

**DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE**

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WORKING FOR DEVELOPMENT IN DIFFICULT PARTNERSHIPS

An agenda for action based on the results of the Joint DAC/WB/EC/UNDP Workshop on Working for Development in Difficult Partnerships

This report sets out an action agenda on difficult partnerships for CONSIDERATION and COMMENT by the DAC under agenda item 4 of the DAC meeting on 19 November, and SUBMISSION to the Senior Level Meeting on 12-13 December 2002. It draws on the discussion and conclusions of the Joint DAC/WB/EC/UNDP Workshop on Working for Development in Difficult Partnerships (28-29 October 2002).

This document will be DECLASSIFIED by 30 December 2002 under the written procedure unless the Secretariat is notified of comments.

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An agenda for action based on the results of the Joint DAC/WB/EC/UNDP Workshop on Working For Development In Difficult Partnerships

The Joint Workshop

1. As a follow up to the 2002 DAC High Level Meeting, the DAC Network on Good Governance and Capacity Development (GOVNET), pursued collaborative work with the World Bank, as well as the EC and the UNDP, by organising a Joint Workshop on “Working for Development in Difficult Partnerships”. The workshop took place on 28-29 October 2002. A number of DAC Members were represented, including in some cases by their Delegates.
2. The **objectives** of the joint workshop were threefold: 1) work towards a joint vision; 2) consult and dialogue with other stakeholders, including representatives from developing countries; and 3) demonstrate the commitment by the donor community to improving their assistance despite the difficulties in this context.
3. Participants in the joint workshop included representatives of bilateral and multilateral development agencies, other international organisations, civil society, and individuals from developing countries. They gathered to discuss challenges and approaches to providing development assistance in country environments characterised by exceptionally weak policies, institutions, and governance.

A joint vision

4. There has been over recent years a growing awareness in the international community of the need for donors to stay engaged, despite the risks involved, even in countries where the DAC partnership model does not apply fully. The broad consensus shown at the 2002 DAC High Level Meeting in its discussion on development co-operation in difficult partnerships was a clear reflection of this.
5. The discussion at the 2002 HLM also clearly showed the evolution in thinking in the donor community about aid effectiveness and the necessity to address approaches which are better adapted to the specific circumstances of countries under stress. There was also a recognition of the potential regional spill-over effects of difficult country situations.
6. These risky and difficult environments, coupled with the trend toward performance-based lending and programming over the last ten years, have raised questions among donors about whether to disengage—precisely at a time when their help is most needed—and, if not, about how to increase the effectiveness of their assistance. The efforts by the DAC in its work on difficult partnerships as well as on innovative approaches to countries vulnerable to conflict, and by the World Bank on the Low Income Countries Under Stress (LICUS) have been in response to these concerns.

7. The World Bank and OECD/DAC opened the workshop with a joint presentation of their respective analytical work on approaches to addressing difficult partnerships.¹ This joint presentation derived from the broad consistency and complementarity between the policy papers each has prepared. It also symbolised the efforts by the DAC and the World Bank to work together on addressing key policy issues related to aid effectiveness, and their implementation.

8. In difficult environments, the approach of supporting a broad-based, country-led poverty reduction strategy does not find fertile ground: entrenched interests often mitigate against pro-poor policy reform efforts, there is a fundamental absence of voice for the poor, and basic institutions lack capacity, particularly in countries emerging from, or prone to, conflict. The approaches need to take account of these difficulties and build on the broad principles mentioned earlier, namely about the need to stay engaged with a joint vision resting on several pillars: (a) **recognising the comparative advantages** of the various institutions **and their complementary role** in working for development in difficult partnerships; (b) **co-ordinating aid programming behind a limited, realistic set of objectives**; (c) **promoting the conditions** for improving policies, institutions, and governance through “zero generation reforms” (politically feasible initiatives likely to result in rapid and substantial payoffs that foster further reform); (d) **maintaining and improving the delivery of basic social services to the poor**; (e) once **reform priorities** have been established with domestic stakeholders, donors and development agencies should focus on **reinforcing them through concerted efforts shaped by joint analysis** of problems, constraints, and opportunities; and (f) **establishing sound monitoring and evaluation systems** to ensure a move from shared ideas to shared and effective implementation.

9. The European Commission and UNDP as Member and Observer respectively of the DAC are partner to the approaches set out in the DAC note. The European Commission presented its broad approach, which focuses on: regular and sustained political dialogue, within the context of agreements signed with partner countries; engagement; and on conflict prevention. The political dimension of the approach is complemented by a set of financing instruments tailored to the particular country or regional situation.

