

# **Reforming Aid To Enhance Its Effectiveness**

**Coordination SUD's position paper on the 2<sup>nd</sup> High-  
Level Forum on Aid Effectiveness  
Paris / 28 February – 2 March 2005**



## ■ Summary

Barely two months after the Asian Tsunami disaster, the key players in Official Development Assistance (ODA) are gathering at the Second Forum on Harmonisation and Alignment for Aid Effectiveness (February 28<sup>th</sup> – March 2<sup>nd</sup>) in Paris. While the devastating effects of poverty worldwide are equivalent to one Tsunami per week, ODA is indeed in urgent need of radical reform, which implies that the international community transforms their commitments into action.

Unfortunately the planned Final Declaration of the Forum seems insufficient to meet the challenges at stake. French NGOs and their South partners have come together with the donors on the 3<sup>d</sup> of February, and yet they fear that the Forum leads to declaration of good intents a long way from the reality of aid use on the field. Thus NGOs consider that:

**Aid effectiveness is not solely a technical matter, therefore it can not be reduced to issues of procedures or "harmonisation" of donors.** It must be admitted that dissipation of aid, its unforeseeable nature, the multiplicity of procedures, protagonists and macroeconomic conditionalities are elements hampering aid effectiveness. But this is not the decisive point. These problems are only the consequence of the way aid is conceived: most donors subjugate it to their own interests and view of development.

The ideal scenario of aid effectiveness introduced in the draft Paris Declaration is based on the alignment and harmonisation of donors development strategies elaborated at a national level. In the context described above, this scenario is unconvincing:

- The concept of "ownership" is meant to legitimate national development strategies, yet it still belongs in the realms of fiction, as the experience of the Poverty Reduction Strategic Papers has proven. Donors, especially international financial institutions still impose their macroeconomic conditionalities on States of the South and more or less lay down the so-called "national strategies".
- It is very likely that, according to a usual pattern, the scenario gets reversed and the good intentions have a counter-productive effect. One might fear that bilateral donors line up with international financial institutions and macroeconomic conditionalities, the strategies "ownership" being left as the last step and merely serving of alibi. In this context, a systematic harmonisation of donor practices would reduce even more the capacities of South governments and populations to define and implement their own development.

**In order for aid to be efficient, it must come up to the expectations and strategies of South populations.** Throughout their reflections on how to improve aid effectiveness, rich countries and multilateral should:

- Take the reality of national economic, social, cultural (including gender issues), environmental and political dynamics as a starting point. A single aid pattern is unrealistic in regard to the diversity of these dynamics.
- Commit themselves to let South governments and Parliaments sufficient time and means to strengthen themselves and set up actual public policies fighting poverty and inequalities at large, in close connection with civil society organisations. This is much more complex than the "universal miracle remedy" of harmonisation, and implies a radical transformation of ODA's goals and allocation modes.
- Commit themselves to ensure an overall policy coherence so that some policies (cooperation, foreign policy, trade policy, etc.) don't come in with strategies of poverty and inequalities reduction as defined in each country.

# 1 General thoughts of French NGOs concerning aid effectiveness

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1.1 – Development can first of all be obtained through ones' own resources, provided they are remunerated fairly. International trade rules and the price of raw materials, play a key role in the means which individuals and States have to ensure their own development. Fierce competitive bidding for rural and industrial land and the permanently-applied pressure to reduce the cost of products imported from Southern countries (even if they only represent only a tiny part of the value of the final product) have a significant responsibility in terms of poverty and under development, as does the pressure applied to cut State taxation rates.

1.2 - The NGOs are not part of the Washington consensus, amended in Monterrey. They do not believe that easing trade restrictions is right for everybody, everywhere and all of the time. Like all historical facts, the globalization process produces winners and losers. To at least manage this "win-lose" situation, the onus is on governments to take the necessary steps to limit the growth of inequality and exclusion. Given the variety of situations and uncertainty concerning the benefits of easing trade restrictions, we cannot accept that the component elements of the Washington/Monterrey consensus are used as unique references for defining conditionalities which are necessary for governments in terms of official development assistance.

