Whose ownership?

OECD Development Centre
www.oecd.org/dev
Paris Declaration and the Accra Agenda for Action

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<th>PARIS DECLARATION PILLAR</th>
<th>OPTIONS FOR ACTION</th>
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<td>A. Medium-term predictability</td>
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<td><strong>B. Conditionality</strong></td>
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<td>C. Capacity Development / Technical co-operation</td>
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<td>D. Country systems</td>
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<td>E. Untying aid</td>
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<td>Harmonisation</td>
<td>F. Division of labour</td>
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<td>G. Incentives</td>
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<td>H. Countries in fragile situations</td>
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<td><strong>I. International aid architecture</strong></td>
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<td>Managing for Results</td>
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<td>Mutual Accountability</td>
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<td>L. Mutual accountability</td>
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<td><strong>M. Role of civil society</strong></td>
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Ownership: the first principle of the Paris Declaration

- Developing countries must exercise “effective leadership over their development policies”

But the principle remains ill-defined
- Legitimacy, representativeness, aggregation
- What is the role of citizens promoting ownership?
- How do donors promote or undermine ownership?
- Example: the use of CPIA in the DSF
Just Launched by the OECD Development Centre:

“Financing Development 2008: Whose ownership?”

I. Broader ownership for development
II. Ownership in the multilateral development-finance non-system
III. A Paris declaration for NGOs?
IV. Private banks in emerging democracies
The Paris Declaration is government centred

- “Country Ownership” ≠ “Government Ownership”
  - Citizens’ participation in designing, implementing and monitoring policies is crucial
  - Participation may be improving, including by parliaments (e.g. Parliamentary Committee on Poverty Reduction, Ghana)
  - But some actors remain sidelined (e.g. media & trade unions), especially where human rights are not protected

- Governments need to improve participatory frameworks

- Donors need new ways of encouraging domestic processes (example: local knowledge)
“Ownership” is a donor-driven concept

- The Paris Declaration measures ownership by evaluating the quality of donor-approved *Poverty Reduction Strategy Papers (PRSP)*
- In the Declaration, donors only commit to drawing policy conditions from the PRSPs “wherever possible”
- Government administrations lack capacity to generate alternative policy solutions and manage donors
- Multilateral donors dominate the production of development knowledge
Development knowledge remains donor-driven

“Northern donors and think tanks and Northern-controlled multilateral organizations dominate the development knowledge industry. In so doing they exert a major influence on the policies and decisions of governments in the South.”

by Norman Girvan (University of the West Indies)

from “Home-grown Solutions and Ownership”

prepared for our Workshop on “Ownership in Practice” (27-28 Sep 2007)

See: www.oecd.org/development/globalforum
Donors fail to invest in Southern-based analysis

Of the annual $1.3 billion of ODA on development research, only 6 per cent go to developing countries.

Source: An Initiative to Strengthen Policy Analysis in Developing Countries, Rationale Paper for IDRC-Hewlett Think Tanks Initiative, 2006, based on OECD Creditor Reporting System
More than 70 per cent of the world’s 5000 think tanks are based in OECD countries.

Source: Foreign Policy Research Institute’s Think Tanks and Civil Societies Program (2007)
But local thinking is vital for governance

Number of Think Tanks and Governance Effectiveness

Can this international “non-system” be owned?

- **Public**
  - Bilateral Donors
  - Multilateral Donors
  - Global Programmes
  - NGOs
  - Other private non profit
  - Private for profit

- **Private**
  - DAC donors
  - IMF
  - UNDP
  - World Bank
  - GFATM
  - GAVI
  - Global Environment Facility
  - Fast Track Initiative/ Education for All
  - International NGOs
  - National NGOs in donor countries
  - National NGOs in developing countries
  - Foundations
  - Households (e.g. remittances and other private transfers)
  - Firms
  - Commercial Banks
  - Private Investors

- **Emerging donors**
- **Other OECD donors (non-DAC)**
- **Regional dev. banks & agencies**
- **Others, e.g. Islamic Dev. Bank**
- **UN Specialised Agencies**
- **Observer status in DAC**

Can this international “non-system” be owned?
Financing mechanisms are multiplying

Cumulative number

- Cumulative number of financing mechanisms
- Cumulative number of financing mechanisms, including investment funds and philanthropic foundations

Growing Complexity

- Bilateral aid projects
- Proliferated strongly
- From 10 to 80,000 commitments during the last decade

Number of Project Commitments between 1995 and 2006

Source: OECD Credit Reporting System Database
Is donor fragmentation a problem for developing countries?

