

UNITED NATIONS ECONOMIC AND SOCIAL COUNCIL



Report of the

**2010 ECOSOC
DEVELOPMENT COOPERATION
FORUM**

New York, 29 and 30 June 2010

Introduction

At the 2005 World Summit, world leaders decided that the Economic and Social Council should convene a biennial high-level Development Cooperation Forum to review trends and progress in international development cooperation, promote greater coherence in the development activities of different development partners and strengthen the link between the normative and operational work of the United Nations.

The Development Cooperation Forum was also mandated to identify gaps and obstacles in international development cooperation and to make recommendations on practical measures and policy options. In its 2007/08 cycle, the Forum became a key mechanism for inclusive global dialogue and policy review on development cooperation issues. This was recognized in the outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus (Doha, 2 December 2008).

Preparations for the 2010 Development Cooperation Forum have involved the analysis of overall trends in development cooperation, especially the impact of recent crises and climate change-related financing; aid allocation for achieving the internationally agreed development goals; and aid effectiveness. Preparations have also focused on a few priority issues for improving the results of development cooperation: its coherence with other policies, its accountability and transparency and developments in South-South and triangular cooperation.

The discussions at the 2010 Forum, summarized in the present report, contributed innovative recommendations to inform the United Nations High-level Plenary Meeting of the General Assembly on the Millennium Development Goals, held in September 2010.

The present report is divided into seven parts. In the first section, the President of the Economic and Social Council summarizes the substantive recommendations that emerged from the Forum. The second section recaps the main preparatory events, including their key policy messages. The Secretary-General's analytical background report is summed-up in the third section. The fourth section offers brief summaries of the five keynote addresses delivered at the Forum, while the fifth section provides a comprehensive account of the five high-level policy dialogues held during the DCF. In addition, the sixth part provides short summaries of the numerous side events that took place during the forum. The last section provides an outline of the "International Development Cooperation Report", prepared immediately after the 2010 Development Cooperation Forum.

The Development Cooperation Forum has benefited from generous financial and human resources support provided by the Governments of Austria, Denmark, Egypt, Finland, France, Germany, Italy, Japan, Republic of Korea, Switzerland and the United Kingdom.

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Official Summary of the ECOSOC President

The official summary of the President of the Economic and Social Council provides highlights of the debates at the Development Cooperation Forum. It reflects recommendations on practical measures and policy options made at the Forum with a view to enhancing the coherence and effectiveness of international development cooperation:

1. Promoting Coherence for development

- Progress in most areas of the global partnership for development is not living up to expectations and, without progress across the board, development cooperation will have limited impact.
- Policy coherence is important for development. It must be anchored around national development strategies of programme countries, which highlight their needs and priorities.
- While the traditional providers of development cooperation are taking steps to enhance policy coherence for development, much more needs to be done. There has been relatively little progress in ensuring coherence between development cooperation and “beyond-aid” policies on trade, investment or technology. More impact analysis and systematic political engagement by provider countries and programme countries and organizations is required.
- ODA needs to be used better to leverage domestic resources and other sources of financing for development.
- Parliaments should have a greater role and enhanced capacities to ensure policy coherence.
- An international economic architecture that is development friendly is crucial which includes: Migration, Trade and Finance. To date, there is no framework within which migration and development issues can be discussed. Trade has seen a collapse of multilateralism with bilateral agreements proliferating and a continued need to counter protectionism. While there is a need to reform the dollar-denominated financial system, it is also necessary to address cross-border capital flows (capital flight) and capital account volatility. A debt workout mechanism should also be considered.
- Greater coherence is also needed between United Nations system organizations, including with the international financial institutions.
- Convening of a High-level event on policy coherence for development could be considered.

2. Aid quantity and Allocation

- The multiple global crises have increased the financing needs of developing countries dramatically. Low-income countries, countries with economies in transition and fragile states suffered serious set backs in progress towards development goals.
- The capacity of most developing countries to use expansionary fiscal policies has been severely constrained by lack of resources and conditionalities to access international funds.
- Development cooperation becomes even more vital and urgent in this context and should be used to play a countercyclical role. It is however unclear whether it will be sustained due to the global economic slowdown, fiscal pressure and possible new shocks.

- Aid flows are still falling short of earlier promises, in particular for Africa. Aid providers need to set ambitious targets for 2011-2015, put in place five-year plans for scaling up disbursements in line with national MDG acceleration plans and financing gaps, and live up to their promises. The High Level Plenary Meeting of the General Assembly on the Millennium Development Goals in September this year will be a good opportunity to indicate these commitments.
- It is vital to increase the proportion of aid going to those countries with the greatest development needs, financing gaps and structural vulnerabilities to external shocks – notably least developed countries and fragile states, especially in Africa. Providers of development cooperation should set concrete annual targets to that end.
- Allocation in terms of channels, sectors and types of aid is sub-optimal. Gender, agriculture and food security, education, health, water and sanitation all need sharp increases; infrastructure and aid for trade need to continue recent rises. Assistance in strengthening social safety nets is also important. The role of aid in bolstering employment creation and the fight against poverty cannot be overemphasized.
- ODA should be better used to foster innovation at the programme country and local levels. This can be possible only if provider countries refrain from pursuing policies that are at odds with each other.
- More ODA from countries Members of the Development Assistance Committee needs to reach country programmes, and future donor progress should be assessed based on country programmable aid. General and sector budget support needs to rise much more sharply to increase ownership, capacity development, accountability and efficiency.
- Public funding for climate change adaptation and mitigation needs to increase far beyond current commitments. It also need to be 100% additional to the ODA needed to reach the Internationally Agreed Development Goals, to make maximum use of innovative financing, and to be spent in pro-poor ways so as not to divert funding away from reaching the Internationally Agreed development Goals.
- With volatility becoming a characteristic of the world economy, building resilience to shocks should become an integral part of development cooperation.
- While aid is essential for the development of many developing countries, mobilization of domestic resources, trade and foreign direct investment is also critical. Further innovative sources of development financing, including the proposed tax on financial flows and carbon tax, have to be developed. Public-private partnerships may also be used to bolster development cooperation.

3. Aid Effectiveness

- Progress on Paris Declaration targets for aid effectiveness, reinforced by the Accra Agenda for Action, needs to accelerate dramatically, especially in fragile states.
- Provider countries need to respect their commitments under the aid effectiveness agenda. Recipient countries also have a responsibility to commit to the best global standards and practices.
- The principle of national ownership and leadership is of fundamental importance. There is no “one size fits all” approach that will guarantee effective assistance.
- Fragmentation of aid puts pressure on programme countries’ capacities to coordinate external assistance. Coordination of donor activities is important to make maximum use of available resources.

- Transparent and accountable governance is relevant for effective aid delivery.
- Aid effectiveness processes need to engage fully programme countries and non-executive stakeholders. They also need to improve the way progress is measured on issues related to untying aid, capacity development, predictability, and mutual accountability.
- Aid quality assessments need to be broadened to include additional key concerns of non-OECD stakeholders, on issues such as the use of programme country evaluation systems, flexibility to combat exogenous shocks, and reducing policy and procedural conditionality.
- Promoting gender equality and women's empowerment is essential for effective development cooperation.
- The DCF should aim to look into the broader concept of development effectiveness, taking into account the impact on development outcomes of aid and other development cooperation flows and policy coherence.

4. Mutual Accountability

- Making development cooperation more accountable and transparent is important for achieving the Millennium Development Goals. There has been very limited progress in developing effective and balanced mechanisms to hold both providers and recipients of development cooperation accountable for their commitments on development and aid quantity and quality.
- Mutual accountability processes at country level need to be owned and led by programme country governments. In both provider and programme countries, they should ensure full inclusion of parliaments, civil society organizations, and decentralized governments. They should focus more on gender impact of aid. This should be proactively supported by providers.
- Political will to develop such inclusive frameworks is often lacking or even waning, partly because their impact in changing development cooperation behaviours is often not yet visible on the ground. To avoid "mutual accountability fatigue", countries have to further strengthen their national systems and promote high-level broad-based dialogue fora to agree on time bound aid strategies with clear responsibilities and yardsticks for all relevant actors.
- Providers also need to commit to individual targets to improve aid quality in each programme country, giving priority to Sub-Saharan Africa and fragile states which are lagging behind on IADG progress. Providers need to further support country systems and capacity development, including by agreeing on clear division of labour among development partners.
- Parliamentarians, civil society organizations and local government authorities need to be further empowered to actively engage in monitoring and evaluation processes on the ground, both as advocates and as development partners to be held accountable. While parliaments are fundamental hubs in any accountability process, an enabling environment is also required to enable civil society to engage. Both urgently require more resources to discharge their functions. Independent supreme audit institutions, research centres and media also need to be systematically strengthened and granted access to relevant information.
- Official global mutual accountability mechanisms have shown limited impact so far. The international community should set high standards for international and regional mechanisms to ensure mutual accountability between providers and recipients. It should assess

progress annually, create a focal point to share lessons from best practices, and fully fund the most useful international mechanisms.

- International and regional mechanisms to ensure mutual accountability should make greater use of inputs by programme country governments and non-executive stakeholders, and improve country-level relevance to enhance impact on behaviour of providers and recipients.
- Greater transparency on development cooperation results should be strongly promoted by including more detailed and timely analysis of a wider range of actors and flows, with information coming from wider sources and easily accessible to parliaments and citizens. Information on the preparation and use of the national budget should also be open to all.