The notion of "good governance" should not hide a set of macroeconomic conditionalities. Good governance is a product of the democratic process, and signifies the capacity of states to factor the common interest into "inclusive" policies. The NGOs denounce in particular the effects of the structural adjustment policy and the economic conditionalities imposed on the countries receiving aid. They request an assessment of 30 years of liberalism on the development of the LDCs (particularly in Africa).

The NGOs suggest that other references be chosen starting from which harmonisation, even alignment of aid and development policies and conditions could be envisaged.

- The first reference is represented by the recognition of human rights as they appear in the Universal Declaration of Human Rights, to which we combine the "economic, social and cultural rights", which were recognised in the 1966 Additional Protocol. The determination to guarantee access to these rights for everybody must guide the implementation of development aid policies.
- The second group of references comes from our own experience of partnerships and must enable the most affected actors to commit themselves to the fight against the problems they are experiencing. The poor are not anonymous statistical categories supposedly devoid of social links. The fight against poverty is destined to fail if it targets individuals labelled as "poor" and considers them as having to be dealt with by "social safety nets". What is needed, in fact, is to ensure they participate fully in society and by doing so, have access to resources thus strengthening their ability to act through the implementation of "inclusive" policies. Based, at an individual level, on the recognition of the individual as a subject for rights rather than a social object, these inclusive policies are given expression locally, regionally and nationally by the capacity of our partners affected by poverty to be heard and be involved in a significant manner throughout the development process.

At the same time, it is essential for these inclusive public policies<sup>1</sup> to be combined with redistributive policies. Reducing inequality through redistributive policies is not a charitable objective but represents one of the essential economic growth drivers.

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<sup>1</sup> The notion of public policy is used here to mean "a governmental action programme, on the territory of a State, based on an attempt to achieve compromise between diverging interests. These compromises are the result of mediation between social forces and groups of actors which come up against each other and which negotiate the principles required for arbitration and decisions". This presupposes a request for reform addressed to the State and

Finally this is expressed, globally, through the existence of rules enabling everybody –people, groups and countries– to have a chance of developing.

1.3 - Against a backdrop of a breathtaking and unceasing context of imbalance, which characterises the world today, official development assistance has never been more necessary. However, this aid must sit easily with the relationship between responsible players.

This mutual responsibility must be reflected through:

- the relentless condemnation of the various types of corruption. The corrupted and the corrupters must be held equally responsible ; if one conditionality were to be retained, it would be the proper use of aid funds by the receiving governments;
- the acknowledgement of the joint responsibility for both successes and failures with regard to aid. This includes the responsibility of agencies and experts, especially when aid has resulted in debt, but also Southern governments and authorities ;
- the transparency of donors with regard to delivering aid (amounts actually given, conditions of payment ...) and to their own governance. This implies the possibility of systematic assessment of their programmes and strategies by those benefiting, including civil society, in addition to the transparency of information at each stage of the process.

1.4 - Development aid must stop being considered as a charity in order to become an act of international justice which concerns the interest, clearly understood, of all parties. Globalization shall only become a virtuous process when financial and fiscal solidarity enables a part of the wealth produced to be redistributed and allows the essential services, the key to achieving the Millenium Development Goals, to be underpinned.

1.5 - We suggest that the HLF-2 thinking process takes into account the quantity and quality of the resources which constitute development aid. This analysis must be focused on the amount of aid and on the strong inequality between the efforts made by the different OECD countries, the quality of these resources, particularly on its predictable nature and its stability, the proportion of this aid which reaches its final destination and results in tangible results, finally on its accounting treatment and on the numerous and unjustified attempts to widen its definition.

1.6- The instability and the volatility of aid considerably reduce its effectiveness and worsens the financial instability of the countries benefiting from it <sup>2</sup>. The predictable nature of aid flows and the respect of donors towards their undertakings are prerequisites for any effective development strategy. The issue of aid “predictability” is vital and must be secured over a sufficiently long period of time to underpin real development processes.

In order to improve the effectiveness of the ODA, the donors as a whole must develop new systems for funding development which can generate financial resources both totally concessional (donations), stable and predictable in order to fund, on a long-term basis, the recurring operational expenditure of the fundamental social sectors and finance certain “public goods”, such as medical research concerning pandemics. An international taxation system could generate this type of resource.

