A NEW APPROACH TO AID EFFECTIVENESS
DELIVERING ON THE AGENDA FOR ACTION
Just after last September's High-Level Forum on Aid Effectiveness in Accra, the Economist offered the stark assessment that, "the development aid business is a shambles." Aid managers themselves, in both recipient and donor countries, agree that too many agencies finance too many projects, following different systems of accounting and multiple objectives, in uncoordinated efforts that often overtax developing-country ministries, which are already struggling with meagre resources, skills gaps and governance weaknesses. The outcome is that sought-after "development results"—often not clearly-defined at the outset—are disappointing to all concerned, deepening the scepticism that already surrounds development aid.

In Accra, donors and developing countries hammered out an agenda for action that aims to change this. They promised to "take bold steps to reform the way aid is given and spent," focusing on country ownership of programs, more effective partnerships, achieving results and openly accounting for them.

So what are the prospects for these "bold steps"? In this issue of Development Outreach, we asked experts from diverse perspectives to consider specific examples of how issues raised in the Accra Agenda have surfaced in their experience. What is needed, we asked, for the Accra principles to become reality in practice?

The resulting articles reflect the complexity and dilemmas behind this challenge. Understanding of aid effectiveness has deepened since the World Bank's 1998 research report, Assessing Aid. The movement from aid conditionality to selectivity highlighted in that study, has now been overtaken by consensus on the need for country ownership of development programs.

The Accra Agenda for Action is a key driver of this consensus, and will play a vital role in articulating the cooperation among governments, civil society, private sector, parliaments, media and multilateral institutions that is required to deliver on it.

Christopher Neal
EXECUTIVE EDITOR
SPECIAL REPORT
FROM PARIS TO ACCRA...WILL AID BECOME-effective now?

2 After Accra: Delivering on the Agenda for Action
EDITORIAL BY JEFFREY GUTMAN

What is needed to deliver on the AAA, and what the international donors and the World Bank Group need to do.

6 Committing to Effective Aid: Why can't donors walk their talk?
ECKHARD DEUTSCHER

Why has harmonization among donor-countries been elusive? The article discusses attempts by the DAC of the OECD to get donors aligned and sustain the alignment.

11 The Struggle for Ownership of Assistance: Health and AIDS in Rwanda
JOHN RWANGOMBWA

Aid earmarking reflects donor priorities more than those of the recipient country. Rwanda has sought to reform its health care system, while donor funding was focused on fighting HIV/AIDS.

14 Aid Reform: A tale of two donors

The U.S. and Germany each undertook a major effort to reform their respective development aid programs. Their paths were different, but both programs incorporate principles present in the AAA. To what extent have these reform efforts succeeded?

The Millennium Challenge Account
SHEILA HERRLING AND STEVE RADELET

and

Germany Seeks Influence by Setting Examples of Being a Multilateral Team Player on Aid Effectiveness
HANS DEMBOWSKI

18 Brazil as an Emerging Donor: Huge potential and growing pains
PAULO SOTERO

This article offers an examination of Brazil's experience as a new donor: its purposes, goals, and the effectiveness of its approach.

21 Partnering for progress: A new approach to capacity development after Accra
MARK NELSON AND AJAY TEJASVI

Much technical assistance aimed at building capacity has failed to deliver the results sought. The article examines the causes and the possible solutions.

25 Human Rights Central to Aid Effectiveness: Civil Society Statement
WRITTEN BY REALITY OF AID

26 Aid Effectiveness and Governance: The Good, the Bad and the Ugly
DANIEL KAUFMANN

Good governance and political corruption should be considered when aid flows to governments.

30 Development Marketplace Helps Scale up Grassroots Innovation that Reduces Poverty
ELENA ALTIERI AND CHRISTOPHER NEAL

This article presents examples of grassroots aid projects and programs that deliver results, within the framework of the Development Marketplace. It discusses the extent to which such community-based efforts can be replicated.

FEATURES

33 Promoting Aid Effectiveness from the Bottom up with ICTs
CAROLINE FIGUÈRES, DENISE SENMARTIN, HILDE EUGELINK

The article offers examples of projects sponsored by IIDC in Africa and Latin America that confirm the lasting impact of ICT on poverty alleviation.

36 Multi-Donor Trust Funds: Instruments of first choice for post-crisis situations?
LEONIE GUDER

MDTFs can enhance aid effectiveness by reducing transaction costs and by mitigating the high risk levels inherent in post-crisis situations.

39 VOICES FROM THE FIELD

Terrorism: Piracy clouds African prospects
JAIRO OUMA JURA

42 HIGHLIGHTS

44 KNOWLEDGE RESOURCES

46 BOOKSHELF

48 CALENDAR OF EVENTS
IN SEPTEMBER 2008, THE THIRD HIGH LEVEL FORUM (HLF) ON AID EFFECTIVENESS in Accra, Ghana, drew together some 1,700 people: developing country ministers of finance and planning, heads of multilateral and bilateral development agencies, parliamentarians, representatives of global funds and the private sector, representatives of a broad cross-section of civil society organizations, operations-level staff, journalists. These were people with vastly different backgrounds and points of view, representing institutions with distinct mandates, histories, and agendas. But they were united by a single concern:

HOW TO IMPROVE

THE DELIVERY AND USE

OF DEVELOPMENT

ASSISTANCE SO THAT

IT CAN MAKE THE

GREATEST DIFFERENCE

IN THE LIVES OF POOR

PEOPLE AROUND

THE WORLD.

Let's work together to make development assistance effective.
DELIVERING ON THE AGENDA FOR ACTION

Guest Editorial
BY JEFFREY GUTMAN

The event itself was part of a continuum. The first HLF in Rome, in 2003, drew the development community's attention to the issues of aid effectiveness and engaged high-level commitment to addressing them. At the second HLF in Paris, in 2005, both partner countries and donors' endorsed the Paris Declaration, committing to specific actions—some with targets and indicators—and agreeing to monitor implementation of those commitments. This third HLF marked a further step forward: although countries' ownership of their own development process had been a core principle from the beginning, with this event we saw that developing countries are increasingly taking ownership of the aid effectiveness agenda. Developing countries' concerns determined the agenda; developing countries' representatives were part of all decisions relating to the HLF, and served as discussion chairs and event speakers; and developing countries were full partners in the negotiations leading to the final communique, the Accra Agenda for Action. Thus the outcome of the HLF, more than ever before, reflects the real and increasingly confident voice of developing countries.

Many participants came to the HLF with stories about how implementation of the Paris principles had
made a difference in their countries or institutions. The Marketplace of Ideas showcased some 150 examples: those of the Kyrgyz Republic, where "results in the health sector...demonstrate successful application of the 1Z indicators of the Paris Declaration;" of Madagascar, which, "determined to take charge of its own destiny," developed "a road map to help it overcome poverty and put in place the foundations of rapid and sustainable development;" of Sri Lanka, where managing for development results guides the "ambitious Ten Year Development Programme designed to improve the quality of life of its people;" and many others. In plenary sessions, roundtable discussions, and side events, participants readily shared their experiences and made recommendations for the road ahead.

Accra Agenda for Action

With such diversity among the participants at the HLF, it was truly remarkable that everybody came together to endorse the Accra Agenda for Action (AAA). Everybody had hoped—and worked—for a document that would strengthen implementation of the Paris Declaration commitments, and the AAA does that, listing a range of concrete actions that developing countries and donors commit to take to accelerate implementation of the Paris Declaration and improve the effectiveness of aid.

But the AAA does even more: it adds new dimensions to the aid effectiveness discourse. For example, it specifically recognizes the role in development of parliaments, local governments, civil society institutions, research institutes, media, and the private sector. It "enlarges the tent" by recognizing middle-income countries and global funds as partners in development efforts. It acknowledges the value of local and regional resources, and of triangular and South–South cooperation, in capacity building. It sets out specific ways of working in fragile situations. It acknowledges the importance of gender equality, environmental sustainability, governance, and issues of inequality of income and opportunity. It signals the development of a new kind of relationship between developing countries and donors—much less one of recipients responding to guidance from donors, and much more one of a true partnership in which donors support countries on their own path to development.

Implementation: who needs to do what?

At the HLF closing session all the speakers focused on the "action" aspect of the Accra Agenda. It is not enough to make fine declarations of intentions, they said; rather, all participants needed to take the messages of Accra back to their countries and institutions, and put them into practice. As one speaker put it, "When we meet again in 2011, we want to be able to point to considerably more progress."

There is much to do. Developing countries need to deepen their ownership of the development process by engaging local governments, civil society, and parliaments—what one participant called "the basic body of democratic responsibility." They need to identify areas where their capacity is weak, and develop plans to address those areas. They need to lead in managing the development process, working out a sensible
division of labor among the donors that are active in their countries. They need to improve their ability to gather and use statistical information, so that they know—and can report to their citizens—what results they are achieving. And they need to remain active—or even become more active—at the international level, to ensure that the broader international community hears their voice and addresses their concerns.

Donors, too, have some serious tasks to undertake. Above all, they need to learn how to use their resources—financial and nonfinancial—to truly support the development path each country lays out for itself. This means:

- working in partnership with global funds, nontraditional donors, and civil society organizations—whose efforts in development complement those of governments and the private sector.
- following the country’s lead in division of labor.
- recognizing that the essence of development is strengthening countries’ own institutions and systems for their own governance purposes, not substituting donors’ systems.
- providing assistance in forms that are most useful to countries, not tied to specific providers.
- working with countries to agree on the results expected from aid financing, instead of imposing donor conditions in ways that weaken ownership.
- being transparent in reporting their projected aid commitments and disbursements to enable countries’ fiscal planning, and it means being accountable for their programs.

Although the AAA is a compact between countries and donor organizations, the fact that foundations, civil society organizations, and private sector representatives participated in Accra shows that they, too, recognize their responsibility to promote countries’ development according to the principles of ownership, alignment, harmonization, managing for development results, and mutual accountability.

World Bank action

The World Bank takes very seriously its responsibility to implement the AAA. We have long been active in this area, and we will continue our collaboration at the international level to support improved aid effectiveness.

Within the institution, much of what we need to do is at the country level: it involves how country teams work with donor partners under the country’s leadership to support the country in reaching its development goals. The approaches are—and should be—as varied as the countries we serve. We are meeting with Regional and country teams to engage on the operational challenges and opportunities of meeting the Bank’s aid effectiveness commitments, and to provide the support and encouragement they may need. For example, we will work with teams to ensure that our three-year planned commitments and disbursements are systematically shared with countries, and that our good practice principles on conditionality continue to be implemented. As this work goes forward, we will disseminate experiences and good practices, so other teams can learn from them.

In addition, we need to work at the institutional level, providing the enabling environment for progress at the country level. In this area we have a number of efforts under way or planned:

- We already use country systems in many of our operations. We are conducting pilot programs to learn how best to expand that use, and as these pilots proceed, we will disseminate the lessons of experience to all operations staff. We are also providing targeted assistance to help countries build and strengthen their systems.
- We are actively fostering South-South cooperation: for example, the World Bank Institute recently sponsored a visit by African officials to China agrifood installations, and we have just unveiled a new South-South Trust Fund.
- We have joined with other donors in creating a trust fund to invest in statistical capacity building linked to national poverty strategies.
- We have signed partnership agreements with the UN and the European Community that will allow better cooperation on the ground in fragile and crisis situations, and we have developed a package of incentives to make such work more attractive to staff.
- We are undertaking reform of our investment lending instrument to better respond to the needs of our borrowers. And we will consult with our Executive Directors on how they can best support continuing implementation of our AAA commitments.

Will aid become effective?

This issue of Development Outreach asks the question, “Will aid become effective now?” Certainly, the stage is set for important progress. These are challenging tasks, for the partners or donors. They require changing long-standing mindsets and practices—things that may now be second nature to people, or that may even benefit certain groups. Implementing the AAA will require dedicated leadership, perseverance, tact, flexibility, and, above all, commitment.

The environment is right. Donors and developing countries have made their intentions public. The world is watching, and there is support from all sides. Most importantly, hundreds of millions of poor people around the world need our best efforts. We can—we must—succeed.


Notes

1 For some years the international community has used the term partner countries to denote the recipients of development assistance, and the term donors to denote the institutions and agencies that provide that assistance, whether through grants or loans. Countries have expressed a concern that donors implies a vertical relationship rather than a partnership; however, no new term has been generally agreed. Thus the Accra Agenda for Action uses the old terms, and, for convenience, I use them in this article.

Visit: www.accrahlf.net
Committing to Effective Aid

Why can’t donors walk their talk?

BY ECKHARD DEUTSCHER AND SARA FYSON

THE CRISIS WHICH HAS RECENTLY GRIPPED the global financial system is in danger of compromising the commitments made by donors to scale up aid. With an increasing number of aid budgets coming under pressure, arguments for increasing net official development assistance (ODA) will more likely be heeded if backed by evidence that aid is effective. Improving the value-added of aid and showing that aid leads to tangible results at the country level will convince sceptics of the need to increase resources available in the future.

And yet, current evidence shows that more needs to be done to achieve effective aid. In particular, costs of providing and receiving aid remain high. In 2007, for example, donors made more than 15,000 visits to 55 partner countries. Vietnam alone received 782 missions in 2007: more than two per working day. In the 1990s, Tanzania was grappling with over 1,500 projects in the health sector—each with its own reporting and oversight mechanisms. For under-resourced ministries in developing countries, these transaction costs can be unbearably high and reduce the value of the aid they receive. The sheer number of activities creates the need for greater harmonization between donors and alignment with partner country priorities. The current global context only reinforces the importance of such efforts. To what extent have donors responded to these challenges?
A clear consensus has emerged on what needs to be done

An international consensus has emerged on what needs to be done to make aid more effective. Over 100 donors and partner countries meeting in Paris in 2005 endorsed a series of commitments to change the way aid is delivered. Donors and developing countries, in partnership, agreed to push for change in key areas, namely: strengthening country ownership; increasing alignment of donors to partner country priorities; ensuring that donors' actions are more harmonised and transparent; managing resources for results; and ensuring that both donors and partner countries are mutually accountable for those results. These commitments have become common currency in international policy circles.

Three years later, in September 2008, over 140 donor countries, developing countries, and non-DAC providers of development assistance, alongside civil society organizations and media met in Accra to review progress and to accelerate the implementation towards the targets set in Paris. The Accra High Level Forum was the culmination of one of the most extensive consultation processes ever held. The resulting outcome statement, the Accra Agenda for Action (AAA) signals considerable behavior change for both donors and developing countries.

The consensus reached in Paris and Accra shows that donors are "talking" to each other and to partner countries about changing the way aid is delivered. This is a necessary first step, which should not be underestimated. But what about "walking" the "talk"? Are donors standing still or really pushing ahead towards making aid more effective where it matters most, at the country level?

Results show progress—but not enough

The 2008 Survey on Monitoring the Paris Declaration covering close to US $45 billion of development aid in 55 countries shows that donors and partner countries have made some progress towards achieving the international commitments. For instance, over a third of partner countries have improved their financial management systems. Moreover, ODA is increasingly untied (with an increase in untied aid from 75% in 2005 to 88% in 2006). The evaluation of the early implementation of the Paris Declaration shows that there has been a significant and tangible strengthening of national development policies and strategies. Donors are also now expecting partner country leadership and responding to it when exercised.

Despite movement in the right direction, however, the evidence also points to the fact that progress is clearly insufficient to meet the international targets for more effective aid set in Paris in 2005 [See Figure 1]. An area which received significant attention in Accra was the impact of un-coordinated donor activities and the excessive fragmentation of aid. Both the Survey and the Evaluation of the Paris Declaration suggest little progress on using co-ordinated mechanisms for aid delivery (2005-2007). The results show that whilst donors have been co-ordinating their missions and their country studies, the increase is of the order of a few percentage points—still far from the targets to be reached by 2010.

The lack of progress is especially disappointing given the fact that the fragmentation of aid clearly overburdens recipi-
EVIDENCE AT THE COUNTRY LEVEL: THE CASE OF ZAMBIA AND UGANDA

Uganda and Zambia have embarked upon Division of Labor exercises in 2006 and 2007 respectively, to address high transaction costs faced by governments due to fragmentation of aid. Significant gains have emerged in both countries as a result of the exercise.

- An Aid Mapping exercise in Uganda and Zambia allowed government authorities to better understand the current aid landscape in their own countries. In Zambia, a self-assessment instrument was designed to establish each partner's sector preferences, internal capacities, preferred roles and the perceived comparative advantage of donors in certain sectors. This "self re-positioning" was subjected to a peer review against other submissions. Comparative advantages of some donors over others were identified as a result, and donors who had no previous leadership role emerged as leaders in new arrangements. This also created the expectation that donors would exit from certain sectors, or take on a less visible role (the "silent donor").

