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Addressing the Overcomplexity of International Aid Architecture

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IDN-InDepth NewsSpecial

PARIS (IDN) - Since the early 2000s, development issues have come to the fore in international forums, public discussions and G8 summits. Hardly any declaration by any world leader has ignored them. Speeches and typically undelivered promises have been made, civil society organizations have mobilized behind such objectives as poverty reduction or improving health conditions. The private sector has also increasingly been considered as a major actor and contributed through various initiatives and public-private partnerships to addressing some of the related challenges.

The message of this paper is that the time has come for a forum like the World Economic Forum to play a more active role in shaping a more effective international aid system through sponsoring a major initiative. In the first part of the paper, we synthesize some of the changes that have characterized the international development assistance system over the last two decades. In a second part, we discuss the approach adopted by governments in order to address the challenges of aid effectiveness. We conclude with a proposal.

1. A RADICALLY CHANGED LANDSCAPE

Changes in the aid landscape all contributed to increased "complexity" as a defining feature of development assistance. The landscape has undergone profound changes over the last two decades. While this is not the place for an in-depth discussion of such changes, it is worthwhile to focus on four of them: politics, objectives, actors and instruments.

From a very global perspective, the long term repercussions of the end of the Cold War have been underestimated. Development Co-operation was born after World War II and prospered within the "high politics" framework of the Cold War. Colonial and post-colonial history as well as the centrality of the ideological contest between the Western alliance and the Warsaw Pact subordinated development assistance flows and objectives to political and diplomatic stakes.

While the definition of and criteria for Official Development Assistance (ODA) were designed to ensure the developmental focus of the interventions, these became implicit motives in development co-operation. The end of the Cold War has reshuffled the link between political and economic motives. Over the last two decades, the objective of poverty reduction has been emphasized as the ultimate shared priority for international development aid and what used to be a strictly government-to-government relation has transformed into a much more collective challenge involving public and private actors both on the donor and the beneficiary sides.

Compounded by technological change, notably in the field of information and communication technologies, the evolution of the political landscape has also put local, national and global public policies under tough constraints. States are no longer in an exclusive driving seat position. Modern public policies have to be based on the participation of a wide range of actors. While the leadership of it primarily rests with governments, the implementation requires the support and active participation of civil societies and private agents, firms and individuals.

This is a further reason why seeing development co-operation through the lens of government-to-government relationships is partial at best. One dimension that is increasingly recognized is that development co-operation policies have to focus much more on a crucial aspect of development processes, namely the role of a vibrant private sector.

Proposals need to be made and discussed to more fully appreciate, draw on and leverage the private sector, through the improvement of the local investment climates, through risk mitigation, through public private partnership, through the development of local financial systems and of instruments geared toward financing small and medium sized enterprises.

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Part of the current complexity also relates to the imperative of a better understanding of how to use development co-operation both to catalyze profitable, private investment and to further engage the private sector in providing local and global public goods, most notably sustainable access to quality basic services, most notably water.

AID EFFECTIVENESS

Short of an ultimate "high" political anchor of the cold war game, the attention has naturally turned toward "aid effectiveness" as a condition for justifying the use of substantive amounts of taxpayer money for substantial international resource transfer that development co-operation constitutes. In turn, the concern over aid effectiveness has led to a two-fold focus, on donors' methods, practices, instruments, policies, and capacity to coordinate, on the one hand and on governance issues in developing countries, rightly perceived as major factors in the success or failure of local development policies and of the ability to use aid in an effective manner.

Regarding the objectives, however, poverty reduction has not proven the whole-encompassing, operational objective that might have been expected. After the joint adoption of the Millennium Development Goals (MDGs) in 2000, there was a tendency to take these as a blueprint for ODA allocations, rather than as a results framework, whose achievement depended on economic growth as one critical condition.

The appreciation has grown of late, that economic growth, even though it would not guarantee poverty reduction, is a necessary condition to provide for its sustainability over time. New terms emerged, such as "pro-poor" growth, or "inclusive growth", among others, to connect the pursuit of growth with distributional objectives aimed at poverty reduction.