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refers to the plurality of actors and the democracy viewed as an edifice of “coalitions of causes”, in contrast with “depoliticised” good governance”.

<sup>2</sup> The volatility of the ODA is, for the developing countries, on average four times greater than their GNP. This volatility is a result of donors’ annual budgetary procedures, changes in their priorities (economic, geopolitical and development coordination), administrative time linked with decision-making and implementation as well as the set of conditionalities. This volatility is all the stronger as the country is poor. In a great number of cases the recipient countries are prisoners of the cumulated continuation of negative effects, reducing their ability to cope still further: not possessing stable and predictable resources, they are unable to invest in the necessary physical and human resources required to reduce poverty and inequality. The aid which they receive is spent in a less favourable environment and sees its effectiveness diminished. Which, *in fine*, contributes further still to reducing the amount.

1.7- At Monterrey, the international community agreed upon the need to reform aid instruments to make them more effective. However, the discussions conducted by the donors within the IFIs or DAC/OECD concerning the different aid instruments (loans/donations, project aid/budgetary aid...) seem once again to result in a new paradigm, a recurring phenomenon in terms of development cooperation policies. Against this background it is necessary to “detechicalise” the viewpoint concerning development and international cooperation in order to clarify the notions of effectiveness and development : effectiveness for whom, on what criteria and who decides ?

If there is one lesson to be learnt from the failures of previous consensus on development, it is that an effective ODA must take account of local realities, which are linked with the economic, social and political contexts of each country. This type of approach must therefore factor in the very great variety of ODA-implementation contexts. The ODA must provide support for national policies, including making a contribution towards strengthening local ability to develop public policies and management, and provide effective leverage on domestic resources. The discussions concerning the instruments must be based on local needs with regard to external funding for development and compare costs and advantages of different channels : national or international, governmental or non-governmental, economic (loans) or social (donations). An improved appreciation of the comparative advantages is necessary to build more effective instrumental partnerships.

Similarly, regardless of the quantitative mobilisation of the donors, none of the MDGs will be achieved if, qualitatively, the aid programmes fail to set the various situations experienced beforehand, in all circumstances and at all ages, by women and men. A sex-specific approach should therefore precede and guide any needs-analysis, any policy or programme preparation, as well as their tracking and assessment, without which the aid would almost certainly fail to be tailored to the requirements and potentialities of all the populations and, thus, be rendered ineffective.

1.9 - Finally, the NGOs would like the new appetite for “partnerships”, which have existed since the origin of non-governmental cooperation, to go beyond intergovernmental relationships, and become a rule in terms of building cooperation action programmes. In our opinion it is time to call for a general mobilisation of the economic, social and territorial actors against poverty and inequality and against the damage caused to the planet and to view ODA as a lever enabling the mobilisation of far more significant energy, competencies and means than the few thousandths of GDP which appear in the DAC records.

In particular, civil society organisations must be involved in preparing and implementing the development cooperation through genuinely participative<sup>3</sup> processes and not consultation simulations, as has often been the case. Similarly, cooperation between Northern and Southern civil society organisations, and the massive strengthening of their capacities, must be backed.

## 2 Aid harmonisation and alignment

<sup>3</sup>To be described as “participative” ,a process must satisfy a whole series of minimum criteria : clear objectives and rules of the game (consultation or negotiation ? collecting the analysis of populations on their situation or on action proposals ?) ; procedures which are clear, realistic and consistent with their aims (in terms of time, the people consulted, prior information and the method of conducting operations) ; transparent mode of selecting the mobilised people and organisations and leaving the choice to the social players in terms of their representatives ; the social players are informed in sufficiently in advance of the issues and the agenda in order to prepare their analyses and consult their members (and therefore time and the means to do it) ; the social players can mobilise their own expertise ; the debates are led and summarised by independent individuals, and the conclusions of each stage are made public.