In principle, competition is to be welcomed as it undermines donor cartels, which should be good news for recipients.


Note: ‘Donor fragmentation is measured as 1 – the Herfindahl Index of Donor Concentration, summing the squared shares of aid over all aid agencies covered by DAC.'
Is donor fragmentation a problem for developing countries?

- Donor fragmentation is associated with low-quality administrations in recipient countries. One explanation: the best are poached away from local bureaucracies to work for donor projects.

- Aid agency competition may be fine, but bundle service delivery on the ground.

**Donor Fragmentation and the Erosion of Bureaucratic Quality**

*Source: Knack and Rahman (2004)*
Ghana: unhealthy complexity

Households
- Internally generated funds (13.6%)
- Commercial Loans (15%)

Government
- Ministry of Finance (59.2%)
- Ministry of Health
- Budget Support
- Health Fund (14.9%)
- MoH Programme Support (12.3%)

Donors
- Health Sector Projects
- Other private spending
- NGOs
- Global prog’s
- Foundations
- Pharma industry

Source: Drechsler & Zimmermann, 2006
Conditionality being phased out?

World Bank Lending and Average Number of Conditions

Source: World Bank annual report
External Public Debt Distress Thresholds and their Parameters

<table>
<thead>
<tr>
<th>CPIA Score</th>
<th>Net present value of debt, % of</th>
<th>Debt Service, % of</th>
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<tbody>
<tr>
<td></td>
<td>Exports</td>
<td>GNP</td>
</tr>
<tr>
<td>Weak</td>
<td>100</td>
<td>30</td>
</tr>
<tr>
<td>Medium</td>
<td>150</td>
<td>40</td>
</tr>
<tr>
<td>Strong</td>
<td>200</td>
<td>50</td>
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Or is conditionality silently creeping in?
Regional Development Banks: Uneven ownership of borrowers


Voting power

Non-borrowers Borrowers
### Unclear Institutional Assignment to the MDGs

#### Selected Multilaterals Working on the Millennium Development Goals

<table>
<thead>
<tr>
<th>MDG / Thematic Area</th>
<th>Main Multilaterals</th>
<th>Other Multilaterals with a Role</th>
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</thead>
<tbody>
<tr>
<td>MDG 1: Eradicate extreme poverty and hunger</td>
<td>UNDP, World Bank, AfDB, AsDB, IFAD, EC, FAO, WFP</td>
<td>CGIAR, IADB</td>
</tr>
<tr>
<td>MDG 2: Achieve universal primary education</td>
<td>World Bank, UNICEF, UNESCO</td>
<td>UNFPA, UNRWA</td>
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<tr>
<td>MDG 3: Promote gender equality and empower women</td>
<td>UNDP, World Bank, UNIFEM, UNICEF</td>
<td>UNFPA</td>
</tr>
<tr>
<td>MDG 4: Reduce child mortality</td>
<td>WHO, UNFPA, UNICEF</td>
<td>World Bank, WFP, UNRWA</td>
</tr>
<tr>
<td>MDG 5: Improve maternal health</td>
<td>WHO, UNFPA</td>
<td>World Bank, WFP</td>
</tr>
<tr>
<td>MDG 6: Combat HIV/AIDS, malaria and other diseases</td>
<td>UNAIDS, World Bank, WHO, UNDP, UNFPA, UNICEF</td>
<td>UNIFEM</td>
</tr>
<tr>
<td>MDG 7: Ensure environmental sustainability</td>
<td>UN Habitat, World Bank, AsDB, UNDP</td>
<td>CGIAR, UNIDO</td>
</tr>
<tr>
<td>MDG 8: Develop a global partnership for development</td>
<td>World Bank, EU, UNDP, UNIDO, ILO, UNCTAD</td>
<td>UNDP</td>
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<tr>
<td>Human rights</td>
<td>OHCHR</td>
<td>UNIFEM</td>
</tr>
<tr>
<td>Conflicts and humanitarian emergencies</td>
<td>UNCHR, OCHA, ECHO, WFP, UNICEF, WHO</td>
<td>UNDP</td>
</tr>
</tbody>
</table>