- In both countries, the sharing of information and experiences was seen as particularly useful in forming a more complete picture of the aid architecture in the country; and fostering transparency on donor activities about which the government had previously been unaware.

- The exercise also led to streamlined communication with the government. Although the transaction costs of setting up such a division of labor processes were high at first, there are indications that ongoing transaction costs have been reduced as central government and ministries no longer have to continually communicate with every individual donor on the same issue.

- Another benefit was the creation of a platform to address common problems or constraints. In Zambia for instance, cooperating partners plan a high-level policy dialogue with the Government every year shortly before the budget preparation process.

At the same time, however, several challenges point to difficulties when it comes to donors actually disengaging or allowing countries to lead in the harmonization and co-ordination agendas.

- DONORS "GANGING UP." Zambian authorities were apprehensive about overly-intensive donor coordination efforts which were seen as conduits for stronger and unified donor pressure. In Uganda, donors were seen to take advantage of their position when chairing co-ordination groups with the effect that the policy dialogue and access benefited their institutions at the expense of other members of the group.

- DONOR ATTRIBUTION AND VISIBILITY. Assigning a role to the more "significant" donor countries was perceived as a major challenge in Zambia. According to the case study report, "Donors that carry gravitas cannot be seen to be just 'active' or operating 'in the background,' but must have a leadership role somewhere along the line."

- DONORS DO NOT REALLY DISENGAGE. Ongoing commitments meant that donors in both countries were reluctant to disengage from projects which could not simply be abandoned. Moreover, the inability of some donors in Zambia to channel funding through other donors prevented the effective withdrawal of donors from specific sectors.

- EMERGING DONORS ARE NOT INCLUDED. In both countries, new donors were not adequately engaged in the division of labor debates, which weakened the entire exercise.

- NO CLEAR LEADERSHIP. Neither donor nor government authorities were perceived to have the requisite skills in negotiation and facilitation required by such a politically-charged exercise. As a result, country leadership was perceived as weak or non-existent in some cases.

- LEAVING STAKEHOLDERS OUT. Key central government institutions were more informed and actively involved in the Division of Labor process than others in Uganda (sector ministries in particular), thereby reducing incentives to support and lead the exercise across the board. Sector ministries also had more to lose by relinquishing control over aid flows which bypassed central government.

Although Zambia is often cited as delivering "best practice" on harmonization and division of labor among donors at the country level, it is clear that donors are not walking the talk quite yet.5
ents who have to report to a myriad donors—many of whom provide little aid. Just 10% of Rwanda’s aid, for instance, came from 22 donors (out of 33 donors present in 2005-2006) according to OECD/DAC statistical analysis. And yet, for each of these 22 donors no matter how small, reports, reviews, evaluations, audits, and meetings must be organized. Beyond the high transaction costs, fragmentation undermines the countries’ ability to lead, to determine their own development priorities, and to respond to their own accountability institutions. Ultimately it weakens the legitimacy of the state itself in the eyes of its own citizens. The unintended consequences have been well-documented: diverting governments’ accountability away from citizens to donors instead, and weakening citizens’ willingness to support state institutions with their taxes. Breaking this continuous and detrimental merry-go-round is essential to achieve the commitments set out by international consensus, but the results to date are not encouraging.

Why coordinating and harmonizing remains difficult

WHY HAVE DONORS YET to really walk the talk when it comes to harmonizing and co-ordinating their activities? Country case studies (see Box) report similar impasses to the best division of donor responsibilities and activities at the country level. It is clear from the case studies that the need for donor attribution and visibility continue to weaken efforts to better harmonization and coordination. Donors provide aid for many different reasons and with different expectations attached. Donors often do not co-ordinate during the decision-making process for aid allocation. Instead, ODA funds are authorized by donor countries’ parliaments, usually on an annual basis. The provision of aid is a domestic political decision by donors regarding the allocation of public funds; political priorities may push it in very different directions, making co-ordination all the more challenging. Despite public pronouncements to the contrary, political, commercial and strategic decisions, as well as historical ties remain important determinants of donor behavior. These considerations have sustained tying of aid to goods and services procurement from the donor country, and significant aid flows being directed to strategically important states.

Beyond commercial and strategic interests, donor countries and parliaments are also responding to domestic constituencies. Donors face public pressure to show that taxes are spent in accordance with their development priorities. To achieve this goal, developing countries must exercise strong leadership. However, government capacity to press donors to rationalize their activities may be lacking, especially given the fact that both sources and channels of aid have multiplied. At the same time, governments may find it difficult to change embedded incentive systems linked to un-coordinated donor funding. For instance, sector ministries that previously received funding directly from many different donors (at times without informing either the other donors or their central government agencies) may resist coordinated aid as it may lead to a reduction in funds. Moreover, strengthening the power of legislatures and CSOs in reviewing aid delivery at the country level is highly dependent on the individual country’s receptiveness to include other stakeholders in its decision-making process over the allocation of aid.

Aid-receiving countries may not always want to see donors harmonize, as they could see competition among donors as being "healthy," in that it could ward off movement towards an "aid cartel." The fact that emerging donors have not engaged in harmonization discussions has in some instances been welcomed. As highlighted by the case studies, opportunities and challenges for more engagement and leadership at the country level are dependent on country context and in turn have significant impact on the success of harmonization efforts.

Acknowledging the importance of political dialogue

THE PARIS DECLARATION and the commitments in the Accra Agenda for Action are political undertakings. In the difficult process of implementation, real issues of power and political economy will come into play in both donor and partner countries, as borne out in the case studies above (Box 1). Some donors have realized that a purely technocratic approach is a necessary but not a sufficient condition to make donors honor their commitments. To better engage and understand partner-country political priorities, they have developed tools such as the Drivers of Change (DFID) and Democracy and Governance Assessments (USAID) to help focus on the opportunities and constraints on change, whether domestic incentives will support change, and the role of donors in assisting to put a new aid model into practice.

Integrating such considerations will ensure that real chances for local leadership are identified and that locally-designed solutions sensitive to each country context are not ignored. Donor countries must also recognize the politics of aid by facil-
itating a dialogue between their own legislature, audit institutions, government ministries and CSOs on the importance of building trust for development. Development is a complex process as noted above and success is not guaranteed. But without a certain amount of calculated risk, and without donors’ willingness to move from individual attribution of aid efforts to contributions to collective efforts on outcomes, the lasting local capacities required for development will not emerge and the impact of development aid is likely to be short-lived.

Reshaping the international landscape to deliver on aid effectiveness

TO BE EFFECTIVE, international partnerships must be seen to be legitimate, representative and reflecting global realities. Discussions at the High Level Forum in Accra called on the current international partnership embodied by the Working Party on Aid Effectiveness to be more inclusive, to support cooperation between partner countries (often termed “South-South Cooperation”), and to foster coherence with other international initiatives (United Nations Development Cooperation Forum).

Ultimately, the full involvement of stakeholders is essential. In particular, the contributions of civil society are key and their role should be institutionalized within the current aid architecture. Civil society and media outlets will be calling their own ministers to account for their progress, practices and plans in improving aid effectiveness. They will be key to ensuring that donors and their partners, through peer or domestic pressure, put into practice what they preach at the international level.

Innovating rather than business as usual

THERE ARE SIGNS OF PROGRESS as new mechanisms emerge to facilitate implementation of the Accra Agenda for Action. That agenda’s call for greater transparency and capacity was reflected in mechanisms which emerged in Accra to respond to these commitments. For instance, the International Aid Transparency Initiative (IATI) was endorsed by the European Commission, GAVI, UNDP, World Bank, nine bilateral donors and the Hewlett Foundation. It is intended to promote transparency by sharing more detailed and up-to-date information about aid; and in a format accessible to international initiatives (United Nations Development Cooperation Forum).

Ultimately, the full involvement of stakeholders is essential. In particular, the contributions of civil society are key and their role should be institutionalized within the current aid architecture. Civil society and media outlets will be calling their own ministers to account for their progress, practices and plans in improving aid effectiveness. They will be key to ensuring that donors and their partners, through peer or domestic pressure, put into practice what they preach at the international level.

Keeping on track with international commitments to increase aid

AS OUTLINED ABOVE, in the context of a looming recession in many donor countries, better aid and lasting development results are essential to encouraging increased financing for development. Ensuring international financial commitments remains a challenge. Weaker growth in advanced economies will affect partner countries in different ways. They will likely face weaker capital flows, drying up of remittances, falling export revenues and higher borrowing costs. Many donors have made commitments to significantly increase their aid. Now more than ever, it is important that they make the budgetary provisions, even in these uncertain financial times, to provide predictable assistance in line with their promises.

Significant progress needs to be made if the Paris Declaration, and now the Accra Agenda for Action are to lead to real improvements on the ground. For now, donors are "talking the talk"—the importance of which should not be underestimated. However, if the 1.4 billion people who still live in extreme poverty are to be given a real opportunity to improve their lives, the governments and other participants must start to "walk the talk."

Eckhard Deutscher is Chairman of the Development Assistance Committee and Sara Fyson is Policy Advisor, Organization for Economic Cooperation and Development.

Notes
2 Country Case Study: 3rd High Level Forum on Aid Effectiveness, Tanzania: Harmonisation of Reforms in the Health Sector, September 2008.
6 Country Case Study: 3rd High Level Forum on Aid Effectiveness, Harmonisation and Division of Labour in Zambia, Roundtable 3, September 2008.
8 The GAVI (Global Alliance for Vaccines and Immunization).
BY JOHN RWANGOMBWA

RWANDA HAS, in recent years, registered impressive progress against the Millennium Development Goals in its health sector. Whilst the destructive and disruptive effects of the 1994 genocide are still felt in modern-day Rwanda, key performance indicators in the health sector have now recovered to—and are beginning to exceed—their pre-war levels. For example, in 2005, Rwanda's infant mortality rate stood at 86 per 1000 live births—the same level as in 1990. Over the period 2005 to 2008, we have achieved a one-third reduction. Other indicators such as maternal mortality and under-5 mortality are following suit, but further progress is needed. The prevalence of HIV now stands at 3.1 percent of the population: less half the average for Sub-Saharan Africa, though still a significant burden on our population.

As Rwanda recovered and rebuilt its public institutions at the turn of century, national ownership of Rwanda’s development vision has never been stronger. This is now characterized by a second-generation Poverty Reduction Strategy, the Economic Development and Poverty Reduction Strategy (EDPRS), from which sector strategies (such as the Health Sector Strategic Plan) cascade. Although Rwanda is undertaking reforms designed to increase its domestic revenue base, we must acknowledge the role that foreign aid will continue to play in the medium term. Official Development
Aid the budget and accounts submitted to Parliament.

The health sector is no exception.

**Government ownership of aid as a prerequisite for sustainable and high quality health care**

RECENT IMPROVEMENTS to Rwanda’s health care system have focused on providing incentives for delivering quality care at the local level. Inherent to these approaches is the need to promote and adequately finance preventive services, and to reward performance in the provision of health care.

Total health expenditure continues to rise in Rwanda, representing 17.1 percent of GDP in 2006, up from 6.6 percent in 2003. Government expenditure represents a significant proportion of it, with 18 percent of government expenditure earmarked for the health sector in 2006. These increases have allowed the Rwanda’s government to decentralize health services. Block grants to local governments now enable greater flexibility in service provision, responding to local needs and incorporating an element of performance-based financing. This model grants full autonomy to health centers and hospitals, backed by central government support for the planning and operationalization of the approach. Such an approach rewards creativity and results in improved coverage and quality of care at the district and village levels.

Of course, decentralization and performance-based financing of health can only happen if government is able to channel sufficient financial resources to those facilities from which the population should benefit. Whilst ODA to Rwanda’s health sector now accounts for approximately 30 percent of all aid, not all of this finds its way into the government structures that have been set up to ensure the equitable and efficient channelling of resources to their intended beneficiaries.

**Direct budget support favored**

IN RESPONSE TO LOCAL FINDINGS on bottlenecks in the delivery of aid at the country level, and building on the successes of the Paris High Level Forum on Aid Effectiveness, the Government of Rwanda developed its national aid policy to articulate its preferences in aid modalities and management to promote harmonization, alignment and, ultimately, development results. Our Aid Policy recognizes the need for continued development of national capacities in tandem with the need for a significant shift in the way donors do business in our country. Direct budget support (DBS) is one approach favored by our Aid Policy, as it has been shown to strengthen domestic ownership as well as domestic accountability and transparency—insofar as a greater share of public resources are included in the budget and accounts submitted to Parliament.

Government institutions and donors working in Rwanda’s health sector have responded to the principles set out in Rwanda’s Aid Policy by invigorating the work of the health sector coordination group and, last year, by setting out the principles for the operation of a Sector-Wide Approach (Swap) for health in Rwanda, codified in a Memorandum of Understanding. Much has yet to be done, however, if the principles to which we have all subscribed to the international, national and sectoral levels are to be translated into reality.

While some donors have responded by coming on board with sector budget support, and maintaining contributions in the form of general budget support, such assistance only accounts for one third of all aid to Rwanda, and much less in the health sector. Some of our largest donors in volume continue to channel all of their support outside government institutions, relying on non-governmental implementing partners, who bring with them significant costs and reduced levels of accountability to the Rwandan population at large.

Just as participants at the round table on Ownership at the Accra HLF were shocked to learn that a recent Reality of Aid report found that less than 26 percent of global aid is actually available for direction and programming by beneficiary countries because of tying, earmarking and foreign payments to donor-selected suppliers and implementing partners, my colleagues working in Rwanda’s health sector continue to grapple with the daily reality of donors’ domestic interests.

A sovereign government can only provide adequately for the health care of its people when adequate resources are put at its disposal. In the short-term to medium-term, donors will play a huge role in providing these resources responsibly. It can achieve this through the decentralized and performance-based approaches described above, backed with a system of comprehensive health insurance (in Rwanda, the Mutuelle system, which has grown to cover the majority of Rwandans).

In 2005, the Health Sector Support Project 1 (HSSP 1) set the goal to reach 50 percent enrollment in Mutuelles, the community based health insurance (CBHI) program. Within one year, enrollment in some form of insurance became mandatory and enrollment had reached 73 percent; in 2007, enrollment in CBHI stood at 83 percent. CBHIs have led to significant improvements in uptake of health care services.

**The persistence of donor earmarking: threat or opportunity?**

PRACTITIONERS OF BOTH MEDICINE and public finance share a first common principle: “Do no harm.” In the face of massive increases in public resources for health care in developing countries in recent years, many practitioners of both disciplines have begun to talk of the potential distortions effects of donor earmarking and the so-called “vertical funds” that have now found their place in development cooperation at the country level. If some researchers and policymakers are to be believed, the massive influx of finance—much of it in the form of ODA—earmarked for specific diseases or interventions has the potential to undermine the sustainable development of the very country systems that need to be built up to respond to a population’s health care needs over the long term.

Rwanda is no exception to the phenomenon of donor earmarking. Figure 1 shows almost two-thirds of donor resources to the health sector in 2006 were earmarked for interventions.
related to specific diseases, with HIV/AIDS absorbing the greatest share of these resources. In 2006, approximately US$200 million were allocated to the health sector (more than $20 per capita) corresponding to about 7.5 percent of GDP. Two-thirds of this accumulated budget was financed off-budget by development partners, and more than half of it was earmarked for projects and programmes on HIV/AIDS control. On the positive side, some of these funds are "re-integrated" into the overall health care system through cross-subsidy effects (e.g. the medical doctor hired through HIV/AIDS earmarked funds carrying out consultation and treatment for all kinds of patients coming to the hospital).

While HIV/AIDS prevention and treatment is an important cornerstone of Rwanda’s EDPRS, the eradication and treatment of life-threatening diseases in Rwanda—as in any country—depends on a more holistic health infrastructure, characterized by trained professionals, high-quality clinical facilities, and affordable access. Indeed, the Government of Rwanda has built successful partnerships with the providers of assistance to the sector, such as the Global Fund for AIDS, Tuberculosis and Malaria, to ensure that their assistance is "re-integrated" into the overall health care system through cross-subsidy effects (e.g. the medical doctor hired through HIV/AIDS earmarked funds carrying out consultation and treatment for all kinds of patients coming to the hospital).

As policymakers, we need to be cautious about earmarked aid, but above all, we need to recognize the importance of dialogue between the beneficiaries of assistance and its providers. Where a population—and its government—is able to exert strong ownership of a country’s development agenda, donors should align their assistance to country systems and plans, and participate in common dialogue at the country level, focused on joint and shared development results.