## ■ The premise of inconsistency as a source of ineffectiveness

The objective of the harmonisation and alignment process, as it is put forward by the DAC/OEC and the IFIs, is to fight against the scattering of aid in order to improve its efficiency. This “scattering” of aid can, in some contexts, turn out to be counter-productive, by obliging the receiving countries’ authorities to deal with a mass of procedures and conditionalities. This situation can result in surcharges and clog up the administrative systems, which then spend most of their time negotiating with the donors. Similarly, the complete lack of coherent action between the different donors or links with the national public policies can also have a negative effect on the overall impact of the aid.

However, this diagnosis should be qualified depending on the national contexts, which vary enormously. For a country which has a strong national policy, for example, the diversity of donors enables the State to adopt a genuinely national strategy, without having to go through a unique framework controlled *de facto* by the IFI. The opposite can also be true. A relatively weak State can play on the diversity and competition between donors in order to keep a degree of autonomy in their development strategy.

Furthermore, experience from the field shows that even in a context that is very consistent as far as “theoretical” policies are concerned, the aid can be very largely wasted and ineffective because it is used in poorly-designed, badly managed and badly tracked projects and programmes. When analysing the aid effectiveness, the issue of tools and procedures is therefore just as important as the question of political and strategic frameworks. More generally, the factors limiting the efficient use of aid are multiple, profound and variable depending on the national contexts (see our “General thoughts concerning aid effectiveness”). Making harmonisation and alignment of donors the main answer to the ineffective use of aid is therefore a questionable choice.

Unlike the manner in which it is presented, this debate on the harmonisation/alignment of aid is therefore a long way from being restricted to the technical field. Behind the premise of the inefficient use of aid due to the lack of coherence between the donors, also hide the issues of power and a development vision. The central issue, evaded by the IFIs, is less focused on the harmonisation process in itself, which in certain conditions can indeed favour the development of genuine national strategies, than on the objectives of the current process : aligning donors in accordance with which conditions, on which policy, to the advantage of which institutions and harmonisation on which procedures (and there which conditionalities)? Or to put the question in another way, to what extent does the current harmonisation/alignment process modify the power relationships between donors and those receiving, and does it support or on the contrary damage the ownership of the “partner” countries ?

## ■ The harmonisation/alignment paradigm : the aid effectiveness pyramid

After having noted the failure of the structural adjustment model which they had lauded, the IFIs, closely followed by many donors, promised a new development model which was supposed to solve the problem of aid "ineffectiveness" : the "integrated development model" <sup>4</sup>. This model is essentially based on approaches/programmes<sup>5</sup> and the Poverty Reduction Strategy Papers (PRSPs). These new conditions for implementing aid are supposed to reinforce "ownership" (national accountability for development programmes), reduce the cost of aid or improve the dialogue between donors and receiving countries focussing on sectorial policies. The Monterrey conference ratified this development, by linking the increase in aid to a reform of its instruments to this end.

The IFIs are encouraging all of the cooperation agencies to link up their assistance to the PRSPs, since the precondition for the success of the "integrated development model" is the harmonisation of the methods used by donors as a whole and their alignment with these common frameworks. The Rome Declaration on harmonisation, adopted in 2003, fits in with the implementation of the Monterrey guidelines. In this Declaration, donors undertook to align their ODA with the national strategies of the "partner" countries, with a view to harmonising their policies and procedures and implementing a series of "good practices" in order to improving aid effectiveness. The second High-level Forum on aid harmonisation and alignment (Paris, 28 March – 2 February 2005) must mark an additional stage in this process, by obtaining concrete commitments, combined with objectives and result metrics, on the part of both donors and "partner" countries<sup>6</sup>. A whole series of pilot experiments has been conducted in the field, through the drafting of "harmonisation action plans" in several countries<sup>7</sup>.

The DAC presents harmonisation/alignment as a three-phase process aiming to improve aid effectiveness<sup>8</sup>. This process is presented in the form of a three-level logical pyramid: 1) *Ownership* (preparing PRSP-type national strategies ; 2) *Aligning donors with theses "national strategies"* and 3) *Harmonising donor procedures*. "The pyramid can be read top-down : the partners begin by preparing their strategy for achieving their development objectives ; then the donors support them by aligning their assistance with theses strategies ; and finally, as a complement, the donors cooperate with each other in order to set out common procedures, simplify them and exchange information"<sup>9</sup>.