More recently, a new series of objectives have appeared, under the banner of 'Global Public Goods' (GPG), which concern collective action to produce global common goods such as the fight against climate change, the protection of biodiversity or the fight against major pandemics. One of the characteristics of such GPGs is that developing countries are both part of the problem and of the solution, which suggests that development co-operation should also aim at reconciling their growth and poverty reduction objectives with engaging them into the kind of collective action that is necessary to provide these GPGs.

ACTORS

On the side of actors, the aid landscape has become more complex both on the donor and on the recipient sides. On the donor side, the impressive rise of large emerging countries such as China and their command over huge international reserves has given them much clout and capacity of intervention in developing countries. So-called "new", or rather "non-DAC" donors have thus significantly expanded their activities in developing countries, with questions raised on coordination and free-riding issues.

Beyond governmental actors, national and international NGOs have also raised their voice and activities, philanthropic foundations have become major development finance actors, idea providers and innovators, promising public-private partnerships have blossomed, for example in the field of health or in reconciling profitability -- and thus sustainability -- with the provision of affordable goods and services to the "bottom billion".

This profusion of relevant actors is linked to the evolution of objectives. Poverty reduction, economic growth and the quest for environmentally friendly growth indeed involve political guidance and public policies, but their major actors will have to be civil societies (as changes of consumer and producer behavior are needed) and private firms and non-firm actors.

On the recipient side, while development assistance used in a not-too-distant past to be a government-to-government relationship, it has been substantially broadened to involve more directly so-called "sub-sovereign" (namely state-owned enterprises, municipalities) and non-State entities (private firms, local NGOs).

This relates to a two-fold dynamics. On the one hand, there has been a widespread trend toward decentralization almost everywhere in developing countries, so that local actors, notably municipalities, are gradually emerging as a locus of decision making and operational management. On the other hand, the concern about sustainability, effectiveness and good governance have led donors to try and reach out to ultimate beneficiaries both to involve them in shaping their interventions and to make sure that they benefit.

There is a further dimension to complexity, related to the nature and the use of external sources of development finance. Where ODA remains the major source of external development finance for low income countries, development finance is no longer primarily the preserve of grants (including technical assistance) and concessional loans as captured in the ODA statistics, nor a sheer question of volumes of public resources -- though volumes do matter and need to increase if the relevance of development finance as an ingredient of an effective "global public policy" is recognized.

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It is, much more, a question of how best to use limited taxpayers' resources -- from donor countries, but also from within developing countries themselves -- to maximize development and poverty reduction impacts through a variety of financial instruments, many of which will and should be based on market conditions and innovations.

A central idea is that the way to use public finance for development is not neutral: the nature of financial instruments and of the mix between public resources and private market instruments has an influence on development results and impacts, notably through the incentives embodied in the various financial instruments.

This is why, beyond the essential availability of aid, its delivery crucially matters for aid effectiveness. Much analytical and empirical work is still needed to develop ways of delivering aid that uses taxpayers' resources to catalyze development finance in a way that distributes risks to agents willing and able to carry it and that promotes incentives toward reaching development and poverty reduction results.

This overall complexity should be welcome, although there are some caveats: the value of complexity depends on a contribution of truly additional funds, and of innovative ideas for tackling development bottlenecks; where complexity signifies simply more and more actors competing for the same sources of funds, and dividing and splitting them into ever smaller interventions, complexity may add additional layers to the aid industry, but actually reduce the actual resources to tackle development challenges.

Still, complexity is at the core of a modern understanding of development co-operation as an instrument of collective action toward various common goods: global poverty reduction, effective global governance, correction of global and local market failures, etc. One of the characteristics of globalization is that it somehow replicates at a global level the early challenges of organizing nation states: there is a need for some sort of a global public policy, even though there is no world government. This is not totally new: through its assistance and structural policies, the European Union has experienced similar challenges.