5. South-South, Triangular and Decentralized Cooperation

- South-South cooperation is increasingly important in helping developing countries address development challenges, based on solidarity among developing countries. South-south cooperation has features that set it apart from North-South cooperation, such as absence of conditionality, horizontal relationships and complementarity between parties as well as cost effectiveness. It is no substitute for traditional North-South cooperation.
- South-South, triangular and decentralized development cooperation all respond to specific needs and bolster areas not supported by traditional donors. They need to be better understood, bearing in mind their specific characteristics.
- South-South cooperation suffers from a deficiency of resources and insufficient capacities of institutions engaged in this type of cooperation.
- The international system needs to capitalize fully on the comparative advantage of South-South cooperation, in providing appropriate and cost-effective support and enabling peer learning.
- It should fully mainstream support for South-South cooperation in multilateral institutions programmes and increase funding for triangular cooperation. It is important to strengthen the United Nations as a democratic forum for political debate, as a possible broker for South-South and triangular cooperation arrangements, and as a system of organizations able to support such cooperation on the ground. The Special Unit for South-South cooperation has to be strengthened.
- It is important to assure that South-South cooperation sustains the principle of equality between partners and that mutual relationships and exchanges are equitable and respond to the needs of poor countries.
- There is also a need to invest more in regional/trans-border economic cooperation. South-South cooperation is often linked to regional or bilateral South-South standby loan, reserve currency, investment and trade agreements.
- South-South providers should develop their own ideas on how to assess quality and impact of their cooperation. Some speakers encouraged countries engaged in South-South cooperation to engage in the on-going work on effectiveness of South-South co-operation, in a depoliticized way.
- While South-South Cooperation should be transparent and of high quality, North-South cooperation practices should not be imposed on South-South cooperation, particularly the practice of aid conditionalities.
- Peer learning, knowledge sharing and exchange of experiences and policies on South-South cooperation should be encouraged. Important lessons can be drawn from South-

South cooperation in such areas as poverty alleviation, microfinance and addressing climate change.

- There is need to channel a greater share of development cooperation to building the capacities of decentralized governments to deliver basic services for the MDGs. Decentralized development cooperation is seen to be close to people and responsive to needs. Networks of local governments should be harnessed in support of south-south cooperation.

6. Finally, the DCF should:

- Strengthen its work on policy coherence by identifying best practices for policies which go “beyond aid” to cover all aspects of MDG8, and for aid to promote wider finance for development.
- Continue to conduct regular assessments of trends in development cooperation (especially quantity, allocation, and quality), and of progress on mutual accountability and transparency, including peer learning among development cooperation actors.
- Promote cooperation for sustainable development, especially in Least Developed Countries.
- Advise on alternative pathways to development and on integrated development policies aimed at moving beyond aid dependence.
- Enhance its role in the development cooperation architecture as the legitimate apex for policy dialogue and norm setting.
- Continue to strengthen the multi-stakeholder nature of its consultations and analysis.

Preparing for the 2010 Development Cooperation Forum

Background

ECOSOC convened the first biennial DCF in July 2008. This first DCF established ECOSOC as a principal forum for multi-stakeholder dialogue on international development cooperation at global level. The Doha Follow-up Conference on Financing for Development which was held on the heel of this first DCF in November/December 2008 emphasized the importance of the DCF as the focal point within the United Nations system for holistic consideration of issues of international development cooperation. It recognized the efforts of the forum to improve the quality of ODA and to increase its development impact.

Preparing for the 2010 DCF

Following the first DCF in 2008, the global economic landscape has changed dramatically. A confluence of crises has threatened to derail the development process. Yet there are stories of progress, and the MDGs can and must be achieved. Accountability on commitments made and a focus on turning pledges into implementation are key, if acceleration of progress is to happen. In this new landscape, the DCF continues to have a unique value as a universal and authoritative forum where the various stakeholders can come together to promote and improve development cooperation.

Against this backdrop, the overarching objective of the 2010 forum was to promote dialogue among all key development cooperation actors to produce agreement on priority issues for action to advance the implementation of commitments on international development cooperation.

To this end, the DCF examined recent trends in development cooperation and the impact of the current crises. The preparations also focused on mutually reinforcing activities to promote national development and the achievement of MDGs in three areas: (i) policy coherence (ii) mutual accountability and aid transparency; (iii) South-South and triangular cooperation. Special attention was given to issues of quality and impact of aid in the area of gender equality and the empowerment of women.

Some of these are areas where the voice of developing countries and other stakeholders has not been sufficiently heard. To build a more inclusive understanding on these issues, a concerted effort was made to strengthen the role of the DCF as a balanced and inclusive framework for global policy dialogue on development cooperation.

Preparatory activities consisted of a series of independent comprehensive analytical studies which served as inputs to high level symposia and other meetings. The studies and meetings were designed to facilitate a comprehensive, multi-stakeholder dialogue processes

Asia Pacific Regional Forum (October 2008)¹

A Regional Forum was co-organized by UN-DESA with the United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP) and the support of the Government

¹ <http://www.un.org/en/ecosoc/newfunct/dcfapr.shtml>

of Japan, in Bangkok on 21 and 22 October 2008. The forum concluded with a joint statement reiterating the growing importance of South-South and triangular cooperation in the Asia-Pacific region. One key message was that all partners should scale up and replicate experiences in triangular cooperation in the region, and share them with other regions. Developing effective, nationally-owned and inclusive monitoring and evaluation systems was seen as important to understand the impact of South-South and triangular cooperation. In this vein, participants underscored the growing need for strengthened data collection and analysis, for example through national coordination agencies. The important role of the UN System in actively supporting South-South and triangular cooperation at all levels was reiterated. The DCF was also seen to have a role to identify best practices and keep the UN system focused on mainstreaming South-South and triangular cooperation.

Vienna High-Level Symposium on accountable and transparent development cooperation: towards a more inclusive framework (November 2009)²

Background

The first High-level Symposium to prepare for the 2010 DCF, organized jointly with the Government of Austria, took place in Vienna on 12 and 13 November 2009. The Vienna Symposium focused on the theme of “Accountable and Transparent Development Cooperation: Towards a More Inclusive Framework”. It brought Southern and Northern policy-makers together with civil society, parliamentarians and local governments.

Mutual accountability is a process by which two (or multiple) partners agree to be held responsible for the commitments that they have voluntarily made to each other. The symposium discussed key challenges in making mutual accountability mechanisms more effective at the global and at the country level and possible common principles in mutual accountability and aid transparency. The discussions also identified steps to strengthen global and national mutual accountability mechanisms as well as to improve information sharing and make aid more transparent. The Vienna High-level Symposium also had a first exchange of views on the upcoming work of the DCF on South-South development cooperation and on policy coherence.

Key policy messages

The following key policy messages emerged from the Vienna High-level Symposium:

Making Development Cooperation More Accountable and Transparent

- (a) More effective systems of accountability and transparency in development cooperation are needed at national and international level to encourage more timely delivery on commitments
- (b) To ensure systematic and practical behaviour change in development cooperation policies and practices, efforts should be made to strengthen a sense of *mutuality* in the complex accountability relationships between all providers and recipients of aid. This would respond to the needs of programme countries to monitor provider performance. It would also assist them in their efforts to strengthen accountability mechanisms or create new ones that draw on national development priorities.

² <http://www.un.org/en/ecosoc/newfunct/dcfvienna10.shtml>

(c) The effectiveness and credibility of a mutual accountability mechanism depends on the existence of an agreed national development and/or aid policy with clear objectives and performance targets, including on gender-specific issues. Regular and well-informed consultative processes at a high political level are critical to agree on programmes of action and indicators for monitoring and evaluation.

(d) The creation of effective and nationally-owned accountability mechanisms depends on the full recognition of the role of oversight bodies, in particular national parliaments, and their early involvement in decision-making processes. Participation of civil society organizations is also essential. They should be seen both as advocates and as development partners to be held accountable.

(e) The lack of technical and institutional capacity among all stakeholder groups is a common obstacle in developing well-functioning mutual accountability mechanisms. To further empower government agencies as well as parliaments and civil society, predictable resources are required to strengthen technical expertise, notably in fragile and aid-dependent states.

(f) As transparent information on aid is required for all stakeholders to make well-informed decisions in development cooperation, significant effort should be made to provide high-quality and consistent information on aid flows, agreements and policies with a special focus on qualitative information from all providers on priorities, conditionalities, tied aid and impact.

(g) Regional initiatives and platforms are critical in lending impetus to national efforts to adopt workable mechanisms to assess aid delivery. If resourced adequately, they can provide important space for evidence-based regular dialogue on national experiences and the definition of flexible principles for more accountable development cooperation.

(h) Global mechanisms need to be strengthened to promote more systematic change in development cooperation behaviour. This can be done by ensuring representation of all stakeholder groups and the inclusion of independent mechanisms into official ones.

(i) The DCF needs to further develop and refine guiding principles and performance targets for mutual accountability and aid transparency for consideration by all stakeholders in accordance with global targets on aid quantity and effectiveness.

(j) Starting in 2010, the DCF will conduct an independent and comprehensive review of mutual accountability in close collaboration with UNDP and engagement of OECD-DAC.

Strengthening South-South and Triangular Cooperation

(a) South-South cooperation should not be seen as a way to compensate for the potential decline in North-South cooperation;

(b) Equal importance must be given to supporting and promoting South-South cooperation, including through triangular cooperation;

(c) Information on South-South cooperation should be improved as a way to increase awareness and understanding about the scope and role of this type of cooperation;

(d) While developing a common definition and improving data on South-South cooperation is desirable, it must be borne in mind that South-South cooperation cannot be analyzed using the same criteria as North-South cooperation;

(e) The principles of the Paris Declaration on aid effectiveness and the Accra Agenda for Action are an important reference for South-South cooperation.