It is therefore no longer question for the IFIs and the bilateral donors involved to question the relevance of the development model and the "good practises" ratified in Monterrey, but concentrate instead on their operational implementation. As ownership is a reality, through the preparation of the PRSPs in particular, and harmonisation/alignment is the solution, the main objective of the Rome and Paris Declarations is to improve the alignment of donors and the harmonisation of their procedures.

<sup>4</sup> This "integrated development model" is built using three initiatives : the "New partnership" drafted in 1996 by the DAC ; the World Bank's Integrated Development Framework (1998) and finally, the Bretton Woods Institutions' Poverty Reduction Strategies (1999). This model is based on the 1996 DAC report, "The role of cooperation for development at the dawn of the 21st century" , which is presents itself as a turning point in ODA practices.

<sup>5</sup> To provide a remedy to the supposed ineffectiveness of the aid project, the approaches/programmes must support the governmental poverty reduction programmes, by coordinating outside support and the sectorial programmes managed by authorities in the areas of health, agriculture or education (SWAPs or sectorial approaches), or by allocating resources to governments' national budgets (budgetary aid). The PRSPs, which set these national priorities in terms of reducing poverty, are therefore at the heart of the whole process.

<sup>6</sup> In the meantime, the Rome Declaration has been completed by the Marrakech Declaration where donors undertook to accompany the harmonisation process by the develop ment of an approach in terms of objectives and results. The donors have furthermore continued with their work on harmonisation and alignment within the DAC/OECD working group on "aid effectiveness and donors' practices"

<sup>7</sup> In January 2005, eight "harmonisation action plans" had been adopted : Cambodia, Nepal, Nicaragua, Niger, Rwanda, Tanzania, Vietnam and Zambia. Nine others were being prepared: Dominican Republic, Ethiopia, Serbia, Bangladesh, Bolivia, Fiji, Kenya, Kirgistan, and Mongolia. In total, around sixty "partner" countries and forty donors were involved in activities linked with the harmonisation and alignment process. Which means that this process is also applied to countries which have not adopted a PRSP. (34 PRSPs being executed end 2004).

<sup>8</sup> DAC/OECD, *Draft Report on Aid Effectiveness for the Second High -Level Forum*, January 2005, p.15.

<sup>9</sup> *Idem*. The DAC goes as far as to admit in this document that in any case harmonisation/alignment is, in itself, a virtuous process and that even though the ownership conditions are not met, it shall still make a contribution towards improving aid effectiveness.



## ■ The myth of "ownership" : conditions for preparing national strategies

The first phase of the process, "ownership", represents an axiom in the view held by donors concerning harmonisation. At the very most we can question the undertakings made by "partner" governments to step up their efforts in order to improve it<sup>10</sup>. The problem is that this ideal "pyramid" scenario is pretty much a work of fiction. This "ownership" message is poles apart what is actually happening in the field. In reality, the PRSP process remains very broadly controlled by the IFIs, even though it is necessary to qualify one's opinion depending on the different national contexts.

The World Bank and the IMF advisors are ultimately entrusted with approving the PRSPs. Through a "mirror effect", the governments of the recipient countries adopt strategies which they know are liable to receive the agreement of the World Bank and IMF consultants. More often than not, governmental involvement is limited to high ranking civil servants from the finance ministries, the PRSF secretariat and the central Bank responsible for preparing the PRSPs with the experts sent by the IFIs<sup>11</sup>. Civil society is involved in the preparation of public policies to a very limited extent.

As a general rule, far from favouring the emergence of autonomous official policies in the economic and social fields, the PRSPs have an economic content mainly determined by the Poverty Reduction and Growth Facility (PRGF), a new IMF economic conditionality framework (targeting macroeconomic stability, privatisations, freeing-up trade and reducing aid-dependence at the expense of the redistribution and reduction of inequality<sup>12</sup>.