GLOBAL SOCIAL POLICY

Development assistance is highly relevant for the three traditional aspects of such global public policy, following the typology famously introduced by Murgave: distribution, allocation and stabilization. Redistribution between rich and poor across countries remains a worthwhile public objective, and should be thought of as an incipient "global social policy", which can be implemented either through income transfers or through producing essential services for the poor.

International market failures also point to a role of official development assistance in the global allocation of resources. There may be good reasons (for example ineffective governance, corruption, or an unfriendly investment climate) why private resources do not spontaneously flow toward the poorest countries, but there is also a role to play for foreign aid, not only to build capacity and deal with these reasons, but also to correct information asymmetries or invest in the kind of physical and human capital infrastructures that are also essential for private investment profitability.

Finally, as was amply demonstrated through this current crisis, global official assistance can play a countercyclical role helping stabilize access of developing countries to needed external resources when markets dry up.

2. THE ODA APPROACH TODAY: THE AID-EFFECTIVENESS MOMENTUM

Substantial energy has been devoted since the early 2000s to make development aid more effective. First, the adoption of the Millennium Development Goals (MDG) by the United Nations General Assembly has marked a turning point in defining a universally shared set of objectives for development and signaled a common approach toward results-based objectives between donors and recipients.

This has meant a very substantial departure from a situation in which development assistance was too often assessed by its inputs, namely the volume of ODA, toward a welcome focus on results and impacts. Surely, much progress is still needed to better grasp the complexity of measuring development results and to scale up impact evaluations. At least, though, the "how much" question, however still relevant, is systematically complemented by, and tightly interacts with, the "how" and "to what end" ones.

Second, both developed and developing countries have agreed on a set of principles embodied in the 2005 Paris Declaration and in the 2008 Accra Agenda for Action (AAA). There are five major such principles: "ownership" by developing countries (i.e. their own control over their policies and development paths); alignment on their systems, rules and procedures; harmonization between donors, notably through the use of instruments such as budget and program support; a shared focus on development results; and mutual accountability. This agreement on a set of objectives and principles of action as well as on monitoring has been a very significant contribution to global collective action towards development results.

Yet, and notwithstanding its usefulness, donor coordination also faces several sets of limitations. We discussed above the dramatic increase in the number of relevant actors in the field of development finance, beyond participating donor and beneficiary governments. "New donors" such as China have endorsed the Paris Declaration but beyond a relatively loose commitment to the principles, in most cases they do not show many signs of a deliberate effort to operationalise this in their development co-operation programmes. At best, thus, coordination is partial and thus likely not to be fully effective, and to be harder to implement due to lesser principled interventions by actors who do not feel bound by it.

Beyond this deeper collective action and coordination problem, two further limitations apply. These limitations should not be seen as diminishing in any way the progress that has been accomplished in structuring collective action, but as a basis on which to build on the earlier initiatives to improve the global aid system.

First, the principles as such make a lot of sense, but their implementation is often complex and problematic -- not least because by their very definition they do not function as clear-cut, centrally administered policies, but need to be applied to local situations and context, so that by definition there can be no one size fits all. Therefore, the ownership principle remains both crucial and quite elusive, most notably in poorly governed countries.

Second, the whole approach aims at improving the existing framework in which official development assistance has evolved over time. In view of the deep, structural changes that characterize the current situation, the time may have come for a significant renewal of the official development assistance approach. This is about a shift from "aid" to "development". It is also fundamentally linked to the debate on "aid architecture".

This paper makes the point that rather directing efforts at creating a new "architecture", we need to better understand how to promote innovation for development results through various initiatives and partnerships, while ensuring that these remain truly demand driven, focus on the needs and realities of recipient countries rather than institutional interests and turf fights within the aid, or broader development co-operation, industry.

