channels or (unmanageable) size of contracts which hinders companies based in the partner country.
- The GPEDC report states "it is also possible that bidding processes are imbalanced in favour of the development partner market". This practice of informally tying aid, seems to be the case of some EU Member States; out of nine DAC members that awarded **70 % of the contract volume to their domestic companies between 2015-2016, six were EU Member States,** namely Czech Republic, Finland, Poland, Slovenia, Sweden and the United Kingdom.

GRAPH 3: EU UNTIED AID (INDICATOR 10)



3. IS THE EU PROMOTING INCLUSIVE DEVELOPMENT PARTNERSHIPS ?

Indicator 2: CSOs operate within an environment that maximises their engagement in and contribution to development

An important indicator of functioning inclusive partnerships for development is that civil society organisations (CSOs) can operate within an environment that maximises their engagement in and contribution to development.

- **According to the 2019 GPEDC Report, CSOs are the stakeholders most frequently engaged by development partners to prepare country strategies (74 %),** meaning that CSOs are still not involved in almost one quarter of the cases. Multilateral banks and UN agencies are best at consulting CSOs, followed by DAC members in third place.
- In addition, CSOs consider that consultations are mainly **"episodic, unpredictable and not systematically conducted".** In 57% of partner countries, CSOs reported that development partners only sporadically address elements of an enabling environment in their policy dialogue, a view shared by partner countries, (48%). While 40% of development partners consider that they make information about support to CSOs available, only 11% of partner countries agree with this view, which points to a communication problem.
- The majority of CSOs stated that **funding is mainly driven by the development partner's interests and priorities.** The lower focus on strengthening civil society in partner countries undermines the promotion of local ownership.
- **In 95% of partner countries, CSOs coordinate their activities under the umbrella of platforms, networks or associations.** However, in over 25% of partner countries these structures are considered to have weaknesses with regards to leadership, inclusive participation and accountability to local/domestic CSOs. The GPEDC report points to the need for more equitable partnerships between CSOs themselves as current collaborations in partner countries are mainly guided by the most resourceful CSOs, sometimes to the detriment of local needs.

Indicator 3: Quality of Public Private Dialogue (PPD)

- The 2019 GPEDC report shows that **the private sector - both national and international - is the main implementer of only 4% of projects** from development partners. It is also being the least consulted stakeholder when preparing development partner country strategies. Multilateral development banks, on the other hand, consult the private sector for 90% of their development strategies.
- Amongst the broad range of issues covered in PPD, **the most frequently covered are regulations for doing business and infrastructure development.** In this context, the report stresses the importance of involving Small and Medium-sized enterprises (SMEs), which may be better positioned to discuss key topics for transformative change, particularly in LDCs.
- When PPD occurs, development cooperation is not among the main topics of discussion in partner countries. The GPEDC established a Specialised Policy Dialogue on Private Sector Engagement Through Development Cooperation and found in a survey that **only 4% of analysed projects involving the private sector focused on the poorest sectors of the population.** As a result, the **GPEDC identified five principles for effective private sector engagement through development cooperation. These are known as the Kampala Principles.**
- Ongoing EU practices still fall short in following the Kampala principles; for example, the European Fund for Sustainable Development (EFSD) fails to include partner countries in the decision-making process for allocating funds.

ILLUSTRATION 1: THE KAMPALA PRINCIPLES

PRINCIPLE 1
INCLUSIVE COUNTRY OWNERSHIP
Strengthening co-ordination, alignment and capacity building at the country level

PRINCIPLE 2
RESULTS AND TARGETED IMPACT
Realising sustainable development outcomes through mutual benefits

PRINCIPLE 3
INCLUSIVE PARTNERSHIP
Fostering trust through inclusive dialogue and consultation

PRINCIPLE 4
TRANSPARENCY AND ACCOUNTABILITY
Measuring and disemination sustainable development results for learning up of successes

PRINCIPLE 5
LEAVE NO ONE BEHIND
Recognising, sharing and mitigating risks for all partners

4. IS THE EU TRANSPARENT AND ACCOUNTABLE?

Indicator 7: Mutual accountability among development actors is strengthened through inclusive reviews

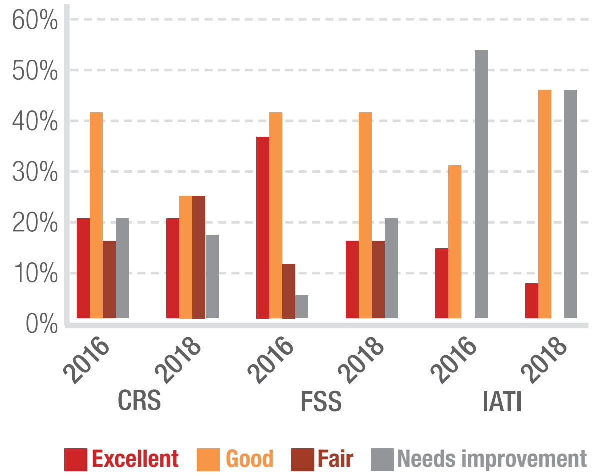
- The third monitoring round found that 83% of development partners report to the partner country's information management systems but this reporting is not always of quality nor consistent and **no separate information was available on EU donors.**

Indicator 4: Transparent information on development cooperation is publicly available

More development partners are making information on development cooperation publicly available, through the OECD Creditor Reporting System (CRS), the OECD Forward Spending Survey (FSS) and the International Aid Transparency Initiative (IATI).