Policy Coherence

- (a) Aid front-loading is key to the success of policy reforms aiming at mobilizing financing for development;
- (b) Policy Coherence is closely linked to the DCF mandates and should be on the Forum's agenda;
- (c) The DCF is poised to address some missing dimensions in the current "Policy Coherence for Development" agenda, including donor-recipient coherence;
- (d) Donors should adjust their focus on technical cooperation and capacity building towards more emphasis on infrastructure and productive sector development in order to create an enabling environment for generating financing for development;

DCF Global Preparatory Meeting, New York (April 2010)³

Background

The Global Preparatory Meeting for the 2010 High-level Segment of ECOSOC discussed the expectations for the second biennial DCF. The event began with a briefing on the preparations for the forum as well as an update on the outcome of the Vienna High-level Symposium. Participants were also informed on the upcoming Helsinki High-level Symposium.

Discussions reiterated the importance of the DCF as a multi-stakeholder platform for frank dialogue on international development cooperation with participation of all relevant actors. Participants also underscored the expectations they place in the forum as a leading platform in the aid and development effectiveness debate. Special emphasis was placed on the role of the DCF as a global forum for accountability and policy coherence in development cooperation.

Helsinki High-Level Symposium on coherent development cooperation: maximizing impact in a changing environment (June 2010)⁴

Background

The second High-level Symposium to prepare for the 2010 DCF, organized jointly with the Government of Finland, took place in Helsinki on 3-4 June 2010. The goal of the event was to promote pragmatic solutions to make development cooperation more coherent. Against the backdrop of multiple crises, it aimed to foster discussions among a wide range of stakeholders on issues that can significantly improve the impact of development cooperation on the internationally agreed development goals, including the MDGs.

The Helsinki High-level Symposium highlighted ways to promote Policy Coherence for Development to ensure synergies between development objectives and other policies. The challenges in building coherence in the range of policies affecting development are multifaceted. Stakeholders shared experiences on how different policies can have a significant impact, either positive or negative, on development.

The Helsinki High-level Symposium also highlighted the significant role of foundations, civil society and the private sector in development cooperation. This raises the question of how to ensure coherence in their work. The symposium also discussed the positive impact that national mutual accountability mechanisms can have on effective aid delivery and development

³ <http://www.un.org/en/ecosoc/newfunct/2010dcfgpm.shtml>

⁴ <http://www.un.org/en/ecosoc/newfunct/dcfhelsinki10.shtml>

partnerships. It promoted a more concerted effort in achieving gender-related development goals. It identified key elements that need to be present in national and development cooperation strategies to achieve a greater impact on gender equality and women's empowerment.

Key policy messages

The following key policy messages emerged from the Helsinki High-level Symposium:

- (a) It is increasingly recognized that policies in all sectors and areas should be coherent with development objectives. "Non-aid" policies have an enormous, underdeveloped potential for contributing to the Millennium Development Goals.
- (b) Policy coherence must be promoted within and between donor countries, between donors and recipients and within recipient countries.
- (c) The existence of a strong nationally-owned development strategy is an important factor enabling alignment and coherence among donor/provider countries. Policy space and the capacity to implement national development strategies are thus essential to foster policy coherence in programme countries. Simplifying aid delivery channels, increasing predictability and flexibility of aid, and using country systems also bolster coherence in development cooperation.
- (d) In many countries, development prospects are hindered by incoherencies in the area of trade policies, as well as between the trade and financial system. Coherence between aid and other flows of finance must also be enhanced. For instance, ODA should be used to strengthen tax systems and address the skewed distribution of Foreign Direct Investment flows. Coherence should also be strengthened within the global economic governance architecture.
- (e) More evidence should be collected on the impact and the cost of policy incoherencies affecting development.
- (f) In the current fragmented aid environment, national ownership and leadership are more relevant than ever. Better coordination and partnerships among civil society organizations, foundations, local governments and other development cooperation actors are critical to reduce duplication of efforts and ensure sustainable development assistance. The DCF should serve as a forum to promote such partnerships, including among foundations.
- (g) There is a need to have a frank debate on why mutual accountability mechanisms still have not been able to change providers and recipient countries development cooperation behaviour on the ground. While the ingredients for effective accountability are increasingly evident, development results are still lagging behind. The definition of time bound aid targets under national leadership, sustainable capacity building and better involvement of relevant non-executive stakeholders in development planning and monitoring are key pillars to strengthen answerability vis-à-vis citizens and development partners.
- (h) The DCF has a role to discuss what has worked and not worked in mutual accountability, in particular in the context of the wider agenda for effective and coherent development cooperation. It is a platform where countries may be held accountable for progress in meeting their development cooperation commitments. It can also facilitate better coordination among other international mutual accountability mechanisms.
- (i) More needs to be done to ensure that women and men benefit equally from aid. While commitments are there and solutions are known, new laws, policies and strategies need to be enacted and concrete steps need to be taken to keep girls in schools, give women access to productive assets and leadership, improve reproductive health, use special temporary measures and protect vulnerable groups.

- (j) National statistical capacities need to be strengthened and indicators to track progress need to be formulated. Transparent information on the use and impact of gender-related aid and prioritizing gender equality concerns in national mutual accountability mechanisms are also critical to promote better development results. The importance of adequate resources and of an enabling environment with adequate space for civil society organizations can not be overemphasized in this regard.

Secretary-General's analytical background report

Following the consultative process conducted at the high-level symposiums and meetings and a range of analytical studies, the Secretary-General prepared a report to inform the debates of the 2010 DCF. The report identified key trends in development cooperation and put forward policy orientations for enhancing development cooperation towards the internationally agreed development goals (IADGs), including the Millennium Development Goals (MDGs).

- Since the last DCF in 2008, multiple crises have created numerous obstacles for the achievement of the internationally agreed development goals (IADGs), including the Millennium Development Goals (MDGs). For this reason the need for stronger and more effective development cooperation is greater than ever.
- Overall development cooperation is estimated to have exceeded US\$170 billion in 2009. Official Development Assistance (ODA) of DAC donors increased by 0.7% in real terms. This is in stark contrast with sharp falls in flows of FDI, trade and remittances.
- Non-DAC sources of financing such as South-South cooperation (SSC) and private philanthropy have risen sharply. South-South Cooperation has great potential in complementing North-South cooperation. It increased to \$US16.2 billion in 2008, up from around \$US10 billion in 2006.

Recommendations for better development cooperation:

- ODA remains central for the timely achievement of the MDGs. All OECD-DAC providers should be encouraged to set ambitious targets for 2015 and put in place five-year plans for scaling up disbursements.
- The funds generated by foundations and private philanthropy, which have risen to nearly 1/5 of the global development cooperation flows, must be tapped. Innovative financing mechanisms are also highly promising. However, better monitoring and more alignment with the MDGs is required.
- Gaps in financing can be better bridged if aid is effectively used to leverage other forms of development financing. The DCF can lead the process to develop principles and best practices for this.
- Geographical aid allocation remains largely performance-oriented rather than needs-based. Since 2006, the positive trend in the proportion of aid going to low-income countries has reversed, falling from 67% to 61%, coupled with the declining share of vulnerable country groups in development cooperation.
- Asymmetries in sectoral allocation continue to prevail notwithstanding the regained focus on productive sectors, with resources being shifted away from education and health. Measures must be taken to balance the skewed sectoral allocation and reduce earmarking of specific initiatives, while respecting national priorities.
- With relatively little progress on policy coherence for development, more impact analysis and systematic political engagement by OECD countries is required. Programme countries

must engage fully on “beyond aid” policies in partnership with developed countries in order to adequately address all aspects of MDG8.

- It is critical to have country ownership of national development strategies that will help developed and developing countries engage fully towards greater aid effectiveness.
- Mutual accountability and transparency between provider and programme countries and between governments and civil society needs to be strengthened. Providers must commit to individual targets to improve aid quality in each programme country, giving priority to country groups that are lagging behind on progress towards the internationally agreed development goals (IADGs).
- Mutual accountability processes need to be led by programme country governments with engagement of parliaments and civil society organizations. It is critical to ensure that such processes change actual behaviour on the ground.
- Improvements must also be made by programme countries in public financial management, procurement and evaluation

Despite the setbacks experienced in the fight against poverty due to the global economic crisis, the developing world is still on track to meet a key U.N. goal of halving the number of people living on less than \$1 a day by 2015. This offers hope, and as such it is the time for immediate action, as losing this momentum in the fight against poverty will amount to a failure of development cooperation which the world can ill afford.

2010 Development Cooperation Forum

Hamidon Ali: “The forum as a global mechanism to promote mutual accountability.”

In opening the DCF, the President of the Economic and Social Council raised serious concern about the impact of the multiple crises on development cooperation. He stressed the heightened importance of aid and other development financing in ensuring progress towards the MDGs. Aid quantity and quality commitments need to be translated into action, irrespective of the reduction of Gross National Income in donor countries. To have the expected impact, mutually supportive national policies on trade, debt, investment, technology, climate change, food security, migration and systemic issues need to be well in place. The impact of all relevant development cooperation actors – including Southern providers, foundations and civil society organizations – needs to be maximized.

At a time when crises still threaten development, the DCF has an even greater role to play.

Against this backdrop, stakeholders should use the Development Cooperation Forum in its capacity as a global mechanism to promote mutual accountability. The forum also provides a unique opportunity to enhance the effectiveness and coherence of development cooperation as a major signpost for those regions and groups most in need for help, but also for countries with pockets of poverty and those in fragile and post-conflict situations.