From Paris to Accra and beyond: localizing the debate

THE ACCRA HIGH LEVEL FORUM, and more specifically the at-times-tense negotiations of its outcome document, provide us with a strong platform from which to continue our dialogue on aid and its effectiveness at the country level. Rwanda’s experiences in the health sector give us one concrete starting point for this work. Just as the Accra discussions focused on the necessity of using country systems for financial management and procurement, Rwanda’s government looks forward to partnering with donors to ensure that their plans to use national systems are concrete and transparent, and are felt by the beneficiaries of the public services we are trying to reform.

In a similar vein, we eagerly await the concrete recommendations of the OECD-DAC Working Party on Aid Effectiveness regarding the implementation of a division of labor among all donors at the country level. This issue has been discussed in our Development Partners Coordination Group, and the experience of Rwanda’s health sector highlights the fragmentation in the delivery of aid. No fewer than 16 bilateral and multilateral agencies provide assistance to the health sector in Rwanda, exacerbating the scope for duplication, and adding to transaction costs in the form of parallel analytic works, missions, and meetings with government officials.

Lastly, we must not forget that we—developing country governments—are the drivers of our own development. The Accra Agenda for Action is clear on the need for developing countries to step up capacity-development efforts. Rwanda has come a long way in developing its capacities in the last decade, both in the form of systems, institutional and human capacities. Last year for example, Rwanda met its 2010 target for the quality of Public Financial Management (PFM) systems as envisaged by the Paris Declaration. We must not be afraid to continue setting ambitious targets for ourselves and sharing those with our development partners in an open, transparent and mutually accountable manner.

John Rwangombwa is Permanent Secretary and Secretary to the Treasury, Ministry of Finance and Economic Planning, Rwanda.
The Millennium Challenge Account
Making U.S. foreign assistance more effective?

BY SHEILA HERRLING AND STEVE RADELET

ONE OF THE GREATEST SURPRISES of George W. Bush's presidency has been his efforts to both dramatically increase amounts of U.S. foreign assistance and introduce innovations in how aid is delivered. In March 2002, Bush proposed the creation of the Millennium Challenge Account (MCA), a fund to provide grants to a select group of countries that are "ruling justly, investing in their people, and establishing economic freedom." That September, the administration released a National Security Strategy that elevated development on par with defense and diplomacy as its three key

Germany Seeks Influence by Setting Example of Being a Multilateral Team Player on Aid Effectiveness

BY HANS DEMBOWSKI

AFTER THE 3RD HIGH LEVEL FORUM on Aid Effectiveness in Accra, an African delegate suggested to Germany's development minister that now might be a good time to sort out the agencies working on her behalf. Heidemarie Wieczorek-Zeul burst into a friendly laugh, saying she knew that something had to be done. She promised that before next September's German elections, a new institutional structure would spare recipient countries of Germany's development aid the confusion of having to deal with GTZ (German Technical Cooperation) on some occasions, KfW Development Bank on others, and smaller agencies on yet other occasions.

Indeed, the institutional landscape of German state-run development agencies can be bewildering. Apart from GTZ and KfW, several other organizations launched by various German governments in the 1960s and 1970s deliver various forms of aid. Back then, Germany's international engagement went through a period of rapid growth, while an economic boom allowed governments to spend with relatively little restraint.

Under Wieczorek-Zeul, however, the Federal Ministry for Economic Cooperation and Development (BMZ, short for "Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung") has started to trim down this multitude of aid bodies, while also pushing its component parts towards stronger coordination.

For instance, Carl-Duisberg-Gesellschaft and Deutsche Stiftung für Internationale Entwicklung, were merged and became InWEnt. DEG (Deutsche Entwicklung- und Investitionsgesellschaft), a bank that finances private-sector investments in developing countries, became a subsidiary of KfW Banking Group, the parent of the development bank. Experts from all separate agencies now constitute "country groups" with the task of streamlining operations.

In the same vein, the role of BMZ officers assigned to German embassies in developing countries has grown to
foundational pillars. In May 2003, the President’s Emergency Plan for AIDS Relief (PEPFAR), a five-year, $15 billion fund to combat HIV/AIDS in Africa and the Caribbean, was established. In 2005, Bush launched a five-year, $1.2 billion Malaria Initiative and was at the forefront of the Multilateral Debt Relief Initiative (MDRI) that cancelled 100 percent of the debt claims on many of the poorest countries of the world.

Of all these initiatives, perhaps the most revolutionary is the MCA, which was approved by Congress and formally established in 2004. The design, promise, and progress of the MCA are best understood in the context of broader debates about U.S. foreign assistance programs. For decades, foreign assistance programs were (1) criticized as a hodge-podge of uncoordinated initiatives; (2) wasted on countries with governments that are not serious about development and that cannot use it well; (3) often politicized and aimed at achieving short-term political goals rather than long-term development; (4) too bureaucratic, earmarked and inflexible to be responsive to today’s needs and to reach intended recipients; and (5) set up with little accountability.

The MCA was designed to address some of those criticisms and reorient U.S. foreign assistance to embrace the lessons learned over the past 50 years on what makes for successful aid—many of which are captured in the Paris Declaration on Aid Effectiveness and, more recently, in the Accra Agenda.

The MCA concept

The MCA’s promise was rooted in six key guiding principles:

• Clearly focus assistance on promoting economic growth and poverty reduction, rather than supporting diplomatic and political partners or achieving other goals that can be supported with other programs
• Select a small number of recipient countries that have demonstrated a strong commitment to sound development policies, helping make aid funds more effective
• Allow recipient countries to set priorities and design programs through a broad consultative process, engendering stronger commitment for success by recipients
• Keep the bureaucracy to a minimum, avoiding the large administrative structure, heavy regulation, and overlapping congressional directives that bedevil other aid programs
• Provide recipients with sums of money large enough to make a real difference on the ground and provide strong incentives for success
• Hold recipients accountable for achieving results, including being willing to increase funding for successful programs, reduce it for weaker programs, and terminate it if necessary.

include, among others, coordinating the activity of German agencies, many of which now share offices in those countries. This has coincided with a reorganization of BMZ itself.

In Germany as elsewhere, bureaucracies resist change, and the BMZ’s administrative reform agenda was never popular in the affected agencies. Nonetheless, grumbling among aid officials does not enlist much public sympathy. Traditional constituencies for development—non-governmental organizations and churches—focus their public campaigns on increasing the amount of development assistance, and pushing for debt relief or a fair world-trade regime. They do not stress administrative issues.

The reforms within German development aid architecture are best understood in the context of German multilateralism. Debt relief in the late 1990s, the Millennium Summit in 2000, the Monterrey Summit on Financing for Development in 2002 and the High Level Forums on Aid Effectiveness in Rome, Paris and Accra all left their marks. It became obvious that the operations of German development agencies were too cumbersome. Like it or not, these agencies had to start acting in a more coherent manner under more assertive political guidance.

The structural reform imperative reflects the German government’s strategic approach to a globalized world. As Germany aspires to “shape globalization”—a phrase cited frequently by Wieczorek-Zeul and Chancellor Angela Merkel—there is a recog-

German Development Minister Heidemarie Wieczorek-Zeul and Liberian Finance Minister Antoinette Sayeh exchange an agreement reducing Liberia’s debt. In the background, Liberian President Ellen Johnson Sirleaf.
Progress to date

THE MCA HAS MADE SIGNIFICANT PROGRESS in several key areas. First, its country selection process has worked relatively well. The Millennium Challenge Corporation (MCC), by and large, has selected countries based on the merits of their commitment to strong policies, not on political or diplomatic criteria. Its methodology of selecting countries on the basis of publicly available data generated by independent sources has provided credibility and generated interest among other donors. Most importantly, it has created a strong "MCC Effect" in which the requirement to pass specified quantitative indicators has created the incentives for potential recipients to more carefully track the data and introduce key policy changes. There are examples from all around the world of the incentive effect of the MCA selection process.

Second, the MCC has moved to the frontier of facilitating broad participation among government, non-government, civil society, and private sector representatives in determining priorities and designing projects and programs. Many aid agencies talk about country ownership and a participatory approach, but the MCC actually has been making it happen. It is far ahead of any other U.S. foreign assistance agency in facilitating broad participation among the public in its programs.

Third, much of the focus of its early efforts has been in Africa, and in sectors that are critical to economic growth that have been underfunded by other donors. To date, 11 of the 18 signed compacts are in Africa, the total monetary value of which represents 73 percent of all MCC commitments. Of these amounts, 80 percent of funding will be aimed at agriculture, rural development, transportation, and other infrastructure. This funding fills huge unmet needs that are central to the process of economic growth and poverty reduction. Beyond the numbers, the process of compact design and implementation has helped build increased capacity in recipient countries for project oversight and management.

Nevertheless, while the MCA has shown promise, its initial progress has been slower than had been initially hoped. Many compacts have taken longer than anticipated to be developed, and implementation has often been behind original schedules. Out of the nearly $6 billion committed, just $311 million was actually disbursed as of October 2008. To some extent, the MCC has been a victim of unrealistic expectations, as many assumed that it would be able to implement projects and see

This program fit in well with the centre-left ideologies of the Social Democrat and Green parties that formed the federal government at the beginning of this decade. No doubt, former Chancellor Gerhard Schröder and Foreign Minister Joschka Fischer understood that their government's engagement in international development would please their sometimes fractious pacifist base. Still, development remained a supposed "soft" issue for "do-gooders" that never gained much traction in the federal cabinet. Poverty on far-away continents is not a vote-getter at election time.

And yet, influenced by the MDGs, the cabinet decided to implement an action program with the goal of halving poverty worldwide. Wieczorek-Zeul proved adept at using such opportunities. BMZ was assigned jurisdiction and given cross-cutting say in all government programs with any impact on world poverty. It was thus assigned a role for the whole of government.

While neither Schröder nor Fischer were much moved by save-the-world idealism, both had an eye for political opportunity. They knew that multilateral organizations and intergovernmental decision-making were settings in which Germany could exercise influence on international issues. Germany had to prove a worthy member of the United Nations if, as Schröder aspired, the country was ever to become a permanent member of the UN Security Council.

Partly as a result of its 20th-century history, Germany's leaders approach foreign policy differently from those of
results very quickly. But since the MCC started from scratch, at the beginning resources were dedicated primarily to staffing, organizational design, and developing key policies and approaches. Moreover, true participation and country-led approaches take time, especially where capacity is relatively weak. This combination inevitably (and justifiably) led to a relatively long period before actual program implementation could begin. Nevertheless, some of the delays were due to unnecessary bureaucratic requirements, hiring staff with the wrong kinds of background (especially in the early days), hiring inadequate numbers of staff (the MCC has just 300 employees), and establishing parameters that led to overly large and complex compacts.

While less progress has been achieved at this point than had been hoped for, these early steps provide an important foundation for continued progress in the coming years.

Key challenges going forward

**Speeding progress and showing results:** The MCC must better balance the need to speed the design and implementation processes with the need to allow for country-led approaches and ensure quality projects. While the MCC has taken important steps along these lines recently, it must continue to streamline processes and procedures. It must also find ways to better present intermediate results achieved along the way, in particular, how the policy reforms undertaken by countries to get into the MCA program ultimately make its programs more sustainable. And, to the extent practicable, it should consider alternative financing options, including budget support in countries with strong fiduciary systems.

**Securing approval for longer and concurrent compacts:** The current legislation governing the MCC allows only one compact per country at a time, and it caps compact length at five years. Both of these provisions should be revised. The first creates the incentive for partner countries to make compacts as big as possible (reaching as large as $700 million), so compacts are complex and the process for approvals cumbersome, slowing progress. Countries feel that they have one bite at the apple and want to put everything possible into their

---

**Hans Dembowski is the editor of the Frankfurt-based monthly D+C Development and Cooperation.**
Brazil as an Emerging Donor

Huge potential and growing pains

BY PAULO SOTERO

PRESIDENT LUÍZ INÁCIO LUÍZA DA SILVA could not hide his disappointment when he visited Maputo, last October. He had expected to see signs of progress in the construction of a $23 million plant to produce generic drugs for the treatment of HIV/AIDS which his administration had donated to Mozambique. As the most ambitious foreign assistance project ever launched by Brazil, the plant’s project was announced with some fanfare during the Brazilian president’s first visit to Maputo, in 2003. It was to have been built in four phases, with an operational start date in 2010, Lula’s last year in office. Brazil allocated $4 million for the project’s first phase.

The project was launched on the basis of Brazil’s international stature as a model country in the combat of the HIV/AIDS, earned as a result of the work of the Oswaldo Cruz Foundation, known as Fiocruz, which is attached to the country’s Ministry of Health. Bringing the project to Africa, the continent most afflicted by the AIDS pandemic, was a bold political decision on the part of the current Brazilian administration, calculated to give meaning and substance to Lula’s government strategy to expand Brazil’s presence in the southern hemisphere.

Five years later, there was nothing to be measured or seen. During a closed-door meeting with Mozambican president Armando Ermílio Guebuza, Lula blamed the slow pace of the project’s implementation on his own Ministry of External Relations, which coordinates foreign assistance in the federal government through its Agência Brasileira de Cooperação, or ABC. Speaking at the inauguration of a Maputo office of Fiocruz,
Lula promised that, in the event of any future obstacles, "we shall clear the path, we shall unblock matters so that we can come to Mozambique in 2010 and definitively inaugurate the Fiocruz laboratory and the anti-retroviral factory." The plant, planned for the southern Mozambican city of Matola, is to supply AIDS drugs across Africa. To leave no doubt about the president's frustration with his government's poor management of the project, Lula's office played the tape of his conversation with Guebuza to the Brazilian journalists covering the trip.

**Virtues and challenges**

The episode is emblematic of both the virtues and the challenges confronting Brazil as an emerging provider of international assistance, alongside China, India, South Africa and a few others. The Matola project involves an area in which Brazil, a developing country still struggling to reduce poverty and inequality, has achieved success and has knowledge to share with other developing countries on issues that really matter to them. In this sense, it reflects the spirit of genuine solidarity that guides Brazil's foreign assistance. It also indicates a social and political—rather than economic—motivation in Brazilian international cooperation initiatives. Farmanguinhos, a Fiocruz laboratory, will supply the technology and training for the production of the anti-retroviral drugs in Matola. The chemicals and other ingredients will come in part from India, which has worked with Brazil and South Africa to bring a developing nation's vision and sensitivity to poverty reduction and other matters of interest to the nations of the Southern hemisphere.

"What is striking about the current portfolio of commitments made by ABC is that it doesn't show commercial and/or business interests. Just the opposite, the commitments respond to demands made by the government of recipient countries to the Brazilian Ministry of Foreign Affairs," says Maristela Baioni, the Program Coordinator for the United Nations Development Program (UNDP) in Brasilia. "A portfolio review shows that no links can be established between the growing number of Brazilian global companies now bringing investments and providing services in Latin America, Africa and parts of Asia and the technical cooperation promoted by the government of Brazil." In this sense, Brazil international cooperation contrasts with the tied-aid of the traditional model of North-South cooperation and even with the policies of other BRIC countries, such as China.

"Another important contrast is that Brazilian south-south cooperation provides technical assistance with much better understanding of development contexts than traditional north-south cooperation. Brazilian experience, expertise and training transferred to Portuguese speaking counties have the comparative advantage of sharing common language and cultural aspects," notes Baioni. "This makes Brazilian foreign assistance initiatives both innovative and welcome by the beneficiary countries—with greater chances of being effective when implemented."

The country's traditional emphasis on technical cooperation and its active high-technology sector has contributed to give to Brazilian development assistance a more significant and focused development dimension, according to Dane Rowlands, of Carleton University's Norman Paterson School of International Affairs, in Ottawa. Rowlands summarized the qualities and deficiencies of Brazil's foreign assistance in a comparative study of emerging donors published last year by the International Development Research Center. "India and China have been reluctant to collaborate extensively with foreign partners due to the fear of losing policy independence," he wrote in a recent paper. "Brazil and South Africa have been much more cooperative in their overall development programs, as well as in research for development."

In Rowlands' view, the original motivations and strategic objectives of Brazil's assistance efforts also set the country apart. These, however, are evolving. "In contrast to China and India, Brazil's development assistance program seemed to emerge more directly from its affinity with other less developed countries and less from immediate political or diplomatic ambitions," he wrote. While Brasilia does respond to strong pressures to give priority to its immediate neighbors in order to increase its influence and elevate its profile in regional affairs, its assistance program was expanded to other regions as the country's global stature increased.