Operational implications

10. UNDP chaired a panel discussion on implementation, which highlighted agreement on the basic principles of the approach outlined in the first session. The discussion focused on the difficulty of supporting long-term sustainability when implementing short-term programmes; the importance of building strategies at the developing country level; and the need to build in flexible mechanisms to allow programs to evolve as lessons are learned. Some participants highlighted the political complexities of remaining engaged for some and re-engaging for others; this applies both for donors, who need to justify the value of engagement to their taxpayers, and for the countries themselves, who clearly face daunting political barriers to change. The challenges raised by alternative service delivery mechanisms were also discussed.

11. One key concern shared by many participants was the need for external partners to gain better knowledge and understanding of the partner countries concerned. This applied particularly regarding the socio-political context for development efforts where bilateral donors have a comparative advantage. This analysis should be broadly shared to make donor strategies more coherent and complementary. Several speakers emphasised the need for the regional and sub-regional levels to be taken into account.

1. See *World Bank Group Work in Low Income Countries Under Stress*, September 2002, available at <http://www1.worldbank.org/operations/licus/>; DAC. “Development Co-operation in Difficult Partnerships”, May 2002 [DCD/DAC(2002)11/REV1].

12. There was particular interest in regional initiatives such as the New Partnership for Africa's Development (NEPAD). Participants urged continued support for this initiative in which regional organisations provide not only leadership, but also exert peer pressure to help bring about change.

Topic-specific discussions

13. The workshop participants were divided for the afternoon of the first day in break-out group discussions. The level of complementarity between breakout sessions was high, particularly those on capacity building and change, and on social service delivery. For each of the sessions, two panel discussants were invited to share their experience with others and thus stimulate the discussion.

14. **Governance and Pro-Poor Growth.** Participants emphasised that a key challenge for reformers and donors was the gap in diagnosing how best to help, including particularly in defining zero generation reforms. The needs of countries in difficult partnerships situations are highly diverse e.g. those emerging from conflict versus those with extremely weak government capacity. They agreed on the importance of long-term commitment notwithstanding the tactical need for quick successes upon which to build. And they acknowledged the need to widen the knowledge base, to work further on methodologies for socio-political analysis was considered particularly important. Participants also agreed on the need to share information more widely, not just among donors and partners, but also with local and regional partners.

15. **Capacity Building and Change.** This session distinguished between two main types of capacity building—the first to bring about social change and the second to improve basic service delivery. Participants agreed that it is critical to ensure that capacity building is country-driven and that in addition to government, civil society (including NGOs), the private business sector, media, and academia are involved in creating momentum for change. The NGO sector was considered particularly important since, in some countries, it is often the only source of social welfare and has a stake in stability and good governance. However, the non-governmental sector is no panacea, and capacity-building efforts should continue with government and other stakeholders. The session advocated fostering training/twinning arrangements with external institutions, encouraging the country's expatriate community to return home to work, starting small and then scaling up successful efforts and ensuring definite "expiration dates" for implementation entities, such as Independent Service Authorities (ISA).

16. **Social Service Delivery.** This session, like the one on capacity building, concluded that although social service delivery can be a good entry point for donors in addressing institutional change and reform, long-term support to parallel service delivery channels should be avoided. Some speakers noted that their experience had shown that explicit transitional strategies and participation of local government was one way to keep government involved. Delivery of social services is not just a technical issue but one with broad political and social implications. Several speakers advised that solutions be sought first at the community level, particularly through the involvement of women, since they are the most effective agents of change in this area. This requires a high degree of understanding and analysis of the socio-political context. Innovative small-scale pilots could be carried out and then replicated on a larger scale, if effective.

17. **Aid Co-ordination and Coherence.** This discussion centred on the need to ensure coherence in donor approaches, policies, and implementation. Participants emphasised that co-ordination, in these difficult situations, is even more critical to achieving a country-wide focus on a few key priorities, and the lack of co-ordination is especially harmful in environments where resources are scarce and entry points few. The applicability of existing approaches, both PRSP-based and thematic (e.g. on good governance or other areas) where available, was also discussed. Participants referred to several other mechanisms for further emphasis, including integrating the lessons of humanitarian aid co-ordination, linkages with stability and security, co-ordinated efforts regarding extractive industries, and support to regional and sub-regional organisations and initiatives.

Conclusions

18. Participants agreed that there was clear common ground on the key principles and approaches, and that it was now time for joint and concrete implementation of this joint vision.

