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Busan and the “new actors”: the stony path to a shared understanding of effective development policy

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Busan and the “new actors”: the stony path to a shared understanding of effective development policy

Bonn, Stellenbosch 17 October 2011. Cooperation between emerging economies such as China, India and Brazil and other developing countries is one of the main items for discussion on the Busan agenda. Investment, trade and development assistance provided by emerging economies for other developing countries are rapidly growing in importance for international development. However, the key documents of past High Level Fora have made little mention of these changes in international cooperation: the 2005 Paris Declaration was issued against the background of the North-South divide; the Accra agenda in 2008 was extended only slightly to include some weak statements on South-South cooperation (Article 19). Not only aid effectiveness but also *development* effectiveness must now be added to the agenda so that all actors may be involved.

South Korea as the host country provides golden opportunities for bringing traditional and non-traditional actors together. The most recent member of the OECD's Development Committee (DAC), South Korea itself was heavily dependent on external financing for its development and is therefore a suitable venue for the discussion of a new and broader development effectiveness agenda.

Changes due to South-South cooperation call for a new development effectiveness agenda

Traditional and non-traditional actors face a dual challenge. Traditional donors in particular must step up their efforts to put the Paris Declaration into practice in order to make development cooperation more effective. The results so far produced by the Paris process have been disappointing. Traditional donors have a responsibility to honour their commitments and to improve the effectiveness of their development cooperation, not least because a number of countries will continue to depend on development assistance for the foreseeable future. In terms of absolute volumes of development assistance, it is *not* the “new” actors who are the main challenge in this context. Non-traditional donors have yet to accept the Paris Declaration as the basis for their cooperation with other developing countries. However, the scale of

their development aid compared to that provided by traditional donors still tends to be small.

Development financing by non-traditional donors in such forms as investment and low-interest loans greatly exceeds the development aid they provide. Emerging economies offer aid to developing countries not as a separate policy item, but as part of an overall package in which investment, trade and loans are closely linked. In terms of their effects on development, these package solutions may be a good or bad cooperation tool – hasty conclusions should not be drawn in this respect.

A fundamental problem is, however, the limited transparency of the scale of development financing by new actors. Such countries as China and India do not yet publish any country-specific data on, say, their concessional and non-concessional loans. This makes it difficult for partner countries' parliaments and civil-society actors, for example, to assess the impact that money has on their development. Greater transparency is therefore needed if we are to make a general assessment of the development effect of “packages”.

Recipient countries thus need to join with new and old development partners in drawing up a new agenda that goes beyond rules and standards and includes other forms of development assistance, such as non-concessional loans, direct investment and preferential trade rules.

What can we expect of the Busan summit?

On the one hand, the High Level Forum has the advantage of being able to build on institutionalised processes and the experience gained from the assessment of the Rome, Paris and Accra summits. But, owing to the central role played by the OECD's Development Assistance Committee, it also has the disadvantage of still being regarded primarily as a “traditional donors' club”, especially by the emerging economies. In the eyes of many emerging economies, other international fora, not least the United Nations Development Cooperation Forum (UN DCF), would be a more legitimate body for laying down common rules and standards with which international cooperation must comply. The consensus principle means, however,

that any process within the United Nations is almost bound to be protracted.

Since the 2008 conference in Accra there has been some convergence of traditional and new actors at various levels. A number of new actors, Brazil among them, have, for example, engaged in trilateral cooperation with the European Union and African countries. In a China DAC Study Group, China as well as representatives of African countries and members of the OECD DAC have discussed lessons to be learnt from China's development and implications for Africa. Discussions at national level in the new donor countries also indicate some convergence on the definition of development assistance. China has, for example, recently published a white paper on development cooperation which reveals some tacit rapprochement to the definition of development assistance adopted by traditional donors.

At the same time, countries like China still have an incentive to make a distinction between themselves and traditional donors, rather than undertaking to implement the Paris Agenda in full. China and other new actors still see themselves both as developing countries and as cooperation

partners for other developing countries, from which, as the new actors see it, different responsibilities ensue. For many developing countries the emerging economies are, moreover, alternatives to traditional donors, and the emerging economies have little interest in changing this politically favourable status. And, in the final analysis, traditional donors have yet to provide convincing evidence of the benefits to be derived from the Paris principles; their record in achieving these noble goals is mixed.

Against this diverse background, Busan can be no more than a milestone in a new, global "effectiveness debate". When drawing up a new effectiveness agenda in Busan, the actors should confine themselves to a few core principles, which might perhaps be based on the declaration on general principles for development partnerships, which the G20 adopted at their 2010 summit in Seoul; this is a basis on which progress can be made. The improvement of transparency and accountability to actors in developing countries is essential if a broader effectiveness agenda "beyond aid" is to succeed.



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