**The Africa-Brazil Cooperation Program**

The Africa-Brazil Cooperation Program (ABCP) is a good example of both Brazil's openness to work with other donors, and of its capacity to be creative in the way it shares its positive development experiences with other countries. Launched earlier this year, the ABCP is a result of a partnership of the Ministry of Social Development, the Department for International Development of the United Kingdom (DFID) and the International Poverty Center—a joint program of the UNDP and the Brazilian government designed to promote south-south cooperation on applied poverty research and training. It was inspired by a cooperation project between Brazil and Ghana, which took place in 2007. The program's objective is to share with interested countries Brazil's technical knowledge on specific social development strategies, such as the mechanism of conditional income transfers to mothers who keep their children in school, or Bolsa Familia, a program for the eradication of child labor with protective actions and policies initiated by the Brazilian Ministry of Social Development and Hunger Combat. Since 2006, representatives from Ghana, Mozambique, Niger, Guinea Bissau, South Africa and Zambia have participated in a study tour to Brazil to learn about the country's Conditional Cash Transfer Program. In 2007, Brazil provided technical assistance to the government of Ghana in the design of a pilot social grants program entitled Livelihood Empowerment Against Poverty, while experts from the Brazilian Ministry of Social Development took part in three missions to Ghana involving Bolsa Familia, the Single Registry for Social Programmes and the Program of Eradication of Child Labor.
Brazilian Agricultural Research Corporation

Prior to the ABCP, cooperation between Brazil and Ghana had already led to the establishment—in 2006—of an office of EMBRAPA, the Brazilian Agricultural Research Corporation, a federal company that developed the country’s advanced know-how in tropical agriculture in the last 35 years and has pushed Brazil beyond achieving food security to ensure energy security through efficient, carbon reducing production of sugarcane ethanol. Brazil has also established technical cooperation agreements in agriculture with more than a dozen African countries.

During an April 2008 visit to Accra, to celebrate the opening of EMBRAPA’s regional office in Africa, President Lula said 13 African nations had improved crop yields by applying knowledge in tropical agriculture developed by EMBRAPA. According to Claudio Braganini, one of the three researchers at EMBRAPA’s office in Accra, the introduction of Brazilian varieties of plants and seeds in Africa has taken place regularly, although at a small scale, for 20 years. "The difference now is that we are bringing African farmers to Brazil to learn about our methods and how to operate equipments that have helped Brazilian farmers become more productive," said Braganini.

Christopher Quarchie, of Caltec Ventures, in Ghana, has been twice to Brazil to visit EMBRAPA’s lab that specializes on manioc. Quarchie farms 300 hectares of manioc for production of alcohol used in beverages. With support from OXFAM, a group of farmers in Benin has learned from EMBRAPA how to process the whole cashew fruit, which they used to discard after harvesting the cashew nut. "The same group is now starting now extract the juice from the fruit and to process and add value to its production the cashew nut in Benin instead of selling it to be processed in India," said Braganini. In one more evidence of the positive impact of Brazil’s cooperation in agriculture in Africa, the United Nations Food and Agriculture Organization launched in 2007 a project in Kenya and Tanzania to forge links between farming communities and Brazilian firms specialized in production of equipment used in conservation agriculture. The objective, according to an FAO report, “is to boost agricultural production in both countries by encouraging a shift to conservation agriculture techniques, which optimize the use of farm labor and could also help reduce widespread land degradation.” Under this three-year project, funded by Germany, up to 4,000 farmers are to be trained through participatory field schools in conservation agriculture practices, including reduced or no-tillage and the use of permanent soil cover.

During his visit to Accra, last year, the Brazilian president said that the Africa Office of EMBRAPA will place more emphasis on technical assistance to countries, as “this contribution should be seen as our contribution to Africa to improve on food production and to give Africa a tool to build its future.” In an indirect reference of the four million Africans who were brought to Brazil to work in the fields as slaves in the past, Lula said he sees EMBRAPA’s assistance in Africa as a “Brazil’s duty.”

Brazil’s initiatives

Indeed, Africa—more than Latin America—has become the focus of Brazil’s initiatives as an emerging donor. Of its 318 technical cooperation initiatives abroad, 125 involve programs in 19 African countries, namely Angola, Algeria, Benin, Botswana, Burkina- Faso, Cape Verde, Cameroon, Egypt, Gambia, Guinea-Bissau, Mali, Morocco, Mozambique, Namibia, Nigeria, Kenya, San Tome & Principe, Senegal, Zambia and Zimbabwe. The total investment by the Brazilian government has amounted to slightly more than half of the $22 million it allotted to such programs.

In comparison, Brazil lists 119 projects with its nine immediate neighbors in South America, plus Ecuador. Another 22 cooperation projects are in other South American countries and 58 activities carried out with Belize, Costa Rica, El Salvador, Honduras, Nicaragua, Panama, Cuba, Haiti, Jamaica, Dominican Republic, as well as nine Caribbean countries. Brazil’s international cooperation initiatives have also been extended to East Timor, a former Portuguese colony, and to Lebanon, the country of origin of most of the estimated 10 million Brazilians of Arab ancestry.

According to ABC, the bulk of Brazil’s international cooperation, measured by cost, involves professional qualification in recipient countries (22 percent) in the two areas where Brazilian development activities have produced impressive outcomes at home: health (18 percent) and agriculture and livestock (15 percent). Other fields include education (10 percent), social development (seven percent) and legislative assistance (six percent).

The more challenging aspect of Brazil as an emerging donor is the dispersion of its aid, reflected in the number of initiatives and the variety of fields covered. The problem is compounded by the multiplicity of agencies involved in implementation and an insufficient cadre of international cooperation experts at ABC. The technical knowledge available at the agency is provided mostly through a cooperative relationship with the Brasilia office of the UNDP. Divided into seven coordinating units headed by professional diplomats whose assignments change every three or four years, ABC also suffers from a lack of both administrative autonomy and political clout. Knowledgeable sources also see the need for better coordination among the various agencies involved in the planning and execution of projects.

The rapid expansion of Brazil’s international cooperation activities under the Lula government has highlighted these shortcomings. They do not diminish, however, the essentially positive nature of Brazil’s development outreach and its promising impact in the beneficiary nations.

Paulo Sotero is the Director of the Brazil Institute, Woodrow Wilson International Center for Scholars in Washington, DC.
Partnering for Progress

A new approach to capacity development after Accra

BY MARK NELSON AND AJAY TEJASVI

When more than 100 countries gathered in September in Accra, Ghana, to discuss the effectiveness of the $100-billion-a-year international aid business, one topic permeated nearly all the discussions: capacity development.

Weak capacities—in human resources, organizations and broader societal institutions—were seen as an impediment to the entire aid effectiveness agenda. Insufficient capacity makes it harder for countries to take the lead in their own development agendas. It impedes efforts to build up country systems to generate and manage revenues, to take advantage of available natural resources. Yet, at the same time, international aid has a decidedly poor record of helping countries to develop and retain these critical capacities. Indeed, international aid practices have been blamed not only for failing to develop new capacities but also actually creating incentives that drain countries of existing capacities and human resources. This poor record on capacity development is all the more sobering in light of the current global financial crisis and the threat of a long period of economic weakness.

The good news is that the meeting in Accra provided the first evidence of a fundamental shift in the way the international development community understands capacity development (CD) and how it should be pursued as part of international aid efforts. The deliberations were focused not just on roads and bridges, but on how development aid can be used to create sustainable, country-led development. As a result, the Accra Agenda for Action (AAA) is peppered with references to capacity development. As much as a third of all overseas development assistance is said to be allocated to capacity development work. The AAA represents a new push to get results from these large sums of money, and to help countries develop sustainable capacities for managing their own affairs.

Central to this new thinking is a renewed emphasis on partnerships, a more active role for civil society organizations, and networks of capacity development practitioners that can bring knowledge and learning across borders. Not only did a large parallel meeting of more than 500 civil society organizations precede the meeting in Accra, but also the official proceedings were themselves attended by the largest delegation of civil society representatives in the history of these big international aid gatherings.

Non-governmental players are critical to this debate not only because of the role they can play in delivering services and contributing to development, but also because of their role in creating demand for improved government services and outcomes. Until now, however, the engagement with civil society has been often celebrated but rarely made operational as part of the nuts-and-bolts decision-making processes in the spending of development aid. This is slowly, but surely, beginning to change.

A more active partnership between civil society and governments will require strengthened capacity by both to deal with each other on development issues. "Governments have tended to see the role of civil society as one of contestation," says Emmanuel Akwetey, Director of the Institute for Democratic Governance in Ghana, who notes that certain key
WHAT IS CAPACITY DEVELOPMENT?

Capacity development is about skills, performance and governance. Capacity is the ability of people, organizations and broader societal institutions to manage development objectives and resources more effectively to achieve results. The concept is thus much broader than the training and technical assistance approaches that are often put forward as answers to the capacity problem. Capacity development is closely intertwined with the governance agenda and benefits from efforts to improve laws and institutions, leadership, transparency, and accountability.

Source: OECD/DAC.

reforms that would improve the capacity of civil society to monitor the performance of government, such as right-to-information laws, have stagnated in many countries. "The greatest obstacle is the perception that civil society is someone out in the street protesting who cannot understand anything," he says, adding that governments need to develop their capacity and skills to engage more effectively with an increasingly demanding public (see the Statement of Reality of Aid following this article).

A changing role for donors

ONE OF MORE PROMISING PARTS of this capacity development story is the growing realization among donors that their role has to change in order to improve the outcomes from capacity development initiatives. Over the past decade, practitioners have made progress on the conceptual framework that helps define capacity development and how it can be best managed within various development contexts (OECD/DAC 2006; Taylor and Clarke 2008; World Bank 2005a) Case studies have isolated some critical findings that can be applied in implementing capacity development interventions; country-level practitioners have begun to create a more professionalized capacity development practice that is informed by evidence and experience. "There's no longer the excuse that we don't know what we need to do, what works, what doesn't," says an official of the United Nations Development Program. "We have moved beyond that." The challenge now is to move this knowledge into a more widespread use on the ground.

Aided by practitioner networks like the Learning Network on Capacity Development (LenCD), donors are looking to link up with relevant partners on substantive issues, connecting regional and national networks to the global policy debate and growing knowledge base in this area. LenCD is an open network on capacity development that links many initiatives globally and is supporting an evolving community of practice. LenCD emerged as a consequence of informal networking linked to several streams of research, workshops and conferences. Since its conception in June 2004, LenCD has helped establish a collective learning process that now spans many countries and official development agencies.

The Organization for Economic Cooperation and Development's Development Assistance Committee (OECD-DAC) is also changing its approach to CD. After many years of considering capacity development as a sub-theme of its governance work, the OECD-DAC decided in 2007 to create a small unit inside the DAC secretariat to coordinate and promote awareness about capacity development among the many work streams within DAC structures. Examples include work on the environment, fragile states, procurement, aid effectiveness and other such topics. The new coordinator will seek to ensure that lessons learned in one area are known and shared in the others and that the groups systematically incorporate these findings into their policy advice.

The DAC has also proposed the idea of an alliance among the various organizations working on CD, in particular, to bring the organizations in the developed world in contact with those in the developing world. The proposed alliance would be a Southern-led forum that over the next three years, would coordinate efforts for relevant meetings, including ministerial gatherings and other events convened at the international, regional and sub-regional levels. Side events, knowledge fairs and other learning opportunities will also be organized. The alliance will encourage the development of specific commitments by southern parties to collaborate on CD issues including strategies, measuring and monitoring capacity, south-south cooperation and other matters deemed of high priority.

Leadership from the South

THESE MOVES ATTEST TO THE REALIZATION that no amount of coordination among the donors will ensure suc-
cess unless developing countries themselves play the leading role. Capacity development is inherently a developing country responsibility. In its strategy document, the DAC recommends a number of steps to foster the development of stronger Southern leadership:

- Mobilizing political champions in the South to integrate capacity development into national development strategies.
- Facilitating the identification and implementation of coordinated capacity development initiatives. This will link Southern policy makers and practitioners with international knowledge bases and expertise as well as with donors, thus providing easier access to technical and financial support.
- Enhancing South-South and triangular cooperation in capacity development through the exchange of experiences and greater use of quality southern expertise. (Tejasvi 2007)
- Promoting greater awareness by sharing lessons of experience and good practice where capacity development is not yet a priority.

Developing countries themselves have started to take the initiative to inform their peers about successful development approaches. Countries such as Brazil, China, India and South Africa have launched a number of partnerships that bring together the public, private and non-governmental sectors. Institutions like the Institute for Democratic Governance in Ghana, The Africa Capacity Building Foundation (ACBF), and the Amazon Alliance bring together individuals and organizations from diverse backgrounds and perspectives that help shape new strategies to solve local issues. There are different forms of South-South cooperation that range from organizational networks, developing nations providing technical expertise and advice to other nations and partnerships among developing countries to find innovative solutions. (See Box 3).

Knowledge networks: amplifying impact and learning

NETWORKS ARE EMERGING as an important delivery mechanism for sustainable development. (Bloom et al 2008). Communities of practice can be tapped to support efforts at the country and regional levels. Professional networks of Southern experts from the public sector, private sector and civil society are key in promoting unmediated interactions within themselves to identify and develop new and innovative solutions to their problems. Strengthening regional organizations and regional knowledge networks would give

| TYPES OF SOUTH-SOUTH COOPERATION: INSTITUTIONAL, NATIONAL AND INTERNATIONAL |

SOUTHERN NETWORKS: INSOUTH
INSouth represents an understanding, from a Southern perspective, of the new and emerging issues in the international arena, and the challenges and opportunities they pose for the South. This network brings together intellectuals from the South including policymakers, researchers and representatives from the media, private sector and civil society. The network was founded on the recommendation of the South Commission, which in a 2003 report emphasized that the South was not well organized at the global level and has thus not been effective in mobilizing its considerable combined expertise, experience, or bargaining power. For more information see www.insouth.org

DEVELOPING COUNTRIES PROVIDING TECHNICAL KNOW-HOW: THE CHINESE ACADEMY OF SCIENCES
The Chinese Academy of Sciences (CAS) has established formal contacts with major research and academic organizations in more than 60 countries (including all the developed countries and some developing countries). In addition to various kinds of cooperative activities on mutually interested issues, the Academy has signed more than 70 cooperative agreements at the Academy level and more than 700 agreements at the institute level with their partners spread over 40 odd countries and regions in the world. The Academy facilitates more than 8,000 personnel exchanges each year. These exchanges have significantly contributed to the improvement of science and technology standards, training, upgrading of and exchange of information. For more information see http://english.cas.cn/

PARTNERSHIPS AMONG DEVELOPING NATIONS: THE INDIA-BRAZIL-SOUTH AFRICA (IBSA) TRILATERAL
IBSA is a trilateral, developmental initiative in operation since 2003 among India, Brazil and South Africa to promote South-South cooperation and exchange to complement competitive strengths into collective synergies. IBSA has become instrumental in promoting closer coordination on global issues. The IBSA Dialogue Forum facilitates interaction among academics, business and other members of civil society. IBSA's Fund for Poverty Alleviation, the first of its kind, has projects in Haiti, Guinea Bissau and in Laos coordinated by the South-South Unit of the UNDP. For more information see http://www.ibsa-trilateral.org
them much needed capacity and also strengthen individual capacity in developing countries. This would then lay the foundations for a more predictable, long-term support to create effective and innovative regional capacity development initiatives.

Grant-giving regional intermediaries like PACT and the ACBF need to be strengthened so that they can effectively support regional and sub-regional knowledge networks. Single and multi-purpose networks across the world should be carefully yet systematically engaged whenever and wherever they can constructively help governments, private firms, and citizens improve the delivery of essential services and development of the country as a whole (World Bank 2005b).

Networks and partnerships like the ACBF and the New Africa Partnership for Development (NEPAD) support and sustain knowledge generation and capacity development in several important ways. Regional networks provide a critical mass of professional peer review not available at the national level, thus sustaining peer pressure for learning and excellence as well as alleviating professional isolation. They are an effective mechanism for keeping in touch with the rapidly changing frontier of knowledge through contact with the rest of the world and information sharing. Networks are a medium for experience sharing and a mechanism for drawing good practices from specific policy and knowledge contexts, making them an important resource for collective knowledge. They are a cost-effective means for providing specialized training and skill information often not viable at the national level, given the limited resources and time availability of specialist trainers. (World Bank 2005b, pp.68-69). Knowledge and practitioner networks are changing the way information and collective wisdom travels through the world and are helping level the playing field for practitioners from the South.

Conclusion

THE PATH AHEAD will require a change in the way that the donor community goes about its assistance to developing nations. More emphasis must be placed on the importance of partnering and empowering Southern leadership to take charge of the development process. Developing countries will need to understand the critical role of civil society and develop new ways of managing those relationships in more productive ways. Donors will need to learn to follow the lead of developing countries in setting priorities and strategies. South-South learning and knowledge networks are changing the development scenario. Countries have more options—of both knowledge and aid—in today’s globalized world. Traditional donors like the World Bank, IMF and developed countries will need to embrace concepts like mutual accountability and aid harmonization. This will not be easy, but these concepts are widely recognized as being crucial in aiding progress towards the goals set in the High-Level Forum in Accra.

