

TRANSCRIPT OF DEVELOPMENT DRUMS EPISODE 9 – ROME

Host: Owen Barder. Guests: Eckhard Deutscher & Richard Carey

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Owen Barder

Thanks for downloading Episode 9 of Development Drums. I am Owen Barder in Addis Ababa. Today, we are looking at the work of the Development Assistance Committee, the DAC which is part of the rich nations' club, the OECD based in Paris. I am joined today by the two leading players in the work of the DAC.

So, I am joined by Eckhard Deutscher who is the Chair of the DAC, Donor's Assistance Committee and by Richard Carey who is the Director of the Development Co-operation Directorate of the OECD and he is about to correct me if I've got that wrong. Eckhard, Richard, thanks for coming on Development Drums.

Eckhard Deutscher

It's a pleasure.

Richard Carey

Very good to be with you.

Owen Barder

Richard, was that the correct title – what's your title?

Richard Carey

You said Donor's Assistance Committee instead of Development Assistance Committee.

Owen Barder

And is that – has it always been called the Development Assistance Committee?

Richard Carey

Oh, absolutely.

Owen Barder

Okay. So tell us first because I am sure not everybody knows what the Development Assistance Committee of the OECD is, Eckhard?

Eckhard Deutscher

Well, this is not an organization, this is not an institution. This is the DAC, the Development Assistance Committee consists of members of 22 so-called donor nation states like United Kingdom, like France, like Germany, like Norway, Italy; Japan is a member. And they are coming together to define and to harmonize, to talk about common standard how we or the donors are providing Development Co-operation. This is not only in terms of money. Everybody knows that there is a target since decades to spend 0.7% of the gross national income.

No – the donors – donor countries are also looking on the qualitative standard; are we providing aid sufficiently? How we are doing this? Are we doing this good enough and we are talking regularly and we are defining such standards in the meetings in Paris because the DAC is situated in Paris. And is one of the committees of the OECD, the Organisation for Economic Development and Cooperation. And...



Owen Barder

So this is in effect a donors' club within the OECD which is the club of rich nations. Is that a way to think of – and it is a club whose purpose is to – for the different donors to work together to make aid more effective. Is that probably right?

Richard Carey

Yes, I would say that it's a kind of a learning club in the sense as Eckhard said, it's not an institution, it's not an organization. It's a place where countries get together to collectively think about the way they provide aid, the effectiveness of that aid, how much aid they are giving, how efficient their operations are, that kind of thing. One of its basic activities is peer reviews. Every four years, every country in the club has to be critically reviewed by the other members. And that's quite a process and it requires thinking about ones performance on a regular basis.

Owen Barder

Okay. So, one of the things you do each year is publish the Development Co-operation Report, which is a report that looks at the overall state of aid and the way that the donors are working on development issues. And you've just published in your report. Eckhard, do you want to tell us a bit about what's in this year's report and what the main messages are?

Eckhard Deutscher

Well, normally the report has two parts. One part where it's focused on specific issues and this new Development Co-operation Report is reflecting about the global landscape where are we on the global level to think about what the challenges are in the globalized world. And we started this Development Co-operation Report without having now such the so-called financial market and economic crisis.

But structurally and generally, we are focusing for example on aid fragmentation. This means, we know that we have innumerable, around 500 agencies, institutions dealing with Development Co-operation and we are reflecting about whether this is a part of the aid effective with it. We are not – as a global community, that we are not delivering effectively because when you are taking into account that for example in Tanzania, there are around 35 agencies all in the health sector. When there are – in average 34 donor countries active in partner countries, the partner country's government, they are simply not able to deal with 34 or 35 different systems.

Owen Barder

Can you explain a bit more about why that's a problem because often you think it's a – it would be a good thing to have a big variety of different organizations all trying different approaches and providing support in lots of different ways? That sounds like a good thing. Why – how is that a bad thing for developing countries?

Richard Carey

Well, it's bad thing because each donor agency has its prime objective to get its aid program done and the money dispatched. And to do that it is trying to attract the time and the energy of the local officials. It's often hiring local talent that would best be employed in the government itself. So we get into a syndrome which is recently being called capacity stripping, that the donor community because of these multiple agencies each with its own ego and its own desire to disperse, get its things done, is using up the capacity of the country rather than using the capacity – or building up the capacity of the country.

