

# POLICY BRIEF

## A New Agenda for Development Assistance? From Aid to Development Effectiveness

In late November 2011, the international community will meet in Busan, Korea, for the Fourth High Level Forum on Aid Effectiveness (HLF-4) to assess progress toward implementing the 2005 Paris Declaration on Aid Effectiveness and its companion, the 2008 Accra Agenda for Action. They will also decide on a framework for future development assistance.

Some observers argue that forum discussions should be broadened from a focus on aid effectiveness to development effectiveness. Yet development effectiveness means different things to different people. A review conducted by The North-South Institute reveals that development effectiveness:

- can refer to organizational effectiveness, policy coherence, development outcomes from aid or overall development outcomes;
- as an international framework will differ from the Paris Declaration and the Accra Agenda;—development effectiveness is about something more than aid effectiveness, in both design and substance;
- is concerned not only with particular outcomes, but also with the processes and tools used to achieve those outcomes;
- could lay the foundation for different types of partnerships and a renewed country-level focus, with implications for enhancing national ownership, accountability, and implementation mechanisms; and,
- could also require new evaluation and monitoring tools.

This policy brief provides insight into the debate on development effectiveness and its implications for aid policy and practice. We do not assess the merits of the various conceptualizations nor provide a conclusive definition of development effectiveness, but rather describe the possible implications in theory.

This brief brings together the findings of a literature review, observations from the Working Party on Aid Effectiveness (WP-EFF) week held in Paris, France in October 2010, and contributions from nearly half a dozen semi-structured interviews held with partner country members.



The North-South Institute  
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### Development and Aid in a Changing World

The Paris Declaration and Accra Agenda represent significant international efforts to achieve greater coherence among official aid donors and recipients across aid sectors. However, non-members of the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC) largely operate outside the established aid architecture, introducing competitive pressures among traditional suppliers of development assistance.<sup>1</sup> Private-sector actors are also playing a role. In 2008, private donations were estimated at USD \$233 billion, compared with USD \$121 billion in official development assistance.<sup>2</sup> Although the private sector may offer new opportunities for cooperation, it also presents a challenge to ensuring coherent development efforts. Moreover, there is growing concern that the Millennium Development Goals will not be achieved. These changes are prompting international debate on how development cooperation must evolve, with some suggesting a new paradigm centred on development effectiveness.

### From Aid to Development Effectiveness

It is generally agreed that aid effectiveness refers to the achievement of expected impacts and stated objectives through aid. In contrast, a common understanding of development effectiveness does not exist. Some, such as the Asian Development Bank, make little distinction between aid and development effectiveness. Others, such as civil society organizations (CSO) and the United Nations Development Programme (UNDP), however, do make a distinction. The meaning attached to development effectiveness varies from a narrow focus, namely organizational effectiveness, to a broader understanding in terms of policy coherence, outcomes from aid, and overall development outcomes. These concepts are interrelated and overlap; they are neither mutually exclusive nor exhaustive. With the increasing ambition and difficulties associated with broader understandings however, the likelihood of achieving consensus on what development effectiveness entails diminishes.

### Development Effectiveness As...

#### *Organizational Effectiveness*

Aid agencies, especially multilaterals, frequently view development effectiveness from the supply side, in terms of the effectiveness of their own policies and programs or how well they are achieving organizational

objectives and goals. The 2005<sup>3</sup> and 2008<sup>4</sup> editions of the World Bank's *Annual Review of Development Effectiveness* examine the institution's performance and outputs on multiple levels through the bank's global programs, country programs, and individual projects. The Inter-American Development Bank's development effectiveness framework looks at the relevance of its own activities to development goals. Early UNDP development effectiveness reports distinguish between development and organizational effectiveness; however, the focus is still on the efficiency and effectiveness of UNDP's own programs.