A. THE OWNERSHIP QUESTION

Self determination is at the core of the ownership principle and can be considered as the fundamental tenet of successful development. There are a number of caveats, though. FIRST, it is both an individual aspiration and an objective for any legitimate representation of various social groups. As such, its implementation involves domestic politics: who is "self", who should devise and own a country's economic and social paths? While a democratic government is the ultimate response, it is a construct that requires time and institutional maturity to be effective. Meanwhile, the ownership principle cannot be dissociated from the legitimacy of social and political representation structures or from the notion of "good governance", of local leadership and of the local distribution of power.

According to the 2007 report of the Growth Commission, growth-oriented leadership has been crucial to successful growth experiences. Clearly, however, the quality and legitimacy of leadership is open to interpretation and judgment, including on the donor side, so that the implementation of the ownership principle does not come easily. As such, it is more a guiding objective and quest than a perfectly clear and fully operational principle.

SECOND, in the same line, when there is a strong and capable government, ownership (by the local government) is not an issue. The difficulty with ownership is therefore concentrated on poorly governed countries. In these countries, many donors are not willing to take the risk of alignment on their systems and harmonization through budget aid as they fear the risk of mismanagement. Legal and fiduciary systems are often very weak. In such situations, which actually cover a great number of poor countries, translating the Paris declaration principles into operational guidance is a particular challenge, and necessarily a longer term effort -- but at the same time these are the situations where following through on this challenge offers the greatest returns.

It is clear, however, that a key component of donor action, besides providing resources and financing useful operations, has to be systematic support to capacity development. Again, this comes back to the complexity of development co-operation, and financial assistance alone would hold little promise without being set in a development co-operation partnership that covers a broad range of operational modes and instruments with a view to maximizing the impact on capacity development.

THIRD, successful ownership has typically been related to donor agencies' capacity to build dialogue and trust and to invest in field knowledge so that their advice can be tailored to partner countries' needs and inform the local policy making processes. Such investments by donors are complementary to the provision of financial resources and are crucial ingredients of aid effectiveness. This is an area in which bilateral donors, whose objective function also includes building a bilateral framework conducive to dialogue, have a full role to play in complement to action by multilateral institutions.

However, one of the shortcomings of donor approaches, not unrelated to their being accountable for the use of taxpayers' resources, has often been their limited willingness to tolerate mistakes and errors. Yet, there can be ownership and learning by aid recipients only if there is a trial-and-error process that helps build the recipient countries' knowledge base and policy convictions. However discomfiting, there may thus be a tension, sometimes even a contradiction, between the focus on results and the principle of ownership: donors' experience and certainties may be questioned as unconvincing (for example, the recent financial crisis has spread doubt on the value of industrial countries' recommendations with respect to financial market organization) as long as other routes have not been tried.

When donors are so confident about the nature of instruments and policies that may deliver results that they introduce explicit or implicit conditionality based on such instruments and policies, no space is left for the process of ownership to take place. The Accra Agenda for Action has made progress toward addressing such tension by recommending that conditionality be based not on ex ante principles but on mutually agreed objectives and ex post monitoring, which opens the possibility of choosing alternative courses of action and learning from them.

B. CONTINUITY OR TURNING POINT? BEYOND AID ARCHITECTURE

As mentioned above, from a historical perspective, official development assistance has developed mainly as a government responsibility and a government to government relationship. It has come to be a highly visible, and often criticized, segment of public policies, notably because of its international aspect compounded the challenge of being accountable to the domestic taxpayer and made it necessary to justify resource transfers beyond Nation States' boundaries by actual development results, however measured. Responses have naturally and usefully focused on "aid effectiveness", an issue that has become over the last 10 years an overwhelming concern by DAC donors and aid critiques alike.

The Paris Declaration, the Accra Agenda for Action and the ongoing work conducted by the working party on aid effectiveness (hosted by the DAC) have sanctioned a welcome progress in a common understanding and in collective action in an approach of aid effectiveness. This naturally started with a focus on such government-to-government perspectives, as the source of ODA funds on the donor side, and those with the political responsibility for creating and fostering capacity development and an enabling environment for a country's development on the recipient side.