So that's a really basic failing in the aid system, which the Paris Declaration and more recently, the Accra Agenda for Action is trying to target.

Owen Barder

So let's come in a second to the Paris Declaration and the Accra Agenda for Action. But I want to stick with the new Development Co-operation Report. So you've identified the problem of aid fragmentation. Does the DAC have a proposal for how to tackle it? Are you suggesting a way forward?



Eckhard Deutscher

Well, let me briefly say the second part of the Development Co-operation Report. This is a comprehensive presentation of what donor countries are doing in terms of financing (sic) of money, in which sectors they are active, in which countries they are active. In this report you'll find you have almost a comprehensive picture what the donor countries are doing. And so far this is highly welcome also for the public to be informed who is doing what. And so far the Development Co-operation Report is what we are calling the flagship of the publications of the DAC.

Owen Barder

And of course it's very important that what the DAC does is, is set a definition of what counts as aid and what doesn't count as aid. And without that you would have all the different countries saying that all kinds of strange things should be counted as aid. And what the DAC does is, is it makes sure that there is a common definition so that we're all measuring the same thing. And that's been a critical function of the DAC every year. So what – so what does this year's report tell us the donors are actually doing? Are they living up to the commitments they made in Monterey in 2002 and then in 2005 to increase aid as part of a new global partnership? Is that happening?

Eckhard Deutscher

Well, I think the strength of this new Development Co-operation Report is that we are not hiding anything what the problems are. We know that we need to do very important homeworks. And this is – let us start with the old, but very important issue of aid financing. Aid financing, there have been a lot of international conferences by head of states promising to increase the aid, promising to make new efforts on developing financing. Everybody knows to achieve the Millennium Development Goals, and this was a conference – a high level conference of the head of states in the United Nations and – to define these objectives, but also to finance these objectives.

And we have a chain of failures in the last years. This means there was a decision starting with Monterey in Mexico to finance development. There have been several UN initiatives and conferences reconfirming the importance of aid financing. There have been of the club of the G7 promises in Gleneagles with very concrete commitments and repeated in the so-called Heiligendamm Process.

But I think this is still a very big challenge to fulfill the commitment. And I know that this is a – that a lot of donor countries right now are struggling with this target of 0.51 or to provide more aid or this 0.7 target in the financial crisis. But I know on the other side, developing countries are very, very frustrated that the rich countries are not delivering.

Richard Carey

Let me just put some numbers around this perhaps. The commitments made since Monterey and encapsulated in the Gleneagles G8 Summit foresaw an increase in aid from 80 billion in 2004 to 130 billion in 2010. That's an increase of \$50 billion in six years.

Owen Barder

\$50 billion a year.

Richard Carey

\$50 billion a year.

Owen Barder

In six years.

Richard Carey

That's an increase that is never ever been seen in history before. So it implies that the aid system would adjust and adapt to find ways of putting that much more money out into developing countries in an efficient and effective way.



Now what do we see so far? We have started in the DAC a new survey on forward information so that we are asking every year our donors what are you going to be giving in three years time and to who. Now what our forward information survey is suggesting that as of last year, of that \$50 billion, the DAC members have programmed \$20 billion of that 50 billion. So there is a 30 billion that has still has to be programmed. Now, we are not yet at the end of 2010. So there is still some time to go, et cetera.

But two things; first of all, it's 20 billion and not 50. But secondly, 20 billion is an increase, a fairly significant increase. Now, if we are looking at this historically, we would say, well...

Owen Barder

So you're saying you'd be happy with 20 billion, is that what you're looking at?

Richard Carey

No, not happy about 20 billion because more is needed absolutely. And as I say, there is more time for that to happen, there is a lot of backloading we note – quite a lot of backloading.

Owen Barder

So backloading, what you mean is that the increase is coming but these countries aren't going to do it until the very last minute.

Richard Carey

Yes, yes.

Owen Barder

Because their commitment is for 2010, not for now.

Richard Carey

Yeah, but what the commitment did, of course, was to keep heads of state and government thinking in terms of increasing their aid budgets, which was a very different – they were on a different thinking mode than they were before these commitments were made. So I think we can say there's been a positive side to that, very positive side to that.