Organizational effectiveness as development effectiveness is closest to aid effectiveness; it is concerned with the effective and efficient delivery of assistance, in terms that are set by the aid donor for its own contribution, not those of the recipients. The focus is not on outcomes but on ensuring that interventions are relevant to the development goals of the donor with little regard to how those goals were determined. This understanding coincides with existing aid discourses and evaluation practices and does not imply a fundamental shift from the status quo. However, organizational effectiveness is still important to broader notions of development effectiveness. Agencies need to demonstrate that they can meet objectives and deliver aid effectively.

#### *Policy Coherence*

Development effectiveness has also been used to refer to the consistency of development and development-related policies, from the national to the international level. Non-aid policies affect the development process, making it necessary to ensure policy coherence across areas such as trade, investment, security, and immigration.

“Whole-of-government” approaches, such as Sweden's Policy for Global Development (2003), are one reflection of this perspective. This view tends to be supply driven, focusing on how donor countries can improve coherence among their own aid and non-aid policies with respect to aid recipients, rather than calling for structural reform of international rules or bodies. However, some countries that adopt this perspective, notably the United Kingdom and Sweden, also emphasize the greater inclusion of developing-country voices in international institutions.

While development effectiveness understood as policy coherence targets more than just aid-related policies, aid is nonetheless a useful point of entry to discussions on achieving greater policy alignment between

development and other sectors. The Working Party on Aid Effectiveness (WP-EFF) stresses the catalytic role aid can play in harnessing additional resources for development, a point that was also discussed at the Second Africa Regional Meeting on Aid Effectiveness, South–South Cooperation & Capacity Development. CSOs also make policy coherence an important component of their development effectiveness agenda, including greater coherence across global institutions and within aid donating and receiving countries.

The OECD-DAC has been advocating greater policy coherence for development among its members since the early 1990s, with varying degrees of success. Articulating development effectiveness as policy coherence raises the obstacle of insufficient political will. Yet, the time may be ripe for renewed commitments, given the decreasing relevance of OECD-DAC members and their associated multilateral agencies when non-DAC donors are offering development cooperation packages that go beyond aid. A development effectiveness agenda defined by policy coherence would require the political will and commitment of DAC donors. Moreover, this approach would present a challenge for policymakers preoccupied with results; it is nearly impossible for donors (and aid recipients for that matter) to determine causality between increased coherence and development outcomes given the number of factors that affect development.

#### *Development Outcomes from Aid*

Other actors use development effectiveness to refer to specific outcomes of aid interventions. They emphasize outcomes rather than policy areas or the efficiency with which aid dollars are spent. In this case, development effectiveness complements aid effectiveness; it refers to the outcomes aid seeks to achieve and by which it will be measured, whereas aid effectiveness refers to how aid is delivered.

The United Nations Development Fund for Women and the OECD-DAC refer to development effectiveness in terms of specific outcomes of aid. The former sees gender equality as a determinant of development effectiveness, arguing that it must be considered in all stages of development interventions. The OECD-DAC asserts that consideration of human rights, gender equality, and environmental sustainability is important to development effectiveness.

Through the Open Forum on CSO Development Effectiveness, CSOs have examined their own development effectiveness. CSOs see human rights,

gender equality, environmental sustainability, social justice, and democratic ownership as critical to development and an expression of the development outcomes they seek to achieve.

This view questions who defines outcomes, what should be measured, and how; thus, it relates to issues of process and power. Better mechanisms would be required to ensure that outcomes are identified and prioritized through a participatory and inclusive process to achieve broad national ownership. A new framework for measurement would also be necessary. Aid actors would assess their results not only in terms of the efficient delivery of aid, but also in terms of its effect on overall development outcomes (which would be difficult to do). This raises the question of how accountability would function under such a development effectiveness agenda if attribution is nearly impossible.