Mark Nelson is Senior Operations Officer and Ajay Tejasvi is a Consultant in the World Bank Institute Global Programs Unit.

References


Human Rights Central to Aid Effectiveness: Civil Society Statement

At the 3rd High Level Forum on Aid Effectiveness, the Parallel Civil Society Forum highlighted the fundamental issues that concern CSOs in developing countries. The Accra Agenda for Action was modified to incorporate CSOs' concerns about the relationship between aid and development effectiveness. Below is the CSOs' concluding statement, written by Reality of Aid (Roa).¹

HERE IN ACCRA. CSOs held a parallel forum on aid effectiveness with 700 participants from over 80 countries, and there were 80 CSO participants in the official high level forum.

CSOs, and many present in Accra from the Reality of Aid Network, are determined in making human rights, gender equality, decent work and environmental sustainability explicit and central to the aid effectiveness agenda. We have consciously set the bar high in recognition of the urgency for immediate and concrete action if the AAA is to make any progress towards improving implementation of the Paris Declaration (PD) and genuinely realizing its principles by 2010. To this end we have come to Accra with a CSO position paper that puts forward 18 clear and definite recommendations.

Although CSOs have been intensively engaged in the process of drafting the AAA and have influenced the debate on various issues, we are nonetheless disappointed that our views and proposals have in the main been ignored in the final AAA. We have advanced clear, time-bound and realistic commitments on policy conditionalities, tied aid, predictability, transparency and debt. However in the final AAA we see only limited or no progress at all on these vital issues. This is deeply disappointing for us.

The AAA recognizes the poor performance of donors and countries in many areas of aid reform and unfortunately uses this poor performance to justify conservative targets. On the contrary, we believe that the AAA should have been made more ambitious if the PD's targets for implementation by 2010 are to be achieved.

We also acknowledge that the AAA in some respects introduces progress beyond the PD. The rigorous process of debate and consultation in its preparation—which saw the active participation by developing country governments and CSOs—has been productive. However in the final AAA we see only limited or no progress at all on these vital issues. This is deeply disappointing for us.

The AAA recognizes the poor performance of donors and countries in many areas of aid reform and unfortunately uses this poor performance to justify conservative targets. On the contrary, we believe that the AAA should have been made more ambitious if the PD's targets for implementation by 2010 are to be achieved.

We also acknowledge that the AAA in some respects introduces progress beyond the PD. The rigorous process of debate and consultation in its preparation—which saw the active participation by developing country governments and CSOs—has been productive. However in the final AAA we see only limited or no progress at all on these vital issues. This is deeply disappointing for us.

The AAA recognizes the poor performance of donors and countries in many areas of aid reform and unfortunately uses this poor performance to justify conservative targets. On the contrary, we believe that the AAA should have been made more ambitious if the PD's targets for implementation by 2010 are to be achieved.

We also acknowledge that the AAA in some respects introduces progress beyond the PD. The rigorous process of debate and consultation in its preparation—which saw the active participation by developing country governments and CSOs—has been productive. However in the final AAA we see only limited or no progress at all on these vital issues. This is deeply disappointing for us.

The AAA recognizes the poor performance of donors and countries in many areas of aid reform and unfortunately uses this poor performance to justify conservative targets. On the contrary, we believe that the AAA should have been made more ambitious if the PD's targets for implementation by 2010 are to be achieved.

We also acknowledge that the AAA in some respects introduces progress beyond the PD. The rigorous process of debate and consultation in its preparation—which saw the active participation by developing country governments and CSOs—has been productive. However in the final AAA we see only limited or no progress at all on these vital issues. This is deeply disappointing for us.

The AAA recognizes the poor performance of donors and countries in many areas of aid reform and unfortunately uses this poor performance to justify conservative targets. On the contrary, we believe that the AAA should have been made more ambitious if the PD's targets for implementation by 2010 are to be achieved.

We also acknowledge that the AAA in some respects introduces progress beyond the PD. The rigorous process of debate and consultation in its preparation—which saw the active participation by developing country governments and CSOs—has been productive. However in the final AAA we see only limited or no progress at all on these vital issues. This is deeply disappointing for us.

The AAA recognizes the poor performance of donors and countries in many areas of aid reform and unfortunately uses this poor performance to justify conservative targets. On the contrary, we believe that the AAA should have been made more ambitious if the PD's targets for implementation by 2010 are to be achieved.

We also acknowledge that the AAA in some respects introduces progress beyond the PD. The rigorous process of debate and consultation in its preparation—which saw the active participation by developing country governments and CSOs—has been productive. However in the final AAA we see only limited or no progress at all on these vital issues. This is deeply disappointing for us.

This is a good starting point. We also appreciate the active efforts by some donors and developing country governments who have persisted in pushing for reforms to be put in place and in thwarting efforts to water down what has already been achieved.

The hallmark of the High Level Forum and the AAA is the intensive process of preparations and engagement by CSOs and governments. The CSO Parallel Forum and the Better Aid open platform for CSO voices are particularly important achievements. However the official HLF itself still leaves a great deal of room for improvement. Notwithstanding greater CSO participation compared to the past, this still cannot yet be fully celebrated by CSOs. We need to take advantage of new opportunities for comprehensive aid reform posed by the increased involvement of new donors and other actors.

An unprecedented array of development actors is now engaged on the vital issue of aid and aid effectiveness and there have also been some unambiguous gains. Much remains to be done. The challenge is how to build on the gains achieved towards a new multilateral High Level Forum in 2011, framed by the core issues of aid and development effectiveness.

¹ Reality of Aid is the only major North/South international non-governmental initiative focusing exclusively on analysis and lobbying for poverty eradication policies and practices. It aims to contribute to more effective international aid and development cooperation strategies to eliminate poverty.

www.realityofaid.org
Aid Effectiveness and Governance

The Good, the Bad and the Ugly

BY DANIEL KAUFMANN

The Good

AID EFFECTIVENESS HAS BECOME a central notion in the lexicon of the aid industry, in contrast to over two decades ago, when official donors would not hesitate to provide major funding to governments like that of Mobutu in Zaire and Marcos in the Philippines. Such extreme misgovernance in official aid by traditional donors is rare today. For instance, even though multilateral financial institutions have been silent about the governance debacle in Zimbabwe, at least they have refrained in recent times from funding Mugabe’s government.

Further, for over a decade there has been increasing recognition that aid flowing to governments implementing ineffective policies is wasteful, consistent with empirical findings already available in the early 1990s. As a result, over the past decades aid has become somewhat more sensitive to supporting domestic policy reform efforts of recipient countries, even though narrow political objectives of donors still play a dominant role in many aid decisions today.

The official donor aid community has also become committed to improve aid effectiveness through better coordination mechanisms, as illustrated by the important Aid Effectiveness High Level Forum (HLF) process initiated in Rome in 2003, followed by the (unusually) substantive and concrete Paris Declaration in the Second HLF in early 2005. At that time official donors agreed to meet certain targets by 2011, and a serious monitoring mechanism was put in place.

Even though the HLF agenda has tended to focus narrowly on donor harmonization and coordination, some governance issues have featured explicitly in the Paris agenda, which included some commitments, notably on public finance management and country procurement systems (the “supply side”). The problem of corruption was also raised, and commitments were made on transparency and “mutual accountability.”

The Third HLF in Accra was much more inclusive than the previous ones, significantly broadening CSO participation and giving them voice. During the Accra HLF itself, CSOs were critical of the lack of transparency on how official donor monies were being spent. They emphasized that the issue was being papered over, and demanded that such items be explicitly included in the final resolution (the “Accra Agenda for Action”). Ultimately, not only the donor aid transparency item was inserted, but also civil society engagement in tracking and monitoring projects, reduction of policy conditionality, and the elimination of tied aid.

While not path-breaking, these last minute changes signaled an “official” recognition of the role that CSOs can play. More generally, some actual progress in untying aid, conditionality, and capacity development is already apparent in practice in some places.
The Bad: the silent crisis in governance and anticorruption

**While actual implementation** of the Paris Declaration has proceeded on some fronts, in many areas the pace of progress has been frozen, such as on “mutual accountability”. There is high variation across donors and partners in their commitment to this agenda. Further, partner countries often see conditionality as being reshaped rather than reduced, and their own coordination on capacity development is wanting. Moreover, since the Accra HLF was held, there is scanty evidence of further concrete progress.

A commitment to transparency is certainly important for aid effectiveness, but it will not suffice on its own. Governance and anticorruption are as important, yet they were accorded little attention at the Accra HLF. The Paris Declaration was in fact further ahead on these issues than the Accra HLF communiqué. Possibly due to political sensitivities, a focus on transparency may be more palatable than addressing broader governance and corruption challenges, and talk of “transparency” may have helped secure some reluctant official signatories on board (which would be more difficult if explicit commitments were sought on media freedoms or addressing state capture and high level corruption).

More generally, the recent neglect in addressing difficult challenges in good governance and anticorruption reflects the silent crisis plaguing the governance and anticorruption movement more broadly. Contrary to the importance these issues had worldwide almost a decade ago, they have currently become a very low priority in the aid effectiveness agenda. The Accra HLF merely mirrors this development.

Fifteen years ago, governance, anticorruption and transparency in aid were largely ignored, while since the mid-1990s, multilateral and bilateral official donor agencies have paid attention to these issues. A multitude of projects and programs to assist on governance are being implemented throughout the world. Yet over the past few years, the priority accorded to governance in aid has slackened. The strategies and programs that donors implement tend to ignore the need for those tougher governance and corruption problems that matter most for development.

In its silent crisis, the anticorruption movement has not been able to effectively make the transition from the awareness-raising stage to the concrete action-oriented stage, and from a supply-side, narrow public sector management focus to one encompassing all demand-side issues and stakeholders. The political dimensions of governance and corruption, which are key to improve aid effectiveness, have been often ignored.

Instead, the debate remains focused on technocratic supply-side discussion on “capacity,” on how donors can help “fix” technocratic issues through “harmonization” and infusion of technical assistance, by decreeing “ownership” by recipient (often governments), and by often supporting yet another new institutional setup in a recipient country (e.g. project implementation units, anticorruption commissions).

At the time of the Accra HLF it should already have been abundantly clear that aid effectiveness was not to improve materially by mere efforts to “harmonize,” and by further pledges to pursue “ownership” (by governments?), or by discussing division of labor in providing “capacity building.” In reality, aid effectiveness will be determined by more fundamental issues than those such as governance.

For years already, and certainly by the time of the 2008 Accra HLF, the evidence has been available that not only economic policies matter for aid effectiveness, but at least as important are good governance and corruption control. Empirical analysis indicates that governance and corruption significantly affect the likelihood of a success in an aid project. More fundamentally, good governance and anticorruption are essential to ensure that aid supports domestically-led governance reforms and that it results in country-wide development and poverty alleviation impact.
The Ugly: facing up to the new world reality

The low priority and tepid current approach to the governance and corruption challenge is not the only indicator that part of the "aid effectiveness" field appears to be behind the curve. Absent from Accra’s HLF were the path-breaking IT innovations, in spite of the fact that they offer great promise to improve governance and aid effectiveness. Similarly, the traditional aid industry may not yet have grasped the seismic shift that has taken place as a result of private donor aid, trade, sovereign funds and new official donors such as China. Also absent from the Accra HLF were the innovative market- and private-driven solutions to development challenges.

Now facing the magnitude and implications of the global financial crisis, the fact that the aid industry is in need of a revamp has become even more urgent than it was in 2008. The previous points made for reforming aid, and taking governance and anticorruption seriously would not only stand nowadays, but would need to be accorded even greater importance. In light of the implications of the crisis, the particular priorities within governance may need to be altered in order to move forward.

This is because the world reality has fundamentally changed. Almost one-half of the financial industry in many rich countries has been wiped out, exposing major governance and corruption deficiencies in the U.S. and other powerful countries, and threatening the global economy, which is mired in a recession. Donor aid flows to developing countries are being compromised. The U.S. is attempting to quickly disburse trillions of dollars in financial bailouts and stimulus packages, with many key OECD and important middle income countries following suit—including China. Many emerging economies and developing countries are...
preparing stimulus packages and, in some cases, financial bailouts as well.

With this, the role of government is dramatically changing; government will provide major infrastructure investments, select financial institutions to provide public funds, own major financial (and other?) assets, patch up social (and housing) safety nets, and also revamp and expand its regulatory role over the financial sector. Each one of these carries governance and corruption risks, which will need to be addressed, over and above the long-standing challenges in these areas which were pending from before.

Selected implications

SOME CIRCUMSPECTION and humility among traditional donors is in order. The governance failures leading to the financial crisis were a rude reminder that these challenges are not the exclusive domain of developing countries. Issues of capture, legal corruption and vested interests unduly influencing the rules of the game will need to be addressed in many countries, high- and low-income. Also, there is now a case for the rich world to benefit from some positive lessons already learned in developing countries. For instance, while much is made of the possible lessons from Sweden, there are also important insights that can be derived from the financial crisis of Chile in 1982. Chile also offers important lessons on methods to carry out infrastructure investments with more probity and public-private partnerships.

At the same time, given the current world economic situation, it will also be important that the donor community honor funding pledges and ensure better management of aid delivery, including untying aid and selecting types of funding and programs that maximize development effectiveness (and not necessarily always focused on central government). In addition, reformist leaders and civil society in recipient countries must show the resolve to implement governance reforms, which is paramount for development impact. In fact, developing country stakeholders (including government officials) are sending donors a message of aid selectivity and effectiveness, one which is yet to be heeded. These stakeholders are of the view that their own quality of governance should be a determinant of whether a donor like the World Bank provides funds to the country or not, and if yes, to which institution (as seen in the attached chart, from a recent poll commissioned by the World Bank).

The reforms that Liberia’s President Ellen Johnson Sirleaf has been spearheading provide a good example, deserving significant support. During the Accra HLF, she called on donors to honor their funding pledges and go about it more efficiently. She has had the courage to address the challenge of corruption faced by recipient countries, and provides an illustration of the feasibility and importance of leadership from the top on this important issue. At the same time, a bottom-up approach would consist in listening to stakeholders. In another survey, we asked thousands of citizens in developing countries what they considered top priority for aid effectiveness. They invariably said that they supported improved governance and anti-corruption ahead of other options, including providing funding to their central governments.

The new world reality forces us to think again, and signals the end of the "business as usual" era. The official aid industry was already behind the curve prior to the crisis. Now the catching up that is required is vaster, necessitating a rethinking of aid strategies and different approaches to aid effectiveness. In such a rethinking, there is a need for concrete attention to governance and political corruption, to the IT revolution, free media, innovations in public-private partnerships (e.g. advance market commitments in health, transparent concessions in infrastructure, provision of governance and anticorruption guarantees EITI, etc.), and in taking in the reality of the new role in aid of non-traditional official donors as well as that of private donors. With the new post-crisis role for governments, many of them will require specialized initiatives on governance, transparency and integrity.

Daniel Kaufmann is Senior Fellow at the Brookings Institution, and previously served as Director of Governance at the World Bank Institute. His blog is at www.thekaufmannpost.net.
Development Marketplace Helps Scale up Grassroots Innovation that Reduces Poverty

BY ELENA ALTIERI AND CHRISTOPHER NEAL

IN 1999, WHEN IAN THORPE was teaching English in rural Zimbabwe, two pupils at his primary school died of dysentery after drinking water from a local well into which a snake had fallen and decomposed. Thorpe was shaken by the incident, and upon learning that it is commonplace in Africa, investigated water technologies that might prevent such tragedies. Within less than a year, he raised funds from contacts in his native Britain to launch Pump Aid, a charity devoted to bringing appropriate-technology pumps and wells to low-income communities in Africa. Since then, its work has resulted in delivering clean water to over 80 villages in Zimbabwe and Malawi.

PumpAid found its driving purpose in an ancient Chinese pump that used bamboo for pipes, sisal rope and discs of leather to raise buckets of water. The PumpAid team—Thorpe and his former teacher colleagues, Tendai Mawunga and Amos Chitungo—adapted this simple technology to develop the $400 "Elephant Pump." It can deliver safe drinking water to 200 people—just right for many rural African schools, which is where many of the Elephant Pumps are now located.