We have now of course hit the financial crisis and the key thing is – and here Eckhard and the Secretary General of the OECD got DAC members to sign up to something called an Aid Pledge where they pledge not to cut their aid budgets because we saw in the 1990s that's exactly what they did after recession, they cut them. Now, we see that already one or two have already cut but holding the line and getting even further increases is going to be a tough battle.

Owen Barder

So let's name names. Ireland has cut and has announced in effect that it is not going to live up to the international commitment that it made. Is that broadly right? But no other – and although some other countries appear not to be increasing their budget in line with the commitments they made, no other has come forward and said explicitly, we now renounce that commitment, we now no longer intend to meet that commitment. Is that right?

Eckhard Deutscher

I have a big concern. And this big concern is that the financial or the economic crisis might be an excuse now for not to deliver the promises. Saying what I heard already several times, let us make our own conditions, our own economy. Let us fix that. And then afterwards, let us have a fresh look on development on our commitments.

And I am smelling here another excuse because when the economy was more or less stable, the rich countries have not delivered. Why should they do it afterwards? And let me reflect still more beyond those discussions. I think the globalization processes and the challenges we have, to mention climate change, to mention the migration issues, all those problems, we are not – we the rich countries, we are not reacting



appropriately. We have contacts. We have a lot of discussions. But we are not reacting appropriately with money.

And when we are taking the destruction of the forests in Africa, for example, or the Amazons in Africa, everybody knows that this is in our own interest of the rich countries that the rainforest is not destroyed because this will have an impact on the global climate. We need to think much more globally and not in the traditional fashion of division of labor, who is providing what.

I think that the political systems of the rich countries and the responsables are not thinking deep and far enough to what is needed. And we have very clear picture what the risk problems are but we are not reacting prompt, quick and precise enough what is needed.

Owen Barder

So the Development Co-operation Report is online. I'll post a link in the show notes for this and you will be able to read much more detail about what progress is being made but also the risks as we move into a period of financial crisis. Can we move on to – sorry, Richard, do you want to add something?

Richard Carey

Well, I guess it might be a bit of a bridge. I mean what the Aid Pledge is saying is that we must not let the financial crisis lead to an aid crisis.

Owen Barder

Right.

Richard Carey

And if there is an aid crisis in 2009, say the G8 has to say we can't do it, I think that this will also be a moral crisis and that it will undermine the moral authority of the G8, which is already on the line because of all the policy and system failures that led to the financial crisis itself. So I think we face quite a serious situation going beyond the aid field itself if we see those commitments being abrogated in 2009.

Owen Barder

Particularly.

Eckhard Deutscher

I agree totally with Richard. This might be a moral crisis. This is not only a problem of political credibility of the rich countries. The problem is it was possible in this economic or financial market crisis which might – which will have consequences for the so-called real economy. It was and is possible to mobilize hundreds of billions of dollars for their own to protect or to make the banking system and the whole economical system function. But for the global crisis, the global problems there is not – there was not the effort and there is not the effort to trying to solve or to confront with what I am calling the risk problem. Where is the economic package to guarantee or to make it possible that the MDGs are achievable?

Owen Barder

That's the Millennium Development Goals.

Eckhard Deutscher

The Millennium Development Goals. The money is there but why is it – or why to ignore the global impact, and coming back to that what Richard said this might end not only in a problem of political credibility, and here I have big concerns. This might end also in a humanitarian and in a moral crisis then.

Owen Barder

That does seem to be the potential for quite a big, not only for a problem on the supply side of aid with aid – donors being less willing to give money as their government finances get worse. But also a problem on the other side which is the developing countries may well need more aid than ever, if you see we've got rising food prices but if you see falling exports, falling foreign currency earnings, less inward investment,



less remittances. It seems quite likely that the economic downturn will impact on poor countries and just it stands still they are going to need more aid just at the time of donors.

Eckhard Deutscher

You know what one tragedy is that I think that donor countries with the aid effective this agenda, they made their homeworks; we are on a path now to deliver aid in an effective and qualitative manner. This never happened before. And at the same time now came the crisis and the risk is that all the efforts could be destroyed. And this is my plea, or the DAC plea, saying don't let us – these are chances we have. Let us keep these chances. I think this is very important that especially the developing countries are not the most hit victims of this global crisis.