Source: *Financing Development 2008: Whose Ownership?*  
OECD Development Centre  
Based on National Audit Office (UK), DFID (2005).
Multilateral Assessment Frameworks

- **MOPAN (Multilateral Organisations Performance Assessment Network)**
  - The Survey is based on the *perceptions* of MOPAN member embassies or country offices, arising from their day-to-day contacts with multilateral organizations.
  - The MOPAN Annual Survey is not an evaluation and does not cover actual results on the ground.
  - Avoids inter-agency comparisons => no basis for inter-agency decision making.
  - Approach does not allow to draw firm conclusions about effectiveness.
Multilateral Assessment Frameworks

- **COMPAS (The Common Performance Assessment System)**

  The purpose of the COMPAS is to provide a common source of information on the results orientation of 5 MDBs – AfDB, AsDB, EBRD, IADB, WB - based on seven categories of data.

  With the focus on group synergies and not on individual comparisons across institutions, COMPAS is not built to directly enhance inter-agency choice and multilateral coherence.

  In particular, COMPAS fails to address to what extent regional development banks serve to reduce the underfunding of regional public goods.
Performance measures may help improve multilaterals' performance, hence raise x-efficiency, but they will not improve multilateral coherence, i.e. allocative efficiency for donor funds.
Private donors are matching official aid budgets

Source: Koch, D. J., in
Financing Development 2008: Whose Ownership?
OECD Development Centre
A Paris Declaration for NGOs?

- OECD-based development NGOs 26.9 billion US dollars for 2005
- Unequal distribution of NGOs around the globe
- NGO quest for profile means heavy reporting burden to recipients
- Little local ownership
Are NGOs better at fostering Southern views?

Only 6 per cent of NGO Board members are from developing countries.

Source: Koch DJ, in Financing Development 2008: Whose Ownership? OECD Development Centre
The 2008 *African Economic Outlook* has been produced in collaboration with local researchers from:

A report on Africa in partnership with African institutions (AfDB and UNECA).
Development Finance Network (DeFine)

A global network of experts contributing to the Global Forum
A proposal to boost Southern research capacity

- Supporting local think tanks with endowments and long-term core support
  - A sustainable resource base
  - Greater independence
  - Incentives for a market of policy ideas

- Showing the way:
  - Think Tanks Initiative (IDRC & Hewlett Foundation)
  - Swedish International Development Cooperation Agency (SIDA), SAREC
Dealing with Multilateral Fragmentation

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<thead>
<tr>
<th>Reform from outside the aid system</th>
<th>Reform from inside</th>
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<tr>
<td>Low feel of ownership</td>
<td>Vested interest in agency survival</td>
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<td>Speed of reform, Budget control</td>
<td>More voice for poor countries</td>
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System Complexity

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<th>Agency Coordination</th>
<th>Agency competition</th>
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<tr>
<td>Low policy choice</td>
<td>ODA pushing</td>
</tr>
<tr>
<td>Scope, Predictability, Accountability</td>
<td>Less donor cartelisation</td>
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Whose ownership?

More information at:

www.oecd.org/dev/publications/finance/2008
www.oecd.org/dev

Join the discussion at:

www.whoseownership.org
(an initiative of Colombia, Switzerland and the OECD Development Centre)