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<sup>10</sup> "Draft of the Paris Declaration concerning aid effectiveness", 7 February 2005 : in the Paris Declaration, the preparation and implementation of "national strategies" are placed under the sole responsibility of Southern governments. No commitment is requested from the donors, apart from supporting the process downstream, through their coordination.

<sup>11</sup> In an important analytical report which appeared in 2004, the IMF Independent Evaluation Office concluded that the process of preparing PRSPs had failed to favour ownership of benefiting countries as much as it might have. The same report concluded that as a general rule, the IMF personnel did not actively inform local actors of the orientation debate concerning the macro-economic issues during the process of preparing the PRSPs : <http://www.imf.org/External/NP/ieo/2004/prspgrgf/eng/index.htm>

<sup>12</sup> CICDS, "PRSF : the lessons to be learnt. Recommendations made to the World Bank, IMF and donors for the second generation of PRSPs" April 2004.

## ■ The new methods for imposing conditionalities

The preparation and the "ownership" of the PRSPs are also means through which the power of donors, and the first ranking among them, the IFIs, is wielded. The initiatives aiming to group resources together in approaches/programmes and improve the harmonisation of donors' policies and practices in the perspective of underpinning the PRSPs are key instruments enabling donors to have considerable control over the development process of countries benefiting from aid. In the majority of cases, the conditionalities remain highly important, whether they concern sectorial approaches or budgetary aid. These conditions imposed by the weight of the donor coordination, go beyond usual macroeconomic policies, crossing over into the realm of governance and threatening to undermine the already limited autonomy and benefits of the PRSPs<sup>13</sup>.

The omnipresent influence of the IMF and the World Bank on donor policies, through the intermediary of the budgetary support for the PRSPs (and sometimes for the sectorial approaches), is clearly obvious in the preparation of the metrics. These institutions define, to a large extent, for the other donors the conceptualisation, analysis and the "certification" of what can be considered as a good choice in terms of development policy. This prescribing power is all the more significant as it is based on a three-fold philosophy, located at the heart of the donors attempts to improve aid effectiveness and which represents *de facto* new ways of imposing economic conditionalities. Firstly, this concerns the notion of "good governance" which, both reduces the dimension of governance to good management of public affairs and the application of "good economic policies" and at the same time, enables the IFIs to interfere in national policies to a great extent<sup>14</sup>. Consequently, in the field of health, the policies encouraged by the IFIs namely privatising health care and putting in place cost recovery policies via pricing lead to a situation of exclusion which has devastating effect on the poorest of the poor and thus the most at risk.

The approaches/programmes thus enable donors to work with governments on the preparation of detailed working plans, political matrixes or frameworks designed to assess performance on the vast range tackled through the concept of "good governance". This notion is combined with performance metrics (World Bank CPIA ...) coupled with a "selectivity" policy. Against this backdrop, harmonisation and alignment of donors on these frameworks and common criteria are powerful means of reinforcing these new conditionality methods.

<sup>13</sup> Cf. Foster P. and Tomlinson B., « *At the table or in the kitchen ? CIDA's new aid strategies, Developing Country Ownership and Donor Conditionality* », CCIC/Halifax Initiative ; September 2004 : « The conditionalities in the context of approaches-programmes are considered as being totally different from the old conditionalities in that the governments « undertakings » and « triggers » are supposed to have their origins in the PRSPs. The donors and the recipients are supposed to agree on transferring resources thanks to political dialogue. Consequently, the approach-programme enables donors to take part in the dialogue on a far wider range of issues than with the approach-project, whether it is a question of providing the aid applicable to a basic sector such as health or education or to a macroeconomic or institutional framework broadened to execute the PRSP budget ». As the authors show, some Cooperation agencies, such as the Canadian agency (CIDA) admit in their documents that the "approach-programme" involves a high involvement of donors in the preparation of projects and consequently a certain loss of sovereignty on the part[of the recipient State]" (Introductory Guide to Approaches/programmes, CIDA, Sept. 2003)

<sup>14</sup> *Reality of Aid*, Rapport 2004, "In favour of democratic governance of the aid regime" : Donors understand this « good governance » notion as somewhat restrictive, focusing on the good management of public affairs (in the sense of good technical management of governmental resources), furthermore forgetting that the latter is firstly is more to do with putting in place a democratic process. This approach also exonerates the Northern countries, their companies and banking sector, from all responsibility in the bad management of public resources. Some NGOs have given this new good governance paradigm the name of « Post Washington consensus » because it represents a new framework for putting conditionalities in place and imposing macroeconomic policies by the IFIs. Good governance could not be mechanically imposed by donors. It originates from socio-political realities, the balance of power and the exercising of rights in the societies. It accompanies rather than originating the development process.