Richard Carey

I think here there is a new policy challenge for aid that is, can aid become a counter-cyclical instrument in dealing with the impact of recession in developing countries. That's a big political challenge.

Owen Barder

In other words can aid go up at the time when...

Richard Carey

Can aid go up?

Owen Barder

...when economy is going down; you said it's going down.

Richard Carey

Yes, right.

Owen Barder

As it does in effect in our own countries where social security spending and unemployment spending rises and thereby helps to soften the impact of recession...

Richard Carey

Precisely. And that's....

Owen Barder

....with aid it is going in the opposite direction; it is making things worse in developing countries.

Richard Carey

Yes. So I think that in the next couple of months we have to make this argument very, very clear. And I hope that in G20 meetings, the Washington meetings and our meetings of the DAC in Paris. This idea that we need to make aid work in a counter-cyclical way which means a big push, we've got to find ways of getting money into the economic systems of developing countries in the next four, five, six months.

A lot of that will have to go in pretty well cash aid budgets to maintain public expenditure levels on key services, education and health et cetera, have to go to social safety nets where they exist to get more money through that, have to go into investment in agriculture vital to maintain investment in agriculture, has to go in, in ways which will help the private sector to keep going in those countries. That's a big, big...challenge

Owen Barder

So, would you advocate the establishment of, as it were, entitlement programs in developing countries in which as the economy turns down for example because the world economy has turn down and needs rise that the aid donors are in some sense pre-committed to spend more in those environments, if the need rises the aid automatically goes up? And can you think of any donor countries that would be willing to sign a commitment like that, I'm struggling to imagine given the kind of political opposition to welfare programs and entitlement programs? In our own countries I'm struggling to imagine any donor being willing to sign up to that kind of a scheme internationally.



Eckhard Deutscher

There is only one example I know; in the stimulus package in Germany, the government decided to give \$100 million to the infrastructure program of the World Bank. But you cannot imagine what political discussion of the opposition has been there that this is – that this should not be done, but there is a political will and a signal in this case to extend or to include to the global crisis in a positive sense also the developing countries. But this is an exception,

Owen Barder

This is an exception. I wonder if it relates to Willy Brandt actually. Because the Brandt Report nearly 30 years ago now argued, if I remember rightly, I haven't read it for a while, that improving trading conditions and prosperity in developing countries was an important way of stimulating our own economy that actually was – that it tended to lead to economic growth because it would lead to exports and having prosperous trading partners.

Richard Carey

Yes, I think that is right that in principle \$1 of stimulus in a developing country is as effective as \$1 of stimulus at home because as you say, Owen, of the export demand et cetera. But coming back to whether DAC members could operate counter-cyclically, the German example is a very instructive one. Now president Zoellick of the World Bank has proposed a vulnerability fund so that each donor country would put part of its stimulus package...

Eckhard Deutscher

0.7, he said.

Richard Carey

0.7 he said, which is...

Owen Barder

0.7%, less than – for every \$100, less than \$1 would go into this vulnerability fund, right?

Richard Carey

Yes. And then the vulnerability fund would indeed act in this counter-cyclical way and fund safety nets and keep demand going up in developing countries. Now another way of doing it was put on the table at our last senior level meeting of the DAC by the United States. And their proposal was that in every developing country donor should have a focal point for the impact of the financial crisis. And those focal points should collectively agree on a rapid response to that country's needs

Now whether you can bring that kind of a system into being very quickly, we will see but it's still on the agenda what we haven't yet seen of course is President Obama announcing his aid administration.

Owen Barder

Right.

Richard Carey

What we have heard from his Secretary of State; Hillary Clinton is that development and diplomacy are the two key foreign policy weapons of United States. So we should expect an Obama Administration to come in as an aid increasing administration that hasn't happened yet and I think it's absent from the discussion, we need to hear in the next one or two months what they are going to do and how they see these – this global crisis and its effect on increasing fragility in many developing countries.

Owen Barder

One of the things Eckhard that you mentioned while ago was the progresses being made over the last five years or so on aid effectiveness on how to make aid more effective in releasing poverty in the countries where it is given and that something that the DAC has really played a leading role in defining and I think many people will have heard of the Paris agenda, although I suspect not a lot of people will be able to remember the five principles off by heart.



Do you want to say something about the role the DAC has played in trying to drive up effectiveness of aid and what progress donors are making on implementing that agenda?