Acknowledging the key role of other stakeholders for development, however, the effort has increasingly brought in civil society, the non-executive branches and sub-national level of government, as well as private sources of development co-operation. Being a specific aspect of public policies, the focus has largely been on how to make the relationship underpinning North-South transfers more effective.

This was done acknowledging that, within an improved enabling environment provided by the government side, the private sector and other stakeholders beyond government are essential for bringing about actual development results. However, the success to involve the private sector in particular and to use the potential of ODA through various innovative instruments and practices to act as a catalyst leveraging public with other resources and initiatives, has so far been limited.

Effectiveness issues and potential problems have been addressed within the broader development co-operation apparatus, by trying to analyze and improve the chain of policy implementation from taxpayer inputs to development results. National bureaucracies have invested substantial time and resources discussing the changes and reforms necessary so that public spending by donor countries in developing countries produce more "development", devising principles and good practices and monitoring their implementation.

While the relevance of other actors, most notably firms and the private sector, have been amply recognized and discussed, officials from donors and developing invested in the aid effectiveness work have struggled -- and mostly not succeeded -- to involve the private sector in these discussions and efforts. While the private sector has not shown an overwhelming interest in taking part in the exercise, a key challenge remains an aid business that is in many ways still largely "top-down", supply driven and self-referential.

This focus is restrictive because development is not primarily to be "caused" by public money. While "good practices", if respected by donors, can contribute to an enabling environment that enhances the scope for development results, they cannot create results as in a plan or command economy. This is not possible without the central role of the interaction between public and private actions, and of understanding the conditions in which private initiatives will contribute to the public good.

Such interaction is not "caused" by one of the parties, and is not likely to take place in systematically reproducible ways. But it may be facilitated by either party. Development effectiveness, thus, should be portrayed more as a joint public-private discovery process, in which innovation, evaluation and scaling-up are interdependent keystones of success and should receive much more attention.

If we accept that the multitude of actors, as well as the multitude of development challenges and needs make complexity an inevitable feature of development assistance, it follows that the aid "architecture" should not try either to hide it or ignore it. Naturally, different actors have different approaches and objectives. What is important is that all actors need to understand their efforts not only in isolation, but take the context of this complexity into account, and always remain conscious that their efforts need to fit into the development context, and the reality and capacity of the recipient country -- because it is within the country and the interplay of its people and development stakeholders where the development needs to, and can only, take place. But a dogmatic focus on simplicity or standardized, uniform approaches, would stifle the essential competition of approaches and ideas that are key to producing better aid effectiveness.

This points to two desirable characteristics with a view to better capturing the contribution and innovation offered by actors not engaged as yet in the aid effectiveness work:

(1) a principle of mutual recognition of approaches and practices among aid actors, based both on
 - A degree, in the sense of a certain minimum level of harmonization (that prevents transaction costs from becoming too costly and counterproductive for aid effectiveness) through a set of behavioral principles, in the spirit of the Paris Declaration, and on
 - An explicit acceptance of differences through competitive behaviors and ideas, with a commitment to mutual learning;

(2) an "overlapping networks" approach, rather than a silo-type or a hierarchical institutional perspective. This vision is akin to the "network of networks" approach undertaken in the context of this WEF exercise. More than "architecture", one should rather speak of a global system of development co-operation.

Insofar as mutual recognition is concerned, the DAC has accumulated considerable experience through its role in bilateral donor coordination. However, the kind of consensus that has been achieved over the years within DAC through long negotiations is not going to be easily extended to all non-DAC sources of development finance, with challenges especially in terms of transferring it to private actors. Extending the approach will require a pragmatic debate on how the principles, which generally enjoy broad acceptance, can be pragmatically and flexibly applied, with a view to gradually constructing the basis for collective action involving these new actors.