#### *Overall Development Outcomes*

Overall development outcomes as development effectiveness is the most comprehensive of the four approaches. It overlaps with other notions, seeing development effectiveness as a measure of the overall development process and outcomes, rather than of specific outcomes attributed to aid. Aid is not the central focus. The approach emphasizes the ability of aid to catalyze and complement other development resources. As a result, this more holistic view focuses on the country level, taking into account all factors affecting development as well as the processes by which desired outcomes are decided and achieved. Development outcomes cannot be attributed to any one intervention.

An independent review<sup>5</sup> of the organizational and development effectiveness of the United Kingdom's Department for International Development refers to development effectiveness as overall development outcomes, which, while highly relevant in assessing any aid program, cannot be directly attributed to any one actor's activities. UNDP's 2003 *Development Effectiveness Report*,<sup>6</sup> which deliberately moved away from the view of development effectiveness as organizational effectiveness, argues that it is measured in outcomes, such as meeting human development goals and generating growth (including the quality of growth, equity, participation, and sustainability), rather than in terms of how money is spent. This view is shared by CSOs represented by the BetterAid Platform in the WP-EFF. The BetterAid Platform also emphasizes that development processes should be

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guided by a rights-based approach. There is no generic development policy; the right combination of inputs depends on country-specific factors. For WP-EFF members, aid must play a catalytic role in harnessing other resources for development. In this model, decreasing aid dependency and developing “beyond aid strategies” and strategies for “aid exit” are important.

However, this view of development effectiveness also faces problems in terms of defining outcomes and attributing results, with implications for mutual accountability. One solution may be moving away from one-size-fits-all — and often externally determined and driven — policy frameworks and allowing greater flexibility in the identification of development priorities at the country level. Inclusive participation in political decision-making should help governments, including donors, identify and prioritize the development outcomes that matter to marginalized and affected groups. Greater participation and transparency in such decisions may also contribute to establishing greater mutual accountability. Such an approach may require matching commitments to broad ownership under the Accra Agenda with greater efforts to empower and strengthen the voices of the most marginalized.

### Moving Ahead

Although interest in development effectiveness is growing, it is not clear how prominent it will be at the HLF-4. Among CSOs, momentum is clearly strong, and the WP-EFF has engaged with the concept. However, should development effectiveness become the theme for HLF-4, a truly international agenda would depend on the engagement of all development actors and on their willingness to expand the aid effectiveness agenda. This would require convergence in what these groups mean by “development effectiveness.” We have identified four ways in which the concept is being used and some of their implications. Further discussions on development effectiveness may reveal how these various groups understand and are prepared to work with these approaches. 🌐

*To consult the working paper, “From Aid to Development Effectiveness”, by NSI Researcher Shannon Kindornay in its entirety, please go to <http://www.nsi-ins.ca/english/pdf/Kindornay.pdf>*

### Endnotes

- 1 Woods, Ngaire. 2008. Whose aid? Whose influence? China, emerging donors and the silent revolution in development assistance. *International Affairs* 84(6): 1205–21.
- 2 CGP (Center for Global Prosperity). 2010. The index of global philanthropy and remittances. Hudson Institute, Washington, DC. Available at [www.hudson.org/files/pdf\\_upload/Index\\_of\\_Global\\_Philanthropy\\_and\\_Remittances\\_2010.pdf](http://www.hudson.org/files/pdf_upload/Index_of_Global_Philanthropy_and_Remittances_2010.pdf) (accessed 20 Dec. 2010).
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- 6 UNDP Development effectiveness report 2003: Partnerships for results. United Nations Development Programme Evaluation Office, New York, NY, USA. Available at [http://www.reliefweb.int/rw/lib.nsf/db900sid/KKEE-6EUSRR/\\$file/Development%20effectiveness%20report%20-%20UNDP.pdf?openelement](http://www.reliefweb.int/rw/lib.nsf/db900sid/KKEE-6EUSRR/$file/Development%20effectiveness%20report%20-%20UNDP.pdf?openelement) (accessed 1 March 2011).



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The North-South Institute thanks the Canadian International Development Agency for its core grant and the International Development Research Centre for its program and institutional support grant to NSI.