Eckhard Deutscher

Well, after the Paris agenda was established in 2003, 2004 I think...

Owen Barder

2005.

Eckhard Deutscher

2005. Well it's not so – it's not history, this was – this is four years ago. In my view there has been made enormous progress, like in the history of Development Co-operation than ever before. The donors came together, they identified the constraints, they promised each other to do a better job and this was in the Paris agenda. Now in the – three years later, 2008 in September in The Accra agenda, there was another qualitative jump. And this is to include the so-called recipient countries, the partner countries, into the process.

This is now a common sense that without ownership, without the close participation of partner countries, development will not happen. We know there have been a lot of lip services in the last 10 years, 15 years, the country in the driver's seat and things like that. My impression is, now we came to a situation where donors are saying, yes, we will take this seriously.

I know we have to do a lot of – still a lot of homeworks. We are committed. I will not go more into the technical problems. But to have a transparent aid management or financial management that we are adopting the procurement system for example, that every donor has to demonstrate and to justify why he has not applied the country systems. To apply the country systems in delivering aid should be the rule and not the exception. And the exception has to be justified and in a transparent manner.

I think perhaps there are now still a lot of homework donors have to do, and donors are 22 plus The European Commission to deliver what they promised. And this is now the actual process for the next two and two and half years. In 2011, we will have the high level meeting number four, and then I'm expecting that we can say we have delivered. We made the promises and from the partner country side as well as from the donor country side. All in all, I think we are in this aid effectiveness agenda, we are on a very good way what we had never seen before.

Owen Barder

But I have to say that was the most optimistic and upbeat account I've heard of the progress we're making in implementing. I mean the Paris agenda is – a lot of it is about getting the donors to respect and get behind the country's own plans, its own objectives – that's the ownership agenda – and also to use the country's own systems, the so-called alignment agenda. So that the kind of problem that you were describing earlier, where – of hiring all the staff away and setting different priorities and trying to get time – so that those problems go away and that makes it possible for countries to receive more aid without it beginning to do more harm than good.

But I think for a lot of people in developing countries, a lot of donor staff, the experience is that they spend a lot of time in very laborious committee meetings with many, many donors trying to agree a common strategy and often agreeing in some lowest common denominator. And it doesn't feel, I think, to a lot of people as if much progress is being made to really improving the effectiveness with which aid is delivered. And I mean does that – do you reckon – does that story reach you and is there a something of a disconnect between these kind of central agreements about how aid should be, and the experiences actually going on in developing countries? What's your sense of how it's rolling out?

Richard Carey

Well, I think that it is clear that this is a difficult agenda to implement. What is really happening is that the donor community is trying and having to learn how to act collectively instead of individually. Now to do that, they need the country to have clear strategies. Strategies that have also been discussed by



constituencies in the country itself, inclusive strategies. That process itself has not been strong in many countries. That is a frontier in many countries. And so the donors often are still finding that it's not the basis on which they can form the coalitions to support a clear country strategy.

But there's no doubt that this is the only way to go. There are big transaction costs that are becoming quite evident. But we have to say that there were huge transactions costs in the other way of doing business that were scattered all over the place. So you didn't see them as concentrated as they are in this process. Over time, one would expect as we get into this model of the country strategy supported by a coalition of donors, that the transactions costs would go down. And then the other part of this way of operating is the results focus, that everybody is focused on a set of results. The country is measuring those results. And that there is a system of mutual accountability in the country, that is to say, once a year the donors and the country would sit down and say, well look, how is the aid system working? Is it – are we getting there? Are we not? And who needs to adjust?

So that's the model that The Paris Declaration laid down. Now what happened that Accra was that some very operational commitments were made by donors to use the country system, because if the donors don't use the budget system in an aid dependent country, there won't be a budget. Therefore, there won't be any parliamentary accountability, et cetera. Then they promised to be predictable, to tell the country what they were going to give it for the next three to five years. Without predictability, how can the planning process happen, et cetera? Then on division of labor, to sort out the situations where there were too many donors doing too many different things in a sector, or where there's not enough donors to redress the imbalance on that side.

So these are quite strong behavioral imperatives. And that's the frontier that our aid agencies now – developing country partners are at right now.

