

Catalyzing Development: A New Vision for Aid

Thursday, July 29, 2010, 9:00 am — 5:00 pm

Friday, July 30, 2010, 9:00 am — 2:00 pm

The Brookings Institution, Saul and Zilkha Rooms, 1775 Massachusetts Ave, NW, Washington, DC

The global aid system is at a crossroads. 2010 is the target year for implementation of the Paris Declaration on Aid Effectiveness, a commitment by the international aid community to reform the way it delivers aid to developing countries. Despite progress in some areas, and renewed pledges made in Accra two years ago, most of the targets set under the Declaration will not be met. At next year's Fourth High Level Forum on Aid Effectiveness (HLF4), to be held in Busan, Korea, the international aid community must find a way of breathing new life into the effectiveness agenda or else risk losing credibility, as well as wasting countless more aid dollars.

On July 29 and 30, Brookings co-hosted a private workshop entitled *Catalyzing Development: A New Vision for Aid* to consider the future of the aid effectiveness agenda. This event is part of a joint project being conducted with the Japan International Cooperation Agency (JICA) and the Korea International Cooperation Agency (KOICA), to explore how the opportunity presented by HLF4 can be seized.

The [workshop agenda](#) was organized around three themes and 10 topics, which capture changes in the environment in which today's aid industry operates. Today, there are **new challenges** for aid to solve (climate change, capacity building, fragile states) which remain poorly understood; **new players** in the aid industry (international NGOs, private businesses, non-DAC donors, coordinating networks) who are too important to leave out; and **new approaches** being used (South-South cooperation, transparency, scaling up) which need to be further encouraged. These changes mean that while the ideals enshrined in the Paris Declaration remain important, they do not cover the full scope of today's aid system.

At the conference, selected attendees presented papers addressing the 10 topics, assessing the additional demands placed on today's aid system and putting forward actionable recommendations which could feature in a new aid effectiveness agenda. Following each presentation, two nominated discussants led a roundtable debate with the more than 50 aid experts in attendance—including academics, development practitioners and officials from bilateral and multilateral institutions and NGOs—on the feasibility and adequacy of the recommendations proposed.

A number of common issues emerged from the discussions.

First, while the debate on aid effectiveness occurs principally at a global level, it is at the **country-level** where most decisions about aid activity and practices are made, and thus where the effectiveness of aid dollars is ultimately determined. Furthermore, the determinants of aid effectiveness are often specific to a country. For this reason, it would make sense to have aid evaluations be anchored in the countries in which aid is delivered, and for results to be examined from the perspective of recipients rather than donors.

Second, the principle of **country ownership** could be deepened much further than the limited scope envisioned in the Paris agenda. Donors remain far too eager to lead, despite empirical evidence that aid programs that are truly owned by recipients have the biggest impact. Recent examples in disaster management demonstrate the scope for country leadership in even the most challenging circumstances.

Third, one way in which the dominance of donors over recipients is manifested today is in aid being overly supply-driven. To shift to a **demand-driven** system would require not only a radical change of donor culture, but the use of instruments for amplifying the voice of aid recipients. New technologies can be harnessed to enable **beneficiary feedback** to inform aid delivery.

Fourth, the emergence of new and diverse donors is a reminder of the **limits of harmonization**. Today's aid system exhibits only partial rationality and is a function of politics as much as economics. While demands should be placed on donors to conform to certain norms, diversity within the system can, in some circumstances, be beneficial. Significant advances in coordination among the international NGO community over recent years demonstrate the capacity even for disparate organizations to minimize overlap and waste.

Fifth, the skewed incentives of aid donors and recipients underlie the failures of the Paris process. While Paris demonstrated the ability of the aid community to agree on shared goals, the **alignment of incentives** remains a much more complex challenge, one which demands changed aid modalities and the buy-in not only of bureaucratic managers, but of political leaders and aid practitioners.

Sixth, a more effective aid system will require higher levels of **trust** between all parties. Trust need not be blind, but can be secured through the **verification** of behavior. The adoption of credible performance metrics, greater demands on transparency and increased demand for relevant evaluation would support this endeavor.

Seventh, aid remains **just one tool** for achieving development goals. In making the case for greater volumes of aid, this fact has tended to be brushed over. The central role of the private sector in driving development also remains undersold. Donor governments are well placed to advocate for other policies that support development—and to address policies that hinder it.

Revised versions of the 10 papers will be published in a volume later this year in time for the formation of the HLF4 working group.