



The G20 at the Leader's Level



UNITED NATIONS
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What do we want from ODA?

Different tools for different jobs:
Disaster, Security, Development, Research, and ?

CONFERENCE REPORT

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Crowne Plaza - Petra, Jordan

1. Introduction

The meeting in Petra, Jordan took place on the day after the hotel bombings in Amman. The tragedy underlined the immediacy of the concern to address the roots of such actions. We discussed the definition of the problem of the competing objectives for ODA, reviewed the criteria for a successful L20 discussion, and identified the options for potential framing of the question for L20 consideration. We pursued the discussion mindful of the unique role of Leaders, who can agree to “knock heads” to make things happen.

The meeting conclusions were:

- Official Development Assistance is a means to other ends, beyond the goals of poverty alleviation and economic growth. Other objectives should be considered more explicitly. We must reframe the debate to focus on the most appropriate global problem on which to apply a reoriented approach to “development cooperation”. Candidate topics on which to focus development cooperation include Pandemics, Climate Change, Doha, “Licus”¹, a Humanitarian Compact, and Energy Security. In each of these areas, the staff work leading to a possible L20 session must sharpen the incremental contribution of Leaders, in terms of harnessing development aid to these global objectives and in increasing the effectiveness of cooperation. One option is to pitch the meeting as a stocktaking, where Leaders review deadlocks and failures in several of these global issue areas and suggest a reorientation of development cooperation.
- There are several criteria for selecting among the possible issues of interest to Leaders. There must be a convincing rationale for the unique competence of an L20. Other criteria include the ‘gravitas’ of the agenda topic, and acceptability to the U.S. Another necessary criterion is that there must be a package of credible initiatives that L20 could catalyze. Timing is critical. Some issues may be premature – such as Pandemics. Others may not have a win-win outcome – judgments are mixed on Licus and Institutional reform.

¹ Low income countries under stress. Could be specific insecure places.

- Whatever the issue or group of issues selected, the value proposition is that Leaders will examine coherent options of using ODA very differently, packaged with other measures, to make substantive progress on a global scale.

2. Problematique

The meeting reviewed the many dimensions of the ODA “problem” which in turn informed discussions about whether and where Leaders could act to address the failings of ODA.

- Given the emergence of new donors, foundations and global funds, there is an argument for new institutional arrangements and/or new ways to ensure coordination and harmonization;
- We need “donor structural adjustment”. ODA is fractured. There are too many ODA providers with a multiplicity of objectives, doing too many things, in too many countries. There is a laundry list of inherent disincentives and things that go wrong;
- Given the likelihood that ODA levels will remain flat or even decline, we need increased leverage to partner with private funds, a balance between performance and need based approaches to allocation, and some degree of automaticity regarding financing for global public goods;
- Some countries have no where else to look other than ODA – no access to export revenues, remittances or private investment;
- ODA is the biggest pool of discretionary resources spent by many donor countries, which makes them vulnerable to appropriation for other purposes;
- The security dimension has become central in the development agenda. It is a justification for ODA and vice versa, in the context of the squeeze on ODA funds;
- Given the lack of power of the signatory Ministers, there will be little movement towards the progressive objectives of the March 2005 Paris Declaration on Aid Effectiveness;
- There is a sense of mutual “corruption” in the existing ODA system. Recipients do not have an empowered voice – they can’t say “no”;
- Conventional ODA criteria do not apply in failing and fragile states;
- The most important decision is the global problem or objective to which ODA is targeted. ODA is a means to this end.

3. Criteria for an effective L20 topic

We must centre discussion on a pressing problem. Leaders are not interested in development assistance policy per se. Instead they can be enticed if the discussion were to centre on particular priority issues that they must deal with. There are several global problems which cannot be solved without international cooperation, and where development cooperation is in the national interest of all countries. Some possible criteria for selecting a topic for leaders 'consideration are:

- A special role for leaders. The issue must lead to actions that are “doable, worth doing, and having the special attribute that only Leaders can make the decisions necessary to do them”. Some aspects of aid policy meet these criteria. For example, only leaders are capable of asking the necessary questions about aid effectiveness, as the aid agencies themselves are too enmeshed in the system to question its workings. Only leaders can decide on machinery and mandates as to who will harmonize what, giving effect to the Paris Declaration. If there is to be a “grand bargain” such as one involving aid and trade, only Chinese and Indian leaders can open their countries to exports from poorer neighbours;
- The agenda topic must have ‘gravitas’. Given the potential leveraging of ODA on health, trade, migration, drugs, crime, and security, a series of tough choices across issues outside ODA, combined with actions within the ODA sphere, must demonstrably yield a positive sum outcome. The ODA tool, combined with political leadership and efficient targeting, can help resolve an important global problem;
- The agenda must not be radioactive to the US. The agenda must not contain elements that are likely to attract the ire of key countries, including the US. The agenda must be perceived to provide the basis where individual countries, especially the US and China, perceive that they can play a leading role;
- The package of initiatives must offer credible leverage. Ideas could include machinery changes and revised priorities in their own governments, an increase in the predictability of funding, and strategic collaborative multilateral investments;
- Issues to exclude. Leaders will not discuss technical or bureaucratic topics such as aid effectiveness, targets, or reorganizing delivery bureaucracies