Owen Barder

And the feedback from developing countries themselves, from the governments and parliaments for example is – are they telling you that they're seeing a real change in donor behavior, or are they saying that they look forward to it or what's the...?

Eckhard Deutscher

My experiences are that we have a mixed picture. Some governments are taking this more seriously than other governments. And I have the impression travelling last year through several countries in Latin America that we have a problem here, that the aid effectiveness agenda is not so taken seriously, like for example in African countries. And I have the impression that a lot of governments, partner governments are talking individually with donors. But to have a strategic and political strategic debate, what donors and the international community could do in a country or in a region looking about – on climate change issues, this is more the exception than the rule. I would wish that more partner countries are elaborating a political dynamic, a dialogue from them to challenge the donors and the donor system, saying we are expecting that you are doing this or that you are integrating your efforts into our own development plans. My observations and experiences are saying the partner countries can do much more like they did until now.

Owen Barder

I am always struck by how effective it is when partner countries are able to take the lead like that, and how rarely they recognize that they actually have some power in this relationship. Although it seems like the donor has all the power, because they have the money; and the partner country has none of the power because they need the money. Actually when a developing country is able to assert how they want the donors to behave, the donors actually tend to find it very difficult to do otherwise.

Richard Carey

Yeah, and then indeed even the donors are waiting for the developing country to take charge in that sense.

Now I think that The Paris Declaration model has gained tremendously wide acceptance. People say, this is the model, we all need this model. Now actually implementing it is a genuinely difficult job. And the scaling up of aid is a genuinely difficult job when you think about it, because what you have to do is to



match an increased supply of aid – which has to be approved by parliaments, et cetera – with a set of programs in the developing countries which will deliver that aid through to the ground level. And so you've got two difficult public policy problems that have to be put together. So this is an inherently difficult job for any kind of administration. So in a way, we shouldn't be surprised that it's not going as fast as we like. But we do have to persevere.

Now we're doing a lot of work and it's in The Development Co-operation Report on the fragmentation issue which Eckhard mentioned. We are doing much more mapping to show how fragmented things are. And that should help at the country level some more rational decisions being made and actually at the head office level, too. Because our aid agencies and our aid ministers are making fragmented decisions, which will result in fragmented aid. And just helping them to see visually should induce some corrections of behavior.

Then the other major chapter, there's another major chapter in this year's report on predictability. And that's been a major failure in the aid system. And we now have these forward aid information surveys. We have the Accra Action agenda predictability recommendation, and we should see and we will be checking to see a much greater degree of predictability come into the system.

Owen Barder

Do you have an idea yet of the fourth high level forum, 2011, is that right?

Richard Carey

That's it.

Owen Barder

Do you have an idea yet of what you expect, I know it will depend a lot on what progress we make and what – particularly what our partners want to see in that agenda but do you have a twinkle in your eye or an idea in the back of your mind of what the next frontier is going to be in the aid effectiveness agenda, where are the areas, where are we going to – where the international community will push the boundary or do you think perhaps in 2011 everyone will get together and declare victory?

Eckhard Deutscher

To declare victory, there is still time after 2011 to achieve the Millennium Development Goals for example; 2011 is to reflect where we – have we done our homeworks and what I am doing and what I am intending to do as a DAC Chair is to ask the donor government where are you, what have you done until now to fulfill the promises? I want to keep, I will not say pressure, but I think this has to do with confidence building, this has to do with compliance, this has to do with partnership that donor countries are fulfilling their promises and this is how I am understanding my job, I will do it and this is also a matter not only to pressure to be effective but it is also a matter of fairness. When we have a contract, when we sign a contract, we have to fulfill the contract and I think this is important and again I will remind donor countries to fulfill their commitments.

Owen Barder

And on fulfilling the contracts; this contract idea really comes out of the Monterrey meeting in 2002 this idea of a compact between developing countries that promise to do more and governments for example and then proving their accountability and the donors. What's – where are you on the scorecard? Do you think on the whole that developing countries have lived up to their commitments and the donor countries not so much or do you think they both falling short or do you think are they making great progress, what's your sense of the – how the balance is on that compact?

Richard Carey

Yeah, on the compact between more aid for more governance; well the more aid story we have gone over and there is a big challenge because there is not any more aid, it's more and more aid if we really want to.