- The EU and its Member States were however outperformed by development partners as a group. **Individual Performance from the EU Members States provides a mixed picture with some improvements as well as decreases** in the quality of their reporting systems. Only Sweden scored excellent on all fronts with the EU institutions ranking in second place. Despite some encouraging results, the overall picture of EU reporting shows that there is still room for improvement.

GRAPH 4: EU REPORTING AGAINST THE THREE SYSTEMS AND STANDARDS (INDICATOR 4)



Indicator 8: Countries have transparent systems to track public allocations for gender equality and women's empowerment

This indicator reports on target SDG 5.C "Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels".

- Partner countries are committed to gender equality by establishing solid gender-responsive strategies, however,

On the methodology for the analysis in this paper : Data results do not always match between the GPEDC and EU reports and show minor inconsistencies. It is also not always possible to compare them as the GPEDC draws aggregated global results global results per partners based on a compiled non-public database.

these are not properly funded. **Only 43% of partner countries report an adequate allocation of resources to gender equality activities.**

- Methodically track the allocations to gender equality appears to be challenging. Participating partner countries agreed on the **need for increased capacity in sex-disaggregated statistics.** This is an area that has long been a core concern for EU development cooperation. **Yet, there is little evidence that EU programmes have been contributing to this objective,** despite the existence of some positive actions as reported in the GAP I evaluation and GAP II implementation reports.
- The 2019 GPEDC Report shows that there is **positive performance on gender equality resulting from mainstreaming gender responsiveness within the partner countries' PFM systems.** While this is very positive, the fact that development partners are decreasing their use of partner countries PFM (as per GPEDC indicator 9.b) clouds positive results on this indicator.

5. CONCLUSIONS AND RECOMMENDATIONS

The 2019 GPEDC Report shows that while EU development actors are contributing to global effective development cooperation there are still several areas where improvements can be made. For European development cooperation to be truly effective, CONCORD puts forward the following set of recommendations to address the shortcomings revealed in the last GPEDC monitoring round:

Principle 1: For EU development cooperation to be focused on results, the EU should:

- **Jointly identify and measure priorities with partner countries,** instead of treating them as bystanders.
- **Draw on partner countries' objectives and results frameworks** to respect the commitment made on SDG 17.15 "respect each country's policy space and leadership".
- **Prioritise investment in the statistical capacity of partner countries and strengthening national data ecosystems,** as this is instrumental to all other development effectiveness principles and indicators.

Principle 2: For the EU to promote country ownership, it should:

- **Support partner countries' efforts in strengthening their country systems and keep an open dialogue about using them.** This helps to strengthen the partner's capacity to implement its own policies, to improve accountability and to avoid fragmented aid delivery.
- **Replicate European Commission's' good practice and use country systems for grants, and not only for loans.** Even if loans keep being applied, the EU should be careful not to contribute to debt unsustainability;
- **Fully untie ODA,** including to lower-middle-income countries, middle-income countries and all sectors, going beyond the minimum requirement of the OECD DAC.

Principle 3: For the EU to promote inclusive development partnerships, it should:

- **Invest more in strengthening civil society, particularly in partner countries.** Promoting an enabling environment should remain a priority, not just commitments on paper and resources, both financial and non-financial, should be adequately allocated. By investing in partner country CSOs, the EU is enabling both local and country ownership;
- **Keep contributing to an enabling environment in a context-specific manner.** Since no one solution suits all, it is crucial to keep an open dialogue with partner countries CSOs and governments in order to identify the best way to do so;
- **Engage with the private sector only when the five Kampala principles are in place.** Otherwise, evidence shows there is a risk of only very marginally targeting those most in need;
- **Always promote the inclusion of SMEs in the private-public dialogue;**
- Encourage wider contributions from CSOs and the private sector in the different indicators.

Principle 4: For the EU to promote transparency and accountability, it should:

- **Take the lead in promoting the effectiveness and inclusiveness of mutual accountability assessments in partner countries.** The EU is already a leading agent in some cases but the GPEDC Report has shown that much more can be done in partner countries;
- **Improve the quality of information for ODA reporting,** particularly in line with the three systems and standards assessed by the GPEDC;
- Pay particular attention to **gender equality measures both for disaggregated data and tracking allocations,** in addition to the above-mentioned investment in statistical capacity-building. This should be applicable to both partner countries and the EU itself.

All EU member states should be encouraged to report in the upcoming GPEDC monitoring rounds. The GPEDC reports should be statistically significant and more development partners should participate in the monitoring rounds and provide data, as only then can data can be compared and progress measured.

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