"We adapted the design to make it robust enough for constant use in schools and villages," Thorpe said. "Local people can
make the parts and build it themselves, and a child as young as five can draw water from it.” Wells are usually dug by hand, with the location determined by geological formations and vegetation growth, as well as advice from the Pump Aid team. The pump’s concrete casing prevents contamination, and ensures a clean and sustainable supply of water.

Successful testing of the Elephant Pump prototype prompted Thorpe to submit the innovative idea to the World Bank’s Development Marketplace global competition in 2006. Development Marketplace, a grant program administered by the World Bank, has awarded over $50 million to some 1,000 early-stage, innovative projects worldwide since its inception in 1998.

Winning the DM grant of US$120,000, allowed PumpAid to expand its nascent program installing 1,000 pumps and benefiting 250,000 Zimbabweans. DM funds were also used to create the Elephant Toilet, an innovative, low-cost, low-maintenance approach to sanitation.

Just two years later, Pump Aid has secured an additional US$25M in funds that will support expansion of both the water and the sanitation programs to reach an additional 8 million people in Zimbabwe and Malawi over the next 5 years.

2008 Development Marketplace highlights agriculture

THORPE WAS BACK to tell this story at the most recent Development Marketplace global competition, held at World Bank headquarters in Washington in September 2008. The event, co-sponsored by the Global Environment Facility (GEP), the International Finance Corporation (IFC), the Bill & Melinda Gates Foundation, and the German development agency, GTZ, had agriculture as its theme. The hundred finalists were selected from over 1700 proposals as the most innovative and well designed projects to address the challenges of linking small-scale farmers to markets, improving land access or tenure for the poor, and promoting the environmental services of agriculture in addressing climate change and conserving biodiversity.

Among the 22 winning ideas—selected by a jury of 36 development experts—were milk coolers that adapt beer-cooling technology for use by Ugandan farmers, rice fields that serve as fertilizer for cost-effective and environmentally sustainable farming in Ecuador, leasing mechanisms for unused dry riverbeds that permit migrants and displaced persons to cultivate fresh produce in Nepal.

Daniel Bode, a mechanical engineer, teamed up with community organizer Saidou Ba, to propose another winning project in which an outboard motor that runs on local oilseeds will allow farmers to power their own riverboats along Senegal’s lower Casamance River, so they can get their groundnuts and millet to market. If successful, the project could double their incomes—and more—as the farmers would no longer have to rely on expensive truck transport for their produce.

Bode developed a prototype of the motor at a boys’ vocational school he runs, and plans to use the prize money to have his students produce more of them. Saidou Ba, meanwhile, is organizing some 40 farming and river-fishers’ communities to join a microcredit scheme to finance their shared access to the biofuel-powered riverboats, and increase their harvests and catches, thereby seizing the opportunity offered by Bode’s outboard motor.

"Now is the moment of responsibility," Ba said upon learning that his project with Bode had been selected for a $160,000 award. "We have presented the idea, now we must direct its implementation."

Digitization delivers jobs for the disabled

FOR JEREMY HOCKENSTEIN, winning a Development Marketplace award in 2003 was a watershed in a journey that has culminated in a multi-million-dollar social enterprise that mobilizes the skills of disadvantaged workers—including landmine victims, disabled people and women—in Cambodia. Hockenstein, a former strategist with McKinsey and Co., created Digital Divide Data (DDD), a company providing high-quality technology services to the global market. Joined by social entrepreneur Mai Siriphongphanh in 2003, the firm applied an innovative and sustainable work/study model, offering good wages and educational benefits to its Lao and Cambodian workers. This enabled them to speed up
development of local IT industries, while also giving them the skills to hold lasting jobs. In addition to salary, the workers' studies are subsidized by matching scholarships from DDD.

Based in Phnom Penh, DDD delivers multiple back-office services including data entry for digital library, legal, media and other research projects. For example, when the Perseus Digital Library at Tufts University, in Boston, wanted its literary classics texts digitized, they turned to Digital Divide Data for help. DDD scans the text images, converts them to text using Optical Character Recognition (OCR) software, and transforms them into high-quality documents tagged so that they are accessible through Perseus' databases.

DDD has already benefited 7,000 workers and generated $1.4 million in increased wages, while also shaping a new corps of leaders empowered to shepherd their countries' development. In March 2008, DDD won a Skoll Foundation Award for Social Entrepreneurship, worth $1 million over three years.

Development Marketplace competitions are also held at country and regional levels, with plans underway to tackle the challenges of youth and employment in the Middle East, and the food crisis in Latin America, among others. By stimulating competition among innovators, and applying the World Bank's expertise and convening power to highlight the best among them, Development Marketplace has nurtured ideas, helping to transform them into major projects, NGOs, social entrepreneurship ventures and established practices. The 2009 global competition's call for proposals, launched in January, seeks innovations that address the challenges of climate change adaptation, with a focus on three sub-themes:

1) reduce impacts on indigenous peoples;
2) provide co-benefits for sustainable resource management measures including biodiversity conservation actions;
3) support actions that build on and address disaster risk management, while improving resiliency of communities to future changes in climate.

Effective aid ultimately depends on mobilizing ingenuity, combined with insight into how the world's poor actually live. A decade after its launch, Development Marketplace, by linking such ingenuity from grassroots practitioners with funds and macro-level development experts, has proven in itself, to be an innovation in scaling-up and delivering on the Accra Agenda for Action.

Elena Altieri is Communications Officer for the Development Marketplace, and Christopher Neal is Senior Communications Officer, The World Bank Institute.

The contribution of Kristina Stefanova, former DM Communications Officer, is gratefully acknowledged.

Visit: www.developmentmarketplace.org to learn more about upcoming competitions, share your knowledge of social entrepreneurship on the DM Blog, and gather more information about the Development Marketplace program. Specific inquiries can be sent to: dminfo@worldbank.org

compact. Moreover, because of the complexity, countries face increased risks of not meeting compact goals within the five-year limit.

**Targeting the poorest countries:** With constrained budget resources, the MCC should stop funding middle-income countries and concentrate on the poorest countries. Allocating funds toward middle-income countries (that typically have higher saving rates and other options for financing, including private markets) and away from the poorest countries (that have far fewer options) is not the most optimal use of MCC funds. The biggest poverty reduction bang for the MCC buck is not going to come from countries that are three times richer than the original low income group.

**More comprehensive modernization of U.S. foreign assistance**

**FROM A BROADER PERSPECTIVE,** looking back, it is now clear that the administration could have, and should have, introduced the MCA as part of deeper reforms of U.S. foreign assistance programs. The key initiatives of the Bush administration—the MCC, PEPFAR, the Malaria Initiative—have all been important, but they have added to the fragmentation and lack of coordination across U.S. assistance programs, and they have done little to address some of the weaknesses of the U.S. Agency for International Development and its foundational legislation (the badly outdated Foreign Assistance Act of 1961).

To make U.S. foreign assistance programs truly effective, more substantial reforms are necessary to bring all foreign assistance programs under one independent authority (preferably a new Cabinet agency), re-write the Foreign Assistance Act, and develop clear strategies and coordination mechanisms at the White House for development policy and foreign assistance. That strategy would recognize, among other issues, the need for delivering aid programs in different ways across different developing countries, depending to a large extent on recipient countries' capacity to deliver effective programs, including a greater reliance on country ownership and country-based systems. But even in the context of these broader reforms, the need would clearly emerge for a program like the MCA to deliver significant amounts of assistance to poor but well-governed countries that are committed to effective development programs.

Sheila Herrling, Senior Policy Analyst, and Steve Radelet, Senior Fellow, are at the U.S. think tank Center for Global Development, in Washington DC.

Visit www.cgdev.org
BY CAROLINE FIGUERES, DENISE SENMARTIN AND HILDE EUGELINK

ISABEL, FROM CAMILLAYA in the Inquisivi region of western Bolivia, has never heard of aid effectiveness, but she knows what has made her become a more successful entrepreneur. For two years now, she has been using a camera to record the activities of the Integral Association of Producers, a farmers’ group which cultivates natural medicines, honey, and other products as an alternative to timber. Making videos and PowerPoint presentations are part of the Information and Communication Technology (ICT) for the Exchange of Farmer Experiences in Ecological Agriculture project, managed by the AGRECOL Andes Foundation and supported by the International Institute for Communication and Development (IICD). In Isabel’s words, “the computer and digital camera work with concrete information like words, number, images, sounds... They are tools that help us collect our grandparents’ experiences and share and exchange our knowledge.” Using these tools enables her to work more efficiently and effectively and allows her to exchange lessons learned with other producers about issues such as quality improvement, commercialization, and the challenges of working with the community.

How does this reality, experienced by local development organizations working on the ground, relate to the overall aid effectiveness mandate and the Accra Agenda for Action? Why does incorporating ICT components in development programs and projects provide an opportunity for the aid effectiveness agenda? And what can a project in a rural area tell us about this?

Information and communication technologies (ICTs) is a blanket term for all technologies that collect, access and disseminate information. They include both traditional (radio and TV) and modern technologies (mobile phones, video, computers, the Internet). Experiences on the ground tell us that when ICT components are incorporated into livelihoods, health, education, gender, governance and environment projects, the possibilities and results are compelling.
Monitoring and evaluation data show that, in 2007, about 50 percent of AGRECOL’s above mentioned project participants noticed a direct improvement in their income of 10 percent as a direct result of taking part in it. About 60 percent reported a greater awareness of the benefits of ICT and felt empowered to negotiate with intermediaries. The project is also having an impact on the community, the region and beyond as their traditional knowledge, which has now been systematized, is being incorporated in regional agricultural strategies and educational materials in schools.

In general, the ICT and livelihood opportunities projects supported by IICD show improved revenues, and better efficiency, cooperation and productivity. ICTs allow skills to be developed and resources to be mobilized in such a way that, once adopted and incorporated in personal and professional activities, the impact will continue even after aid is over.

**ICTs as development driving tools**

**RECENT STUDIES** stress the importance of ICTs in boosting economic development. A comprehensive international study investigating the correlation between changes in ICT investment levels and GDP growth across different regions shows that as a result of ICT investments, the economic growth in Sub-Saharan Africa increased about ten percent in the period 1995–2003 compared to the period 1989–1995. Over the past decade, ICT has proven to be a key factor for improvements in different environments (public and private sectors, individuals, and groups) supporting new processes, and increasing efficiency, transparency and participation.

ICT has also had an instant impact on the quality of life, in a concrete and direct way. From the radio to mobile phones, ICT makes the intersection and levelling of the global and local spheres possible by democratizing information flows. ICT leverages knowledge, which drives competitiveness and shapes economic growth patterns. ICT is one of the four pillars of a knowledge economy, together with a sound economic and institutional regime, strong education base, and innovation systems.

The Third High Level Forum on Aid Effectiveness in Accra made clear that even though progress has been made on the 2005 Paris Declaration targets, donors and partner governments are still lagging behind. Areas for improvement include: predictability, ownership, country systems, conditionality, untying, aid fragmentation, partnerships and transparency. Many aspects of these issues are related to information flows and management, cooperation, and the localization of development efforts. This means that ICT has a key role to play in aid effectiveness.

Ownership, alignment and harmonization, and monitoring for results and transparency are areas that can improve considerably with ICT.

**Appropriating processes: ICTs for ownership**

Ownership and country systems mean that countries set their own development objectives and are held responsible not only for the results, but also for the process. Ownership and appropriation of development strategies involve incorporating criteria and new skills acquired when the program or project is implemented. At the project level, this is perceived through the awareness of the stakeholders that comes about as a gradual and enriching experience in the process of re-adapting the local realities and practices based on new knowledge. This ownership process applies to strategies at both local and national levels.

Incorporating ICT in development programs and projects provides both the opportunity and the challenge to explore, find and define new ways to do what is already being done, but more effectively and efficiently. Implementing ICT solutions may be seen as a technical solution introduced by an outsider who installs a computer to automate manual activities. In fact, it has more fundamental implications. In practice, implementing ICT in any thematic area, from an agriculture information system to a telemedicine project, involves rethinking the working processes and roles in a local organization which, in turn, leads to changes in management, information flows, and communication patterns.

In the case of IICD’s work, re-defining processes has been tackled by establishing national round tables where the stakeholders involved in a thematic development area come together to identify how ICT can help them, and together identify solutions based on their concrete needs and demands. When the projects start, all the major stakeholders are key partners responsible for the strategy and the results.

Alignment is another important aspect in which ICTs are making a difference. For governments, the implementation of ICTs is fostering more effective information management systems and wider communication among key stakeholders, allowing further alignment of criteria and priorities that are reflected in national strategies. At the global level, platforms like the Accessible Information on Development Activities (AiDA), hosted by the Development Gateway Foundation, provide access to a full picture of development activities around the world grouped by country, sector, donor, and harmonizing data.

As information and communication tools continue to spread, we will see an increment in innovative uses. For example, mobile phones are now used for health, business and education purposes. As these technologies can be used by anyone without being an expert, people are showing ownership in its most simple definition, producing changes in concrete situations that reshape their lives.

**Monitoring for results: ICTs for transparency**

Transparency is another area highlighted in the Accra Agenda for Action that needs to be improved with better assessments, results monitoring, and broader parliamentary and citizen engagement.

ICTs can support monitoring and evaluation for results through the implementation of national aid management platforms, procurement, customs, and financial systems. At the same time, ICTs provide the means through which that information can be disseminated and distributed for public access.

One particular challenge is how to involve parliamentarians and citizens in the monitoring process. Some experiences at the local level indicate how ICT can make this possible. For instance,
in the Sikasso region in Mali, farmer cooperatives decided to create a Regional Committee of Rural Consultation (Comité Régional de Concertation des Ruraux, CRCR) to help influence governmental agriculture policy. With support from IICD, CRCR developed a project called Jekafo Gélèkan to facilitate access to new laws and market opportunities and to improve communication and knowledge sharing between its members (seven local committees representing ~15 farmer organizations). Farmers learned to use the Internet and manage a local radio station to disseminate specific information more widely. Overall, the project reaches about one million farming families that are now more informed and aware of agricultural strategies and policies. CRCR community leaders were able to give feedback on a national law they wished to amend and to consult their members before travelling to Senegal to attend a regional (West African) meeting on agricultural policies. They have discovered other possibilities for ICT uses too, for instance contacting customers in France via email when they hear of strikes to figure out how they can best proceed with exporting their produce.

Conclusions

OUR EXPERIENCE WITH PROJECTS in Africa and Latin America encourages us to confirm the lasting impact ICT can have on the ground. Although challenges abound, including a lack of political willingness to share information, inadequate infrastructure, skills shortages, and scarce resources, the local impact of the projects that have been implemented so far has a special added value. Incorporating ICT into development projects in diverse thematic areas can generate important changes for disadvantaged communities. These projects have also illustrated that when the focus is on changes and processes, ownership increases.

It has long been said that respecting local cultural frameworks is a pre-condition for the success of any development project. We can now say that this, plus mainstreaming information and communication technologies into projects, is a concrete strategy to promote local empowerment, ownership and effective improvement in knowledge, interactions and associative capacities of the participants involved. With these tools, both Isabel in Inquisivi and the Sikasso farmers are making aid effective and long lasting, even in ways they are unaware of.

Caroline Figuères, Denise Senmartin and Hilde Eugelink are with the International Institute for Communication and Development (IICD).

Notes


3 From “Cosechando Nuestros Conocimientos”, p. 22. “Using ICT in participatory processes for documentation and exchange has generated, in rural communities, a collective reflexion about natural resources management. Moreover, it has contributed to recovering and strengthening their relations of reciprocity.”


6 A service hosted and funded by the Development Gateway Foundation and jointly managed with the World Bank, UNDP and OECD. Site: http://aida.developmentgateway.org/index.do

7 Efforts to document these experiences include InfoDev Governance (http://www.infodev.org/en/Topic.5.html), the Commonwealth Centre for e-Governance (http://www.electronicgov.net/about/introletter.shtml), and UNDESA E-Government Survey at http://unpan.1.un.org/intradoc/groups/public/documents/un/unpan028607.pdf among others.
Multi-Donor Trust Funds

Instruments of first choice for post-crisis situations?

BY LEONIE GUDER

In the 1990s, more than one billion people worldwide were affected by natural disasters, with direct economic losses totaling US$ 630 billion. Since then, the cost of disasters has grown as their social and economic impacts have increased, driven by the growing concentration of assets and people in highly disaster-prone areas.

War and civil conflict are also uprooting the social and economic foundations, on which prospects for sustainable development, poverty reduction and the achievement of the Millennium Development Goals are based. As a result of war, Afghanistan and Iraq, among others, have suffered severe degradation of their physical infrastructure, public services and general indicators of human development. In response to these post-crisis situations, the international donor community has decided to pool its financial support for crisis regions in Multi-Donor Trust Funds (MDTFs). MDTFs often have significant comparative advantages over other forms of emergency assistance, making them an attractive and effective channel.