## ■ Limits and dangers of the aid harmonisation and alignment process

The aid effectiveness pyramid is largely based on a fictional scenario which brings together free actors who have the same capacity for action and decision-making, thus concealing the power stakes and the profound asymmetry of the aid regime.

### a) Harmonisation without "ownership": reinforcing the weight of donors and conditionalities

As the DAC acknowledges the aid effectiveness pyramid can also be read from bottom upwards: the donors coordinate and harmonise their techniques with a view to having a greater say in the preparation and implementation of national policies. The conditionality is very powerful when it is imposed in a collective manner and in this framework, alignment and harmonisation increase the power of donors, in what is an already very asymmetrical donor-beneficiary relationship. What room for manoeuvre will the Southern governments have at their disposal when faced with a cartel of donors in alignment with a common framework, whereas today they can still play on competition and the diversity of donors to preserve autonomy? Furthermore, experience shows that in these multilateral frameworks, procedures "are harmonised" with the IFI procedures and their macro-economic metrics, rather than more open indicators.

An effective method for evaluating the reality of this much-vaunted "ownership" is to analyse the way donors behave when a country is judged by the IFIs as having "failed" to respect its commitments towards them, in particular for not having implemented a reform causing controversy nationally. On this point, some studies indicate that "the failure by the government benefiting from aid to meet the conditions for receiving the aid has appeared as the most important factor explaining the payment delays"<sup>15</sup>, even though a part of these aid payment hold-ups is legitimate (embezzlement ...).

In the light of the reality of "ownership", or rather the conditions enabling the preparation of public policies in a sovereign and democratic manner, this reading of the pyramid from the bottom upwards seems the most realistic in the vast majority of cases. The IFIs, which are at the centre of this process, thus see their ability to prescribe and control national public policies considerably reinforced.

Similarly, the Paris Declaration promotes, in an incantatory manner, the "reinforcing capacities" of the Southern governments, without analysing the obstacles and above all the time needed for reaching a level enabling real "ownership" of the process.

### b) The technicisation and depoliticising of the issues

The current "good governance" approach, in the sense of good administrative management, development strategies, and harmonisation, presents itself as apolitical and tends to confine the debate in technical considerations and to depoliticise the issues of poverty and social inequality: "the donors depoliticise the national process of preparing policies by negotiating standardised and apparently technical policies with the governments, policies which, one presumes, are the subject of a political consensus"<sup>16</sup>. The choices which governments must make to comply with required reforms, by effectively by-passing all internal debate, threaten to embrace the orientations extolled by donors who put themselves forward as a homogeneous front.

### c) The weakening of the "heterodoxical" cooperation actors

Furthermore, if all donors become integrated into unique frameworks controlled *de facto* by the IFIs and which impose a new consensus concerning development, this puts an end to the support for the "heterodoxical" development approaches backed by some Cooperation agencies. The Cooperation agencies as a whole would be enjoined to go along with a sole development model and thus cease

<sup>15</sup> Budgetary support working group, PSA, 2000, p. 65..

<sup>16</sup> Foster P. and Tomlinson B., *op. cit.*, p. 17.

recognizing that there has always been and that there should always be a plurality of options and objectives and therefore room for debate and political arbitration on the major development issues and strategies. The existence of “autonomous” bilateral agencies appears to be a vital institutional means enabling debates, analysis and policies to be generated which could not come from any other authority.

## ■ In favour of an approach where its case is taken on its merits rather than a new “consensus” on aid harmonisation

The central issue is not in itself to question the virtues of “harmonisation” or more precisely making donors’ actions more consistent but rather the context within which the presented process falls and the implications for preparing and controlling development policies. Obviously the NGOs can but adhere to the good and general principles laid down by the Rome and Paris Declarations (“ownership”, ability to predict aid delivery, mutual openness...) and encourage donors to implement them. But it is not realistic to limit oneself to a literal reading of the Paris Declaration project.