The forum has four key assets: (i) It is a well-recognized platform for frank policy dialogue on key challenges in international development cooperation; (ii) It managed to have multi-stakeholders impact on global debate on development cooperation by raising issues of common concern to help rectify imbalances in aid relationships; (iii) It has moved towards facilitating a process of developing principles for enhanced development impact, for example for mutual accountability in development cooperation and gender impact; and (iv) It promotes

peer-learning and exchange of lessons learned in formulating, supporting and implementing national development strategies.

Sha Zukang: “We can not control the anxiety and austerity of these times, but we can strongly encourage commitments to promises made.”

The Under-Secretary General for Economic and Social Affairs encouraged stakeholders to develop concrete, actionable ideas at the DCF to help recover lost ground in achieving the MDGs. The substantive consultation process leading up to the 2010 DCF has mobilized quality contributions from multiple stakeholders. It has covered a wide scope of issues, ranging from aid quantity commitments to progress on policy coherence, the impact of the recent global crises, aid allocation practices and mutual accountability mechanisms.

With mixed progress on aid quantity and quality issues, coherence, accountability and transparency continue to gain even more importance in development cooperation.

Development aid rose in 2009 and many donors are expected to meet their targets for 2010, despite global anxiety and austerity. Nonetheless, other donors are struggling and fall short of global commitments. There are dangers that pledges made to Sub-Saharan Africa may be reneged upon. Ever greater mutual commitment is needed.

Some non-DAC countries – many of which themselves developing countries – play a critical note in delivering support to some of the poorest countries. Foundations, private charities and civil society organizations also provide growing shares of development cooperation.

Programme countries need guidance and technical assistance from donors in creating and improving accountability mechanisms and procedures. More and better aid information is needed to serve as a “compass” that helps improve aid performance, and as a basis to pledge larger commitments. In addition, it is urgent to ensure high standards for international accountability mechanisms, conduct annual assessments of progress in mutual accountability, establish a focal point to share best practices and secure full funding for the most useful mechanisms.

But aid alone is not sufficient. It must be supported by coherent aid policies. Harmonization of aid and non-aid policies is a pre-requisite for greater coherence. While many OECD-DAC Member States have introduced legislation aimed at better coherence, overall progress is delayed, with few members having mechanisms for resolving policy conflicts or dedicated policy coherence units.

Andris Piebalgs “Official development aid does make a difference when used as catalyst, as a seed to boost growth.”

The new basis for Europe’s development policy, the Lisbon Treaty, was at the centre of the intervention of the European Commission’s Commissioner for Development, Mr. Andris Piebalgs. With poverty eradication as its primary policy objective, the Treaty introduces stronger coherence between the European Union’s foreign and development policy. It makes a European External Action Service the cornerstone of a more visible European foreign policy with a strong development component.

While committed to 0.7% of GNI to ODA, it is imperative to squeeze the maximum effect out of every Euro spent on ODA.

Institutions and legal provisions need to be backed up by policy and political commitments. European citizens are strongly committed to this. Since the adoption of the MDGs, EU development assistance has doubled, and now makes up approximately 60% of global ODA.

The Commissioner reaffirmed the political commitment to reach the ODA target of 0.7% of GNI for 2015 and to measure progress at country level annually. Due to the limitations on

budgets, it will be critical to achieve the maximum with the funds available. However, with the right policies, strong local political commitment, international support and adequate quantity and quality of investment, the MDGs are achievable, including in LDCs and fragile states.

Development policy is a catalyst for employment and economic growth. ODA can make a particular difference when used to boost new markets and industrial activity, promoting an increase in developing country GDP. Increasing blending grants and loans for large scale regional projects and public private partnerships are significant elements to stimulate growth. Making optimal use of innovative sources of finance and mobilizing domestic revenues is also key for growth.

The EU concentrates on the fundamental prerequisites to get people to the "first ladder of development".

A new paradigm of development policy requires clear parameters for input and output of delivered aid and less fragmentation. Good governance is one pre-requisite for development. It is critical in order for the international community to go beyond poverty management to poverty alleviation. Genuine political will and strong partnerships between donors, recipients and institutions are needed to find workable mechanisms to deliver development results.

Donors should all be held accountable for aid commitments; developing countries for development results and aid management. The EU is also ready to embrace triangular cooperation and views North-South and South-South cooperation as complementing each other for the successful implementation of the MDGs.

Yi Xiaozhun: "Give priority to those developing countries with the least capacity to recover on their own."

The Chinese Vice-Minister of Commerce discussed the new challenges placed on developing countries by the financial crisis and the significance of the DCF in facilitating steps towards the realisation of the MDGs.

"The DCF is of great significance in helping UN member states to take stronger and more specific steps to facilitate the realization of the MDGs through intensified development cooperation."

The Minister focused on challenges in international development cooperation from the perspective of China's own development experience and its current substantial development challenges. Over the past 30 years China's efforts in reform and opening-up have been greatly facilitated by international development cooperation. Its experience also shows that effective utilization of resources and international best practices can help developing countries to accelerate their development process.

China is both a strong supporter for and an active participant in South-South Cooperation, which is viewed as a centrepiece of development cooperation since countries at similar levels of development can better appreciate each others' needs. It also supports "beyond aid" policies by integrating trade, investment, technology transfer, capacity building and other elements into development policies.

China believes that it is better to help countries build long-term sustainability than to resort to short-term interventions and be overly dependent on foreign aid.

Lessons learned by China to promote development include: (i) providing non-politically conditioned assistance to improve local livelihood; (ii) increasing imports from LDCs, to enhance their productivity; (iii) providing incentives to Chinese companies to invest in developing countries; and (iv) building capacity through training in areas of expertise.

In response to the impact of the multiple crises, the international community should prioritize countries that are hardest hit and have the least capacity to recover on their own. Developed countries should establish a clear timetable to meet their ODA commitments, including their commitments to the Monterrey Consensus. They should also consider duty/quota-free agreements with LDCs. Development partners should also further emphasize capacity building and technology transfer as an important macro-level strategy.

Paavo Väyrynen: “The DCF is a suitable framework to discuss a new “humanity policy.”

The Finnish Minister for Foreign Trade and Development placed emphasis on sustainable economic development as the main contributor to poverty reduction. Policy makers need to rethink how welfare can be created in a more ecologically sustainable manner. A thriving private sector, domestic and foreign investments and trade are key elements contributing to inclusive growth, complemented by effective national poverty reduction programs.

Sustainable development provides the comprehensive framework for coherent and effective development.

Ecological sustainability must be built into a new economic model. Effective measures to reduce greenhouse gas emissions and strong financial support for both climate change mitigation and adaptation in developing countries require ambitious and binding agreements. National ownership is essential to address the social dimension of sustainable development as a basis for effective poverty reduction measures. The EU-US agreement will strengthen their cooperation in reducing poverty and in promoting sustainable development.

In the context of policy coherence for development, the Minister referred to his proposal that the EU create a global strategy for its external policies, linking trade, climate, financial, environmental, foreign and security policies into its development policies. This is based on the comprehensive approach to development of the Rio Conference and would enable the EU to take a global leadership role in this regard.

A comprehensive approach linking development and environment has been lost since Rio. Environmental policies have been split into several separate processes. A “Humanity Policy” could be developed to respond more effectively to interlinked crises and the nature of global problems. Such a policy would outline strategies, goals and needs at national and regional level and dovetail them into coordinated and common policies, and be based on common values and interests.

The DCF is a suitable forum for discussions of a new “humanity policy”. The G20 could be the institutional framework for it.

The embryonic institutional framework for such a policy already exists in the form of the G20. It would need to be reformed and linked into the official global institutions. In view of the Rio+20 conference, Mr. Väyrynen repeated his call from 1992 to set up a UN Council for Sustainable Development, this time transforming the G20 into such a UN body responsible for economic, social and environmental affairs. The DCF could be the forum to discuss this future humanity policy.

High-level policy dialogues

Policy Dialogue 1

Promoting greater coherence: how can all policies be geared towards development goals?

Reforming the policy environment for greater coherence

To produce better development results, international development cooperation needs to be reinforced by policies geared towards supporting national development priorities and accomplishing the MDGs. There is a broad agreement about the importance of such “policy coherence” with development objectives uppermost.

It was said that policy coherence can only be achieved with significant reform of the existing global governance architecture, including in financial markets, trade, foreign direct investment and debt. Such reform must engage all development actors, including the marginalized populations, and ensure coherence across international institutions and policies. Reformed structures should achieve a vision of international development cooperation that goes beyond aid delivery processes and focuses on development effectiveness and the concepts of solidarity and partnership.

Civil society organizations called for a more holistic approach to multilateral decision-making, with human rights, solidarity, gender justice, social justice, responsibility and mutual accountability as its guiding tenets. Some representatives emphasized that policy coherence needs to move to a rights-based approach to development that encompasses aid and development cooperation, and the full range of other policy areas such as trade, finance, investment, climate and energy.

Effective policy coherence requires a more enabling overall governance framework, building on a rights-based approach to development.

Coherence of policies must be looked at in various contexts. There are at least four areas of concern: (i) coherence between development cooperation and other policies; (ii) coherence within development cooperation programmes of several donors; (iii) coherence of aid and non-aid policies across all provider or recipient countries; and (iv) coherence or alignment between provider policies and programme countries’ development strategies.

Policy coherence for development

There has been much discussion on policy coherence for development (PCD), i.e. coherence between development cooperation and other policies, such as trade, migration, security etc. PCD has gained even greater importance in the current economic climate. Incoherent policies clearly have large costs for poor countries and lead to wasteful use of taxpayers’ money in donor countries. This dialogue on PCD has been led by the EU and the OECD-DAC. It has resulted in a reform process, including within the OECD.