The World Bank’s mandate in responding to post-crisis situations

In post-conflict situations, governance is often weak, both with respect to political will and capacity to deliver. For the World Bank Group, administering an MDTF is in line with its focus on strengthening the institutions and processes of governance, and promoting economic growth. Most post-crisis MDTFs are...
used in fragile states, defined as low-income countries, eligible for credits from the International Development Association (IDA), the World Bank Group's concessional window offering low-interest long-term finance. Such countries typically have weak state policies and institutions, and face a high risk of conflict and instability.

Bank studies and other research have found that strengthening governance and promoting growth can be effective in reducing the risk of renewed conflict. The Bank's involvement in MDTFs (usually as administrator), can also reopen the door to countries that have not been eligible for Bank support (such as Sudan), helping them to address arrears, and thus assisting them in becoming IDA-eligible once again.

In post-crisis situations, the Bank—in contrast to the United Nations agencies—works primarily on two aspects of the conflict spectrum: reconstruction and development.

MDTF governance

While World Bank-administered MDTFs vary in their governance structures and membership, all MDTFs have certain features in common: A MDTF usually has a deliberative body which sets policy (policy forum), a funding decision-making body composed of donor representatives and sometimes national authorities (Steering/Management Committee), and, if project funding is involved, a project review body as well as a secretariat that services the other three bodies. MDTF donors participate in the decision-making structures of most Bank MDTFs. Some MDTFs also give observer status to non-contributing donors and civil society organizations, but this status is usually restricted to the general policy forum.

As a general rule, contributing donors and national authorities have formal decision-making power. Donors also influence the selection of the MDTF administrator. The administrator, who is selected by key stakeholders, usually the government or conflict parties in consultation with the donors. If the Bank is appointed as administrator, donors are involved in the full decision-making cycle of Bank-administered trust funds.

Having a common administrator ensures harmonization of procedures for the application of MDTF funds (planning, budgeting, accounting, auditing). In several cases, a spill-over effect can be observed, in which the emerging public sector of the respective post-conflict country has been adopting the administrator's procedures, knowing that they will be internationally accepted.

MDTFs offer benefits

For donors, the MDTF may be a funding channel for countries or situations in which they would not otherwise have become engaged. Sometimes, an MDTF is a complementary vehicle to activities that are funded bilaterally. Donors participate in Multi Donor Trust Funds for the following reasons:

- **Platform for policy dialogue:** Even if donors have access to national authorities based on their bilateral activities, MDTFs provide an information collecting and sharing mechanism, a forum for donor discussion and coordination, as well as a platform on which to enter into dialogue with national authorities. On a larger scale, MDTF governance structures also allow to engage in dialogue with representatives from civil society, or other parts of the public administration.

- **Strategic alignment:** As members of the MDTF Steering Committee, donors not only meet to exchange information, but also to endorse a common aid strategy. At the same time, a common strategic approach towards the post-crisis situation by donors also supports the alignment of the MDTF with national priorities of the recipient country.

- **Cost and risk reduction:** Through their pooling of resources and the application of a set of common procedures under one administrator, MDTFs reduce information, coordination and administrative costs. They enable joint, coordinated support to fragile and failing states, and reduce fiduciary and political risk exposure when interaction involves possibly corrupt parties to a post-conflict process.

- **Access to information:** MDTFs organize meetings, such as debriefings and missions, which provide information which would not otherwise have been available to donors and which guide them on internal priority setting for their bilaterally-managed funds. Likewise, the MDTF secretariats prepare background documents, manage data and provide analyses which are useful to donors.

- **Flexibility in funding:** MDTF financing has been primarily to the public sector, either in the form of budget support, on-budget project funding, or off-budget project funding (typically implemented by non-public entities). Some financing has also been channeled outside the public sector, directly to UN agencies, or through them or government bodies to NGOs. As a resource channeling mechanism, MDTFs provide the flexibility of being able to change funding channels, even after an MDTF has started its operation.

- **Predictability of funding:** Another important argument for MDTFs is that they contribute to predictability of funding and thus the Mutual Accountability principle of the Paris Aid Effectiveness agenda.

- **Visibility and spill-over effects:** MDTFs in a post-crisis setting are highly visible bodies in a typically weak governance environment. Hence, they often influence and impact their environment beyond their given mandate and beyond their original membership. The Multi Donor Trust Fund for Aceh and Nias (MDF), established in 2005, serves as an example. Under the roof of the MDF, 15 donors support Indonesia's earthquake and tsunami-related recovery programs. Looking at the role of the Steering Committee from an aid effectiveness perspective, the Committee,
which owes its existence to the creation of Multi Donor Trust Fund, not only makes the financial decisions and steers the discussions among donors, government and civil society toward common and mutually trust funded activities, but it is also well-positioned to respond to emerging recovery needs which are not being met by other sources of finance (government, bilateral donors, multilateral institutions, NGOs, and the private sector). It also serves as a platform for dialogue and a potential forum to discuss future cooperation, beyond the life of the trust fund.

- **Transparency:** While the formal Steering Committee is not open to other actors, efforts have been made to include larger donors in the Advisory Committees of MDTFs as observers, even if they were not channeling resources through the MTDF itself. Apart from the attempt to include other actors and stakeholders in the informal discussions, the information generated by the MDTF is usually easily accessible to the public through websites. Agendas and minutes from meetings, project and quarterly progress reports, and detailed financial data provide a degree of accountability and transparency that no other bilateral actor in those countries can match. Moreover, accountability and transparency in turn increase the credibility of the respective aid interventions.

**Conclusion**

In a post-crisis environment, risk, uncertainty and information costs are high. Thus, the delivery of basic services tends to be costly. MDTFs can enhance aid effectiveness by reducing transaction costs and by mitigating and managing the high risk levels inherent to post-crisis situations. Though much smaller than national and bilateral relief contributions, MDTFs have served as important instruments for resource mobilization, policy dialogue, and risk and information management. As post-crisis funding mechanisms, they represent "best practice," in line with the Paris Agenda for Aid Effectiveness, and largely also the DAC Principles for Engaging in Fragile States.

Leonie Guder works in the Partnership and Trust Fund Policy unit of the World Bank.

**References**

TERRORISM
Piracy clouds African prospects

BY JAIRO JURA

The beleaguered faces of the Ukrainian seamen on the MV Faina, loaded with 33 tanks and other military equipment, captured off the coast of Somalia along the Gulf of Aden, speak volumes as Somali pirates, armed with mortars, grenades and guns, negotiate hefty ransoms with ship companies and governments.

This is not an isolated case. Joland Besana, the 35-year-old Philippine chief cook on the Greek vessel MV Centauri, which left Asmara in Eritrea carrying 15,500 metric tonnes of salt in mid-September, and was scheduled to dock in three days at Mombasa, Kenya, went through a 71-day ordeal as a hostage together with 26 crew members. The pirates robbed him of money, mobile phone and a gold ring. Finally, successful negotiations between the ship owners and the pirates paid off and the hostages were released. The amount of the ransom was not disclosed.

"I hope to reach home safely to see my family, especially my little daughter who was born while I was away at sea. May God help me!" He prayed after landing in Mombasa on December 3, 2008.

According to the International Maritime Bureau, Somali pirates control the straits of the Red Sea and operate within the Gulf of Aden as it narrows its way into the Mediterranean Sea through the Suez Canal. This is one of the world's busiest seaways, with an annual turnover of 20,000 ships, including 6,200 tankers, which transport 18 percent of the oil shipped to the U.S. and Europe.

The presence of NATO warships and other foreign naval ships in the Gulf of Aden is not a deterrent. These ships hesitate to counter-attack the pirates because of possible collateral damage to the victims. By the end of November 2008, hundreds of vessels were attacked and...
about 90 ships hijacked, with sophisticated armaments, oil, and food among the looted valuables. Piracy raked in between $13 to $30 billion. It is a global business, with Somalia a major staging area for pirates of various origins, who take advantage of the current state of lawlessness in the country.

Who are they?

The Somali pirates behave in ways similar to the 19th-century Chinese pirates during the mid-Qing dynasty. They are shrewd, cunning, mean, young, smart, athletic, sophisticated, daring and dangerous. The Somali Al Shabaabs, Islamic fundamentalists who control large swathes of land in Kismayu, rule through Sharia law and are linked to Osama Bin Laden's Al Qaeda. They are suspected to be actively running piracy in this area.

The pirates target money, oil, food and weapons. From the end of 2007 to November 4 2008, they took advantage of the fact that the world's attention was focused on the U.S. presidential campaign to attack World Food Program vessels without encountering resistance, and brazenly engaged in an undeclared war.

Leadership and anarchy

Some Somalis engage in piracy as a way out of poverty and wretchedness. Bolstered by a leadership that has encouraged war and anarchy in Somalia for more than 20 years, as well as by poor global mechanisms for coordinating an effective enforcement of international maritime laws, they do not think of the negative consequences their criminal activities have on the Horn of Africa.

This has affected Ethiopia, Djibouti, Egypt, Eritrea, Uganda, Kenya and Tanzania among other countries in the region. Already hit with poor economic growth, due to the unfolding global recession and unfavorable trade relations with developed countries, now they have to face inflated transport costs by re-routing their imports and exports through the Cape of Good Hope in South Africa.

For instance, Kenya, which closed its eastern border with Somalia after two Roman Catholic nuns were abducted by Somali militias, is burdened with 300,000 Somali refugees in the Dadaab Refugee Camp, which has a capacity of only 90,000. It also faces soaring prices of essential imported fuel, food and goods, low income earnings and purchasing power, and unemployment. In addition, uncertainty of exports to Europe and Middle East through the Gulf of Aden, reduced tourism due to risks and fear, and high insurance costs impact negatively on the aggregate demand for steep imported commodities.

If piracy along the Gulf of Aden is left uncontrolled, the annual cargo, as well as the human traffic volumes, which more than doubled over the last decade in Kenya, will decline, provoking renewed inflation, currently at 30 percent, while widening the merchandise trade deficit in the current account balance, which stood at $810 million in 2007, according to Kenya Economic Survey 2008.

A recent report released by Kenya-based Regional Centre on Small Arms and Light Weapons, which comprises 12 countries within the Great Lakes and the Horn of Africa, disclosed that developed countries use conflict-prone countries in Africa and elsewhere to dispose of old, redundant weapons. In Somalia, a Rocket Propelled Gun (RPG) can be obtained for $150 to $500, or lower, depending on how desperate the seller is for cash.

The pirates, who induct young men into sea-banditry business, grew up on humanitarian food hand-outs in an environment affected by extreme poverty, in the frag-
mented triad country of Puntland, Somaliland and the Transitional Federal Government (TFG) of Somalia. Faced with a bleak future, they turned to crime for a livelihood.

A combined task force of 14 nations has established a 960 km-long safe corridor for merchant ships along the coast lines from Tanzania to their base in Djibouti through Mombasa, but this has not deterred the pirates.

When unsuspecting ships ply the Gulf of Aden, with cargo or passengers, they are intercepted by buccaneers on mother-ships and speedboats, who either fire at the ship under attack to make it stop, or engage in a dramatic chase to outrun and finally capture it. Crew and passengers become captive pawns in the game of negotiating enormous ransoms.

Connections to a global network

THE PIRATES ARE WELL CONNECTED to high profile Somali politicians, the clan warlords in the coastal village of Haradhere 300 km north of Mogadishu, the community Elders and the global underworld. They have connections as far as Nigeria, Libya, Morocco, Europe, Middle East, Saudi Arabia, Russia, Oman, Yemen, Pakistan, India, Afghanistan, Uganda, Kenya and Tanzania to mention but a few.

The Egyptian fertilizer-laden Blue Star with 15 crew members and the MV Sirius Star, a Saudi super-tanker loaded with $100 million worth of oil, are among their latest trophies, 830 km off the coast of Kenya. The MV Sirius Star was later released, after US$3 million was parachuted to the pirate ship. The huge ransoms the pirates demand and often obtain are in turn invested in weaponry, villas in the Somali villages of Eyl and Xanrandheere, and laundered in neighboring countries such as Kenya, Tanzania, Yemen, Dubai, Pakistan and Afghanistan, among others.

New strategy

HOWEVER, A NEW PROACTIVE STRATEGY by the British navy, Malaysian airmen, French warships and others, seems to be bearing fruit. The French recently intercepted and arrested eight Somali pirates. Earlier, Malaysian military helicopters prevented the pirates from capturing an Indian tanker. The British have arrested and handed over to Kenya seven Somali pirates who are now serving jail terms in Mombasa.

With 3,000 Ethiopian troops pulling out of Somalia, time will tell what will become of the rudderless country. Kenya, which has started feeling the pangs of economic recession, has ended the year with a new resolution: to deploy fighter jets, patrol its territorial waters, and shell and sink any pirate boats seen on site.

Recently, 12 East African countries deployed a 7,000-strong standby brigade with the mission to keep peace by responding to conflicts and other crises, such as piracy, in the Eastern Africa region. Its aim is to complement the African Union and the U.N. peace-keeping force. Nevertheless, without a mandate to deal a major blow to the pirates, the brigade is unlikely to dismantle their operations. This happened as the United Nations renewed its approval for the use of force against the pirates off the Somali coast and promoted a concerted effort through its Projects and Services Office (U.N.O.P.S) in Naivasha, Kenya, to reconcile the rival factions competing for supremacy in Somalia.

However, one major group, the Al Shabaabs, which controls a very large part of Somaliland, was ignored. Unless an inclusive participatory approach is applied and socio-economic processes and structures that support the well-being of Somali citizens, and inculcate some order in their political and administrative systems, are put into place, fighting piracy in the Gulf of Aden is unlikely to deliver decisive results.

Jairo Ouma Jura is a media consultant residing in Nairobi, Kenya.

“Voices from the Field” provides first-hand insight into issues of current concern to the development community. To participate, send your stories to: devoutreach@worldbank.org.

Make your voice heard.
FINANCIAL CRISIS: WHAT THE WORLD BANK IS DOING

DEVELOPING COUNTRIES face a new challenge from the global financial crisis, which is rapidly becoming an unemployment crisis. The recent food and fuel crises have already pushed millions back into poverty and hunger. Sharply tighter credit conditions and weaker growth are likely to cut into government revenues and their ability to invest to meet education, health and gender goals, as well as the infrastructure expenditures needed to sustain growth. The financial crisis now threatens to shrink emerging markets’ access to trade and investment, and each 1 percent drop in growth could trap another 20 million in poverty.

Governments must keep their commitments to increase aid to the most vulnerable people. The World Bank Group is helping to address the crisis through financing, advice and partnerships.

Visit: www.worldbank.org and click on "financial crisis"

CONFERENCE HIGHLIGHTS ROLE OF PUBLIC-PRIVATE PARTNERSHIPS

WORLD BANK OFFICIALS addressing a global conference on public-private partnerships in infrastructure in Washington, D.C., underlined the importance of protecting infrastructure stocks and services from further deterioration during the global financial crisis. Addressing public sector professionals mandated to pursue public-private partnerships in infrastructure, Kathy Sierra, World Bank Vice-President for Sustainable Development, cited multiple infrastructure finance initiatives launched by the World Bank Group, including an Infrastructure Crisis Facility created by the International Finance Corporation (IFC) to provide rollover financing and to recapitalize distressed Public-Private Partnership (PPP) projects. She also highlighted Energy for the Poor, an initiative designed to alleviate the impact of this crisis on the poorest segments of the population in developing countries.


DANIEL KAUFMANN'S FAREWELL LECTURE—“Governance, crisis, and the longer view. Unorthodox reflections on the new reality”

ON DECEMBER 9, 2008, the World Bank Institute and the Public Sector Governance Board of the World Bank hosted a farewell lecture by Daniel Kaufmann, outgoing Director of Global Programs at the World Bank Institute. The lecture was held on the international Anti-Corruption Day.

Kaufmann, a world renowned specialist on governance and anti-corruption, outlined his professional journey through the changing times at the Bank and in the greater global context, from a traditional Ivy League economist to understanding the importance of individual voices and people on the ground. He placed the struggles of the anti-corruption and governance movement, which largely defined his career, in the context of today’s economic crisis, stating that this crisis creates an opportunity for the international donor community and its key institutions to re-evaluate their business model so to enhance aid effectiveness and abet improved governance around the globe.

Kaufmann emphasized the importance of creating more transparency and spurring an open debate about how to address the pending challenges of governance, state capture, corruption, human rights, and freedom of expression and of the media.