The problem of aid being scattered is a real one but does not represent the main factor explaining poor aid effectiveness. This variable can be part of the equation in some situations but the overall problem of inefficient use of aid is far more complex and profound (see “General thoughts concerning aid effectiveness”). A genuine solution through a reform of the overall development cooperation framework as well as the methods of its implementation.

Once again, the NGOs are not opposed to the principle of harmonisation but underline the need to ensure a balance between the necessities of donor harmonisation and coordination, autonomy of the partner countries in the preparation and implementation of their public policies, and the necessity to maintain the diversity of the players involved in cooperation.

### -Strengthening states and preparation of “inclusive” public policies

The essential factor for the smooth coordination of aid is a coherent national policy, which presupposes a strengthening of States, within the framework of a dialogue with the civil societies and the local organisations. Experience shows that donor coordination occurs naturally under the government’s impulse.

For the NGOs, “good governance” is the capacity of States to factor the common interest within the framework of “inclusive” and open policies. It constitutes the condition for all national “ownership”. Supporting “governance” presupposes giving simultaneous priority to the institutional reinforcement of authorities and the reinforcement of the “grassroots” civil society organisations, while encouraging opportunities for dialogue and discussion to co-produce appropriate policies. Building national strategies is a complex process which requires far more time and means than are allowed for by the current PRSP preparation processes.

In the short term, this can be secured by a thorough reform of the PRSP process. An in-depth international assessment of the process and the content of the PRSP content should be undertaken (impact of the macroeconomic policies imposed by the IFIs...), involving representatives from all of the stakeholders, including civil society. The assessments should also take place nationally, well before the first PRSPs expire. The new PRSPs should be prepared within the framework of genuine national forums organised in each country, involving all stakeholders (government, elected representatives, local councils, civil society organisations, donors...). The conditionalities should be prepared within this framework, in negotiations between the various stakeholders and the donors. Finally, these PRSP preparation and implementation processes should be matched with the temporalities required for this type of process, and therefore be spread over far longer periods, backed up by “capacity strengthening” financial means.

-Reforming development cooperation to improve aid effectiveness:

More generally, it is necessary to tailor the development cooperation tools and methods to the national contexts, and to improve the intrinsic quality of projects and programmes. This can be secured by

-better governance of the cooperation agencies and the IFIs with, in particular, accountability in the event of poor quality projects, improved involvement on the part of governments and populations benefiting from aid in the decision-making authorities. This requires a thorough reform of the IFIs. The procedures for suspending aid, in the event of bankruptcy of the recipient country, embezzlement...) should also be engaged by a wider and more representative body of actors, involving all stakeholders.

-the systematic assessment of the impact of programmes and projects and their quality in addition to those of the implementing agencies (including the NGOs)

-improved assessment of the comparative advantage of the development funding channels (donation/loans, public/NGOs, national/international...)

-ensuring development actors' consistency in order to underpin national and local dynamics :

It is nevertheless important to continue analysing the process of making aid distribution more coherent and the strengthening of the complementarity between donors to support the sectorial policies of the Southern States and meet the problems of surcharges or the clogging up of the receiving States' administrative systems.

Currently, the "ownership" principle stands more chance of being implemented in a context of diversity of players, approaches towards development, mechanisms focusing on the fundamental development problems rather than in a new global consensus which would put the IFIs and their conception of development in the heart of a single process. Making the donors' actions more consistent, while ensuring that the diversity of approaches and players is maintained, represents the best guarantee of the autonomy of the Southern governments.

These thoughts about coordination must be based on the local and national realities, including the development of innovative formulas, such as funds combining southern governments, donors, parliaments, the local CSOs and the Northern NGOs. This can even go as far as preparing the donors' "harmonisation action plan", but only when the State is really in a position to develop its own national strategy and to have it accepted by the donor.

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***Coordination SUD, national federation of French international solidarity associations  
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