Yet, much more needs to be done in donor countries to introduce effective national mechanisms to ensure coherence between development and other policies. Stronger political leadership is urgently needed, in particular to balance different interests between and within government ministries. There also has to be more analysis and better monitoring of progress in implementing reform and in aligning policies with political commitments on development cooperation. Institutional change may not guarantee fully coherent policies, but long-term strategic investment in better policies is the only way to achieve better development results.

The voice of developing countries, civil society organizations, parliaments and many other development cooperation actors has not been sufficiently strong in the dialogue on PCD. Civil society organizations called for evaluating existing policies to ensure that they do not undermine development as a shared responsibility among nations and development actors.

More inclusive and balanced dialogue on policy coherence at global level, especially on issues of concern to developing countries.

It was underscored that migration, trade and finance are the policy areas that need the greatest attention at the international level. For example, it was said that no global dialogue framework for migration exists and that ECOSOC should create a special commission to fill this void. The international trading system is fragmented and dominated by bilateral agreements, and the role of trade as a global growth engine has been seriously harmed. The composition of South-South trade will be particularly crucial to reintroduce a dynamic element in international trade.

Many developing countries have undergone financial reform in response to the Asian crisis and the debt crisis in Latin America. Yet, issues of cross-border financial flows and capital account volatility have not been addressed adequately by all stakeholders at global level. The same is the case with regard to the reform of the global monetary system and making the Special Drawing Rights (SDR) of the IMF the main international reserve currency. Also, the capitalization of multilateral development banks (MDBs) needs to be increased as it is a main source of finance for many developing countries and an essential instrument of global counter-cyclical policy. This is important to ensure that MDBs can effectively support developing countries during crises and shocks.

Policy coherence in developing countries

Developing countries often struggle to make best use of various incoming development financing, such as ODA and FDI. Their experience shows that the formulation of a clear national development strategy based on priorities and needs is critical to anchor policy coherence. All strategic plans and programmes feeding into the national strategy have to be developed by the government, in partnership with all stakeholders including civil society organizations. Enhanced leadership and ownership of the government in development planning is vital. It was said that the central government is usually best placed to evaluate whether a policy makes sense or not, and whether it supports the country's unique circumstances. Statistical evidence from external actors may not always be the key to setting priorities right.

Country ownership and a democratic assessment of needs is key for coherent policy making and growth-based development.

Identifying obstacles to development, such as low competitiveness, poor infrastructure and lack of quality human resources, can help to make decisions on how to achieve the MDGs. In general, as the case of Rwanda shows, it may be good for the government-led strategy to focus only on a few key priorities. Development cooperation should generally serve to support innovation in these key areas.

In many developing countries special emphasis is placed on how to accelerate economic growth and increase per capita GDP in the context of unstable international and domestic socio-economic conditions. Central governments try to mobilize domestic and overseas resources and at the same time to secure a stable policy environment, security and social order. Governments try to gain the trust of the markets and to trigger investment by reforming public administration, notably by strengthening public financial management (PFM) systems to reduce corruption and ensure that public funds are well utilized.

Effective PFM systems should be better utilized by donors to enhance transparent and coherent policy implementation and boost local economies.

While many countries have made progress in demonstrating that public funds are managed effectively, a lot of aid money is still channelled outside national systems, which may interfere

with the priorities set in the national development strategy. External actors need to be held accountable for such a practice, also vis-à-vis recipient country parliaments.

Using aid to leverage domestic resources is becoming increasingly important. While recognizing the importance of aid as a pro-poor resource, developing country representatives underscored that aid should more directly support a pro-growth approach. This is critical to help developing countries overcome dependence on aid and to strengthen the mobilization of domestic resources, such as through the establishment of a robust tax base.

Use aid to leverage domestic resources, while recognizing its pro-poor purpose.

Several developing countries work towards establishing a division of labour among their development partners. In many countries, the government receives conflicting advice from the multiple international partners, including global funds and programmes. This has resulted in inefficiency and waste of resources. Rwanda, for example, has called on the international community to build on national efforts and establish a framework for a division of labour at the global level as well.

To avoid inflation and to stabilize macro-economic performance, financial and monetary policies have to remain flexible. At the same time, special policies to support the poor and marginalized groups are almost always necessary to reduce the impact of price increases and inflation.

The Government of Vietnam used stimulus packages to support economic development including by subsidizing credit, introducing tax exemption/reduction and encouraging support to boost demand for consumption and investment. At the same time, it continued to implement policies for ensuring social security, employment generation, and poverty reduction. The country also strengthened global partnerships to attract external resources, mainly ODA and FDI. Based on the considerably high growth rate (2006-10: 6.9%) and per capita GDP (1.200 US\$ in 2010), Viet Nam managed to achieve most MDG goals early.

Policy Dialogue 2

Accountable and transparent development cooperation: how can we build more equal partnerships?

Mutual accountability to achieve the MDGs

Without rapid progress in setting up mutual accountability mechanisms on development cooperation at national level, the pressure to cut ODA will quickly hamper prospects for reaching the MDGs. This is why mutual accountability mechanisms on development cooperation are extremely important and need to be implemented in all countries. This will increase pressure for donors to develop targeted and time-bound plans of action with a gender perspective. It will also encourage programme country governments to work much closely with elected representatives, local and national civil society organizations, media and other partners to establish open and transparent policies and mechanisms to monitor how development cooperation is sourced, spent and evaluated.

There is strong evidence that mutual accountability and aid transparency improve the delivery of aid. They are important to improve results, achieve the MDGs, empower citizens and change power dynamics with direct effect on development cooperation behaviours on the ground. They also help to understand what development strategies do or do not work.

Trust of development actors needs to be reinstated urgently by implementing robust mutual accountability systems at country level.

Yet, despite its potential, mutual accountability remains the least understood and most poorly applied principle of the Paris Declaration. Accountability relationships between governments, parliaments and civil society do not function well or are sometimes inexistent. In most countries, national systems are inadequately used. Most countries do not have aid strategies with clear targets. In countries with mutual accountability mechanisms the level of trust among actors continues to wane because of a general lack of impact on donors' development cooperation behaviours.

There is broad agreement that mutual accountability can effectively rectify imbalanced aid relationships and thereby lead to more effective aid management and delivery. Broad-based and open dialogue and peer learning structures, political commitment at the highest level and clear yardsticks that are anchored in national aid strategies are critical pre-requisites to strengthen aid delivery, alignment and harmonization; enhance predictability of aid flows and improve development results with reduced costs.

Governments of programme countries have to be accountable to their citizens while providers need to support them and strengthen capacity development through financial and technical cooperation based on an agreed division of labour.

Aid transparency as a primary tool for mutual accountability

More transparent national budgets and better information on aid spending are the basis for mutual accountability. Easy access to timely aid information was seen as essential by many participants. There are however major shortfalls such as the inability to track how aid is benefiting women or separate the benefits of ODA from that of other development cooperation. Civil society also warned that the trend towards more value for money may lead to a rush for results on aid transparency: rather, it would be good to establish a good base line for data and continue to measure aid characteristics, even where this is difficult.

Long-term investment in robust aid data is the basis to hold others accountable.

Many participants supported international initiatives, in particular the International Aid Transparency Initiative (IATI), which aims at agreeing on core standards for aid transparency among all stakeholders. Civil society encouraged donors to realize the norms and commitments of the IATI process and agrees on a strong code of conduct under this initiative.

The role of parliaments is important in strengthening transparency. Building parliamentary capacity to better understand the complex technical aspects of relationships with donors is critical. Building such capacity was said to be complicated as the aid machinery is driven by the executive branches of government. The level of involvement of Members of Parliaments in pre-budget session committees also has an impact.

Reinforcing accountability activities at all levels

Participants underscored that mutual accountability is best exercised at country level, and in sectors where aid is particularly efficient, such as health or water. It is at this level that concerns for the accountability of providers and recipients become most evident. Mutual accountability mechanisms should result in a set of country-principles based on national development goals and strategies. This would be the basis for sharpened scrutiny at country level. For example, Tanzania's Independent Monitoring Group has been influential to enhance aid relationships and place all relevant actors under the same framework. A Joint Assistance Strategy was intended to ensure that results are achieved in line with aid effectiveness principles.

Greater progress to institutionalize and interlink MA mechanisms at all levels is key.

Mechanisms at the regional level, such as the African Peer Review Mechanism (APRM) and NEPAD could also be drivers of change, while international mechanisms were still viewed as one-sided and without significant impact on behaviour of providers in many cases. The process of agreeing on principles at global level requires greater input from what works at the country level. Yet, there is great need to take a comprehensive look at the situation regarding mutual accountability at all levels, including through a regular independent report of the DCF. The call made in the G8 Accountability Report for more progress in implementing mutual accountability was also welcomed.

Some countries highlighted that mutual accountability should be used to ensure greater oversight over ODA pledges at global level. In this context, civil society urged to establish a mechanism to observe to what extent aid pledges are kept and are consistent with international and human rights law. It also suggested the establishment of a task force to review the work of the High-level Dialogue on Financing for Development (FfD).

Others supported the Secretary-General's suggestion to set up a global registry of MDG commitments with focus on results. It was welcomed that the European Commission's MDG Report analyses how mutual accountability mechanisms can help achieve the MDGs.

Several countries encouraged the DCF to further facilitate multi-stakeholder discussions on mutual accountability and to encourage actors engaged in South-South cooperation to strengthen peer learning processes in this regard. The UN is the legitimate space to promote mutual accountability frameworks that are less biased and imbalanced and to better address tied aid and aid predictability.

All providers and recipients should engage in adequate assessment exercises.