19. There was broad recognition of: (a) the **link of difficult partnerships to the aid effectiveness debate** (including on performance-based allocations) and the **implementation of the Millennium Development Goals and the Monterey consensus**; (b) the need to **enhance and share knowledge on concrete cases of difficult partnership**, especially in very difficult environments, such as countries prone to or emerging from conflict; and (c) on the need to **take the principles forward to the implementation** stage. The convergence of donor views on these issues will yield further collaboration with other partners, including with NEPAD.

20. The active participation by the EC and the UNDP was recognised and further collaboration would be sought in the follow-up to this meeting.

Next Steps

21. Three areas for follow-up were agreed:

- Firstly, the learning efforts should move to the country level, with engagement around specific country situations and challenges. There was broad support for the UNDP/World Bank pilot approach, and agreement on a proposal to see wider engagement on these with other bilateral and multilateral donors. Some bilateral donor leadership in some country situations could also be envisaged.
- Secondly, it was proposed that a “Learning and Advisory Group” should exist within the GOVNET or its successor body, (see below) to share analysis, knowledge, and best practice on the implementation of the principles and approaches put forward in the DAC and the World Bank documents and discussed at the workshop. This group would be a reflection of the “virtual advisory unit” concept welcomed by representatives of DAC Member countries at the 2002 High-Level Meeting. Proposed modalities for this group are attached (**Annex 1**).
- Thirdly, it was proposed that the DAC Network on Good Governance and Capacity Development (GOVNET), which has, as requested by the 2001 DAC HLM, led work for the DAC on difficult partnerships, host the “Learning and Advisory Group”. This learning group would draw on the expertise represented in the DAC Network on Conflict, Peace and Development Co-operation (CPDC), drawing especially on its current work on innovative approaches to countries facing fragile situations.

22. These recommendations were reinforced in principle by the DAC Chairman and the Secretariat, pending approval by the DAC on the areas for follow-up and the decisions on subsidiary bodies at the Senior Level Meeting in December 2002.

23. It was agreed that a follow-up meeting sponsored by DAC, the World Bank, the European Commission, and UNDP would be held in 12 to 18 months to share experience and take stock of efforts underway.

ANNEX 1

Proposed modalities for the Informal Learning and Advisory Group on Working for Development in Difficult Partnerships/Low Income Countries under Stress

Purpose

1. The purpose of the Learning and Advisory Group within the GOVNET (or successor body) is to share knowledge, learn lessons about, and provide advice on the implementation of approaches in difficult partnerships/“Low Income Countries under Stress”.
2. In particular, the Learning and Advisory Group may:
 - (a) Exchange information on good practice in approaches in similar country situations. This will include initially information on the development and implementation of four pilot collaborative country strategies between the World Bank and UNDP, and one or a few pilots led by DAC Members.
 - (b) Commission and exchange information on relevant analytical studies. Priorities will be determined by the Learning and Advisory Group and may include for example:
 - Methodologies for socio-political analysis (including building on the on-going work by the GOVNET on governance indicators and assessment methodologies).
 - Experience with PRSPs in “LICUS”.
 - Evaluation of transitional mechanisms for the delivery of core social services.
 - Capacity-building for change (again drawing on the on-going work in the GOVNET on the factors underpinning the success of capacity development).
 - (c) Provide advice on country specific approaches. This could be conducted through, for example, review of proposals by e-mail, or in a special seminar which could in some cases even be conducted in connection with the organisation of short missions of Learning and Advisory Group members.
 - (d) Draft best practice notes based on the extensive collective knowledge of the group, as requested by the DAC.
3. Note that this group would seek to assist and not replicate existing groups such as the Consultative Group meetings or early warning mechanisms. The informal nature of the group and its meeting schedule could not serve an operational early warning system.

Participation and modalities

4. The Learning and Advisory Group is open to all DAC Members and Observers. Other organisations and individuals can be invited to participate as expertise is required on specific issues or regions of the world. Such invitees may be from Member and non-member countries. Special consideration would be given to participation by regional organisations.
5. Subject to the agreement of the OECD/DAC, the Learning and Advisory Group will be hosted by and thus part of the mandate of the DAC Network on Good Governance and Capacity Development (GOVNET). This would be done in close collaboration with the DAC Network on Conflict, Peace and Development Co-operation (CPDC).
6. The DAC Secretariat and the World Bank would each devote staff support (initially estimated at ¼ staff year each) to facilitate the work of this learning group. Voluntary contributions (trust funds) would be sought for work by consultants and participation from experts from developing countries. The initial estimate is 100 000 € per year. The EC and UNDP would also participate actively and contribute in-kind support.
7. The Learning and Advisory Group will conduct its business through electronic exchanges and establish a website for members. It is planned that the Learning and Advisory Group will also meet in September 2003 to review progress.