While the DAC pursues an increasingly intensive engagement with other countries, notably big emerging economies, on these issues, it is obvious that deep cultural and institutional differences and visions between DAC donors and this group, as well as within this group, leave a long way to cover. Similarly, civil society representatives are an active party in the aid effectiveness effort. But this and other forms of dialogue between DAC donors and other providers of development co-operation should be expanded, with a particular need to strengthen the private sector dimension.

More than a global architecture, it would be useful to think of development assistance and development finance as a set of "overlapping networks". Each of them may well develop its own collective action principles, provided there is mutual recognition between networks. The guiding principles of all, however, should be the quest for development impacts. However, this should be recognized as an unending quest, as measuring development will remain partial and somewhat elusive. It should again be seen as a cumulative learning process made of trial and errors, where asking questions, defining objectives and monitoring and evaluating actions are fundamental. The measurement of "development results" should thus be seen as a process and an instrument for delivering aid more effectively and for promoting innovative public and private approaches.

It would be futile to specify a full-fledged "architecture" of these overlapping networks, since their added value stems from the additional resources they bring, the diversity of their identities, objectives, practices and operational modes. As part of such "overlapping networks" approach, a new conception of multilateralism is called for, one that does not consider that multilateral action should be left to multilateral institutions alone, but that a whole range of "non multilateral" actors can also effectively contribute to it by working together on joint objective through a networking approach. For example, a flawed and misleading conception of multilateralism would tend to allocate global common interests to multilateral institutions and more local and national interests to bilateral ones.

A more promising approach consists in recognizing the different interests and practices of these various actors and in mobilizing them in the joint pursuit of development results and global public goods. In the area of climate change, for instance, it is particularly important especially after the shortcomings of Copenhagen to focus not only on the multilateral negotiation but to encourage and document national policies that are developing in many places and to build the premises of a successful collective action on such decentralized premises. The two approaches are obviously not mutually exclusive.

What can be done to promote this vision of overlapping networks (without proposing a grand architecture that would miss the point)? Beyond institutional and governance reform, already well under discussion, aiming at improving developing country representation, two evolutions of the global aid system should be promoted, namely larger networking and mutual accountability:

1) Extension of the current "architecture" to promote systematic dialogue and interaction between DAC and non DAC donors, as well as between public and private donors, and also systematically involve aid recipients. While recipient countries and increasingly countries outside the DAC with development programmes are constituent parts of the aid effectiveness work, the World Economic Forum could promote in particular a stronger and inclusive public-private dialogue. A key focus of this series of dialogues should be to document and question the development impacts of international and local actions through a series of instruments: case and field studies, scientific impact evaluations, shared evaluations. Another focus should be to progressively build consensus on the state of knowledge, the identification of problems, the methods and modalities to adopt. There should also be a group specifically made in charge of innovation and the monitoring of innovation.

2) Independent monitoring of volumes, activities, results and impacts. Documenting, possibly on a selected country basis, the nature and consequences of international development finance activities undertaken by various development actors, both public and private, would be an essential component of a successful regulation of the global aid system toward development results. An alternative could be also discussed, namely the extension of the DAC peer review system to non-DAC actors and initiatives. These two proposals are not mutually exclusive. Their role would be to create a framework of disciplines and incentives on which to base the quest for development results.

As a partial conclusion, improving on the current aid system should hinge on two distinct but complementary dimensions. The first one is on how to improve existing approaches and practices, and this is what the discussion above has addressed, through the suggestion of opening the dialogue and interaction and disseminating further relevant information. The second one is how to innovate and provide additional ideas and resources from "out-of-the system". This is what our last section recommends, through an initiative based on promoting innovation that might usefully be taken up by the World Economic Forum.

3. A PROPOSAL: CREATE A GLOBAL AID PARTNERSHIP FOR INNOVATION

As a unique forum for public-private interaction, the World Economic Forum is well placed to take up the challenge, even though its focus on actionable ideas and quick fixes may not be the essential value added that ought to be expected. It is doubtful that ideas directly emerge during and out of discussions, however innovative and high-level, or from trying in short sessions to harness joint, "out-of-the-box" thinking to produce recommendations for specific actions. Where it could make the difference is in shaping processes that lead to results rather than in results per se. Results pop out from individual and collective actions, not from a top-down approach, be it shared between private and public representatives. Most of the time, ideas come on a random and not pre-determined basis. They are only -- if essentially -- informed by earlier discussions.