In the context of building more accountable aid relationships, several stakeholders were in favour of broadening the agenda of development cooperation from "aid effectiveness" to "development effectiveness". This was however seen as controversial among civil society organizations, because it is feared that this may shift attention away from ODA levels. Still, all stakeholders felt that it was important to develop a new paradigm anchored in sustainable development and based on accountable institutions. This could be done on the occasion of the Rio+20 conference.

Parliamentarians and civil society organizations as part of the equation

Several DAC-donors presented their initiatives in involving stakeholders at the policy level and in publishing government contracts and information on aid activities to ensure parliamentary scrutiny. Yet, some recipients voiced concern about the inadequacy of information and stakeholder involvement, with one delegate suggesting to channel long-term aid funds through a trust fund for better transparency of flows.

This pointed to the continued lack of trust between stakeholder groups. To exercise oversight more effectively, the role of national parliaments in ensuring mutual accountability in programme and donor countries was viewed as essential. Together with civil society organizations, they can fill gaps and democratic deficits to ensure more participatory development processes. For example, parliamentarians mentioned the need for special efforts to integrate the gender dimension of development and to promote accountability in post conflict or post disaster situations, where actors at the district level should be strengthened.

Non-executive stakeholder groups need to be empowered to influence oversight and sustain analytical capacities.

Yet, parliaments and civil society organizations suffer from lack of access to aid information and decision-making procedures. This is also partly due to the lack of analytical capacity to engage in complex technical aid management procedures and negotiations. A more enabling

environment is needed, in particular for national coalitions and civil society organizations networks to engage more effectively in peer exchange processes and in mobilizing community participation, including at the global level. National audit institutions also need further support, for example through initiatives such as the international organization of supreme audit institutions (INTOSAI), which trains and builds capacity for members of parliaments and supreme audit institutions in public financial management (PFM) processes.

International mutual accountability

Some participants stressed that international efforts to review performance of providers and recipient countries did not significantly impact donor behaviour or rectify accountability relationships. As a consequence more immediate value was attributed to national and regional mechanisms. Yet, others emphasized the importance of international mutual accountability mechanisms to bring together information on status and progress of mutual accountability processes at national and regional levels and to discuss good practices to influence donor behaviour. In this context it was suggested that global monitoring of donor and developing country government commitments should be multilateral, independent, open, accessible, and actively seek parliament's role and grassroots feedback. In this sense, civil society felt that the DCF may be the appropriate forum for a broader discussion on accountability and transparency in development cooperation. But this role should not be limited to organising debate around high level meetings, and should have a stronger involvement of civil society. In this regard, efforts to bring together all major global and regional mutual accountability mechanisms, including independent reporting bodies, could be pursued in preparing the 2012 DCF.

Policy Dialogue 3

South-South, triangular and decentralized cooperation

South-South cooperation as part of a new multi-polar order

The dramatic changes in the context of globalisation have had major impacts at global and regional levels. Those include an increasing variety and number of actors, a shift of power and the emergence of a new “multi-polar” order. South-South cooperation is an expression of South-South solidarity that has proven its relevance. It has increased rapidly and makes a vital contribution in meeting development challenges and objectives.

South-South cooperation has a unique potential to contribute to the MDG agenda.

With the multiple crises affecting economies worldwide, aid flows from traditional donors to recipient countries are increasingly under pressure. South-South Cooperation is becoming more important in world development cooperation flows. Yet the benefits of this type of cooperation go beyond the mere volume of funding it provides. It should not be seen as a replacement, but as complementary to North-South Cooperation, responding to what fits best in diverse country situations. By keeping North-South and South-South Cooperation distinct, the latter can be approached without the presuppositions that came with traditional aid.

A key characteristic of South-South Cooperation is the horizontal nature of its partnerships, particularly characterized by the absence of conditionalities and a high level of mutual trust and respect. This is seen to be linked with the fact that South-South Cooperation also encourages greater national ownership. Peace and management of public goods in a region may also benefit from South-South Cooperation. Civil society organizations emphasized that South-South Cooperation should adhere to norms and principles in the areas of human rights,

gender and social equality, decent work and prevention of corruption to avoid repeating the same failures as the current system of development cooperation.

In many cases South-South cooperation operates with limited resources. This may force partners to be more effective with the existing means, while in some cases the engagement in triangular cooperation is highly beneficial. This is particularly the case when South-South partners face a volatile funding climate.

Sharing knowledge to meet growing demands

Peer learning and demand-driven solutions play a key role in South-South Cooperation. South-South Cooperation is particularly strong in meeting specific demands from other southern countries. It is in the nature of this type of cooperation to be tailored to fit particular problems common to developing countries. In this regard, results of South-South cooperation are often innovative and should be more widely shared to increase joint learning and facilitate synergies. The United Nations has a role as a key broker for information exchange on South-South partnerships. The DCF can provide the ideal venue to develop new guidelines for this form of cooperation. It was said that it could play a central role in bringing South-South Cooperation into international formal and informal fora where development cooperation frameworks are being discussed.

The United Nations is a broker and catalyst for South-South development cooperation.

The potential for synergies and knowledge transfer were particularly emphasized as a main benefit of South-South Cooperation. It was noted that the growing body of good practices and other lessons learned should be systematized and shared internationally, through the platforms South-South cooperation provides for joint learning and knowledge sharing. The value of knowledge sharing seems to be even greater for both partners in light of the demand-driven nature of assistance and the likelihood of similarities between provider and recipient.

Some participants also encouraged new ideas and innovations to identify the most effective forms of international cooperation for sustainable development. Solutions have to reflect better the interests of all parties involved and have to move beyond traditional development policy. They will also be part and parcel of a broader understanding of development and its increased effectiveness.

Better information-sharing on South-South initiatives will promote awareness of innovative approaches and greater synergies.

Several delegates emphasized the need for more data and analysis of South-South initiatives, advocating for transparency of Southern providers. This would facilitate the spread of best practices while contributing to accountability. Representatives also stressed the importance of investing in regional and cross-border cooperation, including through regional networks and parliaments. It was underscored that more resources should be channelled to local governments (by increasing the share of aid channelled through local governments from 10 to 25%).

Policy Dialogue 4

Impact of multiple crises: allocating resources among competing needs

The global financial and economic crisis, which intensified in late 2008 – paired with increased food insecurity, volatile energy and commodity prices, and climate change – led to the most severe reduction in economic growth since the Second World War. The global economy is only gradually recovering from this unprecedented period of turmoil, with uneven progress across the board.

The impact of the multiple crises is hard-felt in developing countries, with only timid signs of long-lasting recovery.

Exogenous shocks continue to have a significant impact on development and development cooperation, even though many developing countries have shown remarkable resilience in navigating them. In particular, in light of the growing demand for development aid and new sovereign debt distress in some developing countries, a collective effort in bolstering a strong rebound is urgently needed. Civil society organizations urged Member States and other partners in development cooperation to initiate reforms to ensure that international development cooperation promotes sustainable change. Marginalized populations should also be central actors and owners of development.

Delegates reiterated that the impact of the financial crisis was most hard-felt by many low-income countries, though its roots were to be found mainly in the advanced economies. Countries in transition or countries with special needs suffered serious setbacks to their national development which slowed down the global progress towards the MDGs. Estimates suggest that an additional 53 million people will live in absolute poverty in 2015 compared with the pre-crisis trend. In addition, it can be expected that countries are likely to face more recurrent shocks in the future.

Crisis response and prevention at country level

A key lesson from the global financial crisis that emerged late 2007 and the rapid spiraling of food and fuel costs during the preceding year was that countries with sound macroeconomic management and institutionalized safety net programmes in place were better able to cope than those that continued to rely on assistance from donors. They also managed to keep foreign investors interested in their markets.

Nationally-owned and sound policy making with a focus on vulnerable populations can help absorb the worst effect of external shocks.

While national efforts to promote inclusive economic growth and domestic resource mobilization to strengthen social safety nets were said to be equally crucial, the dependency of many countries on external support continued to grow. At the same time, the scope for expansionary fiscal policies and counter-cyclical policies for financial stability at the country level has been severely constrained in many cases by a lack of resources and continued conditionalities for accessing international funds.

Mobilizing domestic resources, innovative sources of financing and tapping into resources such as remittances were viewed as even more important in the future. National ownership was viewed as critical to this effect.

Official Development Assistance (ODA) in times of crises

It was welcomed that bilateral ODA has continued to increase. However, declines in aid flows in the years ahead can be expected – exactly at a time when the financing needs to achieve the MDGs will become more urgent.

ODA was generally viewed as *the* most adequate tool to address challenges towards sustainable development, including weak health and education sectors, poverty, lagging trade and FDI, environmental degradation and gender inequality. While role of aid as a catalyst to mobilize other resources for development is important, civil society organizations clarified that ODA policies should focus on poverty eradication, sustainable development, and the achievement of the MDGs.

A meaningful combination of high-quality ODA and other sources of funding is vital for the most vulnerable developing countries to respond to the economic crisis and promote long-term development.

Nonetheless, ODA alone will not be able to deliver the resources or the growth patterns required for achieving the MDGs. This is particularly true after the multiple crises. ODA was viewed as a suboptimal means to address the short-term impacts of the crisis in many cases, although past aid may have been important in this regard. Increasing aid volume and ensuring that donors live up to their commitments will remain a priority issue. Only few countries have met the 0.7% GNI/ODA goal, even though some have increased their ODA significantly despite socio-economic challenges in the donor countries. Delegates stressed that to meet the promise to increase aid in real terms by 2010, donor countries must deliver on agreed commitments and set more ambitious strategies and targets beyond the “Gleneagles Declaration”.

