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Linking aid effectiveness with the 2030 Agenda in three steps

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Bonn, 6 March 2017. As a common framework between industrialised, emerging and developing countries, the 2030 Agenda and the sustainable development goals (SDGs) offer an opportunity to revitalise the aid effectiveness agenda. In 2005, in response to growing criticism of the effectiveness and sustainability of development cooperation, donors and recipient countries agreed on a practical and action-oriented roadmap, the Paris Declaration on Aid Effectiveness. Recipient countries committed to assume a leading role in aid programmes, design their own development strategies and to strengthen their financial systems and public institutions. Donors agreed to align their support with the strategies of the partner countries, to use strengthened country systems for the realisation of aid projects and to avoid overlap. In addition, improved accountability, greater transparency and a focus on results were to contribute to increasing the effectiveness of development cooperation interventions.

These aid effectiveness principles are also emphasised in the 2030 Agenda. Beyond this, the SDGs promote cooperation between countries, between different policy areas (such as economic and environmental policy) and between development actors of politics, business and the civil society. To ensure effective aid interventions it is important to avoid using it to exert pressure to take back rejected asylum seekers. Instead, development cooperation should be used as a tool to sustainably improve living conditions in partner countries in order to create incentives not to emigrate. In the last years, the aid effectiveness agenda has had a shadowy existence. Reasons for this are on the one hand the new diversity in the donor and recipient landscape, which no longer consists solely of North-South cooperation (industrialised and developing countries), but increasingly also South-South cooperation (for example between China and Africa). This diversity is not adequately reflected in the Global Partnership for Effective Development Cooperation (GPEDC) responsible for the aid effectiveness agenda. On the other hand, scarce budget resources require accountability regarding how aid funds are utilised. For example, a lack of trust in the governments of partner countries by voters and parliaments has led to a decline in budget support since 2008, the flagship instrument of the effectiveness agenda.

The SDGs now offer an opportunity to reinvigorate the aid effectiveness agenda. Developing, emerging and industrialised countries are currently translating

the SDGs into national sustainability strategies. This signifies a new opportunity to identify joint priorities as well as undertaking a new division of labour and targeted coordination between donors. The commitments of the developing countries to support the efforts of donors and enable innovative approaches to cooperation are also a component of the SDGs. However, further efforts are required if this opportunity is to be utilised.

Firstly, development cooperation should be oriented towards national development and sustainability strategies and increase the use of partner country systems for planning and implementation. Alternative approaches to budget support include results-based or programme-based approaches. These contribute to supporting the strategies, priorities and implementation capacities of the partners, which serves to strengthen ownership and improve the effectiveness of aid.

Secondly, the planning of new programmes should be based on the comparative advantages of the donors and should be coordinated with the activities of other actors such as private foundations and the private sector. The SDGs call for a division of labour and a concentration on low income countries that are especially dependent on external support. Research institutes, think tanks and multilateral initiatives currently work on calculating the annual investment required in different intervention areas and countries to achieve the SDGs, which can be used as a basis for coordination.

Thirdly, alongside creative approaches, the ongoing examination and evaluation of strategies and programmes is necessary in order to stimulate learning processes, avoid mistakes and assure effectiveness. However, the data revolution that this necessitates is still in its infancy. What is important is the strengthening of statistical capacities (such as national statistics offices) in developing countries, as promoted by the Paris21 initiative. At the same time, existing data collections such as the Demographic and Health Surveys (DHS) and the Living Standards Measurement Studies (LSMS) of the World Bank should be used systematically to improve targeting. Similarly important is comprehensive accountability through greater transparency regarding all results of development cooperation. One possibility to strengthen transparency would be to publish all aid projects and their results through the International Aid Transparency Initiative (IATI).