4. Elements of the package

We must reframe the ODA problem to make discussion attractive to Leaders, who are interested in solutions to specific pressing problems. Improving the focus and effectiveness of development assistance per se should not be the agenda item of a Leaders meeting. A stocktaking of the current global problems in play could lead to a focus on the role for ODA. Relevant problems of interest may include:

- The Avian flu and Pandemics prevention, more generally, is a good candidate given the critical role of China. The issue has the advantage of a security

dimension –dealing with bio terrorism as well as the mainstream development issue of establishing the required public health capacity. There is a special role for development assistance in building public health infrastructure;

- Pursuit of the Gleneagles G8 mandate on climate change cannot be effectively pursued without the active partnership of China, and India. Moreover, in some parts of the world—notably in Africa—proper adaptation to climate change and also the development of low-carbon energy systems will require, in part, a role for ODA;
- We must improve conditions in fragile, deteriorating or post conflict states. These “Licus” (low income countries under stress) countries are the main consumers of ODA. There is a back draft in the rest of the world to security in Licus countries;
- Leaders could establish a Global Humanitarian Compact, aimed at revamping the currently dysfunctional humanitarian response system. There are compelling lessons from the response to the tsunami (over-generous), the Pakistan earthquake (late and under-generous), the crisis in Niger (blind eye) and Hurricane Katrina (logistical issues). The lessons demonstrate the need for a more effective mechanism with ready pots of money to respond quickly to the humanitarian challenges from disasters.
- To reinvigorate international trade, the L20 could introduce a new Aid/Trade initiative to resuscitate the Doha Round, presuming failure of the Hong Kong Ministerial Meeting.

5. Other Interesting Observations

The debate raised several provocative comments and interpretations:

- Some argued that we need to find a role for and strengthen regional organizations, – especially relatively weaker institutions like the African Development Bank. Given that regional norms differ, perhaps they can provide the “harmonizer” or improved coordination mechanism? Others disagreed, noting that regionalization is not a proxy for better aid, and that there is no evidence for the effectiveness of regional aid.
- There are gaping holes in coordination, especially given the need for a multi sectoral approach. We must reduce the number of donor players for Licus countries (for example, dozens of countries talking to Chad). We need “smart money”, since we cannot go to scale.
- We need a more practical, sensible division of labour, according to what is most likely to work in different situations. If steered by locals and guided by internationals, an intervention has more chance of making a positive impact. Multinational institutions should perhaps play the senior administrative role. A Pro Consul might be the answer, but India and China may not support the idea;

- Aid recipients within Licus countries have little trust in the motivation or capacity of donors – some believe the World Bank is part of the problem. While it is convenient to blame the recipients, in several cases a failed international system was the cause of state failure. Some skeptics argued that progress in the Licus area will be very unlikely, given the lack of both governance and transparency. There will be no “quick wins”. Others argued we must use ODA very differently. A new “political” decision is needed to commit to 10 to 20 years of peace building support;
- Regional hegemons would be interested in an L20 legitimizing endorsement since they know they cannot unilaterally take the lead in their own region (for example, India in Nepal);
- Given the persuasive evidence of gender based differences in approaches and the effectiveness of women, a dramatic gap in the development community is the absence of an inventory of capable deployable women;
- Chinese and Indian donors are becoming players in the humanitarian assistance field. India pledged \$10 million to the UN Democracy Fund, with little indication how it will relate to existing organizations. China and India are developing their own policies, programs and methods of engagement. Indian assistance in Afghanistan and Somalia, and Chinese aid to Sri Lanka are below the radar screen;
- The L20 under-represents Africa. The case for the L20 vis-à-vis the G8 must be made. The G8 has not done a bad job with respect to Africa. The question is which forum can better exert peer pressure to implement the Paris Declaration. Effective policies for development include the developed freeing up their own labour market (remittances exceed \$100 billion per year), removing trade barriers and subsidies.
- Another option is based on the premise that only Leaders can tackle reform of international institutions. Given the number of donors and agencies, there is an urgent need for different, more legitimate, institutional arrangements to ensure coordination and harmonization. Existing arrangements are 50 years old. The World Bank cannot be the harmonizer without a specific mandate given by the Leaders. An L20 could legitimately select the “harmonizer”.

6. Making the L20 happen

Exploratory meetings and informal consultations to establish an L20 process have been going on for some time. Elements for action are becoming clear. The PM must do a survey to first “road test” the ideas and then to explain the subsequent preparatory process. An additional "occasion" for an L20 meeting, to pick up the trade issue, could happen within the next month because of the vacuum that would be created by a clear failure of the Hong Kong Doha Round meeting.

To test the idea, the PM could telephone other Leaders to discuss which issues are feasible at which times. He could ask “Which issues would help advance our mutual interests? Which are most important to you?” He could list the options, and explain the prism of how to use development cooperation differently.

The preparatory process could put forth draft initiatives and arrange for early consultation with L20 members. The preparatory process could include regional consultations preceding the L20 meeting. There could be a commitment to report to other forums and organizations. The first meeting, if it was successful, could establish a small coordinating office, taking care NOT to be a permanent secretariat, nor a rotating traveling circus. It could be led by a Troika on a staggered basis, with a contract Director of Studies and an administrative staff. It could have a pot of resources to commission studies by an L20 network of think tanks.