In particular, it is vital to urgently scale up aid to the most vulnerable and hard-hit countries, i.e. the least developed countries (LDCs), land locked developing countries (LLDCs), small island developing states (SIDSs), post-conflict countries and all of Africa, as well as to the most vulnerable groups (including women, rural poor, people with disability among others).

The level of quality of ODA and other forms of development cooperation are critical in determining their impact and effectiveness. Many delegates considered the principles enshrined in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action as important milestones to support effective assistance. Nonetheless, there is no “one-size-fits-all” formula and country-specific needs should constitute to be the basis for aid management and delivery on the ground. Capacity development is another important avenue for recipients to attain their own development objectives. Gender equality and women’s empowerment is an essential priority for achieving effective development and fostering a vibrant economy.

Civil society organizations highlighted that financing gender equality and women’s empowerment is not a partial, issue-based, short-term and arbitrary commitment. It is part and parcel of the interconnectedness and inter-dependence of principles, rights and obligations. Donors cannot “pick and choose” from a boutique of financing commitments such as one or the other MDG goals namely maternal mortality, health, or education. These patterns of aid allocation are often pursued without any additional funding thus worsening the competition for resources among social goals.

Developing economies should strengthen domestic resource mobilization and the use of innovative sources of financing. In this regard, it will be important to increase the role of ODA in generating other sources of development financing.

Global measures to face future crises

As the key body for global economic governance, the G-20 made efforts to encourage better regulation of global financial markets, discourage protectionism, maintain trade finance and facilitate access to economic stabilization funds through the IMF and other mechanisms to mitigate potential harm to developing countries. The World Bank highlighted the urgency to manage risk and prepare for crises by developing global approaches to disaster and post-conflict needs assessments as well as helping countries design effective counter-cyclical policies.

Special challenges result from the volatility in international commodity markets, particularly the volatility of food and energy prices. Specific resources to guarantee food security, for example through agricultural development, carefully targeted social safety nets and subsidies in the event of food crises, will therefore remain a long-term priority. The international community was encouraged to support countries in the formulation of both short- and long-term strategies for implementing such measures.

The expansion of food production, including through supporting small-scale farmers through micro financing, rural development and research, has proven to be particularly effective in generating productive employment and poverty alleviation. The share of international assistance dedicated to this issue should be increased to enable country-led long-term planning processes.

Regional and South-South cooperation are also an integral part of the response to multiple crises. They are particularly important to mobilize resources swiftly and to share good practices and guidelines. Regional institutions need to be further strengthened to facilitate this exchange. One area of engagement would be the overly volatile energy markets, where cooperation could help to strengthen systems that promote renewable energy.

Fostering a climate conducive to investment and to the development of a private sector that encourages innovation and competitiveness, while engaging on critical public finance issues, will also be a key priority in the years to come. The private sector is an increasingly important partner in areas such as climate change adaptation and mitigation strategies, especially in vulnerable LDCs. In this context, it will be essential to address concerns that resource mobilization for climate change may shift resources away from core development needs.

Policy Dialogue 5

Achieving the MDGs by 2015: an agenda for more and improved development cooperation

The purpose of this session was to develop a set of key messages for the September 2010 United Nations MDG Summit. Delegates emphasized that mutual accountability – whereby providers and recipients of development cooperation jointly conduct reviews of progress on commitments made – is the most crucial ingredient for a strengthened global partnership for development and accelerated progress towards the MDGs. Lack of accountability reflects a key concern of citizens in the North and in the South. There is a concern that the impact of the crises is being used as an excuse for the deficits in achieving the MDGs.

The MDG Summit should be the occasion to renew commitments to the MDGs with particularly strong attention to off-track MDGs, LDCs and sub-Saharan Africa. While progress has been made, many countries face difficulties in sustaining their achievements and the situation in LDCs is likely to deteriorate. Despite such challenges, the goals themselves – with their clear targets and indicators – have contributed to unprecedented development progress. They can still be achieved. They have also been successful in mobilising funding commitments and promoting more coherent and effective approaches in development cooperation.

While progress and development challenges differ vastly between countries and regions, priority needs to be given to the creation of safety nets for the most vulnerable populations. Yet, striking a balance of investments between social and productive sectors is key. Pro-poor growth strategies building on infrastructure development and regional integration are the most sustainable solution to yield jobs and income. In most countries, primary and secondary education as well as employment, especially for youth, need to be massively enhanced and central to macroeconomic reform. Improving agricultural yields, for example by expanding irrigation systems, and boosting nuclear and renewable energy sources were also mentioned as priority.

In addition, stepping up efforts to promote gender equality in education and health was seen as vital. Some good practices exist, for example, in the area of free health care provision to young mothers,

subsidised basic education for girls, but also solarised rural electrification, improved piped water and smallholder commercial agriculture that particularly benefit women. These need to be shared more widely and scaled up dramatically.

South-South and triangular cooperation are particularly critical in areas that are neglected by traditional development cooperation and, more generally, in times of recovery from the multiple crises. United Nations resident coordinators could promote this form of cooperation. Independent analysis of advantages and disadvantages would be vital to better capitalize on comparative advantages of all forms of development cooperation. Some delegates reiterated that South-South cooperation needs to be better integrated into a new global architecture of development cooperation.

Developing countries emphasized that the MDGs and activities to reach them lie at the centre of their comprehensive national policy frameworks. Some advocated for few, well-focused ‘drivers for growth’ in such strategies. Yet, donors urged national governments to enhance their ownership and leadership, giving priority to MDGs in national plans and budgets, government policies, laws and standards. Synergies need to be enhanced between MDGs and multi-sectoral approaches.

Recipient countries underscored the importance of the MDGs for mutual engagement of donors and recipients of aid, noting the continued inadequacy of available funds for this task. Larger aid volumes and more concessional lending were considered particularly important for vulnerable countries, as they are facing more severe constraints in achieving the MDGs. Innovative financing shows great potential, in particular to finance gaps for health systems. Delegates also urged to further strengthen innovative sources of financing and make full use of profits from natural resources in national poverty programmes. Aid should also be better used as a catalyst in mobilizing domestic resources.

Onerous donor conditionalities would need to dramatically decline to promote coherence, transparency and mutual accountability. Selecting countries on the basis of past performance implies an ex-ante conditionality and risks creating “aid orphans”. Sectoral conditions should be agreed with the recipient country before disbursement of funds. It was important that development cooperation actors subscribe to global principles, including on aid effectiveness, transparency and extractive industries, in order to revamp credibility within the donor community.

The DCF was considered as the ideal platform to deepen consensus and develop clear roadmaps on these issues, ideally on an annual basis. It can help keep track of ODA promises and discuss how to provide more stable funding to achieve the MDGs. The forum should also discuss more systematically the experiences of partners providing services on the ground and the challenges they face. Parliamentarians, as the legitimate actors at country level for monitoring the transparency and effectiveness of aid programmes, should continue to be fully engaged in the DCF.

Donor countries also referred to the commitments on aid predictability, using country systems, reducing conditionalities and focusing on results. The need to implement commitments and strengthen existing initiatives was reiterated. Linking South-South and aid effectiveness discussions was also viewed as critical by some participants, with the DCF providing the ideal platform for bringing all relevant stakeholders together.

Civil society organizations stressed the importance of enabling citizens in the South to drive their own development. More information on aid and other development cooperation needs to be given to the poor to strengthen accountability. To give a clearer picture, analysis should focus on marginalized groups rather than average aggregates. Speakers highlighted that well coordinated sector-wide funding is a preferred aid modality.

Summaries of 2010 DCF Side Events⁵

1) International Aid Transparency Initiative (IATI): “For whose sake? Aid transparency and the fight against poverty”

The International Aid Transparency Initiative (IATI), agreed at the Accra High-level Forum in 2008, aims to make aid information easier to access, use and understand and thereby maximize the effectiveness of aid monies. Its principal tool will be a common standard to determine what financial and qualitative information should be published and an on-line information registry that connects different aid information databases worldwide. Without centralizing aid information, the forum will thus provide broad access to detailed information to governments, civil society organizations and the public alike. IATI has made significant progress in developing the IATI standards and has scheduled their implementation in the lead up to Fourth High-level Forum on aid effectiveness in Seoul. The initiative aims to open up the partnership to non-traditional donors: foundations, NGOs and providers of South-South Cooperation. The objective of the side event was to better understand links between aid transparency and development results and IATI's contribution.

Participants highlighted the great demand for timely, disaggregated, current and harmonized data, including on forward spending. This will support enhanced budgeting and planning and enable comparisons for evidence-based policy making. A common format will be critical to enhance compliance and comparability. To ensure high quality information, capacity development support is necessary in recipient countries. Availability of detailed information can provide the media, civil society, parliamentarians and others with the necessary tool to hold governments to account. Progress in this area is expected to rectify the power asymmetries in the aid “business”, help fight corruption, and make transparency a norm in development cooperation. Data disaggregated by sex should also be available.

Speakers highlighted a number of aid transparency proposals and key challenges to build consensus within the IATI. It was concluded that publishing information available within donor agencies will be important to increase the chances of success and bring more partners on board.

2) Center of Concern / Catholic International Cooperation for Development and Solidarity (CIDSE): “MDGs and human rights in development cooperation: Looking beyond 2010 and 2015”

This event linked relevant human rights to the achievement of the MDGs and presented efforts for operationalization by various actors and mechanisms in development. It provided a platform for dialogue on how human rights commitments can help advance the MDGs agenda in the five years left towards the critical deadline of 2015. Participants discussed further what efforts should be made to develop accountability on human rights in a post-MDG development cooperation architecture and what the DCF can play in both of these efforts.