Owen Barder

That's pretty much it could do better, your thoughts on that side?

Richard Carey

We could do and we will need to do something extraordinary this year because of the recession condition. On the governance side, there are a lot of improvements taking place if you look in the detail but then of course there are some cases where clearly governance is going wrong and has yet to be put right. Now in the Accra Agenda for Action agreed last September the issue of fragile states has been incorporated into the Paris Declaration if you like, so that there is now a special agenda embedded in the Accra Action Agenda for helping fragile states to build stronger states and there is a new international network on conflict and fragility which includes people from the fragile states. There is a new dialog on state building jointly chaired by France and the Congo, the Minister of Planning from Congo.

Owen Barder

Yeah, it is a polite international bureaucrat's way of saying that developing countries have made quite good progress on governance and the donors have not made correspondingly good progress on their side of the deal. Is that a fair summary of what you just said?

Richard Carey

Well, let's put it this way. I think that donors as we can see it through peer reviews taking very serious note of the Paris Declaration and of the Accra Agenda for Action but changing the business model is very hard. It is a big change of business model and the Accra Agenda for Action has such specific recommendations in it that if the 2011 forum which will probably be in Korea is going to be very hard to escape from. The things to look for will be on the country systems, indeed have the donors begun to use country systems much more as a matter of course or have they said we are going to help you with capacity building to strengthen the country systems, so that will be pretty easy to tell on the predictability one that is a very explicit one. We would be able to tell whether they are doing something on that. The joint management of technical assistance, another undertaking in Accra that will also be pretty easy to check on.

Owen Barder

But can I just challenge you a bit on how difficult this is today. I mean it always struck that donor countries' representatives travel the world and think nothing of wondering into a meeting with a minister and saying that you need to sack all your judges and get yourself a new judicial system or you need to privatize some state enterprises that will liberalize this sector of your economy or take on this important interest group which seem to me like – pretty eye-watering reforms in a country that doesn't have an enormous amount of capacity and doesn't have enough money to, necessary to compensate the losers in a tariff reform package or something.

But still we go in and invite those countries to turn to take that kind of reform but when it comes to a donor country publishing forward plans for three years on their budget on the aid program that apparently is incredibly difficult to do – our system doesn't allow it and there are too many interest groups that prevent it. I mean it seems to me a couple of orders of magnitude less demanding than anything we are expecting of our developing country partners to make really quite simple changes in the way we administer our aid budgets. So, and I am wondering if you are being a bit easy on the donors by saying that this is very hard to do. It doesn't sound that hard to do, it – given that there are people dying.

Richard Carey

Well I think that the Accra Agenda for Action my being so specific means that donor agents will have to be showing much more clearly whether or not they are doing these things. I think that's...

Owen Barder

That's one of its strengths.



Richard Carey

That's a strength, yeah. We have never ever had such specific kind of commands on untying of aid, for example what the Accra Agenda now asks every donor to do is to publish its strategy for untying all its aid. It doesn't say by this year or that year.

Owen Barder

But they have to say...

Richard Carey

But they have to say – the United States will have to say what it's going to do about food aid. Japan will have to say what it's doing about technical assistance. Now they are supposed to do that by the middle of 2009, whether they do or not we will see and we will know whether they have or not and they will be under pressure to do it.

Owen Barder

And, Eckhard, is there anything in particular that you would like to see as the DAC Chair, the head of this club, you're our club chair, what would you like to see most happen in the next year or 18 months as we move forward and particularly in the face of the financial crisis? What would your priorities be for the way the donors, the members of your club behave?

Eckhard Deutscher

I would like to see to deliver the commitments on the financial side. Secondly to take it seriously to follow the Accra Action Agenda to perform the development policy systems and how aid is delivered. And certainly as we know that the development is only one, that aid is only one part of development that we are more successful, more convincing in what we are calling policy coherence. We need a new qualitative response of the political systems as a whole in the rich countries to respond to the needs of developing countries and this is trade, this is environment, this is migration. We need much more cooperation, communication among these political systems. These would be my three if you wish dreams to make progress in the next years.

Owen Barder

Eckhard Deutscher and Richard Carey from the DAC at the OECD, thanks very much for coming on Development Drums.

Eckhard Deutscher

It's a pleasure to be here.

Richard Carey

Thank you, Owen.

[Music]