A key question for the Forum, thus, is how to generate the incentives that may promote innovative thinking and behavior. We need a framework to promote innovation at all stages: decentralized initiatives, "venture aid" capital funding and development, a place to "air" existing innovations, discuss them through proposals and examples and disseminate their lessons, a constant monitoring of existing innovative approaches, a systematic evaluation of decisions to support such or such innovation. This lies miles away from an attempt at defining a well thought-out "aid architecture". Promoting and exploiting chaos might be a more promising approach. Tough call for international bureaucracies!

What are the suggestions that the World Economic Forum might consider to help promote innovations for development? In our proposal below, we build on two things that have had promising results:

-- The first one is the creation of the Consultative Group for Assisting the Poor (CGAP: www.cgap.org), an independent policy and research center established in partnership between development agencies and private foundations that share the common objective of reducing poverty through improving access of the poor people to financial services. CGAP has developed as a forum for discussion and information sharing as well as a platform for peer pressure toward improved microfinance effectiveness.

-- The second one is the recent marketplace on financial innovations for development jointly organized in Paris on March 4-6, 2010 in partnership between the Agence Française de Développement (AFD), the Bill and Melinda Gates Foundation, and the World Bank. This forum, which received 1500 confirmed applications and hosted in permanence about 900 participants over its three days, confirmed the considerable interest in all segments of development activities for innovative solutions in which finance would play the supporting role of reaching for well identified development results.




Building on these experiences, WE SUGGEST THAT THE WORLD ECONOMIC FORUM SUPPORTS THE CREATION OF A "GAPI" (GLOBAL AID PARTNERSHIP FOR INNOVATION), with four missions:

1. Promote a yearly marketplace for innovative solutions, open to large and small, public and private organizations, and organized through a call for proposals to consider in two segments of the marketplace: conferences and panel discussions, on the one hand, and a global competition for innovative solutions to be judged on their innovative value as well as on their feasibility, organizational requirements and scaling-up potential; and a global competition to recognize and encourage the most promising innovations so that they might be taken up directly by some donor organizations keen on innovation; An example of such promising innovation is the CGDEV proposal on "Cash-on-Delivery" aid that is explained in a companion paper by Nancy Birdsall.
2. Promote a global venture aid fund for innovation (GVAFI), as a partnership between donor organizations, philanthropic organizations and visionary business leaders. Funding organizations would be members of the governing board, which would also comprise independent qualified persons. The GVAFI might function a bit like philanthropic foundations and look at proposals for funding innovative schemes that are proposed to it. It would generally grant partial funding so that other parties would also signal their interest in supporting the proposed scheme. Its board would approve and review funding decisions. GVAFI would intervene both as supplier of venture capital to launch new initiatives, but also as development capital to help scale-up schemes that have been successfully tried as pilot projects. GVAFI might have subsidy, loans and equity windows.
3. Promote systematic evaluations of innovations that it has encouraged (and possibly others as well), so as to disseminate ideas with potential, to highlight reasons for success and failure, so that later proposals and judgments on these proposals can be better informed.
4. Promote the creation of a website of innovative solutions for development (ISD). Such a website would at least pursue three objectives: first, announce and document the earlier two points (organization of the yearly marketplace and the nature, role, function and decisions of the GVAF; second, disseminate knowledge and information on all innovations that have been considered for the competition; third, and importantly, get inspiration from the existing CGAP (Consultative Group on Aiding the Poor -- a platform that notably organizes peer-pressure toward better microfinance effectiveness) and organize a platform of peer pressure for change and innovative solutions between willingly participating public and private donors and philanthropic institutions.





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