3) UN-Non-Governmental Liaison Service, United Cities and Local Governments, and the Government of Catalonia (Spain): “New actors in development cooperation and the new aid architecture: the role of regional governments and local authorities”

This event focused on decentralized cooperation and the role of regional and local authorities in supporting development objectives. Panellists addressed questions related to the promotion of policy coherence and aid effectiveness, the contribution of local and regional actors to

⁵ For details, please see: http://www.un.org/en/ecosoc/julyhls/pdf10/overview_ses.pdf

international cooperation and the achievement of internationally agreed development goals, including the Millennium Development Goals (MDGs).

Participants emphasized the need to engage decentralized governments in the discussion on development cooperation at the global level given their experience in defining development policy priorities. Local authorities are the level of government that is the closest to citizens. Investing in improving global and local governance is of utmost importance. Local governments are critical development partners and should therefore be granted adequate space to contribute to policy dialogue on development cooperation. They should also be included into mutual accountability frameworks.

4) UNCTAD: “South-South Cooperation: Africa and the New Forms of Development Partnership”

This event discussed the increasing role of large developing countries in global trade, finance, investment and governance and the implications this has for Africa’s development. It presented UNCTAD’s Economic Development in Africa Report 2010. This report examines recent trends in the economic relationships of Africa with other developing countries and the new forms of partnership that are animating those relationships. Africa’s Cooperation with other developing countries has the potential to enhance Africa’s capacity to address its development challenges but the full realization of the benefits requires gearing cooperation towards the development of productive capacities in the region.

5) Governments of Belgium, Nepal and Turkey, United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and the Small Island Developing States (UN-OHRLS): “Enhancing international cooperation for LDCs’ development and transformation”

The objective of this side event was to stimulate discussion in preparation of the Fourth United Nations Conference on the Least Developed Countries (LDC-IV), due to take place in Istanbul in 2011, and to discuss substantive recommendations on the future ODA flows to LDCs. Approximately 70 experts, development practitioners and policymakers from around the world took part.

Major structural challenges remain if the goals of the Brussels Programme for Action (BPoA) are to be met, in particular due to the disproportionate repercussions of the multiple crises on LDCs. Participants emphasized the need for a long term strategy for sustainable development. It is critical to support the reduction of vulnerability through structural transformation and economic and social development in combination with other reforms. Participants also noted that ODA should be used to enable partnerships in trade, infrastructure, investment, private sector involvement, and building productive capacities. Given the vulnerability to external shocks, ODA should also be anti-cyclical, less conditional and more predictable. Other issues addressed included: the role of remittances, the need for analysis of trade opportunities, a clearer identification of the particular needs and priorities of LDC, strategic investment in agriculture, coordination of energy supplies with climate change efforts, and an adjustment of the global debt framework towards new debt arrangements for LDCs.

6) Working Party on Aid Effectiveness- Task Team on South-South Cooperation: “Task Team on South-South Cooperation Launch of Phase 2”

The Task Team on South-South cooperation (TT-SSC), hosted by the OECD-DAC Working Party on Aid Effectiveness (WP-EFF) organized this side event to launch the second phase of its work and adopt its work plan. It discussed next steps in generating greater synergies between the principles of aid effectiveness and the practice of South-South cooperation. In its first phase, the task team has created a global network of policy-makers and practitioners and compiled and shared more than 110 case stories on South-South Cooperation in the context of aid effectiveness.

In this side event, participants agreed to invest even more efforts in deepening evidence based analysis, and bringing horizontal partnerships and knowledge exchange to the forefront of global development policies. The task team will also deepen analytical work, create a community of practitioners and conduct practice-based policy outreach. With these inputs, it will generate good practices and policy guidance for the fourth High-level forum on Aid Effectiveness in Busan, and other global processes such as the DCF and the G20.

In the discussion, participants highlighted the importance of peer learning on national capacities, the potential of parliamentary South-South knowledge exchange and the overall impetus the Task Team is providing to national policy making. Several participants also stressed the need to study the actual comparative advantages of South-South and triangular cooperation and to enhance definitions of technical cooperation. Evidence should be used to design local solutions and ensure flexibility in their implementation.

8) UNDESA and Government of Austria: “Friends of the DCF (Informal meeting on Phase 3 of the DCF)”

This meeting aimed to discuss expectations of key stakeholders for the DCF upcoming third phase (2010-2012). Participants were pleased with the quality of analytical and organizational work of the DCF Secretariat and the deliberations during the 2010 DCF. To live up to the increased expectations placed in the DCF and deliver on the growing number of areas of work and partnerships in the next phase of the Forum, several participants urged Member States to scale up resources for the forum, in particular for staffing, through the regular budget of the United Nations.

In addition, participants suggested to build on work in existing work streams such as policy coherence, mutual accountability and South-South cooperation. This could be done by creating linkages between them and with MDG8 and challenges in the context of the new aid architecture. It was also agreed to place greater emphasis on decentralized development cooperation in programme countries. Other key topics should be development policy issues in the context of sustainable development and in LDCs and post-conflict states. Among others, the forum should also strive to position itself well in monitoring and evaluation of quality and quantity of ODA. It was suggested that it should serve as an apex platform for multiple forms of accountability processes, promote issues of development effectiveness and a human rights framework for development.

The forum was called upon to position itself better vis-à-vis other global processes, in particular in follow-up to the fourth High-level Forum on aid effectiveness and to facilitate a broader debate than the OECD-DAC. It should continue to promote open, interactive and action-oriented dialogue with meaningful participation of all relevant stakeholders at high level. It should institutionalize its partnerships and promote the presentation of country-specific experiences and good practices to foster peer learning, also through regional exchanges. It should focus more on involving Southern academia and experts and organize meetings in the

developing countries. Participants were careful in suggesting the annualization of the forum in light of increased administrative burden that this could generate.

10) Governments of Spain and Rwanda, NGLS, UNIFEM, Women's Working Group on Financing for Development and ActionAid: "Development Cooperation to Promote Gender Equality and Achieve the MDGs"

This panel discussion addressed the importance and key challenges in promoting gender equality as a means to achieve the MDGs. It was noted that greater political will, greater policy coherence, gender sensitive legal and policy frameworks coupled with specific plans and concrete budget allocation and institutional reforms and capacity building are the most critical factors to enhance women's empowerment.

The event consisted of the presentation of important international initiatives, such as the EU Plan of Action on Gender Equality and Women's Empowerment in Development as part of the European Council's conclusions on the MDGs. Presentations were also made on progress in promoting women at national level, such as through strengthened legal frameworks and specific programmes for girls and women in health, education and the economy, as in the case of Rwanda. The event demonstrated that initiatives on innovative financing mechanisms and mutual accountability do work and should be replicated.

NGO respondents discussed the great potential of the DCF as a forum to create consensus around innovative policy making. The forum could be used to discuss complex issues – such as gender responsive budgeting and the role of aid. As no formal negotiations take place during the DCF, it gives space for more innovative responses and ideas.

11) Luxembourg and Bangladesh: "The role of micro-credit, micro-finance and inclusive financial sectors in achieving the MDGs, especially with regard to gender equality and the empowerment of women"

This side event discussed ways to enhance the critical contribution of micro-credit, micro-finance and inclusive financial sectors to the MDGs. Micro-finance helps in particular to empower women from poor households. This can be done through credit, savings and other products such as micro-insurance to help families take advantage of income-generating activities and better cope with risks. Women particularly benefit from microfinance as many microfinance institutions target female clients.

The International Development Cooperation Report⁶

The International Development Cooperation Report, entitled “Development Cooperation for the MDGs: Maximizing Results” draws together the analysis produced for the 2010 DCF, with a particular focus on the views of various stakeholders and independent analysts. The report, which places a focus on accountability and transparency, is in itself a tool for accountability. Its launch at the MDGs Summit reinforced the position of the DCF as a key forum for analysis of accountability and transparency in development cooperation.

The report states that most developing countries are off track for most of the MDGs, and have been blown further off course by the recent “triple crises” of sharply rising food prices, the volatility in oil prices, and the global financial and economic crisis – to which is being added the growing challenge of climate change. One key reason for this is that most OECD countries have not met the development cooperation promises of 2005; another is that much of the cooperation provided has had little impact on the MDGs.

The report assesses what all stakeholders in development cooperation – providers, recipients and other actors who can hold them accountable – need to do to maximize its impact and reach the MDGs. It looks in turn at four challenges facing development cooperation.

The first challenge is to mobilize more development cooperation, improve its allocation and increase its impact. Development cooperation is currently woefully insufficient, poorly allocated and having too little impact: the report suggests practical solutions to these problems.

The second challenge is making development cooperation accountable and transparent. Accountability and transparency have recently become buzzwords in development cooperation circles, with the risk that the processes might become ends in themselves. This report explains how they could work better to deliver results.

The third challenge is to “de-fragment” development cooperation. In the fragmented environment of international cooperation, the “OECD agenda” of pledges on quantity and effectiveness is not accepted by all countries. This is the case notably for countries providing South-South Cooperation. Yet they have been sharply increasing their flows, and the report shows us that many lessons about value-for-money and results can be learned from South-South cooperation.

The fourth challenge underlies all the others. Coherence of developed and developing country policies going “beyond aid”, broader progress on the global partnership embodied in MDG 8, and a coherent global architecture for governing development cooperation, are all essential to maximizing results.

⁶ The full report can be accessed at: [http://www.un.org/en/ecosoc/julyhls/pdf10/10-45690_\(e\)\(desa\)development_cooperation_for_the_mdgs_max_results.pdf](http://www.un.org/en/ecosoc/julyhls/pdf10/10-45690_(e)(desa)development_cooperation_for_the_mdgs_max_results.pdf)