Visit: www.worldbank.org/wbi
SOUTH-SOUTH PARTNERSHIPS TO STRENGTHEN DISASTER REDUCTION AND RECOVERY

THE GLOBAL FACILITY for Disaster Reduction and Recovery (GFDRR), established in September 2006, is a unique partnership of the World Bank, the UN and governments. GFDRR provides technical and financial assistance to help high-risk countries decrease their vulnerability and adapt to climate change. In less than two years, GFDRR has received more than $77 million in donor pledges and committed more than $43.5 million in technical and financial assistance to 54 developing countries.

GFDRR launched the South-South Cooperation Program in 2007 to foster greater support for the disaster risk reduction agenda by developing countries. Eight partnership initiatives from governments and non-governmental organizations in Asia and Africa received preliminary approval. These partnerships were invited to a three day workshop from October 29-31, 2008 in New Delhi. The workshop, hosted by India’s Ministry of Home Affairs, drew 60 participants representing 30 organizations from 21 countries.

On that occasion, India announced the setting up of a Disaster Management Authority at the national and state government level aimed at harmonizing climate change adaptation and disaster risk reduction.

The partnership for enhancing capacity to implement Disaster Reduction and Recovery among local communities in Asia—comprising groups from India, Nepal, Cambodia, Philippines and Malaysia—spoke to the need to enforce stricter building structural norms in line with resistance to disaster. The Partnership forged greater collaboration by sharing among member countries examples of multi-hazard projects which have been implemented in their respective countries.

The Disaster Risk Reduction City to City sharing initiative for Developing Countries—a partnership between the city of Makati in the Philippines, Kathmandu in Nepal and Quito in Ecuador—seeks to integrate Disaster Risk Reduction in land-use planning policies by strengthening capacity of city managers, and establishing a continuous long-term partnership among cities in developing countries.

For further information contact:
Katalin Demeter, Program Leader, Sustainable Development Division, The World Bank Institute (kdemeter@worldbank.org)

LABOR MARKET POLICY CORE COURSE

"JOBS FOR A GLOBALIZING WORLD: Labor Market Policy" (March 30 to April 10, 2009—Washington, DC) is a two week course offering a unique learning experience on how employment is being transformed in today’s rapidly changing, globalizing environment. The course identifies key labor market challenges within the context of overall poverty reduction and other economic and social development goals, and explores what policy makers and others can do about them. It builds on the latest research findings by the World Bank and other academic and research institutions, as well as on practical lessons learned from country experiences. The content of the course will focus specially on developing and transition countries. The course will feature parallel sessions, focusing separately on labor issues in low-income and middle income countries. This structure will allow a more in-depth exploration of the policy options for each setting.

Participants will also have the opportunity to present and discuss challenging labor market issues in their own country, and work toward solutions with other participants and experts. Contact Azedine Ouerghi at Aouerghi@worldbank.org

WORLD BANK STRATEGY FOR INDIA SET TO BOOST SUPPORT FOR INFRASTRUCTURE AND POORER STATES

THE WORLD BANK GROUP is tailoring its assistance to India both to fast-track much-needed infrastructure development and to support the country’s seven poorest states achieve better living standards for their citizens. The World Bank Group’s new Country Strategy for India envisions a total proposed lending program of US$14 billion for the next three years, of which US$9.6 billion is from the International Bank for Reconstruction and Development (IBRD) and US$4.4 billion (SDR 2.982 billion equivalent at the current exchange rate) from the International Development Association (IDA). The strategy is guided by the priorities of the Government of India as expressed in the Eleventh Five-Year Plan. Addressing India’s vast infrastructure deficits is critical to boosting growth and bridging the gap between rich and poor. A related challenge is to ensure that development is sustainable, meaning that the environment is cared for in the process.

For more information visit: www.worldbank.org/in
THE ACCRA HIGH LEVEL FORUM

website includes information on the Forum itself, specific panels, roundtable outcomes, transcripts, documents, press releases, list of participants, side events, photo gallery, the voice of civil society, Accra Agenda for Action, plus background materials such as milestones in aid effectiveness and the Paris Declaration.

www.accrahlf.net

The portal of NATIONAL NGO PLATFORMS is part of The International Resource Centre, set up to fulfil the following objectives: capacity building programmes (technical assistance, training facilities) to strengthen national platforms of NGOs; regional cooperation amongst national platforms (regional coordination, collective work, governance); international cooperation on global issues (advocacy, promotion of policy papers from national platforms, preparation of international meetings).

www.ong-ngo.org

THE DEVELOPMENT MARKETPLACE (DM) website posts information on its competitive grant program administered by the World Bank and funded by various partners that identifies and funds innovative early stage development projects with high potential for development impact and replication. Each year, the DM organizes global and regional competitions focused on a specific theme or sector: since 1998 it has awarded more than $4.6 million to over 1000 projects.

www.developmentmarketplace.org

DM BLOG. (the Development Marketplace blog) brings together experts and practitioners from around the world with different backgrounds and fields of expertise but with a common interest and commitment to early stage development, innovation and social entrepreneurship. This platform aims to become a virtual space to: connect ideas, projects, people and countries; share knowledge, opinions, opportunities, tools and resources; discuss trends, lessons learned, good practices and news; follow global and regional competitions; meet World Bank specialists, DM participants and friend, funders and peers.

http://dmblog.worldbank.org

THE INTERNATIONAL INSTITUTE FOR COMMUNICATION AND DEVELOPMENT (IICD) is a non-profit foundation that specializes in information and communication technology (ICT) as a tool for development. IICD creates practical and sustainable solutions using both modern media (such as computers, Internet, email and multimedia) and traditional media (such as radio and television) to connect people and enable them to benefit from ICT. Together with partners from the public, private and non-profit sector, IICD puts knowledge, innovation and finance to work. Currently, IICD is active in Bolivia, Burkina Faso, Ecuador, Ghana, Jamaica, Mali, Tanzania, Uganda and Zambia in the sectors of education, environment, governance, health and livelihoods (agriculture).

www.iicd.org

GLOBAL INFORMATION AND COMMUNICATION TECHNOLOGIES (GICT) is a joint department of the World Bank and the International Finance Corporation. The department also houses InfoDev, a multi-donor trust fund for innovation projects and research. By combining the World Bank expertise in policy and regulatory matters, IFC's experience in private sector investment transactions and InfoDev analytical activities, GICT provides governments, private companies, and civil society organizations with the expertise and capital needed to develop and apply ICTs to reduce poverty. GICT also helps to coordinate the World Bank Group's relations and partnerships with other donors, international organizations and non-government organizations in the area of ICT for development.

www.worldbank.org/gict
AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT (AUSAID) is responsible for the management of the official Australian Government overseas aid program. It is an administratively autonomous agency within the Foreign Affairs and Trade Portfolio. AusAID reports directly to the Minister for Foreign Affairs on all aspects of aid policy and operations.

www.ausaid.gov.au

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (CIDA) supports sustainable development activities in order to reduce poverty and to contribute to a more secure, equitable and prosperous world.

www.acdi-cida.gc.ca

THE ECONOMIC DEVELOPMENT COOPERATION DIVISION OF SECO is the Swiss government's competence centre for sustainable economic development and the integration of developing and transition countries into the global economy. Its primary objective is the reduction of poverty. Its main activities are in the fields of macro-economic support, investment promotion, trade and environmental technology cooperation, development of basic infrastructure, and cooperation with multilateral development banks.

www.seco-cooperation.admin.ch

THE MILLENNIUM CHALLENGE CORPORATION (MCC) is a U.S. Government corporation whose mission is to provide assistance that will support economic growth and poverty reduction in selected developing countries that demonstrate a commitment to just and democratic governance, economic freedom, and investments in their citizenry.

www.mcc.gov

DEVELOPMENT COOPERATION: UNDER THE FINANCIAL COOPERATION BETWEEN THE FEDERAL REPUBLIC OF GERMANY AND DEVELOPING COUNTRIES (KFW), on behalf of the German government, finances investments and project-related consultancy services to expand social, economic and industrial infrastructure and to protect the environment and natural resources. KfW appraises the eligibility of projects for financing, assists the partner countries in implementing them, and evaluates their success after they are completed.

www.kfw.de

WORLD TRADE INDICATORS (WTI) 2008 DATABASE AND COUNTRY TABLES (TAAGS) have been updated. The database now contains 305 trade-related indicators. Initially launched in June 2008, the WTI allows benchmarking and comparisons of countries and customs territories across trade-related indicators and will help policymakers and researchers analyze the key at-the-border and behind-the-border factors affecting the trade performance of countries and regions. The database makes it possible for the first time to rank countries and compare their performance not only of trade outcomes but also on policy and institutional dimensions—trade policy, the external environment, institutions and business climate, and trade facilitation.


SIDA is the Swedish government agency dealing with bilateral international development cooperation and the major part of the cooperation with Central and Eastern Europe. Sida's task is to create conditions conducive to change and to socially, economically and environmentally sustainable development.

www.sida.se
In most countries, parliament has the constitutional mandate to both oversee and hold government to account. In light of the increased focus on good governance, academics and legislative strengthening practitioners are re-examining parliament's oversight function with a view to increasing public financial accountability, curbing corruption, and contributing to poverty reduction.

Gates has approached philanthropy with an ambition to change the rules of the game, he advocated a creative capitalism in which big corporations integrate doing good into their way of doing business. This controversial new idea is discussed in this volume by forty contributors, among them three Nobel laureates and two former U.S. cabinet secretaries. Creative Capitalism is not just a book for philanthropists. It’s a book that challenges the conventional wisdom about our economic system, a road map for the new global economy that is emerging as capitalism adapts itself once again to a changing world.

Rising densities of human settlements, migration and transport to reduce distances to market, and specialization and trade facilitated by fewer international divisions are central to economic development. The transformations along these three dimensions—density, distance, and division—are most noticeable in North America, Western Europe, and Japan, but countries in Asia and Eastern Europe are changing in ways similar in scope and speed. WDR 2009 concludes that these spatial transformations are essential, and should be encouraged. However, the conclusion is not without controversy.

This book illustrates why the field of development communication is important and how its tools and methods enhance long-term and sustainable results. The book presents basic concepts and explains key challenges faced in daily practice. Each of the four modules is self-contained, with examples, toolboxes, and more.

The Great Inflation, argues award-winning columnist Robert J. Samuelson, was the worst domestic policy blunder of the postwar era and played a crucial role in transforming American politics, economy, and everyday life—and yet its story is hardly remembered or appreciated. In these uncertain economic times, it is more imperative than ever that we understand what happened in the 1960s and 1970s, lest we be doomed to repeat our mistakes.

Prosperity Unbound is a provocative new look at real estate and "unreal estate" As a World Bank economist in the 1990s, and later as an investment advisor on deregulation, the author has seen first-hand how "unreal estate" distorts and suppresses property values and stunts the development of property markets. She has devised an analytical solution that was successful in the case of Peru and that may be applied just as successfully elsewhere.

Conditional Cash Transfer (CCT) programs aim to reduce poverty by making welfare programs
time with ingenious black marketeers as they game the international system. Follow the steep rise and fall of stock prices of companies with unseemly connections to Indonesia’s former dictator. See for yourself what rainfall has to do with witch killings in Tanzania—and more.


From Poverty to Power argues that to break the cycle of poverty and inequality and to give poor people power over their own destinies a radical redistribution of power, opportunities, and assets is required. The two driving forces behind such a transformation are active citizens and effective states.


Written by an international team of contributors, this comprehensive reference includes more than 300 up-to-date entries covering a wide range of topics in international trade, finance, production, and economic development. These topics include concepts and principles, models and theory, institutions and agreements, policies and instruments, analysis and tools, and sectors and special issues. Each entry includes cross-references and a list of sources.


Join the authors, two sleuthing economists, as they follow the foreign aid money trail into the grasping hands of corrupt governments and shady underworld characters. Spend

---


The result of two years work by 19 experienced policymakers and two Nobel prize-winning economists, The Growth Report is the most complete analysis to date of the ingredients which, if used in the right country-specific recipe, can deliver growth and help lift populations out of poverty. By the Commission on Growth and Development.


Published in association with Harper Collins, the completely revised and updated second edition of the Atlas of Global Development vividly illustrates the key development challenges facing our world today. Keeping abreast of a changing world, new topics have been added including child employment, internet use, foreign direct investment, food production, and energy flows.


While a disproportionate share of research has focused on measuring inequality in the health sector, work is emerging on how to understand the causes of inequality. This book summarizes the operational lessons emerging from this new focus. It is intended to be an operational resource for change agents within and outside government in low and middle countries.
### CALENDAR

#### FEBRUARY 2009

18-20 High-Level Regional Forum on Responding to the Economic Crisis: Coherent Policies for Growth, Employment and Decent Work in Asia and the Pacific
Manila, Philippines
www.ilo.org/asia/whatwedo/events/

#### MARCH 2009

15-19 Looking Back, Thinking Ahead: Using Research to Improve Policy and Practice in Women’s Health
Halifax, Nova Scotia, Canada
www.acdi-cida.gc.ca

27-31 Fiftieth Annual Meeting of the Board of Governors of the Inter-American Development Bank and the Twenty-fourth Annual Meeting of the Board of Governors of the Inter-American Investment Corporation
Medellín, Colombia
www.iadb.org/am/2009

#### APRIL 2009

7-10 Redefining the Landscape of Payment Systems
Cape Town, South Africa

25-26 Spring Meetings of the World Bank Group and the International Monetary Fund
Washington, D.C.
www.imf.org

#### MAY 2009

2-5 Forty-Second Annual Meeting of the Board of Governors of the Asian Development Bank
Bali, Indonesia
www.adb.org/annualmeeting/2009/

4-5 Fourth IZA/World Bank Conference on Employment and Development
Bohn, Germany
www.iza.org

13-14 Annual Meetings of The African Development Bank (AFDB) Group comprising the African Development Bank (ADB) and the African Development Fund (ADF)
Dakar, Senegal.
www.afdb.org

#### JUNE 2009

15-22 Fifth Urban Research Symposium. Cities and Climate Change: Responding to an Urgent Agenda
Marseille, France
www.urs2009.net

---

### Development Outreach

**Subscription Order Form**

**SUBSCRIBERS FROM DEVELOPING COUNTRIES WILL CONTINUE TO RECEIVE THE MAGAZINE FREE OF CHARGE.**

**SUBSCRIPTION FEE APPLIES TO READERS IN THE FOLLOWING DEVELOPED COUNTRIES:**

Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Kuwait, Luxembourg, Monaco, Netherlands, New Zealand, Norway, Oman, Portugal, Spain, Sweden, Switzerland, United Arab Emirates, United Kingdom, United States, and Vatican City.

Please print or type all information

☐ YES, sign me up for *Development Outreach* for 2009 for just $18 (three issues per calendar year, January-December)

- **NAME**
- **TITLE**
- **ORGANIZATION**
- **ADDRESS**
- **CITY AND STATE OR PROVINCE**
- **COUNTRY**
- **ZIP / POSTAL CODE**
- **PHONE**
- **FAX**
- **E-MAIL**

Please do not send cash. Make checks payable to Development OUTREACH/WBI.

☐ Check no.__________ in the amount of $________ is enclosed.

Mail order to:

Editor, Development OUTREACH
The World Bank
1818 H Street, NW, Room J4-108
Washington, DC 20433 USA
Columbia University's School of International and Public Affairs' Program in Economic Policy Management offers an intensive 14-month program leading to a Master of Public Administration. The program provides rigorous graduate training in micro- and macroeconomics, management, finance and development policy, with a strong emphasis on the policy issues faced by developing countries. The program concludes with a three-month internship at the World Bank, International Monetary Fund or other public or private sector institutions.

Students may also pursue a focus in International Energy Management and Policy, administered in cooperation with SIPA's Center for Energy, Marine Transportation and Public Policy, to prepare for work in the businesses, markets and governance structures involved in producing, transporting and marketing energy products.

The program also features a tailored lecture and workshop series, ranging from effective inflation targeting to understanding financial crises.

The program begins annually in early July. Applications are due the preceding January.

To learn more about SIPA, please visit:
www.sipa.columbia.edu

Executive Development Program
Inclusive and Sustainable Business:
Creating Markets with the Poor

This unique Executive Development Program combines business and development perspectives. It offers leaders and company executives working in emerging markets insights to build corporate strategies that fight poverty while delivering profits.

Learn how to create business opportunities that also benefit the billions who are joining the market economy for the first time.

Customized regional- and industry-specific versions of the program will be offered in 2009.

The Development Marketplace (DM) is a competitive grant program administered by the World Bank and funded by various partners. The DM is a unique opportunity to turn your idea into reality; if selected your project could receive up to US$200,000 in grant funding for implementation over two years. For further information on the competition subthemes, application guidelines and selection criteria, visit the DM website at www.developmentmarketplace.org.